



Annual Financial
Statements **2024**





01

Financial Statements



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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act No.71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Bank as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS accounting standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Bank and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Bank is on identifying, assessing, managing and monitoring all known forms of risk across the Bank. While operating risk cannot be fully eliminated, the Bank endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Bank's earnings and capital forecast for the twelve months ending 31 October 2026 and based on this review, as well as the strategic support and alternative capital support available, they are satisfied that the Bank has access to adequate resources to continue operating as a going concern for the foreseeable future.

The annual financial statements have been audited by the independent auditing firm, Deloitte, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The external auditors are responsible for independently auditing and reporting on the Bank's annual financial statements. The annual financial statements have been examined by the Bank's external auditors and their report is presented on page 19 to 28.

The annual financial statements set out on pages 7 to 18 and 29 to 92, which have been prepared on the going concern basis, were approved by the directors on 29 August 2025 and were signed on their behalf by:

Approval of financial statements



BP Mathidi
Chairperson



SL Shabalala
Chief Executive Officer

Access Bank South Africa

(Registration number 1947/025414/06)

Annual Financial Statements for the year ended 31 December 2024

Certificate by the Company Secretary

In terms of Section 88(2)(e) of the Companies Act No.71 of 2008 of South Africa, as amended, I certify that the Bank has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of the Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2024.



Matabane Monama

Company Secretary

29 August 2025

Report from the Chairperson of the Audit and Compliance Committee

This report provides an overview of Access Bank South Africa Audit and Compliance Committee (ACC) and its activities and the manner in which it has discharged its responsibilities for the financial year ended 31 December 2024. The ACC is an independent and formal statutory committee appointed by the shareholders. Further duties are delegated to the ACC by the Board of Access Bank South Africa.

The ACC has used the King IV principles to continue to drive and embed good corporate governance at Access Bank South Africa. The committee's objectives include fostering an ethical culture, sustainable value creation, a good reputation and legitimacy, and trusted financial reporting supported by effective financial processes, controls and assurance.

1. COMPOSITION AND GOVERNANCE

Access Bank South Africa's Audit and Compliance Committee comprises of independent non-executive directors who are elected annually at the company's Annual General Meeting (AGM).

2. THE MEMBERS ARE:

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act No.71 of 2008 of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

Mr J E O'Neill (non-executive independent director) (Resigned 08 May 2024)

Ms B Barungi (non-executive independent director)

Ms L Molefe (non-executive independent director)

Mr E de Kock (non-executive independent director)

Mr M Lekaukau (non-executive independent director) (Appointed 10 July 2024)

Ms S Chetty (Acting Chairperson, non-executive independent director) (Appointed 25 July 2024)

The members possess the necessary expertise to execute their duties in relation to the committee as provided in section 94 of the Companies Act No.71 of 2008 of South Africa and have adequate knowledge and experience to carry out their duties. The composition of the ACC meets the requirements of the Companies Act No.71 of 2008 of South Africa, the Banks Act and King IV.

The ACC, operates independently of management and of the shareholders, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the Board's delegated authority. The Committee holds private closed sessions without management with the external auditors, the Chief Internal Auditor, the Chief Compliance Officer, and the Chief Financial Officer, all of whom have direct access to the committee. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, the Chief Internal Auditor, and the external auditors are invitees to the Committee meetings. Other risk and related assurance providers attend meetings by invitation only.

The effectiveness of the ACC and its members is assessed on an annual basis.

3. RESPONSIBILITIES OF THE COMMITTEE

The statutory duties of the Committee are set out in the Companies Act No.71 of 2008 of South Africa. The functions of the Committee are outlined in its charter. The ACC is accountable to the shareholders, the Board and relevant regulatory authorities. The responsibility and functions of the Committee include the review of annual financial statements and their recommendation for approval to the Board and reviewing the basis on which the Bank has been determined a going concern. The Committee's charter allows it to consult with external consultants to assist it with the performance of its functions.

Annual Confirmations of Key Functions For The Year

External auditor appointment and independence

Deloitte were appointed as external auditors of the Bank for the 2024 financial year. The ACC is satisfied that Deloitte are independent of the Bank and are able to conduct their audit functions without any influence from the Bank. Requisite assurance was sought and provided by the auditor that internal governance processes within Deloitte support and demonstrate its independence.

Report from the Chairperson of the Audit and Compliance Committee

The committee reviewed and agreed to the auditor's terms of engagement, audit plan and budgeted audit fees for the 2024 year and is satisfied with the results of its appraisal of Deloitte's expertise and audit quality. Feedback was provided to Deloitte regarding our appraisal of their performance in completing the 2024 audit. During the year the committee met confidentially with the external audit partner without management being present.

Our established procedure that governs the consideration and approval of non-audit services provided by the auditor, was followed. During 2024 Deloitte provided non-audit services of an immaterial value relating to due diligences on new alliance partners in terms of the alliance partner on-boarding framework. The Committee further approved that non-audit services of this nature to the value of 25% of the audit fee will be allowed before reverting back to the committee for further approval.

Annual financial statements and accounting practices

The ACC has reviewed the accounting policies and the annual financial statements of the Bank and is satisfied that they are appropriate and comply with International Financial Reporting Standards. There were no matters of concern or complaints as envisaged by section 94(7) (g) of the Companies Act No.71 of 2008 of South Africa, received from within or outside the Bank which came to the attention of the ACC in the past financial year.

Internal financial controls

During the year the ACC receives continuous feedback and assurances on the effectiveness of the Bank's system of internal control and risk management, including internal financial controls, from management and various assurance providers and noted that process and control weaknesses continued during the 2024 financial year. Management will be implementing a remediation plan, to stabilise the control and reporting environment. This plan will be noted at ACC and progress tracked. The remedial plan will be audited by internal audit to ensure embedment.

At year end the Bank's Chief Internal Auditor provides an overall assessment of the effectiveness of these systems and internal controls. This assessment as well as assurance received from other assurance providers in terms of the Bank's continuous combined assurance activities, form the basis for the ACC's recommendation in this regard to the Board, in order for the Board to report thereon.

In accordance with Regulation 40 (5)(a)(vi) of the Regulations Relating to Banks, the ACC confirms that a material malfunction occurred during the 2024 financial year. This determination is based on material management and audit adjustments significantly exceeding the approved threshold of R14.2 million, as set by the Board, and a false positive cybersecurity incident that disrupted operations and delayed reporting. These material misstatements and adjustments were driven by pervasive control environment weaknesses, including deficiencies in financial and regulatory reporting, suspense account reconciliations, expected credit loss provisioning, and shortcomings in the effectiveness of risk assessments, governance, and oversight. These events meet both the quantitative and qualitative criteria for a material malfunction and have been formally reported to the Prudential Authority. A multi-phase remediation programme has been initiated and is being actively monitored by the ACC to ensure sustainable control effectiveness and regulatory compliance.

Internal audit

The ACC is responsible for ensuring that the Bank's Internal Audit function is independent and has the necessary resources, standing and authority within the Bank to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the Board of Directors and these functions. The ACC considered and recommended the internal audit charter for approval by the Board. The Chief Internal Auditor reports directly to the ACC, and meets regularly with the chairperson of the ACC to report back on the function's status, progress and findings. The Chief Internal Auditor position became vacant on 31 October 2024, and an interim Chief Internal Auditor was outsourced by the Bank. On 5 August 2025 a new Chief Internal Auditor was approved by the Regulator as appointed by the Bank. The ACC considered and recommended the internal audit charter for approval by the Board. The Internal Audit function's annual audit plan was approved by the ACC. The Internal Audit function has responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Bank's operations. The Chief Internal Auditor reports the findings of the internal audit work against the agreed internal audit plan to the ACC on a regular basis.

Report from the Chairperson of the Audit and Compliance Committee

Compliance

The Bank's compliance plan for the year is reviewed and approved by the ACC to ensure adequate coverage of all the key areas. Findings are reported regularly to the ACC to ensure that the compliance function effectively discharges its responsibility. The Chief Compliance Officer reports directly to the ACC, and meets regularly with the chairperson of the ACC to report back on the function's status, progress and findings. During the year the committee met with the Chief Compliance Officer without other members of management being present.

Governance of risk

The Board has assigned oversight of the Bank's risk management function to the Enterprise Risk and Capital Management Committee (ERCMC). The chairperson of the ERCMC is a member of the ACC, and this ensures that information relevant to these committees is transferred regularly. The ACC fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud and compliance risk as it relates to financial reporting, and information technology risks as they relate to financial reporting. Credit risk and expected credit losses (ECL's) with consideration to macro-economic factors used to calculate the forward-looking scenarios is reviewed by Board Credit Committee (BCC).

Finance function

The ACC received regular reports from the Chief Financial Officer regarding the financial performance of the Bank, key performance indicators, regulatory ratios and details of budgets and forecasts.

The ACC has considered the appropriateness of the expertise and the adequacy of the resources of the finance function, and noted that the strength and expertise of the finance function was further enhanced through the recruitment of a new CFO who was appointed on 11 February 2025 as well as additional senior finance staff following a review of the finance structure. It has also considered and satisfied itself of the expertise and experience of the Chief Financial Officer and senior members of management responsible for the finance function.

Combined assurance

The Bank's combined assurance framework has been developed and approved, and stakeholder engagement is established. Processes for maintaining and continuous updating of the framework are under ongoing development as part of a phased implementation. The understanding and culture of combined assurance is alive within the Bank's leadership, and use of the framework by executives and Board members is steadily increasing. The Board and executive management are committed to a journey towards an appropriate level of combined assurance maturity.

Going concern assessment

The Audit and Compliance Committee (ACC) acknowledges its critical role in assessing and supporting the Bank's going concern status. The Committee has considered the Bank's liquidity, solvency, capital adequacy, and regulatory compliance, including the impact of uncorrected misstatements, control weaknesses, and covenant breaches.

The ACC notes the financial challenges faced by the Bank, including the reported loss of R587 million in 2024, a capital adequacy breach in December 2024, and a further unaudited loss of R110 million in the first half of 2025. These challenges were addressed through a capital injection of USD 24.7 million (ZAR 440 million) from Access Holdings PLC, approved by the Central Bank of Nigeria and converted into Common Equity Tier 1 capital on 4 August 2025. This injection has remediated the capital breach and improved the Bank's solvency and regulatory capital position.

The ACC has reviewed the Bank's compliance with key prudential ratios, including:

- Capital Adequacy Ratio (CAR) – identified as a limiting factor but remediated through the capital injection and supported by alternative capital contingencies such as the potential conversion of debentures to Tier 1 capital.
- Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) – supported by R1.9 billion in high-quality liquid assets.

Report from the Chairperson of the Audit and Compliance Committee

- Leverage Ratio – maintained above the regulatory minimum.
- Large Exposure Limits (LEX) – identified as a limiting factor but remediated substantially through the capital injection and supported netting arrangements and risk participation guarantees, as well as condonations received and/or sought from the PA.

The ACC has also considered:

- Forward-looking assessments of solvency, liquidity, profitability, and regulatory compliance through to October 2026.
- Scenario analysis and stress testing of financial forecasts, including dependencies on strategic initiatives.
- Ongoing regulatory oversight, including formal communications and site visits.
- The sufficiency and availability of future capital sources.
- Terms and conditions of committed debt facilities and their implications for liquidity.
- Key dependencies and mitigation plans.

The ACC acknowledges that material uncertainties exist, both in terms of the timing of interventions and whether the plans will materialise as anticipated, as described in Note 30 of the financial statements. These uncertainties may cast significant doubt on the Bank's ability to continue as a going concern. However, the Committee is satisfied that the risks relating to going concern will be satisfactorily addressed through the mitigation strategies in place, continued support from the Access Group, and the Bank's ability to access alternative capital sources.

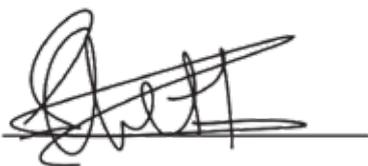
The ACC notes that while the Bank remains solvent, continued losses and system integrity challenges require enhanced governance oversight. Accordingly, the Committee has committed to the following actions:

- Monthly review of going concern indicators, including stress-tested forecasts and regulatory ratios.
- Oversight of remediation plans addressing control environment weaknesses, with internal audit assurance on embedment.
- Monitoring of covenant compliance, particularly in relation to the DEG facility, and engagement on condonation of breaches.
- Enhanced supervisory engagement with the Prudential Authority, including alignment of strategy, infrastructure, and reporting.

The ACC further acknowledges the strategic leadership restructuring undertaken in 2024, including the appointment of a new executive team and the deployment of experienced personnel from Access Group. These changes are expected to materially support the execution of the turnaround strategy and reinforce the Bank's governance and operational resilience.

4. IN CONCLUSION

The Committee is satisfied that it has fulfilled its responsibilities in terms of its charter during the year under review and believes that it complied with its legal, regulatory and governance responsibilities as set out in the Companies Act No.71 of 2008 of South Africa



S Chetty

Acting Chairperson of the Audit and Compliance Committee

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Access Bank South Africa for the year ended 31 December 2024.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1. NATURE OF BUSINESS

Access Bank South Africa Limited (the Bank) is an unlisted public Bank with physical representation in three provinces in South Africa through its three business suites. Although it operates across all segments in the South African economy, it has a stronger customer offering in the medium and large business and mid-corporate segments.

The Bank is focused on developing and delivering banking services to corporate's, small and medium-sized businesses and individuals, driven by a universal combination of retail, business and alliance banking.

The main business segments are: Treasury and Global transaction services, Corporate Banking, Structured Trade Financing, Business and Commercial Banking as well as the fintech-driven Alliance Banking partnerships. The Bank has started targeting on a small scale the broader South African retail banking client base with limited branches.

2. FINANCIAL RESULTS AND BUSINESS UPDATE

The Bank reported a loss of R587 million for the year ended 31 December 2024 compared to a loss of R279 million in 2023. The deterioration in performance was driven by a decline in net interest income, elevated operating expenses, and a material increase in credit impairments.

Net interest income decreased by 18.06% year-on-year, reflecting margin compression and changes in the asset and liability mix. Fee and commission income also declined compared to 2023, contributing to weaker non-interest revenue.

Total operating expenses increased by 20.67% year-on-year, primarily due to higher staff costs following the recruitment of key executives. This investment was aimed at strengthening the Bank's governance and control environment.

Expected Credit Losses (ECL) increased significantly to R138 million in 2024 from R66 million in 2023, indicating a material deterioration in credit quality. The increase was driven by higher provisioning on non-performing loans, particularly in the commercial and property loan portfolios, and reflects a more conservative approach to credit risk management.

An impairment assessment of the Bank's intangible assets was performed as at 31 December 2024 which resulted in a material impairment loss of R64 million recognised.

As at 31 December 2024, total assets amounted to R5.3 billion, down from R5.93 billion in the prior year. Loans and advances totalled R2.29 billion, with growth primarily in Trade and Corporate loans, aligned to the Bank's strategic focus areas.

3. CAPITAL COMPLIANCE

The Bank experienced a deterioration in its capital adequacy and regulatory ratios during the 2024 financial year, primarily due to increased losses. This resulted in breaches of the following minimum regulatory requirements:

- Capital Adequacy Ratio (CAR) of 13%
- Supervisory Outlier Test (SOT) limit of 15%
- Large Exposure (LEX) limit of 25%

Directors' Report

The Prudential Authority granted condonation for these breaches on 27 June 2025, in terms of section 279(1) of the Financial Sector Regulation Act 9 of 2017. The condonation was valid until 30 June 2025, the date on which the capital injection was expected and subsequently received. A further condonation from 1 July 2025 through to 4 August 2025 has been sought from the Prudential Authority, including the remaining LEX limit breach post 4 August 2025, which was not fully remediated through the capital injection.

4. FILLING OF VACANT EXECUTIVE POSITIONS

The Board is pleased to report that the vacant executive positions filled during and after the reporting date:

- Chief Executive Officer
- Chief Risk Officer
- Chief Compliance Officer
- Chief Financial Officer
- Chief Legal Officer
- Chief Internal Audit Officer

5. CONTROL ENVIRONMENT

During the year under review, process and control weaknesses identified in prior financial years continued to persist. While some progress has been made in relation to the 2024 financial year, there are still areas that require significant improvement.

The Board is pleased to report that several key executive positions were successfully filled during and after the reporting period. These appointments are expected to bring greater stability and strategic focus to the Bank's operations.

The following table outlines key control weaknesses identified across various internal and external reviews, including those conducted by the external auditors and independent assessors. Management has initiated a multi-phase remediation programme aimed at strengthening governance, improving data integrity, and enhancing regulatory compliance. The Board reaffirms its commitment to continuous improvement and oversight of the control environment.

Area	Control Weakness	Impact	Management Response/ Remediation
Financial Reporting	The financial reporting process remains highly manual due to the lack of integration between core banking systems (Flexcube/T24) and the general ledger system (Great Plains), resulting in a reliance on manual journal entries and reconciliations. While the manual nature of the process contributes to operational complexity, the key control deficiency lies in the absence of detailed and appropriate review mechanisms over journal entries and reconciliations. Additionally, the Bank does not currently have sufficient and appropriate, clearly documented standard operating procedures (SOPs), financial reporting processes, which has further impacted the control environment.	The lack of integration and review controls increases the risk of errors, delays in audit completion, and potential misstatements in both financial and regulatory reporting. The absence of documented processes further compounds the risk of inconsistent practices and weak oversight.	Management has approved a restructuring of the finance team and initiated plans to automate and enhance system interfaces to address these deficiencies. In parallel, the Bank is leveraging support from service providers to improve system integration and has commenced the development of SOPs to formalise financial reporting processes. Enhanced review protocols are also being embedded to strengthen oversight and reduce the risk of error.

