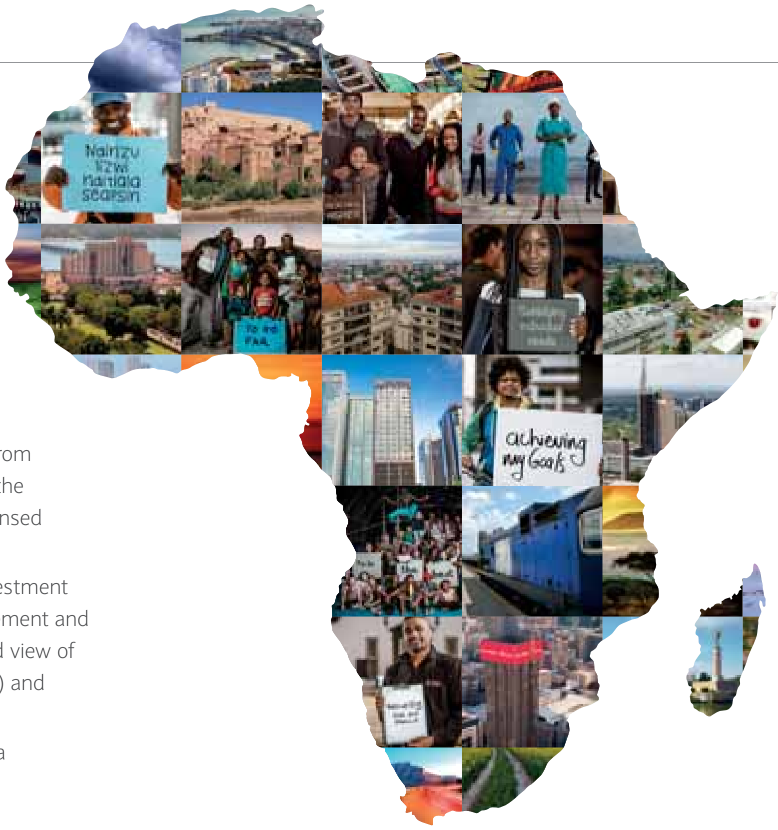
BARCLAYS

Barclays Africa Group Limited

Interim financial results

for the reporting period ended 30 June 2015

Reporting changes overview



The following changes have impacted the financial results for the comparative periods ended 30 June 2014 and 31 December 2014. Comparative balances have been restated accordingly.

1. Internal reclassifications

- The Group elected to change the classification of Investment securities by reclassifying the previously disclosed “Statutory liquid asset portfolio” to, and also removing, “Investments linked to investment contracts” from “Investment securities”. The restatement has resulted in the reclassification of the aforementioned items in the Condensed consolidated statement of financial position.
- In line with the Group’s strategic intent to manage its investment capabilities on an integrated basis, “Assets under management and administration” has been restated to reflect the combined view of Wealth, Investment Management and Insurance (“WIMI”) and Corporate and Investment Bank (“CIB”).
- All financial guarantee contracts were reassessed and as a consequence the disclosure has been refined.

2. Business portfolio changes

- CIB and Retail and Business Banking (“RBB”) performed a client resegmentation and refined the classification of costs and revenue, which resulted in restatements between the segments.
- Costs between RBB, CIB as well as Head Office, Treasury and other operations have been restated due to a change in the allocation methodology.
- The Group reassessed funds transfer pricing and the allocation of endowment, resulting in restatements between RBB and CIB in Rest of Africa.
- RBB – Retail Banking has moved the study loan portfolio, previously reported in Transactional and Deposits to Personal Loans.
- CIB has aligned their business portfolios with product ownership between Corporate, Banking and Private Equity.
- Certain loan portfolios were transferred from WIMI – Wealth to RBB – Retail Banking.
- Money markets, previously reported in CIB, has been moved to Head Office, Treasury and other operations, due to the centralisation of all treasury functions. Revenue and costs associated with Money markets have therefore been allocated across all segments.
- WIMI has provided separate disclosure for products that will be terminated in future.

Key shareholder information

Dividend per share	
Interim dividend	450 cents
Key dates	
Interim dividend payment	14 September 2015
Financial year-end	31 December 2015
Shareholder communications	
Shareholder information	page 149
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The term Barclays Africa Group or the Group, refers to Barclays Africa Group Limited and its subsidiaries.

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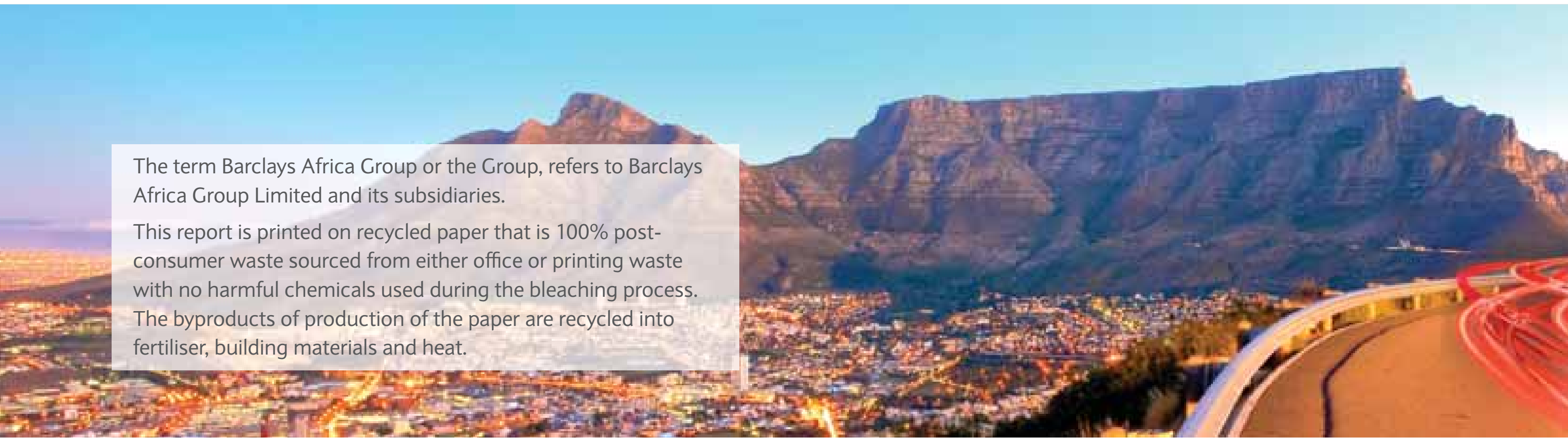

Table Mountain, Cape Town, South Africa

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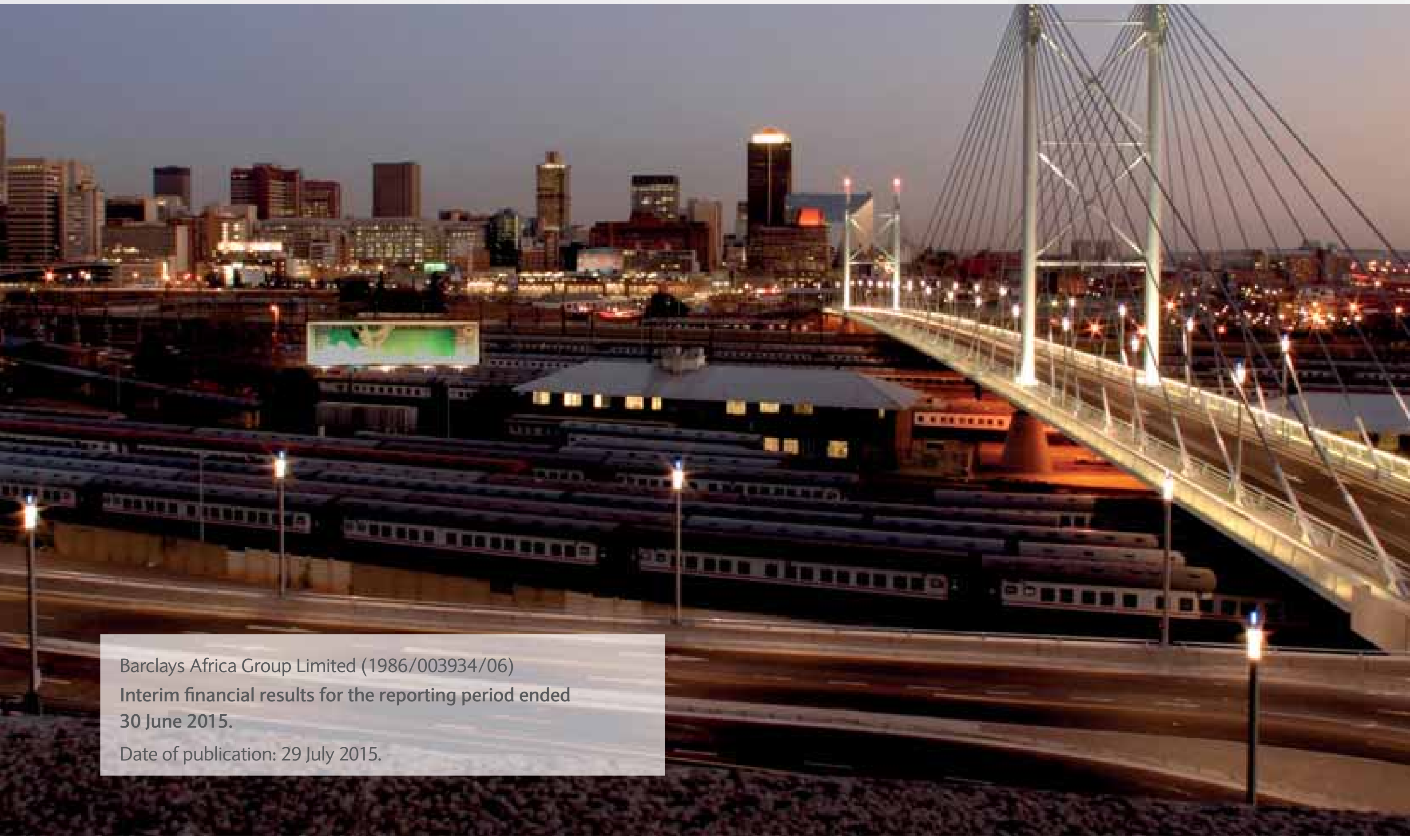
Group performance

Contents



Barclays Africa Group Limited (1986/003934/06)

Interim financial results for the reporting period ended 30 June 2015.

Date of publication: 29 July 2015.

Nelson Mandela Bridge, Johannesburg, South Africa

Group performance overview

Our strategy is based on the strength of our franchise – an African bank that is fully international, fully regional and fully local. These results demonstrate that we are on track to achieve the commitments we made. I remain excited by the potential for our business on our continent.

Maria Ramos, *Chief Executive Officer*

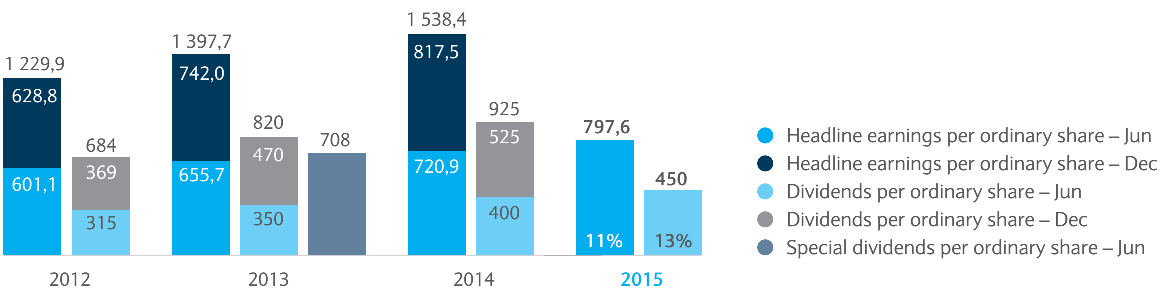
Favourable

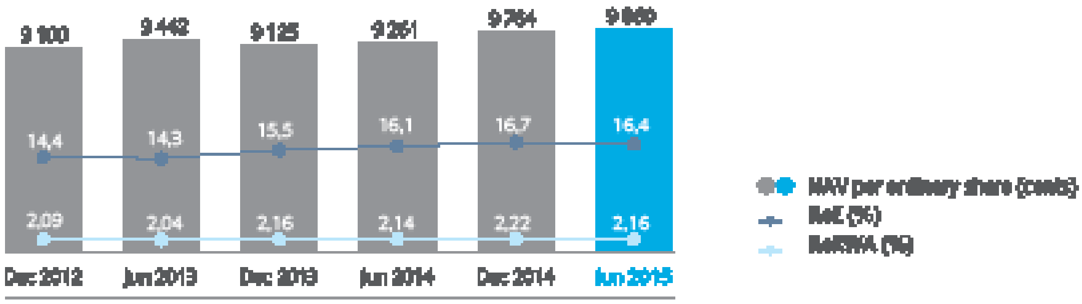
- Return on average equity ("RoE") increased to 16,4% from 16,1%, above the 13,75% cost of equity ("CoE").
- Credit loss ratio improved to 1,11% from 1,18%.
- Diluted headline earnings per ordinary share increased 11% to 797 cents.
- Cost-to-income ratio improved to 55,9% from 56,4%, resulting in a positive Jaws of 0,86%.
- Declared a 13% higher dividend per share ("DPS") of 450 cents.
- Pre-provision profit increased 7% to R14 294m.
- Rest of Africa headline earnings grew 22% to R1,2bn.
- Common Equity Tier 1 ("CET1") capital ratio of 11,7% remains above regulatory requirements and Board target range.

Unfavourable

- Decrease in CIB Return on Risk-weighted Assets ("RoRWA") to 2,02%.
- Private equity performance impacted by negative revaluations.
- Loans and advances to customers showing subdued growth as Home Loans' legal book and Commercial Property Finance ("CPF") book continue to decline.

Headline earnings per ordinary share ("HEPS") and DPS (cents)





Barclays Africa Group Limited is a diversified financial services provider. We offer an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance. We are building a leading financial services group in our chosen countries in Africa and selected customer and client segments.

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

We are focused on
our Goal
to be the "Go-To" bank in Africa.

Our Values define the way we think, work and act ...

Respect	Integrity	Service	Excellence	Stewardship

To reinforce the importance of living our Values every day, the performance of our business and employees are evaluated against both our objectives ("what") and our Values ("how").

Our One Africa strategy

Our growth strategy is based on a unique competitive advantage – we are an African bank that is fully global, fully regional and fully local.

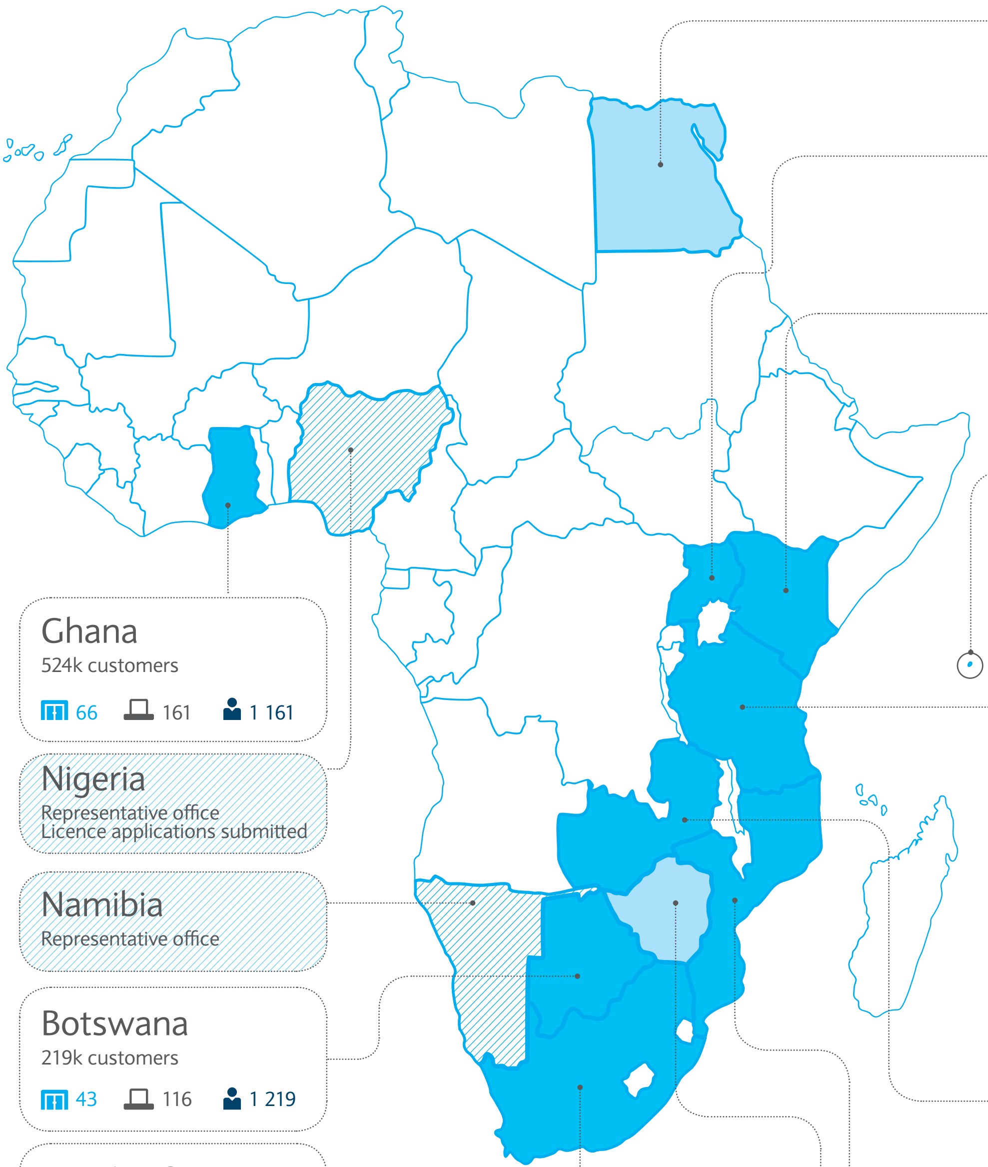
We continue on our journey to distinguish ourselves from…	By focusing on …	Delivering on our medium-term targets…	While planning for the bank of the future…
Local and regional banks through our access to global technologies and products and ability to connect our customers and clients seamlessly to global markets Global banks by operating a bank with deep African insights from our local operations	**Our Retail and Business Banking turnaround** Regain our leading market position in South Africa and drive the build-out across the continent, in particular: improve service offerings and customer experience; extend appropriate levels of credit; introduce innovative products and improve access. **Investing in Corporate Banking** Invest in our people and systems to allow us to develop our expertise and product portfolio, in particular: foreign exchange, corporate debt, trade finance and cash management services. **Growing Wealth, Investment Management and Insurance** Realise the synergies from the combined Wealth, Investment Management and Insurance business and to build on this platform to expand into new African markets. **Developing and investing in talent and our people** Deliver on our diversity agenda across the Group to make Barclays Africa a Pan-African employer of choice and develop and invest in our employees to enhance the leadership skills across the Group.	• An RoE in the range of 18%-20% • Top three revenue position in our five key markets (Botswana, Ghana, Kenya, South Africa and Zambia) • A revenue share of 20% – 25% from outside South Africa • A cost-to-income ratio in the low 50s	Beyond our strategy and medium-term goals, we recognise that with the pace of change, the environment in which we operate will look very different in the future. We dedicate effort to shaping our strategy for building the future 'Go-To' bank.

2014 → 2015 – 2016 →

Our presence

With our long-standing local presence and our regional and global expertise, we have a strong platform to capture the growth opportunity in Africa.

12m customers	1 252 branches	10 396 ATMs	12 countries	41 723 permanent employees



Egypt
Managed

Uganda
133k customers
Branches 42 · ATMs 68 · Permanent employees 860

Kenya
739k customers
Branches 125 · ATMs 234 · Permanent employees 2 592

Seychelles
17k customers
Branches 7 · ATMs 16 · Permanent employees 198

Tanzania BBT
70k customers
Branches 25 · ATMs 46 · Permanent employees 470

Tanzania NBC
525k customers
Branches 52 · ATMs 242 · Permanent employees 1 288

Mauritius
78k customers
Branches 24 · ATMs 42 · Permanent employees 802

Zambia
223k customers
Branches 48 · ATMs 105 · Permanent employees 918

Mozambique
257k customers
Branches 44 · ATMs 107 · Permanent employees 990

Zimbabwe
Managed

Ghana
524k customers
Branches 66 · ATMs 161 · Permanent employees 1 161

Nigeria
Representative office
Licence applications submitted

Namibia
Representative office

Botswana
219k customers
Branches 43 · ATMs 116 · Permanent employees 1 219

South Africa
9,2m customers[1]
Branches 776 · ATMs 9 259 · Permanent employees 31 225[2]

Legend

- Branches
- ATMs
- Permanent employees
- Barclays Africa
- Barclays Africa representative offices
- Barclays PLC operations managed by Barclays Africa

Notes
[1]Excludes Edcon and Woolworths Financial Services (Pty) Ltd (“WFS”) portfolio customers.
[2]Includes Barclays Africa Regional Office employees.

Consolidated salient features

	30 June 2015	30 June 2014[1]	Change %	31 December 2014
Statement of comprehensive income (Rm)				
Revenue	**32 423**	30 684	6	63 125
Operating expenses	**18 129**	17 297	5	35 848
Profit attributable to ordinary equity holders	**6 770**	6 166	10	13 216
Headline earnings	**6 755**	6 110	11	13 032
Statement of financial position[1]				
Loans and advances to customers (Rm)	**657 412**	615 540	7	636 326
Total assets (Rm)	**1 038 945**	978 701	6	991 414
Deposits due to customers (Rm)	**649 226**	598 453	8	624 886
Loans-to-deposits and debt securities ratio (%)	**85,5**	87,4		87,1
Financial performance (%)				
RoE	**16,4**	16,1		16,7
Return on Average Assets ("RoA")	**1,33**	1,27		1,33
RoRWA	**2,16**	2,14		2,22
Operating performance (%)				
Net interest margin on average interest-bearing assets	**4,70**	4,56		4,65
Credit loss ratio	**1,11**	1,18		1,02
Non-performing loans ratio	**3,97**	4,62		4,19
Non-interest income as percentage of revenue	**43,1**	44,0		43,6
Cost-to-income ratio	**55,9**	56,4		56,8
Jaws	**0,86**	(1,59)		(1,00)
Effective tax rate, excluding indirect taxation	**28,6**	29,2		28,3
Share statistics (million)				
Number of ordinary shares in issue	**847,8**	847,8		847,8
Number of ordinary shares in issue (excluding treasury shares)	**846,9**	846,9		846,9
Weighted average number of ordinary shares in issue (excluding treasury shares)	**846,9**	847,5		847,1
Diluted weighted average number of ordinary shares in issue (excluding treasury shares)	**847,6**	847,8		847,6
Share statistics (cents)				
Headline earnings per ordinary share	**797,6**	720,9	11	1 538,4
Diluted headline earnings per ordinary share	**797,0**	720,7	11	1 537,5
Basic earnings per ordinary share	**799,4**	727,6	10	1 560,1
Diluted basic earnings per ordinary share	**798,7**	727,3	10	1 559,2
Dividend per ordinary share relating to income for the reporting period	**450**	400	13	925
Dividend cover (times)	**1,8**	1,8	—	1,7
NAV per ordinary share	**9 860**	9 261	6	9 764
Tangible NAV per ordinary share	**9 495**	8 887	7	9 384
Capital adequacy (%)				
Barclays Africa Group Limited	**14,1**	14,6		14,4
Absa Bank Limited	**13,0**	13,9		13,7
Common Equity Tier 1 (%)				
Barclays Africa Group Limited	**11,7**	11,8		11,9
Absa Bank Limited	**10,0**	10,1		10,6

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.

Consolidated salient features by segment

	30 June 2015	30 June 2014[1]	Change %	31 December 2014[1]
Headline earnings (Rm)				
RBB	**4 652**	3 969	17	8 524
Retail Banking South Africa	**3 136**	2 705	16	5 732
Business Banking South Africa	**1 056**	864	22	2 069
RBB Rest of Africa	**460**	400	15	723
CIB	**1 938**	1 883	3	3 735
WIMI	**751**	661	14	1 324
Head Office, Treasury and other operations	**(586)**	(403)	45	(551)
Return on average risk-weighted assets (%)				
RBB	**2,37**	2,16		2,26
Retail Banking South Africa	**2,64**	2,57		2,61
Business Banking South Africa	**3,12**	2,40		2,89
RBB Rest of Africa	**1,05**	0,94		0,84
CIB	**2,02**	2,25		2,16
Return on average regulatory capital (%)				
RBB	**21,5**	19,1		20,1
CIB	**18,1**	20,4		19,5
WIMI[2]	**25,6**	23,0		23,2
Credit loss ratio (%)				
RBB	**1,38**	1,55		1,32
Retail Banking South Africa	**1,39**	1,58		1,33
Business Banking South Africa	**0,81**	1,00		0,87
RBB Rest of Africa	**2,31**	2,23		1,95
CIB	**0,28**	0,09		0,16
WIMI	**0,12**	0,72		0,46
Loans and advances to customers (Rm)				
RBB	**471 603**	457 422	3	464 844
Retail Banking South Africa	**371 890**	363 326	2	367 967
Business Banking South Africa	**63 353**	61 053	4	61 065
RBB Rest of Africa	**36 360**	33 043	10	35 812
CIB	**177 881**	152 680	17	165 351
WIMI	**5 117**	5 361	(5)	5 234
Head Office, Treasury and other operations	**2 811**	77	>100	897
Deposits due to customers (Rm)				
RBB	**313 546**	283 571	11	308 581
Retail Banking South Africa	**155 952**	138 963	12	150 427
Business Banking South Africa	**101 670**	92 035	10	100 948
RBB Rest of Africa	**55 924**	52 573	6	57 206
CIB	**237 874**	213 239	12	227 696
WIMI	**5 182**	4 985	4	5 276
Head Office, Treasury and other operations	**92 624**	96 658	(4)	83 333
Off-statement of financial position (Rbn)				
Assets under management and administration	**274**	265	3	259
Exchange-traded funds	**32**	41	(22)	36
Money market	**53**	53	—	50
Non-money market	**197**	178	11	181
Intra-segment eliminations	**(8)**	(7)	14	(8)

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]As WIMI consists primarily of a set of legal entities with a smaller contribution from the Wealth division of Absa Bank Limited, the denominator in the RoRC for WIMI is calculated as the sum of average legal entities' equity including the regulatory capital ("RC") contribution for the Wealth division.

Salient features

- Diluted HEPS increased 11% to 797 cents.
- Declared a DPS of 450 cents, up 13%.
- Rest of Africa headline earnings grew 22% to R1,2bn and South Africa rose 8% to R5,5bn.
- RoE improved to 16,4% from 16,1%.
- Pre-provision profit increased 7% to R14,3bn.
- Revenue grew 6% to R32,4bn, as net interest income increased 7% and non-interest income rose 4%, while operating expenses grew 5% to R18,1bn.
- Credit impairments fell 1% to R3,6bn, resulting in a 1,11% credit loss ratio from 1,18%.
- Barclays Africa Group Limited's core equity tier 1 (CET1) capital ratio of 11,7% remains above regulatory requirements and our board target range.

Overview of results

Barclays Africa Group Limited's headline earnings increased 11% to R6 755m from R6 110m. Diluted HEPS also grew 11% to 797,0 cents from 720,7 cents. The Group's RoE improved to 16,4% from 16,1%, comfortably above its 13,75% CoE, due to its return on assets rising to 1,33% from 1,27%. Barclays Africa declared a 13% higher ordinary DPS of 450 cents, given its strong CET1 and internal capital generation capacity. NAV per share increased 6% to 9 860 cents.

Pre-provision profit increased 7% to R14,3bn, which drove earnings growth. Non-interest revenue grew 4% and net interest income 7%, as the Group's net interest margin (on average interest-bearing assets) improved to 4,70% from 4,56%. Loans and advances to customers grew 7% to R657bn, while deposits due to customers increased 8% to R649bn. The Group's cost-to-income ratio improved to 55,9% from 56,4% as operating expenses rose 5%. Credit impairments fell 1%, despite improving non-performing loan ("NPL(s)") cover and increasing portfolio provisions to 0,74% of performing loans from 0,70%. NPLs declined to 4,0% of gross loans and advances to customers from 4,6%.

RBB's headline earnings increased 17% to R4,7bn, as revenue growth exceeded cost growth and credit impairments fell 8%. WIMI's headline earnings increased 14% to R751m, with 48% growth in Short-term Insurance SA, while CIB grew 3% to R1,9bn, including 9% higher Corporate earnings.

Revenue from Rest of Africa grew 9% (12% in constant currency) and headline earnings rose 22%, to contribute 20% and 18% of the total Group respectively.

Operating environment

Despite very low inflation, led by lower oil prices, global growth dipped in early 2015 as the US and Chinese economies underperformed. In the second quarter the focus was on the US Federal Reserve policy and on Greece's challenges. Monetary policy actions varied widely across countries in developed and emerging markets. South Africa showed some sign of recovery from 2014's very low growth, but low export prices, acute electricity supply constraints and soft economic confidence, meant that growth has been largely technical rather than structural. Household consumption accelerated in the early months of the year, boosted by petrol price reductions and generally low inflation, although this impact has faded as domestic fuel prices rose. Despite South Africa's foreign trade deficit improving noticeably, the rand's multi-year depreciation against the US dollar continued. An environment of lower commodity prices and heightened market volatility also impacted Barclays Africa markets outside South Africa, where there are signs of a slowdown and there is upward pressure on interest rates in a number of countries.

Group performance

Statement of financial position

Total Group assets increased 6% to R1 039bn at 30 June 2015, predominantly due to 7% higher loans and advances to customers and 7% growth in loans and advances to banks.

Loans and advances to customers

Gross loans and advances to customers increased 7% to R674bn. Excluding property-related loans, gross loans and advances to customers grew 13%. Retail Banking South Africa's gross loans rose 2% to R383bn, given 6% growth in credit cards and 9% higher instalment credit agreements, while mortgages decreased 2%, in part due to a reduction in its legal book. Business Banking South Africa's gross loans rose 3% to R65bn, despite 6% lower CPF, as term loans and agricultural loans grew 13% and 10% respectively. RBB Rest of Africa's gross loans increased 9% to R38,6bn. CIB's gross loans increased 17% to R179bn, given strong growth in term loans, preference shares and reverse repurchase agreements.

Funding

The Group maintained its strong liquidity position, growing deposits due to customers 8% to R649bn and improving its loans-to-deposits ratio to 85,5% from 87,4%. Deposits due to customers contributed 79% to total funding from 78%. Retail Banking South Africa maintained its leading market share, increasing deposits 12% to R156bn. Business Banking South Africa's deposits grew 10% to R102bn, with 30% higher savings and transmission deposits. CIB's deposits increased 12% to R238bn, given 17% higher cheque account deposits and 45% growth in foreign currency deposits.

Net asset value

The Group's NAV rose 6% to R83,5bn, as it generated profits of R6,8bn in the period, from which it paid R4,4bn in dividends. The Group's NAV per share also grew 6% to 9 860 cents.

Capital to risk-weighted assets

Group risk-weighted assets ("RWA(s)") increased 9% to R647bn at 30 June 2015, largely due to growth in loans and advances to customers. The Group remains well capitalised, comfortably above regulatory requirements. Barclays Africa Group Limited's CET1 and Tier 1 capital adequacy ratios were 11,7% and 12,3% respectively (from 11,8% and 12,5%). The Group generated 1,0% of CET1 internally during the period. Its total capital ratio was 14,1%, within the board target of 12,5% to 14,5%. Declaring a 13% higher interim DPS of 450 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 7% to R18 463m from R17 197m, with average interest-bearing assets growing 4%. The Group's net interest margin improved to 4,70% from 4,56%.

Loan mix and pricing had a 7 basis point ("bp(s)") positive impact, due to improved pricing in Home Loans and Personal and term loans. The deposit margin was unchanged, as the 4 bp negative pricing impact (largely higher liquidity premiums) was offset by less reliance on more expensive wholesale funding.

Higher South African interest rates increased the endowment contribution on deposits and equity by 6 bps. Despite releasing R586m to the income statement, the benefit from structural hedging declined 6 bps. The cash flow hedging reserve decreased to R0,3bn debit after tax from a R0,2bn credit balance. Rest of Africa added 3 bps to the Group margin, given its increased weighting, although its own margin declined. Changing the funding model for foreign currency loans added 11 bps to the total margin, partly offset by other items, including adverse prime-JIBAR movements.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Impairment losses on loans and advances

Credit impairments declined 1% to R3 550m from R3 568m, resulting in a 1,11% credit loss ratio from 1,18%. Total NPL cover improved to 43,6% from 43,1%. Balance sheet portfolio provisions increased 14% to R4,8bn, or 0.74% of performing loans from 0.70%. Group NPLs declined 8,4% to R26,8bn, or 4,0% of gross customer loans and advances from 4,6%.

RBB's credit impairments fell 8% to R3,2bn, a 1,38% credit loss ratio from 1,55%. Retail Banking South Africa's charge declined 10% to R2,5bn, as significantly lower mortgage credit impairments outweighed a 12% rise in those of Vehicle and Asset Finance ("VAF").

Home Loans' charge decreased 47% to R285m, a 0,25% credit loss ratio, given improved collections processes and the high quality of new business written in recent years. Mortgage NPLs fell 22% or by R2,7bn to R9,5bn, 1.4% of gross loans. NPL cover in mortgages decreased to 23,4% from 27,0%, as aged NPLs were written off. VAF's credit loss ratio was flat at 1,11%. Instalment credit agreements NPLs fell to 2,0% of gross loans and its NPL cover declined to 42,1%, due to accelerating write offs of aged legal accounts, which reduced the NPL book's average age.

Credit card's charge decreased 2% to R1 332m from R1 353m, a 6,95% credit loss ratio from 7,63%. The Edcon portfolio's charge declined 18% to R572m, a 12,59% credit loss ratio from 15,01%. The credit loss ratio for the remainder of the Card book remained within expectation, given the operating environment and seasoning of recent growth. Personal Loans' credit loss ratio improved to 5,93% from 6,56% reflecting lending to lower risk existing customers and enhanced collections.

Business Banking South Africa's credit impairments fell 17% to R251m, a 0,81% credit loss ratio from 1,00%. A significantly lower charge for CPF was the driver. NPLs fell 31% to R3,2bn or 0.48% of gross loans. Performing loan cover increased further to 1,16%. RBB Rest of Africa's credit impairments rose 15%, increasing its credit loss ratio to 2,31% from 2,23%. Its NPLs fell 12% to R2,9bn, while performing loan cover decreased to 1,08% since December 2014. CIB's credit impairments increased >100% off a low base to R238m, reflecting loan book growth and deterioration in some sectors. NPLs rose 118% to R2,2bn, while portfolio provisions increased to 0,26% of performing loans.

Non-interest income

Non-interest income increased 4% to R13 960m from R13 487m accounting for 43% of total income. Rest of Africa grew 11% to R2,3bn, despite rand appreciation, exceeding South Africa's 2% increase to R11,7bn. Net fee and commission income rose 6% to R9,8bn, with double digit growth in cheque accounts, credit cards and electronic banking. Merchant income decreased 3% to R841m due to the recent industry interchange amendments, while Trust and other fiduciary services was flat at R711m and investment banking fees increased 27% to R194m.

RBB's non-interest income grew 6% to R8,8bn, 63% of the total. Retail Banking in South Africa increased 3% to R6,0bn with customer numbers growing 2%. Card non-interest income was flat, despite 12% growth in acquiring volumes. New interchange rules reduced revenue by R74m in the period. Continued migration to bundled products dampened non-interest income growth. Business Banking's non-interest income grew 12% to R1,7bn, largely due to 14% higher cheque account income and 9% growth in electronic banking income. Enhanced digital functionality limited cash-related transaction income growth to 3%, while cheque payment volume fell 22%. RBB Rest of Africa's non-interest income rose 9% to R1,2bn, driven by increased transaction and card acquiring volumes.

WIMI's non-interest income increased 8% to R2,5bn, with improving 7% growth in South Africa and a 34% rise in the Rest of Africa. Net life premiums grew 3%, while short-term insurance increased 5%.

CIB's non-interest income decreased 15% to R2.8bn, largely due to a change in its funding model for foreign currency loans which reduced hedging revenue and R180m of negative revaluations in Private Equity. Overall Markets net revenue (including net interest income) grew 1% to R2,1bn. Fixed Income and Credit revenues declined 13%. Rest of Africa grew 27% and Equities and Prime Services rose 44%. Foreign Exchange and Commodities revenue in South Africa fell 25%, reflecting subdued client activity and margin pressure.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Operating expenses

Operating expenses grew 5% to R18 129m from R17 297m. Rand appreciation reduced the increase by 1%. South African costs grew 5%, while Rest of Africa increased 8% in constant currency given continued investment spend. Staff costs rose 10% to R10,0bn to account for 55,5% of total expenses. Salaries grew 8% due to higher wage increases for entry level employees and hiring in specialist areas such as IT. Incentives rose 20%, largely due to share-based payments increasing 26% given the Group's higher share price. Other staff costs increased 48%, with higher staff mobility costs and increased redundancy costs.

Non-staff costs declined 1% to R8,1bn, as efficiency initiatives enabled continued investment. Property-related costs decreased 6% to R2,6bn, reflecting portfolio optimisation and lower dilapidation costs. Total IT-related costs increased 9% to R3 134m, 17% of overall costs. Depreciation declined 5% and amortisation of intangible assets decreased 6% driven by impairments in the second half of 2014. Marketing costs grew 23% to R722m, given increased product advertising. Professional fees and communication costs increased 6% and 8% respectively.

RBB, CIB and WIMI's operating expenses increased 4% to R13,4bn, 5% to R3,5bn and 6% to R1,5bn respectively. In South Africa, RBB, CIB and WIMI's costs rose 3%, 6% and 5% respectively. Retail Banking South Africa's operating expenses grew 3%, driven by operational efficiencies and managing discretionary costs. Despite investing in relationship managers, Business Banking South Africa's cost growth was also contained to 3%, reflecting customers migrating to electronic channels and internal cost efficiencies. RBB Rest of Africa's constant currency costs grew 8% despite strategic investments, restructuring costs and inflationary pressures.

Taxation

The Group's taxation expense increased 7% to R2 907m, slightly less than the 9% growth in pre-tax profit, resulting in a 28,6% effective tax rate from 29,2%.

Segment performance

Group earnings remain well diversified by business and product line. RBB accounted for 63,4% of Group headline earnings excluding head office, eliminations and other central items. CIB contributed 26,4% and WIMI 10,2%.

Retail Banking South Africa

Headline earnings grew 16% to R3 136m as pre-provision profits increased 5% and credit impairments declined 10%. In the current period more central retail costs were allocated out to business units, resulting in a restatement of prior year comparatives. Home Loans' earnings increased 29% to R935m, as credit impairments fell 47%, costs grew 1% and its NIM improved. VAF's 6% earnings decrease to R450m reflected 11% loan growth offset by 12% higher credit impairments and some margin compression. Card earnings rose 13% to R642m, largely due to smaller losses in the Edcon portfolio, flat costs and 2% lower credit impairments. Personal Loans earnings increased significantly to R122m, given a wider margin, lower costs and 11% lower credit impairments. Transactional and Deposits earnings grew 13% to R1 228m as improved 8% revenue growth exceeded 5% cost growth. Losses in the 'Other' segment, which is largely central costs, increased 90% to R241m due to higher central funding costs. Retail Banking South Africa contributed 43% of Group headline earnings excluding Head Office, Treasury and other operations.

Business Banking South Africa

Headline earnings increased 22% to R1 056m, reflecting 20% growth in Business Banking excluding equities and a 52% lower loss in its non-core equity portfolio. Non-interest income growth of 14%, well ahead of 4% cost growth, saw Business Banking excluding equities increase pre-provision profit 11%, despite 3% net interest income growth. Lower credit impairments also contributed to earnings. Business Banking South Africa accounted for 14% of Group earnings excluding Head Office and other operations.

Retail and Business Banking Rest of Africa

Headline earnings increased 15% to R460m, as 10% pre-provision profit growth and lower tax expenses outweighed 6% currency depreciation and 15% higher credit impairments. RBB Rest of Africa accounted for 6% of Group headline earnings excluding head office and other operations.

Segment performance *(continued)*

Corporate and Investment Bank

Headline earnings rose 3% to R1 938m, or 9% excluding negative fair value adjustments in the non-core Private Equity portfolio. Revenue grew 5%, in line with costs, while its credit loss ratio increased to 0,28% from 0,09% and its taxation expense fell 16%. Corporate headline earnings grew 9% to R933m and Investment Bank's declined 2% to R1 005m. Corporate's revenue grew 7% to R3,4bn and Investment Banking 2% to R3,1bn. South African earnings decreased 2%, while Rest of Africa grew 12% to account for 38% of CIB earnings. Higher credit impairments and Private Equity losses reduced CIB's return on regulatory capital to 18,1% from 20,4%.

Wealth, Investment Management and Insurance

Headline earnings increased 14% to R751m, while net operating income increased 9% to R906m. Life Insurance headline earnings grew 7% to R394m, with 3% higher net premium income. Reducing pricing outside South Africa this year impacted Life's embedded value of new business ("EVNB"), which decreased 23%. Its return on embedded value was 23,0%. Wealth and Investment Management's headline earnings decreased 7% to R214m as costs grew 15% given continued investment in people and systems. Short-term Insurance earnings increased 44% to R115m due to improved underwriting margins and 69% higher net operating income in the Rest of Africa. Fiduciary Services earnings grew 23% to R70m, while Distribution broke even in the half. Rest of Africa headline earnings grew 76% to R60m and South Africa increased 10% to R691m. WIMI's RoE increased to 25,6% from 23,1%.

Prospects

We expect full-year global growth of 3,3%, slightly below 2014. Notwithstanding the Greece scare, we expect Europe's recovery to remain on track, and for developed country growth to lead the way while Emerging Markets, led by China, lag somewhat. We expect moderately higher inflation and for the much awaited US Federal Reserve "lift-off" to commence. One of South Africa's key risks is the potential for further protracted electricity supply constraints. Despite modest economic growth, we believe that headline inflation is likely to move higher into year-end, which together with the global environment, is likely to trigger modest interest rate increases. We expect full-year growth in SA of just 2% this year. In Barclays Africa's other markets, we expect growth to slip to 5,1% from 5,3% as many of the economies need to tighten fiscal and monetary policy and commodity prices impact underlying finances.

With South African interest rates likely to rise another 25 bps this year, we expect the Group's net interest margin to widen slightly from 2014's. We expect mid-single digit loan growth, with CIB's faster than RBB's. Focus on revenue growth and continued cost management should improve the Group's cost-to-income ratio. Our credit loss ratio should improve from the first half's, reflecting normal seasonality, to a level similar to 2014's 1,02%. These factors should increase our RoE further in 2015. Rest of Africa's earnings growth is likely to exceed South Africa's this year.

Basis of presentation

The Group's interim financial results have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), interpretations issued by the IFRS Interpretations Committee ("IFRS-IC"), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the 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 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, goodwill impairment, fair value measurements, impairment of available-for-sale financial assets, consolidation of structured or sponsored entities, post-retirement benefits, provisions, income taxes, share-based payments, liabilities arising from claims made under short-term insurance contracts, liabilities arising from claims made under life insurance contracts and offsetting of financial assets and liabilities.

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 2014.

Events after the reporting period

The directors are not aware of any events occurring between the reporting date of 30 June 2015 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

W E Lucas-Bull
Group Chairman

M Ramos
Chief Executive Officer

Johannesburg
29 July 2015

Declaration of interim ordinary dividend number 58

Shareholders are advised that an interim ordinary dividend of 450 cents per ordinary share was declared today, 29 July 2015, for the period ended 30 June 2015. The interim ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 11 September 2015. 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 per cent (15%).
- The gross local dividend amount is 450 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 382,50 cents per ordinary share for shareholders liable to pay for the dividend tax.
- Barclays Africa Group 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 the JSE Limited, the following salient dates for the payment of the dividend are applicable:

Last day to trade cum dividend	Friday, 4 September 2015
Shares commence trading ex dividend	Monday, 7 September 2015
Record date	Friday, 11 September 2015
Payment date	Monday, 14 September 2015

Share certificates may not be dematerialised or rematerialised between Monday, 7 September 2015 and Friday, 11 September 2015, both dates inclusive. On 14 September 2015 the dividend will be electronically transferred to the bank accounts of certificated shareholders. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will also be credited on 14 September 2015.

On behalf of the board

N R Drutman
Group Company Secretary

Johannesburg
29 July 2015

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

	Note	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Net interest income	2	**18 463**	17 197	7	35 601
Interest and similar income		**34 551**	31 850	8	65 646
Interest expense and similar charges		**(16 088)**	(14 653)	10	(30 045)
Non-interest income	3	**13 960**	13 487	4	27 524
Net fee and commission income		**9 845**	9 259	6	18 667
Fee and commission income	3.1	**11 285**	10 683	6	21 598
Fee and commission expense	3.1	**(1 440)**	(1 424)	1	(2 931)
Net insurance premium income	3.2	**2 981**	2 991	0	6 014
Net claims and benefits incurred on insurance contracts	3.3	**(1 467)**	(1 506)	(3)	(3 044)
Changes in investment and insurance contract liabilities	3.4	**(35)**	(765)	(95)	(752)
Gains and losses from banking and trading activities	3.5	**1 987**	2 385	(17)	4 373
Gains and losses from investment activities	3.6	**293**	926	(68)	1 133
Other operating income	3.7	**356**	197	81	1 133
Total income		**32 423**	30 684	6	63 125
Impairment losses on loans and advances	4	**(3 550)**	(3 568)	(1)	(6 290)
Operating income before operating expenditure		**28 873**	27 116	6	56 835
Operating expenses	5	**(18 129)**	(17 297)	5	(35 848)
Other expenses		**(639)**	(583)	10	(1 412)
Other impairments		**(16)**	(25)	(36)	(429)
Indirect taxation	6	**(623)**	(558)	12	(983)
Share of post-tax results of associates and joint ventures		**71**	71	—	142
Operating profit before income tax		**10 176**	9 307	9	19 717
Taxation expense	7	**(2 907)**	(2 714)	7	(5 573)
Profit for the reporting period		**7 269**	6 593	10	14 144
Profit attributable to:					
Ordinary equity holders		**6 770**	6 166	10	13 216
Non-controlling interest – ordinary shares		**340**	280	21	623
Non-controlling interest – preference shares		**159**	147	8	305
		7 269	6 593	10	14 144
Earnings per share:					
Basic earnings per ordinary share (cents)	1	**799,4**	727,6	10	1 560,1
Diluted basic earnings per ordinary share (cents)	1	**798,7**	727,3	10	1 559,2

Condensed consolidated statement of comprehensive income
for the reporting period ended

	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Profit for the reporting period	**7 269**	6 593	10	14 144
Other comprehensive income				
Items that will not be reclassified to profit or loss	**(30)**	40	<(100)	62
Movement in retirement benefit fund assets and liabilities	**(30)**	40	<(100)	62
Increase in retirement benefit surplus	**4**	20	(80)	149
(Decrease)/increase in retirement benefit deficit	**(28)**	21	<(100)	(86)
Deferred tax	**(6)**	(1)	<(100)	(1)
Total items that will not be reclassified to profit or loss	**(30)**	40	<(100)	62
Items that are or may be subsequently reclassified to profit or loss	**(1 461)**	(1 190)	23	(517)
Foreign exchange differences on translation of foreign operations	**(938)**	(726)	29	(199)
Movement in cash flow hedging reserve	**(616)**	(253)	>100	(251)
Fair value (losses)/gains arising during the reporting period	**(207)**	320	<(100)	1 094
Amount removed from other comprehensive income and recognised in profit or loss	**(648)**	(671)	(3)	(1 443)
Deferred tax	**239**	98	>100	98
Movement in available-for-sale reserve	**93**	(211)	<(100)	(67)
Losses arising during the reporting period	**(11)**	(333)	(97)	(142)
Amount removed from other comprehensive income and recognised in profit or loss	**101**	3	>100	44
Deferred tax	**3**	119	(97)	31
Total items that are or may be subsequently reclassified to profit or loss	**(1 461)**	(1 190)	23	(517)
Total comprehensive income for the reporting period	**5 778**	5 443	6	13 689
Total comprehensive income attributable to:				
Ordinary equity holders	**5 368**	5 062	6	12 682
Non-controlling interest – ordinary shares	**251**	234	7	702
Non-controlling interest – preference shares	**159**	147	8	305
	5 778	5 443	6	13 689

Condensed consolidated statement of financial position
as at

		30 June			31 December
	Note	2015 Rm	2014[1] Rm	Change %	2014 Rm
Assets					
Cash, cash balances and balances with central banks		**46 224**	44 589	4	50 335
Investment securities		**78 966**	82 527	(4)	85 886
Loans and advances to banks		**93 535**	87 254	7	72 225
Trading portfolio assets		**89 426**	86 577	3	90 498
Hedging portfolio assets		**2 106**	2 512	(16)	2 350
Other assets		**32 132**	19 462	65	15 514
Current tax assets		**1 354**	532	>100	381
Non-current assets held for sale		**949**	1 290	(26)	972
Loans and advances to customers	8	**657 412**	615 540	7	636 326
Reinsurance assets		**467**	736	(37)	731
Investments linked to investment contracts		**19 025**	20 975	(9)	19 317
Investments in associates and joint ventures		**901**	775	16	845
Investment properties		**751**	778	(3)	727
Property and equipment		**11 404**	10 689	7	11 177
Goodwill and intangible assets		**3 095**	3 168	(2)	3 219
Deferred tax assets		**1 198**	1 297	(8)	911
Total assets		**1 038 945**	978 701	6	991 414
Liabilities					
Deposits from banks		**51 041**	64 768	(21)	52 977
Trading portfolio liabilities		**48 324**	46 155	5	49 772
Hedging portfolio liabilities		**2 432**	2 512	(3)	2 577
Other liabilities		**34 313**	28 886	19	21 079
Provisions		**1 986**	1 951	2	2 943
Current tax liabilities		**151**	167	(10)	54
Non-current liabilities held for sale		**468**	504	(7)	372
Deposits due to customers	9	**649 226**	598 453	8	624 886
Debt securities in issue	10	**119 544**	105 509	13	106 098
Liabilities under investment contracts		**22 706**	24 700	(8)	23 299
Policyholder liabilities under insurance contracts		**3 651**	2 574	42	3 871
Borrowed funds	11	**11 476**	14 889	(23)	11 208
Deferred tax liabilities		**1 768**	1 351	31	1 333
Total liabilities		**947 086**	892 419	6	900 469
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital	11	**1 694**	1 694	—	1 694
Share premium	11	**4 531**	4 509	0	4 548
Retained earnings		**72 407**	66 814	8	70 237
Other reserves		**4 875**	5 412	(10)	6 211
		83 507	78 429	6	82 690
Non-controlling interest – ordinary shares		**3 708**	3 209	16	3 611
Non-controlling interest – preference shares		**4 644**	4 644	—	4 644
Total equity		**91 859**	86 282	6	90 945
Total liabilities and equity		**1 038 945**	978 701	6	991 414

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.

