Absa Group
FY24 financial results

11 March 2025

Your story matters

Charles Russon

Interim Group Chief Executive

Difficult macro backdrop that remains highly uncertain

Global environment

- Global uncertainty rose sharply with new US administration
- Inflationary pressure from tariffs
- Monetary policy trends reflect country-specific conditions
- Elevated geopolitical tensions
- Regulatory fragmentation

Sub-Saharan Africa

- Social tension in some markets
- Disinflation, policy rate cutting
- Improving weather conditions
- Large infrastructure investment
- Stronger GDP growth expected
- Sovereign debt challenges continue
- Widespread currency weakness

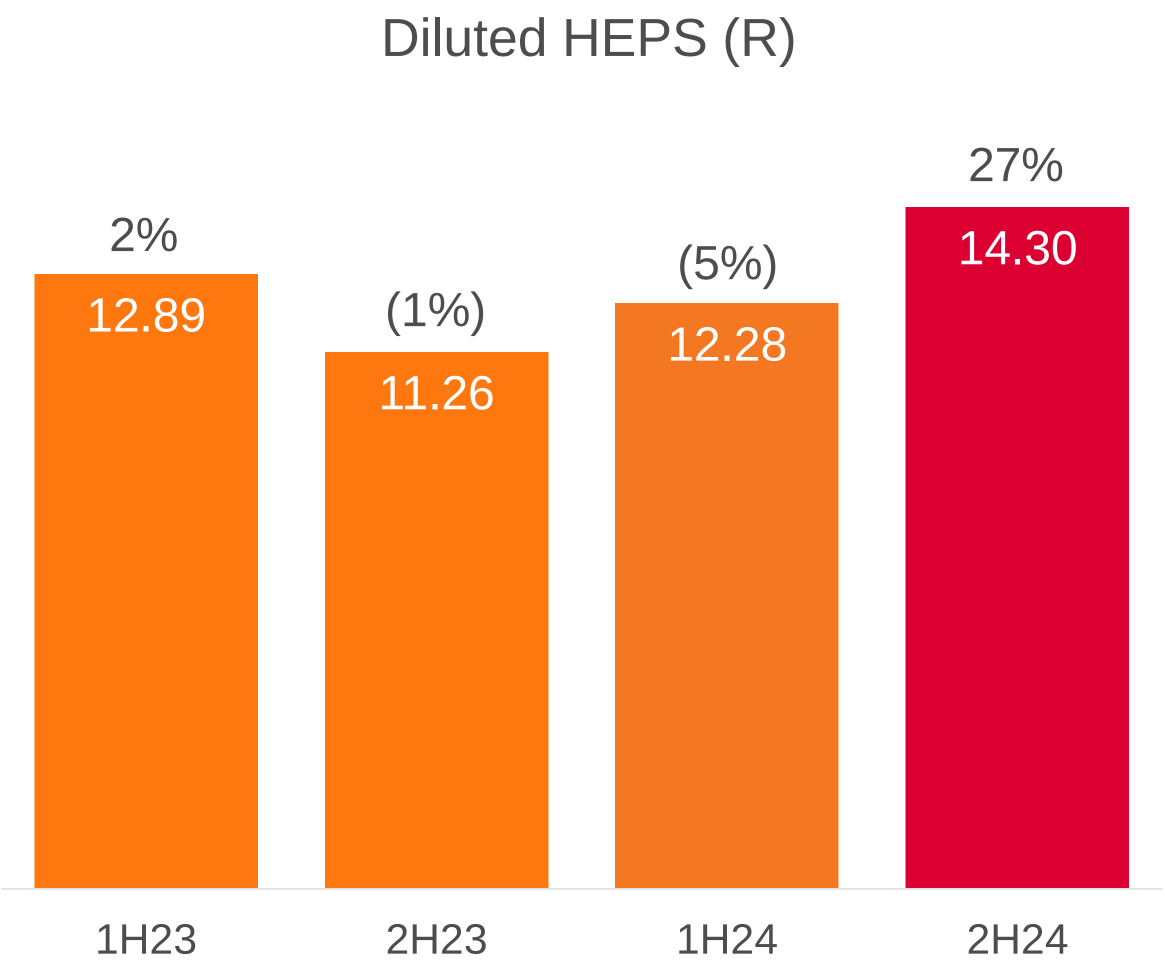
South Africa

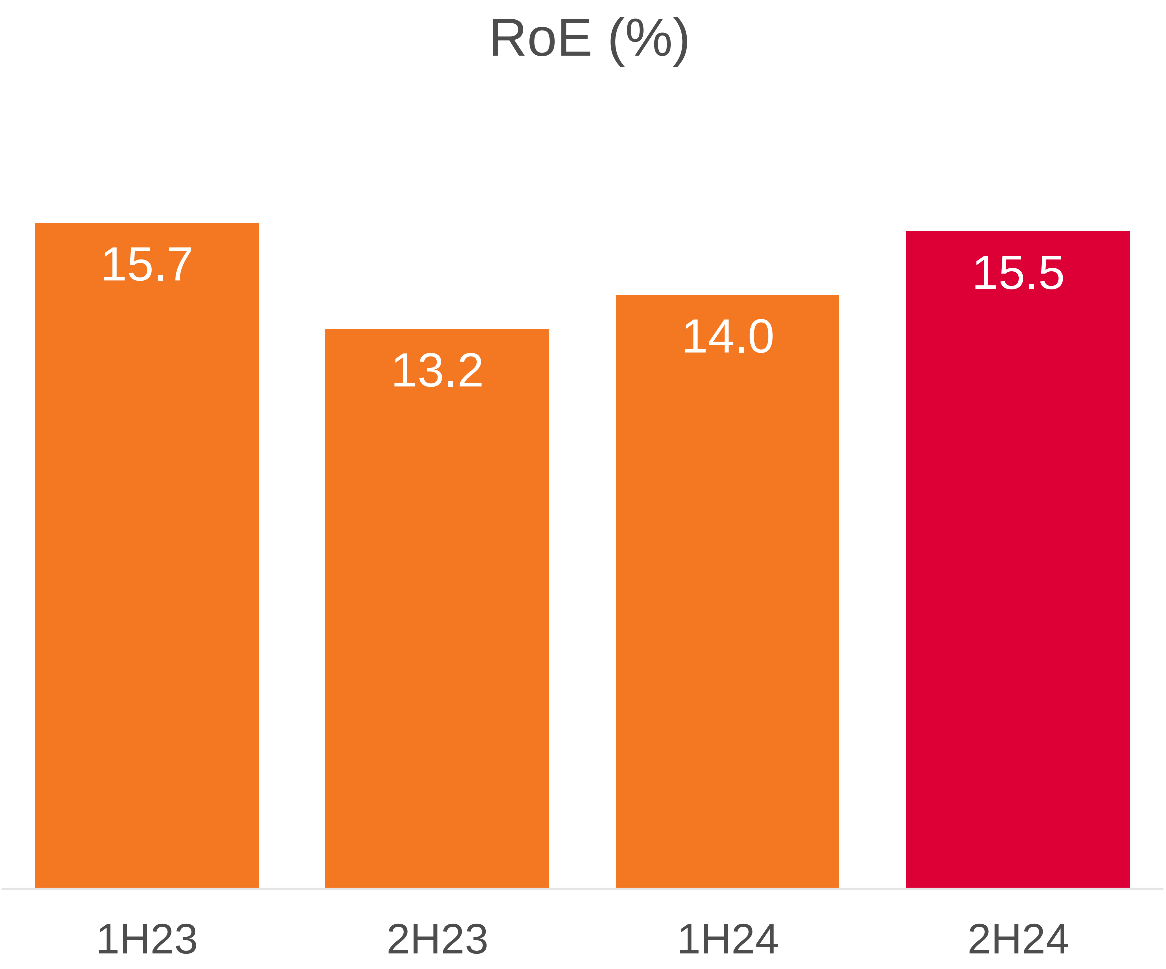
- Two significant events: GNU formed, reduced loadshedding
- Increased household income and consumption
- Benign inflation and shallow rate cutting cycle
- Improving GDP growth trend

FY24 saw some progress

Key performance metrics	FY23	FY24	Change (%)
Diluted HEPS (c)	2 415	**2 658**	10
Ordinary DPS (c)	1 370	**1 460**	7
RoE (%)	14.4	**14.8**	
Net interest margin (bps)	468	**463**	
Cost-to-income ratio (%)	53.2	**53.2**	
Credit loss ratio (bps)	118	**103**	
NAV per share (R)	174.40	**193.10**	11
CET1 ratio (%)	12.5	**12.6**	

We are in a recovery phase





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Making progress on strategic execution priorities

- From focus on market share growth to sustainable growth delivering the right returns
- From a product focus to both product and client/customer franchise profitability
  - Creating a Retail SA franchise
  - Adopting a franchise approach to wholesale clients
- Focus on precision of capital allocation
- Driving a productivity and efficiency program to finance investment

Franchise health improving

Customer

- Purpose aligned brand – “Your story matters”
- Customer experience improved by 5 points
- Growing RBB customer base
  - SA retail transactional customers up 7%
  - ARO active customers grew 13%
- Strengthening client primacy in CIB to 42%

Technology and digital

- Stable technology
  - 99.98% availability
  - Over 1000 days with no severity 1 incidents
- Accelerating digital adoption
  - 14% growth in digitally active customers across group

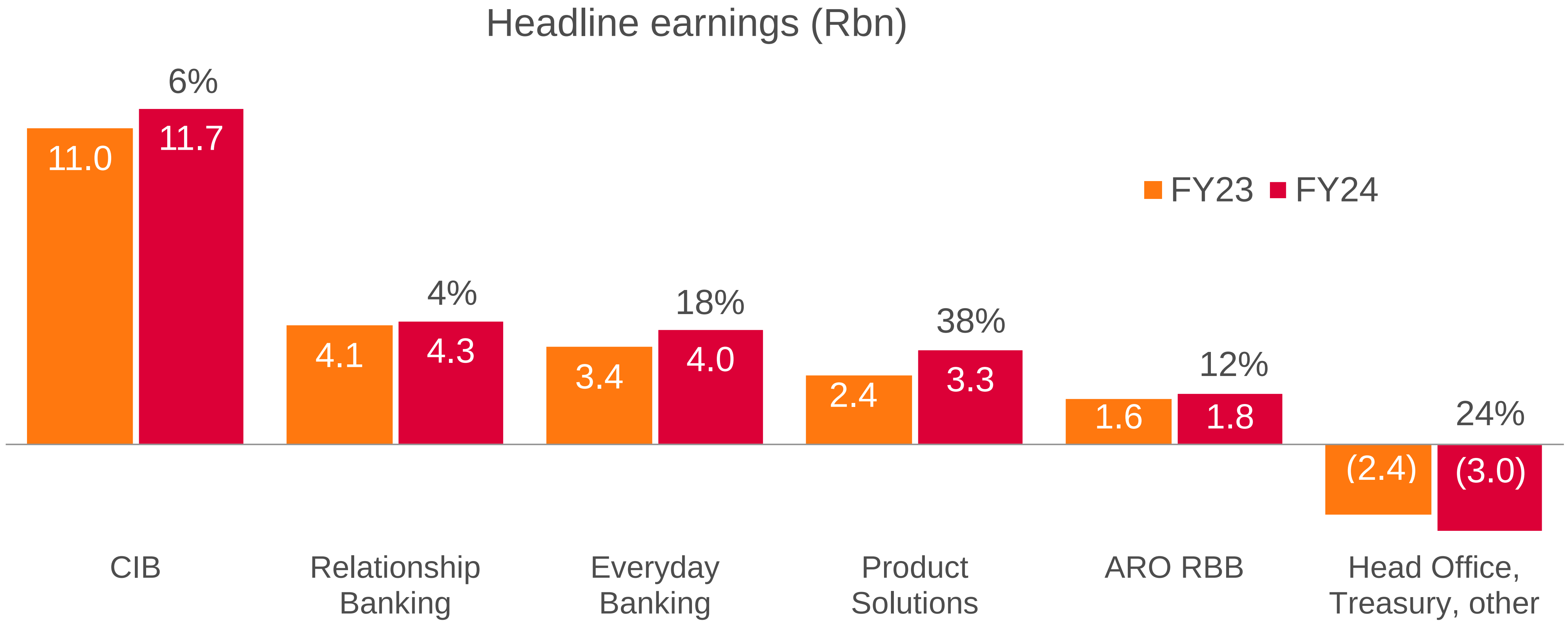
Sustainability

- R49bn in sustainability-linked financing in 2024
  - Achieved 2025 R100bn target a year ahead of schedule

Colleague

- Employees are engaged.
- Staff ownership via share scheme.

