



Barclays Africa Group Limited

1H16 results presentation

29 July 2016



Strategic update

Maria Ramos





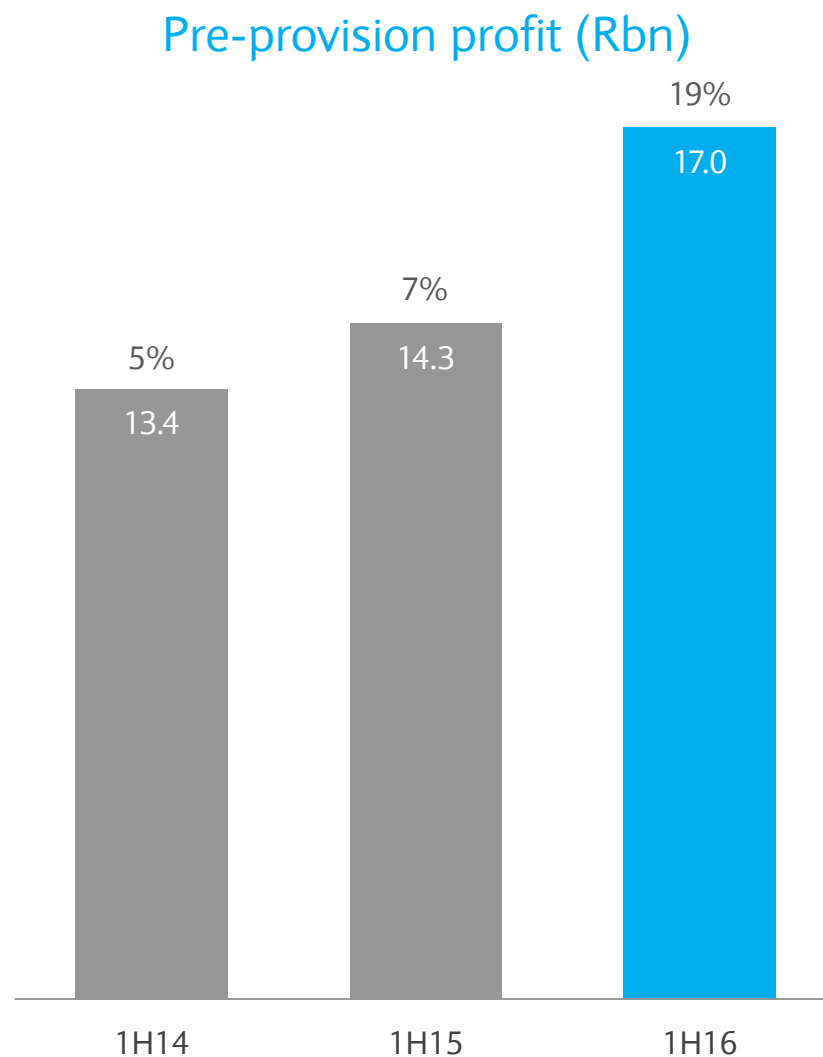
Financial review

David Hodnett



Pre-provision profit drove earnings growth

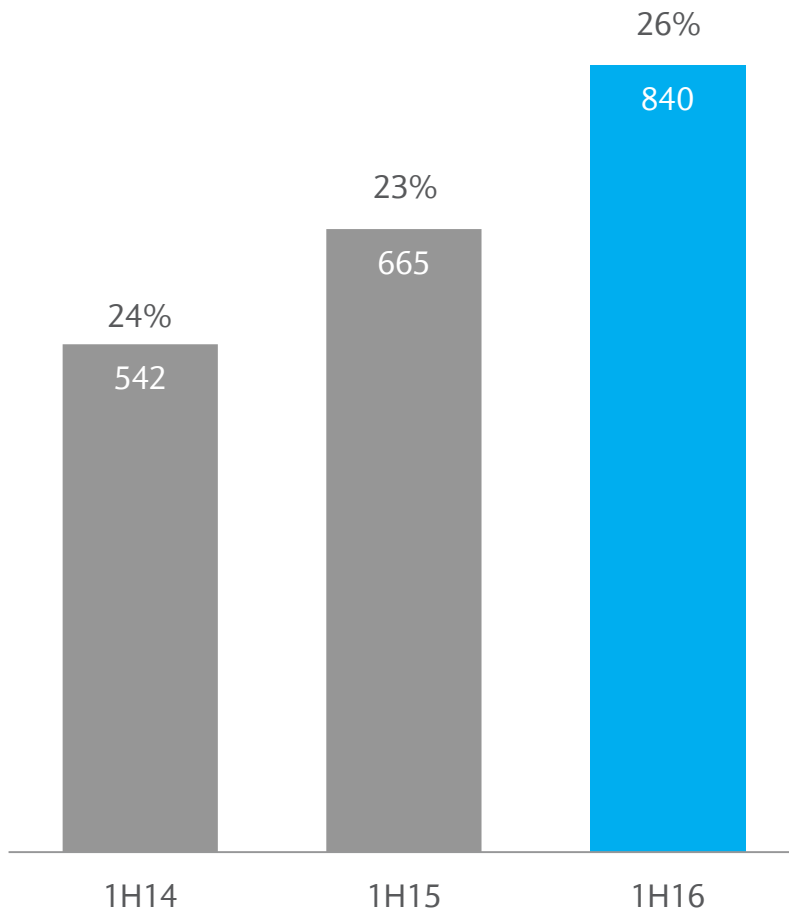
	1H16 Rm	1H15 Rm	Change %
Net interest income	21 093	18 463	14
Non-interest income	15 415	13 960	10
Total income	36 508	32 423	13
