IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration number:2013/211998/06)

Annual Financial Statements

for the reporting period ended 31 December 2024

Audited Annual Financial Statements

in compliance with the Companies Act of South Africa

Prepared by: Aluwani Maselesele

Designation: CA(SA)

Supervised by: Gary Nyamugama

Designation: CA(SA)

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration Number 2013/211998/06)
Annual Financial Statements for the year ended 31 December 2024

TABLE OF CONTENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED ("the Company") at the end of the financial year and the financial performance and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board of directors sets standards and management implement systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The board of directors and management identify all key areas of risk across the Company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced from Absa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The annual financial statements of the Company have been prepared in accordance with the provisions of the Companies Act of South Africa and comply in all material respects with International Financial Reporting Standards as issued by the IASB (IFRS® Accounting Standards) and all applicable legislation.

The directors have no reason to believe that the Company will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These annual financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditor to report on the financial statements. Their report to the shareholder of the Company is set out on pages 14 to 16 of this report.

The directors' report on pages 11 to 13 and annual financial statements of the Company which appears on pages 17 to 69 and Annexure A were approved by the board of directors on 23 April 2025 and are signed on its behalf by:

ML De Nysschen
Sandton

Brendan Purbrick
Brendan Purbrick (Apr 23, 2025 13:48 GMT+2)

BJ Purbrick
Sandton

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration Number 2013/211998/06)
Annual Financial Statements for the year ended 31 December 2024

COMPANY SECRETARY'S CERTIFICATE

To the shareholder of IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED,

In accordance with the provisions of section 88(2)(e) of the Companies Act of South Africa, I, in my capacity as a duly authorised representative of the Company Secretary hereby certify that, in respect of the year ended 31 December 2024, the Company has filed with the Commissioner of the Companies and Intellectual Property Commission (CIPC) all returns, and notices prescribed by the Act and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

ABSA Secretarial Services Proprietary Limited (Represented by:
G J van Rooyen)

CORPORATE GOVERNANCE REPORT

The Company's corporate governance practices are guided by the Companies Act No. 71 of 2008 (as amended), and the Company's Memorandum of Incorporation (MoI). The Company is also subject to the Absa Group Governance Risk Framework that was adopted.

The Company applies the principles and governance practices of the King Report on Corporate Governance for South Africa, 2016 ("King IV Report") as far as they are applicable and proportional to the company's needs. The Board are of the opinion that the Company has applied the principles and recommendations of the Code in all material aspects for the year ended 31 December 2024.

BOARD OF DIRECTORS

Role of the Board

The Board of the Company ("the Board") sets the overarching governance principles to be upheld and practiced by embedding good governance practices. The Board is responsible for delivering sustainable value to the shareholder.

Management of the company

The Board oversees the management of the Company's business by challenging and approving the strategy and plans proposed by management.
The Board has delegated the day-to-day management of the Company to Absa Corporate and Investment Banking Special Purpose Vehicle (CIB SPV) Management Team, in terms of a Service Level Agreement, whose performance the Board monitors through regular operational and financial reporting.

Composition of the board

As at 31 December 2024, the Board comprised four directors, three of whom were independent non-executive directors (including the Chairman), and one executive director. The independent non-executive directors are appointed through TMF Corporate Services (South Africa) (Pty) Limited ("TMF").

Name of Director	Status	Appointment Date
Melanie de Nysschen	Independent Non-executive Director	01 August 2018
Stewart Adams	Independent Non-executive Director	22 September 2023
Nicholas Clarke	Independent Non-executive Director	22 September 2023
Brendan Purbrick	Executive Director	17 November 2023

There were no changes to the composition of the Board during 2024.

Director Conflicts of Interest

The Board reviews the directors' declarations of interest and other directorships on an ongoing basis and has considered the declarations during the reporting period.

Meetings

The Board held 3 scheduled meetings during the year under review. All meetings held complied with the requirements of quorum.

Meetings were held on 11 April 2024, 22 July 2024 and 7 November 2024.

Professional Advice

The Board and individual directors have access to the advice and services of the Company Secretary and may also, if necessary, procure independent professional advice at the expense of the Company in the discharge of their duties as directors. Requests for independent professional advice is governed by the Group Legal Entity and Directors Policy.

CORPORATE GOVERNANCE REPORT

Board performance effectiveness evaluation

The Board conducted a self-evaluation of the effectiveness of its performance as a collective.

Company Secretarial and Governance support

Absa Secretarial Services (Proprietary) Limited, a subsidiary of Absa Group, is the duly appointed Company Secretary of the Company and is represented by a qualified and skilled Company Secretary.

Remuneration

The Company is a ring-fenced special-purpose vehicle. All services are outsourced to external service providers and as such the Company has no employees and thus does not have a remuneration committee.

Director remuneration:

The independent non-executive directors are not employees of the Company and receive fees for their services as directors. These directors' fees were paid to TMF Corporate Services (South Africa) Proprietary Limited in terms of a service level agreement. The independent non-executive directors are employed and remunerated by TMF Corporate Services (South Africa) Proprietary Limited on a separate basis.

CONTROL FUNCTIONS

Internal Audit function

The Company's internal audit function is conducted by the Group's Internal Audit division.

Risk Management function

The Board and executive management are responsible for the Company's risk governance and management within the overall context of the Company's risk appetite and principal risks.

The Company's Audit Committee, in conjunction with Absa Corporate and Investment Banking ("CIB"), a division of Absa Bank Limited, develops appropriate risk processes for managing risks.

The Board believes that the risk of the Company is adequately managed.

Compliance function

The Company relies on the compliance function of Absa Bank Limited.

The Board, being ultimately responsible for compliance of the Company, engages with management regularly to discuss and develop compliance processes for the Company.

Integrated sustainability reporting and disclosure

The Company is a ring-fenced special purpose vehicle whose sustainability is determined by the length of time of the transaction for which the Company has been incorporated. The Board is, however, responsible for ensuring the accuracy of the financial information which is reported to all the relevant stakeholders.

IT Governance

The Company is reliant on the Group's IT systems and infrastructure and is governed in accordance with the Absa Group's IT governance policies.

BOARD COMMITTEES

The establishment of Board committees is informed by legislation and the company's needs. The Board has two committees namely an Audit Committee and a Social and Ethics Committee.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Committee was established in terms of section 94(7) of the Companies Act. The Audit Committee is required by the Companies Act to report annually to the shareholder describing how it performed its duties during the year, pronouncing on the independence of the auditor, and commenting on the financial statements. The Audit Committee assumes responsibility for the fulfillment of the audit function. All functions were performed as per the Committee's terms of reference and the Companies Act.

Notwithstanding the role of the Audit Committee in relation to the audit function, the Board remains at all times accountable for monitoring the effectiveness of the company control environment. The Audit Committee reviews and recommends the financial statements to the Board for approval and the Board, via delegation to the Audit Committee, engages with representatives of the internal and external audit for assurance on the integrity of the financial and related information.

Membership

The membership of the Committee comprised three independent non-executive directors who are directors of the Board. On an annual basis, the shareholder appoints the members of the Committee at the annual general meeting.

In accordance with the Companies Act, the members of the Committee were re-appointed by the shareholder at the annual general meeting held on 29 August 2024.

Name of Director	Status	Appointment Date
Melanie de Nysschen	Independent Non-executive Director	01 August 2018
Stewart Adams	Independent Non-Executive Director	22 September 2023
Nicholas Clarke	Independent Non-Executive Director	22 September 2023

Meetings

The Committee held 2 scheduled meetings during the year under review. All meetings held complied with the requirements of quorum. Meetings were held on 11 April 2024 and 7 November 2024.

Private meetings were held with all the assurance providers in the absence of management to discuss among other, any difficulties that the assurance providers may have encountered in the performance of their work

SOCIAL AND ETHICS COMMITTEE

Name of Director	Status	Appointment Date
Stewart Adams	Independent Non-executive Director	22 September 2023
Nicholas Clarke	Independent Non-executive Director	22 September 2023
Brendan Purbrick	Executive Director	17 November 2023

The Committee held 1 scheduled meeting during the year under review. All meetings held complied with the requirements of quorum. The meeting was held on 22 July 2024.

Fundamental and affected transactions

There were no fundamental transactions for the period under review.

The King Report on Corporate Governance for South Africa 2016 ('King IV' or the 'Code') is the main governance code applicable to companies in South Africa. The principles and practices of the Code are to be applied to the extent required and beneficial to a Company (the proportionality principle), taking into consideration a number of factors such as the size of turnover and workforce, resources, complexity and nature of business of an entity.