Directors' Report

Area	Control Weakness	Impact	Management Response/ Remediation
Regulatory Reporting	Regulatory returns, including BA submissions, are currently prepared using Excel spreadsheets that do not support an audit trail, and inconsistencies have been noted between internal and external disclosures.	This poses a risk of regulatory breaches and inaccurate reporting of prudential ratios.	A remediation program, supported by external consultants and strengthened governance, has been launched to enhance the accuracy and reliability of regulatory reporting. This is further reinforced by the RDARR project and automation efforts to improve data quality and reduce manual intervention.
Suspense Accounts	Reconciliation processes for suspense accounts are inadequate, with no formal standard operating procedures in place, and material write-offs have occurred due to uncleared balances.	This creates a risk of financial misstatement and potential exposure to fraud.	Management has applied data analytics to improve reconciliation processes, is developing standard operating procedures, engaging service providers to support in deploying an automated reconciliation tool, and has commenced staff training to enhance operational effectiveness.
Expected Credit Loss (ECL) Provisioning	<p>The Bank's expected credit loss provisioning process is subject to significant judgment and complexity, particularly in the assessment of Stage 2 and Stage 3 exposures.</p> <p>Control weaknesses were noted in model risk management, including delayed validation, limited review of model outputs, and outdated documentation.</p> <p>Additionally, manual data preparation and reconciliation across multiple systems, combined with capacity constraints, increased the risk of error. Furthermore, policy assumptions applied to business rescue clients resulted in the delayed recognition of impairments, which was not aligned with IFRS 9 requirements and required correction during the audit.</p>	These deficiencies resulted in the understatement of expected credit losses, necessitating material audit adjustments. The lack of timely recognition of impairments for business rescue clients and insufficient oversight of model outputs increased the risk of misstatement in financial reporting and reduced confidence in the reliability of credit risk provisioning.	<p>New IFRS 9 models have been implemented and externally validated.</p> <p>Management has revised provisioning policies to align with IFRS 9 requirements, including the treatment of business rescue exposures. A comprehensive data reconciliation process was undertaken. Further enhancements to model, related documentation, review controls, and governance processes are underway to strengthen oversight and ensure sustainable improvements.</p>

Directors' Report

Area	Control Weakness	Impact	Management Response/ Remediation
Governance	There have been delays in the approval of risk policies by the Board, incomplete records in Board packs, and high turnover in executive leadership roles.	These issues have weakened oversight and delayed strategic decision-making processes.	A Delegation of Authority Framework is being finalised, and interim approvals are being managed at the Executive Committee level to ensure continuity. Significant key executive appointments have been made during 2024 through the first half of 2025, which should bring about stability in key roles. These enhancements are aimed at strengthening governance and operational oversight, supported by additional company secretariat resources, including the appointment of a qualified and experienced company secretary.
Information Technology (IT)	General IT control deficiencies have been identified, particularly in access controls, and a cyber incident occurred in June 2025.	These deficiencies increase the risk of data integrity issues and operational disruptions.	An IT remediation program is underway, including design and implementation of standard operating procedures and General IT Controls testing is being performed to strengthen the control environment. The cyber incident was fully investigated and confirmed to be a false positive. Enhancements are being deployed to ensure this does not reoccur.
Internal Audit Function	The Head of Internal Audit position became vacant since 31 October 2024 up to August 2025, during which interim period the function was reliant on temporary consultants.	This reduces the level of assurance over the effectiveness of internal controls.	The Chief Internal Auditor was appointed further to Prudential Authority approval in August 2025. Work is currently underway on the updated audit plans.
AML Compliance	Historical deficiencies in Anti- Money Laundering (AML) controls have been identified, and investigations by the Prudential Authority are ongoing.	These deficiencies pose regulatory risks and reputational exposure for the Bank.	An enterprise-wide AML remediation plan has been implemented, technical support has been secured from the Group, and recruitment of skilled compliance staff is underway.

Directors' Report

6. REPORTABLE REGULATORY

On 16 May 2025, the external auditors submitted an initial notification to the Independent Regulatory Board for Auditors (IRBA) that a suspected reportable irregularity may have occurred. The matter reported by the auditors are detailed in note 31 to these financial statements and were:

Matter Noted	Resolution of the matter
1. Breaches were noted in relation to the Single Obligor Limit (per regulation 24(6)(c)(iv)(C)), the minimum Capital Adequacy Ratio requirements (per regulation 38(8)) and the limit on the Significant Outlier Test (per guidance note 4 of 2024) imposed by the Prudential Authority (PA) as stipulated in the South African Banking Regulations and communicated in writing by the Authority from time-to-time.	The Prudential Authority granted condonation in terms of Section 279(1) of the Financial Sector Regulation Act 9 of 2017 for breaches of the Capital Adequacy Ratio (CAR), Surplus Over Target (SOT), and Large Exposure (LEX) limits, valid until 30 June 2025. The breaches of CAR and SOT have been cleared following a capital injection effected on 4 August 2025. The LEX limit breach has also been substantively remedied through this capital injection; however, residual breaches remain in respect of the LEX limits. Condonation up to 4 August 2025 has been sought from the Prudential Authority, including for the remaining LEX limit breach post 4 August 2025, which was not fully remediated through the capital injection.

7. CAPITAL STRUCTURE

The unissued shares are under the control of the directors, subject to notification to and specific approval by the shareholders, until the next Annual General Meeting.

During the year under review, there were no changes to the authorised and issued ordinary share capital.

Subsequent to year end, Access Bank PLC transferred a portion of its shareholding in the Bank to Broad-Based Black Economic Empowerment (B-BBEE) shareholders through a deferred payment arrangement. In addition, the Bank issued further ordinary shares to Access Holdings PLC. These transactions were approved by the Prudential Authority and the Financial Surveillance Department of the South African Reserve Bank, and are detailed in Note 30: Events After the Reporting Period.

Shareholding after the above ordinary share changes:

- Access Bank PLC: 3, 158, 211, 365 shares (64.19%)
- Access Holdings PLC: 586, 865, 413 shares (11.93%)
- Minority shareholders (including B-BBEE shareholders): 1, 174, 836, 090 shares (23.88%)

8. DIVIDEND

No dividend has been proposed or declared for the year under review (2023: Nil).

9. HOLDING COMPANY

The holding company is currently Access Bank PLC, Nigeria's largest Bank by total assets. Plans are underway to finalise the intermediate holding company of the Bank in South Africa.

Shareholders as at 31 December 2024 are:

- Access Bank PLC - 97.89% (2023: 97.89%)
- GroCapital Holdings - 0.42% (2023: 2.11%)
- Other Minorities - 1.69% (2023: 0.01%)

Directors' Report

10. GOING CONCERN

The Board considered that there are material uncertainties and dependencies relating to the going-concern assessment of the Bank that exist both from a timing of intervention perspective as well as whether the plans will materialise as anticipated.

The events, conditions and assumptions described in note 30 inherently include material uncertainties that may cast significant doubt on the going concern of the Bank. These include the timing and effectiveness of strategic interventions, continued financial support from the Access Group, and the successful execution of capital contingency plans such as the conversion of debentures to Tier 1 capital. Nonetheless, the Board has a reasonable expectation that these risks will be satisfactorily addressed, with the mitigation strategies in place. The Board continues to manage these strategies as a priority to ensure that they materialise as envisaged.

The Board assessed the full year 2024 financial results, which is a loss of R587 million. The Board also assessed the first half of 2025 unaudited financial results, resulting in an unaudited loss of R110m as well as stress-tested financial forecasts reflecting a further loss, as set out in note 30.

The Board concluded after carefully considering the progress of the initiatives included in note 30 and the continued financial support from the Access Group, as well as alternative capital contingencies, such as the ability to convert the existing debentures to Tier 1 capital, that the Bank has access to adequate resources and facilities to be able to continue its operations and fund the regulatory capital requirements for the foreseeable future as a going concern. The financial statements have therefore been prepared on a going-concern basis.

Prospects

Access Bank South Africa remains committed to delivering sustainable value to its stakeholders. The Bank's revised and focused strategy positions it to facilitate regional collaboration by leveraging the Access Group's pan-African footprint, its operational agility, and proximity to key decision-makers. These strategic initiatives are designed to:

- Optimise performance and operational efficiency;
- Strengthen risk management and internal controls;
- Curtail losses and revenue leakage; and
- Drive profitability through diversified income streams.

Early indicators of success are evident, with non-interest income already exceeding 20% (unaudited) of the 2024 run rate, and strong performance observed in Alliance Banking and Global Markets. While losses are expected to persist in the short term, they are forecasted to reduce progressively, with the full impact of the turnaround strategy anticipated by 2026, leading to sustainable and increasing profitability.

To support this trajectory, key risk mitigation measures have been and continue to be implemented. These include the strengthening of the executive leadership team, continued strategic and operational support from Access Bank Group, and deliberate and targeted cost optimisation initiatives. In addition, the Bank is prioritising enhancements to systems and infrastructure to ensure operational resilience and enable effective execution of its strategy.

11. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting date are discussed in note 30.

Directors' Report

12. DIRECTORATE

The directors in office at the date of this report are as follows:

Non-executive:

Directors	Changes
• RM Ogbonna	
• OK Kumapayi	Appointed 10 July 2024

Independent, Non-executive:

Directors	Changes
• BP Mathidi	
• L Meyer	Appointed 26 February 2024
• B Barungi	
• LN Molefe	
• EC de Kock	
• S Chetty	
• JE O'Neill	Resigned 8 May 2024
• MK Lekaukau	Appointed 10 July 2024

Executive:

Directors	Office	Designation	Nationality	Changes
• SL Shabalala	Chief Executive Officer	Executive	South African	Appointed 11 March 2024
• R Jayrajh	Chief Risk Officer	Executive	South African	Appointed 14 November 2024
• A Ramdial	Chief Financial Officer	Executive	South African	Appointed 11 February 2025

Company secretary:

MN Monama Appointed 1 July 2024

Registered address:

Block 3, Inanda Greens Business Park ,54 Wierda Road West, Wierda Valley, Sandton.

Independent Auditor's Report

Deloitte.

To the Shareholders of Access Bank South Africa

Report on the Audit of the Financial Statements

Opinion

"We have audited the financial statements of Access Bank South Africa (the company) set out on pages 29 to 92, which comprise the statement of financial position as at 31 December 2024; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Access Bank South Africa as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work."



Managing Partner: ML Tshabalala

A full list of partners and directors is available on request

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	R53 million (2023: R59 million)
Basis for determining materiality	<p>A key judgement in determining materiality is the appropriate benchmark to select, based on our perception of the needs of shareholders. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. As the entity is loss making, the alternative benchmark was determined to be total assets given the company focus on issuance of loans and advances.</p> <p>Based on our professional judgement, we determined materiality to be R53 million which represents 1% of total assets (2023: R59 million which represented 1% of total assets). The decrease in materiality is primarily driven by the decrease in loans and advances year on year.</p>

Material Uncertainty Related to Going Concern

We draw attention to note 29 in the financial statements, which indicates that the company incurred a net loss of R587 million during the year ended December 31, 2024 (2023: net loss of R 278 million) and, as of that date, the company's total assets exceeded its total liabilities by R210 million. As stated in note 29, these events or conditions, along with other matters as set forth in note 29, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In terms of the EAR Rule, we have evaluated management's assessment of the company's ability to continue as a going concern as follows:

- Evaluated the solvency, liquidity, profitability, regulatory and compliance assessments (on key Prudential Authority Ratios) performed by management on a forward-looking basis to October 2026 in terms of the forecasts provided;
- Performed scenario analysis and stress testing on these forecasts based on current run rates experienced and the resultant impact on regulatory compliance and profitability encompassing likelihood thereof due to dependencies noted including various stages of maturity of strategic initiatives;
- Assessed the capital injection received in 2025 by the Bank in lieu of the sustained losses to date and the forecast period considered to October 2026;
- Evaluated the availability of future capital sources including sufficiency thereof;
- We have read and understood the key terms of all committed debt facilities to understand any terms, covenants or undertakings that may impact the availability of the facility;
- Obtained specific representations from management on dependencies noted in the going concern assessment
- Assessed the adequacy of disclosures in the going concern note and found these appropriately reflect the key areas of uncertainty identified.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report

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

Material breakdowns in internal controls and the impact on the audit of the financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p>Strong internal controls over the financial reporting process are key to ensuring that financial statements are reliable and fairly presented. Internal control is defined as the process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.</p> <p>The completeness and accuracy of the annual financial statements and its overall reliability is dependent on automated and manual controls over the recording of transactions in the financial ledgers and strong internal controls over the financial reporting process.</p> <p>We identified a material breakdown in internal controls during the 2024 financial year because of:</p> <ul style="list-style-type: none"> • General Information Technology Control deficiencies and significant deficiencies noted with repeat findings related to the T24 and Flexcube core banking systems. These deficiencies were pervasive across Access Management, Privilege Management, Segregation of Duties, Change Management, IT Operations and Network and Application Infrastructure Access, which resulted in inability to rely on these systems. • The SIS system, a management reporting tool, is used to extract information from the underlying Flexcube core banking system. We identified reporting inconsistencies at a product level affecting data quality and data structures and decreasing data confidence arising from mappings to SIS from the Flexcube core banking system. • Deficiencies over financial reporting processes and controls over approval of journal entries. • Deficiencies in Anti Money Laundering controls based on prior period regulatory visits where several findings were identified. • Significant Regulatory Reporting findings, with a considerable number of repeat findings. • High turnover of staff and key executives. 	<p>Given the material break down in internal controls identified, we adopted a fully substantive approach with no reliance on internal controls.</p> <p>The following are the primary procedures we performed to address this key audit matter:</p> <ul style="list-style-type: none"> • The audit process was delayed allowing management, the directors and the auditors sufficient time to close out on the key reconciliations of data. • We applied auditor judgement to consider the appropriateness of the nature, timing, and extent of our audit procedures to be performed over financial statement account balances and where appropriate altered them to address additional risks based on our audit findings. • We evaluated our scoping thresholds considering the material breakdowns in controls. • We increased the number of sample selections compared to what we would have otherwise made had the entity's controls been properly designed and operated effectively. • We involved data analytics specialists to assist us in performing completeness and accuracy procedures of information processed through the Flexcube core banking system and reconciling the information from the sub-ledger to the general ledger. • We re-evaluated our risk assessment procedures and incorporated additional procedures in response to key General Information Technology Control deficiencies noted within core banking systems. The additional procedures performed were focussed on the accuracy and completeness of information obtained including reconciliations to the general ledger. • We performed procedures on the key suspense and clearing account reconciliations to ensure that reconciling items were valid. • We performed testing and evaluation of journal entries processed during the period, with specific focus on year end closing journal entries. • We performed testing and evaluation of AML monitoring on a sample basis, including evaluation of specific customer behaviour monitoring on loans and advances outliers based on the analytical procedures performed in assessing the disbursements and repayments for the period under audit.

Independent Auditor's Report

Key Audit Matter	How the matter was addressed in the audit
<p>While the audit procedures we have performed have provided us with sufficient and appropriate audit evidence, the impact of the above material breakdown of internal controls and the extent to which these significant deficiencies are linked to a likelihood of material misstatement including the risk of fraud and error, had a significant and pervasive impact on the overall timing, level of expertise and effort associated with the current year audit of the financial statements and is considered a key audit matter.</p>	<ul style="list-style-type: none"> • We evaluated the sufficiency of audit evidence obtained by reassessing the results of procedures performed, including the appropriateness of the nature and extent of such evidence. • We involved our auditing specialists to evaluate the sufficiency and appropriateness of audit evidence obtained in response to General Information Technology control findings. • We involved our accounting specialists to evaluate key judgements made in the annual financial statements including accuracy and completeness of disclosures. • We considered the effect of non-compliance with laws and regulations in accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act and reported where necessary and from a financial reporting perspective. Refer to Note 31. <p>Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the impact of the material breakdown in financial controls.</p>

Expected Credit Losses (ECL) on loans and advances

Key Audit Matter	How the matter was addressed in the audit
<p>Expected credit losses ("ECL") assessment for loans and advances is of significance due to the significant judgements applied by management in determining the expected credit loss and related disclosures, the underlying data reconciliation process and challenges experienced with respect to these reconciliations, the magnitude of the exposure in relation to the financial statements and the effect that the ECL has on the credit risk management process and operations.</p> <p>The ECL of the Bank incorporates key judgments which include:</p> <ul style="list-style-type: none"> • The selection and application of IFRS 9 – financial instruments and accounting decisions and policy choices. • Assessment of underlying data utilized within the ECL model. • Evaluation of significant increase in credit risk ("SICR"). • Incorporation and assessment of macroeconomic inputs and forward-looking information ("FLI") into the SICR assessment and ECL measurement; • Assessment of ECL recognised for Stage 3 exposures; • Assessment of valuation of collateral values 	<p>In our planned response to the risks pinpointed to the stage 3 ECL, we performed the following procedures:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of controls over the valuation of collateral held for Stage 3 loans. • Assessed the existence and valuation of the collateral by reviewing the valuation reports from Management's property valuation experts. • Performed procedures to assess the fair values based on the publicly available prices of recent transactions. • Assessed other inputs included in the stage 3 calculation such as the suspended interest and recovery charges. <p>On stage 1 and 2, we performed the following procedures:</p> <ul style="list-style-type: none"> • Challenged the Stage 1 and 2 impairment models with the assistance of our IFRS 9 credit specialists. • Assessed with our specialists the methodology applied by Management in the recognition of the expected credit loss including consideration of forward-looking information.

Independent Auditor's Report

Key Audit Matter	How the matter was addressed in the audit
<ul style="list-style-type: none"> Assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement; and Disclosures relating to expected credit losses. Individually assessed impairments, being material watchlist (Stage 2) and nonperforming (Stage 3) exposures are evaluated separately in conjunction with the ECL model outputs pertaining to these. There is judgement involved in identifying distressed watchlist exposures and estimating realisable cash flows including perfection of pledged collateral. Changes have been made to the models to address previous audit findings and data limitations in prior periods. The changes made are complex in nature. The models have previously not undergone independent model validation by management which increases the risk of error in the ECL estimate. <p>Furthermore, we noted several significant deficiencies and deficiencies in internal controls during the audit which broadly fall under the category of model risk management</p> <p>We noted that there is limited review of the model and model outputs generated prior to recording output to the general ledger. Working with the independent contractor hired by Management, we identified a number of areas in the methodology, code and calculations that required correcting. The primary root cause is a lack of capacity in the credit team for an appropriate review of work to be performed. As part of the remediation of these deficiencies, management did involve an independent expert who re-performed the models in order to validate the existing models. This was done towards the end of the audit process, and after posting of balances to the GL.</p> <p>We noted that there is a significant amount of manual intervention in accumulating data due to the data having to be sourced from multiple sources in order to build the modelling dataset and ultimate reconciliation of ECL data to the general ledger. There are limited review controls in place due to capacity constraints which increases the risk of error particularly with highly manual processes. Due to the significance and impact of the above and the overall level of expertise and effort associated with the audit, we consider this to be a key audit matter.</p>	<ul style="list-style-type: none"> Performed data validity tests to confirm the completeness and accuracy of the inputs included in the model on relevant data fields. As an additional step to the data validity tests and reconciliations performed, we assessed the valuation of collateral by comparing them to property valuation reports from the Management property valuation expert reports. <p>Overall assessment for stage 1, 2, and 3, we performed the following procedures.</p> <ul style="list-style-type: none"> Given the nature of banking relationships with customers, the watchlist clients and process to monitor these, we challenged and tested the reasonability and appropriateness of the watchlist based on movements into and out of the watchlist, including the underlying evidence supporting these in order to mitigate the risk of misstatement. Reperformed the staging of the impairment provision. Assessed the disclosure of the ECL and related collateral in the financial statements in terms of IFRS 9 Financial Instruments and IFRS 7 Financial Instrument: Disclosure. <p>Due to the misstatements identified and corrected, including the control observations noted, we expanded our data testing procedures and review of the ECL data reconciliation to the general ledger and underlying loan systems (SIS and Flexcube) performed by management. This included involvement of our data analytics specialists and IFRS 9 specialists to assist in assessing the validity, accuracy and completeness of the data reconciliations performed.</p> <p>The resultant outcome of these procedures was sufficient to mitigate the impact of the matters noted after misstatements identified by management (as part of the data reconciliation process) and us (as part of the data reconciliation process, as well as evaluation of Stage 3 ECL balances) were corrected for. The disclosures noted are considered to be appropriate in this respect.</p>

Independent Auditor's Report

Suspense accounts

Suspense accounts represent large volume of transactions and represent a key area of operation for the Bank.

