Absa Group Limited

Financial results for the interim reporting period ended 30 June 2024

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Report overview

This Booklet covers the unaudited consolidated financial results for the interim period ended 30 June 2024, released alongside Absa Group Limited's ('Absa Group' or 'the Group') financial results announcement on 19 August 2024. Additional disclosures, including the Group's Stock Exchange News Service of the JSE Limited ('JSE') ('SENS') announcement and the interim financial results presentation supplement this Booklet. The full set of documents is available on www.absa.africa.

Business portfolio changes

- Due to changes in reportable segments, certain income and expense items have been reallocated between business units for more accurate performance representation.
- The reallocations mentioned above led to adjustments to the related asset/liability line items, specifically loans to and from group companies now included in 'other assets' and 'other liabilities'.
- These changes led to the restatement of the business units financial results for the comparative period without impacting the overall financial position or net earnings of the Group.

Correction of prior period errors

The prior years' Statement of financial position, Statement of comprehensive income and Statement of cash flow were adjusted for the following:

- The Statement of financial position was adjusted by R961m to correctly classify mobile money wallets under 'other assets' instead of 'cash, cash balances and balances with central banks'.
- The Statement of financial position was also adjusted by R4.4bn to align to the methodology for calculating settlement balances with the JSE Strate system.
- The Statement of cash flow was adjusted to account for mobile money wallets as part of 'cash and cash equivalents'.
- Additionally, the Statements of cash flow were adjusted by R4.2bn to include current accounts with other central banks as part of the calculation of 'cash and cash equivalents'.
- Certain line items within the Statement of financial position and Statement of comprehensive income were adjusted to correctly account for the impact of IFRS 17.

These restatements do not affect the Statement of changes in equity, or any performance or prudential ratios. Refer to the Reporting changes overview note for more information.

Financial director statement

These interim financial results for the reporting period ended 30 June 2024 were prepared by Absa Group Financial Control under the direction and supervision of the Group Financial Director, D Raju CA(SA) CFA. The Group Financial Director, who leads finance, reports directly to the Group Chief Executive, A Rautenbach.

The Group Financial Director has regular unrestricted access to the Board of Directors and to the Group Audit and Compliance Committee (GACC). Finance is responsible for establishing a strong control environment over the Group's financial reporting processes and serves as an independent control function advising business management, escalating identified risks, and establishing policies or processes to manage risk.

Normalised reporting

Starting from the 2024 financial year, the Group no longer reports normalised financial results due to the immaterial impact between IFRS and normalised reporting. All information presented on the following pages has therefore been updated to reflect only the IFRS number.

Any remaining effects from the Barclays separation has been included within 'Head office, Treasury and Other operations'.

Board approval

The Board of Directors oversees the Group's activities and holds management accountable to the risk governance framework. They review reports, exercise independent judgement, and challenge management decisions.

The Board, along with the GACC, has reviewed and approved the financial results announcement released on 19 August 2024.

Absa Group Limited (1986/003934/06)

The term Absa Group or the Group refers to Absa Group Limited and its subsidiaries.

Absa Group Financial Control prepared these interim financial results for the period ended 30 June 2024, under the supervision of the Group Financial Director, Deon Raju CA(SA) CFA.

Dividend per share
685 cents

Key dates
Dividend payment: 16 September 2024
Financial results announcement: 17 March 2025

Shareholder communications

Shareholder information page 150
Contact details page 159

Icons used with this report

Positive Negative Unchanged Marginal

The full set of documents is available on **www.absa.africa**

Contents

The Absa Group today

Our purpose

Empowering Africa's tomorrow, together
...one story at a time

Our story

At Absa, we are more than a bank; we are a united Pan-African team inspired by our shared purpose: empowering Africa's tomorrow, together ... one story at a time. It is this purpose that guides us every day, helps us create value, manage and grow our business, partner with our clients to help them achieve their aspirations, and make an impact on the communities and environments in which we operate. Our purpose, people, brand and culture set us apart, and our purpose drives our long-term ambition of being a leading Pan-African bank. Our values help shape our culture and guide our behaviour, influencing how our employees, clients and other stakeholders feel about interacting with us. By creating an environment where everyone feels valued, empowered and supported, our people are able to live our purpose and values as co-owners of our culture and deliver on our ambition of empowering our clients.

Our market presence

Absa Group Limited is one of Africa's largest diversified financial services groups, with a legacy of over 100 years on the continent. We have our primary listing on the Johannesburg Stock Exchange and a secondary listing on A2X, with a robust presence across 16 countries. Our extensive footprint supports Africa's growth and positions us at the forefront of leading the continent towards a sustainable future.

Our footprint extends to Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda and Zambia. We have representative offices in Namibia and Nigeria, securities entities in the United Kingdom and the United States of America, a non-banking advisory subsidiary in China and a technology support service office in the Czech Republic.

Our core banking activities, products and services

Underpinned by our strategy and market presence, our fully integrated business offering is delivered through our customer-first digital solutions, ecosystems of financial services, and lifestyle and value chain offerings.

1. **Providing payment services and a safe place to save and invest**
   Accepting customers' deposits, issuing debt, facilitating payments and cash management, providing transactional banking, savings and investment management products and international trade services.
2. **Providing funds for purchases and growth**
   Extending secured and unsecured credit, based on customers' credit standing, ability to afford and risk appetite. Trade and supplier finance, working capital solutions, access to international capital markets and inter-bank lending.
3. **Managing business and financial risks**
   Providing solutions, including fixed rate loans, pricing and research and hedging inflation, interest rate and foreign exchange.
4. **Providing financial and business support**
   Providing individual and business advice, advisory on large corporate deals and investment research.
5. **Protecting against risks (insurance)**
   Providing savings and investment policies and compensation for a specified loss, such as damage, illness or death, in return for premium payments.

Our material scale

R141.7bn Market capitalisation	**>20%** Market share of assets in South Africa	**1 013** Outlets
R1 395bn Deposits	**R1 359bn** Gross loans and advances	**6 330** ATMs
12.5 million Customers	**4.3 million** Digitally-active customers	**37 082** Employees

The Absa Group today (continued)

Our story remains rooted in Africa

We acknowledge the volatile and uncertain environment in which we operate, characterised by low economic growth, prolonged high interest rates and economic strain in several of our markets. Despite these challenges, our strategy remains firmly rooted in our purpose and ambition: to be a leading Pan-African bank. We are committed to navigating these complexities with resilience and agility. Our long-standing presence on the continent, combined with our deep understanding of the local markets, equips us to respond effectively to the evolving economic landscape. We continue to innovate and adapt, ensuring that we meet the needs of our clients while delivering sustainable value to our shareholders.

Our dedication to empowering Africa's future drives us forward, guiding our actions and decisions. By staying true to our core values and leveraging our extensive network, we aim to foster economic development, support growth and create opportunities across the continent. This unwavering focus positions us not only as a financial services provider but also as a key contributor to Africa's prosperity and progress. As we advance, we remain steadfast in our commitment to excellence, integrity and impactful value creation. At Absa, we are more than a bank; we are a partner in Africa's journey towards a brighter, more prosperous future.

Our Purpose is at the core of everything we do

Empowering Africa's tomorrow, together
...one story at a time

...as we create value for all our stakeholders

Our ability to create value is influenced by various factors, including the operating environment, our strategic responses to risks and opportunities, and our chosen business model. As a systemic financial services provider, we play a vital role in creating, growing and protecting wealth by being a trusted partner to our clients. We believe that everyone should have access to the transformative power of financial services to help them plan, dream and aspire to improve their lives.

In all our activities we prioritise our stakeholders on our journey to achieve our ambition of being a leading Pan-African bank. We are committed to sustainable growth that benefits future generations of customers, employees and communities, both on our continent and globally. This commitment to sustainability is what we believe creates lasting and impactful value for all our stakeholders.

Our Group strategy is centred on driving inclusive economic progress. We are dedicated to delivering innovative financial products and services that are both socially and environmentally responsible. As a purpose-led organisation, we actively champion initiatives that foster positive change, recognising that our success is intertwined with the prosperity of the planet and communities where we operate. By integrating diverse value creation efforts from across the Group, we generate meaningful economic, social and environmental impacts in the countries we serve.

by executing our strategy with a singular mindset

We understand the interconnectedness of our actions and are addressing all five strategic pillars collaboratively to achieve our purpose. Customer centricity and harmonised customer value management remain at the centre of all strategies.

A diverse franchise with deliberate, market landing growth

The primary partner for clients
- As a Pan-African business, we offer our clients a universal banking service wherever they operate, allowing us to service and grow with their financial needs

A digitally powered business
- Making banking part of customers' lives through our digital channels. Keeping our clients' money safe by maintaining stable and reliable systems to bank on
- We use technology to reach new geographies and grow our diversification of NIR and capital lite revenue

A winning, talented and diverse team
- Through technology we enable employees to have a digitally enabled way of working, as well as empower them to seamlessly serve our customers
- Our employees bring empathy and the human touch to our customers to complement our digital offering
- Our skills and experience enable us to develop state-of-the-art products and services and to chart new territories

An active force for good in everything we do
- Our ethos of skills development and diversity for our employees, with a particular focus on women and youth, is mirrored in our selection of community projects
- Our digital platforms enable financial inclusion while building digital skills for the future
- We partner with our customers on their sustainability journeys so that no one is left behind in the just transition to net zero by 2050
- The green economy provides opportunities to pursue growth and meet the evolving needs of clients and communities as we seek new propositions and services relevant to the green economy

The Absa Group today (continued)

A diversified franchise with deliberate, market-leading growth

We tailor our approaches to our clients, grow in attractive segments and launch new products, allocate our capital sustainably and manage risk.

What we have achieved

- **31% ARO Group revenue contribution** (June 2023: 30%)
- **3% revenue growth year-on-year**
- **52.7% cost-to-income ratio** (June 2023: 50.6%)

We see high-growth markets in Africa as an opportunity to grow and diversify revenue streams, while reducing market-specific risk and further improving Group efficiencies. Broadening our geographic franchise also directly aligns with our purpose, by supporting socioeconomic development and climate action in the region.

We are pursuing growth in existing markets by harnessing our brand and partnerships, as well as by close collaboration within our ecosystem. Our international corridors will continue to provide a gateway for expansion into Africa. We will continue to focus on operational efficiencies, driving productivity across our franchise.

The primary partner for our clients

We understand our clients' needs and meet them on every level. We will build a brand of which our people and clients can be proud.

What we have achieved

- **3% growth in active customer numbers** (June 2023: 4%)
- **15% year-on-year growth in Absa rewards**
- **111 customer experience score** (June 2023: 96)

Being the primary banker for our clients and fulfilling their financial needs supports customer loyalty, fuelling revenue growth. To promote primacy, we will continue to build brand affinity with clients and employees. We do this through astute brand positioning and leveraging the power of our purpose and people. Enhancing our customers' experience through a wide range of digital solutions will build on our human-centred nature.

Economic conditions remain challenging for customers in both business and retail. Truly understanding our customers' needs allows us to deliver innovative solutions relevant to these challenging conditions, while actively managing and mitigating potential credit losses. We continue to pursue opportunities to diversify our revenue, with a focus on growing non-interest revenue. As a universal bank, we look to serve our clients using the full power of the Group's ecosystem.

A digitally powered business

We offer the best digital experience, use data as a strategic asset, and evolve continuously to create an agile organisation.

What we have achieved

- **11.7% growth in digitally active customers** (June 2023: 17%)
- **Volumes of PayShap payments have grown with an average of 31% MoM for this period** (June 2023 to June 2024)
- **Chatwallet**, an innovative Whatsapp wallet, **launched in SA**
- **Most Innovative Investment Bank**: South Africa, Ghana, Kenya, Mauritius (World Economic Magazine Awards)

In continuing our journey to become a digitally powered business, with a complementary physical presence, we aim to enhance customer and colleague value propositions and increase our speed of execution.

Absa continues to pursue opportunities to accelerate our digital transformation, supported by modern, agile and reliable technology. Accelerating our digital adoption and transaction volumes on our digital platforms, while continuously improving our customer experience, remains a key focus. We recognise the opportunities that digital will unlock to drive efficiency and improved customer experience as we leverage data and drive innovation and new technologies such as artificial intelligence (AI). We extract value from data insights to drive growth, improve efficiencies, deepen client understanding, increase client-centricity and develop relevant client value propositions.

Group performance | Segment performance | Risk management | Appendices

The Absa Group today (continued)

A winning, talented and diverse team

We turn our culture into a competitive advantage, attract Africa's top talent and support and enable our people.

What we have achieved

- **38.9% women in leadership maintained** (June 2023: 38.9%)
- **98.5% high-performer retention rate** (June 2023: 95.4%)
- **First eKhaya employee share scheme dividend released**

As a business built on people, we are convinced that our ability to achieve our ambition depends on building the right culture and organisational health. Being a purpose-led organisation inspires pride in our employees and attracts like-minded prospective talent. We strive to be the 'home of Africa's talent', developing, rather than procuring, most of our skills.

Our purpose is the foundation of our culture and ways of working, fostering diversity, equity and inclusion, and creating an empathetic and enabling working environment for all. We continue to simplify governance and improve the way we work by distributing decision-making and fostering collaboration.

An active force for good in everything we do

We work with our clients and communities in managing an orderly and just transition towards a more sustainable and equitable future.

We manage climate change and biodiversity risks and opportunities, make a difference to the societies in which we operate, ensure the highest standards of governance and ethics, and actively influence public policy and regulation.

What we have achieved

- **R96bn sustainable finance deals** since 2021 (R100bn target by 2025)
- **24 200 youth empowered** through education, skills and experience
- **Outstanding Leadership in Sustainable Transparency and Bonds** – Africa (Global Finance 2024 Sustainable Finance Awards)

By playing our part in Africa's transition, in a way that is just and fair for all, we will contribute meaningfully to climate change mitigation and remain a leading player in sustainable finance transactions. We aim to demonstrate steady progress against an ambitious net-zero carbon target by 2050. As a Pan-African bank, we recognise the need to consider socioeconomic challenges in parallel with environmental threats within our context.

Striving to make intergenerational wealth creation accessible for all, we actively foster the financial inclusion of underserved groups, particularly women and youth. We enable all our people to bring their true selves to work and be a beacon of inclusion externally across the continent. We aim to serve as a model of inclusivity and diversity.

We deliver on our ambitions within the context of the highest governance standards, ethics and accountability, a robust control environment and a vibrant culture that inspires us to do what is right.

Group performance

Group performance overview

for the reporting period ended

The Group reported headline earnings of R10.2bn reflecting a 5% decrease (4% in constant currency) from a high prior year base. This decrease was primarily due to flat pre-provision profit growth and a flat impairment charges compared to the previous year. Consequently, the Return on Equity (RoE) dropped from 15.7% in H1'23 to 14.0% in H1'24 as average net asset value increased by 6%.

In terms of business performance, Everyday Banking (EB) saw a 9% increase in earnings, while the Product Solutions Cluster (PSC) experienced a 7% rise, both benefiting from moderating impairment charges. Relationship Banking (RB) earnings were largely stable with a 1% increase as strong net interest income (NII) growth was offset by lower non-interest revenue (NIR) and cost investments. Corporate and Investment Bank (CIB) remained flat year-on-year, with a 2% increase in constant currency driven by a 7% rise CIB Absa Regional Operations (ARO) (12% in constant currency). However, CIB South Africa's performance declined 6%, mainly due to higher impairments and a Naira NIR impact. ARO Retail and Business Banking (RBB) earnings fell by 12% (up 1% in constant currency) mainly due to lower ARO Insurance performance as ARO RBB Banking was down 2% (up 12% in constant currency). The Head Office loss increased from R0.7 billion to R1.3 billion mainly due to lower earnings in SA Treasury.

Geographically, South Africa's earnings decreased by 7% to R6.6 billion with Africa Regions' earnings declining by 1% to R3.6 billion (up 4% in constant currency).

Net interest income (NII) demonstrated strong growth increasing by 7% (9% in constant currency) with a slight margin expansion to 469 basis points from 462 basis points in H1'23. This growth was particularly notable in Africa Regions, where the margin expanded to 784 basis points from 722 basis points, despite the impact of increased cash reserving requirements in some markets (R366 million), as well as balance sheet growth. Customer loans grew by 7% driven by strong performance in CIB and RB, while growth in the South African Retail portfolio was relatively slower due to low customer appetite and risk cutbacks amid high interest rates. Customer deposits increased by 5%, with ARO RBB up 13% in constant currency, RB up 11%, EB up 8% and CIB up 3% in constant currency.

Pre-provision profits remained broadly in line with the prior year (1% lower) at R25.4 billion, as revenue increased by 3% (5% in constant currency) to R53.7 billion and operating expenses rose by 8% (9% in constant currency) to R28.3 billion. The Group invested in staff, technology and the brand, with headcount increasing by 1 200 in the first half of the previous year and marketing costs up 17% year-on-year.

Impairment charges totalled R8.3 billion, consistent with the prior year, resulting in a credit loss ratio of 123 basis points, above the upper end of Group's through-the-cycle target range of 75-100 basis points. Impairment charges decreased in the South African consumer-facing portfolios as early delinquencies stabilised, although late-stage delinquencies remained elevated. CIB impairments increased significantly from a low base, rising to R0.9 billion in H1'24 from R0.4 billion in H1'23.

Non-interest revenue (NIR) saw a marginal reduction of 2% (1% in constant currency), with trading ex-hedging down 17% (15% in constant currency) from a strong H1'23 base and lower markets revenue due to a Naira impact. Insurance income also decreased by 12%. Net fee and commission growth was modest at 2%, reflecting ongoing migrations to lower-margin digital platforms, despite a 12% increase in active digital customers to 4.3 million and a 4% rise in RBB customer numbers in South Africa and Africa Regions to 12.5 million.

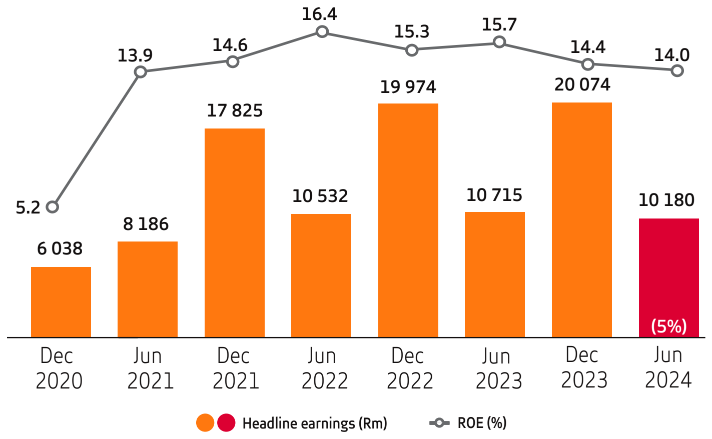
The cost to income ratio (CTI) increased to 52.7% from 50.6% in H1'23 following 5% negative JAWS with income and operating cost rising by 3% and 8% respectively in the first half. Operating cost growth of 8% (9% in constant currency) mainly reflected higher staff costs from prior year hiring and increased marketing costs linked to the brand relaunch. Headcount has marginally reduced during 2024 to date.

Group Capital levels remained strong at the top end of the Board target range with a Common Equity Tier 1 ratio estimated at 12.7% in June 2024, allowing for a 685 cents dividend per share, consistent with the prior year.

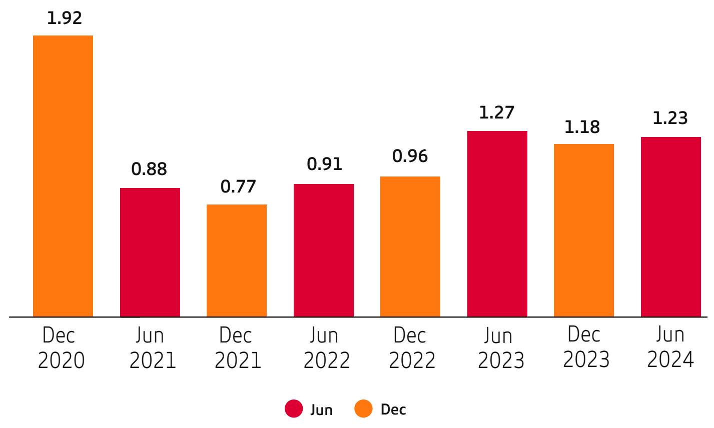
Group performance overview

for the reporting period ended

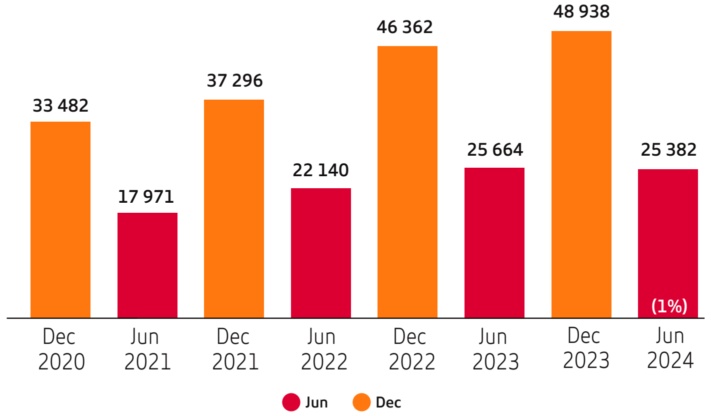
Headline earnings (Rm), RoE (%) and change



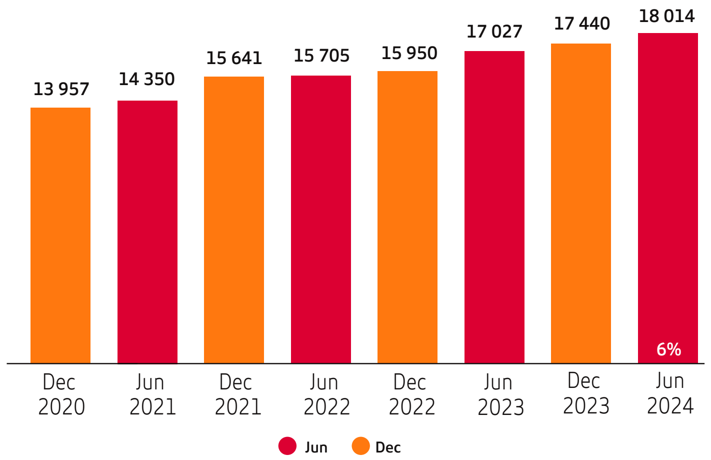
Credit loss ratio (%)



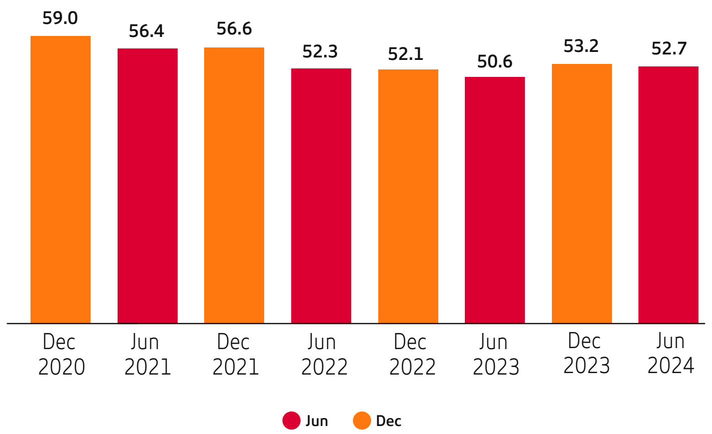
Pre-provision profit (Rm) and change (%)



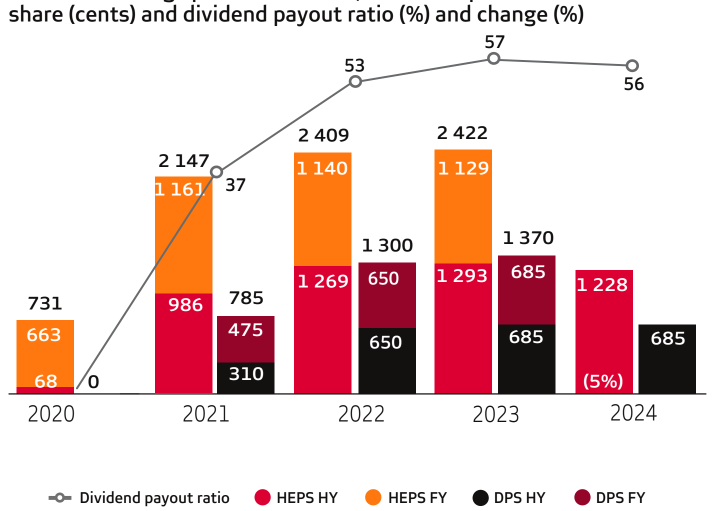
Net asset value (NAV) per ordinary share (cents) and change (%)



Cost-to-income ratio (%)



Headline earnings per share (cents), dividends per share (cents) and dividend payout ratio (%) and change (%)



Consolidated salient features

for the reporting period ended

	Note	30 June 2024 Rm	30 June Restated 2023 Rm	Change %	31 December 2023 Rm
Statement of comprehensive income (Rm)					
Income		53 708	51 919	3	104 642
Operating expenses		(28 326)	(26 255)	8	(55 704)
Pre-provision profit		25 382	25 664	(1)	48 938
Credit impairment charges		(8 309)	(8 280)	(0)	(15 535)
Profit attributable to ordinary equity holders		9 845	10 792	(9)	19 891
Headline earnings	1	10 180	10 715	(5)	20 074
Statement of financial position					
Net asset value (NAV) (Rm)		149 298	141 252	6	144 586
Gross loans and advances (Rm)	8	1 358 983	1 299 583	5	1 320 923
Total assets (Rm)		1 953 354	1 880 686	4	1 874 876
Deposits (Rm)		1 395 345	1 323 746	5	1 339 536
Gross loans to deposits and debt securities ratio (%)		83.9	84.6	(1)	85.2
Average gross loans to deposits and debt securities ratio (%)		81.9	83.6	(2)	82.8
Financial performance (%)					
Return on equity (RoE)		14.0	15.7		14.4
Return on average assets (RoA)		1.04	1.16		1.07
Return on risk-weighted assets (RoRWA)		1.91	2.12		1.96
Stage 3 loans ratio on gross loans and advances		6.14	5.82		6.05
Operating performance (%)					
Net interest margin on average interest-bearing assets		4.69	4.62		4.68
Credit loss ratio on loans and advances		1.23	1.27		1.18
Non-interest as a percentage of total income		34.3	36.3		35.0
Cost-to-income ratio		52.7	50.6		53.2
Jaws		(5)	3		(2)
Effective tax rate		23.8	25.6		25.4
Share statistics (million)					
Number of ordinary shares in issue		894.4	847.8		894.4
Number of ordinary shares in issue (excluding treasury shares)		828.8	829.6		829.1
Weighted average number of ordinary shares in issue		828.7	828.6		828.7
Diluted weighted average number of ordinary shares in issue		829.2	831.2		831.2
Share statistics (cents)					
Basic earnings per ordinary share (EPS)		1 188.0	1 302.4	(9)	2 400.3
Diluted basic earnings per ordinary share (DEPS)		1 187.3	1 298.4	(9)	2 393.0
Headline earnings per ordinary share (HEPS)	1	1 228.4	1 293.1	(5)	2 422.3
Diluted headline earnings per ordinary share (DHEPS)	1	1 227.7	1 289.1	(5)	2 415.1
NAV per ordinary share		18 014	17 027	6	17 440
Tangible NAV per ordinary share		16 206	15 420	5	15 698
Dividend per ordinary share relating to income for the reporting period		685	685	—	1 370
Dividend payout ratio (%)		56	53	5	57
Capital adequacy (%)					
Absa Group Limited		15.9	16.2		15.8
Absa Bank Limited		16.0	17.3		16.2
Common Equity Tier 1 (%)					
Absa Group Limited		12.7	13.0		12.5
Absa Bank Limited		11.8	13.0		11.9

The Salient features for June 2023 have been restated as a consequence of the changes referred to in the Reporting changes overview note.

Salient features by segment

for the reporting period ended

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Headline earnings (Rm)				
Product Solutions Cluster	**1 173**	1 100	7	2 368
Everyday Banking	**1 565**	1 437	9	3 394
Relationship Banking	**2 005**	1 994	1	4 145
Absa Regional Operations – Retail and Business Banking	**875**	991	(12)	1 584
Corporate and Investment Banking	**5 892**	5 907	(0)	11 025
Head Office, Treasury and other operations	**(1 330)**	(714)	86	(2 442)
Return on average risk-weighted assets (%)				
Product Solutions Cluster	**1.55**	1.33		1.52
Everyday Banking	**2.83**	2.61		3.04
Relationship Banking	**2.68**	2.94		2.95
Absa Regional Operations – Retail and Business Banking	**1.59**	1.92		1.49
Corporate and Investment Banking	**2.76**	3.11		2.83
Return on regulatory capital (%)				
Product Solutions Cluster	**10.3**	9.4		10.4
Everyday Banking	**22.1**	21.4		24.7
Relationship Banking	**23.5**	25.8		25.9
Absa Regional Operations – Retail and Business Banking	**12.6**	14.6		11.7
Corporate and Investment Banking	**23.1**	26.2		23.9
Credit loss ratio (%)				
Product Solutions Cluster	**1.00**	1.11		0.99
Everyday Banking	**8.47**	9.22		8.35
Relationship Banking	**0.57**	0.68		0.56
Absa Regional Operations – Retail and Business Banking	**1.61**	1.69		1.84
Corporate and Investment Banking	**0.33**	0.16		0.17
Gross loans and advances (Rm)				
Product Solutions Cluster	**443 053**	426 252	4	433 796
Everyday Banking	**95 760**	92 606	3	94 740
Relationship Banking	**158 599**	149 045	6	151 426
Absa Regional Operations – Retail and Business Banking	**91 121**	86 512	5	85 404
Corporate and Investment Banking	**550 011**	509 439	8	542 671
Head Office, Treasury and other operations	**20 438**	35 730	(43)	12 885
Deposits (Rm)				
Product Solutions Cluster	**1 518**	1 550	(2)	1 610
Everyday Banking	**319 525**	296 931	8	308 936
Relationship Banking	**234 512**	211 214	11	230 720
Absa Regional Operations – Retail and Business Banking	**128 457**	123 491	4	120 980
Corporate and Investment Banking	**558 505**	547 997	2	512 081
Head Office, Treasury and other operations	**152 828**	142 563	7	165 209

Prior year Gross loans and advances has been updated to reflect gross loans and advances to banks and customers.

Balances have been restated. Refer to the Reporting changes overview note.

Profit commentary

As previously guided, the Group will only disclose financial results based on IFRS Accounting Standards and no longer reports financials normalised for the consequences of separating from Barclay PLC. The following commentary reflects the year-on-year change in the Group's IFRS financial results for the six months ended 30 June 2024 versus the six months ended 30 June 2023. Any forward-looking or pro forma financial information included is the sole responsibility of the Board and has not been reviewed or reported on by the Group's external auditors.

Salient features

- Diluted headline earnings per share (HEPS) decreased 5% to 1 227.7 cents from 1 289.1 cents.
- Declared a flat interim ordinary dividend per share (DPS) of 685 cents.
- In terms of divisional headline earnings, Product Solutions Cluster (PSC) increased 7% to R1 173m, Everyday Banking (EB) grew 9% to R1 565m, Relationship Banking (RB) rose 1% to R2 005m, while ARO RBB decreased 12% to R875m and Corporate and Investment Bank (CIB) was flat at R5 892m.
- Return on equity (RoE) declined to 14.0% from 15.7%.
- Revenue grew 3% to R53.7bn and operating expenses rose 8% to R28.3bn, producing a 52.7% cost-to-income ratio from 50.6%.
- Pre-provision profit fell 1% to R25.4bn from R25.7bn.
- Credit impairment charges were flat at R8.3bn, resulting in a 1.23% credit loss ratio from 1.27%.
- The Group's common equity tier 1 (CET 1) capital ratio decreased to 12.7% from 13.0%, although it remains well above regulatory requirements and slightly above the top end of the Board's target range of 11.0% to 12.5%.
- Net asset value (NAV) per share grew 6% to 18 014 cents from 17 027 cents.

Basis of preparation of constant currency financial information

The constant currency (CCY) financial information presented in this section is considered pro forma financial information in terms of the JSE Listings Requirements.

Constant currency pro forma financial information is presented to illustrate the impact of changes in the Group's major foreign currencies. The CCY pro forma financial information has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. In determining the CCY pro forma financial information, amounts denoted in foreign currencies for the current period and prior period have been converted to Rand using the appropriate exchange rates as at 31 December 2023.

Overview of results

The Group's headline earnings decreased 5% to R10 180m from R10 715m and diluted HEPS declined 5% to 1 227.7 cents from 1 289.1 cents. Ordinary DPS was flat at 685 cents, a payout ratio of 56%. The Group's RoE declined to 14.0% from 15.7% and its return on average assets was 1.04% from 1.16%.

Revenue grew 3% to R53.7bn, as net interest income rose 7% to R35 310m and non-interest income decreased 2% to R18 398m. The Group's net interest margin on average interest-bearing assets improved to 4.69% from 4.62%, reflecting higher ARO margins in a rising rate environment. Gross loans and advances grew 5% to R1 359bn, while deposits rose 5% to R1 395bn. Operating expenses increased 8% to R28 326m resulting in a cost-to-income ratio of 52.7% from 50.6%. Pre-provision profit decreased 1% to R25 382m. Credit impairment charges were flat at R8 309m, producing a 1.23% credit loss ratio from 1.27%.

PSC's headline earnings increased 7% to R1 173m from R1 100m, while EB increased 9% to R1 565m from R1 437m and RB's headline earnings increased 1% to R2 005m from R1 994m. ARO RBB's headline earnings decreased 12% to R875m from R991m and CIB was largely flat at R5 892m from R5 907m. The loss in Head Office, Treasury and other operations increased 86% to R1 330m from R714m.

On a geographic basis, South African headline earnings decreased 7% to R6 610m from R7 114m, while Africa regions declined 1% to R3 570m from R3 601m. Africa regions contributed 31% of total revenue and 35% of Group earnings.

Operating environment

The global, regional, and domestic environments entered 2024 on an uncertain footing. The fall in global inflation has slowed as sticky services price inflation and relatively strong wage growth had, until very recently, restrained expectations on the timing and pace of interest rate normalisation and saw longer-term yields gradually rise. Some recovery in global trade alongside better performances from the European economy and China narrowed divergence amongst large economies and the IMF projects global growth of 3.2% in 2024, only marginally lower than 2023.

South Africa's economy shrank marginally in the first quarter, with broad-based weakness offset by agriculture. The abeyance of loadshedding and the continued gradual reduction in inflation were a welcome relief. However, households continued to show signs of financial pressure, while business and consumer confidence looks to have reflected a cautious wait-and-see approach ahead of the provincial and national elections in May. The prime rate remained unchanged at 11.25% throughout the first half and financial markets pricing of the policy rate varied throughout the period, ranging from expectations of between one and two 25 basis point cuts during the second half of 2024 to a small probability of a further rate increase.

Across our ARO presence countries, generally tight financial conditions, a still high cost of living, and significant fiscal constraints continued to weigh on economic activity, as did El Nino weather conditions that saw significant flooding in some parts of the continent and drought in others. Economic performance varied across the markets, although once again East African economies generally fared best.

Profit commentary

Group performance

Statement of financial position

Total assets increased 4% to R1 953bn from R1 881bn, driven by 4% growth in net loans and advances and 5% higher investment securities.

Loans and advances

Total net loans and advances grew 4%, or 6% in constant currency (CCY), to R1 306bn, reflecting 7% growth in net loans and advances to customers to R1 233bn, with net loans and advances to banks decreasing 24% to R73bn. Excluding reverse repurchase agreements, total net loans grew 6%. PSC net loans and advances to customers rose 4% to R423bn, as Home Loans grew 3% to R307bn and Vehicle and Asset Finance increased 5% to R116bn. EB net loans and advances to customers grew 7% to R74bn, with Cards up 8% to R49bn and Personal Loans rising 1% to R21bn. RB net loans and advances to customers grew 7% to R153bn, driven by strong growth in Commercial Asset Finance. ARO RBB net loans and advances to customers grew 5% to R84bn or 12% in CCY, driven by commercial lending. CIB net loans and advances to customers increased 10% to R495bn or 12% in CCY. CIB SA net loans and advances to customers grew 12% to R411bn, driven by foreign currency loans and term loans. CIB ARO's net loans and advances to customers grew 4% to R83bn or 12% in CCY.

Funding

Total deposits rose 5% to R1 395bn, with deposits due to customers up 5%, or 7% in CCY, to R1 262bn. Total deposits due to banks increased 10% to R133bn. Excluding 11% higher reverse repurchase agreements, total deposits increased 5% to R1 312bn. Total deposits constituted 86% of Group funding.

EB customer deposits grew 8% to R320bn, with fixed deposits up 12% to R89bn and savings and transmission deposits 11% higher to R166bn, while cheque account deposits declined 6% to R34bn. RB customer deposits rose 11% to R235bn, as savings and transmission deposits grew 14% to R97bn and fixed deposits increased 25% to R38bn and cheque account deposits rose 2% to R76bn. ARO RBB customer deposits grew 4%, or 13% in CCY, to R128bn. Total CIB deposits rose 2%, or 4% in CCY, to R559bn, with customer deposits up 1% to R470bn, while bank deposits grew 7%. Average CIB customer deposits were 2% higher. CIB SA deposits due to customers were flat at R360bn, as growth in Money Market, Cheque and Foreign Currency deposits was offset by lower Fixed deposits. CIB ARO deposits due to customers rose 4% to R110bn, or 14% in CCY, driven by growth in current and savings accounts.

Net asset value

The Group's NAV increased 6% to R149bn and NAV per share grew 6% to 18 014 cents. During 1H24, the Group generated headline earnings of R10.2bn and paid dividends of R5.7bn.

Capital to risk-weighted assets (RWA)

Group RWA grew 6% to R1 075bn due largely to 7% higher credit risk RWA. The Group remains well capitalised, comfortably above minimum regulatory capital requirements. The Group CET 1 ratio decreased to 12.7% from 13.0%, although it increased from 12.5% as at 31 December 2023 and remains above the Board target range of 11.0% to 12.5%. The Group Tier 1 ratio declined slightly to 14.6% from 14.7%, while the total capital adequacy ratio decreased to 15.9% from 16.2%.

Statement of comprehensive income

Net interest income

Net interest income increased 7%, or 9% in CCY, to R35 310m from R33 069m, with average interest-bearing assets up 5%. The Group's net interest margin improved to 4.69% from 4.62%, as Africa regions net interest margin increased to 7.84% from 7.22%, while South Africa reduced to 3.92% from 3.98%. Customer loans and advances widened the Group margin by 9 basis points (bps) largely due to improved pricing in CIB, partially offset by a slightly negative composition impact from faster growth in Investment Banking, RB and Corporate ARO. Conversely, customer deposits reduced the margin by 3bps, reflecting a negative price impact from higher cash reserving requirements in some ARO countries, plus the lower liability endowment impact. These outweighed the positive composition impact from reduced low-margin CIB deposits and wholesale funding in ARO.

Higher policy rates offset a lower equity endowment balance in South Africa. The structural hedge released a R923m charge to the income statement, 4bps more than the R568m charge in 1H23. The after-tax cash flow hedging reserve relating to the programme reflected a debit balance of R1.1bn as at 30 June 2024, from a debit of R3.4bn at 30 June 2023. The impact of the total endowment after hedging in South Africa was minus 7bps year-on-year, as the endowment balances grew slower than interest-bearing assets which was partially offset by a higher rate earned on the hedging programme. The ARO equity endowment contributed 2bps to the Group margin due to higher rates and equity balances across most markets.

Profit commentary

Group performance (continued)

Statement of comprehensive income (continued)

Non-interest income

Non-interest income decreased 2%, or 1% in CCY, to R18 398m from R18 850m to account for 34% of Group revenue from 36%.

Net fee and commission income grew 2% or 3% in CCY to R12 536m, representing 68% of total non-interest income. Fee and commission income rose 4% to R14 269m, as transactional fees and commissions increased 6%, electronic banking grew 5%, with cheque accounts and service charges up 6% and 9% respectively. Merchant income grew 2% on 8% turnover growth. Fee and commission expenses rose 25% to R1 733m, mainly due to higher rewards costs and 28% growth in clearing and settlement charges. Net trading income excluding the impact of hedge accounting decreased 17% to R3 748m. Global Markets income declined 10%, down 8% in CCY, to R4 188m, with Markets SA falling 25% largely due to further losses on the Naira in the first quarter, partially offset by Markets ARO growing 5%, or 11% in CCY. Net insurance income dropped 12%, or 11% in CCY, as Life SA declined 15% and ARO Insurance fell 44%, while Non-Life SA grew 35%.

Credit impairment charges

Credit impairment charges were flat, or 2% higher in CCY, at R8 309m from R8 280m. The credit loss ratio improved from 127bps to 123bps, although the charge remains above the through-the-cycle target range of 75bps to 100bps. Lower credit impairments across PSC, EB and RB were offset by a significantly higher CIB charge off a low base.

Non-performing loans (NPLs) increased to 6.14% of gross loans and advances from 5.82% (and 6.05% at 31 December 2023), due to inflows into later stage delinquencies in the South African retail portfolios. NPLs grew 10% to R83bn from R76bn as PSC NPLs rose to R39.6bn from R34.5bn and EB NPLs increased to R15.4bn from R14.1bn. NPL coverage increased to 47.1% from 45.9%, largely due to charges in CIB. Stage 1 coverage declined slightly to 0.64% from 0.65%, given the improved macroeconomic forecast across retail loans in South Africa, loan growth and higher quality new business origination in CIB. Total Group coverage increased to 4.2% from 4.1%, due to late cycle pressure in the South African retail portfolio and CIB coverage build.

PSC credit impairments fell 6% to R2 180m from R2 309m, improving its credit loss ratio to 1.00% from 1.11%. Within this, Home Loans fell 21% to R771m, resulting in a credit loss ratio of 0.49% from 0.65%. The charge was driven by inflows into the legal book, while the charge from early arrears improved. Vehicle and Asset Finance credit impairments grew 6% to R1 409m, due to the legal book, debt review and specific higher risk segments that have been exited. Actions on new business has reduced the charge from early arrears. Its credit loss ratio decreased to 2.32% from 2.34%.

EB credit impairments declined 4% to R4 080m from R4 259m, resulting in a 8.47% credit loss ratio from 9.22%. The improvement was due to deliberate risk cutbacks and enhanced collection strategies, supported by improved forward-looking macroeconomic assumptions. Early-stage delinquencies improved, while late stage remained elevated with increased flows into debt counselling. Card credit impairments rose 2% to R2 408m, although its credit loss ratio improved to 8.34% from 8.79%. Personal Loans credit impairments fell 15% to R1 292m resulting in a 9.41% credit loss ratio from 11.72%.

RB credit impairments decreased 10% to R439m from R488m, due to the resolution of legacy cases and favourable post write-off recoveries. Its credit loss ratio improved from 0.68% to 0.57%, which is within its through-the-cycle range.

ARO RBB credit impairments increased 4%, or 10% in CCY, to R711m, largely due to the Retail portfolio, partially offset by improved collections and recoveries in Business Banking. Its credit loss ratio improved from 1.69% to 1.61% and remains below its through-the-cycle range.

CIB credit impairments grew 141% to R915m from R379m, resulting in a credit loss ratio of 0.33%, slightly above its through-the-cycle range, from a low 0.16%. CIB South Africa credit impairments rose 84% to R853m, resulting in a 0.37% credit loss ratio from 0.23%. The increase was largely due to higher stage 3 impairments. CIB ARO credit impairments increased from a release of R85m to R62m charge, producing a credit loss ratio of 0.14%, primarily due to normalised charge off a very low base.

Head Office credit impairments reduced to a release of R16m from R161m in 1H23, which included impairments on Cocoa Bills and local currency bonds in Ghana.

Operating expenses

Operating expenses grew 8%, or 9% in CCY, to R28 326m from R26 255m, increasing the Group's cost-to-income ratio to 52.7% from 50.6%. Staff costs rose 10% to R16 178m to account for 57% of total operating expenses, reflecting salary increases and people investments. Share-based payments grew 80% due to the eKhaya employee share scheme costs that were not in the base, while bonuses decreased 3%.

Non-staff costs grew 5%, or 6% in CCY, to R12 148m. IT costs increased 14% to R3 336m, given continued investment in new digital capabilities and increased cybersecurity spend. Amortisation of intangible assets grew 8% to R1 391m, due to further investment in digital, automation and data capabilities that increased goodwill and intangible assets to R15bn. Total IT spend, including staff, amortisation, and depreciation, increased 12% to R7 833m, or 28% of Group expenses. Marketing costs rose 17% to R1 099m with higher brand campaigns and sponsorship spend. Professional fees grew 11% to R1 350m given spend on strategic projects.

Depreciation was flat at R1 559m, from reduced utilisation of physical IT infrastructure and further optimisation of the corporate and retail property footprint. Equipment costs fell 27%, largely on lower power costs because of reduced loadshedding in South Africa.

Profit commentary

Group performance (continued)

Statement of comprehensive income (continued)

Other expenses

Other expenses increased 78% to R2 072m, due to significantly higher other impairments on property sales in South Africa, 16% higher indirect taxation, and a R255m loss on net monetary position as hyperinflationary accounting was applied to the results of Absa Bank Ghana.

Taxation

The taxation expense fell 14%, or 11% in CCY, to R3 600m from R4 174m, given a higher proportion of exempt income, resulting in an effective tax rate of 23.8% from 25.6%.

Segment performance

Product Solutions Cluster

Headline earnings increased 7% to R1 173m, as credit impairments decreased 6% to R2 180m, resulting in a 1.00% credit loss ratio from 1.11%. Pre-provision profit declined 1% to R3 939m. Revenue rose 3% to R7 027m, driven by 5% higher non-interest income, with Insurance SA flat. Net interest income increased 2%, below the 4% growth in customer loans, given competitive pressure on Home Loans new business margins and higher interest in suspense. Operating expenses grew 9% to R3 088m, producing a 43.9% cost-to-income ratio from 41.4%. PSC generated a return on regulatory capital (RoRC) of 10.3% from 9.4% and contributed 10% of Group headline earnings excluding Head Office, Treasury and other operations.

Within PSC, Home Loans headline earnings grew 17% to R727m, as credit impairments fell 21% to R771m. Home Loans pre-provision profits declined 4%, on flat revenue growth and 7% higher operating expenses. Vehicle and Asset Finance headline earnings increased to R48m from R14m, as 6% growth in pre-provision profits outweighed 6% higher credit impairments. Insurance SA earnings fell 10% to R588m, with Life Insurance profits down 23% to R445m, due to growth in insurance services expenses. Non-Life Insurance profit for the period increased 93% to R143m, on 7% revenue growth and an improved underwriting margin.

Everyday Banking

Headline earnings increased 9% to R1 565m, as 4% lower credit impairments offset a flat pre-provision profit of R6 636m. Revenue increased 4% to R14 292m, driven by 5% net interest income growth on the back of 7% growth in customer loans and 8% higher customer deposits. Non-interest income increased 2%, as migration to digital channels and targeted pricing reductions offset growth in customers and transactional activity. Operating expenses grew 7% to R7 656m, resulting in a 53.6% cost-to-income ratio from 52.1%. Credit impairments fell 4% to R4 080m, producing an 8.47% credit loss ratio from 9.22%, reflecting credit risk management actions and enhanced collection strategies. EB generated a RoRC of 22.1% from 21.4% and contributed 14% of Group headline earnings excluding Head Office, Treasury and other operations.

Within EB, Transactions and Deposits headline earnings decreased 10% to R1 629m, due to 7% lower pre-provision profit and 4% higher credit impairments. Card headline earnings grew significantly to R204m from R64m, given 10% higher pre-provision profit on the back of 4% revenue growth. Personal Loans improved to a loss of R22m from a R211m loss, largely due to 15% lower credit impairments, plus 2% higher pre-provision profit.

Relationship Banking

Headline earnings increased 1% to R2 005m, as credit impairments fell 10% to R439m, returning its credit loss ratio back within its through-the-cycle range. Pre-provision profit grew 1% to R3 401m. Revenue rose 6% to R7 856m, driven by 11% higher net interest income on the back of 7% customer loan growth and 11% higher deposits. Non-interest income declined 5%, as cash revenue fell 15% and acquiring revenue decreased 2% on higher scheme fees and margin compression. Operating expenses grew 10% to R4 455m, producing a 56.7% cost-to-income ratio from 54.5%. The cost growth was largely driven by frontline staff hires in Wealth and the SME segment. RB generated a RoRC of 23.5% from 25.8% and contributed 17% of Group headline earnings excluding Head Office, Treasury and other operations.

ARO RBB

Headline earnings decreased 12% to R875m, due entirely to the stronger average Rand, as CCY earnings grew 1%. Within this, Banking operation headline earnings declined 2% to R846m, albeit up 12% in CCY. Banking revenue grew 7%, or 13% in CCY, reflecting balance sheet growth and higher rates, partially offset by increased cash reserve requirements in some countries. Non-interest income grew 8%, or 15% in CCY, driven by 19% growth in transactionally active clients. Costs grew 7%, or 12% in CCY, resulting in a cost-to-income ratio of 64.8%. Credit impairments increased 4%, or 10% in CCY, resulting in a 1.61% banking credit loss ratio from 1.69%. ARO Insurance earnings fell 78%, or 79% in CCY, as revenue dropped 35% due to higher weather-related claims, reinsurance write-offs and a challenging operating environment. ARO RBB generated a RoRC of 12.6% from 14.6% and contributed 8% of Group headline earnings excluding Head Office, Treasury and other operations.

Profit commentary

Segment performance (continued)

CIB

Headline earnings were flat, or up 2% in CCY, to R5 892m, as higher credit impairments offset 7% pre-provision profit growth. Revenue increased 8%, or 11% in CCY, to R16 426m. Net interest income grew 14%, or 17% in CCY, on gross customer advances and customer deposits up 10% and 1% respectively (excluding reverse repos and repos), together with a 14bps higher net interest margin. Non-interest income fell 2%, albeit up 1% in CCY, largely due to 10% lower Global Markets including Markets SA down 25%, which outweighed 13% higher net fee and commission income and positive revaluations in non-core Private Equity and Infrastructure Investments. Operating expenses rose 9%, or 11% in CCY, to R7 111m, resulting in a cost-to-income ratio of 43.3% from 42.8%. The cost growth reflected continued investment in people and our Offshore office and China, higher amortisation, plus inflationary pressure across key markets. Credit impairments grew 141% to R915m, increasing the credit loss ratio to 0.33% from 0.16%, due to higher charges in South Africa and a normalising charge in CIB ARO off a very low base. CIB contributed 51% of Group headline earnings, excluding Head Office, Treasury and other operations. It produced a 23.1% RoRC from 26.2%.

Within CIB, Corporate Bank headline earnings grew 16%, or 21% in CCY, to R2 304m, as revenue-driven pre-provision profit increased 12% and credit impairments declined 38%. Investment Bank earnings fell 8% in reported and CCY to R3 588m, due to significantly higher credit impairments that offset 4% pre-provision profit growth. CIB SA headline earnings fell 6% to R3 108m, as 84% higher credit impairments outweighed 1% pre-provision profit growth and lower taxes. CIB ARO headline earnings rose 7%, or 12% in CCY, to R2 784m, reflecting 14% growth in pre-provision profit and a small change in the normalised impairment charge off a low base.

Head Office, Treasury and other operations

Headline earnings fell to a loss of R1 330m from a loss of R714m. The increased loss was due to applying hyperinflation accounting in Ghana costs related to the Broad-Based Black Economic Empowerment and staff incentivisation transaction, lower earnings in Treasury, partially offset by lower Barclays separation-related earnings.

Geographic split

South Africa

Headline earnings decreased 7% to R6 610m, as pre-provision profit declined 4% to R17 329m. Revenue grew 1% to R37 059m, constituting 69% of Group revenue. Net interest income rose 4%, given growth in customer loans and deposits of 7% and 6% respectively, partially offset by 6bps compression in net interest margin. Non-interest revenue declined 3% to R13 111m, due to lower RB and Markets revenue. Operating expenses rose 6% to R19 730m, resulting in a 53.2% cost-to-income ratio from 50.7%. Credit impairments were flat, producing a credit loss ratio of 1.31% from 1.38%, as improvements in PSC and EB outweighed a higher CIB charge. South Africa contributed 65% of Group earnings and its RoRC reduced to 13.6% from 15.4%.

