



Barclays Africa Group Limited

2017 financial results presentation



Performance review

Jason Quinn



Lower credit charge drove growth

| | FY16 Rm | FY17 Rm | Change % | Adjustment | FY17 normalised Rm | Change % |
|--------------------------|---------------|---------------|-------------|--------------|--------------------------|-------------|
| Net interest income | 42 003 | 42 644 | 2 | (325) | 42 319 | 1 |
| Non-interest income | 30 391 | 30 661 | 0 | (80) | 30 581 | 1 |
| Total income | 72 394 | 73 305 | 1 | (405) | 72 900 | 1 |
| Impairment losses | 8 751 | 7 022 | (20) | - | 7 022 | (20) |
| Operating expenses | 39 956 | 43 304 | 8 | (1 901) | 41 403 | 4 |
| Other* | (2 005) | (2 270) | 5 | (394) | (1 706) | |
| Taxation | 5 835 | 5 857 | 0 | 408 | 6 265 | 7 |
| Non-controlling interest | 1 139 | 1 199 | 5 | - | 1 199 | 5 |
| Headline earnings | 14 980 | 14 313 | (4) | 1 245 | 15 558 | 4 |

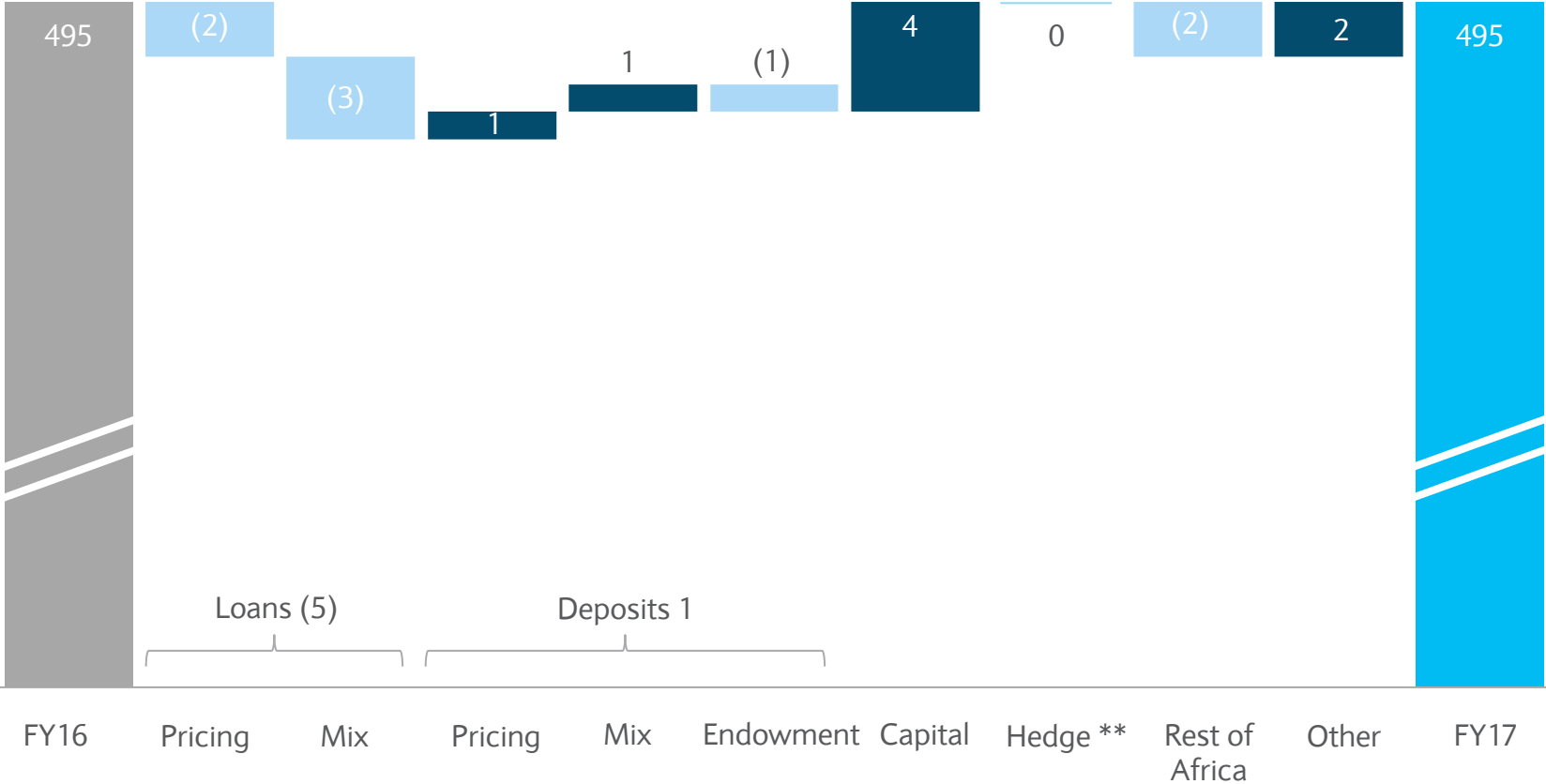
Note: * includes other impairments, indirect tax and associates' share of post tax results

Salient features (normalised)

| | FY16 % | FY17 % |
|-------------------------------------|-----------|-----------|
| Diluted headline EPS growth | 5 | 4 |
| Dividend per share growth | 3 | 4 |
| Growth in net asset value per share | 4 | 5 |
| Return on equity | 16.6 | 16.4 |
| Return on assets | 1.34 | 1.38 |
| Net interest margin | 4.95 | 4.95 |
| Cost to income ratio | 55.2 | 56.8 |
| Credit loss ratio | 1.08 | 0.87 |

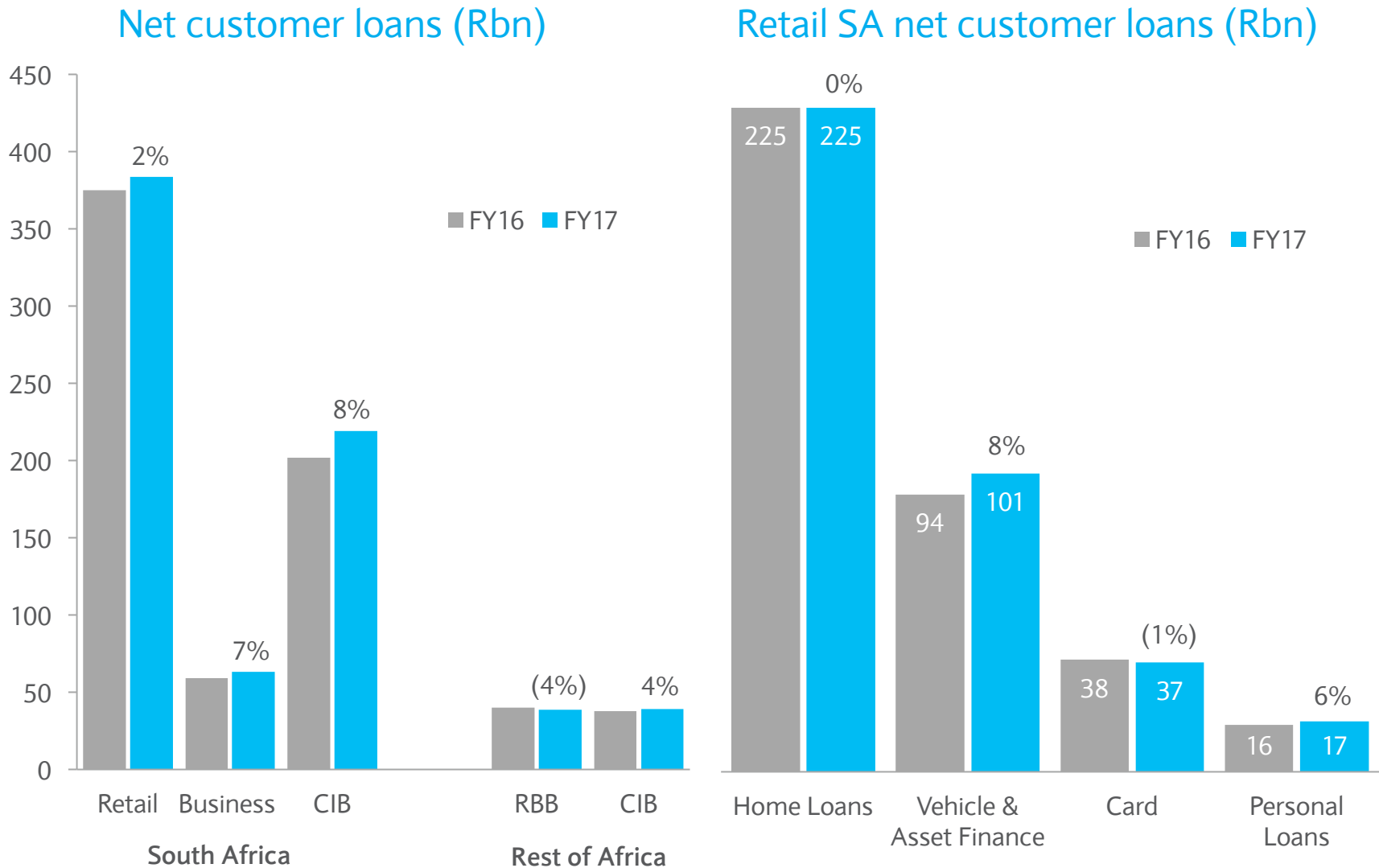
Stable net interest margin

Change in net interest margin* (basis points)



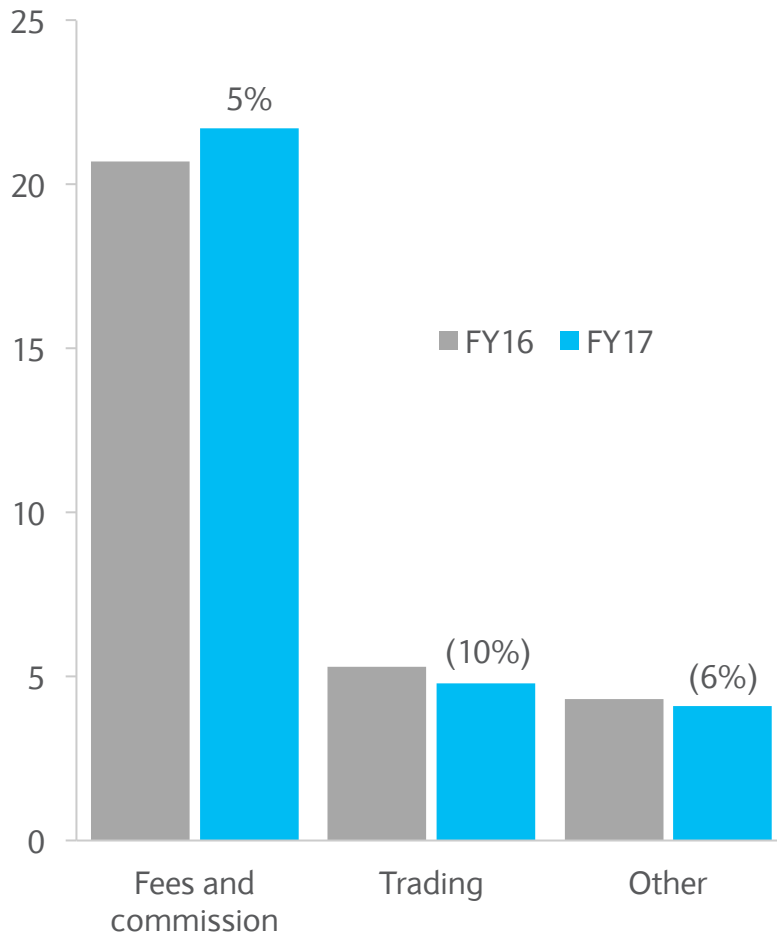
Note: * average interest bearing assets; ** interest rate risk management

