



Barclays Africa Group

2016 financial results presentation

23 February 2017





Strategic update

Maria Ramos





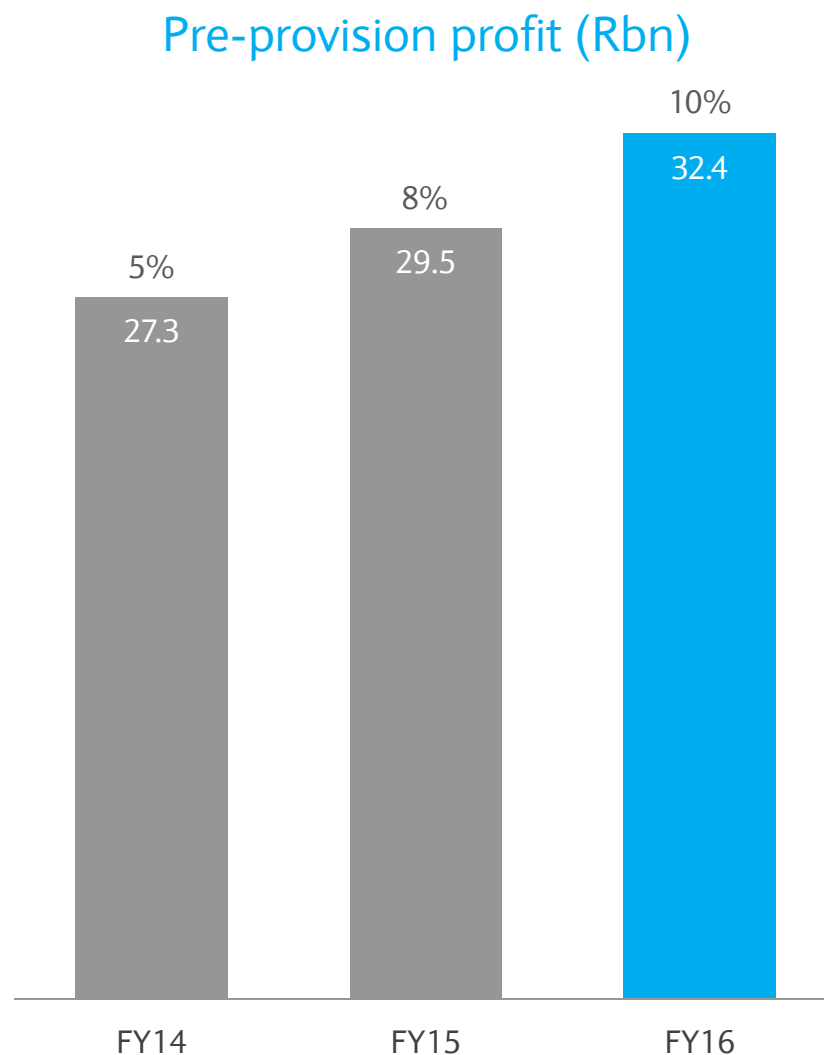
Financial review

Jason Quinn



Pre-provision profit drove earnings growth

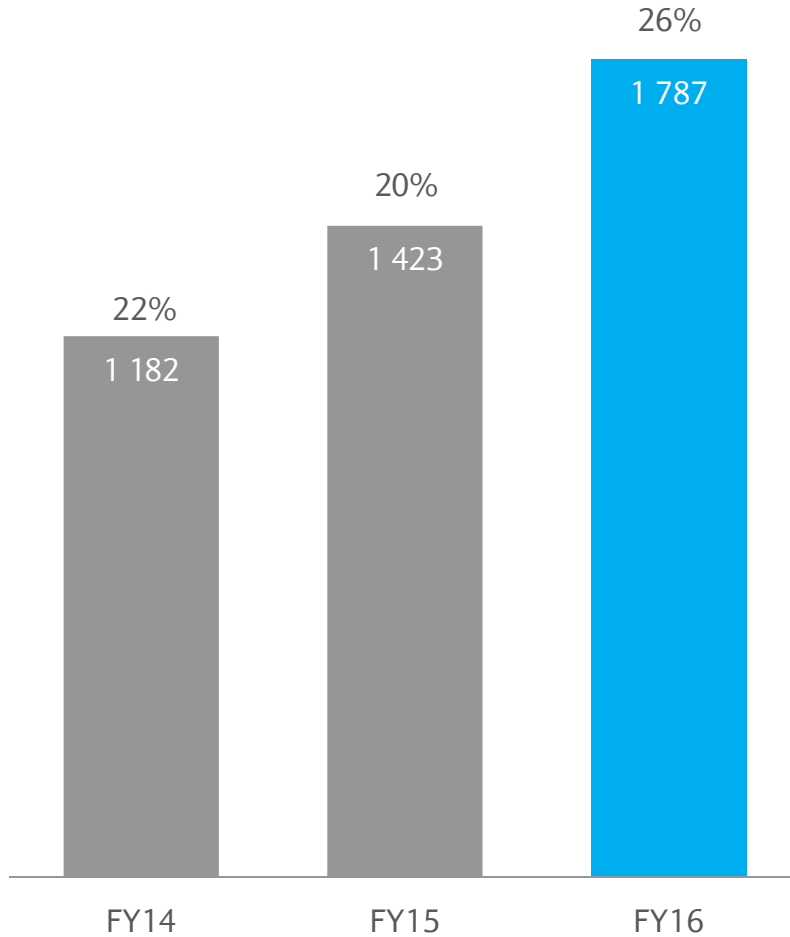
	FY16 Rm	FY15 Rm	Change %
Net interest income	42 003	38 407	9
Non-interest income	30 391	28 791	6
Total income	72 394	67 198	8
Impairment losses	(8 751)	(6 920)	26
Operating expenses	(39 956)	(37 661)	6
Other*	(2 005)	(1 314)	53
Taxation	(5 835)	(5 899)	(1)
Non-controlling interest	(1 139)	(1 073)	6
Attributable earnings	14 708	14 331	3
Headline earnings	14 980	14 287	5



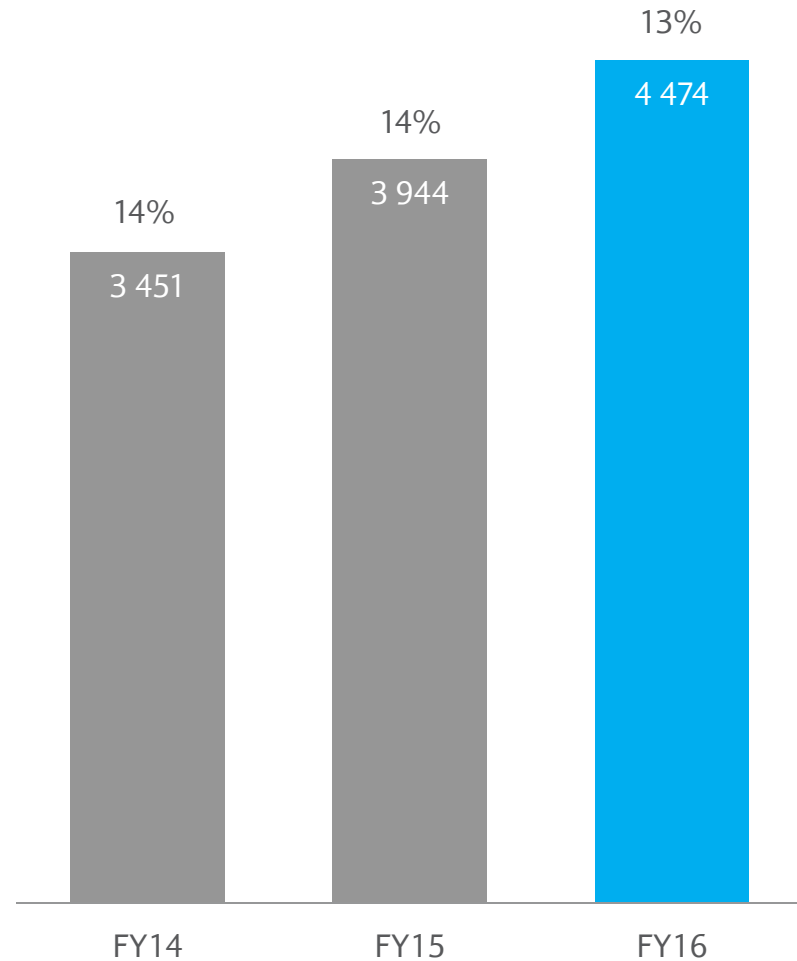
Note: * Other impairments, indirect tax and associates. Includes R618m impairment of intangible assets.

Maintained revenue growth in target areas ...

