



# Barclays Africa Group Limited

**Unaudited condensed consolidated financial results**  
for the interim reporting period ended 30 June 2015

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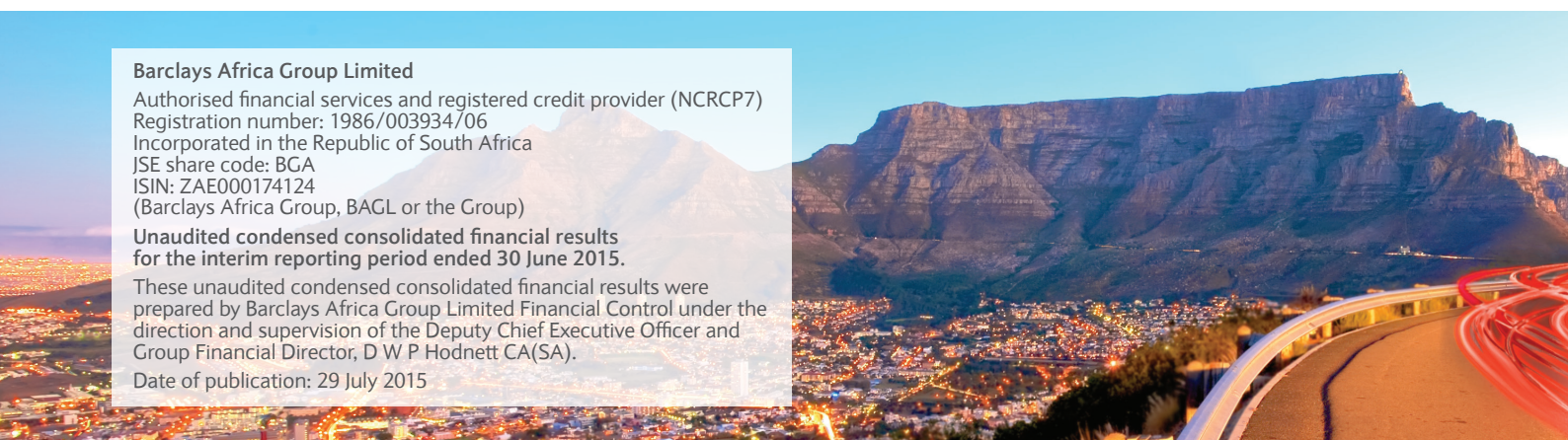
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## Barclays Africa Group Limited

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)

### Unaudited condensed consolidated financial results for the interim reporting period ended 30 June 2015.

These unaudited condensed consolidated financial results were prepared by Barclays Africa Group Limited Financial Control under the direction and supervision of the Deputy Chief Executive Officer and Group Financial Director, D W P Hodnett CA(SA).  
Date of publication: 29 July 2015



## Salient features

- Diluted headline earnings per share (“HEPS”) increased 11% to 797 cents.
- Declared a dividend per share (“DPS”) of 450 cents, up 13%.
- Rest of Africa headline earnings grew 22% to R1,2bn and South Africa rose 8% to R5,5bn.
- Return on equity (“RoE”) improved to 16,4% from 16,1%.
- Pre-provision profit increased 7% to R14,3bn.
- Revenue grew 6% to R32,4bn, as net interest income increased 7% and non-interest income rose 4%, while operating expenses grew 5% to R18,1bn.
- Credit impairments fell 1% to R3,6bn, resulting in a 1,11% credit loss ratio from 1,18%.
- Barclays Africa Group Limited’s core equity tier 1 (CET1) capital ratio of 11,7% remains above regulatory requirements and our board target range.

## Overview of results

Barclays Africa Group Limited’s headline earnings increased 11% to R6 755m from R6 110m. Diluted HEPS also grew 11% to 797,0 cents from 720,7 cents. The Group’s RoE improved to 16,4% from 16,1%, comfortably above its 13,75% cost of equity (“CoE”), due to its return on assets rising to 1,33% from 1,27%. Barclays Africa declared a 13% higher ordinary DPS of 450 cents, given its strong CET1 and internal capital generation capacity. Net asset value (“NAV”) per share increased 6% to 9 860 cents.

Pre-provision profit increased 7% to R14,3bn, which drove earnings growth. Non-interest revenue grew 4% and net interest income 7%, as the Group’s net interest margin (on average interest-bearing assets) improved to 4,70% from 4,56%. Loans and advances to customers grew 7% to R657bn, while deposits due to customers increased 8% to R649bn. The Group’s cost-to-income ratio improved to 55,9% from 56,4% as operating expenses rose 5%. Credit impairments fell 1%, despite improving non-performing loan (“NPL(s)”) cover and increasing portfolio provisions to 0,74% of performing loans from 0,70%. NPLs declined to 4,0% of gross loans and advances to customers from 4,6%.

Retail and Business Banking (“RBB”) headline earnings increased 17% to R4,7bn, as revenue growth exceeded cost growth and credit impairments fell 8%. Wealth, Investment and Insurance (“WIMI”) headline earnings increased 14% to R751m, with 48% growth in Short-term Insurance SA, while Corporate and Investment Bank (“CIB”) grew 3% to R1,9bn, including 9% higher Corporate earnings.

Revenue from Rest of Africa grew 9% (12% in constant currency) and headline earnings rose 22%, to contribute 20% and 18% of the total Group respectively.

## Operating environment

Despite very low inflation, led by lower oil prices, global growth dipped in early 2015 as the US and Chinese economies underperformed. In the second quarter the focus was on the US Federal Reserve policy and on Greece’s challenges. Monetary policy actions varied widely across countries in developed and emerging markets. South Africa showed some sign of recovery from 2014’s very low growth, but low export prices, acute electricity supply constraints and soft economic confidence, meant that growth has been largely technical rather than structural. Household consumption accelerated in the early months of the year, boosted by petrol price reductions and generally low inflation, although this impact has faded as domestic fuel prices rose. Despite South Africa’s foreign trade deficit improving noticeably, the rand’s multi-year depreciation against the US dollar continued. An environment of lower commodity prices and heightened market volatility also impacted Barclays Africa markets outside South Africa, where there are signs of a slowdown and there is upward pressure on interest rates in a number of countries.



## Group performance

### Statement of financial position

Total Group assets increased 6% to R1 039bn at 30 June 2015, predominantly due to 7% higher loans and advances to customers and 7% growth in loans and advances to banks.

#### *Loans and advances to customers*

Gross loans and advances to customers increased 7% to R674bn. Excluding property-related loans, gross loans and advances to customers grew 13%. Retail Banking South Africa's gross loans rose 2% to R383bn, given 6% growth in credit cards and 9% higher instalment credit agreements, while mortgages decreased 2%, in part due to a reduction in its legal book. Business Banking South Africa's gross loans rose 3% to R65bn, despite 6% lower Commercial Property Finance ("CPF"), as term loans and agricultural loans grew 13% and 10% respectively. RBB Rest of Africa's gross loans increased 9% to R38,6bn. CIB's gross loans increased 17% to R179bn, given strong growth in term loans, preference shares and reverse repurchase agreements.

#### *Funding*

The Group maintained its strong liquidity position, growing deposits due to customers 8% to R649bn and improving its loans-to-deposits ratio to 85,5% from 87,4%. Deposits due to customers contributed 79% to total funding from 78%. Retail Banking South Africa maintained its leading market share, increasing deposits 12% to R156bn. Business Banking South Africa's deposits grew 10% to R102bn, with 30% higher savings and transmission deposits. CIB's deposits increased 12% to R238bn, given 17% higher cheque account deposits and 45% growth in foreign currency deposits.

#### *Net asset value*

The Group's NAV rose 6% to R83,5bn, as it generated profits of R6,8bn in the period, from which it paid R4,4bn in dividends. The Group's NAV per share also grew 6% to 9 860 cents.

#### *Capital to risk-weighted assets*

Group risk-weighted assets ("RWA(s)") increased 9% to R647bn at 30 June 2015, largely due to growth in loans and advances to customers. The Group remains well capitalised, comfortably above regulatory requirements. Barclays Africa Group Limited's CET1 and Tier 1 capital adequacy ratios were 11,7% and 12,3% respectively (from 11,8% and 12,5%). The Group generated 1,0% of CET1 internally during the period. Its total capital ratio was 14,1%, within the board target of 12,5% to 14,5%. Declaring a 13% higher interim DPS of 450 cents – a dividend cover of 1,8 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 7% to R18 463m from R17 197m, with average interest-bearing assets growing 4%. The Group's net interest margin improved to 4,70% from 4,56%.

Loan mix and pricing had a 7 basis point ("bp(s)") positive impact, due to improved pricing in Home Loans and Personal and term loans. The deposit margin was unchanged, as the 4 bp negative pricing impact (largely higher liquidity premiums) was offset by less reliance on more expensive wholesale funding.

