



Absa Group Limited

Tax Transparency Report 2023



Absa Group Limited Tax Transparency Report 2023

This Absa Group Limited (Absa or the Group) report showcases our commitment to tax transparency. We recognise that fair and responsible taxation is intertwined with the sustainable development of communities and businesses across our presence countries. The taxes generated by our business operations are invested in the communities where we operate, providing essential funding for infrastructure development and services.

At Absa, we are more than a bank; we are a united Pan-African team inspired by our shared purpose: Empowering Africa's tomorrow, together... one story at a time. And it is this purpose that guides us every day, helps us create value, run and grow our business, partner with our clients to help them achieve their aspirations, and how we impact the communities and environments we operate in.

One of the pillars in our *medium-term strategy* focuses on what it means to be an active force for good in everything we do. This commitment inspires our continued sponsorship of the *Absa L'Atelier* art competition, which gives aspiring artists a global stage. In celebration of these breakthrough artists, we are using our corporate reports as a vehicle to showcase this continental shift towards creativity.

Nkhensani Rihlampfu

2019 Absa L'Atelier Ambassador



Scan to view the
artist full portfolio

Nkhensani Rihlampfu is a South African-based multidisciplinary artist, born in 1988 in the country's Northern Province of Limpopo. This body of work is a journey of discovery, where Nkhensani hopes to inspire a feeling of comfort and perseverance in other people that were similarly negatively impacted by the pandemic.

Featured Artwork: You're not Alone



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Reading this report

“We embrace our responsibility in relation to tax transparency.”

Reporting period and scope

This report covers the period 1 January 2023 to 31 December 2023, including any notable or material events up to the approval date. It aims to communicate our overall approach to tax practices and our response thereto as a financial institution.

Reporting process and assurance

We apply a risk-based, combined assurance approach to the Group's tax operations. Internal controls, management assurance, compliance, internal audit reviews, and the services of independent external assurance providers support the accuracy of the disclosures within our published reports. PricewaterhouseCoopers Inc. and KPMG Inc. jointly audited our Absa 2023 annual financial statements (AFS) and expressed an unmodified audit opinion thereon. In some instances, we refer to certain information or extracts of information contained within the AFS.

Information is also provided in relation to Absa's overall tax contribution to the broader economies within which we operate. Our contributions to societies are reported on an annual, actual cash-paid basis for each country in which we have a registered Absa entity. We believe this to be the most transparent metric we can use when assessing a company's role in helping to support and fund the public services people need in the economies and geographies across which we operate.

Any additional data in this report (not sourced from our audited consolidated AFS) has been compiled from information sourced from our subsidiaries.

In line with their respective mandates, the TT report is reviewed and recommended to the Absa Tax Committee by the Absa Group Tax function. The Absa

Tax Committee, which reports to the Group Audit and Compliance Committee, is chaired by the Group Financial Director, with membership including the Finance Management Executive Committee and Absa Group Legal.

Target audience and reporting frameworks

The TT report supplements our 2023 Integrated and Sustainability reports (including annexures). In it, we recognise and provide disclosure on specific stakeholder interests regarding taxation. Our purpose shapes our tax reporting, prioritising a practical and stakeholder-oriented approach. While taking cognisance of the global tax reporting landscape and voluntary guidelines, our TT aligns with GRI 207: Tax 2019 and with the Johannesburg Stock Exchange (JSE) Sustainability Disclosure Guidance: June 2022 (in particular, the Governance Core and Leadership metrics G5 on Tax). We have included sector-specific tax matters in relation to financial services. The nature of tax transparency and tax reporting continues to evolve. Accordingly, we will refine our reporting approach over time.

The GRI perspective on tax

GRI 207: Tax 2019 is the first global reporting standard for tax transparency. Taking guidance from GRI 207: Tax 2019 enables the Group to better communicate our tax practices publicly while demonstrating our commitment to tax transparency. The standard was developed in response to growing demands from stakeholders for meaningful information about taxes by organisations.

In line with the standard, we provide disclosures about tax contributions from our business activities on a country-by-country basis. Our reporting is not limited to legal and financial tax issues but aims to ensure sustainable governance, tax morality or responsibility and promote stakeholder engagement.

Approval

The Absa Tax Committee acknowledges our responsibility for the integrity of the Group's external tax reporting. The approving members are:

Ben Dyson
Chief Financial Officer: ARO

Given Mabena
Chief Financial Officer: Everyday Banking

Matt Harcourt
Chief Financial Officer: CIB Africa

Charles Wheeler
Absa Group General Counsel

John Annandale
Head of Financial Control Functions

Nomcebo Mkhize
Chief Financial Officer: Relationship Banking – Finance

Chris Snyman
Interim Group Financial Director

Lapo Dlamini
Head of Group Tax

Navigating this report

Navigation



Weblink



Online
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Absa – Tax at a glance

Absa Group Limited is one of the continent’s largest diversified financial services groups. We have operated in Africa for over 100 years and have our primary listing on the Johannesburg Stock Exchange and a secondary listing on A2X.

Our values



Trust



Resourceful



Stewardship



Inclusion



Courage

Our purpose

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

Our ambition

To be a leading Pan-African bank



Country ¹	Employees	Statutory corporate tax rate %	Founded
Botswana	1 090	22	1950
Ghana	1 200	25	1917
Kenya	2 333	30	1916
Mauritius	782	15/5 ³	1919
Mozambique	818	32	2002
Seychelles	270	33	1959
South Africa	27 085	27	1888
Tanzania ⁴	1 587	30	1945
Uganda	926	30	1927
Zambia	805	30	1918

Representative offices

Namibia 1 employee 32% corporate tax rate	Nigeria 13 employees 30% corporate tax rate
Czech Republic 148 employees 19% corporate tax rate	People's Republic of China 0 employees 25% corporate tax rate
UK 36 employees 25% corporate tax rate	USA 13 employees 21% corporate tax rate
Isle of Man 0 employees 0% corporate tax rate	Ireland 0 employees 12.5% corporate tax rate

¹ Countries in which Absa is required to register a taxpayer(s).

² International Financial Reporting Standards.

³ Up to 1.5 billion Mauritian Rupees is taxed at 5%, thereafter at 15%.

⁴ Absa Bank Tanzania (ABT) and National Bank of Commerce (NBC) combined.

How we are structured⁵

We employ a team of tax specialists across various tax types to support the business operations in the following Group operating functional areas:

Corporate and
Investment Bank (CIB)

Absa Regional Operations RBB
(ARO RBB)

Product Solutions
Cluster (PSC)

Relationship
Banking (RB)

Everyday
Banking (EB)

Products and services

- Corporate Bank: Cash Management and Trade Working Capital
- Investment Bank: Global Markets, Investment Banking Division, Commercial Property Finance, Private Equity and Infrastructure Investments.

- Retail Banking: Premier, Prestige, Personal, and Inclusive segments
- Business Banking: Small and medium-sized enterprises (SME) and Commercial segments
- Insurance: Life Insurance, and Non-life Insurance.