Key Audit Matter	How the matter was addressed in the audit
<p>Operational complexity and high volume of transactions that flow through suspense and clearing accounts result in a risk that amounts may not clear appropriately and erroneous postings may not be identified in a timely manner. Given the nature of these types of accounts, and the high volume of transactions that flow through them, there is a risk that unreconciled amounts could lead to a material misstatement in the Bank's results.</p> <ul style="list-style-type: none"> • Complex suspense accounts historically have no defined clearing rules, timeframes of completion, or thresholds for investigation, which have resulted in unreconciled suspense accounts with inappropriate levels of review. • This creates a significant risk for potential fraud and misstatement, lack of corrective action and inability of the bank to identify issues arising and potential loss being incurred by the Bank. • There is a lack of understanding of the clearing accounts and reconciling items by preparers as evidenced by the reviewer being very involved in the preparation of the clearing of the accounts. The operations team does not have proper standard operational procedure documentation to guide them in the clearing of these accounts and understand how the reconciling items impact the other line items in the financial statements. • Some of the reconciliations of the control accounts do not clearly identify the outstanding transactions at a detailed client and transaction level, instead it is only summarised movements for a period that are maintained. This does not enable proper reconciliation and follow up of individual transactions. • There is a lack preparation of daily/monthly reconciliations in place in the 2024 financial year related to the suspense accounts, as a result there were material reconciling items identified in the initial balances. Additional work was done by management in 2025 to clear out the suspense accounts. • We identified a lack of accountability and consequence management in areas where errors, restatements and write-offs occurred, resulting in recurring errors and significant control deficiencies. • Due to the significant and pervasive impact the suspense accounts have on financial reporting and the overall efficiency, level of expertise and effort associated with the audit, we consider this to be a key audit matter. 	<p>In our planned response to the key audit matter pertaining to suspense accounts, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed the design and test implementation of controls over suspense and clearing business cycle. • Obtained a detailed understanding of each suspense account including the journal entries that are processed for the transaction flows into the different accounts. • Involved Data Analytics Specialists to assist us in performing matching of entries cleared for key critical suspense and clearing accounts to confirm if they are cleared and allocated correctly. • Selected uncleared transactions at year end and agree the reconciling items to source documents. • Traced transactions with timing differences to evidence that the accounts were cleared post-year end. • Obtained all suspense accounts reconciliations and we performed a detailed risk assessment on each of them, focussing on the validity of reconciling items identified by management and how these were cleared post year end. In our review process we also evaluated the correcting adjustments processed as at year end. We specifically focussed on the critical suspense account reconciliations which are complex in nature. We assessed these to ensure that the balances and transactions are valid accurate and complete. <p>Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to respond to the key audit matter identified.</p>

Independent Auditor's Report

Loans and advances

We considered loans and advances to be a key audit matter on historical experience which identified duplication of disbursements and repayments in the underlying data which impacts validity of cash flow entries processed to respective client accounts and the related interest income earned.

Key Audit Matter	How the matter was addressed in the audit
<p>During the audit tenure we historically identified material duplicated disbursements and repayment transactions in customer accounts. Considerable time and effort were taken to clean the data before substantive procedures could be performed. This resulted in significant audit delays in recent audits.</p> <p>Despite the Bank indicating that there are no duplications in 2024 data, we carried forward this matter into the 2024 audit. We are aware that remedial actions being implemented by management require time to be fully embedded and processing deficiencies may still have occurred during the year:</p> <ul style="list-style-type: none"> • There is a risk that duplicate disbursement and repayment transactions may exist in the data which will impact the validity of the cashflow entries processed in customer accounts and related interest recognized in the statement of profit and loss. • There is a risk that other reconciling items included in the loans and advances movement schedule are not valid. <p>For the 2024 audit process management performed a detailed loan systems (SIS, Flexcube, LDNR) data reconciliation to the general ledger.</p> <p>Due to the significant and pervasive impact the loans and advances reconciliations have on financial reporting and the overall efficiency, level of expertise and effort associated with the audit, we consider this to be a key audit matter.</p>	<p>As part of our planned response to the risks pinpointed to loans and advances, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed the design and test implementation of controls over the loans and advances business cycle. • Performed detailed analytical review procedures in the rebuilding and reconciliation of the loans and advances book (primarily Flexcube), to identify populations or exceptions based on profiling performed, to be subjected to standardised testing of loans and advances movements (for expected movements), and to identify trends and populations of interest, subject to specific and focussed audit testing (customer behaviour, AML monitoring etc.) • Involved Data Analytics specialist to assist us in performing the following procedures: <ul style="list-style-type: none"> ◦ Reviewed management's process of the extraction of the loan transactions directly from the underlying Flexcube system. ◦ Inspected the extraction script to ensure that the extraction rules do not exclude certain data. ◦ Inspected the data tables that the script is run from to ensure that it is in line with the data fields required for audit purposes. ◦ Inspected the IT team running the data extractions using the reviewed script to ensure that there is no manipulation of data. ◦ Reconciled the output of the data extracted to the data provided by Management. ◦ Reperformed the loans and advances movement schedule. ◦ Tested the reconciling journal entries identified and processed in the reconciliation including understanding rationale thereof. • Selected samples for testing. <ul style="list-style-type: none"> ◦ Traced the amounts from the loan listing to originating loan agreements and banks statements for the selected sample.

Independent Auditor's Report

Key Audit Matter	How the matter was addressed in the audit
	<p>Tested the completeness of loans and advances by tracing a sample of approvals in the various credit committee meetings to evidence of recording in the general ledger. In addition, we compared the prior year loans listing and verified settled balance or written offs.</p> <ul style="list-style-type: none"> • Assessed completeness and cut-off through testing settlement accounts balances by performing the following procedures: <ul style="list-style-type: none"> ◦ Assessed the design and implementation of controls over processing and clearing of transactions to settlement accounts. ◦ Each cashflow transaction in our disbursements and repayments samples, was traced to cash receipts and loan disbursements from the initial recording in the loan settlement suspense account and subsequent clearing to the loan account and respective profit and loss accounts. • We assessed the disclosure of loans and advances and confirm that they are disclosed in terms of IFRS 9 Financial Instruments.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Access Bank South Africa Financial Statements for the year ended 31 December 2024", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate, as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Access Bank South Africa

(Registration number 1947/025414/06)

Annual Financial Statements for the year ended 31 December 2024

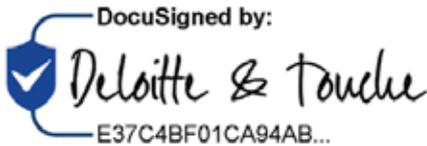
Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

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 reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the IRBA. The matter pertaining to the reportable irregularity have been described in Note 32 to the financial statements. We subsequently, and within the 30-day period prescribed by the Auditing Profession Act, reported to the IRBA that the suspected reportable irregularity was continuing and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof, if relevant.

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Deloitte has been the auditor of Access Bank South Africa for 6 years.



Deloitte & Touche
Registered Auditors
Per: Llewellyn Leslie Marshall
Partner

30 August 2025

6 Marina Road
V&A Waterfront
8005
Cape Town
Western Cape

Access Bank South Africa*(Registration number 1947/025414/06)*

Annual Financial Statements for the year ended 31 December 2024

Statement of Financial Position as at 31 December 2024

	Note(s)	2024 R'000	2023 R'000
Assets			
Cash and cash equivalents	2	1 081 197	680 106
Derivative financial instruments	3	31 602	2 805
Government bonds - fair value through comprehensive income	4	357 343	574 399
Accounts receivable and prepayments	5	101 183	95 670
Other assets	6	1 478	1 673
Other investments	7	15	15
Government bonds - amortised costs	8	1 376 767	1 365 373
Loans and advances - amortised cost	9	2 284 867	3 054 836
Property and equipment	11	25 700	26 826
Right-of-use assets	12.1	26 254	36 581
Intangible assets	13	25 530	94 445
Total Assets		5 311 936	5 932 729
Equity and Liabilities			
Equity			
Share capital	14	4 333 047	4 333 047
Share discount	15	(2 086 727)	(2 086 727)
Accumulated loss		(2 031 806)	(1 444 931)
Reserves		(4 507)	(42 455)
Total equity		210 007	758 934
Liabilities			
Deposits and current accounts	16	4 130 723	4 112 661
Derivative financial instruments	3	4 414	30 036
Accounts payable	17	381 658	77 651
Lease liabilities	12.1	36 634	44 216
Institutional funding liability	18	400 127	760 681
Debenture instruments	19	148 373	148 550
Total Liabilities		5 101 929	5 173 795
Total Equity and Liabilities		5 311 936	5 932 729

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2024 R'000	2023 R'000
Interest income	21.1	587 105	555 779
Interest expense	21.2	(428 742)	(356 590)
Net interest income from banking activities		158 363	199 189
Interest expense from non banking activities	21.3	(3 760)	(10 971)
Net interest income		154 603	188 218
Expected credit loss – Loans and advances	10.1	(139 443)	(3 193)
Expected credit loss – Other		(3 175)	(3 191)
Non-interest income	21.4	199 099	147 862
Operating income		211 084	329 696
Staff cost	21.5	(280 824)	(227 996)
Depreciation and amortisation	21.5	(115 213)	(43 990)
Other non-operating gains	21.5	-	5
Other operating expenses	21.5	(401 922)	(336 259)
Loss before taxation		(586 875)	(278 544)
Taxation	22	-	-
Loss for the year		(586 875)	(278 544)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Debt Investments at fair value through other comprehensive income		37 948	(12 605)
Other comprehensive income (loss) for the year net of taxation		37 948	(12 605)
Loss attributable to:			
Holding company		(574 492)	(272 639)
Minority shareholders		(12 383)	(5 905)
		(586 875)	(278 544)
Total comprehensive loss attributable to:			
Holding company		(537 345)	(284 977)
Minority shareholders		(11 582)	(6 172)
		(548 927)	(291 149)

Access Bank South Africa

(Registration number 1947/025414/06)

Annual Financial Statements for the year ended 31 December 2024

Statement of Changes in Equity

	Share capital	Share discount	Total share capital	Non-Distributable Reserve	Accumulated loss	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 01 January 2023	4 333 047	(2 086 727)	2 246 320	(29 850)	(1 166 387)	1 050 083
Loss for the year	-	-	-	-	(278 544)	(278 544)
Total comprehensive loss for the year	-	-	-	-	(278 544)	(278 544)
Mark to Market valuation adjustments through OCI	-	-	-	(12 605)	-	(12 605)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(12 605)	-	(12 605)
Balance at 01 January 2024	4 333 047	(2 086 727)	2 246 320	(42 455)	(1 444 931)	758 934
Loss for the year	-	-	-	-	(586 875)	(586 875)
Total comprehensive loss for the year	-	-	-	-	(586 875)	(586 875)
Mark to Market valuation adjustments through OCI	-	-	-	37 948	-	37 948
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	37 948	-	37 948
Balance at 31 December 2024	4 333 047	(2 086 727)	2 246 320	(4 507)	(2 031 806)	210 007
Note	14	15				

Access Bank South Africa

(Registration number 1947/025414/06)

Annual Financial Statements for the year ended 31 December 2024

Statement of Cash Flows

	Note(s)	2024	2023
		R'000	R'000
Cash flows from operating activities			
Cash receipts from banking operations	26.1	778 460	464 944
Cash paid to suppliers, employees for banking operations	26.2	(1 114 225)	(924 982)
		(335 765)	(460 038)
Net decrease (increase) in operating assets	26.3	811 047	(1 130 699)
Net increase in operating liabilities	26.4	322 069	1 135 496
		797 351	(455 241)
Cash flows from investing activities			
Purchase of property and equipment	11	(13 636)	(6 588)
Purchases of intangible assets	13	(20 670)	(30 618)
Proceeds from sales of short-term securities		-	440 600
		(34 306)	403 394
Cash flows from financing activities			
Repayment of Institutional Loans	18	(1 030 000)	(1 576 788)
Proceeds received from institutional funds	18	670 000	1 240 000
Cash repayments on lease liabilities	12.1	(9 697)	(8 689)
		(369 697)	(345 477)
		393 348	(397 324)
Cash and cash equivalents at the beginning of the year		680 106	838 733
Gain on foreign exchange on cash and cash equivalents		7 743	238 697
		1 081 197	680 106
Cash and cash equivalents at the end of the year	2		

Accounting Policies

1. ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these annual financial statements are set out below.

1.1. STATEMENT OF COMPLIANCE

The Financial Statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are stated in South African Rands, rounded to the nearest thousand (unless otherwise stated).

1.2. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The directors have, at the time of approving the financial statements, a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus, the Bank has applied the going concern basis of accounting in preparing the financial statements.

The annual financial statements are prepared on the historical cost basis, except as set out in the in the following material accounting policies.

1.3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1.3.1. New standards and interpretations issued and adopted in the current year

In the current year, the Bank has applied the following new standards and interpretations, for the first time for its annual reporting period commencing 01 January 2024. While these standards are relevant to the company's operations, they did not have a material impact on amounts recognised in current or prior periods and are not expected to significantly affect future periods:

Standard/Interpretation	Subject	Impact
Amendments to IAS 7 and IFRS 7:	Supplier Finance Arrangements	Not material
Amendments to IFRS 16:	Lease Liability in a Sale and Leaseback	Not material
Amendments to IAS 1:	Non-current Liabilities with Covenants	Not Material

1.3.2. New standards and interpretations issued but not yet adopted

Certain new standards and interpretations have been published that are not mandatory for annual reporting period commencing 01 January 2024 and have not been adopted by the Bank. The Bank's assessment of the impact of these new standards and interpretations are set out below:

Standard/Interpretation	Subject	Expected impact
Amendments to IAS 21: Lack of Exchangeability	01 January 2025	Unlikely that there will be a material impact.
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	01 January 2026	Unlikely that there will be a material impact.
IFRS 18 Presentation and Disclosure in Financial Statements – New Standard	01 January 2027	Material impact ¹
IFRS 19 Subsidiaries without Public Accountability: Disclosures – New Standard	01 January 2027	Material impact ²
IFRS S1 General Sustainability-related Disclosures – New Standard	01 January 2024	Material impact ³
IFRS S2 Climate-related Disclosures – New Standard	01 January 2024	Material impact ³

Accounting Policies

¹ IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 01 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

² IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19)

IFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards.

The Bank is still in the process of assessing the impact of the new standard.

³ IFRS S1 General sustainability-related disclosures (IFRS S1) and IFRS S2 Climate-related disclosures (IFRS S2)

IFRS S1 establishes general principles for organizations to disclose sustainability risks and opportunities that could affect their financial performance. IFRS S1 encourages transparency and enabling stakeholders to understand how sustainability factors interplay with financial health, making informed investment decisions.

IFRS S2 focuses on climate-related disclosures, requiring organizations to report on their exposure to climate risks, strategies for mitigating these risks, and the potential impact on their financial position. IFRS S2 aims to ensure that stakeholders are well-informed about how climate-related issues impact long-term viability.

IFRS S1 and IFRS S2 are effective, with voluntary application permitted, as mandatory application is not yet required under South African law. The mandatory adoption of these standards is governed by local jurisdiction.

The Bank is still in the process of assessing the impact of these new standards.

1.4. LEASES AS LESSEE

Definition

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Accounting Policies

Where a contract contains a lease, each lease component with the contract is accounted for separately from the non-lease components. The consideration is then allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components are determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable standalone price is not readily available, an estimate of the stand-alone price is made, maximising the use of observable information in each case. All non-lease components are accounted for in accordance with whatever other policy is applicable to them.

Lease term

The lease term of a lease is determined as the noncancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease or not exercising of options to terminate the lease is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Recognition

At inception, a right-of-use asset and a lease liability is recognised.

Measurement

Right-of-use assets are initially measured at cost, comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred; and
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequently, right-of-use assets are measured using the cost model.

Where a lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Bank tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Accounting Policies

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, it is based on the company's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

Reassessment of the lease liability

Where there are changes in the lease payments, the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. Where the carrying amount of the right of use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the remaining amount of the remeasurement is recognised in profit or loss.

The remeasurement is performed by discounting the revised lease payments using a revised discount rate where there is a change in the lease term or where there is a change in the assessment of exercising an option contained in the contract. The discount rate is revised to the interest rate implicit in the remainder of the lease term if it can be readily determined, or at the company's incremental borrowing rate at the date of the reassessment.

The remeasurement is performed by discounting the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments. This remeasurement will use an unchanged discount rate unless the change in lease payments resulted from a change in a floating interest rate.

Lease modifications

A lease modification is treated as a separate lease if both: the modification increases the scope of the lease by adding the right to use one or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Accounting Policies

Where the lease modification is not accounted for as a separate lease, at the effective date of the lease modification the following changes are made:

- Allocate the consideration in the modified contract;
- Determine the lease term of the modified lease; and
- Remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the company's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Where the lease modification is not accounted for as a separate lease, the remeasurement of the lease liability is accounted for by:

- Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss.
- Making a corresponding adjustment to the right-of-use asset for all other lease modifications.

1.5. FOREIGN CURRENCY TRANSLATION

Items included in the annual financial statements of the Bank are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. The annual financial statements of the Bank are presented in thousands of South African Rands (ZAR), which is the functional currency of the Bank. Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in foreign exchange gains and losses.

Translation differences on non-monetary financial assets are a component of the change in their fair value and are recognised in profit and loss for investment securities held for trading, or in other comprehensive income for investment securities classified as fair value through comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

Depending on the classification of a non-monetary financial asset, translation differences are either recognised in the Statement of Profit or Loss and Other Comprehensive Income or within Statement of Changes in Equity, if non-monetary financial assets are classified as fair value through comprehensive income investment securities.

1.6. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Bank determines the classification of its financial assets at initial recognition. The Bank classifies its financial assets into the following measurement categories:

- Those to be measured at fair value through profit and loss (designated held for trading);
- Those to be measured at fair value through other comprehensive income; and
- Those measured at amortised cost.

Accounting Policies

1.6.1. Financial assets and liabilities at fair value through other comprehensive income

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at fair value through other comprehensive income ('FVOCI'). These comprise primarily debt securities.

