



## Barclays Africa Group

### Barclays Global Financial Services Conference

Craig Bond

Chief Executive: Africa Retail and Business Banking

# A leading African franchise.....

## Our footprint

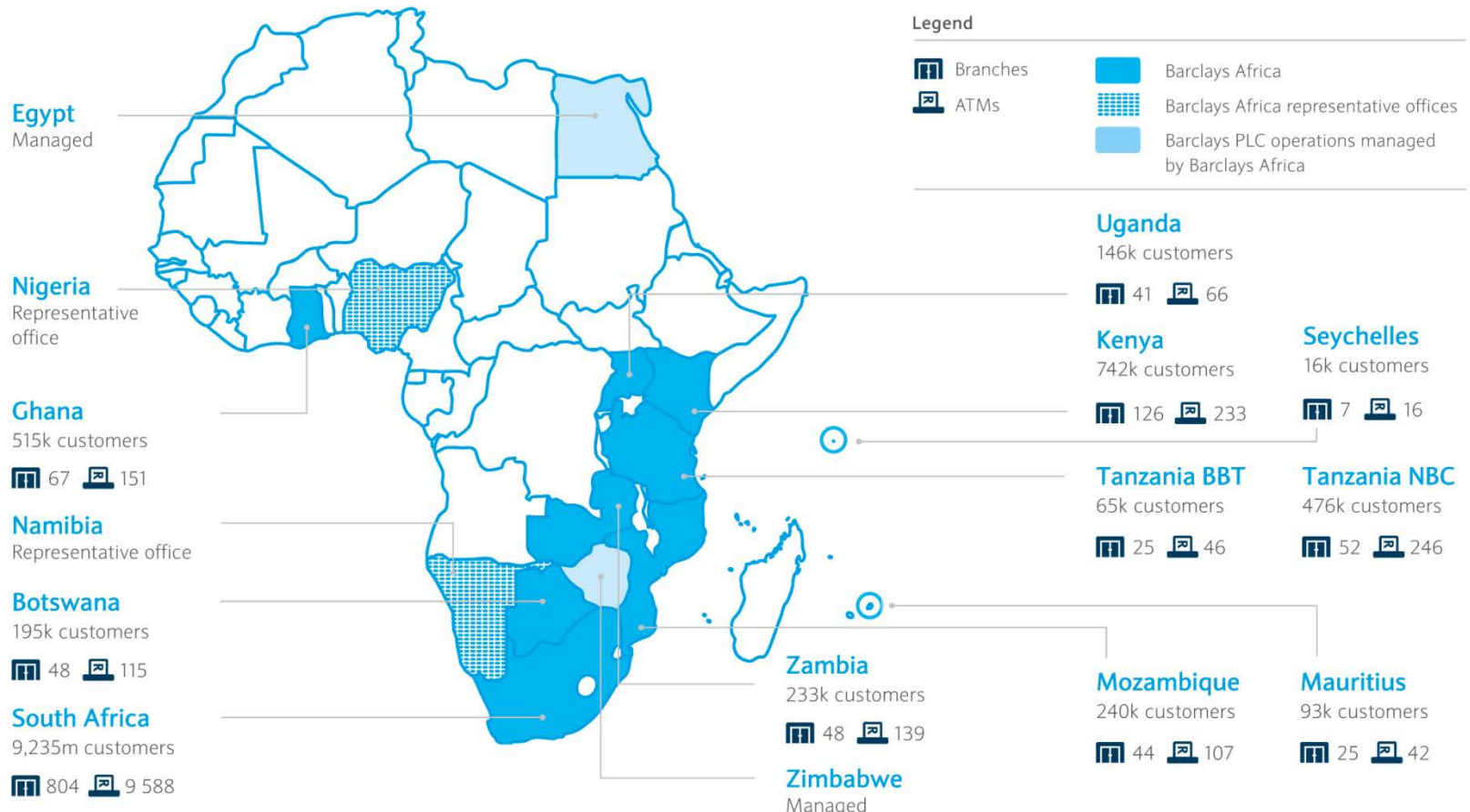
12  
countries

12  
million  
customers

1 287  
branches

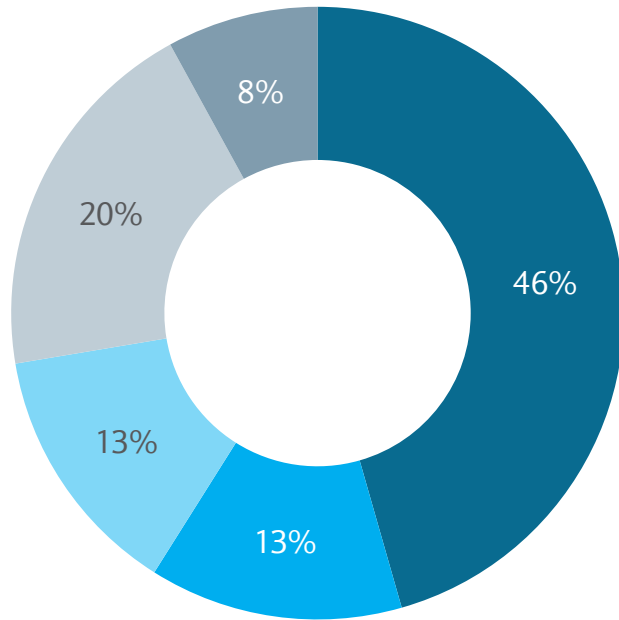
10 749  
ATMs

42 114  
permanent  
employees



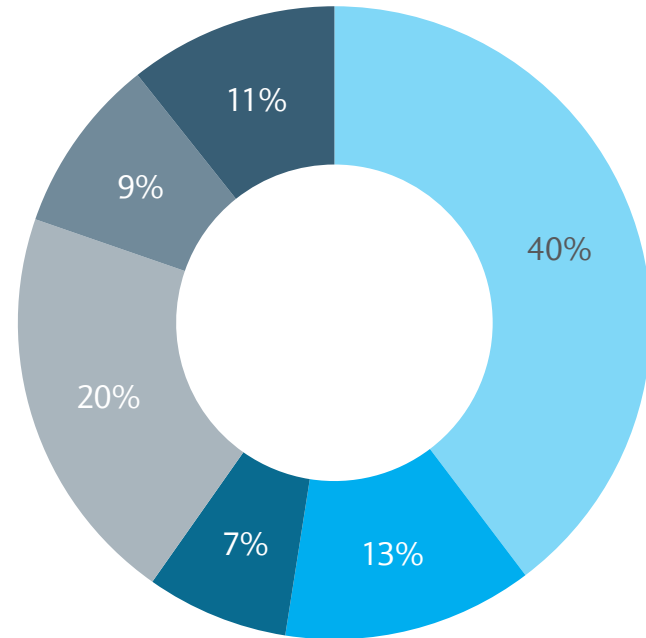
# ..... with a well diversified portfolio

Revenue  
(1H14)



- Retail Banking SA
- Business Banking SA
- RBB Rest of Africa
- CIB
- WIMI

Headline earnings\*  
(1H14)



