Absa Group Limited

Unaudited consolidated financial results for the interim reporting period ended 30 June 2024

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Financial director statement

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

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

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 unaudited consolidated interim financial results (hereafter referred to as 'financial results') contained in the announcement released on the Stock Exchange News Service (SENS) on 19 August 2024. The GACC and the Board are satisfied that the details disclosed in the SENS are a fair presentation of the financial results and comply, in all material respects, with the relevant provisions of the South African Companies Act, JSE Listings Requirements, IFRS® Accounting Standards, IFRS Interpretations Committee (IFRIC Interpretations), IAS 34 Interim Financial Reporting (IAS 34) and SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee.

Absa Group Limited

Unaudited consolidated financial results for the interim reporting period ended 30 June 2024

Authorised financial services and registered credit provider (NCRCP7)
Registration number: 1986/003934/06
Incorporated in the Republic of South Africa
JSE share code: ABG
ISIN: ZAE000255915
(Absa, Absa Group, the Group, or the Company)

The full announcement is available from the Company's website: https://www.absa.africa/investor-relations/financial-results/. Copies of the full announcement can also be requested at the Company's registered office, free of charge, during office hours on normal business days, or alternatively by sending an email to groupsec@absa.africa.

Profit and dividend announcement

for the interim reporting period ended 30 June 2024

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

Salient features

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

Basis of preparation of constant currency financial information

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

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

Overview of results

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

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

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

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

Operating environment

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

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

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

Group performance

Statement of financial position

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

Loans and advances

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

Funding

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

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

Net asset value

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

Capital to risk-weighted assets (RWA)

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

Statement of comprehensive income

Net interest income

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

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

Group performance (continued)

Statement of comprehensive income (continued)

Non-interest income

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

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

Credit impairment charges

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

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

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

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

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

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

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

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

Operating expenses

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

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

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

Other expenses

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

Taxation

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

Segment performance

Product Solutions Cluster

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

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

Everyday Banking

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

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

Relationship Banking

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

ARO RBB

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

CIB

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

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

Segment performance (continued)

Head Office, Treasury and other operations

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

Geographic split

South Africa

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

Africa regions

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

Prospects

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

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

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

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

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

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

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

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

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

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

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

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

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

Declaration of interim ordinary dividend number 74

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

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

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

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

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

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

On behalf of the Board

N R Drutman
Group Company Secretary

Johannesburg
19 August 2024

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

Basis of presentation

for the interim reporting period ended 30 June 2024

The Group's consolidated financial results for the interim reporting periods ended 30 June 2024 and 30 June 2023 are unaudited and have not been independently reviewed by the Group's external auditors. These 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, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act.

These consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

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 foreseeable future. For this reason, the information in this report has been prepared on a going concern basis.

Accounting policies

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

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

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

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

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

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

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

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

Events after the reporting period

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

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

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

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

On behalf of the Board

M S Moloko
Group Chairman

A Rautenbach
Group Chief Executive Officer

D Raju
Group Financial Director

Johannesburg
19 August 2024

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Consolidated salient features

for the interim reporting period ended

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

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

Headline earnings is presented after allowing for **R203m** (30 June 2023: R174m; 31 December 2023: R373m) profit attributable to preference equity holders and **R506m** (30 June 2023: R426m; 31 December 2023: R899m) profit attributable to additional Tier 1 capital holders.

The Net interest margin on average interest-bearing assets has been updated to incorporate the impact of the Barclays separation.

Consolidated statement of financial position

as at

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

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

Consolidated statement of comprehensive income

for the interim reporting period ended

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

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

Consolidated statement of comprehensive income

for the interim reporting period ended

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

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

Consolidated statement of changes in equity

for the interim reporting period ended

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm	General credit risk reserve Rm	Fair value through other compre-hensive income reserve Rm
Restated balance at the beginning of the reporting period	829 055	1 657	10 464	130 308	2 157	895	(1 200)
Total comprehensive income	—	—	—	9 838	379	—	521
Profit for the period	—	—	—	9 845	—	—	—
Other comprehensive income	—	—	—	(7)	379	—	521
Dividends paid during the reporting period	—	—	—	(5 685)	—	—	—
Distributions paid during the reporting period	—	—	—	—	—	—	—
Issuance of Additional Tier 1 capital	—	—	—	—	—	—	—
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	(395)	(8)	—	—	—
Elimination of the movement in treasury shares held by Group entities	(281)	—	(3)	—	—	—	—
Movement in share-based payment reserve	—	—	395	—	189	—	—
Transfer from share-based payment reserve	—	—	395	—	(395)	—	—
Value of employee services	—	—	—	—	612	—	—
Deferred tax	—	—	—	—	(28)	—	—
Transfer to retained earnings – non-vested shares	—	—	—	17	(17)	—	—
Movement in general credit risk reserve	—	—	—	(348)	348	348	—
Share of post-tax results of associates and joint ventures	—	—	—	(113)	113	—	—
Balance at the end of the reporting period	828 774	1 657	10 461	134 009	3 171	1 243	(679)

30 June 2024

Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Insurance finance reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Other equity: Additional Tier 1 capital Rm	Total equity Rm
(1 279)	501	44	(140)	1 399	1 939	144 586	6 905	4 644	8 262	164 397
223	(541)	—	176	—	—	10 217	1 417	203	506	12 343
—	—	—	—	—	—	9 845	960	203	506	11 514
223	(541)	—	176	—	—	372	457	—	—	829
—	—	—	—	—	—	(5 685)	(680)	(203)	—	(6 568)
—	—	—	—	—	—	—	—	—	(506)	(506)
—	—	—	—	—	—	—	—	—	1 511	1 511
—	—	—	—	—	—	(403)	—	—	—	(403)
—	—	—	—	—	—	(3)	—	—	—	(3)
—	—	—	—	189	—	584	—	—	—	584
—	—	—	—	(395)	—	—	—	—	—	—
—	—	—	—	612	—	612	—	—	—	612
—	—	—	—	(28)	—	(28)	—	—	—	(28)
—	—	—	—	(17)	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	113	—	—	—	—	—
(1 056)	(40)	44	36	1 571	2 052	149 298	7 642	4 644	9 773	171 357

Consolidated statement of changes in equity

for the interim reporting period ended

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

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

Restated
30 June 2023

Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Insurance finance reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Other equity: Additional Tier 1 capital Rm	Total equity Rm
(3 215)	1 393	57	(356)	1 102	1 739	134 542	6 448	4 644	7 503	153 137
(197)	2 217	—	(10)	—	—	12 666	829	174	426	14 095
—	—	—		—	—	10 792	734	174	426	12 126
(197)	2 217	—	(10)	—	—	1 874	95	—	—	1 969
—	—	—	—	—	—	(5 402)	(526)	(174)	—	(6 102)
—	—	—	—	—	—	—	—	—	(426)	(426)
—	—	—	—	—	—	(1 235)	—	—	—	(1 235)
—	—	—	—	—	—	442	—	—	—	442
—	—	—	—	(299)	—	239	—	—	—	239
—	—	—	—	(538)	—	—	—	—	—	—
—	—	—	—	420	—	420	—	—	—	420
—	—	—	—	(181)	—	(181)	—	—	—	(181)
—	—	—	—	—	—	—	—	—	—	—
—	—	53	—	—	—	—	—	—	—	—
—	—	—	—	—	82	—	—	—	—	—
(3 412)	3 610	110	(366)	803	1 821	141 252	6 751	4 644	7 503	160 150

Consolidated statement of changes in equity

for the interim reporting period ended

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm	General credit risk reserve Rm	Fair value through other compre-hensive income reserve Rm
Restated balance at the beginning of the reporting period	827 426	1 654	10 191	122 161	536	808	(992)
Impact of hyperinflation	—	—	—	815	(5)	—	(27)
Restated balance at the beginning of the reporting period	827 426	1 654	10 191	122 976	531	808	(1 019)
Total comprehensive income	—	—	—	19 443	1 078	—	(181)
Profit for the period	—	—	—	19 891	—	—	—
Other comprehensive income	—	—	—	(448)	1 078	—	(181)
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	—	—	—	—	—	—	—
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	(1 200)

31 December 2023

Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Insurance finance reserve Rm	Share-based payment reserve Rm	Associates and joint ventures reserve Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Other equity: Additional Tier 1 capital Rm	Total equity Rm
(3 215)	1 393	57	(356)	1 102	1 739	134 542	6 448	4 644	7 503	153 137
—	—	—	—	22	—	810	—	—	—	810
(3 215)	1 393	57	(356)	1 124	1 739	135 352	6 448	4 644	7 503	153 947
1 936	(892)	—	216	—	—	20 521	1 085	373	899	22 878
—	—	—	—	—	—	19 891	1 400	373	899	22 563
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	—	—	—	—	—
(1 279)	501	44	(140)	1 399	1 939	144 586	6 905	4 644	8 262	164 397

Condensed consolidated statement of cash flows

for the interim reporting period ended

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

Notes to the condensed consolidated statement of cash flows

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

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

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

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

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

Notes to the unaudited consolidated financial results

for the interim reporting period ended 30 June 2024

1. Non-current assets and non-current liabilities held for sale

The following movements in non-current assets and non-current liabilities held for sale occurred during the current reporting period:

- Head Office, Treasury and other operations disposed of property with a carrying amount of **R32m**.
- Everyday Banking disposed of property with a carrying amount of **R1m**.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of **R13m** to non-current assets held for sale.
- A Bancassurance distribution model with key partners in ARO is seen as a more sustainable model to generate non-interest revenue. As at 30 June 2024, the assets and liabilities of **R3 025m** and **R2 083m** respectively, relating to certain ARO Insurance subsidiaries were reclassified into non-current assets and liabilities held for sale in accordance with IFRS 5 requirements.