- Home Loans
- Vehicle and Asset Finance
- Insurance SA:
 - Life Insurance
 - Non-Life Insurance
- Non-banking Financial Service: financial planning, stockbroking and portfolio management, estate planning solutions and management of Sanlam Investment Holding distribution agreement.

- Business Bank: Commercial, SMEs
- Commercial Asset Finance, Commercial Property Finance, Term Lending, Absa Vehicle Management Services, Islamic Banking, Acquiring, Cash Management, General Banking Solutions, Commercial Issuing.
- Private Wealth Banking.

- Personal Loans
- Credit Card
- Transactional Banking and Deposits.

About Group Tax

Our winning, talented and diverse team are our strength.

Our tax department comprises in-house professionals from various backgrounds, including tax, legal and accounting, who are specialists in direct and indirect taxes, transfer pricing, international taxes, tax compliance and reporting. The team is subject to clear standards to ensure they uphold our tax practices and principles. Furthermore, they adhere to documented standards and procedures that undergo continuous review to align with material changes to our business operations. The tax function has the necessary competencies, capabilities and specialist experience to support the business in its functional areas concerning all types of taxes, aligned with the Tax Governance Framework, tax risk management approach, and ethical values. In countries with no local tax specialist, the Financial Controller is responsible for tax management under the oversight of Absa Group Tax, which retains tax accountability. Absa Group Tax supports the local Financial Controller directly or by engaging and working with local advisors.


Tax is a complex area, and we understand the importance of strong governance concerning the Group's tax affairs. The tax function manages the impact of taxes responsibly and in line with the applicable regulation throughout the entire value chain to support all our businesses and to manage financial and reputational risks. All significant tax-related decisions are subject to review and approval by appropriately qualified and experienced individuals who can consult with reputable external advisers to manage our tax position and ensure we make appropriate and well-informed decisions.

We also understand that the tax landscapes across the economies in which we operate are ever-evolving and therefore invest in the continuous upskilling of our tax specialists and leverage technology to maintain a high-functioning and technically relevant tax function.

The key performance indicators of Absa Group Tax are closely aligned with the tax strategy, which is aligned with our overall business strategy. Good tax governance creates and sustains shareholder value, ensures that our behaviour is ethical and promotes positive outcomes for all our stakeholders. The team therefore adheres to the highest standards of tax governance and ethics in everything we do.

⁵ Read the comprehensive business profiles in our [Results booklet 2023](#).

Our commitment to tax transparency



“ We are mindful of how our actions will impact future generations. ”

As a financial services provider, we play an integral role in the economic life and aspirations of individuals, businesses, and communities. Moreover, as a Pan-African organisation, we recognise that a sustainable approach to tax is a critical component of our purpose and values. We are therefore committed to being a responsible taxpayer by complying with tax legislation, regulations and best practice to create long-term value for our stakeholders. We are deliberate in engaging and maintaining a collaborative and transparent approach with the Revenue Authorities in the economies where we have a presence.

The Group's total tax contribution to Revenue Authorities in the jurisdictions where we have operations amounted to R10 573 million for 2023 (R11 308 million 2022 and R8 466 million 2021), evidencing our commitment to being a responsible corporate citizen and taxpayer.

Recognising that fair and responsible taxation is crucial for long-term economic development and business growth in our jurisdictions of operation, we are enhancing our tax information and data disclosures, going beyond standard disclosures to emphasise the significance we attribute to tax transparency and its role in sustainable development. Furthermore, we actively contribute to developing tax policy and tax systems that are fair, effective, and stable through our advocacy initiatives and collaborative relationships with industry institutions and Revenue Authorities alike.

This voluntary report serves as a demonstration of our commitment to tax transparency, which underpins our promise and commitment to our stakeholders and society.

Lapo Dlamini

Head of Group Tax

Our approach to tax

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Our approach to tax

As a Pan-African business, we play a critical role in enabling sustainable economic development for our clients, customers and the societies in which we operate. We meaningfully contribute to empowering Africa's tomorrow by playing a shaping role in society through our responsible tax approach, which is underpinned by our behaviours. Our team is committed to continuously improving our corporate governance principles, policies, and practices by remaining abreast of evolving regulations and best practices.

Our key tax behaviours

- Our approach to taxation is defined through clear policies, procedure roles and responsibilities and a control framework.
- Our tax reporting is transparent and informative.
- We ensure that profits are recognised and taxed in the locations where the economic activity occurs.
- We are cooperative and helpful in our dealings with Revenue Authorities and respond to their feedback proactively, constructively, and transparently.
- We recognise that the early resolution of risk is in everyone's interest.
- We ensure that all tax structuring is subject to a robust review and approval process.
- We handle litigation in a way that is consistent with our values.
- Where it is unclear how tax law should be applied, where appropriate we engage with Revenue Authorities before undertaking transactions to confirm the correct application of tax law.
- When necessary, we consult with reputable external advisers to help us manage our tax position and make appropriate decisions.

Our tax structuring principles

We have clear tax principles that govern our approach to tax structuring, which must:

- Support genuine commercial activity
- Comply with generally accepted customs and practices, in addition to the law
- Not be of a type on which the Revenue Authorities have previously formally raised concerns
- In the case where Absa structures transactions and products involving third parties, customers/clients and third parties must all be advised to assess their tax risks
- Be consistent with, and be seen to be consistent with, our purpose and values.

Should any of these principles be threatened, we will not proceed, regardless of the commercial implications.



Our tax practices

Tax is one of the important considerations in decisions regarding how we run and organise our business and therefore ensure that those decisions are consistent with our tax principles and that profits are recognised and taxed in the locations where the economic activity occurs.

Entities within our Group conduct transactions between themselves on an arm's-length basis, reflecting the economic substance of the transaction in accordance with established international standards and local tax laws.

We seek to fully comply with tax laws and regulations and address legacy tax exposures promptly. The Group supports legislation aimed at good conduct and is committed to providing all Revenue Authorities with the information required in various reporting regulations, including those that support the prevention of tax evasion. We therefore only undertake tax structuring if it is aligned with our tax structuring principles.

In supporting legislation aimed at good conduct, we are committed to providing all necessary information regarding various reporting requirements to the relevant Revenue Authorities. These include the United States' Foreign Account Tax Compliance Act and the Organisation for Economic Co-operation and Development's (OECD's) Common Reporting Standards, which require that our African entities share customer information with Revenue Authorities.

Low-tax jurisdictions

Absa operated entities incorporated in what is termed low-tax jurisdictions, and this includes the Isle of Man, Ireland and Mauritius. Although these are considered low-tax jurisdictions, they remain cooperative on tax matters in terms of transparency and effective exchange of information and members of the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

Notwithstanding the low corporate tax rates of these jurisdictions, the applicable taxable income is included in Absa Group's income and taxed accordingly at the South African corporate income tax rate of 27% in line with the South African Controlled Foreign Company rules.

