



Absa Group Limited

2018 Broad-Based Black Economic Empowerment Report

Our reporting suite

Integrated report and environmental, social and governance disclosures

2018 Integrated Report	2018 Environmental, Social and Governance Review	2018 Broad-based black economic empowerment (B-BBEE) Report	2018 King IV Application Review	2019 Notice of annual general meeting	2018 Remuneration Report
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Scope and boundary

Activities of Absa Group including key banking and insurance subsidiaries.

These reports provide information regarding stakeholder relationships, material matters, risks and opportunities and our forward-looking strategy. B-BBEE applies to our South African operations.

Financial, risk and capital management disclosures

2018 Summarised annual consolidated financial statements	2018 Annual consolidated and separate financial statements	2018 Pillar 3 risk management report and Additional Tables	2018 Financial results booklet and investor presentation
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Scope and boundary

Absa Group including subsidiaries, associates and joint ventures.

Note 49.3 of the annual financial statements provides a list of material subsidiaries and consolidated structured entities.

Reporting standards/frameworks

Our external reports contain a range of information which is governed by a diverse set of regulations, frameworks and codes.

- Integrated Reporting <IR> Framework
- International Financial Reporting Standards (IFRS)
- King IV Report on Corporate Governance for South Africa, 2016™ (King IV)
- The Amended B-BEE Financial Sector Code (South Africa)
- The GRI G4 Standards, Financial Sector Supplement and the Greenhouse Gas Protocol
- South African Banks Act, No 94 of 1990
- South African Companies Act No 71 of 2008
- JSE Listings Requirements (South Africa)

Assurance

We apply a risk-based, combined assurance approach over the Group's operations. Internal controls, management assurance, compliance and internal audit reviews, as well as the services of independent external service providers support the accuracy of disclosures within our published reports. In line with their respective mandates, specific reports are reviewed and recommended to the Board for approval by the Disclosure, Social and Ethics, Remuneration, Directors' Affairs, Group Audit and Compliance, and Group Risk and Capital Management committees.

For 2018, PwC conducted limited assurance on select environmental, social and governance indicators and Empowerdex rating agency verified our B-BBEE performance. EY, our statutory auditors, have audited our annual financial statements. Information relating to the scope and conclusions of these can be found in the Limited Assurance Report, the Absa Group's B-BBEE certificate and the Group's annual financial statements, all of which are available on our Group website www.absa.africa

 All of the reports listed are available on absa.africa. Comments or queries regarding these documents can be sent to corporate.relations@absa.africa or groupsec@absa.co.za

Our reporting approach

Absa Group Limited ('Absa' or 'the Group') strives to incorporate the principles of sustainable development within our business.

Scope and reporting period

This B-BBEE report encompasses our South African operations for the period 1 January 2018 to 31 December 2018. This report includes notable events that took place between this date and the sign-off of our BEE certificate and Board approval of the reporting suite.

Audience

This report is aimed at our shareholders but contains information relevant to other stakeholders.

Environmental, social and governance reporting

Further to our integrated report, and our financial and risk management disclosures, we recognise specific stakeholder interest in more detailed disclosures on matters of environmental, social and governance (ESG) topics. For these disclosures, we have taken direction from the Global Reporting Initiative's GRI Standards, a global standard which uses a modular, inter-related structure for reporting on a range of economic, environmental and social impacts. ESG Reporting is complementary to our B-BBEE disclosures and readers are referred to our 2018 Environmental, Social and Governance Review for further information on our ESG performance.

If you have any comments or queries regarding this report please email lungile.mgiba@absa.africa

United Nations Sustainable Development Goals

By providing financial services ...

- to individuals, we enable them to enhance their financial stability and quality of life;
- to businesses, we contribute to economic growth, job creation and access to capital markets;
- to sovereigns, we contribute to the funding opportunities and operations of the country.

By conserving natural resources and driving diversity, financial inclusion, education, and enterprise development, we contribute to the societies and natural environment in which we operate. Our sustainability, and that of the communities around us, depends on our ability to effectively use and manage the resources in our value chain.

The United Nations Sustainable Development Goals (SDGs) are 17 global sustainable development priorities and aspirations agreed by member countries (including South Africa) at the United Nations in 2015, and were developed with input from business, civil society and other stakeholders.

Complementary to our efforts in terms of B-BBEE, we believe we will deliver positive impacts by:

- developing accessible products and services, reducing barriers and driving innovation to achieve wider financial inclusion;
- providing financing solutions including those to address environmental and social challenges;
- supporting the transition to a more sustainable economy and managing our impacts on the environment;
- supporting entrepreneurs with financial services and procurement opportunities in order to drive economic growth and job creation;
- helping people gain access to quality education as well as skills development through employability initiatives;
- contributing to the stability of the financial services system through sound governance, ethical conduct, fraud and data security and the prevention of money laundering and terrorism financing;
- providing employment free from discrimination underpinned by fair labour practices and employee well-being; and
- delivering on diversity goals across race and gender.

Where relevant, we will pursue these activities in partnership with other stakeholders.

Board approval

Assisted by our Social and Ethics Committee, our Board accepts ultimate responsibility for the integrity and completeness of this Broad-Based Black Economic Empowerment Report. It is the directors' opinion that this report presents a fair and balanced view of our B-BBEE performance.

The Board approved this report on 24 April 2019.

Alex Darko	Jason Quinn	Tasneem Abdool-Samad
Colin Beggs	Mark Merson	Wendy Lucas-Bull
Daisy Naidoo	Mohamed Husain	Yolanda Cuba
Daniel Hodge	Peter Matlare	
Francois Okomo-Okello	René van Wyk	

The Absa Group today

We are an African group, inspired by the people we serve and determined to be a Group that is globally respected and 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.