Markets Rest of Africa revenue (Rm)



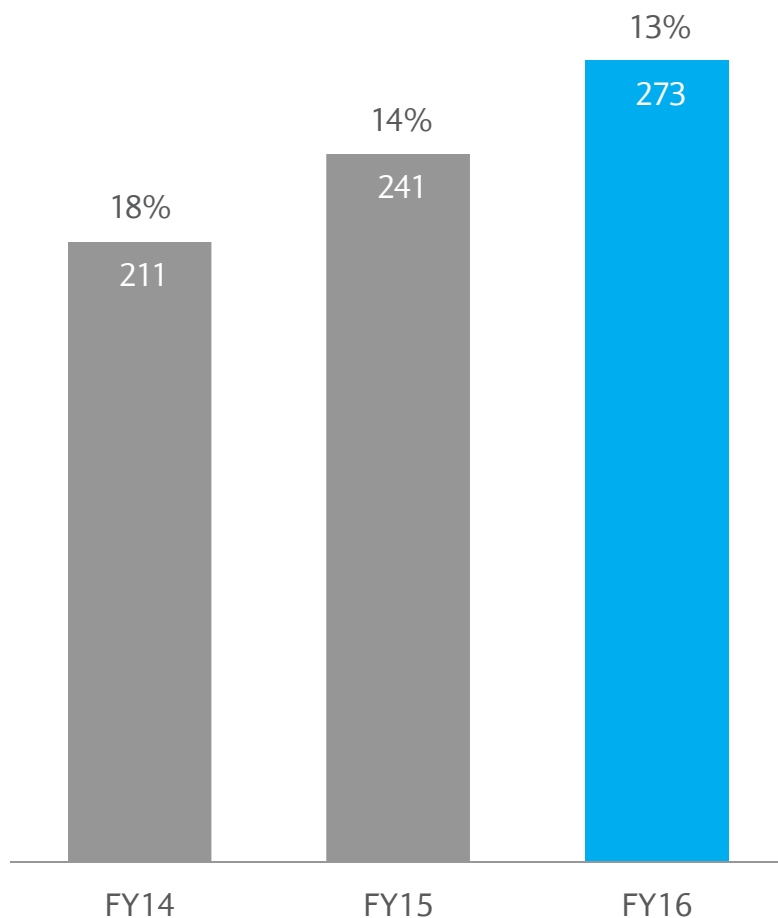
Corporate SA revenue* (Rm)



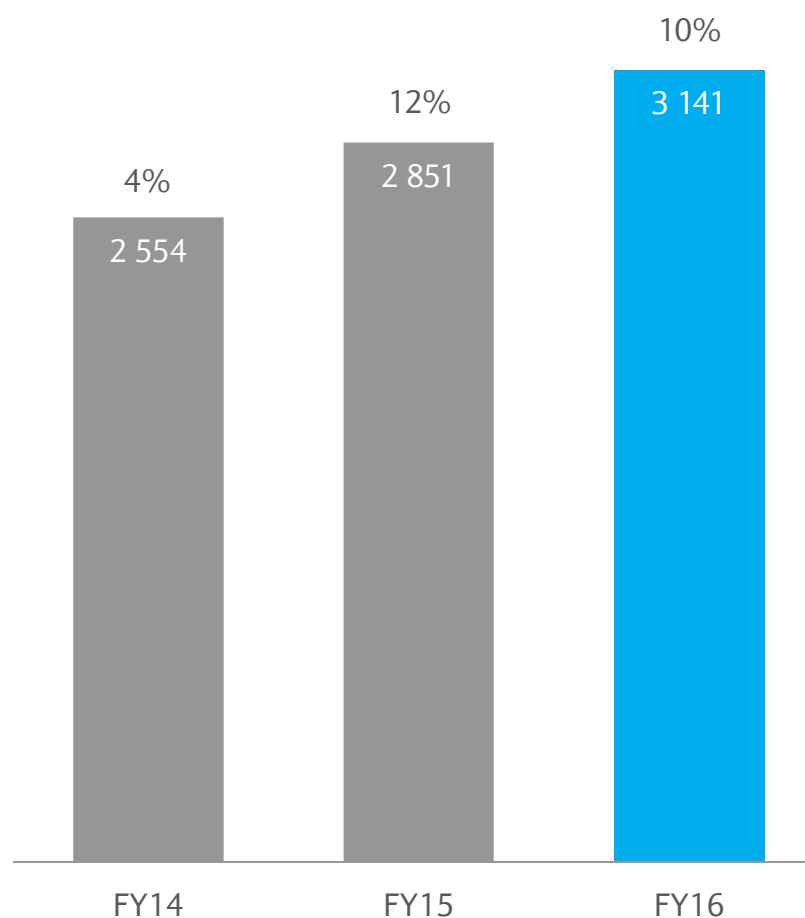
Note: *Excluding Custody and Trustee

... including less capital-intensive activities

SA Card acquiring volumes (Rbn)

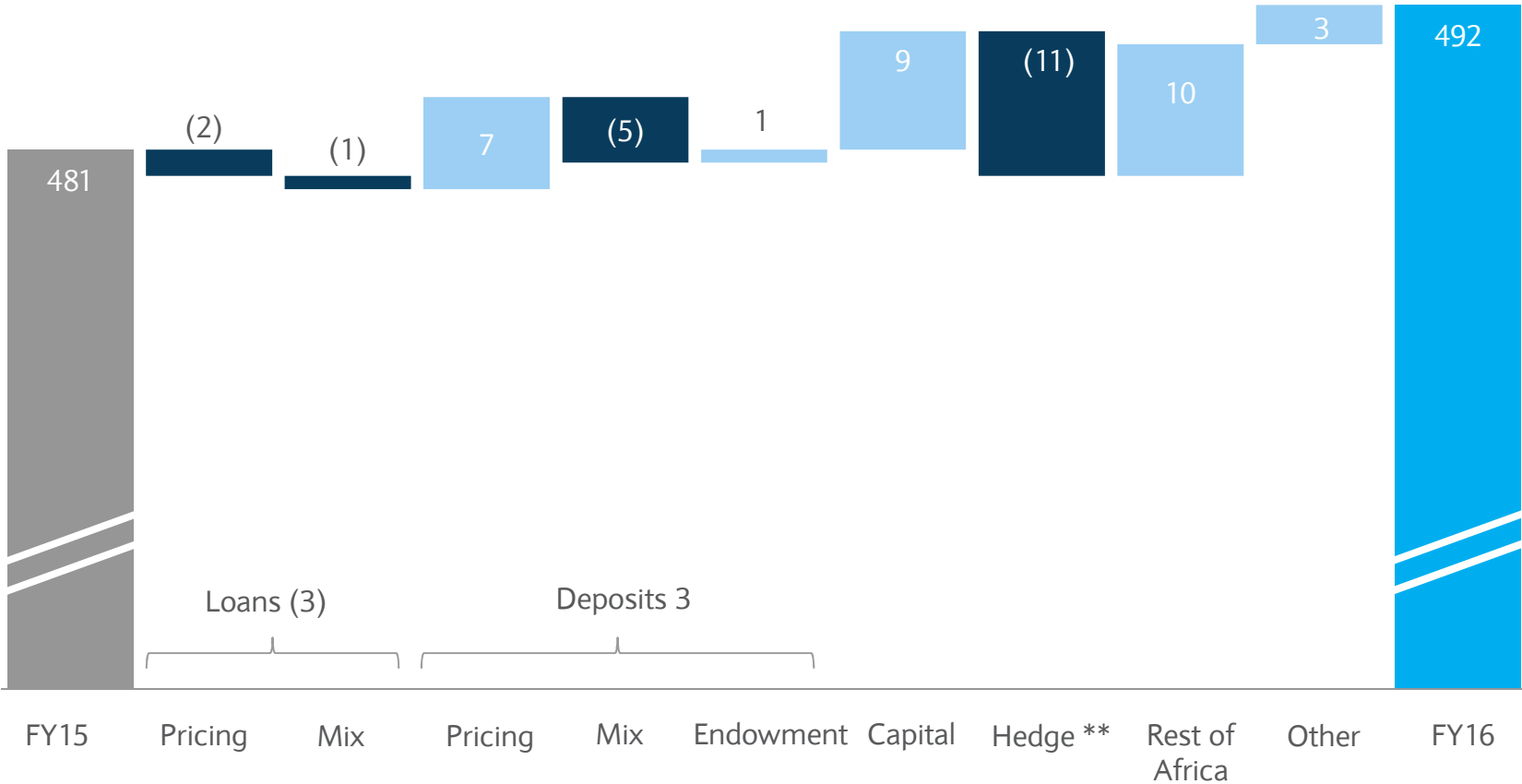


Life Insurance net premium income (Rm)



Rest of Africa improved group net interest margin

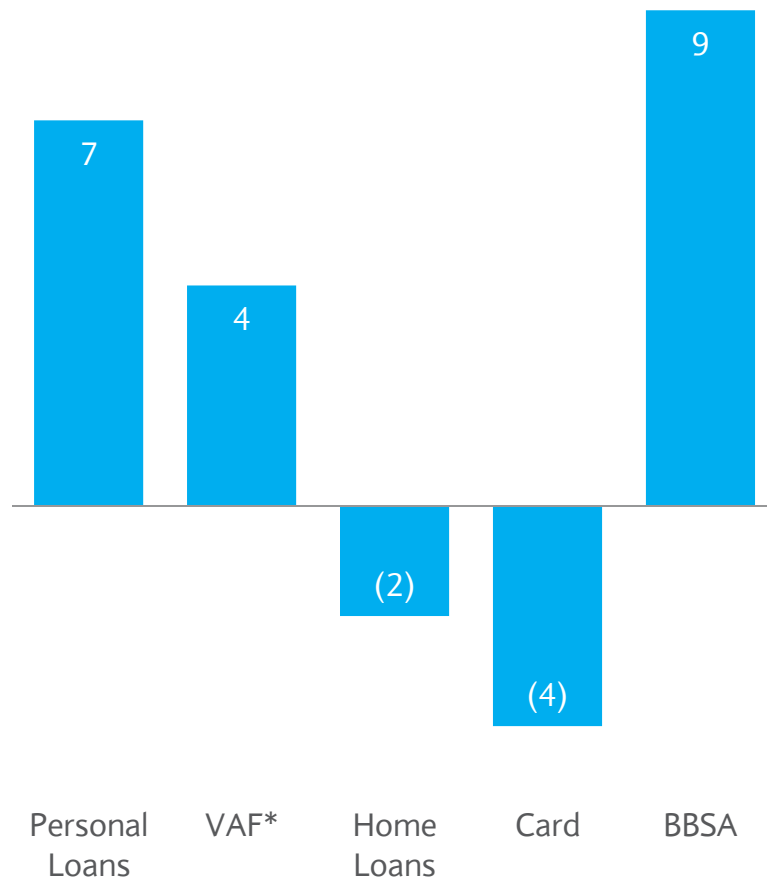
Change in net interest margin* (basis points)