Our approach to tax continued

In line with our key tax behaviours, we do not intentionally structure our affairs to shift profits to low-tax jurisdictions. Our presence in low-tax jurisdictions is commonly driven by commercial reasons, which include operating a fledged bank for the community of Mauritius and have been doing so for the last 105 years. Similarly, we operate a captive insurer in the Isle of Man due to it being recognised as an experienced and quality hub for captive insurance, with a strong regulatory infrastructure in place to handle insurance financial risks. Our exposure in Ireland is relatively insignificant and resulted from exercising our rights in terms of a loan agreement from a default.

The tax affairs of our customers

Our tax principles make it clear that all tax structuring for our customers must support genuine commercial activity. While our customers are ultimately responsible for any decisions concerning their tax affairs, we provide some tax-related product offerings to our customers. Revenue Authorities understand these products, which often deliver tax incentives intended explicitly by government. We would not offer a product if the tax structuring in question did not comply with our interpretation of the law.



Whistleblowers can email protect@tip-offs.com or visit www.tip-offs.com. They can also email the Absa Priority Investigations and Whistleblowing team directly at protected@absa.africa or send an anonymous Whatsapp to 0860 660 007.

Mechanisms to report unethical behaviour in relation to tax

Group Compliance reports on key risk indicators as part of conduct risk and financial crime risk, and the information is received from all areas across the Group. Regarding fraud risk, it is every business/function's responsibility to manage fraud risk and control responsibilities. This includes significant employee breaches of policy compliance, employee disciplinary outcomes and whistleblowing statistics.

Financial Crime monitors money laundering practices, that is, the process of concealing the true origin, ownership, and/or purpose of the proceeds of any criminal activity, including drug trafficking, terrorist financing, corruption, many types of fraud, human trafficking, and tax evasion.

Whistleblowers may raise concerns regarding inappropriate or unlawful conduct anonymously to our independent, external service provider (Tip-offs Anonymous) or internally to Priority Investigations and Whistleblowing.

Significant dispute resolution matters in the public domain

Managing our tax risk infers that the Group will be involved in some tax dispute or litigation with Revenue Authorities, which we will handle cooperatively and transparently to ensure the correct application of the law and the facts in each case.

To this end, Absa Group is involved in significant litigation in South Africa and Kenya, and our position in both these matters is already known in the public domain.

In 2019, Absa launched review proceedings in terms of section 9 of the Tax Administration Act in respect of South African Revenue Service's (SARS) refusal to withdraw the Section 80J notices served on Absa and United Towers, contending that neither Absa nor United Towers was a 'party' to the relevant arrangements concluded by a client, nor they derive a 'tax benefit', as contemplated in terms of the General Anti-

Avoidance Rules. Absa was successful in these proceedings, with both the notices and underlying assessments of SARS reviewed and set aside. However, in 2023, the Supreme Court of Appeal found in favour of SARS and referred the matter back to the tax court. Absa will now oppose the assessments through SARS' usual dispute resolution process.

In Kenya, the Kenya Supreme Court of Appeal has agreed to hear our appeal relating to withholding taxes on Visa and Mastercard payments on the basis the issues raised are of general public importance. For us, the question of whether payments made by banks to card companies constitute royalties and whether interchange fees paid by banks can be classified as management or professional fees liable to taxation and subject to withholding tax remains an important question within the banking industry. It was for this reason that the Supreme Court was approached, given the impact this matter has on payment systems, the cost of transactions, the economy and government policy on a cashless economy.

Tax reporting

The carrying amount of any provisions that might require recognition will be sensitive to the manner in which tax matters are expected to be resolved and the stage of negotiations or discussions with the relevant Revenue Authorities. There may be significant uncertainty around the final outcome of tax proceedings, which in many instances will only be ascertained after several years.

Various factors impact management estimates, including, among others, the progress made in discussions or negotiations with the Revenue Authorities, the advice of expert legal counsel, the precedent set by the outcome of any previous claims, and the nature of the relevant tax environment.

Where the final tax outcome of these matters differs from the amounts initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the reporting period during which the determination is made. We manage these risks in accordance with the Group's Tax Risk Policy.

Our Group tax strategy

Our strategy



Integrate

Roles and responsibilities giving rise to tax professionals doing tax.



People

The art of the possible.



Advocacy & Advice

Internal and external participation in driving the tax landscape.



Digitally Enabled

Enhanced digital capabilities and real-time reporting.

Our tax strategy addresses our targeted performance outcomes while aligning with business objectives. It is reviewed and approved annually through the proper governance structure for alignment with the overall business objectives. It is against these four cornerstones that we aim to enhance our compliance management, diligence in our reporting to Revenue Authorities, stewardship through automated processes and advocacy activities, aiming to make a lasting, positive impact in the economies in which we operate.



Cross-country tax collaboration – Absa Tax Conference 2023

Advocating for fair and equitable tax systems

Advocacy

As a Pan-African business, we manage taxes in an increasingly complex tax environment, with varying tax requirements, legislation, and increased enforcement by Revenue Authorities aiming to achieve their revenue objectives.

Against this backdrop, we are involved in developing tax policy and improving tax systems as a response to managing our tax risks. We therefore foster constructive and professional relationships with Revenue Authorities and other government departments through public consultations and other discussions.

Considering an increasingly complex tax legislative setting, numerous regulatory requirements, and the heightened focus of Revenue Authorities on protecting their tax revenues, advocacy is becoming increasingly important.

Stakeholder engagement

The tax landscape has seen many changes during 2023, with attendant interpretive and compliance complexities impacting the Group. Absa remains focused on influencing policy through active engagement with the Revenue Authorities, National Treasury, and other industry bodies, such as the Banking Associations/Councils, on key areas where reform or clarity is required. The fruit of this commitment to advocacy within the industry can be seen in the number of binding rulings issued in 2023, aimed at creating certainty, clarity and consistency in the banking industry. These rulings not only mitigate tax risks but also simplify the administration of tax.

During the second half of 2023, SARS communicated its intention to modernise the value-added tax (VAT) administrative framework aligned to global trends, which includes introducing real-time VAT reporting. Absa actively participated in the early stages of the consultative process, given its experience via its African Regional Operations, to ensure that the design of such a framework considers the complexities of VAT reporting in the banking industry at large. Absa remains committed to collaborating with Revenue Authorities on initiatives aimed at increased VAT compliance.

Globally, we have also seen many countries undergo engagements pertaining to the transformation and modernisation of their tax regimes in response to the OECD's BEPS project, which addresses a lack of transparency and the undesired consequences of differences in tax regimes.