Modest loan growth, particularly in Retail

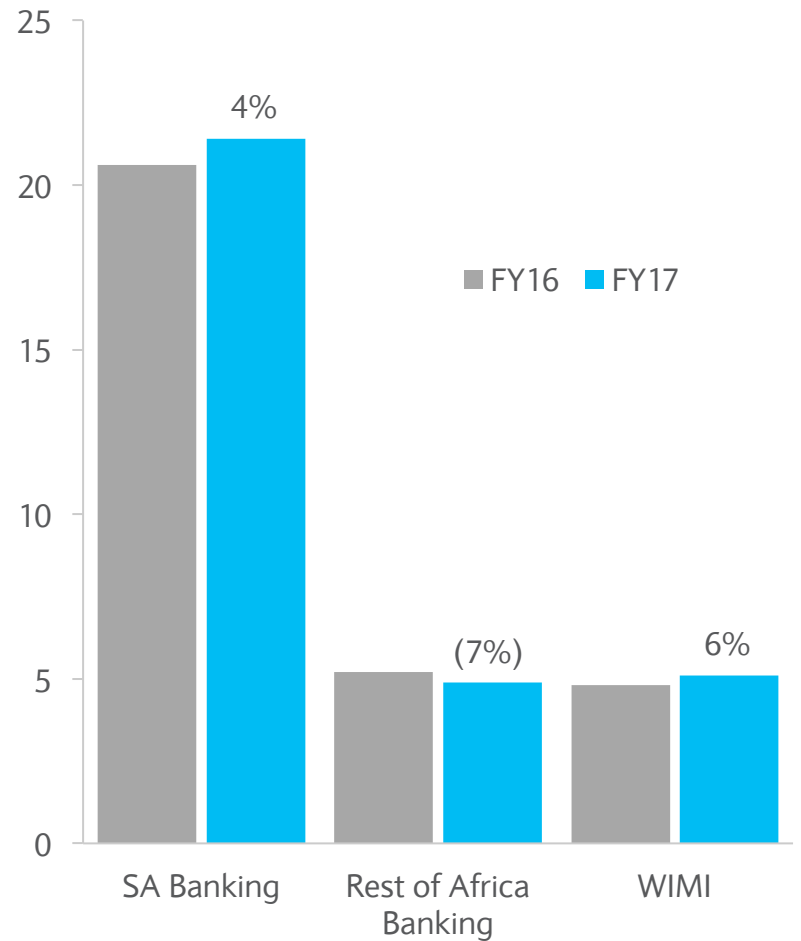


Large annuity component in non-interest income

Non-interest income by type (Rbn)



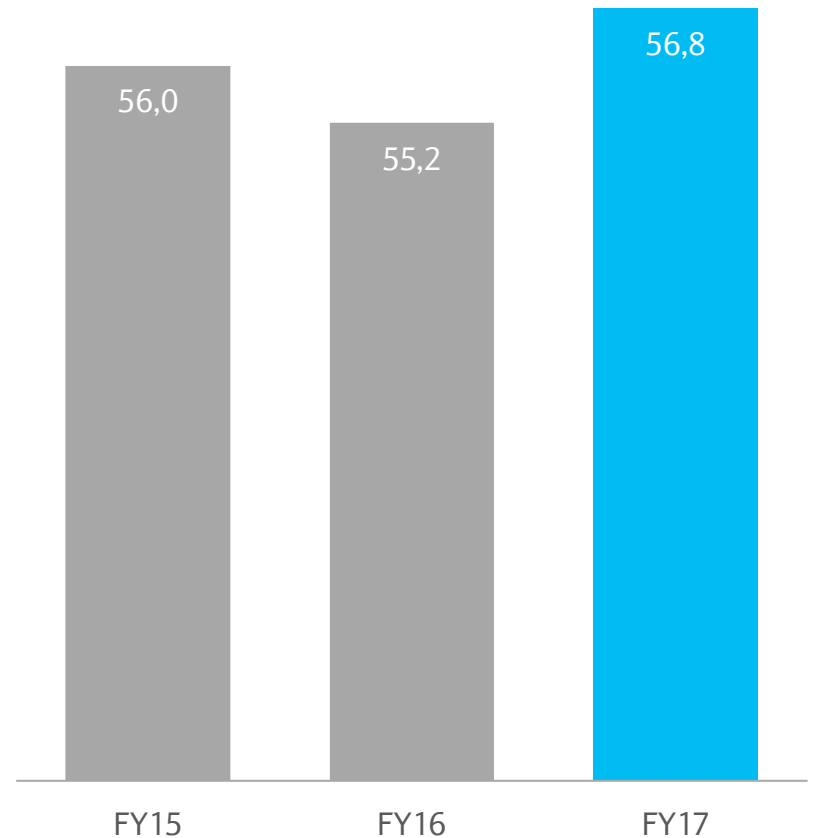
Non-interest income by division (Rbn)



Costs remain well contained as continue to invest

| | FY17 Rm | Change % | Mix % |
|---------------------|---------------|-------------|------------|
| Staff | 23 138 | 5 | 56 |
| Property-related | 3 337 | -1 | 8 |
| Technology | 3 143 | 0 | 8 |
| Depreciation | 1 984 | 19 | 5 |
| Professional fees | 1 975 | (4) | 5 |
| Marketing | 1 709 | 8 | 4 |
| Communication | 1 400 | (7) | 3 |
| Cash transportation | 1 089 | 13 | 3 |
| Amortisation | 650 | 1 | 2 |
| Other * | 2 978 | 2 | 7 |
| Total | 41 403 | 4 | 100 |

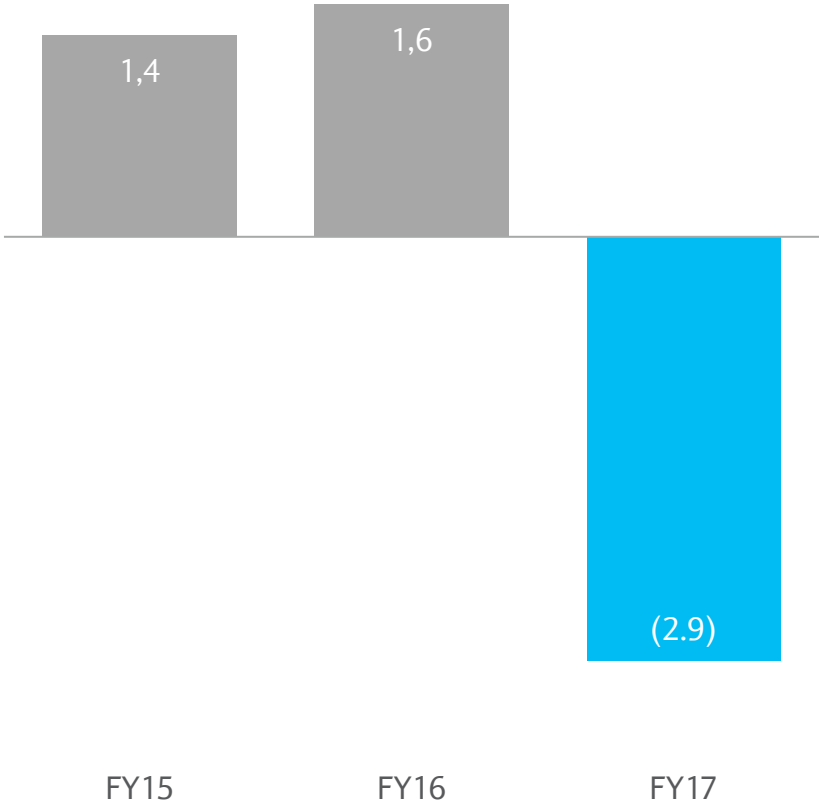
Cost to income ratio (%)



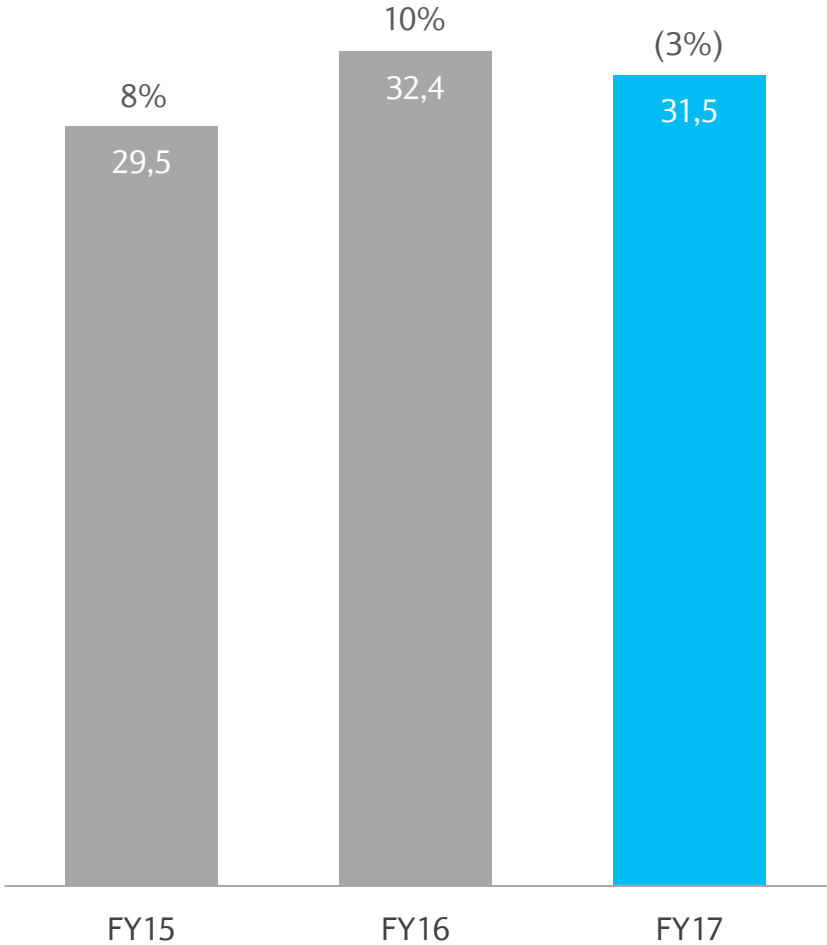
Note: * includes administration fees, equipment costs, fraud, travel and entertainment, other costs etc

Negative JAWS reduced pre-provision profits

Group operating JAWS * (%)



Pre-provision profit (Rbn)