The Board has satisfied itself that for the year under review the Company has applied the principles of King IV to the extent deemed necessary, or has put alternative measures in place. Further information on the Company's corporate governance is disclosed under "Corporate Governance Report" of the Annual Financial Statements ('AFS').

CORPORATE GOVERNANCE REPORT

Application of each principle of King IV is expected to result in certain governance outcomes categorised as 'primary' or 'secondary' depending on the degree of impact on governance of applying the practices under the principle.

Leadership and Organisational Ethics

Expected Outcomes - (i) Ethical Culture (primary), (ii) Legitimacy (primary), (iii) Effective Control (secondary) and (iv) Good Performance (secondary)

Principle 1 - The governing body should lead ethically and effectively.

Principle 2 - The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board is committed to the highest standards of corporate governance and in this regard the directors individually execute their duties and responsibilities in accordance with standards of behaviour required by relevant regulation and legislation, the Company's Memorandum of Incorporation (MoI) and the Board Charter. The directors are also committed to and adhere to the ethical standards of behaviour stipulated by the Group's Code of Conduct and related policies.

The Board, in conjunction with the Group's board, and through the Group's Social and Ethics Committee, is responsible for executing policies and programmes to embed ethics in the Company. Key focus areas of ethics during the current period can be found from Absa Group's Integrated Report available on the website.

Responsible Corporate Citizenship and Regulatory Compliance

Expected Outcomes - (i) Ethical culture (primary), (ii) Legitimacy (primary) and (iii) Good performance (secondary)

Principle 3 - The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Company's corporate citizenship and regulatory compliance are governed in accordance with the framework set by the Group Board. The Group Board, through the Group Social and Ethics Committee, approves policies and strategies, and monitors and evaluates programmes that strengthen and maintain the Group's standing as a good corporate citizenship.

Principle 13 - The governing body should govern compliance with laws adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Board complies with regulation relevant to its oversight responsibilities and ensures that management also complies with laws applicable to the Company. In formulating the Company's strategy, the Board has regard to matters relevant to its corporate citizenship status (including the impact of the Company's operations on the social and economic environments).

King Report on Corporate Governance

The Board complies with regulation relevant to its oversight responsibilities and ensures that management also complies with laws applicable to the Company. In formulating the Company's strategy, the Board has regard to matters relevant to its status as a good corporate citizenship (including the impact of the Company's operation on the social and economic environments).

Strategy and Performance

Expected Outcomes - (i) Good performance (primary) and (ii) Effective Control (secondary)

Principle 4 - The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creationg process.

The Board is responsible for creating and delivering sustainable value for the shareholder and benefits to the Company's stakeholders by overseeing the management of the business. The Board: (i) approves the Company's strategic objectives, business plans and annual budgets, and (ii) monitors management's implementation of the strategy and plans accordingly to the approved risk appetite, the available opportunities, and the macro and regulatory environment.

CORPORATE GOVERNANCE REPORT

Report and Assurance

Expected Outcomes - (i) Effective control (primary), (ii) Good performance (primary), (iii) Ethical culture (secondary) and (iv) Legitimacy (secondary)

Principle 5 - The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.

Principle 15 - The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Company's primary report is the annual financial statements in which the Company's business activities and financial performance over the period are detailed and recorded.

The Board oversees preparation of the annual financial statements and ensures that the state of affairs of the Company and its financial wellbeing are fairly presented through application of appropriate assurance processes supported by an effective control environment. The Board, in overseeing assurance services and the effectiveness of the control environment in order to ensure the obkectivity and integrity of the annual financial statements, relies on the work performed by the Group Internal Audit, Group Risk Committee and the oversight role of the Group Audit and Compliance Committee. The Board is ultimately responsible for the integrity of the report and approves the annual financial statements.

Board's Primary Role and Responsibility

Expected Outcomes - (i) Effective control (primary) and (ii) Good performance (primary)

Principle 6 - The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Company's Board of Directors ('the Board') is the focal point of the Company's corporate governance. The Company's customized Memorandum of Incorporation (MoI), King IV, the Companies Act No. 71 of 2008 (as amended) ('the Companies Act') determine the governance of the Company. The Board is the focal point and custodian of the Company's corporate governance and its role, reponsibilities and procedural conduct are documented the Company's MoI, the Companies Act.

The Board is the focal point and custodian of the Company's corporate governance and its role, responsibilities and procedural conduct are documented the Company's MoI, the Companies Act.

Board Composition

Expected Outcomes - Good performance (primary)

Principle 7 - The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Directors are appointed with due regard to relevant legislation, the constitution of the Company and the skills and expertise, industry knowledge, gender and race diversity required to enable the Board function to effectively. Due regard is also given to the Group's requirements for appointing board members as set out in the Group Governance Framework and the Legal Entities and Directors' Policy.

Newly appointed directors only serve until the first Annual General Meeting after their appointment unless they are elected by the shareholder. Each director serves a maximum of three years each, and will only continue beyond 9 years on approval of the shareholder, and subject to their performance and behaviour meeting the Board's standards.

The current membership of the Board is included in the directors' report.

Delegation to Management and Committees

Expected Outcomes - (i) Effective control (primary) and (ii) Good performance (primary)

CORPORATE GOVERNANCE REPORT

Principle 8 - The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Principle 10 - The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Shareholder delegates authority to the Board through the Company's MoI and shareholder resolutions passed at the shareholder's meetings.

Board and committee performance evaluations

Expected Outcomes - Good performance (primary)

Principle 9 - The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The effectiveness of the Board and performance of individual directors and the Chairman are assessed biennially (previously annually), against set criteria. Matters arising, including areas requiring improvement, and remedial plans are presented to the Board. Remediation is coordinated by the Company Secretary and monitored by the Board until next evaluation.

The Board conducted a self evaluation of the effectiveness of its performance as a collective.

Risk Governance

Expected Outcomes - (i) Effective control (primary) and (ii) Good performance (primary)

Principle 11 - The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board oversees the Company's risk management within the framework of the Group's enterprise risk management framework (incorporating the principal and key risks). Risk levels appropriate for the Company's business are determined by management and approved by the Board. The Audit Committee assist the Board in executing its oversight role over risk management.

Executive management of the Company is responsible for embedding risk in the organisation and does this through various programmes, including by ensuring that employees receive the necessary training to be able to identify, mitigate, manage and when necessary, escalate actual or potential risks within their work environment.

Technology and information Governance

Expected Outcomes - (i) Effective control (primary)

Principle 12 - The governing body should govern technology and information in a way that supports the organisation setting and achieving

The Group Information Technology Committee of Absa Group Limited has overall oversight responsibility for information and technology governance in the Group.

CORPORATE GOVERNANCE REPORT

The Board acting through the Manager of the Company is responsible for the following oversight duties over the management of IT in general, including monitoring the following, as set out in the Group Governance Framework:

- The resilience of the technology systems, infrastructure and applications in supporting customers and employees.
- The robustness and resilience of processes to identify and exploit technology and information opportunities to improve the entity's performance and sustainability.
- Planning, testing and user acceptance in relation to new systems and applications.
- The use of information (and data) to sustain and enhance the entity's intellectual capital and strategic advantage.
- The continual monitoring of security of information, including personal information of customers, employees and other stakeholders.

Executive management is responsible for the day-to-day management of IT.

Remuneration Governance

Expected Outcomes - (i) Ethical culture (primary), (ii) Good performance (primary), (iii) Legitimacy (primary) and (iv) Effective control (secondary)

Principle 14 - The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Company pays a corporate service fee to TMF Corporate Services (South Africa) (Pty) Limited for the provision of non-executive directors. The independent non-executive directors of the Company are remunerated separately by TMF Corporate Services (South Africa) (Pty) Limited. The Absa appointed director who is an employee of Absa Group Limited is remunerated as an employee and not separately for his role as a director of the Company.

Shareholder Relationships

Expected Outcomes - (i) Legitimacy (primary) and (iv) Good performance (secondary)

Principle 16 - In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Company's stakeholders are integral to the success of the business. The Board proactively engages with material stakeholders in an inclusive manner that balances their needs, interest and expectations, and to address their concerns in the best way possible.

This allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks. The Board understands that communication with stakeholders in respect of financial and non-financial information is vital and open interaction is actively pursued.

