

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 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 year ending 31 December 2025, as well as the outlook for 2026 and our medium-term targets.

2025 guidance

Starting with our 2025 guidance, second half trends are in line with our expectation, and our guidance is largely unchanged from 18 August 2025. The commentary below refers to the percent year-on-year change in our financial results versus the prior year.

Based on our current assumptions, and excluding major unforeseen developments, our guidance for 2025 is as follows:

We expect mid-single digit revenue growth, with stronger growth in non-interest income than net interest income. Net interest income growth will remain muted, due to modest retail loan growth in South Africa and slight margin compression. However, it will improve in the second half. We expect mid- to high single digit customer loan growth, driven by strong second half growth in wholesale lending, and mid-single digit deposit growth.

Within non-interest income, fee income growth remains moderate, net insurance income is lower, given the disposal of the insurance business in Africa Regions, while trading revenue continues to grow strongly.

Our credit loss ratio is expected to improve to the upper half of our through-the-cycle target range of 75 to 100 basis points (bps), from 103 bps in 2024, resulting in lower credit impairments. Improvements in Personal and Private Banking (PPB), Corporate and Investment Banking (CIB) South Africa and Absa Regional Operations Retail and Business Banking (ARO RBB) offset increased charges in Business Banking (BB) and CIB ARO.

We expect mid-single digit growth in operating expenses, producing a slightly higher cost-to-income ratio than our 53.2% in 2024 and low to mid-single digit growth in pre-provision profit. Direct cost savings will offset higher performance cost growth.

Consequently, we expect an RoE of around 15% from 14.8% in 2024, with headline earnings per share growth in the low double digits. As previously indicated, other reserves have increased our equity more than we expected, reducing our RoE while supporting our NAV.

We expect our Group core equity tier 1 (CET 1) ratio to finish 2025 at the top end of our Board target range of 11.0% to 12.5% and we plan to maintain a dividend payout ratio of 55% for 2025.

We expect a weaker average Rand for the period to underpin earnings slightly and Africa Regions earnings growth should be noticeably stronger than South Africa.

From a divisional perspective, we expect strong ARO RBB earnings growth, continued momentum in CIB and a smaller head office loss to drive group earnings growth, outweighing moderate PPB growth and lower BB earnings.

2026 guidance

We forecast improved GDP growth across all our key markets in 2026. We expect far stronger GDP growth from our Africa Regions countries than South Africa, although Rand appreciation is likely to be a headwind for Group revenue and earnings next year.

Revenue growth is expected to improve in constant currency, but remain moderate in 2026, with reported revenue increasing by mid-single digits. Net interest income growth should improve somewhat, given mid- to high single digit loan growth. Our net interest margin is likely to compress slightly, particularly as wholesale loan growth exceeds retail and Africa Regions policy rates are lower.

Non-interest income is expected to exceed net interest income slightly, given solid growth across CIB and Africa Regions, while BB and PPB growth improves.

We expect mid-single digit cost growth in 2026, producing slightly positive JAWS and better pre-provision profit growth.

Lower policy rates and improved GDP growth should see our credit loss ratio decline further next year to around the mid-point of our through-the-cycle target range of 75 to 100bps. We expect continued improvement in our retail charge in South Africa, given far better early arrears at present.

These drivers should generate an RoE of around 16% in 2026.

Medium-term guidance

We have set an RoE target range of 16% to 19% for the period 2027 to 2030 and aim to improve our RoE to well within that range by 2028. We see four drivers improving our RoE. Firstly, stronger net interest income growth, in the upper single digits medium-term. Secondly, we expect solid non-interest income growth, which is broad-based across fees, insurance and trading revenue. Thirdly, we aim to contain direct operating cost growth to mid-single digits over the medium-term. Combining improved revenue growth with well contained costs, we expect our cost-to-income ratio to approach 50% by 2028. Lastly, although less of a driver, we expect our credit loss ratio to cyclically improve further over the medium-term. Continued balance sheet optimisation initiatives and an improved RoE should increase our CET 1 over the medium term.

Management will host a pre-close call at 11am (South African time) today. For details thereof, please see our investor relations page on the Absa Group website.

Shareholders are advised that the financial information, including forecast 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 2025 results on 10 March 2026.

Johannesburg
8 December 2025

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