The following movements in non-current assets and non-current liabilities held for sale were affected during the interim reporting period that ended on 30 June 2023:

- Head Office, Treasury and other operations disposed of property with a carrying amount of R11m.
- Everyday Banking disposed of property with a carrying amount of R2m.
- Absa Regional Operations – Retail and Business Banking transferred property with a carrying amount of R2m from non-current assets held for sale to property and equipment.
- Corporate and Investment Banking ARO transferred property with a carrying amount of R1m from non-current assets held for sale to property and equipment.
- The decrease in the total value of assets and liabilities is R14m and R8m, respectively and is in relation to the Group's market Linked Investment Service Provider (LISP) business (a division of Absa Investment (Pty) Ltd). Disposal of this business took place in the second half of the 2023 financial year.

The following movements in non-current assets and non-current liabilities held for sale were affected during the previous period ended on 31 December 2023:

- As part of the Group's disposal of the Investment Management business, Head Office, Treasury and other operations disposed of majority of its market Linked Investment Service Provider (LISP) business, a division of Absa Investment Management Services (Pty) Limited. The total carrying amount for the assets disposed is R98m and the total carrying amount for the liabilities disposed is R26m. The disposal resulted in a gross loss of R21m.
- Head Office, Treasury and other operations disposed of property and equipment with a carrying amount of R33m.
- Head Office, Treasury and other operations transferred property and equipment with a carrying amount of R116m to non-current assets held for sale.

2. Loans and advances

2.1 ECL analysis by market segment and class of credit exposure

		Stage 1		
	Carrying amount of financial assets measured at fair value through profit or loss Rm	Gross carrying amount Rm	ECL allowance Rm	ECL coverage %
Product Solutions Cluster	—	361 968	1 515	0.42
Home Loans	—	262 157	527	0.20
Vehicle and Asset Finance	—	99 811	988	0.99
Everyday Banking	—	64 411	2 408	3.74
Card	—	44 080	1 465	3.32
Personal Loans	—	17 247	767	4.45
Transactions and Deposits	—	3 084	176	5.71
Other	—	—	—	—
Relationship Banking	—	135 961	730	0.54
Absa Regional Operations – Retail and Business Banking	—	75 873	1 277	1.69
Corporate and Investment Banking	87 033	373 086	1 047	0.28
Corporate and Investment Banking SA	87 033	301 586	584	0.19
Corporate and Investment Banking ARO	—	71 500	463	0.65
Head Office, Treasury and other operations	—	4 203	(185)	—
Loans and advances to customers	—	4 203	—	—
Reclassification to provisions	—	—	(185)	—
Loans and advances to customers	87 033	1 015 502	6 792	0.67
Loans and advances to banks	15 327	56 203	39	0.07
Total loans and advances	102 360	1 071 705	6 831	0.64

30 June 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
	39 258	2 121	5.40	39 647	13 749	34.68	423 488
	25 876	748	2.89	29 331	8 833	30.11	307 256
	13 382	1 373	10.26	10 316	4 916	47.65	116 232
	10 831	2 619	24.18	15 440	11 536	74.72	74 119
	5 813	1 606	27.63	8 799	6 359	72.27	49 262
	3 792	718	18.93	5 796	4 492	77.50	20 858
	1 226	295	24.06	793	633	79.82	3 999
	—	—	—	52	52	100.00	—
	11 966	674	5.63	9 701	3 541	36.50	152 683
	7 019	769	10.96	7 496	4 796	63.98	83 546
	30 747	623	2.03	11 146	5 675	50.92	494 667
	20 140	386	1.92	7 069	3 384	47.87	411 474
	10 607	237	2.23	4 077	2 291	56.19	83 193
	18	(79)	—	—	(17)	—	4 502
	18	—	—	—	—	—	4 221
	—	(79)	—	—	(17)	—	281
	99 839	6 727	6.74	83 430	39 280	47.08	1 233 005
	1 649	35	2.12	—	—	—	73 105
	101 488	6 762	6.66	83 430	39 280	47.08	1 306 110

2. Loans and advances (continued)

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

	Carrying amount of financial assets measured at fair value through profit or loss Rm	Stage 1 Gross carrying amount Rm	Stage 1 ECL allowance Rm	Stage 1 ECL coverage %
Product Solutions Cluster	—	354 116	1 530	0.43
Home Loans	—	257 499	511	0.20
Vehicle and Asset Finance	—	96 617	1 019	1.05
Everyday Banking	—	61 436	2 509	4.08
Card	—	40 846	1 354	3.31
Personal Loans	—	17 907	902	5.04
Transactions and Deposits	—	2 683	253	9.43
Other	—	—	—	—
Relationship Banking	—	120 256	283	0.24
Absa Regional Operations – Retail and Business Banking	—	72 639	1 040	1.43
Corporate and Investment Banking	82 204	329 684	1 318	0.40
Corporate and Investment Banking SA	82 204	262 541	803	0.31
Corporate and Investment Banking ARO	—	67 143	515	0.77
Head Office, Treasury and other operations	—	5 859	(171)	—
Loans and advances to customers	—	5 859	3	0.05
Reclassification to provisions	—	—	(174)	—
Loans and advances to customers	82 204	943 990	6 509	0.69
Loans and advances to banks	22 815	64 771	50	0.08
Total loans and advances	105 019	1 008 761	6 559	0.65

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.

30 June 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
35 823	2 333	6.51	34 513	11 697	33.89	408 892
24 092	965	4.01	24 848	6 971	28.05	297 992
11 731	1 368	11.66	9 665	4 726	48.90	110 900
10 161	2 913	28.67	14 073	10 828	76.94	69 420
5 696	1 789	31.41	8 291	6 167	74.38	45 523
3 505	882	25.16	5 138	4 156	80.89	20 610
960	242	25.21	592	453	76.52	3 287
—	—	—	52	52	100.00	—
18 609	979	5.26	8 464	3 805	44.96	142 262
6 681	1 020	15.27	6 604	4 289	64.95	79 575
30 647	595	1.94	12 012	4 133	34.41	448 501
21 549	303	1.41	5 437	1 975	36.33	368 650
9 098	292	3.21	6 575	2 158	32.82	79 851
—	(106)	—	—	(34)	—	6 170
—	—	—	—	—	—	5 856
—	(106)	—	—	(34)	—	314
101 921	7 734	7.59	75 666	34 718	45.88	1 154 820
8 217	11	0.13	—	—	—	95 742
110 138	7 745	7.03	75 666	34 718	45.88	1 250 562

2. Loans and advances (continued)

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

		Stage 1		
	Carrying amount of financial assets measured at fair value through profit or 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
Absa Regional Operations - Retail and Business Banking	—	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	981 128	6 698	0.68
Loans and advances to banks	19 336	51 458	84	0.16
Total loans and advances	113 075	1 032 586	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.

31 December 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	1 196 986
3 666	5	0.14	—	—	—	74 371
95 307	6 830	7.17	79 953	35 952	44.97	1 271 357

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance

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

30 June 2024

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

30 June 2023

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

31 December 2023

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

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

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

	30 June 2024							
Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	16 420	16 452	4 659	6 076	3 540	2 792	22	49 961
Stage 1	1 530	2 489	594	1 103	735	562	17	7 030
Stage 2	1 940	2 674	779	923	438	173	5	6 932
Stage 3	12 950	11 289	3 286	4 050	2 367	2 057	—	35 999
Transfers between stages	—	—	—	—	—	—	—	—
Stage 1 net transfers	212	117	401	54	7	(4)	6	793
Transfers to stage 1	402	845	451	114	38	1	6	1 857
Transfers (to) stage 2	(145)	(533)	(35)	(45)	(31)	(5)	—	(794)
Transfers (to) stage 3	(45)	(195)	(15)	(15)	—	—	—	(270)
Stage 2 net transfers	49	(1 460)	(408)	(294)	(165)	3	(6)	(2 281)
Transfers (to) stage 1	(341)	(791)	(410)	(100)	(38)	(1)	(6)	(1 687)
Transfers to stage 2	791	808	45	49	31	5	—	1 729
Transfers (to) stage 3	(401)	(1 477)	(43)	(243)	(158)	(1)	—	(2 323)
Stage 3 net transfers	(261)	1 343	7	240	158	1	—	1 488
Transfers (to) stage 1	(61)	(54)	(42)	(13)	—	—	—	(170)
Transfers (to) stage 2	(646)	(275)	(10)	(5)	—	—	—	(936)
Transfers to stage 3	446	1 672	59	258	158	1	—	2 594
Credit impairment charges raised	2 105	3 892	545	821	834	86	2	8 285
Amounts written off	(2 071)	(4 617)	(422)	(574)	(149)	—	—	(7 833)
Net change in interest	931	836	163	214	165	145	—	2 454
Foreign exchange and hyperinflation movements	—	—	—	338	—	64	—	402
Balance at the end of the reporting period	17 385	16 563	4 945	6 875	4 390	3 087	24	53 269
Stage 1	1 515	2 408	730	1 295	619	527	(11)	7 083
Stage 2	2 121	2 619	674	784	387	249	35	6 869
Stage 3	13 749	11 536	3 541	4 796	3 384	2 311	—	39 317