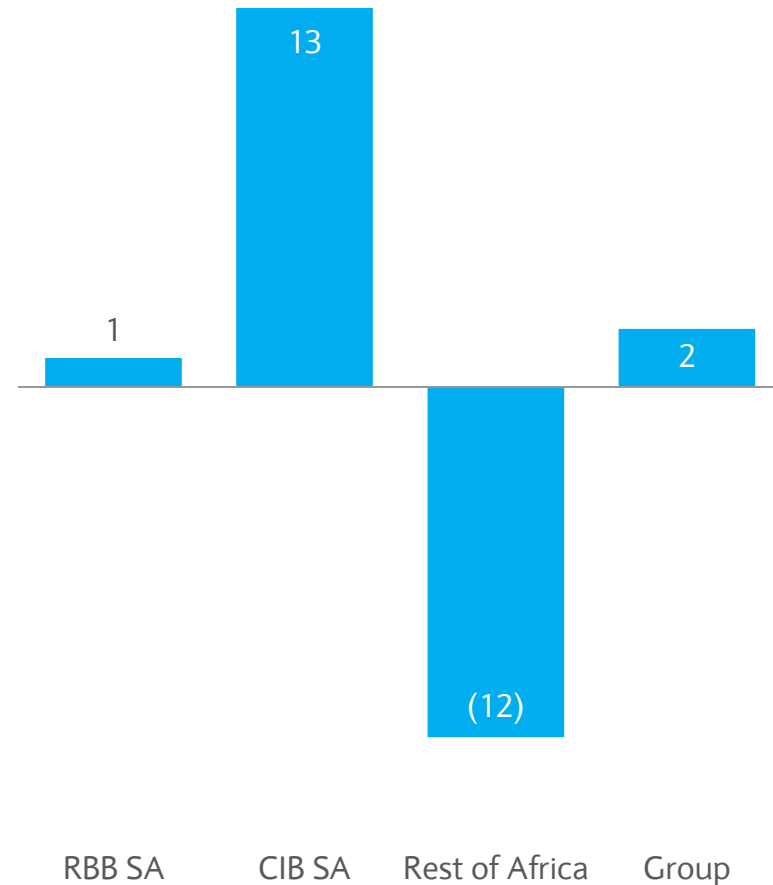
Note: * Average interest bearing assets; ** interest rate risk management

Loan growth across the group mixed ...

RBB SA loan growth (%)



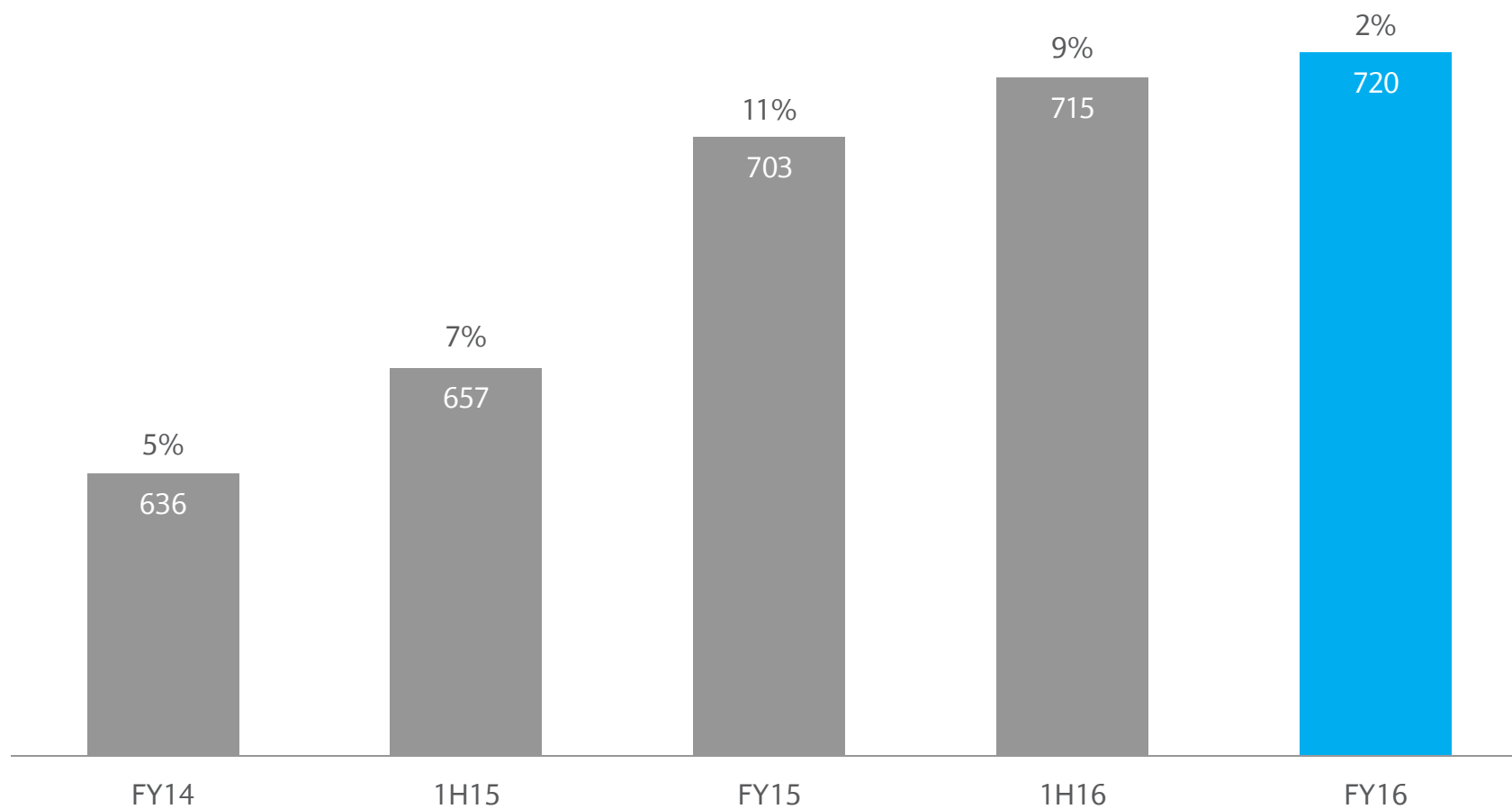
Loan growth by division (%)



Note: * Vehicle and Asset Finance

... as balance sheet growth slows

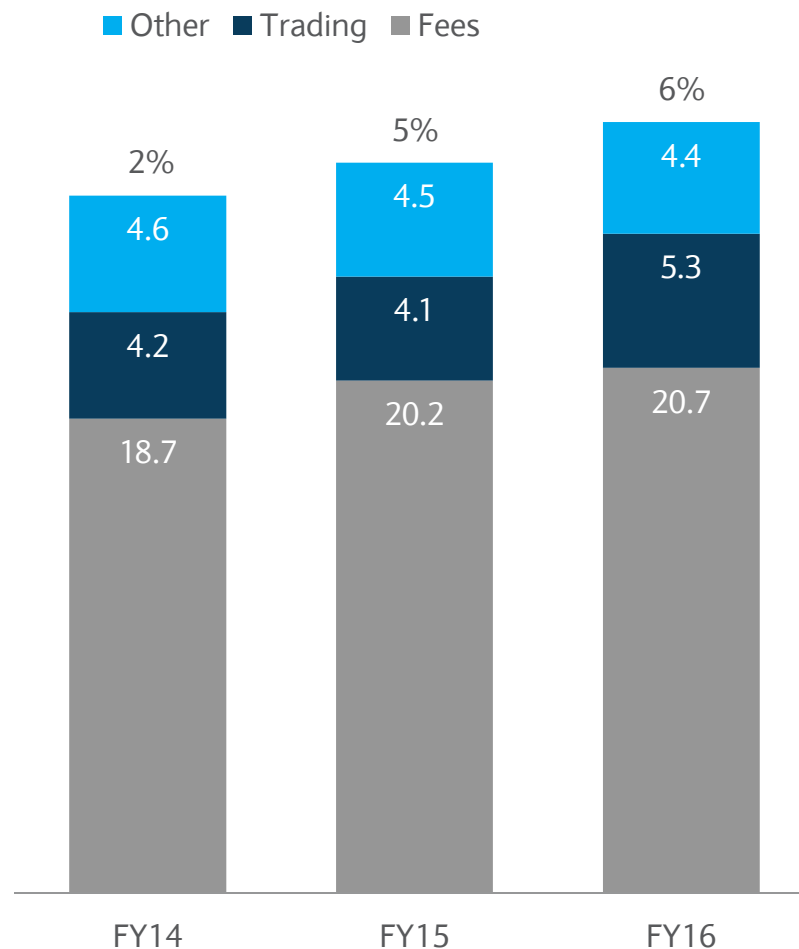
Group customer loans and advances (Rbn, YoY growth)



Strong Markets lifted non-interest income

	FY16 Rm	Change %	Mix * %
Retail and Business Banking	19 134	5	62
• Retail Banking SA	12 819	4	42
• Business Banking SA	3 543	5	11
• RBB Rest of Africa	2 772	6	9
CIB	6 679	13	22
• South Africa	4 223	9	14
• Rest of Africa	2 456	23	8
WIMI	4 848	(2)	16
Other	(270)	(19)	
Total	30 391	6	100