Africa regions

Headline earnings declined 1% to R3 570m due to the stronger average Rand, as it increased 4% in CCY. Pre-provision profit grew 6% to R8 053m, as revenue increased 8%, or 15% in CCY, to R16 649m. Net interest income grew 13%, and 20% in CCY, on 5% customer loan growth and 62bps wider margins, given higher policy rates in several countries. Non-interest income fell 1%, albeit up 5% in CCY, due to lower insurance revenue. Operating expenses rose 11%, or 16% in CCY, to R8 596m, producing a 51.6% cost-to-income ratio from 50.3%. Credit impairments decreased 1% to R764m, 27% higher in CCY, and its credit loss ratio increased to 0.77% from 0.66%. Africa regions contributed 35% of Group earnings and its RoRC declined to 20.7% from 22.7%.

Profit commentary

Prospects

The global economic environment remains very uncertain, partly a consequence of geopolitical tensions, uncertainty relating to US elections, and as global monetary policy and financial conditions work their way through the system. Softer inflation should provide space for central banks to begin to normalise interest rates. Of particular interest, the US Federal Reserve has signalled that interest rate easing is likely to commence soon.

For South Africa, we expect real GDP growth of 1.1% in 2024. Early reaction to the broad Government of National Unity has been positive, reflected in somewhat lower government financing costs and a firmer Rand. The strained financial health of the consumer remains a central focus, as is infrastructure, where earlier concern over Eskom and electricity loadshedding has been superseded by a focus on the risks to water provision and an expectation of a gradual improvement in logistics performance. Helpfully, we expect headline inflation to moderate further, which is likely to open the way for a measured pace of cuts beginning as early as September 2024. We project that the prime rate is likely to fall to 10.75% by mid-2025.

We forecast that GDP-weighted growth for our ARO presence countries will rise to 4.7% in 2024, led by East Africa. Fiscal and debt sustainability will be a central focus for countries like Ghana, Kenya and Zambia, while weather conditions are important for all ARO markets. For many ARO presence countries inflation and foreign exchange developments are likely to enable some monetary policy easing.

Based on these assumptions, and excluding further major unforeseen political, macroeconomic, or regulatory developments, our guidance for 2024 is as follows:

We expect mid-single digit revenue growth, with broadly similar growth in net interest income and non-interest income.

Net interest income is expected to slow in the second half, given lower growth in South African retail lending and the impact of higher cash reserving requirements in some ARO countries. Non-interest income growth should improve noticeably in the second half of 2024, in part due to a low base in Markets SA income in the second half of 2023.

We expect mid to high single digit customer loan and deposit growth.

The Group's credit loss ratio is expected to improve slightly from 118 basis points in 2023 and to exceed our through-the-cycle target range of 75 to 100bps.

We expect mid-single digit growth in operating expenses, producing a similar cost-to-income ratio to the 53.2% in 2023 and low to mid-single digit growth in pre-provision profit.

Consequently, we expect an RoE of 14% to 15%, from 14.4% in 2023.

We expect the Group CET 1 ratio to end 2024 in the upper half of our Board target range of 11.0% to 12.5%. We expect to maintain a dividend payout ratio of around 55% for 2024.

As previously guided, given material base effects, we expect stronger pre-provision profit growth and a lower credit loss ratio than the first half of 2024 to support better second half earnings growth off a low base in the second half of 2023.

In terms of medium-term guidance, given the Group's first half 2024 results, it is more challenging to achieve an RoE of above 17% by 2026. However, we continue to firmly believe that an RoE of over 17% is an appropriate target for the Group over the medium-term. Moreover, we still see a clear pathway to achieving this, with the same drivers previously highlighted, including growing capital lite revenue, a normalising credit loss ratio, improving productivity and faster growth from Africa regions. Nonetheless, we will update the market in the fourth quarter of 2024 on when we expect to achieve our RoE target, after completing our medium-term budgeting process.

Group performance | Segment performance | Risk management | Appendices

Basis of presentation

IFRS reporting

The Group's financial results have been prepared in accordance with the recognition and measurement requirements of IFRS® Accounting Standards, IFRIC Interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act.

The Group's regulatory capital and risk exposures have been prepared in accordance with the Basel Committee on Banking Supervision Pillar 3 disclosure requirements and Regulation 43 of the Regulations relating to Banks, issued in terms of the Banks Act, 1990 (Act No. 94 of 1990), where not superseded by the Pillar 3 disclosure requirements.

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. The accounting policies that are deemed critical to the Group's results and financial position, in terms of the materiality of the items to which the policies are applied, and which involve a high degree of judgement include impairment of financial assets measured at amortised cost; capitalisation, amortisation and impairment of internally generated intangible assets; fair value measurements; consolidation of structured or sponsored entities; post-retirement benefits; provisions; income taxes; share-based payments; translation of foreign currencies; offsetting of financial assets and liabilities; and liabilities arising from claims made under short and long-term insurance contracts.

The directors assess the Group's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. For this reason, these financial results are prepared on a going concern basis.

Normalised reporting

As previously reported, the Group is no longer reporting normalised financial results from the 2024 financial year as the impact between IFRS and normalised reporting is immaterial. All information presented on the following pages has therefore been updated to reflect only the IFRS number.

Accounting policies

The accounting policies applied in preparing the Group's interim financial results are consistent with those in place for the Group's annual consolidated financial statements for the reporting period ended 31 December 2023, except for the following amendments that are effective for the current reporting period and had no material impact on the financial results of the Group:

- **Non-current Liabilities with Covenants** – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1

  These amendments require that an entity classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to an entity complying with conditions (covenants) specified in a loan arrangement, in the event that the entity is required to comply with the conditions on or before the reporting date. Furthermore, the amendments clarify how an entity classifies a liability that can be settled in its own shares such as, convertible debt. The amendments have been applied retrospectively.

- **Lease Liability in a Sale and Leaseback Transaction** – Amendments to IFRS 16

  These amendments clarify how a seller-lessee measures the right-of-use asset and lease liability at initial recognition and subsequent measurement in the instance that variable lease payments arise in a sale-and-leaseback transaction. The amendments require that leaseback transactions entered into since the implementation of IFRS 16 in 2019 be reassessed and updated accordingly.

- **Supplier Finance Arrangements** – Amendments to IAS 7 and IFRS 7

  These amendments introduce specific disclosure requirements for entities entering into supplier finance arrangements, to allow users to assess the effects of these arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk.

A number of new standards and amendments to existing standards have been issued but are not yet effective for the current reporting period and have not been applied in preparing these financial results. These amendments are not expected to have a material impact on the Group.

Basis of presentation

Events after the reporting period

On 6 July 2024, Absa Bank Mauritius Limited met the conditions precedent for acquiring HSBC's domestic Wealth, and Personal and Business Banking business in Mauritius. The acquisition became effective on this date for a nominal consideration. The transaction aligns with Absa Mauritius' growth ambition and underscores its commitment to expanding its influence in the banking sector and the Mauritian economy.

In accordance with IFRS 3 Business Combinations, the purchase price must be allocated to the fair values of the acquired assets and assumed liabilities, with any remaining balance allocated to goodwill or a bargain purchase gain. At the publication of these financial results, the fair values of the acquired assets and assumed liabilities have not been fully determined.

Additionally, as of 30 June 2024, certain ARO Insurance entities were classified as non-current assets and liabilities held for sale. Subsequent review indicated that extended timelines are required to conclude on one of the ARO Insurance subsidiaries, impacting its current classification.

The Board of Directors are not aware of any additional events, beyond those already included (as defined by IAS 10 Events after the Reporting Period), occurring after the reporting date of 30 June 2024 until the date of authorisation of these financial results.

On behalf of the Board

S Moloko
Group Chairman

A Rautenbach
Group Chief Executive Officer

D Raju
Group Financial Director

Johannesburg
19 August 2024

Dividend announcement

Declaration of interim ordinary dividend number 74

Shareholders are advised that an ordinary dividend of 685 cents per ordinary share was declared on 19 August 2024, for the interim reporting period ended 30 June 2024. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 13 September 2024. The directors of Absa Group Limited confirm that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution, and for the next 12 months.

The dividend will be subject to local dividends withholding tax at a rate of 20%. In accordance with paragraphs 11.17 (a) (i) to (ix) and 11.17 (c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- The local dividend tax rate is 20%.
- The gross local dividend amount is 685 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 548.0 cents per ordinary share for shareholders liable to pay the dividend tax.
- Absa Group Limited currently has 894 376 907 ordinary shares in issue (includes 65 602 863 treasury shares).
- Absa Group Limited's income tax reference number is 9150116714.

In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the following salient dates for the payment of the dividend are applicable:

Last day to trade cum dividend	Tuesday, 10 September 2024
Shares commence trading ex-dividend	Wednesday, 11 September 2024
Record date	Friday, 13 September 2024
Payment date	Monday, 16 September 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 September 2024 and Friday, 13 September 2024, both dates inclusive. On Monday, 16 September 2024, the dividend will be electronically transferred to the bank accounts of certificated shareholders. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will also be credited on Monday, 16 September 2024.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
19 August 2024

Absa Group Limited is a company domiciled in South Africa. Its registered office is 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001.

Consolidated statement of comprehensive income

for the reporting period ended

	Note	30 June 2024 Rm	30 June Restated 2023 Rm	Change %	31 December 2023 Rm
Net interest income	2	35 310	33 069	7	68 055
Interest and similar income		84 419	75 330	12	154 462
Effective interest income		82 908	73 928	12	151 693
Other interest income		1 511	1 402	8	2 769
Interest expense and similar charges		(49 109)	(42 261)	16	(86 407)
Non-interest income	3	18 398	18 850	(2)	36 587
Net fee and commission income		12 536	12 330	2	24 971
Fee and commission income	3.1	14 269	13 713	4	28 214
Fee and commission expense	3.1	(1 733)	(1 383)	25	(3 243)
Insurance service result		921	1 196	(23)	1 998
Insurance revenue	3.2	5 921	5 621	5	11 585
Insurance service expenses		(4 610)	(3 940)	17	(8 913)
Net expense from reinsurance contracts		(390)	(485)	(20)	(674)
Net finance expense from insurance contracts		(81)	(73)	11	(150)
Net finance expense from reinsurance contracts		(1)	30	<(100)	(4)
Changes in investment contract liabilities		(465)	(1 057)	(56)	(1 443)
Gains and losses from banking and trading activities	3.3	3 899	4 386	(11)	8 081
Gains and losses from investment activities	3.4	1 113	1 618	(31)	2 642
Other operating income	3.5	476	420	13	492
Total income		53 708	51 919	3	104 642
Credit impairment charges	4	(8 309)	(8 280)	(0)	(15 535)
Operating income before operating expenditure		45 399	43 639	4	89 107
Operating expenditure	5	(28 326)	(26 255)	8	(55 704)
Other expenses		(2 072)	(1 166)	78	(3 353)
Other impairments		(577)	(96)	>100	(459)
Indirect taxation	6	(1 240)	(1 070)	16	(2 344)
Loss on net monetary position		(255)	—	100	(550)
Share of post-tax results of associates and joint ventures		113	82	38	200
Operating profit before income tax		15 114	16 300	(7)	30 250
Taxation expense	7	(3 600)	(4 174)	(14)	(7 687)
Profit for the reporting period		11 514	12 126	(5)	22 563
Profit attributable to:					
Ordinary equity holders		9 845	10 792	(9)	19 891
Non-controlling interest – ordinary shares		960	734	31	1 400
Non-controlling interest – preference shares		203	174	17	373
Other equity: Additional Tier 1 capital		506	426	19	899
		11 514	12 126	(5)	22 563
Earnings per share:					
Basic earnings per share (cents)	1	1 188.0	1 302.4	(9)	2 400.3
Diluted earnings per share (cents)	1	1 187.3	1 298.4	(9)	2 393.0

The Statement of comprehensive income has been restated for June 2023. Refer to the Reporting changes overview note.

Group performance | Segment performance | Risk management | Appendices

Consolidated statement of comprehensive income

for the reporting period ended

	30 June 2024 Rm	30 June Restated 2023 Rm	Change %	31 December 2023 Rm
Profit for the reporting period	11 514	12 126	(5)	22 563
Other comprehensive income				
Items that will not be reclassified to profit or loss	(10)	(212)	(95)	(447)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	1	1	—	1
Fair value movements	1	1	—	1
Movement on liabilities designated at FVTPL due to changes in own credit risk	(59)	(142)	(58)	(241)
Fair value movements	(81)	(196)	(59)	(330)
Deferred tax	22	54	(59)	89
Movement in retirement benefit fund assets and liabilities	48	(71)	<(100)	(207)
(Decrease)/increase in retirement benefit surplus	(37)	(19)	95	368
Decrease/(increase) in retirement benefit deficit	109	(64)	<(100)	(611)
Deferred tax	(24)	12	<(100)	36
Items that are or may be subsequently reclassified to profit or loss	839	2 181	(62)	762
Movement in foreign currency translation reserve	(92)	2 313	<(100)	(1 235)
Differences in translation of foreign operations	(92)	2 313	<(100)	(1 235)
Movement in cash flow hedging reserve	223	(197)	<(100)	1 936
Fair value movements	(640)	(551)	16	1 410
Amounts transferred within other comprehensive income	49	22	>100	(26)
Amount removed from other comprehensive income and recognised in profit or loss	897	260	>100	1 268
Deferred tax	(83)	72	<(100)	(716)
Movement in fair value of debt instruments measured at FVOCI	564	74	>100	(195)
Fair value movements	568	386	47	(202)
Release to profit or loss	—	(66)	(100)	(66)
Deferred tax	(4)	(246)	(98)	73
Movement in insurance finance reserve	144	(9)	<(100)	257
Finance income/(expense) from insurance contracts	185	(69)	<(100)	362
Finance (expense)/income from reinsurance contracts	(5)	46	<(100)	(19)
Deferred tax	(9)	13	<(100)	(52)
Current tax	(27)	1	<(100)	(34)
Total comprehensive income for the reporting period	12 343	14 095	(12)	22 878
Total comprehensive income attributable to:				
Ordinary equity holders	10 217	12 666	(19)	20 521
Non-controlling interest – ordinary shares	1 417	829	71	1 085
Non-controlling interest – preference shares	203	174	17	373
Other equity: Additional Tier 1 capital	506	426	19	899
	12 343	14 095	(12)	22 878

The Statement of comprehensive income has been restated for June 2023. Refer to the Reporting changes overview note.

Consolidated statement of financial position

as at

	Note	30 June 2024 Rm	30 June Restated 2023 Rm	Change %	31 December 2023 Rm
Assets					
Cash, cash balances and balances with central banks		91 259	85 834	6	77 815
Investment securities		241 613	230 223	5	236 498
Trading portfolio assets		209 452	214 239	(2)	191 097
Hedging portfolio assets		5 176	6 856	(25)	5 441
Other assets		30 812	30 093	2	27 805
Current tax assets		1 429	639	>100	627
Non-current assets held for sale		3 202	182	>100	197
Loans and advances	8	1 306 110	1 250 562	4	1 271 357
Insurance contract assets		665	639	4	693
Reinsurance contract assets		686	1 290	(47)	972
Investments linked to investment contracts		21 850	20 307	8	21 045
Investments in associates and joint ventures		2 691	2 527	6	2 644
Investment property		224	399	(44)	378
Property and equipment		15 635	15 527	1	16 016
Goodwill and intangible assets		14 990	13 334	12	14 442
Deferred tax assets		7 560	8 035	(6)	7 849
Total assets		1 953 354	1 880 686	4	1 874 876
Liabilities					
Trading portfolio liabilities		58 519	80 107	(27)	62 548
Hedging portfolio liabilities		1 454	2 499	(42)	1 688
Other liabilities		50 758	47 824	6	42 093
Provisions		3 689	3 877	(5)	6 045
Current tax liabilities		619	1 027	(40)	833
Non-current liabilities held for sale		2 083	18	>100	—
Deposits	9	1 395 345	1 323 746	5	1 339 536
Debt securities in issue	10	224 429	213 133	5	211 128
Liabilities under investment contracts		22 236	20 484	9	21 247
Insurance contract liabilities		5 704	6 976	(18)	6 426
Reinsurance contract liabilities		110	63	75	252
Borrowed funds	11	16 699	20 585	(19)	18 502
Deferred tax liabilities		352	197	79	181
Total liabilities		1 781 997	1 720 536	4	1 710 479
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital	11	1 657	1 676	(1)	1 657
Share premium	11	10 461	10 611	(1)	10 464
Retained earnings		134 009	126 325	6	130 308
Other reserves		3 171	2 640	20	2 157
		149 298	141 252	6	144 586
Non-controlling interest – ordinary shares		7 642	6 751	13	6 905
Non-controlling interest – preference shares		4 644	4 644	—	4 644
Other equity: Additional Tier 1 capital		9 773	7 503	30	8 262
Total equity		171 357	160 150	7	164 397
Total liabilities and equity		1 953 354	1 880 686	4	1 874 876

The Statement of financial position has been restated for June 2023. Refer to the Reporting changes overview note.

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Group performance | Segment performance | Risk management | Appendices

Consolidated statement of changes in equity

for the reporting period ended

	30 June 2024																	
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm	General credit risk reserve Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Insurance finance reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Other equity: Additional Tier 1 capital Rm	Total equity Rm
Restated balance at the beginning of the reporting period	829 055	1 657	10 464	130 308	2 157	895	(1 200)	(1 279)	501	44	(140)	1 399	1 939	144 586	6 905	4 644	8 262	164 397
Total comprehensive income	—	—	—	9 838	379	—	521	223	(541)	—	176	—	—	10 217	1 417	203	506	12 343
Profit for the period	—	—	—	9 845	—	—	—	—	—	—	—	—	—	9 845	960	203	506	11 514
Other comprehensive income	—	—	—	(7)	379	—	521	223	(541)	—	176	—	—	372	457	—	—	829
Dividends paid during the reporting period	—	—	—	(5 685)	—	—	—	—	—	—	—	—	—	(5 685)	(680)	(203)	—	(6 568)
Distributions paid during the reporting period	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(506)	(506)
Issuance of Additional Tier 1 capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1 511	1 511
Redemption of Additional Tier 1 capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	(395)	(8)	—	—	—	—	—	—	—	—	—	(403)	—	—	—	(403)
Elimination of the movement in treasury shares held by Group entities	(281)	—	(3)	—	—	—	—	—	—	—	—	—	—	(3)	—	—	—	(3)
Movement in share-based payment reserve	—	—	395	—	189	—	—	—	—	—	—	189	—	584	—	—	—	584
Transfer from share-based payment reserve	—	—	395	—	(395)	—	—	—	—	—	—	(395)	—	—	—	—	—	—
Value of employee services	—	—	—	—	612	—	—	—	—	—	—	612	—	612	—	—	—	612
Deferred tax	—		—	—	(28)	—	—	—	—	—	—	(28)	—	(28)	—	—	—	(28)
Transfer to retained earnings – non-vested shares	—			17	(17)	—		—	—	—	—	(17)	—	—	—	—	—	—
Movement in general credit risk reserve	—	—	—	(348)	348	348	—	—	—	—	—	—	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	(113)	113	—	—	—	—	—	—	—	113	—	—	—	—	—
Balance at the end of the reporting period	828 774	1 657	10 461	134 009	3 171	1 243	(679)	(1 056)	(40)	44	36	1 571	2 052	149 298	7 642	4 644	9 773	171 357

Group performance | Segment performance | Risk management | Appendices

Consolidated statement of changes in equity

for the reporting period ended

Restated 30 June 2023

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm	General credit risk reserve Rm	Fair value through other comprehensive income reserve Rm
Restated balance at the beginning of the reporting period	827 426	1 654	10 191	122 161	536	808	(992)
Total comprehensive income	—	—	—	10 568	2 098	—	88
Profit for the period	—	—	—	10 792	—	—	—
Other comprehensive income	—	—	—	(224)	2 098	—	88
Dividends paid during the reporting period	—	—	—	(5 402)	—	—	—
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	(538)	(697)	—	—	—
Elimination of the movement in Treasury shares held by Group entities	2 140	22	420	—	—	—	—
Movement in share-based payment reserve	—	—	538	—	(299)	—	—
Transfer from share-based payment reserve	—	—	538	—	(538)	—	—
Value of employee services	—	—	—	—	420	—	—
Deferred tax	—	—	—	—	(181)	—	—
Movement in general credit risk reserve	—	—	—	(170)	170	170	—
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	(53)	53	—	—
Share of post-tax results of associates and joint ventures	—	—	—	(82)	82	—	—
Balance at the end of the reporting period	829 566	1 676	10 611	126 325	2 640	978	(904)

Restated 30 June 2023

	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Insurance finance reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Other equity: Additional Tier 1 capital Rm	Total equity Rm
Restated balance at the beginning of the reporting period	(3 215)	1 393	57	(356)	1 102	1 739	134 542	6 448	4 644	7 503	153 137
Total comprehensive income	(197)	2 217	—	(10)	—	—	12 666	829	174	426	14 095
Profit for the period	—	—	—	—	—	—	10 792	734	174	426	12 126
Other comprehensive income	(197)	2 217	—	(10)	—	—	1 874	95	—	—	1 969
Dividends paid during the reporting period	—	—	—	—	—	—	(5 402)	(526)	(174)	—	(6 102)
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	—	—	—	(1 235)	—	—	—	(1 235)
Elimination of the movement in Treasury shares held by Group entities	—	—	—	—	—	—	442	—	—	—	442
Movement in share-based payment reserve	—	—	—	—	(299)	—	239	—	—	—	239
Transfer from share-based payment reserve	—	—	—	—	(538)	—	—	—	—	—	—
Value of employee services	—	—	—	—	420	—	420	—	—	—	420
Deferred tax	—	—	—	—	(181)	—	(181)	—	—	—	(181)
Movement in general credit risk reserve	—	—	—	—	—	—	—	—	—	—	—
Movement in foreign insurance subsidiary regulatory reserve	—	—	53	—	—	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	—	—	82	—	—	—	—	—
Balance at the end of the reporting period	(3 412)	3 610	110	(366)	803	1 821	141 252	6 751	4 644	7 503	160 150

The above disclosure has been updated to disaggregate the issuance and redemptions on Tier 1 capital.

The Statement of changes in equity has been restated for June 2023. Refer the Reporting changes overview note.

Group performance | Segment performance | Risk management | Appendices

Consolidated statement of changes in equity

for the reporting period ended 31 December

31 December 2023	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm	General credit risk reserve Rm	Fair value through other comprehensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Insurance finance reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Other equity: Additional Tier 1 Capital Rm	Total equity Rm
Restated balance at the beginning of the reporting period	827 426	1 654	10 191	122 161	536	808	(992)	(3 215)	1 393	57	(356)	1 102	1 739	134 542	6 448	4 644	7 503	153 137
Impact of hyperinflation	—	—	—	815	(5)	—	(27)	—	—	—	—	22	—	810	—	—	—	810
Restated balance at the beginning of the reporting period	827 426	1 654	10 191	122 976	531	808	(1 019)	(3 215)	1 393	57	(356)	1 124	1 739	135 352	6 448	4 644	7 503	153 947
Total comprehensive income	—	—	—	19 443	1 078	—	(181)	1 936	(892)	—	216	—	—	20 521	1 085	373	899	22 878
Profit for the period	—	—	—	19 891	—	—	—	—	—	—	—	—	—	19 891	1 400	373	899	22 563
Other comprehensive income	—	—	—	(448)	1 078	—	(181)	1 936	(892)	—	216	—	—	630	(315)	—	—	315
Shares issued	46 626	93	7 710	—	—	—	—	—	—	—	—	—	—	7 803	—	—	—	7 803
Dividends paid during the reporting period	—	—	—	(11 065)	—	—	—	—	—	—	—	—	—	(11 065)	(628)	(373)	—	(12 066)
Distributions paid during the reporting period	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(899)	(899)
Issuance of Additional Tier 1 capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2 000	2 000
Redemption of Tier 1 capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1 241)	(1 241)
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	(567)	(772)	—	—	—	—	—	—	—	—	—	(1 339)	—	—	—	(1 339)
Elimination of the movement in Treasury shares held by Group entities	(44 999)	(90)	(7 437)	—	—	—	—	—	—	—	—	—	—	(7 527)	—	—	—	(7 527)
Movement in share-based payment reserve	—	—	567	—	275	—	—	—	—	—	—	275	—	842	—	—	—	842
Transfer from share-based payment reserve	—	—	567	—	(567)	—	—	—	—	—	—	(567)	—	—	—	—	—	—
Value of employee services	—	—	—	—	1 034	—	—	—	—	—	—	1 034	—	1 034	—	—	—	1 034
Deferred tax	—	—	—	—	(192)	—	—	—	—	—	—	(192)	—	(192)	—	—	—	(192)
Movement in general credit risk reserve	—	—	—	(87)	87	87	—	—	—	—	—	—	—	—	—	—	—	—
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	13	(13)	—	—	—	—	(13)	—	—	—	—	—	—	—	—
Share of post-tax results of associates and joint ventures	—	—	—	(200)	200	—	—	—	—	—	—	—	200	—	—	—	—	—
Balance at the end of the reporting period	829 054	1 657	10 464	130 308	2 157	895	(1 200)	(1 279)	501	44	(140)	1 399	1 939	144 586	6 905	4 644	8 262	164 397

Condensed consolidated statement of cash flows

for the reporting period ended

	Note	30 June 2024 Rm	30 June Restated 2023 Rm	31 December 2023 Rm
Net cash generated from operating activities		25 496	36 447	43 580
Net cash utilised in investing activities		(2 893)	(2 211)	(6 359)
Net cash utilised in financing activities		(8 257)	(8 098)	(23 345)
Net cash increase in cash and cash equivalents		14 346	26 138	13 876
Cash and cash equivalents at the beginning of the reporting period	1	88 454	75 268	75 268
Effect of exchange rate movement and hyperinflation on cash and cash equivalents		(225)	(4 935)	(690)
Cash and cash equivalents at the end of the reporting period	2	102 575	96 471	88 454

Notes to the condensed consolidated statement of cash flows

1. Cash and cash equivalents at the beginning of the reporting period

	30 June 2024 Rm	30 June Restated 2023 Rm	31 December 2023 Rm
Mandatory reserve balances with the SARB and other central banks	46 790	35 559	35 559
Coin and notes	13 173	13 551	13 551
Loans and advances to banks	22 136	22 320	22 320
Money market assets	2 928	2 013	2 013
Mobile money balances	3 427	1 825	1 825
	88 454	75 268	75 268

2. Cash and cash equivalents at the end of the reporting period

	30 June 2024 Rm	30 June Restated 2023 Rm	31 December 2023 Rm
Mandatory reserve balances with the SARB and other central banks	62 433	52 975	46 790
Coin and notes	10 144	11 913	13 173
Loans and advances to banks	26 213	27 677	22 136
Money market assets	2 268	1 708	2 928
Mobile money balances	1 517	2 198	3 427
	102 575	96 471	88 454

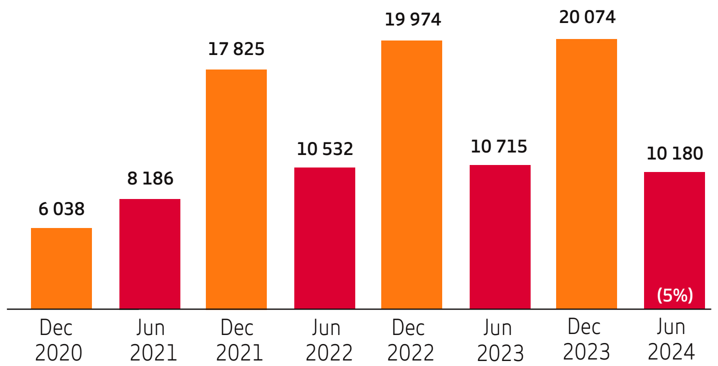
The cash and cash equivalents balance have been restated for June 2023. Refer to the Reporting changes overview note.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

1. Headline earnings and earnings per ordinary share

Headline earnings (Rm and change %)



Headline earnings	30 June 2024 Gross Rm	30 June 2024 Net Rm	30 June 2023 Gross Rm	30 June 2023 Net Rm	Net change %	31 December 2023 Gross Rm	31 December 2023 Net Rm
Headline earnings is determined as follows:							
Profit attributable to ordinary equity holders of the Group		9 845		10 792	(9)		19 891
Total headline earnings adjustment:		335		(77)	<(100)		183
IFRS 5 – Profit on disposal of non-current assets held for sale	—	—	(112)	(141)	(100)	(102)	(132)
IFRS 10 – Profit on disposal of subsidiary	(25)	(25)	—	—	100	—	—
IAS 16 – Profit on disposal of property and equipment	(168)	(115)	(7)	(6)	>100	(28)	(21)
IAS 36 – Impairment of property and equipment	576	473	89	65	>100	213	155
IAS 36 – Impairment of intangible assets	2	2	7	5	(60)	245	179
IAS 38 – Loss on disposal of intangible assets	—	—	—	—	—	2	2
Headline earnings/diluted headline earnings		10 180		10 715	(5)		20 074

The net headline earnings amounts reflected above are after the effects of taxation and non-controlling interest.

Notable adjustments to headline earnings

- 'Profit on disposal of subsidiary' relates mainly to the sale of a property-holding entity.
- 'Profit on disposal of property and equipment' relates mainly to disposal of property in Absa Regional Operations Mozambique.
- 'Impairment of property and equipment' arose mainly due to impairments of leasehold and freehold property, in line with the Group's property consolidation plan.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

1. Headline earnings and earnings per ordinary share (continued)

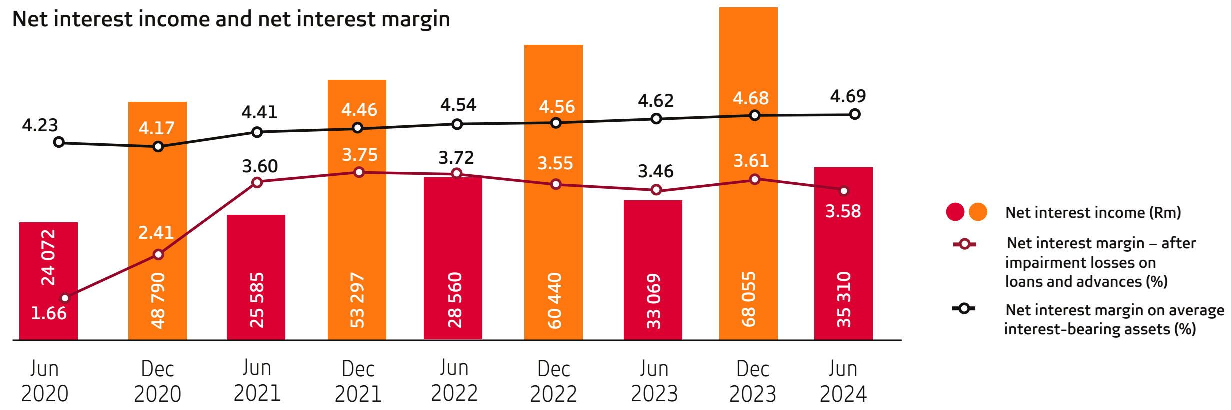
	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Basic earnings per ordinary share				
Basic earnings attributable to ordinary equity holders (Rm)	9 845	10 792	(9)	19 891
Weighted average number of ordinary shares in issue (million)	828.7	828.6	0	828.7
Issued shares at the beginning of the reporting period (million)	894.4	847.8	5	847.8
Shares issued during the reporting period (million)	—	—	—	15.5
Treasury shares held by Group entities (million)	(65.7)	(19.2)	>100	(34.6)
Basic earnings per ordinary share (cents)	1 188.0	1 302.4	(9)	2 400.3
Diluted basic earnings per ordinary share				
Basic earnings attributable to ordinary equity holders (Rm)	9 845	10 792	(9)	19 891
Diluted weighted average number of ordinary shares in issue (million)	829.2	831.2	(0)	831.2
Weighted average number of ordinary shares in issue (million)	828.7	828.6	0	828.7
Adjustments for share options issued at no value (million)	0.5	2.6	(81)	2.5
Diluted basic earnings per ordinary share (cents)	1 187.3	1 298.4	(9)	2 393.0
Headline earnings per ordinary share				
Headline earnings attributable to ordinary equity holders (Rm)	10 180	10 715	(5)	20 074
Weighted average number of ordinary shares in issue (million)	828.7	828.6	0	828.7
Headline earnings per ordinary share (cents)	1 228.4	1 293.1	(5)	2 422.3
Diluted headline earnings per ordinary share				
Headline earnings attributable to ordinary equity holders (Rm)	10 180	10 715	(5)	20 074
Diluted weighted average number of ordinary shares in issue (million)	829.2	831.2	(0)	831.2
Diluted headline earnings per ordinary share (cents)	1 227.7	1 289.1	(5)	2 415.1

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

2. Net interest income

Net interest income and net interest margin



	30 June 2024 Average balance Rm	30 June 2024 Average rate %	30 June 2024 Interest income/ (expense) Rm	30 June 2023 Average balance Rm	30 June 2023 Average rate %	30 June 2023 Interest income/ (expense) Rm	31 December 2023 Average balance Rm	31 December 2023 Average rate %	31 December 2023 Interest income/ (expense) Rm
Assets									
Cash, cash balances and balances with central banks	1 703	0.34	3	5 554	0.42	12	6 525	0.26	17
Investment securities	212 678	9.49	10 032	204 577	8.81	8 934	201 067	8.31	16 700
Loans and advances to banks and customers	1 300 696	11.50	74 384	1 233 779	10.82	66 384	1 246 655	11.05	137 744
Interest-bearing assets	1 515 077	11.21	84 419	1 443 909	10.49	75 330	1 454 247	10.62	154 461
Non-interest-bearing assets	447 946		—	425 699			425 842	—	—
Total assets	1 963 023	—	84 419	1 869 608	—	75 330	1 880 089	—	154 461
Liabilities									
Deposits due to banks and customers	1 093 174	(7.63)	(41 454)	1 007 510	(6.69)	(33 522)	995 725	(7.06)	(70 307)
Debt securities in issue	168 939	(8.21)	(6 894)	176 455	(8.36)	(7 332)	164 285	(8.23)	(13 528)
Borrowed funds	19 324	(7.93)	(762)	23 932	(11.83)	(1 408)	25 638	(10.03)	(2 572)
Interest-bearing liabilities	1 281 437	(7.71)	(49 110)	1 207 897	(7.04)	(42 262)	1 185 648	(7.29)	(86 407)
Non-interest-bearing liabilities	514 668		—	511 428			550 053	—	—
Total liabilities	1 796 105	—	(49 110)	1 719 325		(42 262)	1 735 701	—	(86 407)
Total equity	166 918	—	—	150 283			144 388	—	—
Total equity and liabilities	1 963 023	—	(49 110)	1 869 608	—	(42 262)	1 880 089	—	(86 407)
Net interest margin on average interest-bearing assets		4.69			4.62			4.68	

Average balances are calculated based on daily weighted average balances.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

2. Net interest income (continued)

	30 June		31 December
	2024 bps	2023 bps	2023 bps
Net interest margin at the end of the previous reporting period	462	454	456
Loans and advances to customers (i)	9	9	2
Change in rates (pricing)	10	4	(1)
Change in composition	(1)	5	3
Deposits due to customers (ii)	(3)	21	22
Change in rates (pricing)	(3)	11	16
Change in composition	3	(5)	(5)
Endowment	(3)	15	11
Equity endowment (iii)	2	14	12
SA	—	12	10
Absa Regional Operations	2	2	2
Interest rate risk management (hedging strategy) (iv)	(4)	(29)	(23)
Other (v)	3	(7)	(1)
Change in net interest margin	7	7	10
Net interest margin at the end of the current reporting period	469	462	468

Performance

The Group's net interest margin of **469bps** (2023: 462bps) is 7bps higher than the previous reporting period (2023: had increased by 7bps) reflecting margin expansion in ARO from 722bps to 784bps in a rising interest rate environment, despite higher cash reserving in Ghana, Mozambique and Zambia. This was partially offset by the SA margin which declined slightly from 398bps to 392bps mainly reflecting faster growth in low-margin deposit balances. The detailed year-on-year movement reflects the following:

(i) Loans and advances to customers

- Positive pricing impact mainly reflects improved pricing in the Corporate and Investment Banking business (SA and Absa Regional Operations) and lower suspended interest in Relationship Banking, partially offset by competitive pricing and suspended interest in Home Loans, Personal Loans and Retail and Business markets ARO.
- Composition had a small adverse impact mainly from faster growth in Corporate and Investment Banking and Relationship Banking, partially offset by slow growth in Home Loans.

(ii) Deposits due to customers

- Deposit margin contraction mainly reflects the impact of higher cash reserving and competitive pricing in ARO. This was partially offset by the impact of higher average interest rates on transactional deposits in Corporate SA and Everyday Banking.
- Composition had a positive impact on margin given a decline in low margin balances in Corporate and Investment Banking, and low margin deposit balances and wholesale funding in Absa Regional Operations. This was partially offset by an adverse mix impact in Everyday Banking and Relationship Banking following faster growth in low margin in investment deposits.
- The impact of liability endowment in SA was -3bps reflecting a decrease in average endowment balances, partially offset by the impact of higher average prime interest rates.

(iii) Equity endowment

- The impact of endowment on equity in SA was flat reflecting a decrease in average equity balances, offset by the impact of higher average prime interest rates.
- The impact of endowment on equity in ARO was positive (+2bps) (30 June 2023: +2bps) reflective of the positive mix impact of higher rates and equity balances across most markets.

Performance indicators and condensed notes to the consolidated financial statements

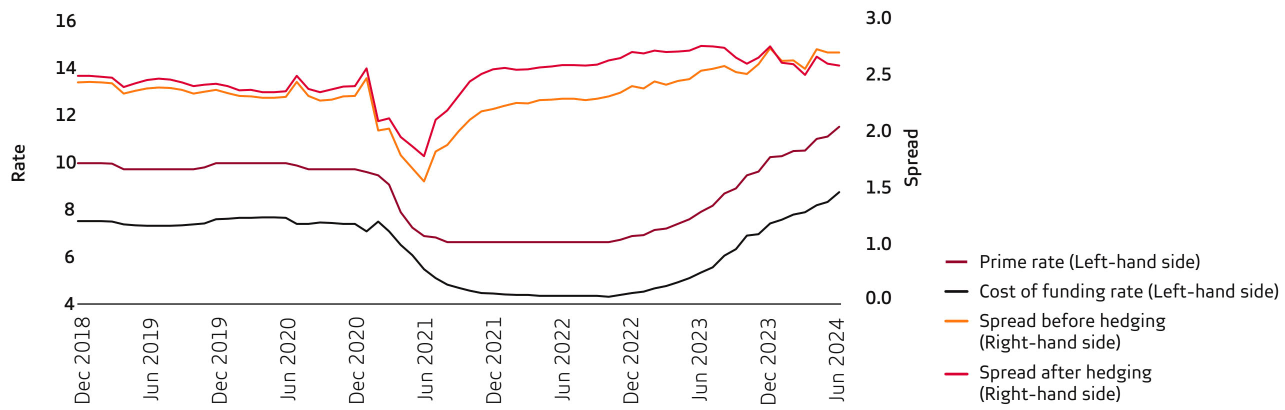
for the reporting period ended

2. Net interest income (continued)

Performance (continued)

(iv) Hedging strategy and equity endowment

Hedging impact on net interest margin[1] (%)



- Absa Bank Limited employs a governed interest rate strategy (hedging programme) through the interest rate cycle to reduce margin volatility associated with structural balances (i.e. rate insensitive liabilities as well as the endowment associated with equity).
- Qualification criterion for balances to be treated as structural is well defined and tested. As at 30 June 2024 an aggregate of 12% (30 June 2023: 12%; 31 December 2023: 12%) of Absa Bank Limited's total capital and liabilities constituted structural balances.
- Cash flow hedge accounting is applied to account for the interest rate swaps executed as part of the hedging programme in South Africa. The after-tax 'cash flow hedging reserve' relating to the hedging programme reflected a debit balance of R1.1bn (30 June 2023: R3.5bn debit; 31 December 2023: R1.4bn debit). The structural hedge released a charge of R923m to the income statement, 4bps more than the R568m charge in HY23.

Structural hedge impact	HY20	HY21	HY22	HY23	HY24
Increase/(decrease) to net interest income (R'm)	914	1 518	1 339	(568)	(923)

- The impact of total endowment after hedging in South Africa year-on-year was -7bps. This was a result of lower endowment balances relative to growth in the Group's interest-bearing assets.

(v) Other

Other items had a cumulative 3bps positive impact mainly representing:

- The positive impact of the three-month average prime-JIBAR basis,
- Higher yields earned on the SA Liquid Asset Portfolio (price impact), and
- The benefit of higher rates on asset liability management in ARO markets, partially offset by
- The negative impact of a reset benefit in the base due to cumulative 125bps hikes of the repo rate in 2023 vs no increase in 2024; and
- The negative impact of Depositor Insurance Scheme levies of R62m incurred in 2024.

[1] Absa Bank Limited hedging strategy:
- The hedging programme provides greater margin stability from an interest rate risk perspective over the entire cycle.
- In a decreasing rate scenario, the hedging programme enhances the net interest margin while the opposite is true for an increasing rate scenario.
- Basis risk still remains between prime assets and the three-month Johannesburg Interbank Agreed Rate (JIBAR) reporting liabilities after hedging.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

3. Non-interest income

3.1 Net fee and commission income

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Consulting and administration fees	241	241	—	516
Transactional fees and commissions	11 278	10 659	6	21 922
Cheque accounts	2 670	2 520	6	5 093
Credit cards (includes card issuing fees)	1 611	1 542	4	3 159
Electronic banking	3 406	3 243	5	6 905
Service charges	2 379	2 181	9	4 480
Other (includes exchange commissions and guarantees)	662	600	10	1 187
Savings accounts	550	573	(4)	1 098
Insurance commission received	523	505	4	1 222
Investment, markets execution and investment banking fees	223	244	(9)	453
Merchant income	1 404	1 378	2	2 794
Other fee and commission income	294	313	(6)	585
Trust and other fiduciary services fees	306	373	(18)	722
Portfolio and other management fees	124	196	(37)	371
Trust and estate income	182	177	3	351
Fee and commission income	14 269	13 713	4	28 214
Fee and commission expense	(1 733)	(1 383)	25	(3 243)
Brokerage fees	(51)	(52)	(2)	(98)
Cheque processing fees	(1)	(2)	(50)	(4)
Clearing and settlement charges	(826)	(644)	28	(1 617)
Notification fees	(113)	(118)	(4)	(246)
Other	(692)	(520)	33	(1 183)
Valuation fees	(50)	(47)	6	(95)
	12 536	12 330	2	24 971
Segment split				
Product Solutions Cluster	1 129	1 038	9	2 175
Everyday Banking	5 904	5 762	2	11 841
Relationship Banking	2 202	2 344	(6)	4 750
Absa Regional Operations – Retail and Business Banking	1 711	1 587	8	3 204
Corporate and Investment Banking	2 206	1 948	13	3 900
Head Office, Treasury and other operations	(616)	(349)	77	(899)
	12 536	12 330	2	24 971

Other transactional fees and commissions have been restated in June 2023 to separately disclose service charges of R2 181m which form a significant portion of the balance.

To align fees appropriately per disclosure line, there was a reallocation of fees between Service charges, Insurance commission received, and Other fee and commission income. This reallocation resulted in the following restatement for June 2023 for Service charges of R2 178m to R2 181m (December 2023 of R4 470m to R4 480m); Insurance commission received of R486m to R505m (December 2023 of R1 382m to R1 222m) and Other fee and commission income of R370m to R313m (December 2023 of R435m to R585m).

Other fee and commission income and Other fee and commission expense in June 2023 has been restated. Refer to the Reporting changes overview note.

Other transactional fees and commissions income include exchange commission of **R454m** (June 2023: R421m; December 2023: R823m) and guarantees of **R208m** (June 2023: R179m; December 2023: R365m).

The business units' segment split has been restated. Refer to the Reporting changes overview note.

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

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

3. Non-interest income (continued)

3.2 Insurance revenue

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Contracts not measured under the PAA	2 520	2 468	2	5 081
Life insurance contracts	2 520	2 468	2	5 081
Contracts measured under the PAA	3 401	3 153	8	6 504
Life insurance contracts	516	354	46	1 038
Non-life insurance contracts	2 885	2 799	3	5 466
	5 921	5 621	5	11 585
Segment split				
Product Solutions Cluster	4 315	4 050	7	8 393
Everyday Banking	112	141	(21)	275
Relationship Banking	44	48	(8)	197
Absa Regional Operations – Retail and Business Banking	1 450	1 382	5	2 720
	5 921	5 621	5	11 585

Insurance revenue has been restated for June 2023. Refer to the Reporting changes overview.

3.3 Gains and losses from banking and trading activities

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Net gains on investments	337	211	60	683
Debt instruments designated at fair value through profit or loss	100	110	(9)	262
Equity instruments at fair value through profit or loss	237	35	>100	355
Unwind from reserves for debt instruments at fair value through other comprehensive income	—	66	(100)	66
Net trading result	3 665	4 246	(14)	7 310
Net trading income excluding the impact of hedge accounting	3 748	4 513	(17)	7 260
Ineffective portion of hedges	(83)	(267)	(69)	50
Cash flow hedges	(100)	(260)	(62)	46
Fair value hedges	17	(7)	<(100)	4
Other (losses)/gains	(103)	(71)	45	88
	3 899	4 386	(11)	8 081
Segment split				
Relationship Banking	17	2	>100	2
Absa Regional Operations – Retail and Business Banking	458	509	(10)	975
Corporate and Investment Banking	3 546	4 000	(11)	6 341
Head Office, Treasury and other operations	(122)	(125)	(2)	763
	3 899	4 386	(11)	8 081

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

3. Non-interest income (continued)

3.4 Gains and losses from investment activities

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Net gains on investments from insurance activities	1 090	1 578	(31)	2 554
Insurance contracts	299	246	22	556
Investment contracts	522	1 119	(53)	1 512
Shareholder funds	269	213	26	486
Other	23	40	(43)	88
	1 113	1 618	(31)	2 642
Segment split				
Product Solutions Cluster	917	1 453	(37)	2 256
Absa Regional Operations – Retail and Business Banking	184	133	38	326
Head Office, Treasury and other operations	12	32	(63)	60
	1 113	1 618	(31)	2 642

Investment contracts for June 2023 have been restated. Refer to the Reporting changes overview.

One of the main drivers to the movement of the Group's 'Liabilities under investment contracts' is the underlying performance of the related assets. 'Net gains on investments from insurance activities: Investment contracts' should therefore be read in conjunction with 'Changes in investment contract liabilities' reported in the Statement of comprehensive income.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

3. Non-interest income (continued)

3.5 Other operating income

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Property-related income	167	28	>100	68
Income from investment properties	1	1	—	2
Rentals	1	1	—	2
Property-related income arising from contracts with customers	166	27	>100	66
Profit on disposal of property and equipment	148	6	>100	28
Profit on sale of developed properties	1	4	(75)	8
Loss on sale of repossessed properties	(1)	—	100	(2)
Rental income	18	17	6	32
Other operating income	309	392	(21)	424
Foreign exchange differences, including recycle from other comprehensive income	(29)	21	<(100)	(10)
Loss on disposal of intangible assets	—	—	—	(2)
Sundry income	338	371	(9)	436
	476	420	13	492
Segment split				
Property-related income	167	28	>100	68
Product Solutions Cluster	—	1	(100)	—
Relationship Banking	2	3	(33)	12
Everyday Banking	2	11	(82)	19
Absa Regional Operations – Retail and Business Banking	96	11	>100	22
Corporate and Investment Banking	65	—	100	—
Head Office, Treasury and other operations	2	2	—	15
Other operating income	309	392	(21)	424
Product Solutions Cluster	42	36	17	60
Relationship Banking	191	180	6	292
Everyday Banking	123	82	50	127
Absa Regional Operations – Retail and Business Banking	20	5	>100	(9)
Corporate and Investment Banking	29	(3)	<(100)	(6)
Head Office, Treasury and other operations	(96)	92	<(100)	(40)
	476	420	13	492

In June 2023, Income from maintenance contracts has been included as part of Sundry income due to the nature of the amounts included in the Income from maintenance balance. This resulted to R12m being reclassified from Income from maintenance contracts to Sundry income.

Sundry income for June 2023 has been restated. Refer to the Reporting changes overview note.

The profit on disposal of property and equipment is due to a sale of a building in both Kimberley and Mozambique in January and June 2024 respectively.

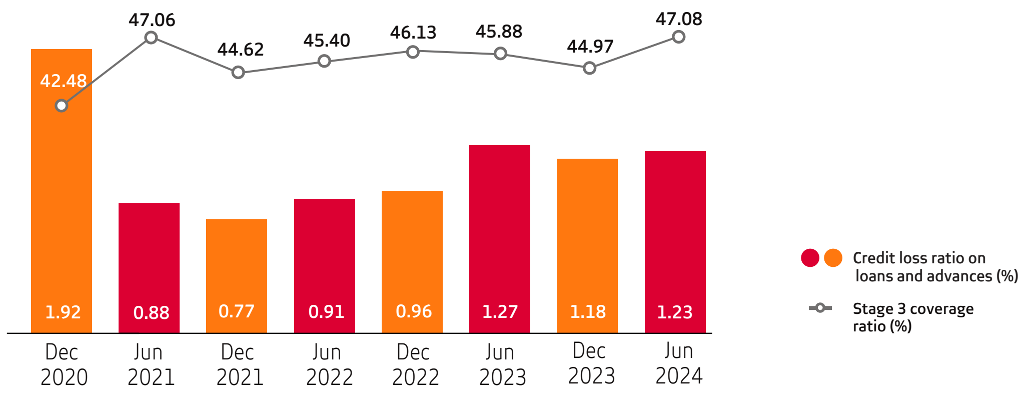
Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges

4.1 Total charge to the statement of comprehensive income by market segment

Credit loss and stage 3 coverage ratios



	30 June			31 December
Charge to the statement of comprehensive income by market segment	2024 Rm	2023 Rm	Change %	2023 Rm
Product Solutions Cluster				
Home Loans	771	975	(21)	1 789
Vehicle and Asset Finance	1 409	1 334	6	2 442
Total charge	2 180	2 309	(6)	4 231
Credit loss ratio (%)	1.00	1.11		0.99
Everyday Banking				
Card	2 408	2 367	2	4 316
Personal Loans	1 292	1 526	(15)	2 828
Transactions and Deposits	380	366	4	707
Total charge	4 080	4 259	(4)	7 851
Credit loss ratio (%)	8.47	9.22		8.35
Relationship Banking	439	488	(10)	822
Credit loss ratio (%)	0.57	0.68		0.56
Absa Regional Operations – Retail and Business Banking	711	684	4	1 540
Credit loss ratio (%)	1.61	1.69		1.84
Corporate and Investment Banking				
Corporate and Investment Banking SA	853	464	84	846
Corporate and Investment Banking ARO	62	(85)	<(100)	(82)
Total charge	915	379	>100	764
Credit loss ratio (%)	0.33	0.16		0.17
Head Office, Treasury and other operations				
Total charge	(16)	161	<(100)	327
Total charge to the statement of comprehensive income	8 309	8 280	0	15 535

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.1 Total charge to the statement of comprehensive income by market segment (continued)

	30 June			31 December
Charge to the statement of comprehensive income by market segment	2024 Rm	2023 Rm	Change %	2023 Rm
Comprising:				
Credit impairment charges raised	8 262	8 302	(0)	15 519
Loans and advances to customers and undrawn facilities	8 301	8 299	0	15 470
Loans and advances to banks	(16)	(29)	(45)	13
Other financial instruments subject to credit impairment	(7)	133	<(100)	159
Guarantees and letters of credit	(16)	(101)	(84)	(123)
Recoveries of financial instruments subject to credit impairment previously written off	(378)	(429)	(12)	(934)
Modifications	425	407	4	950
Total charge to the statement of comprehensive income	8 309	8 280	0	15 535

Group performance | Segment performance | Risk management | Appendices

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.2 ECL analysis by market segment and class of credit exposure

4. Credit impairment charges (continued)

4.2 ECL analysis by market segment and class of credit exposure (continued)

30 June 2024

		Stage 1			Stage 2			Stage 3			
	Carrying amount of financial assets measured at fair value through profit and loss Rm	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
Product Solutions Cluster	—	361 968	1 515	0.42	39 258	2 121	5.40	39 647	13 749	34.68	423 488
Home Loans	—	262 157	527	0.20	25 876	748	2.89	29 331	8 833	30.11	307 256
Vehicle and Asset Finance	—	99 811	988	0.99	13 382	1 373	10.26	10 316	4 916	47.65	116 232
Everyday Banking	—	64 411	2 408	3.74	10 831	2 619	24.18	15 440	11 536	74.72	74 119
Card	—	44 080	1 465	3.32	5 813	1 606	27.63	8 799	6 359	72.27	49 262
Personal Loans	—	17 247	767	4.45	3 792	718	18.93	5 796	4 492	77.50	20 858
Transactions and Deposits	—	3 084	176	5.71	1 226	295	24.06	793	633	79.82	3 999
Other	—	—	—	—	—	—	—	52	52	100.00	—
Relationship Banking	—	135 961	730	0.54	11 966	674	5.63	9 701	3 541	36.50	152 683
Absa Regional Operations – Retail and Business Banking	—	75 873	1 277	1.69	7 019	769	10.96	7 496	4 796	63.98	83 546
Corporate and Investment Banking	87 033	373 086	1 047	0.28	30 747	623	2.03	11 146	5 675	50.92	494 667
Corporate and Investment Banking SA	87 033	301 586	584	0.19	20 140	386	1.92	7 069	3 384	47.87	411 474
Corporate and Investment Banking ARO	—	71 500	463	0.65	10 607	237	2.23	4 077	2 291	56.19	83 193
Head Office, Treasury and other operations	—	4 203	(185)	—	18	(79)	—	—	(17)	—	4 502
Loans and advances to customers	—	4 203	—	—	18	—	—	—	—	—	4 221
Reclassification to provisions	—	—	(185)	—	—	(79)	—	—	(17)	—	281
Loans and advances to customers	87 033	1 015 502	6 792	0.67	99 839	6 727	6.74	83 430	39 280	47.08	1 233 005
Loans and advances to banks	15 327	56 203	39	0.07	1 649	35	2.12	—	—	—	73 105
Total loans and advances	102 360	1 071 705	6 831	0.64	101 488	6 762	6.66	83 430	39 280	47.08	1 306 110

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

Group performance | Segment performance | Risk management | Appendices

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.2 ECL analysis by market segment and class of credit exposure (continued)

4. Credit impairment charges (continued)

4.2 ECL analysis by market segment and class of credit exposure (continued)

	30 June 2023										
		Stage 1			Stage 2			Stage 3			
	Carrying amount of financial assets measured at fair value through profit and loss Rm	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
Product Solutions Cluster	—	354 116	1 530	0.43	35 823	2 333	6.51	34 513	11 697	33.89	408 892
Home Loans	—	257 499	511	0.20	24 092	965	4.01	24 848	6 971	28.05	297 992
Vehicle and Asset Finance	—	96 617	1 019	1.05	11 731	1 368	11.66	9 665	4 726	48.90	110 900
Everyday Banking	—	61 436	2 509	4.08	10 161	2 913	28.67	14 073	10 828	76.94	69 420
Card	—	40 846	1 354	3.31	5 696	1 789	31.41	8 291	6 167	74.38	45 523
Personal Loans	—	17 907	902	5.04	3 505	882	25.16	5 138	4 156	80.89	20 610
Transactions and Deposits	—	2 683	253	9.43	960	242	25.21	592	453	76.52	3 287
Other	—	—	—	—	—	—	—	52	52	100.00	—
Relationship Banking	—	120 256	283	0.24	18 609	979	5.26	8 464	3 805	44.96	142 262
Absa Regional Operations – Retail and Business Banking	—	72 639	1 040	1.43	6 681	1 020	15.27	6 604	4 289	64.95	79 575
Corporate and Investment Banking	82 204	329 684	1 318	0.40	30 647	595	1.94	12 012	4 133	34.41	448 501
Corporate and Investment Banking SA	82 204	262 541	803	0.31	21 549	303	1.41	5 437	1 975	36.33	368 650
Corporate and Investment Banking ARO	—	67 143	515	0.77	9 098	292	3.21	6 575	2 158	32.82	79 851
Head Office, Treasury and other operations	—	5 859	(171)	—	—	(106)	—	—	(34)	—	6 170
Loans and advances to customers	—	5 859	3	0.05	—	—	—	—	—	—	5 856
Reclassification to provisions	—	—	(174)	—	—	(106)	—	—	(34)	—	314
Loans and advances to customers	82 204	943 990	6 509	0.69	101 921	7 734	7.59	75 666	34 718	45.88	1 154 820
Loans and advances to banks	22 815	64 771	50	0.08	8 217	11	0.13	—	—	—	95 742
Total loans and advances	105 019	1 008 761	6 559	0.65	110 138	7 745	7.03	75 666	34 718	45.88	1 250 562

Absa Regional Operations – Retail and Business Banking and Corporate and Investment Banking ARO gross loans and advances to customers have been restated. Refer to the Reporting changes overview note.