They are recognised on the trade date when the Bank enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains and losses from financial instruments'.

Financial assets measured at FVOCI are included in the impairment calculations and impairment are recognised OCI if so designated.

1.6.2. Financial assets and liabilities at amortised cost

Financial assets are measured at amortised cost where they:

- Are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates
- Cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost.
- Are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Such financial assets include most loans and advances to Banks and customers and some debt securities. In addition, most financial liabilities are measured at amortised cost.

Business models

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business models do not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank's business models reflect how the Bank manages its financial assets in order to generate cash flows and determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting period to determine whether the business models have changed since the prior reporting period. For the current and prior reporting period, the Bank has not identified any changes in its business models. The Bank's corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. Sales of these loans are very rare.

Accounting Policies

Some debt securities are held by the Bank's treasury function to meet the Bank's everyday liquidity needs. The Bank seeks to minimise the costs of managing its everyday liquidity needs and therefore actively manages the return on the portfolio. Meeting these objectives involves frequent sales that are significant in value. The Bank considers that these financial assets are held in the business model whose objective is achieved both by collecting the contractual cash flows and selling financial assets.

SPPI test

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs and a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Debt instruments at amortised cost or at FVTOCI

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment. See note 19. The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs and a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

1.7. OTHER ASSETS

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognised in the Statement of Financial Position at fair value and subsequently remeasured at their fair value.

Derivatives are presented in assets when favourable to the Bank and in liabilities when unfavourable to the Bank. Fair values are obtained from quoted market prices, dealer price quotations or discounted cash flow models, as appropriate.

Derivatives are not entered into for trading nor speculative purposes. Changes in the fair value of derivatives are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Accounting Policies

1.8. INVESTMENT SECURITIES

Held for trading investment securities are measured subsequent to initial recognition at fair value based on quoted bid prices in active markets, dealer price quotations or discounted expected cash flows.

Held for trading short term negotiable securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rate or equity prices. When held for trading investment security is disposed of or impaired, the accumulated unrealised gain or loss included in The Statement of Changes in Equity is transferred to the Statement of Profit and Loss and Other Comprehensive Income for the period and reported as gains/losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Short term negotiable instruments which are carried at amortised cost consist of non-derivative, securities that are quoted in an active market, with fixed or determinable payments and fixed maturities, which the management has the positive intent and ability to hold to maturity.

Short term negotiable instrument are carried at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

Impairment

The Bank assesses at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly.

The objective is to recognise lifetime expected credit losses whether assessed on an individual or collective basis considering all reasonable and supportable information, including that which is forward-looking. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance at an amount equal to 12-months ECL.

Interest earned while holding investment securities is reported as interest income. Dividend income is recognised when the right to receive payment is established (Declaration date) for equity securities and is separately reported and included in Net other income.

When the instruments reclassified out of the trading category include embedded derivatives, the Bank reassesses at the reclassification date whether the embedded derivatives need to be separated from the host contract, on the basis of the circumstances that existed when the Bank became a party to the contract.

1.9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank measures the fair value of its financial instruments based on a framework for measuring fair value that categorises financial instruments based on a three-level hierarchy of the inputs to the valuation technique, as discussed below.

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, as well as debt securities without quoted prices and certain derivative contracts whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes government and corporate debt securities with prices in markets that are not active and certain over-the-counter (OTC) derivative contracts.

Accounting Policies

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

1.10. LOANS AND ADVANCES

Loans originated by the Bank are recognised when cash is advanced to borrowers. Loans and advances to customers are initially recorded at fair value including any transaction costs, and are subsequently valued at amortised costs.

Interest on loans and advances is included in interest income and is recognised on a straight-line method. Fees and direct costs relating to a loan origination, financing or restructuring and to loan commitments are treated as part of the cost of the transaction and are deferred and amortised to non interest income over the life of the loan using the term of the contract, unless they are designated as at "fair value through profit and loss."

Impairment losses on loans and advances

Expected credit losses ('ECL') are recognised for loans and advances to Banks and customers, non-trading reverse repurchase agreements, other financial assets held at amortised cost, debt instruments measured at FVOCI, and certain loan commitments and financial guarantee contracts.

At initial recognition an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months, or less, where the remaining life is less than 12 months ('12-month ECL').

In the event of a significant increase in credit risk (SCIR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

The ECL model is set up to calculate both 12 months and lifetime ECL estimates. The relevant ECL figure is then allocated based on the client status. For practical purposes, the loan portfolio is split between Overdrafts, Letters of Credit, Letters of Guarantees, Home Loans, Property Loans, ICAs and Commercial Loans. The ECL is then calculated individually for all these categories as different rules apply. Once the ECL is calculated, the individual products are combined again, status groups are applied, and the final stage is assigned.

Status Group	Status
NPL	3
90 Days Arrears	3
Managed (including restructured loans)	2
30 Days Arrears	2
60 Days Arrears	2
Watchlist	2
SICR	2
Curing	2
None of the above	1

Accounting Policies

The Bank manages clients and not individual loans; thus the status of a facility is driven by the work status of all the accounts that the client has. For example, if a client has a home loan stage 1 and an overdraft in stage 2 then both facilities will be moved to stage 2. In this case a 'Client Status' group will be assigned.

Financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in stage 3 ('lifetime ECL').

Credit Impaired (Stage 3)

The Bank determines that a financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

Quantitative Indicators:

The Bank considers the following as constituting an event of default (quantitative indicators)

- Loan and interest payments are more than 90 days past due.
- There has been a deterioration in account behaviour to a point where drawings are regularly unpaid and the exposure on the account does not fluctuate.
- The borrower is unlikely to pay its credit obligations to the Bank in full.

Qualitative guidelines:

- The borrower has been placed under debt review.
- The borrower has been placed in business rescue.
- Legal proceedings such as Sequestration/ Liquidation have been instituted against the borrower.
- The borrower / key individual is deceased.
- The borrower has ceased trading / no longer has an income.
- There are no signs of improvement on an advance already on the Bank's watch list.

The definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit impaired.

Write-off

Loans and advances as well as debt securities, are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that there is no realistic prospect of recovering the monies owed.

Write-offs will be considered once all sources of recovery have been exhausted or no further reasonable expectation of further material recoveries exists. The assessment of when an exposure has no reasonable prospect of being recovered will be based on the financial standing of the borrower and the sureties/guarantors vs the outstanding exposure, the value of the security in a forced sale scenario vs the outstanding exposure, as well as the nature and tenor of the legal processes required to pursue recovery, the costs associated with recovery as well as the prospect of success of the legal case.

Loans and advances written off could still be subject to enforcement activities to comply with the Bank's procedures for recovery of amounts due.

Accounting Policies

Renegotiation (Modification and derecognition of financial assets)

Loans are identified as renegotiated and classified as credit impaired when the Bank modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the mechanism as described below by comparing the risk of a default occurring at the reporting date, based on the modified contractual terms, and the risk of a default occurring at initial recognition, based on the original, unmodified contractual terms. Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not credit impaired

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification whether legalised through an amendment to the existing terms or the issuance of a new loan contract, such that the Bank's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value.

Significant increase in credit risk

The Bank manages clients and not individual loans, thus the status of an exposure is driven by the worst status of all the exposures that the client has, hence all accounts linked to the client will have the same staging (stage 1 or stage 2) based on the worse staging of its account. The measurement of stage 2 ECL is a life time ECL whereas, stage 1 is a 12 month ECL. An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL.

The credit rating of a facility at origination establishes the probability of default ('PD') over the lifetime of the loan, which reflects the Bank's view of the perceived or expected risk over the entire lifetime of the loan. Any significant change in the risk of the loan relative to the view as at origination of the loan, in particular an increase in the remaining lifetime PD, would suggest a SICR. The PD could increase at specific points during the life of the loan, however, if this was the expectation of the rating evolution at initial recognition then it should be treated as such. Hence, the assessment of whether a SICR has occurred at each subsequent reporting date should be performed in relation to the rating expected for that period at origination. This can be achieved at subsequent measurement by assessing (a) the annualised lifetime PD over the remaining life of the loan against (b) the annualised lifetime PD over the remaining life of the loan as expected at initial recognition.

However, there are other circumstances that warrant that financial assets are deemed to have a significant increase in credit risk other than defined above and these circumstances are:

Accounting Policies

1. Loan in arrears

- A loan in arrears is defined as when the capital and/or interest is overdue for more than 1 day but not greater than 89 days.
- All loans that are in arrears except for those deemed as technical arrears, are classified as arrears.
- For exposures with a month end balance less than R1000 the arrears ratio is considered to be technical and will remain in Stage 1.
- For accounts where the month end balance is more than R1000 the arrears ratio is defined by calculating the number of days since last deposit (month end date – last deposit date), and dividing by 30.4375 (average days in a month).

2. On watch list

A loan is classified as watch list where one or more of the following indicators has been triggered:

Qualitative indicators:

- There are early signs of liquidity problems, such as past due loan payments or drawings not being provided for.
- Loans are past due for more than 30 days but not more than 89 days.
- A credit review of the advance is more than 3 months past due and updated financial information remains unavailable.
- The value of collateral provided is under question.
- The borrower is not co-operative or unreachable.
- There is a slowdown or adverse trend in the borrower's business activity.
- There is a volatility in economic or market conditions that may affect the particular borrower directly in the not too distant future.
- The industry in which the borrower operates is performing poorly.
- The borrower or a key person in the borrowing company is in ill health.
- The Bank is aware that the borrower is experiencing difficulty servicing other borrowings.
- The Bank becomes aware of any significant deterioration in the credit record of the borrower.
- There is a significant deterioration in the borrower's financial position.
- The advance has been restructured due to distress and 6 consecutive payments need to be met before the loan is removed from the watch list.
- Any event that is perceived as a change in the risk to the Bank for the worse.

3. Managed Accounts

The advance is classified as managed where one or more of the following indicators has been triggered:

Quantitative indicator:

- The borrower is adhering to a settlement agreement made by an order of court for a minimum period of 6 months and the Bank is comfortable with its collateral position should the borrower default.

Qualitative indicator:

- The advance was in the current book or on the watch list yet there was little progress with recovery being made at the relationship manager level due to a relationship break down.

Future economic variables

The Bank has procured the services of the Bureau of Economic Research Stellenbosch University (BER) as it does not have an internal economics house. The significant assumptions used for the ECL estimates are set out in the table below. The scenarios base, positive and negative, were applied to all loan and advances in stage 1 and in stage 2. The variables were only applied to the PDs determined at reporting date and not on the PDs at origination as the economic variables were not determined at origination dates.

Accounting Policies

Stage 1

Advances that don't present any of the above criteria are considered current and are allocated to stage 1. Stage 1 advances, have a 12 month ECL.

Movement between stages

Curing from Stage 2 to Stage 1

Six consecutive payments on the restricted advance have been met and the borrower's financial (this is already applied by the managed list) position has been satisfactorily reviewed on an up-to-date financial information.

Product	Curing Period
Instalment Credit Agreement	Current Month + 4 Months
Home Loans	Current Month + 2 Months
Property Loans	Current Month + 2 Months
Commercial Loans	Current Month + 3 Months
Overdrafts	Current Month + 3 Months

Curing from Stage 3 to Stage 2

Any legal proceedings brought against a borrower have been halted and the borrower has been up to date with payments for at least 6 months and has been removed from the NPL on the approval of the respective Credit Committee.

The ECL model is set up to calculate 12 months and lifetime ECL estimates. The relevant ECL figure is then allocated based on the client status. For practical purposes, the loan portfolio is split between Overdrafts, Letters of Credit, Letters of Guarantees, Home Loans, ICAs and Commercial Loans. The ECL is then calculated individually for all these categories as different rules apply. Once the ECL is calculated, the individual products are combined again, status groups are applied, and the final stage is assigned.

Macroeconomic indicators that impact the assumptions in ECL model:

y-o-y % change (unless otherwise stated)	Average 2015- 2021	2022	2023	2024	2025	2026	2027	Average Over 2022 - 2027
	Actual				Forecast			

Main economic indicators

Real effective firm lending

rate (%)

Baseline	8,61 %	5,50 %	8,80 %	10,26 %	9,95 %	9,99 %	9,99 %	9,08 %
Negative	- %	5,49 %	8,85 %	10,44 %	9,79 %	10,34 %	10,48 %	9,23 %
Positive	- %	5,50 %	9,07 %	9,81 %	9,59 %	9,57 %	9,55 %	8,85 %

Real Disposable Income

(YoY% Change)

Baseline	1,69 %	2,15 %	1,46 %	1,86 %	1,87 %	1,98 %	1,97 %	1,88 %
Negative	- %	2,14 %	1,02 %	1,64 %	1,53 %	1,92 %	1,89 %	1,69 %
Positive	- %	2,15 %	2,18 %	2,65 %	2,52 %	2,51 %	2,51 %	2,42 %

Accounting Policies

y-o-y % change (unless otherwise stated)	Average 2015 - 2021	2022	2023	2024	2025	2026	2027	Average Over 2022 - 2027
	Actual				Forecast			
Real Gross Domestic Product (YoY% Change)								
Baseline	0,59 %	1,80 %	1,08 %	1,82 %	1,97 %	2,06 %	1,97 %	1,78 %
Negative	- %	1,77 %	0,14 %	1,42 %	1,95 %	2,05 %	1,86 %	1,53 %
Positive	- %	1,80 %	2,08 %	2,66 %	2,68 %	2,63 %	2,62 %	2,41 %
Scenario Weighting								
Baseline	- %	45,40 %	45,40 %	45,40 %	45,40 %	45,40 %	45,40 %	45,40 %
Negative	- %	36,40 %	36,40 %	36,40 %	36,40 %	36,40 %	36,40 %	36,40 %
Positive	- %	18,20 %	18,20 %	18,20 %	18,20 %	18,20 %	18,20 %	18,20 %
	- %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %

This table details the macro-economic drivers of the probability of default (used in the forecast of PDs). ECLs based on Baseline, Negative, Positive and weighted scenario that is disclosed as part of the assumptions for IFRS9.

Measurement

A provision for loan impairment is reported as a reduction of the carrying amount of a loan on the Statement of Financial Position. Any identified impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at:

- a) the loan's original effective interest rate, if the loan bears a fixed interest rate, or
- b) current effective interest rate, if the loan bears a variable interest rate.

Interest in suspense is interest earned on Stage 3 loans and advances and is not recognised as part of profit and loss.

Credit risk

Credit risk is defined as the possibility that customers may default on their future cash flow obligations to the Bank. In lending transactions, credit risk arises from the non-payment of approved loans and advances, and from off-balance sheet exposures such as commitments and guarantees. The Bank actively manages its credit risk at the Individual transaction, counterparty and portfolio level using a variety of qualitative and quantitative measures. Customers' credit worthiness is thoroughly assessed before any credit facility is recommended to or granted by the various credit committees. The credit granting philosophy is a conservative one. The Board of Directors ratifies all exposures in excess of 10% of the Bank's qualifying capital. The Bank has implemented a risk-rating model, which calculates the probability of default of customers.

Refer to note 24.9 in the notes of the financial statements.

Accounting Policies

1.11. DERECOGNITION

1.11.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Bank of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

As part of its activities, the Bank securities certain financial assets, generally through the sale of these assets to special purposes entities, which issue securities collateralised with these assets. To the extent that the Bank sells these securities to third party investors, the transferred assets may qualify for derecognition in full or in part.

1.11.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, 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 the Statement of Profit or Loss and Other Comprehensive Income.

1.12. INTEREST INCOME AND EXPENSE

Interest income and expense are recognised in the Statement of Profit or Loss and Other Comprehensive Income for all interest bearing financial instruments using the effective interest rate method. Interest income includes interest on loans and advances to customers, coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other instruments. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Fees and direct costs relating to a loan origination or acquiring a security, financing or restructuring loan commitments are deferred and amortised over the life of the instrument using the effective interest rate method. Once a financial asset or a book of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of effective interest, this interest is recognised on the net amount recoverable.

Accounting Policies

1.13. FEE AND COMMISSION INCOME

Fees and commissions are recognised on an accrual basis over the period the service is provided. Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as acquisition of loans, equity shares or other securities or the purchase or sale of businesses – are recognised upon completion of the underlying transaction.

Fees earned from Alliance Partners is recognised in the period earned. Other fees earned like transactional fees, service fees and admin fees are recognised when they earned.

1.14. PROPERTY AND EQUIPMENT

Property and equipment, leasehold improvements and transportation and other equipment, held by the Bank for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which are not, is classified as property and equipment are capitalised, only when it is probable that they will result in future economic benefits to the Bank beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, instead its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	2 - 10 years
Furniture and related equipment	1 - 10 years
Motor vehicles	5 years
Hardware and other equipment	3 - 5 years

At each reporting date the Bank assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Where property is revalued, the write down is first applied to the revaluation reserve to the extent that the reserve relates to the asset being written down. Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets.

1.15. INTANGIBLE ASSETS

Intangible assets include computer software and other intangible assets that are separately identifiable.

Computer software and implementation costs include costs that are directly associated with identifiable and unique software products controlled by the Bank that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets, are amortised using the straight-line method over their useful lives, not exceeding a period of 10 years rolling, based on annual management assessment. Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganising part or the entire Bank is recognised as an expense when it is incurred.

Accounting Policies

At each reporting date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised as a profit or loss when the asset is derecognised.

1.15.1. Impairment of intangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include: cash on hand, unrestricted balances held with Central Banks and amounts due from other Banks.

1.17. PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Accounting Policies

1.18. EMPLOYEE BENEFITS

The Bank has a defined contribution retirement benefit plan in accordance with Section 12(4) of the Pension Funds second Amendment Act No. 39 of 2001. Such plans are classified as pension plans or other post-retirement benefit plans. Company contributions to the retirement fund are based on a percentage of employees' remuneration.

The minimum percentage contribution is recommended by the independent actuaries. Retirement benefits are provided for all permanent staff.

1.18.1. Defined contribution plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

The Bank's contributions to defined contribution plans are charged to the Statement of Profit or Loss and Other Comprehensive Income through Profit or Loss in the year to which they relate and are included in staff costs.

1.18.2. Other post-retirement benefit plans

The Bank's employees participate in plans, which provide for various health benefits including post retirement healthcare benefits. Such plans are all defined contribution and the Bank's contributions are charged to the Statement of Profit or Loss and Other Comprehensive Income through Profit or Loss in the year which they relate and are included in staff costs.

1.19. INCOME TAXES

Income tax payable on profits, based on the applicable tax laws in South Africa, is recognised as an expense in the period in which profits arise. The entity does not recognise a deferred tax asset for losses incurred.

1.20. BORROWINGS

Borrowings are initially recognised at fair value net of transaction costs incurred.

