



Barclays Africa Group Limited (“BAGL”)  
International Fixed Income Investor Roadshow  
August 2017



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# Roadshow Team



**Deon Raju**  
*Managing Principal  
Group Treasurer*

- Almost two decades of banking experience within the group
- Serves as the Group Treasurer for Barclays Africa Group
- Held prior roles within BAGL as the CIB Treasurer, Head of funding and Short Term Investments, and Head of Credit Portfolio Structuring
- Deon holds an honours degree in Accounting from the University of KwaZulu-Natal, is a member of the South African Institute of Chartered Accountants (SAICA), and is a CFA® charterholder



**Christopher Snyman**  
*Managing Principal  
Finance*

- Almost two decades of banking experience, 10 of which has been with BAGL
- Serves as the Group Head of Business Performance and Analytics, responsible for internal reporting and planning
- Chris holds an Honours Degree in Accounting from the University of Stellenbosch, and a member of the South African Institute of Chartered Accountants (SAICA)



**Rolf Van Den Heever**  
*Principal  
BSM and Capital Market Execution*

- Has more than two decades experience in financial services of which ten years have been with BAGL
- Is responsible for Balance Sheet Management and Capital Markets Execution within the treasury team
- Held prior roles in academia, reinsurance, quantitative risk and finance, finance and treasury
- Rolf holds an M.Com from the University of Pretoria and is a fellow of the Institute and Faculty of Actuaries and a Chartered Enterprise Risk Actuary



**Richard Favis**  
*Principal  
Capital Market Execution*

- Has more than two decades of experience in financial services, 16 years of which were spent in the debt capital markets field
- Has a 9 year history at BAGL
- Held prior roles within RBC Capital Markets (SA) and at Rand Merchant Bank
- Richard holds a BCOM (Hons) from the University of Witwatersrand, majoring in Business Economics

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4. Group Financial and Operating Performance
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# Overview of BAGL



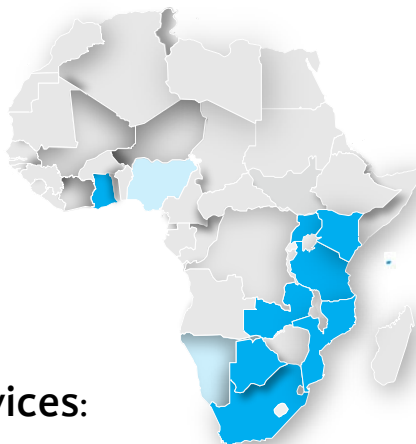
# BAGL at a Glance

We are a Basel III Regulated diversified financial services provider offering an integrated set of products and services across personal and business banking, corporate and investment banking, wealth and investment management and insurance




We serve **11.6m** customers

in **12** African countries


- 11 Subsidiaries
- 2 Representative Offices



providing diverse **financial services:**

-  Retail and Business Banking (RBB)
-  Corporate and Investment Banking (CIB)
-  Wealth and Investment Management, and Insurance (WIMI)

by leveraging an extensive **network**

-  **10,076** ATMs
-  **1,160** branches
-  **41,714** employees<sup>(2)</sup>

## Our One Africa Strategy

is to build the leading financial services group in our chosen countries in Africa and selected customer and client segments, and to remain locally relevant and competitive in all our presence countries

**Listed on the JSE**

(Johannesburg Stock Exchange)

**BAGL: Ba1 Issuer Credit Rating**

*Absa Bank: Baa3 Foreign LT Bank Deposit Rating*

Moody's Investor Services

**R1.1 trillion**  
Balance Sheet

**R122 billion**  
Market Capitalisation

**16.8%**  
Return on Equity  
(RoE)

**55.6%**  
Cost to income Ratio

**7%**  
Growth in Headline  
Earnings

**118.9%**  
LCR

**13.7%<sup>(1)</sup>**  
CET 1 Ratio

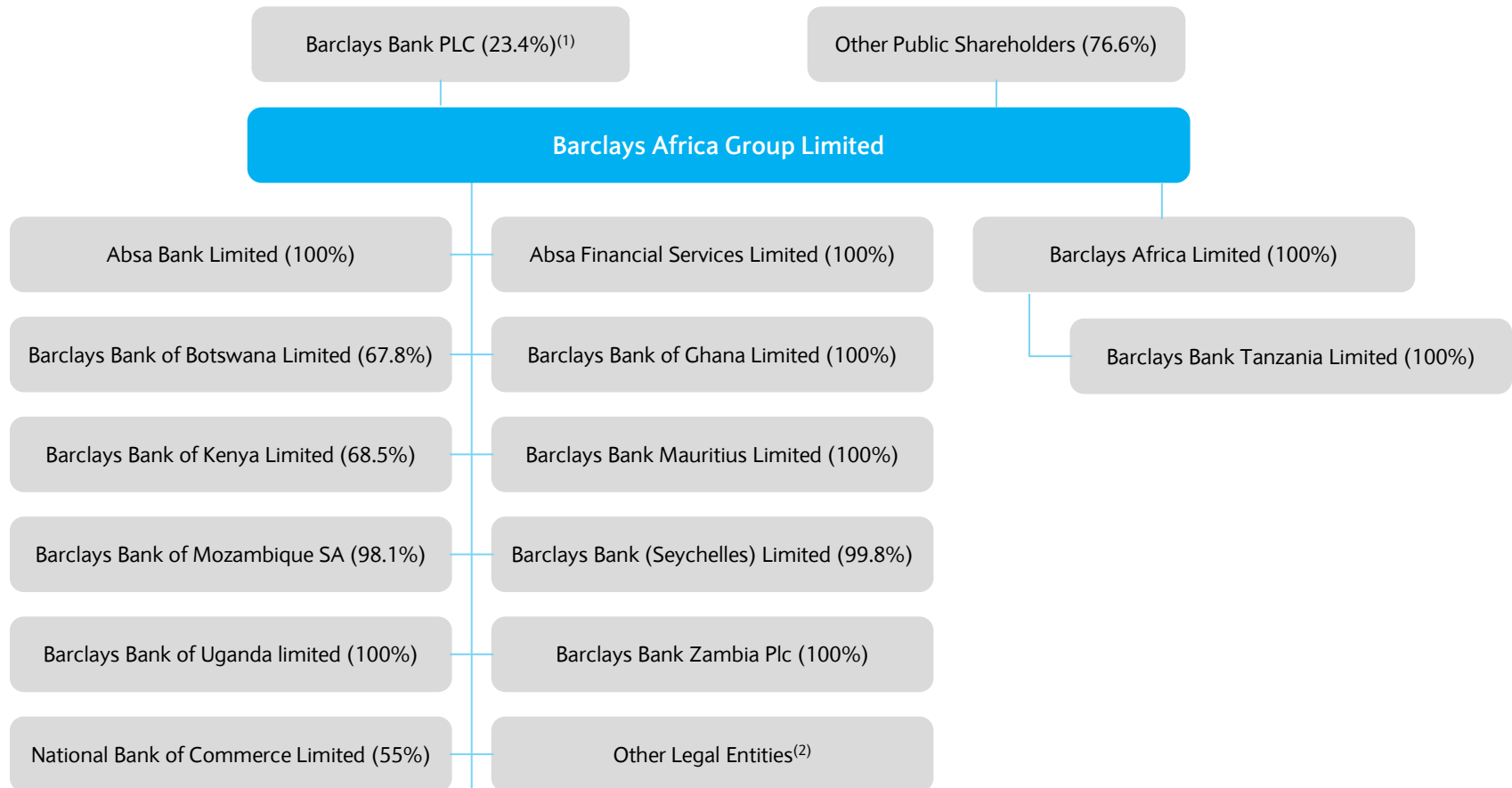
**16.1%<sup>(1)</sup>**  
Total Capital Adequacy  
Ratio (CAR)

Source: as at 30 June 2017.

1. Pre-normalised ratios. Normalised results are results as a consequence of the Barclays PLC sell-down.

2. Includes permanent and temporary employees.

# BAGL Group Structure



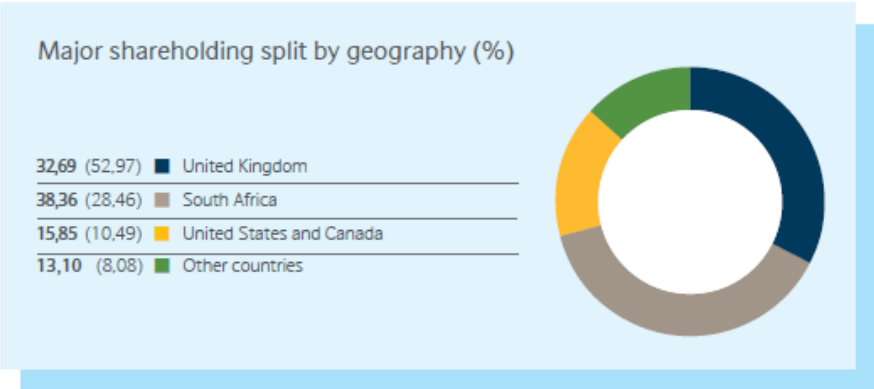
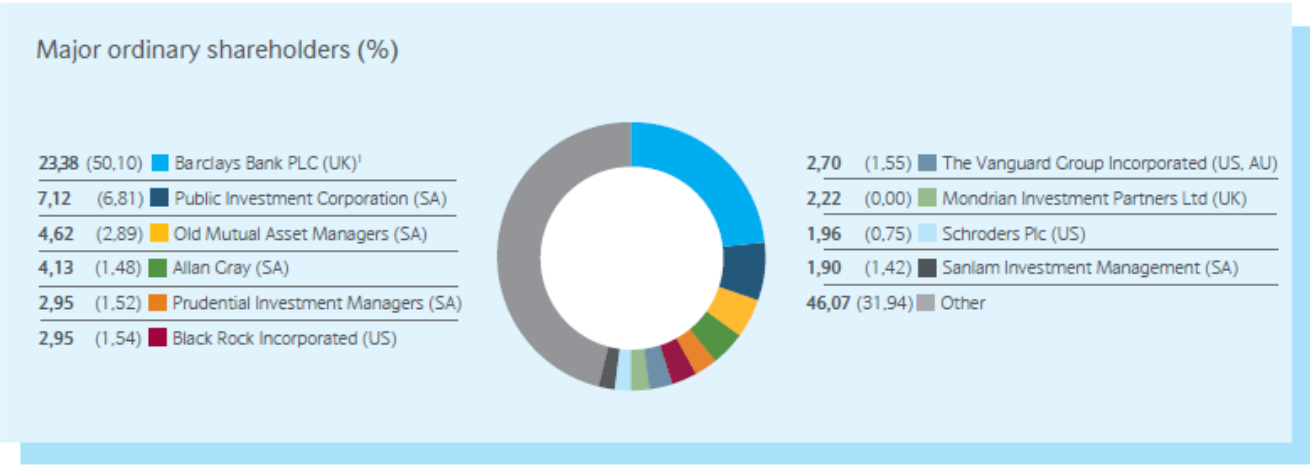
Source: as at 30 June 2017

1. A further 7% will be taken up by the Public Investment Corporation at a later date, following receipt of the necessary regulatory approvals. Reducing Barclays ownership to 16.4%

2. See our latest consolidated and separate financial statements for further information on subsidiaries and consolidated structured entities.

Note: Head Office netted off against South Africa assets.