2. Loans and advances (continued)
2.2 Reconciliation of ECL allowance (continued)

	30 June 2023							
Loans and advances at amortised cost and undrawn facilities	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations - Retail and Business Banking Rm	Corporate and Investment Banking SA Rm	Corporate and Investment Banking ARO Rm	Head Office, Treasury and other operations Rm	Total expected credit losses Rm
Balances at the beginning of the reporting period	14 058	14 149	4 827	5 855	3 267	3 185	11	45 352
Stage 1	1 534	2 503	544	1 163	779	528	6	7 057
Stage 2	2 209	2 897	747	908	311	458	5	7 535
Stage 3	10 315	8 749	3 536	3 784	2 177	2 199	—	30 760
Transfers between stages	—	—	—	—	—	—	—	—
Stage 1 net transfers	241	179	278	185	(64)	7	—	826
Transfers to stage 1	518	1 000	332	253	(69)	51	—	2 085
Transfers (to) stage 2	(195)	(616)	(42)	(56)	5	(40)	—	(944)
Transfers (to) stage 3	(82)	(205)	(12)	(12)	—	(4)	—	(315)
Stage 2 net transfers	(363)	(1 829)	(299)	(355)	64	(37)	—	(2 819)
Transfers (to) stage 1	(412)	(958)	(307)	(208)	69	(51)	—	(1 867)
Transfers to stage 2	710	792	67	76	(5)	41	—	1 681
Transfers (to) stage 3	(661)	(1 663)	(59)	(223)	—	(27)	—	(2 633)
Stage 3 net transfers	122	1 650	21	170	—	30	—	1 993
Transfers (to) stage 1	(106)	(42)	(25)	(45)	—	—	—	(218)
Transfers (to) stage 2	(515)	(176)	(25)	(20)	—	(1)	—	(737)
Transfers to stage 3	743	1 868	71	235	—	31	—	2 948
Credit impairment charges raised	2 273	4 106	562	850	445	37	(3)	8 270
Amounts written off	(1 395)	(2 623)	(589)	(611)	(665)	(436)	4	(6 315)
Net change in interest	624	618	267	120	70	26	—	1 725
Foreign exchange movements	—	—	—	170	—	292	—	462
Balance at the end of the reporting period	15 560	16 250	5 067	6 384	3 117	3 104	12	49 494
Stage 1	1 530	2 509	283	1 061	832	618	7	6 840
Stage 2	2 333	2 913	979	1 034	310	312	5	7 886
Stage 3	11 697	10 828	3 805	4 289	1 975	2 174	—	34 768

2. Loans and advances (continued)

2.2 Reconciliation of ECL allowance (continued)

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

2. Loans and advances (continued)

2.3 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:

30 June 2024

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

30 June 2023

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

31 December 2023

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

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

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

2. Loans and advances (continued)

2.3 Forward-looking assumptions (continued)

Macroeconomic scenarios (continued)

The following table shows the key forecast assumptions for the three economic scenarios for four of our largest ARO markets at 30 June 2024:

30 June 2024

	Baseline				Mild upside				Mild downside			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Botswana												
Real GDP (%)	3.5	3.8	4.0	4.0	4.5	5.0	5.2	5.2	2.5	2.7	2.9	2.9
CPI (%)	3.0	4.4	4.2	4.1	2.4	2.8	3.1	3.1	4.8	5.2	5.5	5.5
Average policy rate (%)	2.4	2.4	2.4	2.4	2.2	2.2	2.2	2.2	3.2	4.9	5.0	5.0
Ghana												
Real GDP (%)	3.6	4.1	4.5	4.8	4.6	5.6	6.0	6.0	2.6	3.2	3.7	3.9
CPI (%)	20.5	16.5	10.6	10.5	16.0	11.0	9.0	9.0	26.5	21.5	15.0	15.0
Average policy rate (%)	27.5	19.4	17.0	16.1	26.6	15.4	14.0	14.0	29.0	25.8	23.1	20.4
Kenya												
Real GDP (%)	5.5	5.6	5.6	5.7	6.9	7.0	7.2	7.3	4.0	4.0	4.1	4.1
CPI (%)	4.7	5.6	5.5	5.5	4.0	4.6	4.5	4.5	6.0	7.0	7.2	7.2
Average policy rate (%)	12.5	10.1	10.0	10.0	12.2	9.1	9.0	9.0	13.4	13.6	12.1	12.0
Mauritius												
Real GDP (%)	4.5	4.0	3.8	3.8	5.2	5.0	4.8	4.8	2.5	2.2	2.0	2.0
CPI (%)	4.0	4.1	4.3	4.2	3.0	2.4	2.2	2.2	6.3	6.5	6.7	6.5
Average policy rate (%)	4.5	4.5	4.5	4.5	4.3	3.5	3.5	3.5	5.1	6.4	6.5	6.1

30 June 2023

	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Botswana												
Real GDP (%)	4.1	3.8	3.9	3.8	5.4	5.3	5.4	5.3	3.0	2.9	3.0	2.8
CPI (%)	5.8	5.2	4.5	4.0	5.0	4.3	3.5	3.2	6.5	6.2	5.9	5.7
Average policy rate (%)	2.7	3.0	2.8	2.8	2.7	2.8	2.5	2.5	2.9	4.8	5.0	5.0
Ghana												
Real GDP (%)	2.6	3.5	4.5	5.0	4.2	4.9	5.7	6.0	0.8	1.9	2.2	3.0
CPI (%)	40.8	22.0	14.6	12.1	28.0	8.5	9.0	8.6	44.3	26.0	18.0	15.0
Average policy rate (%)	29.3	26.8	18.9	17.0	29.0	20.8	15.3	14.0	29.8	29.3	25.8	23.1
Kenya												
Real GDP (%)	5.0	5.2	5.4	5.5	6.5	6.7	6.9	7.2	3.7	3.9	4.0	4.0
CPI (%)	7.9	6.9	5.8	5.4	6.9	6.0	5.0	4.6	9.1	8.6	7.6	7.2
Average policy rate (%)	10.2	11.4	9.3	8.8	9.8	8.3	8.0	8.0	10.3	12.5	11.7	10.6
Mauritius												
Real GDP (%)	4.8	4.0	3.9	3.9	6.0	5.2	5.0	5.0	3.0	1.5	1.2	1.1
CPI (%)	7.5	4.4	3.9	3.7	6.9	3.0	2.3	2.1	10.0	8.4	5.7	5.5
Average policy rate (%)	4.5	4.5	4.5	4.5	4.5	4.3	4.0	4.0	5.0	6.5	6.5	6.5

31 December 2023

	Baseline				Mild upside				Mild downside			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Botswana												
Real GDP (%)	3.8	3.7	3.9	4.0	4.5	5.0	5.4	5.3	3.3	2.9	3.0	2.8
CPI (%)	5.4	5.1	4.5	4.4	4.5	3.0	3.5	3.2	5.7	6.5	5.8	5.7
Average policy rate (%)	2.7	2.7	2.7	2.7	2.6	2.5	2.3	2.3	2.7	3.8	4.9	5.0
Ghana												
Real GDP (%)	2.8	3.9	4.5	5.0	4.0	4.9	5.8	6.0	2.0	2.5	3.2	4.0
CPI (%)	40.1	23.1	15.6	12.6	38.0	16.0	11.5	9.0	41.2	27.0	19.0	15.5
Average policy rate (%)	29.3	27.9	19.5	17.0	29.1	20.7	15.3	14.0	29.4	30.4	25.7	23.1
Kenya												
Real GDP (%)	5.2	5.4	5.5	5.5	5.5	6.9	7.0	7.2	4.9	4.1	4.1	4.0
CPI (%)	7.8	6.8	5.7	5.4	6.8	5.4	4.9	4.6	8.2	7.9	7.4	7.2
Average policy rate (%)	9.8	10.4	9.5	9.1	9.8	9.5	8.3	8.0	10.0	11.5	10.9	10.5
Mauritius												
Real GDP (%)	5.2	4.7	4.2	3.7	5.8	5.9	5.4	4.8	4.3	2.9	2.0	2.0
CPI (%)	7.0	3.5	3.9	3.6	6.6	1.9	2.3	2.0	7.6	6.0	5.7	5.4
Average policy rate (%)	4.5	4.5	4.5	4.5	4.5	4.3	4.0	4.0	4.8	6.5	6.5	6.5

2. Loans and advances (continued)

2.3 Forward-looking assumptions (continued)

Sensitivity of expected credit losses

For the purposes of the Group's actual weighting of its economic scenarios, a 40% probability weighting is applied to the baseline scenario; with a 30% probability weighting applied to both the upside and downside scenarios. However, given the level of uncertainty required in the determination of ECL, the Group has conducted a sensitivity analysis in order to indicate the impact on the ECL when assigning a probability weighting of 100% to each macroeconomic variable scenario.

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

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

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

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

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

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

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

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

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

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

3. Borrowed funds

During the reporting period the significant movements in borrowed funds were as follows: **R0** (30 June 2023: R0; 31 December 2023: R2 158m) of subordinated notes were issued and **R1 722m** (30 June 2023: R4 952m; 31 December 2023: R7 952m) were redeemed.

4. Disaggregation of non-interest income

The following table disaggregates non-interest income splitting it into income received from contracts with customers by major service line and per reportable segment, and other items making up non-interest income:

	30 June 2024						
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	1 467	6 355	2 707	1 886	2 456	(602)	14 269
Consulting and administration fees	113	—	57	—	70	1	241
Transactional fees and commissions	423	5 729	1 754	1 440	1 945	(13)	11 278
Cheque accounts	—	1 753	809	20	89	(1)	2 670
Credit cards	—	1 298	105	210	(3)	1	1 611
Electronic banking	—	1 952	508	153	793	—	3 406
Service charges	418	101	237	989	642	(8)	2 379
Other (includes exchange commission and guarantees)	5	135	45	58	424	(5)	662
Savings accounts	—	490	50	10	—	—	550
Merchant income	—	404	842	156	2	—	1 404
Trust and other fiduciary services fees	209	—	30	2	12	53	306
Other fees and commissions	73	3	6	102	217	(107)	294
Insurance commissions received	649	219	4	186	1	(536)	523
Investment banking fees	—	—	14	—	209	—	223
Other non-interest income, net of expenses	936	(239)	(290)	568	3 390	(236)	4 129
Total non-interest income	2 403	6 116	2 417	2 454	5 846	(838)	18 398

Other non-interest income, net of expenses consists of other sources of income not accounted for under IFRS 15. This amount has been included to reconcile to the total non-interest income amount presented in the Statement of comprehensive income.

