



Barclays Africa Group Limited

Interim financial results

for the reporting period ended 30 June 2014

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The term Barclays Africa or the Group, refers to Barclays Africa Group Limited and its subsidiaries.

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Noteworthy enhancements to the interim financial results booklet

Disclosure updates

Certain structural and naming convention changes have been made to the interim financial results booklet, and certain disclosures have been reordered, the most notable of which have been listed below:

- Operational key performance indicators, previously disclosed in the “Group performance overview”, have been moved to the “Segment performance overview” on pages 54 and 56.
- The split between the financial results for CIB South Africa and Rest of Africa has been replaced by the split between Corporate and Investment Bank as disclosed on pages 94 to 95.
- The order of line items disclosed in the “Condensed consolidated statement of comprehensive income” was changed. As a result, “Impairment losses on loans and advances” (previously disclosed as note 3) has been moved to note 4 on pages 34 to 38.
- WIMI’s calculation of the cost-efficiency ratio as well as the reconciliation of non-interest income to the Group’s “Condensed consolidated statement of comprehensive income” has been moved from the “Performance indicators and condensed notes to the consolidated financial statements” to the WIMI segment performance section. Refer to page 107.
- Cheque accounts in “Loans and advances to customers” has been renamed to “Overdrafts” to align with industry naming conventions. Refer to pages 42 to 43.
- “Deposits due to customers” and “Debt securities in issue” which were previously reported in the same note, have been disclosed in separate notes. Refer to pages 44 to 46.
- Retail Bank, a sub-segment within Retail Banking South Africa, has been renamed “Transactional and Deposits”. Personal Loans and Transactional and Deposits have been collapsed into a sub-segment named “Consumer Bank”. Refer to pages 72 to 74.
- The Edcon portfolio has been collapsed into Card within the Retail Banking South Africa segment.

Other noteworthy changes

Reporting changes

The following changes have impacted the overall financial results of the Group for the comparative reporting periods ended 30 June 2013 and 31 December 2013, accordingly the comparative balances presented have been restated. Refer to pages 141 to 157 for additional details on the reporting changes.

1. Acquisition of Barclays Africa Limited

On 31 July 2013 Absa Group Limited concluded the transaction to buy 100% of the issued ordinary share capital of Barclays Africa Limited, which was settled by the issuance of 129 540 636 Absa Group Limited ordinary shares. This transaction was accounted for as a business combination of entities under common control by applying the principles of predecessor accounting. The Group’s comparative financial results have subsequently been restated as if Barclays Africa Limited has always been part of the Group’s structure.

2. Business portfolio changes

WIMI has been disclosed as a separate market segment. WIMI consists of the Wealth sub-segment, Absa Alternative Asset Management (Pty) Ltd (both previously reported in Corporate, Investment Bank and Wealth) as well as the previous Financial Services segment. Refer to pages 101 to 114 for the market segment report.

The cost allocation methodology and segmentation of tax balances for the Barclays Africa Limited subsidiaries have been refined which resulted in a reallocation of costs between RBB and CIB.

A client resegmentation exercise has been performed in Barclays Bank Mozambique S.A. and Barclays Bank of Ghana Limited which has resulted in a reallocation of revenue between Business Banking in RBB and Corporate in CIB.

3. Internal accounting policy changes

The Group refined its disclosure of the service fees paid as well as the share of credit sales received from Edcon (Pty) Ltd. This resulted in a reclassification between “Operating expenses” and “Net fee and commission income” for the reporting period ended 30 June 2013.

4. Accounting policy changes due to amended International Financial Reporting Standards (“IFRS”)

The application of International Accounting Standard (“IAS”) 32 – Financial Instruments: Presentation (revised) (“IAS 32”) has resulted in the Group no longer presenting certain derivative balances on a net basis. Comparative balances for the 30 June 2013 and 31 December 2013 reporting periods have been restated accordingly.

Group performance

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Barclays Africa Group Limited (1986/003934/06)
Interim financial results for the reporting period ended
30 June 2014.

These unaudited interim financial results were prepared by
Barclays Africa Group Financial Control under the direction
and supervision of the Financial Director, D W P Hodnett CA(SA).

Date of publication: 30 July 2014

Group performance overview

“We are on track in executing against our strategy and are gaining real traction in delivery. There is a sense of excitement and drive across all of our businesses, but we are not alone in seeing the opportunity in Africa and there is an absolute determination to go faster.”

Maria Ramos, Chief Executive Officer

Favourable

- Return on equity (“RoE”) increased to **16,1%** (2013: 14,3%) above cost of equity (“CoE”) of **13,5%** (2013: 13,0%).*
- Headline earnings per share (“HEPS”)¹ increased by **10%** to **720,9 cents** (2013: 655,7 cents).*
- Pre-provision profit increased by **5%** to **R13,5bn** (2013: R12,8bn).†
- Impairment losses on loans and advances decreased by **7%** to **R3,6bn**, resulting in a **1,18%** (2013: 1,35%) impairment losses ratio, while coverage on performing loans increased to **0,70%** (2013: 0,60%).*
- Return on assets (“RoA”) increased to **1,27%** (2013: 1,22%).*
- Return on risk-weighted assets (“RoRWA”)² increased to **2,14%** (2013: 2,04%).*

- Dividend of **400 cents** (2013: 350 cents) per ordinary share (excluding special dividend per ordinary share), up **14%**.*
- Strong Common Equity Tier 1 capital adequacy ratio of **11,8%** (2013: 12,5%).*
- The Group’s Barclays Africa Limited acquisition was earnings enhancing, with two-thirds of revenue growth from Rest of Africa.

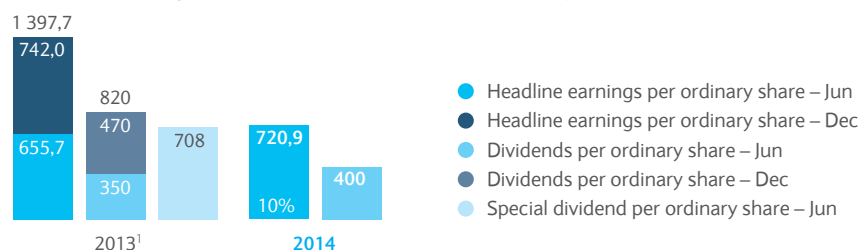
Unfavourable

- Moderate non-interest income growth of **5%** to **R13,5bn** (2013: R12,9bn), impacted by a decline in transactional customer numbers in RBB South Africa.
- Negative JAWS of **1,6%** as investment spend grew, and cost-to-income ratio increased to **56,4%** (2013: 55,5%).*
- Higher indirect taxation and higher effective tax rate of **29,2%** (2013: 28,9%).*

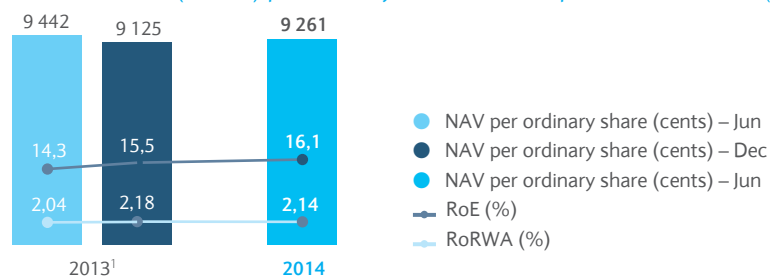


*Consolidated salient features, page 7 †Profit and dividend announcement, page 9

Headline earnings per ordinary share, dividends and special dividend per ordinary share (cents)



Net asset value (“NAV”) per ordinary share, RoE and pro forma RoRWA² (cents and %)



Notes

¹Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

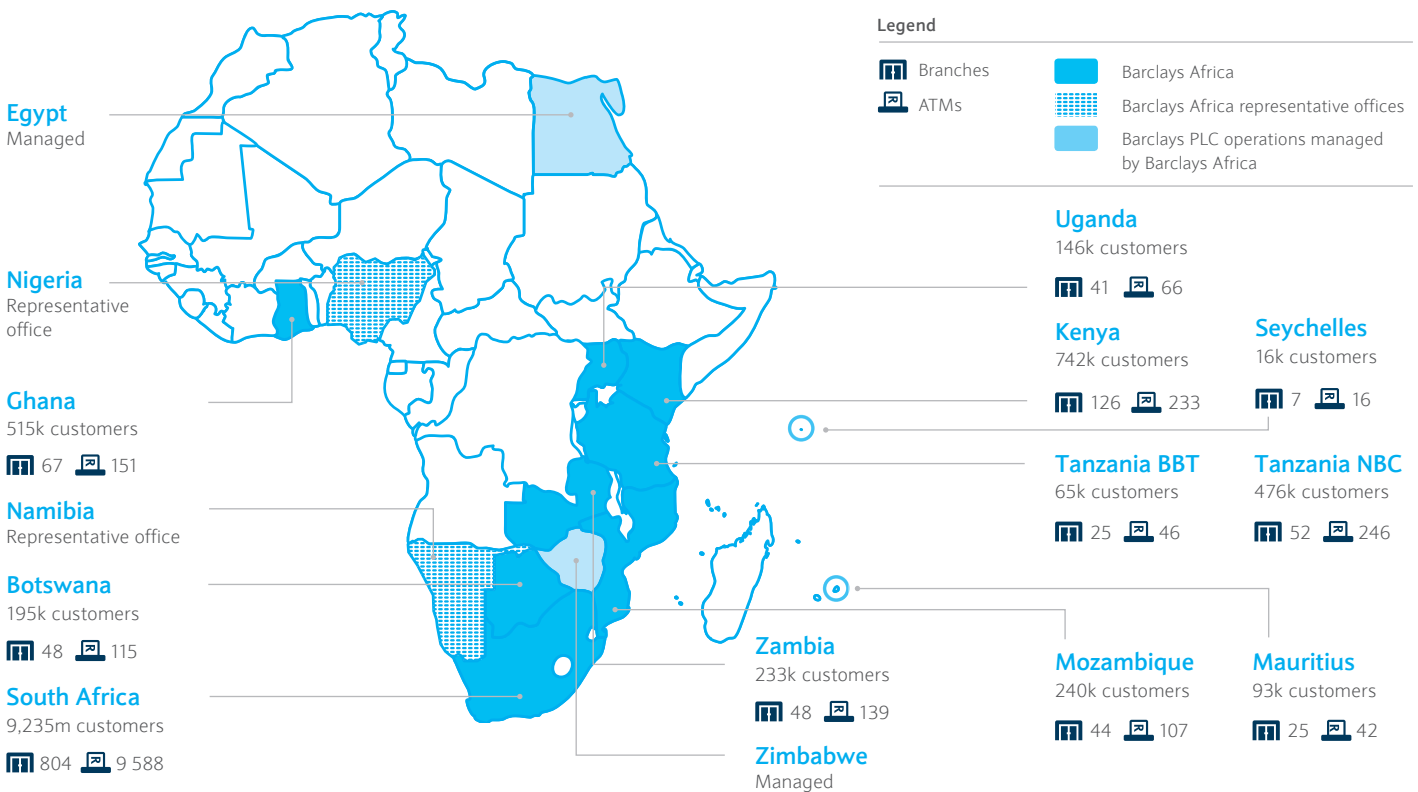
²For the calculation of RoRWA, the RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group’s RWA. This does not alter any submissions made to the South African Reserve Bank (“SARB”).

One Africa

Barclays Africa Group Limited is a diversified, full-service financial services provider offering an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth, investment management and insurance. With our longstanding presence in 12 African markets we have a strong platform to capture the growth opportunity in Africa.

Our Purpose	Our Goal	Our Values
<p>We exist for the purpose of helping people achieve their ambitions – in the right way.</p> <p>We exist for our clients and customers, our shareholders, our colleagues and other stakeholders.</p> <p>Helping them in the right way means what we do becomes as important as how we do it.</p>	<p>To be the 'Go-To' bank in Africa.</p> <p>We are uniquely positioned as a fully global, fully regional and fully local bank. We combine our global product knowledge with regional expertise and our extensive and well-established local presence in Africa to serve our customers and clients. We differentiate ourselves through relentless focus on customer and client service and targeted innovation to grow sustainably.</p>	<ul style="list-style-type: none"> • Respect: We respect and value those we work with and the contribution that they make. • Integrity: We act fairly, ethically and openly in all we do. • Service: We put our customers and clients at the centre of what we do. • Excellence: We use our energy, skills and resources to deliver the best sustainable results. • Stewardship: We are passionate about leaving things better than we found them.

Our footprint



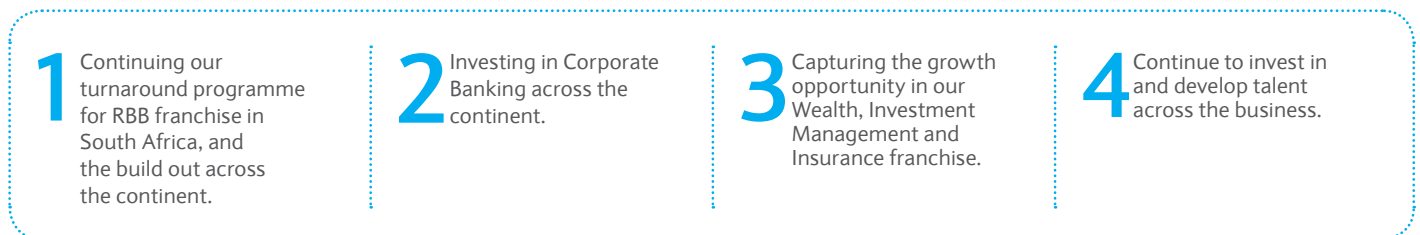
Group profile

Our One Africa strategy . . .

We are uniquely positioned as a fully global, fully regional and fully local bank and aspire to build the leading universal financial services group in our chosen countries in Africa, as well as selected customer and client segments and to remain locally relevant and competitive in all our presence countries. Our competitive advantage is the scale and diversity of our business and our ability to combine our global product knowledge with our regional expertise and our extensive and well-established local presence in Africa to serve our customers and clients.



. . . executed through four clear focus areas in 2014 . . .



. . . with our performance measured through our balanced scorecard

We balance our stakeholders' needs across the short and long-term. Our activities drive mutually re-inforcing outcomes across our stakeholders.



Notes

¹Annual metric.

²1H13/1H14 growth rate.

³South Africa.

⁴1H14 results now includes Ghana and Zambia, in addition to Botswana, Kenya and South Africa as reported previously.

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Consolidated salient features

	30 June		Change %	31 December
	2014	2013 ¹		2013 ¹
Statement of comprehensive income (Rm)				
Revenue	30 684	28 573	7	59 406
Operating expenses	17 297	15 872	9	33 420
Profit attributable to ordinary equity holders	6 166	5 593	10	11 981
Headline earnings ²	6 110	5 554	10	11 843
Statement of financial position				
Loans and advances to customers (Rm)	614 642	583 632	5	605 337
Total assets (Rm)	977 803	953 895	3	961 977
Deposits due to customers (Rm)	597 555	570 692	5	588 011
Loans-to-deposits ratio (%)	87,4	86,2		88,3
Financial performance (%)				
Return on average equity	16,1	14,3		15,5
Return on average assets	1,27	1,22		1,29
Return on average risk-weighted assets ³	2,14	2,04		2,12
Operating performance (%)				
Net interest margin on average interest-bearing assets	4,56	4,45		4,48
Impairment losses ratio	1,18	1,35		1,20
Non-performing loans ratio	4,6	5,3		4,7
Non-interest income as % of revenue	44,0	45,1		45,5
Cost-to-income ratio	56,4	55,5		56,3
JAWS	(1,6)	(1,4)		(2,1)
Effective tax rate, excluding indirect taxation	29,2	28,9		28,9
Share statistics (million)⁴				
Number of ordinary shares in issue	847,8	847,8		847,8
Number of ordinary shares in issue (excluding treasury shares)	846,9	847,2		847,3
Weighted average number of ordinary shares in issue (excluding treasury shares)	847,5	847,0		847,3
Diluted weighted average number of ordinary shares in issue (excluding treasury shares)	847,8	848,6		848,0
Share statistics (cents)⁴				
Headline earnings per ordinary share	720,9	655,7	10	1 397,7
Diluted headline earnings per ordinary share	720,7	654,5	10	1 396,6
Basic earnings per ordinary share	727,6	660,3	10	1 414,0
Diluted basic earnings per ordinary share	727,3	659,1	10	1 412,9
Dividend per ordinary share relating to income for the reporting period	400	350	14	820
Dividend cover (times)	1,8	1,9	(5)	1,7
Special dividend per ordinary share	—	708	(100)	708
Net asset value per ordinary share	9 261	9 442	(2)	9 125
Tangible net asset value per ordinary share	8 887	9 076	(2)	8 754
Capital adequacy (%)⁵				
Barclays Africa Group Limited	14,6	16,6		15,6
Absa Bank Limited	13,9	16,8		15,6
Common Equity Tier 1 (%)⁵				
Barclays Africa Group Limited	11,8	12,5		12,1
Absa Bank Limited	10,1	12,2		11,0

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²After allowing for R147m (30 June 2013: R146m; 31 December 2013: R294m) profit attributable to preference equity holders of Absa Bank Limited.

³For the calculation of RoRWA, the RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

⁴Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

⁵Refer to pages 117 to 140 for the "Risk management" section.

Consolidated salient features by segment

	30 June		31 December	
	2014	2013 ¹	Change %	2013 ¹
Headline earnings (Rm)				
Retail and Business Banking ("RBB")	3 847	3 514	9	7 618
Retail Banking South Africa	2 555	2 349	9	5 160
Business Banking South Africa	824	693	19	1 492
RBB Rest of Africa	468	472	(1)	966
Corporate and Investment Bank ("CIB")	1 903	1 535	24	3 348
Wealth, Investment Management and Insurance ("WIMI")	688	691	(0)	1 420
Head Office and other operations	(328)	(186)	(76)	(543)
Return on average risk-weighted assets (%)²				
RBB	2,11	2,08		2,18
Retail Banking South Africa	2,47	2,36		2,56
Business Banking South Africa	2,26	1,95		2,08
RBB Rest of Africa	1,10	1,35		1,27
CIB	2,23	1,91		2,03
Return on average regulatory capital (%)				
RBB	19,09	19,63		20,78
CIB	20,12	18,79		19,91
WIMI	22,93	27,74		23,32
Impairment losses ratio (%)				
RBB	1,55	1,73		1,50
Retail Banking South Africa	1,60	1,75		1,50
Business Banking South Africa	1,00	1,23		1,34
RBB Rest of Africa	2,01	2,40		1,86
CIB	0,09	0,01		0,19
WIMI	0,42	0,82		0,73
Loans and advances to customers (Rm)				
RBB	454 622	445 554	2	450 795
Retail Banking South Africa	357 139	350 195	2	353 736
Business Banking South Africa	60 986	61 506	(1)	60 708
RBB Rest of Africa	36 497	33 853	8	36 351
CIB	149 294	125 663	19	143 537
WIMI	10 649	12 266	(13)	10 885
Head Office and other operations	77	149	(48)	120
Deposits due to customers (Rm)				
RBB	279 994	259 073	8	278 779
Retail Banking South Africa	138 068	127 438	8	134 810
Business Banking South Africa	87 865	78 095	13	87 915
RBB Rest of Africa	54 061	53 540	1	56 054
CIB	317 782	307 386	3	309 429
WIMI	4 985	4 338	15	4 878
Head Office and other operations	(5 206)	(105)	>(100)	(5 075)
Off-statement of financial position (Rm)				
Assets under management and administration	265 246	263 827	1	263 775
CIB	41 459	22 911	81	29 934
WIMI	223 787	240 916	(7)	233 841
Money market	53 301	61 828	(14)	57 093
Non-money market	178 159	183 207	(3)	181 348
Intra-segment eliminations	(7 673)	(4 119)	(86)	(4 600)

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²For the calculation of RoRWA, the RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Profit and dividend announcement

Salient features

- Diluted headline earnings per share (“HEPS”) increased 10% to 720,7 cents.
- Rest of Africa headline earnings grew 34% to R1,0bn and South Africa increased 6% to R5,1bn.
- Barclays Africa Limited acquisition remained earnings enhancing and Rest of Africa generated 30% of total revenue growth.
- Pre-provision profit increased 5% to R13,5bn.
- Return on equity (“RoE”) improved to 16,1% from 14,3%. Return on risk-weighted assets increased to 2,14% from 2,04%, while return on assets improved to 1,27% from 1,22%.
- The interim ordinary dividend per share (“DPS”) increased 14% to 400 cents.
- Revenue grew 7% to R30,7bn, as net interest income rose 10% to R17,2bn.
- Net interest margin improved to 4,56% from 4,45% of average interest-bearing assets.
- Non-interest income increased 5% to R13,5bn and accounted for 44,0% of total revenue.
- Customer attrition slowed, with South African banking customer numbers declining 7% this year to 9,2m, while Rest of Africa increased 2% to 2,7m.
- Operating expenses grew 9% to R17,3bn, increasing the cost-to-income ratio to 56,4% from 55,5%.
- Loans and advances to customers grew 5% to R614,6bn, while deposits due to customers rose 5% to R597,6bn.
- Credit impairments declined 7% to R3,6bn, resulting in a 1,18% credit loss ratio from 1,35%, while coverage on performing loans increased to 70 basis points from 60.
- Non-performing loans (“NPLs”) improved to 4,6% of gross loans and advances to customers from 5,3%.
- Net asset value (“NAV”) per share declined 2% to 9 261 cents, mainly due to the R6bn special dividend paid in November 2013.
- Barclays Africa Group Limited’s Common Equity Tier 1 (“CET1”) ratio was 11,8%, well above regulatory requirements and our Board target.

Overview of results

Barclays Africa Group Limited’s headline earnings increased 10% to R6 110m from the restated R5 554m after acquiring Barclays Africa Limited. Diluted HEPS also increased 10% to 720,7 cents from 654,5 cents. The Group’s RoE improved to 16,1% from 14,3%, comfortably above its 13,5% cost of equity. Barclays Africa declared a 14% higher ordinary DPS of 400 cents, given its strong CET1 and capital generation.

Although the 9% cost growth exceeded 7% higher revenue, pre-provision profit increased 5% and was the main driver of earnings growth. Credit impairments fell 7%, resulting in a 1,18% credit loss ratio, while further strengthening portfolio provisions to 0,7% of performing loans. A slightly higher effective tax rate of 29,2% and 19% higher indirect taxation were earnings drags.

Retail and Business Banking (“RBB”) headline earnings grew 9% to R3,8bn, due principally to 8% lower credit impairments. Wealth, Investment Management and Insurance (“WIMI”) headline earnings were steady at R688m, while Corporate and Investment Bank (“CIB”) headline earnings increased 24% to R1,9bn, with 58% growth outside South Africa.

Rest of Africa revenue rose 12% to account for 20% of the total. Rest of Africa headline earnings grew 28% in constant currency, improving its contribution to 17% of total earnings. The Barclays Africa Limited acquisition was earnings accretive, increasing the Group’s HEPS by 2,3%.

Operating environment

Global growth slowed in the first quarter of 2014 due to lower United States (“US”) gross domestic product (“GDP”) (largely weather related) and broadly weaker emerging markets. In general, global monetary policy remained accommodative in the first half.

South Africa’s GDP contracted in the first quarter due to prolonged mining strikes and electricity supply constraints. The expenditure side of the economy remained weak with slower growth in consumption and private fixed investment spending. Household consumption slowed, given stretched balance sheets, lacklustre employment growth, subdued confidence and rising inflation. Unsecured credit extension to households also slowed further. Following sharp depreciation in January, the rand recovered somewhat, although risks of further weakening remain.

Growth in the Barclays Africa markets outside South Africa remained resilient in first half, despite some key economies slowing. This stems variously from idiosyncratic shocks, tighter monetary policy and generally weaker commodity prices. Fiscal and/or external imbalances are placing currencies under pressure in some of our larger markets.

Profit and dividend announcement

Group performance

Statement of financial position

Total assets grew 3% to R977,8bn at 30 June 2014, predominantly due to 5% higher loans and advances to customers and investment securities rising 20%.

Loans and advances to customers

Gross loans and advances to customers increased 5% to R631,4bn. Retail Banking South Africa's gross loans rose 2% to R368,4bn, as credit cards and instalment credit agreements grew 13% and 8% respectively, while mortgages declined 2%, in part due to NPLs reducing. Business Banking South Africa's gross loans decreased 1% with commercial property finance decreasing 4%. RBB Rest of Africa's gross loans increased 8% to R38,9bn or 7% in constant currency, largely due to growth in personal loans. CIB gross loans increased 19%, given strong growth in foreign currency loans, corporate overdrafts and Rest of Africa lending. Much of CIB's loan growth occurred in the second half of 2013.

Funding

The Group maintained its strong liquidity position, growing deposits due to customers 5% to R597,6bn. Debt securities in issue declined 1% to R105,5bn as floating notes fell 11%. The funding tenure remains robust with a long-term funding ratio of 23,0% from 24,3% of the reporting period ended 31 December 2013. Deposits due to customers contributed 77,8% to total funding, while the proportion of debt securities in issue dropped to 13,7% from 14,6%. Retail Banking South Africa grew deposits due to customers 8% to R138,1bn to maintain its leading market share. Business Banking South Africa's deposits due to customers increased 13% to R87,9bn, as its savings and transmission deposits rose 61%. CIB's deposits increased 3%, due to 6% growth in fixed deposits and 49% higher foreign currency deposits. The Group's loans-to-deposits ratio improved to 87,4% from 86,2%.

Net asset value

The Group's NAV declined 2% to R78,4bn, predominantly due to the R6bn special dividend it paid in November 2013 and a relatively high payout ratio. NAV per share also decreased 2% to 9 261 cents. However, it grew 1,5% in the first half, with R6,2bn of profit exceeding R4,0bn in dividends and a R1,1bn fall in reserves.

Capital to risk-weighted assets

Group risk-weighted assets ("RWAs") increased 12% annualised this year to R595,1bn at 30 June 2014, driven by 15% higher credit risk RWAs. Group capital levels remained strong and above both Board targets and regulatory requirements. Barclays Africa Group Limited's CET1 and Tier 1 capital adequacy ratios were 11,8% and 12, 5% respectively (from 12,1% and 13,0% at 31 December 2013). The Group generated 114 basis points of CET1 internally during the first half. The total capital ratio was 14,6%, which is above our Board target of 12,5% to 14,0%. Declaring an interim DPS of 400 cents, a dividend cover of 1,8 times, was well considered based on the Group's strong capital position, internal capital generation, strategy and growth plans.

Statement of comprehensive income

Net interest income

Net interest income increased 10% to R17 197m from R15 695m, with average interest-bearing assets growing 7%. The net interest margin improved to 4,56% from 4,45%. Loan mix had a positive impact, given a lower proportion of mortgages and lower funding costs. Higher South African interest rates increased the endowment contribution on deposits and equity. The benefit from structural hedging declined 4 bps, with R671m released to statement of comprehensive income. The cash flow hedging reserve decreased to R0,2bn after tax from R0,6bn as at 31 December 2013. Liquidity interest risk management added 6 bps to the margin. Although Rest of Africa's margin remains well above South Africa's, declining rates, increased competition and regulatory changes meant it reduced the Group margin by 10 bps.

Profit and dividend announcement

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Impairment losses on loans and advances

Credit impairments improved 7% to R3 568m from R3 836m, resulting in a 1,18% credit loss ratio from 1,35%. Total NPL cover improved further to 43,05% from 41,79% as at 31 December 2013. Statement of financial position portfolio provisions increased 24% to R4,2bn, amounting to 0,70% of performing loans from 0,60% at 30 June 2013. Group NPLs declined 8% to R29,2bn or 4,6% of gross customer loans and advances from 5,3%.

RBB's credit impairments fell 8% to R3,5bn, a 1,55% credit loss ratio from 1,73%. Retail Banking South Africa's charge declined 7% to R2,8bn as significantly lower mortgage credit impairments outweighed an expected 62% increase in Card off a low base.

Home Loans' charge decreased 58% to R464m, a 0,45% credit loss ratio, given improved collections processes and the high quality new business of recent years. Mortgages NPLs fell 31% or by R5,4bn with the legal book improving further. NPL cover in Mortgages decreased to 26,95% from 27,79% as at 31 December 2013, due to lower loan-to-values in the legal book. Vehicle and Asset Finance's credit loss ratio declined to 1,11% from 1,20%, again reflecting improved collections and high quality origination. NPLs improved to 2,2% and the stock of repossessed vehicles is the lowest in several years. Vehicle and Asset Finance's NPL cover declined to 46,07%, due to accelerating write-offs of aged legal accounts, which reduced the book's average age materially.

Card's charge increased to R1 354m from R835m, a 7,64% credit loss ratio from 5,05%. The Card book is within expectation, given the operating environment and recent growth seasoning. Within this, the Edcon portfolio's ratio rose to 15,01% from 11,86% in 2013, in part due to a natural maturation of the portfolio. Personal Loans' credit loss ratio declined to 6,93% from 7,17% reflecting improvements in its book mix and collections. Improving quality in this portfolio is a key focus.

Business Banking South Africa's credit impairments fell 20% to R303m, a 1,00% credit loss ratio, as new defaults declined and improved recoveries. RBB Rest of Africa's credit impairments fell 13% in constant currency, improving its credit loss ratio to 2,01% from 2,40%. CIB's credit loss ratio remained low at 0,09%, most of which were portfolio provisions.

Non-interest income

Non-interest income increased 5% to R13 487m from R12 878m to account for 44% of total income. Growth of 14% in the rest of Africa to R2,1bn, in part due to rand depreciation, exceeded South Africa's 3% rise to R11,4bn.

Net fee and commission income grew 4% to R9,3bn, as credit-related fees and commissions increased 3% to R7,6bn. Electronic banking fees were flat at R2,0bn, while card fees increased 14% to R667m, merchant income grew 7% to R1,1bn and Trust and other fiduciary services rose 8% to R709m.

RBB's non-interest income grew 4% to R8,3bn, 61% of the total. Retail Banking South Africa rose 3% to R5,7bn and Business Banking South Africa grew 1%, while RBB Rest of Africa increased 14%. Retail Banking South Africa achieved strong growth in card fees and acquiring volumes that offset lower customer numbers and transactions shifting to electronic channels and Value Bundles. Transactions migrating to digital channels and lower customer numbers, together with declining cheque payment volumes industry-wide, also dampened Business Banking South Africa's non-interest income growth. With electronic banking fees and cash fees growing 6% and 4% respectively, its non-interest income increased 1% to R1,5bn. RBB Rest of Africa's non-interest income rose 14% to R1,1bn, assisted by rand depreciation and higher card volumes that offset pressure on fees.

WIMI's non-interest income increased 5% to R2,3bn. Growth in net premium income in Life and Short-term insurance, particularly in the rest of Africa, was partially offset by weather-related claims and higher surrenders and mortality claims in Life.

CIB's non-interest income increased 11% to R3,3bn, with 10% growth in South Africa and 15% in the rest of Africa. Net fees and commissions grew 4% with flat electronic banking transaction volumes in Corporate. Investment Bank non-interest income grew 14% to R2,4bn, with 39% growth in Investment Banking fees and 17% growth in Markets net revenue.

Profit and dividend announcement

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Operating expenses

Operating expenses grew 9% to R17 297m from R15 872m, increasing the Group's cost-to-income ratio to 56,4% from 55,5%. Rand depreciation accounted for 2% or R0,3bn of the growth. Staff costs rose 11% to R9,1bn to account for 53% of total expenses. Salaries grew 12% due to more senior hires, awarding entry level employees higher wage increases and large inflationary increases in the rest of Africa. Incentives rose 18%, largely due to 34% higher share-based payments following a 22% first half increase in the Group's share price. Other staff costs declined 21%, given Rest of Africa restructuring costs in the first half of 2013.

Non-staff costs increased 7% to R8,2bn. Property-related costs increased 7% to R2,8bn, although these declined slightly excluding a R190m property dilapidation provision. While marketing costs grew 10% to R589m, actual marketing spend increased materially across Africa as certain sponsorships were exited. Information technology ("IT") costs rose 7% to R1,2bn, as efficiency gains offset the impact of rand depreciation. Investment in systems and processes increased amortisation 11% to R243m, while depreciation declined 8% to R0,8bn due to efficiencies and realigning computer equipment's useful lives. These figures exclude certain IT investments in the Barclays Africa Limited countries that Barclays PLC is funding in terms of the purchase agreement. Professional fees increased 2% to R689m and communication costs rose 5% to R539m. Other costs increased 35% to R1,0bn, due to higher fraud and losses charges and outsourcing costs.

In South Africa, RBB and CIB's operating expenses increased 7% and 10% respectively to R10,0bn and R2,4bn respectively, while WIMI grew 10% to R1,4bn. Retail Banking SA's costs rose 9%, as it invested in marketing and its multi-channel programme. Business Banking South Africa increased expenses 2%, with continued cost containment and lower property write-downs in the equity portfolio offsetting growth in staff costs. RBB Rest of Africa grew 10%, predominantly due to rand depreciation. WIMI's expense growth reflects investment into sales capacity, amortisation on new operating systems and expansion into the rest of Africa. CIB kept business as usual costs below inflation, while investing heavily in systems and people.

Taxation

The Group's taxation expense increased 11% to R2 714m, slightly more than the growth in pre-tax profit, which resulted in a 29,2% effective tax rate (excluding indirect taxation) from 28,9%. Indirect taxation rose 19% to R558m, largely due to higher value-added tax.

Profit and dividend announcement

Segment performance

Retail Banking South Africa

Headline earnings increased 9% to R2 555m due largely to a 7% reduction in credit impairments, as pre-provision profits grew 1%. Home Loans earnings grew significantly to R799m, driven by 58% lower credit costs and 16% lower expenses. Vehicle and Asset Finance earnings rose 2% to R547m on 11% loan growth and an improved credit loss ratio. Despite 10% revenue growth exceeding 5% cost growth, Card's earnings fell 20% to R720m as impairments increased 62% to R1,4bn and the Edcon portfolio made a R97m loss. Despite modest revenue growth, Personal Loans earnings rose 8% as credit impairments declined 2%. Transactional and Deposits earnings declined 2% reflecting 1% lower non-interest revenue. Excluding Sekulula account closures, customer numbers started to stabilise, with 8% growth in the affluent segment and the middle market flat during the first half. Headline earnings in the "Other" segment dropped 35% to a R960m loss, primarily attributable to increased investment on marketing and the multi-channel programme. Retail Banking South Africa accounted for almost 40% of Group headline earnings excluding head office, eliminations and other central items.

Business Banking South Africa

Business Banking South Africa headline earnings increased 19% to R824m, largely due to 75% lower losses in its equities portfolio. Costs grew 2%, slightly below 4% revenue growth, while credit impairments fell 20% despite higher portfolio provisions. Customer numbers stabilised during the first half, with growth in the more profitable a commercial segment. Business Banking South Africa generated 13% of Group headline earnings.

Retail and Business Banking Rest of Africa

RBB Rest of Africa headline earnings declined 1% to R468m, predominantly due to a higher effective tax rate, as profit before tax grew 16% (13% in constant currency). Rand depreciation impacted revenue and costs, which both increased 10%. Regulatory changes, including removing early settlement fees and a restriction on certain fee increases, and lower interest rates dampened revenue growth. Credit impairments declined 13% in constant currency, with an overall improvement in the quality of the loan book and improved collections. It constituted 8% of Group earnings.

Corporate and Investment Bank

Headline earnings grew 24% to R1 903m, driven by 16% revenue growth that was well above the 8% cost growth. Investment Bank earnings grew 30% to R1,1bn, reflecting 20% revenue growth including 44% higher net interest income. Markets net revenue increased 17% to R2,3bn, with Fixed income and Credit rising 31% and Rest of Africa 25% to offset 2% lower Foreign Exchange and Commodities revenue. Private Equity and Infrastructure Investments net revenue fell 48% to R30m after the portfolio was materially reduced in the second half of 2013. Corporate earnings grew 17% to R803m, largely due to 15% net interest income growth and containing cost growth to 7%. CIB Rest of Africa earnings grew 58% to R580m, while South Africa increased 13% to R1,3bn. CIB accounted for almost 31% of Group earnings and produced a 20,1% RoRC from 18,8%.

Wealth, Investment Management and Insurance

Headline earnings were flat at R688m, accounting for 11% of Group earnings. Life Insurance earnings rose 1% to R369m, impacted by a non-recurring investment profit of R52m included in the comparative period. Net premium income increased 9%, with 75% growth in the rest of Africa, while operating costs rose 11%. The embedded value of new business grew 29% for the Pan African life operations. Wealth and Investments' earnings increased 11% to R258m, despite net assets under management declining 6% to R219bn. The decline can be attributed to a fund that was closed and exiting the administration only multi-manager offering in the second half of 2013. Short-term Insurance earnings increased 11% to R91m, with an increase of 7% in net insurance premium. Despite the increase in earnings the underwriting margins remain low for South Africa. In Fiduciary Services, Absa Trust continued to generate high returns and Employee Benefits continued its turnaround. Distribution made a R49m loss due to investments in its sales capacity and lower sales volumes. WIMI's Rest of Africa net operating income grew 27%, while South Africa's declined by 3%. WIMI's RoE declined to 23,4% from 24,2%.

Profit and dividend announcement

Prospects

Following a weak start to 2014, global growth is expected to gain traction in the second half. Better global growth is likely to be accompanied by higher inflation in some advanced economies and this may place more focus on policy normalisation in the US. We expect 4% global GDP growth in the second half compared to 2,5% in the first. Domestically, the growth outlook has deteriorated markedly since the start of the year and we expect growth to decelerate to 1,5% in 2014 from 1,9% in 2013. We expect stronger growth in the Barclays Africa Group markets beyond South Africa, despite fiscal and external account challenges in some of the larger economies. However, we believe Rest of Africa growth could reach 6,3% again in 2014, supported by infrastructure investment and improving global growth prospects.

Against this backdrop, we expect mid-single digit loan growth in South Africa this year, although less than we initially expected. Our net interest margin should widen, given rising interest rates in South Africa, while our credit loss ratio is also likely to improve slightly. Continued investment spend will make it difficult to reduce our cost to income ratio this year. We remain committed to achieving our 18% – 20% RoE target next year.

Basis of presentation

The Group's interim financial results have been prepared in accordance with the recognition and measurement requirements of IFRS, interpretations issued by the IFRS Interpretations Committee ("IFRS-IC"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act. The principal accounting policies applied are set out in the Group's most recent annual consolidated financial statements.

The information disclosed in the interim financial results booklet is derived from the information contained in the Group's unaudited condensed consolidated interim financial statements and does not contain full or complete disclosure details. Any investment decisions by shareholders should be based on consideration of the Group's unaudited condensed consolidated interim financial statements as published on the JSE's Stock Exchange News Services ("SENS") on Wednesday, 30 July 2014 and published on the Group's website at www.barclaysafrica.com. The Group's unaudited condensed consolidated interim financial statements comply with IAS 34 – Interim Financial Reporting ("IAS 34").

The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. The accounting policies that are deemed critical to the Group's results and financial position, in terms of the materiality of the items to which the policies are applied, and which involve a high degree of judgement including the use of assumptions and estimation are: impairment of loans and advances, valuation of financial instruments, impairment of available-for-sale financial assets, deferred tax assets, post-retirement benefits, provisions as well as liabilities arising from claims made under short-term insurance contracts and life insurance contracts.

Accounting policies

The accounting policies applied in preparing the unaudited condensed consolidated interim financial statements are the same as those in place for the reporting period ended 31 December 2013 except for:

- business portfolio changes between operating segments;
- internal accounting policy changes; and
- accounting policy changes due to amended IFRS.

Refer to pages 141 to 157 for more details on the reporting changes.

Profit and dividend announcement

Events after the reporting period

The directors are not aware of any events occurring between the reporting date of 30 June 2014 and the date of authorisation of these unaudited condensed consolidated interim financial results as defined in IAS 10 – Events after the Reporting Period (“IAS 10”).

On behalf of the Board

WE Lucas-Bull

Group Chairman

Johannesburg

30 July 2014

M Ramos

Chief Executive Officer

Profit and dividend announcement

Declaration of interim ordinary dividend number 56

Shareholders are advised that an interim ordinary dividend of 400 cents per ordinary share was declared today, 30 July 2014, for the period ended 30 June 2014. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 12 September 2014. The directors of Barclays Africa Group Limited confirm that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

The dividend will be subject to local dividends withholding tax at a rate of 15%. In accordance with paragraphs 11.17(a)(i) to (x) 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 fifteen percent (15%).
- The gross local dividend amount is 400 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 340 cents per ordinary share for shareholders liable to pay for the dividend tax.
- Barclays Africa Group Limited currently has 847 750 679 ordinary shares in issue (includes 880 000 treasury shares).
- Barclays Africa Group Limited's income tax reference number is 9150116714.

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

Last day to trade cum dividend	5 September 2014
Shares commence trading ex dividend	8 September 2014
Record date	12 September 2014
Payment date	15 September 2014

Share certificates may not be dematerialised or rematerialised between Monday, 8 September 2014 and Friday, 12 September 2014, both dates inclusive. On 15 September 2014 the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility.

In respect of those who do not, cheques dated 15 September 2014 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will be credited on 15 September 2014.

On behalf of the Board

N R Drutman

Group Company Secretary

Johannesburg

30 July 2014

Barclays Africa Group Limited is a company domiciled in South Africa. Its registered office is 7th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001.

Condensed consolidated statement of comprehensive income

for the reporting period ended

		30 June		31 December	
	Note	2014 Rm	2013 ¹ Rm	Change %	2013 ¹ Rm
Net interest income	2	17 197	15 695	10	32 351
Interest and similar income		31 850	29 351	9	60 232
Interest expense and similar charges		(14 653)	(13 656)	(7)	(27 881)
Non-interest income	3	13 487	12 878	5	27 055
Net fee and commission income		9 259	8 919	4	18 554
Fee and commission income	3.1	10 683	10 280	4	21 348
Fee and commission expense	3.1	(1 424)	(1 361)	(5)	(2 794)
Net insurance premium income	3.2	2 991	2 760	8	5 686
Net claims and benefits paid on insurance contracts	3.3	(1 506)	(1 356)	(11)	(2 819)
Changes in investment and insurance contract liabilities	3.4	(765)	(1 194)	36	(2 457)
Gains and losses from banking and trading activities	3.5	2 385	1 991	20	4 361
Gains and losses from investment activities	3.6	926	1 358	(32)	2 831
Other operating income	3.7	197	400	(51)	899
Total income		30 684	28 573	7	59 406
Impairment losses on loans and advances	4	(3 568)	(3 836)	7	(6 987)
Operating income before operating expenditure		27 116	24 737	10	52 419
Operating expenses	5	(17 297)	(15 872)	(9)	(33 420)
Other expenses		(583)	(480)	(21)	(1 033)
Other impairments		(25)	(13)	(92)	(33)
Indirect taxation	6	(558)	(467)	(19)	(1 000)
Share of post-tax results of associates and joint ventures		71	79	(10)	130
Operating income before income tax		9 307	8 464	10	18 096
Taxation expense		(2 714)	(2 450)	(11)	(5 222)
Profit for the reporting period		6 593	6 014	10	12 874
Profit attributable to:					
Ordinary equity holders		6 166	5 593	10	11 981
Non-controlling interest – ordinary shares		280	275	2	599
Non-controlling interest – preference shares		147	146	1	294
		6 593	6 014	10	12 874
Earnings per share²					
Basic earnings per ordinary share (cents)	1	727,6	660,3	10	1 414,0
Diluted basic earnings per ordinary share (cents)	1	727,3	659,1	10	1 412,9

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

Condensed consolidated statement of comprehensive income

for the reporting period ended

	30 June		31 December	
	2014 Rm	2013 ¹ Rm	Change %	
			2013 ¹ Rm	
Profit for the reporting period	6 593	6 014	10	12 874
Other comprehensive income				
Other comprehensive income that will never be reclassified to profit or loss	40	(95)	>100	(324)
Movement in retirement benefit fund assets and liabilities	40	(95)	>100	(324)
Increase/(decrease) in retirement benefit surplus	20	(152)	>100	(92)
Decrease/(increase) in retirement benefit deficit	21	75	(72)	(229)
Deferred tax	(1)	(18)	94	(3)
Other comprehensive income that is or may be reclassified to profit or loss	(1 190)	780	>(100)	1 271
Foreign exchange differences on translation of foreign operations	(726)	2 287	>(100)	2 986
Movement in cash flow hedging reserve	(253)	(1 707)	85	(1 822)
Fair value gains/(losses) arising during the reporting period	320	(1 467)	>100	(903)
Amount transferred from other comprehensive income to profit or loss	(671)	(906)	26	(1 629)
Deferred tax	98	666	(85)	710
Movement in available-for-sale reserve	(211)	200	>(100)	107
Fair value (losses)/gains arising during the reporting period	(333)	220	>(100)	131
Amortisation of government bonds – release to profit or loss	3	4	(25)	10
Deferred tax	119	(24)	>100	(34)
Other comprehensive (losses)/income, net of tax	(1 150)	685	>(100)	947
Total comprehensive income for the reporting period	5 443	6 699	(19)	13 821
Total comprehensive income attributable to:				
Ordinary equity holders	5 062	5 936	(15)	12 610
Non-controlling interest – ordinary shares	234	617	(62)	917
Non-controlling interest – preference shares	147	146	1	294
	5 443	6 699	(19)	13 821

Note

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

Condensed consolidated statement of financial position

as at

		30 June		31 December	
	Note	2014 Rm	2013 ¹ Rm	Change %	2013 ¹ Rm
Assets					
Cash, cash balances and balances with central banks		44 589	46 020	(3)	50 130
Statutory liquid asset portfolio		63 589	66 902	(5)	62 055
Loans and advances to banks		87 254	88 340	(1)	80 622
Trading portfolio assets		86 577	85 398	1	88 761
Hedging portfolio assets		2 512	3 581	(30)	3 357
Other assets		19 462	25 285	(23)	15 829
Current tax assets		532	870	(39)	529
Non-current assets held for sale		1 290	4 314	(70)	4 814
Loans and advances to customers	7	614 642	583 632	5	605 337
Reinsurance assets		736	769	(4)	870
Investment securities		39 913	33 227	20	33 083
Investments in associates and joint ventures		775	642	21	694
Investment properties		778	1 125	(31)	1 089
Property and equipment		10 689	10 033	7	10 679
Goodwill and intangible assets		3 168	3 101	2	3 141
Deferred tax assets		1 297	656	98	987
Total assets		977 803	953 895	3	961 977
Liabilities					
Deposits from banks		64 768	53 319	21	70 791
Trading portfolio liabilities		46 155	59 468	(22)	52 128
Hedging portfolio liabilities		2 512	2 505	0	2 391
Other liabilities		28 886	29 626	(2)	19 775
Provisions		1 951	1 731	13	2 460
Current tax liabilities		167	661	(75)	173
Non-current liabilities held for sale		504	1 495	(66)	1 651
Deposits due to customers	8	597 555	570 692	5	588 011
Debt securities in issue	9	105 509	106 269	(1)	97 829
Liabilities under investment contracts		24 700	19 261	28	19 773
Policyholder liabilities under insurance contracts		2 574	3 506	(27)	3 958
Borrowed funds	10	14 889	16 503	(10)	16 525
Deferred tax liabilities		1 351	1 169	16	1 311
Total liabilities		891 521	866 205	3	876 776
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital	10	1 694	1 694	—	1 695
Share premium	10	4 509	4 871	(7)	4 474
Retained earnings		66 814	67 699	(1)	64 701
Other reserves		5 412	5 730	(6)	6 447
		78 429	79 994	(2)	77 317
Non-controlling interest – ordinary shares		3 209	3 052	5	3 240
Non-controlling interest – preference shares		4 644	4 644	—	4 644
Total equity		86 282	87 690	(2)	85 201
Total liabilities and equity		977 803	953 895	3	961 977

Note

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

Condensed consolidated statement of changes in equity

for the reporting period ended

Balance at the beginning of the reporting period

Total comprehensive income for the reporting period

Profit for the reporting period

Other comprehensive income

Dividends paid during the reporting period

Purchase of Group shares in respect of equity-settled share-based payment schemes

Elimination of the movement in treasury shares held by Group entities

Movement in share-based payment reserve

Transfer from share-based payment reserve

Value of employee services

Movement in foreign insurance subsidiary regulatory reserve

Movement in general credit risk reserve

Share of post-tax results of associates and joint ventures

Disposal of subsidiary⁴

Balance at the end of the reporting period

Balance at the beginning of the reporting period as previously reported

Restatements

Restated balance at the beginning of the reporting period

Total comprehensive income for the reporting period

Profit for the reporting period

Other comprehensive income

Dividends paid during the reporting period

Accounting adjustments related to business combinations under common control²

Purchase of Group shares in respect of equity-settled share-based payment schemes

Elimination of the movement in treasury shares held by Group entities

Movement in share-based payment reserve

Transfer from share-based payment reserve

Value of employee services

Movement in foreign insurance subsidiary regulatory reserve

Movement in general credit risk reserve

Share of post-tax results of associates and joint ventures

Acquisition of non-controlling interest and related transactions costs³

Restated balance at the end of the reporting period

Notes

All movements are reflected net of taxation.

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²The excess of the purchase price over Barclays Africa Group Limited's share of the net assets of Barclays Africa Limited, acquired on 31 July 2013, has been accounted for as a deduction against share premium. The purchase price was applied retrospectively, resulting in the deemed excess of the purchase price over the historical carrying values of the underlying net assets of Barclays Africa Limited being similarly included within share premium. This application has resulted in a net movement recognised in share premium for each retrospective reporting period to date of acquisition. Refer to pages 160 to 161 for further information.

³The Group increased its percentage shareholding in National Bank of Commerce Limited (Tanzania) ("NBC") from 55% to 66%. This increased shareholding was driven by a rights issue by NBC. The Group exercised its rights, together with a portion of the rights relating to non-controlling shareholders. The shareholders that did not take up their portion of the rights issue were granted a one-year option to acquire these shares from Barclays Africa Group Limited.

⁴The Group's 85% shareholding in Abseq Properties (Pty) Ltd was sold as part of a sales transaction with Growthpoint Properties Limited. The transaction was effective on 2 January 2014, therefore the subsidiary has been derecognised from the statement of financial position.

Condensed consolidated statement of changes in equity

for the reporting period ended

30 June

2014

Share capital Rm	Share premium Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other reserves Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
1 695	4 474	64 701	3 697	2 750	77 317	3 240	4 644	85 201
—	—	6 198	(665)	(471)	5 062	234	147	5 443
—	—	6 166	—	—	6 166	280	147	6 593
—	—	32	(665)	(471)	(1 104)	(46)	—	(1 150)
—	—	(3 981)	—	—	(3 981)	(217)	(147)	(4 345)
—	(40)	—	—	—	(40)	—	—	(40)
(1)	54	—	—	—	53	—	—	53
0	21	—	—	(3)	18	—	—	18
0	21	—	—	(21)	—	—	—	—
—	—	—	—	18	18	—	—	18
—	—	(4)	—	4	—	—	—	—
—	—	(29)	—	29	—	—	—	—
—	—	(71)	—	71	—	—	—	—
—	—	—	—	—	—	(48)	—	(48)
1 694	4 509	66 814	3 032	2 380	78 429	3 209	4 644	86 282

30 June

2013¹

Share capital Rm	Share premium Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other reserves Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
1 435	4 604	56 889	(71)	4 012	66 869	1 267	4 644	72 780
259	732	8 009	1 100	127	10 227	1 438	—	11 665
1 694	5 336	64 898	1 029	4 139	77 096	2 705	4 644	84 445
—	—	5 498	1 945	(1 507)	5 936	617	146	6 699
—	—	5 593	—	—	5 593	275	146	6 014
—	—	(95)	1 945	(1 507)	343	342	—	685
—	—	(2 645)	—	—	(2 645)	(234)	(146)	(3 025)
—	(328)	—	—	—	(328)	—	—	(328)
—	(71)	—	—	—	(71)	—	—	(71)
(0)	(99)	—	—	—	(99)	—	—	(99)
0	34	—	—	(28)	6	—	—	6
0	34	—	—	(34)	—	—	—	—
—	—	—	—	6	6	—	—	6
—	—	(2)	—	2	—	—	—	—
—	—	(71)	—	71	—	—	—	—
—	—	(79)	—	79	—	—	—	—
—	(1)	100	—	—	99	(36)	—	63
1 694	4 871	67 699	2 974	2 756	79 994	3 052	4 644	87 690

Condensed consolidated statement of changes in equity

for the reporting period ended

Balance at the beginning of the reporting period

Total comprehensive income for the reporting period

Profit for the reporting period

Other comprehensive income

Dividends paid during the reporting period

Accounting adjustments related to business combinations under common control¹

Purchase of Group shares in respect of equity-settled share-based payment schemes

Elimination of the movement in treasury shares held by Group entities

Movement in share-based payment reserve

Transfer from share-based payment reserve

Value of employee services

Movement in foreign insurance subsidiary regulatory reserve

Movement in general credit risk reserve

Share of post-tax results of associates and joint ventures

Acquisition of non-controlling interest and related transaction costs²

Transaction costs related to shares issued on the acquisition of Barclays Africa Limited

Balance at the end of the reporting period

Notes

All movements are reflected net of taxation.