We are creating an organisation that can make better decisions faster, is aligned and engaged at every level, headed by leaders who inspire the whole organisation to action and give our employees an emotional sense of belonging and commitment.

We are driven by our purpose and...

...guided by our promises.

We live by our Values.

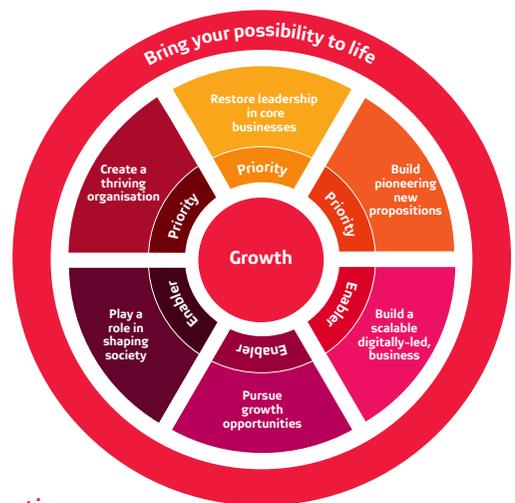
Bring your possibility to life.

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.

- 1 **For our people**, we will create a culture that appreciates, unifies and differentiates us from our competitors.
- 2 **For our customers**, we will create unprecedented, seamless experiences to engage and delight them.
- 3 **For society**, all our employees will lead with a conscience... doing the best for people and the planet.

- We drive high performance to achieve results
- Our people are our strength
- We are obsessed with the customer
- We have an African heartbeat

Our strategy will bring our purpose to life as we pursue our goal of growth.



3 priorities
To restore
To innovate
To empower

3 enabling capabilities
To scale
To grow
To shape

Our strategic objectives

- 1 Growing our portfolio while contributing to the growth of the markets we serve.
- 2 Reducing costs by creating a more efficient and effective organisation.
- 3 Delivering top, sustainable returns that maximise long-term value.

Our measures of progress

- 1 To grow revenue faster, on average, than the South African banking sector from 2019 to 2021, with an improving trend over time and within appropriate risk appetite parameters.
- 2 To consistently reduce our normalised cost-to-income ratio to reach the low 50s by 2021.
- 3 To achieve a normalised Group return on equity of 18% to 20% by 2021, while maintaining an unchanged dividend policy.

Our approach to B-BBEE

We support the constructive measures introduced by the government through the Broad-Based Black Economic Empowerment (B-BBEE) Act to facilitate transformation in South Africa. We embrace the objectives of harnessing the strength and power of our diversity and stimulating the participation of previously disadvantaged groups in the economy to lead to increased economic growth.

Our dedication to transformation goes beyond the requirements of the Financial Sector Code (FSC) and is driven by the following core components:

- Addressing the imbalances of the past by enabling black people, women, youth and people with disabilities to participate in the economy, and expanding opportunities for them to create their own wealth.
- Investing to stimulate economic growth, support entrepreneurship, create sustainable jobs and reduce inequality.
- Strengthening South Africa's global competitiveness by building its skills base across all demographics.
- Using our expertise and financial resources to improve lives and make a positive difference in our communities.
- Transforming our own organisation by being a values-based company, and developing and driving a culture of fairness and equal opportunity.

Our efforts are reflected in our B-BBEE status of a Level 2 contributor. This enables our customers to claim 125% of their procurement from Absa in terms of the B-BBEE codes.

Noteworthy terms

Black	All African, Coloured, Indian or Chinese people qualifying for South African citizenship by birth or descent, or people who were naturalised before 27 April 1994.
Direct ownership	Ownership of an equity interest, together with control over all the voting rights attached to that interest other than through mandated investment, which may include equity equivalents.
Electronic access	Access to finance through any client-owned or third-party infrastructure for example internet banking, cell phone banking, telephone banking or any new electronic product and/or technology.
Exempted micro enterprises	Entities with total annual revenue of R10m or less.
Geographic access	Physical points of presence where a client can undertake and transact various administrative functions, for example at ATMs and branches.
Indirect ownership	Ownership of an equity interest in an entity that holds a direct or indirect equity interest in the target entity.
Living Standards Measure	The Living Standards Measure or LSM is a marketing and research tool used in South Africa to classify standard of living and disposable income. It segments the population into ten deciles based on their relative means, with LSM 1 being the decile with the least means and 10 being the decile with the greatest means
SA African	SA African refers specifically to Africans, excluding Coloureds, Indians and Chinese.
Sales points	Points at which customers can undertake at least one function mentioned under Transaction points below and one other from Service points mentioned below in addition to one of the following: replace a card, deposit cash, open an account, acquire a funeral policy, or obtain a loan.
Service points	Points at which customers can carry out at least one of the functions mentioned under transaction point below and can also reset a pin, make money transfers, get a statement or initiate account queries.
Small and medium-sized enterprises	Entities with total annual revenue of R50m or less.
Transaction points	Points at which customers can withdraw cash or make purchases using their accounts (card).
Qualifying small enterprises	Entities with total annual revenue of more than R10m but less than R50m.

Verified scorecard

Assurance

Empowerdex has verified the B-BBEE performance of our South African operations. They have confirmed a Level 2 B-BBEE rating. The verification certificate is included as an annexure to this report.

