Absa Group Limited

Financial results for the reporting period ended 31 December 2024

Your story matters

Report overview

This Booklet covers the financial results for the period ended 31 December 2024, released alongside Absa Group Limited's ("Absa Group" or "the Group") financial results announcement on 11 March 2025. Additional disclosures, including the Group's Stock Exchange News Service of the JSE Limited ('JSE') ('SENS') announcement and the financial results presentation supplement this Booklet. The full set of documents is available on **www.absa.africa**.

Correction of prior period errors

The Group conducted a comprehensive review of the Statement of cash flows which has led to the following restatements:

- The Statement of cash flows was adjusted to exclude restricted mandatory reserve balances from 'Cash and cash equivalents' of R1 899m, which was restated to 'Net decrease in other assets' as part of the working capital movements.
- The Statement of cash flows was adjusted to exclude loans and advances to banks which do not meet the definition of cash and cash equivalents. This led to a restatement of R955m from 'Cash and cash equivalents' to 'Net increase in loans and advances' as part of the working capital movements.
- The Statement of cash flows was adjusted to include highly liquid treasury bills which meet the definition of a cash equivalent, which resulted in a restatement of R4 196m to 'Cash and cash equivalents' from 'Net increase in investment securities' as part of the working capital movements.
- The aforementioned corrections resulted in a restatement of cash and cash equivalents at the end of the reporting period of R1 893m, which included a restatement of cash and cash equivalents at the beginning of the reporting period of R551m.
- In addition to the above, the Statement of cash flows was adjusted to account for the equity-settled share-based payment arrangements as part of non-cash adjustments to profit before tax. This led to a restatement of R1 037m from 'Net increase in other liabilities' to 'Other non-cash items included in profit before tax'.
- These errors have no impact on the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity or Earnings per share of the Group.

Change in presentation

- During the aforementioned review, the Group decided to revise the presentation of the Statement of cash flows.
- The Group previously reflected granular detail relating to its working capital movements on the face of the Statement of cash flows, which has now been condensed to reflect a movement in net operating assets and net operating liabilities. This change enhances comparability against the Group's peers and allows for a concise, clear understanding of holistic changes in working capital.
- These presentation changes led to the restatement of the Statement of cash flows for the comparative period.

Business portfolio changes

- Due to changes in presentation 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.

Financial director statement

These financial results for the reporting period ended 31 December 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 Interim Group Chief Executive, C Russon.

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

As previously reported, the Group no longer reports normalised financial results from the 2024 financial year 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 operation'.

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 11 March 2025.

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 financial results for the period ended 31 December 2024, under the supervision of the Group Financial Director, Deon Raju CA(SA) CFA.

Dividend per share	775 cents
Key dates	
Dividend payment	Tuesday, 29 April 2025
Financial results announcement	11 March 2025
Interim financial results announcement	18 August 2025
Shareholders communications	
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Contact details:	page 152

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

Icons used with this report Positive Negative Unchanged Marginal

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Absa Group at a glance

Our story

At Absa, we are more than a bank; we are a united pan-African team inspired by our shared purpose that guides us every day, helps us create value, and empowers our clients. We keep our purpose front of mind as we manage and grow our business, so that we can continue to make an impact on the communities and environments in which we operate. We are driven by our ambition to be a leading pan-African bank, and our purpose is at the centre of achieving this.

Our people, brand and culture set us apart and we are dedicated to serving clients and colleagues, driving productivity, and delivering shareholder value. By creating a working environment where everyone feels valued, empowered and supported, our people become co-owners of our culture and support in the delivery of our client-centric pan-African ambition.

Our purpose is at the core of everything we do...

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

Absa Group Limited is one of Africa's largest diversified financial services groups, with a legacy of over 130 years on the continent. We have our primary listing on the Johannesburg Stock Exchange and a secondary listing on A2X, with presence in 16 countries. Our extensive African footprint and long-standing presence across the continent positions us as an influential leader in the continent's pursuit of economic development and sustainable future.

Our operations extend 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 United States of America, a non-banking advisory subsidiary in China and a technology support service office in the Czech Republic.

Material scale

R169.7bn
Market capitalisation

R1 507bn
Deposits

12.7 million
Customers

>20%
Market share of assets in South Africa

R1 403bn
Gross loans and advances

4.6 million
Digitally-active customers

1 016
Outlets

6 347
ATMs

36 779
Employees

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
2. Providing funds for purchases and growth
3. Managing business and financial risks
4. Providing financial and business support
5. Protecting against risks (insurance)

Sustained value

Whilst our ambition remains to be a leading pan-African bank, we have reflected on our Group performance and have made deliberate shifts to provide greater focus and precision in the delivery of our strategy. We remain committed to navigating these complexities with resilience and agility, and with our long-standing presence on the continent, combined with our deep understanding of local markets, we are well positioned to continue to respond effectively to the evolving economic landscape.

Across the organisation, we are committed to sustainable value creation and continue to anchor all our efforts in our brand promise: driving human-centred empathy to deliver intuitive, seamless, client and colleague experiences. As we advance on our strategic journey, we remain steadfast in our pledge to excellence, integrity and impactful value creation. As a purpose-led organisation, we actively champion initiatives that foster positive change, recognising that our success is intricately intertwined with the prosperity of the planet and the communities where we operate.

We continue to innovate and adapt, ensuring that we balance stakeholders needs and deliver sustainable value to our shareholders.

We remain focused on the five strategic pillars set within a medium-term horizon to reach our long-term ambition. In the short-term (<12 months), we will be driving performance recovery and RoE improvement in response to the changes in our operating environment, while our medium term (12 – 36 months) will focus on the execution of our foundational enablers to support our long-term ambition.

While our ways of working evolve in response to our clients' needs and the shifting market landscape, we are confident that by integrating diverse value creation efforts from across the Group, we will generate meaningful economic, social and environmental impacts in the countries we serve.

Strategic shifts

Our strategy remains relevant and resilient to serve the interest of our stakeholders. We have refined our growth strategy to emphasise both expansion and returns, while ensuring a prioritised business unit focus for the remaining strategic pillars.

This approach enables us to deliver a more intuitive and seamless experience for both clients and employees, strengthening our customer-first culture.

In the short term, we will focus on performance recovery by strengthening risk management, optimizing cost structures, and accelerating digital adoption. This will lay the foundation for sustained long-term growth.

Growth
Prioritising balanced growth with a focus on higher returns, supported by a refined customer segment strategy

Technology
Investing in advanced technologies to modernise and secure core operations without disrupting existing services

Customer
Transitioning from a product-centred approach to a franchise-led model focused on customer experience and product excellence

Business model
Consolidating our Retail South Africa operating model to support a seamless customer experience, aligned to our pan-African vision

Culture
Driving and embedding a culture for performance, keeping accountability front of mind, and maintaining a strong talent pipeline

Absa at a glance *continued*

What we have achieved

A diversified franchise with deliberate, returns-focused growth

We tailor our approaches to our clients, drive growth with returns in attractive segments, launch new products that drive customer value, allocate our capital sustainably and manage risk.

Our pan-African ambition requires the Group to be agile and resilient. As we continue to see high-growth markets in Africa, we have an opportunity to expand and diversify revenue streams, strengthening our regional franchises to improve our overall competitiveness. This requires a pivot towards a greater franchise-led approach, a focus on alternative revenue streams and value-added services. We are realigning our franchise across the markets, segments and sectors we operate in to deliver growth that drives enhanced shareholder returns.

This will reinforce our returns-focused growth prospects and prioritised capital allocation, using both product and client lenses. With presence in 16 countries, our geographic diversification strategy continues to position us well to support Africa's growth and lead the continent towards a sustainable future.

- **14.8 % return on equity** (2023: 14.4%)
- **8% YoY growth in capital-lite revenue** (2023: 8%)
- **53.2% cost-to-income ratio** (2023: 53.2%)
- **1.03 % credit loss ratio** (2023: 1.18%)

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.

Being the primary banker for our clients and fulfilling their financial needs fosters client loyalty and drives revenue growth. To strengthen our franchise model, we will continue to build brand affinity with both clients and colleagues. We do this through brand positioning and leveraging the power of our purpose and colleagues. We are enhancing our customer experience by expanding digital self-service capabilities, reducing transaction processing times, and improving AI-driven customer support.

Truly understanding our clients' needs allows us to deliver innovative solutions relevant to our challenging socio-economic conditions. We continue to pursue opportunities to diversify our revenue, with a focus on growing non-interest revenue. Leaning further towards greater client centricity has been a targeted focus that has resulted in growing active customer numbers and improved customer experience scores.

- **12.7 million customers** (2023: 12.2M)
- **14% YoY growth in Absa rewards and 26% growth in member base**
- **43.4% brand consideration** (2023: 41.8%)
- **101 customer experience score** (2023: 96)

A digitally powered business

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

Over the last year, the environment we operate and compete in has undergone several technological advancements. Our Integrated Technology Roadmap enables us to move closer to our envisioned target state architecture, and we continue to pursue opportunities to accelerate our digital transformation journey, supported by modern, agile, and reliable technology.

We remain committed to our technology strategy to accelerate our digital adoption and transaction volumes on our digital platforms, while continuously improving our customer experience. Our modernisation initiative prioritises cloud adoption, cybersecurity, and AI-driven analytics to enhance transaction security, improve digital accessibility, and streamline banking services.

- **14.2% growth in digitally active customers** (2023: 9.3%)
- **99.98% service availability for the Group** (2023: 99.98%)
- **99.79% retail digital channel availability** (2023: 99.79%)
- Remained resilient with one severity 2 incident recorded, and no severity 1 incident
- Recognised across ARO for multiple digital and innovation accolades. Recognised in South Africa by Global Banking and Finance Awards® for numerous awards across digital banking and customer satisfaction

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.

Our success depends on fostering a performance-driven culture where employees feel empowered and valued. Our purpose remains at the heart of our workplace environment. We are committed to fostering diversity, equity and inclusion, and creating empathetic and enabling working environments for all. We continue to improve the way we work by distributing decision making across all levels of the organisation and encouraging collaboration.

We acknowledge that achieving sustainable performance and growth in a challenging and complex market requires a capable and competitive workforce. Our focus has been to establish a culture of high-performance, accountability, and ownership to accelerate delivery against our purpose. We continue to endeavor to be the 'home of Africa's best talent', by developing and growing our in-house talent and maintaining a strong talent acquisition pipeline.

64.6 employee experience index
(2023: 71.5)

Employment equity of 10.33
(2023: 10.15)

39.7% women in leadership
(2023: 38.8%)

Recognised as a Top Employer by the prestigious Top Employers Institute (TEI) across six key African markets for the fourth consecutive year

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 contribute to public policy and regulation.

Our purpose drives our actions, and we have set clear targets to achieve measurable, material change in our communities and the environment. 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 across the continent.

To contribute to Africa's transition in a way that is just and fair for all, we remain committed to meaningfully contribute to climate-change mitigation efforts and remain a leading player in sustainable finance transactions. We have continued progress towards our 2050 net-zero carbon emissions, reducing operational emissions by ~4% in 2024, reaching a cumulative reduction of 37% from our 2018 baseline. We have achieved the R100 billion sustainable financing target from a 2021 baseline, a year ahead of plan.

Furthermore, our net zero transition has advanced with improved baseline carbon emissions calculations and expanded sectoral decarbonisation pathways. We have integrated sustainability efforts, including our net zero transition plan, sustainable finance, and own emission reduction, into remuneration structures to ensure accountability and alignment to long-term sustainability goals.

R49.2bn sustainable linked financing
(2023: R41.9bn)

Empowered **23 437** youth through our ready to work programme and provided financial education to more than **183 945** young people

Recognised by the prestigious Euromoney Awards for Excellence and awarded the accolade of South Africa's Best Bank for SMEs

Catalyst Awards overall winner in Sustainability in Kenya for progress in creating long-term value under its Sustainable Finance Initiative (SFI)

Our strategy remains relevant and resilient to serve the interest of our stakeholders. We are realigning our franchise across the markets, segments and sectors we operate in to drive growth that delivers enhanced shareholder returns.

Group performance

Group performance overview

for the reporting period ended 31 December

Headline Earnings

R22.1bn
(2023: R20.1bn)
10% (CCY: 12%)

Reflecting improved financial performance in South Africa with headline earnings up 14% to R15.9bn as impairments within the Everyday Banking (EB) and Product Solutions Cluster (PSC) moderated and non-interest revenue (NIR) reflected improvement. Headline earnings growth in Africa Regions was up 8% CCY to R6.2bn but the stronger Rand, higher cash reserving requirements in larger markets and the continued adoption of hyperinflation accounting in Ghana resulted in muted reported currency growth.

Return on Equity

14.8%
(2023:14.4%)

Although below our medium-term return objective, second half of the year RoE (15.5%) reflected a stronger performance compared with first half returns (H1'24: 14.0%) supported by headline earnings growth in the second half of the year (H2'24) which was up 27% (CCY: 31%) to R11.9bn. Excluding the impact of Naira losses, Ghana hyperinflation and the run-down of Separation costs, underlying headline earnings growth of 16% (CCY: 20%) remains robust reflecting an improving credit loss ratio, better NIR growth and solid cost containment.

Net Interest Income

R71.1bn
(2023: R68.1bn)
4% (CCY: 7%)

Growth was supported by customer advances up 7% and deposits up 12% partly offset by slight margin compression to 463bps in 2024 from 468bps in 2023 due to mix change (low-margin deposits driving growth) and higher ARO cash reserving requirements. NII growth in the second half was lower than the first due to the drag from higher cash reserving requirements and slower lending in both the EB and PSC portfolios in order to contain risk.

Non Interest Income

R38.8bn
(2023: R36.6bn)
6% (CCY: 8%)

Performance is mainly driven by growth in net fees and commission income of 4% (CCY: 5%), net insurance income up 12%, trading income ex-hedging up 11% (CCY: 16%). Albeit performance in the first half was 2% down (CCY: 1%), stronger growth is evident in the second half 15% (CCY: 18%) including on an underlying basis (excluding the Naira trading losses) reflected in growth up 11% CCY.

Impairments

R14.3bn
(2023: R15.5bn)
8% (CCY: 7%)

The lower charges reflect better early-cycle performance in PSC and EB as the SA retail cycle started to improve and from management actions (risk reductions and collections initiatives), partially offset by a higher impairments charge in ARO RBB and CIB albeit off a low base. This resulted in a credit loss ratio of 103bps (2023: 118bps) which is slightly above the upper-end of Group's through-the-cycle target range (75-100bps) with the credit loss ratio in the second half of 2024 of 85bps, which is well within range.

Pre-provision profits

R51.4bn
(2023: R48.9bn)
5% (CCY: 8%)

Growth is reflective of solid revenue growth of 5% (CCY: 7%) in both NII and NIR while Operating costs also increased by 5% (CCY: 7%) reflecting investments in people and technology partially offset by productivity gains of c.R1.5bn in efficiency which allowed for reinvestment in Technology, CRES and Retail distribution. Cost growth was contained to inflationary levels. This resulted in a flat cost to income ratio at 53.2% and flat operating JAWS.

Group Capital

12.6%
(2023: 12.5%)

Group Capital levels remained strong and above the top end of the Board target range with a Common Equity Tier 1 ratio at 12.6% in December 2024, enabling a dividend payout ratio of 55% for 2024.

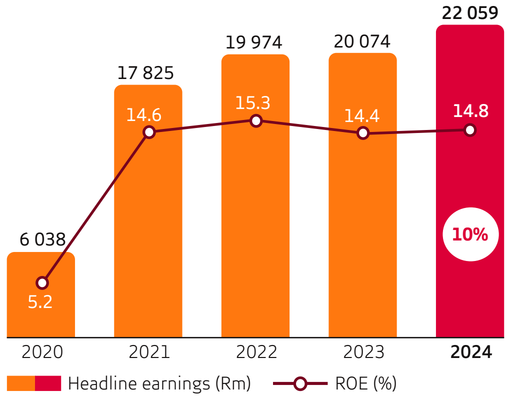
Business Unit performance overview

for the reporting period ended 31 December

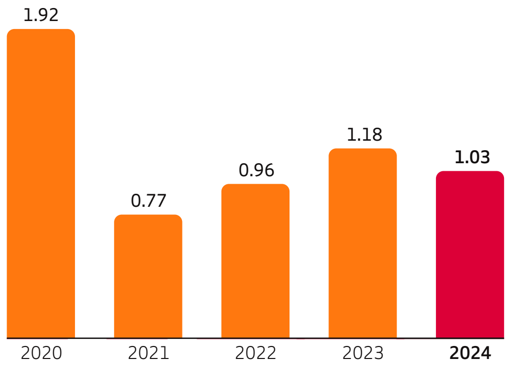
- Product Solutions Cluster earnings were up 38% to R3.3bn and Everyday Banking earnings were up 18% to R4.0bn. Drivers of growth is NIR (from both fees and bancassurance revenues) and moderating impairment charges.
- Relationship Banking earnings were up 4% to R4.3bn due to strong NII growth reflecting solid balance sheet growth and lower impairment charges partly offset by lower NIR (partially due to lower cash revenues).
- ARO RBB earnings increased by 12% (CCY: 35%) to R1.8bn due to strong revenue growth reflecting growth in active transactional customers and cost containment despite higher inflation challenges.
- CIB earnings increased by 6% (CCY: 10%) to R11.7bn driven by revenue growth of 12% (CCY: 15%) underpinned by growth in client franchise revenue, higher Trading revenues and net fee and commission income, partly offset by increased credit impairment charges off a low base.
- The Head Office loss increased from R2.4bn to R3.0bn mainly due to the impact of hyperinflation accounting for Ghana, higher IFRS 2 charge for the eKhaya B-BBEE transaction, lower Treasury SA revenues and higher ARO dividend withholding taxes. This was partially offset by lower Separation costs.

Group performance overview
for the reporting period ended 31 December

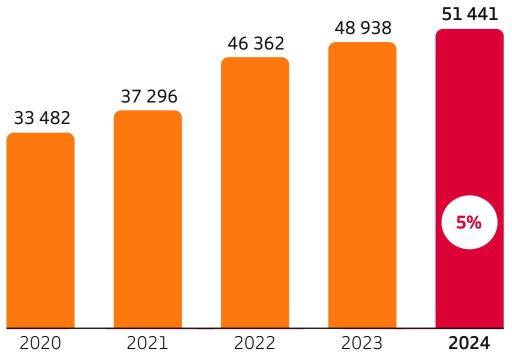
Headline earnings (Rm), RoE and change (%)



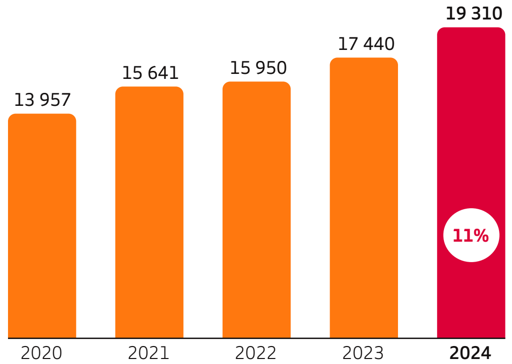
Credit loss ratio (%)



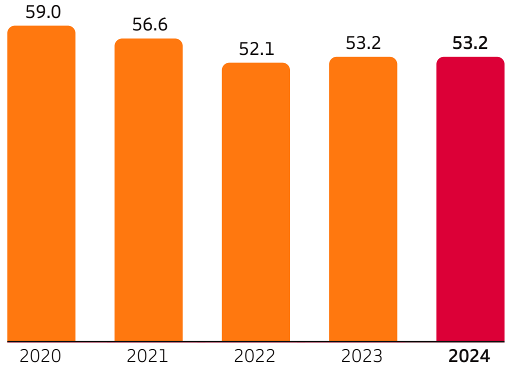
Pre-provision profit (Rm) and change (%)



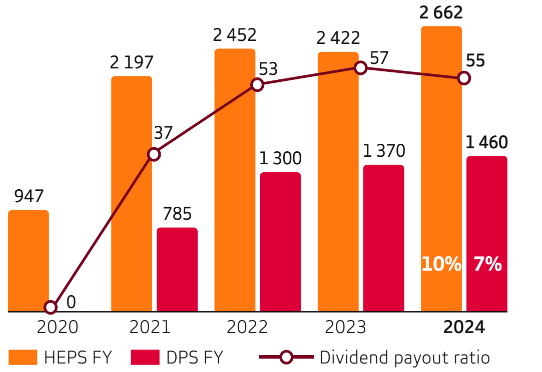
Net asset value (NAV) per ordinary share (cents) and change (%)



Cost-to-income ratio (%)



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



Consolidated salient features

for the reporting period ended 31 December

	Note	2024 Rm	2023 Rm	Change %
Statement of comprehensive income (Rm)				
Income		**109 949**	104 642	5
Operating expenses		**(58 508)**	(55 704)	5
Pre-provision profit		**51 441**	48 938	5
Credit impairment charges		**(14 304)**	(15 535)	(8)
Profit attributable to ordinary equity holders		**21 537**	19 891	8
Headline earnings	1	**22 059**	20 074	10
Statement of financial position				
Net asset value (NAV) (Rm)		**160 174**	144 586	11
Gross loans and advances (Rm)	8	**1 402 568**	1 320 923	6
Total assets (Rm)		**2 068 695**	1 874 876	10
Deposits (Rm)		**1 506 927**	1 339 536	12
Gross loans to deposits and debt securities ratio (%)		**81.6**	85.2	(4)
Average loans to deposits and debt securities ratio (%)		**80.9**	82.8	(2)
Financial performance (%)				
Return on equity (RoE)		**14.8**	14.4	
Return on average assets (RoA)		**1.11**	1.07	
Return on risk-weighted assets (RoRWA)		**2.02**	1.96	
Stage 3 loans ratio on gross loans and advances		**6.12**	6.05	
Operating performance (%)				
Net interest margin on average interest-bearing assets		**4.63**	4.68	
Credit loss ratio on loans and advances		**1.03**	1.18	
Non-interest as a percentage of total income		**35.3**	35.0	
Cost-to-income ratio		**53.2**	53.2	
Jaws		**0**	(2)	
Effective tax rate		**25.0**	25.4	
Share statistics (million)				
Number of ordinary shares in issue		**894.4**	894.4	
Number of shares in issue (excluding treasury shares)		**829.5**	829.1	
Weighted average number of ordinary shares in issue		**828.6**	828.7	
Diluted weighted average number of ordinary shares in issue		**830.0**	831.2	
Share statistics (cents)				
Basic earnings per ordinary share (EPS)		**2 599.2**	2 400.3	8
Diluted basic earnings per ordinary share (DEPS)		**2 594.8**	2 393.0	8
Headline earnings per ordinary share (HEPS)	1	**2 662.2**	2 422.3	10
Diluted headline earnings per ordinary share (DHEPS)	1	**2 657.7**	2 415.1	10
NAV per ordinary share		**19 310**	17 440	11
Tangible NAV per ordinary share		**17 380**	15 698	11
Dividend per ordinary share relating to income for the reporting period		**1 460**	1 370	7
Dividend payout ratio (%)		**55**	57	(3)
Capital adequacy (%)				
Absa Group Limited		**15.8**	15.8	
Absa Bank Limited		**17.1**	16.2	
Common Equity Tier 1 (%)				
Absa Group Limited		**12.6**	12.5	
Absa Bank Limited		**12.6**	11.9	

Salient features by segment

for the reporting period ended 31 December

	2024 Rm	2023 Rm	Change %
Headline earnings (Rm)			
Product Solutions Cluster	**3 276**	2 368	38
Everyday Banking	**4 004**	3 394	18
Relationship Banking	**4 292**	4 145	4
Absa Regional Operations-Retail and Business Banking	**1 780**	1 584	12
Corporate and Investment Banking	**11 740**	11 025	6
Head Office, Treasury and other operations	**(3 033)**	(2 442)	24
Return on average risk-weighted assets (%)			
Product Solutions Cluster	**2.08**	1.52	
Everyday Banking	**3.60**	3.04	
Relationship Banking	**2.84**	2.95	
Absa Regional Operations-Retail and Business Banking	**1.57**	1.49	
Corporate and Investment Banking	**2.68**	2.83	
Return on regulatory capital (%)			
Product Solutions Cluster	**14.0**	10.4	
Everyday Banking	**27.8**	24.7	
Relationship Banking	**24.9**	25.9	
Absa Regional Operations-Retail and Business Banking	**12.4**	11.7	
Corporate and Investment Banking	**22.5**	23.9	
Credit loss ratio (%)			
Product Solutions Cluster	**0.73**	0.99	
Everyday Banking	**7.20**	8.35	
Relationship Banking	**0.48**	0.56	
Absa Regional Operations-Retail and Business Banking	**1.81**	1.84	
Corporate and Investment Banking	**0.29**	0.17	
Gross loans and Advances (Rm)			
Product Solutions Cluster	**448 184**	433 796	3
Everyday Banking	**94 800**	94 740	0
Relationship Banking	**160 112**	151 426	6
Absa Regional Operations-Retail and Business Banking	**98 865**	85 404	16
Corporate and Investment Banking	**581 429**	542 671	7
Head Office, Treasury and other operations	**19 177**	12 885	49
Deposits (Rm)			
Product Solutions Cluster	**1 453**	1 610	(10)
Everyday Banking	**333 381**	308 936	8
Relationship Banking	**254 588**	230 720	10
Absa Regional Operations-Retail and Business Banking	**147 831**	120 980	22
Corporate and Investment Banking	**606 625**	512 081	18
Head Office, Treasury and other operations	**163 049**	165 209	(1)

Profit commentary

The following commentary reflects the year-on-year change in the Group's IFRS financial results for the year ended 31 December 2024 versus the year ended 31 December 2023. Any forward-looking 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 (DHEPS) increased 10% to 2 657.7 cents.
- Declared a 7% higher ordinary dividend per share (DPS) of 1 460 cents.
- In terms of divisional headline earnings, Product Solutions Cluster (PSC) increased 38% to R3 276m, Everyday Banking (EB) grew 18% to R4 004m, Relationship Banking (RB) rose 4% to R4 292m, while Absa Regional Operations – Retail and Business Banking (ARO RBB) increased 12% to R1 780m and Corporate and Investment Banking (CIB) increased 6% to R11 740m. The loss in Head Office, Treasury and other operations rose 24% to R3 033m.
- Return on equity (RoE) increased to 14.8% from 14.4%.
- Revenue grew 5% to R109.9bn and operating expenses rose 5% to R58.5bn, producing a flat cost-to-income ratio of 53.2%.
- Pre-provision profit grew 5% to R51.4bn.
- Credit impairment charges fell 8% to R14.3bn, resulting in a 1.03% credit loss ratio down from 1.18%.
- The Group's common equity tier 1 (CET 1) capital ratio increased to 12.6% from 12.5%, remaining well above regulatory requirements and slightly above the top end of the Board's target range of 11.0% to 12.5%.
- The Group's net asset value (NAV) per share grew 11% to 19 310 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 Limited 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. The CCY pro forma financial information is the responsibility of the directors.

KPMG's unmodified auditor's report on the constant currency financial information is available on **https://www.absa.africa/wp-content/uploads/2025/03/Unmodified-auditors-report-on-the-constant-currency-financial-information-2024.pdf** and the following JSE cloudlink: **https://senspdf.jse.co.za/documents/2025/jse/isse/ABGE/FY24Result.pdf**

Operating environment

Through 2024 the global economy held steady in aggregate, with real GDP growth expected to have been 3.3% against 3.2% a year earlier. Within the headline figure, a resilient labour market contributed to the US growing by an estimated 2.8%, while a difficult domestic environment saw China's growth slip to about 5%. Europe's performance remains subdued, with Germany still in recession and the Euro Area growing by less than 1%. At a global aggregate level, disinflation continues, but during 2024 signs emerged that progress is stalling in some countries. Where inflation is proving more sticky, central banks moved more cautiously in the easing cycle and a few raised rates, marking a point of divergence in monetary policy. Away from the economic indicators, economic policy uncertainty increased sharply, especially on the trade and fiscal fronts, whilst geopolitical tensions, particularly in the Middle East, remained elevated.

In South Africa, two key events shaped 2024 and are likely to have long lasting impacts. The first was political, as the May election returned the coalition Government of National Unity. The second was the end of intensive electricity loadshedding, with a broadly stable electricity supply from late March. Though neither immediately translated into sharply faster economic growth or a recovery in investment, surveys of business and consumer confidence show important improvements. Real GDP grew 0.6% in 2024. Inflation, which improved to an average of 4.5% for the year, a shallow interest rate cutting cycle beginning in September, and the two-pot pension system all boosted household finances. Less positively, agriculture was significantly impacted by drought.

Our Africa regions saw some sharply different narratives in 2024. East African markets generally continued to perform strongly as debt sustainability fears receded in Kenya, Uganda moved closer to oil production and continued investment boosted Tanzania. In West Africa, Ghana's economy expanded at a surprisingly robust pace, despite continuing elevated living costs. A crippling drought weighed heavily on Zambia's performance, whereas Botswana's economy contracted due to the sharp decline in diamond demand. Post-election violence and large fiscal constraints created significant headwinds for Mozambique.

Overview of results

The Group's headline earnings grew 10% to R22 059m and diluted HEPS grew 10% to 2 657.7 cents. The ordinary DPS increased 7% to 1 460 cents, a payout ratio of 55%. The Group's RoE increased to 14.8% from 14.4% and its return on average assets rose to 1.11% from 1.07%.

Revenue grew 5% to R109.9bn, as net interest income rose 4% to R71 105m and non-interest income increased 6% to R38 844m. The Group's net interest margin on average interest-bearing assets declined to 4.63% from 4.68%, reflecting mix changes and higher ARO cash reserve requirements. Gross loans and advances grew 6% to R1 403bn, while deposits rose 12% to R1 507bn. Operating expenses increased 5% to R58 508m resulting in a flat cost-to-income ratio of 53.2%. Pre-provision profit increased 5% to R51 441m. Credit impairment charges fell 8% to R14 304m, producing a 1.03% credit loss ratio from 1.18%.

Overview of results *continued*

PSC's headline earnings increased 38% to R3 276m, while EB grew 18% to R4 004m and RB's headline earnings rose 4% to R4 292m. ARO RBB's headline earnings grew 12% to R1 780m and CIB increased 6% to R11 740m. The loss in Head Office, Treasury and other operations increased 24% to R3 033m.

On a geographic basis, South African headline earnings increased 14% to R15 908m, while Africa regions was flat at R6 151m. Africa regions contributed 30% of total revenue and 28% of Group earnings.

Group performance

Statement of financial position

Total assets increased 10% to R2 069bn, driven by 6% growth in net loans and advances, a 60% increase in cash, cash balances and balances with central banks due to Gold and Foreign Exchange Contingency Reserve Account reform implemented in July 2024 which resulted in additional liquidity in the market, and 14% higher investment securities.

Loans and advances

Total net loans and advances grew 6%, to R1 350bn, reflecting 7% growth in net loans and advances to customers to R1 277bn, while net loans and advances to banks decreased 3% to R72bn. Excluding reverse repurchase agreements, total net loans grew 6%. PSC net loans and advances to customers rose 3% to R428bn, as Home Loans grew 3% to R310bn and Vehicle and Asset Finance increased 4% to R118bn. EB net loans and advances to customers grew 3% to R74bn, with Cards up 6% to R50bn and Personal Loans declining 4% to R20bn. RB net loans and advances to customers grew 6% to R155bn, driven by strong growth in Commercial Asset Finance. ARO RBB net loans and advances to customers grew 16% to R91bn or 11% in CCY, driven by mortgages. CIB net loans and advances to customers increased 8% to R524bn. CIB SA net loans and advances to customers grew 7% to R431bn, driven by foreign currency loans and reverse repurchase agreements. CIB ARO's net loans and advances to customers grew 14% to R93bn or 10% in CCY.

Funding

Total deposits rose 12% to R1 507bn, with deposits due to customers up 12%, or 11% in CCY, to R1 357bn. Total deposits from banks grew 20% to R149bn. Excluding 26% higher reverse repurchase agreements, total deposits increased 12% to R1 404bn. Total deposits constituted 88% of Group funding.

EB customer deposits grew 8% to R333bn, with fixed deposits up 7% to R91bn and savings and transmission deposits 11% higher to R176bn, while cheque account deposits were flat at R35bn. RB customer deposits rose 10% to R255bn, as savings and transmission deposits grew 23% to R113bn and fixed deposits decreased 6% to R37bn and cheque account deposits rose 6% to R80bn. ARO RBB customer deposits grew 22%, or 18% in CCY, to R148bn. Total CIB deposits rose 18%, to R607bn, with customer deposits up 18% to R511bn, while bank deposits grew 24% to R96bn. Average CIB customer deposits were up 6%. CIB SA deposits due to customers increased by 21% to R396bn, with cheque deposits up 28%, and foreign currency deposits up 29%. CIB ARO deposits due to customers rose 7% to R115bn, or 6% in CCY.

Net asset value

The Group's NAV increased 11% to R160bn and NAV per share grew 11% to 19 310 cents. During 2024, the Group generated headline earnings of R22.1bn and paid dividends of R11.4bn.

Capital to risk-weighted assets (RWA)

Group RWA grew 10% to R1 161bn due largely to 10% higher credit risk RWA. The Group remains well capitalised, comfortably above minimum regulatory capital requirements. The Group CET 1 ratio increased slightly to 12.6% from 12.5% and remains above the Board target range of 11.0% to 12.5%. The Group Tier 1 ratio rose to 14.4% from 14.2%, while the total capital adequacy ratio was flat at 15.8%.

Statement of comprehensive income

Net interest income

Net interest income increased 4%, or 7% in CCY, to R71 105m from R68 055m, with average interest-bearing assets up 5%. The Group's net interest margin decreased to 4.63% from 4.68%, as South Africa's net interest margin reduced to 3.86% from 3.97%, although Africa regions widened to 7.82% from 7.59% largely due to higher rates. Customer loans and advances had a 3bps negative impact on the Group margin from tighter pricing and higher suspended interest in Home Loans, Personal Loans and ARO RBB partially offset by lower suspended interest in CIB and RB. Loan mix has a further 1bp negative impact given faster loan growth in CIB and RB than EB, particularly Personal Loans.

Customer deposits reduced the overall margin by 10bps, reflecting a negative price impact from higher cash reserving requirements in Zambia, Mozambique and Ghana, plus the lower deposit endowment impact and a decline in higher margin deposits in EB and faster growth in low margin deposits in RB. These outweighed a decline in wholesale funding and low margin deposits in CIB.

In South Africa the equity endowment reduced the Group margin by 2bps, as equity grew slower than interest bearing assets, outweighing the positive impact of the higher average prime rate. The Africa regions equity endowment added 3bps to the Group margin, given higher rates and equity growth in most markets.

The Group's structural hedge released a R1 655m charge to the income statement, largely in line with the R1 588m charge in 2023. The after-tax cash flow hedging reserve relating to the programme reflected a credit balance of R0.1bn as at 31 December 2024, from a debit of R1.4bn at 31 December 2023. The total endowment impact after hedging in South Africa was a 4bps drag on the Group margin.

Other factors that affected the Group margin include the positive impact from higher rates on asset liability management in Africa regions, and the decline in low margin average loans to banks, plus the negative impact of introducing the Depositor Insurance Scheme in South Africa.

Non-interest income

Non-interest income increased 6%, or 8% in CCY, to R38 844m to account for 35.3% of Group revenue from 35.0%.

Net fee and commission income grew 4% or 5% in CCY to R25 901m, representing 67% of total non-interest income.

Group performance

Statement of comprehensive income *continued*

Fee and commission income rose 5%, as transactional fees and commissions increased 6%, with service charges up 15%, while electronic banking was flat, and cheque accounts and credit cards grew 3% and 6% respectively. Merchant income grew 17% on 8% turnover growth. Fee and commission expenses rose 16% to R3 758m, mainly due to higher trade fees, increased commission paid to external financial advisors, and higher scheme fees driven by transactional volume growth. Net trading income excluding the impact of hedge accounting increased 11% to R8 055m. Global Markets income rose 18%, or 23% in CCY, to R8 643m, with Markets SA increasing 17% to R4 151m and Markets ARO growing 19% to R4 492m, up 28% in CCY. The insurance service result grew 7% to R2 131m, while gains and losses from investment activities declined 4% to R2 527m. In aggregate, the net insurance income rose 12%, as Life SA increased 1% and ARO Insurance grew 35%, while Non-Life SA grew 30%. Within non-interest income, other operating income rose from R492m to R869m mainly due to the profit on sale of property in ARO.

Credit impairment charges

Credit impairment charges fell 8% and by 7% in CCY, to R14 304m. The credit loss ratio improved to 103bps from 118bps, although the charge remains slightly above the through-the-cycle target range of 75bps to 100bps. Lower credit impairments across PSC, EB and RB were partially offset by a significantly higher CIB charge off a low base.

Non-performing loans (NPLs) increased to 6.12% of gross loans and advances from 6.05% (and 6.14% as at 30 June 2024), due to inflows into later stage delinquencies in the South African retail portfolios. NPLs grew 7% to R86bn from R80bn, due to inflows in CIB SA, ARO RBB and EB, while PSC declined slightly. NPL coverage increased to 47.4% from 45.0%, largely due to charges in CIB. Stage 1 coverage declined slightly to 0.62% from 0.66%, given the improved new business performance and macroeconomic assumptions across retail lending in South Africa and higher quality new business origination in CIB. Total Group coverage increased to 4.13% from 4.10%, due to late cycle pressure in the South African retail portfolio and CIB coverage build.

PSC credit impairments fell 24% to R3 216m, improving its credit loss ratio to 0.73% from 0.99%. Within this, Home Loans fell 32% to R1 223m, resulting in a credit loss ratio of 0.39% from 0.58%. The improvement was due to collections initiatives and customers benefiting from rate cuts, although the legal portfolio remains under pressure. Vehicle and Asset Finance credit impairments fell 18% to R1 993m, reflecting better new business origination, exiting specific higher risk segments and collections actions. Its credit loss ratio decreased to 1.62% from 2.08%.

EB credit impairments declined 11% to R6 952m, resulting in a 7.20% credit loss ratio from 8.35%. 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 although inflows stabilised, while debt counselling accounts increased noticeably. Card credit impairments rose 1% to R4 363m, although its credit loss ratio declined to 7.40% from 7.82%. Personal Loans credit impairments fell 29% to R2 018m resulting in a 7.49% credit loss ratio from 10.58%.

RB credit impairments decreased 8% to R760m, primarily due to model enhancements and higher post write-off recoveries. Its credit loss ratio improved from 0.56% to 0.48%, which is within its through-the-cycle range.

ARO RBB credit impairments increased 9%, or 13% in CCY, to R1 680m, largely due to the Retail portfolio, partially offset by improved collections and recoveries in Business Banking. Its credit loss ratio improved to 1.81% from 1.84%, which remains below its through-the-cycle range.

CIB credit impairments grew 101% to R1 535m, resulting in a credit loss ratio of 0.29%, at the top end of its through-the-cycle range, from a low 0.17%. CIB South Africa credit impairments rose 44% to R1 221m, resulting in a 0.28% credit loss ratio from 0.22%. The increase was largely due to higher single name charges. CIB ARO credit impairments normalised off a very low base, increasing to a R314m charge from a release of R82m, producing a credit loss ratio of 0.33%.

Head Office credit impairments dropped 51% to R161m predominantly due to provisions raised in Ghana in the prior year.

Operating expenses

Operating expenses grew 5%, or 7% in CCY, to R58 508m, resulting in a flat cost-to-income ratio of 53.2%. Staff costs rose 7% to R33 654m to account for 58% of total operating expenses, reflecting salary increases and investments in frontline staff in the prior period. Deferred cash and share-based payments grew 48% due to the eKhaya employee share scheme costs while bonuses decreased 1%.

Non-staff costs grew 3% or 4% in CCY to R24 854m. IT costs increased 13% to R6 848m, given continued investment in new digital capabilities and increased cybersecurity spend. Amortisation of intangible assets declined 2% to R2 729m, however excluding the impact of separation, the increase was 33% due to further investment in digital, automation and data capabilities that increased goodwill and intangible assets to R16bn. Total IT spend, including staff, amortisation, and depreciation, increased 7% to R15 792m, or 27% of Group expenses. Marketing costs rose 5% to R2 125m with higher brand, campaigns and sponsorship spend. Professional fees grew 11% to R3 127m given spend on strategic projects.

Property costs increased 3% to R1 969m and depreciation was flat at R3 124m from reduced utilisation of physical IT infrastructure and further optimisation of the Group's property portfolio. Equipment costs decreased 12%, largely on lower diesel costs due to reduced loadshedding in South Africa. Cash transportation costs grew 7% to R1 242m, reflecting higher charges in the SA business markets, partially offset by lower retail volumes.

Other expenses

Other expenses increased 25% to R4 196m, due to significantly higher other impairments on property sales in South Africa, 11% higher indirect taxation, and a R690m loss on net monetary position as hyperinflationary accounting was applied to the results of Absa Bank Ghana.

Group performance

Statement of comprehensive income *continued*

Taxation

The taxation expense grew 8%, or 13% in CCY, to R8 320m from R7 687m, slower than profit before tax which grew 10% given a higher proportion of exempt income, resulting in an effective tax rate of 25.0% reducing from 25.4%.

Segment performance

Product Solutions Cluster

Headline earnings increased 38% to R3 276m, largely due to credit impairments decreasing 24% to R3 216m. Pre-provision profit increased 1% to R7 925m. Revenue rose 5% to R14 375m, driven by 10% higher non-interest income, with Insurance SA up 9%. Net interest income increased 3%, in line with 3% growth in customer loans. Given investment in people and technology operating expenses grew 11% to R6 450m, producing a 44.9% cost-to-income ratio from 42.5%. PSC generated a return on regulatory capital (RoRC) of 14.0% from 10.4% and contributed 13% of Group headline earnings excluding Head Office, Treasury and other operations.