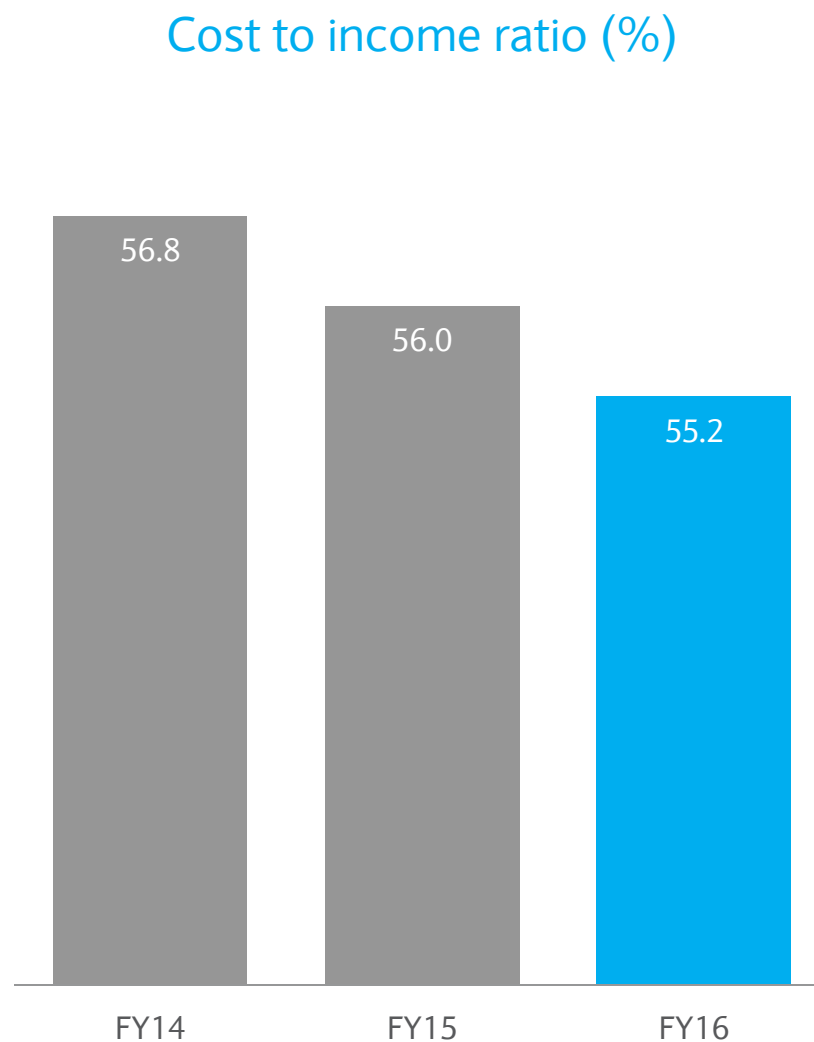
Non-interest income mix (Rbn)



Note: * Excludes other

Efficiencies continue to fund investment

	FY16 Rm	Change %	Mix %
Staff costs	22 090	6	55
Property-related costs	3 383	5	8
Information technology	3 131	38	8
Amortisation	641	35	2
Marketing costs	1 585	(9)	4
Professional fees	2 061	(5)	5
Cash transportation	963	9	2
Other*	6 102	8	16
Operating expenditure	39 956	6	100

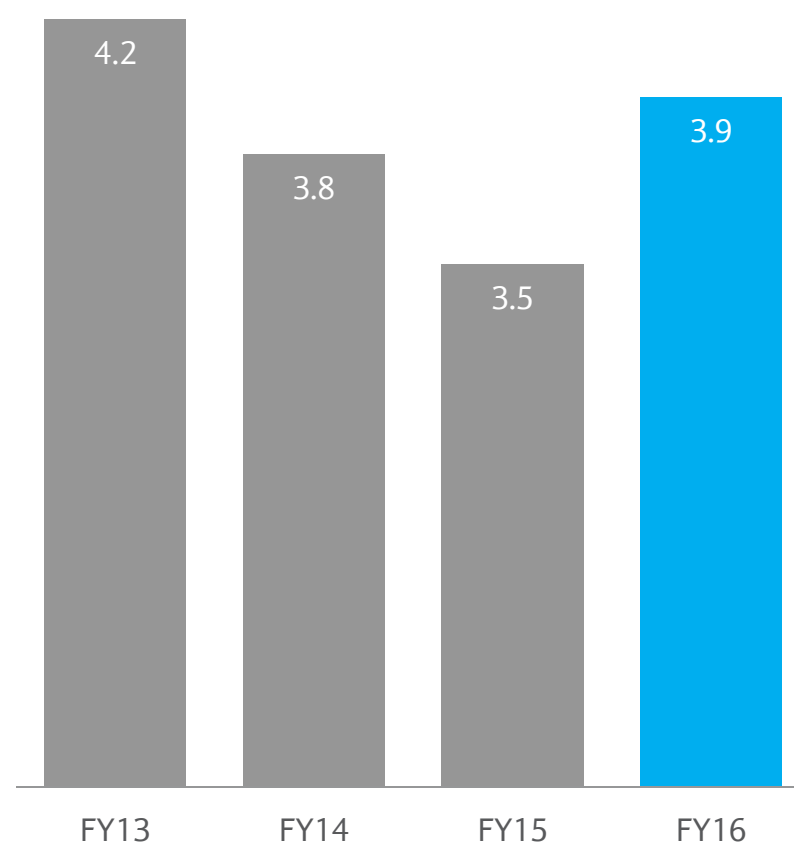


Note: * Includes depreciation, administration fees, printing and stationery, telephone and postage, fraud losses etc

Credit impairments rising ...

	FY16	FY15	FY16	FY15
	Credit loss ratio (bps)		NPL cover (%)	
Retail and Business Banking	146	124	45	44
Retail Banking SA	139	123	43	42
Cards *	541	538	72	70
VAF	114	97	44	39
Mortgages **	40	30	21	22
Personal Loans	568	516	66	65
Business Banking SA	86	85	35	35
RBB Rest of Africa	296	193	67	64
CIB	53	37	40	34
WIMI	13	(7)	49	48
Group	108	92	44	43

Non-performing loans (%)

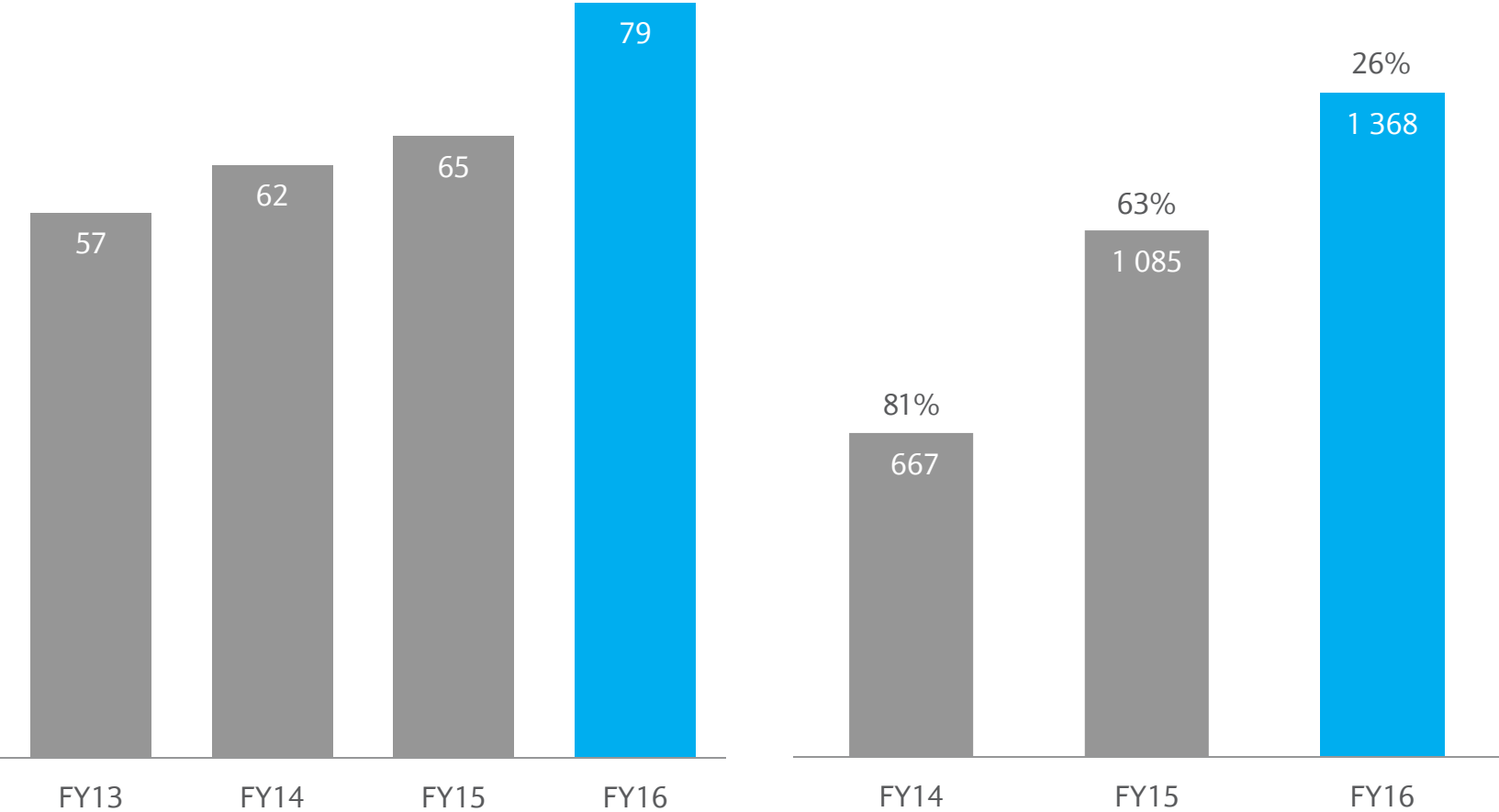


Note: * Includes Woolworths Financial Services and the Edcon portfolio; ** Home Loans credit loss ratio