Higher South African interest rates increased the endowment contribution on deposits and equity by 6 bps. Despite releasing R586m to the income statement, the benefit from structural hedging declined 6 bps. The cash flow hedging reserve decreased to R0,3bn debit after tax from a R0,2bn credit balance. Rest of Africa added 3 bps to the Group margin, given its increased weighting, although its own margin declined. Changing the funding model for foreign currency loans added 11 bps to the total margin, partly offset by other items, including adverse prime-JIBAR movements.

## **Group performance** *(continued)*

### **Statement of comprehensive income** *(continued)*

#### ***Impairment losses on loans and advances***

Credit impairments declined 1% to R3 550m from R3 568m, resulting in a 1,11% credit loss ratio from 1,18%. Total NPL cover improved to 43,6% from 43,1%. Balance sheet portfolio provisions increased 14% to R4,8bn, or 0.74% of performing loans from 0.70%. Group NPLs declined 8,4% to R26,8bn, or 4,0% of gross customer loans and advances from 4,6%.

RBB's credit impairments fell 8% to R3,2bn, a 1,38% credit loss ratio from 1,55%. Retail Banking South Africa's charge declined 10% to R2,5bn, as significantly lower mortgage credit impairments outweighed a 12% rise in those of Vehicle and Asset Finance ("VAF").

Home Loans' charge decreased 47% to R285m, a 0,25% credit loss ratio, given improved collections processes and the high quality of new business written in recent years. Mortgage NPLs fell 22% or by R2,7bn to R9,5bn, 1.4% of gross loans. NPL cover in mortgages decreased to 23,4% from 27,0%, as aged NPLs were written off. VAF's credit loss ratio was flat at 1,11%. Instalment credit agreements NPLs fell to 2,0% of gross loans and its NPL cover declined to 42,1%, due to accelerating write offs of aged legal accounts, which reduced the NPL book's average age.

Credit card's charge decreased 2% to R1 332m from R1 353m, a 6,95% credit loss ratio from 7,63%. The Edcon portfolio's charge declined 18% to R572m, a 12,59% credit loss ratio from 15,01%. The credit loss ratio for the remainder of the Card book remained within expectation, given the operating environment and seasoning of recent growth. Personal Loans' credit loss ratio improved to 5,93% from 6,56% reflecting lending to lower risk existing customers and enhanced collections.

Business Banking South Africa's credit impairments fell 17% to R251m, a 0,81% credit loss ratio from 1,00%. A significantly lower charge for CPF was the driver. NPLs fell 31% to R3,2bn or 0.48% of gross loans. Performing loan cover increased further to 1,16%. RBB Rest of Africa's credit impairments rose 15%, increasing its credit loss ratio to 2,31% from 2,23%. Its NPLs fell 12% to R2,9bn, while performing loan cover decreased to 1,08% since December 2014. CIB's credit impairments increased >100% off a low base to R238m, reflecting loan book growth and deterioration in some sectors. NPLs rose 118% to R2,2bn, while portfolio provisions increased to 0,26% of performing loans.

#### ***Non-interest income***

Non-interest income increased 4% to R13 960m from R13 487m accounting for 43% of total income. Rest of Africa grew 11% to R2,3bn, despite rand appreciation, exceeding South Africa's 2% increase to R11,7bn. Net fee and commission income rose 6% to R9,8bn, with double digit growth in cheque accounts, credit cards and electronic banking. Merchant income decreased 3% to R841m due to the recent industry interchange amendments, while Trust and other fiduciary services was flat at R711m and investment banking fees increased 27% to R194m.

RBB's non-interest income grew 6% to R8,8bn, 63% of the total. Retail Banking in South Africa increased 3% to R6,0bn with customer numbers growing 2%. Card non-interest income was flat, despite 12% growth in acquiring volumes. New interchange rules reduced revenue by R74m in the period. Continued migration to bundled products dampened non-interest income growth. Business Banking's non-interest income grew 12% to R1,7bn, largely due to 14% higher cheque account income and 9% growth in electronic banking income. Enhanced digital functionality limited cash-related transaction income growth to 3%, while cheque payment volume fell 22%. RBB Rest of Africa's non-interest income rose 9% to R1,2bn, driven by increased transaction and card acquiring volumes.

WIMI's non-interest income increased 8% to R2,5bn, with improving 7% growth in South Africa and a 34% rise in the Rest of Africa. Net life premiums grew 3%, while short-term insurance increased 5%.

CIB's non-interest income decreased 15% to R2.8bn, largely due to a change in its funding model for foreign currency loans which reduced hedging revenue and R180m of negative revaluations in Private Equity. Overall Markets net revenue (including net interest income) grew 1% to R2,1bn. Fixed Income and Credit revenues declined 13%. Rest of Africa grew 27% and Equities and Prime Services rose 44%. Foreign Exchange and Commodities revenue in South Africa fell 25%, reflecting subdued client activity and margin pressure.

## **Group performance** *(continued)*

### **Statement of comprehensive income** *(continued)*

#### **Operating expenses**

Operating expenses grew 5% to R18 129m from R17 297m. Rand appreciation reduced the increase by 1%. South African costs grew 5%, while Rest of Africa increased 8% in constant currency given continued investment spend. Staff costs rose 10% to R10,0bn to account for 55,5% of total expenses. Salaries grew 8% due to higher wage increases for entry level employees and hiring in specialist areas such as IT. Incentives rose 20%, largely due to share-based payments increasing 26% given the Group's higher share price. Other staff costs increased 48%, with higher staff mobility costs and increased redundancy costs.

Non-staff costs declined 1% to R8,1bn, as efficiency initiatives enabled continued investment. Property-related costs decreased 6% to R2,6bn, reflecting portfolio optimisation and lower dilapidation costs. Total IT-related costs increased 9% to R3 134m, 17% of overall costs. Depreciation declined 5% and amortisation of intangible assets decreased 6% driven by impairments in the second half of 2014. Marketing costs grew 23% to R722m, given increased product advertising. Professional fees and communication costs increased 6% and 8% respectively.

RBB, CIB and WIMI's operating expenses increased 4% to R13,4bn, 5% to R3,5bn and 6% to R1,5bn respectively. In South Africa, RBB, CIB and WIMI's costs rose 3%, 6% and 5% respectively. Retail Banking South Africa's operating expenses grew 3%, driven by operational efficiencies and managing discretionary costs. Despite investing in relationship managers, Business Banking South Africa's cost growth was also contained to 3%, reflecting customers migrating to electronic channels and internal cost efficiencies. RBB Rest of Africa's constant currency costs grew 8% despite strategic investments, restructuring costs and inflationary pressures.

#### **Taxation**

The Group's taxation expense increased 7% to R2 907m, slightly less than the 9% growth in pre-tax profit, resulting in a 28,6% effective tax rate from 29,2%.

## **Segment performance**

Group earnings remain well diversified by business and product line. RBB accounted for 63,4% of Group headline earnings excluding head office, eliminations and other central items. CIB contributed 26,4% and WIMI 10,2%.

### **Retail Banking South Africa**

Headline earnings grew 16% to R3 136m as pre-provision profits increased 5% and credit impairments declined 10%. In the current period more central retail costs were allocated out to business units, resulting in a restatement of prior year comparatives. Home Loans' earnings increased 29% to R935m, as credit impairments fell 47%, costs grew 1% and its net interest margin improved. VAF's 6% earnings decrease to R450m reflected 11% loan growth offset by 12% higher credit impairments and some margin compression. Card earnings rose 13% to R642m, largely due to smaller losses in the Edcon portfolio, flat costs and 2% lower credit impairments. Personal Loans earnings increased significantly to R122m, given a wider margin, lower costs and 11% lower credit impairments. Transactional and Deposits earnings grew 13% to R1 228m as improved 8% revenue growth exceeded 5% cost growth. Losses in the 'Other' segment, which is largely central costs, increased 90% to R241m due to higher central funding costs. Retail Banking South Africa contributed 43% of Group headline earnings excluding Head Office, Treasury and other operations.

### **Business Banking South Africa**

Headline earnings increased 22% to R1 056m, reflecting 20% growth in Business Banking excluding equities and a 52% lower loss in its non-core equity portfolio. Non-interest income growth of 14%, well ahead of 4% cost growth, saw Business Banking excluding equities increase pre-provision profit 11%, despite 3% net interest income growth. Lower credit impairments also contributed to earnings. Business Banking South Africa accounted for 14% of Group earnings excluding Head Office, Treasury and other operations.

### **Retail and Business Banking Rest of Africa**

Headline earnings increased 15% to R460m, as 10% pre-provision profit growth and lower tax expenses outweighed 6% currency depreciation and 15% higher credit impairments. RBB Rest of Africa accounted for 6% of Group headline earnings excluding Head Office, Treasury and other operations.

## **Segment performance** *(continued)*

### **Corporate and Investment Bank**

Headline earnings rose 3% to R1 938m, or 9% excluding negative fair value adjustments in the non-core Private Equity portfolio. Revenue grew 5%, in line with costs, while its credit loss ratio increased to 0,28% from 0,09% and its taxation expense fell 16%. Corporate headline earnings grew 9% to R933m and Investment Bank's declined 2% to R1 005m. Corporate's revenue grew 7% to R3,4bn and Investment Banking 2% to R3,1bn. South African earnings decreased 2%, while Rest of Africa grew 12% to account for 38% of CIB earnings. Higher credit impairments and Private Equity losses reduced CIB's return on regulatory capital to 18,1% from 20,4%.

