Reflections on 1H19

• Macro backdrop tougher than expected

• Separation from Barclays remains on track

• Maintained revenue momentum in target areas

• Delivering on cost initiatives

• Broadly met our guidance
## Normalised salient features

<table>
<thead>
<tr>
<th></th>
<th>1H18 (%)</th>
<th>1H19 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted headline EPS growth</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dividend per share growth</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Net asset value per share growth</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Return on equity</td>
<td>17.1</td>
<td>16.4</td>
</tr>
<tr>
<td>Profit after regulatory capital charge (Rbn)</td>
<td>1.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>4.69</td>
<td>4.52</td>
</tr>
<tr>
<td>Operating JAWS</td>
<td>(2)</td>
<td>0</td>
</tr>
<tr>
<td>Pre-provision profit (Rbn)</td>
<td>15.9</td>
<td>16.9</td>
</tr>
<tr>
<td>Cost to income ratio</td>
<td>56.7</td>
<td>56.7</td>
</tr>
<tr>
<td>Credit loss ratio</td>
<td>0.75</td>
<td>0.79</td>
</tr>
</tbody>
</table>
## Shape of income statement as guided

<table>
<thead>
<tr>
<th>Rm</th>
<th>1H18</th>
<th>1H19</th>
<th>Change (%)</th>
<th>Normalisation adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>20 874</td>
<td>22 667</td>
<td>9</td>
<td>113</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>15 854</td>
<td>16 404</td>
<td>3</td>
<td>(32)</td>
</tr>
<tr>
<td>Total income</td>
<td>36 728</td>
<td>39 071</td>
<td>6</td>
<td>81</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>3 117</td>
<td>3 695</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>20 834</td>
<td>22 136</td>
<td>6</td>
<td>(863)</td>
</tr>
<tr>
<td>Other*</td>
<td>832</td>
<td>760</td>
<td>(9)</td>
<td>(40)</td>
</tr>
<tr>
<td>Taxation</td>
<td>3 322</td>
<td>3 385</td>
<td>2</td>
<td>181</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>651</td>
<td>837</td>
<td>29</td>
<td>(24)</td>
</tr>
<tr>
<td><strong>Headline earnings</strong></td>
<td>8 043</td>
<td>8 267</td>
<td>3</td>
<td>(617)</td>
</tr>
</tbody>
</table>

Note: * includes other impairments, indirect tax and associates’ and JVs share of post tax results
Funding reduced net interest margin

Change in net interest margin* (basis points)

Note: * average interest bearing assets; ** interest rate risk management; *** Absa Regional Operations
Loan growth momentum maintained

Gross customer loans (Rbn)

South Africa

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB</td>
<td>500</td>
<td>520</td>
</tr>
<tr>
<td>CIB</td>
<td>230</td>
<td>260</td>
</tr>
</tbody>
</table>

Absa Regional Operations

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB</td>
<td>100</td>
<td>108</td>
</tr>
<tr>
<td>CIB</td>
<td>120</td>
<td>125</td>
</tr>
</tbody>
</table>

RBB SA gross customer loans (Rbn)

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Loans</td>
<td>231</td>
<td>236</td>
</tr>
<tr>
<td>VAF</td>
<td>76</td>
<td>82</td>
</tr>
<tr>
<td>Personal loans</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Credit cards</td>
<td>43</td>
<td>46</td>
</tr>
<tr>
<td>Relationship Banking</td>
<td>109</td>
<td>123</td>
</tr>
</tbody>
</table>
With improving deposit growth

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>1H19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB SA</td>
<td>310</td>
<td>349</td>
<td>13%</td>
</tr>
<tr>
<td>CIB</td>
<td>184</td>
<td>208</td>
<td>13%</td>
</tr>
<tr>
<td>Treasury and other</td>
<td>93</td>
<td>101</td>
<td>8%</td>
</tr>
<tr>
<td>Absa Regional Operations</td>
<td>127</td>
<td>140</td>
<td>10%</td>
</tr>
</tbody>
</table>

South Africa up 12%
And non-interest income growth emerging

Non-interest income mix 1H19 (%)

- Fee and commission: 13.7%
- Other: 15.7%
- Net trading: 70.6%

Non-interest income by division (Rbn)

<table>
<thead>
<tr>
<th>Division</th>
<th>1H18</th>
<th>1H19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB South Africa</td>
<td>10.7</td>
<td>11.6</td>
<td>8%</td>
</tr>
<tr>
<td>CIB South Africa</td>
<td>2.2</td>
<td>1.8</td>
<td>(20%)</td>
</tr>
<tr>
<td>Absa Regional Operations</td>
<td>2.4</td>
<td>2.9</td>
<td>19%</td>
</tr>
</tbody>
</table>
### Underlying cost growth well contained

