

ABSA GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number: 1986/003934/06

ISIN: ZAE000255915

JSE share code: ABG

JSE bond issuer code: ABGI

("Absa Group" or "the Group")

VOLUNTARY TRADING UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2023

Notwithstanding weaker economic growth and higher interest rates in South Africa than we expected, the shape of our interim 2023 financial results is consistent with our 13 March 2023 guidance for the half. The commentary below refers to the percent change year-on-year in our normalised financial results, which adjust for the consequences of separating from Barclays PLC.

Group revenue for the first half of 2023 is expected to increase by low teens year-on-year, driven by strong mid-teen net interest income growth year-on-year, reflecting low double digit growth in gross customer loans and deposits, combined with net interest margin expansion due to higher interest rates. We expect high single digit non-interest income growth, with strong growth in the Africa Regions in particular, and in insurance revenue.

Given strong revenue growth, we expect positive operating JAWS and our cost-to-income ratio to improve further to around 50%, with mid-teen pre-provision profit growth.

With South African consumers under pressure due to significantly higher interest rates, credit impairments are expected to increase substantially, resulting in a credit loss ratio of between 1.25% and 1.30%.

Consequently, our return on equity for the period is likely to be slightly below 17%.

Given our strong common equity tier 1 capital ratio, we expect to increase our dividend payout ratio to at least 52% for the period.

We expect low single digit growth in our IFRS headline earnings per share (HEPS) and normalised HEPS for the first half of 2023 off a relatively high base, with IFRS earnings per share expected to increase by mid-single digits year-on-year.

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

We will release our 2023 interim financial results on 14 August 2023.

Johannesburg

14 July 2023

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Lead Independent Sponsor:

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Joint Sponsor:

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Editor's 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.