1.21. SHARE CAPITAL

Share issue costs:

Issue of share transactions to shareholders are recognised directly in equity as share capital at their nominal values. The difference between the nominal value of the shares and the total consideration received (either received as cash or through conversion of debt instruments of the Bank) is recognised directly in equity as Share Premium.

Accounting Policies

1.22. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing the annual financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience use of independent experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unless stated otherwise the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the critical accounting estimates, assumptions and judgements made by the Bank. The assumptions and estimates applied for;

- Fair value measurement (note 1.11.1 and 23.1)
 - Fair value is determined by using the open market prices of the relevant financial assets and liabilities where applicable.
- Credit impairments of loans and advances (note 1.10, 9 and 10)
 - The Bank assesses its loans and advances portfolio for impairment using the ECL model.
 - The Bank applies judgement in the way it defines and applies a SICR, which is the driver in dividing the loan and advances portfolios between Stage 1, Stage 2 and Stage 3.
 - Credit impairment of government bonds and short term securities (note 1.9, and 4)
 - Similar to the credit impairment on loans and advances, the Bank applies judgement in the manner in which it defines and applies a SICR.
- Management evaluates the existence of impairment indicators and tests intangible assets for impairment annually, exercising significant judgement in determining recoverable amounts in accordance with IAS 36, using the Fair Value Less Costs of Disposal method based on external valuations (note 13).

Notes to the financial statements

2. CASH AND CASH EQUIVALENTS

	2024	2023
	R'000	R'000
Cash and cash equivalents consist of:		
Coin and Bank notes	24	24
Foreign currency balances	326 453	265 453
Local currency deposits with other Banks	208 399	116 397
Intra group placements	226 370	-
Balances with the Central Bank ¹	319 951	298 232
	1 081 197	680 106
The mandatory South African Reserve Bank reserve requirement is included in the above figures.	126 557	119 446

Banks are required to keep a mandatory average balance with the Central Bank. As stated in the Bank Act, 2.5% of the Bank's liabilities as adjusted should be maintained, therefore, no withdrawal below the agreed level should be allowed to this account. The balance earns no interest.

Foreign currency balances			
Stanbic Bank Botswana	BWP	-	111
Deutsche Bank, Frankfurt	CAD	533	532
Deutsche Bank, Frankfurt	EUR	21 959	20 601
National Bank of Greece, Athens	EUR	-	10
Deutsche Bank, London	GBP	13 326	3 972
Access Bank, United Kingdom	USD	5 188	1 916
US Bank, New York (Collateral)	USD	7 805	3 746
Deutsche Bankers Trust, New York	USD	115 341	42 224
ABSA South Africa	USD	86 593	8 801
First Rand Bank, South Africa	USD	75 465	183 361
Access Bank, Botswana	BWP	243	179
		326 453	265 453

The conversion rates used are as per note 28.

¹Depositor insurance scheme

The Depositor Insurance Scheme was introduced in South Africa during 2024. As a participant of the scheme, Access Bank South Africa issued a loan with a value of R8.7 million to the Corporation for Deposit Insurance (CoDI) at the prevailing repo rate, on which interest is payable monthly. This loan restricted cash which does not have fixed repayment terms and is held in a business model to collect the contractual cash flows comprising solely payments of principal and interest. Therefore, the loan is measured at amortised cost. Due to the nature of the scheme, the CoDI is regarded as having a low probability of default. Therefore ECL has been assessed to be insignificant on the loan.

Notes to the financial statements

3. DERIVATIVE FINANCIAL INSTRUMENTS

The notional amount of the derivative instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments. The notional amounts of these instruments indicate the nominal value of transactions outstanding at the statement of financial position date. Derivative instruments become favourable (assets) or unfavourable (liabilities) based on changes in the market. The derivative instruments are carried at fair value with movements going through the Statement of Profit or Loss and Other Comprehensive Income. The valuation method used to determine the fair value, is market observable inputs as obtained from Reuters as defined in IFRS 13 fair value measurement, these fall within level 2 classification.

	2024	2023
	R'000	R'000
Assets		
Notional Foreign exchange contracts	403 863	244 695
Fair value adjustment	31 602	2 805
Liabilities		
Foreign exchange contracts		
Notional	927 561	1 149 939
Fair value adjustment	4 414	30 036

4. GOVERNMENT BONDS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Bank's business model in respect of these bonds is to hold them for collection of contractual cash flows, but at the same time be able to sell them for the following purposes:

- Liquidity requirements; and
- Capitalising on market conditions when they arise to sell the bonds at a profit.

The contractual terms of these investments that give rise on specified dates to cashflows that are solely payments of principal and interest.

	2024	2023
	R'000	R'000
Government bonds comprise the following balances:		
At January	574 399	579 791
Disposal	(253 918)	-
Proceeds - coupons	(51 000)	(54 270)
Interest earned	49 277	57 556
Profit on disposal	1 398	-
Exchange rate movement	2 070	6 145
Gross Bond Value	322 226	589 222
IFRS 9 Mark to Market valuation adjustment	35 118	(14 823)
At 31 December	357 343	574 399
R2037 Government Bonds	264 086	483 836
SOAF 26 - USD Bonds	93 257	90 563
	357 343	574 399

Notes to the financial statements

Government Bonds – Fair Value through Other Comprehensive Income Counterparty	Bond Reference	Nominal amount (\$)	Start Date	Maturity Date	Interest rate	Interest terms
The Republic of South Africa	SOAF 26	5 000 000	22/01/2022	04/04/2026	Coupon: 4.875%	Semi-Annual Coupon Interest paid on 04 April and 04 Oct, with final Coupon Payment Date on Maturity Date

ZARBONDS – Fair Value through Other Comprehensive Income Counterparty	Bond Reference	Nominal Amount (R)	Start Date	Maturity Date	Interest Rate	Interest Terms
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	28/04/2022	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	10/05/2022	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	10/05/2022	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	12/05/2022	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	03/06/2022	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	09/06/2022	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with final Coupon Payment Date on Maturity Date

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Notes to the financial statements

5. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2024	2023
	R'000	R'000
Accounts receivable	30 710	45 540
Lender loan receivable	28 897	3 087
Interest accrued on cash and cash equivalent	-	891
Other receivables	11 219	11 736
Receiver of Revenue	3 260	1 465
Prepaid expenses	27 097	32 951
	101 183	95 670

6. OTHER ASSETS

Inventory - Card Stock	1 478	1 673
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7. OTHER INVESTMENTS

The investment consists of 100 shares in Dandyshef 3 (Pty) Ltd. No dividend was received during 2024 or 2023.

The shares are unlisted, and the directors' valuation of the unlisted investment equates to the fair value which approximates cost as defined in IFRS 13 fair value measurement, these fall within the level 3 classification.

Financial asset carried at fair value

Unlisted - Dandyshef 3 (Pty) Ltd	15	15
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8. GOVERNMENT BONDS - AMORTISED COSTS

The Bank's business model in respect of these bonds is to collect cash flows and to hold them to maturity. The nature of these instruments is such that they contain contractual term that give on specified dates and are solely payments of the principal and interest. Therefore, these bonds are measured at amortised cost.

The R2037 government bond was used as security for the Repo transaction obtained from Standard Bank and ABSA.

Government bonds comprise the following balances:

	2024	2023
	R'000	R'000
At January	1 365 373	1 358 419
Purchased	-	-
Proceeds of coupons	(128 175)	(128 175)
Interest earned	140 295	135 100
Gross Bond Value	1 377 493	1 365 344
Credit Impairment	(726)	29
	1 376 767	1 365 373

Notes to the financial statements

At 31 December

R2030 Government Bonds
 R2032 Government Bonds
 R2035 Government Bonds
 R2037 Government Bonds

2024	2023
R'000	R'000
29 809	29 481
143 347	142 021
301 657	301 426
901 954	892 445
1 376 767	1 365 373

ZARBONDS - Amortised Cost						
Counterparty	Bond Reference	Nominal Amount (R)	Start Date	Maturity Date	Interest Rate	Interest Terms
The Republic of South Africa	SAGB 8.0 07/31/2030	30 000 000	21/04/2021	31/07/2030	Coupon: 8.00%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 03/31/2032	150 000 000	08/06/2020	31/03/2032	Coupon: 8.25%	Semi-Annual Coupon Interest paid on 31 Mar and 30 Sep, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.875 02/28/2035	50 000 000	31/05/2021	28/02/2035	Coupon: 8.875%	Semi-Annual Coupon Interest paid on 28 Feb and 31 Aug, with Final Coupon Payment Date on Maturity Date

ZARBONDS - Amortised Cost						
Counterparty	Bond Reference	Nominal Amount (R)	Start Date	Maturity Date	Interest Rate	Interest Terms
The Republic of South Africa	SAGB 8.875 02/28/2035	50 000 000	27/08/2021	28/02/2035	Coupon: 8.875%	Semi-Annual Coupon Interest paid on 28 Feb and 31 Aug, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.875 02/28/2035	50 000 000	10/09/2021	28/02/2035	Coupon: 8.875%	Semi-Annual Coupon Interest paid on 28 Feb and 31 Aug, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.875 02/28/2035	20 000 000	12/11/2021	28/02/2035	Coupon: 8.875%	Semi-Annual Coupon Interest paid on 28 Feb and 31 Aug, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.875 02/28/2035	150 000 000	15/11/2021	28/02/2035	Coupon: 8.875%	Semi-Annual Coupon Interest paid on 28 Feb and 31 Aug, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	25/08/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date

Notes to the financial statements

ZAR BONDS - Amortised Cost						
Counterparty	Bond Reference	Nominal Amount (R)	Start Date	Maturity Date	Interest Rate	Interest Terms
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	02/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	03/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	11/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	150 000 000	15/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	15/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	18/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	100 000 000	19/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	23/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	23/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	24/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	26/11/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date

Notes to the financial statements

ZAR BONDS - Amortised Cost						
Counterparty	Bond Reference	Nominal Amount (R)	Start Date	Maturity Date	Interest Rate	Interest Terms
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	14/12/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	15/12/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	21/12/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	21/12/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date
The Republic of South Africa	SAGB 8.5 01/31/2037	50 000 000	21/12/2021	31/01/2037	Coupon: 8.50%	Semi-Annual Coupon Interest paid on 31 Jan and 31 Jul, with Final Coupon Payment Date on Maturity Date

9. LOANS AND ADVANCES - AMORTISED COST

	2024	2023
	R'000	R'000
Loans and advances	2 284 867	3 054 836

2024	Gross Loans	Expected Credit Loss (ECL)	Net Loans
	R'000	R'000	R'000
Loans and Advances	2 424 120	(138 482)	2 285 638
Guarantees	-	(771)	(771)
	2 424 120	(139 253)	2 284 867

2023	Gross Loans	Expected Credit Loss (ECL)	Net Loans
	R'000	R'000	R'000
Loans and Advances	3 121 460	(66 506)	3 054 954
Guarantees	-	(118)	(118)
	3 121 460	(66 624)	3 054 836

The breakdown between "standard monitoring, Watchlist, Default" technically is the Bank's credit risk per exposure class based on internal rating and "stage".

Notes to the financial statements

Overdrafts

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	383 852	6 650	-	390 502
Watchlist	-	10 460	-	10 460
Default	-	-	32 856	32 856
Gross carrying amount	383 852	17 110	32 856	433 818
Loss allowance	(13 172)	(991)	(19 414)	(33 577)
	370 680	16 119	13 442	400 241

2023

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	398 378	2 047	-	400 425
Watchlist	-	30 577	-	30 577
Default	-	-	10 844	10 844
Gross carrying amount	398 378	32 624	10 844	441 846
Loss allowance	(3 189)	(1 833)	(10 514)	(15 536)
	395 189	30 791	330	426 310

Property, commercial and other term loans¹

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	800 731	35 644	-	836 375
Watchlist	-	158 186	-	158 186
Default	-	-	145 121	145 121
Gross carrying amount	800 731	193 830	145 121	1 139 682
Loss allowance	(3 617)	(7 731)	(81 495)	(92 843)
	797 114	186 099	63 626	1 046 839

Notes to the financial statements

2023

Loan product by credit quality

Standard monitoring
Watchlist
Default
Gross carrying amount
Loss allowance

Stage 1	Stage 2	Stage 3	2023
12 month ECL	Lifetime ECL	Lifetime ECL	Total
R'000	R'000	R'000	R'000
1 231 777	100 182	-	1 331 959
-	135 500	20 243	155 743
-	-	98 578	98 578
1 231 777	235 682	118 821	1 586 280
(1 715)	(709)	(30 372)	(32 796)
1 230 062	234 973	88 449	1 553 484

¹Includes all property loans, such as commercial, industrial and vacant, except for residential homes loans, which are disclosed separately disclosed.

Home loans

2024

Loan product by credit quality

Standard monitoring
Watchlist
Default
Gross carrying amount
Loss allowance

Stage 1	Stage 2	Stage 3	2024
12 month ECL	Lifetime ECL	Lifetime ECL	Total
R'000	R'000	R'000	R'000
302 165	41 039	-	343 204
-	7 855	-	7 855
-	-	17 093	17 093
302 165	48 894	17 093	368 152
(431)	(238)	(4 918)	(5 587)
301 734	48 656	12 175	362 565

2023

Loan product by credit quality

Standard monitoring
Watchlist
Default
Gross carrying amount
Loss allowance

Stage 1	Stage 2	Stage 3	2023
12 month ECL	Lifetime ECL	Lifetime ECL	Total
R'000	R'000	R'000	R'000
340 103	47 223	-	387 326
-	24 198	-	24 198
-	-	39 651	39 651
340 103	71 421	39 651	451 175
(184)	(89)	(14 114)	(14 387)
339 919	71 332	25 537	436 788

Notes to the financial statements

Instalment credit and lease agreements

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	39 198	4 524	-	43 722
Watchlist	-	-	-	-
Default	-	-	589	589
Gross carrying amount	39 198	4 524	589	44 311
Loss allowance	(410)	(73)	(589)	(1 072)
	38 788	4 451	-	43 239

2023

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	64 958	11 364	-	76 322
Watchlist	-	122	-	122
Default	-	-	1 112	1 112
Gross carrying amount	64 958	11 486	1 112	77 556
Loss allowance	(116)	(150)	(1 112)	(1 378)
	64 842	11 336	-	76 178

Unsecured

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	3 742	21 923	-	25 665
Watchlist	-	-	-	-
Default	-	-	1 599	1 599
Gross carrying amount	3 742	21 923	1 599	27 264
Loss allowance	(160)	(3 356)	(380)	(3 896)
	3 582	18 567	1 219	23 368

Notes to the financial statements

2023

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	33 493	4 757	-	38 250
Watchlist	-	-	-	-
Default	-	-	1 616	1 616
Gross carrying amount	33 493	4 757	1 616	39 866
Loss allowance	(121)	(263)	(1 502)	(1 886)
	33 372	4 494	114	37 980

Trade Finance

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	410 339	-	-	410 339
Watchlist	-	-	-	-
Default	-	-	554	554
Gross carrying amount	410 339	-	554	410 893
Loss allowance	(953)	-	(554)	(1 507)
	409 386	-	-	409 386

2023

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	524 737	-	-	524 737
Gross carrying amount	524 737	-	-	524 737
Loss allowance	(523)	-	-	(523)
	524 214	-	-	524 214

Loans and advances

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	1 940 027	109 780	-	2 049 807
Watchlist	-	176 501	-	176 501
Default	-	-	197 812	197 812
Gross carrying amount	1 940 027	286 281	197 812	2 424 120
Loss allowance	(18 743)	(12 389)	(107 350)	(138 482)
	1 921 284	273 892	90 462	2 285 638

Notes to the financial statements

2023

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	2 593 446	165 573	-	2 759 019
Watchlist	-	190 397	20 243	210 640
Default	-	-	151 801	151 801
Gross carrying amount	2 593 446	355 970	172 044	3 121 460
Loss allowance	(5 848)	(3 044)	(57 614)	(66 506)
	2 587 598	352 926	114 430	3 054 954

Guarantees and letters of credit

2024

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	20 918	15 231	-	36 149
Watchlist	-	-	-	-
Default	-	-	-	-
Gross carrying amount	20 918	15 231	-	36 149
Loss allowance	(361)	(410)	-	(771)
	20 557	14 821	-	35 378

2023

Loan product by credit quality

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Standard monitoring	25 349	382	-	25 731
Default	-	-	-	-
Gross carrying amount	25 349	382	-	25 731
Loss allowance	(86)	(32)	-	(118)
	25 263	350	-	25 613

Category analysis

	2024	2023
	R'000	R'000
Overdrafts	433 818	441 846
Property, commercial and other loans	1 139 682	1 586 280
Home loans	368 152	451 175
Instalment credit and lease agreements	44 312	77 556
Unsecured	27 264	39 865
Trade Finance	410 892	524 738
	2 424 120	3 121 460

Notes to the financial statements

	2024	2023
	R'000	R'000
Less: Expected credit loss (ECL)		
Overdrafts	(33 577)	(15 536)
Property, commercial and other loans	(92 843)	(32 796)
Home loans	(5 587)	(14 387)
Instalment credit and lease agreements	(1 072)	(1 378)
Unsecured	(3 896)	(1 886)
Trade Finance	(1 507)	(523)
Net loans and advances	2 285 638	3 054 954

Included in ECL is interest in suspense, amounting to R7,659 million (2023: R8,214million). The Bank continues to accrue interest, where appropriate on doubtful debts when there is a realistic prospect of recovery.

All loans and advances are granted within the Republic of South Africa and can be denominated in a currency other than ZAR. Trade finance loans issued to Access Bank PLC are USD denominated, these loans were issued in South Africa.