AUDIT COMMITTEE REPORT

The IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED is, in line with section 94 of the Companies Act ('the Act'), required to have an audit committee.

Members of the Audit Committee and independent non-executive directors

Name	**Appointment date**
Stewart Adams	22 September 2023
Nicholas Clarke	22 September 2023
ML De Nysschen	1 August 2018

Meetings held by the Audit Committee

The audit committee performed the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 as amended by holding meetings with the key role players and by the unrestricted access granted to the external auditors. The committee held meetings on 11 April 2024 and 7 November 2024 during which it fulfilled its responsibilities in terms of the audit committee charter, in order to be able to recommend approval of the Company's financial statements to the Board.

Private meetings were held with all the assurance providers in the absence of management to discuss among other, any difficulties that the assurance providers may have encountered in the performance of their work.

Expertise and experience of finance function

Absa Secretarial Services Proprietary Limited, as Company Secretary provides ongoing Company Secretarial administration to IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED ("the Issuer"). Absa Bank Limited, acting through its Corporate and Investment Banking Division ("CIB") is the administrator of the Issuer. The committee satisfied itself that the composition, experience and skills set of the finance function met the Company's requirements.

Independence of external auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 as amended and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided in terms of the Companies Act 71 of 2008 as amended that internal governance processes within the firm support and demonstrate the claim to independence. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Discharge of responsibilities and Audited Annual Financial Statements

(i) Following the review by the committee of the audited annual financial statements of the Company for the year ended 31 December 2024 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of the Companies Act No 71 of 2008, as amended, IFRS Accounting Standards, and that the accounting policies applied are appropriate. Following the review of the audited annual financial statements, the committee recommended the Company's 2024 audited annual financial statements for approval to the Board on 23 April 2025. The committee further concurred with the Board and management that the adoption of the going-concern status in preparation of the annual audited financial statements is appropriate.

Nicholas Clarke (Chairperson: Audit Committee)

23 April 2025

DIRECTORS' REPORT

Registration number	2013/211998/06
Country of incorporation and domicile	South Africa
Date of publication	23 April 2025
Nature of business and principal activities	A special purpose company that issues commercial paper to finance the acquisition of assets. The ongoing accounting, risk management and administration are performed by Absa Bank Limited.

Directors

Name	Status	Appointment date
ML De Nysschen	Independent non-executive director	1 August 2018
BJ Purbrick	Executive director	17 November 2023
NR Clarke	Independent non-executive director	22 September 2023
SC Adams	Independent non-executive director	22 September 2023

Registered office

7th Floor Absa Towers West, 15 Troye Street
Johannesburg
Gauteng
South Africa
2000

Business address

7th Floor Absa Towers West, 15 Troye Street
Johannesburg
Gauteng
South Africa
2000

Postal address

7th Floor Absa Towers West, 15 Troye Street
Johannesburg
Gauteng
South Africa
2000

Holding company	iMpumelelo Owner Trust
Ultimate holding company	Absa Group Limited

Shareholder

Name	Holding %
iMpumelelo Owner Trust	100.00

Bankers	Absa Bank Limited

DIRECTORS' REPORT

Auditors	PricewaterhouseCoopers Inc Waterfall City Heliport, 4 Lisbon Ln, Jukskei View Midrand South Africa 2090	
Supervised by	These annual financial statements are prepared under the direction and supervision of Gary Nyamugama CA(SA) and audited by PricewaterhouseCoopers Inc.	
Company Secretary	**Name**	**Appointment**
	ABSA Secretarial Services Proprietary Limited (Represented by: G J van Rooyen)	17 September 2018
Date of incorporation	13 November 2013	

DIRECTORS' REPORT

Review of operations

To the best of their knowledge and belief, based on the below, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

Review of financial results

The financial results of the Company are set out in the attached annual financial statements. The results do not, in the opinion of the directors, require further explanation.

Key performance indicators	**2024 R**	**2023 R**
Profit for the year	**51,496,294**	49,444,208
Total comprehensive income	**51,496,294**	49,444,208
Taxation	**(16,945,436)**	(18,287,589)
Dividend declared and paid	**(65,000,000)**	(42,500,000)
Net assets	**35,598,308**	49,102,014
Net current liabilities	**(8,836,276,467)**	(7,000,136,255)

Authorised and issued share capital

There were no changes to the authorised or issued capital for the year under review.

Events after the reporting date

Events material to the understanding of these annual financial statements that occurred between the financial year end and the date of this report have been disclosed in note 34.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Special resolution

No special resolutions were passed during the year.

Preference dividends paid

A dividend of R65,000,000 (2023: R42,500,000) was declared and paid

Restatement of prior year annual financial statements

A restatement of prior year annual financial statements has occurred. Refer to note 4.

Related party event

No significant related party events have occurred.

Independent auditor's report

To the shareholder of iMpumelelo CP Note Programme 1 (RF) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iMpumelelo CP Note Programme 1 (RF) Limited (the Company) as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

iMpumelelo CP Note Programme 1 (RF) Limited financial statements set out on pages 17 to 72 comprise:

- the Statement of comprehensive income for the year then ended;
- the Statement of Financial Position as at 31 December 2024;
- the Statement of Changes in equity for the year then ended;
- the Statement of Cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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).*

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "*iMpumelelo CP Note Programme 1 (RF) Limited Annual Financial Statements for the reporting period ended 31 December 2024*", which includes the Director's report and the Audit Committee's report and the Company Secretary's certificates as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report 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 identified above 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 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.

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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Louwrens Van-Velden
Registered Auditor
Johannesburg, South Africa
25 April 2025

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 R	2023 R
Effective interest income	5	844,426,111	784,833,592
Other interest income	6	27,472,756	46,714,326
Interest and similar income		**871,898,867**	**831,547,918**
Effective interest expense	7	(806,045,225)	(773,409,019)
Interest expense and similar charges		**(806,045,225)**	**(773,409,019)**
Net interest income		**65,853,642**	**58,138,899**
Total Income		**65,853,642**	**58,138,899**
Other gains and losses	8	12,524,001	16,892,790
Administration expenses	9	(6,350,430)	(6,308,303)
Other expenses	10	(759,689)	(671,138)
Credit impairment charges	11	(2,825,794)	(320,451)
Profit before tax		**68,441,730**	**67,731,797**
Taxation expense	12	(16,945,436)	(18,287,589)
Profit for the year		51,496,294	49,444,208
Total comprehensive income for the year		51,496,294	49,444,208

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration Number 2013/211998/06)

Annual Financial Statements for the year ended 31 December 2024

STATEMENT OF FINANCIAL POSITION

	Notes	2024 R	2023 R
Assets			
Non-current assets			
Loans and advances	13	8,871,254,599	7,048,782,078
Deferred tax assets	15	620,176	456,191
Total non-current assets		**8,871,874,775**	**7,049,238,269**
Current assets			
Trade and other receivables	18	34,125	179,571
Loans and advances	13	196,893,063	2,076,988,053
Derivative financial instrument assets	14	112,044,772	12,854,981
Current tax assets		1,016,515	-
Cash and cash equivalents	16	103,681,619	88,902,726
Total current assets		**413,670,094**	**2,178,925,331**
Total assets		**9,285,544,869**	**9,228,163,600**
Equity and liabilities			
Equity			
Capital and reserves			
Share capital	17	10	10
Preference share capital	17	1	1
Retained income		35,598,297	49,102,003
Equity attributable to owners of the Company		35,598,308	49,102,014
Total equity		**35,598,308**	**49,102,014**
Liabilities			
Current liabilities			
Trade and other payables	19	4,774,957	4,806,006
Debt securities in issue	20	9,245,171,604	9,172,632,938
Current tax liabilities		-	1,622,642
Total current liabilities		**9,249,946,561**	**9,179,061,586**
Total liabilities		**9,249,946,561**	**9,179,061,586**
Total Equity and Liabilities		**9,285,544,869**	**9,228,163,600**

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Preference share capital	Retained income	Capital and reserves attributable to equity holders	Total equity
	R	R	R	R	R
2023					
Balance at the beginning of the reporting year	10	1	42,157,795	42,157,806	42,157,806
Total comprehensive income for the year	-	-	49,444,208	49,444,208	49,444,208
Profit for the period	-	-	49,444,208	49,444,208	49,444,208
Dividends paid	-	-	(42,500,000)	(42,500,000)	(42,500,000)
Balance at the end of the reporting year	10	1	49,102,003	49,102,014	49,102,014
Notes	17	17			
2024					
Balance at the beginning of the reporting year	10	1	49,102,003	49,102,014	49,102,014
Total comprehensive income for the year	-	-	51,496,294	51,496,294	51,496,294
Profit for the period	-	-	51,496,294	51,496,294	51,496,294
Dividends paid	-	-	(65,000,000)	(65,000,000)	(65,000,000)
Balance at the end of the reporting year	10	1	35,598,297	35,598,308	35,598,308
Notes	17	17			