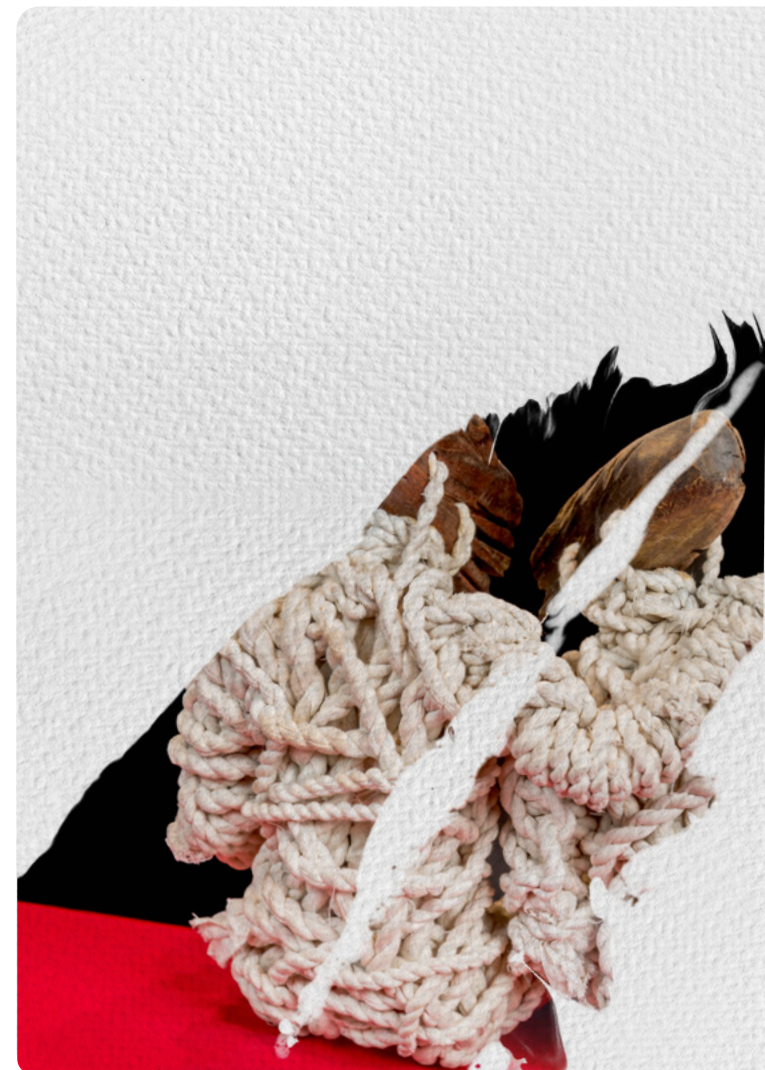
We also support the aims of the various initiatives that involve assisting tax regimes in developing ways that make the tax system fairer, more equitable and transparent.

Mechanisms to assist Revenue Authorities in the prevention of fraud

Our collaborative efforts with Revenue Authorities have led to the establishment of a taxonomy to detect different methods utilised to defraud them. This has resulted in the recovery of more fraudulent refunds. In addition, Absa has contributed to the successful recovery of fraudulent refunds amounting to R1.2 billion.

A Tax Talk Forum was formed, which Absa is driving with other industry members to establish better rules for fraud detection. This collaboration between Absa, SARS and other participating banks has contributed to SARS recovering R114 million in diesel fraud, and R7 billion in respect of pay-as-you-earn tax regarding ghost employees.

Absa has also led the refinement of the Level 3-4 Fund Transfer process by creating steps that are helping SARS to establish the movement of refunds and transfers once released by SARS as a refund to the taxpayer. This has assisted SARS to identify where the refunds are and commence the recovery process.



Governance and risk

Sound corporate governance practices are vital for creating and sustaining shareholder value and ensuring that behaviour is ethical, legal, and transparent.

Controls and procedures

We combine a strong control mindset with a business partnering ethic and clear accountability, ensuring full compliance with regulations, generally accepted practices, and the Group's requirements.

We have appropriate controls and procedures in place to ensure compliance with relevant tax legislation in all jurisdictions in which we operate. This includes compliance with transfer pricing legislation and documentation, as required by the OECD.

Governance

The formal procedures around the governance of tax matters are consistent with the Group's enterprise risk management approach, which includes tax risk as a specialist risk type under operational risk.

As part of our alignment with the Enterprise Risk Management Framework, Group Tax owns and drives embedment of the Tax Risk Policy, Tax Risk and Control Framework and Tax Standard, with supporting Standards.

Uncertain tax positions are properly evaluated and reported in terms of the International Financial Reporting Interpretations Committee 23 (IFRIC 23). We disclose materially uncertain tax positions, which are evaluated by our external auditors.

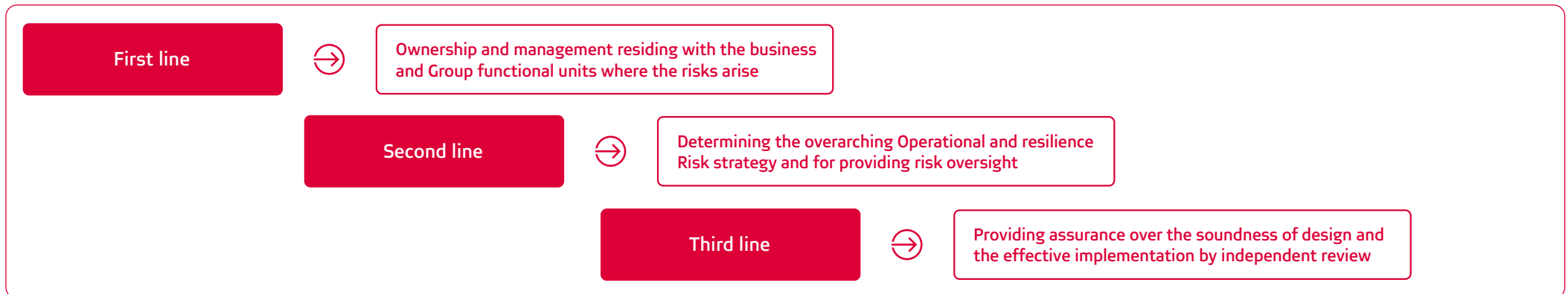
Risk Management Framework

Our tax risk appetite includes quantitative and qualitative measures, contributing to managing tax risk measurably and substantively.

The key risk indicators included in our tax risk governance are quantitative measures used to evaluate tax compliance. We measure these quarterly across the Group and consider them essential in assessing our tax risk appetite.

Our critical processes and controls are also measured and monitored through the key risk indicator process.

In addition to our controls and procedures and Governance and Risk Management Framework, tax risks are further managed through Absa's three lines of defence model.