Non-performing loans and advances by category

2024

	As a % of advances	Credit Risk	Securities and other expected recoveries	Impairment allowance
	%	R'000	R'000	R'000
Overdraft	7.5%	32 493	13 225	19 267
Commercial and property loans	12.5%	142 492	60 997	81 495
Instalment sale	1.3%	589	-	589
Home loans	4.1%	15 149	10 230	4 918
Trade finance	0.1%	554	-	554
Total	7,9%	191 277	84 452	106 823

2023

	As a % of advances	Credit Risk	Securities and other expected recoveries	Impairment allowance
	%	R'000	R'000	R'000
Overdraft	0.33%	(10 675)	(260)	(10 514)
Commercial and property loans	2.81%	90 318	61 851	30 372
Instalment sale	0.03%	1 112	-	1 112
Home loans	1.33%	42 799	27 811	14 114
Unsecured lending	0.03%	832	22	1 502
Total	4,54%	145 736	89 944	57 614

Notes to the financial statements

Expected Credit Loss provision: reconciliation of movement

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Balance as at 1 January 2024	5 933	3 077	57 614	66 624
Movements with profit and loss impact				
New loans and advances originated	4 757	2 042	810	7 609
New loans and advances originated moved from Stage 1 to Stage 2	(1 771)	(134)	-	(1 905)
Amounts written off	-	-	(63 602)	(63 602)
Transfers:				
Transfer from Stage 1 to Stage 2	(949)	949	-	-
Transfer from Stage 1 to Stage 3	(56)	-	56	-
Transfer from Stage 2 to Stage 3	-	(1 596)	1 596	-
Transfer from Stage 2 to Stage 1	266	(266)	-	-
Transfer from Stage 3 to Stage 2	-	478	(478)	-
Transfer from Stage 3 to Stage 1	2	-	(2)	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Changes in PD's / LGD's / EAD	10 561	7 839	111 356	129 756
	18 743	12 389	107 350	138 482

Expected Credit Loss provision: reconciliation of movement

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Balance as at 1 January 2023	3 044	7 716	53 801	64 561
Movements with profit and loss impact				
New loans and advances originated	3 122	572	3 284	6 978
New loans and advance originated moved from Stage 1 to Stage 2	-	-	-	-
Settlement of loans and advances	(267)	(788)	(2 615)	(3 670)
Amounts written off	-	-	(1 723)	(1 723)
Transfers:				
Transfer from Stage 1 to Stage 2	(246)	246	-	-
Transfer from Stage 1 to Stage 3	(1)	-	1	-
Transfer from Stage 2 to Stage 3	-	(501)	501	-
Transfer from Stage 2 to Stage 1	1 134	(1 134)	-	-
Transfer from Stage 3 to Stage 2	-	610	(610)	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Changes in PD's / LGD's / EAD	(853)	(3 644)	4 975	478
	5 933	3 077	57 614	66 624

Notes to the financial statements

Gross Carrying Amount Reconciliation

	Stage 1	Stage 2	Stage 3	2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Balance as at 1 January 2024	2 593 446	355 970	172 044	3 121 460
Changes in gross carrying amount				
New loans and advances originated	1 965 942	-	-	1 965 942
Settlement of loans and advances	(2 336 178)	(20 584)	(99 399)	(2 456 161)
Amounts written off	-	-	(63 602)	(63 602)
Transfers:				
Transfer from Stage 1 to Stage 2	(629 791)	629 791	-	-
Transfer from Stage 1 to Stage 3	(13 493)	-	13 493	-
Transfer from Stage 2 to Stage 1	25 948	(25 948)	-	-
Transfer from Stage 2 to Stage 3	-	(144 779)	144 779	-
Transfer from Stage 3 to Stage 1	6	-	(6)	-
Transfer from Stage 3 to Stage 2	-	5 921	(5 921)	-
Movements and modifications that did not result in derecognition	334 147	(514 090)	36 424	(143 519)
	1 940 027	286 281	197 812	2 424 120

Gross Carrying Amount Reconciliation

	Stage 1	Stage 2	Stage 3	2023
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
	R'000	R'000	R'000	R'000
Balance as at 1 January 2023	1 440 503	411 713	140 706	1 992 922
New loans and advances originated	2 393 087	89 486	9 599	2 492 172
Settlement of loans and advances	(1 101 234)	(93 430)	(6 887)	(1 201 551)
Amounts written off	-	-	(1 723)	(1 723)
Transfers:				
Transfer from Stage 1 to Stage 2	(107 559)	107 559	-	-
Transfer from Stage 1 to Stage 3	(8 133)	-	8 133	-
Transfer from Stage 2 to Stage 1	119 557	(119 557)	-	-
Transfer from Stage 2 to Stage 3	-	(41 043)	41 043	-
Transfer from Stage 3 to Stage 2	-	5 057	(5 057)	-
Movements and modifications that did not result in derecognition	(142 774)	(3 815)	(13 771)	(160 360)
	2 593 447	355 970	172 043	3 121 460

Securities in respect of loans and advances Overdrafts, property and commercial loans

	2024	2023
- Cash Investments	12 286	27 051
- Guarantees	-	265 147
- Mortgage Bonds	517 963	651 171
- Ceded Insurance Policies	-	208
- Other Securities	515 628	309 004
- Secondary Security	223 250	693 569
	1 269 127	1 946 150

Notes to the financial statements

	2024	2023
	R'000	R'000
Home loans		
- Mortgage Bonds (Residential)	346 073	403 601
Instalment credit and lease agreements		
- Vehicle and Equipment	42 210	86 512
Non-performing loans		
- Mortgage Bonds (residential and commercial)	136 850	93 446
Total secured loans and advances	1 793 989	2 529 709
Total unsecured loans and advances	630 131	591 751
Total loans and advances	2 424 120	3 121 460

The directors consider that the carrying amount of loans and advances approximates fair value.

10. EXPECTED CREDIT LOSS

10.1. Expected Credit Loss provision for loans and advances

	2024	2023
	R'000	R'000
Balance at 1 January	66 624	64 561
Amounts written off against provisions	(63 602)	(1 724)
	3 022	62 837
Specific impairment: raised in the current year	113 338	10 520
Specific provisions: recoveries of balances raised in current year	-	(4 084)
Suspended Interest recovered	-	(3 207)
Portfolio impairment (reversal)/raised	22 122	298
Recoveries of Balance previously written off	(1 187)	(333)
Charge to the Statement of Profit or Loss and Other Comprehensive Income	137 295	66 031
Recoveries of Balance previously written off	1 187	333
Interest in Abeyance raised deducted against interest income	-	260
Balance at 31 December	138 482	66 624
Analysis		
Specific impairment	107 351	55 904
Portfolio impairment	31 131	10 720
	138 482	66 624
Sectorial analysis		
Individuals	6 307	17 974
Manufacturing	3 381	3 041
Transport and communication	1 485	6 667
Financial and real estate	53 179	18 350
Mining	1 264	251
Agricultural	51 393	2 355
Other services	21 473	17 986
	138 482	66 624

Notes to the financial statements

10.1. Expected Credit Loss provision for loans and advances

	2024	2023
	R'000	R'000
Sectorial analysis		
Gross Carrying Amount		
Individuals	260 291	914 638
Manufacturing	192 116	426 250
Transport and communication	182 923	232 894
Financial and real estate	678 015	663 193
Mining	305 047	205 055
Agricultural	162 429	180 774
Other services	643 299	498 654
	2 424 120	3 121 458

10.2. Expected Credit Loss - Other

	2024	2023
	R'000	R'000
Credit impairments on other financial assets ¹	3 175	3 191

Credit impairments on other financial assets¹

¹Expected credit loss on other trade receivables.

11. PROPERTY AND EQUIPMENT

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and fittings	34 925	(26 756)	8 169	34 063	(23 579)	10 484
Motor vehicles	3 156	(2 092)	1 064	3 156	(1 520)	1 636
Office equipment	3 730	(2 702)	1 028	3 389	(2 310)	1 079
Computer equipment	45 514	(30 075)	15 439	34 988	(21 361)	13 627
Total	87 325	(61 625)	25 700	75 596	(48 770)	26 826

Reconciliation of property and equipment - 2024

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fittings	10 484	2 769	(5 084)	8 169
Motor vehicles	1 636	-	(572)	1 064
Office equipment	1 079	341	(392)	1 028
Computer equipment	13 627	10 526	(8 714)	15 439
	26 826	13 636	(14 762)	25 700

Notes to the financial statements

Reconciliation of property and equipment - 2023

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fittings	631	1 289	(3 436)	10 484
Motor vehicles	2 208	-	(572)	1 636
Office equipment	1 041	375	(337)	1 079
Computer equipment	15 609	4 924	(6 906)	13 627
	31 489	6 588	(11 251)	26 826

12. LEASES

Details pertaining to leasing arrangements, where the Bank is the lessee are presented below:

	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Used within the Bank						
Buildings	49 787	(23 533)	26 254	36 581	-	36 581

12.1 Right of use asset

	2024	2023
	R'000	R'000
Opening Balance	36 581	42 267
Recognition of right of use assets in current year	3 769	4 979
Depreciation of right of use assets	(10 865)	(10 665)
Derecognition of cancelled leases	(3 231)	-
At 31 December	26 254	36 581

12.2 Lease liabilities

	2024	2023
	R'000	R'000
Opening Balance	44 216	41 347
Recognition of lease liability in current year	5 579	4 979
Interest expense of lease liabilities ¹	5 818	10 971
Minimum lease payments	(15 515)	(13 081)
Derecognition of cancelled leases	(3 464)	-
At 31 December	36 634	44 216
Non-current liabilities	25 635	33 772
Current liabilities	10 999	10 444
	36 634	44 216

¹During 2024 the Bank revised its assumptions in the IFRS16 model, this resulted in additional interest being recognised relating to the 2022 financial year end

Notes to the financial statements

13. INTANGIBLE ASSETS

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Purchased software	267 150	(245 986)	21 164	250 846	(156 401)	94 445
Work-in-progress	4 366	-	4 366	-	-	-
Total	271 516	(245 986)	25 530	250 846	(156 401)	94 445

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Impairment Loss	Closing balance
	R'000	R'000	R'000	R'000	R'000
Purchased software	94 445	16 304	(25 585)	(64 000)	21 164
Work-in-progress	-	4 366	-	-	4 366
	94 445	20 670	(25 585)	(64 000)	25 530

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Write-off	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000
Purchased software	85 901	30 618	-	(22 074)	94 445
Work-in-progress	7 035	-	(7 035)	-	-
	92 936	30 618	(7 035)	(22 074)	94 445

Indicators of impairment were identified during the year ended 31 December 2024, including:

- Sustained financial losses.
- Operational challenges with core systems (Flexcube and SIS).
- Lack of reliable forecasts or demonstrable turnaround plans.

As a result, the Bank assessed its intangible assets for impairment in terms of IAS 36. The recoverable amount was determined using the market approach. An impairment loss of R64 million was recognised, reducing the carrying value from R89.5 million to R25.5 million.

Notes to the financial statements

14. SHARE CAPITAL

	2024	2023
	R'000	R'000
Authorised		
6,000,000,000 (2023: 6,000,000,000) ordinary shares of R1 each (par value)	6 000 000	6 000 000
Issued:		
4,333,047,454 (2023: 4,333,047,454) ordinary shares of R1 each	4 333 047	4 333 047
Interest of directors in the capital of the Bank		
Ordinary shares of R1 each		Number of shares
Roosevelt Ogbonna		73 142
		-

15. SHARE DISCOUNT

	2024	2023
	R'000	R'000
Balance at beginning and end of the year	2 086 727	2 086 727

The negative share premium arose due to shares being issued at a discount to par value. Refer to Note 14 for details of the share transactions and issue price. Management has assessed the accounting implications of these transactions and concluded that it is appropriate to reflect the difference between par value and issue price as a discount in equity, as it results from transactions with shareholders.

16. DEPOSITS AND CURRENT ACCOUNTS

	2024	2023
	R'000	R'000
Term deposits	1 868 566	1 401 320
Demand deposits	672 588	672 174
Customer foreign currency deposits (demand deposits)	597 182	940 813
	3 138 336	3 014 307
Deposits from Banks	992 387	1 098 354
	4 130 723	4 112 661

Notes to the financial statements

17. ACCOUNTS PAYABLE

	2024	2023
	R'000	R'000
Accruals ¹	342 252	50 934
Trade payables - related parties	4 348	-
Raising Fees - loans and advances	8 709	-
Payroll control	7 786	7 300
Receiver of Revenue - VAT	1 806	393
Provision for Audit fees	9 500	16 425
Accrual - Restoration costs	7 257	2 599
	381 658	77 651

¹Accruals is made up of various items like unclaimed and uncleared balances not paid to creditors and accruals related to information technology costs. The increase in accruals at year-end is due to funds received in advance from a third party, which were subsequently refunded as the transaction did not proceed.

18. INSTITUTIONAL FUNDING LIABILITY

	2024	2023
	R'000	R'000
Opening balance	760 681	1 097 214
Loan received	670 000	1 240 000
Loan repaid	(1 030 000)	(1 487 270)
Foreign currency movement	-	(89 518)
Interest expense for current year	69 483	92 564
Interest settled during the year	(70 037)	(92 309)
	400 127	760 681

On 31 December 2022, a seven year loan of R250 million at a rate of 11.268% and on the 24 May 2023, an additional tranche of R150 million at a rate of 12.283% was received from German Development Finance Institution (DEG) with capital repayments of R25 million reported commencing on 31 December 2025, with the last payment on 30 September 2029. Interest is payable quarterly.

Access Bank South Africa is in breach of the following covenants in relation to the DEG loan:

1. Late finalisation of the 2023 and 2024 annual financial statements. This will be remediated upon issue of these Annual Financial statements.
2. Breach of Single Obligor Limits or Single Group Exposure due to continued financial losses. This has been substantively remedied through the capital injection post year end.
3. The Bank has breached the aggregate large exposure ratio. This has been substantively remedied through the capital injection post year end.
4. An open asset exposure ratio breach was triggered due to large non-performing loans (NPL) and the anticipated recoveries of the NPL will contribute towards resolving the breach.
5. The aggregate exposure of deals in excess of 10% of Tier 1 capital should not be in excess of 200%, the Bank is currently in excess of 200%. This has been substantively remedied through the capital injection post year end.

According to the legal agreement, in the event of default, the borrower has the right to call on the loan and any accrued interest immediately. The Bank can, and has, applied for condonation; however, this has not yet been granted.

Notes to the financial statements

On the 29 January 2024, a Repo transaction of R400 million was undertaken with ABSA Bank. This repo was effected in 3 tranches, as follows:

- R200m maturing on the 29 April 2024 at a rate of 3m Jibar and 65ps
- R100m maturing on the 29 July 2024 at a rate of 3m Jibar plus 70bps.
- R100m maturing on the 29 July 2024 at a rate of 3m Jibar plus 75bps.

The R2037 government bonds were used as security for the Repo transaction.

19. DEBENTURE INSTRUMENTS

	2024	2023
	R'000	R'000
5 year 3 months Debentures - Issued 04 May 2021 ¹	148 373	148 550

This balance comprises of 2 unsecured debentures issued in 2021 in favour of 2 investors, namely Fairfax and Public Investment Corporation.

The debentures bear interest at the aggregate of 12 month Jibar plus a margin of 2% per annum, interest payable annually on 03 May, with an original maturity of 5 years and 3 months and a remaining maturity of 3 years and 8 months.

The capital amount is payable on maturity. The debentures, at the sole discretion of the Prudential Authority (PA), can be converted into ordinary shares on the occurrence of a trigger event as determined by the PA. The debentures qualify as Tier 2 capital in terms of the Bank Regulations. The associated future discounted cashflows are disclosed in note 23.1.

¹The disclosure has been enhanced in the current year to correctly reflect accrued interest on Debentures.

20. CONTINGENCIES AND COMMITMENTS

	2024	2023
	R'000	R'000
20.1 Contingencies		
Legal claim instituted by borrowers	100 549	90 543
Deferred Sanction fine	5 000	5 000
Total contingencies	105 549	95 543

20.1 Contingencies

Legal claim instituted by borrowers

Deferred Sanction fine

Total contingencies

20.2 Commitments

Letters of credit

Liabilities under guarantees

Receivable unutilised facilities

Irrevocable unutilised facilities

Committed capital expenditure

Total commitments

Letters of credit	115	317 016
Liabilities under guarantees	36 033	19 970
Receivable unutilised facilities	162 949	247 186
Irrevocable unutilised facilities	63 771	18 802
Committed capital expenditure	10 364	9 858
Total commitments	273 232	612 832

Total contingencies and commitments amounted to R378,781 million for the year (2023: R708,375 million).

Contingencies represent possible outflow of funds based on the outcome of the items listed above, whereas commitments represent committed outflow of funds that will take place in future. These items represent off-balance sheet exposure. The Bank notes that these commitments may be called upon demand.

Notes to the financial statements

Contingent Liability Disclosure

Legal proceedings

The Bank 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, fraud, and other statutory and common law issues. At the present time, the Bank is defending a litigation matter in respect of a demand in the amount of R45 million plus interest for monies alleged erroneously processed from the claimant's accounts, dating to events arising in 2016. There is inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's analysis in consultation with legal counsel, the assessment is that the Bank has reasonable prospects of success however the claim would be material should the matter succeed.

21. LOSS FROM OPERATIONS

21.1. Interest income

	2024	2023
	R'000	R'000
Balances with Banks and short-term funds	83 359	29 039
Short-term securities	-	21 636
Government bonds	187 231	192 629
Loans and advances	305 145	291 037
Raising fees	11 370	21 438
	587 105	555 779

21.2. Interest expense

	2024	2023
	R'000	R'000
Debentures	15 622	14 401
Savings accounts	4 086	23 810
Deposits from Banks	45 306	54 232
Current and call deposit accounts	53 776	53 946
Other term deposits	241 879	117 582
Interest bearing institutional loans	58 073	92 619
	428 742	356 590

21.3. Interest expense from non-banking activities

	2024	2023
	R'000	R'000
Interest on lease liabilities	3 760	10 971
	3 760	10 971
Net interest income	154 603	188 218

21.4. Non-interest income

	2024	2023
	R'000	R'000
Fee income	156 077	124 553
Foreign exchange profit	41 834	22 523
Profit on sale of Government bonds	1 398	-
Other income	(210)	786
	199 099	147 862

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Notes to the financial statements

21.5. Operating expenses

	2024	2023
	R'000	R'000
Staff costs		
Salaries, wages and allowances	224 296	176 639
Contributions to provident fund and other staff funds	22 882	20 017
Directors' emoluments	25 700	14 153
Other	7 946	17 187
	280 824	227 996
Depreciation and amortisation	115 213	43 990
Owned assets		
Motor vehicles	572	572
Furniture and fittings	5 083	3 436
Office equipment	393	337
Computer equipment	8 714	6 906
Computer software	89 585	22 074
	104 347	33 325
Lease assets	10 866	10 665
Buildings	10 866	10 665
Fees paid		
Auditors remuneration		
- Audit Fees - Current reporting period	8 071	8 309
- Audit Fees - overruns	6 715	6 926
- Non Audit Services	210	50
	14 996	15 285
Operating expenses		
Marketing	20 826	29 681
IT costs	108 304	80 952
Rental expenses	16 970	4 602
Other non-operating gains (losses)	-	(5)
VAT apportionment	24 317	18 606
Legal costs	11 479	1 464
Consulting fees	29 422	24 272
Travel costs	8 048	5 014
Subscription	7 551	9 306
Insurance	5 485	5 123
	232 402	179 015
Other operating expenses	154 524	142 009
Total operating expenses	797 959	608 295

During 2024 the Bank reperformed the IFRS 16 calculation, this resulted in interest on lease liabilities increasing due to incorrect interest having been recognised in the prior periods.

Notes to the financial statements

22. TAXATION

The Bank has a taxable loss position of R1.7 billion as at 31 December 2024 (2023: R1.2 billion). The 2024 income tax return is not yet due for submission.