Impairment losses	(5 197)	(3 550)	46
Operating expenses	(19 487)	(18 129)	7
Other*	(1 217)	(568)	>100
Taxation	(2 997)	(2 907)	3
Non-controlling interest	(591)	(499)	18
Attributable earnings	7 019	6 770	4
Headline earnings	7 252	6 755	7



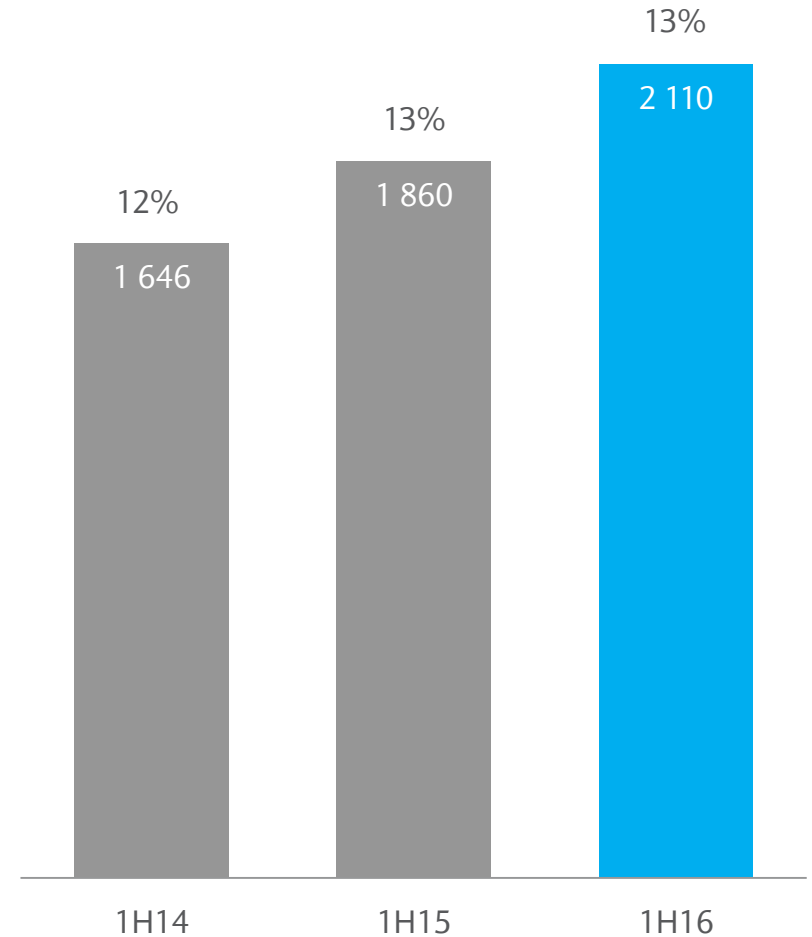
Note: * Includes other impairments, indirect tax and associates' share of post tax results

Maintained revenue growth in target areas ...