Within PSC, Home Loans headline earnings grew 31% to R1 741m, as credit impairments fell 32% to R1 223m. Home Loans pre-provision profits were flat, with 2% revenue growth and 6% higher operating expenses. Vehicle and Asset Finance headline earnings increased 215% to R738m, on 3% growth in pre-provision profits and 18% lower credit impairments. Insurance SA earnings grew 10% to R1 312m, driven by 59% growth in Non-Life Insurance profit to R306m, on 7% revenue growth and an improved underwriting margin. Life Insurance profit increased 1% to R1 006m, with the second half up 35% year-on-year. Its net premium income grew 1%.

Everyday Banking

Headline earnings increased 18% to R4 004m, due to 11% lower credit impairments and 1% pre-provision profit growth. Revenue increased 3% to R29 049m, with 3% net interest income growth on the back of 3% growth in customer loans and 8% higher customer deposits. Non-interest income increased 4%, on 7% growth in transactional customers and higher digital and point of sale volumes, partially offset by continued migration to digital channels. Operating expenses grew 6% to R15 599m, resulting in a 53.7% cost-to-income ratio from 52.5%. Credit impairments fell 11% to R6 952m, producing a 7.20% credit loss ratio from 8.35%, reflecting credit risk management actions and enhanced collection strategies. EB generated a RoRC of 27.8% from 24.7% and contributed 16% of Group headline earnings excluding Head Office, Treasury and other operations.

Within EB, Transactions and Deposits headline earnings decreased 6% to R3 319m, as 7% lower pre-provision profit outweighed 19% lower credit impairments. Card headline earnings grew 107% to R733m, given 14% higher pre-provision profit on the back of 6% revenue growth. Personal Loans earnings improved to R317m from a R161m loss, due to 29% lower credit impairments. Its pre-provision profit declined 6% on 20% lower new business production.

Relationship Banking

Headline earnings increased 4% to R4 292m, as credit impairments fell 8% to R760m, improving its credit loss ratio to 0.48%, which remained within its through-the-cycle range.

Pre-provision profit grew 4% to R7 091m. Revenue rose 6% to R16 058m, driven by 9% higher net interest income on the back of 6% customer loan growth and 10% higher deposits. Non-interest income declined 2%, as cash revenue fell 12%, while acquiring turnover increased 8% and transactional revenue rose 1%. Operating expenses grew 7% to R8 967m, producing a 55.8% cost-to-income ratio, given frontline staff hires in Wealth and the SME segment in the prior period. RB generated a RoRC of 24.9% from 25.9% and contributed 17% of Group headline earnings excluding Head Office, Treasury and other operations.

Absa Regional Operations – Retail and Business Banking

Headline earnings increased 12% to R1 780m, or 35% in CCY. Within this, Banking operation headline earnings grew 12% to R1 683m, or 34% in CCY, on 14% pre-provision profit growth. Banking revenue grew 8%, or 14% in CCY, with net interest income up 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 10%, or 18% in CCY, driven by 13% growth in total active customers. Operating expenses grew 4%, or 10% in CCY, resulting in a cost-to-income ratio of 64.4%. Credit impairments increased 9%, or 13% in CCY, resulting in a 1.81 banking credit loss ratio, below its through-the-cycle range. ARO Insurance earnings up 26%, or 57% in CCY, to R97m, as revenue grew 19%, well above cost growth of 2%. ARO RBB generated a RoRC of 12.4% from 11.7% and contributed 7% of Group headline earnings excluding Head Office, Treasury and other operations.

Corporate Investment Banking

Headline earnings grew 6%, or 10% in CCY, to R11 740m, driven by 14% pre-provision profit growth. Revenue increased 12%, or 15% in CCY, to R33 241m. Net interest income grew 8%, or 11% in CCY, with customer loans and advances and deposits up 8% and 18% respectively, offsetting 6bps net interest margin compression. Non-interest income grew 18%, or 22% in CCY, with 18% growth in Global Markets and higher fee and commission income. Operating expenses rose 9%, or 11% in CCY, to R14 894m, resulting in a cost-to-income ratio of 44.8% from 45.9%. 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 101% to R1 535m, increasing the credit loss ratio to 0.29% from 0.17%, due to higher single name charges in South Africa and a normalising charge in CIB ARO off a very low base. CIB contributed 47% of Group headline earnings, excluding Head Office, Treasury and other operations. It produced a 22.5% RoRC from 23.9%.

Within CIB, Corporate Bank headline earnings were flat, or up 6% in CCY, to R4 426m, as pre-provision profit increased 2% and credit impairments declined 24%. Investment Bank earnings grew 11%, or 14% in CCY, to R7 314m. Its pre-provision profit grew 23% on 17% revenue growth, outweighing significantly higher credit impairments. CIB SA headline earnings grew 10% to R6 877m, as 14% pre-provision profit growth offset 44% higher credit impairments. CIB ARO headline earnings rose 2%, or 12% in CCY, to R4 863m, reflecting 13% growth in pre-provision profit while credit impairments rose significantly off a low base.

Segment performance *continued*

Head office, Treasury and other operations

The headline earnings loss grew 24% to R3 033m. The increased loss reflected a R634m loss relating to hyperinflation accounting in Ghana, a Barclays separation loss of R171m and a R380m cost from the Group's Broad-Based Black Economic Empowerment and staff incentivisation transaction. Other drags included significantly lower SA Treasury earnings and higher dividend withholding tax on Africa regions dividends received.

Geographic split

South Africa

Headline earnings increased 14% to R15 908m, as pre-provision profit increased 3% to R35 614m. Revenue grew 3% to R76 485m, constituting 70% of Group revenue. Net interest income rose 3%, given growth in customer loans and deposits of 5% and 11% respectively, partially offset by 11bps margin contraction. Non-interest revenue increased 5% to R28 564m, due to 13% year-on-year growth in the second half, with strong growth in Markets off a low base and insurance revenue. Operating expenses rose 4% to R40 871m, resulting in a 53.4% cost-to-income ratio from 53.3%. Credit impairments fell 12% to R12 146m, producing a credit loss ratio of 1.04% from 1.25%, as improvements in PSC and EB outweighed a higher CIB charge. South Africa contributed 72% of Group earnings and its RoRC increased to 16.1% from 15.0%.

Africa regions

Headline earnings were flat at R6 151m due to the stronger average Rand, as it increased 8% in CCY. Pre-provision profit grew 10% to R15 827m, as revenue increased 9%, or 16% in CCY, to R33 464m. Net interest income grew 8%, and 15% in CCY, on 15% customer loan growth and 23bps wider margins, given higher policy rates in several countries. Non-interest income grew 10%, or 18% in CCY, driven by 15% growth from CIB ARO and 10% from ARO RBB. Operating expenses rose 8%, or 14% in CCY, to R17 637m, producing a 52.7% cost-to-income ratio from 53.1%. Credit impairments grew 22% to R2 158m, or 36% in CCY, increasing its credit loss ratio to 0.97% from 0.80%. Africa regions contributed 28% of Group earnings and its RoRC declined to 17.2% from 18.6%.

Prospects

The global economic environment is likely to remain very uncertain, largely due to the sweeping and volatile changes being announced by the new US administration. Global forecasters have largely taken a cautious approach in translating these early policy indicators into sharp changes in the expected global growth outlook. The current view is for the global economy to grow somewhat slower over the coming years than during the pre-Covid period. The US is expected to grow faster than the rest of the G7, while China's growth will slip into the mid-4s. Reflecting in part a concern on the likely inflationary impact of heightened tariffs on US inflation, the US Federal Reserve is expected to pursue a shallower cutting cycle, while monetary policy conditions across other major economies are expected to reflect country-specific conditions rather than a global trend.

For South Africa, we expect real GDP growth of about 2% in 2025 and 2026. Early reaction to the broad Government of National Unity has been positive, reflected both in market sentiment and in surveys of business and consumer confidence. The much-needed improvement in Eskom's operational performance since late March 2024 is expected to be resilient, with systemic and lasting periods of loadshedding not expected, while the early improvement in Transnet's performance is expected to slowly gain momentum. Household incomes are expected to increase, with wage growth ahead of inflation and as some receive a boost via withdrawals under the two-pot pension reform. Lower interest rates, at least compared to 2023 and 2024, will result in a lower debt service burden, which together with the aforementioned factors should see a modest acceleration in household consumption. In a split vote, the Monetary Policy Committee of the South African Reserve Bank trimmed interest rates by a further 25bps in January to 7.5%, reflecting both an expectation that inflation will rise during 2025 towards the mid-point of the central bank's target and also some caution as a consequence of global uncertainty. As of late February, financial markets expect that the bottom of the current interest rate cycle has either been reached already or will be reached following a potential March rate cut.

We currently forecast that the GDP-weighted growth for our Africa region countries will rise to 5.3% in 2025. Disinflation, lower policy rates, improving weather conditions, strong infrastructure investment and ample multilateral support underpin the region's growth outlook in our base case, even as US announcements on the region, in particular around development aid, raise a new downside risk.

Based on these assumptions, and excluding further major unforeseen political, macroeconomic, or regulatory developments, our guidance for 2025 is as follows:

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

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

The Group's credit loss ratio is expected to improve to the top end of our through-the-cycle target range of 75 to 100bps. The first half of 2025 credit loss ratio should improve noticeably year-on-year from 123bps in the first half of 2024.

We expect mid-single digit growth in operating expenses, producing a slightly higher cost-to-income ratio from the 53.2% in 2024 and low to mid-single digit growth in pre-provision profit.

Consequently, we expect an RoE of slightly above 15%, from 14.8% in 2024.

We expect the Group CET 1 ratio to finish 2025 at the top end of our Board target range of 11.0% to 12.5%. We expect to maintain a dividend payout ratio of around 55% for 2025.

We expect a stronger Rand to be a slight drag on earnings in 2025, although Africa regions earnings growth should be stronger than South Africa.

Finally, we reiterate our RoE target of 16% for 2026.

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 (collectively "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.

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 final financial results are the same as those in place for the Group's annual consolidated financial statements for the reporting period ended 31 December 2024.

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 consolidated financial results are prepared on a going concern basis.

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

The following amendments were effective in the current reporting period 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**

  The 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 – e.g. convertible debt.

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

  The 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**

  The 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.

Amendments resulting from annual improvements for the following standards

- Initial measurement of trade receivables – The amendment removes the conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers (IFRS 15) over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price, for example, when the transaction price is variable. Conversely, IFRS 9 requires that entities initially measure trade receivables without a significant financing component at the transaction price. IFRS 9 has been amended to require entities to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

Amendments resulting from annual improvements for the following standards *continued*

- Accounting for the derecognition of a lease liability by a lessee – The amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. The amendment does not address how to distinguish between derecognition and modification of a lease liability. The amendment applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied. The amendment is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.
- Minor amendments to IFRS 1, IFRS 10 and IAS 7. These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

New standards and interpretations not yet adopted

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

- **Settlement of financial liabilities by electronic payments – IFRS 9**

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

- **Classification of financial assets with a contingent feature – IFRS 9 and IFRS 7**

  Following the post-implementation review of the classification and measurement requirements, IFRS 9 includes guidance on the classification of financial assets, including those with contingent features. Additional disclosures in terms of IFRS 7 will also need to be provided on financial assets and financial liabilities that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

- **Equity instruments designated at fair value through other comprehensive income – IFRS 7**

  The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

- **Non-recourse assets and contractually linked instruments – IFRS 9**

  The amendments clarify the treatment of non-recourse assets and contractually linked instruments. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

- **Contracts Referencing Nature-dependent Electricity – IFRS 9 and IFRS 7**

  To allow companies to better reflect the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs), amendments have been made to IFRS 9 and IFRS 7. These amendments provide guidance on the 'own-use' exemption for purchasers of electricity under PPAs, hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs and new disclosure requirements to enable investors to better understand the effects of PPAs. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

- **Presentation and disclosure in financial statements – IFRS 18**

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

- **Subsidiaries without public accountability – IFRS 19**

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

New standards and interpretations not yet adopted *continued*

Events after the reporting period

The Group has assessed the impact of the announcement made on the 5 December 2024 to combine Product Solutions Cluster, Everyday Banking and Private Wealth Banking into a single business unit – Retail SA – to improve the Group's ability to deliver client value, particularly distribution of value-added services and insurance products across a large customer base. The changes are effective from 1 January 2025 and therefore do not affect the Group's Segment reporting and Related parties disclosures in its financial results for the annual reporting period ended 31 December 2024. The impact of this announcement on segment reporting for the year ended 31 December 2025 is in the process of being determined.

Since the start of 2025 there has been increasing volatility in geopolitics which has resulted in shifts in global domestic and foreign policy. This has heightened uncertainty and could have a wide range of direct and indirect ramifications.

Global trade developments and pressure on aid spending are expected to impact on the markets, outlooks and expectations of the countries in which the Group operates. This situation will be closely monitored and assessed for its impact on the business.

Other than the aforementioned, the directors are not aware of any events (as defined per IAS10 Events after the Reporting Period) after the reporting date of 31 December 2024 and the date of authorisation of these financial results.

On behalf of the Board

S Moloko
Group Chairman

D Raju
Group Financial Director

Johannesburg
10 March 2025

Dividend announcement

Declaration of final ordinary dividend number 75

Shareholders are advised that an ordinary dividend of 775 cents per ordinary share was declared on 11 March 2025, for the final reporting period ended 31 December 2024. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 25 April 2025. 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 775 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 620 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 64 918 470 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, 22 April 2025
Shares commence trading ex-dividend	Wednesday, 23 April 2025
Record date	Friday, 25 April 2025
Payment date	Tuesday, 29 April 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 23 April 2025 and Friday, 25 April 2025, both dates inclusive. On Tuesday, 29 April 2025, 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 Tuesday, 29 April 2025.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
11 March 2025

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 31 December

	Note	2024 Rm	2023 Rm	Change %
Net interest income	2	**71 105**	68 055	4
Interest and similar income		**167 856**	154 462	9
Effective interest income		**164 957**	151 693	9
Other interest income		**2 899**	2 769	5
Interest expense and similar charges		**(96 751)**	(86 407)	12
Non-interest income	3	**38 844**	36 587	6
Net fee and commission income		**25 901**	24 971	4
Fee and commission income	3.1	**29 659**	28 214	5
Fee and commission expense	3.1	**(3 758)**	(3 243)	16
Insurance service result		**2 131**	1 998	7
Insurance revenue	3.2	**11 852**	11 585	2
Insurance service expenses		**(9 242)**	(8 913)	4
Net expense from reinsurance contracts		**(479)**	(674)	(29)
Net finance expense from insurance contracts		**(220)**	(150)	47
Net finance expense from reinsurance contracts		**–**	(4)	(100)
Changes in investment contract liabilities		**(1 083)**	(1 443)	(25)
Gains and losses from banking and trading activities	3.3	**8 719**	8 081	8
Gains and losses from investment activities	3.4	**2 527**	2 642	(4)
Other operating income	3.5	**869**	492	77
Total income		**109 949**	104 642	5
Credit impairment charges	4	**(14 304)**	(15 535)	(8)
Operating income before operating expenditure		**95 645**	89 107	7
Operating expenditure	5	**(58 508)**	(55 704)	5
Other expenses		**(4 196)**	(3 353)	25
Other impairments		**(914)**	(459)	99
Indirect taxation	6	**(2 592)**	(2 344)	11
Loss on net monetary position		**(690)**	(550)	25
Share of post-tax results of associates and joint ventures		**282**	200	41
Operating profit before income tax		**33 223**	30 250	10
Taxation expense	7	**(8 320)**	(7 687)	8
Profit for the reporting period		**24 903**	22 563	10
Profit attributable to:				
Ordinary equity holders		**21 537**	19 891	8
Non-controlling interest – ordinary shares		**1 858**	1 400	33
Non-controlling interest – preference shares		**408**	373	9
Other equity: Additional Tier 1 capital		**1 100**	899	22
		24 903	22 563	10
Earnings per share:				
Basic earnings per share (cents)	1	**2 599.2**	2 400.3	8
Diluted earnings per share (cents)	1	**2 594.8**	2 393.0	8

Consolidated statement of comprehensive income

for the reporting period ended 31 December

	2024 Rm	2023 Rm	Change %
Profit for the reporting period	**24 903**	22 563	10
Other comprehensive income			
Items that will not be reclassified to profit or loss	**(219)**	(447)	(51)
Movement on equity instruments designated at fair value through other comprehensive income (FVOCI)	**(36)**	1	<(100)
Fair value movements	**(36)**	1	<(100)
Movement on liabilities designated at FVTPL due to changes in own credit risk	**(200)**	(241)	(17)
Fair value movements	**(274)**	(330)	(17)
Deferred tax	**74**	89	(17)
Movement in retirement benefit fund assets and liabilities	**17**	(207)	<(100)
(Decrease)/Increase in retirement benefit surplus	**(42)**	368	<(100)
Decrease/(Increase) in retirement benefit deficit	**56**	(611)	<(100)
Deferred tax	**3**	36	(93)
Items that are or may be subsequently reclassified to profit or loss	**5 968**	762	>100
Movement in foreign currency translation reserve	**1 774**	(1 235)	<(100)
Differences in translation of foreign operations	**1 774**	(1 235)	<(100)
Movement in cash flow hedging reserve	**1 795**	1 936	(7)
Fair value movements	**827**	1 410	(41)
Amounts transferred within other comprehensive income	**11**	(26)	<(100)
Amount released from other comprehensive income and recognised in profit or loss	**1 621**	1 268	28
Deferred tax	**(664)**	(716)	(7)
Movement in fair value of debt instruments measured at FVOCI	**2 223**	(195)	<(100)
Fair value movements	**2 508**	(202)	<(100)
Release to profit or loss	**(2)**	(66)	(97)
Deferred tax	**(283)**	73	<(100)
Movement in Insurance finance reserve	**176**	257	(32)
Finance income from insurance contracts	**283**	362	(22)
Finance (expense) from reinsurance contracts	**(47)**	(19)	>100
Deferred tax	**5**	(52)	<(100)
Current tax	**(65)**	(34)	89
Total comprehensive income for the reporting period	**30 652**	22 878	34
Total comprehensive income attributable to:			
Ordinary equity holders	**26 395**	20 521	29
Non-controlling interest – ordinary shares	**2 749**	1 085	>100
Non-controlling interest – preference shares	**408**	373	9
Other equity: Additional Tier 1 capital	**1 100**	899	22
	30 652	22 878	34

Consolidated statement of financial position

as at 31 December

	Note	2024 Rm	2023 Rm	Change %
Assets				
Cash, cash balances and balances with central banks		**124 557**	77 815	60
Investment securities		**270 444**	236 498	14
Trading portfolio assets		**226 182**	191 097	18
Hedging portfolio assets		**4 055**	5 441	(25)
Other assets		**23 195**	27 805	(17)
Current tax assets		**689**	627	10
Non-current assets held for sale		**2 111**	197	>100
Loans and advances	8	**1 349 588**	1 271 357	6
Insurance contract assets		**793**	693	14
Reinsurance contract assets		**1 003**	972	3
Investments linked to investment contracts		**23 370**	21 045	11
Investments in associates and joint ventures		**2 990**	2 644	13
Investment property		**225**	378	(40)
Property and equipment		**16 250**	16 016	1
Goodwill and intangible assets		**16 010**	14 442	11
Deferred tax assets		**7 233**	7 849	(8)
Total assets		**2 068 695**	1 874 876	10
Liabilities				
Trading portfolio liabilities		**66 020**	62 548	6
Hedging portfolio liabilities		**1 258**	1 688	(25)
Other liabilities		**40 291**	42 093	(4)
Provisions		**5 807**	6 045	(4)
Current tax liabilities		**706**	833	(15)
Non-current liabilities held for sale		**1 064**	–	100
Deposits	9	**1 506 927**	1 339 536	12
Debt securities in issue	10	**211 291**	211 128	0
Liabilities under investment contracts		**23 547**	21 247	11
Insurance contract liabilities		**6 630**	6 426	3
Reinsurance contract liabilities		**312**	252	24
Borrowed funds	11	**21 188**	18 502	15
Deferred tax liabilities		**378**	181	>100
Total liabilities		**1 885 419**	1 710 479	10
Equity				
Capital and reserves				
Attributable to ordinary equity holders:				
Share capital	11	**1 658**	1 657	0
Share premium	11	**10 562**	10 464	1
Retained earnings		**139 199**	130 308	7
Other reserves		**8 755**	2 157	>100
		160 174	144 586	11
Non-controlling interest – ordinary shares		**8 784**	6 905	27
Non-controlling interest – preference shares		**4 644**	4 644	–
Other equity: Additional Tier 1 capital		**9 674**	8 262	17
Total equity		**183 276**	164 397	11
Total liabilities and equity		**2 068 695**	1 874 876	10

Consolidated statement of changes in equity

for the reporting period ended 31 December

	2024					
	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm	General credit risk reserve Rm
Balance at the beginning of the reporting period	**829 054**	**1 657**	**10 464**	**130 308**	**2 157**	**895**
Total comprehensive income	–	–	–	21 327	5 068	–
Profit for the period	–	–	–	21 537	–	–
Other comprehensive income	–	–	–	(210)	5 068	–
Shares issued	–	–	–	–	–	–
Dividends paid during the reporting period	–	–	–	(11 366)	–	–
Distributions paid during the reporting period	–	–	–	–	–	–
Issuance of Additional Tier 1 capital		–	–	–	–	–
Redemption of Additional Tier 1 capital		–	–	–	–	–
Purchase of Group shares in respect of equity-settled share based payment arrangements	–	–	(755)	(145)	–	–
Elimination of the movement in treasury shares held by Group entities	404	1	98	–	–	–
Movement in share-based payment reserve	–	–	755	–	559	–
Transfer from share-based payment reserve	–	–	755	–	(755)	–
Value of employee services	–	–	–	–	1 289	–
Deferred tax	–	–	–	–	25	–
Non-vested shares due to market condition				–	44	–
Movement in general credit risk reserve	–	–	–	(643)	643	643
Movement in foreign insurance subsidiary regulatory reserve	–	–	–	–	–	–
Share of post-tax results of associates and joint ventures	–	–	–	(282)	282	–
Balance at the end of the reporting period	**829 458**	**1 658**	**10 562**	**139 199**	**8 755**	**1 538**

Consolidated statement of changes in equity
for the reporting period ended 31 December

2024

Fair value through other compre-hensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency trans-lation 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 attribu-table to rdinary 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
(1 200)	(1 279)	501	44	(140)	1 399	1 939	144 586	6 905	4 644	8 262	164 397
2 074	1 795	995	-	204	–	–	26 395	2 749	408	1 100	30 652
–	–	–	-	-	–	–	21 537	1 858	408	1 100	24 903
2 074	1 795	995	-	204	–	–	4 858	891	–	–	5 749
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	(11 366)	(870)	(408)	–	(12 644)
–	–	–	–	–	–	–	–	–	–	(1 100)	(1 100)
–	–	–	–	–	–	–	–	–	–	3 090	3 090
–	–	–	–	–	–	–	–	–	–	(1 678)	(1 678)
–	–	–	–	–	–	–	(900)	–	–	–	(900)
–	–	–	–	–	–	–	99	–	–	–	99
–	–	–	–	–	559	–	1 314	–	–	–	1 314
–	–	–	–	–	(755)	–	–	–	–	–	–
–	–	–	–	–	1 289	–	1 289	–	–	–	1 289
–	–	–	–	–	25	–	25	–	–	–	25
–	–	–	–	–	44		44	–	–	–	44
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	282	–	–	–	–	–
874	516	1 496	44	64	2 002	2 221	160 174	8 784	4 644	9 674	183 276

Consolidated statement of changes in equity

for the reporting period ended 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
Balance at the beginning of the reporting period	827 426	1 654	10 191	122 161	536	808
Impact of Hyperinflation	–	–	–	815	(5)	–
Restated balance at the beginning of the reporting period	827 426	1 654	10 191	122 976	531	808
Total comprehensive income	–	–	–	19 443	1 078	–
Profit for the period	–	–	–	19 891	–	–
Other comprehensive income	–	–	–	(448)	1 078	–
Shares issued	46 626	93	7 710	–	–	–
Dividends paid during the reporting period	–	–	–	(11 065)	–	–
Distributions paid during the reporting period	–	–	–	–	–	–
Issuance of Additional Tier 1 capital	–	–	–	–	–	–
Redemption of Tier 1 capital	–	–	–	–	–	–
Purchase of Group shares in respect of equity-settled share based payment arrangements	–	–	(567)	(772)	–	–
Elimination of the movement in treasury shares held by Group entities	(44 999)	(90)	(7 437)	–	–	–
Movement in share-based payment reserve	–	–	567	–	275	–
Transfer from share-based payment reserve	–	–	567	–	(567)	–
Value of employee services	–	–	–	–	1 034	–
Deferred tax	–	–	–	–	(192)	–
Movement in general credit risk reserve	–	–	–	(87)	87	87
Movement in foreign insurance subsidiary regulatory reserve	–	–	–	13	(13)	–
Share of post-tax results of associates and joint ventures	–	–	–	(200)	200	–
Balance at the end of the reporting period	829 054	1 657	10 464	130 308	2 157	895

Consolidated statement of changes in equity

for the reporting period ended 31 December

2023

Fair value through other compre-hensive income reserve Rm	Cash flow hedging reserve Rm	Foreign currency trans-lation 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
(9 92)	(3 215)	1 393	57	(356)	1 102	1 739	134 542	6 448	4 644	7 503	153 137
(27)	–	–	–	–	22	–	810	–	–	–	810
(1 019)	(3 215)	1 393	57	(356)	1 124	1 739	135 352	6 448	4 644	7 503	153 947
(181)	1 936	(892)	–	216	–	–	20 521	1 085	373	899	22 878
–	–	–	–		–	–	19 891	1 400	373	899	22 563
(181)	1 936	(892)	–	216	–	–	630	(315)	–	–	315
–	–	–	–	–	–	–	7 803	–	–	–	7 803
–	–	–	–	–	–	–	(11 065)	(628)	(373)	–	(12 066)
–	–	–	–	–	–	–	–	–	–	(899)	(899)
–	–	–	–	–	–	–	–	–	–	2 000	2 000
–	–	–	–	–	–	–	–	–	–	(1 241)	(1 241)
	–	–	–	–	–	–	(1 339)	–	–	–	(1 339)
–	–	–	–	–	–	–	(7 527)	–	–	–	(7 527)
–	–	–	–	–	275	–	842	–			842
–	–	–	–	–	(567)	–	–	–	–	–	–
–	–	–	–	–	1 034	–	1 034	–	–	–	1 034
–	–	–	–		(192)	–	(192)	–	–	–	(192)
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	(13)	–	–	–		–	–	–	–
									–		–
–	–	–	–	–	–	200	–	–	–	–	–
(1 200)	(1 279)	501	44	(140)	1 399	1 939	144 586	6 905	4 644	8 262	164 397

Consolidated statement of cash flows

for the reporting period ended 31 December

	Note	Group 2024 Rm	Restated 2023 Rm
Cash flow from operating activities			
Profit before tax		**33 223**	30 250
Adjustment of non-cash items			
Depreciation and amortisation		**5 853**	5 932
Other impairments		**914**	459
Share of post-tax results of associates and joint ventures		**(282)**	(200)
Loss on net monetary position		**690**	550
Other non-cash items included in profit before tax		**1 122**	907
Dividends received from investing activities		**(249)**	(404)
Cash flow from operating activities before changes in operating assets and liabilities		**41 271**	37 494
Net (increase) in operating assets		**(139 621)**	(67 456)
Net increase in operating liabilities		**168 586**	82 393
Income taxes paid		**(7 673)**	(7 509)
Net cash generated from operating activities		**62 563**	44 922
Proceeds from disposal of non-current assets held sale		**126**	233
Dividends received from investment activities		**260**	252
Purchase of property and equipment		**(4 320)**	(2 542)
Purchase of investment properties		**(1)**	–
Proceeds from disposal of investment properties		**–**	2
Proceeds from disposal of properties and equipment		**1 519**	293
Purchase of intangible assets		**(4 832)**	(4 638)
Proceeds on the acquisition of business		**4 472**	–
Proceeds from disposal of intangible assets		**336**	41
Investments in associates and joint ventures		**(24)**	–
Net cash utilised in investing activities		**(2 464)**	(6 359)
Sale/(Purchase) of own shares		**99**	276
Purchase of Group shares in respect of equity settled share-based payment schemes		**(900)**	(1 340)
Issue of Additional Tier 1 capital		**3 090**	2 000
Redemption of Additional Tier 1 capital		**(1 678)**	(1 241)
Proceeds from borrowed funds		**5 304**	2 497
Repayment of borrowed funds		**(3 120)**	(11 317)
Repayment of lease liabilities		**(1 212)**	(1 255)
Distributions paid to Tier 1 Capital holders		**(1 100)**	(899)
Dividends paid		**(12 644)**	(12 066)
Net cash (utilised in) financing activities		**(12 161)**	(23 345)
Net increase in cash and cash equivalents		**47 938**	15 218
Cash and cash equivalents at the beginning of the reporting period		**90 347**	75 819
Effect of exchange rate movement/hyperinflation on cash and cash equivalents		**(488)**	(690)
Cash and cash equivalents at the end of the reporting period	1	**137 797**	90 347

As part of operating activities, interest income amounting to **R160 925m** (2023: R146 973m); and interest expense amounting to **R94 101m** (2023: R80 453m) were received and paid in cash respectively. Amounts reported above may differ from the actual underlying cash flows on the date of the transaction as they have been adjusted due to the impact of accounting for the effects of a subsidiary operating in a hyperinflationary economy.

The Statement of cash flows has been restated to collapse the separately disclosed working capital movements into 'Net (increase) in operating assets' and 'Net increase in operating liabilities'. Refer to note 14.2, for further information on the change in presentation.

Cash and cash equivalents at the beginning and end of the prior period have been restated to correct an error in the composition of cash and cash equivalents. Refer to note 14.1 for further information on these restatements.

In addition to the above, the Statement of cash flows has been restated to disclose the equity-settled share based payment expense as a non-cash adjustment, which was previously reflected incorrectly in 'Net increase in other liabilities'. Refer to note 14.1.

Notes to the consolidated statement of cash flows

1. Cash and cash equivalents

	Group 2024 Rm	Group 2023 Rm
Mandatory reserve and other balances with the SARB and other central banks	**89 282**	44 111
Coins and bank notes	**12 425**	13 173
Loans and advances to banks	**25 907**	21 181
Money market assets	**3 377**	2 928
Mobile money balances	**2 207**	3 427
Investment securities	**4 599**	5 527
	137 797	90 347

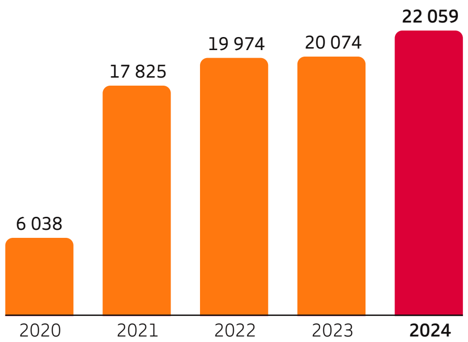
'Mandatory reserve and other balances with the SARB and other central banks', 'Loans and advances to banks' and 'Investment securities' have been restated. Refer to note 14.1 for more information on these restatements.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

1. Headline earnings and earnings per ordinary share

Headline earnings (Rm and change %)



		2024		2023		
	Note	Gross Rm	Net Rm	Gross Rm	Net Rm	Net Change %
Headline earnings is determined as follows:						
Profit attributable to ordinary equity holders of the Group			21 537		19 891	8
Total headline earnings adjustment:		–	522	–	183	>100
IFRS 3 – Gain on bargain purchase		(69)	(69)			
IFRS 5 – Profit on disposal of non-current assets held for sale		(46)	(35)	(102)	(132)	(73)
IFRS 5 – Re-measurement of non-current assets held for sale		10	10	–	–	100
IFRS 10 – Profit on disposal of Subsidiary		(25)	(25)	–	–	100
IAS 16 – Profit on disposal of property and equipment	3.5	(150)	(102)	(28)	(21)	>100
IAS 36 – Impairment of property and equipment		631	511	213	155	>100
IAS 36 – Impairment of other non-financial assets		10	10	–	–	–
IAS 36 – Impairment of intangible assets		185	153	245	179	(15)
IAS 36 – Impairment of goodwill		68	68	–	–	
IAS 38 – Loss on disposal of intangible assets	3.5	2	1	2	2	(50)
Headline earnings/diluted headline earnings			22 059		20 074	10
Headline earnings per ordinary share (cents)			2 662.2		2 422.3	10
Diluted headline earnings per ordinary share (cents)			2 657.7		2 415.1	10

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 on non-current assets held for sale' relates mainly to the sale of regional offices that occurred early this year.
- 'The IFRS 5 Re-measurement of non-current assets held for sale' relates to a reclassification of an asset from property plant and equipment to asset held for sale.
- 'Profit on disposal of property and equipment' relates mainly to disposal of equipment and branch assets.
- 'Impairment of intangibles' arose mainly due to computer software.
- 'Impairment of property and equipment' arose mainly due to the impairment of freehold property and furniture and other equipment, in line with the Group's property consolidation plan.

Performance indicators and condensed notes to the consolidated financial statements

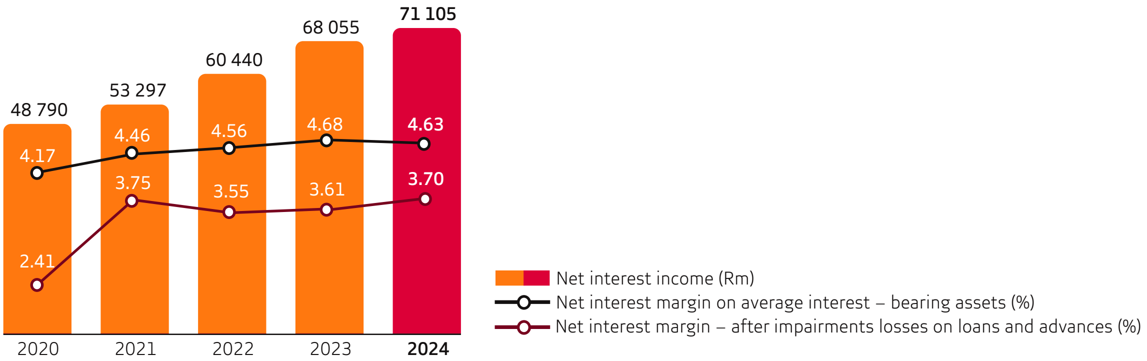
for the reporting period ended 31 December

	2024 Rm	2023 Rm	Change %
Basic earnings per ordinary share			
Basic earnings attributable to ordinary equity holders (Rm)	**21 537**	19 891	8
Weighted average number of ordinary shares in issue (million)	**828.6**	828.7	(0)
Issued shares at the beginning of the reporting period (million)	**894.4**	847.8	5
Shares issued during the reporting period (million)	**–**	15.5	(100.0)
Treasury shares held by group entities (million)	**(65.8)**	(34.6)	90.2
Basic earnings per ordinary share (cents)	**2 599.2**	2 400.3	8
Diluted basic earnings per ordinary share			
Diluted basic earnings attributable to ordinary equity holders (Rm)	**21 537**	19 891	8
Diluted weighted average number of ordinary shares in issue (million)	**830.0**	831.2	(0)
Weighted average number of ordinary shares in issue (million)	**828.6**	828.7	(0)
Adjustments for share options issued at no value (million)	**1.4**	2.5	(44)
Diluted basic earnings per ordinary share (cents)	**2 594.8**	2 393.0	8
Headline earnings per ordinary share			
Headline earnings attribute to ordinary equity holders (Rm)	**22 059**	20 074	10
Weighted average number of ordinary shares in issue (million)	**828.6**	828.7	(0)
Headline earnings per ordinary share (cents)	**2 662.2**	2 422.3	10
Diluted headline earnings per ordinary share			
Headline earnings attribute to ordinary equity holders (Rm)	**22 059**	20 074	10
Diluted weighted average number of ordinary shares in issue (million)	**830.0**	831.2	(0)
Diluted Headline earnings per ordinary share (cents)	**2 657.7**	2 415.1	10

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended 31 December

2. Net interest income

Net interest income and net interest margin



	2024			2023		
	Average balance Rm	**Average rate %**	**Interest income/ (expense) Rm**	Average Balance Rm	Average rate %	Interest income/ (expense) Rm
Assets						
Cash, cash balances and balances with central banks	1 770	0.29	5	6 525	0.26	17
Investment securities	222 477	9.26	20 601	201 067	8.31	16 700
Loans and advances	1 309 891	11.29	147 856	1 246 655	11.05	137 744
Interest-bearing assets	1 534 137	10.98	168 462	1 454 247	10.62	154 461
Non-interest-bearing assets	460 149		–	425 842	–	–
Total assets	1 994 286	–	168 462	1 880 089	–	154 461
Liabilities						
Deposits	1 180 514	(6.9)	(81 419)	995 725	(7.06)	(70 307)
Debt securities in issue	151 637	(9.16)	(13 895)	164 285	(8.23)	(13 528)
Borrowed funds	19 375	(10.54)	(2 042)	25 638	(10.03)	(2 572)
Interest-bearing liabilities	1 351 526	(7.2)	(97 356)	1 185 648	(7.29)	(86 407)
Non-interest-bearing liabilities	444 676		–	550 053		
Total liabilities	1 796 202	–	(97 356)	1 735 701	–	(86 407)
Total equity	153 829	–	–	144 388	–	–
Total equity and liabilities	1 950 031	–	(97 356)	1 880 089	–	(86 407)
Net interest margin on average interest – bearing assets		4.63			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 31 December

	2024 bps	2023 bps
Net interest margin at the end of the previous reporting period	**468**	456
Loans and advances to customers (i)	**(3)**	2
Change in rates (pricing)	**(2)**	(1)
Change in composition	**(1)**	3
Deposits due to customers (ii)	**(10)**	22
Change in rates (pricing)	**(9)**	16
Change in composition	**1**	(5)
Endowment	**(2)**	11
Equity endowment (iii)	**1**	12
SA	**(2)**	10
Absa Regional Operations	**3**	2
Interest rate risk management (hedging strategy) (iv)	**–**	(23)
Other (v)	**7**	(1)
Change in net interest margin	**(5)**	10
Net interest margin at the end of the current reporting period	**463**	468

Performance

The Group's net interest margin of 463bps (2023: 468bps) is 5bps lower than the previous reporting period reflecting margin contraction in SA from 397bps to 386bps mainly reflecting faster growth in low-margin deposit balances and pricing pressures. This was partially offset by the ARO margin which increased from 759bps to 782bps supported by higher interest rates, despite higher cash reserving in Ghana, Mozambique and Zambia. The detailed year-on-year movement reflects the following:

(i) Loans and advances to customers

- Negative pricing impact mainly reflects tighter pricing and higher suspended interest on Home Loans, Personal Loans and ARO Retail and Business Banking, partially offset by improved pricing and lower suspended interest in the Corporate and Investment Banking business and Relationship Banking in SA.
- Composition had a small adverse impact mainly from faster growth in Corporate and Investment Banking and Relationship Banking, partially offset by slower growth in Home Loans and faster growth in SA Card balances.

(ii) Deposits due to customers

- Deposit margin contraction mainly reflects impact of higher cash reserving and competitive pricing in ARO.
- Composition had a small positive impact on margin due to a decline in wholesale funding and low margin balances in Investment Banking SA. This was partially offset by a decrease in high margin deposits in Everyday and faster growth in low margin deposits in Relationship Banking.
- The impact of liability endowment in SA was -2bps 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 slightly negative (-2bps) due to the slower increase in equity balances relative to the increase in interest bearing assets, partially offset by the impact of higher average prime interest rates.
- The impact of endowment on equity in ARO was positive (+3bps) (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 31 December

2. Net interest income
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 31 December 2024 an aggregate of 11% (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 credit balance of R0.1bn (2023: R1.4bn debit). The structural hedge released a charge of R1 655m to the income statement, largely in line with the R1 588m charge in FY23.

Structural Hedge impact	2020	2021	2022	2023	2024
Increase/(decrease) to Net Interest Income (R'm)	2 553	3 158	1 606	(1 588)	(1 655)

- The impact of total endowment after hedging in South Africa year-on-year was -4bps. 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 7bps positive impact mainly representing:
  - Decrease in low margin average balances of loans to banks;
  - The benefit of higher rates on asset liability management in ARO markets; and
  - The positive impact of the 3-month average prime-jibar basis, partially offset by
  - The negative impact of a reset benefit in the base due to a cumulative 125bps hikes of the repo rate in 2023 compared to 50bps decrease in 2024; and,
  - The negative impact of Depositor Insurance Scheme levies of R172m 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 31 December

3. Non-interest income

3.1. Net fee and commission income

	2024 Rm	2023 Rm	Change %
Consulting and administration fees	**501**	516	(3)
Insurance commission received	**952**	1 222	(22)
Investment, markets execution and investment banking fees	**542**	453	20
Merchant income	**3 262**	2 794	17
Other fee and commission income	**558**	585	(5)
Transactional fees and commissions	**23 173**	21 922	6
Cheque accounts	**5 246**	5 093	3
Credit cards (includes card issuing fees)	**3 336**	3 159	6
Electronic banking	**6 926**	6 905	0
Service charges	**5 165**	4 480	15
Other (includes exchange commissions and guarantees)	**1 378**	1 187	16
Savings accounts	**1 122**	1 098	2
Trust and other fiduciary services fees	**671**	722	(7)
Portfolio and other management fees	**290**	371	(22)
Trust and estate income	**381**	351	9
Fee and commission income	**29 659**	28 214	5
Fee and commission expense	**(3 758)**	(3 243)	16
Brokerage fees	**(107)**	(98)	9
Cheque processing fees	**(3)**	(4)	(25)
Clearing and settlement charges	**(1 800)**	(1 617)	11
Notification fees	**(228)**	(246)	(7)
Other	**(1 520)**	(1 183)	28
Valuation fees	**(100)**	(95)	5
	25 901	24 971	4
Segment split			
Product Solutions Cluster	**2 317**	2 175	7
Everyday Banking	**12 266**	11 841	4
Relationship Banking	**4 676**	4 750	(2)
Absa Regional Operations-Retail and Business Banking	**3 453**	3 204	8
Corporate and Investment Banking	**4 456**	3 900	14
Head Office, Treasury and other operations	**(1 267)**	(899)	41
Barclays separation effects	**–**	–	–
	25 901	24 971	4

In 2023, Transactional fees and commissions – Service charges, Insurance commission received and Other fee and commission income were incorrectly allocated by the Group. The error resulted in a restatement in Transactional fees and commissions – Service charges from R4 470m to R4 480m, Insurance commission received from R1 382m to R1 222m and Other fee and commission income from R435m to R585m.

