BARCLAYS

Barclays Africa Group Limited

Audited summary consolidated financial results

for the reporting period ended 31 December 2014

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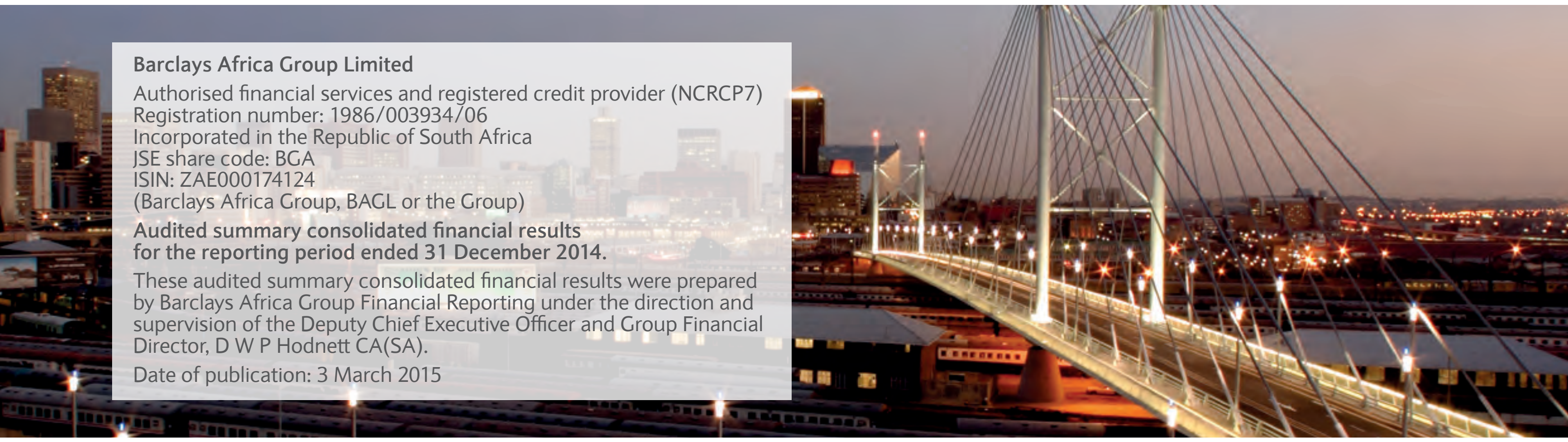

Barclays Africa Group Limited

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

Audited summary consolidated financial results for the reporting period ended 31 December 2014.

These audited summary consolidated financial results were prepared by Barclays Africa Group Financial Reporting under the direction and supervision of the Deputy Chief Executive Officer and Group Financial Director, D W P Hodnett CA(SA).

Date of publication: 3 March 2015

Salient features

- Diluted headline earnings per share ("HEPS") increased 10% to 1 537,5 cents.
- Declared a total dividend per share ("DPS") of 925 cents, up 13%.
- Rest of Africa headline earnings grew 14% to R2,0bn and South Africa rose 9% to R11,1bn.
- Return on equity ("RoE") improved to 16,7% from 15,5%.
- Pre-provision profit increased 5% to R27,3bn.
- Revenue grew 6% to R63,1bn, as net interest income increased 10% and non-interest income rose 2%, while operating expenses grew 7% to R35,8bn.
- Credit impairments fell 10% to R6,3bn, resulting in a 1,02% credit loss ratio from 1,20%.
- Barclays Africa Group Limited's Common Equity Tier 1 ("CET 1") of 11,9% remains above regulatory requirements and our board targets.

Overview of results

Barclays Africa Group Limited's headline earnings increased 10% to R13 032m from R11 843m. Diluted HEPS also grew 10% to 1 537,5 cents from 1 396,6 cents. The Group's RoE improved to 16,7% from 15,5%, comfortably above its 13,5% cost of equity, due to slightly higher leverage and a return on assets ("RoA") of 1,33% from 1,29%. Barclays Africa declared a 13% higher total ordinary DPS of 925 cents, given its strong CET 1 and internal capital generation. Its net asset value ("NAV") per share increased 7% to 9 762 cents.

Pre-provision profit increased 5% to R27,3bn, which was the largest driver of earnings growth. Non-interest revenue growth of 2% dampened 10% higher net interest income, as the Group's net interest margin (on average interest-bearing assets) improved to 4,65% from 4,46%. Loans and advances to customers grew 5% to R636,3bn, while deposits due to customers increased 6% to R624,9bn. Operating expenses grew 7%, so the Group's cost-to-income ratio increased to 56,8% from 56,3%. Credit impairments fell 10%, despite further improvement in non-performing loan ("NPL") cover and portfolio provisions increased to 0,70% of performing loans, from 0,64%. NPLs declined to 4,2% of gross loans and advances to customers from 4,7%.

Retail and Business Banking's ("RBB") headline earnings increased 9% to R8,3bn, due largely to lower credit impairments. Headline earnings from Wealth, Investment Management and Insurance ("WIMI") decreased 3% to R1,4bn, while Corporate and Investment Bank ("CIB") grew 16% to R3,9bn.

Rest of Africa revenue rose 9% to account for 19% of the total and its headline earnings contributed 15% of the Group's after increasing 14%. The Barclays Africa Limited acquisition was earnings accretive, increasing the Group's 2014 HEPS by 0,6%.

Operating environment

Global growth recovered steadily in 2014, supported by developed market economies, particularly the United States of America ("US"), while emerging market growth slowed. As a result, central banks generally maintained their accommodative monetary policy stance. South Africa's economic growth moderated to 1,5% in 2014 from 2,2%, given subdued demand from key trading partners, protracted industrial action in some sectors and electricity supply constraints. Household consumption growth slowed further in 2014. Consumer appetite for credit waned and credit extension to households fell to 3,4% from 8,3%. The rand depreciated over the year, reaching a low of R11,76 to the US$ in December 2014 after starting the year at R10,48. Growth in the Barclays Africa markets outside South Africa moderated to an estimated 3,5%, given a more adverse external environment. In spite of resilient economic growth in several of these countries, fiscal pressures continued to build in a number of markets and rating agencies reacted with a mix of outlook or rating downgrades.

Group performance

Statement of financial position

Total Group assets increased 3% to R991,4bn at 31 December 2014, predominantly due to 5% higher loans and advances to customers and 9% growth in investment securities, while loans and advances to banks declined 10%.

Loans and advances to customers

Gross loans and advances to customers increased 5% to R652,5bn. Excluding property loans, gross loans and advances to customers grew 11%. Retail Banking South Africa's gross loans rose 2% to R373,5bn, given 10% growth in credit cards and 9% higher instalment credit agreements, while mortgages decreased 2%, in part due to lower NPLs given strong collections. Business Banking South Africa's gross loans were flat at R63,0bn, despite 9% lower commercial property finance, ("CPF") as overdrafts and term loans grew 6% and 8% respectively. RBB Rest of Africa's gross loans increased 8% to R41,8bn, with 17% higher retail loan sales. CIB's gross loans increased 13% to R162,9bn, given strong growth in corporate overdrafts, term loans and Rest of Africa lending.

Funding

The Group maintained its strong liquidity position, growing deposits due to customers 6% to R624,9bn and improving its loans-to-deposits ratio to 87,1% from 88,3%. Deposits due to customers contributed 80% to total funding from 78%. Retail Banking South Africa maintained its leading market share, increasing deposits 11% to R150,4bn. Business Banking South Africa's deposits grew 10% to R96,8bn, with 48% higher savings and transmission deposits. CIB's deposits increased 2% to R316,5bn, as 3% higher cheque account and 56% higher foreign currency deposits offset lower fixed and notice deposits.

Net asset value

The Group's NAV rose 7% to R82,7bn, as it generated profit of R13,2bn in the period, from which it paid R7,4bn in dividends. The Group's NAV per share also grew 7% to 9 762 cents.

Capital to risk-weighted assets

The Group's risk-weighted assets ("RWA") increased 10% to R618bn at 31 December 2014, largely due to growth in loans and advances to customers. Capital levels remain strong and above both board targets and regulatory requirements. Barclays Africa Group Limited's CET 1 and Tier 1 capital adequacy ratios were 11,9% and 12,7% respectively (from 12,1% and 13,0%). The Group generated 2,2% of CET 1 internally during the period. Its total capital ratio was 14,4%, which remains above the board target of 12,5% to 14,0%. Declaring a total DPS of 925 cents for the period – a dividend cover of 1,7 times – was well considered, based on the Group's strong capital position, internal capital generation, strategy and growth plans.

