



Barclays Africa Group Limited

1H14 financial results



Strategic update

Maria Ramos



Our commitments

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

RoE 18% to 20%

Cost to income ratio in the low 50s

Rest of Africa 20% to 25% of total revenue



Financial review

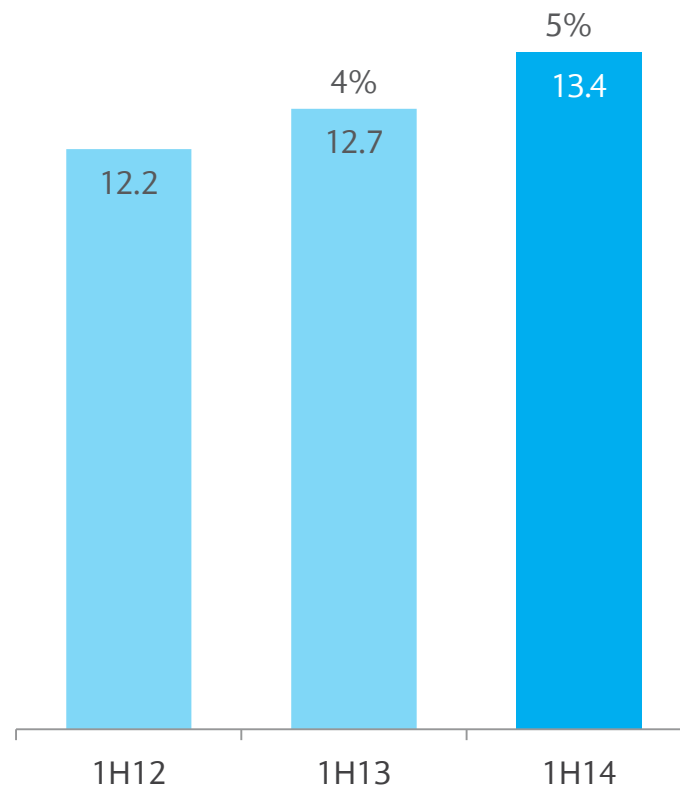
David Hodnett



Pre-provision profit drove earnings growth

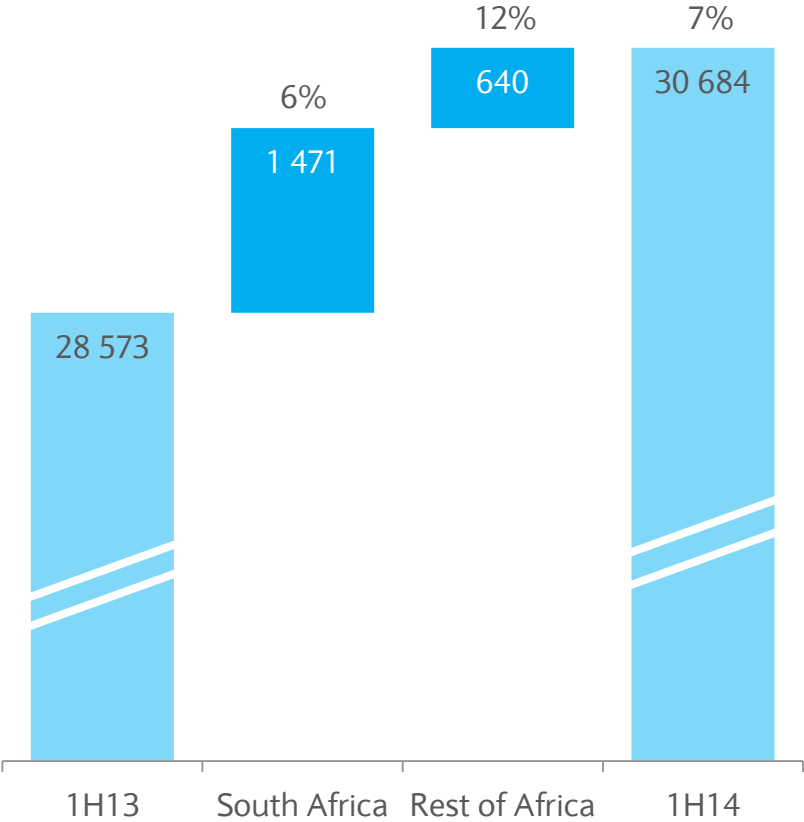
	1H14 Rm	1H13 Rm	Change %
Net interest income	17 197	15 695	10
Non-interest income	13 487	12 878	5
Total revenue	30 684	28 573	7
Credit losses	(3 568)	(3 836)	(7)
Operating expenses	(17 297)	(15 872)	9
Other	(512)	(401)	28
Taxation	(2 714)	(2 450)	11
Non-controlling interest	(427)	(421)	1
Attributable earnings	6 166	5 593	10
Headline earnings	6 110	5 554	10

Pre-provision profit (Rbn)

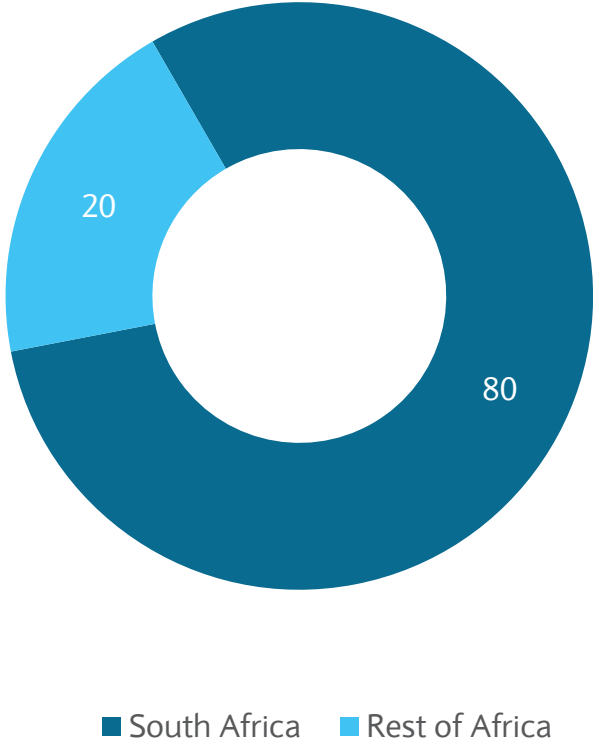


African acquisition enhanced revenue growth

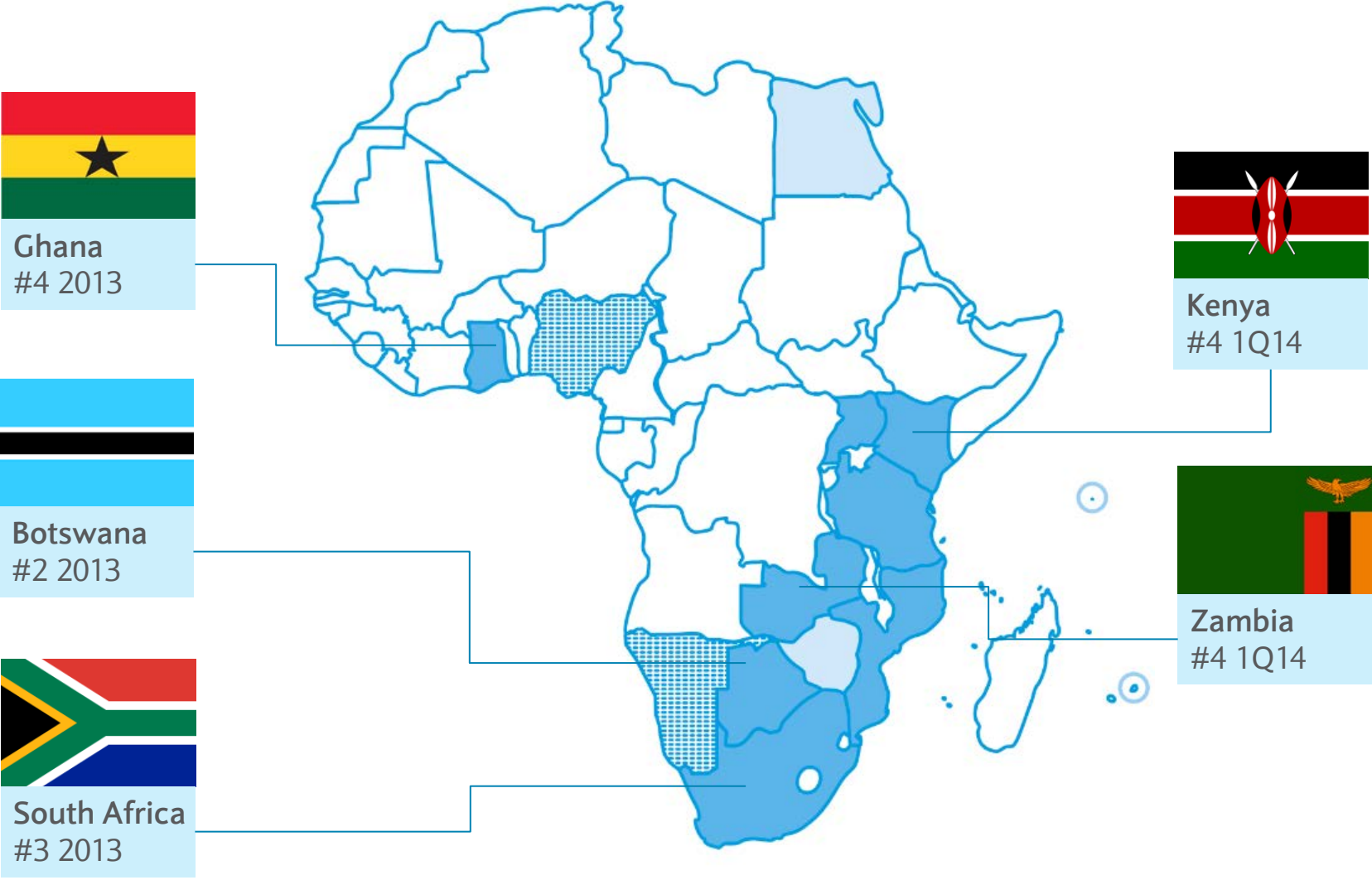
Revenue growth (YoY, Rm)



Group revenue split 1H14 (%)



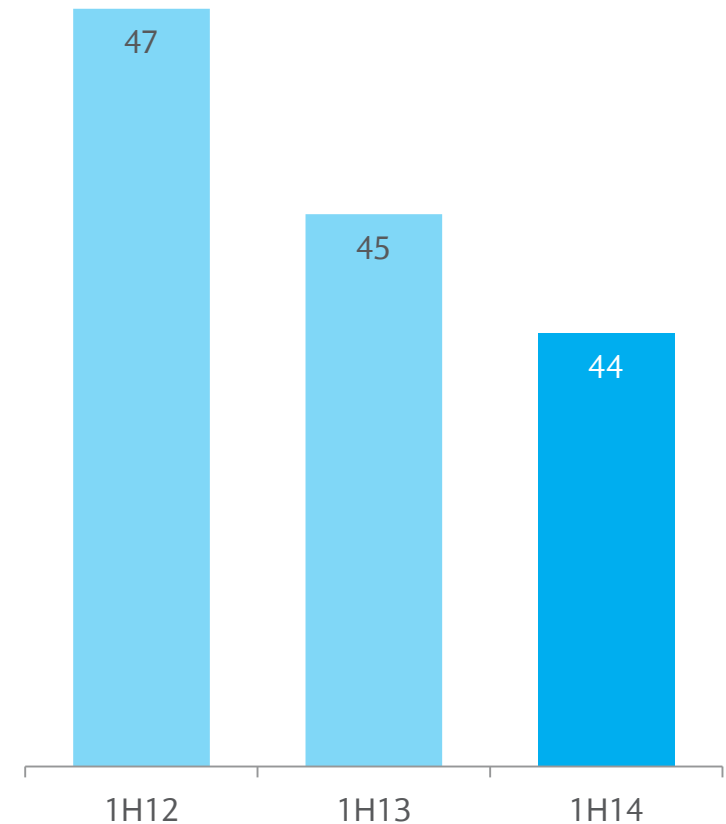
Scope to improve revenue rankings in key markets



Non-interest income growth moderate

	1H14 Rm	Change %	Mix %
Net fees and commissions	8 664	3	64
— Retail Banking SA	5 383	4	40
— Business Banking SA	1 423	3	11
— RBB Rest of Africa	993	2	7
— CIB	865	4	6
WIMI	2 298	5	17
Markets – net trading result	2 351	17	18
Other *	174	(46)	1
Total	13 487	5	

