RCS CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2024

INCLUDING SUPPLEMENTARY INFORMATION

RCS is a registered Credit and authorised Financial Services Provider.
NCRCP 38/FSP 44481.

RCS
BNP PARIBAS GROUP

CREDIT | LOANS | INSURANCE

CONTENTS

OVERVIEW

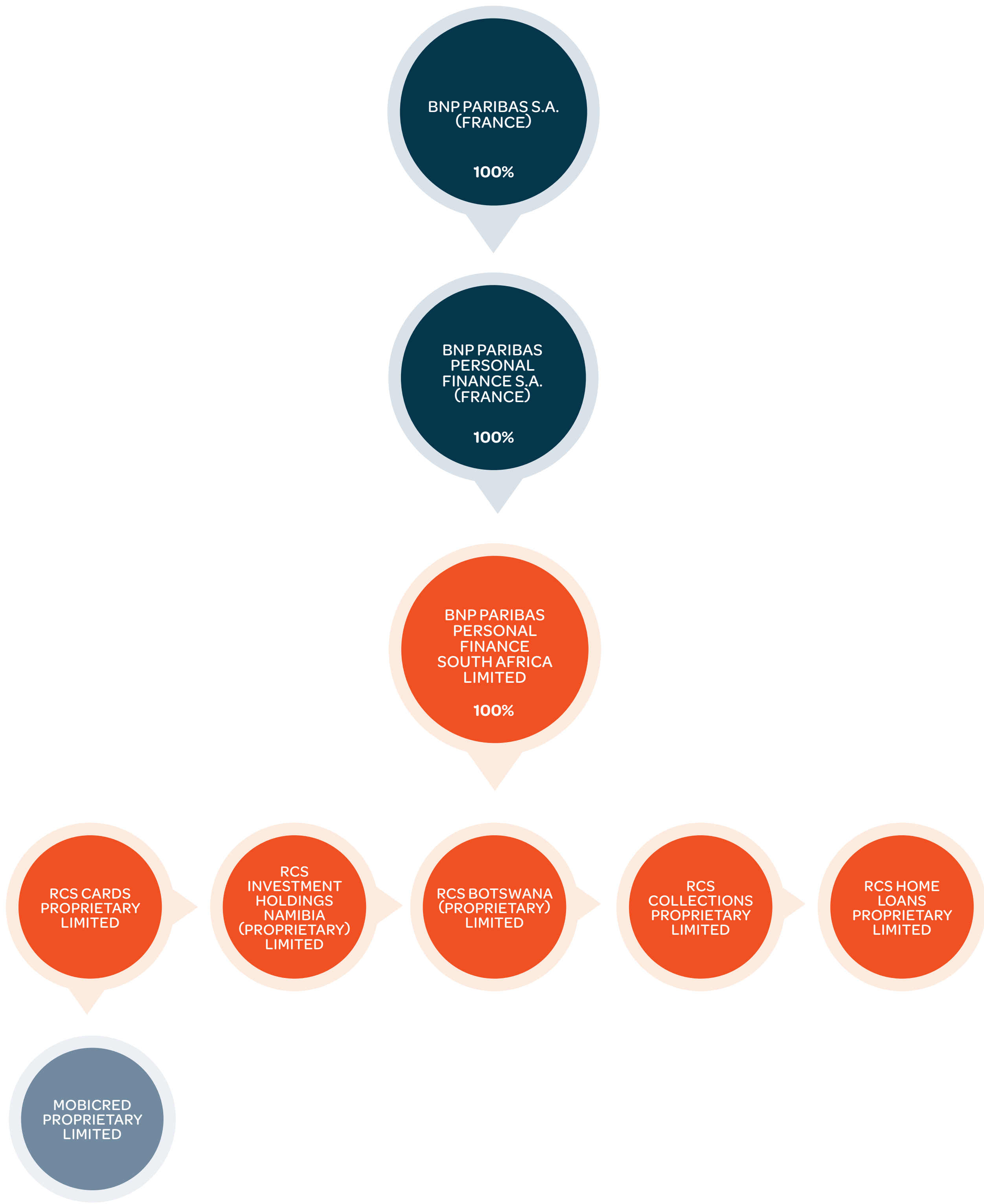
BNP Paribas Personal Finance South Africa Limited and its subsidiaries (hereafter referred to as the "RCS Group") operate in South Africa, Namibia and Botswana.

The RCS Group is a consumer finance business that offers its customers a range of financial services products under its brand names and in association with a number of leading retail and commercial partners. The RCS Group is an independent, JSE debt-listed and highly regulated financial services company. The RCS Group is owned by BNP Paribas Personal Finance Sociètè Anonyme (France) (hereafter referred to as "BNPP"), and the ultimate shareholder is BNP Paribas Sociètè Anonyme (France) (hereafter referred to as "BNP"). The RCS Group's core purpose is to enhance people's lifestyles through innovative and accessible credit financial solutions, serving over 2 million customers, and offers a range of card, loan and insurance products, including the following:

- The RCS Card and various partner-branded cards.
- The Mobicred Virtual Card offering.
- The RCS Credit Card and various partner-branded credit cards.
- RCS Loans.
- RCS Insurance includes Customer Protection Insurance and Accidental Death Cover, as well as Funeral Cover and Personal Accident Cover.

The RCS Group continues to demonstrate growth and innovation in the credit market, offering accessible credit solutions to our customers. For our partners, we provide more than just a technical solution and product. We customise products that integrate people, processes and technology to create value for our partners and their customers.

GROUP STRUCTURE



CEO'S REPORT

OVERVIEW OF THE 2024 FINANCIAL YEAR

2024 signified a very special year for RCS. We celebrated our 25th anniversary as a business along with our dedicated staff, customers, partners and community stakeholders. As I reflect over the 20 years I have had the privilege to serve as a steward of RCS, I am filled with gratitude and appreciation for the many challenges we have endured and even more milestones we have achieved together.

I remain extremely humbled by the testimonials of so many in the last year that have shared the extent of the impact our business has had on them. This included our employees who have always been at the very heart of the decisions we make on a daily basis and create the unique culture we cherish. Our culture is one of our greatest assets and we continue to focus on growing our leadership capability to ensure that this culture is preserved no matter the growth or change in our business. Our community projects and partnerships continue to flourish and expand their reach, which is covered extensively in our Social and Ethics report. It is the desire to make a positive contribution to our stakeholders and society that drives the very passion and resilience in our business.

My heartfelt thanks remains with our loyal customers and partners who entrust us with their business. We will continue to work tirelessly to ensure that we evolve and improve to meet your needs as we know that it is your trust that allows us to meet our commitments and ambitions. There is simply no RCS without you.

In terms of our business performance, I explained last year how our 2023 PBT was lower (but expected) and 2023 was therefore very much considered a re-set year from a financial performance perspective. It necessitated us to deliberately evaluate our business at a very detailed level while revisiting and refining our vision, mission and core purpose for the future success and sustainability of the RCS group. We ensured that we had very clear and focused goals that were successfully cascaded to every level of our business. These goals included holistic financial aspirations, diversification in terms of our partnerships and products, scaling our eCommerce and digital capabilities and customer growth.

I am now pleased to share that our collective efforts have culminated in a reported 2024 PBT of R334m. This is a 29% increase on the previous financial year in a macro-economic environment that continued to present hurdles to our growth ambitions.

We also managed to deliver significant projects during 2024. Most notably:

- Successful onboarding of new, major partnerships across retail and e-tail, while securing existing partnerships
- Delivery several financial optimisation initiatives, improving our overall yield and the profitability we are able to report here
- We consolidated three campuses into a single site at our new head office located at Mutualpark, Pinelands

- Strengthening and diversifying our funding programmes
- The launch a loan programme with the Small Enterprise Foundation (SEF) to support small, female owned businesses in rural communities in South Africa

I would like to thank our Board, my leadership team and all of our staff for their dedication in ensuring that 2024 was a great year.

It is with this positive momentum behind us that I am confident that we can elevate our performance and impact to a new level for 2025 and beyond – we want to be the leading consumer finance business in South Africa. We have once again set ourselves ambitious goals for the year. These include transforming the way we attract and serve an evolving customer, while ensuring that our underlying platforms and products are future proof. These transformational goals will be driven alongside the financial commitments we have made and our ongoing responsibility to all of our stakeholders.

Regan Adams
Chief Executive Officer

CEO’S REPORT

THE BOARD OF DIRECTORS

OVERVIEW AND COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the board of directors (hereafter referred to as the "Board"), is regulated by BNPP, the sole shareholder of the RCS Group, in terms of the RCS Group's Memorandum of Incorporation, and is deemed to be adequate and appropriate.

The Board recognises and embraces the benefits of having a diverse company and appreciates that diversity is an essential component for sustaining a competitive advantage. The Board is committed to ensuring an inclusive culture at board level, where directors believe that their views are heard, their concerns are attended to, and they serve in an environment where bias, discrimination and harassment are not tolerated. These principles are included in the Board's Terms of Reference.

The Board is committed to transformation while balancing this with the requirements of a foreign shareholder that are guided by BNPP with respect to board representation. During the course of the 2024 financial year, the RCS Group made announcements regarding changes to its Directors' appointments and resignations. These changes were predominantly as a result of changes in organisation at BNPP and are detailed on page 61 of this report.

The RCS Group would like to thank Tonia Pavlou, Patrick Alexandre, Patrick Miron de L'Espinay, Kieran Fahy and Schalk van der Merwe for their services as directors.

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

EDWIN ("EDDY") OBLOWITZ (67)
Appointed: 2015
Lead Independent, Non-executive Director

Qualifications:

- B.Com (Accounting)
- CA (SA)
- CPA (Isr)

Experience:
Edwin has vast audit, finance and business advisory experience having spent over 20 years in professional practice, most notably as an International Partner at Arthur Andersen including serving as Senior Partner of their Cape Town, Durban and Port Elizabeth offices. Eddy is the Principal at Contineo Financial Services which provides specialist advisory and fiduciary services to high net worth South African and international families and their entities. In addition to holding the position of Lead Independent Non-executive Director, Eddy serves as Chairman of the Board Audit and Risk and Social and Ethics Committees and as a member of the Credit Risk and Assets and Liabilities Committees with the RCS Group. Eddy also holds positions as Non-executive Director at certain listed and unlisted companies outside of the RCS Group, as well as being appointed in differing fiduciary capacities to various entities.

Amongst his other appointments, he holds the following positions at listed companies outside of the RCS Group: Independent Non-executive Director, Chairman of the Audit and Remuneration Committees and member of the Risk Committee of The Foschini Group Ltd; Independent Non-executive director and Chairman of the Remuneration Committee, Member of the Audit and Risk Committees of Fortress Real Estate Investments Limited.

Roles and responsibilities of the Lead Independent, Non-executive Director:

- Briefs the CEO/Chairman of the Board on issues and concerns relevant to the RCS Group;
- Enables access to information to assist the Board in monitoring the RCS Group's performance and the performance of management;
- Ensures the Board is advised on country, industry and market best practice governance standards;
- Aids in the distribution of information to directors;
- Provides support and advice to the CEO/Chairman of the Board;
- Represents the Board on various sub-committees;
- Advises the Board on ad hoc strategic matters; and
- Provides expert, independent advice to the Board.

NON-EXECUTIVE DIRECTORS

BENOIT CAVELIER (62)
Appointed: 2014
Independent Non-executive Director

Qualifications:
- BA
- LLB
- Finance speciality qualification, Tours Business School
- CA (FR)

Experience:
Benoit has over 30 years' experience in finance and consumer finance lending. Prior to running his own consultancy, Expertise Comptable et Amélioration de la Performance, Benoit held a number of senior management roles at BNPP, including that of Deputy Chief Executive Officer of Personal Finance.

NON-EXECUTIVE DIRECTORS (CONTINUED)

BLAGOY BOCHEV (53)
Appointed: 2024
Non-Executive Director

Qualifications:
- MBA
- CFA

Experience:
Blagoy has over 25 years of experience in finance and banking and has held a number of management positions within BNPP. Blagoy is currently a Senior Country Management Officer for EMEA, serving on several supervisory boards within the region.

NON-EXECUTIVE DIRECTORS (CONTINUED)

VINCENT METZ (55)
Appointed: 2024
Non-executive Director

Qualifications:
- Ecole Normale Supérieure (French higher education institution), specialization in pure mathematics
- Financial Modeling and Mathematical Methods in Economy qualification, Ecole Polytechnique and University Paris 1

Experience:
Vincent has over thirty years of experience in finance and consumer lending. He is responsible for several countries within BNPP. Vincent is a multi-specialist in specialised financial services, with various experiences in M&A, partnership management, finance, risk, sales and marketing. Vincent has taken on the role of Chairman of the Main Board, Remuneration, Asset and Liability, and Credit Risk Committees of the RCS Group.

He holds the following positions at companies outside of the RCS Group, Member of the Supervisory Board of JSC Ukrsibbank (Ukraine) – Group BNP Paribas, Member of the Supervisory Board of BNP Paribas Polska (Poland) – Group BNP Paribas, Member of the Supervisory Board of BNPP El Djazair (Algeria) – Group BNP Paribas and Chairman of the Board of TEB Finansman AS (Türkiye) – Group BNP Paribas.

Independence:
The RCS Group is a wholly owned subsidiary of the multinational banking and financial services group, BNPP a company listed on the Paris Stock Exchange. The Chairman is a senior executive of the shareholder and is appointed by the shareholder.

NON-EXECUTIVE DIRECTORS (CONTINUED)

MICHEL FALVERT (58)
Appointed: 2024
Non-Executive Director

Qualifications:
- MBA (ESSEC Business School / 1987)
- Master in Statistics and Economy (ENSAE / French Engineer school / 1989)

Experience:
Michel Falvert is Heading the Strategy and Development Department in BNP Paribas Personal Finance.

He has over thirty years' experience in finance, Strategy and Corporate Development.

His career includes 5 years in Consulting (strategy and Marketing, GEMINI consulting), 5 years in Private Equity (Paribas) , 25 years in the Banking Industry (BNP Paribas)

He holds the following positions at companies outside of the RCS Group: Board Member of Stellantis Bank and Member of the Risk Committee, Board Member of UCI (JV with Santander in mortgage in Spain).

EXECUTIVE DIRECTORS

REGAN ADAMS (53)
Appointed: 2011
Executive Director

Qualifications:
- B.Sc Engineering (Electrical & Electronics)
- B.Com
- B.Com Hons (Financial Analysis & Portfolio Management, Investments & Securities)

Experience:
Regan was appointed as CEO of the RCS Group in 2016. Having been an executive director since 2004, Regan has had experience in a number of senior roles in the RCS Group, most notably as Chief Operating Officer and Chief Commercial Officer. Before joining the RCS Group in 2004, Regan was a senior manager at Capital One Financial Corporation in engineering management.

Outside of the RCS Group, Regan holds the position of Chairman of the Cape BPO Board

Regan is also a Trustee of Hillsong Africa Foundation and serves as a non-executive director of iHub Africa, an NPO innovation hub focused on training youth from disadvantaged backgrounds in digital marketing skills for employment.

Notice period:
It is our policy that the CEO has an employment contract with the RCS Group which may be terminated with three calendar months' notice. Included in this agreement are the clauses pertaining to restraint of trade and non-solicitation.

Succession plan:
Succession planning is done at the BNPP level with regard to the position of CEO at the RCS Group. This is further strengthened by a formal talent programme, Leaders for Tomorrow.

Leaders for Tomorrow is BNPP's integrated talent strategy and is a structured programme that focuses on identifying and developing leadership talent, preparing the next group of leaders and broadening diversity among senior leadership. The ultimate goal of this group-wide programme is to prepare the succession of employees who are able to progress to executive committee positions. All executive directors are part of the Leaders for Tomorrow talent programme.

EXECUTIVE DIRECTORS (CONTINUED)

MARINÉ VAN BRAKEL (42)
Appointed: 2019
Executive Director

Qualifications:
- B.Com (Accounting)
- B.Com Hons (Accounting)
- CA (SA)

Experience:
Mariné is Deputy CEO, CFO and the COO of the RCS Group. Mariné joined the RCS Group in 2014, where she was promoted through the Finance department to ultimately being appointed Chief Financial Officer (CFO) in December 2019. Prior to this, Mariné was the finance executive and deputy to the CFO. Mariné joined the RCS Group from KPMG where she gained valuable international experience in her capacity as Corporate Audit Manager and Management Consultant in the United Kingdom.

Mariné is a Non-Executive board member of the Kunste Onbeperk NPC.

MEETINGS AND QUORUM

The Board meets three times a year and a quorum comprises a majority of directors of the RCS Group provided that at least one BNPP Designated Director is present at the meeting.

EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY

The Board is assessed annually by way of an internally conducted process that deals with the performance effectiveness of the Board and its various sub-committees. Each Board member is given a confidential questionnaire to complete regarding the effectiveness of the Board and the Board sub-committees.

The assessment includes an evaluation of the following:

- whether the diversity of the Board is appropriate;
- the number of meetings held;
- whether there is sufficient support for the Board;
- whether the decision-making process is appropriate;
- whether the Board is kept abreast of developments in the RCS Group; and
- whether the Board was afforded access to management and exposure to operations.

The results of the questionnaires are reviewed by the Company Secretary who summarises the results and identifies any improvement areas that the Board needs to consider. This is then communicated to the Board at the upcoming board meetings, and a plan to address these areas is agreed upon and is implemented. The Board then assesses the progress made in each of the areas.

The Board was comfortable with the results of the assessment for the year ended 31 December 2024 for both the Board and the Board sub-committees. The Board is satisfied that it continues to function well and that the directors have fulfilled their responsibilities in accordance with the Board's Terms of Reference.

DELEGATION OF AUTHORITY

The Board of Directors delegated specific responsibilities to Board sub-committees and management, each with its own Terms of Reference that defines its responsibilities. The committees aim to review their respective Terms of Reference annually and undertake an annual performance evaluation.

The Board confirms that the sub-committees functioned in accordance with the provisions contained in their respective Terms of Reference during the financial period ended 31 December 2024.

The roles and responsibilities of each sub-committee are disclosed on pages 20-24.

COMPANY SECRETARY

The Board assesses, as part of the annual Board evaluation process, whether the Company Secretary has fulfilled her required obligations and duties. The assessment questionnaire gives the Board the opportunity to not only evaluate the Company Secretary but to raise any concerns they may have.

The Board is confident that the Company Secretary is suitably qualified, competent and an experienced individual who is able to provide the Board with the necessary support to fulfil its purpose and its duties as prescribed by the Companies Act, the King IV Report on Corporate Governance for South Africa and the JSE Debt and Specialist Securities Listings Requirements.