### **Wealth, Investment Management and Insurance**

Headline earnings increased 14% to R751m, while net operating income increased 9% to R906m. Life Insurance headline earnings grew 7% to R394m, with 3% higher net premium income. Reducing pricing outside South Africa this year impacted Life's embedded value of new business which decreased 23%. Its return on embedded value was 23,0%. Wealth and Investment Management's headline earnings decreased 7% to R214m as costs grew 15% given continued investment in people and systems. Short-term Insurance earnings increased 44% to R115m due to improved underwriting margins and 69% higher net operating income in the Rest of Africa. Fiduciary Services earnings grew 23% to R70m, while Distribution broke even in the half. Rest of Africa headline earnings grew 76% to R60m and South Africa increased 10% to R691m. WIMI's RoE increased to 25,6% from 23,1%.

## **Prospects**

We expect full-year global growth of 3,3%, slightly below 2014. Notwithstanding the Greece scare, we expect Europe's recovery to remain on track, and for developed country growth to lead the way while Emerging Markets, led by China, lag somewhat. We expect moderately higher inflation and for the much awaited US Federal Reserve "lift-off" to commence. One of South Africa's key risks is the potential for further protracted electricity supply constraints. Despite modest economic growth, we believe that headline inflation is likely to move higher into year-end, which together with the global environment, is likely to trigger modest interest rate increases. We expect full-year growth in SA of just 2% this year. In Barclays Africa's other markets, we expect growth to slip to 5,1% from 5,3% as many of the economies need to tighten fiscal and monetary policy and commodity prices impact underlying finances.

With South African interest rates likely to rise another 25 bps this year, we expect the Group's net interest margin to widen slightly from 2014's. We expect mid-single digit loan growth, with CIB's faster than RBB's. Focus on revenue growth and continued cost management should improve the Group's cost-to-income ratio. Our credit loss ratio should improve from the first half's, reflecting normal seasonality, to a level similar to 2014's 1,02%. These factors should increase our RoE further in 2015. Rest of Africa's earnings growth is likely to exceed South Africa's this year.

## **Basis of presentation**

The Group's interim 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 ("IFRS-IC"), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the 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 Group's unaudited condensed consolidated interim financial statements comply with IAS 34 – Interim Financial Reporting ("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 policies are 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.

## Events after the reporting period

The directors are not aware of any events occurring between the reporting date of 30 June 2015 and the date of authorisation of these unaudited condensed consolidated interim financial results as defined in IAS 10 – Events after the Reporting Period ("IAS 10").

On behalf of the board

**W E Lucas-Bull**  
*Group Chairman*

Johannesburg  
29 July 2015

**M Ramos**  
*Chief Executive Officer*

## Declaration of interim ordinary dividend number 58

Shareholders are advised that an interim ordinary dividend of 450 cents per ordinary share was declared today, 29 July 2015, for the period ended 30 June 2015. The ordinary dividend is payable to shareholders recorded in the register of members of the Company at the close of business on 11 September 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 450 cents per ordinary share for shareholders exempt from the dividend tax.
- The net local dividend amount is 382,50 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, 4 September 2015
Shares commence trading ex dividend	Monday, 7 September 2015
Record date	Friday, 11 September 2015
Payment date	Monday, 14 September 2015

Share certificates may not be dematerialised or rematerialised between Monday, 7 September 2015 and Friday, 11 September 2015, both dates inclusive. On Monday, 14 September 2015, the dividend will be electronically transferred to the bank accounts of certificated shareholders.

The accounts of those shareholders who have dematerialised their shares (which are held at their participant or broker) will also be credited on Monday, 14 September 2015.

On behalf of the board

**N R Drutman**  
*Group Company Secretary*

Johannesburg  
29 July 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.



**Consolidated salient features**  
for the reporting period ended

	30 June 2015	31 December 2014 <sup>(2)</sup>	2014
<b>Statement of comprehensive income (Rm)</b>			
Revenue	32 423	30 684	63 125
Operating expenses	18 129	17 297	35 848
Profit attributable to ordinary equity holders	6 770	6 166	13 216
Headline earnings <sup>(1)</sup>	6 755	6 110	13 032
<b>Statement of financial position</b>			
Loans and advances to customers (Rm)	657 412	615 540	636 326
Total assets (Rm)	1 038 945	978 701	991 414
Deposits due to customers (Rm)	649 226	598 453	624 886
Loans-to-deposits and debt securities ratio (%)	85,5	87,4	87,1
<b>Financial performance (%)</b>			
Return on average equity	16,4	16,1	16,7
Return on average assets	1,33	1,27	1,33
Return on average risk-weighted assets	2,16	2,14	2,22
<b>Operating performance (%)</b>			
Net interest margin on average interest-bearing assets	4,70	4,56	4,65
Impairment losses ratio	1,11	1,18	1,02
Non-performing loans ratio	3,97	4,62	4,19
Non-interest income as % of revenue	43,1	44,0	43,6
Cost-to-income ratio	55,9	56,4	56,8
Jaws	0,86	(1,59)	(1,00)
Effective tax rate, excluding indirect taxation	28,6	29,2	28,3
<b>Share statistics (million)</b>			
Number of ordinary shares in issue	847,8	847,8	847,8
Number of ordinary shares in issue (excluding treasury shares)	846,9	846,9	846,9
Weighted average number of ordinary shares in issue (excluding treasury shares)	846,9	847,5	847,1
Diluted weighted average number of ordinary shares in issue (excluding treasury shares)	847,6	847,8	847,6
<b>Share statistics (cents)</b>			
Headline earnings per ordinary share	797,6	720,9	1 538,4
Diluted headline earnings per ordinary share	797,0	720,7	1 537,5
Basic earnings per ordinary share	799,4	727,6	1 560,1
Diluted basic earnings per ordinary share	798,7	727,3	1 559,2
Dividends per ordinary share relating to income for the reporting period	450	400	925
Dividend cover (times)	1,8	1,8	1,7
Net asset value per ordinary share	9 861	9 261	9 764
Tangible net asset value per ordinary share	9 495	8 887	9 384
<b>Capital adequacy (%)</b>			
Barclays Africa Group Limited	13,8	14,6	14,4
Absa Bank Limited	12,8	13,9	13,7
<b>Common Equity Tier 1 (%)</b>			
Barclays Africa Group Limited	11,4	11,8	11,9
Absa Bank Limited	9,8	10,1	10,6

**Notes**

<sup>(1)</sup>After allowing for R159m (30 June 2014: R147m; 31 December 2014: R305m) profit attributable to preference equity holders.

<sup>(2)</sup>Restated, refer to note 14 for reporting changes.

## Condensed consolidated statement of financial position

as at

		30 June	31 December
	Note	2015 Rm	2014 <sup>(1)</sup> Rm
<b>Assets</b>			
Cash, cash balances and balances with central banks		46 224	44 589
Investment securities		78 966	82 527
Loans and advances to banks		93 535	87 254
Trading portfolio assets		89 426	86 577
Hedging portfolio assets		2 106	2 512
Other assets		32 132	19 462
Current tax assets		1 354	532
Non-current assets held for sale	1	949	1 290
Loans and advances to customers		657 412	615 540
Reinsurance assets		467	736
Investments linked to investment contracts		19 025	20 975
Investments in associates and joint ventures		901	775
Investment properties		751	778
Property and equipment		11 404	10 689
Goodwill and intangible assets		3 095	3 168
Deferred tax assets		1 198	1 297
<b>Total assets</b>		<b>1 038 945</b>	<b>978 701</b>
<b>Liabilities</b>			
Deposits from banks		51 041	64 768
Trading portfolio liabilities		48 324	46 155
Hedging portfolio liabilities		2 432	2 512
Other liabilities		34 313	28 886
Provisions		1 986	1 951
Current tax liabilities		151	167
Non-current liabilities held for sale	1	468	504
Deposits due to customers		649 226	598 453
Debt securities in issue		119 544	105 509
Liabilities under investment contracts		22 706	24 700
Policyholder liabilities under insurance contracts		3 651	2 574
Borrowed funds	2	11 476	14 889
Deferred tax liabilities		1 768	1 351
<b>Total liabilities</b>		<b>947 086</b>	<b>892 419</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Attributable to ordinary equity holders:			
Share capital		1 694	1 694
Share premium		4 531	4 509
Retained earnings		72 407	66 814
Other reserves		4 875	5 412
		<b>83 507</b>	<b>78 429</b>
Non-controlling interest – ordinary shares		3 708	3 209
Non-controlling interest – preference shares		4 644	4 644
<b>Total equity</b>		<b>91 859</b>	<b>86 282</b>
<b>Total liabilities and equity</b>		<b>1 038 945</b>	<b>978 701</b>

### Note

<sup>(1)</sup>Restated, refer to note 14 for reporting changes.