All businesses grew earnings



	CIB	Relationship Banking	Everyday Banking	Product Solutions	ARO RBB	Head Office, Treasury, other
Pre-provision profit growth:	14%	4%	1%	1%	15%	-
RoRC:	22.5%	24.9%	27.8%	14.0%	12.4%	

Note: In constant currency CIB headline earnings grew 10% and ARO RBB increased 35%. Head Office Treasury, other includes Ghana hyperinflation accounting impact, eKhaya B-BBEE costs, deposit insurance costs, and the impact of separating from Barclays

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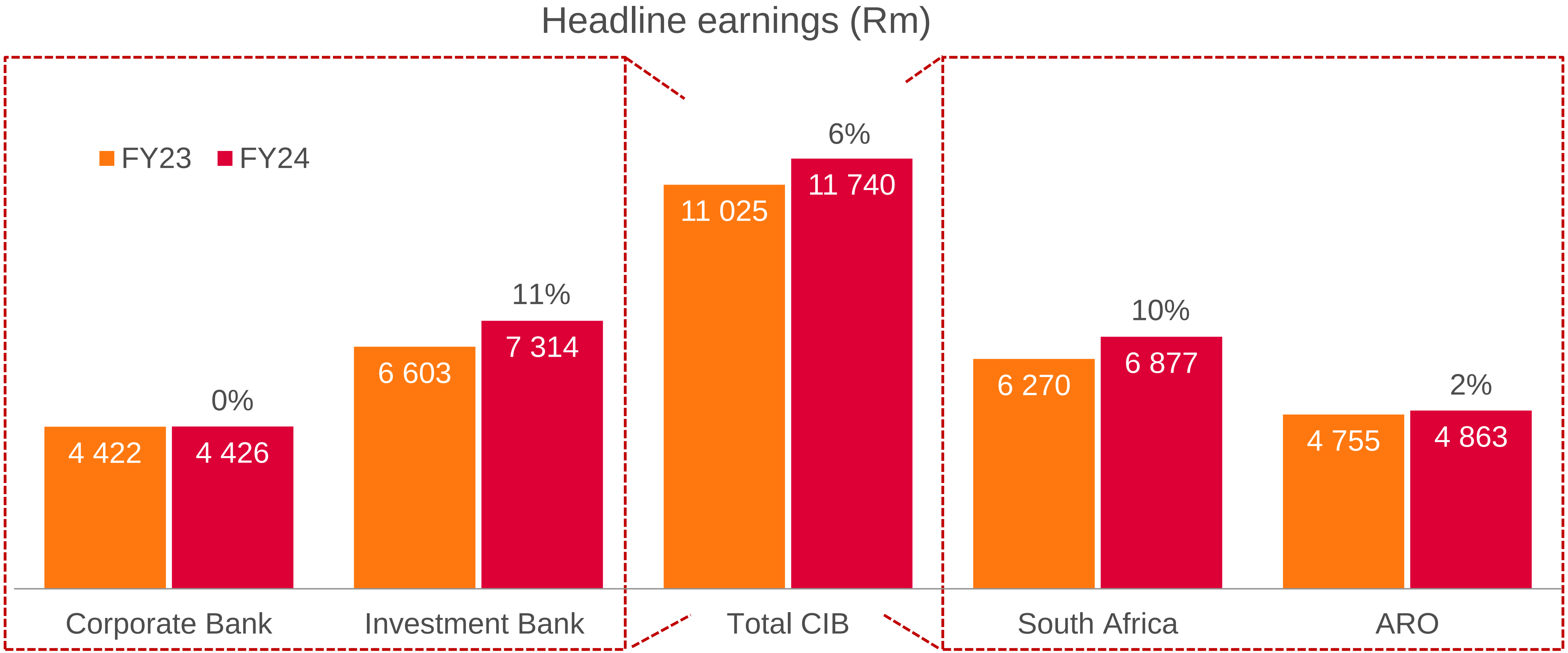
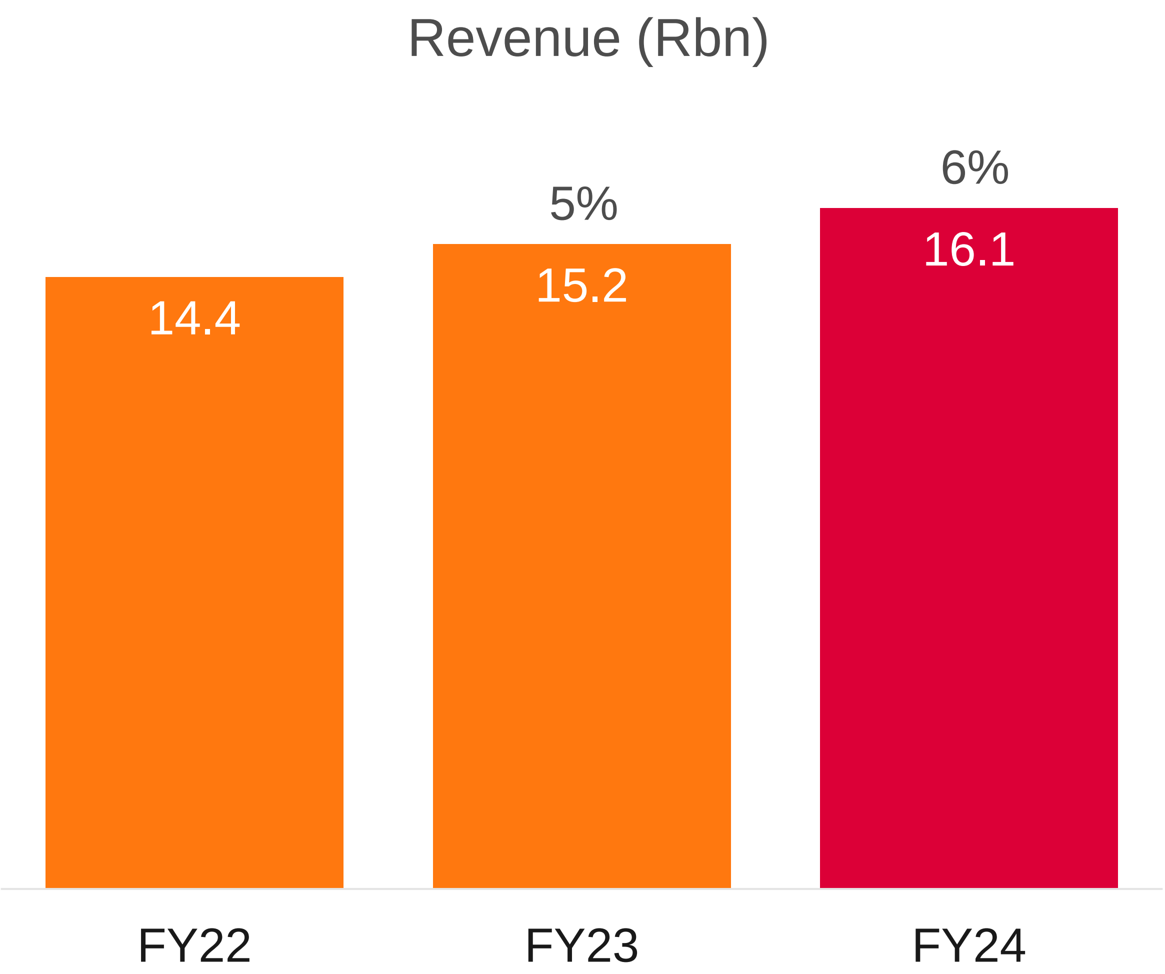
CIB momentum and diversification benefits continued

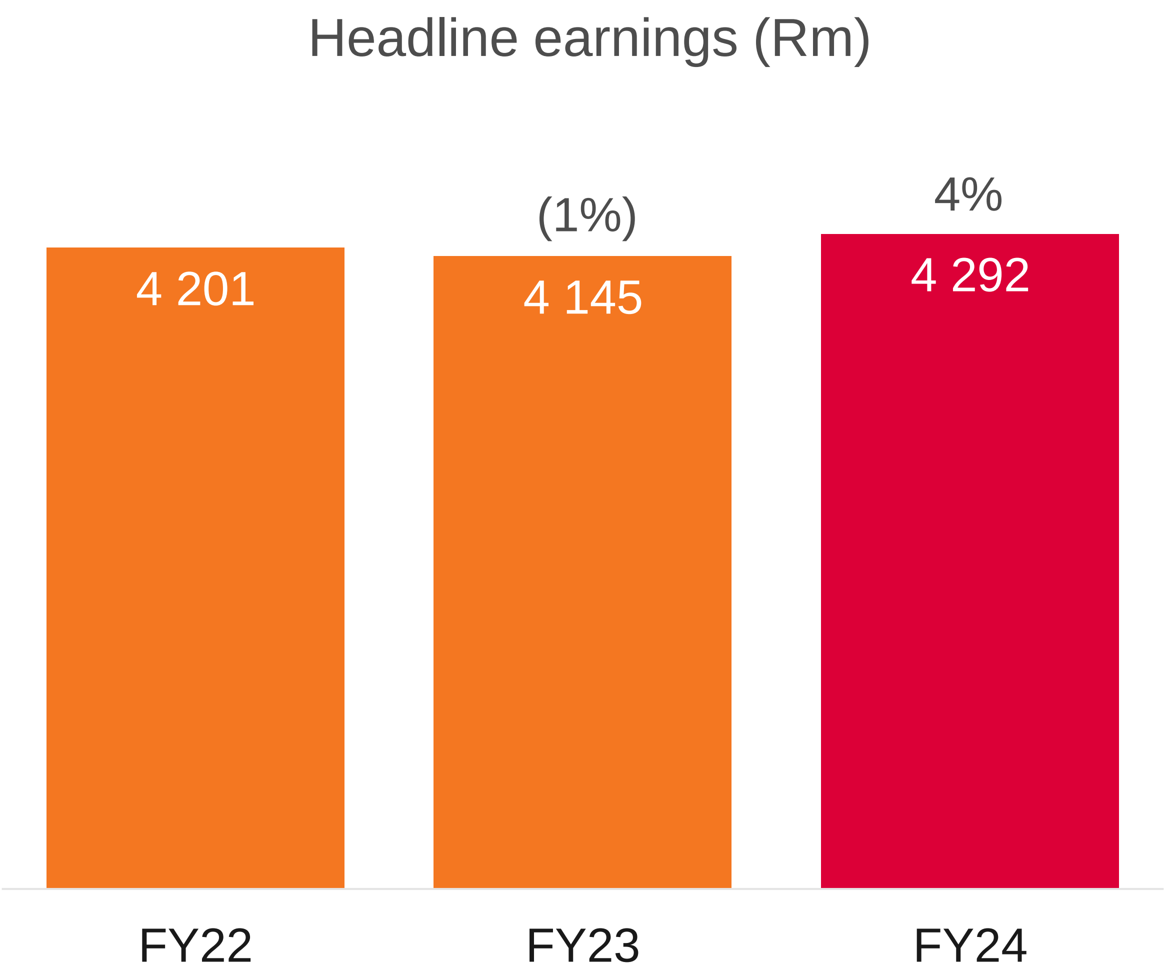


Pre-provision profit growth:	2%	23%	14%	14%	13%

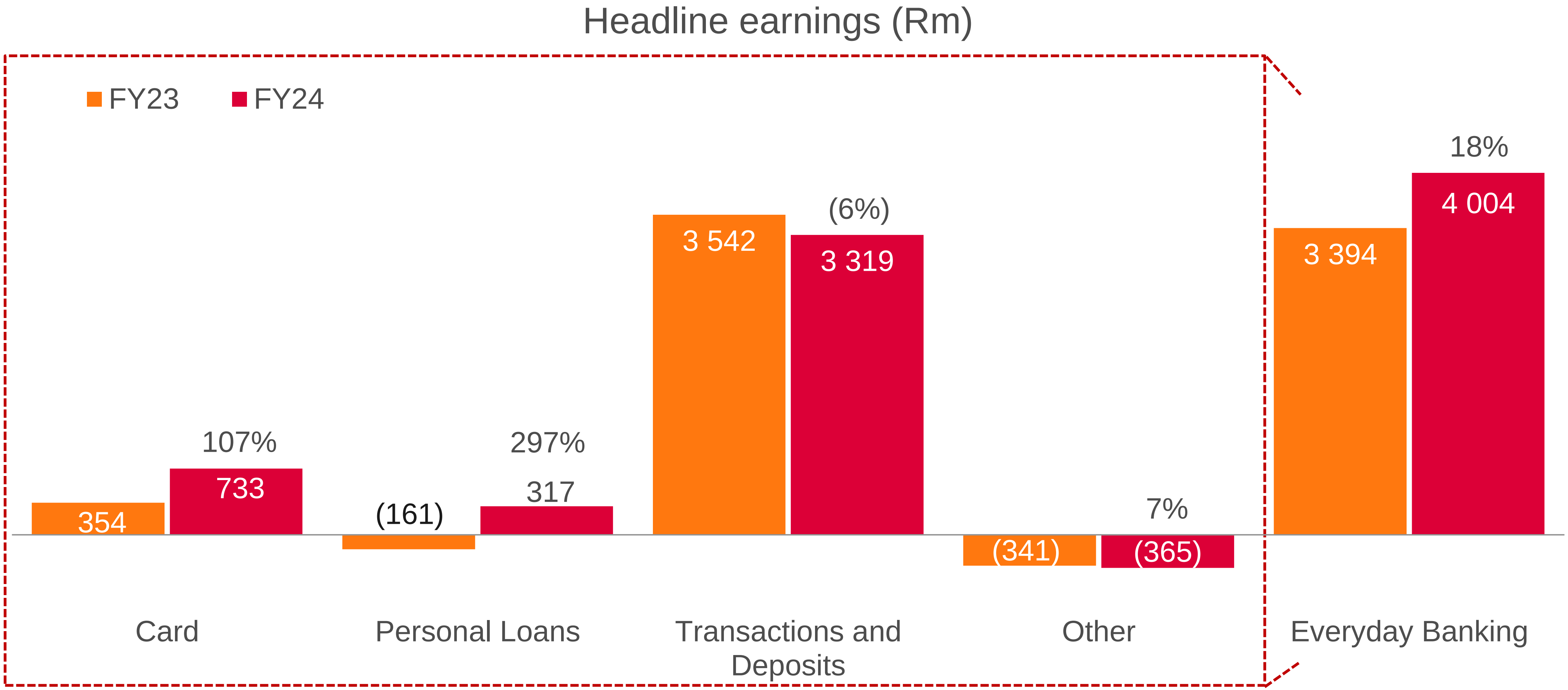
Note: In constant currency total CIB headline earnings grew 10%