	Financial Sector Code			Amended Financial Sector Code		Year-on-year trend	Amended FSC maximum points + (bonus points)
	2014	2015	2016	2017	2018		
Ownership	8.73	8.66	9.94	17.67	17.94	↗	23 + (5)
Management control – Board	3.24	3.63	4.96	5.01	5.69	↗	8
Management control – Employment equity	9.87	10.22	11.72	7.77	8.61	↗	12
Skills development	9.12	9.68	10.00	15.52	13.07	↘	20 + (3)
Preferential procurement	15.28	16.00	16.00	14.52	16.01	↗	15 + (4)
Empowerment financing	14.80	15.00	15.00	15.00	14.95	↘	15
Enterprise development	5.00	5.00	5.00	3.00	3.00	=	3 + (2)
Supplier development	–	–	–	9.00	8.24	↘	7 + (2)
Socioeconomic development	3.00	3.00	3.00	5.00	5.00	=	3 + (2)
Consumer education	2.00	2.00	2.00	2.76	2.60	↘	2 + (1)
Access to financial services	8.40	8.00	10.94	10.27	10.19	↘	12
Total	79.44	81.19	88.56	105.52	105.30	↘	120 + (19)
B-BBEE status	Level 3	Level 3	Level 2	Level 2	Level 2		

Ownership

Score
17.94/23
+ 5 bonus

2018 performance

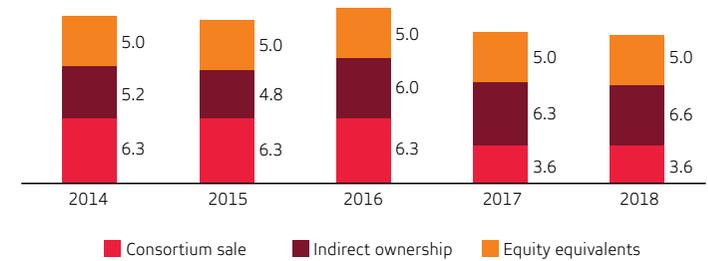
Ownership is the most heavily weighted element as the Amended FSC drives the growth of Black share ownership

We implemented a BEE transaction in 2004 by allocating 10% ownership of the Group to Black partners through the Batho Bonke consortium. This transaction was fully wound down in 2012, realising substantial value for our previous empowerment investors. Our score of 17.94 points aggregates:

- (i) a portion of the Batho Bonke transaction that remains claimable after the sale, based on the net value created for the Black participants (Consortium sale);
- (ii) an evaluation of the current underlying investors of Absa shares as determined by an independent third party supplier; and
- (iii) surplus empowerment financing contributions recognised as equity-equivalent programmes as provided for in the FSC.

As at 31 December 2018, 1.64% (R2.3bn) of Absa Group shares are held in a structure pending the establishment of a new B-BBEE scheme. This contribution, initially 1.5%, was part of the Separation agreement with Barclays PLC, and dividends received are reinvested. We continue to consider alternatives for a new B-BBEE scheme to ensure the best outcome for our stakeholders.

Black-owned economic interest (%)



Management control – board

Score
5.69/8

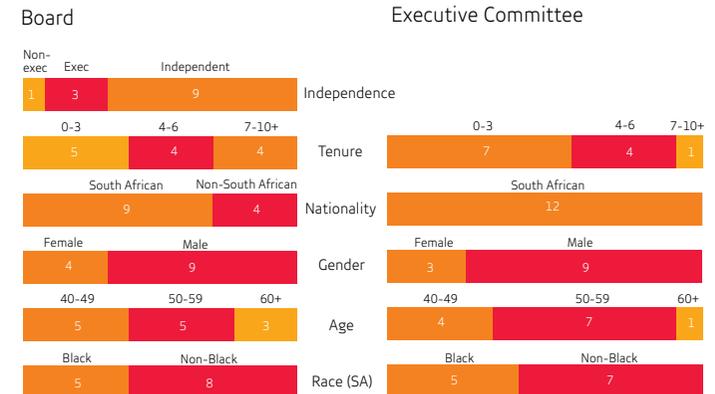
2018 performance

Our Board, which reflects the Pan-African nature of our organisation, reduced to 13 members as at 1 March 2019 (2017: 18). This followed the retirement of Trevor Munday and Maria Ramos as well as the resignations of David Hodnett and Monwabisi Fandeso. Paul O’Flaherty stepped down in November 2018 to serve on the Group Executive Committee. These changes strengthened the Black and Black women representation of our Board to 38.5% (2017: 33.3%) and 23.1% (2017:16.7%), respectively. Subsequent to the conclusion of our verification, Siphos Pityana will be joining the Board on 1 May 2019 and, as a result, representation is now 42.9% Black with Black women decreasing slightly to 21.4% as a result of the increased size of the Board.

Following the launch of the new Group strategy in 2018, changes were made to the Group Executive Committee. Sarah Louw and David Hodnett left the Executive Committee while August van Heerden and Bongwiwe Gangeni joined. In November, Paul O’ Flaherty joined the Executive Committee. Overall, our Black women representation improved to 40.0% (2017: 37.5%) and the overall Black representation at top management remained at 50.0% (excluding the three executive directors and including Zameera Ally, Chief Internal Audit who is ex-officio member of the Executive Committee). In February 2019 Maria Ramos retired and René van Wyk was appointed as the Chief Executive Officer effective from 1 March 2019. Subsequent to the conclusion of our verification, Yasmin Masithela stepped down from the Group Executive Committee while Roze Phillips joined. Black and Black women representation remains unchanged.