THE BOARD COMMITTEES

OVERVIEW

The RCS Group has the following Board sub-committees: Audit and Risk; Social and Ethics; Credit Risk; Asset and Liability and Remuneration Committees. The composition of each committee is reviewed annually. The sub-committees, comprising directors, executives and senior management, deal with specific risks facing the RCS Group, in a structured manner and in accordance with Board-approved Terms of Reference. The subcommittee members are satisfied that they have fulfilled their responsibilities in accordance with the subcommittees' Terms of Reference for the year ended 31 December 2024 Board and sub-committee attendance

The attendance of directors at Board meetings as well as members and invitees of sub-committees at subcommittee meetings for the reporting period was as follows:

	Board	Board Audit and Risk Committee		Remuneration Committee		Asset and Liability Committee		Social and Ethics Committee		Credit Risk Committee	
		Member	Invitee	Member	Invitee	Member	Invitee	Member	Invitee	Member	Invitee
Number of meetings	3	3	3	1	1	3	3	2	2	3	3
Edwin Oblowitz	3/3	3/3	-	-	-	-	2/3	2/2	-	-	2/3
Vincent Metz^	3/3	3/3	-	-	-	3/3	-	2/2	-	3/3	-
Blagoy Botchev^	1/3	2/3	-	-	-	3/3	-	1/2	-	3/3	-
Claire Lauzeral***	2/3	2/3	-	-	-	0/3	-	1/2	-	2/3	-
Benoit Cavelier^^	3/3	3/3	-	-	1/1	3/3	-	2/2	-	2/3	-
Schalk van der Merwe*	1/3	-	1/3	-	-	-	1/3	-	1/2	-	2/3
Mariné van Brakel^^	3/3	-	3/3	-	-	2/3	-	2/2	-	-	2/3
Michel Falvert^*	1/3	1/3	-	-	-	-	0/3	1/2	-	-	2/3
Tonia Pavlou**	2/3	-	2/3	-	-	-	2/3	-	1/2	-	2/3
Patrick Miron L'Espinay*	0/3	1/3	-	-	-	0/3	-	0/2	-	0/3	-
Kieran Fahy*	1/3	-	0/3	-	-	0/3	-	-	0/2	-	0/3
Regan Adams	3/3	-	3/3	1/1	-	3/3	-	2/2	-	3/3	-
Patrick Alexandre*	1/3	0/3	-	-	-	0/3	-	0/2	-	0/3	-
Tali Anderssen (Company Secretary)	3/3	-	3/3	-	-	-	2/3	-	2/2	-	2/3
RCS Group Representatives†	3/3	-	3/3	-	1/1	-	3/3	-	2/2	-	3/3
Shareholder Representatives†	-	-	3/3	-	1/1	-	3/3	-	2/2	-	3/3
External Auditors	-	-	3/3	-	-	-	-	-	-	-	-
Internal Auditors	-	-	3/3	-	-	-	-	-	-	-	-

* Resigned May 2024
** Resigned August 2024
*** Appointed March 2024, Resigned September 2024
^ Appointed March 2024
^* Appointed October 2024
^^ Role change.
† The representatives attending committee meetings are specialists in their relevant fields.

BOARD AUDIT AND RISK COMMITTEE

Responsibility and Function

The main objectives of the Board Audit and Risk Committee is to assist the Board in respect of the following:

- Commenting on the integrity of the RCS Group's financial statements and accounting practices and overseeing the effectiveness of the internal control function;
- Reviewing, on an annual basis, the expertise, resources and experience of the finance function;
- Overseeing the internal audit function;
- Monitoring, reviewing and providing assurance regarding the effectiveness of the RCS Group's overall internal and enterprise risk management systems pursuant to the shareholder's requirements. This includes overseeing the effectiveness and quality of the internal control framework, the consistency of measurement systems and risk control. For this purpose, the Audit and Risk Committee collects all the elements necessary for such assessment from the following independent control functions: Internal Audit, Enterprise Operational Risk, Risk Management Permanent Control, Legal and Compliance;
- Overseeing the effectiveness and quality of the Financial Security Framework according to the shareholder's requirements;
- Reviewing and ensuring that the RCS Group's significant areas of risk are assessed and adequately addressed, including but not limited to:
  - Financial reporting risks;
  - Internal financial controls;
  - Fraud risk; and
  - Information technology risks;
- Assisting the Board in carrying out its information technology governance responsibilities;
- Recommending the appointment of the external auditor and overseeing the external audit process; and
- Maintaining open lines of communication between the Board and the RCS Group's risk management, internal and external auditors and compliance officers.

Key focus areas include

- Manage cyber security risks;
- Conduct annual evaluations of the internal auditors;
- Focus on the tone at the top, culture, ethics and hotline monitoring;
- Engage in the identification of potential issues;
- Understand plans to address new accounting and regulatory requirements;
- Increase the focus on risk oversight and assessment; and
- Periodically reassess the list of top risks, determining who in management and which Board committee is responsible for each.

THE BOARD COMMITTEES

CONTINUED

SOCIAL AND ETHICS COMMITTEE

Responsibility and Function

The RCS Group's philosophy is underpinned by the realisation that there is a need to turn wealth into sustainable economic growth and development. Through its business endeavours, the RCS Group seeks to act as a catalyst for development and to make a lasting and important social, economic and environmental contribution to the regions in which the RCS Group operates.

The purpose of the Social and Ethics Committee is to:

- Amongst other things, monitor the RCS Group's social and economic development and fulfil the functions required in terms of the Companies Act of South Africa;
- Monitor and report on the manner and extent to which the RCS Group protects, enhances and invests in the economy, society and the environment in which the RCS Group operates in order to ensure that its business practices are sustainable; and
- Review and consider local economic development opportunities to enable historically disadvantaged South Africans to develop economically and socially.

Key focus areas include

- Consumer education;
- Monitoring the employment equity plans and BBBEE
- Ethics governance;
- Staff wellness and welfare;
- Group sustainability; and
- CSR strategy

CREDIT RISK COMMITTEE

Responsibility and Function

The main responsibilities of the Credit Risk Committee are as follows:

- Oversee the RCS Group's Risk Control Framework;
- Oversee the RCS Group's Risk Appetite Framework which includes the risk appetite statement, risk limits and tolerances;
- Oversee the critical credit risk metrics and the RCS Group's bad debt performance trends;
- Oversee the RCS Group's Risk Policy including formal approval of modifications and tracking the impact of policy and scorecard changes;
- Discuss and challenge credit proposals to make sure they are in accordance with the RCS Group's risk appetite;
- Provide feedback on new products and initiatives affecting the credit risk;
- Discuss and analyse the macro-economic impacts affecting the RCS Group's credit risk;
- Oversee the collection and recoveries performance;
- Analyse and track the cost of risk and the portfolios bad debt provision;
- Oversee the efficiency of the RCS Group's credit decision system, its credit scorecard and the risk tools;
- Oversee impacts of regulatory changes on the credit risk of the RCS Group;
- Report on the data quality and data governance framework;
- Oversee fraud prevention process; and
- Liaise with Audit and Risk Committee on relevant matters.

Key focus areas include

- Track and follow up policy changes and impacts of regulatory changes;
- Leverage the new behavioural scorecards for the cross-selling of products to existing customers;
- Regular tracking of scorecard implementation efficacy and related operational considerations;
- Ongoing monitoring of the IFRS 9 provisioning method;
- Evaluate progress of the data quality project; and
- Close monitoring of risk performance trends on new granting across the RCS Group portfolio.

ASSET AND LIABILITY COMMITTEE

Responsibility and Function

The main responsibilities of the Asset and Liability Committee are as follows:

- Liquidity risk management, as guided by BNPP, including:
  - Structural liquidity;
  - Funding diversification (source and tenor);
  - Investment requirements;
  - Liquidity coverage;
- Interest rate risk management;
- Foreign currency risk management;
- The RCS Group capital management;
- Oversight of Domestic Medium Term Notes Programme;
- Monitoring of solvency and liquidity; and
- Funding plans.

Key focus areas include

- Maintain adequate capital levels; and
- Monitor liquidity and funding requirements and related risk diversification.

THE BOARD COMMITTEES

CONTINUED

REMUNERATION COMMITTEE

Responsibility and Function

The Committee has an independent role and governs and approves:

- All remuneration matters in respect of staff, executives and directors;
- Remuneration increases for non-executive directors from time to time;
- Annual cycle base level salary increases in respect of all employees; and
- The aggregate short-term incentive bonus pool and long-term incentive bonus pool.

The committee further ensures that

- The RCS Group remunerates executive directors and non-executive directors fairly and responsibly;
- The disclosure of directors' remuneration is accurate, complete and transparent; and
- The RCS Group's overall remuneration philosophy promotes the achievement of the RCS Group's strategic objectives, encourages individual performance and rewards sustainable value creation.

The Committee further performs all the functions necessary to fulfil its role as stated above, including but not limited to the following:

- Reviews the RCS Group's remuneration philosophy and policies for directors and staff;
- Ensures that the remuneration strategy reflects the interests of stakeholders, is comparable to the general remuneration environment in the industry and complies with relevant principles of good corporate governance;
- Considers whether the objectives of the remuneration policy have been achieved;
- Ensures that the ratio of fixed and variable pay, in cash and benefits, is aligned with the RCS Group's strategic objectives;
- Ensures that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- Select an appropriate peer group when comparing remuneration levels;
- Advises on the remuneration of independent non-executive directors;
- Oversees the preparation of the remuneration report, to ensure that it:
  - Provides a clear explanation of how the remuneration policy has been implemented;
  - Provides sufficient forward-looking information to the Board regarding the fees of non-executive directors and
  - Enables the Board to propose to shareholders, for their consideration and approval, a special resolution in terms of section 66(9) of the Companies Act of South Africa.

OVERVIEW

The Board Social and Ethics Committee is responsible for ensuring, monitoring and reporting in respect of the RCS Group's ethics, responsible corporate citizenship, sustainable development and stakeholder inclusivity. The committee is governed by a formal charter guiding the committee in terms of its objectives, authority and responsibilities. The committee held two meetings during the 2024 financial year and was attended by most members.

We are pleased to present the highlights of the 2024 year under the key pillars monitored by the Social and Ethics Committee.

MARKETPLACE

Financial Education

RCS launched a partnership with Welltec in May 2024 in order to provide customers, prospective customers and employees with end to end financial wellness programs. Free credit checks along with complimenting credit rehabilitation products are offered.

Products include:

- Free credit report
- Credit tips / loan calculator
- Budgeting tool
- Credit report fix
- Debt review withdrawal
- Garnishee / Administration order withdrawal
- Debt counselling
- Reckless lending advice
- Educational videos

Financial Inclusion

RCS are committed in creating a more inclusive offering to customers. A credit vitality initiative was launched in August 2024 to enable the onboarding of customers who are excluding from granting due to traditional methods in assessing credit worthiness. Not only does this initiative open up opportunities for those excluded from the market but when done responsibly, enables a new market for RCS. The initiative was an opportunity to explore the use of alternative data and machine learning.

Together with the BNPP Group, RCS also provided funding to the Small Enterprise Foundation during the financial year. The BNPP Group is a major player in ensuring a fairer and more inclusive society with a number of initiatives that promote the financial and social inclusion of the most vulnerable.

SEF was founded in 1992 with the aim of developing enterprises as a path out of poverty. 100% of SEF customers are women based in rural areas where the biggest barrier to starting a microenterprise is a lack of capital. SEF use a modified version of the tried-and-true group-lending methodology. SEF have grown to serve over 150,000 borrowers across 7 provinces in South Africa.

Corruption Prevention

RCS is committed to preventing corruption. This is this extensively covered by robust Compliance policies and procedures, including the Code of Conduct. In 2024, a BNPP Group-wide dedicated Whistleblowing channel was launched through NAVEX Global Compliance Services to manage its whistle-blower program. This provides a secure and anonymous platform for reporting suspected violations of the company's Code of Conduct or other policies.

Broad Based Black Economic Empowerment

RCS retained its compliance certification under the BBBEE by maintaining a Level 8. RCS are discounted from level 7 due to its foreign ownership.

WORKPLACE

RCS retained its status as a Top Employer for the 7th consecutive year. The Top Employer institute certifies the standard of the HR practices and policies against global benchmarks. But it is being a Top Employer in the hearts and minds of our over 1300 employees that is the ultimate accreditation for us.

top EMPLOYER South Africa 2025 FOR A BETTER WORLD OF WORK

OUR LEADERSHIP
(Back row, left to right):
Myles Coelho: Chief Risk Officer
Leon Jacobs: Chief Information Officer
Lynden Fysh: Collections & Recoveries Executive
Jason Sive: Mobicred CEO
Tali Anderssen: Legal & Compliance Executive
Sandi Richardson: HR Executive
Mariné Van Brakel: Deputy CEO/CFO/COO
Hanro Fick: Customer Value Management Executive
(Front row: left to right):
Audrey Roberts: Customer Operations Executive,
Regan Adams: Chief Executive Officer
Glenda Eagar: Product & Marketing Executive

Some of the key elements of our Employee Value Proposition:

- Robust and best in class employee benefits, some of which are detailed in our remuneration report
- Two Employee Assistance Programmes available for all employees and their families
- Onsite counselling services and clinic
- Enhanced facilities in our new building, Mutualpark, with onsite gym doctors, ATM's, retail mall and food outlets
- Learning and development opportunities through the provision of courses and real work experiences
- Ensuring a safe and diverse workplace
- Hybrid working model for work-life balance

The new Employment Equity Act Amendments came into effect from 1 January 2025. Further information of the sectoral targets are still expected at the time of publishing this report. RCS have actively engaged with key stakeholders to ensure compliance with the amendments.

Senior Management Gender Diversity

48% Male 52% Female

RCS Gender Diversity

24% Male 76% Female

RCS Diversity

45% Coloured 46% Black 6% White 3% Indian

SOCIAL ENVIRONMENT

Community Development

RCS and BNP Paribas continue to support the Whitaker Peace and Development Initiative (WPDI) in South Africa. The WPDI have been active in the Cape Flats since 2019 and have made significant progress through their various programmes.

Key highlights for 2024 include

- Increase to over 30 schools hosting WPDI programs at primary and high schools in the Cape Flats
- Monitor the progress of entrepreneurs who have graduated from business training and now are able to grow their businesses
- Introduction of conflict resolution training to prison guards at Pollsmoor Correctional Facility

The annual violence survey commissioned by RCS in partnership with the WPDI also continues to monitor the impacts of violence in communities and on businesses with the key highlights including:

- General decline in overall crime rates but an increase in more violent types of incidents
- Continued impact of violence on absenteeism and mental health of employees
- Gender based violence remains a pervasive issue

We are also pleased that we could continue our RCS Bursary Programme. This programme supports the school fees of qualifying employee's children. For the 2024 academic year, the RCS Bursary Programme awarded over R450,000 in bursaries. Bursaries cover schools from Early Childhood Development phase to High School. 161 employees had children benefit from the bursaries, which resulted in 196 total bursaries.

Sponsorships and donations

The conclusion of the 2024 RCS Rising Star Tennis series at the Gauteng East Tennis Complex in Benoni showcased the exceptional talent of young players from primary and special schools across South Africa. The initiative is aimed at empowering young people and the belief in the transformative power of sport to uplift and unite communities.

Key highlights include previously disadvantaged schools like Hammanskraal and other first-time podium winners rise to the top. This is a testament to the talent and resilience of young players from these communities.

This initiative helps open doors for children from all backgrounds, including those with disabilities, fostering their passion for sport and giving them the chance at further opportunities.

RCS employees celebrated Mandela Days over two days in July:

- Four events where employees could utilise their 'charity day' and participate in a CSI initiative. These events were attended by over 200 employees
- Employees were also able to attend CSI events outside of RCS and still allowed to utilize their 'charity day'
- The events offered by RCS included charities focusing on children, gardens for good, food security, and shelter for the homeless

The annual RCS JAG Foundation Auction generated R1.2 million for the JAG Foundation in September 2024. The event is attended and supported by a number of RCS partners. All proceeds go to the foundation and their initiatives, which has expanded over 17 years to include 6 programmes across 14 communities. Over 10,000 children participate in the JAG foundation per annum.

SOCIAL AND ETHICS REPORT
CONTINUED

NATURAL ENVIRONMENT

As mentioned earlier in this report, RCS consolidated its three separate campuses into a single site at Mutualpark. The campus is 6-star green rated.

- Mutualpark currently has a 3.4MWp Solar Photo Voltaic plant
- Waste water Treatment Plant producing potable SANS241 compliant water from black and municipal treated effluent water
- Space temperature which is controlled by a centralised cooling plan- Chilled Water system that uses R134a refrigerant, improving its Ozone Depleting Potential/ Global Warming Potential when compared to R22gas
- Aggressive replacement program of diffusers to electronic controlled, localised heating units, removal of the massive heater banks and inefficient mechanically controlled older units
- Energy efficient lighting, occupancy sensors, LED technology and day light harvesting
- Escalators with sensors to reduce the speed, and energy consumption, when there are no tenants using the system
- Waste diversion above 85%, due to onsite waste sorting and robust measurable, striving towards reuse and recycling various waste streams including composting from organic waste
- Landscaping consisting of water wise plants and the use of recycled treated effluent for irrigation

CREDIT RISK GOVERNANCE REPORT

OVERVIEW

A number of committees are in place to govern, monitor, measure and mitigate risk, which operate under the RCS Group's approved delegated limits, policies and procedures. The Credit and Operational Risk Board subcommittees convene three times a year, comprising executive and non-executive directors, which feeds into the overall company Board committee. In addition to this, a working Credit Risk Forum and Operational Risk Forum convene monthly, which is comprised of the Group's executives. An Internal Control Committee ("ICC") convenes twice a year and is the key committee concerning the management of operational risk and the permanent control set up in the Group.

The Chief Risk Officer ("CRO") is mandated by the Board to manage the risk and reports directly to the independent group risk function of BNPP. The CRO sets out the credit risk framework appetite and tolerance levels for the group on an annual basis, which is formally approved by the risk sub-board committee and the BNPP risk function. The operational risk framework appetite and tolerance levels are updated as and when required by the Group Operational Risk Management (ORM) function and approved by the CRO and ICC.

A full credit and operational risk and control framework has been implemented in line with BNPP PF methodology, including the inclusion of specific risks relating to the local environment. A comprehensive first line of defence has been implemented in all key areas of the business, with the Operational Risk and Control team forming the second line of defence. The third line of defence is assured by the central BNPP function Inspection Generale ("IG").

Included within the RCS Group's risk framework are the principles of first line, second line and third line of defence to manage risk and to ensure ongoing business awareness.

Key areas of focus during the reporting period

Credit risk appetite levels are tracked monthly using detailed key performance indicators. Alerts are immediately raised if risk thresholds are breached, which must result in the immediate implementation of mitigation plans. Credit risk appetite thresholds are reviewed annually by the BNPP Risk and RCS Group Credit Forum.

ACTIONS TAKEN TO MONITOR THE EFFECTIVENESS OF RISK MANAGEMENT

Scrutiny and oversight is applied to the effectiveness of the risk management framework that is in place, though governing committees, independent management by risk and BNPP, together with a strong enterprise risk culture developed throughout the Group.

During the reporting period the RCS Group continued to enhance controls and procedures across its threeline defence principle.

