

**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 YEAR ENDING 31 DECEMBER 2023**

Shareholders are hereby informed of an update to the Group's guidance for our 2023 financial results. The commentary below refers to the percent change year-on-year in our normalised financial results, when adjusted for the consequences of separating from Barclays PLC.

We continue to expect high single digit revenue growth in 2023, driven predominantly by net interest income, reflecting balance sheet growth and higher policy rates. We expect high single-digit growth in customer loans and deposits. Revenue growth is expected to slow in the second half of 2023, in part due to material base effects.

Given significantly higher policy rates, our credit loss ratio is expected to exceed our through-the-cycle target range of 75 to 100 basis points. Our second half credit loss ratio is likely to improve noticeably from the elevated first half, but remain above our through-the-cycle range.

We expect high single digit growth in operating expenses, resulting in a slightly higher cost-to-income ratio than 2022's 51.2%, and mid-single digit growth in pre-provision profit.

Given its effective date of 1 September 2023, our broad-based black economic empowerment transaction will be included in our 2023 financial results for four months. We currently expect the transaction to reduce 2023 earnings by approximately 1%.

Combining the above, we expect to generate an RoE somewhat lower than 2022's 16.4%, but above the Group cost of equity of 14.5%.

Geographically, we expect similar full year earnings trends to the first half performances, with our earnings in South Africa decreasing and Africa Regions earnings increasing noticeably, despite applying hyper-inflationary accounting in Ghana.

Lastly, our Group CET1 capital ratio is expected to remain above the top end of the Board target range of 11.0% to 12.5%. We expect to maintain a full year dividend payout ratio of at least 52%

The forecast financial information above is the sole responsibility of the Board and has not been reviewed or reported on by the Group's external auditors.

We will release our 2023 financial results on 11 March 2024.

Johannesburg  
8 December 2023

**Enquiries:**

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**Lead Independent 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.