Board and Executive Committee member biographies
<https://www.absa.africa/absafrica/about-us/board-and-management/>

Composition as at 1 March 2019



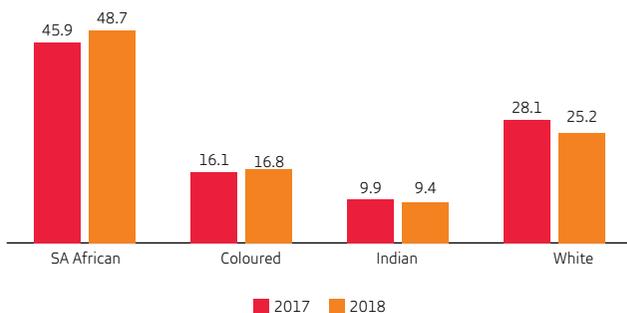
Management control – employment equity

Score 8.61/12

2018 performance

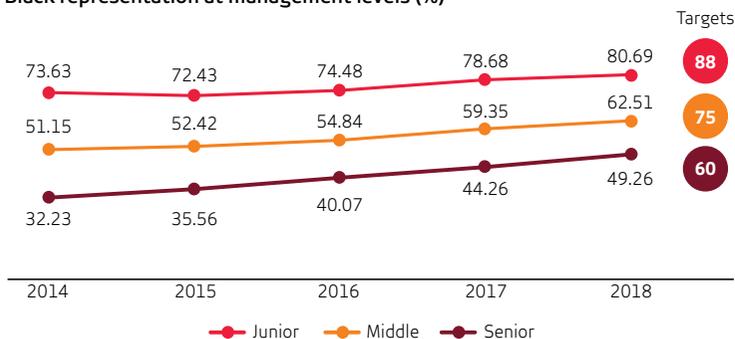
We are committed to ensuring equal opportunities and a fair workplace that is free of unfair discrimination. Race (ethnicity) and gender are our primary diversity and inclusion focus areas, and are complemented by our secondary focus on disability, LGBTI (lesbian, gay, bisexual, transgender, intersex) and age-inclusive agendas.

Employment equity race representation (%)



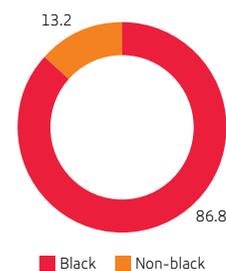
We are committed to developing and promoting talented internal black candidates. This data demonstrates a pipeline of Black managers who are likely to change the demographics of senior and top management in our organisation in the future.

Black representation at management levels (%)

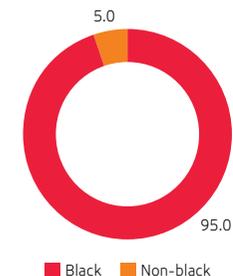


In South Africa, 74.0% of our employees, 95.0% of new hires and 86.8% of promotions were Black (2017: 71.9%, 90.1% and 80.8% respectively). Our 2018 hiring data reflects our commitment to attracting black talent into the organisation.

Internal promotions (%)



External new hires (%)



Skills development

Score
13.07/20
+ 3 bonus

2018 performance

Creating value for our employees through unique development and career opportunities is a key component of our investment in skills development. We also reach those who are unemployed or recently graduated. Our investment emphasises developing scarce and critical skills in South Africa with a focus on Black South Africans, women and people living with disabilities.

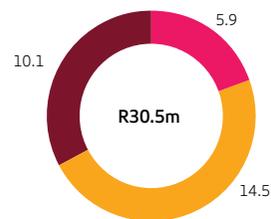
Our offering includes on-the-job training; technical skills development; management and leadership programmes; graduate programmes; bursaries and scholarships for tertiary qualifications, and learnerships/internships for employed and unemployed youth.

Training spend

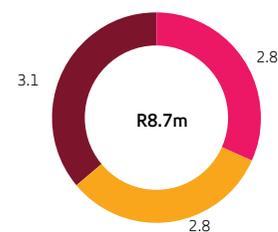
	2017 Total Rm	2018 Total Rm	Of which		
			Total Black Rm	Total Black women Rm	Total African Rm
Senior management	8.9	10.9	6.5	3.2	3.2
Middle management	141.8	183.0	129.0	75.3	78.9
Junior management	194.4	226.0	193.6	141.3	127.6
Non-management	50.5	50.4	47.3	36.4	35.9
Black unemployed people	119.0	74.8	81.4	n/a	n/a

Bursaries

Employee bursaries (Rm)



Non-employees bursaries (Rm)



■ Non-black ■ Black women ■ Black men

Learnerships

2 093 learnerships provided to Black people (662 men and 1 431 women) of which

- **1 455 (69%) were Black** people employed (401 men and 1 044 women)
- **648 were Black unemployed** people (261 men and 387 women)

Rising Eagle Graduate programme

110 graduates in South Africa of which **99 (90%) were Black** graduates (45 male and 54 women)

Senior and executive leadership development

Africa Development Initiative	Absa Leadership Curriculum
A programme which creates a leadership pipeline for senior and executive management roles. It offers a series of growth opportunities to enhance leaders' ability to deal with complexity on both an emotional and an intellectual level.	13 standalone leadership programmes (average of two days each)
183 employees of which 144 (79%) Black – 65 men and 79 women	746 employees of which 543 (73%) Black – 218 men and 325 women
	Three distinct leadership and management journeys: Manager Excellence (6 months) Management Arts (7 months) Leadership Excellence (8 months)
	216 employees of which 151 (70%) Black – 56 men and 95 women

Preferential procurement

Score
16.01/15
+ 4 bonus

2018 performance

Our preferential procurement programme ensures that a growing number of small Black and Black women-owned companies supply us with goods and services. This includes enabling emerging enterprises to participate in tenders, providing zero-interest-recoverable funding and non-refundable development support grants for capacity building to ensure growth and performance to qualifying small enterprises providing goods and services in our value chain. We also unbundle large contracts into smaller components to allow smaller enterprises to participate.