Markets Rest of Africa revenue (Rm)



Corporate SA revenue* (Rm)

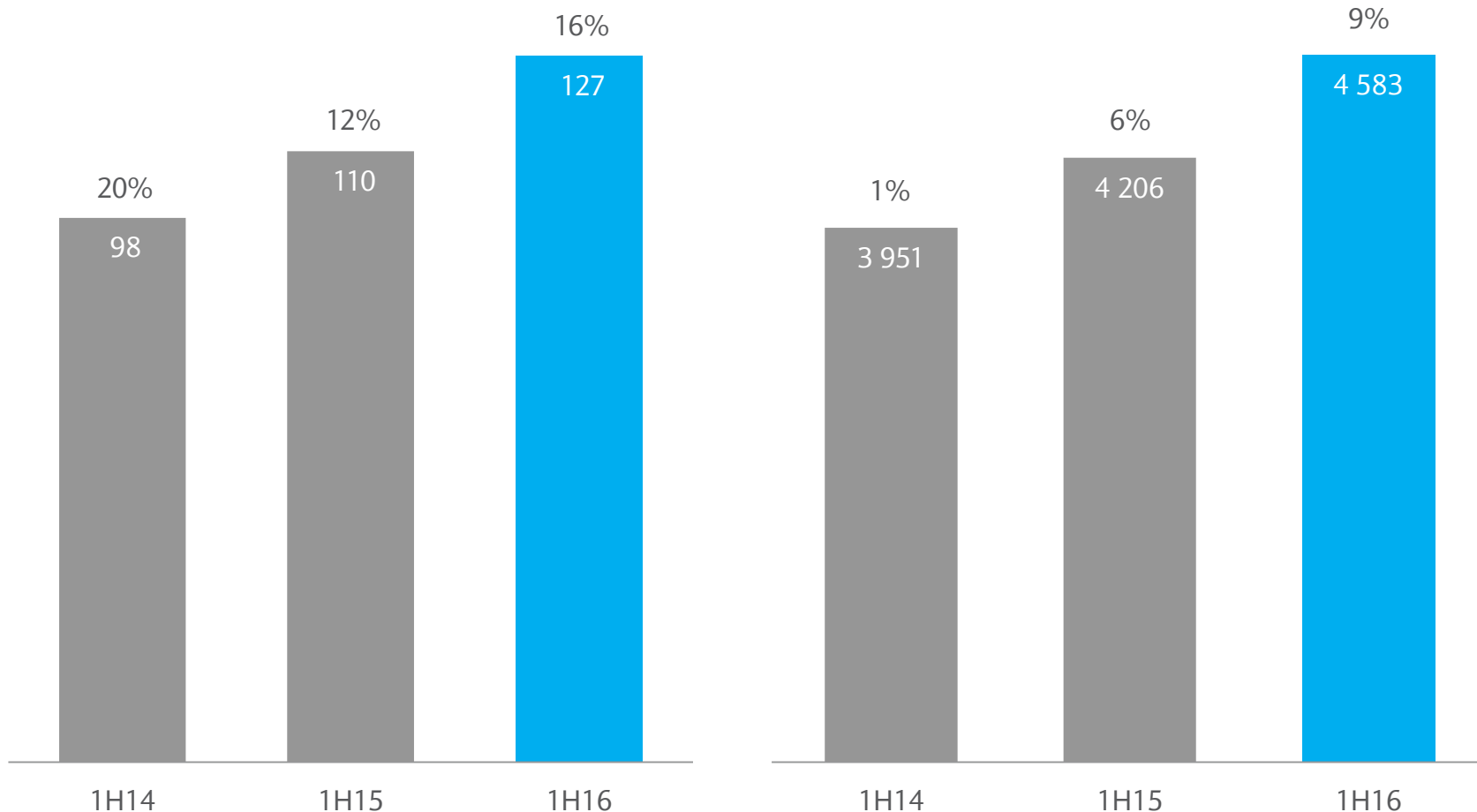


Note: *Excluding Custody and Trustee

... including less capital intensive activities

SA Card acquiring volumes (Rbn)