RCS risk management framework includes a key focus on data management, with a Data Protection Controller reporting directly to the CRO.

Key areas of future focus

Maintenance of the mature risk management framework and the risk culture throughout the organisation and continued transparent and effective decision-making leadership to a controlled level of risk appetite.

RISK APPETITE

The Risk Appetite Framework (RAF) is key component of the RCS Group's framework that guides our risk-taking activities in coherence with the Risk Appetite Statement (RAS). It relies on independent and integrated risk governance, wide corporate coverage, policies and procedures of the risk culture throughout the RCS Group.

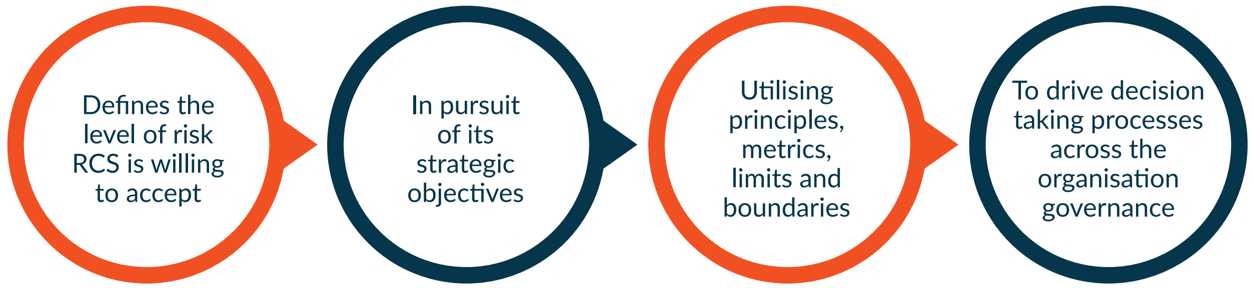
RISK APPETITE FRAMEWORK

- Enterprise Risk Management monitoring
- Risk Governance
- Controls, policies and procedures
- Monitoring and reporting

RISK APPETITE STATEMENT ("RAS")

- RAS Governance
- Principles, Limits and Thresholds
- Mitigation and management process

The approach also considers overall internal and external risk, business and regulatory environments in conjunction with other strategic plan and risk identification processes.



CREDIT RISK GOVERNANCE REPORT

CONTINUED

RISK APPETITE MANAGEMENT STATEMENT (RAMS)

Thresholds, limits and escalation.

BOARD AUDIT AND RISK COMMITTEE VALIDATION

Defined roles for Executive Management and the first and second line of defence (Risk and IT Departments).	Data Management
The RAMS is an evolving document with principles and metrics that covers major risks RCS is willing to accept.	Risk Tolerance
Risk Department independently monitors risk metrics and the risk profile to ensure consistency through specific controls and policies.	Monitoring
Defined roles for Board Audit and Risk Committee, Executive Management and Risk Department.	Governance
Deviations from early warning thresholds triggers alerts to Executives who considers possible mitigation actions.	Thresholds
Maximum limits RCS is willing to operate within, based on its overall risk appetite and capacity.	Limits

- **Solvency & Profitability Risk** M. van Brakel
- **Liquidity & Funding Risk** M. van Brakel
- **Credit Risk** M Coelho
- **Operational Risk** M Coelho
- **Legal & Compliance Risk** T. Anderssen
- **Reputational Risk** G. Eagar
- **IT Risk** L. Jacobs
- **Fraud Risk** M Coelho

TECHNOLOGY AND INFORMATION GOVERNANCE REPORT

OVERVIEW

The Information Technology department's primary objective is to manage IT-related risks, disaster recovery plans and any significant IT initiatives while providing business resilience.

In order to achieve this the department provides support for existing platforms and delivers new technology to foster a robust and sustainable environment for business growth while mitigating associated risks.

This is done in accordance with:

- BNPP Technology Policy;
- The RCS Group Software Development Policy;
- The RCS Group Information Security and User Access Management Policies; and
- The RCS Group Cyber Security Incident Response Plan (CSIRP).

CONTINUOUS MONITORING OF SECURITY OF INFORMATION

- Event logs recording network activities, exceptions, faults and information security events shall be produced, kept and will be regularly reviewed.
- Logging facilities and log information is protected against tampering and unauthorised access.
- System administrator activities are logged and the logs are protected and regularly reviewed.

The above requirements are in line with the RCS Group Information Security policy and principles of logging and monitoring of information events.

PROACTIVE MONITORING OF INTELLIGENCE TO IDENTIFY AND RESPOND TO INCIDENTS, INCLUDING CYBER-ATTACKS

CSIRP motivates for security and business teams to integrate their efforts from the perspectives of process, remediation guidelines, contact information, escalation, awareness and communication in times of crisis.

DISPOSAL OF OBSOLETE TECHNOLOGY AND INFORMATION ENVIRONMENTAL IMPACT AND INFORMATION SECURITY

- Electronic equipment is disposed of by an approved e-waste organization;
- Hard drives are removed and holes are drilled through the drive to render it unusable;
- Retired laptops are sold back to staff, hard drives are wiped and operating systems are reinstalled; and
- Operating systems and associated software versions are continuously verified and updated in accordance with support life cycles

ETHICAL AND RESPONSIBLE USE OF TECHNOLOGY AND INFORMATION

The RCS Group Acceptable Use Policy outlines the acceptable use of computer equipment. Inappropriate use exposes the RCS Group to risks, including virus attacks and the compromise of network systems and services.

The purpose of the Acceptable Use Policy is not to impose restrictions that are contrary to the RCS Group's established culture of openness, trust and integrity, but to protect employees, partners and the organisation from security matters relating to information and the adverse actions by individuals, either knowingly or unknowingly.

It is the responsibility of every employee to follow these guidelines and to use equipment and software accordingly.

LEVERAGING OF INFORMATION TO SUSTAIN AND ENHANCE THE ORGANISATION'S INTELLECTUAL CAPITAL

The overall goals for information sustainability are as follows, but are not limited to:

- Establishing controls for protecting the RCS Group's information and information systems against theft, abuse and other forms of harm and loss;
- Motivating administrators and employees to take responsibility for ownership of their knowledge about information security, in order to minimise the risk of security incidents;
- Ensuring that RCS Group is capable of continuing their services even if major incidents occur;
- Ensuring the protection of personal data (privacy);
- Ensuring the availability and reliability of the technology infrastructure and the services supplied and operated by the RCS Group;
- Conforming to principles, methods and frameworks from industry standards for information management: SANS, NIST, COBIT, ITIL, OWASP, TOGAF;
- Ensuring that vendors and strategic partners comply with the RCS Group's information security needs and requirements; and
- Ensuring flexibility and an adequate level of security for accessing information systems remotely.

The above is in line with the RCS Group Information Security and Business Continuity Policies.

TECHNOLOGY AND INFORMATION GOVERNANCE REPORT

CONTINUED

INFORMATION ARCHITECTURE THAT SUPPORTS CONFIDENTIALITY, INTEGRITY AND AVAILABILITY OF INFORMATION

The RCS Group's information security strategy is to safeguard the confidentiality, integrity and availability of information systems to ensure that legislative, operational and contractual requirements are fulfilled that aligns with the RCS Group's business mandate.

Confidentiality	Integrity	Availability	Traceability
To ensure that information is not accessible or disclosed to unauthorised individuals, entities or processes.	To ensure the safeguarding of the accuracy and completeness of information assets.	To ensure accessibility and use upon demand of information by an authorised entity.	To ensure adequate logs of data, system actions and associated flows are kept to ensure that RCS can provide proof in the case of incidents or an investigation.

The above is in line with the RCS Group Information Security and User Access Management Policies.

MANAGEMENT OF TECHNOLOGY

The Information technology department aims to deliver a technology architecture that enables the achievement of operational and strategic objectives in line with the RCS Group's core purpose, while effectively mitigating associated risks.

COMPLIANCE WITH RELEVANT LAWS

- All relevant legislative, regulatory, contractual requirements and RCS Group's approach to meet these requirements is explicitly identified, documented and kept up to date where relevant;
- Appropriate procedures are implemented to ensure compliance with legislative, regulatory and contractual requirements related to intellectual property rights and use of proprietary software products;
- Records are protected from loss, destruction, falsification, unauthorised access and unauthorised release, in accordance with legislation, regulation, contractual and business requirements and
- Privacy and protection of personally identifiable information is ensured as required in relevant legislation and regulation where applicable.

COMPLIANCE GOVERNANCE REPORT

OVERVIEW

The RCS Group has a dedicated compliance department. The Compliance department has an independent and management reporting line to the BNPP compliance function and another reporting link to the Chief Executive Officer. The Compliance Committee is a sub-committee of the Board Audit and Risk Committee, which reports directly to the Board of directors of the RCS Group.

Key areas of focus during the reporting period

The RCS Group is committed to a "best in class" compliance culture, with specific focus on legislative and regulatory requirements, as well as ensuring effective and timeous compliance with the relevant new regulations and best practices.

ACTIONS TAKEN TO MONITOR THE EFFECTIVENESS OF COMPLIANCE MANAGEMENT

The RCS Group has a Compliance Control Framework in terms of which samples are taken and control testing is performed. In the event that any weaknesses in the Control Framework are identified, an action plan with corrective measures will be implemented. Monitoring of such action plans is reported to management through the established governance structures.

Key areas of future focus:

We will continue to entrench our "best in class" compliance culture and focus on implementing the relevant legislative and regulatory changes.

MATERIAL OR REPEATED REGULATORY PENALTIES

The RCS Group incurred no penalties, nor were any sanctions or fines levied against the RCS Group or any members of its governing body, in the year ended 31 December 2024.

Monitoring and compliance inspections by environmental regulators

The RCS Group has established a Corporate Social Responsibility Committee, with one of the key focus areas being the monitoring of environmental matters. The RCS Group was not subject to any inspections by environmental regulators in the year ended 31 December 2024.

REMUNERATION COMMITTEE REPORT

OVERVIEW

The remuneration report sets out the RCS Group's Remuneration Policy (the 'Policy') and its implementation during the financial year.

The RCS Group's remuneration philosophy is guided by the RCS Group's remuneration principles:

- Alignment with business strategy – remuneration must be performance-driven and contribute to the achievement of the RCS Group's business objectives;
- Supporting the people strategy – remuneration must support the critical human resources objectives of attracting, motivating and retaining a high potential workforce;
- Mix of rewards – remuneration will provide a holistic mix of rewards that achieve different objectives;
- The guaranteed component of the mix is designed to take into account internal and external equity and reward individuals fairly, based on market information and their individual performance, while the variable component is designed to drive performance over the short- and long-term;
- Consistency – remuneration must drive a level of consistent design across the entire RCS Group and strive to achieve a reasonable level of internal equity for job categories. The principle of consistency should not impede on the need for differentiation where appropriate but does indicate that unfair or discriminatory remuneration practices are not accepted;
- Competitiveness – practices must ensure that remuneration levels are competitive relative to the market, in order to ensure that the organisation attracts and motivates talent and skills;
- Flexibility – the RCS Group acknowledges the need for a degree of customisation across operating businesses within the overarching policy framework. Specific design parameters will be acknowledged as flexible parameters to ensure approaches which are tailored appropriately for different business units;
- Cost control – the RCS Group's remuneration policy assists in controlling costs within the organisation by ensuring that employees' packages are compared to appropriate benchmarks, as well as limiting the organisation's exposure to costs which are beyond its control; and
- Governance – the RCS Group acknowledges the importance of corporate governance and commits to adopting the principles of good governance in the fulfilment of reward activities and provides a framework which is clearly articulated and available to all employees.

Key areas of focus during the reporting period

The RCS Group's key area of focus in the year under review has been to fairly and consistently balance business growth and continued control of various costs on remuneration in a transparent manner and to align the RCS Group's remuneration practices and the requirements of the sole shareholder, BNPP.

Key areas of future focus
The RCS Group shall continue to focus on flexibility in remuneration and mix of rewards in the forthcoming year to align with global trends in remuneration practices.

Remuneration consultants
The RCS Group uses external remuneration experts and tools in order to conduct a number of benchmarking exercises during the year in order to evaluate remuneration practices and measure job grades accurately to assist in establishing the correct market benchmarks. This is also done in partnership with the Corporate Remuneration team of BNPP.

Remuneration policy
The Remuneration Committee has reviewed the Policy and considers the Policy to be appropriate and able to meet its stated objectives.

OVERVIEW OF THE REMUNERATION POLICY

Objectives
The objectives of the Policy are to provide a guiding framework for remuneration that:
- Supports the RCS Group's business strategy;
- Attracts high-calibre, competent people who are aligned to the RCS Group's values;
- Motivates key talent to support the long-term business strategy;
- Retains key employees;
- Encourages optimal performance;
- Promotes positive outcomes; and
- Promotes an ethical culture and responsible corporate citizenship.

The RCS Group's remuneration structures are designed to promote the King IV's 'Fair and Responsible' remuneration principle. The RCS Group has adopted the suggestions contained in the Institute of Directors in Southern Africa's position paper on Fair and Responsible Remuneration.

Elements and design principles of remuneration
The main component of remuneration is the guaranteed remuneration package. All variable compensation components are performance based and based on the successful achievement of individual, team and company targets. Remuneration consists of guaranteed package, short-term incentives, long-term incentives, sales incentives and the respective operational areas' recognition programs, and is available to employees dependent on position.

Guaranteed package
All employees receive a guaranteed package that forms the core element of remuneration, reflecting the employee's role and position within the RCS Group and is payable for doing the expected day-to-day job. The guaranteed package forms the basis of the business' ability to attract and retain the required skills and is intended to reward competence, experience, qualification level, as well as the level of involvement in assigned tasks.

In addition, the employees have access to the following benefits:
- Leave;
- Retirement funding;
- Healthcare;
- Disability cover;
- Serious illness cover;
- Death cover;
- Financial wellness program;
- Employee assistance program; and
- Education assistance program.

Long-term incentives
The cash-settled, long-term incentive program is open to senior management profiles. The long-term incentive scheme is designed, administered and monitored by BNPP.

Short-term incentive
The cash-settled, short-term incentive is a discretionary program, open to all qualifying employees in the RCS Group. The short-term incentive scheme is designed to improve business performance and to allow employees to share in the success of the business.

This plan is linked to the RCS Group's profitability targets and is applied as a factor of the employees' guaranteed remuneration. Short-term incentives are paid following the approval of the RCS Remuneration Committee, based on the profitability in the financial year.

IMPLEMENTATION REPORT

Executive directors' remuneration

Total remuneration of executive management for the year ended 31 December 2024:

EXECUTIVE

Directors' emoluments

	Remuneration R'000	Provident fund contributions R'000	Total R'000
2024			
Executive directors for services, as employees, to subsidiary companies:			
RF Adams	7 759	570	8 329
M van Brakel	4 496	348	4 844
T Pavlou (Resigned August 2024)	2 163	170	2 333
	14 418	**1 088**	**15 506**

	Remuneration R'000	Provident fund contributions R'000	Total R'000
2023			
Executive directors for services, as employees, to subsidiary companies:			
RF Adams	9 670	537	10 207
M van Brakel	4 437	308	4 745
B Dev (Resigned September 2023)	4 649	-	4 649
T Pavlou (Appointed October 2023)	501	64	565
	19 257	**909**	**20 166**

IMPLEMENTATION REPORT (CONTINUED)

Non-executive directors' remuneration

Total remuneration of executive management for the year ended 31 December 2024:

EXECUTIVE

Directors' emoluments

	Remuneration R'000	Total R'000
2024		
Executive directors for services, as employees, to subsidiary companies:		
SW van der Merwe (Independent)	111	111
E Oblowitz	683	683
	794	**794**

	Remuneration R'000	Total R'000
2023		
Executive directors for services, as employees, to subsidiary companies:		
SW van der Merwe	313	313
E Oblowitz	618	618
	931	**931**

Payments made on termination of office and deviations from the remuneration policy

No payments on termination of office and no deviations from the remuneration policy have been made during the current or prior financial year.

KING IV PRINCIPLE OUTLINE

The table below provides a brief summary and guidance on the RCS Group's application of the King IV principles, with references to where these are addressed in the integrated supplementary information.

KING IV PRINCIPLE	RCS GROUP EXPLANATION
PRINCIPLE 1: The governing body should lead ethically and effectively.	The Board of the RCS Group (the Board) is fully committed to attainingand sustaining the highest standards of corporate governance. The Board is dedicated to continuously fostering a corporate culture that emphasises good corporate governance. For more information regarding the ethical leadership of the Board refer to pages 16-24.
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 determines and sets the tone of the RCS Group, including the principles of ethical business practice. For more information refer to pages 26-31 in the Social and Ethics report.
PRINCIPLE 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	A Social and Ethics committee, which reports to the Board, has beenestablished. The committee reflects the RCS Group's commitment to ethical corporate citizenship and the management of stakeholder relationships. For more information refer to pages 26-31 in the Social and Ethics report.
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 creation process.	Risk management is monitored by the Board Audit Committee and the Risk Committee. The Enterprise Risk Managementprocess ensures that all risks in each area of the business are covered and monitored. The short, medium and long-term strategy for the RCS Group has been delegated to management and is approved by the Board. The Board through the Social and Ethics committee ensures the strategy is in line with the RCS Group's sustainable development plan and the core values of the business. The Board and management will be held accountable to monitor the progress of the business and planned initiatives to ensure the strategy is achieved.

KING IV PRINCIPLE OUTLINE

CONTINUED

KING IV PRINCIPLE	RCS GROUP EXPLANATION
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.	The Board Audit and Risk Committee (BAC) review and approve the Consolidated Annual Financial Statements including supplementary information and a recommendation is then made to the Board to approve. The Board ensures that the Consolidated Annual Financial Statements including supplementary information include financial information of the highest quality and integrity. In the execution of its duties, the Board Audit and Risk Committee recommends the appointment of the external auditors and is responsible for establishing the terms of engagement as well as monitoring the services provided by the external auditors for both audit and non-audit services. The BAC also assesses the effectiveness of the external auditors' progress against and fulfilment of the agreed audit plan, including any variation from the plan and provides oversight to the external audit process.
PRINCIPLE 6: The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The Terms of Reference have been approved and adopted for the Board and the Board Committees. Although certain functions are delegated to committees, these committees do not have the power to approve but to rather recommend to the Board, unless expressly granted the authority to approve by the Board or by law. For more information regarding the roles and responsibilities of the Board refer to page 16 in the Board Committee section of the supplementary information.
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.	The composition of the board is regulated by the shareholder in terms of the Company's Memorandum of Incorporation and is deemed to be adequate and appropriate. The Board Charter will emphasise the responsibility of the Board and ensure that applicable principles are implemented and a high level of compliance maintained. Refer to pages 8 - 24 of the supplementary information for more information.