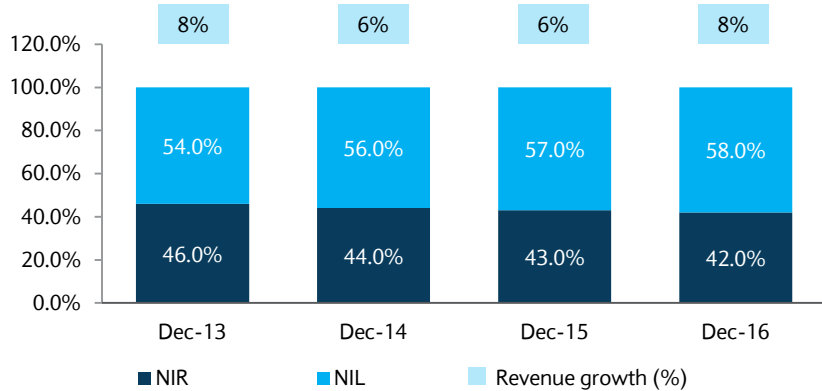
# Top Shareholders



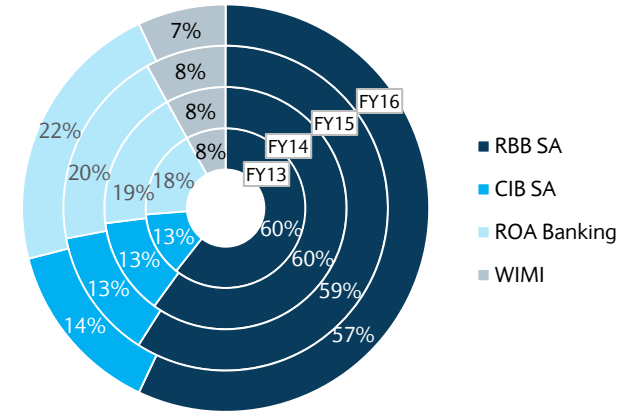


# A Well-Diversified Revenue Stream

## Revenue Growth

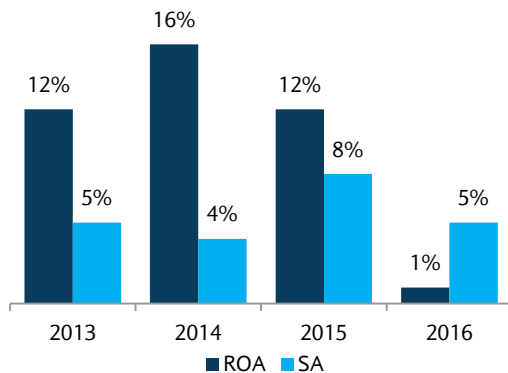


## Revenue Contribution Mix

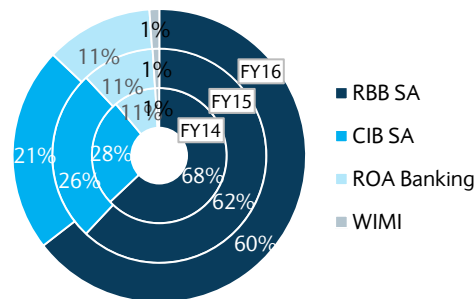


## Loans and Advances

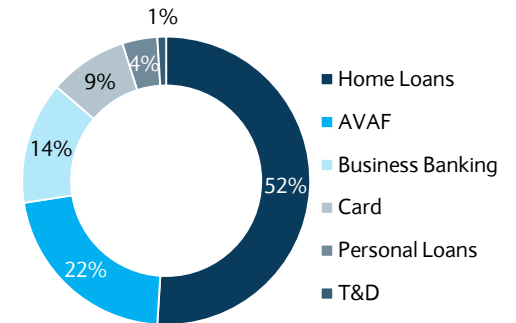
### Loans and Advances Growth Rate



### Loans and Advances Mix



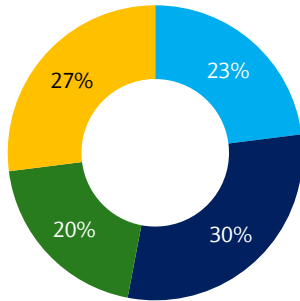
### RBB SA Loans and Advances Mix



Source: as at 30 June 2017.

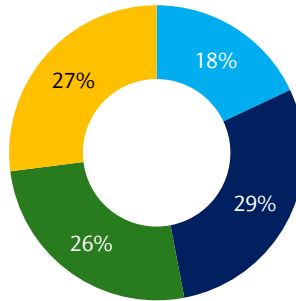
# Benchmarking SA Banking<sup>(2)</sup>: Market Share and Revenue

SA Banking



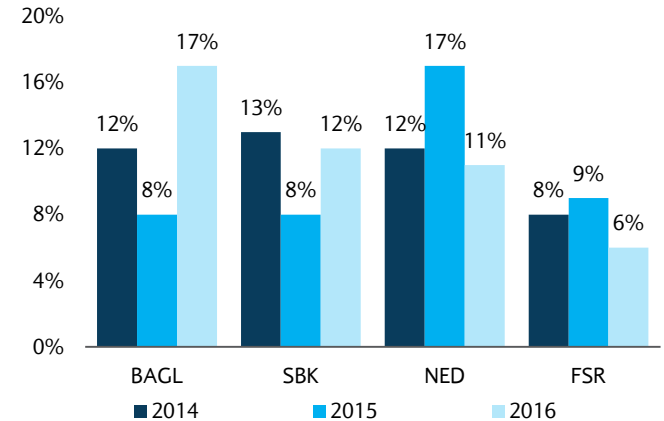
■ BAGL ■ SBK ■ NED ■ FSR

CIB SA Revenue Contribution

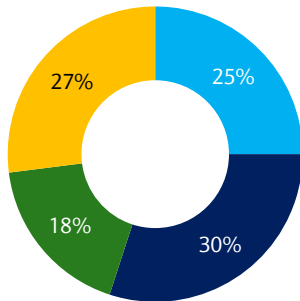


■ BAGL ■ SBK ■ NED ■ FSR

CIB SA Revenue Growth Rates

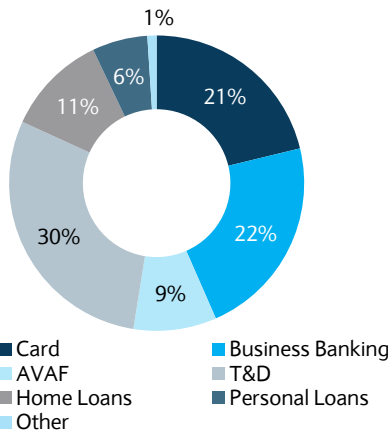


RBB SA Revenue Contribution



■ BAGL ■ SBK ■ NED ■ FSR

BAGL RBB SA Revenue Mix



■ Card ■ Business Banking  
 ■ AVAF ■ T&D  
 ■ Home Loans ■ Personal Loans  
 ■ Other

BAGL Market Share Ranking<sup>(1)</sup>

Home Loans = 2nd

AVAF = 3rd

Credit Card = 1st

Retail deposits = 1st

Source: All peer data is based on FY16 results ( year ending 31 December 2016), with the exception of FSR whose 1H17 results numbers are used

1. SARB BA900 Market share data  
 2. SA Banking is made up CIB and RBB

# BAGL Accolades (2016–2017)

## South Africa



RBB

- Lafferty Global Awards: Excellence in Retail Banking



RBB

- TGI Survey: Top Building and Content Insurance
- TGI Survey: Top Mortgage Bonds and Home Loans



RBB

- Best ATM Channels



RBB

- 1ST place in the social media category for Absa's ChatBanking service on Twitter



CIB

- Bonds: Corporate - Petra Diamonds \$300m Bond Issuance
- Loans: Naspers \$2.5bn multi-currency revolving credit facility



CIB

- Best Bond House
- Best Repo Team



CIB

- Best Distributor; Yield Enhancement Products, Africa
- Best ETF House
- Best House: Commodities, Equities, Hybrids, Interest, Africa



CIB

- 3rd Cross Asset Research (Risk Management)
- 5th Cross Asset Research (Political Trends and Industrial Relations)

## Rest of Africa



Botswana

- Bank of the Year for 2016 (Announced early 2017)



Mozambique

- Best Customer Service
- Fastest Growing Corporate
- Fastest Growing Commercial



Tanzania

- Best Commercial Bank in Tanzania



Kenya

- Best Corporate Bank



Zambia

- Best Bank in Zambia



Ghana

- Best in Agribusiness Finance by FinGAP



NBC

- Best Retail Islamic Bank 2017



Uganda

- Best Corporate Bank



# Strategic Update



# Barclays PLC Sell-Down

## March 2016

- On 1<sup>st</sup> of March 2016 Barclays PLC announced its intention to sell down their 62.3% interest in BAGL
- Barclays PLC announced that it was reducing its shareholding due to the recently introduced regulatory burdens specific and particular to Barclays PLC as a UK headquartered and globally significant financial institution
- Barclays PLC's intention was to reduce its shareholding in BAGL to a level which will permit Barclays PLC to de-consolidate BAGL from a regulatory perspective, prior to that, from an accounting perspective

## May 2016

- On the 4<sup>th</sup> of May Barclays PLC announced its intention to sell 103.6million ordinary shares representing 12.2% of BAGL's issued share capital. On the 5<sup>th</sup> of May Barclays PLC announced that they had sold 103,592,491 ordinary shares in the capital of Barclays Africa at a price of R 126 per share bringing their holding to 50.1% of Barclays Africa's issued share capital

## February 2017

- Barclays PLC had submitted an application to the South African Reserve Bank for approval to reduce its shareholding in BAGL to below 50%
- The application includes the terms of the separation payment and transitional service arrangements which had been agreed between Barclays PLC and BAGL:
  - The agreed terms provide for contributions by Barclays PLC to BAGL totaling £765 million (ZAR12.8 billion). This amount would be split between £515 million (ZAR8.6 billion) which has been earmarked for investments in technology, rebranding and other separation projects; £55 million (ZAR0.9 billion) (see note 1) to cover separation related expenses, of which £27.5 million was received in December 2016; and £195 million (ZAR3.3 billion) (see note 1) to terminate the existing service level agreement between Barclays and BAGL, relating to the Rest of Africa operations acquired in 2013
  - From the date on which Barclays PLC reduced its shareholding in BAGL to below 50% BAGL can continue to use the Barclays brand in the rest of Africa for three years and BAGL will receive certain services from Barclays on an arm's length basis for a transitional period, typically up to three years

## May/June 2017<sup>(2)</sup>

- Barclays PLC and BAGL received the required regulatory approval from the Minister of Finance in South Africa to reduce its holding in BAGL to below 50%, the announcement also included the key terms agreed in the separation agreement
- Post this approval, PLC further reduced their shareholding to 23.4% through the largest book build in South African history
- In addition to the sale of shares on 31 May 2017, Barclays PLC will contribute the equivalent of 1.5% of Barclays Africa's market capitalisation, equating to approximately R1.85bn (based on Barclays Africa's share price of R145.95 as at 30 May 2017), towards the establishment of a broad-based black economic empowerment scheme
- A further 7%<sup>(1)</sup> of Barclays PLC's holding will be taken up by the Public Investment Corporation at a later date, following receipt of the necessary regulatory approvals

Source: SENS Announcements, 2017.

1. Once the 7% is taken up by the Public Investment Corporation, following receipt of the necessary regulatory approvals, Barclays PLC ownership will be 16.4%.

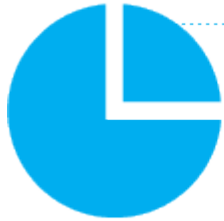
2. Over time Barclays PLC intends to reduce their shareholding in BAGL to 15%.

# Strategic Focus

Three main priorities for the remainder of 2017

Short-Term

## Focus on Retail and Business bank in South Africa



### • 23% returns on RBB business

Focus areas:

- Key success with the launch of our Gold Value Bundle aimed at core middle-market segment, as well as Youth and Student Propositions, which are feeder streams to that segment
- Aim to grow our share of new home loan business and sustain our proposition in vehicle and asset finance
- Sustain growth in Rewards membership as well as building on the improvement we have seen in active customer usage of our mobile banking app

## WIMI



Focus areas:

- Continue to focus on retention of clients and assets
- Optimise opportunities presented by the pickup in momentum in RBB SA and return the business outside of SA to profitability

## CIB opportunities, particularly in ROA



**19%↑**  
ROA Earnings

Focus areas:

- Our ROA business, with earnings at 19% and returns at 17.4%, is proving its potential for further expansion and also its earnings contribution to the Group
- Fuelling this, our IT investment Programme is enabling us to rationalise our branch operations, as we expand ATM access and use ICT infrastructure to provide a wider range of banking services

**17.4%↑**  
ROA Returns

Long Term

## Continue the growth story



- A return on equity in the range of 18–20%
- A revenue share of 20–25% from outside South Africa
- A cost-to-income ratio in the low 50s

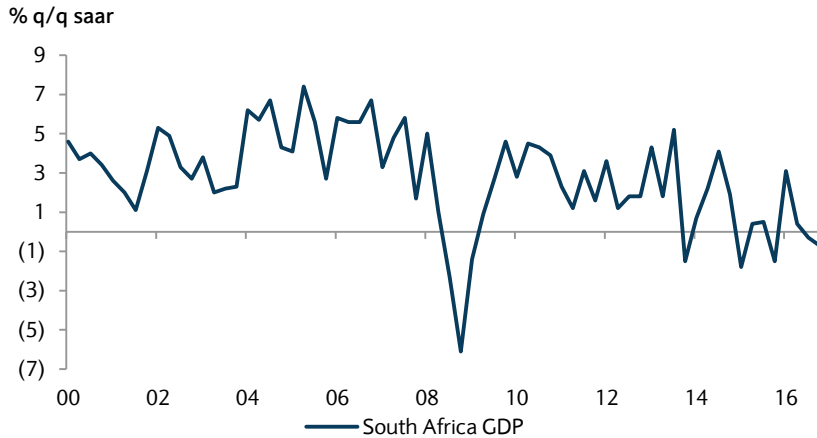
Source: As at 30 June 2017.