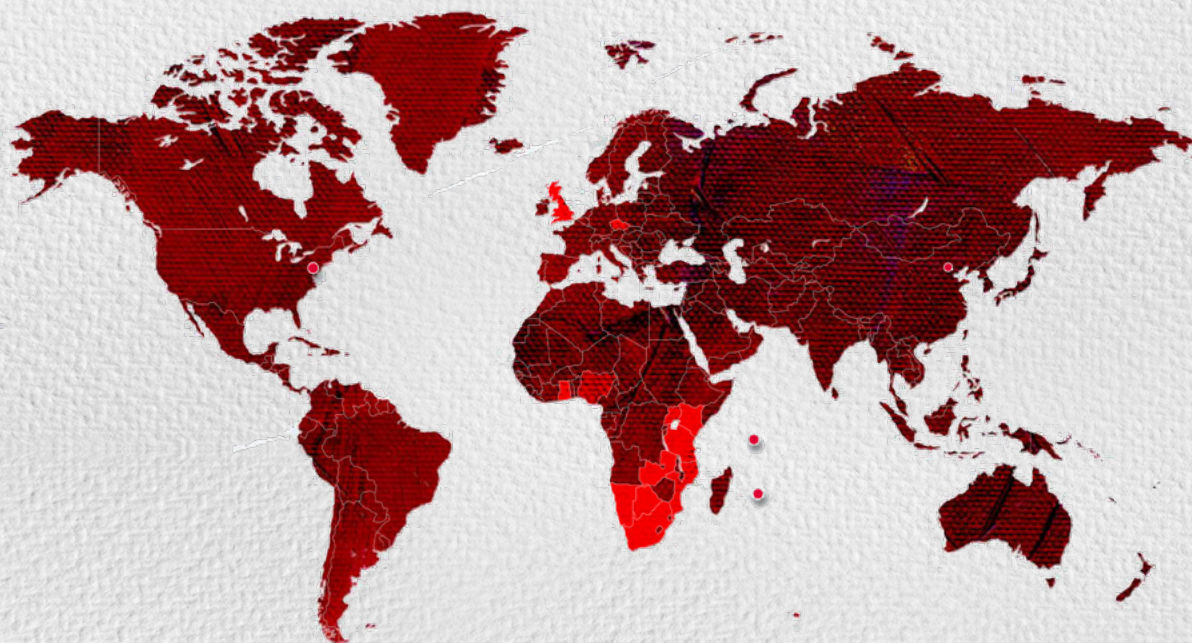
Our global contributions

Our tax contributions

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Our tax contributions

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



Taxes are reported in the local jurisdiction where each entity is resident for tax purposes, considering activities carried out in that jurisdiction.

Taxes collected on behalf of Revenue Authorities

We collect taxes on behalf of Revenue Authorities across the jurisdictions in which we operate, these taxes are collected but not borne by the Group.

As a financial institution offering financial accounts to clients, Absa, along with its peers, is required under law to assist SARS with collecting taxes owed to it. We continue to collaborate with SARS to ensure the fair and transparent application of the legislation in relation to these agency appointments.

The taxes in relation to these appointments are:

Agency Appointment (section 179 of the Tax Administration Act)	2023 Rm	2022 Rm	2021 Rm
SARS Transfers – Value	778	669	698

Total taxes collected on behalf of Revenue Authorities in relation to other taxes as indicated below:

Per tax type	2023 Rm	2022 Rm	2021 Rm
Pay-as-you-earn	6 958	5 922	5 183
Security Transfer Tax	180	167	100
Unemployment Insurance Fund/Social Security	69	55	53
VAT recovered	2 779 ⁶	1 901	1 783
	9 986	8 046	7 118

⁶ Mainly attributable to South Africa: Increase year-on-year mainly commodity driven due to timing. The reason for larger inputs and lower outputs in the previous period was due to market conditions and additional funding requirements in the commodity trading space, driven by the Russia/Ukraine conflict.

Our tax contributions continued











Country contribution to the collected taxes reflected as a percentage (%)

	2023	2022	2021
Absa Regional Operations			
 Botswana	1.5	1.6	1.8
 Ghana	1.4	1.5	1.7
 Kenya	5.2	6.1	6.1
 Mauritius	0.9	0.8	0.6
 Mozambique	1.6	1.1	1.5
 Seychelles	0.1	0.2	0.8
 South Africa	82.7	82.4	81.0
 Tanzania ³	1.1	3.2	2.5
 Uganda	2.5	1.5	2.2
 Zambia	1.9	1.7	1.7

Taxes paid to Revenue Authorities by Absa

Our tax contributions include taxes on profits, withholding taxes on dividends and certain other income received, and VAT on goods and services from suppliers. Unlike most other businesses, banks can only claim back a proportion of the VAT incurred in daily operations, making this a significant final cost.

Per tax type	2023 Rm	2022 Rm	2021 Rm
Corporate tax	6 566	8 373	5 551
Payroll taxes	216	66	171
Irrecoverable VAT	2 099	1 545	1 575
Withholding taxes and other ⁷	1 692	1 325	1 169
	10 573	11 308	8 466

Taxes paid per country reflected as a percentage (%)	2023	2022	2021
 Botswana	4.5	4.1	1.4
 Ghana	8.7	8.0	11.3
 Kenya	13.0	14.6	6.5
 Mauritius	1.5	0.7	1.2
 Mozambique	2.0	1.4	2.4
 Seychelles	0.1	0.3	0.3
 South Africa	59.1	62.5	70.5
 Tanzania ³	2.1	3.1	2.5
 Uganda	1.4	1.1	1.6
 Zambia	7.3	4.0	0.1

Operations other than Regulated Financial Services and Insurance

 Czech Republic	0.1	0.1	0.0
 United Kingdom	0.1	0.1	0.1
 United States	0.1	0.0	0.0

⁷ 'Other taxes' include, for example, carbon taxes, levies and property taxes.

Country-by-country report



Country-by-country report

Each country/tax jurisdiction we operate in will be reflected in relation to the below requirements.

Country-by-country reporting (CbCR) is disclosed as guided by the OECD. Implemented to close the gaps and address the mismatches between the tax systems of multiple countries, the BEPS Action Plan was adopted by the OECD and G20 countries, including South Africa, in 2013.

In terms of the guidance, Absa Group Limited is required, as a Multi-National Enterprise (MNE) Group, to report on their operations in every country we operate in. These reports will enable Revenue Authorities to assess transfer pricing and other BEPS-related risks concerning the MNE groups operating in their countries. SARS requires the Ultimate Parent Entity, resident in South Africa, of an MNE group with total consolidated group revenue of R10 billion or more, as reflected in its consolidated financial statements, to file a CbC Report (CbC01), master file and local file. The CbCR will be saved on the SARS system for SARS use and transmission to other tax jurisdictions in terms of the Multilateral Competent Authority Agreement and bilateral Competent Authority Agreement.

This reporting is done on a consolidated Group level and will not be reflective of individual in-country entity statutory financial records or statements as a result. The Group's consolidated results are published earlier than each subsidiary companies' statutory records (in-country) and subsequently include earlier versions before finalisation of audit conclusions by each subsidiary.

Some aspects will be reported for Group consolidation purposes in a different financial year, complicating direct comparison with any one in-country set of statutory financial statements or returns.

The CbCR required information is reflected per country in this report. This reflects aggregate information relating to the amount of revenue, profit (loss) before income tax, income tax paid, income tax accrued, number of employees, and tangible assets other than cash or cash equivalents regarding each jurisdiction. It also identifies each constituent entity, sets out the jurisdiction of tax residence, and the nature of the main business activity or activities as classified for CbCR Table 2 reporting.