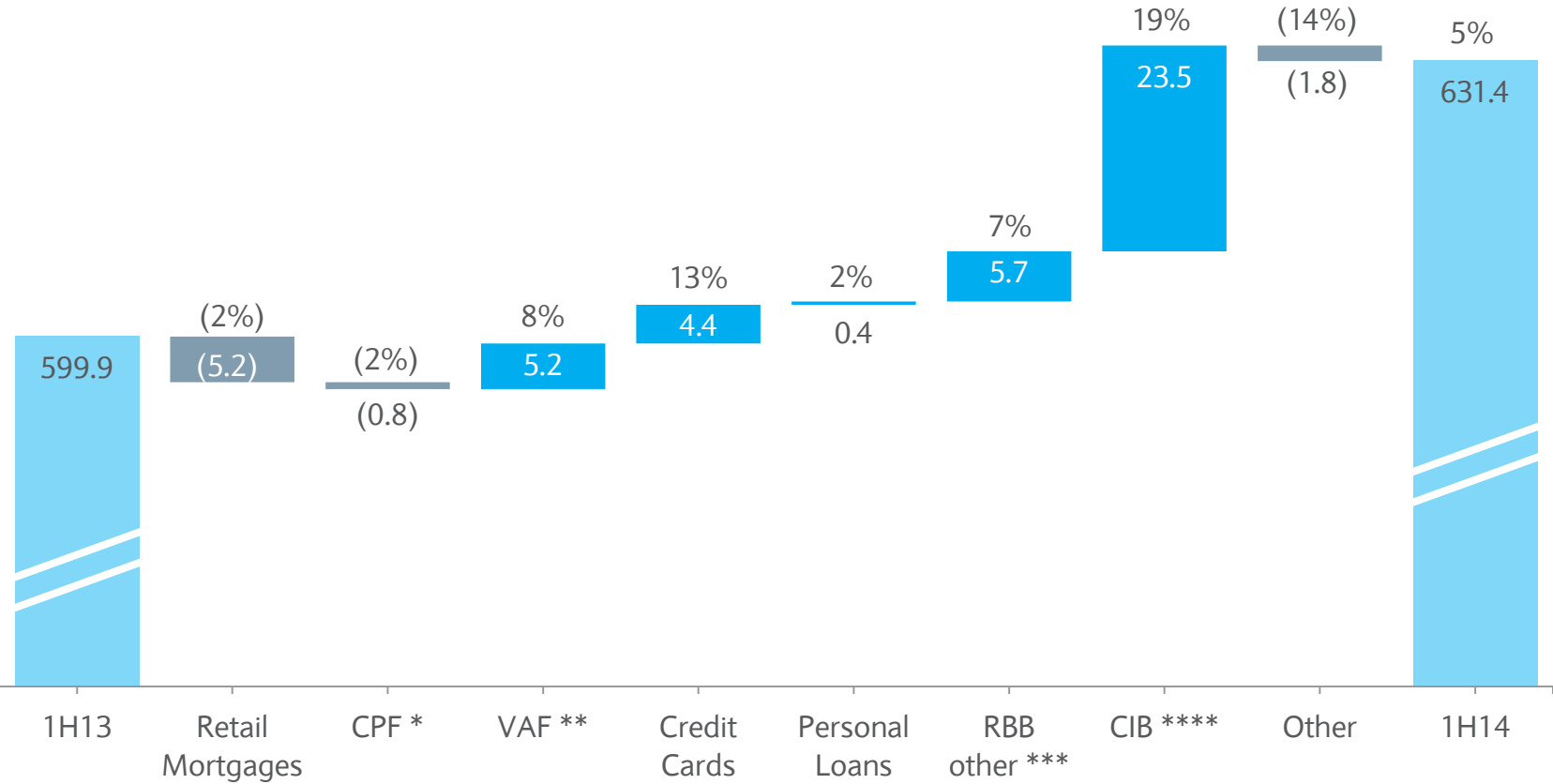
Non-interest income to total revenue (%)



Note: * Includes revaluations

Solid lending growth outside of property

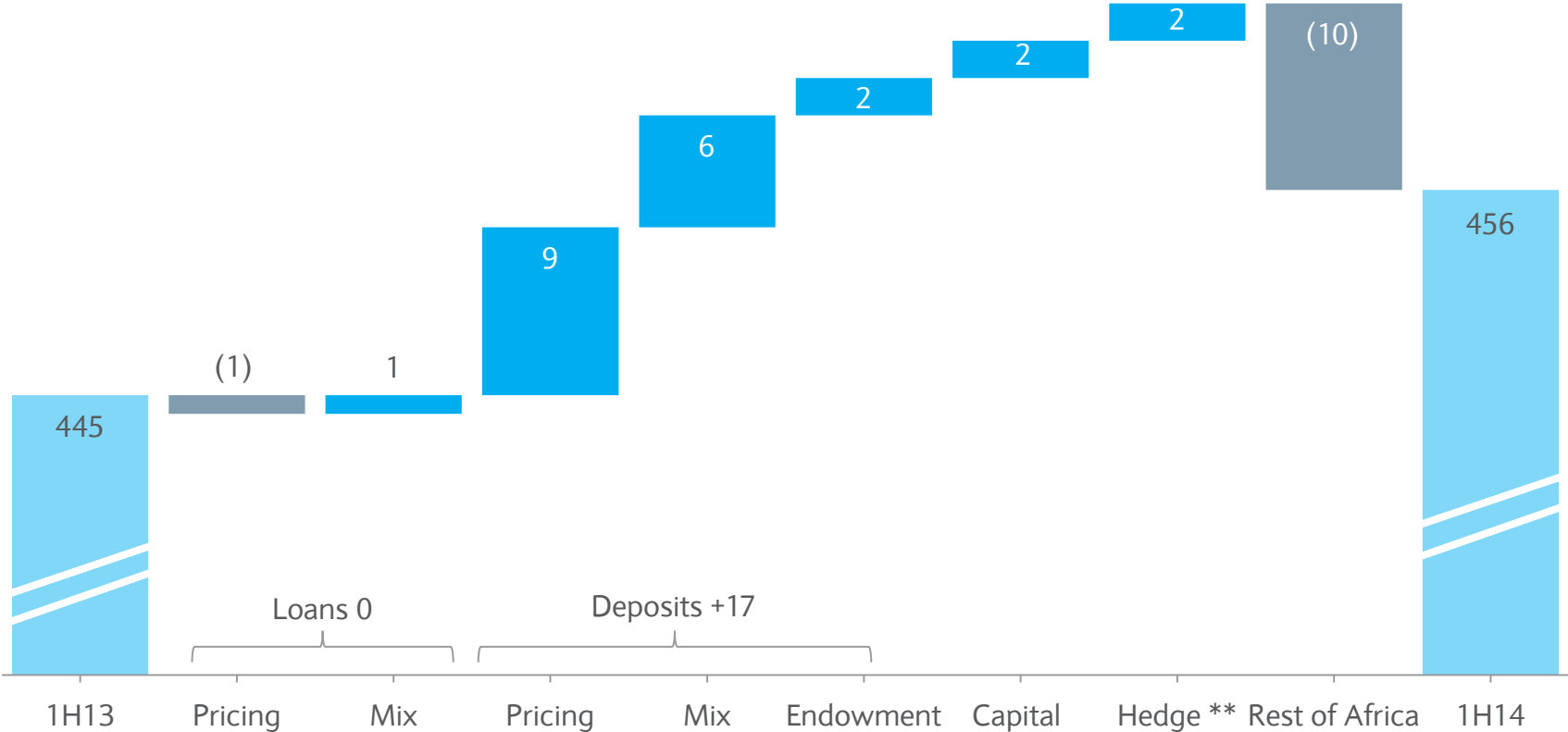
Change in gross customer loans (YoY, Rbn)



Note: * Commercial property finance, includes CIB mortgages; ** instalment credit agreements; *** includes Rest of Africa **** excludes mortgages

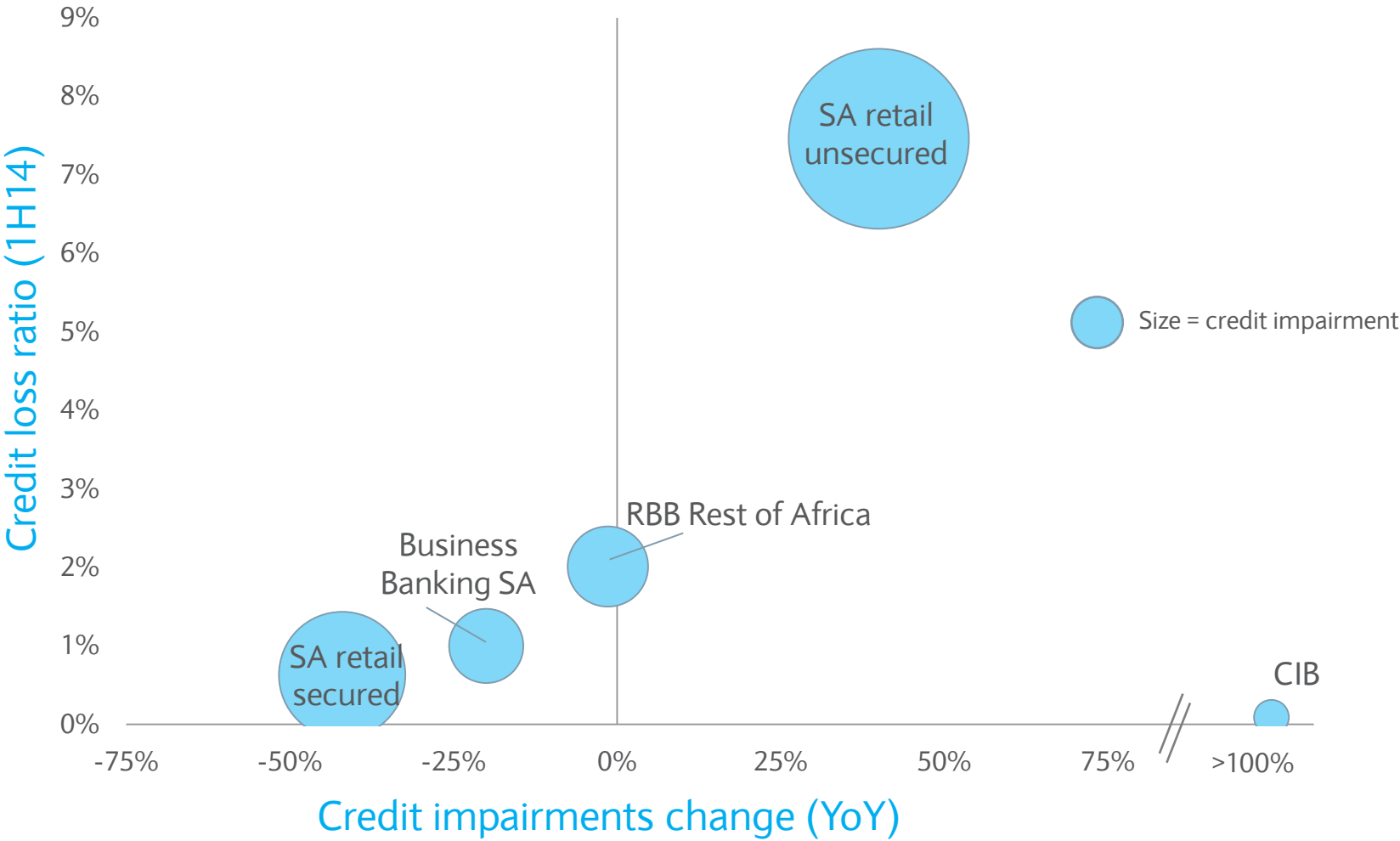
Wider margin reflects several moving parts

YoY change in net interest margin* (basis points)



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

Secured loan credit impairments improved



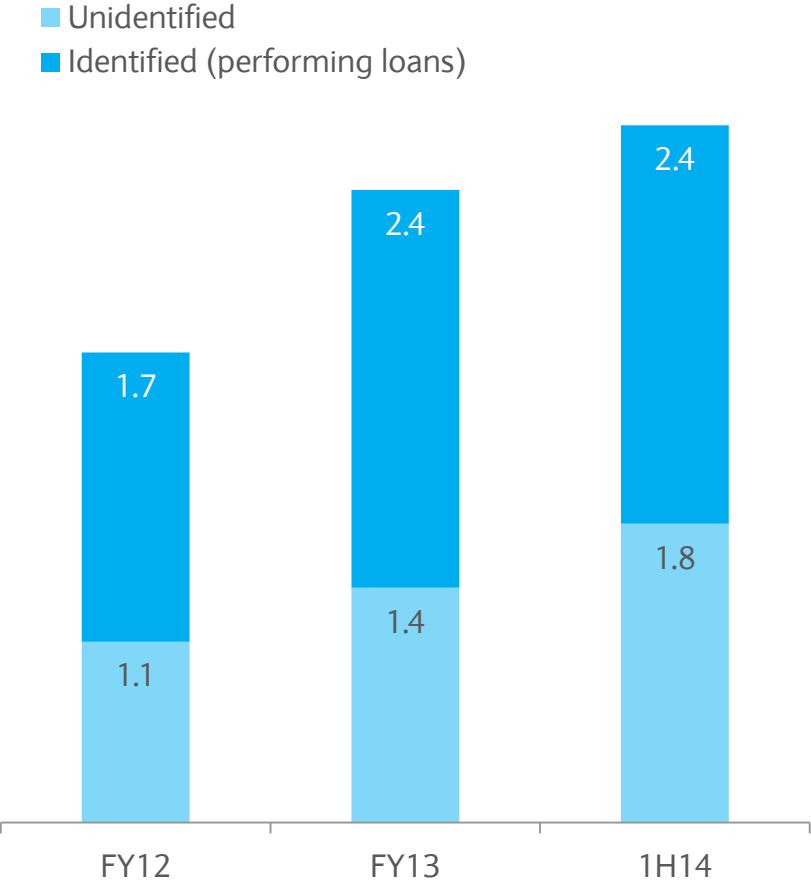
Credit loss ratio and NPL cover improved

	1H14	1H13	1H14	FY13
	Credit loss ratio (%)		NPL cover (%)	
Retail and Business Banking	1.55	1.73	43.2	41.4
Retail Banking South Africa	1.60	1.75	42.5	39.1
Overdrafts	1.24	1.85	63.4	58.3
Credit Cards	5.03	3.31	66.1	65.9
Store cards - Edcon	15.01	9.57	78.8	81.0
Vehicle and Asset Finance	1.11	1.20	46.1	50.0
Mortgages *	0.45	1.07	26.9	27.8
Personal Loans	6.93	7.17	64.9	63.0
Business Banking South Africa	1.00	1.23	36.5	39.2
RBB Rest of Africa	2.01	2.40	57.1	57.3
Corporate and Investment Bank	0.09	0.01	39.0	52.1
CIB South Africa	0.06	(0.03)	82.4	65.5
CIB Rest of Africa	0.28	0.26	15.6	37.2
WIMI	0.42	0.82	43.4	47.2
Group	1.18	1.35	43.1	41.8