**Condensed consolidated statement of comprehensive income**  
for the reporting period ended

		30 June	31 December
	Note	2015 Rm	2014 Rm
Net interest income		18 463	17 197
Interest and similar income		34 551	31 850
Interest expense and similar charges		(16 088)	(14 653)
Non-interest income		13 960	13 487
Net fee and commission income		9 845	9 259
Fee and commission income		11 285	10 683
Fee and commission expense		(1 440)	(1 424)
Net insurance premium income		2 981	2 991
Net claims and benefits incurred on insurance contracts		(1 467)	(1 506)
Changes in investment and insurance contract liabilities		(35)	(765)
Gains and losses from banking and trading activities		1 987	2 385
Gains and losses from investment activities		293	926
Other operating income		356	197
<b>Total income</b>		<b>32 423</b>	<b>30 684</b>
Impairment losses on loans and advances		(3 550)	(3 568)
<b>Operating income before operating expenditure</b>		<b>28 873</b>	<b>27 116</b>
Operating expenses		(18 129)	(17 297)
Other expenses		(639)	(583)
Other impairments	3	(16)	(25)
Indirect taxation		(623)	(558)
Share of post-tax results of associates and joint ventures		71	71
<b>Operating profit before income tax</b>		<b>10 176</b>	<b>9 307</b>
Taxation expense		(2 907)	(2 714)
<b>Profit for the reporting period</b>		<b>7 269</b>	<b>6 593</b>
<b>Profit attributable to:</b>			
Ordinary equity holders		6 770	6 166
Non-controlling interest – ordinary shares		340	280
Non-controlling interest – preference shares		159	147
		<b>7 269</b>	<b>6 593</b>
<b>Earnings per share</b>			
Basic earnings per ordinary share (cents)		799,4	727,6
Diluted basic earnings per ordinary share (cents)		798,7	727,3

**Condensed consolidated statement of comprehensive income**  
for the reporting period ended

	30 June 2015 Rm	31 December 2014 Rm	2014 Rm
<b>Profit for the reporting period</b>	<b>7 269</b>	6 593	14 144
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Movement in retirement benefit fund assets and liabilities	(30)	40	62
Increase in retirement benefit surplus	4	20	149
(Decrease)/increase in retirement benefit deficit	(28)	21	(86)
Deferred tax	(6)	(1)	(1)
<b>Total items that will not be reclassified to profit or loss</b>	<b>(30)</b>	40	62
<b>Items that are or may be subsequently reclassified to profit or loss</b>			
Foreign exchange differences on translation of foreign operations	(938)	(726)	(199)
Movement in cash flow hedging reserve	(616)	(253)	(251)
Fair value (losses)/gains arising during the reporting period	(207)	320	1 094
Amount removed from other comprehensive income and recognised in profit or loss	(648)	(671)	(1 443)
Deferred tax	239	98	98
Movement in available-for-sale reserve	93	(211)	(67)
Fair value losses arising during the reporting period	(11)	(333)	(142)
Amortisation of government bonds – release to profit or loss	101	3	44
Deferred tax	3	119	31
<b>Total items that are or may be subsequently reclassified to profit or loss</b>	<b>(1 461)</b>	(1 190)	(517)
<b>Total comprehensive income for the reporting period</b>	<b>5 778</b>	5 443	13 689
<b>Total comprehensive income attributable to:</b>			
Ordinary equity holders	5 368	5 062	12 682
Non-controlling interest – ordinary shares	251	234	702
Non-controlling interest – preference shares	159	147	305
	<b>5 778</b>	5 443	13 689

**Condensed consolidated statement of changes in equity**  
for the reporting period ended

	30 June			
	2015 <sup>(1)</sup>			
	Total equity attributable to ordinary equity holders Rm	Non-controlling interest – ordinary shares Rm	Non-controlling interest – preference shares Rm	Total equity Rm
<b>Balance at the beginning of the reporting period</b>	<b>82 690</b>	<b>3 611</b>	<b>4 644</b>	<b>90 945</b>
Total comprehensive income	5 368	251	159	5 778
Profit for the reporting period	6 770	340	159	7 269
Other comprehensive income	(1 402)	(89)	—	(1 491)
Dividends paid during the reporting period (refer to note 5)	(4 443)	(330)	(159)	(4 932)
Purchase of Group shares in respect of equity-settled share-based payment arrangements	(5)	—	—	(5)
Elimination of movement in treasury shares held by Group entities	(18)	—	—	(18)
Movement in share-based payment reserve	69	—	—	69
Transfer from share-based payment reserve	(1)	—	—	(1)
Transfer to share capital and share premium	1	—	—	1
Value of employee services	69	—	—	69
Movement in general credit risk reserve	—	—	—	—
Transfer from general credit risk reserve	(96)	—	—	(96)
Transfer to retained earnings	96	—	—	96
Movement in foreign insurance subsidiary regulatory reserve	—	—	—	—
Transfer from foreign insurance subsidiary regulatory reserve	(6)	—	—	(6)
Transfer to retained earnings	6	—	—	6
Share of post-tax results of associates and joint ventures	—	—	—	—
Transfer from retained earnings	(71)	—	—	(71)
Transfer to associates' and joint ventures' reserve	71	—	—	71
Disposal of interest in a subsidiary <sup>(2)</sup>	(154)	176	—	22
<b>Balance at the end of the reporting period</b>	<b>83 507</b>	<b>3 708</b>	<b>4 644</b>	<b>91 859</b>

**Notes**

<sup>(1)</sup>All movements are reflected net of taxation.

<sup>(2)</sup>The Group disposed of its interest in National Bank of Commerce, reducing its interest from 65.89% to 55%.



**Condensed consolidated statement of changes in equity**  
for the reporting period ended

	30 June 2014 <sup>(1)</sup>			
	Total equity attributable to ordinary equity holders Rm	Non- controlling interest – ordinary shares Rm	Non- controlling interest – preference shares Rm	Total equity Rm
<b>Balance at the beginning of the reporting period</b>	77 317	3 240	4 644	85 201
Total comprehensive income for the reporting period	5 062	234	147	5 443
Profit for the reporting period	6 166	280	147	6 593
Other comprehensive income	(1 104)	(46)	—	(1 150)
Dividends paid during the reporting period (refer to note 5)	(3 981)	(217)	(147)	(4 345)
Purchase of Group shares in respect of equity-settled share-based payment schemes	(40)	—	—	(40)
Elimination of the movement in treasury shares held by Group entities	53	—	—	53
Movement in share-based payment reserve	18	—	—	18
Transfer from share-based payment reserve	(21)	—	—	(21)
Transfer to share capital and share premium	21	—	—	21
Value of employee services	18	—	—	18
Movement in general credit risk reserve	—	—	—	—
Transfer from retained earnings	(29)	—	—	(29)
Transfer to credit risk reserve	29	—	—	29
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	(71)	—	—	(71)
Transfer to associates' and joint ventures' reserve	71	—	—	71
Disposal of subsidiary <sup>(2)</sup>	—	(48)	—	(48)
<b>Balance at the end of the reporting period</b>	<b>78 429</b>	<b>3 209</b>	<b>4 644</b>	<b>86 282</b>

**Notes**

<sup>(1)</sup>All movements are reflected net of taxation.

<sup>(2)</sup>The Group sold its investment in a non-core subsidiary on 2 January 2014 and the subsidiary has been derecognised.

**Condensed consolidated statement of changes in equity**  
for the reporting period ended

	31 December 2014 <sup>(1)</sup>			
	Total equity attributable to ordinary equity holders Rm	Non- controlling interest – ordinary shares Rm	Non- controlling interest – preference shares Rm	Total equity Rm
<b>Balance at the beginning of the reporting period</b>	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 <sup>(2)</sup>	—	(48)	—	(48)
Transfer to non-controlling interest	(28)	28	—	—
<b>Balance at the end of the reporting period</b>	82 690	3 611	4 644	90 945

**Notes**

<sup>(1)</sup>All movements are reflected net of taxation.

<sup>(2)</sup>The Group sold its investment in a non-core subsidiary on 2 January 2014 and the subsidiary has been derecognised.

## Condensed consolidated statement of cash flows

for the reporting period ended

		30 June	31 December
	Note	2015 Rm	2014 <sup>(1)</sup> Rm
Net cash generated from operating activities		3 176	4 763
Net cash utilised in investing activities		(939)	(3 400)
Net cash utilised in financing activities		(4 633)	(5 840)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2 396)</b>	<b>(4 477)</b>
Cash and cash equivalents at the beginning of the reporting period	1	16 626	15 854
Effect of foreign exchange rate movements on cash and cash equivalents		(284)	(166)
<b>Cash and cash equivalents at the end of the reporting period</b>	2	<b>13 946</b>	<b>16 626</b>
<b>Notes to the condensed consolidated statement of cash flows</b>			
<b>1. Cash and cash equivalents at the beginning of the reporting period</b>			
Cash, cash balances and balances with central banks <sup>(2)</sup>		12 903	12 653
Loans and advances to banks <sup>(3)</sup>		3 723	3 201
		16 626	15 854
<b>2. Cash and cash equivalents at the end of the reporting period</b>			
Cash, cash balances and balances with central banks <sup>(2)</sup>		9 833	8 497
Loans and advances to banks <sup>(3)</sup>		4 113	2 714
		13 946	11 211

### Notes

<sup>(1)</sup>Restated, refer to note 14 for reporting changes.