	2014 Rbn	2015 Rbn	2016 Rbn	2017 Rbn	2018 Rbn	YoY trend
Total measurable procurement spend	12.6	13.9	12.9	15.1	17.4	^
Total weighted spend with B-BBEE-accredited suppliers	14.6	19.6	17.8	17.9	18.4	^
Procurement from qualifying small enterprises and exempted micro enterprises	2.0	2.9	3.1	2.9	2.9	=
Procurement from 50% Black-owned suppliers	2.1	4.1	4.5	6.5	8.6	^
Procurement from 30% Black women-owned suppliers	0.7	2.9	3.4	5.5	6.4	^

Empowerment financing¹

Score
14.95/15

2018 performance

As a key funder of public sector infrastructure projects as well as sectors that support economic development in the country, we continue to make great strides in assisting the government to address the significant infrastructure spend backlog and contribute to access to economic resources.

	2014 Rm	2015 Rm	2016 Rm	2017 Rm	2018 Rm	YoY trend
Targeted investments	10 361.3	12 729.7	14 014.4	16 924.1	20 759.5	^
• Transformational infrastructure	1 930.2	1 872.0	2 250.0	4 556.6	7 176.3	^
• Black SME financing	530.1	589.1	488.7	643.1	657.9	^
• Black agricultural financing	–	33.6	86.7	133.4	164.7	^
• Affordable housing	7 901.0	10 235.0	11 189.0	11 591.0	12 760.6	^
B-BBEE transaction financing	12 255.5	14 665.7	16 472.4	7 476.2	4 995.0	∨
Total	22 616.8	27 395.4	30 486.8	24 400.3	25 754.5	^

¹ Figures are cumulative in terms of reporting under the FS Code from 1 January 2012.

Empowerment
financing
continued

Score
14.95/15

2018 performance

Targeted investments

Our 2018 total targeted investment amounted to R20.8bn, which, in terms of the Amended FSC, is added to our 2012 financing figure of R17.7bn to provide a cumulative figure of R38.5bn. This is assessed against our five-year target of R28.6bn, which expired on 31 December 2017 but was extended by one year to 31 December 2018. R7.2bn was transferred to the ownership scorecard as equity equivalents.

Transformational infrastructure

Energy is critical to Africa's economic growth, and we play a role in funding renewable energy and fossil fuel projects. South Africa is the continent's largest renewable market at present. The Department of Energy has approved 65 long-term projects, with a total capacity of 4 016MW. We have been involved in financing 33 projects with a combined capital value of R80bn.

Black SME financing

The success of SMEs contributes to the success of the economy. The Amended FSC presented us with an opportunity to look at SME financing differently, understanding that SME financing challenges cannot be addressed by banks alone. We are making strides to partner with stakeholders and deliver solutions to our emerging, start-up and medium-sized customers – with commercial asset finance and overdrafts being the most-used facilities. Through our alternative funding offering, we financed more than R75m to customers, mostly from the retail and wholesale sectors, who would not ordinarily qualify for normal bank lending.

Going forward, we will be focusing our efforts on providing a holistic service to entrepreneurs to manage their risk, through pre- and post-lending business support from industry experts, together with financing solutions that go beyond traditional lending.

Black agricultural financing

Since December 2017, the South African agri-sector responded to the land reform discussion – which had a particular focus on whether or not to amend the Constitution in order to enable expropriation of land without compensation. We made an independent

submission to Parliament and committed to all our stakeholders that we will play a shaping role in society, using our influence to drive just outcomes for all, enhance economic growth and development, promote intergenerational sustainability, and develop innovative solutions to societal challenges. Among the propositions is to lead the establishment of a special rural land reform fund, with contributions from ourselves, and other private and public sector role players.

Affordable housing

The provision of housing is a critical social requirement. Government on its own cannot close the housing backlog gap. To address this issue we have various housing products:

Micro and personal loans for building	47 150 customers assisted – total value of R1 697m	
Home loans to customers earning less than R23 300 per month	3 519 customers assisted – total value of R1 410m	4 308 customers trained through the borrower education programme

Through the government-led Finance Linked Individual Subsidy Programme, we provided 134 customers with a loans totalling R42m. The programme is aimed at consumers who are (i) first-time home buyers, (ii) earning a monthly income of between R3 501 to R22 000 (single or joint income) and (iii) intend to purchase a home and have qualified for a home loan.

B-BBEE transaction financing

We continue to actively pursue new opportunities to finance the acquisition, by Black people, of direct ownership in an existing or new entity. In 2018 our financing portfolio reduced significantly from R7.5bn to R5.0bn due to transactions coming to maturity, customers using dividends received to settle their outstanding balances and changes in Amended FSC where new transactions concluded on or after 1 December 2017 can no longer be recognised.

Enterprise development

Score
3/3
+ 2 bonus

2018 performance

We are committed to the sustainable growth of SMEs to develop strong operators within the South African economy. We have supported more than 6 000 entrepreneurs through Absa-led programmes and more than 25 000 entrepreneurs and aspirant entrepreneurs through programmes we have sponsored with our delivery partners.