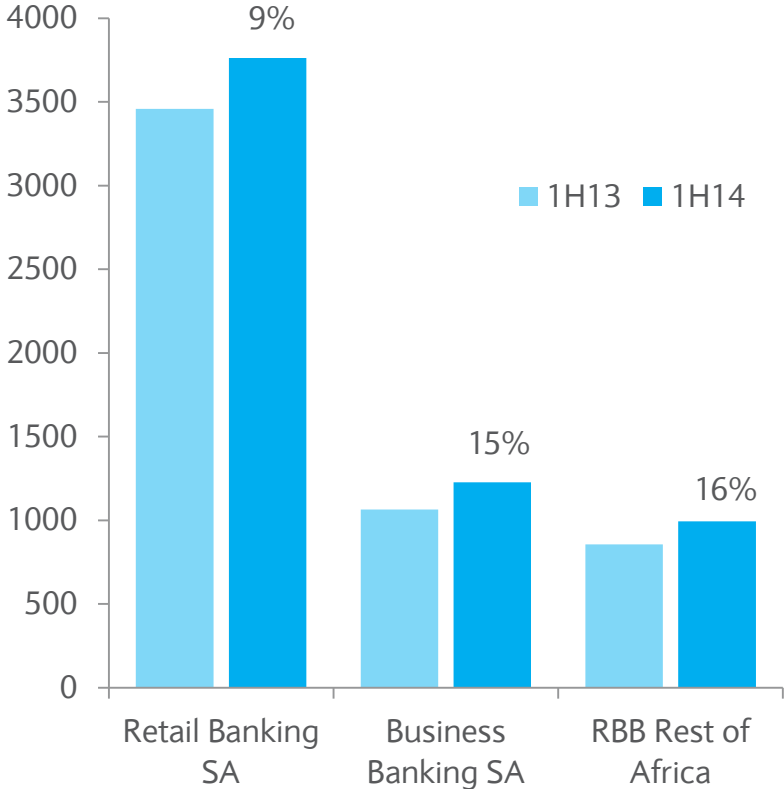
- Retail Banking SA
- Business Banking SA
- RBB Rest of Africa
- CIB SA
- CIB Rest of Africa
- WIMI

Note: \* Excludes head office, inter-segment eliminations and other

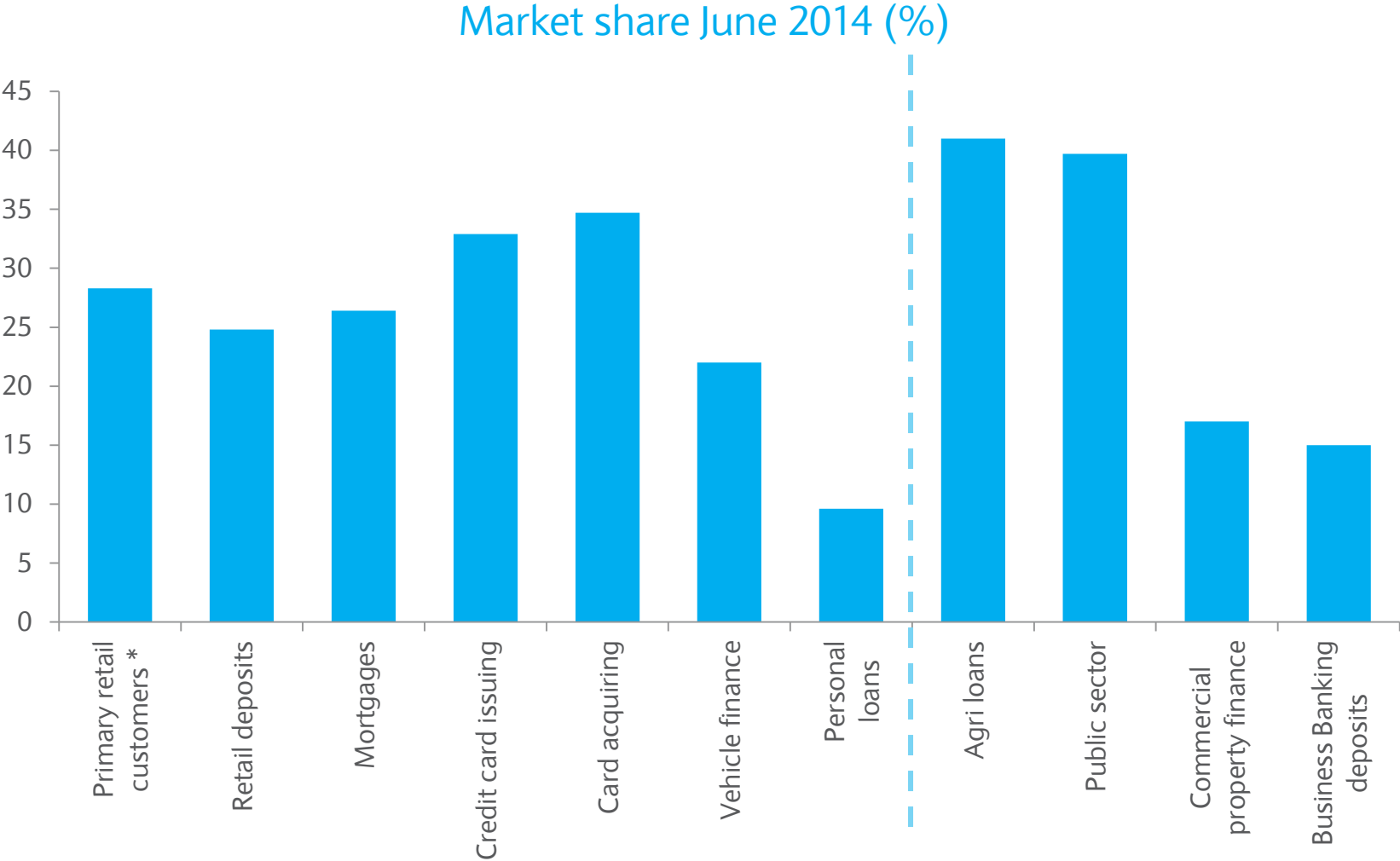
# Solid 1H14 RBB performances

- Solid PBT growth
- Driven by lower credit impairments
- Revenue growth remains modest
  - Particularly fee income
- Continued to invest in growth

1H14 Profit before tax (Rm)



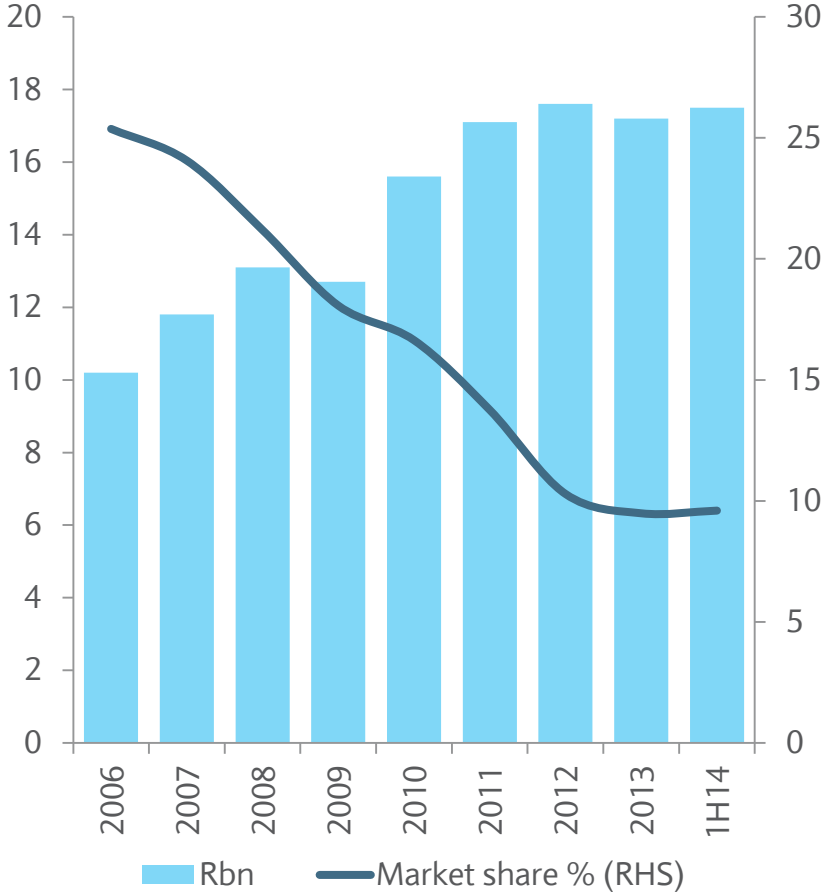
# Strong Retail and Business Banking franchise



