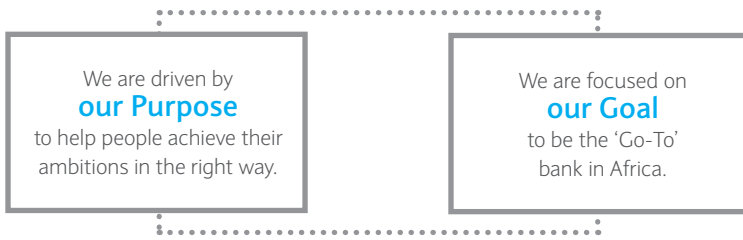




Barclays Africa Group Limited is a diversified financial services provider. We offer an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance. We are building a leading financial services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



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

Respect	Integrity	Service	Excellence	Stewardship
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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.

### Our Balanced Scorecard

We measure our performance against our strategy and the matters we consider to be most material to our sustainability through our Balanced Scorecard.

Balanced Scorecard component	Material matters
<b>Customer &amp; Client</b> We aim to be the 'Go-To' bank.	Our value proposition including <b>our products and services, accessibility through our physical and digital channels</b> , the quality of our IT infrastructure, service excellence as well as trust and safety of money, information and personal safety.
<b>Colleague</b> We create an environment where employees can fulfil their potential.	Attracting and retaining talent, increasing our succession coverage, employee engagement, <b>diversity and inclusion, skills development</b> , performance and reward as well as health and wellness (including financial health).
<b>Citizenship</b> We have a positive impact on the communities in which we operate.	Managing our citizenship commitments across employee conduct, stakeholder management, environmental and social impacts, <b>access to financial services, helping businesses start up and grow, youth employability and community upliftment</b> .
<b>Conduct</b> We act with integrity in everything we do.	Maintaining high ethical standards, responsible lending, Treating Customers Fairly and regulatory change.
<b>Company</b> We effectively manage risk and create sustainable returns.	Focusing on sustainable revenue growth within the framework of an appropriate risk appetite and disciplined cost management.

This fact sheet is a supporting document for our 2014 Integrated Report and expands on our performance against the BEE requirements. The full suite of reports is available at [barclaysafrica.com](http://barclaysafrica.com)



## Broad-based black economic empowerment (BBBEE) (South Africa) fact sheet

The success of our business depends on the strength of the communities in which we operate. As a Group, we are committed to developing these communities and economies and in doing so, empowering historically disadvantaged people. In South Africa, a number of persistent developmental challenges endure, including disparities in career, education and economic opportunity. This report details our efforts to eliminate these gaps and support transformation in our South African operations, where we derive the majority of our business. We embrace the principles of the Broad-Based Black Economic Empowerment Amendment Act which serves as the basis for the Department of Trade and Industry's Financial Sector Code (FS Code).

### Performance against the FS Code

	2013	2014
Ownership	6.62	<b>8.73/14</b>
Management control	3.04	<b>3.24/8</b>
Employment equity	9.70	<b>9.87/15</b>
Skills development	9.07	<b>9.12/10</b>
Preferential procurement	14.92	<b>15.28/16</b>
Empowerment financing	13.91	<b>14.80/15</b>
Enterprise development	5.00	<b>5.00/5</b>
Socio-economic development	3.00	<b>3.00/3</b>
Access to financial services	9.90	<b>10.40/14</b>
<b>Total</b>	75.18/100	<b>79.44/100</b>

In 2013, we transitioned from the generic Codes of Good Practice to the Financial Sector (FS) Code. While aligned to the generic Codes, the FS Code also includes sector-specific elements (empowerment finance and access to financial services). As a result of these changes, certain year-on-year comparisons are difficult to make.

### Ownership

In 2004, we were the first of the big four banks to allocate 10% ownership to black partners through the Batho Bonke empowerment consortium. The deal was unwound partly in 2009 and fully in 2012. With the introduction of the FS Code, which currently follows a once empowered, always empowered principle, we are able to claim a portion of our black ownership points after the consortium sold their equity in 2012. Our score of 8.73 is the aggregation of the once empowered, always empowered principle, indirect ownership and equity equivalents arising from surplus BEE transaction financing.

### Management control

	2012	2013	2014	YoY trend
Black representation at board level (%)	29.41	25.00	<b>23.08</b>	▼
Black representation at top management level (%)	33.33	15.07	<b>18.27</b>	▲

Our Board comprises 13 directors. Eight are South African of whom three are black South Africans and one is a black South African woman. The remaining five are Ghanaian, Kenyan, Singaporean and two British, reflecting our membership of Barclays PLC and the Pan-African nature of our business. The Absa Bank board (our South African banking subsidiary) comprises ten directors, of whom five are black South Africans (i.e. 50%) and three are black South African women (30%). This board representation was maintained from 2013. Top management comprises our managing principal grade employees including our executive committee members. At the end of 2014, 18% were black South African (5.7% black women) up from 15% (5.0% black women).