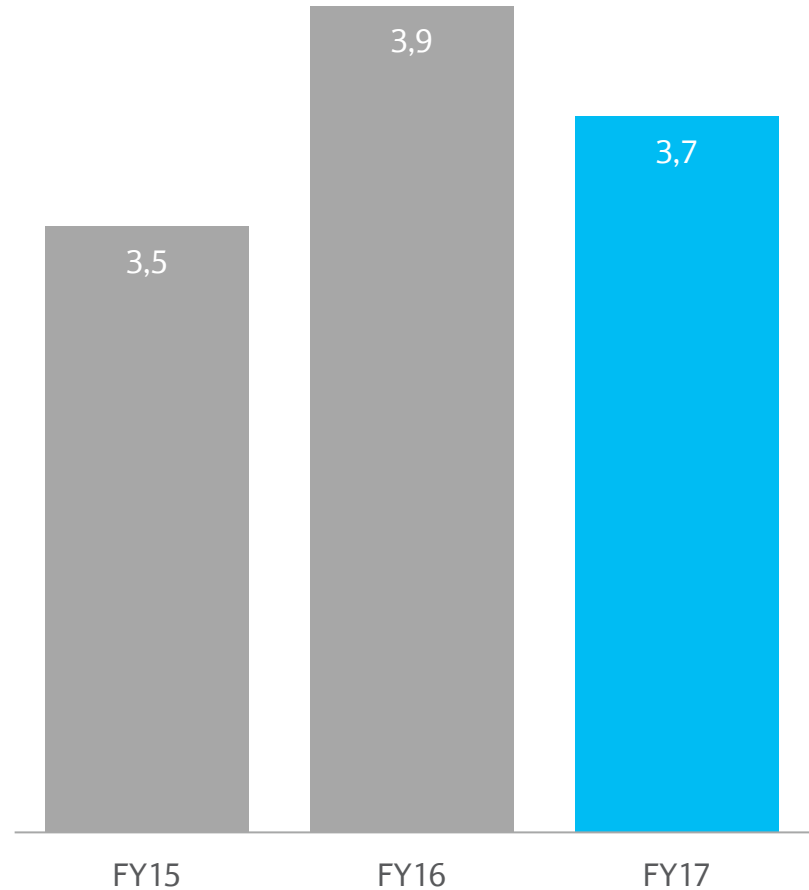


Note: * revenue growth minus operating expenses growth

Credit impairments improved noticeably

| | FY17 | FY16 | FY17 | FY16 |
|------------------|-------------------------|------------|---------------|-----------|
| | Credit loss ratio (bps) | | NPL cover (%) | |
| SA Banking | 80 | 103 | 41 | 43 |
| RBB SA | 110 | 133 | 41 | 42 |
| Retail Banking | 120 | 139 | 42 | 43 |
| Cards | 453 | 541 | 71 | 72 |
| VAF | 87 | 114 | 47 | 44 |
| Mortgages * | 30 | 40 | 20 | 21 |
| Personal Loans | 609 | 568 | 66 | 66 |
| Business Banking | 43 | 98 | 33 | 35 |
| CIB SA | 24 | 44 | 41 | 52 |
| ROA Banking | 134 | 162 | 56 | 51 |
| WIMI | 158 | 13 | 67 | 49 |
| Group | 87 | 108 | 43 | 44 |

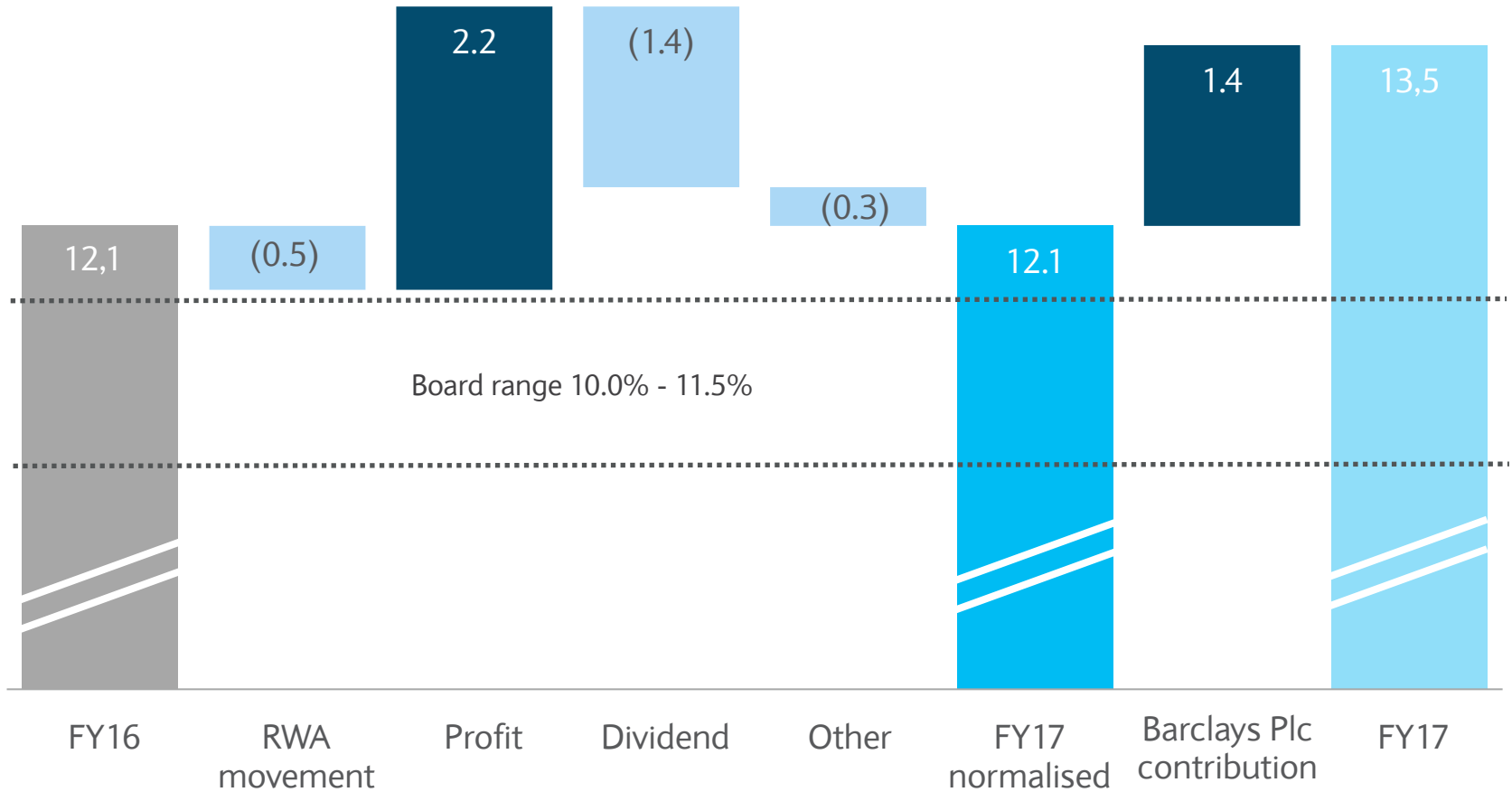
Non-performing loans (%)



Note: * Home Loans credit loss ratio

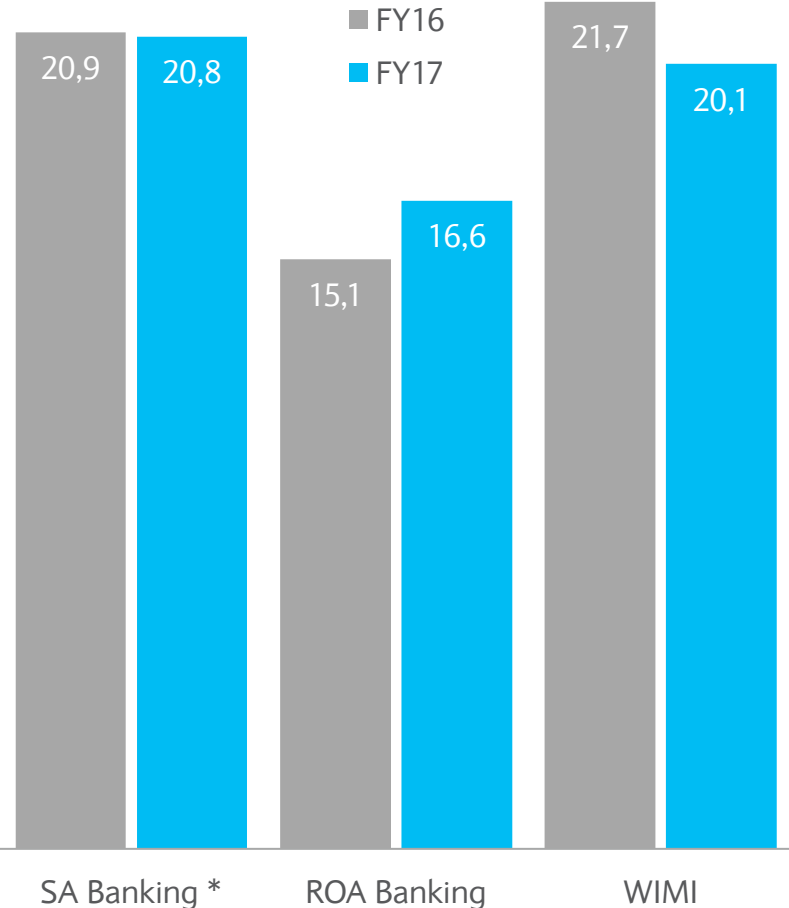
Capital levels remain strong

Barclays Africa Group Common Equity Tier 1 ratio (%)

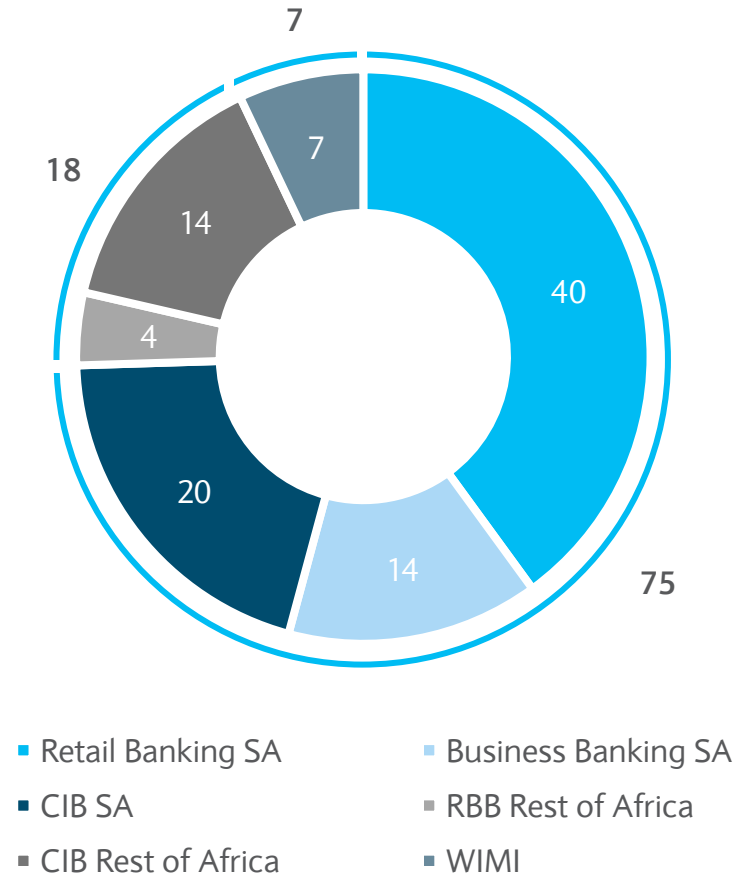


Strong returns across a well-diversified portfolio ...