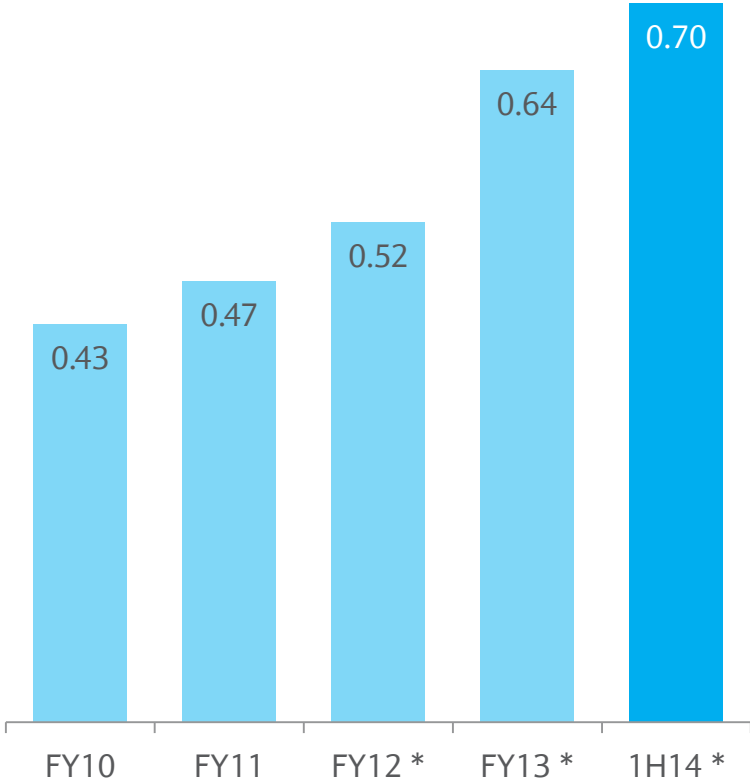
Note: * Home loans credit loss ratio

Continue to build portfolio provisions

Portfolio provisions (Rbn)



Portfolio provisions to performing loans (%)

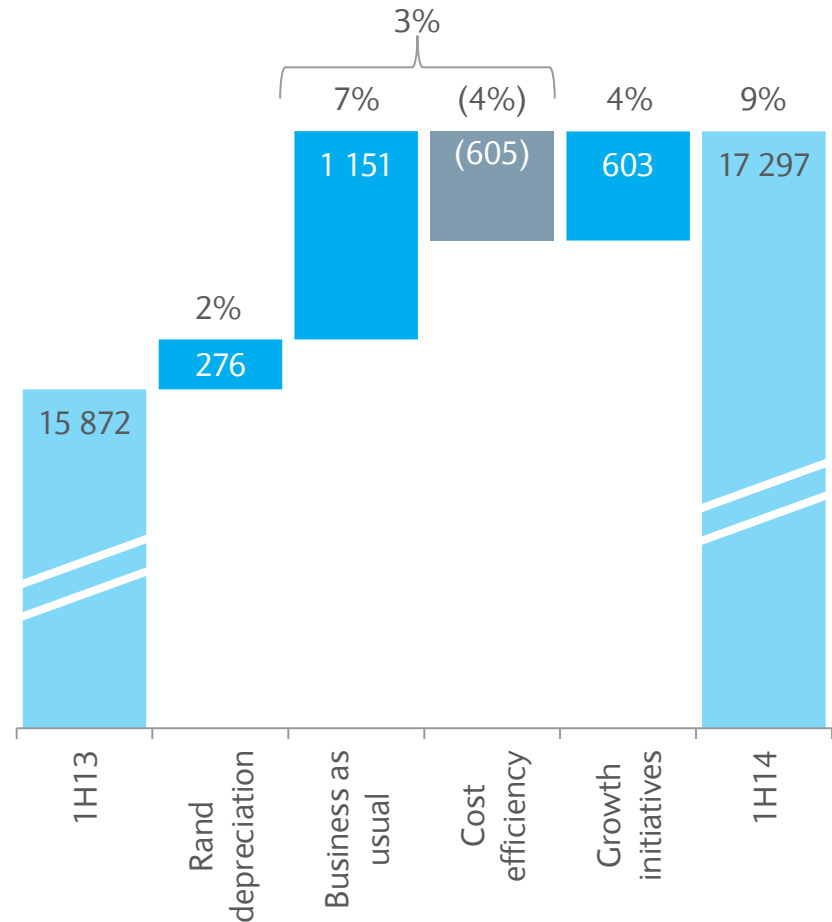


Note: * Barclays Africa Group

Higher cost growth reflects investment

	1H14 Rm	Change %	Mix %
Staff costs	9 108	11	53
Property-related costs	2 782	7	16
Information technology	1 155	7	7
Communication	679	3	4
Marketing costs	589	10	3
Professional fees*	821	4	5
Cash transportation	415	11	2
Amortisation	243	11	1
Other	1 505	9	9
Total	17 297	9	

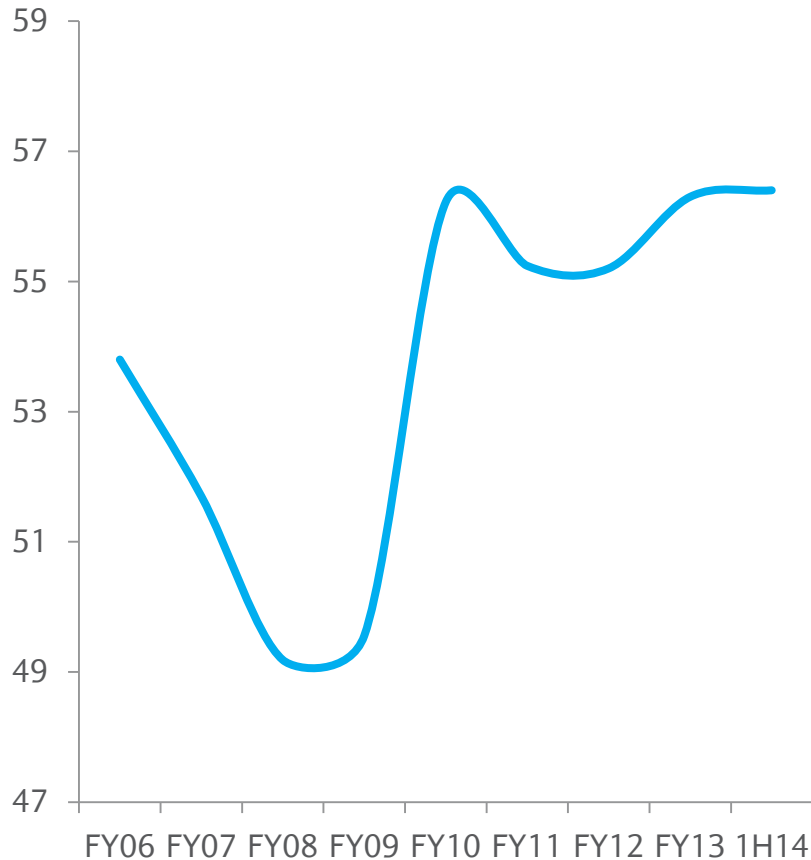
Operating expenses drivers (Rm, YoY change)



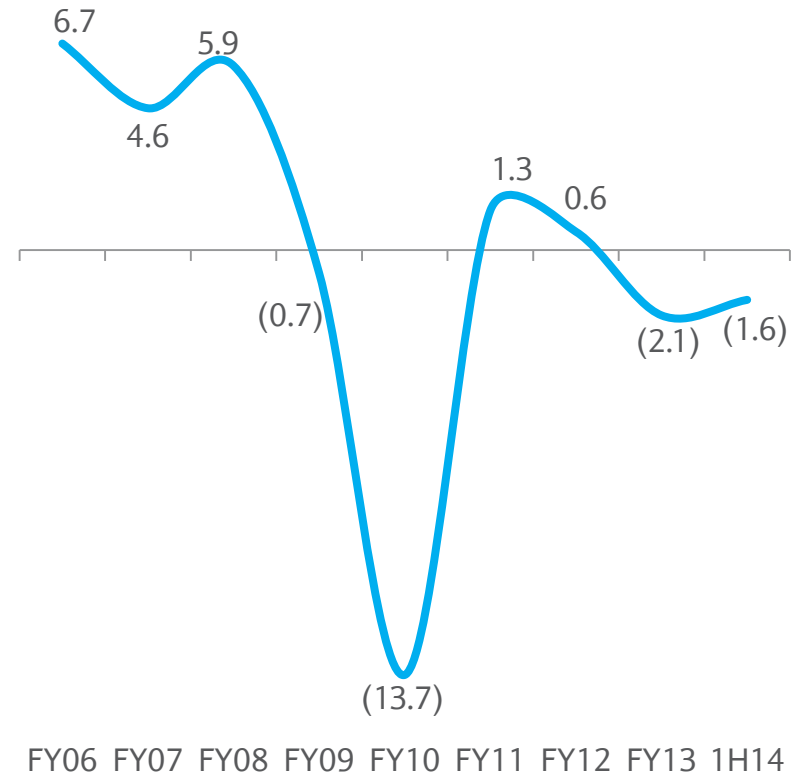
Note: * Includes auditor's remuneration

Crucial to achieve positive JAWS from 2015

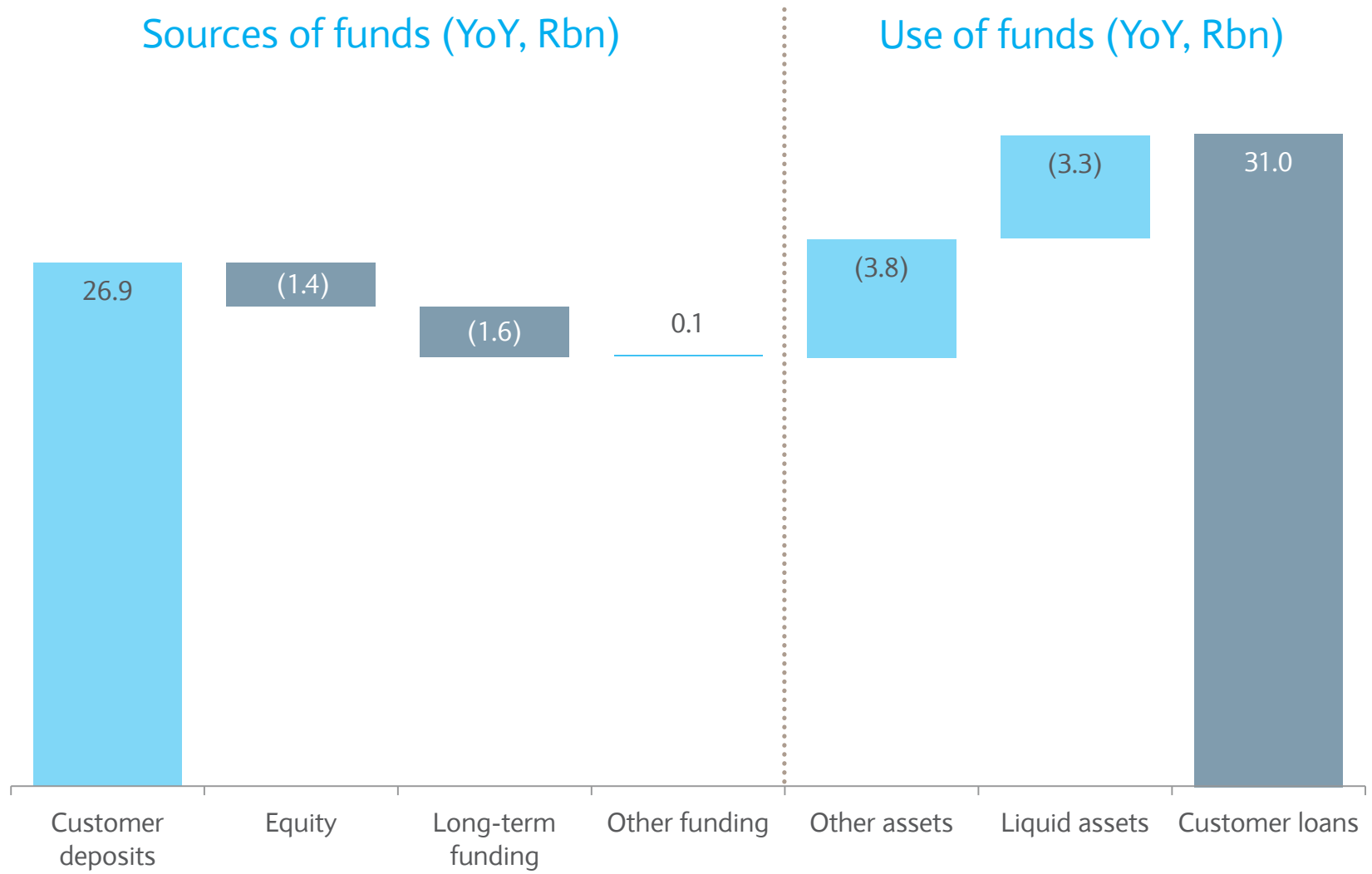
Cost-to-income (%)



JAWS – revenue minus cost growth (%)



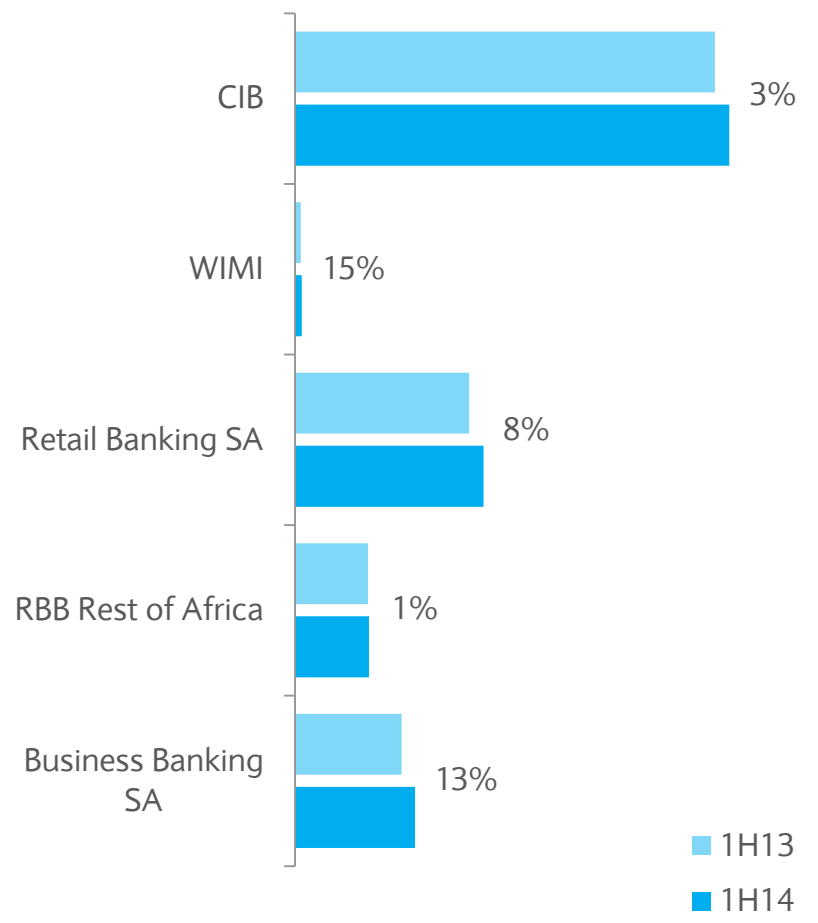
Deposit growth funded lending to customers