# Domestic Operating Environment

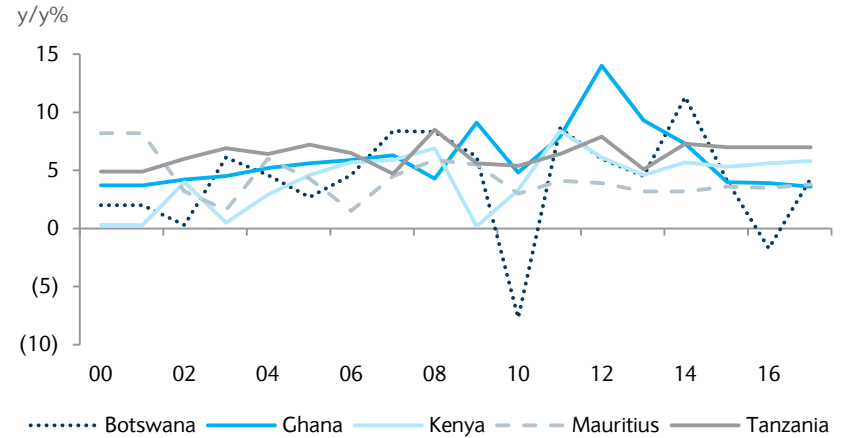


# South Africa Macroeconomic Fundamentals

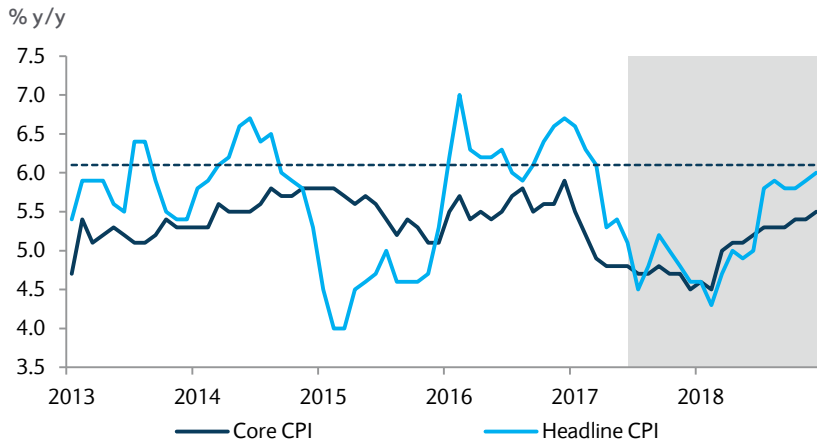
South African GDP Shows Muted But Stable Growth



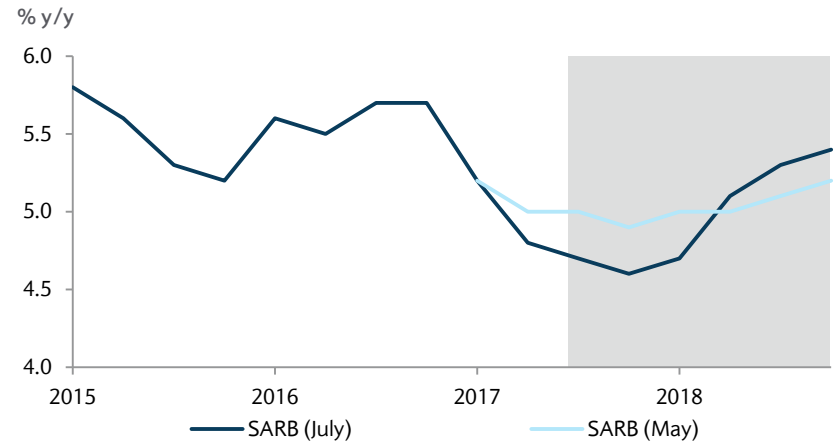
Key African Entities<sup>(1)</sup> Show Sustained Positive GDP Growth



Headline CPI in South Africa is Back in the Target Range



SARB's Forecasts Indicates Contained Inflation



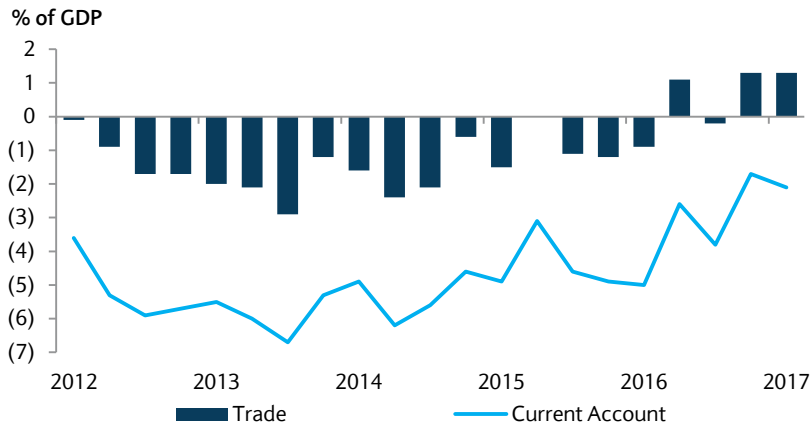
Source for all charts: StatsSA, SARB, BER.

1. The Rest of Africa graph captures the GDP growth in the African countries where we have the largest presence, outside of South Africa.

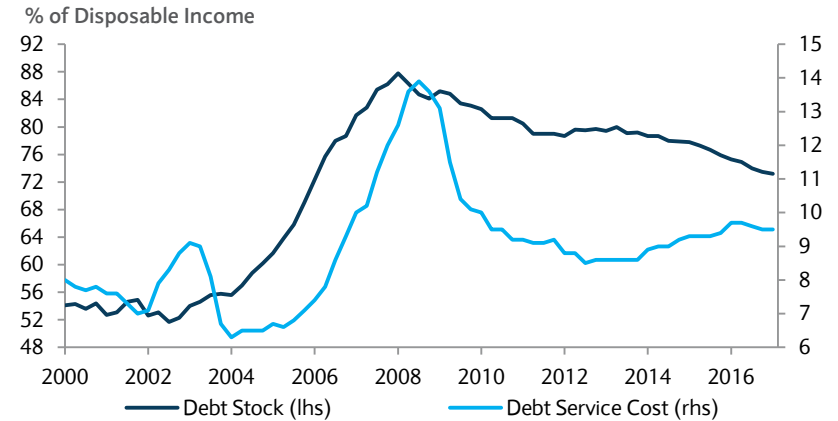


# South Africa Macroeconomic Fundamentals (cont'd)

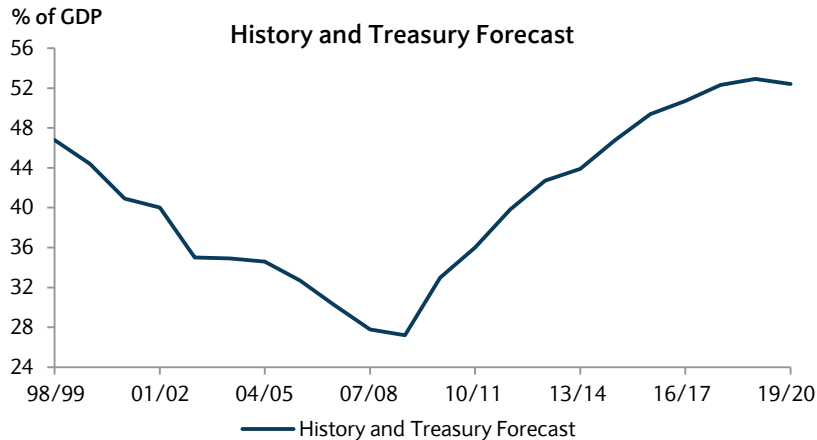
## Trade and Current Account



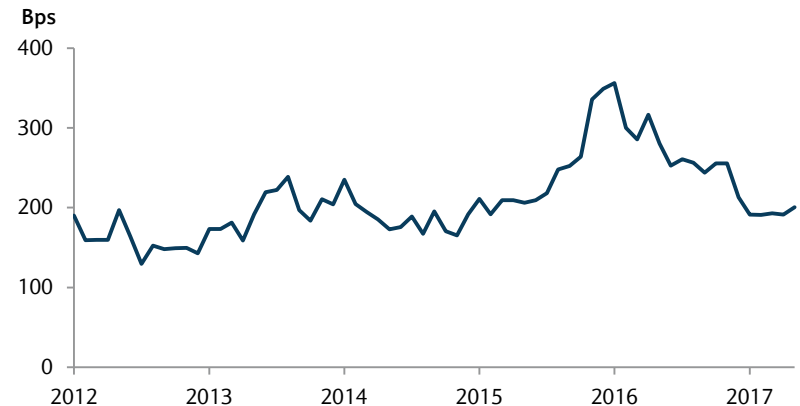
## Household Debt



## Government Debt



## South Africa 5 Year USD CDS



Source for all charts: StatsSA, SARB, BER, Bloomberg.



# Group Financial and Operational Performance



# Lower Credit Charge Drove Solid Underlying Growth

	1H16 Rm	1H17 Rm	Change %	Adjustment	1H17 Normalised <sup>(2)</sup> Rm	Change %
Net Interest Income	21,093	20,837	(1)	46	<b>20,791</b>	(1)
Non-Interest Income	15,415	15,487	–	238	<b>15,249</b>	(1)
Total Income	36,508	36,324	(1)	284	<b>36,040</b>	(1)
Impairment Losses	5,197	3,773	(27)	–	<b>3,773</b>	(27)
Operating Expenses	19,487	20,498	5	(460)	<b>20,038</b>	3
Other <sup>(1)</sup>	(1,217)	(1,041)	(14)	(325)	<b>(716)</b>	(41)
Taxation	2,997	3,080	3	111	<b>3,191</b>	3
Non-Controlling Interest	591	541	(8)	–	<b>541</b>	(8)
<b>Headline Earnings</b>	<b>7,252</b>	<b>7,618</b>	<b>5</b>	<b>(152)</b>	<b>7,770</b>	<b>7</b>

Source: as at 30 June 2017.

1. Includes other impairments, indirect tax and associates' share of post tax results.
2. Normalised results are results as a consequence of the Barclays PLC sell-down.