... including continued portfolio provision build

Provision to performing loans* (bps)

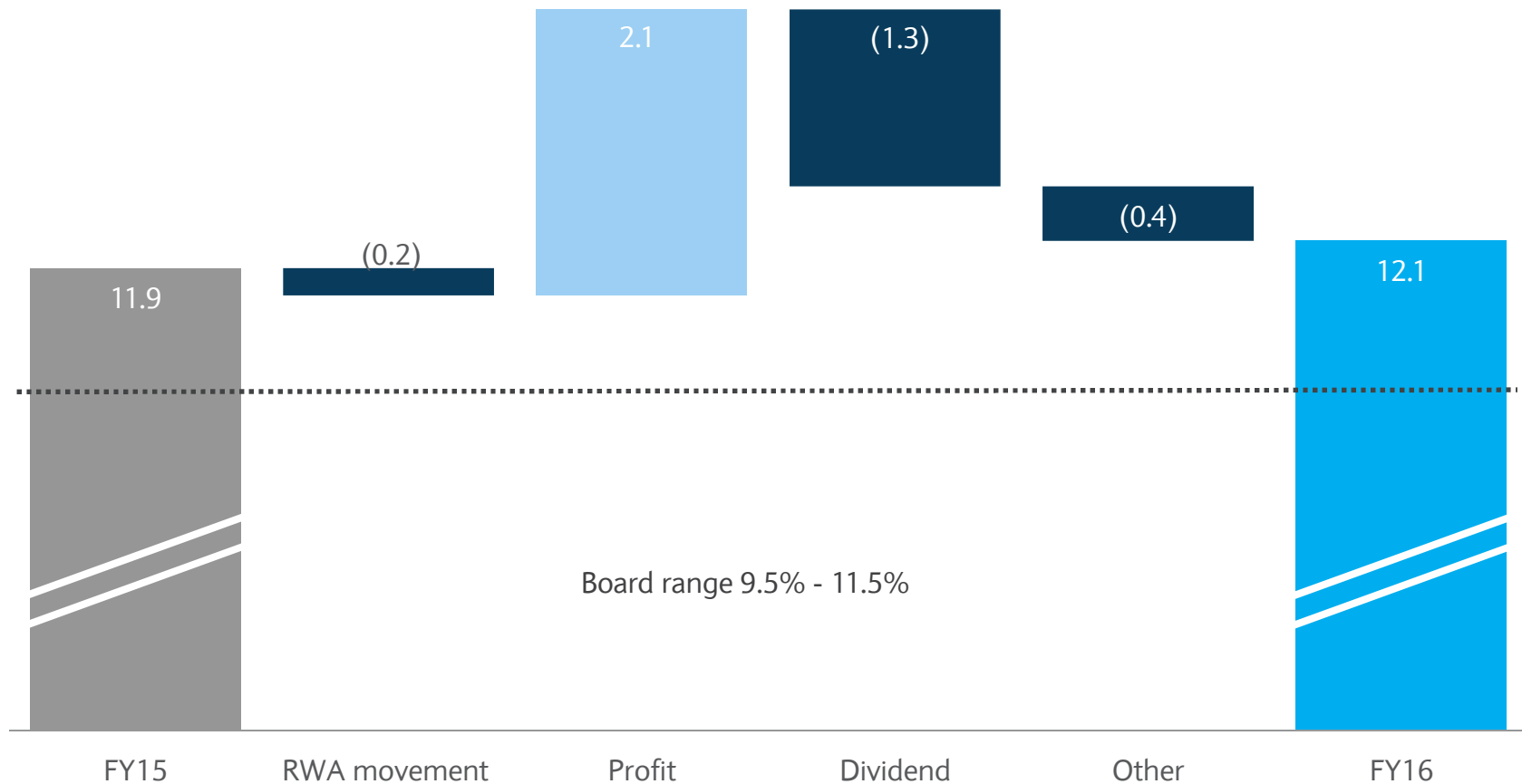
Macroeconomic provisions (Rm)



Note: * Total gross loans and advances

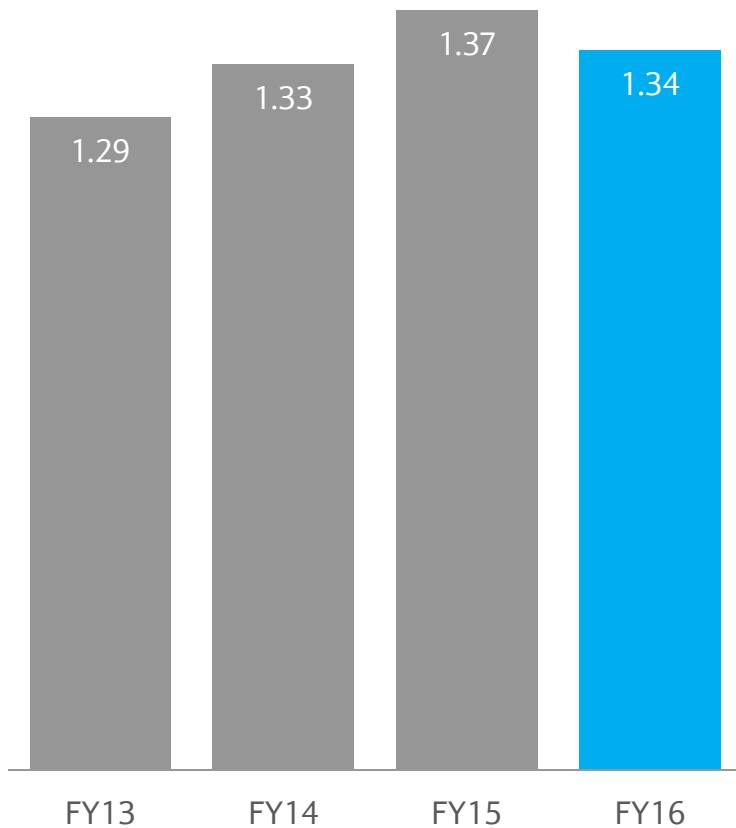
Capital levels remain strong

Barclays Africa Group Common Equity Tier 1 ratio (%)

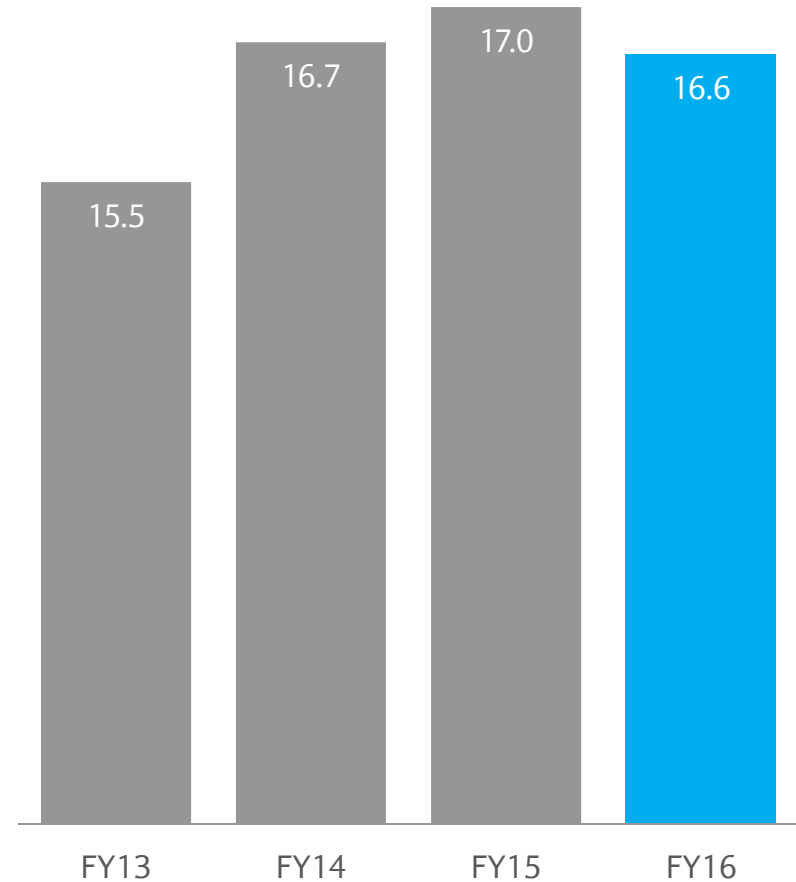


Resilient returns considering higher credit costs

Return on assets (%)

