



CIB investor update

18 November 2019

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Leadership team



Charles Russon

CE Absa CIB Africa

Years in Absa: 13
 Years in financial services: 30
 Speciality: • Operations • Finance
 • CIB



Temi Ofong

COO & Deputy CE: ARO

Years in Absa: 15
 Years in financial services: 30
 Speciality: • Global Markets • Corporate Banking
 • Investment Banking



Yasmin Masithela

Transactional Banking

Years in Absa: 8
 Years in financial services: 19
 Speciality: • Commercial Law
 • Compliance • Strategy



Mike Harvey

Investment Bank

Years in Absa: 13
 Years in financial services: 29
 Speciality: • Markets • Treasury
 • Investment Banking



Anand Naidoo

Client Coverage

Years in Absa: 15
 Years in financial services: 15
 Speciality: • Client Coverage
 • Corporate Banking • Investment Banking



Steve Seaka

Public Sector & Growth Capital

Years in Absa: 7
 Years in financial services: 19
 Speciality: • Global Markets • Coverage
 • Public Sector



Lindelwe Zwane

Compliance

Years in Absa: 4
 Years in financial services: 15
 Speciality: • Banking Law • Compliance
 • Management practice



Rajal Vaidya

Chief Risk Officer

Years in Absa: 13
 Years in financial services: 30
 Speciality: • Risk • Retail Banking
 • Operations



Matt Harcourt

Chief Financial Officer

Years in Absa: 11
 Years in financial services: 18
 Speciality: • Finance • Treasury



KG Bako

People & Culture

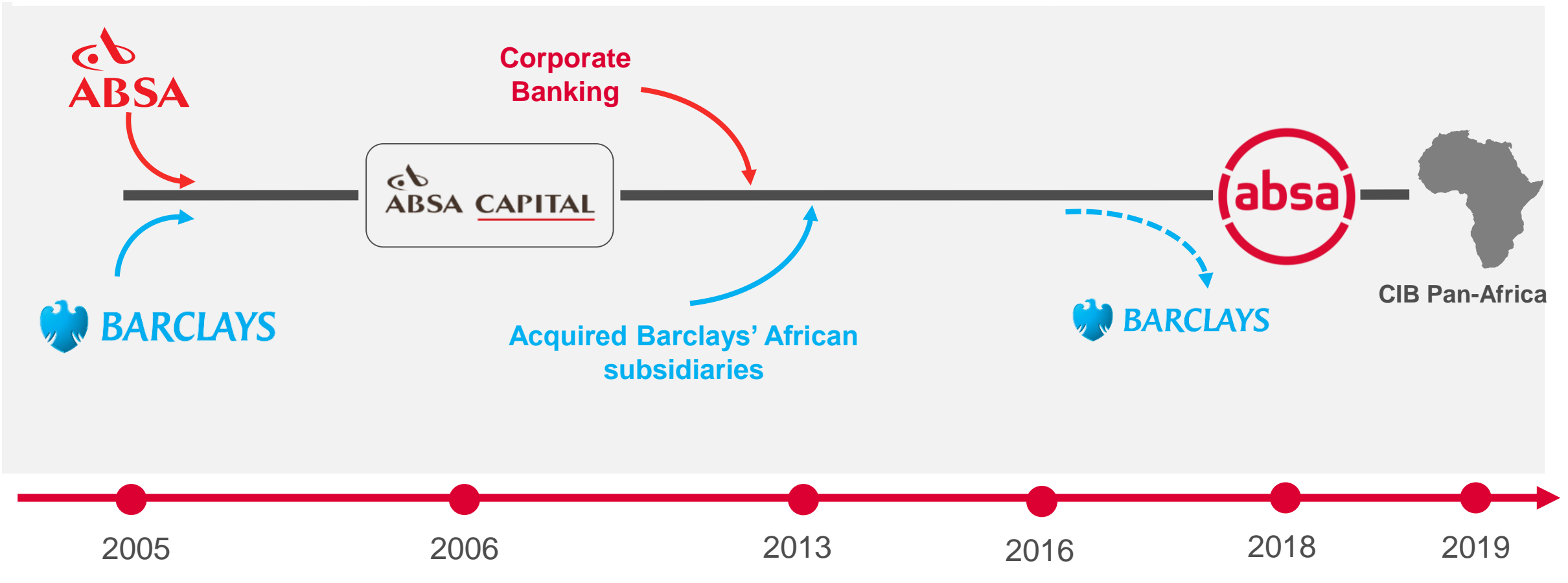
Years in Absa: 6
 Years in financial services: 16
 Speciality: • Human Resources

Foundation leveraged the best of Barclays and Absa

Best of both worlds from Absa and Barclays

Fully local, fully global Corporate and Investment Bank

A standalone African Corporate and Investment Bank



Taking stock of where we are

1. An asset-led business

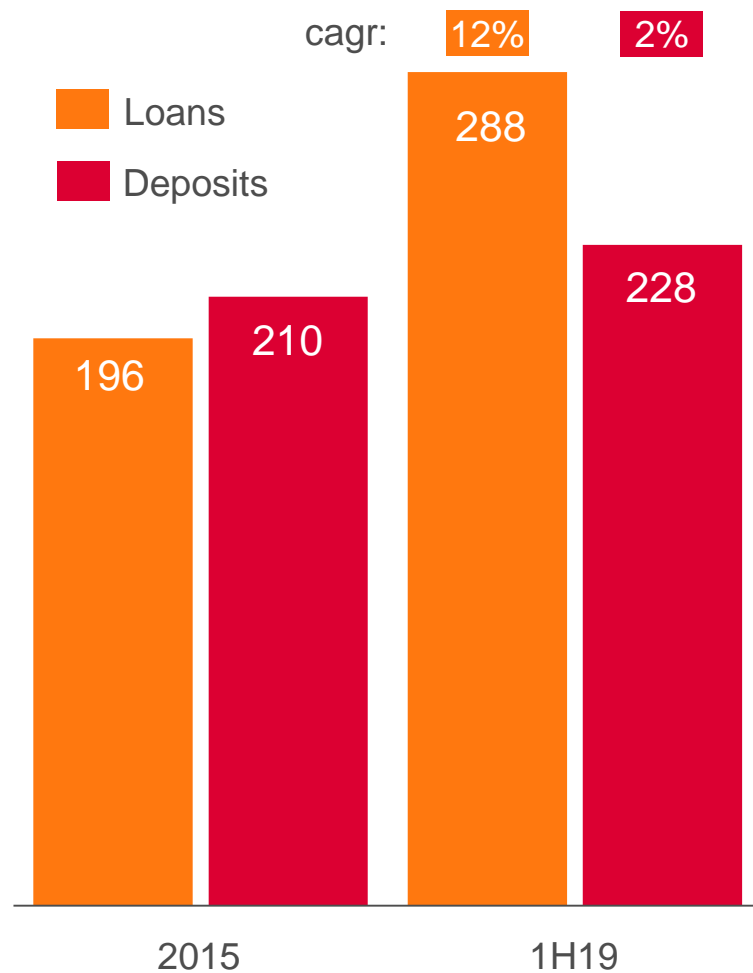
2. Substantial South African platform to leverage in African Regional Operations

3. Separation has created an inward focus

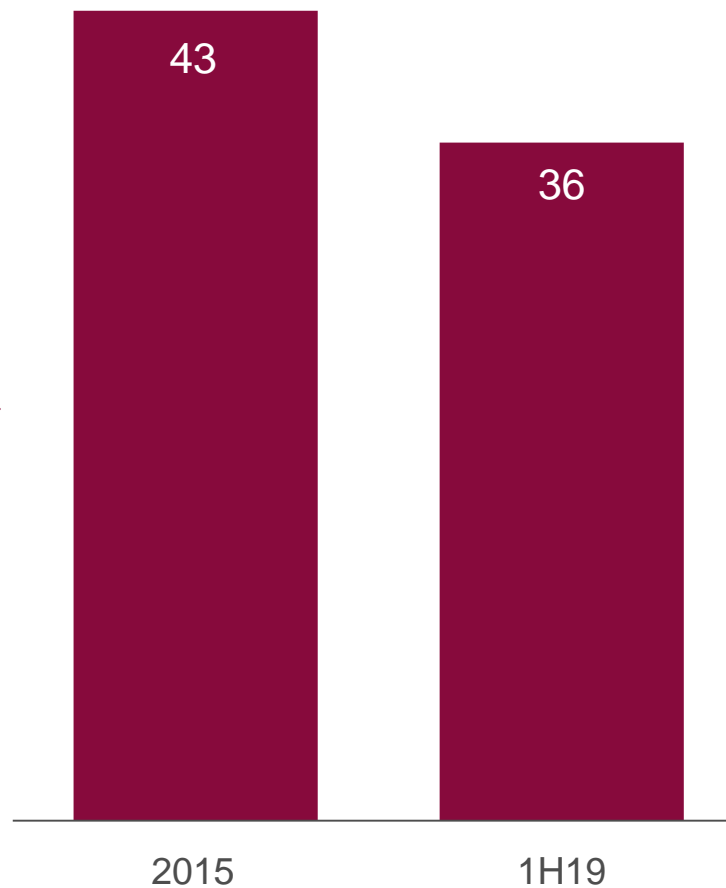
4. Limited connectivity to our global clients since Barclays exited

An asset-led business

Loans and deposits (Rbn)



Non-interest revenue (%)



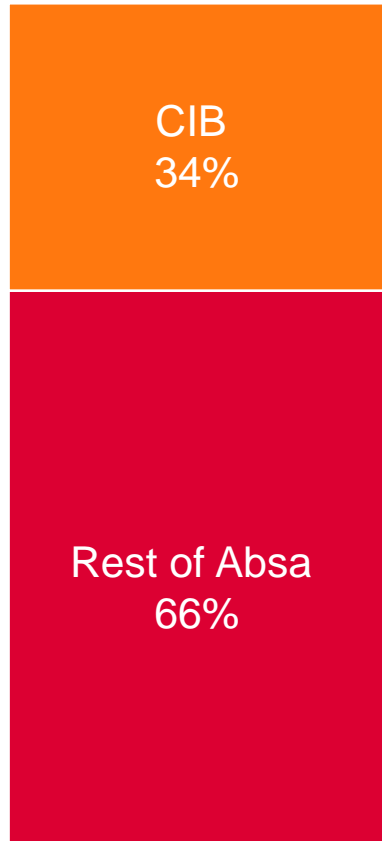
1H19 RoRC (%)