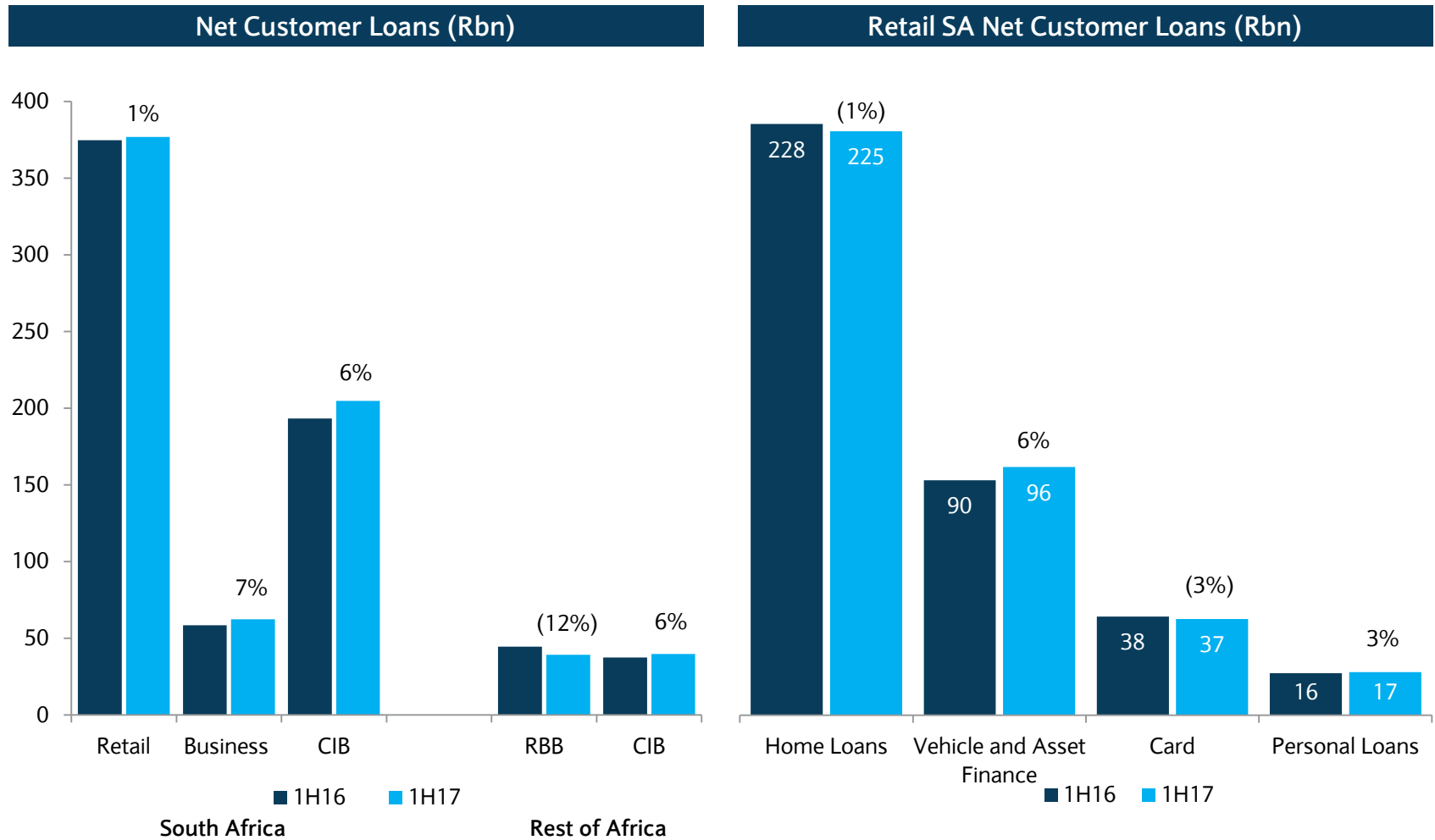
# Key Drivers of Financial Success (Normalised<sup>(1)</sup>)

	1H15 %	1H16 %	1H17 %
Diluted Headline Earnings Per Share (EPS) Growth	11	7	<b>7</b>
Dividend per Share (DPS) Growth	13	2	<b>3</b>
Return on Equity (RoE)	16.4	16.1	<b>16.8</b>
Return on Assets (RoA)	1.33	1.29	<b>1.40</b>
Net interest Margin	4.7	5.01	<b>4.93</b>
Cost to Income Ratio	55.9	53.4	<b>55.6</b>
Credit Loss Ratio	0.97	1.29	<b>0.96</b>

Source: as at 30 June 2017.

1. Normalised results are results as a consequence of the Barclays PLC sell-down.

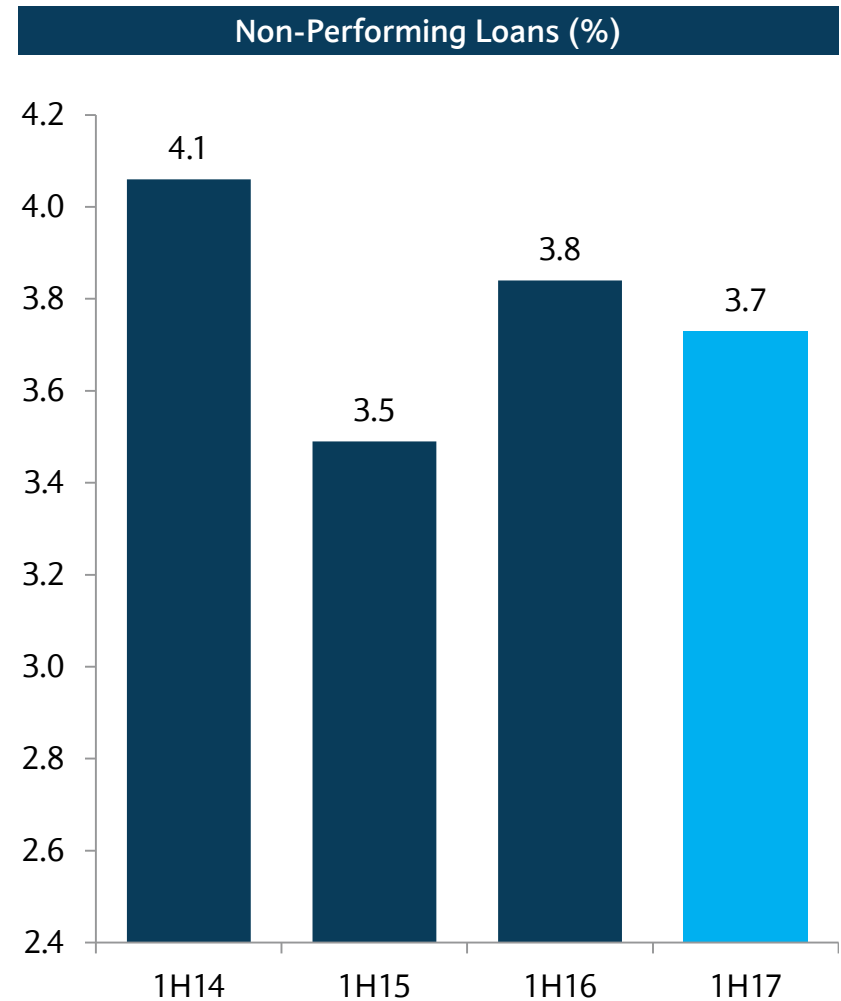
# Modest Loan Growth, Particularly in Retail



Source: as at 30 June 2017.

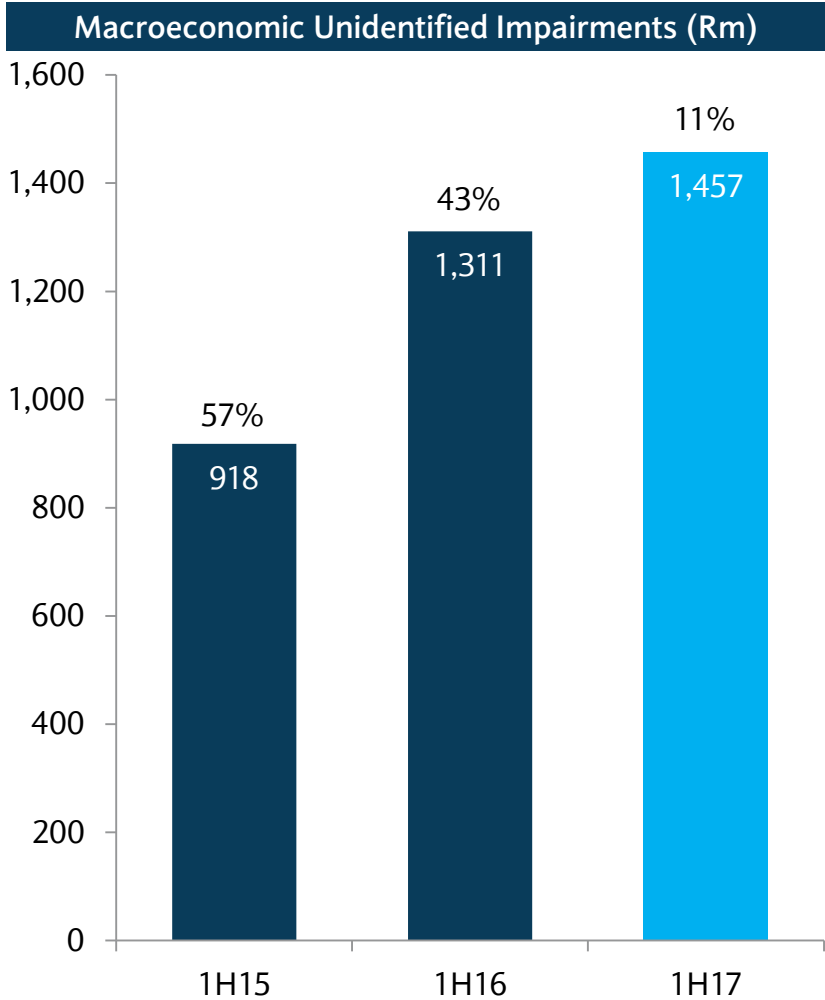
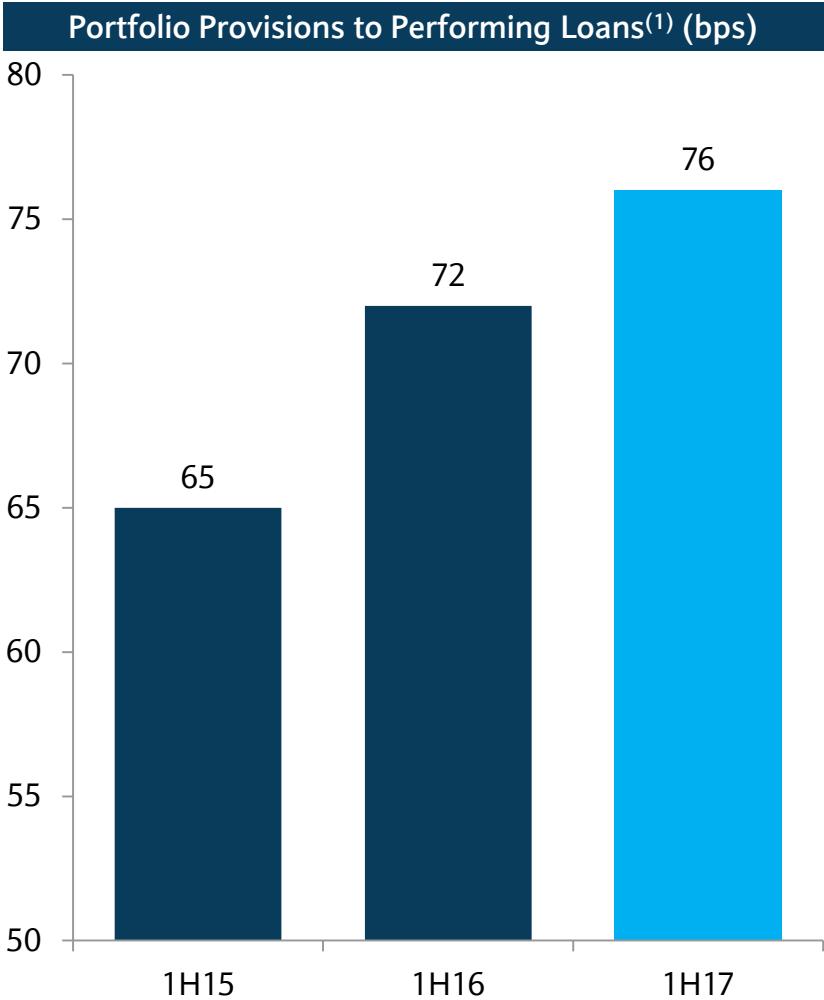
# Credit Impairments Declined Noticeably

	1H17	1H16	1H17	1H16
	Credit Loss Ratio (bps)		NPL Cover (%)	
SA Banking	91	128	42	42
RBB SA	128	143	42	42
Retail Banking	139	148	43	43
Cards	538	595	72	71
VAF	101	113	47	41
Mortgages <sup>(1)</sup>	41	44	21	22
Personal Loans	623	585	67	65
Business Banking	62	112	36	36
CIB SA	18	97	38	47
ROA Banking	138	168	51	50
WIMI	9	(5)	48	29
<b>Group</b>	<b>96</b>	<b>129</b>	<b>44</b>	<b>44</b>



Source: as at 30 June 2017.  
1. Home Loans credit loss ratio.