¹The excess of the purchase price over Barclays Africa Group Limited's share of the net assets of Barclays Africa Limited, acquired on 31 July 2013, has been accounted for as a deduction against share premium. The purchase price was applied retrospectively, resulting in the deemed excess of the purchase price over the historical carrying values of the underlying net assets of Barclays Africa Limited being similarly included within share premium. This application has resulted in a net movement recognised in share premium for each retrospective reporting period to date of acquisition. Refer to pages 160 to 161 for further information.

²The Group increased its percentage shareholding in National Bank of Commerce Limited (Tanzania) ("NBC") from 55% to 66%. This increased shareholding was driven by a rights issue by NBC. The Group exercised its rights, together with a portion of the rights relating to non-controlling shareholders. The shareholders that did not take up their portion of the rights issue were granted a one-year option to acquire these shares from Barclays Africa Group Limited.

Condensed consolidated statement of changes in equity

for the reporting period ended

31 December									
2013									
Share capital Rm	Share premium Rm	Retained earnings Rm	Foreign currency translation reserve Rm	Other reserves Rm	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm	
1 694	5 336	64 898	1 029	4 139	77 096	2 705	4 644	84 445	
—	—	11 657	2 668	(1 715)	12 610	917	294	13 821	
—	—	11 981	—	—	11 981	599	294	12 874	
—	—	(324)	2 668	(1 715)	629	318	—	947	
—	—	(11 602)	—	—	(11 602)	(346)	(294)	(12 242)	
—	(443)	—	—	—	(443)	—	—	(443)	
—	(76)	—	—	—	(76)	—	—	(76)	
1	(280)	—	—	—	(279)	—	—	(279)	
0	38	—	—	(27)	11	—	—	11	
0	38	—	—	(38)	—	—	—	—	
—	—	—	—	11	11	—	—	11	
—	—	(3)	—	3	—	—	—	—	
—	—	(220)	—	220	—	—	—	—	
—	—	(130)	—	130	—	—	—	—	
—	(2)	101	—	—	99	(36)	—	63	
—	(99)	—	—	—	(99)	—	—	(99)	
1 695	4 474	64 701	3 697	2 750	77 317	3 240	4 644	85 201	

Condensed consolidated statement of cash flows

for the reporting period ended

		30 June		31 December	
	Note	2014 Rm	2013 ¹ Rm	Change %	2013 ¹ Rm
Net cash generated from operating activities		6 753	5 248	29	18 035
Net cash utilised in investing activities		(5 390)	(2 379)	(100)	(1 841)
Net cash utilised in financing activities		(5 840)	(5 112)	(14)	(14 616)
Net (decrease)/increase in cash and cash equivalents		(4 477)	(2 243)	(100)	1 578
Cash and cash equivalents at the beginning of the reporting period	1	15 854	13 985	13	13 985
Effect of exchange rate movements on cash and cash equivalents		(166)	(342)	51	291
Cash and cash equivalents at the end of the reporting period	2	11 211	11 400	(2)	15 854
Notes to the condensed consolidated statement of cash flows					
1. Cash and cash equivalents at the beginning of the reporting period					
Cash, cash balances and balances with central banks ²		12 653	11 085	14	11 085
Loans and advances to banks ³		3 201	2 900	10	2 900
		15 854	13 985	13	13 985
2. Cash and cash equivalents at the end of the reporting period					
Cash, cash balances and balances with central banks ²		8 497	8 292	2	12 653
Loans and advances to banks ³		2 714	3 108	(13)	3 201
		11 211	11 400	(2)	15 854

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

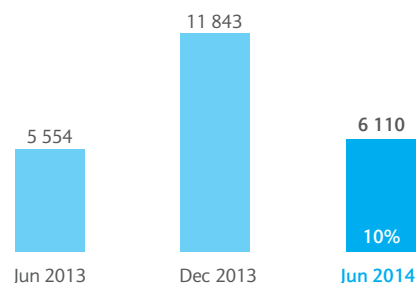
²Includes coins and bank notes, which are part of "Cash, cash balances and balances with central banks".

³Includes call advances, which are used as working capital by the Group and are a component of other advances reported within "Loans and advances to banks".

Performance indicators and condensed notes to the consolidated financial statements for the reporting period ended

1. Headline earnings and earnings per ordinary share

Headline earnings (Rm and change %)



Headline earnings	30 June 2014		2013		Net change %	31 December 2013	
	Gross Rm	Net ¹ Rm	Gross Rm	Net ¹ Rm		Gross Rm	Net ¹ Rm
Headline earnings is determined as follows:							
Profit attributable to ordinary equity holders		6 166		5 593	10		11 981
Total headline earnings adjustment:		(56)		(39)	44		(138)
IFRS 5 – Gains on disposal of non-current assets held for sale	(42)	(34)	—	—	(100)	(171)	(138)
IAS 16 (Profit)/loss on disposal of property and equipment	(16)	(13)	3	3	>(100)	5	4
IAS 36 – Impairment of property and equipment	16	12	—	—	100	—	—
IAS 27 – (Profit)/loss on disposal of subsidiary	(44)	(35)	—	—	(100)	8	8
IAS 36 – Impairment of investments in associates and joint ventures	—	—	6	6	(100)	2	2
IAS 36 and IAS 38 – Loss on disposal and impairment of intangible assets	—	—	—	—	—	1	—
IAS 39 – Release of available-for-sale reserves	3	2	3	2	—	10	7
IAS 39 – Disposal and impairment of available-for-sale assets	—	—	—	—	—	6	4
IAS 40 – Change in fair value of investment properties	12	12	(56)	(50)	>100	(29)	(25)
		6 110		5 554	10		11 843

Notable adjustments to headline earnings

- The gain on disposal of non-current assets held for sale during the current reporting period is attributable to the disposal of a non-core business line in CIB that occurred in 2013.
- The change in the fair value of investment properties and profit on disposal of subsidiary in the current reporting period relate to commercial property finance in RBB.
- The change in the fair value of investment properties in the previous reporting period was mainly driven by the stabilisation of the equity portfolio in RBB, subsequent to valuation write-downs in 2012.

Note

¹The net amount is reflected after taxation and non-controlling interest.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

1. Headline earnings and earnings per ordinary share (continued)

	30 June		31 December
Earnings and headline earnings per share ¹	2014	2013	Change value/% 2013
Basic earnings per ordinary share			
Basic earnings attributable to ordinary equity holders (Rm)	6 166	5 593	10
Weighted average number of ordinary shares in issue (millions)	847,5	847,0	0,5
Issued shares at the beginning of the reporting period (millions)	847,8	718,2	129,6
Shares issued during the reporting period (millions) ²	—	129,5	(129,5)
Treasury shares held by Group entities (millions)	(0,3)	(0,7)	0,4
Basic earnings per ordinary share (cents)	727,6	660,3	10
Diluted basic earnings per ordinary share			
Diluted basic earnings attributable to ordinary equity holders (Rm)	6 166	5 593	10
Diluted weighted average number of ordinary shares in issue (millions)	847,8	848,6	(0,8)
Weighted average number of ordinary shares in issue (millions)	847,5	847,0	0,5
Adjustments for share options at no value (millions)	0,3	1,6	(1,3)
Diluted basic earnings per ordinary share (cents)	727,3	659,1	10
Headline earnings per ordinary share			
Headline earnings attributable to ordinary equity holders (Rm)	6 110	5 554	10
Weighted average number of ordinary shares in issue (millions)	847,5	847,0	0,5
Headline earnings per ordinary share (cents)	720,9	655,7	10
Diluted headline earnings per ordinary share			
Diluted headline earnings attributable to ordinary equity holders (Rm)	6 110	5 554	10
Diluted weighted average number of ordinary shares in issue (millions)	847,8	848,6	(0,8)
Diluted headline earnings per ordinary share (cents)	720,7	654,5	10

Notes

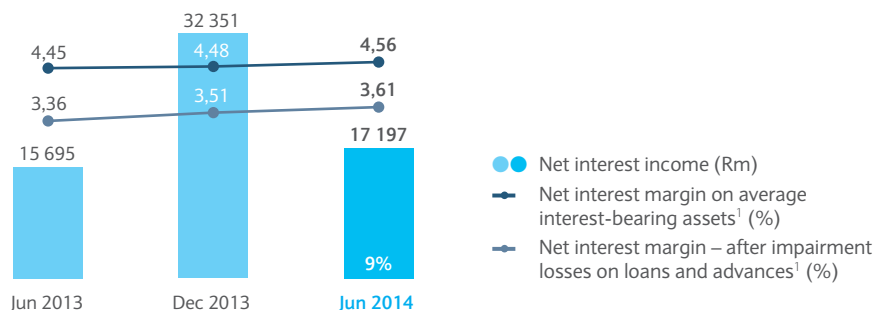
¹Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

²During the previous reporting period the Group acquired the entire issued share capital of Barclays Africa Limited and issued 129 540 636 consideration shares. Based on the principles of accounting for business combinations under common control, no weighting has been applied to the shares issued.

Performance indicators and condensed notes to the consolidated financial statements for the reporting period ended

2. Net interest income

Net interest income and net interest margin (Rm, % and change %)



Group average statement of financial position	30 June			2013			31 December		
	Average balance ¹ Rm	Average rate ² %	Interest income/ (expense) Rm	Average balance ¹ Rm	Average rate ² %	Interest income/ (expense) Rm	Average balance ¹ Rm	Average rate ² %	Interest income/ (expense) Rm
Assets									
Cash, cash balances and balances with central banks	14 073	2,25	157	14 178	1,42	100	14 110	1,74	245
Statutory liquid asset portfolio	60 533	7,61	2 284	60 758	7,30	2 199	62 083	7,01	4 352
Loans and advances to banks and customers	674 086	8,30	27 737	626 874	8,11	25 213	638 504	8,12	51 825
Investment securities	11 622	16,73	964	9 546	21,40	1 013	8 125	25,50	2 072
Other interest ³	—	—	708	—	—	826	—	—	1 738
Interest-bearing assets	760 314	8,45	31 850	711 356	8,32	29 351	722 822	8,33	60 232
Non-interest-bearing assets	210 895	—	—	206 037	—	—	195 180	—	—
Total assets	971 209	6,61	31 850	917 393	6,45	29 351	918 002	6,56	60 232
Liabilities									
Deposits from banks and due to customers	600 748	(3,77)	(11 234)	553 270	(3,65)	(10 026)	566 017	(3,91)	(22 158)
Debt securities in issue	106 055	(6,33)	(3 329)	110 585	(6,45)	(3 537)	107 503	(6,09)	(6 545)
Borrowed funds	13 489	(10,93)	(731)	15 847	(10,15)	(798)	15 528	(9,56)	(1 485)
Other interest ³	—	—	641	—	—	705	—	—	2 307
Interest-bearing liabilities	720 292	(4,10)	(14 653)	679 702	(4,05)	(13 656)	689 048	(4,05)	(27 881)
Non-interest-bearing liabilities	165 324	—	—	151 474	—	—	145 483	—	—
Total liabilities	885 616	(3,34)	(14 653)	831 176	(3,31)	(13 656)	834 531	(3,34)	(27 881)
Total equity	85 593			86 217			83 471		
Total liabilities and equity	971 209	(3,04)	(14 653)	917 393	(3,00)	(13 656)	918 002	(3,04)	(27 881)
Net interest margin on average interest-bearing assets		4,56			4,45			4,48	

Notes

¹Calculated based on daily and monthly weighted average balances.

²The average rate has been annualised.

³The interest income and expense includes fair value adjustments on hedging instruments and hedged items.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

2. Net interest income *(continued)*

	30 June 2014 bps	2013 bps	31 December 2013 bps
Change in net interest margin			
Loans and advances to customers (i)	0	20	24
Change in customer rates (pricing)	(1)	3	7
Change in composition (mix)	1	17	17
Deposits due to customers (ii)	17	(6)	(4)
Change in customer rates (pricing)	9	(5)	(3)
Change in composition (mix)	6	1	—
Endowment (iii)	2	(2)	(1)
Equity endowment (iii)	2	(3)	(1)
Interest rate risk management (hedging strategy) (iii)	2	(6)	(6)
Hedging (iii)	(4)	(2)	(4)
Other	6	(4)	(2)
Rest of Africa (iv)	(10)	12	7
Other	—	(2)	—
	11	15	20

Performance

The Group's net interest margin expanded by 11 basis points ("bps") during the current reporting period. The increase in the net interest margin is mainly attributable to:

(i) *Loans and advances to customers*

- Continued focus on competitive pricing of major products over the last few years, coupled with increased funding costs has resulted in stable year-on-year overall margin. Individual product-related margin increases were experienced, most notably for mortgages, personal loans and wholesale overdrafts, offset by margin decreases for instalment credit agreements, card and other loans and advances.

(ii) *Deposits due to customers*

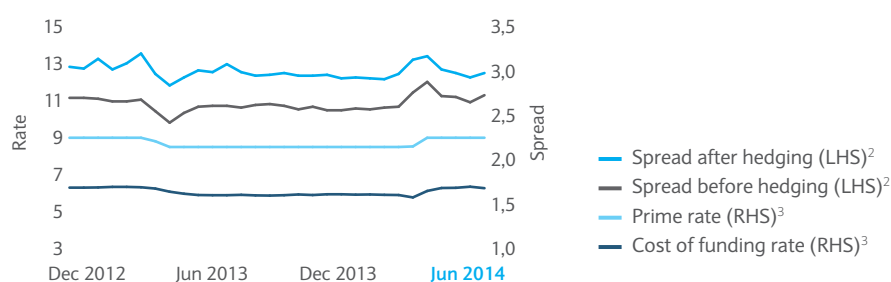
- The impact of the increase in the SARB Repurchase Rate coupled with the positive impact from an increase in retail deposits, reducing the reliance on more expensive wholesale deposits, resulted in an overall 17 bps increase in margin.

2. Net interest income *(continued)*

Performance *(continued)*

(iii) Hedging strategy

Hedging impact on net interest margin¹ (%)



- Absa Bank Limited employs a governed interest rate hedging strategy (“hedge programme”) through the interest rate cycle to reduce margin volatility associated with structural balances (i.e. rate insensitive liabilities as well as the endowment associated with equity).
- Qualification criterion for balances to be treated as structural are well-defined and tested. As at 30 June 2014 an aggregate of **14%** (30 June 2013: 14%) of Absa Bank Limited total capital and liabilities constituted structural balances.
- Cash flow hedge accounting is applied to account for the interest rate swaps executed as part of the hedging programme. The change in mark-to-market value is deferred to the cash flow hedging reserve (“other reserves”), from where it is released to the statement of comprehensive income on an accrual basis. The cash flow hedging reserve decreased to **R0,2bn** after tax (30 June 2013: R0,6bn) as a result of the increase in average swap rates compared to the previous reporting period.
- The benefit realised in the current reporting period of 21 bps was **4 bps** (30 June 2013: 2 bps) lower when compared to the benefit of 25 bps in the previous period, but still contributed positively to the overall margin. In the current reporting period, **R671m** (30 June 2013: R906m) was released to the statement of comprehensive income.

(iv) Rest of Africa

- Africa had a 10 bps negative impact on the margin mainly due to pricing changes (20 bps) partially offset by its increased weighting in the overall composition, with higher margins relative to the Group margin (10 bps). The negative impact from pricing changes was largely due to declining interest rate environments, an increase in market competition as well as regulatory changes which had a negative impact on margins.

Notes

¹Absa Bank Limited hedging strategy:

- The hedging programme provides greater margin stability from an interest rate risk perspective over the entire cycle.
- In a decreasing rate scenario, the hedging programme enhances the net interest margin while the opposite is true for an increasing rate scenario.
- Basis risk still remains between prime assets and the three-month Johannesburg Interbank Agreed Rate (“JIBAR”) repricing liabilities after hedging.

²Left-hand side of the “y” axis.

³Right-hand side of the “y” axis.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

3. Non-interest income

3.1 Net fee and commission income

	30 June		31 December
	2014 Rm	2013 Rm	Change %
			2013 Rm
Fee and commission income			
Asset management and other related fees	61	86	(29)
Consulting and administration fees	361	258	40
Credit-related fees and commissions	7 590	7 354	3
Cheque accounts	1 853	1 779	4
Credit cards ¹	667	585	14
Electronic banking	2 000	2 010	(0)
Savings accounts	1 096	1 160	(6)
Other ²	1 974	1 820	8
Insurance commission received	594	648	(8)
Investment banking fees	150	123	22
Merchant income	1 113	1 042	7
Trust and other fiduciary services	709	657	8
Portfolio and other management fees	578	531	9
Trust and estate income	131	126	4
Other	105	112	(6)
	10 683	10 280	4
Fee and commission expense			
Cheque processing fees	(67)	(75)	11
Insurance commission paid	(521)	(484)	(8)
Transaction-based legal fees	(60)	(67)	10
Trust and other fiduciary service fees	(28)	(36)	22
Valuation fees	(68)	(71)	4
Other	(680)	(628)	(8)
	(1 424)	(1 361)	(5)
Net fee and commission income	9 259	8 919	4
Segment split			
RBB	7 799	7 542	3
Retail Banking South Africa	5 383	5 189	4
Business Banking South Africa	1 423	1 384	3
RBB Rest of Africa	993	969	2
CIB	865	831	4
WIMI	652	625	4
Head Office and other operations	(57)	(79)	28
	9 259	8 919	4

Notes

¹Includes acquiring and issuing fees.

²Includes service and credit-related fees and commissions on mortgage loans and foreign exchange transactions.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

3. Non-interest income *(continued)*

3.2 Net insurance premium income

	30 June			31 December
	2014	2013	Change	2013
	Rm	Rm	%	Rm
Gross insurance premiums	4 037	3 737	8	7 813
Premiums ceded to reinsurers	(1 046)	(977)	(7)	(2 127)
	2 991	2 760	8	5 686
Segment split				
Retail Banking South Africa (Woolworths Financial Services (Pty) Ltd)	122	112	9	229
WIMI	2 869	2 648	8	5 457
	2 991	2 760	8	5 686

3.3 Net claims and benefits paid on insurance contracts

	30 June			31 December
	2014	2013	Change	2013
	Rm	Rm	%	Rm
Gross claims and benefits paid on insurance contracts	(2 019)	(2 346)	14	(4 733)
Reinsurance recoveries	513	990	(48)	1 914
	(1 506)	(1 356)	(11)	(2 819)
Segment split				
Retail Banking South Africa (Woolworths Financial Services (Pty) Ltd)	(12)	(9)	(33)	(19)
WIMI	(1 501)	(1 357)	(11)	(2 816)
Head Office and other operations	7	10	(30)	16
	(1 506)	(1 356)	(11)	(2 819)

3.4 Changes in investment and insurance contract liabilities

	30 June			31 December
	2014	2013	Change	2013
	Rm	Rm	%	Rm
Change in investment contract liabilities	(559)	(1 172)	52	(2 274)
Change in insurance contract liabilities	(206)	(22)	>(100)	(183)
	(765)	(1 194)	36	(2 457)
Segment split				
WIMI	(767)	(1 194)	36	(2 457)
Head Office and other operations	2	—	100	—
	(765)	(1 194)	36	(2 457)

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

3. Non-interest income *(continued)*

3.5 Gains and losses from banking and trading activities

	30 June		31 December
	2014	2013	Change
	Rm	Rm	%
Net (losses)/gains on investments	(6)	(30)	80
Debt instruments designated at fair value through profit or loss	3	75	(96)
Equity instruments designated at fair value through profit or loss	(6)	(94)	94
Available-for-sale unwind from reserves	(3)	(11)	73
Net trading result	2 334	1 903	23
Net trading income excluding the impact of hedge accounting	2 532	1 982	28
Ineffective portion of hedges	(198)	(79)	>(100)
Cash flow hedges	(175)	(83)	>(100)
Fair value hedges	(23)	4	>(100)
Other gains	57	118	(52)
	2 385	1 991	20
Segment split			
RBB	226	36	>100
Retail Banking South Africa	124	33	>100
Business Banking South Africa	(32)	(104)	69
RBB Rest of Africa	134	107	25
CIB	2 351	2 001	17
WIMI	3	—	100
Head Office and other operations	(195)	(46)	>(100)
	2 385	1 991	20

3.6 Gains and losses from investment activities

	30 June		31 December
	2014	2013	Change
	Rm	Rm	%
Available-for-sale unwind from reserves	—	1	(100)
Net gains on investments from insurance activities	909	1 345	(32)
Policyholder – insurance contracts	230	95	>100
Policyholder – investment contracts	535	1 129	(53)
Shareholder funds	144	121	19
Other gains	17	12	42
	926	1 358	(32)
Segment split			
RBB			
RBB Rest of Africa	—	(94)	100
CIB	—	94	(100)
WIMI	1 008	1 428	(29)
Head Office and other operations	(82)	(70)	(17)
	926	1 358	(32)

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

3. Non-interest income (continued)

3.7 Other operating income

	30 June		31 December	
	2014 Rm	2013 Rm	Change %	
			2013 Rm	
Property-related income	170	248	(31)	468
Income from investment properties	14	72	(81)	62
Change in fair value	—	61	(100)	62
Rentals	14	11	27	—
Profit/(loss) on disposal of property and equipment	16	(1)	>100	(5)
Profit on disposal of developed properties	15	4	>100	49
Profit on disposal of repossessed properties	29	19	(53)	15
Rental income	96	154	(38)	347
Other operating income	27	152	(82)	431
Foreign exchange differences	(11)	22	>(100)	40
Income from maintenance contracts	10	6	67	16
Loss on disposal of intangible assets	—	—	—	(1)
Sundry income ¹	28	124	(77)	376
	197	400	(51)	899
Segment split				
Property-related income	170	248	(31)	468
RBB	160	202	(21)	433
Retail Banking South Africa	45	29	55	54
Business Banking South Africa	111	185	(40)	365
RBB Rest of Africa	4	(12)	>100	14
CIB	2	10	(80)	(2)
WIMI	8	10	(20)	25
Head Office and other operations	—	26	(100)	12
Other operating income	27	152	(82)	431
RBB	(25)	146	>(100)	203
Retail Banking South Africa	(5)	114	>(100)	145
Business Banking South Africa	(20)	8	>(100)	9
RBB Rest of Africa	—	24	(100)	49
CIB	66	18	>100	253
WIMI	26	24	8	43
Head Office and other operations	(40)	(36)	(11)	(68)
	197	400	(51)	899

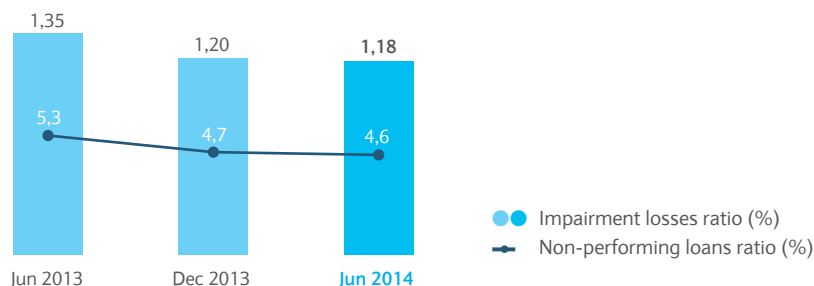
Note

¹Includes profit on disposal as well as service fees levied on sundry non-core business activities.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Impairment losses on loans and advances

Impairment losses and non-performing loans ratios (%)



Charge to the statement of comprehensive income by segment	30 June	2013	Change	31 December
	2014			2013
	Rm	Rm	%	Rm
RBB				
Total charge	3 478	3 785	(8)	6 678
Impairment losses ratio (%)	1,55	1,73		1,50
Retail Banking South Africa				
Card	1 354	835	62	1 903
Consumer Bank	575	640	(10)	1 056
Home Loans	464	1 115	(58)	1 552
Other	8	32	(75)	94
Vehicle and Asset Finance	419	404	4	629
Total charge	2 820	3 026	(7)	5 234
Impairment losses ratio (%)	1,60	1,75		1,50
Business Banking South Africa				
Business Banking (excluding Equities)	303	380	(20)	824
Business Banking Equities	—	(1)	>100	(1)
Total charge	303	379	(20)	823
Impairment losses ratio (%)	1,00	1,23		1,34
RBB Rest of Africa				
Total charge	355	380	(7)	621
Impairment losses ratio (%)	2,01	2,40		1,86
CIB				
Total charge	67	6	>100	239
Impairment losses ratio (%)	0,09	0,01		0,19
WIMI				
Total charge	23	47	(51)	84
Impairment losses ratio (%)	0,42	0,82		0,73
Head Office and other operations				
Total charge	—	(2)	100	(14)
Total charge to the statement of comprehensive income	3 568	3 836	(7)	6 987
Comprising:				
Impairments raised	3 996	4 295	(7)	8 105
Identified impairments	3 567	4 178	(15)	7 754
Unidentified impairments	429	117	>100	351
Recoveries of loans and advances previously written-off ¹	(428)	(459)	(7)	(1 118)
Total charge to the statement of comprehensive income	3 568	3 836	(7)	6 987
Impairment losses ratio (%)	1,18	1,35		1,20

Note

¹Includes collection costs of R94m (30 June 2013: R118m; 31 December 2013: R120m).

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Impairment losses on loans and advances (continued)

30 June

Loans and advances to customers	2014						Net total exposure Rm
	Performing loans			Non-performing loans			
	Exposure Rm	Impair- ment Rm	Coverage ratio %	Exposure Rm	Impair- ment Rm	Coverage ratio %	
RBB	442 547	3 773	0,85	27 897	12 049	43,19	454 622
Retail Banking South Africa	348 400	2 762	0,79	20 001	8 500	42,50	357 139
Credit cards	34 494	783	2,27	4 643	3 344	72,02	35 010
Instalment credit agreements	66 479	331	0,50	1 474	679	46,07	66 943
Loans to associates and joint ventures	10 968	—	—	—	—	—	10 968
Mortgages	218 109	1 301	0,60	11 941	3 218	26,95	225 531
Other loans and advances	302	—	—	—	—	—	302
Overdrafts	2 214	26	1,17	112	71	63,39	2 229
Personal and term loans	15 834	321	2,03	1 831	1 188	64,88	16 156
Business Banking South Africa	58 519	488	0,83	4 650	1 695	36,45	60 986
Loans to associates and joint ventures	269	—	—	—	—	—	269
Mortgages (including commercial property finance)	28 835	183	0,63	2 514	993	39,50	30 173
Overdrafts	18 059	192	1,06	999	409	40,94	18 457
Term loans	11 356	113	1,00	1 137	293	25,77	12 087
RBB Rest of Africa	35 628	523	1,47	3 246	1 854	57,12	36 497
CIB	148 958	280	0,19	1 010	394	39,01	149 294
WIMI	10 511	42	0,40	318	138	43,40	10 649
Head Office and other operations	188	111	59,04	—	—	—	77
	602 204	4 206	0,70	29 225	12 581	43,05	614 642

30 June

Loans and advances to customers	2013						Net total exposure Rm
	Performing loans			Non-performing loans			
	Exposure Rm	Impair- ment Rm	Coverage ratio %	Exposure Rm	Impair- ment Rm	Coverage ratio %	
RBB	430 146	3 046	0,71	30 727	12 273	39,94	445 554
Retail Banking South Africa	337 742	1 932	0,57	23 441	9 056	38,63	350 195
Credit cards	32 467	414	1,28	2 280	1 588	69,65	32 745
Instalment credit agreements	60 751	444	0,73	2 012	1 073	53,33	61 246
Loans to associates and joint ventures	8 801	—	—	—	—	—	8 801
Mortgages	217 843	924	0,42	17 384	5 246	30,18	229 057
Other loans and advances	335	5	1,49	—	—	—	330
Overdrafts	1 971	27	1,37	102	74	72,55	1 972
Personal and term loans	15 574	118	0,76	1 663	1 075	64,64	16 044
Business Banking South Africa	58 552	341	0,58	5 045	1 750	34,69	61 506
Loans to associates and joint ventures	665	—	—	—	—	—	665
Mortgages (including commercial property finance)	29 424	156	0,53	2 893	1 064	36,78	31 097
Overdrafts	18 047	98	0,54	951	356	37,43	18 544
Term loans	10 416	87	0,84	1 201	330	27,48	11 200
RBB Rest of Africa	33 852	773	2,28	2 241	1 467	65,46	33 853
CIB	125 799	186	0,15	453	403	88,96	125 663
WIMI	12 040	50	0,42	464	188	40,52	12 266
Head Office and other operations	267	118	44,19	—	—	—	149
	568 252	3 400	0,60	31 644	12 864	40,65	583 632

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Impairment losses on loans and advances (continued)

31 December
2013

Loans and advances to customers	Performing loans			Non-performing loans			Net total exposure Rm
	Exposure Rm	Impair- ment Rm	Coverage ratio %	Exposure Rm	Impair- ment Rm	Coverage ratio %	
RBB	437 763	3 431	0,78	28 098	11 635	41,41	450 795
Retail Banking South Africa	344 474	2 730	0,79	19 680	7 688	39,07	353 736
Credit cards	33 900	699	2,06	3 034	2 165	71,36	34 070
Instalment credit agreements	64 130	290	0,45	1 462	731	50,00	64 571
Loans to associates and joint ventures	10 287	—	—	—	—	—	10 287
Mortgages	218 256	1 327	0,61	13 541	3 763	27,79	226 707
Other loans and advances	262	—	—	—	—	—	262
Overdrafts	2 006	31	1,55	96	56	58,33	2 015
Personal and term loans	15 633	383	2,45	1 547	973	62,90	15 824
Business Banking South Africa	58 126	374	0,64	4 865	1 909	39,24	60 708
Loans to associates and joint ventures	559	—	—	—	—	—	559
Mortgages (including commercial property finance)	29 906	125	0,42	2 844	1 235	43,42	31 390
Overdrafts	16 710	137	0,82	863	361	41,83	17 075
Term loans	10 951	112	1,02	1 158	313	27,03	11 684
RBB Rest of Africa	35 163	327	0,93	3 553	2 038	57,36	36 351
CIB	143 366	237	0,17	851	443	52,06	143 537
WIMI	10 739	33	0,31	339	160	47,20	10 885
Head Office and other operations	230	110	47,83	—	—	—	120
	592 098	3 811	0,64	29 288	12 238	41,79	605 337

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

4. Impairment losses on loans and advances (continued)

Reconciliation of allowance for impairment losses on loans and advances to customers	30 June						
	2014						
	Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIB Rm	WIMI Rm	Other Rm	Total Rm
Balance at the beginning of the reporting period	10 418	2 283	2 365	680	193	110	16 049
Net present value unwind on non-performing book	(265)	(78)	—	—	—	—	(343)
Exchange differences	—	—	(30)	—	—	—	(30)
Amounts written-off	(2 039)	(413)	(322)	(72)	(40)	1	(2 885)
Impairment raised – identified	2 810	372	331	37	17	—	3 567
Impairment raised – unidentified	338	19	33	29	10	—	429
Balance at the end of the reporting period	11 262	2 183	2 377	674	180	111	16 787

Reconciliation of allowance for impairment losses on loans and advances to customers	30 June						
	2013						
	Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIB Rm	WIMI Rm	Other Rm	Total Rm
Balance at the beginning of the reporting period	10 466	2 357	1 968	651	210	125	15 777
Net present value unwind on non-performing book	(376)	(73)	—	—	—	—	(449)
Exchange differences	—	—	137	—	—	—	137
Amounts written-off	(2 477)	(640)	(288)	(67)	(19)	(5)	(3 496)
Impairment raised – identified	3 303	458	397	8	14	(2)	4 178
Impairment raised – unidentified	72	(11)	26	(3)	33	—	117
Balance at the end of the reporting period	10 988	2 091	2 240	589	238	118	16 264

Reconciliation of allowance for impairment losses on loans and advances to customers	31 December						
	2013						
	Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIB Rm	WIMI Rm	Other Rm	Total Rm
Balance at the beginning of the reporting period	10 466	2 357	1 968	651	210	125	15 777
Net present value unwind on non-performing book	(697)	(153)	—	—	(1)	—	(851)
Exchange differences	—	—	422	—	—	—	422
Amounts written-off	(5 479)	(887)	(726)	(210)	(101)	(1)	(7 404)
Impairment raised – identified	6 040	861	645	169	53	(14)	7 754
Impairment raised – unidentified	88	105	56	70	32	—	351
Balance at the end of the reporting period	10 418	2 283	2 365	680	193	110	16 049

Statement of financial position – identified and unidentified impairments	30 June			31 December	
	2014 Rm	2013 Rm	Change %	2013 Rm	
Comprising:					
Identified impairments	15 023	15 072	(0)	14 634	
Performing loans	2 442	2 208	11	2 396	
Non-performing loans	12 581	12 864	(2)	12 238	
Unidentified impairments	1 764	1 192	48	1 415	
	16 787	16 264	3	16 049	

Performance indicators and condensed notes to the consolidated financial statements for the reporting period ended

4. Impairment losses on loans and advances *(continued)*

Performance

Impairment losses on loans and advances improved 7% relative to the prior reporting period. This decrease is largely attributable to continued strong performance in retail mortgages where the collection strategies implemented in prior periods have continued to improve the Group's on- and off-balance sheet recoveries. Given the current economic environments in which the Group operates, performing loan coverage has been increased by R395m since 31 December 2013 representing an overall performing coverage level of 0,70% (30 June 2013: 0,60%; 31 December 2013: 0,64%). Non-performing loan ("NPL") coverage has increased to 43,05% (30 June 2013: 40,65%; 31 December 2013: 41,79%).

RBB

Retail Banking South Africa (↓7%)

- The total impairment charge decreased by 7% resulting in an improved impairment losses ratio of 1,60% from 1,75%. This improvement is attributable to the improvement in Home Loans which is offset by an expected deterioration in the Card portfolio.
- Home Loans impairments improved by 58% to R464m (30 June 2013: R1 115m) as a result of improved collection and recovery processes and continued improvement in portfolio quality which is highlighted by the decrease of non-performing mortgage loans by R5 443m.
- Credit card impairments increased by 62% to R1 354m (30 June 2013: R835m), with an impairment loss ratio at 30 June 2014 of 7,64% (30 June 2013: 5,05%), but remained within the expected range despite pressure in some customer segments. Coverage remains high at 72% of NPLs with the overall quantum reflecting the nature of the Edcon portfolio.
- The Vehicle and Asset Finance charge has increased marginally by 4% since the prior reporting period. This increase is due to the implementation of an accelerated write-off policy of legal accounts.
- The impairment charge on Personal loans has remained fairly stable at R433m (2% improvement) and the business has not experienced material deterioration in the quality of its in-force or newly originated book. Performing coverage has reduced relative to 31 December due to a portfolio reallocation and overall coverage remains within acceptable levels.

Business Banking South Africa (↓20%)

- The Business Banking impairment losses ratio improved to 1,00% (30 June 2013: 1,23%), driven by a reduction in both the volume and value of new defaults experienced.
- The impairment charge for the commercial property finance ("CPF") portfolio was 64,8% lower at R57m (30 June 2013: R162m) and resulted in an improved CPF impairment losses ratio of 0,43% (30 June 2013: 1,10%).
- The impairment charge also benefited from continued focus on maximising recoveries of previously written-off exposures, resulted in a 29% increase in collections of R89m (30 June 2013: R69m).
- The performing loan coverage ratio improved to 0,83% (30 June 2013: 0,58%).
- NPLs continued to reduce, improving by 7,8% year-on-year. Even with a number of write-offs during the period under review the impairment coverage on NPLs improved to 36,4% (30 June 2013: 34,7%).

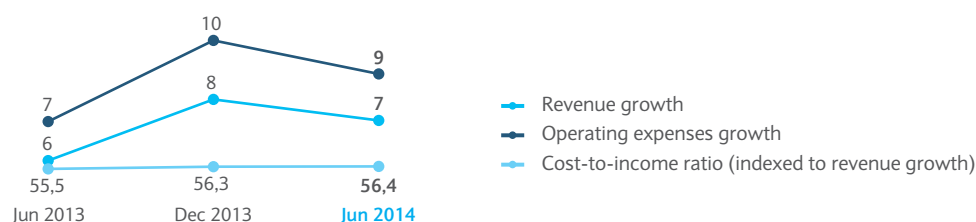
RBB Rest of Africa (↓7%)

- Impairment losses improved by 7% to R355m (30 June 2013: R380m), resulting in an impairment losses ratio of 2,01% (30 June 2013: 2,40%). The improvement in credit impairments were subdued by foreign exchange translations. Excluding this impact, credit impairments improved by 13% driven by an overall improvement in the quality of the loan book and improved collections.

Performance indicators and condensed notes to the consolidated financial statements for the reporting period ended

5. Operating expenses

JAWS (revenue and operating expenses growth)
and cost-to-income ratio (%)



Breakdown of operating expenses	30 June	2013	Change	31 December
	2014 Rm	Rm	%	2013 Rm
Amortisation of intangible assets	243	218	11	470
Administration fees	460	615	(25)	791
Auditors' remuneration	132	116	14	259
Cash transportation	415	373	11	715
Depreciation	799	871	(8)	1 641
Equipment costs	180	190	(5)	391
Information technology ("IT")	1 155	1 079	7	2 078
Investment properties charges – change in fair value	12	5	>100	33
Marketing costs	589	534	10	1 355
Operating lease expenses on properties	699	682	2	1 309
Printing and stationery	140	145	(3)	310
Professional fees	689	676	2	1 578
Property costs	1 104	860	28	1 692
Staff costs	9 108	8 228	11	17 593
Bonuses	606	545	11	1 679
Salaries and current service costs on post-retirement benefits	7 707	6 869	12	13 942
Share-based payments	303	226	34	428
Training costs	149	152	(2)	341
Other ¹	343	436	(21)	1 203
Telephone and postage	539	513	5	1 083
Other ²	1 033	767	35	2 122
	17 297	15 872	9	33 420

Breakdown of IT-related spend included in operating expenses	30 June	2013	Change	31 December
	2014 Rm	Rm	%	2013 Rm
Amortisation of intangible assets and depreciation of equipment	638	682	(6)	1 286
Information technology	1 155	1 079	7	2 078
Staff costs	680	640	6	1 335
Other	553	501	10	1 560
	3 026	2 902	4	6 259

Notes

¹Includes recruitment costs, membership fees to professional bodies, staff parking, redundancy fees, study assistance and staff relocation.

²Includes fraud losses and travel and entertainment costs.

Performance indicators and condensed notes to the consolidated financial statements

for the reporting period ended

5. Operating expenses *(continued)*

Performance

- Operating expenses increased by 9% to R17 297m (2013: R15 872m). The cost-to-income ratio increased to 56,4% from 55,5%.
- Staff costs grew by 11% to R9 108m (2013: R8 228m), reflecting 12% higher salary costs and 11% higher bonus costs. Salaries grew largely due to higher wage increases, particularly amongst entry level employees, the increase in employee numbers in senior frontline client facing positions and specialist areas such as IT and significant inflatory growth in some countries. Bonus provisions were increased commensurately with earnings growth. Share-based payments provisions were 34% higher, primarily attributable to the increase in the Group's share price. Other staff costs decreased 21% to R343m (2013: R436m) driven by lower restructuring costs in certain Rest of Africa businesses which were incurred in H1 last year.
- Non-staff expenses increased by 7%. The Group's continued focus on optimising both corporate and branch property costs continued into 2014 with R190m property dilapidation provisions incurred during the period. Excluding this amount, underlying property costs grew 5% from R1 547m to R1 625m despite above inflation increases in rates and utility costs. Cash transportation costs grew 11% to R415m in line with increased cash volumes and inflation.
- Information technology costs increased 7% on the back of continued efficiency gains in the underlying cost base and after absorbing the impact of the depreciating currency on imported IT services. Further investment in systems and processes resulted in an 11% increase in amortisation, whilst depreciation dropped 8% due to efficiency gains and the realignment of computer equipment's useful lives. Excluded from these figures are certain information technology investments in the eight former Barclays Africa Limited countries that were acquired in 2013 which in terms of the purchase agreement are being funded by Barclays PLC.
- Marketing costs increased by 10%, largely due to increased marketing spend across Africa, partially offset by our continuing focus on balancing the mix between sponsorships and advertising, which resulted in the Group exiting certain key sponsorships. Telephone and postage costs increased 5% in line with inflation, whilst the outsourcing of printing services and dematerialisation of documents reduced printing and stationery costs by 3%.
- Administration fees reduced 25% following the 2013 H1 Barclays Africa deal costs. Other costs increased 35% mainly due to increases in outsourcing costs (R79m), and higher fraud and losses charges (R119m).
- Included in the above operating expenses for H1 2014 is R311m of investment into rightsizing our branch network and integrating IT across Africa which was not incurred in H1 2013.

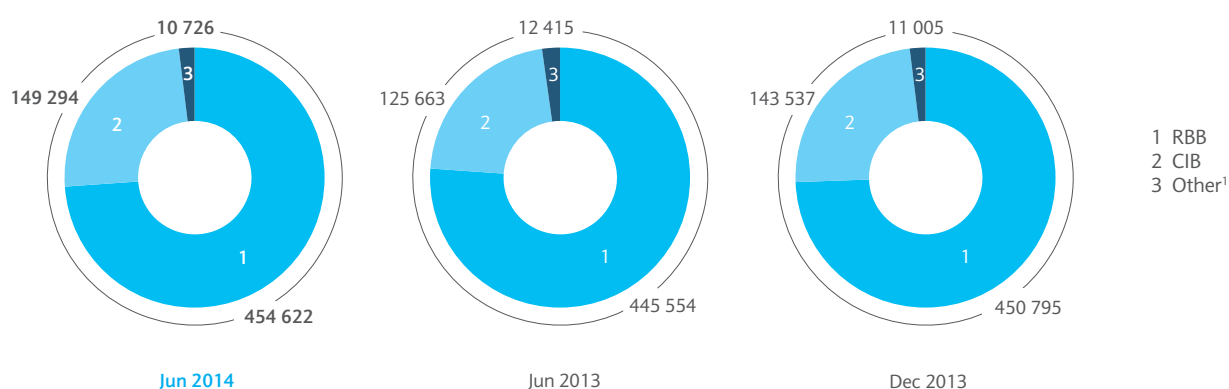
Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

6. Indirect taxation

	30 June	2013 Rm	Change %	31 December
	2014 Rm			2013
Training levy	69	63	10	117
Value-added tax ("VAT") net of input credits	489	404	21	883
	558	467	19	1 000

7. Loans and advances to customers

Loans and advances to customers by segment (Rm)



Loans and advances to customers mix	30 June	31 December	
	2014 %	2013 %	2013 %
RBB	74,0	76,3	74,5
Retail Banking South Africa	58,2	60,0	58,5
Business Banking South Africa	9,9	10,5	10,0
RBB Rest of Africa	5,9	5,8	6,0
CIB	24,3	21,6	23,7
Other ¹	1,7	2,1	1,8
	100,0	100,0	100,0

Note

¹Includes "Loans and advances to customers" of WIMI and Head Office and other operations.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

7. Loans and advances to customers (continued)

Loans and advances to customers by segment	30 June		Change %	31 December	
	2014 Rm	2013 Rm		2013 Rm	2013 Rm
RBB					
Gross loans and advances to customers	470 444	460 873	2	465 861	
Impairment losses on loans and advances	(15 822)	(15 319)	(3)	(15 066)	
	454 622	445 554	2	450 795	
Retail Banking South Africa					
Credit cards	39 137	34 747	13	36 934	
Instalment credit agreements	67 953	62 763	8	65 592	
Loans to associates and joint ventures	10 968	8 801	25	10 287	
Mortgages	230 050	235 227	(2)	231 797	
Other loans and advances	302	335	(10)	262	
Overdrafts	2 326	2 073	12	2 102	
Personal and term loans	17 665	17 237	2	17 180	
Gross loans and advances to customers	368 401	361 183	2	364 154	
Impairment losses on loans and advances	(11 262)	(10 988)	(2)	(10 418)	
	357 139	350 195	2	353 736	
Business Banking South Africa					
Loans to associates and joint ventures	269	665	(60)	559	
Mortgages (including commercial property finance)	31 349	32 317	(3)	32 750	
Overdrafts	19 058	18 998	0	17 573	
Term loans	12 493	11 617	8	12 109	
Gross loans and advances to customers	63 169	63 597	(1)	62 991	
Impairment losses on loans and advances	(2 183)	(2 091)	(4)	(2 283)	
	60 986	61 506	(1)	60 708	
RBB Rest of Africa					
Gross loans and advances to customers	38 874	36 093	8	38 716	
Impairment losses on loans and advances	(2 377)	(2 240)	(6)	(2 365)	
	36 497	33 853	8	36 351	
CIB					
Corporate overdrafts	56 872	42 535	34	52 548	
Foreign currency loans	18 907	16 384	15	22 384	
Mortgages	5 590	5 414	3	5 304	
Personal and term loans	15 647	14 616	7	14 619	
Overdrafts	9 019	9 695	(7)	11 551	
Overnight finance	16 563	16 743	(1)	13 374	
Preference shares	9 652	6 613	46	8 955	
Reverse repurchase agreements	5 188	6 309	(18)	3 893	
Other loans and advances	12 530	7 943	58	11 589	
Gross loans and advances to customers	149 968	126 252	19	144 217	
Impairment losses on loans and advances	(674)	(589)	(14)	(680)	
	149 294	125 663	19	143 537	

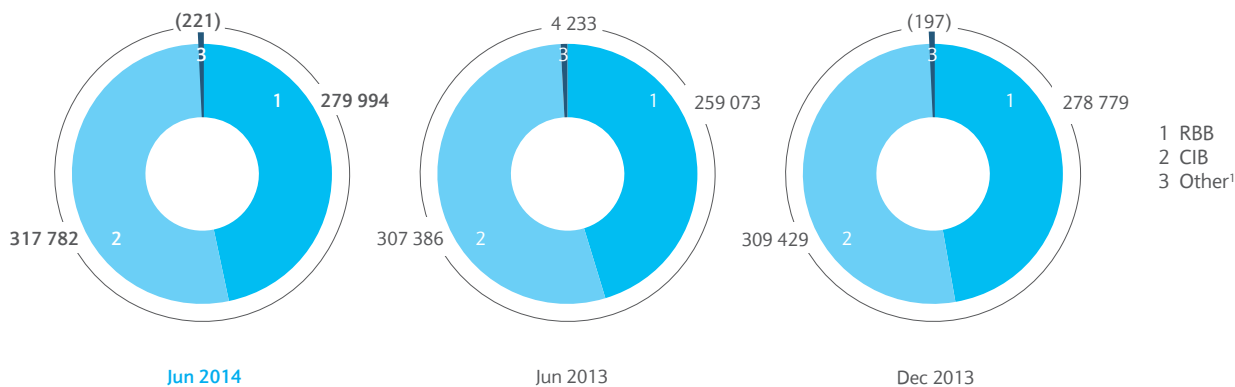
Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

7. Loans and advances to customers (continued)

Loans and advances to customers by segment (continued)	30 June	2013 Rm	Change %	31 December
	2014 Rm			2013 Rm
WIMI				
Commercial property finance	979	1 154	(15)	1 157
Instalment credit agreements	232	263	(12)	230
Mortgages	5 107	6 504	(21)	5 209
Overdrafts	2 800	3 113	(10)	2 746
Other loans and advances	1 711	1 470	16	1 736
Gross loans and advances to customers	10 829	12 504	(13)	11 078
Impairment losses on loans and advances	(180)	(238)	24	(193)
	10 649	12 266	(13)	10 885
Head Office and other operations				
Gross loans and advances to customers	188	267	(30)	230
Impairment losses on loans and advances	(111)	(118)	6	(110)
	77	149	(48)	120
Total loans and advances to customers				
Gross loans and advances to customers	631 429	599 896	5	621 386
Impairment losses on loans and advances	(16 787)	(16 264)	(3)	(16 049)
Net loans and advances to customers	614 642	583 632	5	605 337

8. Deposits due to customers

Deposits due to customers by segment (Rm)



	30 June	31 December	
	2014 %	2013 %	2013 %
Total funding mix			
Deposits due to customers	77,8	78,1	77,7
RBB	36,4	35,4	36,9
Retail Banking South Africa	18,0	17,5	17,8
Business Banking South Africa	11,4	10,7	11,6
RBB Rest of Africa	7,0	7,2	7,5
CIB	41,4	42,1	40,9
Other ¹	—	0,6	(0,1)
Deposits from banks	8,4	7,3	9,4
Debt securities in issue	13,8	14,6	12,9
	100,0	100,0	100,0

Note

¹Includes "Deposits due to customers" of WIMI and Head Office and other operations.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

8. Deposits due to customers (continued)

Deposits due to customers by segment	30 June	2013 Rm	Change %	31 December
	2014 Rm			2013 Rm
RBB	279 994	259 073	8	278 779
Retail Banking South Africa	138 068	127 438	8	134 810
Call deposits	312	388	(20)	371
Cheque account deposits	19 956	18 436	8	19 931
Credit card deposits	1 834	1 807	1	1 914
Fixed deposits	31 194	30 215	3	30 743
Investment products	42 089	30 766	37	36 141
Notice deposits	10 273	11 094	(7)	10 605
Savings and transmission deposits	32 009	34 271	(7)	34 700
Other deposits	401	461	(13)	405
Business Banking South Africa	87 865	78 095	13	87 915
Call deposits	10 467	11 149	(6)	10 862
Cheque account deposits	39 190	37 895	3	42 350
Fixed deposits	17 310	15 299	13	17 471
Notice deposits	1 461	1 668	(12)	1 460
Savings and transmission deposits	19 437	12 084	61	15 772
RBB Rest of Africa	54 061	53 540	1	56 054
CIB	317 782	307 386	3	309 429
Call deposits	53 201	39 870	33	41 233
Cheque account deposits	95 562	106 045	(10)	91 085
Fixed deposits	101 757	96 135	6	107 069
Foreign currency deposits	14 100	9 441	49	15 103
Investment products	639	150	>100	203
Notice deposits	39 231	42 631	(8)	44 273
Other deposits	7 926	7 494	6	7 913
Repurchase agreements with non-banks	2 163	3 813	(43)	1 208
Savings and transmission deposits	3 203	1 807	77	1 342
WIMI	4 985	4 338	15	4 878
Call deposits	366	303	21	363
Cheque account deposits	2 517	2 350	7	2 514
Fixed deposits	629	831	(24)	985
Foreign currency deposits	109	91	20	102
Notice deposits	35	13	>100	11
Savings and transmission deposits	1 329	750	77	903
Head Office and other operations	(5 206)	(105)	>(100)	(5 075)
Total deposits due to customers	597 555	570 692	5	588 011

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

9. Debt securities in issue

Debt securities in issue	30 June	2013 Rm	Change %	31 December
	2014 Rm			2013 Rm
Credit-linked notes	7 897	9 451	(16)	8 155
Floating rate notes	43 718	49 114	(11)	44 719
Liabilities arising from securitised structured entities	496	2 372	(79)	495
Negotiable certificates of deposit	27 599	23 040	20	20 494
Promissory notes	1 039	833	25	935
Structured notes and bonds	1 056	577	83	1 487
Senior notes	23 552	20 876	13	21 533
Other	152	6	>100	11
	105 509	106 269	(1)	97 829
Segment split				
RBB	3 239	3 332	(3)	3 477
Retail Banking South Africa	2 667	3 313	(20)	2 996
RBB Rest of Africa	572	19	>100	481
CIB	81 242	83 366	(3)	75 674
Head Office and other operations	21 028	19 571	7	18 678
	105 509	106 269	(1)	97 829

10. Equity and borrowed funds

Share capital and share premium	30 June	2013 Rm	Change %	31 December
	2014 Rm			2013 Rm
Authorised				
Ordinary shares of R2,00 each	1 761	1 761	—	1 761
Issued				
Ordinary shares of R2,00 each	1 695	1 436	(18)	1 436
Acquisition of Barclays Africa Limited ¹	—	259	(100)	259
Treasury shares held by Group entities	(1)	(1)	—	(0)
	1 694	1 694	—	1 695
Total issued capital				
Share capital	1 694	1 694	—	1 695
Share premium	4 509	4 871	(7)	4 474
	6 203	6 565	(6)	6 169

Number of ordinary shares in issue (after deduction of treasury shares) at the reporting date	30 June	2013 Number of shares (million)	Change value (million)	31 December
	2014 Number of shares (million)			2013 Number of shares (million)
Ordinary shares in issue of R2,00 each	847,8	718,2	129,6	718,2
Issued shares for the acquisition of Barclays Africa Limited ¹	—	129,5	(129,5)	129,5
Treasury shares held by Group entities	(0,9)	(0,5)	(0,4)	(0,4)
	846,9	847,2	(0,3)	847,3

Note

¹Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

10. Equity and borrowed funds *(continued)*

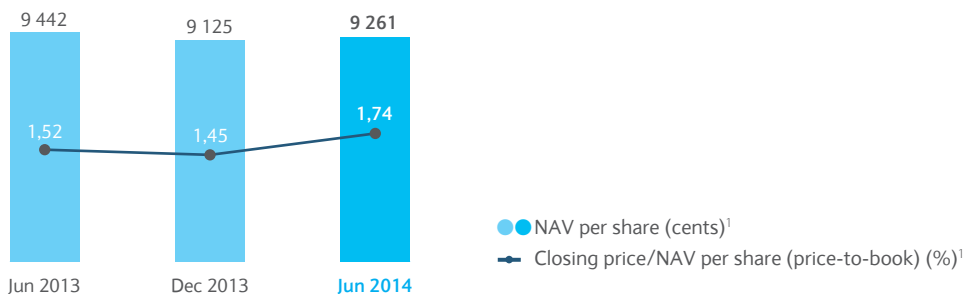
Borrowed funds	30 June		Change %	31 December	
	2014 Rm	2013 Rm		2013 Rm	
Subordinated callable notes issued by Absa Bank Limited					
Interest rate	Final maturity date				
8,80%	7 March 2019	—	1 725	(100)	1 725
8,10%	27 March 2020	2 000	2 000	—	2 000
10,28%	3 May 2022	600	600	—	600
8,295%	21 November 2023	1 188	1 188	—	1 188
Three-month JIBAR + 2,10%	3 May 2022	400	400	—	400
Three-month JIBAR + 1,95%	21 November 2022	1 805	1 805	—	1 805
Three-month JIBAR + 2,05%	21 November 2023	2 007	2 007	—	2 007
CPI-linked notes, fixed at the following coupon rates:					
6,00%	20 September 2019	3 000	3 000	—	3 000
5,50%	7 December 2028	1 500	1 500	—	1 500
Subordinated callable notes issued by other subsidiaries					
Bank of Botswana Certificates rate + 0,85%	30 October 2014	121	116	4	120
Ninety-one day Kenyan Government Treasury Bill rate + 0,60% ¹	19 November 2014	122	115	6	121
Ninety-one day Zambian Government Treasury Bill rate + 2,00% ¹	9 May 2015	85	91	(7)	96
One-hundred and eighty-two day Kenyan Government Treasury Bill rate + 1,00%	14 July 2015	90	86	5	90
11,50%	14 July 2015	153	146	5	153
One-hundred and eighty-two day Zambian Government Treasury Bill rate + 2,50% (capped at 13,00% overall)	18 May 2016	85	91	(7)	96
United States dollar three-month LIBOR + 1,00% ¹	31 March 2018	70	66	6	69
Accrued interest		1 678	1 493	12	1 490
Fair value adjustment		(15)	74	>(100)	65
		14 889	16 503	(10)	16 525

Note

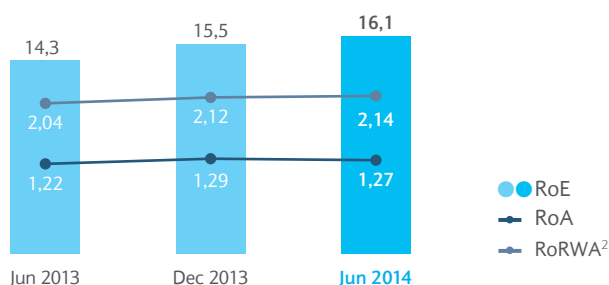
¹These subordinated notes are non-qualifying in terms of Basel III. All other subordinated notes qualify as Tier 2 capital in terms of Basel III.

