BARCLAYS

Barclays Africa Group Limited

Audited condensed consolidated financial results for the reporting period ended 31 December 2013

Contents

Barclays Africa Group Limited
(formerly Absa Group Limited)

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

Audited condensed consolidated financial results for the reporting period ended 31 December 2013. A full set of audited annual consolidated financial statements is available from 11 February 2014 on request at the registered address of the Group.

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

Date of publication: 11 February 2014

Consolidated salient features

	2013	2012[1]	Change %
Statement of comprehensive income (Rm)			
Revenue	**59 406**	54 976	8
Operating expenses	**33 420**	30 329	10
Profit attributable to ordinary equity holders	**11 981**	9 999	20
Headline earnings[2]	**11 843**	10 419	14
Statement of financial position			
Loans and advances to customers (Rm)	**605 337**	566 262	7
Total assets (Rm)	**959 599**	898 371	7
Deposits due to customers (Rm)	**588 011**	543 101	8
Loans-to-deposits ratio (%)	**88,3**	87,1	
Financial performance (%)[3]			
Return on average equity	**15,5**	14,1	
Return on average assets	**1,29**	1,17	
Pro forma return on average risk-weighted assets[4]	**2,18**	2,09	
Operating performance (%)			
Net interest margin on average interest-bearing assets[3]	**4,48**	4,28	
Impairment losses on loans and advances as % of average loans and advances to customers[3]	**1,20**	1,60	
Non-performing loans as % of gross loans and advances to customers[3]	**4,7**	5,9	
Non-interest income as % of revenue	**45,5**	46,7	
Cost-to-income ratio	**56,3**	55,2	
JAWS	**(2,1)**	0,0	
Effective tax rate, excluding indirect taxation	**28,9**	29,2	
Share statistics (million)[5]			
Pro forma number of ordinary shares in issue	**847,8**	847,8	
Pro forma number of ordinary shares in issue (excluding treasury shares)	**847,3**	847,2	
Pro forma weighted average number of ordinary shares in issue (excluding treasury shares)	**847,3**	847,1	
Pro forma diluted weighted average number of ordinary shares in issue (excluding treasury shares)	**848,0**	848,7	
Share statistics (cents)[5]			
Pro forma headline earnings per ordinary share	**1 397,7**	1 229,9	14
Pro forma diluted headline earnings per ordinary share	**1 396,6**	1 227,6	14
Pro forma basic earnings per ordinary share	**1 414,0**	1 180,4	20
Pro forma diluted earnings per ordinary share	**1 412,9**	1 178,2	20
Dividend per ordinary share relating to income for the reporting period	**820**	684	20
Dividend cover (times)	**1,7**	1,8	
Special dividend per ordinary share	**708**	—	100
Pro forma net asset value per ordinary share	**9 125**	9 100	—
Pro forma tangible net asset value per ordinary share	**8 745**	8 740	—
Capital adequacy (%)[3]			
Barclays Africa Group[6]	**15,6**	17,4	
Absa Bank Limited	**15,6**	17,5	
Off-statement of financial position (Rm)			
Assets under management and administration	**263 775**	246 950	7
Financial Services	**183 491**	197 682	(7)
Money market	**57 093**	57 824	(1)
Non-money market	**126 398**	139 858	(10)
Corporate, Investment Bank and Wealth (CIBW)	**80 284**	49 268	63

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]After allowing for **R294 million** (2012: R295 million) profit attributable to preference equity holders of Absa Bank Limited.

[3]These ratios are unaudited.

[4]The pro forma historical risk-weighted assets ("RWAs") of the Group are restated for purpose of RoRWA and include the RWAs of Barclays Africa Limited as if they had always been a part of the Group's RWAs. This does not alter any submissions made to the South African Reserve Bank ("SARB").

[5]The pro forma per ordinary share metrics provided above include the ordinary shares issued on 31 July 2013 in consideration for the acquisition of Barclays Africa Limited as if the ordinary shares had always been in issue. The provision of these metrics in no way impacts the legal effective date of the ordinary share issue.

[6]This ratio has not been restated for the Barclays Africa Limited acquisition.

Condensed consolidated statement of financial position

as at 31 December

	Note	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %	2011[1] (Audited) Rm
Assets					
Cash, cash balances and balances with central banks		**50 130**	44 770	12	44 779
Statutory liquid asset portfolio		**62 055**	63 020	(2)	57 473
Loans and advances to banks		**79 971**	62 511	28	75 782
Trading portfolio assets		**87 034**	87 324	—	84 742
Hedging portfolio assets		**3 357**	5 456	(38)	4 313
Other assets		**15 829**	17 579	(10)	18 124
Current tax assets		**529**	376	41	344
Non-current assets held for sale	1	**4 814**	4 052	19	35
Loans and advances to customers	2	**605 337**	566 262	7	542 127
Reinsurance assets		**870**	1 003	(13)	1 009
Investment securities		**33 083**	30 913	7	28 082
Investments in associates and joint ventures		**694**	569	22	420
Investment properties		**1 089**	1 220	(11)	2 839
Property and equipment		**10 679**	9 624	11	9 642
Goodwill and intangible assets		**3 141**	3 048	3	2 282
Deferred tax assets		**987**	644	53	669
Total assets		**959 599**	898 371	7	872 662
Liabilities					
Deposits from banks		**69 064**	41 424	67	44 636
Trading portfolio liabilities		**51 477**	51 734	—	55 997
Hedging portfolio liabilities		**2 391**	3 855	(38)	2 456
Other liabilities		**19 775**	20 410	(3)	17 298
Provisions		**2 460**	2 280	8	2 258
Current tax liabilities		**173**	29	>100	301
Non-current liabilities held for sale	1	**1 651**	1 480	12	—
Deposits due to customers	5	**588 011**	543 101	8	503 408
Debt securities in issue	6	**97 829**	106 804	(8)	128 883
Liabilities under investment contracts		**19 773**	18 768	5	19 922
Policyholder liabilities under insurance contracts		**3 958**	3 550	11	3 183
Borrowed funds	7	**16 525**	18 777	(12)	14 999
Deferred tax liabilities		**1 311**	1 714	(24)	1 283
Total liabilities		**874 398**	813 926	7	794 624
Equity					
Capital and reserves					
Attributable to ordinary equity holders:					
Share capital		**1 695**	1 694	—	1 693
Share premium		**4 474**	5 336	(16)	5 151
Retained earnings		**64 701**	64 898	—	60 244
Other reserves		**6 447**	5 168	25	3 486
		77 317	77 096	—	70 574
Non-controlling interest – ordinary shares		**3 240**	2 705	20	2 820
Non-controlling interest – preference shares		**4 644**	4 644	—	4 644
Total equity		**85 201**	84 445	1	78 038
Total liabilities and equity		**959 599**	898 371	7	872 662

Note

[1] Restated, refer to note 23 for reporting changes.

Condensed consolidated statement of comprehensive income

for the reporting period ended 31 December

	Note	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Net interest income		**32 351**	29 302	10
Interest and similar income	8.1	**60 232**	57 297	5
Interest expense and similar charges	8.2	**(27 881)**	(27 995)	—
Impairment losses on loans and advances	3.1	**(6 987)**	(8 855)	21
Net interest income after impairment losses on loans and advances		**25 364**	20 447	24
Non-interest income		**27 055**	25 674	5
Net fee and commission income		**18 554**	17 383	7
Fee and commission income	9.1	**21 348**	20 096	6
Fee and commission expense	9.2	**(2 794)**	(2 713)	(3)
Net insurance premium income		**5 686**	5 618	1
Net insurance claims and benefits paid		**(2 819)**	(2 719)	(4)
Changes in investment and insurance contract liabilities		**(2 457)**	(1 707)	(44)
Gains and losses from banking and trading activities	9.3	**4 361**	4 535	(4)
Gains and losses from investment activities	9.4	**2 831**	1 735	63
Other operating income		**899**	829	8
Operating income before operating expenditure		**52 419**	46 121	14
Operating expenditure		**(34 453)**	(31 185)	(10)
Operating expenses	10.1	**(33 420)**	(30 329)	(10)
Other impairments	10.2	**(33)**	(132)	75
Indirect taxation		**(1 000)**	(724)	(38)
Share of post-tax results of associates and joint ventures		**130**	249	(48)
Operating profit before income tax		**18 096**	15 185	19
Taxation expense		**(5 222)**	(4 439)	(18)
Profit for the reporting period		**12 874**	10 746	20
Profit attributable to:				
Ordinary equity holders		**11 981**	9 999	20
Non-controlling interest – ordinary shares		**599**	452	33
Non-controlling interest – preference shares		**294**	295	—
		12 874	10 746	20
Earnings per share:				
Pro forma basic earnings per share (cents per share)		**1 414,0**	1 180,4	20
Pro forma diluted earnings per share (cents per share)		**1 412,9**	1 178,2	20

Note

[1]Restated, refer to note 23 for reporting changes.

Condensed consolidated statement of comprehensive income

for the reporting period ended 31 December

	Note	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Profit for the reporting period		**12 874**	10 746	20
Other comprehensive income				
Items that will not be reclassified to the profit or loss component of the statement of comprehensive income				
Movement in retirement benefit fund assets and liabilities		**(324)**	(88)	>(100)
Decrease in retirement benefit surplus		**(92)**	(71)	(30)
Increase in retirement benefit deficit		**(229)**	(59)	>(100)
Deferred tax		**(3)**	42	>(100)
Total items that will not be reclassified to the profit or loss component of the statement of comprehensive income		**(324)**	(88)	>(100)
Items that are or may be subsequently reclassified to the profit or loss component of the statement of comprehensive income				
Foreign exchange differences on translation of foreign operations		**2 986**	338	100
Movement in cash flow hedging reserve		**(1 822)**	405	>(100)
Fair value (losses)/gains arising during the reporting period		**(903)**	2 650	>(100)
Amount removed from other comprehensive income and recognised in the profit or loss component of the statement of comprehensive income		**(1 629)**	(2 088)	22
Deferred tax		**710**	(157)	>100
Movement in available-for-sale reserve		**107**	1 318	(92)
Fair value gains arising during the reporting period		**131**	1 739	(92)
Amortisation of government bonds – release to the profit or loss component of the statement of comprehensive income		**10**	10	—
Deferred tax		**(34)**	(431)	92
Total items that are or may be subsequently reclassified to the profit or loss component of the statement of comprehensive income		**1 271**	2 061	(38)
Total comprehensive income for the reporting period		**13 821**	12 719	9
Total comprehensive income attributable to:				
Ordinary equity holders		**12 610**	11 848	6
Non-controlling interest – ordinary shares		**917**	576	59
Non-controlling interest – preference shares		**294**	295	—
		13 821	12 719	9

Note

[1]Restated, refer to note 23 for reporting changes.

Condensed consolidated statement of changes in equity

for the reporting period ended 31 December

	2013 (Audited)			
	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
Balance at the beginning of the reporting period	77 096	2 705	4 644	84 445
Total comprehensive income for the reporting period	12 610	917	294	13 821
Profit for the reporting period	11 981	599	294	12 874
Other comprehensive income	629	318	—	947
Dividends paid during the reporting period	(11 602)	(346)	(294)	(12 242)
Accounting adjustments related to business combinations under common control[1]	(443)	—	—	(443)
Purchase of Group shares in respect of equity-settled share-based payment schemes	(76)	—	—	(76)
Elimination of the movement in treasury shares held by Group entities	(279)	—	—	(279)
Movement in share-based payment reserve	11	—	—	11
Transfer from share-based payment reserve	(38)	—	—	(38)
Transfer to share capital and share premium	38	—	—	38
Value of employee services	11	—	—	11
Movement in general credit risk reserve	—	—	—	—
Transfer from retained earnings	(220)	—	—	(220)
Transfer to credit risk reserve	220	—	—	220
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	—
Transfer from retained earnings	(3)	—	—	(3)
Transfer to foreign insurance subsidiary regulatory reserve	3	—	—	3
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(130)	—	—	(130)
Transfer to associates' and joint ventures' reserve	130	—	—	130
Acquisition of non-controlling interest and related-transaction costs[2]	101	(36)	—	65
Transaction costs related to shares issued on the acquisition of Barclays Africa Limited	(101)	—	—	(101)
Balance at the end of the reporting period	77 317	3 240	4 644	85 201

Notes

[1] The excess of the purchase price over BAGL's share of the net assets of Barclays Africa Limited, acquired on 31 July 2013, is accounted for as a deduction against share premium. The purchase price was applied retrospectively, resulting in the deemed excess of the purchase price over the historical carrying values of the underlying net assets of Barclays Africa Limited being similarly included within share premium. This application results in a net movement recognised in share premium for each retrospective reporting period to date of acquisition.

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

[3] All movements are reflected net of taxation.

Condensed consolidated statement of changes in equity

for the reporting period ended 31 December

	2012[1] (Audited)			
	Capital and reserves attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
Balance at the beginning of the reporting period as previously reported	62 308	1 453	4 644	68 405
Restatements[1]	8 266	1 367	—	9 633
Restated balance at the beginning of the reporting period	70 574	2 820	4 644	78 038
Total comprehensive income for the reporting period	11 848	576	295	12 719
Profit for the reporting period	9 999	452	295	10 746
Other comprehensive income	1 849	124	—	1 973
Dividends paid during the reporting period	(5 069)	(597)	(295)	(5 961)
Accounting adjustments related to business combinations under common control[2]	(89)	—	—	(89)
Transfer from retained earnings	(346)	—	—	(346)
Transfer to share premium	257	—	—	257
Purchase of Group shares in respect of equity-settled share-based payment schemes	(211)	—	—	(211)
Elimination of the movement in treasury shares held by Group entities	30	—	—	30
Movement in share-based payment reserve	13	—	—	13
Transfer from share-based payment reserve	(110)	—	—	(110)
Transfer to share capital and share premium	110	—	—	110
Value of employee services	13	—	—	13
Zambia regulatory requirements transfer	—	—	—	—
Transfer to retained earnings	150	—	—	150
Transfer from general credit risk reserve	(150)	—	—	(150)
Movement in general credit risk reserve	—	—	—	—
Transfer from retained earnings	(54)	—	—	(54)
Transfer to gener al credit risk reserve	54	—	—	54
Movement in insurance contingency reserve[3]	—	—	—	—
Transfer to retained earnings	324	—	—	324
Transfer from insurance contingency reserve	(324)	—	—	(324)
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	—
Transfer from retained earnings	(13)	—	—	(13)
Transfer to foreign insurance subsidiary regulatory reserve	13	—	—	13
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(249)	—	—	(249)
Transfer to associates' and joint ventures' reserve	249	—	—	249
Increase in the interest of non-controlling equity holders	—	35	—	35
Disposal of interest in subsidiary without loss of control	—	(129)	—	(129)
Restated balance at the end of the reporting period	77 096	2 705	4 644	84 445

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]The excess of the purchase price over BAGL's share of the net assets of Barclays Africa Limited, acquired on 31 July 2013, is accounted for as a deduction against share premium. The purchase price was applied retrospectively resulting in the deemed excess of the purchase price over the historical carrying values of the underlying net assets of Barclays Africa Limited being similarly included within share premium. This application results in a net movement recognised in share premium for each retrospective reporting period to date of acquisition.

[3]This reserve is no longer required due to a change in the Financial Services Board regulations.

[4]All movements are reflected net of taxation.