Statement of comprehensive income

Net interest income

Net interest income increased 10% to R35 601m from R32 351m, with average interest-bearing assets growing 6%. The Group's net interest margin improved to 4,65% from 4,46%. Loan mix and pricing had a four basis point ("bps") negative impact, due to a higher proportion of CIB lending. The deposit margin widened 14 bps, given an increase in retail deposits bps and less reliance on more expensive wholesale funding. Higher South African interest rates increased the endowment contribution on deposits and equity by four bps. The benefit from structural hedging declined five bps, although R1 494m was released to the income statement. The cash hedging reserve decreased to R0,35bn after tax from R0,6bn. Although Rest of Africa's margin remains well above South Africa's, declining rates, increased competition and regulatory changes meant it contributed six bps less to the Group margin. Changing the funding model for foreign currency loans added four bps to the total margin, with a concomitant reduction in non-interest income, while other hedging gains and treasury activities added eight bps.

Impairment losses on loans and advances

Credit impairments improved 10% to R6 290m from R6 987m, resulting in a 1,02% credit loss ratio from 1,20%. Total NPL cover improved further to 43,0% from 41,8%. Balance sheet portfolio provisions increased 14% to R4,4bn, or 0,70% of performing loans from 0,64%. Group NPLs declined 7% to R27,4bn or 4,2% of gross customer loans and advances from 4,7%.

RBB's credit impairments fell 10% to R6,0bn, a 1,32% credit loss ratio from 1,50%. Retail Banking South Africa's charge declined 7% to R4,9bn, as significantly lower mortgage credit impairments outweighed a 19% increase in Card.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

Home Loans' charge decreased 51% to R858m, a 0,38% credit loss ratio, given improved collections processes and the high quality of new business written in recent years. Mortgage NPLs fell 24% or by R3,2bn to 4,5% of gross loans. NPL cover in mortgages decreased to 25,3% from 27,8%, due to the 31% reduction in the legal book to R7,0bn. Vehicle and Asset Finance's ("VAF") loss ratio increased to 1,02% from 0,90%, given higher cover on a performing book. VAF's NPLs improved to 1,7% of gross loans and its NPL cover declined to 46,1%, due to accelerating write-offs of aged legal accounts, which reduced the book's average age materially.

Credit card's charge increased 19% to R2 262m from R1 903m, a 6,19% credit loss ratio from 5,63% in 2013 and 7,64% in the first half. The Edcon portfolio's charge declined 3% to R1 056m, an 11,50% credit loss ratio, after a far better second half. The credit loss ratio for the remainder of the Card book was within expectation, given the operating environment and seasoning of recent growth. Personal Loans' credit loss ratio increased slightly to 6,50% from 6,23% reflecting improved NPL cover.

Business Banking South Africa's credit impairments fell 36% to R527m, a 0,87% credit loss ratio from 1,34%, although its performing loan cover increased further to 1,05%. A 73% lower charge for CPF was the main driver. RBB Rest of Africa's credit impairments decreased 2% in constant currency, improving its credit loss ratio to 1,75% from 1,86%. CIB's 0,16% credit loss ratio included a 45% lower charge in the Rest of Africa.

Non-interest income

Non-interest income increased 2% to R27 524m from R27 055m to account for 44% of total income. Rest of Africa growth of 6% to R4,2bn, in part due to rand depreciation, exceeded South Africa's 1% increase to R23,3bn.

Net fee and commission income rose 1% to R18,7bn, as credit-related fees and commissions increased 1% to R15,8bn. Electronic banking fees grew 2% to R4,3bn, while merchant income rose 8% to R1,9bn and Trust and other fiduciary services was flat at R1,4bn. Investment banking fees increased 22% to R0,3bn.

RBB's non-interest income grew 4% to R16,9bn, 61% of the total. Retail Banking South Africa increased 2% to R11,5bn and Business Banking South Africa 2% to R3,2bn. Retail Banking South Africa's 18% growth in merchant acquiring turnover offset lower customer numbers and transactions shifting to electronic channels and Value Bundles. Retail customer numbers declined 0,2% in the second half, due to closing Sekulula accounts, which offset growth in the key middle and affluent segments. Despite electronic banking fees and cash-related fees growing 4% and 5% respectively, migration to digital channels, 2% lower customer numbers and declining cheque payment volumes constrained Business Banking South Africa's non-interest revenue growth to 2%. RBB Rest of Africa's non-interest income rose 14% to R2,2bn, with rand depreciation and higher card volumes outweighing pressure on fees and a non-recurring gain in the prior year.

WIMI's non-interest income increased 2% to R4,6bn, with 1% growth in South Africa dampening the 36% rise in the Rest of Africa. Net life premiums in South Africa grew 1%, while short-term insurance increased 6%.

CIB's non-interest income decreased 9% to R6,2bn, largely due to changing its funding model for foreign currency loans which reduced hedging revenue, negative revaluations and lower realisations in Private Equity and Infrastructure Investments and subdued transactional income in Corporate. Overall Markets net revenue (including net interest income) grew 17% to R4,8bn, including 36% higher Fixed Income and Credit, 22% growth in Rest of Africa and a 24% rise in Equities and Prime Services. Margin compression outweighed 16% volume growth in Foreign Exchange.

Operating expenses

Operating expenses grew 7% to R35 848m from R33 420m, increasing the Group's cost-to-income ratio to 56,8% from 56,3%. Rand depreciation accounted for 1% of the increase. South African costs grew 6%, in line with inflation, while the other African operations increased 10% given continued investment spend. Staff costs rose 10% to R19,3bn to account for 54% of total expenses. Salaries grew 12% due to more senior and specialist hires, higher wage increases for entry level employees and large inflationary increases in certain countries. Incentives rose 14%, largely due to 68% higher share-based payments following a 38% increase in the Group's share price. Other staff costs declined 21%, due to lower Rest of Africa restructuring costs.

Non-staff costs increased 4% to R16,5bn. Property-related costs increased 4% to R5,3bn, but declined 1% excluding a R252m property dilapidation provision reflecting ongoing portfolio optimisation. Total information technology-related costs increased 3% to R6 258m, 17% of overall costs, due to efficiency gains that supported continued investment. Depreciation fell 3% due to efficiency gains and realigning computer equipment's useful lives. Amortisation of intangible assets increased 7% to R503m. Marketing costs grew 19% to R1 616m, reflecting substantially higher product advertising spend. Professional fees and communication costs increased 2% and 3% respectively.

Group performance *(continued)*

Statement of comprehensive income *(continued)*

RBB and WIMI both increased operating expenses 8% to R26,7bn and R2,9bn respectively, while CIB's grew 7% to R6,7bn. In South Africa, RBB and CIB's costs both rose 7%, while WIMI's increased 6%. Retail Banking South Africa's operating expenses grew 9%, due to investment in marketing and its multi-channel programme and higher fraud losses. Despite investing in front line staff, Business Banking South Africa's cost growth was contained to 2%, due to customers migrating to electronic channels and internal cost efficiencies. RBB Rest of Africa's constant currency costs grew 6% despite strategic investments and inflationary pressures.

Taxation

The Group's taxation expense increased 7% to R5 573m, slightly less than the growth in pre-tax profit, resulting in a 28,3% effective tax rate from 28,9%.

Segment performance

Group earnings remain well diversified by business and product line. RBB accounted for 61% of Group headline earnings excluding head office, eliminations and other central items, while CIB contributed 29% and WIMI 10%. RBB's return on regulatory capital improved to 20,0% from 19,1%.

Retail Banking South Africa

Headline earnings grew 7% to R5 529m largely due to 7% lower credit impairments as pre-provision profits grew 1%. Home Loans' earnings increased 78% to R1 813m, as credit impairments fell 51% and cost growth was contained to 2%. VAF's 3% earnings growth to R1 169m reflects 9% revenue growth offset by 27% higher credit impairments. Card earnings fell 17% to R1 644m, largely due to 19% higher credit impairments and a R9m loss from the Edcon portfolio. Personal Loans earnings increased 21% to R434m, given improved pricing and cost containment. Transactional and Deposits earnings were flat at R2 843m reflecting moderate revenue growth. Losses in the 'Other' segment, which is largely central costs, increased 10% to R2 374m (2013: R2 164m) due to higher spend on marketing and the multi-channel programme. Retail Banking South Africa accounted for 41% of Group headline earnings excluding head office, eliminations and other central items.