10. Equity and borrowed funds *(continued)*

NAV per share and closing price/NAV per share (cents and %)



Return on average equity, average assets and average risk-weighted assets (%)



Performance

The Group's RoE increased to 16,1% (30 June 2013: 14,3%), driven by an improvement in the Group's RoA to 1,27% (30 June 2013: 1,22%) and increased leverage. The improvement in RoA was mainly a result of increased net interest margin and reduced impairment losses on loans and advances. RoE remains above the Group's internal cost of equity ("CoE") of 13,5% (30 June 2013: 13,0%).

The Group continues to be capitalised above the minimum regulatory and Board-approved capital target ranges. This is after subordinated debt of R1,7bn, qualifying as Tier 2 capital, was called at the first optional redemption date in March 2014.

In addition to the 2014 Common Equity Tier 1 and total capital adequacy ratio Board-approved target capital ranges, Tier 1 Board target capital ranges were approved for 2014.

The Group's liquidity position remains healthy and well-managed within key limits and metrics.

Notes

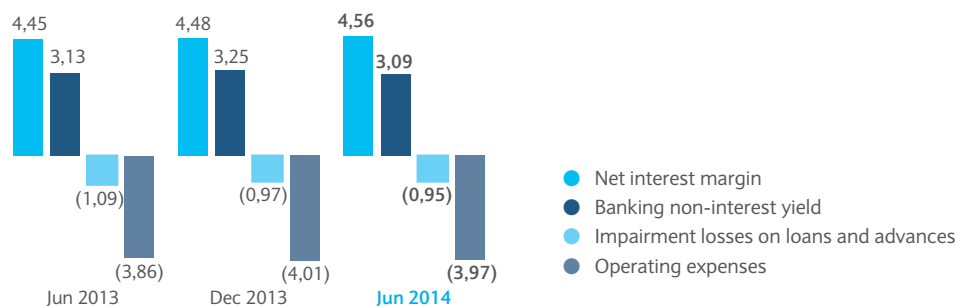
¹Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

²The RWA of the Group are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Performance indicators and condensed notes to the consolidated financial statements for the reporting period ended

11. RoE decomposition

Major drivers of RoE (%)



	30 June 2014 %	31 December 2013 %	31 December 2013 %
Net interest margin (average interest-bearing assets)	4,56	4,45	4,48
Less: Impairment losses on loans and advances/average interest-bearing assets	0,95	1,09	0,97
Equals: Net interest margin – after impairment losses (average interest-bearing assets)	3,61	3,36	3,51
Multiply: Average interest-bearing assets/average banking assets	86,57	85,77	86,8
Equals: Banking interest yield	3,13	2,88	3,05
Plus: Banking non-interest yield	3,09	3,13	3,25
Equals: Banking revenue yield	6,22	6,01	6,30
Less: Operating expenses/average banking assets	3,97	3,86	4,01
Equals: Net banking return	2,25	2,15	2,29
Less: Other ¹	0,85	0,80	0,87
Equals: Banking return	1,40	1,35	1,42
Multiply: Average banking assets/total average assets	90,46	90,34	90,8
Equals: Return on average assets	1,27	1,22	1,29
Multiply: Leverage	12,68	11,69	11,98
Equals: Return on average equity	16,1	14,3	15,5

Performance

RoE improved by 1,8% for the reporting period from 14,3% to 16,1%. The increase can be attributed to the following:

- ➔ Leverage increased by 99 bps from 11,69% to 12,68%. This increase in leverage resulted in a 1,2% increase in RoE. The increased leverage was driven by the lower average equity during the reporting period following the payment of the special dividend during the second half of 2013.
- ➔ RoA increased by 5 bps from 1,22% to 1,27%. This increase resulted in a 0,6% increase in RoE. The improvement in the RoA is largely driven by lower loan losses and a higher interest rate margin.

Note

¹Includes other impairments, indirect taxation, share of post-tax results of associates and joint ventures and taxation expense.

12. Off-statement of financial position items

	30 June			31 December
	2014 Rm	2013 Rm	Change %	2013 Rm
Assets under management and administration				
Alternative asset management and exchange-traded funds	85 141	51 039	67	72 840
Deceased estates	2 507	2 182	15	2 559
Participation bond schemes	—	1 287	(100)	—
Portfolio management	40 109	45 374	(12)	46 203
Private equity	—	811	(100)	—
Trusts	2 205	3 967	(44)	4 472
Unit trusts	120 007	145 463	(17)	123 318
Other	15 277	13 704	11	14 383
	265 246	263 827	1	263 775
Financial guarantee contracts¹	78	96	(19)	78
Commitments				
<i>Authorised capital expenditure²</i>				
Contracted but not provided for	739	942	(22)	745
Contingencies				
Guarantees ³	24 991	20 518	22	21 215
Irrevocable debt facilities ^{4,5}	76 735	83 094	(8)	83 037
Irrevocable equity facilities ^{4,5}	387	510	(24)	400
Letters of credit	6 196	4 555	36	6 402
Other	5 040	9 119	(45)	5 674
	113 349	117 796	(4)	116 728

Performance

The increase in assets under management was largely due to an increase in alternative asset management and exchange-traded funds (“ETFs”). Alternative asset management grew by R14bn, principally from inflows into dynamic capital protection and alpha transport portfolios, whilst ETFs grew by R19bn driven by inflows into the NewGold and NewPlats ETFs and the launch of the NewPalladium ETF in March 2014. This was partially offset by a decrease in unit trusts due to the discontinuation of Absa Mortgage Fund Managers and exiting administration only multi-management offerings. This resulted in low margin pension fund asset administration services being outsourced to a third party.

Commitments have decreased slightly due to the Group’s strategy to reduce our overall property footprint.

The decrease in contingencies is largely as a result of a decrease in irrevocable debt facilities and other contingencies, partially offset by an increase in guarantees and letters of credit.

13. Legal proceedings

The Group is engaged in various litigation proceedings involving claims by and against it, which arise in the ordinary course of business. The Group does not expect the ultimate resolution of any proceedings, to which the Group is party, to have a significant adverse effect on the financial statements of the Group. Provision is made for all liabilities which are expected to materialise.

Notes

¹Represents the maximum exposure that is not necessarily the measurement recognised on the statement of financial position in accordance with IFRS.

²The Group has capital commitments in respect of computer equipment and property development. Management is confident that future net revenue and funding will be sufficient to cover these commitments.

³Guarantees include performance and payment guarantee contracts.

⁴Irrevocable facilities are commitments to extend credit where the Group does not have the right to immediately terminate facilities by written notice. Commitments generally have fixed expiry dates. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

⁵During the current reporting period, the terms and conditions of unutilised customer facilities were reviewed and confirmed to be irrevocable in nature. These facilities are now disclosed as contingent liabilities. Comparative numbers have been restated (30 June 2013: R32,8bn; 31 December 2013: R33,4bn).

Segment performance

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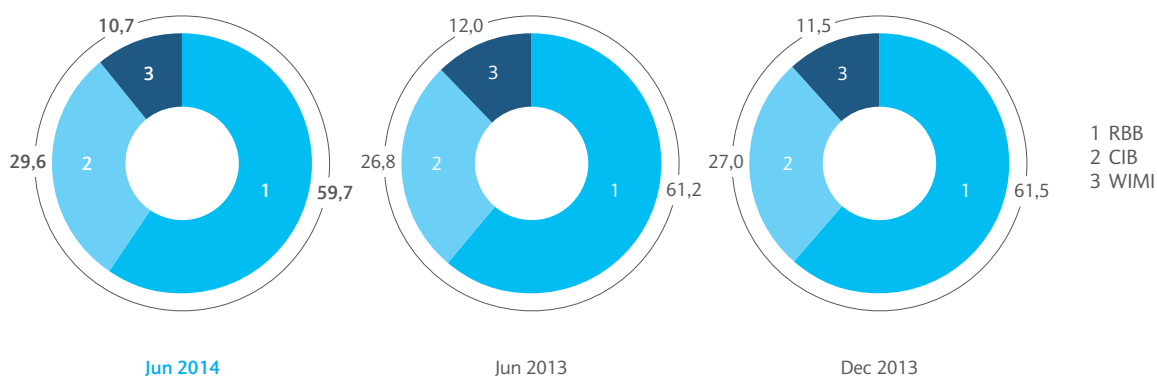
Segment performance overview

Higher earnings were driven by improved net interest income, mainly from the Retail and Business Banking (“RBB”) and Corporate and Investment Bank (“CIB”) segments.

RBB’s headline earnings increased 9% to R3 847m, largely due to a strong performance from Home Loans as well as a decline in credit impairments. CIB’s headline earnings increased by 24% to R1 903m, driven by strong performance in core operating divisions, while Wealth, Investment Management and Insurance’s (“WIMI”) headline earnings growth was muted at R688m.

Overview per market segment

Headline earnings – market segments (%)¹



	30 June 2014 Rm	2013 Rm	Change %	31 December 2013 Rm
Headline earnings				
RBB	3 847	3 514	9	7 618
CIB	1 903	1 535	24	3 348
WIMI	688	691	(0)	1 420
Head Office and other operations	(328)	(186)	(76)	(543)
	6 110	5 554	10	11 843

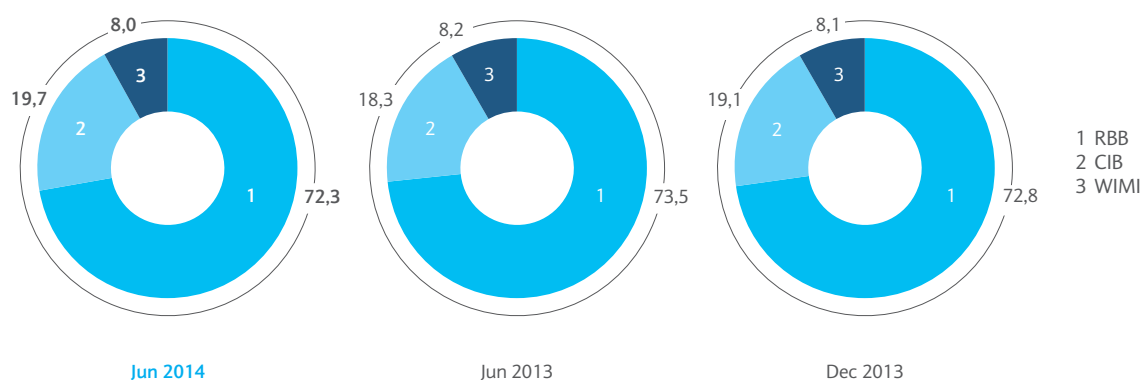
Note

¹Calculation based on the exclusion of Head Office and other operations.

Segment performance overview

Overview per market segment *(continued)*

Revenue – market segments (%)¹



	30 June 2014 Rm	2013 Rm	Change %	31 December 2013 Rm
Revenue				
RBB	22 438	21 211	6	43 684
CIB	6 093	5 272	16	11 430
WIMI	2 476	2 355	5	4 880
Head Office and other operations	(323)	(265)	(22)	(588)
	30 684	28 573	7	59 406
Operational key performance indicators				
Delivery footprint (number)	12 036	12 148	(1)	12 094
RBB	12 036	12 148	(1)	12 094
Outlets	1 287	1 351	(5)	1 314
ATMs	10 749	10 797	(0)	10 780
Number of customers ('000)	11 956	12 640	(5)	12 000
RBB	11 926	12 607	(5)	11 967
CIB	16	19	(16)	19
WIMI	14	14	—	14

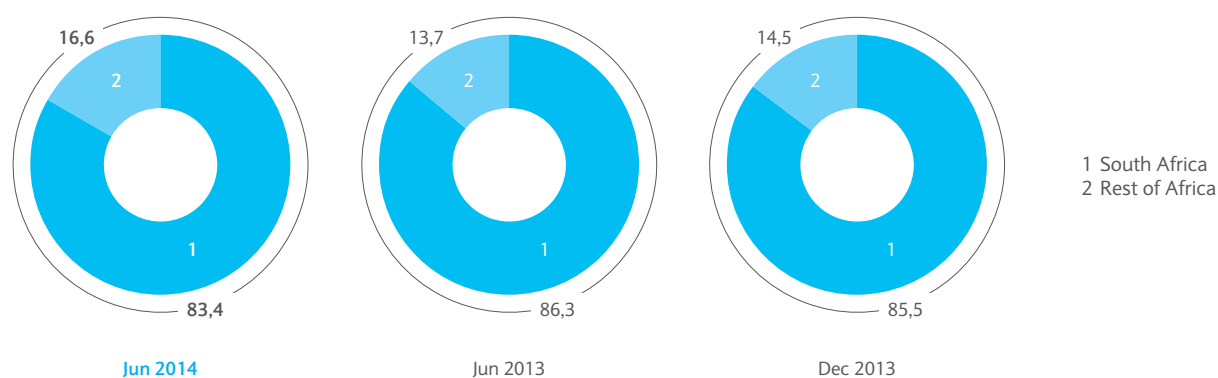
Note

¹Calculation based on the exclusion of Head Office and other operations.

Segment performance overview

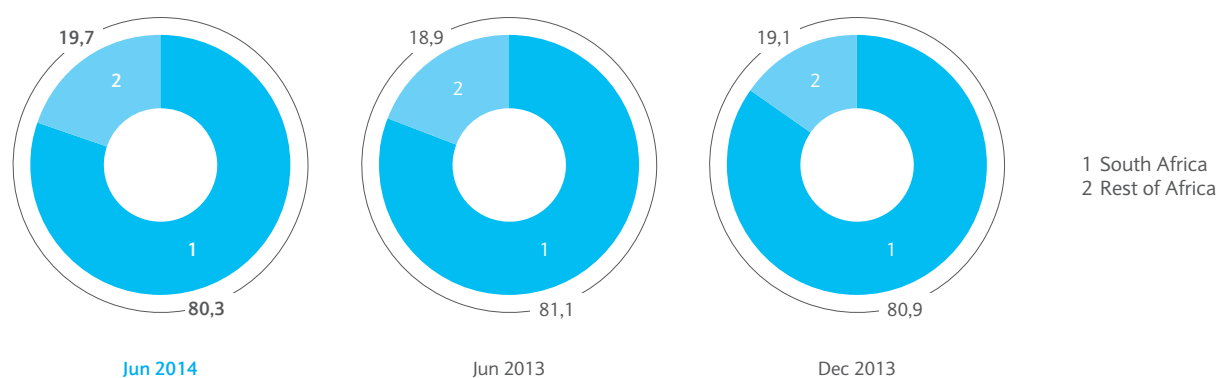
Overview per geographical segment

Headline earnings – geographical segments (%)



	30 June 2014 Rm	2013 Rm	Change %	31 December 2013 Rm
Headline earnings				
South Africa	5 097	4 796	6	10 120
Rest of Africa	1 013	758	34	1 723
	6 110	5 554	10	11 843

Revenue – geographical segments (%)



	30 June 2014 Rm	2013 Rm	Change %	31 December 2013 Rm
Revenue				
South Africa	24 633	23 162	6	48 077
Rest of Africa	6 051	5 411	12	11 329
	30 684	28 573	7	59 406

Segment performance overview

Overview per geographical segment *(continued)*

	30 June 2014	2013	Change %	31 December 2013
Operational key performance indicators				
Delivery footprint (number)	12 036	12 148	(1)	12 094
South Africa	10 392	10 494	(1)	10 447
Outlets	804	864	(7)	829
ATMs	9 588	9 630	(0)	9 618
Rest of Africa	1 644	1 654	(1)	1 647
Outlets	483	487	(1)	485
ATMs	1 161	1 167	(1)	1 162
Number of customers ('000)	11 956	12 640	(5)	12 000
South Africa	9 235	9 983	(7)	9 440
Rest of Africa	2 721	2 657	2	2 560
Number of employees	42 114	42 105	0	42 356
South Africa	31 922	31 724	1	31 972
Rest of Africa	10 192	10 381	(2)	10 384

Segment performance overview

Segment reporting structure

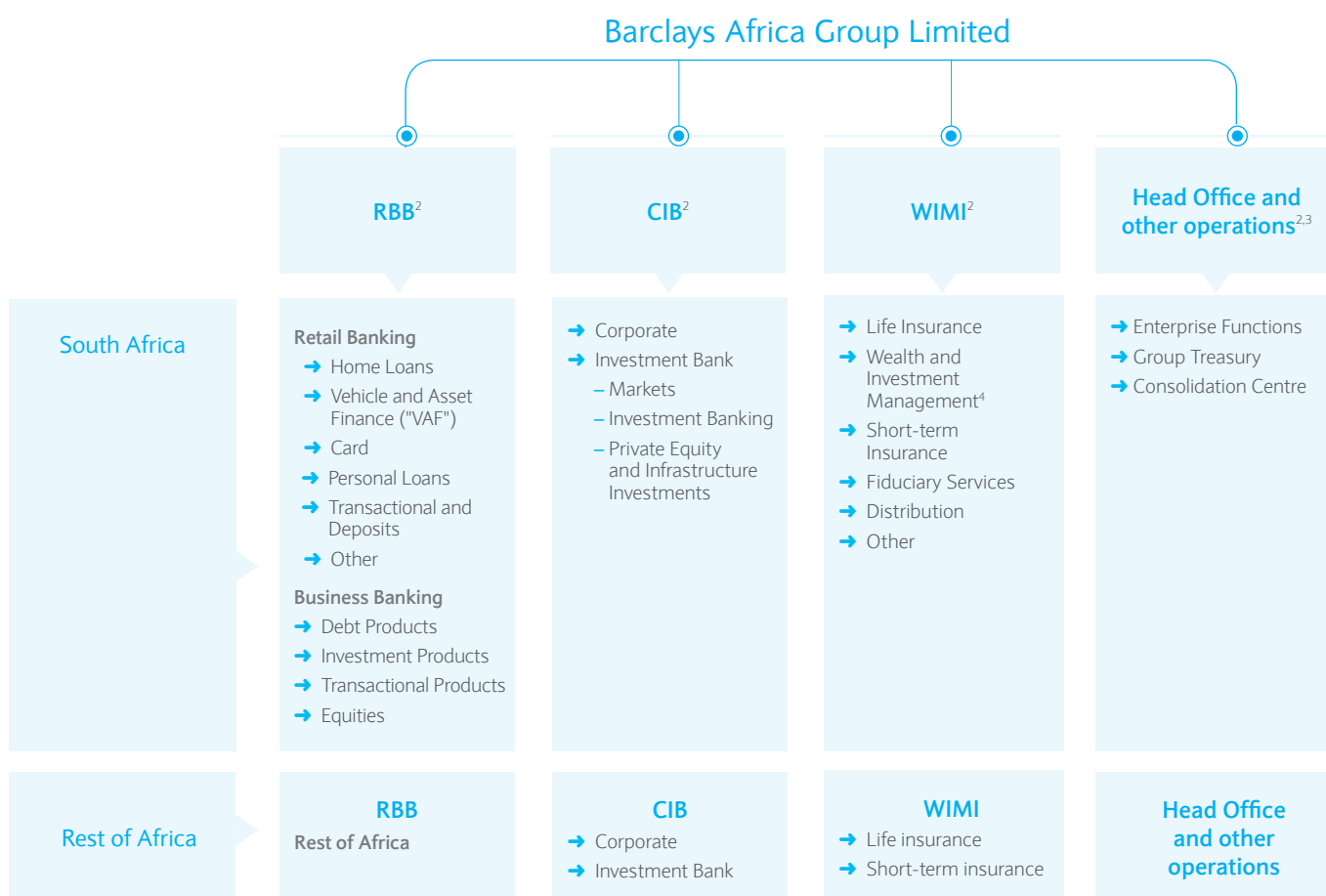
The Group has identified the following reportable operating segments based on a combination of products and services offered to customers and clients, external revenue generation and the location of the markets served.

The main reportable segments are mainly driven by products and services offered to customers and clients and are disclosed as the following market segments:

- Retail and Business Banking;
- Corporate and Investment Bank;
- Wealth, Investment Management and Insurance; and
- Head Office and other operations.

The Group has also identified the following geographical segments which are driven by the location of the markets being served:

- South Africa¹
- Rest of Africa



Notes

¹Includes Absa Bank London operations, which are managed by Business Banking South Africa, CIB and Head Office and other operations. The results of the operations have been allocated accordingly.

²Refer to pages 141 to 157 for reporting changes.

³Includes Absa Manx Insurance Company.

⁴Includes the Wealth banking portfolio.

Segment report per market segment

	RBB				CIB			
	30 June 2014	2013 ¹	Change %	31 December 2013 ¹	30 June 2014	2013 ¹	Change %	31 December 2013 ¹
Statement of comprehensive income (Rm)								
Net interest income	14 168	13 276	7	27 402	2 809	2 318	21	4 591
Non-interest income	8 270	7 935	4	16 282	3 284	2 954	11	6 839
Total income	22 438	21 211	6	43 684	6 093	5 272	16	11 430
Impairment losses on loans and advances	(3 478)	(3 785)	8	(6 678)	(67)	(6)	>(100)	(239)
Operating expenses	(12 803)	(11 889)	(8)	(24 848)	(3 237)	(3 000)	(8)	(6 219)
Other	(174)	(158)	(10)	(389)	(54)	(48)	(13)	(74)
Operating income before income tax	5 983	5 379	11	11 769	2 735	2 218	23	4 898
Taxation expense	(1 765)	(1 518)	(16)	(3 453)	(689)	(569)	(21)	(1 206)
Profit for the reporting period	4 218	3 861	9	8 316	2 046	1 649	24	3 692
Profit attributable to:								
Ordinary equity holders	3 878	3 556	9	7 663	1 938	1 536	26	3 481
Non-controlling interest – ordinary shares	244	211	16	464	60	64	(6)	112
Non-controlling interest – preference shares	96	94	2	189	48	49	(2)	99
	4 218	3 861	9	8 316	2 046	1 649	24	3 692
Headline earnings	3 847	3 514	9	7 618	1 903	1 535	24	3 348
Operating performance (%)								
Net interest margin on average interest-bearing assets	4,57	4,50		4,51	1,33	1,24		1,18
Impairment losses ratio	1,55	1,73		1,50	0,09	0,01		0,19
Non-interest income as % of revenue	36,9	37,4		37,3	53,9	56,0		59,8
Revenue growth	6	9		9	16	7		12
Cost growth	(8)	(7)		(9)	(8)	(7)		(11)
Cost-to-income ratio	57,1	56,1		56,9	53,1	56,9		54,4
Statement of financial position (Rm)								
Loans and advances to customers	454 622	445 554	2	450 795	149 294	125 663	19	143 537
Investment securities	8 652	6 882	26	7 731	6 063	8 005	(24)	5 718
Other assets	237 928	226 164	5	280 693	394 183	411 218	(4)	386 565
Total assets	701 202	678 600	3	739 219	549 540	544 886	1	535 820
Deposits due to customers	279 994	259 073	8	278 779	317 782	307 386	3	309 429
Debt securities in issue	3 239	3 332	(3)	3 477	81 242	83 366	(3)	75 674
Other liabilities	400 997	397 266	1	435 567	142 898	149 633	(5)	142 659
Total liabilities	684 230	659 671	4	717 823	541 922	540 385	0	527 762
Financial performance (%)								
Return on average risk-weighted assets ²	2,11	2,08		2,18	2,23	1,91		2,03
Return on average assets	1,07	1,08		1,13	0,71	0,58		0,64
Return on average regulatory capital	19,09	19,63		20,78	20,12	18,79		19,91

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Segment report per market segment

WIMI				Head Office and other operations				Group			
30 June		31 December		30 June		31 December		30 June		31 December	
2014	2013 ¹	Change %	2013 ¹	2014	2013 ¹	Change %	2013 ¹	2014	2013 ¹	Change %	2013 ¹
178	171	4	349	42	(70)	>100	9	17 197	15 695	10	32 351
2 298	2 184	5	4 531	(365)	(195)	(87)	(597)	13 487	12 878	5	27 055
2 476	2 355	5	4 880	(323)	(265)	(22)	(588)	30 684	28 573	7	59 406
(23)	(47)	51	(84)	—	2	(100)	14	(3 568)	(3 836)	7	(6 987)
(1 411)	(1 297)	(9)	(2 688)	154	314	(51)	335	(17 297)	(15 872)	(9)	(33 420)
(60)	(55)	(9)	(134)	(224)	(140)	(60)	(306)	(512)	(401)	(28)	(903)
982	956	3	1 974	(393)	(89)	>(100)	(545)	9 307	8 464	10	18 096
(291)	(263)	(11)	(549)	31	(100)	>100	(14)	(2 714)	(2 450)	(11)	(5 222)
691	693	(0)	1 425	(362)	(189)	(92)	(559)	6 593	6 014	10	12 874
688	690	(0)	1 419	(338)	(189)	(79)	(582)	6 166	5 593	10	11 981
—	—	—	—	(24)	—	(100)	23	280	275	2	599
3	3	—	6	—	—	—	—	147	146	1	294
691	693	(0)	1 425	(362)	(189)	(92)	(559)	6 593	6 014	10	12 874
688	691	(0)	1 420	(328)	(186)	(76)	(543)	6 110	5 554	10	11 843
n/a	n/a		n/a	n/a	n/a		n/a	4,56	4,45		4,48
0,42	0,82		0,73	n/a	n/a		n/a	1,18	1,35		1,20
92,8	92,7		92,8	n/a	n/a		n/a	44,0	45,1		45,5
5	5		7	n/a	n/a		n/a	7	6		8
(9)	(9)		(9)	n/a	n/a		n/a	(9)	(7)		(10)
57,0	55,1		55,1	n/a	n/a		n/a	56,4	55,5		56,3
10 649	12 266	(13)	10 885	77	149	(48)	120	614 642	583 632	5	605 337
26 731	20 737	29	21 353	(1 533)	(2 397)	36	(1 719)	39 913	33 227	20	33 083
10 149	11 592	(12)	12 652	(319 012)	(311 938)	(2)	(356 353)	323 248	337 036	(4)	323 557
47 529	44 595	7	44 890	(320 468)	(314 186)	(2)	(357 952)	977 803	953 895	3	961 977
4 985	4 338	15	4 878	(5 206)	(105)	>(100)	(5 075)	597 555	570 692	5	588 011
—	—	—	—	21 028	19 571	7	18 678	105 509	106 269	(1)	97 829
37 369	35 354	6	35 010	(392 807)	(393 009)	0	(422 300)	188 457	189 244	(0)	190 936
42 354	39 692	7	39 888	(376 985)	(373 543)	(1)	(408 697)	891 521	866 205	3	876 776
n/a	n/a		n/a	n/a	n/a		n/a	2,14	2,04		2,18
3,04	3,12		3,16	n/a	n/a		n/a	1,27	1,22		1,29
22,93	27,74		23,32	n/a	n/a		n/a	n/a	n/a		n/a

Segment report per geographical segment

	South Africa			31 December 2013 ¹
	30 June 2014	2013 ¹	Change %	
Statement of comprehensive income (Rm)				
Net interest income	13 213	12 091	9	24 953
Non-interest income	11 420	11 071	3	23 124
Total income	24 633	23 162	6	48 077
Impairment losses on loans and advances	(3 180)	(3 436)	7	(6 211)
Operating expenses	(13 543)	(12 449)	(9)	(26 342)
Other	(477)	(384)	(24)	(837)
Operating income before income tax	7 433	6 893	8	14 687
Taxation expense	(2 038)	(1 814)	(12)	(3 961)
Profit for the reporting period	5 395	5 079	6	10 726
Profit attributable to:				
Ordinary equity holders	5 153	4 839	6	10 251
Non-controlling interest – ordinary shares	95	94	1	181
Non-controlling interest – preference shares	147	146	1	294
	5 395	5 079	6	10 726
Headline earnings	5 097	4 796	6	10 120
Operating performance (%)				
Net interest margin on average interest-bearing assets	4,08	3,84		3,93
Impairment losses ratio	1,17	1,32		1,17
Non-interest income as % of revenue	46,4	47,8		48,1
Revenue growth	6	3		5
Cost growth	(9)	(5)		(8)
Cost-to-income ratio	55,0	53,7		54,8
Statement of financial position (Rm)				
Loans and advances to customers	552 542	532 820	4	546 084
Investment securities	30 602	25 987	18	25 018
Other assets	264 213	268 673	(2)	218 790
Total assets	847 357	827 480	2	789 892
Deposits due to customers	501 065	478 527	5	485 147
Debt securities in issue	104 937	106 235	(1)	97 348
Other liabilities	172 199	171 313	1	139 630
Total liabilities	778 201	756 075	3	722 125
Financial performance (%)				
Return on average risk-weighted assets ²	2,19	2,10		2,18
Return on average assets	1,25	1,20		1,28

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Segment report per geographical segment

Rest of Africa				Group			
30 June		31 December		30 June		31 December	
2014	2013 ¹	Change %	2013 ¹	2014	2013 ¹	Change %	2013 ¹
3 984	3 604	11	7 398	17 197	15 695	10	32 351
2 067	1 807	14	3 931	13 487	12 878	5	27 055
6 051	5 411	12	11 329	30 684	28 573	7	59 406
(388)	(400)	3	(776)	(3 568)	(3 836)	7	(6 987)
(3 754)	(3 423)	(10)	(7 078)	(17 297)	(15 872)	(9)	(33 420)
(35)	(17)	>(100)	(66)	(512)	(401)	(28)	(903)
1 874	1 571	19	3 409	9 307	8 464	10	18 096
(676)	(636)	(6)	(1 261)	(2 714)	(2 450)	(11)	(5 222)
1 198	935	28	2 148	6 593	6 014	10	12 874
1 013	754	34	1 730	6 166	5 593	10	11 981
185	181	2	418	280	275	2	599
—	—	—	—	147	146	1	294
1 198	935	28	2 148	6 593	6 014	10	12 874
1 013	758	34	1 723	6 110	5 554	10	11 843
7,49	9,49		8,28	4,56	4,45		4,48
1,32	1,69		1,54	1,18	1,35		1,20
34,2	33,4		34,7	44,0	45,1		45,5
12	21		21	7	6		8
(10)	(17)		(17)	(9)	(7)		(10)
62,0	63,3		62,5	56,4	55,5		56,3
62 100	50 812	22	59 253	614 642	583 632	5	605 337
9 311	7 240	29	8 065	39 913	33 227	20	33 083
59 035	68 363	(14)	104 767	323 248	337 036	(4)	323 557
130 446	126 415	3	172 085	977 803	953 895	3	961 977
96 490	92 165	5	102 864	597 555	570 692	5	588 011
572	34	>100	481	105 509	106 269	(1)	97 829
16 258	17 931	(9)	51 306	188 457	189 244	(0)	190 936
113 320	110 130	3	154 651	891 521	866 205	3	876 776
1,91	1,71		1,85	2,14	2,04		2,18
1,36	1,34		1,37	1,27	1,22		1,29

Segment report per market and geographical segment

	RBB			
	30 June 2014 Rm	2013 ¹ Rm	Change %	31 December 2013 ¹ Rm
South Africa per market segment²				
Statement of comprehensive income				
Net interest income	11 137	10 498	6	21 346
Non-interest income	7 140	6 941	3	14 336
Total income	18 277	17 439	5	35 682
Impairment losses on loans and advances	(3 123)	(3 405)	8	(6 057)
Operating expenses	(10 016)	(9 365)	(7)	(19 506)
Other	(148)	(146)	(1)	(345)
Operating income before income tax	4 990	4 523	10	9 774
Taxation expense	(1 388)	(1 246)	(11)	(2 713)
Profit for the reporting period	3 602	3 277	10	7 061
Profit attributable to:				
Ordinary equity holders	3 411	3 089	10	6 692
Non-controlling interest – ordinary shares	95	94	1	180
Non-controlling interest – preference shares	96	94	2	189
	3 602	3 277	10	7 061
Headline earnings	3 379	3 042	11	6 652
Statement of financial position				
Loans and advances to customers	418 125	411 701	2	414 444
Investment securities	830	952	(13)	874
Other assets	207 111	188 574	10	214 577
Total assets	626 066	601 227	4	629 895
Deposits due to customers	225 933	205 533	10	222 725
Debt securities in issue	2 667	3 313	(19)	2 996
Other liabilities	391 457	386 736	1	394 909
Total liabilities	620 057	595 582	4	620 630

	RBB					
	30 June 2014 Rm	2013 ¹ Rm	C% ³	FX% ⁴	Change %	2013 ¹ Rm
Rest of Africa per market segment						
Statement of comprehensive income						
Net interest income	3 031	2 778	4	5	9	6 056
Non-interest income	1 130	994	2	12	14	1 946
Total income	4 161	3 772	4	6	10	8 002
Impairment losses on loans and advances	(355)	(380)	13	(6)	7	(621)
Operating expenses	(2 787)	(2 524)	(2)	(8)	(10)	(5 342)
Other	(26)	(12)	>(100)	—	>(100)	(44)
Operating income before income tax	993	856	13	3	16	1 995
Taxation expense	(377)	(272)	(34)	(5)	(39)	(740)
Profit for the reporting period	616	584	3	2	5	1 255
Profit attributable to:						
Ordinary equity holders	467	467	(4)	4	—	971
Non-controlling interest – ordinary shares	149	117	28	(1)	27	284
	616	584	3	2	5	1 255
Headline earnings	468	472	(4)	3	(1)	966
Statement of financial position						
Loans and advances to customers	36 497	33 853	7	1	8	36 351
Investment securities	7 822	5 930	24	8	32	6 857
Other assets	30 817	37 590	(18)	(0)	(18)	66 116
Total assets	75 136	77 373	(4)	1	(3)	109 324
Deposits due to customers	54 061	53 540	(0)	1	1	56 054
Debt securities in issue	572	19	>100	>100	>100	481
Other liabilities	9 540	10 530	(8)	(1)	(9)	40 658
Total liabilities	64 173	64 089	(1)	1	0	97 193

Notes

¹Restated, refer to pages 141 to 157 for reporting changes. Additional disclosures for 30 June 2013 and 31 December 2013 have been restated where applicable.

²No constant currency change is disclosed for Absa Bank London since it is deemed immaterial.

³C% = Percentage change calculated based on constant currency. The applicable criteria on the basis of which the constant currency financial information has been prepared is set out on page 165.

⁴FX% = Foreign currency change impact.

Segment report per market and geographical segment

	CIB				WIMI			
	30 June 2014 Rm	2013 ¹ Rm	Change %	31 December 2013 ¹ Rm	30 June 2014 Rm	2013 ¹ Rm	Change %	31 December 2013 ¹ Rm
	1 838	1 466	25	3 207	177	169	5	348
	2 460	2 236	10	5 039	2 161	2 087	4	4 334
	4 298	3 702	16	8 246	2 338	2 256	4	4 682
	(34)	15	>(100)	(84)	(23)	(47)	51	(84)
	(2 372)	(2 157)	(10)	(4 541)	(1 333)	(1 243)	(7)	(2 556)
	(52)	(47)	(11)	(64)	(53)	(49)	(8)	(121)
	1 840	1 513	22	3 557	929	917	1	1 921
	(435)	(294)	(48)	(816)	(272)	(250)	(9)	(533)
	1 405	1 219	15	2 741	657	667	(1)	1 388
	1 357	1 170	16	2 642	654	664	(2)	1 382
	—	—	—	—	—	—	—	—
	48	49	(2)	99	3	3	—	6
	1 405	1 219	15	2 741	657	667	(1)	1 388
	1 323	1 169	13	2 509	654	666	(2)	1 384
	123 691	108 704	14	120 635	10 649	12 266	(13)	10 885
	6 063	7 729	(22)	5 718	26 731	20 736	29	21 300
	373 588	384 912	(3)	356 623	9 047	10 784	(16)	11 758
	503 342	501 345	0	482 976	46 427	43 786	6	43 943
	275 270	268 641	2	262 450	4 985	4 338	15	4 878
	81 242	83 351	(3)	75 674	—	—	—	—
	142 799	145 852	(2)	139 814	36 614	34 764	5	34 349
	499 311	497 844	0	477 938	41 599	39 102	6	39 227

	CIB					WIMI						
	30 June 2014 Rm	2013 ¹ Rm	C% ³	FX% ⁴	Change %	31 December 2013 ¹ Rm	30 June 2014 Rm	2013 ¹ Rm	C% ³	FX% ⁴	Change %	31 December 2013 ¹ Rm
	971	852	7	7	14	1 384	1	2	(50)	0	(50)	1
	824	718	12	3	15	1 800	137	97	26	15	41	197
	1 795	1 570	9	5	14	3 184	138	99	24	15	39	198
	(33)	(21)	(38)	(19)	(57)	(155)	—	—	—	—	—	—
	(865)	(843)	2	(5)	(3)	(1 678)	(78)	(54)	(30)	(14)	(44)	(132)
	(2)	(1)	(100)	—	(100)	(10)	(7)	(6)	(40)	23	(17)	(13)
	895	705	22	5	27	1 341	53	39	15	21	36	53
	(254)	(275)	12	(4)	8	(390)	(19)	(13)	(19)	(27)	(46)	(16)
	641	430	44	5	49	951	34	26	13	18	31	37
	581	366	53	6	59	839	34	26	13	18	31	37
	60	64	(9)	3	(6)	112	—	—	—	—	—	—
	641	430	44	5	49	951	34	26	13	18	31	37
	580	366	53	5	58	839	34	25	13	23	36	36
	25 603	16 959	49	2	51	22 902	—	—	—	—	—	—
	0	276	>(100)	—	>(100)	—	—	1	(100)	—	(100)	53
	20 595	26 306	(23)	1	(22)	29 942	1 102	808	29	7	36	894
	46 198	43 541	4	2	6	52 844	1 102	809	29	7	36	947
	42 512	38 745	8	2	10	46 979	—	—	—	—	—	—
	—	15	(100)	—	(100)	—	—	—	—	—	—	—
	99	3 781	(97)	(0)	(97)	2 845	755	590	21	7	28	661
	42 611	42 541	(2)	2	0	49 824	755	590	21	7	28	661

Segment report per market and geographical segment

Head Office and other operations					Total South Africa			
30 June		31 December			30 June		31 December	
2014 Rm	2013 ¹ Rm	Change %	2013 ¹ Rm	2014 Rm	2013 ¹ Rm	Change %	2013 ¹ Rm	
61	(42)	>100	52	13 213	12 091	9	24 953	
(341)	(193)	(77)	(585)	11 420	11 071	3	23 124	
(280)	(235)	(19)	(533)	24 633	23 162	6	48 077	
—	1	(100)	14	(3 180)	(3 436)	7	(6 211)	
178	316	(44)	261	(13 543)	(12 449)	(9)	(26 342)	
(224)	(142)	(58)	(307)	(477)	(384)	(24)	(837)	
(326)	(60)	>(100)	(565)	7 433	6 893	8	14 687	
57	(24)	>(100)	101	(2 038)	(1 814)	(12)	(3 961)	
(269)	(84)	>(100)	(464)	5 395	5 079	6	10 726	
(269)	(84)	>(100)	(465)	5 153	4 839	6	10 251	
—	—	—	1	95	94	1	181	
—	—	—	—	147	146	1	294	
(269)	(84)	>(100)	(464)	5 395	5 079	6	10 726	
(259)	(81)	>(100)	(425)	5 097	4 796	6	10 120	
77	149	(48)	120	552 542	532 820	4	546 084	
(3 022)	(3 430)	12	(2 874)	30 602	25 987	18	25 018	
(325 533)	(315 597)	(3)	(364 168)	264 213	268 673	(2)	218 790	
(328 478)	(318 878)	(3)	(366 922)	847 357	827 480	2	789 892	
(5 123)	15	>(100)	(4 906)	501 065	478 527	5	485 147	
21 028	19 571	7	18 678	104 937	106 235	(1)	97 348	
(398 671)	(396 039)	(1)	(429 442)	172 199	171 313	1	139 630	
(382 766)	(376 453)	(2)	(415 670)	778 201	756 075	3	722 125	

Head Office and other operations					Total Rest of Africa						
30 June		31 December			30 June		31 December				
2014 Rm	2013 ¹ Rm	C% ³	FX% ⁴	Change %	2013 ¹ Rm	2014 Rm	2013 ¹ Rm	C% ³	FX% ⁴	Change %	2013 ¹ Rm
(19)	(28)	37	(5)	32	(43)	3 984	3 604	5	6	11	7 398
(24)	(2)	>(100)	—	>(100)	(12)	2 067	1 807	6	8	14	3 931
(43)	(30)	(43)	—	(43)	(55)	6 051	5 411	5	7	12	11 329
—	1	(100)	—	(100)	—	(388)	(400)	10	(7)	3	(776)
(24)	(2)	>(100)	>100	>(100)	74	(3 754)	(3 423)	(2)	(8)	(10)	(7 078)
—	2	(100)	—	(100)	1	(35)	(17)	>(100)	(13)	>(100)	(66)
(67)	(29)	>(100)	(8)	>(100)	20	1 874	1 571	15	4	19	3 409
(26)	(76)	66	—	66	(115)	(676)	(636)	(2)	(4)	(6)	(1 261)
(93)	(105)	12	(1)	11	(95)	1 198	935	24	4	28	2 148
(69)	(105)	34	—	34	(117)	1 013	754	28	6	34	1 730
(24)	—	(100)	—	(100)	22	185	181	2	—	2	418
(93)	(105)	12	(1)	11	(95)	1 198	935	24	4	28	2 148
(69)	(105)	35	(1)	34	(118)	1 013	758	28	6	34	1 723
—	—	—	—	—	—	62 100	50 812	21	1	22	59 253
1 489	1 033	39	5	44	1 155	9 311	7 240	22	7	29	8 065
6 521	3 659	73	5	78	7 815	59 035	68 363	(14)	0	(14)	104 767
8 010	4 692	65	6	71	8 970	130 446	126 415	2	1	3	172 085
(83)	(120)	31	(0)	31	(169)	96 490	92 165	3	2	5	102 864
—	—	—	—	—	—	572	34	>100	48	>100	481
5 864	3 030	88	6	94	7 142	16 258	17 931	(9)	(0)	(9)	51 306
5 781	2 910	93	6	99	6 973	113 320	110 130	2	1	3	154 651

RBB overview

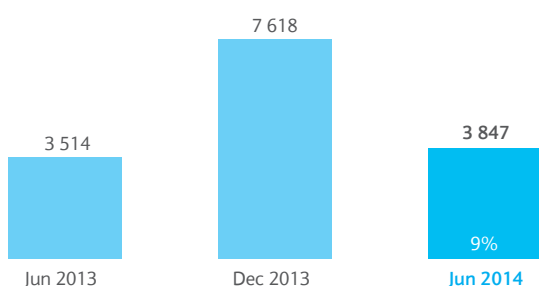
Favourable

- Increase in headline earnings of 9% to R3 847m even in a challenging economic environment as the RBB turnaround strategy continues to deliver.
- Increased interest rates in South Africa and strong performance within deposits (up 8%) contributed to growth in net interest income.
- Improved revenue diversification with Rest of Africa contributing 19%.
- Lower impairment losses ratio driven by strong collections performance and lower impairments across the secured portfolios. Performing loans coverage ratio increased to 0,85% (30 June 2013: 0,71%).
- Growth in South African secured lending and card operations on the back of maintaining a responsible risk appetite.

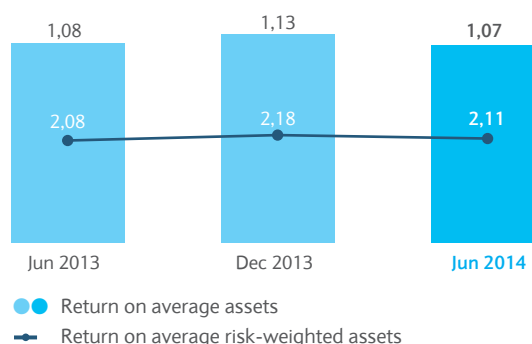
Unfavourable

- Higher cost growth relative to income growth on the back of investment spend including marketing and the multi-channel transformation programme.
- Despite customer numbers within the South Africa operations ending lower year-on-year, there are signs of stabilisation.
- Higher effective tax rate within Rest of Africa.
- Margin on interest earning assets negatively impacted by tight interest rate environment and regulatory changes in the rest of Africa.
- Subdued growth in non-interest income largely attributable to South African operations with solid performance in Card, hampered by pressure within Transactional and Deposits.

Headline earnings (Rm and change %)



Return on average assets and average risk-weighted assets (%)

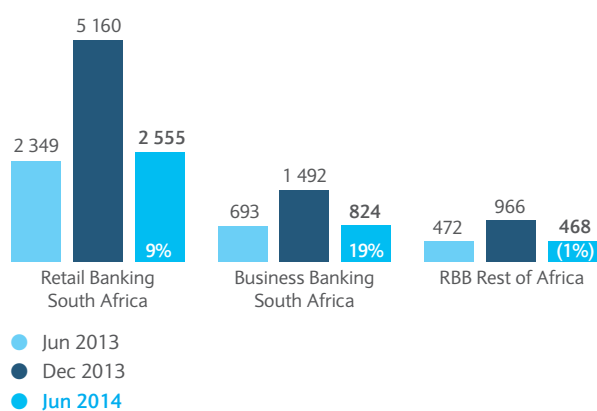


Salient features

	30 June 2014	2013	Change %	31 December 2013
Revenue (Rm)	22 438	21 211	6	43 684
Attributable earnings (Rm)	3 878	3 556	9	7 663
Headline earnings (Rm)	3 847	3 514	9	7 618
Impairment losses ratio (%)	1,55	1,73		1,50
Cost-to-income ratio (%)	57,1	56,1		56,9
Return on average risk-weighted assets (%)	2,11	2,08		2,18
Return on average assets (%)	1,07	1,08		1,13
Return on average regulatory capital (%)	19,09	19,63		20,78

RBB overview

Headline earnings per segment (Rm and % change)



Headline earnings by segment	30 June		Change %	31 December	
	2014 Rm	2013 Rm		2013 Rm	2013 Rm
RBB	3 847	3 514	9	7 618	
Retail Banking South Africa	2 555	2 349	9	5 160	
Home Loans	799	154	>100	872	
Vehicle and Asset Finance	547	538	2	1 130	
Card	720	896	(20)	1 980	
Personal Loans	146	135	8	359	
Transactional and Deposits	1 303	1 336	(2)	2 950	
Other	(960)	(710)	(35)	(2 131)	
Business Banking South Africa	824	693	19	1 492	
Business Banking (excluding equities)	856	822	4	1 657	
Business Banking equities	(32)	(129)	75	(165)	
RBB Rest of Africa	468	472	(1)	966	

RBB overview

Retail Banking South Africa				
	30 June		31 December	
	2014	2013	Change	2013
			%	
Statement of comprehensive income (Rm)				
Net interest income	8 472	7 975	6	16 167
Non-interest income	5 657	5 468	3	11 250
Total income	14 129	13 443	5	27 417
Impairment losses on loans and advances	(2 820)	(3 026)	7	(5 234)
Operating expenses	(7 434)	(6 839)	(9)	(14 320)
Other	(112)	(119)	6	(302)
Operating income before income tax	3 763	3 459	9	7 561
Taxation expense	(1 046)	(949)	(10)	(2 072)
Profit for the reporting period	2 717	2 510	8	5 489
Profit attributable to:				
Ordinary equity holders	2 551	2 351	9	5 177
Non-controlling interest – ordinary shares	95	92	3	178
Non-controlling interest – preference shares	71	67	6	134
	2 717	2 510	8	5 489
Headline earnings	2 555	2 349	9	5 160
Operating performance (%)				
Net interest margin on average interest-bearing assets	3,53	3,42		3,40
Impairment losses ratio	1,60	1,75		1,50
Non-interest income as % of revenue	40,0	40,7		41,0
Revenue growth	5	8		7
Cost growth	(9)	(7)		(10)
Cost-to-income ratio	52,6	50,9		52,2
Statement of financial position (Rm)				
Loans and advances to customers	357 139	350 195	2	353 736
Investment securities	—	0	—	—
Other assets	176 614	167 160	6	181 389
Total assets	533 753	517 355	3	535 125
Deposits due to customers	138 068	127 438	8	134 810
Debt securities in issue	2 667	3 313	(19)	2 996
Other liabilities	388 048	381 629	2	389 522
Total liabilities	528 783	512 380	3	527 328
Financial performance (%)				
Return on average risk-weighted assets ¹	2,47	2,36		2,56
Return on average assets	1,00	0,95		1,02

Note

¹The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

RBB overview

Business Banking South Africa				RBB Rest of Africa				Total RBB			
30 June		31 December		30 June		31 December		30 June		31 December	
2014	2013	Change %	2013	2014	2013	Change %	2013	2014	2013	Change %	2013
2 665	2 523	6	5 179	3 031	2 778	9	6 056	14 168	13 276	7	27 402
1 483	1 473	1	3 086	1 130	994	14	1 946	8 270	7 935	4	16 282
4 148	3 996	4	8 265	4 161	3 772	10	8 002	22 438	21 211	6	43 684
(303)	(379)	20	(823)	(355)	(380)	7	(621)	(3 478)	(3 785)	8	(6 678)
(2 582)	(2 526)	(2)	(5 186)	(2 787)	(2 524)	(10)	(5 342)	(12 803)	(11 889)	(8)	(24 848)
(36)	(27)	(33)	(43)	(26)	(12)	>(100)	(44)	(174)	(158)	6	(389)
1 227	1 064	15	2 213	993	856	16	1 995	5 983	5 379	11	11 769
(342)	(297)	(15)	(641)	(377)	(272)	(39)	(740)	(1 765)	(1 518)	(16)	(3 453)
885	767	15	1 572	616	584	5	1 255	4 218	3 861	9	8 316
860	738	17	1 515	467	467	—	971	3 878	3 556	9	7 663
—	2	(100)	2	149	117	27	284	244	211	16	464
25	27	(7)	55	—	—	—	—	96	94	2	189
885	767	15	1 572	616	584	5	1 255	4 218	3 861	9	8 316
824	693	19	1 492	468	472	(1)	966	3 847	3 514	9	7 618
6,70	7,25		6,98	10,15	10,22		10,39	4,75	4,50		4,51
1,00	1,23		1,34	2,01	2,40		1,86	1,55	1,73		1,50
35,8	36,9		37,3	27,2	26,4		24,3	36,9	37,4		37,3
4	1		5	10	22		24	6	9		9
(2)	3		2	(10)	(17)		(20)	(8)	(7)		(9)
62,2	63,2		62,7	67,0	66,9		66,8	57,1	56,1		56,9
60 986	61 506	(1)	60 708	36 497	33 853	8	36 351	454 622	445 554	2	450 795
830	952	(13)	874	7 822	5 930	32	6 857	8 652	6 882	26	7 731
30 497	21 414	42	33 188	30 817	37 590	(18)	66 116	237 928	226 164	5	280 693
92 313	83 872	10	94 770	75 136	77 373	(3)	109 324	701 202	678 600	3	739 219
87 865	78 095	13	87 915	54 061	53 540	1	56 054	279 994	259 073	8	278 779
—	—	—	—	572	19	>100	481	3 239	3 332	(3)	3 477
3 409	5 107	(33)	5 387	9 540	10 530	(9)	40 658	400 997	397 266	1	435 567
91 274	83 202	10	93 302	64 173	64 089	0	97 193	684 230	659 671	4	717 823
2,26	1,95		2,08	1,10	1,35		1,27	2,11	2,08		2,18
1,83	1,68		1,71	0,82	1,32		1,20	1,07	1,08		1,13

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RBB

Retail Banking South Africa

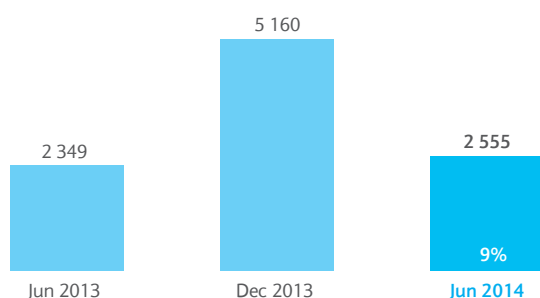
Favourable

- Increase in headline earnings of 9% to R2 555m as a result of execution against planned investment initiatives and from targeted portfolio optimisation actions.
- Revenue growth of 5% delivered through rigorous margin management and improved asset pricing. Risk-based pricing has been central to our pricing practices.
- Momentum in key asset production achieved whilst maintaining a consistent and appropriate risk appetite.
- Credit impairments declined by 7% to R2 820m, leading to a decrease in impairment losses ratio from 1,75% to 1,60%, due to lower NPLs predominantly in Home Loans. Performing loans coverage ratio increased to 0,79% (30 June 2013: 0,57%).
- Overall NPL coverage ratio remains strong at 42,5% as portfolio optimisation benefits realise.
- Cost growth of 9% is attributable to increased marketing and multi-channel programme spend. This includes targeted “above the line” campaigns, improving customer experience and operational efficiencies aimed at delivering long-term sustainable cost reduction. Continued rigour on cost management in the business limited underlying cost growth to 4%.