	2014	2015	2016	2017	2018	YoY trend
	Rm	Rm	Rm	Rm	Rm	
Annual enterprise development spend	23.6	27.4	37.7	24.6	26.2	^

Development programmes

Absa Accelerator programme	Six month programme designed for small business entrepreneur growth with topics that address their business needs including cash flow management; legal; tax compliance; and access to funding.
Enterprise development programme	One-on-one mentorship and coaching to SMEs, including personal development coaching, business strategy, branding strategy, financial management and legal consulting.
Entrepreneurial Organisation accelerator programme	A two-year programme for 20 Absa sponsored SMEs where successful international business owners come to South Africa and facilitate topics on strategy, people management and financial management, giving entrepreneurs practical tools to apply in their businesses.

Access to resources

Access to Markets	We sponsored: <ul style="list-style-type: none"> • 100 SMEs to exhibit at (i) the National Small Business Chamber's My Biz Expo (over 22 000 attendees), and (ii) the ProudlySA Buy Local Summit (1 000 attendees) • Smart Procurement conference (3 000 attendees - mostly Chief Procurement Officers)
Absa.co.za	We provide information for SMEs to assist them in starting a business. https://www.absa.co.za/business/starting-my-business/setting-up-my-business/
Women in Business Conference	Annual conference serving as a platform for collaboration and networking and where successful female entrepreneurs share their experiences.

Enterprise development centres

Training and facilities	Our centres provide emerging SMEs with access to training and office infrastructure such as meetings rooms and boardrooms.
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Supplier development

Score
8.24/7
+ 2 bonus

2018 performance

Supplier development approach at Absa is driven by our ambition to fuel economic growth by actively supporting entrepreneurs to enable their business and thus contribute to job creation. This includes enabling emerging enterprises to participate in tenders, providing zero-interest recoverable funding and non-refundable development support grants for capacity building to ensure growth and performance, to qualifying small enterprises providing goods and services in our value chain as well as unbundling large contracts into smaller pieces of work.

We have contributed R156m to supplier development initiatives which includes R88.3m funding at zero-interest and R6m non-recoverable capacity-building grants to SMMEs supplying goods and services to Absa. To ease access to funding for qualifying SMMEs, we have moved away from asset-based criteria for SMME funding. We now use the secured supply or service contract as a basis of funding to ensure responsible financing.

	2014	2015	2016	2017	2018	YoY trend
	Rm	Rm	Rm	Rm	Rm	
Annual supplier development spend	n/a	n/a	n/a	107.8	156.0	^

Socio-economic development and consumer education

Score
7.60/5
+ 3 bonus

2018 performance

Our strategy focuses on widening the scope of labour to better enable individuals to thrive in a knowledge-based economy. Although educational qualifications remain a critical element in youth employability, a large part of the knowledge economy comes from learning by doing and falls outside the scope of traditional educational institutions.

We therefore deliver programmes that support both:

- individual capability – enhancing the quality of learning and lack of skills appropriate to the market; and
- institutional capacity – addressing structural challenges in the education system.

Our total socio-economic development spend was R181.0m with R32.3m invested in providing financial literacy training to 100 746 consumers, R104.7m invested primarily in education and R44.0m was allocated to skills development (page 7). Our consumer education programmes are delivered by training partners in each province and seek to enable improved financial wellness and the economic inclusion of citizens in communities where the bank operates.

	2014	2015	2016	2017	2018	YoY trend
	Rm	Rm	Rm	Rm	Rm	
Socio-economic development spend	85.3	97.8	100.0	95.6	104.7	^
Consumer education	23.9	27.6	29.4	29.2	32.3	^

Individual capacity

Scholarships	By partnering with experienced education and mentoring organisations, scholarship recipients receive access to academic readiness workshops and coaching and mentoring to equip them with the skills to enhance academic performance and leverage their opportunities.	R130m invested in 2 614 student scholarships across 21 universities
Work-based exposure	We have embraced the importance of opening our doors to learners seeking exposure to professional working environments. The programme is delivered in partnership with college administrators that help source students from relevant academic faculties; and Absa employees who volunteer as mentors for the students during the on-site job-shadowing component.	639 Absa employees participating as mentors 1 112 students across 50 TVET colleges
Skills training and job placements	Our employability initiatives aim to bridge the gap between labour supply and market demand. We used our flagship Ready-to-Work curriculum to provide young people with the soft skills and relevant training required by employers.	9 298 young people received work exposure, internships and/or placement opportunities

Institutional capacity

Institutional strengthening and capacity building	Linked to our aim of improving the delivery of quality education by schools, we developed, in partnership with the Department of Basic Education, a financial management and governance training programme for empowering school governing body members and Department of Basic Education circuit managers in the management of school finances and resources. The programme takes place each year in different provinces.	Trained 2 107 school governing body members across 656 schools in Gauteng and Western Cape Donated R3.5m worth of furniture and equipment to education institutions and community organisations
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We also collaborate with non-governmental organisations to deepen our support for initiatives around social cohesion and justice. In 2018 we provided R1.1m (2017: R1.1m) to institutions such as Africa Monitor, Legal Resource Centre, Helen Suzman Foundation, and the Centre for Development Enterprise.

Access to financial services

Score
10.19/12

2018 performance

The Amended FSC sets targets aimed at increasing access to financial services including geographic access, electronic access and banking access to customers within Living Standards Measures of 1 to 5. Our commitment is demonstrated through our comprehensive geographic and electronic access points, particularly in areas that enable low-income earners to transact at the lowest possible cost.