Business Banking South Africa

Headline earnings increased 34% to R2 002m, reflecting 25% growth in Business Banking excluding equities and a 59% lower loss in its non-core equity portfolio. A 36% decline in credit impairments, 10% deposit growth and cost containment outweighed flat loans and 2% non-interest revenue growth. Business Banking South Africa generated 15% of overall earnings excluding head office, eliminations and other central items.

Retail and Business Banking Rest of Africa

Headline earnings decreased 19% to R785m, due to margin compression, continued investment spend, non-recurring gains in the base and a higher tax charge. Non-interest income grew 14% in part due to rand depreciation. RBB Rest of Africa constituted 6% of Group headline earnings excluding head office, eliminations and other central items.

Corporate and Investment Bank

Headline earnings rose 16% to R3 887m, reflecting 10% higher revenue on 13% loan growth and a 35 bps wider margin. Corporate headline earnings grew 24% to R1 639m and Investment Bank's 11% to R2 248m. Markets net revenue increased 17%, with strong growth in Fixed Income and Credit, Equities and Prime Services and Rest of Africa. Private equity net revenue declined due to negative revaluations and lower realisations. Corporate's net revenue grew 12% to R5 935m and Investment Banking 11% to R1 719m. CIB's South African earnings grew 9%, while Rest of Africa increased 38%. CIB's return on regulatory capital was 19,6% from 18,3%.

Wealth, Investment Management and Insurance

Headline earnings declined 3% to R1 383m, while net operating income was flat at R1 796m. Life Insurance headline earnings fell 9% to R694m, with 4% higher net premium income, a non-recurring gain in 2013 and lower investment returns. Its embedded value of new business grew 11% and its return on embedded value was 31,1%. Wealth and Investment Management's headline earnings increased 3% to R475m given 4% revenue growth. Short-term Insurance earnings increased 32% to R204m as its underwriting margin and loss ratio improved. Fiduciary Services earnings grew 16% to R117m, while Distribution lost R56m because of investments in sales capacity and introduction of a new operating model. Rest of Africa headline earnings grew 36% to R49m and South Africa declined 4% to R1 334m. WIMI's RoE declined to 23,1% from 24,7%.

Prospects

While volatility will persist, we expect the recovery in the global economy to continue in 2015 as uncertainty around US Federal Reserve tapering diminishes, fiscal headwinds abate and monetary policy gains traction. We expect global GDP to grow 3,5%.

South Africa growth will likely recover from the strike-ridden 2014, as the impact of modest fiscal tightening is offset by a boost to household disposable income benefits from lower petrol prices. Electricity shortages remain a binding supply-side constraint on growth and means that there is downside risk to our 2,1% GDP growth forecast. The South African Reserve Bank ("SARB") is likely to keep rates on hold for some time, given the current domestic inflation dynamics.

Significantly weaker commodity markets pose a threat to the growth outlook of our markets outside South Africa, although we expect growth to improve to 5,0% from 3,5%.

With South African interest rates likely to remain low for longer, we do not expect the Group's net interest margin to improve further in 2015, although its loan growth should increase. Focus on revenue growth and continued cost management should improve the Group's cost-to-income ratio, while its credit loss ratio has probably troughed. These factors should increase our RoE in 2015.

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

The information disclosed in the 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, fair value measurements, impairment of available-for-sale financial assets, consolidation of structured or sponsored entities, post-retirement benefits, provisions, income taxes, share-based payments, liabilities arising from claims made under short-term insurance contracts, liabilities arising from claims made under life insurance contracts and offsetting of financial assets and liabilities.

Accounting policies

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

- Business portfolio changes between operating segments;
- Internal accounting policy changes; and
- Implementation of amended IFRS standards specifically IAS 32 Offsetting Financial Assets and Financial Liabilities.

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 summary consolidated financial results. The auditors have expressed an unqualified audit opinion on the consolidated annual financial statements. The summary consolidated financial results comprise the summary consolidated statement of financial position at 31 December 2014, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary 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 summary consolidated financial results are extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of the summary 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 2014 and the date of authorisation of these Summary consolidated financial results as defined in IAS 10 Events after the reporting period.

On behalf of the board

W E Lucas-Bull	**M Ramos**
Group Chairman	*Chief Executive Officer*

Johannesburg
3 March 2015

Declaration of final ordinary dividend number 57

Shareholders are advised that an ordinary dividend of 525,00000 cents per ordinary share was declared today, 3 March 2015, for the period ended 31 December 2014. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 17 April 2015. The directors of Barclays Africa Group Limited confirm that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

The dividend will be subject to local dividends withholding tax at a rate of 15%. In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- The local dividend tax rate is fifteen percent (15%).
- The gross local dividend amount is 525,00000 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 446,25000 cents per ordinary share for shareholders liable to pay the dividend tax.
- Barclays Africa Group Limited currently has 847 750 679 ordinary shares in issue (includes 880 000 treasury shares).
- Barclays Africa Group Limited's income tax reference number is 9150116714.

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

Last day to trade cum dividend	Friday, 10 April 2015
Shares commence trading ex dividend	Monday, 13 April 2015
Record date	Friday, 17 April 2015
Payment date	Monday, 20 April 2015

Share certificates may not be dematerialised or rematerialised between Monday, 13 April 2015 and Friday, 17 April 2015, both dates inclusive. On 20 April 2015 the dividend will be electronically transferred to the bank accounts of certificated shareholders, who use this facility.

The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will be credited on 20 April 2015.

On behalf of the board

N R Drutman
Group Company Secretary

Johannesburg
3 March 2015

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

Summary consolidated statement of financial position
as at 31 December

	Note	2014 (Audited) Rm	2013[1] (Audited) Rm
Assets			
Cash, cash balances and balances with central banks		**50 335**	50 130
Investment securities		**85 886**	79 004
Loans and advances to banks		**72 225**	80 622
Trading portfolio assets		**90 498**	88 761
Hedging portfolio assets		**2 350**	3 357
Other assets		**15 514**	15 829
Current tax assets		**381**	529
Non-current assets held for sale	1	**972**	4 814
Loans and advances to customers		**636 326**	606 223
Reinsurance assets		**731**	870
Investments linked to investment contracts		**19 317**	16 134
Investments in associates and joint ventures		**845**	694
Investment properties		**727**	1 089
Property and equipment		**11 177**	10 679
Goodwill and intangible assets		**3 219**	3 141
Deferred tax assets		**911**	987
Total assets		**991 414**	962 863
Liabilities			
Deposits from banks		**52 977**	70 791
Trading portfolio liabilities		**49 772**	52 128
Hedging portfolio liabilities		**2 577**	2 391
Other liabilities		**21 079**	19 775
Provisions		**2 943**	2 460
Current tax liabilities		**54**	173
Non-current liabilities held for sale	1	**372**	1 651
Deposits due to customers		**624 886**	588 897
Debt securities in issue		**106 098**	97 829
Liabilities under investment contracts		**23 299**	19 773
Policyholder liabilities under insurance contracts		**3 871**	3 958
Borrowed funds	2	**11 208**	16 525
Deferred tax liabilities		**1 333**	1 311
Total liabilities		**900 469**	877 662
Equity			
Capital and reserves			
Attributable to ordinary equity holders:			
Share capital		**1 694**	1 695
Share premium		**4 548**	4 474
Retained earnings		**70 237**	64 701
Other reserves		**6 211**	6 447
		82 690	77 317
Non-controlling interest – ordinary shares		**3 611**	3 240
Non-controlling interest – preference shares		**4 644**	4 644
Total equity		**90 945**	85 201
Total liabilities and equity		**991 414**	962 863

Note

[1]Restated, refer to note 14 for reporting changes.