<sup>(2)</sup>Includes coins and bank notes.

<sup>(3)</sup>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".

## Condensed notes to the consolidated financial results

for the reporting period ended

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

During the current reporting period the Group effected the following changes to non-current assets and non-current liabilities held for sale:

In the CPF division within RBB, investment properties with a carrying value of **R71m** and investment securities with a carrying value of **R14m** were disposed of.

In the WIMI division there was a decrease in the net assets of **R34m**.

### 2. Borrowed funds

During the reporting period, **R2 500m** (30 June 2014: Rnil; 31 December 2014: R531m) of subordinated notes were issued and **R2 200m** (30 June 2014: R1 725m; 31 December 2014: R4 966m) were redeemed.

### 3. Other impairments

	30 June 2015 Rm	2014 Rm	31 December 2014 Rm
Financial instruments	(11)	9	20
Other	27	16	409
Goodwill	1	—	1
Intangible assets	25	—	146
Investments in associates and joint ventures	—	—	2
Property and equipment	1	16	260
	16	25	429

### 4. Headline earnings

	30 June 2015 Gross Rm    Net <sup>(1)</sup> Rm		2014 Gross Rm    Net <sup>(1)</sup> Rm		31 December 2014 Gross Rm    Net <sup>(1)</sup> Rm	
Headline earnings is determined as follows:						
Profit attributable to ordinary equity holders		6 770		6 166		13 216
Total headline earnings adjustment:		(15)		(56)		(184)
IFRS 3 – Goodwill impairment	1	1	—	—	1	1
IFRS 5 – Gains on disposal of non-current assets held for sale	(1)	(1)	(42)	(34)	(97)	(86)
IAS 16 – Profit on disposal of property and equipment	(3)	(3)	(16)	(13)	(19)	(15)
IAS 21 – Recycled foreign currency translation reserve	(90)	(90)	—	—	(397)	(397)
IAS 27 – Profit on disposal of subsidiary	—	—	(44)	(35)	(44)	(35)
IAS 28 – Impairment of investments in associates and joint ventures	—	—	—	—	2	2
IAS 36 – Impairment of property and equipment	1	1	16	12	260	189
IAS 36 and IAS 38 – Loss on disposal and impairment of intangible assets	19	13	—	—	148	107
IAS 39 – Release of available-for-sale reserves	101	73	3	2	44	31
IAS 40 – Change in fair value of investment properties	(9)	(9)	12	12	18	19
<b>Headline earnings/diluted headline earnings</b>		<b>6 755</b>		<b>6 110</b>		<b>13 032</b>
<b>Headline earnings per share (cents)</b>		<b>797,6</b>		<b>720,9</b>		<b>1 538,4</b>
<b>Diluted headline earnings per share (cents)</b>		<b>797,0</b>		<b>720,7</b>		<b>1 537,5</b>

#### Note

<sup>(1)</sup>The net amount is reflected after taxation and non-controlling interest.

## Condensed notes to the consolidated financial results

for the reporting period ended

### 5. Dividends per share

	30 June 2015 Rm	2014 Rm	31 December 2014 Rm
<b>Dividends declared to ordinary equity holders</b>			
Interim dividend (29 July 2015: 450 cents) (30 July 2014: 400 cents)	3 815	3 391	3 391
Final dividend (3 March 2015: 525 cents)	—	—	4 451
	3 815	3 391	7 842
<b>Dividends declared to non-controlling preference equity holders</b>			
Interim dividend (29 July 2015: 3 282,8082 cents) (30 July 2014: 3 197,4658 cents)	162	158	158
Final dividend (3 March 2015: 3 210,8904 cents)	—	—	159
	162	158	317
<b>Dividends paid to ordinary equity holders</b>			
Final dividend net of treasury shares (3 March 2015: 525 cents) (11 February 2014: 470 cents)	4 443	3 981	3 981
Interim dividend net of treasury shares (30 July 2014: 400 cents)	—	—	3 384
	4 443	3 981	7 365
<b>Dividends paid to non-controlling preference equity holders</b>			
Final dividend (3 March 2015: 3 210,8904 cents) (11 February 2014: 2 979,3151 cents)	159	147	147
Interim dividend (30 July 2014: 3 197,4658 cents)	—	—	158
	159	147	305

### 6. Acquisitions and disposals of businesses and other similar transactions

#### Acquisitions and disposals of businesses during the current reporting period

There were no acquisitions and disposals of businesses during the current reporting period.

### 7. Related parties

There were no one-off significant transactions with related parties of the Group during the current and previous reporting period.

### 8. Financial guarantee contracts

	30 June 2015 Rm	2014 <sup>(1)</sup> Rm	31 December 2014 Rm
Financial guarantee contracts	96	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.

<sup>(1)</sup>During the previous reporting period, all financial guarantee contracts were reassessed and as a consequence the disclosure has been refined. The comparatives have been restated from R78m to R96m.



**Condensed notes to the consolidated financial results**  
for the reporting period ended 31 December

## 9. Commitments

	30 June	31 December
	2015 Rm	2014 Rm
<b>Authorised capital expenditure</b>		
Contracted but not provided for	2 950	1 675
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.		
<b>Operating lease payments due</b>		
No later than one year	813	856
Later than one year and no later than five years	1 865	1 631
Later than five years	1 324	709
	4 002	3 196
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.		
<b>Sponsorship payments due</b>		
No later than one year	213	282
Later than one year and no later than five years	536	307
	749	589
The Group has sponsorship commitments in respect of sports, arts and culture.		
<b>Other commitments</b>		
No later than one year	991	991

The South African Reserve Bank ("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 committed 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

	30 June	31 December
	2015 Rm	2014 <sup>(1)</sup> Rm
Guarantees	35 080	34 011
Irrevocable debt facilities	142 302	125 334
Irrevocable equity facilities	368	366
Letters of credit	7 301	4 827
Other contingencies	4 502	3 774
	189 553	168 312

Guarantees include performance and payment guarantee contracts.

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.

### Note

<sup>(1)</sup>In the previous reporting period, terms and conditions associated with unutilised customer facilities were reviewed and confirmed to be irrevocable in nature. These facilities were previously reported as R77bn and have been restated to R120bn.

## Condensed notes to the consolidated financial results

for the reporting period ended

### 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 expert 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

	30 June 2015 Rm	2014 <sup>(1)</sup> Rm	31 December 2014 <sup>(1)</sup> Rm
<b>11.1 Headline earnings contribution by segment</b>			
RBB	4 652	3 969	8 524
CIB	1 938	1 883	3 735
WIMI	751	661	1 324
Head Office, Treasury and other operations	(586)	(403)	(551)
	<b>6 755</b>	<b>6 110</b>	<b>13 032</b>

#### Note

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.

	30 June 2015 Rm	2014 <sup>(1)</sup> Rm	31 December 2014 <sup>(1)</sup> Rm
<b>11.2 Total income by segment</b>			
RBB	23 723	22 609	46 242
CIB	6 500	6 211	12 779
WIMI	2 621	2 439	4 931
Head Office, Treasury and other operations	(421)	(575)	(827)
	<b>32 423</b>	<b>30 684</b>	<b>63 125</b>

#### Note

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.

**Condensed notes to the consolidated financial results**  
for the reporting period ended

**11. Segment reporting** *(continued)*

	30 June	31 December
	2015 Rm	2014 <sup>(1)</sup> Rm
<b>11.3 Total internal income by segment</b>		
RBB	(4 763)	(4 796)
CIB	666	1 431
WIMI	(187)	(209)
Head Office, Treasury and other operations	4 284	3 574
	—	—

**Note**

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.

	30 June	31 December
	2015 Rm	2014 <sup>(1)</sup> Rm
<b>11.4 Total assets by segment</b>		
RBB	790 026	740 200
CIB	487 410	453 766
WIMI	41 446	47 492
Head Office, Treasury and other operations	(279 937)	(262 757)
	1 038 945	978 701
		991 414

**Note**

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.

	30 June	31 December
	2015 Rm	2014 <sup>(1)</sup> Rm
<b>11.5 Total liabilities by segment</b>		
RBB	770 374	723 124
CIB	479 535	446 198
WIMI	36 060	42 344
Head Office, Treasury and other operations	(338 883)	(319 247)
	947 086	892 419
		900 469

**Note**

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.

