

Absa Bank Limited

Unaudited interim results for the reporting period ended 30 June 2019 and interim preference share dividend

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.

2019 priorities

To achieve sustained above-market growth, our immediate and highest priorities are to:

1. Gain market share in Retail and Business Banking South Africa (RBB SA) and better serve customers across their life stages to retain them.
2. Deliver the Separation from Barclays PLC successfully in Corporate and Investment Bank (CIB) through the right prioritisation of the 2019 change project portfolio.
3. Deepen our core Corporate and Investment Bank capabilities and expand our coverage model and integrated transaction banking solutions.
4. Enhance digital customer enablement (full end-to-end self-service).
5. Drive an integrated bank assurance delivery model within our business, leveraging the capabilities and resources of the Bank to deliver efficiencies.

Normalised financial results as a consequence of Barclays PLC separation

A normalised view of the 2019 interim results is provided which adjusts for the consequences of the separation from Barclays PLC. This view better reflects the 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.

Performance overview for the period ended 30 June

Total income

2019	Increase 2%	2018
R26 065m	IFRS	R25 445m

2019	Increase 5%	2018
R25 980m	Normalised	R24 857m

Headline earnings per ordinary share

2019	Increase 3%	2018
953.6 cents	IFRS	927.7 cents

2019	Decrease 3%	2018
1 057.1 cents	Normalised	1 087.2 cents

Basic earnings per share

2019	Increase 7%	2018
947.1 cents	IFRS	884.9 cents

2019	Increase 1%	2018
1 050.4 cents	Normalised	1 044.4 cents

Net asset value per ordinary share

2019	Increase 7%	2018
18 035 cents	IFRS	16 907 cents

2019	Increase 10%	2018
16 183 cents	Normalised	14 652 cents

Return on equity

2019	Decrease	2018
11.0%	IFRS	11.0%

2019	Decrease	2018
13.7%	Normalised	15.0%

Cost-to-income ratio

2019	Decrease	2018
63.2%	IFRS	64.4%

2019	Decrease	2018
60.9%	Normalised	60.5%

Net interest margin

2019	Decrease	2018
3.48%	IFRS	3.69%

2019	Decrease	2018
3.46%	Normalised	3.68%

Dividend per preference share

2019	Increase 2%	2018
3 595.89 cents	IFRS	3 542.67 cents

Strong loans and deposits

Loans and advances to customers

R770bn

(30 June 2018: R684bn)

Deposits due to customers

R659bn

(30 June 2018: R591bn)

Well managed Risk profile

Stage 3 loans ratio to gross loans and advances

4.59%

(30 June 2018: 5.09%)

Credit loss ratio

0.71%

(30 June 2018: 0.69%)

Sound capital

Common equity tier 1 ratio

12.2%

(30 June 2018: 13.5%)

Administrative information

This short-form announcement is the responsibility of the directors of Absa Bank. 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/jse-regulatory-announcements/> and on the following JSE link: <https://senspdf.jse.co.za/documents/2019/jse/iss/ABSP/Interim19.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

Independent non-executive directors

C Beggs, A B Darko(1), M J Husain (Lead Independent Director), W E Lucas-Bull (Group Chairman), M S Merson (2)

Executive directors

J P Quinn (Financial Director), R van Wyk (Chief Executive Officer)

(1) Ghanaian

(2) British

Declaration of interim preference share dividend number 27

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 10.00%.

Notice is hereby given that preference dividend number 27, equal to 70% of the average prime rate for 1 March 2019 to 31 August 2019, on the assumption that there are no further changes in the prime rate between the declaration date and 31 August 2019, per Absa Bank preference share has been declared for the period 1 March 2019 to 31 August 2019. The dividend is payable on Monday, 16 September 2019, to shareholders of the Absa Bank preference shares recorded in the Register of Members of the Company at the close of business on Friday, 13 September 2019.

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 interim preference dividend payable for the period 1 March 2019 to 31 August 2019 would indicatively be 3595.89 cents per Absa Bank preference share, subject to any further change in the prime rate.

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 3595.89 cents per preference share for shareholders exempt from the dividend tax, subject to any change in the prime rate between the date of declaration and 31 August 2019.

*The net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 2876.712 cents per preference share, subject to any change in the prime rate between the date of declaration and 31 August 2019.

*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, 10 September 2019
Shares commence trading ex-dividend	Wednesday, 11 September 2019
Record date	Friday, 13 September 2019
Payment date	Monday, 16 September 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 September 2019 and Friday, 13 September 2019, both dates inclusive. On Monday, 16 September 2019, the dividend will be electronically transferred to the bank accounts of shareholders.

On behalf of the Board

N R Drutman
Company Secretary

Johannesburg
13 August 2019

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

Independent sponsor

J. P. Morgan Equities South Africa Proprietary Limited

Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)