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Condensed consolidated statement of changes in equity
for the reporting period ended

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm
Balance at the beginning of the reporting period	**846 870**	**1 694**	**4 548**	**70 237**	**6 211**
Total comprehensive income for the reporting period	—	—	—	6 741	(1 373)
Profit for the reporting period	—	—	—	6 770	(1 373)
Other comprehensive income	—	—	—	(29)	—
Dividends paid during the reporting period	—	—	—	(4 443)	—
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	—	(5)	—
Elimination of the movement in treasury shares held by Group entities	—	—	(18)	—	—
Movement in share-based payment reserve	—	—	1	—	68
Transfer from share-based payment reserve	—	—	1	—	(1)
Value of employee services	—	—	—	—	69
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	6	(6)
Movement in general credit risk reserve	—	—	—	96	(96)
Share of post-tax results of associates and joint ventures	—	—	—	(71)	71
Disposal of interest in a subsidiary	—	—	—	(154)	—
Balance at the end of the reporting period	**846 870**	**1 694**	**4 531**	**72 407**	**4 875**

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm
Balance at the beginning of the reporting period	847 313	1 695	4 474	64 701	6 447
Total comprehensive income for the reporting period	—	—	—	6 198	(1 136)
Profit for the reporting period	—	—	—	6 166	—
Other comprehensive income	—	—	—	32	(1 136)
Dividends paid during the reporting period	—	—	—	(3 981)	—
Purchase of Group share in respect of equity-settled share-based payment arrangements	—	—	(40)	—	—
Elimination of the movement in treasury shares held by Group entities	(442)	(1)	54	—	—
Movement in share-based payment reserve	—	0	21	—	(3)
Transfer from share-based payment reserve	—	0	21	—	(21)
Value of employee services	—	—	—	—	18
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	(4)	4
Movement in general credit risk reserve	—	—	—	(29)	29
Share of post-tax results of associates and joint ventures	—	—	—	(71)	71
Disposal of subsidiary[1]	—	—	—	—	—
Balance at the end of the reporting period	846 871	1 694	4 509	66 814	5 412

Note

[1]The Group sold its investment in a non-core subsidiary on 2 January 2014 and the subsidiary has been derecognised.

30 June

2015

General credit risk reserve Rm	Available-for-sale reserves Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Share-based payment reserve Rm	Associates and joint ventures' reserve 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
597	912	353	3 465	20	56	808	82 690	3 611	4 644	90 945
—	59	(616)	(816)	—	—	—	5 368	251	159	5 778
—	—	—	—	—	—	—	6 770	340	159	7 269
—	59	(616)	(816)	—	—	—	(1 402)	(89)	—	(1 491)
—	—	—	—	—	—	—	(4 443)	(330)	(159)	(4 932)
—	—	—	—	—	—	—	(5)	—	—	(5)
—	—	—	—	—	—	—	(18)	—	—	(18)
—	—	—	—	—	68	—	69	—	—	69
—	—	—	—	—	(1)	—	—	—	—	—
—	—	—	—	—	69	—	69	—	—	69
—	—	—	—	(6)	—	—	—	—	—	—
(96)	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	71	—	—	—	—
—	—	—	—	—	—	—	(154)	176	—	22
501	971	(263)	2 649	14	124	879	83 507	3 708	4 644	91 859

30 June

2014

General credit risk reserve Rm	Available-for-sale reserves Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Share-based payment reserve Rm	Associates and joint ventures' reserve 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
440	979	604	3 697	16	45	666	77 317	3 240	4 644	85 201
—	(218)	(253)	(665)	—	—	—	5 062	234	147	5 443
—	—		—	—	—	—	6 166	280	147	6 593
—	(218)	(253)	(665)	—	—	—	(1 104)	(46)	—	(1 150)
—	—	—	—	—	—	—	(3 981)	(217)	(147)	(4 345)
—	—	—	—	—	—	—	(40)	—	—	(40)
—	—	—	—	—	—	—	53	—	—	53
—	—	—	—	—	(3)	—	18	—	—	18
—	—	—	—	—	(21)	—	—	—	—	—
—	—	—	—	—	18	—	18	—	—	18
—	—	—	—	4	—	—	—	—	—	—
29	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	71	—	—	—	—
—	—	—	—	—	—	—	—	(48)	—	(48)
469	761	351	3 032	20	42	737	78 429	3 209	4 644	86 282

Condensed consolidated statement of changes in equity
for the reporting period ended

	Number of ordinary shares '000	Share capital Rm	Share premium Rm	Retained earnings Rm	Total other reserves Rm
Balance at the beginning of the reporting period	847 313	1 695	4 474	64 701	6 447
Total comprehensive income for the reporting period	—	—	—	13 232	(550)
Profit for the reporting period	—	—	—	13 216	—
Other comprehensive income	—	—	—	16	(550)
Dividends paid during the reporting period	—	—	—	(7 365)	—
Purchase of Group shares in respect of equity-settled share-based payment arrangements	—	—	(46)	—	—
Elimination of the movement in treasury shares held by Group entities	(443)	(1)	97	—	—
Movement in share-based payment reserve	—	—	23	—	11
Transfer from share-based payment reserve	—	—	23	—	(23)
Value of employee services	—	—	—	—	34
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	(4)	4
Movement in general credit risk reserve	—	—	—	(157)	157
Share of post-tax results of associates and joint ventures	—	—	—	(142)	142
Acquisition of non-controlling interest and related transaction costs	—	—	—	—	—
Disposal of subsidiary[1]	—	—	—	(28)	—
Balance at the end of the reporting period	846 870	1 694	4 548	70 237	6 211

Note

[1]The Group sold its investment in a non-core subsidiary on 2 January 2014 and the subsidiary has been derecognised.

31 December 2014

General credit risk reserve Rm	Available-for-sale reserves Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Foreign insurance subsidiary regulatory reserve Rm	Share-based payment reserve Rm	Associates and joint ventures' reserve 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
440	979	604	3 697	16	45	666	77 317	3 240	4 644	85 201
—	(67)	(251)	(232)	—	—	—	12 682	702	305	13 689
—	—	—	—	—	—	—	13 216	623	305	14 144
—	(67)	(251)	(232)	—	—	—	(534)	79	—	(455)
—	—	—	—	—	—	—	(7 365)	(311)	(305)	(7 981)
—	—	—	—	—	—	—	(46)	—	—	(46)
—	—	—	—	—	—	—	96	—	—	96
—	—	—	—	—	11	—	34	—	—	34
—	—	—	—	—	(23)	—	—	—	—	—
—	—	—	—	—	34	—	34	—	—	34
—	—	—	—	4	—	—	—	—	—	—
157	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	142	—	—	—	—
—	—	—	—	—	—	—	—	(48)	—	(48)
—	—	—	—	—	—	—	(28)	28	—	—
597	912	353	3 465	20	56	808	82 690	3 611	4 644	90 945

Condensed consolidated statement of cash flows
for the reporting period ended

	Note	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014 Rm
Net cash generated from operating activities		**3 176**	4 763	(33)	18 233
Net cash utilised in investing activities		**(939)**	(3 400)	(72)	(5 462)
Net cash utilised in financing activities		**(4 633)**	(5 840)	(21)	(12 055)
Net (decrease)/increase in cash and cash equivalents		**(2 396)**	(4 477)	(46)	716
Cash and cash equivalents at the beginning of the reporting period	1	**16 626**	15 854	5	15 854
Effect of foreign exchange rate movements on cash and cash equivalents		**(248)**	(166)	72	56
Cash and cash equivalents at the end of the reporting period	2	**13 946**	11 211	24	16 626

Notes to the condensed consolidated statement of cash flows

	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014 Rm
1. Cash and cash equivalents at the beginning of the reporting period				
Cash, cash balances and balances with central banks[2]	**12 903**	12 653	2	12 653
Loans and advances to banks[3]	**3 723**	3 201	16	3 201
	16 626	15 854	5	15 854
2. Cash and cash equivalents at the end of the reporting period				
Cash, cash balances and balances with central banks[2]	**9 833**	8 497	16	12 903
Loans and advances to banks[3]	**4 113**	2 714	52	3 723
	13 946	11 211	24	16 626

Notes

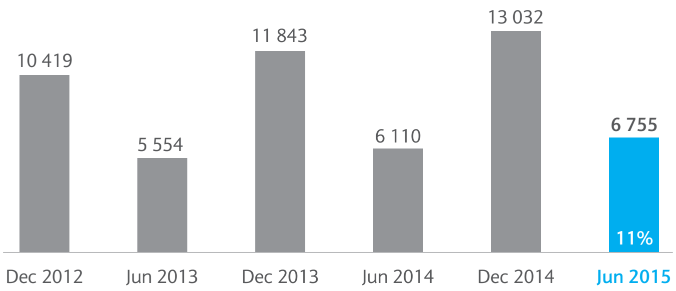
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.

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

[3]Includes 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".

1. Headline earnings and earnings per ordinary share

Headline earnings (Rm and change %)



	30 June					31 December	
	2015		2014			2014	
Headline earnings	Gross Rm	Net[1] Rm	Gross Rm	Net[1] Rm	Net change[1] %	Gross Rm	Net[1] Rm
Headline earnings is determined as follows:							
Profit attributable to ordinary equity holders		6 770		6 166	10		13 216
Total headline earnings adjustment		(15)		(56)	(73)		(184)
IFRS 3 – Goodwill impairment	1	1	—	—	—	1	1
IFRS 5 – Gains on disposal of non-current assets held for sale	(1)	(1)	(42)	(34)	(97)	(97)	(86)
IAS 16 – Profit on disposal of property and equipment	(3)	(3)	(16)	(13)	(77)	(19)	(15)
IAS 21 – Recycled foreign currency translation reserve	(90)	(90)	—	—	<(100)	(397)	(397)
IAS 27 – Profit on disposal of subsidiary	—	—	(44)	(35)	(100)	(44)	(35)
IAS 28 – Impairment of investments in associates and joint ventures	—	—	—	—	—	2	2
IAS 36 – Impairment of property and equipment	1	1	16	12	(92)	260	189
IAS 36 and IAS 38 – Loss on disposal and impairment of intangible assets	19	13	—	—	>100	148	107
IAS 39 – Release of available-for-sale reserves	101	73	3	2	>100	44	31
IAS 40 – Change in fair value of investment properties	(9)	(9)	12	12	<(100)	18	19
		6 755		6 110	11		13 032

Notable adjustments to headline earnings

- "Gains on disposal of non-current assets held for sale" during the previous reporting periods are mainly attributable to the disposal of a non-core business line in CIB.
- The "Recycled foreign currency translation reserve" is attributable to the settlement of a foreign currency loan forming part of the permanent capital of a foreign operation. Part of the loan was settled in the previous reporting period, and the final settlement was completed in the current reporting period.
- The profit on disposal of subsidiaries in the previous reporting period relates to CPF in RBB.
- The impairments of property and equipment in the first and second half of 2014 relate to leasehold improvements and furniture situated in buildings that were exited or renovated.
- The impairment of intangible assets was incurred in WIMI and relates to continued asset impairment evaluations and subsequent new investment in integrating technology across Africa.
- The "Release of available-for-sale reserves" relates to releases from the sale of government bonds during the reporting period and the amortisation of the ineffective portion of the reserve balance.

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

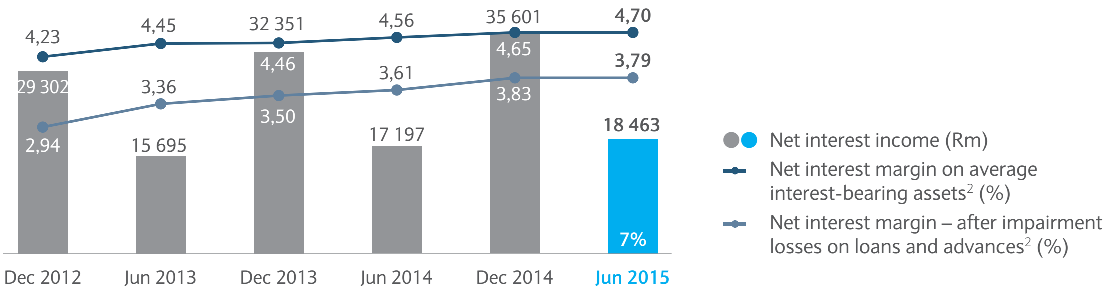
Performance indicators and condensed notes to the consolidated financial statements
for the reporting period ended

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

Pro forma earnings and headline earnings per share	30 June 2015	30 June 2014	Change %	31 December 2014
Basic earnings per share				
Basic earnings attributable to ordinary equity holders (Rm)	**6 770**	6 166	10	13 216
Weighted average number of ordinary shares in issue (millions)	**846,9**	847,5	0	847,1
Issued shares at the beginning of the reporting period (millions)	**847,8**	847,8	—	847,8
Treasury shares held by Group entities (millions)	**(0,9)**	(0,3)	>100	(0,7)
Basic earnings per share (cents)	**799,4**	727,6	10	1 560,1
Diluted basic earnings per share				
Basic earnings attributable to ordinary equity holders (Rm)	**6 770**	6 166	10	13 216
Diluted weighted average number of ordinary shares in issue (millions)	**847,6**	847,8	0	847,6
Weighted average number of ordinary shares (millions)	**846,9**	847,5	0	847,1
Adjustments for share options at no value (millions)	**0,7**	0,3	>100	0,5
Diluted basic earnings per share (cents)	**798,7**	727,3	10	1 559,2
Headline earnings per share				
Headline earnings attributable to ordinary equity holders (Rm)	**6 755**	6 110	11	13 032
Weighted average number of ordinary shares in issue (millions)	**846,9**	847,5	0	847,1
Headline earnings per share (cents)	**797,6**	720,9	11	1 538,4
Diluted headline earnings per share				
Headline earnings attributable to ordinary equity holders (Rm)	**6 755**	6 110	11	13 032
Diluted weighted average number of ordinary shares in issue (millions)	**847,6**	847,8	0	847,6
Diluted headline earnings per share (cents)	**797,0**	720,7	11	1 537,5

2. Net interest income

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



	30 June						31 December		
	2015			2014[1]			2014		
Group average statement of financial position	**Average balance[2] Rm**	**Average rate %**	**Interest income/ (expense) Rm**	Average balance[2] Rm	Average rate %	Interest income/ (expense) Rm	Average balance[2] Rm	Average rate %	Interest income/ (expense) Rm
Assets									
Cash, cash balances and balances with central banks	**11 636**	**1,91**	**110**	14 073	2,25	157	12 968	2,76	358
Investment securities	**74 788**	**11,32**	**4 197**	72 155	9,08	3 248	74 379	8,78	6 533
Loans and advances to banks and customers	**706 071**	**8,63**	**30 211**	674 660	8,29	27 737	678 098	8,46	57 389
Other interest[3]	**—**	**—**	**33**	—	—	708	—	—	1 366
Interest-bearing assets	**792 495**	**8,79**	**34 551**	760 888	8,44	31 850	765 445	8,58	65 646
Non-interest-bearing assets	**234 773**	**—**	**—**	209 801	—	—	216 444	—	—
Total assets	**1 027 268**	**6,78**	**34 551**	970 689	6,62	31 850	981 889	6,69	65 646
Liabilities									
Deposits from banks and due to customers	**621 334**	**(4,02)**	**(12 386)**	600 557	(3,77)	(11 234)	610 205	(4,00)	(24 407)
Debt securities in issue	**114 184**	**(6,91)**	**(3 911)**	106 055	(6,33)	(3 329)	106 310	(6,38)	(6 785)
Borrowed funds	**11 476**	**(8,19)**	**(466)**	13 489	(10,93)	(731)	12 674	(10,04)	(1 272)
Other interest[3]	**—**	**—**	**675**	—	—	641	—	—	2 419
Interest-bearing liabilities	**746 994**	**(4,34)**	**(16 088)**	720 101	(4,10)	(14 653)	729 189	(4,12)	(30 045)
Non-interest-bearing liabilities	**186 544**	**—**	**—**	164 990	—	—	165 583	—	—
Total liabilities	**933 538**	**(3,48)**	**(16 088)**	885 091	(3,34)	(14 653)	894 772	(3,36)	(30 045)
Total equity	**93 730**	**—**	**—**	85 598	—	—	87 117	—	—
Total liabilities and equity	**1 027 268**	**(3,56)**	**(16 088)**	970 689	(3,04)	(14 653)	981 889	(3,06)	(30 045)
Net interest margin on average interest-bearing assets		**4,70**			4,56			4,65	

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.
[2]Average balances are calculated based on daily and monthly weighted average balances.
[3]"Other interest" on assets and liabilities includes fair value adjustments on hedging instruments and hedged items.

2. Net interest income *(continued)*

Change in net interest margin	30 June 2015 bps	30 June 2014 bps	31 December 2014 bps
Loans and advances to customers (i)	**7**	0	(4)
Change in customer rates (pricing)	**6**	(1)	(2)
Change in composition (mix)	**1**	1	(2)
Deposits due to customers (ii)	**—**	17	14
Change in customer rates (pricing)	**(4)**	9	6
Change in composition (mix)	**2**	6	6
Endowment (iii)	**2**	2	2
Equity endowment (iii)	**4**	2	2
Interest rate risk management (hedging strategy) (iii)	**(6)**	2	(5)
Rest of Africa (iv)	**3**	(10)	(6)
Other (v)	**6**	—	18
	14	11	19

Performance

The Group's net interest margin expanded by **14 bps** (30 June 2014: 11 bps) during the current reporting period. The increase in the net interest margin is mainly attributable to:

(i) Loans and advances to customers

- Improved margins in Home Loans and CIB, together with the effect of 2014 pricing increases in Personal and Term loans, contributed favourable to asset margins. These favourable factors were partly offset by the adverse impact of competitive market pricing in VAF.
- The reduction in the Home Loans book drove a favourable composition effect. This benefit was substantially offset by growth in lower margin CIB lending and VAF combined with low growth in higher margin RBB Personal and Term loans.

(ii) Deposits due to customers

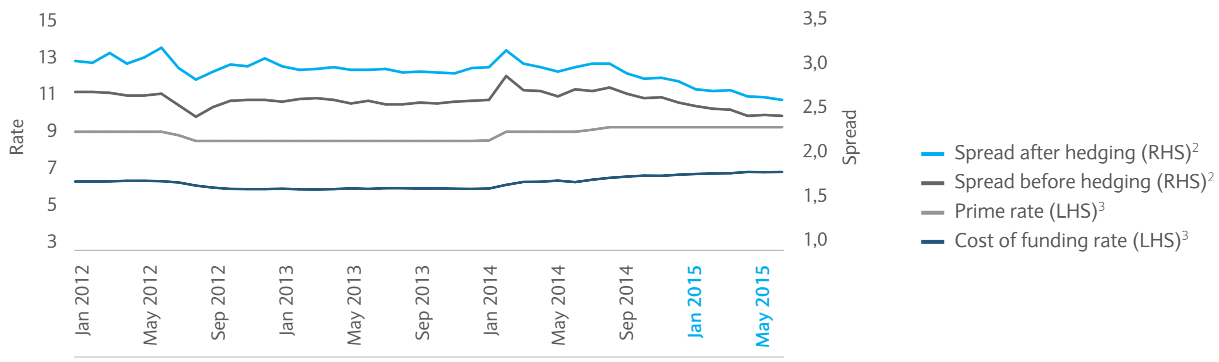
- Deposits reflected a marginal adverse impact from pricing.
- Strong growth in RBB and Corporate deposits drove a net favourable composition impact as the Group was able to reduce more expensive wholesale funding.

2. Net interest income *(continued)*

Performance *(continued)*

(iii) Hedging strategy

Hedging impact on net interest margin[1] (%)



- 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 is well defined and tested. As at 30 June 2015 an aggregate of **14%** (30 June 2014: 14%) of ABSA Bank Limited's 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 a debit balance of R0,3bn after tax (30 June 2014: R0,4bn credit) 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 15 bps was 6 bps lower when compared to the benefit of 21 bps in the previous period, but still contributed positively to the overall margin. In the current reporting period, **R586m** (30 June 2014: R671m) was released to the statement of comprehensive income.

(iv) Rest of Africa

- Rest of Africa had a 3 bps positive impact on the Group's margin due to its increased weighting relative to the Group's other assets which drove a 9 bps favourable composition impact. Continuing regulatory environment pressures in various countries resulted in a 6 bps negative pricing impact which partly offset the composition benefit.

(v) Other

Other factors that impacted margin included:

- change in funding model applied to foreign currency loans in (11 bps);
- adverse Prime rate versus JIBAR rate movements (-3 bps);
- reset benefit of the 2014 first quarter prime rate increase in the base (-4 bps); and
- lower borrowed funds.

Notes

[1]Absa 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.

[2]Right-hand side of the "y" axis.
[3]Left-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 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Asset management and other related fees	**64**	61	5	129
Consulting and administration fees	**386**	361	7	705
Credit-related fees and commissions	**8 361**	7 833	7	15 814
Cheque accounts	**2 086**	1 853	13	3 871
Credit cards[1,2]	**999**	854	17	1 591
Electronic banking[1]	**2 302**	2 056	12	4 334
Other[3]	**1 842**	1 974	(7)	3 716
Savings accounts	**1 132**	1 096	3	2 302
Insurance commission received	**593**	594	0	1 148
Investment banking fees	**194**	153	27	312
Merchant income[1]	**841**	869	(3)	1 861
Other fee and commission income	**135**	103	31	210
Trust and other fiduciary service fees	**711**	709	0	1 419
Portfolio and other management fees	**575**	578	(1)	1 138
Trust and estate income	**136**	131	4	281
Fee and commission income	**11 285**	10 683	6	21 598
Fee and commission expense	**(1 440)**	(1 424)	1	(2 931)
Cheque processing fees	**(66)**	(67)	(1)	(131)
Insurance commission paid	**(492)**	(521)	(6)	(1 075)
Other fee and commission expense	**(792)**	(680)	16	(1 426)
Transaction-based legal fees	**(1)**	(60)	(98)	(77)
Trust and other fiduciary service fees	**(29)**	(28)	4	(78)
Valuation fees	**(60)**	(68)	(12)	(144)
	9 845	9 259	6	18 667
Segment split[1]				
RBB	**8 278**	7 898	5	15 943
Retail Banking South Africa	**5 694**	5 496	4	11 153
Business Banking South Africa	**1 546**	1 423	9	2 966
RBB Rest of Africa	**1 038**	979	6	1 824
CIB	**1 020**	873	17	1 813
WIMI	**720**	651	11	1 244
Head Office, Treasury and other operations	**(173)**	(163)	6	(333)
	9 845	9 259	6	18 667

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]"Credit cards" includes card issuing fees.

[3]"Other" includes service and credit-related fees and commissions on mortgage loans and foreign exchange transactions.

3. Non-interest income *(continued)*

3.2 Net insurance premium income

	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Gross insurance premiums[1]	**4 091**	4 037	1	8 415
Premiums ceded to reinsurers	**(1 110)**	(1 046)	6	(2 401)
	2 981	2 991	0	6 014
Segment split				
Retail Banking South Africa (consisting of WFS)	**138**	122	13	250
WIMI	**2 843**	2 869	(1)	5 764
	2 981	2 991	0	6 014

3.3 Net claims and benefits incurred on insurance contracts

	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Gross claims and benefits incurred on insurance contracts	**(2 117)**	(2 019)	5	(4 122)
Reinsurance recoveries	**650**	513	27	1 078
	(1 467)	(1 506)	(3)	(3 044)
Segment split				
Retail Banking South Africa (consisting of WFS)	**(19)**	(12)	58	(27)
WIMI	**(1 446)**	(1 501)	(4)	(3 016)
Head Office, Treasury and other operations	**(2)**	7	<(100)	(1)
	(1 467)	(1 506)	(3)	(3 044)

3.4 Changes in investment and insurance contract liabilities[2]

	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Change in insurance contract liabilities	**11**	(206)	<(100)	(168)
Change in investment contract liabilities	**(46)**	(559)	(92)	(584)
	(35)	(765)	(95)	(752)
Segment split				
Retail Banking South Africa (consisting of WFS)	**(2)**	—	<(100)	2
WIMI	**(35)**	(767)	(95)	(758)
Head Office, Treasury and other operations	**2**	2	—	4
	(35)	(765)	(95)	(752)

Notes

[1]In line with the strategic intent to reduce volatility and improve margins, WIMI exited the agricultural crop business. This business has been included in "terminating lines of business".

[2]One of the key drivers to the movement of the Group's liability under investment contracts is the underlying performance of the related assets. Gains and losses from investment activities – policyholder investment contracts should be read in conjunction with changes in investment and insurance contract liabilities – change in investment contract liabilities.

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 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Net losses on investments	**(197)**	(6)	>100	(91)
Debt instruments designated at fair value through profit or loss	**2**	3	(33)	7
Equity instruments designated at fair value through profit or loss	**(98)**	(6)	>100	(54)
Available-for-sale unwind from reserves	**(101)**	(3)	>100	(44)
Net trading result	**1 971**	2 334	(16)	4 246
Net trading income excluding the impact of hedge accounting	**1 968**	2 532	(22)	4 493
Ineffective portion of hedges	**3**	(198)	>100	(247)
Cash flow hedges	**(8)**	(175)	(95)	(239)
Fair value hedges	**11**	(23)	>100	(8)
Other gains	**213**	13	>100	174
Profit on sale of subsidiaries[2]	**—**	44	(100)	44
	1 987	2 385	(17)	4 373
Segment split[1]				
RBB	**211**	210	0	356
Retail Banking South Africa	**65**	124	(48)	64
Business Banking South Africa	**5**	(32)	>100	(19)
RBB Rest of Africa	**141**	118	19	311
CIB	**1 798**	2 353	(24)	4 503
WIMI	**1**	3	(67)	4
Head Office, Treasury and other operations	**(23)**	(181)	(87)	(490)
	1 987	2 385	17	4 373

3.6 Gains and losses from investment activities[3]

	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Net gains on investments from insurance activities	**260**	909	(71)	1 090
Policyholder – insurance contracts	**88**	230	(62)	299
Policyholder – investment contracts	**17**	535	(97)	508
Shareholder funds	**155**	144	8	283
Other gains	**33**	17	94	43
	293	926	(68)	1 133
Segment split				
CIB	**1**	—	>100	7
WIMI	**334**	1 008	(67)	1 313
Head Office, Treasury and other operations	**(42)**	(82)	(49)	(187)
	293	926	(68)	1 133

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]The Group sold its investment in a non-core subsidiary on 2 January 2014. The disposal resulted in the derecognition of the subsidiary and a non-headline earnings profit of R44m.

[3]One of the key drivers to the movement of the Group's liability under investment contracts is the underlying performance of the related assets. Gains and losses from investment activities – policyholder investment contracts should be read in conjunction with changes in investment and insurance contract liabilities – change in investment contract liabilities.

3. Non-interest income *(continued)*

3.7 Other operating income

	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Property-related income	133	170	(22)	318
Income from investment properties	91	85	7	185
Change in fair value	11	—	100	13
Rentals	80	85	(6)	172
Profit on disposal of property and equipment	3	16	(81)	19
Profit on disposal of developed properties	23	15	53	31
Profit on disposal of repossessed properties	1	29	(97)	32
Rental income	15	25	(40)	51
Other operating income	223	27	>100	815
Foreign exchange differences, including recycle from other comprehensive income	122	(11)	>100	403
Income from maintenance contracts	14	10	40	28
Profit/(loss) on disposal of intangible assets	6	—	>100	(2)
Sundry income[1]	81	28	>100	386
	356	197	81	1 133
Segment split[2]				
Property-related income	133	170	(22)	318
RBB	110	160	(31)	273
Retail Banking South Africa	6	45	(87)	76
Business Banking South Africa	99	111	(11)	192
RBB Rest of Africa	5	4	25	5
CIB	(1)	2	<(100)	3
WIMI	14	8	75	18
Head Office, Treasury and other operations	10	—	100	24
Other operating income	223	27	>100	815
RBB	99	(34)	>100	226
Retail Banking South Africa	75	(15)	>100	182
Business Banking South Africa	5	(19)	>100	27
RBB Rest of Africa	19	—	>100	17
CIB	(9)	66	<(100)	176
WIMI	59	26	>100	59
Head Office, Treasury and other operations	74	(31)	>100	354
	356	197	81	1 133

Notes

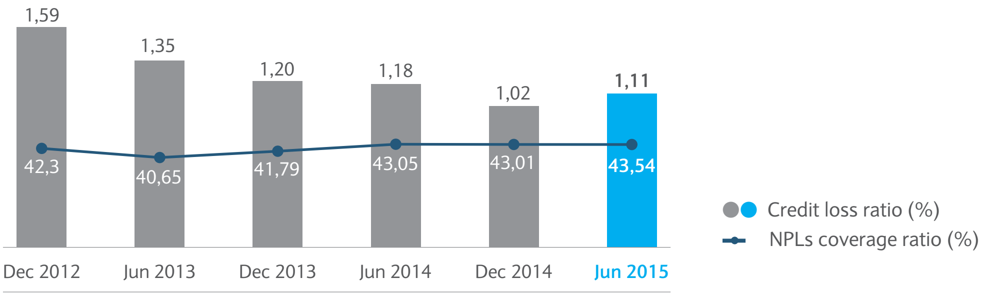
[1]"Sundry income" includes service fees levied on asset finance as well as the profit on disposal of sundry non-core business activities.

[2]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

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

4. Impairment losses on loans and advances

Credit loss and NPLs ratios (%)



Charge to the statement of comprehensive income by segment	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm
RBB				
Total charge	**3 199**	3 482	(8)	6 017
Credit loss ratio (%)	**1,38**	1,55		1,32
Retail Banking South Africa				
Card	**1 332**	1 353	(2)	2 262
Consumer Bank	**456**	503	(9)	933
Home Loans	**285**	540	(47)	860
Vehicle and Asset Finance	**468**	418	12	797
Other	**(1)**	9	<(100)	(4)
Total charge	**2 540**	2 823	(10)	4 848
Credit loss ratio (%)	**1,39**	1,58		1,33
Business Banking South Africa				
Business Banking (excluding Equities)	**251**	303	(17)	528
Business Banking Equities	**—**	—		—
Total charge	**251**	303	(17)	528
Credit loss ratio (%)	**0,81**	1,00		0,87
RBB Rest of Africa				
Total charge	**408**	356	15	641
Credit loss ratio (%)	**2,31**	2,23		1,95
CIB				
Total charge	**238**	65	>100	248
Credit loss ratio (%)	**0,28**	0,09		0,16
WIMI				
Total charge	**3**	20	(85)	25
Credit loss ratio (%)	**0,12**	0,72		0,46
Head Office, Treasury and other operations				
Total charge	**110**	1	>100	—
Total charge to the statement of comprehensive income	**3 550**	3 568	(1)	6 290
Comprising:				
Impairments raised	**4 039**	3 996	1	7 280
Identified impairments	**3 791**	3 567	6	6 967
Unidentified impairments	**248**	429	(42)	313
Recoveries of loans and advances previously written off[2]	**(489)**	(428)	(14)	(990)
Total charge to the statement of comprehensive income	**3 550**	3 568	(1)	6 290
Credit loss ratio (%)	**1,11**	1,18		1,02

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]"Recoveries of loans and advances previously written off" includes collection costs of **R133m** (30 June 2014: R94m; 31 December 2014: R193m).

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

Loans and advances to customers	Performing loans Exposure Rm	Performing loans Impairment Rm	Performing loans Coverage ratio %	Non-performing loans Exposure Rm	Non-performing loans Impairment Rm	Non-performing loans Coverage ratio %	Net total exposure Rm
	30 June 2015						
RBB	462 279	4 168	0,90	24 504	11 012	44,94	471 603
Retail Banking South Africa	364 594	3 066	0,84	18 414	8 052	43,73	371 890
Credit cards	36 022	821	2,28	5 312	3 810	71,72	36 703
Instalment credit agreements	72 622	543	0,75	1 455	613	42,13	72 921
Loans to associates and joint ventures	14 163	—	—	—	—	—	14 163
Mortgages	222 791	1 234	0,55	9 491	2 224	23,43	228 824
Other loans and advances	344	—	—	—	—	—	344
Overdrafts	2 408	32	1,33	158	92	58,23	2 442
Personal and term loans	16 244	436	2,68	1 998	1 313	65,72	16 493
Business Banking South Africa	61 959	718	1,16	3 221	1 109	34,43	63 353
Mortgages (including CPF)[1]	29 418	217	0,73	1 721	591	34,34	30 331
Overdrafts	19 212	295	1,54	770	307	39,87	19 380
Term loans	13 329	206	1,55	730	211	28,90	13 642
RBB Rest of Africa	35 726	384	1,08	2 869	1 851	64,52	36 360
CIB	176 753	463	0,26	2 202	611	27,75	177 881
WIMI	5 149	49	0,95	52	35	67,31	5 117
Head Office, Treasury and other operations	2 921	110	3,77	—	—	0,00	2 811
	647 102	4 790	0,74	26 758	11 658	43,57	657 412

Loans and advances to customers	Performing loans Exposure Rm	Performing loans Impairment Rm	Performing loans Coverage ratio %	Non-performing loans Exposure Rm	Non-performing loans Impairment Rm	Non-performing loans Coverage ratio %	Net total exposure Rm
	30 June 2014[2]						
RBB	445 184	3 782	0,85	28 145	12 125	43,08	457 422
Retail Banking South Africa	354 423	2 771	0,78	20 250	8 576	42,35	363 326
Credit cards	34 494	783	2,27	4 643	3 344	72,02	35 010
Instalment credit agreements	66 711	332	0,50	1 474	679	46,07	67 174
Loans to associates and joint ventures	10 968	—	—	—	—	—	10 968
Mortgages	223 866	1 309	0,58	12 190	3 294	27,02	231 453
Other loans and advances	303	—	—	—	—	—	303
Overdrafts	2 247	26	1,16	112	71	63,39	2 262
Personal and term loans	15 834	321	2,03	1 831	1 188	64,88	16 156
Business Banking South Africa	58 586	488	0,83	4 650	1 695	36,45	61 053
Mortgages (including CPF)[1]	29 104	183	0,63	2 514	993	39,50	30 442
Overdrafts	18 126	192	1,06	999	409	40,94	18 524
Term loans	11 356	113	1,00	1 137	293	25,77	12 087
RBB Rest of Africa	32 175	523	1,63	3 245	1 854	57,14	33 043
CIB	152 344	280	0,18	1 010	394	39,01	152 680
WIMI	5 387	33	0,61	69	62	89,86	5 361
Head Office, Treasury and other operations	188	111	59,04	—	—	—	77
	603 103	4 206	0,70	29 224	12 581	43,05	615 540

Notes

[1]Included in mortgages is loans to associates and joint ventures.

[2]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.

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

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

Loans and advances to customers	31 December 2014[1] Performing loans Exposure Rm	Performing loans Impairment Rm	Performing loans Coverage ratio %	Non-performing loans Exposure Rm	Non-performing loans Impairment Rm	Non-performing loans Coverage ratio %	Net total exposure Rm
RBB	454 475	3 942	0,87	25 663	11 352	44,23	464 844
Retail Banking South Africa	360 427	2 989	0,83	18 452	7 923	42,94	367 967
Credit cards	35 814	699	1,95	4 808	3 439	71,53	36 484
Instalment credit agreements	70 654	479	0,68	1 195	551	46,11	70 819
Loans to associates and joint ventures	13 012	—	—	—	—	—	13 012
Mortgages	222 562	1 376	0,62	10 492	2 655	25,30	229 023
Other loans and advances	410	—	—	—	—	—	410
Overdrafts	2 247	32	1,42	122	83	68,03	2 254
Personal and term loans	15 728	403	2,56	1 835	1 195	65,12	15 965
Business Banking South Africa	59 168	621	1,05	3 925	1 407	35,85	61 065
Mortgages (including CPF)[2]	29 514	269	0,91	1 827	777	42,53	30 295
Overdrafts	17 804	216	1,21	921	358	38,87	18 151
Term loans	11 850	136	1,15	1 177	272	23,11	12 619
RBB Rest of Africa	34 880	332	0,95	3 286	2 022	61,53	35 812
CIB	164 453	373	0,23	1 652	381	23,06	165 351
WIMI	5 263	44	0,84	53	38	71,70	5 234
Head Office, Treasury and other operations	897	—	—	—	—	—	897
	625 088	4 359	0,70	27 368	11 771	43,01	636 326

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 31 December 2014 have been restated where applicable.

[2]Included in mortgages is loans to associates and joint ventures.

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

Reconciliation of allowance for impairment losses on loans and advances to customers	30 June 2015 Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIB Rm	WIMI Rm	Head Office, Treasury and other operations Rm	Total Rm
Balance at the beginning of the reporting period	**10 912**	**2 028**	**2 354**	**754**	**82**	**—**	**16 130**
Net present value unwind on non-performing book	**(205)**	**(72)**	**—**	**—**	**—**	**—**	**(277)**
Exchange differences	**—**	**—**	**(137)**	**(4)**	**—**	**—**	**(141)**
Amounts written off	**(2 441)**	**(472)**	**(472)**	**85**	**(3)**	**—**	**(3 303)**
Impairment raised – identified	**2 852**	**229**	**462**	**247**	**—**	**1**	**3 791**
Impairment raised – unidentified	**0**	**114**	**28**	**(8)**	**5**	**109**	**248**
Balance at the end of the reporting period	**11 118**	**1 827**	**2 235**	**1 074**	**84**	**110**	**16 448**

Reconciliation of allowance for impairment losses on loans and advances to customers	30 June 2014[1] Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIB Rm	WIMI Rm	Head Office, Treasury and other operations Rm	Total Rm
Balance at the beginning of the reporting period	10 509	2 283	2 365	680	102	110	16 049
Net present value unwind on non-performing book	(265)	(78)	—	—	—	—	(343)
Exchange differences	—	—	(30)	—	—	—	(30)
Amounts written off	(2 016)	(412)	(354)	(71)	(31)	(1)	(2 885)
Impairment raised – identified	2 782	372	363	37	13	—	3 567
Impairment raised – unidentified	337	18	33	28	11	2	429
Balance at the end of the reporting period	11 347	2 183	2 377	674	95	111	16 787

Reconciliation of allowance for impairment losses on loans and advances to customers	31 December 2014[1] Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIB Rm	WIMI Rm	Head Office, Treasury and other operations Rm	Total Rm
Balance at the beginning of the reporting period	10 509	2 283	2 365	680	102	110	16 049
Net present value unwind on non-performing book	(497)	(147)	—	—	—	—	(644)
Exchange differences	—	—	(76)	—	—	—	(76)
Amounts written off	(4 655)	(813)	(667)	(185)	(49)	(110)	(6 479)
Impairment raised – identified	5 430	687	643	199	8	—	6 967
Impairment raised – unidentified	125	18	89	60	21	—	313
Balance at the end of the reporting period	10 912	2 028	2 354	754	82	—	16 130

Statement of financial position – identified and unidentified impairments	30 June 2015 Rm	2014 Rm	Change %	31 December 2014 Rm
Comprising:				
Identified impairments	**14 408**	15 023	(4)	14 318
Performing loans	**2 756**	2 442	13	2 547
Non-performing loans	**11 652**	12 581	(7)	11 771
Unidentified impairments	**2 040**	1 764	16	1 812
	16 448	16 787	(2)	16 130

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

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

Performance

Impairment losses on loans and advances improved 0,5% relative to the prior reporting period. This decrease is largely attributable to continued strong performance in business banking and retail mortgages attributable to lower default experience. Given the current economic environment in which the Group operates, performing loan coverage has been increased by R590m since June 2014 representing an overall performing coverage level of **0,74%** (30 June 2014: 0,70%). NPL coverage has increased to **43,54%** (30 June 2014: 43,05%).

RBB

Retail Banking South Africa (↓10%)

Impairment losses decreased resulting in an improved credit loss ratio. This is attributable to the improvement in Home Loans which is partially offset by the deterioration in VAF.

- Home Loans improvement is due to sustained strong performance from new business with lower flows into default and continued focus on the underlying work-out process.
- Increase in VAF is due to an inflow into the legal book and early cycle deterioration.
- Home Loans NPL coverage reduced as a result of bulk work-out of aged legal accounts on the Home Loan Portfolio. Performing loan coverage has increased given the current economic environment where consumers remain under pressure.

Business Banking South Africa (↓17%)

The Business Banking credit losses ratio improved to **0,81%** (30 June 2014: 1,00%), driven by:

- An improvement in both the volume and value of new defaults experienced.
- The key focus on the credit quality of the CPF portfolio, over the last few years, resulting in an impairment charge significantly lower by 79% at **R12m** (30 June 2014: R57m) and resulted in an improved impairment loss ratio of **0,08%** (30 June 2014: 0,43%).
- The Commercial segment's year-on-year performance was flat even though overall default levels continued to show some improvement. Commercial was negatively impacted during the period under review by one large name default.
- Recoveries of previously written-off exposures continuing to positively contribute, resulting in a 16,9% increase in collections of **R104m** (30 June 2014: R89m).
- The performing loan coverage ratio increased to **116 bps** (30 June 2014: 83 bps).
- NPLs continued to reduce, improving by 31% year on year on the back of lower new defaults and resolution of older default exposures. As a result the NPLs coverage ratio reduced to **34,43%** (30 June 2014: 36,5%).

RBB Rest of Africa (↑15%)

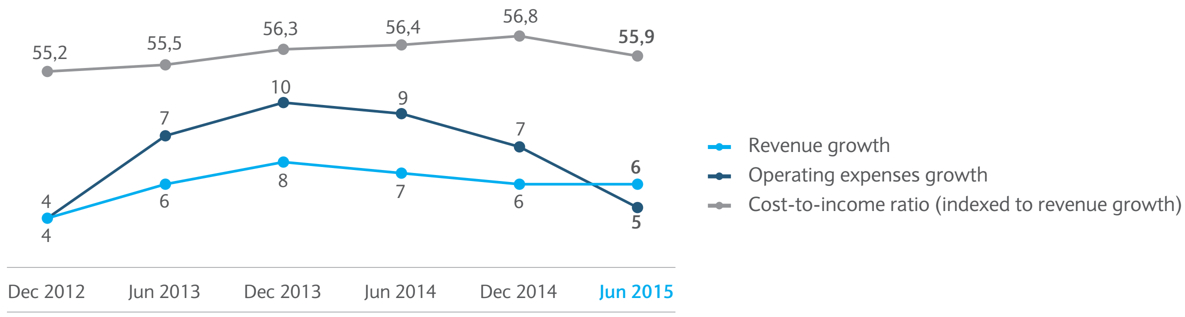
- Credit impairments increased by 15% to **R408m** (30 June 2014: R356m) resulting in a credit loss ratio of **2,31%** (30 June 2014: 2,23%). The increase in credit impairments were driven by a strain in the economies of certain markets, leading to an increase in identified impairments. The increase was partially offset by collections and recoveries.

CIB (↑>100%)

Credit impairments increased more than 100% to **R238m** (30 June 2014: R65m) resulting in a credit loss of **0,28%** (30 June 2014: 0,09%). The increase in credit impairments were driven by a couple of new defaults in Rest of Africa and one large name in South Africa.

5. Operating expenses

Jaws and cost-to-income ratio (%)



Breakdown of operating expenses	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Administration fees	**433**	460	(6)	801
Amortisation of intangible assets	**229**	243	(6)	503
Auditors' remuneration	**135**	132	2	268
Cash transportation	**420**	415	1	827
Depreciation	**758**	799	(5)	1 594
Equipment costs	**215**	180	19	378
Information technology	**1 137**	1 155	(2)	2 156
Investment properties charges – change in fair value	**2**	12	(83)	31
Marketing costs	**722**	589	23	1 616
Operating lease expenses on properties	**776**	699	11	1 369
Other[1]	**924**	1 033	(11)	2 014
Printing and stationery	**177**	140	26	394
Professional fees	**728**	689	6	1 609
Property costs	**867**	1 104	(21)	1 916
Staff costs	**10 053**	9 108	10	19 334
Bonuses	**709**	606	17	1 693
Deferred cash and share-based payments	**381**	303	26	717
Other[2]	**509**	343	48	945
Salaries and current service costs on post-retirement benefits	**8 314**	7 707	8	15 665
Training costs	**140**	149	(6)	314
Telephone and postage	**553**	539	3	1 038
	18 129	17 297	5	35 848

Breakdown of information technology-related spend included in operating expenses	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Amortisation of intangible assets and depreciation of equipment	**553**	638	(13)	1 298
Information technology	**1 137**	1 155	(2)	2 168
Staff costs	**871**	623	40	1 488
Other	**573**	458	25	1 304
	3 134	2 874	9	6 258

Notes

[1] "Other" includes fraud losses and travel and entertainment costs as well as administration fees allocated to the Edcon portfolio.

[2] "Other staff costs" include recruitment costs, membership fees to professional bodies, staff parking, redundancy fees, study assistance, staff relocation and refreshment costs.

5. Operating expenses *(continued)*

Performance

- Operating expenses increased by 5% to **R18 129m** (30 June 2014: R17 297m). The Group's cost-to-income ratio improved to 55,9% from 56,4%. Staff costs increased by 10%, while non-staff related costs decreased by 1% driven by efficiency gains which were offset by various investments in the business.
- Administration fees decreased 6%, and Other operating costs decreased by 11% to **R924m** (30 June 2014: R1 033m) driven mainly by a R59m reduction in fraud and losses.
- Cash transportation costs grew 1%. On an underlying basis these grew in line with inflation due to a portion of these costs being reclassified to non-interest income in the current year.
- Information Technology ("IT") costs increased due to the impact of the depreciating currency on imported IT services, which was offset by continued efficiency gains in the underlying cost base which resulted in a net 2% decrease in costs year on year.
- Amortisation declined 6% year on year which was driven by the impairments recognised in the second quarter of 2014.
- Marketing costs increased 23% in line with our current focus on marketing campaigns.
- Continued optimisation of corporate and branch property costs continued in 2015 with a further **R33,5m** (30 June 2014: R190m) property dilapidation provision being raised. Excluding these amounts, underlying total Property costs and Operating lease expenses were flat year-on-year, **R1 610m** (30 June 2014: R1 613m) despite above inflation increases in rates and utility costs, reflecting the benefits arising from our portfolio optimisation. Depreciation also fell 5% due to reducing property leasehold improvements and freehold depreciation.
- Telephone and postage costs grew 3%. New internal printing contracts from the second half of 2014 resulted in the 27% increase in Printing and stationery costs, partially offset by a 9% reduction in rented Equipment costs.
- Staff costs grew by 10% to **R10 053m** (30 June 2014: R9 108m), reflecting 8% higher salary costs and performance costs. Salaries grew 8% due to higher wage increases particularly amongst entry level employees together with increases in headcount in specialist areas such as IT and customer KYC remediation activities. Provisions for Bonuses and Share-based Payments increased 20% (from 13% of salaries to 14%) with the share-based payments increase largely driven by the increase in the Group's share price.
- Other Staff Costs increased 48% to **R509m** (30 June 2014: R343m) driven by increased staff mobility costs across the Group, higher redundancy costs, and the roll-out of new Retail staff uniforms which commenced in the second half of 2014.
- Training costs continued to reduce by 6% aided by increased computer-based training and ongoing use of Barclays PLC courses.
- Included in the above expenses for 2015 is R151m of investment into rightsizing our branch network and integrating IT across Africa (30 June 2014: R231m).
- Excluded from a number of operating expenses lines are the investments in the former Barclays Africa Limited countries that were acquired in 2013 which in terms of the purchase agreement are being funded by Barclays PLC.

