

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 ENDING 30 JUNE 2025

Shareholders are advised that Absa Group will host a pre-close call today, during which management will update the market on Absa's expected financial performance for the six months ending 30 June 2025 (1H25).

The global economic environment remains uncertain and volatile, with increased trade tensions and geopolitical developments reducing growth expectations. Across our presence markets, lower inflation has resulted in policy rate cuts in most countries. GDP growth expectations for 2025 have declined in all our countries besides Ghana. Contrary to our expectation, the average exchange rates in our Africa regions did not depreciate against the Rand and have not been a drag on our group earnings during 1H25.

Against this backdrop, we provide shareholders with guidance for our financial performance in 1H25. The commentary below refers to the percent year-on-year change in our IFRS financial results versus the first half of 2024 (1H24).

Based on our current assumptions, and excluding major unforeseen macroeconomic, political or regulatory developments, our guidance for 1H25 is as follows:

We expect mid-single digit revenue growth, with higher growth in non-interest income than net interest income. Continuing the second half of 2024 trend, net interest income growth is expected to be muted given mid-single digit loan growth and some margin compression, particularly in South Africa. We expect high single digit non-interest income growth, with strong trading revenue, mid-single digit growth in net fee and commission income and modest net insurance income growth.

We expect mid-single digit operating expenses growth, producing low- to mid-single digit growth in pre-provision profit and a slightly higher cost-to-income ratio than the 52.7% in 1H24.

Our credit loss ratio is expected to improve noticeably to around the top end of our through-the-cycle target range of 75 to 100 basis points, from 123 basis points in 1H24.

Consequently, we expect mid-teen earnings growth in 1H25. Moreover, we expect our RoE to improve to around 14.8% in 1H25 from 14.0% in 1H24.

We expect our Group CET 1 ratio to finish the first half of 2025 around the top end of our Board target range of 11.0% to 12.5%, and we plan to maintain a dividend payout ratio of around 55% for 1H25.

From a divisional perspective, we expect strong earnings growth from our reorganised Personal and Private Banking, driven by lower credit impairments while revenue growth remains muted given modest industry loan growth and our risk appetite reduction in personal loans. In Business Banking, low revenue growth and a higher credit loss ratio are expected to reduce earnings. We expect Corporate and Investment Banking to benefit from lower credit losses and strong trading revenue, while net interest income growth remains muted. We expect Absa Regional Operations Retail and Business Banking to maintain solid revenue and pre-provision profit growth, with strong growth in active customers and fee income, offsetting higher credit impairments. Lastly, we expect a substantially reduced loss in Head Office, Treasury and other operations. The improvement reflects several drivers, including asset and liability management optimisation initiatives, and we stopped applying hyperinflationary accounting to Absa Bank Ghana for 1H25, given significantly lower inflation in this market.

Geographically, South Africa is expected to drive Group earnings growth in 1H25, mostly due to lower credit impairments since net interest income growth remains muted. Conversely, we expect strong pre-provision profit growth in Africa regions, partially offset by higher credit impairments.

In terms of full year 2025 guidance, we reiterate the guidance that we provided on 11 March 2025.

Management will host a pre-close call at 10am (SA time) today. For details thereof, please see our investor relations website.

Shareholders are advised that the financial information contained in this trading update has not been reviewed or reported on by our auditors. The forecast financial information above is the sole responsibility of the Board.

We will release our 1H25 results on 18 August 2025.

Johannesburg
27 June 2025

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