	2014	2015	2016	2017	2018	YoY
Geographic access						
• Transactional points (%)	59.52	59.55	61.60	61.69	62.69	^
• Service points (%)	73.26	73.71	76.85	76.73	76.80	^
• Sales points (%)	74.55	76.57	73.49	73.62	74.16	^
Electronic access (%)	14.88	13.57	13.09	12.49	11.77	v
Access to qualifying product accounts ('000)	2 620	2 550	2 453	2 378	2 537	^

Qualifying product accounts are those that allow clients with an income of less than R6 571 per month to transact within minimum access standards. We have 12 such products, with Absa Transact and PEPmoney being our flagship accounts. PEPmoney account has a funeral cover, allows customers to earn 3% annual interest and does not charge any monthly fees. In a comparison with personal transaction accounts offered by banks operating in South Africa, The Solidarity Research Institute judged Absa Transact to be the most appropriately priced product. The monthly fee has remained unchanged since 2016.

Access to financial services continued

<p style="text-align: center;">Electronic</p> <p style="text-align: center;">Customers are able to access banking services 24/7 through our digital banking channels</p>	
Online banking absa.co.za	
<ul style="list-style-type: none"> Send money using CashSend Sign up for sms notifications Pay traffic fines View account balances Create, pay and manage beneficiaries Manage card limits Stop and replace cards and temporary lock Manage accounts Get online security information 	<ul style="list-style-type: none"> Apply for home loans, vehicle financing, personal loans and funeral cover Request stamped or eStatements Buy airtime, data, SMS bundles and prepaid electricity Manage accounts Account transfers View and redeem Absa rewards Control online banking profile Manage savings and investments
Banking app	
<ul style="list-style-type: none"> App personalisation Instant login Buy airtime, data, SMS bundles and prepaid electricity Verify transactions to protect against fraud View account balances 	<ul style="list-style-type: none"> Create, pay and manage beneficiaries Manage card limits Stop and replace cards and temporary lock Account transfers Click to call a consultant Send money using CashSend View and redeem Absa rewards
USSD no data or downloads needed *120*2272# on any cell phone	
<ul style="list-style-type: none"> View account balances Account transfers Pay Absa-listed beneficiaries Make payments Send money using CashSend Get account mini-statements 	<ul style="list-style-type: none"> Apply for an Absa personal loan Pay existing beneficiaries View and redeem Absa rewards Buy airtime, data, SMS bundles and prepaid electricity DebiCheck debit orders
Chat Banking	
<ul style="list-style-type: none"> Transactions using Facebook Messenger, Twitter or WhatsApp 	<ul style="list-style-type: none"> View account balances Pay beneficiaries Buy airtime, data and prepaid electricity
MegaU Youth Account app	
<ul style="list-style-type: none"> For under 19s to learn to manage their money No monthly fee 	<ul style="list-style-type: none"> Check balances and keep track of spending Earn monthly rewards Earn cash from parents by tracking chores
Homeowner app	
<ul style="list-style-type: none"> A smart phone tool that allows customers to search for homes and calculate affordability 	
MasterPass app	
<ul style="list-style-type: none"> Credit, cheque and debit card details and delivery address are kept in one digital wallet allowing for faster online shopping checkouts 	

Samsung Pay	
<ul style="list-style-type: none"> Tap and pay retailers with a Samsung Galaxy smart phone 	
Walletdoc (web or app)	
<ul style="list-style-type: none"> Manage and pay bills 	<ul style="list-style-type: none"> Receive notifications of payments due
Geographic	
Branches	
<ul style="list-style-type: none"> 671 full service branches across South Africa 	
Micro branches	
<ul style="list-style-type: none"> Access to banking in rural communities 	<ul style="list-style-type: none"> Sales Electronic banking hall
ATMs	
<ul style="list-style-type: none"> 8 languages Cash withdrawals and deposits View credit limits Load and unload credit on a debit card Scan-and-pay bill payments Stamped and printed statements Send money using CashSend 	<ul style="list-style-type: none"> Pay beneficiaries Pay traffic fines Buy airtime, data, SMS bundles and prepaid electricity View account balances/inter account transfers Instant loans Purchase funeral cover
Peer partnerships	
PEPmoney	
<ul style="list-style-type: none"> Savings and transaction banking products 	<ul style="list-style-type: none"> No monthly fees and includes funeral cover 2 600 PEP retail stores predominately in township and rural areas
Third party retailers	
<ul style="list-style-type: none"> Customers are able to withdraw money at retailer till points 	
Send and receive international payments	
<ul style="list-style-type: none"> Western Union – using Absa Online and mobile banking person-to-person transfer services through over 500 000 agents in 200 countries and territories Electronic transfers (SWIFT) – secure transfers of funds from an Absa bank account to an account abroad 	<ul style="list-style-type: none"> Bank drafts – for gifts, subscriptions or travel can be sent directly to a beneficiary along with a letter, invoice or note NovoFX – a mobile app for conducting quick and easy outward cross-border transactions
Call centres	
24/7 self-service line	
<ul style="list-style-type: none"> Balances Copy of NATIS and tax certificates Absa rewards 	<ul style="list-style-type: none"> Settlement and instalment information Mini statements Product information

Our certificate



EMPOWERDEX

Economic Empowerment Rating Agency

Generic Financial Sector Code B-BBEE Verification Certificate
 ~ Local Entities not exempt from Empowerment Financing & Access to Financial Services

Absa Group Limited

Consolidated rating of the South African operations comprising the subsidiaries listed in Annexure "A" of the Certificate