Divisional RoE (%)



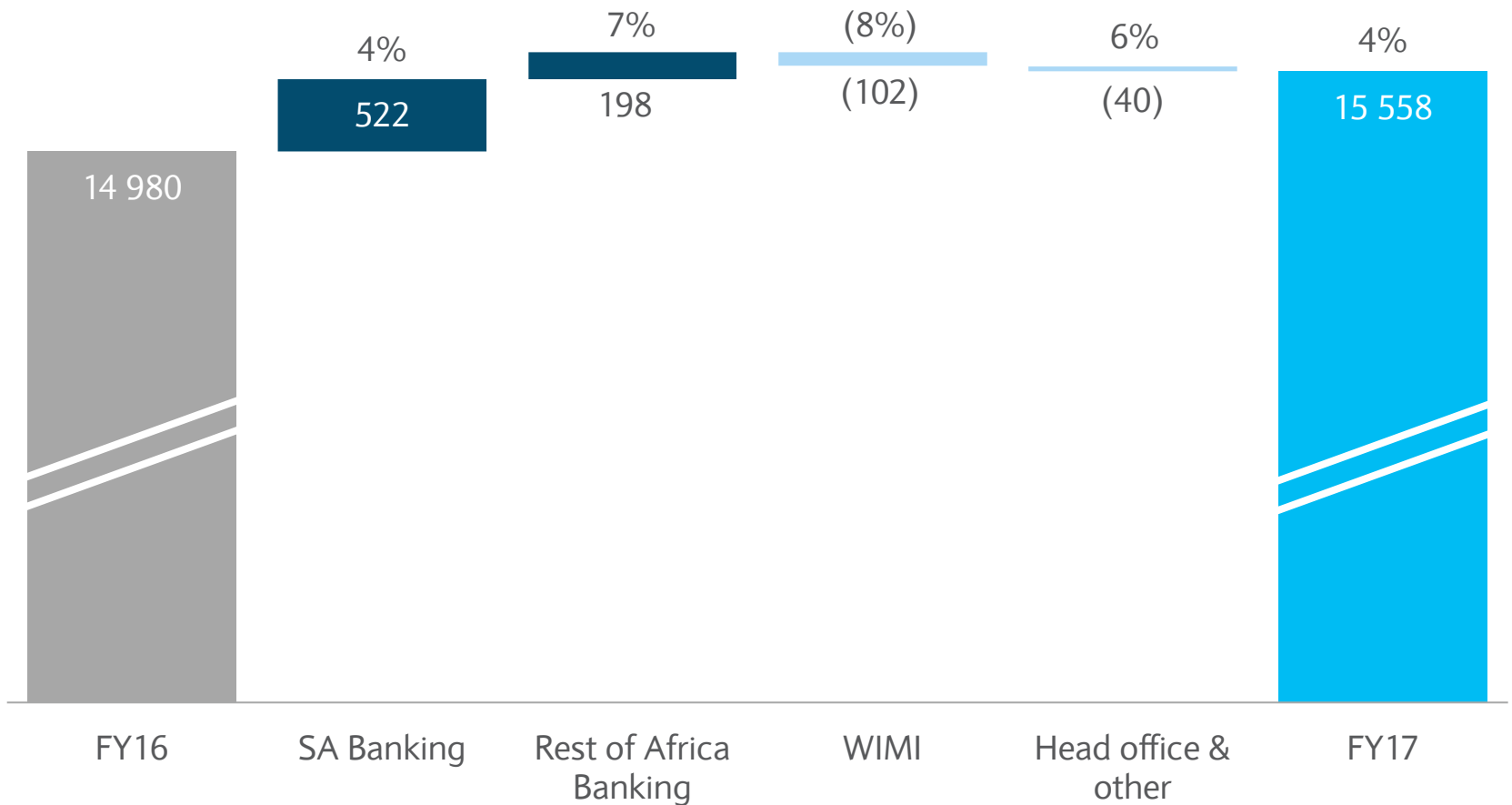
Headline earnings mix FY17 (%) **



Note: * return on regulatory capital; ** may not sum to 100 due to rounding

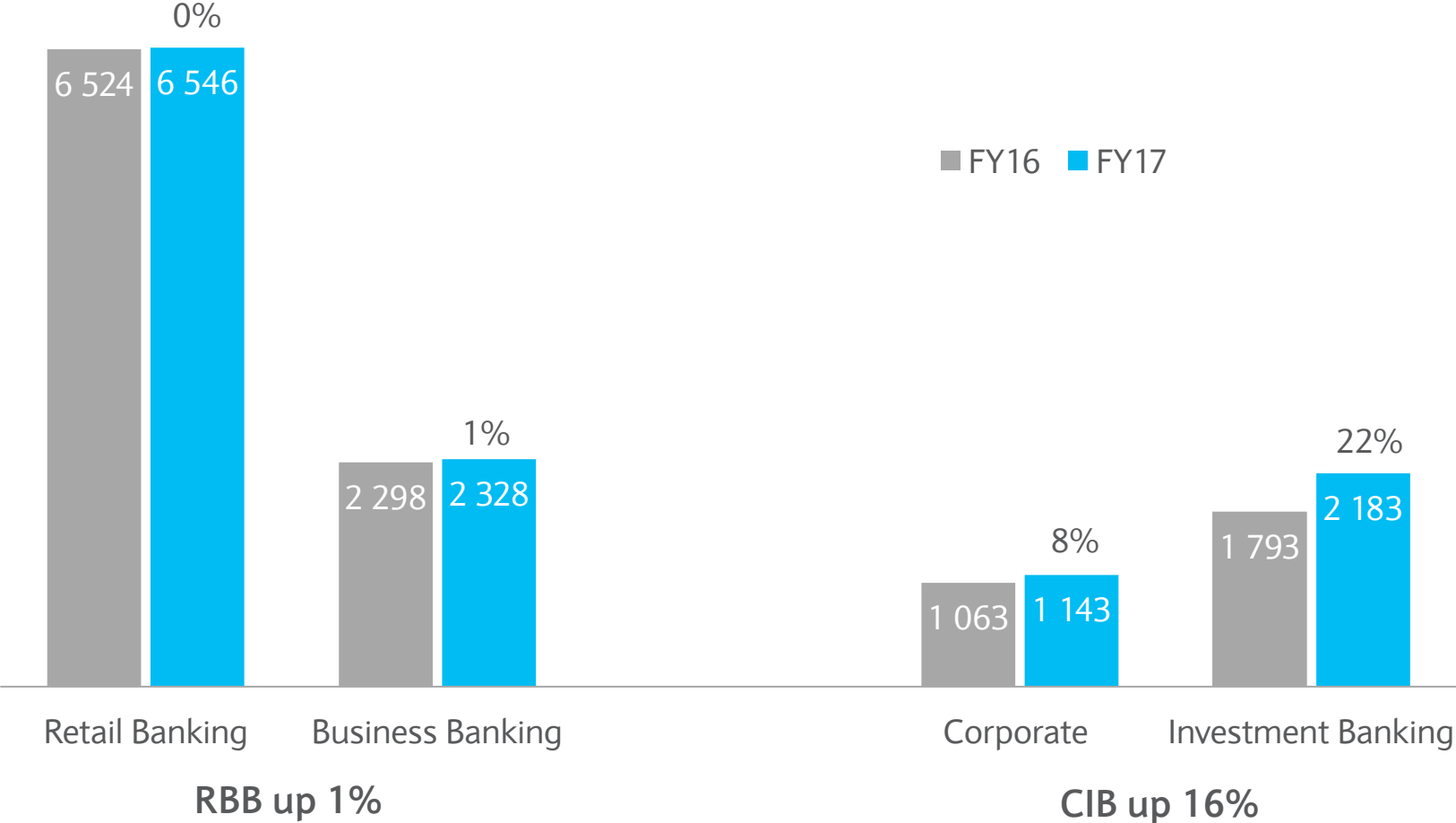
... evident in overall earnings growth

Group normalised headline earnings growth (Rm)



CIB drove SA Banking earnings growth

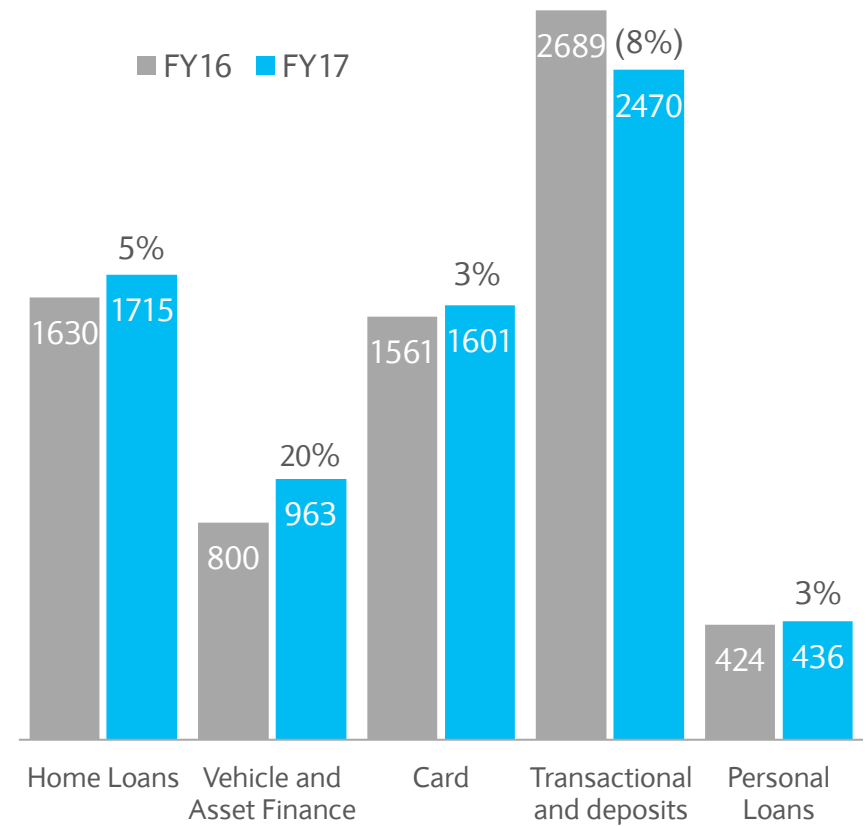
South Africa Banking headline earnings (Rm)



Retail Banking SA remains a priority ...

- Asset strategies aim to improve low loan growth
- Progress on customer experience and product suite
- Continued cost management funded increased digital and marketing spend
- Credit quality improved across most books
- Returns remain healthy

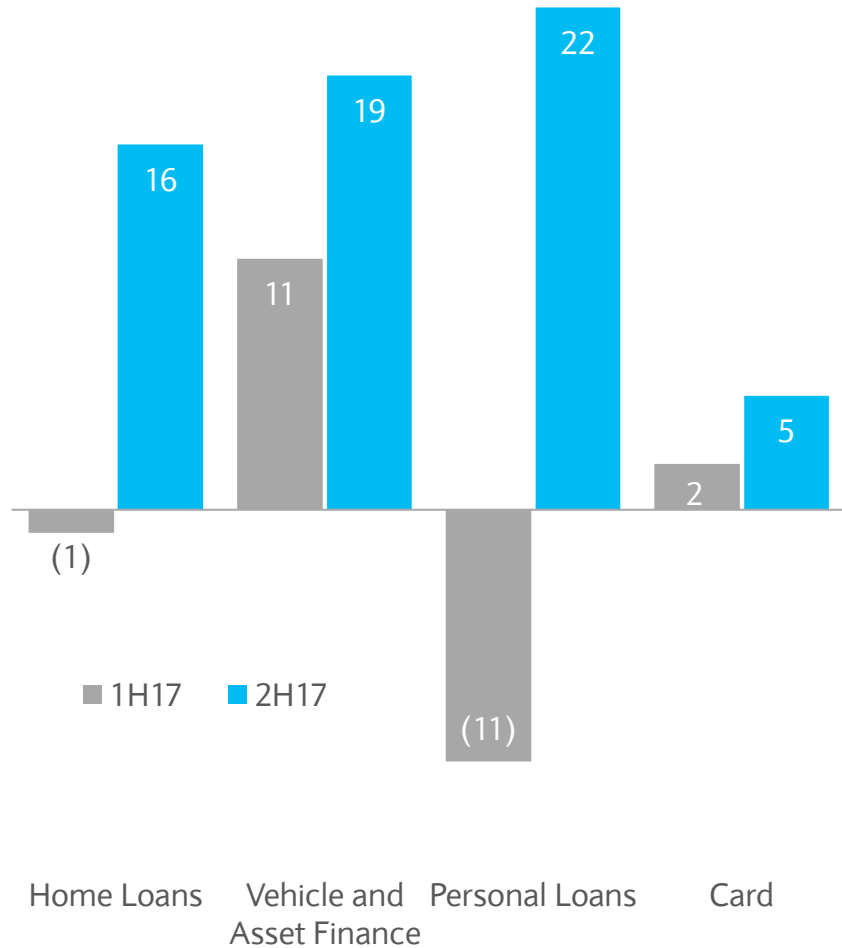
Headline earnings* (Rm)