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

(Registration Number 2013/211998/06)

Annual Financial Statements for the year ended 31 December 2024

STATEMENT OF CASH FLOWS

	Notes	2024 R	2023 R
Cash flows from operating activities			
Cash (used in) operations	21	(6,995,722)	(3,431,446)
Dividends paid	22	(65,000,000)	(42,500,000)
Interest received	23	933,589,659	835,156,115
Interest paid	24	(733,406,559)	(730,070,234)
Taxation (paid)	25	(19,659,768)	(18,280,467)
Net cash inflow/ (outflow) from derivatives		(94,179,465)	12,505,298
Tax refund		65,177	7,040,049
Net cash generated by operating activities		14,413,322	60,419,315
Cash flows from investing activities			
Loans and advances extended		(2,300,000,000)	(3,750,000,000)
Loans and advances settled		2,300,100,000	3,150,060,000
Net cash from (used in) investing activities		100,000	(599,940,000)
Cash flows from financing activities			
Repayment of debt securities in issue		(9,036,904,775)	(8,436,964,775)
Proceeds from debt securities in issue		9,036,804,775	9,036,904,775
Net cash (used in) from financing activities		(100,000)	599,940,000
Net increase in cash and cash equivalents		14,413,322	60,419,315
Cash and cash equivalents at the beginning of the year	16	89,268,297	28,848,982
Cash and cash equivalents at the end of the year	16	103,681,619	89,268,297

SUMMARY OF MATERIAL ACCOUNTING POLICIES

1. Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB® (IFRS® Accounting Standards), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, as amended.

2. Material accounting policies

The material accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Adoption of new and revised accounting standards

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRS-IC that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2024. For details of the new and, any in addition, revised accounting policies refer to note 35.

2.2 Basis of preparation

The financial statements (authorised on 23 April 2025) have been prepared on the historical cost basis, unless otherwise stated in the below accounting policies.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The annual financial statements are presented in South African Rand (R), which is the presentation and functional currency of the Company.

2.3 Segmental reporting

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED isses various debt security notes which enables investors to invest in various debt instruments. The information regarding the results of the reportable segment is disclosed in the annual financial statements as currently set out. Management views the entire entity as one segment, thus no further disclosures are required in accordance with IFRS 8 Operating segments.

2.4 Effective interest income and expense

Effective interest income and effective interest expenses are calculated using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to that instrument's net carrying amount on initial recognition. This results in the allocation of interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

2. Material accounting policies (continued)

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

2.5 Other interest income and expense

The Company also presents as part of net interest income, albeit separate from effective interest income and effective interest expense, other interest income and other interest charges, which are not calculated on the effective interest method.

2.6 *Other gains and losses*

In accordance with IFRS 9 Financial Instruments (IFRS 9), trading positions are held at fair value and the resulting gains and losses are included in profit or loss, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

2.7 Taxation

Income tax expense represents the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities.

Current taxation

Income tax payable on taxable profits ("current taxation") is recognised as an expense in the reporting period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred taxation

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current and deferred tax

2. Material accounting policies (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Financial instruments

2.8.1 *Initial recognition of financial assets and financial liabilities*

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 capitalised to the initial carrying amount of the financial asset/liability, 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 Company recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the trade date.

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

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate or released in full when previously unobservable inputs become observable.

2.8.2 *Classification and measurement of financial instruments*

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

- Amortised cost;
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:

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

Business model assessment:

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

i. how the financial assets' performance is evaluated and reported to management;
ii. how the risks within the portfolio are assessed and managed; and
iii. the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

2. Material accounting policies (continued)

The Company reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

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

In making the assessment of whether the contractual cash flows have SPPI characteristics, the Company considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin.

Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the Company considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Company classifies its debt instruments as follows:

- Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as effective interest within Effective interest income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.
- Fair value through profit or loss - Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in profit or loss. The Company may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as Gains and losses from banking and trading activities in profit or loss.

Financial Liabilities:

Financial liabilities that are held at amortised cost are measured in accordance with the effective interest rate method. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability.

2.8.3 *Expected credit losses on financial assets*

The Company uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography and credit risk ratings.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

2. Material accounting policies (continued)

Impairment is recognised based on a three-stage approach:

Stage 1: Exposures where there has not been a significant increase in credit risk since origination. For these exposures an expected credit loss is recognised based on the credit losses expected to result from default events that are possible within 12 months of the reporting date. Interest income is calculated based on the gross carrying value of these instruments.

Stage 2: Exposures for which the credit risk has increased significantly since initial recognition. For these exposures lifetime expected credit losses should be recognised (i.e. credit losses from default events that are possible over the life of the instrument). The Company will assess whether a significant increase in credit risk has occurred based on (i) qualitative drivers including being marked as high risk or reflected on management's watch list; and (ii) quantitative drivers such as the change in the asset's cumulative weighted average lifetime probability of default (PD). Any exposure that is more than 30 days past due will also be included in this stage. Interest income is calculated based on the gross carrying value of these instruments.

Stage 3: Exposures which are credit impaired. For these exposures, expected credit losses are based on lifetime losses. Assets are considered to be credit impaired as guided by the regulatory definition of default. Interest income is calculated based on the carrying value net of the loss allowance.

Lifetime expected credit losses will no longer be recognised when there is evidence that the criteria is no longer met. This could include a history of timely payment performance. Defaulted assets are considered to be cured once the original event triggering default no longer applies, and the defined probation period (that is, the required consecutive months of performance) have been met. The low credit risk exemption in IFRS 9 has not been adopted by the Company.

Expected loss calculation

The measurement of expected credit losses must reflect:

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

Expected credit losses are calculated (for both 12 months and lifetime losses) as a function of the exposure at default (EAD); PD and loss given default (LGD). These terms are interpreted as follows per the requirements of IFRS 9:

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

Lifetime of financial instruments

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

2. Material accounting policies (continued)

Certain credit exposures include both a drawn and an undrawn component and the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case, expected credit losses are measured over the period that the Company is exposed to credit risk, even if that period extends beyond the maximum contractual period. This applies to overdrafts, credit cards and other revolving products.

These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases, which could be too late to prevent losses. For these types of products the expected life is based on the behavioural life, i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

Forward looking information

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

Write -off

Financial assets are written off, and accordingly derecognised, when the Company believes there to be no reasonable expectation of recovery.

Definition of credit impaired

Assets are classified as defaulted when the Company considers that the obligor is unlikely to pay its credit obligations. Elements to be taken as indications of unlikeliness to pay include the following:

- The Company consent to a distressed restructuring/forbearance of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness of principal, interest or fees;
- The customer is under debt review, business rescue or similar protection, advice is received of customer insolvency; or,
- The obligor is 90 days or more past due on any credit obligation to the Company.

2.8.4 *Derecognition of financial instruments*

Derecognition of financial assets

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

The gain or loss on derecognition of financial assets is determined as the difference between the carrying value of the financial asset derecognised (including impairment, if any) and the fair value of any proceeds received.

Derecognition of financial liabilities

2. Material accounting policies (continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

On derecognition of a financial instrument, any difference between the carrying amount thereof and the consideration received is recognised in profit or loss.

2.8.5 *Modification of financial instruments*

Modification of financial assets

A modification is a permanent change to one or more of the terms of the financial asset. Enforcing or adopting terms that were present in the original terms of the instrument is not a modification. The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depend on whether the modification is done for commercial reasons or because of financial difficulty of the counterparty.

- Contractual modifications on commercial terms are treated as a new transaction resulting in derecognition of the original financial asset and the recognition of a "new" financial asset. Any difference between the carrying amount of the derecognised asset and the fair value of the new asset is recognised in profit or loss.
- When the Company modifies the contractual conditions due to financial difficulties of the borrower, the asset is not derecognised unless the terms of the contract are substantively changed (such as the inclusion of an equity participation feature or a substantial change in counterparty). If the asset is not substantially modified, then the following accounting treatment is required:
  - o the gross carrying amount of the financial asset to be recalculated as the present value of the modified cash flows discounted at the original effective interest rate and any gain or loss to be recognised in profit or loss as part of the total expected credit losses.

