Annual General Meeting
4th of June 2021

ABSA GROUP LIMITED
CHAIRMAN'S AGENDA

THIRTY-FIFTH ANNUAL GENERAL MEETING OF ORDINARY SHAREHOLDERS TO BE HELD AS A VIRTUAL MEETING VIA LIVE WEBCAST

ON FRIDAY, 4 JUNE 2021 AT 10:00

Introduction

Good morning ladies and gentlemen,

Welcome to the 35th Annual General Meeting of ordinary shareholders of Absa Group Limited.

Due to the Covid-19 pandemic we have lost 35 colleagues including Peter Matlare, our Deputy Group Chief Executive. I would like us to take a moment of silence.

Thank you.

A very warm welcome to all our shareholders who are attending via the digital platform and thank you to those who couldn't participate, but cast proxy votes on the matters we will consider today. Kindly note that the proceedings of this meeting are being recorded and broadcast via live webcast.

With me in attendance, are:

- the Chairman of the Group Remuneration Committee and Lead Independent Director, Sipho Pityana (via webcast);
- the Chairman of the Social and Ethics Committee, Francis Okomo–Okello (via webcast);

- the Chairman of the Group Audit and Compliance Committee, Tasneem Abdool–Samad;
- the Chairman of the Group Risk and Capital Management Committee and Group Credit Risk Committee, Mark Merson (via webcast);
- the Interim Chief Executive Officer of Absa Group, Jason Quinn;
- the Interim Group Financial Director, Punki Modise; and
- the Group Company Secretary, Nadine Drutman.

Before I provide my opening remarks, may I request that, should any shareholder have questions around the Annual General Meeting notice, the 2020 Integrated Report, the 2020 Annual Financial Statements, or any other matter tabled at this meeting, please send your messages now via the shareholder platform by selecting the messaging icon at the top of the screen, and by typing in your message within the chatbox at the bottom of the messaging screen and press 'Send'.

Shareholders have a username and password that enables them to post their questions. I shall either respond or direct the question to the appropriate respondent. We will try and group the questions by themes. All questions will be visible, but may be answered as a collective where they are similar.

Voting on all resolutions will be opened at the start of the meeting on the shareholder platform. Once the voting has opened, the polling icon will appear on the navigation bar at the bottom of the screen. From here, the resolutions and voting choices will be displayed.

To vote, simply select your voting direction from the options shown on the screen. A confirmation message will appear to show your vote has been received. To change your vote, at any point in the meeting, simply select another direction. If you wish to cancel your vote, please press Cancel.

Voting can be performed at any time during the meeting until I have declared, at the end of the meeting, that voting on all resolutions has been closed. At this point, your last choice will have to have been already submitted. Shareholders are encouraged to capture their votes for resolutions at the earliest opportunity of voting to ensure that these have been recorded in the event of a technical interruption or break in your connectivity.

Voting results for each resolution will be displayed under the three main categories of resolutions, being ordinary resolutions, non-binding advisory votes and special resolutions, after voting has closed.

For the purpose of the virtual voting process, I appoint as scrutineers, representatives of Computershare Investor Services, the Company's transfer secretaries, and representatives from EY, the Company's auditors.

The Companies Act requires that sufficient persons representing, in aggregate, at least 25% of all voting rights that are entitled to be exercised in respect of at least one matter to be decided at a shareholder's meeting, are present. I confirm that members representing no less than 77% of shares are present at this meeting, either in person or by proxy.

Accordingly, we have achieved the quorum required in terms of the Companies Act for a general meeting of shareholders, and I declare the meeting duly constituted.

Macroeconomic environment

Starting off with the macroeconomic environment, 2020 brought unprecedented challenges in the form of the Covid-19 pandemic that devastated economies, businesses, and individual lives in a manner unimaginable.

We began 2020 cautiously optimistic about the future, eager to build on the steady progress we made in 2019 towards meeting our growth and strategic goals. Notwithstanding market challenges, the board was pleased with the growth momentum achieved in various parts of our business.