KING IV PRINCIPLE OUTLINE

CONTINUED

KING IV PRINCIPLE	RCS GROUP EXPLANATION
PRINCIPLE 8 : Committees of the governing body.	Terms of Reference in respect of each board sub-committee have been approved and adopted. The Terms of reference for each committee outline the roles and responsibilities and are deemed adequate and appropriate. The Terms of Reference for each committee is re-assed annually. Refer to pages 16-24 and 64-67 for more information on the Board Committees.
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.	On an annual basis, formal assessments are conducted on the effectiveness of the Board and board committees. Refer to page 16 for more information regarding the performance evaluations of the Board of Directors.
PRINCIPLE 10 : The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	For more information on the delegation of responsibilities to management and corporate governance services to the Company Secretary please refer to page 17. The CEO succession plan and notice period has been disclosed on page 14.
PRINCIPLE 11 : The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Board assumes the responsibility for the governance of risk. The Audit and Risk Committee and the Risk Committee will assist the Board by providing an objective and independent review on the Company's finance, accounting, control mechanisms and risk governance framework. For more information refer to the Risk governance report on page 33.

KING IV PRINCIPLE OUTLINE

CONTINUED

KING IV PRINCIPLE	RCS GROUP EXPLANATION
PRINCIPLE 12 : The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board understands the importance, relevance and inherent risks in IT governance and is responsible for such risks. The Board Audit and Risk Committee fulfils an oversight role regarding financial reporting risk, internal financials controls and IT risks as they relate to financial reporting. The broader IT portfolio is included in the Board agenda. IT is aligned and forms an integral part in the performance objectives of the RCS Group. Focus is created through the ICT Security and Risk Office, who is responsible for information security, ICT Risk management and ICT audits. Refer to the Technology and Information Governance Report on pages 38-40.
PRINCIPLE 13 : The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	The directors fully understand the appropriate applicable laws, rules and regulations and how compliance risk affects the reputation of the Company. Compliance is an identified risk and is addressed as an agenda item at each Board meeting, thereby positioning the Board to adapt to changes in the regulatory environment. Refer to the Compliance Report on page 41 for more information.
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 Remuneration policy has been approved by the Board. Refer to the Remuneration Report on pages 43-47.

KING IV PRINCIPLE OUTLINE

CONTINUED

KING IV PRINCIPLE	RCS GROUP EXPLANATION
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 the internal decision making and of the organisation's external reports.	The Board Audit and Risk Committee ensures the combined assurance model being assurance coverage obtained from management, internal assurance providers and external assurance providers is applied to provide a coordinated approach with regard to risk management and reports to the Board. Refer to the Board audit and risk committee report on pages 64 - 67 for more information.
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 Terms of Reference for the Social and Ethics committee set out the roles and responsibilities of the committee for managing stakeholder relationships. These roles and responsibilities are deemed adequate and appropriate. Refer to the Social and Ethics Report on pages 26-31 for more information.

THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2023

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the annual consolidated financial statements fairly present the state of affairs of the RCS Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting Standards. The external auditors are engaged to express an independent opinion on the annual consolidated financial statements.

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

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

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

The directors have reviewed the RCS Group's cash flow forecast and, in light of this review and the current financial position, they are satisfied that the RCS Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the RCS Group's annual consolidated financial statements. The annual consolidated financial statements have been examined by the RCS Group's external auditors and their report is presented on pages 68-74.

DIRECTORS' RESPONSIBILITY STATEMENT

CONTINUED

APPROVAL OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The annual consolidated financial statements set out on pages 60-63 and 76-148, which have been prepared on the going concern basis, were approved by the board of directors on 20 March 2025 and were signed on their behalf by:

M van Brakel
Chief Financial Officer

COMPANY SECRETARY STATEMENT

I hereby confirm, in my capacity as company secretary of BNP Paribas Personal Finance South Africa Limited, that for the year ended 31 December 2024, the RCS Group has filed all required returns and notices in terms of the Companies Act of South Africa and that all such returns and notices are, to the best of my knowledge and belief true, correct and up to date.

T Anderssen
Company Secretary

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual consolidated financial statements of RCS Group for the year ended 31 December 2024.

1. BUSINESS ACTIVITIES

The RCS Group is an operationally independent consumer finance business that provides a broad range of financial services under its own brand and in association with a number of retailers in South Africa, Namibia and Botswana. The Cards business unit offers various utility card products through participating merchant outlets, while the Loan business unit offers individuals unsecured loans. RCS also offers insurance products (for more detail on these segments refer to note 3 of the annual consolidated financial statements).

2. SUBSIDIARY COMPANIES

The RCS Group constitutes BNP Paribas Personal Finance South Africa Limited and its subsidiaries, RCS Botswana (Proprietary) Limited, RCS Cards Proprietary Limited, RCS Collections Proprietary Limited, RCS Home Loans Proprietary Limited, RCS Investment Holdings Namibia (Proprietary) Limited and Mobicred Proprietary Limited (for more detail on these subsidiaries refer to note 23 of the annual consolidated financial statements).

3. GENERAL REVIEW OF OPERATIONS

The results and financial position for the year ended 31 December 2024 are set out and described in the accompanying annual consolidated financial statements.

No other facts or circumstances, except those disclosed below and in the annual consolidated financial statements, require further disclosure.

4. COMPLIANCE

RCS Cards Proprietary Limited and Mobicred Proprietary Limited are registered credit providers (NCR registration number NCRCP 38 and NCRCP 10896, respectively) and registered service providers with the Financial Services Board (FSB registration number 44481 and 50171, respectively). RCS Home Loans Proprietary Limited is a registered credit provider (NCR registration number NCRCP 65). RCS Collections Proprietary Limited is a registered debt collector with the Council for Debt Collectors (registration number: 0050559/11).

5. CORPORATE GOVERNANCE

The board of directors endorse the King IV Report on Corporate Governance for South Africa. The board of directors comprises two independent nonexecutive directors and the chairman of the board of directors is a non-executive director. The board of directors is, however, satisfied that theindependence principle contained in King IV is applied based on consideration of the following factors:

- BNP Paribas Personal Finance South Africa Limited is a wholly owned subsidiary of the multi-national banking and financial services group, BNP Paribas Société Anonyme, a company listed on the Paris stock exchange;
- The majority non-executive directors are senior executives of the shareholder appointed by it, but are not involved in any of the day-to-day operations of the RCS Group;
- The lead independent non-executive director also serves as the Board Audit and Risk Committee Chairman and Chairman of the Social and Ethics Committee; and
- The board of directors has a limited number of executive directors.

6. DIRECTORS

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

Directors	Office	Designation	Nationality
RF Adams	Chief Executive Officer	Executive	South African
M van Brakel	Chief Financial Officer	Executive	South African
M Falvert***		Non-executive	French
T Pavlou*	Chief Financial Officer	Executive	South African
BPS Cavelier		Non-executive	French
PJ Alexandre+		Non-executive	Belgian
P Miron de L'Espinay +		Non-executive	French
KT Fahy +		Non-executive	Irish
SW van der Merwe +		Independent	South African
E Oblowitz		Non-executive Lead Independent	South African
B Botchev **		Non-executive	Bulgarian
C Lauzeral ++		Non-executive	French
V Metz (Chairman) **		Non-executive	French

* Resigned August 2024
+ Resigned May 2024
**Appointed March 2024
++Appointed March 2024 , Resigned September 2024
*** Appointed October 2024

7. COMPANY SECRETARY

The company secretary at the date of this report is T Anderssen.

8. BUSINESS/REGISTERED ADDRESS

Postal address:	PO Box 111 Goodwood Cape Town South Africa 7459
Business address:	Mutualpark Jan Smuts Drive Pinelands Cape Town 7430

9. HOLDING COMPANY

The RCS Group's immediate holding company is BNP Paribas Personal Finance Société Anonyme, incorporated in France. The ultimate shareholder is BNP Paribas Société Anonyme, incorporated in France and listed on the Paris stock exchange.

The financial statements for BNP Paribas Personal Finance South Africa Limited are presented in a separate set of financial statements.

10. DISTRIBUTION TO SHAREHOLDER

The board declared a distribution of capital of R300 million (2023: R300 million) to the shareholder during the reporting period.

11. EVENTS AFTER THE REPORTING PERIOD

RCS was subject to a routine audit conducted by the South African Revenue Service (SARS) on the 2020/2021 Income Tax return. The outcome of this audit was determined and communicated to RCS during February 2025, resulting in a non-adjusting event after the reporting period. As a result of this audit, RCS received in a refund of R32.8 million.

DIRECTORS' REPORT

CONTINUED

12. GOING CONCERN

The directors consider that the RCS Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual consolidated financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the RCS Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. In performing the assessment, the directors considered the financial position, forecasted profitability and funding requirements of the RCS Group for the foreseeable future in conjunction with the available funding facilities. This evaluation considers material factors that management is aware of which could impact the ability of the RCS Group to generate or preserve cash to meet its obligations in the foreseeable future and also includes a stressed cash flow scenario.

The directors are not aware of any new material changes that may adversely impact the RCSGroup. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the going concern assumption of the RCS Group.

13. PILLAR 2 MODEL RULES

The RCS Group is aware of the Pillar 2 Minimum Corporate Tax project being run at a BNP Group level to address the Pillar 2 Model Rules as released by the Organisation for Economic Co-operation and Development in December 2021. These rules ensure that multinational groups pay a 15% minimum Effective Tax Rate on a country basis. As all the entities within the RCS group currently have effective tax rates in excess of this limit, the RCS group will fall out of scope for any additional top up taxes.

14. AUDITORS

The independent audit firm Deloitte & Touche continued in office as auditors for the 2024 financial year.

Deloitte & Touche was provided unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, and has audited the annual consolidated financial statements. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. Deloitte & Touche's audit report is presented on pages 68-74.

The RCS board audit and risk committee ("the committee") is an independent statutory committee appointed by the board of directors in terms of the Companies Act 71 of 2008 ("the Companies Act of South Africa"). The committee comprises of one independent non-executive director, who is also the chairman of the committee, and two non-executive directors.

The committee met three times during the current year. In addition, the chairman of the committee held various meetings with representatives from the internal and external auditors during the year under review and also met with these representatives without management being present.

The committee's responsibilities include statutory duties in terms of the Companies Act of South Africa. The committee also applies the applicable principles of the King IV Report on Corporate Governance for South Africa. The committee's terms of reference are determined by a board-approved charter which incorporates all the requirements of the Companies Act of South Africa and is subject to periodic review and possible amendment.

The committee recognises its important role as part of the risk management and corporate governance processes and procedures of the RCS Group.

Meeting dates and topics are agreed in advance. Each meeting is preceded by the distribution to all attendees of a board audit and risk committee pack to each attendee, comprising, inter alia:

- a detailed agenda;
- minutes of the previous meeting;
- a report by the external auditors; and
- written reports by executive and senior management including:
  - taxation;
  - accounting matters
  - funding
  - compliance and legal;
  - governance over technology and information management;
  - internal audit; and
  - Enterprise Risk Management.

The committee performed, inter alia, the following duties during the year under review:

1. EXTERNAL AUDITOR

The committee is satisfied that Deloitte & Touche as external auditor is independent of the RCS Group, as set out in section 94(8) of the Companies Act of South Africa, and it's board, executive and senior management and therefore able to express an independent opinion on the RCS Group's annual consolidated financial statements. In reaching this conclusion, the committee considered and assessed the following key matters:

- The policy and controls in place regarding the provision of non-audit services by the external auditor is appropriate. This policy includes the type of non-audit services, which is pre-approved by the committee, that the external auditor may provide;
- The nature and extent of non-audit services that were rendered by the external auditor during the financial year under review were evaluated and approved by the committee;
- Deloitte & Touche has been the external audit firm of the RCS Group for nine years;
- Confirmation received from Deloitte & Touche that the firm and its staff responsible for the audit are independent of the RCS Group;
- The appointment of Mr Llewellyn Marshall as the designated external audit partner was considered appropriate based on the representations made to the committee by the external auditor;
- Mr Llewellyn Marshall has been the designated external audit partner for four years and accordingly is not required to rotate as designated external audit partner;
- Evaluated significant changes in the management of the RCS Group during the external audit firm's tenure which may mitigate the attendant risk of familiarity between the external auditor and management; and
- In consultation with executive management, the terms of engagement, audit plan and budgeted fees for the current financial year was agreed and approved.

The committee received representations that the external auditor is at all times afforded unrestricted access to the RCS Group's records and management and was able to present any significant issues arising from the annual audit to the committee.

The committee is also satisfied with the quality of the external audit based on annual representations made by the external auditor to the committee in respect of the most recent inspection findings of the audit firm and the designated external audit partner as issued by the Independent Regulatory Board for Auditors.

2. ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The committee has reviewed the accounting policies and the annual conolidated financial statements for the year ended 31 December 2024 and, based on the information provided to the committee, considers that the RCS Group's annual consolidated financial statements complies, in all material respects, with the requirements of IFRS Accounting Standards and the Companies Act of South Africa.

Management's assessment of the going concern and sustainability of the RCS Group was considered and recommendation made by the committee to the board that the going concern assumption is appropriate and that it be formally adopted by the board.

In addition, the committee has reviewed the audit report of the external auditor, including assessing the appropriateness of the key audit matter and steps taken to address the matter. The committee has ensured that management and the external auditor has adequately and appropriately addressed the level of provision for expected credit losses that is recognised, being the most significant matter in relation to the audit of the annual consolidated financial statements.

3. INTERNAL CONTROL

The committee has considered information and explanations supplied by management and obtained through discussions and reports issued by the independent external auditor and internal auditors, that the system of internal financial controls is effectively designed and implemented to provide reasonable assurance against material loss or error and accordingly that the system of internal financial controls forms a basis for the preparation of reliable financial statements.

4. INTERNAL AUDIT

The committee has assessed that the RCS Group's internal audit function in terms of independence, resources and authority to enable it to effectively discharge its duties. The internal audit plan as well as any amendments were approved by the committee.

BOARD AUDIT AND RISK COMMITTEE REPORT
CONTINUED

5. OTHER ACTIVITIES

The committee has also carried out the following functions and duties:

- Reviewed and monitored the adequacy and effectiveness of the RCS Group's enterprise-wide risk management policies, processes and mitigating strategies;
- Provided a forum for discussing business risk and control issues and developed recommendations for consideration by the board;
- Monitored the governance of information technology and the effectiveness of the RCS Group's information systems; and
- Satisfied itself that the RCS Group's Chief Financial Officer and the finance function has appropriate expertise, resource complement, experience and competence.

The committee confirms that it has conducted its affairs in compliance with, and discharged its responsibilities in terms of, its charter for the year ended 31 December 2024.

E Oblowitz
Board Audit and Risk Committee Chairman

To the Shareholder of RCS Group
The draft independent auditor's report has been circulated separately by Deloitte and Touche.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of RCS Group and its subsidiaries ("The Group"), set out on pages 76-148, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

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

Final Materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	R141 million (2023: R142 million)
Basis for determining materiality	A key judgement in determining materiality is the appropriate benchmark to select, based on our perception of the needs of the External Funders (Debt Holders), the primary users of the financial statements. We considered which benchmarks and key performance indicators have the greatest bearing on External Funders' (Debt Holders) decisions. We determined that Gross Cards and Loans Receivable as the primary benchmark for determining materiality based on the users' interest in the ability of Group to generate cash flows in order to repay debt obligations when they become due.

Based on our professional judgement, we determined materiality to be R141 million which represents 1% of Gross Cards and Loan Receivables.

Group Audit Scope

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the structure and organization of the Group, and assessing the risks of material misstatement at the Group level. We selected components at which audit work in support of the group audit opinion needed to be performed in order to provide an appropriate basis for undertaking audit work to address the risks of material misstatement. Our selection was informed by taking into account the component's contribution to relevant classes of transactions, account balances or disclosures.

Based on our assessment, we performed work at 6 components (2023: 6 components), representing the Group's most material operations. The following audit scoping was applied:

- 2 components (2023: 2 components) were subject to an audit of financial information; and
- 4 components (2023: 4 components) were subject to specific further audit procedures.

Residual values were addressed by risk assessment and analytical procedures performed at a group level. The 2 components subject to an audit of financial information account for 98% of the Group's total assets and 98% of the Group's Cards and Loan receivables.

Key Audit Matters

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

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

Key Audit Matter Impairment of card and loan receivables	How the matter was addressed in the audit
Card and loan receivables, after providing for impairment, accounts for 85% of the total assets of the Group that are due to be recovered through instalments as a result of credit granted to customers. The allowance for impairment is measured through an expected credit loss (ECL) model. The measurement of ECL reflects a probability-weighted outcome, the time value of money and forward-looking information. The Group measures ECL by projecting the probability of write-off, exposure at write-off, timing of when writeoff is likely to occur and loss given write-off. The models determining these components are complex and contain inherent subjectivity in relation to assumptions used. The ECL is calculated by multiplying these components together. In addition, the ECL includes management overlay adjustments to account for model ECL provisioning as required by IFRS 9 not encapsulated in the model outcome. The impairment of card and loan receivables is material to the consolidated financial statements in terms of its magnitude, the level of subjective judgement applied by the directors and the effect that it has on the Group's credit risk management processes and operations. This has resulted in this matter being identified as a matter of most significance in the audit of the consolidated financial statements.	In evaluating the impairment of the card and loanreceivables we assessed the ECL model prepared by the directors and performed various procedures, including the following: • Obtained an understanding of the various assumptions used, the impairment modelling, and data management processes, systems and methodologies; • Evaluated the design and implementation of controls in respect of the determination of the ECL provisioning; • Evaluated, in conjunction with our credit and modelling specialists, the impairment methodology applied against the requirements of IFRS 9: Financial Instruments; • Our specialists evaluated that the impairment methodology developed has been appropriately applied in the underlying impairment modelling; • Our specialists independently assessed certain elements of the impairment model relating to probability of write-off, exposure at write-off and loss given write-off to evaluate the accuracy thereof in the model in addition to reperformance of managements calculation of the ECL provisions;

Key Audit Matter Impairment of card and loan receivables	How the matter was addressed in the audit
	• Assessed the reasonableness of managements overlay adjustments to model outcomes for reasonability either by reperformance or independent challenge by evaluating it against the requirements of IFRS 9, historical trend data and independent macro-economic data published, as appropriate; • Specific attention was also given to the following areas: - Data used in the impairment model was reconciled to the source system; - Assessed and independently challenged the Significant Increase in Credit Risk (SICR) staging and Forward-Looking Information (FLI) components of managements base model and developed overlays; and • Evaluating the appropriateness of the disclosures included in the consolidated financial statements in accordance with the requirements of IFRS 7: *Financial Instruments: Disclosure*. Based on our audit work performed, we found the directors' impairment to be reasonable and the disclosures included in the consolidated financial statements, as set out in notes 1.5, 5 and 26, to be appropriate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled 'RCS Group Audited Consolidated Annual Financial Statements for the year ended 31 December 2024', which includes the Directors' responsibility statement, Approval of the annual consolidated financial statements, the Directors' Report, the Board Audit and Risk Committee's Report and the Company Secretary Statement as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, directors are responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

THE INDEPENDENT AUDITOR'S REPORT

CONTINUED

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors, 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.

