

Barclays Africa Group interim results presentation for the period ended 30 June 2016

29 July 2016

Maria Ramos, Chief Executive Officer

Good morning.

Thank you for joining us for the presentation of our half year results. I will provide an overview, followed by David Hodnett who will cover our financials in more detail.

We look forward to taking your questions after his presentation.

In March, I shared with you our ambition, my ambition, to build an African bank we are all proud of. Our strategy, now in its third year, continues to deliver against this ambition. What our results today also demonstrate is that our strategy is resilient in a challenging economic environment.

As you know, earlier this year, Barclays PLC announced its intention to reduce its shareholding in Barclays Africa. I will update you on this later in my remarks.

While there are still some unanswered questions regarding the future shareholding, my message remains clear: Our destiny is firmly in our own hands and I am determined that we deliver on our strategy with an unrelenting focus on driving our Africa business forward.

I'd like to start with highlights of our half year performance, which are in line with market expectations.

Headline earnings grew 7% supported by strong pre-provision profit growth of 19%.

We delivered revenue growth of 13%, achieved in our target areas.

Our costs continue to be well-managed, increasing 7%, while we continue to invest.

Our Rest of Africa business continued to grow faster than our South Africa business, which underlines the importance of the acquisitions we made in 2013.

We noted in March that the credit cycle had turned. As expected, credit impairments have increased as we provided for single name exposures in our Corporate and Investment Bank, and built additional coverage in our Home Loans portfolio in South Africa.

We continue to make progress on the commitments we made.

Revenue from the Rest of Africa increased to 23% of total revenue, well within our target range of 20-25%.

We maintained Top 3 status by revenue in 4 of our 5 largest markets: South Africa, Ghana, Zambia, and Botswana.

Our Cost to Income ratio improved to 53.4% showing good progression towards our medium-term target of low 50s.

Return on Equity was 16.1% which is marginally down over the prior year in line with our guidance, and remains short of our medium-term target of 18-20%.

This is a strong set of results, however there are a number of factors that pose significant downside risks.

At a regional level, Sub-Saharan Africa's economy is under severe pressure as the combination of depressed commodity prices, drought, foreign exchange scarcity, policy uncertainty and electricity shortages weighs on growth.

Inflation is a concern in several markets on the continent and, as a result, monetary policy is likely to remain an economic headwind. As a consequence, average GDP growth in our Rest of Africa presence countries is expected to be the lowest since 2002.

In South Africa, business confidence remains weak, and the combination of weak job growth, higher inflation and rising interest rates has placed a

strain on consumer finances. We expect GDP growth in South Africa to continue to weaken in 2016 and recover slowly in 2017.

Globally, business uncertainty has been compounded by the recent Brexit vote in the UK. This is weighing on the global economy, including on the economies across the continent.

All these factors contribute to interest rate and currency volatility, and impact economic growth, which pose downside risks going forward.

Now let me turn to each of our three businesses – all of which are delivering against our strategy. And as you will see from the results, the Rest of Africa is making an increasingly important contribution to the Group.

Our Retail and Business Bank franchise continues to deliver solid results. Headline earnings are up 10% on prior year as pre-provision profit increased by 13%.

We are seeing healthy growth in a number of areas. Non-interest income increased 7% as strong Card growth offset moderate transactional revenue growth, and we saw an increase of 16% in loans in the Rest of Africa.

As I noted earlier, we are starting to see rising impairments across a number of portfolios, notably in South Africa Home Loans.

In our core SA Retail franchise, we added 410 thousand new-to-bank customers in the first half and now serve 8.9 million customers.

In our Corporate and Investment Bank we made good progress on expanding our Corporate Bank in the Rest of Africa. Headline earnings are up 7% on prior year supported by strong revenue growth and a 45% increase in pre-provision profit, offset by a material increase in single name impairments and higher portfolio provisions.

The Rest of Africa now contributes roughly half of total CIB headline earnings in line with our strategy. Our Rest of Africa Corporate business increased income by 36% supported by robust growth in advances, improved margins, and increased transactional volumes.

We continue to grow our Wealth, Investment Management & Insurance business. However, headline earnings are down 8% despite a 13% growth in Life Insurance in South Africa. The decline in earnings is

driven primarily by changes in reserving requirements in some markets outside South Africa, and lower market returns.