Transactional fees and commissions – Other include exchange commission of **R898m** (2023: R823m) and guarantee fees received of **R481m** (2023: R364m).

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 31 December

3. Non-interest income continued

3.2 Insurance revenue

	2024 Rm	2023 Rm	Change %
Contracts not measured under the PAA	**5 071**	5 081	(0)
Life insurance contracts	**5 071**	5 081	(0)
Contracts measured under the PAA	**6 781**	6 504	4
Life insurance contracts	**1 020**	1 038	(2)
Non-life insurance contracts	**5 761**	5 466	5
	11 852	11 585	2
Segment split			
Product Solutions Cluster	**8 849**	8 393	5
Everyday Banking	**225**	275	(18)
Relationship Banking	**88**	197	(55)
Absa Regional Operations-Retail and Business Banking	**2 690**	2 720	(1)
	11 852	11 585	2

3.3 Gains and losses from banking and trading activities

	2024 Rm	2023 Rm	Change %
Net gains on investments	**527**	683	(23)
Debt instruments designated at fair value through profit or loss	**160**	262	(39)
Equity instruments at fair value through profit or loss	**365**	355	3
Unwind from reserves for debt instruments at fair value through other comprehensive income	**2**	66	(97)
Net trading result	**8 211**	7 310	12
Net trading income excluding the impact of hedge accounting	**8 055**	7 260	11
Ineffective portion of hedges	**156**	50	>100
Cash flow hedges	**64**	46	39
Fair value hedges	**92**	4	>100
Other (losses)/gains	**(19)**	88	<(100)
	8 719	8 081	8
Segment split			
Relationship Banking	**18**	2	>100
Absa Regional Operations-Retail and Business Banking	**890**	975	(9)
Corporate and Investment Banking	**7 523**	6 341	19
Head Office, Treasury and other operations	**288**	763	(62)
	8 719	8 081	8

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended 31 December

3. Non-interest income continued

3.4 Gains and losses from investment activities

	2024 Rm	2023 Rm	Change %
Net gains on investments from insurance activities	**2 491**	2 554	(2)
Insurance contracts	**693**	556	25
Investment contracts	**1 219**	1 512	(19)
Shareholder funds	**579**	486	19
Other	**36**	88	(59)
	2 527	2 642	(4)
Segment split			
Product Solutions Cluster	**2 147**	2 256	(5)
Absa Regional Operations-Retail and Business Banking	**366**	326	12
Head Office, Treasury and other operations	**14**	60	(77)
	2 527	2 642	(4)

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 Consolidated statement of comprehensive income.

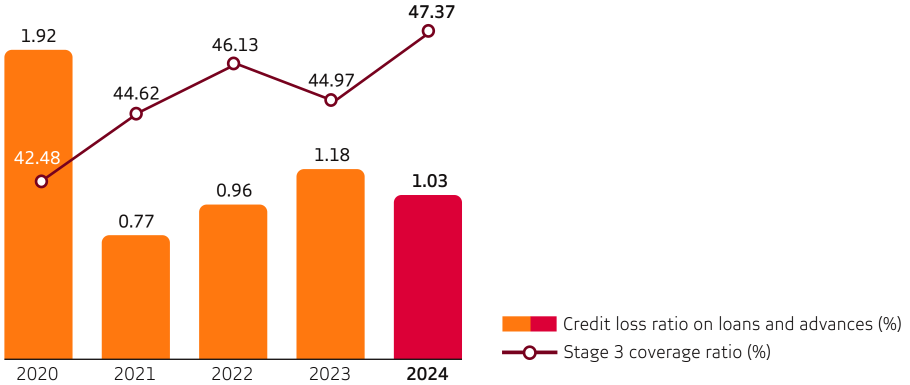
3.5 Other operating income

	2024 Rm	2023 Rm	Change %
Property-related income	**191**	68	>100
Income from investment properties	**2**	2	–
Rentals	**2**	2	–
Property-related income arising from contracts with customers	**189**	66	>100
Profit on disposal of property and equipment	**150**	28	>100
Profit on sale of developed properties	**5**	8	(38)
Loss on sale of repossessed properties	**–**	(2)	(100)
Rental income	**34**	32	6
Other operating income	**678**	424	60
Foreign exchange differences, including recycle from other comprehensive income	**(23)**	(10)	>100
Loss on disposal of intangible assets	**(2)**	(2)	–
Sundry income	**703**	436	61
	869	492	77
Segment split			
Property-related income	**190**	68	>100
Product Solutions Cluster	**4**	–	100
Relationship Banking	**3**	12	(75)
Everyday Banking	**1**	19	(95)
Absa Regional Operations-Retail and Business Banking	**108**	22	>100
Corporate and Investment Banking	**69**	–	100
Head Office, Treasury and other operations	**5**	15	(67)
Other operating income	**678**	424	60
Product Solutions Cluster	**62**	60	3
Relationship Banking	**318**	292	9
Everyday Banking	**278**	127	>100
Absa Regional Operations-Retail and Business Banking	**82**	(9)	<(100)
Corporate and Investment Banking	**36**	(6)	<(100)
Head Office, Treasury and other operations	**(98)**	(40)	>100
	869	492	77

A majority of the Sundry income balance includes income from unallocated funds of **R480m** (2023: R316m).

4. Credit impairment charges

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



Charge to the statement of comprehensive income by market segment	2024 Rm	2023 Rm	Change %
Product Solutions Cluster			
Home Loans	1 223	1 789	(32)
Vehicle and Asset Finance	1 993	2 442	(18)
Total charge	3 216	4 231	(24)
Credit loss ratio (%)	0.73	0.99	
Everyday Banking			
Card	4 363	4 316	1
Personal loans	2 018	2 828	(29)
Transactions and deposits	571	707	(19)
Total charge	6 952	7 851	(11)
Credit loss ratio (%)	7.20	8.35	
Relationship Banking	760	822	(8)
Credit loss ratio (%)	0.48	0.56	
Absa Regional Operations – Retail and Business Banking	1 680	1 540	9
Credit loss ratio (%)	1.81	1.84	
Corporate and Investment Banking			
Corporate and Investment Banking SA	1 221	846	44
Corporate and Investment Banking ARO	314	(82)	<(100)
Total charge	1 535	764	>100
Credit loss ratio (%)	0.29	0.17	
Head Office, Treasury and other operations			
Total Charge	161	327	(51)
Total charge to the statement of comprehensive income	14 304	15 535	(8)

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 31 December

4. Credit impairment charges
4.1 Total charge to the statement of comprehensive income by market segment continued

	2024 Rm	2023 Rm	Change %
Charge to the statement of comprehensive income by product type			
Comprising:			
Credit impairment charges raised	**14 306**	15 519	(8)
Loans and advances to customers and undrawn facilities	**14 364**	15 470	(7)
Loans and advances to banks	**(20)**	13	<(100)
Other financial instruments subject to credit impairment	**60**	159	(62)
Guarantees and letters of credit	**(98)**	(123)	(20)
Recoveries of financial instruments subject to credit impairment previously written off	**(881)**	(934)	(6)
Modifications	**879**	950	(7)
Total charge to the statement of comprehensive income	**14 304**	15 535	(8)

4. Credit impairment charges continued

4.2 ECL analysis by market segment and class of credit exposure

	2024			
	Carrying amount of financial assets measured at fair value through profit and loss Rm	Stage 1		
		Gross carrying amount Rm	ECL Allowance Rm	ECL Coverage %
Product Solutions Cluster	–	374 120	1 603	0.43
Home Loans	–	271 464	634	0.23
Vehicle and Asset Finance	–	102 656	969	0.94
Everyday Banking	–	65 772	2 372	3.61
Card	–	45 425	1 498	3.30
Personal Loans	–	16 754	627	3.74
Transactions and Deposits	–	3 593	247	6.87
Other	–	–	–	–
Relationship Banking	–	140 925	706	0.50
Absa Regional Operations – Retail and Business Banking	–	84 383	1 105	1.31
Corporate and Investment Banking	103 374	383 815	1 119	0.29
Corporate and Investment Banking SA	103 374	304 876	583	0.19
Corporate and Investment Banking ARO	–	78 939	536	0.68
Head Office, Treasury and other operations	–	4 038	(117)	(2.90)
Loans and advances to customers	–	4 038	–	–
Reclassification to provisions	–	–	(117)	–
Loans and advances to customers	103 374	1 053 053	6 788	0.64
Loans and advances to banks	15 434	52 180	24	0.05
Total loans and advances	118 808	1 105 233	6 812	0.62

4. Credit impairment charges

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

2024

Stage 2			Stage 3			
Gross carrying amount Rm	ECL Allowance Rm	ECL Coverage %	Gross carrying amount Rm	ECL Allowance Rm	ECL Coverage %	Net carrying amount Rm
33 472	1 743	5.21	38 354	14 163	36.93	428 437
20 244	618	3.05	28 859	9 199	31.88	310 116
13 228	1 125	8.50	9 495	4 964	52.28	118 321
8 774	1 887	21.51	16 151	12 201	75.54	74 237
4 976	1 241	24.94	9 571	7 126	74.45	50 107
3 202	479	14.96	5 730	4 414	77.03	20 166
596	167	28.02	798	609	76.32	3 964
–	–	–	52	52	100.00	–
9 001	500	5.55	9 311	3 100	33.29	154 931
5 911	871	14.74	7 897	5 155	65.28	91 060
30 705	580	1.89	14 054	6 023	42.86	524 226
18 093	256	1.41	8 945	3 411	38.13	431 038
12 612	324	2.57	5 109	2 612	51.13	93 188
4	(47)	–	–	(18)	–	4 224
4	–	–	–	–	–	4 042
–	(47)	–	–	(18)	–	182
87 867	5 534	6.30	85 767	40 624	47.37	1 277 115
4 893	10	0.20	–	–	–	72 473
92 760	5 544	5.98	85 767	40 624	47.37	1 349 588

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended 31 December

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

		2023		
		Stage 1		
	Carrying amount of financial assets measured at fair value through profit and loss Rm	Gross carrying amount Rm	ECL Allowance Rm	ECL Coverage %
Product Solutions Cluster	–	356 745	1 530	0.43
Home Loans	–	258 335	505	0.20
Vehicle and Asset Finance	–	98 410	1 025	1.04
Everyday Banking	–	63 249	2 489	3.94
Card	–	42 598	1 407	3.30
Personal Loans	–	17 447	806	4.62
Transactions and Deposits	–	3 204	276	8.61
Other	–	–	–	–
Relationship Banking	–	130 273	594	0.46
ARO RBB	–	71 242	1 083	1.52
Corporate and Investment Banking	93 739	359 300	1 180	0.33
Corporate and Investment Banking SA	93 739	288 420	703	0.24
Corporate and Investment Banking ARO	–	70 880	477	0.67
Head Office, Treasury and other operations	–	320	(178)	–
Loans and advances to customers	–	320	–	–
Reclassification to provisions	–	–	(178)	–
Loans and advances to customers	93 739	981 129	6 698	0.68
Loans and advances to banks	19 336	51 458	84	0.16
Total loans and advances	113 075	1 032 587	6 782	0.66

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 31 December

4. Credit impairment charges

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

2023						
Stage 2			Stage 3			
Gross carrying amount Rm	ECL Allowance Rm	ECL Coverage %	Gross carrying amount Rm	ECL Allowance Rm	ECL Coverage %	Net carrying amount Rm
36 227	1 940	5.36	38 839	12 950	33.34	415 391
24 381	822	3.37	28 608	7 933	27.73	302 064
11 846	1 118	9.44	10 231	5 017	49.04	113 327
10 868	2 674	24.60	14 716	11 289	76.71	72 381
5 478	1 484	27.09	8 433	6 201	73.53	47 417
4 250	923	21.72	5 543	4 503	81.24	21 008
1 140	267	23.42	688	533	77.47	3 956
–	–	–	52	52	100.00	–
12 188	779	6.39	8 270	3 286	39.73	146 072
6 980	911	13.05	6 315	4 050	64.13	78 493
25 375	598	2.36	11 813	4 408	37.31	484 041
17 287	437	2.53	6 236	2 367	37.96	402 175
8 088	161	1.99	5 577	2 041	36.60	81 866
3	(77)	–	–	(31)	–	609
3	–	–	–	–	–	323
–	(77)	–	–	(31)	–	286
91 641	6 825	7.45	79 953	35 952	44.97	1 196 987
3 666	5	0.14	–	–	–	74 370
95 307	6 830	7.17	79 953	35 952	44.97	1 271 357

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:

2024

	Product Solutions Cluster	Everyday Banking	Relationship Banking	Absa Regional Operations - Retail and Business Banking	Corporate and Investment Banking SA	Corporate and Investment Banking ARO	Head Office, Treasury and other operations	Total expected credit losses
Loans and Advances	17 509	16 460	4 306	7 131	4 282	3 473	(181)	52 980
Stage 1	1 603	2 372	706	1 105	605	537	(116)	6 812
Stage 2	1 743	1 887	500	871	266	324	(47)	5 544
Stage 3	14 163	12 201	3 100	5 155	3 411	2 612	(18)	40 624
Undrawn Facilities	–	–	–	43	–	79	183	305
Stage 1	–	–	–	20	–	54	118	192
Stage 2	–	–	–	23	–	25	47	95
Stage 3	–	–	–	–	–	–	18	18
Total loans and advances and undrawn facilities	17 509	16 460	4 306	7 174	4 282	3 552	2	53 285

4. Credit impairment charges

4.3 Reconciliation of ECL allowance continued

	2023							
	Product Solutions Cluster	Everyday Banking	Relationship Banking	Absa Regional Operations - Retail and Business Banking	Corporate and Investment Banking SA	Corporate and Investment Banking ARO	Head Office, Treasury and other operations	Total expected credit losses
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

4. Credit impairment charges

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.

	Group					
	2024					
	Product Solutions Cluster		Everyday Banking			
Loans and advances at amortised cost and undrawn facilities	Home Loans Rm	Vehicle and Asset Finance Rm	Card Rm	Personal Loans Rm	Transactional and Deposits Rm	Other Rm
Balances at the beginning of the reporting period	9 260	7 160	9 093	6 232	1 075	52
Stage 1	505	1 025	1 407	806	276	–
Stage 2	822	1 118	1 484	923	267	–
Stage 3	7 933	5 017	6 202	4 503	532	52
Transfers between stages	–	–	–	–	–	–
Stage 1 net transfers	573	132	267	(8)	(14)	–
Transfers to stage 1	626	344	985	208	49	–
Transfers (to) stage 2	(27)	(121)	(552)	(80)	(22)	–
Transfers (to) stage 3	(26)	(91)	(166)	(136)	(41)	–
Stage 2 net transfers	127	183	(1 375)	(284)	(61)	–
Transfers (to) stage 1	(296)	(230)	(885)	(174)	(42)	–
Transfers to stage 2	723	717	962	323	45	–
Transfers (to) stage 3	(300)	(304)	(1 452)	(433)	(64)	–
Stage 3 net transfers	(700)	(315)	1 108	292	75	–
Transfers (to) stage 1	(330)	(114)	(100)	(34)	(6)	–
Transfers (to) stage 2	(696)	(596)	(410)	(243)	(23)	–
Transfers to stage 3	326	395	1 618	569	104	–
Credit impairment charges raised	1 278	1 901	4 037	1 924	644	–
Amounts written off	(989)	(2 839)	(3 763)	(3 708)	(752)	–
Net change in interest	902	836	498	1 072	56	–
Foreign exchange and hyperinflation movements	–	–	–	–	–	–
Balances at the end of the reporting period	10 451	7 058	9 865	5 520	1 023	52
Stage 1	634	969	1 498	627	247	–
Stage 2	618	1 125	1 241	479	167	–
Stage 3	9 199	4 964	7 126	4 414	609	52

The credit impairment charges raised in the current year arise as a result of, inter alia, increase in the exposures (as detailed below), changes in forward looking information and refinements to various factors that are incorporated in the ECL model.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

4. Credit impairment charges

4.3 Reconciliation of ECL allowance continued

Group					
2024					
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
4 659	6 076	3 540	2 792	22	49 961
594	1 103	735	562	17	7 030
779	923	438	173	5	6 932
3 286	4 050	2 367	2 057	–	35 999
–	–	168	–	–	168
337	152	(1)	26	–	1 464
435	270	50	33	–	3 000
(65)	(68)	(22)	(6)	–	(963)
(33)	(50)	(29)	(1)	–	(573)
(402)	(540)	(172)	(28)	–	(2 552)
(410)	(223)	(50)	(33)	–	(2 343)
86	77	23	6	–	2 962
(78)	(394)	(145)	(1)	–	(3 171)
65	388	341	2	–	1 256
(26)	(47)	–	–	–	(657)
(21)	(9)	–	–	–	(1 998)
112	444	341	2	–	3 911
1 022	1 945	1 223	389	(19)	14 344
(1 768)	(1 607)	(1 034)	(20)	–	(16 480)
393	132	385	307	–	4 581
–	628	–	84	(1)	711
4 306	7 174	4 282	3 552	2	53 285
706	1 125	605	591	2	7 004
500	894	266	349	–	5 639
3 100	5 155	3 411	2 612	–	40 642

4. Credit impairment charges

4.3 Reconciliation of ECL allowance continued

	2023					
	Product Solutions Cluster			Everyday banking		
Loans and advances at amortised cost and undrawn facilities	Home Loans Rm	Vehicle and Asset Finance Rm	Card Rm	Personal Loans Rm	Transactional and Deposits Rm	Other Rm
Balances at the beginning of the reporting period	7 577	6 481	8 313	4 963	821	52
Stage 1	496	1 038	1 360	908	235	–
Stage 2	925	1 284	1 665	1 009	223	–
Stage 3	6 156	4 159	5 288	3 046	363	52
Transfers between stages	–	–	–	–	–	–
Stage 1 net transfers	355	3	482	(95)	(9)	–
Transfers to stage 1	414	278	872	157	41	–
Transfers (to) stage 2	(34)	(158)	(274)	(101)	(20)	–
Transfers (to) stage 3	(25)	(117)	(116)	(151)	(30)	–
Stage 2 net transfers	40	(20)	(1 133)	(286)	(43)	
Transfers (to) stage 1	(256)	(199)	(813)	(134)	(36)	–
Transfers to stage 2	677	601	515	290	38	–
Transfers (to) stage 3	(381)	(422)	(835)	(442)	(45)	–
Stage 3 net transfers	(395)	17	651	381	52	–
Transfers (to) stage 1	(157)	(80)	(59)	(23)	(5)	–
Transfers (to) stage 2	(643)	(443)	(242)	(189)	(18)	–
Transfers to stage 3	405	540	952	593	75	–
Credit impairment charges raised	1 731	2 295	4 119	2 678	767	–
Amounts written off	(779)	(2 428)	(3 824)	(2 381)	(560)	–
Net change in interest	731	812	485	972	47	–
Foreign exchange	–	–	–	–	–	–
Balances at the end of the reporting period	9 260	7 160	9 093	6 232	1 075	52
Stage 1	505	1 025	1 407	806	276	–
Stage 2	822	1 118	1 484	923	267	–
Stage 3	7 933	5 017	6 202	4 503	532	52

To enhance disclosure, the information provided in the table above for Product solutions cluster and Everyday banking has been expanded to a more granular level as disclosed in the segment performance section.

4. Credit impairment charges

4.3 Reconciliation of ECL allowance continued

2023					
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
4 827	5 855	3 267	3 185	11	45 352
544	1 163	779	528	6	7 057
747	908	311	458	5	7 535
3 536	3 784	2 177	2 199	–	30 760
–	–	–	–	–	–
427	159	71	79	–	1 472
478	240	85	102	–	2 667
(33)	(54)	(13)	(21)	–	(708)
(18)	(27)	(1)	(2)	–	(487)
(461)	(338)	(42)	(71)	–	(2 354)
(446)	(173)	(63)	(102)	–	(2 222)
90	78	29	57	–	2 375
(105)	(243)	(8)	(26)	–	(2 507)
34	179	(29)	(8)	–	882
(32)	(66)	(21)	–	–	(443)
(57)	(25)	(17)	(36)	–	(1 670)
123	270	9	28	–	2 995
1 036	1 788	959	83	27	15 483
(1 702)	(1 405)	(984)	(518)	–	(14 581)
498	257	298	59	–	4 159
–	(419)	–	(17)	(16)	(452)
4 659	6 076	3 540	2 792	22	49 961
594	1 103	735	562	17	7 030
779	923	438	173	5	6 932
3 286	4 050	2 367	2 057	–	35 999

4. Credit impairment charges continued

4.4 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 credit impairment charge for the reporting period ended:

31 December 2024

	Baseline					Mild Upside					Mild Downside				
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Real GDP (%)	1.0	2.2	2.2	2.3	2.3	1.6	2.8	2.8	2.8	2.9	(0.5)	(0.2)	1.1	1.2	1.3
CPI (%)	4.5	3.8	4.2	4.5	4.5	4.4	3.3	3.6	3.9	3.8	4.4	3.3	3.6	3.9	3.8
Average repo rate (%)	8.1	7.1	7.0	7.0	7.0	8.1	6.5	6.0	6.0	6.0	8.2	8.6	8.5	8.5	8.5

31 December 2023

	Baseline					Mild Upside					Mild Downside				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Real GDP (%)	0.7	1.4	1.7	1.8	2.0	1.0	1.9	2.1	2.3	2.4	0.4	0.1	1.0	1.2	1.4
CPI (%)	5.8	4.9	4.5	4.4	4.5	5.8	4.2	4.1	3.8	3.7	5.9	6.5	5.7	5.2	5.3
Average repo rate (%)	7.9	8.0	7.5	7.5	7.5	7.9	7.4	6.5	6.5	6.5	8.0	9.7	9.1	9.0	9.0

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.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

4. Credit impairment charges

4.4 Forward-looking assumptions continued

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.

	2024	
	Rm	**% Change**
ECL allowance on stage 1 and stage 2 loans and advances	**12 356**	**–**
Baseline	**12 027**	**(3)**
Upside	**11 050**	**(11)**
Downside	**14 248**	**15**

	2023	
	Rm	% Change
ECL allowance on stage 1 and stage 2 loans and advances	13 612	–
Baseline	13 356	(2)
Upside	12 458	(8)
Downside	15 127	11

In addition, as at 31 December 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:

	2024 Stage 2	
	Increase in gross carrying amount Rm	**Increase in expected credit loss Rm**
Product Solutions Cluster	**18 700**	**892**
Everyday Banking	**3 289**	**589**
Relationship Banking	**7 046**	**356**
Absa Regional Operations – Retail and Business Banking	**4 197**	**527**
Corporate and Investment Banking SA	**15 244**	**186**
Corporate and Investment Banking ARO	**3 947**	**75**

	2023 Stage 2	
	Increase in gross carrying amount Rm	Increase in expected credit loss Rm
Product Solutions Cluster	17 837	879
Everyday Banking	3 184	659
Relationship Banking	6 514	386
Absa Regional Operations – Retail and Business Banking	3 563	411
Corporate and Investment Banking SA	14 421	330
Corporate and Investment Banking ARO	3 543	47

4. Credit impairment charges continued

4.5 Purchased or originated credit impaired assets recognized 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 31 December 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 period.

There were no additional expected credit losses for purchased or originated credit-impaired financial assets recognised during the year since the fair value on initial recognition for these instruments reflects an embedded provision for credit losses and there has not been further significant deterioration in the significant inputs and assumptions used to determine this provision on initial recognition. The instruments are also not able to cure during their lifetime.

45.5.1 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 recognized 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
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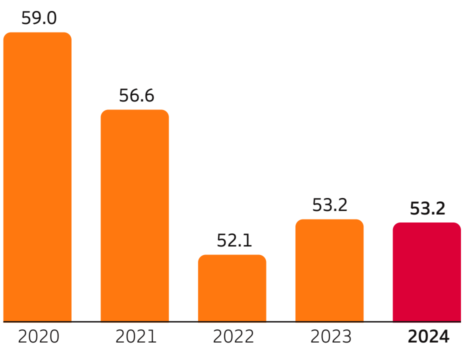
5. Operating Expenses

Breakdown of operating expenses	2024 Rm	2023 Rm	Change %
Amortisation of intangible assets	**2 729**	2 796	(2)
Auditors' remuneration	**596**	565	5
Cash transportation	**1 242**	1 159	7
Depreciation	**3 124**	3 136	(0)
Equipment costs	**510**	581	(12)
Information technology	**6 848**	6 050	13
Marketing costs	**2 125**	2 032	5
Other operating costs (includes net fraud losses, travel and entertainment costs)	**851**	1 375	(38)
Printing and stationery	**359**	372	(3)
Professional fees	**3 127**	2 809	11
Property costs	**1 969**	1 910	3
Staff costs	**33 654**	31 493	7
Bonuses	**3 528**	3 556	(1)
Deferred cash and share-based payments	**1 643**	1 108	48
Other Staff Costs	**1 115**	1 154	(3)
Salaries and current service costs on post-retirement benefit funds	**26 844**	25 042	7
Training costs	**524**	633	(17)
Straight line lease expenses on short term leases and low value assets	**189**	220	(14)
Telephone and postage	**1 185**	1 206	(2)
	58 508	55 704	5

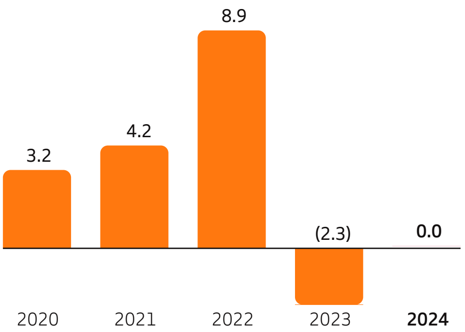
"Other staff costs" includes recruitment costs, membership fees to professional bodies, staff parking, restructuring costs, study assistance, staff relocation and refreshment costs.

Hedging gains and losses relating to the Operating expenses hedge for the international office were incorrectly recognised as Salaries and current service costs on post-retirement benefit funds and Other staff costs rather than Information technology. The error resulted in a restatement of Salaries and current service costs on post-retirement benefit funds from R25 056m to R25 042m, Information technology from R6 028m to R6 050m and Other staff costs from R1 162m to R1 154m.

Cost-to-income (%)



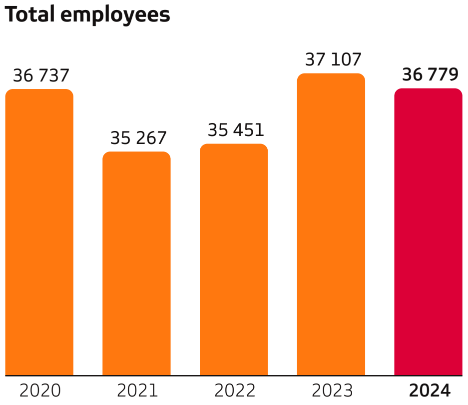
Income growth less operating cost growth (Jaws) (%)

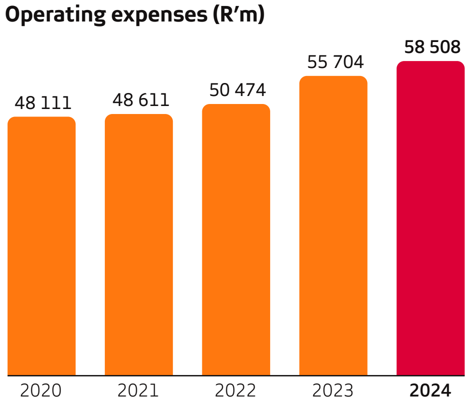


Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

5. Operating Expenses continued





Breakdown of IT-related spend included in operating expenses	2024 Rm	2023 Rm	Change %
Amortisation of intangible assets and depreciation of IT equipment	3 469	3 577	(3)
Information technology	6 848	6 050	13
Staff costs	4 075	3 663	11
of which staff costs pre the capitalisation of project-related resource costs	4 553	4 208	8
Other IT-related spend	1 400	1 411	(1)
	15 792	14 701	7

Operating costs increased by **5%** (CCY 7%) to **R58 508m** (2023: R55 704m) reflecting an increase in staff costs of **7%** (CCY 8%) whilst non-staff costs increased by **3%** (CCY 4%). Staff cost growth mainly reflects the annualised impact of investments during the prior period coupled with the impact of eKhaya employee share scheme that was implemented in the second half of 2023. Non-staff cost growth mainly reflects continued investments into information technology infrastructure, partially offset by decreasing Separation costs as well as low growth on depreciation and property costs.

- Amortisation of intangible assets decreased by **2%** (CCY 2%) to **R2 729m** as the impact of the amortisation of Separation assets was lower in the current year **R475m** (2023: R1 095m). Excluding the impact of Separation, underlying amortisation increased by **33%** (CCY 33%) to **R2 254m** (2023: R1 701m) as 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 **R16 010m** (2023: R14 442m).
- Cash transportation costs increased by **7%** (CCY 8%) to **R1 242m** and reflect higher charges in the SA business markets, partially offset by lower retail volumes.
- Depreciation of **R3 124m** was largely flat to prior year (up 1% CCY) and mainly reflect reduced utilisation of physical IT infrastructure and optimisation of corporate and retail property footprint.
- Equipment costs decrease of **12%** (CCY 10%) to **R510m** mainly reflects lower diesel costs due to reduced load-shedding.
- Information technology costs increased by **13%** (CCY 14%) to **R6 848m** and mainly reflect continuing investment into new digital capabilities resulting in higher cybersecurity, software license and maintenance costs.
- Marketing costs increased by **5%** (CCY 6%) to **R2 125m** reflecting increased brand, campaigns and sponsorship spend.
- Other operating costs decreased by **38%** (CCY 25%) to **R851m** and mainly reflects netting off of insurance costs with an offset on non-interest income in line with IFRS 17 accounting.
- Professional fees increased by **11%** (CCY 12%) to **R3 127m** mainly from higher spend on strategic projects.
- Property costs increased by **3%** (CCY 5%) to **R1 969m** and mainly reflect ongoing optimisation efforts in both corporate and retail properties.
- Staff costs increased by **7%** (CCY 8%) to **R33 654m** (2023: R31 493m). Salaries and Other staff costs of **R27 959m** (2023: R26 196m) increased by **7%** (CCY 8%) and reflect salary increases and people investments in frontline business areas in 2023 that resulted higher average headcount in 2024 despite lower closing headcount levels. Bonuses of **R3 528m** (2023: R3 556m) are **1%** (flat on constant current basis) lower than the prior year. Deferred cash and share-based payments of **R1 643m** (2023: R1 108m) increased by **48%** (CCY 49%) and mainly reflect eKhaya employee share scheme costs of circa **R550m** (2023: R170m). Training costs decreased by **17%** (CCY 16%) to **R524m** mainly due to once-off training initiatives in 2023.
- Telephone and postage costs decreased by **2%** (flat on constant currency) to **R1 185m** reflecting lower communication costs, partially offset by higher market data subscription costs.

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6. Indirect taxation

	2024 Rm	2023 Rm	Change %
Training levy	253	242	5
Value-added tax net of input credits	2 339	2 102	11
	2 592	2 344	11

7. Taxation expense

	2024 Rm	2023 Rm	Change %
Reconciliation between operating profit before income tax and the taxation expense			
Operating profit before income tax	33 223	30 250	10
Share of post-tax results of associates and joint ventures	(282)	(200)	41
	32 941	30 050	10
Tax calculated at a tax rate of 27%	8 894	8 114	10
Effect of different rates in other countries	704	789	(11)
Expenses not deductible for tax purposes	769	740	4
Assessed losses	104	50	>100
Dividend income	(1 539)	(1 240)	24
Non-taxable interest	(613)	(657)	(7)
Deductible expenditure not recognised in profit and loss	(297)	(243)	22
Other income not subject to tax	(10)	(22)	(55)
Other	13	264	(95)
Items of a capital nature	295	(108)	<(100)
	8 320	7 687	8

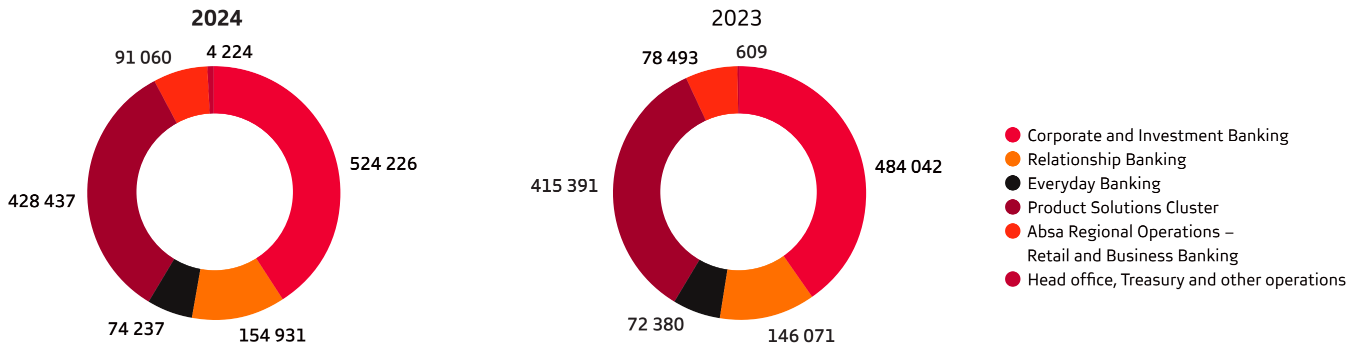
Expenses not deductible for tax purposes include additional tax levies and general non-deductible expenses due to the application of in-country tax legislation.

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

8. Loans and advances

Loans and advances to customers by market segment (Rm)



	2024 %	2023 %
Loans and advances to customers	**94.5**	94.2
Product Solutions Cluster	**31.7**	32.7
Everyday Banking	**5.5**	5.7
Relationship Banking	**11.5**	11.5
Absa Regional Operations – Retail and Business Banking	**6.7**	6.2
Corporate and Investment Banking	**38.8**	38.1
Head Office, Treasury and other operations	**0.3**	0.0
Loans and advances to banks	**5.5**	5.8
	100.0	100.0

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

8. Loans and advances continued

Loans and advances to customers by segment	2024 Rm	2023 Rm	Change %
Product Solutions Cluster			
Instalment credit agreements	**97 544**	95 139	3
Loans to associates and joint ventures	**21 228**	19 930	7
Mortgages	**316 697**	307 474	3
Other loans and advances	**6 607**	5 418	22
Overdrafts	**3 870**	3 851	0
Gross loans and advances to customers	**445 946**	431 812	3
Credit impairment charges on loans and advances to customers	**(17 509)**	(16 421)	7
	428 437	415 391	3
Everyday Banking			
Credit cards	**57 656**	54 000	7
Instalment credit agreements	**9**	7	29
Other loans and advances	**63**	36	75
Overdrafts	**4 916**	4 973	(1)
Personal and term loans	**28 053**	29 816	(6)
Gross loans and advances to customers	**90 697**	88 832	2
Credit impairment charges on loans and advances to customers	**(16 460)**	(16 452)	(0)
	74 237	72 380	3
Relationship Banking			
Credit cards	**893**	857	4
Instalment credit agreements	**44 176**	40 925	8
Loans to associates and joint ventures	**3 981**	3 526	13
Mortgages	**27 336**	26 759	2
Other loans and advances	**1 045**	1 394	(25)
Overdrafts	**29 366**	28 288	4
Personal and term loans	**52 440**	48 981	7
Gross loans and advances to customers	**159 237**	150 730	6
Credit impairment charges on loans and advances to customers	**(4 306)**	(4 659)	(8)
	154 931	146 071	6
Absa Regional Operations – Retail and Business Banking			
Gross loans and advances to customers	**98 191**	84 537	16
Credit impairment charges on loans and advances to customers	**(7 131)**	(6 044)	18
	91 060	78 493	16
Corporate and Investment Banking			
Corporate and Investment Banking SA	**435 288**	405 682	7
Foreign currency loans	**72 476**	60 813	19
Mortgages	**67 992**	63 287	7
Term loans	**141 441**	138 965	2
Overdrafts	**11 632**	16 205	(28)
Overnight finance	**22 074**	18 700	18
Preference shares	**34 955**	32 184	9
Reverse repurchase agreements	**72 560**	60 547	20
Other loans and advances	**12 158**	14 981	(19)
Absa Regional Operations loans and advances	**96 660**	84 546	14
Gross loans and advances to customers	**531 948**	490 228	9
Credit impairment charges on loans and advances to customers	**(7 722)**	(6 186)	25
	524 226	484 042	8

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended 31 December

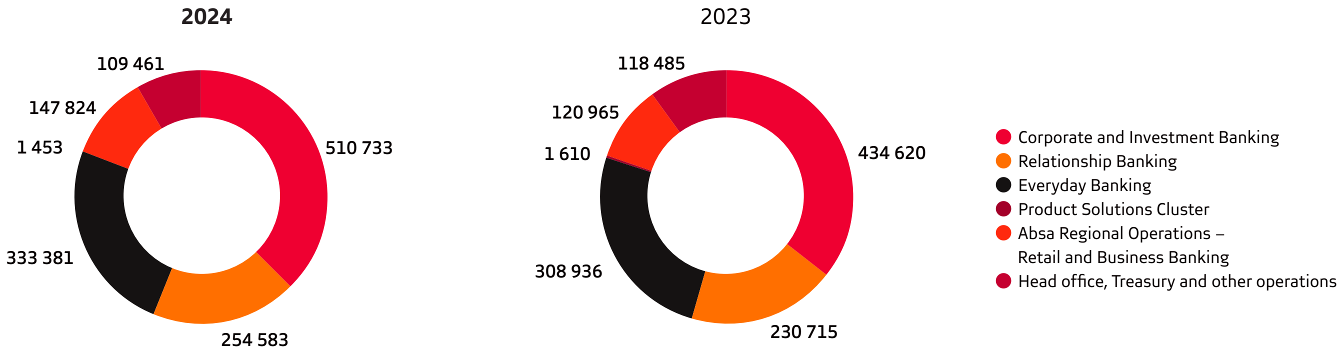
8. Loans and advances continued

Loans and advances to customers by segment	2024 Rm	2023 Rm	Change %
Head Office, Treasury and other operations			
Gross loans and advances to customers	**4 042**	323	>100
Credit impairment charges on loans and advances to customers	**182**	286	(36)
	4 224	609	>100
Total loans and advances			
Gross loans and advances to customers	**1 330 061**	1 246 463	7
Gross loans and advances to banks	**72 507**	74 460	(3)
Gross loans and advances	**1 402 568**	1 320 923	6
Credit impairment charges on loans and advances	**(52 980)**	(49 566)	7
Credit impairment charges on loans and advances to customers	**(52 946)**	(49 477)	7
Credit impairment charges on loans and advances to banks	**(34)**	(89)	(62)
Net loans and advances including reverse repurchase agreements	**1 349 588**	1 271 357	6
Less: Reverse repurchase agreements	**(85 397)**	(78 533)	9
Net loans and advances excluding reverse repurchase agreements	**1 264 191**	1 192 824	6

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

9. Deposits

Deposits due to customers by segment (Rm)



Total funding mix	2024 %	2023 %
Deposits due to customers	**79.0**	78.4
Product Solutions Cluster	**0.1**	0.1
Everyday Banking	**19.4**	19.9
Relationship Banking	**14.8**	14.9
Absa Regional Operations-Retail and Business Banking	**8.6**	7.8
Corporate and Investment Banking	**29.7**	28.0
Head Office, Treasury and other operations	**6.4**	7.7
Deposits from banks	**8.7**	8.0
Debt securities in issue	**12.3**	13.6
	100.0	100.0