Note: Customer loans exclude reverse repurchase agreements; customer deposits exclude repurchase agreements

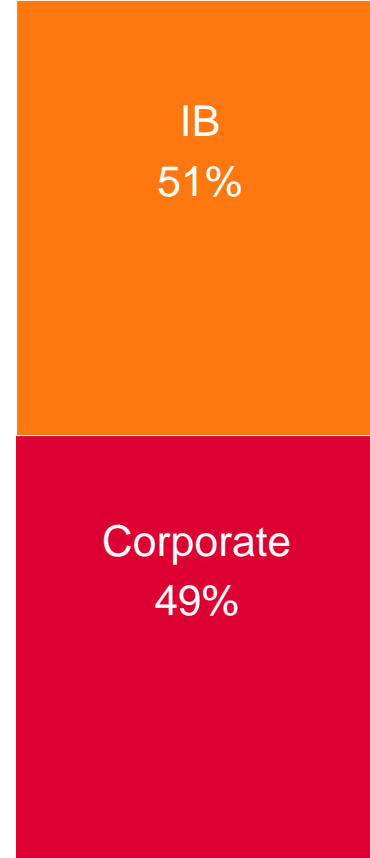
Substantial South African platform to leverage into ARO

Headline earnings
1H19 (%)

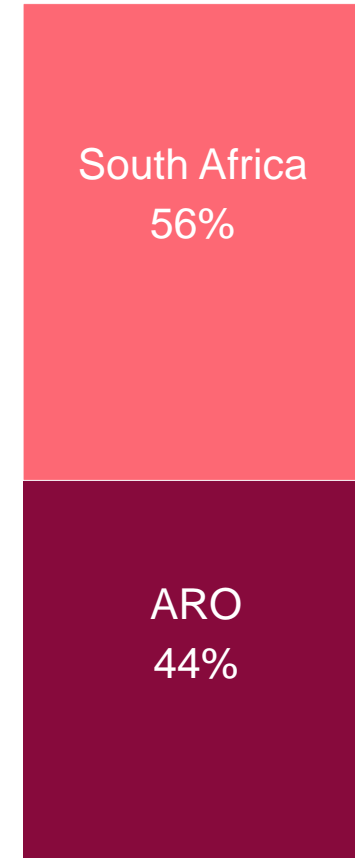


Absa Group

Product mix



Geographic mix

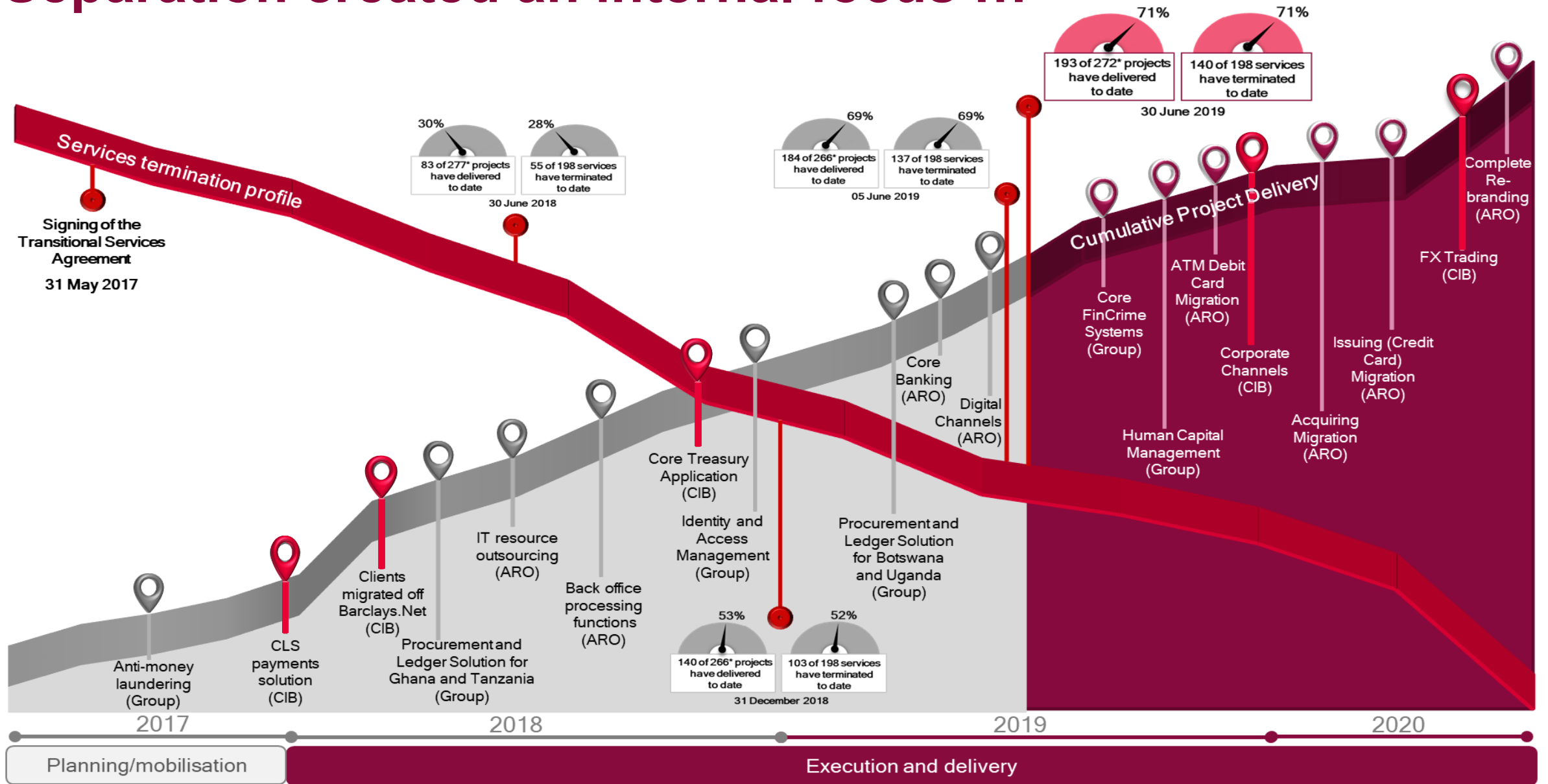


4 year cagr

SA: 7%

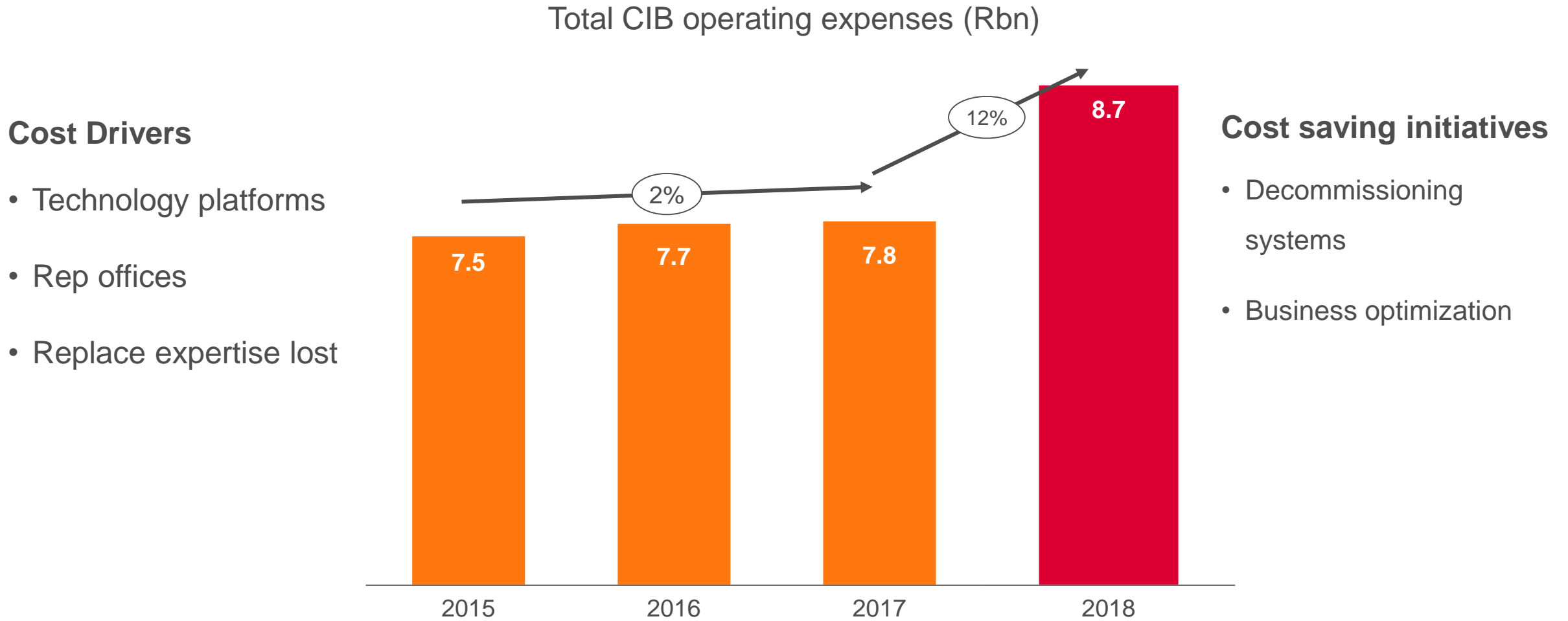
ARO: 14%

Separation created an internal focus ...