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

	Note	2014 (Audited) Rm	2013 (Audited) Rm
Net interest income		**35 601**	32 351
Interest and similar income		**65 646**	60 232
Interest expense and similar charges		**(30 045)**	(27 881)
Non-interest income		**27 524**	27 055
Net fee and commission income		**18 667**	18 554
Fee and commission income		**21 598**	21 348
Fee and commission expense		**(2 931)**	(2 794)
Net insurance premium income		**6 014**	5 686
Net insurance claims and benefits incurred on insurance contracts		**(3 044)**	(2 819)
Changes in investment and insurance contract liabilities		**(752)**	(2 457)
Gains and losses from banking and trading activities		**4 373**	4 361
Gains and losses from investment activities		**1 133**	2 831
Other operating income		**1 133**	899
Total income		**63 125**	59 406
Impairment losses on loans and advances		**(6 290)**	(6 987)
Operating income before operating expenditure		**56 835**	52 419
Operating expenses		**(35 848)**	(33 420)
Other expenses		**(1 412)**	(1 033)
Other impairments	3	**(429)**	(33)
Indirect taxation		**(983)**	(1 000)
Share of post-tax results of associates and joint ventures		**142**	130
Operating profit before income tax		**19 717**	18 096
Taxation expense		**(5 573)**	(5 222)
Profit for the reporting period		**14 144**	12 874
Profit attributable to:			
Ordinary equity holders		**13 216**	11 981
Non-controlling interest – ordinary shares		**623**	599
Non-controlling interest – preference shares		**305**	294
		14 144	12 874
Earnings per share			
Basic earnings per share (cents)		**1 560,1**	1 414,0
Diluted basic earnings per share (cents)		**1 559,2**	1 412,9

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

	2014 (Audited) Rm	2013 (Audited) Rm
Profit for the reporting period	**14 144**	12 874
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Movement in retirement benefit fund assets and liabilities	**62**	(324)
Increase/(decrease) in retirement benefit surplus	**149**	(92)
Increase in retirement benefit deficit	**(86)**	(229)
Deferred tax	**(1)**	(3)
Total items that will not be reclassified to profit or loss	**62**	(324)
Items that are or may be subsequently reclassified to profit or loss		
Movement in foreign currency translation reserve	**(199)**	2 986
Differences in translation of foreign operations	**198**	2 986
Gains released to profit or loss	**(397)**	—
Movement in cash flow hedging reserve	**(251)**	(1 822)
Fair value gains/(losses) arising during the reporting period	**1 094**	(903)
Amount removed from other comprehensive income and recognised in profit or loss	**(1 443)**	(1 629)
Deferred tax	**98**	710
Movement in available-for-sale reserve	**(67)**	107
Fair value (losses)/gains arising during the reporting period	**(142)**	131
Amortisation of government bonds – release to profit or loss	**44**	10
Deferred tax	**31**	(34)
Total items that are or may be subsequently reclassified to profit or loss	**(517)**	1 271
Total comprehensive income for the reporting period	**13 689**	13 821
Total comprehensive income attributable to:		
Ordinary equity holders	**12 682**	12 610
Non-controlling interest – ordinary shares	**702**	917
Non-controlling interest – preference shares	**305**	294
	13 689	13 821

Summary consolidated statement of changes in equity
for the reporting period ended 31 December

	2014 (Audited)			
	Total equity 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	77 317	3 240	4 644	85 201
Total comprehensive income	12 682	702	305	13 689
Profit for the reporting period	13 216	623	305	14 144
Other comprehensive income	(534)	79	—	(455)
Dividends paid during the reporting period (refer to note 5)	(7 365)	(311)	(305)	(7 981)
Purchase of Group shares in respect of equity-settled share-based payment arrangements	(46)	—	—	(46)
Elimination of movement in treasury shares held by Group entities	96	—	—	96
Movement in share-based payment reserve	34	—	—	34
Transfer from share-based payment reserve	(23)	—	—	(23)
Transfer to share capital and share premium	23	—	—	23
Value of employee services	34	—	—	34
Movement in general credit risk reserve	—	—	—	—
Transfer from retained earnings	(157)	—	—	(157)
Transfer to general credit risk reserve	157	—	—	157
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	—
Transfer from retained earnings	(4)	—	—	(4)
Transfer to foreign insurance subsidiary regulatory reserve	4	—	—	4
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(142)	—	—	(142)
Transfer to associates' and joint ventures' reserve	142	—	—	142
Disposal of subsidiary[1]	—	(48)	—	(48)
Transfer to non-controlling interest	(28)	28	—	—
Balance at the end of the reporting period	82 690	3 611	4 644	90 945

Note

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

Summary consolidated statement of changes in equity

for the reporting period ended 31 December

	2013 (Audited)			
	Total equity 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 (refer to note 5)	(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 arrangements	(76)	—	—	(76)
Elimination of 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 general 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]	99	(36)	—	63
Transaction costs related to shares issued on the acquisition of Barclays Africa Limited	(99)	—	—	(99)
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, has been accounted for as a deduction against share premium. The purchase price was applied retrospectively, resulting in the deemed excess of the purchase price over the historical carrying values of the underlying net assets of Barclays Africa Limited being similarly included within share premium. This application has resulted in a net movement recognised in share premium for each retrospective reporting period to date of acquisition.

[2]The Group increased its shareholding in National Bank of Commerce 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 these shares from BAGL.

Summary consolidated statement of cash flows
for the reporting period ended 31 December

	Note	2014 (Audited) Rm	2013[1] (Audited) Rm
Net cash generated from operating activities		**18 233**	20 358
Net cash utilised in investing activities		**(5 462)**	(4 164)
Net cash utilised in financing activities		**(12 055)**	(14 616)
Net increase in cash and cash equivalents		**716**	1 578
Cash and cash equivalents at the beginning of the reporting period	1	**15 854**	13 985
Effect of foreign exchange rate movements on cash and cash equivalents		**56**	291
Cash and cash equivalents at the end of the reporting period	2	**16 626**	15 854

Notes to the summary consolidated statement of cash flows

	2014 (Audited) Rm	2013[1] (Audited) Rm
1. Cash and cash equivalents at the beginning of the reporting period		
Cash, cash balances and balances with central banks[2]	**12 653**	11 085
Loans and advances to banks[3]	**3 201**	2 900
	15 854	13 985
2. Cash and cash equivalents at the end of the reporting period		
Cash, cash balances and balances with central banks[2]	**12 903**	12 653
Loans and advances to banks[3]	**3 723**	3 201
	16 626	15 854

Notes

[1]Restated, refer to note 14 for reporting changes.

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

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

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

The following transfers to non-current assets held for sale were effected:

- RBB transferred investment securities and investment properties with a carrying value of **R29m** (2013: R4m) and **R376m** (2013: R212m) respectively.
- The Head Office and other operations segment transferred property and equipment with a carrying value of **R3m** (2013: R209m).

The fair value adjustment of investment securities relating to assets within RBB was classified as held for sale during 2012. At the reporting date, these investment securities remain classified as non-current assets held for sale as the delay of the disposal is as a consequence of events outside the Group's control. The Group remains, however, committed to dispose of the asset in 2015.

All the above assets are expected to be disposed of in 2015.

The CPF Equity division in RBB disposed of a non-core subsidiary with investment property with a carrying value of **R1 315m** (2013: Rnil). The remaining disposals of non-current assets and liabilities held for sale occurred in RBB, WIMI and Head Office and other operations segments. The profit on disposal of the non-current assets held for sale has been recognised in Other operating income in the statement of comprehensive income.

The General Fund was amalgamated with the Absa Select Equity Fund in WIMI, and therefore ceased to exist as an independent fund. This resulted in the derecognition of the related financial assets of **R2 324m** (2013: Rnil) and liabilities of **R973m** (2013: Rnil) of the Absa General Fund, previously classified as non-current assets and liabilities held for sale in the previous financial reporting period.

2. Borrowed funds

During the reporting period, **R531m** (2013: Rnil) of subordinated notes were issued and **R4 966m** (2013: R1 886m) were redeemed.