6. Indirect taxation

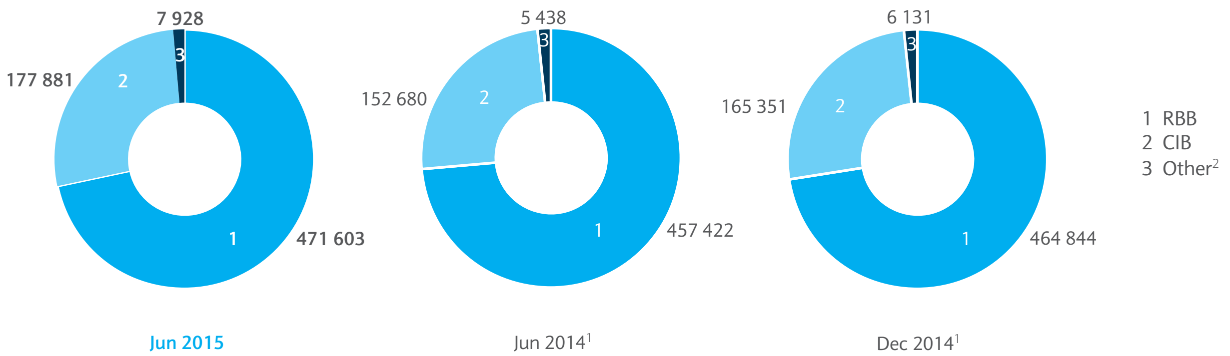
	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Training levy	**87**	69	26	130
Value-added tax net of input credits	**536**	489	10	853
	623	558	12	983

7. Taxation expense

	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Reconciliation between operating profit before income tax and the taxation expense				
Operating profit before income tax	**10 176**	9 307	9	19 717
Share of post-tax results of associates and joint ventures	**(71)**	(71)	—	(142)
	10 105	9 236	9	19 575
Tax calculated at a tax rate of 28%	**2 829**	2 586	9	5 481
Effect of different tax rates in other countries	**34**	(65)	>100	130
Expenses not deductible for tax purposes	**262**	358	(27)	771
Income not subject to tax	**(279)**	(304)	(8)	(1 026)
Other	**22**	107	(79)	191
Non-taxable portion of capital gains	**39**	32	22	26
	2 907	2 714	7	5 573

8. Loans and advances to customers

Loans and advances to customers by segment (Rm)



	30 June 2015 %	30 June 2014[1] %	31 December 2014[1] %
RBB	**71,7**	74,3	73,1
Retail Banking South Africa	**56,6**	59,0	57,8
Business Banking South Africa	**9,6**	9,9	9,6
RBB Rest of Africa	**5,5**	5,4	5,7
CIB	**27,1**	24,8	26,0
Other[2]	**1,2**	0,9	0,9
	100,0	100,0	100,0

Notes
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.
[2]"Other" includes the loans and advances to customers of WIMI and Head Office, Treasury and other operations.

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

8. Loans and advances to customers *(continued)*

Loans and advances to customers by segment	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm
RBB				
Gross loans and advances to customers	**486 783**	473 329	3	480 138
Impairment losses on loans and advances	**(15 180)**	(15 907)	(5)	(15 294)
	471 603	457 422	3	464 844
Retail Banking South Africa				
Credit cards	**41 334**	39 137	6	40 622
Instalment credit agreements	**74 077**	68 185	9	71 849
Loans to associates and joint ventures	**14 163**	10 968	29	13 012
Mortgages	**232 282**	236 056	(2)	233 054
Other loans and advances	**344**	303	14	410
Overdrafts	**2 566**	2 359	9	2 369
Personal and term loans	**18 242**	17 665	3	17 563
Gross loans and advances to customers	**383 008**	374 673	2	378 879
Impairment losses on loans and advances	**(11 118)**	(11 347)	(2)	(10 912)
	371 890	363 326	2	367 967
Business Banking South Africa				
Mortgages (including CPF)	**31 139**	31 618	(2)	31 341
Overdrafts	**19 982**	19 125	4	18 725
Term loans	**14 059**	12 493	13	13 027
Gross loans and advances to customers	**65 180**	63 236	3	63 093
Impairment losses on loans and advances	**(1 827)**	(2 183)	(16)	(2 028)
	63 353	61 053	4	61 065
RBB Rest of Africa				
Gross loans and advances to customers	**38 595**	35 420	9	38 166
Impairment losses on loans and advances	**(2 235)**	(2 377)	6	(2 354)
	36 360	33 043	10	35 812
CIB				
Foreign currency loans	**19 634**	18 908	4	22 086
Mortgages	**3 714**	5 590	(34)	3 718
Term loans	**88 251**	72 519	22	77 777
Overdrafts	**10 149**	8 952	13	10 257
Overnight finance	**15 960**	16 563	(4)	17 622
Preference shares	**13 961**	9 652	45	11 850
Reverse repurchase agreements	**15 059**	5 188	>100	5 819
Other loans and advances	**12 227**	15 982	(23)	16 976
Gross loans and advances to customers	**178 955**	153 354	17	166 105
Impairment losses on loans and advances	**(1 074)**	(674)	59	(754)
	177 881	152 680	17	165 351

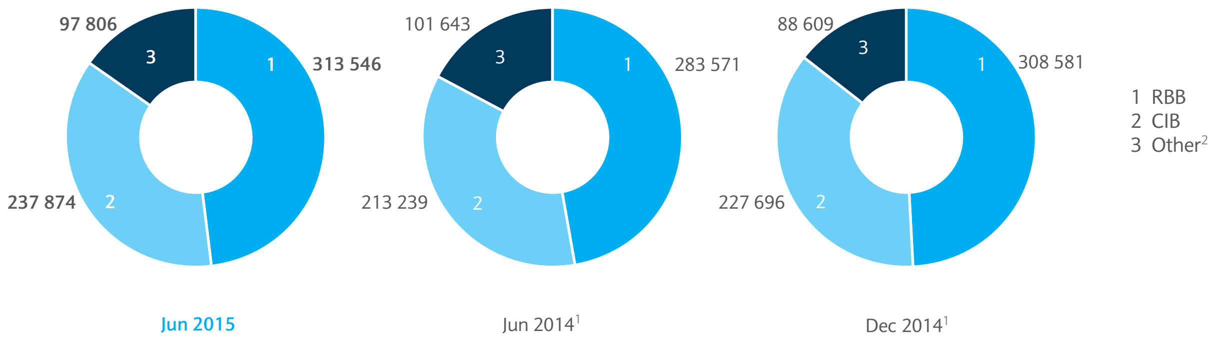
Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

8. Loans and advances to customers *(continued)*

Loans and advances to customers by segment *(continued)*	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm
WIMI				
CPF	**830**	979	(15)	947
Overdrafts	**2 660**	2 767	(4)	2 701
Other loans and advances	**1 711**	1 710	0	1 668
Gross loans and advances to customers	**5 201**	5 456	(5)	5 316
Impairment losses on loans and advances	**(84)**	(95)	(12)	(82)
	5 117	5 361	(5)	5 234
Head Office, Treasury and other operations				
Gross loans and advances to customers	**2 921**	188	>100	897
Impairment losses on loans and advances	**(110)**	(111)	(1)	—
	2 811	77	>100	897
Total loans and advances to customers				
Gross loans and advances to customers	**673 860**	632 327	7	652 456
Impairment losses on loans and advances	**(16 448)**	(16 787)	(2)	(16 130)
Net loans and advances to customers	**657 412**	615 540	7	636 326

9. Deposits due to customers

Deposits due to customers by segment (Rm)



Total funding mix	30 June 2015 %	30 June 2014[1] %	31 December 2014[1] %
Deposits due to customers	**79,2**	77,8	79,7
RBB	**38,2**	36,9	39,4
Retail Banking South Africa	**19,0**	18,1	19,2
Business Banking South Africa	**12,4**	12,0	12,9
RBB Rest of Africa	**6,8**	6,8	7,3
CIB	**29,0**	27,7	29,0
Other[2]	**12,0**	13,2	11,3
Deposits from banks	**6,2**	8,4	6,8
Debt securities in issue	**14,6**	13,8	13,5
	100,0	100,0	100,0

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]"Other" includes the deposits due to customers of WIMI and Head Office, Treasury and other operations.

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

9. Deposits due to customers *(continued)*

Deposits due to customers by segment	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm
RBB	313 546	283 571	11	308 581
Retail Banking South Africa	155 952	138 963	12	150 427
Call deposits	286	312	(8)	297
Cheque account deposits	22 608	20 857	8	22 435
Credit card deposits	1 889	1 834	3	1 932
Fixed deposits	34 406	31 194	10	32 357
Notice deposits	10 656	10 273	4	10 152
Other deposits	519	396	31	492
Savings and transmission deposits	85 588	74 097	16	82 762
Business Banking South Africa	101 670	92 035	10	100 948
Call deposits	10 494	10 467	0	9 707
Cheque account deposits	44 846	43 360	3	46 692
Fixed deposits	19 640	17 310	13	19 939
Notice deposits	1 384	1 461	(5)	1 277
Savings and transmission deposits	25 306	19 437	30	23 333
RBB Rest of Africa	55 924	52 573	6	57 206
CIB	237 874	213 239	12	227 696
Call deposits	24 978	23 270	7	24 705
Cheque account deposits	108 158	92 168	17	90 750
Fixed deposits	70 531	70 514	0	78 994
Foreign currency deposits	18 058	12 411	45	18 897
Notice deposits	33	233	(86)	259
Other deposits	8 232	7 927	4	8 508
Repurchase agreements with non-banks	5 390	2 163	>100	2 165
Savings and transmission deposits	2 494	4 553	(45)	3 418
WIMI	5 182	4 985	4	5 276
Call deposits	315	366	(14)	274
Cheque account deposits	2 453	2 517	(3)	2 306
Fixed deposits	560	629	(11)	826
Foreign currency deposits	118	109	8	114
Notice deposits	18	35	(49)	20
Savings and transmission deposits	1 718	1 329	29	1 736
Head Office, Treasury and other operations	92 624	96 658	(4)	83 333
Total deposits due to customers	**649 226**	598 453	8	624 886

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

10. Debt securities in issue

Debt securities in issue	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Commercial paper	**127**	—	100	—
Credit-linked notes	**12 591**	7 897	59	8 823
Floating rate notes	**44 670**	43 718	2	41 524
Liabilities arising from securitised structured entities	**496**	496	—	496
Negotiable certificates of deposit	**36 306**	27 599	32	29 504
Other	**619**	152	>100	217
Promissory notes	**815**	1 039	(22)	949
Structured notes and bonds	**1 603**	1 056	52	1 187
Senior notes	**22 317**	23 552	(5)	23 398
	119 544	105 509	13	106 098
Segment split[1]				
RBB	**7 599**	3 239	>100	3 071
Retail Banking South Africa	**7 029**	2 667	>100	2 191
RBB Rest of Africa	**570**	572	0	880
CIB	**14 982**	10 895	38	11 545
Head Office, Treasury and other operations	**96 963**	91 375	6	91 482
	119 544	105 509	13	106 098

11. Equity and borrowed funds

Share capital and share premium	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Authorised				
880 467 500 (30 June 2014: 880 467 500; 31 December 2014: 880 467 500) ordinary shares of R2,00 each	**1 761**	1 761	—	1 761
Issued				
847 750 679 (30 June 2014: 847 750 679; 31 December 2014: 847 750 679) ordinary shares of R2,00 each	**1 695**	1 695	—	1 696
880 000 (30 June 2014: 880 000; 31 December 2014: 880 000) treasury shares held by Group entities	**(1)**	(1)	—	(2)
	1 694	1 694	—	1 694
Total issued capital				
Share capital	**1 694**	1 694	—	1 694
Share premium	**4 531**	4 509	0	4 548
	6 225	6 203	0	6 242

Number of ordinary shares in issue (after deduction of treasury shares) at the reporting date	30 June 2015 Number of shares (million)	30 June 2014 Number of shares (million)	Change (%)	31 December 2014 Number of shares (million)
Ordinary shares in issue of R2,00 each	**847,8**	847,8	—	847,8
Treasury shares held by Group entities	**(0,9)**	(0,9)	—	(0,9)
	846,9	846,9	—	846,9

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

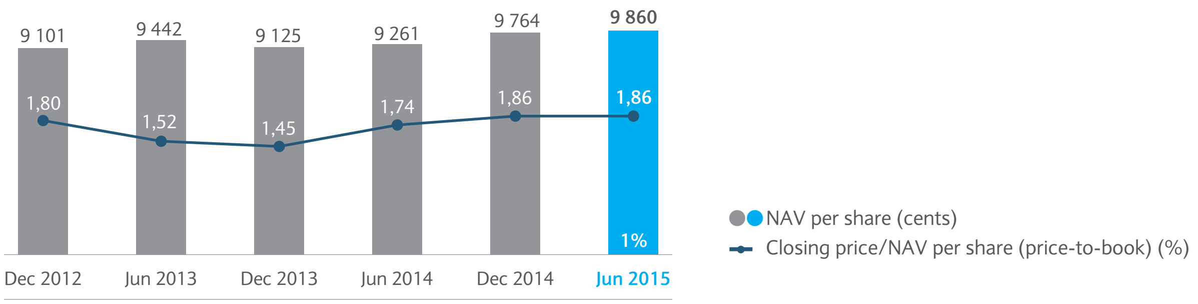
11. Equity and borrowed funds *(continued)*

Borrowed funds		30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Subordinated callable notes issued by Absa Bank Limited					
The subordinated debt instruments in the following list qualify as secondary capital in terms of the Banks Act No. 94 of 1990, except where indicated.					
Interest rate	Final maturity date				
8,10%	27 March 2020	**—**	2 000	(100)	2 000
8,295%	21 November 2023	**1 188**	1 188	—	1 188
10,05%	5 February 2020	**807**	—		—
10,28%	3 May 2022	**600**	600	—	600
10,84%	19 November 2019	**130**	—	100	130
Three-month JIBAR[1] + 2,10%	3 May 2022	**400**	400	—	400
Three-month JIBAR[1] + 1,95%	21 November 2022	**1 805**	1 805	—	1 805
Three-month JIBAR[1] + 2,05%	21 November 2023	**2 007**	2 007	—	2 007
Three-month JIBAR[1] + 3,30%	19 November 2019	**370**	—	100	370
Three-month JIBAR[1] + 3,30%	5 February 2020	**1 693**	—	100	—
Consumer Price Index-linked notes, fixed at the following coupon rates:					
6,00%	20 September 2019	**—**	3 000	(100)	—
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	(100)	—
Bank of Botswana Certificates 11%	9 May 2015	**—**	—	—	109
Ninety one-day Kenyan Government Treasury Bill rate + 0,60% (non-qualifying)	19 November 2014	**—**	122	(100)	—
Ninety one-day Zambian Government Treasury Bill rate + 2,00% (non-qualifying)	9 May 2015	**—**	85	(100)	91
One hundred and eighty two-day Kenyan Government Treasury Bill rate + 1,00%	14 July 2015	**91**	90	1	94
Barclays Kenya 11,50%	14 July 2015	**154**	153	1	161
National Bank of Commerce Limited (Tanzania) 16,44%	24 January 2024	**30**	—	100	31
One hundred and eighty two-day Zambian Government Treasury Bill rate + 2,50% (capped at 13,00%)	18 May 2016	**81**	85	5	91
United States dollar three-month London Interbank Offered Rate + 1,00% (non-qualifying)	31 March 2018	**80**	70	14	76
Accrued interest on total subordinated debt instruments		**631**	1 678	62	592
Fair value adjustments on total subordinated debt instruments		**(91)**	(15)	>100	(37)
		11 476	14 889	(23)	11 208

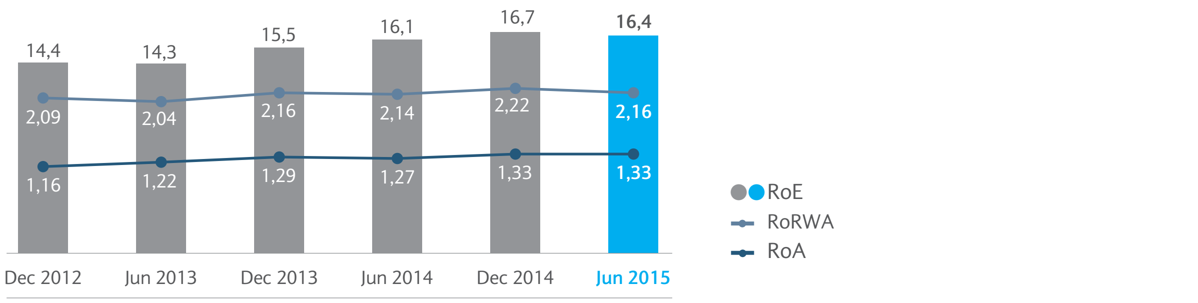
Note
[1]Johannesburg Interbank Agreed Rate.

11. Equity and borrowed funds *(continued)*

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



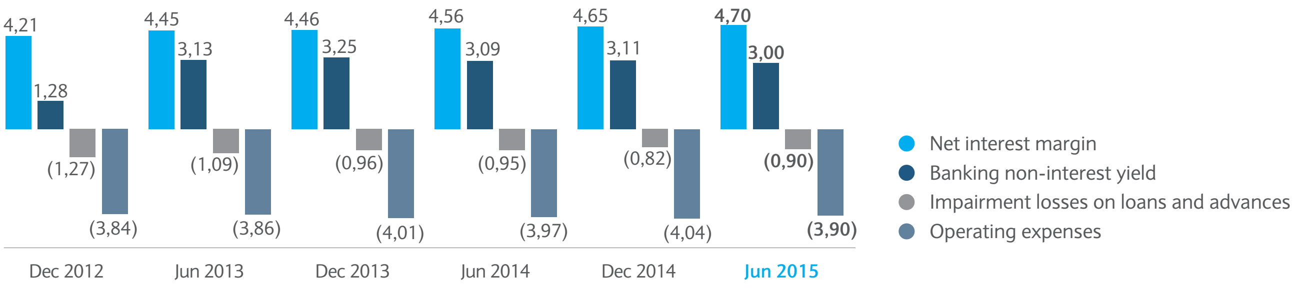
RoE, RoA and RoRWA (%)



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

12. RoE decomposition

Major drivers of RoE (%)



		30 June 2015 %	30 June 2014 %	31 December 2014 %
	Net interest margin (average interest-bearing assets)	**4,70**	4,56	4,65
Less:	Impairment losses on loans and advances/average interest-bearing assets	**0,90**	0,95	0,82
Equals:	Net interest margin – after impairment losses (average interest-bearing assets)	**3,80**	3,61	3,83
Multiply:	Average interest-bearing assets/average banking assets	**84,52**	86,57	86,31
Equals:	Banking interest yield	**3,21**	3,13	3,30
Plus:	Banking non-interest yield	**3,00**	3,09	3,11
Equals:	Banking revenue yield	**6,21**	6,22	6,41
Less:	Operating expenses/average banking assets	**3,90**	3,97	4,04
Equals:	Net banking return	**2,31**	2,25	2,36
Less:	Other[1]	**0,86**	0,85	0,90
Equals:	Banking return	**1,45**	1,40	1,47
Multiply:	Average banking assets/total average assets	**91,27**	90,46	90,48
Equals:	RoA	**1,33**	1,27	1,33
Multiply:	Leverage	**12,38**	12,68	12,58
Equals:	RoE	**16,4**	16,1	16,7

Performance

The Group's RoE increased to **16,4%** (30 June 2014: 16,1%), driven by an improvement in the Group's RoA to **1,33%** (30 June 2014: 1,27%). The improvement in RoA reflects the higher headline earnings contributions.

Note

[1] "Other" includes other impairments, indirect taxation, share of post-tax results of associates and joint ventures and taxation expense.

13. Off-statement of financial position items

	30 June			31 December
	2015 Rm	2014[1] Rm	Change %	2014 Rm
Financial guarantee contracts[1]	**96**	96	—	96
Commitments				
Authorised capital expenditure				
Contracted but not provided for	**2 950**	739	>100	1 675
Other commitments				
No later than one year	**991**	—	>100	991
	3 941	739	>100	2 666
Operating lease payments due				
Not later than one year	**813**	798	2	856
Later than one year and no later than five years	**1 865**	1 253	49	1 631
Later than five years	**1 324**	178	>100	709
	4 002	2 229	80	3 196
Contingencies				
Guarantees[2]	**35 080**	24 991	40	34 011
Irrevocable debt facilities	**142 301**	119 954	19	125 334
Irrevocable equity facilities	**368**	387	(5)	366
Letters of credit	**7 301**	6 196	18	4 827
Other	**4 503**	5 040	(11)	3 774
	189 553	156 568	21	168 312

Performance

- The Group has capital commitments in respect of computer equipment and property development. Management is confident that future net revenues and funding will be sufficient to cover these commitments.
- Capital commitments have increased by more than 100% in the current period, mainly due to infrastructure commitments into rightsizing the branch network and the corporate real estate consolidation strategy.
- The South African Reserve Bank ("SARB") announced in August 2014 that African Bank Limited (a subsidiary of African Bank Investments Limited) would be placed under curatorship. A consortium of six South African banks (including Barclays Africa Group Limited) and the Public Investment Corporation have underwritten R5bn respectively. 50% of the amount underwritten by the banks is guaranteed by the SARB, of which Barclays Africa Group Limited committed R991m (pre the SARB guarantee). The value of the amount to be underwritten was determined with reference to the respective underwriter's proportion of total Tier 1 capital of the consortium as at 30 June 2014.
- The 40% increase in guarantees is due to large guarantees issued by CIB, which is in line with its current growth strategy.
- During the previous reporting period, terms and conditions associated with unutilised customer facilities were reviewed and confirmed to be irrevocable in nature. These facilities were previously reported as R77bn have been restated to R120bn.

14. 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 results. The Group has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or such disclosure could be prejudicial to the conduct of the claim. Provision is made for all liabilities which are expected to materialise.

15. Income taxes

The Group is subject to income taxes in numerous jurisdictions and the calculation of the Group's tax charge and worldwide provisions for income taxes necessarily involves a degree of estimation and judgement. There are many transactions and calculations for which the ultimate tax treatment is uncertain or in respect of which the relevant tax authorities may have indicated disagreement with the Group's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due after taking into account expert external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made. These risks are managed in accordance with the Group's Tax Risk Framework.

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.

[2]"Guarantees" include performance and payment guarantee contracts.

Segment performance

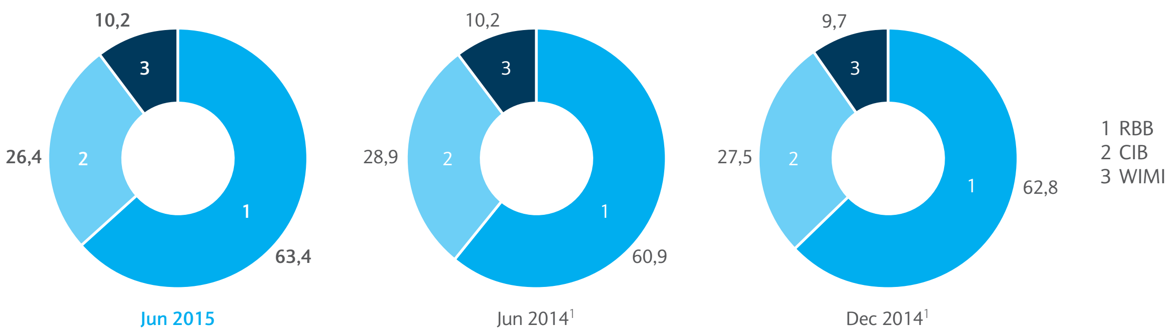
Contents

Nairobi, the capital city of Kenya

Pre-provision profits increased to R14 294m, driven by a 7% increase from RBB to R10 343m and a 9% increase from WIMI to R1 116m. RBB's headline earnings increased 17% to R4 652m, further assisted by a 8% decline in impairments. CIB's headline earnings increased by 3% to R1 938m.

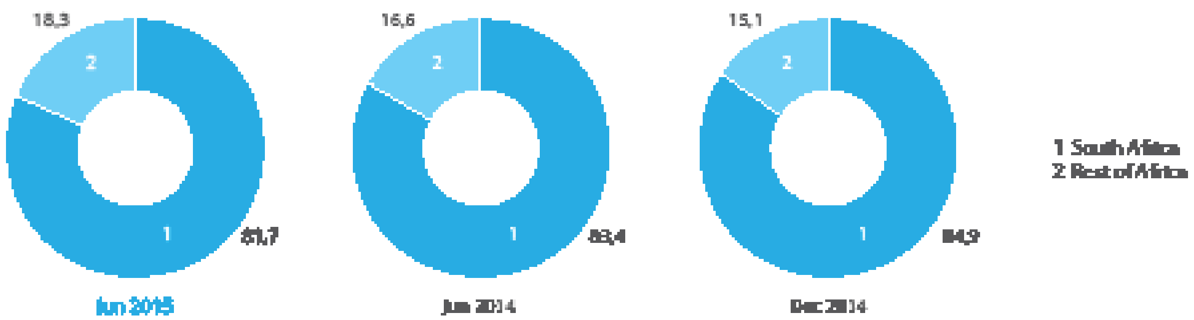
Overview per market segment

Headline earnings per market segment, excluding Head Office, Treasury and other operations (%)



	30 June			31 December
	2015 Rm	2014[1] Rm	Change %	2014[1] Rm
Headline earnings				
RBB	**4 652**	3 969	17	8 524
CIB	**1 938**	1 883	3	3 735
WIMI	**751**	661	14	1 324
Head Office, Treasury and other operations	**(586)**	(403)	45	(551)
	6 755	6 110	11	13 032

Headline earnings – geographical segments (%)



						er
	2015 Rm	2014 Rm	C%	FX%	Change %	2014 Rm
Headline earnings						
South Africa	**5 522**	5 097			8	11 067
Rest of Africa	**1 233**	1 013	26	(4)	22	1 965
	6 755	6 110			11	13 032

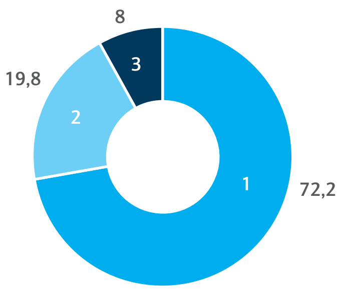
Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

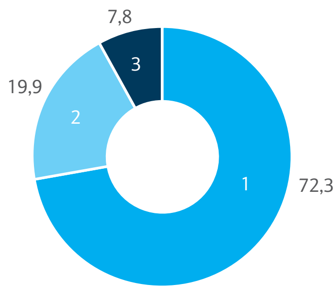
Segment performance overview
for the reporting period ended

Overview per market segment *(continued)*

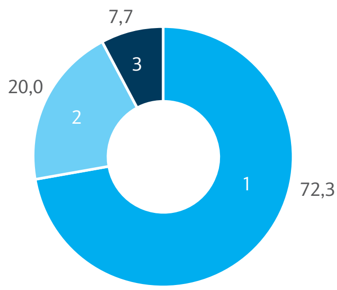
Revenue per market segment, excluding Head Office, Treasury and other operations (%)



Jun 2015



Jun 2014[1]



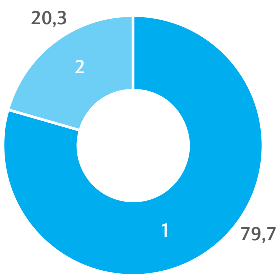
Dec 2014[1]

1 RBB
2 CIB
3 WIMI

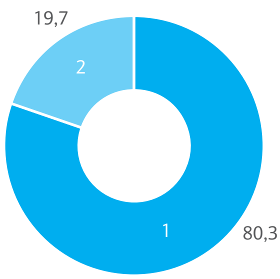
	30 June 2015 Rm	30 June 2014 Rm	Change %	31 December 2014 Rm
Revenue (Rm)[1]				
RBB	**23 723**	22 609	5	46 242
CIB	**6 500**	6 211	5	12 779
WIMI	**2 621**	2 439	7	4 931
Head Office, Treasury and other operations	**(421)**	(575)	(27)	(827)
	32 423	30 684	6	63 125

Overview per geographical segment

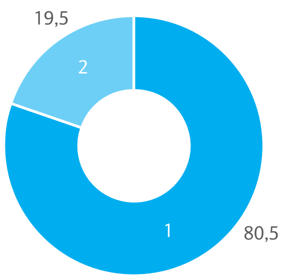
Revenue – geographical segments (%)



Jun 2015



Jun 2014



Dec 2014

1 South Africa
2 Rest of Africa

	30 June 2015 Rm	30 June 2014 Rm	C%	FX%	Change %	31 December 2014 Rm
Revenue						
South Africa	**25 856**	24 633			5	50 830
Rest of Africa	**6 567**	6 051	12	(3)	9	12 295
	32 423	30 684			6	63 125

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

Overview per geographical segment *(continued)*

	30 June			31 December
	2015	2014	Change %	2014
Operational key performance indicators				
Delivery footprint (number)	**11 648**	12 036	(3)	11 910
South Africa	**10 035**	10 392	(3)	10 256
Outlets	**776**	804	(3)	789
ATMs	**9 259**	9 588	(3)	9 467
Rest of Africa	**1 613**	1 644	(2)	1 654
Outlets	**476**	483	(1)	478
ATMs	**1 137**	1 161	(2)	1 176
Number of customers ('000)	**11 964**	11 742	2	11 791
RBB[1]	**11 935**	11 712	2	11 762
CIB	**15**	16	(6)	15
WIMI[2]	**14**	14	—	14
Number of customers ('000)	**11 964**	11 742	2	11 791
South Africa[1]	**9 178**	9 021	2	8 995
Rest of Africa	**2 786**	2 721	2	2 796
Number of employees	**41 723**	42 114	(1)	41 644
South Africa	**31 185**	31 922	(2)	31 160
Rest of Africa	**10 538**	10 192	3	10 484

Notes
[1]Excludes Edcon and WFS portfolio customers.
[2]Relates to Wealth customers.

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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, Treasury and other operations.

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

- South Africa[1]
- Rest of Africa

Barclays Africa Group Limited

	RBB[2]	CIB[2]	WIMI[2]	Head Office, Treasury and other operations[2,5,6]
South Africa	**Retail Banking** • Home Loans • Vehicle and Asset Finance • Card • Personal Loans • Transactional and Deposits • Other **Business Banking** • Debt Products • Deposit Products • Transactional Products • Equities	• Corporate • Investment Bank ▪ Markets ▪ Banking[3] ▪ Private Equity and Infrastructure Investments	• Continuing Business Lines ▪ Life Insurance ▪ Wealth and Investment Management[4] ▪ Short-term Insurance ▪ Fiduciary Services ▪ Distribution ▪ Other • Terminating Business Lines	• Enterprise Functions • Group Treasury • Consolidation Centre
Rest of Africa	**RBB**	**CIB** • Corporate • Investment Bank	**WIMI** • Life Insurance • Short-term Insurance	**Head Office, Treasury and other operations**

Notes

[1]Includes Absa Bank London operations, which are managed by CIB. The results of the operations have been allocated to the relevant segments.
[2]Refer to inside front cover page for reporting changes.
[3]Previously referred to as "Investment Banking".
[4]Includes the Wealth banking portfolio.
[5]Includes Absa Manx Insurance Company.
[6]Previously referred to as "Head Office and other Operations".

Segment report per market segment
for the reporting period ended

	RBB				CIB			
	30 June			31 December	30 June			31 December
	2015 Rm	2014[1] Rm	Change %	2014[1] Rm	2015 Rm	2014[1] Rm	Change %	2014[1] Rm
Statement of comprehensive income (Rm)								
Net interest income	**14 908**	14 265	5	29 219	**3 691**	2 917	27	6 277
Non-interest income	**8 815**	8 344	6	17 023	**2 809**	3 294	(15)	6 502
Total income	**23 723**	22 609	5	46 242	**6 500**	6 211	5	12 779
Impairment losses on loans and advances	**(3 199)**	(3 482)	(8)	(6 017)	**(238)**	(65)	>100	(248)
Operating expenses	**(13 380)**	(12 920)	4	(27 188)	**(3 492)**	(3 318)	5	(6 810)
Other	**(119)**	(127)	(6)	(170)	**(77)**	(54)	43	(110)
Operating income before income tax	**7 025**	6 080	16	12 867	**2 693**	2 774	(3)	5 611
Taxation expense	**(2 008)**	(1 759)	14	(3 644)	**(609)**	(729)	(16)	(1 523)
Profit for the reporting period	**5 017**	4 321	16	9 223	**2 084**	2 045	2	4 088
Profit attributable to:								
Ordinary equity holders	**4 665**	4 000	17	8 547	**1 938**	1 918	1	3 817
Non-controlling interest – ordinary shares	**250**	225	11	476	**92**	79	16	171
Non-controlling interest – preference shares	**102**	96	6	200	**54**	48	13	100
	5 017	4 321	16	9 223	**2 084**	2 045	2	4 088
Headline earnings	**4 652**	3 969	17	8 524	**1 938**	1 883	3	3 735
Operating performance (%)								
Net interest margin on average interest-bearing assets	**4,35**	4,41		4,40	**2,22**	1,85		1,92
Credit loss ratio	**1,38**	1,55		1,32	**0,28**	0,09		0,16
Non-interest income as percentage of revenue	**37,2**	36,9		36,8	**43,2**	53,0		50,9
Revenue growth	**5**	5		5	**5**	17		12
Cost growth	**4**	6		7	**5**	7		6
Cost-to-income ratio	**56,4**	57,1		58,8	**53,7**	53,4		53,3
Statement of financial position (Rm)								
Loans and advances to customers	**471 603**	457 422	3	464 844	**177 881**	152 680	17	165 351
Investment securities	**47 592**	46 436	2	45 537	**16 864**	15 649	8	15 904
Other assets	**270 831**	236 342	15	264 165	**292 665**	285 437	3	296 274
Total assets	**790 026**	740 200	7	774 546	**487 410**	453 766	7	477 529
Deposits due to customers	**313 546**	283 571	11	308 581	**237 874**	213 239	12	227 696
Debt securities in issue	**7 599**	3 239	>100	3 071	**14 982**	10 895	38	11 545
Other liabilities	**449 229**	436 314	3	441 283	**226 679**	222 064	2	227 248
Total liabilities	**770 374**	723 124	7	752 935	**479 535**	446 198	7	466 489
Financial performance (%)								
RoRWA	**2,37**	2,16		2,26	**2,02**	2,25		2,16
RoA	**1,23**	1,10		1,15	**0,80**	0,86		0,81
RoRC[2]	**21,5**	19,1		20,1	**18,1**	20,4		19,5

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]As WIMI consists primarily of a set of legal entities with a smaller contribution from the Wealth division of Absa Bank Limited, the denominator in the RoRC for WIMI is calculated as the sum of average legal entities' equity plus the RC contribution for the Wealth division.

WIMI				Head Office, Treasury and other operations				Group			
30 June			31 December	30 June			31 December	30 June			31 December
2015 Rm	2014[1] Rm	Change %	2014[1] Rm	2015 Rm	2014[1] Rm	Change %	2014[1] Rm	2015 Rm	2014[1] Rm	Change %	2014 Rm
131	142	(8)	303	(267)	(127)	>100	(198)	18 463	17 197	7	35 601
2 490	2 297	8	4 628	(154)	(448)	(66)	(629)	13 960	13 487	4	27 524
2 621	2 439	7	4 931	(421)	(575)	(27)	(827)	32 423	30 684	6	63 125
(3)	(20)	(85)	(25)	(110)	(1)	>100	—	(3 550)	(3 568)	(1)	(6 290)
(1 505)	(1 414)	6	(2 899)	248	355	(30)	1 049	(18 129)	(17 297)	5	(35 848)
(86)	(60)	43	(143)	(286)	(271)	6	(847)	(568)	(512)	11	(1 270)
1 027	945	9	1 864	(569)	(492)	16	(625)	10 176	9 307	9	19 717
(290)	(281)	3	(549)	—	55	(100)	143	(2 907)	(2 714)	7	(5 573)
737	664	11	1 315	(569)	(437)	30	(482)	7 269	6 593	10	14 144
736	661	11	1 311	(569)	(413)	38	(459)	6 770	6 166	10	13 216
(2)	—	<(100)	(2)	—	(24)	(100)	(22)	340	280	21	623
3	3	—	6	—	—	—	(1)	159	147	8	305
737	664	11	1 315	(569)	(437)	30	(482)	7 269	6 593	10	14 144
751	661	14	1 324	(586)	(403)	45	(551)	6 755	6 110	11	13 032
n/a	n/a		n/a	n/a	n/a		n/a	4,70	4,56		4,65
0,12	0,72		0,46	n/a	n/a		n/a	1,11	1,18		1,02
95,0	94,2		93,9	n/a	n/a		n/a	43,1	44,0		43,6
7	6		3	n/a	n/a		n/a	6	7		6
6	9		8	n/a	n/a		n/a	5	9		7
57,4	58,0		58,8	n/a	n/a		n/a	55,9	56,4		56,8
5 117	5 361	(5)	5 234	2 811	77	>100	897	657 412	615 540	7	636 326
4 740	4 385	8	4 981	9 770	16 057	(39)	19 464	78 966	82 527	(4)	85 886
31 589	37 746	(16)	36 550	(292 518)	(278 891)	5	(327 787)	302 567	280 634	8	269 202
41 446	47 492	(13)	46 765	(279 937)	(262 757)	7	(307 426)	1 038 945	978 701	6	991 414
5 182	4 985	4	5 276	92 624	96 658	(4)	83 333	649 226	598 453	8	624 886
—	—	—	—	96 963	91 375	6	91 482	119 544	105 509	13	106 098
30 878	37 359	(17)	36 422	(528 470)	(507 280)	4	(535 468)	178 316	188 457	(5)	169 485
36 060	42 344	(15)	41 698	(338 883)	(319 247)	6	(360 653)	947 086	892 419	6	900 469
n/a	n/a		n/a	n/a	n/a		n/a	2,16	2,14		2,22
3,38	2,92		2,84	n/a	n/a		n/a	1,33	1,27		1,33
25,6	23,0		23,2	n/a	n/a		n/a	n/a	n/a		n/a

Segment report per geographical segment
for the reporting period ended

	South Africa			
	30 June			31 December
	2015	2014[1]	Change %	2014
Statement of comprehensive income (Rm)				
Net interest income	**14 181**	13 213	7	27 481
Non-interest income	**11 675**	11 420	2	23 349
Total income	**25 856**	24 633	5	50 830
Impairment losses on loans and advances	**(3 031)**	(3 180)	(5)	(5 565)
Operating expenses	**(14 207)**	(13 543)	5	(28 045)
Other	**(516)**	(477)	8	(1 198)
Operating income before income tax	**8 102**	7 433	9	16 022
Taxation expense	**(2 304)**	(2 038)	13	(4 251)
Profit for the reporting period	**5 798**	5 395	7	11 771
Profit attributable to:				
Ordinary equity holders	**5 539**	5 153	7	11 252
Non-controlling interest – ordinary shares	**100**	95	5	214
Non-controlling interest – preference shares	**159**	147	8	305
	5 798	5 395	7	11 771
Headline earnings	**5 522**	5 097	8	11 067
Operating performance (%)				
Net interest margin on average interest-bearing assets	**4,22**	4,04		4,13
Credit loss ratio	**1,06**	1,16		1,00
Non-interest income as percentage of revenue	**45,2**	46,4		45,9
Revenue growth	**5**	6		6
Cost growth	**5**	9		6
Cost-to-income ratio	**54,9**	55,0		55,2
Statement of financial position (Rm)				
Loans and advances to customers	**590 188**	553 440	7	567 223
Investment securities	**68 360**	73 216	(7)	76 733
Other assets	**234 284**	221 599	6	203 945
Total assets	**892 832**	848 255	5	847 901
Deposits due to customers	**542 485**	501 963	8	519 935
Debt securities in issue	**118 974**	104 937	13	105 218
Other liabilities	**158 047**	172 199	(8)	151 219
Total liabilities	**819 506**	779 099	5	776 372
Financial performance (%)				
RoRWA	**2,28**	2,27		2,40
RoA	**1,27**	1,24		1,31

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 have been restated where applicable.

Rest of Africa				Group			
30 June			31 December	30 June			31 December
2015	2014[1]	Change %	2014	**2015**	2014[1]	Change %	2014
4 282	3 984	7	8 120	**18 463**	17 197	7	35 601
2 285	2 067	11	4 175	**13 960**	13 487	4	27 524
6 567	6 051	9	12 295	**32 423**	30 684	6	63 125
(519)	(388)	34	(725)	**(3 550)**	(3 568)	(1)	(6 290)
(3 922)	(3 754)	4	(7 803)	**(18 129)**	(17 297)	5	(35 848)
(52)	(35)	49	(72)	**(568)**	(512)	11	(1 270)
2 074	1 874	11	3 695	**10 176**	9 307	9	19 717
(603)	(676)	(11)	(1 322)	**(2 907)**	(2 714)	7	(5 573)
1 471	1 198	23	2 373	**7 269**	6 593	10	14 144
1 231	1 013	22	1 964	**6 770**	6 166	10	13 216
240	185	30	409	**340**	280	21	623
—	—	—	—	**159**	147	8	305
1 471	1 198	23	2 373	**7 269**	6 593	10	14 144
1 233	1 013	22	1 965	**6 755**	6 110	11	13 032
7,56	7,99		8,13	**4,70**	4,56		4,65
1,53	1,32		1,17	**1,11**	1,18		1,02
34,8	34,2		34,0	**43,1**	44,0		43,6
9	12		9	**6**	7		6
4	10		10	**5**	9		7
59,7	62,0		63,5	**55,9**	56,4		56,8
67 224	62 100	8	69 103	**657 412**	615 540	7	636 326
10 606	9 311	14	9 153	**78 966**	82 527	(4)	85 886
68 283	59 035	16	65 257	**302 567**	280 634	8	269 202
146 113	130 446	12	143 513	**1 038 945**	978 701	6	991 414
106 741	96 490	11	104 951	**649 226**	598 453	8	624 886
570	572	0	880	**119 544**	105 509	13	106 098
20 269	16 258	25	18 266	**178 316**	188 457	(5)	169 485
127 580	113 320	13	124 097	**947 086**	892 419	6	900 469
1,73	1,65		1,54	**2,16**	2,14		2,22
1,67	1,43		1,42	**1,33**	1,27		1,33

Segment report per market and geographical segment
for the reporting period ended

South Africa per market segment[2]	RBB 30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm
Statement of comprehensive income				
Net interest income	11 924	11 430	4	23 483
Non-interest income	7 612	7 243	5	14 866
Total income	19 536	18 673	5	38 349
Impairment losses on loans and advances	(2 791)	(3 126)	(11)	(5 376)
Operating expenses	(10 524)	(10 198)	3	(21 422)
Other	(82)	(101)	(19)	(120)
Operating income before income tax	6 139	5 248	17	11 431
Taxation expense	(1 731)	(1 456)	19	(3 188)
Profit for the reporting period	4 408	3 792	16	8 243
Profit attributable to:				
Ordinary equity holders	4 206	3 601	17	7 829
Non-controlling interest – ordinary shares	100	95	5	214
Non-controlling interest – preference shares	102	96	6	200
	4 408	3 792	16	8 243
Headline earnings	4 192	3 569	17	7 802
Statement of financial position				
Loans and advances to customers	435 243	424 379	3	429 032
Investment securities	39 710	38 614	3	38 155
Other assets	224 309	186 258	20	212 590
Total assets	699 262	649 251	8	679 777
Deposits due to customers	257 622	230 998	12	251 375
Debt securities in issue	7 029	2 667	>100	2 191
Other liabilities	427 469	409 388	4	415 807
Total liabilities	692 120	643 053	8	669 373

Rest of Africa per market segment	RBB 30 June 2015 Rm	30 June 2014[1] Rm	C%[3]	FX%[4]	Change %	31 December 2014[1] Rm
Statement of comprehensive income						
Net interest income	2 984	2 835	9	(4)	5	5 736
Non-interest income	1 203	1 101	12	(3)	9	2 157
Total income	4 187	3 936	10	(4)	6	7 893
Impairment losses on loans and advances	(408)	(356)	16	(1)	15	(641)
Operating expenses	(2 856)	(2 722)	8	(3)	5	(5 766)
Other	(37)	(26)	48	(6)	42	(50)
Operating income before income tax	886	832	11	(5)	6	1 436
Taxation expense	(277)	(303)	(5)	(4)	(9)	(456)
Profit for the reporting period	609	529	19	(4)	15	980
Profit attributable to:						
Ordinary equity holders	459	399	21	(6)	15	718
Non-controlling interest – ordinary shares	150	130	15	—	15	262
	609	529	19	(4)	15	980
Headline earnings	460	400	21	(6)	15	722
Statement of financial position						
Loans and advances to customers	36 360	33 043	12	(2)	10	35 812
Investment securities	7 882	7 822	2	(1)	1	7 382
Other assets	46 522	50 084	(6)	(1)	(7)	51 575
Total assets	90 764	90 949	1	(1)	0	94 769
Deposits due to customers	55 924	52 573	8	(2)	6	57 206
Debt securities in issue	570	572	—	—	0	880
Other liabilities	21 760	26 926	(19)	—	(19)	25 476
Total liabilities	78 254	80 071	(1)	(1)	(2)	83 562

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.
[2]No constant currency change is disclosed for Absa Bank London since it is deemed immaterial.
[3]C% = 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 152.
[4]FX% = Foreign currency change impact.