Solid growth in most deposit franchises

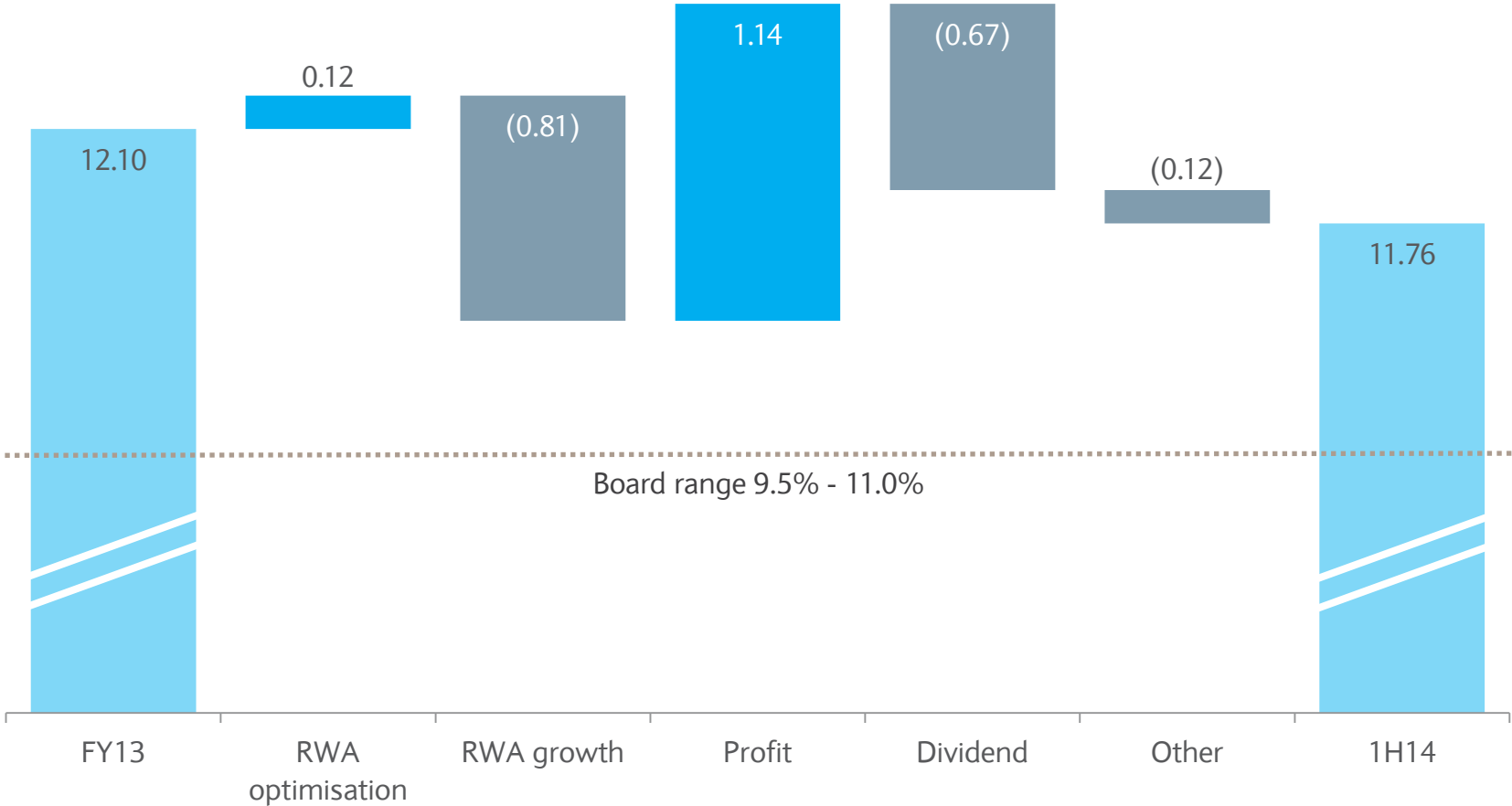
- Custody sale reduced deposits
- Significant Corporate growth outside South Africa
- Strong increase in SA retail investment products
- Competition, lower term deposits in RBB Rest of Africa
- Business Banking SA customers shifting to short term products

Customer deposits (Rbn)

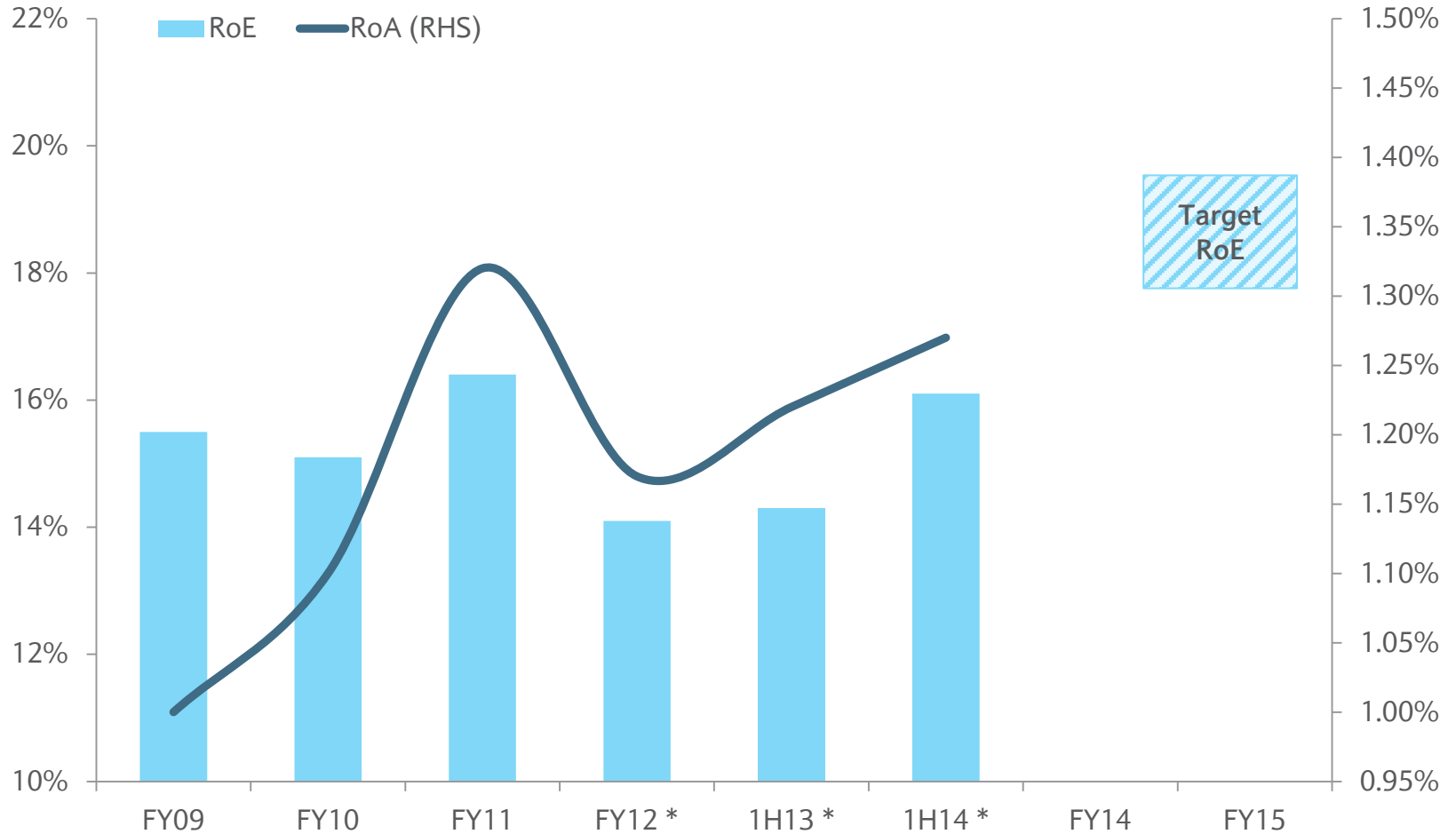


Capital levels remain strong

Barclays Africa Group Common Equity Tier 1 ratio (%)



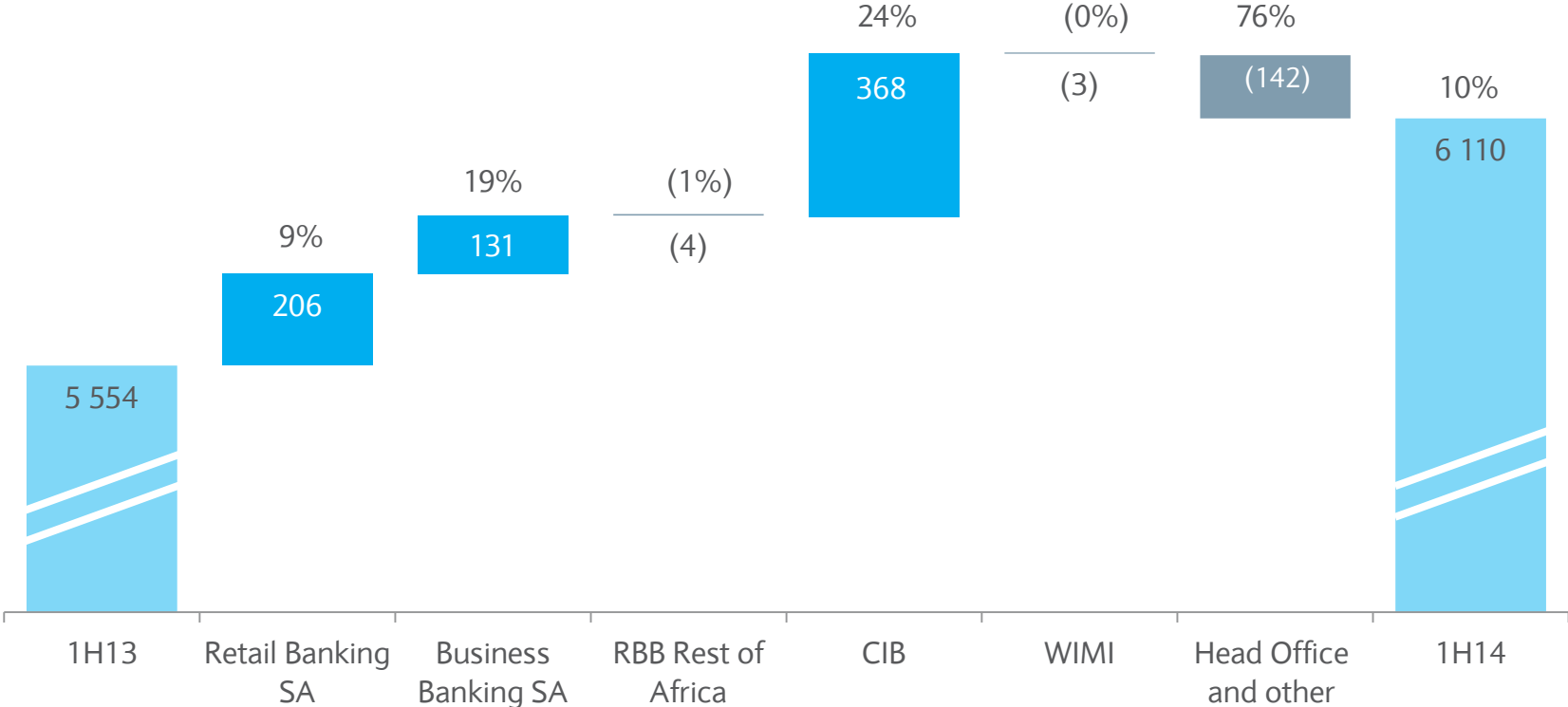
RoE improved noticeably



Note: * Barclays Africa Group

Well diversified group

Headline earnings growth (YoY, Rm)