Relationship Banking growth has been muted





Card and Personal Loans drove EB earnings growth



Pre-provision profit growth: 14% (6%) (7%) 1%

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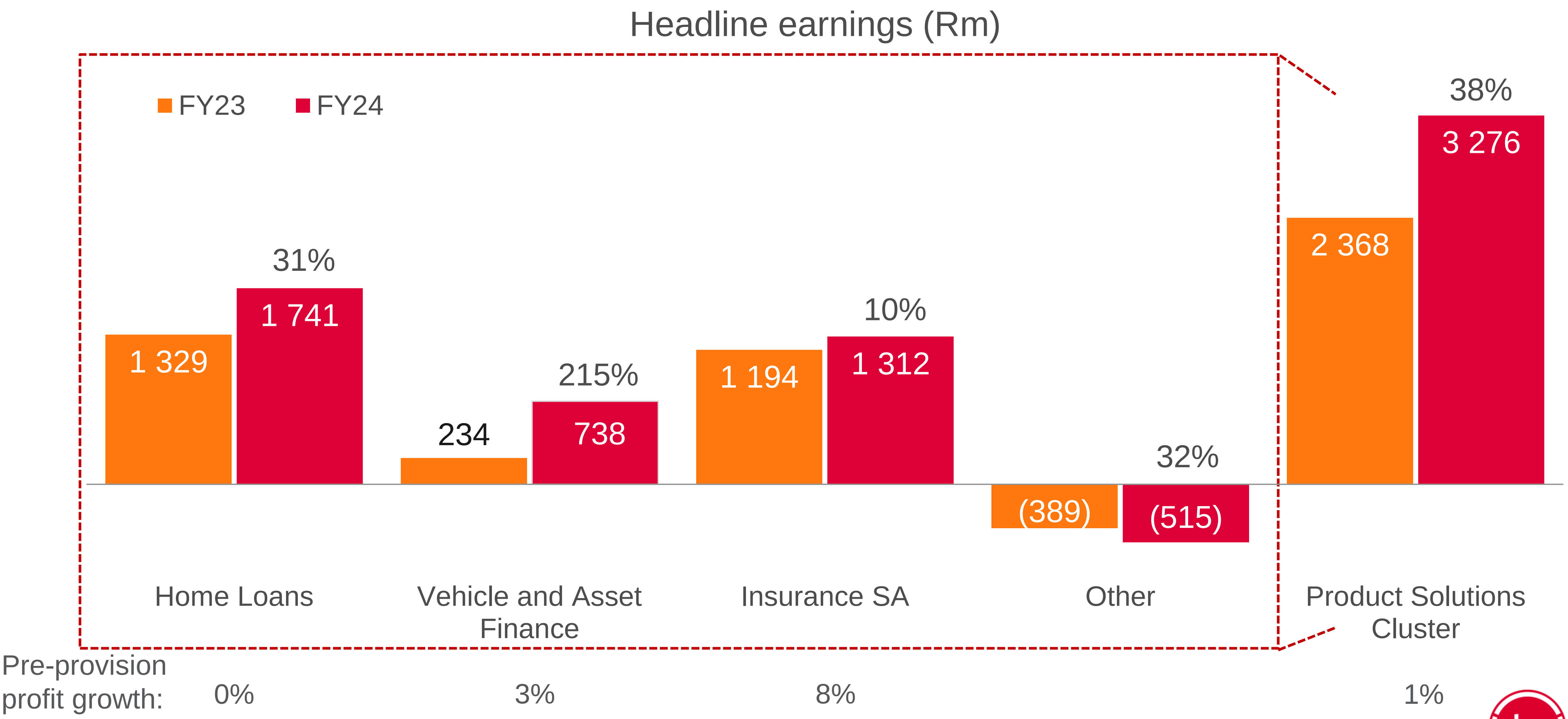
Lending businesses underpinned PSC earnings rebound



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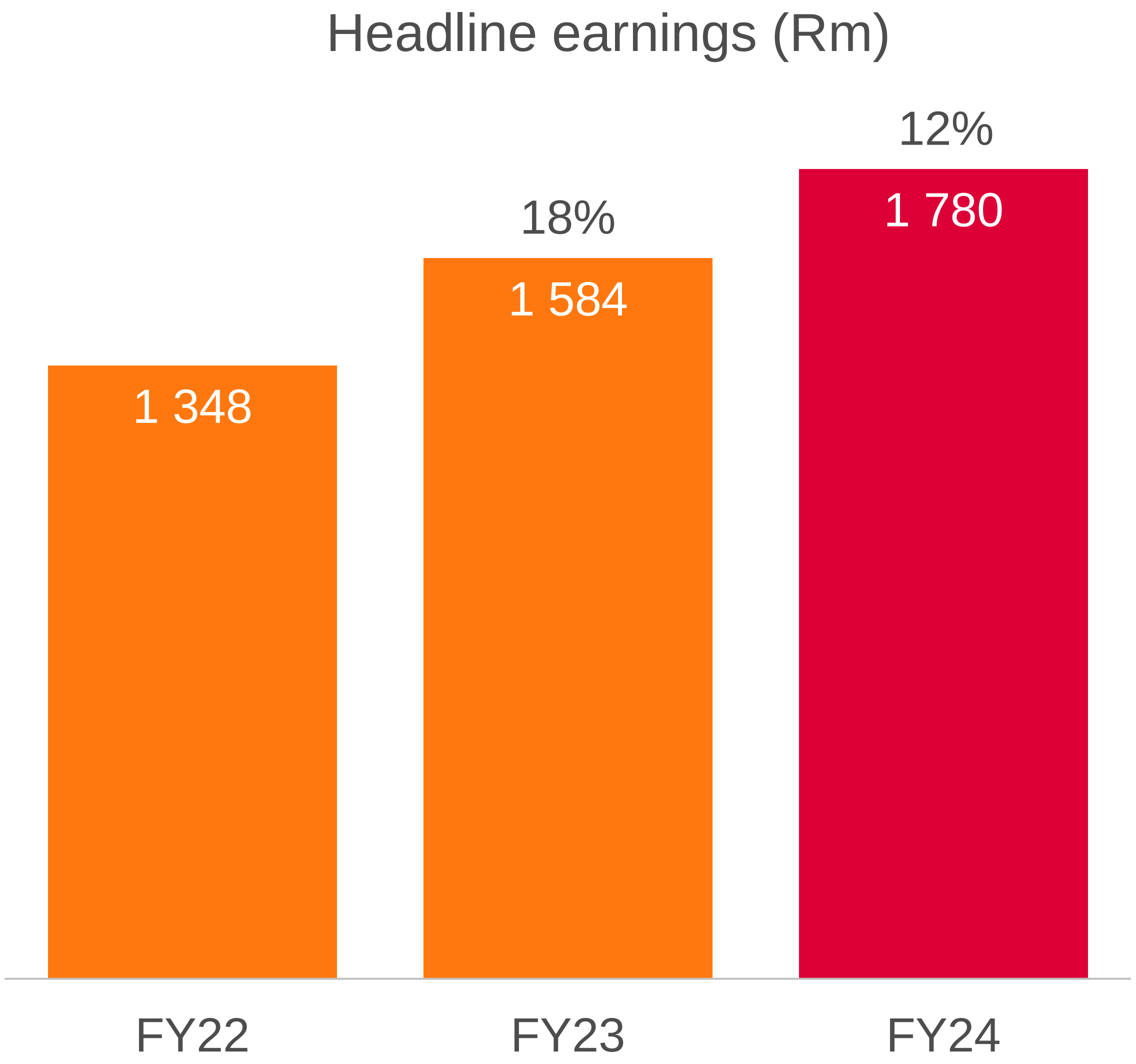
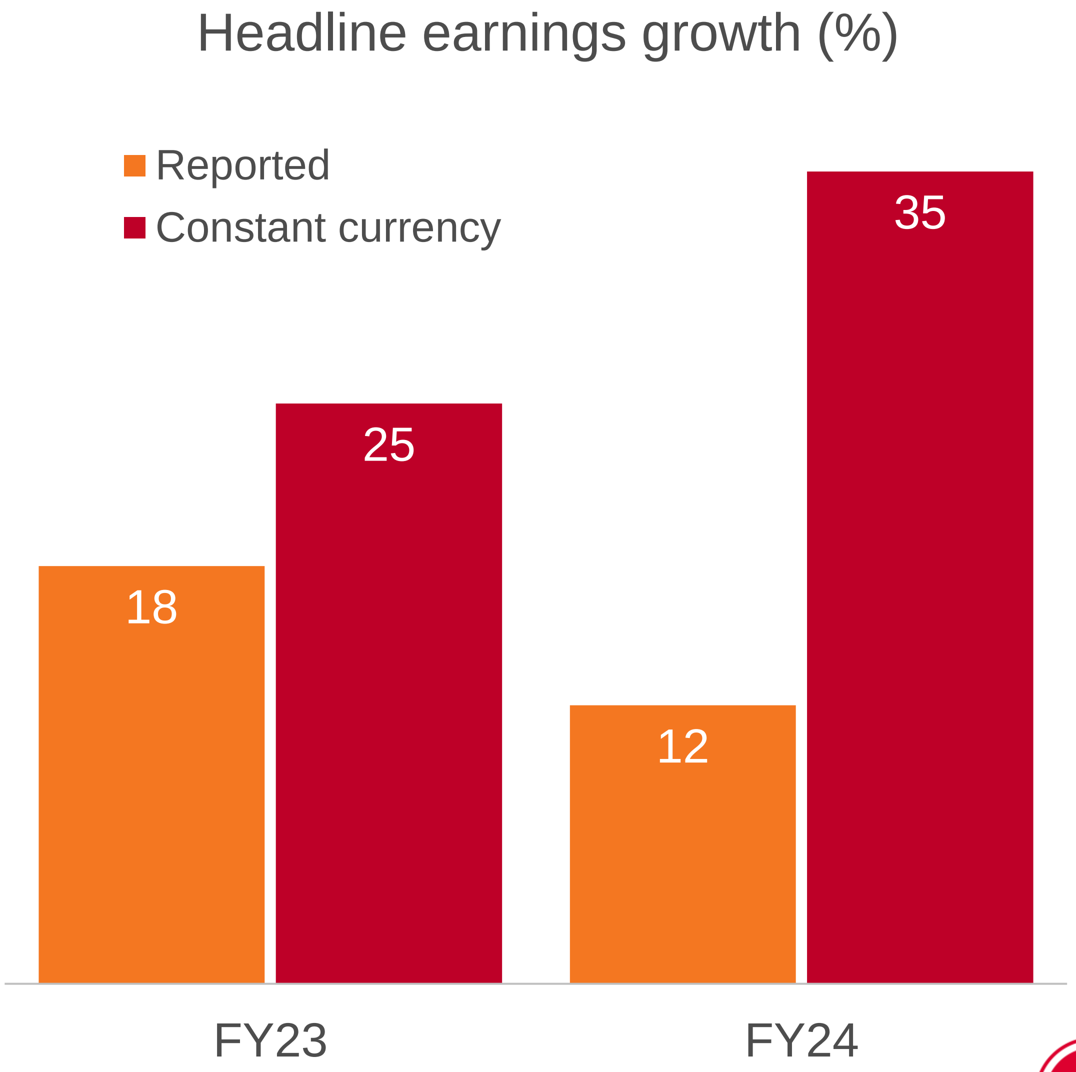
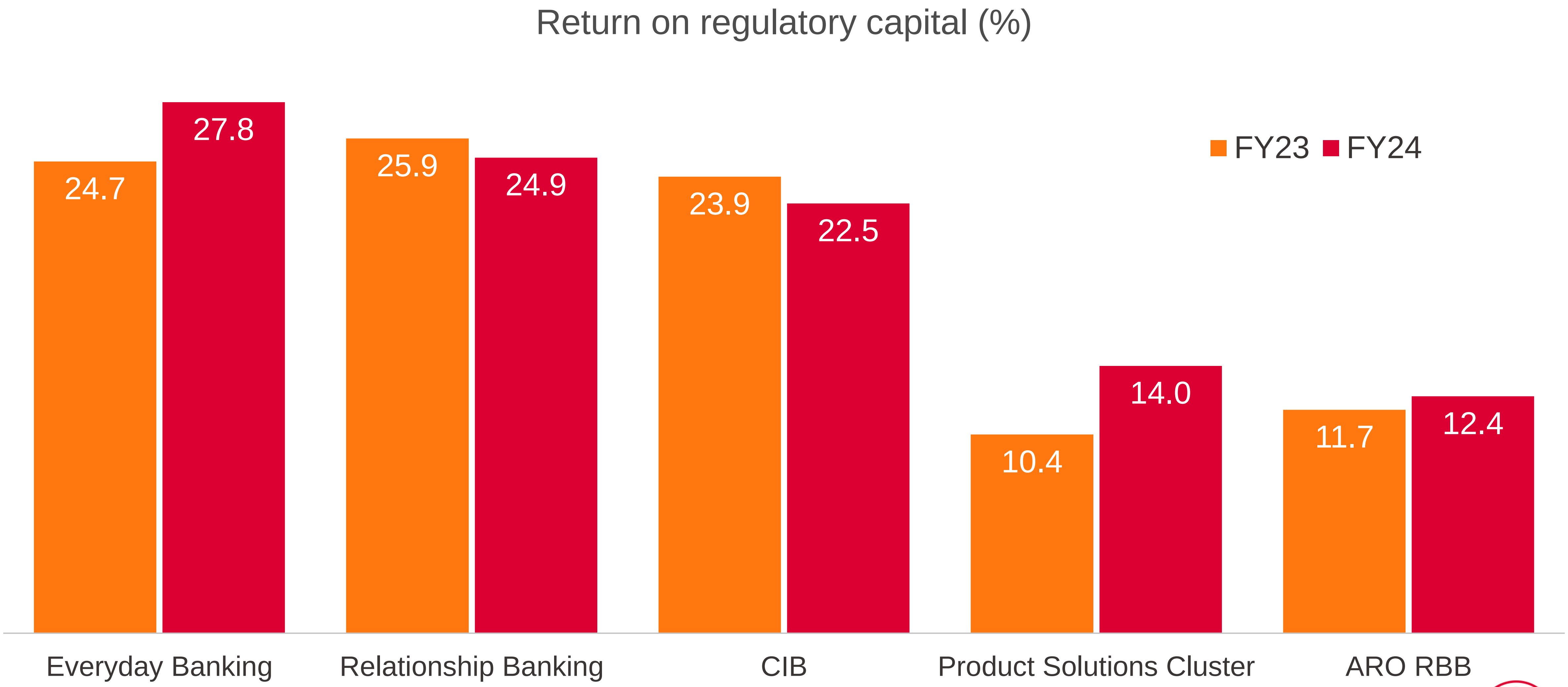
Solid ARO RBB earnings growth despite currency drag