We made good progress in growing revenue, with net premium income up 19% and fee income up 9%.

In our investment management business we continued to win institutional mandates, which resulted in R11bn of net inflows during the half.

While it was a challenging half year, WIMI achieved an ROE of 23% and remains an attractive cash-generative business.

I believe the performance we have achieved further demonstrates the value of the well-diversified Group we have created, and positions us well for sustained growth going forward.

There is one particular aspect of our strategy I would like to highlight. In all of our businesses, innovation remains a key priority – enabling us to better acquire and serve customers, and deliver our Shared Growth ambition across the continent.

We continue to invest heavily in this area and have rolled out a number of exciting and award-winning innovations in the areas of social media, products, channels, and big data, amongst others.

In March, I outlined our commitment to Shared Growth which is central to our business strategy. Earlier this month we rolled out Shared Growth across the continent. We have set clear and ambitious goals across three pillars:

First, we are investing R1.4 billion in education and skills development over the next three years;

Second, this year we will have raised R1.3 billion for Small and Medium Enterprise funding; and

Third, we will offer financial inclusion to half a million people this year.

Among the Shared Growth initiatives launched this year, we rolled out our ReadytoWork skills-building portal in 9 countries with 19,000 self-learners already signed up.

We provided financial support of R300m to SMEs in corporate value chains, provided business development support to nearly 9,500 aspiring entrepreneurs and small businesses, and provided financially inclusive products and services to some 180,000 consumers.

Our Shared Growth initiatives will accelerate during the rest of the year. As a proudly African bank and, I have said this repeatedly, we have a responsibility to leave things in a better position than we found them. Shared Growth is our way of doing this and it defines who we are.

I'd now like to provide an update on the Barclays PLC divestment process.

Following their announcement on 1 March, Barclays PLC continues to explore strategic and capital market opportunities to reduce its shareholding in Barclays Africa to achieve regulatory deconsolidation.

The first sale tranche of 12.2% was successfully concluded on 5 May and reduced Barclays PLC's shareholding to 50.1%.

We continue to work closely with Barclays PLC, including planning for the operational separation of the two businesses in order to preserve value for all stakeholders. Barclays Africa and Barclays PLC continue to engage with regulators as the divestment process is subject to all relevant regulatory approvals.

Over time our shareholders will change. But as today's results demonstrate, we are a strong, proudly African bank. We continue to deliver on our strategy and we have a clear destiny.

We will of course update you on further developments at the appropriate time.

In summary, in the third year of our 3-year journey, our half year results demonstrate our Africa strategy is resilient and is delivering results. We could not have delivered this performance were it not for the efforts of our more than 40,000 colleagues across the continent. I am immensely proud of each and every one of them. It's important to me that we aspire to be the best destination for talent across our continent.

As Barclays PLC executes against its divestment in Barclays Africa, we remain focused on building momentum in each of our businesses, delivering Shared Growth across the continent.

We will continue to innovate to offer better products and services to meet our customers' needs.

As I reflect on what we've achieved in the last three years, the success of our strategy gives us the confidence to move forward with added momentum. My colleagues and I are excited about our destiny as a proudly African bank.

I'd now like to turn it over to David who will walk you through the financials in more detail.

David Hodnett, Deputy Chief Executive

Thanks Maria.

Pre-provision profit drove earnings growth

We produced another solid performance in the first half, particularly considering the difficult and volatile operating environment that Maria highlighted.

Our first half trends were largely as we guided, with continued revenue growth in target areas and cost control producing strong positive JAWS, which enabled us to absorb higher credit impairments.

It is important to focus on our core underlying results, as rand weakness added around 3% to our revenue and cost growth. In constant currency our headline earnings grew 4%.

We continued to improve our revenue trajectory, as our top line grew 13%, or 10% in constant currency. Our first half net interest margin was wider than we initially expected, due to rest of Africa and rising rates in South Africa. Improving our non-interest income growth, particularly in annuity areas, has been a priority and our non-interest income increased 10%, or 8% in constant currency.

Our costs remain well managed, increasing 7%, or 5% in constant currency, as we continue to achieve savings in identified areas to fund investment in growth initiatives. We still see opportunities in areas such as back office automation and technology, once our infrastructure investment phase slows.