**Condensed notes to the consolidated financial results**  
for the reporting period ended

## 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:

	30 June		2014 <sup>(1)</sup>	
	2015 Carrying value Rm	Fair value Rm	Carrying value Rm	Fair value Rm
<b>Financial assets</b>				
Balances with other central banks	7 382	7 382	8 406	8 406
Balances with the SARB	16 485	16 485	13 126	13 126
Coins and bank notes	9 833	9 833	8 496	8 496
Money market assets	24	24	38	38
<b>Cash, cash balances and balances with central banks</b>	<b>33 724</b>	<b>33 724</b>	<b>30 066</b>	<b>30 066</b>
<b>Loans and advances to banks</b>	<b>68 051</b>	<b>68 051</b>	<b>76 192</b>	<b>76 192</b>
<b>Other assets</b>	<b>29 374</b>	<b>29 374</b>	<b>17 013</b>	<b>17 013</b>
Retail Banking South Africa	371 890	371 355	363 326	363 326
Credit cards	36 703	36 703	35 010	35 010
Instalment credit agreements	72 921	72 296	67 174	67 174
Loans to associates and joint ventures	14 163	14 163	10 968	10 968
Mortgages	228 824	228 853	231 453	231 453
Other loans and advances	344	344	303	303
Overdrafts	2 442	2 442	2 262	2 262
Personal and term loans	16 493	16 554	16 156	16 156
Business Banking South Africa	63 219	63 246	60 325	60 325
Mortgages (including CPF)	30 200	30 227	29 719	29 719
Overdrafts	19 377	19 377	18 519	18 519
Term loans	13 642	13 642	12 087	12 087
RBB Rest of Africa	36 360	36 486	33 043	33 043
CIB	157 460	157 460	142 771	142 449
WIMI	5 117	5 117	5 361	5 361
Head Office, Treasury and other operations	2 799	2 799	49	49
<b>Loans and advances to customers – net of impairment losses</b>	<b>636 845</b>	<b>636 463</b>	<b>604 875</b>	<b>604 553</b>
<b>Total assets</b>	<b>767 994</b>	<b>767 612</b>	<b>728 146</b>	<b>727 824</b>
<b>Financial liabilities</b>				
<b>Deposits from banks</b>	<b>36 972</b>	<b>36 972</b>	<b>49 263</b>	<b>49 263</b>
<b>Other liabilities</b>	<b>29 722</b>	<b>29 719</b>	<b>24 480</b>	<b>24 480</b>
Call deposits	61 269	61 269	64 204	64 204
Cheque account deposits	200 264	200 264	179 552	179 552
Credit card deposits	1 889	1 889	1 834	1 834
Fixed deposits	147 841	148 199	142 425	142 425
Foreign currency deposits	28 259	28 259	16 294	16 294
Notice deposits	48 706	48 713	50 999	50 999
Other deposits	9 818	9 818	10 911	10 911
Savings and transmission deposits	132 739	132 739	113 101	113 101
<b>Deposits due to customers</b>	<b>630 785</b>	<b>631 150</b>	<b>579 320</b>	<b>579 320</b>
<b>Debt securities in issue</b>	<b>112 211</b>	<b>112 571</b>	<b>101 364</b>	<b>101 584</b>
<b>Borrowed funds</b>	<b>11 476</b>	<b>11 843</b>	<b>14 889</b>	<b>15 320</b>
<b>Total liabilities</b>	<b>821 166</b>	<b>822 255</b>	<b>769 316</b>	<b>769 967</b>

### Note

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.

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**12. Assets and liabilities not held at fair value (continued)**

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

	31 December 2014 <sup>(1)</sup>	
	Carrying value Rm	Fair value Rm
<b>Financial assets</b>		
Balances with other central banks	9 401	9 401
Balances with the SARB	12 621	12 621
Coins and bank notes	12 903	12 903
Money market assets	21	21
<b>Cash, cash balances and balances with central banks</b>	<b>34 946</b>	<b>34 946</b>
<b>Investment securities</b>	<b>110</b>	<b>110</b>
<b>Loans and advances to banks</b>	<b>51 702</b>	<b>51 647</b>
<b>Other assets</b>	<b>12 835</b>	<b>13 124</b>
Retail Banking South Africa	367 967	367 540
Credit cards	36 484	36 484
Instalment credit agreements	70 819	70 257
Loans to associates and joint ventures	13 012	13 012
Mortgages	229 023	229 067
Other loans and advances	410	410
Overdrafts	2 254	2 254
Personal and term loans	15 965	16 056
Business Banking South Africa	60 928	60 926
Mortgages (including CPF)	30 161	30 157
Overdrafts	18 148	18 128
Term loans	12 619	12 641
RBB Rest of Africa	35 812	35 812
CIB	154 620	154 228
WIMI	5 234	5 234
Head Office, Treasury and other operations	870	871
<b>Loans and advances to customers – net of impairment losses</b>	<b>625 431</b>	<b>624 611</b>
<b>Total assets</b>	<b>725 024</b>	<b>724 438</b>
<b>Financial liabilities</b>		
<b>Deposits from banks</b>	<b>36 476</b>	<b>37 816</b>
<b>Other liabilities</b>	<b>16 525</b>	<b>16 532</b>
Call deposits	56 991	56 991
Cheque account deposits	186 932	186 932
Credit card deposits	1 932	1 932
Fixed deposits	145 623	146 349
Foreign currency deposits	24 976	24 976
Notice deposits	49 764	49 843
Other deposits	11 437	11 437
Savings and transmission deposits	128 025	128 025
<b>Deposits due to customers</b>	<b>605 680</b>	<b>606 485</b>
<b>Debt securities in issue</b>	<b>100 986</b>	<b>101 351</b>
<b>Borrowed funds</b>	<b>11 208</b>	<b>11 559</b>
<b>Total liabilities</b>	<b>770 875</b>	<b>773 743</b>

**Note**

<sup>(1)</sup>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. For details on business portfolio changes, refer to the interim financial results booklet available on [www.barclaysafrica.com](http://www.barclaysafrica.com) published on 29 July 2015.



## 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 Barclays Africa 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 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 valuers. 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 the 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.

The fair value of amortised cost deposits repayable on demand is considered to be equal to their carrying value. For other financial liabilities at amortised cost the disclosed fair value approximates the carrying value because the instruments are short-term in nature or have interest rates that reprice frequently.

### 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	30 June							
	2015				2014			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Financial assets</b>								
Cash, cash balances and balances with central banks	4 121	7 069	1 310	12 500	6 350	8 173	—	14 523
Investment securities	55 589	19 229	4 148	78 966	69 293	9 285	3 949	82 527
Loans and advances to banks	—	25 484	—	25 484	—	11 062	—	11 062
Trading and hedging portfolio assets	32 841	55 589	1 278	89 708	31 645	54 429	1 175	87 249
Debt instruments	18 390	9 537	872	28 799	20 855	4 397	870	26 122
Derivative assets	491	40 032	406	40 929	62	45 293	305	45 660
Commodity derivatives	—	168	—	168	53	309	—	362
Credit derivatives	—	224	111	335	—	230	48	278
Equity derivatives	12	1 491	45	1 548	9	1 334	—	1 343
Foreign exchange derivatives	114	7 197	10	7 321	—	7 982	4	7 986
Interest rate derivatives	365	30 952	240	31 557	—	35 438	253	35 691
Equity instruments	13 845	—	—	13 845	10 728	81	—	10 809
Money market assets	115	6 020	—	6 135	—	4 658	—	4 658
Other assets	—	5	25	30	30	6	16	52
Loans and advances to customers	3	19 839	725	20 567	5	5 236	5 424	10 665
Investments linked to investment contracts	16 550	2 475	—	19 025	18 474	2 501	—	20 975
<b>Total financial assets</b>	<b>109 104</b>	<b>129 690</b>	<b>7 486</b>	<b>246 280</b>	<b>125 797</b>	<b>90 692</b>	<b>10 564</b>	<b>227 053</b>
<b>Financial liabilities</b>								
Deposits from banks	—	14 062	7	14 069	—	15 505	—	15 505
Trading and hedging portfolio liabilities	7 787	42 548	421	50 756	5 460	42 751	456	48 667
Derivative liabilities	32	42 548	421	43 001	340	42 751	456	43 547
Commodity derivatives	—	186	—	186	30	261	—	291
Credit derivatives	—	146	129	275	—	214	39	253
Equity derivatives	—	2 419	184	2 603	—	1 690	318	2 008
Foreign exchange derivatives	32	6 545	7	6 584	308	4 458	2	4 768
Interest rate derivatives	—	33 252	101	33 353	2	36 128	97	36 227
Short positions	7 755	—	—	7 755	5 120	—	—	5 120
Other liabilities	—	11	10	21	30	28	—	58
Deposits due to customers	93	7 659	10 689	18 441	68	12 833	6 232	19 133
Debt securities in issue	2	5 265	2 066	7 333	59	4 067	19	4 145
Liabilities under investment contracts	—	20 426	2 280	22 706	—	24 700	—	24 700
<b>Total financial liabilities</b>	<b>7 882</b>	<b>89 971</b>	<b>15 473</b>	<b>113 326</b>	<b>5 617</b>	<b>99 884</b>	<b>6 707</b>	<b>112 208</b>
<b>Non-financial assets</b>								
Commodities	1 824	—	—	1 824	1 840	—	—	1 840
Investment properties	—	—	751	751	—	—	778	778
<b>Non-recurring fair value measurements</b>								
Non-current assets held for sale <sup>(1)</sup>	—	—	949	949	—	—	1 290	1 290
Non-current liabilities held for sale <sup>(1)</sup>	—	—	468	468	—	—	504	504

#### Note

<sup>(1)</sup>Includes certain items classified in terms of the requirements of IFRS 5 which are measured in terms of their respective standards.