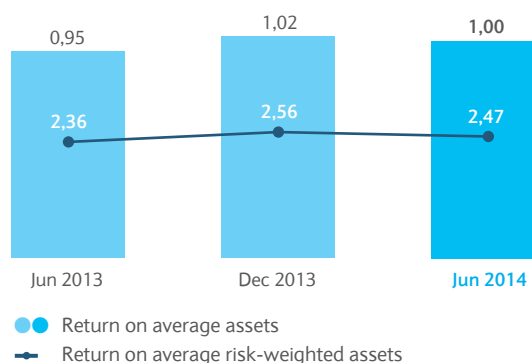
Unfavourable

- Growth in loans and advances to customers moderated by decline in Home Loans NPLs.
- Customer attrition numbers have started to show stabilisation at 8,62m customers following December 2013 levels of 8,84m (30 June 2013: 9,40m), whilst average profitability per account has improved.
- Subdued growth in non-interest income with a solid performance from Card is hampered by pressure within Transactional and Deposits, which includes the removal of certain internet banking fees, continued migration to bundled products, as well as the migration to digital channels.
- Cost growth higher than income growth driven by elevated levels of investment spend.
- High loss rates in Edcon partnership of 15,01%, which fall outside of the risk appetite, along with low in-store credit sales adversely impacting earnings. Deteriorating conditions within this target market segment are being closely monitored.

Headline earnings (Rm and change %)



Return on average assets and average risk-weighted assets (%)



Salient features

	30 June 2014	31 December 2013	Change %	2013
Revenue (Rm)	14 129	13 443	5	27 417
Attributable earnings (Rm)	2 551	2 351	9	5 177
Headline earnings (Rm)	2 555	2 349	9	5 160
Impairment losses ratio (%)	1,60	1,75		1,50
Cost-to-income ratio (%)	52,6	50,9		52,2
Return on average risk-weighted assets (%)	2,47	2,36		2,56
Return on average assets (%)	1,00	0,95		1,02

RBB

Retail Banking South Africa

Business profile

Retail Banking South Africa offers a comprehensive suite of retail banking products and services to both individual and commercial markets' asset finance customers. It caters for the full spectrum of customers, from those needing basic banking services to those requiring sophisticated financial solutions. The focus is on providing a consistently superior experience across each of the channels matched closely to the needs and expectations of each customer segment. Customers are served through an extensive branch and self-service terminal network, electronic and mobile phone channels, relationship managers as well as call centre agents.

Key business areas

- **Home Loans** – offers residential property-related finance solutions direct to the customer through personalised services, as well as through a range of electronic channels and intermediaries such as estate agents and originators.
- **Vehicle and Asset Finance (“VAF”)** – offers customised vehicle and movable asset finance products and services through face-to-face engagements, call centre agents and digital channels. The VAF product line incorporates personal markets asset financing, commercial markets asset financing including marine and aviation financing products, technology finance solutions as well as vehicle fleet management solutions, fleet card management and associated services.
- **Card** – offers credit cards and merchant acquiring solutions via a mix of Absa branded and co-branded offerings including British Airways, Avios and Virgin Money. Included within this portfolio are strategic partnerships with Edcon and Woolworths Financial Services, which offers credit cards, personal loans and short-term insurance products.
- **Personal Loans** – offers unsecured instalment loans, including fixed and variable loans through face-to-face engagements, call centre agents as well as electronic and mobile channels, currently focusing on existing customers.
- **Transactional and Deposits** – offers a full range of transactional banking, savings and investment products, customer loyalty programme and services through a variety of touch points. These include physical branches, digital channels, ATMs, priority suites and call centres.
- **Other** – includes Retail Banking central and head office costs, which are not currently allocated to business units along with branch distribution and channel net recoveries, and costs associated with the multi-channel investment programme.

An organisational structure change took place during the reporting period impacting the reporting structure of Retail Banking South Africa:

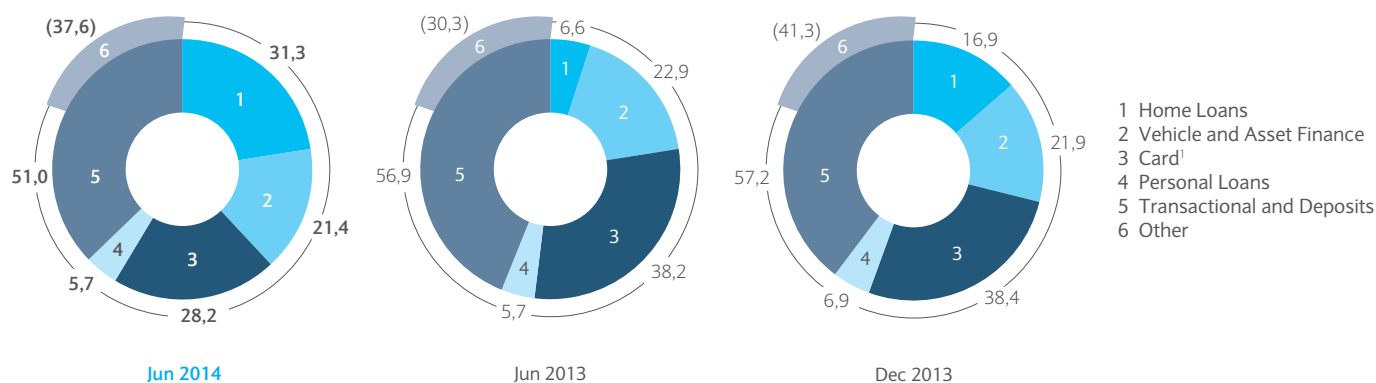
- **Absa Technology Finance Solutions**, previously reported in the Business Banking South Africa segment, was transferred to Retail Banking South Africa and integrated into the VAF division from the beginning of the reporting period.

RBB

Retail Banking South Africa

	Home Loans				Vehicle and Asset Finance			
	30 June 2014	2013	Change %	31 December 2013	30 June 2014	2013	Change %	31 December 2013
Statement of comprehensive income (Rm)								
Net interest income	1 880	1 751	7	3 522	1 440	1 336	8	2 647
Non-interest income	165	154	7	293	325	356	(9)	672
Total income	2 045	1 905	7	3 815	1 765	1 692	4	3 319
Impairment losses on loans and advances	(464)	(1 115)	58	(1 552)	(419)	(404)	(4)	(629)
Operating expenses	(464)	(552)	16	(1 020)	(662)	(619)	(7)	(1 267)
Other	(6)	(11)	45	(18)	50	36	39	77
Operating income before income tax	1 111	227	>100	1 225	734	705	4	1 500
Taxation expense	(312)	(73)	>(100)	(353)	(185)	(160)	(16)	(367)
Profit for the reporting period	799	154	>100	872	549	545	1	1 133
Profit attributable to:								
Ordinary equity holders	799	154	>100	872	549	539	2	1 133
Non-controlling interest – ordinary shares	—	—	—	—	—	—	—	—
Non-controlling interest – preference shares	—	—	—	—	—	6	(100)	—
	799	154	>100	872	549	545	1	1 133
Headline earnings	799	154	>100	872	547	538	2	1 130
Operating performance (%)								
Impairment losses ratio	0,45	1,07		0,74	1,11	1,20		0,90
Cost-to-income ratio	22,7	29,0		26,7	37,5	36,6		38,2
Statement of financial position (Rm)								
Loans and advances to customers	205 561	208 580	(1)	206 689	78 518	70 684	11	75 381
Other assets	14 857	15 620	(5)	15 181	7 074	6 908	2	8 562
Total assets	220 418	224 200	(2)	221 870	85 592	77 592	10	83 943
Deposits due to customers	131	152	(14)	134	21	28	(25)	21
Debt securities in issue	2 667	3 313	(19)	2 996	—	—	—	—
Other liabilities	216 688	220 294	(2)	217 580	84 025	76 104	10	81 869
Total liabilities	219 486	223 759	(2)	220 710	84 046	76 132	10	81 890
Financial performance (%)								
Return on average risk-weighted assets ²	2,80	0,51		1,46	1,98	2,21		2,21
Return on average assets	0,73	0,14		0,39	1,33	1,45		1,46

Headline earnings (%)



Notes

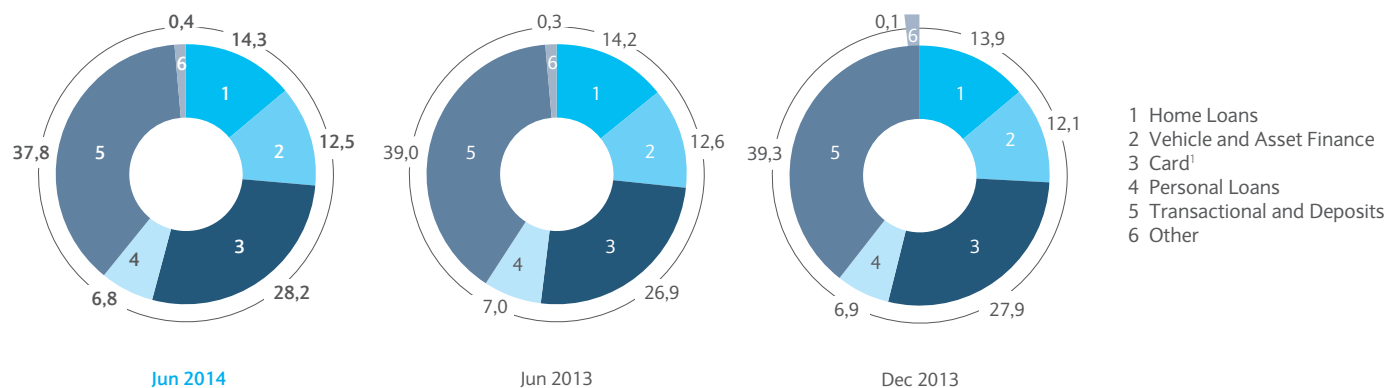
¹Includes Woolworths Financial Services and the Edcon portfolio.

²The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

RBB Retail Banking South Africa

Card ¹				Consumer Bank				Personal Loans			
30 June		31 December		30 June		31 December		30 June		31 December	
2014	2013	Change %	2013	2014	2013	Change %	2013	2014	2013	Change %	2013
2 412	2 210	9	4 653	2 917	2 786	5	5 810	791	768	3	1 555
1 562	1 406	11	3 003	3 371	3 399	(1)	6 844	163	170	(4)	337
3 974	3 616	10	7 656	6 288	6 185	2	12 654	954	938	2	1 892
(1 354)	(835)	(62)	(1 903)	(575)	(640)	(10)	(1 056)	(433)	(444)	2	(782)
(1 417)	(1 353)	(5)	(2 622)	(3 696)	(3 490)	(6)	(6 966)	(325)	(304)	(7)	(605)
(51)	(42)	(21)	(95)	(5)	(12)	58	(35)	7	(3)	>100	(6)
1 152	1 386	(17)	3 036	2 012	2 043	(2)	4 597	203	187	9	499
(332)	(388)	14	(860)	(563)	(572)	2	(1 286)	(57)	(52)	(10)	(140)
820	998	(18)	2 176	1 449	1 471	(1)	3 311	146	135	8	359
720	897	(20)	1 980	1 449	1 471	(1)	3 309	146	135	8	359
91	92	(1)	178	—	—	—	—	—	—	—	—
9	9	—	18	—	—	—	—	—	—	—	—
820	998	(18)	2 176	1 449	1 471	(1)	3 309	146	135	8	359
720	896	(20)	1 980	1 449	1 471	(1)	3 309	146	135	8	359
7,64	5,05		5,63	3,12	3,49		2,85	6,93	7,17		6,23
35,7	37,4		34,2	58,8	56,4		55,0	34,1	32,4		32,0
36 572	34 220	7	35 559	36 486	36 460	0	36 038	12 546	12 527	0	12 556
13 272	9 954	33	11 753	119 933	111 607	7	119 589	872	864	1	844
49 844	44 174	13	47 312	156 419	148 067	6	155 627	13 418	13 391	0	13 400
1 832	1 805	1	1 912	135 967	125 305	9	132 612	12	9	33	10
—	—	—	—	—	—	—	—	—	—	—	—
46 311	40 655	14	42 587	18 994	21 295	(11)	19 711	13 260	13 247	0	13 030
48 143	42 460	13	44 499	154 961	146 600	6	152 323	13 272	13 256	0	13 040
2,69	3,67		4,02	7,45	7,60		8,46	1,83	1,71		2,27
3,28	5,24		5,65	1,97	2,11		2,29	2,19	2,04		2,67

Revenue (%)



RBB
Retail Banking South Africa

Transactional and Deposits				Other				Total Retail Banking South Africa			
30 June		31 December		30 June		31 December		30 June		31 December	
2014	2013	Change %	2013	2014	2013	Change %	2013	2014	2013	Change %	2013
2 126	2 018	5	4 255	(177)	(108)	(64)	(465)	8 472	7 975	6	16 167
3 208	3 229	(1)	6 507	234	153	53	438	5 657	5 468	3	11 250
5 334	5 247	2	10 762	57	45	27	(27)	14 129	13 443	5	27 417
(142)	(196)	28	(274)	(8)	(32)	75	(94)	(2 820)	(3 026)	7	(5 234)
(3 371)	(3 186)	(6)	(6 361)	(1 195)	(825)	(45)	(2 445)	(7 434)	(6 839)	(9)	(14 320)
(12)	(9)	(33)	(29)	(100)	(90)	(11)	(231)	(112)	(119)	6	(302)
1 809	1 856	(3)	4 098	(1 246)	(902)	(38)	(2 797)	3 763	3 459	9	7 561
(506)	(520)	3	(1 146)	346	244	42	794	(1 046)	(949)	(10)	(2 072)
1 303	1 336	(2)	2 952	(900)	(658)	(37)	(2 003)	2 717	2 510	8	5 489
1 303	1 336	(2)	2 950	(966)	(710)	(36)	(2 117)	2 551	2 351	9	5 177
—	—	—	—	4	—	100	—	95	92	3	178
—	—	—	—	62	52	19	116	71	67	6	134
1 303	1 336	(2)	2 950	(900)	(658)	(37)	(2 001)	2 717	2 510	8	5 489
1 303	1 336	(2)	2 950	(960)	(710)	(35)	(2 131)	2 555	2 349	9	5 160
1,17	1,61		1,12	n/a	n/a		n/a	1,60	1,75		1,50
63,2	60,7		59,1	n/a	n/a		n/a	52,6	50,9		52,2
23 940	23 933	0	23 482	2	251	(99)	69	357 139	350 195	2	353 736
119 061	110 743	8	118 745	21 478	23 071	(7)	26 304	176 614	167 160	6	181 389
143 001	134 676	6	142 227	21 480	23 322	(8)	26 373	533 753	517 355	3	535 125
135 955	125 296	9	132 602	117	148	(21)	131	138 068	127 438	8	134 810
—	—	—	—	—	—	—	—	2 667	3 313	(19)	2 996
5 734	8 048	(29)	6 681	22 030	23 281	(5)	27 775	388 048	381 629	2	389 522
141 689	133 344	6	139 283	22 147	23 429	(5)	27 906	528 783	512 380	3	527 328
11,32	11,59		12,64	n/a	n/a		n/a	2,48	2,36		2,56
1,94	2,11		2,25	n/a	n/a		n/a	1,00	0,95		1,02

RBB

Retail Banking South Africa

Financial performance

Headline earnings increased by 9% to R2 555m (30 June 2013: R2 349m), largely due to lower credit impairments.

Revenue improved by 5% to R14 129m (30 June 2013: R13 443m) as net interest income grew by 6%, while non-interest income reflected moderate growth of 3%.

Credit impairments declined by 7% to R2 820m (30 June 2013: R3 026m), mainly due to a 58% decrease in credit impairments for Home Loans, partly offset by an expected 62% increase in the Card portfolio. The impairment losses ratio improved to 1,60% (30 June 2013: 1,75%), with performing loans impairments increasing by 43% to R2 762m.

Operating expenses grew by 9% on the back of investment in marketing and multi-channel programme spend. Operating expense growth outweighed revenue growth resulting in a deterioration in the cost-to-income ratio to 52,6% (30 June 2013: 50,9%).

Loans and advances to customers increased by 2% to R357bn (30 June 2013: R350bn), largely through an 11% increase in the VAF book and 7% growth in the Card book. Home Loans advances declined marginally to R206bn (30 June 2013: R209bn) as the Home Loans NPL book declined by 31% from R16,1bn to R11,1bn.

Deposits due to customers increased by 8% due to growth in investment products.

Home Loans recorded a noticeable improvement in headline earnings to R799m (30 June 2013: R154m) reflecting lower credit impairments and increased net interest income as a result of a 2% growth in the performing book and the decline in the NPL book.

Muted headline earnings growth of 2% to R547m (30 June 2013: R538m) in VAF driven by consistent credit granting, improved operational processes and focused retention management actions. This was, however, tempered by the subdued trading conditions.

Card headline earnings declined by 20% with the Edcon portfolio recording a loss of R97m, on the back of significantly higher credit impairments driven by an increased impairment stock coverage ratio particularly in the Edcon portfolio as well as natural maturation of the Absa Card portfolio which is in line with expectation.

Headline earnings of Transactional and Deposits declined by 2% following revenue pressure and higher costs. Revenue growth was constrained by the removal of monthly internet banking fees and the continued migration to more affordable bundled product offerings and digital channels. Key indicators around cheque account growth, transactional deposit balances and debit card turnover reflect a stabilisation in the revenue erosion experienced in previous years.

Operating environment

The operating environment during the reporting period included the following:

- Consumers continuing to experience financial strain as growth in real household disposable income and consumption expenditure dropped to below 2%.
- Interest rates increasing 50 bps in January 2014 adding to further pressure on the residential property market.
- Growth in credit balances in the household sector remains on a downward trend currently at 4,3%. Secured lending growing at 3,6%, while unsecured lending grew at 6,7%.
- Sales volumes of new vehicles declining 5,3% in the first half of the year.
- Protracted strikes in the platinum mining industries and subsequently the steel and engineering industries continue to undermine levels of economic activities, unemployment and investor confidence.
- Looking forward, consumers are likely to experience continued financial strain in the wake of a poorly performing economy, low employment and real disposable income growth, upward pressure in inflation and expected further interest rate hikes. These factors will adversely affect consumers' spending power and impact credit growth, accessibility and affordability.

Business performance

The improvement in the underlying operational performance was largely as a result of targeted portfolio optimisation actions, planned investment initiatives and focused execution against strategic imperatives. This has been enhanced by more than 100% increase in headline earnings for Home Loans on the back of improved collections and recovery processes.

The revenue growth experienced was primarily due to key asset production volumes sustaining momentum, net interest margin optimisation actions as well as higher acquiring and issuing turnovers in the Card business. The positive endowment following the rate increase in January 2014 also supported revenue growth in spite of higher funding costs. The revenue growth of 10% in the Card business has been supported by the introduction of the Avios and British Airways co-branded credit cards. Production volumes in key assets have returned to targeted levels supported by the new business production volumes in the commercial VAF businesses. The risk grades on new book growth are well within business risk appetite and are appropriately priced. Overall customer numbers continue to decline, albeit at a slower pace. First signs of stabilisation have been observed in key customer segments demonstrating that the turnaround strategy is on track.

Impairment levels have improved on the back of strong risk management initiatives including the introduction of new scorecards, refinement of pricing and profitability models as well as the enhancement of collections and recovery processes. However, this was offset by the deterioration in the credit quality of the Edcon portfolio which saw impairment stock coverage of non-performing loans increasing significantly. This portfolio continues to receive focused management attention.

Continued cost management discipline has enabled investment in targeted marketing initiatives as well as the multi-year channel transformation programme. This programme is large and complex and spans across all key customer-facing channels. It is a key component of positioning the organisation to be the future of banking on the continent and to become the 'Go-To' bank, seeking to lead the industry by offering a new way to bank that combines great technologies and physical locations with the best face-to-face service.

RBB

Retail Banking South Africa

Business performance *(continued)*

Since the launch of the multi-channel programme in the second half of 2013, it has delivered on the following:

- Support for customer self-service and convenience with the roll-out of over 1 500 Cash Accepting Devices (“ATMs”), accounting for a third of all customer cash deposits. The capability development has resulted in a migration of routine transactions out of branches to self-service devices. System availability and network stability remains a key focus.
- Comprehensive re-training of branch staff over the last nine months aimed at, enhancing colleague abilities to serve customers more effectively and efficiently. A managed programme of capacity release is under way to ensure that staff are enabled to support productive customer-facing activities.
- A measured programme is under way to reshape the existing branch footprint, delivering improved branch design and location while at the same time optimising size requirements, thereby generating efficiency gains over the medium term.
- Skybranch is an initiative to transform our traditional call centre operations into a true omni-channel capability to serve customers anywhere, anytime on any device, across voice, webchat, video chat, email and social media. Significant progress has already been made to empower Skybranch colleagues with multi-skilling, training and flexible shifts – the next phase of implementation, in the second half of this year, will see enhanced knowledge management and outbound customer support tools deployed.
- The branchless banking initiative has launched the PEPplus simple bank account, an affordable transactional account that can be opened in PEP stores. The PEPplus account opening process has been optimised to below five minutes. In-store banking services continue to be expanded through the Card merchant base and deployed capabilities like “Payment Pebble” providing additional convenience for customers.

Home Loans

Home Loans recorded headline earnings of R799m (30 June 2013: R154m) on the back of lower credit impairments and increased net interest income as a result of a 2% increase in the performing book and a decline in NPLs.

Loans and advances to customers decreased marginally by 1%, largely due to a decline in NPLs. Performing loans as a percentage of the overall book increased from 92,4% to 94,8%. Customer pricing remained resilient during the reporting period, however, gross customer margin declined slightly as the cost of funds increased. Income increased by 7% due to improved net interest income as a result of the positive impact from a reduced legal book.

Credit impairments decreased by 58% to R464m (30 June 2013: R1 115m) as a result of improved collection and recovery processes, which led to a 31% reduction in NPLs from R16,1bn to R11,1bn and a decline in the impairment losses ratio to 0,45% (30 June 2013: 1,07%). The NPL coverage ratio declined to 26,2% (30 June 2013: 30,4%) due to improved construct and mix in NPLs and the underlying workout performance continues to show signs of improvement.

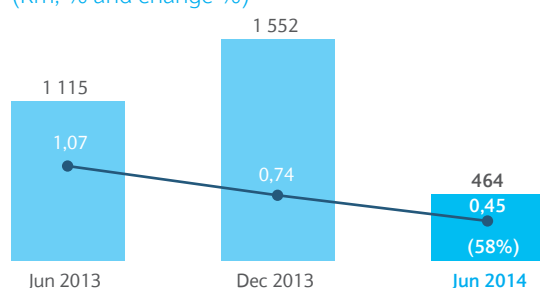
Operating expenses remained well controlled with a reduction of 16%, reflecting improved processes in both the collection and recoveries environment as well as the loan processing environment. The cost-to-income ratio reduced to 22,7% (30 June 2013: 29,0%).

New business written increased by 3% as the consumer remains under severe stress with increasing electricity and other household costs, hence muted market growth is expected in the foreseeable future. Home Loans continues to focus on originating superior quality loans with the 12 months default rate of new loans written since 2010 remaining well below 1%. The market share (according to BA 900) is 26,8% (30 June 2013: 27,4%), with the share of new business (per Lightstone) at 20,3% (30 June 2013: 19,9%).

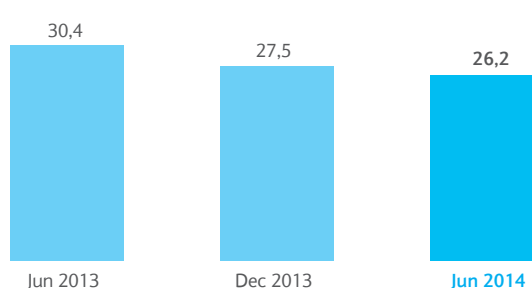
Home Loans recently implemented a number of strategic changes to its business, which are starting to take hold:

- Redesigned the sales process, leading to improved turnaround times and increased customer satisfaction.
- Introduced new scorecard pricing and profitability models, enabling the business to improve its risk-based pricing and return on capital.
- Applied micro-segmentation models to identify pockets of growth and designed new products to target these customers.
- Optimised the channel configuration to enhance its reach and increased focus on growth in selected segments.
- Introduced new de-risk measures to reduce exposure to operational, credit and technology risks.

Credit impairments and impairment losses ratio (Rm, % and change %)



Non-performing loans – coverage ratio (%)



● Credit impairments
 — Impairment losses ratio

RBB Retail Banking South Africa

Business performance *(continued)*

Vehicle and Asset Finance

Headline earnings increased moderately to R547m (30 June 2013: R538m). Outstanding partner performance, consistent credit granting, improved operational processes and actions focused on customer retention are all contributing factors to the headline earnings growth, despite the subdued trading conditions.

Loans and advances to customers grew by 11% due to strong origination in the commercial market and lower overall book run-off.

The passenger car market contracted by 7% ("NAAMSA") for the reporting period impacting new business production which declined by 3,6% in retail instalment sales. The average term of a new individual instalment sale contract increased by one month to 67 months.

Despite moderate market growth, the new business production in the commercial instalment sales segment grew by 14%, mainly due to the addition of an open market strategy in the commercial VAF businesses.

A steady growth objective will be supported by three additional retail alliances and a preferred commercial supplier added during the reporting period. The Ford Financial Services joint venture remains a successful portfolio, with new business increasing by 12%, largely as a result of Ford market share growth and improved alignment between Ford and Ford Financial Services.

VAF's overall market share declined marginally from 19,1% as at May 2013 to 18,9% as at May 2014 as reported in the BA 900. The market share remained flat at 18,9% from December 2013. The commercial market share remained stable over the reporting period with growth marginally above the market. For the three months ended May 2014 a market gain on instalment sales was reported which is evidence of the success of the steady turnaround of this business.

Revenue increased 4% on the back of growth in the advances book, with interest margins remaining under pressure amid competitive pricing across all portfolios. Non-interest income decreased by 9% mainly due to the non-recurring income received in 2013. Fee and commission income increased in line with the moderate new business growth.

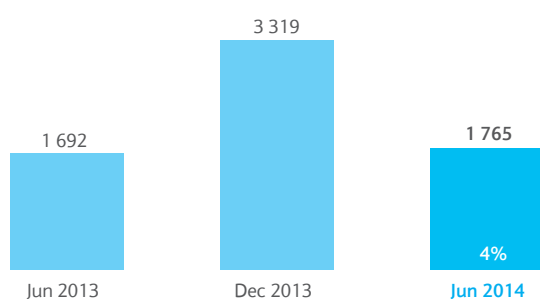
The retail impairment losses ratio decreased marginally to 1,31% (30 June 2013: 1,32%) due to the improved risk profile of the retail advances book. Early delinquencies improved from 5,7% to 5,1% and NPLs from 3,6% to 2,4%, due to better quality origination and improved collections strategy.

The retail legal book declined to R751m (30 June 2013: R1 114m) as a result of the accelerated write-off of aged legal accounts. As a result, the average age of the legal book improved from 14 months in June 2013 to 6,5 months at June 2014 and NPL coverage dropped to 41,5% (30 June 2013: 50,0%) as greater coverage is applied to aged (now written-off) legal accounts.

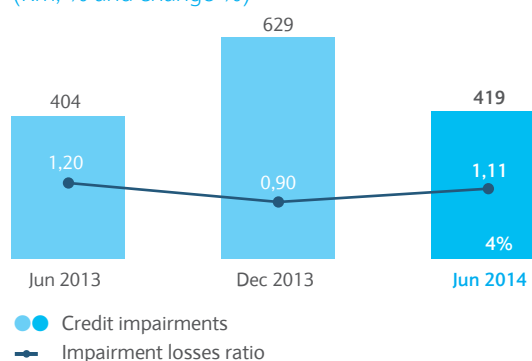
The commercial asset book performed in line with expectation, with higher legal recoveries and lower specific impairments. The overall impairment losses ratio increased to 0,65%, compared to 0,61% in June 2013, as a result of the book growing to maturity.

VAF's cost-to-income ratio increased to 37,5% (30 June 2013: 36,6%) mainly due to creating production capacity in the sales and processing environment to enhance service delivery. The investment in technology, as well as improved sales and back-end processes resulted in an improved customer and dealer experience.

Revenue (Rm and change %)



Credit impairments and impairment losses ratio (Rm, % and change %)



RBB Retail Banking South Africa

Business performance *(continued)*

Card

Headline earnings decreased by 20% to R720m (30 June 2013: R896m) due to an expected increase in impairments across the portfolio. Business fundamentals however remain healthy with above inflation growth in customer spend and profitable advances growth in targeted customer segments.

Gross loans and advances to customers increased by 12% to R40 953m, with loans and advances to customers net of impairment stock increases growing by 7% to R36 572m (30 June 2013: R34 220m).

The advances growth is underpinned by healthy performance in the core portfolios, complemented by steady performance from the co-brand cards. The Avios card was launched in the second half of 2013 and a British Airways card was successfully launched during the first quarter of 2014, with good customer take up. Woolworths Financial Services has maintained steady growth linked to the performance of our retail partner with loans and advances increasing by 5% to R8 428m (31 December 2013: R7 999m). Loans and advances in Edcon declined by 8% to R9 095m from 31 December 2013 due to the seasonal pay down of festive period spend and increased impairment stock levels. Underlying growth in Edcon has been muted due to deteriorating conditions within its target market segment and higher risk of “new to credit” customers. Consequent credit actions have been taken to maintain and improve credit quality.

Revenue growth of 10% to R3 974m is attributable to a 9% increase in net interest income and an 11% increase in non-interest income. The healthy performance reported for net interest income was due to the positive impact on margins of the interest rate increase in January 2014, coupled with the growth in advances to customers. The growth in non-interest revenue to R1 562m was driven by 22% growth in acquiring turnover supporting the payment acceptance business and above inflation growth in issuing turnover of 8%.

Credit impairments increased by 62% to R1 354m (30 June 2013: R835m), with an impairment losses ratio of 7,64% (30 June 2013: 5,05%) but remained within the expected range, despite pressure in some customer segments. The increase in impairments is due to the natural maturation of new business booked and is in line with expectations. Delinquency of existing exposures has remained resilient. Credit risk management has been strengthened with added capability and capacity to proactively manage the impact of a deteriorating external credit environment. Non-performing loans impairment coverage has increased to 72,0% at a consolidated portfolio level. Credit impairments in the Edcon portfolio increased to R696m (30 June 2013: R440m), translating to an impairment losses ratio of 15,01%. Focus on credit quality has been key in managing the Edcon portfolio with credit policy and strategic collection changes implemented to manage the underlying portfolio performance. Impairment stock coverage of non-performing loans has been increased to 80%.

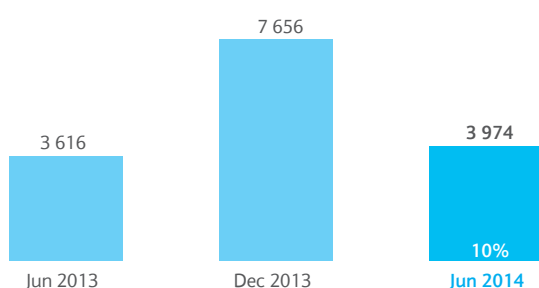
Operating expenses increased by 5% to R1 417m (30 June 2013: R1 353m), being tightly managed despite targeted investments in the launch of the co-brand portfolio to diversify the customer base. Cost-to-income ratio for the portfolio improved to 35,7% from 37,4%.

The Card business has leveraged off the integrated issuing and acquiring business model to successfully launch the Payment Pebble and has taken the market lead in mobile point of sale payment acceptance.

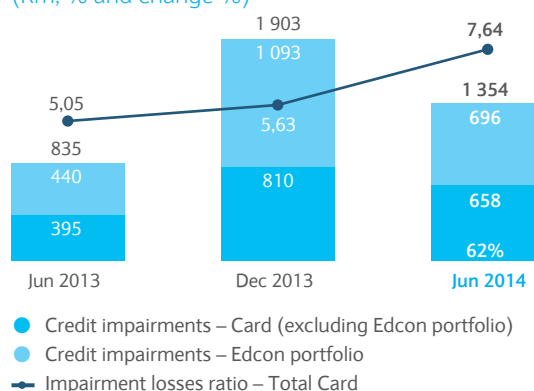
The business is focused on embedding the newly launched products and remains open to new developments and innovations aligned to its commercial objectives.

The Edcon portfolio recorded a headline earnings loss of R97m, on the back of significantly higher credit impairments driven by an increased impairment stock coverage ratio. The Group remains committed to the relationship with Edcon and several initiatives and strategic opportunities are being investigated over and above those contractually envisaged. The acquisition of Edcon’s portfolio in Namibia with a gross book value of approximately R350m was concluded in July 2014. The acquisition of the other foreign jurisdictions with a gross book value of approximately R545m are subject to the conclusion of regulatory processes.

Revenue (Rm and change %)



Credit impairments and impairment losses ratio (Rm, % and change %)



RBB

Retail Banking South Africa

Business performance *(continued)*

Personal Loans

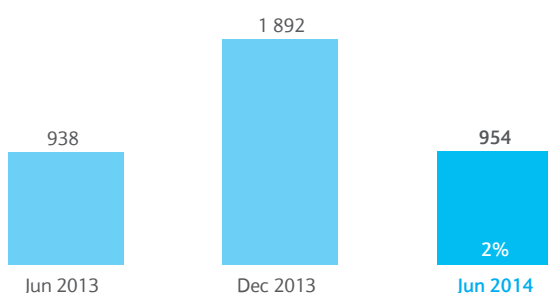
Headline earnings increased by 8% to R146m (30 June 2013: R135m) as a result of an increase in revenue and lower credit impairments. Market share remained flat at levels of 10% as at the end of May 2014 with the overall market growth slowing to 3% on the previous reporting period, amidst concerns of consumer vulnerability in the current economic climate. New business production has declined by 3% as a result of lower “through the door” application volumes and affordability levels declined due to consumer indebtedness.

The increase in revenue of 2% to R954m (30 June 2013: R938m) is due to the annuity effect of loan sales in previous periods, supported by pricing increases in 2013 and 2014. The revenue growth was partly offset by increased loan prepayment rates and lower yields based on an improved portfolio mix to lower risk customers.

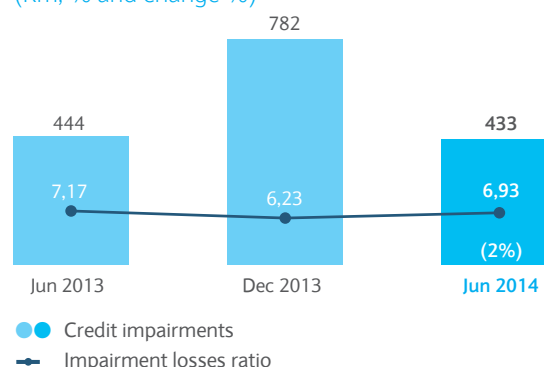
Improved collections and recovery processes as well as the improved portfolio mix, has led to a decrease in credit impairments of 2%. New business vintages continue to remain healthy and perform, within risk appetite.

Operating expenses increased by 7% primarily due to increased capacity in the processing environment. The cost-to-income ratio deteriorated to 34,1% (30 June 2013: 32,4%).

Revenue (Rm and change %)



Credit impairments and impairment losses ratio (Rm, % and change %)



Transactional and Deposits

Headline earnings declined by 2% to R1 303m (30 June 2013: R1 336m) on the back of higher operating expenditure, offset by muted revenue growth and lower credit impairments.

Net interest income increased by 5% primarily due to increased liability balance growth as well as improved margins across the portfolio in line with higher interest rates. Non-interest income declined by 1% primarily due to the removal of monthly internet banking fees, a reduction in revenue generating transaction volumes based on the continued migration to bundled offerings and increased cash rewards paid to customers partially offset by increased debit card turnover volumes.

The number of transmission account customers continued to decline primarily due to non-utilisation of these accounts. Sales initiatives targeted to grow the base through new to product account holders, mainly in the current account portfolio aimed at improving the customer segment mix, are evident in the increased debit card activity.

Revenue generating transactions reduced in line with customer losses on transmission accounts, however, annuity income generated from the base improved due to the sustained account migration to bundled offerings. The continued natural migration to lower priced transacting channels, fuelled by customer education campaigns driving the use of self-service devices, as well as increased convenience through cardless self-service device transactions, exerted further pressure on non-interest income growth.

There is a trend of growth increasingly being generated through new transactional banking relationships as opposed to migration between transactional products, particularly in the current account portfolio, which together with targeted activation campaigns on the transactional accounts, improved retention of accounts and strong growth in the electronic channel volumes arrested the declining non-interest income trend experienced in previous reporting periods.

RBB

Retail Banking South Africa

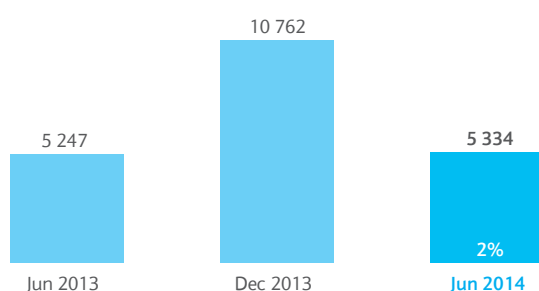
Business performance *(continued)*

Transactional and Deposits *(continued)*

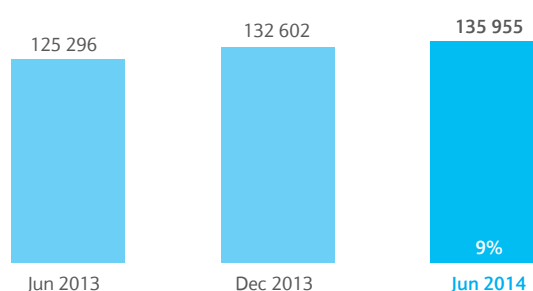
The Absa Rewards programme effectively increased account utilisation across the portfolio with membership growing by 34% during the reporting period, to more than 1,6m members.

Deposits due to customers increased by 9% to R136bn (30 June 2013: R125bn) with growth mainly in the demand deposits, on the back of the launch of products like Depositor Plus and TruSave, satisfying the customers' need for access to their investments.

Revenue (Rm and change %)



Deposits due to customers (Rm and change %)



Other

Headline earnings declined by 35% to a loss of R960m (30 June 2013: R710m) on the back of:

- Higher funding costs on cash holdings and fixed assets;
- Non-interest income up 53% on the back of increased SASWITCH fees (them-on-us);
- Operating expenses increased by 45% to R1 195m (30 June 2013: R825m) through:
 - increased investment spend, mainly relating to the multi-channel programme;
 - additional spend on “above the line” marketing campaigns;
- The increased investment spend made it possible to deliver long-term sustainable cost reductions, operation efficiencies and enhanced customer experience.

The AllPay business continues to be wound down subsequent to the loss of the social grant payment contract in early 2012. Following the appeal of the Supreme Court ruling in 2013, the Constitutional Court ruled in favour of AllPay. The Constitutional Court ruling confirmed that the tender award was invalid and requested that a new tender process be conducted with a minimum tender period of five years. A formal social grants tender request emanating from this ruling has not as yet been issued by the relevant authority.

Looking ahead

Turnaround of the business continues to gain momentum with strategic focus on becoming the ‘Go-To’ retail bank in South Africa, through a deliberate series of plans and initiatives. Looking forward, this base will be leveraged and expanded to deliver on our objectives.

Retail Bank South Africa aims to achieve its intent through using customer objectives to inform enhanced value propositions aimed at deepening our primary customer relationships and improving customer experience. Focus will be placed on:

- Effective customer engagement;
- The application of customer insights;
- The responsible provision of credit and maintenance of a prudent risk appetite;
- The introduction of innovative products based on specific customer needs;
- Investment in colleague capabilities with an emphasis on developing leadership potential;
- Simplified and transparent pricing;
- Improved access through new and existing channels;
- Processes and operational efficiencies; and
- Optimisation of the existing branch footprint.

The focus on digital channels for customer self-service and convenience is intended to support a fully digital customer by 2015.

Leadership stability and experience will afford the opportunity to provide guidance and leadership across the full franchise, including the rest of Africa.

RBB

Business Banking South Africa

Favourable

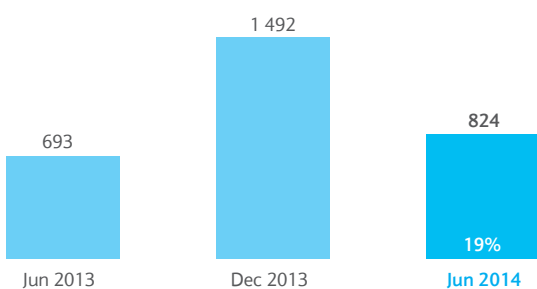
- Increase in headline earnings of 19% to R824m driven by continued optimisation of the equity portfolio and a 20% decline in impairments.
- R1 398m reduction in investment properties exposure within the Equity portfolio in line with the overall strategy.
- Increase in deposits due to customers of 13% to R88bn, mainly driven by strong contribution from the agriculture sector and continued growth in savings deposits.
- Continued strong cost management, despite the increased investment in human capital.
- Return on average risk-weighted assets improved from 1,95% to 2,26%.

- Growth in term loans of 8%, mainly driven by continuous focus on new loans, as well as extending existing loans close to maturity.
- Significantly reduced the rate of customer attrition.

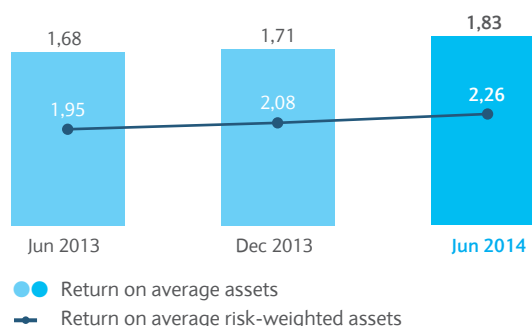
Unfavourable

- Gross loans and advances to customers decreased by 1% mainly due to a 4% decline in the Commercial Property Finance ("CPF") book resulting from both early settlements and accelerated amortisation of the loans.
- Continued decline in cheque payment volumes in line with industry trends.
- Transactional revenue pressure as a result of the continuous migration to cash centres and digital channels.

Headline earnings (Rm and change %)



Return on average assets and average risk-weighted assets (%)



Salient features

	30 June 2014	2013	Change %	31 December 2013
Revenue (Rm)	4 148	3 996	4	8 265
Attributable earnings (Rm)	860	738	17	1 515
Headline earnings (Rm)	824	693	19	1 492
Impairment losses ratio (%)	1,00	1,23		1,34
Cost-to-income ratio (%)	62,2	63,2		62,7
Return on average risk-weighted assets (%)	2,26	1,95		2,08
Return on average assets (%)	1,83	1,68		1,71

RBB

Business Banking South Africa

	Business Banking (excluding Equities)			31 December 2013
	30 June 2014	2013	Change %	
Statement of comprehensive income (Rm)				
Net interest income	2 707	2 630	3	5 389
Non-interest income	1 358	1 359	(0)	2 806
Total income	4 065	3 989	2	8 195
Impairment losses on loans and advances	(303)	(380)	20	(824)
Operating expenses	(2 503)	(2 419)	(3)	(4 966)
Other	(38)	(13)	>(100)	(32)
Operating income before income tax	1 221	1 177	4	2 373
Taxation expense	(342)	(329)	(4)	(665)
Profit for the reporting period	879	848	4	1 708
Profit attributable to:				
Ordinary equity holders	856	823	4	1 657
Non-controlling interest – ordinary shares	—	—	—	—
Non-controlling interest – preference shares	23	25	(8)	51
	879	848	4	1 708
Headline earnings	856	822	4	1 657
Operating performance (%)				
Impairment losses ratio	1,00	1,23		1,34
Non-interest income as % of revenue	33,4	34,1		34,2
Revenue growth	2	(3)		(1)
Cost growth	(3)	(5)		(9)
Cost-to-income ratio	61,6	60,6		60,6
Statement of financial position (Rm)				
Loans and advances to customers	60 986	61 506	(1)	60 708
Investment securities	—	—	—	—
Other assets	28 046	17 743	58	29 597
Total assets	89 032	79 249	12	90 305
Deposits due to customers	87 865	78 081	13	87 903
Debt securities in issue	—	—	—	—
Other liabilities	311	346	(10)	745
Total liabilities	88 176	78 427	12	88 648
Financial performance (%)				
Return on average risk-weighted assets ¹	2,58	2,59		2,58
Return on average assets	1,97	2,08		1,99

Note

¹The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

RBB
Business Banking South Africa

Business Banking Equities				Total Business Banking South Africa			
30 June		31 December		30 June		31 December	
2014	2013	Change %	2013	2014	2013	Change %	2013
(42)	(107)	61	(210)	2 665	2 523	6	5 179
125	114	10	280	1 483	1 473	1	3 086
83	7	>100	70	4 148	3 996	4	8 265
—	1	(100)	1	(303)	(379)	20	(823)
(79)	(107)	26	(220)	(2 582)	(2 526)	(2)	(5 186)
2	(14)	>100	(11)	(36)	(27)	(33)	(43)
6	(113)	>100	(160)	1 227	1 064	15	2 213
—	32	(100)	24	(342)	(297)	(15)	(641)
6	(81)	>100	(136)	885	767	15	1 572
4	(85)	>100	(142)	860	738	17	1 515
—	2	(100)	2	—	2	(100)	2
2	2	—	4	25	27	(7)	55
6	(81)	>100	(136)	885	767	15	1 572
(32)	(129)	75	(165)	824	693	19	1 492
n/a	n/a		n/a	1,00	1,23		1,34
n/a	n/a		n/a	35,8	36,9		37,3
92	>(100)		(118)	4	1		5
26	63		70	(2)	3		2
n/a	n/a		n/a	62,2	63,2		62,7
—	—	—	—	60 986	61 506	(1)	60 708
830	952	(13)	874	830	952	(13)	874
2 451	3 671	(33)	3 591	30 497	21 414	42	33 188
3 281	4 623	(29)	4 465	92 313	83 872	10	94 770
—	14	(100)	12	87 865	78 095	13	87 915
—	—	—	—	—	—	—	—
3 098	4 761	(35)	4 642	3 409	5 107	(33)	5 387
3 098	4 775	(35)	4 654	91 274	83 202	10	93 302
n/a	n/a		n/a	2,26	1,95		2,08
(2,06)	(8,39)		(4,36)	1,83	1,68		1,71

RBB

Business Banking South Africa

Business profile

Business Bank strives to put world-class banking solutions within the reach of every business in its targeted markets. The 'Go-To' business bank means putting the customer at the centre of everything we do. This will be achieved through superior customer service and by providing holistic solutions based on the unique customer needs. The journey to become the 'Go-To' business bank entails investment in people, digitisation of customer solutions and improvement in customer satisfaction scores.

Business Banking South Africa operates within a well-defined coverage model based on specific customer value propositions. These value propositions align to customer needs and range from direct interactions via multi-channel interfaces such as electronic banking through to a more relationship-based model.

Customers within the enterprise segment, with an annual turnover of up to R20m, are serviced using a direct coverage model with a predominantly branch-based service interface.

Customers in the commercial segment, with an annual turnover of between R20m and R500m, are serviced using a relationship-based model, where dedicated sales and service teams provide customised solutions. The relationship-based model includes a sector overlay focusing on the agriculture, local government, wholesale, retail and franchising sectors.

Key business areas

Business Banking South Africa offers a diverse range of products based on customers' needs:

- **Debt products** – CPF, term loans, agricultural loans, cheque accounts and overnight finance. Fees earned from debt products include upfront, structuring, restructuring, commitment and transactional fees.
- **Investment products** – term, notice, fixed, cheque, savings and call deposits.
- **Transactional products** – cash, electronic banking, cheque and saving accounts.
- **Equities** – investment portfolio in property, listed and unlisted equities.

An organisational structure change took place during the reporting period impacting on the reporting structure of Business Banking South Africa:

- **Absa Technology Finance Solutions**, previously reported in the Business Banking South Africa segment, was transferred to Retail Banking South Africa and integrated into the VAF division from the beginning of the reporting period.

RBB

Business Banking South Africa

Financial performance

Business Banking South Africa's headline earnings increased by 19% to R824m (30 June 2013: R693m), mainly due to a continued stabilisation of the equity investment portfolio, reduction in impairments and moderate growth in net interest income and net fee and commission income.

Net fee and commission income increased by 3% to R1 423m (30 June 2013: R1 384m), mainly as a result of a 6% growth in electronic banking fees and a 4% growth in cash fees.

Credit impairments improved by 20% to R303m (30 June 2013: R379m), largely due to lower defaults and improved recoveries. Impairments held against the performing book increased substantially by 43% to R488m (30 June 2013: R341m) resulting in an improved performing book coverage ratio of 0,83% (30 June 2013: 0,58%). The non-performing book improved by 8% to R4 650m (30 June 2013: R5 045m) whilst the non-performing book coverage ratio increased to 36,5% (30 June 2013: 34,7%).

Continued cost management and lower property write-downs from Equities resulted in operating expenses increasing marginally to R2 582m (30 June 2013: R2 526m) despite increased investment in human capital.

Gross loans and advances to customers declined by 1% following a 4% decline in the CPF book while the term loan book increased by 8%. The focus remains on improving the rate of conversion of the increased pipeline transactions into deals.

Deposits due to customers increased by 13%, largely due to a 61% increase in savings products.

Operating environment

The growth in emerging market economies continued to slow down as a result of lower domestic demand and tighter financial market conditions. The slowdown impacted local business and negatively affected confidence, which led to a decline in business volumes and subdued consumer credit appetite. The 50 bps interest rate increase in January 2014 had a positive contribution on interest income on the deposit book. Electricity shortages and continuous strikes in the mining and manufacturing industries constrained GDP growth, with the knock on effects of these strikes being felt by smaller businesses.

RBB

Business Banking South Africa

Business performance

The drive remains to provide relevant solutions to customers' needs by improving operational effectiveness and thereby retaining and attracting new customers. Enhanced electronic banking solutions and refreshed product offerings remain key drivers.