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

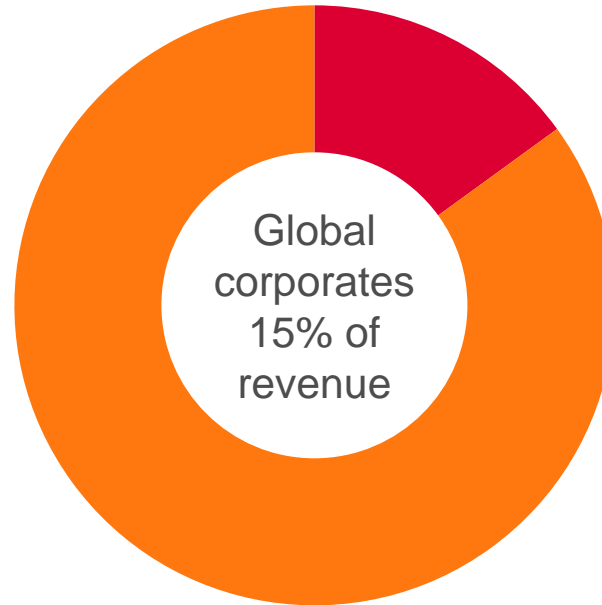
... with costs increasing post Barclays separation



Limited connectivity to our global clients

Global connectivity through Barclays

- Primary relationship management
- Flows from global institutions
- Sector origination for Advisory



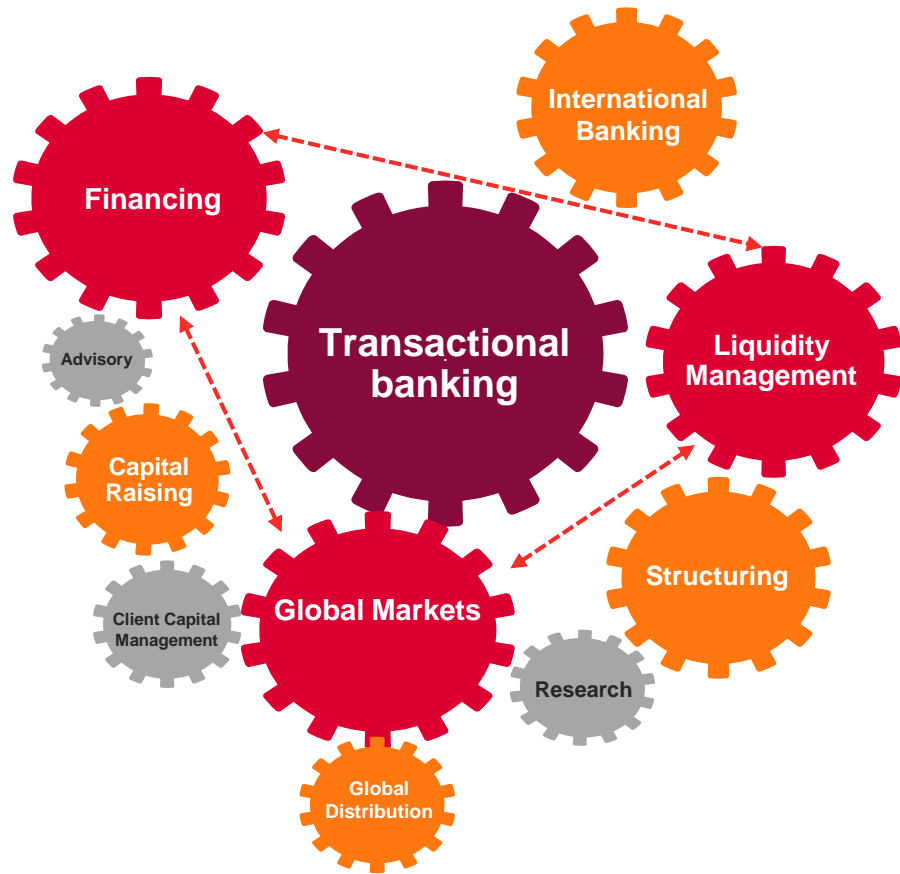
Invested in:

- Rep offices
- Sector expertise
- Global distribution

Our vision is to be a leading Pan Africa Corporate and Investment Bank

Capabilities to deliver a full service proposition

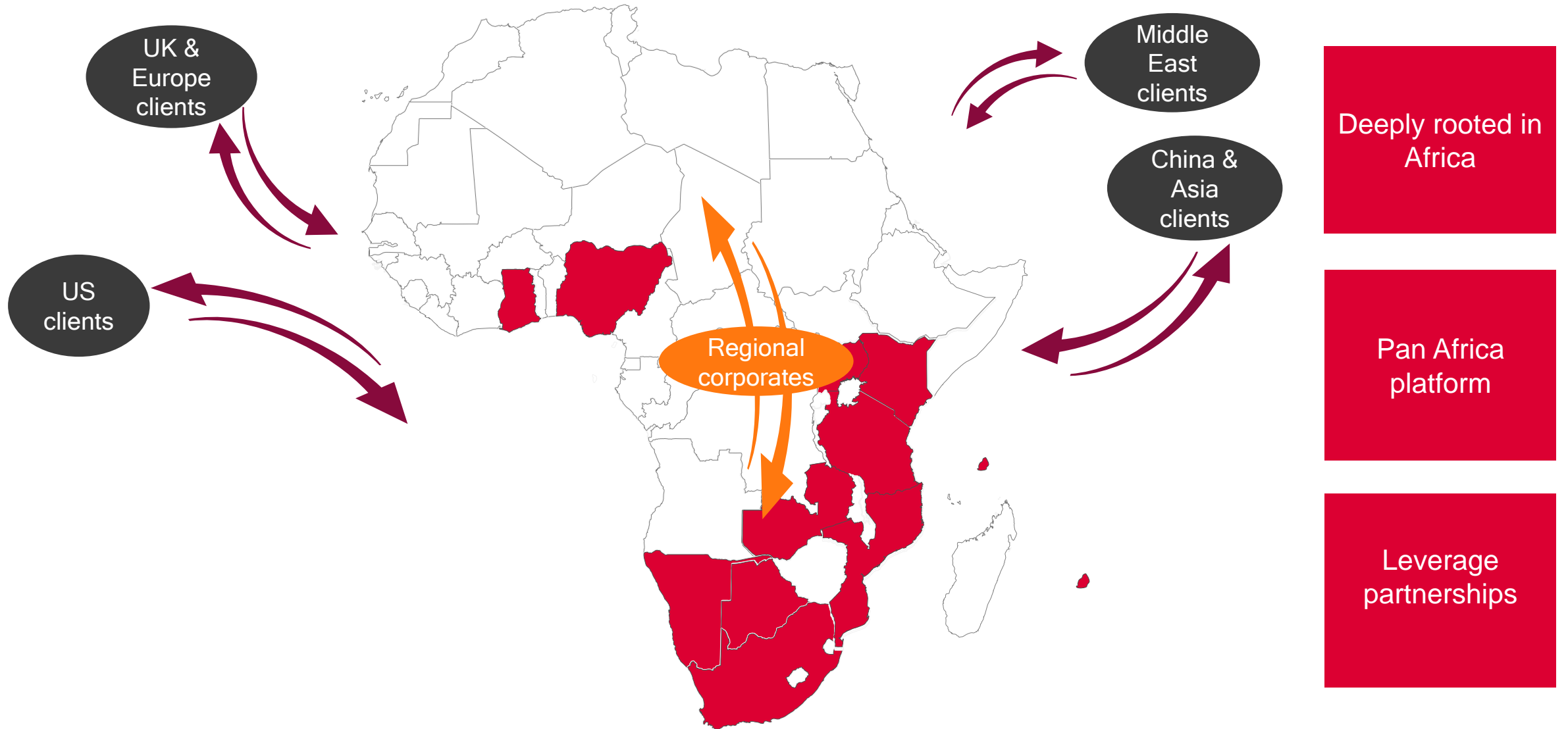
Deliver our growth objectives



- Grow CIB Africa franchise
 - Target key growth sectors
 - Build out Transactional banking
 - Expand product offering across Africa footprint
- Target new growth by following our clients
 - Build connectivity for global clients
 - Create strategic partnerships
 - Follow our clients as they expand across Africa
- Relentless focus on talent

Create a business that has scale, grow non-interest revenue through primacy and improve returns

Provide connectivity for local, regional and global clients



Leverage our strengths and invest in our capabilities

Leverage strengths

- Financing
- Structuring
- Fixed income trading
- Collections (Physical & electronic cash handling)
- Risk management solutions

Invest to grow Pan-Africa

- Transactional banking channels
- Payments platform
- Trade finance
- Custody & Trustee
- Foreign Exchange
- Global connectivity

Impact

- Grow our client franchise
- Improve non-interest revenue
- Improve returns

Key metrics

Absa Group 2021 targets

Revenue growth

On average, faster than market with an improving trend over time and within appropriate risk parameters.

Cost-to-income ratio

Consistent reduction in normalised ratio to reach **low 50s**.

RoE

Normalised **RoE 18%-20%**

CIB targets

	1H19	2021
Revenue diversity – Non-interest revenue: total income	36%	>40%
Cost-to-income ratio	51.1%	<50%
Credit loss ratio	22bps	20 – 30bps
Return on regulatory capital	18.0%	>19%

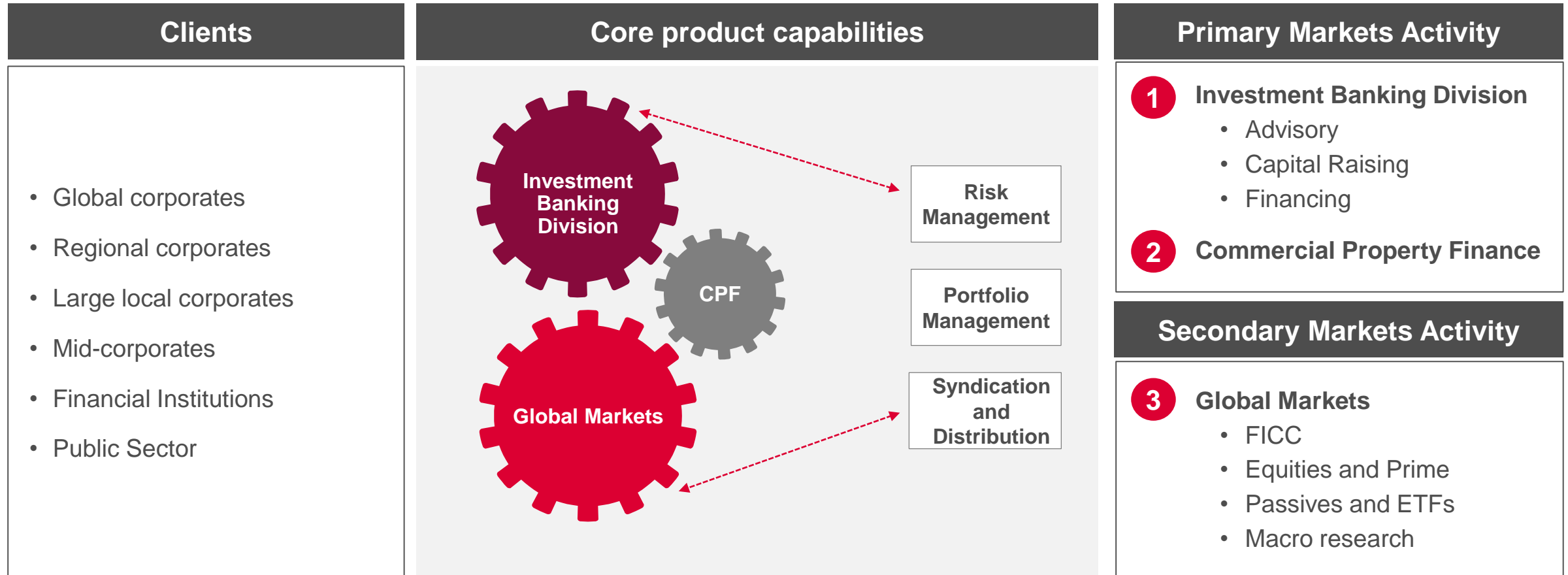
Long term: ARO 50% of total revenue from 40%