Group performance | Segment performance | Risk management | Appendices

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Credit impairment charges (continued)

4.2 ECL analysis by market segment and class of credit exposure (continued)

4. Credit impairment charges (continued)
4.2 ECL analysis by market segment and class of credit exposure (continued)

31 December 2023

		Stage 1			Stage 2			Stage 3			
	Carrying amount of financial assets measured at fair value through profit and loss Rm	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %	Net carrying amount Rm
Product Solutions Cluster	—	356 745	1 530	0.43	36 227	1 940	5.36	38 839	12 950	33.34	415 391
Home Loans	—	258 335	505	0.20	24 381	822	3.37	28 608	7 933	27.73	302 064
Vehicle and Asset Finance	—	98 410	1 025	1.04	11 846	1 118	9.44	10 231	5 017	49.04	113 327
Everyday Banking	—	63 249	2 489	3.94	10 868	2 674	24.60	14 716	11 289	76.71	72 381
Card	—	42 598	1 407	3.30	5 478	1 484	27.09	8 433	6 201	73.53	47 417
Personal Loans	—	17 447	806	4.62	4 250	923	21.72	5 543	4 503	81.24	21 008
Transactions and Deposits	—	3 204	276	8.61	1 140	267	23.42	688	533	77.47	3 956
Other	—	—	—	—	—	—	—	52	52	100.00	—
Relationship Banking	—	130 273	594	0.46	12 188	779	6.39	8 270	3 286	39.73	146 072
Absa Regional Operations – Retail and Business Banking	—	71 242	1 083	1.52	6 980	911	13.05	6 315	4 050	64.13	78 493
Corporate and Investment Banking	93 739	359 300	1 180	0.33	25 375	598	2.36	11 813	4 408	37.31	484 041
Corporate and Investment Banking SA	93 739	288 420	703	0.24	17 287	437	2.53	6 236	2 367	37.96	402 175
Corporate and Investment Banking ARO	—	70 880	477	0.67	8 088	161	1.99	5 577	2 041	36.60	81 866
Head Office, Treasury and other operations	—	320	(178)	—	3	(77)	—	—	(31)	—	609
Loans and advances to customers	—	320	—	—	3	—	—	—	—	—	323
Reclassification to provisions	—	—	(178)	—	—	(77)	—	—	(31)	—	286
Loans and advances to customers	93 739	981 128	6 698	0.68	91 641	6 825	7.45	79 953	35 952	44.97	1 196 986
Loans and advances to banks	19 336	51 458	84	0.16	3 666	5	0.14	—	—	—	74 371
Total loans and advances	113 075	1 032 586	6 782	0.66	95 307	6 830	7.17	79 953	35 952	44.97	1 271 357

Absa Regional Operations – Retail and Business Banking and Corporate and Investment Banking ARO gross loans and advances to customers have been restated. Refer to the Reporting changes overview note.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.3 Reconciliation of ECL allowance

The following tables set out the breakdown of the ECL for loans and advances and undrawn facilities, by market segment:

30 June 2024

	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	17 385	16 563	4 945	6 842	4 390	3 004	(256)	52 873
Stage 1	1 515	2 408	730	1 277	619	476	(195)	6 830
Stage 2	2 121	2 619	674	769	387	237	(44)	6 763
Stage 3	13 749	11 536	3 541	4 796	3 384	2 291	(17)	39 280
Undrawn facilities	—	—	—	33	—	83	280	396
Stage 1	—	—	—	18	—	51	184	253
Stage 2	—	—	—	15	—	12	79	106
Stage 3	—	—	—	—	—	20	17	37
Total loans and advances and undrawn facilities	17 385	16 563	4 945	6 875	4 390	3 087	24	53 269

30 June 2023

	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	15 560	16 250	5 067	6 349	3 117	2 981	(303)	49 021
Stage 1	1 530	2 509	283	1 040	832	531	(167)	6 558
Stage 2	2 333	2 913	979	1 020	310	292	(102)	7 745
Stage 3	11 697	10 828	3 805	4 289	1 975	2 158	(34)	34 718
Undrawn facilities	—	—	—	35	—	123	315	473
Stage 1	—	—	—	21	—	87	174	282
Stage 2	—	—	—	14	—	20	107	141
Stage 3	—	—	—	—	—	16	34	50
Total loans and advances and undrawn facilities	15 560	16 250	5 067	6 384	3 117	3 104	12	49 494

Group performance | Segment performance | Risk management | Appendices

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.3 Reconciliation of ECL allowance (continued)

31 December 2023

	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Loans and advances	16 420	16 452	4 659	6 044	3 540	2 714	(265)	49 564
Stage 1	1 530	2 489	594	1 083	735	512	(162)	6 781
Stage 2	1 940	2 674	779	911	438	161	(72)	6 831
Stage 3	12 950	11 289	3 286	4 050	2 367	2 041	(31)	35 952
Undrawn facilities	—	—	—	32	—	78	287	397
Stage 1	—	—	—	20	—	50	179	249
Stage 2	—	—	—	12	—	12	77	101
Stage 3	—	—	—	—	—	16	31	47
Total loans and advances and undrawn facilities	16 420	16 452	4 659	6 076	3 540	2 792	22	49 961

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Credit impairment charges (continued)
4.3 Reconciliation of ECL allowance (continued)

The following tables set out a reconciliation of the opening and closing IFRS 9 ECL allowances for loans and advances, by market segment:

30 June 2024

Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	16 420	16 452	4 659	6 076	3 540	2 792	22	49 961
Stage 1	1 530	2 489	594	1 103	735	562	17	7 030
Stage 2	1 940	2 674	779	923	438	173	5	6 932
Stage 3	12 950	11 289	3 286	4 050	2 367	2 057	—	35 999
Transfers between stages	—	—	—	—	—	—	—	—
Stage 1 net transfers	212	117	401	54	7	(4)	6	793
Transfers to stage 1	402	845	451	114	38	1	6	1 857
Transfers (to) stage 2	(145)	(533)	(35)	(45)	(31)	(5)	—	(794)
Transfers (to) stage 3	(45)	(195)	(15)	(15)	—	—	—	(270)
Stage 2 net transfers	49	(1 460)	(408)	(294)	(165)	3	(6)	(2 281)
Transfers (to) stage 1	(341)	(791)	(410)	(100)	(38)	(1)	(6)	(1 687)
Transfers to stage 2	791	808	45	49	31	5	—	1 729
Transfers (to) stage 3	(401)	(1 477)	(43)	(243)	(158)	(1)	—	(2 323)
Stage 3 net transfers	(261)	1 343	7	240	158	1	—	1 488
Transfers (to) stage 1	(61)	(54)	(42)	(13)	—	—	—	(170)
Transfers (to) stage 2	(646)	(275)	(10)	(5)	—	—	—	(936)
Transfers to stage 3	446	1 672	59	258	158	1	—	2 594
Credit impairment charges raised and interest in suspense	2 105	3 892	545	821	834	86	2	8 285
Amounts written off	(2 071)	(4 617)	(422)	(574)	(149)	—	—	(7 833)
Net change in interest	931	836	163	214	165	145	—	2 454
Foreign exchange movements	—	—	—	338	—	64	—	402
Balance at the end of the reporting period	17 385	16 563	4 945	6 875	4 390	3 087	24	53 269
Stage 1	1 515	2 408	730	1 295	619	527	(11)	7 083
Stage 2	2 121	2 619	674	784	387	249	35	6 869
Stage 3	13 749	11 536	3 541	4 796	3 384	2 311	—	39 317

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Credit impairment charges (continued)
4.3 Reconciliation of ECL allowance (continued)

30 June 2023

Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	14 058	14 149	4 827	5 855	3 267	3 185	11	45 352
Stage 1	1 534	2 503	544	1 163	779	528	6	7 057
Stage 2	2 209	2 897	747	908	311	458	5	7 535
Stage 3	10 315	8 749	3 536	3 784	2 177	2 199	—	30 760
Transfers between stages	—	—	—	—	—	—	—	—
Stage 1 net transfers	241	179	278	185	(64)	7	—	826
Transfers to stage 1	518	1 000	332	253	(69)	51	—	2 085
Transfers (to) stage 2	(195)	(616)	(42)	(56)	5	(40)	—	(944)
Transfers (to) stage 3	(82)	(205)	(12)	(12)	—	(4)	—	(315)
Stage 2 net transfers	(363)	(1 829)	(299)	(355)	64	(37)	—	(2 819)
Transfers (to) stage 1	(412)	(958)	(307)	(208)	69	(51)	—	(1 867)
Transfers to stage 2	710	792	67	76	(5)	41	—	1 681
Transfers (to) stage 3	(661)	(1 663)	(59)	(223)	—	(27)	—	(2 633)
Stage 3 net transfers	122	1 650	21	170	—	30	—	1 993
Transfers (to) stage 1	(106)	(42)	(25)	(45)	—	—	—	(218)
Transfers (to) stage 2	(515)	(176)	(25)	(20)	—	(1)	—	(737)
Transfers to stage 3	743	1 868	71	235	—	31	—	2 948
Credit impairment charges raised and interest in suspense	2 273	4 106	562	850	445	37	(3)	8 270
Amounts written off	(1 395)	(2 623)	(589)	(611)	(665)	(436)	4	(6 315)
Net change in interest	624	618	267	120	70	26	—	1 725
Foreign exchange movements	—	—	—	170	—	292	—	462
Balance at the end of the reporting period	15 560	16 250	5 067	6 384	3 117	3 104	12	49 494
Stage 1	1 530	2 509	283	1 061	832	618	7	6 840
Stage 2	2 333	2 913	979	1 034	310	312	5	7 886
Stage 3	11 697	10 828	3 805	4 289	1 975	2 174	—	34 768

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.3 Reconciliation of ECL allowance (continued)

Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
	31 December 2023							
Balance at the beginning of the reporting period	14 058	14 149	4 827	5 855	3 267	3 185	11	45 352
Stage 1	1 534	2 503	544	1 163	779	528	6	7 057
Stage 2	2 209	2 897	747	908	311	458	5	7 535
Stage 3	10 315	8 749	3 536	3 784	2 177	2 199	—	30 760
Transfers between stages	—	—	—	—	—	—	—	—
Stage 1 net transfers	358	378	427	159	71	79	—	1 472
Transfers to stage 1	692	1 070	478	240	85	102	—	2 667
Transfers (to) stage 2	(192)	(395)	(33)	(54)	(13)	(21)	—	(708)
Transfers (to) stage 3	(142)	(297)	(18)	(27)	(1)	(2)	—	(487)
Stage 2 net transfers	20	(1 462)	(461)	(338)	(42)	(71)	—	(2 354)
Transfers (to) stage 1	(455)	(983)	(446)	(173)	(63)	(102)	—	(2 222)
Transfers to stage 2	1 278	843	90	78	29	57	—	2 375
Transfers (to) stage 3	(803)	(1 322)	(105)	(243)	(8)	(26)	—	(2 507)
Stage 3 net transfers	(378)	1 084	34	179	(29)	(8)	—	882
Transfers (to) stage 1	(237)	(87)	(32)	(66)	(21)	—	—	(443)
Transfers (to) stage 2	(1 086)	(449)	(57)	(25)	(17)	(36)	—	(1 670)
Transfers to stage 3	945	1 620	123	270	9	28	—	2 995
Credit impairment charges raised	4 026	7 564	1 036	1 788	959	83	27	15 483
Amounts written off	(3 207)	(6 765)	(1 702)	(1 405)	(984)	(518)	—	(14 581)
Net change in interest	1 543	1 504	498	257	298	59	—	4 159
Foreign exchange and hyperinflation movements	—	—	—	(419)	—	(17)	(16)	(452)
Balance at the end of the reporting period	16 420	16 452	4 659	6 076	3 540	2 792	22	49 961
Stage 1	1 530	2 489	594	1 103	735	562	17	7 030
Stage 2	1 940	2 674	779	923	438	173	5	6 932
Stage 3	12 950	11 289	3 286	4 050	2 367	2 057	—	35 999

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.4 Macro-overlays and forward-looking assumptions

Macroeconomic scenarios

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

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

Despite the current market conditions being marked by global shocks and high uncertainty, the Group has maintained its probability-weightings of 40%, 30%, and 30% for the baseline, upside, and downside scenarios respectively. However, to address the unprecedented environment, the ranges between the baseline, mild upside, and downside macroeconomic scenarios have been adjusted to cater for the prevailing uncertainty.

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

30 June 2024

	Baseline				Mild upside				Mild downside			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Real GDP (%)	0.9	1.7	1.7	1.8	1.5	2.2	2.3	2.3	(1.1)	0.3	0.8	0.9
CPI (%)	5.3	4.7	4.5	4.5	4.9	4.0	3.9	3.9	6.3	6.9	5.5	5.6
Average repo rate (%)	8.2	7.5	7.5	7.5	8.0	6.8	6.5	6.5	8.8	10.4	9.5	9.5

30 June 2023

	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP (%)	0.7	1.6	1.7	1.8	1.0	2.0	2.2	2.3	(0.3)	0.2	1.0	1.3
CPI (%)	5.8	4.8	4.6	4.4	5.7	4.2	4.0	3.9	6.1	6.6	5.9	5.4
Average repo rate (%)	7.9	7.8	7.5	7.5	7.9	7.1	6.5	6.5	8.2	9.6	9.0	9.0

31 December 2023

	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP (%)	0.7	1.4	1.7	1.8	1.0	1.9	2.1	2.3	0.4	0.1	1.0	1.2
CPI (%)	5.8	4.9	4.5	4.4	5.8	4.2	4.1	3.8	5.9	6.5	5.7	5.2
Average repo rate (%)	7.9	8.0	7.5	7.5	7.9	7.4	6.5	6.5	8.0	9.7	9.1	9.0

In June 2023, the Group inadvertently disclosed the forecast prime rate instead of the forecast average repo rate. This resulted in the following amendments to the above table for June 2023:

Baseline: 11.4 to 7.9; 11.3 to 7.8; 11.0 to 7.5 and 11.0 to 7.5 in 2023, 2024, 2025 and 2026 respectively.
Mild upside: 11.4 to 7.9; 10.6 to 7.1; 10.0 to 6.5 and 10.0 to 6.5 in 2023, 2024, 2025 and 2026 respectively.
Mild downside: 11.7 to 8.2; 13.1 to 9.6; 12.5 to 9.0 and 12.5 to 9.0 in 2023, 2024, 2025 and 2026 respectively.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

4. Credit impairment charges (continued)

4.4 Macro-overlays and forward-looking assumptions (continued)

Sensitivity of expected credit losses

For the purposes of the Group's actual weighting of its economic scenarios, a 40% probability weighting is applied to the baseline scenario; with a 30% probability weighting applied to both the upside and downside scenarios. However, given the level of uncertainty required in the determination of ECL, the Group has conducted a sensitivity analysis in order to indicate the impact on the ECL when assigning a probability weighting of 100% to each macroeconomic variable scenario. The analysis only reflects the impact of changing the probability assigned to each scenario to 100% and does not include management adjustments required to provide a more appropriate assessment of risk.

The table below reflects the impact of changing the probability assigned to each scenario to 100% and does not include management adjustments required to provide a more appropriate assessment of risk:

	30 June 2024		30 June 2023		31 December 2023	
	Rm	% change	Rm	% change	Rm	% change
ECL allowance on stage 1 and stage 2 loans and advances	13 593	—	14 303	—	13 612	—
Baseline	12 963	(5)	13 624	(5)	13 356	(2)
Upside	11 981	(12)	13 860	(3)	12 458	(8)
Downside	16 086	18	15 663	10	15 127	11

In addition, as at 30 June 2024, the Group assessed what the impact on expected credit losses would be, if 5% of the gross carrying amount of loans and advances to customers in stage 1 experience a SICR and move to stage 2. The ECL changes below include the effect on undrawn committed facilities and guarantees which are reflected as 'provisions' in the Statement of financial position. This impact has been presented below:

	30 June 2024		30 June 2023		31 December 2023	
	Stage 2		Stage 2		Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm	Increase in gross carrying amount Rm	Increase in expected credit loss Rm	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
Product Solutions Cluster	18 098	901	17 706	1 077	17 837	879
Everyday Banking	3 221	658	3 072	755	3 184	659
Relationship Banking	6 799	346	6 013	302	6 514	386
Absa Regional Operations – Retail and Business Banking	3 794	352	3 633	503	3 563	411
Corporate and Investment Banking SA	15 079	261	13 127	144	14 421	330
Corporate and Investment Banking ARO	3 575	56	3 356	82	3 543	47

4.5 Purchased or originated credit-impaired assets recognised within Investment Securities

As part of the structural and fiscal reforms required to restore fiscal stability and debt sustainability in Ghana, the Domestic Debt Exchange Programme ('DDEP') was created during 2022. The Group's sovereign bond exposures, largely held for prudential regulatory purposes, formed part of the DDEP during February 2023 and September 2023 and involved the exchange of certain domestic notes and bonds, for new bonds issued by the Republic of Ghana.

As at 30 June 2024, no purchased or originated credit impaired instruments were derecognised and no new credit impaired instruments were recognised as the Group did not engage in an exchange of these instruments for the interim period (1 January 2024 up to and including 30 June 2024).

4.5.1 Prior year purchased or originated credit impaired assets recognised within investment securities

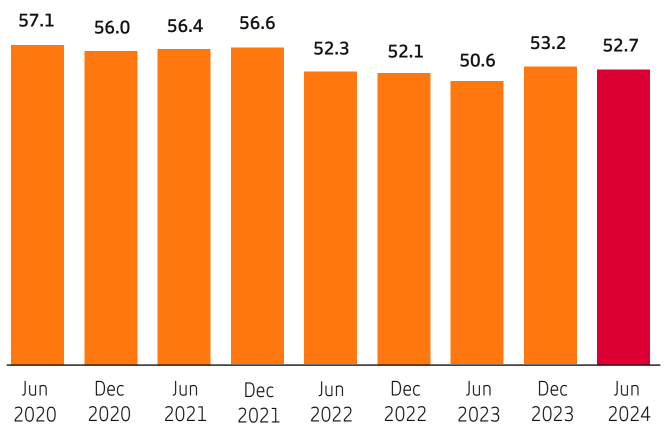
For the purpose of the February 2023 bond exchange, the Group derecognised bonds previously classified as FVOCI instruments of **R4 723m** and recognised new bonds at their fair value, which approximates their carrying amount **R2 615m**. The September 2023 exchange also led to the derecognition of cocoa bills that were previously classified as FVOCI instruments of **R331m** and amortised cost instruments of **R164m**. The cocoa bonds received were recognised as FVOCI at a credit impaired fair value amount of **R316m**. The Group also derecognised USD denominated bonds previously classified as FVOCI instruments of **R2 479m** and recognised the new bonds at a credit impaired fair value of **R2 277m**.

The initial recognition of the new bonds in all instances was determined to be purchased originated credit impaired exposures. The ECL allowance recognised on the new bonds is immaterial since the fair value on initial recognition for these instruments reflects an embedded provision for credit losses. The instruments are also not able to cure during their lifetime.

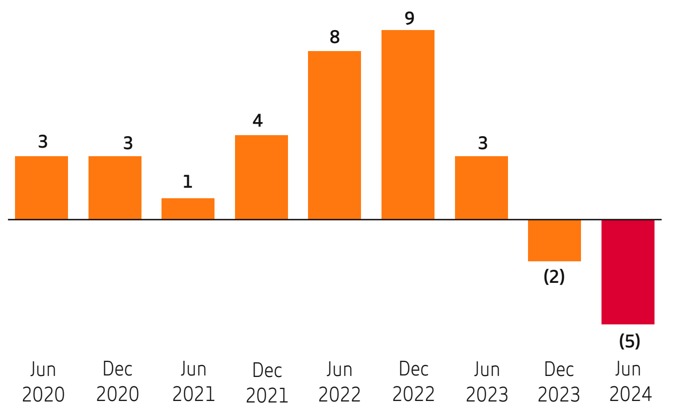
Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

Cost-to-income (%)



Income growth less operating cost growth (JAWS) (%)



5. Operating expenses

Breakdown of operating expenses	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Amortisation of intangible assets	1 391	1 283	8	2 796
Auditors' remuneration	297	309	(4)	565
Cash transportation	619	580	7	1 159
Depreciation	1 559	1 566	(0)	3 136
Equipment costs	228	313	(27)	581
Information technology	3 336	2 926	14	6 050
Marketing costs	1 099	938	17	2 032
Other operating costs (includes net fraud losses, travel and entertainment costs)	424	607	(30)	1 375
Printing and stationery	179	185	(3)	372
Professional fees	1 350	1 221	11	2 809
Property costs	975	930	5	1 910
Staff costs	16 178	14 701	10	31 493
Bonuses	1 242	1 282	(3)	3 556
Deferred cash and share-based payments	790	438	80	1 108
Other staff costs	513	455	13	1 154
Salaries and current service costs on post-retirement benefit funds	13 400	12 255	9	25 042
Training costs	233	271	(14)	633
Straight-line lease expenses on short-term leases and low value assets	84	103	(18)	220
Telephone and postage	607	593	2	1 206
	28 326	26 255	8	55 704

'Other staff costs' includes recruitment costs, membership fees to professional bodies, staff parking, restructuring costs, study assistance, staff relocation and refreshment costs.

Hedging gains and losses relating to the Operating expenses hedge for the international office was reallocated from Information technology to the related cost lines, being Salaries and current service costs on post-retirement benefit funds and Other staff costs. This reallocation resulted in a restatement of Salaries and current service costs on post-retirement benefit funds in June 2023 from R12 264m to R12 255m and in December 2023 from R25 056m to R25 042m; on Information Technology in June 2023 from R2 915m to R2 926m and in December 2023 from R6 028m to R6 050m; on Other staff costs in December 2023 from R1 162m to R1 154m. No changes for Other staff costs in June 2023.

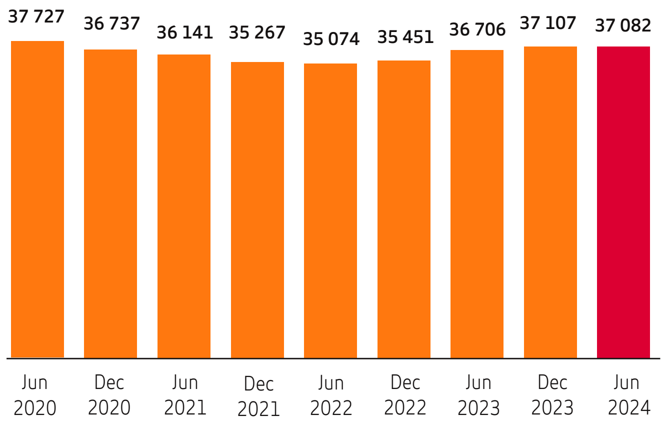
The Other operating costs for June 2023 has been restated. Refer to the Reporting changes overview note.

Performance indicators and condensed notes to the consolidated financial statements

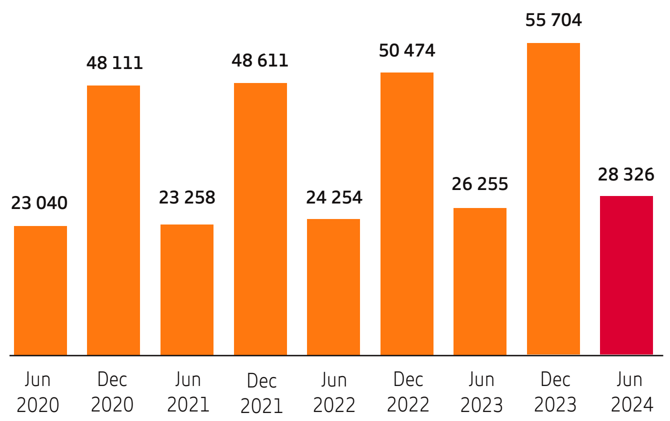
for the reporting period ended

5. Operating expenses (continued)

Total employees



Operating expenses



	30 June			31 December
Breakdown of IT-related spend included in operating expenses	2024 Rm	2023 Rm	Change %	2023 Rm
Amortisation of intangible assets and depreciation of IT equipment	1 759	1 676	5	3 577
Information technology	3 336	2 927	14	6 050
Staff costs	2 028	1 788	13	3 663
of which staff costs pre the capitalisation of project-related resource costs	2 281	2 044	12	4 208
Other IT-related spend	710	627	13	1 411
	7 833	7 018	12	14 701

Operating costs increased by **8%** (CCY 9%) to **R28 326m** (June 2023: R26 255m) reflecting an increase in staff costs of **10%** (CCY 12%) whilst non-staff costs increased by **5%** (CCY 6%). Staff cost growth mainly reflects people investments during the prior period, including the impact of eKhaya employee share scheme not in the 2023 base. Non-staff cost growth mainly reflects continued investments into information technology and marketing, which were partially offset by low growth on depreciation and property costs.

- Amortisation of intangible assets increased by **8%** (CCY 9%) to **R1 391m**. This includes amortisation of Separation assets of **R350m** (June 2023: R543m). Excluding amortisation of Separation assets, amortisation increased by **40%** (CCY 41%) to **R1 041m** (June 2023: R741m). The Group has continued to invest in new digital, data and automation capabilities which has resulted in an increase in Goodwill and intangible assets to **R14 990m** (June 2023: R13 334m).
- Cash transportation costs increased by **7%** (CCY 8%) to **R619m** and reflect higher charges in SA.
- Depreciation has remained largely flat to prior year (up 1% CCY) to **R1 559m** from reduced utilisation of physical IT infrastructure and optimisation of corporate and retail property footprint.
- Information technology costs increased by **14%** (CCY 15%) to **R3 336m** and mainly reflects continuing investment into new digital capabilities resulting in higher cybersecurity, software licence and maintenance costs.
- Marketing costs grew by **17%** (CCY 18%) to **R1 099m** reflecting increased brand, campaigns and sponsorship spend.
- Other operating costs decreased by **30%** (CCY 23%) to **R424m** and mainly reflects higher IFRS 17 insurance adjustments.
- Professional fees increased by **11%** (CCY 11%) to **R1 350m** mainly from higher spend on strategic projects.
- Property costs increased by **5%** (CCY 7%) to **R975m** mainly reflecting higher retail property costs, partially offset by ongoing optimisation efforts in both corporate and retail properties.
- Staff costs increased by **10%** (CCY 12%) to **R16 178m** (June 2023: R14 701m). Salaries and Other staff costs of **R13 913m** (June 2023: R12 710m) increased by **9%** (CCY 11%) and reflect salary increases and people investments mainly in frontline business areas. Bonuses of **R1 242m** (June 2023: R1 282m) decreased by **3%** (CCY 2%) whilst Deferred cash and share-based payments of **R790m** (June 2023: R438m) increased by **80%** (CCY 81%) and mainly reflect eKhaya employee share scheme costs (R257m).
- Telephone and postage costs increased by **2%** (CCY 4%) to **R607m** reflecting lower postage costs, offset by growth in other communication costs.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

6. Indirect taxation

	30 June			31 December
	2024 Rm	2023 Rm	Change %	2023 Rm
Training levy	135	165	(18)	242
Value-added tax net of input credits	1 105	905	22	2 102
	1 240	1 070	16	2 344

7. Taxation expense

	30 June			31 December
	2024 Rm	2023 Rm	Change %	2023 Rm
Reconciliation between operating profit before income tax and the taxation expense				
Operating profit before income tax	15 114	16 300	(7)	30 250
Share of post-tax results of associates and joint ventures	(113)	(82)	38	(200)
	15 001	16 218	(8)	30 050
Tax calculated at a tax rate of 27%	4 050	4 379	(8)	8 114
Effect of different tax rates in other countries	427	179	>100	789
Expenses not deductible for tax purposes	478	576	(17)	740
Assessed losses	(36)	23	<(100)	50
Dividend income	(840)	(602)	40	(1 240)
Non-taxable interest	(353)	(373)	(5)	(657)
Deductible expenditure not recognised in profit and loss	(137)	(115)	19	(243)
Other income not subject to tax	(5)	(6)	(17)	(22)
Other	37	111	(67)	264
Items of a capital nature	(21)	2	<(100)	(108)
	3 600	4 174	(14)	7 687

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

Assessed losses include reversals of previously recognised tax assets, utilisation of previously unrecognised losses and additional losses incurred where no deferred tax assets were recognised.

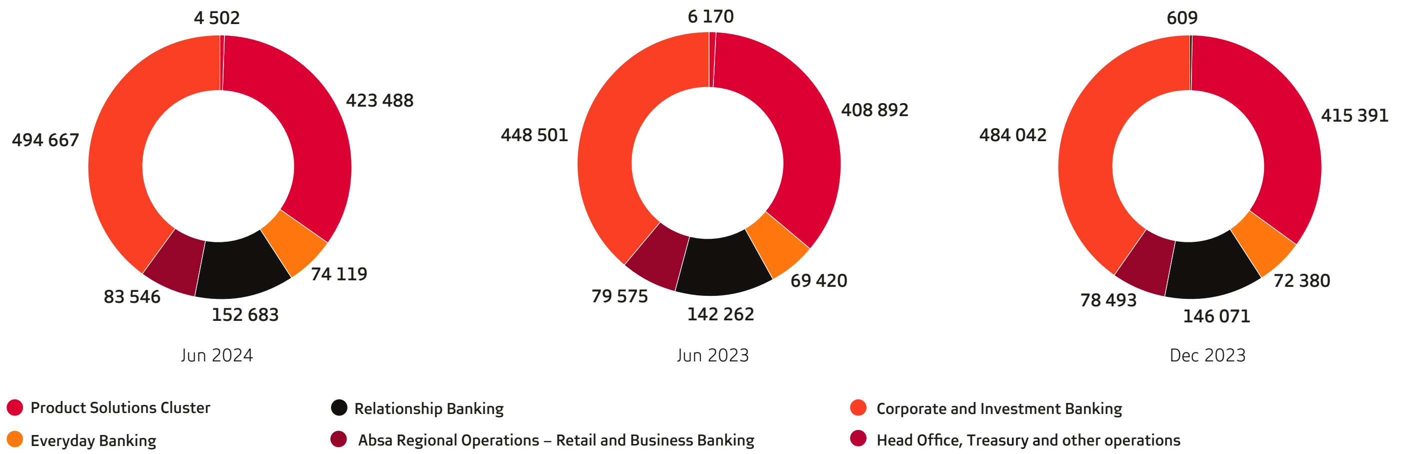
Non-taxable income relates to interest earned from certain governments as well as interest earned on certain capital instruments, which is exempt from tax.

The Non-taxable interest has been restated in June 2023 from R488m to R373m to separately disclose the Deductible expenditure of R115m.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

8. Loans and advances

Loans and advances to customers by segment (Rm)



	30 June 2024 %	30 June 2023 %	31 December 2023 %
Loans and advances to customers	94.4	92.4	94.2
Product Solutions Cluster	32.4	32.7	32.7
Everyday Banking	5.7	5.6	5.7
Relationship Banking	11.7	11.4	11.5
Absa Regional Operations – Retail and Business Banking	6.4	6.4	6.2
Corporate and Investment Banking	37.9	35.8	38.1
Head Office, Treasury and other operations	0.3	0.5	0.0
Loans and advances to banks	5.6	7.6	5.8
	100.0	100.0	100.0

Loans and advances to customers by segment	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 %
Product Solutions Cluster				
Instalment credit agreements	96 490	91 208	6	95 139
Loans to associates and joint ventures	20 623	20 917	(1)	19 930
Mortgages	313 394	302 574	4	307 474
Other loans and advances	6 395	5 887	9	5 418
Overdrafts	3 971	3 866	3	3 851
Gross loans and advances to customers	440 873	424 452	4	431 812
Credit impairment charges on loans and advances to customers	(17 385)	(15 560)	12	(16 421)
	423 488	408 892	4	415 391
Everyday Banking				
Credit cards	56 238	52 235	8	54 000
Instalment credit agreements	8	7	14	7
Other loans and advances	44	4	>100	36
Overdrafts	5 026	4 224	19	4 973
Personal and term loans	29 366	29 200	1	29 816
Gross loans and advances to customers	90 682	85 670	6	88 832
Impairment losses on loans and advances to customers	(16 563)	(16 250)	2	(16 452)
	74 119	69 420	7	72 380

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

8. Loans and advances (continued)

Loans and advances to customers by segment (continued)	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Relationship Banking				
Credit cards	1 000	959	4	857
Instalment credit agreements	43 342	38 762	12	40 925
Loans to associates and joint ventures	3 598	3 126	15	3 526
Mortgages	26 884	26 856	0	26 759
Other loans and advances	1 047	928	13	1 394
Overdrafts	28 836	28 107	3	28 288
Personal and term loans	52 921	48 591	9	48 981
Gross loans and advances to customers	157 628	147 329	7	150 730
Credit impairment charges on loans and advances to customers	(4 945)	(5 067)	(2)	(4 659)
	152 683	142 262	7	146 071
Absa Regional Operations – Retail and Business Banking				
Gross loans and advances to customers	90 388	85 924	5	84 537
Credit impairment charges on loans and advances to customers	(6 842)	(6 349)	8	(6 044)
	83 546	79 575	5	78 493
Corporate and Investment Banking				
Corporate and Investment Banking SA	415 828	371 731	12	405 682
Foreign currency loans	67 509	56 979	18	60 813
Mortgages	64 628	60 177	7	63 287
Term loans	143 723	122 062	18	138 965
Overdrafts	12 969	14 592	(11)	16 205
Overnight finance	26 732	25 656	4	18 700
Preference shares	29 639	31 219	(5)	32 184
Reverse repurchase agreements	57 074	48 615	17	60 547
Other loans and advances	13 554	12 431	9	14 981
Absa Regional Operations loans and advances	86 184	82 815	4	84 546
Gross loans and advances to customers	502 012	454 546	10	490 228
Credit impairment charges on loans and advances to customers	(7 345)	(6 045)	22	(6 186)
	494 667	448 501	10	484 042
Head Office, Treasury and other operations				
Gross loans and advances to customers	4 221	5 859	(28)	323
Credit impairment charges on loans and advances to customers	281	311	(10)	286
	4 502	6 170	(27)	609
Total loans and advances				
Gross loans and advances to customers	1 285 804	1 203 780	7	1 246 463
Gross loans and advances to banks	73 179	95 803	(24)	74 460
Gross loans and advances	1 358 983	1 299 583	5	1 320 923
Credit impairment charges on loans and advances	(52 873)	(49 021)	8	(49 566)
Credit impairment charges on loans and advances to customers	(52 799)	(48 960)	8	(49 477)
Credit impairment charges on loans and advances to banks	(74)	(61)	21	(89)
Net loans and advances including reverse repurchase agreements	1 306 110	1 250 562	4	1 271 357
Less: Reverse repurchase agreements	(69 843)	(87 984)	(21)	(78 533)
Net loans and advances excluding reverse repurchase agreements	1 236 267	1 162 578	6	1 192 824

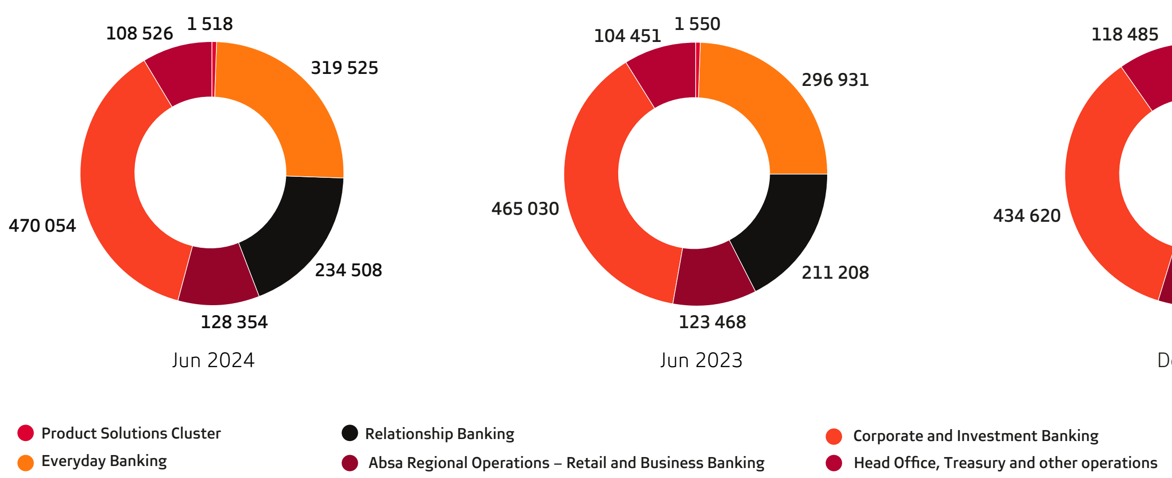
Absa Regional Operations – Retail and Business Banking and Corporate and Investment Banking Absa Regional Operations gross loans and advances to customers have been restated. Refer to the Reporting changes overview note.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

9. Deposits

Deposits due to customers by segment (Rm)



	30 June		31 December
Total funding mix	2024 %	2023 %	2023 %
Deposits due to customers	77.9	78.3	78.4
Product Solutions Cluster	0.1	0.1	0.1
Everyday Banking	19.7	19.3	19.9
Relationship Banking	14.5	13.7	14.9
Absa Regional Operations – Retail and Business Banking	7.9	8.0	7.8
Corporate and Investment Banking	29.0	30.3	28.0
Head Office, Treasury and other operations	6.7	6.9	7.7
Deposits from banks	8.2	7.8	8.0
Debt securities in issue	13.9	13.9	13.6
	100.0	100.0	100.0

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

9. Deposits (continued)

	30 June			31 December
Deposits by segment	2024 Rm	2023 Rm	Change %	2023 Rm
Product Solutions Cluster	1 518	1 550	(2)	1 610
Cheque account deposits	1 280	1 504	(15)	1 343
Fixed deposits	—	4	(100)	2
Other deposits	238	42	>100	265
Everyday Banking	319 525	296 931	8	308 936
Call deposits	227	247	(8)	242
Cheque account deposits	34 346	36 629	(6)	35 112
Credit card deposits	1 677	1 920	(13)	1 782
Fixed deposits	89 016	79 355	12	84 891
Foreign currency deposits	984	945	4	967
Notice deposits	27 321	28 338	(4)	27 768
Other deposits	111	104	7	109
Saving and transmission deposits	165 843	149 393	11	158 065
Relationship Banking	234 508	211 208	11	230 715
Call deposits	16 075	14 228	13	16 210
Cheque account deposits	75 711	74 276	2	75 338
Credit card deposits	127	127	—	138
Fixed deposits	37 588	30 126	25	39 741
Foreign currency deposits	311	660	(53)	246
Notice deposits	7 377	6 456	14	6 727
Other deposits	92	11	>100	77
Saving and transmission deposits	97 227	85 324	14	92 238
Absa Regional Operations – Retail and Business Banking	128 354	123 468	4	120 965
Corporate and Investment Banking	470 054	465 030	1	434 620
Corporate and Investment Banking SA deposits	359 724	358 631	0	327 419
Call deposits	60 317	40 440	49	54 577
Cheque account deposits	135 200	130 998	3	104 175
Fixed deposits	59 660	88 458	(33)	68 755
Foreign currency deposits	43 727	41 246	6	40 041
Notice deposits	23 113	18 108	28	21 250
Other deposits	591	630	(6)	665
Repurchase agreements	25 236	26 075	(3)	26 342
Saving and transmission deposits	11 880	12 676	(6)	11 614
Corporate and Investment Banking ARO deposits	110 330	106 399	4	107 201
Head Office, Treasury and other operations	108 526	104 452	4	118 485
Total deposits due to customers including repurchase agreements	1 262 485	1 202 639	5	1 215 331
Total deposits from banks including repurchase agreements	132 860	121 107	10	124 205
Total deposits including repurchase agreements	1 395 345	1 323 746	5	1 339 536
Less: Repurchase agreements	(83 435)	(75 074)	11	(81 961)
Total deposits excluding repurchase agreements	1 311 910	1 248 672	5	1 257 575

Absa Regional Operations – Retail and Business Banking and Corporate and Investment Banking ARO deposits due to customers have been restated. Refer to the Reporting changes overview note.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

10. Debt securities in issue

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Commercial paper	5 616	1 886	>100	2 744
Credit-linked notes	27 066	20 116	35	24 848
Floating rate notes	52 391	42 640	23	43 799
Negotiable certificates of deposit	89 131	99 418	(10)	89 858
Other	1 751	1 349	30	1 384
Promissory notes	974	1 182	(18)	1 581
Senior notes	47 499	46 539	2	46 912
Structured notes and bonds	1	3	(67)	2
	224 429	213 133	5	211 128
Segment split				
Corporate and Investment Banking	34 243	23 260	47	28 888
Absa Regional Operations – Retail and Business Banking	84	95	(12)	89
Head Office, Treasury and other operations	190 102	189 778	0	182 151
	224 429	213 133	5	211 128

11. Equity and borrowed funds

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Authorised				
950 000 000 (30 June 2023: 891 744 054; 31 December 2023: 950 000 000) ordinary shares of R2.00 each	1 900	1 784	7	1 900
Issued				
894 376 907 (30 June 2023: 847 750 679; 31 December 2023: 894 376 907) ordinary shares of R2.00	1 789	1 712	4	1 789
65 602 863 (30 June 2023: 18 184 809; 31 December 2023: 65 322 253) treasury shares held by Group entities	(132)	(36)	>100	(132)
	1 657	1 676	(1)	1 657
Total issued capital				
Share capital	1 657	1 676	(1)	1 657
Share premium	10 461	10 611	(1)	10 464
	12 118	12 287	(1)	12 121

Number of ordinary shares in issue (after deductions of treasury shares)	30 June 2024 Number of shares (million)	30 June 2023 Number of shares (million)	Change %	31 December 2023 Number of shares (million)
Ordinary shares in issue of R2.00 each	894.4	847.8	5.5	894.4
Treasury shares held by the Group	(65.6)	(18.2)	>100	(65.3)
	828.8	829.6	(0.1)	829.1

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

11. Equity and borrowed funds (continued)

Borrowed funds		30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Subordinated callable notes issued by Absa Bank Limited					
Interest rate	**Final maturity date**				
Consumer Price Index link note fixed at 5.50%	7 December 2028	—	1 500	(100)	—
Subordinated callable notes issued by Absa Group Limited					
Three-month JIBAR + 2.10%	16 September 2032	1 916	1 916	—	1 916
Three-months JIBAR + 2.13%	17 May 2030	2 676	2 676	—	2 676
Three-months JIBAR + 2.40%	11 April 2029	—	1 580	(100)	1 580
Three-months JIBAR + 2.45%	29 November 2028	—	1 500	(100)	—
Three-months JIBAR + 3.85%	14 August 2029	390	390	—	390
Three-months JIBAR + 3.45%	29 September 2029	1 014	1 014	—	1 014
Three-months JIBAR + 1.72%	28 August 2028	2 158	—		2 158
Foreign currency denominated notes					
USD 6.375%	n/a	6 866	6 866	—	6 866
Subordinated callable notes issued by other subsidiaries					
Bank of Botswana limit rate + 2.25%	14 November 2028	—	136	(100)	136
Other					
Accrued interest		99	1 493	(93)	137
Fair value adjustments		(647)	(966)	(33)	(695)
Foreign exchange movements		2 227	2 480	(10)	2 324
		16 699	20 585	(19)	18 502

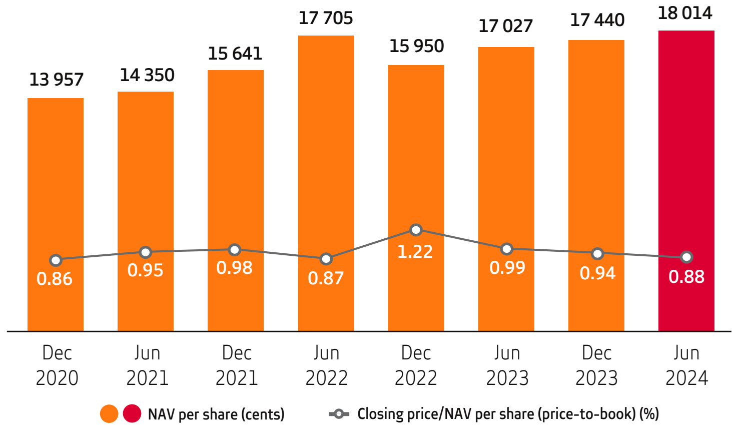
The Bank of Botswana instrument has been restated in June 2023 from R145m to R136m to separately disclose the notional value of R136m. This has resulted in the foreign exchange movements to be restated from R2 475m to R2 480m and accrued interest from R1 489m to R1 493m.

The repayment of borrowed funds of **R1 722m** in the Statement of cash flows includes the redemption amount of **R1 716m** and realised foreign exchange movements of **R6m**.

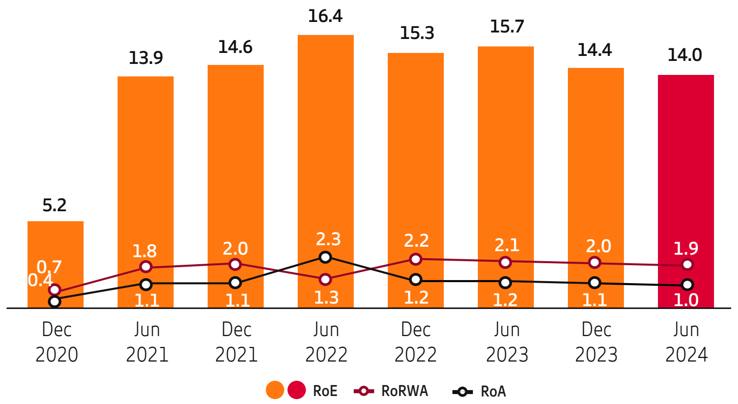
Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

11. Equity and borrowed funds (continued)

NAV per share and closing price/NAV per share (cents)



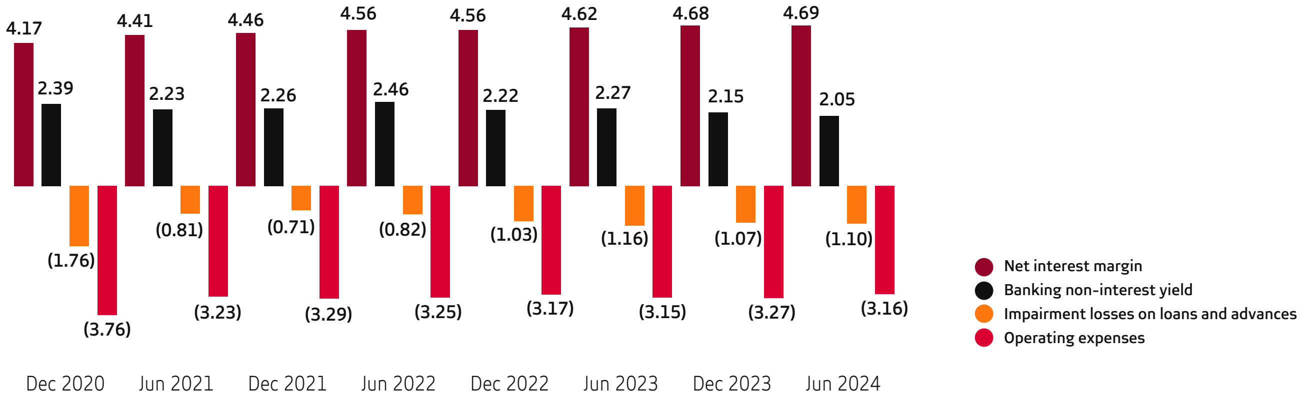
RoE, RoA and RoRWA (%)



Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

12. RoE decomposition

Major drivers of RoE (%)



		30 June 2024 %	30 June 2023 %	31 December 2023 %
	Net interest margin on average interest-bearing assets	4.69	4.62	4.68
Less:	Credit impairment charges/average interest-bearing assets	1.10	1.16	1.07
Equals:	Net interest margin on average interest-bearing assets – after credit impairment charges	3.59	3.46	3.61
Multiply:	Average interest-bearing assets/average banking assets	84.11	85.86	85.25
Equals:	Banking interest yield	3.02	2.97	3.08
Plus:	Banking non-interest yield	2.05	2.27	2.15
Equals:	Banking income yield	5.07	5.24	5.23
Less:	Operating expenses/average banking assets	3.16	3.15	3.27
Equals:	Net banking return	1.91	2.09	1.96
Less:	Other	0.77	0.80	0.78
Equals:	Banking return	1.14	1.29	1.18
Multiply:	Average banking assets/total average assets	91.56	90.14	90.73
Equals:	RoA	1.04	1.16	1.07
Multiply:	Leverage	13.50	13.55	13.49
Equals:	RoE	14.0	15.7	14.4

Other includes other impairments, indirect taxation, share of post-tax results of associates and joint ventures and taxation expense.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

13. Contingencies, commitments and similar items

	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Guarantees	54 955	52 524	5	52 317
Irrevocable debt facilities	149 132	124 423	20	136 887
Letters of credit	20 489	24 131	(15)	22 815
	224 576	201 078	12	212 019
Authorised capital expenditure				
Contracted but not provided for	1 168	871	34	919

Guarantees include performance guarantee contracts and financial guarantee contracts.