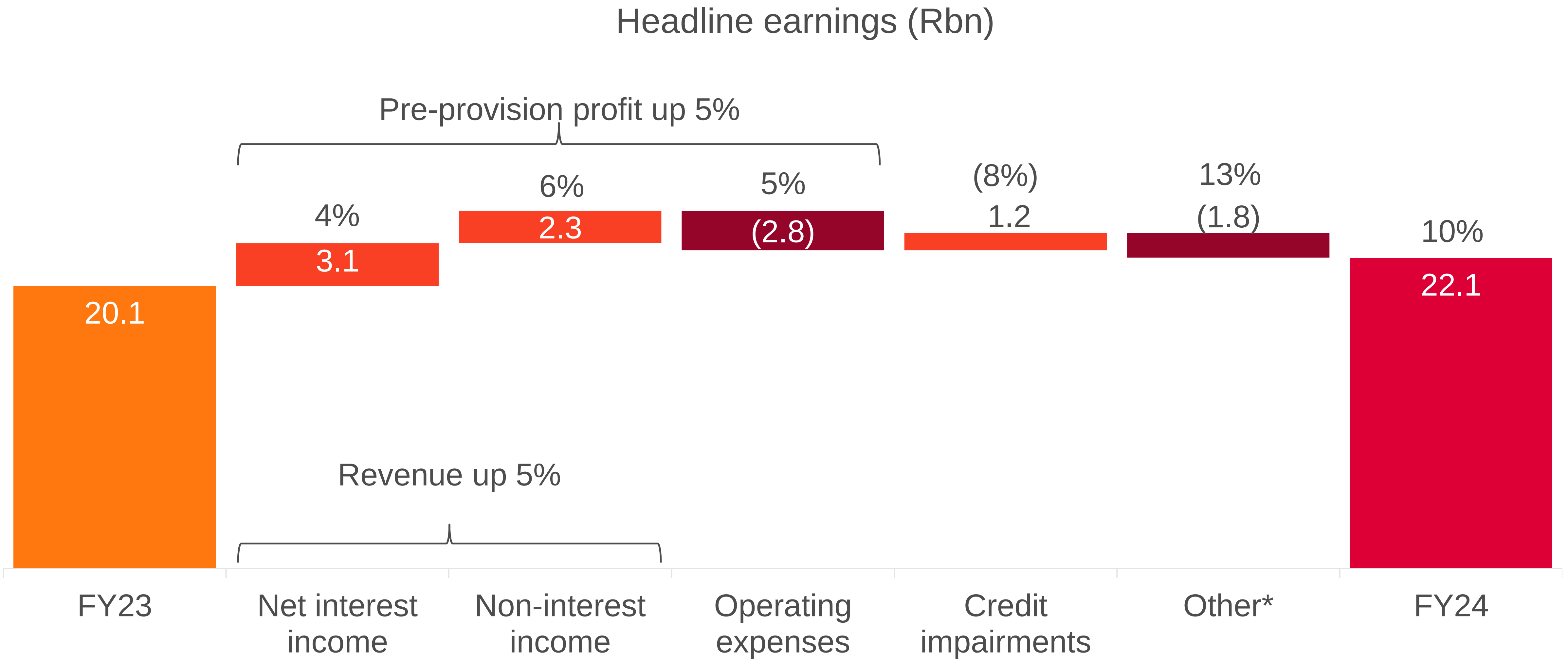
Scope to improve divisional returns



Deon Raju

Group Financial Director

Pre-provision profit and lower CLR drove earnings growth

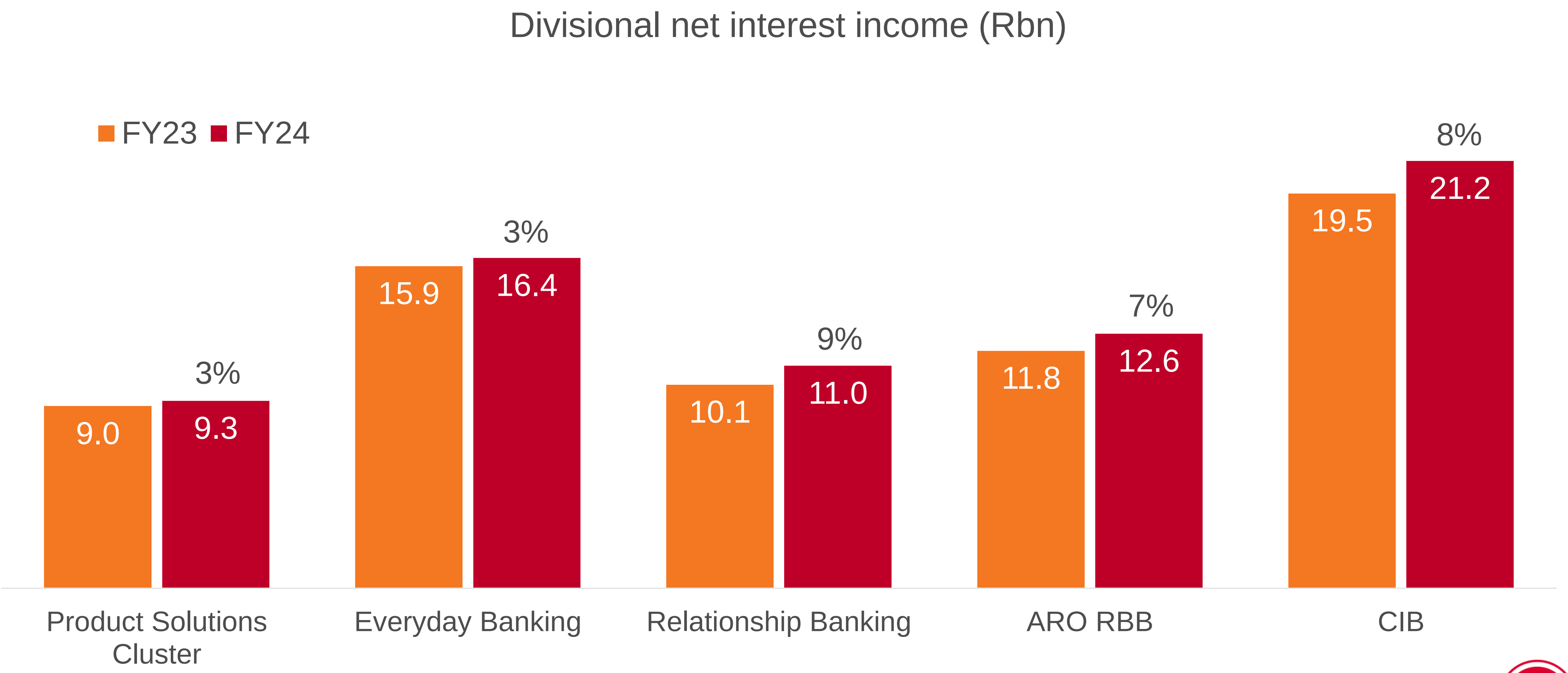


Note: * Includes other expenses, JVs and associates, taxation, non-controlling interests, headline earnings adjustments and net monetary costs

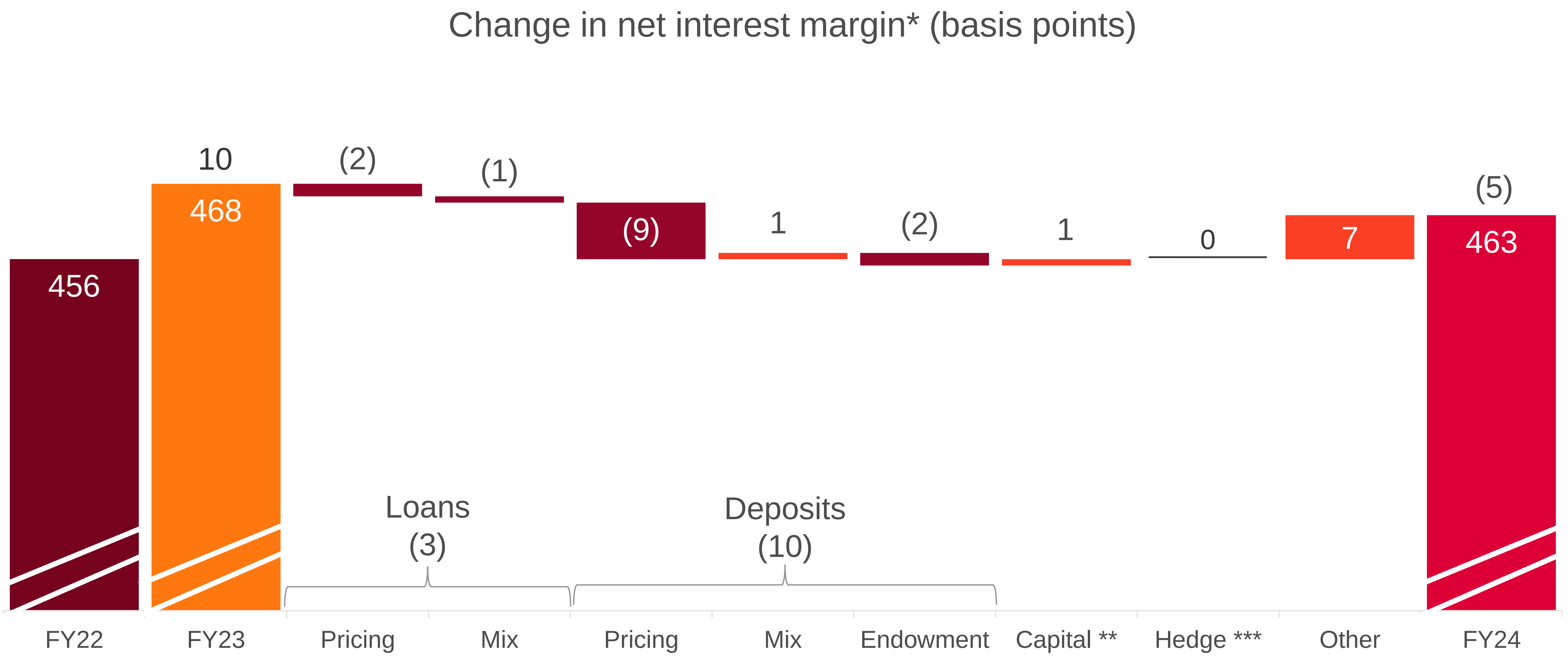
Performance improved significantly in 2H24

	1H24		2H24	
Income statement (Rbn)		YoY change (%)		YoY change (%)
Net interest income	35.3	7	35.8	2
Non-interest income	18.4	(2)	20.4	15
Total income	53.7	3	56.2	7
Impairments	8.3	0	6.0	(17)
Operating costs	28.3	8	30.2	2
Pre-provision profit	25.4	(1)	26.1	12
Headline earnings	10.2	(5)	11.9	27
RoE (%)	14.0		15.5	
Cost-to-income (%)	52.7		53.7	
Credit loss ratio (%)	1.23		0.85	

Modest retail SA net interest income growth



Deposit margin compression reduced Group NIM



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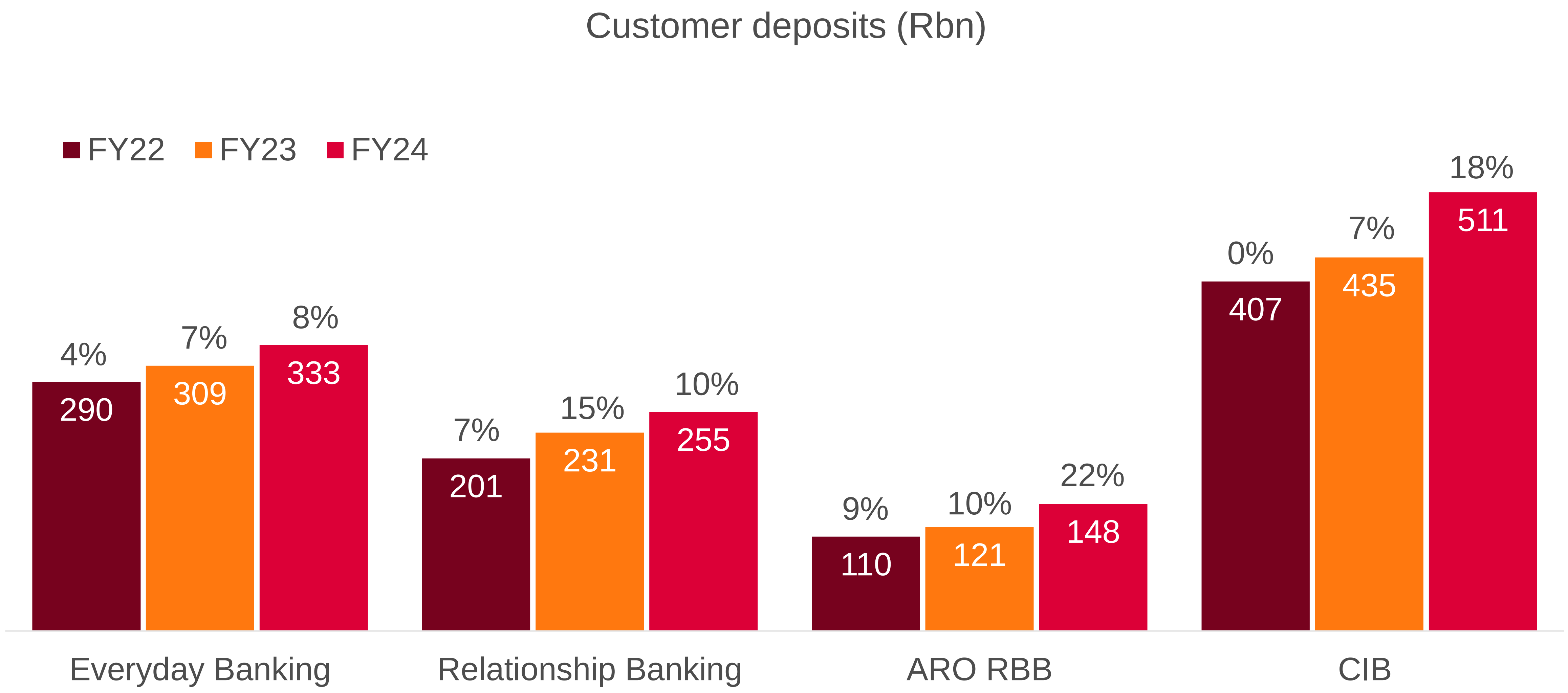
Note: * average interest bearing assets; ** group equity endowment; *** interest rate risk management