We said in March that the credit cycle had turned. Our credit impairments increased significantly, as we dealt with a single name exposure and further strengthened our portfolio provisions. Excluding these, our credit loss ratio was broadly as expected, considering the deteriorating macro environment.

We certainly haven't relaxed our risk appetite to get revenue growth and continued to grow our balance sheet in the right areas. It is however clear that our asset and deposit growth are slowing due to the disappointing macro backdrop. Our balance sheet remains strong with our highest portfolio provisions in over a decade, and core capital and long-term funding levels above our board target.

Maintained revenue growth in target areas ...

Despite the deteriorating macro environment, our revenue momentum continued in a number of target areas.

When we acquired the operations outside South Africa, they did not have a strong Markets franchise. Having rolled out systems and products to all our countries last year, Markets Rest of Africa maintained its strong growth, with revenue up 26% to R840m. It now contributes a third of CIB's total trading. We expect continued growth here, as more countries contribute and our corporate flows increase medium-term.

Corporate in South Africa maintained its double digit revenue growth to R2.1bn, largely due to strong growth in loans and payments, plus improved cheque margins. We continue to see opportunity to grow Corporate's non-interest income on the back of recent client acquisitions.

... including less capital intensive activities

We also continue to grow our capital lite, fee generating activities.

Card is a strong, high RoE franchise. Its earnings grew 23% to R762m, or 10% of our total earnings.

We remain the largest merchant acquirer in Africa and grew our volumes 16% to R127 bn in the half. Our card issuing volumes increased 8% to R89 bn, with strong growth in debit cards, in particular.

WIMI's insurance and investment revenue growth continued to gain momentum with 9% underlying growth to R4.6 bn. Insurance premiums

benefited from higher value business written in South Africa and growth in the rest of Africa, and increasing assets under management grew our investment fee income. Our SA Life business produces very high returns, as we focus on capital efficient lines, while we have also exited low-return, capital intensive activities in Short-term.

Net interest margin stronger than expected...

While we budgeted for a higher first half net interest margin, the 27 basis point rise was more than we initially expected. Together with 8% higher average interest bearing assets, it contributed to our 14% net interest income growth.

Our margin has widened noticeably in recent years despite a far lower contribution from our structural hedge, which released R224 m or 62% less to our income statement in the period. We will continue our hedging programme, which has performed as expected through the cycle.

...benefiting from rest of Africa and pricing

As usual, there were several moving parts in our margin, although rest of Africa was the single biggest driver.

Our loan margin continued to widen, adding 7 bps, as improved pricing in Home Loans outweighed competitive pricing pressure in Vehicle and Asset Finance. Declining mortgage balances and strong Personal Loan growth had a positive composition impact, which was partly offset by CIB's high growth.

Within deposits, improved pricing in retail and corporate exceeded higher wholesale liquidity premiums and the negative mix impact of increased wholesale funding.

We had a 6 bps endowment benefit on deposits and capital due to higher interest rates, while our structural hedge released 10 basis points less to our income statement.

Rest of Africa's margin rose 35 bps to 8.1%, due to higher interest rates, strong Card growth and improved liability margins, and together with its increased weighting, this improved our group margin by 13 bps. 'Other' was largely the basis reset benefit of 6 bps from prime increasing relative to JIBAR in South Africa.

Strong CIB and RBB Rest of Africa loan growth

Our customer loans grew 9%, or 7% in constant currency, to R715 bn, as we continue to grow in selected areas.

Looking at the major loan types, we reduced growth in higher LTV retail mortgages, which meant registrations declined 10% and our share of new business fell to 18%, from 20%. Focusing on existing customers slowed our run-off, but mortgages still declined 1%.

Commercial property finance grew strongly for the first time in several years, with significant growth in CIB to high quality clients. Business Banking CPF payouts rose 15%, without increasing our risk appetite.

The downturn in the motor industry reduced Vehicle and Asset Finance's growth, as new vehicle sales dropped 10% and the financed market for cars and light commercial vehicles fell 28%. Our book grew 3%, due to above market growth from our Ford Financial Services joint venture.

Our credit card portfolio declined 1%, as NCA amendments last September impacted our credit limit increase strategy and reduced new sales. However, the Woolworths Financial Services book continued to grow in excess of inflation.

