Our reporting suite

Our 2015 Integrated Report is our primary report. It is supplemented with online disclosures including our financial statements, risk management report and special interest fact sheets (Citizenship, King III and Broad-Based Black Economic Empowerment (BBBEE) for our South African operations) as well as various documents published as part of our annual results announcement on 1 March 2016.

The full suite of reports is available on our corporate website barclaysafrica.com and at our interactive report website barclaysafrica2015ar.co.za.

Report | Reporting frameworks | Assurance
--- | --- | ---
2015 Integrated Report | Our primary report for communicating with our shareholders and other stakeholders | Internal controls and management assurance
| | | Compliance and internal audit reviews
| | | External audit opinion on financial information and external assurance on selected key performance indicators
| | | Board approval assisted by the Disclosure Committee (Group Audit and Compliance Committee sub-committee)

Financial statements and risk management report

- Consolidated and separate financial statements including the directors’ report, external audit report and the report from our Group Audit and Compliance Committee
- Risk and capital management report

- International Financial Reporting Standards (IFRS)
- Companies Act
- Banks Act, No 94 of 1990
- JSE Listings Requirements
- King III

- Governance oversight by our Board assisted by our Group Audit and Group Risk and Capital Management Committee
- External audit opinion (the complete opinion statement can be found in the consolidated and separate financial statements)

Supplementary fact sheets

- Citizenship (with environment disclosures)
- BBBEE (South Africa)
- King III
- Global Reporting Initiative (GRI)

- IIRC’s <IR> Framework
- King III
- Global Reporting Initiatives (GRI) G4 guidelines

- Governance oversight by our Board assisted primarily by our Social and Ethics and Disclosure Committee
- External assurance conclusion on selected indicators (the complete assurance statement including the scope of work and conclusions is available online)
- BBBEE is independently verified by the National Empowerment Rating Agency (NERA) (our BEE verification certificate can be found at absa.co.za)

Other reports

- 2015 Financial results booklet
- SENS announcement

- IFRS
- Companies Act

- Compliance and internal audit reviews
- Governance oversight by our Board assisted by our Group Audit and Compliance and Risk and Capital Management Committees
- External audit review

Disclaimer

Certain statements (words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘believes’, ‘intends’, ‘plans’, ‘may’, ‘will’ and ‘should’) and similar expressions in this document are forward-looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Barclays Africa Group Limited and our subsidiaries. These statements are not guarantees of future operating, financial or other results and involve certain risks, uncertainties and assumptions and so actual results and outcomes may differ materially from those expressed or implied by such statements. We make no express or implied representation or warranty that the results we anticipated by such forward-looking statements will be achieved. These statements represent one of many possible scenarios and should not be viewed as the most likely or standard scenario. We are not obligated to update the historical information or forward-looking statements in this document.
Barclays Africa Group Limited (the Group or Barclays Africa) is a diversified financial services provider offering an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance. With our long-standing presence in 12 African markets and our regional and international expertise, we have a strong platform to capture the growth opportunity in Africa.

We are driven by our Purpose to help people achieve their ambitions in the right way.

We are focused on our Goal to be the financial services group of choice in Africa.

Our Values – Respect, Integrity, Service, Excellence and Stewardship – define the way we think, work and act.

We are committed to Shared Growth, which for us means having a positive impact on society and delivering shareholder value.

Our Balanced Scorecard provides a holistic approach to deliver commercial returns while responding to stakeholders’ needs.

The success of our business depends on the strength of the communities in which we operate. As a Group, we are committed to developing these communities and economies and in doing so, empowering historically disadvantaged people. Due to the scale and breadth of our activities across African economies, we are uniquely able to contribute to a broad-based and inclusive economic growth.

This fact sheet is a supporting document for our 2015 Integrated Report and expands on our performance against the BBBEE requirements for our South African operations. The full suite of reports is available at barclaysafrica.com.
Introduction

In South Africa, a number of persistent developmental challenges endure, including disparities in career, education and economic opportunities. This report details our efforts to eliminate these gaps and support transformation in our South African operations, where we derive the majority of our business. We embrace the principles of the Broad-Based Black Economic Empowerment Amendment Act (BBBEE) which serves as the basis for the Department of Trade and Industry’s Financial Sector Code (FS Code).

We transitioned from the generic Codes of Good Practice to the FS Code in 2013. The FS Code includes sector-specific elements (empowerment finance and access to financial services) and as a result of the transition, 2012 data is not comparable and has not been presented.