Modification of financial liabilities

Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.8.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary share capital

Proceeds for shares are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when declared by the board of directors.

2. Material accounting policies (continued)

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific future date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as an interest expense in profit or loss.

2.8.7 *Derivative financial instruments*

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in financial liability non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives are not separated from financial asset non-derivative host contracts and the entire contract, including any embedded derivatives, is assessed as a whole for classification purposes.

2.9 Cash and cash equivalents

Cash comprises of cash on hand and demand deposits, and cash equivalents comprise of highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

3. Judgements and estimates

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities, and prepayment and default rates. When valuing instruments by reference to comparable instruments, management takes into account the maturity, structure and rating of the instrument with which the position held is being compared.

The main assumptions and estimates which management considers when applying a model with valuation techniques are:

• The likelihood and expected timing of future cash flows on the instruments. These cash flows are usually governed by terms of the instrument, although management judgement may be required when the ability of the counterparty to services the instrument in accordance with the contractual terms in doubt. Future cash flows may be sensitive to change in market rates.

• Selecting an appropriate discount rate for the instrument. Management bases the determination of this rate on its assessment of what a market participant would regard as the appropriate spread of the rates for the instrument over the appropriate risk-free rate.

• Judgement to determine what model to use to calculate fair value in areas where the choice of valuation model particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair value resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm’s length transaction would occur under normal business condition. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments will be based on some market observable inputs even where the unobservable inputs are significant.

Recognition of loans and advances at fair value through profit and loss

Loans and advances recognised at fair value through profit and loss consist of fixed rate loans with variable rate funding, and interest rate swaps on the fixed rate loans to match the interest payments from the asset to the liability. The assets are thus held at fair value to net out the accounting mismatch caused by the derivatives' revaluing.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R

3. Judgements and estimates (continued)

Recognition of investment securities at fair value through other comprehensive income

Investment securities, comprising listed bonds, are held with the objective of collecting contractual cash flows, consisting of interest and principal payments, and for sale in the ordinary course of business. They are thus recognised at fair value through other comprehensive income.

Expected Credit Losses

The Expected Credit Loss estimate was made considering all reasonable and available information, including our best estimate of the impact of multiple forward-looking economic scenarios. The Expected Credit Loss estimate is an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. Models, processes and assumptions applied in making the Expected Credit Loss estimate, including management adjustments, costs of collection of outstanding loan exposures, collateral valuation, assessment of significant increase in credit risk and credit impaired exposures, write-off points and the definition of default have been applied consistently and are appropriate in the context of IFRS.

ECL estimation must reflect an unbiased and probability-weighted estimate of future losses determined by evaluating a range of possible macroeconomic outcomes. Economic concerns such as high levels of unemployment and political unstability are considered and such risks have been incorporated in the scenarios used to calculate the Company's ECL charge at 31 December 2024.

A 40% probability weighting was applied to the baseline scenario; with a 30% probability weighting applied to both the upside and downside scenarios.

The key forward looking macro-economic information used by the credit model in the calculation of expected credit losses include externally sourced data on South Africa's Real Gross Domestic Product, Consumer Price Index, the Repo Rate and the Producer Price Index.

Default assets that are classified as in default are characterised by the distinct possibility that the borrower will default, and should the collateral pledged be insufficient to cover the asset, the company will sustain some loss when default occurs.

4. Restatement note

4.1 Prior period error

4.1.1 Nature of the error

Incorrect derivatives contract amounts disclosed in 2023, refer to Note 14

5. Effective interest income

	2024	2023
On Bank and call accounts	4,979,460	5,416,629
On Loans and advances	839,446,651	779,416,963
Total Effective interest income	844,426,111	784,833,592

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024 R	2023 R
6. Other interest income		
On Loans and advances held at FVTPL	27,472,756	46,714,326
Total Other interest income	27,472,756	46,714,326
7. Effective interest expense		
On Debt securities in issue	806,045,225	773,409,019
Total Effective interest expense	806,045,225	773,409,019
8. Other gains and losses		
Gains on financial instruments designated at FVTPL	7,157,518	14,060,492
Net gains on financial assets designated at FVTPL	7,157,518	14,060,492
Net gains on financial instruments mandatorily held at FVTPL	5,366,483	2,832,298
Total Other gains and losses	12,524,001	16,892,790
9. Administration expenses		
9.1 Audit Remuneration		
Audit fees-current reporting period	204,257	185,688
Total Audit remuneration	204,257	185,688
9.2 Other		
Administration fees and expenses	6,146,173	6,122,615
Total Other	6,146,173	6,122,615
Total Administration expenses	6,350,430	6,308,303
10. Other expenses		
10.1 Other		
Agency costs	457,930	452,266
Bank charges	15,381	16,863
Directors fees	286,378	201,995
Other expenses	-	14
Total Other	759,689	671,138
Total Other expenses	759,689	671,138

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Credit impairment charges

	2024 R	2023 R
Financial assets		
Impairment losses recognised on Cash and cash equivalents	**-**	**(362,783)**
Stage 1	-	(362,783)
Impairment losses recognised on Loans and advances	**(2,825,794)**	**42,332**
Stage 1	(2,825,794)	42,332
Total Impairment losses	**(2,825,794)**	**(320,451)**

12. Taxation expense recognised in profit or loss

	2024 R	2023 R
Current tax		
Current tax-current year	(17,109,421)	(17,572,739)
Total Current tax	(17,109,421)	(17,572,739)
Deferred tax		
Deferred tax income/(expense) recognised in the current year	163,985	(714,850)
Total Deferred tax	163,985	(714,850)
Total taxation expense recognised in the current year	(16,945,436)	(18,287,589)
Reconciliation between profit		
Profit before tax	68,441,730	67,731,797
Applicable tax rate:	27%	27%
Tax calculated at a statutory tax rate	(18,479,267)	(18,287,585)
Effect of expenses that are not deductible for tax purposes	-	(4)
Prior year adjustment	1,533,831	-
Total taxation expense recognised in statement of comprehensive income	(16,945,436)	(18,287,589)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. Loans and advances

	2024 R	2023 R
Investments in loans recognised at amortised cost	8,779,478,633	8,708,024,020
Investments in loans recognised at fair value through profit and loss	294,296,359	420,182,075
Gross loans and advances	9,073,774,992	9,128,206,095
Expected credit losses	(5,627,330)	(2,435,964)
Net loans and advances	9,068,147,662	9,125,770,131
Maturity of loans and advances		
Current portion	196,893,063	2,076,988,053
Non-current portion	8,871,254,599	7,048,782,078
	9,068,147,662	9,125,770,131

Loans and advances consist of fixed and variable rate loans. Variable rate loans reference JIBAR as the benchmark reference rate.

The average interest rate for the loans during the current reporting period was 9.75% (2023: 9.26%).

All the company's rights and interests to these balances are pledged to iMpumelelo Security SPV 1 (RF) Proprietary Ltd.

Loans and advances recognised at fair value through profit or loss consist of fixed rate loans funded by debt securities with variable rates. Interest rate swaps with matching terms are entered into to minimise the resulting interest rate risk by matching the interest from the loans to the interest on the funding. These Loans and advances are therefore designated as measured at fair value through profit or loss to reduce the accounting mismatch caused by fair value measurement of the interest rate swaps.

The accrued interest balance on loans recognised at amortised cost is R42,440,394 (2023 R95,979,244)

The accrued interest balance on loans recognised at fair value through profit and loss is R0 (2023: R7,972,370)

Fair value adjustments on loans recognised at fair value through profit and loss: R7,186,655 (2023: R12,650,295)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R

14. Derivative financial instruments

2024	Notional contract amount R	Assets R
Interest rate derivatives		
Swaps	2,094,780,000	112,044,772
Interest rate derivatives	2,094,780,000	112,044,772

2024	Notional contract amount R	Assets R
Current	2,094,780,000	112,044,772
Total derivatives	2,094,780,000	112,044,772

2023 - As Restated	Notional contract amount R	Assets R
Interest rate derivatives		
Swaps	434,860,000	12,854,981
Interest rate derivatives	434,860,000	12,854,981

2023 - As Restated	Notional contract amount R	Assets R
Current	434,860,000	12,854,981
Total derivatives	434,860,000	12,854,981

The prior year Notional contract amount has been restated from R12,854,981 to R434,860,000, resulting in a change of R422,005,019. The note has now been restated to correct the error and there is no direct impact to the Statement of profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash flows and Statement of Changes in Equity.