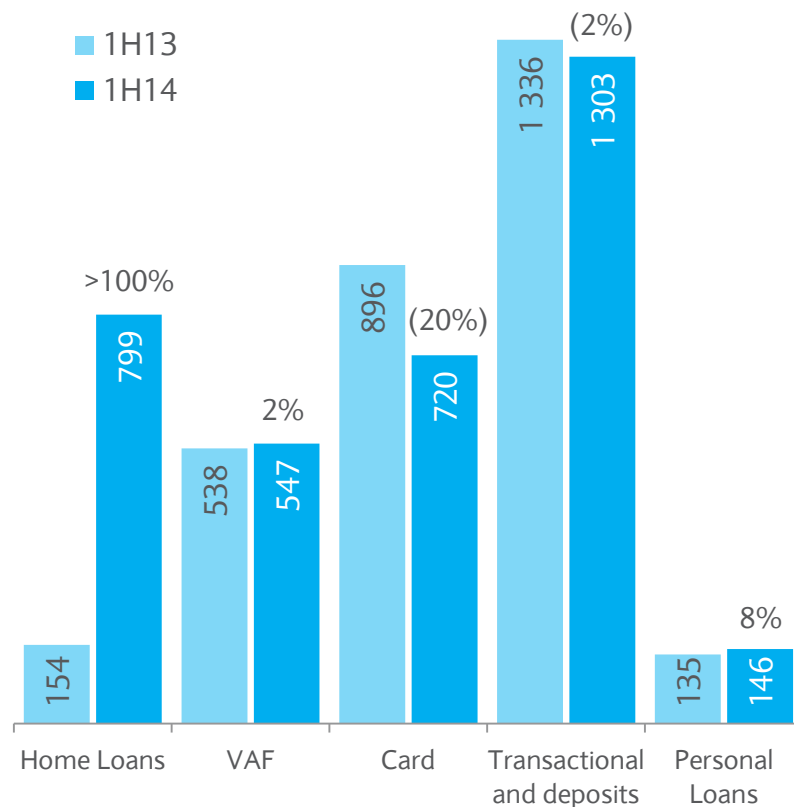
1H14 growth in pre-provision profit

1% 7% 10% 26% 1% 5%

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

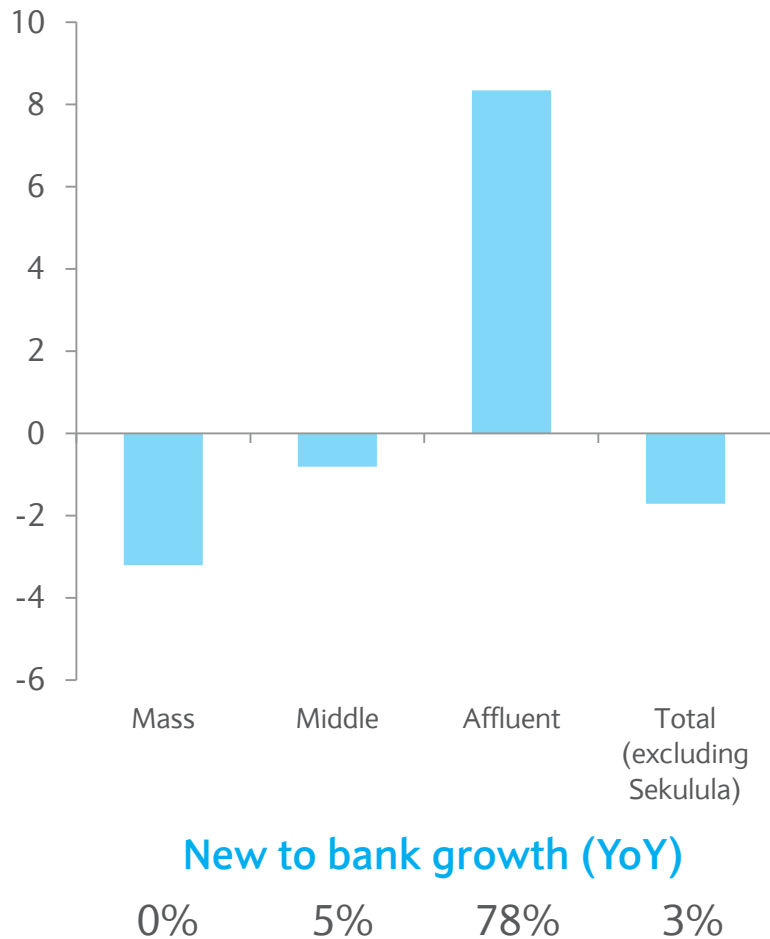
Headline earnings* (Rm)



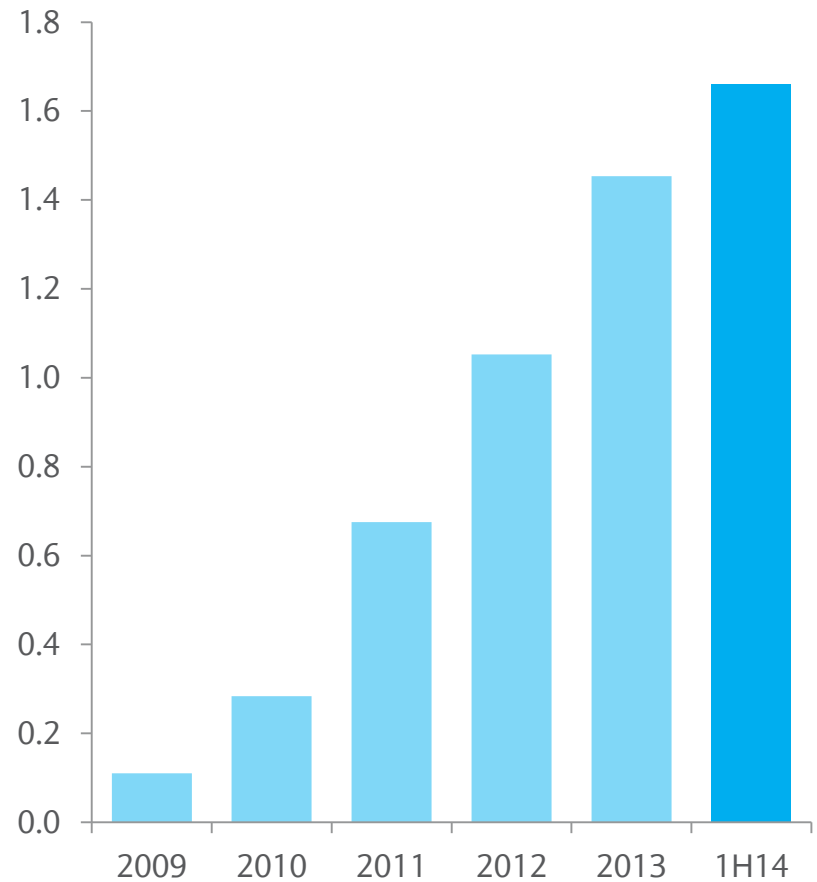
Note: * Excludes Other, which is largely central costs

Retail customer trends turning

YoY change in customer numbers* (%)



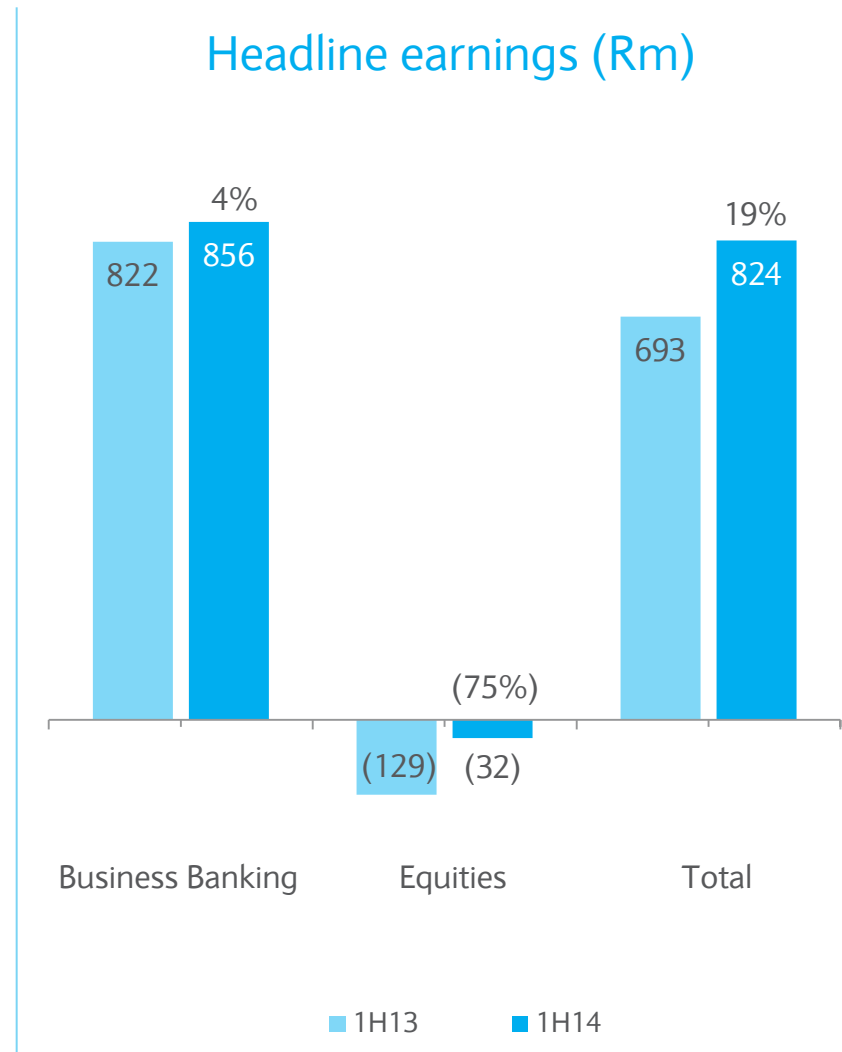
Rewards customers (m)



Note: * Excludes 4.7m cards in issue (Woolworths Financial Services and Edcon) and 639k Sekulula accounts closed

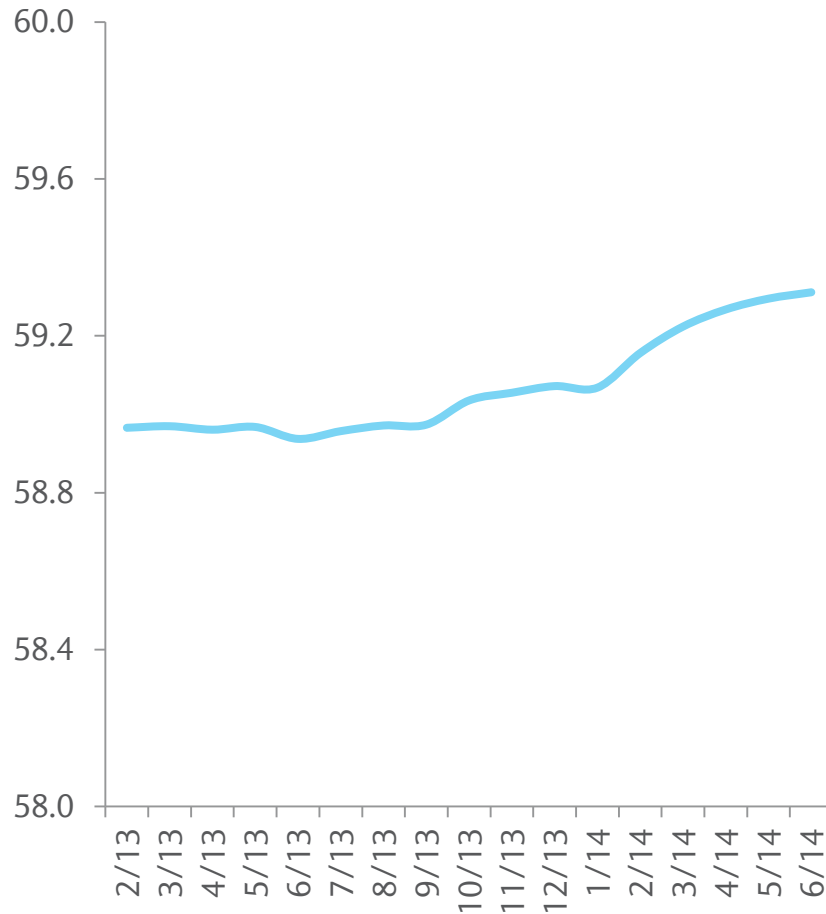
Stabilising Business Banking SA

- 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

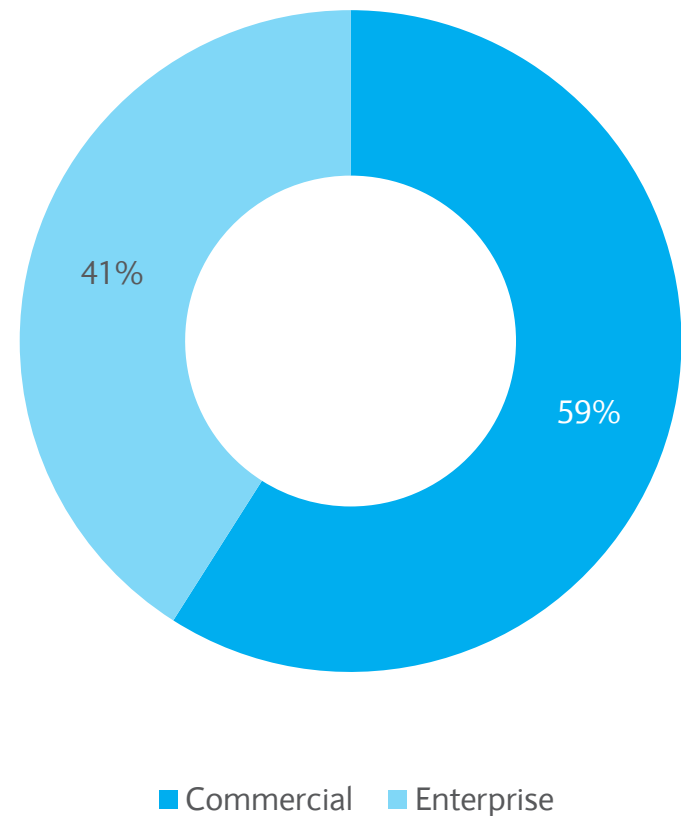


Positive early signs in customer numbers

SA Commercial customer numbers (k)



Business Banking SA revenue split (1H14)