Personal Loans grew 12%, with improved sales and limit increases to existing low-risk customers. Our share of industry new business improved to 12% in March from 10% the previous year.

RBB Rest of Africa's loans grew 16%, or 3% in constant currency, which reflects our prudent lending and the difficult operating conditions in several countries. We maintained double digit constant currency growth in Commercial lending and card, both off a low base.

CIB continues to drive our overall loan growth, rising 27% to R228 bn. It has generated 72% of our group growth in the past two years to account for almost a third of our total book. The new business was at lower risk grades than our existing book, and we are not pricing aggressively to grow. We benefit from corporates shifting to bank funding from debt capital markets and we also grew strongly in our underweight segments such as telcos and real estate.

Balance sheet growth slowing

While group loans grew 9% year on year, our annualized first half growth slowed to 3%. RBB's modest 3% growth was marginally negative year to date while CIB's rose 10% annualized off its high base at the end of 2015.

So our asset growth is slowing, which will dampen our revenue in the second half and into 2017.

Group deposits decreased year to date, in part due to seasonality in RBB's deposits, although CIB's declined 3% including rest of Africa down 10%, which was impacted by rand depreciation in late June.

Non-interest income growth improving

Our non-interest income growth improved to 10% from 5% in 2015, although our underlying first half growth was closer to 7% in constant currency and excluding a foreign currency translation gain.

Overall revenue remains well balanced as non-interest income is 49% of net revenue after credit impairments. Non-interest income has a high annuity component, with fee and commissions growing 5% to R10.3 bn and accounting for 67% of the total.

RBB's non-interest income increased 7%, with South Africa up 4% as strong Card growth offset moderate transactional revenue growth. RBB Rest of Africa also benefited from strong card acquiring, which together with continued growth in transaction volumes and foreign exchange sales meant its non-interest income increased 22%, or 9% in constant currency.

CIB's non-interest revenue improved from a low base, rising 18% due to strong growth in trading and the rest of Africa.

WIMI's non-interest income was revised reserving requirements in the rest of Africa, lower investment returns and new business strain, which offset strong underlying momentum.

Continue saving to invest in growth

Despite continued investment spend, operating expenses remain well managed and increased 5% in constant currency.

Structural cost programmes continue to produce efficiency gains that allow us to invest in strategic initiatives. Property-related costs grew 1%, well below the above inflation growth in property costs, as we continue to optimize this portfolio. We see further savings opportunities in our operations area, the rest of Africa cost base and technology, and remain focused on discretionary costs such as travel and entertainment.

Staff costs rose 8%, or 5% in constant currency, to account for 56% of total expenses. Salaries grew 9% due to higher wage increases for entry level employees and additional headcount in specialist areas such as IT. Incentives were flat due to lower deferrals and share-based payments.

Non-staff costs grew 7%, or 4% in constant currency.

Direct technology costs grew 28%, due to the impact of rand depreciation on IT contracts and new investment. Our total IT spend, including staff, rose 17% and accounted for 19% of group expenses, as we continued to hire key resources and increase investment and infrastructure spend.

Amortisation increased 37% although our intangibles remain low at R2.7 bn.

Marketing costs fell 16% as we exited some sponsorships and started redeploying these funds to our Shared Growth initiatives.

Professional fees increased 13%, due to support required with implementing regulatory changes and strategic initiatives. The substantial increase in cash transportation costs was due to outsourcing cash operations in South Africa, which reduced our staff costs.

Credit cycle has turned...

We said in March that the credit cycle has turned, and it is clear that all our division's credit loss ratios increased in the first half.

We have changed how we disclose our credit loss ratio. Previously we used customer loans in the denominator, while now we use gross customer loans and loans to banks, which is in line with peers. We disclosed both for comparability.

The 46% rise in credit impairments increased our credit loss ratio to 148 bps on the old basis or 129 bps on the new one, from 111 bps and 97 bps respectively. We still differ from peers by including R159 m of collection costs in our charge, which adds another 4 bps to our ratio.

Our first half charge included a large single name provision and further build in our portfolio provisions. Excluding these our charge was 105 bps on the new basis and 120 bps on the previous one, which is more in line with expectation.