Verified scorecard

In line with the requirements of the Department of Trade and Industry’s Codes of Good Practice, our BBBEE performance for the South African operations is independently verified by a registered agency, the National Empowerment Rating Agency (NERA).

<table>
<thead>
<tr>
<th></th>
<th>Maximum points</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>YoY trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>14.00</td>
<td>6.62</td>
<td>8.73</td>
<td>8.66</td>
<td>▼</td>
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<tr>
<td>Management control</td>
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<td>3.24</td>
<td>3.63</td>
<td>▲</td>
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<tr>
<td>Employment equity</td>
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<td>9.87</td>
<td>10.22</td>
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<tr>
<td>Skills development</td>
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<td>9.07</td>
<td>9.12</td>
<td>9.68</td>
<td>▲</td>
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<tr>
<td>Preferential procurement</td>
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<td>15.28</td>
<td>16.00</td>
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</tr>
<tr>
<td>Empowerment financing</td>
<td>15.00</td>
<td>13.91</td>
<td>14.80</td>
<td>15.00</td>
<td>▲</td>
</tr>
<tr>
<td>Enterprise development</td>
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<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>=</td>
</tr>
<tr>
<td>Socio-economic development</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>=</td>
</tr>
<tr>
<td>Access to financial services</td>
<td>14.00</td>
<td>9.90</td>
<td>10.40</td>
<td>10.00</td>
<td>▼</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>75.18</td>
<td>79.44</td>
<td>81.19</td>
<td>▲</td>
</tr>
</tbody>
</table>

Ownership

In 2004, we were the first of the big four banks to allocate 10% ownership to black partners through the Batho Bonke empowerment consortium. The deal was unwound partly in 2009 and fully in 2012, after the consortium sold their equity. With the introduction of the FS Code, which currently follows a once empowered, always empowered principle, we are still able to claim a portion of our black ownership points after the sale in 2012. Our score of 8.66 is the aggregation of the once empowered, always empowered principle, with indirect ownership and equity equivalents arising from surplus BBBEE transaction financing.

Management control

Black representation at board level (%) 2013 2014 2015 YoY trend

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>YoY trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black representation at board level (%)</td>
<td>25.00</td>
<td>23.08</td>
<td>23.08</td>
<td></td>
</tr>
<tr>
<td>Black representation at top management level (%)</td>
<td>15.07</td>
<td>18.27</td>
<td>18.42</td>
<td>▲</td>
</tr>
</tbody>
</table>
We are committed to promoting the Employment Equity Act by ensuring equal opportunity for all, and fair treatment in the workplace through elimination of unfair discrimination. Race (ethnicity), gender and disability are our primary diversity and inclusion focus areas and are complemented by our secondary focus on lesbian, gay, bisexual and transgender and multi-generation agendas.

In South Africa, 68% of our employees are black and over the past year our senior black representation increased from 32.2% to 35.6%, against our target of 40%. Progress is also being made at middle management levels, where 52.5% of employees are black. These employees serve as a critical pipeline for senior succession and are provided with a combination of formal learning, increased coaching and mentoring opportunities. We are also improving our retention strategies, especially at senior levels where attrition has improved to 8.2% (2014: 14.6%).

Although good progress has been made, there is much more that we must do, particularly at senior level, to enhance diversity and transformation in our South African operations.

**Skills development**

The South African labour market continues to face a skills shortage, particularly with regards to suitably qualified and experienced individuals from the previously disadvantaged population. In collaboration with BANKSETA, we are working to address these gaps through formally funded learnerships, bursaries and other programmes. Of the R2.2bn reported on learning and development in South Africa, R1.5bn was focused on developing black employees.

Our approach includes learnerships, our Pan-African Graduate Development Programme, as well as providing bursaries and sponsorships. We increased our learnership intake to 1 078 (2014: 617), which included 1 77 black South African learners with disabilities (a key focus). Our Pan-African Graduate Programme included 116 (2014: 207) postgraduates from across the continent, of which 74 (2014: 130) were from South Africa.

Through our banking relationships with Technical and Vocational Education and Training Institutions, we assist students and build partnerships with the public sector to work together in addressing youth employability issues. We actively manage the challenges associated with such programmes, including retention, management buy-in and students lacking life skills, which impact their ability to adapt to the work environment. Our external bursary scheme and sponsorship programmes provide resources to universities and institutions of higher learning as well as bursaries and scholarships to students across Africa. Bursaries were allocated to 100 (2014: 137) African students, enabling them to study at leading South African universities, with a focus on critical and scarce skills in the financial sector.