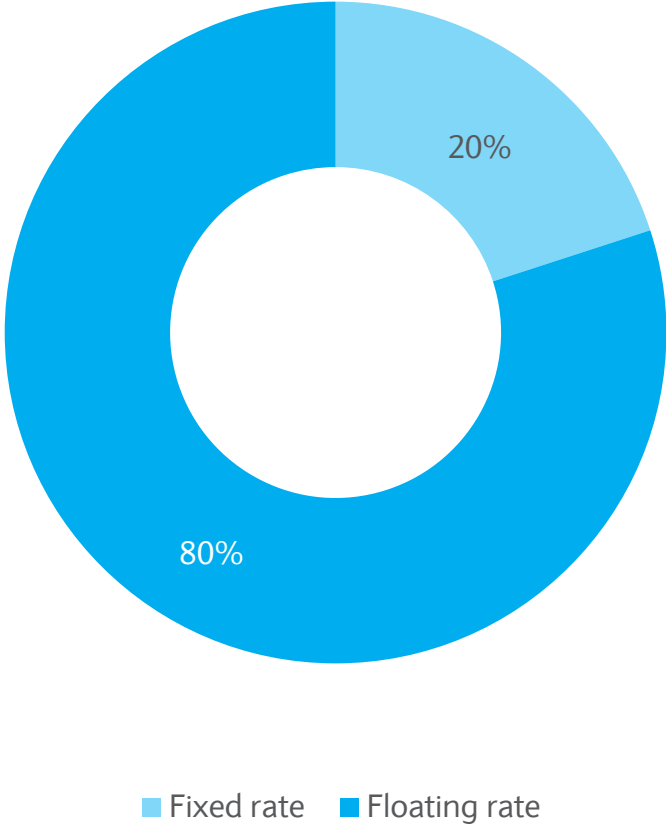
Note: \* June 2013; Source: AMPS survey, BA900 statutory returns, management estimates

# Small exposure to personal loans

Personal loans (market share, Rbn)



Personal loan split (1H14)



Source: BA900 statutory returns

# RBB ‘Power of 12’ Strategy

*“Customer Needs Led | Centrally Solutioned | Locally Executed”*

1. Put the customer at the heart of everything we do and every investment decision we make – get service right, no matter what
2. Promote and hire the right **leaders**, simplify **operating models** and management **structures**, introduce staff disciplines, empowerment and accountability measures
3. Reshape and reinvigorate our **branch network and customer channels** and restart our customer engagement and sales engines
4. Fast track **process improvements, digitisation** of customer channels/ products and consolidate African middle and back offices into hubs
5. **Rebalance and reduce cost base** while improving customer experience
6. De-risk the business and enhance the **control environment**
7. **Secure and strengthen leading position in Card and Payments** through our strong merchant acquiring, card issuing, card joint ventures, digital capabilities and Barclaycard risk analytical skills
8. Develop industry leading African **credit granting and collections skills** within appropriate **risk appetite**
9. Develop and rollout engaging, industry best advertising and marketing campaigns. Trim down and maximize sponsorship properties and align with business outcomes
10. Implement **one Africa strategic alignment** of RBB businesses while retaining distinct SA and rest of Africa focus. Where appropriate, draw on and align with Barclays PLC business direction, best practices, innovations and functional structures
11. Ensure strong **RBB / CIB / WIMI alignment** and cooperation across all markets and customer segments to become Africa’s universal ‘Go-To’ bank
12. Introduce and drive a strong **“servant leadership” cultural transformation**, through strong colleague engagement, development, mobility, diversity and retention initiatives

# Key RBB initiatives



Putting the customer at the heart of everything we do – get service right, no matter what



Our physical and digital channels to be future proof sales and service channels where NPS improves and costs decline



Stabilise the Business As Usual environment.  
Define our desired end-state Enterprise and Architecture  
Invest and refresh the Africa IT infrastructure



Make the most of our Marketing “buck” and leverage sponsorships to reinforce brand awareness and build on issues of trust, value and innovation



Simplify the complexity of processes and automate / digitise as required  
Ensure alignment to fix our end-to-end processes



Drive digital initiatives as key enabler for customers and colleagues



Drive a strong cultural transformation underpinned by the Servant Leadership philosophy driven by customer needs



Develop management skills and drive strong partnerships to expand access to select client bases and channels



Radical simplification of product offering and improve value to customers

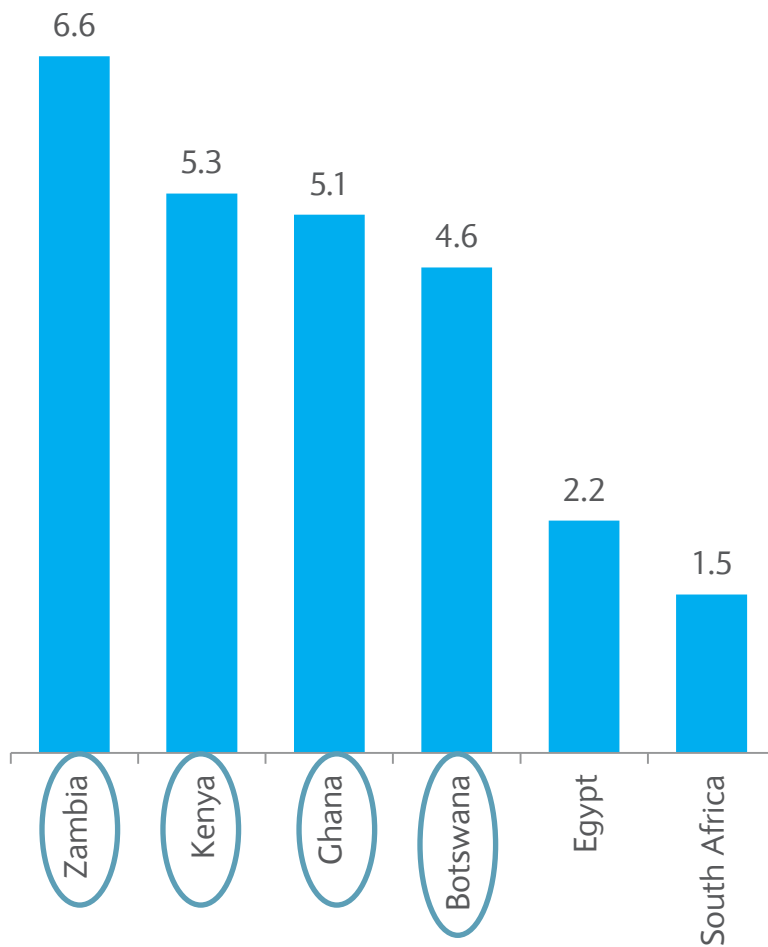


Develop, nurture and attract local and global talent across RBB to lead transformation and bolster specialist skills