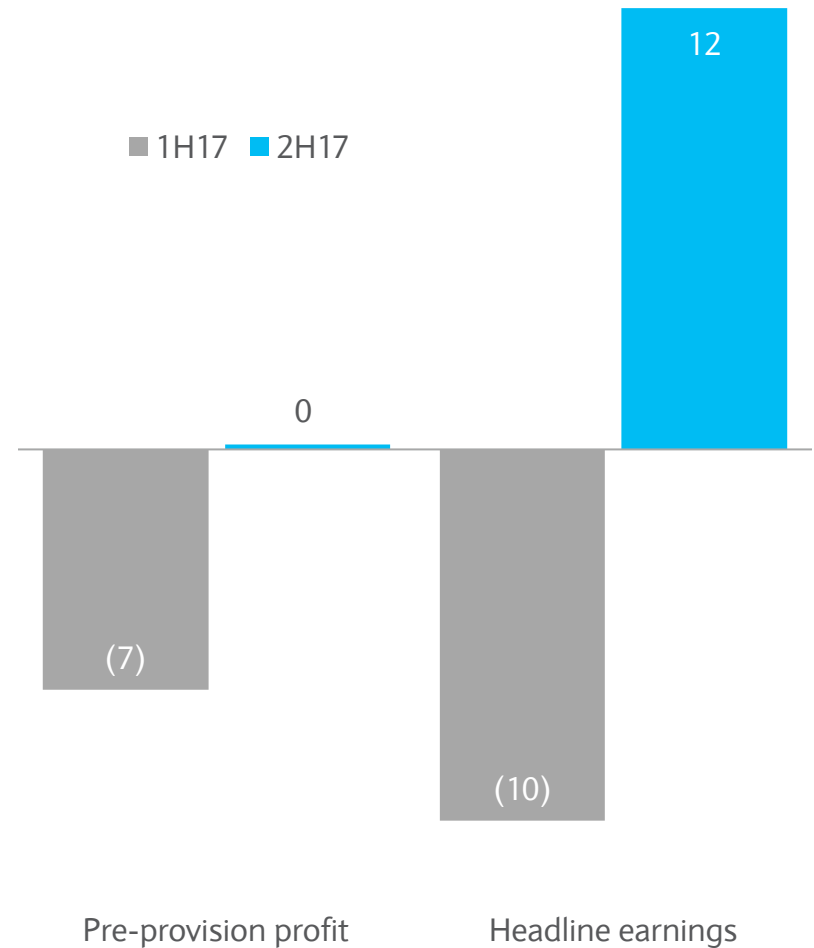
Note: * excludes Other, which is largely central costs and lost R639m

... and momentum improved in the second half

Retail SA YoY loan production (%)

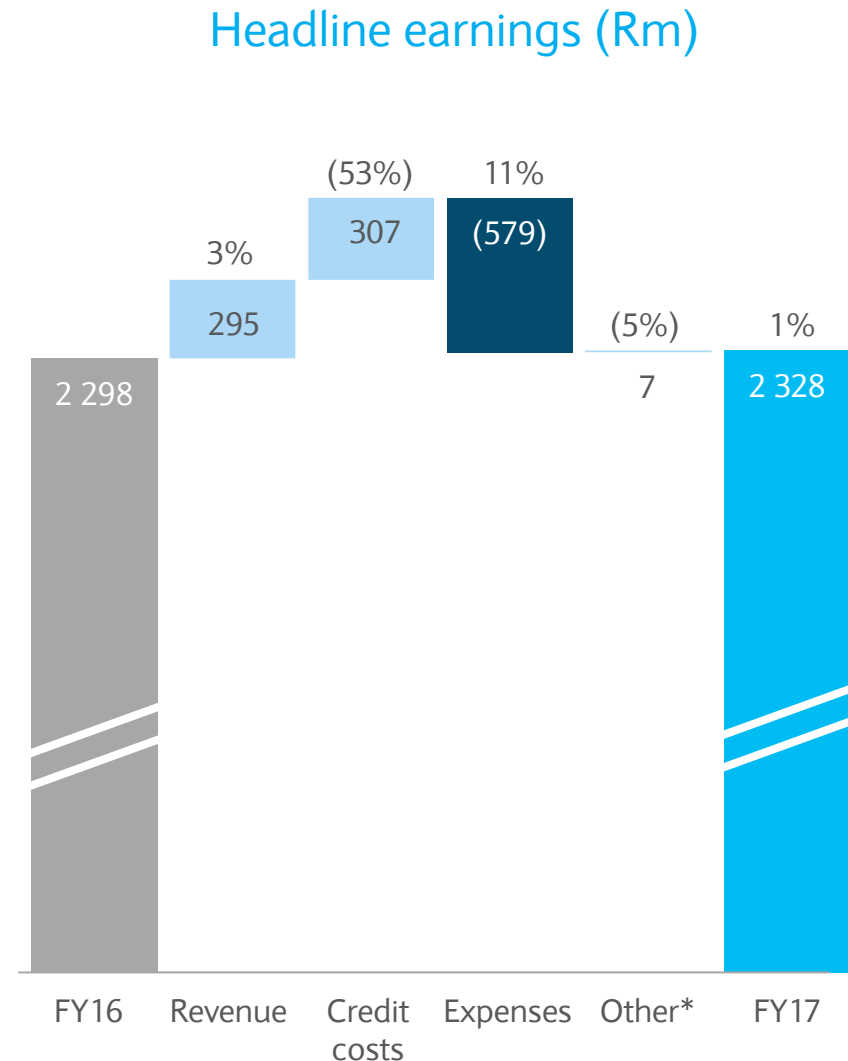


Retail Banking SA YoY growth (%)



Further investment in Business Banking SA

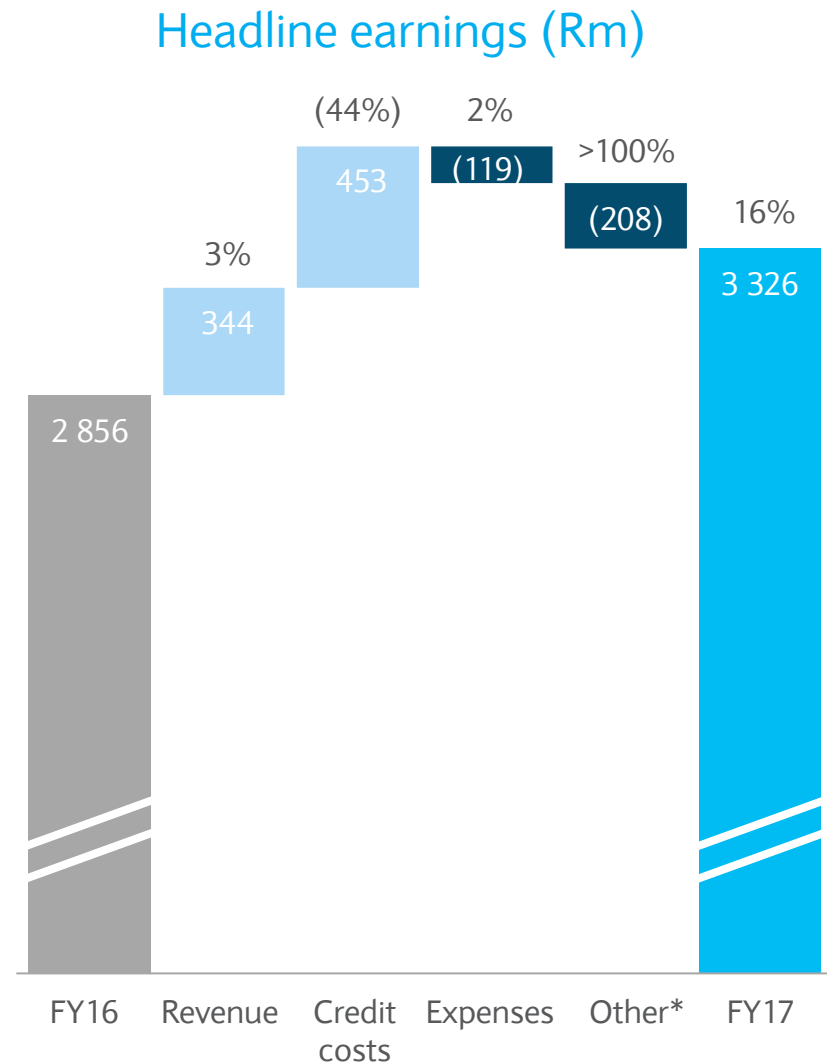
- Improved second half momentum
- Robust underlying non-interest revenue growth
- Reduced non-core equity portfolio materially
- Continued investment in electronic channels and frontline staff
- Significantly lower credit costs
- Large deposit franchise that generates attractive returns



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

CIB SA posts strong earnings growth again

- Revenue continues to benefit from diversification
- Scope to gain share in lending and transactional revenue
- Substantial drop in credit charge
- Costs remain well contained to produce positive JAWS
- Opportunity remains to further improve returns
- Barclays PLC separation on track

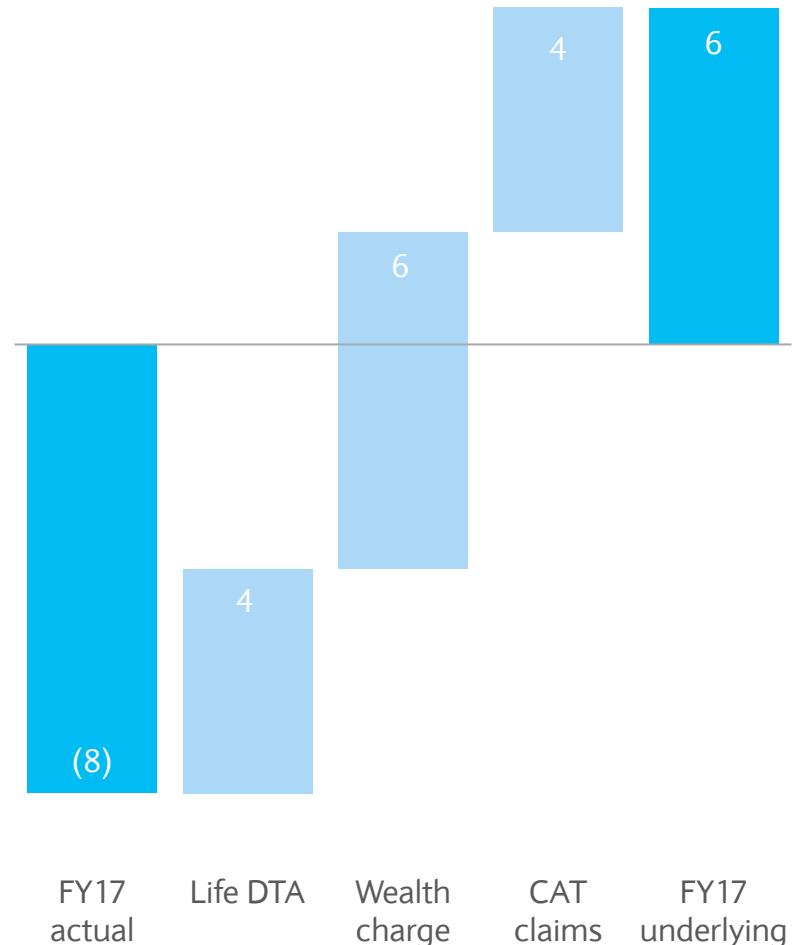


Note: * includes other operating expenses, taxation, non-controlling interest and non-headline items