Other notable non-interest income items include Gains and losses from banking and trading activities of **R3.9bn** (30 June 2023: R4.4bn; 31 December 2023: R8.1bn), offset by expenses within Corporate and Investment Banking. For the Product Solutions Cluster this includes Insurance revenue of **R4.3bn** (30 June 2023: R4.1bn; 31 December 2023: R8.4bn), partially offset by Insurance service expenses of **R3.6bn** (30 June 2023: R3.0bn; 31 December 2023: R6.6bn).

4. Disaggregation of non-interest income (continued)

	30 June 2023						
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	1 330	6 065	2 806	1 733	2 184	(405)	13 713
Consulting and administration fees	106	—	59	—	72	4	241
Transactional fees and commissions	391	5 468	1 792	1 317	1 656	35	10 659
Cheque accounts	—	1 601	834	15	71	(1)	2 520
Credit cards	—	1 231	101	193	(3)	20	1 542
Electronic banking	—	1 910	520	141	672	—	3 243
Service charges	386	104	241	915	520	15	2 181
Other (includes exchange commission and guarantees)	5	119	38	37	400	1	600
Savings accounts	—	503	58	16	(4)	—	573
Merchant income	—	384	859	142	(8)	1	1 378
Trust and other fiduciary services fees	203	—	33	2	9	126	373
Other fees and commissions	75	5	40	56	231	(94)	313
Insurance commissions received	555	208	2	216	1	(477)	505
Investment banking fees	—	—	21	—	223	—	244
Other non-interest income, net of expenses	957	(78)	(262)	681	3 760	79	5 137
Total non-interest income	2 287	5 987	2 544	2 414	5 944	(326)	18 850

Other transactional fees and commission have been restated in June 2023 from R2 778m to R600m to separately disclose service charges of R2 178m which form a significant portion of the balance.

The income previously disclosed as other income from contracts with customers in June 2023 has been combined into 'Other non-interest income net of expenses'.

Other non-interest income, net of expense, which includes Other fee and commission expense, has been restated for June 2023. Refer to the Reporting changes overview note.

To align fees appropriately per disclosure line, there was a reallocation of fees between Service charges, Insurance commission received, and Other fees and commissions. This reallocation resulted in the following restatement for June 2023 for Service charges from R2 178m to R2 181m; Insurance commission received from R486m to R505m and Other fee and commission income from R370m to R313m.

Refer to the Reporting changes overview note for the business unit restatements relating to 30 June 2023.

4. Disaggregation of non-interest income (continued)

	31 December 2023						
	Product Solutions Cluster Rm	Everyday Banking Rm	Relationship Banking Rm	Absa Regional Operations – Retail and Business Banking Rm	Corporate and Investment Banking Rm	Head Office, Treasury and other operations Rm	Total Rm
Fee and commission income from contracts with customers	2 821	12 593	5 727	3 558	4 473	(958)	28 214
Consulting and administration fees	218	—	138	26	128	6	516
Transactional fees and commissions	819	11 357	3 646	2 667	3 415	18	21 922
Cheque accounts	(1)	3 244	1 671	32	147	—	5 093
Credit cards	—	2 545	222	380	(8)	20	3 159
Electronic banking	—	4 113	1 065	310	1 417	—	6 905
Service charges	810	211	485	1 846	1 127	1	4 480
Other (includes exchange commissions and guarantees)	10	254	107	75	744	(3)	1 187
Savings accounts	—	990	96	24	(12)	—	1 098
Merchant income	—	800	1 720	291	(17)	—	2 794
Trust and other fiduciary services fees	405	—	78	4	22	213	722
Other fees and commissions	151	8	94	160	517	(345)	585
Insurance commissions received	1 228	428	5	410	1	(850)	1 222
Investment banking fees	—	—	46	—	407	—	453
Other non-interest income, net of expenses	1 815	(407)	(602)	967	5 763	837	8 373
Total non-interest income	4 636	12 186	5 125	4 525	10 236	(121)	36 587

To align fees appropriately per disclosure line, there was a reallocation of fees between Service charges, Insurance commission received, and Other fees and commissions. This reallocation resulted in the following restatement for December 2023 for 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.

Refer to the Reporting changes overview note for the business unit restatements relating to 31 December 2023.

5. Other impairments

	30 June		31 December
	2024 Rm	2023 Rm	2023 Rm
Intangible assets	**1**	7	245
Property and equipment	**576**	89	214
	577	96	459

The Group has impaired certain software assets of **R1m** (30 June 2023: R7m; 31 December 2023: R245m) for which the value in use is determined to be zero.

Property and equipment amounting to **R576m** was impaired and the recoverable amount for these assets was determined to be fair value less costs to sell. Included in the **R576m** is the impairment of a right-of-use asset of **R35m**, an impairment of furniture and other equipment of **R257m** and an impairment of buildings of **R284m** from Head Office, Treasury and other operations in line with the Group's property consolidation plan.

6. Headline earnings

	30 June				31 December	
	2024		2023		2023	
	Gross Rm	**Net Rm**	Gross Rm	Net Rm	Gross Rm	Net Rm
Headline earnings is determined as follows:						
Profit attributable to ordinary equity holders of the Group		**9 845**		10 792		19 891
Total headline earnings adjustments:		**335**		(77)		183
IFRS 5 – Profit on disposal of non-current assets held for sale	**—**	**—**	(112)	(141)	(102)	(132)
IFRS 10 – Profit on disposal of Subsidiary	**(25)**	**(25)**	—	—	—	—
IAS 16 – Profit on disposal of property and equipment	**(168)**	**(115)**	(7)	(6)	(28)	(21)
IAS 36 – Impairment of property and equipment	**576**	**473**	89	65	213	155
IAS 36 – Impairment of intangible assets	**2**	**2**	7	5	245	179
IAS 38 – Loss on disposal of intangible assets	**—**	**—**	—	—	2	2
Headline earnings/diluted headline earnings		**10 180**		10 715		20 074
Headline earnings per ordinary share (cents)		**1 228.4**		1 293.1		2 422.3
Diluted headline earnings per ordinary share (cents)		**1 227.7**		1 289.1		2 415.1

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

7. Dividends per share

	30 June 2024 Rm	30 June 2023 Rm	31 December 2023 Rm
Dividends declared to ordinary equity holders			
Interim dividend **(19 August 2024: 685 Cents per share (cps)** (14 August 2023: 685 cps)	**6 126**	5 807	6 126
Final dividend (13 March 2023: 650cps)	**—**	—	6 126
	6 126	5 807	12 252
Dividends declared to ordinary equity holders (net of treasury shares)			
Interim dividend **(19 August 2024: 685 cps)** (14 August 2023: 685 cps)	**5 677**	5 687	5 687
Final dividend (13 March 2023: 650cps)	**—**	—	5 679
	5 677	5 687	11 366
Dividends declared to non-controlling preference equity holders			
Interim dividend **(19 August 2024: 4 146.30136 cps)** (14 August 2023: 4 035.06848 cps)	**205**	200	199
Final dividend (13 March 2023: 3 509.58904 cps)	**—**	—	203
	205	200	402
Distributions declared and paid to Additional Tier 1 capital note holders			
Distribution			
29 January 2024: 33 242.52 Rands per note (rpn); 10 January 2023: 28 250.30 rpn	**40**	35	35
31 January 2024: 28 766.30 rpn; 27 January 2023: 27 831.89 rpn	**58**	34	34
16 February 2024: 30 090.30 rpn; 16 February 2023: 25 894.77 rpn	**60**	52	52
28 February 2024: 32 431.89 rpn; 28 February 2023: 29 490.41 rpn	**54**	50	50
5 March 2024: 31 476.03 rpn; 6 March 2023: 28 588.96 rpn	**43**	39	39
29 April 2024: 32 266.36 rpn; 11 April 2023: 30 000.08 rpn	**39**	37	37
30 April 2024: 27 941.92 rpn; 28 April 2023: 29 960.19 rpn	**56**	36	36
16 May 2024: 29 458.36 rpn; 16 May 2023: 26 895.07 rpn	**59**	54	54
28 May 2024: 31 726.85 rpn; 29 May 2023: 29 465.75 rpn	**53**	49	49
5 June 2024: 31 801.75 rpn; 5 June 2023: 29 212.25 rpn	**44**	40	40
10 July 2023: 31 334.79 rpn	**—**	—	39
27 July 2023: 30 841.64 rpn	**—**	—	37
16 August 2023: 29 397.15 rpn	**—**		59
28 August 2023: 32 391.01 rpn	**—**	—	54
5 September 2023: 32 116.82 rpn	**—**	—	44
10 October 2023: 33 397.26 rpn	**—**	—	41
27 October 2023: 32 767.12 rpn	**—**	—	41
16 November 2023: 30 216.33 rpn	**—**		60
28 November 2023: 32 431.89 rpn	**—**	—	54
05 December 2023: 31 413.80 rpn	**—**	—	44
	506	426	899
Dividends paid to ordinary equity holders (net of treasury shares)			
Final dividend **(22 April 2024: 685 cps)**; (24 April 2023: 650 cps)	**5 685**	5 402	5 378
Interim dividend (18 September 2023: 685 cps)	**—**	—	5 687
	5 685	5 402	11 065
Dividends paid to non-controlling preference equity holders			
Final dividend **(22 April 2024: 4 101.23286 cps)** (24 April 2023: 3 509.68904 cps)	**203**	174	174
Interim dividend (18 September 2023: 4 035.06848 cps)	**—**	—	199
	203	174	373

The interim dividend declared for June 2023 has been restated from R5 683m to R5 687m as it excluded the additional shares issued in relation to the eKhaya Transaction.