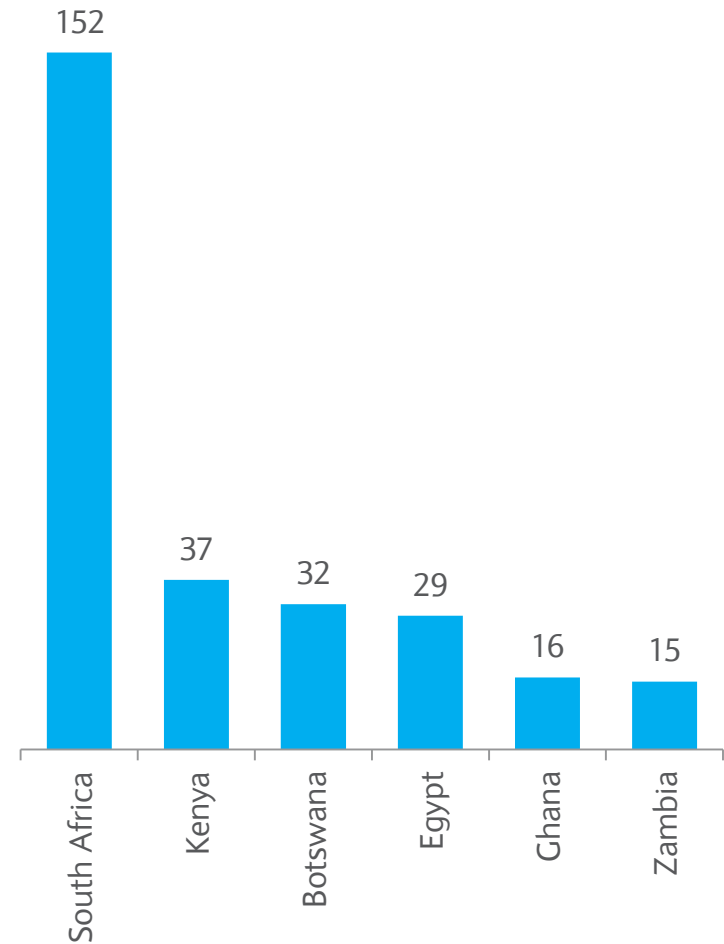


# Muted SA growth, better in Africa outside SA

2014E GDP growth (%)



Loans / GDP 2012 (%)



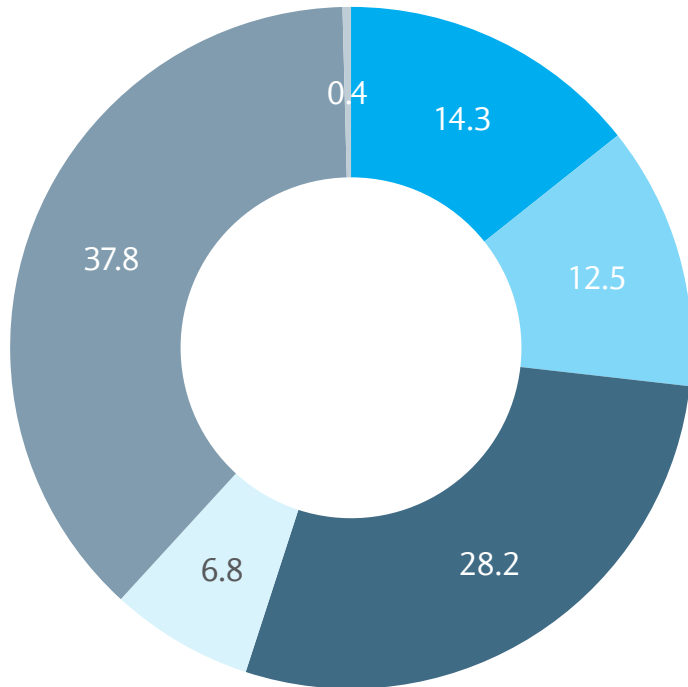
Source: The World Bank

# Retail Banking South Africa



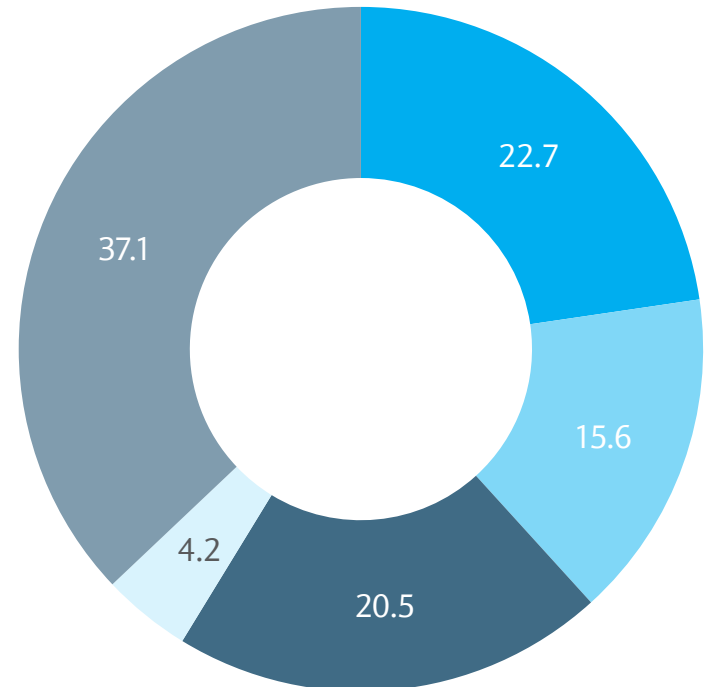
# Retail Banking SA is itself well diversified

Revenue 1H14 (%)



- Home Loans
- Card
- Transactional and Deposits
- Vehicle and Asset Finance
- Personal Loans
- Other

Headline earnings 1H14 (%)