Condensed consolidated statement of cash flows

for the reporting period ended 31 December

	Note	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Net cash generated from operating activities		**18 035**	5 199	>100
Net cash utilised in investing activities		**(1 841)**	(1 672)	(20)
Net cash utilised in financing activities		**(14 616)**	(2 045)	>(100)
Net increase in cash and cash equivalents		**1 578**	1 482	6
Cash and cash equivalents at the beginning of the reporting period		**13 985**	12 163	15
Effect of exchange rate movements on cash and cash equivalents		**291**	340	(14)
Cash and cash equivalents at the end of the reporting period		**15 854**	13 985	13

Notes to the condensed consolidated statement of cash flows

1. Cash and cash equivalents at the beginning of the reporting period			
Cash, cash balances and balances with central banks[2]	**11 085**	9 989	11
Loans and advances to banks[3]	**2 900**	2 174	35
	13 985	12 163	15
2. Cash and cash equivalents at the end of the reporting period			
Cash, cash balances and balances with central banks[2]	**12 653**	11 085	14
Loans and advances to banks[3]	**3 201**	2 900	10
	15 854	13 985	13

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Includes coins and bank notes, which are part of cash, cash balances and balances with central banks on the statement of financial position.

[3]Includes call advances, which are used as working capital of the Group and are a component of other advances within loans and advances to banks on the statement of financial position.

Condensed notes to the consolidated financial results

for the reporting period ended 31 December

1. Non-current assets and non-current liabilities held for sale

During the reporting period, the Group effected the following transfers to non-current assets and non-current liabilities held for sale:

- Through the Retail and Business Banking ("RBB") segment
  - In the Commercial Property Finance Equity ("CPF Equity") division, investment properties in two of its wholly-owned subsidiaries, with a total carrying value of R212 million, were transferred to non-current assets held for sale. The disposal of these properties is expected to take place during the 2014 reporting period.
- Through the Head office and Other segment
  - A number of assets classified as property and equipment within Corporate Real Estate Services have been identified as held for sale. These assets have a total carrying value of R209 million. The disposal of the property and equipment is due to take place during 2014.

2. Loans and advances to customers

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Cheque accounts	**34 768**	34 282	1
Corporate overdrafts and specialised finance loans	**5 729**	5 121	12
Credit cards	**37 500**	33 504	12
Foreign currency loans	**22 760**	13 143	73
Instalment credit agreements	**66 764**	61 321	9
Gross advances	**81 248**	74 049	10
Unearned finance charges	**(14 484)**	(12 728)	(14)
Reverse repurchase agreements	**3 893**	4 698	(17)
Loans to associates and joint ventures	**12 039**	10 094	19
Microloans	**2 192**	2 002	9
Mortgages	**276 253**	282 778	(2)
Other advances[2]	**20 742**	17 348	20
Overnight finance	**14 083**	18 862	(25)
Personal and term loans	**67 954**	58 456	16
Preference shares	**8 945**	6 342	41
Wholesale overdrafts	**47 764**	34 088	40
Gross loans and advances to customers	**621 386**	582 039	7
Impairment losses on loans and advances (refer to note 3)	**(16 049)**	(15 777)	(2)
	605 337	566 262	7

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Includes customer liabilities under acceptances, working capital solutions and collateralised loans.

3. Impairment losses on loans and advances

Reconciliation of allowance for impairment losses on loans and advances to customers	2013 (Audited) Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIBW South Africa Rm	CIBW Rest of Africa Rm	Other[1] Rm	Total Rm
Balance at the beginning of the reporting period[2]	10 157	2 667	1 967	650	192	144	15 777
Net present value unwind on non-performing book (refer to note 8.1)	(697)	(153)	—	(3)	—	2	(851)
Exchange differences	—	—	422	—	—	—	422
Amounts written off	(5 197)	(1 171)	(725)	(108)	(157)	(46)	(7 404)
Impairment raised – identified	5 962	939	645	49	149	10	7 754
Impairment raised – unidentified	87	107	56	95	6	—	351
Balance at the end of the reporting period	10 312	2 389	2 365	683	190	110	16 049

Reconciliation of allowance for impairment losses on loans and advances to customers	2012[2] (Audited) Retail Banking South Africa Rm	Business Banking South Africa Rm	RBB Rest of Africa Rm	CIBW South Africa Rm	CIBW Rest of Africa Rm	Other[1] Rm	Total Rm
Balance at the beginning of the reporting period	9 327	1 923	2 167	566	163	125	14 271
Net present value unwind on non-performing book (refer to note 8.1)	(956)	(60)	—	(5)	—	3	(1 018)
Exchange differences	—	—	(64)	—	2	—	(62)
Amounts written off	(5 456)	(849)	(831)	(33)	8	(3)	(7 164)
Impairment raised – identified	7 068	1 688	651	108	19	19	9 553
Impairment raised – unidentified	174	(35)	44	14	—	—	197
Balance at the end of the reporting period	10 157	2 667	1 967	650	192	144	15 777

Notes
[1]Includes Financial Services and Head office and Other.
[2]Restated, refer to note 23 for reporting changes.

3.1 Statement of comprehensive income charge

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Impairments raised during the reporting period	8 105	9 750	(17)
Identified impairments	7 754	9 553	(19)
Unidentified impairments	351	197	78
Recoveries of loans and advances previously written off	(1 118)	(895)	(25)
	6 987	8 855	(21)

Notes
[1]Restated, refer to note 23 for reporting changes.

4. Performing and non-performing loans

Loans and advances to customers	2013 (Unaudited) 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	439 283	3 431	0,78	28 110	11 635	41,4	452 327
Retail Banking South Africa	343 500	2 726	0,79	19 576	7 586	38,8	352 764
Cheque accounts	2 006	31	1,54	96	56	58,3	2 015
Credit cards	25 147	402	1,60	1 931	1 272	65,9	25 404
Edcon portfolio	8 753	297	3,39	1 103	893	81,0	8 666
Instalment credit agreements	63 156	286	0,45	1 359	629	46,2	63 600
Loans to associates and joint ventures	10 287	—	—	—	—	—	10 287
Mortgages	218 256	1 327	0,61	13 541	3 763	27,8	226 707
Personal and term loans	15 895	383	2,41	1 546	973	63,0	16 085
Business Banking South Africa	59 088	378	0,64	4 980	2 011	40,4	61 679
Cheque accounts	16 710	137	0,82	863	361	41,8	17 075
Commercial property finance	29 906	125	0,42	2 844	1 235	43,4	31 390
Instalment credit agreements	975	4	0,41	115	102	88,7	984
Loans to associates and joint ventures	559	—	—	—	—	—	559
Term loans	10 938	112	1,02	1 158	313	27,0	11 671
RBB Rest of Africa	36 695	327	0,89	3 554	2 038	57,3	37 884
CIBW	152 574	270	0,18	1 190	603	50,7	152 891
CIBW South Africa	131 417	230	0,18	787	453	57,6	131 521
CIBW Rest of Africa	21 157	40	0,19	403	150	37,2	21 370
Head office, inter-segment eliminations and Other	229	110	48,03	—	—	—	119
	592 086	3 811	0,64	29 300	12 238	41,8	605 337

Loans and advances to customers	2012[1] (Unaudited) 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	421 685	2 501	0,59	32 535	12 289	37,8	439 429
Retail Banking South Africa	331 779	1 610	0,49	24 076	8 547	35,5	345 698
Cheque accounts	1 868	4	0,21	96	68	70,8	1 892
Credit cards	21 362	324	1,52	1 839	1 231	66,9	21 646
Edcon portfolio	9 806	102	0,04	—	—	—	9 704
Instalment credit agreements	56 715	293	0,52	1 790	895	50,0	57 317
Loans to associates and joint ventures	8 393	—	—	—	—	—	8 393
Mortgages	218 275	821	0,38	18 798	5 353	28,5	230 899
Personal and term loans	15 360	66	0,43	1 553	1 000	64,4	15 847
Business Banking South Africa	60 476	422	0,70	5 600	2 245	40,1	63 409
Cheque accounts	17 571	96	0,55	859	337	39,2	17 997
Commercial property finance	30 382	229	0,75	3 222	1 340	41,6	32 035
Instalment credit agreements	1 307	12	0,92	443	298	67,3	1 440
Loans to associates and joint ventures	627	—	—	—	—	—	627
Term loans	10 589	85	0,80	1 076	270	25,1	11 310
RBB Rest of Africa	29 430	469	1,60	2 859	1 497	52,4	30 323
CIBW	125 536	204	0,16	1 499	638	42,6	126 193
CIBW South Africa	111 917	154	0,14	879	496	56,4	112 146
CIBW Rest of Africa	13 619	50	0,37	620	142	22,9	14 047
Head office, inter-segment eliminations and Other	764	125	16,23	20	20	100,0	640
	547 985	2 830	0,52	34 054	12 947	38,0	566 262

Note

[1]Restated, refer to note 23 for reporting changes.

5. Deposits due to customers

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Call deposits	**52 843**	56 667	(7)
Cheque account deposits	**174 686**	170 915	2
Credit card deposits	**1 914**	1 938	(1)
Fixed deposits	**168 054**	147 686	14
Foreign currency deposits	**17 456**	12 253	42
Notice deposits	**56 349**	55 728	1
Other deposits[2]	**11 139**	8 434	32
Repurchase agreements with non-banks	**1 208**	1 503	(20)
Savings and transmission deposits	**104 362**	87 977	19
	588 011	543 101	8

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Includes partnership contributions received, deposits due on structured deals, preference investments on behalf of customers and unclaimed deposits.

6. Debt securities in issue

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Credit linked notes	**8 155**	9 800	(17)
Floating rate notes	**44 719**	52 639	(15)
Liabilities arising from securitised structured entities	**495**	2 391	(79)
Negotiable certificates of deposit	**20 494**	17 575	17
Other debt securities in issue	**11**	7	57
Promissory notes	**935**	1 378	(32)
Structured notes and bonds	**1 487**	1 122	33
Senior notes	**21 533**	21 892	(2)
	97 829	106 804	(8)

Note

[1]Restated, refer to note 23 for reporting changes.

7. Borrowed funds

		2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Subordinated callable notes issued by Absa Bank Limited				
The subordinated debt instruments listed below qualify as secondary capital in terms of the Banks Act, No 94 of 1990 (as amended).				
Interest rate	**Final maturity date**			
8,80%	7 March 2019	**1 725**	1 725	—
8,10%	27 March 2020	**2 000**	2 000	—
10,28%	3 May 2022	**600**	600	—
8,295%	21 November 2023	**1 188**	1 188	—
Three-month JIBAR + 2,10%	3 May 2022	**400**	400	—
Three-month JIBAR + 1,95%	21 November 2022	**1 805**	1 805	—
Three-month JIBAR + 2,05%	21 November 2023	**2 007**	2 007	—
CPI-linked notes, fixed at the following coupon rates:				
6,25%	31 March 2018	**—**	1 886	(100)
6,00%	20 September 2019	**3 000**	3 000	—
5,50%	7 December 2028	**1 500**	1 500	—
Subordinated callable notes issued by other subsidiaries				
United States dollar three-month LIBOR	29 April 2013	**—**	136	(100)
Bank of Botswana certificate rate + 0,85%	30 October 2014	**120**	207	(42)
Ninety-one day Kenyan Government Treasury Bill rate + 0,60%	19 November 2014	**121**	97	25
Ninety-one day Zambian Government Treasury Bill rate + 2,00%	9 May 2015	**96**	82	17
One-hundred and eighty-two day Kenyan Government Treasury Bill rate + 1,00%	14 July 2015	**90**	73	23
11,50%	14 July 2015	**153**	124	23
One-hundred and eighty-two day Zambian Government Treasury Bill rate + 2,50% (capped at 13,00% overall)	18 May 2016	**96**	82	17
United States dollar three-month LIBOR + 1,00%	31 March 2018	**69**	56	23
Accrued interest		**1 490**	1 475	1
Fair value adjustment		**65**	334	(81)
		16 525	18 777	(12)

Notes
[1]Restated, refer to note 23 for reporting changes.

8. Net-interest income

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
8.1 Interest and similar income			
Interest and similar income is earned from:			
Cash, cash balances and balances with central banks	**245**	166	48
Fair value adjustments on hedging instruments	**3 803**	(185)	>100
Investment securities	**2 072**	1 742	19
Loans and advances to banks	**1 292**	1 251	30
Loans and advances to customers	**50 697**	48 161	5
Cheque accounts	**3 143**	3 022	4
Corporate overdrafts and specialised finance loans	**123**	484	(75)
Credit cards	**5 697**	3 593	59
Foreign currency loans	**275**	288	(5)
Instalment credit agreements	**5 841**	5 585	5
Interest on impaired financial assets (refer to note 3)	**851**	1 018	(16)
Reverse repurchase agreements	**12**	(41)	>(100)
Loans to associates and joint ventures	**657**	494	33
Microloans	**478**	505	(5)
Mortgages	**19 642**	20 986	(6)
Other loans and advances[2]	**927**	479	93
Overnight finance	**786**	814	(3)
Personal and term loans	**9 073**	8 244	10
Preference shares	**484**	485	—
Wholesale overdrafts	**2 708**	2 205	23
Other interest income[3]	**385**	578	(33)
Statutory liquid asset portfolio	**1 738**	5 584	(69)
	60 232	57 297	5

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Includes items such as interest on factored debtors books.

[3]Includes items such as overnight interest on contracts for difference as well as inter-segment eliminations between"interest and similar income", "interest expense and similar charges", "gains and losses from banking and trading activities" and "gains and losses from investment activities".

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
8.2 Interest expense and similar charges			
Interest expense and similar charges are paid on:			
Borrowed funds	**1 358**	1 400	(3)
Debt securities in issue	**5 850**	8 410	(30)
Deposits due to customers	**21 568**	19 207	12
Call deposits	**2 813**	2 881	(2)
Cheque account deposits	**3 120**	3 288	(5)
Credit card deposits	**8**	9	(11)
Fixed deposits	**8 566**	6 992	23
Foreign currency deposits	**424**	114	>100
Notice deposits	**2 916**	2 471	18
Other deposits due to customers	**1 103**	1 053	5
Savings and transmission deposits	**2 618**	2 399	9
Deposits from banks	**590**	656	(10)
Call deposits	**315**	528	(40)
Fixed deposits	**274**	103	>100
Other deposits from banks	**1**	25	(96)
Fair value adjustments on hedging instruments	**500**	(999)	>100
Interest incurred on finance leases	**19**	51	(63)
Other interest expense[2]	**(2 004)**	(730)	>(100)
	27 881	27 995	—

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Includes items such as inter-segment eliminations between "interest and similar income", "interest expense and similar charges", "gains and losses from banking and trading activities" and "gains and losses from investment activities".

9. Non-interest income

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
9.1 Fee and commission income			
Asset management and other related fees	**160**	158	1
Consulting and administration fees	**661**	566	17
Credit-related fees and commissions	**15 145**	14 439	5
Cheque accounts	**3 598**	3 589	—
Credit cards[2]	**1 226**	655	87
Electronic banking	**4 129**	4 093	1
Other credit-related fees and commissions[3]	**3 889**	3 614	8
Savings accounts	**2 303**	2 488	(7)
Insurance commission received	**1 315**	1 147	15
Investment banking fees	**255**	252	1
Merchant income	**2 197**	2 034	8
Other fee and commission income	**203**	258	(21)
Pension fund payment services	**—**	122	(100)
Trust and other fiduciary services	**1 412**	1 120	26
Portfolio and other management fees	**1 144**	870	32
Trust and estate income	**268**	250	7
	21 348	20 096	6
9.2 Fee and commission expense			
Cheque processing fees	**(150)**	(161)	7
Insurance commission paid	**(1 001)**	(945)	(6)
Other fee and commission expenses	**(1 298)**	(1 198)	(8)
Transaction-based legal fees	**(115)**	(209)	45
Trust and other fiduciary service fees	**(88)**	(73)	(21)
Valuation fees	**(142)**	(127)	(12)
	(2 794)	(2 713)	(3)
Net fee and commission income	**18 554**	17 383	7

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Includes acquiring and issuing fees.