The following initiatives were implemented during the reporting period:

- Launched Payment Pebble offering, a secure and safe mechanism for customers to accept payments.
- Supported the journey towards enhanced digital platforms, with a select number of customers piloting on the Barclays.Net platform.
- Increased the number of frontline employees to assist in improving customer engagement and service offerings.

In the last six months we have gained momentum in the transformation journey which focused on stabilising the business and identifying key competitive initiatives. The implementation of these initiatives are planned to be executed in the second half of the year.

The overall number of customers decreased by 2,3% to 384 078 (30 June 2013: 392 979) mainly in the Enterprise segment. Although the number of customers declined in the current year, the rate of decline from January 2014 to June 2014 has significantly reduced to 0,8% compared with July 2013 to December 2013 of 1,5%. The Commercial segment is starting to reflect a changing trend towards positive customer growth. The renewed focus on understanding our customers and equipping and up-skilling our staff to have quality engagements has resulted in the positive trend. There was increased momentum in the last quarter, as evidenced by the healthy pipeline and the pay-outs which increased by 34% compared to the first quarter.

Business Bank's strategy is focused on growing the customer base with specific emphasis on the Enterprise segment.

Debt products

Overdrafts remained flat compared to June 2013. During the second half of 2013, a single settlement had a significant impact on the size of the overdraft book. Excluding the impact of this settlement, the overdraft book would have increased by 5% compared to the previous reporting period. The focus remained on the effective utilisation of overdraft limits.

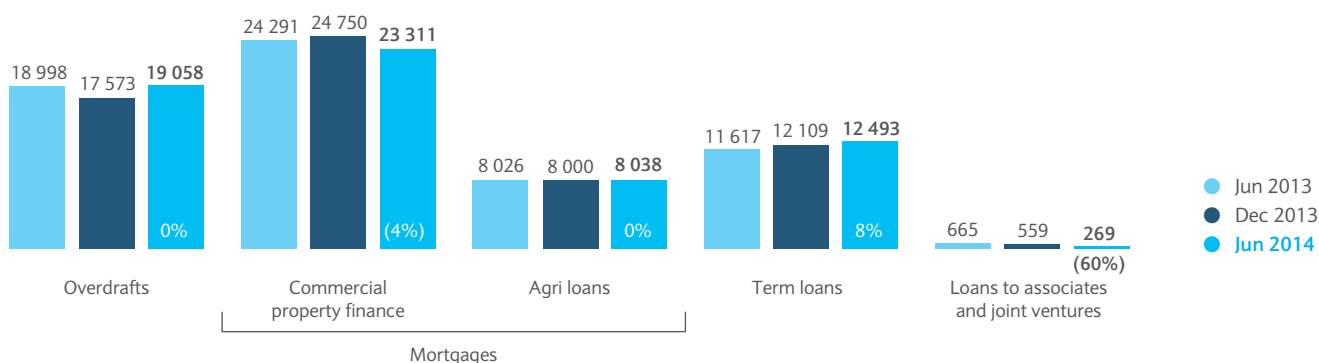
CPF loans and advances, making up 37% of the total book, decreased by 4%, largely due to significant repayments and early settlements. Increasing the quality of the book and improved front book pricing remained key focus areas to offset the lack of growth in the current economic environment.

Agriculture loans were also flat compared to June 2013. The growth remained constrained following an exceptional harvest season, favourable exchange rates for export purposes and stronger commodity prices, all of which negatively impacted the utilisation of facilities.

Term loans increased by 8%, driven by cross selling to customers with standalone products, a dedicated sales force to target specific market segments and regions as well as a focus on extending term loans close to maturity.

Overall the debt product payouts increased by 12% to R4 931m (30 June 2013: R4 416m), however, the run-offs remained a challenge for book growth.

Gross loans and advances (Rm and change %)



RBB

Business Banking South Africa

Business performance *(continued)*

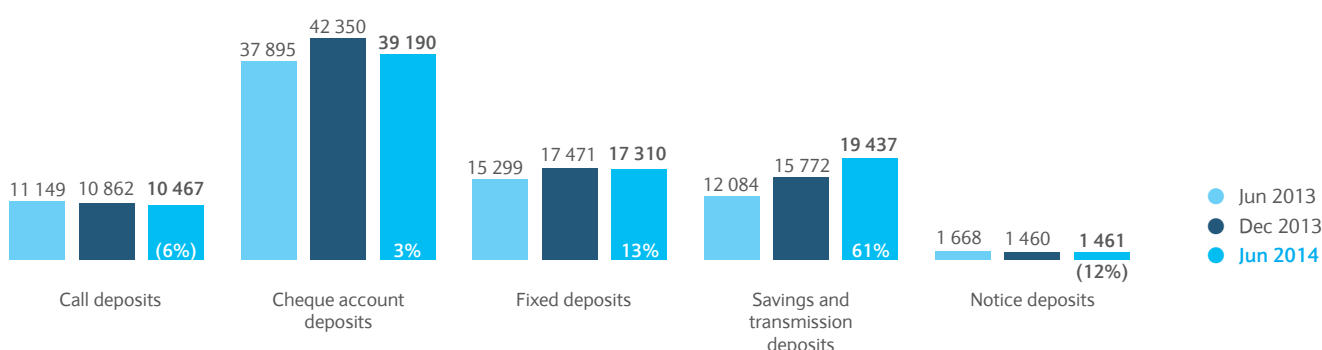
Investment products

Demand for liquidity remained high in a competitive market that continued to place pressure on margins. Whilst the front book margins have increased at a product level, the composition of the book following a shift by customers to more attractive products placed pressure on overall margins. Continued volatility in global markets resulted in customers investing predominantly in short-term products. This is evident from the growth in cheque accounts as well as savings and transmission deposits of 3% and 61% respectively.

Depositor Plus, launched in April 2013, continued to build momentum with a book value of R15 727m (30 June 2013: R8 619m).

Agricultural sector deposits increased by 17%, following an exceptional harvest season, favourable exchange rates for export purposes and stronger commodity prices. The targeting of select market segments by regions further contributed to the growth in deposits.

Deposits (Rm and change %)



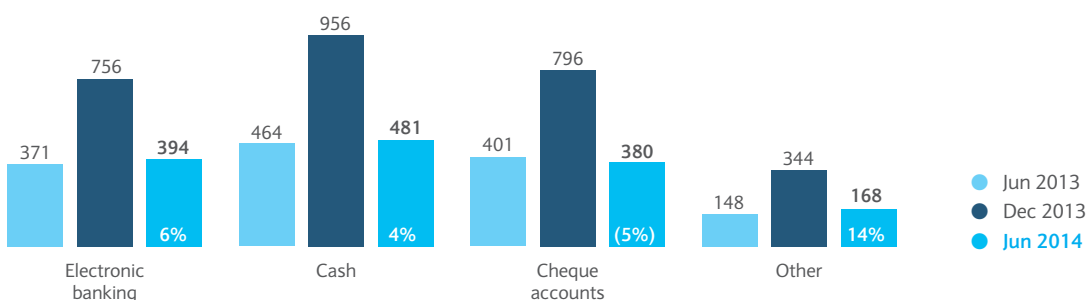
Transactional products

Electronic banking fees increased by 6% due to volume growth as well as pricing increases, whilst cash fees increased by 4% through a combination of both cash value and pricing increases.

The business continued to focus on delivering competitive solutions and improving pricing to offset the impact of reduced fees on debit orders and a decline in cheque payment volumes in line with industry trends. As a result, net fee and commission income increased marginally by 3% to R1 423m (30 June 2013: R1 384m).

Enhanced digital functionalities such as scan and pay, cardless deposits and e-statements have provided customers with alternative ways to transact, thereby strengthening the electronic customer value proposition. This has, however, negatively impacted revenue streams as a result of customers migrating to digital channels.

Net fee income (Rm and change %)



RBB

Business Banking South Africa

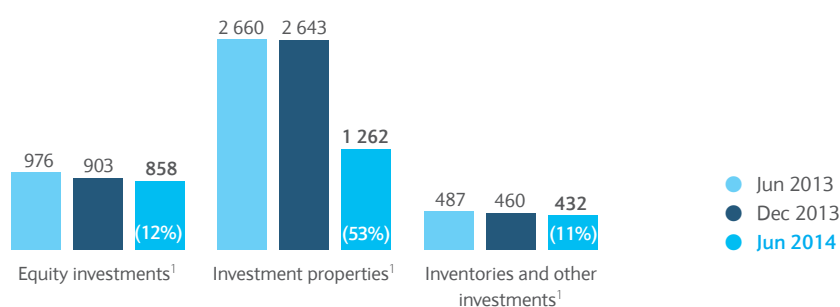
Business performance *(continued)*

Equities

The portfolio reduced by 38% to R2 552m (30 June 2013: R4 123m) due to disposals implemented to balance the portfolio in line with the Group's risk appetite.

The financial performance improved mainly due to profits realised on disposals and improved returns in the rental portfolio.

Equities – including equity investments, investment properties, inventories and other investments (Rm and change %)¹



Equities portfolio composition

Statement of comprehensive income	30 June			2013			Total equities change %	31 December 2013		
	2014			CPF equities Rm	Other equities Rm	Total equities Rm		CPF equities Rm	Other equities Rm	Total equities Rm
	CPF equities Rm	Other equities Rm	Total equities Rm							
Net interest income	(42)	—	(42)	(106)	(1)	(107)	61	(209)	(1)	(210)
Non-interest income ²	143	(18)	125	142	(28)	114	10	319	(39)	280
Total income	101	(18)	83	36	(29)	7	>100	110	(40)	70
Impairment losses on loans and advances	—	—	—	1	—	1	—	1	—	1
Operating expenses ³	(78)	(1)	(79)	(107)	—	(107)	26	(220)	—	(220)
Other	2	—	2	(14)	—	(14)	>100	(11)	—	(11)
Operating income/ (expense) before income tax	25	(19)	6	(84)	(29)	(113)	>100	(120)	(40)	(160)

Notes

¹Certain equity investments of **R28m** (30 June 2013: R25m, 31 December 2013: R29m), investment properties of **R521m** (30 June 2013: R1 570m, 31 December 2013: R1 590m) as well as inventories and other investments **Rnil** (30 June 2013: R22m, 31 December 2013: R22m) have been classified as non-current assets held-for-sale.

²Included in non-interest income is positive fair value adjustments relating to investment properties of **Rnil** (30 June 2013: R60m, 31 December 2013: R62m).

³A portion of negative fair value adjustments relating to investment properties and inventories to the amount of **R12m** (30 June 2013: R27m, 31 December 2013: R54m) is included in operating expenses for CPF equities.

RBB

Business Banking South Africa

Looking ahead

Business Banking South Africa's ambition is to place world-class banking solutions within the reach of every business in its target markets.

Specific focus areas include:

- Continued investment in human capital.
- Increased focus on improving customer experience, measured through net promoter scores.
- The migration of customer transactions to digital channels by providing innovative products and a stable and enhanced online banking platform. The recently launched Payment Pebble and the piloting of Barclays.Net are some of the many examples of digitisation.
- Launching an electronic sales platform ("ESP") towards the end of the year which will provide a 360 degree view of the customer and will enable electronic applications to be completed with an improved turnaround time on product offerings to customers.
- Continued focus on growing the transactional franchise by retaining the current customer base and attracting new customers.
- Simplifying and streamlining the Business Banking cheque account proposition by enhancing the customer offerings with essential value adds to enable customers to run their businesses effectively.
- Refocused strategies to accelerate the offering of insurance products to the Business Bank customer base.
- The planned launch of a new investment product during the second half of the year to remain competitive and continue to grow the liability base.

RBB Rest of Africa

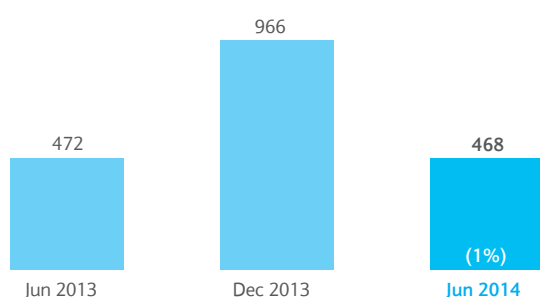
Favourable

- Improved impairment losses ratio of 2,01% (30 June 2013: 2,40%) driven by an overall improvement in the quality of the loan book and improved collections.
- Growth in operating expenses¹ were well contained at 2%, despite inflationary pressures and strategic investments, with the cost-to-income ratio of 67,0% (30 June 2013: 66,9%).
- Key successes in digitalising the branches and introducing intelligent ATMs with increased functionalities in some markets.
- Awarded “Best cards business across Africa” by *The Asian Banker*.

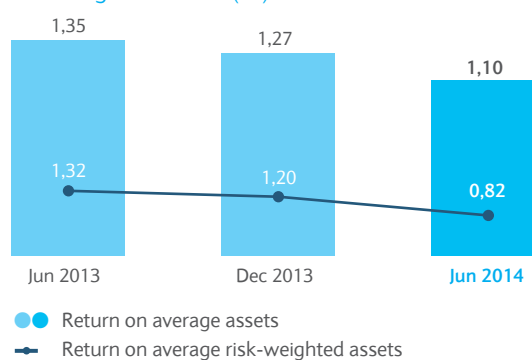
Unfavourable

- Muted net interest income growth¹, accompanied by decreasing net interest margin.
- Non-interest income showed marginal growth¹ of 2%, mainly attributable to the adverse impact of regulatory changes and share revaluations despite higher transaction volumes.
- Subdued balance sheet growth¹ with loans and advances to customers growing by 7% and deposits due to customers remaining in line with the previous reporting period.

Headline earnings (Rm and change %)



Return on average assets and average risk-weighted assets (%)



Salient features	30 June		C%	FX%	Change %	31 December
	2014	2013				
Revenue (Rm)	4 161	3 772	4	6	10	8 002
Operating expenses (Rm)	(2 787)	(2 524)	(2)	(8)	(10)	(5 342)
Headline earnings (Rm)	468	472	(4)	3	(1)	966
Impairment losses ratio (%)	2,01	2,40				1,86
Cost-to-income ratio (%)	67,0	66,9				66,8
Return on average risk-weighted asset (%)	1,10	1,35				1,27
Return on average assets (%)	0,82	1,32				1,20

Business profile

RBB Rest of Africa offers a comprehensive suite of retail and business banking products and services to individual and commercial customers on the African continent outside of South Africa. Products and services are provided through branch and self-service terminal networks, electronic and mobile telephone channels, as well as relationship managers. These operations operate under the Barclays brand, except for NBC.

Key business areas

An array of products consisting of secured loans, unsecured loans and customer deposits are offered to premier banking, prestige banking, personal banking and business banking customers through the following businesses in the rest of Africa:

- Barclays Bank of Kenya
- Barclays Bank of Botswana
- Barclays Bank of Ghana
- Barclays Bank Zambia
- National Bank of Commerce (Tanzania)
- Barclays Bank Mozambique
- Barclays Bank Uganda
- Barclays Bank Mauritius
- Barclays Bank of Tanzania
- Barclays Bank Seychelles

Note

¹Excluding foreign exchange translations

RBB

Rest of Africa

	Total RBB Rest of Africa					31 December 2013
	30 June 2014	2013	C%	FX%	Change %	
Statement of comprehensive income (Rm)						
Net interest income	3 031	2 778	4	5	9	6 056
Non-interest income	1 130	994	2	12	14	1 946
Total income	4 161	3 772	4	6	10	8 002
Impairment losses on loans and advances	(355)	(380)	13	(6)	7	(621)
Operating expenses	(2 787)	(2 524)	(2)	(8)	(10)	(5 342)
Other	(26)	(12)	>(100)	—	>(100)	(44)
Operating income before income tax	993	856	13	3	16	1 995
Taxation expense	(377)	(272)	(34)	(5)	(39)	(740)
Profit for the reporting period	616	584	3	2	5	1 255
Profit attributable to:						
Ordinary equity holders	467	467	(4)	4	—	971
Non-controlling interest – ordinary shares	149	117	28	(1)	27	284
Non-controlling interest – preference shares	—	—	—	—	—	—
	616	584	3	2	5	1 255
Headline earnings	468	472	(4)	3	(1)	966
Operating performance (%)						
Impairment losses ratio	2,01	2,40				1,86
Non-interest income as % of revenue	27,2	26,4				24,3
Revenue growth	10	22				24
Cost growth	(10)	(17)				(20)
Cost-to-income ratio	67,0	66,9				66,8
Statement of financial position (Rm)						
Loans and advances to customers	36 497	33 853	7	1	8	36 351
Other assets	38 639	43 520	(12)	1	(11)	72 973
Total assets	75 136	77 373	(4)	1	(3)	109 324
Deposits due to customers	54 061	53 540	(0)	1	1	56 054
Other liabilities	10 112	10 549	(2)	(1)	(3)	41 139
Total liabilities	64 173	64 089	(1)	1	0	97 193
Financial performance (%)						
Return on average risk-weighted assets ¹	1,10	1,35				1,27
Return on average assets	0,82	1,32				1,20

Note

¹The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

RBB Rest of Africa

Operating environment

The operating environment for 2014 remained promising, confirming its healthy resilience to internal and external shocks. Demand for borrowings remained positive across the region. The economies we operate in are largely projected to show solid growth for the remainder of the year and continuing into 2015. Regulatory challenges, liquidity concerns in various markets, inflationary pressures, slowdown in transactional activity in some markets, tight interest rate environments and increased competition from local and international banks in a number of markets posed challenges.

Financial performance

The business delivered a solid financial performance, with operating income before tax increasing by 16% to R993m (30 June 2013: R856m) and headline earnings decreasing by 1% to R468m (30 June 2013: R472m) following an increase in the tax charge. Foreign exchange translations impacted 3% favourably on both operating income before tax and headline earnings.

Growth in net interest income of 9% is mainly as a result of healthy growth in both the personal loans and current and savings account portfolios which remain the growth engines for the segment. This growth was achieved through the implementation of various lending campaigns, the continued revamping of prestige banking and an increase in consumer confidence and affordability after the removal of credit life insurance in certain markets. Commercial loans exhibited resilience in competitive market conditions with successes in key markets through the acquisition of key business banking customers.

Non-interest income recorded growth of 14% to R1 130m (30 June 2013: R994m). Excluding the impact of foreign exchange translations non-interest income reflects marginal growth of 2%. Contributing to this performance are higher transaction volumes, particularly credit card transactions coupled with robust growth in standalone insurance sales volumes. Regulatory changes, including the removal of early settlement fees and a restriction on the increase applicable to certain fees coupled with the strategic decision to remove the cost of credit life insurance in certain markets and an adverse impact from Visa Inc. share revaluation somewhat dampened this growth.

Credit impairments improved by 7% to R355m (30 June 2013: R380m), resulting in an impairment losses ratio of 2,01% (30 June 2013: 2,40%). The improvement in credit impairments were subdued by foreign exchange translations. Excluding this impact, credit impairments improved by 13% driven by an overall improvement in the quality of the loan book and improved collections.

Operating expenses increased by 10%, driven by the impact of foreign exchange translations. Excluding this impact, the growth in operating expenses was well contained at 2%, well below the inflation rates of the underlying markets, in spite of some key investments being made. The cost-to-income ratio of 67,0% (30 June 2013: 66,9%) ended broadly in line with the previous reporting period.

Looking ahead

RBB Rest of Africa's focus remains in making customers' lives much easier and continuing to refresh our customer value propositions for targeted segments and revamping customer solutions. The strategy continues to focus on:

- The enhancement of technology, particularly for customer facing processes;
- Developing an integrated digital channel capability;
- Enhancing alternative channel functionality;
- Accelerating customer adoption;
- Improving the overall customer experiences; and
- Reduction of service costs.

RBB Rest of Africa also continues to focus on broadening its business banking propositions given its current low level penetration in this area and the large potential that resides therein.

This strategy will enable RBB Rest of Africa to create a Pan African franchise that drives a superior customer experience and ultimately make us the 'Go-To' bank for RBB customers across Africa.

CIB

Favourable

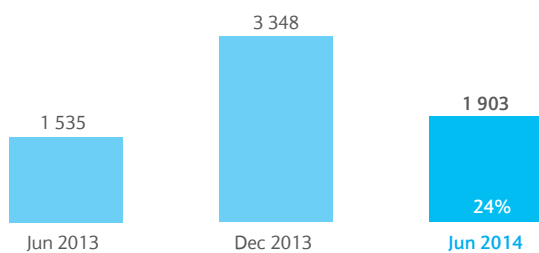
- Strong growth in headline earnings of 24% driven by solid revenue growth across all core business units as well as by focused cost management.
- Improved return on regulatory capital mainly due to strong operating performance and the reduction in the Private Equity portfolio.
- Successful launch of the NewPalladium Exchange Traded Fund and an online retirement annuity fund.
- Key online technological initiatives launched in various African countries during the reporting period.
- Awarded “Best Investment Bank in Africa” and “Best M&A House in Africa” by *Euromoney*.

Unfavourable

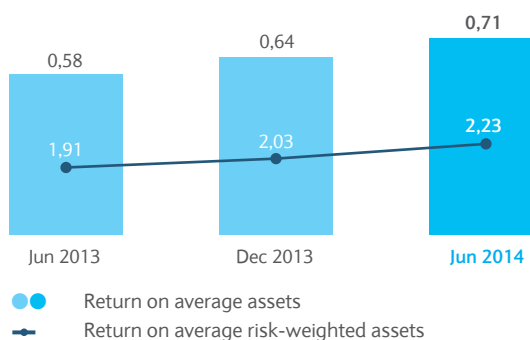
- Payment instability improving but not at acceptable levels.
- Electronic banking transactional volumes in Corporate flat year-on-year.
- Private Equity returns below cost of equity.

Salient features	30 June	2013	Change %	31 December
	2014			2013
Net revenue (Rm) ¹	6 026	5 266	14	11 191
Headline earnings (Rm)	1 903	1 535	24	3 348
Cost-to-income ratio (%)	53,1	56,9		54,4
Return on regulatory capital (%)	20,12	18,79		19,91
Return on average risk-weighted assets (%) ²	2,23	1,91		2,03

Headline earnings (Rm and change %)



Return on average assets and return on average risk-weighted assets (%)



Notes

¹Includes net interest income and non-interest income, net of credit impairments.

²The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

	30 June 2014	Corporate 2013	Change %	31 December 2013
Statement of comprehensive income (Rm)				
Net interest income	2 056	1 794	15	3 341
Non-interest income	868	834	4	2 137
Total income	2 924	2 628	11	5 478
Impairment losses on loans and advances	(40)	(3)	>(100)	(196)
Operating expenses	(1 625)	(1 520)	(7)	(3 152)
Other	(26)	(17)	(53)	(29)
Operating income before income tax	1 233	1 088	13	2 101
Taxation expense	(344)	(336)	(2)	(536)
Profit for the reporting period	889	752	18	1 565
Profit attributable to:				
Ordinary equity holders	838	690	21	1 465
Non-controlling interest – ordinary shares	36	48	(25)	71
Non-controlling interest – preference shares	15	14	7	29
	889	752	18	1 565
Headline earnings	803	689	17	1 326
Operating performance (%)				
Net interest margin on average interest-bearing assets	2,08	2,37		2,05
Impairment losses ratio	0,12	0,01		0,37
Non-interest income as % of revenue	29,7	31,7		39,0
Revenue growth	11	16		20
Cost growth	(7)	(11)		(14)
Cost-to-income ratio	55,6	57,8		57,5
Statement of financial position (Rm)				
Loans and advances to customers	71 259	54 706	30	67 386
Investment securities	—	161	(100)	—
Other assets	131 434	140 463	(6)	136 358
Total assets	202 693	195 330	4	203 744
Deposits due to customers	185 468	181 305	2	186 125
Debt securities in issue	926	763	21	998
Other liabilities	12 280	11 624	6	12 969
Total liabilities	198 674	193 692	3	200 092
Financial performance (%)				
Return on average risk-weighted assets ¹	2,18	2,09		2,07
Return on average assets	0,86	0,79		0,74

Note

¹The RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Investment Bank				Total CIB			
30 June	2013	Change %	31 December	30 June	2013	Change %	31 December
2014			2013	2014			2013
753	524	44	1 250	2 809	2 318	21	4 591
2 416	2 120	14	4 702	3 284	2 954	11	6 839
3 169	2 644	20	5 952	6 093	5 272	16	11 430
(27)	(3)	>(100)	(43)	(67)	(6)	>(100)	(239)
(1 612)	(1 480)	(9)	(3 067)	(3 237)	(3 000)	(8)	(6 219)
(28)	(31)	10	(45)	(54)	(48)	(13)	(74)
1 502	1 130	33	2 797	2 735	2 218	23	4 898
(345)	(233)	(48)	(670)	(689)	(569)	(21)	(1 206)
1 157	897	29	2 127	2 046	1 649	24	3 692
1 100	846	30	2 016	1 938	1 536	26	3 481
24	16	50	41	60	64	(6)	112
33	35	(6)	70	48	49	(2)	99
1 157	897	29	2 127	2 046	1 649	24	3 692
1 100	846	30	2 022	1 903	1 535	24	3 348
0,67	0,43		0,56	1,33	1,24		1,18
0,07	0,01		0,06	0,09	0,01		0,19
76,2	80,2		79,0	53,9	56,0		59,8
20	(2)		5	16	7		12
(9)	(3)		(7)	(8)	(7)		(11)
50,9	56,1		51,5	53,1	56,9		54,4
78 035	70 957	10	76 151	149 294	125 663	19	143 537
6 063	7 844	(23)	5 718	6 063	8 005	(24)	5 718
262 749	270 755	(3)	250 207	394 183	411 218	(4)	386 565
346 847	349 556	(1)	332 076	549 540	544 886	1	535 820
132 314	126 081	5	123 304	317 782	307 386	3	309 429
80 316	82 603	(3)	74 676	81 242	83 366	(3)	75 674
130 618	138 009	(5)	129 690	142 898	149 633	(5)	142 659
343 248	346 693	(1)	327 670	541 922	540 385	0	527 762
2,27	1,79		2,01	2,23	1,91		2,03
0,63	0,47		0,58	0,71	0,58		0,64

CIB

Business profile

CIB structures innovative solutions to meet clients' needs by delivering specialist investment banking, corporate banking, financing, risk management and advisory solutions. CIB deals with a variety of clients across industry sectors such as corporates, financial institutions and public sector bodies. Combining the global product knowledge of Barclays with regional expertise and an extensive, well-established local presence. CIB's goal is to build not only a sustainable, trustworthy business, but also a business that clients consider their 'Go-To' bank for financial solutions in Africa.

Key business areas

→ Investment Bank comprising:

- **Markets** – engages in trading, sales and research activities across all major asset classes and products in Africa, delivering pricing, hedging and risk management capabilities to both corporate and institutional clients.
- **Investment Banking** – structures innovative solutions to meet clients' strategic advisory, financing and risk management requirements across industry sectors.
- **Private Equity and Infrastructure Investments** – Private Equity traditionally acted as a principal by investing in unlisted equity exposures. This portfolio is being reduced. Infrastructure Investments acts as a principal by investing in equity and mezzanine loan finance to entities focused on infrastructure development in sub-Saharan Africa.

→ **Corporate** – provides corporate banking solutions spanning financing and transactional banking requirements, including trade and working capital solutions, as well as a full suite of cash management, payments and liquidity products and solutions. These services are provided across our combined Pan African institutional and corporate client base.

An organisational structure change took place during the reporting period impacting the reporting structure of CIB:

→ The **Wealth** and **Absa Alternative Asset Management** businesses, previously reported in the Corporate, Investment Bank and Wealth ("CIBW") segment, were transferred to the newly created Wealth, Investment Management and Insurance ("WIMI") segment along with Financial Services. This is in line with the Group's strategy to create a holistic wealth and investment offering to clients.

Financial performance

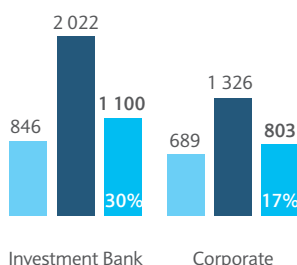
Headline earnings increased by 24% to R1 903m (30 June 2013: R1 535m) underpinned by a strong performance across the entire CIB franchise and disciplined operating cost management.

Net revenue increased by 14% to R6 026m (30 June 2013: R5 266m) attributable to solid growth across all core business units. Investment Banking net revenue increased by 35% to R871m (30 June 2013: R647m) reflecting increased margin revenue following strong growth in loans and advances. Markets net revenue improved by 17% to R2 253m (30 June 2013: R1 931m) given the improved penetration in the rest of Africa and increased client flow. Corporate net revenue increased by 10% to R2 884m (30 June 2013: R2 625m), mainly due to the continued momentum in term debt and increased volumes in trade products, particularly guarantees and trade finance.

Operating expenses increased by 8% to R3 237m (30 June 2013: R3 000m), with strategic investment spend in South Africa growing by 116%, driven by investments in systems and key talent. Business as usual costs remained below inflation, in line with our "save to invest" strategy.

Return on average regulatory capital improved to 20,12% (30 June 2013: 18,79%) due to improved earnings and a reduction in the Private Equity portfolio.

Headline earnings (Rm and change %)

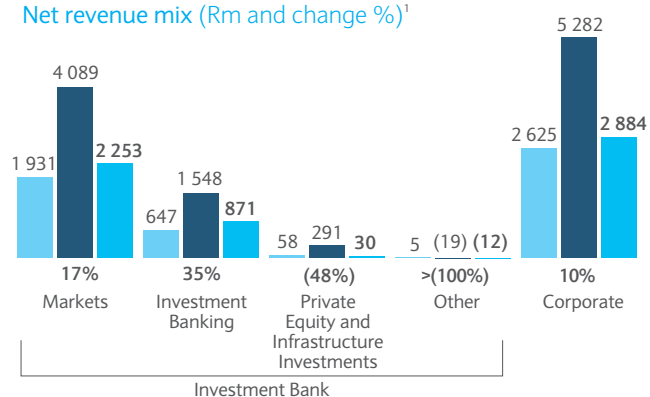


- Jun 2013
- Dec 2013
- Jun 2014

Note

¹Includes net interest income and non-interest income, net of credit impairments.

Net revenue mix (Rm and change %)¹



- Jun 2013
- Dec 2013
- Jun 2014

Financial performance *(continued)*

Operating environment

The global economic dynamics that were evident in the latter part of the previous year became more visible during the reporting period. The recovery in economic growth broadened in advanced economies, while in emerging markets, economic activity was stifled by both global factors and domestic constraints.

Emerging markets experienced high volatility and weakening of their currencies as a result of the Ukraine-Russia geopolitical tensions, in addition to weak domestic fundamentals. Several emerging markets, including South Africa, tightened monetary policy in response to depreciating currencies and increasing inflation. Nevertheless, global monetary policy continued to be accommodative as inflation in advanced economies remained contained.

Economic activity in most of sub-Saharan Africa remained strong, mainly driven by robust domestic demand, supported by continued growth in investment in resource sectors and public infrastructure. However, some economies such as Zambia and Ghana experienced substantial currency weakness on the back of rising financing costs, slow growth and less favourable commodity prices. In spite of continued resilient economic growth in a number of countries, fiscal pressures continued to build in a number of key markets.

In the domestic economy, strike activity in the platinum mining sector lasted for five months. The Chamber of Mines estimates that mining companies lost approximately R24,2bn in revenues, while employees are estimated to have foregone R10,7bn in earnings. Consequently, total mining production contracted along with manufacturing production, and resulted in a contraction in GDP growth of 0,6%¹ during the first quarter of 2014, down from 3,8% recorded in the fourth quarter of 2014. This took place on the back of a tight electricity supply, which resulted in load shedding and some major manufacturing companies being asked to reduce consumption levels.

These macro-economic pressures have the potential to adversely affect growth in our Corporate and Investment Banking business in the second half of the year.

Business performance

CIB Africa has made substantial headway in its contribution towards the Barclays Africa commitments to shareholders. The roll-out of Corporate and Investment Banking into Africa has already translated into tangible results with Investment Banking being awarded the Best Investment Bank in Africa by Euromoney Awards. Growing momentum in the rest of Africa is evidenced by accomplishments such as the recent arrangement of the Kenya bond issue and similar transactions for Zambia and Ghana.

To become the 'Go-To' corporate and investment bank in Africa, CIB has focused its key resources on the needs of clients across the continent. This includes a Pan African cash management solution (Barclays.Net), which has been successfully piloted in South Africa and BARX, Barclays' award winning multi-asset e-trading platform, which has been extended to five markets, namely South Africa, Ghana, Zambia, Botswana and Mauritius. In addition, the roll-out of Front Arena, an online dealing platform in Africa, has now been extended to six countries in Rest of Africa.

CIB's commitment to improving the communities in which it operates is evident not only in its CSI programmes but also by new products, such as the Absa Core Retirement Fund Annuity product, designed to address the social need of saving for retirement in South Africa.

Note

¹Quarter-on-quarter seasonally adjusted and annualised.

Business performance *(continued)*

Investment Bank

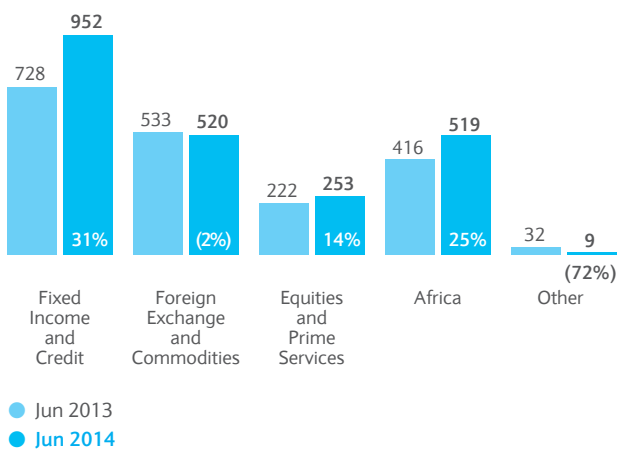
Markets

Markets net revenue benefited from increased client activity and improved risk management which resulted in growth of 17% to R2 253m (30 June 2013: R1 931m).

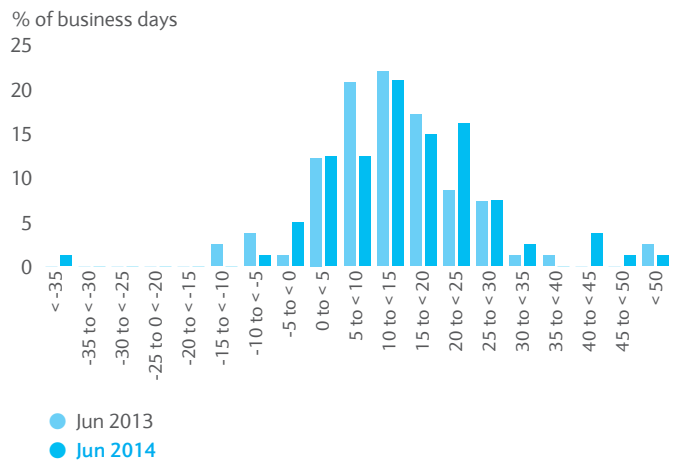
The growth in net revenue was primarily driven by fixed income and credit in South Africa which grew 31%, while Rest of Africa net revenue increased by 20% to R519m, excluding the impact of foreign exchange (30 June 2013: R434m) due to improved Foreign Exchange and Bond trading revenue. Equities and Prime Services experienced an increase in net revenue of 14% due to continued organic growth and client acquisitions. Growth was dampened by a 2% decrease in Foreign Exchange and Commodities. This was primarily due to margin compression and less volatile markets in Foreign Exchange and a higher base in Commodities in 2013.

Within Equities and Prime Services, the successful launch of NewPalladium, coupled with the NewPlat launch in April 2013, increased Exchange Traded Product revenues by 27% with assets under management increasing by 87%. The revenue uplift as a result of the implementation of the online trading platform, BARX, in Rest of Africa is anticipated to yield results in 2015.

Markets net revenue split (Rm and change %)



Daily markets revenue distribution South Africa (Rm)



Business performance *(continued)*

Investment Bank *(continued)*

Investment Banking

The Investment Banking division delivered a strong financial performance, which resulted in a net revenue increase of 35% to R871m (30 June 2013: R647m). Margin income benefited from the significant growth in the balance sheet in the fourth quarter of 2013 and grew by 29%. Despite our robust balance sheet growth we remain conscious of a drop in growth rates across certain economies and sectors, and thus maintain a prudent provisioning policy.

Intensification of our coverage of clients has resulted in an increase of 63% in fee generating activity, as well as a 38% increase in mandates won. The quality of our client-related activity and engagement continued to benefit from collaboration with our global colleagues. Strong client relationships across power, utilities and infrastructure and natural resources resulted in a solid performance across these sectors. Renewed focus on empowerment finance within South Africa improved growth in our Equity Finance unit. Continued support in assisting government and public sector clients across Africa in raising capital has produced a substantial improved performance across our Capital Markets business.

Salient features	30 June	2013	Change %	31 December
	2014			2013
Margin business (Rm)	708	547	29	1 206
Fee business (Rm)	163	100	63	342
Net revenue (Rm)	871	647	35	1 548
Average loans and advances (Rbn)	68,5	54,4	26	63,4

Private Equity and Infrastructure Investments

Private Equity and Infrastructure Investments net revenue reduced by 48% to R30m (30 June 2013: R58m) primarily due to the reduction in overall portfolio size following the disposal of the Group's 73,37% limited partnership interest in the Absa Capital Private Equity ("ACPE") Fund 1 and certain debt instruments in the second half of 2013, in line with the business strategy. The reduction has benefited the business through improved risk adjusted returns.

Salient features	30 June	2013	Change %	31 December
	2014			2013
Revaluations (Rm)	(27)	16	>(100)	101
Debt instruments	—	69	(100)	94
Equity instruments	(27)	(53)	49	7
Realisations, dividends, interest and fees (Rm)	78	73	7	277
Funding (Rm)	(21)	(31)	32	(86)
Net revenue (Rm)	30	58	(48)	292
Total portfolio size (Rbn)	3,1	6,0	(48)	3,3

Corporate

Corporate net revenue increased by 10% to R2 884m (30 June 2013: R2 625m). Excluding the effects of the Custody and Trustee business, net revenue increased by 11%.

The strong performance is mainly attributable to South African Debt Finance operations, specifically in the construction sector and the mid-corporate client base, as well as the significant growth in loans and advances in various African jurisdictions. Total loans and advances increased by 36%.

There was also strong performance in South African deposits as a result of increased balances in cheque and money markets. South African Trade and Working Capital product also improved, driven by an increase in documentary trade volumes and pricing. Transactional Banking revenue is up largely due to revenue optimisation and annual price increases, with volumes remaining largely flat over the period. Non-interest income remained relatively flat at 4%, primarily driven by Rest of Africa.

The strategic focus remained on Rest of Africa with a specific focus on increased client penetration, efficiency in product execution and key hires.

Business performance *(continued)*Corporate *(continued)*

Salient features	30 June			31 December						
	South Africa	2014 Rest of Africa	Total	South Africa	2013 Rest of Africa	Total	Change %	South Africa	2013 Rest of Africa	Total
Gross revenue (Rm)	1 653	1 271	2 924	1 479	1 150	2 628	11	3 223	2 255	5 478
Net interest income	1 085	971	2 056	934	860	1 794	15	1 946	1 395	3 341
Non-interest income	568	300	868	545	290	834	4	1 277	860	2 137
Credit impairments (Rm)	(7)	(33)	(40)	17	(21)	(3)	<(100)	(41)	(155)	(196)
Net revenue (Rm)	1 646	1 238	2 884	1 496	1 129	2 625	10	3 182	2 100	5 282
Average loans and advances to customers (Rbn)	43,8	23,7	67,5	33,0	16,7	49,7	36	39,1	18,0	57,1
Average deposits due to customers (Rbn)	140,5	47,7	188,2	133,6	31,7	165,3	14	135,1	33,6	168,7

Looking ahead

In becoming the 'Go-To' corporate and investment bank in Africa we will remain focused on keeping our clients at the core of what we do. Improving their experience and delivering globally competitive products as well as ensuring our solutions are tailored to local conditions will guide our investment decisions. CIB will continue to centre its efforts on growing a reputable investment banking business in the rest of Africa and building on the increasing momentum in Corporate. 2015 will be an important year for us as we begin large scale migrations of clients onto Barclays.Net and start to realise the benefits of implementing BARX and Front Arena in Rest of Africa.

WIMI

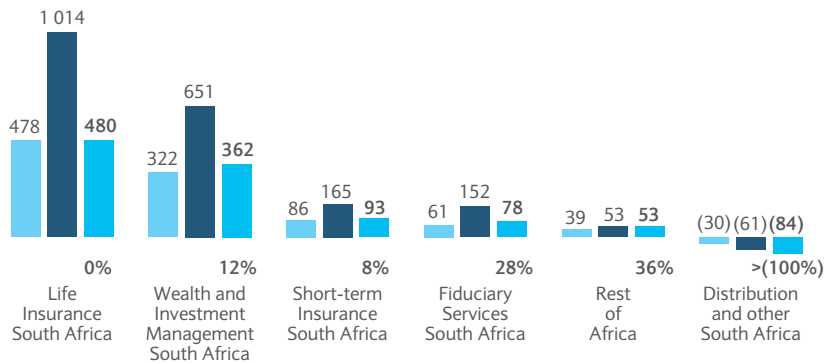
Favourable

- Net insurance premium growth of 8%.
- Improvement in investment returns on shareholder funds of 36%.
- Return on average equity at 23,4%.
- Rest of Africa expansion delivering results.
- Turnaround of performance from Employee Benefits.
- Obtained licence for Barclays Life Assurance Kenya.
- Strong growth achieved in Wealth Coverage earnings with a shift to Investment advisory business.
- Growth experienced in embedded value of 29%.

Unfavourable

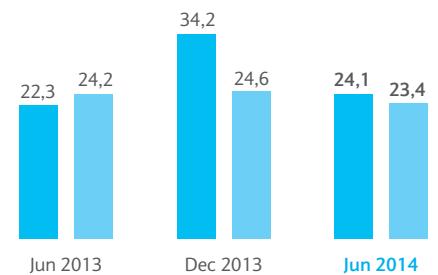
- Decline in assets under management and administration.
- Strengthening of policyholder reserves resulting in a decline in Life Insurance attributable earnings.
- Headline earnings loss in Distribution due to investments made in the sales capacity and lower than expected sales.
- Continued low margins from South African Short-term Insurance business.

Operating income before tax (Rm and change %)



● Jun 2013
● Dec 2013
● Jun 2014

Return on embedded value and average equity (%)



● Return on embedded value
● Return on average equity

Salient features	30 June	2013	Change %	31 December
	2014			2013
Headline earnings (Rm)	688	691	(0)	1 420
Cost-efficiency ratio (%)	28,0	27,9		26,6
Combined ratio (%)	97,5	99,4		98,6
Assets under management and administration (Rbn) – Wealth and Investment Management	219	233	(6)	225
Embedded value of new business (Rm)	236	183	29	427
Return on average equity (%)	23,4	24,2		24,6

	Life Insurance			
	30 June	31 December		
	2014 Rm	2013 Rm	Change %	2013 Rm
Statement of comprehensive income				
Net insurance premium income	1 264	1 157	9	2 466
Net insurance claims and benefits paid	(381)	(312)	(22)	(720)
Investment income				
Policyholder investment contracts	588	1 034	(43)	2 278
Policyholder insurance contracts	209	66	>100	287
Changes in investment and insurance contract liabilities				
Policyholder investment contracts	(549)	(993)	45	(2 177)
Policyholder insurance contracts	(206)	(22)	>(100)	(183)
Other income ¹	(12)	(17)	29	(53)
Gross operating income	913	913	—	1 898
Net commission paid by insurance companies ²	(217)	(233)	7	(487)
Operating expenses	(200)	(180)	(11)	(379)
Other	(47)	(42)	(12)	(98)
Net operating income	449	458	(2)	934
Investment income on shareholder funds	63	41	54	111
Shareholder expenses	—	—	—	—
Taxation expense	(143)	(133)	(8)	(285)
Profit for the reporting period	369	366	1	760
Headline earnings	369	366	1	760
Note				
1. Investment income				
Policyholder investment contracts	588	1 034	(43)	2 278
Net interest income	191	225	(15)	445
Dividend income	89	59	51	172
Fair value gains	308	750	(59)	1 661
Policyholder insurance contracts	209	66	>100	287
Net interest income	38	31	23	69
Dividend income	7	6	17	13
Fair value gains	164	29	>100	205
Shareholder funds	63	41	54	111
Net interest income	18	17	6	35
Dividend income	4	4	—	9
Fair value gains/(losses)	41	20	>100	67
Total	860	1 141	(25)	2 676
Net interest income	247	273	(10)	549
Dividend income	100	69	45	194
Fair value gains/(losses)	513	799	(36)	1 933

	Life Insurance			
	30 June	31 December		
	2014 Rm	2013 Rm	Change %	2013 Rm
Net fee and commission income				
Employee benefit-related fees	180	156	15	342
Investment management and related fees	582	561	4	1 157
Net commission from distribution business	216	240	(10)	484
Net commission paid by insurance companies ²	(466)	(462)	(1)	(951)
Trust and estate income	140	131	7	274
Other	—	(1)	100	(22)
Total	652	625	4	1 284

Notes¹Includes impairment losses on loans and advances.²Includes internal commission, eliminated on consolidation of the Group's results.

WIMI

Wealth and Investment Management				Short-term Insurance				Fiduciary Services			
30 June		31 December		30 June		31 December		30 June		31 December	
2014 Rm	2013 Rm	Change %	2013 Rm	2014 Rm	2013 Rm	Change %	2013 Rm	2014 Rm	2013 Rm	Change %	2013 Rm
—	—	—	—	1 599	1 488	7	2 983	6	3	>100	8
—	—	—	—	(1 120)	(1 043)	(7)	(2 094)	—	(1)	>100	(2)
(2)	—	>(100)	—	23	29	(21)	51	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
755	697	8	1 450	21	20	5	33	319	285	12	632
753	697	8	1 450	523	494	6	973	325	287	13	638
(399)	(381)	(5)	(808)	(248)	(228)	(9)	(463)	(1)	(1)	—	(1)
(5)	(5)	—	(14)	(191)	(188)	(2)	(383)	(250)	(227)	(10)	(482)
349	311	12	628	83	77	8	124	73	58	26	146
13	11	18	23	44	39	13	95	7	4	75	9
(101)	(88)	(15)	(183)	(36)	(34)	(6)	(64)	(23)	(17)	(35)	(41)
261	234	12	468	91	82	11	155	57	45	27	114
258	232	11	462	91	82	11	155	57	46	24	115
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
(2)	—	>(100)	—	23	29	(21)	51	—	—	—	—
(2)	—	>(100)	—	23	29	(21)	51	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
13	11	18	23	44	39	13	95	7	4	75	9
13	11	18	23	40	44	(9)	91	2	—	>100	—
—	—	—	—	5	4	25	7	—	—	—	—
—	—	—	—	(1)	(9)	89	(3)	5	4	25	9
11	11	—	23	67	68	(1)	146	7	4	75	9
11	11	—	23	63	73	(14)	142	2	—	>100	—
—	—	—	—	5	4	25	7	—	—	—	—
—	—	—	—	(1)	(9)	89	(3)	5	4	25	9

Segment report per geographical segment	South Africa				Rest of Africa			
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2014 Rm	2013 Rm	Change %	2013 Rm	2014 Rm	2013 Rm	Change %	2013 Rm
Net insurance premium income	2 547	2 434	5	4 962	322	214	50	495
Net insurance claims and benefits paid	(1 384)	(1 282)	(8)	(2 638)	(117)	(75)	(56)	(178)
Gross operating income	2 576	2 509	3	5 166	184	144	28	302
Operating expenses	(1 277)	(1 183)	(8)	(2 450)	(78)	(54)	(44)	(132)
Net operating income	831	862	(3)	1 759	48	37	27	42
Profit for the reporting period	657	667	(1)	1 388	34	26	31	37

WIMI

Distribution				Other				Total WIMI			
30 June		31 December		30 June		31 December		30 June		31 December	
2014 Rm	2013 Rm	Change %	2013 Rm	2014 Rm	2013 Rm	Change %	2013 Rm	2014 Rm	2013 Rm	Change %	2013 Rm
—	—	—	—	—	—	—	—	2 869	2 648	8	5 457
—	—	—	—	—	(1)	>100	—	(1 501)	(1 357)	(11)	(2 816)
—	—	—	—	31	182	(83)	97	619	1 216	(49)	2 375
—	—	—	—	—	—	—	—	230	95	>100	338
—	—	—	—	(12)	(179)	93	(97)	(561)	(1 172)	52	(2 274)
—	—	—	—	—	—	—	—	(206)	(22)	>(100)	(183)
228	254	(10)	520	(1)	6	>(100)	(11)	1 310	1 245	5	2 571
228	254	(10)	520	18	8	>(100)	(11)	2 760	2 653	4	5 468
—	—	—	—	—	—	—	—	(466)	(462)	(1)	(951)
(276)	(249)	(11)	(512)	(39)	(12)	>(100)	(18)	(1 355)	(1 237)	(10)	(2 582)
(5)	(4)	(25)	(9)	(1)	(2)	50	(1)	(60)	(55)	(9)	(134)
(53)	1	>(100)	(1)	(22)	(6)	>(100)	(30)	879	899	(2)	1 801
2	2	—	5	30	20	50	36	159	117	36	279
—	—	—	—	(56)	(60)	7	(106)	(56)	(60)	7	(106)
2	(1)	>100	—	10	10	—	24	(291)	(263)	(11)	(549)
(49)	2	>(100)	4	(38)	(36)	6	(76)	691	693	(0)	1 425
(49)	2	>(100)	4	(38)	(37)	3	(76)	688	691	(0)	1 420
—	—	—	—	31	182	(83)	97	619	1 216	(49)	2 375
—	—	—	—	1	(14)	>100	(30)	192	211	(9)	415
—	—	—	—	39	12	>100	22	128	71	80	194
—	—	—	—	(9)	184	>(100)	105	299	934	(68)	1 766
—	—	—	—	—	—	—	—	230	95	>100	338
—	—	—	—	—	—	—	—	59	60	(2)	120
—	—	—	—	—	—	—	—	7	6	17	13
—	—	—	—	—	—	—	—	164	29	>100	205
2	2	—	5	30	20	50	36	159	117	36	279
—	—	—	—	6	1	>100	7	79	73	8	156
—	—	—	—	—	—	—	—	9	8	13	16
2	2	—	5	24	19	26	29	71	36	97	107
2	2	—	5	61	202	(70)	133	1 008	1 428	(29)	2 992
—	—	—	—	7	(13)	>100	(23)	330	344	(4)	691
—	—	—	—	39	12	>100	22	144	85	69	223
2	2	—	5	15	203	(93)	134	534	999	(47)	2 078

Total			
30 June		31 December	
2014 Rm	2013 Rm	Change %	2013 Rm
2 869	2 648	8	5 457
(1 501)	(1 357)	(11)	(2 816)
2 760	2 653	4	5 468
(1 355)	(1 237)	(10)	(2 582)
879	899	(2)	1 801
691	693	(0)	1 425

	30 June			31 December
	2014 Rm	2013 Rm	Change %	2013 Rm
Statement of financial position				
Assets				
Cash balances and loans and advances to banks ¹	1 554	1 661	(6)	1 891
Non-current assets held for sale ²	546	2 593	(79)	2 872
Investment securities ¹	81	41	98	225
Financial assets backing investment and insurance liabilities				
Policyholder investment contracts	23 709	19 353	23	19 796
Cash balances and loans and advances to banks	716	447	60	493
Investment securities	22 850	18 692	22	19 146
Reinsurance assets	143	214	(33)	157
Policyholder insurance contracts	3 683	2 494	48	2 782
Cash balances and loans and advances to banks	887	1 231	(28)	1 310
Investment securities	2 203	707	>100	757
Reinsurance assets	593	556	7	715
Shareholder funds	3 405	2 592	31	2 631
Cash balances and loans and advances to banks	1 808	1 295	40	1 406
Investment securities	1 597	1 297	23	1 225
Other assets	14 437	15 738	(8)	14 566
Other assets relating to investment contracts	47	9	>100	1
Other assets ³	14 390	15 729	(9)	14 565
Property and equipment	114	123	(7)	127
Total assets	47 529	44 595	7	44 890
Liabilities				
Non-current liabilities held for sale	504	1 310	(62)	1 476
Liabilities under investment contracts	23 447	19 261	22	19 773
Policyholder liabilities under insurance contracts ⁴	3 820	3 492	9	3 930
Other liabilities	14 552	15 604	(7)	14 678
Other liabilities ³	14 437	15 581	(7)	14 654
Other liabilities relating to investment contracts	115	23	>100	24
Deferred tax liabilities	31	25	24	31
Total liabilities	42 354	39 692	7	39 888
Equity				
Capital and reserves	5 175	4 903	6	5 002
Total equity	5 175	4 903	6	5 002
Total liabilities and equity	47 529	44 595	7	44 890

Notes

¹Non-insurance-related balances.