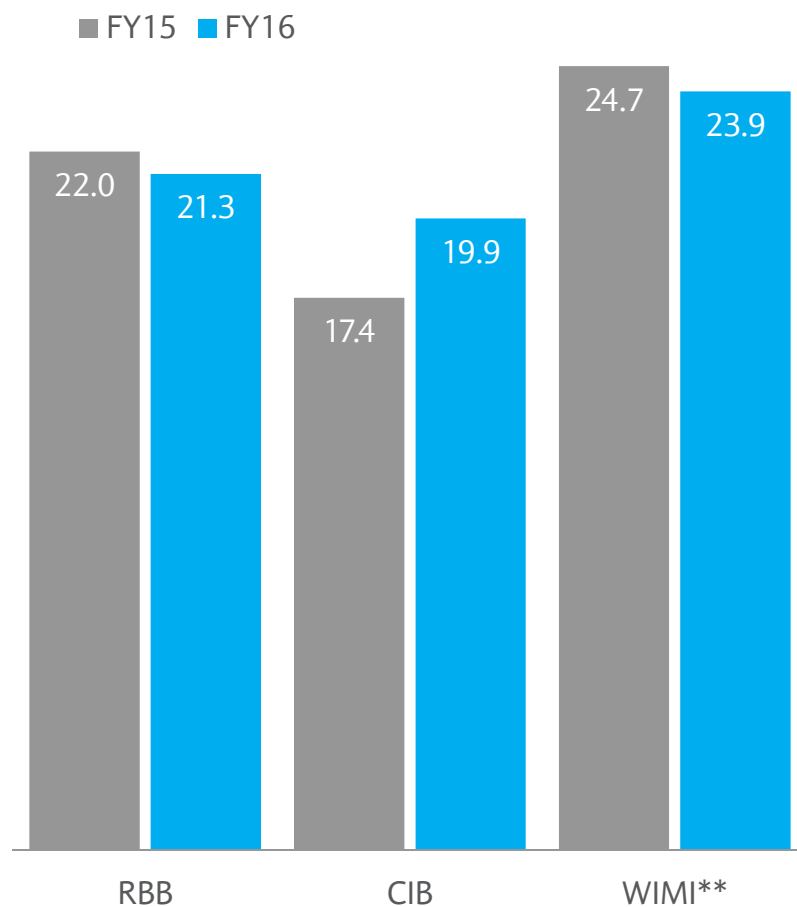


Return on equity (%)

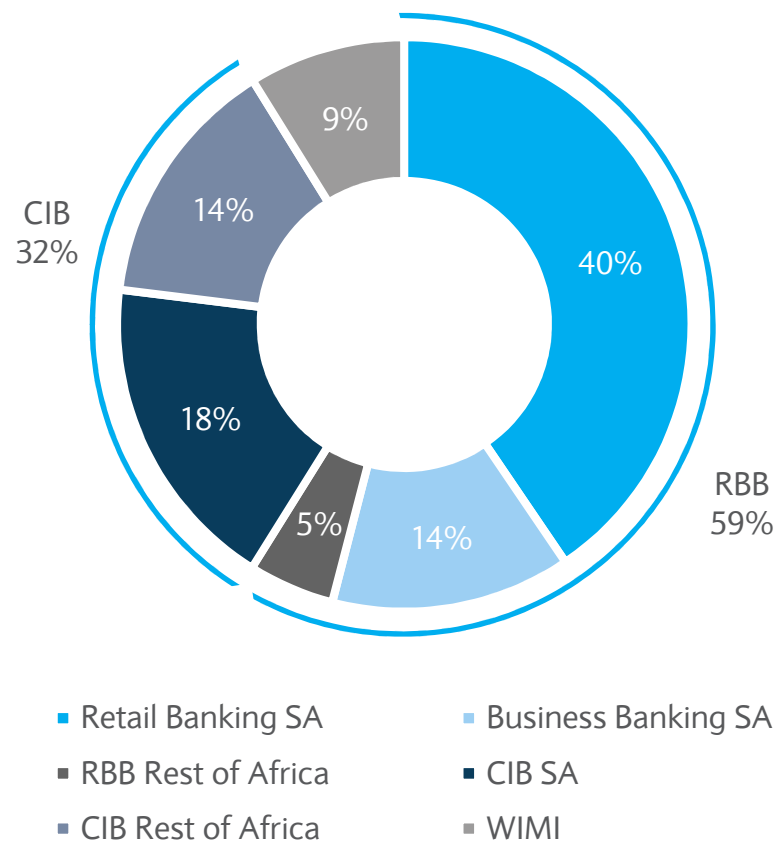


A well diversified portfolio

Divisional RoRC* (%)



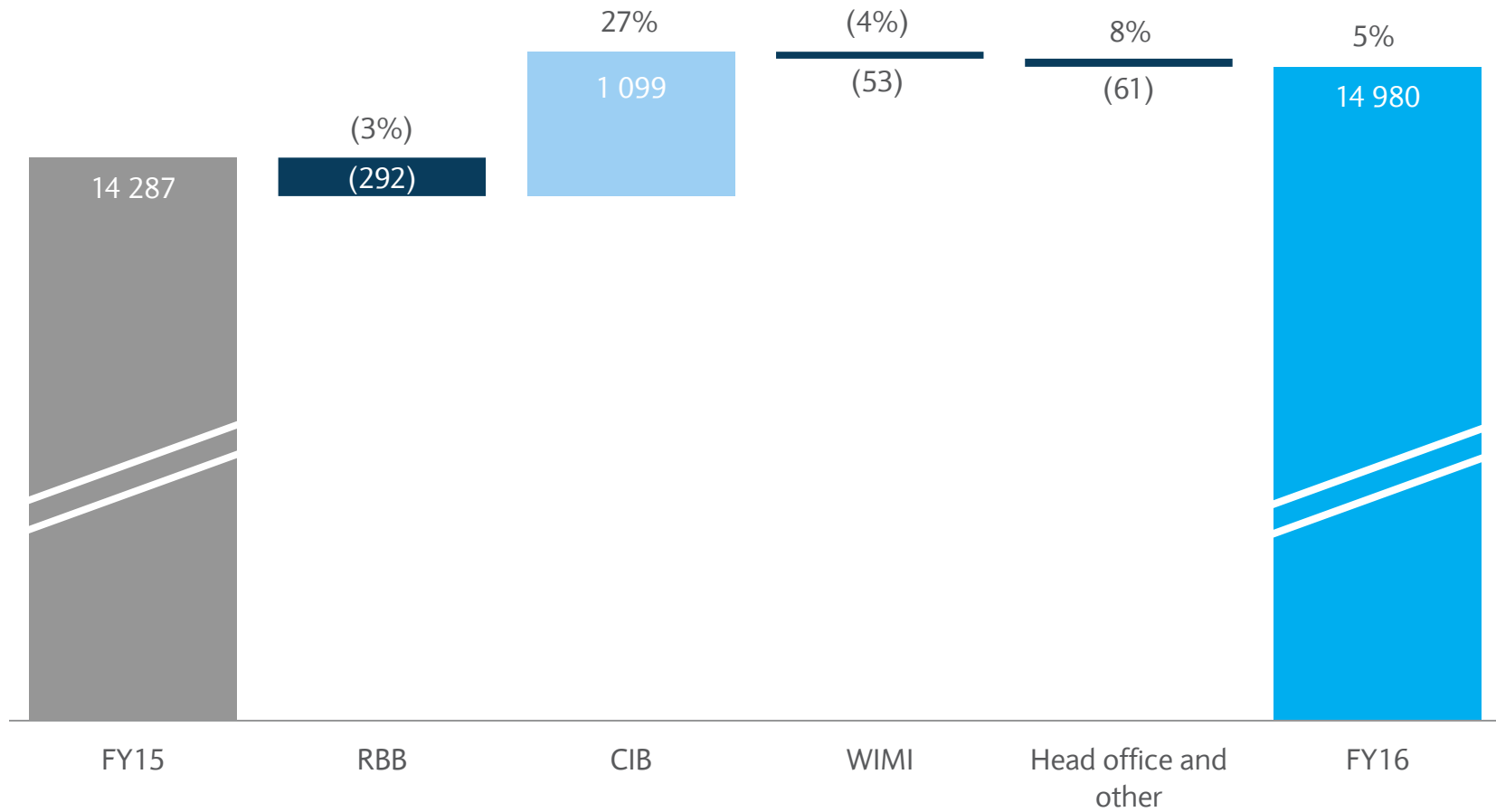
Headline earnings by segment FY16



Note: * Return on regulatory capital; **RoE

CIB drove group earnings growth

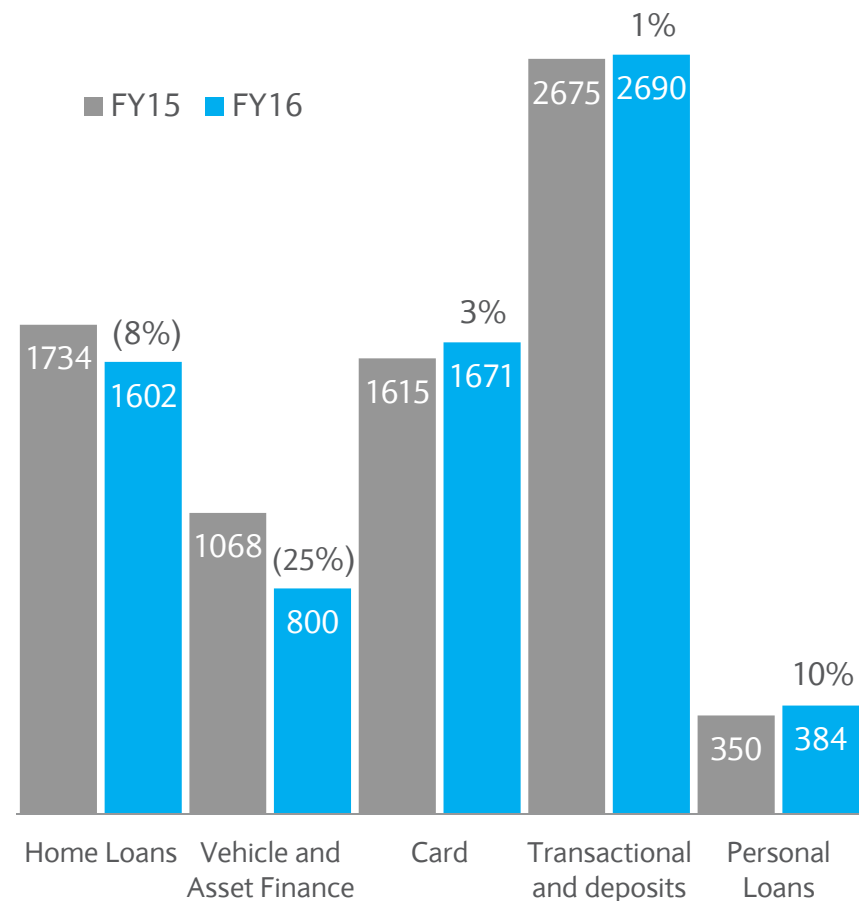
Headline earnings growth (Rm)