Broad-based deposit growth, strong CIB and ARO RBB



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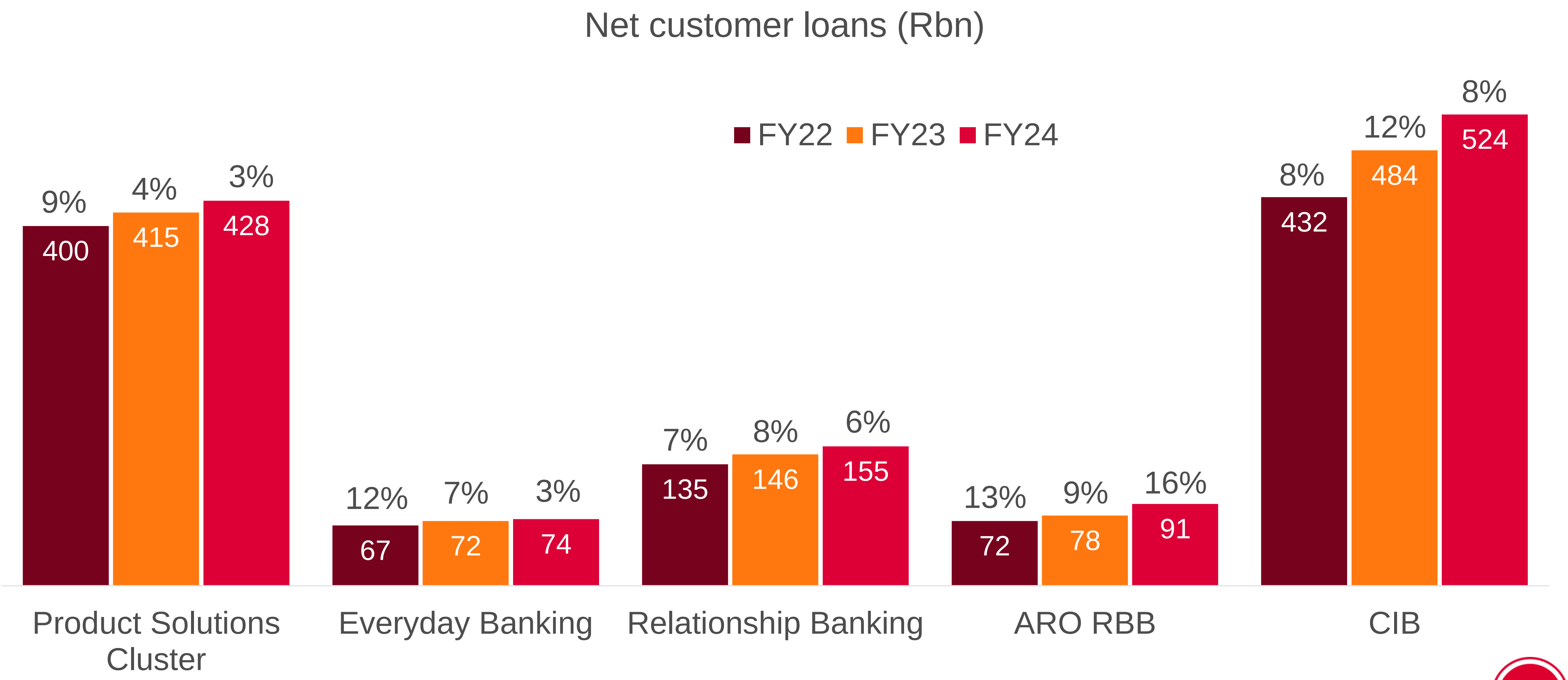
Loan growth slowed across most divisions …



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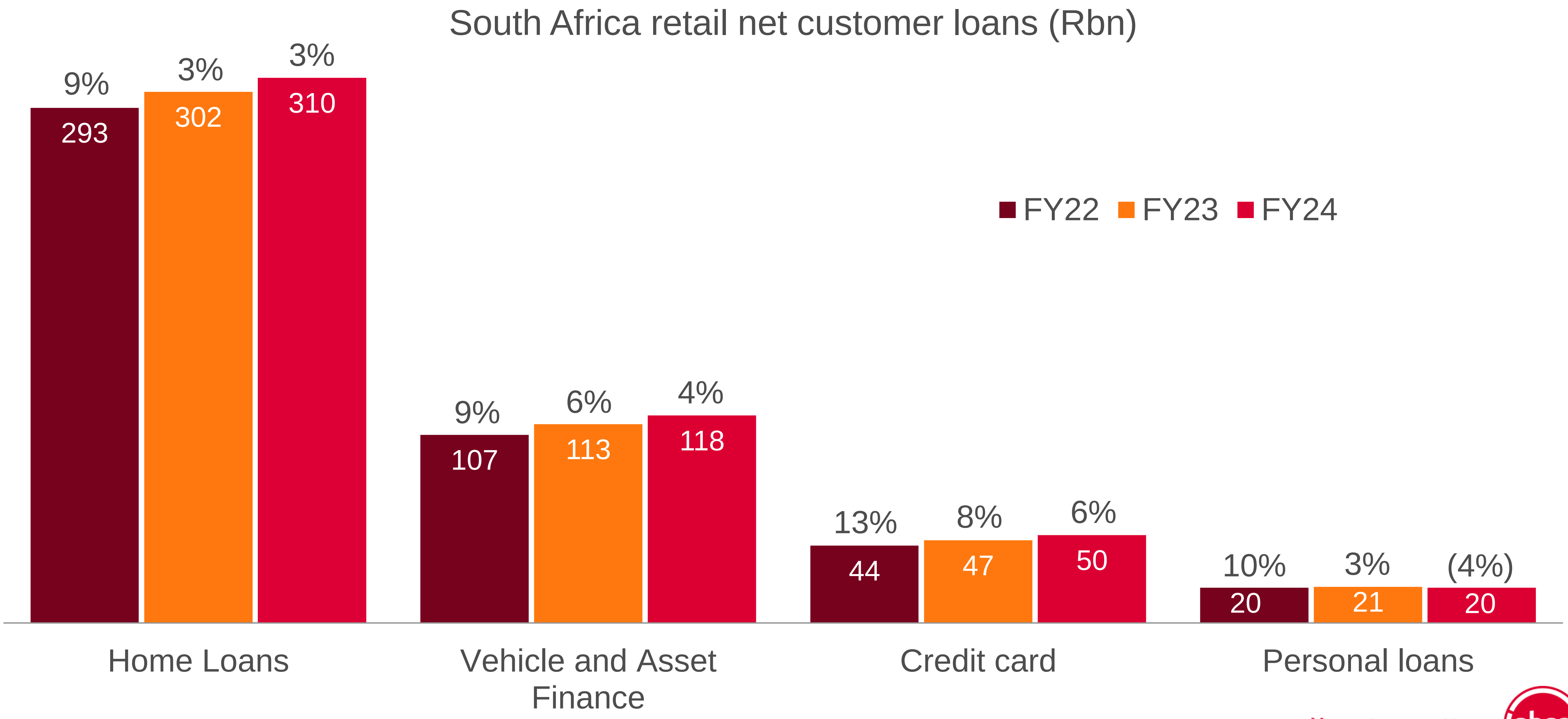
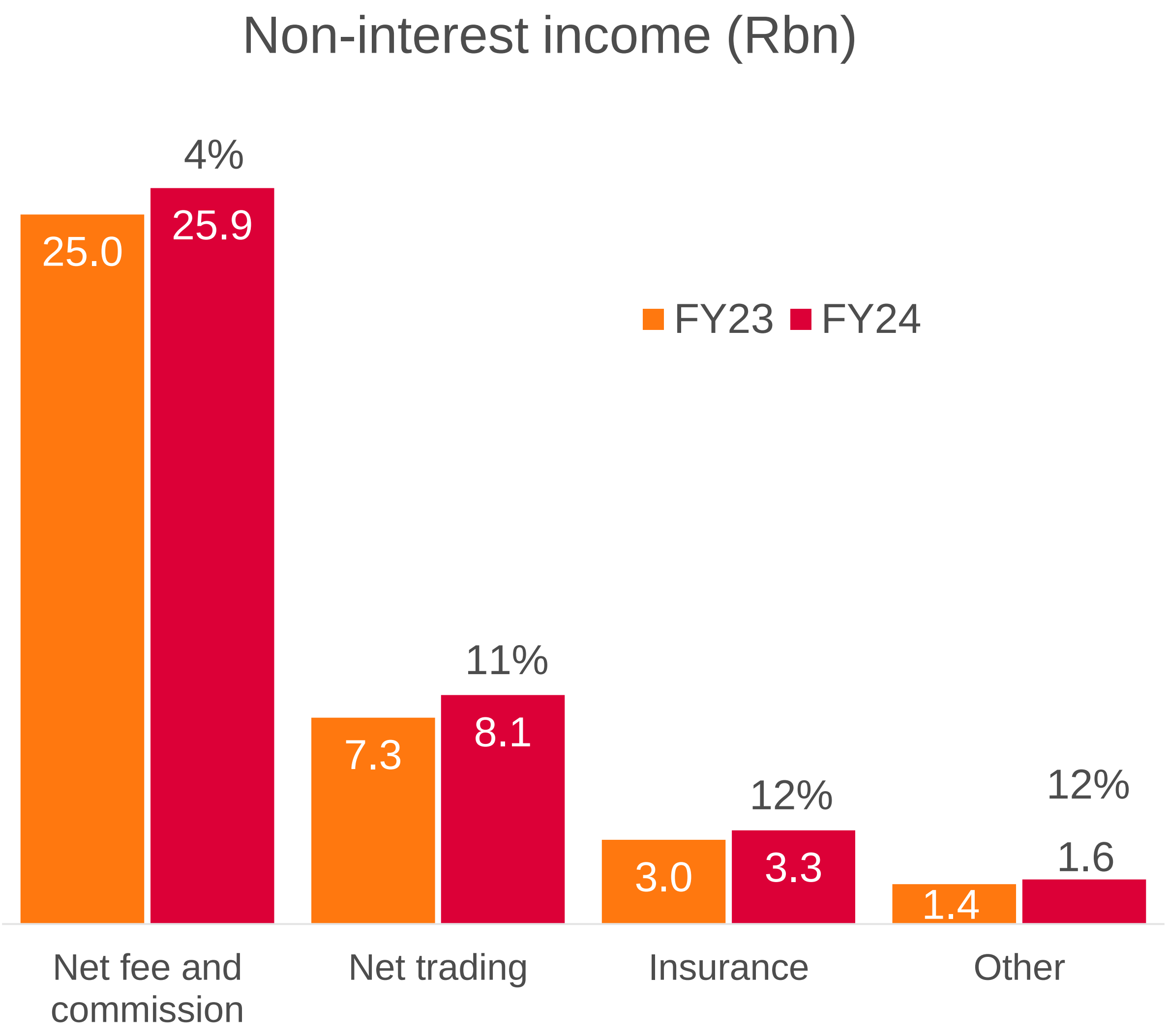
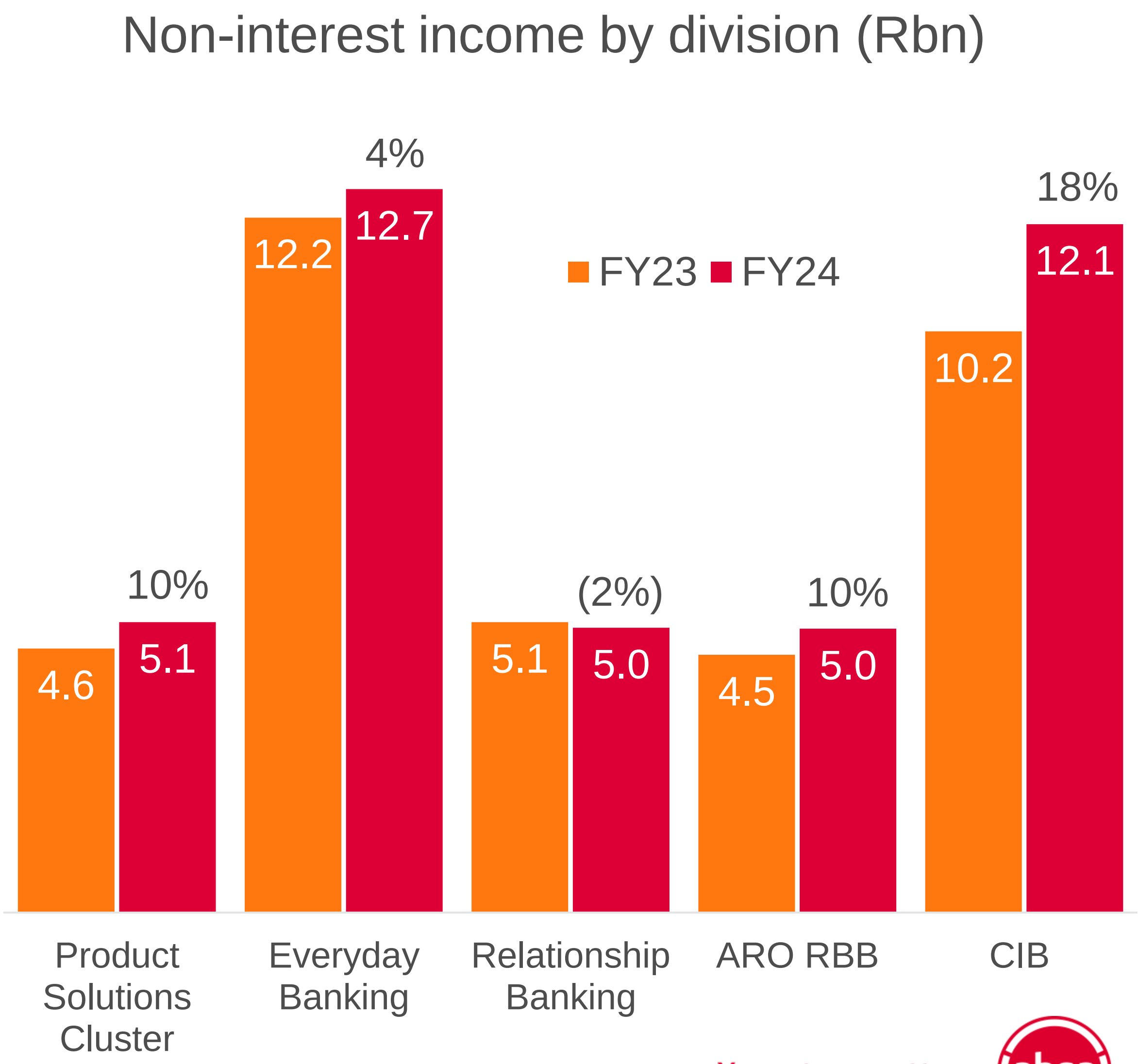
… with SA retail loans slowing across the board