Financial guarantee contracts represent contracts where the Group undertakes to make specified payments to a counterparty, should the counterparty suffer a loss as a result of a specified debtor failing to make payment when due in accordance with the terms of a debt instrument. This amount represents the maximum off-statement of financial position exposure.

Irrevocable facilities are commitments to extend credit where the Group does not have the right to terminate the facilities by written notice.

Irrevocable debt facilities do not include other lending facilities which are revocable but for which an impairment provision has been raised (i.e. revolving products). The value of exposure to these other lending facilities is included in the credit risk disclosure, whereas the above table presents only those gross loan commitments that are contractually committed and are legally irrevocable.

Commitments (authorised capital expenditure) generally have fixed expiry dates. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

The Group has capital commitments in respect of computer equipment, software and property development. Management is confident that future net revenues and funding will be sufficient to cover these commitments.

Legal proceedings

Legal matters

The Group is engaged in various legal, competition and regulatory matters both in South Africa and a number of other jurisdictions. It is involved in legal proceedings which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data protection, money laundering, employment, environmental and other statutory and common law issues.

The Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Group is or has been engaged.

At the present time, the Group does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters will not be material to the Group's results of operations or cash flow for a particular period, depending on, amongst other things, the amount of the loss resulting from the matter(s) and the amount of income otherwise reported for the reporting period.

The Group has not disclosed the contingent liabilities associated with these matters either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the outcome of the matter. Provision is made for all liabilities which are expected to materialise.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

13. Contingencies, commitments and similar items (continued)

Regulatory developments

The scale of regulatory change remains challenging post the reforms introduced in response to the global financial crisis. These reforms resulted in significant tightening of regulation and changes to regulatory structures globally and locally, especially for companies that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny in the operation of the banking and consumer credit industries globally and locally which, in some cases, is leading to increased regulation.

The nature and impact of future changes in the legal framework, policies and regulatory action, especially in the areas of financial crime, banking and insurance regulation, cannot currently be fully predicted and are beyond the Group's control. We are also awaiting policy positions to be taken by Regulators. Some of these are likely to have an impact on the Group's customers, business lines, systems and earnings.

The Group is continuously evaluating its programmes and controls in general relating to compliance with regulation and responding to the same. The Group undertakes monitoring, review and assurance activities, and has also adopted appropriate remedial and/or mitigating steps, where necessary or advisable, and has made disclosures on material findings as and when appropriate. The Group regards the relationship with Regulators as very important and manages such engagements on a continuous basis.

Income taxes

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

The Group recognises provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due after taking into account external advice where appropriate. The carrying amount of any resulting provisions will be sensitive to the manner in which tax matters are expected to be resolved, and the stage of negotiations or discussion with the relevant tax authorities. There may be significant uncertainty around the final outcome of tax proceedings, which in many instances, will only be concluded after a number of years. Management estimates are informed by a number of factors including, inter alia, the progress made in discussions or negotiations with the tax authorities, the advice of expert legal counsel, precedent set by the outcome of any previous claims, as well as the nature of the relevant tax environment.

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

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview

The Group effected the following financial reporting changes since the release of the prior year's interim results:

14.1 Correction of prior period errors

14.1.1 Mobile money platforms

On review of all ARO countries within the Group which operate mobile money platforms and maintain a mobile money wallet, it was concluded that these mobile money wallets meet the definition of cash and cash equivalents per IAS 7, Statement of cash flows (IAS 7).

These mobile money balances were incorrectly excluded from cash and cash equivalents. As a result, the Statement of cash flows has been restated by R164m to incorporate these balances as part of the 'cash and cash equivalents' line. The misclassification has no impact on the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity or earnings per share.

Furthermore, mobile money balances of R961m which were presented within 'Cash and cash balances with central banks', these balances have been reclassified to 'Other assets' in the Statement of financial position. The misclassification has no impact on the Statement of comprehensive income, the Statement of changes in equity, Statement of cash flows or earnings per share.

14.1.2 Current accounts with other central banks

In the prior reporting period, it was identified that a current account held with a central bank in an ARO region was incorrectly included as part of money market assets and therefore excluded from the calculation of 'cash and cash equivalents'. Additionally, another current account held with a central bank in an ARO region was erroneously excluded from the calculation of 'mandatory reserve balances with the SARB and other central banks' in the calculation of 'Cash and cash equivalents'. The errors of R474m have been restated on the Statement of cash flows and have no impact on the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity or earnings per share.

14.1.3 Calculation of settlement balances with the JSE

The methodology used internally in the settlement calculations was adjusted to more closely align with the JSE's Strate system. The adjustment in the calculation of this amount resulted in a re-allocation between 'Other assets' and 'Trading portfolio assets' to 'Other liabilities' and 'Trading portfolio liabilities' (R4 428m). This misclassification has been restated on the Statement of financial position and has no impact on the Statement of comprehensive income, the Statement of changes in equity, the Statement of cash flows or earnings per share.

14.1.4 Correction of previously published IFRS 17 financial results

Insurance contract assets and liabilities and Reinsurance contract assets and liabilities were previously disclosed based in the asset/liability position of the respective measurement component rather than the portfolio. These balances have been restated for 30 June 2023, to reflect the position per portfolio. This has resulted in the restatement of 'Total assets' (R13 180m), 'Total liabilities' (R13 351m), 'Deferred tax assets' (R46m), 'Deferred tax liabilities' (R20m) and 'Equity' (R145m).

As part of the Group's ongoing review and refinement of applicable accounting policies and the application thereof, the following corrections were made to the classification of income and expenses in the Statement of comprehensive income, as depicted in the table below:

- Group reporting requires that intergroup transactions are eliminated upon consolidation. The insurance entities enter into several intercompany transactions with subsidiaries in the Group e.g. acquisition costs to Absa Bank Limited for new business, amongst others to compensate the subsidiaries for the cost they incur in rendering such services. Some of these eliminations were done incorrectly, with the correction resulting in a reallocation from 'Operating expenses' to 'Insurance service expenses', 'Net expense from reinsurance contracts', 'Net fee and commission income' and 'Net finance income/(expense) from reinsurance contracts'.
- IFRS 17 requires that the portion of premiums that relate to recovering the insurance acquisition cash flows, should be recognised as 'Insurance revenue', with the same amount recognised as 'Insurance service expenses'. For some insurance contracts this reallocation was not performed, resulting in an increase in both 'Insurance revenue' and 'Insurance service expenses'.
- Following the release of the first IFRS 17 reporting in the June 2023 results, the Group re-evaluated its process flows and identified certain enhancements required to ensure the correct classification of items as 'Insurance revenue', 'Insurance service expenses', 'Net expense from reinsurance contracts', 'Net finance income/(expense) from insurance contracts' and 'Net fee and commission income'.
- Certain contracts issued by the Group were re-evaluated following the release of the June 2023 results. During this review, one portfolio of contracts was identified that meets the definition of an insurance contract in terms of IFRS 17, albeit not an insurance contract from a regulatory or legal perspective. This resulted in a decrease in 'Operating income', an increase in 'Insurance revenue' and an increase in 'Insurance service expenses'.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview (continued)

14.1 Correction of prior period errors (continued)

14.1.4 Correction of previously published IFRS 17 financial results (continued)

The below table summarises the errors noted above, that had a significant impact for the reporting period ended 30 June 2023 on the Statement of comprehensive income, Statement of financial position and Statement of cash flows.

Statement of comprehensive income

	30 June 2023		
	As previously reported Rm	IFRS 17 adjustments Rm	Restated Rm
Net fee and commission income	12 508	(178)	12 330
Fee and commission income	13 746	(33)	13 713
Fee and commission expense	(1 238)	(145)	(1 383)
Net insurance service result	1 375	(179)	1 196
Insurance revenue	5 831	(210)	5 621
Insurance service expenses	(3 935)	(5)	(3 940)
Net expense from reinsurance contracts	(521)	36	(485)
Net finance income from insurance contracts	18	(91)	(73)
Net finance (expense)/income from reinsurance contracts	1	29	30
Other operating income	436	(16)	420
Total income	52 354	(435)	51 919
Operating expenditure	(26 690)	435	(26 255)

Statement of financial position

	30 June 2023				
	As previously reported Rm	ACS Strate Rm	Mobile Money Rm	IFRS 17 adjustments Rm	Restated Rm
Assets					
Cash and balances with central banks	86 795	—	(961)	—	85 834
Trading portfolio assets	214 153	86	—	—	214 239
Other assets	33 913	(4 514)	961	(267)	30 093
Insurance contract assets	10 794	—	—	(10 155)	639
Reinsurance contract assets	4 048	—	—	(2 758)	1 290
Deferred tax assets	8 081	—	—	(46)	8 035
Liabilities					
Trading portfolio liabilities	79 952	155	—	—	80 107
Other liabilities	52 912	(4 583)	—	(505)	47 824
Insurance contract liabilities	17 035	—	—	(10 059)	6 976
Reinsurance contract liabilities	2 850	—	—	(2 787)	63
Deferred tax liabilities	217	—	—	(20)	197
Equity					
Retained earnings	126 108	—	—	217	126 325
Other reserves (Insurance finance reserve)	2 749	—	—	(109)	2 640
Capital and reserves attributable to ordinary equity holders	141 144	—	—	108	141 252
Non-controlling interest – ordinary shares	6 714	—	—	37	6 751

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview (continued)

14.1 Correction of prior period errors (continued)

Statement of cash flows

	30 June 2023			
	As previously reported Rm	Mobile Money Rm	Current accounts Rm	Restated Rm
Cash and cash equivalents at the beginning of the reporting period	70 475	3 720	1 073	75 268
Cash and cash equivalents at the end of the reporting period	91 040	4 194	1 237	96 471
Net increase in cash and cash equivalents	25 500	474	164	26 138
Net cash generated from operating activities	35 809	474	164	36 447

14.2 Business portfolio changes impact

Business portfolio changes

Income and expense line items have been re-allocated between business units to more accurately represent the performance of those units. These reallocations resulted in adjustments to the related intergroup asset/liability balances, specifically loans to and from group companies. These balances are included in 'other assets' and 'other liabilities'. The aforementioned changes resulted in the restatement of the business units' financial results for the comparative periods without an impact on the overall financial position or net earnings of the Group. The impact on the individual business units are depicted in the table below.

The IFRS 17 adjustment column has been included for the purpose of reconciling to the segments' restated balances. For more information on these changes, refer to note 14.1.4.

As at 1 January 2024, the Group no longer reports normalised financial results due to the immaterial impact between IFRS and normalised reporting. The impact of the Barclays separation is included as part of Head Office, Treasury and other operations.

The below tables summarises the business unit restatements as noted above in the Statement of comprehensive income and Statement of financial position for the period ended 30 June 2023.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

Statement of comprehensive income

	30 June 2023			
	As previously reported Rm	Business portfolio changes Rm	IFRS 17 adjustments Rm	Restated Rm
Total income				
Product Solutions Cluster	6 957	(130)	—	6 827
Everyday Banking	13 727	53	—	13 780
Relationship Banking	7 433	(6)	—	7 427
Absa Regional Operations – Retail and Business Banking	8 176	1	—	8 177
Corporate and Investment Banking	15 241	(51)	—	15 190
Head Office, Treasury and other operations	773	180	(435)	518
Barclays separation	47	(47)	—	—
Operating expenses				
Product Solutions Cluster	(2 932)	103	—	(2 829)
Everyday Banking	(6 953)	(223)	—	(7 176)
Relationship Banking	(4 288)	238	—	(4 050)
Absa Regional Operations – Retail and Business Banking	(5 315)	87	—	(5 228)
Corporate and Investment Banking	(6 493)	(3)	—	(6 496)
Head Office, Treasury and other operations	(82)	(829)	435	(476)
Barclays separation	(627)	627	—	—
Other expenses				
Product Solutions Cluster	(22)	(5)	—	(27)
Everyday Banking	(239)	19	—	(220)
Relationship Banking	(25)	(11)	—	(36)
Absa Regional Operations – Retail and Business Banking	(261)	(4)	—	(265)
Corporate and Investment Banking	(168)	(2)	—	(170)
Head Office, Treasury and other operations	(358)	(8)	—	(366)
Barclays separation	(11)	11	—	—
Tax expense				
Product Solutions Cluster	(424)	9	—	(415)
Everyday Banking	(594)	41	—	(553)
Relationship Banking	(683)	(60)	—	(743)
Absa Regional Operations – Retail and Business Banking	(650)	(18)	—	(668)
Corporate and Investment Banking	(1 731)	32	—	(1 699)
Head Office, Treasury and other operations	(217)	121	—	(96)
Barclays separation	125	(125)	—	—

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

Statement of financial position

	30 June 2023				
	As previously reported Rm	Prior period error Rm	Business portfolio changes Rm	IFRS 17 adjustments Rm	Restated Rm
Loans and advances					
Absa Regional Operations – Retail and Business Banking	80 186	—	(23)	—	80 163
Corporate and Investment Banking	503 317	—	23	—	503 340
Other assets					
Product Solutions Cluster	70 743	—	(2)	(12 045)	58 696
Everyday Banking	315 953	—	152	(1 280)	314 825
Relationship Banking	120 647	—	3 211	(46)	123 812
Absa Regional Operations – Retail and Business Banking	63 459	—	187	145	63 791
Corporate and Investment Banking	570 858	(4 428)	162	—	566 592
Head Office, Treasury and other operations	(725 881)	—	(1 934)	—	(727 815)
Barclays separation	1 776	—	(1 776)	—	—
Deposits					
Absa Regional Operations – Retail and Business Banking	123 534	—	(43)	—	123 491
Corporate and Investment Banking	547 954	—	43	—	547 997
Other liabilities					
Product Solutions Cluster	498 196	—	27	(12 034)	486 189
Everyday Banking	96 080	—	273	(1 301)	95 052
Relationship Banking	58 023	—	2 969	(167)	60 825
Absa Regional Operations – Retail and Business Banking	17 815	—	69	146	18 030
Corporate and Investment Banking	540 188	(4 428)	18	—	535 778
Head Office, Treasury and other operations	(1 008 000)	—	(4 202)	(15)	(1 012 217)
Barclays separation	(846)	—	846	—	—

Other assets comprise total assets excluding loans and advances and investment securities. Other liabilities comprise total liabilities excluding deposits and debts securities in issue.

Group performance | Segment performance | Risk management | Appendices

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

Statement of comprehensive income

	December 2023		
	As previously reported Rm	Business portfolio changes Rm	Restated Rm
Total income			
Everyday Banking	28 049	84	28 133
Relationship Banking	15 212	(6)	15 206
Absa Regional Operations – Retail and Business Banking	16 282	1	16 283
Corporate and Investment Banking	29 864	(79)	29 785
Operating expenses			
Everyday Banking	(14 753)	(30)	(14 783)
Relationship Banking	(8 455)	99	(8 356)
Absa Regional Operations – Retail and Business Banking	(10 867)	26	(10 841)
Corporate and Investment Banking	(13 678)	19	(13 659)
Head Office, Treasury and other operations	(916)	(1 351)	(2 267)
Barclays separation	(1 237)	1 237	—
Other expenses			
Corporate and Investment Banking	(369)	(4)	(373)
Head Office, Treasury and other operations	(1 378)	(127)	(1 505)
Barclays separation	(131)	131	—
Tax expense			
Everyday Banking	(1 262)	(14)	(1 276)
Relationship Banking	(1 498)	(24)	(1 522)
Absa Regional Operations – Retail and Business Banking	(1 178)	2	(1 176)
Corporate and Investment Banking	(2 925)	42	(2 883)
Head Office, Treasury and other operations	(202)	290	88
Barclays separation	296	(296)	—

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

Statement of financial position

	December 2023		
	As previously reported Rm	Business portfolio changes Rm	Restated Rm
Loans and advances			
Absa Regional Operations – Retail and Business Banking	79 382	(22)	79 360
Corporate and Investment Banking	536 395	22	536 417
Other assets			
Product Solutions Cluster	61 213	(50)	61 163
Everyday Banking	334 040	(477)	333 563
Relationship Banking	146 949	2 735	149 684
Absa Regional Operations – Retail and Business Banking	62 135	(734)	61 401
Corporate and Investment Banking	512 376	(53)	512 323
Head Office, Treasury and other operations	(750 805)	(308)	(751 113)
Barclays separation	1 113	(1 113)	—
Deposits			
Absa Regional Operations – Retail and Business Banking	121 002	(22)	120 980
Corporate and Investment Banking	512 059	22	512 081
Other liabilities			
Product Solutions Cluster	495 119	(62)	495 057
Everyday Banking	102 080	(519)	101 561
Relationship Banking	64 796	2 598	67 394
Absa Regional Operations – Retail and Business Banking	18 539	(948)	17 591
Corporate and Investment Banking	545 823	(136)	545 687
Head Office, Treasury and other operations	(1 065 562)	(1 913)	(1 067 475)
Barclays separation	(980)	980	—

Segment performance

Segment performance overview

for the reporting period ended

Segment reporting structure

The Group has identified its operating model with 'geography' and 'customer' as primary dimensions, creating a platform for increased focus and dedicated management capacity. The identified reportable segments in the following table are disclosed based on how the Group's businesses have been managed and reported at the reporting date to the Group Executive Committee which is seen as the Chief Operating Decision Maker.

Absa Group Limited

Product Solutions Cluster	Everyday Banking	Relationship Banking	Absa Regional Operations – Retail and Business Banking	Corporate and Investment Banking	Head Office, Treasury and other operations
• Home Loans • Vehicle and Asset Finance • Insurance SA • Life Insurance • Non-Life Insurance • Advice and Investments (previously Non-banking Financial Services)	• Personal Loans • Credit Card • Transactions and Deposits • Everyday Banking Other	• Business Bank • General Business Solutions • Payments • Specialised Lending • Wealth	• ARO RBB Banking • ARO Insurance	Corporate Bank • Corporate Bank SA • Corporate Bank ARO Investment Bank • Investment Bank SA • Markets • Banking • Private Equity and Infrastructure Investments • Commercial Property Finance • Investment Bank ARO • Markets • Banking • Commercial Property Finance	• Group Treasury (SA + ARO) • Enterprise Functions • Consolidation Centre • Investment Management • Separation • BBBEE Transaction

Any remaining effects from the Barclays separation have been included within 'Head office, Treasury and other operations'.

Segment performance overview

for the reporting period ended

Operational metrics

	30 June 2024	30 June 2023	Change %	31 December 2023
Market share[1]				
SA Retail Deposits market share (%)	21.2	20.8	2	21.0
SA Retail Advances market share (%)	22.2	22.5	(1.16)	22.2
Physical footprint				
South Africa				
Outlets (including number of branches and sales centres)	616	619	(0)	618
ATMs	5 175	5 241	(1)	5 250
Absa Regional Operations[2]				
Outlets (including number of branches and sales centres)	397	385	4	392
ATMs	1 155	1 133	2	1 148
Retail Product Holding[3]				
Retail – South Africa (average number)	2.68	2.61	6	2.64
Absa Regional Operations – RBB (average number)	2.86	2.89	(1)	2.86
Customer numbers[4]				
South Africa				
Active customers (thousands)	9 999	9 774	2	9 841
Digitally active customers (thousands)	3 236	2 885	12	3 022
Absa Regional Operations – RBB[5]				
Active customers (thousands)	2 495	2 335	7	2 387
Digitally active customers (thousands)	1 039	941	10	986
Number of permanent and temporary employees	37 082	36 706	1	37 107
South Africa (excludes WFS employees)	27 042	26 887	1	27 085
Absa Regional Operations	9 832	9 626	2	9 825
International operations outside Africa[6]	208	193	8	197

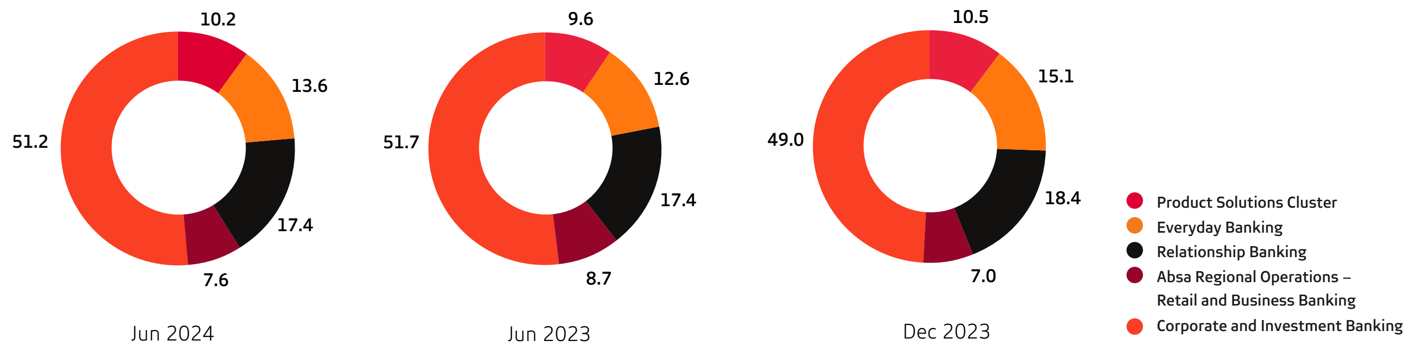
[1] Source: BA900, May 2024 numbers have been included as June 2024 was not available upon finalisation of the results.
[2] June 2023 Absa Regional Operations number of ATMs was restated to include 60 Cash Depositor Machines (CDMs).
[3] Product Holding numbers for ARO include Business Banking. Prior Year numbers have been restated due to a revision in the definition that include both products and services.
[4] Customer numbers disclosed for H1 2024 includes 66 215 ChatWallet customers.
[5] Absa regional operations customer numbers are calculated based on active customer numbers and not total customers. The definition for active customers has been amended from 3 months to 12 months.
[6] Headcount as disclosed is in relation to the Group's international offices in the United States, the United Kingdom and the Czech Republic.

Segment performance overview

for the reporting period ended

Performance per market segment

Headline earnings per market segment, excluding Head Office, Treasury and other operations (%)



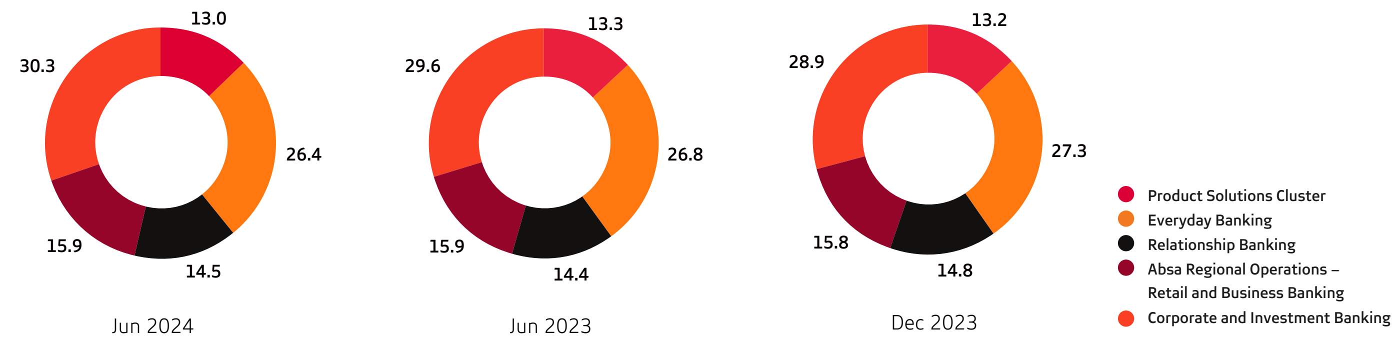
Headline earnings	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Product Solutions Cluster	1 173	1 100	7	2 368
Everyday Banking	1 565	1 437	9	3 394
Relationship Banking	2 005	1 994	1	4 145
Absa Regional Operations – Retail and Business Banking	875	991	(12)	1 584
Corporate and Investment Banking	5 892	5 907	(0)	11 025
Head Office, Treasury and other operations	(1 330)	(714)	86	(2 442)
	10 180	10 715	(5)	20 074

Segment performance overview

for the reporting period ended

Performance per market segment

Income per market segment, excluding Head Office, Treasury and other operations and the impact of the Barclays separation (%)



Income	30 June 2024 Rm	30 June 2023 Rm	Change %	31 December 2023 Rm
Product Solutions Cluster	7 027	6 827	3	13 652
Everyday Banking	14 292	13 780	4	28 133
Relationship Banking	7 856	7 427	6	15 206
Absa Regional Operations – Retail and Business Banking	8 601	8 177	5	16 283
Corporate and Investment Banking	16 426	15 190	8	29 785
Head Office, Treasury and other operations	(494)	518	<(100)	1 583
	53 708	51 919	3	104 642

Segment report per market segment

for the reporting period ended

	Product Solutions Cluster				Everyday Banking			
	30 June			31 December	30 June			31 December
	2024	2023	Change %	2023	2024	2023	Change %	2023
Statement of comprehensive income (Rm)								
Net interest income	4 624	4 540	2	9 016	8 176	7 793	5	15 947
Non-interest income	2 403	2 287	5	4 636	6 116	5 987	2	12 186
Total income	7 027	6 827	3	13 652	14 292	13 780	4	28 133
Credit impairment charges	(2 180)	(2 309)	(6)	(4 231)	(4 080)	(4 259)	(4)	(7 851)
Operating expenses	(3 088)	(2 829)	9	(5 798)	(7 656)	(7 176)	7	(14 783)
Other expenses	11	(27)	>100	(70)	(233)	(220)	6	(481)
Operating profit before income tax	1 770	1 662	6	3 553	2 323	2 125	9	5 018
Tax expense	(454)	(415)	9	(918)	(585)	(553)	6	(1 276)
Profit for the reporting period	1 316	1 247	6	2 635	1 738	1 572	11	3 742
Profit attributable to:								
Ordinary equity holders	1 173	1 100	7	2 345	1 553	1 430	9	3 364
Non-controlling interest – ordinary shares	—	—	—	—	65	41	59	160
Non-controlling interest – preference shares	41	43	(5)	85	35	30	17	65
Other equity: Additional Tier 1 capital	102	104	(2)	205	85	71	20	153
	1 316	1 247	6	2 635	1 738	1 572	11	3 742
Headline earnings	1 173	1 100	7	2 368	1 565	1 437	9	3 394
Operating performance (%)								
Net interest margin on average interest-bearing assets	2.03	2.07		2.03	4.02	4.13		4.06
Credit loss ratio	1.00	1.11		0.99	8.47	9.22		8.35
Non-interest income as % of income	34.2	33.5		34.0	42.8	43.4		43.3
Income growth	3	11		5	4	9		6
Operating expenses growth	9	2		1	7	4		5
Cost-to-income ratio	43.9	41.4		42.5	53.6	52.1		52.5
Statement of financial position (Rm)								
Loans and advances	425 668	410 692	4	417 375	79 197	76 356	4	78 288
Loans and advances to customers	423 488	408 892	4	415 391	74 119	69 420	7	72 380
Loans and advances to banks	2 180	1 800	21	1 984	5 078	6 936	(27)	5 908
Investment securities	28 047	26 919	4	27 578	4 158	3 951	5	4 042
Other assets	61 435	58 696	5	61 163	339 763	314 825	8	333 563
Total assets	515 150	496 307	4	506 116	423 118	395 132	7	415 893
Deposits	1 518	1 550	(2)	1 610	319 525	296 931	8	308 936
Deposits due to customers	1 518	1 550	(2)	1 610	319 525	296 931	8	308 936
Deposits due to banks	—	—	—	—	—	—	—	—
Debt securities in issue	—	—	—	—	—	—	—	—
Other liabilities	506 418	486 189	4	495 057	100 065	95 052	5	101 561
Total liabilities	507 936	487 739	4	496 667	419 590	391 983	7	410 497
Financial performance (%)								
RoRWA	1.55	1.33		1.52	2.83	2.61		3.04
RoA	0.46	0.45		0.47	0.77	0.76		0.87
RoRC	10.3	9.4		10.4	22.1	21.4		24.7

Group performance | **Segment performance** | Risk management | Appendices

	Relationship Banking				Absa Regional Operations – Retail Business Banking				
				31 December					31 December
	2024	2023	Change %	2023	2024	2023	Change %	CCY %	2023
Statement of comprehensive income (Rm)									
Net interest income	5 439	4 883	11	10 081	6 147	5 763	7	13	11 758
Non-interest income	2 417	2 544	(5)	5 125	2 454	2 414	2	8	4 525
Total income	7 856	7 427	6	15 206	8 601	8 177	5	11	16 283
Credit impairment charges	(439)	(488)	(10)	(822)	(711)	(684)	4	10	(1 540)
Operating expenses	(4 455)	(4 050)	10	(8 356)	(5 572)	(5 228)	7	12	(10 841)
Other expenses	(51)	(36)	42	(127)	(312)	(265)	18	25	(597)
Operating profit before income tax	2 911	2 853	2	5 901	2 006	2 000	0	9	3 305
Tax expense	(732)	(743)	(1)	(1 522)	(694)	(668)	4	10	(1 176)
Profit for the reporting period	2 179	2 110	3	4 379	1 312	1 332	(2)	9	2 129
Profit attributable to:									
Ordinary equity holders	2 032	1 992	2	4 123	932	990	(6)	8	1 582
Non-controlling interest – ordinary shares	—	—	—	—	374	342	9	9	546
Non-controlling interest – preference shares	42	34	24	74	2	—	100	100	—
Other equity: Additional Tier 1 capital	105	84	25	182	4	—	100	100	1
	2 179	2 110	3	4 379	1 312	1 332	(2)	9	2 129
Headline earnings	2 005	1 994	1	4 145	875	991	(12)	1	1 584
Operating performance (%)									
Net interest margin on average interest-bearing assets	3.83	3.92		3.79	9.09	9.43			9.32
Credit loss ratio	0.57	0.68		0.56	1.61	1.69			1.84
Non-interest income as % of income	30.8	34.3		33.7	28.5	29.5			27.8
Income growth	6	5		5	5	26			18
Operating expenses growth	10	8		9	7	18			15
Cost-to-income ratio	56.7	54.5		55.0	64.8	63.9			66.6
Statement of financial position (Rm)									
Loans and advances	153 654	143 978	7	146 767	84 279	80 163	5	12	79 360
Loans and advances to customers	152 683	142 262	7	146 071	83 546	79 575	5	12	78 493
Loans and advances to banks	971	1 716	(43)	696	733	588	25	14	867
Investment securities	7 344	7 010	5	6 845	1 296	1 769	(27)	(33)	1 621
Other assets	144 810	123 812	17	149 684	63 453	63 791	(1)	9	61 401
Total assets	305 808	274 800	11	303 296	149 028	145 723	2	10	142 382
Deposits	234 512	211 214	11	230 720	128 457	123 491	4	13	120 980
Deposits due to customers	234 508	211 208	11	230 715	128 354	123 468	4	13	120 965
Deposits due to banks	4	6	(33)	5	103	23	>100	>100	15
Debt securities in issue	—	—	—	—	84	95	(12)	0	89
Other liabilities	68 173	60 825	12	67 394	18 045	18 030	0	(1)	17 591
Total liabilities	302 685	272 039	11	298 114	146 586	141 616	4	12	138 660
Financial performance (%)									
RoRWA	2.68	2.94		2.95	1.59	1.92			1.49
RoA	1.35	1.53		1.49	1.16	1.44			1.12
RoRC	23.5	25.8		25.9	12.6	14.6			11.7

	Corporate and Investment Banking				
					31 December
	2024	2023	Change %	CCY %	2023
Statement of comprehensive income (Rm)					
Net interest income	10 580	9 246	14	17	19 549
Non-interest income	5 846	5 944	(2)	1	10 236
Total income	16 426	15 190	8	11	29 785
Credit impairment charges	(915)	(379)	>100	>100	(764)
Operating expenses	(7 111)	(6 496)	9	11	(13 659)
Other expenses	(216)	(170)	27	29	(373)
Operating profit before income tax	8 184	8 145	0	3	14 989
Tax expense	(1 538)	(1 699)	(9)	(5)	(2 883)
Profit for the reporting period	6 646	6 446	3	5	12 106
Profit attributable to:					
Ordinary equity holders	5 936	5 905	1	3	11 023
Non-controlling interest – ordinary shares	417	305	37	37	575
Non-controlling interest – preference shares	83	68	22	24	149
Other equity: Additional Tier 1 capital	210	168	25	25	359
	6 646	6 446	3	5	12 106
Headline earnings	5 892	5 907	(0)	2	11 025
Operating performance (%)					
Net interest margin on average interest-bearing assets	2.79	2.65			2.71
Credit loss ratio	0.33	0.16			0.17
Non-interest income as % of income	35.6	39.1			34.4
Income growth	8	19			12
Operating expenses growth	9	12			10
Cost-to-income ratio	43.3	42.8			45.9
Statement of financial position (Rm)					
Loans and advances	542 617	503 340	8	9	536 417
Loans and advances to customers	494 667	448 501	10	12	484 042
Loans and advances to banks	47 950	54 839	(13)	(12)	52 375
Investment securities	53 829	46 143	17	17	50 844
Other assets	578 583	566 592	2	3	512 323
Total assets	1 175 029	1 116 075	5	6	1 099 584
Deposits	558 505	547 997	2	4	512 081
Deposits due to customers	470 054	465 030	1	3	434 620
Deposits due to banks	88 451	82 967	7	7	77 461
Debt securities in issue	34 243	23 260	47	47	28 888
Other liabilities	570 467	535 778	6	7	545 687
Total liabilities	1 163 215	1 107 035	5	6	1 086 656
Financial performance (%)					
RoRWA	2.76	3.11			2.83
RoA	1.04	1.09			1.00
RoRC	23.1	26.2			23.9

Market segment balances were restated. Refer to the Reporting changes overview note.

Segment report per market segment

for the reporting period ended

	Head office, Treasury and other operations					Group performance				
					31 December					31 December
	2024	2023	Change %	CCY %	2023	2024	2023	Change %	CCY %	2023
Statement of comprehensive income (Rm)										
Net interest income	344	844	(59)	(58)	1 704	35 310	33 069	7	9	68 055
Non-interest income	(838)	(326)	>100	>100	(121)	18 398	18 850	(2)	(1)	36 587
Total income	(494)	518	<(100)	<(100)	1 583	53 708	51 919	3	5	104 642
Credit impairment charges	16	(161)	>100	<(100)	(327)	(8 309)	(8 280)	(0)	2	(15 535)
Operating expenses	(444)	(476)	(7)	(1)	(2 267)	(28 326)	(26 255)	8	9	(55 704)
Other expenses	(1 158)	(366)	>100	>100	(1 505)	(1 959)	(1 084)	81	88	(3 153)
Operating profit before income tax	(2 080)	(485)	>100	>100	(2 516)	15 114	16 300	(7)	(6)	30 250
Tax expense	403	(96)	>100	<(100)	88	(3 600)	(4 174)	(14)	(11)	(7 687)
Profit for the reporting period	(1 677)	(581)	>100	>100	(2 428)	11 514	12 126	(5)	(4)	22 563
Profit attributable to:										
Ordinary equity holders	(1 781)	(625)	>100	>100	(2 546)	9 845	10 792	(9)	(8)	19 891
Non-controlling interest – ordinary shares	104	46	>100	>100	119	960	734	31	31	1 400
Non-controlling interest – preference shares	—	(1)	(100)	(16)	—	203	174	17	17	373
Other equity: Additional Tier 1 capital	—	(1)	(100)	>100	(1)	506	426	19	19	899
	(1 677)	(581)	>100	>100	(2 428)	11 514	12 126	(5)	(4)	22 563
Headline earnings	(1 330)	(714)	86	>100	(2 442)	10 180	10 715	(5)	(4)	20 074
Operating performance (%)										
Net interest margin on average interest-bearing assets	n/a	n/a			n/a	4.69	4.62			4.68
Credit loss ratio	n/a	n/a			n/a	1.23	1.27			1.18
Non-interest income as % of income	n/a	n/a			n/a	34.3	36.3			35.0
Income growth	n/a	n/a			n/a	3	12			8
Operating expenses growth	n/a	n/a			n/a	8	8			10
Cost-to-income ratio	n/a	n/a			n/a	52.7	50.6			53.2
Statement of financial position (Rm)										
Loans and advances	20 695	36 033	(43)	(38)	13 150	1 306 110	1 250 562	4	6	1 271 357
Loans and advances to customers	4 502	6 170	(27)	(27)	609	1 233 005	1 154 820	7	8	1 196 986
Loans and advances to banks	16 193	29 863	(46)	(41)	12 541	73 105	95 742	(24)	(22)	74 371
Investment securities	146 939	144 431	2	6	145 568	241 613	230 223	5	8	236 498
Other assets	(782 413)	(727 815)	8	8	(751 113)	405 631	399 901	1	4	367 021
Total assets	(614 779)	(547 351)	12	11	(592 395)	1 953 354	1 880 686	4	5	1 874 876
Deposits	152 828	142 563	7	9	165 209	1 395 345	1 323 746	5	7	1 339 536
Deposits due to customers	108 526	104 451	4	4	118 485	1 262 485	1 202 638	5	7	1 215 331
Deposits due to banks	44 302	38 112	16	22	46 724	132 860	121 108	10	11	124 205
Debt securities in issue	190 102	189 778	0	0	182 151	224 429	213 133	5	5	211 128
Other liabilities	(1 100 945)	(1 012 217)	9	9	(1 067 475)	162 223	183 657	(12)	(10)	159 815
Total liabilities	(758 015)	(679 876)	11	11	(720 115)	1 781 997	1 720 536	4	5	1 710 479
Financial performance (%)										
RoRWA	n/a	n/a			n/a	1.91	2.12			1.96
RoA	n/a	n/a			n/a	1.04	1.16			1.07
RoRC	n/a	n/a			n/a	n/a	n/a			n/a

Market segment balances were restated. Refer to the Reporting changes overview note.

Group performance | Segment performance | Risk management | Appendices

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Group performance | Segment performance | Risk management | Appendices

Segment report per geographical segment

for the reporting period ended

	South Africa				Africa regions					Group performance				
	30 June			31 December	30 June				31 December	30 June				31 December
	2024	2023	Change %	2023	2024	2023	Change %	CCY %	2023	2024	2023	Change %	CCY %	2023
Statement of comprehensive income (Rm)														
Net interest income	23 948	23 036	4	46 681	11 362	10 033	13	20	21 374	35 310	33 069	7	9	68 055
Non-interest income	13 111	13 531	(3)	27 250	5 287	5 319	(1)	5	9 337	18 398	18 850	(2)	(1)	36 587
Total income	37 059	36 567	1	73 931	16 649	15 352	8	15	30 711	53 708	51 919	3	5	104 642
Credit impairment charges	(7 545)	(7 509)	(0)	(13 761)	(764)	(771)	(1)	27	(1 774)	(8 309)	(8 280)	(0)	2	(15 535)
Operating expenses	(19 730)	(18 527)	6	(39 405)	(8 596)	(7 728)	11	16	(16 299)	(28 326)	(26 255)	8	9	(55 704)
Other expenses	(1 301)	(754)	73	(1 858)	(658)	(330)	99	>100	(1 295)	(1 959)	(1 084)	81	88	(3 153)
Operating profit before income tax	8 483	9 777	(13)	18 907	6 631	6 523	2	6	11 343	15 114	16 300	(7)	(6)	30 250
Tax expenses	(1 541)	(1 943)	(21)	(3 726)	(2 059)	(2 231)	(8)	(3)	(3 961)	(3 600)	(4 174)	(14)	(11)	(7 687)
Profit for the reporting period	6 942	7 834	(11)	15 181	4 572	4 292	7	11	7 382	11 514	12 126	(5)	(4)	22 563
Profit attributable to:														
Ordinary equity holders	6 173	7 193	(14)	13 750	3 672	3 599	2	(17)	6 141	9 845	10 792	(9)	(8)	19 891
Non-controlling interest – ordinary shares	65	41	59	160	895	693	29	29	1 240	960	734	31	31	1 400
Non-controlling interest – preference shares	201	174	16	373	2	—	100	100	—	203	174	17	17	373
Additional Tier 1 capital	503	426	18	898	3	—	100	100	1	506	426	19	19	899
	6 942	7 834	(11)	15 181	4 572	4 292	7	11	7 382	11 514	12 126	(5)	(4)	22 563
Headline earnings	6 610	7 114	(7)	13 931	3 570	3 601	(1)	4	6 143	10 180	10 715	(5)	(4)	20 074
Operating performance (%)														
Net interest margin on average interest-bearing assets	3.92	3.98		3.96	7.84	7.22			7.59	4.69	4.62			4.68
Credit loss ratio	1.31	1.38		1.25	0.77	0.66			0.80	1.23	1.27			1.18
Non-interest income as % of income	35.4	37.0		36.9	31.8	34.6			30.4	34.3	36.3			35.0
Income growth	1	4		2	8	36			26	3	12			8
Operating expenses growth	6	5		8	11	17			17	8	8			10
Cost-to-income ratio	53.2	50.7		53.3	51.6	50.3			53.1	52.7	50.6			53.2
Statement of financial position (Rm)														
Loans and advances	1 109 588	1 064 390	4	1 085 899	196 522	186 172	6	13	185 458	1 306 110	1 250 562	4	6	1 271 357
Loans and advances to customers	1 066 145	995 394	7	1 036 603	166 860	159 426	5	12	160 383	1 233 005	1 154 820	7	8	1 196 986
Loans and advances to banks	43 443	68 996	(37)	49 296	29 662	26 746	11	22	25 075	73 105	95 742	(24)	(22)	74 371
Investment securities	159 236	153 427	4	158 754	82 377	76 796	7	17	77 744	241 613	230 223	5	8	236 498
Other assets	335 223	319 868	5	295 886	70 408	80 033	(12)	0	71 135	405 631	399 901	1	4	367 021
Total assets	1 604 047	1 537 685	4	1 540 539	349 307	343 001	2	11	334 337	1 953 354	1 880 686	4	5	1 874 876
Deposits	1 122 890	1 059 686	6	1 078 217	272 455	264 060	3	12	261 319	1 395 345	1 323 746	5	7	1 339 536
Deposits due to customers	1 019 897	966 369	6	980 649	242 588	236 269	3	12	234 682	1 262 485	1 202 638	5	7	1 215 331
Deposits due to banks	102 993	93 317	10	97 568	29 867	27 791	7	15	26 637	132 860	121 108	10	11	124 205
Debt securities in issue	222 128	209 844	6	209 895	2 301	3 289	(30)	(19)	1 233	224 429	213 133	5	5	211 128
Other liabilities	120 666	138 357	(13)	117 849	41 557	45 300	(8)	(1)	41 966	162 223	183 657	(12)	(10)	159 815
Total liabilities	1 465 684	1 407 887	4	1 405 961	316 313	312 649	1	10	304 518	1 781 997	1 720 536	4	5	1 710 479
Financial performance (%)														
RoRWA	1.83	2.06		2.01	2.07	2.24			1.86	1.91	2.12			1.96
RoA	0.83	0.93		0.64	2.02	2.18			1.84	1.04	1.16			1.07
RoRC	13.6	15.4		15.0	20.7	22.7			18.6	n/a	n/a			n/a

Product Solutions Cluster

for the reporting period ended

Product Solutions Cluster headline earnings increased by **7%** to **R1.2bn** (30 June 2023: R1.1bn), reflecting revenue growth of **3%**, with faster non-interest revenue growth of **5%** and a reduction in credit impairments of **6%.** In line with the strategy, a shift in strategic investment spend was made across the cluster in people, digital and technology to deliver future-fit enhancements and an improved customer experience.

Key financial performance highlights for the period include the following:

Net interest income increased by **2%** to **R4.6bn** (30 June 2023: R4.5bn) on the back of balance sheet growth of **4%**, reflecting focused origination strategies in light of continued consumer strain. The cluster experienced margin compression from pressure in late-cycle delinquencies due to higher interest in suspense, which persisted, and lower flow margins from increased competition for low-risk customers and in support of primary customers.

Cost-to-income ratio increased by **2.5%** to **43.9%** % (30 June 2023: 41.4%) as a result of investments made into people skills and technology.

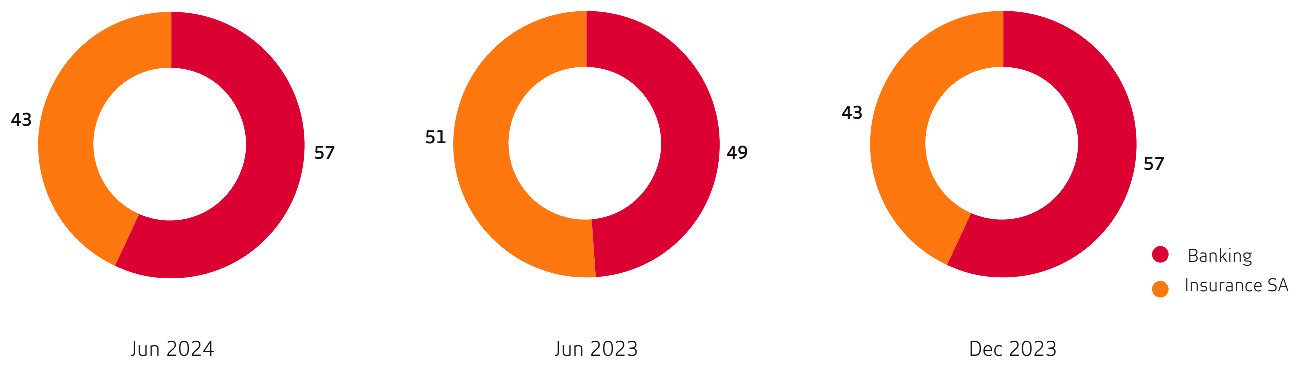
Credit loss ratio decreased by **0.11% to 1.00%** (30 June 2023: 1.11%) with improvements coming mostly from the pre-legal portfolio while pressure remains within the legal book.

Non-interest income increased by **5%** to **R2.4bn** (30 June 2023: R2.3bn) reflecting the healthy underlying performance in Non-Life Insurance, supported by lower attritional claims and increased commission earned by the distribution channel in Advice and Investments. This was offset by an increase in insurance service expenses from higher claims, acquisition costs and increased onerous contracts in Life Insurance SA as customers opted for lower risk cover.

Balance sheet resilience remains a focus across the lending portfolios in response to the elevated consumer credit strain with total coverage increasing to **3.9%** (30 June 2023: 3.7%) and within this, non-performing loans coverage increased to **34.7%** (30 June 2023: 33.9%).

Return on Regulatory Capital (RoRC) increased to **10.3%** (30 June 2023: 9.4%) supported by higher earnings growth, offset by increased credit risk weighted asset density in Home Loans.

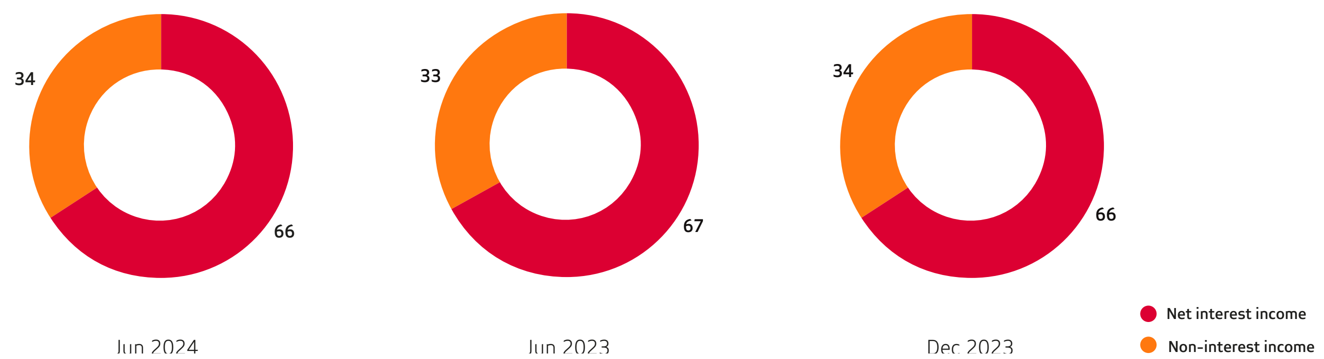
Headline earnings contribution (%)



Product Solutions Cluster

for the reporting period ended

Revenue mix (%)



	30 June			31 December
Salient features	2024	2023	Change %	2023
Income (Rm)	7 027	6 827	3	13 652
Pre-provision profit (Rm)	3 939	3 998	(1)	7 854
Headline earnings (Rm)	1 173	1 100	7	2 368
Credit loss ratio (%)	1.00	1.11		0.99
Cost-to-income ratio (%)	43.9	41.4		42.5
RoRWA (%)	1.55	1.33		1.52
RoA (%)	0.46	0.45		0.47
RoRC (%)	10.3	9.4		10.4

Business profile

Product Solutions Cluster offers a comprehensive suite of products to the retail consumer segment. Products include mortgages, vehicle financing, life and non-life insurance products, investment products and advisory services. Customers are served through an extensive distribution network, including digital channels, branches, mortgage originators, dealerships, financial advisors and partnerships. The focus remains on providing a consistently superior experience across channels tailored to each customer's needs and expectations.

Key business areas

- **Home Loans** – offers residential property-related finance solutions directly to customers through personalised services, electronic channels, and intermediaries such as estate agents and mortgage originators.
- **Vehicle and Asset Finance (VAF)** – offers funding solutions for passenger and light commercial vehicles to individual customers through approved dealerships and preferred suppliers. VAF's joint venture with Ford Financial Services is an extension of the business and reinforces the strategic intent of establishing and harnessing relationships with Original Equipment Manufacturers, dealers and customers.
- **Insurance SA** – includes the following:
  - Life Insurance offers insurance, covering death, disability and retrenchment, as well as funeral and life-wrapped investment products.
  - Non-Life Insurance provides insurance solutions to the retail and commercial market segments. Insurance solutions include motor comprehensive insurance, buildings, legal, pet and value-added products such as extended cover and motor warranty.
- **Advice and Investments** – includes the following:
  - Absa Insurance and Financial Advisors (AIFA) offers an omni-channel approach to financial advice through face-to-face advisors (offering holistic outcomes-based financial planning), a digital advice platform (servicing clients end-to-end without going into a branch) and a direct sales service centre (telephony).
  - Stockbroking and Portfolio Management (SPM) offers products and services to core middle market, retail affluent, private banking, wealth, and business clients.
  - Absa Trust facilitates wealth preservation by implementing estate planning solutions, including wills drafting and safe custody of wills, estate administration, trust administration and beneficiary fund administration.
  - The investment in Sanlam Investment Holdings and management of the associated distribution agreement.

Product Solutions Cluster

for the reporting period ended

	Home Loans				Vehicle and Asset Finance			
	30 June			31 December	30 June			31 December
	2024	2023	Change %	2023	2024	2023	Change %	2023
Statement of comprehensive income (Rm)								
Net interest income	2 633	2 645	(0)	5 250	1 984	1 896	5	3 786
Non-interest income	269	264	2	543	380	344	10	710
Total income	2 902	2 909	(0)	5 793	2 364	2 240	6	4 496
Credit impairment charges	(771)	(975)	(21)	(1 789)	(1 409)	(1 334)	6	(2 442)
Operating expenses	(1 017)	(954)	7	(1 934)	(850)	(809)	5	(1 606)
Other expenses	(15)	(19)	(21)	(65)	4	(25)	>100	(28)
Operating profit before income tax	1 099	961	14	2 005	109	72	51	420
Tax expenses	(279)	(243)	15	(504)	(11)	(9)	22	(85)
Profit for the reporting period	820	718	14	1 501	98	63	56	335
Profit attributable to:								
Ordinary equity holders	727	621	17	1 312	48	14	>100	234
Non-controlling interest – ordinary shares	—	—	—	—	—	—	—	—
Non-controlling interest – preference shares	27	28	(4)	56	14	14	—	30
Other equity – Additional Tier 1 capital	66	69	(4)	133	36	35	3	71
	820	718	14	1 501	98	63	56	335
Headline earnings	727	621	17	1 329	48	14	>100	234
Operating performance (%)								
Net interest margin on average interest-bearing assets	1.59	1.65		1.61	3.21	3.24		3.18
Credit loss ratio	0.49	0.65		0.58	2.32	2.34		2.08
Non-interest income as % of income	9.3	9.1		9.4	16.1	15.4		15.8
Income growth	(0)	4		1	6	11		10
Operating expenses growth	7	(1)		(1)	5	7		6
Cost-to-income ratio	35.0	32.8		33.4	36.0	36.1		35.7
Statement of financial position (Rm)								
Loans and advances	307 435	298 270	3	302 308	116 232	110 899	5	113 326
Loans and advances to customers	307 256	297 993	3	302 065	116 232	110 899	5	113 326
Loans and advances to banks	179	277	(35)	243	—	—	—	—
Investment securities	16 690	15 983	4	16 490	5 947	5 566	7	5 911
Other assets	27 576	28 591	(4)	28 107	5 546	4 349	28	5 192
Total assets	351 701	342 844	3	346 905	127 725	120 814	6	124 429
Deposits	1 491	1 550	(4)	1 583	27	—	100	27
Deposits due to customers	1 491	1 550	(4)	1 583	27	—	100	27
Deposits to banks	—	—	—	—	—	—	—	—
Other liabilities	349 697	338 828	3	342 284	126 553	119 738	6	123 140
Total liabilities	351 188	340 378	3	343 867	126 580	119 738	6	123 167
Financial performance (%)								
RoRWA	1.62	1.24		1.43	0.18	0.05		0.41
RoA	0.42	0.37		0.39	0.08	0.02		0.19

Advice and Investments financial performance includes unallocated head office costs.