One-offs dampened WIMI's performance

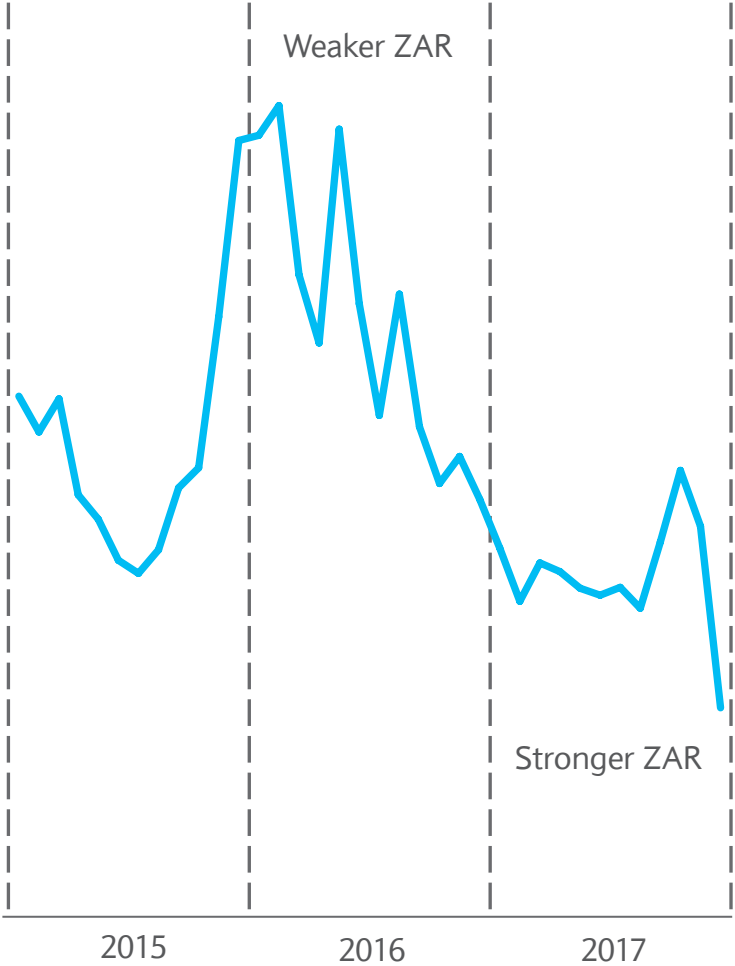
- Large one-off items reduced earnings
- Unwinding Life deferred tax asset raised in 2016
- Single client impairment in Wealth
- Far higher catastrophe claims
- Healthy underlying South African short-term underwriting margin
- Improving second half momentum
- Rest of Africa returns to profitability
- Continued sale of non-core operations

WIMI underlying FY17 earnings growth (%)

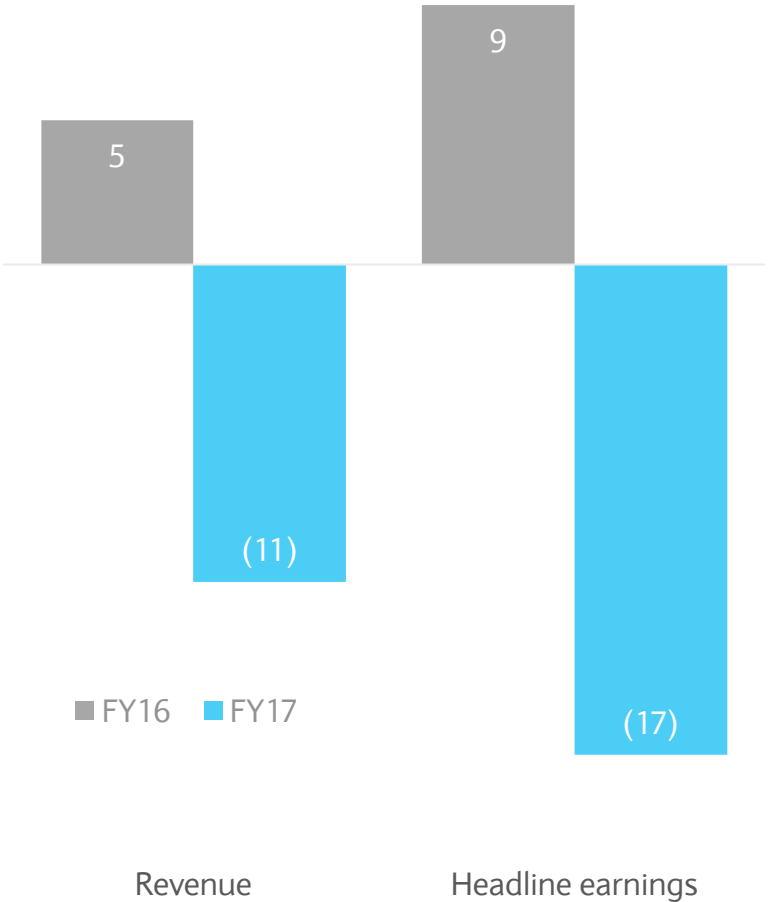


Stronger Rand a drag on rest of Africa growth ...

Rand to ROA currencies (weighted)

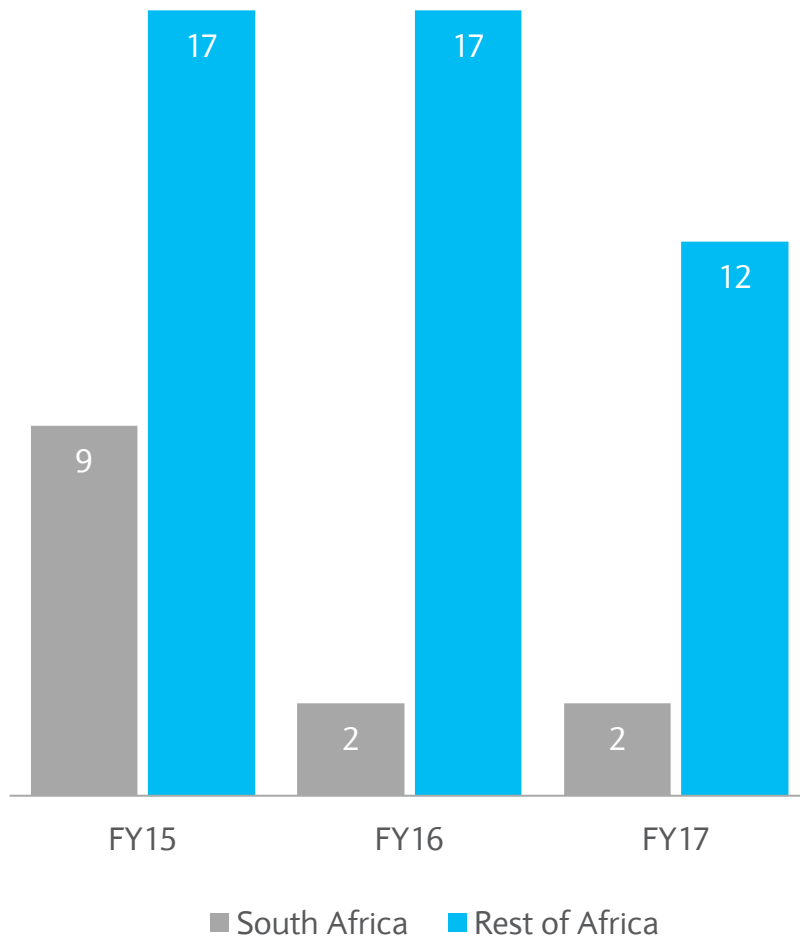


Rand impact on Rest of Africa Banking (%)

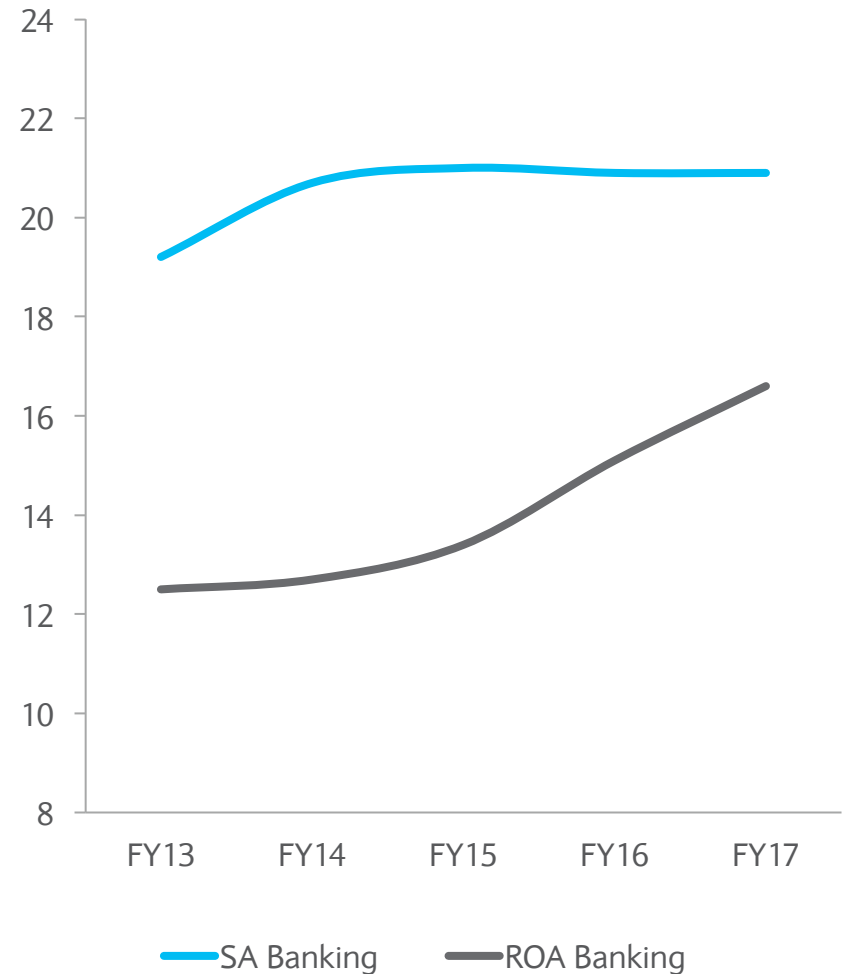


... but ROA continues to enhance earnings growth

Headline earnings growth (%)



Return on regulatory capital (%)



Outlook for 2018

- Loan and deposit growth to improve
- Net interest margin is expected to decline slightly
- Costs will remain well controlled to improve our operating JAWS from 2017
- Credit loss ratio largely unchanged
- RoE is likely to improve slightly
- Dividend cover will remain the same