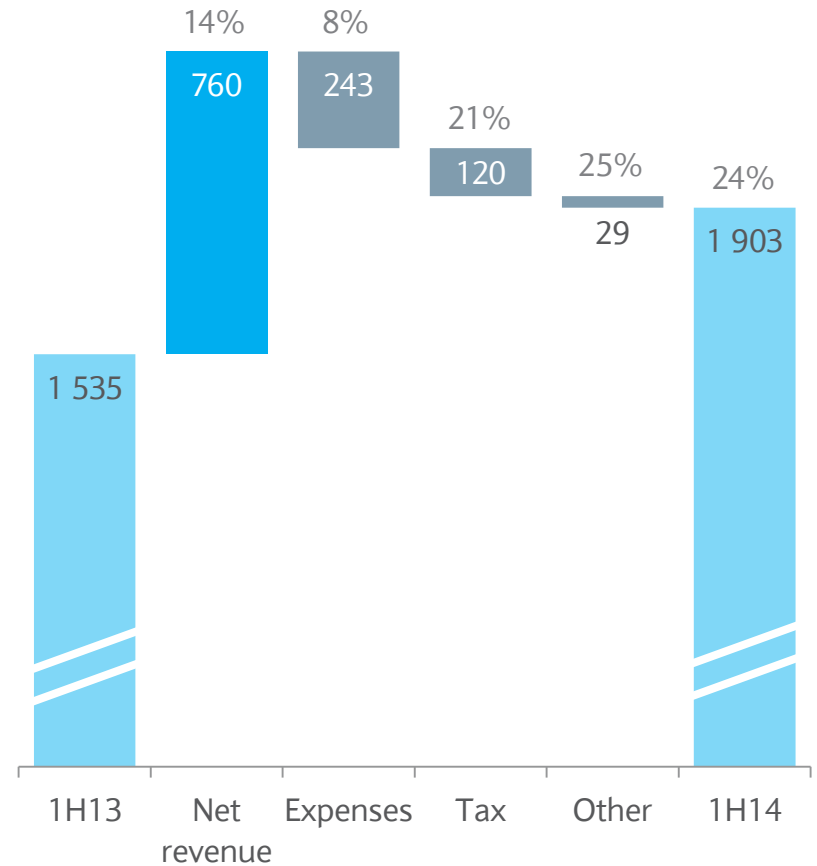


Note: * Enterprise customer turnover <R20m, Commercial customer >R20m <R500m

CIB strategy on track

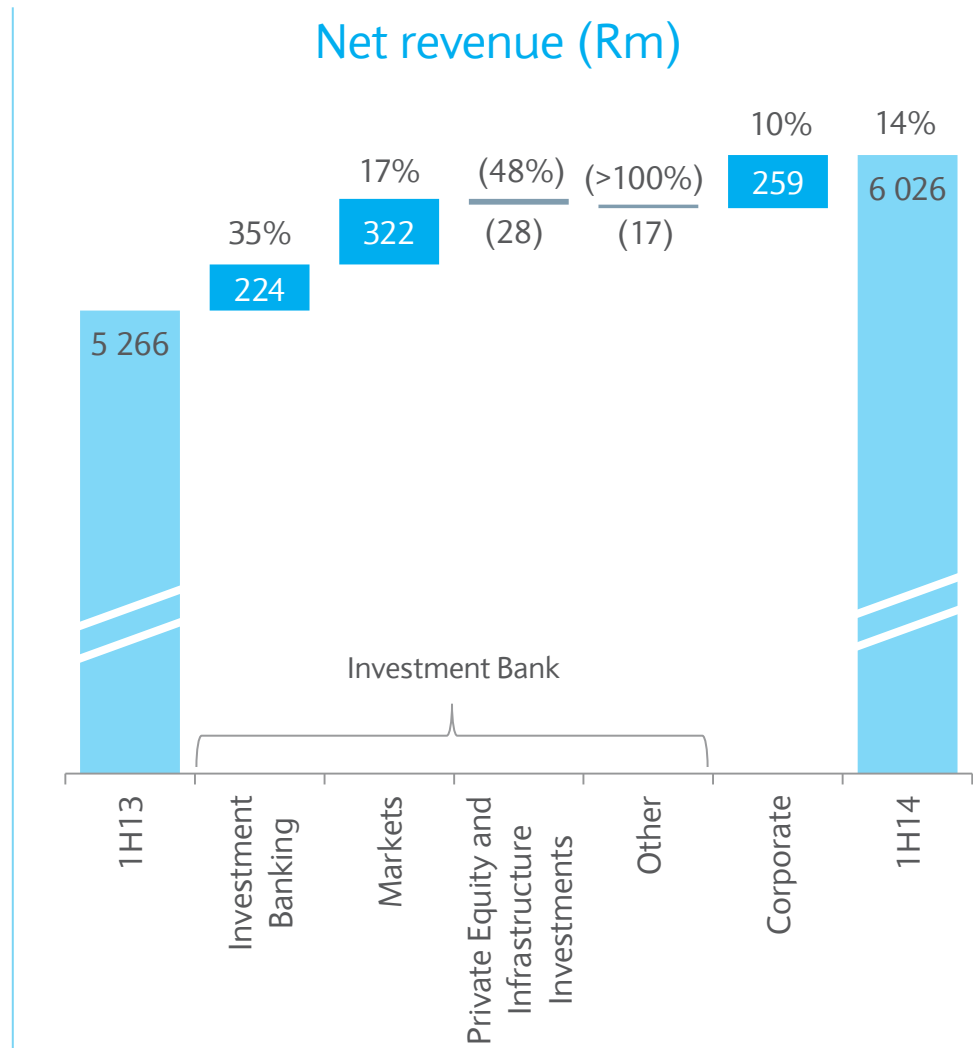
- Strong asset growth drove higher revenue
- Systems and IT investment increased costs
- Delivery well on track outside South Africa

Headline earnings (Rm)



Core divisions growing strongly

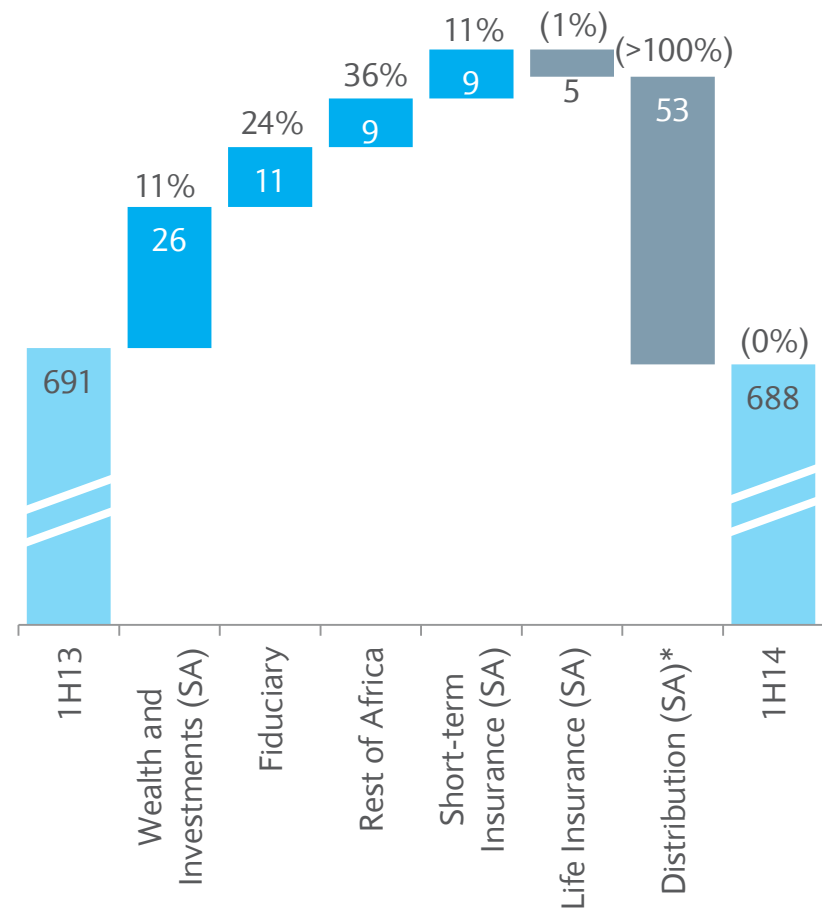
- Strong Investment Banking performance driven by asset growth
- Markets had good customer flows and Africa desk traction
- Corporate revenue up despite volume pressure; new systems to support future growth



Bancassurance investing in sales capacity ...

- Pro-actively implementing customer focused initiatives for sustainability
- Wealth and Investments margins improve
- Pan-African Life embedded value of new business increased 29%
- Employee Benefits continues turnaround
- Short-term Insurance margin remains low
- Rest of Africa expansion continues to deliver results

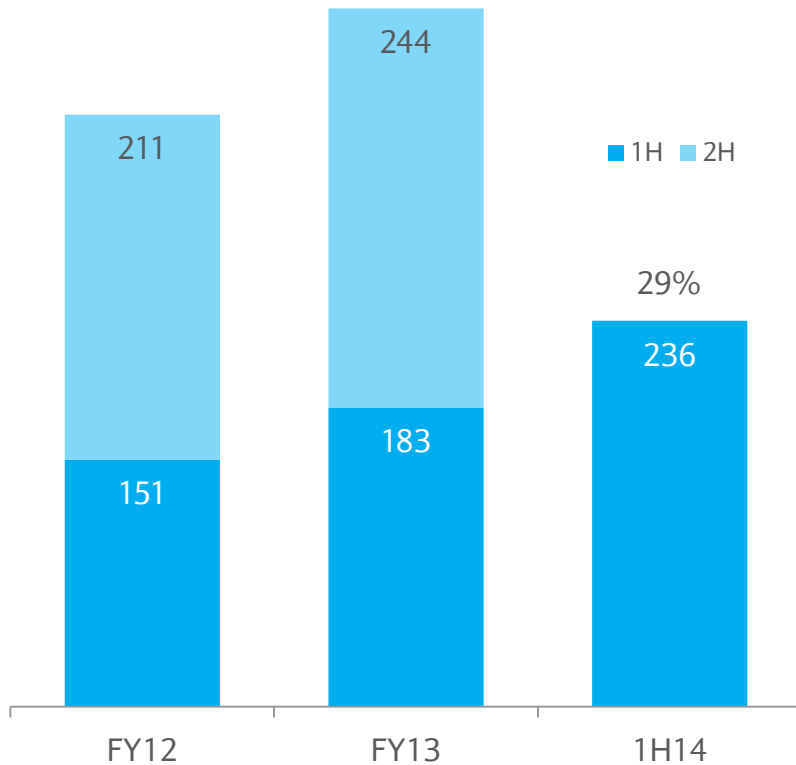
Change in headline earnings (Rm)



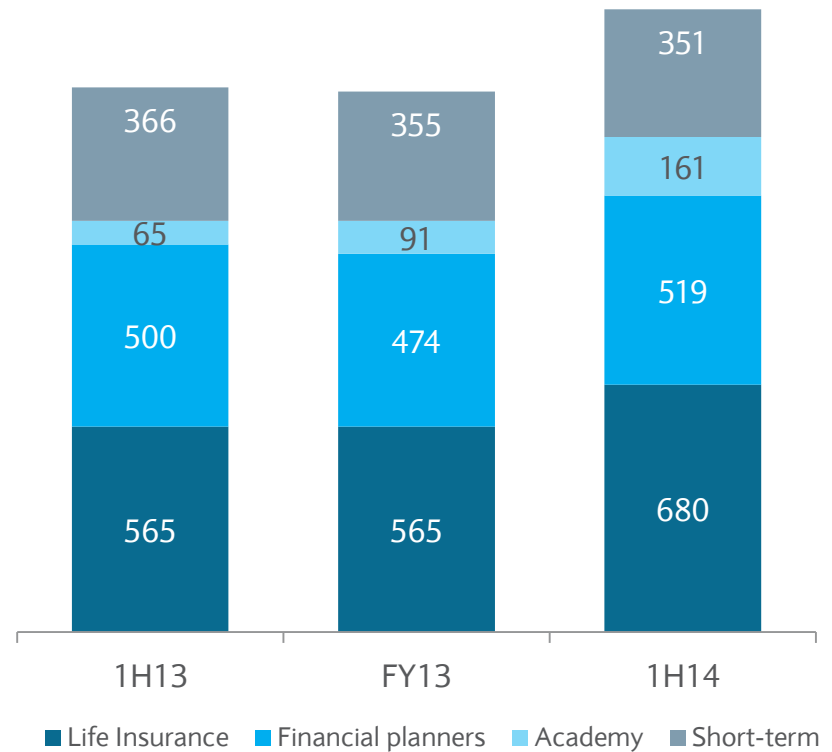
Note: * Distribution and Other

... evidenced by growing new business and footprint

Embedded value of new business (Rm, YoY growth)

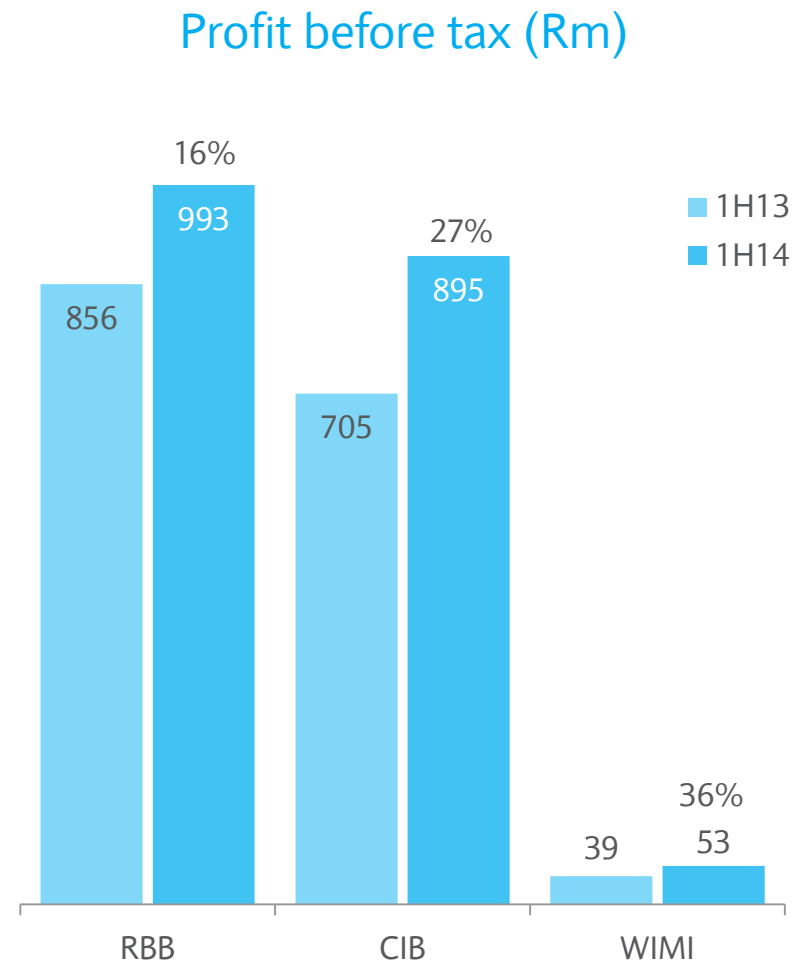


Adviser footprint (number)