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

9. Deposits continued

Deposits by segment	2024 Rm	2023 Rm	Change %
Product Solutions Cluster	**1 453**	1 610	(10)
Cheque account deposits	**1 220**	1 343	(9)
Fixed deposits	**–**	2	(100)
Other deposits	**233**	265	(12)
Everyday Banking	**333 381**	308 936	8
Call deposits	**247**	242	2
Cheque account deposits	**35 220**	35 112	0
Credit card deposits	**1 920**	1 782	8
Fixed deposits	**91 040**	84 891	7
Foreign currency deposits	**1 043**	967	8
Notice deposits	**27 421**	27 768	(1)
Other deposits	**267**	109	>100
Saving and transmission deposits	**176 223**	158 065	11
Relationship Banking	**254 583**	230 715	10
Call deposits	**15 428**	16 210	(5)
Cheque account deposits	**79 523**	75 338	6
Credit card deposits	**143**	138	4
Fixed deposits	**37 462**	39 741	(6)
Foreign currency deposits	**389**	246	58
Notice deposits	**8 406**	6 727	25
Other deposits	**38**	77	(51)
Saving and transmission deposits	**113 194**	92 238	23
Absa Regional Operations-Retail and Business Banking	**147 824**	120 965	22
Corporate and Investment Banking	**510 733**	434 620	18
Corporate and Investment Banking SA deposits	**395 538**	327 419	21
Call deposits	**65 656**	54 577	20
Cheque account deposits	**132 999**	104 175	28
Fixed deposits	**79 487**	68 755	16
Foreign currency deposits	**51 834**	40 041	29
Notice deposits	**25 271**	21 250	19
Other deposits	**416**	665	(37)
Repurchase agreements	**24 779**	26 342	(6)
Saving and transmission deposits	**15 096**	11 614	30
Corporate and Investment Banking ARO deposits	**115 195**	107 201	7
Head Office, Treasury and other operations	**109 461**	118 485	(8)
Total deposits due to customers including repurchase agreements	**1 357 435**	1 215 331	12
Total deposits from banks including repurchase agreements	**149 492**	124 205	20
Total deposits including reverse repurchase agreements	**1 506 927**	1 339 536	12
Less: Repurchase agreements	**(103 392)**	(81 961)	26
Total deposits excluding repurchase agreements	**1 403 535**	1 257 575	12

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 31 December

10. Debt securities in issue

	2024 Rm	2023 Rm	Change %
Commercial paper	**5 244**	2 744	91
Credit linked notes	**33 409**	24 848	34
Floating rate notes	**50 632**	43 799	16
Negotiable certificates of deposit	**71 742**	89 858	(20)
Other	**1 700**	1 384	23
Promissory notes	**837**	1 581	(47)
Senior notes	**47 726**	46 912	2
Structured notes and bonds	**1**	2	(50)
	211 291	211 128	0
Segment split			
Corporate and Investment Banking	**40 153**	28 888	39
Absa Regional Operations-Retail and Business Banking	**94**	89	6
Head Office, Treasury and other operations	**171 044**	182 151	(6)
	211 291	211 128	0

11. Equity and borrowed funds

	2024 Rm	2023 Rm	Change %
Authorised			
950 000 000 (2023:950 000 000) ordinary shares of R2.00 each	**1 900**	1 900	–
Issued			
894 376 907 (2023: 894 376 907) ordinary shares of R2.00	**1 789**	1 789	0
64 918 470 (2023: 65 322 253) treasury shares held by Group entities	**(131)**	(132)	(1)
	1 658	1 657	0
Total Issued capital			
Share capital	**1 658**	1 657	0
Share premium	**10 562**	10 464	1
	12 220	12 121	1

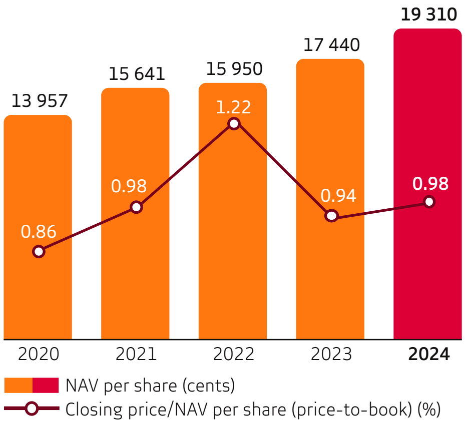
Number of ordinary shares in issue (after deductions of treasury shares)	2024 Number of shares (million)	2023 Number of shares (million)	Change %
Ordinary shares of R2.00	**894. 4**	894.4	–
Treasury shares held by the Group	**(64. 9)**	(65.3)	(1)
	829. 5	829. 1	0

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended 31 December

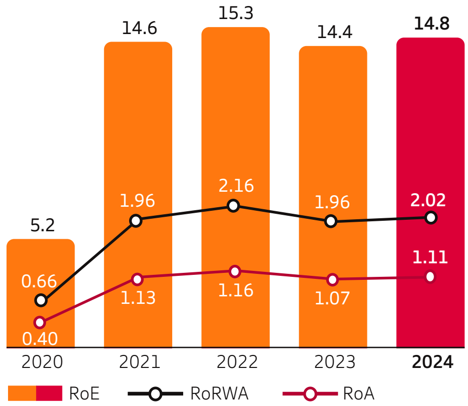
11. Equity and borrowed funds continued

Borrowed Funds		2024 Rm	2023 Rm	Change %
Subordinated callable notes issued by Absa Group Limited				
Interest rate	**Final Maturity date**			
Three-month JIBAR + 2.10%	16 September 2032	**1 916**	1 916	–
Three-month JIBAR + 2.13%	17 May 2030	**2 676**	2 676	–
Three-month JIBAR + 2.40%	11 April 2029	**–**	1 580	(100)
Three-month JIBAR + 3.85%	14 August 2029	**–**	390	(100)
Three-month JIBAR + 3.45%	29 September 2029	**–**	1 014	(100)
Three-month JIBAR + 1.72%	26 August 2033	**2 158**	2 158	
Three-month JIBAR + 1.72%	06 August 2034	**1 000**	–	
Three-month JIBAR + 1.75%	21 September 2034	**2 019**	–	
Three-month JIBAR + 1.70%	16 October 2034	**500**	–	
Three-month JIBAR + 1.62%	12 October 2034	**1 700**	–	
Foreign currency denominated notes				–
USD 6.375%	n/a	**6 866**	6 866	–
Subordinated callable notes issued by other subsidiaries				
National Bank of Commerce 7.5% fixed rate note	10 July 2029	**85**	–	100
Bank of Botswana limit rate + 2.25%	14 November 2028	**–**	136	(100)
Other				–
Accrued interest		**136**	137	(1)
Fair value adjustments		**(442)**	(695)	(36)
Foreign exchange movements		**2 574**	2 324	11
		21 188	18 502	15

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



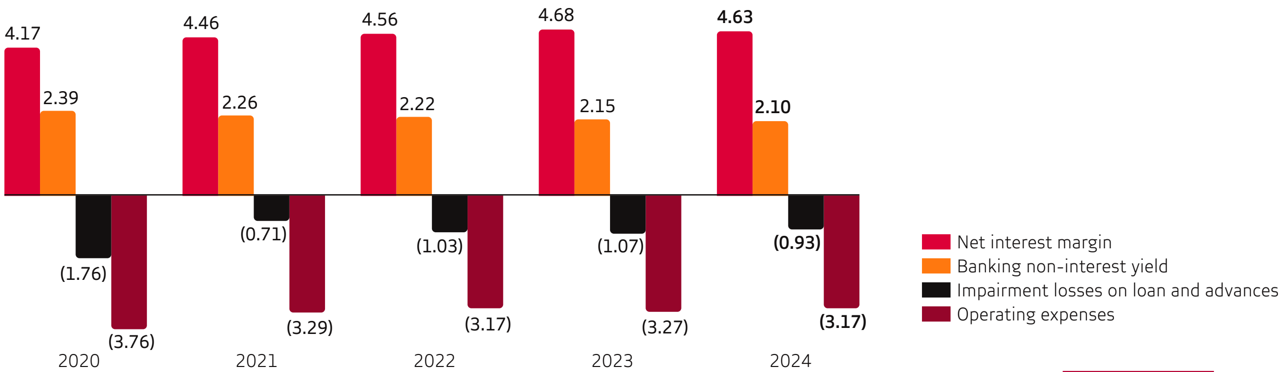
RoE, RoA and RoRWA (%)



Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended 31 December

12. ROE decomposition

Major drivers of RoE (%)



		2024 %	2023 %
	Net interest margin on average interest bearing assets	**4.63**	4.68
Less:	Credit impairment charges/average interest-bearing assets	**0.93**	1.07
Equals:	Net interest margin on average interest bearing assets – after credit impairment charges	**3.70**	3.61
Multiply:	Average interest-bearing assets/average banking assets	**83.21**	85.35
Equals:	Banking interest yield	**3.08**	3.08
Plus:	Banking non-interest yield	**2.10**	2.15
Equals:	Banking income yield	**5.18**	5.23
Less:	Operating expenses/average banking assets	**3.17**	3.27
Equals:	Net banking return	**2.01**	1.96
Less:	Other1	**0.82**	0.78
Equals:	Banking return	**1.19**	1.18
Multiply:	Average banking assets/total average assets	**92.47**	90.73
Equals:	RoA	**1.11**	1.07
Multiply:	Leverage	**13.32**	13.49
Equals:	RoE	**14.8**	14.4

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

13. Contingencies, commitments and similar items

	2024 Rm	2023 Rm	Change %
Guarantees	**55 716**	52 317	6
Irrevocable debt facilities	**150 802**	136 887	10
Letters of credit	**19 863**	22 815	(13)
	226 381	212 019	7
Authorised capital expenditure			
Contracted but not provided for	**857**	919	(7)

Guarantees include performance guarantee contracts and financial guarantee contracts. 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.

13. Contingencies, commitments, and similar items continued

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 intangible assets, property and equipment. 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.

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.

14. Reporting changes overview

14.1 Correction of prior period errors

The Group conducted a comprehensive review of the Statement of cash flows (SOCF) which identified the following misstatements:

14.1.1 Mandatory reserve balances with central banks

A review of the regulatory requirements governing mandatory reserve balances with central banks in various ARO regions revealed that the incorrect percentage was applied to calculate the accessible portion of these balances in prior years. As a result, for certain ARO regions, the accessible portion of the reserve balances included in cash and cash equivalents was understated and for others, it was overstated. The correction of this error has therefore led to a restatement in 'Cash and cash equivalents at the beginning of the reporting period' and 'Cash and cash equivalents at the end of the reporting period' in December 2023.

14.1.2 Loans and advances to banks

It was identified that certain 'Loans and advances to banks' accounts included in the calculation of cash and cash equivalents within the Group's ARO regions comprised items that had an original tenor of longer than 3 months which do not meet the definition of cash and cash equivalents, as 3 months from date of acquisition is a suggested duration for short term instruments in IAS 7, Statement of Cash Flows (IAS 7). The correction of this error has resulted in a restatement in December 2023 from 'Cash and cash equivalents' to 'Net increase in loans and advances'.

14.1.3 Treasury bills

Included in 'Investment securities' are highly liquid treasury bills with a maturity date of three months or less from date of acquisition, which are readily convertible to known amounts of cash, not subject to significant risk of changes in value and are held for short term cash management purposes. These treasury bills would thus meet the definition of a cash equivalent. Previously these treasury bills were erroneously excluded from cash and cash equivalents. The correction of this error has resulted in a restatement in 'Cash and cash equivalents at the beginning of the reporting period' and 'Cash and cash equivalents at the end of the reporting period' in December 2023.

14.1.4 Share-based payments expense

The share-based payments expense for equity settled arrangements was incorrectly classified under other liabilities. Instead, the share-based payments expense should have been treated as a non-cash item that adjusts profit before tax. The correction of this error in the SOCF in December 2023 requires an adjustment to move R1 037m from 'Net increase in other liabilities' to 'Other non-cash items included in profit before tax'.

As required by IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (IAS 8), the aforementioned restatements have been applied retrospectively to all prior periods affected within the SOCF. These errors have no impact on the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity or Earnings per share of the Group.

The impact of the change on the prior period SOCF is as follows:

			December 2023			
Statement of cash flows	As previously published Rm	Mandatory reserves Rm	Loans and advances to banks Rm	Treasury bills Rm	Share-based payments expense Rm	Restated Rm
Other non-cash items included in profit before tax	(130)	–	–	–	1 037	907
Cash flow from operating activities before changes in operating assets and liabilities	36 457	–	–	–	1 037	37 494
Net (increase)/decrease in loans and advances	(63 074)	–	(955)	–	–	(64 029)
Net (increase)/decrease in other assets	1 067	(1 899)	–	–	–	(832)
Net (increase)/decrease in investment securities	(21 659)	–	–	4 196	–	(17 463)
Net increase/(decrease) in other liabilities	11 399	–	–	–	(1 037)	10 362
Net cash generated from/(utilised in) operating activities	43 580	(1 899)	(955)	4 196	–	44 922
Cash and cash equivalents at the beginning of the reporting period	75 268	(780)	–	1 331	–	75 819
Cash and cash equivalents at the end of the reporting period	88 454	(2 679)	(955)	5 527	–	90 347

14. Reporting changes overview continued

14.2 Change in presentation

During the aforementioned review, the Group decided to revise the presentation of the Statement of cash flows (SOCF). This revision involved condensing the changes in operating assets and liabilities line items within the operating activities section of the SOCF.

The change in presentation is a change in accounting policy in terms of the requirements of IAS 8, which results in enhanced comparability against the Group's peers and a more succinct SOCF. Furthermore, the change allows for stakeholders to focus on a concise, clear understanding of holistic changes in working capital, which, given that the Group is a banking entity, aids to focus on the most relevant information for users of the SOCF.

As required by IAS 8, the change in accounting policy has been applied retrospectively to all prior periods affected. The change does not have an impact on the Statement of comprehensive income, Statement of changes in equity, Statement of financial position or earnings per share of the Group. The changes affects the presentation in the Statement of cash flows.

The impact of the change on the prior year SOCF is as follows:

	December 2023		
Statement of cash flows	As previously published/ Adjusted per Note 14.1 Rm	Presentation changes Rm	Restated Rm
Changes in working capital:			
Net (increase)/decrease in trading and hedging portfolio assets	16 492	(16 492)	–
Net (increase)/decrease in loans and advances	(64 029)	64 029	–
Net (increase)/decrease in other assets	(832)	832	–
Net (increase)/decrease in investment securities	(17 463)	17 463	–
Net increase/(decrease) in trading and hedging portfolio liabilities	(33 110)	33 110	–
Net increase/(decrease) in investment contracts	(508)	508	–
Net increase/(decrease) in insurance and reinsurance contract assets/liabilities	452	(452)	–
Net increase/(decrease) in deposits	103 573	(103 573)	–
Net increase/(decrease) in other liabilities	10 362	(10 362)	–
Net (increase) in operating assets	–	(67 456)	(67 456)
Net increase in operating liabilities	–	82 393	82 393
Total net impact	14 937	–	14 937

Net (decrease) in investment contracts includes investments linked to investment contracts of -R1 757m and liabilities under investment contracts of R1 249m. Net increase/(decrease) in insurance and reinsurance contract assets/liabilities includes insurance and reinsurance contract assets of R133m and insurance and reinsurance contract liabilities of R319m.

The working capital movements for 'Loans and advances', 'Other assets', 'Investment securities' and 'Other liabilities' in the table above have been restated as per note 14.1.

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.

As at 1 January 2024, the Group no longer reports normalised financial results due to the immaterial difference between IFRS and normalised reporting, and is therefore no longer reviewed by the CODM. The impact of the Barclays separation has been 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 31 December 2023.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended 31 December

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
ARO RBB	16 282	1	16 283
CIB	29 864	(79)	29 785
Head Office, Treasury and other operations	1 471	112	1 583
Barclays separation	112	(112)	–
Operating expenses			
Everyday Banking	(14 753)	(30)	(14 783)
Relationship Banking	(8 455)	99	(8 356)
ARO RBB	(10 867)	26	(10 841)
CIB	(13 678)	19	(13 659)
Head Office, Treasury and other operations	(916)	(1 351)	(2 267)
Barclays separation	(1 237)	1 237	–
Other expenses			
CIB	(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)
ARO RBB	(1 178)	2	(1 176)
CIB	(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 31 December

Statement of financial position

	December 2023		
	As previously reported Rm	Business portfolio changes Rm	Restated Rm
Loans and advances			
ARO RBB	79 382	(22)	79 360
CIB	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
ARO RBB	62 135	(734)	61 401
CIB	512 376	(53)	512 323
Head Office, Treasury and other operations	(750 805)	(308)	(751 113)
Barclays separation	1 113	(1 113)	–
Deposits			
ARO RBB	121 002	(22)	120 980
CIB	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
ARO RBB	18 539	(948)	17 591
CIB	545 823	(136)	545 687
Head Office, Treasury and other operations	(1 065 562)	(1 913)	(1 067 475)
Barclays separation	(980)	980	–

The reclassification to Head Office, Treasury and other operations for other assets amounts to -R1 421m for business unit restatements and R1 113m for Barclays separation, and the reclassifications to Head Office, Treasury and other operations for other liabilities amounts to -R933m for business unit restatements and -R980m for Barclays separation.

Segment performance

Segment performance overview

for the reporting period ended 31 December

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.

On 5 December 2024, the Group announced Product Solutions Cluster, Everyday Banking and Private Wealth Banking into a single business unit – Retail SA – to improve the Group's ability to deliver client value, particularly distribution of value-added services and insurance product across a large customer base. This is in an effort to improve non-interest income growth within Retail SA. The impact of this announcement on segment reporting for the year ended 31 December 2025 is in the process of being determined.

Absa Group Limited

Product Solutions Cluster

- Home Loans
- Vehicle and Asset Finance
- Insurance SA
- Life Insurance
- Non-Life Insurance
- Advice and Investments (previously Non-banking Financial Services)

Everyday Banking

- Personal Loans
- Credit Card
- Transactions and Deposits
- Everyday Banking
- Other

Relationship Banking

- Business Bank
- General Business Solutions
- Payments
- Specialised lending
- Wealth

Absa Regional Operations – Retail and Business Banking

- ARO RBB Banking
- ARO Insurance

Corporate and Investment Banking

Corporate Bank
- Corporate Bank SA
- Corporate Bank ARO

Investment Bank
- Investment Bank SA
- Markets
- Banking
- Equity Investments
- Commercial Property Finance
- Investment Bank ARO
- Markets
- Banking
- Commercial Property Finance

Head Office, Treasury and other operations

- 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 31 December

Operational metrics

	2024	2023	Change %
Market share[1]			
SA Retail Deposits market share (%)	**21.3**	21.0	1
SA Retail Advances market share (%)	**22.0**	22.2	(0.72)
Physical footprint			
South Africa			
Outlets (including number of branches and sales centres)	**616**	618	(0)
ATMs	**5 138**	5 250	(2)
Absa Regional Operations			
Outlets (including number of branches and sales centres)	**400**	392	2
ATMs	**1 209**	1 160	4
Product Holding			
Retail – South Africa (average number)	**2.72**	2.64	3
Absa Regional Operations – RBB (average number)	**3.00**	2.88	4
Customer numbers[2]			
South Africa			
Active customers (thousands)	**9 985**	9 841	1
Digitally active customers (thousands)	**3 420**	3 022	13
Absa Regional Operations – RBB			
Active customers (thousands)	**2 678**	2 369	13
Digitally active customers (thousands)	**1 193**	983	21
Number of permanent and temporary employees	**36 779**	37 107	(1)
South Africa (excludes WFS employees)	**26 542**	27 085	(2)
Absa Regional Operations	**10 037**	9 825	2
International operations outside Africa[3]	**200**	197	2

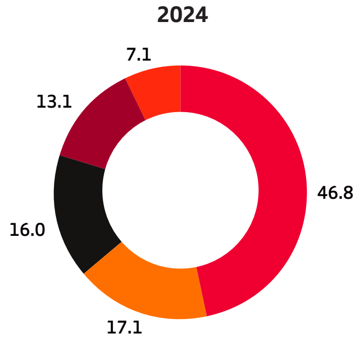
Source: BA900.

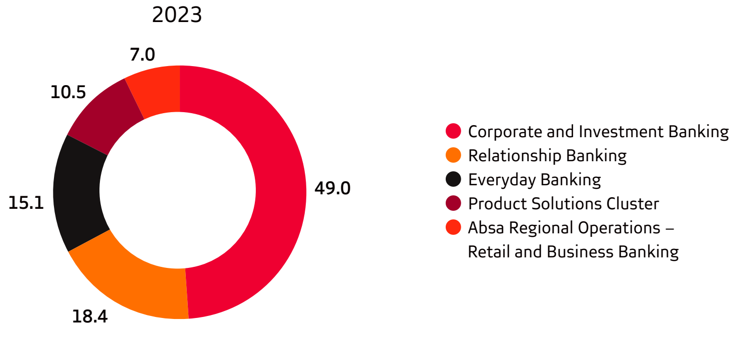
1. Absa regional operations customer numbers are calculated based on active customer numbers and not total customers.
2. Absa regional operations customer numbers are calculated based on active customer numbers and not total customers. The definition for active customers has been amended from 3 months to 12 months.
3. 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 31 December

Performance per market segment

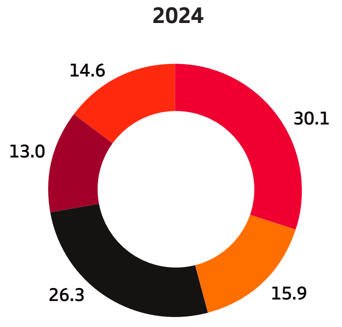
Headline earnings per market segment, excluding Head Office, Treasury and Other operations (%)

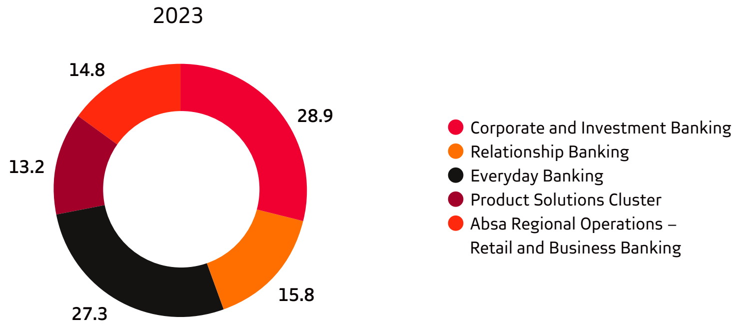




Headline earnings	2024 Rm	2023 Rm	Change %
Product Solutions Cluster	**3 276**	2 368	38
Everyday Banking	**4 004**	3 394	18
Relationship Banking	**4 292**	4 145	4
ARO RBB	**1 780**	1 584	12
CIB	**11 740**	11 025	6
Head Office, Treasury and other operations	**(3 033)**	(2 442)	24
	22 059	20 074	10

Income per market segment, excluding Head Office, Treasury and Other operations (%)





Income	2024 Rm	2023 Rm	Change %
Product Solutions Cluster	**14 375**	13 652	5
Everyday Banking	**29 049**	28 133	3
Relationship Banking	**16 058**	15 206	6
ARO RBB	**17 587**	16 283	8
CIB	**33 241**	29 785	12
Head Office, Treasury and other operations	**(361)**	1 583	<(100)
	109 949	104 642	5

Segment report per market segment

for the reporting period ended 31 December

	Product Solutions Cluster			Everyday Banking		
	2024	2023	Change %	**2024**	2023	Change %
Statement of comprehensive income (Rm)						
Net interest income	**9 281**	9 016	3	**16 352**	15 947	3
Non-interest income	**5 094**	4 636	10	**12 697**	12 186	4
Total income	**14 375**	13 652	5	**29 049**	28 133	3
Credit impairment charges	**(3 216)**	(4 231)	(24)	**(6 952)**	(7 851)	(11)
Operating expenses	**(6 450)**	(5 798)	11	**(15 599)**	(14 783)	6
Other expenses	**49**	(70)	>100	**(524)**	(481)	9
Operating profit before income tax	**4 758**	3 553	34	**5 974**	5 018	19
Tax expenses	**(1 205)**	(918)	31	**(1 574)**	(1 276)	23
Profit for the reporting period	**3 553**	2 635	35	**4 400**	3 742	18
Profit attributable to:						
Ordinary equity holders	**3 244**	2 345	38	**3 965**	3 364	18
Non-controlling interest – ordinary shares	**–**	–	–	**184**	160	15
Non-controlling interest – preference shares	**84**	85	(1)	**68**	65	5
Other equity: Additional Tier 1	**225**	205	10	**183**	153	20
	3 553	2 635	35	**4 400**	3 742	18
Headline earnings	**3 276**	2 368	38	**4 004**	3 394	18
Operating performance (%)						
Net interest margin on average interest-bearing assets	**2.00**	2.03		**3.86**	4.06	
Credit loss ratio	**0.73**	0.99		**7.20**	8.35	
Non-interest income as % of income	**35.4**	34.0		**43.7**	43.3	
Income growth	**5**	5		**3**	6	
Operating expenses growth	**11**	1		**6**	5	
Cost-to-income ratio	**44.9**	42.5		**53.7**	52.5	
Statement of financial position (Rm)						
Loans and advances	**430 675**	417 375	3	**78 340**	78 288	0
Loans and advances to customers	**428 437**	415 391	3	**74 237**	72 380	3
Loans and advances to banks	**2 238**	1 984	13	**4 103**	5 908	(31)
Investment securities	**28 803**	27 578	4	**3 985**	4 042	(1)
Other assets	**69 934**	61 163	14	**361 421**	333 563	8
Total assets	**529 412**	506 116	5	**443 746**	415 893	7
Deposits	**1 453**	1 610	(10)	**333 381**	308 936	8
Deposits due to customers	**1 453**	1 610	(10)	**333 381**	308 936	8
Deposits from banks	**–**	–	–	**–**	–	–
Debt securities in issue	**–**	–	–	**–**	–	–
Other liabilities	**518 907**	495 057	5	**104 392**	101 561	3
Total liabilities	**520 360**	496 667	5	**437 773**	410 497	7
Financial performance (%)						
RoRWA	**2.08**	1.52		**3.60**	3.04	
RoA	**0.63**	0.47		**0.96**	0.87	
RoRC	**14.0**	10.4		**27.8**	24.7	

Segment report per market segment

for the reporting period ended 31 December

Relationship Banking			Absa Regional Operations–Retail Business Banking				Corporate and Investment Banking			
2024	2023	Change %	**2024**	2023	Change %	CCY %	**2024**	2023	Change %	CCY %
11 016	10 081	9	**12 604**	11 758	7	13	**21 156**	19 549	8	11
5 042	5 125	(2)	**4 983**	4 525	10	18	**12 085**	10 236	18	22
16 058	15 206	6	**17 587**	16 283	8	15	**33 241**	29 785	12	15
(760)	(822)	(8)	**(1 680)**	(1 540)	9	13	**(1 535)**	(764)	>100	>100
(8 967)	(8 356)	7	**(11 324)**	(10 841)	4	10	**(14 894)**	(13 659)	9	11
(100)	(127)	(21)	**(792)**	(597)	33	36	**(521)**	(373)	40	42
6 231	5 901	6	**3 791**	3 305	15	28	**16 291**	14 989	9	13
(1 600)	(1 522)	5	**(1 268)**	(1 176)	8	17	**(3 159)**	(2 883)	10	17
4 631	4 379	6	**2 523**	2 129	19	34	**13 132**	12 106	8	12
4 319	4 123	5	**1 795**	1 582	13	37	**11 758**	11 023	7	11
–	–	–	**716**	546	31	24	**750**	575	30	23
85	74	15	**3**	–	100	100	**168**	149	13	13
227	182	25	**9**	1	>100	>100	**456**	359	27	27
4 631	4 379	6	**2 523**	2 129	19	34	**13 132**	12 106	8	12
4 292	4 145	4	**1 780**	1 584	12	35	**11 740**	11 025	6	10
3.64	3.79		**8.84**	9.32			**2.65**	2.71		
0.48	0.56		**1.81**	1.84			**0.29**	0.17		
31.4	33.7		**28.3**	27.8			**36.4**	34.4		
6	5		**8**	18			**12**	12		
7	9		**4**	15			**9**	10		
55.8	55.0		**64.4**	66.6			**44.8**	45.9		
155 806	146 767	6	**91 734**	79 360	16	11	**573 675**	536 417	7	6
154 931	146 071	6	**91 060**	78 493	16	11	**524 226**	484 042	8	8
875	696	26	**674**	867	(22)	(34)	**49 449**	52 375	(6)	(6)
7 408	6 845	8	**1 927**	1 621	19	(4)	**56 995**	50 844	12	12
169 121	149 684	13	**76 092**	61 401	24	20	**623 098**	512 323	22	23
332 335	303 296	10	**169 753**	142 382	19	15	**1 253 768**	1 099 584	14	14
254 588	230 720	10	**147 831**	120 980	22	18	**606 625**	512 081	18	18
254 583	230 715	10	**147 824**	120 965	22	18	**510 733**	434 620	18	17
5	5	–	**7**	15	(53)	(54)	**95 892**	77 461	24	24
–	–	–	**94**	89	6	0	**40 153**	28 888	39	39
72 315	67 394	7	**18 889**	17 591	7	(2)	**587 809**	545 687	8	8
326 903	298 114	10	**166 814**	138 660	20	16	**1 234 587**	1 086 656	14	14
2.84	2.95		**1.57**	1.49			**2.68**	2.83		
1.36	1.49		**1.13**	1.12			**1.00**	1.00		
24.9	25.9		**12.4**	11.7			**22.5**	23.9		

Market segment balances were restated. Refer to reporting changes overview note.

Segment report per market segment

for the reporting period ended 31 December

Head office, Treasury and other operations				Group			
2024	2023	Change %	CCY %	**2024**	2023	Change %	CCY %
696	1 704	(59)	(51)	**71 105**	68 055	4	7
(1 057)	(121)	>100	>100	**38 844**	36 587	6	8
(361)	1 583	<(100)	<(100)	**109 949**	104 642	5	7
(161)	(327)	(51)	(26)	**(14 304)**	(15 535)	(8)	(7)
(1 274)	(2 267)	(44)	(39)	**(58 508)**	(55 704)	5	7
(2 026)	(1 505)	35	52	**(3 914)**	(3 153)	24	34
(3 822)	(2 516)	52	60	**33 223**	30 250	10	12
486	88	>100	>100	**(8 320)**	(7 687)	8	13
(3 336)	(2 428)	37	48	**24 903**	22 563	10	12
(3 544)	(2 546)	39	48	**21 537**	19 891	8	11
208	119	75	47	**1 858**	1 400	33	25
–	–	–	(16)	**408**	373	9	9
–	(1)	(100)	>100	**1 100**	899	22	22
(3 336)	(2 428)	37	48	**24 903**	22 563	10	12
(3 033)	(2 442)	24	34	**22 059**	20 074	10	12
n/a	n/a			**4.63**	4.68		
n/a	n/a			**1.03**	1.18		
n/a	n/a			**35.3**	35.0		
n/a	n/a			**5**	8		
n/a	n/a			**5**	10		
n/a	n/a			**53.2**	53.2		
19 358	13 150	47	51	**1 349 588**	1 271 357	6	6
4 224	609	>100	>100	**1 277 115**	1 196 986	7	6
15 134	12 541	21	25	**72 473**	74 371	(3)	(2)
171 326	145 568	18	17	**270 444**	236 498	14	14
(851 003)	(751 113)	13	14	**448 663**	367 021	22	22
(660 319)	(592 395)	11	12	**2 068 695**	1 874 876	10	10
163 049	165 209	(1)	(2)	**1 506 927**	1 339 536	12	12
109 461	118 485	(8)	(8)	**1 357 435**	1 215 331	12	11
53 588	46 724	15	14	**149 492**	124 205	20	20
171 044	182 151	(6)	(6)	**211 291**	211 128	0	0
(1 135 111)	(1 067 475)	6	7	**167 201**	159 815	5	4
(801 018)	(720 115)	11	12	**1 885 419**	1 710 479	10	10
n/a	n/a			**2.02**	1.96		
n/a	n/a			**1.11**	1.07		
n/a	n/a			**n/a**	n/a		

Segment report per the geographical segment

for the reporting period ended 31 December

	South Africa		
	2024	2023	Change %
Statement of comprehensive income (Rm)			
Net interest income	**47 921**	46 681	3
Non-interest income	**28 564**	27 250	5
Total income	**76 485**	73 931	3
Credit impairment charges	**(12 146)**	(13 761)	(12)
Operating expenses	**(40 871)**	(39 405)	4
Other expenses	**(2 226)**	(1 858)	20
Operating profit before income tax	**21 242**	18 907	12
Tax expenses	**(4 238)**	(3 726)	14
Profit for the reporting period	**17 004**	15 181	12
Profit attributable to:			
Ordinary equity holders	**15 324**	13 750	11
Non-controlling interest – ordinary shares	**184**	160	15
Non-controlling interest – preference shares	**405**	373	9
Additional Tier 1	**1 091**	898	21
	17 004	15 181	12
Headline earnings	**15 908**	13 931	14
Operating performance (%)			
Net interest margin on average interest-bearing assets	**3.86**	3.97	
Credit loss ratio	**1.04**	1.25	
Non-interest income as % of income	**37.3**	36.9	
Income growth	**3**	2	
Operating expenses growth	**4**	8	
Cost-to-income ratio	**53.4**	53.3	
Statement of financial position (Rm)			
Loans and advances	**1 135 405**	1 085 899	5
Loans and advances to customers	**1 092 865**	1 036 603	5
Loans and advances to banks	**42 540**	49 296	(14)
Investment securities	**178 938**	158 754	13
Other assets	**362 389**	295 886	22
Total assets	**1 676 732**	1 540 539	9
Deposits	**1 206 000**	1 078 217	12
Deposits due to customers	**1 090 864**	980 649	11
Deposits from banks	**115 136**	97 568	18
Debt securities in issue	**207 341**	209 895	(1)
Other liabilities	**116 850**	117 849	0
Total liabilities	**1 530 191**	1 405 961	9
Financial performance (%)			
RoRWA	**2.17**	2.01	
RoA	**0.97**	0.90	
RoRC	**16.1**	15.0	

Segment report per the geographical segment

for the reporting period ended 31 December

Africa regions 2024	Africa regions 2023	Africa regions Change %	Africa regions CCY %	Group Performance 2024	Group Performance 2023	Group Performance Change %	Group Performance CCY %
23 184	21 374	8	15	71 105	68 055	4	7
10 280	9 337	10	18	38 844	36 587	6	8
33 464	30 711	9	16	109 949	104 642	5	7
(2 158)	(1 774)	22	36	(14 304)	(15 535)	(8)	(7)
(17 637)	(16 299)	8	14	(58 508)	(55 704)	5	7
(1 688)	(1 295)	30	54	(3 914)	(3 153)	24	34
11 981	11 343	6	12	33 223	30 250	10	12
(4 082)	(3 961)	3	12	(8 320)	(7 687)	8	13
7 899	7 382	7	12	24 903	22 563	10	12
6 213	6 141	1	9	21 537	19 891	8	11
1 674	1 240	35	26	1 858	1 400	33	25
3	–	100	100	408	373	9	9
9	1	>100	>100	1 100	899	22	22
7 899	7 382	7	12	24 903	22 563	10	12
6 151	6 143	0	8	22 059	20 074	10	12
7.82	7.59			4.63	4.68		
0.97	0.80			1.03	1.18		
30.7	30.4			35.3	35.0		
9	26			5	8		
8	17			5	10		
52.7	53.1			53.2	53.2		
214 183	185 458	15	12	1 349 588	1 271 357	6	6
184 250	160 383	15	11	1 277 115	1 196 986	7	6
29 933	25 075	19	20	72 473	74 371	(3)	(2)
91 506	77 744	18	15	270 444	236 498	14	14
86 274	71 135	21	21	448 663	367 021	22	22
391 963	334 337	17	15	2 068 695	1 874 876	10	10
300 927	261 319	15	13	1 506 927	1 339 536	12	12
266 571	234 682	14	11	1 357 435	1 215 331	12	11
34 356	26 637	29	27	149 492	124 205	20	20
3 950	1 233	>100	>100	211 291	211 128	0	0
50 351	41 966	20	17	167 201	159 815	5	4
355 228	304 518	17	14	1 885 419	1 710 479	10	10
1.72	1.86			2.02	1.96		
1.70	1.84			1.11	1.07		
17.2	18.6			n/a	n/a		

Product Solutions Cluster

for the reporting period ended 31 December

The Product Solutions Cluster's headline earnings increased by **38%** to **R3.3bn** (2023: R2.4bn), reflecting a **5%** overall revenue growth, with non-interest revenue growing at **10%** and a **24%** improvement in credit impairments.

Key financial performance highlights for the period include the following:

Net interest income increased by **3%** to **R9.3bn** (2023: R9.0bn), driven by a **3%** growth in the balance sheet.

Cost-to-income ratio increased by **2.4%** to **44.9%** (2023: 42.5%) due to investments in people skills and technology.

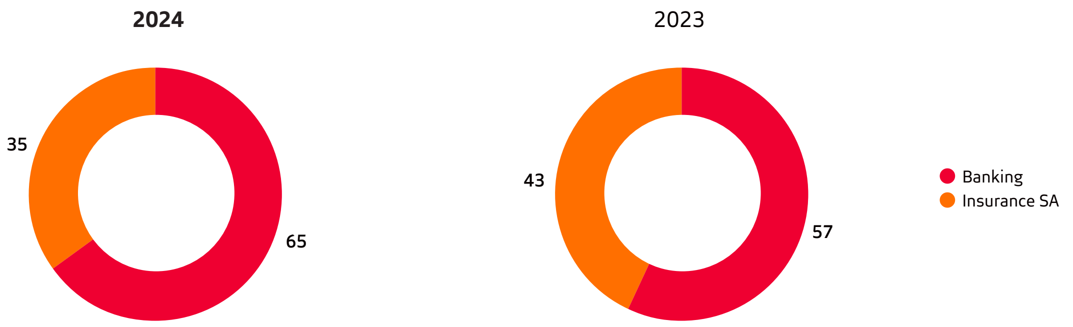
Non-interest income increased by **10%** to **R5.1bn** (2023: R4.6bn), underpinned by the healthy underlying performance in Non-Life Insurance and Advice and Investments.

Credit loss ratio decreased by **0.26%** to **0.73%** (2023: 0.99%) with improvements mainly from the pre-legal portfolio, although pressure remains within the legal book.

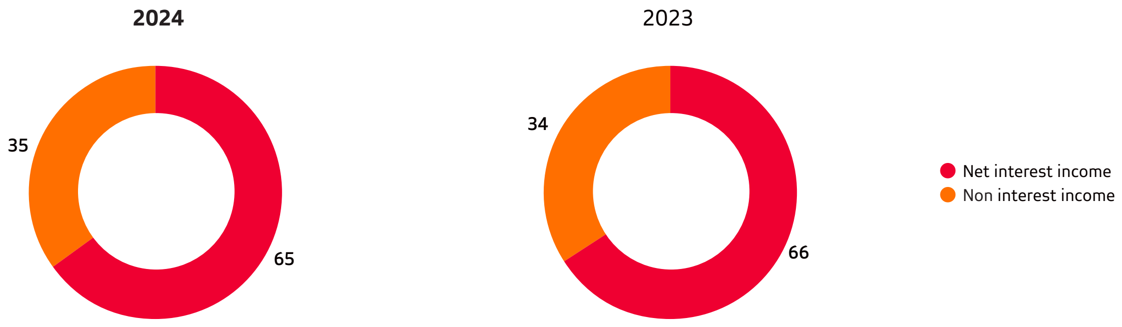
Balance sheet resilience remains a priority across the lending portfolios with total coverage increasing to **3.9%** (2023: 3.8%). Within this, non-performing loans coverage rose to **36.9%** (2023: 33.3%).

Return on Regulatory Capital (RoRC) increased to **14.0%** (2023: 10.4%), supported by higher earnings growth, offset by increased credit risk-weighted asset density in Home Loans.