15. Deferred tax

15.1 Deferred tax

	Balance at the beginning of reporting year	Recognised in profit or loss	Balance at the end of the reporting year
	R	R	R
2024			
Loans and advances measued at amortised cost	453,850	457,778	911,628
Loans and advances held at fair value through profit or loss	3,417,997	(1,932,530)	1,485,467
Derivatives financial instruments	(3,415,656)	1,638,737	(1,776,919)
	456,191	163,985	620,176

	Balance at the beginning of reporting year	Recognised in profit or loss	Balance at the end of the reporting year
	R	R	R
2023			
Loans and advances measued at amortised cost	401,936	51,914	453,850
Loans and advances held at fair value through profit or loss	7,282,786	(3,864,789)	3,417,997
Derivatives financial instruments	(6,513,681)	3,098,025	(3,415,656)
	1,171,041	(714,850)	456,191

Deferred tax assets	620,176	456,191
Total deferred tax	620,176	456,191

16. Cash and cash equivalents

Cash and bank balances	103,681,619	89,268,297
Gross Cash and Cash Equivalents	**103,681,619**	**89,268,297**
Expected credit losses	-	(365,571)
Net Cash and Cash Equivalents	**103,681,619**	**88,902,726**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R

17. Share capital

17.1 Share capital

	Authorised number of shares	Issued number of shares	Authorised Amount	Issued Amount	Price per share
			R	R	R
2024					
Ordinary shares of no par value per share	100	10	100	10	1
			100	10	
2023					
Ordinary shares of no par value per share	100	10	100	10	1
			100	10	

Unissued shares

The unissued shares are under the control of the directors as at the reporting date, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

There were no shares issued during the current or prior reporting period. All shares Issued by the Company were fully paid up.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R

17. Share capital (continued)

17.2 Preference share capital

	Authorised number of shares	Issued number of shares	Authorised Amount	Issued Amount	Price per share
			R	R	R
2024					
Preference shares	50	1	50	1	1
			50	1	
2023					
Preference shares	50	1	50	1	1
			50	1	

Unissued shares

The unissued shares are under the control of the directors as at the reporting date, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

There were no shares issued during the current or prior reporting period. All shares Issued by the Company were fully paid up.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024 R	2023 R

18. Trade and other receivables

18.1 Other receivables

	2024 R	2023 R
Amounts owed by related parties	6,536	179,571
Other receivables	27,589	-
Total Other receivables	34,125	179,571

The other receivables amount relates to an underpayment from one of iMpumelelo's clients and the amounts owed by related parties relate to accrued interest on iMpumelelo call account sitting with Absa Bank.

19. Trade and other payables

19.1 Trade payables

	2024 R	2023 R
Trade payables	3,258,182	808,839
Total trade payables	3,258,182	808,839

19.2 Other payables

	2024 R	2023 R
Amounts owing to related parties	1,516,775	3,997,167
Total Other payables	1,516,775	3,997,167
Total trade and other payables	4,774,957	4,806,006

20. Debt securities in issue

20.1 Debt securities held at amortised cost

	2024 R	2023 R
Commercial paper	9,245,171,604	9,172,632,938
	9,245,171,604	9,172,632,938
Total Debt securities in issue	9,245,171,604	9,172,632,938

20.2 Debt securities in issue

Current portion

	2024 R	2023 R
Debt securities held at amortised cost	9,245,171,604	9,172,632,938
	9,245,171,604	9,172,632,938

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. Debt securities in issue (continued)

20.3 Summary of terms

Notes issued consist of unlisted notes bearing floating interest rates referencing to either Prime or JIBAR.

The average interest rate for the unlisted notes for the current year under review was 8.93% (2023: 8.57%).

In terms of the Security SPV guarantee, iMpumelelo Security SPV 1 (RF) Ltd holds and can realise security for the benefits of the noteholders in the event of a default. In brief, the security consists of the Company's rights, title and interests in and to the bank accounts and permitted investments, the collateral and all other benefits and rights flowing from the aforementioned rights and interests. The default event that drives the guarantee is iMpumelelo CP Note Programme 1 (RF) Limited defaulting on the notes and not the underlying borrowers defaulting on their loans.

The South African Reserve Bank (SARB) has confirmed that the Johannesburg Interbank Average Rate (JIBAR) will cease to exist from 2026 to be replaced by the South African Overnight Index Average (ZARONIA) in line with the global trend to transition away from Interbank Offered Rates ("IBORs").

The SARB Market Practitioners Group (MPG), a joint public-private body has been mandated to facilitate decisions on the use of ZARONIA as an alternative reference rate for financial contracts to replace JIBAR. At a Group level, Absa participates in the SARB's MPG which is preparing for the transition of JIBAR to ZARONIA at an industry level.

The JIBAR transition timeline indicates that a formal announcement of the cessation of JIBAR will be made during 2025, and that the benchmark will be discontinued before the end of 2026.

21. Cash (used in) operating activities

	2024 R	2023 R
Profit before tax	68,441,730	67,731,798
Adjustments for:		
Interest income	(871,898,867)	(831,547,918)
Interest expense	806,045,225	773,409,019
Expected credit losses	2,825,795	320,451
Net (gain) on financial assets designated as at fair value through profit or loss	(12,524,001)	(16,892,790)
Cash flow (used in) operating activities before changes in operating assets and liabilities	(7,110,118)	(6,979,440)
Changes in operating assets and liabilities		
Decrease in trade and other receivables	145,446	617,869
(Decrease)/increase in trade and other payables	(31,050)	2,930,125
Total changes in working capital	**114,396**	**3,547,994**
Cash (used in) operations	**(6,995,722)**	**(3,431,446)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024 R	2023 R
22. Dividends paid		
Dividends declared during the current year	(65,000,000)	(42,500,000)
Dividends paid	(65,000,000)	(42,500,000)
23. Interest received		
Interest income recognised in profit and loss	871,898,867	831,547,918
Accrued interest receivable at the beginning of the year	104,131,186	107,739,383
Accrued interest receivable at the end of the year	(42,440,394)	(104,131,186)
Total interest received	933,589,659	835,156,115
24. Interest paid		
Interest expense recognised in profit and loss	(806,045,225)	(773,409,019)
Accrued interest payable at the beginning of the year	(135,728,163)	(92,389,378)
Accrued interest payable at the end of the year	208,366,829	135,728,163
Total interest paid	(733,406,559)	(730,070,234)
25. Taxation paid		
Tax (payable)/receivable at the beginning of the year	(1,622,642)	4,709,679
Current tax expense	(17,109,421)	(17,572,739)
Prior year tax under provision or adjustment	153,987	
Refund received from SARS	(65,177)	(7,040,049)
Tax (receivable)/payable at the end of the year	(1,016,515)	1,622,642
Taxation paid	(19,659,768)	(18,280,467)

26. Reconciliation of changes in liabilities arising from financing activities

2024	Debt securities in issue	Total
	R	R
Balance at the beginning of the reporting period	9,172,632,938	9,172,632,938
Issue of instruments	9,036,804,775	9,036,804,775
Redemption of instruments	(9,036,904,775)	(9,036,904,775)
Interest paid	(733,406,559)	(733,406,559)
Interest accrued	806,045,225	806,045,225
Balance at the end of the reporting period	9,245,171,604	9,245,171,604

2023	Debt securities in issue	Total
	R	R
Balance at the beginning of the reporting period	8,529,354,153	8,529,354,153
Issue of instruments	9,036,904,775	9,036,904,775
Redemption of instruments	(8,436,964,775)	(8,436,964,775)
Interest paid	(730,070,234)	(730,070,234)
Interest accrued	773,409,019	773,409,019
Balance at the end of the reporting period	9,172,632,938	9,172,632,938

27. Credit Risk Reconciliation of Expected Credit Loss Allowance

	Balances at the beginning of the reporting period	Current period provision	Reductions due to disposals / derecognition of financial assets	Balance at the end of the reporting period
	R	R	R	R
2024				
Cash and cash equivalents				
Stage 1	(365,571)	365,571	-	-
Total expected credit losses	(365,571)	365,571	-	-
Loans and advances				
Stage 1	(2,435,964)	(3,573,452)	382,086	(5,627,330)
Total expected credit losses	(2,435,964)	(3,573,452)	382,086	(5,627,330)

During the current financial year, gross loans and advances decreased to R9,073,774,993 , a decrease of R54,431,101 from prior year. New provisions are mainly due to changes in credit outlook on some of iMpumelelo's assets.