THE INDEPENDENT AUDITOR'S REPORT

CONTINUED

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

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

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of RCS Group for 9 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Llewellyn Marshall
Partner
20 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	December 31 2024 R'000	December 31 2023 R'000
ASSETS			
Cash and cash equivalents	4	1 040 703	1 198 936
Card and loan receivables	5	12 647 564	12 693 831
Other receivables	6	239 150	175 845
Insurance contract assets	7	95 944	214 516
Taxation		29 753	56 928
Deferred taxation	8	360 772	352 910
Property and equipment	9	148 357	45 907
Intangible assets	10	241 802	253 722
Goodwill	11	113 229	113 229
Total assets		**14 917 274**	**15 105 824**
EQUITY			
Stated capital	13	1 174 921	1 474 921
Reserves		7 124	7 040
Retained income		2 518 768	2 200 270
Total equity		**3 700 813**	**3 682 231**
LIABILITIES			
Trade and other payables	14	1 036 805	682 352
Funding	15	10 179 656	10 741 241
Total liabilities		**11 216 461**	**11 423 593**
Total equity and liabilities		**14 917 274**	**15 105 824**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	December 31 2024 R'000	December 31 2023 R'000
Interest earned	17	2 959 261	2 744 524
Interest expense		(960 528)	(857 770)
Net interest income		**1 998 733**	**1 886 754**
Other income	18	1 073 341	984 890
Insurance revenue	7	435 734	401 264
Insurance service expense	7	(152 280)	(147 460)
Insurance finance income or expense	7	19 933	27 364
Transaction fee expense		(325 691)	(270 520)
Operating costs		(1 501 524)	(1 463 634)
Cost of risk		(1 214 359)	(1 160 516)
Profit before taxation		**333 887**	**258 142**
Taxation expense		(15 389)	(52 899)
Profit for the year		**318 498**	**205 243**

Other comprehensive income			
Items that may be reclassified to profit or loss:			
Movements in foreign currency translation reserve		84	(327)
Other comprehensive income for the year net of taxation		84	(327)
Total comprehensive income for the year		**318 582**	**204 916**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Foreign currency translation reserve	Retained income	Total equity
	R'000	R'000	R'000	R'000
Balance at 01 January 2023	**1 774 921**	**7 367**	**1 995 027**	**3 777 315**
Profit for the year	-	-	205 243	205 243
Other comprehensive income	-	(327)	-	(327)
Total comprehensive income for the year	**-**	**(327)**	**205 243**	**204 916**
Distribution of capital	(300 000)	-	-	(300 000)
Balance at 01 January 2024	**1 474 921**	**7 040**	**2 200 270**	**3 682 231**
Profit for the year	-	-	318 498	318 498
Other comprehensive income	-	84	-	84
Total comprehensive income for the year	**-**	**84**	**318 498**	**318 582**
Distribution of capital	(300 000)	-	-	(300 000)
Balance at 31 December 2024	**1 174 921**	**7 124**	**2 518 768**	**3 700 813**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	December 31 2024 R'000	December 31 2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilised in) operations	21	570 327	(816 887)
Tax received (paid)	22	3 875	(16 198)
Interest paid on lease liability		(5 855)	(3 820)
Net cash generated from / (utilised in) operating activities		**568 347**	**(836 905)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(71 277)	(22 148)
Proceeds from sale of property and equipment	9	914	635
Purchase of intangible assets	10	(69 917)	(78 294)
Net cash from investing activities		**(140 280)**	**(99 807)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of funding		(10 630 385)	(6 636 422)
Proceeds from funding		10 574 843	7 748 991
Repayment of lease liabilities		(24 766)	(26 107)
Movement in bank overdrafts		(505 992)	231 735
Distribution of capital		-	(300 000)
Net cash (utilised in) / generated from financing activities		**(586 300)**	**1 018 197**
Net (decrease) / increase in cash and cash equivalents		(158 233)	81 485
Cash and cash equivalents at end of the year		1 198 936	1 117 451
Cash and cash equivalents at the end of the year	4	**1 040 703**	**1 198 936**

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The holding company, BNP Paribas Personal Finance South Africa Limited, is a company domiciled in South Africa. The consolidated financial statements as at, and for the year ended, 31 December 2024 comprise the company and its subsidiaries (together referred to as the "RCS Group", or "Group"). The company has foreign subsidiaries operating in Namibia and Botswana.

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa. The consolidated statement of financial position is presented in order of liquidity and the accounting policies have been consistently applied with those adopted in the prior financial year, except as noted in note 2.

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis that the RCS Group is a going concern and on the historical cost basis or the fair value basis, where expressly indicated as such.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In accordance with IFRS 13 Fair Value Measurement, fair value measurements are categorised into three levels and are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.2 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in South African Rands which is the RCS Group's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

1.3 BASIS OF CONSOLIDATION

Subsidiaries

The financial statements of subsidiaries are prepared for a consistent reporting period using consistent accounting policies.

Consolidation

The consolidated financial statements incorporate the financial statements of the holding company and entities controlled by the holding company.

The holding company controls an entity when the holding company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the holding company. They are consolidated until the date that control ceases. The holding company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the RCS Group are eliminated in full on consolidation.

The RCS Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- The fair value of the acquirer's previously held equity interest in the acquiree (if any); plus
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase is recognised immediately in the statement of profit and loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the RCS Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Jointly controlled operations

A jointly controlled operation is a joint arrangement carried on by each operator using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the RCS Group controls and the liabilities that it incurs in the course of pursuing the Home Loans joint operation, and the expenses that the RCS Group incurs and its share of the income that it earns from the Home Loans joint operation.

ACCOUNTING POLICIES
CONTINUED

1.4 SEGMENTAL REPORTING

An operating segment is a component of the RCS Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the RCS Group's other components. Operating segments' operating results are reviewed regularly by the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available.

The operating segments have been split into two main segments, Cards and Loans. To determine classification between the segments the nature of the product offered and the risk profile of the product is considered.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire equipment and intangible assets.

Amounts reported in the RCS Group segmental analysis are measured in accordance with IFRS Accounting Standards.

1.5 FINANCIAL INSTRUMENTS

A financial instrument (financial asset or financial liability) is recognised when the RCS Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the RCS Group's contractual rights to the cash flows from the financial assets expire or if the RCS Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the RCS Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the RCS Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments

Non-derivative financial instruments recognised on the consolidated statement of financial position include cash and cash equivalents, card, loan and other receivables, financial assets at fair value through profit or loss, funding and trade and other payables.

Initial measurement

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

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

Subsequent to initial recognition, these instruments are measured as set out below:

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and amounts held on deposit at financial institutions and is measured at amortised cost.

Card and loan receivables

Card and loan receivables are classified and measured at amortised cost using the effective interest method, less allowance for impairment losses. An allowance for impairment is made for card and loan receivables which are estimated to be impaired at the reporting date. The significant judgements included in estimating the allowance is included in note 1.20.

Purchased or originated credit-impaired (POCI) assets are financial assets that are credit-impaired on initial recognition. POCI assets are measured at fair value at original recognition. Subsequently, only the cumulative changes in lifetime expected credit losses ("ECL") since initial recognition arerecognised in the allowance for impairment.

Other receivables

Other receivables are carried at amortised cost using the effective interest rate method less provision for expected credit losses.

Expected credit loss impairment model

Credit loss allowances are measured at each reporting date according to a three-stage ECL impairment model:

- Stage 1 – From initial recognition of a financial asset until the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.
- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses will be recognised.
- POCI – POCI assets are financial assets that are credit impaired on initial recognition. The cumulative changes in lifetime ECL since initial recognition are recognised in the impairment allowance.

Collection costs on future cash flows are not taken into account in the estimation of expected credit losses.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

The Group presumes, and has therefore not rebutted the rebuttable presumption in IFRS 9 Financial Instruments, that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, however, other factors are also considered in making this determination (a customer enters debt review or a non-financial indication of increased risk is observed).

Consideration is also given to customers with multiple accounts with the RCS Group, and the significant increase in credit risk criteria is applied at a customer level.

(ii) Definition of default and credit-impaired financial assets

The Group considers, in accordance with the rebuttable presumption in IFRS 9, that default has occurred when a financial asset is more than 90 days past due; i.e. the customer has three contractual installment payments overdue. A full payment of current and arrear instalments is required to exit the past due status. Default also occurred when a debtor is assessed as unlikely to pay its credit obligations due to an external event that has a detrimental impact on the estimated future cash flows of that debtor, e.g. death and insolvency.

(iii) Write-off policy

The Group writes off a financial asset when there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery strategies, taking into account legal advice where appropriate. Any recoveries made post write-off are recognised in profit or loss. The RCS Group implements a write-off point of 8 years after card and loan receivables were handed over to recoveries collections agencies, except in exceptional cases where an earlier write-off is appropriate (such as death, insolvency, account fraud and prescription).

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of write-off ("PW"), loss given write-off ("LGW") (i.e. the magnitude of the loss if there is a write-off) and the exposure at write-off ("EAW"). The assessment of the probability of write-off and loss given write-off is based on historical data adjusted by forward-looking information. As for the exposure at write-off, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date; together with unutilised credit lines adjusted for the likelihood of utilisation before write-off.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the RCS Group in accordance with the contract and all the cash flows that the RCS Group expects to receive, discounted at the original effective interest rate. Collection costs on future cash flows are not taken into account in the estimation of expected credit losses.

If the RCS Group has measured the allowance for impairment for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the RCS Group measures the allowance for impairment at an amount equal to 12-month ECL at the current reporting date.

The RCS Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through an allowance for impairment account.

1.5 FINANCIAL INSTRUMENTS (CONTINUED)

v) Forward-looking information incorporated in ECL models

A fundamental principle of IFRS 9 is that the ECL allowance should take into account anticipated future changes in the economic environment. The RCS Group follows the BNPP Personal Finance policy on including forward-looking information into the ECL. The forward-looking economic expectations cover gross domestic product ("GDP"), inflation and unemployment and are defined by the BNPP Group's Stress Testing & Financial Synthesis ("STFS") team. The incorporation of forward-looking information inherently contains significant estimation as it pertains to uncertain future events. Refer to note 1.20 Use of Estimates and Judgements.

Baseline, unfavourable and favourable scenarios are estimated within the individual products. These forward-looking economic expectations are included in the ECL through modelling that correlate these scenarios with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the RCS Group's macro-economic outlook expectations of the local economy.

Management assigns a probability to each of the scenarios and an anticipated impact of the scenario to the ECL.

In addition to the forward-looking information modelled within the ECL allowance as noted above, management considers any other relevant facts and circumstances which might be relevant in relation to the forward-looking component of the ECL allowance. Additional forward-looking allowances are raised to encapsulate these facts and circumstances as appropriate. Refer to note 1.20.

Financial liabilities

Trade and other payables and Funding

Trade and other payables and funding are recognised at amortised cost comprising original debt less principal repayments and amortisation.

Bank overdrafts are included in funding and therefore considered to be financing activities in the statement of cash flows, due to the fact that these overdraft facilities are not repayable on demand.

The cash flows in respect of bank overdrafts are reported on a net basis in the statement of cash flows due to the short turnaround and large value of cash flows.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the RCS Group has a legally enforceable right.

1.6 PROPERTY AND EQUIPMENT

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are recognised net within "operating costs" in the income statement.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the RCS Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated depreciation rates for the current and comparative periods are as follows:

- Computer hardware	33%
- Furniture and fittings	16%-20%
- Leasehold property	10%-20%
- Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Depreciation of an item of property and equipment commences when the item is available for use.

1.7 GOODWILL

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets that are acquired by the RCS Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development; and
- The technical feasibility of completing the intangible asset.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

Computer software

Computer software acquired by the RCS Group is stated at historical cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The annual rate for the amortisation varies between 33% for general software to 10% for specific systems/functionalities depending on the period over which it is expected the business will derive benefit from the asset.

The above amortisation rates are consistent with the comparative period. Amortisation methods, useful lives and residual values are reassessed at each reporting date.

1.9 NON-FINANCIAL ASSETS IMPAIRMENT

The carrying values of the RCS Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

ACCOUNTING POLICIES

CONTINUED

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to goodwill and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis. The recoverable amount of an asset or cashgenerating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 LEASES

The RCS Group assesses whether a contract is or contains a lease, at inception of a contract. The RCS Group recognises a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the RCS Group's incremental borrowing rate. The incremental borrowing rate is calculated using the average interest rate of long term funding currently drawn.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The RCS Group remeasures the lease liability whenever there are changes to the lease term or lease payments payable or when the lease contract is modified. No such changes were made in the current financial period.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciatedover the shorter period of the lease term and the useful life of the ROU asset, and the depreciation starts at the commencement date of the lease.

The RCS Group applies IAS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the'Property and Equipment' policy.

1.11 STATED CAPITAL AND RESERVES

Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any taxation effects.

Foreign currency translation reserve

Gains and losses arising on translation of the assets, liabilities, income and expenses of foreign operations are recognised directly in equity as a foreign currency translation reserve.

1.12 DIVIDENDS

Dividends are accounted for in the period when the dividend is declared. Dividends declared on equity instruments after the reporting date are accordingly not recognised as liabilities at the reporting date.

1.13 INTEREST EARNED

Revenue comprises interest income. Interest is recognised on a time-proportion basis taking account of the principal outstanding and the effective interest rate over the period to maturity when it is probable that such income will accrue to the RCS Group.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the amortised cost of a financial asset.

For POCI financial assets, interest income is calculated by applying the credit-adjusted effective interest rate ("EIR") to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

1.14 INTEREST EXPENSE

Interest expense comprises interest which has been incurred on borrowings, including lease liabilities and are recognised in profit or loss.

1.15 OTHER INCOME

Collection income

Collection income is measured based on the consideration to which the RCS Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Collection income is recognised when charged to the customer's account once a collection intervention has taken place on the outstanding balance.

Merchant commission income

Commission income is recognised when the related transaction on which the commission is earned has been concluded.

Insurance commission income

Insurance commission income is recognised on a monthly basis when insurance premium is charged to a customer's account on behalf of the insurance cell captive.

Service and initiation fee income

Service fee income is recognised on a monthly basis when charged to a customers account. The performance obligation is met monthly.

Initiation fee is charged to a customer on initiation of the account and recognised as part of the effective interest rate of the financial asset.

1.16 COST OF RISK

Cost of risk comprises impairment losses, or reversals thereof, recognised in respect of the measurement of the allowance for impairment. Including the net losses on the write-off of financial assets.

1.17 TAXATION

Income taxation expense comprises current and deferred taxation.

Income taxation expense is recognised in the statement of comprehensive income except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or equity as appropriate.

Current taxation

Current taxation is the expected taxation payable/receivable, calculated on the basis of taxable income for the period, using the taxation rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable/receivable for previous periods. Taxable income differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation

Deferred taxation is recognised in respect of temporary differences between the taxation base of an asset or liability and its carrying amount. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and temporary differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred taxation is measured at the taxation rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets are recognised for all deductible temporary differences and assessed losses to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and assessed losses can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Deferred taxation assets and liabilities are off-set if there is a legally enforceable right to off-set current taxation liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current taxation liabilities and assets on a net basis, or their taxation assets and liabilities will be realised simultaneously.

ACCOUNTING POLICIES

CONTINUED

1.18 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits are recognised in profit or loss during the period in which the employee renders the related service.

The accruals for employee entitlements to wages, salaries, annual and sick leave represent the amount which the RCS Group has a present obligation to pay as a result of employees' services provided to the reporting date. The short-term benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Short-term employee benefits also includes the RCS Group's discretionary short-term incentives payable to all qualifying employees in respect of the related service in the current period.

Defined contribution plans

The RCS Group contributes to the following defined contribution plans:

Post-employment benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension, provident and retirement funds are recognised as an employee benefit expense in profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in future payments is available.

Medical aid schemes

The RCS Group contributes to medical aid schemes for the benefit of permanent employees and their dependants. The contributions to the schemes are recognised in profit or loss as the related service is provided.

1.19 FOREIGN CURRENCIES

Foreign currency transactions

Transactions in currencies other than the RCS Group's functional currency are translated at the rates of exchange ruling on the transaction date.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the reporting date. Non-monetary assets and liabilities denominated in such currencies are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses arising on translation are recognised in profit or loss.

Foreign operations

As at the reporting date, the assets and liabilities of foreign operations in Botswana are translated into the presentation currency of the RCS Group at the rate of exchange ruling at the reporting date and the income and expenses are translated at the average rate for the year.

Gains and losses arising on translation of the assets, liabilities, income and expenses of foreign operations are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

The RCS Group is not required to translate the financial position and results of the operations in Namibia as the exchange rate between the Namibian Dollar and the Rand is 1:1.

1.20 USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards, requires management and/or directors to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and projections and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgements made in applying the RCS Group's accounting policies, that may potentially have a significant effect on the amounts recognised in the consolidated financial statements relate to the following:

Significant judgements and estimates

Measurement of expected credit losses

Card and loan receivables are disclosed net of any allowance for impairment. The allowance for impairment is determined with the incorporation of expected credit loss ("ECL") modelling, which is an area of significant judgement and estimate due to the input of key assumptions into complex provisioning methodology.

In measuring ECL, the significant estimates and judgements applied are described below. Refer to note 5 and 26 for additional disclosure on the allowance for impairment.

i) ECL modelling

The PW and EAW are determined based on a historical time frame or time period which is deemed by management to be indicative of future expectations. The LGW is determined using a time frame aligned to the company's period of expected recoveries on accounts in the absorbing status.

This time frame or time period is a key estimate and input in the determination of the ECL.

ii) Significant increase in credit risk

A significant increase in credit risk is a key determinant on the measurement of ECL as a significant increase in credit risk classifies an account from stage 1 to stage 2 and accordingly measurement of ECL on a lifetime basis compared to a 12-month basis under stage 1.

The Group presumes that a significant increase in credit risk occurred when a financial asset is more than 30 days past due; i.e. the customer has one instalment payment which is overdue. Other factors are also included in the assessment, i.e. customer entered debt review or another non-financial indicator of increased risk is observed.

iii) Forward-looking information incorporated in ECL models

The following probablities and factors were assigned in the current financial year with respect to the modelled forward-looking ECL allowance:

Forward-looking information incorporated in ECL models for Cards:

- Baseline scenario: 50% weighted probability and a 6,4% increase in ECL allowance as this is the scenario that anticipates that the macroeconomic environment will remain consistent to those present at the reporting date.
- Adverse scenario: 20% weighted probability and 21.5% increase in ECL allowance as this is the scenario anticipating a deterioration in the macroeconomic environment after the reporting date.
- Extremely Adverse scenario: 5% weighted probability and 29.2% increase in ECL allowance as this is the scenario anticipating a deterioration in the macroeconomic environment after the reporting date.
- Favourable scenario: 25% weighted probability and 2.2% decrease in ECL allowance as this is the scenario that anticipates an improvement in the macroeconomic environement after the reporting date.