Headline earnings contribution (%)



Revenue Mix contribution (%)



Product Solutions Cluster

for the reporting period ended 31 December

Salient features	2024	2023	Change %
Income (Rm)	**14 375**	13 652	5
Pre-provision profit (Rm)	**7 925**	7 854	1
Headline earnings (Rm)	**3 276**	2 368	38
Credit loss ratio (%)	**0.73**	0.99	
Cost-to-income ratio (%)	**44.9**	42.5	
RoRWA (%)	**2.08**	1.52	
RoA (%)	**0.63**	0.47	
RoRC (%)	**14.0**	10.4	

Business profile

The Product Solutions Cluster offers a comprehensive suite of products to the retail consumer segment. Products include mortgages, vehicle financing, life and non-life insurance, investment 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 (OEMs), dealers and customers.
- **Insurance SA:** Includes the following:
  - Life insurance covers death, disability, retrenchment, funeral and life-wrapped investment products.
  - Non-Life insurance provides insurance solutions to the retail and commercial market segments, including 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) offer 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 31 December

	Home Loans			Vehicle and Asset Finance		
	2024	2023	Change %	2024	2023	Change %
Statement of comprehensive income (Rm)						
Net interest income	**5 349**	5 250	2	**3 920**	3 786	4
Non-interest income	**565**	543	4	**766**	710	8
Total income	**5 914**	5 793	2	**4 686**	4 496	4
Credit impairment charges	**(1 223)**	(1 789)	(32)	**(1 993)**	(2 442)	(18)
Operating expenses	**(2 049)**	(1 934)	6	**(1 714)**	(1 606)	7
Other expenses	**(36)**	(65)	(45)	**95**	(28)	>100
Operating profit before income tax	**2 606**	2 005	30	**1 074**	420	>100
Tax expenses	**(664)**	(504)	32	**(228)**	(85)	>100
Profit for the reporting period	**1 942**	1 501	29	**846**	335	>100
Profit attributable to:						
Ordinary equity holders	**1 742**	1 312	33	**739**	234	>100
Non-controlling interest – ordinary shares	**–**	–	–	**–**	–	–
Non-controlling interest – preference shares	**54**	56	(4)	**29**	30	(3)
Other equity – Additional Tier 1 capital	**146**	133	10	**78**	71	10
	1 942	1 501	29	**846**	335	>100
Headline earnings	**1 741**	1 329	31	**738**	234	>100
Operating performance (%)						
Net interest margin on average interest-bearing assets	**1.58**	1.61		**3.11**	3.18	
Credit loss ratio	**0.39**	0.58		**1.62**	2.08	
Non-interest income as % of income	**9.6**	9.4		**16.3**	15.8	
Income growth	**2**	1		**4**	10	
Operating expenses growth	**6**	(1)		**7**	6	
Cost-to-income ratio	**34.6**	33.4		**36.6**	35.7	
Statement of financial position (Rm)						
Loans and advances	**310 358**	302 308	3	**118 321**	113 326	4
Loans and advances to customers	**310 116**	302 065	3	**118 321**	113 326	4
Loans and advances to banks	**242**	243	(0)	**–**	–	–
Investment securities	**17 094**	16 490	4	**6 142**	5 911	4
Other assets	**33 852**	28 107	20	**6 089**	5 192	17
Total assets	**361 304**	346 905	4	**130 552**	124 429	5
Deposits	**1 433**	1 583	(9)	**21**	27	(22)
Deposits due to customers	**1 433**	1 583	(9)	**21**	27	(22)
Deposits to banks	**–**	–	–	**–**	–	–
Other liabilities	**358 348**	342 284	5	**128 691**	123 140	5
Total liabilities	**359 781**	343 867	5	**128 712**	123 167	5
Financial performance (%)						
RoRWA	**1.86**	1.43		**1.31**	0.41	
RoA	**0.49**	0.39		**0.58**	0.19	

1 Advice and Investments financial performance includes unallocated head office costs.

Product Solutions Cluster

for the reporting period ended 31 December

Insurance SA			PSC Head office, Advice and Investments[1]			Product Solutions Cluster		
2024	2023	Change %	2024	2023	Change %	2024	2023	Change %
–	–	–	12	(20)	>100	9 281	9 016	3
2 489	2 279	9	1 274	1 104	15	5 094	4 636	10
2 489	2 279	9	1 286	1 084	19	14 375	13 652	5
–	–	–	-	–	-	(3 216)	(4 231)	(24)
(614)	(548)	12	(2 073)	(1 710)	21	(6 450)	(5 798)	11
(33)	(45)	(27)	23	68	(66)	49	(70)	>100
1 842	1 686	9	(764)	(558)	37	4 758	3 553	34
(530)	(498)	6	217	169	28	(1 205)	(918)	31
1 312	1 188	10	(547)	(389)	41	3 553	2 635	35
1 312	1 188	10	(549)	(389)	41	3 244	2 345	38
–	–	–	–	–	–	–	–	–
–	–	–	1	–	100	84	85	(1)
–	–	–	1	2	(50)	225	205	10
1 312	1 188	10	(547)	(389)	41	3 553	2 635	35
1 312	1 194	10	(515)	(389)	32	3 276	2 368	38
n/a	n/a		n/a	n/a		2.00	2.03	
n/a	n/a		n/a	n/a		0.73	0.99	
100	100		n/a	n/a		35.4	34.0	
9	17		n/a	n/a		5	5	
12	27		n/a	n/a		11	1	
24.7	24.0		n/a	n/a		44.9	42.5	
1 253	943	33	743	798	(7)	430 675	417 375	3
–	–	–	–	–	–	428 437	415 391	3
1 253	943	33	743	798	(7)	2 238	1 984	13
5 308	4 953	7	259	224	16	28 803	27 578	4
26 580	24 074	10	3 413	3 790	(10)	69 934	61 163	14
33 141	29 970	11	4 415	4 812	(8)	529 412	506 116	5
–	–	–	–	–	–	1 453	1 610	(10)
–	–	–	–	–	–	1 453	1 610	(10)
–	–	–	–	–	–	–	–	–
29 234	26 831	9	2 634	2 802	(6)	518 907	495 057	5
29 234	26 831	9	2 633	2 802	(6)	520 360	496 667	5
n/a	n/a		n/a	n/a		2.08	1.52	
n/a	n/a		n/a	n/a		0.63	0.47	

Product Solutions Cluster

for the reporting period ended 31 December

Business performance

Product Solutions Cluster's core strategy remained unchanged, with an increased focus on strategy execution and risk management, underpinning the underlying business momentum reflected in earnings growth.

Demand in the Home Loans market continued to slow, with application volumes decreasing by **3%** year-on-year across the industry, reflecting the subdued property market. New vehicle sales also experienced a decline of **3%** (naamsa) year-on-year. Insurance SA was not immune to the constrained economic challenges affecting consumer affordability. This led to an increase in lower sums assured and a higher frequency of weather-related losses, particularly impacting coastal regions. The national mortality claims experience, as reported by the South African Medical Research Council (SAMRC), has been within the expected range for 2024, with a trend above the range only reported in the second quarter of 2024. Advice and Investment experienced positive market valuations and improved trading activity, signalling improved confidence.

In Home Loans and Vehicle Asset Finance, new business performance and inflows into arrears have started to improve, given ongoing enhancements to new business origination criteria and multiple actions across the credit lifecycle, with some support coming from the two interest rate cuts at the end of the year. However, the businesses faced continued pressure on debt review and the respective legal books.

The insurance operations continued to focus on integrating and optimising the bancassurance model across the retail franchise, providing integrated propositions that deliver increased customer value. The business collaborates with strategic partners to offer and enhance its insurance solutions. Capital continues to be managed prudently, with the Solvency Capital Requirement covering well over the regulatory minimum.

Within this context, the cluster focused on:

- Strengthening bancassurance collaboration within PSC and the broader Group to boost insurance penetration.
- Deepening partner relationships to align with the strategic priorities.
- Concerted efforts to digitise key customer journeys aimed at supporting a superior customer experience.
- Strengthening the risk management capabilities and optimising margins in a subdued and competitive market.
- People agenda remained a core priority with a focus on enhancing talent management, diversity and inclusion and increasing colleague engagement.
- Remaining committed to being an active force for social good and supporting the Group's ESG ambitions.

The execution of the strategic initiatives has resulted in:

- Launched WhatsApp claims tracking for both Life and Non-Life insurance, supporting an improved customer experience.
- Introduced Renault Financial Services, a product of Absa, in Vehicle Asset Finance (VAF), aligning with strategic partnering initiatives.
- Maintained strong ties with industry leaders like Woolworths Financial Services (WFS), Cars.co.za in VAF and focused on Home Loans partnerships, including Private Property and the Absa Home Loans Homeownership Masterclass on Radio 702, which supports customer education and thought leadership.
- Instant Life advisor digital propositions have increased new business volumes by over 100%, successfully improving the digital journey for advisors and customers. Customer engagement on digital platforms has increased year-on-year.
- Assisted sales platform has shown significant success, reflecting year-on-year growth and supporting distressed customers.
- Made strides in financial inclusion through funeral propositions, affordable housing, distribution of title deeds and borrowers' education to the entry-level market, all of which have increased year-on-year.

The cluster's notable achievements for the year included:

- In 2024, Non-Life received the 2023 SA Motor Body Repairers' Association Awards in three significant categories for the second consecutive year: Best Insurer, Winner in the Service Excellence Category and Best Insurance Payer.
- Non-Life was recognised as one of the best insurers in South Africa by Forbes and Statista, being named the second-best vehicle insurer in South Africa in 2024.
- Absa Life received the Best Employer Award for 2023 from the Association of South African Black Actuarial Professionals, awarded in 2024.
- The Head of Sales Enablement for Absa Vehicle and Asset Finance was selected as the South African winner of the Medium Category for Inhouse Contact Centre Leaders at the Contact Centre Industry Champions Awards.
- Absa Bank Limited was rated the Highest Rated Secured Bank at the 2024 Debt Review Awards.

Financial performance

Gross loans and advances to customers grew by **3%** to **R446bn** (2023: R432bn) despite the subdued market, constrained consumer environment and management actions implemented. Home Loans and Vehicle Asset Finance maintained strong market positions (BA 900).

Net interest income increased by **3%** to **R9.3bn** (2023: R9.0bn), in-line with balance sheet growth. However, margin compression continued due to late-cycle delinquencies, which began to ease in the second half of the year. In Home Loans, heightened competition for low-risk own customers and the drive to support primacy also impacted margins. VAF experienced market pressure on pricing in the first three quarters of 2024. However, the business saw an improvement in margin in Q4 2024, driven by focused actions that improved margin.

Non-interest income increased by **10%** to **R5.1bn** (2023: R4.6bn). Absa Life revenue remained in line with the prior year. Net Contractual Service Margin (CSM) and Risk Adjustment (RA) releases (annuity profit signature) increased year-on-year, driven by the profitability of the in-force book and model methodology enhancements. This was offset by the new business mix that was adversely impacted by lower value cover purchased on Funeral products (higher contribution of onerous business) and the lower contribution from higher-margin credit life business. In response to increased lapse pressure experienced in the first half of the year, several additional proactive retention initiatives were implemented to support customers and improve persistency trends. Retrospective reserves increased in 2024 relative to a decrease in the prior year, mainly due to a methodology change on the Incurred But Not Reported (IBNR) reserves. Policyholder returns were higher due to a favourable interest rate and yield movements. Non-Life grew by **32%** year-on-year, reflecting strong underlying performance with a balanced approach between growth and profitability. Key management actions included improving risk selection and responses to claims activity which improved the Underwriting Margin to **4.7%** (2023: 1%). Despite an increase in weather-related events, such as the extreme weather system in June 2024, the improvement in attritional claims incurred offset these impacts. Advice and Investments grew by **13%** year-on-year. The steady revenue growth was supported by strong progression from Absa Trust and AIFA, which grew by **14%** and **12%** year-on-year, benefiting from increased advisor productivity. SPM experienced low single-digit growth of **4%** year-on-year, supported by positive market valuations and turnover.

PSC credit impairments improved by **24%** year-on-year, with a Credit Loss Ratio (CLR) of **73 basis points** (bps), an improvement of 26bps from the previous year. Home Loans credit impairment charges decreased by **32%** year-on-year, with a CLR of **39bps**, 19bps better than the prior year. This reduction is due to improvements in pre-legal performance, driven by high-quality new business and collections initiatives, even though it was offset by pressure in debt review and the legal book. Vehicle and Asset Finance (VAF) credit impairment charges decreased by **18%** year-on-year, with a CLR of **162bps**, 46bps better than the prior year. This improvement is attributed to improved new business flow with reduced exposure to high-risk segments, supported by continued scorecard enhancements and enhanced collections effectiveness, despite ongoing pressure on the debt review book and legal.

Operating expenditure increased by **11%** to **R6.5bn** (2023: R5.8bn) due to investments in people and technology, following cost containment actions implemented in 2023, resulting in the cost-to-income ratio increasing to **44.9%** (2023: 42.5%), with negative JAWS of **6%** due to softer topline growth.

Headline earnings increased by **38%** to **R3.3bn** (2023: R2.4bn), driven by a **10%** rise in non-interest revenue and a **24%** improvement in the impairment charge. Return on Regulatory Capital (RoRC) increased to **14.0%** (2023: 10.4%), supported by higher earnings growth, although this was offset by increased capital consumption in Home Loans due to increased forbearance.

Looking ahead, the Product Solutions Cluster will focus on:

- Strengthening partnerships to enhance customer acquisition, product performance and primacy.
- Driving growth in bancassurance revenues through deeper integration with the bank.
- Digitising key customer journeys, modernising core technology and deploying digital sales tools.
- Enhancing risk management and optimising margins and returns.
- Driving productivity and efficiencies to unlock operating leverage.
- Empowering colleagues to thrive and developing a robust talent pipeline.
- Committing to being a positive force in all endeavours.

Home Loans

Salient features	2024	2023	Change %
Net-interest income (Rm)	**5 349**	5 250	2
Credit impairment charges (Rm)	**(1 223)**	(1 789)	(32)
Headline earnings (Rm)	**1 741**	1 329	31
Gross loans and advances (Rm)	**320 809**	311 567	3

Business performance

The economic pressures experienced in 2023 persisted into 2024, with application volumes decreasing by **3%** compared to 2023, while House Price Inflation increased by **2%**. This resulted in marginal growth in the value of applications compared to the same period in 2023. However, improvements were noted in the last quarter of 2024 due to interest rate cuts, leading to application growth and improved sentiment across the industry and among customers, as indicated by the results of the Absa Homeowner Sentiment Index:

- Respondent's positivity about the future of property improved by **9%** to **87%** in the fourth quarter of 2024 compared to the fourth quarter of 2023.
- Consumer sentiment around buying improved by **13%** to **77%** in the fourth quarter of 2024 compared to the fourth quarter of 2023.
- Sentiment around selling improved by **3%** to **51%** in the fourth quarter of 2024 compared to the fourth quarter of 2023.

Home Loans remains committed to its ambition to "house the nation and shape the industry in a meaningful way" by focusing on value creation through a consistent strategy:

- Supporting distressed customers with a market-leading collections digital self-service solution.
- Maintaining a focus on sustainable quality of earnings while remaining competitive through the cycle.
- Expanding market presence through a new radio platform and enhanced Absa Homeowner Sentiment Index (HSI), leveraging strategic partnerships to create value for customers and stakeholders.
- Broadening franchise value by providing integrated home loan solutions with Homeowners and Life Insurance, including transactional offerings for new-to-bank customers.
- Progressing in the delivery of an integrated front-end and workflow capability to improve colleague and customer experience.

The above has resulted in:

- Mortgages originating through internal channels as a percentage of new business remained strong at **36.2%** (2023: 36.3%).
- Customers migrating to digital channels increasing year-on-year due to digital activations.
- Year-on-year growth of **21.9%** in assisted sales supporting distressed customers.
- BA900 market share remained steady over the past 12 months at **23.7%** (2023: 23.7%).

Financial performance

Gross loans and advances increased by **3%** to **R321bn** (2023: R312bn), driven by stable production levels. Net interest income rose to **R5 349m** (2023: R5 250m), while margins reduced by **3bps** to **158bps** due to the competitive pricing landscape and higher interest in suspense.

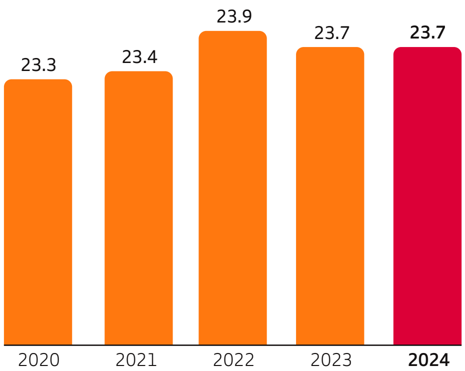
The credit impairment charge decreased to **R1 223m** (2023: R1 789m), improving the credit loss ratio to **0.39%** (2023: 0.58%). This improvement was driven by implementing various collection initiatives and customers recovering from the higher interest rate environment. These factors also improved the non-performing loans (NPL) ratio, which decreased to **9.0%** (2023: 9.2%). Total coverage increased to **3.3%** (2023: 3.0%), driven by vulnerable customers struggling to recover and rolling into the legal portfolio, albeit at a slower pace compared to the prior year. NPL coverage increased to **31.9%** (2023: 27.7%), driven by aged legal accounts, which attract higher coverages.

Marginal balance sheet and revenue growth, operational efficiency and improved credit performance resulted in headline earnings growth of **31%** to **R1 741m** (2023: R1 329m).

Looking ahead, Home Loans will focus on:

- Delivering new digital features to enhance customer self-service on the Absa mobile app and Connected Banking platform, thereby improving customer experience.
- Providing continued support for distressed customers with enhanced sustainable solutions.
- Maintaining quality of earnings while remaining sustainable and competitive through consistent market presence, strategic partnerships and enhanced customer value propositions.
- Improving integrated home loan solutions to provide timely franchise solutions at key moments.
- Accelerating the delivery of an integrated front-end and workflow capability to enhance colleague and customer experience.

Mortgages market share (%)



Source: BA900, Residential December 2024

Vehicle and Asset Finance

Salient features	2024	2023	Change %
Net-interest income (Rm)	**3 920**	3 786	4
Credit impairment charges (Rm)	**(1 993)**	(2 442)	(18)
Headline earnings (Rm)	**738**	234	>100
Gross loans and advances (Rm)	**125 379**	120 487	4

Business performance

The challenging economic conditions of 2023 and pressure on customer affordability persisted into the first half of 2024, leading to subdued activity in the vehicle market. The third quarter of 2024 showed marginal improvement, characterised by prime lending rate cuts and easing inflation, which stimulated a mild recovery in the vehicle market. These factors collectively resulted in:

- New vehicle sales declined by **3.0%** for the period ending December 2024, compared to a decrease of 0.5% for December 2023 (naamsa).
- New vehicle price inflation averaged **2.6%** for the period ending December 2024, reflecting a decline from 8.1% over the same period ending December 2023 (Stats SA).
- The number of financed vehicles by individuals increased marginally by **1.5%** year-on-year for the period ending December 2024, as opposed to a 4.7% decrease during the same period in 2023 (Experian).

Consumer price sensitivity and increased market competition led to pressure on pricing. The easing of the prime lending rate in the last quarter provided some reprieve. Customers prioritised affordability in their buying decisions, and the entrance of new original equipment manufacturers (OEMs) into the market led to lower growth in average ticket values.

Vehicle and Asset Finance (VAF) successfully progressed on its strategic objectives by:

- Implementing numerous refinements to improve new business performance, including enhancements to risk models, significant tightening of high-risk segments and a focused approach to pricing.
- Improving its collections strategy and operations and implementing refined risk management solutions.
- Embedding self-service features on voice and digital platforms to support dealer and customer service excellence while leveraging industry stakeholders to advance digital acquisitions and customer education.
- Investing in skills development for staff and graduate learners to optimise business operations and customer service.
- Delivering franchise value by increasing Absa insurance and value-added product uptake by vehicle finance customers.
- Continuing to focus on the bank of the automotive industry objective through commercial collaborations with key partners.

The execution of strategic initiatives resulted in several positive outcomes:

- Flow margins expanded in the fourth quarter, driven by focused actions that improved the risk-adjusted margin.
- The use of the assisted sales platform to support distressed customers increased by **36.5%** year-on-year.
- Customer engagement on digital platforms rose by **30%** year-on-year.
- Flow market share on individual finance remained stable at **17.4%** year-on-year as of December 2024 (Experian).
- Production decreased by **7.8%** year-on-year, influenced by average ticket values and lower volumes.

Financial performance

Gross loans and advances to customers increased by **4%** to **R125bn** (2023: R120bn), driven by production and a stable back-book run-off, supported by growth in the wholesale finance book.

Total revenue grew by **4%**, reaching **R4 686m** (2023: R4 496m). Net interest income increased by **4%**, primarily due to underlying book growth and an improvement in flow pricing in the fourth quarter of the year. However, the business experienced market pressure on pricing in the first three quarters of 2024, resulting in a marginally reduced book margin. Margins were further impacted by higher interest in suspense. Non-interest income remained resilient, growing by **8%**.

The cost-to-income ratio stood at **36.6%** (2023: 35.7%), with lower income growth driving the slight increase.

The credit loss ratio improved to **1.62%** (2023: 2.08%), with credit impairment charges decreasing to **R1 993m** (2023: R2 442m). This improvement is attributed to new business credit policy changes, exiting higher risk segments and enhanced collections effectiveness, which reduced the number of accounts flowing into advanced stages of delinquency. Despite ongoing pressure on the debt review book, there has been an improvement in the debt review delinquency profile, contributing to a decrease in the NPL ratio to **7.6%** (2023: 8.5%). Total coverage remained resilient at **5.6%** (2023: 5.9%), with performing coverage stable at **1.8%** (2023: 1.9%) and NPL coverage increasing to **52.3%** (2023: 49.0%) due to the ageing of accounts in Legal.

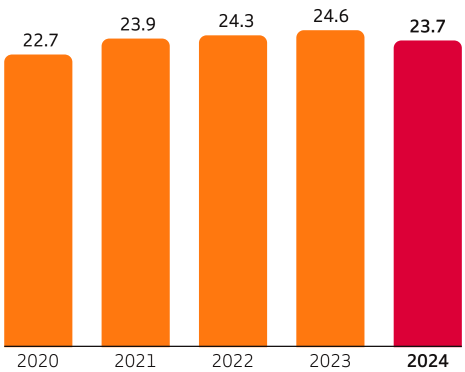
Implementing these risk management actions positively affected the joint venture, improving the profit share contribution.

Headline earnings of **R738m** (2023: R234m) were mainly driven by improved impairment performance.

Looking ahead, Vehicle and Asset Finance (VAF) will focus on enhancing operational capabilities and delivering resilience through the cycle by:

- Achieving operational excellence through automation, straight-through processing and increased customer adoption of digital self-service.
- Refining collection and fraud management solutions to improve credit loss rate outcomes.
- Maturing partnerships to drive growth in instalment sales, wholesale finance and bancassurance products.
- Delivering franchise value through bancassurance within South Africa and focusing on the automotive industry in Africa Regional Operations.
- Engaging steadily with industry partners and naamsa on finance solutions for the transition to new energy vehicles, industry transformation and decarbonisation of the automotive industry.

VAF market share (%)[1]



Source: BA900, Instalment Sales December 2024. Restated market share value due to restatement in BA900 balances by financier.

Product Solutions Cluster
for the reporting period ended 31 December

Insurance SA

	Life Insurance			Non-Life Insurance			Insurance SA		
	2024	2023	Change %	**2024**	2023	Change %	**2024**	2023	Change %
Statement of comprehensive income (Rm)									
Insurance revenue	**5 088**	4 961	3	**3 986**	3 717	7	**9 074**	8 678	5
Insurance service expenses	**(3 966)**	(3 575)	11	**(3 274)**	(3 188)	3	**(7 240)**	(6 763)	7
Net income/(expenses) from reinsurance contracts	**(107)**	(214)	(50)	**(135)**	(127)	6	**(242)**	(341)	(29)
Insurance Service Result	**1 015**	1 172	(13)	**578**	402	44	**1 593**	1 574	1
Net finance income/(expenses) from insurance contracts	**(32)**	12	<(100)	**–**	–	–	**(32)**	12	<(100)
Net finance income/(expenses) from reinsurance contracts	**(30)**	(48)	(38)	**–**	–	–	**(30)**	(48)	(38)
Investment income	**1 627**	1 853	(12)	**260**	241	8	**1 887**	2 094	(10)
Policyholder insurance contracts	**249**	165	51	**77**	65	18	**326**	230	42
Policyholder investment contracts	**1 233**	1 522	(19)	**–**	–	–	**1 233**	1 522	(19)
Shareholder funds	**145**	166	(13)	**183**	176	4	**328**	342	(4)
Changes in Investment contract liabilities	**(1 083)**	(1 454)	(26)	**–**	–	–	**(1 083)**	(1 454)	(26)
Policyholder investment contracts liabilities	**(1 083)**	(1 454)	(26)	**–**	–	–	**(1 083)**	(1 454)	(26)
Other income	**92**	61	51	**62**	40	56	**154**	101	53
Gross operating income	**1 589**	1 596	(0)	**900**	683	32	**2 489**	2 279	9
Other operating expenses	**(181)**	(173)	5	**(466)**	(420)	11	**(647)**	(593)	9
Net operating income	**1 408**	1 423	(1)	**434**	263	65	**1 842**	1 686	9
Taxation expense	**(402)**	(427)	(6)	**(128)**	(71)	80	**(530)**	(498)	6
Profit for the period	**1 006**	996	1	**306**	192	59	**1 312**	1 188	10
Other comprehensive income	**198**	141	40		–		**198**	141	40
Total comprehensive income for the reporting period	**1 204**	1 137	6	**306**	192	59	**1 510**	1 329	14

Product Solutions Cluster
for the reporting period ended 31 December

Insurance SA *continued*

	Life Insurance			Non-Life Insurance			Insurance SA		
	2024	2023	Change %	2024	2023	Change %	2024	2023	Change %
Note (Rm)									
Investment income									
Policyholder investment contracts	1 233	1 522	(19)	–	–	–	1 233	1 522	(19)
Net interest income	870	663	31	–	–	–	870	663	31
Dividend income	122	136	(10)	–	–	–	122	136	(10)
Fair value gains/(losses)	241	723	(67)	–	–	–	241	723	(67)
Policyholder insurance contracts	249	165	51	77	65	18	326	230	42
Net interest income	151	95	59	77	65	18	228	160	43
Dividend income	11	17	(35)	–	–	–	11	17	(35)
Fair value gains/(losses)	87	53	64	–	–	–	87	53	64
Shareholder funds	145	166	(13)	183	176	4	328	342	(4)
Net interest income	118	156	(24)	169	164	3	287	320	(10)
Dividend income	–	–	–	–	–	–	–	–	–
Fair value gains/(losses)	27	10	>100	14	12	17	41	22	86
Total	1 627	1 853	(12)	260	241	8	1 887	2 094	(10)
Net interest income	1 139	914	25	246	229	7	1 385	1 143	21
Dividend income	133	153	(13)	–	–	–	133	153	(13)
Fair value gains/(losses)	355	786	(55)	14	12	17	369	798	(54)

Product Solutions Cluster

for the reporting period ended 31 December

Insurance SA *continued*

	Insurance SA		
	2024	2023	Change %
Statement of financial position			
Assets			
Financial assets backing investment and insurance liabilities			
Policyholder investment contracts	**23 805**	21 417	11
Cash balances and loans and advances to banks	**435**	372	17
Investment securities	**23 370**	21 045	11
Policyholder insurance contracts	**4 958**	4 350	14
Cash balances and loans and advances to banks	**853**	1 248	(32)
Investment securities	**3 313**	2 430	36
Insurance contract assets	**792**	672	18
Reinsurance assets	**548**	492	11
Shareholder funds	**2 582**	2 566	1
Cash balances and loans and advances to banks	**574**	13	>100
Investment securities	**2 008**	2 553	(21)
Other assets	**1 210**	1 107	9
Deferred tax asset	**38**	39	(3)
Total assets	**33 141**	29 971	11
Liabilities			
Liabilities under investment contracts	**23 547**	21 247	11
Insurance contracts liabilities	**4 117**	4 064	1
Reinsurance contracts liabilities	**324**	302	7
Other liabilities	**1 167**	1 178	(1)
Other liabilities	**1 070**	1 132	(5)
Other liabilities relating to investment contracts	**97**	46	>100
Deferred tax liabilities	**79**	40	98
Total liabilities	**29 234**	26 831	9
Equity			
Capital and reserves	**3 907**	3 140	24
Total equity	**3 907**	3 140	24
Total liabilities and equity	**33 141**	29 971	11

Life Insurance

Salient features	2024	2023	Change %
Insurance service result (Rm)	**1 015**	1 172	(13)
Profit for the period (Rm)	**1 006**	996	1

Business performance

Life Insurance South Africa maintained its focus on the integrated bancassurance and partnerships strategy, enabled by digital sales capabilities and innovative product solutions. Financial performance in the second half of 2024 improved significantly, driven by key management initiatives focused on accelerating digital sales, improving persistency and refining models for products where the positive economic performance was not adequately reflected in the income statement profit signature. National mortality claims experience, as reported by the South African Medical Research Council (SAMRC), has been within the expected range for 2024, with a trend above the range only reported in the second quarter 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.
- Leveraging the bank's distribution channels and digital platforms while utilising data-driven marketing initiatives to expand customer access and drive sales growth.
- Investing in technology 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:

- Digital new business sales increased by **26%**, driven by a **38%** growth in digital funeral sales.
- The Instant Life advisor proposition, one of South Africa's first fully digital underwritten life insurance offerings tailored for advisors, increased new business volumes by over **100%**. This proposition has significantly improved advisors' digital sales journey and overall customer experience.
- New business volumes grew by **9%** from product offerings sold through integrated channels, reflecting the benefits of life insurance's value propositions.
- Total new business volumes declined by **3%** from 2023 due to lower bank lending volumes and a strategic decision to discontinue a loss-making product.

Financial performance

Insurance revenue increased by **3%** to **R5 088m** (2023: R4 961m), driven by higher Contractual Service Margin (CSM), Risk Adjustment (RA) releases, and increased revenue from group life and embedded products. The gross CSM decreased by **3%** year-on-year, primarily due to modelling and assumption changes implemented in the second half of 2024, releases to profits and negative experience variances. These were partly offset by new business CSM growth and the impact of interest rate accretion. Life SA continued to see strong sales of its funeral, digital and fully underwritten life products within the Absa customer base. This was driven by the execution of bancassurance and partnership strategic initiatives leveraging the integrated operating model with the retail bank and strategic marketing initiatives. This was offset by lower credit life sales due to a reduction in lending volumes in the bank. Net premium income grew by **1%**, driven by new business growth in funeral, digital and fully underwritten life products, partly offset by increased policy losses in the first half of the year, lower credit life volumes and the closure of an unprofitable product to new business. In response to increased lapse pressure experienced in the first half of the year, several proactive retention initiatives were implemented to support customers and improve persistency trends. This resulted in a 20 basis point decrease in lapse rates in the second half of the year.

Insurance service expenses grew by **11%** year-on-year, reflecting increases in claims, directly attributable expenses, acquisition costs and retrospective reserves. Net insurance claims increased by **23%** due to higher death and disability claims. Retrospective reserves increased significantly from the prior year due to higher claims experience and reserving releases that did not repeat in the current reporting period.

Profit for the period increased by **1%** to **R1 006m** (2023: R996m), driven mainly by higher CSM and RA releases, reflecting the profitability of the in-force book, improved group life and embedded product revenue and lower losses on onerous contracts. This was offset by increased insurance services expenses due to higher claims, expenses, acquisition costs and retrospective reserves.

Non-Life Insurance

Salient features	2024	2023	Change %
Profit for the period (Rm)	**306**	192	59
Insurance revenue (Rm)	**3 986**	3 717	7
Underwriting margin (%)	**4.7**	1.0	

Business performance

The business demonstrated strong growth momentum. Underlying claims performance improved substantially compared to the prior year due to the implementation of remedial actions on the portfolio. This enabled the business to absorb the impact of weather-related losses in 2024. Non-Life continues to make strides in integrating the bancassurance model.

The business focused on delivering its strategic objectives by:

- Optimising and accelerating bancassurance integration through enhanced value propositions.
- Developing new products and channels to enable market share growth and product diversification.
- Enhancing digital capabilities and offerings to improve customer access and reduce acquisition costs.
- Simplifying operations to improve collections, business efficiencies and customer service experience.

The execution of these strategic initiatives resulted in several achievements:

- The business partnered with Vehicle Asset Finance, improving origination in motor dealers and enabling growth in Value Added Products (VAPS) and Motor Comprehensive products by **19%** and **60%**, respectively, driving insurance revenue growth.
- The Regulator approved the licence application for the Absa Risk Transfer Insurance Company.
- The business migrated all active policies from the legacy policy administration system to a new cloud-based administration platform.
- Additionally, claims self-service capability and additional products for clients were enabled on the Banking app.

Financial performance

The insurance service result increased by **44%** to **R578m** (2023: R402m), driven by underlying growth in the motor book and value-added motor products and a significant improvement in underlying claims incurred. The improvement in claims incurred resulted from management actions taken since the second half of 2023, improving risk selection and responses to claims activity. Despite an increase in weather-related events, such as the extreme weather system in June 2024 causing the KwaZulu-Natal hurricane and flooding in the Eastern Cape, the improvement in attritional claims incurred offset these impacts. The business transitioned to a new cloud-based administration system in 2024, which is expected to enable a more efficient cost base as legacy systems are decommissioned and improve customer service.

The business achieved an underwriting margin of **4.7%** (2023: 1.0%), primarily due to improved underlying claims performance. This increased margin led to a **59%** growth in profit for the period, reaching **R306m** (2023: R192m).

Advice and Investments

Business performance

The Advice and Investment Cluster operates in the financial planning, direct insurance sales, investment management, stock broking and fiduciary services industries. These sectors have faced various challenges, with pressure on disposable incomes being a common theme. However, strong investment performance, productivity improvements and a deliberate focus on new customer acquisition enabled the business to deliver growth.

- Absa Trust continued its positive momentum in the distribution of estates from 2023 into 2024 and acquired a large beneficiary fund, leading to a bulk acquisition of customers.
- Absa Insurance and Financial Advisors (AIFA) experienced strong sales growth in guaranteed products, life policies and fiduciary products, which was supported by a marked improvement in advisor productivity.
- In Stock Broking and Portfolio Management (SPM), positive market movements in 2024 lifted the portfolio management division, with both brokerage income and trading volumes increasing after two consecutive years of decline, signalling a turnaround.

The businesses continued to focus on these key actions:

- Improving advisor productivity by embedding the new advice tool rolled out nationally in 2024.
- Increasing the advisor force, especially in the Private Wealth segments, to better match the bank distribution footprint and market demand.
- Integrating customer onboarding journeys with the bank to improve product take-up at the point of sale.
- Deepening relationships with existing retail customers to enable deeper client penetration and increase product holding.

Financial performance

Total revenue increased by **19%** to **R1 286m** (2023: R1 084m). This steady growth was supported by strong progression from Absa Trust and AIFA, growing by **14%** and **12%** year-on-year, respectively. Stockbrokers and Portfolio Management (SPM) experienced soft growth of **4%** year-on-year, boosted by positive market valuations and improved trading activity.

Operating expenses increased by **21%** to **R2 073m** (2023: R1 710m) due to continued investment in people and technologies to improve customer experience and modernise various core operating platforms.

Looking ahead, Advice and Investments will continue focusing on:

- Becoming an integrated business to provide customers with holistic solutions in one place.
- Building a seamless bridge to the bank to increase the number of bank customers under advice.
- Improving the customer value proposition to serve clients better.

Everyday Banking

for the reporting period ended 31 December

Headline earnings grew by 18%, with stronger growth of 25% in the second half of the year, marking an acceleration from the 9% growth in the first half of the year. The returns profile of the business reflected a similar construct with the RoRC improving from 22.1% in the first half of the year to 33.7% in the second half of the year, while full-year returns increased to 27.8% (2023: 24.7%). This growth was driven by a reduction in credit losses, prudent cost management and a strong focus on activating transactional and digital activity.

Key performance highlights for the period include the following:

Deposits grew by 8%, ahead of the market, primarily driven by an 10% increase in the investment deposits portfolio, benefitting from competitive propositions, which were supported by effective above-the-line marketing campaigns.

The focus on improving credit quality saw gross loans and advances to customers increase by 2% with strong performance in the credit card portfolio and measured personal lending growth, ensuring responsible credit extension in a challenging environment.

Impairment charges decreased by 11%, with the second half of the year impairment charges decreasing by 20%, accelerating from a reduction of 4% at half year. Overall, the loan loss ratio improved by **115 basis points to 7.20% (2023: 8.35%)**, as a result of proactive risk management measures and strong collections performance.

Net interest income grew 3% reflecting loan and deposit portfolio growth, while lower margins highlighted the deliberate focus on attracting high-quality clients and an improvement in the overall portfolio quality and lower margins on deposits as a result of a shift in mix.

Non-interest revenue growth showed strong momentum, growing from 2% in the first half of the year to 6% in the second half of the year reflecting an improvement in the active customer base as well as increased transactional and digital activity.

Operating expenses remained well managed, increasing 6%, while the cost-to-income ratio increased marginally due to the impact of risk mitigating measures on revenue growth.

Salient features	2024	2023	Change
Income (Rm)	29 049	28 133	3
Pre-provision profit (Rm)	13 450	13 350	1
Headline earnings (Rm)	4 004	3 394	18
Credit loss ratio (%)	7.20	8.35	
Cost-to-income ratio (%)	53.7	52.5	
RoRWA (%)	3.60	3.04	
RoA (%)	0.96	0.87	
RoRC (%)	27.8	24.7	

Everyday Banking

for the reporting period ended 31 December

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 sophisticated financial solutions. The business has been particularly strong in the emerging middle market and remains focused on driving monetisation within this segment, through enhancing customer engagement and increasing the use of payments and digital channels. Concurrently, the business aims to further expand in the Private Banking segment, while increasing distribution coverage through alternative channels.

Everyday Banking focuses on providing a consistently superior experience across a multitude of channels designed to match the expectations of each customer segment. These include digital and voice channels, as well as an extensive network of branches and ATMs.

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

The operating environment in 2024 remained complex, shaped by persistently high interest rates and elevated inflation, which continued to pressure household budgets and dampen consumer spending. While the SARB implemented two 25bps rate cuts in the second half of the year, the broader economic recovery remained slower than expected. Against this backdrop, Everyday Banking successfully stemmed the decline in transactional deposits, a trend that continued to impact the broader industry. However, intense competition in the term deposit market placed pressure on net interest margins, as banks competed aggressively for funding.

Recognising these challenges, management took proactive and targeted measures to safeguard the business's financial health while continuing to support customers responsibly with personalised financial coaching tools on digital channels. A series of risk segmentation and credit optimisation strategies were implemented, ensuring that lending growth remained focused on attractive risk segments with strong underlying fundamentals. These efforts enhanced portfolio resilience while maintaining a prudent approach to risk-adjusted margins. Strengthened credit lifecycle management capabilities which include refined credit underwriting models, proactive pre delinquency management and collections strategies further reinforced Everyday Banking's ability to navigate evolving economic conditions with confidence.

The focus on expanding the customer franchise remains a strong priority for the business. The number of transactional customers grew by **7%**, driven by a concerted effort in customer acquisition and activation. The growth was particularly strong in the Young Adult segment, where new accounts increased by **60%** during the year. Savings and Core Cheque accounts grew by **10%** and **17%** respectively. Everyday Banking launched several innovative new propositions to further its commitment to be the best value for money bank.

Improving the NIR generation capability of the business is another key focus. A two-pronged approach was adopted, the first being improved customer activation post onboarding through digital and rewards, as well as the deployment of additional value-driven propositions and products. Absa Rewards membership increased by more than 70% since 2022, while the number of customers who moved up a tier during the year rose by **25%** showing stronger primacy. Volume growth of digital value-added services accelerated from 3% in the first half of the year to 14% in the second half of the year.

The focus to expand the customer franchise is carefully balanced with deliberate focus on customer franchise health through this challenging period. Everyday Banking achieved its highest-ever Customer Experience (CX) score of **112**. Additionally, customer engagements increased fivefold, reflecting the sustained delivery of the customer promise, particularly by frontline colleagues, who continued to put the customer first under the pressures of the economic environment.

The business also continued to significantly drive the shift from traditional to digital channels. This shift was largely driven by a focus on digital innovation and the strategic migration of non-empathetic transactions from the branch network to digital platforms. The number of app downloads increased by **41%**, while mobile logins sustained momentum, growing **26%** year over year. Consequently, financial activity in the digital channels grew **20%** underscoring the growing trend by customers to migrate towards digital solutions. The Credit Coach feature, introduced in the app during the year, garnered 2.6m views to assist customers in improving their credit scores.

Despite the evolving digital landscape, Everyday Banking remains committed to maintaining an agile and accessible physical presence. Sales & Service outlets increased by **22%**, aligning with the transition towards a leaner, more customer-focused branch network. As a result, floor space across branches was reduced by **3%** to **285,527** square meters, optimising real estate costs while preserving customer engagement points. Additionally, the number of ATMs decreased by **2%** to **5,138**, reflecting the shift towards digital-first banking interactions.

Financial performance

Headline earnings grew by **18%** to **R4.0bn** (2023: R3.4bn), accelerating from 9% in the first half of the year. Returns improved from 24.7% in 2023 to 27.8% in 2024. This growth reflected reduced credit losses and prudent cost management. Total revenue grew by **3%** to **R29.0bn** (2023: R28.1bn), driven by increased transactional activity, though this was moderated by the impact of risk management measures on the loan book growth.

Total retail deposits increased by **8%** to **R333.4bn** (2023: R308.9bn), maintaining Absa's strong market position as the second-largest retail deposit holder in South Africa with a **21.1%** market share (BA900, December 2024). The growth was largely driven by a **10%** increase in investment deposits to **R275.9bn** (2023: R251.7bn), supported by competitive product offerings such as Cash Investment Tracker and Dynamic Fixed Deposits. However, the competitive interest rate environment has intensified, with pricing pressures impacting margins across the market as banks compete aggressively for funding.

In contrast, transactional deposits remained stable at **R55.4bn** (2023: R55.1bn), successfully stemming the decline seen in the first half of the year. This stabilisation in H2 reflects the effectiveness of customer retention initiatives and enhanced engagement strategies, positioning Absa ahead of the broader industry, where the BA900 data indicates a continued decline in transactional deposits across the sector.

Gross loans to customers grew by **2%** to **R90.7bn** (2023: R88.8bn), as Everyday Banking deployed more targeted lending strategies that enabled precise identification of attractive risk segments within the customer base. The credit card book expanded by 6% to **R60.0bn** (2023: R56.5bn), reflecting increased limit production, higher purchase activity, and greater customer engagement. The personal loan book contracted 6%, reflecting the strategic risk management response to the challenging macroeconomic climate. Net interest income increased by **3%** to **R16.4bn** (2023: R15.9bn), driven by loan and deposit portfolio growth, despite the net interest margin (NIM) contracting by 20 basis points to 3.86% due to a shift in balance sheet construct and lower asset margins due to improvements in the quality of the lending constructs.

- Net interest income on loans grew **5%** in line with the growth in the average lending book. However, margins contracted by **6 basis points** to **12.20%**, reflecting the effects of the risk mitigation measures and elevated suspension of interest due to pressure in the latter cycles.
- Net interest income on the deposit book increased by **5%**, supported by growth of **8%** in average deposits. However, deposit margins declined by **6 basis points** to **1.95%** due to a shift in the composition of investment deposits.

Non-interest revenue growth accelerated from 2% in the first half of the year to 6% in the second half of the year, delivering **R12.7bn** (2023: R12.2bn). This improvement reflected the positive impact of management initiatives aimed at driving transactional activity, coupled with some improvement in the economic climate. The revenue growth stemmed from the acceleration in point-of-sale and digital activity in the second half of the year. However, this growth was partially offset by the impact of the strategic shift from traditional banking channels to digital platforms.

