

**ABSA GROUP LIMITED**

Incorporated in the Republic of South Africa

Registration number: 1986/003934/06

ISIN: ZAE000255915

JSE share code: ABG

("Absa Group" or "the Group")

**TRADING STATEMENT UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2020**

In accordance with section 3.4(b) of the JSE Listings Requirements, and updating Absa Group's trading statement published on 26 May 2020, shareholders are advised that there is a reasonable degree of certainty regarding our financial results for the six months ended 30 June 2020 (1H20).

The Group's normalised headline earnings per share (HEPS) for 1H20 is expected to be between 80% and 85% lower than the 977.5 cents for the six months ended 30 June 2019 (the "comparative period"). On an IFRS basis, 1H20 HEPS and earnings per share are expected to decline by between 92% and 97% from the comparative period's 920.0 and 918.9 cents, respectively.

In line with our recent trading statement, the Covid-19 pandemic, national lockdowns and weak economy during the first half had a material impact on customer loan and transaction volumes, while significantly lower policy rates reduced our net interest margin, despite protection from our structural hedge. Consequently, 1H20 revenue growth slowed to low single digit year-on-year. Operating expenses reduced from the comparative period, producing positive JAWS and high single digit pre-provision profit growth, with an improved cost-to-income ratio for the half. However, credit impairments were four times higher, resulting in a credit loss ratio of 2.77% from 0.79% in the comparative period. Half of the increase reflects judgmental macro-economic overlays, which strengthened stage 1 and 2 loan coverage materially. Based on our current expectations, credit impairments should decrease significantly in the second half of 2020. Absa Group's balance sheet remains resilient, with an 11.0% common equity tier 1 ratio at 30 June 2020, together with strong levels of liquidity and an 85% loans-to-deposits and debt securities ratio.

We will announce 1H20 results on 24 August 2020. Details of our results presentation are available at: <https://www.absa.africa/absaafrica/investor-relations/annual-results-announcement/>

Shareholders are advised that the information contained in this announcement has not been reviewed or reported on by our auditors.

Johannesburg  
12 August 2020

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**Lead Independent Sponsor:**

J.P. Morgan Equities South Africa Proprietary Limited

**Joint Sponsor:**

Absa Bank Limited (Corporate & Investment Bank)

**Editors Note:****Normalised reporting**

Given the process of separating from Barclays PLC, Absa Group continues to report IFRS-compliant financial results and a normalised view. The latter adjusts for the consequences of the separation and better reflects its underlying performance. The Group will present normalised results for periods where the financial impact of separation is considered material.