Forward-looking information incorporated in ECL models for Loans:

The following assumptions and factors were assigned in the current financial year with respect to the modelled forward-looking ECL allowance:

- Baseline scenario: 50% weighted probability and a 3.7% increase in ECL allowance as this is the scenario that anticipates that the macroeconomic environment will remain consistent to those present at the reporting date.
- Adverse scenario: 20% weighted probability and 6.8% increase in ECL allowance as this is the scenario anticipating a deterioration in the macroeconomic environment after the reporting date.
- Extremely Adverse scenario: 5% weighted probability and 8.3% increase in ECL allowance as this is the scenario anticipating a deterioration in the macroeconomic environment after the reporting date.
- Favourable scenario: 25% weighted probability and 1.8% increase in ECL allowance as this is the scenario that anticipates an improvement in the macroeconomic environement after the reporting date.

In 2022, management took into account the elevated inflation rates and implemented an additional forward-looking information overlay that was not part of the original model.

Management believed that the ongoing higher inflation would adversely affect a portion of customers who were active at the reporting date, as they would struggle to cope with the cumulative effects of inflation. This situation would exert pressure on their disposable income, making it challenging for these customers to meet future instalment payments, thereby significantly increasing credit risk in the near future.

By the fourth quarter of 2024, inflation had decreased to approximately 3%, in contrast to an average of 6.9% in 2022, when the overlay concerning the vulnerable customer segment was introduced. With headline inflation projected to remain substantially lower than 2022 levels in the short to medium term, the direct link to a notable rise in the risk of future defaults for this vulnerable group has diminished. Consequently, the remaining stage 2 overlay was lifted in December 2024.

1.20 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Other judgements and estimates

Goodwill

The RCS Group reviews goodwill for impairment at least annually or when events or changes in economic circumstances indicate that impairment may have taken place. Impairment reviews are performed by projecting future cash flows, based upon budgets, strategic and future plans and making appropriate assumptions about rates of growth and discounting these using a rate that takes into account prevailing market interest rates and the risks inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying net assets and goodwill, an impairment loss is recognised in profit or loss. This calculation requires the exercise of significant judgement by management. If the estimates prove to be incorrect or performance does not meet expectations, which affects the amount and timing of future cash flows, goodwill may become impaired in future periods. Goodwill is disclosed in note 11.

Property, equipment and intangible assets

The allocation of useful lives to items of property, equipment and intangible assets is dependant on judgement. These allocations are done based on past experience and the period over which future economic benefits are expected to be derived.

Insurance contracts

The RCS Group adopted IFRS 17 from 1 January 2023, with the transition date being 1 January 2022.

The RCS Group sells insurance contracts through its cell captive arrangements to its customers and these contracts are considered to be in-substance reinsurance contracts; and therefore fall within the scope of IFRS 17.

The RCS Group applies the premium allocation approach ("PAA") allowed under IFRS 17 given that the coverage period of the RCS Group's insurance contracts is one year or less. This approach simplifies the measurement of the RCS Group's insurance contracts.

The insurance risk of the cell captive arrangements lies with the cell captive, however the RCS Group is exposed to insurance risk to the extent that the cell captive requires additional capital injection if the solvency and capital adequacy ratios fall below the prescribed levels. This risk is managed on an ongoing basis through review of the ratios and liquidity of the individual cell captive arrangements.

A confidence level of 85% is used to calculate the risk adjustment for non-financial risk.

1.21 INSURANCE CONTRACTS

Classification

Contracts under which the company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

The RCS Group is required to recapitalise each cell by subscribing for additional shares if the Financial Soundness Requirements of the cell fall below the minimum threshold, or if the cell is not in a financially sound condition. The requirement to recapitalise the cell is as a result of insurance risk.

Through the shareholders agreement with Guardrisk, it is deemed that the RCS Group is exposed to significant insurance risk, and these contracts are within the scope of IFRS 17 Insurance Contracts. Insurance risk is risk other than financial risk.

Aggregation and recognition of insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. The insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

The RCS Group considers each of its shareholders agreements as a separate portfolio:

- Guardrisk insurance
- Guardrisk life

The two cell captives have been reported on an aggregated basis in note 7, due to the majority of insurance contracts being held within one of the two cells.

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts:

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the RCS Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

1.21 INSURANCE CONTRACTS (CONTINUED)

A substantive obligation to provide services ends when:

- The RCS Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The RCS Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fullyreflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the RCS Group, which may include both insurance and financial risks, but exclude lapse and expense risks.

The RCS Group considers the contract boundary of the shareholder agreements to be short term in nature (i.e. one year or less), based on the obligations and rights of the cell agreement.

Measurement – contracts measured under PAA

The RCS Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception:

- The coverage period of each contract in the group is one year or less; or
- The RCS Group reasonably expects that the resulting measurement of the liability (or asset) for remaining coverage would not differ materially from the result of applying the accounting policies for contracts not measured under PAA.

The shareholders' agreements meet the criteria of IFRS 17.53(b) which states that if the coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date applying paragraph 34) is one year or less, PAA may be applied.

On initial recognition of each group of contracts, the carrying amount of the liability for the remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. Where the coverage period is one year or less, the company has elected to expense insurance acquisition cash flows as they are incurred.

Subsequently the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses (where not expensed upfront), and decreased by the amount recognised an insurance revenue for services provided. The RCS Group does not have any insurance acquisition cash flows.

On initial recognition of each group of contracts, the RCS Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the RCS Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. The interest and fair value gains that are accrued within the cells are recognised as finance income within the income statement.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the RCS Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The RCS Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are not discounted (at current rates) since they are expected to be paid in one year or less from the date the claims are incurred. Given the relatively short term run-off of claims, the RCS Group does not allow for discounting of the cashflows.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

The RCS Group recognises an insurance service result in the consolidated statement of profit or loss, comprising insurance revenue, insurance service expenses and insurance finance income or expenses.

The RCS Group does not disaggregate changes in the Risk Adjustment ("RA") for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the RA for non-financial risk are included in the insurance service result. The cell insurer calibrates its RA on Liabilities for Incurred Claims at a 85% confidence level per non-financial risk type. An RA factor is calculated by scaling the regulatory solvency requirements on the regulatory claims liability for each insurance risk from the 99.5% confidence level to the 85% confidence level, assuming a standard normal distribution, and expressing the factor as a percentage of the claims liability.

1.21 INSURANCE CONTRACTS (CONTINUED)

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Insurance revenue – contracts measured under the PAA
The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The RCS Group allocates the expected premium receipts to each period on the passage of time, unless another basis is more appropriate.

Insurance Service Expense
Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- Incurred claims and other insurance service expenses.
- Amortisation of insurance acquisition cash flows.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Insurance finance income and expenses
Insurance finance income and expenses comprise changes in the carrying amount of groups of insurance and reinsurance contracts arising from the effectsof the time value of money, financial risk and changes therein. The RCS Group presents insurance finance income or expenses in profit or loss.

Transition
The company has applied a fully retrospective transition approach to all contracts in force on transition date.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR
In the current year, the RCS Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	01 January 2024	No material impact
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements	01 January 2024	No material impact
Amendment to IFRS 16: Lease liability in a sale and leaseback	01 January 2024	No material impact

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT
The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2025:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027	Impact is currently being assessed
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 January 2027	Impact is currently being assessed
Amendments to IFRS 9 Financial Instruments	01 January 2026	Impact is currently being assessed
Amendments to IFRS 7 Financial Instruments: Disclosures	01 January 2026	Impact is currently being assessed
Amendments to IAS 21: Lack of Exchangeability	01 January 2026	Impact is currently being assessed

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SEGMENTAL INFORMATION

The RCS Group has identified two reportable segments, as described below, which are the RCS Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each strategic business unit, the RCS Group's executive directors and business executives ("RCS Group Management") along with the chief operating decision maker for each business unit review internal management reports on a monthly basis.

The following summary describes the operations in each of the RCS Group's reportable segments:

Reportable Segment	Products and services
Cards segment	Credit card, general utility card, virtual card and private label card products offered to consumers delivered via participating merchant outlets in South Africa, Namibia and Botswana and their related insurance products
Loans segment	Short-term and medium-term loans offered to consumers and related insurance products
Other segments	All other segments include BNP Paribas Personal Finance South Africa Limited, RCS Home Loans Proprietary Limited, RCS Collections Proprietary Limited and include once-off corporate costs - BNP Paribas Personal Finance South Africa Limited acts as the external funding vehicle for the RCS Group. Commercial paper and bonds are issued via this entity - RCS Home Loans Proprietary Limited's operations include the servicing of home loans - RCS Collections Proprietary Limited is a registered debt collector. None of these segments meet the quantitative thresholds required by IFRS 8 Operating Segments for determining reportable segments in the current or previous financial years. The RCS Group's external customers and assets are predominantly situated in South Africa, and no single customer comprises 10% or more of revenue for the RCS Group.

Segmental revenue and results

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the RCS Group Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. SEGMENTAL INFORMATION (CONTINUED)

31 December 2024	Cards	Loans	Other	Total
Interest earned	2 509 339	449 329	593	2 959 261
Interest expense	(858 929)	(132 006)	30 407	(960 528)
Net interest income	**1 650 410**	**317 323**	**31 000**	**1 998 733**
Inter-segmental (expense) / income	(52 493)	(8 217)	60 710	-
Other income	899 317	173 392	632	1 073 341
Insurance revenue	376 756	58 978	-	435 734
Insurance service expenses	(131 668)	(20 612)	-	(152 280)
Profit before taxation	275 246	30 398	28 243	333 887
Manpower costs (salaries)	(403 210)	(61 400)	(19 643)	(484 253)
Premises costs	(37 058)	(6 691)	-	(43 749)
Cost of risk	(987 622)	(226 771)	34	(1 214 359)
Collection costs	(201 274)	(18 885)	20 752	(199 407)
Depreciation and amortisation	(102 984)	(16 121)	-	(119 105)
Interest on lease liability	(5 062)	(792)	-	(5 854)
Capital expenditure	(95 472)	(14 944)	-	(110 416)
Taxation	(6 350)	(994)	(8 045)	(15 389)
Segment assets	12 788 544	2 001 933	126 797	14 917 274
Segment liabilities	9 697 859	1 518 113	489	11 216 461

Geographical Information	South Africa	Botswana	Namibia	Total
	R'000	R'000	R'000	R'000
Interest earned	2 889 796	38 182	31 283	2 959 261
Other income	1 050 021	18 612	4 708	1 073 341
Non-current assets	533 143	-	-	533 143

Non-current assets exclude those relating to financial instruments and deferred tax assets.

3. SEGMENTAL INFORMATION (CONTINUED)

31 December 2023	Cards	Loans	Other	Total
Interest earned	2 351 448	392 589	487	2 744 524
Interest expense	(770 239)	(106 611)	19 080	(857 770)
Net interest income	**1 581 209**	**285 978**	**19 567**	**1 886 754**
Inter-segmental (expense) / income	(53 415)	(6 100)	59 515	-
Other income	836 017	148 236	637	984 890
Insurance revenue	360 129	41 135	-	401 264
Insurance service expenses	(132 347)	(15 113)	-	(147 460)
Profit before taxation	212 841	28 538	16 763	258 142
Manpower costs (salaries)	(387 127)	(57 060)	(19 306)	(463 493)
Premises costs	(32 508)	(5 037)	-	(37 545)
Cost of risk	(978 234)	(181 801)	(481)	(1 160 516)
Collection costs	(192 794)	(23 883)	20 402	(196 275)
Depreciation and amortisation	(87 052)	(9 943)	-	(96 995)
Interest on lease liability	(3 428)	(391)	-	(3 819)
Capital expenditure	(91 605)	(10 460)	-	(102 065)
Taxation	(42 986)	(4 910)	(5 003)	(52 899)
Segment assets	13 425 110	1 533 436	147 278	15 105 824
Segment liabilities	10 252 060	1 171 006	530	11 423 596

Geographical Information	South Africa	Botswana	Namibia	Total
	R'000	R'000	R'000	R'000
Interest earned	2 675 094	38 344	31 086	2 744 524
Other income	960 720	18 480	5 690	984 890
Non-current assets	478 014	-	-	478 014

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2024	2023
Bank balances	1 040 703	1 198 936

Bank balances are held in South African Rands, Namibian Dollars and Botswana Pula. The RCS Group does not have significant restricted cash and cash equivalents.

5. CARD AND LOAN RECEIVABLES

	2024	2023
Active card and loan receivables		
Gross	14 261 523	14 257 841
Less: allowance for impairment	(2 143 371)	(2 129 886)
Net active card and loan receivables	**12 118 152**	**12 127 955**
Allowance as a percentage of gross card and loan receivables	15,0%	14,9%
Card and loan receivables handed over to recoveries collection agencies		
Gross	2 100 445	2 370 166
Less: allowance for impairment	(1 571 033)	(1 804 290)
Net card and loan receivables handed over to recoveries collection agencies	**529 412**	**565 876**
Allowance as a percentage of gross card and loan receivables	74,8%	76.1%

Card and loan receivables handed over to recoveries collection agencies relate to customer accounts that have reached a certain level of contractual delinquency and are no longer actively managed operationally. These customers are still collected upon by collection recovery agencies.

During the current period, card and loan receivables handed over to recoveries collection agencies with gross balances of R1 411 million (31 December 2023: R714 million) were sold as part of debt sales undertaken by the RCS Group.

5. CARD AND LOAN RECEIVABLES (CONTINUED)

Total card and loan receivables		
Gross	16 361 968	16 628 007
Less: allowance for impairment	(3 714 404)	(3 934 176)
Net card and loan receivables	**12 647 564**	**12 693 831**
Allowance as a percentage of gross card and loan receivables	22,7 %	23,7 %
Analysis of card and loan receivables by type		
Card and private label receivables	10 935 681	11 392 556
Personal loan receivables	1 711 883	1 301 275
	12 647 564	**12 693 831**

Card and private label receivables consist of a number of individual unsecured revolving card accounts as well as amounts due for services delivered on credit. The accounts attract variable and fixed interest rates and terms vary from revolving to 36 months. The average effective interest rate for the period under review is 20.8% (2023: 19.5%).

Personal loan receivables comprise a number of individual unsecured loans. The personal loans attract interest at fixed interest rates and terms vary from 12 to 60 months. The interest rate on each loan is determined when the loan is initially advanced and based on the risk profile of the customer. The average effective interest rate for the period under review is 25.4% (2023: 22.0%).

The RCS Group's management of, and exposure to, market and credit risk is disclosed in note 26.

The RCS Group monitors the ageing of its card and loan receivables on a contractual basis. Customers that are not past due make up 78.1% of net card and loan receivables (2023: 77.7%). The RCS Group mainly transacts in the local currency, Namibian Dollar and Botswana Pula. The exchange rate is one to one between the Namibian Dollar and the South African Rand and less than 1% of the total assets of the RCS Group are held in Botswana Pula. Limited transactions are denominated in other foreign currencies. Accordingly the results of the RCS Group are not exposed to significant foreign currency risk.

Card and loan receivables written off during the year were fully provided for and therefore did not result in a net loss in profit or loss (2023: Rnil). No card and loan receivables written off during the year are subject to enforcement activity (2023: Rnil).

The following table details the risk profile of active card and loan receivables based on the RCS Group's provision matrix. As the RCS Group's allowance for impairment is based on past due status, it is not further distinguished.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	2024 Active card and loan receivables			
	Stage 1	Stage 2	Stage 3	Total
Gross active card and loan receivables	11 131 592	1 406 048	1 723 883	14 261 523
Allowance for impairment	(581 935)	(701 857)	(859 579)	(2 143 371)
Net active card and loan receivables	**10 549 657**	**704 191**	**864 304**	**12 118 152**
Provision %	5,2 %	49,9 %	49,9 %	15,0 %

Card and loan receivables handed over to recoveries collection agencies is measured at stage 3 with a provision percentage of 75.3% (2023: 76.1%).

Included within gross card and loan receivables handed over to collection agencies, classified as stage 3, is the POCI portfolio of R15.4 million (2023: R36.9 million), with an allowance for impairment of R15.4 million (2023: R29.6 million).

A reconciliation of the gross balances by stage in respect of active card and loan receivables is as follows:

	2024 Active card receivables: Gross			
	Stage 1	Stage 2	Stage 3	Total
1 January 2024	9 651 537	1 288 951	1 282 096	12 222 584
Credit originated*	1 243 381	101 201	59 734	1 404 316
Changes in gross balances**	305 325	(13 808)	(103 628)	187 889
Transfers between stages	(1 534 545)	(186 479)	1 794 551	73 527
Changes in credit risk	119 005	(14 757)	(4 494)	99 754
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	(28 661)	-	(1 645 337)	(1 673 998)
31 December 2024	**9 756 043**	**1 175 107**	**1 382 922**	**12 314 072**

* Refers to new accounts originated in the period.
** Refers to changes in existing customer balances.