Impairment charges reduction accelerated from 4% in H1 to 20% in H2, or a full-year reduction of **11%** to **R7.0bn** (R7.9bn). The loan loss ratio, thus, improved from 835bps in the prior year to **720bps** for the current reporting period. Early-stage delinquencies improved, highlighting the effectiveness of proactive credit risk management and enhanced collection strategies. While late-stage delinquencies remained elevated, they stabilised, leading to improved flows into collections. However, there was a notable increase in accounts entering debt counselling, reflecting the consumer financial strain.

Operating expenses grew by **6%** to **R15.6bn** (2023: R14.8bn), reflecting inflationary pressures and strategic investments in digital capabilities and technology. To enhance efficiency and preserve long-term sustainability, a disciplined approach to cost management was maintained, prioritising high-impact strategic investments that deliver immediate business value while positioning the bank for future scalability. Productivity initiatives matured, resulting in a reduction in costs through optimisation of the branch network and the workforce. Furthermore, ongoing investments in digitising the colleague environment and back-office processes will continue to deliver benefits through operational streamlining and process automation gains.

Looking ahead

As we navigate the evolving financial landscape, our strategic focus remains on enhancing customer acquisition, driving digital transformation to boost non-interest revenue (NIR), further strengthening risk management, and improving operational efficiency.

Everyday Banking

for the reporting period ended 31 December

Enhancing New Customer Acquisition and Expanding Market Coverage

- Leverage new digital propositions to acquire and onboard new customers at scale, offering tailored financial solutions for employees within key industries.
- Expand geographic and digital coverage to ensure accessibility across urban and underserved areas, integrating seamless onboarding through both digital and assisted channels.
- Leverage digital and alternate channel solutions to broaden access to financial services in underserved markets.

Commercialise Digital and Data

- Monetise digital capabilities by expanding premium value-added and payment services, including subscription-based financial tools, lifestyle banking benefits, and AI-driven advisory services tailored to individual needs.
- Unlock new revenue streams through strategic partnerships in e-commerce, fintech, and insurance, positioning Absa as a key player in the broader financial services ecosystem.
- Deepen financial education and engagement through AI-driven insights and digital financial coaching.
- Leverage behavioural pricing insights to optmise deposit margin returns.

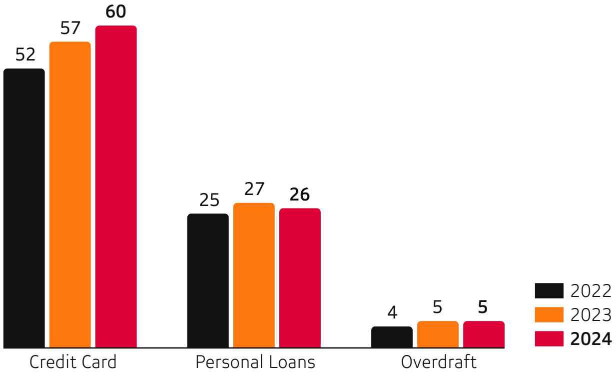
Leading Risk Management practices

- Behavioral analytics to enhance underwriting precision, to optimise risk selection.
- Risk-based pricing strategies and proactive credit monitoring tools to improve portfolio health, minimise impairments, and support sustainable lending growth.
- Enhance fraud detection and cybersecurity frameworks to mitigate digital banking risks, protecting both customers and the business as online and mobile transactions continue to scale.

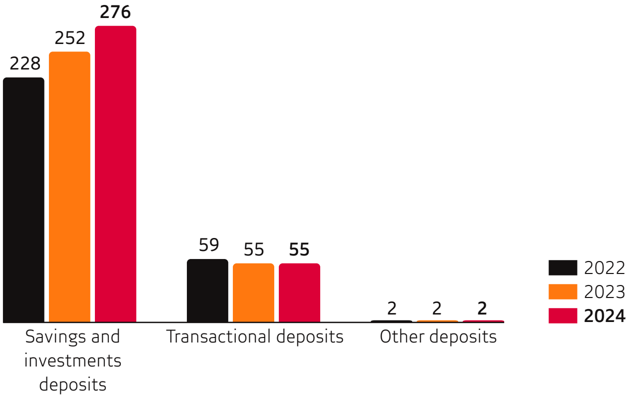
Sustainable productivity and Operational Efficiency

- Drive process automation and AI-driven workflow enhancements across customer service, collections, and transaction processing to improve speed and efficiency.
- Optimisation of end-to-end cash value chain
- Optimise the branch and ATM network by shifting towards high-efficiency, tech-enabled service points, ensuring cost-effective coverage while maintaining physical accessibility for key customer segments.

Gross loans and advances (Rm)

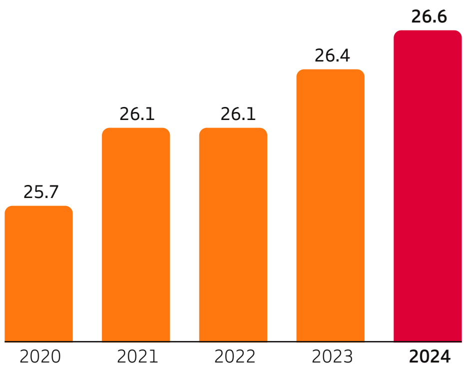


Deposits (Rm)

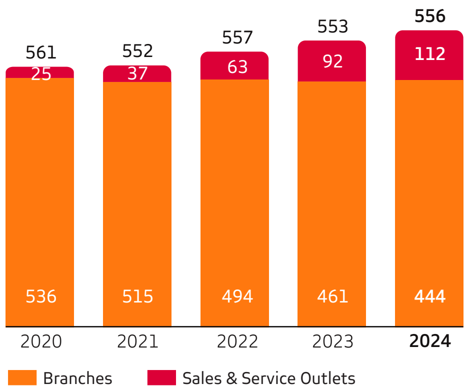


Everyday Banking
for the reporting period ended 31 December

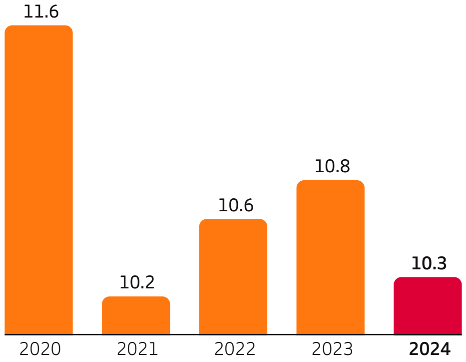
Card market stock (%)



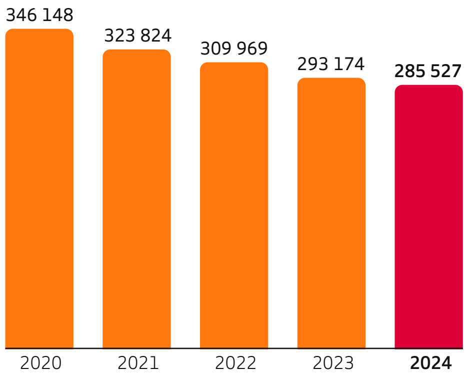
Branch network mix – number of branches



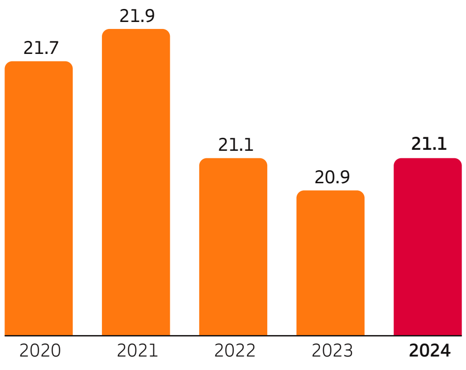
Personal loans market share (%)



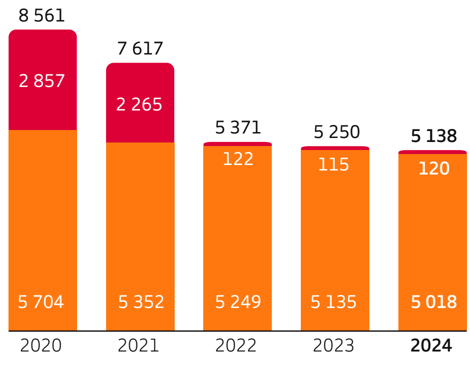
Branch network mix – square meters



Deposit market share (%)



Physical Footprint – Number of ATMs and cash devices



Source SARB BA900.

Everyday Banking

for the reporting period ended 31 December

	Card			Personal Loans		
	2024	2023	Change %	**2024**	2023	Change %
Statement of comprehensive income (Rm)						
Net interest income	**6 128**	5 782	6	**3 564**	3 584	(1)
Non-interest income	**3 070**	2 881	7	**399**	432	(8)
Total income	**9 198**	8 663	6	**3 963**	4 016	(1)
Credit impairment charges	**(4 363)**	(4 316)	1	**(2 018)**	(2 828)	(29)
Operating expenses	**(3 379)**	(3 550)	(5)	**(1 429)**	(1 329)	8
Other expenses	**(124)**	(77)	61	**(16)**	(18)	(11)
Operating profit before income tax	**1 332**	720	85	**500**	(159)	>100
Tax expenses	**(354)**	(146)	>100	**(122)**	54	<(100)
Profit for the reporting period	**978**	574	70	**378**	(106)	>100
Profit attributable to:						
Ordinary equity holders	**724**	355	>100	**317**	(161)	>100
Non-controlling interest – ordinary shares	**184**	160	15	**–**	–	–
Non-controlling interest – preference shares	**19**	18	6	**17**	17	–
Other equity – Additional Tier 1 capital	**51**	41	24	**44**	38	16
	978	574	70	**378**	(106)	>100
Headline earnings	**733**	354	>100	**317**	(161)	>100
Operating performance (%)						
Credit loss ratio	**7.40**	7.82		**7.49**	10.58	
Non-interest income as % of income	**33.4**	33.3		**10.1**	10.8	
Income growth	**6**	12		**(1)**	11	
Operating expenses growth	**(5)**	7		**8**	8	
Cost-to-income ratio	**36.7**	41.0		**36.1**	33.1	
Statement of financial position (Rm)						
Loans and advances	**50 264**	47 555	6	**20 166**	21 008	(4)
Loans and advances to customers	**50 107**	47 416	6	**20 166**	21 008	(4)
Loans and advances to banks	**157**	139	13	**–**	–	–
Investment securities	**2 581**	2 403	7	**1 057**	1 090	(3)
Other assets	**12 588**	11 851	6	**710**	722	(2)
Total assets	**65 433**	61 809	6	**21 933**	22 820	(4)
Deposits	**1 924**	1 951	(1)	**25**	24	4
Deposits due to customers	**1 924**	1 951	(1)	**25**	24	4
Deposits from banks	**–**	–	–	**–**	–	–
Debt securities in issue	**–**	–	–	**–**	–	–
Other liabilities	**60 916**	57 710	6	**21 687**	22 939	(5)
Total liabilities	**62 840**	59 661	5	**21 712**	22 963	(5)
Financial performance (%)						
RoRWA	**1.47**	0.72		**1.19**	(0.57)	
RoA	**1.13**	0.58		**1.40**	(0.71)	

Everyday Banking

for the reporting period ended 31 December

Transaction and Deposits			Everyday Banking Other			Everyday Banking		
2024	2023	Change %	2024	2023	Change %	2024	2023	Change %
6 680	6 623	1	(20)	(42)	(52)	16 352	15 947	3
9 209	8 874	4	19	(1)	>100	12 697	12 186	4
15 889	15 497	3	(1)	(43)	(98)	29 049	28 133	3
(571)	(707)	(19)	-	–	-	(6 952)	(7 851)	(11)
(10 267)	(9 453)	9	(524)	(451)	16	(15 599)	(14 783)	6
(413)	(413)	–	29	27	7	(524)	(481)	9
4 638	4 924	(6)	(496)	(467)	6	5 974	5 018	19
(1 229)	(1 309)	(6)	131	125	5	(1 574)	(1 276)	23
3 409	3 615	(6)	(365)	(341)	7	4 400	3 742	18
3 289	3 513	(6)	(365)	(343)	6	3 965	3 364	18
–	–	–	–	–	–	184	160	15
33	29	14	(1)	1	<(100)	68	65	5
87	73	19	1	1	–	183	153	20
3 409	3 615	(6)	(365)	(341)	7	4 400	3 742	18
3 319	3 542	(6)	(365)	(341)	7	4 004	3 394	18
5.60	6.07		(0)	(0.01)		7.20	8.35	
58.0	57.3		(1 900)	2.3		43.7	43.3	
3	2		(98)	(16)		3	6	
9	4		16	6		6	5	
64.6	61.0		(52 400)	(1 049)		53.7	52.5	
7 477	9 303	(20)	433	422	3	78 340	78 288	0
3 963	3 956	0	1	–	100	74 237	72 380	3
3 514	5 347	(34)	432	422	2	4 103	5 908	(31)
91	306	(70)	256	243	5	3 985	4 042	(1)
348 029	320 899	8	94	91	3	361 421	333 563	8
355 597	330 508	8	783	756	4	443 746	415 893	7
331 423	306 950	8	9	11	(18)	333 381	308 936	8
331 423	306 950	8	9	11	(18)	333 381	308 936	8
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
20 665	19 906	4	1 124	1 006	12	104 392	101 561	3
352 088	326 856	8	1 133	1 017	11	437 773	410 497	7
9.64	10.41		n/a	n/a		3.60	3.04	
1.00	1.16		(48)	(43.53)		0.96	0.87	

Relationship Banking

for the reporting period ended 31 December

The Relationship Banking Cluster's headline earnings grew by **4%** to **R4 292m** (2023: R4 145m), with pre-provision profit growth of **4%** and a decrease in impairment charges of **8%**.

Key performance highlights for the period include the following:

Deposits balances grew by 10%, reflecting a double-digit growth of 13% on savings and investments products and a 6% growth on transactional products.

Advances balances grew by 6%, reflecting sustained momentum on balances growth across lending products.

Net interest income increased by 9%, largely driven by average balance sheet growth and lower interest in suspense.

Credit loss ratio reduced from 0.56% in 2023 to **0.48%** in 2024 and has remained within the through-the-cycle range of 40-60bps.

Non-interest income reduced by 2%, mainly reflecting lower cash volumes partially offset by good momentum in Payments Acceptance.

Returns decreased to 24.9% from 25.9%, driven by lower growth in headline earnings partially offset by capital optimisation initiatives.

Cost-to-income ratio increased to 55.8% from 55.0% in 2023, mainly due to the annualisation impact in the first half of the year of investment hires made in 2023 in line with the business strategy.

Salient features	2024	2023	Change %
Income (Rm)	16 058	15 206	6
Pre-provision profit (Rm)	7 091	6 850	4
Headline earnings (Rm)	4 292	4 145	4
Credit loss ratio (%)	0.48	0.56	
Cost-to-income ratio (%)	55.8	55.0	
RoRWA (%)	2.84	2.95	
RoA (%)	1.36	1.49	
RoRC (%)	24.9	25.9	

Business profile

Relationship Banking consists of business units and associated products where a designated client relationship exists. The business provides customers with a single relationship manager rather than multiple touchpoints within the Group.

The business comprises 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 relationship-based model that incorporates branch-based staff and virtual channels and is supported by digital platforms.
- **Commercial Segment** which comprises business customers with an annual turnover above R20m and before being classified as large corporates. These customers are serviced using a relationship-based model, where dedicated sales and service teams provide customised solutions.
- **Private Wealth** which comprises of individuals being offered wealth management and private banking services.

These customers are served with a variety of products, comprising:

- **Business Banking Services:**
  - **General Business Solutions** consisting of transactional banking, savings and investments, working capital solutions, foreign exchange and international banking solutions.
  - **Payments** consisting of payment acceptance (merchant acquiring), cash management, and commercial issuing. These areas also service the Corporate and Investment Banking segment.
  - **Specialised Lending Products** consisting of commercial asset finance, commercial property finance, term lending, fleet card and Absa vehicle management services.
  - **Islamic Banking** offering various Shari-ah-compliant banking solutions across the Absa Group.

- **Private Wealth Services:**
  - Offering a full suite of banking services to customers in the Private and Wealth segment, including transactional, lending, savings, investment products, and 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's financial performance delivered an increase in headline earnings year-on-year despite operating in a challenging macroeconomic environment characterised by low economic growth, high interest rates and inflationary pressures. The business' performance continued to improve on several elements following the investments made in the previous year. This has allowed Relationship Banking to continue to deliver against strategic objectives, demonstrated by the following achievements:

- Maintained a market-leading position in the agricultural sector and gained momentum in the diversification of the Commercial segment with increasing growth in targeted non-agri sectors.
- Further strengthening the foundation in scaling the SME segment with active customer numbers growing by 7% while transactional accounts increased by 4%.
- Clients relationships as a primary partner were deepened, reflected in the 6% growth in active customer numbers across both the Business Banking and Private Wealth franchises.
- Continued acceleration of payments modernisation with card acquiring turnover growth of 8%, largely due to customers migrating from traditional into digital channels.
- Further enhancements of acquiring products, including the embedment of new tiered pricing for SME clients and scaling of the Merchant Cash Advance offering.
- Continued progress in Islamic banking, which achieved 34% growth in deposits, further amplifying the extension of the Islamic Depositor Plus product into Corporate and Investment Banking and Everyday Banking, with 40% of new sales originating through digital channels.
- Investments in digital capabilities have yielded positive results, reflected in the 7% growth in digitally active clients. This was facilitated by the launch of several new digital value-added services and products on both the app and website.
- Continued focus on delivering on RB's ESG agenda with Renewables Finance growing by 25% year-on-year and accelerated growth in the Youth and Women value propositions.

Other business performance aspects for the year were as follows:

- Production momentum in the lending products was mixed with:
  - Term Lending production growing by 5%
  - Commercial Property Finance declining by 2%, and
  - Commercial Asset Finance production declining by 1%

The following accolades were received during 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 ranking improved by four positions in the annual Krutham 2024 Top Wealth Manager: Large Institutions category
- Absa Private Bank ranking improved by one position in the annual Krutham 2024 Top Private Banks & Wealth Managers Awards category
- Won the CEO award by Finnovex in the Technology and Business Executive of the Year category
- Won the CIO award by Finnovex in the Technology and Business Executive of the Year category

Financial performance

Headline earnings grew by **4%** to **R4 292m** (2023: R4 145m), driven by pre-provision profit growth of **4%** to **R7 091m** (2023: R6 850m) and an **8%** reduction in impairment charges.

Gross loans and advances to customers continued to show strong growth of **6%** to **R159bn** (2023: R151bn), reflecting an 8% growth in commercial asset finance, sustained momentum of 6% growth in commercial property finance, 5% growth in term and agri loans and 5% growth in overdrafts.

Deposits due to customers increased by **10%** to **R255bn** (2023: R231bn), reflecting a 13% growth in savings and investments deposits and a 6% growth in transactional deposits.

Net interest income increased by **9%** to **R11 016m** (2023: R10 081m) attributed to:

- Net interest income on advances increase of **11%**, driven by a 7% growth in average balances and lower interest in suspense.
- Net interest income on deposits increase of **5%**, driven by average balance sheet growth of 13%. Margins on deposits declined slightly due to faster growth in lower-margin savings and investment products.

Non-interest income was down **2%**, mainly driven by lower cash revenue, which decreased by 12% due to lower deposit volumes. This impact was partially offset by good momentum in Acquiring turnover, which increased by 8%. Transactional revenue increased slightly by 1% due to growth in active transactional customers, partially offset by heightened growth in lower-margin products.

Relationship Banking
for the reporting period ended 31 December

Impairment charges decreased by **8%** to **R0.76bn** (2023: R0.82bn), and the CLR of **0.48%** (2023: 0.56%) remained within the through-the-cycle range. The improved performance is attributable primarily to model enhancements, higher off-balance sheet recoveries, and an improving macroeconomic climate.

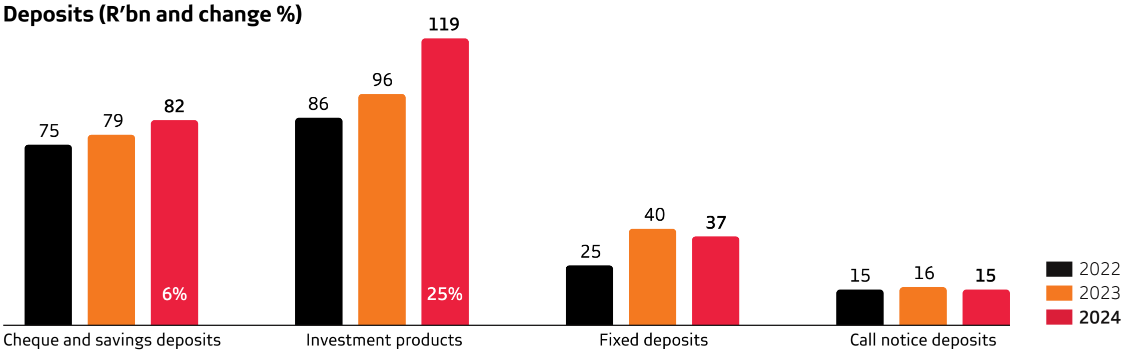
Operating expenses increased by **7%** to **R8 967m** (2023: R8 356m) attributable to the annualisation impact of investment hires in the first half of the year, partially offset by cost containment measures implemented.

Looking ahead

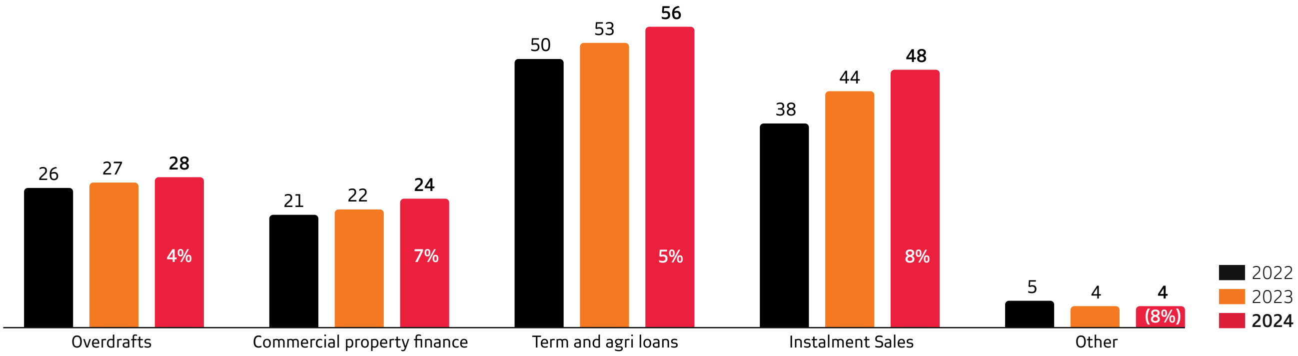
The Relationship Banking strategy remains relevant heading into 2025, with a strong focus on execution to deliver greater shareholder value and maximise the investments made. The business built significant momentum in 2024, which it carries into 2025 with a focus on:

- Maintaining a market leading position and expertise in the agricultural sector while accelerating growth in target sectors, which include wholesale, retail and franchise, transport and logistics, public sector, manufacturing, renewable energy and tourism.
- Scaling the SME business by embedding refined banking and beyond banking customer value propositions (CVPs) to accelerate the acquisition of quality new customers, increase customer profitability and improve service delivery.
- Growing Private Banking and Wealth by further enhancing CVPs and delivering superior service and client experience.
- Improving the client segmentation and service model by adopting industry best practices to improve customer experience, accelerate value creation and sales, and reduce the cost-to-serve.
- Maintaining the momentum in growing Islamic Banking across all Absa segments by accelerating growth in deposits and transactional accounts.
- Finalising the implementation of tactical and transformative initiatives in Payments Acceptance, Cash Management and Commercial Issuing, as well as further embedding improved value propositions.
- Accelerating the growth in Commercial Asset Finance, Commercial Property Finance and Absa Vehicle Management Services to become the preferred financial partner for clients across the Absa client segments.
- Increasing investment in digital capabilities to improve the ease of doing business, enhance customer experience and ensure speedy and consistent service delivery across all channels and customer touchpoints.
- Driving financial inclusion and scaling the Green Asset Finance ambition while ensuring that the RB business impact is not harmful to the planet.
- Continuing to invest in people with a focus on culture, employee wellbeing and upskilling.
- Driving operational excellence through productivity, capital optimisation and cost management to drive efficiencies across the RB footprint and achieve positive margin growth.

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 31 December

Absa Regional Operations – Retail and Business Banking (ARO RBB) **Headline Earnings** increased by **12%** (constant currency (CCY): 35%) to **R1 780m** (2023: R1 584m), with a strong underlying performance in several markets partially offset by a stronger rand and higher cash reserving requirements.

Total income grew by **8%** (CCY: 15%) to **R17 587m** driven by balance sheet growth and increased transactional activity supported by a 14% growth in transactionally active customers.

Return on Regulatory Capital (RoRC) increased to **12.4%** (2023: 11.7%) driven by pre-provision profit growth of 15%.

Credit loss ratio improved to **1.81%** (2023: 1.84%) driven by better collections and recoveries on key portfolios.

Cost-to-income ratio decreased to **64.4%** (2023: 66.6%), underpinned by improved efficiency and strong revenue growth resulting in positive JAWS of 3.6%.

Loans and advances to customers grew by **16%** (CCY: 11%) to **R91.1bn**, supported by growth in personal lending (CCY: 8%), mortgages (CCY: 27%) and commercial lending (CCY: 11%).

Deposits due to customers grew by **22%** (CCY: 18%) to **R147.8bn** supported by both transactional (CCY: 17%) and investment products (CCY: 23%).

Total active customers increased by **13%** to **2.7m** supported by a focus on improving customers' experience and delivering enhanced customer value propositions.

Salient features	2024	2023	Change %	CCY %
Income (Rm)	17 587	16 283	8	15
Pre-provision profit (Rm)	6 263	5 442	15	24
Headline earnings (Rm)	1 780	1 584	12	35
Credit loss ratio (%)	1.81	1.84		
Cost-to-income ratio (%)	64.4	66.6		
RoRWA (%)	1.57	1.49		
RoA (%)	1.13	1.12		
RoRC (%)	12.4	11.7		

ARO RBB business profile

ARO RBB comprises 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 ten banking and five insurance entities in nine 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 built on specific customer value propositions.

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.

Banking operations *continued*

- **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.
- **Inclusive Banking:** Provides access to the financial system and, where appropriate, finance to traditionally under-banked and unbanked segments. 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.
  - **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 focusing on agriculture, wholesale and retail, construction, manufacturing, transport and logistics, and franchising.

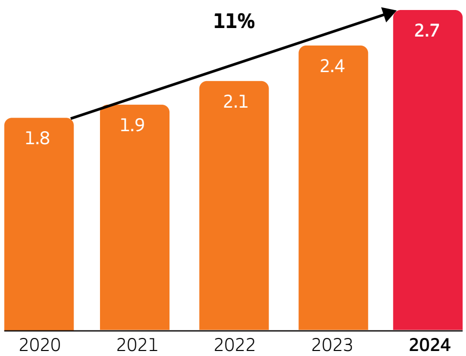
Business performance

Strategic priorities are directed at increasing market share in target segments while improving returns by delivering product and service propositions crafted to meet clients' needs in a digital-first manner wherever possible.

The business saw positive underlying growth in revenue, headline earnings and customer numbers, despite a challenging operating environment in 2024. This was enabled through the delivery of several strategic initiatives to enhance offerings and customer experience while leveraging the strength of our brand. Among these were:

- The successful launch of the new Absa Brand Positioning across nine markets with the tag line "Your Story Matters", further supported by strong sales drives and marketing activities, contributing to the 21% growth in new-to-bank transactional customers.
- The launch of enhanced customer propositions tailored for specific segments and sectors. This included the launch of a new Wealth proposition, the enhancement of Trade & Working Capital offering, and a business club to provide networking and new business opportunities for SME and commercial clients.
- Diversification of payment acceptance beyond traditional point-of-sale (POS), to provide more payment choices for clients and access to new segments by enabling Mobile Money acceptance on MobiTap.
- Client-centric affluent value propositions through the launch of the exclusive Visa Infinite and Visa Signature cards across markets, with the introduction of metal cards in key geographies being a first-to-market offering, supporting a 25% and 21% increase in new debit cards and credit cards, respectively.
- Partnered with global remittance provider, World Remit, to enable Absa as a cash-out partner in two markets, allowing clients multiple channels of choice in receiving remittances.
- Absa Pay provides clients with the ability to tap their Android phone to pay. This has been launched in two markets and was a first-to-market in Mauritius.
- A continued enhancement of digital capabilities across all markets to improve customer convenience and accessibility. This included onboarding capabilities to expand customer acquisition through a broader reach. This supported a 27% growth in customers onboarded digitally and a 22% increase in the value of digital transactions.
- As part of the channel optimisation strategy, we have extended agency banking footprint in six markets through a hybrid approach leveraging partners and third-party agents to grow physical presence without extensive investment in branches.
- Active customers increased by 13% to 2.7m (2023: 2.4m) driven by customer-focused engagements to drive usage, re-activation campaigns, and comprehensive new-to-bank customer growth initiatives.

Active customers growth trend (CAGR)



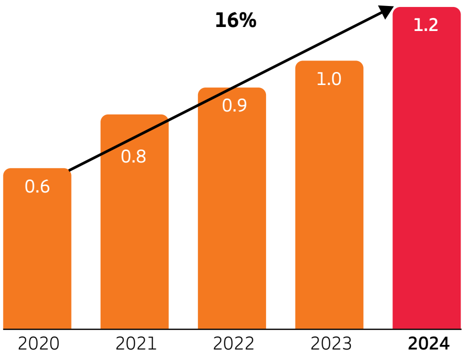
- Digitally active customers increased by 21% to **1.2m** (2023: 1.0m) in line with the business strategy to become a digitally led bank.

Absa Regional Operations–Retail and Business Banking

for the reporting period ended 31 December

Banking operations *continued*

Digitally active customers growth trend (CAGR)



- In addition, we continued to drive the sustainability agenda, specifically regarding financial inclusion. Our focus remains on:
  - Providing access to banking services to unbanked and under-banked segments – Leveraging partnerships with other Pan-African players, we have increased mobile loan disbursements by **21%** to **R8.0bn** (2023: R6.6bn).
  - Broadening access to finance to SMEs, women and youth – Gross disbursements of R1.7bn to SME customers, while Women-in Business offering is now available in six markets offering mentorship programmes, skills development and financing to female entrepreneurs. We supported SME customers through targeted training programmes such as the Enterprise Supply Development Programme, international immersions and hosting initiatives like the Inspire Me conference for over 10,000 women entrepreneurs. We launched a business management tool to boost business efficiency and drive sustainable growth.
  - We assist customers in remaining financially resilient through targeted financial literacy initiatives. Financial literacy initiatives provide expanded support for customers and communities by offering skills training, digital economy insights, technical and vocational artisan skills.

The following accolades were received during the year:

Absa Bank Botswana:

- Top Employer 2024 (Top Employer Institute)
- Best SME Bank Botswana 2024 (Global Banking and Finance Review)
- Best Digital Bank 2024 (Global Brands Magazine)

Absa Bank Ghana:

- Best Retail Bank in Ghana – The Asian Banker Global Excellence in Retail Finance Awards 2024
- Top Employer 2024 (Top Employer Institute)
- Bancassurance Leader Award 2024 (Ghana Insurance Awards)

Absa Bank Mauritius

- Best Employee Engagement/Involvement Award 2024 (Business Mauritius)
- Excellence in Digital Innovation (The Digital Banker Middle East and Africa Retail Banking Innovation Awards 2024)

Absa Bank Mozambique

- Best Bank in Mozambique for Small and Medium Enterprises 2024 (Global Banking & Finance Awards)
- Best Place to Work Mozambique 2024 (Global Banking & Finance Awards)
- Best Financial Institution Women Empowerment Mozambique 2024 (Global Banking & Finance Awards)

NBC Tanzania

- Best Bank for Corporate Social Responsibility 2024 (EURO Money Awards)

Absa Bank Seychelles

- Best Digital Bank 2024 by Digital Banker Africa
- Best Retail Bank 2024 by Global Banking and Finance Review Magazine
- Best Financially Inclusive Bank 2024 by Global Banking and Finance Review Magazine

Absa Bank Tanzania

- Outstanding Work in Supporting Women Access to Finance 2024 (Tanzania Women Industrial Awards)

Absa Bank Uganda

- Best Bank for Sustainable Development Uganda 2024 (Global Banking & Finance Awards)
- Best Digital Banking Experience Awards, 2024 (Consumer Choice Awards)

Absa Bank Zambia

- Customer Experience Excellence 2024 (Zambia Customer Service Awards)
- Digital Innovation Award 2024 (Zambia Ecommerce Awards)

Absa Regional Operations–Retail and Business Banking
for the reporting period ended 31 December

Banking operations *continued*

Financial performance

Salient features	2024	2023	Change %	CCY %
Income (Rm)	**17 113**	15 884	8	14
Pre–provision profit (Rm)	**6 074**	5 332	14	23
Headline earnings (Rm)	**1 683**	1 509	12	34
Credit loss ratio (%)	**1.84**	1.84		
Cost–to–income ratio (%)	**64.5**	66.4		
RoRWA (%)	**1.48**	1.43		
RoA (%)	**1.11**	1.11		
RoRC (%)	**13.1**	12.5		

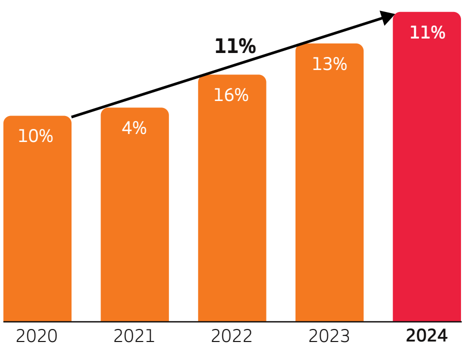
Headline Earnings from Banking operations increased by **12%** (CCY: 34%) to **R1 683m** (2023: R1 509m) driven by pre-provision profit growth of **14%** (CCY: 23%), supporting the increase in RoRC to **13.1%** (2023: 12.5%).

Total income grew by **8%** (CCY: 14%) to **R17 113m** attributed to:

- Net interest income (NII) grew by **7%** (CCY: 13%) to **R12 600m**, driven by strong balance sheet growth across the markets. High interest rates positively impacted net interest margins while higher cash reserve requirements negatively impacted NII growth by 4% on a constant currency basis.
- Non-interest income (NIR) grew by **9%** (CCY: 18%) to **R4 513m** mainly driven by growth in Trade fees (CCY: 31%), Transactional fees (CCY: 19%) and Cards fees (CCY: 19%). The growth in NIR was supported by a higher transactionally active client base, up 14%. Digitally active customers grew by 21%, while the value of transactions on digital channels increased by 22%.

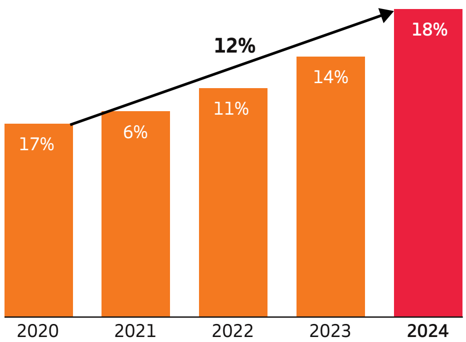
Loans and advances to customers increased by **16%** (CCY: 11%) to **R91.1bn** driven by growth in personal lending (CCY: 8%), mortgage lending (CCY: 27%), and commercial loans (CCY: 11%).

Loans and advances to customers trend (CCY) and growth %



Deposits due to customers increased by **22%** (CCY: 18%) to **R147.8bn** driven by growth in transactional (CCY: 17%) and investment products (CCY: 23%).

Deposits to customers growth trend CCY (CAGR)



Credit impairment charges increased by **9%** (CCY: 13%) to **R1 680m** (2023: R1 540m) while the credit loss ratio at **1.84%** (2023: 1.84%), closed below the through-the-cycle range. The NPL ratio increased to **8.0%** (2023: 7.5%) driven by higher defaults in the Retail business, while the overall coverage ratio remains appropriate at **7.3%** (2023: 7.1%).

Operating expenses increased by **5%** (CCY: 10%) to **R11 039m** as the business drives operational efficiencies and improved productivity. The increase is mainly driven by inflation, and primarily reflected continued investment in upskilling employees, increasing people resources, and increased investment in technology. The cost-to-income ratio decreased to **64.5%**, underpinned by improved efficiency and strong revenue growth, resulting in positive JAWS of 3.1%.

Looking ahead ARO RBB Banking's strategic priorities include:

- Growing the Retail segment with refreshed customer value propositions.
- Growing Commercial and SME product offerings, including segment and sector-focused solutions.
- Enhancing primary relationships with customers by deepening existing and building new customer relationships to drive growth.
- Expanding core lending, mobile lending offerings and innovative payment solutions to augment the existing suite of customer solutions.
- Accelerating the enhancement of digital capabilities to increase the rate of digital adoption across segments and products.
- Driving operational excellence through productivity and capital optimization.

Insurance Operations

Business Profile & Financial Performance

A Bancassurance distribution model with key partners in ARO is seen as a more sustainable model for generating non-interest revenue. As at 31 December 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.

Insurance consists of:

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

The following accolades were received during the year:

First Assurance Kenya

Winner – 2024 Think Business Awards:

- Best Insurance Information Technology Applications Award
- Major Loss Award
- Corporate Risk Manager of the Year Award

Absa Life Assurance Kenya

- Winner – 2024 Think Business Awards: Young Insurance Achiever of the Year
- Winner – 2024 Association of Kenya Insurers (AKI) Awards: Group Life Best Practice Award
- 1st Runner Up – 2024 Think Business Awards: Most Customer-centric underwriter Award and Risk Management Award

Global Alliance Mozambique

- Best Overall Short-Term and Life Insurer in the Diamond Arrow Mozambique Country Survey

Total income grew by **19%** (CCY: 18%) to **R473m** driven by higher new business for Endowment and Group Business coupled with restructuring of the education product lapses and endowment product commission structure which results in lower onerous business. This favorable position was partially offset by the bond devaluation, reinsurance write-off and higher weather-related claims.

Operating expenses increased marginally by **2%** (CCY: 2%) to **R284m** driven by cost efficiencies created through lower spend on professional fees, technology and marketing. The cost-to-income ratio improved to **60.0%** due to the improved revenue performance. This resulted in a growth in headline earnings of **26%** (CCY: 57%) to **R97m**.

Salient features	2024	2023	Change %	CCY %
Income (Rm)	**473**	399	19	18
Pre-provision profit (Rm)	**190**	110	73	74
Headline earnings (Rm)	**97**	77	26	57
Cost-to-income ratio (%)	**60.0**	72.5		
RoRC (%)	**10.0**	8.8		

Corporate and Investment Banking

for the reporting period ended 31 December

Headline earnings increased by **6% to R11 740m** (2023: R11 025m, up 10% in CCY), driven by total income growth of 12%, partially offset by higher credit impairment charges (up 101%) and operating expenses (up 9%).

Non-interest income up 18% (up 22% in CCY), underpinned by double-digit growth across all business units.

Customer deposits up **18%** (up 17% in CCY) and **Gross customer advances** up **9%** (up 8% in CCY).

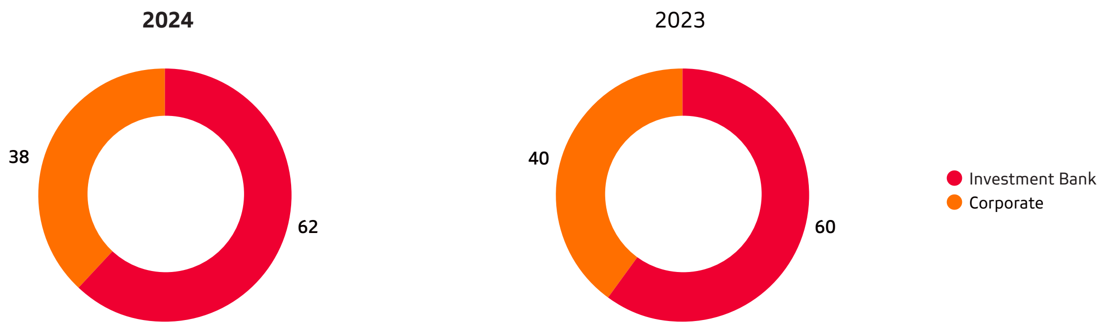
The **credit loss ratio** was within the through-the-cycle (TTC) range of 20–30 bps at **0.29%** (2023: 0.17%), despite impairments being up 101%, off a low base in the prior year.

Return on Regulatory Capital (RoRC) remained strong at **22.5%** (2023: 23.9%).

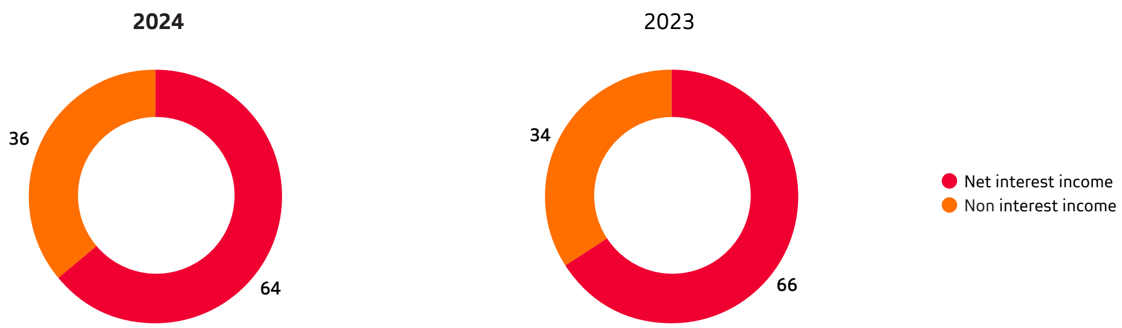
Positive JAWS of 3% and a **cost-to-income ratio of 44.8%** (2023: 45.9%).