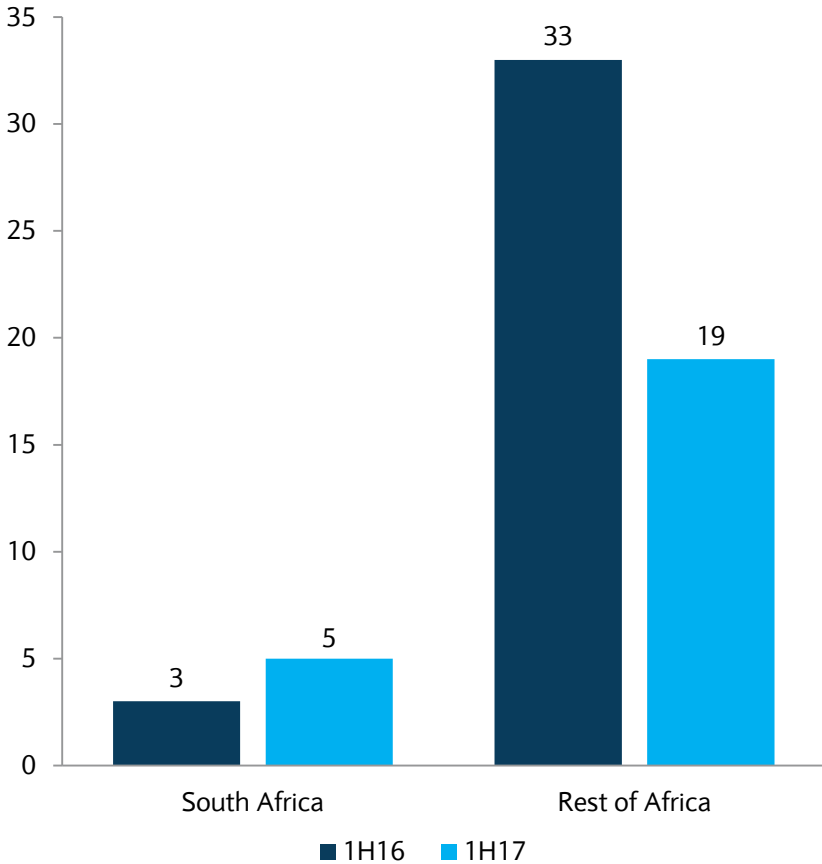
# While Portfolio Provisions Remain Conservative



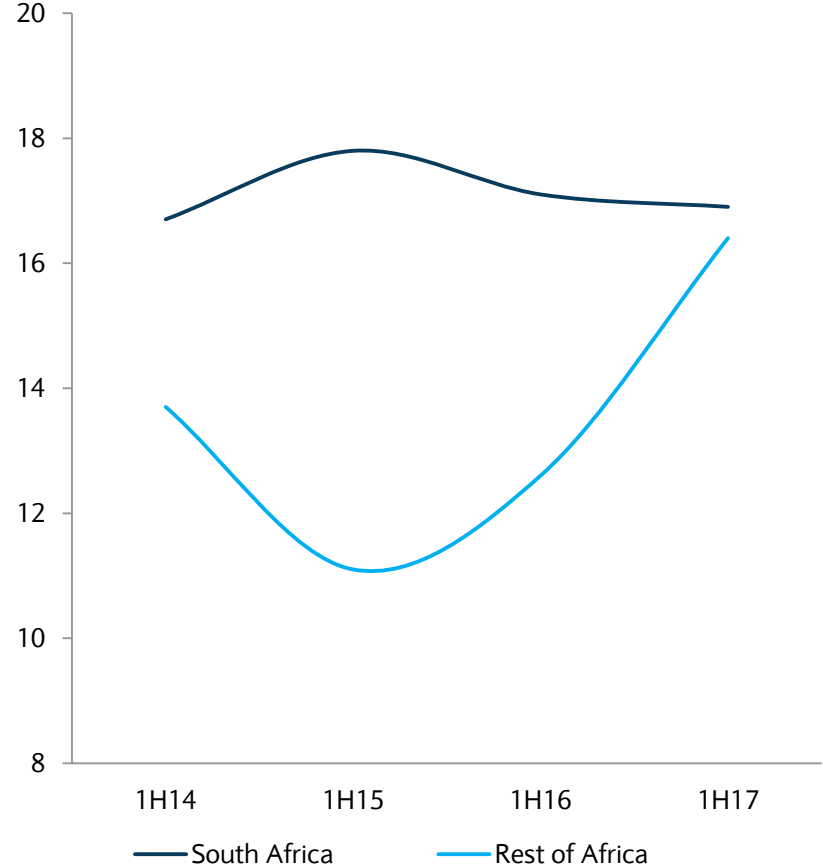
Source: as at 30 June 2017.  
1. Loans and advances to customers and banks.

# Strong Rest of Africa Growth Improves Its Returns

Headline Earnings Growth<sup>(1)</sup> (%)



Return on Equity (%)

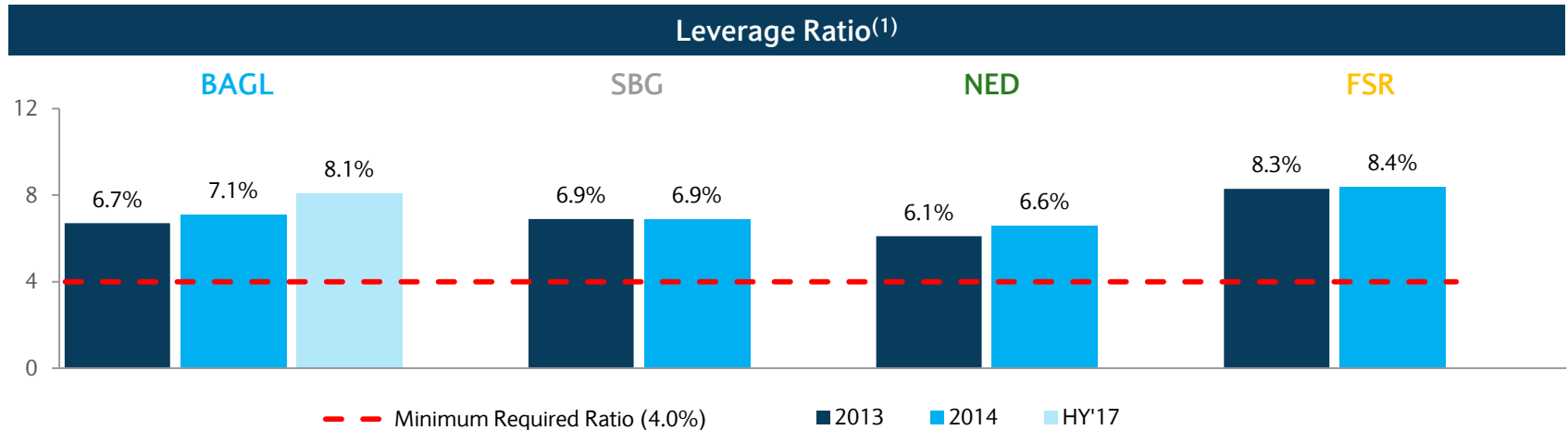
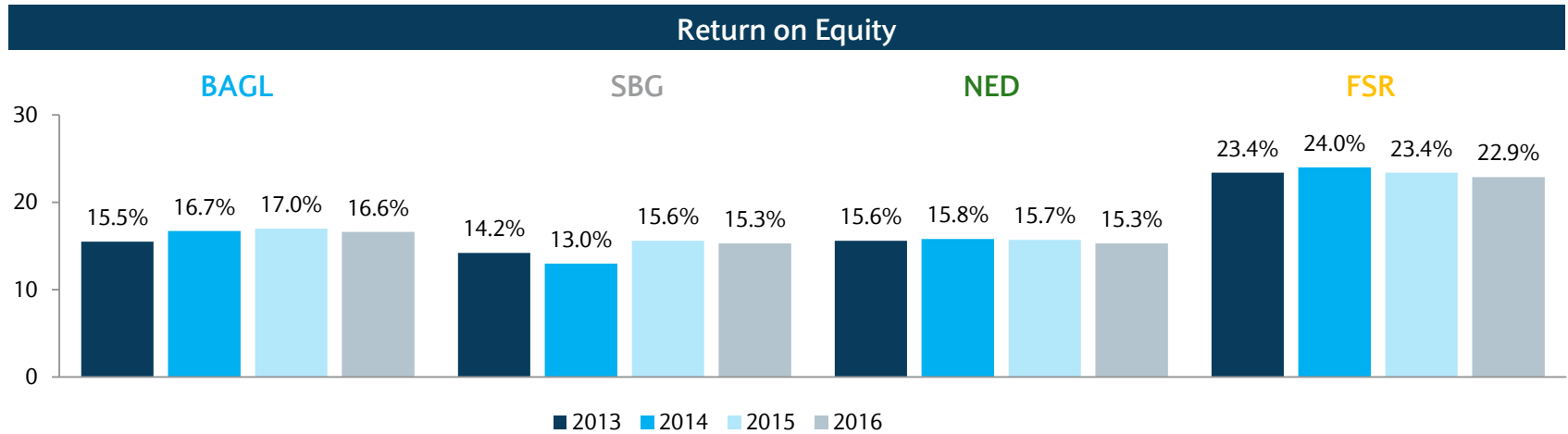


Source: as at 30 June 2017.  
1. Normalised results are results as a consequence of the Barclays PLC sell-down.



# BAGL Strongly Positioned in the Market

SA Banks offers attractive returns underpinned by high capital ratios



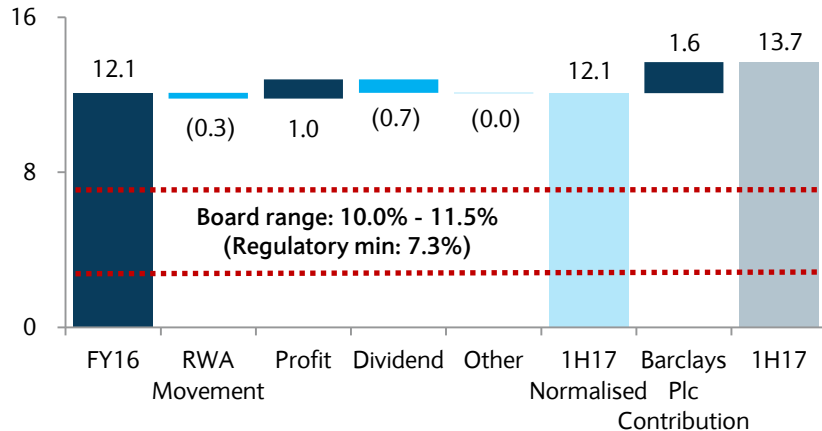
Source: All peer data is based on FY16 results( year ending 31 December 2016), with the exception of FSR whose HY16 results numbers are used.  
 1. Includes contribution from Barclays PLC

# Capital Position and Themes

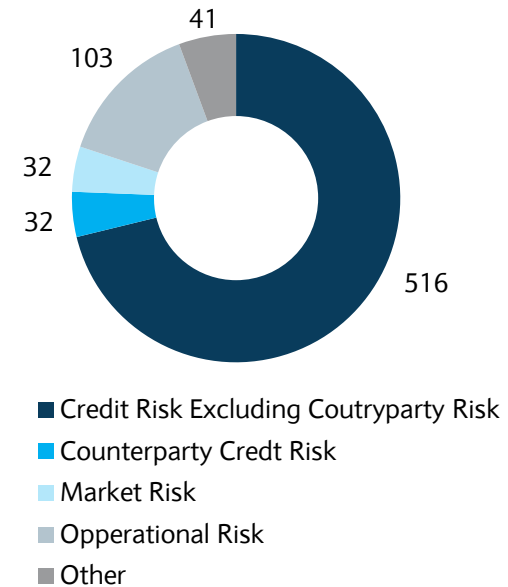


# Capital Levels Remain Healthy

Barclays Africa Group Common Equity Tier 1 Ratio (%)



Risk Weighted Assets (R'bn)



## Leverage Ratio

- 8.1% (including unappropriated profits)
- Board target  $\geq 4.5\%$
- Minimum Regulatory required leverage ratio 4.0%

## Dividend Policy

- Dividend Cover 1.9 times
- BAGL has signaled to the market that dividend cover would increase slightly in the medium term in light of economic and regulatory uncertainty

Source: as at 30 June 2017.