Product Solutions Cluster

for the reporting period ended

	Insurance SA				Advice and Investments				Product Solutions Cluster			
	30 June			31 December	30 June			31 December	30 June			31 December
	2024	2023	Change %	2023	2024	2023	Change %	2023	2024	2023	Change %	2023
Statement of comprehensive income (Rm)												
Net interest income	—	5	(100)	—	7	(6)	>100	(20)	4 624	4 540	2	9 016
Non-interest income	1 151	1 153	(0)	2 279	603	526	15	1 104	2 403	2 287	5	4 636
Total income	1 151	1 158	(1)	2 279	610	520	17	1 084	7 027	6 827	3	13 652
Credit impairment charges	—	—	—	—	—	—	—	—	(2 180)	(2 309)	(6)	(4 231)
Operating expenses	(295)	(253)	17	(548)	(926)	(813)	14	(1 710)	(3 088)	(2 829)	9	(5 798)
Other expenses	(19)	(15)	27	(45)	41	32	28	68	11	(27)	>100	(70)
Operating profit before income tax	837	890	(6)	1 686	(275)	(261)	5	(558)	1 770	1 662	6	3 553
Tax expenses	(249)	(237)	5	(498)	85	74	15	169	(454)	(415)	9	(918)
Profit for the reporting period	588	653	(10)	1 188	(190)	(187)	2	(389)	1 316	1 247	6	2 635
Profit attributable to:												
Ordinary equity holders	588	653	(10)	1 188	(190)	(188)	1	(388)	1 173	1 100	7	2 345
Non-controlling interest – ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—
Non-controlling interest – preference shares	—	—	—	—	—	1	(100)	(2)	41	43	(5)	85
Other equity – Additional Tier 1 capital	—	—	—	—	—	—	—	1	102	104	(2)	205
	588	653	(10)	1 188	(190)	(187)	2	(389)	1 316	1 247	6	2 635
Headline earnings	588	653	(10)	1 188	(190)	(188)	1	(383)	1 173	1 100	7	2 368
Operating performance (%)												
Net interest margin on average interest-bearing assets	n/a	n/a		n/a	n/a	n/a		n/a	2.03	2.07		2.03
Credit loss ratio	n/a	n/a		n/a	n/a	n/a		n/a	1.00	1.11		0.99
Non-interest income as % of income	100.0	99.6		100.0	n/a	n/a		n/a	34.2	33.5		34.0
Income growth	(1)	31		17	n/a	n/a		n/a	3	11		5
Operating expenses growth	17	25		27	n/a	n/a		n/a	9	2		1
Cost-to-income ratio	25.6	21.8		24.0	n/a	n/a		n/a	43.9	41.4		42.5
Statement of financial position (Rm)												
Loans and advances	1 103	936	18	943	898	587	53	798	425 668	410 692	4	417 375
Loans and advances to customers	—	—	—	—	—	—	—	—	423 488	408 892	4	415 391
Loans and advances to banks	1 103	936	18	943	898	587	53	798	2 180	1 800	21	1 984
Investment securities	5 185	5 158	1	4 953	225	212	6	224	28 047	26 919	4	27 578
Other assets	25 135	22 803	10	24 074	3 178	2 953	8	3 790	61 435	58 696	5	61 163
Total assets	31 423	28 897	9	29 970	4 301	3 752	15	4 812	515 150	496 307	4	506 116
Deposits	—	—	—	—	—	—	—	—	1 518	1 550	(2)	1 610
Deposits due to customers	—	—	—	—	—	—	—	—	1 518	1 550	(2)	1 610
Deposits to banks	—	—	—	—	—	—	—	—	—	—	—	—
Other liabilities	27 956	26 071	7	26 831	2 212	1 552	43	2 802	506 418	486 189	4	495 057
Total liabilities	27 956	26 071	7	26 831	2 212	1 552	43	2 802	507 936	487 739	4	496 667
Financial performance (%)												
RoRWA	n/a	n/a		n/a	n/a	n/a		n/a	1.55	1.33		1.52
RoA	n/a	n/a		n/a	n/a	n/a		n/a	0.46	0.45		0.47

Product Solutions Cluster
for the reporting period ended

Business performance

The core of Product Solutions Cluster's strategy remained consistent with increased focus on agility, speed of execution and risk management which underpinned the underlying business momentum reflected in earnings growth.

Demand in the Home Loan's market continued to slow as application volumes decreased by **8%** across the industry, reflecting the subdued property market and new vehicle sales experienced a decline of **8%**, contrasting the growth seen in the first half of last year. Insurance SA was not immune to the economic challenges affecting consumer affordability and saw an increase in lower sums assured, and as well as a higher frequency of weather-related losses. The national mortality claims experience, as reported by the South African Medical Research Council (SAMRC) has been within the expected range in the first quarter, with an increasing trend above the range towards the end of the first half of 2024. Advice and Investment consumers opted for lower margin cash and fixed income investments, capitalising on the higher interest rates over the past 18 months.

In Home Loans and Vehicle Asset Finance, the businesses experienced continued pressure on late-cycle delinquencies, debt review and the legal book resulting in impairments remaining elevated, however new business performance and inflows into early arrears have started to improve given the pause in the interest rate hiking cycle and the ongoing enhancements to new business origination criteria.

The insurance operations continued to focus on the integration and optimisation of the bancassurance model across the retail franchise, providing integrated propositions that deliver increased customer value. The business is also collaborating with strategic partners to offer and enhance its insurance solutions. Capital continues to be managed prudently with the Solvency Capital Requirement cover well in excess of the regulatory minimum of one time.

Within this context the cluster focused on:

- The continued integration with Relationship Banking and Everyday Banking including next-generation propositions and closer collaboration with the bankers that delivered broader franchise value.
- A superior customer experience, resulting in the cluster achieving an improved Customer Experience Index.
- Continued strategy enhancements to reduce roll forwards into late stage and reducing inflows into legal.
- Asset realisation strategies through Help-U-Sell and Fastbuy solutions.
- Embedding new self-serve digital features on the Absa mobile Banking App and Connected Banking platform, to drive an improved customer experience.
- Growth in digital channels usage, driven by strategic marketing and product placement for customers.
- Elevation of the Diversity, Equity and Inclusion agenda, including employment equity and transformation.

The execution of the strategic initiatives has resulted in:

- The launch of Renault Financial Services – a product of Absa, in VAF.
- Year-on-year growth in the use of assisted sales platform supporting distressed customers.
- Customer engagement on digital platforms increasing year-on-year.
- In Life Insurance, the business achieved new business volume growth of **11%** as customer journeys were further integrated into the banking value propositions and credit life strike rates improved across all channels. In addition, digital new business sales increased by **34%** driven by growth of **35%** in digital funeral sales.
- Non-Life Insurance launched a WhatsApp chatbot to improve communication to policyholders, particularly during the claims stage, resulting in an improved customer experience.

Looking ahead, Product Solutions Cluster will focus on:

- Building stronger relationships with partners to drive further customer acquisition, improve product performance and increase primacy.
- Delivering growth in Bancassurance revenues through deeper integration with the bank.
- Digitising key customer journeys, modernising core technology and deploying digital sales tools.
- Strengthening risk management and optimising margins and returns in the constrained macroeconomic environment.
- Enabling colleagues to thrive as we evolve and grow talent pipeline.
- Being an active force for good in all that we do.

Product Solutions Cluster
for the reporting period ended

Home Loans

Salient features	30 June 2024	30 June 2023	Change %	31 December 2023
Net-interest income (Rm)	2 633	2 645	(0)	5 250
Credit impairment charges (Rm)	(771)	(975)	(21)	(1 789)
Headline earnings (Rm)	727	621	17	1 329
Gross loans and advances (Rm)	317 543	306 717	4	311 567

Business performance

Demand in the market continued to slow due to the weak macroeconomic environment and new application volumes across the industry decreased by **8%** compared to the same period in 2023.

The overall confidence in the South African property market has, however, shown signs of improvement, according to the Absa Homeowner Sentiment Index:

- The index showed **84%** of respondents were positive about the future of property in the second quarter of this year, **6%** higher than the second and final quarters of 2023.
- Consumer sentiment around buying improved to **70%** in the second quarter of 2024 which is **12%** higher than a year earlier.
- The sentiment around selling improved to **47%** in the second quarter of 2024 which is **4%** higher than the second quarter of 2023.

Home Loans remains committed to its ambition to 'house the nation and shape the industry in a meaningful way' and, as such, continues to focus on value creation by executing against a consistent strategy:

- Continued to enhance collections strategies by providing sustainable solutions for distressed customers in their time of need.
- Empowered customers with simple alternative energy financing solutions supported by digital platforms to manage electricity challenges.
- Offered customers integrated value by focusing on Bancassurance and Everyday Banking solutions.
- Strengthened its multi-channel approach by delivering an integrated Private Bank and Wealth customer experience for customers seeking a home loan.
- Embedded new digital features to further enable customers to self-serve on the Absa mobile Banking App and Connected Banking platform, improving customer experience.

The above has resulted in:

- Mortgages originated through internal channels as a percentage of new business remained strong at **35.3%** (30 June 2023: 33.4%).
- Customers migrating to digital channels increased by **3%** year-on-year as a result of digital activations.
- Year-on-year growth of **40%** in the use of assisted sales supporting distressed customers.
- BA900 market share remained steady over the past 12 months **23.8%** (30 June 2023: 23.7%).

Financial performance

Gross loans and advances increased by **4%** to **R318bn** (30 June 2023: R307bn) on the back of new mortgages registered. Net interest income remained relatively flat at **R2 633m** (30 June 2023: R2 645m), with pricing pressures continuing in the first half of the year combined with continued pressure in late cycles resulting in higher interest in suspense.

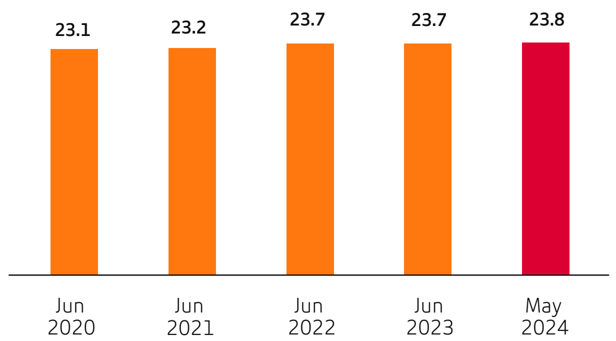
The credit loss ratio has improved to **0.49%** (30 June 2023: 0.65%). The credit impairment charge decreased to **R771m** (30 June 2023: R975m), with the charge driven primarily by inflows into the legal book where the most vulnerable customers continue to struggle with affordability, which has also resulted in an increase in the non-performing loans (NPL) ratio to **9.2%** (30 June 2023: 8.1%). There has been a reduction in the impairment charge from early arrears as customers start to recover, aided by initiatives to support distressed customers. Total coverage increased to **3.2%** (30 June 2023: 2.8%) driven by the increased NPL ratio and within this an increase in NPL coverage to **30.1%** (30 June 2023: 28.1%), with aging accounts in the legal book attracting higher coverage.

Muted growth coupled with improved credit performance resulted in headline earnings improving by **17%** to **R727m** (30 June 2023: R621m).

Looking ahead, Home Loans will focus on:

- Continued support for distressed customers with enhanced sustainable customer solutions.
- Continued focus on maintaining quality of earnings while remaining sustainable and competitive through-the-cycle with consistent market presence, strategic partnerships and enhanced customer value propositions.
- Broadening franchise value by providing improved integrated home loan solutions with bancassurance and transactional products.
- Accelerating delivery of an integrated front-end and workflow capability to improve colleague and customer experience.

Mortgages market share (%)



Source: BA900, Residential 2024

Product Solutions Cluster
for the reporting period ended

Vehicle and Asset Finance

Salient features	30 June 2024	30 June 2023	Change %	31 December 2023
Net-interest income (Rm)	**1 984**	1 896	5	3 786
Credit impairment charges (Rm)	**(1 409)**	(1 334)	6	(2 442)
Headline earnings (Rm)	**48**	14	>100	234
Gross loans and advances (Rm)	**123 509**	118 013	5	120 487

Business performance

The vehicle market in the first half of the year has been adversely impacted by a constrained economic environment, amplified by weak consumer demand. This resulted in the following industry-wide shifts:

- New vehicle sales declined by **7.6%** for the period ending June 2024, in contrast to a 14.0% increase in June 2023 (Naamsa).
- New vehicle price inflation increased by **5.1%** for the period ending June 2024, compared to 7.6% increase in June 2023 (Stats SA).
- The number of vehicles financed declined by **3.2%** for period ended March 2024, in comparison to a 7.1% decrease during the same period in 2023 (Experian).

VAF successfully progressed on achieving its strategic objectives through:

- Implementing numerous refinements to improve new business performance, including enhancements to risk models, significant tightening of high-risk segments and the introduction of new processes and technology to mitigate escalating instances of fraud attempts.
- Further enhancing payments capability, collections approach and strategy resulting in improved collections outcomes.
- Launching commercial alliances with vehicle manufacturers and distributors (Original Equipment Manufacturers (OEMs)).
- Leveraging vehicle finance alliance relationships to grow new vehicle finance business and bancassurance volumes.
- New industry relationships to build innovative finance and education solutions within digital commerce.

The execution of the strategic initiatives resulted in:

- Production value growth marginally lower than market, with volumes declining year on year.
- A slight decline in margins with pressure on new business pricing persisting due to market competition and sustained higher prime rate, impacting customer affordability.
- The launch of Renault Financial Services – a product of Absa.
- The use of assisted sales platform supporting distressed customers increased by **69%** year on year.
- Customer engagement on digital platforms increased by **18%** year on year.
- Market share on Instalment Sales (BA900) stable at **24.0%** (30 June 2023: 23.9%).

Financial performance

Gross Loans and advances to customers increased by **5%** to **R124bn** (30 June 2023: R118bn) attributable to subdued production levels and a stable back book run-off, supported by growth in the wholesale finance book.

Total revenue reflected **6%** growth, reaching **R2 364m** (30 June 2023: R2 240m). This was driven by underlying book performance, resilient margin and increased non-interest income contribution.

Cost to income remained stable at **36.0%** (30 June 2023: 36.1%) supported by revenue growth and effective cost management.

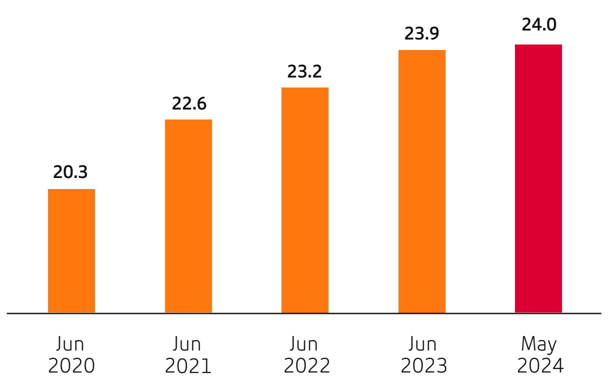
The credit loss ratio remains elevated but decreased slightly to **2.32%** (30 June 2023: 2.34%). The credit impairment charge increased to **R1 409m** (30 June 2023: R1 334m) driven primarily by the legal book, debt review and historic higher risk segments which the business has exited, following scorecard enhancements implemented in 2023. The new business credit amendments have resulted in a reduction in the impairment charge from early arrears and business booked within the last 12 months. Total coverage remained resilient at **5.9%** (30 June 2023: 6.0%), and within this NPL coverage decreasing slightly to **47.7%** (30 June 2023: 48.9%) due to write-offs on aged accounts that carry higher levels of coverage.

Headline earnings increased to **R48m** (30 June 2023: R14m).

Looking ahead, VAF will focus on embedding its foundational capabilities and delivering resilience through-the-cycle by:

- Refinement of credit risk management solutions to improve portfolio performance.
- Enhanced focus on pricing to support sustainable returns.
- Continuously evaluate finance and insurance partnership opportunities with dealer groups and vehicle manufacturers.
- Positioning Absa as a pan-African bank for the automotive industry's development, in Absa's Regional Operations.
- Investing in learnership development to offer employment opportunities to the youth and introduce new talent into the business.
- Making an impact on society through consumer education, enterprise development and automotive decarbonisation thought leadership by working with the Automotive Business Council (Naamsa) and industry stakeholders.

VAF market share (%)



Source: BA900, Instalment Sales 2024

Product Solutions Cluster
for the reporting period ended

Insurance SA

	Life Insurance				Non-Life Insurance				Insurance SA			
	30 June 2024	30 June 2023	Change %	31 December 2023	30 June 2024	30 June 2023	Change %	31 December 2023	30 June 2024	30 June 2023	Change %	31 December 2023
Statement of comprehensive income (Rm)												
Insurance revenue	**2 490**	2 426	3	4 961	**1 940**	1 805	7	3 717	**4 430**	4 231	5	8 678
Insurance service expenses	**(2 051)**	(1 547)	33	(3 575)	**(1 619)**	(1 552)	4	(3 188)	**(3 670)**	(3 099)	18	(6 763)
Net income/(expenses) from reinsurance contracts	**39**	(188)	>100	(214)	**(54)**	(64)	(16)	(127)	**(15)**	(252)	(94)	(341)
Insurance Service Result	**478**	691	(31)	1 172	**267**	189	41	402	**745**	880	(15)	1 574
Net finance income/(expenses) from insurance contracts	**17**	(36)	>100	12	**—**	—	—	—	**17**	(36)	>100	12
Net finance income/(expenses) from reinsurance contracts	**(16)**	—	100	(48)	**—**	—	—	—	**(16)**	—	100	(48)
Investment income	**674**	1 277	(47)	1 853	**118**	95	24	241	**792**	1 372	(42)	2 094
Policyholder insurance contracts	**76**	81	(6)	165	**39**	32	22	65	**115**	113	2	230
Policyholder investment contracts	**523**	1 117	(53)	1 522	**—**	—	—	—	**523**	1 117	(53)	1 522
Shareholder funds	**75**	79	(5)	166	**79**	63	25	176	**154**	142	8	342
Changes in Investment contract liabilities	**(465)**	(1 097)	(58)	(1 454)	**—**	—	—	—	**(465)**	(1 097)	(58)	(1 454)
Policyholder investment contracts	**(465)**	(1 097)	(58)	(1 454)	**—**	—	—	—	**(465)**	(1 097)	(58)	(1 454)
Other income	**44**	16	>100	61	**34**	23	48	40	**78**	39	100	101
Gross operating income	**732**	851	(14)	1 596	**419**	307	36	683	**1 151**	1 158	(1)	2 279
Other operating expenses	**(93)**	(63)	48	(173)	**(221)**	(205)	8	(420)	**(314)**	(268)	17	(593)
Net operating income	**639**	788	(19)	1 423	**198**	102	94	263	**837**	890	(6)	1 686
Taxation expense	**(194)**	(209)	(7)	(427)	**(55)**	(28)	96	(71)	**(249)**	(237)	5	(498)
Profit for the period	**445**	579	(23)	996	**143**	74	93	192	**588**	653	(10)	1 188
Other comprehensive income	**99**	(20)	>100	141	**—**	—	—	—	**99**	(20)	>100	141
Total comprehensive income for the reporting period	**544**	559	(3)	1 137	**143**	74	93	192	**687**	633	9	1 329
Note (Rm)												
Investment income												
Policyholder investment contracts	**523**	1 117	(53)	1 522	**—**	—	—	—	**523**	1 117	(53)	1 522
Net interest income	**500**	318	57	663	**—**	—	—	—	**500**	318	57	663
Dividend income	**75**	73	3	136	**—**	—	—	—	**75**	73	3	136
Fair value gains/(losses)	**(52)**	726	<(100)	723	**—**	—	—	—	**(52)**	726	<(100)	723
Policyholder insurance contracts	**76**	81	(6)	165	**39**	32	22	65	**115**	113	2	230
Net interest income	**53**	41	29	95	**39**	32	22	65	**92**	73	26	160
Dividend income	**7**	9	(22)	17	**—**	—	—	—	**7**	9	(22)	17
Fair value gains/(losses)	**16**	31	(48)	53	**—**	—	—	—	**16**	31	(48)	53
Shareholder funds	**75**	79	(5)	166	**79**	63	25	176	**154**	142	8	342
Net interest income	**71**	78	(9)	156	**79**	67	18	164	**150**	145	3	320
Dividend income	**—**	—	—	—	**—**	—	—	—	**—**	—	—	—
Fair value gains/(losses)	**4**	1	>100	10	**—**	(4)	(100)	12	**4**	(3)	>100	22
Total	**674**	1 277	(47)	1 853	**118**	95	24	241	**792**	1 372	(42)	2 094
Net interest income	**624**	437	43	914	**118**	99	19	229	**742**	536	38	1 143
Dividend income	**82**	82	—	153	**—**	—	—	—	**82**	82	—	153
Fair value gains/(losses)	**(32)**	758	<(100)	786	**—**	(4)	(100)	12	**(32)**	754	<(100)	798

One of the main drivers to the movement of the Group's 'Liabilities under investment contracts' is the underlying performance of the related assets. 'Net gains on investments from insurance contracts: Investment contracts' should therefore be read in conjunction with 'Changes in investment contract liabilities' reported in the Consolidated statement of comprehensive income.

Product Solutions Cluster
for the reporting period ended

	Insurance SA			
	30 June			31 December
	2024	2023	Change %	2023
Statement of financial position				
Assets				
Financial assets backing investment and insurance liabilities				
Policyholder investment contracts	22 484	20 648	9	21 417
Cash balances and loans and advances to banks	736	341	>100	372
Investment securities	21 748	20 307	7	21 045
Policyholder insurance contracts	4 679	4 243	10	4 350
Cash balances and loans and advances to banks	720	1 222	(41)	1 248
Investment securities	3 295	2 407	37	2 430
Insurance contract assets	664	614	8	672
Reinsurance assets	568	320	78	492
Shareholder funds	2 459	2 798	(12)	2 566
Cash balances and loans and advances to banks	536	8	>100	13
Investment securities	1 923	2 791	(31)	2 553
Other assets	1 194	862	39	1 107
Deferred tax assets	40	26	54	39
Total assets	31 424	28 897	9	29 971
Liabilities				
Liabilities under investment contracts	22 236	20 486	9	21 247
Insurance contracts liabilities	4 212	3 990	6	4 064
Reinsurance contracts liabilities	164	96	71	302
Other liabilities	1 308	1 492	(12)	1 178
Other liabilities	1 223	1 393	(12)	1 132
Other liabilities relating to investment contracts	85	99	(14)	46
Deferred tax liabilities	36	7	>100	40
Total liabilities	27 956	26 071	7	26 831
Equity				
Capital and reserves	3 468	2 826	23	3 140
Total equity	3 468	2 826	23	3 140
Total liabilities and equity	31 424	28 897	9	29 971

Product Solutions Cluster
for the reporting period ended

Life insurance

	30 June			31 December
Salient features	2024	2023	Change %	2023
Insurance service result (Rm)	478	691	(31)	1 172
Profit for the period (Rm)	445	579	(23)	996

Business performance

Life Insurance South Africa continued to focus on the successful execution of its integrated bancassurance and partnership strategy enabled by digital sales initiatives and capabilities to deliver a superior customer experience. The decline in financial performance in the first half of 2024 was driven by the economic challenges impacting consumer affordability, resulting in higher negative experience variances and an increase in unprofitable new business written as customers opted for lower risk cover. National mortality claims experience, as reported by the South African Medical Research Council (SAMRC) has been within the expected range in the first quarter, with an increasing trend above the range towards the end of the first half of 2024.

Within this context, the business continued execution against its strategy:

- Delivering enhanced integrated Bancassurance and standalone life insurance propositions that are differentiated and attractive to customers.
- Continuing to leverage the bank's distribution channels and digital platforms while also utilising data-driven marketing initiatives to expand customer access and drive sales growth.
- Investing in architecture and platforms to enable future growth, business optimisation, operational efficiencies and execution agility.
- Collaborating with strategic partners to develop and deliver life insurance solutions for their customers.

The execution of the strategic initiatives has resulted in:

- New business volume growth of **11%** as customer journeys were further integrated, value propositions enhanced, and credit life strike rates improved across all channels.
- Digital new business sales increased by **34%** driven by a growth of **35%** in digital funeral sales.
- Instant Life advisor propositions (one of SA's first fully digital underwritten life insurance providers) increased new business volumes by **>100%**. This proposition has successfully resulted in improving the digital journey for advisors and ultimately the customers.

Financial performance

Insurance revenue increased by **3%** to **R2 490m** (30 June 2023: R2 426m), driven by an increase in Contractual Service Margin (CSM) and Risk Adjustment (RA) releases as well as gross premium growth. Year on year the gross CSM has increased by **4%**, primarily due to new business CSM growth and the interest accrued being partially offset by releases to profits and negative experience variances. Net premium income grew by **4%** driven by new business growth which was partly offset by the impact of policy losses increasing to **3%** (30 June 2023: 2.6%). The business has continued to see strong sales of its funeral, digital and fully underwritten life products into the Absa customer base which has offset the lower credit life sales from lower lending volumes in the bank. In response to increased lapse pressure a number of additional proactive retention initiatives were implemented to support customers and improve persistency trends.

Insurance service expenses grew **33%** year on year reflecting increases in claims, directly attributable expenses, new business-related acquisition costs and retrospective reserves. Net insurance claims increased by **18%**, from higher death and disability claims. Higher technology costs and investments for growth are the main drivers of an **8%** increase in directly attributable expenses. Retrospective reserves increased significantly from prior year due to higher claims experience and reserving releases that did not repeat in the current reporting period. Losses on onerous contracts also increased by **22%**, reflecting the economic pressure on consumer affordability, which has resulted in the number of customers purchasing lower value insurance cover increasing relative to the prior period. Innovative strategic product enhancements will be delivered in the second half of 2024 to improve the returns on new business written. In addition, a number of IFRS 17 model refinements is expected to be implemented in the second half of the year, in instances where positive economic performance of a few product lines are not adequately reflected in the income statement profit signature.

Profit for the period declined **23%** to **R445m** (30 June 2023: R579m) driven by the increase in insurance services expenses from higher claims, directly attributable expenses, acquisition costs, retrospective reserves and losses from onerous contracts, partially offset by the growth in CSM and RA releases.

Product Solutions Cluster
for the reporting period ended

Non-Life insurance

	30 June			31 December
Salient features	2024	2023	Change %	2023
Profit for the period (Rm)	143	74	93	192
Insurance revenue (Rm)	1 940	1 805	7	3 717
Underwriting margin (%)	4.2	0.5		1.0

Business performance

The business continued to show good growth momentum and underlying claims performance improved substantially compared to the prior year as a result of the implementation of remedial actions on the portfolio commencing in 2023. This enabled the business to absorb a higher frequency of weather-related losses in H1 2024. Non-Life continues to make strides in integrating the bancassurance model.

The business continued to focus on delivering against its strategic objectives through:

- Optimising and accelerating bancassurance integration through enhanced value propositions.
- Developing new products and channels enabling market share growth and product diversification.
- Enhancing digital capabilities and offerings improving customer access to the product base and improving cost of acquisition.
- Simplifying the business which improved collections, business efficiencies and customer service experience.

The execution of these strategic initiatives has resulted in:

- The business partnering with Vehicle Asset Finance, improving origination in motor dealers, enabling growth in Value Added Products (VAPS) and Motor Comprehensive product of **20%** and **61%** respectively, and driving insurance revenue growth.
- The business improved retention rates further supporting insurance revenue growth.
- The launch of a new wealth offering allowing the bank to provide a full-service solution to its Wealth customers.
- The business launched a WhatsApp chatbot to improve communication to policyholders, particularly during the claims stage.
- The business is at advanced stages in migrating all active policies from the legacy policy administration system to a new cloud-based administration platform.
- Claims self-service capability and additional products for customers, enabled on the Banking App.

Financial performance

Insurance revenue increased by **7%** to **R1 940m** (30 June 2023: R1 805m), driven by the underlying growth in the motor book and value-added motor products. Insurance service expenses increased by **4%**, driven by investments in technologies to replace the legacy policy administration systems with a cloud-based administration platform, offset by an improved underlying claims ratio. The business continued to see an increase in weather-related events, the most notable being the extreme weather system in June 2024 which caused the KwaZulu-Natal hurricane and flooding in the Eastern Cape.

The business achieved an underwriting margin of **4.2%** (30 June 2023: 0.5%), primarily due to an improvement in the underlying claims management processes. The increased margin led to an increase in the profit for the period of **93%** to **R143m** (30 June 2023: R74m).

Product Solutions Cluster
for the reporting period ended

Advice and Investments

Business performance

Advice and Investments cluster demonstrated resilience by showing improved investment performance and net client cash flows which supported growth in assets under management. The Advice and Investment business delivered strong sales in risk and investment products, specifically on fixed income investments as clients took advantage of the high interest rate environment. The business also experienced improved sales in the guaranteed products, cementing the sales performance in investment products, bringing value into the business and ensuring the sustainability of the cluster.

The business continued to focus on delivering against its strategic objectives through:

- Developing investment products that are competitive and responsive to clients' financial needs.
- Continuously investing into the advisor force to better match the branch footprint and market demand.
- Embedding the recently revised operating model in the Estates business to introduce efficiencies and improve customer experience.
- Continuous investments aimed at improving client experience through legacy re-platforming projects.
- Integrating the customer on-boarding journeys with the bank, to better utilise the combined opportunities.

The execution of the strategic initiatives has resulted in:

- Absa Trust continuing its positive momentum in the distribution of estates from 2023 into 2024.
- Absa Insurance and Financial Advisors (AIFA) experienced increased sales growth in investments, supported by growth in life policies and fiduciary sales.
- In Stock Broking and Portfolio Management (SPM), the positive market movement in 2024 lifted the portfolio management division of the business.

Financial performance

Total revenue increased by **17%** to **R610m** (30 June 2023: R520m). The steady growth in revenue was supported by robust progression from Absa Trust and AIFA growing by **9%** and **22%** year-on-year respectively, despite the constrained economic environment. SPM experienced negative growth of **6%** year-on-year, as trading volumes on the JSE Equity market declined by **25%** from Quarter 1 2023 to Quarter 1 2024.

Operating expenses increased by **14%** to **R926m** (30 June 2023: R813m) due to the investment in people and technologies. The investment in technologies is aimed at the re-platforming of Trust Administration and Trading businesses, as well as the launch of a new digital advice tool with the intent of improving customer experience and modernising core operating platforms.

Looking ahead, Advice and Investments will continue focusing on:

- Becoming an integrated business to provide customers with holistic solutions they can find in one place.
- Building a frictionless bridge to the bank to increase the number of bank customers under Advice.
- Developing multi and inter-generational relationships, backed by relevant solutions.
- Offering a differentiated, needs-based customer value proposition to serve clients better.

Everyday Banking

for the reporting period ended

Headline earnings increased by **9%** and returns improved to **22.1%** (30 June 2023: 21.4%), driven by a reduction in credit impairment charges, reflecting the impact of proactive credit risk management and enhanced collection strategies, as well as revenue growth and prudent cost management.

Key performance highlights for the period include the following:

Net interest income grew 5% reflective of growth in loans and deposits, despite margin contraction from higher suspended interest stemming from pressure in late delinquency cycles and a reduction in the composition of high margin deposits.

Gross loans and advances to customers grew by 6% driven by a 8% increase in the credit card book, reflecting growth in limit production, purchase activity, and cash usage.

Non-interest revenue grew by 2% largely reflecting the impact of strategic pricing investments.

Deposits grew by 8% primarily driven by an 11% increase in the investment deposits portfolio, which benefitted from competitive propositions which were supported by effective above-the-line marketing campaigns.

Operating expenses grew by 7% given the inflationary pressure on cost.

The cost-to-income ratio increased by 1.5% to 53.6% (HY 2023: 52.1%), reflecting low single digit revenue growth.

Impairment charges decreased by 4% despite a 6% increase in the lending book. Overall, the loan loss ratio improved by 75 basis points to 8.47% (HY23: 9.22%), a result of the risk management measures and strong collections performance.

	30 June			31 December
Salient features	**2024**	2023	Change %	2023
Income (Rm)	**14 292**	13 780	4	28 133
Pre-provision profit (Rm)	**6 636**	6 604	0	13 350
Headline earnings (Rm)	**1 565**	1 437	9	3 394
Credit loss ratio (%)	**8.47**	9.22		8.35
Cost-to-income ratio (%)	**53.6**	52.1		52.5
RoRWA (%)	**2.83**	2.61		3.04
RoA (%)	**0.77**	0.76		0.87
RoRC (%)	**22.1**	21.4		24.7

Some of these numbers have been restated, refer to the Reporting changes overview.

Business profile

Everyday Banking offers a comprehensive range of day-to-day banking products and services to a diverse spectrum of retail customers, from those needing basic banking services to those requiring sophisticated financial solutions. Everyday Banking focuses on providing a consistently superior experience across multiple channels designed to match the expectations of each customer segment, including digital and voice channels, as well as an extensive network of branch and ATM channels.

The Everyday Banking product suite includes the following::

- **Card:** offers credit cards through a mix of Absa-branded and co-branded products, including British Airways. This portfolio also includes partnerships with Woolworths Financial Services, which offers in-store cards, credit cards, personal loans, and Non-Life insurance products.
- **Personal Loans:** offers unsecured loans through the Absa Mobile Banking app, internet banking, face-to-face engagements, and the contact centre channels.
- **Transactional and Deposits:** offers a full range of transactional banking, savings, and investment products and services through multiple channels.

Business performance

In the first half of 2024, the economic climate was characterised by a protracted high-interest rate environment and rising prices, adversely impacting consumers' disposable incomes, spending power, and debt affordability. Recognising these challenges, the business implemented proactive risk management measures starting in 2022, protecting both the customer and the health of the loan portfolio. Despite these economic challenges, the ongoing execution of the Everyday Banking business strategy continued to deliver positive results. The development of new products and propositions, strong customer acquisition, and increased digital activity set a positive trajectory for the second half of the year and the medium term.

Customer Experience (CX) scores improved from 107 at the end of 2023 to 111 in June 2024 despite significant consumer strain from the challenging macroeconomic climate, which had placed significant strain on consumers. The improvement reflects the impact of new propositions, including the launch of Ultimate Banking. Ultimate Banking provides exceptional value for money, driven by a comprehensive benefits structure that includes over 34 advantages across banking, insurance, and lifestyle categories and has been well-received since its launch. Further targeted pricing investments were made during the year to address disparities in digital payment pricing and make products and services more accessible to customers through concessions to the entry-level customer segment.

The active retail customer base grew by 3%, and the active transactional base grew by 5%, with positive growth trends across key customer segments. The growth in the base was driven primarily by strong acquisition performance in the Young Adult customer segment and the deployment of new propositions and products. Credit card sales increased by 16%, supported by new account sales on the Absa banking app in Q2 2023. Student cheque accounts grew by 54%, reflecting targeted efforts to attract younger customers, while core cheque accounts grew by 21%. However, personal loan production declined by 14% due to proactive risk management measures. Approximately 22% of the total sales were generated through digital channels, further underscoring the effectiveness of the digital strategy. The adoption of Absa Rewards increased, with membership growing by 15% year-on-year. Significant investment in AI-driven customer engagement led to an approximately 4% improvement in our high-value primary base, achieved through a sixfold increase in personalised customer interactions via the new digital platform.

The business continued to drive a significant shift from traditional to digital channels. Digital registrations increased by 10%, and the number of digitally active customers grew by 12%, while the number of Absa banking app users increased 20% to 2.4m, supported by strong growth in app downloads, which grew 43% to approximately 700k. Mobile logins grew 25% in the year, and payments increased 26% on the banking app showing high customer engagement. The shift was largely driven by the focus on digital innovation and the strategic migration of non-empathetic transactions from the branch network to the digital platforms. Since its deployment in Q2 2023, Payshap volumes increased by 22% per month over the past year, while real-time clearing transactions grew 34%, demonstrating customer preference for convenient digital payment options. ChatWallet, an innovative digital wallet launched earlier this year that allowed users to conduct various banking activities within WhatsApp, saw its user base grow by 91% per month in the first half of 2024. Overall, card purchases increased by 6% across debit and credit cards, with card-not-present volumes increasing faster at 18%. The use of the award-winning ChatBot Abby is increasing rapidly, with Abby users increasing 60% YTD and sessions reaching ~1m (up 388%) YTD.

The distribution network continued to strategically realign and optimise the branch and service outlet network to better serve customers and enhance operational efficiency. The number of traditional branches was reduced by 5% year-on-year to 452, while Sales & Service outlets increased by 30% to 99, further optimising the network's operation. The composition of Sales & Service outlets increased from 13.7% to 18.0%. Branch activity declined by 9.6% in tandem with the ongoing migration of transactions to digital devices.

The real estate footprint was reduced by a further 5,000 sqm, furthering the goals of operational efficiency and creating more agile branches. Floor space across the network was reduced by 4% to 288,825 sqm. The number of ATMs remained stable at 5 175, reflecting the commitment to maintaining a reliable network and ensuring continued accessibility for cash transactions. The business continued to invest in modernising the ATM fleet, incorporating the latest technological advancements to enhance customer experience and reduce failure rates. ATM availability improved by 6%, enabled by installing UPS devices at key sites, ensuring consistent service even during load shedding.

The business strategically expanded the network of standalone self-service kiosks into additional locations to enhance customer convenience and accessibility. These advanced kiosks enabled customers to open transactional bank accounts instantly, complete with personalised cards issued on the spot. Beyond account opening, the kiosks offered essential services such as bank statements, official letters, and access to the cutting-edge Internet banking solution, Express Banking. Since January 2024, the usage of these services has doubled, reflecting the commitment to innovation and customer satisfaction. Introduced in January 2023, the ATM UIF forms aimed to enhance customer convenience by providing 24/7 access to prepopulated forms, reducing the need for visits to UIF branches. Compared to Q1 2024, there was a 6% increase in printed forms and a 9% increase in emailed forms. Moreover, this period saw a 39% rise in printed forms and a 21% increase in emailed forms compared to Q2 of the previous year, reflecting growing customer confidence and utilisation of the service. These strategic adjustments positioned the distribution network to effectively serve customers in the evolving digital landscape.

The business also continued to explore alternative energy sources to further reduce reliance on diesel and transition to sustainable energy solutions, including solar. In the first half of 2024, the distribution network reduced diesel consumption by 75%, saving R47m, including the effect of fewer instances of load shedding. Through various initiatives, operational uptime improved from 55% in January 2022 to 91% in June 2024. The shift to renewable energy not only enhanced operational efficiency but also delivered substantial environmental benefits. To date, the physical network generated 516 megawatt-hours of clean electricity, equivalent to saving 525 tons of carbon dioxide emissions and 190 tons of coal through energy production, further equivalent to planting 14 320 trees. Over 30% of the branch network was ready to be certified green.

Everyday Banking
for the reporting period ended

Financial performance

The gross loan book grew by **6%** to **R90.7bn** (30 June 2023: R85.7bn), underpinned by a 8% growth in the credit card book, reflecting growth in limit production, purchase activity, and cash usage. The personal loan book growth was marginal (1%), mainly due to a 14% contraction in loan production following the implementation of credit risk management measures to mitigate potential risks associated with rising interest rates and inflation.

Retail deposits grew by **8%** to **R319.5bn** (30 June 2023: R296.9bn), driven by strong performance in the investment deposits portfolio. The portfolio benefited from competitive propositions supported by effective above-the-line marketing campaigns throughout 2023 and 2024, leading to an **11%** growth to **R263.9bn** (30 June 2023: R237.0bn). However, the high interest rates and elevated inflation adversely affected customers' disposable incomes, impacting their ability to save for day-to-day transactions. This led to a **7%** contraction in transactional deposits to **R55.6bn** compared to the R59.9bn in the previous year. According to the SARB BA900 March 2024, Absa ranked second in overall retail deposits with a 20.9% market share, and continued to be the most trusted bank for savings and investments, retaining the number 1 position in medium- and long-term deposits.

Headline earnings grew by **9%** to **R1,565m** (30 June 2023: R1,437m), reflecting a reduction in credit losses. Total revenue grew by **4%** to **R14,292m** (30 June 2023: R13,780m), led by net interest income growth.

Net interest income increased by **5%** to **R8,176m** (30 June 2023: R7,793m), driven by loan and deposit portfolio growth, although the net interest margin (NIM) contracted by 11 basis points to **4.02%**.

- Net interest income on the lending book grew by 10%, driven by the expansion of the lending book and an expansion of 23 basis points to 12.49% (30 June 2023: 12.26%) in gross loan margins, slightly tempered by increased suspension of interest stemming from pressure in the late delinquency cycles and the effect of risk management strategies on the front book margin performance.
- Net interest income on deposits increased by 4%, underpinned by deposit book growth and the positive impact of the structural hedge on the transactional deposits book (+22 basis points). However, effective margins on deposits declined by 7 basis points to 1.98% due to a reduction in the composition of high-margin deposits.

Non-interest revenue grew by **2%** to **R6,116m** (30 June 2023: R5,987m), largely reflecting the impact of strategic pricing investments, including pricing changes to align digital payments pricing and concessions for select products in the entry-level customer segment. Non-interest revenue grew by 5% on an underlying basis, after adjusting for the pricing investments, underpinned by 12% growth in annuity income and a 6% rise in interchange income. This growth was moderated by the ongoing shift from traditional banking channels to digital platforms, reducing branch and ATM transactional activity.

Impairment charges decreased by **4%** to **R4,080m** (30 June 2023: R4,259m) despite a 6% increase in the lending book. This reduction was driven by proactive credit risk management and enhanced collection strategies. Early-stage delinquency improved, reflecting the impact and effectiveness of the management strategies. While late-stage delinquencies remained elevated, they did stabilise during the reporting period, notably improving flows of delinquent accounts into collections. However, there was a significant increase in flows into debt counselling, reflecting the financial strain on consumers due to rising prices and interest rates. Overall, the loan loss ratio improved by 75 basis points to **8.47%** (30 June 2023: 9.22%), benefiting from the risk management measures and strong collections performance. Total coverage reduced by 70 basis points to **18.27%** (30 June 2023: 18.97%) reflective of portfolio construct improvement. Despite the reduction, the total coverage remained well-positioned for the current macroeconomic climate.

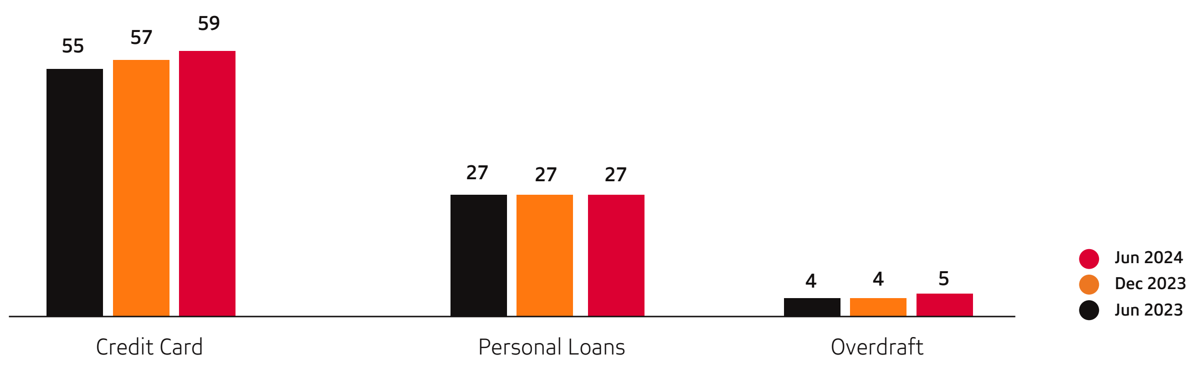
Operating expenses remained well managed, increasing by **7%** to **R7,656m** (30 June 2023: R7,176m) despite the inflationary pressure on cost. However, the cost-to-income ratio increased by 1.5 percentage points to **53.6%** (30 June 2023: 52.1%). This increase in operating expenses stemmed mainly from annual salary increases and investments in marketing and technologies crucial for customer acquisition and retention in a competitive landscape. The optimisation of the distribution network construct through the strategic shift to Sales & Service outlets, thereby reducing the number of traditional branches, cash transportation costs, and staffing requirements. Diesel consumption decreased by 75% due to energy generation strategic initiatives and fewer instances of load shedding in the first half of 2024.

Looking ahead:

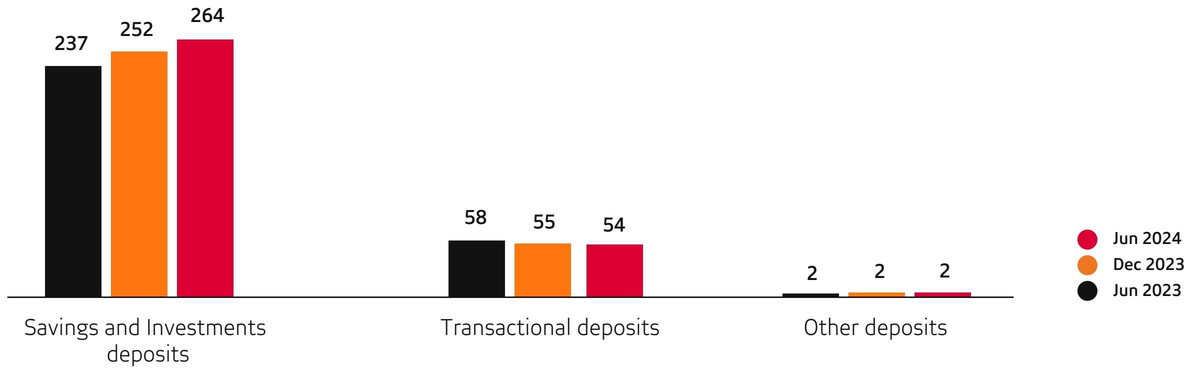
- Further enhancing digital capabilities across collections, acquisitions, and other key areas.
- Delivering and commercialising market-leading innovations, products, and propositions while enhancing the customer experience.
- Expanding the digital platform with innovative value-added services, generating new revenue streams.
- Sustaining high standards of customer experience to drive loyalty.
- Responsibly growing the lending franchise in light of the challenging macroeconomic climate.
- Maintaining the stability and security of digital platforms to ensure safe, secure, and uninterrupted banking for customers around the clock.
- Continuing to invest in optimising and transforming the branch and ATM network while ensuring sufficient access for customer engagement.
- Continuing to invest in infrastructure optimisation and transformation of the distribution channels, ensuring the business remains Future-Fit and enables a seamless customer experience.
- Expanding the reach to underserved communities and enhancing financial inclusion initiatives through leveraging the integrated channel model and digital platforms. The business aims to provide expanded accessible banking services to all segments of society.

Everyday Banking
for the reporting period ended

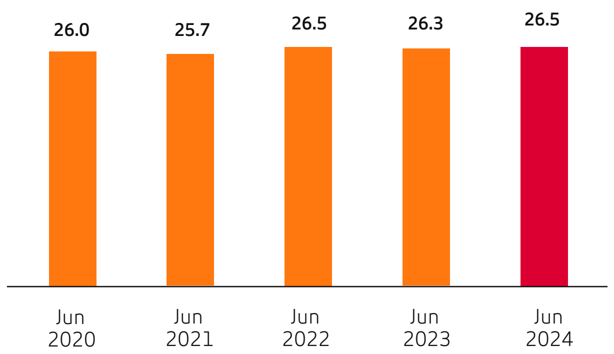
Gross loans and advances (R'bn)



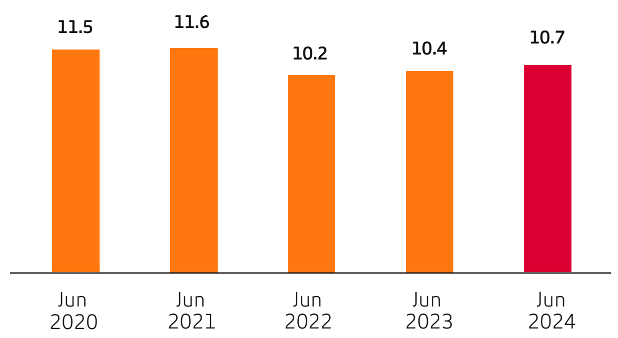
Deposits (R'bn)



Card market share stock (%)



Personal loans market share (%)

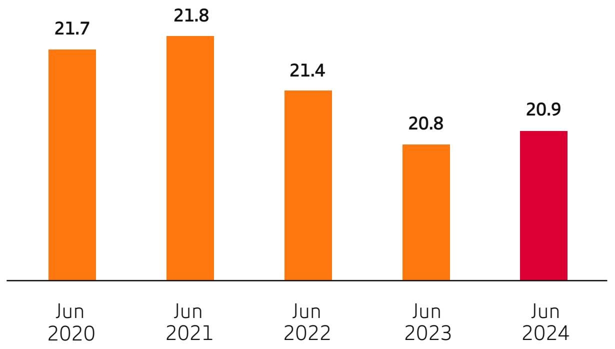


[1] Source SARB BA900.