8. Acquisitions and disposals of businesses and other similar transactions

8.1 Acquisitions of businesses and other similar transactions during the current reporting period

There were no acquisitions and other similar transactions in the current reporting period.

8.2 Disposals of businesses and other similar transactions during the current reporting period

Devco Holdings, a division in the Relationship Banking segment, divested its entire shareholding in Absa Property Development (Pty) Ltd. The assets held at the time of the divestment were valued at R203m, while the liabilities amounted to R228m. The sale was finalised on 28 June 2024 and resulted in a profit of R25m.

8.3 Acquisitions of businesses and other similar transactions during the previous reporting period

There were no acquisitions and other similar transactions during the previous reporting period.

8.4 Disposals of businesses and other similar transactions during the previous reporting period

As part of the agreement between Absa Group Limited and Sanlam Investment Holdings, NewFunds (RF) Proprietary Limited resigned as manager of the NewFunds Collective Investment Scheme in Securities (NewFunds CIS). This resulted in the deconsolidation of NewFunds CIS.

As part of the Group's disposal of the Investment Management business, Head Office, Treasury and other operations have disposed of majority of its market Linked Investment Service Provider (LISP) business, a division of Absa Investment Management Services (Pty) Limited. The total carrying amount for the assets disposed is R98m and the total carrying amount for the liabilities disposed is R26m. The disposal resulted in a gross loss of R21m. The sale was concluded on 1 November 2023.

9. Related parties

Deon Raju (former Group Chief Risk Officer and Group Treasurer) was appointed by the Board as the Group Financial Director with effect from 26 April 2024 and became an executive director of both the Absa Group Limited and the Absa Bank Limited Board.

Christopher Synman stepped down as Interim Financial Director of both Absa Group Limited and Absa Bank Limited from 26 April 2024.

Christine Wu was appointed as Chief Executive: Everyday Banking, while Rajal Vaidya was appointed as Interim Group Chief Risk Officer, both with effect from 26 April 2024.

Swithin J. Munyantwali announced his resignation as an Independent Director of Absa Group Limited, effective 12 March 2024.

Daisy Naidoo announced her retirement as an Independent Director of Absa Group Limited, effective, 4 June 2024.

9.1 Prior period related party events and transactions

Alpheus Mangale was appointed as an independent non-executive director of Absa Group with effect from 1 July 2023.

Jason Quinn ceased to be the Group Financial Director and executive director on 22 November 2023.

Christopher Snyman was appointed as Interim Group Financial Director and an executive director on 22 November 2023.

On 1 September 2023, the Group implemented its B-BBEE transaction which provides for 7% of Absa Group Limited's shareholding to be allocated to (i) a perpetual Corporate Social Investment (CSI) Trust (Absa Community Trust) holding a 4% indirect shareholding, and (ii) a Staff Trust (Absa Empowerment Trust) holding a 3% indirect shareholding. The shareholding of both trusts is indirectly held through Newshelf 1405 (RF) Proprietary Limited (NS 1405). NS 1405's increased shareholding in the Group, which arose from this transaction, was in part funded through NS 1405's issue of preference shares to Absa Group Limited, the impact of which is eliminated on consolidation resulting in the group accounting for the related sharebased transaction only. SA Staff Scheme participants are awarded units in the Staff Trust corresponding to an allocation of the Absa shares held by NS 1405. In its first year (2023), the Corporate Social Investment Trust received a donation from Absa Bank Limited and thereafter, the CSI Trust will also receive annual dividends equal to 25% of the Absa dividend paid to NS 1405 in respect of the AGL shares the CSI Trust indirectly holds. The donation and dividends will be used to benefit black participants in selected education and youth employability programmes in South Africa. Any dividends transferred to eligible programmes will be recognised as operating expenditure by the Group when transferred.

10. Contingencies, commitments and similar items

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

10. Contingencies, commitments and similar items (continued)

Guarantees include performance guarantee contracts and financial guarantee contracts.

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

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

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

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

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

Legal proceedings

Legal matters

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

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

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

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

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 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.

11. Segment reporting

The identified reportable segments in the following table are disclosed and are 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.

	Product Solutions Cluster			Everyday Banking			Relationship Banking		
	30 June		31 December	30 June		31 December	30 June		31 December
	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm
Total income	7 027	6 827	13 652	14 292	13 780	28 133	7 856	7 427	15 206
Profit for the reporting period	1 316	1 247	2 635	1 738	1 572	3 742	2 179	2 110	4 379
Headline earnings	1 173	1 100	2 368	1 565	1 437	3 394	2 005	1 994	4 145
Total assets	515 150	496 307	506 116	423 118	395 132	415 893	305 808	274 800	303 296
Total liabilities	507 936	487 739	496 667	419 590	391 983	410 497	302 685	272 039	298 114
Internal income	(19 329)	16 686	(36 456)	11 280	(9 677)	20 764	4 018	(2 761)	6 611

	Absa Regional Operations – Retail Business Banking			Corporate and Investment Banking		
	30 June		31 December	30 June		31 December
	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm
Total income	8 601	8 177	16 283	16 426	15 190	29 785
Profit for the reporting period	1 312	1 332	2 129	6 646	6 446	12 106
Headline earnings	875	991	1 584	5 892	5 907	11 025
Total assets	149 028	145 723	142 382	1 175 029	1 116 075	1 099 584
Total liabilities	146 586	141 616	138 660	1 163 215	1 107 035	1 086 656
Internal income	1 334	(1 427)	2 810	(4 063)	(931)	(6 021)

	Head office, Treasury and other operations			Group Performance		
	30 June		31 December	30 June		31 December
	2024 Rm	2023 Rm	2023 Rm	2024 Rm	2023 Rm	2023 Rm
Total income	(494)	518	1 583	53 708	51 919	104 642
Profit for the reporting period	(1 677)	(581)	(2 428)	11 514	12 126	22 563
Headline earnings	(1 330)	(714)	(2 442)	10 180	10 715	20 074
Total assets	(614 779)	(547 351)	(592 395)	1 953 354	1 880 686	1 874 876
Total liabilities	(758 015)	(679 876)	(720 115)	1 781 997	1 720 536	1 710 479
Internal income	6 760	2 472	12 292	—	—	—

12. Financial assets and financial liabilities not held at fair value

The following table summarises the carrying amounts and fair value of those assets and liabilities not held at fair value and for which the fair value is not considered to approximate the carrying amount.

	2024		2023	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial assets				
Investment securities	51 451	51 316	44 416	43 446
Product Solutions Cluster	423 488	429 585	408 892	409 237
Home Loans	307 257	310 801	297 993	298 183
Vehicle and Asset Finance	116 231	118 784	110 899	111 054
Everyday Banking	20 858	20 303	20 611	19 105
Personal Loans	20 858	20 303	20 611	19 105
Relationship Banking	152 683	155 015	142 262	144 055
Absa Regional Operations – Retail and Business Banking	83 546	84 014	79 576	79 815
Corporate and Investment Banking	407 634	404 663	366 296	366 978
Corporate and Investment Banking SA	324 441	325 210	286 446	287 510
Corporate and Investment Banking ARO	83 193	79 453	79 850	79 468
Loans and advances to customers	1 088 209	1 093 580	1 017 637	1 019 190
Loans and advances to banks	57 778	57 869	72 927	72 980
Loans and advances	1 145 987	1 151 449	1 090 564	1 092 170
Total	1 197 438	1 202 765	1 134 980	1 135 616
Financial liabilities				
Call deposits	143 451	143 451	117 220	117 217
Cheque account deposits	327 613	327 613	325 701	325 693
Fixed deposits	232 493	232 722	232 253	232 454
Deposits due to customers	703 557	703 786	675 174	675 364
Deposits from banks	95 892	96 139	87 228	87 565
Deposits	799 449	799 925	762 402	762 929
Debt securities in issue	153 089	153 276	131 846	131 169
Borrowed funds	16 699	16 710	20 585	20 618
Total	969 237	969 911	914 833	914 716

The disclosures for the reporting period ending 30 June 2023, have been restated to align with the current year's disclosures. This alignment ensures that financial assets or liabilities are disclosed when their fair value does not approximate their carrying amount.

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

An adjustment to the methodology used for calculating the above fair values resulted in a restatement to the fair values disclosed for Personal Loans R19 105m (previously R20 611m), Vehicle and Asset Finance R111 054m (previously R101 395m), Home Loans R298 183m (previously R289 485m) and Relationship Banking R144 055m (previously R128 581m).

12. Financial assets and financial liabilities not held at fair value (continued)

	31 December 2023 Carrying amount Rm	Fair value Rm
Financial assets		
Investment securities	48 985	48 953
Product Solutions Cluster	415 390	418 203
Home Loans	302 065	304 218
Vehicle and Asset Finance	113 325	113 985
Everyday Banking	21 008	19 887
Personal Loans	21 008	19 887
Relationship Banking	146 071	148 070
Absa Regional Operations – Retail and Business Banking	78 493	78 811
Corporate and Investment Banking	390 305	392 478
Corporate and Investment Banking SA	308 436	312 206
Corporate and Investment Banking ARO	81 869	80 272
Loans and advances to customers	1 051 267	1 057 449
Loans and advances to banks	55 035	55 450
Loans and advances	1 106 302	1 112 899
Total	1 155 287	1 161 852
Financial liabilities		
Call deposits	131 769	131 769
Cheque account deposits	287 066	287 066
Fixed deposits	245 745	246 793
Deposits due to customers	664 580	665 628
Deposits from banks	87 239	87 837
Deposits	751 819	753 465
Debt securities in issue	137 182	138 421
Borrowed funds	18 502	18 681
Total	907 503	910 567

Financial instruments measured at amortised cost where the carrying amount approximates the fair value have been excluded from the note above.