...non-performing loans increasing...

As expected, our non-performing loans increased for the first time in many years to 3.8%, largely due to a substantial rise in CIB.

Retail Banking South Africa's credit loss ratio rose slightly to 148 bps on 13% higher impairments, reflecting consumer strain across most portfolios, including increased arrears and debt counselling applications.

Our mortgage charge grew significantly off a low base to 44 bps, as NPLs and late delinquencies increased.

The slight deterioration in our vehicle and asset finance ratio reflects a higher retail charge, offset by a lower commercial one. Retail Vehicle and Asset Finance NPLs increased to 3.6%, although this remains relatively low, and we increased our portfolio provisions here.

Our properties in possession remain extremely low at just 127 and our stock of repossessed vehicles is 42% below our peak in 2011.

Although we increased portfolio provisions and saw higher arrears and debt counselling applications in some books, Card's credit loss ratio decreased.

Personal Loan's underlying credit impairments increased 23%, which is in line with its book growth, after adjusting for the movement of the PV unwind to net interest income last year.

Business Banking South Africa's charge grew 32%, increasing its credit costs to a more normalized 99 bps on slightly higher portfolio provisions and NPL coverage. Its NPLs decreased slightly from December, but we expect them to increase in the second half.

RBB Rest of Africa's credit impairments rose 58% as NPLs grew 19%, particularly in retail, and we increased our portfolio provisions materially. CIB's credit impairments increased sharply to R1.4 bn, resulting in a 105 bps credit loss ratio. Its NPLs grew significantly due to single names in the consumer and natural resources sectors. We also further increased our portfolio provisions against the performing book.

CIB's portfolio remains well diversified across industries and our group exposure to the mining sector remains low at 1% of our loans, although we continue to watch specific names, particularly among junior miners. Our local Agri book has held up well, despite South Africa experiencing our worst drought since records began. We expect to see more pressure here in the second half and into 2017.

...continued portfolio provision build

We continued to build our balance sheet portfolio provisions, which grew 18% to R5.7 bn, or 81 bps of performing customer loans, our highest level in over a decade. This included a substantial increase in our macroeconomic overlays, which grew 41% to R1.3 bn.

Capital levels remain strong

Our capital levels remain strong.

Due to Rand strength in late June, risk-weighted assets decreased 1% during the half, despite loan growth and risk migration, due to macro headwinds.

We remain very capital generative, as earnings added 1.1% to our CET1 ratio.

Paying R4.6 bn of ordinary dividends reduced our ratio by 0.7%, while in 'other' our foreign currency reserve declined by R2.1 bn to offset the reduced RWAs from Rand appreciation.

At 12.1%, our CET1 ratio remains above the 11.5% top end of our board range. Our Group leverage ratio was 6.6%, well above the regulatory requirement of 4%.

We expect to remain above our CET1 target range, given changing regulation, difficult economic conditions and heightened volatility. Although we are still evaluating the quantum, introducing IFRS9 in 2018 is likely to reduce our CET1 ratio. As guided, our dividend cover increased slightly this half and this trend will continue for the next few years.

Absa Bank's CET1 ratio also improved during the half to 10.8%, which is slightly above the top end of our board target range, and we expect it to increase further.

Returns resilient considering higher credit costs

Our returns decreased slightly due to higher credit impairments. Excluding our large single name exposure and portfolio provision build, our return on assets would have increased to over 1.4%.

South Africa's RoE declined slightly to 16.8%, but it remains comfortably above our cost of equity.

While Rest of Africa's RoE remains below our medium-term expectations, it improved to 13.5% despite the drag from WIMI's loss.

A well diversified portfolio

Moving to our divisional contributions, WIMI and RBB's returns remain above 20%, while higher risk-weighted assets and substantially higher credit impairments reduced CIB's.

Our earnings remain well diversified. Although Retail Banking in South Africa increased to 45% of group earnings, it is well diversified itself, with four large businesses.

RBB drove group earnings growth

RBB was the main driver of group growth, given 10% higher earnings on 13% growth in pre-provision profit.

CIB's earnings increased 7%, as excellent 45% higher pre-provision profits absorbed significantly higher credit impairments.

WIMI's earnings declined due to lower investment returns, revised reserving requirements and new business strain in the rest of Africa.