However, as soon as the gravity of the pandemic became apparent, the board re-prioritised its work and focused on providing the necessary guidance and governance support to management, in order to respond to the pandemic appropriately, and with the utmost consideration for our employees and customers. Our comprehensive COVID-19 response was centred on the following:

- First, protecting the safety and health of our employees and customers by instituting new, robust hygiene and related protocols at all our premises.
- Second, re-organising our business to enable it to continue operating and providing essential services to our customers. This involved enabling over 60% of our workforce to work remotely.
- Third, ensuring that we shifted our focus from growth to capital preservation and effective liquidity management; and
- Lastly, supporting our customers through payment relief initiatives and monitoring the portfolios and our impairment models to take into account the rapidly changing environment.

We are particularly proud of the extent to which we were able to provide relief to our customers and clients, and to support public health authorities and vulnerable communities through our social relief programmes.

Retail and Business Banking South Africa provided relief of R9.8bn to 613 000 customers and R2.3bn in funding approved under the Covid-19 Loan Guarantee Scheme. The Corporate and Investment Bank provided R54.4bn in payment relief to 365 clients.

In our Absa Regional Operations, Absa was the first bank in most jurisdictions to offer support to customers through payment relief measures. In those markets we granted payment relief to over 61 thousand retail and business banking customers on loans to the value of R12.5bn.

Our response extended to saving lives and protecting livelihoods across our markets. The group undertook several humanitarian, health, and community support initiatives, focusing on the expansion of tracing, screening and testing, providing medical equipment and enabling emergency medical care, as well as supporting vulnerable people and communities through providing food and hygiene goods. For this we were able to quickly mobilize over R80m during 2020, which included contributions from employees.

The board is proud that the group's response has been comprehensive, compassionate and reflected the best of Absa's values. Our efforts garnered international attention, and we were recognized with Euromoney's Excellence in Leadership Award in Africa for our integrated response to Covid-19. We were one of six banks globally recognized for our outstanding performance during this crisis. Moreover, we won separate awards for corporate social responsibility in Zambia, Ghana and Seychelles.

We are deeply saddened that we have lost 35 colleagues to Covid-19. Our deepest condolences go out to their families, friends and loved ones.

In this respect, I would like to make special mention of Peter Matlare, our Group Deputy Chief Executive, who passed away this year due to complications related to Covid-19. Peter was a leader of great gravitas, with a deep knowledge and passion for Absa and the continent, and he made a highly valuable contribution to our Board and executive over many years. He is sorely missed.

I am phenomenally proud of each and every one of our employees and executives across the group for their tremendous efforts in difficult circumstances, without which the group could not have accomplished what it did last year.

Performance

Despite the challenges I have just set out, I am pleased to say that many aspects of our 2020 financial performance were resilient.

Importantly, our common equity tier 1 capital ratio ended the year at 11.2%, remaining within our board-approved target range, well above regulatory requirements. Our net asset value also grew by 4% last year.

An important contributor to capital preservation and net asset value growth was the difficult decision taken by the board not to pay ordinary dividends for the year. We understand the importance of dividends to shareholders and took that decision carefully, in full understanding of the need to balance returns to shareholders along with the preservation of capital in the crisis.

Our liquidity remained strong, including 15% growth in deposits.

Revenue growth of 2% was respectable, considering the pressure on sector revenue from lower interest rates and reduced transaction volumes, whilst our costs remained responsive, decreasing by 2%. This produced positive operating JAWS and 7% pre-provision profit growth, the best among the “Big Four” banks.

Lastly, our earnings and returns improved materially in the second half, and the momentum has continued into this year.

In our trading update last month, we reported a strong start to 2021.

- Our first-quarter return on equity improved year-on-year on a period largely pre-Covid-19, and comfortably exceeded our cost of equity.

- Pre-provision profits increased, while our credit impairments reduced to only slightly above our through-the-cycle target range.

- Positively, our common equity tier 1 capital ratio improved to 11.9% faster than we expected, and we reiterated our intention to resume dividend payments from our interim earnings.

- Lastly, we indicated that our first half normalised headline earnings per share is expected to be 5 to 6 times the first half 2020 base, which was significantly impacted by Covid-19.

Last month we raised $500 million of additional tier 1 capital, in Africa's first ever US dollar-denominated Basel 3 compliant AT1 issuance in the offshore markets. We were pleased with the participation of over 200 global investors. The transaction attracted approximately $3 billion of demand, more than seven times the target we had hoped for, which prompted us to increase the issuance to $500m. This overwhelmingly successful issuance is a strong vote of confidence in our Group.