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

An adjustment to the methodology used for calculating the above fair values resulted in a restatement to the fair values disclosed for Personal Loans R19 887m (previously R18 854m), Vehicle and Asset Finance R113 985m (previously R103 491m), Home Loans R304 218m (previously R293 450m) and Relationship Banking R148 070m (previously R133 329m).

13. Assets and liabilities held at fair value

13.1 Fair value measurement and valuation processes

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values should be first calculated with reference to observable inputs where these are available in the market. Only where these are unavailable should fair value techniques be applied which employ less observable inputs. Unobservable inputs may only be used where observable inputs or less observable inputs are unavailable. IFRS 13 Fair Value Measurement (IFRS 13) does not mandate the use of a particular valuation technique but rather sets out a principle requiring an entity to determine a valuation technique that is appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs can be maximised. Where management is required to place greater reliance on unobservable inputs, the fair values may be more sensitive to assumption changes and different valuation methodologies that may be applied. For this reason, there is a direct correlation between the extent of disclosures required by IFRS 13 and the degree to which data applied in the valuation is unobservable.

Valuation inputs

IFRS 13 requires an entity to classify fair values according to a hierarchy that reflects the significance of observable market inputs. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. In some cases, the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input which is considered to be significant to the entire measurement. The three levels of the fair value hierarchy are specifically defined as follows:

- **Quoted market prices – Level 1**

  Fair values are classified as Level 1 if they have been determined using unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date. The quoted prices are required to represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

- **Valuation technique using observable inputs – Level 2**

  Inputs classified as Level 2 are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices), but do not constitute quoted prices that are included within Level 1. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

- **Valuation technique using significant unobservable inputs – Level 3**

  Fair values are classified as Level 3 if their determination incorporates significant inputs that are not based on observable market data (that is, they are unobservable inputs). Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations as well through employing other analytical techniques.

Financial assets and financial liabilities

The Group has an established control framework with respect to the measurement of fair values. The framework includes a Traded Risk and Valuation Committee and an Independent Valuation Control team (IVC), which is independent from the front office. The Traded Risk and Valuation Committee, which comprises representatives from senior management, will formally approve valuation policies and any changes to valuation methodologies. Significant valuation issues are reported to the GACC. The Traded Risk and Valuation Committee is responsible for overseeing the valuation control process and will therefore consider the appropriateness of valuation techniques and inputs for fair value measurement.

The IVC team independently verifies the results of trading and investment operations and all significant fair value measurements. They source independent data from independent external parties as well as internal risk areas when performing independent price verification for all financial instruments held at fair value. They also assess and document the inputs obtained from independent external sources to measure the fair value which supports conclusions that valuations are performed in accordance with IFRS and internal valuation policies.

Investment properties

The fair value of investment properties is determined based on the most appropriate methodology applicable to the specific property. Methodologies include the market comparable approach that reflects recent transaction prices for similar properties, discounted cash flows and income capitalisation methodologies. In estimating the fair value of the properties, the highest and best use of the properties is taken into account. Where possible, the fair value of the Group's investment properties is determined through valuations performed by qualified independent external valuators.

When the Group's internal valuations are different to that of the independent external valuers, detailed procedures are performed to substantiate the differences, whereby the IVC verifies the procedures performed by front office and considers the appropriateness of any differences to independent external valuations.

Commodities

The determination of the fair value of commodities uses external data, which includes quoted prices on an active market.

13. Assets and liabilities held at fair value (continued)

13.1 Fair value measurement and valuation processes (continued)

Judgemental inputs on valuation of principal instruments

The following summary sets out the principal instruments whose valuation may involve judgemental inputs:

- **Debt securities and treasury and other eligible bills**

  These instruments are valued based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined with reference to quoted market prices for similar instruments or, in the case of certain instruments, valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

- **Equity instruments**

  Equity instruments are valued based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined with reference to quoted market prices for similar instruments or by using valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs. Also included in equity instruments are non-public investments, which include investments in venture capital organisations. The fair value of these investments is determined using appropriate valuation methodologies which, depending on the nature of the investment, may include discounted cash flow analysis, enterprise value comparisons with similar companies and price to earnings comparisons. The relevant methodology for each investment is applied consistently over time.

- **Derivatives**

  Derivative contracts can be exchange-traded or traded Over The Counter (OTC). OTC derivative contracts include forward, swap and option contracts related to interest rates, bonds, foreign currencies, credit spreads, equity prices and commodity prices or indices on these instruments. Fair values of derivatives are obtained from quoted market prices, dealer price quotations, discounted cash flow and pricing models.

- **Loans and advances**

  The fair value of loans and advances is determined by discounting contractual cash flows. Discount factors are determined using the relevant forward base rates (as at valuation date) plus the originally priced spread. Where a significant change in credit risk has occurred, an updated spread is used to reflect valuation date pricing. Behavioural cash flow profiles, instead of contractual cash flow profiles, are used to determine expected cash flows where contractual cash flow profiles would provide an inaccurate fair value.

- **Deposits, debt securities in issue and borrowed funds**

  Deposits, debt securities in issue and borrowed funds are valued using discounted cash flow models, applying rates currently offered for issuances with similar characteristics. Where these instruments include embedded derivatives, the embedded derivative component is valued using the methodology for derivatives.

  The fair value of amortised cost deposits repayable on demand is considered to be equal to their carrying value. For other financial liabilities at amortised cost, the disclosed fair value approximates the carrying value because the instruments are short-term in nature or have interest rates that reprice frequently.

The main valuation adjustments required to arrive at a fair value are described as follows:

- **Bid-offer valuation adjustments**

  For assets and liabilities where the Group is not a market maker, mid-prices are adjusted to bid and offer prices respectively unless the relevant mid-prices are reflective of the appropriate exit price as a practical expedient given the nature of the underlying instruments. Bid-offer adjustments reflect expected close out strategy and, for derivatives, the fact that they are managed on a portfolio basis. The methodology for determining the bid-offer adjustment for a derivative portfolio will generally involve netting between long and short positions and the bucketing of risk by strike and term in accordance with the hedging strategy. Bid-offer levels are derived from market sources, such as broker data. For those assets and liabilities where the Group is a market maker and has the ability to transact at, or better than, mid-price (which is the case for certain equity, bond and vanilla derivative markets), the mid-price is used.

- **Uncollateralised derivative adjustments**

  A fair value adjustment is incorporated into uncollateralised derivative valuations to reflect the impact on fair value of counterparty credit risk, as well as the cost of funding across all asset classes.

- **Model valuation adjustments**

  Valuation models are reviewed under the Group's model governance framework. This process identifies the assumptions used and any model limitations (for example, if the model does not incorporate volatility skew). Where necessary, fair value adjustments will be applied to take these factors into account. Model valuation adjustments are dependent on the size of the portfolio, complexity of the model, whether the model is market standard and to what extent it incorporates all known risk factors. All models and model valuation adjustments are subject to review at least annually.

13. Assets and liabilities held at fair value (continued)

13.2 Fair value hierarchy

The following table shows the Group's assets and liabilities that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety.

	30 June							
	2024				2023			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Cash, cash balances and balances with central banks	—	3 744	—	3 744	—	7 081	—	7 081
Investment securities	99 515	78 559	12 088	190 162	63 975	108 920	12 912	185 807
Trading and hedging portfolio assets	119 014	78 616	15 101	212 731	125 336	85 317	9 962	220 615
Debt instruments	73 490	8 367	1 261	83 118	81 233	9 667	539	91 439
Derivative assets	—	51 564	2 054	53 618	—	64 337	2 750	67 087
Commodity derivatives	—	1 275	18	1 293	—	193	—	193
Credit derivatives	—	—	226	226	—	—	393	393
Equity derivatives	—	5 197	1 544	6 741	—	3 534	2 310	5 844
Foreign exchange derivatives	—	15 123	266	15 389	—	20 333	47	20 380
Interest rate derivatives	—	29 969	—	29 969	—	40 277	—	40 277
Equity instruments	43 434	—	—	43 434	40 731	—	1	40 732
Money market assets	2 090	18 685	11 786	32 561	3 372	11 313	6 672	21 357
Other assets	—	2	—	2	—	10	—	10
Loans and advances	—	93 287	9 072	102 359	—	97 578	7 442	105 020
Investments linked to investment contracts	18 957	2 893	—	21 850	18 581	1 726	—	20 307
Total financial assets	**237 486**	**257 101**	**36 261**	**530 848**	207 892	300 632	30 316	538 840
Financial liabilities								
Trading and hedging portfolio liabilities	12 420	46 582	971	59 973	19 455	62 512	637	82 604
Derivative liabilities	—	46 582	971	47 553	—	62 512	637	63 149
Commodity derivatives	—	793	17	810	—	99	—	99
Credit derivatives	—	—	136	136	—	—	391	391
Equity derivatives	—	2 043	552	2 595	—	2 678	153	2 831
Foreign exchange derivatives	—	17 145	266	17 411	—	20 480	93	20 573
Interest rate derivatives	—	26 601	—	26 601	—	39 255	—	39 255
Short positions	12 420	—	—	12 420	19 455	—	—	19 455
Other liabilities	—	54	—	54	—	26	—	26
Deposits	538	116 224	2 042	118 804	3	125 268	4 216	129 487
Debt securities in issue	—	71 267	73	71 340	—	81 214	73	81 287
Liabilities under investment contracts	—	22 236	—	22 236	—	20 484	—	20 484
Total financial liabilities	**12 958**	**256 363**	**3 086**	**272 407**	19 458	289 504	4 926	313 888
Non-financial assets								
Commodities	1 899	—	—	1 899	480	—	—	480
Investment properties	—	—	224	224	—	—	399	399
Non-recurring fair value measurements								
Non-current assets held for sale	—	—	1 534	1 534	—	—	105	105
Non-current liabilities held for sale	—	—	2 083	2 083	—	—	18	18

As a result of the uncertainties inherent in measuring the fair value of financial instruments at level 3, its measurement is estimated based on valuation assumptions and inputs derived from market expectations. Estimation involves judgements based on the latest available, reliable information. Resultantly, any changes in key assumptions relating to their valuation is treated as a change in accounting estimate and has been accounted for prospectively in the financial statements.