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

9. Non-interest income *(continued)*

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
9.3 Gains and losses from banking and trading activities			
Net gains on investments	**312**	93	>100
Debt instruments designated at fair value through profit or loss	**181**	179	1
Equity instruments designated at fair value through profit or loss	**141**	(76)	>100
Available-for-sale unwind from reserves	**(10)**	(10)	—
Net trading result	**3 854**	4 382	(12)
Net trading income excluding the impact of hedge accounting	**4 092**	4 360	(6)
Ineffective portion of hedges	**(238)**	22	>(100)
Cash flow hedges	**(234)**	45	>(100)
Fair value hedges	**(4)**	(23)	83
Other gains	**195**	60	>100
	4 361	4 535	(4)
Net trading income excluding the impact of hedge accounting	**4 092**	4 360	(6)
Gains/(losses) on financial instruments designated at fair value through profit or loss	**1 126**	(857)	>100
Net gains on financial assets designated at fair value through profit or loss	**125**	1 129	(89)
Net gains/(losses) on financial liabilities designated at fair value through profit or loss	**1 001**	(1 986)	>100
Gains on financial instruments held for trading	**2 966**	5 217	(43)
Other gains	**195**	60	>100
Gains/(losses) on financial instruments designated at fair value through profit or loss	**135**	(3)	>100
Gains on financial instruments held for trading	**60**	63	(5)

Note
[1]Restated, refer to note 23 for reporting changes.

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
9.4 Gains and losses from investment activities			
Available-for-sale unwind from reserves	**4**	2	100
Net gains on investments from insurance activities	**2 803**	1 686	66
Policyholder – insurance contracts	**337**	329	3
Policyholder – investment contracts	**2 181**	1 086	>100
Shareholder funds	**285**	271	5
Other gains	**24**	47	(49)
	2 831	1 735	63
Gains on investments from insurance activities	**2 803**	1 686	66
Gains on financial instruments designated at fair value through profit or loss	**2 805**	1 687	66
Losses on financial instruments held for trading	**(2)**	(1)	(100)

Note
[1]Restated, refer to note 23 for reporting changes.

10. Operating expenditure

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
10.1 Operating expenses			
Amortisation of intangible assets	**470**	327	44
Auditors' remuneration	**259**	203	28
Cash transportation	**715**	710	1
Depreciation	**1 641**	1 593	3
Equipment costs	**391**	382	2
Information technology[2]	**2 078**	2 201	(6)
Investment properties charges – change in fair value	**33**	408	(92)
Marketing costs	**1 355**	1 137	19
Operating lease expenses on properties	**1 309**	1 010	30
Other operating expenses[3]	**2 913**	2 404	21
Printing and stationery	**310**	280	11
Professional fees[2]	**1 578**	937	68
Property costs	**1 692**	1 950	(13)
Staff costs	**17 593**	15 787	11
Bonuses	**1 679**	1 210	39
Other staff costs[4]	**1 203**	844	43
Salaries and current service costs on post-retirement benefits	**13 942**	13 008	7
Share-based payments	**428**	469	(9)
Training costs	**341**	256	33
Telephone and postage	**1 083**	1 000	8
	33 420	30 329	10

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]"Information technology" and "professional fees" include research and development costs totalling **R246 million** (2012: R113 million).

[3]Includes fraud losses, travel and entertainment costs as well as administration fees related to the Edcon portfolio.

[4]Includes recruitment costs, membership fees to professional bodies, staff parking, redundancy fees relating to Rest of Africa, study assistance, staff relocation and refreshment costs.

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
10.2 Other impairments			
Financial instruments	**28**	7	>100
Other	**5**	125	(96)
Computer software development costs	**—**	95	(100)
Property and equipment	**—**	11	(100)
Goodwill	**—**	18	(100)
Investments in associates and joint ventures	**2**	—	100
Repossessed properties	**3**	1	>100
	33	132	(75)

Note

[1]Restated, refer to note 23 for reporting changes.

11. Headline earnings

Headline earnings	2013 (Audited) Gross Rm	2013 (Audited) Net[2] Rm	2012[1] (Audited) Gross Rm	2012[1] (Audited) Net[2] Rm	Net[2] change %
Headline earnings is determined as follows:					
Profit attributable to ordinary equity holders		11 981		9 999	20
Total headline earnings adjustment:		(138)		420	>(100)
IFRS 3 – Goodwill impairment	—	—	18	18	>(100)
IFRS 5 – Gains and losses on disposal of non-current assets held for sale	(171)	(138)	—	—	>(100)
IAS 16 and IAS 36 – Loss/(profit) on disposal and impairment of property and equipment	5	4	(79)	(62)	>100
IAS 27 – Loss on disposal of subsidiary	8	8	—	—	100
IAS 28 and IFRS 11 – Headline earnings component of share of post-tax results of associates and joint ventures	—	—	(1)	(1)	100
IAS 36 – Impairment of investments in associates and joint ventures	2	2	—	—	100
IAS 36 and IAS 38 – Loss on disposal and impairment of intangible assets	1	—	98	70	(100)
IAS 39 – Release of available-for-sale reserves	10	7	10	7	—
IAS 39 – Disposal and impairment of available-for-sale assets	6	4	—	—	>100
IAS 40 – Change in fair value of investment properties	(29)	(25)	408	388	>(100)
		11 843		10 419	14

Notes

[1] Restated, refer to note 23 for reporting changes.

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

12. Dividends per share

	2013 (Audited) Rm	2012 (Audited) Rm	Change %
Dividends declared to ordinary equity holders			
Interim dividend (30 July 2013: **350 cents**) (27 July 2012: 315 cents)	2 514	2 262	11
Dividend paid on treasury shares – interim[1]	(2)	(3)	33
Special dividend (30 July 2013: **708 cents**)	5 085	—	100
Dividend paid on treasury shares – special[1]	(10)	—	(100)
Final dividend (11 February 2014: **470 cents**) (12 February 2013: 369 cents)	3 984	2 650	50
Dividend paid on treasury shares – final[1]	—	(5)	100
	7 587	4 904	55
Dividends declared to non-controlling preference equity holders			
Interim dividend (30 July 2013: **2 999,4521 cents**) (27 July 2012: 3 134,6575 cents)	148	155	(5)
Final dividend (11 February 2014: **2 979,3151 cents**) (12 February 2013: 2 950,5479 cents)	147	146	1
	295	301	(2)
Dividends paid to ordinary equity holders			
Final dividend (12 February 2013: **369 cents**) (10 February 2012: 392 cents)	2 650	2 815	(6)
Dividend paid on treasury shares – final[1]	(5)	(5)	—
Interim dividend (30 July 2013: **350 cents**) (27 July 2013: 315 cents)	2 967	2 262	31
Dividend paid on treasury shares – interim[1]	(2)	(3)	33
Special dividend (30 July 2013: **708 cents**)[2]	6 002	—	100
Dividend paid on treasury shares – special[1]	(10)	—	(100)
	11 602	5 069	>100
Dividends paid to non-controlling preference equity holders			
Final dividend (12 February 2013: **2 950,5479 cents**) (10 February 2012: 2 827,2329 cents)	146	140	4
Interim dividend (30 July 2013: **2 999,4521 cents**) (27 July 2013: 3 134,6575 cents)	148	155	(5)
	294	295	—

Notes

[1] The dividend paid on treasury shares are calculated on payment date.

[2] Dividend amount is calculated on the number of shares in issue, including the shares issued on 31 July 2013 for consideration on the acquisition of Barclays Africa Limited.

13. Acquisitions and disposals of businesses and other similar transactions

Acquisition during the current reporting period

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

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

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

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

Disposals during the current reporting period

Barclays Africa Group through a wholly-owned subsidiary Absa Trading and Investment Solutions Proprietary Limited ("ATIS") disposed of its 73,37% limited partnership interest in Absa Capital Private Equity Fund I ("ACPE Fund I") to a syndicate led by HarbourVest Partners L.P. ("HarbourVest"), comprising funds managed by HarbourVest and Coller Capital Limited.

ACPE Fund I is a fully invested South African private equity fund established in 2008. The fund has exposure to the general industrials sector in sub-Saharan Africa. As a consequence of the sale, two materially insignificant wholly-owned subsidiaries of Barclays Africa Group, and the Investment Adviser, to the General Partner of ACPE Fund I, have been spun off to become a new independent South African private equity fund manager, Rockwood Private Equity. As of 31 December 2012, the reported carrying value of BAGL's interest in ACPE Fund I was R2,3 billion.

During the current reporting period, the Group disposed of 100% of its investment in its wholly-owned subsidiary CMB Nominees Proprietary Limited effective 2 December 2013. This occurred as part of the disposal of the Custody and Trustee business, a division of Corporate, Investment Bank and Wealth. The total cash consideration received on disposal of the business was R300 million.

Other similar transactions: additional interest in a subsidiary

During March 2013, the Group acquired additional shares in NBC for a purchase consideration of R368 million, after a rights issue by NBC, whereby the non-controlling interest did not take up any shares in terms of the rights issue. This increased the Group's effective shareholding in NBC. The Group now holds 65,89% of the share equity in NBC. The carrying amount of the non-controlling shareholders' interest in NBC on the date of acquisition was R354 million. A clawback option for the period of 12 months was granted to the non-controlling shareholders who were unable to subscribe for the shares at the date of the rights issue. The option grants the non-controlling shareholders the right to purchase their pro-rata portion of the shares from the Group at the original issue price plus interest at a market-related rate.

14. Related parties

Barclays Bank PLC owns **62,3%** (2012: 55,5%) of the ordinary shares in the Group. The remaining **37,7%** (2012: 44,5%) of the shares are widely held on the Johannesburg Stock Exchange Limited ("JSE").

The following are defined as related parties of the Group:

- key management personnel (refer to note 14.1 and 14.2);
- the parent company (refer to note 14.3);
- fellow subsidiaries, associates and joint venture of the parent company (refer to note 14.4);
- subsidiaries and consolidated structured entities;
- associates, joint ventures and retirement benefit funds;
- an entity controlled/jointly controlled or significantly influenced by any individual referred to above;
- post-employment benefit plans for the benefit of employees or any entity that is a related party of the Group; and
- children and/or dependants and spouses or partners of the individuals referred to above.

14. Related parties *(continued)*

14.1 Balances and transactions with key management personnel

Transactions with key management personnel

IAS 24 Related Party Disclosures ("IAS 24"), requires the identification of key management personnel, who are individuals responsible for planning, directing and controlling the activities of the entity, including directors. Key management personnel are defined as executive and non-executive directors and members of the Executive Committee ("Exco"). Entities controlled by key management personnel are also considered to be related parties. A number of banking and insurance transactions are entered into with key management personnel in the normal course of business, under terms that are no more favourable than those arranged with third parties. These include loans, deposits and foreign currency transactions. The related-party transactions, outstanding balances at the reporting date, and related expenses and income with related parties for the reporting period are as follows:

	2013 (Audited) Rm	2012 (Audited) Rm	Change %
Balances			
Loans	**45**	455	>(100)
Deposits	**12**	15	(20)
Guarantees issued by the Group	**84**	103	(18)
Other investments	**34**	40	(15)
Transactions			
Interest income	**4**	45	(91)
Interest expense	**1**	1	—
Insurance premiums paid	**0,17**	0,41	(59)
Insurance claims	**—**	0,08	(100)

Loans include mortgages, asset finance transactions, overdraft and other credit facilities. Loans to key management personnel are provided on the same terms and conditions as loans to employees of the Group, including interest rates and collateral requirements.

Loans to key management personnel of **Rnil** (2012: Rnil) were written off as irrecoverable. Loans to entities controlled by key management personnel of **Rnil** (2012: Rnil) were written off as irrecoverable.

	2013 (Audited) Rm	2012 (Audited) Rm	Change %
14.2 Key management personnel compensation			
Directors			
Post-employment benefit contributions	**1**	1	—
Salaries and other short-term benefits	**41**	30	37
Share-based payments	**25**	32	(22)
Termination benefits	**—**	12	(100)
	68	75	(9)
Other key management personnel			
Post-employment benefit contributions	**3**	2	50
Salaries and other short-term benefits	**77**	65	18
Share-based payments	**48**	47	2
	128	114	12

14. Related parties *(continued)*

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
14.3 Balances and transactions with parent company[2]			
Balances			
Loans and advances to banks	**39 223**	35 537	10
Derivative assets	**19 040**	14 310	33
Nominal value of derivative assets	**1 042 021**	1 399 103	(26)
Other assets	**1 556**	668	>100
Investment securities	**534**	584	(9)
Deposits from banks	**(22 404)**	(12 244)	(83)
Derivative liabilities	**(17 232)**	(13 846)	(24)
Nominal value of derivative liabilities	**(1 183 511)**	(1 213 065)	2
Other liabilities	**(187)**	(15)	>(100)
Borrowed funds	**(69)**	—	(100)
Transactions			
Interest and similar income	**(343)**	(204)	(68)
Interest expense and similar charges	**65**	87	(26)
Net fee and commission income	**6**	(18)	>100
Gains and losses from banking and trading activities	**274**	(158)	>100
Other operating income	**(71)**	(37)	(91)
Operating expenditure	**48**	55	>100
Dividends paid	**7 469**	2 819	>100

Trade balances must be settled in accordance with market conventions applicable to the underlying transaction. Non-trade balances must be settled by the close of the month immediately following the month in which the transaction occurred. Further, settlement must be made in the currency required by the ultimate parent company. In exceptional cases it may be impractical or inefficient to settle balances monthly. In such cases, the unsettled balances must be explicitly agreed to on a monthly basis in writing and full settlement must be made at least quarterly.

There were no bad debt expenses and provisions for bad debts that related to balances and transactions with the parent company.

Notes

[1]Restated, refer to note 23 for reporting changes.

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

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
14.4 Balances and transactions with fellow subsidiaries, associates and joint ventures of the parent company[2],[3]			
Balances			
Loans and advances to banks	**863**	391	>100
Derivative assets	**—**	10	(100)
Nominal value of derivative assets	**2 650**	426	>100
Other assets	**284**	87	>100
Deposits from banks	**(1 753)**	(539)	>(100)
Derivative liabilities	**(18)**	—	(100)
Nominal value of derivative liabilities	**(2 132)**	—	(100)
Other liabilities	**(313)**	(86)	(100)
Transactions			
Interest and similar income	**(1)**	—	(100)
Net fee and commission income	**(30)**	(7)	>(100)
Other operating income	**(56)**	(126)	(56)
Operating expenditure	**2**	3	>100

Trade balances must be settled in accordance with market conventions applicable to the underlying transaction. Non-trade balances must be settled by the close of the month immediately following the month in which the transaction occurred. Further, settlement must be made in the currency required by the fellow subsidiary, associate or joint venture receiving the settlement. In exceptional cases it may be impractical or inefficient to settle balances monthly. In such cases, the unsettled balances must be explicitly agreed to on a monthly basis in writing, and full settlement must be made at least quarterly.

There were no bad debt expenses and provisions for bad debts that related to balances and transactions with the fellow subsidiaries, associates and joint ventures of the parent company.

Notes

[1]Restated, refer to note 23 for reporting changes.

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

[3]Fellow subsidiaries, associates and joint ventures are those entities of Barclays Bank PLC.

15. Assets under management and administration

	2013 (Audited) Rm	2012 (Audited) Rm	Change %
Alternative asset management and exchange-traded funds	72 840	41 957	74
Deceased estates[1]	2 559	2 012	27
Other assets under management and administration	14 383	12 995	11
Participation bond schemes	—	2 184	(100)
Portfolio management	46 203	44 222	4
Private equity	—	819	(100)
Trusts[1]	4 472	3 783	18
Unit trusts	123 318	138 978	(11)
	263 775	246 950	7

Note
[1]Unaudited

16. Financial guarantee contracts

	2013 (Audited) Rm	2012 (Audited) Rm	Change %
Financial guarantee contracts[1]	243	146	66

Note
[1]Financial guarantee contracts represent contracts where the Group undertakes to make specified payments to a counterparty, should the counterparty suffer a loss as a result of a specified debtor failing to make payment when due in accordance with the terms of a debt instrument. This amount represents the maximum exposure, which is not necessarily the measurement recognised in the statement of financial position in accordance with International Financial Reporting Standards (IFRS).