**Preferential procurement**

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>YoY trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total measurable procurement (Rbn)</td>
<td>10.9</td>
<td>12.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Total weighted spend on BBBEE accredited suppliers (Rbn)</td>
<td>14.1</td>
<td>14.6</td>
<td>19.6</td>
</tr>
<tr>
<td>QSE and EME spend as % of total procurement based on their BBBEE procurement recognition levels (Rbn)</td>
<td>2.3</td>
<td>2.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Procurement from 50% black-owned suppliers (Rbn)</td>
<td>1.7</td>
<td>2.1</td>
<td>4.0</td>
</tr>
<tr>
<td>Procurement from 30% black women-owned suppliers (Rbn)</td>
<td>0.5</td>
<td>0.7</td>
<td>2.5</td>
</tr>
</tbody>
</table>

1. QSE – qualifying small enterprises. EME – exempted micro enterprises.
We exceeded all targets as set out in the FS Code, scoring the full 16 points for this element. We achieved the score with R19.6bn weighted spend on products and services from 3 482 BBBEE-accredited suppliers. R4bn (2014: R2.1bn) was spent with black-owned suppliers, of which R2.5bn (2014: R0.7bn) was with black women-owned suppliers. While we continue to increase procurement from black women-owned suppliers, we need to grow this further, along with spend with small and medium enterprises (SMEs) (businesses with a turnover of less than R50m per year).

The majority of tenders issued included suppliers sourced from an 800-strong black-owned and black-women owned supplier database. Fifteen small black-owned suppliers were introduced to our major suppliers and are now on their vendor lists. Our inaugural supplier diversity day included 85 SMEs. Master classes were produced, facilitated and delivered for all attendees in conjunction with enterprise development, and interviews were conducted by decision-makers from Barclays Africa. Ultimately five SMEs were awarded new business with us and many more have been included in various sourcing events.

Recent changes to the revised Codes of Good Practice, including the anticipated revised FS Code, could mean that some suppliers will find it difficult to maintain or improve their current BBBEE status. This would potentially impact our performance in coming years. We will continue to find ways to increase spend with compliant black-owned and black women-owned suppliers through initiatives such as our supplier development programme that will be introduced in 2016.

Empowerment financing and enterprise development

<table>
<thead>
<tr>
<th>Empowerment financing – targeted investments</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>YoY trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational infrastructure (Rm)</td>
<td>1 997.8</td>
<td>1 930.2</td>
<td>1 872.0</td>
<td>▼</td>
</tr>
<tr>
<td>Black SME financing (Rm)</td>
<td>364.0</td>
<td>530.1</td>
<td>589.1</td>
<td>▲</td>
</tr>
<tr>
<td>Black agricultural financing (Rm)</td>
<td>40.1</td>
<td>0</td>
<td>33.6</td>
<td>▲</td>
</tr>
<tr>
<td>Affordable housing (Rm)</td>
<td>6 271.0</td>
<td>7 901.0</td>
<td>10 235.0</td>
<td>▲</td>
</tr>
</tbody>
</table>

Enterprise development¹

| Annual enterprise development spend (Rm)     | 21.6    | 23.6    | 30.6    | ▲        |
| BEE transaction financing (Rm)               | 6 294.3 | 12 255.5| 14 655.7| ▲        |

¹ Figures are cumulative in terms of reporting under the FS Code from 1 January 2012.
² Includes R5.5 billion recognised as equity equivalents under the ownership scorecard.

Transformational infrastructure

We are the funders to a number of consortia that are rolling out projects in rural areas as part of the government’s Renewable Independent Energy Power Producer Procurement Programme. With the increased focus on infrastructure spend and specific acknowledgement to involve the private sector outlined in the 2016 Budget Speech presented by the South African Finance Minister, we expect a significant portion of new transformational infrastructure projects to be concluded. We also expect to see increased spending in the local government sphere as we move towards the local government elections in 2016, which will present opportunities to fund infrastructure projects.
Black SME financing

We aim to support sound business ventures by extending financial support to emerging enterprises, that would ordinarily not qualify for funding, through a ring-fenced enterprise development credit portfolio of R250m. In allocating funding, less reliance is placed on the enterprise’s balance sheet or ability to provide collateral but takes into account the strength of their contract with a corporate client. Entrepreneurs that are not part of a corporate’s supply chain can access Absa’s Development Credit Fund and Women Empowerment Fund (funds are available to entrepreneurs with a bankable business plan). Through our partnership with Thembanzi, we provide development finance for enterprises in the agricultural sector. For reporting, we must confirm that the entities we finance hold a valid BBBEE certificate, which remains a challenge. Going forward, this obstacle will be lessened by legislation requiring only an affidavit from enterprises with an annual turnover of less than R10m.