Resilient broad-based non-interest income growth





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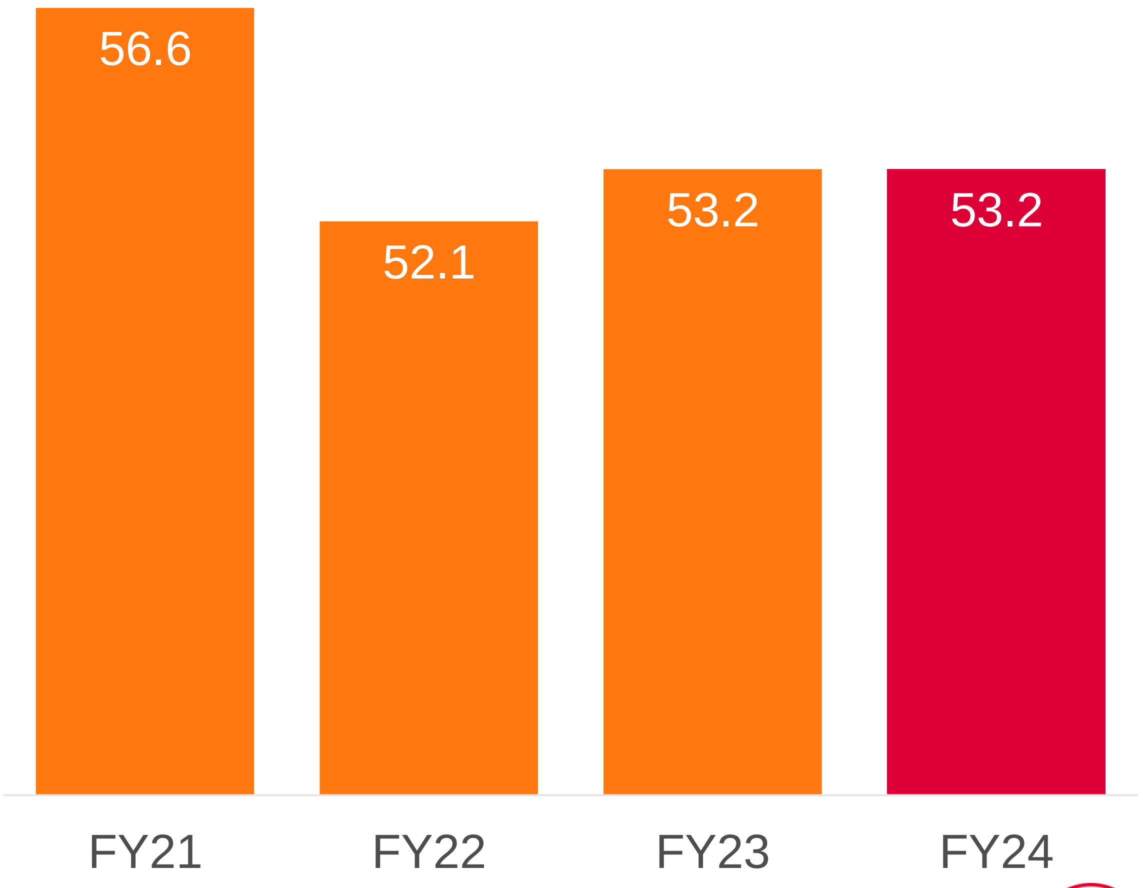
Note: Net trading excludes the impact of hedge accounting

Cost growth reflects continued investment

	FY24 Rm	Change %
Staff	33 654	7
Property	1 969	3
Technology	6 848	13
Depreciation	3 124	0
Professional fees	3 127	11
Marketing	2 125	5
Communication *	1 544	(2)
Cash transportation	1 242	7
Amortisation	2 729	(2)
Other **	2 146	(22)
Total	**58 508**	**5**

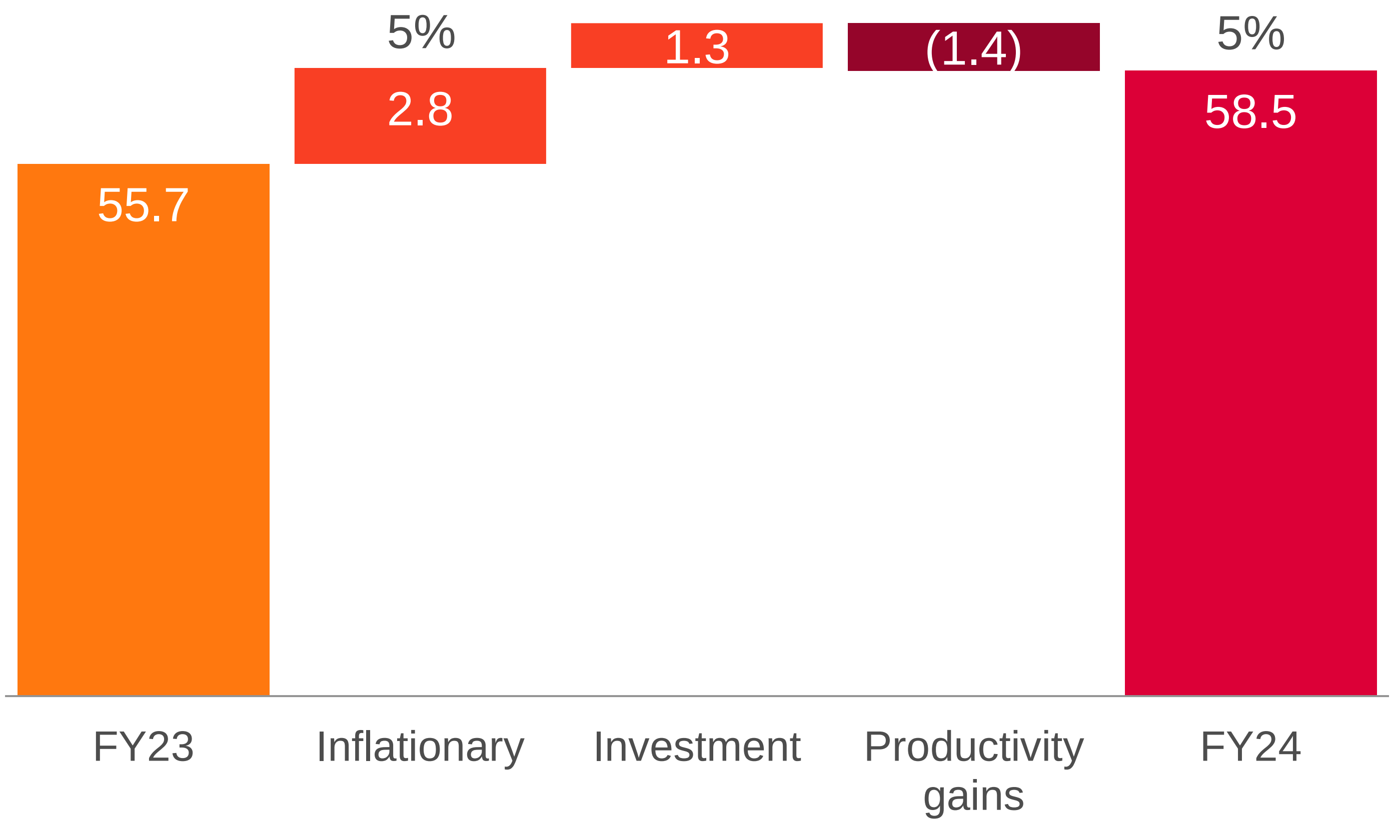
Cost-to-income ratio (%)



Note: * printing and stationery plus telephone and postage; ** includes equipment costs, fraud, travel and entertainment, auditors, other costs etc

Productivity gains funded investment spend

Operating expenses growth (Rbn)



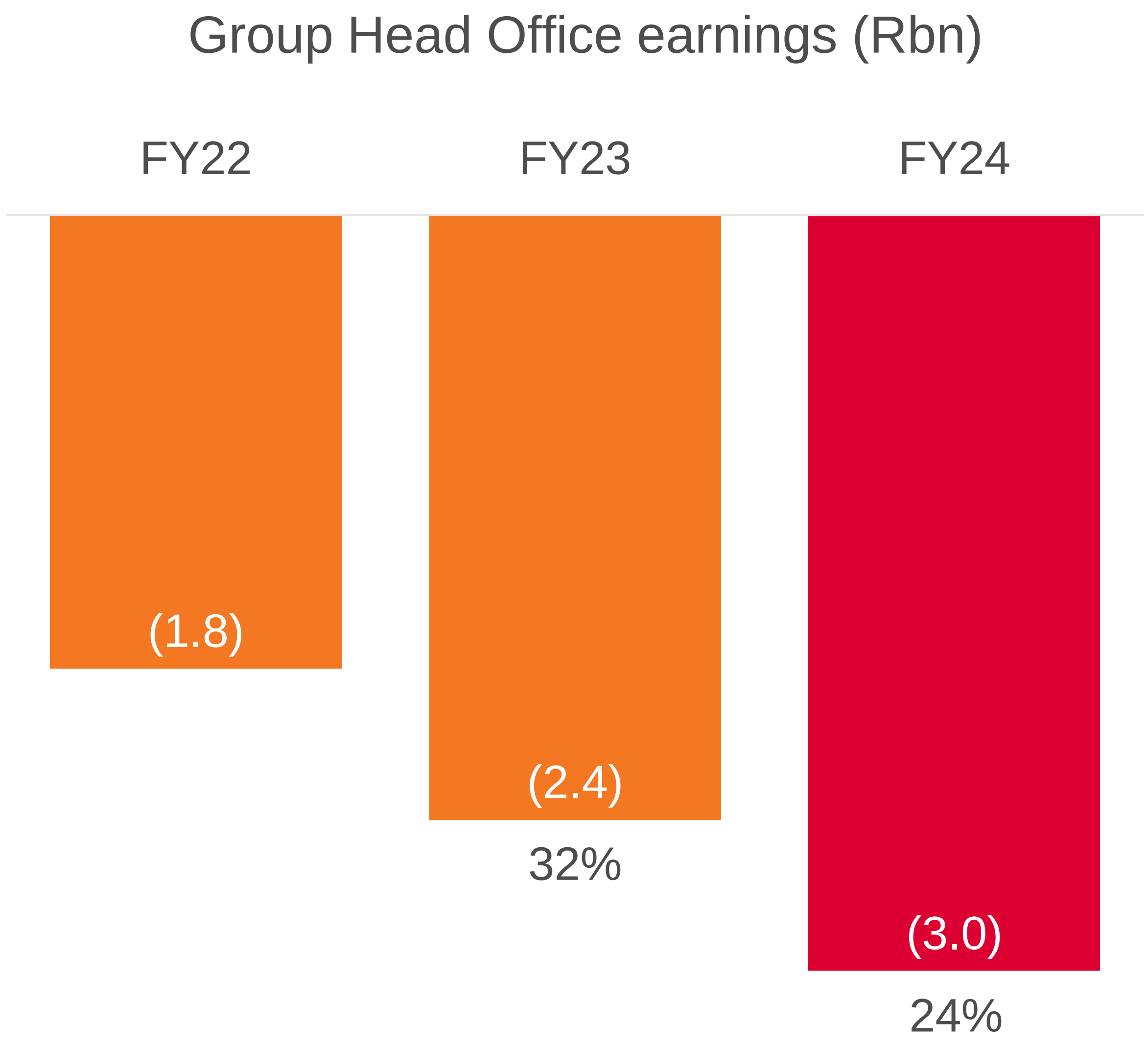
Investment

- Cloud
- Data
- Cyber
- Front end digital

Productivity programme

- Process automation
- Third party contract rationalisation
- Channel optimisation
- Head Office property optimisation