Retail Banking SA navigating weak macros

Retail's headline earnings increased 8% to R3.4 bn, as revenue grew 7% and costs 6% to produce positive JAWS and outweigh 13% higher credit impairments.

The first half showed the benefits of having a diversified retail portfolio, as growth in unsecured and transactional businesses offset lower earnings in our secured lending operations. Home Loans earnings declined 7% given 77% higher credit impairments, while Vehicle and Asset Finance's earnings fell 15% mostly due to lower revenue and slightly higher credit impairments.

Personal Loans earnings grew strongly, given improved loan growth and margins combined with lower costs. Card continues to perform well, with earnings up 23%, as it benefited from strong growth in acquiring and fees, plus lower credit impairments.

We saw low growth in secured assets, reflecting pressure on consumers and our focus on risk management given the challenging economic environment. As I said, we have a clear focus on writing lower LTV business in Home Loans and weak market sales reduced Vehicle and Asset Finance's loan growth.

Our Transactional and Deposit earnings grew 14% to R1.4 bn, or 18% of group earnings. Strong net interest income growth due to higher deposits and overdrafts, plus well contained costs drove this growth. Core transactional revenue grew 2%, reflecting sub-inflation price increases, moderate growth

in customer numbers, reduced customer activity levels, increased Rewards costs and continued migration to electronic channels and value bundles.

We increased spend on IT and revitalizing our digital channels, including launching our new app and online banking, and Chat Banking on Twitter and Facebook. We also increased investment in our innovation hub in Cape Town.

Retail's credit loss ratio increased in line with expectations, as we saw rising delinquencies and NPLs across most portfolios. It is hard to establish the exact trend heading into the second half, as our monthly charges have been more volatile than usual.

Continue to grow customer numbers

Our retail customers grew 1% to 8.9 m, as affluent and private bank customers increased 9%.

While our middle market base decreased marginally, most of the reduction related to higher risk, secondary customers with single credit products, particularly vehicle finance, and the transactional accounts were mostly already inactive. We are however working hard to improve our middle market proposition and customer experience.

Our mass customer base grew 2%, in part due to strong growth in PEP accounts to 180,000. PEP Money transfers have doubled in size to 570,000 a month.

Lastly, we continue to get strong growth in our number of active app users, while growth in Rewards and internet banking customers remains solid.

Scope to improve Business Banking SA growth

Business Banking South Africa's core earnings grew 4%, to R1.1 bn, as 11% higher pre-provision profit absorbed increased credit costs.

Excluding equities, its revenue growth improved to 7%, in part due to a release of interest in suspense. Underlying non-interest income grew 2%, reflecting some price reductions, 19% lower cheque payment volumes and flat cash-related income as we migrated customers to digital channels.

Overall loan growth remains modest at 5%. However, agri increased 12% and commercial property finance grew on 15% higher payouts. Customer numbers are stabilizing and declined only 0.2% year to date to 372,000.

Continued customer migration to digital channels also reduced costs, which we continue to reinvest in systems and additional relationship managers.

As expected, its credit loss ratio normalized to 99 bps, reflecting increased performing loan provisions in the commercial portfolio. While NPLs were flat, we expect them to increase into 2017.

Business Banking is a strong net provider of deposits to the group and continues to generate attractive returns, producing a strong 26% return on regulatory capital.

WIMI strategy delivers underlying growth

In 2014 we positioned WIMI for sustainable growth, with a strategy of gathering assets under management and growing premium income.

We made good progress in growing revenue, with net premium income up 19% and fee income increasing 9%.

Our embedded value of new business increased 21%, which can be attributed to a substantial increase in policies sold through the group's banking branches. We also remain focused on improving the sales of standalone policies, given the expected slowdown in our lending growth in South Africa.

Although WIMI's headline earnings declined 5% to R691 m, this was due to R92 m higher actuarial reserving in Mozambique and Kenya and reduced income on our shareholder funds. Excluding these items, WIMI's earnings grew 9%, with strong 13% growth from life insurance in South Africa.

We have turned around our Short-term insurance business in South Africa, where continuing earnings grew 28%, despite higher claims. We implemented the final step in refocusing it by selling our intermediated commercial lines.