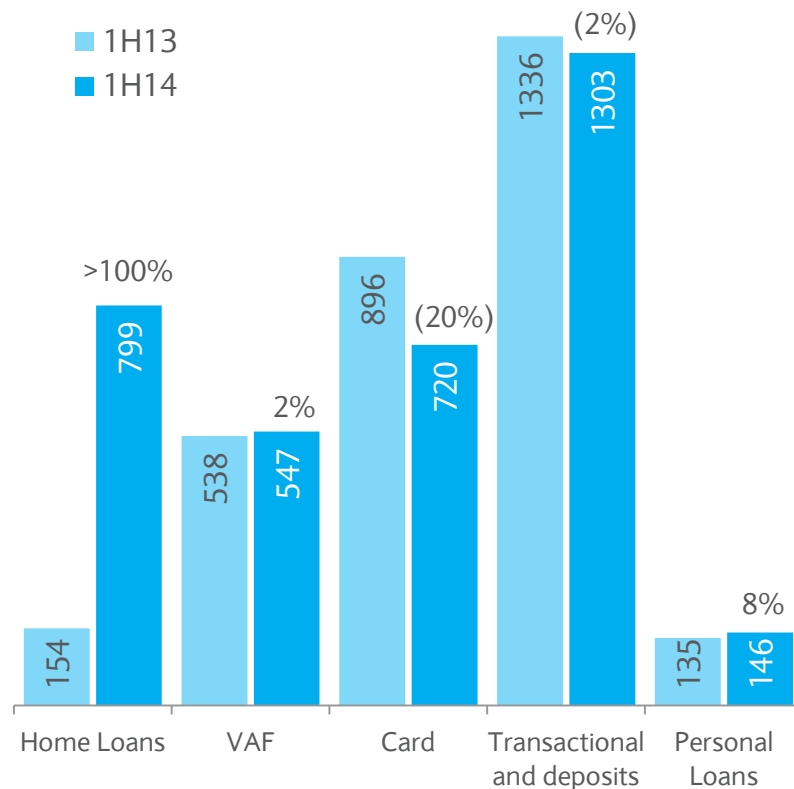


- Home Loans
- Card
- Transactional and Deposits
- Vehicle and Asset Finance
- Personal Loans

# Retail Banking SA turnaround continues

- Home Loans drove earnings growth
- Net interest margin improved with rising rates
- Higher investment spend on channels and marketing
- Solid deposit growth
- Stabilising revenue as customer losses slow

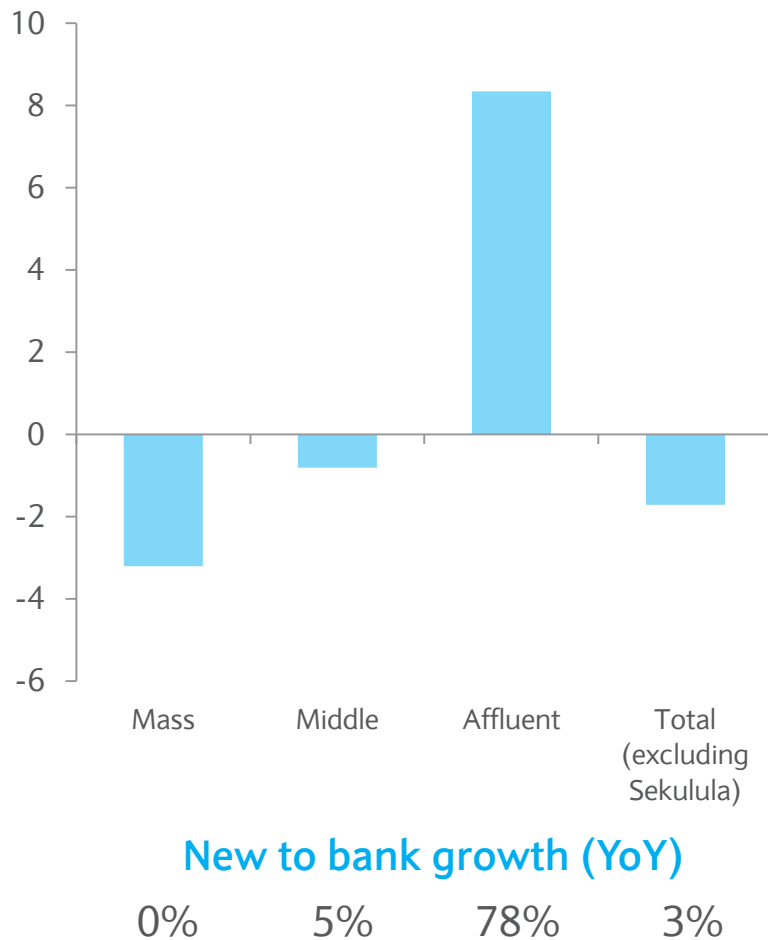
Headline earnings\* (Rm)



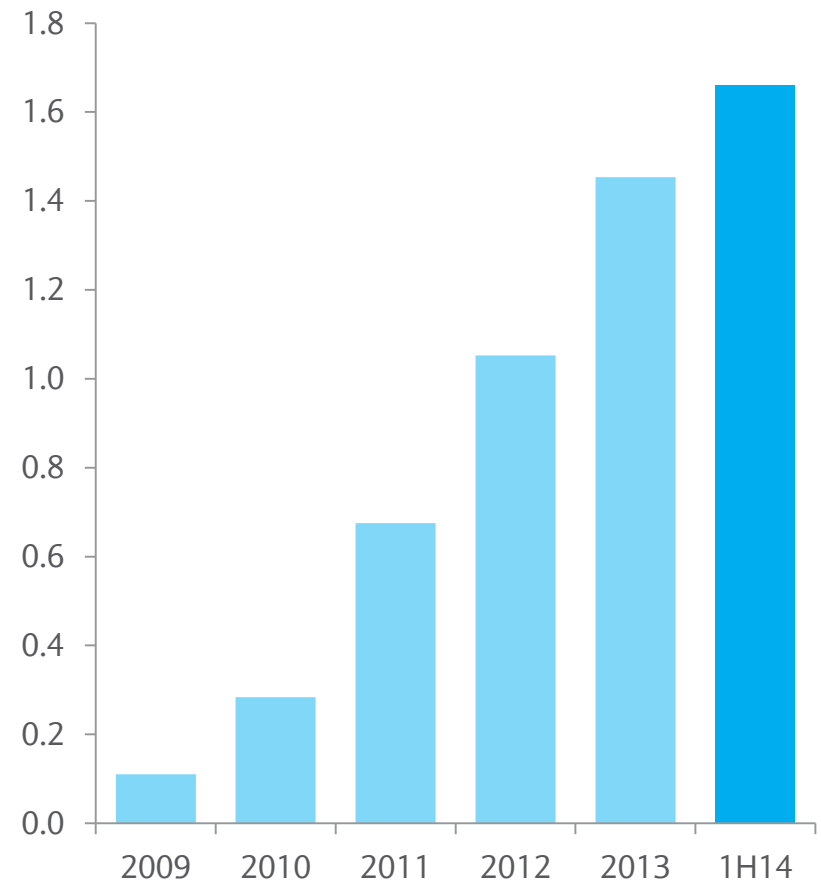
Note: \* Excludes Other, which is largely central costs

# Retail customer trends turning

YoY change in customer numbers\* (%)



Rewards customers (m)