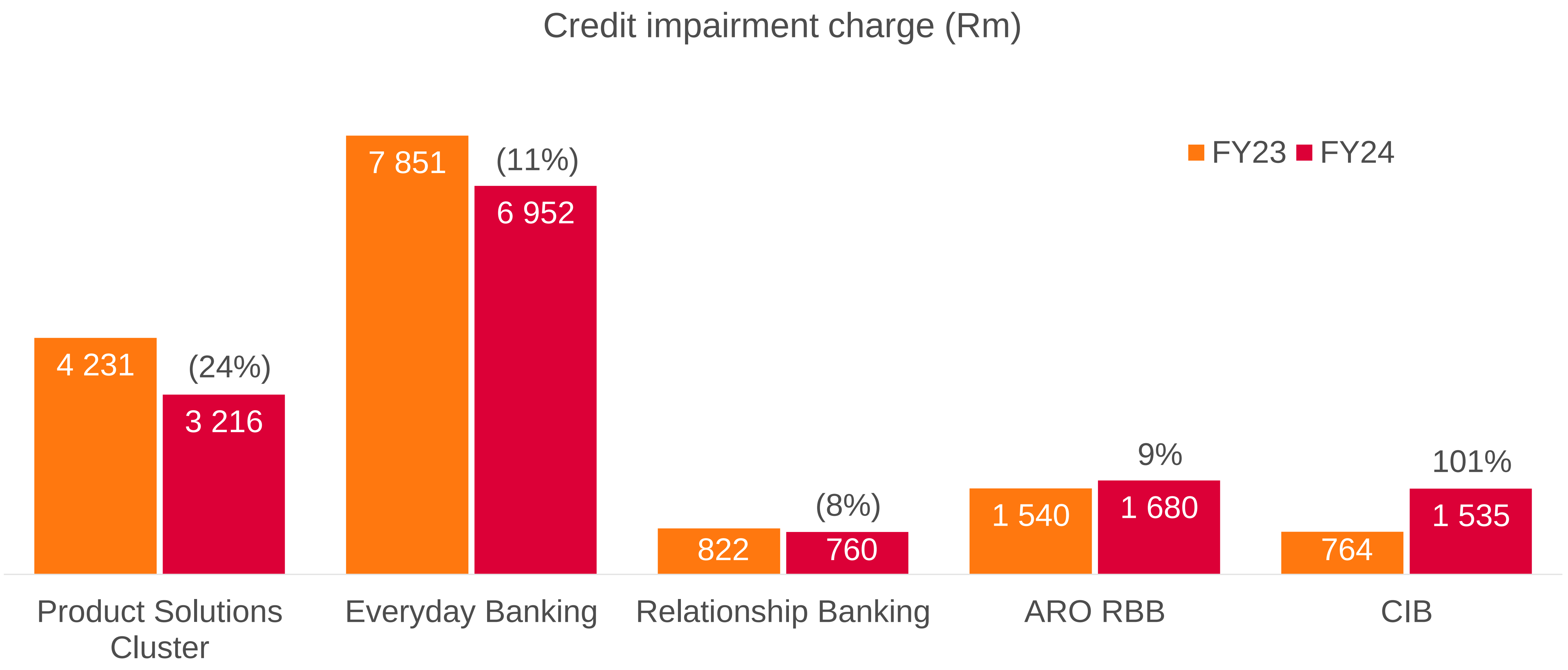
Head Office costs expected to decline materially



Group Head Office outlook

- Shareholder costs R1.5bn (remain)
- Treasury/withholding tax R0.3bn (remain)
- Separation R0.2bn (continue to decline)
- Ghana hyperinflation R0.6bn (gone in 2026)
- Staff share scheme R0.4bn (reallocate)
- Depositor insurance R0.1bn (reallocate)

Lower retail SA and RB charges outweighed higher CIB

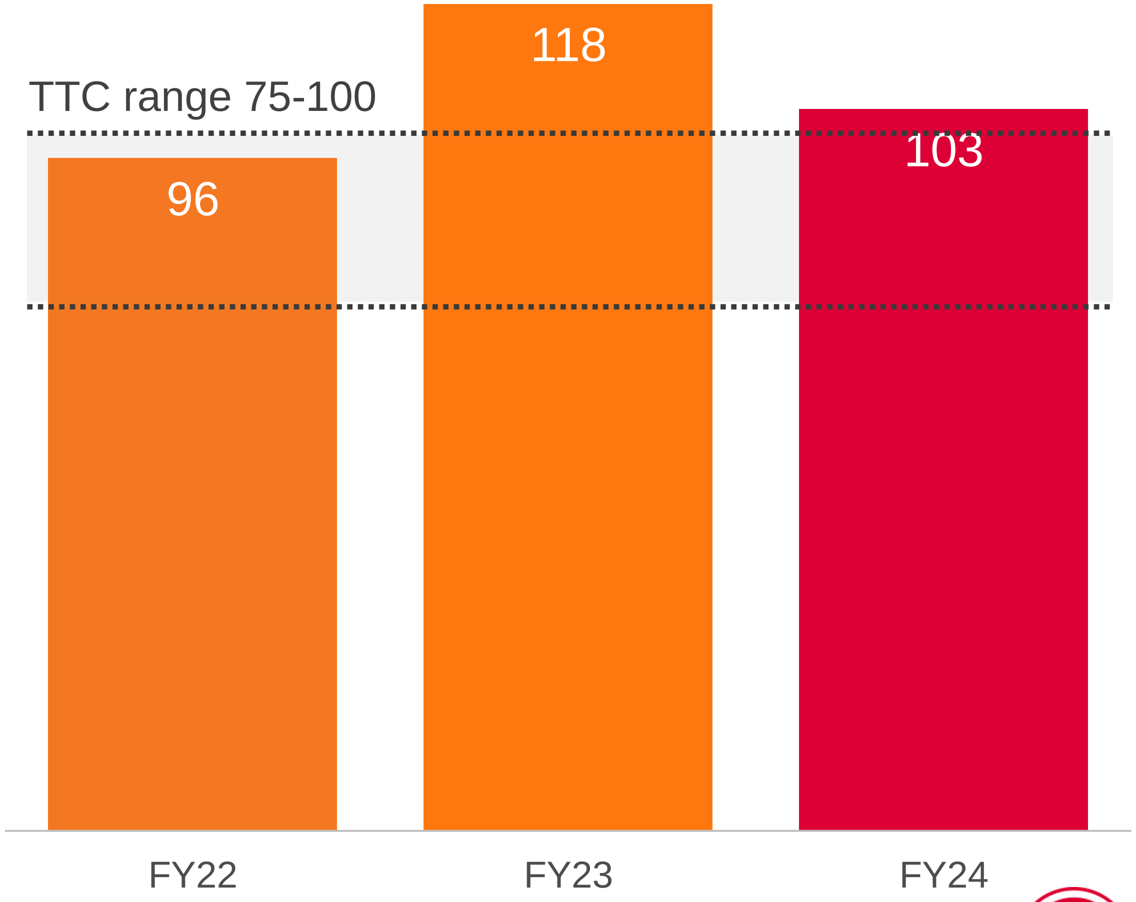


Note: Excludes Head Office credit impairment charge of R161m (FY23: R327m).

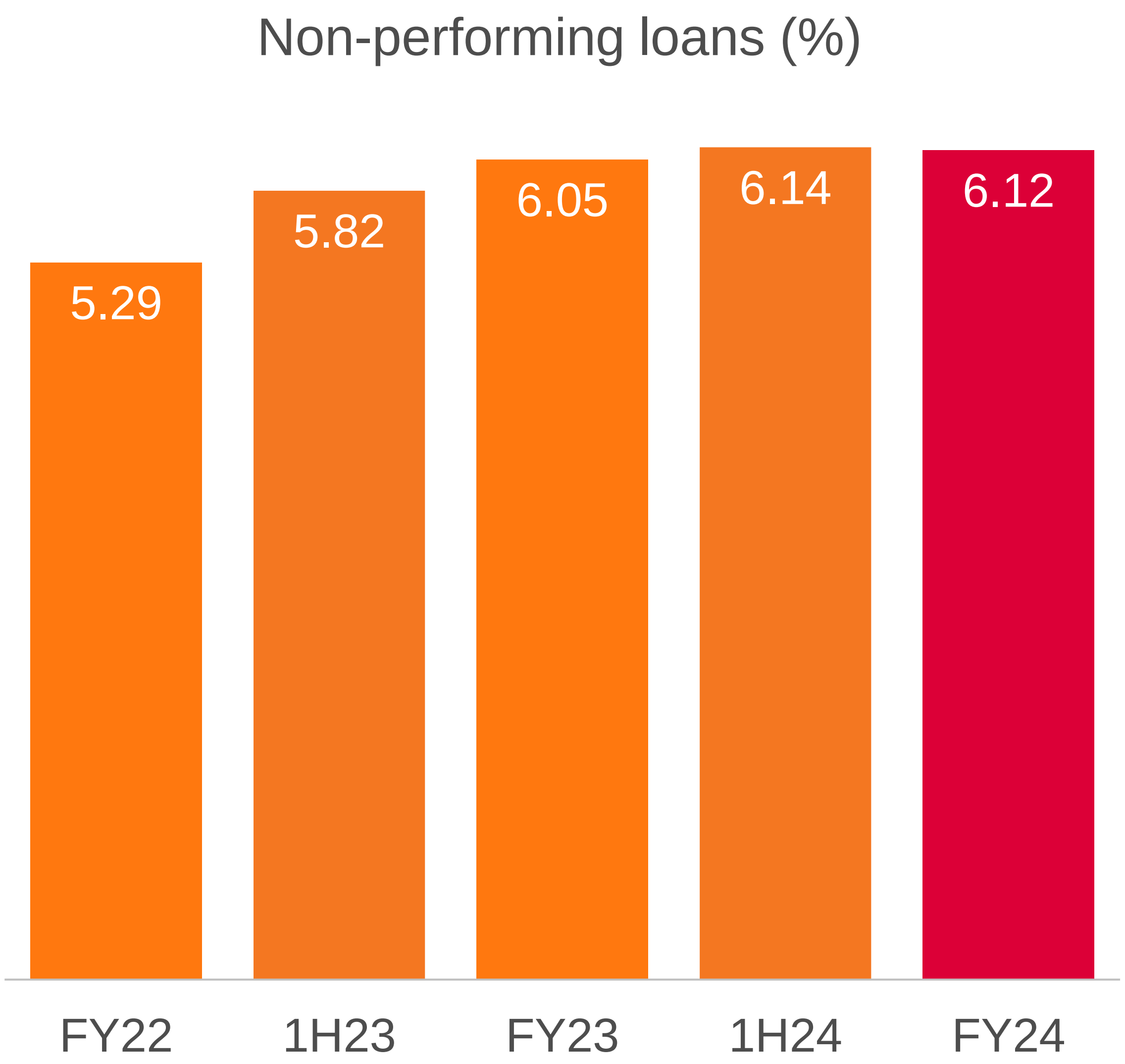
Credit loss ratio improved materially

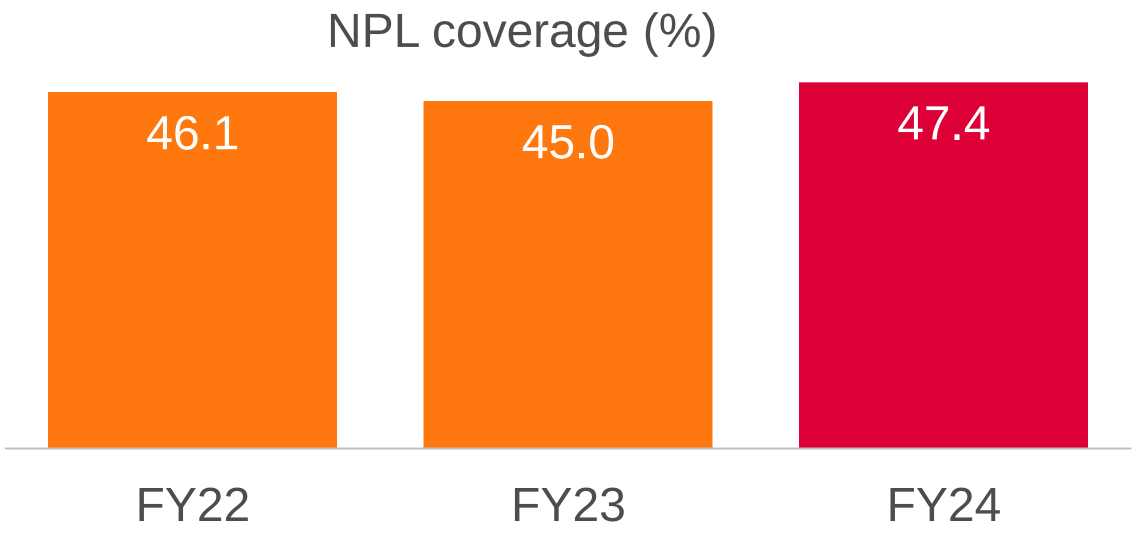
Credit loss ratio (%)	FY23	FY24
Product Solutions Cluster	0.99	0.73
Home Loans	0.58	0.39
Vehicle and Asset Finance	2.08	1.62
Everyday Banking	8.35	7.20
Relationship Banking	0.56	0.48
ARO RBB	1.84	1.81
CIB	0.17	0.29
Group	**1.18**	**1.03**