### Employment equity

	2012	2013	2014	YoY trend
Overall disability (% of total employees)	1.07	0.96	<b>0.26</b>	▼
Black senior management representation (%)	31.53	32.15	<b>32.23</b>	▲
Black women senior management representation (%)	11.17	12.00	<b>12.95</b>	▲
Black middle management representation (%)	47.09	49.73	<b>51.15</b>	▲
Black women middle management representation (%)	25.05	26.06	<b>26.68</b>	▲
Black junior management representation (%)	69.08	71.93	<b>73.63</b>	▲
Black women junior management representation (%)	48.88	50.92	<b>52.46</b>	▲

Race (ethnicity), gender and disability are our primary diversity and inclusion focus areas and are complemented by our secondary focus on lesbian, gay, bisexual and transgender and multi-generation agendas. In South Africa specifically, we are aware that opportunities remain to improve representation of black individuals, most notably at middle and senior management level. A root cause analysis of the reasons for limited progress at these levels shows that we must improve the depth and breadth of our black talent pipeline, develop this talent through a combination of formal learning, increased coaching and mentoring opportunities, and improve the quality of work experience through mobility and on-the-job opportunities.

With regard to gender, over 60% of our employees are women and significant progress was made at the executive level (30% against a target of 26% for 2014). We are on track to meet and exceed the 2018 target of 35%. Substantial progress is still required in terms of people living with disabilities. In addition to a number of internal campaigns and the newly established colleague network (named REACH), we launched a BANKSETA aligned 12-month learnership for people living with disabilities in South Africa.

## Skills development

	2012	2013	2014	YoY trend
Total training spend (Rm)	789.5	839.1	1 800	▲
Total training spend on black employees (Rm)	500.8	604.3	1 260	▲
Total leviable payroll spent on training employees (%)	4.43	5.15	14.14	▲
Total leviable payroll spent training black women employees (%)	2.92	3.39	6.12	▲
Black people on Learnerships as a percentage of total head count (%)	6.73	8.77	6.29	▼

The South African labour market continues facing a skills shortage, particularly with regards to previously-disadvantaged population, and in collaboration with BANKSETA, we are working to address these gaps through formally funded learnerships and other programmes. Of the R1.8bn reported on training South African employees, R1.26bn was focused on developing black employees. The significant increase from 2013 is a result of improved interpretation of the existing codes related to skills development and formalising the inclusion specific skills development items that were either not reported previously or that were introduced in 2014. For example, programme cost of the disability learnership programme of approximately 200 learners (the impact of which will mostly be realised in 2015) and the implementation of our leadership academy (focused on managing principal grade employees and senior leadership group); the global leadership curriculum (focused on principal, vice-principal and senior assistant vice-president grades), and the colleague curriculum (all employees). Learnerships continue to provide valuable skills to participants and a pipeline of young talent and we will continue to invest internally and externally to assist young people to develop their employability and financial literacy as well as align to the new FS Code scorecard which is currently being debated.

## Preferential procurement

	2012	2013	2014	YoY trend
Total measurable procurement (Rbn)	12.68	10.89	12.61	▲
Total weighted spend on BBBEE accredited suppliers (Rbn)	12.56	14.12	14.61	▲
QSE and EME spend as % of total procurement based on their BBBEE procurement recognition levels (Rbn)	2.59	2.31	1.96	▼
Procurement from 50% black-owned suppliers (Rbn)	1.01	1.73	2.07	▲
Procurement from 30% black women-owned suppliers (Rbn)	0.50	0.49	0.72	▲

We continued to increase the proportion of our procurement spend with black-owned suppliers, black women-owned suppliers, qualifying small enterprise suppliers and exempted micro-enterprises. We achieved a score of 15.03/16 with R15.8 billion weighted spend on products and services from 4 996 BBBEE-accredited suppliers. We further increased our number of black women-owned suppliers by increasing the weighting of the ownership in our request for proposal evaluation criteria. Through our procurement portal (<http://www.scnet.co.za>) we are able to identify qualified suppliers and in partnership with our enterprise development function we include additional small and medium enterprises. We sponsored 20 small black suppliers to attend the 2014 Smart Procurement Conference in Johannesburg. These suppliers were given exhibition stands and participated in networking opportunities and workshops aimed at improving and building their businesses.