A deferred tax asset has not been recognised. The raising of a deferred tax asset will be considered based on future profitability.

	2024	2023
	R'000	R'000
Standard rate of income tax	27.00%	27.00%
Disallowed expenditure	(0.13%)	(1.99%)
Non-taxable income	(0.76%)	(25.01%)
Unused portion of assessed tax losses not recognised	(26.11%)	-
Effective tax rate	0,00%	0.00 %

23. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Asset	Classification	2024	2023
		R'000	R'000
Government Bonds	Amortised cost	1 376 767	1 365 373
Cash and equivalents	Amortised cost	1 081 197	680 106
Loans and advances	Amortised cost	2 284 867	3 054 836
Government Bonds	Fair value through other comprehensive income	357 343	574 399
Derivative financial instrument	Fair value through profit or loss	31 602	2 805
Other investments	Held at fair value	15	15
Accounts receivables	Amortised cost	101 183	95 670
Other assets	Amortised cost	1 478	1 673

Liabilities	Classification		
		2024	2023
Derivative financial instrument	Fair value through profit or loss	4 414	30 036
Deposits	Amortised cost	4 130 723	4 112 661
Institutional funding liability	Amortised cost	400 127	760 681
Debenture instruments	Amortised cost	148 373	148 550
Other payables	Amortised cost	381 658	77 651

Fair value levels - 2024 Asset	Level 1	Level 2	Level 3
	R'000	R'000	R'000
Government Bonds	1 376 767	-	-
Derivative Financial Instrument	-	31 602	-
Government bonds - fair value through other comprehensive income	357 343	-	-

Liabilities	Level 1	Level 2	Level 3
Derivative Financial Instruments	-	4 414	-

Notes to the financial statements

Fair value levels - 2023 Asset

	Level 1	Level 2	Level 3
	R'000	R'000	R'000
Government Bonds	1 296 666	-	-
Derivative Financial Instrument	-	2 805	-
Government bonds - fair value through other comprehensive income	574 399	-	-

Liabilities

Derivative Financial Instruments	-	30 036	-
----------------------------------	---	--------	---

23.1 Fair Value Measurements

Fair value hierarchy	Valuation techniques and key inputs
Level 1	Fair values are based on quoted market
Level 2	Fair values are based on the book value of the instrument, the observable price obtainable
Level 3	Fair values are calculated using significant unobservable inputs

Fair value of the instrument approximates the carrying amount measured at amortised cost

The fair value in relation to government bonds at amortised cost is included for disclosure purposes only and these are measured at amortised cost.

24. FINANCIAL RISK MANAGEMENT

The Bank's Treasury function provides services to the business, and co-ordinates access to domestic and international financial markets and manages the various financial risks. The Risk department of the Bank monitors the financial risks relating to the operations of the Bank through internal risk reports and analyses exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

24.1 Market Risk

The Assets, Liabilities and Capital Committee ("ALCCO") is responsible for ensuring the effective management of market risk throughout the Bank. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate market risk committees.

The core market risk management activities are:

- the identification of all key market risks and their drivers.
- the independent measurement and evaluation key market risks and their drivers.
- the use of results and estimates as the basis for the group's risk/return-oriented management
- monitoring risks and reporting on them.

The Bank uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for fair value and net income sensitivities, value at risk (VaR), stress tests, scenario analyses and ratios on economic capital are used to enforce the group's market risk appetite. The quantitative and qualitative factors limiting market price risk are determined by the market risk committees by reference to the group's management of economic capital. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and defines proposals for further action, which are discussed with the market units. Risk concentrations are restricted directly with specific limits or are indirectly avoided using the limit structure described above. Market risk reports reflecting the group's exposures, risk concentrations, stress test results, utilisations of limits etc. are reviewed on a daily basis. Appropriate actions are taken when needed, including revisiting the market risk management policies and relative limits to ensure that the Bank's market risk management objective is met.

Notes to the financial statements

24.2 Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the Statement of Financial Position, are:

- To comply with the capital requirements set by the regulators of the banking industry in which the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide services to its customers, returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the South African Reserve Bank, for supervisory purposes.

The required information is filed with the South African Reserve Bank on a monthly basis. The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the South African Reserve Bank which takes into account the risk profile of the Bank. The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital comprises two tiers:

1. Tier 1 capital: share capital, share premium, general Bank reserve and statutory reserves; and
2. Tier 2 capital: 5 year debentures and collective impairment allowances.

24.3 Liquidity Risk

Liquidity risk is defined as the risk of not being able to generate sufficient cash to meet the Bank's commitment to lenders, depositors and other creditors at any point in time. The management of liquidity is primarily designed to ensure that depositors' funding requirements can be met and that the Bank has sufficient funding in place to ensure payment of daily transactions.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short-, medium- and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Liquidity and interest rate risk management are essentially inseparable from the core banking activities of advances growth and profitability management. Liquidity and interest rate risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset, Liability and Capital Committee (ALCCO). Liquidity is ensured through optimal funding strategies taking into account various interest rate scenarios, as well as taking cognisance of available inter-Bank lines of credit and the substantial committed lines of credit from the Bank's majority shareholder to cater for unforeseen circumstances.

Stress scenarios and testing have been undertaken thereby allowing the Bank to identify and be prepared for such eventualities. The tables below show the discounted and undiscounted effects of the Banks liabilities and also reflects the assets held and used by the Bank in managing liquidity risk that the Bank may face. Non-derivative instruments held at fair value is assumed to be available for liquidity purposes within 30 days.

These scenarios have ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur.

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2024

	Non-contractual	Up to 1 month	1 - 12 months	1 - 5 years	Over 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Liabilities						
Institutional loans	-	400 000	-	-	-	400 000
Derivative financial liabilities	-	4 414	-	-	-	4 414
Deposits, current and other accounts	-	2 307 128	750 703	289 077	792 294	4 139 202
Accounts payable	8 709	346 671	19 021	7 257	-	381 658
Lease liabilities	-	-	10 798	25 484	-	36 282
Debentures	-	-	10 212	138 161	-	148 373
	8 709	3 058 213	790 734	459 979	792 294	5 109 929
Future interest						
Institutional loans	-	127	-	-	-	127
Deposits	-	6 397	78 061	468 142	458 000	1 010 600
Debentures	-	-	10 213	56 979	-	67 192
Lease Liabilities	-	-	3 771	3 629	-	7 400
Total liabilities	8 709	3 064 737	882 779	988 729	1 250 294	6 195 248
Assets						
Cash and cash equivalents	135 325	945 872	-	-	-	1 081 197
Government Bonds - Amortised cost	(726)	39 740	13 418	-	1 324 335	1 376 767
Government Bonds - Fair value through comprehensive income	(29)	357 373	-	-	-	357 344
Assets used to manage liquidity	134 570	1 342 985	13 418	-	1 324 335	2 815 308

2023

	Non-contractual	Up to 1 month	1 - 12 months	1 - 5 years	Over 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Liabilities						
Institutional loans	-	600 154	160 527	-	-	760 681
Derivative financial liabilities	-	28 902	1 134	-	-	30 036
Deposits, current and other accounts	-	2 610 122	1 318 493	184 046	-	4 112 661
Accounts payable	-	50 382	23 014	4 255	-	77 651
Lease liabilities	-	1 192	9 252	33 772	-	44 216
Debentures	-	-	10 389	138 161	-	148 550
	-	3 290 752	1 522 809	360 234	-	5 173 795
Future interest						
Institutional loans	-	6 635	2 302	-	-	8 937
Deposits	-	158	11 256	51 689	-	63 103
Debentures	-	-	14 322	20 809	-	35 131
Lease Liabilities	-	371	3 892	5 531	-	9 794
Total liabilities	-	3 297 916	1 554 581	438 263	-	5 290 760

Notes to the financial statements

2023	Non-contractual	Up to 1 month	1 - 12 months	1 - 5 years	Over 5 years	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets						
Cash and cash equivalents	119 446	560 660	-	-	-	680 106
Government Bonds - Amortised cost	(593)	38 870	13 178	-	1 313 918	1 365 373
Government Bonds - Fair value through comprehensive income	-	574 399	-	-	-	574 399
Assets used to manage liquidity	118 853	1 173 929	13 178	-	1 313 918	2 619 878

24.4 Interest Rate Risk

Interest rate risk is defined as the impact that the repricing of the Bank's assets and liabilities may have on the future cash flows and earnings.

The risk is managed by the Bank by maintaining an appropriate mix between fixed and floating rate borrowings. Liquidity and interest rate risk management are essentially inseparable from the core banking activities of advances growth and profitability management. Liquidity and interest rate risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset, Liability and Capital Committee (ALCCO).

Stress scenarios and testing have been undertaken thereby allowing the Bank to identify and be prepared for such eventualities. These scenarios have ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur. The Bank's exposures to interest rates on financial assets and financial liabilities are detailed in note 24.5.

24.5 Interest Rate Sensitivity Analysis

Assets and liabilities are included at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates. At the reporting date, a 400 basis point change in prevailing interest rates was applied to ZAR interest rate exposure, and a 200 basis point change to Non-ZAR interest rate exposure.

If interest rates increased/decreased by 400 basis points, and/or 200 basis points, the Bank's net profit and equity at year-end would increase/decrease as follows. Refer to table below:

	2024			2023		
	Non-ZAR	ZAR	Total	Non-ZAR	ZAR	Total
Stress scenario	200bps	400bps		200bps	400bps	
Increase in net profit	8.11	(30.02)	(21.91)	(7.1)	1.7	(5.4)
Decrease in net profit	(8.11)	30.02	21.91	7.1	(1.7)	5.4

24.6 Foreign Currency Risk Management

The Bank undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The sensitivity of the Bank's net position of the most significant currencies is as follows:

Notes to the financial statements

Currency

10% increase in ZAR vs Currency exchange rate (ZAR'000 impact):

10% decrease in ZAR vs Currency exchange rate (ZAR'000 impact):

2024		2023	
USD	EUR	USD	EUR
4 837	(38)	(6 688)	122
(4 837)	38	6 688	(122)

24.7 Credit Risk

Credit risk is defined as the possibility that customers may default on their future cash flow obligations to the Bank. In lending transactions, credit risk arises from the non-payment of approved loans and advances, and from off-balance sheet exposures such as commitments and guarantees. The Bank actively manages its credit risk at the individual transaction, counterparty and portfolio level using a variety of qualitative and quantitative measures. Customer's credit worthiness is thoroughly assessed before any credit facility is recommended to or granted by the various credit committees. The credit granting philosophy is a conservative one. The Board of Directors ratifies all exposures in excess of 10% of the Bank's qualifying capital. The Bank has implemented a risk-rating model, which calculates the probability of default of customers.

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is R63,6 million at 31 December 2024 (2023: R1,7 million).

Refer to accounting policy 1.10 for definitions and criteria used to allocate loans in stage 1, stage 2 or stage 3.

24.8 Collateral held as Security

The Bank holds collateral which it is entitled to sell in the case of default by the owner of the collateral. The amount and type of collateral held for the exposure depends on an assessment of the credit risk of the counterparty.

The Bank does not take ownership of the collateral but will dispose or put a claim on it in an orderly fashion.

	2024	2023
	R'000	R'000
Pledged cash investment	60 140	49 155
Mortgage bonds - residential	1 031 504	1 208 484
Mortgage bonds - commercial	1 382 190	1 647 740
Mortgage bonds - industrial	66 940	65 970
Mortgage bonds - vacant land	-	3 640
Instalment sale agreement - machinery	-	24 126
Instalment sale agreement - fittings	107	8 938
Instalment sale agreement - miscellaneous	-	10 222
	2 540 881	3 018 275

24.9 Capital risk

Capital risk is the risk that the Bank has insufficient capital resources to meet the minimum regulatory requirements in all jurisdictions where regulated activities are undertaken, to support its credit rating and to support its growth and strategic options. The Bank's regulator is the South African Reserve Bank ("SARB") which sets the capital requirements for the Bank as whole.

Notes to the financial statements

Capital risk management

As with liquidity and market risks ALCO is responsible for ensuring the effective management of capital risk throughout the Bank. Specific levels of authority and responsibility in relation to capital risk management have been assigned to the appropriate committees. Capital risk is measured and monitored using limits set in relation to capital (Common Equity Tier 1 (CET1); Tier 1; and Total Capital) and leverage, all of which are calculated in accordance with relevant regulatory requirements.

The group's regulatory capital consists of the sum of the following elements:

- Common Equity Tier 1 (CET1) capital which includes ordinary share capital, related share discount, accumulated loss, reserves and intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes debentures and the excess of ECL over regulatory credit losses.

25. RETIREMENT FUND

	2024	2023
	R'000	R'000
Contributions towards Provident Fund	23 663	20 799

26. CASH FLOW FROM OPERATING ACTIVITIES

26.1. Cash received from banking operations

Interest income	587 105	555 779
Non-interest income	199 099	(90 835)
Adjusted for:		
Loss on foreign exchange on cash and cash equivalents	(7 744)	-
	778 460	464 944

26.2. Cash paid to suppliers, employees for banking operations

Interest expenditure	(432 502)	(360 984)
Operating expenditure	(797 959)	(608 240)
	(1 230 461)	(969 222)

Adjusted for:

Depreciation - owned assets	14 762	11 251
Depreciation - leased assets	10 866	10 665
Amortisation - intangibles	25 585	22 074
Loss on scrapping assets	-	(5)
Interest not paid on Institutional Loans	(554)	255
Non-cash adjustment ROA and lease liability	1 577	-
Impairment loss (Intangible assets)	64 000	-
	(1 114 225)	(924 984)

26.3. Decrease (increase) in operating assets

Loans and advances	630 526	(1 089 082)
Net derivative instruments	-	(10 531)
Other accounts receivable	(8 493)	(3 947)
Cash movements on government bonds	247 078	-

Notes to the financial statements

Adjusted for:

Interest not received on government bonds	-	(10 212)
Other cashflow adjustments	-	(16 927)
Non-cash movements on government bonds	(3 468)	-
Net derivative instruments	(54 596)	-
	811 047	(1 130 699)

26.4. (Decrease)/Increase in operating liabilities

	2024	2023
	R'000	R'000
Deposits and current accounts	18 062	1 132 540
Other accounts payable and provisions	17 670	(32 441)
Adjusted for:		
General and other accruals	286 337	35 397
	322 069	1 135 496

27. RELATED PARTY TRANSACTIONS

Relationships

Holding company Access Bank PLC

Related parties include entities, which the Bank has the ability to exercise significant influence in making financial and operating decisions. Related parties include, the Bank's holding company, its respective shareholders and companies they control, directors and executives, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies.

All banking transactions entered into with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

27.1 Identification of Related Parties

The holding company is Access Bank PLC (incorporated in Nigeria). During the year the Bank, in the ordinary course of business, entered into various transactions with Access Bank PLC and its subsidiaries companies. These transactions occurred under terms that were no more or less favourable than those arranged with third parties. All of these entities listed below and the directors have been classified as related parties.

Access Bank South Africa

(Registration number 1947/025414/06)

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Notes to the financial statements

27.2 Related-Party Transactions with Holding Company and its Associated Companies

	Amounts Owed by Related Parties at 31 December 2024	Amounts Owed to Related Parties at 31 December 2024
	R'000	R'000
Holding Company		
Access Bank PLC	530 620	803 673
Other related parties		
Access Bank - Botswana (Related to Bank Holding Entity)	243	265 297
Access Bank - Mozambique (Related to Bank Holding Entity)	-	5 073
Access Bank - Ghana PLC (Related to Bank Holding Entity)	-	72
Access Bank - United Kingdom (Related to Bank Holding Entity)	5 188	-
Access Bank - Rwanda PLC (Related to Bank Holding Entity)	-	18 943
Access Bank - Zambia Limited (Related to Bank Holding Entity)	-	95 105
Access Bank - Kenya PLC (Related to Bank Holding Entity)	-	30
Access Bank - DR Congo (Related to Bank Holding Entity)	-	4 250
Access Bank - Angola (Related to Bank Holding Entity)	-	166 234

	Amounts Owed by Related Parties at 31 December 2023	Amounts Owed to Related Parties at 31 December 2023
	R'000	R'000
Holding Company		
Access Bank PLC	431 398	567 308
Other related parties		
GroCapital Holdings Ltd	-	2 728
Access Bank - Botswana (Related to Bank Holding Entity)	131	37 077
Access Bank - Mozambique (Related to Bank Holding Entity)	-	52 245
Access Bank - Ghana PLC (Related to Bank Holding Entity)	-	446
Access Bank - Rwanda PLC (Related to Bank Holding Entity)	-	56
Access Bank - Zambia Limited (Related to Bank Holding Entity)	-	316 879
Access Bank - Kenya PLC (Related to Bank Holding Entity)	-	27
Access Bank - United Kingdom (Related to Bank Holding Entity)	1 916	-
Loans provided to member of executive committee	1 246	-
Interest Received		
Access Bank PLC	46 544	29 238
Interest paid		
Access Bank PLC	33 116	12 434
Access Bank - Botswana (Related to Bank Holding Entity)	-	8 992
Access Bank - Mozambique (Related to Bank Holding Entity)	-	9 857
Access Bank - Rwanda PLC (Related to Bank Holding Entity)	-	1 314
Operational Costs		
Access Bank PLC	9 752	769
Access Bank UK	-	20
Access Bank Mozambique	-	285
Access Bank Botswana	-	1 201

Notes to the financial statements

27.3 Compensation of Key Management

The remuneration of directors during the year was as follows:

	2024	2023
	R'000	R'000
Director's Emoluments		
Independent non-executives		
L N Molefe	1 009	779
E C de Kock	1 058	756
B P Mathidi	1 493	1 442
J E O'Neill	349	445
A E M Beck	-	668
B Barungi	721	599
S Chetty	1 061	465
L Meyer	704	-
M K Lekaukau	337	-
Executive Directors		
S Reddy	-	4 058
J H Du Preez	4 731	3 905
R M Giles	1 684	790
C Ajene	2 474	246
S L Shabalala	6 430	-
R Jayrajh	3 649	-
	25 700	14 153

The remuneration of directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

	Cash salary	Discretionary Payment	Leave Payout	Travel, Subsistence and Use of Company Car Allowance	Cellphone Data Allowances	Medical Aid Contributions	Provident Fund Contributions	Other Company Contributions	Total
2024	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive directors salary composition									
JH du Preez	3 431	-	602	15	19	131	359	175	4 732
RM Giles	1 667	-	-	-	-	-	-	17	1 684
C Ajene	1 250	1 199	-	-	-	-	-	25	2 474
S L Shabalala	4 974	1 000	-	117	16	-	195	127	6 429
R Jayrajh	3 282	-	-	14	16	-	227	111	3 650
	14 604	2 199	602	146	51	131	781	455	18 969

Notes to the financial statements

2023	Cash salary	Discretionary Payment	Leave Payout	Travel, Subsistence and Use of Company Car Allowance	Cellphone Data Allowances	Medical Aid Contributions	Provident Fund Contributions	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive directors salary composition								
S Reddy	3 242	-	446	35	16	-	318	4 057
JH du Preez	3 301	-	-	-	19	120	464	3 904
RM Giles	790	-	-	-	-	-	-	790
C Ajene	-	-	-	246	-	-	-	246
	7 333	-	446	281	35	120	782	8 997

27.4 Transactions with Directors and Their Associated Companies

Amounts owed by / to related parties as at 31 December 2024

There were no amounts owed by / to the executive and independent non-executive directors and their associated companies for the year ending 31 December 2024 (2023: RNil).

