

Absa Group Limited Short Form Announcement

Registration number: 1986/003934/06

Incorporated in the Republic of South Africa

JSE share code: ABG

ISIN: ZAE000255915

Bond Issuer Code: ABGI

Unaudited interim results for the reporting period ended 30 June 2020

We are an African group, inspired by the people we serve and determined to be a globally respected group that Africa can be proud of. We are committed to finding local solutions to uniquely local challenges and everything we do focuses on adding value.

Three clear and focused strategic drivers in 2020

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.

Three clear and focused strategic drivers in 2020

1. Continue to deliver on our Group strategy through targeted priorities as set out at the start of 2020
 - > Accelerating our journey towards becoming a thriving entrepreneurial organisation.
 - > Growing customer and client primacy ahead of the market.
 - > Advancing the digital maturity of our business.
 - > Building a market leading payments capability to create new revenue streams.
 - > Completing Separation successfully.
 - > Leveraging strategic partnerships.
 - > Driving operational efficiencies.
2. Immediate stabilisation of the business as a result of Covid-19 pandemic arising in 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; and
 - Safeguarding the lives of the communities we serve.
3. Resetting our Group Strategy to maintain relevance and competitiveness in the 'Next Normal'.

Normalised financial results as a consequence of Barclays PLC Separation

A normalised view of the 2020 half-year 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.

The normalised results have not been prepared using the accounting policies of the Group and do not comply with IFRS. These results are considered to be pro forma financial information, are presented for illustrative purposes only and have been presented in accordance with the JSE Listings Requirements, the SAICA Guide on Pro Forma Financial Information and any relevant guidance issued by the IRBA. The normalised results have not been reviewed or reported on by the external auditors of the Group and are the responsibility of the Group's Board of Directors. Given its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, and results of operations or cash flows.

Performance overview for the period ended 30 June

Total income

2020	Increased 3%	2019	2020	Increased 3%	2019
R40 355m	IFRS	R39 152m	R40 078m	Normalised	R39 071m

Headline earnings per ordinary share

2020	Decreased 93%	2019	2020	Decreased 82%	2019
67.7 cents	IFRS	920.0 cents	173.6 cents	Normalised	977.5 cents

Basic earnings per ordinary share

2020	Decreased 94%	2019	2020	Decreased 82%	2019
58.8 cents	IFRS	918.9 cents	171.7 cents	Normalised	976.5 cents

Net asset value per ordinary share

2020	Increased 4%	2019	2020	Increased 6%	2019
14 045 cents	IFRS	13 534 cents	13 080 cents	Normalised	12 335 cents

Return on equity

2020	Decreased	2019	2020	Decreased	2019
1.0%	IFRS	14.0%	2.6%	Normalised	16.4%

Cost-to-income ratio

2020	Decreased	2019	2020	Decreased	2019
57.1%	IFRS	58.7%	53.9%	Normalised	56.7%

Net interest margin

2020	Decreased	2019	2020	Decreased	2019
4.23%	IFRS	4.52%	4.23%	Normalised	4.52%

Dividend per ordinary share

2020	Decreased 100%	2019
0 cents	IFRS	505 cents

Gross loans and advances to customers

2020	Increased 7%	2019
R975bn	IFRS	R912bn

Deposits due to customers

2020	Increased 15%	2019
R920bn	IFRS	R798bn

Stage 3 loans ratio to gross loans and advances

2020	Increased	2019
5.65%	IFRS	4.79%

Liquidity coverage ratio

2020	Decreased	2019
126.6%	IFRS	127.0%

Common Equity Tier 1 ratio

2020	Decreased	2019
11.0%	IFRS	12.5%

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/2020/jse/isse/ABGE/interim20.pdf>

Copies of the full announcement may be requested from Absa Group Limited Investor Relations at IR@absa.co.za

Registered office

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

Board of directors

Group independent non-executive directors

W E Lucas-Bull⁽¹⁾ (Independent Chairman), S M Pityana⁽¹⁾ (Lead Independent Director), T Abdool-Samad⁽¹⁾, A B Darko⁽²⁾⁽³⁾, R A Keanly⁽¹⁾, M S Merson⁽²⁾, S J Munyantwali⁽²⁾⁽⁵⁾, D Naidoo⁽¹⁾, F Okomo-Okello⁽⁴⁾, I Rensburg⁽¹⁾

Group non-executive directors

C Beggs⁽¹⁾, D J Hodge⁽²⁾, F Tonelli⁽¹⁾, R van Wyk⁽¹⁾

Group executive directors

D Mminele⁽¹⁾⁽²⁾ (Group Chief Executive), P B Matlare⁽¹⁾ (Deputy Chief Executive and Chief Executive: Absa Regional Operations), J P Quinn⁽¹⁾ (Financial Director)

(1) South African

(2) British

(3) Ghanaian

(4) Kenyan

(5) Ugandan

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 interim dividend for the period ended 30 June 2020 has been declared by the Group.

On behalf of the Board

N R Drutman

Company Secretary

Johannesburg

24 August 2020

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

Sponsors

Lead independent sponsor

J. P. Morgan Equities South Africa Proprietary Limited

Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)