3. Other impairments

	2014 (Audited) Rm	2013 (Audited) Rm
Financial instruments	**20**	28
Other	**409**	5
Goodwill	**1**	—
Intangible assets	**146**	—
Investments in associates and joint ventures	**2**	2
Property and equipment	**260**	—
Repossessed properties	**—**	3
	429	33

4. Headline earnings

	2014 (Audited)		2013 (Audited)	
Headline earnings	**Gross Rm**	**Net[1] Rm**	Gross Rm	Net[1] Rm
Headline earnings is determined as follows:				
Profit attributable to ordinary equity holders		**13 216**		11 981
Total headline earnings adjustment:		**(184)**		(138)
IFRS 3 – Goodwill impairment	**1**	**1**	—	—
IFRS 5 – Gains on disposal of non-current assets held for sale	**(97)**	**(86)**	(171)	(138)
IAS 16 – (Profit)/loss on disposal of property and equipment	**(19)**	**(15)**	5	4
IAS 21 – Recycled foreign currency translation reserve	**(397)**	**(397)**	—	—
IAS 27 – (Profit)/loss on disposal of subsidiary	**(44)**	**(35)**	8	8
IAS 28 – Impairment of investments in associates and joint ventures	**2**	**2**	2	2
IAS 36 – Impairment of property and equipment	**260**	**189**	—	—
IAS 36 and IAS 38 – Loss on disposal and impairment of intangible assets	**148**	**107**	1	—
IAS 39 – Release of available-for-sale reserves	**44**	**31**	10	7
IAS 39 – Disposal and impairment of available-for-sale assets	**—**	**—**	6	4
IAS 40 – Change in fair value of investment properties	**18**	**19**	(29)	(25)
Headline earnings/diluted headline earnings		**13 032**		11 843
Headline earnings per share (cents)		**1 538,4**		1 397,7
Diluted headline earnings per share (cents)		**1 537,5**		1 396,6

Note

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

5. Dividends per share

	2014 (Audited) Rm	2013 (Audited) Rm
Dividends declared to ordinary equity holders[1]		
Interim dividend net of treasury shares (**30 July 2014: 400 cents**) (30 July 2013: 350 cents)	**3 384**	2 512
Special dividend net of treasury shares (30 July 2013: 708 cents)[2]	**—**	5 075
Final dividend net of treasury shares (**3 March 2015: 525,00000 cents**) (11 February 2014: 470 cents)	**4 451**	3 981
	7 835	11 568
Dividends declared to non-controlling preference equity holders		
Interim dividend (**30 July 2014: 3 197,4658 cents**) (30 July 2013: 2 999,4521 cents)	**158**	148
Final dividend (**3 March 2015: 3 210,8904 cents**) (11 February 2014: 2 979,3151 cents)	**159**	147
	317	295
Dividends paid to ordinary equity holders[1]		
Final dividend net of treasury shares (**11 February 2014: 470 cents**) (12 February 2013: 369 cents)	**3 981**	2 645
Interim dividend net of treasury shares (**30 July 2014: 400 cents**) (30 July 2013: 350 cents)	**3 384**	2 965
Special dividend net of treasury shares (30 July 2013: 708 cents)[2]	**—**	5 992
	7 365	11 602
Dividends paid to non-controlling preference equity holders		
Final dividend (**11 February 2014: 2 979,3151 cents**) (12 February 2013: 2 950,5479 cents)	**147**	146
Interim dividend (**30 July 2014: 3 197,4658 cents**) (30 July 2013: 2 999,4521 cents)	**158**	148
	305	294

Notes

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

[2] Dividend amount was calculated on the number of shares in issue. It excluded the shares that were issued on 31 July 2013 for consideration of the acquisition of Barclays Africa Limited.

6. Acquisitions of businesses and other similar transactions

Acquisitions of businesses during the current reporting period

There were no acquisitions of businesses during the current and the previous reporting periods.

7. Related parties

There were no one-off significant transactions in the normal course of business with related parties of the Group during the reporting period.

8. Financial guarantee contracts

	2014 (Audited) Rm	2013 (Audited) Rm
Financial guarantee contracts	**96**	96

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 off-statement of financial position exposure.

During the current reporting period, all financial guarantee contracts were reassessed and as a consequence the disclosure has been refined. The comparatives have been restated from R243m to R96m.

9. Commitments

	2014 (Audited) Rm	2013 (Audited) Rm
Authorised capital expenditure		
Contracted but not provided for	**1 675**	745

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.

	2014 (Audited) Rm	2013 (Audited) Rm
Operating lease payments due		
No later than one year	**856**	847
Later than one year and no later than five years	**1 631**	1 521
Later than five years	**709**	296
	3 196	2 664

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.

	2014 (Audited) Rm	2013 (Audited) Rm
Sponsorship payments due		
No later than one year	**282**	272
Later than one year and no later than five years	**307**	541
	589	813

The Group has sponsorship commitments in respect of sports, arts and culture.

	2014 (Audited) Rm	2013 (Audited) Rm
Other commitments		
No later than one year	**991**	—

The SARB announced in August 2014 that African Bank Investments Limited ("ABIL") would be placed under curatorship. A consortium of six South African banks (including Barclays Africa Group Limited) and the Public Investment Corporation ("PIC") have underwritten R5bn respectively. 50% of the amount underwritten by the banks is guaranteed by the SARB, of which Barclays Africa Group Limited contributed R991m (pre the SARB guarantee). The value of the amount to be underwritten was determined with reference to the respective underwriter's proportion of total Tier 1 capital of the consortium as at 30 June 2014.

10. Contingencies

	2014 (Audited) Rm	2013 (Audited) Rm
Guarantees	**34 011**	21 215
Irrevocable debt facilities	**125 334**	127 218
Irrevocable equity facilities	**366**	400
Letters of credit	**4 827**	6 402
Other contingencies	**3 774**	5 674
	168 312	160 909

Guarantees include performance and payment guarantee contracts.

During the reporting period, terms and conditions associated with unutilised customer facilities were reviewed and confirmed to be irrevocable in nature. These facilities are now disclosed as irrevocable debt facilities comparatives which were previously reported as R49bn, have been restated to R127bn.

Irrevocable facilities are commitments to extend credit where the Group does not have the right to immediately 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.

10. Contingencies *(continued)*

Legal proceedings

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

Regulatory matters

The scale of regulatory change remains challenging and the global financial crisis is resulting in a significant tightening of regulation and changes to regulatory structures globally, especially for companies that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny of the operation of the banking and consumer credit industries globally which, in some cases, is leading to increased regulation. The nature and impact of future changes in the legal framework, policies and regulatory action cannot currently be fully predicted and are beyond the Group's control, but especially in the area of banking and insurance regulation, are likely to have an impact on the Group's businesses and earnings. The Group is continuously evaluating its compliance programmes and controls in general. As a consequence of these compliance programmes and controls, including monitoring and review activities, the Group has also adopted appropriate remedial and/or mitigating steps, where necessary or advisable, and made disclosures on material findings as and when appropriate.

Income taxes

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

11. Segment reporting

	2014 (Audited) Rm	2013[1] (Audited) Rm
11.1 Headline earnings contribution by segment		
RBB	**8 316**	7 618
CIB	**3 887**	3 348
WIMI	**1 383**	1 420
Head Office and other operations	**(554)**	(543)
Total headline earnings	**13 032**	11 843

Note

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

	2014 (Audited) Rm	2013[1] (Audited) Rm
11.2 Total income by segment		
RBB	**45 816**	43 684
CIB	**12 610**	11 430
WIMI	**5 009**	4 880
Head Office and other operations	**(310)**	(588)
Total income	**63 125**	59 406

Note

[1]Operational changes, management changes and associated changes to the way in which the "CODM" views the performance of each business segment, have resulted in the reallocation of earnings, assets and liabilities between operating segments.

11. Segment reporting *(continued)*

	2014 (Audited) Rm	2013[1] (Audited) Rm
11.3 Total internal income by segment		
RBB	(9 275)	(8 534)
CIB	11 632	11 512
WIMI	(752)	(804)
Head Office and other operations	(1 605)	(2 174)
Total internal income	—	—

Note

[1]Operational changes, management changes and associated changes to the way in which the CODM views the performance of each business segment, have resulted in the reallocation of earnings, assets and liabilities between operating segments.

	2014 (Audited) Rm	2013[1] (Audited) Rm
11.4 Total assets by segment		
RBB	774 359	754 557
CIB	547 464	535 820
WIMI	46 847	44 890
Head Office and other operations	(377 256)	(372 404)
Total assets	991 414	962 863

Note

[1]Operational changes, management changes and associated changes to the way in which the CODM views the performance of each business segment, have resulted in the reallocation of earnings, assets and liabilities between operating segments.