28. PRINCIPAL FOREIGN CURRENCY CONVERSION CLOSING RATES

	2024	2023
	R'000	R'000
Pound Sterling	23.634	23.348
US Dollar	18.864	18.336
Euro	19.574	20.296
Australian Dollar	11.694	12.494
Botswana Pula	1.345	1.371
Japanese Yen	0.120	0.130
Canadian Dollar	13.117	13.865

29. GOING CONCERN

The Board assessed the ability of the Bank to continue as a going concern in the foreseeable future or the 12-month period from the date of approval of the financial statements, in accordance with IAS 1 Presentation of Financial Statements and Regulation 40(5)(b) of the South African Reserve Bank Regulations to the Banks Act.

The Bank has incurred a loss of R587 million in 2024 and R279 million in 2023 which contributed to a capital breach in terms of the minimum requirements as required by the Prudential authority in 2025. The significant loss in 2024 was impacted by significant impairments on loans and advances of R138 million (2023: R67 million), impairments of intangible assets of R64 Million (2023: nil), lower net interest income and higher expenses. While the Bank continued to report losses in 2024, the Bank remained solvent.

Notes to the financial statements

Compliance with the following key prudential ratios were assessed as part of finalisation of the Going concern assessment:

- Liquid Coverage Ratio (LCR)
- Net Stable Funding (NSFR)
- Leverage Ratio
- Capital Adequacy Ratio (CAR)
- Large Exposures Limits (LEX)
- Single Outlier Test (SOT)

Through our assessment, CAR and LEX were identified as a limiting factor from a going concern perspective and is explained in detail below. The other key prudential ratios, LCR, NSFR, SOT and Leverage ratio were not found to be limiting to the future operations of the Bank for the foreseeable future, although they have been enhanced by the capital injection received.

In addition, the considerations for the identification and expectations of the Supervisory Outlier Test (SOT) in respect of Interest Rate Risk under Guidance note 4 of 2024 was considered

Liquid Coverage Ratio (LCR)/ Net Stable Funding Ratio (NSFR)

The Bank has at its disposal high qualified liquid assets in the form of government bonds amounting to R1.7 billion which can be leveraged should additional liquidity be required. The Bank will be able to comply with the regulatory Liquid Coverage Ratio and Net Stable Funding Ratio taking into consideration the deposit mix and maturity of advances.

Leverage ratio

The leverage ratio is calculated using the total capital supply of the Bank divided by adjusted total gross assets as reflected on the balance sheet. In our assessment and calculation, while the Bank did not breach this regulatory limit, the capital injection received will provide additional headroom against the regulatory limit of 4%.

Capital Adequacy Ratio, Large Exposures, Single Outlier Test and Single Obligor Limit

The Bank has made a loss in the financial year ended 31 December 2024 of R587 million (2023: loss of R279 million). However, as at the reporting date, the Bank is solvent and has a net asset value of R210 million (R759 million in 2023).

The Bank has breached its CAR, LEX and SOT from December 2024 (note that the BA returns in the respect of 31 December 2024 are unaudited as at the date of the signing of the annual financial statements).

Metric	Pre-Injection (June 2025)	Post-Injection (June 2025) ¹
CET1 Ratio	2,6 %	16,6 %
CAR	4,4 %	18,4 %

¹Whilst cash injection was only converted to eligible capital on 4 August 2025, the impact is demonstrated at June 2025 to illustrate current and forward-looking impact at a single point.

On 30 June 2025, the Bank received a capital injection of USD 24.7 million (ZAR 440 million) from Access Holdings PLC, approved by the Central Bank of Nigeria and the Prudential Authority in South Africa. The capital was converted into Common Equity Tier 1 capital on 4 August 2025. The capital injection is expected to allow the Bank the flexibility to effectively deploy its strategy (with CAR preservation as a limiting factor), where capital preservation was the primary driver before.

Condonation has been received from the Prudential Authority for failure to comply with the CAR minimum requirements, LEX and SOT up to 30 June 2025.

Condonation from 1 July 2025 to 4 August 2025 by the Prudential Authority is pending, including for the LEX limit breach that was not fully remedied by the capital injection on 4 August 2025.

Notes to the financial statements

In considering the adoption of the going concern principle, the Bank is required to consider a period of at least 12 months from the date of signing of these financial statements.

A material uncertainty with respect to going concern exists in two areas (2):

- Sustained financial losses and return to profitability; and
- Alternative sources of capital funding.

The Board has assessed the material uncertainties noted as follows:

Sustained financial losses and return to profitability

- Reviewed the Bank for the year ended 31 December 2024 including the net loss after tax of R587 million.
- The half year unaudited trading results as at 30 June 2025 is a loss of R110 million.
- Considered the impact of the Earnings forecast for the 14 months ending 31 October 2026:
 - Projected loss for 2025 estimated at R162 Million.
 - The year-to-date losses through 30 June 2025 of R110 Million (unaudited).
 - The forecasted Loss from 1 January 2026 to 31 October 2026 of R5 Million (unaudited).
- A cost optimisation project has been initiated across the business with a new operating model to support profitability. Information Technology contracts are being reviewed.
- The Bank has also deployed senior experienced executives into the Bank to enhance the revenue generating capability in the Bank and to improve the operating capability required to support the revenue growth.

Should the proposed strategy not be achieved fully or muted, the potential impact on this on prudential ratios and capital breaches are considered below. As a result of a possible regulatory breach there is a material uncertainty that may cast doubt upon the Bank's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Bank's sustained financial losses, capital erosion, system integrity and reporting challenges are a key priority for the Board of Directors in terms of resolution and remediation to enable an improvement in the control environment. These are necessary actions to ensure alignment between strategy and operational infrastructure and processes to avoid any punitive measures in the future from a regulatory perspective.

Alternative sources of capital funding

- Access Bank Group remains significantly invested and committed to ensuring the success of the Bank, consequently support shall continue in all ways possible, including time, people, systems and infrastructure as may be required. A limiting factor in terms of financial support from the Group has been imposed by the Central Bank of Nigeria (CBN), which has stipulated no further injection of capital into Access Bank South Africa would be allowed as a condition to its approval of the 30 June 2025 capital injection.
- On this basis the Access Bank Group has committed its support to Access Bank South Africa with a firm commitment to not prevent or stop additional capital raising efforts should these be required in the future (valid through 31 December 2026).
- In the event that further capital is required, the Bank has access to a capital contingency mechanism through the potential conversion of R138 million in subordinated debentures held by the Public Investment Corporation SOC Limited (PIC) and Fairfax Financial Holdings Limited (Fairfax). These debentures may be converted into ordinary shares qualifying as Common Equity Tier 1 capital, subject to the following terms and regulatory conditions:
 - **Conversion Conditions:**
Conversion is permitted only upon the occurrence of a Trigger Event, as defined by the Prudential Authority (PA) in terms of Regulation 38(12)(a)(i) of the Banks Act. The conversion is not at the discretion of management and may only proceed following formal notification by the PA.

Notes to the financial statements

The conversion itself is also dependent on all other legislative and regulatory approvals.

◦ **Conversion Features:**

- Upon conversion, the shares will:
- Be issued as fully paid-up ordinary shares, ranking pari passu with existing equity.
- Qualify as Common Equity Tier 1 capital under the Banks Act.
- Carry full shareholder rights, including voting, dividends, and participation in residual assets upon liquidation.
- Be subject to a call option exercisable by the Bank after five years, at par value, and with prior PA approval.
- The conversion will not have a cash flow impact, it will only affect the capital structure.

◦ **Valuation and Cost Implications:**

Conversion Shares will be issued at a price equivalent to 20% of the net asset value (NAV) at the date of issue. There is no direct cost to the Bank; however, the conversion will result in share dilution. The suspension of interest payments on the debentures post-conversion is expected to improve profitability.

- Alternative capital being explored by Access Bank South Africa, should additional capital be required, includes:
 - New share issuance with potential holding company dilution as well as entering into debt arrangements which could qualify as additional tier 1 and tier 2 capital.

As a result of a possible regulatory breach (considered below) which could require additional capital being injected or secured, there is a material uncertainty that may cast doubt upon the Bank's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Sustained breaches of regulatory minimums may also prompt further supervisory actions, financial penalties, sanctions, or licensing implications if not adequately remediated.

Covenant Compliance and DEG Facility Risk

Access Bank South Africa has a long-term funding facility in place with DEG, which requires compliance with several financial and non-financial covenants. These covenants are designed to ensure prudent capital management and timely financial reporting.

During the 2023 and 2024 financial years, the Bank breached certain covenants, specifically:

- Capital Adequacy Ratio (CAR) fell below the required threshold, as well as other key regulatory ratios.
- Delays in submission of audited financial statements beyond the agreed timelines.
- Under the terms of the DEG facility, these breaches technically entitle DEG to accelerate repayment of the outstanding loan balance and call on the facility immediately. While DEG has not exercised this right to date, the Bank's LCR prudently reflects this potential outflow as a "next day" obligation, in line with regulatory expectations and does not result in the breach of LCR.
- Access Bank SA has formally engaged DEG and submitted a request for condonation of the covenant breaches. The Bank continues to maintain open dialogue with DEG and has committed to improved compliance going forward.
- To address the risk of future breaches and reinforce covenant compliance, the following actions have been implemented:
 - Capital Buffer: A ZAR 440 million capital injection was received in June 2025, materially improving the CAR to 18% post-injection (unaudited).
 - Revised Reporting Timelines: Internal processes have been strengthened to ensure timely completion of audited financial statements going forward.
 - Liquidity Planning: The Bank's LCR includes a conservative buffer to account for potential DEG repayment risk.
 - These measures provide a foundation for continued compliance and mitigate the risk of adverse action by DEG.

Notes to the financial statements

Stress Scenario and Forecasts

Management has performed a downside stress scenario using assumptions based on targets and milestones not being achieved in a timely manner to return to profitability, in order to assess the Bank's resilience under these conditions. These considerations consider a run rate similar to experience in 2024 on a normalised basis in terms of expenditure (excluding extraordinary costs and including limited cost savings), with consideration for December 2024 year to date results adjusted for growth experienced in January 2025 to June 2025 in terms of Net Interest Income and Non-Interest Revenue.

Key assumptions (over the going concern forecast period) include:

- Staff costs remaining relatively flat over the going concern forecast period.
- Other operating expenses remaining relatively flat compared to normalised 2024 actuals with cost savings factored in on a limited basis.
- Growth in Non-Interest Revenue being maintained from January to June 2025 actuals (unaudited) with a tapering of Global Markets revenues considered given the non-annuity-based revenues generated.
- Expected Credit Loss adjustments assumed a coverage ratio of 5% applied to the net movement in the Loans and Advances portfolios.
- Loans and advances and deposits growth were maintained as relatively flat or growing at a lower stable growth rate over the forecast period. Limited growth in loans and deposits to the actual trends shown in January to June 2025 (unaudited) and also considered any committed growth not yet disbursed.
- Risk Weighted Assets growing a muted growth rate in line with above.
- The above assumptions generate a cumulative loss of R201 million through to 31 December 2025, with an additional R203 million through 31 October 2026.

Under this stress scenario, the Capital Adequacy Ratio (CAR) remains above the regulatory minimum of 13% in 2025 and 14% through to March 2026 where a possible breach may occur. A capital injection will be required to maintain compliance at this point and is expected to be remediated by the conversion of debentures to equity of R138 million (as described above) which would improve CAR by 5%.

The second breach point under this stress scenario, after including the R138 million debentures conversion, would be expected around September 2026 at which point an additional capital injection would be required. Management will consider the issuance of new equity shares or Tier 2 qualifying debt instruments at that point, subject to relevant regulatory approvals.

To mitigate the impact of the stress scenario, the following factors and initiatives are relevant:

- The Bank's revised strategy, implemented in 2024, is already demonstrating early success, with non-interest revenue (NIR) exceeding 20% of the 2024 run rate in 2025 (unaudited).
- Over the past 12 to 15 months, the executive leadership team has been significantly enhanced with the objective of driving the execution of the required turnaround strategy.
- Access Bank Group continues to support Access Bank South Africa as a key subsidiary. This support includes, but is not limited to, the recent capital injection and the secondment of experienced senior personnel to supplement the local executive team.
- Cost optimisation initiatives are being prioritised to right-size the business. This includes addressing the disproportionate back-office staffing levels relative to industry benchmarks and the Bank's size, assessed through a revenue and loans-to-deposit lens. All IT and consulting agreements, representing the second-largest cost category, are under review for potential termination, re-contracting, or renegotiation, as appropriate.
- System and infrastructure reliability, as well as their appropriateness to support strategic execution and enable timely financial and regulatory reporting, are being prioritised. This is being enhanced through the leveraging of the Bank's capabilities and resources.
- The Board considers capital preservation of utmost importance to the sustainability of the Bank and stakeholder value creation. The Board is equally cognisant to the need to preserve adequate capital levels for the implementation of initiatives aligned with the refocussed growth strategy and provide some buffer against any unforeseen stress events e.g. impairments that may adversely impact capital adequacy.

Notes to the financial statements

Sensitivity Analysis

- A R50 million additional loss would reduce CAR by 1.7%.
- A 5% increase in risk-weighted assets would reduce CAR by 0.9%. (General)
- Basel 3 reforms (effective July 2025) may potentially have an impact (upside and downside) on the overall Risk Weighted Assets of the business which is dependent on the composition of the loan book (credit risk), operational risk strategy as well as the placement of the net difference of deposits and loans growth from an investment's perspective. The impact of this has not been fully assessed but would be considered to move any potential breaches a month or two earlier on the downside and a month or two later the upside (assuming stress scenario above).

Risk Assets:

- 2024 unaudited: R2.88billion
- June 2025 unaudited: R3.1 billion
- July 2025 up to October 2026: 6% Credit Risk Weighted growth to October 2026 compared to December 2024 unaudited regulatory returns.
- No other risk types are attracting additional capital as the credit portfolio mix is not expected to change.
- Risk weighted growth is within the control of the Bank and that it will be prudently managed to avoid excessive risk and capital which could substantially adversely affect the Capital Adequacy Ratio.

Bidvest Transaction

Access Bank PLC has entered into a binding agreement with South African-based Bidvest Group Limited to acquire a 100% equity stake in Bidvest Bank Limited ("Bidvest Bank"). As at the date of these financial statements, the transaction is progressing through approval processes at both group and regulatory levels. It is not expected to impact the regulatory or statutory status of the Bank during the going concern forecast period. Should this position change, appropriate disclosures will be made to relevant stakeholders.

Conclusion

Considering the capital injection received, stress-tested financial forecasts, strengthened governance and control environment, strategic execution progress, and continued shareholder and regulatory engagement, the directors are satisfied that the Bank has access to adequate resources and support to continue operating as a going concern.

Although material uncertainties exists, particularly regarding the timing and effectiveness of strategic interventions and the realisation of contingency plans as outlined above, the directors have a reasonable expectation that these risks will be mitigated through the strategies in place.

Accordingly, in terms of Regulation 40(5)(b) of the South African Reserve Bank Regulations to the Banks Act and in compliance with International Financial Reporting Standards, the directors have prepared these financial statements on the basis that the Bank is a going concern.

30. EVENTS AFTER THE REPORTING PERIOD

1. Share transactions

Subsequent to year end, the Bank undertook two significant share transactions:

- On 4 August 2025, the Bank issued 586,865,413 ordinary shares at a subscription price of ZAR 0.75 per share to Access Holdings PLC, following the capital injection of USD 24.7 million (approximately ZAR 440 million) received on 30 June 2025. This issuance is intended to qualify as Common Equity Tier 1 capital, and was approved by the Prudential Authority on 8 July 2025 and the Financial Surveillance Department of the South African Reserve Bank on 15 July 2025.

Notes to the financial statements

- In alignment with the conditions imposed by the Competition Commission in 2021 following Access Bank PLC's acquisition of Access Bank South Africa (formerly Grobank Limited), the Bank facilitated the introduction of Broad-Based Black Economic Empowerment (B-BBEE) shareholders. A total of 1,083,261,865 ordinary shares were acquired by the B-BBEE shareholders from Access Bank PLC through a deferred payment arrangement. This strategic initiative supports the Bank's commitment to inclusive growth and transformation within the South African financial sector. The arrangement, approved by the Financial Surveillance Department on 12 May 2025, was structured as senior secured debt with a three-year maturity from the acquisition date of 30 May 2025.

These events are considered non-adjusting subsequent events under IAS 10, Events after the Reporting Period.

31. REPORT IN TERMS OF SECTION 45 OF THE AUDIT PROFESSION ACT

In accordance with their responsibilities in terms of Sections 44(2) and 44(3) read with Section 45 of the Auditing Profession Act (APA), the external auditors, on reported 16 May 2025 to the Independent Regulatory Board for Auditors (IRBA) that, in their view, a suspected reportable irregularity may have occurred.

Subsequent to the initial report to the IRBA and, as required in terms of the APA, the external auditors engaged with the Bank in order to consider the matter further and undertook work to gather additional audit evidence. The following responses were provided by management for each of the matters identified:

Matter Noted	Resolution of the matter
<p>1. Breaches were noted in relation to the Single Obligor Limit (per regulation 24(6)(c)(iv)(C)), the minimum Capital Adequacy Ratio requirements (per regulation 38(8)) and the limit on the Significant Outlier Test (per guidance note 4 of 2024) imposed by the Prudential Authority (PA) as stipulated in the South African Banking Regulations and communicated in writing by the Authority from time-to-time.</p>	<p>The Prudential Authority granted condonation in terms of Section 279(1) of the Financial Sector Regulation Act 9 of 2017 for breaches of the Capital Adequacy Ratio (CAR), Surplus Over Target (SOT), and Large Exposure (LEX) limits, valid until 30 June 2025. The breaches of CAR and SOT have been cleared following a capital injection effected on 4 August 2025. The LEX limit breach has also been substantively remedied through this capital injection; however, residual breaches remain in respect of the LEX limits. Condonation up to 4 August 2025 has been sought from the Prudential Authority, including for the remaining LEX limit breach post 4 August 2025, which was not fully remediated through the capital injection</p>



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