17. Commitments

	2013 (Audited) Rm	2012 (Audited) Rm	Change %
Authorised capital expenditure			
Contracted but not provided for[1]	745	578	29
Operating lease payments due[2]			
No later than one year	847	936	(10)
Later than one year and no later than five years	1 521	1 948	(22)
Later than five years	296	365	(19)
	2 664	3 249	(18)
Sponsorship payments due[3]			
No later than one year	272	289	(6)
Later than one year and no later than five years	541	884	(39)
	813	1 173	(31)

Notes
[1]The Group has capital commitments in respect of computer equipment and property development. Management is confident that future net revenue and funding will be sufficient to cover these commitments.
[2]The operating lease commitments comprise a number of separate operating leases in relation to property and equipment, none of which is individually significant to the Group. Leases are negotiated for an average term of three to five years and rentals are renegotiated annually.
[3]The Group has sponsorship commitments in respect of sports, arts and culture.

18. Contingencies

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
Guarantees[2]	21 215	19 348	10
Irrevocable debt facilities[3]	49 609	48 107	3
Irrevocable equity facilities[3]	400	543	(26)
Letters of credit	6 402	7 080	(10)
Other contingencies	5 674	4 328	31
	83 300	79 406	5

Notes
[1]Restated, refer to note 23 for reporting changes.
[2]Guarantees include performance and payment guarantee contracts.
[3]Irrevocable facilities are commitments to extend credit where the Group does not have the right to terminate the facilities by written notice. Commitments generally have fixed expiry dates. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

19. Segment reporting

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
19.1 Headline earnings contribution by segment			
RBB	**7 999**	5 668	41
Retail Banking South Africa	**4 941**	3 626	36
Home Loans	**876**	(992)	>100
Vehicle and Asset Finance	**1 127**	847	33
Card	**1 980**	1 888	5
Personal Loans	**385**	587	(34)
Retail Bank	**573**	1 296	(56)
Business Banking South Africa	**1 710**	1 042	64
RBB Rest of Africa	**1 348**	1 000	35
CIBW	**3 017**	3 146	(4)
CIBW South Africa	**2 561**	2 682	(5)
CIBW Rest of Africa	**456**	464	(2)
Head office, inter-segments eliminations and Other	**(543)**	340	>(100)
Total banking	**10 473**	9 154	14
Financial Services	**1 370**	1 265	8
Headline earnings	**11 843**	10 419	14

Note
[1]Restated, refer to note 23 for reporting changes.

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
19.2 Total revenue[2] by segment			
RBB	**43 968**	40 205	9
Retail Banking South Africa	**27 295**	25 451	7
Home Loans	**3 815**	4 210	(9)
Vehicle and Asset Finance	**3 206**	3 055	5
Card	**7 656**	5 313	44
Personal Loans	**1 892**	2 010	(6)
Retail Bank	**10 726**	10 863	(1)
Business Banking South Africa	**8 377**	8 030	4
RBB Rest of Africa	**8 296**	6 724	23
CIBW	**11 648**	10 491	11
CIBW South Africa	**8 759**	8 043	9
CIBW Rest of Africa	**2 889**	2 448	18
Head office, inter-segments eliminations and Other	**(577)**	249	>(100)
Total banking	**55 035**	50 945	8
Financial Services	**4 367**	4 031	8
Total revenue	**59 402**	54 976	8

Notes
[1]Restated, refer to note 23 for reporting changes.
[2]Revenue includes net interest income and non-interest income.

19. Segment reporting *(continued)*

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
19.3 Internal total revenue[2] by segment			
RBB	**(8 536)**	(9 272)	8
Retail Banking South Africa	**(10 801)**	(10 778)	—
Home Loans	**(11 482)**	(12 082)	5
Vehicle and Asset Finance	**(3 675)**	(3 453)	(6)
Card	**(1 291)**	(860)	(50)
Personal Loans	**(504)**	(523)	4
Retail Bank	**6 151**	6 140	—
Business Banking South Africa	**1 776**	1 406	26
RBB Rest of Africa	**489**	100	>100
CIBW	**11 187**	10 379	8
CIBW South Africa	**11 223**	10 453	7
CIBW Rest of Africa	**(36)**	(74)	51
Head office, inter-segments eliminations and Other	**(2 173)**	(669)	>(100)
Total banking	**478**	438	9
Financial Services	**(478)**	(438)	(9)
Total internal revenue	**—**	—	—

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]Revenue includes net interest income and non-interest income.

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
19.4 Total assets by segment			
RBB	**742 110**	668 793	11
Retail Banking South Africa	**531 517**	516 692	3
Home Loans	**221 876**	227 138	(2)
Vehicle and Asset Finance	**80 590**	72 391	11
Card	**47 312**	43 659	8
Personal Loans	**13 436**	13 318	1
Retail Bank	**168 446**	160 373	5
Business Banking South Africa	**98 423**	86 972	13
RBB Rest of Africa	**112 170**	65 129	72
CIBW	**542 366**	502 413	8
CIBW South Africa	**492 369**	469 616	5
CIBW Rest of Africa	**49 997**	32 797	52
Head office, inter-segments eliminations and Other	**(357 998)**	(303 755)	(18)
Total banking	**926 478**	867 451	7
Financial Services	**33 121**	30 920	7
Total assets	**959 599**	898 371	7

19. Segment reporting *(continued)*

Note

[1]Restated, refer to note 23 for reporting changes.

	2013 (Audited) Rm	2012[1] (Audited) Rm	Change %
19.5 Total liabilities by segment			
RBB	**720 344**	652 357	10
Retail Banking South Africa	**524 116**	510 884	3
Home Loans	**220 712**	227 919	(3)
Vehicle and Asset Finance	**78 718**	70 850	11
Card	**44 499**	41 099	8
Personal Loans	**13 051**	12 731	3
Retail Bank	**167 136**	158 285	6
Business Banking South Africa	**96 558**	85 976	12
RBB Rest of Africa	**99 670**	55 497	80
CIBW	**534 559**	494 656	8
CIBW South Africa	**487 211**	464 706	5
CIBW Rest of Africa	**47 348**	29 950	58
Head office, inter-segments eliminations and Other	**(408 743)**	(359 309)	(14)
Total banking	**846 161**	787 704	7
Financial Services	**28 238**	26 222	8
Total liabilities	**874 398**	813 926	7

Note
[1]Restated, refer to note 23 for reporting changes.

20. Fair value of assets and liabilities not held at fair value

The table below summarises the carrying amounts and fair values of those assets and liabilities not held at fair value:

	2013		2012[1]	
	Carrying value Rm	Fair value Rm	Carrying value Rm	Fair value Rm
Financial assets				
Balances with other central banks	7 350	7 350	6 061	6 061
Balances with the SARB	12 417	12 417	12 339	12 339
Coins and bank notes	12 652	12 652	11 085	11 085
Money market assets	1 939	1 939	36	36
Cash, cash balances and balances with central banks	34 358	34 358	29 521	29 521
Loans and advances to banks	73 831	73 831	52 846	52 864
Other assets	13 486	13 486	15 324	15 324
Retail Banking South Africa	352 764	352 602	346 698	353 021
Cheque accounts	2 015	2 015	1 907	1 907
Credit cards	34 071	34 071	31 350	31 350
Instalment credit agreements	63 600	63 297	57 305	58 758
Loans to associates and joint ventures	10 287	10 287	8 393	8 393
Mortgages	226 706	226 771	230 880	236 750
Personal and term loans	16 085	16 161	15 863	15 863
Business Banking South Africa	60 971	61 141	62 390	63 295
Cheque accounts	17 075	17 075	17 997	17 997
Commercial property finance	30 682	30 852	31 016	31 921
Instalment credit agreements	984	984	1 441	1 441
Loans to associates and joint ventures	559	559	627	627
Term loans	11 671	11 671	11 309	11 309
RBB Rest of Africa	37 884	37 884	30 322	30 322
CIBW	143 053	137 249	115 270	115 270
CIBW South Africa	121 683	115 879	101 223	101 223
CIBW Rest of Africa	21 370	21 370	14 047	14 047
Head office, inter-segment eliminations, Financial Services and Other	119	119	640	640
Loans and advances to customers – net of impairment losses	594 791	588 995	554 320	562 548
Investment securities	726	726	471	471
Total assets	717 192	711 396	652 582	661 616
Financial liabilities				
Deposits from banks	59 744	56 532	30 292	30 295
Other liabilities	15 765	15 297	16 935	16 935
Call deposits	52 843	52 843	56 667	56 667
Cheque account deposits	174 606	174 606	170 854	170 854
Credit card deposits	1 914	1 914	1 937	1 937
Fixed deposits	151 795	151 837	130 587	131 028
Foreign currency deposits	17 456	17 456	12 253	12 253
Notice deposits	56 348	56 350	55 728	55 935
Other deposits	10 822	10 822	8 008	8 008
Savings and transmission deposits	104 362	104 362	87 977	87 977
Deposits due to customers	570 146	570 190	524 011	524 659
Debt securities in issue	94 286	94 324	103 606	103 606
Borrowed funds	16 525	17 069	17 999	19 284
Total liabilities	756 466	753 412	692 843	694 779

Note
[1]Restated, refer to note 23 for reporting changes.

21. Fair value hierarchy disclosures

21.1 Valuation methodology

The table below shows the Group's assets and liabilities that are recognised and subsequently measured at fair value and are analysed by valuation techniques. The classification of assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety.

	2013			
Recurring fair value measurements	Valuations with reference to observable prices Level 1[(1)] Rm	Valuations based on observable inputs Level 2[(1)] Rm	Valuations based on un-observable inputs Level 3[(2)] Rm	Total Rm
Financial assets				
Cash, cash balances and balances with central banks	7 976	7 796	—	15 772
Statutory liquid asset portfolio	62 055	—	—	62 055
Loans and advances to banks	—	6 140	—	6 140
Trading and hedging portfolio assets	36 263	52 011	1 037	89 311
Debt instruments	24 049	530	873	25 452
Derivative assets	—	46 796	164	46 960
Commodity derivatives	—	253	—	253
Credit derivatives	—	258	11	269
Equity derivatives	—	760	—	760
Foreign exchange derivatives	—	7 053	39	7 092
Interest rate derivatives	—	38 472	114	38 586
Equity instruments	12 176	77	—	12 253
Money market assets	38	4 608	—	4 646
Other assets	—	1	16	17
Loans and advances to customers	—	4 069	6 477	10 546
Investment securities	21 232	7 156	3 969	32 357
Total financial assets	127 526	77 173	11 499	216 198
Financial liabilities				
Deposits from banks	—	9 320	—	9 320
Trading and hedging portfolio liabilities	3 741	49 578	549	53 868
Derivative liabilities	—	49 578	549	50 127
Commodity derivatives	—	161	—	161
Credit derivatives	—	478	45	523
Equity derivatives	—	1 607	306	1 913
Foreign exchange derivatives	—	7 755	57	7 812
Interest rate derivatives	—	39 577	141	39 718
Short positions	3 741	—	—	3 741
Other liabilities	—	36	—	36
Deposits due to customers	—	10 725	7 138	17 863
Debt securities in issue	—	3 508	35	3 543
Liabilities under investment contracts	—	19 773	—	19 773
Borrowed funds	—	—	—	—
Total financial liabilities	3 741	92 940	7 722	104 403
Non-financial assets				
Investment properties	—	—	1 089	1 089
Trading and hedging portfolio assets				
Commodities	1 080	—	—	1 080
Non-recurring fair value measurements				
Non-current assets held for sale	2 424	1 297	1 093	4 814
Non-current liabilities held for sale	975	175	501	1 651

Notes

(1)The nature of the valuation techniques is summarised in note 21.2.

(2)The nature of the valuation techniques is summarised in note 21.3.

21. Fair value hierarchy disclosures *(continued)*

21.1 Valuation methodology *(continued)*

	Group 2012[1]			
Recurring fair value measurements	Valuations with reference to observable prices Level 1[2] Rm	Valuations based on observable inputs Level 2[2] Rm	Valuations based on unobservable inputs Level 3[3] Rm	Total Rm
Financial assets				
Cash, cash balances and balances with central banks	7 391	7 123	—	14 514
Statutory liquid asset portfolio	63 017	3	—	63 020
Loans and advances to banks	—	9 647	—	9 647
Trading and hedging portfolio assets	30 236	61 078	952	92 266
Debt instruments	23 742	—	873	24 615
Derivative assets	16	52 161	79	52 256
Commodity derivatives	1	604	—	605
Credit derivatives	—	152	43	195
Equity derivatives	15	966	5	986
Foreign exchange derivatives	—	5 823	1	5 824
Interest rate derivatives	—	44 616	30	44 646
Equity instruments	6 473	141	—	6 614
Money market assets	5	8 776	—	8 781
Other assets	—	1	16	17
Loans and advances to customers	—	5 523	6 419	11 942
Investment securities	11 103	12 866	6 473	30 442
Total financial assets	111 747	96 241	13 860	221 848
Financial liabilities				
Deposits from banks	82	11 050	—	11 132
Trading and hedging portfolio liabilities	4 965	50 550	74	55 589
Derivative liabilities	43	50 550	74	50 667
Commodity derivatives	5	169	—	174
Credit derivatives	—	188	24	212
Equity derivatives	—	1 756	26	1 782
Foreign exchange derivatives	38	5 591	—	5 629
Interest rate derivatives	—	42 846	24	42 870
Short positions	4 922	—	—	4 922
Other liabilities	—	1	16	17
Deposits due to customers	—	11 417	7 672	19 089
Debt securities in issue	—	3 011	187	3 198
Liabilities under investment contracts	—	18 768	—	18 768
Borrowed funds	778	—	—	778
Total financial liabilities	5 825	94 797	7 933	108 572
Non-financial assets				
Investment properties	—	—	1 220	1 220
Trading and hedging portfolio assets				
Commodities	514	—	—	514
Non-recurring fair value measurements				
Non-current assets held for sale	2 226	379	1 447	4 052
Non-current liabilities held for sale	—	1 274	206	1 480

Notes

[1]Restated, refer to note 23 for reporting changes.

[2]The nature of the valuation techniques is summarised in note 21.2.

[3]The nature of the valuation techniques is summarised in note 21.3.

21. Fair value hierarchy disclosures *(continued)*

21.1 Valuation methodology *(continued)*

21.1.1 Fair value measurement and valuation processes

Financial assets and financial liabilities

The Group has an established control framework with respect to the measurement of fair values. The framework includes a Valuation Committee and an Independent Valuation Control ("IVC") team, which is independent of front office management.

The Valuation Committee is responsible for overseeing the valuation control process and will therefore consider the appropriateness of valuation techniques and inputs for fair value measurement.

The IVC team independently verifies the results of trading and investment operations and all significant fair value measurements. The team sources independent data from various external sources as well as internal risk areas when performing independent price verification for all fair value positions. IVC assesses and documents the inputs obtained from independent sources to measure fair value to support conclusions that such valuations are in accordance with IFRS and internal valuation policies.

The Valuation Committee which, comprises representatives from senior management, will formally approve valuation policies and any changes to valuation methodologies. Significant valuation issues are reported to the Group Audit and Compliance Committee.

Investment properties

Where possible the fair value of the Group's investment property has been determined on the basis of a valuation carried out on the respective dates by independent valuators not related to the business. Where the Group's internal valuations are different to that of the external valuers, detailed procedures are performed to substantiate any differences. The IVC team independently verifies the procedures performed by front office and considers the appropriateness of any differences to external valuations. The fair value was determined based on the most appropriate methodology applicable to the relevant investment property. Methodologies include the market comparable approach that reflects recent transaction prices for similar properties, discounted cash flows and income capitalisation methodologies. In estimating the fair value of the properties, the highest and best use of the properties is taken into account.

