

Absa Group Limited

Registration number: 1986/003934/06

Incorporated in the Republic of South Africa

JSE share code: ABG

ISIN: ZAE000255915

Bond Issuer Code: ABGI

("Absa Group", "the Group" or "the Company")

Audited summary consolidated financial results for the reporting period ended 31 December 2020.

"The Group has delivered respectable progress over the last two-and-a-half years against the strategy journey that was adopted in 2018, and we have seen good traction in some parts of the business. We have become more precise in expressing how we want to be more customer-centric, how we will evolve our digital maturity, what it means to be purpose-led and how we will play a meaningful role in society." Daniel Mminele, Group Chief Executive.

As a financial services provider, we play an important role in the economic life of individuals, businesses and nations.

We help to create, grow and protect wealth through partnerships in economic development, while playing a shaping role in Africa's growth and sustainability.

Bring your possibility to life

We believe in possibility, in the actions of people who always find a way to get things done. We believe in creating opportunities for our customers to make their possibilities real and supporting them every step of the way.

Our 2018 growth strategy laid the foundation to reimagine our business. 2020, however, brought with it a materially different operating context than the one in which our original growth strategy was set. The pandemic has fundamentally altered behavioural patterns, the way we work, collaborate, our perspectives on health and the fragility of life. Moreover, it significantly impacted banking performance while rapidly

accelerating the evolution of the industry. Against this backdrop, we proactively engaged in a strategy review process – while ensuring the immediate stabilisation of our business – determined to still deliver on our aspiration to be a leader on the continent.

Sustainable growth will continue to shape our thinking and drive our planning as a critical measure of our success.

While our aspirations are unwavering and our strategic choices remain, the world in which we seek to achieve them has changed. A crisis is one of the most fundamental drivers for innovation, and as 'old' value and opportunities diminish, we need to shift our focus and employ our creativity, tenacity and ingenuity in building new value to drive growth – a reality that we have embraced and one that has propelled us to address the implications of our evolving operating environment.

As such, we have adapted our strategy which required that we refine our go to market approach and execute with agility and speed. The refreshed strategy entails a refinement of our purpose-led ethos and customer centric business model whereby our focus is on ensuring that our propositions, distribution channels, market footprint, capabilities, mindsets and behaviours deliver on the needs of our customers and clients. We therefore have four strategic imperatives and four strategic enablers that are integrated and work together to enable us to restore leadership in the market.

2018-2020: Pre-Covid-19

Delivering our Group growth strategy, premised on the overarching guiding purpose - to bring possibilities to life.

Three strategic priorities

- Create a thriving, entrepreneurial organisation.
- Restore leadership in our core businesses.
- Build pioneering new propositions.

Three enablers

- Build a scalable, digital-first, business.
- Pursue growth opportunities.

- Play a shaping role in Africa's growth and sustainability.

2020-2021: Covid-19

Immediate stabilisation of the business as a result of the Covid-19 pandemic arising from March 2020.

Ensuring business resilience through:

- Capital and liquidity preservation; and
- Operational stability.

Delivering our corporate purpose through:

- The safety and wellbeing of our employees.
- The safety and financial wellbeing of our customers.
- Safeguarding lives in the communities we serve.

2021 and beyond: Post-Covid-19

Purpose-led ethos and a customer centric business model where our focus is on ensuring that our propositions, distribution channels, market footprint, capabilities, mindsets and behaviours deliver on the needs of our customers.

Four imperatives

- Lead with purpose and deliver shared value to a broad range of stakeholders.
- Solve for customers' intrinsic needs through hyper-personalised propositions delivered in the right key moments.
- Deliver propositions through effective, digital-first distribution channels that complement our customers' behavioural patterns.
- Establish a diverse market footprint that best meets our customers' expectations.

Four enablers

- Invest in strategic capabilities that drive market leadership.
- Build a modern technology architecture that powers digital transformation.
- Create an execution model that delivers fast-lane innovation.

- Develop and nurture an entrepreneurial culture.