Non-current assets and liabilities includes certain items classified in terms of the requirements of IFRS 5 which are measured at fair value in terms of their respective standard.

Other liabilities and Other assets have been restated. Refer to the Reporting changes overview note.

13. Assets and liabilities held at fair value (continued)

13.2 Fair value hierarchy (continued)

	31 December 2023			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets				
Cash, cash balances and balances with central banks	—	4 336	—	4 336
Investment securities	87 537	87 665	12 311	187 513
Trading and hedging portfolio assets	106 563	70 735	18 228	195 527
Debt instruments	66 491	6 398	1 259	74 149
Derivative assets	—	50 631	6 260	56 891
Commodity derivatives	—	400	26	426
Credit derivatives	—	—	367	367
Equity derivatives	—	5 466	1 879	7 345
Foreign exchange derivatives	—	12 409	2 599	15 008
Interest rate derivatives	—	32 356	1 389	33 745
Equity instruments	38 818	37	—	38 855
Money market assets	1 254	13 669	10 709	25 632
Other assets	—	2	—	2
Loans and advances	—	106 303	6 771	113 074
Investments linked to investment contracts	18 823	2 222	—	21 045
Total financial assets	212 923	271 263	37 310	521 497
Financial liabilities				
Trading and hedging portfolio liabilities	15 860	44 526	3 851	64 236
Derivative liabilities	13	44 526	3 851	48 389
Commodity derivatives	—	342	26	368
Credit derivatives	—	—	348	348
Equity derivatives	—	2 162	534	2 696
Foreign exchange derivatives	13	12 564	2 350	14 927
Interest rate derivatives	—	29 458	593	30 051
Short positions	15 847	—	—	15 847
Other liabilities	—	29	—	29
Deposits	692	122 567	2 264	125 523
Debt securities in issue	—	73 873	73	73 946
Liabilities under investment contracts	—	21 247	—	21 247
Total financial liabilities	16 552	262 242	6 188	284 981
Non-financial assets				
Commodities	1 011	—	—	1 011
Investment properties	—	—	378	378
Non-recurring fair value measurements				
Non-current assets held for sale	—	—	197	197

13. Assets and liabilities held at fair value (continued)

13.3 Measurement of assets and liabilities categorised at Level 2

The following table presents information about the valuation techniques and significant observable inputs used in measuring assets and liabilities categorised as Level 2 in the fair value hierarchy:

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Cash, cash balances and balances with central banks	Discounted cash flow models	Underlying price of market traded instruments and/or interest rates
Trading and hedging portfolio assets and liabilities		
Debt instruments	Discounted cash flow models	Underlying price of market instruments and/or interest rates
Derivative assets and liabilities		
Commodity derivatives	Discounted cash flow techniques, option pricing models such as the Black Scholes model, futures pricing models and/or Exchange Traded Fund (ETF) models	Spot price of physical or futures, market interest rates and/or volatilities
Credit derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Interest rate, recovery rate and credit spread and/or quanto ratio
Equity derivatives	Discounted cash flow models, option pricing models and/or futures pricing models	Spot share prices, market interest rates, volatility and/or dividend stream
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models, such as the Black Scholes model	Spot price, interest rate curves, repurchase agreements, money market curves and/or volatilities
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves, repurchase agreement curves, money market curves and/or volatility
Money market assets	Discounted cash flow models	Money market curves and/or interest rates
Loans and advances	Discounted cash flow models	Interest rates and/or money market curves
Investment securities, investments linked to investment contracts and liabilities under investment contracts	Listed equities: market bid price	Underlying price of market traded instruments and/or interest rate curves
Deposits	Discounted cash flow models	Interest rate curve, money market curves and/or credit spreads
Debt securities in issue, liabilities under investment contracts and other liabilities	Discounted cash flow models	Underlying price of market traded instruments and/or interest rate curves

13. Assets and liabilities held at fair value (continued)

13.4 Reconciliation of Level 3 assets and liabilities

A reconciliation of the opening balances to closing balances for all movements on Level 3 assets is set out below:

	30 June 2024				
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Investment properties Rm	Total assets Rm
Opening balance at the beginning of the reporting period	**18 228**	**6 771**	**12 311**	**378**	**37 688**
Interest income	—	38	54	—	92
Gains and losses from banking and trading activities	535	(62)	202	—	675
Purchases	4 258	2 367	182	—	6 807
Sales	(6 218)	(207)	(460)	(177)	(7 062)
Movement in other comprehensive income	—	—	(95)	—	(95)
Transfer to Level 3	—	174	—	—	174
Transfer out of Level 3	(1 465)	—	(17)	—	(1 482)
Foreign currency conversion on assets	(237)	(9)	(89)	23	(312)
Closing balance at the end of the reporting period	**15 101**	**9 072**	**12 088**	**224**	**36 485**

	30 June 2023				
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Investment properties Rm	Total assets Rm
Opening balance at the beginning of the reporting period	12 807	10 659	11 105	397	34 968
Interest income	—	57	52	—	109
Gains and losses from banking and trading activities	(384)	(147)	23	—	(508)
Gains and losses from investment activities	—	—	15	—	15
Purchases	9 852	32	27 101	2	36 987
Sales	(12 311)	(2 367)	(26 901)	(1)	(41 580)
Movement in other comprehensive income	14	(1)	26	1	40
Transfers to Level 3 from Level 1	15	—	559	—	574
Transfers to Level 3	192	—	1 184	—	1 376
Transfer out of Level 3	(173)	(791)	(252)	—	(1 216)
Transfers from Level 3 to Level 1	(50)	—	—	—	(50)
Closing balance at the end of the reporting period	9 962	7 442	12 912	399	30 715

	31 December 2023				
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Investment properties Rm	Total assets Rm
Opening balance at the beginning of the reporting period	12 807	10 659	11 105	397	34 969
Interest income	—	59	67	—	126
Gains and losses from banking and trading activities	416	(95)	389	—	710
Gains and losses from investment activities	—	—	10	—	10
Purchases	11 865	91	6 600	—	18 556
Sales	(6 066)	(2 143)	(1 732)	(2)	(9 944)
Movement in other comprehensive income	—	14	(92)	—	(78)
Transfer to Level 3	948	—	2 926	—	3 874
Transfer out of Level 3	(1 682)	(1 779)	(6 861)	—	(10 322)
Foreign currency conversion on assets	(60)	(35)	(101)	(17)	(213)
Closing balance at the end of the reporting period	18 228	6 771	12 311	378	37 688

13. Assets and liabilities held at fair value (continued)

13.4 Reconciliation of Level 3 assets and liabilities (continued)

A reconciliation of the opening balances to closing balances for all movements on Level 3 liabilities is set out below:

	30 June 2024			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities Rm
Opening balance at the beginning of the reporting period	3 851	2 264	73	6 188
Gains and losses from banking and trading activities	(63)	21	—	(42)
Issues	186	400	—	586
Settlements	(2 397)	(194)	—	(2 591)
Transfer out of Level 3	(606)	(449)	—	(1 055)
Closing balance at the end of the reporting period	971	2 042	73	3 086

	30 June 2023			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities Rm
Opening balance at the beginning of the reporting period	528	3 769	—	4 297
Gains and losses from banking and trading activities	112	(76)	—	36
Movement in other comprehensive income	(1)	108	—	107
Issues	35 483	3 134	—	38 617
Settlements	(35 470)	(2 424)	—	(37 894)
Transfer to Level 3	—	—	73	73
Transfer out of Level 3	(15)	(295)	—	(310)
Closing balance at the end of the reporting period	637	4 216	73	4 926

	31 December 2023			
	Trading and hedging portfolio liabilities Rm	Deposits Rm	Debt securities in issue Rm	Total liabilities Rm
Opening balance at the beginning of the reporting period	528	3 769	—	4 297
Gains and losses from banking and trading activities	(16)	194	—	178
Issues	3 496	83	—	3 579
Settlements	(60)	(570)	—	(630)
Transfer to Level 3	68	—	73	141
Transfer out of Level 3	(161)	(1 184)	—	(1 345)
Foreign currency conversion on liabilities	(4)	(28)	—	(32)
Closing balance at the end of the reporting period	3 851	2 264	73	6 188

13.5 Significant transfers between levels

During the 2024 and 2023 reporting periods, transfers between levels occurred because of changes in the observability of valuation inputs, in some instances owing to changes in the level of market activity. Transfers between level 1 and level 2 are not considered significant for disclosure. Transfers have been reflected as if they had taken place at the beginning of the year.