Retail Banking SA navigating weak macros

- Benefit from a diversified portfolio
- Revenue momentum mixed, with some progress in transactional
- Loan growth remains modest
- Solid deposit growth
- Cost discipline funds spend on IT and customer experience
- Higher credit charge across most books reflects the cycle

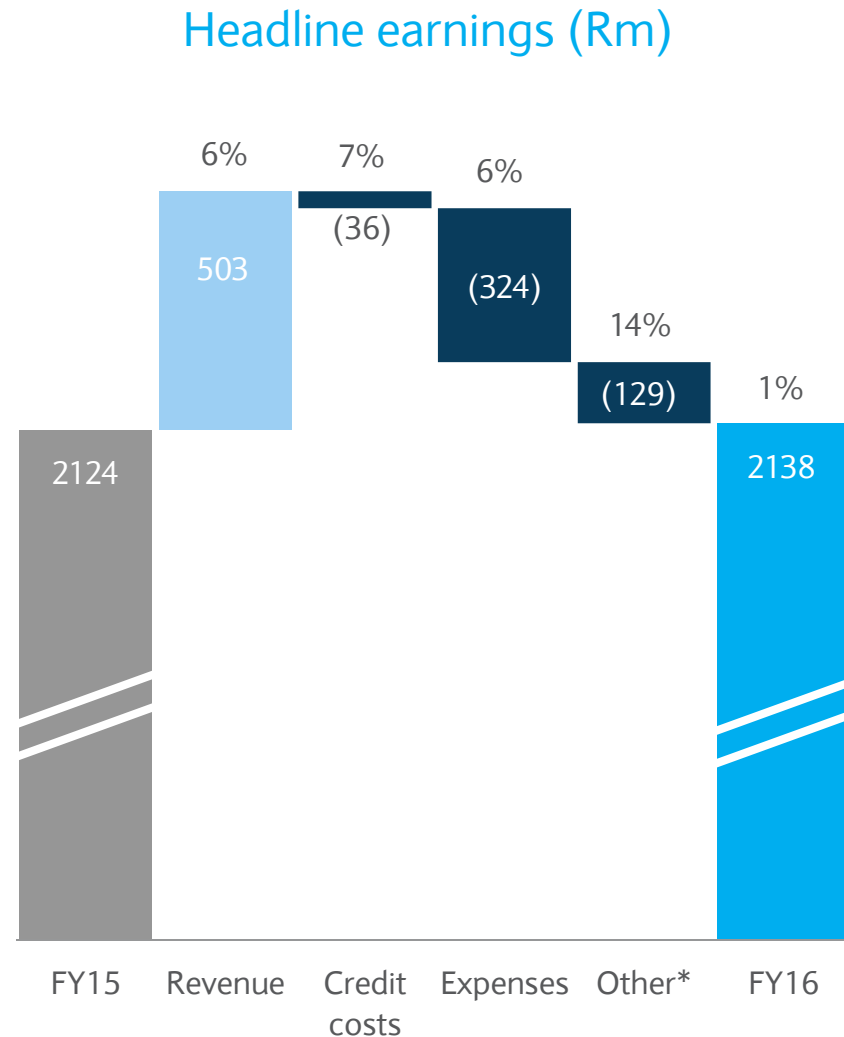
Headline earnings* (Rm)



Note: * Excludes Other, which is largely central costs and lost R741m

Scope to improve Business Banking SA growth

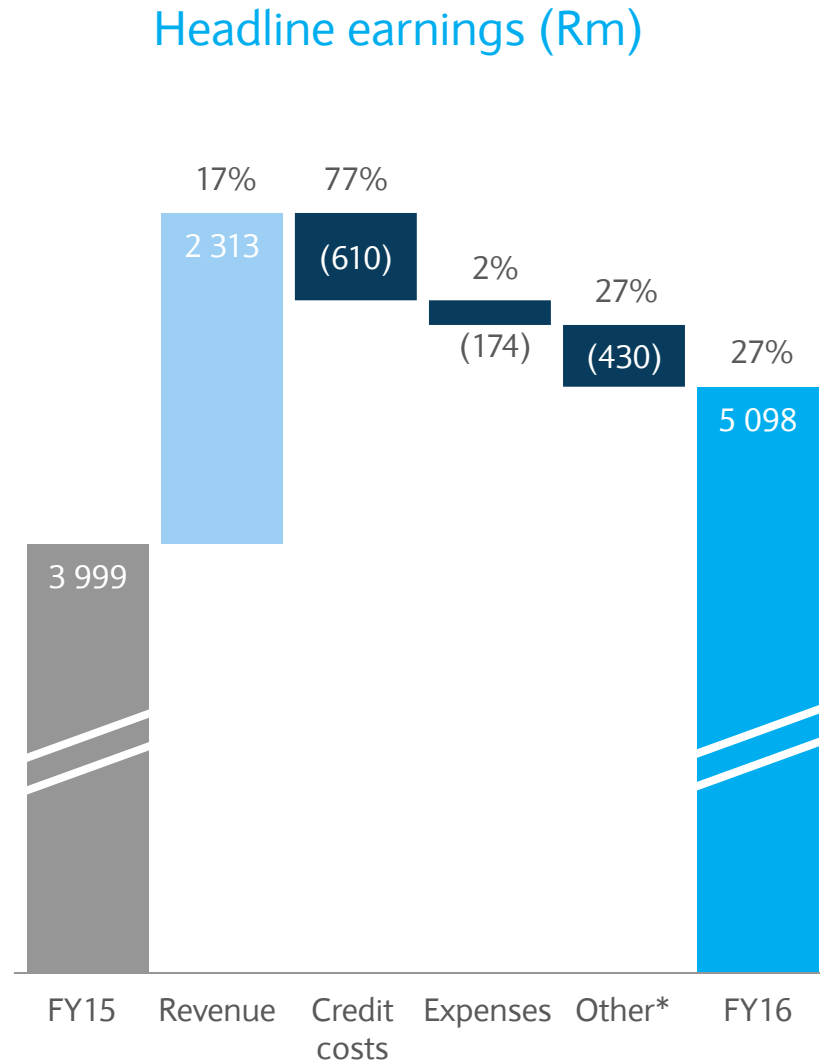
- Moderate revenue growth with some positive signs
- Commercial customer numbers stable, new SME offering
- Costs remain well contained
- Credit quality holds up well
- A large deposit generator that produces attractive returns



Note: * Includes other operating expenses, taxation, non-controlling interest and non-headline items

Corporate Bank underpins strong CIB growth

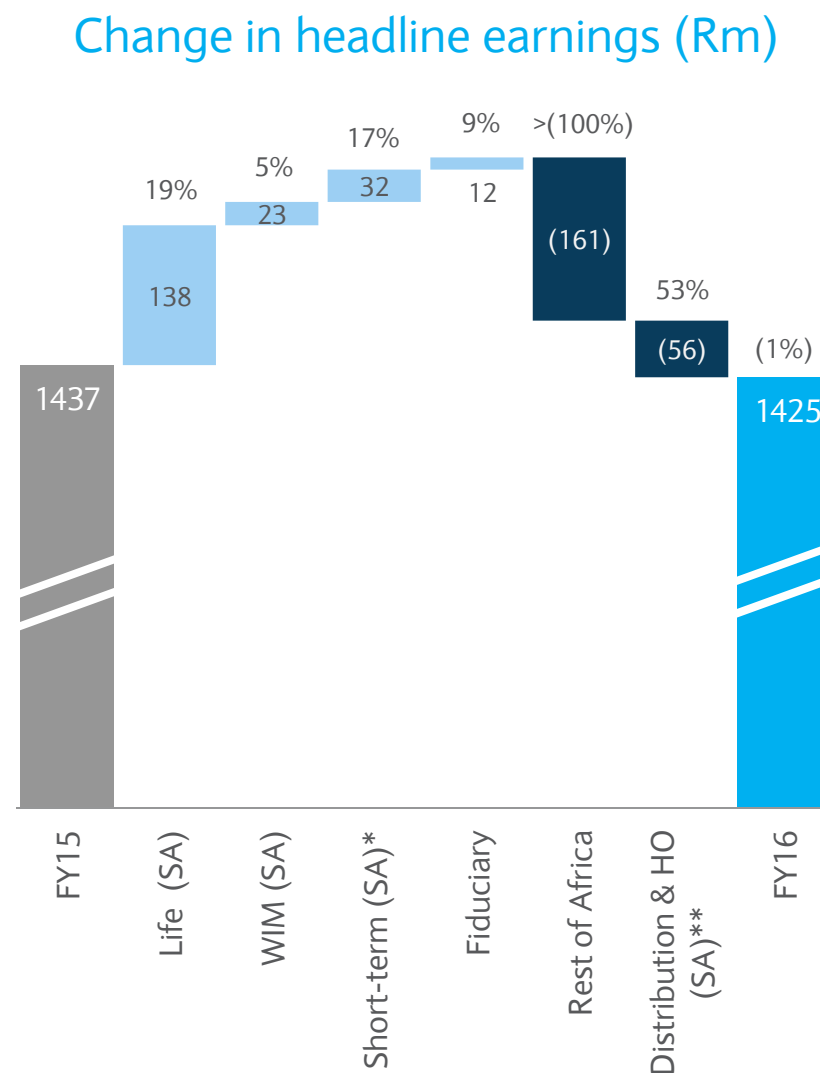
- Corporate increased to over half CIB's earnings
- Excellent rest of Africa growth
- Strong revenue growth across most areas, particularly Markets
- Loan growth slowed. Focus will shift to transactional growth
- Large rise in first half credit costs
- Expenses well controlled, as IT spend increases
- Returns improved