## Empowerment financing<sup>1</sup> and enterprise development<sup>2</sup>

	2013	2014	YoY trend
Targeted investments			
• Transformational infrastructure (Rm)	1 997.8	1 930.2	▼
• Black small and medium enterprise financing (Rm)	364.0	530.1	▲
• Black agricultural financing (Rm)	40.1	0	▼
• Affordable housing (Rm)	6 271.0	7 901.0	▲
Annual enterprise development spend (Rm)	21.6	23.6	▲
BEE transaction financing (Rm)	6 294.3	12 255.5 <sup>3</sup>	▲

### Notes:

<sup>1</sup> The above numbers are cumulative in terms of reporting under the FS Code from 1 January 2012.

<sup>2</sup> 2013 marks the first year we have reported against the FS Code.

<sup>3</sup> Includes R4.8 billion recognised as equity equivalents under the ownership scorecard.

## Transformational infrastructure

We are the funders to a number of consortia that are rolling out projects in rural areas as part of the government's Renewable Energy Independent Power Programme. With the increased focus on infrastructure spend and specific acknowledgement to involve the private sector as outlined in the 2015 Budget speech, we expect that a significant portion of the new transformational infrastructure projects will be concluded. We also expect to see increased spending in the local government sphere as we move towards the local government elections in 2016, which will present opportunities to fund infrastructure projects.

## Black agricultural financing

Agricultural businesses achieved over 6% growth including BBBEE deals; however due data and process problems, the BBBEE spend was not fully auditable resulting in a zero score. A revised process has been implemented in 2015 to ensure reporting requirements can be met.

## Black small and medium enterprise financing

We aim to support sound business ventures by extending financial support to emerging enterprises that would ordinarily not qualify through a ring fenced enterprise development credit portfolio of R250m. In allocating funding, less reliance is placed on the enterprise's balance sheet or ability to provide collateral but takes into account the strength of their contract with a corporate client. Entrepreneurs that are not part of a corporate's supply chain can access Absa's Development Credit Fund and Women Empowerment Fund (funds are available to entrepreneurs with a bankable business plan). Through our partnership with Thembani, we provide development finance for enterprises in the agricultural sector. For reporting, we must confirm that the entities we finance hold a valid BEE certificate which remains a challenge. Going forward, this obstacle will be lessened by legislation requiring only an affidavit from enterprises with a turnover of less than R10 million.

## Enterprise development

While financial support is a key driver of success, small and medium enterprises can also struggle to access markets and build the necessary business skills. We provide all three forms of support to selected unbanked and under-banked enterprises. Our approach to enterprise development gives small and medium enterprises access to markets through corporate and government value chains. By the end of 2014, our procurement portal had over 30 000 procurement ready small and medium enterprises and advertised R2bn of tender opportunities on a monthly basis. We provided business advice and support to over 42 000 individuals through a series of seminars, conferences and workshops across South Africa. Events included the Women in Business Series and Buy Local Summit Expo. We also partnered with Proudly South Africa to promote entrepreneurship and the importance of developing South African products.

## BEE transaction financing

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

## Absa and Massmart launched a multi-million rand supplier development programme

Massmart provides offtake agreements and technical support to selected small and medium enterprises in their supply chain while Absa provides access to additional market opportunities, development finance and non-financial support. The aim is to develop the next generation of black industrialists. South Africa's first 100% black-owned maize mill was financed as a result of this initiative.

## Socio-economic development

	2012	2013	2014	YoY trend
Socio-economic development spend (Rm)	91.6	86.8	85.3	In line with requirements

We aim to provide disadvantaged youth with the skills and experience required to improve their employment prospects and enabling them to fulfil their potential. This is achieved through:

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

We maintain a preference for programmes that link an intervention to an opportunity as a means of migrating from output-based to impact-based programmes.

## Mentec Foundation

Mentec targets rural disadvantaged youth across South Africa, providing 'tailor made' training for specific jobs, industries and government based employment. This approach ensures a high probability of employment through working with specific employers to ensure beneficiaries meet their needs. The programme focuses on entrepreneurial skills and information, communication and technology skills. Beneficiaries also benefit from financial literacy and life skills and are able to access mentors who provide programme support and career guidance. All 330 beneficiaries were either placed into formal employment (160) or into internships (170).



## Access to financial services<sup>1</sup>

	2013	2014	YoY trend
Geographic access			
Transaction points (%)	57.35	59.52	▲
Service points (%)	72.83	73.26	▲
Sales points (%)	74.45	74.55	▲
Electronic access (%)	14.31	14.88	▲
Access to qualifying product accounts	2 362 074	2 620 206	▲
Affordable housing origination (Rm)	7 371	10 243	▲
Annual consumer education spend (Rm)	17.1	23.9	▲

### Notes

<sup>1</sup> 2013 marks the first year that we have reported against the FS Code.

\* The above numbers are cumulative in terms of reporting under the FS Code from 1 January 2012 except for annual consumer education spend.