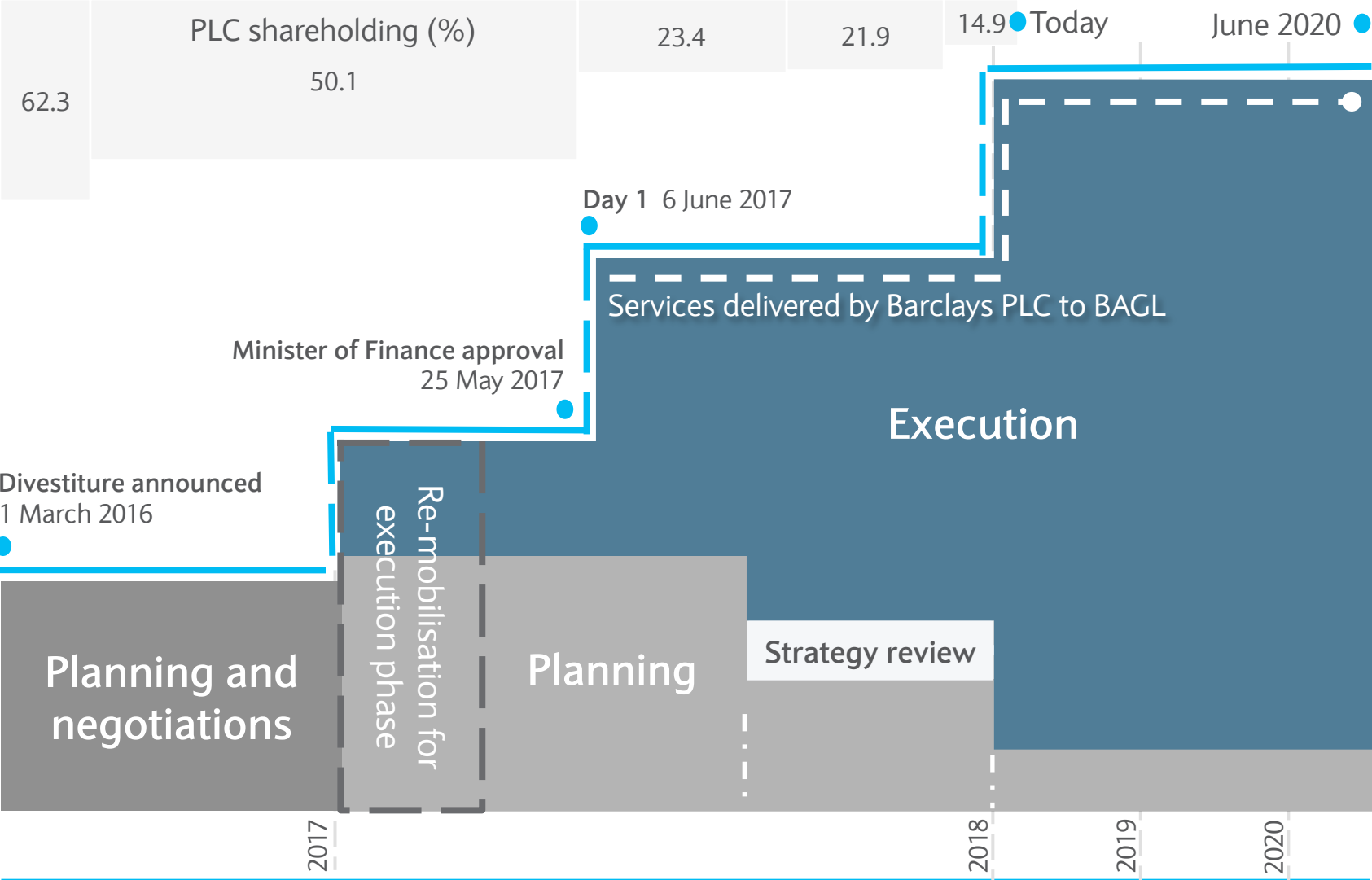


Separation update

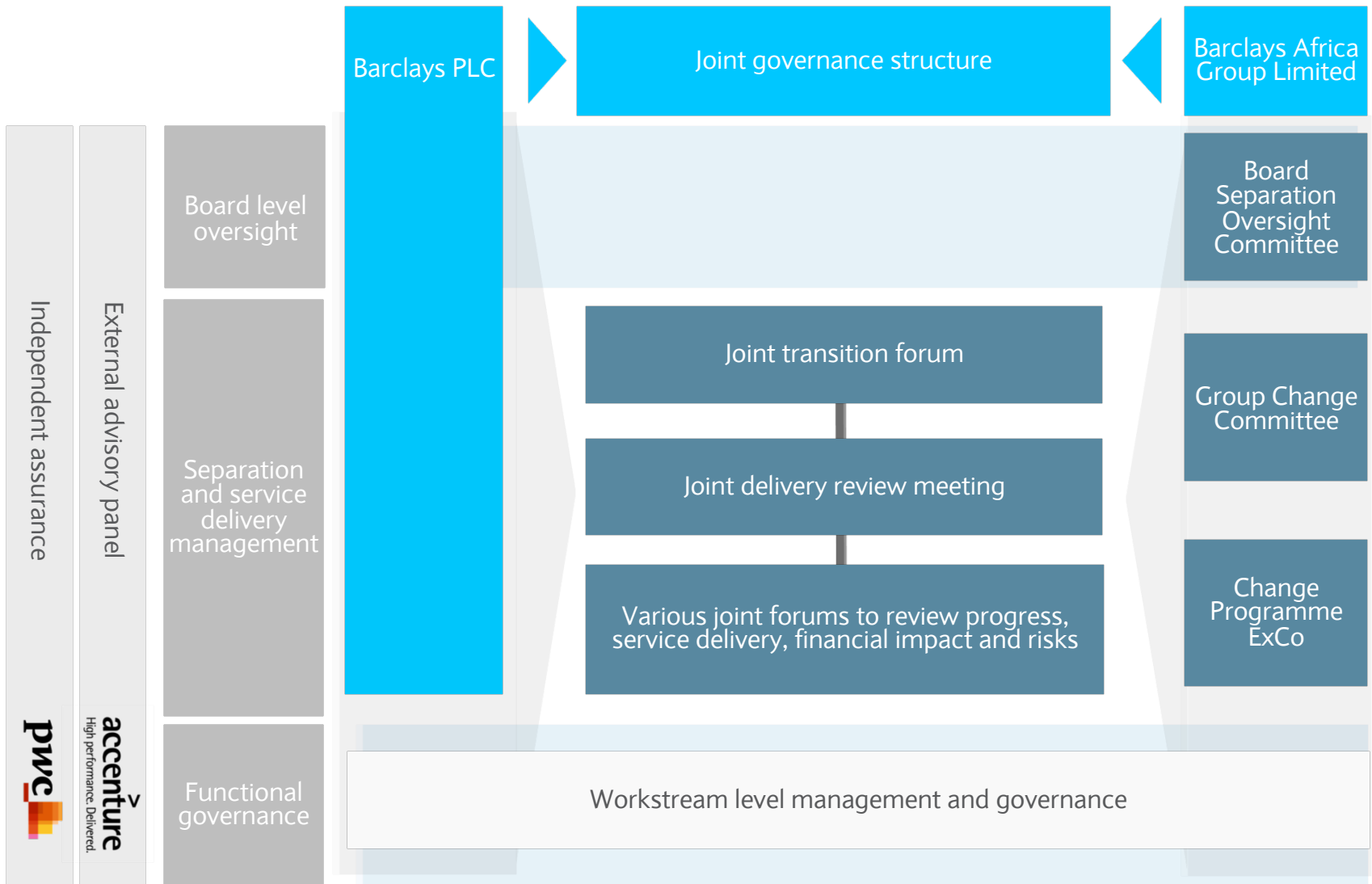
Jason Quinn



Significant planning completed, execution underway



Robust governance structure in place



Dedicated team managing separation

Programme structure

Executive Committee oversight

Chief Separation Officer

| RBB SA | CIB | ROA | WIMI | TECH | Functions |
|--------|-------------------------------|---------------------|------|------|-----------|
| | | Planning and design | | | |
| | | Risk | | | |
| | PMO and regulatory engagement | | | | |
| | People and change management | | | | |
| | Communication | | | | |
| | Financial management | | | | |
| | Technology | | | | |
| | Service management | | | | |
| | Brand | | | | |

Programme resources

Resources

± 360 spend >70% of time on separation



±200 Technology specialists






±80 CIB

Core team co-located since July 2017




Clear risk management framework

 **Services secured via Transitional Services Agreement (TSA)**

 **Resource strategy**

-  Internal capacity enhanced through external resources
-  Knowledge enhanced with external subject matter experts
-  Draw on Barclays PLC pool of resources

 **Implementation approach**

-  'Lift and drop'
-  Buy
-  Build

 **Transition states**

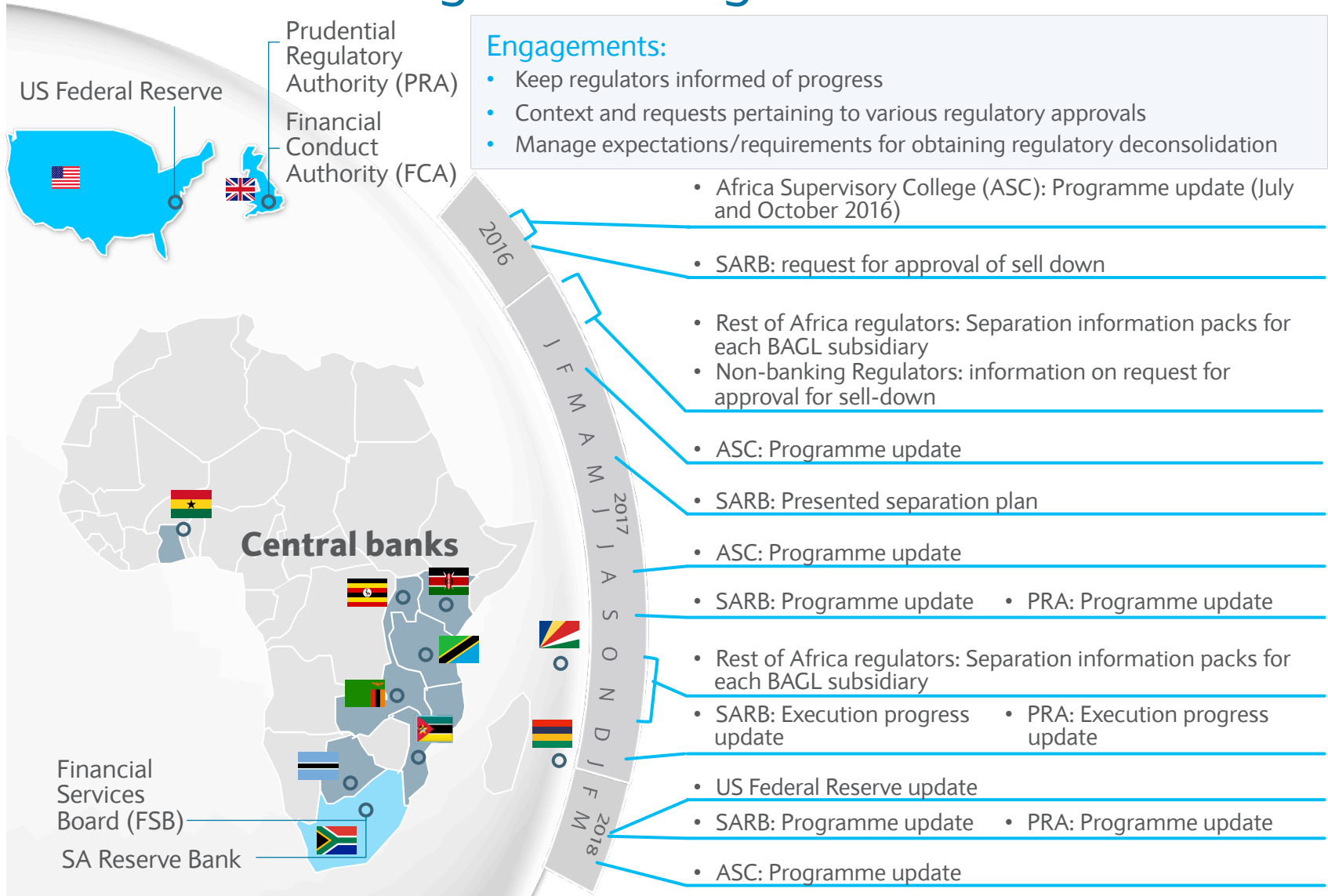
- Articulated, tracked and managed via Design Office
- Manages inter-dependencies between projects and required capabilities