Note: * Includes other operating expenses, taxation, non-controlling interest and non-headline items

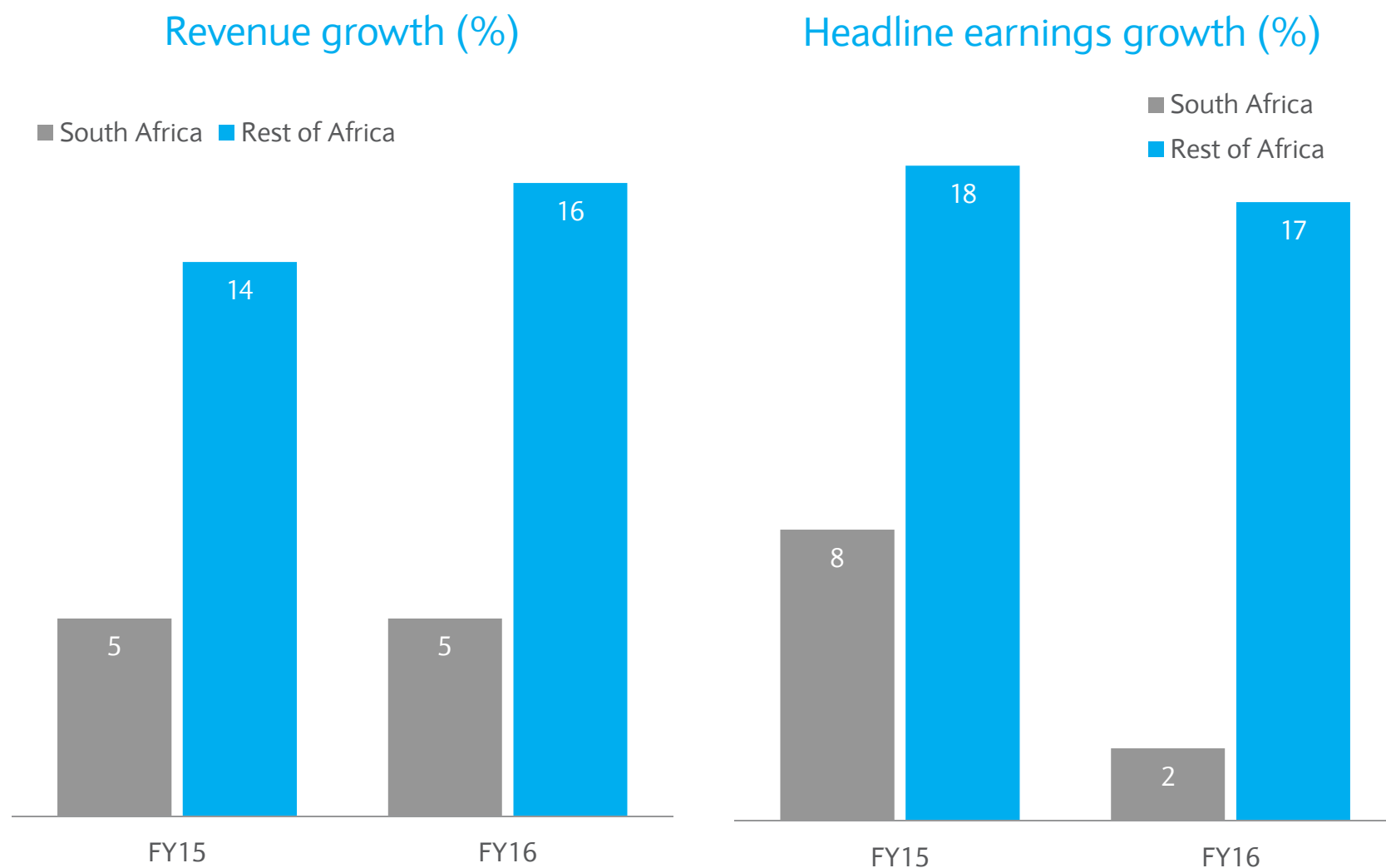
WIMI – rest of Africa loss offsets solid SA results

- Solid net premium income growth with strong branch sales
- Improved net AUM inflows
- Strong growth in income from shareholder funds
- Cost growth reflects expansion strategy
- Higher reserving and claims impacted rest of Africa
- Maintained attractive returns



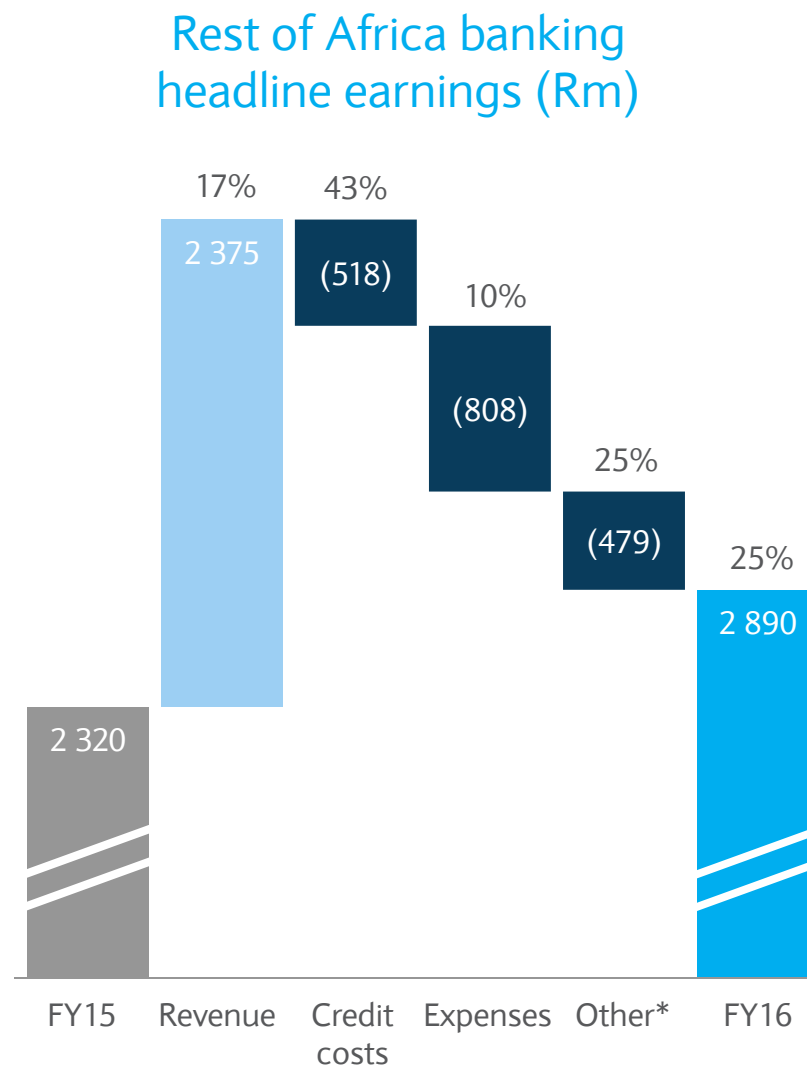
Note: * Short-term Insurance excludes Agri; ** Distribution and head office

Rest of Africa enhances group trajectory ...



... with strong banking growth outside SA

- Important to have a portfolio given tough macro backdrop
- Notable currency impact
- Strong pre-provision profit growth
- Large rise in RBB credit charge, while CIB declined
- CIB increased to 77% of earnings
- Continued scope to improve returns



Note: * Includes other operating expenses, taxation, non-controlling interest and non-headline items

Well positioned to separate from Barclays PLC

- Barclays PLC has submitted an application for approval to reduce its stake
- We have agreed terms of the separation payments and transitional services
- Barclays PLC will contribute £765m, comprising of:
 - £515m in recognition of the investment required in technology, rebranding and other separation projects
 - £55 million to cover separation related expenses
 - £195 million to terminate the existing service level agreement relating to the rest of Africa operations
- Contributions are expected to leave us capital and cash flow neutral
- Barclays PLC has agreed to contribute towards the establishment of a broad-based black economic empowerment scheme
- We will provide more detail in due course

Outlook for 2017

- We will report normalised results given the separation
- Low to mid-single digit loan growth, with CIB above RBB
- Net interest margin should decline slightly
- Slower revenue growth likely to produce negative Jaws near-term, despite continued cost management
- Credit loss ratio should improve from 2016
- Normalised RoE likely to be broadly similar to 2016
- Rest of Africa growth should exceed South Africa's
- Separation will impact our returns near-term, but we believe stated longer-term targets remain appropriate
- Dividend cover is likely to increase slightly medium-term

Disclaimer

Forward-looking statements

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