²Included in non-current assets held for sale are net assets and liabilities of Rnil (30 June 2013: R1 015m, 31 December 2013: R959m) backing policyholder liabilities under insurance contracts.

³Other assets and liabilities include settlement account balances in Absa Stockbrokers (Pty) Ltd as well as loans and advances to customers and deposits due to customers relating to the Wealth banking portfolio.

⁴In managing the policyholder liability, certain assets have been allocated specifically for the purpose of backing this liability.

WIMI

30 June 2014

Reconciliation with Group	WIMI Rm	Inter- segment eliminations Rm	Other ¹ Rm	Group Rm
Statement of financial position²				
Investment securities				
Investments linked to investment contracts	22 850	(1 875)	—	20 975
Policyholder liabilities under insurance contracts	(3 820)	1 281	(35)	(2 574)
Statement of comprehensive income²				
Net insurance premium income	2 869	—	122	2 991
Net claims and benefits paid on insurance contracts	(1 501)	5	(10)	(1 506)
Gains and losses from investment activities – net gains on investments from insurance activities – policyholder investment contracts	619	(85)	—	534

30 June 2013

Reconciliation with Group	WIMI Rm	Inter- segment eliminations Rm	Other ¹ Rm	Group Rm
Statement of financial position²				
Investment securities				
Investments linked to investment contracts	18 692	(3 552)	—	15 140
Policyholder liabilities under insurance contracts	(3 492)	33	(47)	(3 506)
Statement of comprehensive income²				
Net insurance premium income	2 648	—	112	2 760
Net insurance claims and benefits paid	(1 357)	(36)	37	(1 356)
Gains and losses from investment activities – net gains on investments from insurance activities – policyholder investment contracts	1 216	(87)	—	1 129

31 December 2013

Reconciliation with Group	WIMI Rm	Inter- segment eliminations Rm	Other ¹ Rm	Group Rm
Statement of financial position²				
Investment securities				
Investments linked to investment contracts	19 146	(3 012)	—	16 134
Policyholder liabilities under insurance contracts	(3 930)	12	(40)	(3 958)
Statement of comprehensive income²				
Net insurance premium income	5 457	—	229	5 686
Net insurance claims and benefits paid	(2 816)	(34)	31	(2 819)
Gains and losses from investment activities – net gains on investments from insurance activities – policyholder investment contracts	2 375	(194)	—	2 181

Notes

¹Consists of Absa Manx Insurance Company and Woolworths Financial Services.

²Debit amounts are disclosed as positive, credit amounts are disclosed as negative.

WIMI

Cost efficiency ratio – WIMI	30 June		Change %	31 December		Where included in Group's statement of comprehensive income
	2014 Rm	2013 Rm		2013 Rm	2013 Rm	
Operating expenses	(1 411)	(1 297)	(9)	(2 688)	Operating expenses	
Revenue	5 033	4 634	9	10 103		
Gross premium income	3 740	3 388	10	7 512	Net insurance premium income	
Net commission from distribution business	216	240	(10)	484	Net fee and commission income	
Non-insurance-related income ¹	819	652	26	1 369	Net fee and commission income	
Other income	258	354	(27)	738	Net fee and commission income; other operating income; net interest income and impairment losses on loans and advances to customers	
Cost efficiency ratio (%)	28,0	27,9		26,6		

Reconciliation of WIMI non-interest income to Group	30 June		Change %	31 December		Where included in Group's statement of comprehensive income
	2014 Rm	2013 Rm		2013 Rm	2013 Rm	
Revenue as per above	5 033	4 634	9	10 103		
Net commission paid by insurance companies	(466)	(462)	(1)	(951)	Net fee and commission income	
Reinsurance premiums	(871)	(740)	(18)	(2 055)	Net insurance premium income	
Net insurance claims and benefits paid	(1 501)	(1 357)	(10)	(2 816)	Net claims and benefits paid on insurance contracts	
Changes in investment and insurance contract liabilities	(765)	(1 194)	36	(2 457)	Changes in investment and insurance contract liabilities	
Gains and losses from investment activities	1 008	1 428	(29)	2 992	Gains and losses from investment activities	
Other operating income/(expenses)	20	(11)	100	(11)	Other operating income	
Banking-related income/(expenses)	(160)	(114)	(40)	(274)	Net interest income and impairment losses on loans and advances to customers	
Non-interest income	2 298	2 184	5	4 531		

Notes

¹Fee income relating to employee benefits, trust, estate and portfolio management fees.

²Includes insurance and non-insurance-related fees and commission paid.

WIMI

Business profile

WIMI provides insurance, fiduciary and investment products and services to retail, high net worth, commercial and corporate clients. The segment also provides innovative banking- and credit-related solutions to high and ultra high net worth clients. These products and services are offered through a well-established and unique operating model.

Key business areas

- **Life Insurance** – offers life insurance, covering death, disability and retrenchment, as well as funeral and investment products.
- **Wealth and Investment Management** – consists of several business units, which operate on a collaborative basis to offer individual (including high net worth, ultra high net worth and family office clients) and institutional clients' access to high-quality wealth and investment products and services. These products and services include asset management, private client asset management, investment management, risk management, structured lending, multi-management, unit trusts, stock broking, participation bonds and linked investments.
- **Short-term Insurance** – provides short-term insurance solutions to the retail and commercial market segments. A direct-to-client short-term solution, Absa idirect, is available to the retail market.
- **Fiduciary Services** – consists of estate administration and employee benefits businesses, offering retirement fund administration, consulting and actuarial services, healthcare services and Absa Trust, which administers deceased estates and provides trustee services for personal, family, charitable and employee benefit trusts.
- **Distribution** – one of the largest financial, wealth, investment and risk advisory companies in South Africa. It provides the full spectrum of financial advisory services and acts as an intermediary between the Group's customers, clients and various other product providers.
- **Other** – includes WIMI's head office and holding companies as well as allocated shareholder expenses.

An organisational structure change took place during the reporting period impacting the segmental structure of the previously reported Financial Services segment:

- **The Wealth and Absa Alternative Asset Management** businesses, previously reported in the CIBW segment, were transferred to the newly created WIMI segment along with Financial Services. The rationale for this organisational structure is to harness the capabilities of our local and global teams and to create a centre of investment excellence which will fulfil our clients' needs.

Financial performance

WIMI achieved year on year growth of 3% in profit before tax to R982m (30 June 2013: R956m). Attributable and headline earnings remained in line with the previous reporting period at R691m and R688m respectively. Headline earnings increased for Wealth and Investment Management (11%), Short-term Insurance (11%) and Fiduciary Services (24%). The increase achieved in these business units were offset by Life Insurance earnings which remained in line with the previous reporting period and a loss after tax in the Distribution business. Life Insurance earnings were negatively impacted by an increase in insurance contract liabilities net of investment return on policyholder assets. The loss in Distribution resulted from continued investments made in the expansion of the multi-channel distribution capability, an increased footprint for the adviser academy and the establishment of a centralised administration capability.

Continued growth in new business from Rest of Africa as well as a reduction in cost of capital resulted in the embedded value of new business increasing by 29% to R236m (30 June 2013: R183m) for Life.

Total assets under management and administration declined by R17bn, mainly due to the closure of Absa Mortgage Fund Managers and exiting the administration only multi-management offerings.

Total gross and net insurance premium income increased by 10% and 8% respectively from the previous comparable reporting period. Net insurance premiums for the South African operations of Life Insurance and Short-term Insurance increased by 3% and 6% respectively. Operations in Rest of Africa achieved a 50% growth in net insurance premiums.

Short-term Insurance achieved improved underwriting results for the second quarter of 2014. However, heavy rains experienced during the reporting period resulted in a higher number of personal lines claims. Commercial lines were negatively impacted by fire claims in the second quarter. Despite the improvement in underwriting results, margins remain low at 2,5%.

Income from shareholder funds grew by 36% to R159m (30 June 2013: R117m) due to improved equity market performance.

Operating expenses increased by 10% to R1 355m (30 June 2013: R1 237m). Operating expenses for the South African operations increased by 8%, mainly due to investments made to improve the Distribution channel's sales capacity and consolidation of the Select Equity Fund. Operations in Rest of Africa recorded an increase of 44% in operating expenses, due to investments undertaken to implement our African expansion strategy and foreign exchange differences. Excluding the impact of foreign exchange translations (14%) operating expenses increased by 30%.

WIMI

Operating environment

Growth in African markets outside of South Africa is expected to remain higher than global levels, offering good opportunity for the WIMI expansion strategy across life, short-term insurance and investment management in selected markets where Barclays Africa has a footprint. In South Africa, economic growth decelerated significantly in the first half of 2014. The labour relations environment with protracted and expanding strikes has undermined investor confidence, impacting growth and employment. The key impact for WIMI of these factors is increased financial pressure on consumers and reducing consumer appetite for savings and risk protection products. The moderate credit growth and interest rate hikes, which raised debt service costs, are likely to dampen further borrowing of households. WIMI will therefore experience lower growth in credit-related protection products. The South African insurance industry continued to experience tough operating conditions with increased competition and pressurised underwriting margins. Nominal equity continued to increase during the first half of 2014, which has impacted positively on investment returns from shareholder funds and fee income. A rising interest rate cycle will likely increase pressure on consumers, which could result in fund outflows and lapses of policies. Further changes in the regulatory environment will continue to challenge and shape the business' strategies and operational environment.

Business performance

In line with our strategic intent we have:

- Enhanced our Wealth and Investment Management integration with a focus on strengthening linkages between the wealth and private clients businesses and building skills in our team through investments in key hires.
- Grown our business across the African continent ahead of expectations and obtained a licence for Barclays Life Assurance in Kenya.
- Developed new talent in our face-to-face channel through our academy, resulting in an increased footprint. We are also building out our digital capabilities for end-to-end client interaction.
- Improved our penetration of the bank customer base through closer collaboration, target-setting, aligned customer value propositions and the measurement of cross-sell performance. Cross-sell ratios have improved across most segments.
- Centralised administrative functions in both our short-term and distribution environments. In the short term these actions negatively impacted costs but will in future result in sales efficiencies by reducing the administration burden of our sales force, improving controls and delivering better client solutions. Opportunities for further automation and efficiencies are being investigated across all business units.
- Commenced formulating our strategic response to the challenges we face in our short-term insurance business.

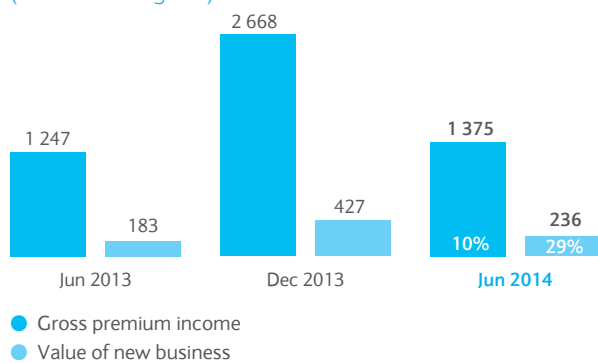
Life Insurance

Attributable income and gross operating income remained in line with the previous comparable reporting period at R369m (30 June 2013: R366m) and R913m (30 June 2014: R913m) respectively. In the second half of 2013 we implemented a change in policyholder valuation assumptions which resulted in improved matching between the valuations of policyholder assets and policyholder liabilities. In the comparative period we experienced a profit of R52m, which did not repeat in 2014, due to the change in valuation assumptions implemented in 2013.

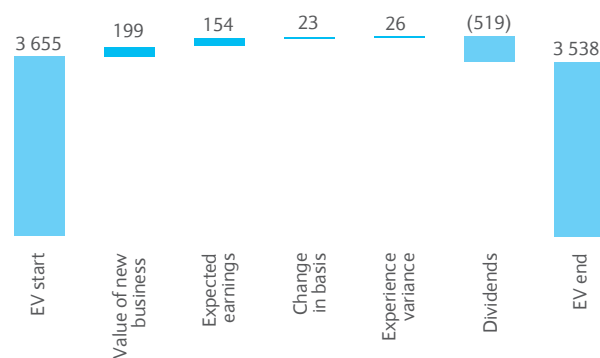
Net premium income increased by 9% to R1 264m (30 June 2013: R1 157m). Operations in Rest of Africa performed strongly with an increase in net premium income of 75% to R173m (30 June 2013: R99m) and net operating income growth of 43% to R33m (30 June 2013: R23m).

Operating expenses increased by 11% to R200m (30 June 2013: R180m) due to the expansion into Rest of Africa and increased IT and amortisation spend in South Africa from continued operating system replacement.

Continued growth in new business from Rest of Africa as well as a reduction in the cost of capital resulted in the embedded value of new business increasing 29% for the Life Insurance operations.

Business performance *(continued)*Life Insurance *(continued)*Gross premium income and value of new business
(Rm and change %)

Embedded value (Absa Life South Africa) (Rm)



Salient features	30 June	2013	Change %	31 December
	2014			2013
Shareholders' net assets (Rm)	1 342	1 446	(7)	1 467
Cost of solvency capital (Rm)	(260)	(454)	(43)	(308)
Value of business in force (Rm)	2 600	2 347	11	2 591
Embedded value (Rm)	3 682	3 339	10	3 750
Embedded value earnings (Rm)	428	358	20	1 157
Return on embedded value (%)	24,1	22,3		34,2
Embedded value of new business (Rm)	236	183	29	427
Value of new business as a % of the present value of future premiums (%) (gross)	7,3	7,4		7,6

Business performance *(continued)*

Wealth and Investment Management

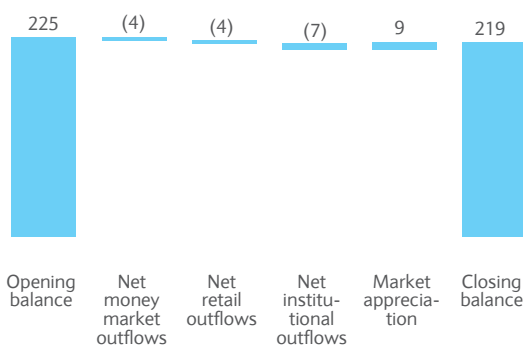
Wealth and Investment management achieved satisfactory results with net operating income and profit after income tax increasing by 12%. Revenue grew by 5% to R789m (30 June 2013: R754m), driven by an increase in the assets under management and administration margin from 49,1 bps to 50,6 bps.

As at the reporting date, assets under management and administration amounted to R219bn, a reduction of R14bn from the R233bn recorded as at 30 June 2013. Outflows amounting to R28bn were mainly due to the closure of Absa Mortgage Fund Managers (R2bn) and exiting the administration only multi-management offering (R26bn). This resulted in low margin administration services being outsourced to a third party. Offsetting the outflows were fund inflows of R14bn which includes market appreciation.

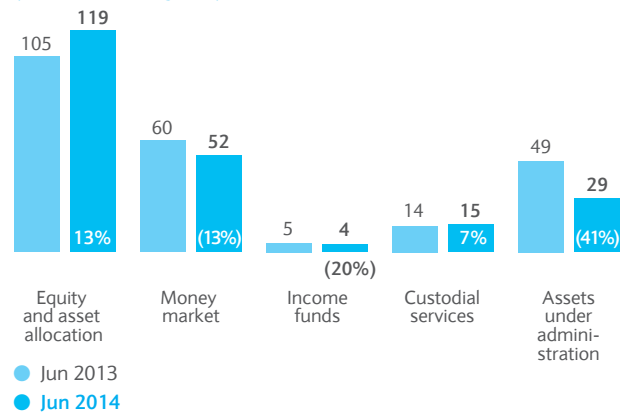
Segregated institutional mandates recorded a decline from the previous comparable reporting period, with the improved inflows experienced during the first quarter of 2014 being offset by institutional outflows in the latter part of the reporting period.

The business benefited from a 6% increase in net interest income, primarily due to increased demand for shorter-term facilities. Credit impairments declined by 51%, underpinned by an improvement in specific impairments as well as the high unidentified credit impairments experienced during the previous comparable reporting period.

Movement in assets under management and administration (Rbn)



Composition of assets under management and administration (Rbn and change %)



Salient features	30 June		Change %	31 December
	2014	2013		2013
Headline earnings (Rm)	258	232	11	462
Gross revenue (Rm)	789	754	5	1 554
Net interest income	181	170	6	347
Non-interest income	608	584	4	1 207
Credit impairments (Rm)	(23)	(47)	(51)	(80)
Net revenue (Rm)	766	707	8	1 474
Gross margin (bps)	50,6	49,1	—	51,2
Net flows (Rbn)	(14,4)	15,6	>(100)	23,2
Money market	(3,9)	2,4	>(100)	(2,3)
Non-money market – retail	(3,7)	5,3	>(100)	8,2
Non-money market – institutional	(6,8)	7,9	>(100)	17,3
Average loans and advances to customers (Rbn)	10,6	11,6	(9)	10,9
Client assets (Rbn)	5,0	5,1	(2)	4,9
Net assets under management and administration (Rbn)	219	233	(6)	225

Business performance *(continued)*

Short-term Insurance

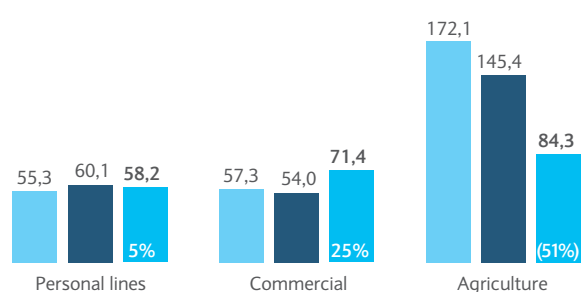
Short-term Insurance achieved headline earnings of R91m (30 June 2013: R82m), an increase of 11% on the previous comparable reporting period.

Net insurance premium income increased by 7% to R1 599m (30 June 2013: R1 488m), mainly due to increased personal lines cover.

The underwriting profit for the South African business improved but remains low at 1%. The year has been characterised by storm activity in the first quarter, as well as an increased frequency of commercial fires in the second quarter. This activity contributed to a deterioration of the personal and commercial line loss ratios to 58,2% (30 June 2013: 55,3%) and 71,4% (30 June 2013: 57,3%). The strict criteria applied to the crop book and improved rainfall within the current year had a positive impact on the crop loss ratio, improving to 84,3% (30 June 2013: 172,1%).

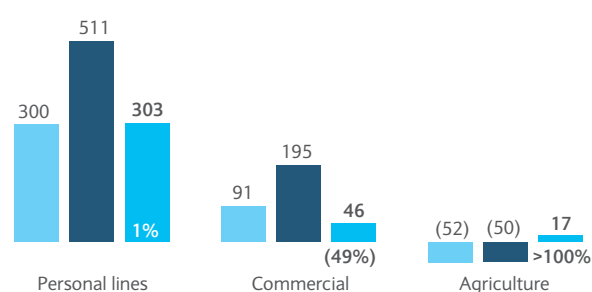
Operations in Rest of Africa performed strongly, with an increase in net premium income of 28% to R143m (30 June 2013: R112m), and an increase of 8% in operating income to R28m (30 June 2013: R26m).

Loss ratio (%)¹



- Jun 2013
- Dec 2013
- Jun 2014

Underwriting surplus (pre-expenses Rm)



- Jun 2013
- Dec 2013
- Jun 2014

Salient features	30 June		Change %	31 December 2013
	2014	2013		
Gross premiums (Rm)	2 361	2 127	11	4 831
Underwriting surplus (Rm)	231	218	6	425
Headline earnings (Rm)	91	82	11	155
Underwriting margin (%)	2,5	2,0		1,4
Loss ratio (%) ¹	70,0	70,1		70,3
Solvency margin (%)	50,3	56,8		58,8
Net asset value (Rm)	1 704	1 875	(9)	1 798

Note

¹The loss ratio represents net insurance claims and benefits paid as a percentage of net premium income.

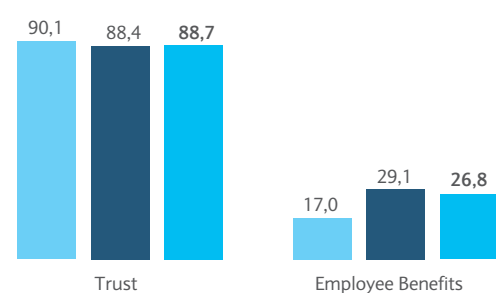
Business performance *(continued)*

Fiduciary Services

Headline earnings increased by 24% to R57m (30 June 2013: R46m). Absa Trust reported a 6% increase in headline earnings to R37m (30 June 2013: R35m) and a return on average equity of 88,7%. The business continued to show strong growth in new wills written in the high net worth segment.

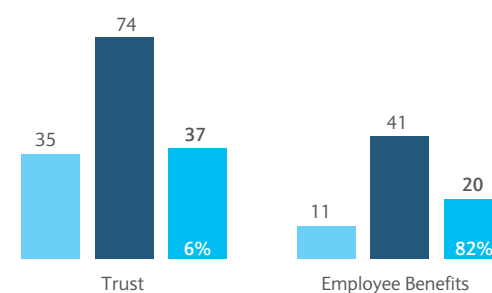
Employee Benefits recorded an increase of 17% in revenue to R182m (30 June 2013: R155m) for the reporting period. Industry funds reflected strong growth and pricing reviews as well as restructuring changes undertaken during previous comparable reporting periods produced positive results. Employee Benefits' headline earnings increased by 82% to R20m (30 June 2013: R11m).

Return on average equity (%)



● Jun 2013
● Dec 2013
● Jun 2014

Headline earnings (Rm and change %)



● Jun 2013
● Dec 2013
● Jun 2014

Salient features	30 June		Change %	31 December
	2014	2013		2013
Headline earnings (Rm)	57	46	24	115
Average value of estates distributed (R'000)	1 099	979	12	1 031
Net assets under management (Rbn)	12,4	10,2	22	11,6
Third party Investments	4,7	6,2	(24)	7,0
	7,7	4,0	93	4,6

Business performance *(continued)*

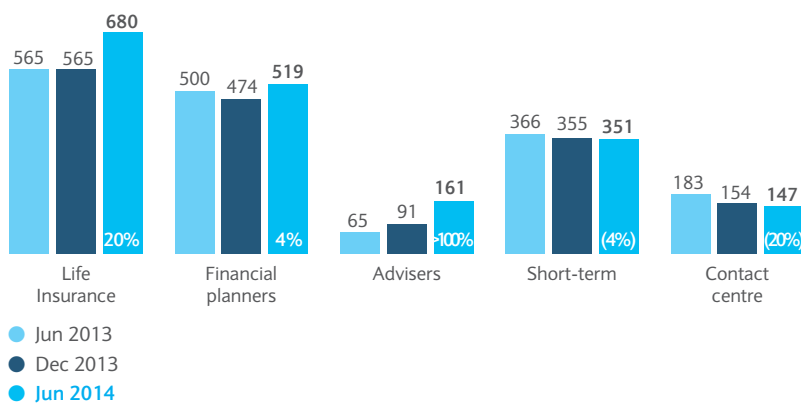
Distribution

Distribution recorded revenue of R228m (30 June 2013: R254m) for the reporting period. Operating expenses increased by 11% to R276m (30 June 2013: R249m). The growth in operating expenses was due to a continued focus on expanding our adviser footprint and sales capabilities. The investments made during the reporting period included the following key initiatives which have resulted in an improved client value proposition:

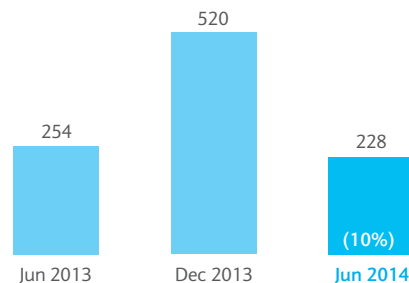
- Developed new talent through our adviser academy, with an increased footprint;
- Established centralised distribution administration centres to improve advisor productivity; and
- Continued investments in the expansion of our multi-channel distribution capability.

This resulted in a loss in headline earnings of R49m (30 June 2013: R2m profit) for the reporting period.

Distribution force (number)



Revenue (Rm and change %)



Looking ahead

We aim to be the ‘Go-To’ non-banking financial services provider to our clients, including wealth and investment management, insurance, trust and employee benefits solutions.

The strategy continues to focus on:

- Building out our bancassurance competencies across the Group and the African continent to enhance our penetration of the bank customer base;
- Growing our multi-channel distribution capability including the transformation of our adviser force;
- Rapid expansion in Africa across our lines of business;
- Integration of our wealth and investment management business.

Our wealth and investment management business is aimed at adding value through collaboration and integration, thereby enhancing and deepening our capabilities to serve our clients and offer best-of-breed solutions across the African continent. The synergies of our wealth and investment management businesses also ensures that all non-banking financial services are centralised in a single area of investment excellence driving appropriate focus, strategy and client delivery. Extracting benefit from this integration will remain a key area going forward.

Head Office and other operations

Business profile

Key business areas

- **Enterprise functions** – comprises the shared infrastructure and support functions that provide services across the Pan African business including core Technology, Corporate Real Estate, Marketing and Communications, Risk, Finance, Compliance, Legal, Human Resources and Operations costs. The majority of the costs are allocated to the business segments. Also included in the function is our Strategic Investment Spend to deliver the 'Go-To' bank.
- **Group treasury** – is responsible for managing the Group's capital, funding and liquidity. This includes managing balance sheet risk within approved risk frameworks whilst complying with regulatory frameworks.
- **Consolidation centre** – inter-group elimination and consolidation entries.

Financial performance

The decline in headline earnings of 76% to a loss of R328m (30 June 2013: Loss of R186m) was largely caused by increased hedge accounting ineffectiveness and centrally incurred costs and provisions not recharged to the other market segments.

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Risk management

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Risk management overview

Effective risk management and control are essential for sustainable and profitable growth.

The role of risk management is to Evaluate, Respond to and Monitor risks (the E-R-M process) that arise in the execution of the Group's strategy to become the 'Go-To' bank in Africa. It is essential that the Group's business growth plans are properly supported by an effective risk management infrastructure. The Group's risk culture is closely aligned to that of its business, whilst retaining independence in analytical and objective decision-making at every level.

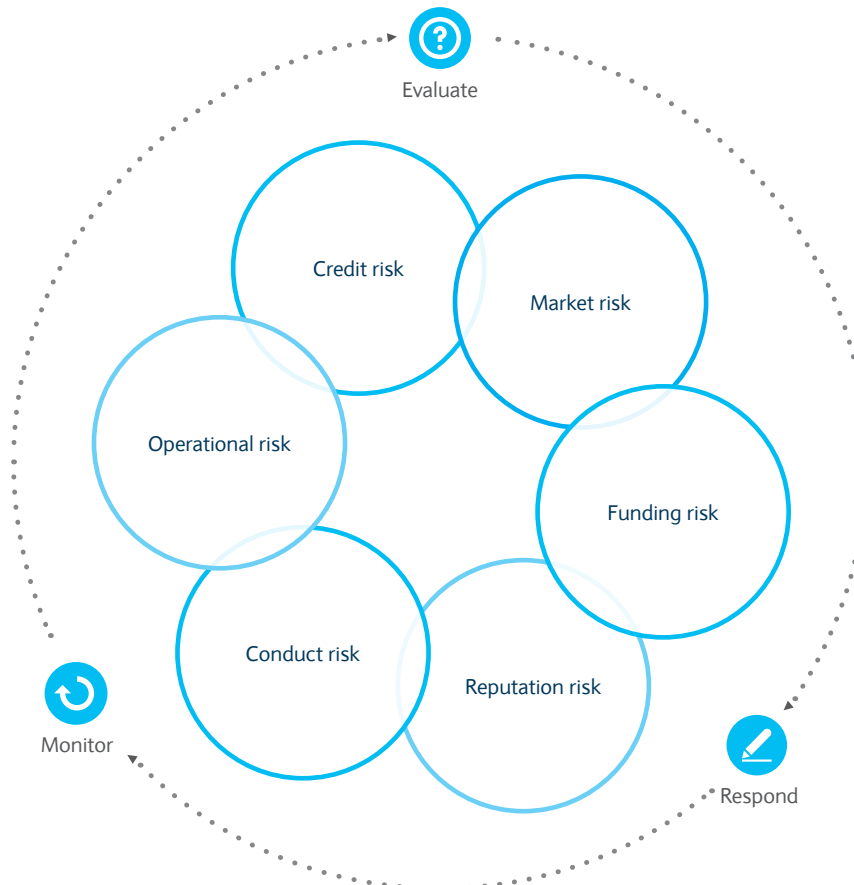
The Group has clear risk management objectives and a well-established risk strategy, delivered through its core risk management processes. The Group's approach to managing risk is contained in the Enterprise Risk Management Framework ("ERMF") which was adopted in H1 2014. The ERMF defines the Group's risk management process and sets out the activities, tools, techniques and organisational arrangements so that material risks facing the Group can be better identified and managed. It also ensures that appropriate responses are in place to protect Barclays Africa Group Limited and prevent detriment to its customers, colleagues or community, thereby enabling the Group to meet its goals, and enhancing its ability to respond to new opportunities.

The ERMF includes those risks incurred by Barclays Africa Group Limited that are foreseeable, continuous, and material enough to merit establishing specific Group-wide control frameworks. These are known as key risks and are grouped into six Principal Risk categories. Conduct and Reputation risks were reclassified as Principal Risks in H1 2014. For each risk, a control framework with supporting policies and standards outlines risk, control, and governance.

The three lines of defence have been defined in the ERMF, the scope of which has been extended to all businesses and functions. The framework creates the proper context for setting standards and establishing the right practices throughout the Group. The three lines of defence operating model enables Barclays Africa Group Limited to assign risk management activities appropriately between those parties that:

- Own and take risk, and implement controls (first line);
- Oversee and challenge the first line, provide independent second line risk management activity and support controls (second line); and
- Provide assurance that the E-R-M process is fit for purpose, and that it is being carried out as intended (third line).

The Enterprise Risk Management Framework enables businesses and functions to be organised along the three "lines", thereby enhancing the E-R-M process by formalising independence and challenge, whilst still promoting collaboration and the flow of information between all areas.



Risk management overview

Review of H1 2014

The Group's overall performance continued to improve. Risk and capital measures remained within Board-approved risk appetite. Key performance outcomes included:

- Loans and advances increased, driven by growth in Wholesale and certain Retail portfolios.
- Credit performance continued to improve across major portfolios. Both impairment charges and the impairment loss ratio reduced year-on-year due to better underlying performance.
- Against the backdrop of a challenging macro-economic environment, the Group increased overall coverage on both performing and non-performing loans.
- Market risk exposures were within the Group's risk appetite, despite volatile market conditions.
- The Group's Operational risk losses reduced year-on-year, with fraud and transactional operations being the primary drivers of losses.
- The Group remained well capitalised above the minimum regulatory requirements and Board-approved target capital ranges.
- In addition to the Common Equity Tier 1 and total capital adequacy ranges, the Board-approved target capital ranges for Tier 1.
- The Group's liquidity position remained healthy and well managed within key limits and metrics.

Future priorities

The Group will continue to focus on delivering effective and efficient risk management, while meeting regulatory requirements. The Group will continue to keep its customers and clients at the centre of what it does and strive to deliver sustainable returns above the cost of equity. The Group's specific risk management priorities for H2 2014 include:

- Achieve a uniform approach to managing risk across Africa.
- Embed the ERMF and the three lines of defence operating model.
- Continue to improve risk measurement models, and enhance risk-adjusted returns while reducing volatility in performance.
- Ensure performance is in line with risk appetite, and refine the risk appetite approach for insurance and country risk.
- Continue to strengthen controls and infrastructure, specifically in the areas of technology, financial crime, fraud and transactional operations.
- Build upon the recovery plan for the Group.
- Develop the approach to, and embed, management of Conduct risk.

Credit risk

The risk of financial loss should the Group's customers, clients or market counterparties fail to fulfil their contractual obligations.

Factors that influence this risk

Specific scenarios which could have an impact on Credit risk in both the retail and wholesale portfolio include:

- Continuing weakness in the South African economy against a backdrop of prolonged strikes that could result in lower/loss of income for clients and customers, with negative implications for the wholesale (particularly business bank) and retail portfolios.
- The rand losing some of the gains it made earlier in 2014, due to the structured tapering of the US Federal Reserve Bank's quantitative easing programme and weak economic fundamentals in South Africa. This is threatening the inflation outlook which could lead to tighter monetary policy. Higher interest rates will adversely impact the credit quality of customers and counterparties, which, if coupled with a decline in collateral values, could lead to a reduction in recoverability.
- Increased tensions in Ukraine and the Middle East pose a material risk of higher oil and grain prices against the backdrop of a still fragile global economy. Should this materialise, the South African economy is likely to experience higher interest rates as the Reserve Bank attempts to maintain price stability and anchor inflation.
- Sub-Saharan African countries continue to be exposed to commodity price fluctuations, and currency weakness. This could lead to higher import bills and upward pressure on domestic prices, resulting in rising interest rates which would undermine GDP growth and increase sovereign risk.

Risk management overview

Credit risk *(continued)*

How the Group manages this risk

- Define clear risk appetite thresholds and triggers using applicable stress test measures.
- Understand the Group's customer and client target market.
- Establish risk acceptance criteria.
- Undertake sound credit origination, monitoring and account management.
- Ensure appropriate risk infrastructure and controls.

Wholesale credit risk

H1 2014 review

	30 June	31 December	
	2014 %	2013 %	2013 %
Growth in loans and advances	6,3	10,4	14,7
Risk-weighted assets as a percentage of gross credit extended ^{1,2}	31,2	30,4	29,6
Non-performing loans as a percentage of gross loans and advances to customers	2,7	2,9	2,8
Non-performing loans coverage ratio	37,5	39,2	42,4
Impairment losses ratio	0,4	0,4	0,6

- **Growth:** Annualised growth of loans and advances within the Barclays Africa Group Limited Wholesale portfolio was 6,3% for the six months to June 2014. This growth remains dominated by CIB, with loans and advances for CIB South Africa growing at 8,2% on an annualised basis for the six months to June 2014, compared with growth of less than 1% for the same period within the Business Bank portfolio.
 - CIB now constitutes 71% of the South Africa Wholesale portfolio, and regional diversification is growing as new opportunities across Africa are explored. New business within South Africa has been buoyed by participation in new rounds of bidding for renewable energy transactions, as well as increased corporate activity across the mining, transportation and retail sectors.
 - Business Bank loans and advances increased by less than 1% (annualised) in H1 2014, while the CPF portfolio decreased 4% over the same period. The overall credit quality of both Business Bank and CPF has improved consistently over the last 18 months, with a noticeable reduction in the impairment charge.
 - The Wholesale portfolio outside South Africa has increased by 11% since December 2013 with a strong focus on building franchise value in each of the presence countries and providing a global product offering to multi-national corporates operating in these jurisdictions.
- **Portfolio performance:** The risk profile of the South Africa Wholesale portfolio has continued to improve over H1 2014 as a result of a general improvement in financial results from a number of key counterparties and industries. Exceptions to this were the public sector, which was subjected to ratings downgrades during the first six months of the year, as well as the construction industry which continues to experience difficulties. Mining has also come under severe pressure largely as a result of the recent strike action.
- **Impairments:** Focused risk management interventions have continued to improve the impairment position across all major South African portfolios, with the YTD impairment charge for H1 at R336m (H1 2013: R364m).
 - The CIB portfolio outside South Africa recorded a H1 impairment charge of R33m (up from R21m for H1 2013) following increases in impairment for a small number of single-name defaults in Zambia, Ghana and Kenya.

Future priorities

- Embed the 'Go-To' operating model for credit sanctioning across Africa, combining local knowledge with global and regional expertise.
- Continue to build upon infrastructure, ensuring use of analytics/technology to manage Credit risk.
- Maintain a well-considered approach and facilitate the business strategy through responsible lending within a comprehensive risk appetite framework.
- Refine stress testing and concentration risk methodologies to ensure all potential stresses are understood and quantified.
- Enhance management of sovereign and country transfer risk.

Notes

¹Gross credit extended includes off-balance sheet exposures as well as exposures to banks and sovereigns.

²The percentages only include portfolios subject to the internal ratings-based approaches.

Risk management overview

Credit risk *(continued)*

Retail credit risk

H1 2014 review

	30 June	31 December	
	2014 %	2013 %	2013 %
Growth in loans and advances	2,9	4,3	3,1
Risk-weighted assets as a percentage of gross credit extended ^{1,2}	36,1	36,5	34,9
Non-performing loans as a percentage of gross loans and advances to customers	5,6	6,8	5,6
Non-performing loans coverage ratio	44,5	41,0	41,8
Impairment losses ratio	1,6	1,7	1,5

- **Growth:** Underlying growth of 0,1% in the Home Loans portfolio was more than offset by continuing reduction in the legal book, resulting in a net decrease of 2,1%. Both these components are positive developments. The VAF portfolio grew 7,3% over H1 2014 compared to a 0,2% contraction in the comparable reporting period. The overall growth of 20,8% in the Credit Card portfolio is attributable to a number of initiatives implemented in the Absa Card book as well as the inclusion of the Edcon portfolio. Portfolios outside South Africa grew 15% mostly due to positive performances in Kenya and Zambia.
- **Portfolio performance:** Overall performance remains positive and stable. The quality of the Home Loans portfolio continued to improve, with flow into the legal book decreasing and legal recoveries increasing. Properties in possession reduced from R250m to R43m over the period, down 83% from a year ago. The VAF portfolio performance continued to be stable as improvements were made in the dealer risk management process. Performance of the Credit Card portfolio is in line with expectations, with the increase in loan loss rates related to the age of the debt on the book, and reflecting the stress in the macro-economic environment. In Personal Lending, performance remained stable despite the current economic environment.
- **Impairments:** The Impairment loss ratio improved from 1,7% to 1,6%, reflecting our enhanced collections capability in Home Loans and the improving quality of new business. The loss ratio decreased in Home Loans, increased in Credit Cards and remained stable in VAF and Personal Loans. The impairment loss ratio outside South Africa reduced from 2,6% to 1,9% mainly due to improved underlying performance in Ghana, Mozambique and Zambia.
- **Coverage:** Both the NPL coverage and performing loan coverage continued to increase, to 44,5% and 1,0% respectively.

Future priorities

- Implement a Pan African target operating model to manage retail credit risk.
- Continue to invest in models/analytics to improve the Group's risk profile, measurement and risk-adjusted returns, with a focus on unsecured lending.
- Respond effectively to the deteriorating macro-economic environment and potentially increasing interest rates in South Africa.
- Improve debt counselling and other rehabilitation programmes to ensure appropriate management of customers in financial difficulty.
- Continue to improve risk infrastructure, processes and controls.
- Enhance credit processes and controls.

Market risk

The risk that the Group's earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads.

- **Traded market risk:** the risk of the Group being impacted due to changes in the level or volatility of positions in the Group's trading books, primarily in the Investment Bank.
- **Non-traded market risk:** the risk of being unable to hedge the interest rate risk in the banking book, primarily in the retail, business banking, and corporate portfolios.
- **Insurance risk:** the risk that future experiences relating to claims, expenses, policyholder behaviour and investment returns are different from the assumptions made when setting premiums or valuing policyholder liabilities.
- **Pension risk:** the risk that arises when an adverse movement between pension assets and liabilities results in a pension deficit.

Notes

¹Gross credit extended includes off-balance sheet exposures as well as exposures to banks and sovereigns.

²The percentages only include portfolios subject to the internal ratings-based approaches.

Risk management overview

Market risk *(continued)*

Factors that influence this risk

Specific areas where Market risk could result insignificantly lower revenues and adversely affect the Group's results in future years include:

- Reduced client activity and decreased market liquidity, as the Group's corporate and investment business model is focused on client intermediation.
- Significant unexpected capital outflows that could arise due to a decline in demand for African and other emerging market local currency government bonds.
- Changes in the composition of the Group's balance sheet affecting structural risk, which if not adequately identified and managed, could lead to increased levels of exposure to interest rate and exchange rate volatility of the Group's earnings.
- Inadequate product pricing, prudent reserving and appropriate reinsurance strategies in the management of insurance claims.

How the Group manages this risk

- Ensure risk is managed within the Group's appetite by monitoring risk against the limit and appetite framework.
- Ensure a high degree of net interest margin stability in the Group's banking books.
- Understand risk sensitivity and volatility, leverage stress testing and empirical analytics. Use appropriate models to measure risk.
- Underwrite risks that are well diversified in terms of types of risk and the level of insured benefits. Develop strategies to reduce earnings volatility and increase potential profits under good claims experience conditions.
- Reduce exposures to insurance business lines where the risk-adjusted returns are low, and increase exposures to more attractive business lines to improve the risk-return outlook. Monitor and continuously reassess the inherent quality and risk profile of the insurance business book.
- Ensure pension risk is managed within outlined principles, objectives and governance, as well as country specific regulations.
- The Group retains additional capital reserves which target a 99,6% level of confidence that policyholder obligations will be met during severe economic and demographic experience scenarios. The Group's adequacy of reserves, premiums and retained capital is regularly reviewed, in preparation for the Solvency Assessment and Management ("SAM") legislation.

H1 2014 review

	30 June 2014	2013	31 December 2013
Average traded market risk – daily value at risk ("DVaR") (Rm) ¹	26,5	24,4	24,7
Traded market risk regulatory capital ("RC") (at 10% of RWA) ² (Rm)	1 753	1 321	1 630
Banking book annual earnings at risk ("AEaR") for a 2% interest rate shock (% of Group net interest income)	<5%	<6%	<7%
Short-term loss ratio	72,2	71,6	72,2
Life new business margin	7,3	7,4	7,6

→ **Traded market risk:** The Group's trading exposures were carefully managed to ensure efficient use of trading capital with returns above return hurdles. All exposures were managed within risk appetite. Trading revenues in South Africa were supported by a strong client franchise despite some challenging market conditions and subdued trading activity. The trading business continued to focus on sustainable client flow and facilitation and the careful management of risk across the Group. This was supported by further strengthening of the control environment and the implementation of the Group's trading platform in two additional entities, namely Barclays Bank Tanzania and Barclays Bank Uganda.

→ **Non-traded market risk:** The Group remained positively exposed to further increases in interest rates in South Africa after the impact of hedging. The Group continues to be exposed to prime-JIBAR basis risk in South Africa, arising from the funding of predominantly prime-linked assets with liabilities that are primarily JIBAR-linked after hedging. Similar basis risks exist across Rest of Africa business. The rate outlook across the region remained extremely diverse with countries such as Ghana, Kenya and Zambia likely to experience tighter monetary policy in light of the emanating inflationary pressures and the prevalent twin deficit backdrops. Limited derivative markets make the hedging of interest rate risk more challenging, and balance sheet structuring is therefore used as a key risk mitigant. Regulatory action taken in some of the countries to protect local currency from material depreciation has added to market volatility and impacted short-term interbank liquidity and funding rates.

Notes

¹DVaR for outside South Africa is based on a historical simulation model that uses sensitivity-based inputs rather than full revaluation as is done for South Africa. At 9,5 of RWA for 2013.

²At 9,5% of RWA for 2013.

Risk management overview

Market risk *(continued)*

- **Insurance risk:** The Group continued to pursue diversified growth between life insurance and short-term exposures both inside and outside South Africa. The economic capital assessments for the constituent risks and overall insurance risk remained within approved levels. An improved valuation methodology for long-term life insurance liabilities resulted in a lower mismatch risk between assets and liabilities. The insurance entities remained solvent as there was sufficient capital retention maintained above the regulatory minimum capital requirements. The short-term insurance underwriting risk profile of the business clusters remained within the anticipated one in seven year volatility bands.
- **Pension risk:** The Group provides pension plans and benefits in the 11 African countries where Barclays Africa Group Limited has a footprint. The South African pension arrangement, the Absa Pension Fund, remained the largest fund.

Future priorities

- Continue to focus on lower traded market liquidity, sensitivity to historically low traded market volatility and enhancement of the value-at-risk model.
- Respond to regulatory and capital change, specifically preparing for the adoption of Basel IV and participating in quantitative impact studies for the Fundamental review of the trading book, while continuing to make efficient use of capital.
- Continue to build trading capacity and controls in the region with launch of integrated valuation and risk technology.
- Continue to reduce margin volatility through the Group's structural hedge programme in South Africa.
- Enhance risk appetite for the life and non-life insurance entities.
- Embed the principles of Own Risk and Solvency Assessment into the operations and governance of insurance entities to improve the Group's risk management policies, controls and processes.

Funding risk

The risk that the Group is unable to achieve its business plans as a result of:

- **Capital risk:** the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity; a failure to meet regulatory requirements; and/or changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding.
- **Liquidity risk:** the risk that the Group is unable to meet obligations as they fall due.
- **Structural risk:** the risk arising from the impact of interest rate and foreign exchange movements on the balance sheet and income statement.

Factors that influence this risk

- Regulatory change and structural reform of the financial sector is under constant review and development internationally.
- Structural risk is affected by changes in the composition of the Group's balance sheet and income statement, which could lead to increased levels of exposure to interest rate and exchange rate volatility if not adequately identified and managed.

How the Group manages this risk

The Group manages Funding risk by adhering to its Board-approved Funding risk appetite and by maximising shareholder value through optimisation of capital, funding and structural components.

Capital risk

Effective capital planning and management ensures that the Group has sufficient and appropriate capital resources to support the Group's risk appetite, business activities, credit rating and regulatory requirements. The capital management process includes:

- Meeting regulatory capital ratios required by regulators and the target ranges approved by the Board.
- Maintaining an adequate level of capital resources prudently in excess of economic capital requirements.
- Optimising returns through capital and balance sheet management.

Risk management overview

Funding risk *(continued)*

H1 2014 review

Group ¹	30 June		31 December	
	2014 Board target range %	2014 %	2013 %	2013 %
Common Equity Tier 1 capital adequacy ratio	9,5 – 11,0	11,8	12,5	12,1
Return on average risk-weighted assets ²		2,14	2,04	2,18
Return on average economic capital		20,5	20,9	21,0
Return on equity		16,1	14,3	15,5

- The Group's cost of equity increased to 13,5% from 13,0% with effect from January 2014.
- Risk-weighted assets increased by 6% to R595bn (R560bn: 31 December 2013) mainly due to increased regulatory requirements, the prevailing economic environment, and balance sheet growth. This was partly offset by capital management initiatives.
- The Group is capitalised above the minimum regulatory and Board-approved capital target ranges.

Future priorities

- Ensure all entities remain adequately capitalised above the minimum regulatory requirements, within Board-approved target capital ranges and in line with the Board-approved risk appetite.
- Optimise the capital mix.
- Enhance regulatory and economic capital management, and capital allocation.
- Maintain Basel III requirements and consider capital issuances out of the Group as well as the Group's subsidiaries.
- Keep abreast of regulatory and capital changes (Basel IV).
- Continued optimisation of risk-weighted assets.

Liquidity risk

The liquidity risk management process includes:

- Management of the overall funding position, including construction of the funding plan.
- Liquidity risk monitoring.
- Intra-day liquidity risk management.
- Contingency liquidity planning.
- Regulatory compliance.

Barclays Africa Group Limited expects to maintain a healthy liquidity position throughout 2014 which will enable it to support its growth targets.

Notes

¹The 30 June 2013 comparatives are based on Absa Group while 31 December 2013 and June 2014 disclosures are based on Barclays Africa Group Limited.

²For the calculation of return on average risk-weighted assets, the RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Risk management overview

Funding risk *(continued)*

H1 2014 review

	30 June 2014	2013	31 December 2013
Barclays Africa Group Limited sources of liquidity (Rm)	180 700	159 212	153 871
High quality liquid assets	90 514	80 666	81 974
Statutory liquid assets and cash reserves (South Africa)	49 183	49 152	49 915
Surplus liquid assets (South Africa)	41 331	31 514	32 059
Other liquid assets (outside South Africa)	25 672	27 080	31 697
Other sources of liquidity	64 514	51 466	40 200
Long-term funding ratio (%)	23,0	25,6	24,3
Loan-to-deposit ratio (%)	87,4	86,2	88,3

- The Group will continue to maintain a surplus liquid assets buffer ahead of the timeframes required by the Basel III liquidity rules and expects to meet comfortably the 60% liquidity coverage ratio (“LCR”) minimum requirement, when it becomes effective on 1 January 2015. Work continues on the net stable funding ratio (“NSFR”) and is being monitored during an observation period running until 1 January 2018 when the NSFR is due to become a reporting requirement.
- The Group has a well-diversified deposit base and concentration risk is managed within appropriate guidelines. Sources of liquidity are reviewed regularly to maintain a wide diversity of provider, product and term. The Group’s liquidity risk position remained healthy and well managed within key limits and metrics. The long-term funding ratio reduced by 2,7% to 23,0% with the inclusion of the Barclays Africa entities. These entities are predominantly deposit-led banks and whilst these deposits are very stable they are generally of a short-term contractual nature.

Future priorities

- Ensure that the Group’s funding position continues to be managed in line with the Board-approved liquidity risk appetite.
- Maintain adequate liquidity buffers to ensure that the Group is able to meet the liquidity coverage ratio requirements in the appropriate timeframe.
- Continue to grow and diversify the funding base.
- Balance the above against the long-term impact on the cost of funding for the Group.

Structural risk

Structural risk exposures continue to be identified and managed within well-defined risk limits. The qualification criteria relating to structural exposures are well defined and tested, and structural risk management approaches continue to follow strict internal governance processes.

Risk management overview

Funding risk *(continued)*

H1 2014 review

	30 June	31 December	
	2014	2013	2013
Percentage of capital and liabilities deemed structural for hedging purposes ¹ (%)	14	14	15
Structural hedging impact on net interest margins (bps)	21	25	25
Structural hedging impact on net interest income ¹ (Rm)	792	882	1 592

- Exchange rate and interest rate volatility over the reporting period re-emphasised the importance of structural risk management. The structural hedging programme in South Africa continued to play an important role in reducing margin volatility during the interest rate cycle, thereby reducing structural risk.
- After the formation of Barclays Africa Group Limited, additional risk was introduced through interest rate and exchange rate exposures to the rest of Africa. The Group has enhanced risk identification and measurement approaches in the region. Due to the absence of fully developed derivative markets in most of the countries, balance sheet structuring approaches are often used as a key structural risk management tool.

Future priorities

- Ensure that structural risks across the Group continue to be managed in line with the Group's risk appetite.
- Continue to manage structural interest rate risks in South Africa in accordance with the structural interest rate hedging programme.
- Enhance the approach outside South Africa to optimise further balance sheet structures in line with risk appetite and return objectives.

Operational risk

Operational risk arises when there is direct and indirect loss resulting from human factors, inadequate or failed internal processes systems or external events. The Group actively seeks to minimise the impact of losses suffered, both in the normal course of business (expected losses) and in extreme events (unexpected losses), to improve effective management of the Group, and strengthen its brand and external reputation.

Factors that influence this risk

- The scale and type of fraud, both internal and external.
- Increasing and changing regulatory requirements affecting the internal control environment.
- The extent, nature and management of change in the organisation, including the type and scale of growth.
- The rate of technological evolution and progress.

How the Group manages this risk

The Group has developed and embedded an Operational Risk Management Framework which is designed to deliver the key operational risk management strategies and objectives. The consistent implementation and application of the Operational Risk Management Framework ultimately enables the Group to:

- Embed a culture of risk awareness across the businesses.
- Improve risk governance and oversight at an executive level.
- Strengthen risk practices.
- Enhance the control environment by standardising processes and using automated solutions where relevant.
- Invest in infrastructure and systems to support the measurement of Operational risk.
- Implement remedial actions should the risk profile not be at an acceptable level.

Note

¹Structural interest rate risk hedging is only conducted in respect of the South Africa business.

Risk management overview

Operational risk *(continued)*

H1 2014 review

	30 June	31 December	
	2014 %	2013 %	2013 %
Total losses as a % of gross income	0,6	1,2	1,1

Total operational risk losses for H1 2014 were within the Group's appetite and lower than H1 2013. Incidents relating to fraud and transaction processing remained the largest contributors, accounting for 46% and 42% of total losses respectively. No significant risk events of the scale reported in the previous period occurred during the current reporting period.

- **Technology risk:** Technology stability remained a challenge in H1 2014, specifically within our payments environment although the Group made good progress in addressing issues relating to unsupported infrastructure and systems.
- **Regulatory and financial crime risk:** There was increased focus by the Group, to improve overall regulatory controls, particularly those related to know your client, anti-money laundering, and the National Credit Act. A R10m regulatory fine, issued by the SARB, originated from an administrative sanction outcome (FICA – Section 45C). Various financial institutions in South Africa received a similar fine during this period. The Group has agreed a remediation plan with the SARB.
- **Fraud risk:** Plastic fraud losses remain the key driver behind overall fraud losses, but these have improved and stabilised across all card portfolios.

Future priorities

- **Technology risk:** Continue to invest in systems to improve and maintain technology resilience. There is a need to consolidate and simplify platforms across the continent, and where relevant, replacing legacy systems.
- **Regulatory and financial crime risk:** Continued focus on the management of regulatory risk in step with recent and planned regulatory changes across Africa. Financial crime compliance will be strengthened through investment in technology and refining the customer on-boarding and monitoring processes.
- **Fraud risk:** Improve the Group's fraud capability with a focus on the Digital Banking and Wealth, Investment Management and Insurance businesses.
- **Product risk:** Monitoring and managing risks associated with the expansion of the businesses across Africa, specifically within the Group's Corporate, Life Insurance and Digital businesses.