Operations outside of South Africa enhance growth

- Revenue +12% to R6.1bn
- Headline earnings +34% to R1.0bn
 - Contributed 17% of earnings
 - Acquisition earnings accretive
- Scope to improve RoE
 - Substantial surplus capital
- Profitable Retail franchise
- Opportunities in Corporate, Markets, Business Banking and WIMI



Our commitments

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

RoE 18% to 20%

Cost to income ratio in the low 50s

Rest of Africa 20% to 25% of total revenue

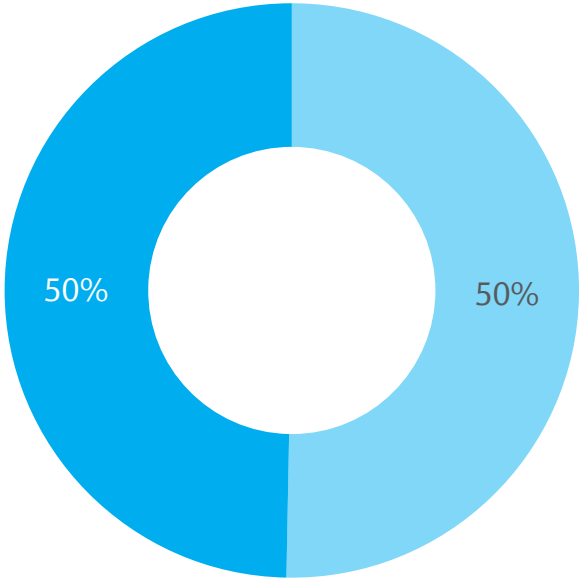


Appendix



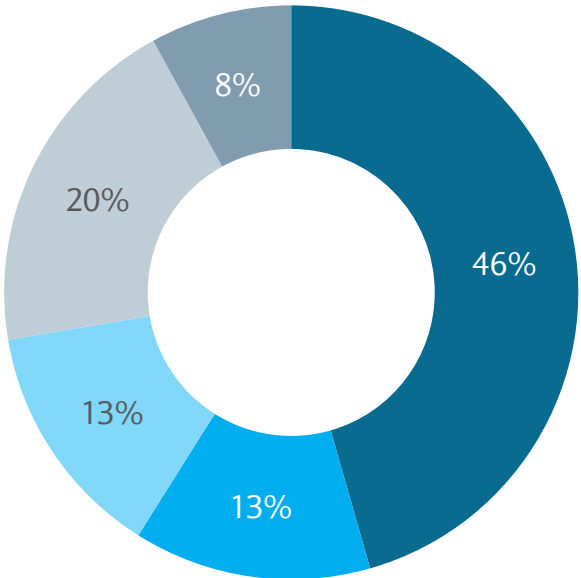
Well diversified revenue...

Net revenue by type
(1H14)



- Non-interest income
- Net-interest income after impairments

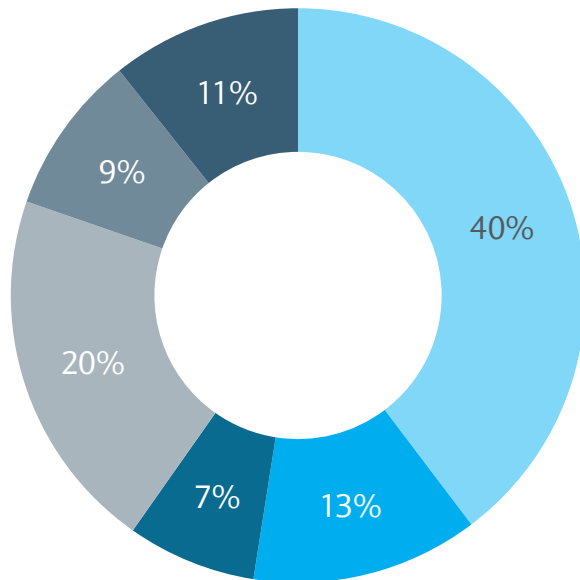
Revenue by segment
(1H14)



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

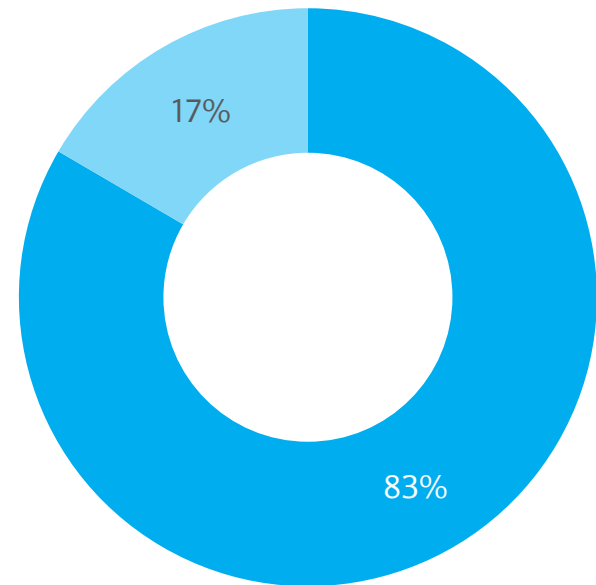
... and earnings

Headline earnings by segment * (1H14)



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

Headline earnings by geography (1H14)

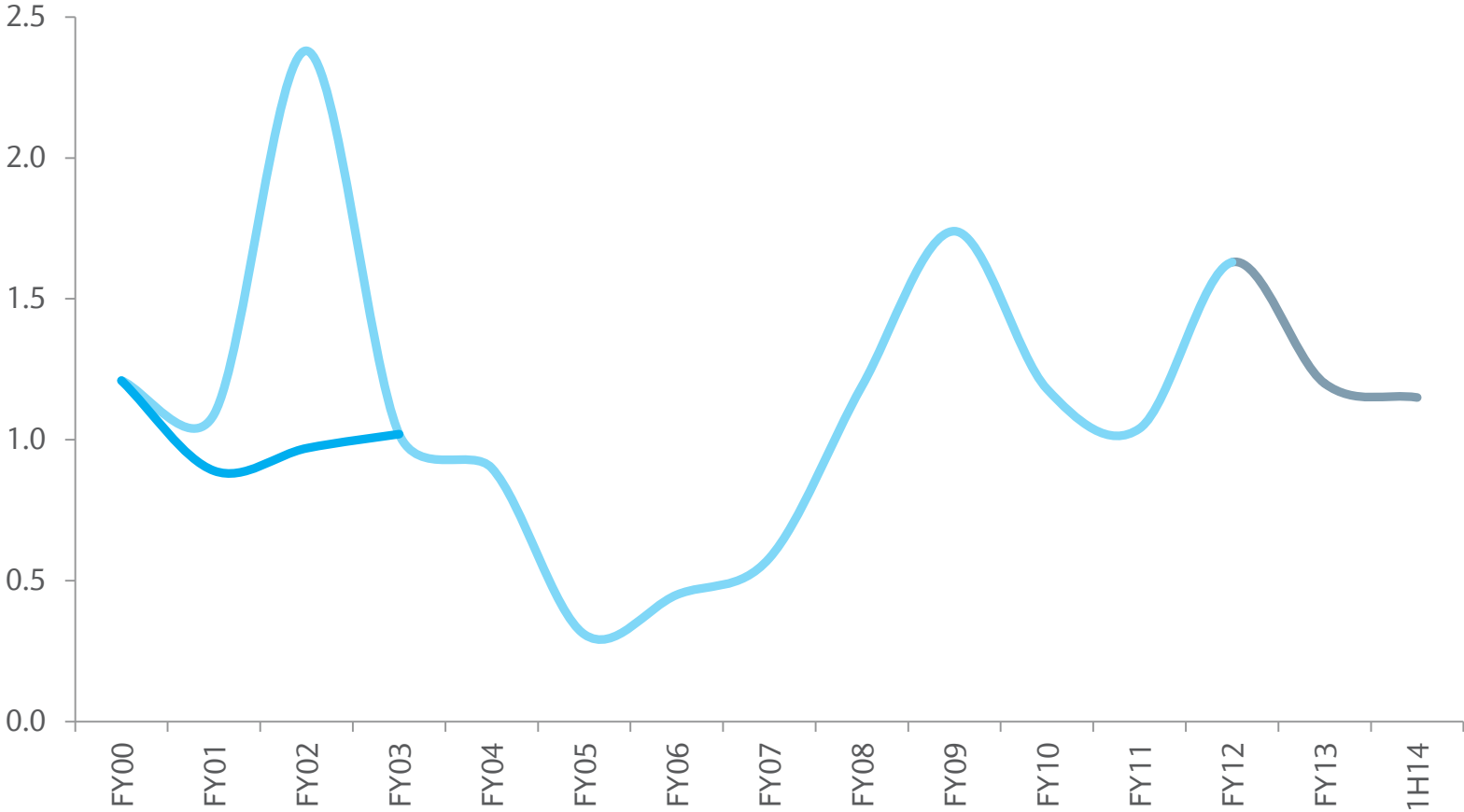


- South Africa
- Rest of Africa

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

Credit quality normalises

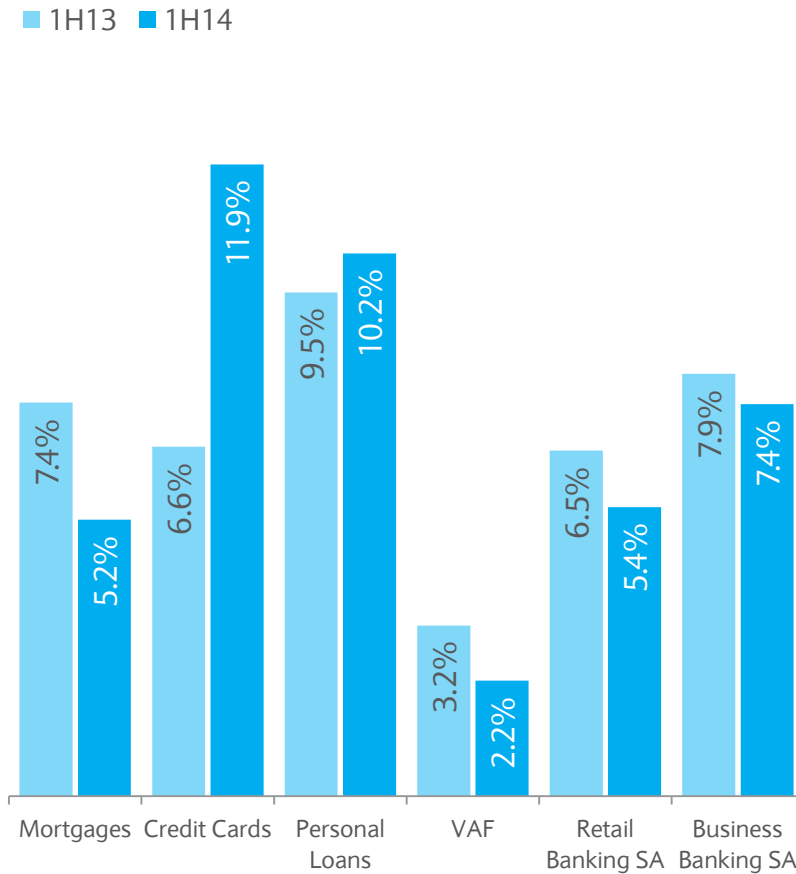
Group credit loss ratio (%)



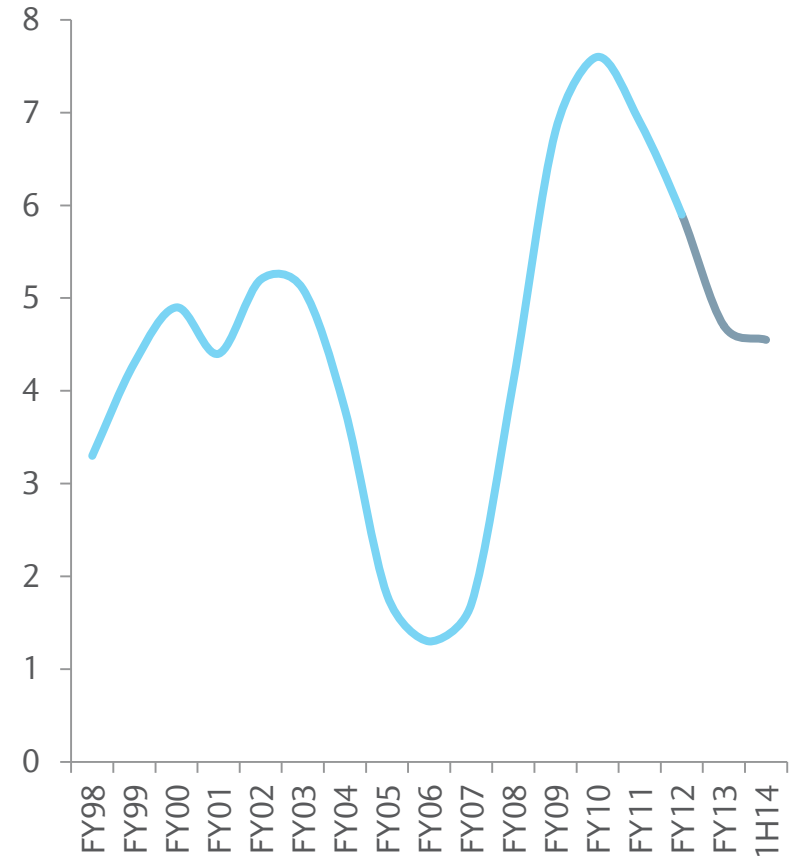
Note: Dark blue line shows ratio excluding UniFer; grey is Barclays Africa Group

Most NPL categories continue to decline

NPLs to loans and advances (%)