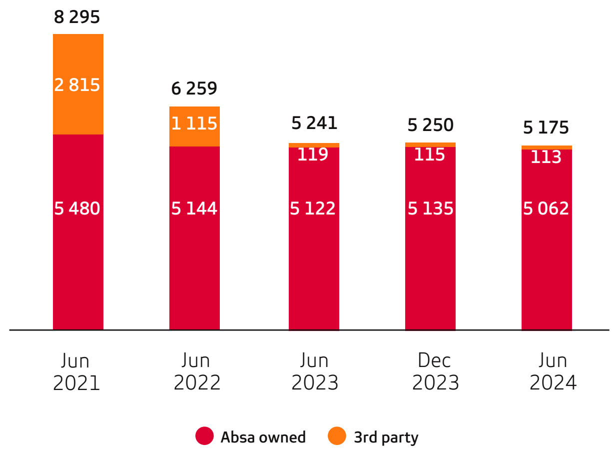
Everyday Banking

for the reporting period ended

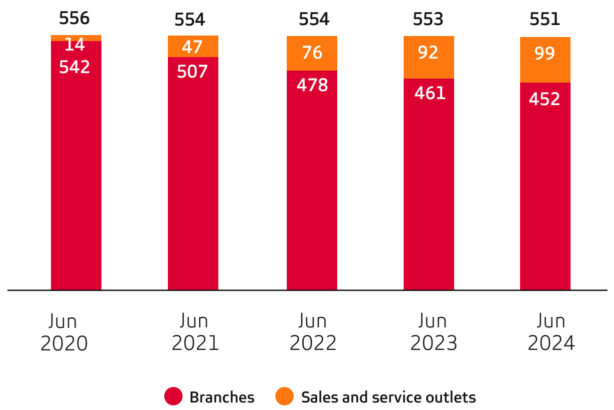
Deposits market share (%)



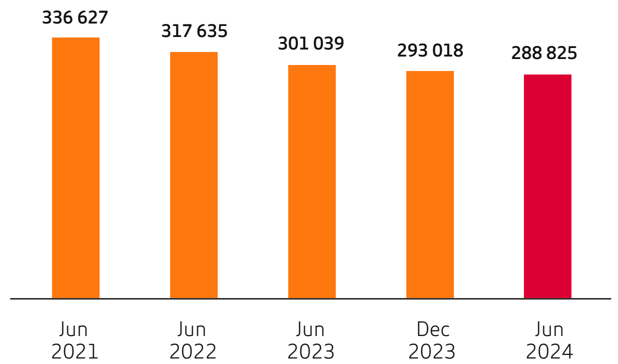
Physical Footprint – Number of ATMs and cash devices



Branch network mix – number of branches



Branch network mix – square meters



Group performance | Segment performance | Risk management | Appendices

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Everyday Banking

for the reporting period ended

	Card				Personal Loans			
	30 June			31 December	30 June			31 December
	2024	2023	Change %	2023	2024	2023	Change %	2023
Statement of comprehensive income (Rm)								
Net interest income	3 016	2 827	7	5 782	1 839	1 761	4	3 584
Non-interest income	1 468	1 476	(1)	2 881	208	219	(5)	432
Total income	4 484	4 303	4	8 663	2 047	1 980	3	4 016
Credit impairment charges	(2 408)	(2 367)	2	(4 316)	(1 292)	(1 526)	(15)	(2 828)
Operating expenses	(1 652)	(1 727)	(4)	(3 550)	(744)	(705)	6	(1 329)
Other expenses	(44)	(33)	33	(77)	(8)	(9)	(11)	(18)
Operating profit before income tax	380	176	>100	720	3	(260)	>100	(159)
Tax expenses	(77)	(43)	79	(146)	5	75	(93)	54
Profit for the reporting period	303	133	>100	574	8	(185)	>100	(105)
Profit attributable to:								
Ordinary equity holders	204	64	>100	355	(22)	(211)	(90)	(161)
Non-controlling interest – ordinary shares	65	41	59	160	—	—	—	—
Non-controlling interest – preference shares	10	9	11	18	9	8	13	17
Other equity – Additional Tier 1 capital	24	19	26	41	21	18	17	38
	303	133	>100	574	8	(185)	>100	(106)
Headline earnings	204	64	>100	354	(22)	(211)	(90)	(161)
Operating performance (%)								
Credit loss ratio	8.34	8.79		7.82	9.41	11.72		10.58
Non-interest income as % of income	32.7	34.3		33.3	10.2	11.1		10.8
Income growth	4	17		12	3	19		11
Operating expenses growth	(4)	6		7	6	6		8
Cost-to-income ratio	36.8	40.1		41.0	36.3	35.6		33.1
Statement of financial position (Rm)								
Loans and advances	49 448	45 647	8	47 555	20 858	20 611	1	21 008
Loans and advances to customers	49 262	45 523	8	47 416	20 858	20 611	1	21 008
Loans and advances to banks	186	124	50	139	—	—	—	—
Investment securities	2 520	2 335	8	2 403	1 084	1 064	2	1 090
Other assets	12 355	12 446	(1)	11 851	711	742	(4)	722
Total assets	64 323	60 428	6	61 809	22 653	22 417	1	22 820
Deposits	1 830	1 926	(5)	1 951	25	21	19	24
Deposits due to customers	1 830	1 926	(5)	1 951	25	21	19	24
Deposits due to banks	—	—	—	—	—	—	—	—
Debt securities in issue	—	—	—	—	—	—	—	—
Other liabilities	60 451	56 773	6	57 710	22 745	22 639	0	22 939
Total liabilities	62 281	58 699	6	59 661	22 770	22 660	0	22 963
Financial performance (%)								
RoRWA	0.83	0.26	>100	0.72	(0.16)	(1.52)	(89)	(0.57)
RoA	0.65	0.22	>100	0.58	(0.19)	(1.90)	(90)	(0.71)

Group performance | Segment performance | Risk management | Appendices

Everyday Banking

for the reporting period ended

	Transactions and Deposits				Everyday Banking Other				Everyday Banking			
	30 June			31 December	30 June			31 December	30 June			31 December
	2024	2023	Change %	2023	2024	2023	Change %	2023	2024	2023	Change %	2023
Statement of comprehensive income (Rm)												
Net interest income	3 332	3 219	4	6 623	(11)	(14)	(21)	(42)	8 176	7 793	5	15 947
Non-interest income	4 439	4 293	3	8 874	1	(1)	>100	(1)	6 116	5 987	2	12 186
Total income	7 771	7 512	3	15 497	(10)	(15)	(33)	(43)	14 292	13 780	4	28 133
Credit impairment charges	(380)	(366)	4	(707)	—	—	—	—	(4 080)	(4 259)	(4)	(7 851)
Operating expenses	(4 920)	(4 435)	11	(9 453)	(340)	(309)	10	(451)	(7 656)	(7 176)	7	(14 783)
Other expenses	(194)	(190)	2	(413)	13	12	8	27	(233)	(220)	6	(481)
Operating profit before income tax	2 277	2 521	(10)	4 924	(337)	(312)	8	(467)	2 323	2 125	9	5 018
Tax expenses	(604)	(670)	(10)	(1 310)	91	85	7	126	(585)	(553)	6	(1 276)
Profit for the reporting period	1 673	1 851	(10)	3 614	(246)	(227)	8	(341)	1 738	1 572	11	3 742
Profit attributable to:												
Ordinary equity holders	1 617	1 805	(10)	3 513	(246)	(228)	8	(344)	1 553	1 430	9	3 364
Non-controlling interest – ordinary shares	—	—	—	—	—	—	—	—	65	41	59	160
Non-controlling interest – preference shares	16	13	23	29	—	—	—	1	35	30	17	65
Other equity – Additional Tier 1 capital	40	33	21	73	—	1	(100)	1	85	71	20	153
	1 673	1 851	(10)	3 615	(246)	(227)	8	(342)	1 738	1 572	11	3 742
Headline earnings	1 629	1 811	(10)	3 542	(246)	(227)	8	(341)	1 565	1 437	9	3 394
Operating performance (%)												
Credit loss ratio	7.11	6.08		6.07	(0.01)	(0.01)		(0.01)	8.47	9.22		8.35
Non-interest income as % of income	57.1	57.1		57.3	(10.00)	6.67		2.33	42.8	43.4		43.3
Income growth	3	3		2	(33)	(38)		(16)	4	9		6
Operating expenses growth	11	1		4	10	62		6	7	4		5
Cost-to-income ratio	63.3	59.0		61.0	(3 400)	(2 060)		(1 049)	53.6	52.1		52.5
Statement of financial position (Rm)												
Loans and advances	8 464	9 681	(13)	9 303	427	417	2	422	79 197	76 356	4	78 288
Loans and advances to customers	3 999	3 286	22	3 956	—	—	—	—	74 119	69 420	7	72 380
Loans and advances to banks	4 465	6 395	(30)	5 347	427	417	2	422	5 078	6 936	(27)	5 908
Investment securities	322	325	(1)	306	232	227	2	243	4 158	3 951	5	4 042
Other assets	326 612	301 555	8	320 899	85	82	4	91	339 763	314 825	8	333 563
Total assets	335 398	311 561	8	330 508	744	726	2	756	423 118	395 132	7	415 893
Deposits	317 659	294 973	8	306 950	11	11	—	11	319 525	296 931	8	308 936
Deposits due to customers	317 659	294 973	8	306 950	11	11	—	11	319 525	296 931	8	308 936
Deposits due to banks	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities in issue	—	—	—	—	—	—	—	—	—	—	—	—
Other liabilities	15 904	14 701	8	19 906	965	939	3	1 006	100 065	95 052	5	101 561
Total liabilities	333 563	309 674	8	326 856	976	950	3	1 017	419 590	391 983	7	410 497
Financial performance (%)												
RoRWA	9.59	11.02	(13)	10.41	n/a	n/a	n/a	n/a	2.83	2.61		3.04
RoA	1.03	1.23	(17)	1.16	(64.36)	(55.68)	16	(43.53)	0.77	0.76		0.87

Relationship Banking

for the reporting period ended

Relationship Banking cluster headline earnings grew by **1%** to **R2 005m** (2023: R1 994m), with pre-provision profit growth of 1% and a decrease in impairment charges of 10%.

Key performance highlights for the period include the following:

Deposits balances grew by 11% reflecting a double-digit growth of 16% on savings and investments products.

Advances balances grew by 7% largely driven by a strong growth of 14% in commercial asset finance balances.

Net interest income increased by 11% largely driven by balance sheet growth.

Credit loss ratio reduced from 0.68% in 2023 to **0.57%** in 2024 and has improved to within the through-the-cycle range.

Non-interest income reduced by 5% mainly reflecting lower cash volumes.

Returns decreased to 23.5% from 25.8% driven by low headline earnings growth**.**

Cost-to-income ratio increased to 56.7% from 54.5% in 2023, mainly due to investment hires made in 2023.

	30 June			31 December
Salient features	**2024**	2023	Change %	2023
Income (Rm)	**7 856**	7 427	6	15 206
Pre-provision profit (Rm)	**3 401**	3 377	1	6 850
Headline earnings (Rm)	**2 005**	1 994	1	4 145
Credit loss ratio (%)	**0.57**	0.68		0.56
Cost-to-income ratio (%)	**56.7**	54.5		55.0
RoRWA (%)	**2.68**	2.94		2.95
RoA (%)	**1.35**	1.53		1.49
RoRC (%)	**23.5**	25.8		25.9

Business profile

Relationship Banking consists of business units and associated products, where a designated client relationship exists. The business was formed to provide customers with a single relationship manager rather than multiple touch points within the Group.

The business comprises of three customer segments:

- **Small and Medium Enterprises (SMEs):** which comprise of business customers with an annual turnover of up to R20m, that are serviced using a direct coverage model that is mainly branch-based and on virtual interface;
- **Commercial Segment:** which comprises business customers with an annual turnover that is above R20m and before being classified as Corporate. The Commercial segment is made up of sub-segments which are Growth (annual turnover between R20 – R100m), Premium (annual turnover between R100 – R350m) and High Value (annual turnover above R350m). These customers are serviced using a relationship-based model, where dedicated sales and service teams provide customised solutions; as well as
- **Private Wealth:** which comprises of individuals being offered wealth management and private banking services.

These customers are served with a variety of products which comprise:

- **Business Banking Services** offering the following:
  - **General Business Solutions** consisting of transactional banking products, deposits products, FX and international banking products;
  - **Payments** comprising of payment acceptance (merchant acquiring), cash management and commercial issuing. These areas service CIB holistically as well;
  - **Specialised Lending Products** consisting of commercial asset finance, commercial property finance, term lending and Absa Vehicle Management Services; and
  - **Islamic Banking**, offering a variety of Shari-ah compliant accounts and banking solutions across the Absa Group.

Private Wealth which offers a full suite of banking services to customers in the Private and Wealth segment including transactional, lending, savings, and investment products as well as other wealth management services. The private banking channel is managed by Relationship Banking and the product results are reflected in Product Solutions and Everyday Banking.

The business focuses on eight primary sectors, namely Agriculture, Public Sector, Wholesale Retail and Franchise, Manufacturing, Transport and Logistics, Renewable Energy, Tourism and Enterprise Development.

Business performance

The Relationship Banking Cluster financial performance delivered a slight increase in headline earnings year-on-year despite operating in a challenging macroeconomic environment characterised by low growth, high interest rates and inflationary pressures. The business performance has gained traction following the investments made in the front line in the previous year. This has allowed Relationship Banking to continue to deliver against its strategic objectives demonstrated by the following achievements:

- Continued momentum in diversifying the Commercial segment with growth achieved in targeted non-Agri sectors;
- Further strengthening of the foundation in scaling the SME segment with active customer numbers in the segment growing by 7% while transactional accounts increased by 11%;
- Clients' relationships as a primary partner were deepened, reflective in the 6% growth in active customer numbers driven by SME (up 7%), Private Banking and Wealth (up 7%) and Commercial (up 3%);
- Continued acceleration of payments modernisation with card acquiring turnover growing by 8% largely due to customers migrating from traditional channels into digital, whilst cash volumes declined by 5%;
- Further enhancements of acquiring products include the launch of new tiered pricing for SME clients, launch of Merchant Cash Advance offering in partnership with Preference Capital;
- Continued progress in Islamic banking which achieved 30% growth in deposits;
- Investments in digital capabilities have yielded positive results, indicative in the 10% growth in digitally active clients and the launch of a number of new digital value-added services and products in app and online; and
- Continued focus on delivering on the Relationship Banking's ESG agenda with Renewables finance growing by 200% year-on-year.

Other business performance aspects for the first half were as follows:

- Production momentum in the lending products was constrained, with single digit growth in Commercial Asset Finance (CAF) (up 1%) with double digit growth in the SME segment (up 20%), while the Corporate (up 1%) and Commercial (flat) segments exhibited muted growth;
- Commercial Property Finance (CPF) declined by 17% attributed to constrained performance in the Commercial (down 23%), and SME (down 11%) segments, offset by growth in the Wealth segment (up 30%); and
- Term Lending production declined by 9% driven by the SME (down 12%) and Commercial (down 11%) segments, offset by a growth in Wealth (up 66%).

The following accolades were received during the first half of the year:

- Winner of the Best Islamic Banking Window – South Africa at the 2024 International Finance Awards;
- Winner of the Best SME Bank South Africa Award by Euromoney;
- Excellence in Payments Award by Finnovex;
- Absa Wealth ranked 3rd (up from 7th in 2023) in the Top Wealth Manager: Large Institutions category; and
- Absa Private Bank ranked 4th in the Top Private Bank category (up from 5th in 2023) in the annual Krutham 2024 Top Private Banks & Wealth Managers Awards.

Financial performance

Headline earnings grew by **1%** to **R2 005m** (2023: R1 994m), driven by a 10% reduction in impairment charges while pre-provision profit grew by 1%.

Gross loans and advances to customers grew by **7%** to **R158bn** (2023: R147bn) reflecting double digit growth of 14% on commercial asset finance, as well as sustained momentum of 6% growth on term and agri loans, 5% growth on commercial property finance and 3% growth on overdrafts.

Deposits due to customers increased by **11%** to **R235bn** (2023: R211bn) reflecting continued growth on savings and investments deposits (up 16%), while transactional deposits grew marginally by 2%.

Net interest income increased by **11%** to **R5 439m** (2023: R4 883m) and is attributed to:

- Net interest income on advances increased by **15%** driven by a 7% growth in average balances and higher margins, mainly driven by lower interest in suspense.
- Net interest income on deposits increased by **5%** driven by average balance sheet growth of 13%. Margins on deposits declined due to faster growth in low margin savings and investment products, partially offset by the benefit from higher interest rates.

Non-interest income declined by **5%** to **R2 417m** (2023: R2 544m) due to lower cash revenue (down 15%), higher scheme fees and margin compression impacting Acquiring revenue (down 2%). Despite the growth in active customers, transactional fee income was low due to faster growth in low margin products.

Impairments decreased by **10%** to **R439m** (2023: R488m) and the CLR decreased to **0.57%** (2023: 0.68%). The current year charge includes entities in distress in a persistently challenging economic environment, and a decline in security values for stage 3 exposures linked to legacy matters. The performing book remains resilient despite the slow pace of the economic recovery.

Operating expenses increased by **10%** to **R4 455m** (2023: R4 050m) attributable to the annualisation impact of investment hires in frontline in Wealth and SME segments.

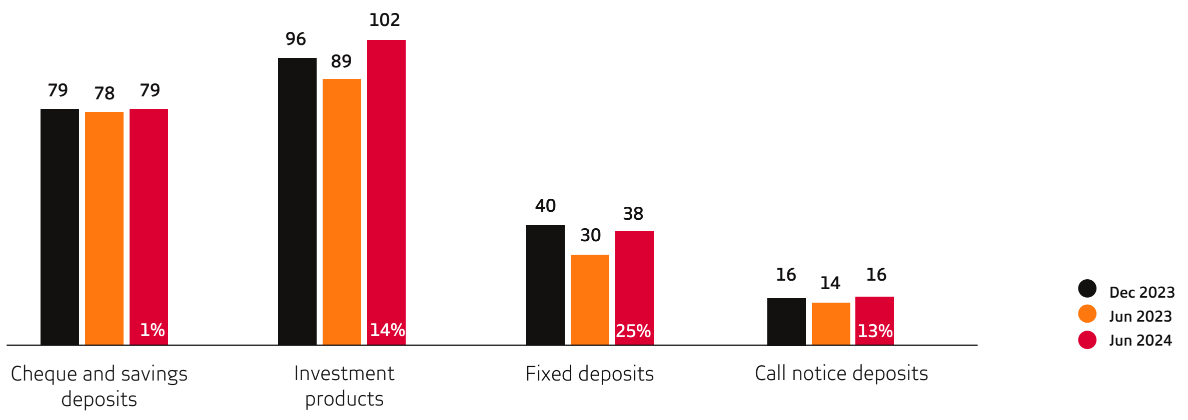
Looking ahead, the Relationship Banking strategy is on track, with a focus on building on the momentum to deliver enhanced shareholder returns. The key focus areas for the remainder of the year:

- Continuing to maintain Relationship Banking's leading position in Agri while accelerating growth in sectors such as Wholesale, Retail and Franchise, Transport and Logistics, Public Sector, Manufacturing, Renewable Energy and Tourism;
- Growing non-interest revenue by driving transactional primacy, pricing optimisation and accelerating payments modernisation; and
- Driving operational excellence through productivity and capital initiatives, channel enhancements including digitising the end-to-end onboarding and origination processes in the SME segment and enhancing client value propositions to deliver value and improve client experience.

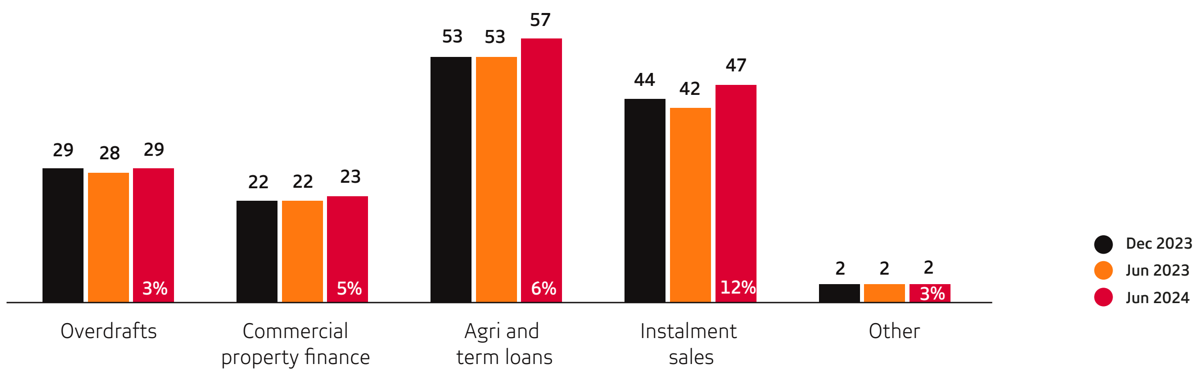
Relationship Banking
for the reporting period ended

Financial performance (continued)

Deposits (R'bn and change %)



Gross loans and advances (R'bn and change %)



Absa Regional Operations – Retail and Business Banking

for the reporting period ended

Absa Regional Operations - Retail and Business Banking (ARO RBB) **Headline Earnings** decreased by **12% (constant currency (CCY): 1% increase)** to **R875m** (30 June 2023: R991m) as the strong underlying performance in several markets was offset by a stronger Rand and higher cash reserving requirements.

Total income grew by **5%** (CCY: 11%) to **R8.6bn** driven by balance sheet growth and increased transactional activity offset by higher cash reserving requirements in some markets.

Cost-to-income ratio increased to **64.8%** (30 June 2023: 63.9%) as higher cash reserving costs impacted income growth, resulting in negative JAWS of -1.4%.

Pre-provision profit grew by **3%** (CCY: 11%) offset by an increase in credit impairment charges of **4%** (CCY: 10%).

Loans and advances to customers grew by **5%** (CCY: 12%) to **R83.5bn**, supported by growth in personal lending (CCY: 9%), mortgages (CCY: 9%) and commercial lending (CCY: 21%).

Return on Regulatory Capital (RoRC) decreased to **12.6%** (30 June 2023: 14.6%).

Deposits due to customers grew by **4%** (CCY: 13%) to **R128.4bn** supported by both transactional (CCY: 12%) and investment products (CCY: 19%).

Credit loss ratio improved to **1.61%** (30 June 2023: 1.69%) driven by better collections and recoveries on key portfolios.

Total active customers increased by **7%** to **2.5m** supported by a focus on improving customers' experience and the delivery of enhanced customer value propositions.

	30 June				31 December
Salient features	**2024**	2023	Change %	CCY %	2023
Income (Rm)	**8 601**	8 177	5	11	16 283
Pre-provision profit (Rm)	**3 029**	2 949	3	11	5 442
Headline earnings (Rm)	**875**	991	(12)	1	1 584
Credit loss ratio (%)	**1.61**	1.69			1.84
Cost-to-income ratio (%)	**64.8**	63.9			66.6
RoRWA (%)	**1.59**	1.92			1.49
RoA (%)	**1.16**	1.44			1.12
RoRC (%)	**12.6**	14.6			11.7

ARO RBB Business Profile

ARO RBB comprises of Banking operations, through its Retail and Business Bank businesses, and Insurance, through its insurance entities. A comprehensive suite of retail, business banking and insurance products and services for individuals, small and medium enterprises and commercial customers are offered to clients through 10 banking and 5 insurance entities in 9 African markets. Various solutions are provided to meet customers' transactional, borrowing, savings, protection and investment needs. This is facilitated through branch, self-service, agency banking and digital channels supported by a relationship-based model with a well-defined coverage structure that is built on specific customer value propositions.

Absa Regional Operations – Retail and Business Banking

for the reporting period ended

Banking operations

Key business areas

- **Retail banking:** Offers day-to-day banking services to individual customers by providing a comprehensive suite of lending, transactional and deposit, cards and payments products across various segments. Key segments serviced include:
  - **Premier banking:** Represents the affluent retail segment in each ARO presence market. Customers are offered exclusive banking services with tailor-made solutions through dedicated relationship managers;
  - **Prestige banking:** Represents the emerging affluent retail segment in each market. Customers are serviced through dedicated banking teams, underpinned by appropriate affordable products and solutions in keeping with customer's aspirations and needs;
  - **Personal banking:** Represents the middle-market segment. Customers have access to direct channels including the branch network and are offered convenient and relevant products and services; and
  - **Inclusive Banking:** Provides access to the financial system and, where appropriate, finance to traditionally under-banked and unbanked segments, with a special focus on women and young people. This segment is serviced primarily through digital channels.
- **Business banking:** The business banking opportunity has been identified as an important segment as it contributes significantly to job creation and national economic development in the ARO presence markets. Clients are serviced through direct coverage and relationship-based models with customised solutions.
  Key segments include:
  - **Small** and **Medium Enterprise (SME) banking**: Serviced using a direct coverage model with a predominantly branch-based interface; and
  - **Commercial banking:** Includes enterprises serviced through a relationship-based model, with dedicated sales and service teams that provide tailored banking solutions such as trade finance, asset finance and working capital facilities.

The commercial and SME segments include sector overlays that focus on agriculture, wholesale and retail, construction, manufacturing, transport and logistics, and franchising.

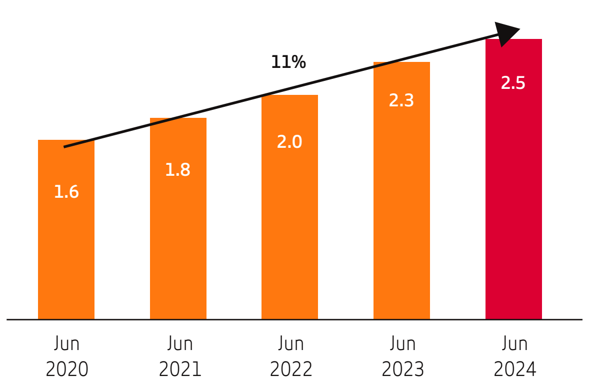
Business performance

Strategic priorities are directed at increasing market share in target segments, through the delivery of product and service propositions crafted to meet our clients' needs, in a digital-first manner wherever possible, whilst simultaneously improving our customers' experience and strengthening customer relationships.

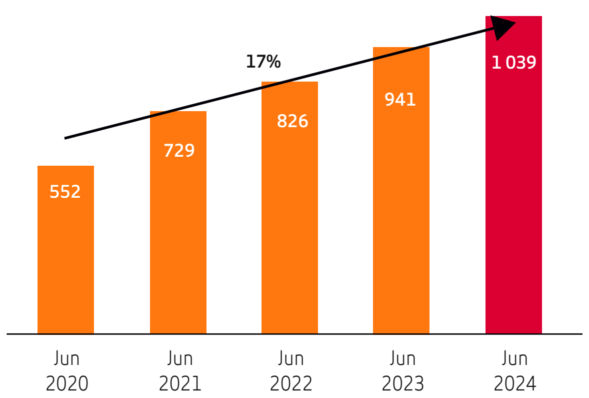
Despite a challenging operating environment in H1 2024, majority of the portfolio showed positive underlying growth in revenue, headline earnings and customer numbers. This was enabled through the delivery of several strategic initiatives to enhance our offerings and customer experience while leveraging the strength of our brand. Amongst these were:

- A continued enhancement of our digital capabilities across all markets to improve customer convenience and accessibility. This included onboarding capabilities to expand our customer acquisition through a broader reach with enhanced customer experience. This functionality supported a 27% growth in customers onboarded digitally;
- The launch of enhanced customer propositions tailored for specific segments and sectors with a focus on transactional accounts and expanded lending offerings;
- Focus on increased sales and marketing activities driving customer growth and activity, resulting in a 23% growth in new-to-bank transactional customers;
- A focus on establishing Absa as a Pan-African remittance provider has seen us expand our partnerships with global remittances players in all markets, with a new partnership enabling us to process inward remittances for both Absa and non-Absa customers in two markets with further rollouts planned in our other markets;
- The continued enhancement of our cards business with the launch of commercial cards in three markets and new Infinite and Signature cards for our retail affluent customers resulting in a 31% and 21% increase in new credit cards and debit cards respectively;
- Actively expanding and leveraging partnerships to drive financial inclusion and customers growth with other pan-African players. This has seen our small ticket mobile loan disbursements increase by **17%** to **R3.8bn** (30 June 2023: R3.3bn);

Active customers trend (millions and CAGR)



Digitally active customers trend (thousands and CAGR)



Absa Regional Operations – Retail and Business Banking

for the reporting period ended

Business performance (continued)

- Active customers increased by **7%** to **2.5m** (30 June 2023: 2.3m) driven by customer focused engagements to drive usage, re-activation campaigns as well as comprehensive new-to-bank customer growth initiatives;
- Digitally active customers increased by **10%** to **1.0m** in line with the business strategy to become a digitally led bank.
- In addition, we continued to actively drive our sustainability agenda, specifically in respect of financial inclusion. Our focus remains on:
  - Providing access to banking services to unbanked and underbanked segments. We achieve this through mobile banking solutions.
  - Further to this we have an agency banking solution which enables customers close proximity to banking services. Our active lending customer base increased in line with our strategy to embrace financial inclusion;
  - Providing access to finance to SMEs, women and youth. The SME portfolio has grown and reported gross disbursements of R1bn. Our Women in Business offerings are now launched in six of our markets. These directly address the needs of female entrepreneurs, supported by mentorship programs;
  - Ensuring our customers remain financially resilient, there has been an increase in the number of people supported by Financial Health initiatives providing our customers and community skills training and resources to drive accelerated business growth, access to finance and markets, knowledge of the digital economy, and an upskill of technical and vocational artisan skills.
- Further to our strong focus on our financial inclusion agenda, we have empowered our clients with climate mitigation product propositions such as the Electric vehicle proposition and the launch of green mortgage propositions.

The following accolades were received during the year:

Absa Bank Ghana

- Winner – Best Retail Bank in Ghana – The Asian Banker Global Excellence in Retail Finance Awards 2024

Absa Bank Mauritius

- Winner – Outstanding Account Opening and Onboarding Initiative award at the Digital Banker, Middle East & Africa Innovation Awards 2024

Absa Bank Seychelles

- Best Digital Bank by Digital Banker Africa
- Best Retail Bank by Global Banking and Finance Review Magazine
- Best Financially Inclusive Bank. By Global Banking and Finance Review Magazine

Absa Bank Uganda

- 1st Runner Up – Most Innovative Solution (Bancassurance Agent) for Medical Insurance Plan in partnership with UAP Old Mutual, awarded on 15th March 2024

Absa Bank Zambia

- Winner – 'Most creative print advertisement' for the year 2023 by Zambia Institute of Marketing for being the first to market with the launch of a maximum unsecured lending product

Financial performance

	30 June				31 December
Salient features	**2024**	2023	Change %	CCY %	2023
Income (Rm)	**8 375**	7 830	7	13	15 884
Pre-provision profit (Rm)	**2 946**	2 759	7	16	5 332
Headline earnings (Rm)	**846**	860	(2)	12	1 507
Credit loss ratio (%)	**1.64**	1.70			1.85
Cost-to-income ratio (%)	**64.8**	64.8			66.4
RoRWA (%)	**1.55**	1.68			1.43
RoA (%)	**1.18**	1.30			1.11
RoRC (%)	**13.1**	13.5			11.9

Headline Earnings from Banking operations decreased by **2%** (CCY: 12% increase) to **R846m** (30 June 2023: R860m) as the strong underlying performance in several markets was offset by a stronger Rand. RoRC decreased to **13.1%** (30 June 2023: 13.5%).

Total income grew by **7%** (CCY: 13%) to **R8.4bn** driven by:

- Net interest income (NII) increased by **7%** (CCY: 13%) to **R6.1bn**, driven by strong balance sheet growth across the markets. High interest rates had a positive impact on margins while higher cash reserve requirements negatively impacted growth by 3% on a constant currency basis.
- Non-interest income (NIR) increased by **8%** (CCY: 15%) to **R2.2bn** mainly driven by growth in Trade fees of 27% (CCY), Transactional revenue of 13% (CCY) and Cards revenue of 19% (CCY). The growth in NIR was supported by a higher transactionally active client base, up 19%. Digitally active customers grew by 10% to 1.0m, while the value of transactions on digital channels increased by 28%.

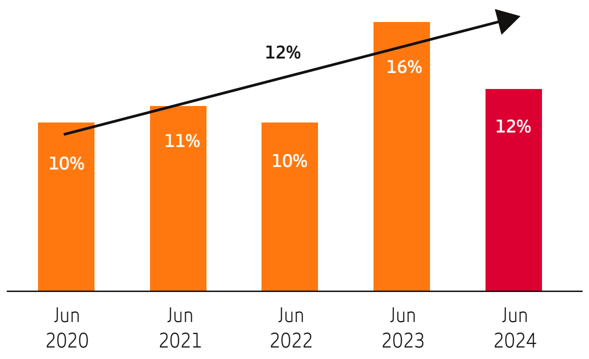
Loans and advances to customers increased by **5%** (CCY: 12%) to **R83.5bn** driven by growth in the personal lending and mortgage lending portfolios of 9% (CCY), while commercial loans grew by 21% (CCY).

Absa Regional Operations – Retail and Business Banking

for the reporting period ended

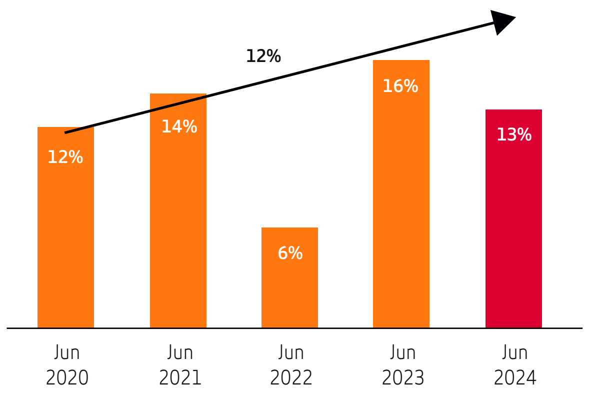
Financial performance (continued)

Loans to customers growth trend CCY (CAGR)



Deposits due to customers increased by **4%** (CCY: 13%) to **R128.4bn** driven by growth in transactional (CCY: 12%) and investment products (CCY: 19%).

Deposits to customers growth trend CCY (CAGR)



Credit impairment charges increased by **4%** (CCY: 10%) to **R711m** (30 June 2023: R684m) while the credit loss ratio at **1.64%** (30 June 2023: 1.70%), closed below the through-the-cycle range. The improvement in the credit loss ratio was primarily driven by Business Banking on the back of better collections and recoveries on key portfolios. The NPL ratio increased to **8.3%** (30 June 2023: 7.7%), while the overall coverage ratio remains appropriate at **7.6%** (30 June 2023: 7.4%).

Operating expenses increased by **7%** (CCY: 12%) to **R5.4bn** driven by continued investment in upskilling and increasing people resources, and increased investment in technology. Cost-to-income ratio remained flat at **64.8%** with flat JAWS.

Looking ahead ARO RBB Banking's medium-term strategic priorities include:

- Growing the Retail segment with refreshed customer value propositions;
- Growing our Commercial and SME product offerings including segment and sector focused solutions;
- Focusing on ecosystem banking opportunities in collaboration with Corporate Banking to provide financial services across our customers value chain;
- Establishing primary relationships with customers by deepening existing and building new customer relationships to drive growth;
- Rebuilding our affluent proposition and completing the rollout of the Infinite and Signature Cards for affluent customers;
- Expanding core lending, mobile lending offerings and innovative payment solutions to augment the existing suite of customer solutions; and
- Accelerating the enhancement of our digital capabilities to increase the rate of digital adoption across segments and products.

Insurance Operations

Business profile and financial performance

Insurance consists of:

- Life Insurance – Covers death, disability and retrenchment, education as well as funeral and life-wrapped investment products; and
- Non-Life Insurance – Covers non-life insurance solutions including motor, medical and workmen's compensation, primarily through agents leveraging the banking distribution channels.

A Bancassurance distribution model with key partners in ARO is seen as a more sustainable model to generate non-interest revenue. As at 30 June 2024, the assets and liabilities relating to certain ARO Insurance subsidiaries were reclassified into Non-current Assets and Liabilities held for sale in accordance with IFRS 5 requirements. Subsequent to 30 June 2024, further review of the project status indicated that extended timelines will be required to reach conclusion on one of the subsidiaries and will be revisited against the IFRS 5 classification requirements in H2 2024.

Revenue declined by **35%** (CCY 34%) to **R226m** and was impacted by higher weather-related claims, reinsurance write-off and a challenging operating environment which contributed to the **78%** decline (79% CCY) in Headline Earnings.

	30 June				31 December
Salient features	**2024**	2023	Change %	CCY %	2023
Income (Rm)	226	347	(35)	(34)	399
Pre-provision profit (Rm)	83	191	(57)	(57)	110
Headline earnings (Rm)	28	131	(78)	(79)	77
Cost-to-income ratio (%)	63.3	45.0			72.5
RoRC (%)	5.9	31.5			8.8

Corporate and Investment Banking

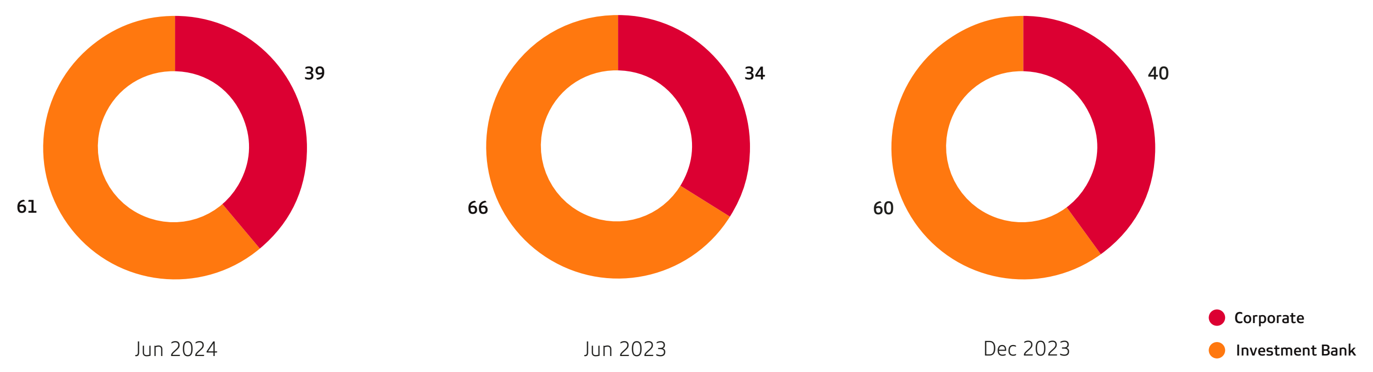
for the reporting period ended

Headline earnings largely in line with prior year at **R5 892m** (30 June 2023: R5 907m, up 2% in CCY) off a high base in the first half of 2023. The performance was driven by pre-provision profit growth of **7%**, offset by higher credit impairment charges (up 141%).

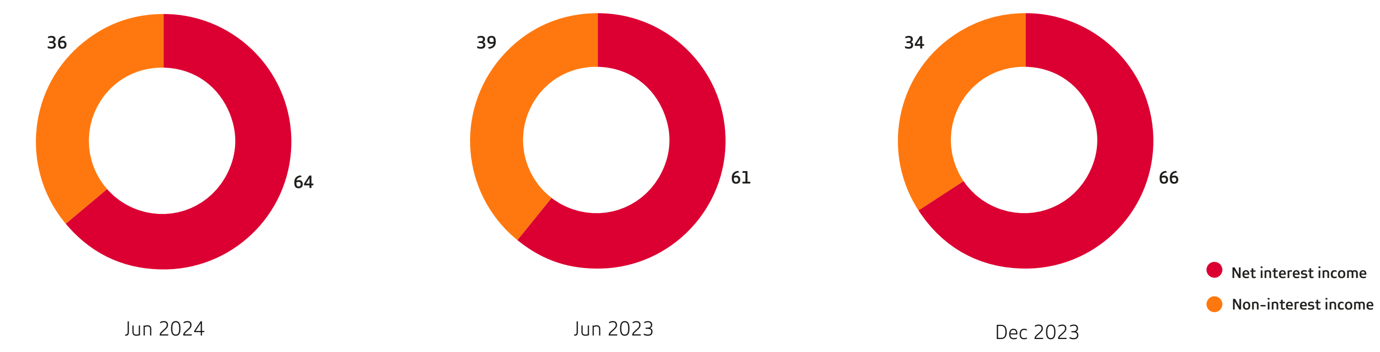
Key performance highlights for the period include the following:

- **Total income increased by 8%,** (up 11% in CCY), supported by client franchise growth of 13%, with growth from both a product and regional perspective.
- **Net interest margin expansion** of 14bps from 2.65% to **2.79%**, driven by both deposit and loan margin expansion.
- **Gross customer advances up 10%** (up 12% in CCY) and **customer deposits up 1%**.
- **Non-interest income down 2%** (up 1% in CCY), impacted by a decline in SA Trading revenues, partially offset by higher net fee and commission income.
- **Negative JAWS of 1.3%** and **cost-to-income ratio of 43.3%** (30 June 2023: 42.8%).
- **Credit loss ratio** marginally above the through-the-cycle (TTC) range of 20-30 bps at **0.33%** (30 June 2023: 0.16%), with ARO impairments normalising from a net release in the prior year to a charge in the current year.
- **Continued build-out** of international capabilities, with the launch of the Absa Beijing office in May 2024.

Headline earnings contribution (%)



Revenue mix (%)



Corporate and Investment Banking
for the reporting period ended

Salient features	30 June 2024	2023	Change %	CCY %	31 December 2023
Income (Rm)	**16 426**	15 190	8	11	29 785
Pre-provision profit (Rm)	**9 315**	8 694	7	10	16 126
Headline earnings (Rm)	**5 892**	5 907	(0)	2	11 025
Cost-to-income ratio (%)	**43.3**	42.8			45.9
Credit loss ratio (%)	**0.33**	0.16			0.17
RoRWA (%)	**2.76**	3.11			2.83
RoA (%)	**1.04**	1.09			1.00
RoA net of internal balances (%)	**1.41**	1.48			1.37
RoRC (%)	**23.1**	26.2			23.9

Business profile
Corporate and Investment Banking (CIB) provides innovative solutions to meet clients' needs by delivering specialist investment banking, corporate and transactional banking, financing, risk management, and advisory products and services. Clients across various industry sectors such as corporates, financial institutions and public sector bodies are serviced by combining our in-depth product knowledge with regional expertise and an extensive, well-established local presence. CIB's goal is to build a sustainable, trustworthy business that helps clients achieve their ambitions in the right way and by executing this we create shared growth for clients, employees and communities.

Key business areas
We partner with our clients to develop and execute innovative solutions through end-to-end relationship management and origination activities across our suite of products and services. This includes the Growth Capital Solutions team, which focuses on offering B-BBEE financing to clients to create sustainable local and regional economies.

- **Corporate** – Provides corporate banking solutions spanning financing and transactional banking requirements, including trade and working capital solutions, and a full suite of cash management, payments and liquidity products and solutions. These services are provided across our African institutional, corporate and public sector client base. The Absa Investor Services business offers a full suite of custody and trustee services, further building out our services and client value proposition.
- **Investment Bank** comprising:
  - **Global Markets** – Engages in sales, trading, and research activities across all major asset classes and products, delivering pricing, hedging and risk management capabilities to both corporate and institutional clients;
  - **Investment Banking Division (IBD)** – Structures innovative solutions to meet clients' strategic financing and risk management requirements across industry sectors;
  - **Commercial Property Finance (CPF)** – specialises in financing commercial, industrial, retail and residential development property across our African footprint as well as cross-border financing in other jurisdictions;
  - **Private Equity and Infrastructure Investments (PEII)** – Infrastructure Investments acted as a principal by investing in equity in entities focused on infrastructure development in sub-Saharan Africa. Private Equity traditionally served as a principal by investing in unlisted equity exposures. This portfolio continues to be reduced in line with the Group's strategy to exit non-core businesses.

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Group performance | Segment performance | Risk management | Appendices

Corporate and Investment Banking

for the reporting period ended

Corporate and Investment Banking
for the reporting period ended

Corporate Bank

	30 June 2024	30 June 2023	Change %	CCY %	31 December 2023
Statement of comprehensive income (Rm)					
Net interest income	5 784	5 258	10	13	11 138
Non-interest income	1 592	1 393	14	17	2 840
Total income	7 376	6 651	11	14	13 978
Credit impairment charges	(229)	(368)	(38)	(32)	(396)
Operating expenses	(3 593)	(3 281)	10	11	(6 912)
Other expenses	(45)	(37)	22	27	(85)
Operating profit before income tax	3 509	2 965	18	23	6 585
Tax expenses	(935)	(763)	23	28	(1 720)
Profit for the reporting period	2 574	2 202	17	22	4 865
Profit attributable to:					
Ordinary equity holders	2 324	1 991	17	22	4 421
Non-controlling interest – ordinary shares	172	148	16	16	308
Non-controlling interest – preference shares	22	18	22	25	40
Other equity – Additional Tier 1 capital	56	45	24	25	96
	2 574	2 202	17	22	4 865
Headline earnings	2 304	1 992	16	21	4 422
Operating performance (%)					
Net interest margin on average interest-bearing assets	2.78	2.69			2.79
Credit loss ratio	0.40	0.53			0.30
Non-interest income as % of income	21.6	20.9			20.3
Income growth	11	27			19
Operating expenses growth	10	14			11
Cost-to-income ratio	48.7	49.3			49.4
Statement of financial position (Rm)					
Loans and advances	101 238	108 182	(6)	(5)	97 864
Loans and advances to customers	80 039	85 124	(6)	(4)	75 330
Loans and advances to banks	21 199	23 058	(8)	(7)	22 534
Investment securities	3 944	4 213	(6)	(6)	3 832
Other assets	348 878	328 133	6	9	308 194
Total assets	454 060	440 528	3	6	409 890
Deposits	437 270	426 644	2	5	393 312
Deposits due to customers	398 616	390 215	2	5	364 535
Deposits due to banks	38 654	36 429	6	6	28 777
Debt securities in issue	—	—	—	—	—
Other liabilities	13 508	11 524	17	26	12 303
Total liabilities	450 778	438 168	3	5	405 615
Financial performance (%)					
RoRWA	3.64	3.52			3.86
RoA	1.08	1.00			1.09

Investment Bank

	30 June 2024	30 June 2023	Change %	CCY %	31 December 2023
Statement of comprehensive income (Rm)					
Net interest income	4 796	3 988	20	21	8 411
Non-interest income	4 254	4 551	(7)	(4)	7 396
Total income	9 050	8 539	6	8	15 807
Credit impairment charges	(686)	(11)	>100	<(100)	(368)
Operating expenses	(3 518)	(3 215)	9	11	(6 747)
Other expenses	(171)	(133)	29	29	(288)
Operating profit before income tax	4 675	5 180	(10)	(8)	8 404
Tax expenses	(603)	(936)	(36)	(33)	(1 163)
Profit for the reporting period	4 072	4 244	(4)	(3)	7 241
Profit attributable to:					
Ordinary equity holders	3 612	3 914	(8)	(7)	6 602
Non-controlling interest – ordinary shares	245	157	56	56	267
Non-controlling interest – preference shares	61	50	22	23	109
Other equity – Additional Tier 1 capital	154	123	25	25	263
	4 072	4 244	(4)	(3)	7 241
Headline earnings	3 588	3 915	(8)	(8)	6 603
Operating performance (%)					
Net interest margin on average interest-bearing assets	2.80	2.59			2.61
Credit loss ratio	0.31	0.06			0.14
Non-interest income as % of income	47.0	53.3			46.8
Income growth	6	13			6
Operating expenses growth	9	10			8
Cost-to-income ratio	38.9	37.7			42.7
Statement of financial position (Rm)					
Loans and advances	441 379	395 158	12	13	438 553
Loans and advances to customers	414 628	363 377	14	15	408 712
Loans and advances to banks	26 751	31 781	(16)	(16)	29 841
Investment securities	49 885	41 930	19	19	47 012
Other assets	229 705	238 459	(4)	(4)	204 129
Total assets	720 969	675 547	7	7	689 694
Deposits	121 235	121 353	—	—	118 769
Deposits due to customers	71 438	74 815	(5)	(4)	70 085
Deposits due to banks	49 797	46 538	7	7	48 684
Debt securities in issue	34 243	23 260	47	47	28 888
Other liabilities	556 959	524 254	6	7	533 384
Total liabilities	712 437	668 867	7	7	681 041
Financial performance (%)					
RoRWA	2.39	2.93			2.42
RoA	1.01	1.14			0.96

Total Corporate and Investment Banking

	30 June 2024	30 June 2023	Change %	CCY %	31 December 2023
Statement of comprehensive income (Rm)					
Net interest income	10 580	9 246	14	17	19 549
Non-interest income	5 846	5 944	(2)	1	10 236
Total income	16 426	15 190	8	11	29 785
Credit impairment charges	(915)	(379)	>100	>100	(764)
Operating expenses	(7 111)	(6 496)	9	11	(13 659)
Other expenses	(216)	(170)	27	29	(373)
Operating profit before income tax	8 184	8 145	0	3	14 989
Tax expenses	(1 538)	(1 699)	(9)	(5)	(2 883)
Profit for the reporting period	6 646	6 446	3	5	12 106
Profit attributable to:					
Ordinary equity holders	5 936	5 905	1	3	11 023
Non-controlling interest – ordinary shares	417	305	37	37	575
Non-controlling interest – preference shares	83	68	22	24	149
Other equity – Additional Tier 1 capital	210	168	25	25	359
	6 646	6 446	3	5	12 106
Headline earnings	5 892	5 907	(0)	2	11 025
Operating performance (%)					
Net interest margin on average interest-bearing assets	2.79	2.65			2.71
Credit loss ratio	0.33	0.16			0.17
Non-interest income as % of income	35.6	39.1			34.4
Income growth	8	19			12
Operating expenses growth	9	12			10
Cost-to-income ratio	43.3	42.8			45.9
Statement of financial position (Rm)					
Loans and advances	542 617	503 340	8	9	536 417
Loans and advances to customers	494 667	448 501	10	12	484 042
Loans and advances to banks	47 950	54 839	(13)	(12)	52 375
Investment securities	53 829	46 143	17	17	50 844
Other assets	578 583	566 592	2	3	512 323
Total assets	1 175 029	1 116 075	5	6	1 099 584
Deposits	558 505	547 997	2	4	512 081
Deposits due to customers	470 054	465 030	1	3	434 620
Deposits due to banks	88 451	82 967	7	7	77 461
Debt securities in issue	34 243	23 260	47	47	28 888
Other liabilities	570 467	535 778	6	7	545 687
Total liabilities	1 163 215	1 107 035	5	6	1 086 656
Financial performance (%)					
RoRWA	2.76	3.11			2.83
RoA	1.04	1.09			1.00

The Statement of comprehensive income has been restated. Refer to the Reporting changes overview note.

Group performance | Segment performance | Risk management | Appendices

Corporate and Investment Banking

for the reporting period ended

Corporate and Investment Banking

for the reporting period ended

	Corporate and Investment Banking SA				Corporate and Investment Banking ARO					Total Corporate and Investment Banking				
	30 June			31 December	30 June				31 December	30 June				31 December
	2024	2023	Change %	2023	2024	2023	Change %	CCY %	2023	2024	2023	Change %	CCY %	2023
Statement of comprehensive income (Rm)														
Net interest income	6 179	5 592	10	11 580	4 401	3 654	20	26	7 969	10 580	9 246	14	17	19 549
Non-interest income	2 878	3 125	(8)	5 610	2 968	2 819	5	12	4 626	5 846	5 944	(2)	1	10 236
Total income	9 057	8 716	4	17 190	7 369	6 474	14	20	12 595	16 426	15 190	8	11	29 785
Credit impairment charges	(853)	(464)	84	(846)	(62)	85	<(100)	<(100)	82	(915)	(379)	>100	>100	(764)
Operating expenses	(4 355)	(4 070)	7	(8 529)	(2 756)	(2 426)	14	18	(5 130)	(7 111)	(6 496)	9	11	(13 659)
Other expenses	(139)	(115)	21	(247)	(77)	(55)	40	46	(126)	(216)	(170)	27	29	(373)
Operating profit before income tax	3 710	4 067	(9)	7 568	4 474	4 078	10	15	7 421	8 184	8 145	0	3	14 989
Tax expenses	(308)	(523)	(41)	(791)	(1 230)	(1 176)	5	12	(2 092)	(1 538)	(1 699)	(9)	(5)	(2 883)
Profit for the reporting period	3 402	3 544	(4)	6 777	3 244	2 902	12	17	5 329	6 646	6 446	3	5	12 106
Profit attributable to:														
Ordinary equity holders	3 109	3 308	(6)	6 270	2 827	2 597	9	14	4 753	5 936	5 905	1	3	11 023
Non-controlling interest – ordinary shares	—	—	0	—	417	305	37	37	575	417	305	37	37	575
Non-controlling interest – preference shares	83	68	22	149	—	—	0	0	—	83	68	22	24	149
Other equity – Additional Tier 1 capital	210	168	25	358	—	—	0	0	1	210	168	25	25	359
	3 402	3 544	(4)	6 777	3 244	2 902	12	17	5 329	6 646	6 446	3	5	12 106
Headline earnings	3 108	3 308	(6)	6 270	2 784	2 599	7	12	4 755	5 892	5 907	(0)	2	11 025
Operating performance (%)														
Net interest margin on average interest-bearing assets	2.10	2.04		2.06	5.17	4.89			5.03	2.79	2.65			2.71
Credit loss ratio	0.37	0.23		0.22	0.14	(0.15)			(0.06)	0.33	0.16			0.17
Non-interest income as % of income	31.8	35.9		32.6	40.3	43.5			36.7	35.6	39.1			34.4
Income growth	4	6		6	14	42			22	8	19			12
Operating expenses growth	7	10		10	14	16			18	9	12			10
Cost-to-income ratio	48.1	46.7		49.6	37.4	37.5			40.7	43.3	42.8			45.9
Statement of financial position (Rm)														
Loans and advances	452 259	417 264	8	450 714	90 358	86 076	5	12	85 703	542 617	503 340	8	9	536 417
Loans and advances to customers	411 474	368 651	12	402 176	83 193	79 850	4	12	81 866	494 667	448 501	10	12	484 042
Loans and advances to banks	40 785	48 613	(16)	48 538	7 165	6 226	15	18	3 837	47 950	54 839	(13)	(12)	52 375
Investment securities	50 647	43 013	18	47 651	3 182	3 130	2	8	3 193	53 829	46 143	17	17	50 844
Other assets	481 084	472 106	2	418 638	97 499	94 486	3	11	93 685	578 583	566 592	2	3	512 323
Total assets	983 990	932 383	6	917 003	191 039	183 692	4	11	182 581	1 175 029	1 116 075	5	6	1 099 584
Deposits	446 577	440 728	1	403 553	111 928	107 269	4	14	108 528	558 505	547 997	2	4	512 081
Deposits due to customers	359 724	358 631	0	327 419	110 330	106 399	4	14	107 201	470 054	465 030	1	3	434 620
Deposits due to banks	86 853	82 097	6	76 134	1 598	870	84	>100	1 327	88 451	82 967	7	7	77 461
Debt securities in issue	34 243	23 260	47	28 888	—	—	0	0	—	34 243	23 260	47	47	28 888
Other liabilities	496 119	461 793	7	476 137	74 348	73 985	0	4	69 550	570 467	535 778	6	7	545 687
Total liabilities	976 939	925 781	6	908 578	186 276	181 254	3	10	178 078	1 163 215	1 107 035	5	6	1 086 656
Financial performance (%)														
RoRWA	2.30	2.73		2.54	3.55	3.78			3.34	2.76	3.11			2.83
RoA	0.65	0.72		0.68	2.97	3.12			2.75	1.04	1.09			1.00

Business performance

CIB reported earnings that matched the strong first half of 2023. The sustained income growth in both Corporate and Investment Banking was due to focus on clear priorities, despite a difficult economic landscape and shifting geopolitical relations. Key highlights from CIB's performance in the first half of 2024 include:

- Revenue increase supported by client franchise growth, with CIB ARO contributing 45% of revenues (30 June 2023: 43%).
- A steady build of newly acquired clients to ensure sustainability of earnings.
- By integrating client feedback, we continued our commitment to comprehensive client solutions and superior service delivery.
- We made advancements in driving engagement on our strategic digital platforms and improving our clients' experience on digital channels.
- Ongoing efforts to support our clients' Environmental, Social, and Governance (ESG) goals.
- CIB maintained its leading role in renewable energy financing and sector insights, arranging R96bn in sustainable finance deals, and is on track to surpass the R100bn goal by 2025.
- Our employees, in partnership with our clients, continue to contribute meaningfully to the societies in which the business operates, amongst others we have supported the following initiatives:
  - The Built4Biz program to equip trainers with entrepreneurial skills.
  - The Finance and Banking Skills Academy, which boosts financial knowledge in communities.
  - The Coding and Robotics programme in South Africa and Zambia has led to bursaries for studies in IT at Wits University following a successful Limpopo pilot.
  - Partnering with Mr Price for the JumpStart Programme, providing retail industry training and employment opportunities to unemployed youth.
  - The collaboration with Solana Energy on the Solana Enterprise Development Social Impact project, which saw the installment of a renewable energy system at St Theresa's Home for Boys in Durban.