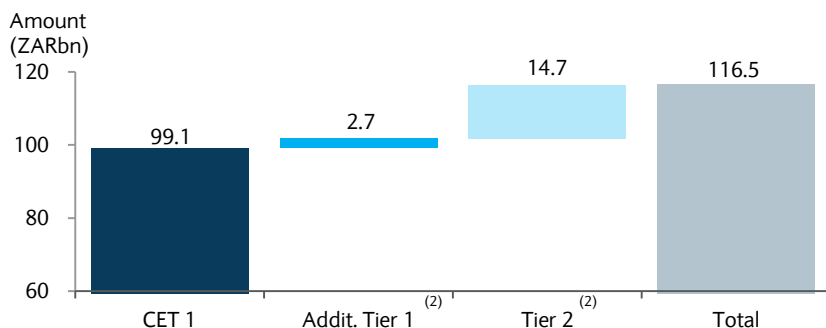
1. Normalised results are results as a consequence of the Barclays PLC sell-down.

# BAGL Group Capital Composition – June 2017

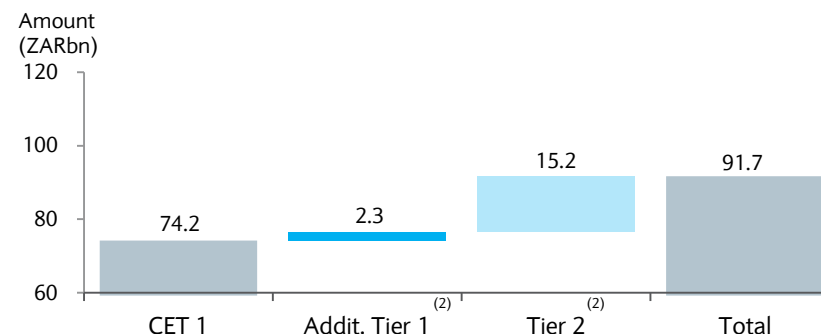
Entity (As at Jun-17)	BAGL <sup>(1)</sup>	Absa Bank Limited	Residual
Total Assets	R1.138bn	R948.52bn	R189bn
Headline Earnings <sup>(3)</sup>	R7.618bn	R4.805bn	R2.813bn
<b>Common Equity Tier 1</b>	13.7%	14.1%	(0.4%)
<b>Tier 1</b>	14.0%	14.5%	(0.5%)
<b>Total</b>	16.1%	17.4%	(1.3%)

2017 Targets	BAGL	Absa Bank Limited	2019 Regulatory Minimum
CET1 – Regulatory minimum <sup>(1)</sup>	7.3%	7.3%	7.5%
CET1 – Internal target	10.0%–11.5%	10.0%–11.5%	9.25%
Capital Adequacy Ratio (CAR)	14.0%–15.5%	13.5%–15.0%	11.50%

## BAGL Consolidated Capital Composition<sup>(1)</sup>



## Absa Bank Limited Capital Composition<sup>(1)</sup>



- Funding and liquidity profiles for South Africa and the Rest of Africa differ
- South Africa customer advances are 25% higher than customer deposits and this is funded in the wholesale market from asset managers, pension funds and insurance companies
- Rest of Africa advances are smaller than customer deposits, resulting in a funding surplus – the surplus is invested in liquid assets
- Each entity in the group is required to be independently funded and to survive short-term liquidity stress

BAGL Basel III Tier II issuance is down-streamed to Absa Bank in the form of Basel III Tier II instruments. Tier II figures include a general allowance component for impairment losses.

1. Regulatory minimum excludes Pillar2B and D-SIB as these are confidential Bank specific add-ons.

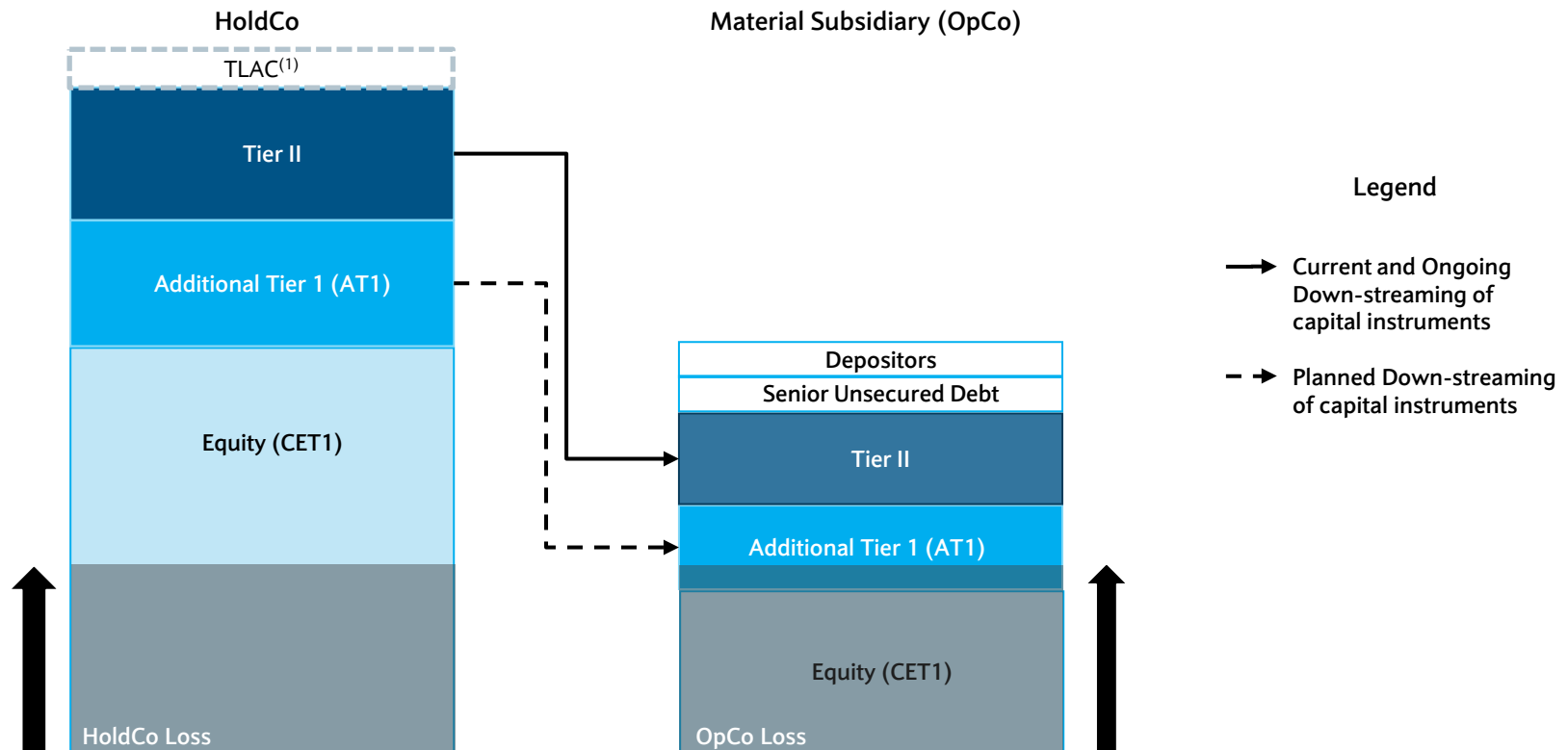
2. Regulatory adjustment to BAGL Tier II and AT1 for non-qualifying subsidiary CET1.

3. Headline Earnings FY16 was R14.98bn for BAGL and R9.78bn for Absa Bank Limited.

Source: as at 30 June 2017.

# SA Approach to Loss Absorption

- South Africa as a member of the G20 subscribes to the FSB key attributes of effective resolution regimes which reinforces the hierarchy of claims and the concept of No Creditor Worse Off (NCWO) than under liquidation
- The South African Reserve Bank (SARB) has released a whitepaper<sup>(2)</sup> covering the recovery and resolution framework which incorporates (NCWO) principles



Figures above are shown for illustrative purposes.

Note: All capital issuance at Holding Company is down-streamed to operating entities.

1. Depending on guidance by the SARB, a TLAC layer could be added to the stack in the near future.
2. Resolution Framework Whitepaper released by the SARB, 20 August 2015.



# Funding and Liquidity Management



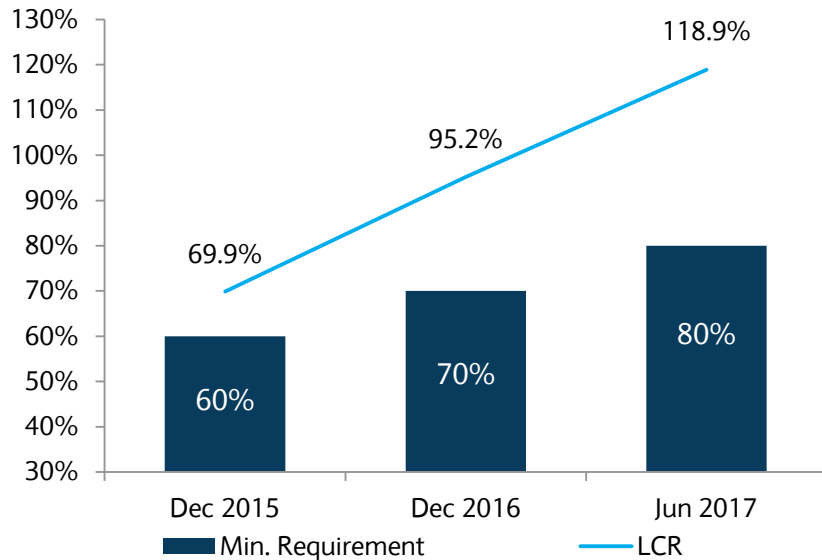
# Funding Profile Across SA and RoA

	Rm	FY14	FY15	FY16	HY17
Loans and Advances to customers	RBB SA	429,031	431,420	434,139	439,167
	CIB SA	132,060	177,216	202,015	204,684
	SA Banking	561,092	608,636	636,154	643,851
	ROA Banking	69,103	88,744	77,877	78,938
	BAGL	636,326	703,359	720,309	728,985
Deposits to customers	RBB SA	251,375	276,605	286,296	289,695
	CIB SA	180,127	177,585	173,783	183,304
	SA Banking	431,503	454,189	460,080	472,999
	ROA Banking	104,951	132,347	111,993	119,996
	BAGL	624,886	688,419	674,865	696,362

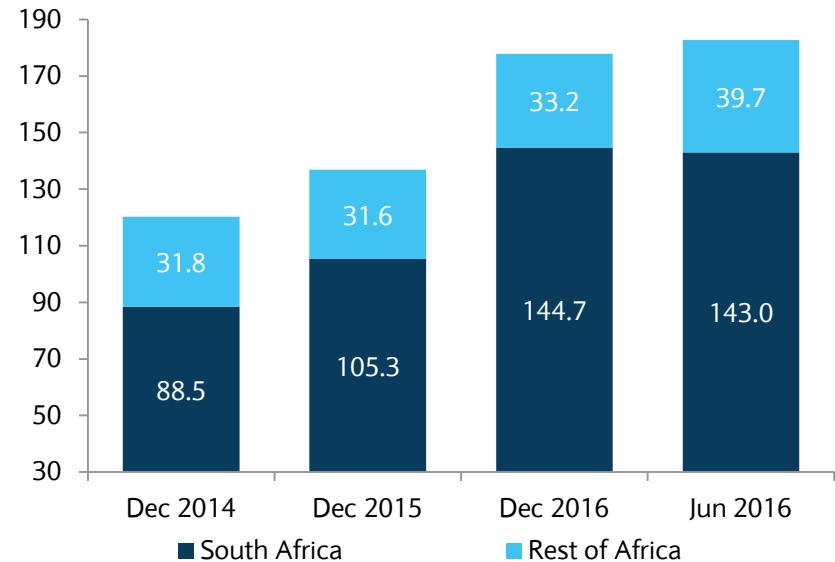
Source: as at 30 June 2017.