Investment Bank

Mike Harvey

The Investment Bank set up to leverage strengths to grow

Vision: Become a leading Pan-African IB, leveraging strengths in financing, structuring and fixed income



Leadership team



Mike Harvey

Managing Executive

Years in Absa: 13
 Years in banking: 29
 Speciality: • Markets • Treasury
 • Investment Banking



Saloshni Pillay

Sales and Structuring

Years in Absa: 10
 Years in banking: 25
 Speciality: • Sales • Risk Management
 • Structured Solutions



Garth Klintworth

Global Markets

Years in Absa: 10
 Years in banking: 22
 Speciality: • Global Markets



George Asante

Markets (ARO)

Years in Absa: 13
 Years in banking: 18
 Speciality: • Global markets • Structuring
 • Treasury • Country leadership



David Renwick

Investment Banking Division

Years in Absa: 8
 Years in banking: 21
 Speciality: • Pan-Africa Financing
 • Capital Markets • Investment Banking



Klaus Kaempfer

Commercial Property Finance Africa

Years in Absa: 9
 Years in banking: 30
 Speciality: • M&A • Equity Investments
 • Property Finance



Jonathan Burnett

Credit Portfolio, Resource Management

Years in Absa: 9
 Years in banking: 19
 Speciality: • Global Markets • Treasury



Christine Clark

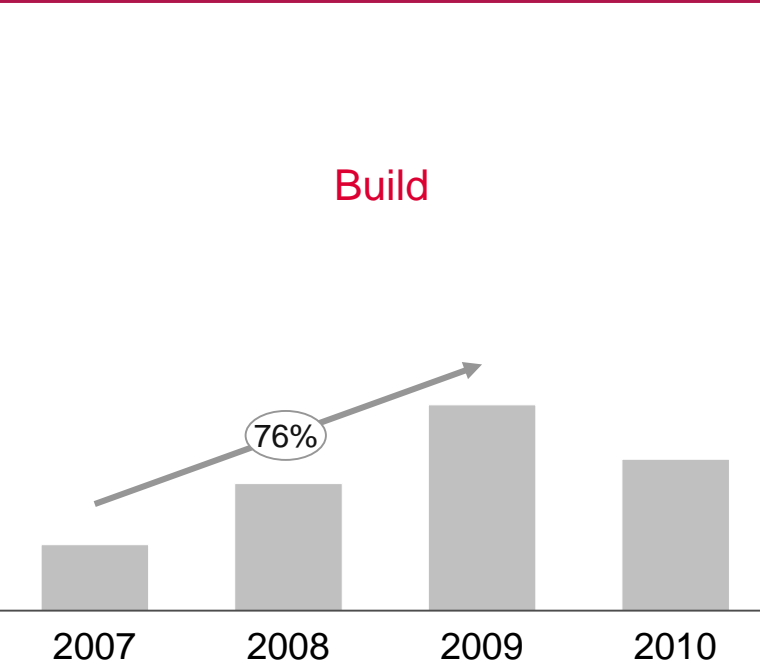
Chief Operating Officer

Years in Absa: 11
 Years in banking: 27
 Speciality: • Markets • Risk • Operations

Global Markets historically benefitted from leveraging the Barclays platform

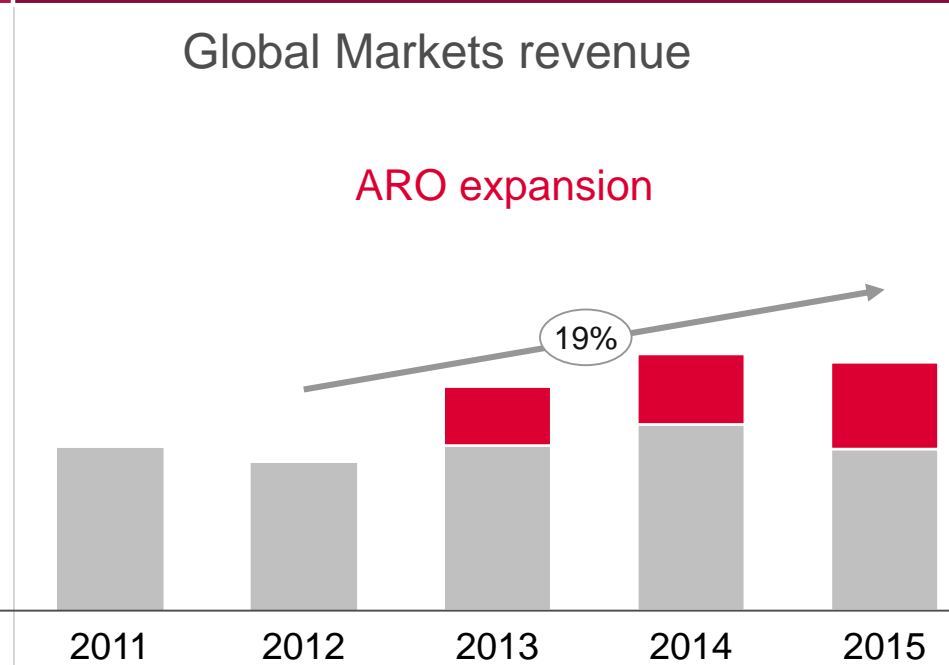
1. Absa Capital created

Markets grew significantly, leveraging Absa's strong balance sheet and Barclays' global platform and flows



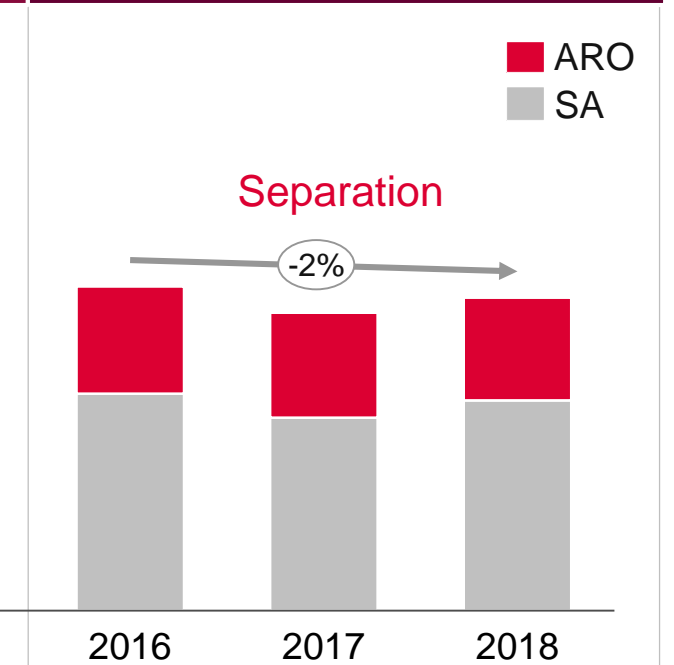
2. Pan African business build out

Strategic decision to expand the CIB across Africa



3. Barclays exit

Disrupted Markets value proposition and global institutional client franchise



Separation impact on Global Markets

	Impacted areas	Actions taken
Client	Lost access to large pool of corporate and institutional clients	<ul style="list-style-type: none"> • Selectively onboarding active, high value institutional clients • Developing strategic interbank relationships
Global expertise and capabilities	<ul style="list-style-type: none"> • Intellectual property • Real time information feeds • Global distribution platform 	<ul style="list-style-type: none"> • Africa specialists • Expanded product set
Systems	Global Markets trading platform/ infrastructure: <ul style="list-style-type: none"> • Markets pricing systems/ models/ curves • Market data • EM distribution technology and operational licenses 	<ul style="list-style-type: none"> • Replaced systems using integrated architecture • Flexibility built into new stack • Upgraded: <ul style="list-style-type: none"> • Pricing libraries • Data and predictive behavioral analytics • Single sign-on Absa Access
People	Specific skills lost due to Barclays exit	<ul style="list-style-type: none"> • New employee value proposition • Key hires made over the past 6 months

Global Markets offers a full Pan-African value proposition

Vision: A leading full service, cross-asset, Pan-African Markets business



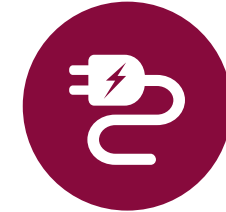
Geographical footprint

- Africa presence - Markets Sales and Trading capability across 10 countries
- Rep offices in the UK and US
- Securities and stock brokerage licenses in Nigeria