21.1.2 Significant transfers between levels

During the reporting period trading portfolio assets to the value of R237 million as well as trading portfolio liabilities of R165 million were transferred from Level 2 to Level 3. The transfers relate to equity securities for which there are no longer a quoted price in an active market and for which the significant inputs to determine the fair value have become unobservable.

21.2 Valuation techniques using observable inputs

Level 1

Assets and liabilities valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2

Assets and liabilities valued using inputs other than quoted prices as described above for Level 1 but which are observable for the asset or liability, either directly or indirectly.

21. Fair value hierarchy disclosures *(continued)*

21.3 Valuation techniques using unobservable inputs

Level 3

Assets and liabilities valued using inputs that are not based on observable market data (unobservable data) such as an entity's own assumptions about assumptions of market participants in pricing the asset or liability.

21.4 Fair value adjustments

The main valuation adjustments required to arrive at a fair value are described below:

Bid-offer valuation adjustments

For assets and liabilities where the Group is not a market maker, mid prices are adjusted to bid and offer prices respectively. Bid-offer adjustments reflect expected close out strategy and, for derivatives, the fact that they are managed on a portfolio basis. The methodology for determining the bid-offer adjustment for a derivative portfolio will generally involve netting between long and short positions and the bucketing of risk by strike and term in accordance with hedging strategy. Bid-offer levels are derived from market sources, such as broker data. For those assets and liabilities where the Group is a market maker and has the ability to transact at, or better than, mid-price (which is the case for certain equity, bond and vanilla derivative markets), the mid-price is used, since the bid-offer spread does not represent a transaction cost.

Uncollateralised derivative adjustments

A fair value adjustment is incorporated into uncollateralised derivative valuations to reflect the impact on fair value of counterparty credit risk, the Group's own credit quality, as well as the cost of funding across all asset classes.

Model valuation adjustments

Valuation models are reviewed under the Group's model governance framework. This process identifies the assumptions used and any model limitations (for example, if the model does not incorporate volatility skew). Where necessary, fair value adjustments will be applied to take these factors into account. Model valuation adjustments are dependent on the size of portfolio, complexity of the model, whether the model is market standard and to what extent it incorporates all known risk factors. All models and model valuation adjustments are subject to review on at least an annual basis.

21.5 Third-party credit enhancements

There were no significant liabilities measured at fair value and issued with inseparable third-party credit enhancements.

21. Fair value hierarchy disclosures *(continued)*

21.6 Movements on assets and liabilities subsequently measured at fair value using valuations based on unobservable inputs (Level 3)

A reconciliation of the opening balances to closing balances for all movements on Level 3 assets and liabilities is set out below:

	2013					
	Trading and hedging portfolio assets Rm	Other assets Rm	Loans and advances to customers Rm	Investment securities Rm	Investment Properties Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	952	16	6 419	6 473	1 220	15 080
Movement in other comprehensive income	—	—	—	20	—	20
Net interest income	55	—	346	(461)	—	(60)
Other income	—	—	—	—	58	58
Gains and losses from banking and trading activities	(165)	—	203	92	—	130
Gains and losses from investment activities	—	—	(99)	8	21	(70)
Purchases	13	—	767	1 475	5	2 260
Sales	—	—	(45)	(3 165)	(6)	(3 216)
Issues	—	—	—	5	—	5
Settlements	—	—	(987)	(579)	—	(1 566)
Transferred to/(from) assets	(55)	—	(127)	48	(209)	(343)
Movement in/(out) of Level 3[(1)]	237	—	—	53	—	290
Closing balance at the end of the reporting period	1 037	16	6 477	3 969	1 089	12 589

	2012[(2)]					
	Trading and hedging portfolio assets Rm	Other assets Rm	Loans and advances to customers Rm	Investment securities Rm	Investment Properties Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	1 156	16	6 832	6 186	2 839	17 029
Movement in other comprehensive income	—	—	—	—	—	—
Net interest income	—	—	11	33	—	44
Gains and losses from banking and trading activities	54	—	742	471	—	1 267
Gains and losses from investment activities	—	—	—	(216)	(400)	(616)
Other comprehensive income	—	—	—	—	—	—
Purchases	30	—	632	117	202	981
Sales	(40)	—	(869)	(10)	(43)	(962)
Issues	37	—	154	—	—	191
Settlements	(108)	—	(1 083)	(108)	—	(1 299)
Transferred to/(from) assets	—	—	—	—	(1 378)	(1 378)
Movement in/(out) of Level 3	(177)	—	—	—	—	(177)
Closing balance at the end of the reporting period	952	16	6 419	6 473	1 220	15 080

Notes
(1)Refer to note 21.1.2.
(2)Restated, refer to note 23 for reporting changes.

21. Fair value hierarchy disclosures *(continued)*

21.6 Movements on assets and liabilities subsequently measured at fair value using valuations based on unobservable inputs (Level 3) *(continued)*

	2013				
	Trading and hedging portfolio liabilities Rm	Other liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	74	16	7 672	187	7 949
Movement in other comprehensive income	—	—	—	—	—
Net interest income	—	—	9	—	9
Other income	—	—	—	—	—
Gains and losses from banking and trading activities	306	—	153	(152)	307
Gains and losses from investment activities	—	—	(1)	—	(1)
Purchases	7	—	27	—	34
Sales	(3)	—	427	—	424
Issues	—	—	—	—	—
Settlements	—	(16)	(1 149)	—	(1 165)
Transferred to/(from) liabilities	—	—	—	—	—
Movement in/(out) of Level 3	165	—	—	—	165
Closing balance at the end of the reporting period	549	—	7 138	35	7 722

	2012[1]				
	Trading and hedging portfolio liabilities Rm	Other liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	184	16	7 612	209	8 021
Movement in other comprehensive income	—	—	—	—	—
Net interest income	—	—	—	—	—
Gains and losses from banking and trading activities	—	—	735	7	742
Gains and losses from investment activities	—	—	—	—	—
Other comprehensive income	—	—	—	—	—
Purchases	28	—	—	—	28
Sales	—	—	920	—	920
Issues	3	—	(1 595)	(29)	(1 621)
Settlements	(6)	—	—	—	(6)
Transferred to/(from) liabilities	15	—	—	—	15
Movement in/(out) of Level 3	(150)	—	—	—	(150)
Closing balance at the end of the reporting period	74	16	7 672	187	7 949

Note
[1]Restated, refer to note 23 for reporting changes.

21. Fair value hierarchy disclosures *(continued)*

21.7 Unrealised gains and losses on Level 3 positions

The total unrealised gains and losses for the reporting period on Level 3 positions held at the reporting date are set out below:

	2013 (Audited)						
	Trading and hedging portfolio assets Rm	**Other assets Rm**	**Loans and advances to customers Rm**	**Investment securities Rm**	**Investment Properties Rm**	**Non-current assets held for sale Rm**	**Total assets at fair value Rm**
Gains and losses from banking and trading activities	**337**	**—**	**(136)**	**—**	**—**	**—**	**201**

	2012[1] (Audited)						
	Trading and hedging portfolio assets Rm	Other assets Rm	Loans and advances to customers Rm	Investment securities Rm	Investment Properties Rm	Non-current assets held for sale Rm	Total assets at fair value Rm
Net interest income	—	—	29	7	—	—	36
Gains and losses from banking and trading activities	30	—	437	584	—	—	1 051
Gains and losses from investment activities	—	—	—	(215)	—	—	(215)
	30	—	466	376	—	—	872

	2013 (Audited)				
	Trading and hedging portfolio liabilities Rm	**Other liabilities Rm**	**Deposits due to customers Rm**	**Debt securities in issue Rm**	**Total liabilities at fair value Rm**
Gains and losses from banking and trading activities	**(311)**	**—**	**1**	**—**	**(310)**

	2012[1] (Audited)				
	Trading and hedging portfolio liabilities Rm	Other liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Total liabilities at fair value Rm
Gains and losses from banking and trading activities	(1)	—	(735)	—	(736)

Note
[1]Restated, refer to note 23 for reporting changes.

21. Fair value hierarchy disclosures *(continued)*

21.8 Unrecognised (losses)/gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in the statement of comprehensive income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is as follows:

	2013 (Audited) Rm	2012[1] (Audited) Rm
Opening balance at the beginning of the reporting period	**(93)**	(51)
New transactions	**17**	38
Amounts recognised in the profit or loss component of the statement of comprehensive income during the reporting period	**(9)**	(80)
Closing balance at the end of the reporting period	**(85)**	(93)

21.9 Sensitivity analysis of valuations using unobservable inputs

As part of the Group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The assets and liabilities that most impact this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations.

A significant parameter has been deemed to be one which may result in a charge to the profit or loss section of the statement of comprehensive income, or a change in the fair value asset or liability of more than 10% or the underlying value of the affected item. This is demonstrated by the following sensitivity analysis which includes reasonable range of possible outcomes:

	2013 (Audited)			
	Potential effect recorded in profit or loss		Potential effect recorded directly in equity	
	Favourable Rm	Unfavourable Rm	Favourable Rm	Unfavourable Rm
Trading and hedging portfolio assets	**43**	**43**	—	—
Other assets	**2**	**2**	—	—
Loans and advances to customers	**1 202**	**159**	—	—
Investment securities	**355**	**355**	—	—
Investment properties	**2**	**2**	—	—
Trading and hedging portfolio liabilities	**13**	**5**	—	—
Other liabilities	—	—	—	—
Deposits due to customers	**224**	**223**	—	—
Debt securities in issue	—	—	—	—
	1 841	**789**	—	—

	2012[1] (Audited)			
	Potential effect recorded in profit or loss		Potential effect recorded directly in equity	
	Favourable Rm	Unfavourable Rm	Favourable Rm	Unfavourable Rm
Trading and hedging portfolio assets	126	113	—	—
Loans and advances to customers	264	326	—	—
Investment securities	1 527	1 735	5	4
Trading and hedging portfolio liabilities	51	51	—	—
Other liabilities	5	2	—	—
Deposits due to customers	122	122	—	—
Debt securities in issue	59	59	—	—
	2 154	2 408	5	4

Note
[1]Restated, refer to note 23 for reporting changes.

21. Fair value hierarchy disclosures *(continued)*

21.10 Sensitivity analysis of valuations using unobservable inputs

The following table reflects how the unobservable parameters were changed in order to evaluate the sensitivities of Level 3 assets and liabilities:

Instrument	Parameter	Positive/(negative) variance in parameters
Credit derivatives	Credit spreads	100/(100) bps
Equity derivatives	Volatilities	10/(10)%
Foreign currency options	Volatilities	10/(10)%
Foreign currency swaps and foreign interest rate products	Basis risk and yield curve	100/(100) bps
Loans and advances designated at fair value through profit or loss	Credit spreads	100/(100) bps
Investment securities (private equity, property equity investments and other)	Future earnings and marketability discounts Comparator multiples Discount rates	15/(15)%
Structured notes and deposits designated at fair value through profit or loss	Yield curve	100/(100) bps
Investment properties	Selling price per unit Selling price escalations per year Rental income per unit Rental escalations per year Expense ratios Vacancy rates Income capitalisation rates Risk adjusted rates	15/(15)%

21.11 Measurement of financial instruments at Level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as Level 2 in the fair value hierarchy.

Category of asset/liability	Valuation techniques applied	Significant observable inputs	Fair value of asset/liability Rm
Cash, cash balances and balances with central bank	Discounted cash flow	Underlying price of market traded instruments and interest rates	7 796
Loans and advances to banks	Discounted cash flow	Interest rate curves, money market curves	6 140
Trading and hedging portfolio assets			
Debt Instruments	Discount cash flow	Underlying price of market traded instruments and interest rates	530
Derivative assets			46 796
Commodity derivatives	Discounted cash flow model, option pricing models, futures pricing model, ETF model	Spot price (physical or futures), interest rates, volatility	253
Credit derivatives	Discounted cash flow model, credit default swap model (hazard rate model)	Interest rate, recovery rate, credit spread, quanto ratio	258
Equity derivatives	Discounted cash flow model, option pricing models, futures pricing model	Spot price, interest rate, volatility, dividend stream	760
Foreign exchange derivatives	Discounted cash flow model, option pricing models	Spot price, interest rate, volatility	7 053
Interest rate derivatives	Discounted cash flow model, option pricing models	Interest rate curves, repo curves, money market curves, volatility	38 472
Equity instruments	Net asset value	Underlying price of market traded instruments	77
Money market assets	Discounted cash flow	Money market rates and interest rates	4 608
Loans and advances to customers	Discounted cash flow	Interest rate curves, money market curves	4 069

21. Fair value hierarchy disclosures *(continued)*

21.11 Measurement of financial instruments at Level 2 *(continued)*

Category of asset/liability	Valuation techniques applied	Significant observable inputs	Fair value of asset/liability Rm
Investment securities	Listed equity – is valued at the last market bid price. Unlisted equity is valued at par. Other items are valued utilising discounted cash flow models.	The underlying price of the market traded instrument	7 156
Deposits from banks	Discounted cash flow	Interest rate curves and money market curves	9 320
Trading and hedging portfolio liabilities			
Derivative liabilities			49 578
Commodity derivatives	Discounted cash flow model, option pricing models, futures pricing model, ETF model	Spot price (physical or futures), interest rates, volatility	161
Credit derivatives	Discounted cash flow model, credit default swap model (hazard rate model)	Interest rate, recovery rate, credit spread, quanto ratio	478
Equity derivatives	Discounted cash flow model, option pricing models, futures pricing model	Spot price, interest rate, volatility, dividend stream	1 607
Foreign exchange derivatives	Discounted cash flow model, option pricing models	Spot price, interest rate, volatility	7 755
Interest rate derivatives	Discounted cash flow model, option pricing models	Interest rate curves, repo curves, money market curves, volatility	39 577
Other liabilities	Discounted cash flow	The underlying price of the market traded instrument, as well as interest rate curves and money market curves	36
Deposits due to customers	Discounted cash flow	Interest rate curves and money market curves	10 725
Debt securities in issue	Discounted cash flow	The underlying price of the market traded instrument and interest rate curves	3 508
Liabilities under investment contracts	Discounted cash flow	The underlying price of the market traded instrument and interest rate curves	19 773

21. Fair value hierarchy disclosures *(continued)*

21.12 Measurement of financial instruments at Level 3

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Category of asset/ liability	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs	Fair value measurement sensitivity to the unobservable inputs	Fair value of asset/liability Rm
Loans and advances to customers	Discounted cash flow, and dividend yield models	Credit ratings	Credit spreads vary between 1,35% and 7,5%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	6 477
Investment securities	Discounted cash flows, third party valuations, earnings before interest, tax, depreciation and amortisation ("EBITDA") multiples, income capitalisation valuations, net asset value models	Weighted average cost of capital, EBITDA multiples, liquidity discounts, minority discounts, capitalisation rates	Discount rates between 9,7% and 18%, multiples between 5,5 and 6,1	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on value.	3 969
Trading and hedging portfolio assets					
Debt instruments	Discounted cash flows	Credit spreads used in the calculation of the counterparty credit risk adjustment	0% to 3,5%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	873
Derivative assets					164
Credit derivatives	Discounted cash flow model, credit default swap model (hazard rate model)	Illiquid credit curves, recovery rates, quanto ratio	0% to 3,5%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	11
Equity derivatives	Discounted cash flow model, option pricing models, futures pricing model	Volatility, dividend streams > 3 years	16,9% to 37,2%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	—

21. Fair value hierarchy disclosures *(continued)*

21.12 Measurement of financial instruments at Level 3 *(continued)*

Category of asset/ liability	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs	Fair value measurement sensitivity to the unobservable inputs	Fair value of asset/liability Rm
Foreign exchange derivatives	Discounted cash flow model, option pricing models	African basis curves > 1 year	-2,5% to 1,7%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	39
Interest rate derivatives	Discounted cash flow model, option pricing models	Interest rates (ZAR-SWAP-SPREAD curves, ZAR-REAL < 1 year, ZAR-MM-FundingSpr >5 years, repo curves > 1 year)	-1,5% to 8,3%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	114
Deposits due to customers	Discounted cash flow	ZAR MM funding spread greater than 5 years	0,85% to 1,2%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	7 138
Debt securities in issue	Discounted cash flow	Credit spread	10 to 20 bps	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	35
Trading and hedging portfolio liabilities					
Derivative liabilities					549
Credit derivatives	Discounted cash flow model, credit default swap model (hazard rate model)	Illiquid credit curves, recovery rates, quanto ratio	0% to 3,5%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	45

21. Fair value hierarchy disclosures *(continued)*

21.12 Measurement of financial instruments at Level 3 *(continued)*

Category of asset/ liability	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs	Fair value measurement sensitivity to the unobservable inputs	
Equity derivatives	Discounted cash flow model, option pricing models, futures pricing model	Volatility, dividend streams > 3 years	16,9% to 37,2%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	306
Foreign exchange derivatives	Discounted cash flow model, option pricing models	African basis curves 1 year	-2,5% to 1,7%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	57
Interest rate derivatives	Discounted cash flow model, option pricing models	Interest rates (ZAR-SWAP-SPREAD curves, ZAR-REAL < 1 year, ZAR-MM-FundingSpr >5 years, repo curves > 1 year)	-1,5% to 8,3%	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	141

21.13 Measurement of non-financial assets and liabilities at Level 3

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring non-financial assets and liabilities categorised as Level 3 in the fair value hierarchy.