5. CARD AND LOAN RECEIVABLES (CONTINUED)

2024
Active loan receivables: Gross

	Stage 1	Stage 2	Stage 3	Total
1 January 2024	1 482 709	273 767	278 781	2 035 257
Credit originated*	711 820	53 754	58 896	824 470
Changes in gross balances**	(191 685)	(6 280)	(39 752)	(237 717)
Transfers between stages	(652 182)	(88 274)	687 560	(52 896)
Changes in credit risk	24 886	(2 025)	6 763	29 624
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	-	-	(651 287)	(651 287)
31 December 2024	**1 375 549**	**230 941**	**340 961**	**1 947 451**

A reconciliation of the changes in the allowance for impairment by stage in respect of active card receivables is as follows:

2024
Active card receivables: Allowance for impairment

	Stage 1	Stage 2	Stage 3	Total
1 January 2024	425 684	738 293	602 053	1 766 030
Credit originated*	62 926	49 317	27 004	139 247
Changes in gross balances**	48 443	(8 144)	(44 285)	(3 986)
Transfers between stages	(69 396)	(73 058)	484 062	341 608
Changes in credit risk	15 883	(84 414)	76 392	7 861
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	-	-	(437 272)	(437 272)
31 December 2024	**483 540**	**621 994**	**707 954**	**1 813 488**

* Refers to new accounts originated in the period.
** Refers to changes in existing customer balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2024
Active loan receivables: Allowance for impairment

	Stage 1	Stage 2	Stage 3	Total
1 January 2024	88 874	135 167	139 815	363 856
Credit originated*	50 269	24 017	26 253	100 539
Changes in gross balances**	(6 736)	(3 155)	(24 449)	(34 340)
Transfers between stages	(40 913)	(46 726)	154 284	66 645
Changes in credit risk	6 900	(29 440)	3 999	(18 541)
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	-	-	(148 278)	(148 278)
31 December 2024	**98 395**	**79 863**	**151 625**	**329 883**

2023
Active card and loan receivables

	Stage 1	Stage 2	Stage 3	Total
Gross active card and loan receivables	11 134 246	1 562 718	1 560 877	14 257 841
Allowance for impairment	(514 558)	(873 460)	(741 868)	(2 129 886)
Net active card and loan receivables	**10 619 688**	**689 258**	**819 009**	**12 127 955**
Provision %	4,6 %	55,9 %	47,5 %	14,9 %

5. CARD AND LOAN RECEIVABLES (CONTINUED)

A reconciliation of the gross balances by stage in respect of active card and loan receivables is as follows:

December 2023
Gross active card receivables

	Stage 1	Stage 2	Stage 3	Total
1 January 2023	9 084 073	1 131 917	1 010 387	11 226 377
Credit originated*	1 388 003	138 879	89 711	1 616 593
Changes in gross balances**	457 425	(1 597)	(74 490)	381 338
Transfers between stages	(1 441 627)	(12 890)	1 556 173	101 656
Changes in credit risk	264 415	32 642	37 931	334 988
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	(100 752)	-	(1 337 616)	(1 438 368)
31 December 2023	**9 651 537**	**1 288 951**	**1 282 096**	**12 222 584**

2023
Active loan receivables: Gross

	Stage 1	Stage 2	Stage 3	Total
1 January 2023	1 116 646	196 568	210 751	1 523 965
Credit originated*	1 060 644	104 066	67 136	1 231 846
Changes in gross balances**	(140 738)	(5 514)	(37 578)	(183 830)
Transfers between stages	(558 809)	(22 497)	524 277	(57 029)
Changes in credit risk	4 966	1 144	914	7 024
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	-	-	(486 719)	(486 719)
31 December 2023	**1 482 709**	**273 767**	**278 781**	**2 035 257**

5. CARD AND LOAN RECEIVABLES (CONTINUED)

A reconciliation of the changes in the allowance for impairment by stage in respect of active card receivables is as follows:

2023
Active card receivables: Allowance for impairment

	Stage 1	Stage 2	Stage 3	Total
1 January 2023	437 417	679 568	517 723	1 634 708
Credit originated*	60 362	60 327	42 241	162 930
Changes in gross balances**	41 751	244	(36 791)	5 204
Transfers between stages	(61 877)	17 562	421 122	376 807
Changes in credit risk	(51 969)	(19 408)	(1 127)	(72 504)
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	-	-	(341 115)	(341 115)
31 December 2023	**425 684**	**738 293**	**602 053**	**1 766 030**

2023
Active loan receivables: Allowance for impairment

	Stage 1	Stage 2	Stage 3	Total
1 January 2023	58 298	113 202	118 749	290 249
Credit originated*	66 493	50 148	34 255	150 896
Changes in gross balances**	(4 747)	(1 601)	(25 551)	(31 899)
Transfers between stages	(31 175)	(8 732)	109 430	69 523
Changes in credit risk	5	(17 850)	2	(17 843)
Accounts written off and transferred to card receivables handed over to recoveries collection agencies	-	-	97 070	97 070
31 December 2023	**88 874**	**135 167**	**139 815**	**363 856**

* Refers to new accounts originated in the period.
** Refers to changes in existing customer balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. OTHER RECEIVABLES

Figures in Rand Thousand	2024	2023
Corporate debtors	93 859	68 561
RCS Home Loans joint operation deposit	15 148	15 148
Other receivables	81 651	39 831
Prepayments	21 988	20 669
Merchant receivables	26 504	31 636
	239 150	**175 845**

In the current period, other receivables consist mainly of salary control accounts of R51 million (2023: R37.0 million).

Management has evaluated the recoverability and possible credit loss of other receivables. As the ECL of these balances is insignificant no allowance for impairment has been recognised.

7. INSURANCE CONTRACT ASSETS

	2024	2023
Insurance contract assets	95 944	214 516
	95 944	**214 516**

The structure per product is as follows: Guardrisk Insurance Company Limited (RCS Cards Proprietary Limited Cell no. 160)

The RCS Group sells short-term income protection insurance underwritten by Guardrisk to its customers. The short-term cell has a net insurance contract asset balance of R9.8 million (31 December 2023: R27.9 million).

Guardrisk Life Limited (RCS Cards Proprietary Limited Cell no. 78)

The RCS Group sells long-term insurance policies with death benefits underwritten by Guardrisk to its customers. The life cell has a net insurance contract asset balance of R86.2 million (31 December 2023: R186.6 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7. INSURANCE CONTRACT ASSETS (CONTINUED)

The insurance contract asset consists of the following components:

Reconciliation of the liability for remaining coverage and the liability for incurred claims	**Liability for remaining coverage**		**Liability for incurred claims**		**Total asset**
	Excluding loss component	**Loss component**	**Best estimate Liability**	**Risk Adjustment**	
Net balance as at 1 January 2023	352 338	-	(33 576)	(5 413)	313 438
Insurance revenue	401 264	-	-	-	401 264
Insurance service expense					
- Incurred claims	-	-	(43 205)	(283)	(43 488)
- Tax expense	-	-	(103 972)	-	(103 972)
- Amortisation of insurance acquisition cash flows	-	-	-	-	-
- Changes that relate to past service adjustments to the LIC	-	-	-	-	-
- Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance service result	**401 264**	-	**(147 177)**	**(283)**	**253 804**
Finance income from insurance contracts issued	27 363	-	-	-	27 363
Total amounts recognised in comprehensive income	**428 627**	-	**(147 177)**	**(283)**	**281 167**
Cash flows	-	-	-	-	-
Premiums received	-	-	-	-	-
Claims and other directly attributable expenses	-	-	-	-	-
Insurance acquisition cash flow amortisation	-	-	-	-	-
Dividend paid	(526 760)	-	146 760	-	(380 000)
Balance as at 31 December 2023	**254 205**	-	**(33 994)**	**(5 696)**	**214 516**

Reconciliation of the liability for remaining coverage and the liability for incurred claims	Liability for remaining coverage		Liability for incurred claims		Total asset
	Excluding loss component	Loss component	Best estimate Liability	Risk Adjustment	
Net balance as at 1 January 2024	254 205	-	(33 994)	(5 696)	214 516
Insurance revenue	435 734	-	-	-	435 734
Insurance service expense	-	-	(48 261)	(121)	(48 382)
- Incurred claims	-	-	(109 965)	-	(109 965)
- Tax expense	-	-	-	-	-
- Amortisation of insurance acquisition cash flows	-	-	-	-	-
- Changes that relate to past service adjustments to the LIC	-	-	-	-	-
- Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance service result	**435 734**	**-**	**(158 227)**	**(121)**	**277 386**
Finance income from insurance contracts issued	19 933	-	-	-	19 933
Total amounts recognised in comprehensive income	**455 667**	**-**	**(158 227)**	**(121)**	**297 319**
Cash flows					
Premiums received	-	-	-	-	-
Claims and other directly attributable expenses	-	-	-	-	-
Insurance acquisition cash flow amortisation	-	-	-	-	-
Dividend paid	(568 092)	-	152 201	-	(415 890)
Balance as at 31 December 2024	**141 780**	**-**	**(40 020)**	**(5 817)**	**95 944**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

8. DEFERRED TAXATION

Figures in Rand Thousand	2024	2023
Deferred tax asset	**360 772**	**352 910**

Based on management's forecast, the RCS Group expects to generate sufficient future taxable profits to utilize the deferred tax asset recognised.

Reconciliation of deferred tax asset:		
At beginning of the year	352 910	366 405
Movement recognised in profit and loss:		
- Provisions	(23 593)	383
- Assessed loss	15 059	35 695
- Capital allowances	9 075	(790)
- Right of use asset and lease liability	(2 557)	(4 213)
- Allowance for impairment of card and loan receivables	9 984	(44 671)
- Unrealised gain	(106)	101
Balance at end of the year	**360 772**	**352 910**

The balance at the end of the year comprises temporary differences relating to:

- Provisions	(2 507)	21 086
- Assessed loss	50 754	35 695
- Capital allowances	(12 142)	(21 217)
- Right of use asset and lease liability	770	3 327
- Allowance for impairment of card and loan receivables	324 889	314 905
- Unrealised gain	(992)	(886)
	360 772	**352 910**

9. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right of use asset	75 490	(15 296)	60 194	105 750	(98 705)	7 045
Furniture and fittings	25 154	(10 037)	15 117	63 685	(62 687)	998
Motor vehicles	11 250	(7 761)	3 489	11 929	(6 972)	4 957
Computer hardware	86 627	(43 776)	42 851	154 261	(122 210)	32 051
Leasehold improvements	27 395	(689)	26 706	9 243	(8 387)	856
Total	**225 916**	**(77 559)**	**148 357**	**344 868**	**(298 961)**	**45 907**

Reconciliation of property, plant and equipment - 2024

	Carrying amount at beginning of year	Additions	Disposals	Depreciation	Carrying amount at end of year
Right of use asset	7 045	68 445	-	(15 295)	60 195
Furniture and fittings	998	15 607	(598)	(890)	15 117
Motor vehicles	4 957	308	(265)	(1 511)	3 489
Computer hardware	32 051	29 153	-	(18 353)	42 851
Leasehold improvements	856	27 395	(323)	(1 222)	26 706
	45 907	**140 908**	**(1 186)**	**(37 271)**	**148 358**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 2023

	Carrying amount at beginning of year	Additions	Depreciation	Carrying amount at end of year
Right of use asset	19 051	-	(12 006)	7 045
Furniture and fittings	1 186	77	(265)	998
Motor vehicles	4 148	2 414	(1 605)	4 957
Computer hardware	29 193	19 657	(16 799)	32 051
Leasehold improvements	1 593	-	(737)	856
	55 171	**22 148**	**(31 412)**	**45 907**

Each lease generally imposes a restriction that the right-of-use asset can only be used by the RCS Group. The RCS Group is prohibited from selling or pledging the underlying leased assets as security. There are no restrictions on the title of all the other property and equipment items and none have been pledged as security.

10. INTANGIBLE ASSETS

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Customer relationships	7 109	(3 910)	3 199	7 109	(2 488)	4 621
Computer software	531 417	(328 544)	202 873	462 373	(255 808)	206 565
Brand names	54 446	(18 716)	35 730	54 446	(11 910)	42 536
Total	**592 972**	**(351 170)**	**241 802**	**523 928**	**(270 206)**	**253 722**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Customer relationships	4 621	-	(1 422)	3 199
Computer software	206 565	69 916	(73 608)	202 873
Brand names	42 536	-	(6 806)	35 730
	253 722	**69 916**	**(81 836)**	**241 802**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Customer relationships	6 043	-	(1 422)	4 621
Computer software	185 626	78 294	(57 355)	206 565
Brand names	49 342	-	(6 806)	42 536
	241 011	**78 294**	**(65 583)**	**253 722**

11. GOODWILL

	2024	2023
Goodwill	**113 229**	**113 229**

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGUs"):

Cash-generating unit		
General Purpose Card Division	12 917	12 917
MDD Private Label Card division	7 457	7 457
Personal Loan division	36 481	36 481
Mobicred business	56 374	56 374
	113 229	**113 229**

Goodwill is tested annually for impairment and when there is an indication of impairment. The recoverable amount of the cash-generating units are based on the value in use. The value in use calculation covers a five-year forecast period and a terminal growth rate applied for the period beyond five years.

The cash flows are linked to future profits which is driven by anticipated growth in new accounts, which is a key driver of advances or turnover.

Mobicred business

The most significant assumptions are as follows

Compound annual growth rate in new accounts	5% (2023: 12%)
Discount rate	23.1% (2023: 28.1%)

11. GOODWILL (CONTINUED)

The annual growth rate of new accounts are based on management's experience and expectations relevant to the CGU; based on past practices and expectations of future changes in the market, and are derived from the most recent financial budgets and forecasts that have been prepared by management.

Other assumptions

Teminal growth rate	4.5% (2023: 1.3%)

The terminal growth rates are based on long term CPI/inflation available from external market data sources. The terminal growth rate in 2023 was based on forecasted GDP growth rates.

Sensitivity analysis

The value-in-use calculation of the Mobicred CGU is sensitive to the discount rate (cost of equity). Should the discount rate exceed 27.7%, this would cause an impairment.

Given the mature nature of the General Purpose Card, MDD Private Label Card and Personal Loan divisions, there are no key sensitive assumptions in determining the value-in-use. The terminal growth rate assumed is 2% and the cash flows have been discounted at a rate of 9.8%.

Based on the assessments management is of the opinion that for all of the cash-generating units the value-in-use exceeds the carrying amount and therefore no impairment is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

12. RELATED PARTIES

Relationships	
Ultimate holding company	BNP Paribas Société Anonyme
Holding company	BNP Paribas Personal Finance Société Anonyme

Related party transactions

Figures in Rand Thousand	2024	2023
Transactions with BNP Paribas Société Anonyme		
Interest expense	-	(16 158)
Commitment and guarantee fees	(15 085)	(14 796)
Transactions with BNP Paribas Personal Finance Société Anonyme		
Management fees	(86 486)	(70 506)
Dividend	(300 000)	(300 000)

Commitment fees are payable for the unutilised portion of the standby liquidity facility. Guarantee fees are payable for the drawn guaranteed funding.

Directors' compensation	2024	2023
Executive directors	15 357	20 166
Non-executive directors	794	931
	16 151	**21 097**

Executive directors and certain executives of the RCS Group, which comprise the RCS Group operating board, have been classified as key management personnel. No key management personnel had a material interest in any contract of significance with any Group company during the period under review.

12. RELATED PARTIES (CONTINUED)

	2024	2023
Remuneration paid to key management personnel are as follows:		
Short-term benefits	33 088	37 611
Post-retirement benefits	4 383	3 373
	37 471	40 984

Loans to directors
No loans have been made to directors (2023: nil).

Interest of directors in contracts
No directors directly or indirectly hold any shares in BNP Paribas Personal Finance South Africa Limited. No directors have any interest in contracts that are in contravention of section 75 of the Companies Act of South Africa.

13. STATED CAPITAL

	2024	2023
Authorised		
80 000 (2023: 80 000) Ordinary shares at no par value	-	-
Issued		
50 295 (2023: 50 295) Ordinary shares with no par value	1 174 921	1 474 921

During the financial year, the RCS Group declared a distribution of capital of R300 million (2023: R300 million) to the shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

14. TRADE AND OTHER PAYABLES

Figures in Rand Thousand	2024	2023
Trade payables	486 157	462 037
Shareholder for Dividend	300 000	-
Lease liability	63 046	19 367
RCS Home Loans joint operation loan	15 372	15 352
Other payables	84 568	82 227
Non-financial instruments:		
VAT payable	7 418	5 870
Manpower cost accruals	80 244	97 499
	1 036 805	682 352

Other payables consist mainly of customers with credit balances of R60.3 million (2023: R64.0 million)

The lease liability has been discounted at an incremental borrowing rate of 8.4% (2023: 8.4%). An interest charge of R5.9 million (2023: R3.8 million) on the lease liability has been recognised in profit or loss.

15. FUNDING

	2024	2023
Term funding (a)	3 750 373	4 252 966
Domestic medium-term note programme (b)	5 643 000	5 196 000
Bank overdrafts (c)	786 283	1 292 275
	10 179 656	10 741 241

a) Term funding is denominated in Rands and Pula, unsecured and bears interest at variable interest rates.
b) The domestic medium-term notes are denominated in Rands are unsecured and bear interest at variable interest rates linked to the 3 month JIBAR.
c) Bank overdrafts are denominated in Rands, unsecured and bear interest at variable interest rates.

16. LEASES, COMMITMENTS AND CONTINGENT LIABILITIES

Leases
The RCS Group occupies the following leased properties:

Liberty Grande
This is a property leased from Arrowhead Properties Limited (Lease expiry date November 2024).

Mowbray Business Park
This is a property leased from Growthpoint Properties Limited (Lease expiry date October 2024).

Mutual Park
This property is leased from Old Mutual Life Assurance Limited (Lease commencement date May 2024). The Mutual Park lease is a 5 year lease with a renewal option for a further extension of 5 years. RCS has applied a lease period of 5 years in the IFRS16 calculation is there is not reasonable certainty that the option to renew will be exercised. The incremental Borrowing Rate has been determined to be 9.9%

Capital commitments

	2024	2023
Authorised (Not contracted)	110 416	102 066

The company has sufficient cash funding and resources to finance the authorised capital commitments.

17. INTEREST EARNED

Card receivables	2 509 932	2 351 935
Personal loan receivables	449 329	392 589
	2 959 261	**2 744 524**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18. OTHER INCOME

Figures in Rand Thousand	2024	2023
Collection income	87 238	79 206
Insurance commissions	55 844	53 523
Merchant commission	168 276	188 222
Service fee income	742 742	647 048
Other income	19 241	16 891
	1 073 341	**984 890**

19. PROFIT BEFORE TAXATION

Included within profit before taxation are the following items:		
Auditor's remuneration - audit services	6 826	8 118
Auditor's remuneration - assurance services	222	252
Collection costs	199 407	196 275
Donations	3 949	3 694
Legal fees	229	347
Manpower costs		
- Salaries	468 894	443 509
- Directors emoluments	16 151	21 097
Premises costs	45 860	37 545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

20. TAXATION

Figures in Rand Thousand	2024	2023
Major components of the tax expense:		
Current-South Africa		
- Current year	11 557	9 736
- Prior year under provision	972	18 845
Non-South African current tax	9 387	9 407
Withholding tax - current period	1 384	1 412
	23 300	39 400

Deferred		
Originating and reversing temporary differences	(7 911)	13 705
Prior year over provision	-	(206)
	15 389	52 899

Reconciliation of the tax rate		
Applicable statutory tax rate	27,0 %	27,0 %
Other non-deductible expenditure	1,1 %	1,6
Non-taxable income: Net income from insurance contracts	(24,2)%	(29,4)%
Prior year current taxation underprovision	0,3 %	7,3 %
Deferred tax charge - prior year adjustment	-	14,4 %
Withholding taxation	0,4 %	0,5 %
Effective tax rate	**4,6 %**	**21,4 %**

21. CASH UTILISED IN OPERATIONS

	2024	2023
Profit before taxation	333 887	**258 142**
Adjustments for non-cash items:		
Amortisation of intangible assets	81 836	65 583
Depreciation of property and equipment and ROU asset	37 271	31 412
Interest on lease liability	5 855	3 820
Profit on sale of asset	(914)	(633)
Foreign currency exchange gain	84	-
Changes in working capital:		
Decrease/(Increase) in card and loan receivables	46 267	(1 296 550)
(Increase) in other receivables	(63 305)	(40 792)
Increase in trade and other payables	10 774	60 899
Decrease in insurance contract assets	118 572	101 232
	570 327	**(816 887)**

22. TAX RECEIVED/(PAID)

Taxation receivable at beginning of period	56 928	80 130
Current tax recognised in profit or loss	(23 300)	(39 400)
Taxation receivable at end of the period	(29 753)	(56 928)
	3 875	**(16 198)**

23. INTERESTS IN SUBSIDIARIES

Details of the RCS Group's subsidiaries are as follows:

	Place of incorporation and operation	Portion of ownership interest and voting power held	Principal activity
RCS Botswana Proprietary Limited	Botswana	100%	Retail credit
RCS Cards Proprietary Limited	South Africa	100%	Retail credit
RCS Collections Proprietary Limited	South Africa	100%	Collections
RCS Home Loans Proprietary Limited	South Africa	100%	Home Loans
RCS Investment Holdings Namibia Proprietary Limited	Namibia	100%	Retail credit
Mobicred Proprietary Limited	South Africa	100%	Retail credit

24. INTEREST IN JOINT OPERATIONS

The RCS Group has a joint operation partnership with SA Home Loans Proprietary Limited through its wholly-owned subsidiary, RCS Home Loans Proprietary Limited. The joint operation offers home loans to qualifying customers, which is in line with the RCS Groups' business of providing credit to customers.