Strategic delivery: Separation

Turning to strategic delivery and Separation specifically, I am also happy to report the successful completion of our three-year, USD1bn separation from Barclays. It was one of the largest and most complex corporate programmes of its kind, and we are very proud that we completed it on time and under budget by R1bn.

The separation was a major focus for the board and the group over the past few years and came with as many risks as opportunities.

Programmes of this nature, complexity and size generally do not have a favourable history, particularly in the banking industry. However, thanks to the support of Barclays, the South African Reserve Bank, and regulators in all our presence countries, the combination of oversight and guidance measures ensured that we emerged with a positive story to tell.

The separation helped us build depth and resilience in our organisational programme management and change management skills, which translated into a significant advantage when we needed to respond to the pandemic swiftly.

The board and I offer our sincere thanks to all our employees who worked tirelessly to ensure that the separation was a success. Our business is now better placed to capture the opportunities ahead of us, particularly in the digital space to further advance customer service.

Strategic delivery: Other

Allow me to reflect on our other strategic priorities in recent years.

There is momentum in our **Retail and Business Banking** turnaround in South Africa following their substantial restructuring, which improved accountability, reduced bureaucracy and brought management closer to customers.

This is demonstrated by its increased new business market shares in secured lending, strong deposit growth and the significant reduction in customer complaints. The substantial cost reductions from the restructure are now clear.

The separation from Barclays impacted **Corporate and Investment Bank** and our Absa Regional Operations the most. CIB South Africa grew strongly in the first quarter of this year, after a resilient 2020. Having extended its balance sheet in recent years, we expect it to increase non-interest income over the medium-term by improving customer primacy.

Our **Absa Regional Operations** remain a well-diversified portfolio, both by activity and geography. Corporate and Investment Banking in ARO has performed very well for several years, with robust growth in Markets Trading and lending. We see scope to improve Retail and Business Banking in ARO over the medium-term by reducing its high cost-to-income ratio. While the strong Rand will be a headwind in translating ARO's earnings this year, we expect good growth from this franchise medium-term.

Our commitment to sustainability

Climate change presents a material, urgent global challenge with significant socio-economic consequences that the board is acutely aware of. We recognise Africa's above-average vulnerability to climate change, and our need to assess the climate-related risks and opportunities for our group.

A number of milestones in our sustainability journey last year reflects our ongoing commitment.

- We signed an agreement with MIGA covering 7 of our subsidiaries outside South Africa, which includes setting up environment and social management systems, caps on specific loans and green loan commitments.
- We also established a Sustainable Finance team.
- And we elevated Sustainability Risk to a Principal Risk in our Risk Management Framework.

As intended, our sustainability initiatives are gaining pace this year.

- For starters, we published our first Task Force on Climate-related Financial Disclosures report in March.

- We were the first South African bank to announce sustainable finance targets.

  Absa Corporate and Investment Bank aims to finance or arrange R100bn for ESG-related projects by 2025, in addition to which Relationship Banking plans to finance 250 megawatts or R2.5bn of renewable power.

  In addition, we have financed 33 deals, or 46% of South Africa's renewables projects to date.

- We are one of the lead arrangers and a senior lender in South Africa's largest concentrated solar power tower plant, with an estimated cost of R12bn.

- Last month, we announced Africa's first certified green loan from the IFC, of $150m.

- We completed a pilot with the Council for Scientific and Industrial Research on climate change scenarios that we will extend to cover our real estate and agriculture book, which together comprise 40% of our South African loans.

- Finally, we have committed to publish standards for the oil and gas and mining sectors this year.

Board and executive matters

Now turning to board and executive matters. Our board underwent substantial changes in 2020 and 2021.

Towards the end of April, we announced that Daniel Mminele was stepping down as Group Chief Executive by mutual agreement. Although mutual, the decision to part ways was difficult and not taken lightly or with haste. Both parties did their utmost to find a solution to our differences, but without success. In the end, it was a matter of divergent professional views and approaches on a "no-fault" basis. The board has the highest regard for Daniel and we wish him well.