Net interest margin contracted by 6bps from 2.71% to **2.65%,** driven by balance sheet composition and adverse impacts of statutory Cash Reserving in ARO.

Headline earnings contribution (%)



Revenue Mix contribution (%)



Corporate and Investment Banking
for the reporting period ended 31 December

Salient features	2024	2023	Change %	CCY %
Income (Rm)	**33 241**	29 785	12	15
Pre-provision profit (Rm)	**18 347**	16 126	14	18
Headline earnings (Rm)	**11 740**	11 025	6	10
Cost-to-income ratio (%)	**44.8**	45.9		
Credit loss ratio (%)	**0.29**	0.17		
RoRWA (%)	**2.68**	2.83		
RoA (%)	**1.00**	1.00		
RoA net of internal balances (%)	**1.39**	1.37		
RoRC (%)	**22.5**	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 aims to build a sustainable, trustworthy business that helps clients achieve their ambitions correctly, thereby creating shared growth for clients, employees and communities.

Key business areas
We partner with 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 Bank –** 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 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.
  - **Equity Investments (EI) –** Equity Investments manages non-core private equity and infrastructure investments. This portfolio continues to be reduced in line with the Group's strategy to exit non-core business.

Corporate and Investment Banking
for the reporting period ended 31 December

	Corporate Bank			
	2024	2023	Change %	CCY %
Statement of comprehensive income (Rm)				
Net interest income	**11 489**	11 138	3	6
Non-interest income	**3 191**	2 840	12	15
Total income	**14 680**	13 978	5	8
Credit impairment charges	**(302)**	(396)	(24)	(22)
Operating expenses	**(7 486)**	(6 912)	8	10
Other expenses	**(122)**	(85)	44	50
Operating profit before income tax	**6 770**	6 585	3	8
Tax expenses	**(1 828)**	(1 720)	6	12
Profit for the reporting period	**4 942**	4 865	2	6
Profit attributable to:				
Ordinary equity holders	**4 447**	4 421	1	6
Non-controlling interest – ordinary shares	**326**	308	6	(0)
Non-controlling interest – preference shares	**45**	40	13	14
Other equity – Additional Tier 1 capital	**124**	96	29	29
	4 942	4 865	2	6
Headline earnings	**4 426**	4 422	0	6
Operating performance (%)				
Net interest margin on average interest-bearing assets	**2.68**	2.79		
Credit loss ratio	**0.29**	0.30		
Non-interest income as % of income	**21.7**	20.3		
Income growth	**5**	19		
Operating expenses growth	**8**	11		
Cost-to-income ratio	**51.0**	49.4		
Statement of financial position (Rm)				
Loans and advances	**101 138**	97 864	3	1
Loans and advances to customers	**81 912**	75 330	9	6
Loans and advances to banks	**19 226**	22 534	(15)	(15)
Investment securities	**3 833**	3 832	0	(0)
Other assets	**382 531**	308 194	24	24
Total assets	**487 502**	409 890	19	19
Deposits	**468 482**	393 312	19	19
Deposits due to customers	**431 857**	364 535	18	18
Deposits from banks	**36 625**	28 777	27	26
Debt securities in issue	**–**	–	–	–
Other liabilities	**13 518**	12 303	10	15
Total liabilities	**482 000**	405 615	19	19
Financial performance (%)				
RoRWA	**3.40**	3.81		
RoA	**1.01**	1.09		

Corporate and Investment Banking

for the reporting period ended 31 December

Investment Bank				Total Corporate and Investment Banking			
2024	2023	Change %	CCY %	2024	2023	Change %	CCY %
9 667	8 411	15	16	**21 156**	19 549	8	11
8 894	7 396	20	25	**12 085**	10 236	18	22
18 561	15 807	17	20	**33 241**	29 785	12	15
(1 233)	(368)	>100	>100	**(1 535)**	(764)	>100	>100
(7 408)	(6 747)	10	12	**(14 894)**	(13 659)	9	11
(399)	(288)	39	40	**(521)**	(373)	40	42
9 521	8 404	13	17	**16 291**	14 989	9	13
(1 331)	(1 163)	14	25	**(3 159)**	(2 883)	10	17
8 190	7 241	13	15	**13 132**	12 106	8	12
7 311	6 602	11	14	**11 758**	11 023	7	11
424	267	59	50	**750**	575	30	23
123	109	13	13	**168**	149	13	13
332	263	26	27	**456**	359	27	27
8 190	7 241	13	15	**13 132**	12 106	8	12
7 314	6 603	11	14	**11 740**	11 025	6	10
2.63	2.61			**2.65**	2.71		
0.29	0.14			**0.29**	0.17		
47.9	46.8			**36.4**	34.4		
17	6			**12**	12		
10	8			**9**	10		
39.9	42.7			**44.8**	45.9		
472 537	438 553	8	7	**573 675**	536 417	7	6
442 314	408 712	8	8	**524 226**	484 042	8	8
30 223	29 841	1	1	**49 449**	52 375	(6)	(6)
53 162	47 012	13	13	**56 995**	50 844	12	12
240 567	204 129	18	20	**623 098**	512 323	22	23
766 266	689 694	11	12	**1 253 768**	1 099 584	14	14
138 143	118 769	16	16	**606 625**	512 081	18	18
78 876	70 085	13	13	**510 733**	434 620	18	17
59 267	48 684	22	22	**95 892**	77 461	24	24
40 153	28 888	39	39	**40 153**	28 888	39	39
574 291	533 384	8	8	**587 809**	545 687	8	8
752 587	681 041	11	11	**1 234 587**	1 086 656	14	14
2.37	2.42			**2.68**	2.83		
1.00	0.96			**1.00**	1.00		

Corporate and Investment Banking

for the reporting period ended 31 December

	Corporate and Investment Banking SA		
	2024	2023	Change %
Statement of comprehensive income (Rm)			
Net interest income	**12 435**	11 580	7
Non-interest income	**6 747**	5 610	20
Total income	**19 182**	17 190	12
Credit impairment charges	**(1 221)**	(846)	44
Operating expenses	**(9 276)**	(8 529)	9
Other expenses	**(343)**	(247)	39
Operating profit before income tax	**8 342**	7 568	10
Tax expenses	**(870)**	(791)	10
Profit for the reporting period	**7 472**	6 777	10
Profit attributable to:			
Ordinary equity holders	**6 848**	6 270	9
Non-controlling interest – ordinary shares	**–**	–	–
Non-controlling interest – preference shares	**168**	149	13
Other equity – Additional Tier 1 capital	**456**	358	27
	7 472	6 777	10
Headline earnings	**6 877**	6 270	10
Operating performance (%)			
Net interest margin on average interest-bearing assets	**2.01**	2.06	
Credit loss ratio	**0.28**	0.22	
Non-interest income as % of income	**35.2**	32.6	
Income growth	**12**	5	
Operating expenses growth	**9**	6	
Cost-to-income ratio	**48.4**	49.6	
Statement of financial position (Rm)			
Loans and advances	**475 684**	450 714	6
Loans and advances to customers	**431 038**	402 176	7
Loans and advances to banks	**44 646**	48 538	(8)
Investment securities	**53 836**	47 651	13
Other assets	**520 104**	418 638	24
Total assets	**1 049 624**	917 003	14
Deposits	**488 610**	403 554	21
Deposits due to customers	**395 538**	327 419	21
Deposits from banks	**93 072**	76 135	22
Debt securities in issue	**40 153**	28 888	39
Other liabilities	**510 173**	476 136	7
Total liabilities	**1 038 936**	908 578	14
Financial performance (%)			
RoRWA	**2.51**	2.54	
RoA	**0.71**	0.68	

Corporate and Investment Banking
for the reporting period ended 31 December

Corporate and Investment Banking ARO				Total Corporate and Investment Banking			
2024	2023	Change %	CCY %	2024	2023	Change %	CCY %
8 721	7 969	9	16	21 156	19 549	8	11
5 338	4 626	15	25	12 085	10 236	18	22
14 059	12 595	12	19	33 241	29 785	12	15
(314)	82	<(100)	<(100)	(1 535)	(764)	>100	>100
(5 618)	(5 130)	10	14	(14 894)	(13 659)	9	11
(178)	(126)	41	50	(521)	(373)	40	42
7 949	7 421	7	16	16 291	14 989	9	13
(2 289)	(2 092)	9	20	(3 159)	(2 883)	10	17
5 660	5 329	6	14	13 132	12 106	8	12
4 910	4 753	3	13	11 758	11 023	7	11
750	575	30	23	750	575	30	23
–	–	–	–	168	149	13	13
-	1	(100)	–	456	359	27	27
5 660	5 329	6	14	13 132	12 106	8	12
4 863	4 755	2	12	11 740	11 025	6	10
4.86	5.03			2.65	2.71		
0.33	(0.06)			0.29	0.17		
38.0	36.7			36.4	34.4		
12	22			12	12		
10	18			9	10		
40.0	40.7			44.8	45.9		
97 991	85 703	14	11	573 675	536 417	7	6
93 188	81 866	14	10	524 226	484 042	8	8
4 803	3 837	25	22	49 449	52 375	(6)	(6)
3 159	3 193	(1)	(1)	56 995	50 844	12	12
102 994	93 685	10	16	623 098	512 323	22	23
204 144	182 581	12	13	1 253 768	1 099 584	14	14
118 015	108 527	9	8	606 625	512 081	18	18
115 195	107 201	7	6	510 733	434 620	18	17
2 820	1 326	>100	>100	95 892	77 461	24	24
–	–	–	–	40 153	28 888	39	39
77 636	69 551	12	18	587 809	545 687	8	8
195 651	178 078	10	11	1 234 587	1 086 656	14	14
2.95	3.34			2.68	2.83		
2.48	2.75			1.00	1.00		

Business performance

CIB sustained its momentum from the first half of the year, achieving double-digit income growth despite changing political dynamics exacerbated by election outcomes in the markets in which the business operates. This strong outcome is attributable to the execution of our key strategic priorities.

Key highlights from CIB's performance in 2024 include:

- **Revenue growth, with strong returns**: Supported by robust client franchise growth, with CIB ARO maintaining its 42% contribution to revenues.
- **Global expansion**: The opening of Absa Beijing Advisory Co. Ltd, signaling CIB's intent to build connectivity and solutioning capability for clients.
- **Client acquisitions:** Onboarding noteworthy new clients and their ecosystems across our markets.
- **Brand repositioning**: Strengthening CIB's commitment to a human-centric approach with the "Invested in your story" campaign.
- **Digital transformation:** Significant strides in partnering with clients to adopt and interact on the business's digital platforms
- CIB employees, in partnership with our clients, continue to contribute meaningfully to the societies in which the business operates, by supporting the following initiatives:
  - The Built4Biz program to equip trainers and learners with entrepreneurial skills.
  - The Coding and Robotics programme in South Africa and Zambia resulting in most of the cohort being eligible for higher learning opportunities.
  - Collaboration with Solana Energy on the Solana Enterprise Development Social Impact project, which saw the installation of a renewable energy system at St Theresa's Home for Boys in Durban.
  - In commemoration of World Food Day, the business contributed to sustainable food security by creating food tunnels for various beneficiaries, including St Theresa Home for Boys in KZN, Fred and Marties Soup Kitchen in Gauteng, MTR Smit Children's Haven in Gqeberha, and Frederic Old Age Home in Gauteng.

Highlights of CIB's industry achievements for the year:

- Five JSE Spire Awards, maintaining Best Research House for seven years running.
- 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 – Commodity Finance.
- Best Trade Finance Bank in Africa at the Asian Banker, Middle East and Africa Finance Awards.
- The Cash Management business was recognised as Africa's Best Cash Management Bank for its collections, corporate cards and foreign exchange product offerings.
- Outstanding Digital CX – Trade Finance Initiative and Best Use of Data and Analytics CX at the Digital Banker Awards.
- CIB was recognised as Best Investment Bank Ghana and Mauritius at the Global Finance World's Best Investment Bank Awards 2024.
- CIB was recognised for six awards in the EMEA African Banking Awards, including Green Finance Bank: Pan Africa, Best Foreign Bank: Kenya & Mauritius, Best Investment Bank: Kenya & Mauritius and Best Debt House: South Africa.
- Three wins at the South African Listed Tracker Awards (SALTA), celebrating excellence in exchange-traded products.
- 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 at the Global Finance: 2024 Sustainable Finance Awards.
- The Research team placed 1st at the 2024 London Stock Exchange Group StarMine Awards for the Most Accurate Macro Forecasting in Reuters Polls for South Africa.

Financial performance

Headline earnings increased by **6%** to **R11 740m** (2023: R11 025m, up 10% in CCY), with strong growth in the second half of the year. The performance was driven by total income which was up **12%** to **R33 241m** (2023: R29 785m, up 15% in CCY), partially offset by higher credit impairments, up **101%** to **R1 535m** (2023: R764m, up 109% in CCY) and operating expenses up **9%** to **R14 894m** (2023: R13 659m, up 11% in CCY). RoRC declined from 23.9% to **22.5%** due to higher capital consumption.

- SA headline earnings increased by **10%** to **R6 877m** (2023: R6 270m), driven by total income growth of **12%** to **R19 182m** (2023: R17 190m); partially offset by higher credit impairment charges (up **44%** to **R1 221m**) and operating expenses growth of **9%** to **R9 276m**.
- ARO headline earnings contributed **41%** to overall CIB's headline earnings (2023: 43%) and increased by **2%** to **R4 863m** (2023: R4 755m, up 12% in CCY), as ARO currency devaluations against the Rand impacted the reported currency growth. Total income increased by **12%** to **R14 059m** (2023: R12 595m, up 19% in CCY), partially offset by an increase in impairments to a net charge of **R314m** (2023: release of R82m) and operating expense growth of **10%** (14% in CCY).

Total income increased by 12%, with higher revenues recorded in the second half of the year compared with the first half. Client franchise revenues grew by 8%, underpinned by increased primary banked and new-to-bank clients. From a product perspective, the Investment Bank delivered income growth of 17% (up 20% in CCY) and in the Corporate Bank income was up by 5% (8% in CCY).

- Net interest income increased by **8%** to **R21 156m** (2023: R19 549m, up 11% in CCY) driven by higher average customer advances and customer deposits (up 13% and 6% respectively). However, margins contracted from 2.71% to **2.65%**, most notably in the Corporate Bank, which was impacted by client mix and statutory Cash Reserving in some ARO markets.

Corporate and Investment Banking

for the reporting period ended 31 December

- Non-interest income increased by **18%** to **R12 085m** (2023: R10 236m, up 22% in CCY) due to higher net fee and commission income as well as higher trading revenues, with Markets SA reflecting a recovery from the first half. Net fee and commission income benefitted from higher fees in the Investment Banking Division (IBD) and increased transactional volumes in Corporate. All business units recorded double-digit growth in non-interest income during the year.

The higher credit impairments were driven by ARO impairments normalising from a net release in the prior year to a charge in the current year, coupled with higher single name charges in SA, albeit lower charges in the second half of the year. The credit loss ratio at **0.29%** (2023: 0.17%) was within the through-the-cycle guidance range (20–30 bps). The total coverage ratio increased to **1.80%** (2023: 1.56%), mainly driven by higher single name impairments.

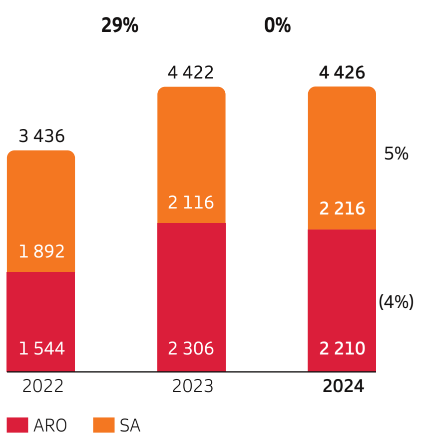
The performing coverage ratio declined to **0.41%** (2023: 0.46%) due to high-quality origination and the migration of higher-risk exposures to Stage 3.

Operating expenses growth of **9%** (up 11% in CCY) was largely driven by inflationary pressures across several markets and higher amortisation, as well as increased investment spend on talent and technology as the business continues to invest for growth.

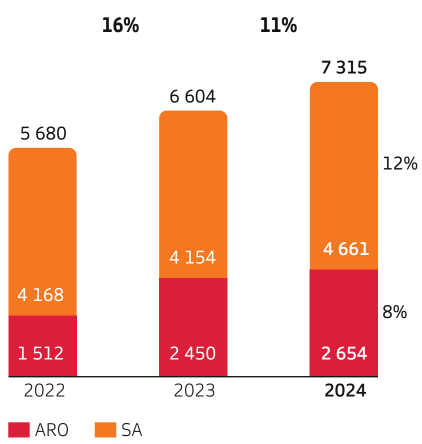
Gross customer loans and advances grew by **9%** to **R531.9bn** (2023: R490.2bn), mainly attributable to growth in Foreign Currency loans (up 19%), Reverse repurchase agreements (up 20%) and Overnight Finance (up 18%) in SA, coupled with higher balances in ARO (up 14%). Customer deposits were up **18%** to **R510.7bn** (2023: R434.6bn), driven by growth across deposit classes in SA, most notably Cheque deposits (up 28%) and Foreign Currency deposits (up 29%), while ARO customer deposit balances increased by 7%.

Headline earnings (Rm and change %)

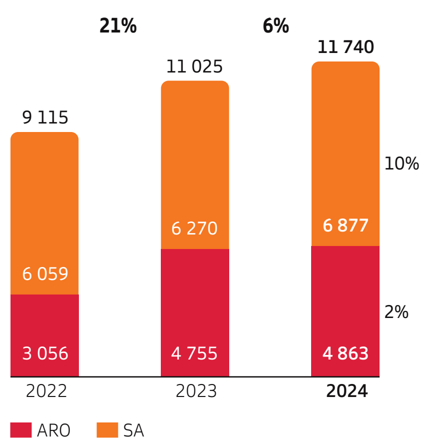
Corporate



Investment Bank



Total CIB



- Corporate Bank headline earnings were largely flat at **R4 426m** (2023: R4 422m, up 6% in CCY), driven by total income growth of **5%** and lower credit impairments (down **24%**), offset by higher costs (up **8%**). SA headline earnings were up 5%, while ARO was down 4%.
  - Income increased by **5%** to **R14 680m** (2023: R13 978m, up 8% in CCY), supported by sales momentum and transactional volumes growth, with the business benefitting from an increase in primary banked clients. This growth was also as a result of higher average advances and deposits.
  - Credit impairments decreased by **24%** to **R302m** (2023: R396m, down 22% in CCY) and the credit loss ratio declined to **0.29%** (2023: 0.30%), mainly due to lower single name charges in both SA and ARO.
  - Operating expenses increased by **8%** to **R7 486m** (2023: R6 912m, up 10% in CCY), largely driven by higher amortisation charges and inflationary pressures across markets.
- Investment Bank headline earnings increased by **11%** to **R7 314m** (2023: R6 603m, up 14% in CCY) supported by growth in both SA and ARO (up 12% and 8% respectively).

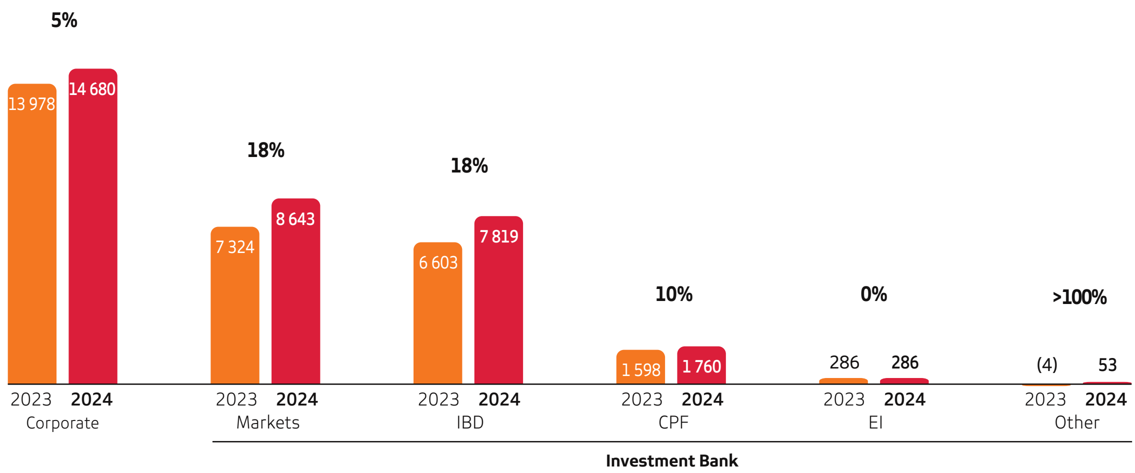
The performance was driven by higher total income (up **17%**), partially offset by higher impairments (up **235%**) and costs (up **10%**).

- Income increased by **17%** to **R18 561m** (2023: R15 807m, up 20% in CCY), off a low base which was impacted by dislocations in foreign currency markets, particularly the Naira, largely in December 2023. Net interest income and non-interest income reflected double-digit growth driven by a solid performance across core business units (IBD up 18%, Markets up 18% and CPF up 10%).
- Credit impairments increased to **R1 233m** (2023: R368m, up 253% in CCY) driven by higher charges on the performing book (from a net release in the prior year) and higher single name charges in SA. This resulted in a higher credit loss ratio of **0.29%** (2023: 0.14%).
- Operating expenses increased by **10%** to **R7 408m** (2023: R6 747m up 12% in CCY) attributable to increased investment spend on people and technology, as well as higher amortisation and inflationary pressures across several markets.

Corporate and Investment Banking

for the reporting period ended 31 December

Gross income mix (Rm and change %)



Business unit performance

Corporate Bank

The Corporate Bank franchise increased income by **5%** to **R14 680m** (2023: R13 978m, up 8% in CCY), with SA up **6%** to **R7 771m** (2023: R7 346m) and ARO up **4%** to **R6 909m** (2023: R6 632m, 11% up in CCY).

- Net interest income increased by **3%** to **R11 489m** (2023: R11 138m, up 6% in CCY) driven by higher balance sheet, offset by margin pressure across key markets. Average deposits to customers grew by **9%** to **R398.1bn** (2023: R365.5bn, up 7% in CCY), while average advances to customers increased by **2%** to **R77.7bn** (2023: R72.6bn, down 9% CCY), with lower demand for trade-related financing noted in SA.
- Non-interest income increased by **12%** to **R3 191m** (2023: R2 840m, up 15% in CCY) driven by continued momentum in transactional volumes.

Corporate Bank income was driven by the following:

- Deposits up **5%** benefitting from increased deposit balances, up **7%**. The adverse impact of the statutory Cash Reserve Ratio (CRR) in some ARO markets as well as adverse client and product mix in key markets resulted in deposits margin compression.
- Transactions increased by **13%** benefitting from sales momentum and higher transactional volumes in both SA and ARO. This outcome is aligned to continued efforts to modernise channels and leverage client propositions across the continent.
- Trade Finance increased **11%** due to strong growth in ARO (up 21%), supported by average balance sheet growth of 8%. As a lever to win primacy, the strategic ambition remains to become the trade partner of choice on the continent.
- Working Capital and Supply Chain Finance up **7%** underpinned by an increase of 38% in ARO driven by strong margin expansion.

Salient features	2024	2023	Change %	CCY %
Gross income (Rm)	**14 680**	13 978	5	8
Credit impairment charges (Rm)	**(302)**	(396)	(24)	(22)
Net income (Rm)	**14 378**	13 582	6	9
Average loans and advances to customers (Rbn)	**77.7**	76.3	2	(9)
Average Deposits to customers (Rbn)	**398.1**	365.5	9	7

Investment Bank

Investment Bank income increased by **17%** to **R18 561m** (2023: R15 807m, up 20% in CCY), with ARO up **20%** (up 28% in CCY) and SA up **16%**.

Net interest income grew by **15%** to **R9 667m** (2023: R8 411m, up 16% in CCY) supported by higher average balance sheet in the IBD and CPF businesses, coupled with margin expansion from 2.61% to 2.63%. Non-interest income increased by **20%** to **R8 894m** (2023: R7 396m, up 25% in CCY), benefitting from strong growth across Markets, IBD and CPF.

Business units performed as follows:

Global Markets

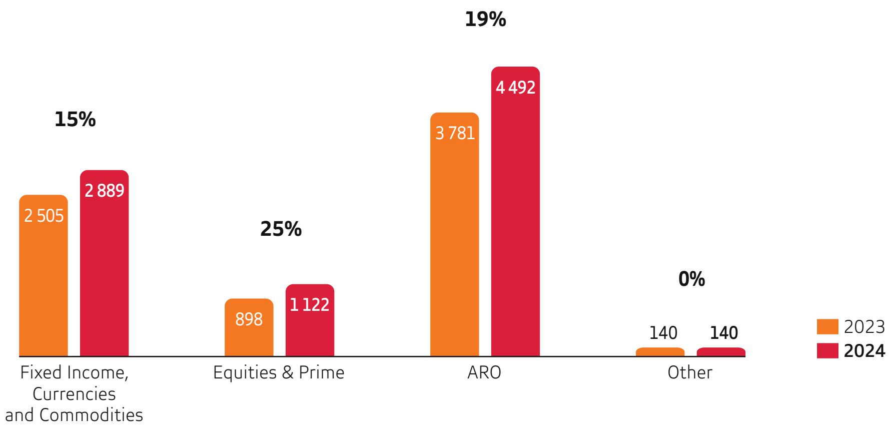
Global Markets income increased by **18%** to **R8 643m** (2023: R7 324m, up 23% in CCY). Markets SA income was up **17%** to **R4 151m** (2023: R3 543m), while Markets ARO income increased by **19%** to **R4 492m** (2023: R 3 781m, up 28% in CCY).

The Markets SA performance was driven by:

- Fixed Income, Credit, Foreign Exchange, and Commodities increasing by **15%** to **R2 889m** (2023: R2 505m), primarily due to increased client flows resulting from the global rate easing cycle in the second half of the year. This provided revenue and risk management opportunities. The current year's growth is compared to a lower base due to limited market opportunities and the Naira devaluation in 2023.
- Equities and Prime increasing by **25%** to **R1 122m** (2023: R898m) as the Equities business delivered a strong performance, driven by client asset allocation strategies, robust growth in client flows, and market share gains across all products supported by product innovation and system enhancements. This led to increased client onboarding, improved trading revenues, and increased activity in Equity Capital Markets. However, these gains were partially offset by a decline in prime services, due to a shift in funding dynamics, reflecting market conditions.

Markets ARO income grew by **19%** to **R4 492m** (2023: R 3 781m, up 28% in CCY), supported by increased client execution as offshore interest returned to key markets. Additionally, strong risk management enabled the business to capitalize on rate-easing cycles, further supporting client transactions across our fixed income and rates portfolios. However, margin compression persisted in FX flow markets as trading conditions normalised following the 2023 peak driven by FX liquidity challenges.

Global Markets gross income split (Rm and change %)

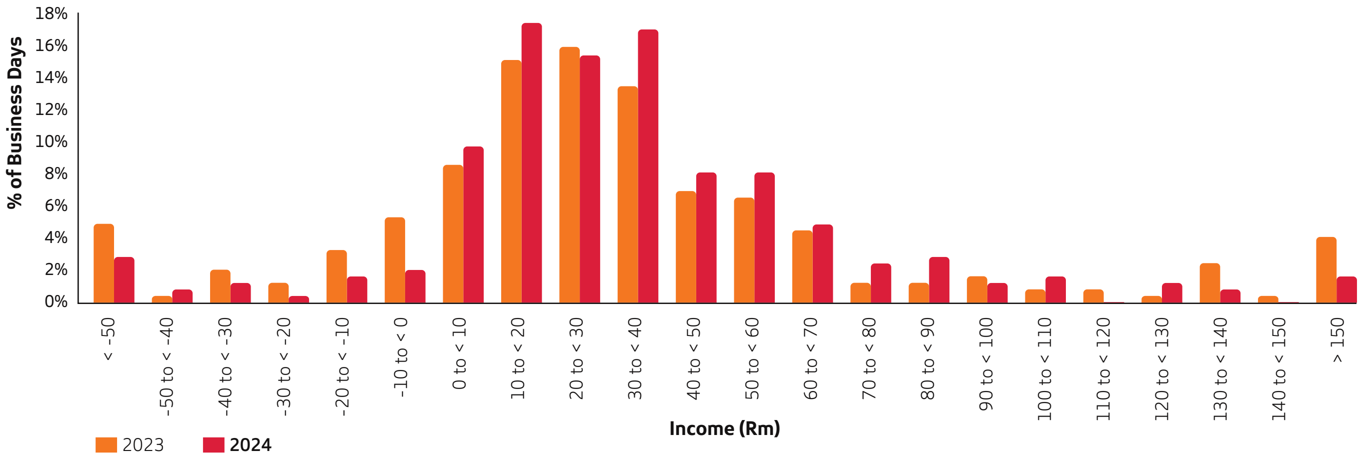


Corporate and Investment Banking

for the reporting period ended 31 December

Investment Bank *continued*

Daily Markets income distribution (Rm)



Investment Banking Division

Investment Banking Division income increased by **18%** to **R7 819m** (2023: R6 603m, up 20% in CCY), supported by higher balance sheet and improved fee income.

- Net interest income growth of 15% was a function of margin expansion in select product lines in a competitive market and growth in average loans and advances to customers (up 15%), due to key deals closed in the Financing business.
- Non-interest income was up 39% supported by increased activity in the Financing and Capital Raising businesses, with strong growth in Equity and Debt Capital Markets. This was partially offset by the Advisory business having a more subdued year characterized by longer than expected execution timetables for certain projects.

The credit impairment charge increased (up 221% off a low base) largely due to single name charges taken during the year.

Salient features	2024	2023	Change %	CCY %
Gross income (Rm)	7,819	6 603	18	20
Credit impairment charges (Rm)	(1 128)	(351)	>100	>100
Net income (Rm)	6 691	6 252	7	8
Average loans and advances to customers (Rbn)	266.9	232.5	15	17

Commercial Property Finance (CPF)

The CPF business increased income by **10%** to **R 1 760m** (2023: R1,598m, up 11% in CCY), aligned to the overall growth objectives for the franchise. The growth was primarily driven by net interest income growth of **10%** (up 11% in CCY), enabled by asset growth of **11%** (up 14% in CCY).

Salient features	2024	2023	Change %	CCY %
Gross income (Rm)	1 760	1 598	10	11
Credit impairment charges (Rm)	(104)	(22)	>100	>100
Net income (Rm)	1 656	1 576	5	6
Average net portfolio assets (Rbn)	84. 2	75. 7	11	14

Investment Bank *continued*

Equity Investments (EI)

Non-Core Private Equity and Infrastructure Investments reported net income of **R286m** (2023: R286m), mainly due to asset realisations and dividends.

Salient features	2024	2023	Change %
Revaluation (Rm)	**87**	255	(66)
Realisations, dividends, interest and fee (Rm)	**232**	66	>100
Funding	**(33)**	(35)	(5)
Net income (Rm)	**286**	286	(0)
Total portfolio size (Rbn)	**0.5**	1.9	(76)

Looking ahead

CIB continues to solidify its presence on the Africa continent and key international corridors. The launch of Absa Beijing Advisory Co. Ltd underscores the business' commitment to meeting clients where they are, positioning CIB as the preferred partner to drive their ambitions.

Key themes for 2025:

- **Sustainable returns and growth:** The business aims to seize opportunities in current and new markets to ensure sustainable returns and growth. This will further be supported by the business' commitment to driving continuous productivity improvements that enhance efficiency and optimize resources.
- **Leveraging expertise and footprint:** By leveraging sector expertise, product propositions, and a diverse footprint, CIB delivers unparalleled value to clients.
- **Client-centric approach:** The goal is to become the go-to partner for clients, playing a crucial role in realising their strategic objectives.
- **Client proximity:** Staying close to clients allows CIB to better serve the clients' needs and exceed their expectations.
- **Data-driven organisation:** CIB is committed to becoming a data-led organisation, driving the adoption of our best-in-class digital offerings to enhance user experience.
- **Brand campaign expansion:** Expanding the brand campaign to attract and retain top talent, highlighting the proof points of the brand delivery promise.
- **Talent investment:** Investing in talent, which is the heart of our strategy, to fulfill our goals.
- **ESG journey:** Taking our stakeholders on our ESG journey by communicating our new ESG financing aspirations.

Head office, Treasury and other operations

for the reporting period ended 31 December

Financial performance

Headline earnings within Head office, Treasury and other operations reflected a higher loss of **R3 033m** for the period (2023: R2 442m loss). The year-on-year movement for earnings reflects the following material items:

- The adverse impact of higher adjustments for hyperinflation accounting in Ghana (increased by **R231m** to a **R634m** earnings loss in 2024);
- The annualised impact of costs relating to Absa Group's Broad-Based Black Economic Empowerment and staff incentivisation transaction (eKhaya) implemented during the second half of 2023 mainly reflecting an IFRS2 charge **(R155m increase to R380m)**;
- Lower earnings in Treasury from interest rate reset benefits in the base vs a loss in 2024 **(R434m PBT impact)**, Depositor Insurance Levies (R172m PBT impact) and an adverse impact year-on-year on Asset-Liability management as well as higher withholding taxes relating to ARO dividends received; partially offset by
- Lower separation-related earnings losses compared to the prior year (R680m post-tax) given lower amortisation and depreciation.

	Head Office		Of Which					
			Barclays Separation		Hyperinflation		Ekhaya	
	2024	2023	2024	2023	2024	2023	2024	2023
Statement of comprehensive income (Rm)								
Net interest income	**696**	1 704	**147**	128	**292**	312	**36**	18
Non-interest income	**(1 057)**	(121)	**0**	(16)	**124**	134	**(15)**	(60)
Total income	**(361)**	1 583	**148**	112	**416**	445	**21**	(42)
Credit impairment charges	**(161)**	(327)	**(0)**	(0)	**(41)**	(20)	**(0)**	(0)
Operating expenses	**(1 274)**	(2 267)	**(609)**	(1 238)	**(218)**	(160)	**(617)**	(211)
Other expenses	**(2 026)**	(1 505)	**(30)**	(131)	**(690)**	(550)	**(2)**	(3)
Operating profit before income tax	**(3 822)**	(2 516)	**(491)**	(1 256)	**(532)**	(285)	**(598)**	(256)
Tax expenses	**486**	88	**290**	296	**(102)**	(119)	**201**	29
Profit for the reporting period	**(3 336)**	(2 428)	**(201)**	(961)	**(634)**	(403)	**(397)**	(227)
Headline earnings	**(3 033)**	(2 442)	**(171)**	(851)	**(634)**	(403)	**(380)**	(225)

Other expenses above includes the net monetary loss relating to hyperinflation and a non-credit related impairment (non-headline earnings) mainly related to Corporate Real estate consolidation of **R562m** (2023: R148m).

Risk and capital management

Risk management overview

for the reporting period ended 31 December

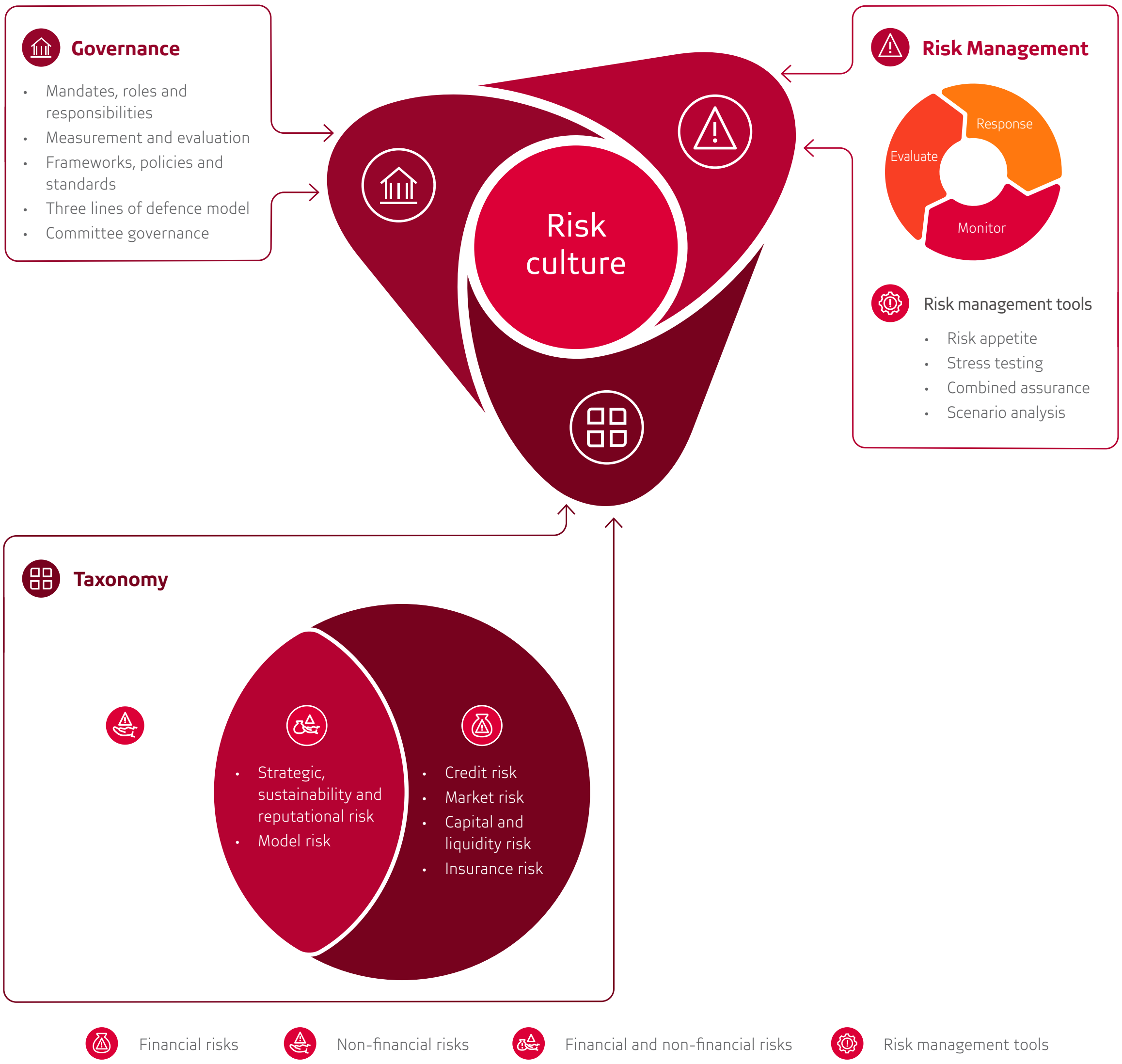
The Enterprise Risk Management Framework

The Group's core purpose, strategy, operating 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.

Risk management overview
for the reporting period ended 31 December

Risks arising from the operating environment

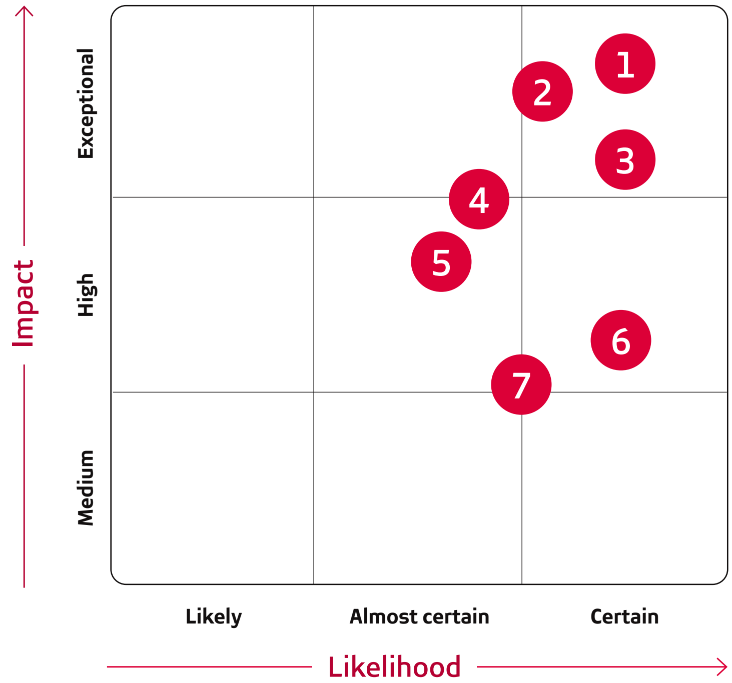
The Group's operating environment is characterised by dynamic global and local developments that increase the bank's risk profile across multiple dimensions. Each of these events carries specific implications for the Group, necessitating strategic responses to safeguard resilience and ensure sustainable growth. The Group remains focused on continuous monitoring of emerging trends and developments, both internally and externally, to identify and address the most relevant risks.

Since the start of 2025 there has been increasing volatility in geopolitics which has resulted in shifts in global domestic and foreign policy, and positions on ESG. This has heightened uncertainty and could have a wide range of direct and indirect ramifications. Global trade developments and pressure on aid spending are expected to impact on the markets, outlooks and expectations of the countries in which the Group operates. This situation will be closely monitored and assessed for its impact on the business.