Normalised financial results as a consequence of Barclays PLC Separation

A normalised view of the 2020 annual results is provided which adjusts for the consequences of the separation from Barclays PLC. This view better reflects the Group's underlying performance. International Financial Reporting Standards (IFRS) compliant financial results will continue to be presented as required by the Companies Act and the JSE Limited (JSE) Listings Requirements and include a reconciliation between the normalised and IFRS views. Normalised results will be presented for future periods to the extent that the financial impact of the Separation is considered material.

Performance overview for the period ended 31 December 2020

Total income

2020	Increased 2%	2019	2020	Increased 2%	2019
R81 593m	IFRS	R80 120m	R81 382m	Normalised	R79 961m

Headline earnings per ordinary share

2020	Decreased 58%	2019	2020	Decreased 51%	2019
730.9 cents	IFRS	1 750.1cents	946.5 cents	Normalised	1 926.0 cents

Basic earnings per share

2020	Decreased 59%	2019	2020	Decreased 50%	2019
711.8 cents	IFRS	1 717.6 cents	940.2 cents	Normalised	1 895.0 cents

Net asset value per ordinary share

2020	Increased 2%	2019	2020	Increased 4 %	2019
13 957 cents	IFRS	13 669 cents	13 103 cents	Normalised	12 605 cents

Return on equity

2020		2019	2020		2019
5.2%	IFRS	13.1%	7.2%	Normalised	15.8%

Cost-to-income ratio

2020		2019	2020		2019
59.0%	IFRS	60.9%	56.0%	Normalised	58.0%

Net interest margin

2020		2019	2020		2019
4.17%	IFRS	4.50%	4.17%	Normalised	4.50%

Dividend per ordinary share

2020	Decreased 100%		2019		
0 cents	IFRS		1 125 cents		

Loans and deposits growth

Gross loans and advances to customers

R974bn (2019: R946bn)

Deposits due to customers

R952bn (2019: R826bn)

Risk profile

Stage 3 loans ratio to gross loans and advances

6.28% (2019: 4.67%)

Liquidity coverage ratio

120.6% (2019: 134.4%)

Sound capital

Common Equity Tier 1 ratio

11.2% (2019: 12.1%)

Short form statement

This short-form announcement is the responsibility of the directors of Absa Group Limited. It is only a summary of the information in the full announcement.

Any investment decisions by stakeholders should be based on consideration of the full announcement published on <https://www.absa.africa/absaafrica/investor-relations/financial-results/> and on the following JSE link: <https://senspdf.jse.co.za/documents/2021/jse/isse/ABGE/ABSAFY20.pdf>

This announcement has not been audited. The annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The full audit opinion, including any key audit matters, will be available at <https://www.absa.africa/absaafrica/investor-relations/annual-reports/> when Absa Group's full annual financial statements are released on or about 15 March 2021. The annual financial statements and auditors' report thereon are available for inspection at the Company's registered office.

Registered office

7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001

Board of directors

Group independent non-executive directors

W E Lucas-Bull (Independent Chairman), S M Pityana (Lead Independent Director), T Abdool-Samad, A B Darko⁽²⁾⁽⁵⁾, R A Keanly, M S Merson⁽⁵⁾, S J Munyantwali⁽⁴⁾⁽⁵⁾, D Naidoo, F Okomo-Okello⁽³⁾, I Rensburg, N S Mjoli-Ncube

Group non-executive directors

C Beggs, F Tonelli, R van Wyk

Group executive directors

D Mminele⁽¹⁾⁽⁵⁾ (Group Chief Executive), J P Quinn (Financial Director)

(1) South African

(2) Ghanaian

(3) Kenyan

(4) Ugandan

(5) British

Declaration of dividends

In the current economic climate, capital conservation is regarded as paramount to the Group's sustainability over the short to medium term. The Prudential Authority of the South African Reserve Bank (PA) has encouraged the boards of directors of banks to ensure that capital conservation takes priority over any distributions of dividends on ordinary shares. As a result of this guidance from the PA and the Board's view as to the need for capital conservation and the appropriate management of capital at this time, no final ordinary

dividend for the period ended 31 December 2020 has been declared by the Group.

Absa Group Limited is a company domiciled in South Africa. Its registered office is 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001.

15 March 2021

Sponsors

Lead independent sponsor

J. P. Morgan Equities South Africa Proprietary Limited

Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)