<table>
<thead>
<tr>
<th>Category</th>
<th>1H19 Rm</th>
<th>Change %</th>
<th>Mix %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>12 586</td>
<td>8</td>
<td>57</td>
</tr>
<tr>
<td>Property-related</td>
<td>934</td>
<td>(43)</td>
<td>4</td>
</tr>
<tr>
<td>Technology</td>
<td>1 869</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1 738</td>
<td>54</td>
<td>8</td>
</tr>
<tr>
<td>Professional fees</td>
<td>893</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Marketing</td>
<td>581</td>
<td>(21)</td>
<td>3</td>
</tr>
<tr>
<td>Communication</td>
<td>760</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>Cash transportation</td>
<td>640</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Amortisation</td>
<td>468</td>
<td>29</td>
<td>2</td>
</tr>
<tr>
<td>Other *</td>
<td>1 667</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22 136</td>
<td>6</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: * includes administration fees, equipment costs, fraud, travel and entertainment, other costs etc.

### Adjusted costs (Rbn)

- **Incremental run costs:** 20.8
- **Restructuring costs:** 0.4
- **Adjusted 1H19:** 21.2

**1H18**

- **Incremental run costs:** 22.1
- **Restructuring costs:** 0.5
- **Adjusted 1H19:** 21.2

**1H19**

- **Incremental run costs:** 22.1
- **Restructuring costs:** 0.5
- **Adjusted 1H19:** 21.2
Credit impairments trended upward off a low base …

<table>
<thead>
<tr>
<th>Credit loss ratio (%)</th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB SA</td>
<td>0.99</td>
<td>1.12</td>
</tr>
<tr>
<td>Everyday Banking</td>
<td>4.58</td>
<td>4.93</td>
</tr>
<tr>
<td>VAF</td>
<td>1.42</td>
<td>1.39</td>
</tr>
<tr>
<td>Home Loans</td>
<td>0.05</td>
<td>0.13</td>
</tr>
<tr>
<td>Relationship Banking</td>
<td>0.28</td>
<td>0.32</td>
</tr>
<tr>
<td>CIB SA</td>
<td>0.30</td>
<td>0.18</td>
</tr>
<tr>
<td>Absa Regional Operations</td>
<td>0.72</td>
<td>0.94</td>
</tr>
<tr>
<td>Group</td>
<td>0.75</td>
<td>0.79</td>
</tr>
</tbody>
</table>

Stage 3 loans (%)

- 1H18: 5.3%
- FY18: 5.1%
- 1H19: 4.8%
... although at low end of through-the-cycle range

Expected range through-the cycle (bps):
- RBB SA: 110 to 155
- Total CIB: 20 to 30
- ARO: 100 to 140
Capital levels remain strong

Absa Group normalised common equity tier 1 ratio (%)

12.2
(1.1)
1.9
(1.1)
11.9

Board target range 11.0% - 12.0%

<table>
<thead>
<tr>
<th>1H18</th>
<th>RWA movement</th>
<th>Profit</th>
<th>Dividends</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.2</td>
<td>(1.1)</td>
<td>1.9</td>
<td>(1.1)</td>
<td>11.9</td>
</tr>
</tbody>
</table>

Divisional returns stable besides CIB SA

Divisional return on regulatory capital (%)

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>1H19</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB SA</td>
<td>22.8</td>
<td>22.5</td>
</tr>
<tr>
<td>CIB SA</td>
<td>16.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Absa Regional Operations *</td>
<td>19.5</td>
<td>18.5</td>
</tr>
</tbody>
</table>

Note: * return on equity
Continue to benefit from a well-diversified portfolio

Divisional headline earnings (Rm)

<table>
<thead>
<tr>
<th>Division</th>
<th>1H18</th>
<th>1H19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBB SA</td>
<td>4,658</td>
<td>4,847</td>
<td>4%</td>
</tr>
<tr>
<td>CIB SA</td>
<td>1,721</td>
<td>1,546</td>
<td>(10%)</td>
</tr>
<tr>
<td>Absa Regional</td>
<td>1,599</td>
<td>1,727</td>
<td>8%</td>
</tr>
<tr>
<td>Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Headline earnings mix 1H19 (%)*

- RBB SA: 60%
- CIB SA: 19%
- CIB ARO: 16%
- RBB ARO: 5%

Note: * excluding Group centre and adjusting CIB and RBB ARO for ARO centre
Pre-provision profit growth stronger outside CIB SA

Divisional pre-provision profits (Rbn)