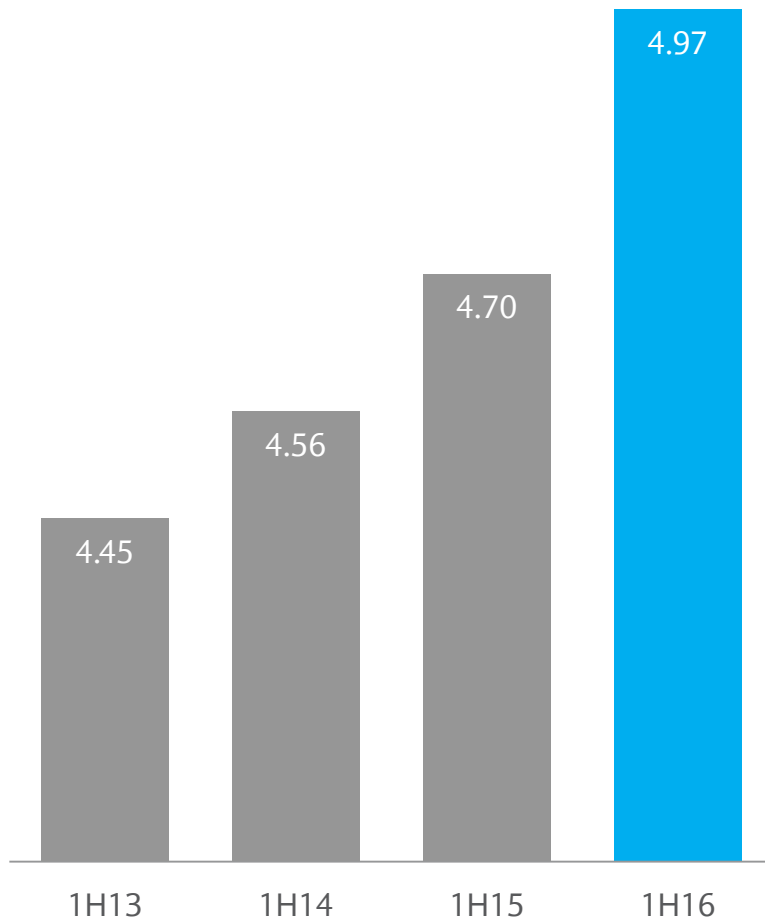
WIMI revenue excluding acquisitions* (Rm)



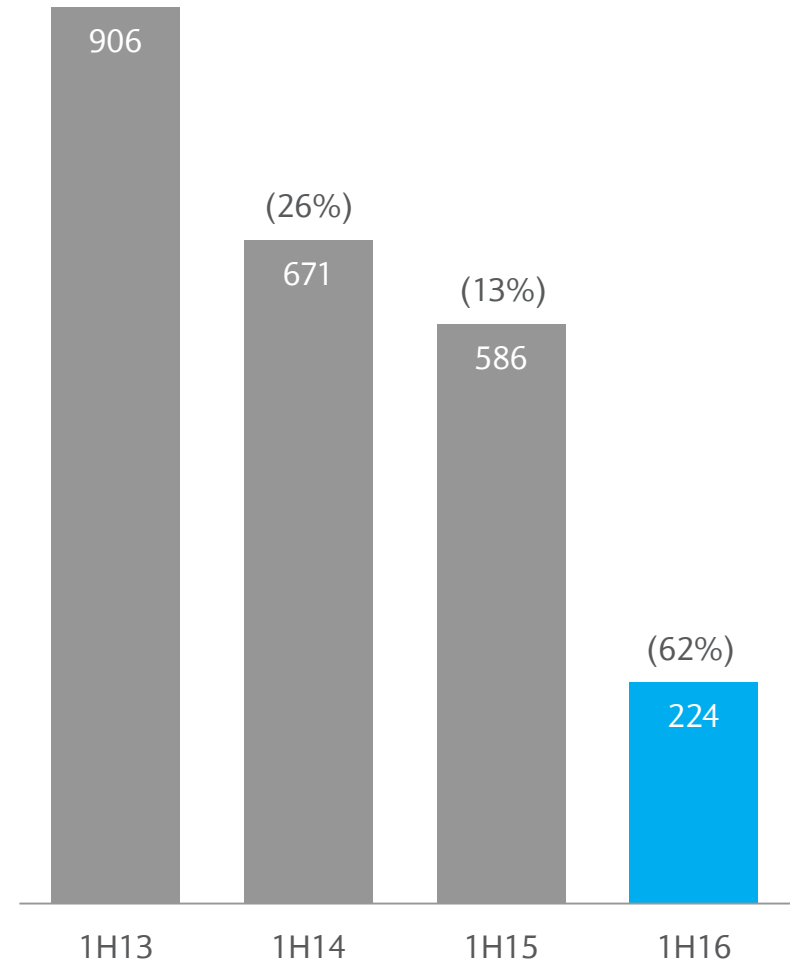
Note: * WIMI revenue represents net premium income and fee income, excluding the impact of corporate actions

Net interest margin stronger than expected ...