Product

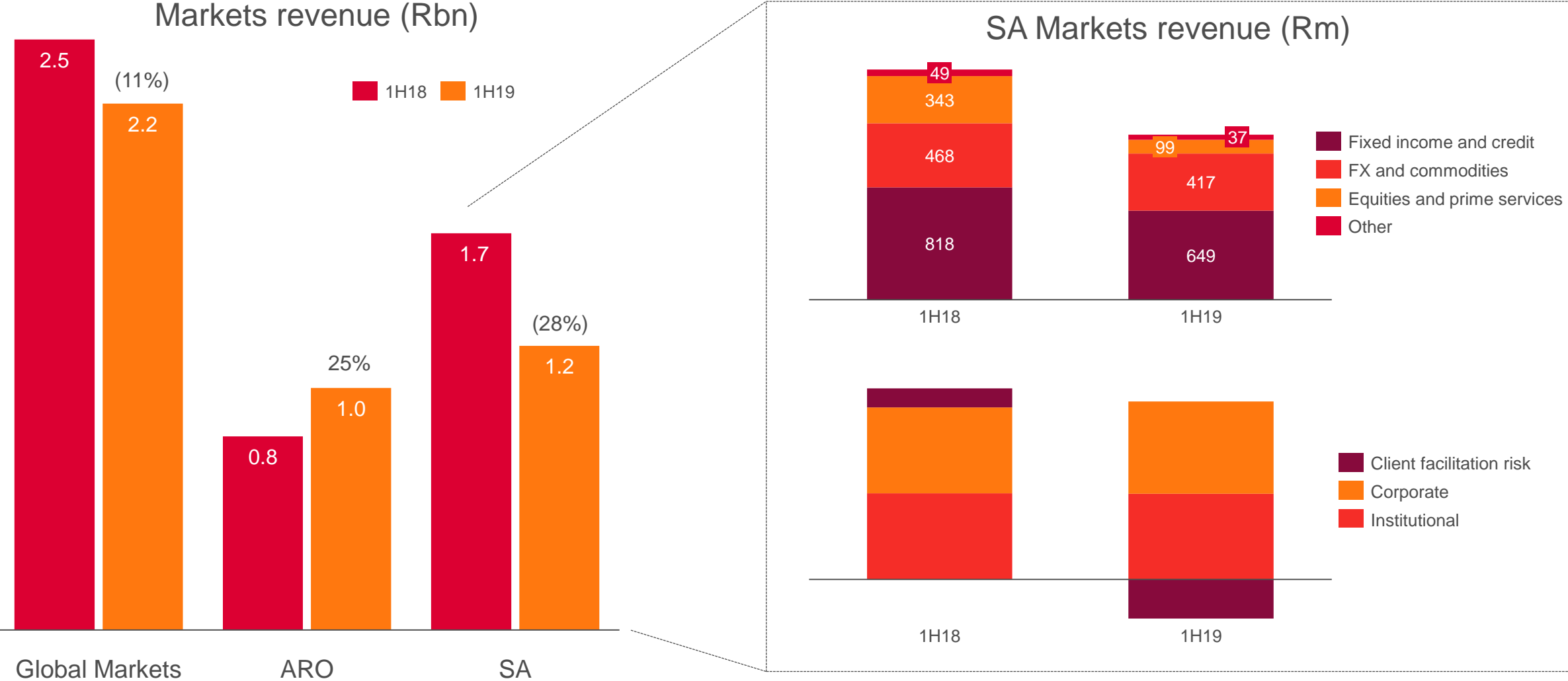
- Complete markets product suite in across: Fixed Income, FX, Credit, Equities and Passive products
- Supported by rated macro research and equity research teams



Systems

- Single multi-product trading platform across continent with real time risk management
- Updated FX trading platform with multiple liquidity providers
- Absa Access. Single sign-on transactional banking platform with global markets product integration (FX)

Aim to turnaround SA while continuing ARO momentum

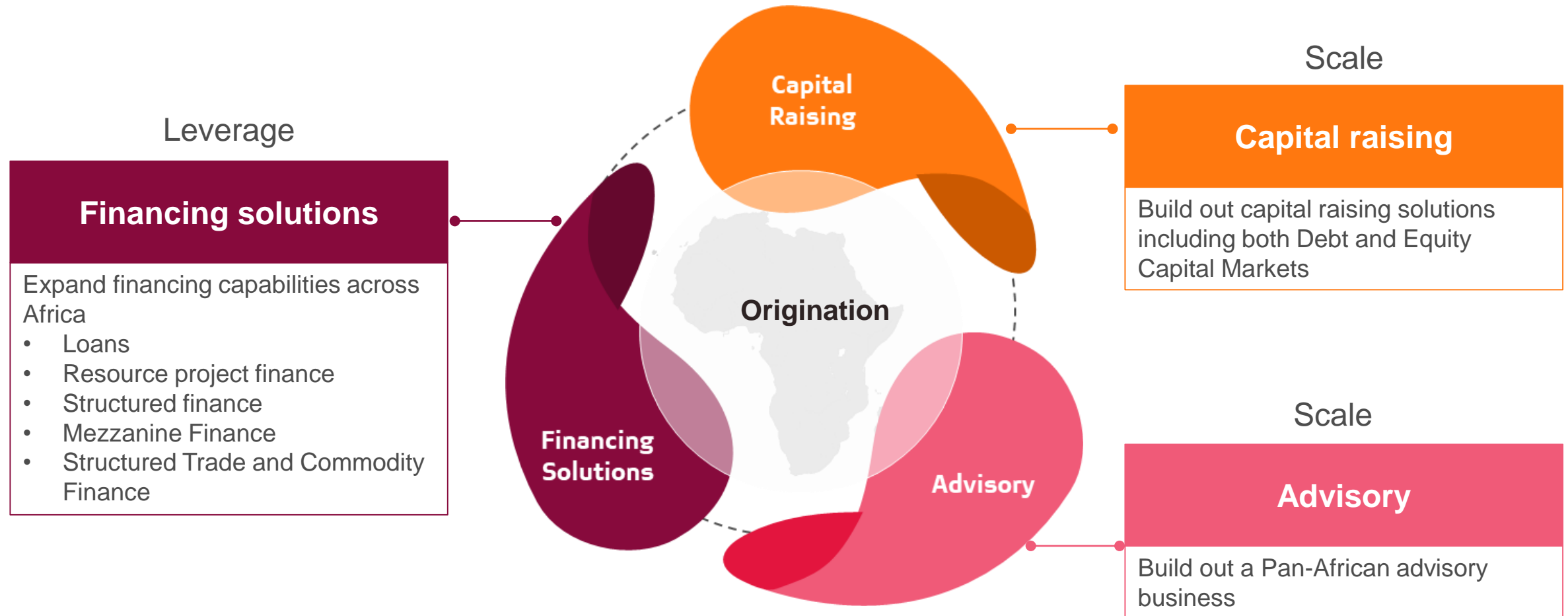


Global Markets priorities

	Priorities	Timelines
1	South Africa <ul style="list-style-type: none">• Rebalance SA client franchise mix• Grow FX market share	2H22
2	ARO <ul style="list-style-type: none">• Thought leadership to develop and grow African markets (Africa Market Index)• Grow local institutional and structured client solutions• Continued focus on building and leveraging strong local corporate franchise	2H20
3	International flows <ul style="list-style-type: none">• Build out sales and coverage capability to target international client flows	1H20

Investment Banking Division is built on three key areas

Vision: Trusted advisor, providing clients with leading capital raising and bespoke financing solutions



Investment Banking Division's priorities

1

Financing

- SA: increased focus on mid market corporates, leverage finance, and cross border financing
- ARO : deepen in-country term debt capabilities, creating four financing hubs
- Active balance sheet management






2

Build Advisory & Capital Raising

- Building hard currency debt capital market capability
- Enhance ECM capability
- Scale advisory team to support our Pan-African ambition

Recognition of Investment Banking Division




Selected recent advisory transactions

 <p>Financial Advisor to ARM's Administrators</p> <p>2019</p>	 <p>Financial Advisor to Berkshire Partners</p> <p>2019</p>	 <p>Initial Public Offering GBP595m</p> <p>Joint Bookrunner Joint Issuing House Jun 2019</p>
 <p>Acting as sole Financial Advisor through its subsidiary- NBC</p> <p>2019</p>	 <p>Sole Sell-Side Financial Advisor to the Consortium</p> <p>2019</p>	









Selected recent debt transactions

 <p>ZAR 1.5 billion</p> <p>Term Loan Facility</p> <p>Mandated Lead Arranger</p> <p>July 2019</p>	 <p>ZAR 1.25 billion</p> <p>Bridge Loan Facility</p> <p>Mandated Lead Arranger</p> <p>June 2019</p>
 <p>ZAR 2.1 billion</p> <p>Senior Secured Term Loans and Capex Facilities</p> <p>Mandated Lead Arranger, Underwriter & Facility Agent</p> <p>April 2019</p>	 <p>EUR 155 million GBP 60 million</p> <p>Term Facilities</p> <p>Mandated Lead Arranger</p> <p>March 2019</p>
 <p>ZAR 100 million</p> <p>Term Loan Facility</p> <p>Original Lender</p> <p>July 2019</p>	

Recent awards

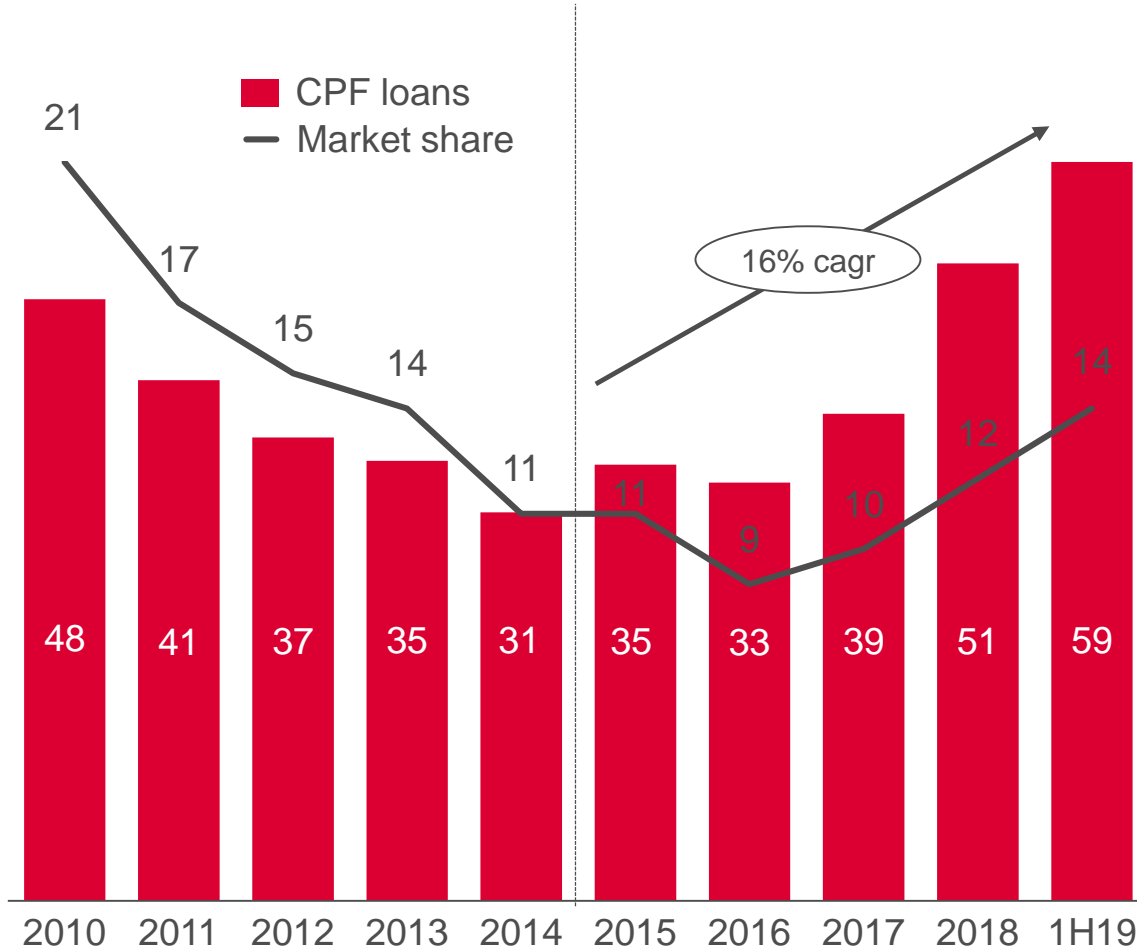
 <p>2019</p>	<ul style="list-style-type: none"> • Best Investment Bank Pan-Africa, Botswana, Mozambique, South Africa, Tanzania, Zambia • Best Project Finance House • Best Sustainability Deal • Best Natural Resources Deal • Best Infrastructure Deal • Best Refinancing Deal • Best local currency in Africa • Best Loan house in SA • Best Equity house in Mozambique
	<ul style="list-style-type: none"> • Best loan house, South Africa • Best Investment Bank, Zambia • Best Investment Bank, Botswana
	<ul style="list-style-type: none"> • Investment Bank of the Year