CIB 30 June 2015 Rm	CIB 30 June 2014[1] Rm	CIB Change %	CIB 31 December 2014[1] Rm	WIMI 30 June 2015 Rm	WIMI 30 June 2014[1] Rm	WIMI Change %	WIMI 31 December 2014[1] Rm
2 403	1 750	37	3 860	125	141	(11)	301
1 902	2 441	(22)	4 731	2 306	2 160	7	4 360
4 305	4 191	3	8 591	2 431	2 301	6	4 661
(126)	(33)	>100	(165)	(3)	(20)	(85)	(25)
(2 534)	(2 388)	6	(4 875)	(1 402)	(1 336)	5	(2 725)
(68)	(52)	31	(101)	(80)	(53)	51	(130)
1 577	1 718	(8)	3 450	946	892	6	1 781
(312)	(401)	(22)	(751)	(267)	(262)	2	(515)
1 265	1 317	(4)	2 699	679	630	8	1 266
1 211	1 269	(5)	2 600	676	627	8	1 260
—	—	—	(1)	—	—	—	—
54	48	13	100	3	3	0	6
1 265	1 317	(4)	2 699	679	630	8	1 266
1 211	1 235	(2)	2 519	691	627	10	1 275
147 018	123 624	19	132 060	5 117	5 361	(5)	5 234
16 862	15 649	8	15 900	4 740	4 385	8	4 900
260 436	261 056	0	268 743	30 285	36 644	(17)	35 458
424 316	400 329	6	416 703	40 142	46 390	(13)	45 592
186 871	169 240	10	180 127	5 182	4 985	4	5 276
14 982	10 895	38	11 545	—	—	—	—
218 022	216 297	1	219 802	30 128	36 604	(18)	35 727
419 875	396 432	6	411 474	35 310	41 589	(15)	41 003

CIB 30 June 2015 Rm	CIB 30 June 2014[1] Rm	CIB C%[3]	CIB FX%[4]	CIB Change %	CIB 31 December 2014[1] Rm	WIMI 30 June 2015 Rm	WIMI 30 June 2014 Rm	WIMI C%[3]	WIMI FX%[4]	WIMI Change %	WIMI 31 December 2014 Rm
1 288	1 167	13	(3)	10	2 417	6	1	>100	—	>100	2
907	853	11	(5)	6	1 771	184	137	37	(3)	34	268
2 195	2 020	12	(3)	9	4 188	190	138	41	(3)	38	270
(112)	(32)	>100	(55)	>100	(83)	—	—	—	—	—	—
(958)	(930)	6	(3)	3	(1 935)	(103)	(78)	41	(9)	32	(174)
(9)	(2)	>100	—	>100	(9)	(6)	(7)	20	(34)	(14)	(13)
1 116	1 056	9	(3)	6	2 161	81	53	42	11	53	83
(297)	(328)	(5)	(4)	(9)	(772)	(23)	(19)	15	6	21	(34)
819	728	15	(2)	13	1 389	58	34	57	14	71	49
727	649	15	(3)	12	1 217	60	34	62	14	76	51
92	79	18	(2)	16	172	(2)	—	100	—	(100)	(2)
819	728	15	(2)	13	1 389	58	34	57	14	71	49
727	648	15	(3)	12	1 216	60	34	62	14	76	49
30 863	29 056	5	1	6	33 291	—	—	—	—	—	—
2	—	>100	—	>100	4	—	—	—	—	—	81
32 229	24 381	24	8	32	27 531	1 304	1 102	10	8	18	1 092
63 094	53 437	14	4	18	60 826	1 304	1 102	10	8	18	1 173
51 003	43 999	12	4	16	47 569	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
8 657	5 767	48	2	50	7 446	750	755	(1)	—	(1)	695
59 660	49 766	16	4	20	55 015	750	755	(1)	—	(1)	695

Head Office, Treasury and other operations				Total South Africa			
30 June			31 December	30 June			31 December
2015 Rm	2014[1] Rm	Change %	2014[1] Rm	**2015 Rm**	2014[1] Rm	Change %	2014 Rm
(271)	(108)	>100	(163)	**14 181**	13 213	7	27 481
(145)	(424)	(66)	(608)	**11 675**	11 420	2	23 349
(416)	(532)	(22)	(771)	**25 856**	24 633	5	50 830
(111)	(1)	>100	1	**(3 031)**	(3 180)	(5)	(5 565)
253	379	(33)	977	**(14 207)**	(13 543)	5	(28 045)
(286)	(271)	6	(847)	**(516)**	(477)	8	(1 198)
(560)	(425)	32	(640)	**8 102**	7 433	9	16 022
6	81	(93)	203	**(2 304)**	(2 038)	13	(4 251)
(554)	(344)	61	(437)	**5 798**	5 395	7	11 771
(554)	(344)	61	(437)	**5 539**	5 153	7	11 252
—	—	—	1	**100**	95	5	214
—	—	—	(1)	**159**	147	8	305
(554)	(344)	61	(437)	**5 798**	5 395	7	11 771
(572)	(334)	71	(529)	**5 522**	5 097	8	11 067
2 810	76	>100	897	**590 188**	553 440	7	567 223
7 048	14 568	(52)	17 778	**68 360**	73 216	(7)	76 733
(280 746)	(262 359)	7	(312 846)	**234 284**	221 599	6	203 945
(270 888)	(247 715)	9	(294 171)	**892 832**	848 255	5	847 901
92 810	96 740	(4)	83 157	**542 485**	501 963	8	519 935
96 963	91 375	6	91 482	**118 974**	104 937	13	105 218
(517 572)	(490 090)	6	(520 117)	**158 047**	172 199	(8)	151 219
(327 799)	(301 975)	9	(345 478)	**819 506**	779 099	5	776 372

Head Office, Treasury and other operations						Total Rest of Africa					
30 June					31 December	30 June					31 December
2015 Rm	2014[1] Rm	C%[3]	FX%[4]	Change %	2014[1] Rm	**2015 Rm**	2014 Rm	C%[3]	FX%[4]	Change %	2014 Rm
4	(19)	<(100)	—	<(100)	(35)	**4 282**	3 984	11	(4)	7	8 120
(9)	(24)	(63)	—	(63)	(21)	**2 285**	2 067	14	(3)	11	4 175
(5)	(43)	(88)	—	(88)	(56)	**6 567**	6 051	12	(3)	9	12 295
1	—	>100	—	>100	(1)	**(519)**	(388)	38	(4)	34	(725)
(5)	(24)	(79)	—	(79)	72	**(3 922)**	(3 754)	8	(4)	4	(7 803)
—	—	—	—	—	—	**(52)**	(35)	63	(14)	49	(72)
(9)	(67)	(86)	—	(87)	15	**2 074**	1 874	14	(3)	11	3 695
(6)	(26)	(77)	—	(77)	(60)	**(603)**	(676)	(7)	(4)	(11)	(1 322)
(15)	(93)	(84)	—	(84)	(45)	**1 471**	1 198	26	(3)	23	2 373
(15)	(69)	(79)	—	(9)	(22)	**1 231**	1 013	25	(3)	22	1 964
—	(24)	(100)	—	(100)	(23)	**240**	185	30	—	30	409
(15)	(93)	(84)	—	(84)	(45)	**1 471**	1 198	26	(3)	23	2 373
(14)	(69)	(80)	—	(80)	(22)	**1 233**	1 013	26	(4)	22	1 965
1	1	100	(100)	—	—	**67 224**	62 100	9	(1)	8	69 103
2 722	1 489	93	(10)	83	1 686	**10 606**	9 311	16	(2)	14	9 153
(11 772)	(16 532)	(30)	(1)	(29)	(14 941)	**68 283**	59 035	14	2	16	65 257
(9 049)	(15 042)	(34)	(6)	(40)	(13 255)	**146 113**	130 446	12	—	12	143 513
(186)	(82)	>100	(17)	>100	176	**106 741**	96 490	10	1	11	104 951
—	—	—	—	—	—	**570**	572	0	—	0	880
(10 898)	(17 190)	(38)	1	(37)	(15 351)	**20 269**	16 258	26	(1)	25	18 266
(11 084)	(17 272)	(37)	1	(36)	(15 175)	**127 580**	113 320	12	1	13	124 097

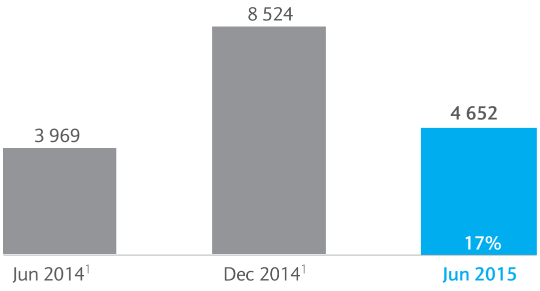
Favourable

- The turnaround strategy in the South African franchise and an increasing Pan-African focus, remains intact.
- Strong 17% growth in headline earnings to **R4 652m** (30 June 2014: R3 969m) despite a challenging economic environment due to positive Jaws and 8% reduction in credit impairments.
- Positive momentum in Rest of Africa with a 21% increase[2] in headline earnings to **R460m** (30 June 2014: R400m) and improved RoA.
- Total revenue growth momentum maintained at 5% and customer numbers showing an upward trajectory accross all key segments.
- Non-interest income increased by 6% to **R8 815m** (30 June 2014: R8 344m) as a result of higher transactional volumes in Rest of Africa and continued client and revenue focus in Business Banking South Africa.
- Lower credit loss ratio of **1,38%** (30 June 2014: 1,55%) driven by strong collections performance and quality loan growth. Performing and non-performing loans coverage ratios increased to **0,90%** (30 June 2014: 0,85%) and **44,94%** (30 June 2014: 43,08%) respectively.
- Solid deposits growth of 11% contributing to net interest income growth of 5%.
- Awarded most improved Retail Bank in Africa by the Asian Banker.
- Net Promoter Score® ("NPS") which measures customer experience has improved for Retail Banking South Africa and Rest of Africa.

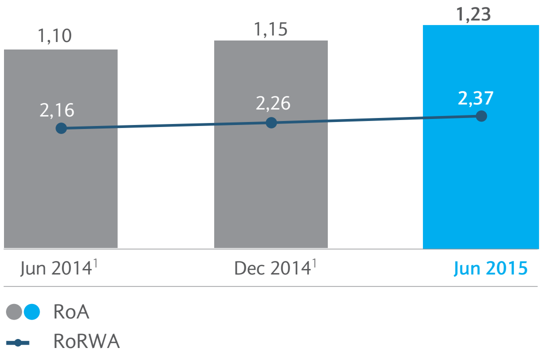
Unfavourable

- Net interest margin negatively impacted by the tight interest rate environment, an increase in cost of funds and a change in customer demand for lower margin deposit products.
- Loans and advances showing subdued growth as the Home Loans legal book continues to decline.
- Continued loss of market share in key advances portfolios, albeit the rate of loss is stabilising.
- Lower than expected growth in key geographies in Rest of Africa.

Headline earnings (Rm and change %)



RoA and RoRWA (%)



Salient features	30 June 2015	30 June 2014[1]	Change %	31 December 2014[1]
Revenue (Rm)	**23 723**	22 609	5	46 242
Attributable earnings (Rm)	**4 665**	4 000	17	8 547
Headline earnings (Rm)	**4 652**	3 969	17	8 524
Credit loss ratio (%)	**1,38**	1,55		1,32
Cost-to-income ratio (%)	**56,4**	57,1		58,8
RoRWA (%)	**2,37**	2,16		2,26
RoA (%)	**1,23**	1,10		1,15
RoRC (%)	**21,5**	19,1		20,1

Notes

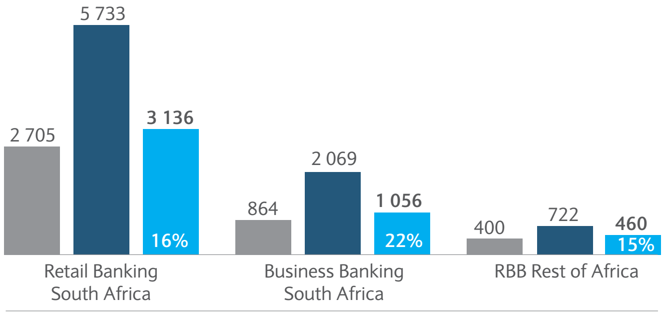
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]Growth notes reflect constant currency growth rates and excludes foreign translations.

®Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrixs Systems Inc., Bain and Co Inc. and Fred Reichheld.

RBB overview
for the reporting period ended

Headline earnings per segment (Rm and change %)

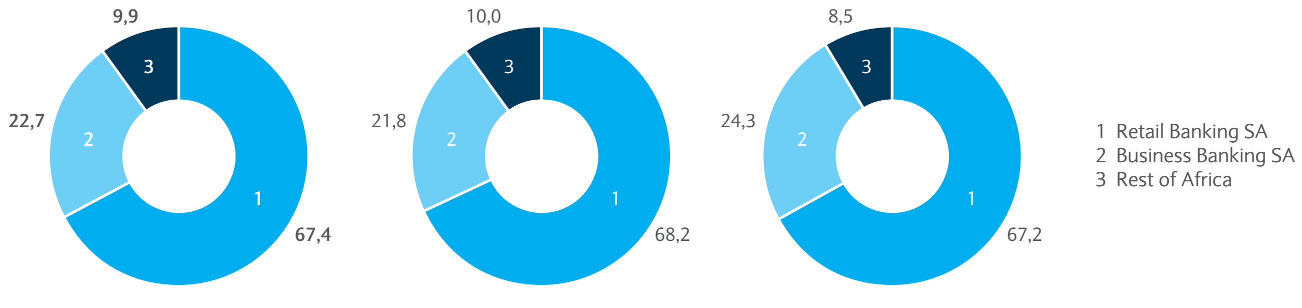


Headline earnings by segment	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm
RBB	**4 652**	3 969	17	8 524
Retail Banking South Africa	**3 136**	2 705	16	5 733
Home Loans	**935**	726	29	1 574
Vehicle and Asset Finance	**450**	477	(6)	1 029
Card	**642**	570	13	1 347
Consumer Banking	**1 350**	1 059	27	2 573
Personal Loans	**122**	(27)	<(100)	116
Transactional and Deposits	**1 228**	1 086	13	2 457
Other	**(241)**	(127)	90	(790)
Business Banking South Africa	**1 056**	864	22	2 069
Business Banking (excluding equities)	**1 071**	895	20	2 135
Business Banking equities	**(15)**	(31)	(52)	(66)
RBB Rest of Africa	**460**	400	15	722

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

	Retail Banking South Africa				Business Banking South Africa			
	30 June			31 December	30 June			31 December
	2015	2014[1]	Change %	2014[1]	**2015**	2014[1]	Change %	2014[1]
Statement of comprehensive income (Rm)								
Net interest income	**9 148**	8 730	5	17 845	**2 776**	2 700	3	5 638
Non-interest income	**5 957**	5 760	3	11 700	**1 655**	1 483	12	3 166
Total income	**15 105**	14 490	4	29 545	**4 431**	4 183	6	8 804
Impairment losses on loans and advances	**(2 540)**	(2 823)	(10)	(4 848)	**(251)**	(303)	(17)	(528)
Operating expenses	**(7 884)**	(7 636)	3	(16 174)	**(2 640)**	(2 562)	3	(5 248)
Other	**(63)**	(65)	(3)	(74)	**(19)**	(36)	(47)	(46)
Operating income before income tax	**4 618**	3 966	16	8 449	**1 521**	1 282	19	2 982
Taxation expense	**(1 301)**	(1 099)	18	(2 344)	**(430)**	(357)	20	(844)
Profit for the reporting period	**3 317**	2 867	16	6 105	**1 091**	925	18	2 138
Profit attributable to:								
Ordinary equity holders	**3 139**	2 701	16	5 743	**1 067**	900	19	2 086
Non-controlling interest – ordinary shares	**100**	95	5	214	**—**	—	—	—
Non-controlling interest – preference shares	**78**	71	10	148	**24**	25	(4)	52
	3 317	2 867	16	6 105	**1 091**	925	18	2 138
Headline earnings	**3 136**	2 705	16	5 733	**1 056**	864	22	2 069
Operating performance (%)								
Net interest margin on average interest-bearing assets	**3,47**	3,48		3,47	**6,02**	6,43		6,36
Credit loss ratio	**1,39**	1,58		1,33	**0,81**	1,00		0,87
Non-interest income as percentage of revenue	**39,4**	39,8		39,6	**37,4**	35,5		36,0
Revenue growth	**4**	5		5	**6**	4		6
Cost growth	**3**	5		7	**3**	7		6
Cost-to-income ratio	**52,2**	52,7		54,7	**59,6**	61,2		59,6
Statement of financial position (Rm)								
Loans and advances to customers	**371 890**	363 326	2	367 967	**63 353**	61 053	4	61 065
Investment securities	**29 746**	28 741	3	28 464	**9 964**	9 873	1	9 691
Other assets	**191 320**	160 630	19	176 810	**32 989**	25 628	29	35 780
Total assets	**592 956**	552 697	7	573 241	**106 306**	96 554	10	106 536
Deposits due to customers	**155 952**	138 963	12	150 427	**101 670**	92 035	10	100 948
Debt securities in issue	**7 029**	2 667	>100	2 191	**—**	—	—	—
Other liabilities	**423 971**	405 948	4	412 486	**3 498**	3 440	2	3 321
Total liabilities	**586 952**	547 578	7	565 104	**105 168**	95 475	10	104 269
Financial performance (%)								
RoRWA	**2,64**	2,57		2,61	**3,12**	2,40		2,89
RoA	**1,12**	1,02		1,05	**2,06**	1,83		2,08

Headline earnings per segment (%)

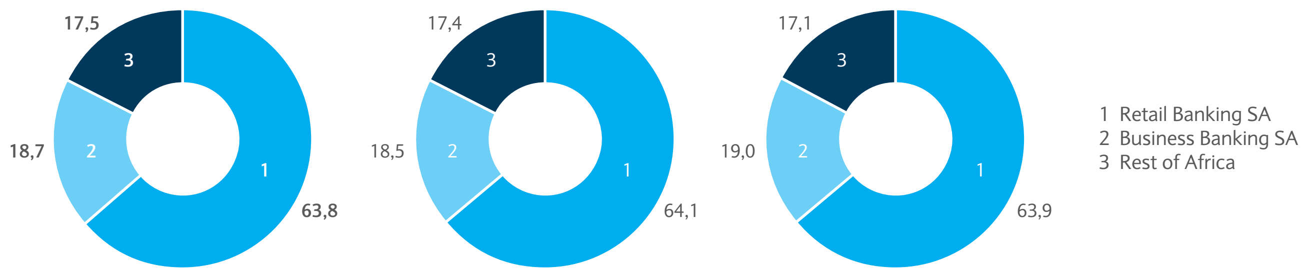


Jun 2015 Jun 2014 Dec 2014

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

RBB Rest of Africa				Total RBB			
30 June			31 December	30 June			31 December
2015	2014[1]	Change %	2014[1]	**2015**	2014[1]	Change %	2014[1]
2 984	2 835	5	5 736	**14 908**	14 265	5	29 219
1 203	1 101	9	2 157	**8 815**	8 344	6	17 023
4 187	3 936	6	7 893	**23 723**	22 609	5	46 242
(408)	(356)	15	(641)	**(3 199)**	(3 482)	(8)	(6 017)
(2 856)	(2 722)	5	(5 766)	**(13 380)**	(12 920)	4	(27 188)
(37)	(26)	42	(50)	**(119)**	(127)	(6)	(170)
886	832	6	1 436	**7 025**	6 080	16	12 867
(277)	(303)	(9)	(456)	**(2 008)**	(1 759)	14	(3 644)
609	529	15	980	**5 017**	4 321	16	9 223
459	399	15	718	**4 665**	4 000	17	8 547
150	130	15	262	**250**	225	11	476
—	—	—	—	**102**	96	6	200
609	529	15	980	**5 017**	4 321	16	9 223
460	400	15	722	**4 652**	3 969	17	8 524
9,16	9,29		9,38	**4,35**	4,41		4,40
2,31	2,23		1,95	**1,38**	1,55		1,32
28,7	28,0		27,3	**37,2**	36,9		36,8
6	8		1	**5**	5		5
5	11		10	**4**	6		7
68,2	69,2		73,1	**56,4**	57,1		58,8
36 360	33 043	10	35 812	**471 603**	457 422	3	464 844
7 882	7 822	1	7 382	**47 592**	46 436	2	45 537
46 522	50 084	(7)	51 575	**270 831**	236 342	15	264 165
90 764	90 949	(0)	94 769	**790 026**	740 200	7	774 546
55 924	52 573	6	57 206	**313 546**	283 571	11	308 581
570	572	0	880	**7 599**	3 239	>100	3 071
21 760	26 926	(19)	25 476	**449 229**	436 314	3	441 283
78 254	80 071	(2)	83 562	**770 374**	723 124	7	752 935
1,05	0,94		0,84	**2,37**	2,16		2,26
0,97	0,80		0,75	**1,23**	1,10		1,15

Revenue by segment (%)



Jun 2015 Jun 2014 Dec 2014

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RBB – Retail Banking South Africa
for the reporting period ended

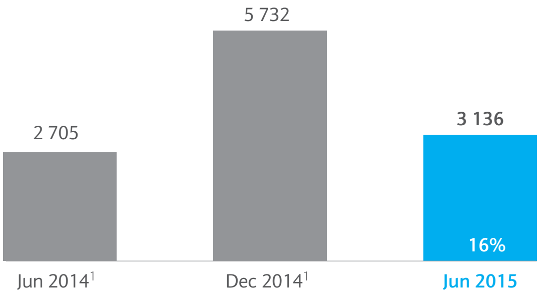
Favourable

- Strong 16% growth in headline earnings to **R3 136m** (30 June 2014: R2 705m) due to positive Jaws and reduced impairments.
- Net interest income increased 5% following strong deposit growth.
- Credit impairments declined by 10% to **R2 540m** (30 June 2014: R2 823m), with the credit loss ratio declining from 1,58% to 1,39%, predominantly due to a better quality book and improved collections performance.
- Performing loans coverage ratio increased to **0,84%** (30 June 2014: 0,78%), while NPLs coverage ratio remains strong at **43,73%** (30 June 2014: 42,35%).
- Low cost growth of 3% attributable to benefits from the multi-channel programme and focused cost management.
- Edcon performance has improved with a reduced headline earnings loss of **R33m** (30 June 2014: R97m), largely as a result of focused long-term credit risk management strategies.
- Production levels continue to increase in Home Loans and Commercial Asset Finance, while Card trading volumes maintained positive momentum.
- Growth in customer numbers through strong acquisition of new customers and reduced account closures.
- The Absa ATM channel was voted the number one channel in South Africa (SACSI).

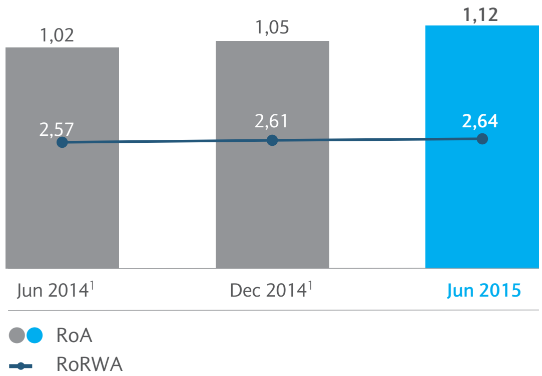
Unfavourable

- Net interest margins declined by 1 bps as higher funding costs offset pricing increase.
- Subdued growth in non-interest income as a result of reduced interchange rates, strong growth in rewards paid to customers, sale of more affordable products and continued migration to bundled products and digital channels.
- Growth in loans and advances impacted by the continued decline in Home Loans legal book and slower growth in Personal Loans, along with lower net credit sales in Edcon.
- Declining market share despite growth in key portfolios.

Headline earnings (Rm and change %)



RoA and RoRWA (%)



Salient features	30 June 2015	30 June 2014[1]	Change %	31 December 2014[1]
Revenue (Rm)	**15 105**	14 490	4	29 545
Attributable earnings (Rm)	**3 139**	2 701	16	5 743
Headline earnings (Rm)	**3 136**	2 705	16	5 733
Credit loss ratio (%)	**1,39**	1,58		1,33
Cost-to-income ratio (%)	**52,2**	52,7		54,7
RoRWA (%)	**2,64**	2,57		2,61
RoA (%)	**1,12**	1,02		1,05

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

Business profile

Retail Banking South Africa offers a comprehensive suite of retail banking products and services to both individual and commercial 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 channels, relationship managers as well as call centre agents.

Key business areas

- **Home Loans** – offers residential property-related finance solutions direct to customers through personalised services (includes Private and Wealth coverage channels), and a range of electronic channels and intermediaries such as estate agents and originators.
- **Vehicle and Asset Finance** – offers customised vehicle and movable asset finance products and services directly and via dealers through face-to-face engagements, call centre agents and digital channels to both individual and commercial asset finance customers with the latter including marine and aviation financing products, technology finance solutions as well as vehicle fleet management solutions, fleet card management and associated services. Joint ventures with Ford Financial Services and MAN Financial Services are an extension of VAF, with a specific focus on manufacturer-specific asset financing solutions and offerings. Alliance and preferred supplier agreements are in place with key groups in order to strengthen relationships with our partners and to optimise sales, through focused service offerings.
- **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 (including the Namibian portfolio) which offers in-store cards and Woolworths Financial Services which offers in-store store cards, credit cards, personal loans and short-term insurance products.
- **Personal Loans** – offers unsecured instalment loans through face-to-face engagements, call centre agents as well as electronic and mobile channels.
- **Transactional and Deposits** – offers a full range of transactional banking, savings and investment products, rewards programme and services through a variety of channels. These include physical branches, digital channels, ATMs, priority suites and call centres.
- **Other** – includes distribution channel under recovery, change management programme and funding costs held centrally for Retail Banking South Africa.

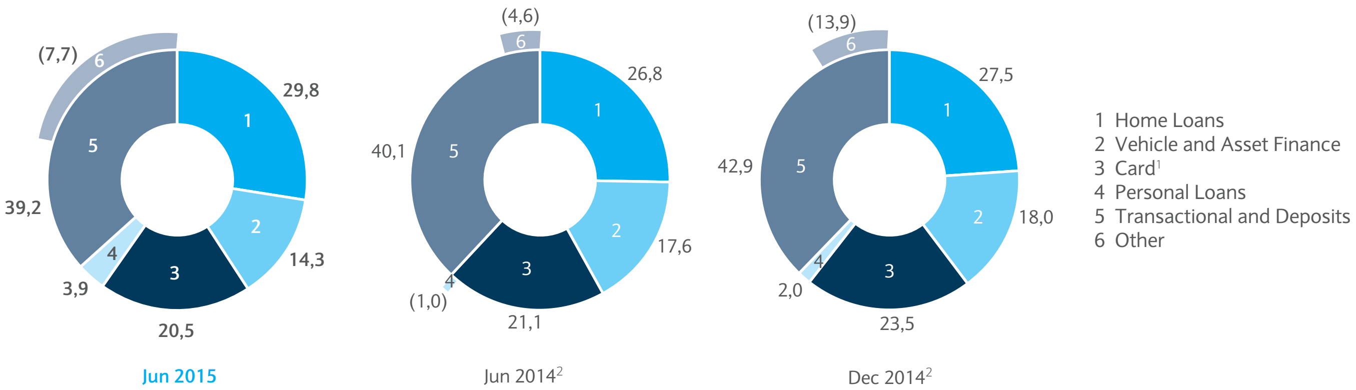
The following organisational changes took place during the current reporting period impacting the reporting structure of Retail Banking South Africa and financial results for comparative periods 30 June 2014 and 31 December 2014 have been restated accordingly:

- A material portion of operating expenses previously held in **Other** were allocated to relevant business units within Retail Banking South Africa.
- Study loans included in loans and advances to customers were reallocated from **Transactions and Deposits** to **Personal Loans.**
- Certain loan account portfolios were transferred from **WIMI** to **Home Loans** resulting in a re-classification of loans and advances to customers.
- Comparative periods were not restated for the following change:
  - **Sustainable Integrated Residential Developments ("SIDs")** – previously reported in the Retail Banking South Africa segment, were transferred to Business Banking South Africa.

RBB – Retail Banking South Africa
for the reporting period ended

	Home Loans				Vehicle and Asset Finance			
	30 June			31 December	30 June			31 December
	2015	2014[2]	Change %	2014[2]	2015	2014[2]	Change %	2014[2]
Statement of comprehensive income (Rm)								
Net interest income	**2 173**	2 118	3	4 300	**1 481**	1 442	3	2 901
Non-interest income	**169**	182	(7)	358	**382**	326	17	736
Total income	**2 342**	2 300	2	4 658	**1 863**	1 768	5	3 637
Impairment losses on loans and advances	**(285)**	(540)	(47)	(860)	**(468)**	(418)	12	(797)
Operating expenses	**(750)**	(745)	1	(1 598)	**(847)**	(763)	11	(1 573)
Other	**(7)**	(7)	0	(14)	**59**	50	18	118
Operating income before income tax	**1 300**	1 008	29	2 186	**607**	637	(5)	1 385
Taxation expense	**(365)**	(282)	29	(613)	**(153)**	(158)	(3)	(350)
Profit for the reporting period	**935**	726	29	1 573	**454**	479	(5)	1 035
Profit attributable to:								
Ordinary equity holders	**935**	726	29	1 573	**454**	479	(5)	1 035
Non-controlling interest – ordinary shares	**—**	—	—	—		—	—	—
Non-controlling interest – preference shares	**—**	—	—	—		—	—	—
	935	726	29	1 573	**454**	479	(5)	1 035
Headline earnings	**935**	726	29	1 574	**450**	477	(6)	1 029
Operating performance (%)								
Credit loss ratio	**0,25**	0,47		0,37	**1,11**	1,11		1,01
Non-interest income as percentage of revenue	**7,22**	7,9		7,7	**20,5**	18,4		20,2
Revenue growth	**2**	4		5	**5**	4		9
Cost growth	**1**	(11)		0	**11**	5		6
Cost-to-income ratio	**32,0**	32,4		34,3	**45,5**	43,2		43,2
Statement of financial position (Rm)								
Loans and advances to customers	**229 227**	231 673	(1)	229 292	**87 731**	78 748	11	84 510
Investment securities	**10 557**	9 127	16	9 766	**3 925**	3 327	18	3 473
Other assets	**16 349**	5 730	>100	6 393	**4 689**	3 748	25	4 217
Total assets	**256 133**	246 530	4	245 451	**96 345**	85 823	12	92 200
Deposits due to customers	**2 015**	2 007	0	2 021	**206**	21	>100	163
Debt securities in issue	**7 028**	2 667	>100	2 191	**—**	—	—	—
Other liabilities	**246 019**	240 997	2	239 533	**94 566**	84 325	12	90 125
Total liabilities	**255 062**	245 671	4	243 745	**94 772**	84 346	12	90 288
Financial performance (%)								
RoRWA	**2,68**	2,13		2,25	**1,39**	1,69		1,73
RoA	**0,76**	0,59		0,64	**0,97**	1,16		1,20

Headline earnings (%)



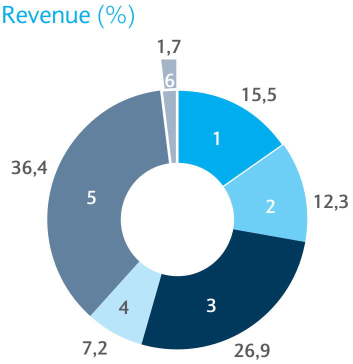
Notes

[1]Includes WFS and the Edcon portfolio.

[2]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

Card[1]				Consumer Bank				Personal Loans			
30 June			31 December	30 June			31 December	30 June			31 December
2015	2014[2]	Change %	2014[2]	2015	2014[2]	Change %	2014[2]	2015	2014[2]	Change %	2014[2]
2 503	2 412	4	4 852	3 042	2 735	11	5 807	928	812	14	1 746
1 557	1 562	0	3 041	3 542	3 350	6	6 881	161	165	(2)	329
4 060	3 974	2	7 893	6 584	6 085	8	12 688	1 089	977	11	2 075
(1 332)	(1 353)	(2)	(2 262)	(456)	(503)	(9)	(933)	(409)	(458)	(11)	(855)
(1 625)	(1 624)	0	(3 315)	(4 251)	(4 109)	3	(8 180)	(510)	(563)	(9)	(1 070)
(54)	(53)	2	(104)	—	(1)	(100)	(2)	—	6	(100)	11
1 049	944	11	2 212	1 877	1 472	28	3 573	170	(38)	<(100)	161
(297)	(274)	8	(636)	(527)	(413)	28	(1 000)	(48)	11	<(100)	(45)
752	670	12	1 576	1 350	1 059	27	2 573	122	(27)	<(100)	116
642	570	13	1 346	1 350	1 059	27	2 573	122	(27)	<(100)	116
100	91	10	208	—	—	—	—	—	—	—	—
10	9	11	22	—	—	—	—	—	—	—	—
752	670	12	1 576	1 350	1 059	27	2 573	122	(27)	<(100)	116
642	570	13	1 347	1 350	1 059	27	2 573	122	(27)	<(100)	116
6,95	7,63		6,19	5,57	6,02		5,56	5,93	6,56		6,06
38,3	39,3		38,5	53,8	55,1		54,2	14,8	16,9		15,9
2	10		3	8	2		4	11	2		7
0	4		9	3	0		0	(9)	2		2
40,0	40,9		42,0	64,6	67,5		64,5	46,8	57,6		51,6
38 597	36 572	6	38 190	16 334	16 330	0	15 973	14 195	14 061	1	13 917
1 812	1 635	11	1 619	840	1 847	(55)	757	667	564	18	544
11 215	11 638	(4)	11 014	154 045	134 027	15	148 733	351	310	13	313
51 624	49 845	4	50 823	171 219	152 204	12	165 463	15 213	14 935	2	14 774
1 885	1 832	3	1 928	151 793	134 989	12	146 227	9	12	(25)	10
—	—	—	—	—	—	—	—	—	—	—	—
47 862	46 461	3	46 476	18 067	16 146	12	16 654	15 082	14 950	1	14 649
49 747	48 293	3	48 404	169 860	151 135	12	162 881	15 091	14 962	1	14 659
1,91	2,09		2,31	7,95	7,32		8,82	1,47	(0,34)		0,73
2,49	2,60		2,84	1,71	1,49		1,74	1,65	(0,37)		0,77

Revenue (%)



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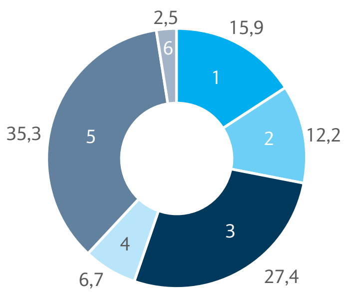
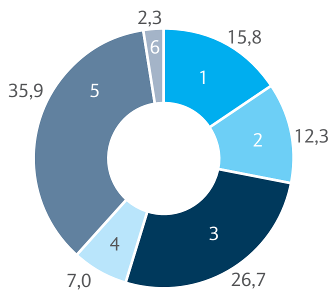


Jun 2014[2]



Dec 2014[2]

1 Home Loans
2 Vehicle and Asset Finance
3 Card[1]
4 Personal Loans
5 Transactional and Deposits
6 Other

Transactional and Deposits				Other				Total Retail Banking South Africa			
30 June			31 December	30 June			31 December	30 June			31 December
2015	2014[2]	Change %	2014[2]	**2015**	2014[2]	Change %	2014[2]	**2015**	2014[2]	Change %	2014[2]
2 114	1 923	10	4 061	**(51)**	23	<(100)	(15)	**9 148**	8 730	5	17 845
3 381	3 185	6	6 552	**307**	340	(10)	684	**5 957**	5 760	3	11 700
5 495	5 108	8	10 613	**256**	363	(29)	669	**15 105**	14 490	4	29 545
(47)	(45)	4	(78)	**1**	(9)	<(100)	4	**(2 540)**	(2 823)	(10)	(4 848)
(3 741)	(3 546)	5	(7 110)	**(411)**	(395)	4	(1 508)	**(7 884)**	(7 636)	3	(16 174)
—	(7)	(100)	(13)	**(61)**	(54)	13	(72)	**(63)**	(65)	(3)	(74)
1 707	1 510	13	3 412	**(215)**	(95)	>100	(907)	**4 618**	3 966	16	8 449
(479)	(424)	13	(955)	**41**	28	46	255	**(1 301)**	(1 099)	18	(2 344)
1 228	1 086	13	2 457	**(174)**	(67)	>100	(652)	**3 317**	2 867	16	6 105
1 228	1 086	13	2 457	**(242)**	(133)	82	(784)	**3 139**	2 701	16	5 743
—	—	—	—	**—**	4	(100)	6	**100**	95	5	214
—	—	—	—	**68**	62	10	126	**78**	71	10	148
1 228	1 086	13	2 457	**(174)**	(67)	>100	(652)	**3 317**	2 867	16	6 105
1 228	1 086	13	2 457	**(241)**	(127)	90	(790)	**3 136**	2 705	16	5 733
3,65	3,28		2,93	**n/a**	n/a		n/a	**1,39**	1,58		1,33
61,5	62,4		61,7	**n/a**	n/a		n/a	**39,4**	39,8		39,6
8	3		4	**n/a**	n/a		n/a	**4**	5		5
5	0		0	**n/a**	n/a		n/a	**3**	5		7
68,1	69,4		67,0	**n/a**	n/a		n/a	**52,2**	52,7		54,7
2 139	2 269	(6)	2 056	**1**	3	(67)	2	**371 890**	363 326	2	367 967
173	1 283	(87)	213	**12 612**	12 805	(2)	12 849	**29 746**	28 741	3	28 464
153 694	133 717	15	148 420	**5 022**	5 487	(8)	6 453	**191 320**	160 630	19	176 810
156 006	137 269	14	150 689	**17 635**	18 295	(4)	19 304	**592 956**	552 697	7	573 241
151 784	134 977	12	146 217	**53**	114	(54)	88	**155 952**	138 963	12	150 427
—	—	—	—	**1**	—	100	—	**7 029**	2 667	>100	2 191
2 985	1 196	>100	2 005	**17 457**	18 019	(3)	19 698	**423 971**	405 948	4	412 486
154 769	136 173	14	148 222	**17 511**	18 133	(3)	19 786	**586 952**	547 578	7	565 104
14,15	16,70		18,56	**n/a**	n/a		n/a	**2,64**	2,57		2,61
1,71	1,71		1,84	**n/a**	n/a		n/a	**1,12**	1,02		1,05

Financial performance

Headline earnings increased by 16% to **R3 136m** (30 June 2014: R2 705m), due to solid revenue growth and a well-managed cost base which contributed to positive Jaws and pre-provision profit growth of 5% to **R7 221m** (30 June 2014: R6 854). This performance was enhanced by lower credit impairments resulting from continued improvement in the quality of the Home Loans book and a strong collections performance in Personal Loans.

Solid revenue growth of 4% to **R15 105m** (30 June 2014: R14 490m) achieved in a challenging macroeconomic environment. Net interest income growth of 5% is driven by strong deposit balances growth of 12%. Net interest margin has remained stable at **3,47%** (30 June 2014: 3,48%) reflecting the pricing pressure in spite of the higher average prime interest rates and increased funding costs. Subdued non-interest income growth of 3% is due to the reduction in interchange rates, strong growth in rewards paid to customers, the sale of more affordable products along with continued migration to bundled products and digital channels.

The credit loss ratio improved to **1,39%** (30 June 2014: 1,58%) reflecting a 10% decline in credit impairments to **R2 540m** (30 June 2014: R2 823m), mainly due to lower write-offs on the back of a better quality Home Loans book and improved collections performance in Personal Loans, partly offset by an increase in VAF credit impairments.

Low operating expenses growth of 3% reflects the operational efficiencies resulting from the multichannel programme and continued focus on discretionary cost management. Cost-to-income ratio has improved to **52,2%** (30 June 2014: 52,7%).

Loans and advances to customers increased by 2% to **R372bn** (30 June 2014: R363bn), largely due to a 11% increase in VAF driven by strong growth in the joint venture and alliances portfolios and a 6% growth in Card balances due to the open market strategy and co-brands, offset by a decrease in Home Loans NPLs portfolio to **R9,5bn** (30 June 2014: R12,1bn) which is attributable to the legal book continuous decline, albeit at a slower rate.

Deposits due to customers increased by 12% to **R156bn** (30 June 2014: R139bn), largely due to the continued growth in the Depositor Plus investment product.

Home Loans headline earnings continued to improve with growth of 29%, primarily driven by a 47% decline in credit impairments as a result of lower write-offs given an improvement in the quality of the book. Revenue has grown by 2%, with a 3% increase in net interest income, while operating expenses increased by 1%.

VAF's reported lower headline earnings, supported by satisfactory revenue growth and outstanding joint venture performance while credit impairments increased by 12% and the credit loss ratio remained stable at 1,11%. Operating expense growth of 11% is largely driven by the reallocation of collection costs, investment in the sales force and operational process automation.

Card headline earnings improvement of 13% is largely attributable to strong growth in trading volumes, in spite of the interchange rate reduction coupled with solid performance in new balances booked in the Absa Card and WFS portfolios which have both increased by 9%. The positive momentum experienced in the Edcon portfolio in the second half of 2014 as a result of focused credit risk management strategies implemented continued into the current reporting period with credit loss rates declining to **12,59%** (30 June 2014: 15,01%).

Personal Loans reflects exceptionally strong growth and returned to profitability, mainly due to a decline of 11% in credit impairments on the back of improved collections. Revenue has increased by 11% primarily driven by improved pricing on loans and advances to customers with net interest income growth of 14%. Operating expenses have decreased by 9% as a result of cost containment efforts.

Transactional and Deposits headline earnings increased by 13% as a result of good revenue growth of 8%, while operating expenses increased by 5%. Strong growth of 10% in net interest income is driven by deposit balances growth of 12%. Operating expenses growth of 5% supports the revenue performance as the cost-to-income ratio has improved to **68,1%** (30 June 2014: 69,4%).

Operating environment

The following factors had a key influence on Retail Banking South Africa over the reporting period:

- Consumer finances remain under pressure as growth in employment, real household disposable income and consumer expenditure remained subdued. Consumer credit risk profiles did not show an improvement, while consumer confidence deteriorated.
- Inflation bottomed in February and is on a rising trend, with interest rates remaining stable in the first six months of the year, but expected to rise over the remainder of the year.
- Growth in household credit extension remained relatively low at 3% year on year across both secured and unsecured advances.
- Total new vehicle sales volumes declined by 1,9% year on year.
- Domestic fuel prices have risen since bottoming in February, adding to financial pressure on consumers.
- Consumers remain heavily indebted with the ratio of household debt to income above 78% and the general state of credit risk profiles has deteriorated which affects their ability to take up further credit.
- Increase in income tax rates will further erode disposable income levels, particularly in the affluent customer segments.
- The outlook for consumers is increasing levels of financial strain over the rest of 2015 on the back of low economic and employment growth, rising inflation and upward pressure on interest rates.
- Continued challenges from the underperformance of utilities, particularly relating to electricity and water supply, are likely to increase pressure on consumers, while leading to direct and indirect cost increases.

Business performance

The improvement in the financial performance is underpinned by targeted portfolio optimisation actions, planned investment initiatives and focused execution against strategic imperatives resulting in the delivery of new and innovative propositions like Payment Pebble, Features Store, Homeowners App, My Springboard, gamification, electronic contracting when purchasing vehicles and Private Banking for Professionals.

The ongoing investment in innovation, intensified focus on developing our people and reinvigorating the branch and ATM networks contributed to the steady rise of new business volumes to targeted levels across most products in a challenging marketplace. The risk profile of new business is well within business risk appetite and is appropriately priced.

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 continued enhancement of collections and recovery processes.

Overall customer numbers increased to **8,8m** (30 June 2014: 8,6m) with growth in key segments reflecting that the turnaround strategy is yielding both retention and attrition benefits. Our focus on meeting the financial needs of our clients and customers, coupled with our wide range of offerings, has enabled us to extract additional revenue from the high-value segments.

Continued cost management discipline has enabled investment in targeted marketing initiatives as well as a multi-year channel transformation programme spanning all key customer-facing channels. The rise of modern technologies such as enhanced functionality ATMs and the prevalence of online capable devices, provides the opportunity for the banking sector to simultaneously improve the customer experience and utilise bank resources more efficiently. The programme has focused on positioning the organisation to be the future of banking on the continent in pursuit of becoming the "Go-To" bank. The programme seeks to lead the industry by offering new ways to bank that combine great technologies and physical locations with the best face-to-face service.

The programme which spans all key bank channels continued into 2015. The programme focuses on improving the customer experience through investing in functionalities to offer alternative and improved ways for the customer to interact with the bank. Cost management remains a key focus to ensure benefits resulting from the customer adoption of more convenient banking channels are realised.

The channel transformation programme has continued to deliver capabilities that will enable the bank to become the "Go-To" bank for our customers, which include:

- Functionalities to allow customers to perform transactions without being required to visit a branch, including self-registration for customers on the banking app and ensuring that standalone home loan and vehicle finance customers are able to register on internet banking.
- Additional functionalities on cash accepting devices ("CAD(s)") to improve the customer experience. Customers are increasingly opting to deposit cash through these devices.
- New branch operating models being tested, including layout, digital in-branch capabilities, multi-skilled staff roles and an intensive staff service training programme.
- Refurbishing and re-positioning of physical distribution outlets (branches, ATMs and CADs) to improve the customer experience. The Absa ATM channel was voted the number one channel in South Africa (SACSI).
- Ongoing branch process improvements to enable a quicker and more efficient experience to customers and staff.
- Free public Wi-Fi has been deployed at select branches.

Home Loans

Home Loans recorded headline earnings of **R935m** (30 June 2014: R726m), an increase of 29% on the back of a 47% decrease in credit impairments, a 2% increase in revenue and a 1% increase in operating expenses.

Revenue increased marginally due to improved yield on the existing book as well as improved pricing on new business coupled with the rolling off of lower margin business.

Credit impairments decreased by 47% to **R285m** (30 June 2014: R540m) largely as a result of improved collections and recovery strategies and processes which translated into NPLs reducing from R12,1bn to R9,5bn and a continued improvement in the credit loss ratio to **0,25%** (30 June 2014: 0,47%).

Operating expenses remained well controlled and increased by 1% to **R750m** (30 June 2014 R745m) attributable to lower processing, collection and recovery costs. The cost-to-income ratio improved to **32,0%** (30 June 2014: 32,4%).

Loans and advances to customers decreased marginally by 1%, with new flow being marginally lower than book run-off as a result of a 22% reduction in non-performing advances. This has resulted in a loss of market share (according to BA 900) from 26,8% to 26,0%. New business value reflected a substantial improvement and margins have increased to **1,87%** (30 June 2014: 1,79%), despite customers remaining financially stressed. New business flow increased by 8,7% which is the highest in seven years, while loans not taken up decreased from 15,7% to 14,5%. Market share of new business flow declined to **19,3%** (30 June 2014: 20,3%) per Lightstone due to reduced instructions pipeline in the last quarter of 2014. This has improved significantly in the first half of 2015 which will translate into business growth in the second half of 2015. Risk appetite was reviewed and expansions were implemented in higher loan to value and lower borrower risk segments. Home Loans continues to focus on responsible lending and originating good quality loans.

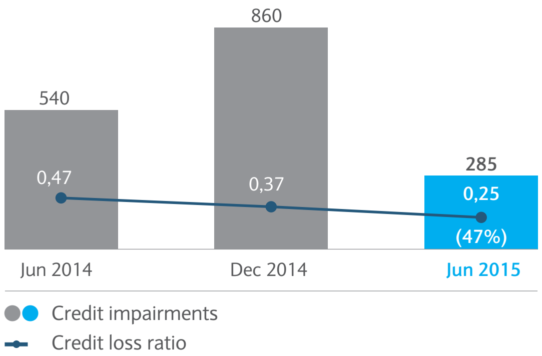
Performing loans as a percentage of total advances increased from 94,8% to 95,9%. Performing loans coverage ratio declined to **0,55%** (30 June 2014: 0,58%) while non-performing coverage decreased to **24,4%** (30 June 2014: 27,0%). The NPLs coverage ratio decrease is attributable to aged default advances which were sold as part of the recoveries process decreasing year on year.

Business performance *(continued)*

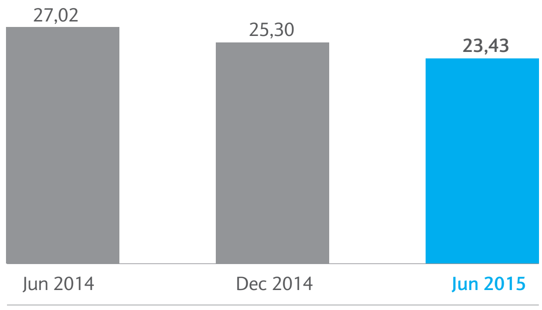
Home Loans continues to innovate through being more customer-centric:

- Rolling over of new products in the form of Loyalty Bond and Family Spring Board, targeted at specific segments;
- Repositioning the affordable housing proposition under My Home;
- Repositioning affluent and wealth segment products in the form of Private One and Universal;
- Being first to market with the launch of the Absa Homeowners App, which offers speed, convenience and 24/7 accessibility;
- New sales process and the launch of Skybranch resulting in an improvement in turnaround times and a reduction in customer complaints; and
- The launch of "Guiding You Home" DStv programme.

Credit impairments and credit loss ratio (Rm, % and change %)



NPL – coverage ratio (%)



Vehicle and Asset Finance

VAF delivered headline earnings of **R450m** (30 June 2014: R477m), a 6% decline. Satisfactory book growth amid contraction in the South African automotive industry and outstanding joint venture and solid alliance growth underpinned the financial performance.

Loans and advances to customers grew by 11% due to strong joint venture growth, combined with above-market origination in the retail and commercial markets, resulting in instalment sales growth of 8%.

Revenue increased 5% on the back of the advances growth, with interest margins remaining under pressure due to competitive market pricing. Interest margin growth was impacted by a once-off recognition adjustment relating to amortisation of fees over the term of a contract in the prior reporting period.

Non-interest income increased by 17% relating to a reallocation of external debt collection costs as well as increased end of contract income in both Vehicle Management Services and the retail portfolio.

The overall credit loss ratio remained steady at 1,11%, despite the growth in loans and advances.

The retail portfolio performance was stable, but has started to exhibit signs of strain due to the slowdown in the passenger vehicle market, as well as increased pressure on consumer's disposable income. The performing book deteriorated from 92,5% to 91,8% and NPLs increased marginally from 2,4% to 2,5%. The legal book improved by 27 bps from R750m to R663m, due to effective management of aged legal matters and the application of a conservative write-off policy. While collection activities remain effective and focused, the credit loss ratio increased marginally from 1,31% to 1,33%.

The commercial asset book performed in line with expectations, with higher legal recoveries and lower specific impairments. The credit loss ratio increased marginally to **0,65%** (30 June 2014: 0,64%) with the book still growing to maturity.