The CbCR supports a global reporting standard for the different regimes to enable consistency and reduce costs and confusion. Other aspects of interest are disclosed in the [AFS](#), including expected credit losses, non-credit impairments and operating expenses. These items are not required for purposes of CbCR and therefore are not specifically included.

Explaining the numbers

We pay tax in local currency and convert it to rand for reporting purposes. Taxes are reported in the local jurisdictions where each entity is resident for tax purposes, taking into account activities carried out in that particular jurisdiction and where the key management and commercial decisions necessary for the conduct of the entity's business as a whole are in substance made.

The difference in the effective tax/total tax charge disclosed, compared to the total corporate taxes paid in actual cash terms, will primarily relate to:

- Taxes and levies other than corporate tax reflected in the charge
- Provisional tax payments due in advance and based on estimated results rather than actual results
- Top-up or assessment payments and refunds due following assessments of preceding years, which are only due in the current tax year being accounted in cash payments/receipts in the current year but already included/provided for in the preceding year's tax charge.

Definitions

The definitions and/or explanations of the concepts relevant to the CbCR follow below:

Accumulated earnings: Represents the retained earnings of an entity and is the accumulated net income that is retained by the entity at a particular point of time, such as at the end of the reporting period.

Employees: Please refer to definition as per the [2023 Integrated Report](#).

Income tax expense: Represents amounts of accrued current tax expense recorded on taxable profits or losses irrespective of whether the tax has been paid.

Nature of business: Our Group is primarily involved in banking activities in all countries where we operate as regulated financial services providers.

Profit/(loss) before tax (PBT): Indicates the disclosed accounting profits or losses for the Group for the year without the consideration of any direct taxes.

Related party receivables/payables: Represents current accounts, deposits, derivatives, and loan funding. The interest rates are consistent with the pricing of funding and deposits with independent third parties.

Revenue: Includes net interest income, net fee and commission income, net trading income, net investment income, net premiums from insurance contracts and net claims and benefits incurred on insurance contracts. It gives an indication of the size of our business in each country.

Tangible assets: Represents an asset that has a physical substance.

Total tax paid: Represents amounts of taxes actually paid during the reporting financial and tax year and includes payments made in respect of prior year tax obligations.

Country-by-country report continued

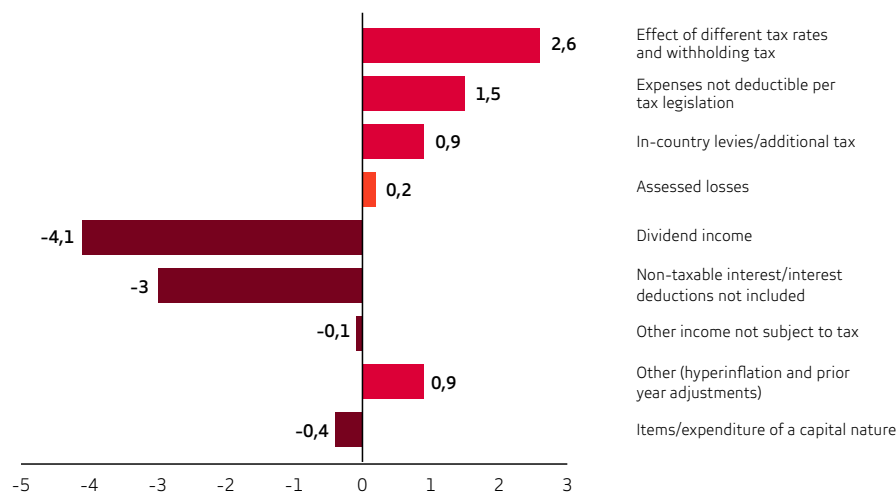
Total tax: This represents the tax actually paid in each country. The columns above break the total down into its constituent parts. Most of the taxes paid will not relate directly to the profits earned that year. For example, in some jurisdictions, we pay tax only upon assessment after the financial year-end and upon subsequent submission of the relevant tax returns.

Withholding tax and other: Withholding taxes comprise the tax charged on dividends or other income received, typically paid at the point of distribution from one country to another. We have kept these amounts separate from the corporate taxes paid. Other taxes are the material property taxes that were paid in 2022 and include, for example, taxes on the properties used in our business, including our network of branches. Other taxes include regional services levies, which are applicable in some jurisdictions.

Effective tax rate reconciliation: The Group reconciliation is available in the [AFS](#).

The Absa Group's normalised effective tax rate (ETR) decreased from 26.2% in the prior year to 25.3% in the current year. South Africa 20.1% (2022: 24.6%).

The main drivers: Beneficial drivers include exempt dividend income, interest taxed at lower rates/additional interest deductions. Adverse deductions include general non-qualifying expenses, additional levies payable, in-country tax rate differences, and prior-year adjustments. The reconciliation for IFRS results are reflected below.



South Africa

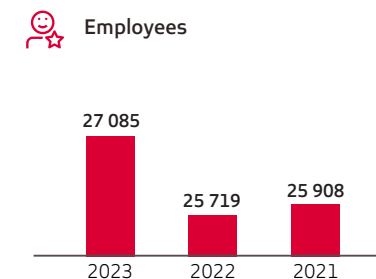
List of subsidiaries and consolidated entities as per [AFS](#) note 46.4

Nature of operations – Regulated financial services and insurance.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	73 364	72 683	65 290
Internal revenue	-2.4%	-0.6%	-0.3%
Profit before tax	16 095¹	22 276	18 284
Tax expense	3 496	5 665	4 699
Total tax paid	6 250	7 074	5 968
Tangible assets excluding cash	11 952	11 940	12 626

¹ The year-on year profit before tax movement is significantly impacted by impairments of R13 760 million.



Total tax paid includes irrecoverable VAT and payroll taxes not reflected in the tax expense. In South Africa corporate income tax is paid in advance through a provisional tax system. These payments are based on estimates of annual taxable income and not actual results.

	2023	2022	2021
Corporate tax	60.9%	72.8%	70.6%
Payroll tax	3.5%	0.9%	1.1%
Irrecoverable VAT	24.2%	19.1%	19.6%
Withholding and other tax suffered	11.5%	7.2%	8.8%

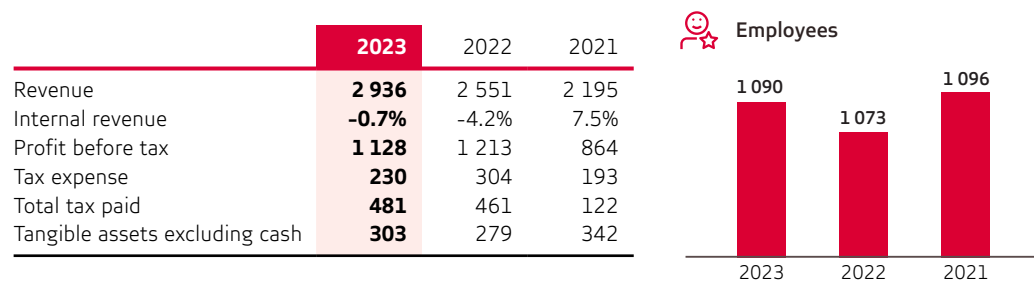
Country-by-country report continued

Botswana

Absa Bank Botswana Limited | Absa Insurance Services Proprietary Limited (B)
Absa Life Botswana Proprietary Limited | Absa Securities Botswana Proprietary Limited

Nature of operations – Regulated financial services and insurance.