Risk management overview

Conduct risk

Conduct risk is the risk that detriment is caused to customers, clients, counterparties or Barclays and its employees because of inappropriate judgement in the execution of the Group's business activities.

Proactive management of Conduct risk is a key part of the Group's journey to building trust, improving customer loyalty and building a sustainable business.

Factors that influence this risk

- Culture and behaviour of the employees of the organisation.
- Technological evolution impacting approaches to transaction services.
- Increasing and changing regulatory requirements.

How the Group manages this risk

- Implementing a framework and risk practices in businesses including frequent performance of material risk assessments, use of risk and performance indicators, management of risk events, and reporting key conduct risks to executive committees and boards.
- Continuous engagement with regulators and industry bodies to identify forthcoming regulatory change, assess and address the impact on customers and the financial industry.
- Ongoing monitoring and combined assurance of effectiveness of the framework and risk management practices.

H1 2014 review

The Group's approach to Conduct risk required the identification of risk across the Group. The key themes were:

- Impact on customers consequent to remediation activities related to financial crime legislation (i.e. anti-money laundering).
- Continued levels of regulatory change, resulting in increased expectations and enhanced requirements that impact customer experience.
- Increasing use of digital and mobile channel that involve a high level of complexity of technology, with potential customer impact.

Future priorities

- Values/Culture – focusing on and measure how the Group delivers on its stakeholder commitments.
- Ensure that clients and customers are at the centre of all decisions.
- Embed material risk assessments and forward-looking conduct risk reporting across the organisation.
- Enhance controls and key performance indicators to track and manage Conduct risk continually.

Reputation risk

Reputation risk is the risk of damage to the Group's brands, arising from association, action or inaction which is perceived by stakeholders to be inappropriate or unethical.

Factors that influence this risk

Reputation risk may arise from a number of factors, including:

- Failure to act in good faith and in accordance with Barclays Africa Group Limited's values and code of conduct.
- Failure (real or perceived) to comply with the law or regulation, or association (real or implied) with illegal activity.
- Failure to respond to new norms or comply with existing (explicit or implicit) norms timeously.
- Association with controversial clients, business decisions, sectors, governments, or countries.

How the Group manages this risk

The Group does not consider the management of Reputation risk to be the sole responsibility of one owner. Due to the far-reaching negative impact of Reputational risk, the Group has designated it as a principal risk.

Reputation risk is managed by:

- Evaluating the potential Reputation risk to the Group's brand prior to making a commercial decision and ensuring ongoing monitoring of the risk once a commitment has been made.
- Actively engaging in the identification, management and monitoring of Reputation risks in order to implement and improve the Reputation risk management processes and controls.
- Identifying and escalating material risks for appropriate review.
- Ongoing review through scenario planning, business continuity and crisis management to mitigate the operational impact of commercial decisions on clients and customers.

Risk management overview

Reputation risk *(continued)*

H1 2014 review

The Group's approach to Reputation risk is guided by key themes, which include:

- The effects of limited and/or uncoordinated stakeholder engagement.
- Policy shifts and changing dynamics between the Group, customers and clients as well as policymakers and regulators as a result of increased pressure on local governments to deliver on socio-economic reform pledges.
- Greater shareholder scrutiny of the Group's values, internal policies, business decisions and operations.

Over the course of H1 2014, the Group managed a number of Reputation risks:

- Following a strategic review, the Community Investment team exited a number of existing programmes and declined several high profile funding requests given their non-alignment to the approved strategy, and/or governance and compliance issues.
- The Group took the decision to cease financial support to political parties. Political parties and government were engaged with, prior and subsequent to the elections in South Africa. The suspension of the programme has not had an immediate and quantifiable negative impact on the Group's existing business with the government.
- The Group managed Reputation risk associated with both internal and external fraud by ensuring a transparent and appropriate level of communication with customers.

Future priorities

- Provide regular training and material to ensure business units and functions are aware of the framework requirements, risk definitions and escalation procedures.
- Embed horizon scanning to capture emerging Reputation risks across the Group.
- Maintain a robust awareness and understanding of drivers of political and policy changes across the continent.

Capital management

Key points

- The Group's strong capital adequacy position was maintained above the Board-approved target ranges.
- Strong focus on RWA management.
- In addition to the 2014 Board-approved Common Equity Tier 1 and total capital adequacy target capital ranges, the Board further approved Tier 1 target capital ranges.
- R1,7bn call of the AB07 bond qualifying as Tier 2 on 7 March 2014.
- Recovery plan in place detailing potential options available to restore capital, liquidity and balance sheet positions during times of stress.

Key performance indicators

Group ¹	30 June	31 December	
	2014 %	2013 %	2013 %
Common Equity Tier 1 capital adequacy ratio ²	11,8	12,5	12,1
Return on average risk-weighted assets ³	2,14	2,04	2,18
Return on average economic capital	20,5	20,9	21,0
Cost of equity ⁴	13,5	13,0	13,0

Absa Bank Limited	30 June	31 December	
	2014 %	2013 %	2013 %
Common Equity Tier 1 capital adequacy ratio ²	10,1	12,2	11,0
Return on average risk-weighted assets	1,91	1,93	1,98

Strategy

The Group's capital management objectives are to:

- Maximise shareholder value by optimising the level and mix of capital resources and the utilisation of those resources.
- Meet capital ratios required by regulators and the target ranges approved by the Board.
- Maintain an adequate level of capital resources for both regulatory capital and economic capital requirements.
- Increase business and legal entity accountability for the use of capital and where relevant, clients and portfolios.
- Assess, manage and efficiently implement regulatory changes to optimise capital usage.
- Maintain a strong credit rating.

Internal capital adequacy assessment process ("ICAAP")

The efficient use of capital is fundamental to ensure a clear focus on enhancing shareholder value through the prudent deployment of capital resources. Capital risk is a key risk within the funding principal risk and thus receives the requisite focus required for a risk of this nature. Capital management is an integral part of decision making within the Group and is considered to be proportional to the nature, scale and complexity of the activities of the Group. The capital management process in the Group encompasses the capital management function of all regulated entities within the Group.

The Board-approved ICAAP is used to inform senior management of the ongoing assessment of the Group's risks, how the risks are mitigated and how much current and future capital is considered necessary taking into account mitigating factors. The ICAAP is used to ensure that the Board's risk appetite and minimum capital ratios can be maintained over the period of the medium term plan, having been subjected to suitably severe stress and scenario analysis. Expected capital supply on both a regulatory and economic basis is compared to current and future capital needs. The ICAAP and its underlying components form an integral part of decision-making and business processes. The Group has embedded risk and capital management tools, processes and activities across clusters to align actively management behaviour to strategy.

Notes

¹The 30 June 2013 comparatives are based on Absa Group while 31 December 2013 and June 2014 disclosures are based on Barclays Africa Group Limited.

²Reported ratios include unappropriated profits.

³For the calculation of RoRWA, the RWA of the Group as at 30 June 2013 are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

⁴The average CoE is based on the capital asset pricing model ("CAPM").

Capital management

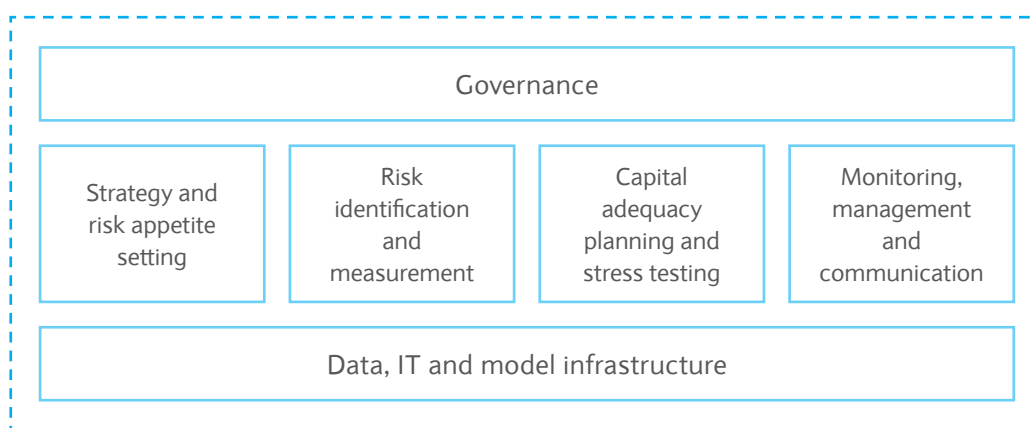
Internal capital adequacy assessment process (“ICAAP”) *(continued)*

The ICAAP articulates the Group’s strategy and is used to ensure that the minimum capital ratios and Board-approved target ranges can be maintained over a medium-term period, having been subjected to stress and scenario analysis. Stress testing is conducted on a regular basis to identify market condition changes that could adversely impact the Group. Management actions are identified to mitigate risks on a timely basis.

Furthermore, the ICAAP framework ensures that internal systems, controls and management information are in place to enable the Board and senior management to track changes in the economic environment, which may require adjustments to the business strategy to remain within the risk appetite on an ongoing basis. Decisions on the allocation of capital resources, which is an integral part of the ICAAP and capital management process, are based on a number of factors including return on risk-weighted assets.

While the ICAAP is intended to align with regulatory requirements under Pillar 1 and Pillar 2 of the regulatory framework, the main guiding principle in designing the ICAAP has been suitability for capital management and other internal applications. The Group considers the Group’s ICAAP to be in line with international practice and the Group is of the opinion that it addresses the core banking principles of Pillar 2.

The building blocks of the Group’s ICAAP are as follows:



These processes are conducted in an environment with established governance practices and oversight and are supported by adequate data, technology expertise and model infrastructure.

From an ICAAP perspective, stress testing represents the link between risk management and capital management. As a result of better risk management practices and global events, stress testing has become fundamental in assessing appropriate levels of capital to ensure that the Group can absorb stress events in order to protect its depositors and other stakeholders.

The results from the most recently conducted stress and scenario testing and budgeting process confirm that the Group’s capital levels and capital buffers, both current and forecast (both regulatory capital and the Group’s internal capital assessment, economic capital), remain appropriate. The Group believes that it is strongly capitalised relative to its strategy, risk appetite, risk profile, business activities and the macro-economic environments in which it operates.

In addition, the Basel III leverage ratio is monitored on an ongoing basis. It is a non-risk sensitive ratio used to restrict the build-up of leverage in the banking sector to avoid destabilising deleveraging processes that can damage the broader financial system and the economy.

Capital, leverage and balance sheet management is a key focus area of the Group.

Recovery plan

The Group has a Board-approved recovery plan in place which was developed in line with the SARB guidance to ensure that regulatory requirements are met. The Group Recovery Plan has a formalised process in place for the implementation of the plan and the approvals and notifications required if invoked during times of stress.

Capital transferability

The Group’s capital policy stipulates that capital held in the Group’s entities in excess of Board-approved target ranges should be repatriated in the form of dividends and/or capital repatriation, subject to local regulatory requirements, exchange controls and strategic management decisions.

Apart from the aforesaid, the Group is not aware of any material impediments to the prompt transfer of capital resources or repayment of intra-group liabilities when due.

Note

¹In addition to the annual stress testing performed as part of the budgeting process, ad hoc stress testing is conducted during the year. Stress testing may also be required should macro-economic variables change.

Capital management

Looking ahead

The Group's strategic focus is to maintain an optimal mix of high quality capital while continuing to generate sufficient capital to support profitable asset growth and the active management of the business portfolio. As in the current reporting period, RWA management and capital allocation remain key focus areas for the Group.

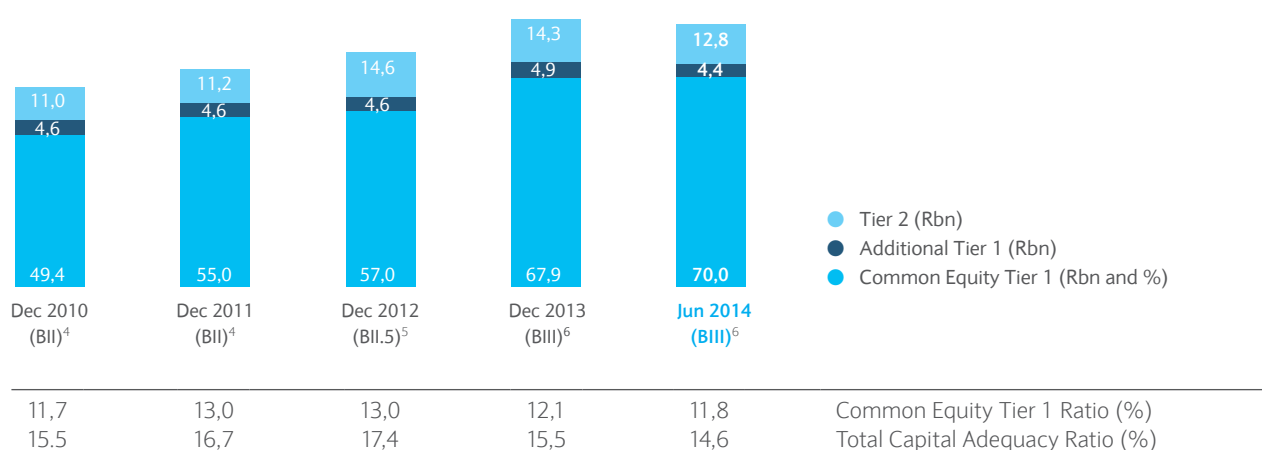
Statutory capital adequacy

The Board sets Group and Bank target capital ranges. The Group and its regulated entities (including insurance entities) remain adequately capitalised above minimum capital requirements as at the reporting date. The Group's target capital ranges for the current reporting period were set by considering the following:

- risk appetite;
- the preference of rating agencies for permanent capital;
- stressed scenarios;
- Basel III amendments including capital conservation buffer and peer analysis.

Group ¹				2014	
	30 June 2014	2013	31 December 2013	Board target ranges %	Minimum regulatory capital requirements %
Capital adequacy ratios (%)²					
Common Equity Tier 1	11,8	12,5	12,1	9,5 – 11,0	5,5
Tier 1	12,5	13,5	13,0	10,5 – 12,0	7,0
Total	14,6	16,6	15,5	12,5 – 14,0	10,0
Capital supply and demand for the reporting period (Rm)					
Net generated equity ³	(109)	(531)	(1 901)		
Qualifying capital	87 172	75 822	87 070		
Total RWA	595 053	457 480	560 933		

Group capital adequacy (Rbn and %)



Notes

¹The 30 June 2013 comparatives are based on Absa Group Limited while 31 December 2013 and 30 June 2014 disclosures are based on Barclays Africa Group Limited.

²Reported ratios include unappropriated profits.

³Net generated equity for the December 2013 comparatives is adjusted for ordinary dividends paid, the special dividend, growth in RWA as well as for the increase in equity under the Barclays Africa acquisition.

⁴BII: Basel II.

⁵BII.5: Basel II.5.

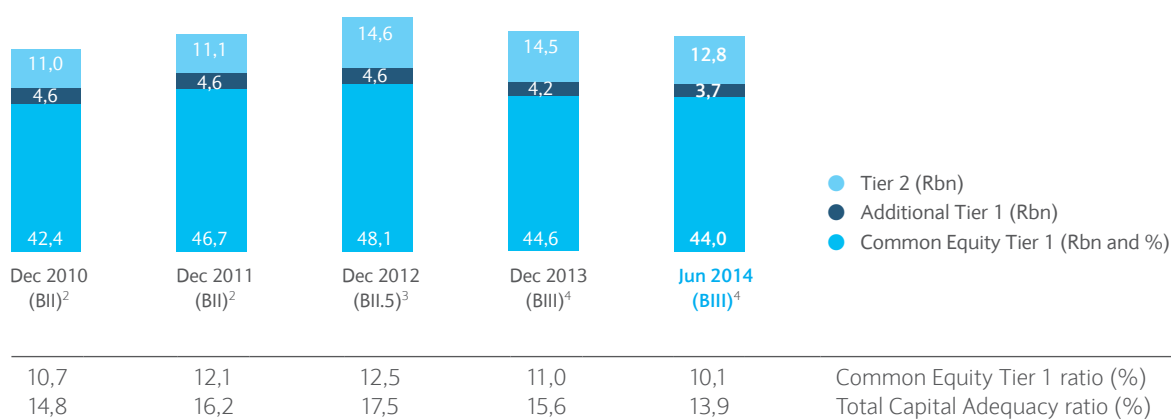
⁶BIII: Basel III.

Capital management

Statutory capital adequacy *(continued)*

Absa Bank Limited	30 June	31 December		2014	
	2014	2013	2013	Board target ranges %	Minimum regulatory capital requirements %
Capital adequacy ratio (%)¹					
Common Equity Tier 1	10,1	12,2	11,0	9,5 – 10,5	5,5
Tier 1	10,9	13,2	12,0	10,0 – 11,5	7,0
Total	13,9	16,8	15,6	12,0 – 13,5	10,0
Capital supply and demand for the reporting period (Rm)					
Net generated equity	(1 058)	247	(3 830)		
Qualifying capital	60 494	67 463	63 292		
Total RWA	434 103	402 141	406 010		

Absa Bank Limited capital adequacy (Rbn and %)



Notes

¹Reported ratios include unappropriated profits.

²BII: Basel II.

³BII.5: Basel II.5.

⁴BIII: Basel III.

Capital management

Statutory capital adequacy *(continued)*

RWA are determined by applying the following methods per risk type:

- advanced internal ratings-based approach (“AIRB”) for the South African credit portfolio;
- standardised approach for credit risk in the Edcon portfolio as well as in the Group’s subsidiaries outside South Africa;
- advanced measurement approach (“AMA”) for operational risk for the majority of the Group’s South African entities and the basic indicator approach (“BIA”) or the standardised approach (“TSA”) for the remaining entities;
- in respect of traded market risk, internal models approach (“IMA”) for general position risk, and standardised approach for issuer-specific risk;
- internal ratings-based (“IRB”) approach-market-based simple risk-weighted method for equity investment risk in the banking book.

Group	30 June		2013		31 December	
	2014 RWA Rm	Minimum required capital ^{1,2} Rm	RWA Rm	Minimum required capita ^{1,2} Rm	RWA Rm	Minimum required capital ^{1,2} Rm
Basel measurement approach						
Credit risk	455 467	45 547	338 075	32 117	423 771	40 258
Portfolios subject to the AIRB approach	324 096	32 410	296 027	28 123	305 850	29 056
Portfolios subject to the standardised approach	118 667	11 867	23 552	2 237	103 606	9 843
Securitisation	866	86	845	80	1 005	95
Counterparty credit risk	11 838	1 184	17 651	1 677	13 310	1 264
Equity investment risk						
Market-based approach (simple risk-weighted approach)	14 871	1 487	22 081	2 098	14 624	1 389
Market risk	17 535	1 753	13 907	1 321	17 079	1 623
Standardised approach	6 732	673	4 204	399	4 616	439
IMA	10 803	1 080	9 703	922	12 463	1 184
Operational risk	82 015	8 202	63 035	5 988	79 235	7 527
BIA	4 236	424	3 998	380	4 236	402
TSA	19 932	1 993	3 695	351	17 152	1 629
AMA	57 847	5 785	55 342	5 257	57 847	5 495
Non-customer assets	25 165	2 516	20 382	1 937	26 224	2 491
	595 053	59 505	457 480	43 461	560 933	53 288
Pillar 1 requirement (8%)		47 604		36 599		44 874
Pillar 2a requirement (2%) ³		11 901		6 862		8 414

Notes

¹The regulatory minimum required capital is 10% as at 30 June 2014 (9,5%: 30 June 2013 and 31 December 2013).

²The regulatory minimum Common Equity Tier 1 requirement is 5,5% as at 30 June 2014 (4,5%: 30 June 2013 and 31 December 2013).

³The Pillar 2a requirement is 2% as at 30 June 2014 (1,5%: 30 June 2013 and 31 December 2013).

Capital management

Statutory capital adequacy *(continued)*

	30 June		2013		31 December	
	2014 RWA Rm	Minimum required capital ^{1,2} Rm	RWA Rm	Minimum required capital ^{1,2} Rm	RWA Rm	Minimum required capital ^{1,2} Rm
Absa Bank limited						
Basel measurement approach						
Credit risk	336 463	33 646	304 899	28 965	310 426	29 490
Portfolios subject to the AIRB approach	305 769	30 577	283 675	26 949	286 496	27 217
Portfolios subject to the standardised approach	18 130	1 813	9 273	881	9 754	927
Securitisation	866	86	845	80	1 005	95
Counterparty credit risk	11 698	1 170	11 106	1 055	13 171	1 251
Equity investment risk						
Market-based approach (simple risk-weighted approach)	9 219	922	15 242	1 448	9 648	917
Market risk	15 752	1 575	13 852	1 316	16 163	1 535
Standardised approach	4 949	495	4 149	394	3 700	351
IMA	10 803	1 080	9 703	922	12 463	1 184
Operational risk	59 302	5 930	55 785	5 300	57 431	5 456
BIA	3 052	305	2 932	279	3 052	290
AMA	56 250	5 625	52 853	5 021	54 379	5 166
Non-customer assets	13 367	1 337	12 363	1 174	12 342	1 173
	434 103	43 410	402 141	38 203	406 010	38 571
Pillar 1 requirement (8%)		34 728		32 171		32 481
Pillar 2a requirement (2%) ³		8 682		6 032		6 090

Notes

¹The regulatory minimum required capital is 10% as at 30 June 2014 (9,5%: 30 June 2013 and 31 December 2013).

²The regulatory minimum Common Equity Tier 1 requirement is 5,5% as at 30 June 2014 (4,5%: 30 June 2013 and 31 December 2013).

³The Pillar 2a requirement is 2% as at 30 June 2014 (1,5%: 30 June 2013 and 31 December 2013).

Capital management

Capital adequacy

The Group's total qualifying capital supply for the reporting period increased by R0,1bn compared to 31 December 2013.

Breakdown of qualifying capital

Group	30 June		2013		31 December	
	2014 Rm	% ¹	Rm	% ¹	2013 Rm	% ¹
Common Equity Tier 1	63 506	10,7	47 682	10,4	56 829	10,1
Ordinary share capital	1 694	0,3	1 435	0,3	1 694	0,3
Ordinary share premium	4 508	0,7	4 467	1,0	4 474	0,8
Reserves ^{2,3}	61 199	10,3	47 735	10,4	55 403	9,9
Non-controlling interest ²	2 183	0,4	383	0,1	2 100	0,3
Deductions ²	(6 068)	(1,0)	(6 338)	(1,4)	(6 842)	(1,2)
Goodwill	(759)	(0,1)	(554)	(0,1)	(760)	(0,1)
Financial and insurance entities not consolidated	(597)	(0,1)	(558)	(0,1)	(664)	(0,1)
Amount by which expected loss exceeds eligible provisions	(1 672)	(0,3)	(2 558)	(0,6)	(2 120)	(0,4)
Other deductions	(3 050)	(0,5)	(2 668)	(0,6)	(3 298)	(0,6)
Additional Tier 1 capital	4 416	0,7	4 627	1,0	4 855	0,9
Tier 1 capital	67 922	11,4	52 309	11,4	61 684	11,0
Tier 2 capital	12 790	2,1	13 884	3,1	14 330	2,5
Instruments recognised as Tier 2 capital	12 350	2,0	13 677	3,0	13 917	2,4
General allowance for impairment losses on loans and advances – standardised approach	440	0,1	207	0,1	413	0,1
Total qualifying capital (excluding unappropriated profits)	80 712	13,5	66 193	14,5	76 014	13,5
Qualifying capital (including unappropriated profits)	74 382	12,5	61 938	13,5	72 740	13,0
Tier 1 capital	63 506	10,7	47 682	10,4	56 829	10,1
Common Equity Tier 1 (excluding unappropriated profits)	63 506	10,7	47 682	10,4	56 829	10,1
Unappropriated profits	6 460	1,1	9 629	2,1	11 056	2,0
Additional Tier 1	4 416	0,7	4 627	1,0	4 855	0,9
Tier 2 capital	12 790	2,1	13 884	3,1	14 330	2,5
Total qualifying capital (including unappropriated profits)	87 172	14,6	75 822	16,6	87 070	15,5

Notes

¹Percentage of capital to RWA.

²The Basel III changes include additional qualifying reserves (mainly foreign currency reserve and available-for-sale reserve); adjustments relating to surplus capital attributable to the shareholders of non-controlling interest, additional Tier 1 and Tier 2 capital; the phasing out of additional Tier 1 and Tier 2 capital instruments; and changes in regulatory deductions.

³Reserves exclude unappropriated profits.

Capital management

Capital adequacy *(continued)*

Breakdown of qualifying capital *(continued)*

Absa Bank Limited	30 June		2013		31 December	
	2014 Rm	% ¹	Rm	% ¹	2013 Rm	% ¹
Common Equity Tier 1	40 208	9,3	44 285	11,0	39 234	9,7
Ordinary share capital	303	0,1	303	0,1	303	0,1
Ordinary share premium	14 465	3,3	12 465	3,1	13 465	3,3
Reserves ^{2,3}	29 574	6,8	36 363	9,0	30 050	7,4
Deductions ³	(4 134)	(0,9)	(4 846)	(1,2)	(4 584)	(1,1)
Amount by which expected loss exceeds eligible provisions	(2 063)	(0,4)	(2 718)	(0,7)	(2 326)	(0,6)
Other deductions	(2 071)	(0,5)	(2 128)	(0,5)	(2 258)	(0,5)
Additional Tier 1 capital	3 715	0,8	4 180	1,0	4 180	1,0
Tier 1 capital	43 923	10,1	48 465	12,0	43 414	10,7
Tier 2 capital	12 792	3,0	14 409	3,6	14 476	3,6
Instruments recognised as Tier 2 capital	12 500	2,9	14 225	3,5	14 225	3,5
General allowance for impairment losses on loans and advances – standardised approach	292	0,1	184	0,1	251	0,1
Total qualifying capital (excluding unappropriated profits)	56 715	13,1	62 874	15,6	57 890	14,3
Qualifying capital (including unappropriated profits)						
Tier 1 capital	47 702	10,9	53 054	13,2	48 816	12,0
Common Equity Tier 1 (excluding unappropriated profits)	40 208	9,3	44 285	11,0	39 234	9,7
Unappropriated profits	3 779	0,8	4 589	1,2	5 402	1,3
Additional Tier 1	3 715	0,8	4 180	1,0	4 180	1,0
Tier 2 capital	12 792	3,0	14 409	3,6	14 476	3,6
Total qualifying capital (including unappropriated profits)	60 494	13,9	67 463	16,8	63 292	15,6

Economic capital adequacy

The economic capital (“EC”) framework covers not only Basel III Pillar 1 risks but also additional economic risks not covered at all, or inadequately covered in Pillar 1, such as interest rate risk in the banking book.

The total average EC required as determined by the risk assessment models and considering the Group’s estimated portfolio effects is compared with the available financial resources (EC supply) to evaluate EC utilisation. The Group targets an EC supply versus EC demand of a minimum cover of 1,11 times.

Aside from its application in capital management, EC is a key component of Group level and business unit level applications such as capital management, stakeholder communication, risk-adjusted performance measurement, pricing and structuring. Following the introduction of Basel III, greater emphasis is placed on regulatory demand and supply.

Notes

¹Percentage of capital to RWA.

²Reserves exclude unappropriated profits.

³The Basel III changes include additional qualifying reserves; adjustments relating to surplus capital attributable to the shareholders of non-controlling interest, additional Tier 1 and Tier 2 capital; the phasing out of Additional Tier 1 and Tier 2 capital instruments; and changes in regulatory deductions.

Capital management

Economic capital adequacy *(continued)*

Economic capital and equity

Group	30 June			2013			31 December		
	Share-holders' equity Rm	2014 Economic capital Rm	Tier 1 regulatory capital Rm	Share-holders' equity Rm	Economic capital Rm	Tier 1 regulatory capital Rm	Share-holders' equity Rm	Economic capital Rm	Tier 1 regulatory capital Rm
Total qualifying capital									
Ordinary share capital and share premium	6 202	6 202	6 202	5 902	5 902	5 902	6 168	6 168	6 168
Preference share capital and share premium	—	4 644	4 416	—	4 644	4 627	—	4 644	4 855
Retained earnings	66 814	66 814	63 519	58 922	58 922	55 344	64 701	64 701	61 182
Other reserves	5 413	5 062	4 140	2 860	2 140	2 020	6 448	5 844	5 277
Non-controlling interest	—	3 209	2 183	—	—	383	—	3 240	2 100
Expected loss adjustment	—	—	(1 672)	—	—	(2 558)	—	—	(2 120)
Other deductions	—	(3 168)	(4 406)	—	(2 571)	(3 780)	—	(3 141)	(4 722)
	78 429	82 763	74 382	67 684	69 037	61 938	77 317	81 456	72 740
Average capital for the reporting period	77 873	82 109	73 561	65 878	66 668	61 466	77 206	73 549	67 256

Group	30 June		2013		31 December	
	Risk-weighted assets Rm	2014 Economic capital ¹ Rm	Risk-weighted assets Rm	Economic capital ² Rm	Risk-weighted assets Rm	Economic capital ¹ Rm
Capital demand – closing balance						
Credit risk	455 467	41 602	338 075	31 623	423 771	40 311
RBB	307 188	30 229	223 906	22 748	290 182	29 494
CIB	141 544	11 240	97 214	8 705	123 878	10 668
Other	6 735	133	16 955	170	9 711	149
Equity investment risk	14 871	2 365	22 081	2 883	14 624	2 952
Market risk	17 535	4 176	13 907	1 905	17 079	3 286
Operational risk	82 015	5 532	63 035	4 398	79 235	4 865
Non-customer assets	25 165	6 656	20 382	5 392	26 224	5 893
	595 053	60 331	457 480	46 201	560 933	57 307

Note

¹Represents the average required economic capital (demand).

Capital management

Economic capital resources

The resources available to meet EC requirements are calculated as the average available shareholders' equity after adjustments including preference shares. The Group's EC calculations form the basis of its internal risk view used in the ICAAP.

Funds available for EC are impacted by a number of factors that have arisen from the application of IFRS.

EC supply includes:

- ordinary shareholders' equity;
- retained earnings, whether appropriated or not; and
- non-redeemable, non-cumulative preference shares.

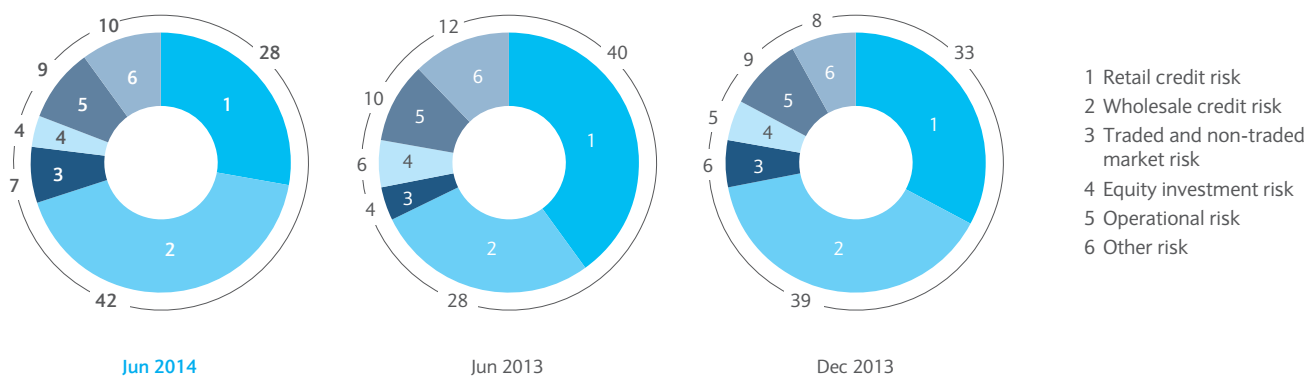
The following are excluded from EC available financial resources:

- Cash flow hedging reserve: to the extent the Group undertakes the hedging of future cash flows, shareholders' equity will include gains and losses that will be offset against the gain or loss on the hedged item when it is recognised in the statement of comprehensive income at the conclusion of the hedged transaction. Given the future offset of such gains and losses, they are excluded from shareholders' equity when calculating EC.
- Other perpetual debt, preference shares and subordinated debt.

The following are deducted from EC supply:

- goodwill; and
- intangible assets.

Economic capital demand (%)



Capital risk

Translational foreign exchange risk

Translational foreign exchange risk arises from capital resources (including investments in subsidiaries and branches, intangible assets, non-controlling interests, deductions from capital and debt capital instruments) and RWA being denominated in foreign currencies. Changes in foreign exchange rates result in changes in the rand equivalent value of foreign currency denominated capital resources and RWA.

Capital management

Capital risk *(continued)*

Translational foreign exchange risk *(continued)*

The Group's investments in foreign currency subsidiaries and branches create capital resources denominated in foreign currencies. Changes in the rand value of investments resulting from foreign currency movements are captured in the currency translation reserve, which was excluded from qualifying capital resources under the SARB's Basel II.5 rules and now form part of Common Equity Tier 1 under Basel III.

To minimise volatility of capital ratios caused by foreign exchange rate movements, the Group aims to maintain an appropriate foreign currency capital structure by maintaining the ratio of foreign currency Common Equity Tier 1, Tier 1 and total capital resources to foreign currency RWA in line with the Group's capital risks. This is primarily achieved by subsidiaries issuing capital or holding retained earnings in local currencies or through the Group issuing debt capital in foreign currency.

Translational foreign currency risk can be mitigated through derivatives or borrowings in the same currency as the functional currency involved, designated as net investment hedges, or through economic hedges. Translational hedging considerations include exchange control regulations, the strategic nature of the investment, materiality of the risk, prevailing foreign exchange rates, market liquidity, cost of hedging and the impact on capital ratios. Based on these considerations, no foreign currency net investment hedges were in place for the current reporting period.

Translational foreign exchange risk is monitored regularly to consider the need for mitigating actions towards minimising material fluctuations.

Credit ratings	March 2014 Moody's	June 2014 Fitch Ratings	
	Absa Bank Limited	Absa Bank Limited	Barclays Africa Group Limited
National			
Short term	Prime – 1.za	F1+ (zaf)	F1+ (zaf)
Long term	Aa2.za	AAA (zaf)	AAA (zaf)
Outlook	—	Stable	Stable
Local currency			
Short term	Prime – 2	—	—
Long term	A3	A–	A–
Outlook	Negative	Stable	Stable
Foreign currency			
Short term	Prime – 2	F2	F2
Long term	Baa1	A–	A–
Outlook	Negative	Negative	Negative
Bank's financial strength			
Baseline credit assessment	C–	C	C
Viability rating	Baa1	—	—
Outlook	—	bbb	bbb
Support	Stable	—	—
	—	1	1

Reporting changes

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Reporting changes overview

The following reporting changes have had an impact on the Group's results for the comparative reporting periods ended 30 June 2013 and 31 December 2013:

1. The acquisition of 100% of the issued ordinary share capital of Barclays Africa Limited, previously a fellow subsidiary of the Group's shared parent company, Barclays Bank PLC. The Group accounted for this transaction in accordance with the Group's and Barclays Group's accounting policy in respect of business combinations under common control, which resulted in the restatement of the financial results of comparative reporting periods.
2. Business portfolio changes between operating segments.
3. Changes in internal accounting policies.
4. The implementation of amended IFRS, specifically amendments to IAS 32, relating to offsetting of financial assets and financial liabilities. All other amendments to IFRS, and new interpretations, effective for the current reporting period had no significant impact on the Group's reported results.

1. Acquisition of Barclays Africa Limited

In 2012, Absa Group Limited announced its intention to conclude the strategic combination of Barclays' Africa operations with the Absa Group Limited operations.

Through the transaction, Absa Group Limited acquired 100% of the issued ordinary share capital of Barclays Africa Limited, which was settled by the issuance of 129 540 636 Absa Group Limited ordinary shares. This increased Barclays Bank PLC's shareholding in the Group from 55,5% to 62,3%. This transaction was concluded on 31 July 2013 and was accompanied by the name change of Absa Group Limited to Barclays Africa Group Limited.

The transaction was a business combination of entities under common control as defined in IFRS 3: Business Combinations ("IFRS 3"). The Group elected, in accordance with IFRS 3 guidance, and the Group's and Barclays Group's accounting policies, to account for the transaction in terms of predecessor accounting principles.

Accordingly, the Group's comparative financial results have been restated as if Barclays Africa Limited was always part of the Group's structure.

The effect of this reporting change was included in the reporting changes to Barclays Africa Group Limited's comparatives document, published on 2 December 2013.

2. Business portfolio changes

Operational changes, management changes and associated changes to the way in which the Chief Operating Decision Maker ("CODM") views the performance of each business segment, have resulted in the reallocation of earnings, assets and liabilities between operating segments.

The following business portfolio changes became effective after the release of the reporting changes to Barclays Africa Group Limited's comparatives document, published on 2 December 2013.

- Wealth, Investment Management and Insurance ("WIMI") has been created as a separate segment. The Wealth sub-segment, Absa Alternative Asset Management (Pty) Ltd (both previously reported in Corporate, Investment Bank and Wealth) as well as the previous Financial Services segment transferred to WIMI.
- The cost allocation methodology and segmentation of tax balances for the Barclays Africa Limited subsidiaries have been refined which resulted in a reallocation of costs and tax between RBB and CIB.
- A client resegmentation exercise has been performed in Barclays Bank Mozambique S.A. and Barclays Bank of Ghana Limited, which has resulted in a reallocation of revenue between Business Banking in RBB, and Corporate in CIB.
- Business portfolio changes between secondary market segments (e.g. Retail Banking and Business Banking) have not been disclosed in this overview, however, the comparatives have been adjusted where relevant.

Reporting changes overview

3. Internal accounting policy changes

The Group made the following internal accounting policy changes, which had no impact on the previously reported earnings.

- Changes which were included in the reporting changes to Barclays Africa Group Limited's comparatives document published on 2 December 2013:
 - Certain association costs, defined as costs incurred through the Group's association with leading inter-change agents, were reclassified from "Operating expenses" to "Net fee and commission income".
- Changes which became effective after the release of the reporting changes to Barclays Africa Group Limited's comparatives document published on 2 December 2013:
 - The consolidation entries relating to the acquisition of Barclays Africa Limited which, resulted in a reclassification between share premium and retained earnings for the reporting period ended 30 June 2013. This reclassification has already been accounted for in the Group's results for the reporting period ended 31 December 2013.
 - The Group refined its disclosure of the service fees paid as well as the share of credit sales received from Edcon (Pty) Ltd. This resulted in a reclassification between "Operating expenses" and "Net fee and commission income" for the reporting period ended 30 June 2013.

4. Accounting policy changes due to amended IFRS

The amendments to IAS 32 provide further application guidance on when the criteria for offsetting would be considered to be met and became effective for reporting periods beginning on or after 1 January 2014.

The offsetting requirements in IAS 32 have been retained such that a financial asset and liability shall be offset and the net amount presented in the statement of financial position, only when an entity currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The netting applied to certain derivatives has been assessed in light of the amendments and it has been determined that netting is no longer permitted under IFRS.

Impact of the reporting changes on the Group's results

Condensed consolidated statement of comprehensive income for the reporting period ended 30 June 2013

	As previously reported ¹ Rm	Internal accounting policy changes Rm	Barclays Africa Limited Rm	Restatement document ² Rm	Internal accounting policy changes Rm	Restated Rm
Net interest income	12 503	—	3 192	15 695	—	15 695
Interest and similar income	25 445	—	3 906	29 351	—	29 351
Interest expense and similar charges	(12 942)	—	(714)	(13 656)	—	(13 656)
Non-interest income	11 342	(93)	1 419	12 668	210	12 878
Net fee and commission income	7 800	(93)	1 002	8 709	210	8 919
Fee and commission income	9 010	—	1 060	10 070	210	10 280
Fee and commission expense	(1 210)	(93)	(58)	(1 361)	—	(1 361)
Net insurance premium income	2 760	—	—	2 760	—	2 760
Net insurance claims and benefits paid	(1 356)	—	—	(1 356)	—	(1 356)
Changes in investment and insurance contract liabilities	(1 194)	—	—	(1 194)	—	(1 194)
Gains and losses from banking and trading activities	1 584	—	407	1 991	—	1 991
Gains and losses from investment activities	1 358	—	—	1 358	—	1 358
Other operating income	390	—	10	400	—	400
Total income	23 845	(93)	4 611	28 363	210	28 573
Impairment losses on loans and advances	(3 546)	—	(290)	(3 836)	—	(3 836)
Operating income before operating expenditure	20 299	(93)	4 321	24 527	210	24 737
Operating expenses	(13 094)	93	(2 661)	(15 662)	(210)	(15 872)
Other expenses	(478)	—	(2)	(480)	—	(480)
Other impairments	(12)	—	(1)	(13)	—	(13)
Indirect taxation	(466)	—	(1)	(467)	—	(467)
Share of post-tax results of associates and joint ventures	79	—	—	79	—	79
Operating income before income tax	6 806	—	1 658	8 464	—	8 464
Taxation expense	(1 862)	—	(588)	(2 450)	—	(2 450)
Profit for the reporting period	4 944	—	1 070	6 014	—	6 014
Profit attributable to:						
Ordinary equity holders	4 701	—	892	5 593	—	5 593
Non-controlling interest – ordinary shares	97	—	178	275	—	275
Non-controlling interest – preference shares	146	—	—	146	—	146
	4 944	—	1 070	6 014	—	6 014

Salient features – operating performance	As previously reported ¹	Restatement document ²	Restated
Net interest margin on average interest-bearing assets (%)	3,91	4,46	4,45
Impairment losses ratio (%)	1,35	1,35	1,35
Non-interest income as % of revenue (%)	47,6	44,7	45,1
Cost-to-income ratio (%)	54,9	55,2	55,5
JAWS (%)	(0,5)	(3,6)	(1,4)
Effective tax rate, excluding indirect taxation (%)	27,4	28,9	28,9
Headline earnings per share (cents) ³	649,7	655,7	655,7
Diluted headline earnings per share (cents) ³	649,0	654,5	654,5
Basic earnings per share (cents) ^{3,4}	655,0	660,2	660,3

Notes

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet, published on 30 July 2013.

²Restated amounts included in the Reporting changes to Barclays Africa Group Limited's comparatives published on 2 December 2013.

³Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

⁴The weighted average number of shares calculation has been refined from the number disclosed in the Reporting changes to Barclays Africa Group Limited's comparatives issued on 2 December 2013.

Impact of the reporting changes on the Group's results

Condensed consolidated statement of comprehensive income for the reporting period ended 30 June 2013

	As previously reported ¹ Rm	Internal accounting policy changes Rm	Barclays Africa Limited Rm	Restatement document ² Rm	Internal accounting policy changes Rm	Restated Rm
Profit for the reporting period	4 944	—	1 070	6 014	—	6 014
Other comprehensive income						
Other comprehensive income that will never be reclassified to profit or loss	60	—	(155)	(95)	—	(95)
Movement in retirement benefit fund assets and liabilities	60	—	(155)	(95)	—	(95)
Increase/(decrease) in retirement benefit surplus	3	—	(155)	(152)	—	(152)
Decrease in retirement benefit deficit	75	—	—	75	—	75
Deferred tax	(18)	—	—	(18)	—	(18)
Other comprehensive income that are or may be reclassified to profit or loss	(1 178)	—	1 958	780	—	780
Foreign exchange differences on translation of foreign operations	454	—	1 833	2 287	—	2 287
Movement in cash flow hedging reserve	(1 707)	—	—	(1 707)	—	(1 707)
Fair value losses arising during the reporting period	(1 467)	—	—	(1 467)	—	(1 467)
Amount transferred from other comprehensive income to profit or loss	(906)	—	—	(906)	—	(906)
Deferred tax	666	—	—	666	—	666
Movement in available-for-sale reserve	75	—	125	200	—	200
Fair value gains arising during the reporting period	105	—	115	220	—	220
Amortisation of government bonds – release to profit or loss	4	—	—	4	—	4
Deferred tax	(34)	—	10	(24)	—	(24)
Other comprehensive income, net of tax	(1 118)	—	1 803	685	—	685
Total comprehensive income for the reporting period	3 826	—	2 873	6 699	—	6 699
Total comprehensive income attributable to:						
Ordinary equity holders of the Group	3 525	—	2 411	5 936	—	5 936
Non-controlling interest – ordinary shares	155	—	462	617	—	617
Non-controlling interest – preference shares	146	—	—	146	—	146
	3 826	—	2 873	6 699	—	6 699
Headline earnings	4 663	—	891	5 554	—	5 554

Notes

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet, published on 30 July 2013.

²Restated amounts included in the Reporting changes to Barclays Africa Group Limited's comparatives published on 2 December 2013.

Impact of the reporting changes on the Group's results

Condensed consolidated statement of financial position as at 30 June 2013

	As previously reported ¹ Rm	Barclays Africa Limited Rm	Acquisition accounting entries Rm	Consoli- dation adjustments Rm	Restatement document ² Rm	Accounting policy changes ³ Rm	Restated Rm
Assets							
Cash, cash balances and balances with central banks	26 315	19 705	—	—	46 020	—	46 020
Statutory liquid asset portfolio	66 902	—	—	—	66 902	—	66 902
Loans and advances to banks	56 307	29 236	—	—	85 543	2 797	88 340
Trading portfolio assets	81 780	575	—	(42)	82 313	3 085	85 398
Hedging portfolio assets	3 567	14	—	—	3 581	—	3 581
Other assets	20 996	4 433	—	(144)	25 285	—	25 285
Current tax assets	561	309	—	—	870	—	870
Non-current assets held for sale	4 314	—	—	—	4 314	—	4 314
Loans and advances to customers	539 343	44 289	—	—	583 632	—	583 632
Loans to Group companies	—	724	—	(724)	—	—	—
Reinsurance assets	769	—	—	—	769	—	769
Investment securities	27 028	6 199	—	—	33 227	—	33 227
Investments in associates and joint ventures	642	—	—	—	642	—	642
Subsidiaries	—	—	18 330	(18 330)	—	—	—
Investment properties	1 125	—	—	—	1 125	—	1 125
Property and equipment	8 696	1 337	—	—	10 033	—	10 033
Goodwill and intangible assets	2 571	530	—	—	3 101	—	3 101
Deferred tax assets	417	239	—	—	656	—	656
Total assets	841 333	107 590	18 330	(19 240)	948 013	5 882	953 895
Liabilities							
Deposits from banks	44 110	6 124	—	—	50 234	3 085	53 319
Trading portfolio liabilities	56 549	164	—	(42)	56 671	2 797	59 468
Hedging portfolio liabilities	2 505	—	—	—	2 505	—	2 505
Other liabilities	25 531	4 135	—	(40)	29 626	—	29 626
Provisions	868	863	—	—	1 731	—	1 731
Current tax liabilities	490	171	—	—	661	—	661
Non-current liabilities held for sale	1 495	—	—	—	1 495	—	1 495
Deposits due to customers	490 394	80 298	—	—	570 692	—	570 692
Debt securities in issue	106 235	34	—	—	106 269	—	106 269
Liabilities under investment contracts	19 261	—	—	—	19 261	—	19 261
Loans from Group companies	—	828	—	(828)	—	—	—
Policyholder liabilities under insurance contracts	3 506	—	—	—	3 506	—	3 506
Borrowed funds	15 657	846	—	—	16 503	—	16 503
Deferred tax liabilities	1 068	101	—	—	1 169	—	1 169
Total liabilities	767 669	93 564	—	(910)	860 323	5 882	866 205
Equity							
<i>Capital and reserves</i>							
Attributable to ordinary equity holders:							
Share capital	1 435	195	259	(195)	1 694	—	1 694
Share premium	4 467	3 001	18 071	(18 135)	7 404	(2 533)	4 871
Retained earnings	58 922	6 244	—	—	65 166	2 533	67 699
Other reserves	2 860	2 870	—	—	5 730	—	5 730
Non-controlling interest – ordinary shares	67 684	12 310	18 330	(18 330)	79 994	—	79 994
Non-controlling interest – preference shares	1 336	1 716	—	—	3 052	—	3 052
Non-controlling interest – preference shares	4 644	—	—	—	4 644	—	4 644
Total equity	73 664	14 026	18 330	(18 330)	87 690	—	87 690
Total liabilities and equity	841 333	107 590	18 330	(19 240)	948 013	5 882	953 895
Salient features							
	As previously reported ¹				Restatement document ²		Restated
Return on average equity ("RoE")	14,0				14,3		14,3
Return on average assets ("RoA")	1,15				1,22		1,22
Return on risk-weighted assets ("RoRWA") ⁴	2,10				2,06		2,04

Notes

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet, published on 30 July 2013.

²Restated amounts included in the Reporting changes to Barclays Africa Group Limited's comparatives published on 2 December 2013.

³Includes internal accounting policy changes and accounting policy changes due to amended IFRS.

⁴The RWA of the Group are restated to include the RWA of Barclays Africa Limited as if they had always been a part of the Group's RWA. This does not alter any submissions made to the SARB.

Impact of the reporting changes on the Group's results

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2013

	As previously reported ¹ Rm	Restated Rm
Net interest income	32 351	32 351
Interest and similar income	60 232	60 232
Interest expense and similar charges	(27 881)	(27 881)
Non-interest income	27 055	27 055
Net fee and commission income	18 554	18 554
Fee and commission income	21 348	21 348
Fee and commission expense	(2 794)	(2 794)
Net insurance premium income	5 686	5 686
Net insurance claims and benefits paid	(2 819)	(2 819)
Changes in investment and insurance contract liabilities	(2 457)	(2 457)
Gains and losses from banking and trading activities	4 361	4 361
Gains and losses from investment activities	2 831	2 831
Other operating income	899	899
Total income	59 406	59 406
Impairment losses on loans and advances	(6 987)	(6 987)
Operating income before operating expenditure	52 419	52 419
Operating expenses	(33 420)	(33 420)
Other expenses	(1 033)	(1 033)
Other impairments	(33)	(33)
Indirect taxation	(1 000)	(1 000)
Share of post-tax results of associates and joint ventures	130	130
Operating income before income tax	18 096	18 096
Taxation expense	(5 222)	(5 222)
Profit for the reporting period	12 874	12 874
Profit attributable to:		
Ordinary equity holders	11 981	11 981
Non-controlling interest – ordinary shares	599	599
Non-controlling interest – preference shares	294	294
	12 874	12 874

	As previously reported	Restated
Salient features – operating performance		
Net interest margin on average interest-bearing assets (%)	4,48	4,48
Impairment losses ratio (%)	1,20	1,20
Non-interest income as % of revenue (%)	45,5	45,5
Cost-to-income ratio (%)	56,3	56,3
JAWS (%)	(2,1)	(2,1)
Effective tax rate, excluding indirect taxation (%)	28,9	28,9
Headline earnings per share (cents)	1 397,7	1 397,7
Diluted headline earnings per share (cents)	1 412,9	1 412,9
Basic earnings per share (cents)	1 414,0	1 414,0

Note

¹Financial results for the reporting period ended 31 December 2013, published on 11 February 2014 in the financial results booklet.

Impact of the reporting changes on the Group's results

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2013

	As previously reported ¹ Rm	Restated Rm
Profit for the reporting period	12 874	12 874
Other comprehensive income		
Other comprehensive income that will never be reclassified to profit or loss	(324)	(324)
Movement in retirement benefit fund assets and liabilities	(324)	(324)
Decrease in retirement benefit surplus	(92)	(92)
Increase in retirement benefit deficit	(229)	(229)
Deferred tax	(3)	(3)
Other comprehensive income that are or may be reclassified to profit or loss	1 271	1 271
Foreign exchange differences on translation of foreign operations	2 986	2 986
Movement in cash flow hedging reserve	(1 822)	(1 822)
Fair value losses arising during the reporting period	(903)	(903)
Amount transferred from other comprehensive income to profit or loss	(1 629)	(1 629)
Deferred tax	710	710
Movement in available-for-sale reserve	107	107
Fair value gains arising during the reporting period	131	131
Amortisation of government bonds – release to profit or loss	10	10
Deferred tax	(34)	(34)
Other comprehensive income, net of tax	947	947
Total comprehensive income for the reporting period	13 821	13 821
Total comprehensive income attributable to:		
Ordinary equity holders	12 610	12 610
Non-controlling interest – ordinary shares	917	917
Non-controlling interest – preference shares	294	294
	13 821	13 821
Headline earnings	11 843	11 843

Note

¹Financial results for the reporting period ended 31 December 2013 published on 11 February 2014 in the financial results booklet.