Net interest margin* (%)



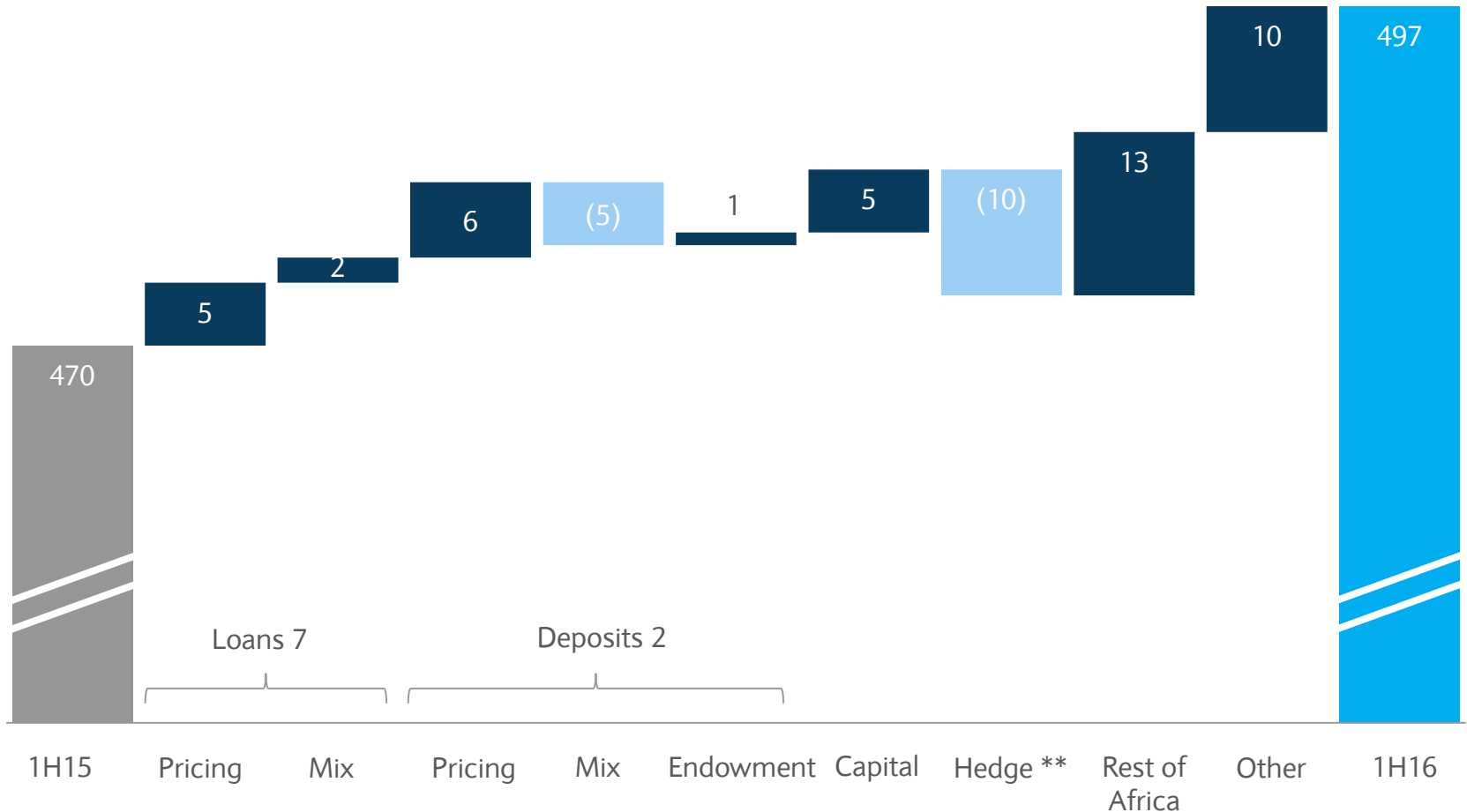
Structural hedge contribution (Rm)