We made further progress in building out our investment management capabilities and continued to win institutional mandates, which resulted in 11 billion rand of net inflows during the half.

WIMI remains an attractive, cash generative business that produced a 23% RoE and 28% return on embedded value.

Strong CIB revenue growth offset by higher impairments

CIB's headline earnings increased 7% to R2 bn, as excellent 45% growth in pre-provision profits outweighed significantly higher credit impairments.

Strong growth from the rest of Africa and Markets in South Africa increased CIB's top line by 23%. Rest of Africa's revenue grew 34%, or 18% in constant currency, with good growth from both Markets and Corporate.

Markets in South Africa grew revenue 33% off a low 2015 base. CIB's loans grew 26%, with term advances up 31% to R179 bn. We continue to focus on high quality corporates in sectors where we are underweight, and the quality of new business was better than our existing book.

Credit impairments grew significantly to R1.4 bn. We continue to see pressure in corporate South Africa and watchlists remain at the elevated levels that we have seen over the last year.

Rest of Africa has become a major component of CIB's earnings, contributing half of the total, after its earnings grew 47% to R1 bn. South Africa's earnings fell 15% to R1 bn given lower investment banking earnings, although Corporate continued to grow strongly.

Corporate is now a bigger profit contributor to CIB than the Investment Bank, after its earnings grew 41%.

All CIB's operating divisions grew revenues

All CIB's divisions grew revenue.

I mentioned Corporate's fourth year of double digit growth in South Africa earlier, with strong loan growth and improved deposit margins, despite declining balances. However, there is scope to improve its transactional revenue growth.

Investment banking income grew just 3%, despite a growing pipeline.

Markets revenue in South Africa grew strongly, with fixed income and credit up 57% through well managed client flow, and foreign exchange and commodities growing 28% due to strong client flows and good risk management. However, foreign exchange margins remain under pressure, as clients prefer to transact electronically. Equities and Prime was flat off a high base.

Corporate revenue outside SA grew 36% to R2.1 bn, which is similar our South African business, in part due to rand depreciation.

Rest of Africa enhances group trajectory ...

As Maria mentioned, our rest of Africa operations continue to enhance our group growth. Revenue grew 27% to R8.3 bn, while earnings increased 33%, well above our growth in South Africa.

... with strong growth in bank earnings

Rest of Africa's strong growth highlights the benefit of having a diversified portfolio, given a backdrop of slower growth and specific country challenges.

Our bank earnings grew 45% to R1.4 bn, in part due to substantial rand depreciation. Positive JAWS of 12% increased pre-provision profits 50% and absorbed 78% higher credit impairments.

RBB's cost to income ratio improved 5%, although it remains high at 68%. We believe it offers a long-term structural growth story, given low credit penetration and access to banking. We also remain underweight in SMEs, Agri and public sector, which are all areas of strength in South Africa.

Markets and Corporate both performed well and offer medium-term growth stories.

As mentioned, WIMI earnings were impacted by revised reserving requirements. In the current environment we will focus on bedding down our recent acquisitions and improving their returns.

As mentioned, rest of Africa's RoE remains below expectation. However, we continue to see a clear path to improve returns, through reducing its effective tax rate and RBB's high cost to income ratio, and turning around under-performing operations.

Outlook for 2016

Before we take your questions, I want to run through our expectations for 2016.

In a challenging and volatile environment, and with our balance sheet growth already slowing, we expect low to mid-single digit loan growth. CIB should slow in the second half, but remain above RBB and retail loan growth in South Africa is likely to remain low.

Our net interest margin is likely to be largely in line with 2015, although it should decline in the second half due to the NCA rate caps, and a higher proportion of CIB lending and wholesale funding.

However, continued focus on revenue growth and cost management should produce positive JAWS in 2016, albeit smaller than the first half's.

Our credit loss ratio is expected to improve from the first half, reflecting the usual seasonality and the single name in the first half. However, it should be higher than 2015 across most portfolios and remain above our through-the-cycle average. In the current volatile environment, tail risks in our wholesale portfolio remain.

As a result, our RoE is likely to be slightly lower than 2015.

Lastly, Rest of Africa's earnings growth should continue to exceed South Africa's, although we expect less of a benefit from rand depreciation.

Thank you, Maria and I will now take your questions.

[END]