	2014 (Audited) Rm	2013[1] (Audited) Rm
11.5 Total liabilities by segment		
RBB	752 914	733 161
CIB	536 281	527 762
WIMI	41 721	39 888
Head Office and other operations	(430 447)	(423 149)
Total liabilities	900 469	877 662

Note

[1]Operational changes, management changes and associated changes to the way in which the CODM views the performance of each business segment, have resulted in the reallocation of earnings, assets and liabilities between operating segments.

12. Assets and liabilities not held at fair value

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

	2014 (Audited) Carrying value Rm	2014 (Audited) Fair value Rm	2013[1] (Audited) Carrying value Rm	2013[1] (Audited) Fair value Rm
Financial assets				
Balances with other central banks	9 401	9 401	7 350	7 350
Balances with the SARB	12 621	12 621	12 417	12 417
Coins and bank notes	12 903	12 903	12 652	12 652
Money market assets	21	21	6	6
Cash, cash balances and balances with central banks	34 946	34 946	32 425	32 425
Investment securities	110	110	—	—
Loans and advances to banks	51 702	51 647	74 482	74 482
Other assets	12 835	13 124	13 486	13 486
Retail Banking South Africa	362 693	362 266	354 622	354 460
Credit cards	36 484	36 484	34 070	34 070
Instalment credit agreements	70 557	69 995	64 571	64 268
Loans to associates and joint ventures	13 012	13 012	10 287	10 287
Mortgages	224 043	224 087	227 593	227 658
Other loans and advances	410	410	262	262
Overdrafts	2 222	2 222	2 015	2 015
Personal and term loans	15 965	16 056	15 824	15 900
Business Banking South Africa	60 863	60 861	60 036	60 206
Loans to associate and joint ventures	305	305	559	559
Mortgages (including CPF)	29 856	29 852	30 718	30 888
Overdrafts	18 083	18 063	17 075	17 075
Term loans	12 619	12 641	11 684	11 684
RBB Rest of Africa	39 489	39 489	36 351	36 351
CIB	151 368	150 976	133 698	127 894
WIMI	10 507	10 507	10 885	10 885
Head Office and other operations	511	512	83	83
Loans and advances to customers – net of impairment losses	625 431	624 611	595 675	589 879
Total assets	725 024	724 438	716 068	710 272
Financial liabilities				
Deposits from banks	36 476	37 816	61 471	58 259
Other liabilities	16 525	16 532	15 778	15 310
Call deposits	56 991	56 991	52 843	52 843
Cheque account deposits	186 932	186 932	175 493	175 493
Credit card deposits	1 932	1 932	1 914	1 914
Fixed deposits	145 623	146 349	151 797	151 837
Foreign currency deposits	24 976	24 976	17 456	17 456
Notice deposits	49 764	49 843	56 348	56 350
Other deposits	11 437	11 437	10 822	10 822
Savings and transmission deposits	128 025	128 025	104 362	104 362
Deposits due to customers	605 680	606 485	571 035	571 077
Debt securities in issue	100 986	101 351	94 286	94 324
Borrowed funds	11 208	11 559	16 525	17 069
Total liabilities	770 875	773 743	759 095	756 039

Note

[1]Restated, refer to note 14 for reporting changes.

13. Assets and liabilities held at fair value

13.1 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 team ("IVC"), which is independent from the front office.

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.

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 independently verifies the results of trading and investment operations and all significant fair value measurements. They source independent data from external independent parties, as well as internal risk areas when performing independent price verification for all financial instruments held at fair value. They also assess and document the inputs obtained from external independent sources to measure the fair value which supports conclusions that valuations are performed in accordance with International Financial Reporting Standards ("IFRS") and internal valuation policies.

Investment properties

The fair value of investment properties is determined based on the most appropriate methodology applicable to the specific 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.

Where possible the fair value of the Group's investment properties is determined through valuations performed by external independent valuators. When the Group's internal valuations are different to that of the external independent valuers, detailed procedures are performed to substantiate the differences, whereby the IVC verifies the procedures performed by front office and considers the appropriateness of any differences to external independent valuations.

13.2 Fair value measurements

Valuation inputs

IFRS 13 requires an entity to classify fair values measured and/or disclosed according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined as follows.

Quoted market prices – Level 1

Fair values are classified as Level 1 if they have been determined using observable prices in an active market. Such fair values are determined 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. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Fair values classified as Level 2 have been determined using models for which inputs are observable in an active market.

A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Valuation technique using significant unobservable inputs – Level 3

Fair values are classified as Level 3 if their determination incorporates significant inputs that are not based on observable market data (unobservable inputs). An input is deemed significant if it is shown to contribute more than 10% to the fair value of an item. Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

13. Assets and liabilities held at fair value *(continued)*

13.2 Fair value measurements *(continued)*

Judgemental inputs on valuation of principal instruments

The following summary sets out the principal instruments whose valuation may involve judgemental inputs:

Debt securities and treasury and other eligible bills

These instruments are valued, based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined by reference to quoted market prices for similar instruments or, in the case of certain mortgage-backed securities, valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

Equity instruments

Equity instruments are valued, based on quoted market prices from an exchange, dealer, broker, industry group or pricing service, where available. Where unavailable, fair value is determined by reference to quoted market prices for similar instruments or by using valuation techniques using inputs derived from observable market data, and, where relevant, assumptions in respect of unobservable inputs.

Also included in equity instruments are non-public investments, which include investments in venture capital organisations. The fair value of these investments is determined using appropriate valuation methodologies which, dependent on the nature of the investment, may include discounted cash flow analysis, enterprise value comparisons with similar companies and price:earnings comparisons. For each investment, the relevant methodology is applied consistently over time.

Derivatives

Derivative contracts can be exchange-traded or traded Over The Counter ("OTC") derivatives. OTC derivative contracts include forward, swap and option contracts related to interest rates, bonds, foreign currencies, credit spreads, equity prices and commodity prices or indices on these instruments. Fair values of derivatives are obtained from quoted market prices, dealer price quotations, discounted cash flow and option pricing models.

Loans and advances

The disclosed fair value of loans and advances to banks and customers is determined by discounting contractual cash flows. Discount factors are determined using the relevant forward base rates (as at valuation date) plus the originally priced spread. Where a significant change in credit risk has occurred, an updated spread is used to reflect valuation date pricing. Behavioural cash flow profiles, instead of contractual cash flow profiles, are used to determine expected cash flows where contractual cash flow profiles would provide an inaccurate fair value.

Deposits, debt securities in issue and borrowed funds

Deposits, debt securities in issue and borrowed funds are valued using discounted cash flow models, applying rates currently offered for issuances with similar characteristics. Where these instruments include embedded derivatives, the embedded derivative component is valued using the methodology for derivatives.

13. Assets and liabilities held at fair value *(continued)*

13.3 Fair value adjustments

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

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 unless the relevant mid prices are reflective of the appropriate exit price as a practical expedient given the nature of the underlying instruments. 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, 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 the 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.

13. Assets and liabilities held at fair value *(continued)*

13.4 Fair value hierarchy

The following table 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.