In an uncertain macroenvironment, stress testing and scenario analysis are critical tools in safeguarding financial stability and enhancing risk management practices. In 2024, the Group conducted a series of deep dives on emerging risk themes, with mitigating actions identified to monitor more closely their future manifestation and potential opportunities. These were considered as part of the annual integrated planning cycle to assess the range of their impact arising within the short- to medium-term.

The Group's current and emerging risks arising from the operating environment are detailed below[1]:

Risk exposure heatmap



Current and emerging risks	Risk trend
1 Geopolitical and economic shifts	↑
2 Sovereign risk	↑
3 Consumer stress	=
4 Operational resilience pressure	=
5 Business risks	=
6 Regulatory landscape	↑
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 impact and likelihood. The Group continually monitors and assess other risks for their potential impact across the value chain.

Risk management overview

for the reporting period ended 31 December

Geopolitical and economic shifts

Risk trends
Elevated risk

Description

Geopolitical instability could escalate existing conflicts, heighten persistent diplomatic tensions and drive transactional or multi-polar trade blocs. Globally, rising nationalism and protectionism may further disrupt global trade and supply chains, affecting diplomatic relations, reducing investment and creating uncertainty. Shifting global foreign policies further exacerbate these risks.

Mitigation and opportunities

- Diversify strategically across markets and sectors mitigates impacts.
- Establishment of representative offices in trading corridors.
- Monitor and maintain an agile approach to positions.
- Perform stress testing and scenario analysis of potential impacts including dynamic approach to risk appetite setting.
- Enhance and monitor early warning indicators.
- Preservation of the Group's liquidity and capital.

Sovereign risk

Risk trends
Elevated risk

Description

High sovereign debt levels, pressure on debt sustainability and foreign exchange (FX) shortages result in economic pressures and socioeconomic strains. Inability to significantly diversify away from sovereign exposures, as a result of regulations in presence countries, may lead to large concentrations.

Mitigation and opportunities

- Proactive management of sovereign risks and concentrations within the regulatory constructs and adjust risk appetite where necessary.
- Maintain cross border risk management focusing on mitigating FX liquidity risk and sovereign susceptibility for presence and non-presence countries.
- Participation in social initiatives to support consumers.

Consumer stress

Risk trends
Stable risk

Description

Consumer stress recovery could remain gradual as global and local economies remain uncertain with slow growth, persistent inflation and elevated interest rates, resulting in defaults, and 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.
- Monitor for concentration build-up in key sectors.

Operational resilience pressure

Risk trends
Stable risk

Description

Continuously evolving threats 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 may impact on operational resilience. Legacy infrastructure, localisation of technological systems in certain ARO countries and costs thereof heighten these risks.

Mitigation and opportunities

- Maintain high stability of the technology estate to minimise incidents impacting customers and operational effectiveness.
- Invest in security platforms, critical processes resilience and third-party risk management tools, and continuously evolve controls.
- Evolve the converged security office to manage economic crime convergence and maintain successful cyber security testing.
- Monitor the payment landscape and risks.
- Maintain business continuity and crisis management scenario planning and testing.

Risk management overview

for the reporting period ended 31 December

Business risks

Risk trends
Stable risk

Description

Risk appetite may be constrained by the complexity of the current operating environment with an adverse impact on strategy execution and operating model and may negatively impact on future change initiatives. Heightened risk from ongoing digital disruption and increased competition, compounded by evolving customer needs and payment system risks, changing the way we do business.

Mitigation and opportunities

- Leverage the Group's expertise, product offerings, diversified footprint across Africa and digital and physical channels to serve customers and explore new revenue streams.
- Maintain alignment between business and risk regarding growth opportunities and risk mitigants. Perform timely and meaningful strategic risk assessments.
- Build and sustain a purpose-led culture, focusing on talent attraction and retention, succession and leadership resilience.

Regulatory landscape

Risk trends
Elevated risk

Description

Increasing pace and evolving complexity of regulatory and statutory requirements across the Group's markets impact the current business model and may require increased capacity and capabilities. Regulatory changes may have a long-term impact on business strategy and Group performance.

Mitigation and opportunities

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

Environmental risks

Risk trends
Elevated risk

Description

Evolving climate and social risks impact on lending and business practices, with increasing regulatory requirements. Lack of availability and dependability of industry and client climate-related information may impact decision making and ability to meet reporting requirements. Shifting external ESG sentiment, including withdrawals from previously agreed pacts and partnerships, may put strain on the availability of sustainability funding and reduce climate mitigation actions taken.

Mitigation and opportunities

- Reduce the Group's operational emissions in line with its 2030 environmental action plan and set scope 1, 2 and 3 targets.
- Embed processes to encourage customers to pragmatically adopt business strategies and practices that align with the sustainability policies.
- Embed existing financing standards and greenwashing policy.
- Acquire and enhance data, with a focus on accuracy and completeness, for credit and insurance risk, models and scenario analyses to assess the impact of climate change risk.
- Develop knowledge and build expertise to support customers and the Group to mitigate environmental risks and optimize opportunities.
- Continue to engage with civil societies, shareholder activists and development finance institutions.

Refer to the **https://www.absa.africa/wp-content/uploads/2025/03/Absa-Group-Pillar-3-risk-management-report-as-at-31-December-2024.pdf** for more granular details on risks in the operating environment.

Key performance metrics

Common equity tier 1 (CET1) ratio[1]
12.6%
2023: 12.5%

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

Leverage ratio[1]
7.8%
2023: 7.7%

Liquidity coverage ratio (LCR)[2]
126.7%
2023: 123.9[3]%

Net stable funding ratio (NSFR)
121.6%
2023: 118.1%

Credit loss ratio (CLR)
1.03%
2023: 1.18%

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

Stage 1 and stage 2 coverage ratio
1.0%
2023: 1.2%

Stage 3 coverage ratio
47.4%
2023: 45.0[3]%

Banking book net interest income (NII) sensitivity for a 2% downward shock in interest rates (Rm)
(R1 904m)
2023: (R1 885m)

Operational risk losses
R417m
2023: R524m

Review of current reporting period

- The capital ratios were above the top end of the Board target range and well above minimum regulatory requirements.
- The liquidity position remained healthy and liquidity metrics were comfortably within risk appetite and above the minimum regulatory requirement.
- Improved macroeconomic outlook assumptions and new business performance within the retail SA portfolios resulted in a reduction of the CLR and the combined stage 1 and 2 coverage ratio.
- The stage 3 coverage ratio increased as the legal book of the retail SA portfolios continued to age and attract higher levels of coverage. Single name charges incurred within CIB also contributed to the increased stage 3 coverage metric.
- The Group continued to actively manage interest rate risk within the predetermined risk appetite.
- Operational risk losses for the period were lower than the prior year due to fewer events experienced over the year.

Priorities

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

- Deliver sustainable value for shareholders by maintaining robust capital supply to support growth.
- Maintain capital ratios at the top end of, or above, the Board target range and above minimum regulatory capital requirements while supporting strategic business growth.
- 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.
- 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 to implement and comply with 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.

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.
3 The December 2023 figure was revised to align with final regulatory submissions.

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.

Key metrics	2024	2023[1]
CLR (%)	1.03	1.18
Stage 3 ratio on gross loans and advances (%)	6.1	6.1
Stage 3 coverage ratio (%)	47.4	45.0
Stage 1 and stage 2 coverage ratio (%)	1.0	1.2
Total coverage ratio (%)	4.1	4.1
Performing book weighted average probability of default (PD) (%)[2]	2.2	2.2
Weighted average loss given default (LGD) (%)[2]	27.7	27.7
Credit risk economic capital (EC) (Rbn)[3]	78.5	72.6
Total credit RWA (Rbn)	887.5	810.5
Primary credit risk RWA (Rbn)[4]	845.9	769.9
Counterparty credit risk (CCR) RWA (Rbn)[5]	31.7	28.9
Equity risk RWA (Rbn)	9.9	11.7

Review of current reporting period

- Gross loans and advances increased to R1 403bn (31 December 2023: R1 321bn) due to institutional and customer facing loan book growth within CIB, that prioritised higher quality credit origination to specific counterparties and sectors. Moderate growth across specific retail portfolios and increased commercial asset finance lending within RB supported the overall growth.
- The CLR decreased to 1.03% (31 December 2023: 1.18%) and tracked marginally above the upper end of the Group's TTC target range of 75bps to 100bps. This was due to improved new business performance and forward-looking macroeconomic assumptions across the retail SA portfolios. The improved new business performance follows rigorous risk reduction measures as well as a shift to lower risk and higher affluent customer bookings in the EB portfolios. Enhancements made to application scorecards and forbearance initiatives created to assist customers experiencing temporary payment difficulty in PSC, further contributed to the increased better risk customer bookings and improved delinquency construct. The improvements observed across the retail SA portfolios was offset by increased single name charges and additional impairments raised for heightened country and sovereign risk across the CIB and ARO portfolios.
- Although the impact of ageing and workout across the back books of the retail SA portfolios continued to significantly contribute to the overall Group impairment charge, improved new business flows started to positively influence the performance of numerous portfolios in the second half of 2024 and resulted in certain business units reverting to within their defined through-the-cycle ranges at year end.
- The implementation of enhanced scorecards, risk cutbacks and forbearance initiatives to support distressed customers in PSC has improved the quality of new business risk and reduced the pace of inflows into the late-stage and legal delinquency categories. Despite this, the stage 3 ratio has remained at 6.1% (31 December 2024: 6.1%), due to increased stage 3 inflows from consumer-led corporates in CIB which have experienced the lagged effect of elevated interest rates and consumer affordability pressures. The ratio was further influenced by lower debt sales and risk reduction measures implemented on the front book of the EB portfolio, which resulted in stage 3 advances growth outpacing overall new business growth.
- The stage 3 coverage ratio increased to 47.4% (31 December 2023: 45.0%) as the legal book of the retail SA portfolios continued to age and attract higher levels of coverage. Single name charges incurred within CIB, as macroeconomic stresses adversely impacted consumer dependent and interest rate sensitive sectors within the portfolio, resulted in further increases to the stage 3 coverage.
- Improved forward looking macroeconomic assumptions and new business performance within the retail SA portfolios resulted in the combined stage 1 and 2 coverage ratio reducing to 1.0% (31 December 2023: 1.2%). This was supported by selective business growth that was focused on higher quality origination to counterparties in key priority sectors across CIB.
- Credit risk EC increased to R78.5bn (31 December 2023: R72.6bn) due to book growth and changes in the portfolio construct.

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.

Credit risk *continued*

- Primary credit risk RWA increased to R845.9bn (31 December 2023: R769.9bn) due to advances growth as well as single name and country rating downgrades across the CIB and Treasury portfolios. This was further influenced by increased RWA's held for defaulted assets in PSC.
- CCR (including CVA) RWA increased to R31.7bn (31 December 2023: R28.9bn) due to increased securities financing transactions within the SA trading book.
- The sale of unlisted equity investments and debt instruments within the private equity portfolio resulted in a reduction of equity risk RWA to R9.9bn (31 December 2023: R11.7bn).

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.
- Manage concentration risk at origination to mitigate risk in line with the Group's concentration risk framework.
- Manage legacy distressed names to maximise recovery rates.
- Selectively invest further in collections capabilities to effectively manage credit risk TTC.
- Focus on talent development and succession planning, ensuring a fully capacitated and well-skilled credit team.
- Progress the implementation of the capital rules for credit risk per the Basel III finalisation, which is expected come into effect on 1 July 2025.
- 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.

Key risk metrics	2024	2023[1]
Traded market risk EC (Rbn)	6.6	4.5
Traded market risk RWA (Rbn)	40.4	45.2
Average traded market risk – 99% value at risk (VaR) (Rm)	56.3	72.9

Review of current reporting period

- Throughout the year, a more defensive strategy was adopted in response to macroeconomic uncertainty, with central banks balancing persistent inflation and slow economic growth.
- EC increased due to higher ARO Default Risk Charge (DRC) driven by increased exposures to ARO sovereign bond holdings. The increase in risk taking was supported by currency stability, reductions in the central bank's policy rate, and rise in foreign investor interest in local bonds, particularly in Kenya toward the latter part of 2024
- 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 Sub-Saharan markets.

Priorities

- Conduct parallel testing and ensure readiness ahead of the FRTB go-live to ensure system functionality, data integrity, and regulatory compliance before fully transitioning to the new framework on 1 July 2025.
- Effectively manage capital demand within risk appetite, considering impacts under current and future regulatory requirements.
- Strengthen the framework for monitoring concentration and liquidity in response to market liquidity and concentration risk indicators.
- Enhance the climate risk stress testing capability and reporting.

1 The December 2023 figures were revised to align with final regulatory submissions.

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.

Key risk metrics	2024	2023
Banking book net interest income (NII) sensitivity for a 2% increase shock in interest rates (Rm)	1 116	1 200
South Africa	758	290
ARO	358	910
Banking book NII sensitivity for a 2% downward shock in interest rates (Rm)	(1 904)	(1 885)
South Africa	(1 006)	(460)
ARO	(898)	(1 425)
Banking book risk EC (Rbn)	8.9	8.6

Review of current reporting period

- The Group continued to manage interest rate risk within established risk parameters.
- Group NII's sensitivity for a 200bps rate cut remained stable at -R1.90bn (December 2023: -R1.89bn) due to offsetting changes in the SA franchise and ARO regions.
- SA NII sensitivity increased due to balance sheet expansion and the resultant reset risk in short-dated tenors which cannot be hedged, coupled with a reduction in other hedging positions. This was mainly offset by a reducing risk profile in ARO, from overall lower exposure to USD rate cuts at year-end.
- The increase in the economic capital of R0.3bn was driven by the investment in liquid government securities on an asset-swap basis. This was reflective of the investment strategy to support the Group's liquidity requirements while effectively managing interest rate risk.

Priorities

- Manage credit spread, interest rate, and foreign exchange risk proactively while adhering to the Group's risk appetite.
- Maintain margin stability through prudent 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.
- Progress the implementation of the regulatory guidelines per the Basel III finalisation for ARO.

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.

Key risk metrics	2024	2023
Total EC (Rbn)	123.8	113.2
Total RWA (Rbn)	1 160.9	1 058.4[1]
CET1 capital adequacy ratio (%)[2]	12.6	12.5
EC coverage	1.5	1.5
Leverage ratio (%)[2]	7.8	7.7
Capital and liquidity risk EC (Rbn)[3]	0.9	–
Cost of equity (CoE) (%)[4]	15.00	14.50

Review of current reporting period

- The Group's capital position improved to 12.6%, above the top end of the Board target range of 11.0% to 12.5%, and well above the minimum regulatory requirement.
- The Group maintained a dividend payout target of 55%.
- RWA growth was mainly attributable to balance sheet growth in ARO increasing credit risk coupled with higher operational risk, market risk and threshold risk, offset by equity risk.
- The Group's tier 1 capital position was impacted by the issuance of additional tier 1 instruments of R3.1bn, partly offset by redemptions of R1.7bn.
- The Group's tier 2 capital was impacted by the issuance of additional tier 2 instruments of R5.2bn offset by redemptions of R3.0bn. The Group secured R2.7bn from a Development Financial Institution (DFI) comprising of a R1.7bn sustainability-linked subordinated loan with African Development Bank and a R1.0bn social tier 2 bond.
- 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.
- Capital and liquidity risk EC increased by R918m as a result of enhanced modelling of pension risk relating to ARO defined benefit pension funds.
- Following assessments of the financial market landscape, the Group's cost of equity increased by 25bps to 14.75% as at 30 June 2024 and increased further by 25bps to 15.00% as at 31 December 2024.

Priorities

- Deliver sustainable shareholder value by generating long-term growth while maintaining sufficient capital supply. Maintain strong capital ratios within, or above, the Board-approved risk appetite and above regulatory minimum levels while supporting a sustainable dividend payout ratio.
- Deploy capital and manage the repatriation of dividends from subsidiaries to optimise capital utilisation.
- 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.
- Monitor and evaluate regulatory developments, and proposed amendments to banking regulations expected in 2025 that may impact the capital position including Basel III finalisation and FRTB.
- The Prudential standard on Flac instruments has been promulgated with an implementation date of 1 January 2026. The Group will appropriately prioritise the issuance of Flac instruments to meet the 6-year phase-in period.
- The Prudential Authority, together with the South African Reserve Bank (SARB), agreed to implement a positive cycle-neutral countercyclical buffer (CCyB). The minimum regulatory capital requirements will increase by 1% with an effective date of 1 January 2026, post a 1-year phase-in period. The SARB requires that banks maintain a positive cycle-neutral CCyB to serve as a shock absorber that can be released in the event of sudden stress.
- The Group remains committed to optimising its total loss-absorbing capacity through a combination of capital and Flac instruments issued in both domestic and international markets.
- Continue to participate in the finalisation of the Financial Conglomerate Supervisory Framework capital standard in SA.

1 The December 2023 figure was revised to align with final regulatory submissions.
2 Includes unappropriated profits.
3 Capital and liquidity risk includes pension risk.
4 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	2024	2023
Sources of liquidity (Rbn)	384.5	333.0
NSFR (%)	121.6	118.1
LCR (%)[1]	126.7	123.9[2]
Loan-to-deposit ratio (%)[3]	80.9	82.7
Loans and advances (Rbn)	1 328.4	1 253.6
South Africa	1 127.5	1 071.5
ARO	200.9	182.1
Deposits (including debt securities) (Rbn)	1 641.4	1 515.1
South Africa	1 360.7	1 255.6
ARO	280.7	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.
  - Absa Bank's strong deposit growth, moderate asset growth and the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) liquidity injection into the market in 2024, all contributed towards the healthy liquidity position.
  - The Group's foreign currency liquidity position remained robust and flexible, 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 28.4% (December 2023: 27.4%) of deposits from customers. The Group continued to maintain a diversified HQLA portfolio, thereby maintaining a 90-day average HQLA at R271.8bn (December 2023: R257.3bn).
  - 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 GFECRA cash injection into the market commenced on 1 July 2024, resulting in additional liquidity in the market and Absa Bank. The GFECRA cash injection 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 in 2024, leading to successfully raising R6.6bn in Senior debt and R3.1bn Additional Tier 1 (AT1) capital and R3.5bn Tier 2 capital within the local SA market. The Group raised R2.7bn Tier 2 from a Development Financial Institution (DFI) made up of Absa's first Sustainability-Linked Tier 2 Loan and first Social Tier 2 bond. The loan was structured to support Women Small and Medium Enterprises (WSMEs) while the Social Tier 2 bond's proceeds are earmarked for affordable housing projects for women. Absa also concluded its inaugural Green Syndicated Loan of USD300m which was significantly over-subscribed, with commitments from 19 geographically diverse institutions. The final Flac instruments standards have been published by the Prudential Authority, with implementation shifting to January 2026 from the expected timeline of January 2025.

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
Liquidity risk *continued*

  - The cost of wholesale funding in domestic markets remained at relatively lower levels in 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.

Priorities

- Preserve the Group's liquidity position in line with the Group's risk appetite.
- Manage the funding and HQLA position in line with the Board-approved framework and ensure compliance with regulatory requirements.
- Focus on growing core retail, relationship bank, corporate and public sector deposits.
- Continue to strengthen and diversify the funding base, while optimising funding costs, to support asset growth, other strategic initiatives and maintain the strong NSFR over the 5-year phase out of the national discretion.
- Collaborate with the regulatory authorities and other stakeholders on SARB's approach to resolution planning in SA.
- Report in terms of the current and future Depositor Insurance Scheme requirements, 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]	2024	2023
Profit before tax (Rm)	2 061	1 857
Capital adequacy cover (regulatory basis) (times)	1.33[2]	1.32
Insurance risk EC (Rbn)	6.2	6.3

Review of current reporting period

- Earnings from insurance activities were favourable driven mainly by the performance of SA life and non-life insurance entities. The SA non-life entity experienced less severe claims from weather related events compared to 2023.
- Absa Financial Services (AFS) and the solo licensed insurance entities remained well capitalised. Absa Life capital adequacy cover at 31 December 2024 was 1.59 and Absa Insurance Company capital adequacy cover at 31 December 2024 was 1.73. The AFS Insurance Group 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 non-banking financial services. It remained resilient due to adequate capital buffers.
- An AFS capital allocation model was developed in 2024 and is currently being embedded in reporting processes.
- The AFS Group recognises climate change as a material financial risk affecting underwriting, pricing, and capital allocation. As part of its climate strategy, the AFS Group integrated climate scenario analysis into risk management and stress testing frameworks. The use of advanced flood risk modelling and catastrophe exposure mapping informed underwriting decisions, ensuring resilience against increasing climate-related losses. Additionally, engagement with reinsurers continues to optimize risk transfer solutions amid a hardening reinsurance market.

Priorities

- Implement modernised and future-fit technology architecture which will include the launch of a differentiated entry level market focused funeral offering in Q2 2025.
- Rapidly scale adoption and take-up of the Group's digital and branch distributed life products to limit adverse impact of reduced credit lending appetite.
- Implement additional customer insights to support policy retention interventions.
- Finalise implementation of the new non-life policyholder administration system.
- Enhance digital capability to enable the Group's customers.
- Evaluate and respond to the risk of continued adverse weather conditions comprehensively as part of broader ESG initiatives.
- Optimise capital efficiencies through accurate measurement and allocation of capital.
- Analyse and interpret complex data and trends, offer insights and suggest adaptive approaches to mitigate or capitalize on emerging risks.
- Monitor the impacts of IFRS 17 and refine risk appetite setting to align with best practice.

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

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.

Key risk metrics	2024	2023
Strategic risk EC (Rbn)	8.3	7.8

Review of current reporting period

- Investment was made to strengthen the strategic risk management capabilities including refinement of measurement and reporting processes, and investment in enablers to support the annual integrated planning process.
- A revised economic capital model was implemented to more accurately quantify the risk of missed strategic objectives, specifically linked to the Group's ability to achieve return on equity targets.
- Scenario planning was enhanced to consider the Group's ability to respond strategically to plausible risk factors over the short term. Primary concerns associated with the strategic landscape in this regard included the heightened consumer stress associated with elevated interest rates and sovereign distress and downgrades across the continent.

Priorities

- Mature and embed strategic risk capabilities to enable agile responses. This includes the refinement of the strategic risk assessment process to enable agility and granularity in such assessments.
- Expand the use of scenario analysis and other monitoring tools to better understand potential variability of impacts and the associated management of strategic risks in support of proactive response strategies.

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.
- Conducted materiality assessments across business portfolios to evaluate and understand climate physical and transition risks.
- Completed climate stress testing as part of the South African Reserve Bank (SARB) climate risk stress testing exercise.
- The Group met its sustainable financing target of R100 billion, to support the transition to a low-carbon economy, one year ahead of the targeted deadline of 2025.

Priorities

- Build capability to support exploratory climate-risk scenario analyses.
- Strengthening the Group's climate risk management processes and practices.
- Develop a holistic set of ESG metrics and reporting mechanisms to measure the Group's progress, together with data strategies to address the accuracy and completeness of climate risk measures.
- Enhance governance and oversight of climate-related risks through a coordinated review across our risk management frameworks, policies and standards.
- Engage proactively with peers and regulators to stay ahead of policy changes and align with broader market trends, helping mitigate the impact of regulatory shocks.

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

- The brand relaunch significantly contributed to improving the 2024 brand consideration metric, which measured the extent to which a consumer considered a brand when they were in the process of making a purchasing decision, improving from 41.8% in 2023 to 43.4% in 2024.
- The 2024 reputation tracker survey which measures stakeholder trust, increased from 75.16 in 2023 to 75.27 in 2024. Absa secured the top trust position in six of its ten regional markets i.e. Mozambique, Uganda, Botswana, Ghana, Zambia, and Kenya. Reputational drivers for the Group remained focused on being a good, safe ethical banker that offers innovative products and services.
- Implemented a comprehensive public relations and communication strategy to address adverse media coverage regarding leadership and governance issues, ensuring the Group's reputation remains intact.
- Demonstrated proactiveness on chosen narratives externally, including but not limited to the Group's active force for good agenda, and ESG efforts.
- Further strengthened the Group's reputation through strategic interventions focussed on advancing education, enhancing youth employability, building strong local partnerships, and supporting overall community well-being. In 2024, Absa invested over R31m in these initiatives, positively impacting more than 250 000 individuals in the communities we serve.
- Enhanced governance and oversight through the formation of the Group Reputation Committee (RepCo), led by the Group Chief Marketing and Corporate Affairs Officer. This initiative, along with the embedment of the Group reputation risk operating model, fostered proactive engagement and unified reputation management efforts and across the businesses.

Priorities

- Proactive implementation and integration of the newly ratified Group Stakeholder engagement and communications strategy, which are designed to foster and nurture robust relationships with key stakeholders and involves regular, transparent communication to ensure stakeholders are well-informed and engaged.
- Maintain appropriate responses to the media and other stakeholders on matters pertaining to the Group or potentially impacting the Group's brand and profile.
- Continue to incorporate sustainability and long-term impacts into our risk management strategies and practices to effectively manage key reputation matters impacting the Group's brand and profile.

Model risk

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

Key risk metrics	2024	2023
Model risk EC (Rbn)	1.8	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.
- Continued the modernisation of SAS infrastructure from on-premise to cloud-based, which is a multi-year project and will complete in 2026.
- 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.

Priorities

- Meeting regulatory change requirements.
- Enhancement in the governance of ML/AI models.
- 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.
- Enhanced model risk training programme for non-technical stakeholders.

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	2024	2023[1]
Total operational risk losses as a percentage of gross income (%)	0.38	0.50
Total operational risk losses (Rm)	417	524
Operational risk EC (Rbn)[2]	12.6	11.7
Total operational risk RWA (Rbn)	208.4	176.6
Operational risk (Rbn)	178.6	144.5
Non-customer assets (Rbn)	29.8	32.1

Review of current reporting period

- Maintained groupwide 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 consumer stress 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.
- Operational risk losses for the period were lower than the prior year due to fewer events experienced over the year.
- RWA increased to R208.3bn (2023: R176.6bn) due to the growth in revenue, changes in the foreign exchange rates of the ARO countries and higher operational risk requirements that came into effect from September 2024.
- EC increased to R12.6bn (2023: R11.7bn) due to changes in the risk profile, as well as 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:
  - Refinement of business continuity responses and scenario planning.
  - Enhancement and optimisation of fraud, information security and cyber controls.
  - Ensuring continuity of services from third parties.
  - Improving 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 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.

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

- Focused on vulnerable customers during the ongoing digitisation of customer processes to ensure the fair treatment of customers.
- Ensured the fair treatment of customers, especially distressed and vulnerable customers, affected by the challenging economic environment, including sustained high interest rates, through the provision of debt restructuring and repayment plans on the secured lending products.
- Strengthened the customer complaints management capability, resulting in complaints escalated to the National Financial Ombuds Scheme (NFO) remaining largely stable over the period.
- Improved controls and process efficiencies around the management of organizational and employee conflicts of interest using Artificial Intelligence (AI).
- Progressed internal training and awareness on privacy, security and the responsible use of personal data.
- Integrated Environmental, Social, and Governance (ESG) risks into conduct and compliance frameworks, policies and processes.
- Instilled corporate values that promote ethical conduct through targeted interventions and extensive training designed to further enhance leadership impact, confidence in internal reporting channels and employee wellbeing and resilience.
- Embedded a vigilant and proactive compliance posture through robust compliance processes and practices.

Priorities

- Ensure measures are in place to prevent mis-selling, including enhancing staff training, refining product governance processes and ensuring transparent communication to help customers make more informed decisions.
- Ensure strong and balanced governance, oversight and culture to plan and execute major changes in a way that safeguards customers, while the Group executes on its restructure plans for the retail banking businesses.
- Foster a healthy purposeful culture and instil corporate values that promote ethical conduct, encourage staff at all levels to act with integrity and in a customer centric way.
- Manage outsourcing and privacy risks linked to third-parties in response to evolving business, regulatory and cybersecurity landscapes.
- Enhance complaints management processes by leveraging increased automation and AI driven solutions.
- Enhance oversight mechanisms and monitoring of AI systems to ensure alignment with regulatory expectations and commitments to responsible innovation.
- Expand the deployment of AI capabilities and predictive models to improve detection of misconduct and risk management.
- Proactively engage, empower and embed best practices related to fraud, privacy and ESG into the employee and customer experience.

Compliance risk *continued*

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

- Collaborated with Global Screening Service (GSS) on the development of a global payments screening solution of which Absa is the first bank globally to deploy the solution. Deployment was completed across SA.
- Continued interaction across the industry and with external bodies and forums to strengthen the collective effectiveness in fighting financial crime (e.g. Banking Association of South Africa, South African Revenue Service, National Payments System Department and South African Money Laundering Integrated Taskforce).
- Continued to play a prominent role in advocating and lobbying changes in legislation and participated in international think tanks (e.g. Royal United Services Institute and Eastern and Southern Anti-Money Laundering Group).
- Continued to support the Prudential Authority's submissions to the Financial Action Taskforce (FATF) to assist in removing SA from the grey list.
- Enhanced predictive models and implemented real-time adjudication by expanding data capabilities, data assets and artificial Intelligence (AI) capabilities resulting in improved analytical detection and data driven risk management decisioning and monitoring.
- Strengthened the risk management capability by optimising and digitising investigation, reporting, exception and monitoring processes across all financial crime.

Priorities

- Deploy the Global Screening Service (GSS) solution in all ARO subsidiaries.
- Leverage advance systems and technology platforms to enhance responses to emerging threats, thereby improving effectiveness in fighting financial crime.
- Enhance data capabilities and reinforce data infrastructure to further enable pro-active, data-driven risk management, assessment and monitoring.
- Leverage AI to optimise risk management processes.
- Adopt a holistic financial crime approach across all areas to create seamless integration of intelligence and risk management.
- Maintain a prominent role in advocating for legislative changes and active engagements in international forums to enhance threat detection and awareness of emerging financial crime threats across pan-Africa and globally.

Capital management and risk weighted assets

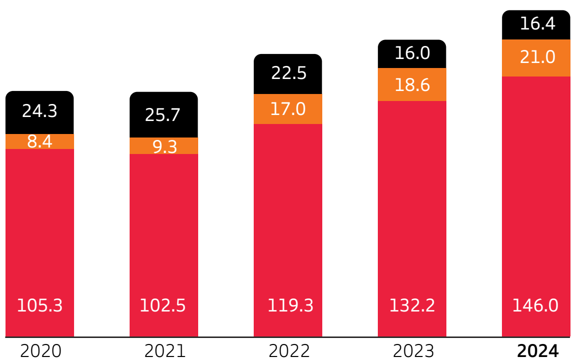
Capital adequacy

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.

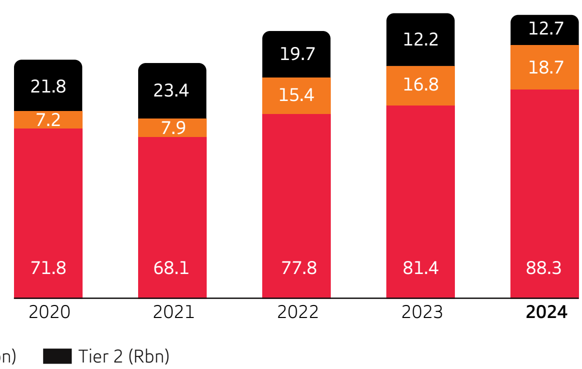
	Board target ranges[1]	Minimum RC requirements[2]	Group performance 2024	Group performance 2023	Bank performance 2024	Bank performance 2023
Statutory capital ratios (includes unappropriated profits) (%)						
CET1	11.0 – 12.5		**12.6**	12.5	**12.6**	11.9
Tier 1	>12.0		**14.4**	14.2	**15.3**	14.4
Total capital adequacy requirement (CAR)	>14.5		**15.8**	15.8	**17.1**	16.2
Leverage	> 5.5		**7.8**	7.7	**6.1**	6.1
Regulatory capital ratios (exclude unappropriated profits) (%)						
CET1		8.5	**11.8**	12.1	**11.7**	11.6
Tier 1		10.3	**13.6**	13.8	**14.4**	14.0
Total CAR		12.5	**15.1**	15.4	**16.2**	15.8
Leverage		4.0	**7.4**	7.5	**5.8**	5.9

Qualifying capital (including unappropriated profits)

Group



Bank



Group 2020	Group 2021	Group 2022	Group 2023	Group 2024		Bank 2020	Bank 2021	Bank 2022	Bank 2023	Bank 2024
11.2	12.8	12.8	12.5	**12.6**	CET1 ratio (%)	10.6	12.4	12.5	11.9	**12.6**
15.0	17.0	16.6	15.8	**15.8**	Total CAR (%)	15.6	17.9	17.6	16.2	**17.1**
915.1	931.5	1 007.4	1 058.4[3]	**1 160.9**	RWA (Rbn)	640.0	630.0	662.1	683.0[3]	**699.2**

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.

Overview of risk weighted assets

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

Group	2024 RWA Rm	2023[1] RWA Rm	2024 Minimum capital requirement[2] Rm
Credit risk[3]	887 530	810 453	110 943
Market risk	40 371	45 215	5 046
Operational risk[4]	208 359	176 571	26 045
Threshold items	24 656	26 141	3 082
Total	**1 160 916**	1 058 380	**145 116**

Absa Bank[5]	2024 RWA Rm	2023[1] RWA Rm	2024 Minimum capital requirement[2] Rm
Credit risk[3]	546 517	521 173	68 316
Market risk	24 650	36 669	3 081
Operational risk[4]	115 653	111 710	14 457
Threshold items	12 348	13 466	1 544
Total	**699 168**	683 018	**87 398**

1 The December 2023 figures were revised to align with final regulatory submissions.
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 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 supply

Breakdown of qualifying capital

Group	2024 Rm	2024 %[1]	2023 Rm[2]	2023 %[1]
CET1	137 451	11.8	127 914	12.1
Additional Tier 1 capital	21 012	1.8	18 635	1.7
Tier 1 capital	158 463	13.6	146 549	13.8
Tier 2 capital	16 425	1.4	15 980	1.5
Total qualifying capital (excluding unappropriated profits)	174 889	15.1	162 529	15.4
Qualifying capital (including unappropriated profits)				
CET1 including unappropriated profits	146 002	12.6	132 170	12.5
CET1	137 451	11.8	127 914	12.1
Unappropriated profits	8 551	0.7	4 256	0.4
Additional Tier 1 capital	21 012	1.8	18 634	1.7
Tier 1 capital	167 014	14.4	150 804	14.2
Tier 2 capital	16 425	1.4	15 980	1.5
Total qualifying capital (including unappropriated profits)	183 439	15.8	166 785	15.8

Absa Bank[3]	2024 Rm	2024 %[1]	2023 Rm[2]	2023 %[1]
CET1	81 991	11.7	79 019	11.6
Additional Tier 1 capital	18 709	2.7	16 778	2.5
Tier 1 capital	100 700	14.4	95 797	14.0
Tier 2 capital	12 718	1.8	12 237	1.8
Total qualifying capital (excluding unappropriated profits)	113 418	16.2	108 034	15.8
Qualifying capital (including unappropriated profits)				
CET1 including unappropriated profits	88 256	12.6	81 413	11.9
CET1	81 991	11.7	79 019	11.6
Unappropriated profits	6 265	0.9	2 394	0.4
Additional Tier 1 capital	18 709	2.7	16 778	2.5
Tier 1 capital	106 965	15.3	98 191	14.4
Tier 2 capital	12 718	1.8	12 237	1.8
Total qualifying capital (including unappropriated profits)	119 683	17.1	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.

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	2024 Rm	2023 Rm
Credit risk[1]	78 504	72 583
Market risk	15 561	13 094
Trading book risk	6 615	4 468
Banking book risk	8 946	8 626
Insurance risk	6 242	6 339
Strategic, sustainability and reputational risk	8 251	7 800
Model risk	1 760	1 663
Capital and liquidity risk[2]	918	–
Operational and resilience risk[3]	12 598	11 744
Total EC requirement	**123 834**	113 223
Total EC AFR	**186 872**	169 820
Total EC surplus	**63 038**	56 597
EC coverage ratio	**1.5**	1.5

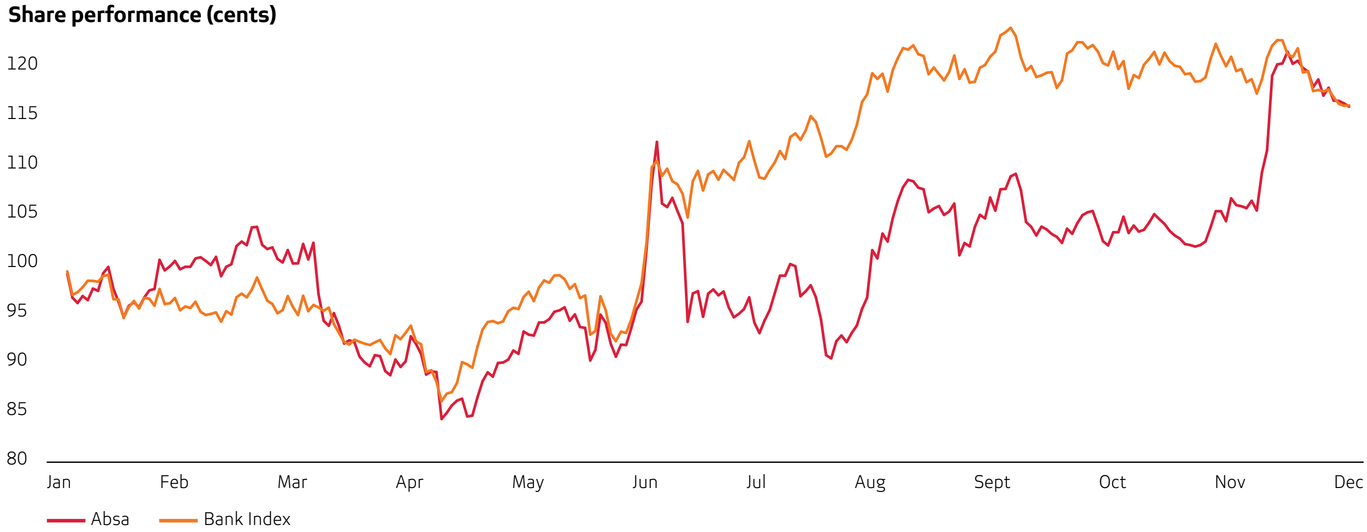
1 Credit risk includes investment risk, CCR, CVA and securitisation.
2 Capital and liquidity risk includes pension risk.
3 Operational and resilience risk includes operational risk and physical asset risk which includes property and equipment.

Appendices

Share performance

for the reporting period ended 31 December

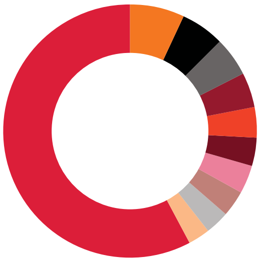
Share performance (cents)



Share performance on the JSE	2024	2023	Change %
Number of shares in issue, which includes 2024: 64 918 470 (2023: 65 322 25) treasury shares	**894 376 907**	894 376 907	
Market prices (cents per share):			
closing	**18 975**	16 371	16
high	**19 826**	20 574	(4)
low	**13 778**	15 318	(10)
average	**16 292**	17 765	(8)
Closing price/ NAV per share (excluding preference shares) (%)	**0.98**	0.97	1
Price-to-earnings ratio (closing price/HEPS) (%)	**7.12**	6.63	7
Volumes of shares traded (Million)	**776**	775	0
Value of shares traded (Million)	**126 505**	136 030	(7)
Market capitalisation (Rm)	**169 708**	146 418	16
Annual total return (%)	**24.3**	(9.0)	>100

Shareholder information and diary

Major ordinary shareholders (%)



2024	2023	
7.00	(7.00)	Newshelf 1405 Limited (SA)
5.72	(5.06)	M&G (SA, UK)
4.86	(5.14)	Public Investment Corporation (SA)
4.38	(4.57)	BlackRock Incorporated (US, UK, JP, AU, CA)
3.90	(3.83)	Citigroup Global Markets (SA)
3.85	(3.73)	The Vanguard Group (US, AU)
3.50	(3.35)	Investec Securities (SA)
3.20	(1.92)	Schroders (UK, AU, SG, US, JP)
3.18	(3.26)	Old Mutual (SA)
2.77	(3.27)	Sanlam Investment Management (SA)
57.64	(56.88)	Other

Major shareholding split by geography (%)

2024	2023	
61.81	(64.17)	South Africa
17.74	(17.26)	United States and Canada
10.50	(7.39)	United Kingdom
9.95	(11.18)	Other countries

Shareholder diary

Financial year-end	31 December 2024
Annual general meeting	03 June 2025

Dividend	Declaration date	Last day to trade	Ex-dividend date	Record date	Payment date
Final	Tuesday 11 March 2025	Tuesday 22 April 2025	Wednesday 23 April 2025	Friday 25 April 2025	Tuesday 29 April 2025

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 200 bps 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 dividend 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 CET1;
- Retained earnings;
- Accumulated other comprehensive income and other disclosed reserves;
- Common shares issued by consolidated subsidiaries Absa Bank Limited and held by third parties (i.e., non-controlling interest) that meet the criteria for inclusion in CET1; and
- Regulatory adjustments applied in the calculation of CET1.

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 CET1);

- Stock surplus (share premium) resulting from the issue of instruments included in Additional Tier 1 capital;
- Instrument 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 risk-weighted assets. 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 74 and 75 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).

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 which 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.

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.

Glossary

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.

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.

Net asset value per share

Total equity attributable to ordinary equity holders divided by the number of shares in issue excluding treasury shares. 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 credit 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 twelve months trailing diluted 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 risk-weighted assets.

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

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.

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 excluding treasury shares. 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

List of abbreviations

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
CET1	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

Abbreviations and acronyms

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

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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