Impact of the reporting changes on the Group's results

Condensed consolidated statement of financial position as at 31 December 2013

	As previously reported ¹ Rm	IFRS accounting policy changes Rm	Restated Rm
Assets			
Cash, cash balances and balances with central banks	50 130	—	50 130
Statutory liquid asset portfolio	62 055	—	62 055
Loans and advances to banks	79 971	651	80 622
Trading portfolio assets	87 034	1 727	88 761
Hedging portfolio assets	3 357	—	3 357
Other assets	15 829	—	15 829
Current tax assets	529	—	529
Non-current assets held for sale	4 814	—	4 814
Loans and advances to customers	605 337	—	605 337
Reinsurance assets	870	—	870
Investment securities	33 083	—	33 083
Investments in associates and joint ventures	694	—	694
Investment properties	1 089	—	1 089
Property and equipment	10 679	—	10 679
Goodwill and intangible assets	3 141	—	3 141
Deferred tax assets	987	—	987
Total assets	959 599	2 378	961 977
Liabilities			
Deposits from banks	69 064	1 727	70 791
Trading portfolio liabilities	51 477	651	52 128
Hedging portfolio liabilities	2 391	—	2 391
Other liabilities	19 775	—	19 775
Provisions	2 460	—	2 460
Current tax liabilities	173	—	173
Non-current liabilities held for sale	1 651	—	1 651
Deposits due to customers	588 011	—	588 011
Debt securities in issue	97 829	—	97 829
Liabilities under investment contracts	19 773	—	19 773
Policyholder liabilities under insurance contracts	3 958	—	3 958
Borrowed funds	16 525	—	16 525
Deferred tax liabilities	1 311	—	1 311
Total liabilities	874 398	2 378	876 776
Equity			
<i>Capital and reserves</i>			
Attributable to ordinary equity holders:			
Share capital	1 695	—	1 695
Share premium	4 474	—	4 474
Retained earnings	64 701	—	64 701
Other reserves	6 447	—	6 447
	77 317	—	77 317
Non-controlling interest – ordinary shares	3 240	—	3 240
Non-controlling interest – preference shares	4 644	—	4 644
Total equity	85 201	—	85 201
Total liabilities and equity	959 599	2 378	961 977
	As previously reported ¹ %		Restated %
Salient features – financial performance			
Return on average equity	15,5		15,5
Return on average assets	1,29		1,29
Return on average risk-weighted assets	2,12		2,12

Note

¹Financial results for the reporting period ended 31 December 2013 published on 11 February 2014 in the financial results booklet.

Impact of the reporting changes on the Group's segment results

Retail and Business Banking for the reporting period ended 30 June 2013

	As previously reported ¹ Rm	Internal accounting policies changes Rm	Barclays Africa Limited Rm	Business portfolio changes Rm	Restatement document ² Rm	Business portfolio changes Rm	Internal accounting policy changes Rm	Restated Rm	Geographical split	
									South Africa Rm	Rest of Africa Rm
Statement of comprehensive income										
Net interest income	10 744	—	2 604	—	13 348	(72)	—	13 276	10 498	2 778
Non-interest income	7 016	(93)	819	22	7 764	(39)	210	7 935	6 941	994
Total income	17 760	(93)	3 423	22	21 112	(111)	210	21 211	17 439	3 772
Impairment losses on loans and advances	(3 479)	—	(306)	—	(3 785)	—	—	(3 785)	(3 405)	(380)
Operating expenses	(9 745)	93	(1 975)	53	(11 574)	(105)	(210)	(11 889)	(9 365)	(2 524)
Other	(161)	—	(2)	—	(163)	5	—	(158)	(146)	(12)
Operating income before income tax	4 375	—	1 140	75	5 590	(211)	—	5 379	4 523	856
Taxation expense	(1 252)	—	(353)	(13)	(1 618)	100	—	(1 518)	(1 246)	(272)
Profit for the reporting period	3 123	—	787	62	3 972	(111)	—	3 861	3 277	584
Profit attributable to:										
Ordinary equity holders	2 944	—	668	56	3 668	(112)	—	3 556	3 089	467
Non-controlling interest – ordinary shares	85	—	119	6	210	1	—	211	94	117
Non-controlling interest – preference shares	94	—	—	—	94	—	—	94	94	—
	3 123	—	787	62	3 972	(111)	—	3 861	3 277	584
Headline earnings	2 901	—	668	56	3 625	(111)	—	3 514	3 042	472
Statement of financial position										
Loans and advances to customers	414 683	—	31 955	—	446 638	(1 084)	—	445 554	411 701	33 853
Investment securities	959	—	5 923	—	6 882	—	—	6 882	952	5 930
Other assets	195 805	—	31 684	53	227 542	(1 378)	—	226 164	188 574	37 590
Total assets	611 447	—	69 562	53	681 062	(2 462)	—	678 600	601 227	77 373
Deposits due to customers	213 744	—	47 534	—	261 278	(2 205)	—	259 073	205 533	53 540
Debt securities in issue	3 313	—	19	—	3 332	—	—	3 332	3 313	19
Other liabilities	387 819	—	9 599	(9)	397 409	(143)	—	397 266	386 736	10 530
Total liabilities	604 876	—	57 152	(9)	662 019	(2 348)	—	659 671	595 582	64 089
Salient features – operating performance										
	As previously reported ¹ %				Restatement document ² %			Restated %		
Net interest margin on average interest-bearing assets	3,98				4,51			4,50		
Impairment losses ratio	1,70				1,72			1,73		
Non-interest income as % of revenue	39,5				36,8			37,4		
Revenue growth	6				10			9		
Cost growth	(2)				(11)			(7)		
Cost-to-income ratio	54,9				54,8			56,1		
Return on average assets	0,99				1,12			1,08		

Notes

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet published on 30 July 2013.

²Restated amounts included in the Reporting changes to Barclays Africa Group Limited's comparatives published on 2 December 2013.

Impact of the reporting changes on the Group's segment results

Corporate and Investment Bank for the reporting period ended 30 June 2013

	As previously reported ¹ Rm	Business portfolio changes Rm	Barclays Africa Limited Rm	Restatement document ² Rm	IFRS accounting policy changes Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
								South Africa Rm	Rest of Africa Rm
Statement of comprehensive income									
Net interest income	1 818	—	589	2 407	—	(89)	2 318	1 466	852
Non-interest income	2 420	(22)	599	2 997	—	(43)	2 954	2 236	718
Total income	4 238	(22)	1 188	5 404	—	(132)	5 272	3 702	1 570
Impairment losses on loans and advances	(69)	—	17	(52)	—	46	(6)	15	(21)
Operating expenses	(2 522)	(53)	(687)	(3 262)	—	262	(3 000)	(2 157)	(843)
Other	(52)	—	1	(51)	—	3	(48)	(47)	(1)
Operating income before income tax	1 595	(75)	519	2 039	—	179	2 218	1 513	705
Taxation expense	(323)	13	(160)	(470)	—	(99)	(569)	(294)	(275)
Profit for the reporting period	1 272	(62)	359	1 569	—	80	1 649	1 219	430
Profit attributable to:									
Ordinary equity holders	1 206	(56)	299	1 449	—	87	1 536	1 170	366
Non-controlling interest – ordinary shares	14	(6)	60	68	—	(4)	64	—	64
Non-controlling interest – preference shares	52	—	—	52	—	(3)	49	49	—
	1 272	(62)	359	1 569	—	80	1 649	1 219	430
Headline earnings	1 206	(56)	299	1 449	—	86	1 535	1 169	366
Statement of financial position									
Loans and advances to customers	123 320	—	12 334	135 654	—	(9 991)	125 663	108 704	16 959
Investment securities	7 766	—	276	8 042	—	(37)	8 005	7 729	276
Other assets	380 546	(53)	24 360	404 853	5 882	483	411 218	384 912	26 306
Total assets	511 632	(53)	36 970	548 549	5 882	(9 545)	544 886	501 345	43 541
Deposits due to customers	276 770	—	32 764	309 534	—	(2 148)	307 386	268 641	38 745
Debt securities in issue	83 351	—	15	83 366	—	—	83 366	83 351	15
Other liabilities	147 837	9	3 321	151 167	5 882	(7 416)	149 633	145 852	3 781
Total liabilities	507 958	9	36 100	544 067	5 882	(9 564)	540 385	497 844	42 541
Salient features – operating performance									
	As previously reported ¹ %			Restatement document ² %			Restated %		
Net interest margin on average interest-bearing assets	0,98			1,26			1,24		
Impairment losses ratio	0,12			0,08			0,01		
Non-interest income as % of revenue	57,1			55,5			56,0		
Revenue growth	3			8			7		
Cost growth	(3)			(7)			(7)		
Cost-to-income ratio	59,5			60,3			56,9		
Return on average assets	0,48			0,54			0,58		

Notes

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet published on 30 July 2013.

²Restated amounts included in the Reporting changes to Barclays Africa Group Limited's comparatives published on 2 December 2013.

Impact of the reporting changes on the Group's segment results

Wealth, Investment Management and Insurance for the reporting period ended 30 June 2013

	As previously reported ¹ Rm	Restatement document ¹ Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
					South Africa Rm	Rest of Africa Rm
Statement of comprehensive income						
Net interest income	10	10	161	171	169	2
Non-interest income	2 096	2 096	88	2 184	2 087	97
Total income	2 106	2 106	249	2 355	2 256	99
Impairment losses on loans and advances	(1)	(1)	(46)	(47)	(47)	—
Operating expenses	(1 130)	(1 130)	(167)	(1 297)	(1 243)	(54)
Other	(51)	(51)	(4)	(55)	(49)	(6)
Operating income before income tax	924	924	32	956	917	39
Taxation expense	(254)	(254)	(9)	(263)	(250)	(13)
Profit for the reporting period	670	670	23	693	667	26
Profit attributable to:						
Ordinary equity holders	670	670	20	690	664	26
Non-controlling interest – ordinary shares	—	—	—	—	—	—
Non-controlling interest – preference shares	—	—	3	3	3	—
	670	670	23	693	667	26
Headline earnings	671	671	20	691	666	25
Statement of financial position						
Loans and advances to customers	1 192	1 192	11 074	12 266	12 266	—
Investment securities	20 700	20 700	37	20 737	20 736	1
Other assets	10 743	10 743	849	11 592	10 784	808
Total assets	32 635	32 635	11 960	44 595	43 786	809
Deposits due to customers	—	—	4 338	4 338	4 338	—
Debt securities in issue	—	—	—	—	—	—
Other liabilities	27 820	27 820	7 534	35 354	34 764	590
Total liabilities	27 820	27 820	11 872	39 692	39 102	590
Salient features – operating performance						
	As previously reported ¹ %	Restatement document ¹ %		Restated %		
Impairment losses ratio	0,32	0,32		0,82		
Non-interest income as % of revenue	99,5	99,5		92,7		
Revenue growth	7	7		5		
Cost growth	(9)	(9)		(9)		
Cost-to-income ratio	53,7	53,7		55,1		
Return on average assets	4,13	4,13		3,12		

Note

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet published on 30 July 2013, where Wealth, Investment Management and Insurance was reported as Financial Services.

Impact of the reporting changes on the Group's segment results

Head Office and other operations for the reporting period ended 30 June 2013

	As previously reported ¹ Rm	Net effect of acquisition accounting entries and consolidation adjustments Rm	Restatement document ² Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
						South Africa Rm	Rest of Africa Rm
Statement of comprehensive income							
Net interest income	(69)	(1)	(70)	—	(70)	(42)	(28)
Non-interest income	(190)	1	(189)	(6)	(195)	(193)	(2)
Total income	(259)	—	(259)	(6)	(265)	(235)	(30)
Impairment losses on loans and advances	3	(1)	2	—	2	1	1
Operating expenses	303	1	304	10	314	316	(2)
Other	(135)	(1)	(136)	(4)	(140)	(142)	2
Operating income before income tax	(88)	(1)	(89)	—	(89)	(60)	(29)
Taxation expense	(33)	(75)	(108)	8	(100)	(24)	(76)
Profit for the reporting period	(121)	(76)	(197)	8	(189)	(84)	(105)
Profit attributable to:							
Ordinary equity holders	(119)	(75)	(194)	5	(189)	(84)	(105)
Non-controlling interest – ordinary shares	(2)	(1)	(3)	3	—	—	—
	(121)	(76)	(197)	8	(189)	(84)	(105)
Headline earnings	(115)	(76)	(191)	5	(186)	(81)	(105)
Statement of financial position							
Loans and advances to customers	148	—	148	1	149	149	—
Investment securities	(2 397)	—	(2 397)	—	(2 397)	(3 430)	1 033
Other assets	(312 132)	148	(311 984)	46	(311 938)	(315 597)	3 659
Total assets	(314 381)	148	(314 233)	47	(314 186)	(318 878)	4 692
Deposits due to customers	(120)	—	(120)	15	(105)	15	(120)
Debt securities in issue	19 571	—	19 571	—	19 571	19 571	—
Other liabilities	(392 436)	(598)	(393 034)	25	(393 009)	(396 039)	3 030
Total liabilities	(372 985)	(598)	(373 583)	40	(373 543)	(376 453)	2 910

Notes

¹Restated amounts included in either the Reporting changes document published on 18 July 2013 and/or the interim financial results booklet published on 30 July 2013.

²Restated amounts included in the Reporting changes to Barclays Africa Group Limited's comparatives published on 2 December 2013.

Impact of the reporting changes on the Group's segment results

Retail and Business Banking for the reporting period ended 31 December 2013

	As previously reported ¹ Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
				South Africa Rm	Rest of Africa Rm
Statement of comprehensive income					
Net interest income	27 602	(200)	27 402	21 346	6 056
Non-interest income	16 366	(84)	16 282	14 336	1 946
Total income	43 968	(284)	43 684	35 682	8 002
Impairment losses on loans and advances	(6 678)	—	(6 678)	(6 057)	(621)
Operating expenses	(24 679)	(169)	(24 848)	(19 506)	(5 342)
Other	(399)	10	(389)	(345)	(44)
Operating income before income tax	12 212	(443)	11 769	9 774	1 995
Taxation expense	(3 526)	73	(3 453)	(2 713)	(740)
Profit for the reporting period	8 686	(370)	8 316	7 061	1 255
Profit attributable to:					
Ordinary equity holders	8 045	(382)	7 663	6 692	971
Non-controlling interest – ordinary shares	452	12	464	180	284
Non-controlling interest – preference shares	189	—	189	189	—
	8 686	(370)	8 316	7 061	1 255
Headline earnings	7 999	(381)	7 618	6 652	966
Statement of financial position					
Loans and advances to customers	452 327	(1 532)	450 795	414 444	36 351
Investment securities	7 731	—	7 731	874	6 857
Other assets	282 052	(1 359)	280 693	214 577	66 116
Total assets	742 110	(2 891)	739 219	629 895	109 324
Deposits due to customers	281 161	(2 382)	278 779	222 725	56 054
Debt securities in issue	3 477	—	3 477	2 996	481
Other liabilities	435 706	(139)	435 567	394 909	40 658
Total liabilities	720 344	(2 521)	717 823	620 630	97 193
Salient features – operating performance					
	As previously reported ¹ %		Restated %		
Net interest margin on average interest-bearing assets	4,52		4,51		
Impairment losses ratio	1,50		1,50		
Non-interest income as % of revenue	37,2		37,3		
Revenue growth	9		9		
Cost growth	(10)		(9)		
Cost-to-income ratio	56,1		56,9		
Return on average assets	1,19		1,13		

Note

¹Financial results for the reporting period ended 31 December 2013 published on 11 February 2014 in the financial results booklet.

Impact of the reporting changes on the Group's segment results

Corporate and Investment Bank for the reporting period ended 31 December 2013

	As previously reported ¹ Rm	IFRS accounting policy changes Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
					South Africa Rm	Rest of Africa Rm
Statement of comprehensive income						
Net interest income	4 724	—	(133)	4 591	3 207	1 384
Non-interest income	6 924	—	(85)	6 839	5 039	1 800
Total income	11 648	—	(218)	11 430	8 246	3 184
Impairment losses on loans and advances	(300)	—	61	(239)	(84)	(155)
Operating expenses	(6 731)	—	512	(6 219)	(4 541)	(1 678)
Other	(84)	—	10	(74)	(64)	(10)
Operating income before income tax	4 533	—	365	4 898	3 557	1 341
Taxation expense	(1 154)	—	(52)	(1 206)	(816)	(390)
Profit for the reporting period	3 379	—	313	3 692	2 741	951
Profit attributable to:						
Ordinary equity holders	3 150	—	331	3 481	2 642	839
Non-controlling interest – ordinary shares	124	—	(12)	112	—	112
Non-controlling interest – preference shares	105	—	(6)	99	99	—
	3 379	—	313	3 692	2 741	951
Headline earnings	3 017	—	331	3 348	2 509	839
Statement of financial position						
Loans and advances to customers	152 891	—	(9 354)	143 537	120 635	22 902
Investment securities	5 771	—	(53)	5 718	5 718	—
Other assets	383 704	2 378	483	386 565	356 623	29 942
Total assets	542 366	2 378	(8 924)	535 820	482 976	52 844
Deposits due to customers	311 946	—	(2 517)	309 429	262 450	46 979
Debt securities in issue	75 674	—	—	75 674	75 674	—
Other liabilities	146 939	2 378	(6 658)	142 659	139 814	2 845
Total liabilities	534 559	2 378	(9 175)	527 762	477 938	49 824
Salient features – operating performance						
	As previously reported ¹ %			Restated %		
Net interest margin on average interest-bearing assets	1,19			1,18		
Impairment losses ratio	0,22			0,19		
Non-interest income as % of revenue	59,4			59,8		
Revenue growth	11			12		
Cost growth	(8)			(11)		
Cost-to-income ratio	57,8			54,4		
Return on average assets	0,57			0,64		

Note

¹Financial results for the reporting period ended 31 December 2013 published on 11 February 2014 in the financial results booklet.

Impact of the reporting changes on the Group's segment results

Wealth, Investment Management and Insurance for the reporting period ended 31 December 2013

	As previously reported ¹ Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
				South Africa Rm	Rest of Africa Rm
Statement of comprehensive income					
Net interest income	14	335	349	348	1
Non-interest income	4 354	177	4 531	4 334	197
Total income	4 368	512	4 880	4 682	198
Impairment losses on loans and advances	(24)	(60)	(84)	(84)	—
Operating expenses	(2 322)	(366)	(2 688)	(2 556)	(132)
Other	(125)	(9)	(134)	(121)	(13)
Operating income before income tax	1 897	77	1 974	1 921	53
Taxation expense	(528)	(21)	(549)	(533)	(16)
Profit for the reporting period	1 369	56	1 425	1 388	37
Profit attributable to:					
Ordinary equity holders	1 369	50	1 419	1 382	37
Non-controlling interest – preference shares	—	6	6	6	—
	1 369	56	1 425	1 388	37
Headline earnings	1 370	50	1 420	1 384	36
Statement of financial position					
Loans and advances to customers	—	10 885	10 885	10 885	—
Investment securities	21 300	53	21 353	21 300	53
Other assets	11 821	831	12 652	11 758	894
Total assets	33 121	11 769	44 890	43 943	947
Deposits due to customers	—	4 878	4 878	4 878	—
Other liabilities	28 238	6 772	35 010	34 349	661
Total liabilities	28 238	11 650	39 888	39 227	661
Salient features – operating performance					
	As previously reported ¹ %		Restated %		
Impairment losses ratio	4,73		0,73		
Non-interest income as % of revenue	99,7		92,8		
Revenue growth	8		7		
Cost growth	(9)		(9)		
Cost-to-income ratio	53,2		55,1		
Return on average assets	4,15		3,16		

Note

¹Financial results for the reporting period ended 31 December 2013 published on 11 February 2014 in the financial results booklet.

Impact of the reporting changes on the Group's segment results

Head Office and other operations for the reporting period ended 31 December 2013

	As previously reported ¹ Rm	Business portfolio changes Rm	Restated Rm	Geographical split	
				South Africa Rm	Rest of Africa Rm
Statement of comprehensive income					
Net interest income	11	(2)	9	52	(43)
Non-interest income	(589)	(8)	(597)	(585)	(12)
Total income	(578)	(10)	(588)	(533)	(55)
Impairment losses on loans and advances	15	(1)	14	14	—
Operating expenses	312	23	335	261	74
Other	(295)	(11)	(306)	(307)	1
Operating income before income tax	(546)	1	(545)	(565)	20
Taxation expense	(14)	—	(14)	101	(115)
Profit for the reporting period	(560)	1	(559)	(464)	(95)
Profit attributable to:					
Ordinary equity holders	(583)	1	(582)	(465)	(117)
Non-controlling interest – ordinary shares	23	—	23	1	22
Non-controlling interest – preference shares	—	—	—	—	—
	(560)	1	(559)	(464)	(95)
Headline earnings	(543)	—	(543)	(425)	(118)
Statement of financial position					
Loans and advances to customers	119	1	120	120	—
Investment securities	(1 719)	—	(1 719)	(2 874)	1 155
Other assets	(356 398)	45	(356 353)	(364 168)	7 815
Total assets	(357 998)	46	(357 952)	(366 922)	8 970
Deposits due to customers	(5 096)	21	(5 075)	(4 906)	(169)
Debt securities in issue	18 678	—	18 678	18 678	—
Other liabilities	(422 325)	25	(422 300)	(429 442)	7 142
Total liabilities	(408 743)	46	(408 697)	(415 670)	6 973

Note

¹Financial results for the reporting period ended 31 December 2013 published on 11 February 2014 in the financial results booklet.

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Appendices

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Transition to Barclays Africa Group Limited

As detailed in section 1 of the “Reporting changes overview” on page 142, the comparative results of the legacy Absa Group Limited have been restated to include the results of Barclays Africa Limited in the historical numbers. The analysis below is provided as supplementary information for understanding the performance of the two legacy groups in isolation as well as on a combined basis.

	Barclays Africa Group Limited pre-acquisition			Barclays Africa Limited			
	30 June		Change %	31 December		30 June	
	2014 Rm	2013 Rm		2013 Rm	2014 Rm	2013 Rm	
Statement of comprehensive income							
Net interest income	13 720	12 503	10	25 689	3 477	3 192	
Non-interest income	11 882	11 459	4	24 064	1 605	1 419	
Total income	25 602	23 962	7	49 753	5 082	4 611	
Impairment losses on loans and advances	(3 198)	(3 546)	10	(6 375)	(370)	(290)	
Operating expenses	(14 438)	(13 211)	(9)	(27 947)	(2 859)	(2 661)	
Other	(495)	(399)	(24)	(869)	(17)	(2)	
Operating income before income tax	7 471	6 806	10	14 562	1 836	1 658	
Taxation expense	(2 099)	(1 862)	(13)	(4 032)	(615)	(588)	
Profit for the reporting period	5 372	4 944	9	10 530	1 221	1 070	
Profit attributable to:							
Ordinary equity holders	5 117	4 701	9	10 048	1 049	892	
Non-controlling interest – ordinary shares	108	97	11	188	172	178	
Non-controlling interest – preference shares	147	146	1	294	—	—	
	5 372	4 944	9	10 530	1 221	1 070	
Headline earnings	5 058	4 663	8	9 920	1 052	891	
Operating performance (%)							
Net interest margin on average interest-bearing assets	3,64	3,91	(7)	3,97	7,85	9,78	
Impairment losses ratio	1,06	1,35	(21)	1,19	1,43	1,39	
Non-interest income as % of revenue	46,4	47,8	(3)	48,4	31,6	30,8	
Revenue growth	7	4	75	6	10	17	
Cost growth	(9)	(5)	(80)	(9)	(7)	(19)	
Cost-to-income ratio	56,4	55,1	3	56,2	56,3	57,7	
Statement of financial position							
Loans and advances to customers	559 500	539 343	4	553 468	55 142	44 289	
Investment securities	32 099	27 028	19	26 234	7 814	6 199	
Other assets	273 628	280 844	(3)	233 812	49 327	57 102	
Total assets	865 227	847 215	2	813 514	112 283	107 590	
Deposits due to customers	514 231	490 394	5	498 016	83 324	80 298	
Debt securities in issue	104 937	106 235	(1)	97 348	572	34	
Other liabilities	174 719	176 922	(1)	148 172	13 444	13 232	
Total liabilities	793 887	773 551	3	743 536	97 340	93 564	
Total equity	71 339	73 664	(3)	69 978	14 942	14 026	
Total liabilities and equity	862 226	847 215	2	813 514	112 282	107 590	

	Barclays Africa Group Limited pre-acquisition			Barclays Africa Limited			
	30 June		Change %	31 December		30 June	
	2014 ¹	2013 ¹		2013 ¹	2014 ²	2013 ²	
Return on equity (“RoE”) (%)	16,1	14,0	n/a	15,2	16,0	15,7	
Headline earnings per ordinary share (cents)	704,5	649,7	8	1 381,2	812,4	688,0	
Net asset value (“NAV”) per ordinary share (cents)	9 095	9 430	(4)	8 903	11 538	9 507	
Tangible net asset value per ordinary share (cents)	8 729	9 072	(4)	8 537	11 119	9 097	

The headline earnings of Barclays Africa Limited increased by 18% relative to 8% for Barclays Africa Group pre-acquisition, positively impacting the Group’s overall headline earnings growth rate of 10%.

The RoE of Barclays Africa Limited increased from 15,7% to 16,0%. The marginal increase is mainly due to the increase in headline earnings of 18% offset by an increase in equity primarily driven by the earnings retained by Barclays Africa Limited entities not yet distributed.

Notes

¹Calculations exclude shares issued by Absa Group Limited for the Barclays Africa Limited acquisition.

²Calculations based on Absa Group Limited share issue of 129 540 636 shares for Barclays Africa Limited acquisition to illustrate the per share values of the acquisition in isolation.

³Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

Transition to Barclays Africa Group Limited

		Barclays Africa Limited acquisition and consolidation				Barclays Africa Group Limited					
		31 December		30 June		31 December		30 June		31 December	
Change %	2013 Rm	2014 Rm	2013 Rm	2013 Rm	2014 Rm	2013 Rm	Change %	2013 Rm	2013 Rm	Change %	2013 Rm
9	6 662	—	—	—	17 197	15 695	10	32 351			
13	2 991	—	—	—	13 487	12 878	5	27 055			
10	9 653	—	—	—	30 684	28 573	7	59 406			
(28)	(612)	—	—	—	(3 568)	(3 836)	7	(6 987)			
(7)	(5 473)	—	—	—	(17 297)	(15 872)	(9)	(33 420)			
>(100)	(34)	—	—	—	(512)	(401)	(28)	(903)			
11	3 534	—	—	—	9 307	8 464	10	18 096			
(5)	(1 190)	—	—	—	(2 714)	(2 450)	(11)	(5 222)			
14	2 344	—	—	—	6 593	6 014	10	12 874			
18	1 933	—	—	—	6 166	5 593	10	11 981			
(3)	411	—	—	—	280	275	2	599			
—	—	—	—	—	147	146	1	294			
14	2 344	—	—	—	6 593	6 014	10	12 874			
18	1 923	—	—	—	6 110	5 554	10	11 843			
(20)	8,79	n/a	n/a	n/a	4,56	4,45	2	4,48			
3	1,37	n/a	n/a	n/a	1,18	1,35	(13)	1,20			
3	31,0	n/a	n/a	n/a	44,0	45,1	(2)	45,5			
(41)	18	n/a	n/a	n/a	7	6	17	8			
63	(19)	n/a	n/a	n/a	(9)	(6)	(50)	(10)			
(2)	56,7	n/a	n/a	n/a	56,4	55,5	2	56,3			
25	51 869	—	—	—	614 642	583 632	5	605 337			
26	6 849	—	—	—	39 913	33 227	20	33 083			
(14)	90 038	293	(910)	(293)	323 248	337 036	(4)	323 557			
7	148 756	293	(910)	(293)	977 803	953 895	3	961 977			
4	89 995	—	—	—	597 555	570 692	5	588 011			
>100	481	—	—	—	105 509	106 269	(1)	97 829			
2	43 057	294	(910)	(293)	188 457	189 244	(0)	190 936			
4	133 533	294	(910)	(293)	891 520	866 205	3	876 776			
7	15 223	1	—	—	86 282	87 690	(2)	85 201			
4	148 756	295	(910)	(293)	977 802	953 895	3	961 977			

Barclays Africa Group Limited					
31 December		30 June		31 December	
Change %	2013 ²	2014 ³	2013 ³	Change %	2013 ³
n/a	15,8	16,1	14,3	n/a	15,5
18	1 484,9	720,9	655,7	10	1 397,7
21	10 353	9 261	9 442	(2)	9 125
22	9 959	8 887	9 076	(2)	8 745

Share performance

Share performance (cents)



Share performance on the JSE	30 June	2013 ³	Change	31 December
	2014		%	2013
Number of shares in issue ⁴	847 750 679	718 210 043	18	847 750 679
Market prices (cents per share):				
closing	16 150	14 399	12	13 225
high	16 582	17 315	(4)	17 315
low	12 207	13 401	(9)	12 500
average	14 459	15 565	(7)	14 838
Closing price/NAV per share (excluding preference shares) ⁵ (%)	1,74	1,53		1,45
Price-to-earnings ("P/E") ratio (closing price/headline earnings per share) (%)	22,4	11,1		9,5
Volume of shares traded (million)	166,9	227,0	(26)	441,0
Value of shares traded (Rm)	24 030,7	35 093,8	(32)	65 560,1
Market capitalisation (Rm)	136 911,7	103 415,1	32	112 115,0

Notes

¹The Banks' Index outperformed Barclays Africa Group's share price by 22,7% during the reporting period (30 June 2013: 6,88%; 31 December 2013: 27,97%). Total return was used to calculate the relative performance (calculated using the dividend yield for the reporting period).

²Barclays Africa Group's annual total return for the reporting period was 25,69% (30 June 2013: 6,82%; 31 December 2013: (10,7%)).

³Share performance metrics have not been restated for the Barclays Africa acquisition, which was based on the principles of accounting for business combinations under common control.

⁴Includes 880 000 (30 June 2013: 465 296; 31 December 2013: 437 896) treasury shares held by Group entities.

⁵Share metrics per ordinary share include the ordinary shares issued on 31 July 2013 for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics does not impact the legal effective date of the ordinary share issue.

Shareholder information and diary

	30 June	31 December	
	2014 %	2013 %	2013 %
Major ordinary shareholders (top 10)			
Barclays Bank PLC (UK)	62,32	55,52	62,32
Public Investment Corporation (SA)	5,22	7,16	5,39
Sanlam Investment Management (SA)	2,75	2,89	2,56
Old Mutual Asset Managers (SA)	2,61	2,24	2,44
STANLIB Asset Management (SA)	2,18	1,43	1,97
Allan Gray Investment Council (SA)	2,15	1,47	1,65
Dimensional Fund Advisors (US, UK, AU)	1,61	2,01	0,62
BlackRock Inc	1,27	1,12	0,85
Prudential Portfolio Managers	1,21	1,15	1,28
The Vanguard Group Incorporated (US, AU)	1,14	1,42	1,18
Other	17,54	23,59	19,74
	100,00	100,00	100,00
Geographical split			
United Kingdom (UK)	64,1	57,6	63,8
South Africa (SA)	23,0	26,2	23,9
United States and Canada (US, CA)	6,9	8,8	4,9
Other countries	6,0	7,4	7,4
	100,0	100,0	100,0

Shareholder diary

Financial year-end	31 December 2014
Annual general meeting ¹	19 May 2015
Announcement of the interim results	30 July 2014
Announcement of the final results ¹	3 March 2015

Dividend	Declaration date	Last day to trade	Ex-dividend date	Record date	Payment date
Interim	30 July 2014	5 September 2014	8 September 2014	12 September 2014	15 September 2014
Final ¹	3 March 2015	10 April 2015	13 April 2015	17 April 2015	20 April 2015

Note

¹Subject to change.

Glossary

Amounts written-off

Once an advance has been identified as impaired and an impairment allowance has been raised, circumstances may change and indicate that the prospect of further recovery does not exist. Write-offs will occur when, and to the extent that, the debt is considered irrecoverable. A write-off policy based on an age-driven concept, drives the timing and extent of write-offs. A write-off can also be triggered by a specific event, such as the conclusion of insolvency proceedings or other formal recovery actions, making it possible to quantify the extent of the advance that is beyond a realistic prospect of recovery. Assets are only written off once all necessary procedures have been completed and the amount of loss has been determined. Recoveries of amounts previously written off, are reversed and accordingly decrease the amount of the reported impairment charge in the statement of comprehensive income.

Approaches (FIRB, AIRB, AMA and IMA)

Methods available to banks to calculate their regulatory capital requirements, based on their own risk estimates. These include the foundation internal ratings-based (“FIRB”) and advanced internal ratings-based (“AIRB”) approaches for credit risk, the advanced measurement approach (“AMA”) for operational risk, and the internal models approach (“IMA”) for market risk.

Balance sheet

The term “balance sheet” is used in the same context as the “statement of financial position”.

Bank

Absa Bank Limited, together with its subsidiary undertakings, special purpose entities, joint ventures, associates and offshore holdings. It is also referred to as “the Bank” or “Absa Bank” in this report.

Banks Act

This means the Banks Act, No 94 of 1990 and its accompanying regulations relating to banks published in the *Government Gazette* on 12 December 2012.

Barclays

Barclays PLC, registered in England under registration number 1026167, and the majority shareholder of Barclays Africa Group Limited.

Basel Capital Accord (II, II.5 and III)

The Basel Capital Accord of the Bank for International Settlements is an improved capital adequacy framework aimed at closely aligning banks’ capital requirements with improved modern risk management practices and sophisticated risk assessment capabilities. It further ensures the risk sensitivity of the minimum capital requirements by including supervisory reviews and market discipline through enhanced disclosure.

Borrowed funds

Subordinated callable notes qualifying as long-term Tier 2 capital issued by Absa Bank Limited in terms of section 1 of the Banks Act, No 94 of 1990. The subordinated callable notes are listed on the Bond Exchange of South Africa. Borrowed funds include preference shares classified as debt in terms of IAS 32.

Capital adequacy ratio

The capital adequacy of South African banks is measured in terms of the requirements of the SARB. The ratio is calculated by the aggregate amount of qualifying capital and reserve funds divided by RWA. The base minimum South African total capital adequacy ratio for banks is 10% of RWA. Non-South African banks in the Group have similar capital adequacy methodology requirements.

Capital – Common Equity Tier 1

Common Equity Tier 1 (“CET1”) capital consists of the sum of the following elements:

- Common shares issued by the bank that meet the criteria for classification as common shares for regulatory purposes (or the equivalent for non-joint stock companies);
- Stock surplus (share premium) resulting from the issue of instruments including CET1;
- Retained earnings;
- Accumulated other comprehensive income and other disclosed reserves;
- Common shares issued by consolidated subsidiaries of the bank and held by third parties (i.e., minority interest) that meet the criteria for inclusion in CET1; and
- Regulatory adjustments applied in the calculation of CET1.

Glossary

Capital – Additional Tier 1 capital

Additional Tier 1 capital consists of the sum of the following elements:

- Instruments issued by the bank that meet the criteria for inclusion in Additional Tier 1 capital (and are not included in CET1);
- Stock surplus (share premium) resulting from the issue of instruments included in Additional Tier 1 capital;
- Instrument issued by consolidated subsidiaries of the bank and held by third parties that meet the criteria for inclusion in Additional Tier 1 capital and are not included in Common Equity Tier 1. See section 4 for the relevant criteria; and
- Regulatory adjustments applied in the calculation of additional Tier 1 capital.

Capital – Common Equity Tier 1 capital adequacy ratio

A measurement of a bank's core equity capital compared with its total risk-weighted assets. This is the measure of a bank's financial strength. The Common Equity Tier 1 excludes any preference shares or non-controlling interests when determining the calculation.

Capital – Tier 2 capital

Tier 2 capital consists of the sum of the following elements:

- Instruments issued by the bank that meet the criteria for inclusion in Tier 2 capital (and are not included in Tier 1 capital);
- Stock surplus (share premium) resulting from the issue of instruments included in Tier 2 capital;
- Instruments issued by consolidated subsidiaries of the bank and held by third parties that meet the criteria for inclusion in Tier 2 capital and are not included in Tier 1 capital;
- Certain loan loss provisions such as general provisions/general loan-loss reserve; and
- Regulatory adjustments applied in the calculation of Tier 2 capital.

Capital – Tier 2 ratio

A component of regulatory capital, comprising qualifying subordinated loan capital, related minority interests, allowable collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available-for-sale. Tier 2 capital also includes reserves arising from the revaluation of properties.

Combined ratio

Insurance losses incurred and expenses as a percentage of insurance premiums earned.

Conduct risk

Conduct risk is the detriment caused to the Group's customers and clients, counterparties or the Bank as a result of inappropriate execution of the business activities.

Constant currency

The selected line items from the "Condensed consolidated statement of comprehensive income" and "Condensed consolidated statement of financial position" for the Rest of Africa market segment disclosed on pages 62 to 64, are derived by translating the statement of comprehensive income and statement of financial position from the respective individual entities' local currencies to rand.

The current reporting period's results are translated at the current reporting period's average rates for the statement of comprehensive income, while the closing rate is used for the statement of financial position in terms of IFRS. In order to calculate the percentage change based on constant currency, the previous reporting period's results have also been translated at the current reporting period's average rates for the statement of comprehensive income, while the current reporting period's closing rate has been used for the statement of financial position. This has been done in order to provide investors with information on the impact of foreign currency movements on the local currency earnings.

The percentage change based on constant currency is provided for illustrative purposes only and may not fairly present the Group's financial position and/or the results of its operations. The directors are responsible for the preparation of the constant currency information.

An assurance report on the constant currency financial information prepared by the Company's auditors is available for inspection at the Company's registered office.

Cost efficiency ratio

"Operating expenses" as a percentage of revenue. Revenue consists of net interest income and non-interest income net of reinsurance, unearned premiums, net insurance claims and benefits paid, changes in investment and insurance contract liabilities and acquisition costs.

Cost-to-income ratio

"Operating expenses" as a percentage of revenue. Revenue consists of net interest income and non-interest income.

Credit risk

Credit risk is the risk of financial loss should the Group's customers, clients or market counterparties fail to fulfil their contractual obligations.

Debt securities in issue

Short- to medium-term instruments issued by the Group, including promissory notes, bonds and negotiable certificates of deposits.

Glossary

Dividend cover

Headline earnings per share divided by dividend per share.

Dividend per ordinary share relating to income for the reporting period

Dividend per ordinary share for the reporting period is the actual interim dividends paid and the final dividends declared for the reporting period under consideration, expressed as cents per share.

Special dividend per ordinary share is a payment made by the Group that is considered separate from the typical recurring dividend cycle, expressed as cents per share.

Earnings per share

Basic earnings per share

This constitutes the net profit for the reporting period, less earnings attributable to non-controlling interest, divided by the weighted average number of ordinary shares in issue during the reporting period.

Diluted basic earnings per share

The amount of profit for the reporting period that is attributable to ordinary equity holders, divided by the weighted average number of ordinary shares in issue during the reporting period, both adjusted for the effects of all potential dilutive ordinary shares, assuming they had been in issue for the reporting period.

Economic capital

An internally calculated capital requirement deemed necessary by Barclays Africa Group to support the risks to which it is exposed, at a confidence level consistent with a target credit rating of AA. Also used in the return of average economic capital calculation.

Embedded value

The embedded value ("EV") of the covered business is the discounted value of the future after-tax shareholder profits (net of the opportunity cost of the required capital) arising from covered business in force at the valuation date, together with the adjusted net worth of the covered business. Covered business is taken to be all long-term insurance business written under the Company's licence.

The free surplus is the excess of assets over the sum of liabilities and required capital, with assets at market value and liabilities on the statutory valuation method, adjusted to add back inadmissible assets. The required capital is taken to be two times the statutory capital adequacy requirement, in line with the results of internal capital models and the Company's dividend policy.

Exchange differences

Differences resulting from the translation of a given number of units of one currency into another currency at different exchange rates.

Financial Markets Act

This means the Financial Markets Act No 19 of 2012 and its regulations. This Act is the primary legislation governing the regulation of financial markets, market infrastructure and securities services in South Africa. It focuses primarily on the licensing and regulation of exchanges, central securities depositories, clearing houses, trade repositories and market infrastructure. The Act also strengthens measures already in place aimed at prohibiting insider trading and other market abuses.

Foreign currency translation

Foreign currency accounts of the Group's subsidiaries translated to reporting currency ("ZAR"), with the foreign adjusted currency translation included in a foreign currency translation reserve as equity capital.

Funding risk

Funding risk is the risk that the Group is unable to achieve its business plans. It consists of:

- Capital risk: the risk that the Group is unable to maintain appropriate capital ratios and composition which could lead to: an inability to support business activity, a failure to meet regulatory requirements; and/or changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding;
- Liquidity risk: the risk that the Group is unable to meet its obligations as they fall due.
- Structural risk: the risk arising from the impact of interest rate and foreign exchange movements on the income statement and balance sheet.

Gains and losses from banking and trading activities

Banking and trading portfolios include:

- realised gains and losses on financial instruments held at amortised cost, held-to-maturity or available-for-sale;
- realised gains and losses on the disposal of associates, joint ventures and subsidiaries within the banking portfolios;
- realised and unrealised gains and losses on financial instruments designated at fair value through profit or loss; and
- interest, dividends and fair value movements on certain financial instruments held for trading or designated at fair value through profit or loss.

Glossary

Gains and losses from investment activities

Insurance and strategic investment portfolios including:

- realised gains and losses on financial instruments held at amortised cost, held-to-maturity or available-for-sale;
- realised gains and losses on the disposal of associates, joint ventures and subsidiaries;
- realised and unrealised gains and losses on financial instruments designated at fair value through profit or loss; and
- interest, dividends and fair value movements on certain financial instruments held for trading or designated at fair value through profit or loss.

Group

Barclays Africa Group Limited, together with its subsidiary undertakings, special purpose entities, joint ventures, associates and offshore holdings. It is also referred to as “the Group” or “Barclays Africa Group” in this report.

Headline earnings

Headline earnings reflects the operating performance of the Group separated from remeasurements (an amount recognised in the statement of comprehensive income relating to any change (realised or unrealised) in the carrying amount of an asset/liability that arose after the initial recognition of such asset or liability) as well as non-controlling interest of preference shares or ordinary shares, where relevant.

Headline earnings per share

Profit attributable to ordinary equity holders of the Group after adjusting for separately identifiable remeasurements, net of tax and non-controlling interest, divided by the weighted average number of ordinary shares in issue. A remeasurement is an amount recognised in profit or loss relating to any change in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability.

Diluted headline earnings per share

Diluted headline earnings per share is calculated by adjusting both the headline earnings and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, assuming they had been in issue for the reporting period.

Impairment losses ratio/credit loss ratio

Impairment losses on loans and advances for the reporting period, divided by total average advances (calculated on a daily weighted average basis).

Impairments raised – Identified

Impaired loans with key indicators of default being:

- the borrower is unlikely to pay its credit obligation in full, without recourse by the Group to actions such as realising security held; and/or
- the borrower is overdue.

A retail identified impairment is triggered when a contractual payment is missed and is raised on a collective basis. Future cash flows for a group of financial assets, which are collectively evaluated for impaired purposes, are estimated based on the contractual cash flows of the assets in the group and the historical loss experienced for assets with similar credit risk characteristics to those in the Group.

In the wholesale portfolio, an identified impairment is raised on an individual basis and is the difference between the outstanding capital and the present value of future cash flows.

Impairments raised – Unidentified

Allowances are raised when observable data indicates a measurable decrease in the estimated future cash flows from a group of financial assets since their original recognition, even though the decrease cannot yet be linked to individual assets in the Group. The unidentified impairment calculation is based on the asset's probability of moving from the performing portfolio to the defaulted portfolio as a result of a risk condition that has already occurred, but will only be identifiable at a borrower level at a future date.

Indirect taxation

Indirect taxes are the taxes that are levied on transactions rather than on persons (whether individuals or corporate). These taxes include unclaimed value added taxes, stamp duties on deposits and Regional Service Council levies.

Income statement

The term “income statement” is used in the same context as the “statement of comprehensive income”.

JAWS

A measure used to demonstrate the extent to which the Group's income from operations growth rate exceeds operating expenses growth rate. Income from operations consists of net interest income and non-interest income.

Loans-to-deposits ratio

Loans and advances to customers as a percentage of deposits due to customers and debt securities in issue.

Market capitalisation

The Group's closing share price, times the number of shares in issue at the reporting date.

Glossary

Market risk

Market risk is the risk that the Group's earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. It consists of:

- Traded market risk, which is the risk of the Group being impacted by changes in the level or volatility of positions in the Group's trading books, primarily in Investment Bank.
- Non-traded market risk, which is the risk of the Group being unable to hedge the interest rate risk in the banking book, primarily in retail, business banking and corporate portfolios.
- Insurance risk, which is the risk that future experiences relating to claims, expenses, policyholder behaviour and investment returns are different from the assumptions made when setting premiums or valuing policyholder liabilities.
- Pension risk, which arises when an adverse movement between pension assets and liabilities results in a pension deficit.

Merchant income

Income generated from the provision of point-of-sale facilities to the Group's merchant network customers. This income includes both rental income for the supply of point-of-sale units as well as transactional income for the transactions processed on the supplied terminals.

Net asset value per share

Total equity attributable to ordinary equity holders divided by the number of shares in issue. The net asset value per share figure excludes the non-cumulative, non-redeemable preference shares issued.

Net interest income

The amount of interest received or receivable on assets net of interest paid or payable on liabilities.

Net interest margin on average interest-bearing assets

Net interest income for the period, divided by average interest-bearing assets (calculated on a daily weighted average basis), expressed as a percentage of average interest-bearing assets. Average interest-bearing assets consist of all accounts attracting interest within the asset categories of cash, cash balances and balances with central banks, statutory liquid asset portfolio, loans and advances to banks and customers and investment securities (including cash and short-term assets, money market assets and capital market assets).

Net present value unwind on non-performing book

A net present value adjustment representing time value of money of expected cash flows within the impairment allowance. Such time value of money reduces as the point of cash flow is approached. The time-based reduction in time value of money is recognised in the statement of comprehensive income as interest received on impaired assets.

Net revenue

Net revenue consists of net interest income and non-interest income, net of impairment losses on loans and advances.

Net trading result

Net trading result includes the profits and losses on CIB's trading desks arising from both the purchase and sale of trading instruments and the revaluation to market value, as well as CIB's hedge ineffectiveness. This includes the interest income and interest expense from these instruments and related funding cost. It also includes similar activities from the African operations.

Non-interest income

Non-interest income consists of the following statement of comprehensive income-line items: net fee and commission income, net insurance premium income, net insurance claims and benefits paid, changes in investment contracts and insurance contract liabilities, gains and losses from banking and trading activities, gains and losses from investment activities as well as other operating income.

Non-performing loans

A loan is typically considered non-performing once its delinquency reaches a trigger point. This is typically when interest is suspended (in accordance with Group policy) or if the loan is moved to the legal environment for recovery. As a consequence, a loan that has defaulted is not necessarily non-performing (unless certain criteria are met).

Non-performing loan – coverage ratio

Net exposure, being the outstanding non-performing loan balance, less expected recoveries and fair value of collateral, as a percentage of the total outstanding non-performing loan balance.

Glossary

Non-performing loan ratio

Non-performing loans as a percentage of gross loans and advances to customers.

Non-interest income as a percentage of revenue

Non-interest income as a percentage of income from operations. Revenue consists of net interest income and non-interest income.

Operational risk

Operational risk is the risk of direct or indirect impacts resulting from human factors, inadequate or failed internal processes and systems or external events. This includes risks associated with payments and transaction operations, external suppliers, products, premises and security, fraud risk, regulation, information, financial reporting, tax, legal, people and technology.

Price-to-earnings ratio

The closing price of ordinary shares, divided by headline earnings per ordinary share for the reporting period.

Probability of default

The probability that a debtor will default within a one-year time horizon.

Pre-provision profit

“Operating income before income tax” after adding back “Impairment losses on loans on loans and advances”, “Other impairments” and “Indirect taxation”.

Regulatory capital

The capital that the Group holds, determined in accordance with the requirements of the Banks Act and regulations relating to banks.

Revenue/total income

Revenue consists of net interest income and non-interest income.

Risk-weighted assets

Calculated by assigning a degree of risk, expressed as a percentage (risk weight) to an exposure, in accordance with the applicable standardised or IRB approach rules. RWA are determined by applying the:

- Advanced internal ratings-based (“AIRB”) approach for wholesale and retail credit;
- Advanced measurement approach (“AMA”) for operational risk;
- Internal ratings-based (“IRB”) market-based simple risk-weight approach for equity investment risk in the banking book; and
- Standardised approach for all African entities (both credit and operational risk).

Special purpose entity

A corporation, trust or other non-bank entity, established for a narrowly defined purpose, including for carrying on securitisation activities. The structure of the entity and its activities are intended to isolate the obligations of the SPE from those of the originator and the holders of the beneficial interests in the securitisation.

Value-at-risk model

A technique that measures the loss that could occur on risk positions as a result of adverse movements in market risk factors (e.g. rates, prices, volatilities) over a specified time horizon and to a given level of confidence.

Value of new business

The discounted value, at the date of sale, of the projected after-tax shareholder profits from new covered business, net of the opportunity cost of the required capital for new business. New covered business is defined as long-term insurance contracts written by the Company during the reporting period and for which at least one premium has been recognised in the financial statements. The value of new business is calculated using closing assumptions for all basis items.

Weighted average number of shares

The number of shares in issue at the beginning of the reporting period increased by shares issued during the reporting period, weighted on a time basis for the period during which they participated in the income of the Group, less treasury shares held by entities in the Group, weighted on a time basis for the period during which the entities held these shares.

Abbreviations and acronyms

List of abbreviations

A	
AEaR	annual earnings at risk
AIRB	advanced internal ratings-based approach
AllPay	AllPay Consolidated Investment Holdings Limited
AMA	advanced measurement approach
AU	Australia
ATM	automated teller machine

B	
BAGL	Barclays Africa Group Limited
Basel	Basel Capital Accord
BBM	Barclays Bank Mozambique
BBT	Barclays Bank of Tanzania
bps	basis points

C	
CA	Canada
CAF	Commercial Asset Finance
CET1	Common Equity Tier 1
CIB	Corporate and Investment Bank
CODM	Chief Operating Decision Maker
CoE	cost of equity
CPF	Commercial Property Finance

D	
DPS	dividend per share
DVaR	daily value at risk

E	
EC	economic capital
Edcon portfolio	Edcon Store Card Portfolio
ESP	electronic sales platform
ETF(s)	exchange-traded fund(s)
EV	embedded value

F	
FIRB	foundation internal ratings-based approach

H	
HEPS	headline earnings per share

I	
IAS	International Accounting Standard(s)
IAS 16	IAS 16 Property, Plant and Equipment
IAS 19R	IAS 19R Employee Benefits (amended 2011)
IAS 27	IAS 27 Consolidated and Separate Financial Statements
IAS 28	IAS 28 Investments in Associates
IAS 36	IAS 36 Impairment of Assets
IAS 38	IAS 38 Intangible Assets
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement
IAS 40	IAS 40 Investment Property
ICAAP	internal capital adequacy assessment process
IFRS	International Financial Reporting Standard(s)
IFRS-IC	IFRS Interpretations Committee
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IMA	internal models approach
IRB	internal ratings-based approach
IT	information technology

J	
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange

L	
LCR	liquidity coverage ratio
LIBOR	London Interbank Offered Rate

Abbreviations and acronyms

N

NAAMSA	National Association of Automobile Manufacturers of South Africa
NAV	net asset value
NBC	National Bank of Commerce Limited (Tanzania)
NPL(s)	non-performing loan(s)
NSFR	net stable funding ratio

P

PD	profitability of default
P/E	price-to-earnings

R

RBB	Retail and Business Banking
RC	regulatory capital
RoA	return on average assets
RoE	return on average equity
RoRC	return on average regulatory capital
RoRWA	return on average risk-weighted assets
RWA	risk-weighted assets

S

SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAM	Solvency Assessment Management
SARB	South African Reserve Bank
SG	Singapore
STC	secondary tax on companies

T

TSA	the standard approach
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U

UK	United Kingdom
US	United States

V

VAF	Vehicle and Asset Finance
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Administration and contact details

Barclays Africa Group Limited

(Formerly known as Absa Group Limited)
Authorised financial services and registered credit provider (NCRCP7)
Registration number: 1986/003934/06
Incorporated in the Republic of South Africa
JSE share code: BGA
ISIN: ZAE000174124

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Board of directors

Group independent non-executive directors

C Beggs, Y Z Cuba, M J Husain, P B Matlare, T S Munday (Lead Independent Director), S G Pretorius

Group non-executive directors

P A Clackson¹, W E Lucas-Bull (Group Chairman),
M S Merson¹, A V Vaswani²

Group executive directors

D W P Hodnett (Deputy Chief Executive Officer and Financial Director), M Ramos (Chief Executive Officer)

Transfer secretary

South Africa

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Auditors

PricewaterhouseCoopers Inc.
Ernst & Young Inc.

Sponsors

Lead independent sponsor

J. P. Morgan Equities South Africa (Pty) Ltd
No 1 Fricker Road, Cnr. Hurlingham Road,
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
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Joint sponsor

Absa Bank Limited (acting through its Corporate and Investment Banking division)
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Notes

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