# Liquidity Position

BAGL Liquidity Coverage Ratio (LCR)



BAGL Summary Liquid Assets and Reserves Position (Rbn)



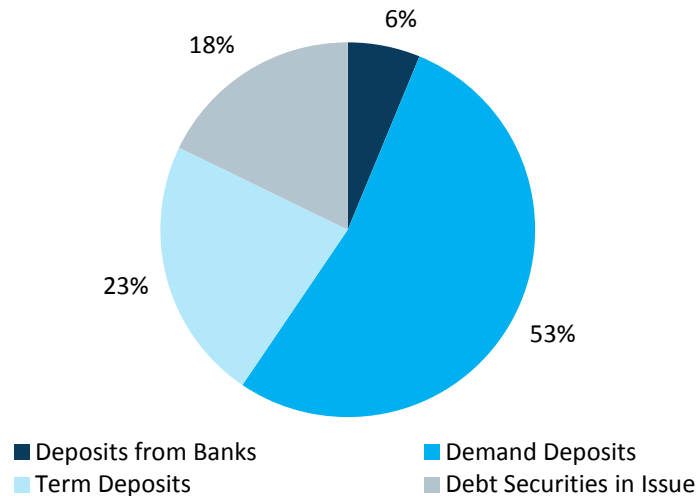
- The liquidity risk position remains healthy, within risk appetite and key metrics, and above minimum regulatory requirements
- As at 30 June 2017 the Group's sources of liquidity amounted to 33.1% of deposits due to customers
- The Group's targeted Liquidity Coverage Ratio (LCR) consistently maintains a buffer in excess of the regulatory minimum requirement
- The liquid assets increased from R177.9bn at December 2016 to R182.7bn at June 2017. Absa Bank successfully applied for a committed liquidity facility (CLF) from the SARB, which is included in High Quality Liquid Assets (HQLA) for LCR purposes from January 2016

Source: as at 30 June 2017.

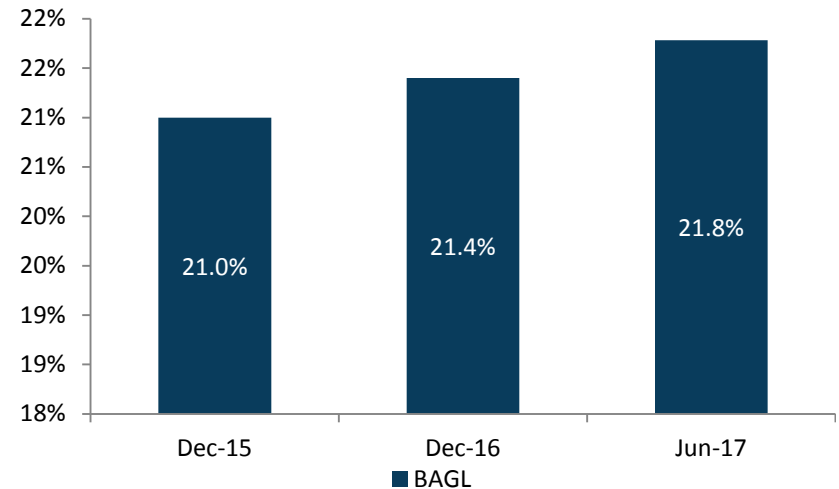


# Funding

BAGL Funding Composition June 17



Long Term Funding Ratio



## Diversification:

- The Group has a well-diversified deposit base and concentration risk is managed within internal guidelines. Sources of liquidity are reviewed regularly to maintain a wide diversity of provider, product and term

## Structure:

- The Long Term Funding ratio increased marginally to 21.8% (Dec 2016: 21.4%) to optimise funding costs while continuing to match the growth in longer-term assets. Long term funding was achieved through a combination of funding instruments, capital market issuances and private placements
- The Net Stable Funding Ratio (NSFR) becomes effective on 1 January 2018, and the Group is expected to meet the minimum requirement of 100%

Source: as at 30 June 2017.

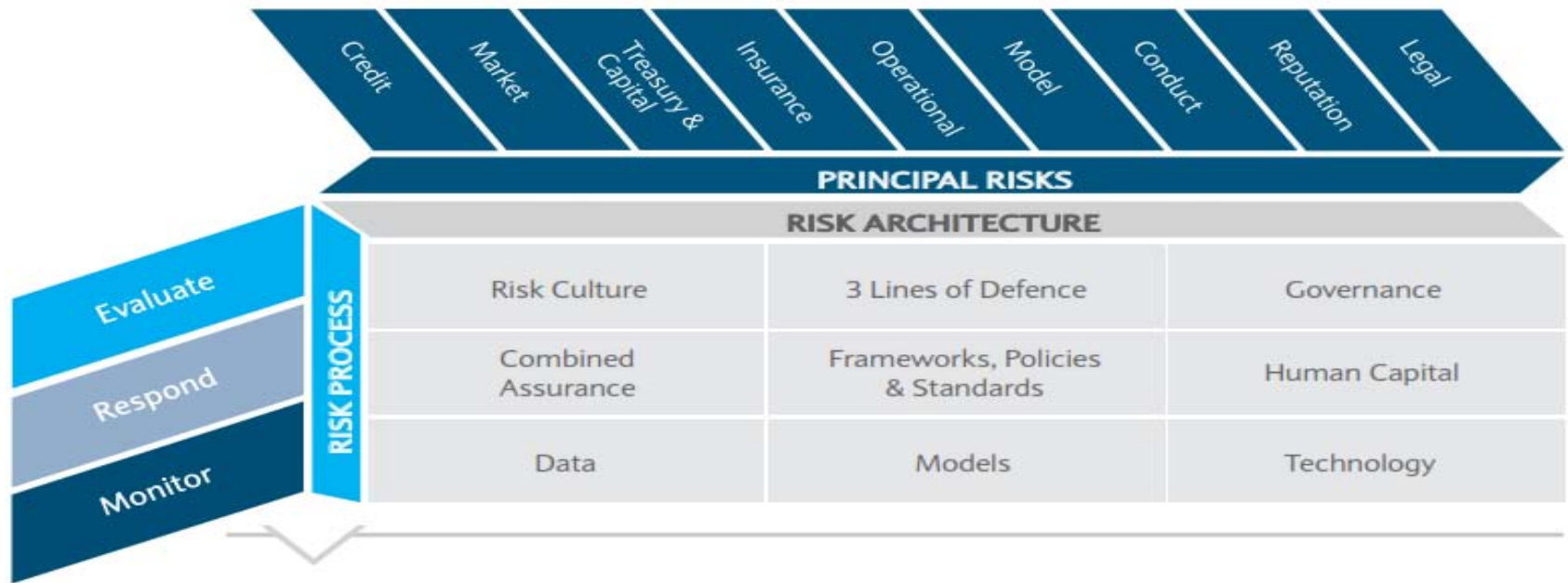


# Risk Management



# Risk Management Framework

## The Enterprise Risk Management Framework (ERMF)



The Group has maintained its active approach towards managing both current and emerging risks through continued operating effectiveness of its ERMF. This approach is underpinned by:

- A robust and aligned governance structure at a Group, country and business level
- Well defined material risk categories known as principal risks
- Three lines of defense model, with clear accountability for managing, overseeing and independently assuring risks
- Comprehensive processes to evaluate, respond and monitor risks; and
- A sound architecture that sets out the appropriate risk practices, tools, techniques and organisational arrangements

Source: Pillar-3 Risk Management Report 2016.

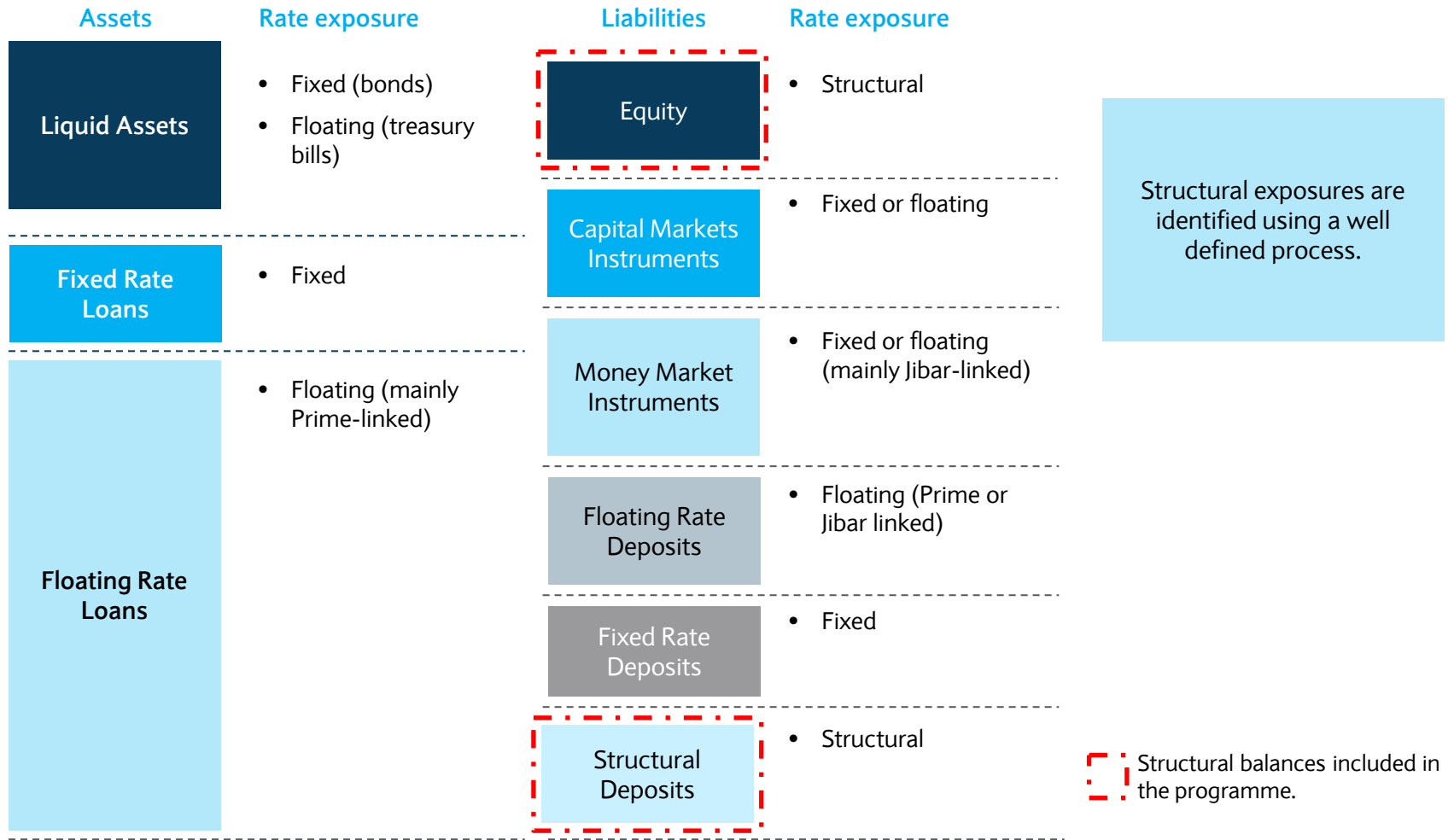
# Credit Risk: Analysis of Credit Exposures

	As of 31 December 2016				
	Total Rm	Current to 6 months Rm	6 months to 1 year Rm	1 year to 5 years Rm	More than 5 years Rm
Banks	57,489	11,417	27,171	18,259	642
Corporate	320,043	150,566	26,894	129,699	12,884
Local governments and municipalities	9,127	4,967	4	2,345	1,811
Public sector entities	28,213	8,304	3,097	10,656	6,156
Retail – other	103,847	7,985	3,625	77,317	14,920
Retail mortgages (including any home equity line of credit)	282,061	38,789	1,285	12,641	229,346
Retail revolving credit	98,057	98,057	–	–	–
Securities firms	1,601	99	2	1,500	–
SME Corporate	125,037	77,246	18,643	24,322	4,826
SME Retail	29,928	18,392	703	7,122	3,711
Sovereign (including central government and central bank)	118,877	32,173	26,816	23,658	36,230
Specialised lending – income producing real estate	6,377	6,289	–	88	–
Specialised lending – project finance	6,658	1,267	1,052	907	3,432
<b>Total</b>	<b>1,187,315</b>	<b>455,551</b>	<b>109,292</b>	<b>308,514</b>	<b>313,958</b>

Source: Pillar-3 Risk Management Report 2016.