Note: * Average interest bearing assets

... benefiting from rest of Africa and pricing

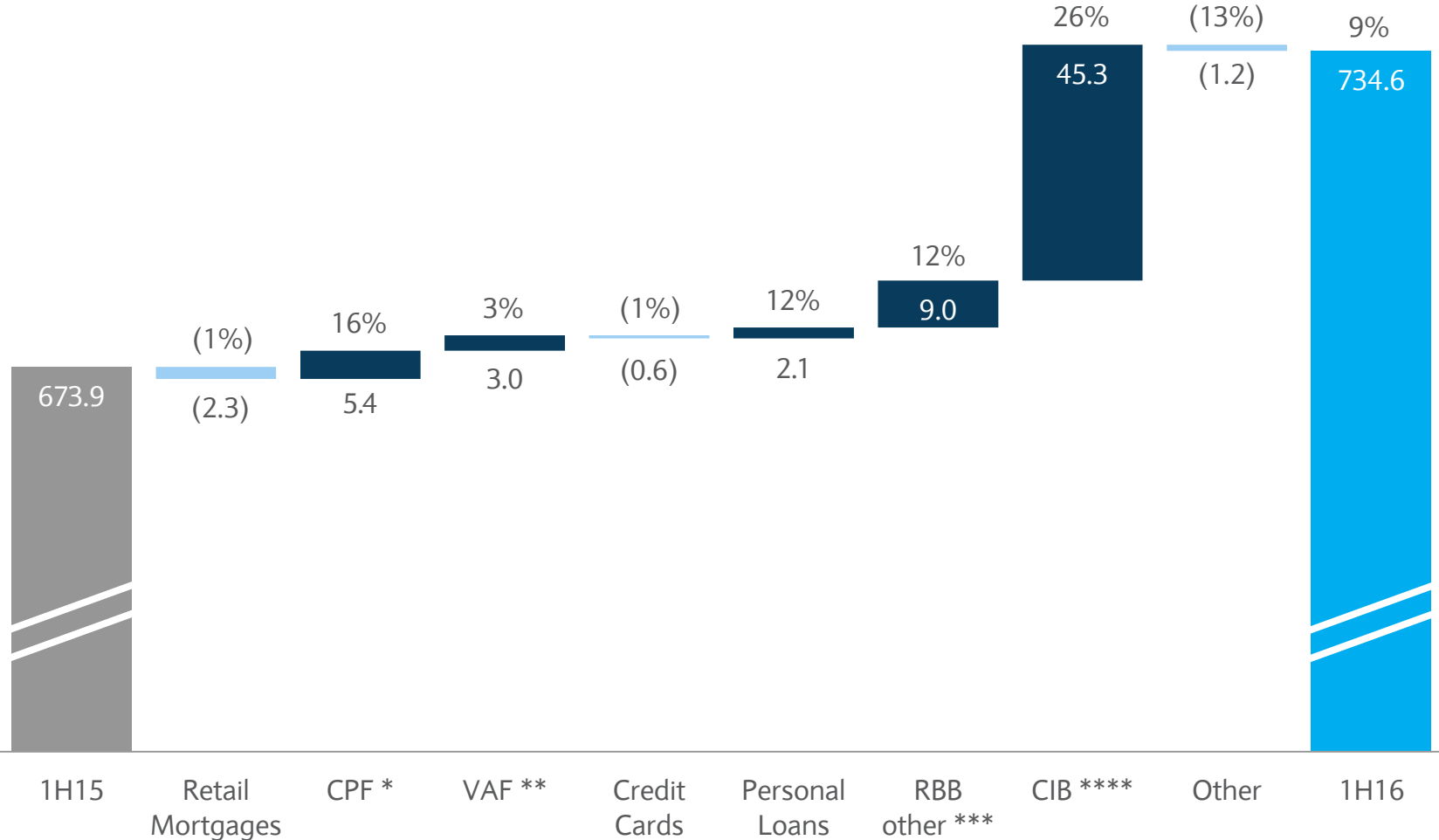
Change in net interest margin* (basis points)