VAF's cost-to-income ratio increased to **45,4%** (30 June 2014: 43,2%). Cost growth at 11% related mainly to the reallocation of external debt collections costs from non-interest income, as well as investment in the sales force and operational process automation.

The new passenger car market contracted by 3,2% (per National Association of Automobile Manufacturers of South Africa) year on year, while the new and used passenger car and light commercial financed market declined by 7% (per TransUnion). This market decline impacted business production which remained on par with last year for retail instalment sales. New passenger vehicles contributed **34%** (30 June 2014: 36%) to the retail units financed in 2015. Book growth was supported by a 2% increase in the average value financed in the retail portfolio and the average term of new individual instalment sale contracts increased by one month to 68,8 months.

The Ford Financial Services joint venture new business flow increased by 35% exceeding market growth and expectations, largely as a result of Ford market share growth.

Business performance *(continued)*

Despite moderate market growth, the new business production in the commercial instalment sales segment continued to reflect strong growth of 11%. The joint venture with MAN Financial Services and other commercial alliances have shown good performance.

VAF's overall market share in instalment sales increased from 18,9% in the second half of 2014 to **19,5%** in 2015 (as reported in the BA 900). The increase is supported by a strong commercial market share, increasing from 17,8% in the second half of 2014 to 19.3% in 2015 as well as an increase in the retail market share from 19,3% in the second half of 2014 to 19,6% in 2015.

Card

Headline earnings increased by 13% to **R642m** (30 June 2014: R570m). The business experienced strong growth in new balances booked resulting in the Absa Card and WFS portfolios both growing by 9%. The Edcon book declined by 4% as the focus on credit quality in Edcon has been key in managing the portfolio and the positive trends experienced in the second half of 2014 continued into the current reporting period with the credit loss ratio reducing to **12,59%** (30 June 2014: 15,01%). Edcon continues to deploy credit strategies designed to drive reductions in high-risk balances and support profitable balance growth where appropriate.

The reduction in the consolidated credit loss ratio to **6,95%** (30 June 2014: 7,63%) is due to improved collections and recoveries across all portfolios. While overall asset performance is in line with expectations, financial stress has been observed in early and late stage delinquency cycles with an increase in debt counselling inflows across the card portfolio. The impairment stock coverage of NPLs for the consolidated portfolio has decreased from 72,0% to 71,7% due to improving recoveries despite the build-up of the legal book in Edcon which is in line with Group policy.

Consolidated advances grew by 6% driven by focused existing customer management activities in the form of credit limit increases, the growth was achieved despite a 6% decline in active accounts, primarily within Edcon. Credit sales in the Edcon portfolio still remain challenging and have declined 11% year on year. Net interest margins have contracted to **9,86%** (30 June 2014: 10,32%) due to increased funding costs and lower yields based on a change in the mix of advances following the decline in the Edcon portfolio.

Transactional volumes grew 8%, reflecting growth in excess of inflation as the business secured a larger share of consumer spend from existing and new customers. This was complemented by a 12% growth in merchant acquiring turnover, as Absa Card consolidated its position as the largest payment acceptance business in Africa and the 60th largest globally. On 17 March 2015 the SARB introduced a new interchange regime which saw credit card interchange income reducing by R48m compared to the prior reporting period.

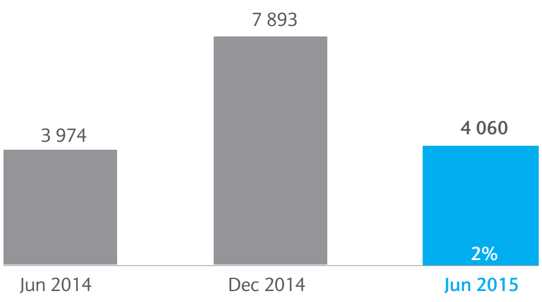
Operating expenses remained flat despite investment in frontline staff and new channel innovations. The business continues to focus on extracting efficiencies in the cost base, including the conversion to digital statements. Due to significant changes made in the early detection of application and transaction fraud, the level of fraud losses has reduced and remains within acceptable levels.

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 with more than 7 000 devices sold. This helps position the business to target high-margin growth segments in the market, which will offset margin compression in traditional segments going forward.

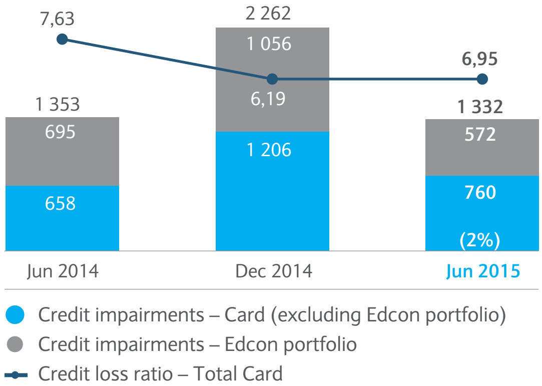
The Card portfolios are well positioned for growth within agreed risk appetite. Growth is supported by strong controls and improvements to risk management strategies and product offerings. The focus over the short to medium term is to:

- radically simplify product offerings
- enable customers with instant access via digital channels
- unlock new markets
- shape the future of payments through innovation
- increase revenue, customers and appropriate market share

Revenue (Rm and change %)



Credit impairments and credit loss ratio (Rm, % and change %)



Business performance *(continued)*

Personal Loans

Headline earnings increased to **R122m** (30 June 2014: R27m loss) on the back of an 11% increase in revenue, 11% decline in credit impairments, and a 9% decrease in operating costs. New business production increased by 0,3% driven by improved approval rates in line with revised limit strategies. Market share (according to BA 900) reduced to 9,0% from 9,6% with the overall market growth slowing down, amid industry concerns of consumer vulnerability and economic conditions.

Revenue increased by 11% to **R1 089m** (30 June 2014: R977m) due to improved asset pricing and a marginal increase in loans and advances to customers.

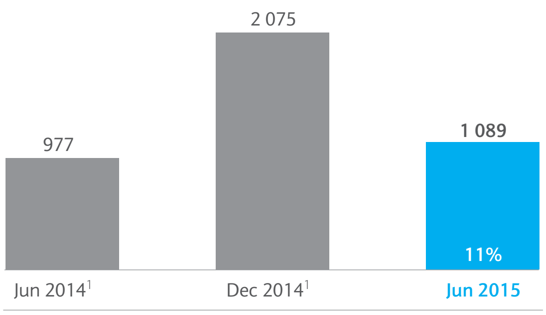
Lending to lower risk customers and the existing Group customer base, as well as enhanced collections and recoveries processes, has resulted in an improvement in the credit loss ratio to **5,93%** (30 June 2014: 6,56%). Performing loans as a percentage of the overall book have decreased from 89,9% to 89,1% of the portfolio, while NPLs reflect the inverse growth from 10,5% to 10,9% on the back of a growing legal book. The NPL coverage ratio has remained stable at 65,72% due to improved recoveries on the portfolio. New business vintages remain healthy and are performing within acceptable levels.

Process improvements across all channels, as well as increased service levels in the voice channel, have led to an overall improvement in customer experience. Channel migration remains a key priority, supported by the recent enhancements to our digital platforms.

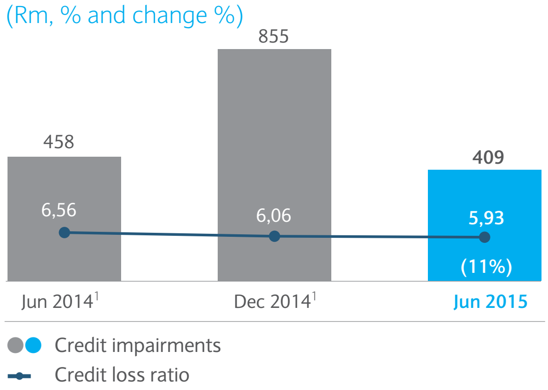
Operating expenses were well contained and decreased by 9%, due to focused cost management. The cost-to-income ratio improved to **46,8%** (30 June 2014: 57,6%).

Looking ahead, the focus remains on increasing the penetration into the Group's customer base, enhancing customer propositions and targeting growth in a responsible manner, including revised limit strategies.

Revenue (Rm and change %)



Credit impairments and credit loss ratio (Rm, % and change %)



Transactional and Deposits

Headline earnings showed strong 13% growth to **R1 228m** (20 June 2014: R1 086m) on the back of solid 8% revenue growth and moderate 5% cost growth, resulting in an improved cost-to-income ratio of 68,1% from 69,4%.

Net interest income increased by 10%, primarily due to increased deposit balances as well as improved margins. Non-interest revenue growth of 6% includes the insource of ATM service operations, coupled with a higher number of transacting customers. The targeted sales and retention activities and debit card turnover growth have contributed to the reversal of the revenue erosion experienced in the transactional portfolio in previous reporting periods. Customer migration to more affordable bundled product offerings and more convenient channels as well as increased rewards paid to customers, decreased the overall contribution on a per customer level. On 17 March 2015 the SARB introduced a new interchange regime which saw debit card interchange income reducing by R26m compared to the prior reporting period.

Note

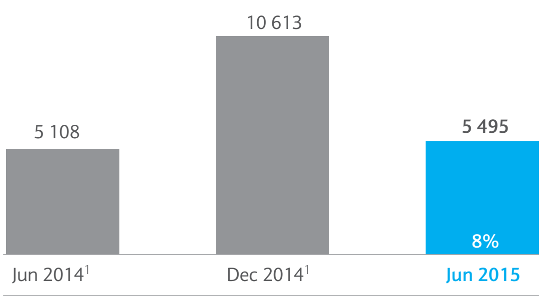
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

Business performance *(continued)*

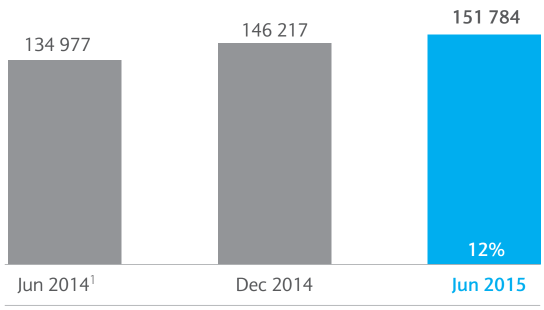
The number of transactional savings account customers grew by 3% from the previous reporting period primarily due to intensified customer retention and reactivation efforts, strong rewards market positioning and increased marketing campaign activity, coupled with higher acquisition of new customers, supported by the relationship with PEP (part of the PEPKOR Group). Improvement in the customers' level of engagement is apparent with an increase in debit card activity and activation rates of new cardholders. Growth is increasingly being generated through new transactional banking relationships, with facilitated migration between transactional products, particularly in the current account portfolio, adding to improved contribution from more engaged customers.

The Absa Rewards programme effectively increased account utilisation across the transactional portfolio with membership growing by 18% during the reporting period, and the continued onboarding of strategic partners to generate incremental value to transacting members.

Revenue (Rm and change %)



Deposits due to customers (Rm and change %)



Other

Headline earnings declined by 90% to a loss of **R241m** (30 June 2014: R127m) driven by higher funding costs which are held centrally for Retail Banking South Africa and an under recovery in distribution channel costs.

Looking ahead

Our turnaround journey is on track, there is real customer growth in key segments and client attrition has slowed, customer service is improving, our marketing share of voice is beginning to be felt, our costs and losses are well contained. All of this positions us favourably to achieve our ambition of becoming the "Go-To" retail bank in South Africa. A detailed series of plants and initiatives are in place to leverage and expand the platforms laid with the emphasis continuing on:

- Effective customer engagement;
- Commercial application of customer insights;
- Responsible provision of credit and maintenance of a responsible risk appetite;
- Introduction of innovative products based on specific customer needs;
- Investment in colleague capabilities with an emphasis on developing leadership and entrepreneurial potential;
- Simplified and transparent pricing;
- Improved access through new and existing channels;
- Process and operational efficiencies;
- Optimisation of the existing branch footprint; and
- Digitisation of channels for customer self-service and convenience.

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

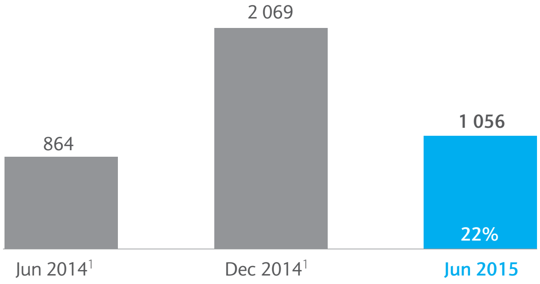
Favourable

- Headline earnings increased 22% to R1 056m driven by continued improvement in the performance of the underlying business with 12% growth in non-interest income and a 17% decline in credit impairments. Pre-provision profits increased by 10%.
- Gross loans and advances to customers, excluding CPF, increased by 8% with strong growth in term and agri loans of 13% and 10% respectively.
- Deposits due to customers grew by 10% to R102bn, mainly driven by solid growth in investment products and fixed deposits.
- Cost efficiencies resulted in an improvement in the cost-to-income ratio to **59,6%** (30 June 2014: 61,2%).
- RoRWA improved from 2,40% to 3,12%.
- Continued reduction in the rate of customer attrition.
- The Equity portfolio reduced by 12% in line with the overall long-term reduction strategy.

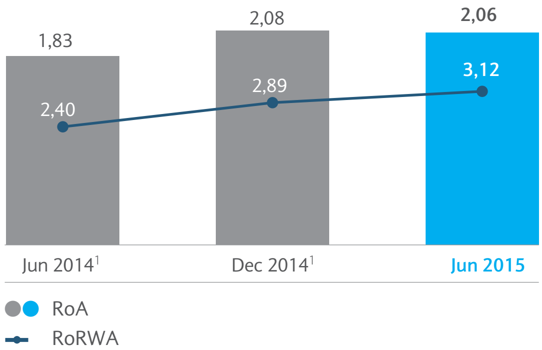
Unfavourable

- The CPF book declined by 6%, in spite of a 28% increase in new payouts.
- Transactional revenue impacted by customer migration to cash centers and digital channels.
- Continued decline in cheque payment volumes in line with industry trends, and the loss of customers.
- Customers migrating to lower margin deposit products, resulting in a reduction in the overall deposit margin.

Headline earnings (Rm and change %)



RoA and RoRWA (%)



Salient features	30 June 2015	30 June 2014[1]	Change %	31 December 2014[1]
Revenue (Rm)	**4 431**	4 183	6	8 804
Attributable earnings (Rm)	**1 067**	900	19	2 086
Headline earnings (Rm)	**1 056**	864	22	2 069
Credit loss ratio (%)	**0,81**	1,00		0,87
Cost-to-income ratio (%)	**59,6**	61,2		59,6
RoRWA (%)	**3,12**	2,40		2,89
RoA (%)	**2,06**	1,83		2,08

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

RBB – Business Banking South Africa
for the reporting period ended

	Business Banking (excluding Equities)			
	30 June			31 December
	2015	2014[1]	Change %	2014[1]
Statement of comprehensive income (Rm)				
Net interest income	**2 822**	2 741	3	5 710
Non-interest income	**1 546**	1 358	14	2 923
Total income	**4 368**	4 099	7	8 633
Impairment losses on loans and advances	**(251)**	(303)	(17)	(528)
Operating expenses	**(2 582)**	(2 483)	4	(5 032)
Other	**(16)**	(38)	(58)	(43)
Operating income before income tax	**1 519**	1 275	19	3 030
Taxation expense	**(425)**	(357)	19	(848)
Profit for the reporting period	**1 094**	918	19	2 182
Profit attributable to:				
Ordinary equity holders	**1 071**	895	20	2 135
Non-controlling interest – ordinary shares	**—**	—	—	—
Non-controlling interest – preference shares	**23**	23	0	47
	1 094	918	19	2 182
Headline earnings	**1 071**	895	20	2 135
Operating performance (%)				
Credit loss ratio	**0,81**	1,00		0,87
Non-interest income as percentage of revenue	**35,4**	33,1		33,9
Revenue growth	**7**	2		5
Cost growth	**4**	9		6
Cost-to-income ratio	**59,1**	60,6		58,3
Statement of financial position (Rm)				
Loans and advances to customers	**63 353**	61 053	4	61 065
Investment securities	**9 161**	8 981	2	8 872
Other assets	**30 704**	23 238	32	34 105
Total assets	**103 218**	93 272	11	104 042
Deposits due to customers	**101 670**	92 035	10	100 948
Debt securities in issue	**—**	—	—	—
Other liabilities	**475**	342	39	960
Total liabilities	**102 145**	92 377	11	101 908
Financial performance (%)				
RoRWA	**3,43**	2,74		3,26
RoA	**2,15**	1,96		2,21

Note

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

	Business Banking Equities				Total Business Banking South Africa			
	30 June			31 December	30 June			31 December
	2015	2014[1]	Change %	2014[1]	2015	2014[1]	Change %	2014[1]
	(46)	(41)	12	(72)	2 776	2 700	3	5 638
	109	125	(13)	243	1 655	1 483	12	3 166
	63	84	(25)	171	4 431	4 183	6	8 804
	—	—	—	—	(251)	(303)	(17)	(528)
	(58)	(79)	(27)	(216)	(2 640)	(2 562)	3	(5 248)
	(3)	2	<(100)	(3)	(19)	(36)	(47)	(46)
	2	7	(71)	(48)	1 521	1 282	19	2 982
	(5)	—	100	4	(430)	(357)	20	(844)
	(3)	7	<(100)	(44)	1 091	925	18	2 138
	(4)	5	<(100)	(49)	1 067	900	19	2 086
	—	—	—	—	—	—	—	—
	1	2	(50)	5	24	25	(4)	52
	(3)	7	<(100)	(44)	1 091	925	18	2 138
	(15)	(31)	(52)	(66)	1 056	864	22	2 069
	n/a	n/a		n/a	0,81	1,00		0,87
	n/a	n/a		n/a	37,4	35,5		36,0
	(25)	1 100		138	6	4		6
	(27)	(26)		(2)	3	7		6
	n/a	n/a		n/a	59,6	61,2		59,6
	—	—	—	—	63 353	61 053	4	61 065
	803	892	(10)	819	9 964	9 873	1	9 691
	2 285	2 390	(4)	1 675	32 989	25 628	29	35 780
	3 088	3 282	(6)	2 494	106 306	96 554	10	106 536
	—	—	—	—	101 670	92 035	10	100 948
	—	—	—	—	—	—	—	—
	3 023	3 098	(2)	2 361	3 498	3 440	2	3 321
	3 023	3 098	(2)	2 361	105 168	95 475	10	104 269
	n/a	n/a		n/a	3,12	2,40		2,89
	(1,03)	(2,00)		(2,22)	2,06	1,83		2,08

RBB – Business Banking South Africa
for the reporting period ended

Business profile

Business Banking 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 unique customer needs.

The journey to become the "Go-To" Business Bank entails investment in people, digitisation of customer solutions and improvement in customer service as evidenced by improvement in customer satisfaction scores.

Business Banking South Africa operates 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 dedicated 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 primary sectors of agriculture, public, wholesale, retail and franchising.

Key business areas

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

- **Debt products** – CPF, term loans, agricultural loans, overdrafts and overnight finance. Fees earned from debt products include upfront structuring, restructuring, commitment and transactional fees.
- **Deposit products** – transactional deposits (including cheque, and savings and transmission deposits) and investment deposits (including investment products, fixed, call and notice deposits).
- **Transactional products** – electronic banking (Internet and mobile), cheque and saving accounts as well as cash-related (cash-related transactions include cash deposits and withdrawals, cardless cash deposits and automated cash-handling devices).
- **Equities** – investment portfolio in property and unlisted equities.

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

- **SIDs,** previously reported in the Retail Banking South Africa segment, was transferred to Business Banking Equities and integrated from the beginning of the current reporting period.

Financial performance

Business Banking South Africa's headline earnings increased by 22% to **R1 056m** (30 June 2014: R864m), mainly due to 12% growth in non-interest income and a 17% reduction in impairments while the overall increase in operating expenses remained well contained at 3%.

Net interest income reflected growth of 3% following 10% deposit book growth largely driven by an 18% increase in investment deposits coupled with a 3% increase in transactional deposits. The margin has reduced given the change in the product mix, favouring lower margin products.

The 12% increase in non-interest income to **R1 655m** (30 June 2014: R1 483m) was primarily driven by a 14% growth in cheque account income, 9% growth in electronic banking income and a 3% increase in cash-related transactions income.

Credit impairments improved 17% to **R251m** (30 June 2014: R303m), due to lower defaults and improved collections performance resulting in an improvement in the credit loss ratio to **0,81%** (30 June 2014: 1,00%). Impairments held against the performing book increased by 47% to **R718m** (30 June 2014: R488m) resulting in an improved performing book coverage ratio of **1,16%** (30 June 2014: 0,83%). The non-performing book continued to improve, decreasing by 31% to **R3 221m** (30 June 2014: R4 650m) while the non-performing book coverage ratio reduced to **34,4%** (30 June 2014: 36,5%), largely due to a reduction in new defaults and an increase in the resolution of older default exposures.

Operating expenses increased by 3% to **R2 640m** (30 June 2014: R2 562m) in spite of increased investment in relationship managers. Cost benefits were derived from the branch network driven by internal cost efficiencies and lower volumes due to migration of transactions out of branch.

Gross loans and advances to customers grew by 3%. Solid growth in term loans and agri loans of 13% and 10% respectively was partly offset by a 6% decline in the CPF book. The focus remains on improving the rate of conversion of leads into deals.

Progress is being made in the disposal of the Equity portfolio in line with the long-term orderly reduction of the portfolio. Excluding the transfer in of SIDs from Retail Banking South Africa the book has reduced by 18% to **R2 089m** (30 June 2014: R2 552m).

Operating environment

The following factors had a key influence on Business Banking:

- Despite very low inflation, led by earlier falls in oil prices, global growth dipped in early 2015 as both the US and Chinese economies underperformed. Global data from the second quarter of 2015 looks somewhat stronger even as sentiment was challenged by the near-term outlook for US Federal Reserve policy and on Greece's challenges within Europe.
- Domestically, the slew of economic data point to a slowing economic growth trajectory on the back of electricity supply challenges and slowing consumer spending.
- Business confidence remained fragile across all sectors, explaining the weak private sector investment growth and anaemic employment growth.
- The SARB has had to walk a tight rope amid rising inflation while growth continues to decelerate. Interest rates were unchanged in the first half of the year.
- Transactional income remains hampered by the industry-wide practice to reduce the utilisation of cheques, and the behaviour of customers to migrate to cash centres and digital transacting platforms.

RBB – Business Banking South Africa
for the reporting period ended

Business performance

Business Banking remains committed to providing relevant solutions to customers' needs and improving operational effectiveness to retain and attract new customers. Enhanced electronic banking solutions combined with an overall digitisation strategy remain key to customer growth while process efficiencies, in order to ensure service improvement and effective cost management, are required.

Momentum in the current reporting period is evident through:

- Continued support in the journey towards an enhanced digital platform through Barclays.Net.
- Refinement of the electronic sales platform.
- Development of an instant business account opening process via self-service digital channels.
- Launch of an initiative that focusses on post-onboarding customer relationships.

The overall number of customers decreased by 1,7% to **378 101** (30 June 2014: 384 493), mainly in the Enterprise segment while the Commercial segment's rate of attrition stabilised. Although the number of customers continued to decline, the rate of decline is slower than during 2014 (2,3%) with the attrition rate limited to 0,2% between December 2014 (378 714) and June 2015.

Debt products

Total debt products grew by 3%, due to growth of 13% and 10% in term loans and agri loans respectively, partly offset by a 6% decline in the CPF book. Excluding CPF, debt products increased by 8% which, when compared with 2014's growth performance of 2%, is evidence of continued momentum in Business Banking.

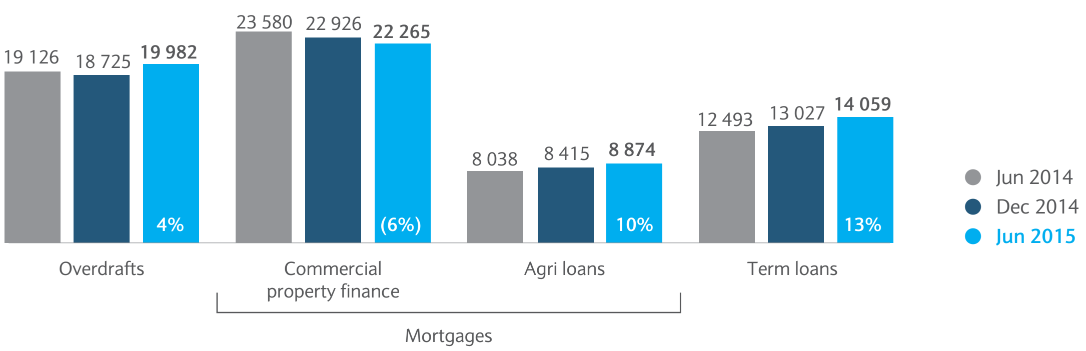
Term loans 13% growth is off the back of an improved operating model, a dedicated sales force focussed on acquisition, cross-sell and the extension of loans to targeted segments.

Agriculture loans demonstrated strong performance growing at 10% compared with the flat growth in the comparative reporting period.

With a solid 4% increase in overdrafts, the focus on new sales and effective utilisation of overdraft limits remains a business imperative.

CPF loans and advances, which constitute 34% of the total loans and advances portfolio, decreased by 6%. The intention is to grow the book and various strategies are being implemented to drive engagement with customers. Traction is evident as payouts are 28% higher compared to the comparative reporting period.

Gross loans and advances (Rm and change %)



Business performance *(continued)*

Deposit products

Deposit products continued to reflect strong growth of 10%, largely driven by 18% growth in investment deposits.

Demand for liquidity remained high in a competitive market that continued to place pressure on margins. While the margins have increased at a product level, the change in composition of the portfolio to higher yielding investment deposits placed additional pressure on margins. Continued business volatility and uncertainty in global markets have contributed to this composition shift.

Transactional deposits

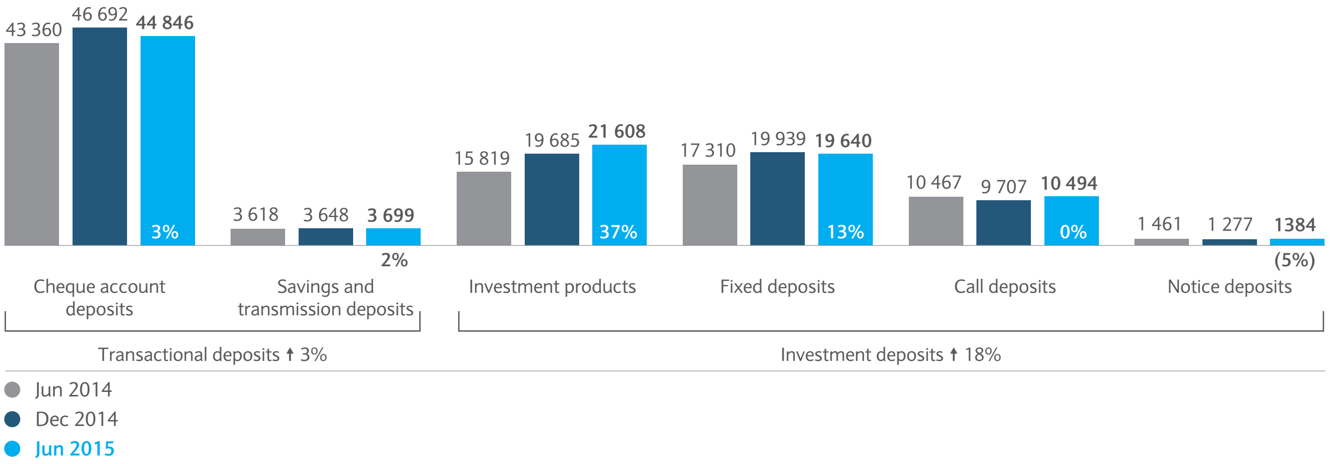
Transactional deposits modest 3% growth reflects the migration to higher yielding investment products and customer attrition.

Investment deposits

Investment products, in the form of Liquidity Plus (launched October 2014) and Depositor Plus, continued to grow with Liquidity Plus contributing the majority of the growth. These products combined reflect growth of 37% to **R21,5bn** (30 June 2014: R15,7bn).

Fixed deposits reflected strong growth of 13% to **R19,6bn** (30 June 2014: R17,3bn), while call deposits remained broadly in line with the comparative reporting period at R10,5bn.

Deposits (Rm and change %)



RBB – Business Banking South Africa
for the reporting period ended

Business performance *(continued)*

Transactional products

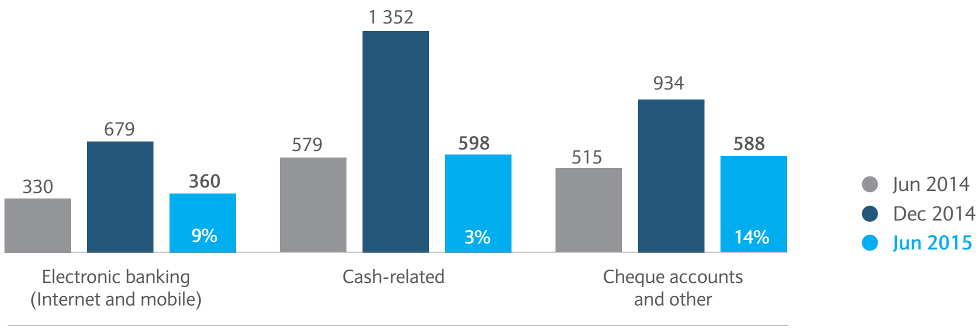
Net fee and commission income, which represents 93% of non-interest income, increased by 9% to **R1 546m** (30 June 2014: R1 423m) through growth in cheque account, electronic banking and cash-related transaction income.

Cheque account income continued the growth momentum from the prior reporting period and increased by 14% mainly through the closure of a number of revenue leakage gaps, partly offset by a 2% decrease in fees on debit orders and a 22% decline in cheque payment volumes in line with industry trends. The business continued to focus on delivering sustainable solutions and competitive pricing across the transactional franchise.

Electronic banking income increased by 9% due to volume growth and pricing increases, while cash-related transactions income increased by 3%, driven by growth in cardless deposits as well as increased use of CADs and automated cash-handling devices.

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. While these enhancements have impacted on revenue growth, the migration of transactions to more affordable and convenient channels has resulted in cost-efficiencies in traditional channels.

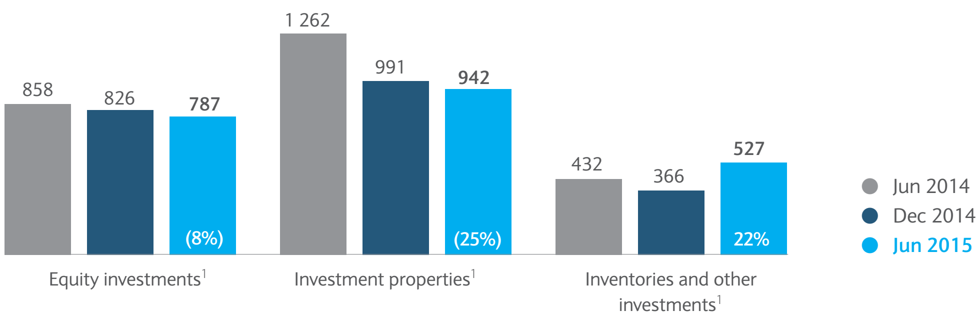
Net fee and commission income (Rm and change %)



Equities

The overall portfolio size reduced by 12% to **R2 256m** (30 June 2014: R2 552m) in line with the long-term reduction strategy. Excluding the transfer in of SIDs from Retail Banking South Africa, the book decreased by 18% to R2 089m. Despite a reduced portfolio the performance remained largely flat.

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



Note

[1]Certain equity investments of **R39m** (30 June 2014: R28m) as well as investment properties of **R235m** (30 June 2014: R521m), have been classified as non-current assets held for sale.

Business performance *(continued)*

Equities portfolio composition

Statement of comprehensive income	30 June 2015 Total equities Rm	30 June 2014 Total equities Rm	Total equities change %	31 December 2014 Total equities Rm
Net interest income	**(46)**	(42)	10	(75)
Non-interest income	**109**	125	(13)	243
Total income	**63**	83	(24)	168
Operating expenses	**(58)**	(79)	(27)	(217)
Other	**(3)**	2	<(100)	(2)
Operating income/(loss) before income tax	**2**	6	(67)	(51)

Looking ahead

Business Banking South Africa's ambition is to place world-class banking solutions within the reach of every business in its targeted market. The business remains deposit-led and transactionally solutioned with the drive to retain the current customer base and attract new customers. Business continues to build on the existing momentum created with specific focus on:

- **Service excellence**
  - Increased focus on improving customer experience, measured through NPS®.
  - Focus on a competitive product offering in the agriculture sector.
  - Started a journey towards an improved credit-decision process enabling quicker credit cycle turnaround times.
  - Introducing a focused call centre capability to enhance customer service by assisting in the transition process for new customers.
- **Customer propositions including digitisation**
  - Further refinement of the electronic sales platform initiative which creates a single interface for all other digital channels and business banking systems.
  - Increased focus on managing the end-to-end cash value chain optimally and providing improved customer solutions and service.
  - Optimise the offering of insurance products to the customer base.
  - Pilot a cash self-service tool to assist customers in their cash flow management.
- **People**
  - Continue the investment in relationship managers which includes core capability building programmes and other initiatives aimed at creating a customer-centric culture underpinned by service excellence and continuous improvement.
  - Increasing the number of frontline employees to assist in attracting new customers and improve customer engagement.

Note
®Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrixs Systems Inc., Bain and Co Inc. and Fred Reichheld.

RBB – Rest of Africa
for the reporting period ended

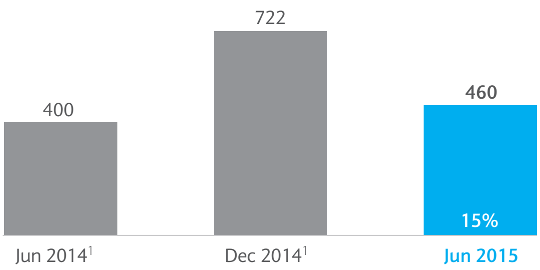
Favourable

- Strong headline earnings growth excluding the impact of foreign exchange translations of 21%.
- Non-interest income growth of 12% largely from a strong Card performance and higher FX sales.
- Improved cost-to-income ratio of **68,2%** (30 June 2014: 69,2%) and positive Jaws of 1%.
- Operating expenses growth of 8% despite inflationary pressures and one-off restructuring costs.
- Solid balance sheet growth with growth in loans and advances to customers of 12% and deposits due to customers of 8%.
- The Asian Banker named NBC the "Best Retail Bank in Tanzania" and Zidisha, our Group Savings Account in Kenya the "Best Deposit product in Africa".
- Consumer NPS® improved to **33** (30 June 2014: 15).

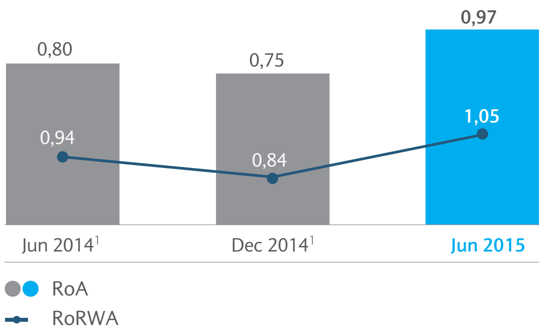
Unfavourable

- An increase in impairments of 16% resulting in a marginal increase in the credit loss ratio to **2,31%** (30 June 2014: 2,23%).
- Emerging liquidity constraints in some markets resulting from dynamic country-specific monetary policy actions.
- Sustained regulatory pressure in some markets, including Central Bank regulations on fee pricing.

Headline earnings (Rm and change %)



RoA and RoRWA (%)



Salient features	30 June 2015	30 June 2014[1]	C%	FX%	Change %	31 December 2014[1]
Revenue (Rm)	**4 187**	3 936	10	(4)	6	7 893
Attributable earnings (Rm)	**459**	399	21	(6)	15	718
Headline earnings (Rm)	**460**	400	21	(6)	15	722
Credit loss ratio (%)	**2,31**	2,23				1,95
Cost-to-income ratio (%)	**68,2**	69,2				73,1
RoRWA (%)	**1,05**	0,94				0,84
RoA (%)	**0,97**	0,80				0,75

Notes
®Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrixs Systems Inc., Bain and Co Inc. and Fred Reichheld.
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

	Total RBB Rest of Africa					
	30 June					31 December
	2015	2014[1]	C%	FX%	Change %	2014[1]
Statement of comprehensive income (Rm)						
Net interest income	**2 984**	2 835	9	(4)	5	5 736
Non-interest income	**1 203**	1 101	12	(3)	9	2 157
Total income	**4 187**	3 936	10	(4)	6	7 893
Impairment losses on loans and advances	**(408)**	(356)	16	(1)	15	(641)
Operating expenses	**(2 856)**	(2 722)	8	(3)	5	(5 766)
Other	**(37)**	(26)	48	(6)	42	(50)
Operating income before income tax	**886**	832	11	(5)	6	1 436
Taxation expense	**(277)**	(303)	(5)	(4)	(9)	(456)
Profit for the reporting period	**609**	529	19	(4)	15	980
Profit attributable to:						
Ordinary equity holders	**459**	399	21	(6)	15	718
Non-controlling interest – ordinary shares	**150**	130	15	—	15	262
Non-controlling interest – preference shares	**—**	—	—	—	—	—
	609	529	19	(4)	15	980
Headline earnings	**460**	400	21	(6)	15	722
Operating performance (%)						
Net interest margin on average interest-bearing assets	**9,16**	9,29				9,38
Credit loss ratio	**2,31**	2,23				1,95
Non-interest income as percentage of revenue	**28,7**	28,0				27,3
Revenue growth	**6**	8				1
Cost growth	**5**	11				10
Cost-to-income ratio	**68,2**	69,2				73,1
Statement of financial position (Rm)						
Loans and advances to customers	**36 360**	33 043	12	(2)	10	35 812
Investment securities	**7 882**	7 822	2	(1)	1	7 382
Other assets	**46 522**	50 084	(6)	(1)	(7)	51 575
Total assets	**90 764**	90 949	1	(1)	0	94 769
Deposits due to customers	**55 924**	52 573	8	(2)	6	57 206
Debt securities in issue	**570**	572	0	—	0	880
Other liabilities	**21 760**	26 926	(19)	—	(19)	25 476
Total liabilities	**78 254**	80 071	(1)	(1)	(2)	83 562

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

RBB – Rest of Africa
for the reporting period ended

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. A range of solutions are provided to meet our customers' transactional, borrowing, savings, protection and payments needs, through branch and self-service terminal networks, electronic and mobile telephone channels, as well as a dedicated relationship-based model, within a well-defined coverage model based on specific customer value propositions. These operations operate under the Barclays brand, except for National Bank of Commerce (Tanzania) and the representative office in Namibia.

Key product areas

- **Premier banking:** Represents the affluent retail customer sector bespoke to each market, being offered exclusive banking through dedicated relationship managers and Premier suites, with tailor-made solutions.
- **Prestige banking:** Represents the emerging affluent retail customer sector bespoke to each market, being offered dedicated banking teams, affordable products and express service.
- **Personal banking:** Represents the middle-market sector bespoke to each market, being offered convenient banking solutions.
- **Enterprise banking:** Business clients with an annual turnover of up to R50m, being serviced using a direct coverage model with a predominately branch-based service interface.
- **Commercial banking:** Business clients with an annual turnover of between R50m and R250m, being serviced using a relationship-based model, where dedicated sales and service teams provide customised solutions.

Commercial and enterprise banking include a sector overlay focusing on the primary sectors of agriculture, construction, manufacturing, transport and logistics, retail, franchising and any significant sector specific to each market. In addition, new sectors have been targeted as well as the value chains within these targeted sectors.

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**
- **Namibia – Representative office**

Financial performance

The business delivered a strong financial performance, with headline earnings growth of 15% to **R460m** (30 June 2014: R400m). Operating profit before tax grew by 6% to **R886m** (30 June 2014: R832m), from positive operating leverage, with foreign exchange translations having a 5% negative impact.
Tax expenses declined by 9% driven by one-off tax credits received, favourably impacting the effective tax rate. This strong performance was achieved mainly on the back of increased efficiency, increased proximity to customers through the Customer Lifecycle Management strategy, an improved suite of offerings, increased usage of digital channels, continued successes in the commercial sector and streamlined processes designed to improve turnaround time, all of which continues to position RBB Rest of Africa as the "Go-To" bank in Africa.

Growth in net interest income of 5% is marginally lower than growth achieved on loans and advances to customers of 10% and deposits due to customers of 6% driven by liquidity constraints in some markets resulting from certain country-specific monetary policy actions and increased competition from local players in terms of increased risk appetite and pricing.

Strong growth was recorded in loans and advances to customers, with credit cards, mortgages and personal loans contributing most of this growth. Credit card growth was achieved from the roll-out in four additional markets in the prior year resulting in a 92% year-on-year growth in the number of credit card accounts. Mortgage and Personal loan growth was driven by the implementation of mortgage centres and targeted client segment strategies in selected markets where loan sizes are significant enough and risk levels acceptable. Enhanced operating models and strategies with increased customer engagement and life-cycle management yielded additional loan sales and timely top-ups. Commercial loans exhibited strong growth of 15% through increased focus on trade and debt products as well as the realisation of opportunities in the agricultural sector.

Financial performance *(continued)*

Deposits grew by 6%, despite liquidity constraints in some markets and increased competition. Current and savings account portfolios continued to be the driver of growth across most markets, with a 6% year-on-year growth in the number of current and savings accounts.

Non-interest income improved by 9% to **R1 203m** (30 June 2014: R1 101m), with foreign exchange transactions having a 3% negative impact. Underlying growth was driven by higher transaction volumes, with the card business showing robust growth in acquiring turnover and a solid increase in transaction volumes building on the success of launching in four additional markets in the prior year. An increase in FX sales in both retail and business banking also contributed positively to the overall growth in non-interest income. Regulatory challenges, including Central Bank regulations on fee pricing, somewhat reducing this growth.

Credit impairments increased by 15% to **R408m** (30 June 2014: R356m), resulting in a credit loss ratio of **2,31%** (30 June 2014: 2,23%). The increase in credit impairments was driven by a strain in the economies of certain markets, leading to an increase in identified impairments. The increase was partially offset by collections and recoveries.

Operating expenses increased by 5% to **R2 856m** (30 June 2014: R2 722m) and were favourably impacted by foreign exchange translations. Excluding this impact, operating expenses grew by 8% despite inflationary pressures, restructuring costs incurred and key investments made to grow the business.

Operating environment

The operating environment for 2015 remained promising, confirming its healthy resilience to internal and external shocks. Demand for borrowings remained positive across the region and most of the economies we operate in showed steady growth. Some headwinds were, however, present in the operating environment, including:

- Security concerns impacting particularly on tourism;
- Adverse weather conditions affecting the agricultural sector;
- Weak commodity prices;
- Lower than expected demand from key markets such as Europe; and
- Tight policy stances impacting inflation and interest rates.

Other aspects of the operating environment impacting the business:

- Regulatory changes, including a 400 bps increase of the statutory reserve ratio in Zambia;
- Liquidity concerns in various markets;
- Inflationary pressures, with particularly high inflation in Ghana;
- A slowdown in transactional activity in some markets;
- Increased competition from local and international banks in a number of markets; and
- Changing interest rate environments across various markets reflecting the following changes in the average interest rate:
  - Botswana lower by 83 bps;
  - Mozambique lower by 75 bps;
  - Ghana higher by 367 bps;
  - Zambia higher by 154 bps;
  - Kenya higher by 25 bps;
  - Uganda higher by 25 bps;
  - Namibia higher by 67 bps; and
  - Seychelles higher by 254 bps.

Business performance

Underlying business performance continued to portray good growth with robust increases in loan and current account sales.

Significant progress has been achieved on the strategic priorities that were set out at the end of 2014 while tactical programmes were implemented to enhance the customer service model and optimise our cost to serve to ultimately improve customer experience. Some key highlights from these improvements include:

- Delivery of "Paperless Banking" continued across our branches in Zambia, Tanzania, Kenya and Botswana. This initiative is significantly reducing the need for manual and paper-intensive operations thereby improving our efficiency and speed of execution to the benefit of customers.
- Intelligent ATMs with increased functionalities such as cash acceptance, bill payments and cash send capabilities are now available in all our markets, excluding Mauritius and Seychelles.
- Cash send on ATMs is a functionality that allows for money to be transferred to those without bank accounts.

RBB – Rest of Africa
for the reporting period ended

Business performance *(continued)*

- Botswana and Kenya have added the functionality of using "Cash Send" via a mobile phone to send money to those without a bank account.
- "Service Guarantees" to our customers have been launched in Zambia, Tanzania and Uganda. These warrant a certain minimum level of performance on selected services to our customers;
- We continue to optimise our branch network to serve our customers more economically and efficiently. We have redesigned and streamlined many of our key processes in order to reduce turnaround times and promote a better customer experience.
- We have introduced an automated Identification & Verification system (ID&V) across nine markets. This solution identifies the customer using his debit card. This makes transacting quicker and easier.

We have continued to build our propositions by delivering and enhancing tailor-made solutions for our customers, which include:

- Our credit and debit cards with the unique Worldmiles benefits have been further enhanced by the launch of the Worldmiles Online Travel Portal which allows for the online redemption of miles.
- Remote Account Opening, which enables the opening of an account via an iPad at a remote location, has gained momentum across Ghana, Botswana, Mauritius, Zambia and Kenya.
- Customers in Seychelles and Zambia are now able to withdraw money via a POS terminal, while paying for their goods at a store.
- An open market self-employed lending policy has been approved for Kenya.

Business banking continued to take advantage of collaborative opportunities to build on successes across segments and initiatives, which include:

- Retail shared distribution model which helps to transform the branch network from a retail-focussed sales and service orientation to an all-inclusive retail and business banking service orientation. The model will ensure that the needs of the business banking clients are met in the branch network.
- Corporate and Investment Banking value chain utilisation, whereby opportunities were unlocked with key suppliers and distributors of these specific clients.
- The "My Shoes Are My Office" initiative which has seen colleagues across the organisation mobilised to make their shoes their office by visiting and spending time with clients at their offices. Since the inception of this initiative, it has grown from strength to strength in execution and has been successfully implemented in four of our markets. This initiative has had the following benefits since inception:
  - Increased visibility to the market and demonstrating that we are committed to becoming the bank of choice in Africa;
  - Improvement of customer service levels;
  - Enhancement of customer relationships through introductions to our senior leadership;
  - Increased undertaking of customer needs as we take time to engage and listen to the customer;
  - An opportunity to share the bank's vision with customers, thereby increasing market communication; and
  - Growth of pipeline and new customer acquisition.

Looking ahead

RBB Rest of Africa's focus remains on 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:

- Customer Lifecycle Management. This initiative will further improve the quality of customer acquisition and deepen the relationship with existing customers;
- Talent mobility. We have launched a unique talent mobility programme that identifies talented individuals and gives them the opportunity to partake in a short-term assignment in another country;
- Optimised branch operating model. We continue to build a fit-for-purpose branch network to ensure we are positioned to serve our customers and reduce service costs;
- Delivering a multi-channel franchise through the launch of digital products, ATM enhancements and self-service kiosks;
- Accelerating customer adoption of new banking models through the 'Digital Eagles' programme;
- Continuing to enhance and deliver world-class customer solutions with a particular focus on the transactional and borrowing needs of our customers;
- Targeting value chain opportunities;
- Continuing to embed and enhance the sector focus approach in commercial and enterprise banking;
- Future migration of customer transactions to the Barclays.Net, an online banking platform for cash management, by leveraging off the successes achieved in South Africa; and
- Continuing to focus on broadening business banking propositions given its current low level penetration and the large potential that exists.

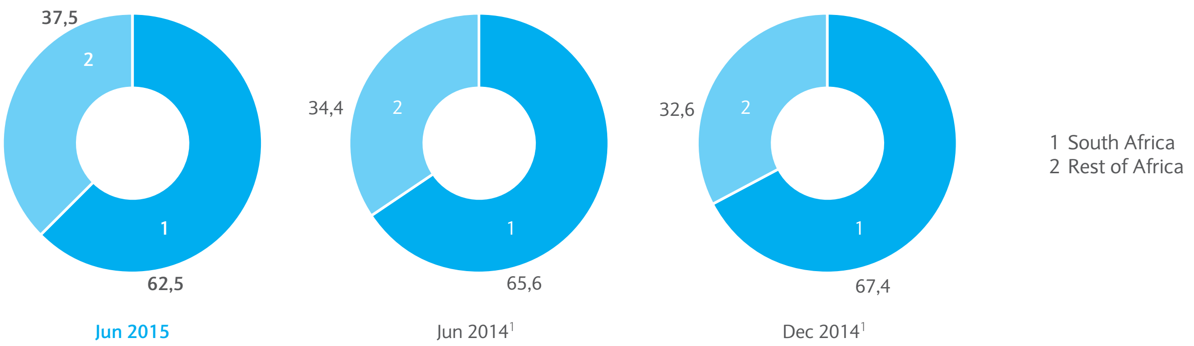
Favourable

- All core operating divisions delivered top line revenue growth.
- Strong average balance sheet growth in Banking of 14%.
- Corporate SA growth strategy now well on track with revenues up 12% to R1 914m.
- System and people investment in the trading businesses outside South Africa starting to yield results, with revenues up 27%.
- Headline earnings excluding non-core businesses up 9%.