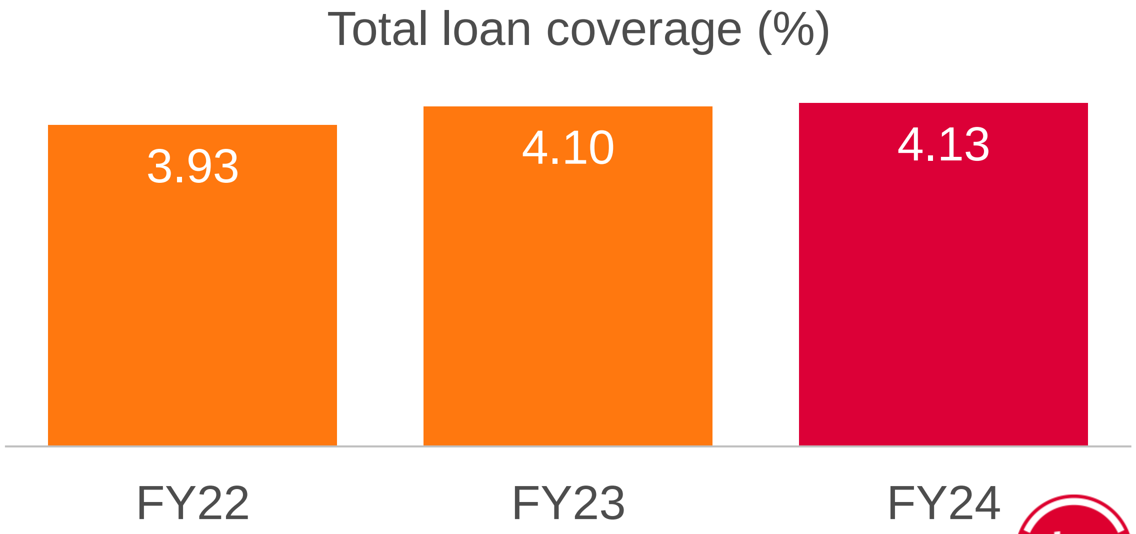
Group credit loss ratio (bps)



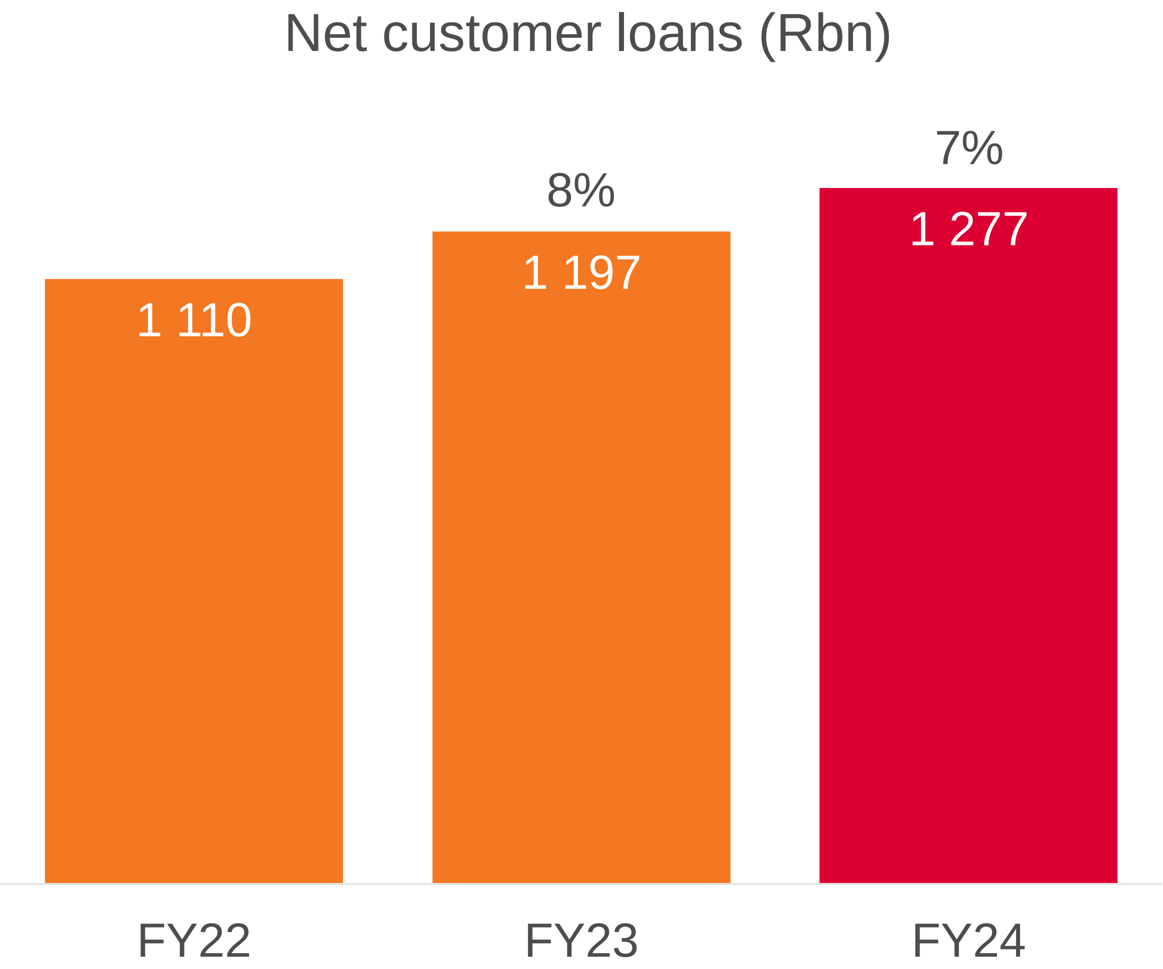
NPL growth slowed, coverage levels remain strong

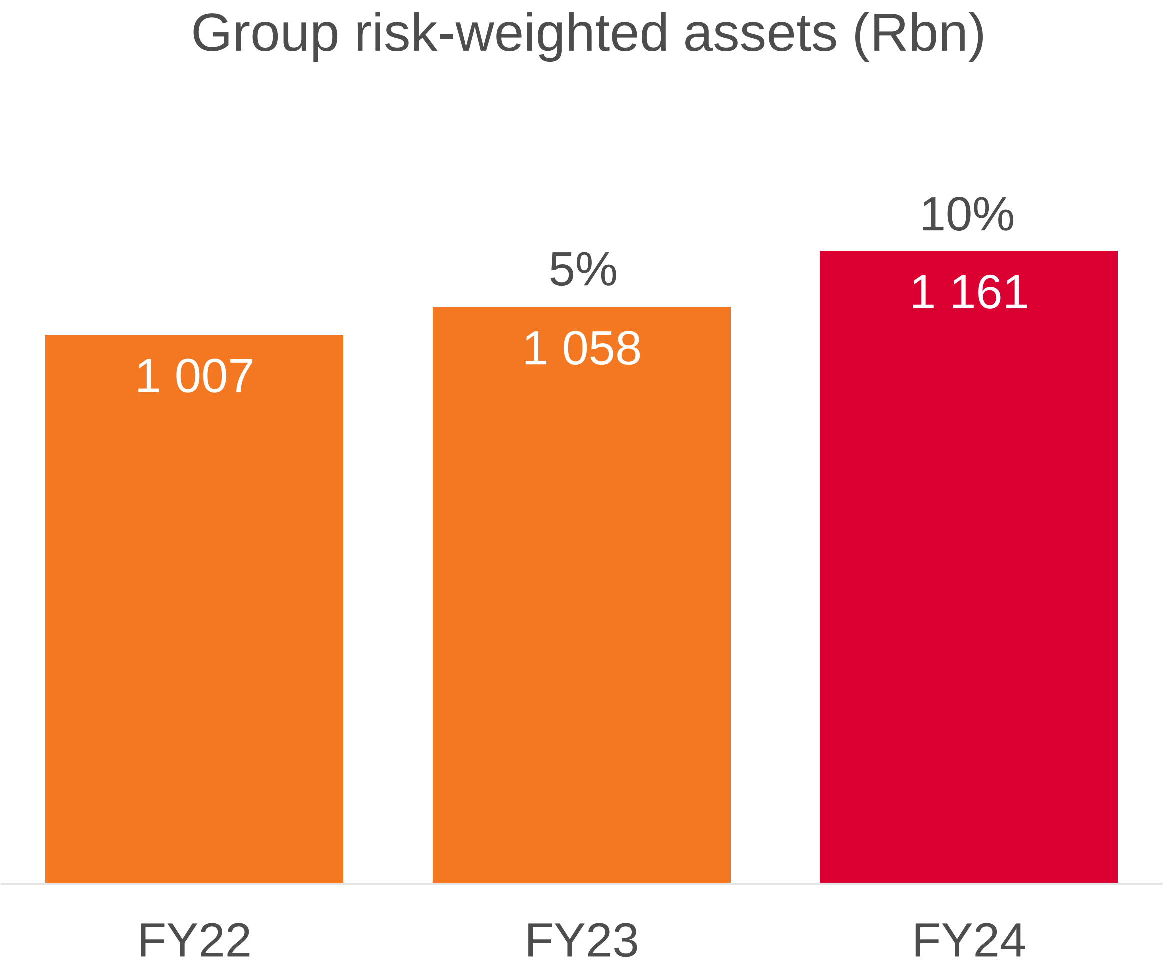




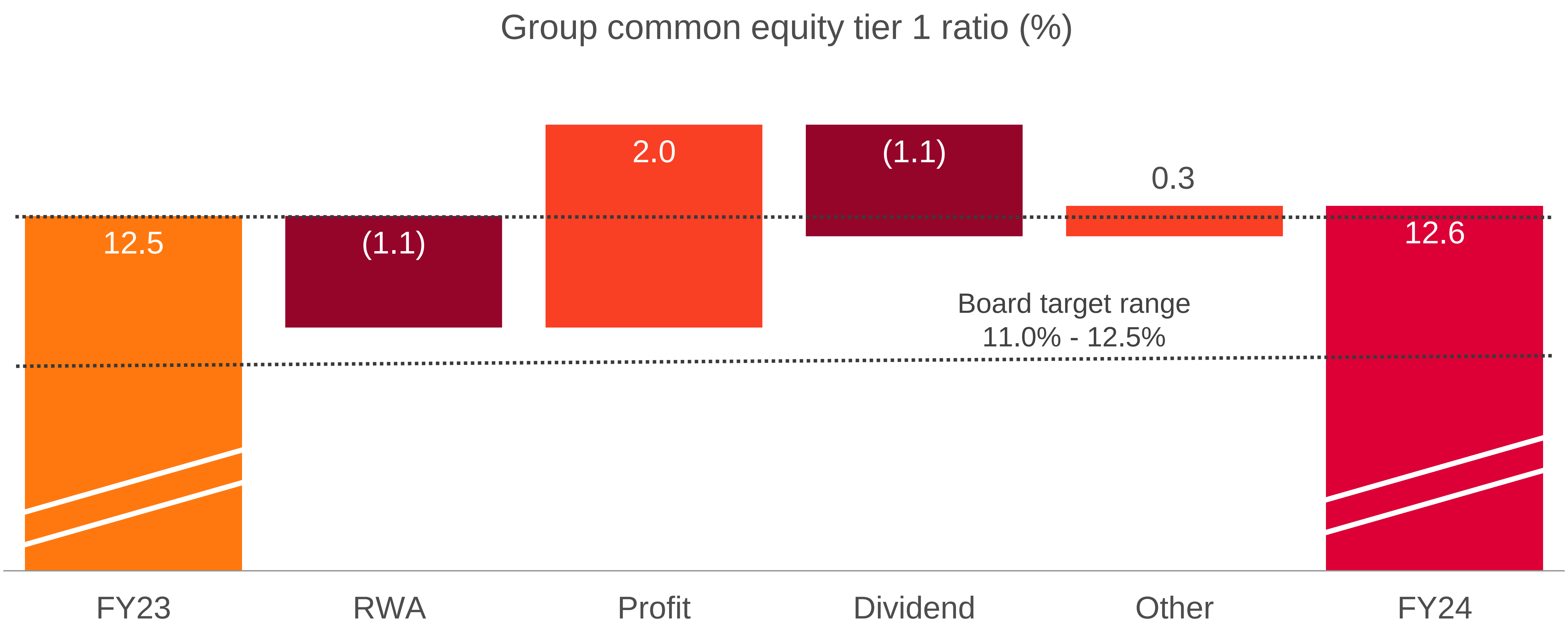


RWA growth slightly ahead of customer loan growth





CET1 ratio marginally above our Board target range



Note: * Other consists of foreign currency translation reserve, other reserves and regulatory deductions.

2025 outlook

Revenue	Mid-single digit revenue growth with broadly similar growth in net interest income and non-interest revenue.
Balance sheet	Mid- to high single digit customer loan growth, low to mid-single digit customer deposit growth.
Credit impairments	Credit loss ratio expected to improve to top end of through-the-cycle target range of 75 to 100bps. Our first half credit loss ratio should improve noticeably YoY from 123bps in 1H24.
Operating expenses	Mid-single digit growth in operating expenses, producing a slightly higher cost-to-income ratio from 53.2% in 2024 and low to mid-single digit pre-provision profit growth.
Returns	RoE slightly above 15%, from 14.8% in 2024.
Capital	Group CET1 ratio expected to finish 2025 at top end of 11.0% to 12.5% Board target range. Dividend payout ratio around 55%.
Geographic split	Stronger Rand a slight drag on earnings in 2025, although Africa regions earnings growth should be stronger than South Africa.

Pathway to our 2026 RoE target

2024	2025 to 2026	2026
RoE 14.8%	Normalising credit impairments Productivity programme to finance investment Non-interest income growth Faster growth in Africa regions	RoE 16%

Disclaimer

Certain statements (words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘believes’, ‘intends’, ‘plans’, ‘may’, ‘will’ and ‘should’ and similar expressions in this document are forward looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Absa Group Limited and its subsidiaries. These statements are not guarantees of future operating, financial or other results and involve certain risks, uncertainties and assumptions and so actual results and outcomes may differ materially from these expressed or implied by such statements. We make no express or implied representation or warranty that the results we anticipated by such forward-looking statements will be achieved. These statements represent one of many possible scenarios and should not be viewed as the most likely or standard scenario. We are not obligated to update the historical information or forward looking statements in this document.

Appendix: Substantial income statement items

Rm	1H23	2H23	1H24	2H24
Non-interest income impact				
Naira loss	0	718	401	0
Operating expenses impact				
Barclays separation	627	610	412	197
eKhaya BEE deal	0	241	290	366
Headline earnings impact				
Naira loss	0	524	293	0
Ghana hyperinflation accounting	0	403	253	381
Barclays separation	444	407	84	86
eKhaya BEE deal	0	218	163	275
Total	**444**	**1 539**	**793**	**742**