Black agricultural financing

The revised requirement/reporting process improved the manner in which client data is gathered. In 2015, black agricultural financing worth R33m (2014: Rnil) was recognised and verified.

Affordable housing

We continued to support affordable housing development projects, demonstrated by the increase in investment to R10 235m (2014: R7 901m).

Enterprise development

Our enterprise development approach aims to create and promote entrepreneurship to ultimately contribute towards job creation and sustainability of SMEs. Our approach is founded on three pillars including:

- financial support;
- improving access to markets; and
- business development support.

We have eight Enterprise Development Centres across South Africa, which are hubs for small business owners to receive training, access computers and boardrooms, and benefit from networking opportunities. In 2015 we launched two additional Enterprise Development Centres in KwaZulu-Natal and in the North West, and supported 25 966 SMEs through training, workshops and conferences. 2 300 of these SMEs received support through training interventions delivered through our centres and various programmes with strategic partners.

Our procurement portal has 33 500 registered SMEs, 4 800 Corporate buyers who are actively engaging the SMEs, and over R2bn worth of tenders advertised a month. Events and conferences held in 2015 were the Proudly SA Summit; Smart Procurement World Summit; and Women in Business and Global Entrepreneurship Week.

Going forward, we will expand our enterprise and supply chain development programmes in partnership with other major corporates, and build a technology platform that will combine lending (access to non-traditional finance), access to market, business development services and business tools for SMEs.

BEE transaction financing

This sector remained highly competitive with a limited number of new transactions concluded in 2014 and as a result, our focus was on refinancing existing transactions.

Socio-economic development

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>YoY trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-economic development spend (Rm)</td>
<td>86.8</td>
<td>85.3</td>
<td>97.8</td>
<td>▲</td>
</tr>
</tbody>
</table>

Our community investment programmes provide disadvantaged youth with the skills and experience required to improve their employment prospects and enable them to fulfil their potential. This is achieved through:

- enterprise development programmes that enhance the prospects of starting a business or income-generating activity;
- employability programmes that enhance future employment prospects, typically job training, numeracy and literacy skills development; and
- financial literacy and skills programmes that enable young people to make sound financial decisions and manage their money more effectively.

Key to our funding decisions is the long-term, underlying economics of the programme and we select programmes that link an intervention to an opportunity as a tangible means of migrating from output-based to impact-based programmes.

Employee participation and volunteering is another way in which we reach out and positively impact the communities in which we operate. 11 284 employees (27% of our permanent workforce) volunteered 66 709 hours of their time (valued at over R4.9m) in support of their chosen community projects in 2015. Of this, 78% were skills-based interventions aligned to our strategic focus areas.
Access to financial services

<table>
<thead>
<tr>
<th>Geographic access</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>YoY trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional points (%)</td>
<td>57.35</td>
<td>59.52</td>
<td>59.55</td>
<td>▲</td>
</tr>
<tr>
<td>Service points (%)</td>
<td>72.83</td>
<td>73.26</td>
<td>73.71</td>
<td>▲</td>
</tr>
<tr>
<td>Sales points (%)</td>
<td>74.45</td>
<td>74.55</td>
<td>73.57</td>
<td>▼</td>
</tr>
<tr>
<td>Electronic access (%)</td>
<td>14.31</td>
<td>14.88</td>
<td>13.57</td>
<td>▼</td>
</tr>
<tr>
<td>Access to qualifying product accounts (’000)</td>
<td>2,362</td>
<td>2,620</td>
<td>2,550</td>
<td>▼</td>
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<tr>
<td>Affordable housing origination (Rm)</td>
<td>7,371</td>
<td>10,243</td>
<td>13,701</td>
<td>▲</td>
</tr>
<tr>
<td>Annual consumer education spend (Rm)</td>
<td>171</td>
<td>23.9</td>
<td>27.6</td>
<td>▲</td>
</tr>
</tbody>
</table>

1 Figures are cumulative in terms of reporting under the FS Code from 1 January 2012, except for annual consumer education spend.

The FS Code targets aim to increase access to financial services including geographic access, electronic access and banking densification. We focus on relevant affordable products and services; innovative delivery channels designed to facilitate easier access to financial services and consumer education that improves financial literacy.