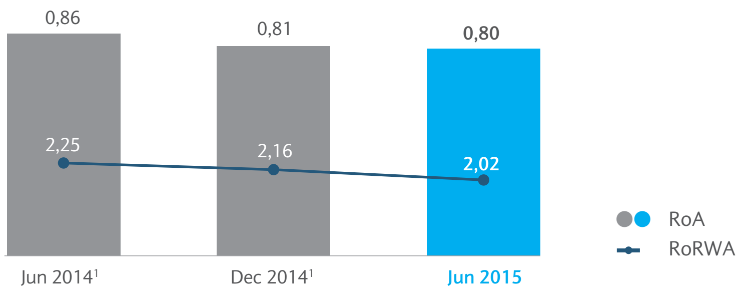
Unfavourable

- Foreign exchange revenue in South Africa down 22% due to margin compression.
- Private Equity performance impacted by negative revaluations.
- An increase in impairments of >100% reflecting an increased loan book and deterioration in the macro environment in some sectors.

Headline earnings contribution (%)



RoA and RoRWA (%)



Salient features	30 June 2015	30 June 2014[1]	Change %	31 December 2014[1]
Net revenue (Rm)	**6 262**	6 146	2	12 531
Headline earnings (Rm)	**1 938**	1 883	3	3 735
Cost-to-income ratio (%)	**53,7**	53,4		53,3
Credit loss ratio	**0,28**	0,09		0,16
RoRC (%)	**18,1**	20,4		19,5
RoRWA (%)	**2,02**	2,25		2,16
RoA (%)	**0,80**	0,86		0,81

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

CIB
for the reporting period ended

	Corporate			
	30 June			31 December
	2015	2014[1]	Change %	2014[1]
Statement of comprehensive income (Rm)				
Net interest income	2 600	2 310	13	4 848
Non-interest income	832	886	(6)	1 782
Total income	3 432	3 196	7	6 630
Impairment losses on loans and advances	(127)	(39)	>100	(130)
Operating expenses	(1 867)	(1 771)	5	(3 678)
Other	(18)	(24)	(25)	(55)
Operating income before income tax	1 420	1 362	4	2 767
Taxation expense	(405)	(403)	0	(829)
Profit for the reporting period	1 015	959	6	1 938
Profit attributable to:				
Ordinary equity holders	932	891	5	1 783
Non-controlling interest – ordinary shares	63	53	19	124
Non-controlling interest – preference shares	20	15	33	31
	1 015	959	6	1 938
Headline earnings	933	856	9	1 700
Operating performance (%)				
Net interest margin on average interest-bearing assets	2,46	2,51		2,52
Credit loss ratio	0,28	0,10		0,15
Non-interest income as percentage of revenue	24,24	27,7		26,9
Revenue growth	7	15		15
Cost growth	5	5		8
Cost-to-income ratio	54,4	55,4		55,5
Statement of financial position (Rm)				
Loans and advances to customers	95 796	86 334	11	95 126
Investment securities	3 256	2 802	16	2 793
Other assets	126 352	115 638	9	118 858
Total assets	225 404	204 774	10	216 777
Deposits due to customers	207 500	182 785	14	197 590
Debt securities in issue	61	926	(93)	261
Other liabilities	14 784	16 977	(13)	12 836
Total liabilities	222 345	200 688	11	210 687
Financial performance (%)				
RoRWA	2,06	2,18		2,05
RoA	0,86	0,91		0,86

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

Investment Bank				Total CIB			
30 June			31 December	30 June			31 December
2015	2014[1]	Change %	2014[1]	**2015**	2014[1]	Change %	2014[1]
1 091	607	80	1 429	**3 691**	2 917	27	6 277
1 977	2 408	(18)	4 720	**2 809**	3 294	(15)	6 502
3 068	3 015	2	6 149	**6 500**	6 211	5	12 779
(111)	(26)	>100	(118)	**(238)**	(65)	>100	(248)
(1 625)	(1 547)	5	(3 132)	**(3 492)**	(3 318)	5	(6 810)
(59)	(30)	97	(55)	**(77)**	(54)	43	(110)
1 273	1 412	(10)	2 844	**2 693**	2 774	(3)	5 611
(204)	(326)	(37)	(694)	**(609)**	(729)	(16)	(1 523)
1 069	1 086	(2)	2 150	**2 084**	2 045	2	4 088
1 006	1 027	(2)	2 034	**1 938**	1 918	1	3 817
29	26	12	47	**92**	79	16	171
34	33	3	69	**54**	48	13	100
1 069	1 086	(2)	2 150	**2 084**	2 045	2	4 088
1 005	1 027	(2)	2 035	**1 938**	1 883	3	3 735
1,81	0,93		1,06	**2,22**	1,85		1,92
0,27	0,08		0,17	**0,28**	0,09		0,16
64,44	79,9		76,8	**43,22**	53,0		50,9
2	20		8	**5**	17		12
5	9		5	**5**	7		6
53,0	51,3		50,9	**53,7**	53,4		53,3
82 085	66 346	24	70 225	**177 881**	152 680	17	165 351
13 608	12 847	6	13 111	**16 864**	15 649	8	15 904
166 313	169 799	(2)	177 416	**292 665**	285 437	3	296 274
262 006	248 992	5	260 752	**487 410**	453 766	7	477 529
30 374	30 454	0	30 106	**237 874**	213 239	12	227 696
14 921	9 969	50	11 284	**14 982**	10 895	38	11 545
211 895	205 087	3	214 412	**226 679**	222 064	2	227 248
257 190	245 510	5	255 802	**479 535**	446 198	7	466 489
1,98	2,31		2,27	**2,02**	2,25		2,16
0,76	0,82		0,78	**0,80**	0,86		0,81

CIB

for the reporting period ended

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 helps clients achieve their ambitions in the right way.

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.
  - **Banking** (Investment Banking has been renamed to Banking in this reporting period) – 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 continues to be reduced in line with the Group's strategy to exit non-core businesses. 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.

Financial performance

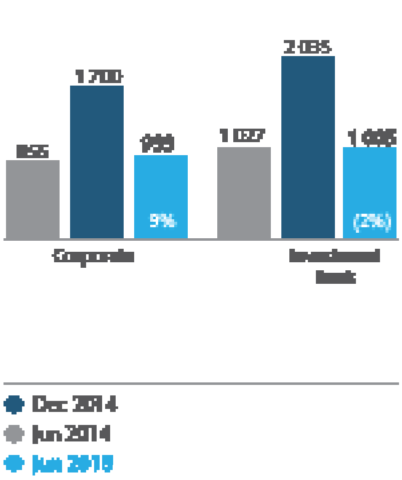
Headline earnings increased by 3% to **R1 938m** (30 June 2014: R1 883m); however excluding the non-core Private Equity portfolio, headline earnings increased 9% to **R2 018m** (30 June 2014: R1 854m) underpinned by a strong performance in Corporate South Africa and Markets Rest of Africa.

All core operating divisions delivered positive net revenue growth while Corporate South Africa and Markets Rest of Africa reported double-digit net revenue growth of 12% and 27% respectively. The South African Market's franchise had a disappointing first-half performance with net revenues down 8% off a high base. This was mainly due to lower fixed income and foreign exchange revenues. Banking net revenue was up 5% from the prior year impacted mainly by higher impairments; excluding impairments, revenues were up 13%. Corporate Rest of Africa performance was slightly down on the prior year, impacted by low balance sheet growth and higher impairments.

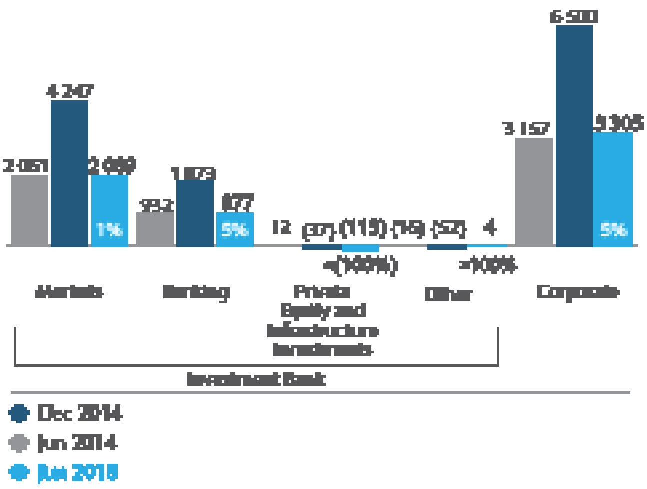
Operating expenses increased by 5% to **R3 492m** (30 June 2014: R3 318m) with the cost-to-income ratio increasing marginally to 53,7%. The business is committed to investing in talent and technology to deliver on our medium to long-term revenue ambitions.

Higher impairments, the losses in Private Equity and an increase in advances impacted the return on regulatory capital which declined from 20,40% to 18,11%.

Headline earnings (Rm and change %)



Net revenue mix (Rm and change %)



Financial performance *(continued)*

Operating environment

The global recovery disappointed during the reporting period as growth in the United States of America ("USA") and other core markets slowed, however, it seems to have gained momentum since the beginning of the second quarter in 2015. Global stock markets remained subdued, while bond yields declined especially in the euro area following the ECB's quantitative easing. Global inflation remained muted, helping support an accommodative monetary policy stance; however, there are signs that global inflation has bottomed.

- South Africa's economic growth slowed to 1,3% in the first quarter of 2015 from 4,1% during the last quarter of 2014, on the back of a challenging global macroeconomic backdrop, electricity load shedding and weak domestic demand.
- Business confidence remained frail across sectors, contributing to weak private sector investment growth and anaemic employment growth.
- Across South Africa's banking system, credit extension to consumers remained modest in the first half of 2015, growing at about 3% year on year. In contrast, credit extension to corporates averaged about 15% in the first half of 2015 when compared to a year earlier.
- After falling to below 4% in February, consumer price inflation has been on an upward trajectory resulting in the SARB maintaining its bias towards policy tightening even as economic growth has disappointed.
- The rand depreciated against major currencies ending the second quarter of 2015 at R12,17 and reaching a low of R12,58 to the US$ in June after starting the year at R11,54. Against the GBP, the rand ended the second quarter of 2015 at R19,11 from R18,00 at the beginning of the year.
- Growth in the Barclays Africa markets in the Rest of Africa moderated further due to lower commodity prices and an adverse external environment. Fiscal and current account balances deteriorated, resulting in a number of currencies weakening significantly, putting upward pressure on inflation. During the second quarter of 2015, monetary policy rates were raised in Ghana, Kenya, Namibia and Uganda in response to currency pressures and upward inflation.

Business performance

Overview

CIB has continued to deliver on its Pan-African strategy, with operations in the Rest of Africa increasing their contribution to revenue from 32% in the first half of 2014 to 33% in 2015.

To ensure that CIB achieves its aspirations of becoming a top-three player by revenue and headline earnings by 2016 in selected key markets, we are committed to having the right enablers in place. The roll-out of new systems across the continent is key to this. Front Arena, the online dealing platform and BARX, an online FX trading platform have been successfully deployed into most of our African trading businesses.

In South Africa, the strategy to grow the Corporate Bank, an area where we have been previously underrepresented, is progressing well, and this is the third successive year of double-digit revenue growth in this Business. Barclays.Net, our primary online banking platform for Cash Management, is now implemented in South Africa and client migrations to the platform are progressing.

Several accolades have been awarded to the bank across all three core product houses including:

- Best M&A House both for EMEA & Africa, *EMEA Finance*.
- Best Bond House in Africa, *EMEA Finance*.
- No. 1 for dealing Fixed Interest Securities, *Financial Mail*.
- Best Emerging Bank in Mauritius for 2015, *Global Finance*.
- Best Global Debt House, Euromoney Awards for Excellence.
- Best Africa Debt House, Euromoney Awards for Exellence.

Business performance *(continued)*

Investment Bank

Markets

Net revenue increased 1% to **R2 089m** (30 June 2014: R2 061m). Rest of Africa revenue increased by 27% while revenue in South Africa declined by 8% off a high base in the second half of 2014.

In the Rest of Africa, investment in systems and key talent is starting to yield results. BARX (our electronic FX trading platform) is now live in eight out of 10 countries which is a world-class platform that will allow us to grow further. Our Front Arena system has been rolled out to all countries and this is a major step towards effective risk management and the ability to roll out additional products.

There has also been good progress on client acquisition, in collaboration with the Corporate Bank, Retail and Business Bank. We continued to deepen our participation in the market and are creating new income streams through the development of secondary trading of bonds and swaps.

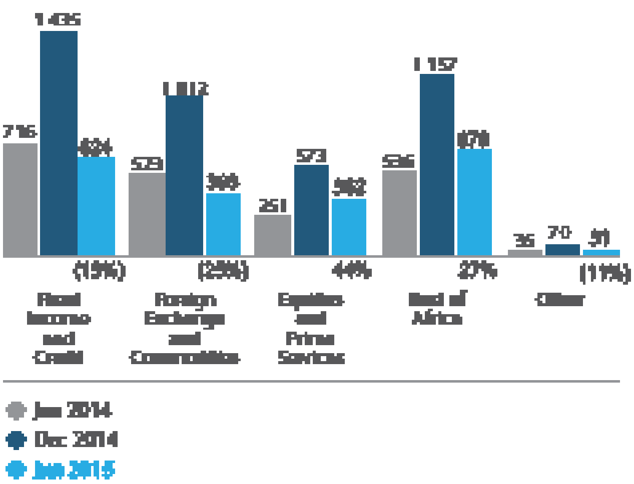
In South Africa, client activity was muted and margins came under pressure, especially in Foreign Exchange where revenues declined 22%. Foreign exchange revenues are expected to remain under pressure going forward and the focus will be on providing automated client solutions and straight-through processing.

Fixed Income and Credit revenues declined 13%. This is attributable to a combination of lower levels of client activity and relatively volatile and illiquid markets which made it difficult to manage risk positions as profitably as in previous years. Systems and automation is an essential enabler for this business and during the period CIB delivered another market first by being the first bank to start market making FX options on the JSE's Currency Derivative Market (Yield-X).

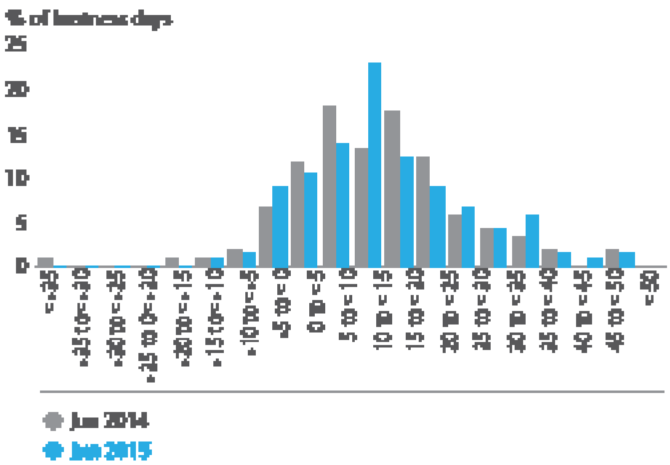
Equities and Prime revenues increased by 44% due to continued client penetration. Our successful international partnership with Barclays led to improved equities research rankings, and good traction with our top tier clients.

Our ability to partner with clients and develop innovative solutions underpins our strong Markets franchise.

Markets net revenue split (Rm and change %)



Daily markets revenue distribution South Africa (Rm)



Business performance *(continued)*

Investment Bank *(continued)*

Banking

Banking generated net revenue of **R977m** (30 June 2014: R932m) a 5% year-on-year growth. Excluding impairments, gross revenues grew by 13%.

A strong first-half performance in fee activity led to a 19% increase in the fee business. This was driven by growth in the number of closed Renewable Energy transactions.

The overall average balance sheet for the business has grown 14% year on year with the largest contributor to the growth being preference share assets. Margin business is up 12% for the year. This is, however, offset by higher impairments taken in prudent provisioning on specific names.

There has been growth in the contribution to Banking revenue from the Rest of Africa. The business continues to be focused on the Financial, Telecoms, Power, Oil & Gas and Consumer sectors, which require balance sheet structuring, debt and equity capital raising and other advisory services.

Despite a deteriorating economic environment, continued momentum is expected in the pipeline of mandated transactions supporting a positive outlook for the rest of 2015. This is further augmented by the intensity of implementation of the client coverage strategy assisted by collaboration with the global Banking franchise.

	30 June			31 December
Salient features	**2015**	2014	Change %	2014
Margin business (Rm)	**787**	772	2	1 503
Fee business (Rm)	**190**	160	19	370
Net revenue (Rm)	**977**	932	5	1 873
Average loans and advances (Rbn)	**65,1**	57,0	14	57,4

Private Equity and Infrastructure Investments

The non-core Private Equity and Infrastructure Investments reported net losses of **R113m** (30 June 2014: R12m gain) impacted by negative revaluations on specific assets, partly offset by positive realisations.

The portfolio reduced to **R2,7bn** (30 June 2014: R2,9bn) due to realisations offset by foreign exchange movements. The portfolio continues to be actively managed as the Group explores options for sale or exit over time.

	30 June			31 December
Salient features	**2015**	2014	Change %	2014
Revaluations (Rm) – Equity instruments	**(180)**	(27)	>100	(124)
Realisations, dividends, interest and fees (Rm)	**82**	54	52	125
Funding (Rm)	**(15)**	(15)	—	(38)
Net (loss)/gain (Rm)	**(113)**	12	<(100)	(37)
Total portfolio size (Rbn)	**2.7**	2.9	(7)	2,9

CIB
for the reporting period ended

Business performance *(continued)*

Corporate

Overall, Corporate net revenue increased by 5% to **R3 305m** (30 June 2014: R3 157m) underpinned by strong growth in South Africa.

The performance in South Africa resulted from higher deposit balances due to favourable pricing, continued growth of documentary trade products, especially letters of credit, guarantees and collections, increased trade loans attributable to discounting of letters of credit and a focus on the mid-corporate sector. Growth in core transactional product was sustained despite pricing pressures.

Rest of Africa was impacted by higher impairments, increased regulatory pressure on fees and statutory reserve requirements, margin compression due to poor market conditions, low interest rates and weak commodity prices, partially offset by increased balance sheet and transactional volume growth.

	30 June			30 June				31 December		
	2015			2014				2014		
Salient features	South Africa	Rest of Africa	Total	South Africa	Rest of Africa	Total	Change %	South Africa	Rest of Africa	Total
Gross revenue (Rm)	**1 929**	**1 503**	**3 432**	1 717	1 480	3 197	7	3 613	3 017	6 630
Credit impairments (Rm)	**(15)**	**(112)**	**(127)**	(8)	(32)	(40)	>100	(47)	(83)	(130)
Net revenue (Rm)	**1 914**	**1 391**	**3 305**	1 709	1 448	3 157	5	3 566	2 934	6 500
Average loans and advances to customers (Rbn)	**57,8**	**32,8**	**90,6**	55,2	27,1	82,3	10	56,4	29,3	85,7
Average deposits due to customers (Rbn)	**152,2**	**47,5**	**199,7**	140,5	49,1	189,6	5	142,9	46,3	189,2

Looking ahead

The strategy will remain consistent for the year ahead; while keeping clients at the core of our decision-making we will focus on the following:

- Continue to leverage the revamped client coverage structure to drive client commitment and enable easier and more efficient transactions.
- Sustained technological innovation and developing an "E-Bank" that enables clients to manage and grow their business through efficiency, cost-effectiveness and transparency.
- In our pursuit to be more than just a bank; CIB is dedicated to being relevant to the communities within which it operates in both an economically and sustainable way, helping communities and people realise their ambitions.
- Innovation has become a key focus in CIB's strategy in order to future-proof the business and to truly become a world-class Corporate and Investment Bank.

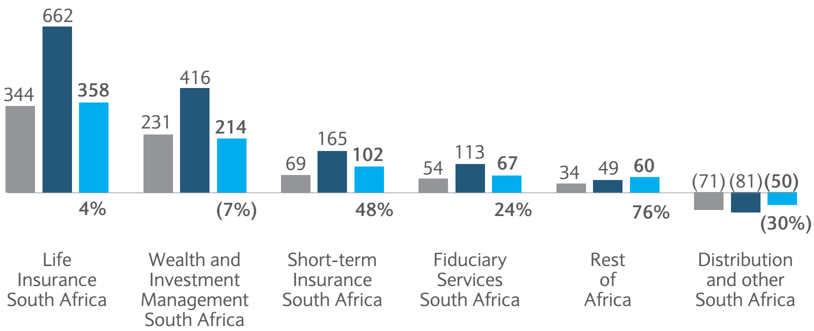
Favourable

- Improvement in RoE to 25,6%.
- 76% growth in headline earnings outside South Africa.
- South African Short-term Insurance margins improved to target levels.
- 24% growth in headline earnings in Fiduciary Services South Africa.
- Franchise model for active asset management implemented. Assets under management and administration increased by R9bn.
- Cost growth contained to 6%.

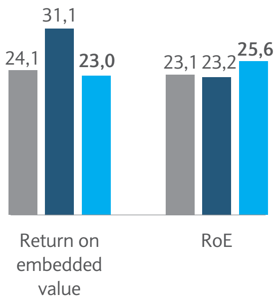
Unfavourable

- Wealth and Investment Management headline earnings impacted by investment in systems, people and capabilities.
- Distribution revenue impacted by loss of advisers during 2014.
- Muted premium growth in Life Insurance business.
- EVNB declined 23%.

Headline earnings (Rm and change %)



Return on embedded value and RoE (%)



Salient features	30 June 2015	30 June 2014[1]	Change %	31 December 2014[1]
Headline earnings (Rm)	**751**	661	14	1 324
Cost-efficiency ratio (%)	**29,6**	28,2		27,0
Combined ratio (%)	**94,0**	96,6		96,1
Assets under management and administration (Rbn)	**274**	265	3	259
EVNB (Rm)	**182**	236	(23)	472
RoE (%)	**25,6**	23,1		23,2

Note
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

	Continuing Business Lines			
	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Statement of comprehensive income				
Net insurance premium income	**2 918**	2 806	4	5 643
Net insurance claims and benefits paid	**(1 494)**	(1 448)	3	(2 919)
Investment income				
Policyholder investment contracts	**85**	619	(86)	695
Policyholder insurance contracts	**88**	229	(62)	296
Changes in investment and insurance contract liabilities				
Policyholder investment contracts	**(48)**	(561)	(91)	(588)
Policyholder insurance contracts	**13**	(206)	<(100)	(170)
Other income	**1 350**	1 275	6	2 561
Gross operating income	**2 912**	2 714	7	5 518
Net commission paid by insurance companies	**(485)**	(473)	3	(982)
Operating expenses	**(1 435)**	(1 350)	6	(2 714)
Other	**(86)**	(60)	43	(143)
Net operating income	**906**	831	9	1 679
Investment income on shareholder funds	**160**	159	1	319
Shareholder expenses	**(59)**	(56)	5	(169)
Taxation expense	**(290)**	(281)	3	(549)
Profit for the reporting period	**717**	653	10	1 280
Headline earnings	**731**	650	12	1 289

	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Note				
1. Investment income				
Policyholder investment contracts	**85**	619	(86)	695
Net interest income	**176**	192	(8)	373
Dividend income	**141**	128	10	256
Fair value gains	**(232)**	299	<(100)	66
Policyholder insurance contracts	**88**	229	(62)	296
Net interest income	**68**	58	17	127
Dividend income	**7**	7	—	15
Fair value gains	**13**	164	(92)	154
Shareholder funds	**160**	159	1	319
Net interest income	**74**	79	(6)	159
Dividend income	**11**	9	22	17
Fair value gains	**75**	71	6	143
Total	**333**	1 007	(67)	1 310
Net interest income	**318**	329	(3)	659
Dividend income	**159**	144	10	288
Fair value gains/(losses)	**(144)**	534	<(100)	363

Terminating Business Lines				Total WIMI			
30 June			31 December	30 June			31 December
2015 Rm	2014 Rm	Change %	2014 Rm	2015 Rm	2014 Rm	Change %	2014 Rm
(75)	63	<(100)	121	2 843	2 869	(1)	5 764
48	(53)	>100	(97)	(1 446)	(1 501)	(4)	(3 016)
—	—		—	85	619	(86)	695
—	1	(100)	3	88	230	(62)	299
—	—		—	(48)	(561)	(91)	(588)
—	—		—	13	(206)	<(100)	(170)
7	1	>100	2	1 357	1 276	6	2 563
(20)	12	<(100)	29	2 892	2 726	6	5 547
51	7	>100	22	(434)	(466)	(7)	(960)
(11)	(8)	(38)	(16)	(1 446)	(1 358)	6	(2 730)
—	—		—	(86)	(60)	43	(143)
20	11	82	35	926	842	10	1 714
—	—		—	160	159	1	319
—	—		—	(59)	(56)	5	(169)
—	—		—	(290)	(281)	3	(549)
20	11	82	35	737	664	11	1 315
20	11	82	35	751	661	14	1 324

30 June			31 December	30 June			31 December
2015 Rm	2014 Rm	Change %	2014 Rm	2015 Rm	2014 Rm	Change %	2014 Rm
—	—	—	—	85	619	(86)	695
—	—	—	—	176	192	(8)	373
—	—	—	—	141	128	10	256
—	—	—	—	(232)	299	<(100)	66
—	1	(100)	3	88	230	(62)	299
—	1	(100)	3	68	59	15	130
—	—	—	—	7	7	—	15
—	—	—	—	13	164	(92)	154
—	—	—	—	160	159	1	319
—	—	—	—	74	79	(6)	159
—	—	—	—	11	9	22	17
—	—	—	—	75	71	6	143
—	1	(100)	3	333	1 008	(67)	1 313
—	1	(100)	3	318	330	(4)	662
—	—	—	—	159	144	10	288
—	—	—	—	(144)	534	<(100)	363

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WIMI
for the reporting period ended

	Life Insurance			
	30 June			31 December
	2015 Rm	2014 Rm	Change %	2014 Rm
Statement of comprehensive income				
Net insurance premium income	**1 300**	1 264	3	2 554
Net insurance claims and benefits paid	**(418)**	(381)	10	(803)
Investment income				
Policyholder investment contracts	**324**	588	(45)	813
Policyholder insurance contracts	**64**	209	(69)	248
Changes in investment and insurance contract liabilities				
Policyholder investment contracts	**(287)**	(549)	(48)	(706)
Policyholder insurance contracts	**5**	(206)	<100	(170)
Other income[2]	**(13)**	(12)	8	(51)
Gross operating income	**975**	913	7	1 885
Net commission paid by insurance companies[2]	**(206)**	(217)	(5)	(468)
Operating expenses	**(215)**	(200)	8	(432)
Other	**(46)**	(47)	(2)	(99)
Net operating income	**508**	449	13	886
Investment income on shareholder funds	**36**	63	(43)	84
Shareholder expenses	**—**	—	—	—
Taxation expense	**(152)**	(143)	6	(278)
Profit for the reporting period	**392**	369	6	692
Headline earnings	**394**	369	7	694
Note				
1. Investment income				
Policyholder investment contracts	**324**	588	(45)	813
Net interest income	**176**	191	(8)	368
Dividend income	**89**	89	—	179
Fair value gains	**59**	308	(81)	266
Policyholder insurance contracts	**64**	209	(69)	248
Net interest income	**44**	38	16	79
Dividend income	**7**	7	—	15
Fair value gains	**13**	164	(92)	154
Shareholder funds	**36**	63	(43)	84
Net interest income	**19**	18	6	37
Dividend income	**6**	4	50	9
Fair value gains/(losses)	**11**	41	(73)	38
Total	**424**	860	(51)	1 145
Net interest income	**239**	247	(4)	484
Dividend income	**102**	100	2	203
Fair value gains/(losses)	**83**	513	(84)	458

	30 June			31 December
Net fee and commission income – Continuing Business Lines	**2015 Rm**	2014 Rm	Change %	2014 Rm
Employee benefit-related fees	**193**	180	7	374
Investment management and related fees	**602**	581	4	1 131
Net commission from distribution business	**210**	216	(3)	422
Net commission paid by insurance companies[3]	**(434)**	(466)	(7)	(960)
Trust and estate income	**149**	140	6	299
Other	**—**	—	—	(22)
Total	**720**	651	11	1 244

Notes
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.
[2]Includes impairment losses on loans and advances.
[3]Includes internal commission, eliminated on consolidation.

	Wealth and Investment Management				Short-term Insurance				Fiduciary Services			
	30 June			31 December	30 June			31 December	30 June			31 December
	2015 Rm	2014[1] Rm	Change %	2014[1] Rm	**2015 Rm**	2014[1] Rm	Change %	2014[1] Rm	**2015 Rm**	2014 Rm	Change %	2014 Rm
	—	—	—	—	**1 612**	1 536	5	3 080	**6**	6	—	9
	—	—	—	—	**(1 076)**	(1 067)	1	(2 115)	**—**	—	—	(1)
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	(2)	(100)	—	**24**	22	9	48	**—**	—	—	—
			—				—				—	
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	753	721	4	1 430	**45**	20	>100	52	**341**	319	7	674
	753	719	5	1 430	**605**	511	18	1 065	**347**	325	7	682
	—	—	—	—	**(279)**	(255)	9	(513)	**—**	(1)	<(100)	(1)
	(464)	(402)	15	(856)	**(187)**	(183)	2	(382)	**(255)**	(250)	2	(534)
	(4)	(5)	(20)	(9)	**(27)**	(1)	>100	(10)	**(3)**	(1)	>100	(2)
	285	312	(9)	565	**112**	72	56	160	**89**	73	22	145
	15	13	15	21	**42**	44	(5)	84	**9**	7	29	15
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	(84)	(91)	(8)	(164)	**(52)**	(36)	44	(79)	**(29)**	(23)	26	(43)
	216	234	(8)	422	**102**	80	28	165	**69**	57	21	117
	214	231	(7)	416	**115**	80	44	169	**70**	57	23	117
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	(2)	(100)	—	**24**	22	9	48	**—**	—	—	—
	—	(2)	(100)	—	**24**	22	9	48	**—**	—	—	—
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	—	—	—	—	**—**	—	—	—	**—**	—	—	—
	15	13	15	21	**42**	44	(5)	84	**9**	7	29	15
	13	13	—	26	**39**	40	(3)	80	**1**	2	(50)	3
	—	—	—	—	**5**	5	—	8	**—**	—	—	—
	2	—	>100	(5)	**(2)**	(1)	>100	(4)	**8**	5	60	12
	15	11	36	21	**66**	66	—	132	**9**	7	29	15
	13	11	18	26	**63**	62	2	128	**1**	2	(50)	3
	—	—	—	—	**5**	5	—	8	**—**	—	—	—
	2	—	>100	(5)	**(2)**	(1)	>100	(4)	**8**	5	60	12

Segment report per geographical segment	South Africa				Rest of Africa			
	30 June			31 December	30 June			31 December
	2015 Rm	2014[1] Rm	Change %	2014[1] Rm	**2015 Rm**	2014 Rm	Change %	2014 Rm
Net insurance premium income	**2 583**	2 484	4	5 026	**335**	322	4	617
Net insurance claims and benefits paid	**(1 354)**	(1 331)	2	(2 668)	**(140)**	(117)	20	(251)
Gross operating income	**2 667**	2 530	5	5 134	**245**	184	33	384
Operating expenses	**(1 332)**	(1 272)	5	(2 540)	**(103)**	(78)	32	(174)
Net operating income	**825**	783	5	1 598	**81**	48	69	81
Profit for the reporting period	**659**	619	6	1 231	**58**	34	71	49
Headline earnings	**671**	616	9	1 240	**60**	34	76	49

Distribution				Other				Total Continuing Business Lines			
30 June			31 December	30 June			31 December	30 June			31 December
2015 Rm	2014 Rm	Change %	2014 Rm	2015 Rm	2014 Rm	Change %	2014 Rm	2015 Rm	2014[1] Rm	Change %	2014[1] Rm
—	—	—	—	—	—	—	—	2 918	2 806	4	5 643
—	—	—	—	—	—	—	—	(1 494)	(1 448)	3	(2 919)
—	—	—	—	(239)	31	<(100)	(118)	85	619	(86)	695
—	—	—	—	—	—	—	—	88	229	(62)	296
		—									
—	—	—	—	239	(12)	<(100)	118	(48)	(561)	(91)	(588)
—	—	—	—	8	—	>100	—	13	(206)	<(100)	(170)
232	228	2	452	(8)	(1)	>100	4	1 350	1 275	6	2 561
232	228	2	452	—	18	(100)	4	2 912	2 714	7	5 518
—	—	—	—	—	—	—	—	(485)	(473)	3	(982)
(229)	(276)	(17)	(501)	(85)	(39)	>100	(9)	(1 435)	(1 350)	6	(2 714)
(5)	(5)	—	(11)	(1)	(1)	—	(12)	(86)	(60)	43	(143)
(2)	(53)	(96)	(60)	(86)	(22)	>100	(17)	906	831	9	1 679
2	2	—	5	56	30	87	110	160	159	1	319
—	—	—	—	(59)	(56)	5	(169)	(59)	(56)	5	(169)
—	2	(100)	(1)	27	10	>100	16	(290)	(281)	3	(549)
—	(49)	(100)	(56)	(62)	(38)	63	(60)	717	653	10	1 280
—	(49)	(100)	(56)	(62)	(38)	63	(51)	731	650	12	1 289
—	—	—	—	(239)	31	<(100)	(118)	85	619	(86)	695
—	—	—	—	—	1	<(100)	5	176	192	(8)	373
—	—	—	—	52	39	33	77	141	128	10	256
—	—	—	—	(291)	(9)	<(100)	(200)	(232)	299	<(100)	66
—	—	—	—	—	—	—	—	88	229	(62)	296
—	—	—	—	—	—	—	—	68	58	17	127
—	—	—	—	—	—	—	—	7	7	—	15
—	—	—	—	—	—	—	—	13	164	(92)	154
2	2	—	5	56	30	87	110	160	159	1	319
—	—	—	—	2	6	(67)	13	74	79	(6)	159
—	—	—	—	—	—	—	—	11	9	22	17
2	2	—	5	54	24	>100	97	75	71	6	143
2	2	—	5	(183)	61	<(100)	(8)	333	1 007	(67)	1 310
—	—	—	—	2	7	(71)	18	318	329	(4)	659
—	—	—	—	52	39	33	77	159	144	10	288
2	2	—	5	(237)	15	<(100)	(103)	(144)	534	<(100)	363

Total Continuing Business Lines			
30 June			31 December
2015 Rm	2014[1] Rm	Change %	2014[1] Rm
2 918	2 806	4	5 643
(1 494)	(1 448)	3	(2 919)
2 912	2 714	7	5 518
(1 435)	(1 350)	6	(2 714)
906	831	9	1 679
717	653	10	1 280
731	650	12	1 289

WIMI
for the reporting period ended

	30 June			31 December
	2015 Rm	2014[1] Rm	Change %	2014[1] Rm
Statement of financial position				
Assets				
Cash balances and loans and advances to banks[2]	**1 685**	1 505	12	1 366
Non-current assets held for sale	**479**	546	(12)	416
Investment securities[2]	**413**	525	(21)	603
Financial assets backing investment and insurance liabilities				
Policyholder investment contracts	**22 773**	23 709	(4)	23 406
Cash balances and loans and advances to banks	**836**	716	17	796
Investment securities	**21 937**	22 850	(4)	22 476
Reinsurance assets	**—**	143	(100)	134
Policyholder insurance contracts	**3 604**	3 683	(2)	3 735
Cash balances and loans and advances to banks	**988**	887	11	919
Investment securities	**2 149**	2 203	(2)	2 220
Reinsurance assets	**467**	593	(21)	596
Shareholder funds	**4 442**	3 515	26	3 765
Cash balances and loans and advances to banks	**2 264**	1 858	22	1 607
Investment securities	**2 178**	1 657	31	2 158
Other assets[3]	**7 938**	13 895	(43)	13 360
Property and equipment	**112**	114	(2)	114
Total assets	**41 446**	47 492	(13)	46 765
Liabilities				
Non-current liabilities held for sale	**468**	504	(7)	372
Liabilities under investment contracts	**22 722**	23 447	(3)	23 313
Policyholder liabilities under insurance contracts	**3 625**	3 820	(5)	3 842
Other liabilities	**9 206**	14 542	(37)	14 149
Other liabilities[3]	**9 111**	14 427	(37)	14 028
Other liabilities relating to investment contracts	**95**	115	(17)	121
Deferred tax liabilities	**39**	31	26	22
Total liabilities	**36 060**	42 344	(15)	41 698
Equity				
Capital and reserves	**5 390**	5 148	5	5 069
Non-controlling interest	**(4)**	—	(100)	(2)
Total equity	**5 386**	5 148	5	5 067
Total liabilities and equity	**41 446**	47 492	(13)	46 765

Notes

[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

[2]Non-insurance-related balances.

[3]Other 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.

Reconciliation with Group	30 June 2015 WIMI Rm	Inter-segment eliminations Rm	Other[1] Rm	Group Rm
Statement of financial position[2]				
Investment securities				
Investments linked to investment contracts	21 937	(2 912)	—	19 025
Policyholder liabilities under insurance contracts	3 625	(17)	43	3 651
Statement of comprehensive income[2]				
Net insurance premium income	2 843	—	139	2 982
Net claims and benefits paid on insurance contracts	(1 446)	—	(21)	(1 467)
Gains and losses from investment activities – net gains on investments from insurance activities – policyholder investment contracts	85	(66)	—	19

Reconciliation with Group	30 June 2014 WIMI Rm	Inter-segment eliminations Rm	Other[1] Rm	Group Rm
Statement of financial position[2]				
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 income[2]				
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

Reconciliation with Group	31 December 2014 WIMI Rm	Inter-segment eliminations Rm	Other[1] Rm	Group Rm
Statement of financial position[2]				
Investment securities				
Investments linked to investment contracts	22 476	(3 159)	—	19 317
Policyholder liabilities under insurance contracts	3 842	(25)	53	3 870
Statement of comprehensive income[2]				
Net insurance premium income	5 764	—	251	6 015
Net claims and benefits paid on insurance contracts	(3 016)	5	(32)	(3 043)
Gains and losses from investment activities – net gains on investments from insurance activities – policyholder investment contracts	695	(187)	—	508

Notes

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

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

WIMI
for the reporting period ended

Cost-efficiency ratio – WIMI	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm	Where included in Group's statement of comprehensive income
Revenue	**5 088**	5 019	1	10 747	Net fee and commission income; other operating income; net interest income.
Gross premium income	**3 758**	3 740	0	8 199	Net insurance premium income
Net commission from distribution business	**207**	216	(4)	417	Net fee and commission income
Non-insurance-related income[2]	**844**	819	3	1 608	Net fee and commission income
Banking-related income	**130**	144	(10)	302	Net fee and commission income
Other income	**149**	100	49	221	Net fee and commission income; other operating income; net interest income.
Operating expenses	**(1 505)**	(1 414)	6	(2 899)	Operating expenses
Cost-efficiency ratio (%)	**29,6**	28,2		27,0	

Reconciliation of WIMI non-interest income to Group	30 June 2015 Rm	30 June 2014[1] Rm	Change %	31 December 2014[1] Rm	Where included in Group's statement of comprehensive income
Aforementioned revenue	**5 088**	5 019	1	10 747	
Fee and commission expense	**(434)**	(466)	(7)	(961)	Net fee and commission income
Reinsurance premiums	**(915)**	(871)	5	(2 435)	Net insurance premium income
Net insurance claims and benefits paid	**(1 446)**	(1 501)	(4)	(3 016)	Net claims and benefits paid on insurance contracts
Changes in investment and insurance contract liabilities	**(35)**	(767)	(95)	(758)	Changes in investment and insurance contract liabilities
Gains and losses from investment activities	**334**	1 008	(67)	1 313	Gains and losses from investment activities
Other income	**28**	21	33	40	Other operating income
Banking-related income	**(130)**	(146)	(11)	(302)	Net interest income
Non-interest income	**2 490**	2 297	8	4 628	

Notes
[1]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.
[2]Fee income relating to employee benefits, trust, estate and portfolio management fees.

Business profile

WIMI is the integrated non-banking financial services provider to Barclays and other partners across the continent, including life insurance, non-life insurance, investment management, retirement services and fiduciary. It provides advice-led investment, credit and banking solutions to high-net-worth clients, retail solutions to individual bank clients and institutional propositions to corporate and business clients. WIMI's well-established partnership model with the bank is based on close collaboration and integration, delivering broad-based financial inclusion for Barclays Africa Group Limited customers.

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 and institutional clients access to high-quality wealth and investment products and solutions. These products and services include asset management, private client asset management, investment management, risk management, structured lending, multi-management, unit trusts, stockbroking 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 also available to the retail market.
- **Fiduciary Services –** consists of estate administration and employee benefits businesses. The businesses offers individual retirement fund administration, consulting and actuarial services, health care services and Absa Trust, which administers deceased estates and provides trustee services for personal, family, charitable and employee benefit trusts.
- **Distribution –** one of the larger 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 other product providers.
- **Other –** includes WIMI's head office consolidation entries, holding companies as well as allocated shareholder expenses.

An organisational structure change took place during the reporting period impacting on the segmental structure of WIMI:

- As part of our strategic intent to convert our **Wealth** coverage business into an investment advice led business we have agreed to transfer our "Vanilla" (unstructured) credit book to RBB. This enables us to focus our efforts on advice-led client engagements and to utilise the core competencies that exist in credit units in RBB.
- In line with our strategic intent to transform the South African Short-term Insurance business to reduce volatility and improve margins, we exited the agricultural crop business. A re-insurance and sales transaction of the agricultural crop business was concluded impacting the 2015 results. This business has been included in the **Terminating Business Lines** disclosure in the segment report.

Financial performance

WIMI delivered a satisfactory financial performance, with headline earnings increasing by 14% to **R751m** (30 June 2014: R661m) and operating income before tax increasing by 9% to **R1 027m** (30 June 2014: R945m).

The satisfactory financial performance is a result of the implementation of the strategic focus areas previously reported. We reported during the first and second halves of 2014 that WIMI invested in structural changes and strategic initiatives to position the business for sustainable growth. The focus areas impacted the financial results as follows:

- Building out our bancassurance competencies across the Group on the African continent has resulted in our earnings outside SA increasing by 76%.
- Continued focus on sustainable market-leading customer fairness practices in our credit Life businesses resulted in additional benefits of R39m to policyholders. We have commenced with aligning practices outside South Africa impacting product design and pricing, which reduces the EVNB.
- Transforming the South African Short-term Insurance business to improve margins has resulted in an improvement in underwriting margin to **5,6%** (30 June 2014: 2,0%) and a 48% improvement in headline earnings. Short-term Insurance achieved improved underwriting results, underpinned by the strategic intent to transform the South African business by reducing volatility and improving margins. During the reporting period we exited the agricultural crop business, outsourced personal lines intermediated administration and centralised the claims operations.
- South African Life Insurance increased net operating income by 12% and headline earnings by 4%. Lower levels of consumer disposable income adversely impacted new business volumes and investment income declined due to reduced market performance.
- Building out our Wealth and Investment Management capabilities has required investment in marketing, "channel", skills, revised reward structures and launching of the franchised active asset managed models. These initiatives increased costs in Wealth and Investment Management and has resulted in a 7% decrease in earnings. Assets under management and administration have, however, increased by R9bn as a result of market growth and institutional inflows.
- The Distribution business has stabilised after changes implemented to build out our multi-channel distribution capabilities. Adviser exits during 2014 placed pressure on gross commission income which was offset by lower costs resulting in the business achieving a break-even position.
- Our focus on operating effectiveness has resulted in operating expenses growth being contained to 6% with total cost of **R1 446m** (30 June 2014: R1 358m). The South African operations increased by 5%, mainly due to investments made within Wealth and Investment Management to build skills and scale in assets under management and administration. Operations in the Rest of Africa recorded an increase of 32% partly due to investments undertaken to implement our African expansion strategy. Following our recent launch of Barclays Life assurance in Kenya, we have entered into an agreement to acquire a majority stake in a Kenyan short-term insurance entity which is subject to regulatory approval.

Financial performance *(continued)*

- As part of our annual impairment assessment for intangible assets, an impairment of R25m was recognised during the reporting period. The impairment was required as a result of the strategic decision to outsource the personal lines intermediated businesses administration to a third party.
- Fiduciary Services margins continued to improve resulting in a 24% increase in earnings.

Other key features of the results for the first half of 2015 are:

- Subdued growth in new business volumes operations were observed and alignment of credit life practices outside South Africa, resulted in the EVNB decreasing by 23% at **R182m** (30 June 2014: R236m).
- Total gross and net insurance premium income reflected muted growth and remained in line with the previous comparable reporting period. Operations in the Rest of Africa reflected a 4% growth in net insurance premium income at **R335m** (30 June 2014: R322m).

Operating environment

The South African economy continued to lose momentum in the first half of 2015. Growth prospects for the remainder of 2015 are subdued, hampered by weak domestic demand and various supply-side constraints, especially electricity shortages. This has resulted in volatile market performance, compounded by recent global market movements. The outlook for economic growth for the Rest of Africa has also moderated as a result of a downturn in commodity prices, and the prospect of higher USA interest rates in 2015.

The South African consumer remains under pressure with consumption likely to remain constrained by the sharp rebound in fuel prices, a poor labour market, slow credit growth as well as the vulnerability of the rand to adverse market sentiment. These factors, coupled with weak consumer confidence, continue to weigh down growth in the South African insurance markets with the potential for higher lapse rates in insurance policies and reduced appetite for savings and risk protection products. The strain placed on money market funds across the industry last year as a result of the African Bank Limited defaults has abated, with institutional money market flows improving since the start of the year. The regulatory environment remains dynamic with the focus predominantly relating to the FSB's Retail Distribution Review as well as the first phase of implementation of certain proposals. While the Retail Distribution Review initiative will fundamentally change the way in which insurance and investment companies operate, WIMI continues to remain committed to providing customers with affordable, fair and sustainable advice. WIMI will continue to evolve with the use of data and technology as we believe that regulation, distribution models and technology innovation will fundamentally change the risk and investment landscapes within the next three to five years.

Business performance

In line with our strategic intent we have shown good progress with the implementation of strategic initiatives:

- Enhanced our Wealth and Investment Management business by building skills through investments, gaining momentum in the Exchange-traded Funds ("ETF") joint venture with CIB and introducing a franchise model for active asset management to entrench and enhance growth in assets under management and administration and revenue.
- Continued to grow our business across the African continent with the acquisition of short-term insurance company in Kenya. This advanced our strategy in Kenya by enhancing the Barclays Life Assurance offering to include short-term insurance.
- Developed new talent in our face-to-face channel through our academy, with a focus going forward on sales productivity and effectiveness. We are also building out our digital capabilities for end-to-end client interaction.
- Introduced further operational efficiencies across all business units, including the introduction of outsourced and centralised administrative functions in both our short-term and distribution environments, aimed at improving sales efficiencies by reducing the administration burden of our sales force, refining controls and delivering better client solutions.
- Refocused our short-term insurance business to improve margins and returns in various business lines.

Life Insurance

Life Insurance headline earnings increased by 7% and net operating income increased by 13% to **R394m** (30 June 2014: R369m) and **R508m** (30 June 2014: R449m) respectively.

Subdued growth in new business volumes were observed and alignment of credit life practices outside South Africa, resulted in the EVNB decreasing by 23% for the Life Insurance operations.

Lower levels of consumer disposable income proved challenging and resulted in lower persistency rates and depressed new business volumes which impacted the 3% growth achieved in net premium income.

Net premium income declined by 5% to **R164m** (30 June 2014: R173m) for operations outside South Africa, mainly impacted by product design, pricing and a reduction of EVNB. Net operating income reflected a growth of 18% to **R40m** (30 June 2014: R34m). This growth was mainly impacted by unwinding of margins in insurance contract liabilities.

Income from shareholder funds declined by 43%, mainly due to weaker investment market returns.