Debt capital markets

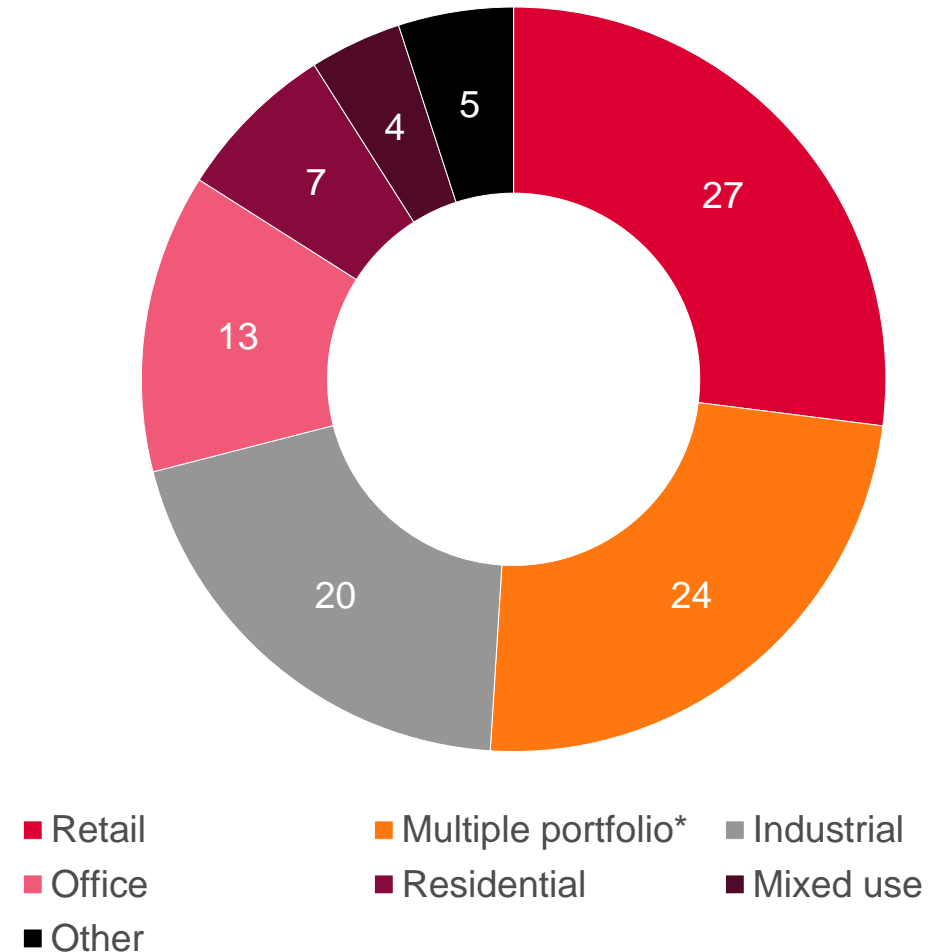
 <p>Redefine Properties Ltd</p> <p>R120mn 3 year FRN R630 5 year FRN</p> <p>Sole Bookrunner August 2019</p>	 <p>Exxaro Resources Ltd</p> <p>R357mn 3yr FRN R643mn 5yr FRN</p> <p>Joint Bookrunner June 2019</p>	 <p>MTN</p> <p>R181mn 3yr FRN R500mn 5yr FRN R569mn 7yr FRN</p> <p>Joint Bookrunner May 2019</p>	 <p>\$500m 5NC2 Notes due 2025 \$800m 8NC3 Notes due 2027</p> <p>Joint Bookrunner September 2019</p>	 <p>Gold Fields Ltd</p> <p>USD 500mn 5yr USD500mn 10yr</p> <p>Sole Bookrunner May 2019</p>	 <p>Kosmos Energy Ltd</p> <p>USD650mn 7yr notes</p> <p>Co – Manager May 2019</p>	 <p>Redefine Properties Ltd</p> <p>R1bn 3, 5 and 7-year notes</p> <p>Sole Bookrunner February 2019</p>	 <p>USD260mn 3-year 11.5% Senior Unsecured Notes</p> <p>Joint Bookrunner May 2019</p>
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Commercial property finance has a Pan-African strategy

CPF loans (Rbn, market share %)



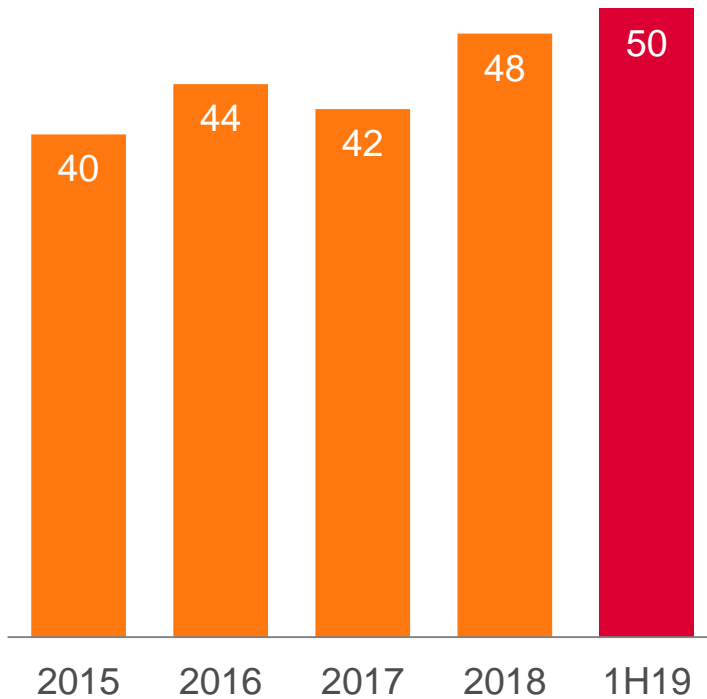
CPF loan mix (%)



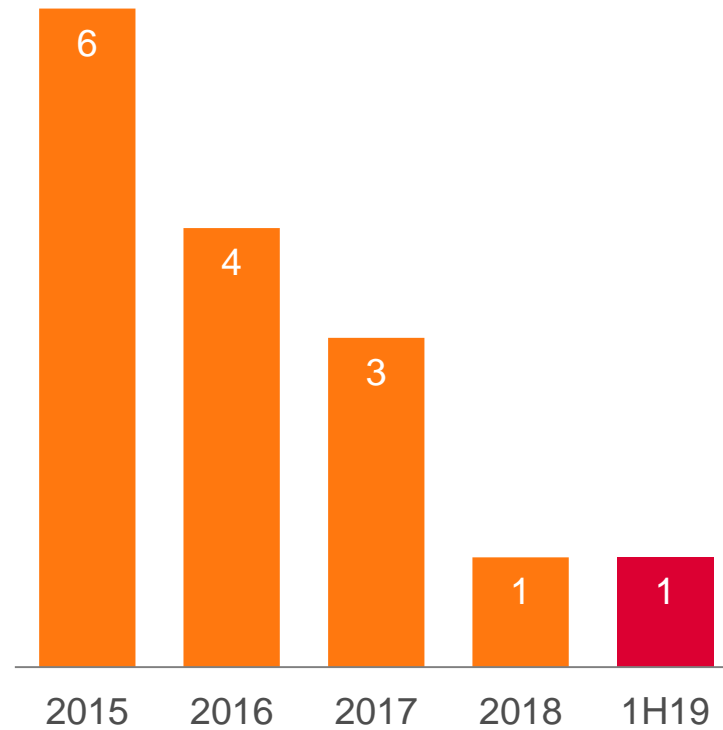
* Portfolio refers to collateral against multiple property types

Focus on continuing to grow diversified, high quality book

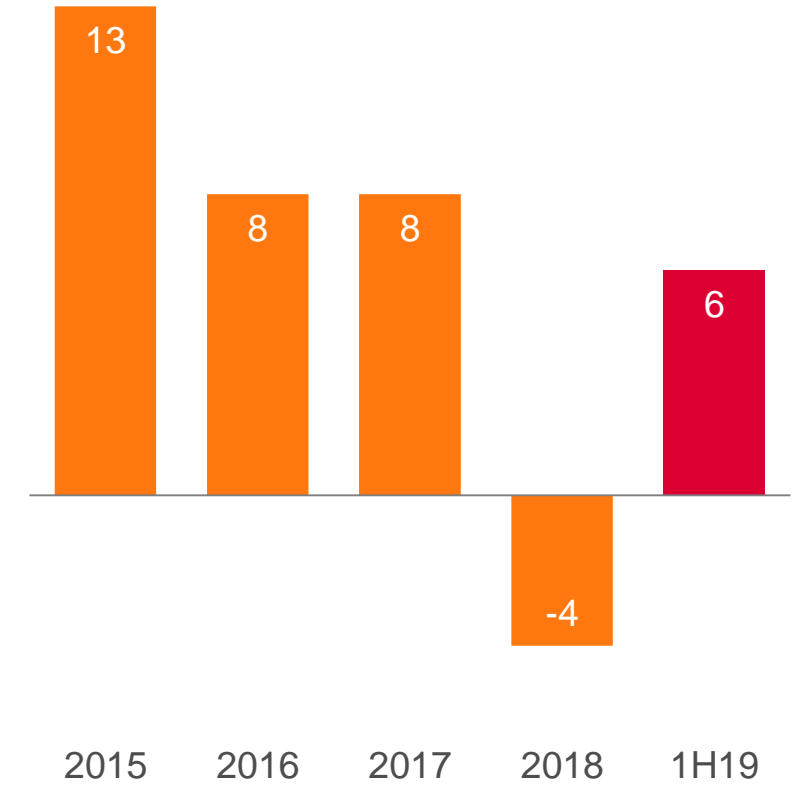
CPF investment grade book (%)