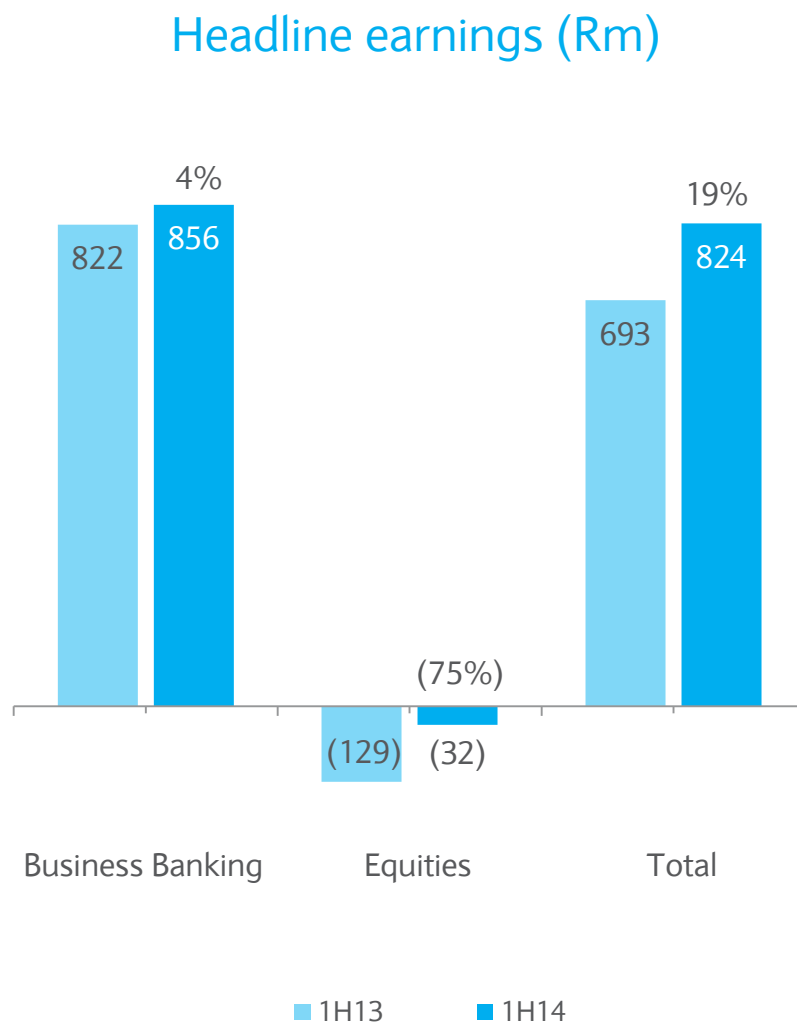
Note: \* Excludes retail partner cards in issue (Woolworths Financial Services and Edcon) and 639k Sekulula accounts closed

Business Banking SA



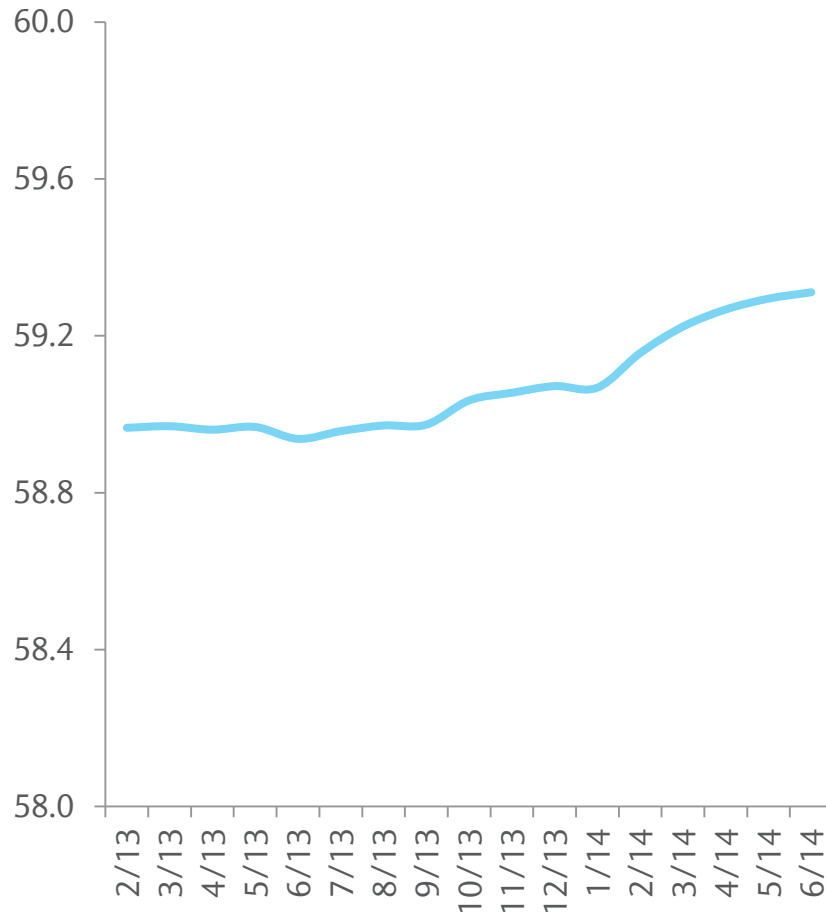
# Stabilising performance

- Reduced equity portfolio losses
- Credit impairments continue to improve
- Lower loans despite higher payouts
- Solid 13% deposit growth
- Transaction migration to cash centres and digital channels
- Coverage model improves pipeline