CIB's industry achievements in H1:

- Five JSE Spire Awards, maintaining Best Research House for seven years running.
- Named Most Innovative Investment Bank in South Africa, Ghana, Kenya and Mauritius at the World Economic Magazine Awards.
- Recognition by the International Finance Corporation (IFC) as an Outstanding Trade Finance Partner Bank and commodity finance achievements.
- Outstanding Digital CX – Trade Finance Initiative and Best Use of Data and Analytics CX at Digital Banker Awards.
- Global Finance World's Best Investment Bank Awards 2024, CIB was recognised as Best Investment Bank Ghana and Mauritius.
- Three wins at the South African Listed Tracker Awards (SALTA), celebrating excellence in exchange-traded products.
- At the Global Finance: 2024 Sustainable Finance Awards, CIB received recognition for its leadership in Sustainable Transparency and Bonds in Africa as well as for being the Best Bank for Sustainable Finance in Kenya.

Financial performance

Headline earnings were largely in line with prior year at **R5 892m** (30 June 2023: R5 907m, up 2% in CCY), off a high base in the first half of 2023. Revenue momentum continued into the current financial year, as total income increased by **8%** to **R16 426m** (30 June 2023: R15 190m, up 11% in CCY). This was, however, partially offset by higher credit impairments up **141%** to **R915m** (30 June 2023: R379m) and operating expenses up **9%** to **R7 111m** (30 June 2023: R6 496m, up 11% in CCY). The headline earnings performance, coupled with higher capital consumption resulted in RoRC declining from 26.2% to **23.1%**.

- SA headline earnings decreased by **6%** to **R3 108m** (30 June 2023: R3 308m), with income growth of **4%** to **R9 057m** (30 June 2023: R8 716m) being offset by higher credit impairment charges (up **84%** to **R853m**) and operating expenses growth of **7%** to **R4 355m**.
- ARO headline earnings increased by **7%** to **R2 784m** (30 June 2023: R2 599m, up 12% in CCY) driven by total income growth of **14%** (up 20% in CCY), partially offset by an increase in impairments to a net charge of **R62m** (30 June 2023: release of R85m) and operating expense growth of **14%** (18% in CCY). CIB ARO headline earnings now contribute 47% to overall CIB's headline earnings (30 June 2023: 44%).

The increase in total income was underpinned by client franchise growth of **13%**, supported by a favourable performance in SA and ARO. Both the Corporate Bank and the Investment Bank delivered income growth on prior year (up 11% and 6% respectively), with solid growth in the Investment Banking Division (up 20%) and Commercial and Property Finance (up 17%) being partially offset by a decline in Global Markets (down 10%). Capital lite revenue increased by **2%** to **R9 832m** (30 June 2023: R9 680m, up 5% in CCY) driven by growth of 7% (10% in CCY) in deposits net interest income, while non-interest income declined by 2% (up 1% in CCY).

- Net interest income increased by **14%** to **R10 580m** (30 June 2023: R9 246m, up 17% in CCY) driven by a higher average balance sheet performance (average customer advances up **13%** and average customer deposits up **2%**). Growth was further supported by net interest margin expansion of 14bps to **2.79%**, reflecting improved margin mix in deposits and favourable pricing impact on the loan book.
- Non-interest income was down **2%** to **R5 846m** (30 June 2023: R5 944m, up 1% in CCY) mainly due to a decline in trading revenues in SA. This was partially offset by continued momentum in the Transactions and Trade Finance franchises, higher fees in the Investment Banking Division (IBD) as well as solid growth in Markets ARO and positive revaluations in Non-Core Private Equity and Infrastructure Investments.

Credit impairments increased by **141%** to **R915m** (30 June 2023: R379m), reflecting higher charges in SA and the performing book within ARO normalising from a net release in the prior year to a charge in the current year. This resulted in the credit loss ratio increasing to **0.33%** (30 June 2023: 0.16%) and the coverage ratio increasing to **1.77%** (30 June 2023: 1.62%).

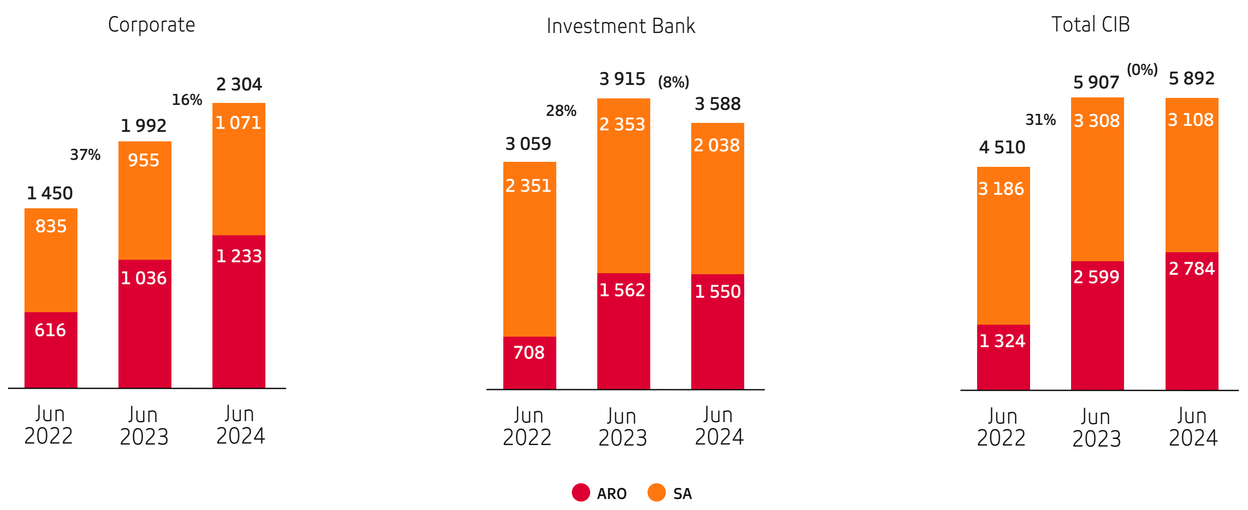
Operating expenses growth of **9%** to **R7 111m** (30 June 2023: R6 496m, up 11% in CCY) was primarily driven by continued inflationary pressure and FX impacts across key markets, investment in talent, higher amortisation and investment in the Offshore office and China.

Corporate and Investment Banking
for the reporting period ended

Financial performance (continued)

Gross customer loans and advances grew by **10%** to **R502.0bn** (30 June 2023: R454.5bn) mainly attributable to high origination in key sectors which supported balance sheet performance in IBD and CPF, partially offset by reduced utilisation of working capital facilities and decreased demand for short-term funding in SA within the Corporate Bank. Customer deposits were up **1%** to **R470.1bn** (30 June 2023: R465.0bn), driven by a 4% increase in ARO deposit balances (average up 21%) due to improved product offerings and platforms. SA deposits were flat on prior year, as growth in Money Market, Cheque and Foreign Currency deposits was offset by lower Fixed deposits.

Headline earnings (Rm and change %)



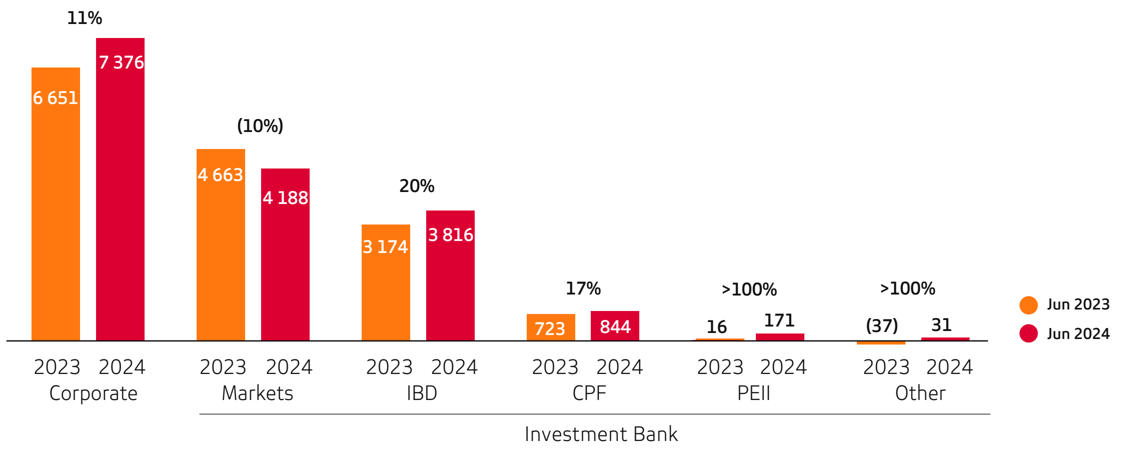
- The Corporate Bank headline earnings increased by **16%** to **R2 304m** (30 June 2023: R1 992m, up 21% in CCY), driven by pre-provision profit growth of **12%** and lower credit impairments (down **38%**).
  - Income increased by **11%** to **R7 376m** (30 June 2023: R6 651m, up 14% in CCY), benefitting from a combination of higher average deposits, improved margins as a result of the interest rate environment and client mix. Additionally, the growth was supported by increased trade and transactional volumes as well as higher fees.
  - Operating expenses increased by **10%** to **R3 593m** (30 June 2023: R3 281m, up 11% in CCY), largely driven by higher amortisation charges, inflationary pressures and adverse FX impacts across markets.
  - Credit impairments decreased by **38%** to **R229m** (30 June 2023: R368m, down 32% in CCY) mainly due to releases and improved portfolio construct, resulting in a lower credit loss ratio of **0.40%** (30 June 2023: 0.53%).
- The Investment Bank headline earnings declined by **8%** to **R3 588m** (30 June 2023: R3 915m, down 8% in CCY) impacted by higher impairments (up >100%) and lower non-interest income (down 7%).
  - Income increased by **6%** to **R9 050m** (30 June 2023: R8 539m, up 8% in CCY), with strong growth in IBD, CPF and Non-Core Private Equity and Infrastructure Investments being offset by a softer performance in Global Markets. From a geography perspective, ARO delivered growth of 13%, while SA was up 2%.
  - Operating expenses increased by **9%** to **R3 518m** (30 June 2023: R3 215m, up 11% in CCY) off the back of increased investment spend on technology, the Offshore office and China as well as higher amortisation and inflationary pressures across several markets.
  - Credit impairments increased to **R686m** (30 June 2023: R11m, up >100% in CCY), with a higher credit loss ratio of **0.31%** (30 June 2023: 0.06%) largely driven by higher charges in SA and on the performing book (from a net release in the prior year).

Corporate and Investment Banking

for the reporting period ended

Financial performance (continued)

Gross income mix (Rm and change %)



Business performance

Corporate Bank

The Corporate Bank franchise increased income by **11%** to **R7 376m** (30 June 2023: R6 651m, up 14% in CCY) supported by a strong performance in ARO, up **15%** to **R3 555m** (30 June 2023: R3 089m, up 22% in CCY) and SA income growing by **7%** to **R3 821m** (30 June 2023: R3 562m).

- Net interest income increased by **10%** to **R5 784m** (30 June 2023: R5 258m, up 13% in CCY), as a result of strong demand for short term funding from clients in ARO, while SA was impacted by reduced utilisation in working capital facilities. Average customer loan balances increased by 7%, while average customer deposits grew by 5%.
- Non-interest income increased by **14%** to **R1 592m** (30 June 2023: R1 393m, up 17% in CCY), reflecting the continued momentum in both the Transactions and Trade franchises.

Corporate Bank income was driven by the following:

- Cash Management was up 12% driven by growth in net margin and deposit balances, coupled with increased transactional volumes.
  - Deposits increased by 11%, due to higher margins in a number of jurisdictions coupled with average customer deposits increasing 5%. SA Deposit income was up 8% driven by higher margins, despite average customer deposits decreasing **1%** to **R267bn** (30 June 2023: R269bn). In ARO, deposits income increased 14% year-on-year largely as a result of average deposits increasing by 15% and stable margins, albeit adverse Cash Reserve Ratio (CRR) impacts noted in some markets.
  - Transactions increased by 17% due to increased client primacy and higher transactional volumes, with SA and ARO increasing by 19% and 13% respectively. The performance was further bolstered by the business' modernised channels and expanded client propositions across the continent.
- Trade Finance increased 15%, as the strategic drive to become the trade partner of choice on the continent continued to yield positive outcomes.
- Working capital increased by 9% driven by higher customer advances. Strong momentum was noted in supply chain finance off the back of strong pipeline conversion.

Salient features	30 June 2024	30 June 2023	Change %	CCY %	31 December 2023
Gross income (Rm)	7 376	6 651	11	14	13 978
Credit impairment charges (Rm)	(229)	(368)	(38)	(32)	(396)
Net income (Rm)	7 147	6 283	14	17	13 582
Average loans and advances to customers (Rbn)	84.0	78.3	7	—	76.3
Average deposits due to customers (Rbn)	382.3	364.5	5	3	365.5

Corporate and Investment Banking

for the reporting period ended

Financial performance (continued)

Investment Bank

Investment Bank income increased by **6%** to **R9 050m** (30 June 2023: R8 539m, up 8% in CCY), with ARO up **13%** to **R3 814m** (30 June 2023: R3 385m, up 18% in CCY) and SA up **2%** to **R5 236m** (30 June 2023: R5 154m).

Net interest income was up **20%** to **R4 796m** (30 June 2023: R3 988m, up 21% in CCY) supported by balance sheet momentum in the Investment Banking Division (IBD) and Commercial Property Finance (CPF) businesses, while non-interest income declined by **7%** to **R4 254m** (30 June 2023: R4 551m, down 4% in CCY), impacted by adverse trading in SA.

Business units performed as follows:

Global Markets

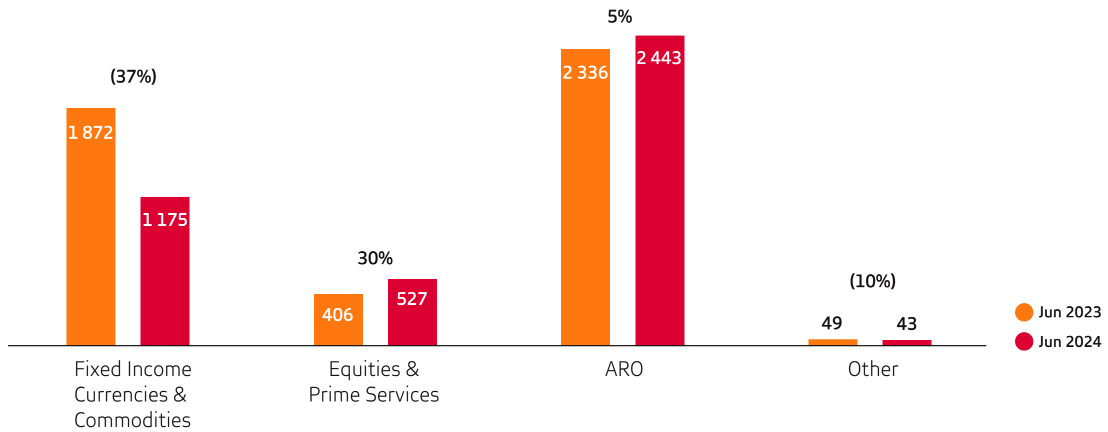
Global Markets income declined by **10%** to **R4 188m** (30 June 2023: R4 663m, down 8% in CCY). Markets SA income decreased by **25%** to **R1 745m** (30 June 2023: R2 327m), partially offset by Markets ARO income which was up **5%** to **R2 443m** (30 June 2023: R2 336m, up 11% in CCY).

The **Markets SA** performance was driven by:

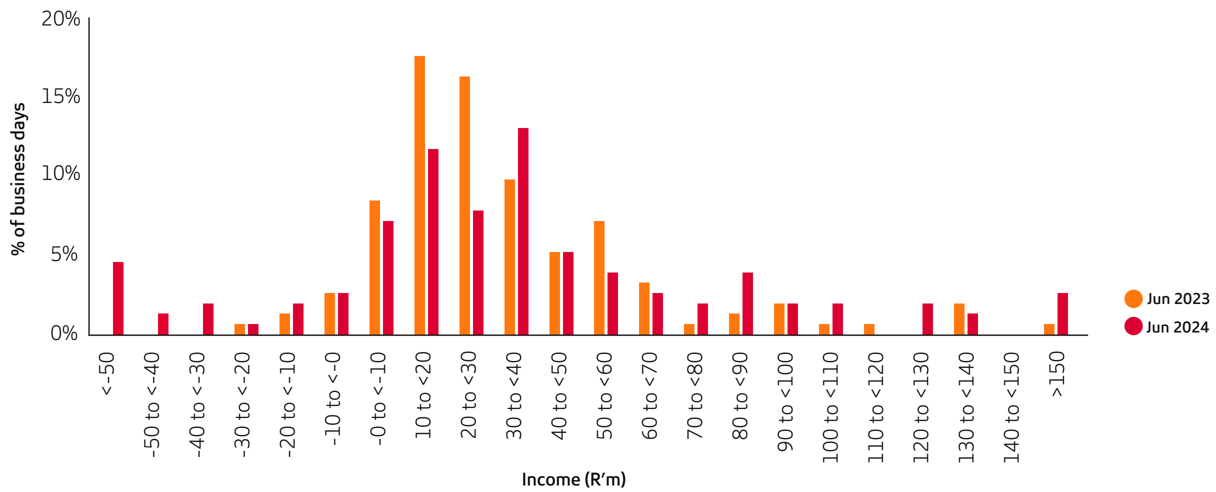
- **Fixed Income, Currencies and Commodities** income decreasing by **37%** to **R1 175m** (30 June 2023: R1 872m) due to reduced revenue opportunities across the asset classes driven by lower volatility and margin compression. Structured credit revenues declined due to tight credit spreads both locally and offshore; the performance was further impacted by continued weakness in the Naira currency in the first quarter of the year.
- **Equities and Prime Services** income increasing by **30%** to **R527m** (30 June 2023: R406m), despite challenging and uncertain market conditions with reduced turnover volumes. This was underpinned by a strong Equities performance as a result of continued market-share gains and product innovation in Derivatives, offset by muted execution flows and lower financing balances and margin compression in Prime Services.

Markets ARO income increased by **5%** (up 11% in CCY), off a high prior year base, driven by a strong performance in risk management solutioning, despite illiquid market conditions. Revenue diversification across products and regions remained a priority, supported by leveraging the business' regional presence to capture institutional flows. FX and Risk management product penetration aligned with the diversification strategy continued to be a focus, complemented by a strategic emphasis on new client onboarding to boost exporter flows amid tough trading environments.

Global Markets gross income split (Rm and change %)



Daily markets income distribution (Rm)



Corporate and Investment Banking
for the reporting period ended

Business performance (continued)

Investment Bank (continued)

Investment Banking Division (IBD)

The Investment Banking Division (IBD) income increased by **20%** to **R3 816m** (30 June 2023: R3 174m, up 21% in CCY) supported by net interest income growth of **19%** and non-interest income growth of **26%**.

The net-interest income growth was supported by average loans and advances to customers growth (up 10% and 13% in CCY) attributable to key deals in the Financing business and margin expansion in select product lines in a competitive market. Non-interest income growth of 26% was off the back of strong Financing business and Capital Raising activities, despite the Advisory business having a more subdued year with longer than expected execution timetables for certain projects.

The first half of the year saw an increase in credit impairment charges (up >100%) due to material charges taken in the first half of 2024 in both SA and ARO.

	30 June				31 December
Salient features	2024	2023	Change %	CCY %	2023
Gross income (Rm)	3 816	3 174	20	21	6 603
Credit impairment charges (Rm)	(642)	(2)	>100	>100	(351)
Net income (Rm)	3 174	3 172	—	—	6 252
Average loans and advances to customers (Rbn)	248.1	225.1	10	13	232.5

Commercial Property Finance (CPF)

The CPF business increased income by **17%** to **R844m** (30 June 2023: R723m, up 17% in CCY), aligned to the strategic intent to become the leading property finance provider across the African continent.

Net interest income increased by **16%** (up 17% in CCY) supported by asset growth of **13%** (up 16% in CCY) as a result of expanding the product offering across presence countries in priority sectors.

CPF continues to grow with the right opportunities and deliver market share growth.

	30 June				31 December
Salient features	2024	2023	Change %	CCY %	2023
Gross income (Rm)	844	723	17	17	1 598
Credit impairment charges (Rm)	(43)	(14)	>100	>100	(22)
Net income (Rm)	801	709	13	12	1 576
Average net portfolio assets (Rbn)	81.6	72.5	13	16	75.7

Private Equity and Infrastructure Investments SA (PEII)

Non-Core Private Equity and Infrastructure Investments reported net income of **R171m** (30 June 2023: R16m) mainly due to positive revaluations and dividends.

	30 June			31 December
Salient features	2024	2023	Change %	2023
Revaluations (Rm)	150	—	100	255
Realisations, dividends, interest and fees (Rm)	44	33	34	66
Funding (Rm)	(24)	(16)	45	(35)
Net income (Rm)	171	16	>100	286
Total portfolio size (Rbn)	2.1	1.7	26	1.9

Group performance | Segment performance | Risk management | Appendices

Corporate and Investment Banking
for the reporting period ended

Looking ahead

CIB continues to entrench its presence on the Africa continent and key international corridors through strategy execution. The launch of the Absa Beijing office cements the business' commitment to meet clients where they are, as the preferred partner that aids in driving their ambition.

Key focus areas for the remainder of the year:

- Drive sustainable momentum and franchise growth to deliver strong financial performance.
- Utilising our new China branch to connect international clients with African opportunities.
- Explore opportunities in markets that strengthen our regional presence and relevance.
- Analysing our clients' digital habits to improve service delivery.
- Improving usage of our digital channels and promoting engagement on digital platforms.
- Showcase our value proposition through CIB's Brand campaign.
- Establishing deeper partnerships with clients to facilitate their strategic goals.
- Investing in talent development to meet strategic goals.
- Making a lasting positive impact on the communities where we operate.
- Maintaining market leadership by setting new ESG financing goals.

Head Office, Treasury and other operations

for the reporting period ended

Financial performance

Headline earnings within Head office, Treasury and other operations reflected a higher loss of **R1 330m** for the period (HY'2023: R714m loss). The year-on-year movement for earnings reflects the following material items:

- Lower separation-related earnings losses compared to prior year (R366m post tax) given lower armotisation and depreciation and a tax provision adjustment; more than offset by;
- The application of hyperinflation accounting in Ghana, resulting in lower year-on-year earnings (R253m post-tax);
- Costs relating to Absa Group's Broad-Based Black Economic Empowerment and staff incentivisation transaction implemented during H2'23 mainly reflecting an IFRS 2 charge (R163m post tax).

The remainder of the movement in the head office is mainly driven by lower earnings in South Africa Treasury reflecting an interest rate reset benefit in the base, Deposit Insurance Levies, and an adverse impact year-on-year on Asset-Liability management.

	Head Office		Of which Barclays Separation		Hyperinflation		Ekhaya	
	30 June		30 June		30 June		30 June	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Statement of comprehensive income (Rm)								
Net interest income	344	844	71	58	49	—	11	10
Non-interest income	(838)	(326)	(3)	(11)	19	—	(7)	—
Total income	(494)	518	68	47	67	—	4	10
Credit impairment charges	16	(161)	—	—	(4)	—	—	—
Operating expenses	(444)	(476)	(412)	(627)	(42)	—	(290)	(1)
Other expenses	(1 158)	(366)	(16)	(11)	(255)	—	(2)	—
Operating profit before income tax	(2 080)	(485)	(360)	(591)	(234)	—	(288)	10
Tax expenses	403	(96)	260	125	(19)	—	125	(5)
Profit for the reporting period	(1 677)	(581)	(100)	(466)	(253)	—	(163)	5
Headline earnings	(1 330)	(714)	(84)	(444)	(253)	—	(163)	5

Risk management

Risk management overview

for the reporting period ended

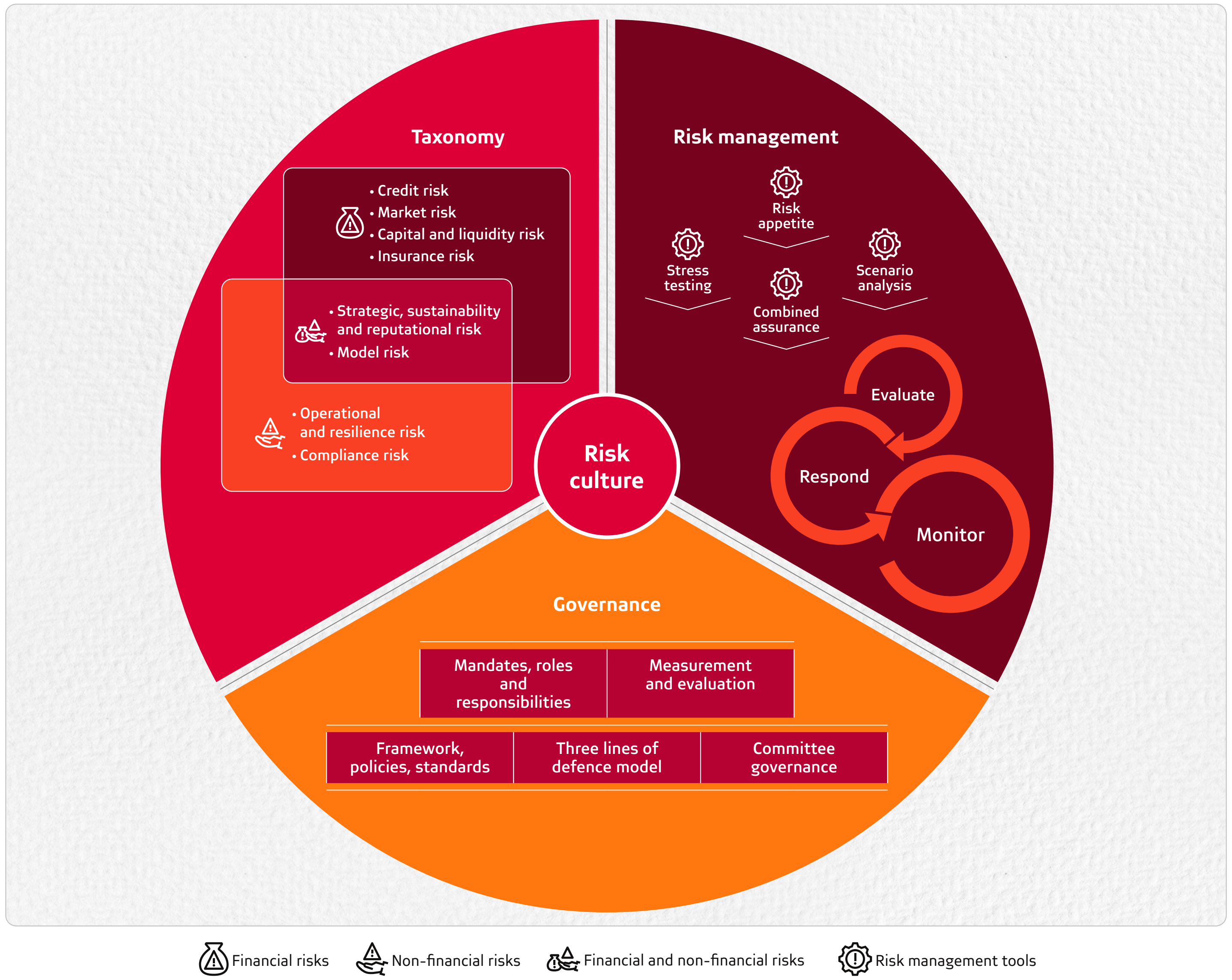
The Enterprise Risk Management Framework

The Group's core purpose, strategy, business model, risks and opportunities, performance and sustainable development are inseparable elements of the value-creation process and critical to long-term success. Risk management and risk oversight play a critical role in enabling the Group to achieve its organisational strategy and objectives.

The Group identifies and evaluates risks and opportunities arising from internal and external environments, and proactively identifies emerging risks. To ensure effective risk management, our consolidated response is monitored as follows:

- Recognise the importance of a strong risk culture, which is integral to the Group's culture.
- Consider key risks, clear ownership and accountability, and Group-wide risk coverage.
- Support the realisation of the Group's strategy with a coherent risk management operating model and appropriate risk practices, tools and techniques.
- Uphold the risk governance structure at Group, country, business unit and Group functions, with clear Board escalation and oversight.
- Follow comprehensive and structured processes for evaluating, responding to and monitoring risks.
- Oversee and manage Group-wide control environment through a robust combined assurance model with clear accountability across the three lines of defence[1].

The following graphic is a visual representation of the Enterprise Risk Management Framework (ERMF):



[1] The Group applies a three lines of defence model in support of the combined assurance model to govern risk across all businesses and functions. The first line of defence is the business and group functions who are responsible for risk ownership and management. The second lines of defence are the risk and compliance functions overseeing the first line, responsible for establishing rules and constraints, defining risk tolerances and performing independent challenge. The third line of defence is internal and external audit and provides independent assurance of the first two lines.

Risks arising from the operating environment

Macroeconomic risks remain heightened and are expected to continue impacting global markets and the outlook of the markets in which the Group operates. The Group's focus remains on proactive risk and capital management to positively position itself for changes in the operating environment. Risks are actively identified and prioritised, and our consolidated response is monitored to ensure effective implementation achieves the targeted result.

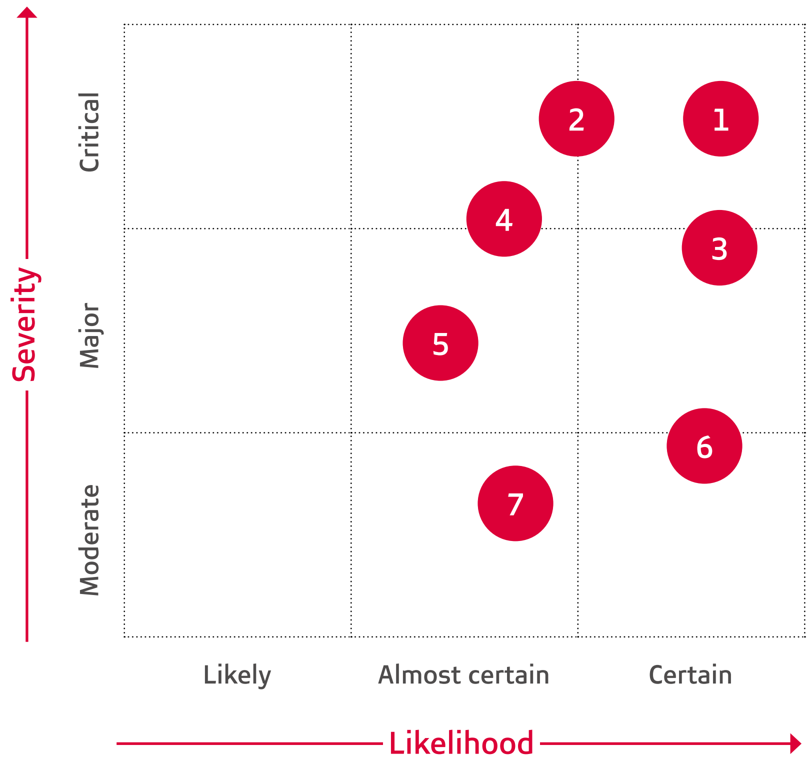
In an uncertain macroenvironment, stress testing and scenario analysis are critical tools in safeguarding financial stability and enhancing risk management practices. As the markets the Group operates in are facing volatility, these methodologies are deployed by the organisation to assess its resilience and susceptibility to adverse conditions. The knowledge gained from these exercises allows management to optimise capital and liquidity, adapt strategies, and ensure the Group is better equipped to navigate the ever-changing economic landscape.

Current and emerging risks are plotted below[1]:

Risk exposure heatmap

Current and emerging risks	Risk trend
1 Geopolitical instability and conflict	↑
2 Country/Sovereign risk including South Africa	↑
3 Consumer stress	↑
4 Strategic, execution and business risks	↑
5 Operational resilience pressure	=
6 Regulatory landscape and relations	↑
7 Environmental risks	↑

Changes compared to FY 2023 reporting



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

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

Risk management overview
for the reporting period ended

Risks arising from the operating environment (continued)

Current and emerging risks

1 Geopolitical instability and conflict

Ongoing polarisation of trade blocs impacts negatively on societies and economies and may evolve into countries having to choose between blocs. The risk of a global (or key markets) recession and/or persistently high inflation (and interest rates) may result in prolonged low growth and economic activity, including reduced trade and investment. Key 2024 elections globally (USA) and in Africa elevate uncertainty.

Mitigation and opportunities

- Diversification across markets and sectors mitigates impacts.
- Constant monitoring and agile approach to positions.
- Preservation of the Group's liquidity and capital.
- Establishment of representative offices in trading corridors.
- Stress testing and scenario analysis of potential impacts including dynamic approach to risk appetite setting.

Risk trend

Links to principal risk

- Credit
- Market
- Capital and liquidity
- Strategic, sustainability and reputational

2 Country/Sovereign risk

Heightened volatility and increase of sovereign debt crises may result in a deteriorating economic environment, impacting strategy through:

- Sustainability of debt pressures (repayments and refinancing).
- Central bank interventions to protect economies may have unintended consequences and negative impacts.
- Foreign exchange (FX) shortages affect FX expatriation and increase hedging costs.

The inability to significantly diversify away from sovereign exposures, as a result of regulations in presence countries, may lead to large concentrations.

Risk of policy and governance instability and execution capacity due to the new governments could further negatively impact the fiscus.

Mitigation and opportunities

- Embed the Sovereign Concentration Risk Framework and lessons learnt from previous debt restructures, including active management and reporting of sovereign concentrations.
- Seek alternative high-quality assets, where possible, to invest surplus deposits while maintaining regulatory compliance, presence and customer offering.
- Cross border exposure policy focused on mitigating FX liquidity risk & sovereign susceptibility.
- Participation in social initiatives to support consumers.
- Monitor and manage South African sovereign risk and adjust risk appetite where necessary.

Risk trend

Links to principal risk

- Credit
- Market
- Capital and liquidity
- Strategic, sustainability and reputational

3 Consumer stress

Ongoing stress faced by consumers arising from high cost of living amid high inflation and interest rates, and the inability to recover due to weak local and global economics resulting in increased defaults, reduced lending and deposits growth. Business and corporate clients, particularly those consumer-facing, may not be able to sustain current resilience.

Mitigation and opportunities

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

Risk trend

Links to principal risk

- Credit
- Capital and liquidity
- Insurance
- Strategic, sustainability and reputational
- Model
- Compliance

Risk management overview
for the reporting period ended

Risks arising from the operating environment (continued)

Current and emerging risks

4 Strategic, execution and business risks

Combination of volatile geopolitical and economic environment, elevated sovereign risk across our key markets and consumer stress resulting in constraint risk appetite with an adverse impact on strategy execution and operating model. Implications of the constrained environment may negatively impact on future change initiatives and brings heightened people risk.

Mitigation and opportunities

- Execute against key strategic priorities including people initiatives to manage people risk.
- Maintain alignment between business and risk regarding growth opportunities and risk mitigants.
- Strategically drive diversification across markets and sectors to mitigate impacts.
- Perform timely and meaningful strategic risk assessments.

Risk trend

Links to principal risk

- Credit
- Capital and liquidity
- Strategic, sustainability and reputational
- Operational and resilience

5 Operational resilience pressure

Continuously evolving threats to operational resilience from fraud, opportunistic crime, data loss and cyber-attacks, retention and scarcity of skills, deteriorating infrastructure (logistical, water and power supply), and heightened risk of social unrest. The risk is compounded by legacy infrastructure, localisation of technological systems in some markets and costs thereof.

Mitigation and opportunities

- Maintain high stability of the technology estate to minimise incidents impacting customers and operational effectiveness.
- Continue to invest in security platforms and continuously evolve controls.
- Continue resilience investments in critical processes and 3rd party risk management.
- Capacitate the converged security office to manage economic crime convergence.
- Maintain successful cyber security testing.
- Further develop crisis management scenario planning and testing.
- Continue to embed a strong and resilient risk culture across the Group.

Risk trend

Links to principal risk

- Capital and liquidity
- Strategic, sustainability and reputational
- Operational and resilience
- Compliance

Risks arising from the operating environment (continued)

Current and emerging risks

6 Regulatory landscape and relations

Increasing pace and evolving complexity of regulatory and statutory requirements across the Group's markets impact the current business model. Heightened scrutiny of regulators may require increased capacity to address additional matters.

Potential long-term impact of regulatory changes on business strategy and Group performance.

Mitigation and opportunities

- Maintain a forward-looking approach to evaluate, respond to and monitor change.
- Engage with regulators and other stakeholders on regulatory developments.
- Build a robust control environment of compliance.
- Develop systems with the agility to accommodate change.
- Understand the impact of future requirements on the current business model and practices, and proactively make necessary changes.

Risk trend

Links to principal risk

- Credit
- Market
- Capital and liquidity
- Insurance
- Strategic, sustainability and reputational
- Model
- Operational and resilience
- Compliance

7 Environmental risks

Increasing impact of climate and social change, greenwashing and pressure to integrate sustainability risk management practices with business activities.

Mitigation and opportunities

- Reduce the Group's direct environmental footprint in line with its 2030 environmental action plan.
- Embed processes to encourage customers to adopt business strategies and practices that align with the sustainability policy.
- Embed existing financing standards.
- Continuously enhance credit and insurance risk data, models and scenario analyses to assess the impact of climate change risk.
- Continue to engage with civil societies, shareholder activists and development finance institutions.
- Embed the Group's greenwashing policy.

Risk trend

Links to principal risk

- Credit
- Capital and liquidity
- Insurance
- Strategic, sustainability and reputational
- Operational and resilience
- Compliance

Key performance metrics

Common equity tier 1 (CET1) ratio[1]
12.7%
June 2023: 13.0%

Economic capital (EC) coverage
1.5%
June 2023: 1.5%

Leverage ratio[1]
7.7%
June 2023: 7.7%

Liquidity coverage ratio (LCR)[2]
126.2%
June 2023: 140.8%

Net stable funding ratio (NSFR)
119.3%
June 2023: 118.0%

Credit loss ratio (CLR)
1.23%
June 2023: 1.27%

Stage 3 ratio on gross loans and advances
6.1%
June 2023: 5.8%

Stage 1 and stage 2 coverage ratio
1.2%
June 2023: 1.3%

Stage 3 coverage ratio
47.1%
June 2023: 45.9%

Banking book net interest income (NII) sensitivity for a 2% cut in interest rates (Rm)
R1 935m
June 2023: R1 857m

Operational risk losses
R260m
June 2023: R295m

Review of current reporting period

- Capital ratios remained above the top end of the internal capital targets. The ratios are well above minimum regulatory requirements.
- The liquidity position remained healthy and liquidity metrics were comfortably within risk appetite and above the minimum regulatory requirements.
- The CLR tracked above the Group's through-the-cycle range of 0.75% to 1.00% as ongoing macroeconomic stresses continued to place strain on consumers.
- The Group's stage 1 and stage 2 coverage ratio decreased due to selective loan book growth strategies in CIB and improved forward looking macroeconomic assumptions within the Retail SA portfolios compared to the prior period.
- The Group continues to actively manage interest rate risk within predetermined risk appetite.
- Operational risk losses for the period remained within appetite and were in line with expectations when compared to the plan.

Priorities

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

- Create sustainable value for shareholders while maintaining sufficient capital supply for growth.
- Ensure capital ratios are maintained at the Board target range and above minimum levels of regulatory capital while supporting business growth.
- Monitor growth to ensure a well-diversified credit portfolio in line with the Group's strategy and risk appetite.
- Proactively position and manage the credit portfolio to mitigate the impact of heightened country and sovereign risks.
- Continue to improve controls, efficiency and operational resilience, through enhanced platforms and digital capabilities, across critical processes.
- Engage and collaborate with regulatory authorities and other stakeholders on upcoming regulatory changes to ensure the most appropriate outcomes for the banking sector and broader economy.
- Implement a holistic set of ESG targets and reporting mechanisms to measure and communicate the Group's progress.
- Monitoring, evaluation and testing of the implications of upcoming regulatory developments, including Basel III finalisation (such as the Fundamental Review of the Trading Book (FRTB) and the proposed amendments to the banking regulations), the Basel Committee on Banking Supervision (BCBS) principles for the effective management and supervision of climate-related financial risks.

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

Risk management overview
for the reporting period ended

Credit risk

The risk of suffering financial loss due to a borrower, counterparty to a derivative transaction, or an issuer of debt securities defaulting on its contractual obligations.

	30 June		31 December
Key metrics	2024	2023	2023[1]
CLR (%)	1.23	1.27	1.18
Stage 3 ratio on gross loans and advances (%)	6.1	5.8	6.1
Stage 3 coverage ratio (%)	47.1	45.9	45.0
Stage 1 and stage 2 coverage ratio (%)	1.2	1.3	1.2
Total coverage ratio (%)	4.2	4.1	4.1
Performing book weighted average probability of default (PD) (%)[2]	2.2	2.3	2.2
Weighted average loss given default (LGD) (%)[2]	27.9	27.6	27.7
Credit risk economic capital (EC) (Rbn)[3]	72.9	72.2	72.6
Total credit RWA (Rbn)	831.9	779.7	810.5
Primary credit risk RWA (Rbn)[4]	789.4	742.7	769.9
Counterparty credit risk (CCR) RWA (Rbn)[5]	30.2	25.5	28.9
Equity risk RWA (Rbn)	12.3	11.5	11.7

Review of current reporting period

- Gross loans and advances increased to **R1 359bn** (30 June 2023: R1 300bn) due to institutional and customer facing loan book growth within Corporate and Investment Banking (CIB), that prioritised higher quality credit origination to specific counterparties and sectors. Well-diversified growth across the retail portfolios and increased commercial asset finance lending within Relationship Banking supported the overall growth. This was offset by reduced reverse repurchase activity within the trading and treasury portfolios.
- The credit loss ratio (CLR) decreased to **1.23%** (30 June 2023: 1.27%) due to improved forward looking macroeconomic assumptions and new business performance across the Home Loans and Everyday Banking portfolios. This improvement was countered by the late cycle, legal and debt counselling pressures of the SA retail portfolio and higher single name impairments in CIB. While there was a decline in CLR, it still exceeds the Group's through-the-cycle range of 0.75% to 1.00%.
- The stage 3 ratio on gross loans and advances increased to **6.1%** (30 June 2023: 5.8%) due to the pressured late cycle, legal and debt counselling categories within the Product Solutions Cluster and Everyday Banking portfolios. Inflows during 2023 and early 2024 continued to roll into more advanced delinquency buckets and ultimately into default as the persistently challenging economic environment continued to pressure the retail consumer. Decreased reverse repurchase activity facing banking counterparties within the trading and treasury portfolios, adversely impacted the book mix and resulted in further increases to the stage 3 ratio. This was offset by CIB which benefitted from prioritised higher credit quality loan origination that outpaced growth in the stage 3 population. Forward flow and spot debt sales executed within Everyday Banking also assisted in reducing the severity of the growing legal book trend experienced during the year.
- The stage 3 coverage ratio increased to **47.1%** (30 June 2023: 45.9%) due to single name charges incurred within CIB, as macroeconomic stresses adversely impacted consumer dependent sectors within the portfolio. Legal book pressures within the Home Loans portfolio resulted in further increases to the stage 3 coverage.
- The stage 1 and stage 2 coverage ratio decreased to **1.2%** (30 June 2023: 1.3%) due to the selective loan book growth in CIB. This was further supplemented by improved forward looking macroeconomic assumptions within the Retail SA portfolios compared to the prior period.
- Credit risk EC increased to **R72.9bn** (30 June 2023: R72.2bn) due to book growth and changes in the portfolio construct.
- Primary credit risk RWA increased to **R789.4bn** (30 June 2023: R742.7bn) due to growth in advances and adverse exchange rate movements across the various ARO territories.
- CCR (including CVA) RWA increased to **R30.2bn** (30 June 2023: R25.5bn) due to mark-to-market movements on foreign exchange derivatives as well as credit quality deterioration on single name exposures within the SA trading book.

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

Risk management overview
for the reporting period ended

Credit risk (continued)

Priorities

- Manage the aggregate credit risk profile and performance against the Group's strategy and risk appetite.
- Monitor changes in the global macroeconomic, political and regulatory environments to identify and manage risks at an early stage.
- Model and consider the potential impact of these and other events in a comprehensive stress testing framework.
- Position and manage the credit portfolio to mitigate the impact of heightened macroeconomic, country and sovereign risks in the markets in which the Group operates.
- Proactively manage concentration risk at origination to mitigate and report credit risk concentrations within the Group's concentration risk framework.
- Manage legacy distressed names to maximise recovery rates.
- Continue to invest in collections capabilities to effectively manage credit risk through-the-cycle.
- Focus on talent development and succession planning, ensuring a fully capacitated and well-skilled credit team.
- Keep abreast of regulatory changes, specifically Basel III finalisation for capital rules for credit risk.
- Focus on addressing the credit risk financial implications of the BCBS's principles for the effective management and supervision of climate-related financial risks.

Market risk

The risk of the Group's earnings or capital being adversely impacted by changes in the level or volatility of prices affecting the positions in its books.

Trading book risk

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

	30 June		31 December
Key risk metrics	2024	2023	2023[1]
Traded market risk EC (Rbn)	6.3	6.2	4.5
Traded market risk RWA (Rbn)	38.6	44.2	45.2
Average traded market risk – 99% value at risk (VaR) (Rm)	51.4	70.6	72.9

Review of current reporting period

- Absa Group EC increased due to South Africa (SA) general risk, driven by changes in the portfolio and increased volatility experienced primarily in the US and SA interest rate markets over the past year.
- RWAs decreased due to a reduction in the internal models approach capital driven by a decline in the 60-day average VaR, arising from lower foreign exchange risk from reduced exposures in ARO markets.

Priorities

- Develop the concentration and liquidity monitoring framework against market liquidity and concentration risk triggers.
- Effectively manage capital demand within risk appetite.
- Perform simultaneous reporting and perform impact assessments related to the Basel III finalisation for the minimum capital requirements for market risk (FRTB).
- Embed the climate risk stress testing scenarios.

Risk management overview
for the reporting period ended

Market risk (continued)

Banking book risk

The risk that the Group's current or projected financial condition and resilience might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book, due to re-pricing differences between assets, liabilities and equity, and includes funding spread risk and foreign exchange rate risk.

	30 June		31 December
Key risk metrics	2024	2023	2023
Banking book net interest income (NII) sensitivity for a 2% increase shock in interest rates (Rm)	1 047	1 293	1 200
SA	398	411	290
ARO	649	882	910
Banking book NII sensitivity for a 2% downward shock in interest rates (Rm)	(1 935)	(1 857)	(1 885)
SA	(727)	(408)	(460)
ARO	(1 208)	(1 449)	(1 425)
Banking book risk EC (Rbn)	8.5	8.5	8.6

Review of current reporting period

- The Group continues to actively manage interest rate risk within predetermined risk appetite.
- Group NII sensitivity for a 200bps rate cut increased marginally to **R1.94bn** (June 2023: R1.86bn). The increase in sensitivity for SA was a result of reduced overnight funding, this was largely offset by higher cash reserve requirements and growth in ARO investment securities decreasing ARO sensitivity.

Priorities

- Maintain a proactive approach to managing credit spread, interest rate, and foreign exchange risk while staying within the Group's risk appetite.
- Preserve margin stability through sensible risk management strategies, such as the structural hedge program in SA.
- Prepare the Group for the adoption of the new benchmark rate reforms in SA.
- Adopt the Basel III finalisation regulatory guidelines in preparation for upcoming disclosure obligations.

Risk management overview
for the reporting period ended

Capital and liquidity risk

The risk and related constraints, which support the effective management of the Group's financial resources, among others, capital, liquidity and pension, critical to meeting the Group's strategic objectives. This includes pension risk as a risk in the event that a capital injection is required with respect to defined benefit plans.

Capital risk

The risk that the Group has an insufficient level or inappropriate composition of capital to support its normal business activities and to remain within its Board-approved capital target ranges under normal operating conditions or above regulatory capital requirements under stressed conditions.

	30 June		31 December
Key risk metrics	2024	2023	2023
Total EC (Rbn)	114.8	114.2	113.2
Total RWA (Rbn)	1 075.0	1 018.7	1 058.4[1]
CET1 capital adequacy ratio (%)[2]	12.7	13.0	12.5
EC coverage	1.5	1.5	1.5
Leverage ratio (%)[2]	7.7	7.7	7.7
Cost of equity (CoE) (%)[3]	14.75	14.50	14.50

Review of current reporting period

- The Group's capital position remained above the top end of the Board target range of 11.0% to 12.5%, and well above minimum regulatory requirements.
- The Group targeted a dividend payout around 55%.
- RWA growth was mainly attributable to robust balance sheet growth driving credit risk coupled with revenue growth driving operational risk RWA offset by a reduction in market risk.
- Additional tier 1 capital increased from the issuance of qualifying capital instruments amounting to R1.5bn in May 2024. Tier 2 capital reduced with the redemption of R1.6bn in April 2024.
- ARO entities were adequately capitalised and remained above local minimum regulatory requirements.
- The leverage ratio remained above minimum regulatory requirements with the increase in tier 1 capital supporting leverage exposure growth in the balance sheet.
- Following an assessment of the financial market landscape, the Group's cost of equity increased by 25bps to 14.75%.

Priorities

- Generate sustainable value for shareholders while maintaining sufficient capital supply for growth.
- Maintain capital ratios within the Board-approved risk appetite and above minimum levels of regulatory capital while supporting a sustainable dividend pay-out ratio.
- Monitor and evaluate upcoming regulatory developments that may affect the capital position, including Basel III finalisation, along with FRTB; the proposed amendments to the regulations relating to banks expected to be implemented in 2025; the Resolution Framework in 2024; the capital standard under the Financial Conglomerate Supervisory Framework in SA; and the proposed implementation of the positive cycle-neutral counter cyclical buffer expected to be phased in from 2025.
- Prioritise the issuance of first loss after capital instruments following the promulgation of the Financial Sector Laws Amendment Bill and imminent finalisation of the first loss after capital (FLAC) standard.
- Appropriately deploy capital and repatriate subsidiaries' dividends.
- Monitor and execute opportunities to raise tier 2 capital and/or additional tier 1 instruments in domestic and/or international markets to optimise the level and composition of capital resources.

[1] The December 2023 figures were revised to align with final regulatory submissions.
[2] Includes unappropriated profits.
[3] The CoE is based on the capital asset pricing model.