27. Credit Risk Reconciliation of Expected Credit Loss Allowance (continued)

	Balances at the beginning of the reporting period	Current period provision	Reductions due to disposals / derecognition of financial assets	Originated/ purchased credit impaired assets	Balance at the end of the reporting period
	R	R	R	R	R
2023					
Cash and cash equivalents					
Stage 1	(2,788)	(362,783)	-	-	(365,571)
Total expected credit losses	(2,788)	(362,783)	-	-	(365,571)
Loans and advances					
Stage 1	(2,478,296)	960,238	667,850	(1,585,756)	(2,435,964)
Total expected credit losses	(2,478,296)	960,238	667,850	(1,585,756)	(2,435,964)

28. Financial instruments

28.1 Categories of Financial instruments

	Fair Value through Profit/Loss - Mandatorily	Fair Value through Profit/Loss - Designated	Total - Fair Value through Profit/Loss	Amortised Cost - Debt instruments	Total - Amortised Cost	Total Assets and Liabilities
	R	R	R	R	R	R
2024						
Assets						
Cash and cash equivalents	-	-	**-**	103,681,619	**103,681,619**	**103,681,619**
Trade and other receivables	-	-	**-**	34,125	**34,125**	**34,125**
Loans and advances	-	294,296,359	**294,296,359**	8,773,851,303	**8,773,851,303**	**9,068,147,662**
Derivative financial instrument assets	112,044,772	-	**112,044,772**	-	**-**	**112,044,772**
Total	**112,044,772**	**294,296,359**	**406,341,131**	**8,877,567,047**	**8,877,567,047**	**9,283,908,178**
Liabilities						
Trade and other payables	-	-	**-**	4,774,957	**4,774,957**	**4,774,957**
Debt securities in issue	-	-	**-**	9,245,171,604	**9,245,171,604**	**9,245,171,604**
Total	**-**	**-**	**-**	**9,249,946,561**	**9,249,946,561**	**9,249,946,561**

28. Financial instruments (continued)
28.1 Categories of Financial instruments (continued)

	Fair Value through Profit/Loss - Mandatorily	Fair Value through Profit/Loss - Designated	Total - Fair Value through Profit/Loss	Amortised Cost - Debt instruments	Total - Amortised Cost	Total Assets and Liabilities
	R	R	R	R	R	R
2023						
Assets						
Cash and cash equivalents	-	-	-	88,902,726	**88,902,726**	**88,902,726**
Trade and other receivables	-	-	-	179,571	**179,571**	**179,571**
Loans and advances	-	420,182,075	**420,182,075**	8,705,588,056	**8,705,588,056**	**9,125,770,131**
Derivative financial instrument assets	12,854,981	-	**12,854,981**	-	-	**12,854,981**
Total	**12,854,981**	**420,182,075**	**433,037,056**	**8,794,670,353**	**8,794,670,353**	**9,227,707,409**
Liabilities						
Trade and other payables	-	-	-	4,806,006	**4,806,006**	**4,806,006**
Debt securities in issue	-	-	-	9,172,632,938	**9,172,632,938**	**9,172,632,938**
Total	-	-	-	**9,177,438,944**	**9,177,438,944**	**9,177,438,944**

29. Risk management

29.1 Capital risk management

The Company monitors capital on the basis of the relationship between debt and equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of ordinary dividends paid to the shareholder. There are no externally imposed capital requirements on the Company.

Oversight of risk management is the responsibility of the Company's management, the management team satisfies itself that an effective control environment exists within the Company and that all major risks are adequately managed and that a structure exists which ensures good corporate governance practices.

29.2 Financial risk management objectives

The Company's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company's risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Company is exposed are credit risk, market risk and liquidity risk.

Management of financial risk

The Company issues contracts that transfer financial risk. This section summarises the risks and the way the Company manages them.

	2024	2023
	R	R

29. Risk management (continued)

29.3 Market risk

Market risk is the risk of a reduction in the Company's earnings or capital due to:

- Traded market risk: The risk of the Company's earnings or capital being adversely impacted due to changes in the level or volatility of prices affecting the positions undertaken in its business operations. This may include but is not limited to changes in interest rates, credit spreads, commodity prices, equity prices and foreign exchange levels.

- Non-traded market risk: The risk of the Company exposed to interest rate risk arising from loans and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates.

The Company's market risk management objectives include: the protection and enhancement of the Statement of Financial Position and Statement of Comprehensive Income and facilitating business growth within a controlled and transparent risk management framework.

29.4 Interest rate risk management

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity management section of this note.

29. Risk management (continued)

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for the non-derivative instruments at the end of the reporting period. For both floating rate assets and liabilities, the analysis is prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Some of the loans and advances disclosed in note 13 and the debt securities issued as disclosed in note 20, are sensitive to changes in market interest rates and as such expose the company to interest rate risk.

Number of basis points change used in sensitivity analysis:	100	100

If interest rates had been changed higher/lower as indicated above and all other variables were held constant the Company's:

	Increase in interest rates 2024	Decrease in interest rates 2024	Increase in interest rates 2023	Decrease in interest rates 2023
Increase/(decrease) in interest received	87,370,448	(87,370,448)	85,970,448	(85,970,448)
(Increase)/decrease in interest paid	(72,668,048)	72,668,048	(89,161,947)	89,161,947
Increase/(decrease) in profit before taxation	14,702,400	(14,702,400)	(3,191,499)	3,191,499

29. Risk management (continued)

29.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Corporate loans and most of the Commercial Property Finance (CPF) loans are extended on an unsecured basis, and no specific collateral is held against these exposures. Some of the CPF loans are secured by a portfolio of properties pledged to a number of facility providers (of which the company is one). The value of the collateral is taken into account in the LGD (loss given default) parameter of the impairment model as credit mitigation.

	Gross maximum exposure R	12 months expected credit losses-Stage 1 R
Maximum credit risk exposure		
2024		
Cash and cash equivalents	103,681,619	103,681,619
Loans and advances	9,073,774,993	9,073,774,993
Trade and other receivables	34,125	34,125
Total gross maximum exposure credit risk	9,177,490,737	9,177,490,737
Expected credit losses	(5,627,330)	(5,627,330)
Total net exposure to credit risk as disclosed on the statement of financial position	9,171,863,407	9,171,863,407
Total financial assets per the statement of financial position	9,171,863,407	9,171,863,407

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024 R	2023 R

29. Risk management (continued)
29.5 Credit risk (continued)

	Gross maximum exposure R	12 months expected credit losses-Stage 1 R
Maximum credit risk exposure		
2023		
Cash and cash equivalents	89,268,297	89,268,297
Loans and advances	9,128,206,095	9,128,206,095
Trade and other receivables	179,571	179,571
Total gross maximum exposure credit risk	9,217,653,963	9,217,653,963
Expected credit losses	(2,801,535)	(2,801,535)
Total net exposure to credit risk as disclosed on the statement of financial position	9,214,852,428	9,214,852,428
Total financial assets per the statement of financial position	9,214,852,428	9,214,852,428

	2024	2023
	R	R

29. Risk management (continued)

29.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company 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.

	2024 R	2023 R

29. Risk management (continued)
29.6 Liquidity risk management (continued)

29.6.1 Liquidity risk tables

29. Risk management (continued)

Maturity analysis for undiscounted financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Less than 1 year R	Total R
2024		
Debt securities in issue	(9,245,171,605)	(9,245,171,605)
Trade and other payables	(4,774,959)	(4,774,959)
	(9,249,946,564)	(9,249,946,564)
2023		
Debt securities in issue	(9,731,687,490)	(9,731,687,490)
Trade and other payables	(4,806,007)	(4,806,007)
	(9,736,493,497)	(9,736,493,497)

29. Risk management (continued)

Maturity analysis for undiscounted financial assets

The following are the contractual maturities of financial assets including estimated interest payments

	Less than 1 year	1 - 3 years	3 - 5 years	Total
	R	R	R	R
2024				
Cash and cash equivalents	103,681,619	-	-	103,681,619
Loans and advances	202,520,394	7,446,724,774	1,424,529,824	9,073,774,993
Trade and other receivables	34,125	-	-	34,125
	306,236,138	7,446,724,774	1,424,529,824	9,177,490,737
2023				
Cash and cash equivalents	88,902,726	-	-	88,902,726
Loans and advances	1,967,339,848	3,080,195,342	5,696,153,220	10,743,688,411
Trade and other receivables	179,571	-	-	179,571
	2,056,422,145	3,080,195,342	5,696,153,220	10,832,770,708

The mechanism of an asset backed commercial paper (ABCP) conduit is to fund long-dated assets with short-term notes. The notes roll on maturity to match the final maturity of the assets. The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

29. Risk management (continued)

Maturity analysis for derivatives instruments

The following table details the Company's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting period.