- **RBB SA**: 9.6 (8%) in 1H18, 10.4 (8%) in 1H19
- **CIB SA**: 2.6 (16%) in 1H18, 2.2 (16%) in 1H19
- **Absa Regional Operations**: 3.2 (3.2%) in 1H18, 3.9 (21%) in 1H19
- **Group**: 15.9 (7%) in 1H18, 16.9 (7%) in 1H19

The growth in profits outside CIB SA is more pronounced compared to CIB SA itself.
Everyday Banking and VAF underpinned RBB SA growth

Headline earnings (Rm)

<table>
<thead>
<tr>
<th>Service</th>
<th>1H18</th>
<th>1H19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Loans</td>
<td>803</td>
<td>750</td>
<td>(7%)</td>
</tr>
<tr>
<td>Vehicle and Asset Finance</td>
<td>26</td>
<td>122</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Everyday Banking</td>
<td>1794</td>
<td>1998</td>
<td>11%</td>
</tr>
<tr>
<td>Relationship Banking</td>
<td>1625</td>
<td>1684</td>
<td>4%</td>
</tr>
<tr>
<td>Insurance</td>
<td>544</td>
<td>584</td>
<td>7%</td>
</tr>
</tbody>
</table>
Momentum continues in retail loan production

Retail SA YoY loan production (%)

- Home Loans: 16
- Vehicle and Asset Finance: 2
- Personal Loans: 20
- Credit card: 9

New business pricing change YoY (bps)

- Home Loans: 15
- Vehicle and Asset Finance: (3)
- Personal Loans: 67
- Credit card: 0
IB SA reduced CIB’s total earnings

CIB headline earnings (Rm)

Corporate | Investment Bank | Corporate | Investment Bank | Total CIB
--- | --- | --- | --- | ---
562 | 1 159 | 872 | 327 | 2 920
539 | 1 007 | 835 | 399 | 2 780
(4%) | (13%) | (4%) | 22% | (5%)

CIB SA down 10%
CIB ARO up 3%
Unpacking CIB’s Markets performance

CIB SA Markets revenue

1H18 | 1H19

- Corporate
- Institutional
- Client facilitation risk

CIB Markets revenue (Rm)

1H18 | 1H19

- SA: 1678 (28%) | 1202
- ARO: 819 | 1024 (25%)

[Diagram showing revenue distribution by quarter and type for CIB SA and ARO markets, with specific revenue figures noted for 1H18 and 1H19.]
Africa Regions enhances our earnings growth and returns

Headline earnings growth (%)

- South Africa:
  - 1H17: 2
  - 1H18: 2
  - 1H19: 1

- Africa Regions:
  - 1H17: 19
  - 1H18: 9
  - 1H19: 12

Absa Regional Operations RoE (%)

- 1H16: 13.5
- 1H17: 17.4
- 1H18: 19.5
- 1H19: 18.5
Separation to date

Services termination profile

- Signing of the Transitional Services Agreement: 31 May 2017
- 30% of 277 projects have delivered to date by 30 June 2018
- 28% of 198 services have terminated to date by 05 June 2019
- 69% of 296 projects have delivered to date by 30 June 2019
- 69% of 198 services have terminated to date by 30 June 2019

Cumulative Project Delivery:
- 193 of 272 projects have delivered to date
- 140 of 198 services have terminated to date
- 71% of 272 projects
- 71% of 198 services

Key Milestones:
- 140 of 266 projects have delivered to date by 31 December 2018
- 103 of 158 services have terminated to date by 31 December 2018

- Core Banking (ARO)
- Digital Channels (ARO)
- Corporate Channels (CIB)
- Human Capital Management (Group)
- Issuing (Credit Card) Migration (ARO)
- Acquiring Migration (ARO)
- ATM Debit Card Migration (ARO)
- Core FinCrime Systems (Group)
- FX Trading (CIB)
- Complete Rebranding (ARO)

- Clients migrated off Barclays.Net (CIB)
- Anti-money laundering (Group)
- CLS payments solution (CIB)
- Procurement and Ledgers Solution for Ghana and Tanzania (Group)
- Identity and Access Management (Group)
- Back office processing functions (ARO)
- Core Treasury Application (CIB)

- Planning/mobilisation
- Execution and delivery

*Total project numbers are under constant review and subject to change
Outlook for 2019

- Improved deposit growth to exceed loan growth [no change]
- Net interest margin is expected to decline [change from ‘decline slightly’]
- Costs will remain well controlled, with flat to positive JAWS [change from ‘positive JAWS’]
- Credit loss ratio is expected to be similar to 2018 [change from ‘expected to increase’]
- RoE is likely to be marginally below 2018 [change from ‘likely to improve slightly’]
- Comfortable with dividend cover at 2018 level [no change]
Disclaimer

Forward-looking statements

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