Recurring fair value measurements	2014 (Audited) Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	2013[1] (Audited) Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Cash, cash balances and balances with central banks	4 327	9 730	1 332	15 389	7 976	7 796	1 933	17 705
Investment securities	55 402	25 239	5 135	85 776	70 390	3 926	4 688	79 004
Loans and advances to banks	—	20 523	—	20 523	—	6 140	—	6 140
Trading and hedging portfolio assets	34 658	55 327	1 162	91 147	36 263	53 738	1 037	91 038
Debt instruments	24 459	6 221	870	31 550	24 049	530	873	25 452
Derivative assets	5	42 367	292	42 664	—	48 523	164	48 687
Commodity derivatives	2	313	—	315	—	336	—	336
Credit derivatives	—	284	91	375	—	258	11	269
Equity derivatives	3	1 018	29	1 050	—	833	—	833
Foreign exchange derivatives	—	8 378	12	8 390	—	8 624	39	8 663
Interest rate derivatives	—	32 374	160	32 534	—	38 472	114	38 586
Equity instruments	9 591	321	—	9 912	12 176	77	—	12 253
Money market assets	603	6 418	—	7 021	38	4 608	—	4 646
Other assets	7	1	17	25	—	—	16	16
Loans and advances to customers	4	6 160	4 731	10 895	—	4 071	6 477	10 548
Investments linked to investment contracts	17 014	2 302	1	19 317	12 895	3 230	9	16 134
Total financial assets	111 412	119 282	12 378	243 072	127 524	78 901	14 160	220 585
Financial liabilities								
Deposits from banks	—	16 501	—	16 501	—	9 320	—	9 320
Trading and hedging portfolio liabilities	7 928	44 101	320	52 349	3 741	50 229	549	54 519
Derivative liabilities	—	44 101	320	44 421	—	50 229	549	50 778
Commodity derivatives	—	268	—	268	—	302	—	302
Credit derivatives	—	352	39	391	—	478	45	523
Equity derivatives	—	1 297	198	1 495	—	1 720	306	2 026
Foreign exchange derivatives	—	10 001	7	10 008	—	8 280	57	8 337
Interest rate derivatives	—	32 183	76	32 259	—	39 449	141	39 590
Short positions	7 928	—	—	7 928	3 741	—	—	3 741
Other liabilities	—	23	28	51	—	36	—	36
Deposits due to customers	80	13 596	5 530	19 206	—	10 724	7 138	17 862
Debt securities in issue	179	4 891	42	5 112	—	3 508	35	3 543
Liabilities under investment contracts	—	20 277	3 022	23 299	—	19 773	—	19 773
Total financial liabilities	8 187	99 389	8 942	116 518	3 741	93 590	7 722	105 053
Non-financial assets								
Commodity	1 701	—	—	1 701	1 080	—	—	1 080
Investment properties	—	—	727	727	—	—	1 089	1 089
Non-recurring fair value measurements								
Non-current assets held for sale[2]	—	—	972	972	2 424	1 297	1 093	4 814
Non-current liabilities held for sale[2]	—	—	372	372	975	175	501	1 651

Notes

[1]Restated, refer to note 14 for reporting changes.

[2]Includes certain items classified in terms of the requirements of IFRS 5 which are measured in terms of their respective standards.

13. Assets and liabilities held at fair value *(continued)*

13.5 Measurement of assets and liabilities categorised at Level 2

The following table presents information about the valuation techniques and significant observable inputs used in measuring assets and liabilities categorised as Level 2 in the fair value hierarchy.

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Cash, cash balances and balances with central banks	Discounted cash flow models	Underlying price of market traded instruments and/or interest rates
Loans and advances to banks	Discounted cash flow models	Interest rate and/or money market curves
Trading and hedging portfolio assets and liabilities		
Debt instruments	Discounted cash flow models	Underlying price of market traded instruments and/or interest rates
Derivative assets		
Commodity derivatives	Discounted cash flow model, option pricing, futures pricing and/or Exchange Traded Fund ("ETF") models	Spot price of physical or futures, interest rates and/or volatility
Credit derivatives	Discounted cash flow and/or credit default swap (hazard rate) models	Interest rate, recovery rate, credit spread and/or quanto ratio
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Spot price, interest rate, volatility and/or dividend stream
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	Spot price, interest rate and/or volatility
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves, repurchase agreement curves, money market curves and/or volatility
Equity instruments	Net asset value	Underlying price of market traded instruments
Money market assets	Discounted cash flow models	Money market rates and/or interest rates
Loans and advances to customers	Discounted cash flow models	Interest rate and/or money market curves
Investment securities and investments linked to investment contracts	Listed equity: bid price. Other items: discounted cash flow models	Underlying price of the market traded instrument
Deposits from banks	Discounted cash flow models	Interest rate curves and/or money market curves
Deposits due to customers	Discounted cash flow models	Interest rate curves and/or money market curves
Debt securities in issue and other liabilities	Discounted cash flow models	Underlying price of the market traded instrument and/or interest rate curves

13. Assets and liabilities held at fair value *(continued)*

13.6 Reconciliation of Level 3 assets and liabilities

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

	2014 (Audited)						
	Cash and cash balances Rm	Trading and hedging portfolio assets Rm	Other assets[1] 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	1 933	1 037	23	6 477	4 688	1 089	15 247
Net interest income	—	—	1	373	69		443
Gains and losses from banking and trading activities	—	179	—	(29)	136	—	286
Gains and losses from investment activities	—	—	—	2	(2)	6	6
Purchases	1 332	—	—	143	1 086	11	2 572
Sales	—	(32)	(6)	(620)	(863)	(3)	(1 524)
Movement in other comprehensive income	—	—	—	—	5	—	5
Settlements	(1 933)	—	—	(1 615)	—	—	(3 548)
Transferred to/(from) assets[2]	—	—	—	—	—	(376)	(376)
Movement in/(out) of Level 3	—	(22)	—	—	16	—	(6)
Closing balance at the end of the reporting period	1 332	1 162	18	4 731	5 135	727	13 105

Notes

[1]Includes investments linked to investment contracts.

[2]Transfer to non-current assets (Refer to note 1).

	2013[1] (Audited)						
	Cash and cash balances[2] Rm	Trading and hedging portfolio assets Rm	Other assets[3] Rm	Loans and advances to customers Rm	Investment securities[2] Rm	Investment properties Rm	Total assets at fair value Rm
Opening balance at the beginning of the reporting period	735	952	16	6 419	7 199	1 220	16 541
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	1 933	13	7	767	1 468	5	4 193
Sales	—	—	—	(45)	(3 165)	(6)	(3 216)
Issues	—	—	—	—	5	—	5
Settlements	(735)	—	—	(987)	(579)	—	(2 301)
Transferred to/(from) assets	—	(55)	—	(127)	48	(209)	(343)
Movement in/(out) of Level 3	—	237	—	—	53	—	290
Closing balance at the end of the reporting period	1 933	1 037	23	6 477	4 688	1 089	15 247

Notes

[1]Restated, refer to note 14 for reporting changes.

[2]Instruments classification has changed from the previous reporting period.

[3]Includes investments linked to investment contracts.

13. Assets and liabilities held at fair value *(continued)*

13 .6 Reconciliation of Level 3 assets and liabilities *(continued)*

	2014 (Audited)					
	Trading and hedging portfolio liabilities Rm	Other liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Liabilities under investment contracts Rm	Total liabilities at fair value Rm
Opening balance at the beginning of the reporting period	549	—	7 138	35	—	7 722
Movement in other comprehensive income	(8)	—	—	—	—	(8)
Net interest income	—	—	1	1	—	2
Gains and losses from banking and trading activities	(62)	—	(1 501)	6	—	(1 557)
Gains and losses from investment activities	—	—	—	—	—	—
Purchases	—	28	—	—	3 022	3 050
Sales	(75)	—	—	—	—	(75)
Settlements	—	—	(81)	—	—	(81)
Movement in/(out) of Level 3	(84)	—	(27)	—	—	(111)
Closing balance at the end of the reporting period	320	28	5 530	42	3 022	8 942

	2013[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
Opening balance at the beginning of the reporting period	74	16	7 672	187	7 949
Net interest income	—	—	9	—	9
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
Settlements	—	(16)	(1 149)	—	(1 165)
Movement in/(out) of Level 3	165	—	—	—	165
Closing balance at the end of the reporting period	549	—	7 138	35	7 722

Note

[1]Restated, refer to note 14 for reporting changes.

13.6.1 Significant transfers between levels

During the current reporting period, it was determined that significant transfers between levels of the assets and liabilities held at fair value occurred. Treasury bills of R18,5bn have been transferred from level 1 to level 2, as these are held in an inactive market.

During the prior the reporting period, trading portfolio assets to the value of R237m as well as trading portfolio liabilities of R165m 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.

Transfers have been reflected as if they had taken place at the beginning of the year.

13. Assets and liabilities held at fair value *(continued)*

13.7 Unrealised gains and losses on Level 3 assets and liabilities

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

	2014 (Audited)						
	Trading and hedging portfolio assets Rm	Other assets Rm	Loans and advances to customers Rm	Investment securities Rm	Investments linked to investment contracts Rm	Non-current assets held for sale Rm	Total assets at fair value Rm
Gains and losses from banking and trading activities	**79**	**—**	**(28)**	**—**	**—**	**—**	**51**

	2013 (Audited)						
	Trading and hedging portfolio assets Rm	Other assets Rm	Loans and advances to customers Rm	Investment securities Rm	Investments linked to investment contracts 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

	2014 (Audited)					
	Trading and hedging portfolio liabilities Rm	Other liabilities Rm	Deposits due to customers Rm	Debt securities in issue Rm	Liabilities under investment contracts Rm	Total liabilities at fair value Rm
Gains and losses from banking and trading activities	**116**	**—**	**—**	**—**	**—**	**116**

	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)

13. Assets and liabilities held at fair value *(continued)*

13.8 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.