Watch list to total exposure (%)



CPF credit loss ratio (bps)



Grow reputable clients applying robust risk criteria

Watch list has reduced significantly

Consistently low credit loss ratio

Commercial property finance priorities

1

Further diversify portfolio and grow in target sectors

2

Co-ordinated effort for Pan-African clients and enhance in-country capability

3

Broaden client relationships and focus on generating ancillary revenue

How you can measure us

		2021 metric
1	FX market share growth	15%-17%
2	SA non-interest revenue: total income	>50% from 39%
3	Loan mandated lead arranger	Top 3 in SA and SSA (Dealogic)
4	DCM ranking	Top 3 (Dealogic)

Corporate Bank

Yasmin Masithela

Corporate Bank set up to deliver every day banking

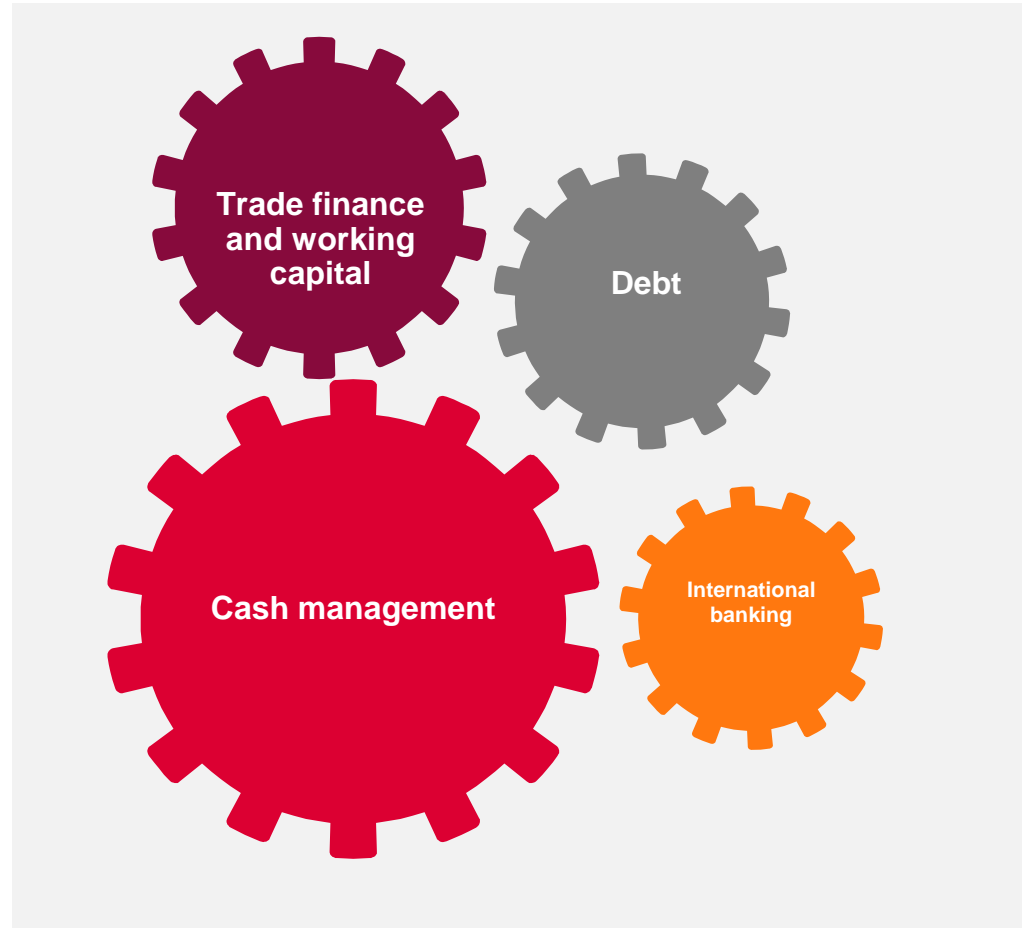
Clients

- Global corporates
- Regional corporates
- Large local corporates
- Mid-corporates
- Financial Institutions
- Public Sector

Client needs

- Seamless onboarding
- Manage day to day transactions
- Fund growth
- Risk management
- Invest and structure

Core product capabilities



Businesses

- 1 Cash management**
 - Physical and electronic cash handling (collections)
 - Payments
 - Information services
 - Deposits
 - Liquidity management
 - Custody and Trustee
- 2 Working capital**
- 3 Trade Finance**
 - Risk mitigation solutions
 - Finance solutions
- 4 Debt**

Leadership team



Yasmin Masithela

Managing Executive

Years in Absa: 8
 Years in financial service: 19
 Speciality: • Commercial Law • Compliance • Strategy



Richard Southey

Cash Management SA

Years in Absa: 9
 Years in financial services: 19
 Speciality: • Cash management • Working Capital



Thabo Makoko

Trade & WC, TXB ARO

Years in Absa: 5
 Years in financial services: 19
 Speciality: • Cash management • Trade



James Scott

Digital and Channels

Years in Absa: 10
 Years in financial services: 19
 Speciality: • E-commerce • Digital



Chris Paizis

International Banking

Years in Absa: 12
 Years in financial services: 24
 Speciality: • Derivative sales and structuring • FX sales