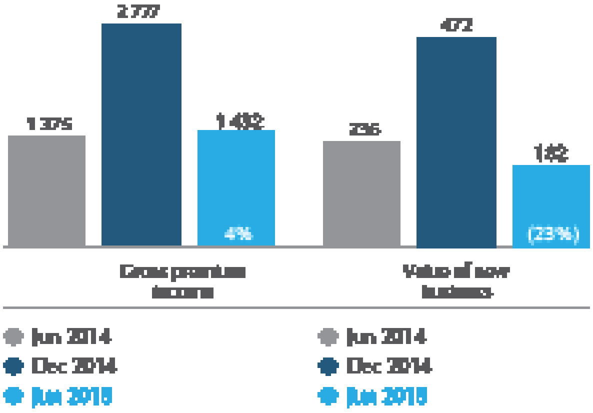
Operating expenses increased by 8% to **R215m** (30 June 2014: R200m), with the South African business achieving a 3% saving. Operations outside of South Africa increased by 65% to **R43m** (30 June 2014: R26m), impacted by the expansion strategy.

Business performance *(continued)*

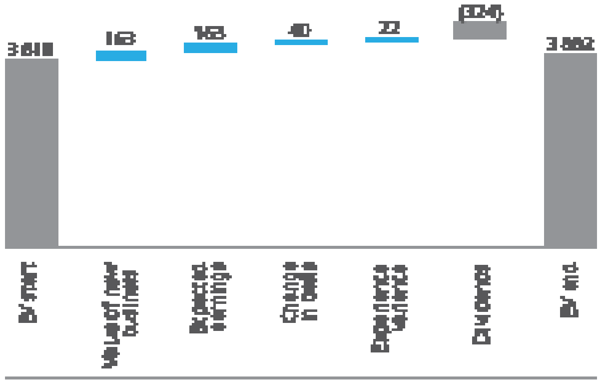
Life Insurance *(continued)*

Gross premium income (Rm and change %)

Value of new business (Rm and change %)



Embedded value (Absa Life South Africa) (Rm)



Salient features	30 June 2015	2014	Change %	31 December 2014
Shareholders' net assets (Rm)	**1 368**	1 342	2	1 318
Cost of solvency capital (Rm)	**(245)**	(260)	(6)	(268)
Value of business in force (Rm)	**3 033**	2 600	17	3 017
Embedded value (Rm)	**4 156**	3 682	13	4 067
Embedded value earnings (Rm)	**410**	428	(4)	1 166
Return on embedded value (%)	**23,0**	24,1		31,1
EVNB (Rm)	**182**	236	(23)	472
Value of new business as a percentage of the present value of future premiums (%) (gross)	**6,2**	7,3		7,2

Wealth and Investment Management

Wealth and Investment Management achieved 5% revenue growth on the back of 3% growth in assets under management and administration combined with improved impairments offset by increased costs. This resulted in a 7% decline in headline earnings to **R214m** (30 June 2014: R231m).

For the current reporting period assets under management and administration increased by R9bn to **R274bn** (30 June 2014: R265bn) while an increase of R15bn was achieved since December 2014. Net outflows experienced within the money market fund in the third quarter of 2014 were largely driven by the disinvestment in African Bank Limited, with a notable recovery within these flows in the last quarter of 2014 and the first half of 2015, given the continued relationship management and client engagement post this event.

Positive growth in assets under management is predominantly due to an increase in currency and equity hedges in retirement funds (R8bn) together with favourable market appreciation (R5bn) and net institutional money market inflows (R5bn), offset by retail money market flows and a reduction in the ETF business (R9bn).

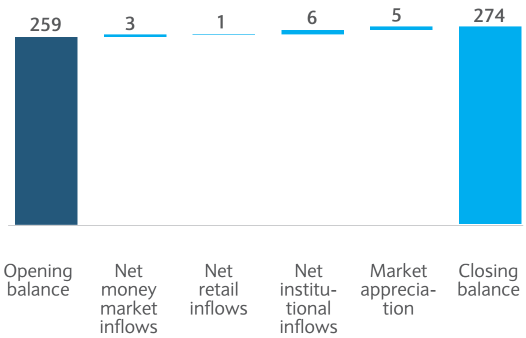
In line with our strategic intent, we transitioned our Wealth operations into an investment-led advisory business and transferred high-volume non-Wealth lending activities to RBB. The business benefited from a 6% increase in non-interest income, primarily due to improved investment income in both the active and passive businesses, with our wealth operations showing a 16% increase in non-interest income. Credit impairments improved by 85%, underpinned by lower unidentified and identified impairments in the current period as well as higher credit impairments experienced during the comparable reporting period as a result of credit modelling recalibrations.

Key investments were made in building out the Wealth and Investment Management capabilities, launching the franchise model for active asset management, system costs and revised remuneration model resulted in costs increasing by 15%. The focus on extracting efficiencies in our cost base in order to fund the investments in our key growth areas will continue during 2015. We anticipate further investment spend in the second half of the year.

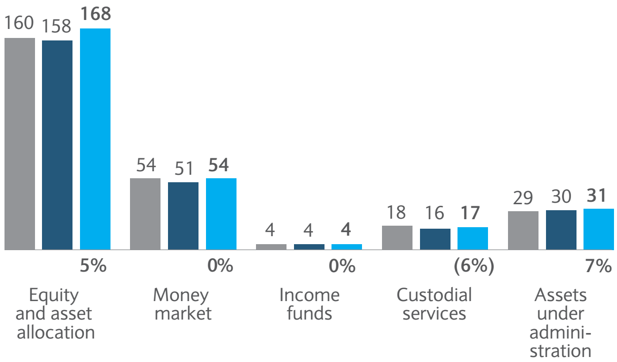
WIMI
for the reporting period ended

Business performance *(continued)*
Wealth and Investment Management *(continued)*

Movement in assets under management and administration (Rbn)



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



Salient features	30 June 2015	30 June 2014	Change %	31 December 2014
Headline earnings (Rm)	**214**	231	(7)	416
Gross operating revenue (Rm)	**771**	752	3	1 476
Net interest income	**126**	145	(13)	304
Non-interest income	**645**	607	6	1 172
Credit impairments (Rm)	**(3)**	(20)	(85)	(25)
Net revenue (Rm)	**768**	732	5	1 451
Gross margin (bps)	**51,6**	50,6		48,5
Average loans and advances to customers (Rbn)	**5,1**	5,4	(6)	5,2
Client assets (Rbn)	**5,2**	5,0	4	5,3
Net flows (Rbn)	**10**	(4)	>100	(14)
Money market	**3**	(4)	>100	(7)
Non-money market – retail	**1**	(4)	>100	(4)
Non-money market – institutional	**6**	4	50	(3)
Net assets under management and administration (Rbn)	**274**	265	3	259

	30 June 2015	30 June 2014	Change %	31 December 2014
Assets under management and administration (Rbn)	**274**	265	3	259
ETF	**32**	41	(22)	36
Money market	**53**	53	—	50
Non-money market	**197**	178	11	181
Intra-segment eliminations	**(8)**	(7)	14	(8)
Alternative asset management and exchange-traded funds	**85**	85	—	80
Deceased estates	**3**	3	—	3
Other	**15**	15	—	14
Portfolio management	**45**	40	13	42
Trusts	**2**	2	—	2
Unit trusts	**124**	120	3	118
	274	265	3	259

Business performance *(continued)*

Short-term Insurance

Short-term Insurance achieved headlines earnings of **R115m** (30 June 2014: R80m), an increase of 44% with an underwriting margin of **5,0%** (30 June 2014: 2,8%). Net insurance premium income increased by 5% to **R1 612m** (30 June 2014: R1 536m).

The South African Short-term Insurance business embarked on a transformational journey over the past year aimed at improving margins. Various strategic decisions have been taken to improve the returns of the business and to reduce volatility. This included the exit of the agricultural crop business, the outsourcing of the personal lines intermediated administration and the centralisation of claims operations.

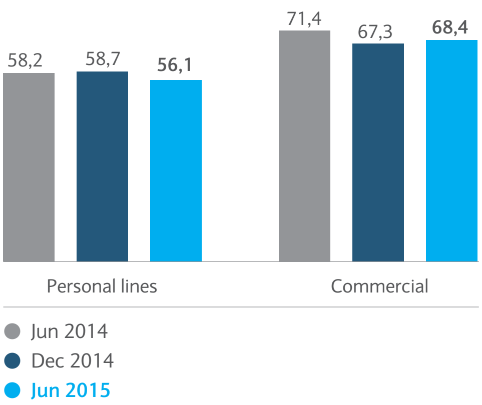
The underwriting margin for the South African business improved to **4,4%** (30 June 2014: 1,4%). The improved severity and frequency of claims and cost containment during the reporting period had a positive impact on the underwriting margin.

The overall loss ratio improved to **66,2%** (30 June 2014: 68,8%). The personal lines book experienced growth of 6% in a very tough market, largely due to increased focus on bancassurance and non-intermediated products. During the year the strategic decision was taken to outsource the personal lines intermediated administration, resulting in a R25m system impairment. The personal lines underwriting surplus increased to **R345m** (30 June 2014: R303m) due to strong growth in Absa idirect and a significant reduction in weather-related claims in the first quarter of 2015.

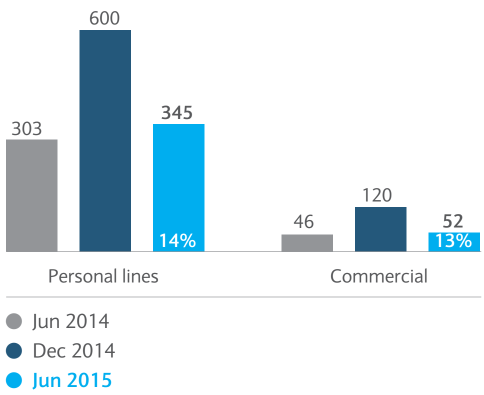
The commercial loss ratio increased to **68,4%** (30 June 2014: 71,4%) mainly due to the large number of fire claims received. A number of strategic responses are under consideration to address the low margin on this line of business.

Operations in the Rest of Africa performed strongly, with an increase in net premium income of 15% to **R165m** (30 June 2014: R143m), while net operating income increased by 82% to **R51m** (30 June 2014: R28m).

Loss ratio (%)



Underwriting surplus (pre-expenses Rm)



Salient features	30 June 2015	30 June 2014	Change %	31 December 2014
Net premium income (Rm)	**1 612**	1 536	5	3 080
Underwriting surplus (Rm)	**271**	229	18	478
Headline earnings (Rm)	**115**	80	44	169
Underwriting margin (%)[1]	**5,0**	2,8		3,1
Loss ratio (%)	**66,2**	68,8		68,1
Solvency margin (%)	**53,5**	55,7		56,7
NAV (Rm)	**1 723**	1 711	1	1 747

Note

[1]Underwriting margin has been restated to include other income. Underwriting margin including R25m system impairment is **3,4%** (30 June 2014: 2,8%).

WIMI
for the reporting period ended

Business performance *(continued)*

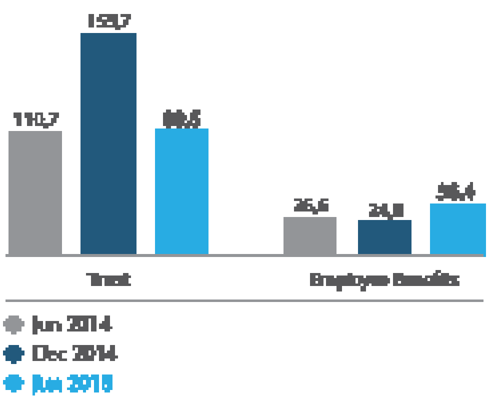
Fiduciary Services

Headline earnings increased by 23% to **R70m** (30 June 2014: R57m). Absa Trust continued to be a significant cash-generating business and reported a 5% increase in headline earnings to **R39m** (30 June 2014: R37m). RoE of 89,5% was achieved and the business delivered attractive returns in line with our target range. The business showed strong growth in new wills written in the high-net-worth segment and achieved R11bn Trust assets under management.

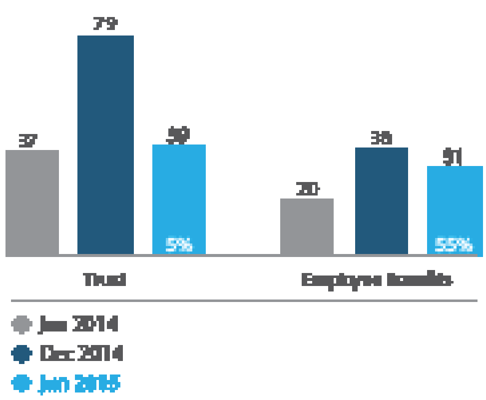
Employee Benefits recorded an increase of 8% in revenue to **R196m** (30 June 2014: R182m) for the reporting period. Pricing reviews, as well as restructuring changes undertaken, produced positive results. Employee Benefits' headline earnings increased by 55% to **R31m** (30 June 2014: R20m).

The Fiduciary business recently won the "Actuarial Firm of the Year" award at the Imbasa Yegolide ceremony. The focus of Fiduciary Services has shifted to maximise its contribution to the Group through executing cross-sell opportunities and enhancing Group value created from customer/client relationships. The business continued to deliver annuity revenue of R341m and contributed R139m to Group Profit before tax (PBT), from cross-sell opportunities executed.

RoE (%)



Headline earnings (Rm and change %)



Salient features	30 June 2015	30 June 2014	Change %	31 December 2014
Headline earnings (Rm)	**70**	57	23	117
Average value of estates distributed (R'000)	**1 399**	1 099	27	1 146
Net assets under management (Rbn)	**13,5**	12,4	9	12,6
Third party	**5,3**	4,7	13	4,8
Investments	**8,2**	7,7	7	7,8

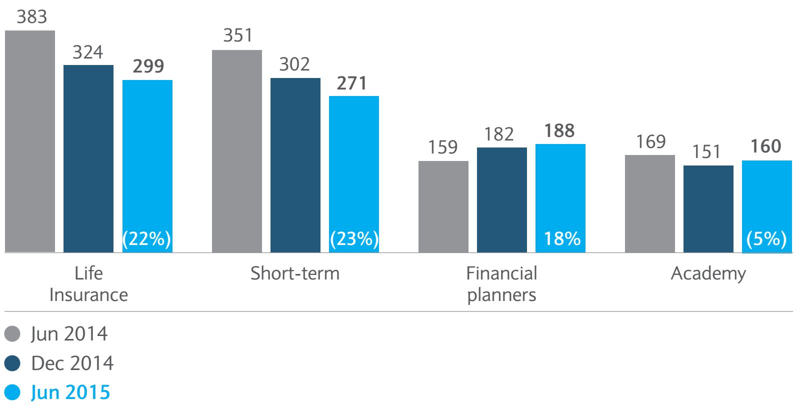
Business performance *(continued)*

Distribution

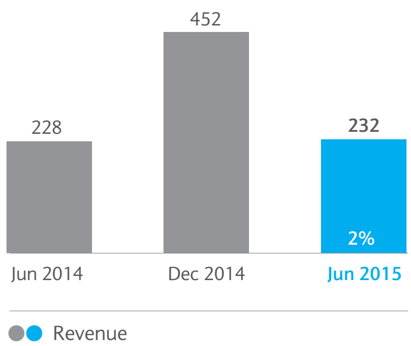
Distribution recorded revenue of **R232m** (30 June 2014: R228m) for the reporting period. Revenue levels were maintained despite adviser exits which were offset by the success achieved in growing our direct distribution channel. The remuneration paid to advisers as a percentage of gross revenue decreased by 1,8% to **60,2%** (30 June 2014: 61,3%), as a result of changes to the remuneration models.

The net impact of savings made in operating expenses offset lower sales volumes, resulting in business achieving a break-even headline earnings (30 June 2014: R49m loss) for the reporting period. We continued our investment in the development of new talent through our adviser academy, the expansion of our omni-channel distribution capability as well as the embedment of our new operating model aligned to the changing regulatory environment. Despite the rate of adviser attrition stabilising, we experienced a further reduction in advisers as we continue to follow through on the execution of our strategy to future-proof our Distribution channel for changes in regulation and consumer demands.

Distribution force (number and change %)



Revenue (Rm and change %)



Terminating Business Lines

A turnaround strategy was implemented to review the Short-term Insurance business. Due to the significant claims volatility and sub-cost of capital economic returns the decision was taken to exit the Agricultural crop business. Policies relating to the 2014/2015 season will be underwritten by Absa Insurance, however, 100% of the underwriting risk is reinsured. Policies relating to the 2015/2016 season will be underwritten by the acquirer.

The existing Absa Insurance crop team has formed an Underwriting Management Agency and continues to offer their services to Absa clients and the crop insurance market in general.

	30 June			31 December
Salient features	**2015**	2014	Change %	2014
Net premium income (Rm)	**(75)**	63	<(100)	121
Underwriting surplus (Rm)	**24**	18	33	48
Underwriting margin (%)	**(16,5)**	16,3		25,7
Loss ratio (%)	**63,6**	82,6		78,6
Solvency margin (%)	**(45,7)**	(5,5)		40,6
NAV (Rm)	**69**	(7)	>100	49

WIMI
for the reporting period ended

Looking ahead

We aim to be the preferred non-banking financial services provider to our clients on the continent, including wealth, 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 ("more than a bank").
- Enhancing direct and digital channel capabilities.
- Building integrated customer propositions based on data analytics and insights.
- Ongoing development of a diverse and high performance team.
- Embedding the right operating model in the business to ensure customer-centricity, improved efficiencies and an appropriate control environment.

Risk management

Contents

Bright scene from Maputo's ships and buildings

Risk management overview
for the reporting period ended

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 that arise in the execution of the strategy to become the "Go-To" bank in Africa. It is essential that business growth plans are supported by an effective Enterprise Risk Management Framework ("ERMF"). Risk culture is closely aligned to that of the business. The risk function retains independence in analysis and decision-making.

The approach to managing risk is outlined in the ERMF, which creates the context for setting standards and establishing the right practices throughout the Group. It defines the risk management process and sets out the activities, tools, techniques and organisational arrangements to ensure that material risks can be better identified and managed. It also ensures that appropriate responses are in place to protect the Group and prevent detriment to its stakeholders.

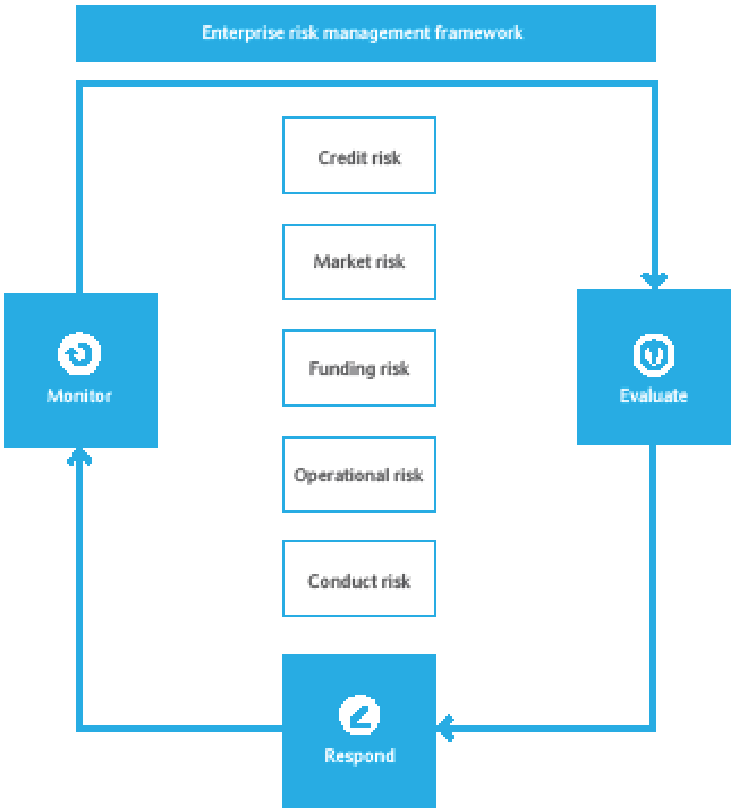
The ERMF includes those risks taken by the Group that are foreseeable and material enough to merit establishing specific Group-wide control frameworks. These are known as key risks and are grouped into five principal risks.

The three lines of defence operating model, which has been defined in the ERMF, enables the appropriate assignment of risk management activities between those parties that:

- Own and take risk, and implement controls (first line);
- Oversee and challenge the first line, providing independent second-line risk management activity and support controls (second line); and
- Provide assurance that the risk processes are fit for purpose, and that they are being carried out as intended (third line).

The ERMF enables businesses and functions to be organised along the three lines, by formalising independence and challenge, while promoting collaboration and the flow of information between all areas.

Principal risks



H1 2015 review

Overall performance continued to improve, with all risk and capital measures remaining within the Board-approved risk appetite. Key performance outcomes included:

- As loans and advances increased, driven by growth in Wholesale, Credit Card and AVAF portfolios, credit performance continued to improve across major portfolios resulting in a decrease of the impairment loss ratio. Impairment charges are flat on 2014, driven by higher impairment charges in Wholesale portfolios offset by lower charges in mortgages.
- Against the backdrop of continuing challenges in the macroeconomic environment, overall coverage increased on performing loans.
- Market risk exposures remained within overall risk appetite.
- Total operational risk losses for H1 2015 were lower than H1 2014, with fraud and elements within transaction processing being the primary drivers of loss.
- The Group remained capitalised above the minimum regulatory limit and is above the Board-approved CET1 target range.
- The liquidity position remained healthy and well managed within key limits and metrics.
- The Group developed an approach to the management of conduct risk.
- The Insurance Group finalised their Own Risk and Solvency Assessment (ORSA) report for submission to the Financial Services Board.

Future priorities

While continuing to focus on delivering effective and efficient risk management and meeting regulatory requirements, specific risk management priorities for 2015 include:

- Ensure business remains within risk appetite, and refine the risk appetite approach for insurance and country risk.
- 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.
- Continue to strengthen controls and infrastructure, specifically in the areas of technology, financial crime, fraud and transactional operations (including the automation of high-volume manual processes).
- Embed Conduct risk frameworks and enhance Conduct risk management controls, tools and reporting.
- Achieve a uniform approach to managing risk across Africa.
- Continue to build upon the Recovery Plan and develop an approach to resolution.
- Increase focus on data initiatives, including those arising from regulation (e.g. BCBS 239 and IFRS 9).

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 factors which could impact credit risk in both the retail and wholesale portfolios include:

- Persistent electricity supply constraints and on-going industrial action in South Africa.
- A slowdown in global growth, particularly in the Eurozone and China, will weigh on the growth prospects of sub-Saharan Africa economies. Commodity prices and external demand, which many of these economies rely on for growth, are expected to be impacted negatively.
- US monetary policy normalisation and the instability of the Euro Monetary Area could result in second-order impacts for investment flows into Africa.
- The prospect of rising interest rates across the continent.

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Risk management overview
for the reporting period ended

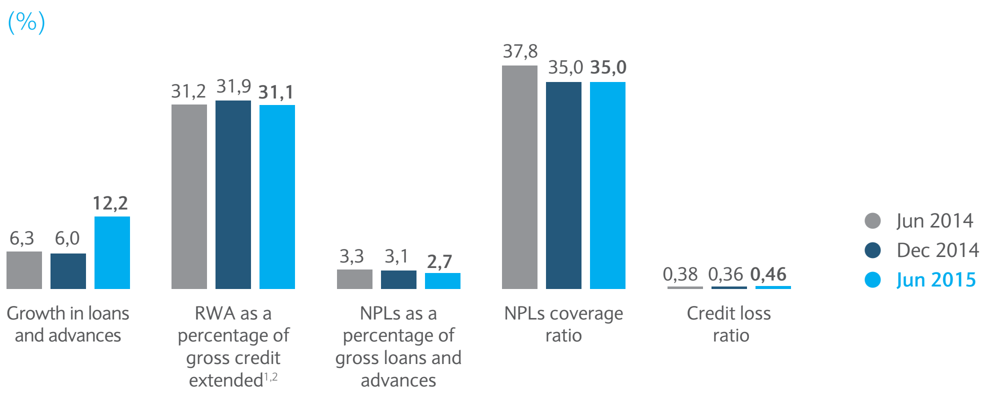
Credit risk *(continued)*

How the Group manages this risk

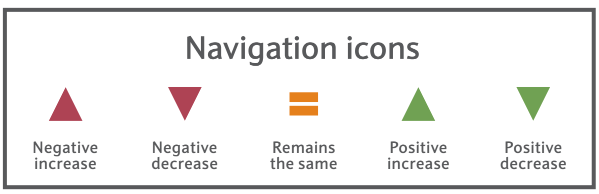
- Understand the target market.
- Define and monitor clear risk appetite thresholds and triggers, using applicable stress test measures.
- Establish risk acceptance criteria, with mandates and scales aligned to Board-approved Risk Appetite.
- Undertake sound credit origination, monitoring and account management.
- Ensure appropriate risk infrastructure and controls.

Wholesale credit risk

	30 June			31 December
	YoY trend	2015 %	2014 %	2014 %
Growth in loans and advances	▲	**12,2**	6,3	6,0
RWA as a percentage of gross credit extended[1,2]	▼	**31,1**	31,2	31,9
NPLs as a percentage of gross loans and advances	▼	**2,7**	3,3	3,1
NPLs coverage ratio	▼[3]	**35,0**	37,8	35,0
Credit loss ratio	▲	**0,46**	0,38	0,36



- Growth: Total loans and advances growth was robust at 12,2% compared to 6,3% at June 2014. Growth was led by South African Corporate and Investment Banking with the Rest of Africa growing steadily. Regional diversification continued as opportunities across Africa are explored.
- Non-performing loans: The NPL ratio decreased due to higher write-offs in Business Bank and South Africa Corporate Book. Rest of Africa coverage increased due to new defaults at higher coverage during the comparable period.
- Impairments: The Wholesale credit impairment charge increased to **R568m** (30 June 2014: R426m) due to new impairments booked in Rest of Africa. The same level of macro-economic provisions were booked in the first half of 2015, compared to the first half of 2014.



Notes

[1]Gross credit extended includes off-balance sheet exposures as well as exposures to banks and sovereigns.
[2]The percentages include only portfolios subject to the internal ratings-based approaches.
[3]Down is normally adverse, but in this case it is due to write-offs.

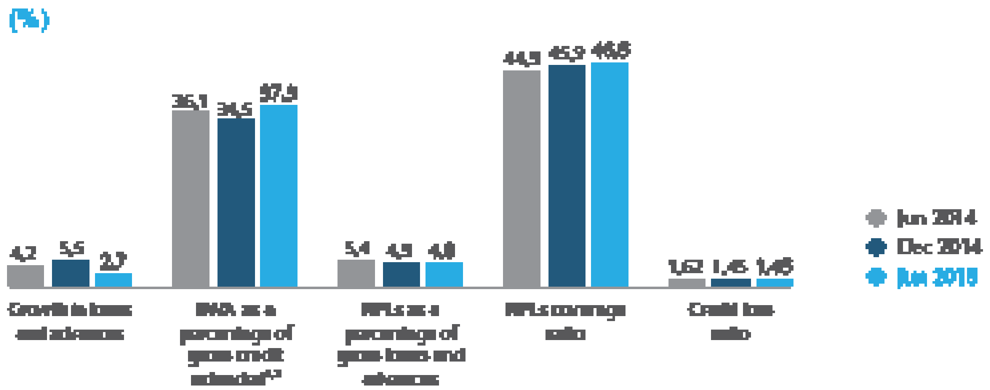
Credit risk *(continued)*

Future priorities

- Continue to respond to regulatory changes while making efficient use of capital.
- Ensure that delivery capability is based on a progressive and cost-effective infrastructure that will enable the Group to deliver forward-thinking, relevant and scalable approaches to manage and report credit risk.
- Refine stress testing and concentration risk methodologies to ensure that all potential stresses are understood and quantified.
- Refine the approach to sovereign and country risk management.

Retail credit risk

		30 June		31 December
	YoY trend	2015 %	2014 %	2014 %
Growth in loans and advances	▼	**2,7**	4,2	5,5
RWA as a percentage of gross credit extended[1,2]	▲	**37,3**	36,1	34,5
NPLs as a percentage of gross loans and advances	▼	**4,8**	5,4	4,9
NPLs coverage ratio	▲	**46,5**	44,9	45,9
Credit loss ratio	▼	**1,45**	1,62	1,45



- Growth: The 0,5% net decrease in the growth of the Home Loans portfolio was offset by a 5,8% growth in the Business Banking portfolio, an 8,6% growth of the VAF portfolio as well as a 5,6% growth of the Credit Card portfolio. Portfolios in the Rest of Africa grew by 8,5% during the current reporting period.
- RWA: Overall RWA as a percentage of gross credit extended increased to 37,3% from 36,1% due to additional capital requirements specific to forbearance/restructured exposures.

Notes

[1]Gross credit extended includes off-balance sheet exposures as well as exposures to banks and sovereigns.
[2]The percentages include only portfolios subject to the IRB approaches.
[3]Gross credit extended includes off-balance sheet exposures as well as exposures to banks and sovereigns.
[4]The percentages include only portfolios subject to the internal ratings-based approaches.

Credit risk *(continued)*

- Non-performing loans: NPLs continued to decrease. The NPL coverage ratio increased to **46,5%** (30 June 2014: 44,9%) as NPL levels continue to decrease across portfolios.
- Impairments: The credit loss ratio deteriorated to 1,45% from 1,62%, reflecting improvements to the quality of new business, and further enhancements to the collections capability. The loss ratio decreased in Home Loans and Personal Loans, and increased in VAF and Credit Cards. The impairment loss ratio in the Rest of Africa increased to **1,9%** (30 June 2014: 1,7%).

Future priorities

- Improve debt counselling and other collection rehabilitation programmes to ensure appropriate management of customers in financial difficulty.
- Continue investment 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 macroeconomic environment.

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 by changes in the level or volatility of positions in trading books, primarily in the Investment Bank.
- Non-traded market risk: The risk of the Group's earnings or capital being reduced due to the market risk exposure from Banking Book positions which may arise net of hedging activities.
- 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.

Factors that influence this risk

Specific factors which could result in significantly lower revenues include:

- Reduced client activity and/or decrease market liquidity, as the trading business model is focused on client intermediation.
- Significant unexpected capital outflows driven by foreign investors as a result of a decline in demand for African and other emerging market assets.
- Market movements against expectation, for example due to high levels of volatility or unexpected adverse events that affect asset classes associated with client flows.
- Changes in the composition of the assets and liabilities of the Group, which if not adequately identified and managed, could lead to increased levels of exposure to interest rate and exchange rate volatility of earnings.
- Inadequate product pricing, insufficient assets held for policyholder liabilities and inappropriate reinsurance strategies in the management of insurance claims.

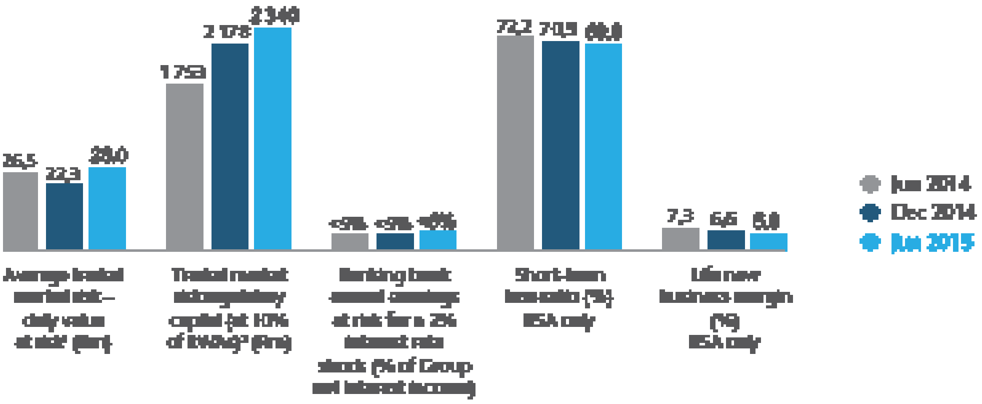
Market risk *(continued)*

How the Group manages this risk

- Monitor the risk limit and appetite framework.
- Ensure a high degree of net interest margin stability in banking books.
- Understand risk sensitivity and volatility, and take advantage of stress testing and empirical analysis.
- Use appropriate models to measure risk.
- Ensure that risks underwritten are well diversified and focus on reducing earnings volatility.
- Increase exposure 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 defined principles, objectives and governance standards, as well as country-specific regulations.
- Ensure appropriate capital levels exist to meet policyholder obligations during severe economic conditions.

		30 June		31 December
	YoY trend	2015	2014	2014
Average traded market risk – daily value at risk[1] (Rm)	▲	**28,0**	26,5	22,3
Traded market risk regulatory capital (at 10% of RWAs)[2] (Rm)	▲	**2 340**	1 753	2 178
Banking book annual earnings at risk for a 2% interest rate shock (percentage of Group net interest income)	▲	**<6%**	<5%	<5%
Short-term loss ratio (%) – South Africa	▼	**69,8**	72,2	70,9
Life Insurance new business margin (%) – South Africa	▼	**5,8**	7,3	6,6

(Rm and %)



Notes
[1]Structural risk was previously a key risk under funding risk, but is now being included as a component of interest rate risk in the banking book within non-traded market risk.
[2]Daily value at risk 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.
[3]At 9,5% of RWAs for 2013 and 10% of RWAs for 2014.

Market risk *(continued)*

- Traded market risk: The Group managed the trading exposures within its overall risk appetite. The trading business remained resilient in the face of macro-economic headwinds as positions were maintained at low levels except when they were driven by exceptional client trades.

  The fall in global commodity prices and the stronger US dollar in the face of tepid global growth have negatively impacted the demand for African assets and weakened African currencies resulting in pressure on fiscal deficits and budgets. Uncertainty arising from some elections in key African markets has impacted client flows and liquidity in these markets.

  Revenues were underpinned by a strong client franchise, with a focus on sustainable client flows and the careful management of risk across the Group. This was supported by continued strengthening of the control environment and the implementation of the Group's trading platform across Rest of Africa, as well as significant progress in terms of launching an integrated market risk technology to these entities. In terms of regulatory developments, a further quantitative impact study on the Fundamental Review of the Trading Book was performed. The Bank of England's PRA (Prudential Regulatory Authority) Stress Testing and the FDSF (Firm Data Submission Framework) submissions were completed.
- Non-traded market risk: The Group remained positively exposed to increases in interest rates in South Africa after the impact of hedging. The Group continued to be exposed to the 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. Basis risks also exist across the Rest of Africa business. Interest rate risk management in the Rest of Africa remains challenging due to the lack of availability of relevant derivative instruments to hedge interest rate risk. Continuous refinement to balance sheet structuring supported with enhancements to risk measurement methodologies across the Rest of Africa remains a key management tool. The Group has made significant progress with the implementation of a new system that measures and manages interest rate risk in the banking book in South Africa. The implementation for the Rest of Africa to follow in 2016.
- Insurance risk: The Group continued to pursue diversified growth between life insurance and short-term insurance exposures. The economic capital assessments for the constituent risks and overall insurance risk remained within the approved levels. The insurance entities remained solvent as there was sufficient capital retention above the regulatory minimum capital requirements. The earnings volatility metrics have been aligned with the expected levels that also reflected the decision made to exit the crop insurance business.
- Pension risk: Pension plans and benefits are provided in all countries where the Group has a footprint. The South African pension arrangement, the Absa Pension Fund, remains the largest fund.

Future priorities

- Ensure that the Group employs appropriate risk management responses to higher traded market volatility and the continued pressure on market liquidity.
- Respond to regulatory and capital change, specifically preparing for the adoption of the Fundamental Review of the Trading Book.
- Continue to service the client franchise, and increase client flow across the Group.
- Further alignment of market risk structures and risk technology in the Rest of Africa with those in South Africa.
- Deepen the penetration into African markets and distribute risk across the continent.
- Reduce margin volatility through the ongoing structural hedge programme in South Africa.
- Further refine risk measurement of structural products and optimise balance sheet structures as a risk mitigant.
- Continue to monitor the insurance risk profiles against risk appetites.
- Enhance and further develop the rigour of models for life and non-life insurance entities.
- Submit the first insurance group Own Risk and Solvency Assessment (ORSA) report to the regulator in the second half of 2015. Further embed the ORSA principles into the operations and governance of the insurance entities.
- Finalise the insurance entities' preparations for the Solvency Assessment Management (SAM) regime coming into effect in 2016.
- Develop the pension risk appetite for all BAGL pension schemes in 2015.

Funding risk

The risk that the Group is unable to achieve its business plans as a result of capital and liquidity risk[1]:

- Capital risk: The risk that the Group is unable to maintain adequate levels of capital. This 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.

Note

[1]Structural risk was previously a key risk under funding risk, but is now being included as a component of interest rate risk in the banking book within non-traded market risk.

Funding risk *(continued)*

Factors that influence this risk

- Ability of the business to generate positive equity driven by profit, and changes in capital requirements.
- Regulatory change and structural reform of the financial sector is an ongoing process internationally.
- Change in macro-economic factors.

How the Group manages this risk

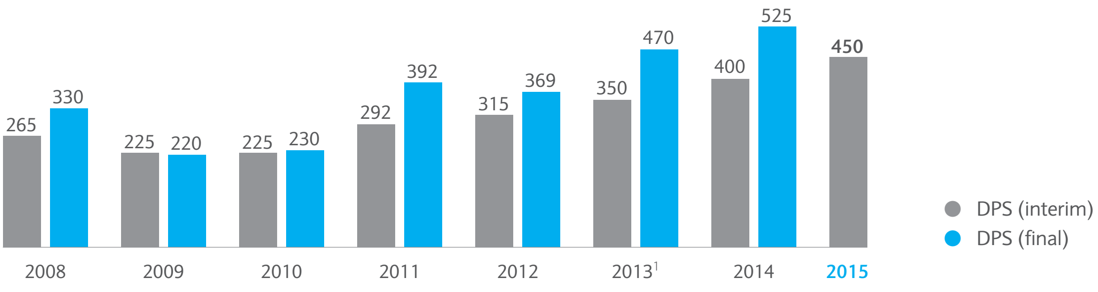
The Group manages funding risk by adhering to Board-approved funding risk appetite and by maximising shareholder value through RWA precision, optimising capital supply mix and liquidity components.

Capital risk

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

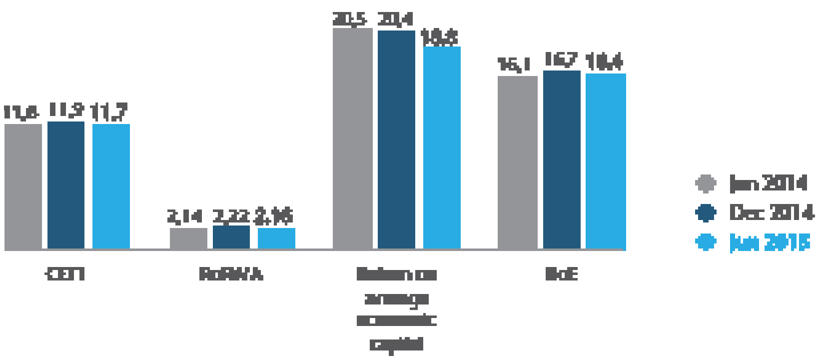
- Meeting capital ratios required by regulators and the target ranges approved by the Board.
- Maintaining an adequate level of capital resources prudently in excess of economic capital requirements.
- Maintaining a sustainable dividend to maximise shareholder value.

(R)



	YoY trend	Board target range %	30 June 2015 %	30 June 2014 %	31 December 2014 %
CET1	▼	9,5 – 11,5%	11,7	11,8	11,9
RoRWA	▲		2,16	2,14	2,22
Return on average economic capital	▼		18,8	20,5	20,4
RoE	▲		16,4	16,1	16,7

(%)



Note

[1]A special dividend of 708 cents per share was declared in July 2013.

Risk management overview
for the reporting period ended

Funding risk *(continued)*

- The cost of equity increased to13,75% from 13,50% with effect from January 2015 due to a higher market view of the risk-free rate.
- RWAs increased by 8,8% to R647,5bn at 30 June 2015 (30 June 2014: R595,1bn) mainly due to increased regulatory requirements, and the prevailing economic environment negatively impacting certain credit portfolios. This was partly offset by RWA precision initiatives.
- The Group is capitalised above the minimum regulatory limit and is above the Board approved CET1 target range.

Future priorities

- Ensure all entities remain adequately capitalised above the minimum regulatory requirements and within Board-approved target capital ranges.
- Further improve the approach to capital management and consider:
  - continue focus on RWA precision;
  - enhance the economic capital framework;
  - improve performance metrics such as positive capital generation and RoE;
  - optimise the mix of capital supply; and
  - allocate capital appropriately.
- Issuance of Basel III-compliant Tier 2 instruments to replace instruments being called.

Foreign exchange translation risk

Foreign exchange translation risk arises from capital resources (including investments in subsidiaries and branches, intangible assets, non-controlling interests, deductions from capital and debt capital instruments) and RWAs being denominated in foreign currencies.

- Changes in the rand value of capital resources and investments in foreign currency investments resulting from foreign currency movements are captured in the currency translation reserve that forms part of CET1.
- 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 CET1, Tier 1 and total capital resources to foreign currency RWAs in line with the Group's capital risk appetite.
- 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. As a result foreign exchange translation risk impacts dividends.
- Foreign exchange translation 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.

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.

The Group expects to maintain a healthy liquidity position throughout 2015 which supports its growth targets.

		30 June		31 December
	YoY trend	2015	2014	2014
Sources of liquidity (Rm)	▲	**202 007**	180 700	175 836
High quality liquid assets (Rm)	▲	**98 106**	90 514	88 537
Statutory liquid assets and cash reserves[1]	▲	**54 752**	49 183	53 562
Surplus liquid assets[1]	▲	**43 354**	41 331	34 975
Other liquid assets[2]	▲	**28 126**	25 672	31 841
Other sources of liquidity	▲	**75 775**	64 514	55 458
Long-term funding ratio (%)	▼	**20,9**	23,0	21,9
Loan-to-deposits and debt securities ratio (%)	▼	**85,5**	87,4	87,1
Liquidity coverage ratio (%)[3]		**78,9**		

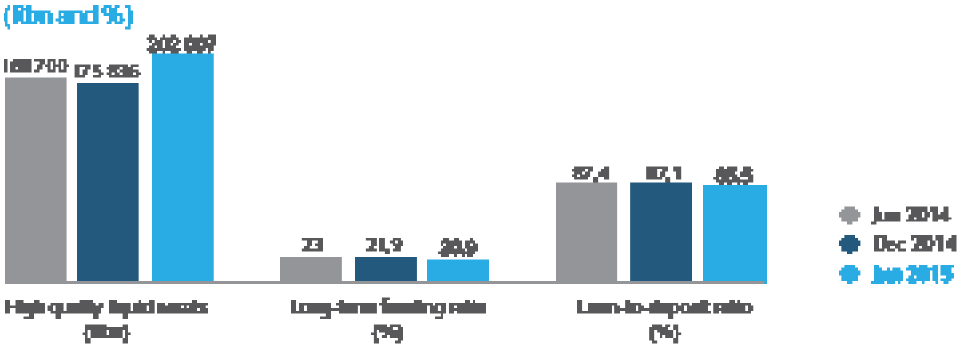
Notes

[1]South Africa.

[2]Rest of Africa.

[3]The Group LCR represents the simple average of the relevant three month-end data points prior to the reporting date.

Funding risk *(continued)*



- The Group's liquidity risk position remained healthy and within key limits and metrics.
- Since 1 January 2015, the Group has continuously maintained a liquidity coverage ratio (LCR) in excess of 60%. As a result of the inherent volatility in this measure, the Group targets a level above the 60% to ensure continuous compliance with the minimum regulatory 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. During the first six months of 2015, the long-term funding ratio was reduced by 1% to 20,9%, due to an increase in short-term funding raised in RBB and CIB.
- The loan-to-deposit ratio decreased by 1,6% to 85,5% during the first six months of 2015 and by 1,9% year on year driven by growth in customer deposits and debt securities in issue.
- The net stable funding ratio (NSFR) is currently being incorporated into local regulations and will become effective on 1 January 2018.

Future priorities

- Manage the funding and high-quality liquid asset position in line with the Board-approved liquidity risk appetite framework and liquidity coverage ratio requirements.
- Continue to grow and diversify the funding base to support asset growth and other strategic initiatives.
- Balance the above against the long-term impact on the cost of liquidity.

Operational risk

Operational risk arises when there is potential for 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, and the complexities of IT recovery.
- External factors, including the disruption of key services, such as energy load shedding.

How the Group manages this risk

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

- Embed a culture of risk awareness across the businesses.
- Improve risk governance and oversight at an executive level to ensure accountability.
- Strengthen risk practices.
- Enhance the control environment by standardising processes and using automated solutions where appropriate.
- 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.

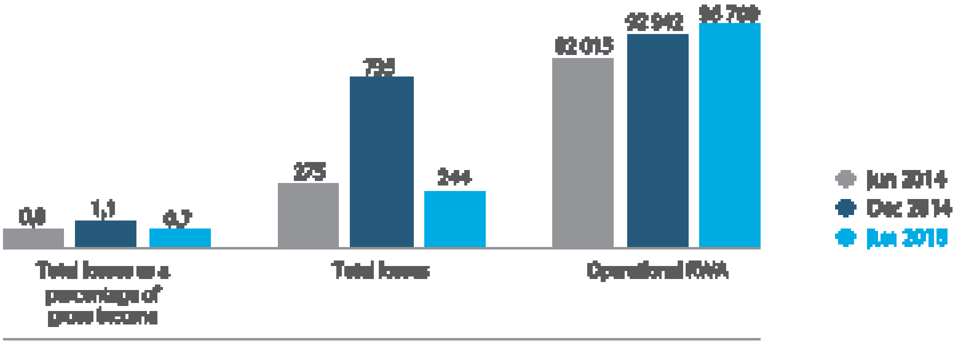
When the Group has a significant event, a Lessons Learnt review is performed. Learnings from such reviews are shared with other parts of the Group, and actions taken to address issues are independently tracked to completion by the risk management function.

Risk management overview
for the reporting period ended

Operational risk *(continued)*

		30 June		31 December
	YoY trend	2015	2014	2014
Total losses as a percentage of gross income	▼	**0,7**	0,8	1,1
Total losses (Rm)	▼	**244**	275	735
Operational RWA (Rm)	▲	**96 709**	82 015	92 942

(Rm and %)



Total operational risk losses for H1 2015 were within the Group's appetite and lower than H1 2014. Incidents relating to fraud and transaction processing remained the largest contributors, accounting for 56% and 25% of total losses respectively. No significant risk events of the scale reported in the previous period occurred during the current reporting period.

- Technology risk: Significant investments have been made towards the remediation of ageing infrastructure, contributing to improved stability levels.
- Fraud risk: Plastic fraud losses remain the key driver of overall fraud losses, but these have improved and stabilised across all card portfolios. Lending fraud has increased and will be monitored closely.
- Information risk: The Group has made further progress in enhancing protection over secret and confidential data, and this will continue into H2 2015.
- Financial crime: Satisfactory progress on remediating customer identification and verification issues and improved customer document retrieval capability.

Future priorities

- Technology risk: Continue to invest in technology to improve and maintain technology resilience. Firm plans are in place to migrate services to a new data centre to support further improvement in the Group's disaster recovery capability. Continued focus on cyber risk management as this risk escalates globally.
- Financial crime risk: Financial Crime compliance will be strengthened through investment in technology and transforming the customer onboarding processes.
- Fraud risk: Improve the Group's pro-active fraud capability with a focus on digital banking, the insurance businesses and operations in the Rest of Africa. Customer exposure to fraud is also receiving attention, specifically identifying and closing accounts opened for the sole purpose of committing fraud and detecting unauthorised instructions to change client information prior to a fraud attempt.
- Product risk: Monitoring and managing risks associated with the expansion of the businesses across Africa, specifically within the corporate, life insurance and digital businesses.
- The energy challenge in South Africa is being closely monitored, with Business Continuity plans being updated for various scenarios including energy curtailment, load shedding and blackouts.

Conduct risk

Conduct risk is the risk that detriment is caused to customers, clients, counterparties or Barclays Africa because of inappropriate judgement in the execution of business activities.

Factors that influence this risk

- Strategy and business model of the organisation.
- Culture and behaviour of our employees.
- Technological evolution impacting approaches to the marketing and selling of services and products.
- Increasing and changing regulatory requirements.
- Association with controversial clients, business decisions, sectors, governments, or countries.

How the Group manages this risk

- Implementing a framework and risk practices which include frequent material risk assessments, use of risk and performance indicators, management of risk events, and reporting of key conduct risks to executive committees and boards.
- Continuous engagement with regulators and industry bodies to identify forthcoming regulatory changes, and assessing and addressing their impact on customers and the financial industry.
- Ongoing monitoring and combined assurance of the effectiveness of the framework and risk management practices.
- 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.
- Identifying and escalating material reputation risks for appropriate review.
- Regular review through scenario planning, and business continuity and crisis management to mitigate the operational impact of commercial decisions on clients and customers.