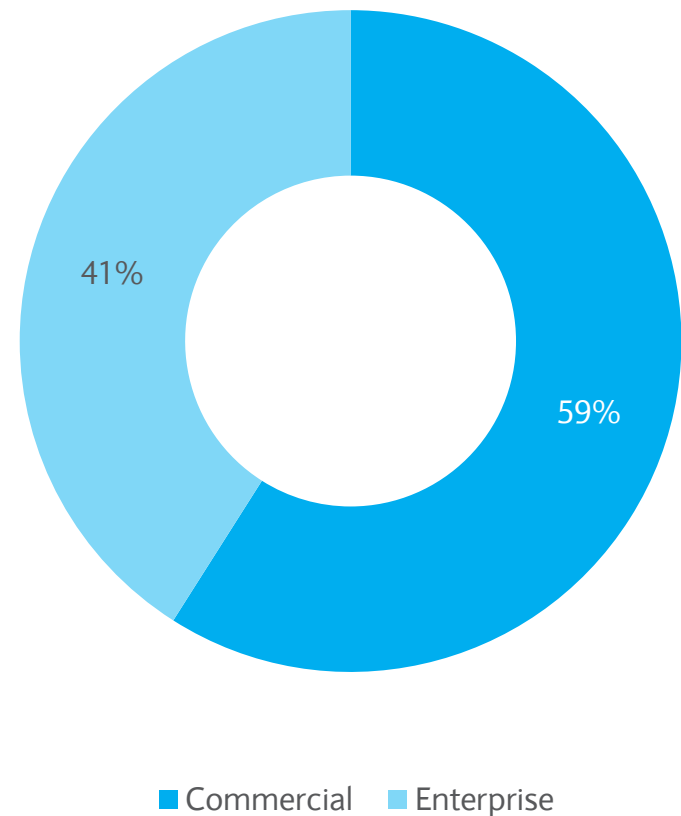


# Positive early signs in customer numbers

## SA Commercial customer numbers (k)



## Business Banking SA revenue split (1H14)

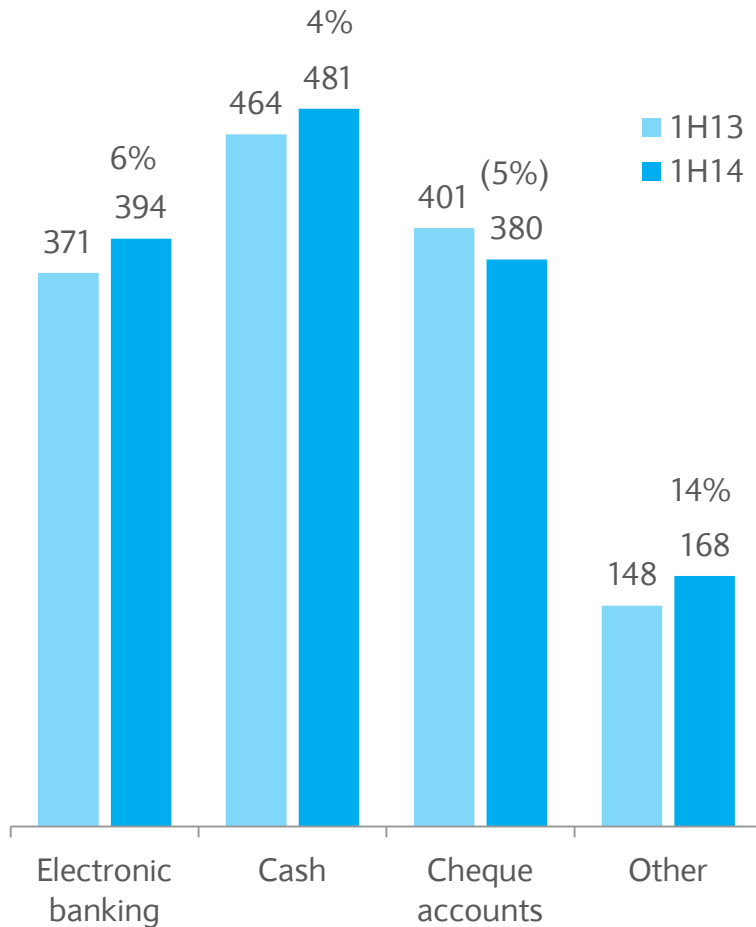


Note: \* Enterprise client turnover <R20m, Commercial clients >R20m <R500m

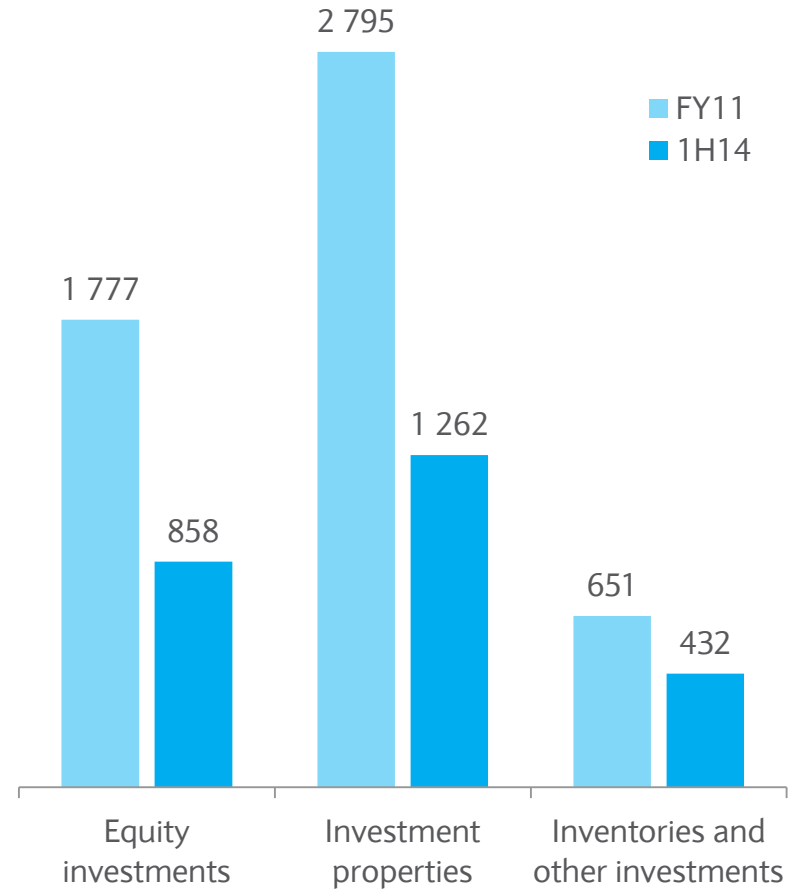


# Focus on fee income and reducing equities

## Net fee income (Rm)



## Equities portfolio (Rm)



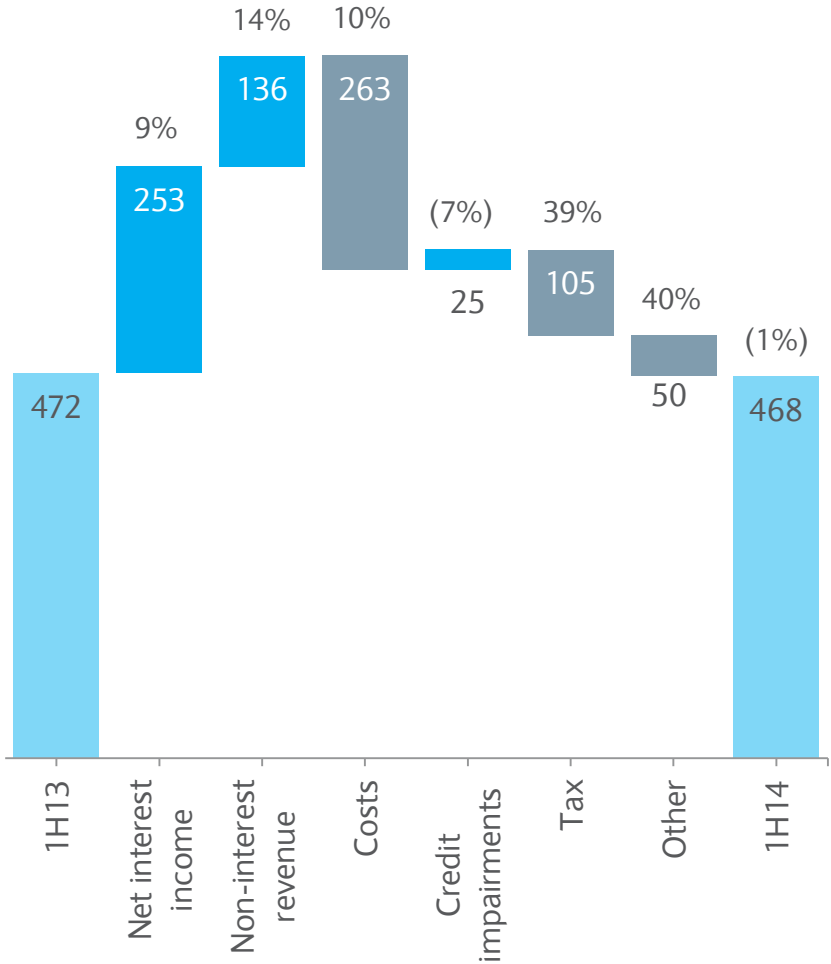
Retail and Business Banking  
Rest of Africa



# Solid underlying earnings growth

- Healthy loan growth
- Regulatory changes and lower rates reduce NIM
- Improving transaction volumes offset pricing pressure
- Improving credit quality
- Constant currency costs well contained, despite investment
- High effective tax rate

Headline earnings drivers 1H14 (Rm)