	Country of incorporation	% Ownership interest and voting powerheld	
		2024	**2023**
Joint operation	South Africa	50%	50%

A summary of the results of the joint operation for the current and prior financial years are as follows:

	2024	2023
Current assets	11 133	10 147
Current liabilities	28 859	24 411
Income	1 156	5
Expenditure	4 619	5 155
Total comprehensive loss	(3 463)	(5 150)

The joint operation is not material to the RCS Group.

25. EMPLOYEE BENEFITS

Retirement funds

Alexander Forbes Retirement Annuity: Defined contribution plan

All permanent employees of RCS Botswana (Proprietary) Limited under normal retirement age are required to be members of the Alexander Forbes Retirement Annuity. The employees and the employer make equivalent contributions in respect of the retirement annuity benefits. In addition, the employer contributes to reinsurance, administration and management costs.

Sanlam Pension Fund: Defined contribution plan

Certain employees and the employer make equivalent contributions in respect of pension fund benefits to the Sanlam Pension Fund. In addition, the employer contributes to reinsurance, administration and management costs.

Sanlam Provident Fund: Defined contribution plan

Certain permanent employees of the RCS Group, excluding those that are employed by RCS Botswana (Proprietary) Limited and RCS Investment Holdings Namibia (Proprietary) Limited, may be members of the Sanlam Provident Fund. The employer pays 14% contributions in respect of provident fund benefits. In addition, the employer contributes to reinsurance, administration and management costs.

Sanlam Retirement Annuity: Defined contribution plan

All permanent employees of RCS Investment Holdings Namibia (Proprietary) Limited under normal retirement age are required to be members of retirement annuities managed by Sanlam. The employees and the employer make equivalent contributions in respect of retirement annuity benefits. In addition, the employer contributes to reinsurance, administration and management costs.

Discovery Risk

The employer contributes to certain risk benefits on behalf of all permanent staff, such as death, disability, income protection, severe illness cover and education benefits. These are inclusive of management and administration costs.

25. EMPLOYEE BENEFITS (CONTINUED)

	Number of members		Contributions	
Summary per fund	**2024**	**2023**	**2024**	**2023**
Alexander Forbes Retirement Annuity	7	7	85	124
Sanlam Pension Fund	4	5	88	91
Sanlam Provident Fund	1 301	1 301	48 823	45 949
Sanlam Retirement Annuity	7	7	57	62
Discovery Risk	1 305	1 306	13 576	12 561
	2 624	**2 626**	**62 629**	**58 787**

Medical aid schemes

BOMaid: Defined contribution plan

Eligible permanent staff of RCS Botswana (Proprietary) Limited are required to become members of the medical plans of their choice offered by BOMaid.

Sanlam Primary Health Care

Permanent staff of RCS Cards Proprietary Limited earning less than R10,000 per month are required to become members of Sanlam Primary Healthcare scheme. RCS Cards Proprietary Limited has no obligation to fund primary healthcare contributions for current or retired employees.

Discovery Health: Defined contribution plan

Certain permanent staff of RCS Cards Proprietary Limited, RCS Home Loans Proprietary Limited and RCS Collections Proprietary Limited are required to become members of the medical plans of their choice offered by Discovery Health. The RCS Group has no obligation to fund medical aid contributions for current or retired employees.

	Number of members		Contributions	
Summary per scheme	**2024**	**2023**	**2024**	**2023**
BOMaid	1	1	15	57
Sanlam Primary Health Care	535	485	3 477	3 079
Discovery Health	717	787	36 646	33 723
	1 253	**1 273**	**40 138**	**36 859**

26. RISK MANAGEMENT

The company has exposure to risks from its use of financial instruments.

The RCS Group's business model focuses primarily on providing unsecured credit whilst trying to minimise or avoid all other risk types. The RCS Group views risks as an inherent part of running a successful business. Risks are not only mitigated but are also analysed and investigated for opportunities. Successful risk management therefore entails understanding which risks can enhance shareholder value and which risks are incidental and potentially value destroying.

RCS Group risk management policies are established to identify and analyse the risks faced by the group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The RCS Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The RCS Group board of directors has overall responsibility for the establishment and oversight of the RCS Group's risk management framework. The board has established the Board Audit and Risk Committee (BARC), the Asset and Liability Committee (ALCO), the Credit Risk Committee and the Social and Ethics Committee. As a statutory board committee, the BARC is responsible for monitoring the internal and external audit functions and regulatory compliance for the RCS Group. The ALCO Committee is responsible for developing and monitoring all affairs pertaining to liquidity risk, interest rate risk, foreign currency risk and capital adequacy risk. The Credit Risk Committee is responsible for developing and monitoring credit risk within the group. The Social and Ethics Committee is responsible for monitoring the RCS Group's social and economic development. These committees formally report to the board of directors on its activities two to three times per annum. The risk management process established by the holding company continues and feeds into the risk management process established by the RCS Group. The holding company's risk management process is in turn managed by the BARC.

The following subcommittees comprising directors, executives and senior management have been established to manage the following risks facing the RCS Group:

(a) Board Audit and Risk Committee - financial, internal control, governance, technology, operational and reputational risk

(b) Assets and Liability Committee - liquidity, interest rate, foreign currency, and capital adequacy risk

(c) Credit Risk Committee - credit risk

(d) Social and Ethics Committee - governance and ethical risk (e) Compliance Forum - legal and compliance risk

(e) Compliance Forum - legal and compliance risk

26. RISK MANAGEMENT (CONTINUED)

Credit risk

The company specialises in providing consumers with credit on retail purchases within the network of approved merchants and commercial partners. The RCS Group does not require collateral in respect of card and loan receivables. Credit is provided in the form of store or credit card products and loan offerings. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the RCS Group and this risk is managed to a number of key business processes.

The company continues to take a risk-appropriate approach to credit lending. Credit risk management starts at the credit application and granting stage where scorecard design and implementation is controlled with detailed input and validation from the BNPP PF Scoring Center. Scorecards are designed to consider various credit factors informed by both third party and company data; to ensure credit is only granted to customers within the RCS Group's credit risk appetite. Customer affordability assessments at application stage also form an integral part on informing the credit limit or loan amount granted to customers.

Credit risk management continues throughout the customer's relationship with the RCS Group. Credit limits and open-to-buy levels are continually reviewed and monitored at a portfolio and appropriate segment level. Spend is blocked on customer accounts that are in arrears in order to limit and manage further exposure to credit risk. Collection and Recovery teams' performance, including collection recovery agencies used by the RCS Group, are closely monitored and extensive engagement is present between the Risk and Collection and Recovery teams to revise targets based on observable market trends, along with the development of customer behaviour scores to optimise customer payment behaviour for Group performance. The Collection and Recovery teams make use of multiple collection channels, including digital payments, in-store payments and other industry best practices.

The RCS Group does not consider there to be any significant concentration of credit risk given the large and diverse customer base, with no single customer representing more than 0.03% of the card and loan receivables.

The RCS Group continued to follow a controlled re-opening of credit granting to manage the ongoing risk arising on card and loan receivables. Focus has also been placed on the development of improved scoring strategies to support the RCS Group's growth strategies within targeted risk levels. The RCS Group continues a close monitoring of early performance indicators to control granting risk. Any potential increased risk anticipation is reflected within management judgments and estimates made in determining the allowance for impairment to ensure an adequate level of ECL is maintained which is reflective of the underlying credit risk within the portfolios.

The risk on cash and cash equivalents is managed through dealing with well established financial institutions with high credit standing. The risk on other receivables is managed through monitoring the value of the amounts due and regular recoupment of any payments due to the RCS Group.

26. RISK MANAGEMENT (CONTINUED)

Credit risk exposure

The RCS Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of card and loan receivables. The allowance is calculated using a model developed in conjunction with the RCS Group's shareholders and external experts. Management considers evidence from various sources, internal and external not yet evident in the mathematical models, such as the macroeconomic environment and portfolio maturity, to inform their judgement of the required levels of impairment and whether to add a further management layer over the statistical model output, in order to adopt a prudent and conservative approach. The board of directors believe that card and loan receivable balances are being measured fairly.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The maximum exposure to credit risk at the reporting date is:

	2024	2023
Cash and cash equivalents	1 040 703	1 198 936
Card and loan receivables	12 647 564	12 693 831
Other receivables	239 150	175 845
Insurance contract assets	95 944	214 516
	14 023 361	**14 283 128**

Regulatory compliance

The RCS Group adopts a zero tolerance for non-compliance, acts swiftly and decisively when such matters are initially identified and has processes, internal controls and governance procedures in place to drive this and monitor this approach. These processes and procedures include operational, executive and Board of Director level compliance forums, with conduct of internal audits, disciplinary and quality assurance processes, incident reporting and complaints registers that are maintained, followed up and timeously resolved.

26. RISK MANAGEMENT (CONTINUED)

Liquidity risk

The RCS Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the RCS Group's on-going operations, reputation and financial standing with the investor community.

This risk is managed through cash flow forecasts, stress testing scenarios on cash flows, the optimisation of daily cash management and by ensuring that adequate and term-appropriate borrowing facilities are maintained. The objective is to have positive liability to asset term matching with liabilities carrying longer terms than the underlying assets. The RCS Group has shareholder facilities in place to mitigate the roll over risk of funding in issue. The RCS Group monitors and evaluates funding on an active basis to ensure that the RCS Group can oblige to its commitments made to borrowers.

Management is of the view that the RCS Group has access to sufficient affordable sources of funding to manage roll over risk, asset liability mismatch situations and to withstand a stressed cash flow scenario within compliance ranges and with remote risk of default. In terms of its Memorandum of Incorporation, the RCS Group's borrowing powers are unlimited.

Liability cash flows are presented on an undiscounted basis.

Contractual maturities

The table on the next page analyses liabilities of the RCS Group into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date, including interest.

26. RISK MANAGEMENT (CONTINUED)

2024	Demand to three months	Three months to one year	One to two years	More than two years	Total	Carrying amount
Liabilities						
Non-derivative financial liabilities						
Lease liability	4 209	12 964	18 204	53 921	89 298	63 046
Trade and other payables	467 567	62 033	42 242	14 255	586 097	586 097
Funding	698 075	4 453 581	2 848 000	2 180 000	10 179 656	10 179 656
	(1 169 851)	(4 528 578)	(2 908 446)	(2 248 176)	(10 855 051)	(10 828 799)

2023	Demand to three months	Three months to one year	One to two years	More than two years	Total	Carrying amount
Liabilities						
Non-derivative financial liabilities						
Lease liability	7 819	12 633	-	-	20 452	19 367
Trade and other payables	459 473	71 131	16 325	22 764	569 693	578 983
Funding	2 113 221	4 404 987	3 712 563	1 813 525	12 044 296	10 741 241
	(2 580 513)	(4 488 751)	(3 728 888)	(1 836 289)	(12 634 441)	(11 339 591)

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the RCS Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk
The RCS Group mainly transacts in the local currency, Namibian Dollar and Botswana Pula. The exchange rate is one to one between the Namibian Dollar and the South African Rand and less than 1% of the total assets of the RCS Group are held in Botswana Pula. Limited transactions are denominated in other foreign currencies. Accordingly the results of the RCS Group are not exposed to significant foreign currency risk and therefore the RCS Group does not implement foreign currency risk management measures.

26. RISK MANAGEMENT (CONTINUED)

ii) Interest rate risk
The RCS Group is exposed to interest rate risk as it both borrows and lends funds.

Profile
At the reporting date the interest rate profile of the RCS Group's variable interest-bearing financial instruments was:

	Interest rate		Carrying value	
	2024	2023	2024	2023
	%	%	R'000	R'000
Variable rate instruments				
Card receivables	21.5	22.3	9 683 763	9 875 419
Bank balances	7.9 - 9.2	6.6 - 9.8	1 040 703	1 198 936
Financial assets			**10 724 466**	**11 074 355**
Funding	8.4 - 9.6	7.9 - 10.2	10 179 656	10 741 241
Financial liabilities			**10 179 656**	**10 741 241**
Fixed rate instruments				
Card and loan receivables	15.0 - 28.5	15.0 - 29.3	2 963 800	2 821 560
Financial Assets			**2 963 800**	**2 821 560**

Fair value sensitivity analysis for fixed rate instruments
The RCS Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates for the duration of the financial period would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The sensitivity analysis reflects the impact of a rate change immediately following the reporting date for all assets and liabilities accounted for at the reporting date. The analysis is performed on the same basis for the comparative period.

26. RISK MANAGEMENT (CONTINUED)

	Profit or (loss)
	100 bp increase
	R'000
2024	
Variable rate financial assets	108 994
Variable rate financial liabilities	(104 604)
Cash flow sensitivity net	**4 390**
2023	
Variable rate financial assets	103 760
Variable rate financial liabilities	(100 677)
Cash flow sensitivity net	**3 083**

A decrease of 100 basis points in interest rates for the duration of the financial period would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Insurance risk

The company is exposed to insurance risk through the sale of credit insurance policies by the cell captive structure underwritten by Guardrisk Life.

The cell captive insurance structure is subject to the Insurance Act 18 of 2017, regulatory capital requirements under the Solvency Assessment and Management ("SAM") regime and conduct requirements regulated by the Financial Sector Conduct Authority.

The cell, underwritten by Guardrisk Life, maintained the following historic regulatory solvency ratios (as a multiple of the Solvency Capital Requirement prescribed by SAM) as follows:

- 31 December 2021: 4.37x
- 31 December 2022: 4.18x
- 31 December 2023: 4.06x

Analysis shows that for every 1% increase (decrease) in claims over a 1-year period, the Liability for Incurred Claims will increase (decrease) by R500 000, based on current premium volumes in the cell underwritten by Guardrisk Life.

26. RISK MANAGEMENT (CONTINUED)

Capital management

Capital management is performed at a group level for RCS Group and its subsidiaries. The objective is to maintain sufficient levels of capital to support the ongoing sustainability and viability of the business. Capital is retained in the business for the following main objectives:

a) to provide a certain amount of cover or buffer should unexpected losses take place either due to market or operational risks,
b) to provide a certain amount of cover or buffer should unexpected losses take place due to credit risks,
c) to support the level of debt in the business as a first loss position and thereby to achieve a particular credit rating on the debt in the business,
d) as a tool that could be increased or decreased to ensure maintenance of an appropriate credit rating level in the future, and
e) to facilitate the necessary asset growth objectives in the business.

It is the responsibility of the ALCO and the board to determine the appropriate level of capital taking into account the risks within the various lines of business and the types of assets held within these business areas.

The board considers, amongst others, the following factors when determining the level of capital required to be held within a division and against a particular class of assets:

a) the historical losses that have taken place on the disposal of assets, bad debt write off and other operational losses,
b) a view on factors going forward that could cause an asset or category of assets to be obsolete or have a reduction in value,
c) concentration risks on asset classes, market sectors or particular customers should be considered and certain maximum exposure levels from a line of business and group perspective will be determined,
d) review the strategic portfolio of businesses and ensure that capital is allocated to achieve required returns whilst maintaining a balanced portfolio with no line of business attracting an inappropriate amount of the capital,
e) the length of track record that the business has in terms of using and managing a particular asset class and portfolios within that asset class, and
f) review and benchmarking against local and international peers in the financial services, non banking and banking sectors where applicable.

The ALCO reviews capital adequacy three times per annum. The board reviews the capital policy on an annual basis and makes any amendments to the requirements in its consideration of and prior to making a final dividend declaration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

26. RISK MANAGEMENT (CONTINUED)

Financial assets and liabilities not measured at fair value

The carrying amount of card and loan receivables, after consideration of allowance for impairment, is based on estimated future cash flow receipts discounted at the effective interest rate which is market-related. Accordingly the carrying amount is deemed to approximate fair value.

The carrying amount of funding approximates fair value as the funding bears interest at market-related interest rates.

Other receivables, trade and other payables and cash and cash equivalents are short term in nature and accordingly carrying amounts reasonably approximate fair value. Trade and other payables that are longer term in nature are not material and accordingly the carrying amount is not deemed to significantly differ from the fair value.

27. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matters or circumstances arising between the end of the financial year and the date of approval of these annual consolidated financial statements that may materially affect the amounts and disclosure contained in the annual consolidated financial statements.

28. GOING CONCERN

The directors consider that the RCS Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual consolidated financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the RCS Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. In performing the assessment, the directors considered the financial position, forecasted profitability and funding requirements of the RCS Group for the foreseeable future in conjunction with the available funding facilities available. This evaluation considers material factors that management is aware of which could impact the ability of the RCS Group to generate or preserve cash to meet its obligations in the foreseeable future and also includes a stressed cash flow scenario.

The directors are not aware of any new material changes that may adversely impact the RCS Group. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the going concern assumption of the RCS Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29. DIRECTORS' EMOLUMENTS

Executive remuneration is determined by the remuneration committee, with the majority of the members being non-executive directors. The base pay and variable pay is determined by benchmarking of remuneration policies in the industry and taking into consideration the complexity of the role and size of the RCS Group.

EXECUTIVE

Services, as employees, to subsidiary companies

	Remuneration	Provident fund contributions	Total
2024			
RF Adams	7 759	570	8 329
M van Brakel	4 496	348	4 844
T Pavlou (Resigned August 2024)	2 163	170	2 333
	14 418	**1 088**	**15 506**
2023			
RF Adams	9 670	537	10 207
M van Brakel	4 437	308	4 745
B Dev (Resigned 18 September 2023)	4 649	-	4 649
T Pavlou (Appointed October 2023)	501	64	565
	19 257	**909**	**20 166**

29. DIRECTORS' EMOLUMENTS

NON-EXECUTIVE

Services, as employees, to subsidiary companies

	Remuneration	Total
2024		
SW van der Merwe (Independent; Resigned May 2024)	111	111
E Oblowitz (Independent)	683	683
	794	**794**
2023		
SW van der Merwe	313	313
E Oblowitz	618	618
	931	**931**

RCS.CO.ZA

Consolidated Annual Financial Statements 2024 including Supplementary information (Registration number 2000/017884/06)

RCS is a registered Credit and authorised Financial Services Provider.
NCRCP 38/FSP 44481.

RCS
BNP PARIBAS GROUP
CREDIT | LOANS | INSURANCE