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

**13.4 Fair value hierarchy** *(continued)*

	31 December 2014			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Cash, cash balances and balances with central banks	4 327	9 730	1 332	15 389
Investment securities	55 402	25 239	5 135	85 776
Loans and advances to banks	—	20 523	—	20 523
Trading and hedging portfolio assets	34 658	55 327	1 162	91 147
Debt instruments	24 459	6 221	870	31 550
Derivative assets	5	42 367	292	42 664
Commodity derivatives	2	313	—	315
Credit derivatives	—	284	91	375
Equity derivatives	3	1 018	29	1 050
Foreign exchange derivatives	—	8 378	12	8 390
Interest rate derivatives	—	32 374	160	32 534
Equity instruments	9 591	321	—	9 912
Money market assets	603	6 418	—	7 021
Other assets	7	1	17	25
Loans and advances to customers	4	6 160	4 731	10 895
Investments linked to investment contracts	17 014	2 302	1	19 317
<b>Total financial assets</b>	<b>111 412</b>	<b>119 282</b>	<b>12 378</b>	<b>243 072</b>
<b>Financial liabilities</b>				
Deposits from banks	7 928	16 501	—	16 501
Trading and hedging portfolio liabilities	—	44 101	320	52 349
Derivative liabilities	—	44 101	320	44 421
Commodity derivatives	—	268	—	268
Credit derivatives	—	352	39	391
Equity derivatives	—	1 297	198	1 495
Foreign exchange derivatives	—	10 001	7	10 008
Interest rate derivatives	—	32 183	76	32 259
Short positions	7 928	—	—	7 928
Other liabilities	—	23	28	51
Deposits due to customers	80	13 596	5 530	19 206
Debt securities in issue	179	4 891	42	5 112
Liabilities under investment contracts	—	20 277	3 022	23 299
<b>Total financial liabilities</b>	<b>8 187</b>	<b>99 389</b>	<b>8 942</b>	<b>116 518</b>
<b>Non-financial assets</b>				
Commodities	1 701	—	—	1 701
Investment properties	—	—	727	727
<b>Non-recurring fair value measurements</b>				
Non-current assets held for sale <sup>(1)</sup>	—	—	972	972
Non-current liabilities held for sale <sup>(1)</sup>	—	—	372	372

**Note**

<sup>(1)</sup>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
<b>Cash, cash balances and balances with central banks</b>	Discounted cash flow models	Underlying price of market traded instruments and/or interest rates
<b>Loans and advances to banks</b>	Discounted cash flow models	Interest rate and/or money market curves
<b>Trading and hedging portfolio assets and liabilities</b>		
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
<b>Loans and advances to customers</b>	Discounted cash flow models	Interest rate and/or money market curves
<b>Investment securities and investments linked to investment contracts</b>	Listed equity: bid price. Other items: discounted cash flow models	Underlying price of the market traded instrument
<b>Deposits from banks</b>	Discounted cash flow models	Interest rate curves and/or money market curves
<b>Deposits due to customers</b>	Discounted cash flow models	Interest rate curves and/or money market curves
<b>Debt securities in issue and other liabilities</b>	Discounted cash flow models	Underlying price of the market traded instrument and/or interest rate curves

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**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:

	30 June						
	2015						
	Cash and cash balances Rm	Trading and hedging portfolio assets Rm	Other assets <sup>(1)</sup> 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	1 332	1 162	18	4 731	5 135	727	13 105
Net interest income	—	—	—	—	38	—	38
Gains and losses from banking and trading activities	—	—	—	(16)	—	—	(16)
Gains and losses from investment activities	—	—	1	—	67	23	91
Purchases	—	132	6	—	296	2	436
Sales	(22)	(4)	—	(3 990)	(1 388)	(1)	(5 405)
Movement in other comprehensive income	—	—	—	—	—	—	—
Settlements	—	—	—	—	—	—	—
Transferred to/(from) assets <sup>(2)</sup>	—	—	—	—	—	—	—
Movement in/(out) of Level 3	—	(12)	—	—	—	—	(12)
Closing balance at the end of the reporting period	1 310	1 278	25	725	4 148	751	8 237

**Notes**

<sup>(1)</sup>Includes investments linked to investment contracts.

<sup>(2)</sup>Transfer to non-current assets held for sale (Refer to note 1).

	30 June 2014						
	Cash and cash balances Rm	Trading and hedging portfolio assets Rm	Other assets <sup>(1)</sup> 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	—	—	—	58	33	—	91
Gains and losses from banking and trading activities	—	88	—	—	—	—	88
Gains and losses from investment activities	—	—	—	—	(30)	(8)	(38)
Purchases	—	4	—	285	28	11	328
Sales	—	—	(7)	—	(770)	(2)	(779)
Movement in other comprehensive income	—	—	—	—	—	—	—
Settlements	(1 933)	—	—	(1 396)	—	—	(3 329)
Transferred to/(from) assets <sup>(2)</sup>	—	6	—	—	—	(312)	(306)
Movement in/(out) of Level 3	—	40	—	—	—	—	40
Closing balance at the end of the reporting period	—	1 175	16	5 424	3 949	778	11 342

**Notes**

<sup>(1)</sup>Includes investments linked to investment contracts.

<sup>(2)</sup>Transfer to non-current assets held for sale.

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

#### 13.6 Reconciliation of Level 3 assets and liabilities *(continued)*

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

	31 December 2014						
	Cash and cash balances Rm	Trading and hedging portfolio assets Rm	Other assets <sup>(1)</sup> Rm	Loans and advances to customers Rm	Investment securities Rm	Investment properties Rm	Total assets at fair value Rm
<b>Opening balance at the beginning of the reporting period</b>	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 <sup>(2)</sup>	—	—	—	—	—	(376)	(376)
Movement in/(out) of Level 3	—	(22)	—	—	16	—	(6)
<b>Closing balance at the end of the reporting period</b>	1 332	1 162	18	4 731	5 135	727	13 105

#### Notes

<sup>(1)</sup>Includes investments linked to investment contracts.

<sup>(2)</sup>Transfer to non-current assets held for sale.

**Condensed notes to the consolidated financial results**  
for the reporting period ended

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

**13.6 Reconciliation of Level 3 assets and liabilities** *(continued)*

	30 June 2015					
	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
<b>Opening balance at the beginning of the reporting period</b>	320	28	5 530	42	3 022	8 942
Movement in other comprehensive income	—	—	—	—	—	—
Net interest income	—	—	—	—	—	—
Gains and losses from banking and trading activities	148	—	282	(168)	—	262
Gains and losses from investment activities	—	—	—	—	(742)	(742)
Purchases	—	—	—	—	—	—
Sales	—	(18)	—	—	—	(18)
Issue/(settlements)	(5)	—	4 877	2 192	—	7 064
Movement in/(out) of Level 3	(42)	—	—	—	—	(42)
<b>Closing balance at the end of the reporting period</b>	421	10	10 689	2 066	2 280	15 466

	30 June 2014					
	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
<b>Opening balance at the beginning of the reporting period</b>	549	—	7 138	35	—	7 722
Movement in other comprehensive income	—	—	—	—	—	—
Net interest income	—	—	10	—	—	10
Gains and losses from banking and trading activities	(114)	—	(217)	—	—	(331)
Gains and losses from investment activities	—	—	—	—	—	—
Purchases	—	—	—	—	—	—
Sales	—	—	—	—	—	—
Settlements	—	—	(699)	(16)	—	(715)
Movement in/(out) of Level 3	21	—	—	—	—	21
<b>Closing balance at the end of the reporting period</b>	456	—	6 232	19	—	6 707

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

#### 13.6 Reconciliation of Level 3 assets and liabilities (continued)

	31 December 2014					
	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
<b>Opening balance at the beginning of the reporting period</b>	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)
<b>Closing balance at the end of the reporting period</b>	320	28	5 530	42	3 022	8 942

#### 13.6.1 Significant transfers between levels

During the previous 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 were transferred from level 1 to level 2, as these are held in an inactive market.