Our Interim Group Chief Executive, Jason Quinn, has a full mandate to lead the group while the board appoints a permanent successor to Daniel.

Following Jason's appointment as Interim CEO, the board appointed Punki Modise as Interim Group FD. Punki has been with the group since 2008 and has spent the last 5 years as CFO of Retail and Business Banking.

Sipho Pityana became our Lead Independent Director following Mohamed Husain's retirement at the last AGM, and he took over from Alex Darko as the Remuneration Committee Chair.

I wish to thank Alex, for chairing the RemCo and continuing to chair the IT Committee.

Francis Okomo-Okello replaced Mohamed as the Social and Ethics Committee Chairman, an increasingly important committee given its focus on customer, conduct, people, culture and environmental sustainability.

Colin Beggs has been a key member of our board since 2010. After this AGM, Colin will step down as a non-executive director. You will recall that after he stepped down as Chair of the Audit and Compliance Committee last year, he continued as non-executive director.

As chair of the Audit and Compliance Committee from June 2011 to June 2020, Colin made a tremendous contribution with his eye for detail, incredible work ethic, and ability to remain current on the most complex technical audit and accounting matters. Over the years, he provided insight into broader commercial matters and was instrumental in our key transactions, including acquiring the eight Barclays Africa subsidiaries and separating from Barclays.

Thank you, Colin, for your many years of service to the group, your incredible dedication and contribution. We wish you well for the future.

Tasneem Abdool-Samad became the Group Audit and Compliance Committee Chairman. She has been a member of the Absa Bank and Absa Financial Services Board since 2016 and she joined the Group Board in 2018. She chaired the AFS audit committee until August 2020 and takes over from me as chair of AFS.

Unfortunately, Dan Hodge stepped down following his appointment as an executive of a global bank. His strong risk and treasury skills added substantial value, and we thank him for his contribution.

Fulvio Tonelli joined the board on the 1st of July 2020 after a career at PwC and brings with him a wealth of financial services experience.

We also welcomed René van Wyk back as a non-executive director from the 1st of August 2020, after a six-month cooling-off period following his role as the Acting Group Chief Executive Officer in 2019. René will be an independent director from the 1st of August 2021.

Nonhlanhla Mjoli-Mncube joined the board on the 15th of October 2020 and brought with her substantial banking experience, having been on the board of another retail bank for over 15 years before joining Absa.

We are confident that we have a highly skilled and engaged board, able to meet the demands of governing a systemically important financial services group in these challenging times.

This is my last Absa AGM. I have been on this board for just over eight years and will have completed my SARB maximum of nine years by the end of March 2022, when I will retire from the board.

The Chairman succession process is advanced, but we are not in a position to make an announcement yet. Once our board processes are finalised, the regulatory approval process will follow and an announcement will be made.

Conclusion

In conclusion, I am proud to say that much has been achieved during my tenure as we navigated and stabilised the group through an ever-changing and challenging economic world.

Looking back over the years that I have served as Chair of this Board, we bought the majority of the Barclays Africa operations in my first year. At 18.3bn, it was the largest acquisition ever by an African bank on the continent. The deal transformed our geographical mix and enhanced our earnings growth.

In 2013, we paid a R6bn special dividend, one of the largest ever in South Africa until then.

As mentioned, our Separation from Barclays was a resounding success. As part of that process, there were two accelerated book builds, one of which was the largest ever in South Africa.

We approved Absa's strategy as a standalone African group in 2018. As I highlighted, the strategy is delivering strong underlying momentum for the group.

This year we announced a refreshed role in society strategy that sharpens our focus in playing a shaping role in Africa's growth and sustainability. We will continue to provide products and services in a socially and environmentally responsible manner.

Lastly, steering the group through the global Covid-19 pandemic while maintaining underlying momentum has demonstrated the resilience of this organisation.

The past year has been an unparalleled period. Nothing prepared us for what was to come, across all the countries in which we operate. As the board, we want to thank shareholders for undertaking that journey with us.

As for our customers – a heartfelt thank you for the trust you've placed in us. We look forward to doing business with you for many years to come.

We are excited and optimistic about the business moving into the future.

We wish our leadership team and all colleagues across the continent incredible success in the year ahead as we build on what we have achieved thus far.

Thank you.

We now move to the formal AGM agenda.