 **Migration management**

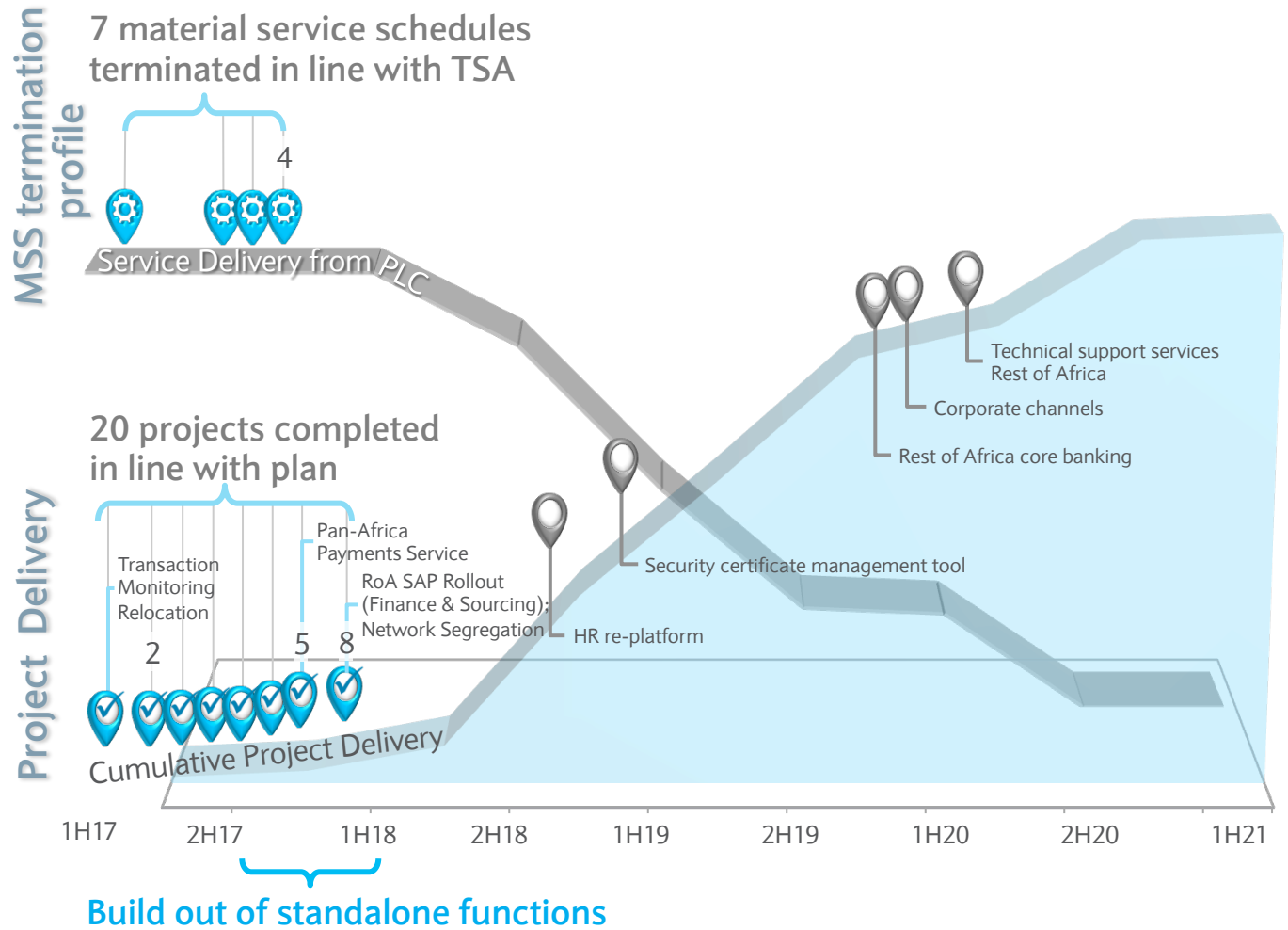
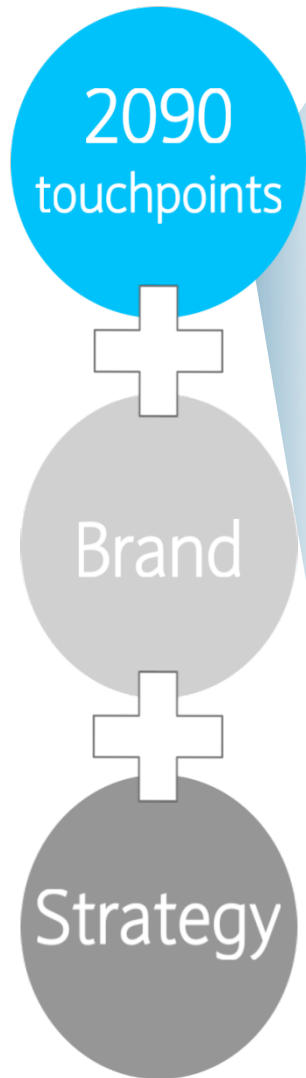
- Drive execution of complex integrated, cross portfolio solutions
- Prioritise projects and develop deployment plan
- Mitigate macro risks via management information

 **Internal quality assessments and independent quality assurance**

Continuous dialogue with regulators

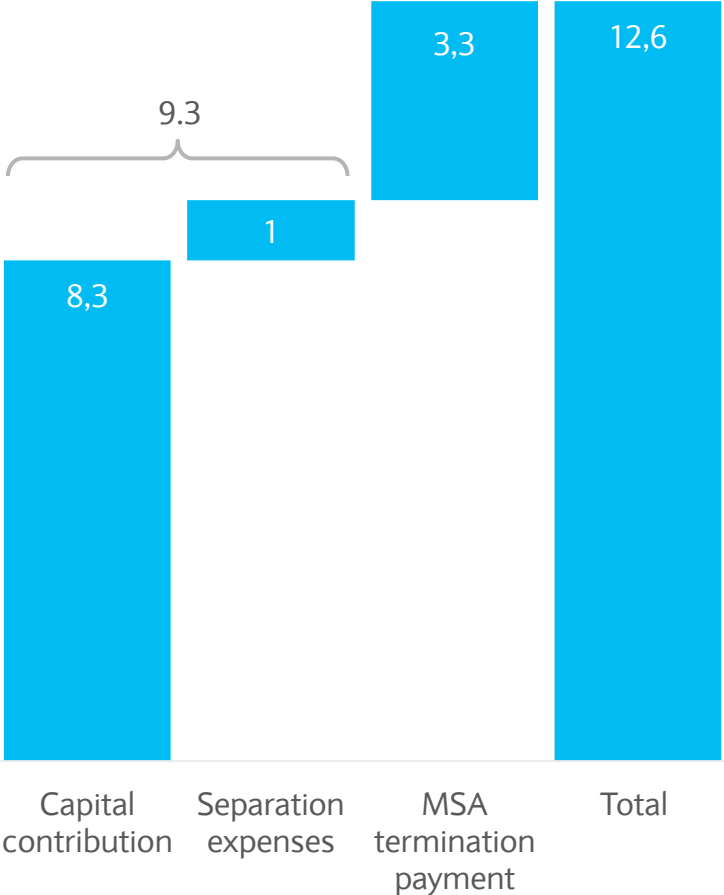


Project delivery matched to PLC service runoff

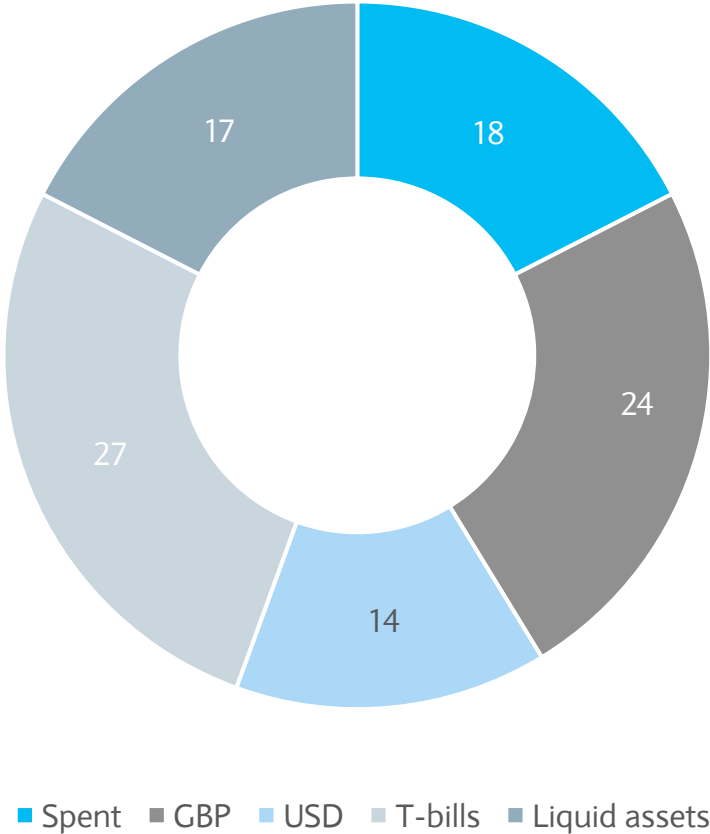


Separation contribution

Separation contribution (Rbn)



Investment to date (%)



Major spend on technology and brand

Spend to date

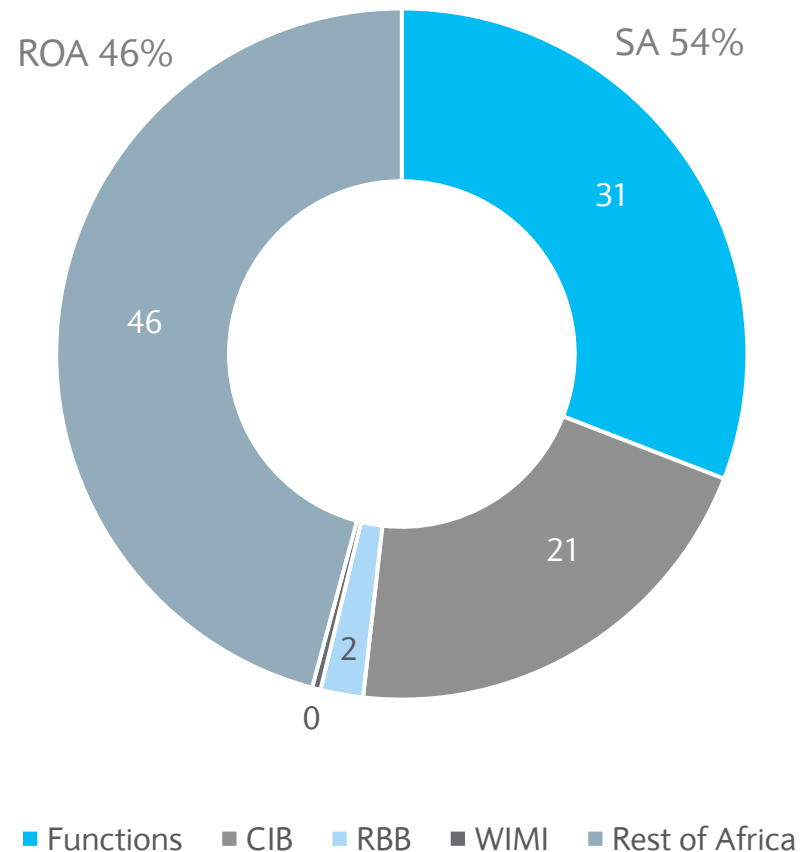
Project execution

- HR re-platform
- Technology infrastructure
- Barclays.net impairment
- Remove 'Member of Barclays' in SA and brand development

Separation support

- Transaction advisory, planning and quality assurance
- Remuneration and retention of resources critical to successful separation

Total expected spend (%)



Separation journey is on track

- Barclays PLC shareholding reduced to 14.9%
- Three key elements – operational separation, brand and strategy
- Robust governance in place
- Maintaining dialogue with regulators
- Project programme well structured
- Sufficient financial and people resources
- Aware of the major risks
- Execution is well underway

Disclaimer

Forward-looking statements

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