#### 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:

	30 June						
	2015						
	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	146	—	(28)	—	—	—	118

	30 June 2014						
	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	60	—	(188)	—	—	—	(128)

**Condensed notes to the consolidated financial results**  
for the reporting period ended

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

**13.7 Unrealised gains and losses on Level 3 assets and liabilities** *(continued)*

	31 December 2014						
	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

	30 June 2015						
	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	—	—	—	—	—	—	—

	30 June 2014						
	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	(23)	—	—	—	—	(23)	

	31 December 2014						
	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	

### 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:

		30 June	
		2015	
Significant unobservable parameters		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
		Favourable/Unfavourable Rm	Favourable/Unfavourable Rm
Deposits due to customers	Yield curves	—/—	—/—
Investment securities	Yield curves, future earnings and marketability discount, comparator multiples	378/378	(5)/4
Loans and advances to customers	Volatility, credit spreads, yield curves, discount rates	2/2	—/—
Other assets	Volatility, credit spreads	3/3	—/—
Trading and hedging portfolio assets	Volatility, credit spreads	—/—	—/—
Trading and hedging portfolio liabilities	Credit spreads	—/—	—/—
		383/383	(5)/4

		30 June	
		2014	
Significant unobservable parameters		Potential effect recorded in profit or loss	Potential effect recorded directly in equity
		Favourable/Unfavourable Rm	Favourable/Unfavourable Rm
Deposits due to customers	Yield curves	—/—	—/—
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	80/80	—/—
Investment securities	Yield curves, future earnings and marketability discount, comparator multiples	1 272/1 273	(5)/4
Loans and advances to customers	Volatility, credit spreads, yield curves, discount rates	71/80	—/—
Other assets	Volatility, credit spreads	2/2	—/—
Trading and hedging portfolio assets	Volatility, credit spreads	—/—	—/—
Trading and hedging portfolio liabilities	Credit spreads	21/4	—/—
		1 446/1 439	(5)/4

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

**13.8 Sensitivity analysis of valuations using unobservable inputs** *(continued)*

		31 December 2014	
		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	—/—



**Condensed notes to the consolidated financial results**  
for the reporting period ended

**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	2015	June 2014	December 2014
			Range of estimates utilised for the unobservable inputs		
<b>Loans and advances to customers</b>	Discounted cash flow and/or dividend yield models	Credit spreads	<b>0,96% to 3,99%</b>	Credit spreads vary between 1,35% and 7,5%	0,96% to 3,99%
<b>Investment securities and investments linked to investment contracts</b>	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	<b>Discount rates between 9,7% and 18%, comparator multiples between 5,5 and 6,1</b>	Discount rates between 9,7% and 18%, multiples between 5,5 and 6,1	Discount rates between 9,7% and 18%, comparator multiples between 5,5 and 6,1
<b>Trading and hedging portfolio assets and liabilities</b>					
Debt instruments	Discounted cash flow models	Credit spreads	<b>0,9% to 3,5%</b>	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	<b>0% to 23,58%</b>	0% to 3,5%	0% to 13,45%
Equity derivatives	Discounted cash flow, option pricing and/or futures pricing models	Volatility and/or dividend streams (greater than 3 years)	<b>15,15% to 46,80%</b>	16,9% to 37,2%	18,16% to 48,20%
Foreign exchange derivatives	Discounted cash flow and/or option pricing models	African basis curves (greater than 1 year)	<b>-10,00% to 13,95%</b>	-2,5% to 1,7%	-10,74% to 6,53%
Interest rate derivatives	Discounted cash flow and/or option pricing models	Real yield curves (less than 2 years)	<b>-2,59% to 2,47%</b>	-1,5% to 8,3%	-1,56% to 10,04%
<b>Deposits due to customers</b>	Discounted cash flow models	Barclays Africa Group Limited's funding spreads (greater than 5 years)	<b>0,85% to 1,2%</b>	0,85% to 1,2%	0,85% to 1,2%
<b>Debt securities in issue</b>	Discounted cash flow models	ZAR-MM-Funding (greater than 5 years)	<b>1,44% to 1,70%</b>	10 to 20 bps	1,28% to 1,38%
<b>Investment properties</b>	Discounted cash flow models	Estimates of periods in which rental units will be disposed of	<b>2 to 7 years</b>	2 to 7 years	2 to 7 years
		Annual selling price escalations	<b>0% to 6%</b>	0% to 6%	0% to 6%
		Annual rental escalations	<b>0% to 10%</b>	0% to 10%	0% to 10%
		Expense ratios	<b>22% to 75%</b>	22% to 75%	22% to 75%
		Vacancy rates	<b>2% to 15%</b>	2% to 15%	2% to 15%
		Income capitalisation rates	<b>10% to 12%</b>	10% to 12%	10% to 12%
		Risk adjusted discount rates	<b>14% to 16%</b>	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.

## Condensed notes to the consolidated financial results

for the reporting period ended

### 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:

	30 June 2015 Rm	31 December 2014 Rm	2014 Rm
Opening balance at the beginning of the reporting period	(52)	(55)	(55)
New transactions	(83)	(4)	(23)
Amounts recognised in profit and loss during the reporting period	28	15	26
Closing balance at the end of the reporting period	(107)	(44)	(52)

#### 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 interim reporting period ended 30 June 2014 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 reclassifications.

#### 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 reclassification changes

The Group elected to make an internal reclassification 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:

##### Condensed consolidated statement of financial position as at 30 June 2014

	As previously reported Rm <sup>(1)</sup>	IFRS accounting policy changes Rm	Internal reclassification changes Rm	Restated Rm
<b>Assets</b>				
Statutory liquid asset portfolio	63 589	—	(63 589)	—
Investment securities	39 913	—	42 614	82 527
Investments linked to investment contracts	—	—	20 975	20 975
Loans and advances to customers	614 642	898	—	615 540
<b>Liabilities</b>				
Deposits due to customers	597 555	898	—	598 453

#### Note

<sup>(1)</sup>As per financial results published on 30 July 2014.

## Barclays Africa Group Limited

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

## Registered office

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## Board of directors

### Group independent non-executive directors

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 T S Munday (Lead Independent Director), F Okomo-Okello<sup>2</sup>

### Group non-executive directors

P A Clackson<sup>3</sup>, W E Lucas-Bull (Group Chairman), M S Merson<sup>3</sup>,  
 A V Vaswani<sup>4</sup>

### Group executive directors

D W P Hodnett (Deputy Chief Executive Officer and Financial Director),  
 M Ramos (Chief Executive Officer)

## Queries

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Please direct media queries to [groupmedia@barclaysafrica.com](mailto:groupmedia@barclaysafrica.com)

For all customer and client queries, please go to the relevant country website (see details below) for the local customer contact information

Please direct queries relating to your Barclays Africa Group shares to  
[questions@computershare.co.za](mailto:questions@computershare.co.za)

Please direct other queries regarding the Group to  
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## ADR depositary

BNY Mellon  
 Telephone: +1 212 815 2248  
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## Auditors

Ernst & Young Inc.  
 Telephone: +27 011 772 3000  
[ey.com/ZA/en/Home](http://ey.com/ZA/en/Home)

PricewaterhouseCoopers Inc.  
 Telephone: +27 011 797 4000  
[pwc.co.za](http://pwc.co.za)

## Sponsors

### Lead independent sponsor

J. P. Morgan Equities South Africa (Pty) Ltd  
 Telephone: +27 11 507 0300  
[jpmorgan.com/pages/jpmorgan/emea/local/za](http://jpmorgan.com/pages/jpmorgan/emea/local/za)

### Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)  
 Telephone: +27 11 895 6843  
 E-mail: [equitysponsor@absacapital.com](mailto:equitysponsor@absacapital.com)

## 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](http://absa.co.za)  
 Barclays Bank Botswana [barclays.co.bw](http://barclays.co.bw)  
 Barclays Bank of Ghana Limited [gh.barclays.com/](http://gh.barclays.com/)  
 Barclays Bank of Kenya [barclays.co.ke](http://barclays.co.ke)  
 Barclays Bank Mauritius Limited [barclays.mu](http://barclays.mu)  
 Barclays Bank Mozambique SA [barclays.co.mz/eng](http://barclays.co.mz/eng)

Barclays Bank (Seychelles) Limited [barclays.sc](http://barclays.sc)  
 Barclays Bank Tanzania Limited [barclays.co.tz](http://barclays.co.tz)  
 Barclays Bank of Uganda Limited [barclays.co.ug](http://barclays.co.ug)  
 Barclays Bank Zambia plc [zm.barclays.com/](http://zm.barclays.com/)  
 National Bank of Commerce Ltd [nbctz.com](http://nbctz.com)

## Representative offices

Absa Namibia Proprietary Limited  
 Absa Capital Representative Office Nigeria Limited

[absanamibia.com.na](http://absanamibia.com.na)  
[cib.absa.co.za](http://cib.absa.co.za)

While not members of the Barclays Africa Group Limited legal entity, these operations are managed by us

Barclays Bank Egypt S.A.E  
 Barclays Bank of Zimbabwe Limited

[barclays.com.eg](http://barclays.com.eg)  
[zw.barclays.com/](http://zw.barclays.com/)

### Notes

<sup>1</sup>Ghanaian, <sup>2</sup>Kenyan, <sup>3</sup>British, <sup>4</sup>Singaporean.