Capital and liquidity risk (continued)

Liquidity risk

The risk that the Group is unable to meet its contractual or contingent liquidity obligations or that it does not have the appropriate amount, tenor and composition of funding to support its assets.

Key risk metrics	30 June 2024	30 June 2023	31 December 2023
Sources of liquidity (Rbn)	351.0	333.5	333.0
NSFR (%)	119.3	118.0	118.1
LCR (%)[1]	126.2	140.8	123.9[2]
Loan-to-deposit ratio (%)[3]	81.9	83.6	82.7
Loans and advances to customers and banks (Rbn)	1 312.4	1 242.8	1 253.6
SA	1 112.5	1 062.6	1 071.5
ARO	199.9	180.2	182.1
Deposits from customers and banks (including debt securities) (Rbn)	1 601.9	1 487.4	1 515.1
SA	1 328.4	1 229.7	1 255.6
ARO	273.5	257.7	259.5

Review of current reporting period

- Liquidity risk position:
  - The Group's liquidity risk position remained healthy and key liquidity metrics were within risk appetite and above the minimum regulatory requirements.
  - The Group maintained a high-quality liquid asset (HQLA) buffer in excess of the minimum regulatory requirements, based on stress testing performed.
  - Asset growth continued, supported by core deposit growth which remained a key focus area, to maintain the strong liquidity position.
  - The Group's foreign currency liquidity position remained robust, with adequate diversified United States dollar (USD) funding available to support the USD asset base and planned asset growth.
  - All banking subsidiaries remained self-sufficient in terms of local currency liquidity, with limited reliance on USD working capital support from the Group.
- Short-term balance sheet structure and liquidity buffers:
  - The Group's sources of liquidity amounted to 27.8% (June 2023: 27.7%) of deposits from customers. The Group continued to maintain a diversified HQLA portfolio, thereby maintaining a 90-day average HQLA at R265.9bn (June 2023: R259.3bn).
  - Loan growth was funded by growth in customer deposits and supported by raising wholesale funding, of appropriate tenor, ensuring a sustainable and diverse funding base.
  - As per the February 2024 National Budget announcement, the South African Reserve Bank and National Treasury have agreed to the settlement arrangement for the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) starting on 1 July 2024 resulting in additional liquidity into the market. Initially, the GFECRA cash injection will positively impact the Group's liquidity position, though this is expected to be transitory as the funds are utilised, by National Treasury, to reduce government debt and make coupon payments.
  - The overall reliance on wholesale funding was managed appropriately to support asset growth and to further strengthen the net stable funding ratio (NSFR) over the 5-year phase out period of the national discretion item, which came into effect from 1 June 2023.
  - The Group consistently maintained an LCR buffer above 100% and used its Internal Liquidity Stress Metric Framework to determine the amount of HQLA required to be held to meet internally defined stress requirements.
- Long-term balance sheet structure:
  - The Group continued to strengthen and diversify its funding sources to maintain a sustainable funding structure.
  - The demand from investors for the Group's bond issuances was robust during the first half of 2024, leading to successfully raising R3.3bn in senior debt and R1.5bn additional tier 1 (AT1) capital within the local South African market. The expected introduction of Flac style instruments in 2025 will likely result in banks issuing more Flac instruments instead of senior paper. This will in turn lower senior issuance volumes. Investors are currently evaluating their appetite for Flac and may have increased demand for senior paper in response to expected lower supply in future.
  - The cost of wholesale funding in domestic markets remained at lower levels in the first half of 2024.
- Diversification:
  - The Group had a well-diversified deposit base and concentration risk was managed within internal and regulatory guidelines.
  - The Group managed funding sources to maintain a wide diversity of depositors, products, tenors and currencies.

[1] The Group LCR reflects an aggregation of the Bank LCR and the ARO LCR. For this purpose, a simple average of the relevant three month-end data points is used in ARO, noting that the ARO LCR is capped at 100% per the minimum regulatory requirements. For the Bank, the LCR was calculated as a simple average of 90 calendar-day LCR observations.
[2] The December 2023 figure was revised to align with final regulatory submissions.
[3] The methodology used to calculate the loan-to-deposit ratio includes loans and advances to banks and is based on average balances and not spot balances as disclosed per the Group financial statements.

Capital and liquidity risk (continued)

Priorities

- Preserve the Group's liquidity position in line with the Group's risk appetite.
- Focus on growing core retail, relationship bank, corporate and public sector deposits.
- Manage the funding and HQLA position in line with the Board-approved framework and ensure compliance with regulatory requirements.
- Continue to lengthen and diversify the funding base, while optimising funding costs, to support asset growth, other strategic initiatives and maintain the strong NSFR over the five-year phase-out of the national discretion.
- Collaborate with the regulatory authorities and other stakeholders on SARB's approach to resolution planning and depositor insurance schemes in SA.
- Monitor and execute on the requirements for the Depositor Insurance Scheme in SA, which came into effect on 1 April 2024, with the Corporation for Depositor Insurance established to give depositors reasonable access to their covered deposits when their bank has been placed in resolution.

Insurance risk

The risk that future claims, expenses, policyholder behaviour and investment returns will be adversely different from the allowances made in measuring policyholder liabilities and in product pricing.

Key risk metrics[1]	30 June 2024	30 June 2023	31 December 2023
Profit before tax (Rm)	994	1 204	1 857
Capital adequacy cover (regulatory basis) (times)	1.35[2]	1.30	1.32
Insurance risk EC (Rbn)	6.3	6.1	6.3

Review of current reporting period

- Profit before tax earnings were strained compared to the previous year, particularly for life SA and ARO insurance, offset to some extent by non-life entities with improved profitability compared to the previous year.
- Absa Financial Services (AFS) and the solo licensed insurance entities remained adequately capitalised. Absa Life capital adequacy cover at 30 June 2024 was 1.42 and Absa Insurance Company capital adequacy cover at 30 June 2024 was 1.78. The AFS solvency position was calculated using the deduction and aggregation method, incorporating the solvency positions of the underlying entities that comprise the Group. This included insurance operations in SA and ARO, along with Advice and Investment (A&I) businesses. It remained resilient due to adequate capital buffers.
- International Financial Reporting Standard (IFRS) 17 came into effect on 1 January 2023 and was implemented. Key business processes continued to be adapted to the new requirements in 2024.
- The impact of climate change on the business and operating environment continued to be investigated and modelled, enhancing the understanding of the possible impact on our clients and our operations.
- Continued monitoring of the exposure to sovereign investments across the continent has supported the active management of undue concentrations.

Priorities

- Implement the new non-life policyholder administration system in a phased approach.
- Improve the performance of Absa Life through policy retention initiatives, IFRS 17 model refinements and new product launches.
- Continue to assess and respond to the risk of continued adverse weather conditions comprehensively as part of broader ESG activities.
- Optimise capital through accurate measurement and the implementation of a newly developed capital allocation methodology.
- Improve the Own Risk Self-Assessment (ORSA) process in line with market best practices and independent review findings.
- Continue refinement of leading indicators, financial interpretability and operational processes, in line with an improved understanding of the application of IFRS 17, and the general market interpretation of the standard.

[1] Figures are shown for Absa Financial Services (AFS), the approved regulated insurance group controlling company.
[2] Draft capital position before foreseeable dividends.

Risk management overview
for the reporting period ended

Strategic, sustainability and reputational risk

The risk of losses arising from potential changes in the general business conditions and competitive market environment driven by strategic, sustainability and reputational factors.

Strategic risk

The risk that the Group's strategic decisions and related execution activities may be inadequate to protect the Group's competitive position and ability to generate sustainable shareholder value.

	30 June		31 December
Key risk metrics	**2024**	2023	2023
Strategic risk EC (Rbn)	7.4	7.9	7.8

Review of current reporting period

- Investment was made to strengthen the strategic risk management capabilities during the reporting period and build on progress made during the prior reporting period. This included refinement of measurement and reporting processes, and investment in enablers to support the annual integrated planning process.
- Primary concerns associated with the strategic risk landscape included the current stress levels of South African consumers, expected headwinds in ARO linked to sovereign debt security, and the impact of global geopolitical uncertainty on the markets of operation.
- Commenced a group wide short-term initiative that looks to address pertinent issues associated with the achieving Absa's strategic ambitions.
- Refined the EC model to more accurately quantify the risk, focussing on the Group's ability to achieve return on equity targets.

Priorities

- Mature and embed strategic risk capabilities to enable agile responses.
- Finalise the implementation of the strategic risk economic capital model which has been redeveloped to ensure alignment with the risk definition, improve the quality and relevance of the output and address shortcomings of the previous model.
- Improve monitoring of the strategic execution against the Group's medium-term plans by actively assessing the strategic risk landscape.
- Expand the use of scenario analysis to better understand potential variability and associated management of strategic risks.

Sustainability risk

The failure to implement responsible operational and lending practices to effectively manage and report the impact of the Group's direct and indirect impact on the environment, society and geographies we operate in.

Review of current reporting period

- Continued to implement the climate risk programme activities and adopt regulatory requirements applicable to the Group's operating markets, including addressing the requirements of BCBS's 'Principle for effective and supervision of climate-related financial risks'.
- Improved the control environment for ESG and climate risk management.
- Published the Group's decarbonization targets for the fossil fuels sectors.

Priorities

- Advance work on the Group's net-zero pathways and progress the decarbonisation targets and strategy.
- Further strengthening the Group's climate risk management processes and practices.
- Implement a holistic set of ESG targets and reporting mechanisms to measure and communicate the Group's progress.

Risk management overview
for the reporting period ended

Strategic, sustainability and reputational risk (continued)

Reputational risk

The risk of damage to the Group's brand arising from any association, action, transaction, investment or event which is, or is perceived by stakeholders (e.g. society, customers, clients, colleagues, shareholders, regulators, media, and opinion formers) to be inappropriate or unethical.

Review of current reporting period

- Repositioned the brand through creating a universal, cohesive, bold Pan-African reputation, narrative and story.
- The 2023 Reputation Tracker Survey, reported in Q1 2024, signalled the Group's 'Thick Trust' score which measures the degree of trust that stakeholders have in the Group, demonstrated consistent and positive growth over the past year.
- Strengthened oversight, guidance, collaboration and strategic direction in matters impacting reputation risk.
- Continuous and ongoing engagements with the media and other stakeholders on matters pertaining to the Group, or potentially impacting the Group's brand and profile, including leadership appointments, ESG, transformation, diversity, equity and inclusion.
- Responsiveness and proactive approach to emerging risks by their integration into reputation risk policies and processes, e.g. climate change risk through the Group's Greenwashing Risk Policy which provides a robust framework to manage and mitigate greenwashing risks and claims that stem from sustainability related matters.

Priorities

- Provide prompt and appropriate responses to the media and other stakeholders on matters pertaining to the Group, or potentially impacting the Group's brand and profile.
- Execute on the Group's proactive stakeholder engagement strategy to build and maintain positive relationships with stakeholders.
- Continue improving stakeholder relations, brand and corporate reputation tracker scores through the embedment of the Group's brand reposition efforts and commitments.
- Strengthen internal risk management structures and teams to proactively manage and mitigate reputation risks.
- Embed the Greenwashing Risk Policy and associated controls.

Model risk

The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.

	30 June		31 December
Key risk metrics	**2024**	2023	2023
Model risk EC (Rbn)	1.8	1.7	1.7

Review of current reporting period

- Continuously improved the accuracy and robustness of models.
- Established a Credit Model Methodology Forum to centralise the standardisation and governance of model methodologies.
- Enhanced the model risk control environment through:
  - Embedment of second-generation versions of the model risk appetite statement and the model risk EC methodology.
  - Enhancement of the model performance tests used in model monitoring and independent model validation.
  - Automation of the model performance monitoring on the SA and ARO retail portfolio for regulatory credit capital, credit impairment and behavioural scorecard models.
  - Enhancement of the model risk management workflow system.
  - Progressed the development of the Model Risk Management Framework to incorporate machine learning/artificial intelligence (AI) models.

Priorities

- Strengthen the Group's model risk management capabilities, with focus on ESG, machine learning and AI applications.
- Refresh existing models and develop new models in accordance with business priorities and the outcomes of the independent model validations.
- Improve and structure model development methodologies. Where appropriate, develop standardised methodologies to expedite the model lifecycle.
- Continue the automation of model performance monitoring, to increase the frequency and consistency of model performance assessments and earlier detection of non-performance.
- Attract and retain staff through talent pipeline development, succession planning, community of practice, broadened career opportunities and ongoing training and development.
- Finalise the development of the Model Risk Management Framework for machine learning/AI models.

Risk management overview
for the reporting period ended

Operational and resilience risk

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Key risk metrics	30 June 2024	30 June 2023	31 December 2023[1]
Total operational risk losses as a percentage of gross income (%)	0.49	0.56	0.5
Total operational risk losses (Rm)	260	295	524
Operational risk EC (Rbn)[2]	11.6	11.6	11.7
Total operational risk RWA (Rbn)	179.4	168.3	176.6
Operational risk (Rbn)	150.6	141.2	144.5
Non-customer assets (Rbn)	28.8	27.1	32.1

Review of current reporting period

- The Group maintained its operational resilience, delivering substantially uninterrupted services to its customers, against the backdrop of a number of interconnected and dynamic risk drivers. This included energy constraints, macroeconomic volatility, organised crime, the cost-of-living crisis and the effects of climate change.
- The Group's operational resilience was the result of the continuous adaptation, enhancement and optimisation of controls in response to risks experienced. Key areas of focus included:
  - Business continuity protocols considering the impact of loadshedding and blackout planning in SA as well as elections in multiple markets.
  - Information security and cyber controls, within the Group and its third parties, considering the increasing sophistication of threats.
  - Fraud prevention and detection capabilities in response to the increasing level of fraud attempts, while minimising disruption to authentic customers and transactions.
- Advanced the implementation of the new standardised approach requirements per the Basel III finalisation reforms.
- Operational risk losses for the period remain within appetite and were in line with expectations.
- RWA increased to **R179.4bn** (30 June 2023: R168.3bn) due to the growth in revenue and changes in the foreign exchange rates of the ARO countries.

Priorities

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

[1] The December 2023 figures were revised to align with final regulatory submissions.
[2] Operational risk RWA and EC includes fixed asset risk, non-customer assets and compliance risk.

Risk management overview
for the reporting period ended

Compliance risk

The risk of failure to comply with any legal or regulatory obligations including failure to act in accordance with customers' best interests, fair market practices and codes of conduct, and failure to mitigate financial crime.

Conduct risk

The risk of detriment to the Group, its customers, clients, market integrity, and effective competition from the inappropriate supply of financial services, including instances of wilful/negligent misconduct, unethical behaviour and the failure to manage regulatory relationships.

Review of current reporting period

- Maintained the fair treatment of customers during the ongoing digitisation of customer processes with a specific focus on vulnerable customers.
- Focused on the treatment of customers, especially distressed and vulnerable customers, affected by the challenging economic environment, including sustained high interest rates.
- Strengthened the customer complaints management capability, resulting in a notable reduction in complaints escalated to the National Financial Ombuds Scheme.
- Improved controls and process efficiencies around the management of organisational and employee conflicts of interest using AI.
- Progressed internal training and awareness on the protection of personal data and the responsible use of personal data.
- Integrated sustainability (ESG) risks into conduct and compliance frameworks, policies and processes.

Priorities

- Continued focus on the fair treatment of customers, especially distressed and vulnerable customers.
- Further drive the culture of privacy and protection of data across the organisation.
- Maintain ongoing training and awareness on fraud, privacy, security, ESG and regulatory compliance for employees and customers.
- Continuously instil corporate values that promote ethical conduct, more specifically through targeted actions and interventions.
- Further embed a predictive and proactive approach to identifying and managing conduct risk through increased use of data, data science models and AI.
- Maintain a vigilant and proactive compliance posture through robust compliance frameworks, fostering a culture of abiding to laws and regulations and of ethical behaviour, providing employee training, implementing effective monitoring and reporting systems, and maintaining transparency with regulators.

Financial crime risk

The risk of an act or attempted act against institutions, organisations or individuals by internal or external agents to illegally appropriate, defraud, manipulate or circumvent legislation. Financial crime includes offences such as money laundering, terrorist financing, bribery and corruption, market abuse and insider trading.

Review of current reporting period

- Continued interaction across the industry and with external bodies and forums to drive inputs and share insights.
- Enhanced the risk management capability by optimising and digitising risk identification and assessment processes and systems and expanding the deployment of AI capabilities and predictive models.
- Participated in and positioned changes on draft legislation to ensure appropriate and practical application of legislative requirements.
- Performed an advocacy role through the participation and lobbying in the regulatory process across all jurisdictions in which the Group operates.
- Engaged with international think tanks to drive pragmatic and effective application of legislative requirements.

Priorities

- Leverage relationships with regulators, industry partners and organisations to further enhance the effectiveness of risk management.
- Influence and drive thought leadership and public-private partnership to advance threat detection and awareness of emerging financial crime threats across Pan-Africa and globally.
- Continue to play a prominent role in advocating and lobbying changes in legislation and participate in industry initiatives to strengthen the collective effectiveness in fighting financial crime.
- Advance prevention and mitigation of economic crime (including money laundering, fraud, cybercrime, and data privacy) through convergence of risk management capabilities.
- Expand data capabilities and assets to strengthen proactive data driven risk management decisioning, risk assessments and monitoring.
- Expand deployment of AI capabilities and predictive models to improve analytical detection and drive proactive risk management.

Capital management and RWA

for the reporting period

Capital adequacy

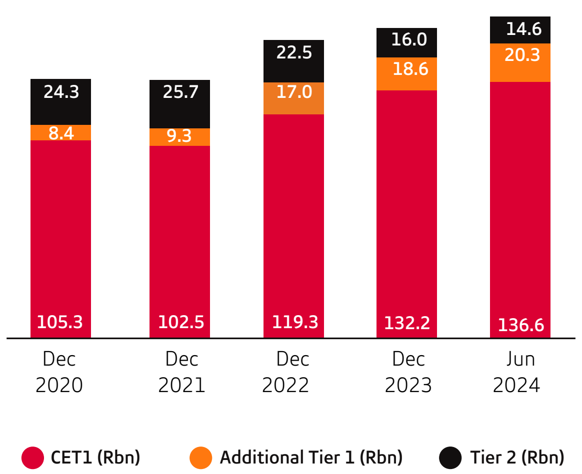
The Group's capital management strategy, which supports and aligns with its business strategy, is to build capital resilience while supporting targeted balance sheet growth and capital demand.

Capital adequacy

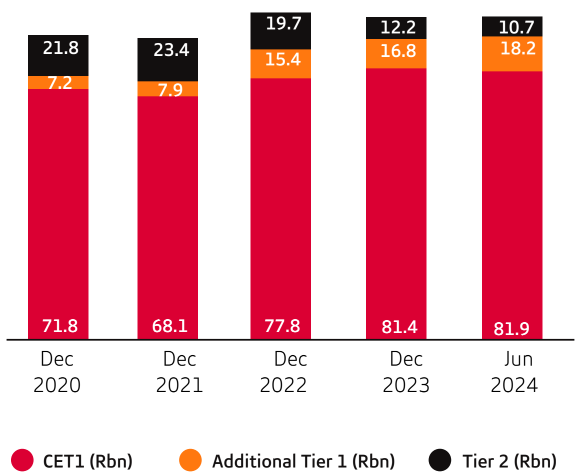
	Board target ranges[1]	Minimum RC requirements[2]	Group performance			Bank performance		
			30 June		31 December	30 June		31 December
	%	%	2024	2023	2023	2024	2023	2023
Statutory capital ratios (include unappropriated profits) (%)								
CET1	11.0 – 12.5		12.7	13.0	12.5	11.8	13.0	11.9
Tier 1	>12.0		14.6	14.7	14.2	14.5	15.5	14.4
Total capital adequacy requirement (CAR)	>14.5		15.9	16.2	15.8	16.0	17.3	16.2
Leverage	>5.55		7.7	7.7	7.7	6.0	6.2	6.1
Regulatory capital ratios (exclude unappropriated profits) (%)								
CET1		8.5	11.9	12.3	12.1	11.4	12.3	11.6
Tier 1		10.3	13.8	14.0	13.8	14.0	14.8	14.0
Total CAR		12.5	15.2	15.5	15.4	15.5	16.7	15.8
Leverage		4.0	7.3	7.3	7.5	5.8	5.9	5.9

Qualifying capital (including unappropriated profits)

Group



Bank



Group						Bank				
31 December				30 June		31 December				30 June
2020	2021	2022	2023	2024		2020	2021	2022	2023	2024
11.2	12.8	12.8	12.5	12.7	CET1 ratio (%)	10.6	12.4	12.5	11.9	11.8
15.0	17.0	16.6	15.8	15.9	Total CAR (%)	15.6	17.9	17.6	16.2	16.0
915.1	931.5	1 007.4	1 058.4[3]	1 075.0	RWA (Rbn)	640.0	630.0	662.1	683.0[3]	693.0

[1] Capital ratios (including unappropriated profits) are managed against Board capital targets. The Absa Bank Limited CET1 Board target range is 10.5% to 12.0% and Leverage Board target is >5.0%.
[2] The 2024 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.
[3] The December 2023 figures were revised to align with final regulatory submissions.

Capital management and RWA

for the reporting period ended

Overview of risk weighted assets

The following table provides the RWAs per risk type and the associated minimum capital requirements:

	30 June		31 December	30 June
Group	**2024 RWA Rm**	2023 RWA Rm	2023[1] RWA Rm	**2024 Minimum capital requirement[2] Rm**
Credit risk[3]	831 925	779 721	810 453	103 991
Market risk	38 648	44 209	45 215	4 831
Operational risk[4]	179 426	168 342	176 571	22 428
Threshold items	24 984	26 454	26 141	3 123
Total	1 074 983	1 018 726	1 058 380	134 373

	30 June		31 December	30 June
Absa Bank[5]	**2024 RWA Rm**	2023 RWA Rm	2023[1] RWA Rm	**2024 Minimum capital requirement[2] Rm**
Credit risk[3]	540 121	484 712	521 173	67 516
Market risk	26 466	31 067	36 669	3 308
Operational risk[4]	113 498	107 276	111 710	14 187
Threshold items	12 933	14 622	13 466	1 617
Total	693 018	637 677	683 018	86 628

[1] The December 2023 figures were revised to align with final regulatory submissions.
[2] The 2023 minimum total regulatory capital adequacy requirement of 12.5% includes the capital conservation buffer, Pillar 2A and the D-SIB add-on but excludes the bank specific individual capital requirement (Pillar 2B add-on) as required by regulatory guidance.
[3] Credit risk includes equity positions in the banking book, CCR, CVA and securitisation.
[4] Includes floor adjustment, settlement risk and non-customer assets.
[5] Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates, and offshore holdings.

Capital management and RWA

for the reporting period ended

Capital supply

Breakdown of qualifying capital

Group	30 June 2024 Rm	30 June 2024 %[1]	30 June 2023 Rm	30 June 2023 %[1]	31 December 2023 Rm[2]	31 December 2023 %[1]
CET1	128 107	11.9	125 138	12.3	127 914	12.1
Additional Tier 1 capital	20 280	1.9	17 567	1.7	18 635	1.7
Tier 1 capital	148 387	13.8	142 705	14.0	146 549	13.8
Tier 2 capital	14 563	1.4	15 683	1.5	15 980	1.5
Total qualifying capital (excluding unappropriated profits)	162 950	15.2	158 388	15.5	162 529	15.4
Qualifying capital (including unappropriated profits)						
CET1 including unappropriated profits	136 601	12.7	131 981	13.0	132 170	12.5
CET1	128 107	11.9	125 138	12.3	127 914	12.1
Unappropriated profits	8 494	0.8	6 843	0.7	4 256	0.4
Additional Tier 1 capital	20 280	1.9	17 567	1.7	18 634	1.7
Tier 1 capital	156 881	14.6	149 548	14.7	150 804	14.2
Tier 2 capital	14 563	1.4	15 683	1.5	15 980	1.5
Total qualifying capital (including unappropriated profits)	171 444	15.9	165 231	16.2	166 785	15.8

Absa Bank[3]	30 June 2024 Rm	30 June 2024 %[1]	30 June 2023 Rm	30 June 2023 %[1]	31 December 2023 Rm[2]	31 December 2023 %[1]
CET1	78 758	11.4	78 350	12.3	79 019	11.6
Additional Tier 1 capital	18 248	2.6	15 974	2.5	16 778	2.5
Tier 1 capital	97 006	14.0	94 324	14.8	95 797	14.0
Tier 2 capital	10 679	1.5	11 911	1.9	12 237	1.8
Total qualifying capital (excluding unappropriated profits)	107 685	15.5	106 235	16.7	108 034	15.8
Qualifying capital (including unappropriated profits)						
CET1 including unappropriated profits	81 935	11.8	82 749	13.0	81 413	11.9
CET1	78 758	11.4	78 350	12.3	79 019	11.6
Unappropriated profits	3 177	0.4	4 399	0.7	2 394	0.4
Additional Tier 1 capital	18 248	2.6	15 974	2.5	16 778	2.5
Tier 1 capital	100 183	14.5	98 723	15.5	98 191	14.4
Tier 2 capital	10 679	1.5	11 911	1.9	12 237	1.8
Total qualifying capital (including unappropriated profits)	110 862	16.0	110 634	17.3	110 427	16.2

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

Capital management and RWA

for the reporting period ended

Economic capital

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

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

Economic capital	30 June 2024 Rm	30 June 2023 Rm	31 December 2023 Rm
Credit risk[1]	72 870	72 208	72 583
Market risk	14 866	14 706	13 094
Trading book risk	6 337	6 168	4 468
Banking book risk	8 529	8 538	8 626
Insurance risk	6 295	6 084	6 339
Strategic and sustainability risk	7 436	7 912	7 800
Model risk	1 767	1 678	1 663
Operational and resilience risk[2]	11 558	11 631	11 744
Total EC requirement	114 792	114 219	113 223
IFRS total EC AFR	174 288	169 199	169 820
IFRS total EC surplus	59 495	54 980	56 597
IFRS EC coverage ratio	1.5	1.5	1.5

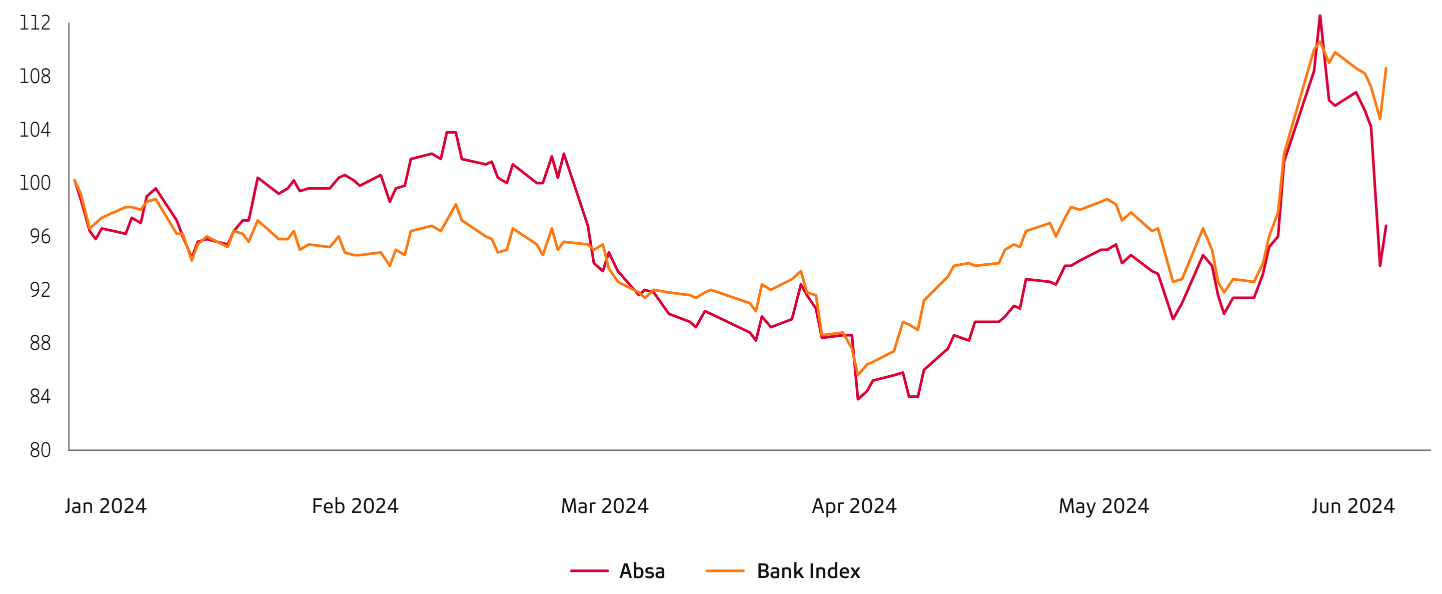
[1] Credit risk includes equity risk, CCR, CVA and securitisation.
[2] Operational and resilience risk includes operational risk and physical asset risk which includes property and equipment.

Appendices

Share performance

for the reporting period ended 30 June

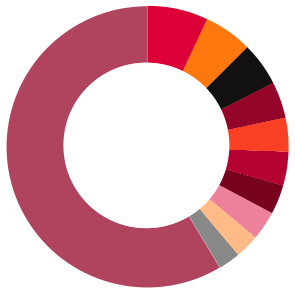
Share performance (cents)



Share performance on the JSE	30 June 2024	30 June 2023	Change %	31 December 2023
Number of shares in issue, which includes 2024: 65 602 863 (2023: 18 184 809) treasury shares	894 376 907	847 750 679		894 376 907
Market prices (cents per share):				
closing	15 845	16 791	(3)	16 371
high	18 340	20 574	—	20 574
low	13 778	15 318	—	15 318
average	15 590	18 061	(2)	17 765
Closing price/NAV per share (excluding preference shares) (%)	0.88	1.03	(6)	0.97
Price-to-earnings ratio (closing price/HEPS) (%)	6.70	6.78	(2)	6.63
Volumes of shares traded (million)	396	397	95	775
Value of shares traded (million)	62 278	70 608	93	136 030
Market capitalisation (Rm)	141 714	142 346	3	146 418
Annual total return (%)	0.8	(10.0)	(10.0)	(9.0)

Shareholder information and diary

Major ordinary shareholders (%)



2024	2023	
7.00	(1.89)	New shelf 1405 Limited (SA)
5.67	(4.96)	M&G (SA, UK)
5.02	(5.15)	Public Investment Corporation (SA)
4.06	(4.98)	BlackRock Incorporated (US, UK, JP, AU, CA)
4.03	(4.02)	Citigroup Global Markets (SA)
3.76	(3.94)	The Vanguard Group (US, AU)
3.47	(4.68)	Ninety One (SA)
3.19	(3.89)	Investec Securities (SA)
2.82	(3.32)	Sanlam Investment Management (SA)
2.63	(4.40)	Old Mutual (SA, NA)
58.35	(58.77)	Other

Major shareholding split by geography (%)

June 2024	June 2023	
8.71	(7.52)	United Kingdom
64.76	(61.66)	South Africa
16.81	(19.32)	United States and Canada
9.72	(11.50)	Other countries

Shareholder diary

Financial year-end	31 December 2024
Annual general meeting	3 June 2025

Dividend	Declaration date	Last day to trade	Ex-dividend date	Record date	Payment date
Final	Monday 19 August 2024	Tuesday 10 September 2024	Wednesday 11 September 2024	Friday 13 September 2024	Monday 16 September 2024

Glossary

Approaches (FIRB, AIRB, AMA and IMA)
Methods available to banks to calculate their regulatory capital requirements, based on their own risk estimates. These include the foundation internal ratings-based (FIRB) and advanced internal ratings-based (AIRB) approaches for credit risk, the advanced measurement approach (AMA) for operational risk and the internal models approach (IMA) for market risk.

Average interest-bearing assets
Average interest-bearing assets consist of all accounts that are not impaired and thus attract interest within the asset categories of cash, cash balances and balances with central banks, loans and advances to banks and customers and investment securities (including cash and short-term assets, money market assets and capital market assets).

Average loans to deposits and debt securities ratio
Loans and advances to customers and loans and advances to banks as a percentage of deposits due to customers, deposits to banks and debt securities in issue (calculated on daily weighted averages).

Balance sheet
The term 'Balance sheet' is used in the same context as the 'Statement of financial position'.

Bank
Absa Bank Limited, together with its subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings. It is also referred to as 'the Bank' or 'Absa Bank' in this report.

Banking average assets
Banking average assets consist of all average assets related to the banking activities of the Group. Banking average assets exclude 'Other assets', 'Current tax assets', 'Non-current assets held for sale', 'Reinsurance assets', 'Goodwill and intangible assets', 'Property and equipment' and 'Deferred tax assets', and includes 'Trading portfolio liabilities'.

Banking book annual earnings at risk
A measure of the sensitivity of net interest income over a one-year horizon due to a change in the level of interest rates. Calculated as the difference between the estimated income using the current yield curve, and the lowest estimated income following an increase or decrease in interest rates. As per regulatory requirement, a 200bps downward shock is applied.

Banking income yield
Income as a proportion of banking average assets.

Banking interest yield
Net interest income after credit losses, as a proportion of banking average assets.

Banking non-interest yield
Non-interest income as a proportion of banking average assets.

Banks Act
This means the Banks Act, No 94 of 1990 and its accompanying regulations relating to banks published in the Government Gazette on 12 December 2012.

Barclays
Barclays PLC, registered in England under registration number 1026167.

Basel Capital Accord (II, II.5 and III)
The Basel Capital Accord of the Bank for International Settlements is an improved capital adequacy framework aimed at closely aligning banks' capital requirements with improved modern risk management practices and sophisticated risk assessment capabilities. It further ensures the risk sensitivity of the minimum capital requirements by including supervisory reviews and market discipline through enhanced disclosure.

Borrowed funds
Subordinated callable notes qualifying as long-term Tier 2 capital in terms of section 1 of the Banks Act, No 94 of 1990.

Capital adequacy ratio
The capital adequacy of South African banks is measured in terms of the requirements of the SARB. The ratio is calculated by the aggregate amount of qualifying capital and reserve funds divided by RWA. The base minimum South African total capital adequacy ratio for banks is 10% of RWA. Non-South African banks in the Group have similar capital adequacy methodology requirements.

Capital – Common Equity Tier 1
Common Equity Tier 1 capital consists of the sum of the following elements:

- Common shares issued by Absa Bank Limited that meet the criteria for classification as common shares for regulatory purposes (or the equivalent for non-joint stock companies);
- Stock surplus (share premium) resulting from the issue of instruments including CET 1;
- Retained earnings;
- Accumulated other comprehensive income and other disclosed reserves;
- Common shares issued by consolidated subsidiaries of Absa Bank Limited and held by third parties (i.e., non-controlling interest) that meet the criteria for inclusion in CET 1; and
- Regulatory adjustments applied in the calculation of CET 1.

Glossary

Capital – Additional Tier 1 capital

Additional Tier 1 capital consists of the sum of the following elements:

- Instruments issued by Absa Bank Limited that meet the criteria for inclusion in Additional Tier 1 capital (and are not included in CET 1);
- Stock surplus (share premium) resulting from the issue of instruments included in Additional Tier 1 capital;
- Instruments issued by consolidated subsidiaries of Absa Bank Limited and held by third parties that meet the criteria for inclusion in Additional Tier 1 capital and are not included in Common Equity Tier 1. See section 4 for the relevant criteria; and
- Regulatory adjustments applied in the calculation of additional Tier 1 capital.

Capital – Common Equity Tier 1 capital adequacy ratio

A measurement of a bank's core equity capital compared with its total RWA. This is the measure of a bank's financial strength. The Common Equity Tier 1 excludes any preference shares or non-controlling interests when determining the calculation.

Capital – Tier 2 capital

Tier 2 capital consists of the sum of the following elements:

- Instruments issued by Absa Bank Limited that meet the criteria for inclusion in Tier 2 capital (and are not included in Tier 1 capital);
- Stock surplus (share premium) resulting from the issue of instruments included in Tier 2 capital;
- Instruments issued by consolidated subsidiaries of Absa Bank Limited and held by third parties that meet the criteria for inclusion in Tier 2 capital and are not included in Tier 1 capital;
- Certain loan loss provisions such as general provisions/general loan-loss reserve; and
- Regulatory adjustments applied in the calculation of Tier 2 capital.

Capital – Tier 2 ratio

A component of regulatory capital, comprising qualifying subordinated loan capital, related minority interests, allowable collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available-for-sale. Tier 2 capital also includes reserves arising from the revaluation of properties.

Claims ratio

Net insurance claims and benefits paid as a percentage of net premium income.

Combined ratio

Insurance losses incurred and expenses as a percentage of insurance premiums earned.

Conduct risk

Conduct risk is the detriment caused to the Group's customers and clients, counterparties or Absa Bank Limited as a result of inappropriate execution of the business activities.

Constant currency

The selected line items from the Condensed consolidated statement of comprehensive income and Condensed consolidated statement of financial position for the Africa regions market segment disclosed on pages 72 and 73 are derived by translating the Statement of comprehensive income and Statement of financial position from the respective individual entities' local currencies to Rand.

The current reporting period's results are translated at the current reporting period's average rates for the Statement of comprehensive income, while the closing rate is used for the Statement of financial position in terms of IFRS.

The percentage change based on constant currency has been presented to provide information on the impact of foreign currency movements on the local currency earnings. This is calculated for the Statement of comprehensive income and Statement of financial position, by translating the previous and current reporting periods' results at the exchange rate as at the prior reporting date and comparing the two outcomes.

The percentage change based on constant currency is provided for illustrative purposes only and may not fairly present the Group's financial position and/or the results of its operations. The directors are responsible for the preparation of the constant currency information.

Cost-efficiency ratio

'Operating expenses' as a percentage of income. Income consists of net interest income and non-interest income, net of reinsurance, unearned premiums, net insurance claims and benefits paid, changes in investment and insurance contract liabilities and acquisition costs.

Cost of equity

An estimate of the return that the market demands in exchange for the risk of ownership of equity.

Cost-to-income ratio

'Operating expenses' as a percentage of income. Income consists of net interest income and non-interest income.

Coverage ratio

Impairment losses on loans and advances as a proportion of gross loans and advances.

Credit loss ratio

Impairment losses on loans and advances for the reporting period, divided by total average advances (calculated on a daily weighted average basis).

Glossary

Debt securities in issue

Short- to medium-term instruments issued by the Group, including promissory notes, bonds and negotiable certificates of deposits.

Diluted headline earnings per share

Headline earnings for the reporting period that is attributable to ordinary equity holders, as a proportion of the weighted average number of ordinary shares in issue adjusted for the effect of all potential dilutive ordinary shares.

Distribution force

Number of active advisers.

Dividend payout ratio

The total amount of dividends paid out to shareholders per ordinary share divided by the headline earnings per share.

Dividend per ordinary share relating to income for the reporting period

Dividend per ordinary share for the reporting period is the actual interim dividends paid and the final dividends declared for the reporting period under consideration, expressed as cents per share.

Special dividend per ordinary share is a payment made by the Group that is considered separate from the typical recurring dividend cycle, expressed as cents per share.

Earnings per share

Basic earnings per share

This constitutes the net profit for the reporting period, less earnings attributable to non-controlling interest, divided by the weighted average number of ordinary shares in issue during the reporting period.

Diluted basic earnings per share

The amount of profit for the reporting period that is attributable to ordinary equity holders, divided by the weighted average number of ordinary shares in issue during the reporting period, both adjusted for the effects of all potential dilutive ordinary shares, assuming they had been in issue for the reporting period.

Economic capital

Economic capital is an estimate of the maximum downward deviation from expectation in shareholder value, measured on an economic basis over a one-year time horizon and at a 99.95% confidence level. This sets the internal capital requirement deemed necessary by the Group to support the risks to which it is exposed.

Embedded value

The embedded value of the covered business is the discounted value of the future after-tax shareholder profits (net of the opportunity cost of the required capital) arising from covered business in force at the valuation date, together with the adjusted net worth of the covered business.

Covered business is taken to be all long-term insurance business written under the Group's licence.

The free surplus is the excess of assets over the sum of liabilities and required capital, with assets at market value and liabilities on the statutory valuation method, adjusted to add back inadmissible assets. The required capital is taken to be two times the statutory capital adequacy requirement, in line with the results of internal capital models and the Group's dividend policy.

Exchange differences

Differences resulting from the translation of a given number of units of one currency into another currency at different exchange rates.

Expected Credit Loss (ECL) coverage ratio

ECL allowance as a proportion of gross loans and advances to customers and banks.

Financial Markets Act

This means the Financial Markets Act No 19 of 2012 and its regulations. This Act is the primary legislation governing the regulation of financial markets, market infrastructure and securities services in South Africa. It focuses primarily on the licensing and regulation of exchanges, central securities depositories, clearing houses, trade repositories and market infrastructure. The Act also strengthens measures already in place aimed at prohibiting insider trading and other market abuses.

Foreign currency translation

Foreign currency accounts of the Group's subsidiaries translated to reporting currency, with the foreign adjusted currency translation included in a foreign currency translation reserve as equity capital.

Glossary

Gains and losses from banking and trading activities
Banking and trading portfolios include:
- realised gains and losses on financial instruments held at amortised cost, held-to-maturity or available-for-sale;
- realised gains and losses on the disposal of associates, joint ventures and subsidiaries within the banking portfolios;
- realised and unrealised gains and losses on financial instruments designated at fair value through profit or loss; and
- interest, dividends and fair value movements on certain financial instruments held for trading or designated at fair value through profit or loss.

Gains and losses from investment activities
Insurance and strategic investment portfolios including:
- realised gains and losses on financial instruments held at amortised cost, held-to-maturity or available-for-sale;
- realised gains and losses on the disposal of associates, joint ventures and subsidiaries;
- realised and unrealised gains and losses on financial instruments designated at fair value through profit or loss; and
- interest, dividends and fair value movements on certain financial instruments held for trading or designated at fair value through profit or loss.

Gross credit extended
Loans advanced to customers and banks, as well as off-balance sheet exposures.

Group
Absa Group Limited, together with its subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings. It is also referred to as 'the Group' or 'Absa Group' in this report.

Headline earnings
Headline earnings reflects the operating performance separated from remeasurements (an amount recognised in the Statement of comprehensive income relating to any change (realised or unrealised) in the carrying amount of an asset/liability that arose after the initial recognition of such asset or liability) as well as non-controlling interest of preference shares or ordinary shares, where relevant.

Headline earnings per share
Profit attributable to ordinary equity holders after adjusting for separately identifiable remeasurements, net of tax and non-controlling interest, divided by the weighted average number of ordinary shares in issue. A remeasurement is an amount recognised in profit or loss relating to any change in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability.

Diluted headline earnings per share
Diluted headline earnings per share is calculated by adjusting both the headline earnings and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, assuming they had been in issue for the reporting period.

Income statement
The term Income statement is used in the same context as the Statement of comprehensive income.

Indirect taxation
Indirect taxes are the taxes that are levied on transitions rather than on persons (whether individuals or corporate). These taxes include unclaimed value-added taxes, stamp duties on deposits and Regional Services Council levies.

JAWS
A measure used to demonstrate the extent to which the Group's income from operations growth rate exceeds operating expenses growth rate. Income from operations consists of net interest income and non-interest income.

Leverage
Average assets as a proportion of average equity.

Life new business margin
Embedded value of new business attained in the Life Insurance key business area of WIMI, as a proportion of the discounted value of the associated future premiums.

Gross loans-to-deposits and debt securities ratio
Gross Loans and advances as a percentage of deposits and debt securities in issue.

Income/total income
Income consists of net interest income and non-interest income.

Long-term funding ratio
Funding with a term in excess of six months.

Market capitalisation
The Group's closing share price, times the number of shares in issue at the reporting date.

Merchant income
Income generated from the provision of point-of-sale facilities to the Group's merchant network customers. This income includes both rental income for the supply of point-of-sale units as well as transactional income for the transactions processed on the supplied terminals.

Glossary

Net asset value per share
Total equity attributable to ordinary equity holders divided by the number of shares in issue. The net asset value per share figure excludes the non-cumulative, non-redeemable preference shares issued.

Net income
Net income consists of net interest income and non-interest income, net of impairment losses on loans and advances.

Net insurance premium income
The amount of insurance premiums received or receivable on insurance assets net of insurance claims and benefits paid on insurance liabilities.

Net interest income
The amount of interest received or receivable on assets net of interest paid or payable on liabilities.

Net interest margin on average interest-bearing assets
Net interest income for the reporting period, divided by average interest-bearing assets (calculated on a daily weighted average basis), expressed as a percentage of average interest-bearing assets.

Net present value unwind on non-performing book
A net present value adjustment representing time value of money of expected cash flows within the impairment allowance. Such time value of money reduces as the point of cash flow is approached. The time-based reduction in time value of money is recognised in the Statement of comprehensive income as interest received on impaired assets.

Net trading result
Net trading result includes the profits and losses on CIB's trading desks arising from both the purchase and sale of trading instruments and the revaluation to market value, as well as CIB's hedge ineffectiveness. This includes the interest income and interest expense from these instruments and related funding cost. It also includes similar activities from the African operations.

Non-interest income
Non-interest income consists of the following Statement of comprehensive income line items: 'net fee and commission income', 'net insurance premium income', 'net insurance claims and benefits paid', 'changes in investment contracts and insurance contract liabilities', 'gains and losses from banking and trading activities', 'gains and losses from investment activities as well as other operating income'.

Non-interest income as a percentage of income
Non-interest income as a percentage of income from operations. Income consists of net interest income and non-interest income.

Pre-provision profit
Total income less operating expenses.

Price-to-earnings ratio
The closing price of ordinary shares, divided by headline earnings per ordinary share for the reporting period.

Probability of default
The probability that a debtor will default within a one-year time horizon.

Regulatory capital
The capital that the Group holds, determined in accordance with the requirements of the Banks Act and regulations relating to banks.

Return on average assets
Annualised headline earnings as a proportion of total average assets.

Return on average equity
Annualised headline earnings as a proportion of average equity.

Return on average regulatory capital
Measure of efficient use, by segment, of regulatory capital.

Return on average risk-weighted assets
Annualised headline earnings as a proportion of average RWA.

Risk-weighted assets
Calculated by assigning a degree of risk, expressed as a percentage (risk weight) to an exposure, in accordance with the applicable standardised or internal ratings-based approaches rules. RWA are determined by applying the:
- AIRB approach for wholesale and retail credit; AMA for operational risk;
- Internal ratings-based market-based simple risk-weight approach for equity investment risk in the banking book; and
- Standardised approach for all African entities (both credit and operational risk).

Solvency margin
The amount by which assets, at fair value, exceed liabilities and other comparable commitments.

Glossary

Stage 1
Assets comprise exposures that are performing in line with expectations at origination. Financial assets that are not purchased or originated with a credit impaired status are required to be classified on initial recognition within stage 1.

Stage 2
Exposures are required to be classified within stage 2 when a significant increase in credit risk has been observed. The factors which trigger a reclassification from stage 1 to stage 2 have been defined so as to meet the specific requirements of IFRS 9, and in order to align with the Group's credit risk management practices.

Stage 3
Credit exposures are classified within stage 3, when they are regarded as being credit impaired, which aligns to the bank's regulatory definition of default.

Stage 3 loans ratio on gross loans and advances
Stage 3 loans and advances as a percentage of gross loans and advances.

Tangible net asset value per share
Total equity attributable to ordinary equity holders less goodwill and intangible assets, divided by the number of shares in issue. The tangible net asset value per share figure excludes the non-cumulative, non-redeemable preference shares issued.

Underwriting margin
Net insurance premium income remaining after losses have been paid and administrative expenses have been deducted.

Value-at-risk model
A technique that measures the loss that could occur on risk positions as a result of adverse movements in market risk factors (e.g. rates, prices, volatilities) over a specified time horizon and to a given level of confidence.

Value of new business
The discounted value, at the date of sale, of the projected after-tax shareholder profits from new covered business, net of the opportunity cost of the required capital for new business. New covered business is defined as long-term insurance contracts written by the Group during the reporting period and for which at least one premium has been recognised in the financial statements. The value of new business is calculated using closing assumptions for all basis items.

Weighted average number of shares
The number of shares in issue at the beginning of the reporting period increased by shares issued during the reporting period, weighted on a time basis for the period during which they participated in the income, less treasury shares held by entities, weighted on a time basis for the period during which the entities held these shares.

Abbreviations and acronyms

A	
AEaR	Annual earnings at risk
AFR	Available financial resources
AFS	Annual financial statements
AGL	Absa Group Limited
AIRB	advanced internal ratings-based approach
AMA	advanced measurement approach
ATC	Africa Treasury Committee
ATM	automated teller machine
ARO	Absa Regional Operations

B	
Basel	Basel Capital Accord
BERC	Group Executive Risk Committee
BBBEE	Broad-based black economic empowerment
BIA	Basic Indicator Approach
Bps	basis points
BU	business unit

C	
CAR	capital adequacy requirement
CAGR	Compound annual growth rate
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CEM	current exposure method
CET 1	Common Equity Tier 1
CFP	contingency funding plan
CIB	Corporate and Investment Bank
CLF	committed liquidity facility
CLGD	country loss given default
CMRA	conduct material risk assessments
CoRC	Concentration Risk Committee
CPF	Commercial Property Finance
CPRF	Conduct Principal Risk Framework
CR	credit risk
CRC	Control Review Committee
CRCC	Country Risk and Control Review Committee
CRM	credit risk mitigation
CRRC	Conduct and Reputational Risk Committee
CSA(s)	collateral support annexure(s)
CVA	credit valuation adjustment

D	
DGS	Deposit Guarantee Scheme
D-SIBs	domestic-systemically important banks
DVaR	daily value at risk

E	
EAD	exposure at default
EC	economic capital
ECA	economic capital adequacy
Edcon	Edcon Store Card portfolio
EL	expected loss
ERMF	Enterprise Risk Management framework
EVE	economic value of equity
EWIs	early warning indicators

F	
FRTB	Fundamental Review of the Trading Book
FX	Forex

G	
GAC	Group Actuarial Committee
GACC	Group Audit and Compliance Committee
GCC	Group Credit Committee
GCCO	Group Chief Credit Officer
GCE	Group Chief Executive
GCRO	Group Chief Risk Officer
GMRA	Global Master Repurchase Agreement
GMRC	Group Market Risk Committee
GMRP	Group Model Risk Policy
GMSLA	Global Master Securities Lending
GRCMC	Group Risk and Capital Management Committee
Group	Absa Group Limited
GWWR	general wrong way risk

H	
HQLA	high-quality liquid assets
HR	high risk

I	
IAA	internal assessment approach
IAS	International Accounting Standard(s)
IAS 28	IAS 28 Investments in Associates
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement
ICAAP	internal capital adequacy assessment process
ICMA	International Capital Market Association
IFRS	International Financial Reporting Standard(s)
IFRS 9	Financial Instruments
IFRS 11	Joint Arrangements
IMA	internal models approach
IMM	interest models method
IRB	interest ratings-based
IRRBB	interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ISLA	International Securities Lending Association
IT	information technology
IVC	Independent Valuation Committee

Abbreviations and acronyms

J	
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange
K	
KCI	key control indicator
KI	key indicator
KPI	key performance indicator
KRI	key risk indicator
KRO	Key Risk Officer
KRS	Key Risk Scenarios
M	
MC	Group Model Committee
MR	market risk
N	
NCWO	No-credit-worse-off
NII	net interest income
NPL(s)	Non-performing loan(s)
NSFR	Net stable funding ratio
O	
OR&CC	Operational Risk and Control Committee
ORMF	Operational Risk Management Framework
ORSA	Own Risk and Solvency Assessment
ORX	Operational risk data exchange
OTC	over-the-counter
R	
RBA	ratings-based approach
RBB	Retail and Business Banking
RC	regulatory capital
RDARR	Risk data aggregation and risk reporting
RoE	return on average equity
RoRWA	Return on average risk-weighted assets
RRP	recovery and resolution plan
RSU	Risk Sanctioning Unit
RW	risk-weight
RWA	risk-weighted assets
RWR	right way risk
S	
SA	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
SAM	Solvency Assessment and Management
SARB	South African Reserve Bank
SEC	securitisations
SFA	supervisory formula approach
SL	specialised lending
SME	small and medium-sized enterprises
SSFA	simplified supervisory formula approach
sVAR	stressed value at risk
SWWR	specific wrong way risk
T	
TLAC	Total loss absorbing capacity
TRC	Trading Risk Committee
TSA	The standard approach
TTC	through-the-cycle
V	
VAF	Vehicle and Asset Finance
VaR	value at risk
W	
WIMI	Wealth, Investment Management and Insurance
WL	watch list

Contact information

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