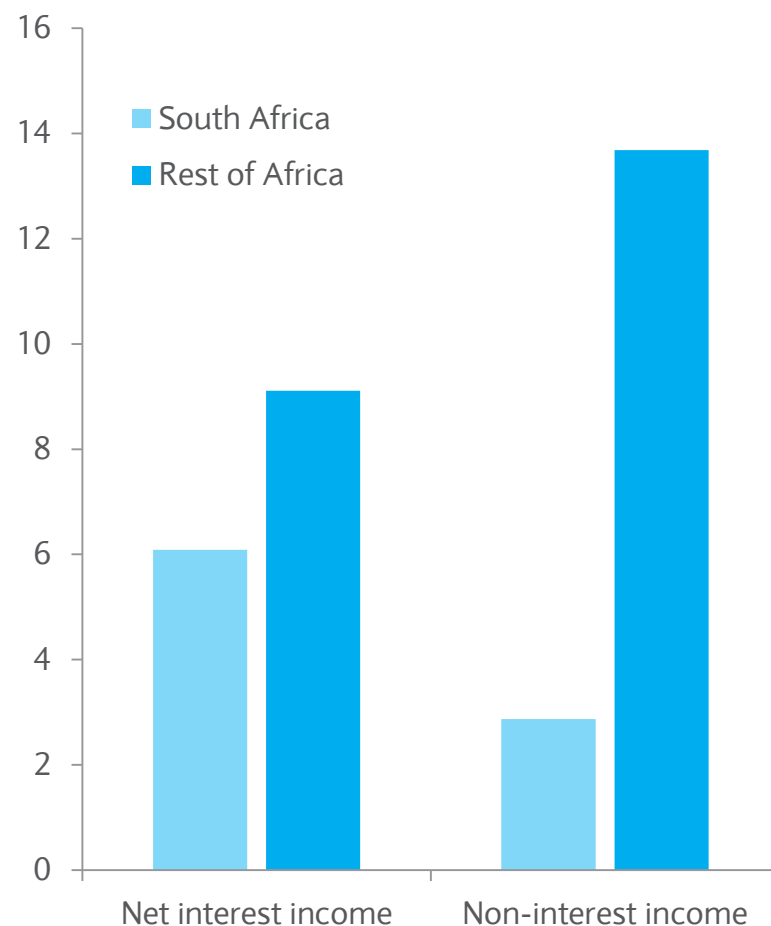
Retail and Business Banking  
Attractive growth prospects



# Attractive growth prospects

- Strong footprint
- Profitable Retail franchise
- Large Business Bank opportunity
- Strong focus on customer needs
- Scope to improve efficiency
- Invest wisely in infrastructure, IT architecture, marketing and resources
- Focus on cost of organisation

RBB 1H14 revenue growth (%)

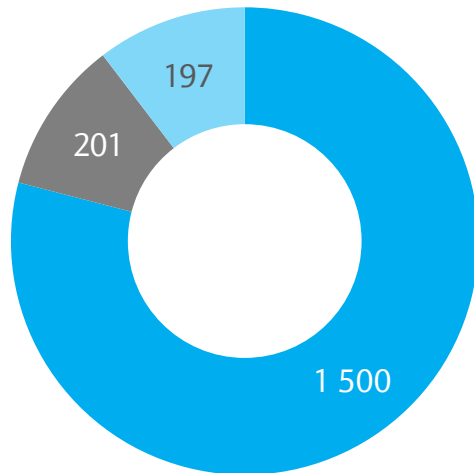


# Partnerships drive access and broaden channels

## WFS accounts (k)



468 stores in Sub-Saharan Africa  
401 in SA  
67 Outside SA

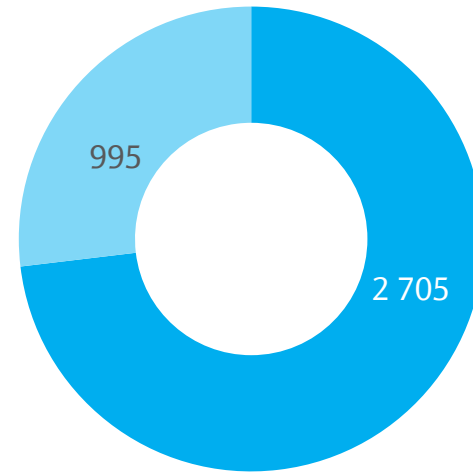


■ Store cards   ■ Credit cards   ■ Personal loans

## Edcon accounts (k)



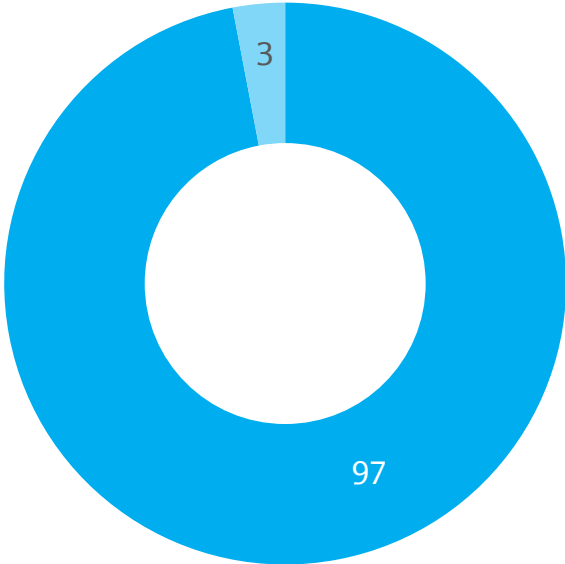
1 300 stores in Sub-Saharan Africa



■ Unique Edcon   ■ Shared customers

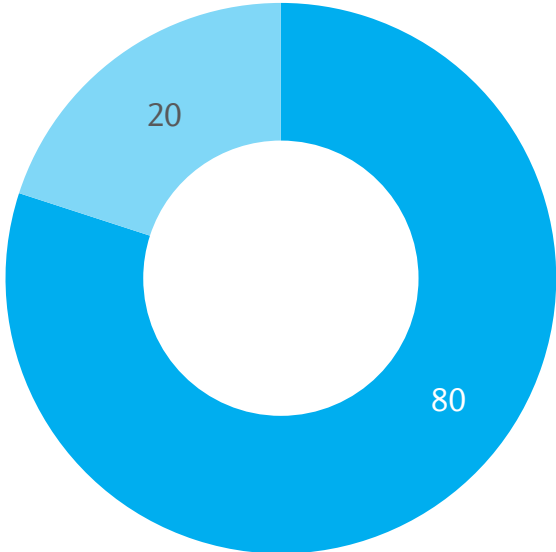
# Acquisition transformed Group geographic mix

Absa Group revenue pre-acquisition (FY12)



■ SA ■ Africa outside SA

Barclays Africa Group revenue (1H14)



■ SA ■ Africa outside SA

# Barclays Africa Group commitments

Top 3 by revenue in our 5 biggest markets - South Africa, Kenya, Ghana, Botswana and Zambia

RoE 18% to 20% by 2015

Cost to income ratio in the low 50s by 2016

Rest of Africa 20% to 25% of total revenue



# Disclaimer

## Forward-looking statements

Certain statements (words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘believes’, ‘intends’, ‘plans’, ‘may’, ‘will’ and ‘should’ and similar expressions in this document are forward looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Barclays Africa Group Limited and its subsidiaries (‘Barclays Africa’). These statements are not guarantees of future operating, financial or other results and involve certain risks, uncertainties and assumptions and so actual results and outcomes may differ materially from these expressed or implied by such statements. We make no express or implied representation or warranty that the results we anticipated by such forward-looking statements will be achieved. These statements represent one of many possible scenarios and should not be viewed as the most likely or standard scenario. We are not obligated to update the historical information or forward looking statements in this document.