**Geographic, electronic and product access**

We have worked actively to expand the reach of our sales and service points since the inception of the Financial Sector Charter in 2005 and as a result, have maintained our coverage for the past three years. In 2015, 59.55% (2014: 57.52%) of our entry-level customers (corresponding with living standards measure 1 to 5) lived within five kilometres of a transaction point; 73.71% (2014: 73.26%) lived within 10 kilometres of a service point; and 73.57% (2014: 74.55%) lived within 15 kilometres of a sales point. Whenever we open or close points of presence, we carefully consider the resulting impact on coverage, and in the case of closures, identify a suitable alternative. Among these customers, electronic access penetration decreased to 13.57% from 14.9% in 2014.

Electronic platforms offer a convenient and low-cost alternative to traditional banking channels. Our pricing model encourages and rewards customers who opt to make use of electronic or digital channels as opposed to banking in the traditional way. We have a number of products aimed to increase access to financial services and we seek to help customers transition to ‘smart banking’ with cheaper and more convenient banking channels.

Our pricing model encourages and rewards customers who choose to make use of electronic or digital channels. Examples of our electronic and digital channel initiatives include:

- **We continue to enhance our ATM functionality to include services such as ATM deposits, CashSend (customers can electronically transfer funds via mobile or internet banking to a recipient, who is then able to withdraw the funds, without needing a card or bank account), and Scan and Pay (allows anyone to make payments to selected beneficiaries, by either scanning or keying in a reference/account number).**
- **Absa Transact account is an account where customers pay a very low monthly service fee, no owned ATM balance enquiry fees, no fees when purchasing at till points, and no penalty fees whatsoever. Transactions are charged on a pay-as-you-transact basis and the pricing for these is easy to understand. Depending on a customer’s banking behaviour, charges are very affordable**.
- **Stokvels, or group savings and lending, have long been a safety net for millions of Africans, providing financial security and social wellbeing. The Absa Club Account operates as a convenient savings and transactional tool for groups of people with common financial interests who want to save together**.
- **We have retained free access to internet banking – enabling our customers to transact any time, any place, and at no monthly cost.**
- **Our first-to-market Family Springboard home loan will allow applicants to successfully apply for home finance if they have a helper who is willing to assist by investing 10% of the property purchase price in an Absa Fixed Deposit account as security.**
- **We continue to expand our branchless banking to include more retailers. Currently, over 1 000 retailers, 468 of which are independent small businesses (up 15% from 2014), enable customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime. Approximately 575 000 transactions were processed through this channel in 2015.**
- **Our partnership with PEP Stores in South Africa enables us to provide financial services to people in marginalised and poor communities through a channel that is convenient and trusted. Launched in late 2014, approximately 10 000 new PEPplus accounts are opened each month with account use growing steadily, averaging 299 000 transactions and 292 000 money transfers per month. December saw a record of 400 000 money transfers being generated in PEP stores.**

Working with partners delivers alternative channels to facilitate access to banking and finance services to the people in marginalised and poor communities. We continued with our Shesha Gamification initiative, a mobile phone application-based game, designed to empower our customers with basic, yet effective, knowledge to make better banking decisions.

We continued to face some challenges including customer attrition, barriers to electronic banking due to the lack of access to smart mobile devices and readily available data/airtime in our customer base within the 1 – 5 living standard measures; fear of electronic banking services and the habit of returning to a branch to complete a transaction; and the lack of understanding of electronic banking and how this can help a prospective customer.
Affordable housing origination

Our affordable housing business unit (My Home) addresses the housing challenges faced by consumers who earn less than R20 000 per month (single or joint household). In support of the South African government’s agenda on providing affordable housing to people, we provided more than 4 500 customers with home loan finance valued over R1.5bn. We also trained the majority of these customers through our borrower education programme that covers key aspects of home ownership, home maintenance and personal financial matters.

Consumer education

We believe that consumer education is important, as it empowers individuals to make informed choices and improve their lives through responsible personal financial management. Outside South Africa, consumer education and financial literacy are embedded within employability and enterprise development programmes, while in South Africa it is reported separately in accordance with the FS Code. We invested R28m (2014: R24m) in consumer education initiatives within South Africa, reaching 168 982 consumers (2014: 193 234). We continue to support the annual StarSaver Teach Children to Save initiative together with the Banking Association of South Africa. As a result, 152 employees reached more than 60 schools and over 26 000 children. We also partnered with the KwaZulu-Natal Financial Literacy Association, contributing to a financial literacy newspaper that reached 190 000 government employees.