Category of asset/ liability	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs	Fair value measurement sensitivity to the unobservable inputs	Fair value of asset/liability Rm
Investment properties	Discounted cash flow	Estimated of periods in which rental units will be disposed of	2 to 7 years	The sensitivity of the fair value measurement is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on the fair value.	1 089
		Selling price escalations per year	0% to 6%		
		Rental escalations per year	0% to 10%		
		Expense ratios	22% to 75%		
		Vacancy rates	2% to 15%		
		Income capitalisation rate	10% to 12%		
		Risk adjusted discount rates	14% to 16%		

22. Offsetting financial assets and financial liabilities

In accordance with IAS 32 Financial Instruments: Presentation ("IAS 32"), the Group reports financial assets and financial liabilities, on a net basis on the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Where relevant, the Group reports derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements on a net basis.

The following table shows the impact of netting arrangements on the statement of financial position for recognised financial assets and liabilities that are reported net on the statement of financial position and those derivative financial instruments and reverse repurchase and repurchase agreements and other similar lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements which did not qualify for presentation on a net basis. The table also shows potential netting not recognised on the statement of financial position that results from arrangements that do not meet all the IAS 32 netting criteria, because there is no intention to net settle or realise simultaneously, and related-financial collateral that mitigates credit risk.

The net amounts presented are not intended to represent the Group's actual credit exposure as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

	2013							
	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
	Gross amounts Rm	Amounts set off[1] Rm	Net amounts reported on the statement of financial position[2] Rm	Offsetting financial instruments Rm	Financial collateral[3] Rm	Net amount Rm	Amounts not subject to enforceable netting arrangements[4] Rm	Total per statement of financial position[5] Rm
Derivative financial assets	46 278	(1 667)	44 611	(37 580)	(3 981)	3 050	2 372	46 983
Reverse repurchase agreements and other similar secured lending	36 515	(14 419)	22 096	—	(22 096)	—	745	22 841
Total assets	82 793	(16 086)	66 707	(37 580)	(26 077)	3 050	3 117	69 824
Derivative financial liabilities	(46 835)	550	(46 285)	37 580	256	(8 449)	(3 842)	(50 127)
Repurchase agreements and other similar secured borrowing	(18 263)	—	(18 263)	—	18 263	—	(312)	(18 575)
Total liabilities	65 098	550	(64 548)	37 580	18 831	(8 449)	4 154	(68 702)

Notes

[1]Amounts offset for derivative financial liabilities includes cash collateral netted of **R1 117 million** (2012: R2 332 million). Amounts offset for reverse repurchase agreements relates to a short sale financial liability of **R14 419 million** (2012: R11 424 million). No other significant recognised financial assets and liabilities were offset on the statement of financial position.

[2]Net amounts reported on the statement of financial position comprises exposure that has been netted on the statement of financial position in compliance with IAS 32 (net exposure) and exposures that are subject to legally enforceable netting arrangements, but have not been netted on the statement of financial position.

[3]Financial collateral excludes over collateralisation amounts, which are measured at fair value and are in excess of the net statement of financial position exposure.

[4]In certain jurisdictions a contractual right of set-off is subject to uncertainty under laws of the jurisdiction and therefore netting is not applied and the amounts are classed as not subject to legally enforceable netting arrangements.

[5]Total per statement of financial position is the sum of "net amounts reported in the statement of financial position" which are subject to enforceable netting arrangements and "amounts not subject to enforceable netting arrangements".

22. Offsetting financial assets and financial liabilities *(continued)*

2012[1]

	Amounts subject to enforceable netting arrangements							
	Effects of netting on statement of financial position			Related amounts not set off				
	Gross amounts Rm	Amounts set off[2] Rm	Net amounts reported on the statement of financial position[3] Rm	Offsetting financial instruments Rm	Financial collateral[4] Rm	Net amount Rm	Amounts not subject to enforceable netting arrange-ments[5] Rm	Total per statement of financial position[6] Rm
Derivative financial assets	53 962	(3 997)	49 965	(43 678)	(3 152)	3 135	2 332	52 297
Reverse repurchase agreements and other similar secured lending	30 054	(11 424)	18 630	—	(18 630)	—	89	18 719
Total assets	84 016	(15 421)	68 595	(43 678)	(21 782)	3 135	2 421	71 029
Derivative financial liabilities	(49 153)	1 666	(47 487)	43 678	169	(3 640)	(3 180)	(50 667)
Repurchase agreements and other similar secured borrowing	(15 207)	—	(15 207)	—	15 207	—	—	(15 207)
Total liabilities	(64 360)	1 666	(62 694)	43 678	15 376	(3 640)	(3 180)	(65 874)

Offsetting and collateral arrangements

Derivative assets and liabilities

Credit risk is mitigated where possible through netting arrangements, such as the International Swaps and Derivative Association ("ISDA") Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral (cash and non-cash) is also obtained, often daily, for the net exposure between counterparties where possible to further mitigate credit risk.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing

Credit risk is mitigated where possible through netting arrangements such as global master repurchase agreements and global master securities lending agreements whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur. Financial collateral is obtained and typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

Notes

[1] Restated, refer to note 23 for reporting changes. Recent developments in considering the impact of the amended IAS 32 offsetting requirements resulted in a change to the approach followed for variation margin on SAFEX and Yield-X futures and options. The various margin on these contracts are considered a daily settlement of a derivative exposure as opposed to collateral that is offset against the derivative value. As a result, these contracts are excluded from the scope of the offsetting requirements in IAS 32 and the IFRS 7 offsetting disclosures. The change in approach has been applied retrospectively and only impacts the disclosure provided in the above note.

[2] Amounts offset for derivative financial liabilities includes cash collateral netted of R2 332 million. Amounts offset for reverse repurchase agreements relates to a short sale financial liability of R11 424 million. No other significant recognised financial assets and liabilities were offset in the statement of financial position.

[3] Net amounts reported on the statement of financial position comprises exposure that has been netted on the statement of financial position in compliance with IAS 32 (net exposure) and exposures that are subject to legally enforceable netting arrangements but have not been netted on the statement of financial position.

[4] Financial collateral excludes over collateralisation amounts, which are measured at fair value and are in excess of the net statement of financial position exposure.

[5] In certain jurisdictions a contractual right of set-off is subject to uncertainty under laws of the jurisdiction and therefore netting is not applied and the amounts are classed as not subject to legally enforceable netting arrangements.

[6] Total per statement of financial position is the sum of "net amounts reported on the statement of financial position" which are subject to enforceable netting arrangements and "amounts not subject to enforceable netting arrangements".

23. Reporting changes

The financial reporting changes that impact the comparative reporting periods of the Group's results for the reporting period ending 31 December 2013 are driven by:

1. The implementation of new International Financial Reporting Standards ("IFRS"), specifically IFRS 10 Consolidated Financial Statements ("IFRS 10") and IAS 19 Employee Benefits (amended 2011) ("IAS 19R"). All other amendments to IFRS effective for the current reporting period have had no significant impact on the Group's reported results, however, disclosures have been updated to reflect the impact of the amendments.
2. Certain changes in internal accounting policies.
3. The acquisition of 100% of the issued ordinary share capital of Barclays Africa Limited, previously a fellow subsidiary of BAGL, with a shared parent company Barclays Bank PLC. The Group accounted for this transaction in accordance with the Group's and Barclays Group accounting policy in respect of business combinations under common control, which resulted in the restatement of the financial performance of comparative reporting periods.
4. Business portfolio changes between operating segments including the allocation of elements of the Head office segment to business segments.

The Barclays Africa Limited acquisition and the implementation of new IFRS impact the net financial results of the Group. The changes in the Group's internal accounting policy impacts the individual lines on which the income or costs are accounted for but not the net financial results of the Group. The inter-segmental changes for Head office allocations and portfolio changes affect the reported results of the individual businesses in the segment report, but have no impact on the Group's primary statements.

23.1 Accounting policy changes due to new IFRS

IFRS 10 and IAS 19R became effective for annual periods beginning on or after 1 January 2013 and resulted in restatement of the Group's results for the reporting period ended 31 December 2011 and 2012.

IFRS 10

IFRS 10 replaces the requirements of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard introduces new criteria to determine whether entities in which the Group has interests should be consolidated. Implementation of this new standard results in the Group consolidating a small number of entities that were previously not consolidated and deconsolidating a small number of entities that were previously consolidated.

IAS 19R

IAS 19R amends the requirements of IAS 19 Employee Benefits. The standard introduces a number of changes relating to defined benefit plans. For the Group, the main impacts of implementing IAS 19R were the removal of the recognition of expected returns on plan assets within profit or loss in favour of interest income on plan assets being recognised in profit or loss at the rate used to discount the pension fund obligation and the recognition of interest cost on reserves owing to members in profit or loss. In addition, some benefits previously classified as short-term benefits are reclassified as long-term benefits.

23.2 Internal accounting policy changes

The Group elected to make internal accounting policy changes set out below, involving classification of items between statement of comprehensive income lines. These have no impact on the net earnings of the Group. To ensure comparability, the comparative reporting periods have been restated.

➜ The Group elected to change its accounting policy in terms of best practice and to better align with Barclays' internal accounting policies in terms of:

- "Collection costs" – costs incurred in the follow up and collection of outstanding and overdue balances, previously recognised as part of "operating expenses" and fee expenses, within "net fee and commission income", have been reclassified to recoveries within the "impairment losses on loans and advances" line in the statement of comprehensive income.
- "Association costs" – defined as costs incurred through the Group's association with leading inter-change agents resulting in a reclassification of certain costs from "operating expenses" to "net fee and commission income".

➜ The Group elected to amend the disclosure of rental income from investment properties held in one of the Group's wholly-owned subsidiaries. This change resulted in a grossing up of income recognised in "other operating income" and an equal movement in "operating expenses".

23.3 Acquisition of Barclays Africa Limited

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

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

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

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

23. Reporting changes *(continued)*

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

Condensed consolidated statement of financial position as at 31 December 2011

	As previously reported[1] Rm	IFRS accounting policy changes Rm[2]	Barclays Africa Limited Rm	Acquisition accounting Rm	BAGL consolidation adjustments Rm	BAGL restated Rm
Assets						
Cash, cash balances and balances with central banks	26 997	444	17 338	—	—	44 779
Statutory liquid asset portfolio	57 473	—	—	—	—	57 473
Loans and advances to banks	57 499	1	18 282	—	—	75 782
Trading portfolio assets	84 623	71	48	—	—	84 742
Hedging portfolio assets	4 299	—	14	—	—	4 313
Other assets	14 730	(137)	3 531	—	—	18 124
Current tax assets	288	—	56	—	—	344
Non-current assets held for sale	35	—	—	—	—	35
Loans and advances to customers	504 925	(986)	38 188	—	—	542 127
Loans to Absa Group companies	—	—	256	—	(256)	—
Reinsurance assets	1 009	—	—	—	—	1 009
Investment securities	21 182	4 308	2 592	—	—	28 082
Investments in associates and joint ventures	420	—	—	—	—	420
Subsidiaries	—	—	—	18 330	(18 330)	—
Investment properties	2 839	—	—	—	—	2 839
Property and equipment	7 996	—	1 646	—	—	9 642
Goodwill and intangible assets	2 135	—	147	—	—	2 282
Deferred tax assets	269	—	400	—	—	669
Total assets	786 719	3 701	82 498	18 330	(18 586)	872 662
Liabilities						
Deposits from banks	38 339	67	6 231	(1)	—	44 636
Trading portfolio liabilities	55 960	—	37	—	—	55 997
Hedging portfolio liabilities	2 456	—	—	—	—	2 456
Other liabilities	14 695	(24)	2 627	—	—	17 298
Provisions	1 710	—	548	—	—	2 258
Current tax liabilities	267	—	34	—	—	301
Non-current liabilities held for sale	—	—	—	—	—	—
Deposits due to customers	440 960	507	61 941	—	—	503 408
Debt securities in issue	130 262	(1 394)	15	—	—	128 883
Liabilities under investment contracts	15 233	4 689	—	—	—	19 922
Loans from Group companies	—	—	256	—	(256)	—
Policyholder liabilities under insurance contracts	3 183	—	—	—	—	3 183
Borrowed funds	14 051	—	948	—	—	14 999
Deferred tax liabilities	1 198	(41)	125	1	—	1 283
Total liabilities	718 314	3 804	72 762	—	(256)	794 624
Equity						
Capital and reserves						
Attributable to ordinary equity holders of the Group:						
Ordinary share capital	1 434	—	195	259	(195)	1 693
Ordinary share premium	4 676	—	539	18 071	(18 135)	5 151
Retained earnings	53 813	(103)	6 534	—	—	60 244
Other reserves	2 385	—	1 101	—	—	3 486
	62 308	(103)	8 369	18 330	(18 330)	70 574
Non-controlling interest – ordinary shares	1 453	—	1 367	—	—	2 820
Non-controlling interest – preference shares	4 644	—	—	—	—	4 644
Total equity	68 405	(103)	9 736	18 330	(18 330)	78 038
Total liabilities and equity	786 719	(138)	82 498	18 330	(18 586)	872 662

Notes

[1]Column refers to amounts published on 12 February 2013.

[2]Included in these adjustments is the impact of IAS 19 reflecting a credit on "others assets" of R138 million, a debit on "deferred tax liabilities" of R39 million and a debit on "retained earnings" of R99 million. The remaining adjustments relate to the implementation of IFRS 10.