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

## Geographic and electronic access

We have worked actively to expand the reach of our sales and service points since the inception of the previous Financial Sector Charter and as a result, have seen a rapid increase in our coverage since 2005. In 2014, 59.5% (2013: 57.4%) of our entry-level customers (corresponding with living standards measure (LSM) 1 to 5) lived within five kilometres of a transaction point; 73.3% (2013: 72.8%) lived within 10 kilometres of a service point; and 74.6% (2013: 74.5%) lived within 15 kilometres of a sales point. Whenever we open or close points of presence, we carefully consider the resulting impact on coverage, and in the case of closures, identify a suitable alternative. Among these customers, electronic access penetration has grown to 14.9% from 14.3% in 2013.

Electronic platforms offer a convenient and low-cost alternative to traditional banking channels. Our pricing model encourages and rewards customers who opt to make use of electronic or digital channels as opposed to banking in the traditional way. For example, in South Africa, we have retained free access to internet banking – enabling our customers to transact any time, any place, and at no monthly cost. We continue to enhance our ATM functionality to include services such as CashSend (customers can electronically transfer funds via mobile or internet banking to a recipient, who is then able to withdraw the funds, without needing a card or bank account); and Scan and Pay – allows anyone to make payments to selected beneficiaries, by either scanning or keying in a reference/account number. In addition, we are expanding our branchless banking partners to include more retailers across the country. In-store banking has been enabled at over 1 000 of our retail merchants allowing customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime. Almost R120 million worth of high-volume, low-value transactions were processed through this channel in 2014.

Our partnership with retailer PEP Stores, a retailer with an extensive retail footprint, enables increasingly deeper penetration to service underbanked consumers from money transfers to a simple and affordable transactional account. Working with partners delivers alternative channels to facilitate access to banking and finance services to the people in marginalised and poor communities. We continued with our Shesha Gamification initiative, a mobile phone application-based game, designed to empower our customers with basic, yet effective, knowledge to make better banking decisions.

Absa Transact account is an account where customers pay a very low monthly service fee, no owned ATM balance enquiry fees, no fees when purchasing at till points, and no penalty fees whatsoever. Transactions are charged on a pay-as-you transact basis and the pricing for these is easy to understand. Depending on a person's banking behaviour, charges are very affordable. Stokvels, or group savings and lending, have long been a safety net for millions of Africans, providing financial security and social wellbeing. The Absa Club Account also operates as a convenient savings and transactional tool for groups of people with common financial interests who want to save together.

We continued to face some challenges including customer attrition, a barrier to electronic banking through the lack of access to smart devices and readily available data/airtime by our LSM 1 – 5 customer base; fear of electronic banking services and the habit of returning to a branch to complete a transaction and the lack of understanding of electronic banking and how this can help a prospective customer.

## Access to affordable housing

Our housing initiatives are twofold – to increase access to financing and to help increase the affordable housing stock. Government introduced the Finance Linked Individual Subsidy Programme which is a form of deposit which improves customer affordability thereby making home loan finance more accessible. Our affordable housing business unit (My Home) addresses the housing challenges faced by consumers who earn less than R18 600 per month in support of the South African government agenda on providing affordable housing to people. In 2014 we provided more than 4 500 customers with home loan finance at a total value of R1 490m. Our first-to-market Family Springboard home loan allows friends or family members to help each other by opening an interest-bearing fixed deposit account, ceding 10% of the property purchase price as security for the loan. The borrower essentially secures a 100% bond with the assistance of a friend or family member willing to act as a sponsor.

Our Chief Mogale Project which commenced in 2014 will see the construction of 405 bonded and 518 subsidised units. Further development is taking place in Klarinet.

## Consumer education

This empowers individuals to make an informed choice and to improve their lives through responsible personal financial management. We invested R24m into consumer education initiatives reaching over 198 000 consumers. With the Banking Association of South Africa, we continue to support the annual Teach Children to Save campaign and mobilised 370 employees to reach 500 schools and over 48 000 children in 2014. We partnered with the Financial Services Consumer Education Foundation to distribute over 45 000 financial literacy magazines to 76 schools nationwide. Year-end spending often leaves consumers over indebted and we send cautionary spending tips to customers via our digital channels.



## Reporting suite

 The following reports and fact sheets are available at [barclaysafrica.com](http://barclaysafrica.com)

- Notice of annual general meeting
- Shareholders leaflet
- Annual financial statements
- Risk management report
- Financial results booklet
- Citizenship fact sheet
- Environmental fact sheet
- Broad-based black economic empowerment (BBBEE) (South Africa) fact sheet
- Global Reporting Initiative (GRI) index
- Stakeholder fact sheet
- King III fact sheet