Registration Number: 1986/003934/06

Address: Absa Towers West, 15 Troye Street, Marshalltown Johannesburg 2001

Level Two Contributor

Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	17.94	23.00	Black Ownership Percentage	15.28%
Management Control	14.30	20.00	Black Women Ownership Percentage	6.51%
Skills Development	13.07	20.00	Modified Flow-Through Principle Applied	No
Procurement	16.01	15.00	Exclusion Principle Applied	No
Socio-Economic Development and Consumer Education	7.80	5.00	51% Black Owned Designated Group Supplier	No
Empowerment Financing and ESD	26.19	25.00	VAT Number	N/A
Access to Financial Services	10.19	12.00	Financial Year End	31 December 2018
Overall Score	105.30	120.00	Issue Date	11 March 2019
Equivalent Score	95.65	109.00	Expiry Date	10 March 2020
Empowering Supplier		Yes	Re-issue Date	N/A
Recognised Procurement Recognition Level		125.00%		
Discounting Principle Applicable		No		
Recorded Procurement Recognition Level		125.00%		

Technical Signatory - P Dozwa

11 March 2019

Date

This verification certificate and the verification report are based on information provided to Empowerdex and represent an independent opinion based on the verification and analysis completed by Empowerdex. The calculation of the scores has been determined in accordance with the Financial Sector Code as Gazetted on 01 December 2017

Empowerdex (Pty) Ltd Reg. 2001/027963/07
 Directors: C Wu, V Jack, L Ratsimamanga Brebhor



BVA 030

FS19J04619



C e r t i f i c a t e

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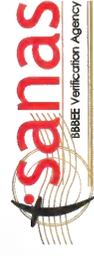
EMPOWERDEX

Economic Empowerment Rating Agency

Absa Group Limited

ANNEXURE A

No.	Company Name	Registration Number
1.	Absa Bank Limited	1986/004794/06
2.	Absa Life Limited	1992/001738/06
3.	Absa Insurance Company Limited	1992/001737/06
4.	Absa Financial Services Limited	1969/009007/06
5.	Absa Alternative Asset Management Proprietary Limited	1999/027973/07
6.	Absa Asset Management Proprietary Limited	1997/017903/07
7.	Absa Capital Securities Proprietary Limited	2008/021179/07
8.	Absa Development Company Holdings Proprietary Limited	1968/001326/07
9.	Absa Financial Services Africa Holdings Proprietary Limited	1997/011695/07
10.	Absa Fleet Services Proprietary Limited	1977/002924/07
11.	Absa Fund Managers (RF) Proprietary Limited	1991/000881/07
12.	Absa Home Loans 101 (RF) Limited	2003/021488/06
13.	Absa idirect Limited	1988/091591/06
14.	Absa Insurance and Financial Advisers Proprietary Limited	1970/002732/07
15.	Absa Insurance Risk Management Services Limited	2000/025898/06
16.	Absa Investment Management Services Proprietary Limited	1980/002425/07
17.	Absa Ontwikkelingsmaatskappy Eiendoms Beperk	1969/012268/07
18.	Absa Property Development Proprietary Limited	1962/000559/07
19.	Absa Secretarial Services Proprietary Limited	1973/014516/07
20.	Absa Stockbrokers and Portfolio Management Proprietary Limited	1973/010798/07
21.	Absa Technology Finance Solutions Proprietary Limited	1980/010876/07
22.	Absa Trading and Investment Solutions Holdings Proprietary Limited	1998/017358/07
23.	Absa Trading and Investment Solutions Proprietary Limited	1987/005258/07
24.	Absa Trust Limited	1915/004665/06
25.	Absa Vehicle Management Proprietary Limited	1998/006289/07
26.	Absa Vehicle Management Solutions Proprietary Limited	1994/005779/07
27.	AIMS Nominees (RF) Proprietary Limited	1969/015989/07
28.	Alberton Industrial Properties Proprietary Limited	1972/009717/07
29.	Barrie Island Property Investments Proprietary Limited	2004/015930/07
30.	Blue Age Properties 60 Proprietary Limited	2007/019053/07



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EMPOWERDEX

Economic Empowerment Rating Agency

31	Compro Holdings Proprietary Limited	1984/009618/07
32	Diluculo Investments Proprietary Limited	2006/0333277/07
33	Diluculo Property Trading Proprietary Limited	2006/0333264/07
34	Fradley Nominees (RF) Proprietary Limited	1964/000412/07
35	Goldreef Village Share Block Limited	1971/003358/06
36	Lekkerleef Eiendoms Beperk	1983/006584/07
37	Marmaret Retirement Village Proprietary Limited	1984/007228/07
38	Merfin Proprietary Limited	1972/008133/07
39	NewFunds (RF) Proprietary Limited	2005/034899/07
40	Ngwenya River Estate Proprietary Limited	2004/001484/07
41	Nkwe Rosslyn Properties Proprietary Limited	2007/023824/07
42	Pacific Heights Investments 196 (Pty) Ltd	2008/008295/07
43	Piensaarsrivier Properties Proprietary Limited	2007/019824/07
44	United Towers Proprietary Limited	1968/015550/07
45	1900 Summerstrand Share Block Limited	1984/009433/06
46	Woolworths Financial Services Proprietary Limited	2000/009327/07
1	Absa Foundation Trust (the group provides its SED contributions through this trust)	IT 1810/94

Technical Signatory - P Dozwa

11 March 2019

Expiry date: 10 March 2020

FS19J04619



BVA 030

A06940

C e r t i f i c a t e

Contact information

Absa Group Limited

Incorporated in the Republic of South Africa
Registration number: 1986/003934/06
JSE share code: ABG
ISIN: ZAE000255915

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Transfer secretary

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Joint sponsor

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