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13. Assets and liabilities held at fair value (continued)

13.6 Unrealised gains and losses on Level 3 assets and liabilities

The total unrealised gains and losses for the reporting period on Level 3 positions held at the reporting date are set out below:

	30 June 2024						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	1 284	(69)	431	1 646	(730)	(9)	(739)

	30 June 2023						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	2 339	(132)	(17)	2 190	(431)	775	344

	31 December 2023						
	Trading and hedging portfolio assets Rm	Loans and advances Rm	Investment securities Rm	Total assets at fair value Rm	Trading and hedging portfolio liabilities Rm	Deposits due to customers Rm	Total liabilities at fair value Rm
Gains and (losses) from banking and trading activities	6 075	(42)	224	6 257	(3 850)	173	(3 677)

13.7 Sensitivity analysis of valuations using unobservable inputs

As part of the Group's risk management processes, we perform a sensitivity analysis on the significant unobservable parameters, in order to determine the impact of reasonably possible alternative assumptions on the valuation of Level 3 financial assets and liabilities. The assets and liabilities that mostly impact this sensitivity analysis are those with more illiquid and/or structured portfolios. The alternative assumptions are applied independently and do not take account of any cross correlation between assumptions that would reduce the overall effect on the valuations.

The following table reflects the reasonable possible variances applied to significant parameters utilised in our valuations:

Significant unobservable parameter	Positive/(negative) variance applied to parameters
Credit spreads	100/(100) bps
Volatilities	10/(10)%
Basis curves	100/(100) bps
Yield curves and repo curves	100/(100) bps
Future earnings and marketability discounts	15/(15)%
Funding spreads	100/(100) bps

13. Assets and liabilities held at fair value (continued)

13.7 Sensitivity analysis of valuations using unobservable inputs (continued)

A significant parameter has been deemed to be one which may result in a change to profit or loss, or a change in the fair value of the asset or liability by more than 10% of the underlying value of the affected item. This is demonstrated by the following sensitivity analysis which includes a reasonable range of possible outcomes:

		30 June 2024	
		Potential effect recorded in profit or loss	**Potential effect recorded directly in equity**
	Significant unobservable parameters	**Favourable/(unfavourable) Rm**	**Favourable/(unfavourable) Rm**
Deposits	**Absa Group Limited/Absa funding spread**	**109/(117)**	**—/—**
Investment securities	**Risk adjustment yield curves, future earnings and marketability discount**	**—/—**	**(206)/215**
Loans and advances	**Credit spreads**	**(488)/538**	**—/—**
Trading and hedging portfolio assets	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**(260)/273**	**—/—**
Trading and hedging portfolio liabilities	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**(24)/24**	**—/—**

		30 June 2023	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(unfavourable) Rm	Favourable/(unfavourable) Rm
Deposits	**Absa Group Limited/Absa funding spread**	99/(106)	—/—
Investment securities	**Risk adjustment yield curves, future earnings and marketability discount**	—/—	(178)/185
Loans and advances	**Credit spreads**	(521)/576	—/—
Trading and hedging portfolio assets	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	(85)/90	—/—
Trading and hedging portfolio liabilities	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	(101)/101	—/—

		31 December 2023	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(unfavourable) Rm	Favourable/(unfavourable) Rm
Deposits	**Absa Group Limited/Absa funding spread**	102/(109)	—/—
Investment securities	**Risk adjustment yield curves, future earnings and marketability discount**	—/—	(236)/246
Loans and advances	**Credit spreads**	(458)/505	—/—
Trading and hedging portfolio assets	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	(903)/1 052	—/—
Trading and hedging portfolio liabilities	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	(25)/25	—/—

The significant unobservable inputs used in determining the fair value of the investment properties are annual rent, discount rates, prevailing bulk selling prices and annual growth rate. Significant increases/decreases of these inputs in isolation, would result in a significantly lower/higher fair value measurement of the investment properties.

13. Assets and liabilities held at fair value (continued)

13.8 Measurement of assets and liabilities at Level 3

The following table presents information about the valuation techniques and significant unobservable inputs used in measuring assets and liabilities categorised as Level 3 in the fair value hierarchy:

			30 June		31 December
			2024	2023	2023
Category of asset/liability	Valuation techniques applied	Significant unobservable inputs	Range of unobservable inputs applied		
Loans and advances	Discounted cash flow models and/or yield for debt instruments	Credit spreads	**0.15% to 6.58%**	0.01% to 5.33%	0.38% to 6.57%
Investment securities	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Future earnings, credit spreads	**Discount rate of 8% to 8.5%, 0.1% to 3.95%**	Discount rate of 8% to 8.5%, 0.15% to 4.16%	Discount rate of 8.5%, 0.1% to 4%
Trading and hedging portfolio assets and liabilities					
Debt instruments	Discounted cash flow models	Credit spreads	**0.1% to 3.95%**	0.15% to 4.16%	0.1% to 4%
Derivative assets and liabilities					
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Credit spreads, recovery rates and/or quanto ratio	**0.035% to 4.85% 15% to 82.3% 54.01% to 88.57%**	0.0352% to 16.64% 15% to 82.3% 49.43% to 84.9%	0.035% to 25.17% 15% to 82.3% 49.43% to 94.5%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	**16.93% to 34.27%**	18.2% to 37.5%	18% to 33.7%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	**1.61% to 34.18%**	5.51% to 28.7%	4.77% to 26%
Interest rate derivatives	Discounted cash flow and/or option pricing models	Real yield curves (greater than 1 year), repurchase agreement curves (greater than 1 year), funding spreads	**0.05% to 13.73%**	0.05% to 10.1%	0.05% to 11.7%
Money market	Discounted cash flow models	Credit spreads	**0.1% to 3.95%**	0.15% to 4.16%	0.1% to 4%
Deposits	Discounted cash flow models	Absa Group Limited's funding spreads (greater than 5 years)	**1.175% to 1.375%**	1.15% to 1.5%	1.175% to 1.425%
Debt securities in issue	Discounted cash flow models	Funding curves (greater than 5 years)	**1.175% to 1.375%**	1.15% to 1.5%	1.175% to 1.425%
Investment properties	Discounted cash flow models	Estimates of the periods in which rental units will be disposed of Annual selling price escalations Income capitalisation rates Risk adjusted discount rates	**1 to 6 years 6% to 8% 8% to 8.5% 10% to 15%**	1 to 6 years 6% to 8% 8% to 8.5% 10% to 15%	1 to 6 years 6% to 8% 8% to 8.5% 10% to 15%

The sensitivity of the fair value measure is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on fair values.

A majority of the items included in the non-current assets held for sale balance consists of financial instruments which are measured in terms of their respective standards (IFRS 9).

13. Assets and liabilities held at fair value (continued)

13.9 Unrecognised losses/(gains) as a result of the use of valuation models using unobservable inputs

The amount that is to be recognised in the Statement of comprehensive income that relates to the difference between the transaction price and the amount that would have arisen had valuation models using observable inputs been used on initial recognition, less amounts subsequently recognised, is as follows:

	30 June		31 December
	2024	2023	2023
	Rm	Rm	Rm
Opening balance at the beginning of the reporting period	**(379)**	(634)	(634)
New transactions	**(180)**	—	(49)
Amounts recognised in profit or loss during the reporting period	**153**	156	304
Closing balance at the end of the reporting period	**(406)**	(478)	(379)

13.10 Third-party credit enhancements

There were no significant liabilities measured at fair value and issued with inseparable third-party credit enhancements.

14. Reporting changes overview

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

14.1 Correction of prior period errors

14.1.1 Mobile money platforms

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

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

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

14.1.2 Current accounts with other central banks

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

14.1.3 Calculation of settlement balances with the JSE

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

14.1.4 Correction of previously published IFRS 17 financial results

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

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

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

14. Reporting changes overview (continued)

14.1 Correction of prior period errors (continued)

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

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

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

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

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

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact

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 and liability balances, specifically loans to and from group companies. These balances are included in 'Other assets' and 'Other liabilities'. The aforementioned changes resulted in the restatement of the business units' financial results for the comparative periods without an impact on the overall financial position or net earnings of the Group. The impact on the individual business units are depicted in the table below.

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

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

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

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

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

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

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

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

Statement of comprehensive income	31 December 2023 As previously reported Rm	Business portfolio changes Rm	Restated Rm
Total income			
Everyday Banking	28 049	84	28 133
Relationship Banking	15 212	(6)	15 206
Absa Regional Operations - Retail and Business Banking	16 282	1	16 283
Corporate and Investment Banking	29 864	(79)	29 785
Operating expenses			
Everyday Banking	(14 753)	(30)	(14 783)
Relationship Banking	(8 455)	99	(8 356)
Absa Regional Operations - Retail and Business Banking	(10 867)	26	(10 841)
Corporate and Investment Banking	(13 678)	19	(13 659)
Head Office, Treasury and other operations	(916)	(1 351)	(2 267)
Barclays separation	(1 237)	1 237	—
Other expenses			
Corporate and Investment Banking	(369)	(4)	(373)
Head Office, Treasury and other operations	(1 378)	(127)	(1 505)
Barclays separation	(131)	131	—
Tax expense			
Everyday Banking	(1 262)	(14)	(1 276)
Relationship Banking	(1 498)	(24)	(1 522)
Absa Regional Operations - Retail and Business Banking	(1 178)	2	(1 176)
Corporate and Investment Banking	(2 925)	42	(2 883)
Head Office, Treasury and other operations	(202)	290	88
Barclays separation	296	(296)	—

14. Reporting changes overview (continued)

14.2 Business portfolio changes impact (continued)

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

Glossary

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).

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

Capital – Common Equity Tier 1 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.

Constant currency
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.

The percentage change based on constant currency has been quoted 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-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).

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.

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

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

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.

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.

Net asset value per share

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

Net 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.

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 profits

Total income less operating expenses.

Return on assets (RoA)

Annualised headline earnings as a proportion of total average assets.

Return on average equity (RoE)

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.

Stage 3 loans ratio on gross loans and advances

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

Tangible net asset value per share

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

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.

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