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

Significant unobservable parameter	Positive/(negative) variance applied to parameters
Credit spreads	100/(100) bps
Volatilities	10/(10)%
Basis curves	100/(100) bps
Yield curves and repo curves	100/(100) bps
Future earnings and marketability discount	15/(15)%
Funding spreads	100/(100) bps

A significant parameter has been deemed to be one which may result in a charge to the profit or loss, 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 a reasonable range of possible outcomes:

		2014 (Audited)	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	**Favourable/(Unfavourable) Rm**	**Favourable/(Unfavourable) Rm**
Deposits due to customers	**BAGL/Absa funding spread**	**—/—**	**—/—**
Investment securities and investments linked to investment contracts	**Yield curves, future earnings and marketability discount, comparator multiples**	**672/126**	**—/—**
Loans and advances to customers	**Credit spreads**	**1 037/23**	**—/—**
Other assets	**Volatility, credit spreads**	**3/3**	**—/—**
Trading and hedging portfolio assets	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**—/—**	**—/—**
Trading and hedging portfolio liabilities	**Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads**	**34/34**	**—/—**
Other liabilities	**Volatility, credit spreads**	**28/28**	**—/—**
		1 774/214	**—/—**

		2013	
		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
	Significant unobservable parameters	Favourable/(Unfavourable) Rm	Favourable/(Unfavourable) Rm
Deposits due to customers	BAGL/Absa funding spread	224/223	—/—
Investment securities and investments linked to investment contracts	Yield curves, future earnings and marketability discount, comparator multiples	355/355	—/—
Investment properties	Selling price per unit, selling price escalations, rental income per unit, rental escalations per year, expense ratios, vacancy rate, income capitalisation rate and risk client rates	2/2	—/—
Loans and advances to customers	Credit spreads	1 202/159	—/—
Other assets	Volatility, credit spreads	2/2	—/—
Trading and hedging portfolio assets	Volatility, credit spreads, basis curves, yield curves, repo curves	43/43	—/—
Trading and hedging portfolio liabilities	Volatility, credit spreads, basis curves, yield curves, repo curves, funding spreads	13/5	—/—
		1 841/789	—/—

13. Assets and liabilities held at fair value *(continued)*

13.9 Measurement of assets and liabilities at Level 3

The following table presents information about the valuation techniques and significant unobservable inputs used in measuring assets and liabilities categorised as Level 3 in the fair value hierarchy:

Category of asset/ liability	Valuation techniques applied	Significant unobservable inputs	2014 Range of estimates utilised for the unobservable inputs	2013 Range of estimates utilised for the unobservable inputs
Loans and advances to customers	Discounted cash flow and/ or dividend yield models	Credit spreads	0,96% to 3,99%	1,35% to 7,5%
Investment securities and investments linked to investment contracts	Discounted cash flow models, third-party valuations, earnings multiples and/or income capitalisation valuations	Risk adjusted yield curves, future earnings, marketability discounts and/or comparator multiples	Discount rates between 9,7% and 18%, comparator multiples between 5,5 and 6,1	Discount rates between 9,7% and 18%, comparator multiples between 5,5 and 6,1
Trading and hedging portfolio assets and liabilities				
Debt instruments	Discounted cash flow models	Credit spreads	0,9% to 3,5%	0,9% to 3,5%
Derivative assets				
Credit derivatives	Discounted cash flow and/ or credit default swap (hazard rate) models	Credit spreads, recovery rates and/or quanto ratio	0% to 13,45%	0% to 3,5%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	18,16% to 48,20%	16,9% to 37,2%
Foreign exchange derivatives	Discounted cash flow and/ or option pricing models	African basis curves (greater than 1 year)	-10,74% to 6,53%	-2,5% to 1,7%
Interest rate derivatives	Discounted cash flow and/ or option pricing models	Real yield curves (greater than 1 year), repurchase agreement curves (greater than 1 year), funding spreads	-1,56% to 10,04%	-1,5% to 8,3%
Deposits due to customers	Discounted cash flow models	Barclays Africa Group Limited's funding spreads (greater than 5 years)	0,85% to 1,2%	0,85% to 1,2%
Debt securities in issue	Discounted cash flow models	Credit spreads	1,28% to 1,38%	0,1% to 0,2%
Investment properties	Discounted cash flow models	Estimates of periods in which rental units will be disposed of	2 to 7 years	2 to 7 years
		Annual selling price escalations	0% to 6%	0% to 6%
		Annual rental escalations	0% to 10%	0% to 10%
		Expense ratios	22% to 75%	22% to 75%
		Vacancy rates	2% to 15%	2% to 15%
		Income capitalisation rates	10% to 12%	10% to 12%
		Risk adjusted discount rates	14% to 16%	14% to 16%

For assets or liabilities held at amortised cost and disclosed in levels 2 or 3 of the fair value hierarchy, the discounted cash flow valuation technique is used. Interest rates and money market curves are considered unobservable inputs for items which mature after five years. However, if the items mature in less than five years, these inputs are considered observable.

For debt securities in issue held at amortised cost, a further significant input would be the underlying price of the market traded instrument.

The sensitivity of the fair value measure is dependent on the unobservable inputs. Significant changes to the unobservable inputs in isolation will have either a positive or negative impact on fair values.

13. Assets and liabilities held at fair value *(continued)*

13.10 Unrecognised gains/(losses) 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 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:

	2014 (Audited) Rm	2013 (Audited) Rm
Opening balance at the beginning of the reporting period	**(55)**	(71)
New transactions	**(23)**	(17)
Amounts recognised in profit and loss during the reporting period	**26**	33
Closing balance at the end of the reporting period	**(52)**	(55)

13.11 Third-party credit enhancements

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

14. Reporting changes overview

The financial reporting changes that have had an impact on the Group's results for the comparative reporting period ended 31 December 2013 include:

- The implementation of amended IFRS, specifically amendments to IAS 32, relating to offsetting of financial assets and financial liabilities. All other amendments to IFRS, and new interpretations, effective for the current reporting period had no significant impact on the Group's reported results.
- Certain changes in internal accounting policies.

14.1 Accounting policy changes due to amended IFRS

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

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

The netting applied to certain financial instruments (i.e. variation margins on certain derivatives as well as certain hybrid customer products) has been assessed in light of the amendments and it has been determined that netting is no longer permitted under IFRS.

14.2 Internal accounting policy changes

The Group elected to make an internal accounting policy change involving the classification of items in the statement of financial position. Investment securities across South Africa have been appropriately grouped together as "Investment securities", following the acquisition of Barclays Africa Limited, with remaining investments linked to investment contracts being disclosed separately.

This has resulted in the old "statutory liquid asset portfolio" line item in the statement of financial position no longer being displayed.

This reclassification has no impact on the overall financial position or net earnings of the Group. To ensure comparability, the comparative reporting periods have been restated.

14.3 Impact of reporting changes on the Group's results

The impact of these changes on the statement of financial position, is as follows:

Summary consolidated statement of financial position as at 31 December 2013

	As previously reported Rm[1]	IFRS accounting policy changes Rm	Internal accounting policy changes Rm	Restated Rm
Assets				
Loans and advances to banks	79 971	651	—	80 622
Trading portfolio assets	87 034	1 727	—	88 761
Statutory liquid asset portfolio	62 055	—	(62 055)	—
Investment securities	33 083	—	45 921	79 004
Investments linked to investment contracts	—	—	16 134	16 134
Loans and advances to customers	605 337	886	—	606 223
Liabilities				
Deposits from banks	69 064	1 727	—	70 791
Deposits due to customers	588 011	886	—	588 897
Trading portfolio liabilities	51 477	651	—	52 128

Note

[1]As per financial results published on 11 February 2014.

Barclays Africa Group Limited

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Registration number: 1986/003934/06
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JSE share code: BGA
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Group non-executive directors

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Significant banking subsidiaries

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

Absa Bank Limited	absa.co.za
Barclays Bank Botswana	barclays.co.bw
Barclays Bank of Ghana Limited	gh.barclays.com/
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Notes
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