HI 2015 review

The key forward-looking themes identified in conduct material risk assessments were:

- The impact of unavailability of technology and support to users that can impede straight-through processing.
- Continued levels of regulatory change, resulting in increased expectations and enhanced requirements that impact customer experience.
- Strategic drive to develop and implement a multi-channel solution to cater for diverse segments and customer preference that may lead to a lack of service, and ineffective products.

In addition, the Group managed a number of reputation risks:

- A number of accounts deemed to be non-compliant with know your customer (KYC) regulations were blocked with a consequent negative impact on the customer experience. The Bank remained in contact with customers and the general public through various channels of communication during this period, providing timely and consistent responses to customer complaints.
- The Bank closed several branches, affecting customers in some areas. Stakeholders' responses were monitored and used to inform the engagement strategy.
- The Group managed reputation risk associated with both internal and external fraud by ensuring a transparent and appropriate level of communication with customers.

Conduct risk *(continued)*

Future priorities

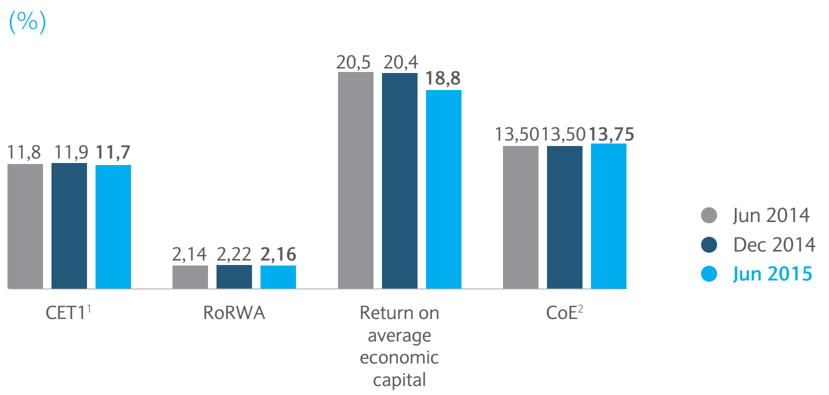
- Increase focus on improving overall regulatory controls, particularly those related to know your client, anti-money laundering, and the National Credit Act.
- Focus on and measure how the Group delivers on its stakeholder commitments relating to values and culture.
- Ensure that clients and customers 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 continually track and manage Conduct risk.
- Provide regular training and material to ensure business units and functions are aware of the Conduct Risk Framework requirements, risk definitions and escalation procedures.
- Maintain a robust awareness and understanding of drivers of political, regulatory and policy changes across the continent.

H1 2015 review

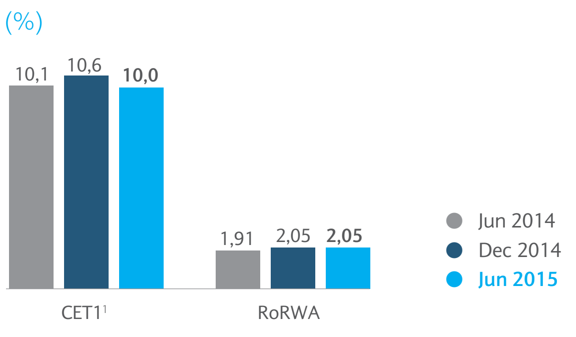
- The Group maintained a strong capital adequacy position above the Board-approved CET1 target range.
- R2,0 billion call of the AB06 bond qualifying as Tier 2 on 27 March 2015.
- R2,5 billion issuance of bonds qualifying as Tier 2 on 4 February 2015 at holding company and Absa Bank level.
- RWA precision and capital allocation remain key focus areas for the Group.
- Strong focus on positive net generation of equity.

Salient features

Group	30 June 2015 %	30 June 2014 %	31 December 2014 %
CET1[1]	**11,7**	11,8	11,9
RoRWA	**2,16**	2,14	2,22
Return on average economic capital	**18,8**	20,5	20,4
CoE[2]	**13,75**	13,50	13,50



Absa Bank Limited	30 June 2015 %	30 June 2014 %	31 December 2014 %
CET[1]	**10,0**	10,1	10,6
RoRWA	**2,05**	1,91	2,05



Notes

[1]Reported ratios include unappropriated profits.

[2]The average CoE is based on the capital asset pricing model.

Future priorities

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. As in the current reporting period, RWA precision, generation of equity to support dividend payments and capital allocation remain key focus areas for the Group. The Group is also focusing on developing the markets for Tier 2 capital in the Pan-African markets in which the Group operates.

Strategy

In alignment with and in support of the overall Group strategy, 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, the use of capital per client or portfolio.
- 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 ensuring a clear focus on enhancing shareholder value through the careful deployment of capital resources. From a Group consolidated perspective, capital adequacy is considered for each regulated entity as well as the Group. Progress in achieving the goal of being the "Go-To" bank in Africa is measured with reference to predetermined targets in the balanced scorecard which incorporate capital metrics. Capital risk is considered a key risk, forming part of 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 ICAAP reflects the level of capital required to be held against identified material risks the Group is or may become exposed to and the management actions required in the event of severe stress.

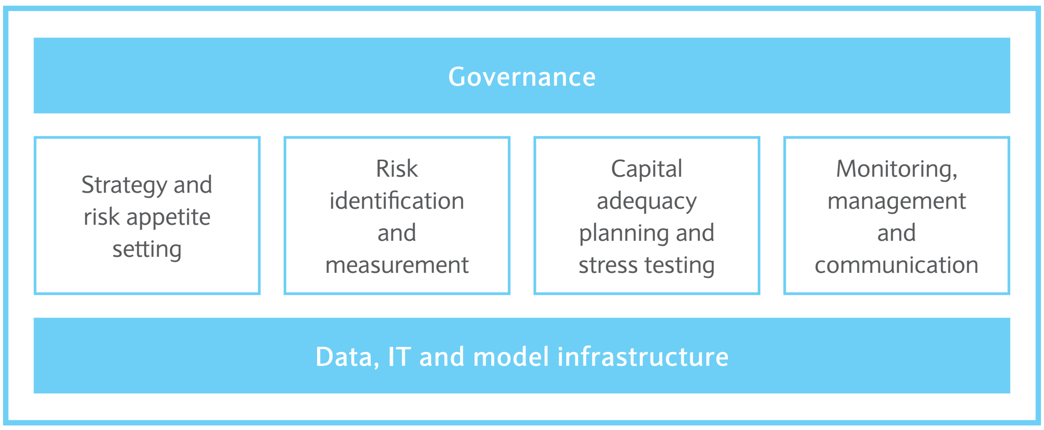
The Board-approved ICAAP is used to inform senior management of the ongoing assessment of the Group's risks, how the risks are mitigated and how much current and future capital is considered necessary taking into account mitigating factors. The ICAAP is used to ensure that the Board's risk appetite and 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 actively align management behaviour to strategy and address stressed outcomes.

Stress testing is conducted on a regular basis[1] 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 in order 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 regulatory capital.

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 ICAAP to be in line with international practice and 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:



Note

[1]In 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.

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

Business plans are prepared based on strategy, within the risk appetite approved by the Board. Risk in the plans is identified and measured and where relevant, mitigating actions identified. The expected levels of capital supply and demand are tested through stress testing with the output being used to reconfirm the risk appetite. In addition, management actions are identified and tested to address the stresses identified.

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 to protect its depositors and other stakeholders in line with Board-approved risk appetite. The capital target ranges, which are derived through the stress testing process, are used in capital allocation, hurdle-setting, performance measurement, risk-adjusted remuneration, limit monitoring, RWA management and pricing. Management actions are identified to mitigate risks on a timely basis through early warning indicators (EWIs).

The Board considers dividend payments after careful review of business plans, growth objectives and environmental factors. The objective is to pay a dividend to shareholders of 2,5 times cover up to 1 in 25-year risk event. In more severe circumstances dividends may not be paid.

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 macroeconomic environments in which it operates.

The Group’s solid capital and leverage Basel III ratios remain well in excess of the SARB’s minimum requirements and are monitored on an ongoing basis. Basel III leverage 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 and resolution planning

Following the global financial crisis, the Financial Stability Board released its key attributes of effective resolution regimes for financial institutions. The key attributes constitute the international standard for resolution planning with which South Africa has to comply. These attributes include a range of new tools to reduce the likelihood and minimise the impact of bank failures. These guidelines require the development of recovery and resolution plans.

The Group has a Board-approved Recovery Plan in place which was developed in line with SARB guidance, detailing potential options available to restore capital, liquidity and balance sheet positions during times of stress. The Group Recovery Plan includes a formalised process for the implementation of the plan and the approvals and notifications required if invoked during times of stress.

A Resolution Framework is currently in the process of being defined for South Africa. The main objectives of an effective resolution regime are to minimise the cost of crisis resolution to the taxpayer, reduce moral hazard in the financial system and protect financial stability. In order to achieve these various objectives it is critical to optimise the various components of a Resolution Framework.

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.

Capital management
for the reporting period ended

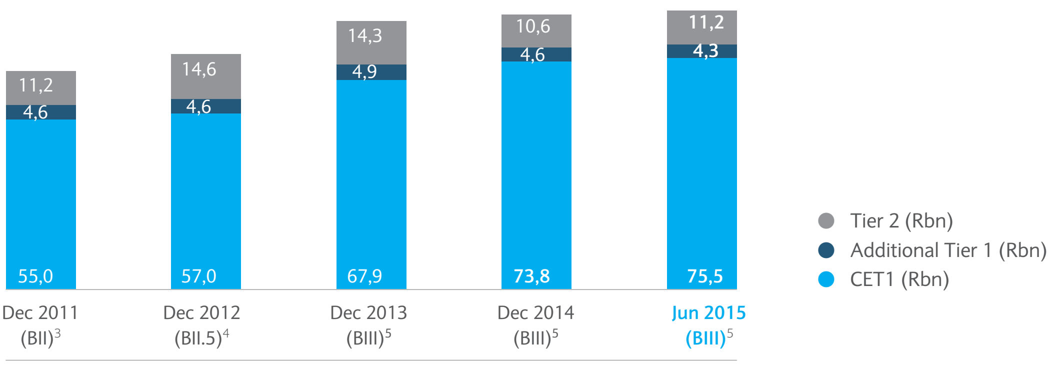
Statutory capital adequacy

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 after 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	30 June 2015	30 June 2014	31 December 2014	2015 Board target ranges %	2015 Minimum regulatory capital requirements %
Capital adequacy ratios (%)[1]					
CET1	**11,7**	11,8	11,9	9,5 – 11,5	6,5
Tier 1	**12,3**	12,5	12,7	10,5 – 12,5	8,0
Total	**14,1**	14,6	14,4	12,5 – 14,5	10,0
Capital supply and demand for the reporting period (Rm)					
Net generated equity[2]	**(703)**	(1 113)	(487)		
Qualifying capital	**90 983**	87 172	89 004		
Total RWA	**647 472**	595 053	619 705		

Group capital adequacy (Rbn)



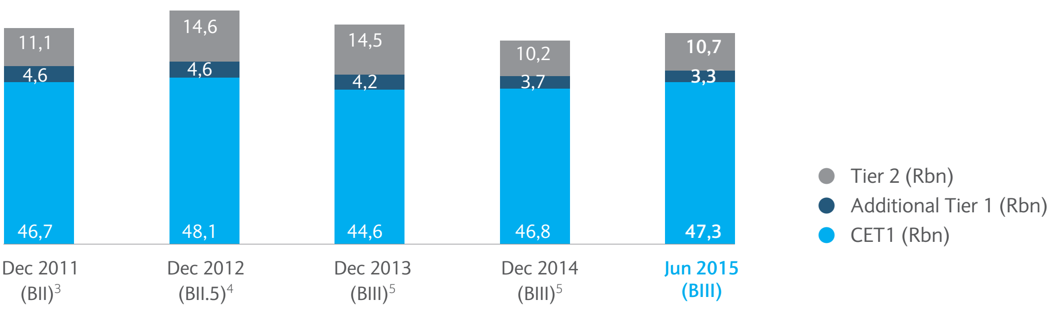
13,0	13,0	12,1	11,9	**11,7**	CET1 Ratio (%)
16,7	17,4	15,5	14,4	**14,1**	Total Capital Adequacy Ratio (%)

Notes
[1]Reported ratios include unappropriated profits.
[2]Net generated equity for June 2014 and December 2014 comparatives restated to reflect change in methodology.
[3]BII: Basel II.
[4]BII.5: Basel II.5.
[5]BIII: Basel III.

Statutory capital adequacy *(continued)*

Absa Bank Limited	30 June 2015	30 June 2014	31 December 2014	2015 Board target ranges %	2015 Minimum regulatory capital requirements %
Capital adequacy ratio (%)[1]					
CET1	**10,0**	10,1	10,6	9,0 – 10,5	6,5
Tier 1	**10,7**	10,9	11,4	10,0 – 11,5	8,0
Total	**13,0**	13,9	13,7	12,0 – 13,5	10,0
Capital supply and demand for the reporting period (Rm)					
Net generated equity[2]	**(1 703)**	(1 327)	113		
Qualifying capital	**61 267**	60 494	60 763		
Total RWA	**472 598**	434 103	443 955		

Absa Bank Limited capital adequacy (Rbn)



12,1	12,5	11,0	10,6	**10,0**	CET1 ratio (%)
16,2	17,5	15,6	13,7	**13,0**	Total capital adequacy ratio (%)

- The Group maintained capital ratios in excess of risk appetite post the financial crisis.
- The Group continued operating within its risk appetite post the implementation of Basel III.

Notes
[1]Reported ratios include unappropriated profits.
[2]Net generated equity for June 2014 and December 2014 comparatives restated to reflect change in methodology.
[3]BII: Basel II.
[4]BII.5: Basel II.5.
[5]BIII: Basel III.

Capital management
for the reporting period ended

Statutory capital adequacy *(continued)*
Capital demand

Group	30 June 2015 RWAs Rm	30 June 2015 Minimum required capital Rm	30 June 2014 RWA Rm	30 June 2014 Minimum required capital Rm	31 December 2014 RWAs Rm	31 December 2014 Minimum required capital Rm
Basel measurement approach						
Credit risk	**494 407**	**49 441**	455 467	45 547	468 705	46 870
Portfolios subject to the AIRB approach ("AIRB")	**343 217**	**34 322**	324 096	32 410	325 213	32 521
Portfolios subject to the standardised approach	**134 780**	**13 478**	118 667	11 867	130 491	13 049
Securitisation	**532**	**53**	866	86	918	92
Counterparty credit risk[1]	**15 878**	**1 588**	11 838	1 184	12 083	1 208
Equity investment risk						
Market-based approach (simple risk-weighted approach)	**10 303**	**1 030**	14 871	1 487	13 737	1 374
Market risk	**23 395**	**2 340**	17 535	1 753	21 781	2 178
Standardised approach	**10 426**	**1 043**	6 732	673	9 399	940
IMA	**12 969**	**1 297**	10 803	1 080	12 382	1 238
Operational risk	**95 883**	**9 588**	82 015	8 202	92 942	9 294
Basic Indicator Approach ("BIA")	**3 825**	**383**	4 236	424	4 180	418
The Standardised Approach ("TSA")	**20 723**	**2 072**	19 932	1 993	21 341	2 134
Advanced Measurement Approach ("AMA")	**71 335**	**7 133**	57 847	5 785	67 421	6 742
Non-customer assets	**23 484**	**2 348**	25 165	2 516	22 540	2 254
	647 472	**64 747**	595 053	59 505	619 705	61 970
Pillar 1 requirement (8%)		**51 798**		47 604		49 576
Pillar 2a requirement (2%)		**12 949**		11 901		12 394

Note
[1]Counterparty credit risk amount as at 30 June 2014 and 31 December 2014 reflects the net amount after applying the SARB's transitional exclusion of credit valuation adjustment emanating from rand over-the-counter derivatives.

Statutory capital adequacy *(continued)*

Capital demand

Absa Bank Limited	30 June 2015 RWAs Rm	30 June 2015 Minimum required capital Rm	30 June 2014 RWA Rm	30 June 2014 Minimum required capital Rm	31 December 2014 RWAs Rm	31 December 2014 Minimum required capital Rm
Basel measurement approach						
Credit risk	**363 175**	**36 318**	336 463	33 646	338 910	33 891
Portfolios subject to the AIRB approach	**330 626**	**33 063**	305 769	30 577	308 191	30 819
Portfolios subject to the standardised approach	**16 474**	**1 648**	18 130	1 813	17 847	1 785
Securitisation	**532**	**53**	866	86	918	92
Counterparty credit risk[1]	**15 543**	**1 554**	11 698	1 170	11 954	1 195
Equity investment risk						
Market-based approach (simple risk-weighted approach)	**6 593**	**659**	9 219	922	7 650	765
Market risk	**19 476**	**1 948**	15 752	1 575	18 260	1 826
Standardised approach	**6 507**	**651**	4 949	495	5 878	588
IMA	**12 969**	**1 297**	10 803	1 080	12 382	1 238
Operational risk	**68 904**	**6 890**	59 302	5 930	65 339	6 534
BIA	**3 450**	**345**	3 052	305	3 755	376
AMA	**65 454**	**6 545**	56 250	5 625	61 584	6 158
Non-customer assets	**14 450**	**1 445**	13 367	1 337	13 796	1 380
	472 598	**47 260**	434 103	43 410	443 955	44 396
Pillar 1 requirement (8%)		**37 808**		34 728		35 517
Pillar 2a requirement (2%)		**9 452**		8 682		8 879

Note

[1]Counterparty credit risk amount as at 30 June 2014 and 31 December 2014 reflects the net amount after applying the SARB's transitional exclusion of credit valuation adjustment emanating from rand over-the-counter derivatives.

Capital management
for the reporting period ended

Statutory capital adequacy *(continued)*

Capital supply

The Group's total qualifying capital supply for the reporting period increased by R2bn from 31 December 2014.

Breakdown of qualifying capital

	30 June				31 December	
Group	**2015 Rm**	**%[1]**	2014 Rm	%[1]	2014 Rm	%[1]
CET1	**69 698**	**10,8**	63 506	10,7	65 714	10,6
Ordinary share capital	**1 694**	**0,3**	1 694	0,3	1 694	0,3
Ordinary share premium	**4 530**	**0,7**	4 508	0,7	4 548	0,7
Reserves[2]	**67 086**	**10,4**	61 199	10,3	63 554	10,2
Non-controlling interest	**2 386**	**0,4**	2 183	0,4	2 250	0,4
Deductions	**(5 998)**	**(1,0)**	(6 078)	(1,0)	(6 332)	(1,0)
Goodwill	**(749)**	**(0,1)**	(759)	(0,1)	(762)	(0,1)
Financial and insurance entities not consolidated	**(1 116)**	**(0,2)**	(597)	(0,1)	(705)	(0,1)
Amount by which expected loss exceeds eligible provisions	**(1 443)**	**(0,3)**	(1 672)	(0,3)	(1 326)	(0,2)
Other deductions	**(2 690)**	**(0,4)**	(3 050)	(0,5)	(3 539)	(0,6)
Additional Tier 1 capital	**4 265**	**0,6**	4 416	0,7	4 572	0,8
Tier 1 capital	**73 963**	**11,4**	67 922	11,4	70 286	11,4
Tier 2 capital	**11 226**	**1,8**	12 790	2,1	10 603	1,7
Instruments recognised as Tier 2 capital	**10 807**	**1,7**	12 350	2,0	10 186	1,6
General allowance for impairment losses on loans and advances – standardised approach	**419**	**0,1**	440	0,1	417	0,1
Total qualifying capital (excluding unappropriated profits)	**85 189**	**13,2**	80 712	13,5	80 889	13,1
Qualifying capital (including unappropriated profits)						
Tier 1 capital	**79 757**	**12,3**	74 382	12,5	78 401	12,7
CET1 (excluding unappropriated profits)	**69 698**	**10,8**	63 506	10,7	65 714	10,6
Unappropriated profits	**5 794**	**0,9**	6 460	1,1	8 115	1,3
Additional Tier 1	**4 265**	**0,6**	4 416	0,7	4 572	0,8
Tier 2 capital	**11 226**	**1,8**	12 790	2,1	10 603	1,7
Total qualifying capital (including unappropriated profits)	**90 983**	**14,1**	87 172	14,6	89 004	14,4

Leverage[3]

Group	30 June **2015**
Leverage ratio exposure (Rm)	**1 206 720**
Leverage ratio (excluding unappropriated profit) (%)	**6,1**
Leverage ratio (including unappropriated profit) (%)	**6,6**
Minimum required leverage ratio (%)	**4**

Notes

[1]Percentage of capital to RWAs.

[2]Reserves exclude unappropriated profit.

[3]This publication represents the first interim public disclosure of the leverage ratio; therefore no comparative information is disclosed.

Statutory capital adequacy *(continued)*

Breakdown of qualifying capital *(continued)*

	30 June				31 December	
	2015		2014		2014	
Absa Bank Limited	Rm	%[1]	Rm	%[1]	Rm	%[1]
CET1	**41 643**	**8,8**	40 208	9,3	42 556	9,6
Ordinary share capital	**303**	**0,1**	303	0,1	303	0,1
Ordinary share premium	**16 465**	**3,5**	14 465	3,3	16 465	3,7
Reserves[2]	**29 151**	**6,2**	29 574	6,8	29 731	6,7
Deductions	**(4 276)**	**(1,0)**	(4 134)	(0,9)	(3 943)	(0,9)
Amount by which expected loss exceeds eligible provisions	**(2 134)**	**(0,5)**	(2 063)	(0,4)	(1 816)	(0,4)
Other deductions	**(2 142)**	**(0,5)**	(2 071)	(0,5)	(2 127)	(0,5)
Additional Tier 1 capital	**3 251**	**0,7**	3 715	0,8	3 715	0,8
Tier 1 capital	**44 894**	**9,5**	43 923	10,1	46 271	10,4
Tier 2 capital	**10 738**	**2,3**	12 792	3,0	10 228	2,3
Instruments recognised as Tier 2 capital	**10 500**	**2,2**	12 500	2,9	10 000	2,2
General allowance for impairment losses on loans and advances – standardised approach	**238**	**0,1**	292	0,1	228	0,1
Total qualifying capital (excluding unappropriated profits)	**55 632**	**11,8**	56 715	13,1	56 499	12,7
Qualifying capital (including unappropriated profits)						
Tier 1 capital	**50 529**	**10,7**	47 702	10,9	50 535	11,4
CET1 (excluding unappropriated profits)	**41 643**	**8,8**	40 208	9,3	42 556	9,6
Unappropriated profits	**5 635**	**1,2**	3 779	0,8	4 264	1,0
Additional Tier 1	**3 251**	**0,7**	3 715	0,8	3 715	0,8
Tier 2 capital	**10 738**	**2,3**	12 792	3,0	10 228	2,3
Total qualifying capital (including unappropriated profits)	**61 267**	**13,0**	60 494	13,9	60 763	13,7

Leverage[3]

	30 June
Absa Bank Limited	2015
Leverage ratio exposure (Rm)	**1 031 963**
Leverage ratio (excluding unappropriated profit) (%)	**4,4**
Leverage ratio (including unappropriated profit) (%)	**4,9**
Minimum required leverage ratio (%)	**4**

Notes

[1]Percentage of capital to RWAs.

[2]Reserves exclude unappropriated profit.

[3]This publication represents the first interim public disclosure of the leverage ratio; therefore no comparative information is disclosed.

Capital management
for the reporting period ended

Economic capital adequacy

The economic capital ("EC") framework covers Basel III Pillar 1 risks as well as additional economic risks such as interest rate risk in the banking book. EC is an internal measure of the risk profile of the Group expressed as the estimated stress loss at a given confidence.

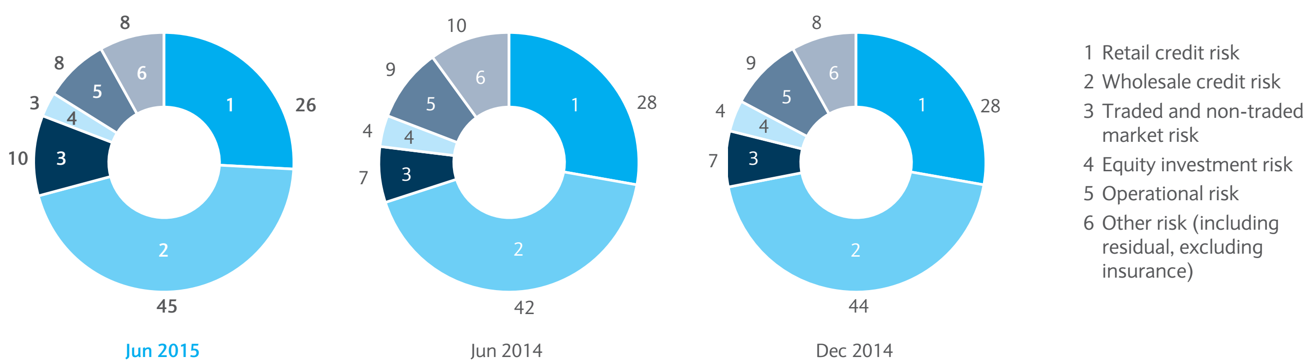
The total average EC demand requirement is determined through the use of internal risk assessment models and is compared to the EC supply to evaluate EC utilisation. The Group targets an internal EC supply versus EC demand minimum coverage ratio as part of the monthly management.

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.

Economic capital demand

Group Capital demand – closing balance	30 June 2015 Risk-weighted assets Rm	30 June 2015 Economic capital[1] Rm	30 June 2014 Risk-weighted assets Rm	30 June 2014 Economic capital[1] Rm	31 December 2014 Risk-weighted assets Rm	31 December 2014 Economic capital[1] Rm
Credit risk	**494 407**	**50 818**	455 467	41 602	468 705	44 705
RBB	**326 630**	**32 577**	311 021	29 759	318 581	30 468
CIB	**145 890**	**17 120**	123 788	11 067	125 766	13 355
WIMI	**5 852**	**413**	6 574	326	6 006	328
Other	**16 035**	**708**	14 084	450	18 352	554
Equity investment risk	**10 303**	**1 867**	14 871	2 365	13 737	2 187
Market risk	**23 395**	**7 418**	17 535	4 235	21 781	4 364
Operational risk	**95 883**	**5 911**	82 015	5 532	92 942	5 646
Non-customer assets	**23 484**	**6 546**	25 165	6 656	22 540	6 544
	647 472	**72 560**	595 053	60 390	619 705	63 446

EC demand[2] (%)



Notes
[1]Represent the average required EC demand.
[2]Excludes insurance due to the difference in the confidence level resulting from insurance regulation.

Economic capital supply

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;
- non-redeemable, non-cumulative preference shares;
- non-controlling interests; and
- other reserves.

The following are excluded from EC available financial resources:

- Cash flow hedging reserve: to the extent that 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; and
- Other perpetual debt, preference shares and subordinated debt.

The following are deducted from EC supply:

- goodwill; and
- intangible assets

Group Total qualifying capital	30 June 2015 Shareholders' equity Rm	30 June 2015 Economic capital Rm	30 June 2015 Tier 1 regulatory capital Rm	30 June 2014 Shareholders' equity Rm	30 June 2014 Economic capital Rm	30 June 2014 Tier 1 regulatory capital Rm	31 December 2014 Shareholders' equity Rm	31 December 2014 Economic capital Rm	31 December 2014 Tier 1 regulatory capital Rm
Ordinary share capital and share premium	6 224	6 224	6 224	6 202	6 202	6 202	6 242	6 242	6 242
Preference share capital and share premium	—	4 644	4 265	—	4 644	4 416	—	4 644	4 572
Retained earnings	72 399	72 399	69 445	66 814	66 814	63 519	70 237	70 237	66 931
Other reserves	4 876	5 139	3 435	5 413	5 062	4 140	6 211	5 859	4 738
Non-controlling interest	—	3 708	2 386	—	3 209	2 183	—	3 611	2 250
Expected loss adjustment	—	—	(1 443)	—	—	(1 672)	—	—	(1 326)
Other deductions	—	(3 095)	(4 555)	—	(3 168)	(4 406)	—	(3 219)	(5 006)
	83 499	89 019	79 757	78 429	82 763	74 382	82 690	87 374	78 401
Average capital for the reporting period	82 946	87 977	78 158	77 873	82 109	73 561	78 009	82 414	74 690

Capital management
for the reporting period ended

Credit ratings[1]

	June 2015		
	Moody's	Fitch Ratings	
	Absa Bank	Absa Bank	Barclays Africa Group
National			
Short-term	Prime-1.za	F1+ (zaf)	F1+ (zaf)
Long-term	A1.za	AAA (zaf)	AAA (zaf)
Outlook	—	Stable	Stable
Local currency			
Short-term	Prime-2	—	—
Long-term	Baa2	A-	A-
Outlook	Stable	Stable	Stable
Foreign currency			
Short-term	Prime-2	F2	F2
Long-term	Baa2	A-	A-
Outlook	Stable	Negative	Negative
Bank's financial strength	C-	—	—
Baseline credit assessment	Baa2	—	—
Viability rating	—	bbb	bbb
Outlook	Stable	—	—
Support	—	1	1
Counterparty Risk[1]	Baa1 (cr)/P-2 (cr)	—	—

Note

[1]The Counterparty Risk Assessment is an opinion of the counterparty risk related to a banks covered bonds, contractual performance obligations (servicing), derivatives, letters of credit, guarantees and liquidity facilities and was first assigned on 23 June 2015 following the publication of Moody's new bank rating methodology.

Appendices

Contents

African print fabrics

Transition to Barclays Africa Group Limited

for the reporting period ended

The comparative results of the legacy Absa Group Limited have been restated to include the results of the African companies acquired. The following analysis 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 acquisition and consolidation[3]	
	30 June			31 December	30 June	
	2015 Rm	2014[4] Rm	Change %	2014 Rm	2015 Rm	2014 Rm
Statement of comprehensive income						
Net interest income	**14 786**	13 720	8	28 528	**3 677**	3 477
Non-interest income	**12 230**	11 882	3	24 283	**1 730**	1 605
Total income	**27 016**	25 602	6	52 811	**5 407**	5 082
Impairment losses on loans and advances	**(3 082)**	(3 198)	(4)	(5 675)	**(468)**	(370)
Operating expenses	**(15 137)**	(14 438)	5	(29 862)	**(2 992)**	(2 859)
Other	**(545)**	(495)	10	(1 231)	**(23)**	(17)
Operating income before income tax	**8 252**	7 471	10	16 043	**1 924**	1 836
Taxation expense	**(2 344)**	(2 099)	12	(4 340)	**(563)**	(615)
Profit for the reporting period	**5 908**	5 372	10	11 703	**1 361**	1 221
Profit attributable to:						
Ordinary equity holders	**5 634**	5 117	10	11 161	**1 136**	1 049
Non-controlling interest – ordinary shares	**115**	108	6	237	**225**	172
Non-controlling interest – preference shares	**159**	147	8	305	**—**	—
	5 908	5 372	10	11 703	**1 361**	1 221
Headline earnings	**5 618**	5 058	11	10 974	**1 137**	1 052
Operating performance (%)[4]						
Net interest margin on average interest-bearing assets	**4,37**	4,08		4,18	**7,53**	8,49
Credit loss ratio	**1,06**	1,16		1,01	**1,57**	1,43
Non-interest income as percentage of revenue	**45,3**	46,4		46,0	**32,0**	31,6
Revenue growth	**6**	7		6	**6**	10
Cost growth	**5**	9		7	**5**	7
Cost-to-income ratio	**56,0**	56,4		56,5	**55,3**	56,3
Statement of financial position						
Loans and advances to customers	**598 375**	560 398	7	575 605	**59 037**	55 142
Investment securities	**71 089**	74 713	(5)	78 508	**7 877**	7 814
Other assets	**242 369**	231 307	5	214 573	**60 198**	49 327
Total assets	**911 833**	866 418	5	868 686	**127 112**	112 283
Deposits due to customers	**554 961**	515 129	8	533 414	**94 265**	83 324
Debt securities in issue	**118 974**	104 937	13	105 218	**570**	572
Other liabilities	**161 654**	175 013	(8)	155 534	**16 662**	13 444
Total liabilities	**835 589**	795 079	5	794 166	**111 497**	97 340
Total equity	**76 244**	71 339	7	74 520	**15 615**	14 943
Total liabilities and equity	**911 833**	866 418	5	868 686	**127 112**	112 283

	Barclays Africa Group Limited pre-acquisition				Barclays Africa acquisition and consolidation[3]	
	30 June			31 December	30 June	
	2015[1]	2014[1]	Change %	2014[1]	2015[2]	2014[2]
RoE (%)	**16,5**	16,1		17,0	**16,3**	16,0
Headline earnings per ordinary share (cents)	**783,1**	704,5	11	1 529,3	**878,0**	812,4
NAV per ordinary share (cents)	**9 746**	9 095	7	9 532	**10 494**	10 135
Tangible NAV per ordinary share (cents)	**9 379**	8 729	7	9 156	**10 141**	9 716

The headline earnings related to the Barclays Africa acquisition grew by 8% relative to an 11% growth for Barclays Africa Group Limited pre-acquisition.

The RoE related to the Barclays Africa Limited acquisition increased from 16% to 16,3% year-on-year. The increase in RoE is attributable to the 8% growth in headline earnings, countered by an increase in average equity of 6%.

Notes

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

[2]Calculations 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.

[3]Includes direct and indirect subsidiaries of the holding company, Barclays Africa Group Limited.

[4]Restated, refer to inside front cover page for reporting changes overview. Additional disclosures for 30 June 2014 and 31 December 2014 have been restated where applicable.

Barclays Africa Group Limited

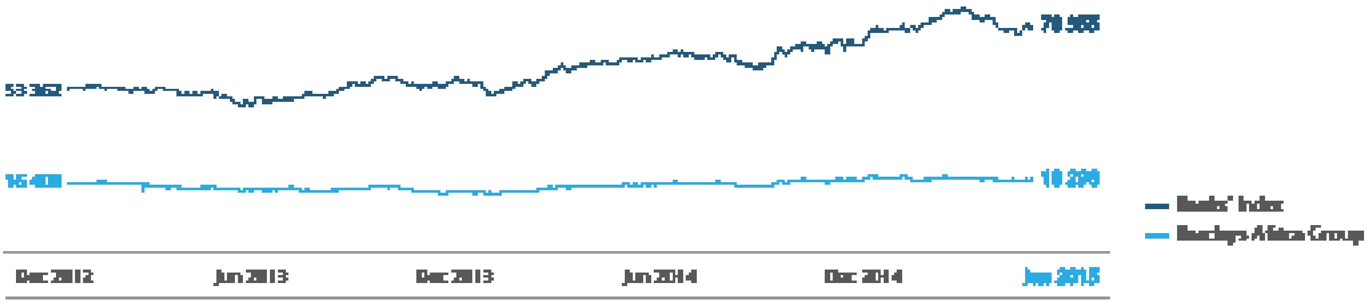
Change %	31 December 2014 Rm	30 June 2015 Rm	30 June 2014[4] Rm	Change %	31 December 2014 Rm
6	7 073	**18 463**	17 197	7	35 601
8	3 241	**13 960**	13 487	4	27 524
6	10 314	**32 423**	30 684	6	63 125
26	(615)	**(3 550)**	(3 568)	(1)	(6 290)
5	(5 986)	**(18 129)**	(17 297)	5	(35 848)
35	(39)	**(568)**	(512)	11	(1 270)
5	3 674	**10 176**	9 307	9	19 717
(8)	(1 233)	**(2 907)**	(2 714)	7	(5 573)
11	2 441	**7 269**	6 593	10	14 144
8	2 055	**6 770**	6 166	10	13 216
31	386	**340**	280	21	623
—	—	**159**	147	8	305
11	2 441	**7 269**	6 593	10	14 144
8	2 058	**6 755**	6 110	11	13 032
	8,50	**4,70**	4,56		4,65
	1,12	**1,11**	1,18		1,02
	31,4	**43,1**	44,0		43,6
	7	**6**	7		6
	9	**5**	9		7
	58	**55,9**	56,4		56,8
7	60 721	**657 412**	615 540	7	636 326
1	7 378	**78 966**	82 527	(4)	85 886
22	54 629	**302 567**	280 634	8	269 202
13	122 728	**1 038 945**	978 701	6	991 414
13	91 472	**649 226**	598 453	8	624 886
0	880	**119 544**	105 509	13	106 098
24	13 951	**178 316**	188 457	(5)	169 485
15	106 303	**947 086**	892 419	6	900 469
4	16 425	**91 859**	86 282	6	90 945
13	122 728	**1 038 945**	978 701	6	991 414

Barclays Africa Group Limited

Change %	31 December 2014[2]	30 June 2015	30 June 2014	Change %	31 December 2014
	15,1	**16,4**	16,1		16,7
8	1 589,1	**797,6**	720,9	11	1 538,4
4	11 053	**9 860**	9 261	6	9 764
4	10 647	**9 495**	8 887	7	9 384

Share performance
for the reporting period ended

Share performance (cents)



Share performance on the JSE	30 June 2015	30 June 2014	Change %	31 December 2014
Number of shares in issue[1]	**847 750 679**	847 750 679		847 750 679
Market prices (cents per share):				
closing	**18 298**	16 150		18 200
high	**20 371**	16 582		18 452
low	**17 001**	12 207		12 207
average	**18 445**	14 459		15 670
Closing price/NAV per share (excluding preference shares) (%)	**1,86**	1,74		1,86
Price-to-earnings ratio (closing price/HEPS) (%)	**22,9**	22,4		11,8
Volume of shares traded (million)	**153,3**	166,9		319,57
Value of shares traded (Rm)	**28 365,6**	24 030,7		49 659,2
Market capitalisation (Rm)	**155 121,4**	136 911,7		154 050,8
Annual total return (%)	**19,0**	25,3		44,2

The Banks' Index outperformed Barclays Africa Group Limited's share price by **9,5%** (30 June 2014: 13,4%). Total return was used to calculate the relative performance.

Note

[1] "Number of shares in issue" includes **880 000** (30 June 2014: 880 000; 31 December 2014: 880 000) treasury shares held by Group entities.

	30 June 2015 %	30 June 2014 %	31 December 2014 %
Major ordinary shareholders (top 10)			
Barclays Bank PLC (UK)	**62,32**	62,32	62,32
Public Investment Corporation (SA)	**5,44**	5,22	5,58
Sanlam Investment Management (SA)	**2,30**	2,75	2,55
STANLIB Asset Management (SA)	**2,18**	2,18	2,31
Dimensional Fund Advisors (USA, UK, AU)	**1,51**	1,61	1,60
Allan Gray Investment Council (SA)	**1,36**	2,15	1,70
BlackRock Inc (USA, UK)	**1,24**	1,27	1,22
The Vanguard Group Incorporated (USA, AU)	**1,23**	1,14	1,18
Prudential Portfolio Managers (SA)	**1,23**	1,21	1,30
Investec Asset Management (SA)	**1,00**	0,91	0,67
Other	**20,19**	19,24	19,57
	100,0	100,0	100,0
Geographical split			
United Kingdom	**64,2**	64,1	65,3
South Africa	**20,3**	23,0	21,7
United States of America and Canada	**7,8**	6,9	7,0
Other countries	**7,7**	6,0	6,0
	100,0	100,0	100,0

Shareholder diary

Announcement of the 2015 interim results	29 July 2015
Financial year-end	31 December 2015
Announcement of the 2015 final results[1]	25 February 2016
Annual general meeting[1]	17 May 2016

Dividend	Declaration date	Last day to trade	Ex-dividend date	Record date	Payment date
Interim	29 July 2015	4 September 2015	7 September 2015	11 September 2015	14 September 2015
Final[1]	25 February 2016	1 April 2016	4 April 2016	8 April 2016	11 April 2016

Note
[1]Subject 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.

Average interest-bearing assets

Average interest-bearing assets consist of all accounts that are not impaired and thus attract interest within the asset categories of cash, cash balances and balances with central banks, loans and advances to banks and customers and investment securities (including cash and short-term assets, money market assets and capital market assets).

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.

Banking average assets

Banking average assets consists of all average assets related to the banking activities of the Group. Banking average assets exclude "Other assets", "Current tax assets", "Non-current assets held for sale", "Reinsurance assets", "Goodwill and intangible assets", "Property and equipment" and "Deferred tax assets", and includes "Trading portfolio liabilities".

Banking book annual earnings at risk

A measure of the sensitivity of net interest income over a one-year horizon due to a change in the level of interest rates. Calculated as the difference between the estimated income using the current yield curve, and the lowest estimated income following an increase or decrease in interest rates. As per regulatory requirement, a 200 bps downward shock is applied.

Banking interest yield

Net interest income after credit losses, as a proportion of banking average assets.

Banking non-interest yield

Non-interest income as a proportion of banking average assets.

Banking revenue yield

Revenue as a proportion of banking average assets.

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 in terms of section 1 of the Banks Act, No 94 of 1990.

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 dividend 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 capital consists of the sum of the following elements:

- Common shares issued by Absa Bank Limited 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 Absa Bank Limited and held by third parties (i.e., non-controlling interest) that meet the criteria for inclusion in CET1; and
- Regulatory adjustments applied in the calculation of CET1.

Capital – Additional Tier 1 capital

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

- Instruments issued by Absa Bank Limited 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 Absa Bank Limited 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 Absa Bank Limited 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 Absa Bank Limited 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.

Claims ratio

Net insurance claims and benefits paid as a percentage of net premium income.

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 Absa Bank Limited as a result of inappropriate execution of the business activities.

Glossary

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 60 and 89, 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 Group's auditors is available for inspection at the Group'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 of equity

An estimate of the return that the market demands in exchange for the risk of ownership of equity.

Cost-to-income ratio

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

Coverage ratio

Impairment loans on losses and advances as a proportion of gross loans and advances

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.

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).

Debt securities in issue

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

Diluted headline earnings per share

Headline earnings for the reporting period that is attributable to ordinary equity holders, as a proportion of the weighted average number of ordinary shares in issue adjusted for the effect of all potential dilutive ordinary shares.

Distribution force

Number of active advisers.

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 the 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 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 Group'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 Group'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, 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; and
- Structural risk: the risk arising from the impact of interest rate and foreign exchange movements on the Statement of comprehensive income and Statement of financial position.

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.

Gross credit extended

Loans advanced to customers and banks, as well as off-balance sheet exposures.

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 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 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.

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 transitions rather than on persons (whether individuals or corporate). These taxes include unclaimed value-added taxes, stamp duties on deposits and Regional Services 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.

Leverage

Average assets as a proportion of average equity.

Life new business margin

Embedded value of new business attained in the Life Insurance key business area of WIMI, as a proportion of the discounted value of the associated future premiums.

Loans-to-deposits and debt securities ratio

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

Long-term funding ratio

Funding with a term in excess of six months.

Market capitalisation

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

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 insurance premium income

The amount of insurance premiums received or receivable on insurance assets net of insurance claims and benefits paid on insurance liabilities.

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 reporting period, divided by average interest-bearing assets (calculated on a daily weighted average basis), expressed as a percentage of average interest-bearing 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.

Glossary

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.

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

Total revenue less operating expenses.

Regulatory capital

The capital that the Group holds, determined in accordance with the requirements of the Banks Act and regulations relating to banks.

Return on average assets

Annualised headline earnings as proportion of total average assets.

Return on average equity

Annualised headline earnings as a proportion of average equity.

Return on average regulatory capital

Measure of efficient use, by segment, of regulatory capital.

Return on average risk-weighted assets

Annualised headline earnings as a proportion of average risk-weighted assets.

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 internal ratings-based approaches rules. RWA are determined by applying the:

- AIRB approach for wholesale and retail credit;
- AMA for operational risk;
- Internal ratings-based 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).

Solvency margin

The amount by which assets, at fair value, exceed liabilities and other comparable commitments.

Tangible net asset value per share

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

Underwriting margin

Net insurance premium income remaining after losses have been paid and administrative expenses have been deducted.

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 Group 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, less treasury shares held by entities, weighted on a time basis for the period during which the entities held these shares.

Abbreviations and acronyms

List of abbreviations

A	
AIRB	advanced internal ratings-based approach
AMA	advanced measurement approach
ATM	automated teller machine
B	
Basel	Basel Capital Accord
bp(s)	basis point(s)
BIA	Basic Indicator Approach
C	
CET1	Common Equity Tier 1
CIB	Corporate and Investment Bank
CoE	Cost of Equity
CPF	Commercial Property Finance
CAD(s)	Cash Accepting Device(s)
D	
DPS	dividend per share
E	
EC	Economic Capital
Edcon portfolio	Edcon Store Card Portfolio
ERMF	Enterprise Risk Management framework
ETF	Exchange-Traded Funds
EVNB	Embedded value of new business
F	
FIRB	foundation internal ratings-based approach
H	
HEPS	Headline Earnings per Share
I	
IAS	International Accounting Standard(s)
IAS 10	IAS 10 Events after the Reporting Period
IAS 16	IAS 16 Property, Plant and Equipment
IAS 21	IAS 21 Effects of changes in foreign exchange rates
IAS 27	IAS 27 Consolidated and Separate Financial Statements
IAS 34	IAS 34 Interim Reporting
IAS 36	IAS 36 Impairment of Assets
IAS 38	IAS 38 Intangible Assets
IAS 28	IAS 28 Impairment of Investments in Associates and Joint Ventures
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 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IMA	internal models approach
IT	information technology
J	
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange
N	
NAV	net asset value
NPL(s)	non-performing loan(s)
NPS	Net Promoter Score
R	
RBB	Retail and Business Banking
RoA	Return on Average Assets
RoE	Return on Average Equity
RoRC	Return on Average Regulatory Capital
RoRWA	Return on Average Risk-Weighted Assets
RWA(s)	Risk-Weighted Asset(s)
S	
SARB	South African Reserve Bank
SID(s)	Sustainable Integrated Residential Development(s)
T	
TSA	The Standard Approach
U	
USA	United States of America
V	
VAF	Vehicle and Asset Finance
W	
WIMI	Wealth, Investment Management and Insurance
WFS	Woolworths Financial Services (Pty) Ltd

Barclays Africa Group Limited

Incorporated in the Republic of South Africa
Registration number: 1986/003934/06
Authorised financial services and registered credit provider (NCRCP7)
JSE share code: BGA
ISIN: ZAE000174124

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Queries

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Please direct media queries to groupmedia@barclaysafrica.com

For all customer and client queries, please go to the relevant country website (see details below) for the local customer contact information

Please direct queries relating to your Barclays Africa Group shares to questions@computershare.co.za

Please direct other queries regarding the Group to groupsec@barclaysafrica.com

Board of directors

Group independent non-executive directors

C Beggs, Y Z Cuba, A B Darko[1], M J Husain, P B Matlare,
T S Munday (Lead Independent Director), F Okomo-Okello[2]

Group non-executive directors

P A Clackson[3], W E Lucas-Bull (Group Chairman), M S Merson[3],
A V Vaswani[4]

Group executive directors

D W P Hodnett (Deputy Chief Executive Officer and Financial Director),
M Ramos (Chief Executive Officer)

Transfer secretary

Computershare Investor Services (Pty) Ltd
Telephone: +27 11 370 5000

ADR depositary

BNY Mellon
Telephone: +1 212 815 2248

Auditors

Ernst & Young Inc.
Telephone: +27 11 772 3000

PricewaterhouseCoopers Inc.
Telephone: +27 11 797 4000

Sponsors

Lead independent sponsor

J. P. Morgan Equities South Africa (Pty) Ltd
Telephone: +27 11 507 0300

Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)
Telephone: +27 11 895 6843

Significant banking subsidiaries

Information on the entity and the products and services provided (including banking, insurance and investments) can be found at:

Absa Bank Limited	absa.co.za
Barclays Bank Botswana	www.barclays.co.bw
Barclays Bank of Ghana Limited	gh.barclays.com/
Barclays Bank of Kenya	www.barclays.co.ke
Barclays Bank Mauritius Limited	www.barclays.mu
Barclays Bank Mozambique SA	barclays.co.mz/eng
Barclays Bank (Seychelles) Limited	www.barclays.sc
Barclays Bank Tanzania Limited	www.barclays.co.tz
Barclays Bank of Uganda Limited	www.barclays.co.ug
Barclays Bank Zambia PLC	zm.barclays.com/
National Bank of Commerce Ltd	nbctz.com

Representative offices

Absa Namibia Proprietary Limited	www absanamibia.com.na
Absa Capital Representative Office Nigeria Limited	cib.barclaysafrica.com

While not members of the Barclays Africa Group Limited legal entity, these operations are managed by us

Barclays Bank Egypt S.A.E	www barclays.com.eg
Barclays Bank of Zimbabwe Limited	zw.barclays.com/

Notes
[1]Ghanaian, [2]Kenyan, [3]British, [4]Singaporean.