

# The story of Absa at a glance

## Introducing Absa...

### Absa Group

Listed on the JSE

A subsidiary of Barclays Bank PLC which owns 55,5 % of the Group.

#### Four major businesses

- Retail Markets
- Business Markets
- Financial Services
- Corporate and Investment Banking and Wealth

Operates primarily in South Africa, and has majority stakes in banks in Mozambique and Tanzania, representative offices in Namibia and Nigeria; and bancassurance operations in Botswana and Mozambique.

#### Purpose

To be partners in growing prosperity for all our stakeholders

#### Vision

To be the best provider of financial services in South Africa and selected African markets.

market capitalisation **R101,3 billion**

customers **12,1 million**

total employees **39 659**

staffed outlets **990**

self-service terminals **9 541**



Group profile  
Operating structure  
Board and leadership



Legal structure  
Full governance report

## ...and the values that govern our behaviour.

#### Our values

- Strive to exceed the needs of our customers
- Demonstrate integrity in all our actions
- Display leadership in all that we do
- Value our people and treat them with fairness
- Take responsibility for the quality of our work

#### Good governance

- Implemented King III
- Established sustainability framework
- JSE SRI Best Performer for five consecutive years
- Board evaluation facilitated by the Institute of Directors Southern Africa
- Reviewed non-executive directors' fees
- New board appointments
- IT oversight substantially improved
- Working to improve stakeholder engagement
- Concern with regulatory change overload



Group Chairman's statement  
Governance summary  
Regulatory summary  
Remuneration summary



Full governance review  
Full regulatory review  
Full remuneration review  
GRI index

## Our One Absa strategy...



#### Sustainable growth in targeted markets

- Business banking transactional revenue up
- Financial services strong premium growth
- Strong retail earnings growth
- One Bank in Africa strategy
- Appointed Africa Executive Committee
- Established a Corporate Bank
- Bancassurance entered Botswana and Mozambique
- Opened 100 entry-level outlets ('1234')
- Lower market share in some areas



#### Balance sheet optimisation and proactive risk management

- Improved strong Core Tier 1 capital ratio
- Increased our surplus liquid assets
- Improved proportion of long-term funding
- Continued to optimise RWAs
- Reduced equity exposures
- Improved our credit loss ratio
- Reduced non-performing loans
- Low trading DVaR
- Improved our loans-to-deposits ratio



#### Simple, streamlined Group for customer delivery

- Integrated our Retail and Business Banking operating models
- Re-engineered key transaction processes including account opening and home loans
- Launched Learning@Absa



#### Customer- and people-centred organisation

- Implemented needs analysis tool to better advise customers
- Continued product innovation in card and electronic banking
- Developed an integrated talent management framework



Group Chief Executive's review  
Summary of material issues performance  
Group Financial Director's report  
Segmental review



Full review of material issues performance  
Full financial statements  
Full segmental review

## ...drives our performance on material issues...

### Sustainable financial viability

Headline earnings per share	↑ <b>21%</b>
Dividend per share	↑ <b>684 cents</b>
Return on average equity	↑ <b>16,4%</b>
Net asset value per share	↑ <b>8 690 cents</b>
Core Tier 1 capital adequacy ratio	↑ <b>13%</b>

### Process and systems effectiveness

Cost-to-income ratio	↓ <b>55,5%</b>
Severity 1 incidents	↓ <b>6</b>
Carbon emissions per employee	↓ <b>9,6 tonnes CO<sub>2</sub></b>

### Customer experience

Customer satisfaction index	↓ <b>44</b>
Percentage of complaints resolved at first point of contact	↑ <b>83%</b>

### Our people

Employee turnover	↑ <b>11,9%</b>
Internal promotion and transfers	↑ <b>55%</b>

### Economic equity

Entry-level customers	↑ <b>7,4 million</b>
DTI BBBEE status	→ <b>Level 3</b>
Affordable housing loan book	↑ <b>R7,4 billion</b>
Enterprise development	↑ <b>R900 million</b>
CSI and financial education	↑ <b>R96,4 million</b>

## ...raised by stakeholders

### Customers

- Service levels need to improve
- Cost of banking services

### Employees

- Reward and recognition
- Job security
- Compliance-driven culture

### Shareholders

- Lower loan market shares
- Call to return surplus capital
- Cautious optimism for Africa expansion
- Uncertainty about economic recovery

### Government and regulators

- Twin peaks model to be introduced in SA
- Basel III proposes higher liquidity requirements

### Community

- Support socio-economic priorities



Group Chief Executive's review  
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Group Financial Director's report  
Summarised financial statements



Full review of material issues performance  
GRI index



Group Chairman's statement  
Stakeholder engagement summary



Full stakeholder engagement review