

## Absa Bank Limited

Audited summary consolidated financial results for the reporting period ended 31 December 2019 and preference share dividend declaration

Registration number: 1986/004794/06

Incorporated in the Republic of South Africa

JSE share code: ABSP

ISIN: ZAE000079810

Bond Issuer Code: BIABS

("Absa Bank" or the "Company")

We are an African bank, inspired by the people we serve and determined to be a bank 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.

### 2020 priorities

To accelerate our business momentum and transform our strategic trajectory, we have selected seven key priorities for the year ahead with regard to the unfolding macro-economic environment:

1. Grow customer and client primacy ahead of the market across our business portfolio.
2. Advance the digital maturity of our business to be competitive.
3. Create new revenue streams by building a market leading payments capability.
4. Complete the Separation successfully.
5. Accelerate our journey of becoming a thriving, entrepreneurial organisation supported by an enabling organisational architecture.
6. Leverage strategic partnerships.
7. Drive operational efficiencies.

### Normalised financial results as a consequence of Barclays PLC separation

A normalised view of the 2019 final results is provided which adjusts for the consequences of the separation from Barclays PLC (Separation). This view better reflects Absa Bank's underlying performance. International Financial Reporting Standards (IFRS) compliant financial statements 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.

Non-IFRS measures such as normalised results are considered pro forma financial information as per JSE Listings Requirements. The pro forma financial information, is the responsibility of the Bank's board of directors and is presented for illustrative purpose only and because of its nature may not fairly present the Bank's financial position, changes in equity, and results in operations or cash flows. The pro forma financial information contained in this announcement has been reviewed by Absa Bank's external auditors and their unmodified limited assurance report prepared in terms of ISAE 3420 is available for inspection at the Company's registered office on weekdays from 09:00 to 16:00.

## Performance overview for the period ended 31 December

### Total income

<b>2019</b>	Increase 2%	2018	<b>2019</b>	Increase 3%	2018
<b>R52 757m</b>	IFRS	R51 843m	<b>R52 594m</b>	Normalised	R50 987m

### Headline earnings per ordinary share

<b>2019</b>	Decrease 7%	2018	<b>2019</b>	Decrease 10%	2018
<b>1 632.6 cents</b>	IFRS	1 751.7 cents	<b>1 927.3 cents</b>	Normalised	2 146.6 cents

### Basic earnings per share

<b>2019</b>	Decrease 5%	2018	<b>2019</b>	Decrease 9%	2018
<b>1 583.3 cents</b>	IFRS	1 668.7 cents	<b>1 877.8 cents</b>	Normalised	2 063.6 cents

### Net asset value per ordinary share

<b>2019</b>	Increase 6%	2018	<b>2019</b>	Increase 9%	2018
<b>18 000 cents</b>	IFRS	17 022 cents	<b>16 407 cents</b>	Normalised	15 013 cents

### Return on equity

<b>2019</b>	Decrease	2018	<b>2019</b>	Decrease	2018
<b>9.3%</b>	IFRS	10.4%	<b>12.2%</b>	Normalised	14.7%

### Cost-to-income ratio

<b>2019</b>	Increase	2018	<b>2019</b>	Increase	2018
<b>66.6%</b>	IFRS	66.2%	<b>63.4%</b>	Normalised	61.8%

### Net interest margin

<b>2019</b>	Decrease	2018	<b>2019</b>	Decrease	2018
<b>3.53%</b>	IFRS	3.65%	<b>3.46%</b>	Normalised	3.63%

### Dividend per preference share

<b>2019</b>		2018
<b>7 065.21 cents</b>	IFRS	7 061.36 cents

### Strong loans and deposits growth

Loans and advances to customers

**R794bn** (2018: R735bn)

Deposits due to customers

**R678bn** (2018: R606bn)

## **Well managed risk profile**

Stage 3 loans ratio to gross loans and advances

**4.47%** (2018: 4.81%)

Credit loss ratio

**1.45%** (2018: 0.68%)

## **Sound capital**

Common Equity Tier 1 ratio

**11.9%** (2018: 12.3%)

## **Short form statement**

This short-form announcement is the responsibility of the directors of Absa Bank 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/absafrica/investor-relations/financial-results/> and on the following JSE link: <https://senspdf.jse.co.za/documents/2020/jse/isse/ABSAB/Final19.pdf>

This announcement has not been audited. The annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The full audit opinion, including any key audit matters, will be available at <https://www.absa.africa/absafrica/investor-relations/financial-results/> when Absa Bank's full annual financial statements are released on or about 31 March 2020. The annual financial statements and auditors' report thereon are available for inspection at the Company's registered office.

## **Registered office**

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

## **Board of directors**

### **Independent directors**

C Beggs, A B Darko, M J Husain (Lead Independent Director), W E Lucas-Bull (Independent Chairman), M S Merson

### **Executive directors**

D Mminele (Group Chief Executive), J P Quinn (Financial Director)

## Declaration of preference share dividend number 28

Absa Bank non-cumulative, non-redeemable preference shares (Absa Bank preference shares)

The Absa Bank preference shares have an effective coupon rate of 70% of Absa Bank's prevailing prime overdraft lending rate (prime rate). Absa Bank's current prime rate is 9.75%.

Notice is hereby given that preference dividend number 28, equal to 70% of the average prime rate for 1 September 2019 to 29 February 2020 per Absa Bank preference share has been declared for the period 1 September 2019 to 29 February 2020. The dividend is payable on Monday, 20 April 2020, to shareholders of the Absa Bank preference shares recorded in the Register of Members of the Company at the close of business on Friday, 17 April 2020.

The directors of Absa Bank confirm that the Bank will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

Based on the average prime rate, the preference dividend payable for the period 1 September 2019 to 28 February 2020 will be 3 469.31507 cents per Absa Bank preference share.

The dividend will be subject to dividends withholding tax at a rate of 20%. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- The local dividend tax rate is twenty per cent (20%).
- The gross local dividend amount is 3 469.31507 cents per preference share for shareholders exempt from the dividend tax.
- The net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 2 775.45206 cents per preference share.
- Absa Bank currently has 4 944 839 preference shares in issue.
- Absa Bank's income tax reference number is 9575117719.

In compliance with the requirements of Strate, the electronic settlement and custody system used by JSE, the following salient dates for the payment of the dividend are applicable:

Last day to trade cum dividend	Tuesday, 14 April 2020
Shares commence trading ex-dividend	Wednesday, 15 April 2020
Record date	Friday, 17 April 2020
Payment date	Monday, 20 April 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 April 2020 and Friday, 17 April 2020, both dates inclusive. On Monday, 20 April 2020, the dividend will be electronically transferred to the bank accounts of shareholders.

On behalf of the Board

N R Drutman  
Company Secretary

Johannesburg  
11 March 2020

Absa Bank 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)