	Less than 1 year	1 - 3 years	3 - 5 years	Total
	R	R	R	R
2024				
Net settled:				
Interest rate swaps	112,239,019	2,552,315	-	114,791,334
2023				
Net settled:				
Interest rate swaps	7,966,659	7,061,541	1,403,928	16,432,128

30. Fair value hierarchy of assets and liabilities held at fair value

30.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30. Fair value hierarchy of assets and liabilities held at fair value (continued)

30.2 Recurring fair value measurements

	Level 2	Total
	R	R
Financial assets		
2024		
FVTPL-Designated as at FVTPL		
Loans and advances	294,296,359	294,296,359
	294,296,359	**294,296,359**
FVTPL-Mandatorily measured		
Derivative financial instruments assets	112,044,772	112,044,772
	112,044,772	**112,044,772**

2023	**Level 2**	**Total**
	R	R
FVTPL-Designated as at FVTPL		
Loans and advances	420,182,075	420,182,075
	420,182,075	**420,182,075**
FVTPL-Mandatorily measured		
Derivative financial instruments assets	12,854,981	12,854,981
	12,854,981	**12,854,981**

30. Fair value hierarchy of assets and liabilities held at fair value (continued)

30.3 Fair value measurement processes

Valuation techniques for the Level 2 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 in the fair value hierarchy. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

Category of assets	Types of financial instruments	Valuation techniques applied	Significant observable inputs
Loans and advances	loans	Discounted cash flow	Interest rate curves & credit spreads
Derivative financial instruments assets	swaps	Discounted cash flow	Interest rate curves

31. Fair value of financial instruments not held at fair value

31.1 Fair value hierarchy

The following table provides an analysis of the Company's financial assets and financial liabilities that are not measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the instrument's fair value is observable. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined below.

Level 1
Items valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2
Items valued using inputs other than quoted prices as described above for Level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

Level 3
Items valued using significant inputs that are not only based on observable market data. These include inputs based on an entity's own assumptions and assumptions applied by other market participants in pricing similar assets.

	Level 2 R	Total R
2024		
Financial assets		
Loans and advances		
Loans and advances	8,779,478,634	8,779,478,634
	8,779,478,634	**8,779,478,634**
Cash and cash equivalents		
Cash and cash equivalents	103,681,619	103,681,619
	103,681,619	**103,681,619**

31. Fair value of financial instruments not held at fair value (continued)

31.1 Fair value hierarchy (continued)

	Level 2	Total
	R	R
2024		
Trade and other receivables		
Trade and other receivables	34,125	34,125
	34,125	**34,125**

	Level 2	Total
	R	R
2023		
Financial assets		
Loans and advances		
Loans and advances	8,705,588,055	8,705,588,055
	8,705,588,055	**8,705,588,055**
Cash and cash equivalents		
Cash and cash equivalents	88,902,726	88,902,726
	88,902,726	**88,902,726**
Trade and other receivables		
Trade and other receivables	179,571	179,571
	179,571	**179,571**

	Level 2	Total
	R	R
2024		
Financial liabilities		
Trade and other payables		
Trade and other payables	4,774,959	4,774,959
	4,774,959	**4,774,959**

31. Fair value of financial instruments not held at fair value (continued)

31.1 Fair value hierarchy (continued)

	Level 2 R	Total R
2024		
Debt securities in issue		
Debt securities in issue	9,245,171,605	9,245,171,605
	9,245,171,605	**9,245,171,605**

31. Fair value of financial instruments not held at fair value (continued)
31.1 Fair value hierarchy (continued)

	Level 2 R	Total R
2023		
Financial liabilities		
Trade and other payables		
Trade and other payables	4,806,007	4,806,007
	4,806,007	**4,806,007**
Debt securities in issue		
Debt securities in issue	9,172,632,938	9,172,632,938
	9,172,632,938	**9,172,632,938**

31. Fair value of financial instruments not held at fair value (continued)

31.2 Fair value of financial instruments not held at fair value

All of the below financial assets and financial liabilities have carrying amounts that approximate their fair Values. The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because of the short term maturities and market related terms of these assets and liabilities.

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	R	R	R	R
Financial assets				
Cash and cash equivalents	103,681,619	103,681,619	88,902,726	88,902,726
Loans and advances	8,773,851,303	8,773,851,303	8,705,588,056	8,705,588,056
Trade and other receivables	34,125	34,125	179,571	179,571
Total assets	8,877,567,047	8,877,567,047	8,794,670,353	8,794,670,353
Financial liabilities				
Debt securities in issue	9,245,171,604	9,245,171,604	9,172,632,938	9,172,632,938
Trade and other payables	4,774,957	4,774,957	4,806,006	4,806,006
Total liabilities	9,249,946,561	9,249,946,561	9,177,438,944	9,177,438,944

32. Related parties

32.1 Summary of related party relationships

iMpumelelo Owner Trust owns 100% of the ordinary shares in the Company.

Absa Bank Limited invested in 100% of the Preference share capital.

Absa Bank Limited holds 43% (2023: 70%) of the notes issued on behalf of the Company under the Dealer Arrangement Agreement.

Absa Bank Limited has issued a guarantee in respect to 100% of these notes and hence controls the Company in accordance with IFRS 10. The Company is consolidated into Absa Bank Limited. Absa Corporate and Investment Bank, a division of Absa Bank Limited, administers the Company and receives a management fee as compensation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Related parties (continued)

32.2 Details of related party balances

Included in the Statement of financial position are the following balances related to the respective related parties:

	Cash and cash equivalents	Trade and other receivables	Debt securities in issue	Trade and other payables	Preference share capital
	R	R	R	R	R
2024					
Shareholders					
Absa Bank Limited (Preference share holders)	103,681,619	6,536	(4,000,910,693)	(1,517,041)	(1)
Total Shareholders	103,681,619	6,536	(4,000,910,693)	(1,517,041)	(1)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Related parties (continued)
32.2 Details of related party balances (continued)

	Cash and cash equivalents	Trade and other receivables	Debt securities in issue	Trade and other payables	Preference share capital
	R	R	R	R	R
2023					
Shareholders					
Absa Bank Limited (Preference share holders)	89,268,297	179,571	(6,428,957,803)	(3,997,432)	(1)
Total Shareholders	89,268,297	179,571	(6,428,957,803)	(3,997,432)	(1)

Other related parties include Admin fees owed to Absa Bank R1,517,041 (2023: R3,997,432) and interest accrued in call account R6,536 (2023: R179,571)

32. Related parties (continued)

32.3 Details of related party transactions

The related party

	Administration expenses R	Other expenses R	Effective interest income R	Effective interest expense R
2024				
Shareholders				
Absa Bank Limited (Preference share holders)	(6,146,172)	(15,381)	5,872,101	(251,807,560)
Total Shareholders	(6,146,172)	(15,381)	5,872,101	(251,807,560)

	Administration expenses R	Other expenses R	Effective interest income R	Effective interest expense R
2023				
Shareholders				
Absa Bank Limited (Preference share holders)	(6,122,615)	(16,863)	4,237,768	(527,545,010)
Total Shareholders	(6,122,615)	(16,863)	4,237,768	(527,545,010)

Other expenses include Bank charges R15,381 (2023: R16,863)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
	R	R

33. Directors emoluments

Absa Group Limited representative directors are not remunerated for their services by the Company or any company in the Group as defined by the Companies Act. The Company's non-executive directors' fees of R204,257 (2023: R201,995) are paid to TMF Corporate Services (South Africa) Proprietary Limited for non-executive director services provided to the Company.

34. Events after the reporting date

The directors are not aware of any events, after the reporting date, that could materially impact these financials statements as currently presented.

35. New accounting pronouncements

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

The following amendments were effective in the current reporting period commencing 1 January 2024. These amendments had no material impact on the financial results of the Company unless otherwise stated.

35.2 New standards and interpretations not yet adopted

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

Settlement of financial liabilities by electronic payments – IFRS 9

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

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

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

IFRS 19 Subsidiaries without Public Accountability (IFRS 19)

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