23. Reporting changes *(continued)*

23.3 Impact of the reporting changes on the Group's results *(continued)*

Condensed consolidated statement of financial position as at 31 December 2012

	As previously reported[1] Rm	IFRS accounting policy changes[2] Rm	Barclays Africa Limited Rm	Acquisition accounting entries Rm	BAGL consolidation adjustments Rm	BAGL restated Rm
Assets						
Cash, cash balances and balances with central banks	26 221	326	18 223	—	—	44 770
Statutory liquid asset portfolio	63 020	—	—	—	—	63 020
Loans and advances to banks	44 649	2	17 942	—	(82)	62 511
Trading portfolio assets	87 203	114	29	—	(22)	87 324
Hedging portfolio assets	5 439	—	17	—	—	5 456
Other assets	14 189	—	3 617	—	(227)	17 579
Current tax assets	304	(1)	73	—	—	376
Non-current assets held for sale	4 052	—	—	—	—	4 052
Loans and advances to customers	528 191	(863)	38 934	—	—	566 262
Loans to Group companies	—	—	537	—	(537)	—
Reinsurance assets	1 003	—	—	—	—	1 003
Investment securities	20 555	5 069	5 289	—	—	30 913
Investments in associates and joint ventures	569	—	—	—	—	569
Subsidiaries	—	—	—	18 330	(18 330)	—
Investment properties	1 220	—	—	—	—	1 220
Property and equipment	8 397	—	1 227	—	—	9 624
Goodwill and intangible assets	2 561	—	487	—	—	3 048
Deferred tax assets	366	—	278	—	—	644
Total assets	807 939	4 647	86 653	18 330	(19 198)	898 371
Liabilities						
Deposits from banks	36 035	149	5 322	—	(82)	41 424
Trading portfolio liabilities	51 684	—	72	—	(22)	51 734
Hedging portfolio liabilities	3 855	—	—	—	—	3 855
Other liabilities	18 215	197	2 046	—	(48)	20 410
Provisions	1 681	—	599	—	—	2 280
Current tax liabilities	59	(1)	(29)	—	—	29
Non-current liabilities held for sale	1 480	(1)	—	—	—	1 480
Deposits due to customers	477 427	426	65 248	—	—	543 101
Debt securities in issue	108 044	(1 265)	25	—	—	106 804
Liabilities under investment contracts	13 609	5 159	—	—	—	18 768
Loans from Group companies	—	—	716	—	(716)	—
Policyholder liabilities under insurance contracts	3 550	—	—	—	—	3 550
Borrowed funds	17 907	—	870	—	—	18 777
Deferred tax liabilities	1 599	(4)	119	—	—	1 714
Total liabilities	735 145	4 661	74 988	—	(868)	813 926
Equity						
Capital and reserves						
Attributable to ordinary equity holders:						
Share capital	1 435	—	195	259	(195)	1 694
Share premium	4 604	—	796	18 071	(18 135)	5 336
Retained earnings	56 903	(13)	8 009	—	—	64 894
Other reserves	3 941	—	1 227	—	—	5 166
	66 883	—	10 227	18 330	(18 330)	77 096
Non-controlling interest – ordinary shares	1 267	—	1 438	—	—	2 705
Non-controlling interest – preference shares	4 644	—	—	—	—	4 644
Total equity	72 794	(14)	11 665	18 330	(18 330)	84 445
Total liabilities and equity	807 939	4 647	86 653	18 330	(19 198)	898 371

Note

[1]Column refers to the amounts published on 12 February 2013.

[2]Included in these adjustments is the impact of IAS 19 reflecting a credit on "others assets" of R138 million, a debit on "deferred tax liabilities" of R39 million and a debit on "retained earnings" of R99 million. The remaining adjustments relate to the implementation of IFRS 10.

23. Reporting changes *(continued)*

23.3 Impact of the reporting changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2012

	As previously reported[1] Rm	IFRS accounting policy changes[2] Rm	BAGL accounting policy changes Rm	Barclays Africa Limited Rm	BAGL consolidation adjustments Rm	BAGL restated Rm
Net interest income	24 111	(119)	—	5 310	—	29 302
Interest and similar income	50 766	(167)	—	6 698	—	57 297
Interest expense and similar charges	(26 655)	48	—	(1 388)	—	(27 995)
Impairments losses on loans and advances	(8 290)	—	(188)	(377)	—	(8 855)
Net interest income after impairment losses on loans and advances	15 821	(119)	(188)	4 933	—	20 447
Non-interest income	22 741	119	(54)	2 868	—	25 674
Net fee and commission income	15 435	(32)	(86)	2 066	—	17 383
Fee and commission income	17 936		—	2 160	—	20 096
Fee and commission expense	(2 501)	(32)	(86)	(94)	—	(2 713)
Net insurance premium income	5 618	—	—	—	—	5 618
Net insurance claims and benefits paid	(2 719)	—	—	—	—	(2 719)
Changes in investment contract and insurance liabilities	(980)	(727)	—	—	—	(1 707)
Gains and losses from banking and trading activities	3 670	108	—	757	—	4 535
Gains and losses from investment activities	963	773	—	(1)	—	1 735
Other operating income	754	(3)	32	46	—	829
Operating income before operating expenditure	38 562	—	(242)	7 801	—	46 121
Operating expenses	(26 693)	(91)	242	(4 643)	—	(31 185)
Operating expenses	(25 874)	(91)	242	(4 606)	—	(30 329)
Other impairments	(113)	—	—	(19)	—	(132)
Indirect taxation	(706)	—	—	(18)	—	(724)
Share of post-tax results of associates and joint ventures	249	—	—	—	—	249
Operating profit before income tax	12 118	(91)	—	3 158	—	15 185
Taxation expense	(3 377)	22	—	(1 084)	—	(4 439)
Profit for the reporting period	8 741	(69)	—	2 074	—	10 746

Notes

[1] Column refers to the amounts published on 12 February 2013.

[2] Included in these adjustments is the impact of IAS 19, reflecting a debit on "operating expenses" of R88 million, a debit on "taxation expenses" of R22 million and a net credit on "movement in retirement benefit fund assets and liabilities" with other comprehensive income of R158 million. The remaining adjustments relate to the implementation of IRFS 10.

23. Reporting changes *(continued)*

23.3 Impact of the reporting changes on the Group's results *(continued)*

Condensed consolidated statement of comprehensive income for the reporting period ended 31 December 2012 *(continued)*

	As previously reported[1] Rm	IFRS accounting policy changes Rm	BAGL accounting policy changes Rm	Barclays Africa Limited Rm	BAGL consolidation adjustments Rm	BAGL restated Rm
Profit for the reporting period	8 741	(69)		2 074		10 746
Other comprehensive income						
Items that will not be reclassified to the profit or loss component of the statement of comprehensive income						
Movement in retirement benefit assets and liabilities	(242)	158	—	(4)	—	(88)
Decrease in retirement benefit surplus	(279)	218	—	(10)	—	(71)
Increase in retirement benefit deficit	(59)		—	—	—	(59)
Deferred tax	96	(60)	—	6	—	42
Total items that will not be reclassified to the profit or loss component of the statement of comprehensive income	(242)	158	—	(4)	—	(88)
Items that are or may be subsequently reclassified to the profit or loss component of the statement of comprehensive income						
Foreign exchange differences on translation of foreign operations	140	—	—	198	—	338
Movement in cash flow hedging reserve	405	—	—	—	—	405
Fair value gains arising during the reporting period	2 650	—	—	—	—	2 650
Amount removed from other comprehensive income and recognised in the profit or loss component of the statement of comprehensive income	(2 088)	—	—	—	—	(2 088)
Deferred tax	(157)	—	—	—	—	(157)
Movement in available-for-sale reserve	1 109	—	—	209	—	1 318
Fair value gains arising during the reporting period	1 532	—	—	207	—	1 739
Amount removed from other comprehensive income and recognised in the profit or loss component of the statement of comprehensive income	10	—	—	—	—	10
Deferred tax	(433)	—	—	2	—	(431)
Total items that will or may be reclassified to the profit or loss component of the statement of comprehensive income	1 654	—	—	407	—	2 061
Total comprehensive income for the reporting period	10 153	89	—	2 477	—	12 719
Profit attributable to:						
Ordinary equity holders of the Group	8 393	(69)	—	1 675	—	9 999
Non-controlling interest – ordinary shares	53	—	—	399	—	452
Non-controlling interest – preference shares	295	—	—	—	—	295
	8 741	(69)	—	2 074	—	10 746
Total comprehensive income attributable to:						
Ordinary equity holders of the Group	9 812	89	—	1 947	—	11 848
Non-controlling interest – ordinary share	46	—	—	530	—	576
Non-controlling interest – preference shares	295	—	—	—	—	295
	10 153	89	—	2 477	—	12 719

Note

[1]Column refers to the amounts published on 12 February 2013.

[2]Included in these adjustments is the impact of IAS 19, reflecting a debit on "operating expenses" of R88 million, a debit on "taxation expenses" of R22 million and a net credit on "movement in retirement benefit fund assets and liabilities" with other comprehensive income of R158 million. The remaining adjustments relate to the implementation of IRFS 10.

Profit and dividend announcement

for the reporting period ended 31 December

Salient features

- Diluted headline earnings per share (HEPS) increased 14% to 1 396,6 cents.
- Pre-provision profit increased 5% to R26 billion.
- Return on equity (RoE) increased to 15,5% from 14,1%.
- Declared a final dividend per share (DPS) of 470 cents, taking the total to 820 cents, up 20%.
- Paid a special DPS of 708 cents.
- Revenue grew 8% to R59,4 billion.
- Net interest margin (on average interest-bearing assets) rose to 4,48% from 4,28%.
- Non-interest income increased 5% to R27,1 billion and accounted for 45,5% of total revenue.
- Operating expenses grew 10% to R33,4 billion, increasing the cost-to-income ratio to 56,3% from 55,2%.
- Loans and advances to customers grew 7% to R605,3 billion, while deposits due to customers increased 8% to R588,0 billion.
- Credit impairments declined 21% to R7,0 billion, resulting in a 1,20% credit loss ratio from 1,60%.
- Non-performing loans (NPLs) improved to 4,7% of gross loans and advances to customers from 5,9%.
- Return on risk-weighted assets (RoRWA) increased to 2,18% and return on assets (RoA) improved to 1,29% from 2,09% and 1,17% respectively.
- Net asset value (NAV) per share increased to 9 125 cents, despite paying R11,6 billion in dividends during the period.
- Barclays Africa Group Limited's Common Equity Tier 1 (CET1) capital adequacy ratio was 11,9%, well above regulatory requirements and our board targets.

Overview of results

These are the first results for Barclays Africa Group Limited, incorporating Barclays Africa Limited and the additional purchase consideration shares in issue. Barclays Africa Group Limited's headline earnings increased 14% to R11 843 million from R10 419 million and attributable profit grew 20% to R11 981 million. Diluted HEPS also increased 14% to 1396,6 cents from 1 227,6 cents. The Group's RoE improved to 15,5% from 14,1%, comfortably above its 13,0% cost of equity. A total ordinary DPS of 820 cents was declared and a special DPS of 708 cents was paid, after considering regulatory changes, the Group's strong capital position, strategic plans and near-term business objectives.

Improved credit impairments, particularly in retail mortgages and commercial property finance, was the principal reason for higher earnings. However, pre-provision profit increased 5% to R26,0 billion, as revenue growth improved in the second half, while remaining below cost growth that included substantial investment spend.

Retail and Business Banking's (RBB) headline earnings increased 41% to R8,0 billion, due largely to lower credit impairments. Financial Services' headline earnings grew 8% to R1,4 billion, while Corporate, Investment Bank and Wealth's (CIBW) headline earnings decreased 4% to R3,0 billion.

Headline earnings from the acquired Barclays Africa Limited increased 14% to R1,923 million, largely due to 25% growth in net interest income, which outweighed 62% higher credit impairments and 19% growth in operating expenses. The acquisition was earnings accretive, adding 1,2% to the Group's 2013 HEPS.

Operating environment

Global growth recovered steadily in 2013, supported for the first time since the global financial crisis by developed market economies while emerging markets' growth slowed. Central banks maintained their accommodative monetary policy stance, with some cutting interest rates and others injecting liquidity into the financial system. South Africa's economic growth remained modest and uneven, affected largely by subdued global demand and protracted industrial action in key sectors. Household consumption growth slowed further in 2013, reflecting deteriorating household balance sheets, a lacklustre job market, subdued confidence, rising inflation and moderating real wage growth. Consumer appetite for credit waned as credit extension to households slowed from 10,0% at the beginning of 2013 to 5,5% in December. The rand exchange rate depreciated throughout the year reaching a low of R/$10,53 in December after starting the year at R/$8,56. The South African economy looks to have grown by about 2% in 2013.

Economic growth in the Barclays Africa Group markets outside South Africa remained resilient in 2013 at an estimated 6,3%, about half a percent stronger than that witnessed in 2012.

The economies were affected by a more adverse external environment on the back of rising financing costs, slow growth in emerging markets and lower commodity prices. In spite of resilient economic growth in several countries, fiscal pressures continued to build in a number of markets and rating agencies reacted with a mix of outlook and/or rating downgrades.

Group performance

Statement of financial position

Total Group assets increased 7% to R959,6 billion at 31 December 2013, largely due to 7% growth in loans and advances to customers and 28% higher loans and advances to banks.

Group performance *(continued)*

Statement of financial position *(continued)*

Loans and advances to customers

Gross loans and advances to customers increased 7% to R621,4 billion. Retail Banking South Africa's gross loans grew 2% to R363,1 billion, given 12% growth in credit cards and 10% higher instalment credit agreements, offset by 2% lower mortgages. Business Banking South Africa's gross loans decreased 3%, due to 3% lower commercial property finance. RBB Rest of Africa's gross loans grew 25% to R40,2 billion, largely due to rand depreciation. CIBW gross loans increased 21%, given strong growth in foreign currency loans, corporate overdrafts and Rest of Africa lending.

Funding

The Group maintained its strong liquidity position, growing deposits due to customers 8% to R588,0 billion. Debt securities in issue declined 8% to R97,8 billion. The funding tenor also remained robust with an average long-term funding ratio of 24,3% for the period, from 26,5% in 2012. Deposits due to customers contributed 77,9% to total funding, while the proportion of debt securities in issue dropped to 13,0% from 15,4%. Retail Banking South Africa maintained its leading market share, increasing deposits 6% to R134,8 billion. Business Banking South Africa's deposits grew 11%, largely due to 57% growth in savings and transmission deposits. CIBW's deposits increased 8%, due to 8% growth in fixed deposits and 59% higher Rest of Africa deposits. The Group's loans-to-deposits ratio improved to 88,3% from 87,1%.

Net asset value

The Group's NAV was flat at R77,3 billion, as it generated retained earnings of R11,4 billion in the period, which was offset by paying R11,6 billion in dividends. The Group's NAV per share was broadly flat at 9 125 cents.

Capital to risk-weighted assets

The Group's risk-weighted assets were R560,9 billion at 31 December 2013, due to 7% growth in loans and advances to customers and implementing Basel III from 1 January 2013, partially offset by various RWA optimisation initiatives. Capital levels remain above board targets and regulatory requirements. Barclays Africa Group Limited's CET1 and Tier 1 capital adequacy ratios were 11,9% and 13,0% respectively (from Absa Group's 13,0% and 14,0%). The Group's total capital ratio was 15,6%, above our board target of 12,5% to 14,0%.

The total DPS of 820 cents for the period and the R6 billion special dividend were well considered, based on the Group's strong capital position, internal capital generation, strategy and growth plans.

After completing the Barclays Africa transaction, Barclays Africa Group Limited intends to establish a funding programme to optimise the management of liquidity and capital requirements across the Group.

Statement of comprehensive income

Net interest income

Net interest income increased 10% to R32 351 million from R29 302 million, and average interest-bearing assets grew 6%. The net interest margin improved to 4,48% from 4,28%, largely due to including the Edcon portfolio for the full year, CIBW's improved margin and an increased proportion of higher margin Rest of Africa lending. The deposit margin decreased, due to lower average rates and competition, and the contributions from hedging and the endowment also declined.

Impairment losses on loan and advances

Credit impairments fell 21% to R6 987 million from R8 855 million, resulting in a lower credit loss ratio of 1,20% from 1,60%. Total NPL coverage improved further to 41,8% from 38,0%. Unidentified impairments and identified impairments for performing loans increased 35% to R3,8 billion, which amounts to 0,64% of performing loans from 0,52% at 31 December 2012.

RBB's credit impairments dropped 23% to R6 678 million, a 1,50% credit loss ratio from 2,05%. Retail Banking South Africa's credit impairments fell 22% to R5 162 million, improving its credit loss ratio to 1,48% from 1,96%. As expected, the credit loss ratio for secured loans improved, while those of unsecured loans increased off a low base.

