

# Absa Bank Limited

Registration number: 1986/004794/06

Incorporated in the Republic of South Africa

JSE share code: ABSP

ISIN: ZAE000079810

(“Absa Bank” or the “Company”)

Unaudited interim results for the reporting period ended 30 June 2020 and preference share dividend declaration

We are an African bank, inspired by the people we serve and determined to be a globally respected bank 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 Bank’s 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 the 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 Bank 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 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 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 Company and are the responsibility of the Group’s Board of Directors. Because of 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	Decreased 1%	2019	2020	Decreased 2%	2019

<b>R25 702m</b>	IFRS	R26 065m	<b>R25 423m</b>	Normalised	R25 980m
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### Headline earnings per ordinary share

<b>2020</b>	Decreased >100%	2019	<b>2020</b>	Decreased >100%	2019
<b>(359.6) cents</b>	IFRS	953.6 cents	<b>(256.5) cents</b>	Normalised	1 057.1 cents

### Basic earnings per ordinary share

<b>2020</b>	Decreased >100%	2019	<b>2020</b>	Decreased>100%	2019
<b>(373.9) cents</b>	IFRS	947.1 cents	<b>(258.1) cents</b>	Normalised	1 050.4 cents

### Net asset value per ordinary share

<b>2020</b>	Decreased 0.5%	2019	<b>2020</b>	Decreased 3%	2019
<b>17 952 cents</b>	IFRS	18 035 cents	<b>15 648 cents</b>	Normalised	16 183 cents

### Return on equity

<b>2020</b>	Decreased	2019	<b>2020</b>	Decreased	2019
<b>(4.0)%</b>	IFRS	11.0%	<b>(3.1)%</b>	Normalised	13.7%

### Cost-to-income ratio

<b>2020</b>	Decreased	2019	<b>2020</b>	Decreased	2019
<b>59.9%</b>	IFRS	63.2%	<b>57.5%</b>	Normalised	60.9%

### Net interest margin

<b>2020</b>	Decreased	2019	<b>2020</b>	Decreased	2019
<b>3.24%</b>	IFRS	3.48%	<b>3.23%</b>	Normalised	3.46%

### Dividend per preference share

<b>2020</b>	Decreased 24%	2019
<b>2 741.0274 cents</b>	IFRS	3 595.8900 cents

### Gross loans and advances to customers

<b>2020</b>	Increased 5%	2019
<b>R828bn</b>	IFRS	R792bn

### Deposits due to customers

<b>2020</b>	Increased 13%	2019
<b>R745bn</b>	IFRS	R659bn

### Stage 3 loans ratio on gross loans and advances

2020	Increased	2019
5.47%	IFRS	4.59%

### Liquidity coverage ratio

2020	Increased	2019
132.8%	IFRS	131.7%

### Common Equity Tier 1 ratio

2020	Decreased	2019
10.6%	IFRS	12.2%

## 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/iss/absh/interim20.pdf>

## Registered office

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

## Board of directors

### Independent non-executive directors

W E Lucas-Bull<sup>(1)</sup> (Independent Chairman), S M Pityana<sup>(1)</sup> (Lead Independent Director), T Abdool-Samad<sup>(1)</sup>, A B Darko<sup>(2)(3)</sup>, M S Merson<sup>(2)</sup>, F Okomo-Okello<sup>(4)</sup>

### Executive directors

D Mminele<sup>(1)(2)</sup> (Group Chief Executive), J P Quinn<sup>(1)</sup> (Financial Director)

<sup>(1)</sup> South African

<sup>(2)</sup> British

<sup>(3)</sup> Ghanaian

<sup>(4)</sup> Kenyan

## Declaration of interim preference share dividend number 29

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 7%.

Notice is hereby given of the preference dividend number 29, calculated at 70% of the average prime rate for 1 March to 31 August 2020, Absa Bank preference share has been declared for the period 1 March 2020 to 31 August 2020. The dividend is

payable on Monday, 21 September 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, 18 September 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 estimated preference dividend payable for the period 1 March 2020 to 31 August 2020 will be 2 741.0274 cents per Absa Bank preference share. Should there be any change to the prime rate between the date of declaration and 31 August 2020, an adjustment to the dividend will be made.

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 estimated gross local dividend amount is 2 741.0274 cents per preference share for shareholders exempt from the dividend tax.
- The estimated net local dividend for shareholders subject to withholding tax at a rate of 20% amounts to 2192.82192 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, 15 September 2020
Shares commence trading ex-dividend	Wednesday, 16 September 2020
Record date	Friday, 18 September 2020
Payment date	Monday, 21 September 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 September 2020 and Friday, 18 September 2020, both dates inclusive. On Monday, 21 September 2020, the dividend will be electronically transferred to the bank accounts of shareholders.

On behalf of the Board

N R Drutman  
Company Secretary

Johannesburg  
24 August 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)