# Market Risk: What We Hedge

Structural exposures are converted into a floating rate



# Market Risk: Interest Rate Risk in the Banking Book (IRRBB)

## Impact on earnings

AEaR for 100 and 200 bps Changes in Market Interest Rates				
	31 December 2016			
	200 bps Decrease	100 bps Decrease	100 bps Increase	200 bps Increase
Domestic Bank Book <sup>(1)</sup> (Rm)	(1,835)	(766)	840	1,681
Foreign Subsidiaries <sup>(1)</sup> Banks Books <sup>(2)</sup> (Rm)	(541)	(270)	270	541
<b>Total (Rm)</b>	<b>(2,376)</b>	<b>(1,036)</b>	<b>1,110</b>	<b>2,222</b>
Percentage of the Group's NII (%)	(5.7)	(2.5)	2.6	5.3
Percentage of the Group's Equity (%)	(2.3)	(1.0)	1.1	2.2
	31 December 2015			
Domestic Bank Book <sup>(1)</sup> (Rm)	(1,376)	(701)	865	1,672
Foreign Subsidiaries <sup>(1)</sup> Banks Books <sup>(2)</sup> (Rm)	(586)	(293)	293	586
<b>Total (Rm)</b>	<b>(1,962)</b>	<b>(1,994)</b>	<b>1,158</b>	<b>2,258</b>
Percentage of the Group's NII (%)	(5.1)	(2.6)	3.0	5.9
Percentage of the Group's Equity (%)	(2.0)	(1.0)	1.2	2.3

Source: Pillar-3 Risk Management Report 2016.

1. Includes exposures held in the CIB banking book.

2. African subsidiaries' interest rate sensitivities are shown on a 100% (rather than actual) shareholding basis.

Credit Rating



# Credit Ratings: Foreign Currency



<p><b>MOODY'S</b></p>	<p>Baa3</p>	<p>Group: Ba1 (Neg) Bank: Baa3 (Neg)</p>	<p>Bank: Baa3 (Neg)</p>	<p>Bank: Baa3 (Neg)</p>	<p>Group: Ba1 (Neg) Bank: Baa3 (Neg)</p>
<p><b>S&amp;P Global Ratings</b></p>	<p>BB+</p>	<p>NR</p>	<p>Group: BB- (Neg) Bank: BB+ (Neg)</p>	<p>Bank: BB+ (Neg)</p>	<p>NR</p>

Source: Latest Moody's ratings action on South Africa taken on 9 June 2017 and the latest S&P ratings action taken on South Africa on 3 April 2017.  
Note: the negative outlook assigned by both S&P and Moody's rating agency, reflects the negative outlook of the sovereign.

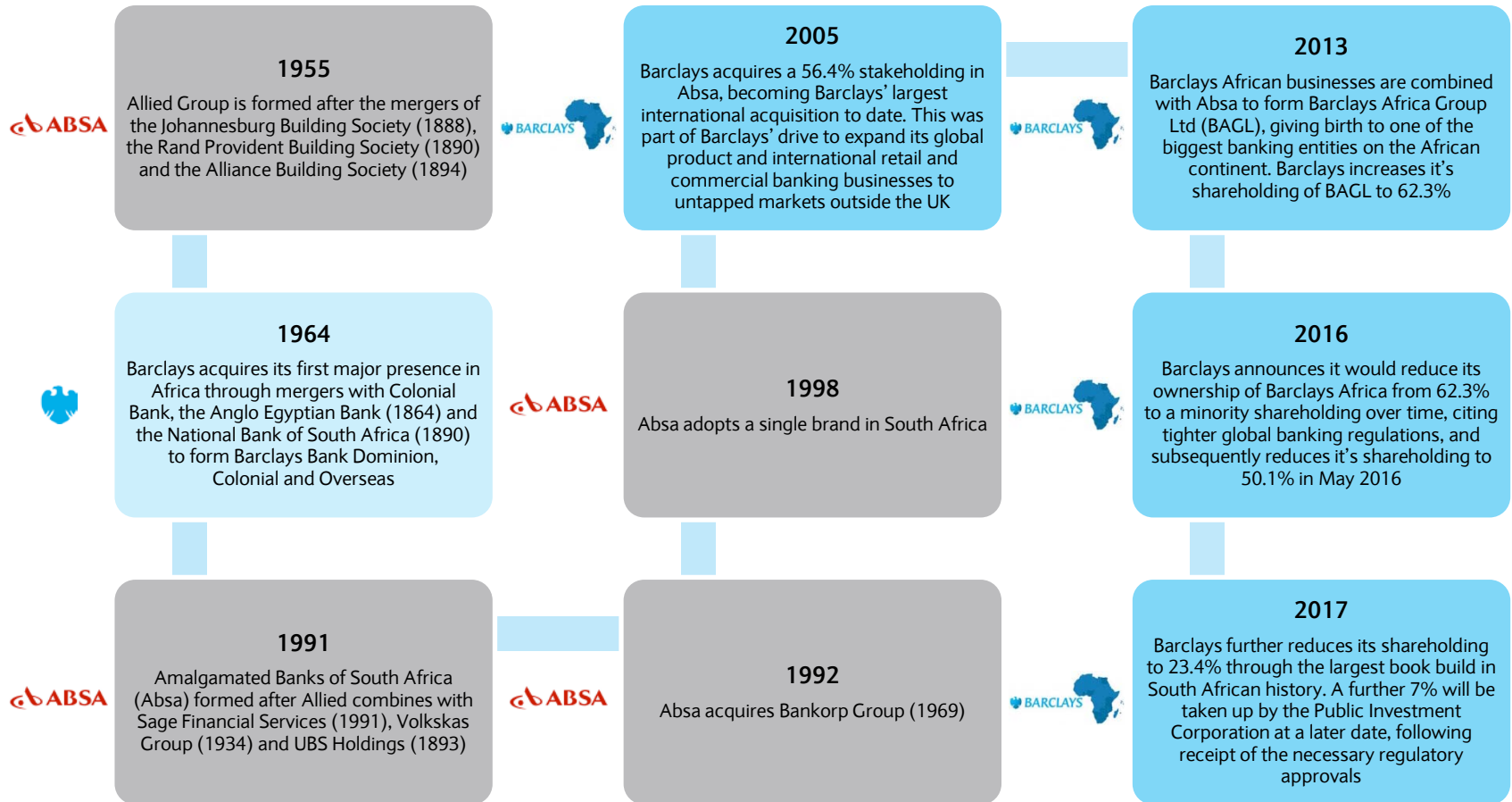




# Appendix

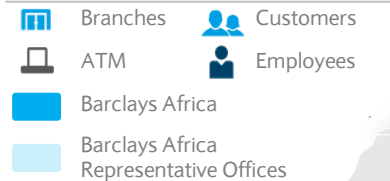


# History of Barclays Africa Group



# Barclays Africa, A Strong African Franchise

## Legend



**Nigeria**  
Representative Office

since 1981

**Ghana**



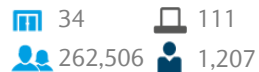
since 1917

**Namibia**

Representative Office

since 2009

**Botswana**



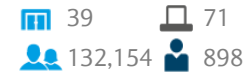
since 1950

**South Africa**



since 1986

since 1927 **Uganda**



**Kenya**



**Seychelles**



**Tanzania BBT**



since 1925

since 1959

since 1925

**Tanzania NBC**



**Mauritius**



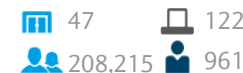
since 1919

since 2002

**Mozambique**



**Zambia**

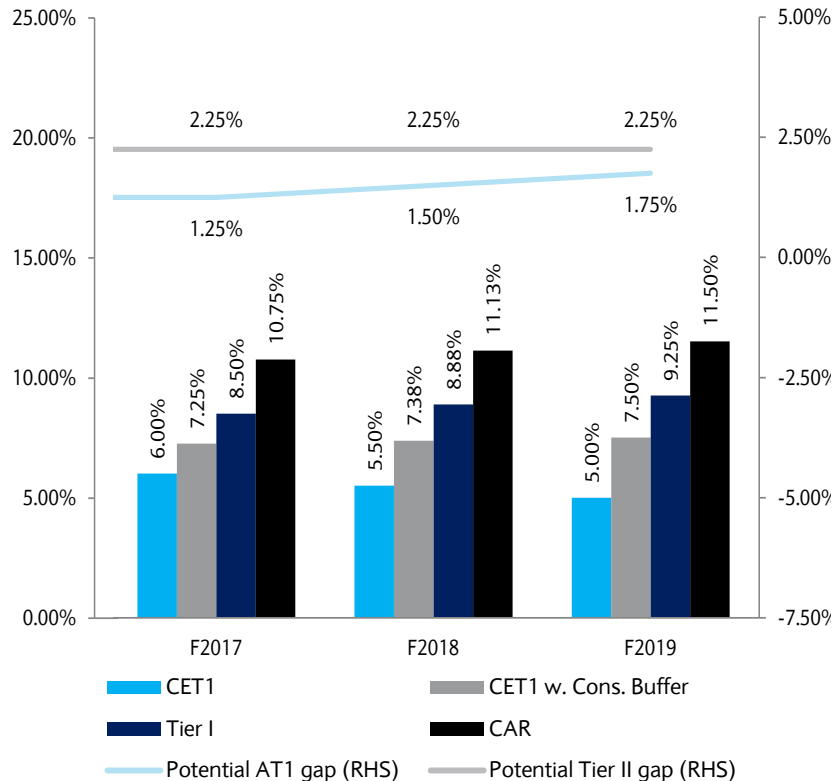


since 1918

Source: as at 30 June 2017.

# Phased-in Minimum Industry Requirements

## Industry Phase-in of SARB Minimum Capital Requirements



## South Africa Aligned to Basel III

### Individual capital requirements or Pillar 2B

- Bank-specific individual capital requirement
- Not disclosed externally
- Met with all components of capital

### D-SIB

- Systemic importance of banks
- Reflects higher loss absorbency requirements
- Met with all components of capital

### Capital Conservation

- Restrictions on dividends and other discretionary payments
- Met solely with CET1 capital

### Pillar 2A

- Systemic risk requirements
- Met with all components of capital

Source: SARB.

1. Grandfathering requirements may be subject to change following the introduction of the Recovery and Resolution Framework.

\*. Assuming optimization of the hybrid capital buckets.

# Further Strengthening of the SA Financial System

## Where we are...

- South Africa is adopting a Twin Peaks model of financial sector regulation
  - Prudential Authority with the SARB
  - Financial Sector Conduct Authority
- Regulation and legislative framework
  - South Africa aims to adopt G20 and FSB recommendations in line with global standards, and is well underway

## What are we guided by...

### Regulation

#### Prudential Authority:

##### Basel III:

- Risk-based capital
- Liquidity Coverage Ratio (LCR)
- Higher loss absorbency for G-SIBs
- Leverage Ratio
- Net Stable Funding Ratio

#### Solvency assessment and management (Solvency II)

#### Market Conduct:

- Treating customers fairly

### Legislation

#### Credit Ratings Services Bill

#### FSB Key Attributes of Effective Resolution Regimes for Financial Institutions Framework (2015):

- No Creditor Worst-off (NCWO)
- Point of Resolution (POR) and related criteria
- Hierarchy of claims

#### Resolution Policy Framework (2015)

- *Depositor Insurance Policy Framework (2017)*