All numbers are in Rand million unless otherwise indicated.



Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	60.0%	68.9%	10.4%
Irrecoverable VAT	13.8%	5.6%	44.4%
Withholding and other tax suffered	26.2%	25.5%	45.3%

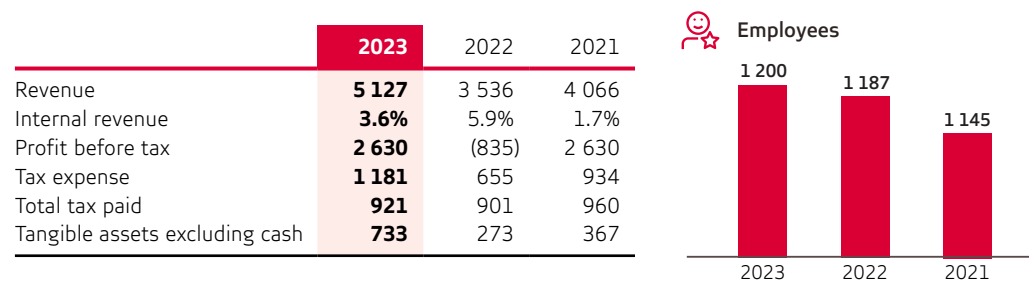
Integrated Report 2023 – Our four most significant regional operations

Ghana

Absa Bank Ghana Limited

Nature of operations – Regulated financial services.

All numbers are in Rand million unless otherwise indicated.



Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	75.3%	86.6%	85.7%
Irrecoverable VAT	8.7%	2.1%	4.1%
Withholding and other tax suffered	16.0%	11.2%	7.3%

Integrated Report 2023 – Our four most significant regional operations

Country-by-country report continued

Kenya

Absa Bank Kenya PLC | Absa Kenya Nominees Limited | Absa Life Assurance Kenya Limited
Absa Pension Services Limited (K) | Absa Securities Limited (K)
First Assurance Company Limited (K) | First Assurance Holdings Limited (K)
Plaza Trust Limited (K)

Nature of operations - Regulated financial services, insurance, services to unrelated parties, administrative, management and support services, holding shares and other equity instruments.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	7 142	6 588	4 907
Internal revenue	10.6%	1.5%	1.2%
Profit before tax	3 098	2 968	2 102
Tax expense	983	930	794
Total tax paid	1 372	1 656	546
Tangible assets excluding cash	572	561	555

Employees	2023	2022	2021
	2 333	2 304	2 188

Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	65.3%	79.9%	50.1%
Irrecoverable VAT	9.9%	3.2%	16.4%
Withholding and other tax suffered	24.7%	16.9%	33.4%

Integrated Report 2023 – Our four most significant regional operations

Mauritius

Absa Bank (Mauritius) Limited

Nature of operations – Regulated financial services.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	3 000	2 087	1 680
Internal revenue	-1.0%	0.4%	0.3%
Profit before tax	1 690	814	591
Tax expense	211	117	98
Total tax paid	159	78	96
Tangible assets excluding cash	276	249	255

Employees	2023	2022	2021
	782	754	681

Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	68.2%	97.9%	39.0%
Irrecoverable VAT	30.8%	0.0%	42.7%
Withholding and other tax suffered	1.0%	2.1%	1.3%

Integrated Report 2023 – Our four most significant regional operations

Country-by-country report continued

Mozambique

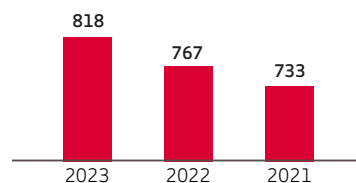
Absa Bank Moçambique, SA | Global Alliance Seguros, S.A.

Nature of operations – Regulated financial services and insurance.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	2 501	1 904	1 316
Internal revenue	0.9%	0.7%	1.0%
Profit before tax	783	509	225
Tax expense	205	139	79
Total tax paid	208	162	202
Tangible assets excluding cash	792	741	738

Employees



Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	32.8%	18.3%	17.6%
Irrecoverable VAT	22.6%	37.7%	20.2%
Withholding and other tax suffered	44.6%	44.0%	62.2%

Namibia

Absa Representative Office Namibia Proprietary Limited | EFS Namibia Proprietary Limited
Oryx Security Company Proprietary Limited

Nature of operations – Regulated financial services.
Employees – 1

Nigeria

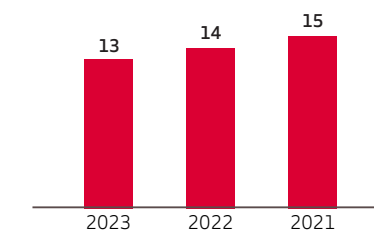
Absa Capital Markets Nigeria Limited | Absa Representative Office (Nigeria) Limited
Absa Securities Nigeria Limited

Nature of operations – Regulated financial services.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	4	13	10
Internal revenue	32.5%	9.2%	13.3%
Profit before tax	8	16	0
Tax expense	1	1	1
Total tax paid	1	1	1
Tangible assets excluding cash	2	5	1

Employees



Country-by-country report continued

 Seychelles

Absa Bank (Seychelles) Limited

Nature of operations – Regulated financial services.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	939	639	465
Internal revenue	24.5%	9.3%	1.4%
Profit before tax	328	153	137
Tax expense	115	30	30
Total tax paid	9	32	11
Tangible assets excluding cash	208	171	149

Employees			
2023	270	2022	270
2021	252		

 Tanzania
Absa Bank Tanzania Limited | National Bank of Commerce Limited
Tanzania Mortgage Refinance Company Limited

Nature of operations – Regulated financial services.

All numbers are in Rand million unless otherwise indicated.

	2023	2022	2021
Revenue	3 540	2 614	1 984
Internal revenue	5.3%	2.1%	0.7%
Profit before tax	1 507	800	416
Tax expense	443	237	149
Total tax paid	218	348	208
Tangible assets excluding cash	620	583	529

Employees			
2023	1 587	2022	1 478
2021	1 411		

Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	60.5%	70.7%	21.7%
Irrecoverable VAT	19.4%	0.0%	19.5%
Withholding and other tax suffered	20.1%	29.3%	44.1%

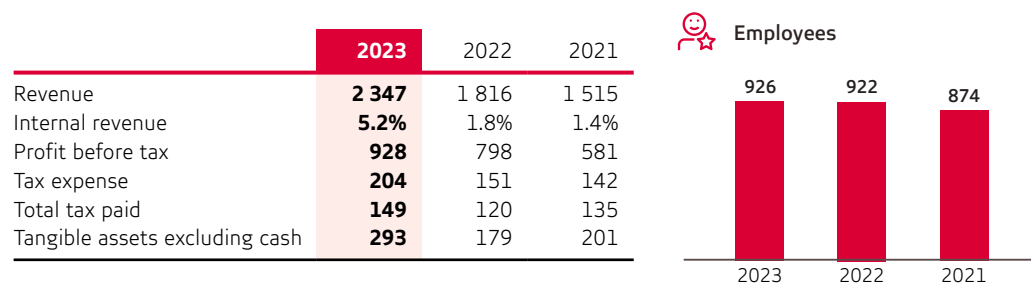
Country-by-country report continued

Uganda

Absa Bank Uganda Limited

Nature of operations – Regulated financial services.