Home Loans credit impairments decreased 65% to R1 552 million from last year's elevated R4 461 million. Mortgage NPLs fell 28% to R13,5 billion, with a material improvement in the legal book. Mortgage coverage decreased to 27,8% from 28,5% reflecting a reduction in the legal book where cover is higher. Vehicle and Asset Finance's credit loss ratio improved to 0,80% from 1,08%, reflecting improved collections and lower NPLs.

Despite consumers remaining under pressure, Personal Loans' credit loss ratio was well within expectations at 6,23% from 5,00%, given the focus on existing customers and on further improving this book's risk profile. Card's charge increased to R1 903 million from R475 million, as the Edcon portfolio was included for a full year, from just two months in 2012. The credit impairment on the remaining Card book doubled to R811 million, which represents a 3,29% credit loss ratio from 1,82%. The Edcon portfolio's credit loss ratio increased to 11,86% from 9,56% in the first half, as its NPL cover improved to 81%.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Impairment losses on loan and advances *(continued)*

Business Banking South Africa's credit impairments decreased 42% to R896 million, improving its credit loss ratio to 1,43% from 2,37%, largely due to lower commercial property finance provisions off a high base. RBB Rest of Africa's credit impairments grew 7% to R620 million, due only to rand depreciation, as its credit loss ratio improved to 1,79% from 2,45%. While CIBW's charge more than doubled, this included a portfolio provision and its credit loss ratio was just 0,22%.

Total NPLs have reduced by R4,8 billion to 4,7% of gross loans and advances to customers at 31 December 2013 from 5,9% at 31 December 2012. Retail Banking South Africa's NPLs fell 19% to R19,6 billion.

Non-interest income

Non-interest income increased 5% to R27 055 million from R25 674 million, with stronger growth in the second half. Net fee and commission income rose 7% to R18,6 billion, largely due to 27% higher CIBW income and solid Financial Services growth, while RBB increased 3%.

Retail Banking SA's non-interest income grew 4% to R11,2 billion. Excluding the Edcon portfolio it decreased 1%, due to fewer transaction accounts and deliberately migrating customers to lower priced Value Bundles. These were partially offset by strong growth in the Rewards programme, 8% growth in merchant income (to R2,2 billion) and 14% growth in Home Loans' non-interest revenue.

Business Banking South Africa's non-interest income grew 14% to R3,1 billion, predominantly due to a R320 million positive swing in income from equities following valuation writedowns in 2012. Net fee and commission income increased 2% to R2,9 billion, reflecting 6% growth in electronic banking fees and 3% in cash fees that outweighed lower cheque payment volumes.

RBB Rest of Africa's non-interest income grew 7% to R2 037 million, due to currency effects. Excluding Rand depreciation it decreased 4%. Fees and commissions fell 2% due to removing credit life insurance fees and lower transaction volumes in some markets.

Financial Services' revenue grew 8% to R4 367 million, as gross insurance premium income increased with 8% and fee income from investments, Distribution and Fiduciary Services grew 13%.

CIBW's non-interest income increased 8% to R6 924 million, in part due to the sale of the Custody and Trustee business, although Corporate electronic banking fees grew 8% and Investment Banking's growth was strong. CIBW's net trading result decreased 3% to R3 993 million, reflecting difficult trading conditions in the second quarter and continued margin pressure in fixed income and foreign exchange.

Operating expenses

Operating expenses grew 10% to R33 420 million from R30 329 million, which increased the Group's cost-to-income ratio to 56,3% from 55,2%. Excluding the Edcon portfolio, which was included for the full year, total costs grew 7%. Rand depreciation against other currencies in Africa added almost 3% to expense growth.

Staff costs increased 11% to R17 593 million to account for 53% of the total. Salaries and current service costs on post-retirement benefits grew 7%, due to slightly higher headcount, inflationary pressures and rand depreciation. Total incentives increased 25%, after a reduction in the previous year and a substantial recovery in RBB earnings.

Non-staff costs increased 9% to R15,8 billion. Optimising the Group's property portfolio reduced property costs by 13% to R1 692 million, while leveraging Barclays' capabilities and systems, reduced information technology costs 6% to R2,1 billion. Total IT spend, including related staff, amortisation and depreciation, grew 8% to R6 414 million and accounted for 19% of Group expenses. Amortisation of intangible assets grew 44%, reflecting increased investment in systems.

Professional fees grew 68% to R1 578 million, which included substantially higher strategic initiative spend on project delivery and systems. Marketing costs grew 19% as the Group's Prosper campaign was launched.

Retail Banking South Africa's operating expenses increased 13%, or 6% excluding the Edcon portfolio. Business Banking South Africa's costs fell 7% due to a large decline in its Equities expenses. Excluding this, its costs increased 2%. Retail and Business Banking Rest of Africa's costs increased 25%, largely due to rand depreciation. Financial Services' operating expenses grew 9%, reflecting its expansion into the rest of Africa and amortisation on new operating systems. CIBW's operating expenses increased 8% with continued investment in key growth areas.

Taxation

The Group's taxation expense increased 18% to R5 222 million, slightly less than the growth in pre-tax profit, resulting in a 28,9% effective tax rate, a decrease from 29,2% in 2012.

Segment performance

Retail Banking South Africa

Headline earnings increased 36% to R4 941 million due largely to 22% lower credit impairments. Home Loans' earnings increased by R1 868 million, as credit impairments fell sharply from 2012's elevated charge. Vehicle and Asset Finance's 33% earnings growth to R1 127 million reflects solid 12% loan growth, lower credit impairments and cost containment. Total Card earnings grew 5% to R1 980 million, largely due to including the Edcon portfolio for the full year. Personal Loans' earnings decreased 34% to R385 million, given higher credit impairments off a low base and lower revenue. Retail Bank earnings, fell 56% to R573 million given continued revenue pressure and higher operating costs. Retail Banking South Africa accounted for 40% of Group headline earnings excluding head office, eliminations and other central items. Its cost-to-income ratio increased to 53,4% from 50,8%, although its RoA improved to 0,98% from 0,74%.

Business Banking South Africa

Business Banking South Africa's headline earnings increased 64% to R1 710 million, reflecting 24% growth in its core franchise and significantly lower losses in its equity portfolio that has stabilised. Solid 14% non-interest income growth, 7% lower operating costs and a 42% reduction in credit impairments were the key drivers. These offset a 1% decline in net interest income, as its loans declined 3%. Business Banking South Africa generated 14% of Group headline earnings in 2013. Its cost to income ratio improved significantly to 58,7% from 66,2%, which helped to increase its RoA to 1,91% from 1,19%.

Retail and Business Banking Rest of Africa

Retail and Business Banking Rest of Africa's headline earnings increased 35% to R1 348 million, largely due to strong 30% growth in its net interest income. Rand depreciation accounted for over half of its earnings growth and 15% of its cost growth. Non-interest income declined 4% on a constant currency basis. Retail and Business Banking Rest of Africa constituted 11% of Group headline earnings. Its cost to income ratio increased to 62,6% from 62,0%, while its RoA declined to 1,62% from 1,76%, in part due to rand depreciation increasing its asset base.

Corporate, Investment Bank and Wealth

Headline earnings declined 4% to R3 017 million, reflecting a higher effective tax rate and non-recurring gains in 2012. Net revenue growth of 10% exceeded 8% cost growth to drive 9% higher pre-tax profits. Market's total net revenue increased slightly, despite difficult trading conditions in the second quarter and margin compression in some key products. However, Investment Banking and Corporate's net revenue grew 37% and 18% respectively. Private equity revenue declined due to lower revaluations. The sale of investments reduced this portfolio 42% to R3,3 billion, which should improve future returns. CIBW accounted for 24% of Group headline earnings in 2013. Its RoRWA declined to 1,9% from 2,2%, given lower earnings and an increase in market risk risk-weighted assets on implementing Basel III.

Financial Services

Headline earnings grew 8% to R1 370 million, while net operating income (NOI) increased 10% to R1 724 million. Investments' headline earnings increased 23% to R412 million, as its revenue grew 14% to R1 032 million as a result of improved margins. Life Insurance's embedded value of new business increased 18% to R427 million, reflecting increased branch sales and bank volumes. Rest of Africa profits more than doubled to R37 million. The revised Distribution operating model resulted in this business achieving break even, while employee benefits' turnaround saw its earnings more than treble to R42 million. However, short-term insurance earnings dropped 39%, due to higher industry wide weather-related claims. Financial Services accounted for 11% of Group headline earnings. Its RoE improved to 28,6% from 27,2%.

Prospects

We expect a continuation of the recovery in the global economy during 2014 as uncertainty around United States Federal Reserve tapering diminishes, fiscal headwinds abate, and monetary policy gains traction. We expect global GDP to expand by 3,5% after growth of around 3% in the prior two years. Domestically, although we expect a modest recovery in GDP growth to 2,7% in 2014, with the key risks being the impact on the consumer of higher inflation and policy rates, the impact on the economy of labour strikes and the weak rand, and the impact on markets from global monetary policy. We see low probability of GDP growth accelerating faster without major policy shifts, improved confidence levels, and/or an alleviation of binding energy and transportation infrastructure constraints.

Prospects *(continued)*

We expect steady growth in the Barclays Africa Group markets beyond South Africa, with some of the countries being among the fastest growing in the world. However, important challenges are emerging. More notably, infrastructure constraints and/or lower commodity prices have led to cuts in our growth forecasts for some of the economies. Also, fiscal and current account imbalances are emerging in many countries just as the United States Federal Reserve is slowing its asset purchase programme. Whilst there are important differences between countries, as a grouping we believe that economic growth can approach 6% again in 2014. Supported by investment in infrastructure and improving global growth prospects. On the monetary policy front, these countries show little room for further monetary easing in 2014, with the bias being towards raising interest rates in some markets.

Against this backdrop, we expect mid-single digit loan growth in South Africa this year. We will continue to focus on operating costs, while investing for growth. In the next three years, we aim to reduce our cost to income ratio to the low 50s and to improve our RoE to between 18% and 20%. We expect the rest of Africa to account for 20% to 25% of Group revenue by 2016.

Basis of presentation

The Group's annual 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act. The principal accounting policies applied are set out in the Group's most recent annual consolidated financial statements.

The information disclosed in the SENS is derived from the information contained in the audited annual consolidated financial statements and does not contain full or complete disclosure details. Any investment decisions by shareholders should be based on consideration of the audited annual consolidated financial statements available on request. The presentation and disclosure complies with International Accounting Standard (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 policy is applied, and which involve a high degree of judgement including the use of assumptions and estimation, are impairment of loans and advances, goodwill impairment, valuation of financial instruments, impairment of available-for-sale financial assets, impairment of investments in associates and joint ventures, deferred tax assets, post-retirement benefits, provisions, share-based payments, liabilities arising from claims made under short-term insurance contracts, liabilities arising from claims made under life-term insurance contracts, income taxes and offsetting of financial assets and liabilities.

Accounting policies

The accounting policies applied in preparing the audited consolidated annual financial statements are the same as those in place for the reporting period ended 31 December 2012. The new and amended standards that became effective for the first time during the reporting period are specified in note 1.22 of the accounting policies contained in the most recent annual consolidated financial statements. These changes can be summarised as:

- implementation of new IFRS standards specifically IFRS 10 Consolidated Financial Statements ("IFRS 10") and IAS 19 Employee Benefits (amended 2011) ("IAS 19R"); and
- certain changes in internal accounting policies.

Change in accounting estimates

During the current year, the Group revised the estimated useful lives of computer equipment from 3 to 5 years to 4 to 6 years. This revision was done as a result of the requirement of IAS 16 to reassess the useful lives of property, plant and equipment on an annual basis. This change in useful lives has brought the Group's estimated useful lives of computer equipment in line with the Barclays PLC estimated useful lives for computer equipment. The change in accounting estimate has been accounted for prospectively in accordance with IAS 8.

Auditors report

Ernst & Young Inc. and PricewaterhouseCoopers Inc., Barclays Africa Group Limited's independent auditors, have audited the consolidated annual financial statements of Barclays Africa Group Limited from which management prepared the condensed consolidated financial results. The auditors have expressed an unqualified audit opinion on the consolidated annual financial statements. The condensed consolidated financial results comprise the condensed consolidated statement of financial position at 31 December 2013, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and selected explanatory notes, excluding items not indicated as audited. The audit report of the consolidated annual financial statements is available for inspection at Barclays Africa Group Limited's registered office.

The condensed consolidated financial results are extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of the condensed consolidated financial results and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

Events after the reporting period

The directors are not aware of any events occurring between the reporting date of 31 December 2013 and the date of authorisation of these condensed consolidated financial results as defined in IAS 10 Events after the reporting period.

On behalf of the board

W E Lucas-Bull
Group Chairman

M Ramos
Chief Executive Officer

Johannesburg
10 February 2014

Declaration of final ordinary dividend number 55

Shareholders are advised that an ordinary dividend of 470 cents per ordinary share was declared today, 11 February 2014, for the period ended 31 December 2013. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 4 April 2014. The directors of Barclays Africa Group Limited confirm that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

The dividend will be subject to the new dividend tax that was introduced with effect from 1 April 2012. 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 470 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 399,50 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 437 896 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	28 March 2014
Shares commence trading ex dividend	31 March 2014
Record date	4 April 2014
Payment date	7 April 2014

Share certificates may not be dematerialised or rematerialised between Monday, 31 March 2014 and Friday, 4 April 2014, both dates inclusive. On 7 April 2014 the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility.

In respect of those who do not, cheques dated 7 April 2014 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will be credited on 7 April 2014.

On behalf of the board

N R Drutman
Company Secretary

Johannesburg
11 February 2014

Administration and contact details

Barclays Africa Group Limited

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

Registered office

7th Floor, Barclays Towers West
15 Troye Street, Johannesburg, 2001
PO Box 7735, Johannesburg, 2000
Telephone: (+27 11) 350 4000
Email: groupsec@barclaysafrica.com

Board of directors

Group independent non-executive directors

C Beggs, Y Z Cuba, W E Lucas-Bull (Group Chairman), M J Husain, P B Matlare, T S Munday, S G Pretorius

Group non-executive directors

P A Clackson[(1)], MS Merson[(1)], A V Vaswani[(2)]

Group executive directors

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

Transfer secretary

South Africa

Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone: (+27 11) 370 5000
Telefax: (+27 11) 370 5271/2

ADR depositary

BNY Mellon
101 Barclay Street, 22W, New York, NY, 10286
Telephone: +1 212 815 2248

Auditors

PricewaterhouseCoopers Inc.
Ernst & Young Inc.

Sponsors

Lead independent sponsor

J. P. Morgan Equities South Africa Proprietary Limited
No 1 Fricker Road, Cnr. Hurlingham Road,
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone: (+27 11) 507 0300
Telefax: (+27 11) 507 0503

Joint sponsor

Absa Bank Limited (acting through its Corporate and Investment Bank division)
15 Alice Lane, Sandton, 2196
Private Bag X10056, Sandton, 2146
Telephone (+27 11) 895 6843
Telefax: (+27 11) 895 7809

Shareholder contact information

Shareholder and investment queries about the Barclays Africa Group should be directed to the following areas:

Group Investor Relations

A M Hartdegen (Head Investor Relations)
Telephone: (+27 11) 350 2598
Email: investorrelations@barclaysafrica.com

Company Secretary

N R Drutman
Telephone: (+27 11) 350 5347
Email: groupsec@absa.co.za

Other contacts

Group Finance

R Stromsoe (Head: Group Finance)
Telephone: (+27 11) 895 6365

Head office switchboard

Telephone: (+27 11) 350 4000

Website address

www.barclaysafrica.com

Notes
[(1)]British
[(2)]Singaporean

www.barclaysafrica.com