Nick Manterfield

Engineering

Years in Absa: 11
 Years in financial services: 19
 Speciality: • Technology



Leon Swart

Chief Financial Officer

Years in Absa: 7
 Years in financial services: 15
 Speciality: • Finance



Mapule Mofokeng

People

Years in Absa: 1.5
 Years in financial services: 12
 Speciality: • People



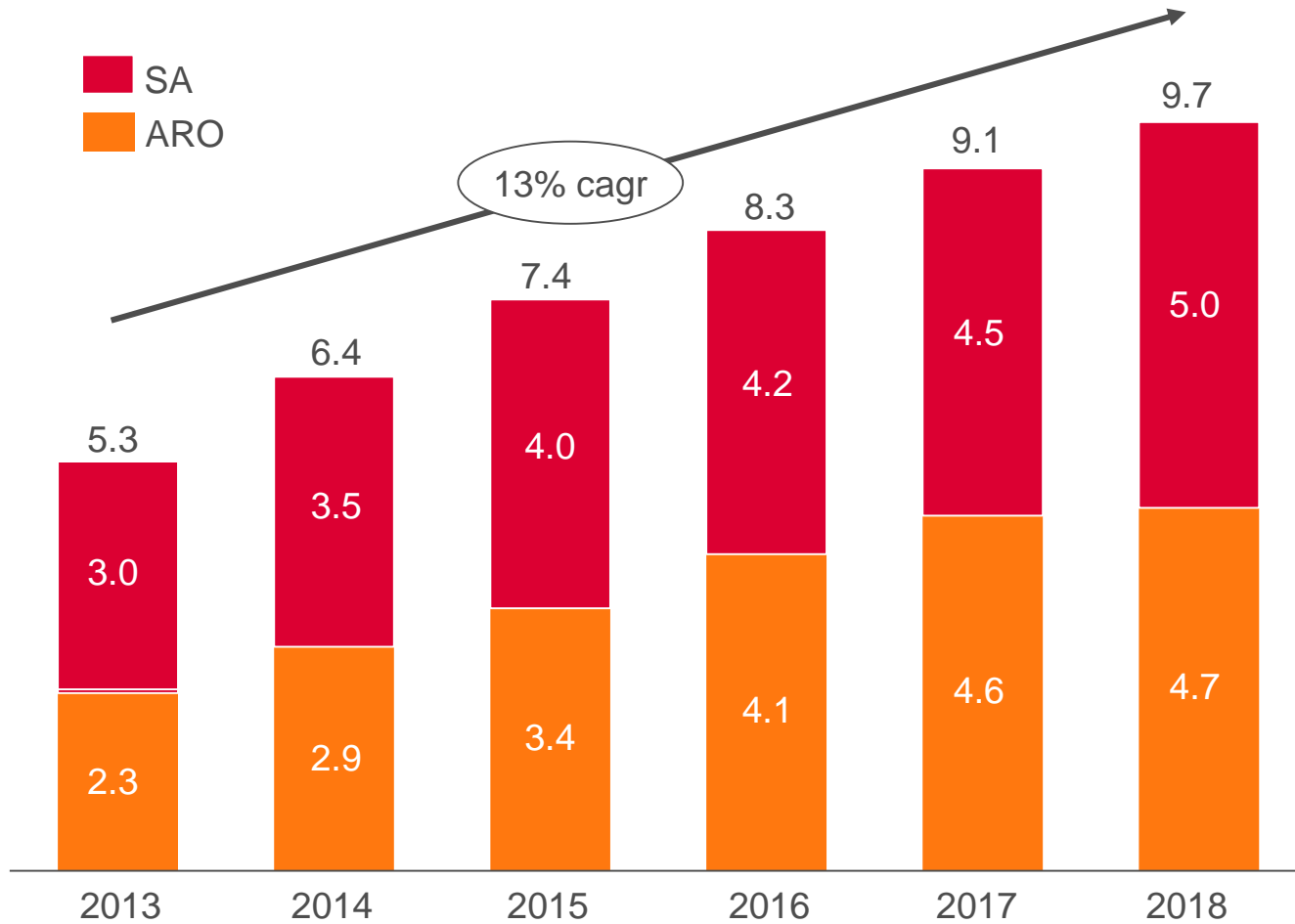
Steven Zwane

Chief Operations Officer

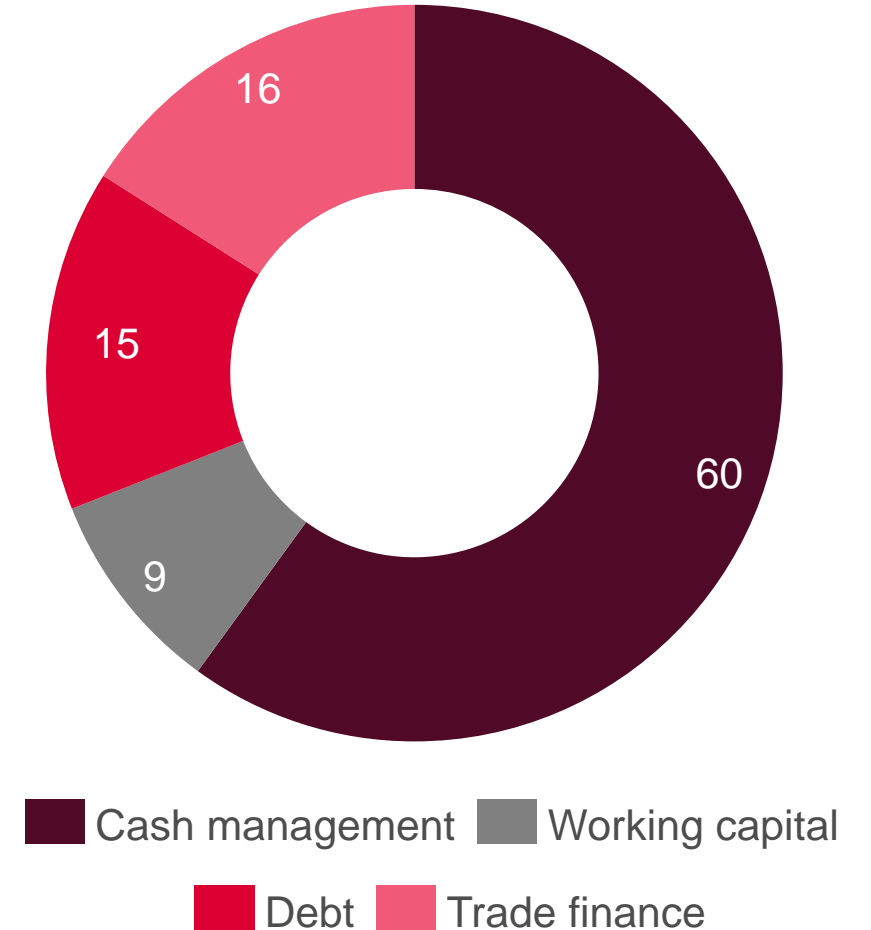
Years in Absa: 9
 Years in financial services: 16
 Speciality: • Operations • Technology • Leadership

Double digit revenue growth since 2013

Corporate Bank revenue (Rbn)



Corporate Bank revenue split 2018 (%)



Note: Excludes impact of the sale of custody & trustee business

Key areas identified to improve growth and reduce risk

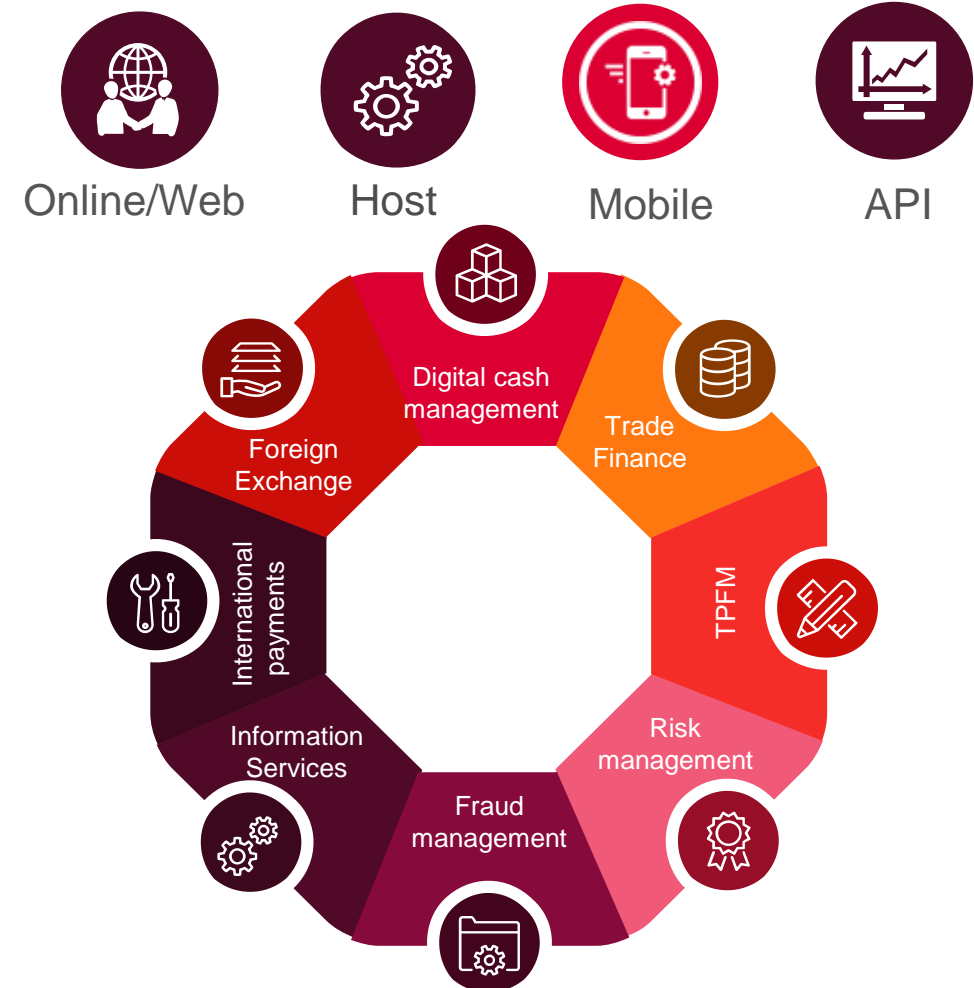
Challenges	Actions so far	Goal
Grow primary banked clients	<ul style="list-style-type: none">• Changed resource allocation and scorecards	16% of client relationships primary banked by 1H21 from 14%
Digital channel evolution	<ul style="list-style-type: none">• Build out Absa Access• Migrate clients• Decommission 3 legacy channels	All clients migrated onto Absa Access and decommission legacy channels by 1H21
Coordinated client and product sales strategy	<ul style="list-style-type: none">• Redefined ways of work• Strategic hires and retooling	Sales productivity doubled by 2H21
Pan-African service model	<ul style="list-style-type: none">• Pan-African channel evolution• Pan-African service model design	50% of the most frequent complaints digitally solutioned

We have evolved client digital channel experience

Digital channel transformation

- 2012-14**
 - 14 Channels across host, online across the continent
 - Project initiation to localize Barclays. Net and File Gateway
- 2014-17**
 - Barclays.Net and File gateway launched to reduce channel landscape from 14 to 2
 - Migrated 2300 clients accounts onto Barclays channels
- 2017-18**
 - Reverse migrated clients onto legacy platforms due to separation
 - Initiate build of new Pan-African Channels
- 2019-21**
 - Launch new platforms to remove all legacy channels, deliver single digital platform
 - Migrate all clients across SA and ARO onto new and modern technology platform

Single sign on: Absa Access



Note: TPFM is third party fund management; Information services entails account management, account reconciliation and prepayment management of accounts

Commercializing new capabilities in ARO ...

Focus Areas	Capability to date	Impact on client franchise
Mobile propositions	<ul style="list-style-type: none">• Rolled out bulk mobile disbursement proposition	<ul style="list-style-type: none">• 20% deposit growth• 20% increase in new to bank clients• 2 new partnerships onboarded
Integrated bill payments	<ul style="list-style-type: none">• Launched electronic customs tax collection solution• Onboarding billing companies• Rolled out in 5 countries	<ul style="list-style-type: none">• 11% increase in new to bank clients• 12% balance sheet growth
Trade management online	<ul style="list-style-type: none">• Online self-service proposition deployed in all markets• Driving commercialisation	<ul style="list-style-type: none">• 26% revenue growth• 15% increase in volume

... and sales and service model

Growth focus	Client	Prioritise growth in priority sectors and segments Prioritise Primacy (main bank status)
	Products	Integrated proposition for efficiency High quality core deposits
Sales capability	Skills	Growing our treasury advisory capabilities to drive efficiencies in client operations
	Ways of work	Cross functional Coverage, Product and Fulfilment teams New standards and disciplines to drive productivity
Servicing	Self service	Higher level client satisfaction through self service on channel Automation of base processes to drive efficiency
	Scale	Consistent model and offering across Africa Common digital processes

How you can measure us

		2021 metric
1	SA cheque deposit market share	From 18% to 20%
2	SA domestic payments market share	From 19% to 22%
3	Pan Africa revenue growth	> 10%

Closing remarks

Charles Russon

Focused execution priorities



Separation: Complete separation book of work. Complete technical separation by end 1H20



Efficiencies: Decommission legacy technology channels and leverage SA platforms



Growth: Primary banking and client acquisition to drive non-interest revenue and improve returns, within our risk appetite

Underpinned by a relentless focus on **talent**

Key metrics

Absa Group 2021 targets

Revenue growth

On average, faster than market with an improving trend over time and within appropriate risk parameters.

Cost-to-income ratio

Consistent reduction in normalised ratio to reach **low 50s**.

RoE

Normalised **RoE 18%-20%**

CIB targets

	1H19	2021
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Cost-to-income ratio	51.1%	<50%
Credit loss ratio	22bps	20 – 30bps
Return on regulatory capital	18.0%	>19%

Long term: ARO 50% of total revenue from 40%

Disclaimer

Forward-looking statements

Certain statements (words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘believes’, ‘intends’, ‘plans’, ‘may’, ‘will’ and ‘should’ and similar expressions in this document are forward looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Absa Group Limited and its subsidiaries. These statements are not guarantees of future operating, financial or other results and involve certain risks, uncertainties and assumptions and so actual results and outcomes may differ materially from these expressed or implied by such statements. We make no express or implied representation or warranty that the results we anticipated by such forward-looking statements will be achieved. These statements represent one of many possible scenarios and should not be viewed as the most likely or standard scenario. We are not obligated to update the historical information or forward looking statements in this document.