All numbers are in Rand million unless otherwise indicated.



Total tax paid reflected as percentage per tax type.

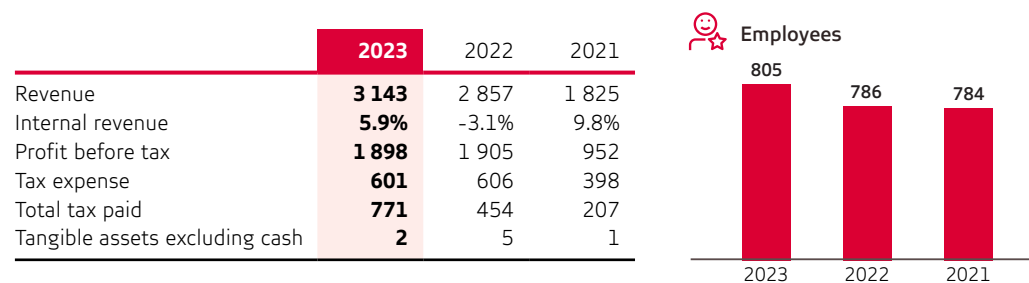
	2023	2022	2021
Corporate tax	0.0%	0.0%	0.0%
Irrecoverable VAT	61.6%	29.5%	37.7%
Withholding and other tax suffered	38.4%	70.5%	42.8%

Zambia

Absa Bank Zambia PLC | Absa Life Zambia Limited | Kafue House Limited

Nature of operations – Regulated financial services and insurance.

All numbers are in Rand million unless otherwise indicated.



Total tax paid reflected as percentage per tax type.

	2023	2022	2021
Corporate tax	70.2%	89.0%	48.5%
Irrecoverable VAT	9.0%	0.1%	22.1%
Withholding and other tax suffered	20.8%	10.9%	25.9%

Country-by-country report continued

Operations in countries other than Africa

	China	Czech Republic	Ireland	Isle of Man	United Kingdom	United States
Employees	0	148	0	0	36	13
Revenue	R0	R476m	R28m	R93m	R12m	(R2m)
Profit before tax	R0	R5m	R0	R84m	R58m	R9m
Tax expense	R0	R3m	R0	R0	R15m	R3m
Total tax paid	R0	R 6m	R0	R0	R14m	R16m

Entities listed below 1 2 3 4 5 6

1. Absa Beijing Advisory Co Limited.
2. Absa Technology Prague, s.r.o.
3. Springbok 2022 Aircraft Leasing Limited.
4. Absa Manx Holdings Limited and Absa Manx Insurance Company Limited.
5. Absa Securities United Kingdom Limited.
6. Absa Securities U.S. Inc.

Supplementary information

GRI 207 application register

Management Approach Disclosures

207-1	Yes/No	Location/Section
a. A description of the approach to tax, including:	Yes	<i>Our approach to tax</i>
i. whether the organisation has a tax strategy and, if so, a link to this strategy if publicly available;	Yes	<i>Our Group Tax strategy</i>
ii. the governance body or executive-level position within the organisation that formally reviews and approves the tax strategy, and the frequency of this review;	Yes	<i>Our Group Tax strategy</i>
iii. the approach to regulatory compliance;	Yes	<i>Stakeholder engagement</i>
iv. how the approach to tax is linked to the business and sustainable development strategies of the organisation.	Yes	<i>Our commitment to tax transparency</i>

Tax governance, control, and risk management

207-2	Yes/No	Location/Section
a. A description of the tax governance and control framework, including:	Yes	<i>Governance and risk</i>
i. the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;	Yes	<i>Approval</i>
ii. how the approach to tax is embedded within the organisation;	Yes	<i>Our key tax behaviours</i> <i>Our tax structuring principles</i> <i>Our tax practices</i>
iii. the approach to tax risks, including how risks are identified, managed, and monitored;	Yes	<i>Governance and risk</i>
iv. how compliance with the tax governance and control framework is evaluated.	Yes	<i>Governance and risk</i>

207-2	Yes/No	Location/Section
b. A description of the mechanisms for reporting concerns about unethical or unlawful behaviour and the organisation's integrity in relation to tax.	Yes	<i>Mechanisms to report unethical behaviour in relation to tax</i> <i>Mechanisms to assist Revenue Authorities in the prevention of fraud</i>
c. A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion.	Yes	<i>Reading this report</i>

Stakeholder engagement and management of concerns related to tax

207-3	Yes/No	Location/Section
a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:	Yes	<i>Advocating for fair and equitable tax systems</i>
i. the approach to engagement with Revenue Authorities;	Yes	<i>Advocating for fair and equitable tax systems</i>
ii. the approach to public policy advocacy on tax;	Yes	<i>Advocating for fair and equitable tax systems</i>
iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders	Yes	<i>Advocating for fair and equitable tax systems</i> <i>Our customers tax affairs</i>

Supplementary information continued

Country-by-country reporting

207-4	Yes/No	Location/Section
a. All tax jurisdictions where the entities included in the organisation's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	Yes	<i>Country-by-country report</i> <i>Consolidated AFS</i>
b. For each tax jurisdiction reported in Disclosure 207-4-a:		<i>Country-by-country report</i>
i. Names of the resident entities;	Yes	<i>Country-by-country report</i>
ii. Primary activities of the organisation;	Yes	<i>Country-by-country report</i>
iii. Number of employees, and the basis of calculation of this number;	Yes	<i>Country-by-country report</i>
iv. Revenues from third-party sales;	Yes	<i>Country-by-country report</i>
v. Revenues from intra-group transactions with other tax jurisdictions;	Yes	<i>Country-by-country report</i>
vi. Profit/loss before tax;	Yes	<i>Country-by-country report</i>
vii. Tangible assets other than cash and cash equivalents;	Yes	<i>Country-by-country report</i>
viii. Corporate income tax paid on a cash basis;	Yes	<i>Country-by-country report</i>
ix. Corporate income tax accrued on profit/loss;	Yes	<i>Country-by-country report</i>
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.	No	<i>AFS ETR disclosures</i>
c. The time period covered by the information reported in Disclosure 207-4.	Yes	<i>Reporting period and scope</i>



www.absa.africa

Contact information

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JSE share code: ABC
ISIN: ZAE000255915

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Nadine Drutman

Head: Financial Control Functions

John Annandale

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