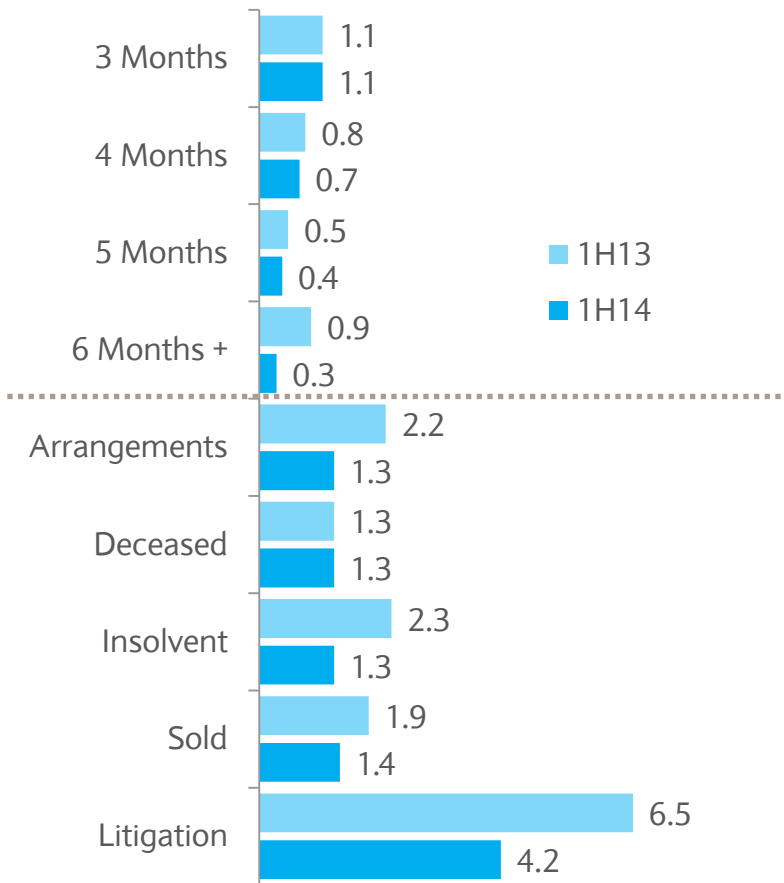
Group NPLs as a percent of loans and advances to customers (%)



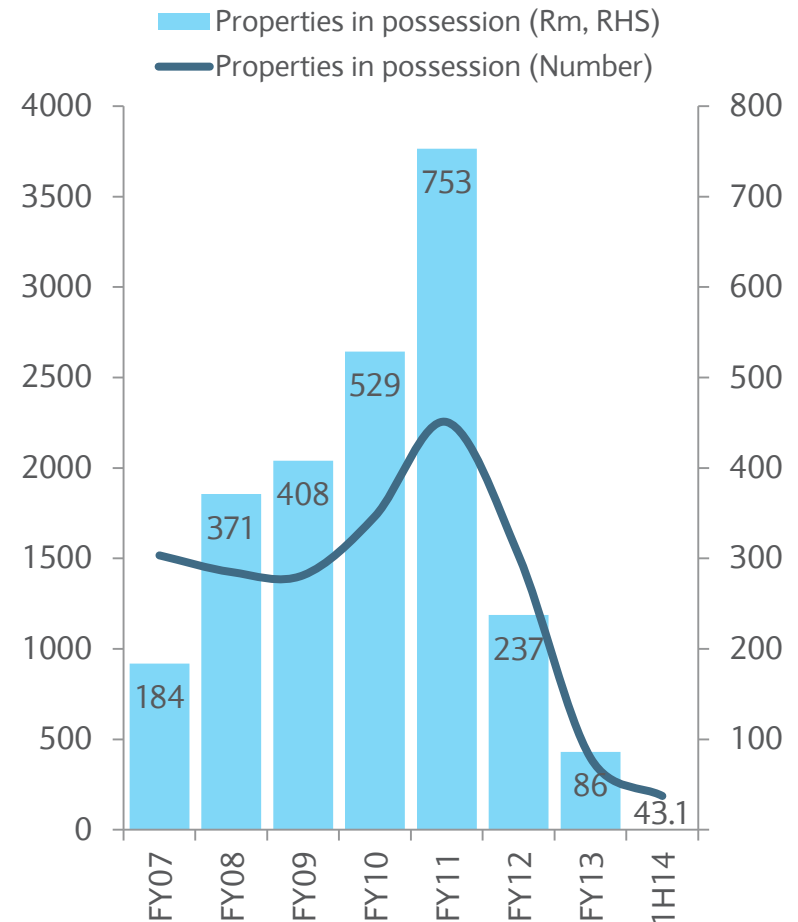
Note: Grey line is Barclays Africa Group

Better mortgage NPL construct

Falling mortgage NPLs (Rbn)...

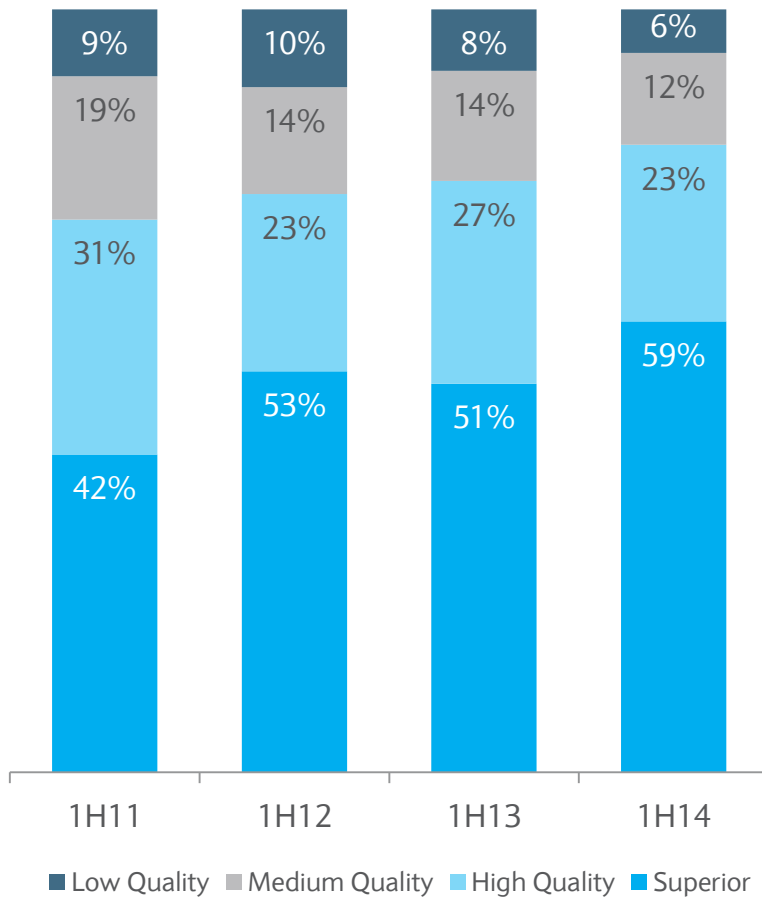


... and properties in possession

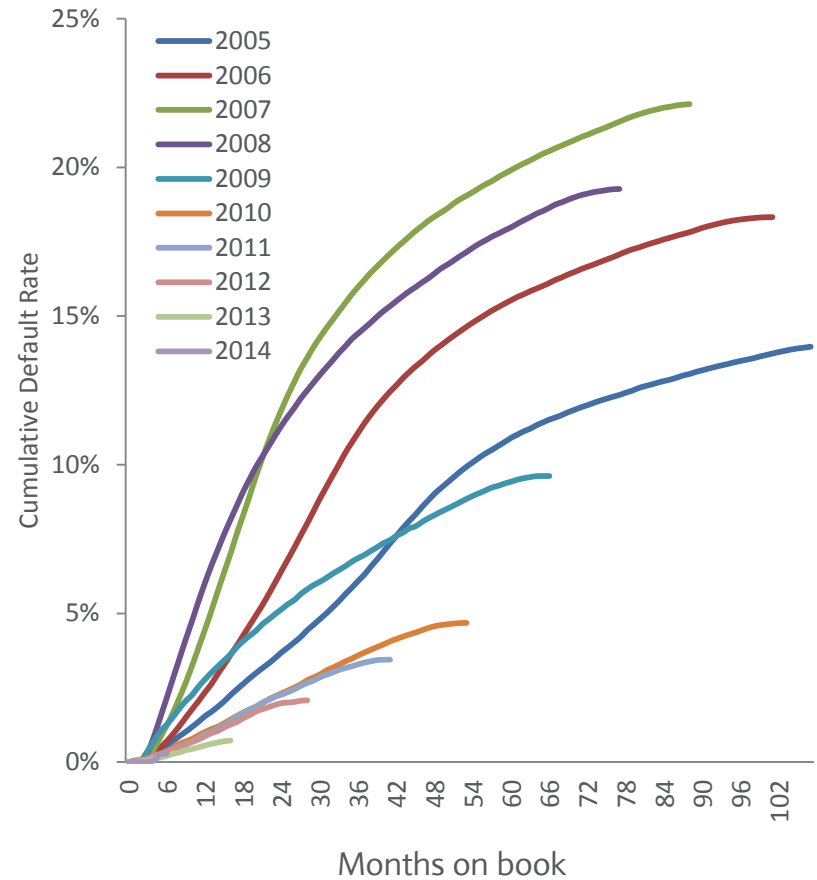


Focus on writing quality new business

Risk mix of new personal loans



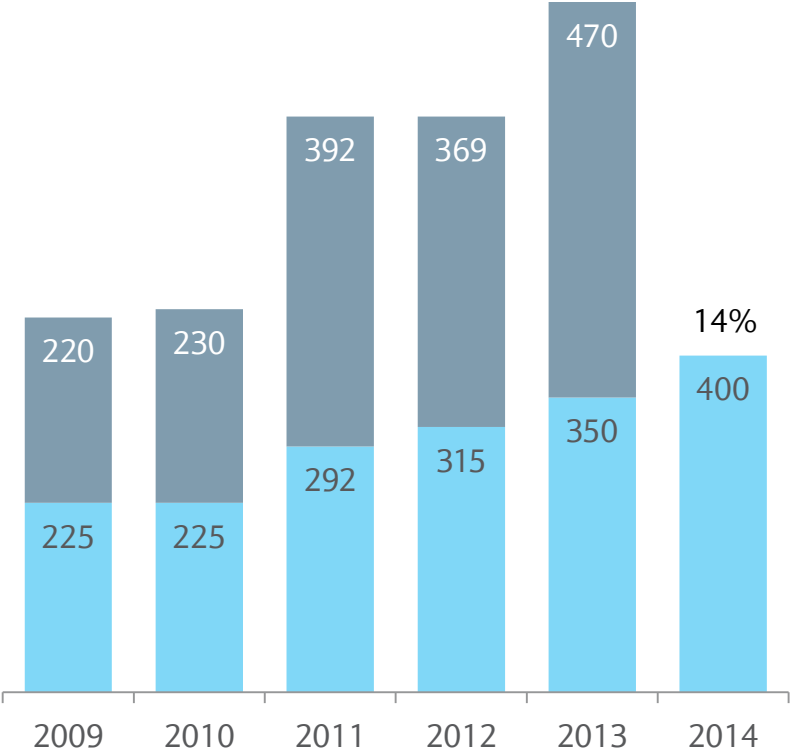
Mortgage vintage curves



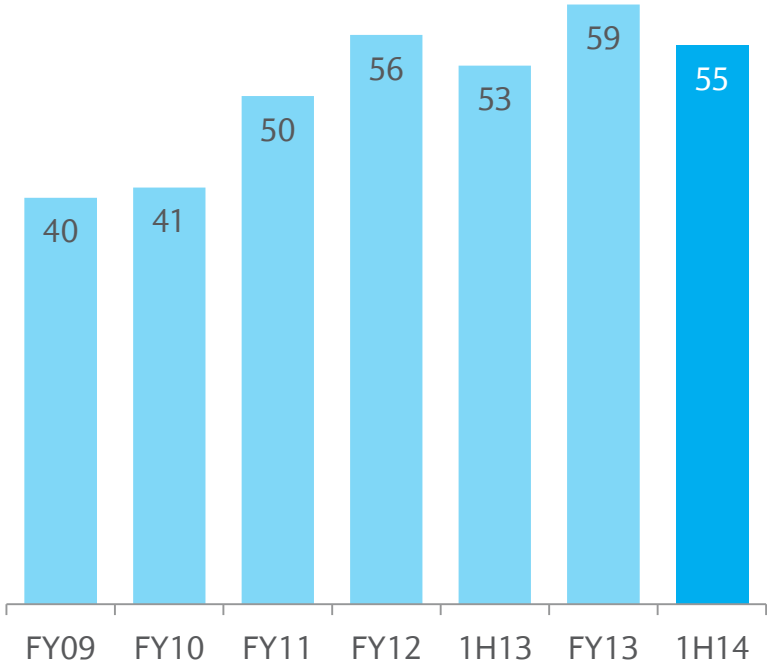
Solid dividend growth

Ordinary dividends per share (cents)

■ 1H ■ 2H





Ordinary dividend payout ratio (%)












2014 Investment Bank key awards and deals

Key awards

 <p>Overall African Deal of the Year</p>	 <p>Solar Deal of the Year</p>	 <p>African Renewable Energy Deal of the Year</p>
 <p>African Power Deal of the Year</p>	 <p>#1 Investment Advisor by transaction value</p>	 <p>#1 Sponsor by transaction value</p>
 <p>Best Securitisation and Structured Finance Deal in Africa</p>	 <p>Awards for Excellence</p> <p>Best Investment Bank in Africa</p>	 <p>Awards for Excellence</p> <p>Best M&A House in Africa</p>

Key deals

 <p>ZAR7,000m Convertible Bond Joint Bookrunner</p>	 <p>ZAR 7,805m ABB Joint Bookrunner</p>	 <p>USD 3 billion Syndicated Term Loan and Revolving Credit Facility Senior Mandated Lead Arranger / Lender</p>
 <p>Republic of South Africa USD 1,000,000,000 5.375% Notes due 2044 EUR 500,000,000 3.750% Notes due 2026 SEC Registered Notes Joint Bookrunner</p>	 <p>Kenya \$500mn due '19/\$1.5bn due '24 Joint Bookrunner</p>	 <p>Zambia \$750m due '22 Joint Bookrunner</p>
 <p>ZAR2,428m Rights Issue Joint Bookrunner</p>	 <p>ZAR11,100,000,00 Senior Secured Credit Facilities Mandated Lead Arranger</p>	 <p>ZAR4,350,000,00 Senior Secured Credit Facilities Mandated Lead Arranger</p>

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.