Note: * Average interest bearing assets; ** interest rate risk management

Strong CIB and RBB Rest of Africa loan growth

Change in gross customer loans (Rbn)

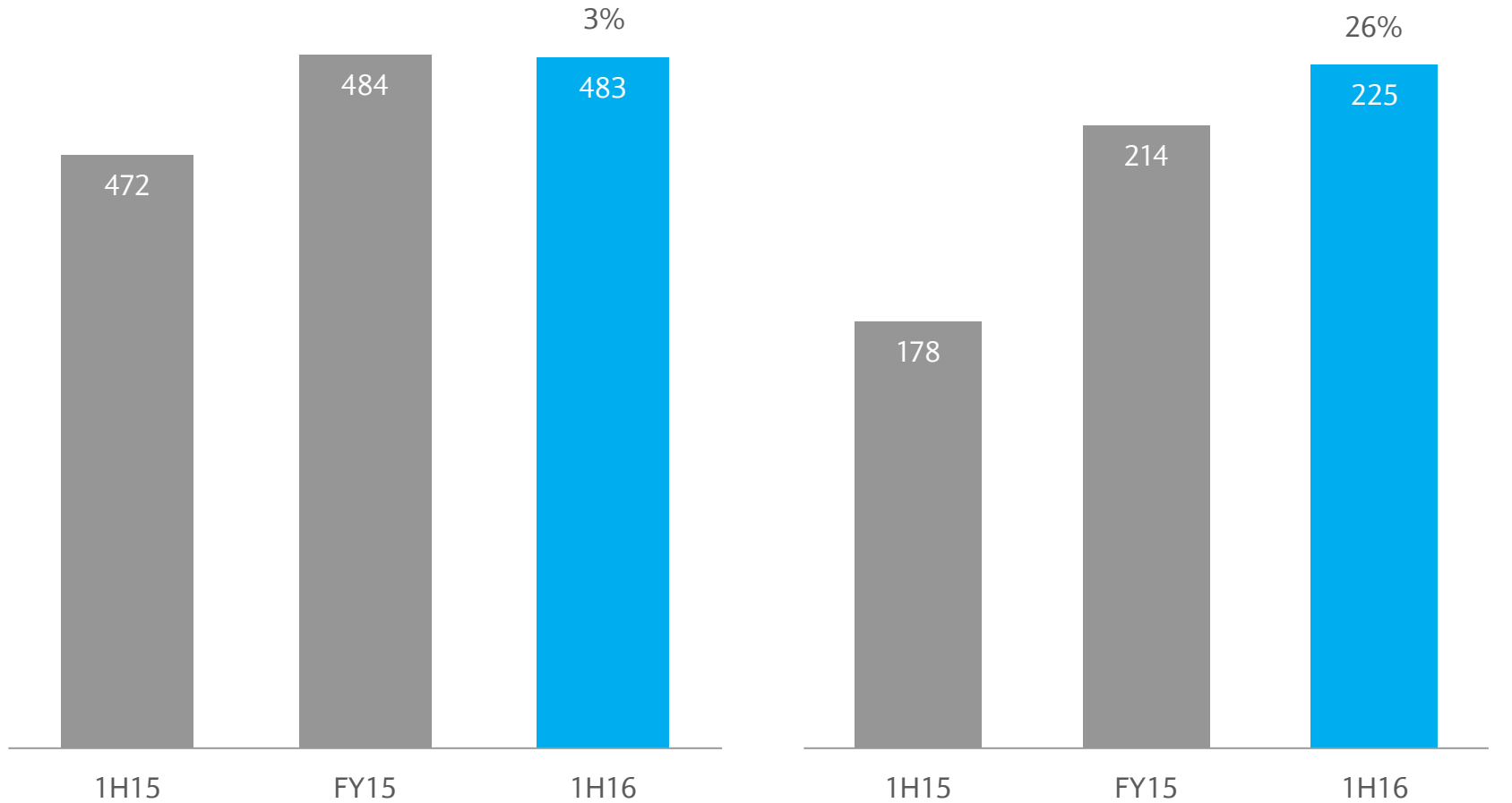


Note: * Commercial property finance, includes Business Bank and CIB mortgages; ** instalment credit agreements and associates and JVs; *** includes Rest of Africa **** excludes mortgages

Balance sheet growth slowing

RBB customer loans
(Rbn, YoY growth)

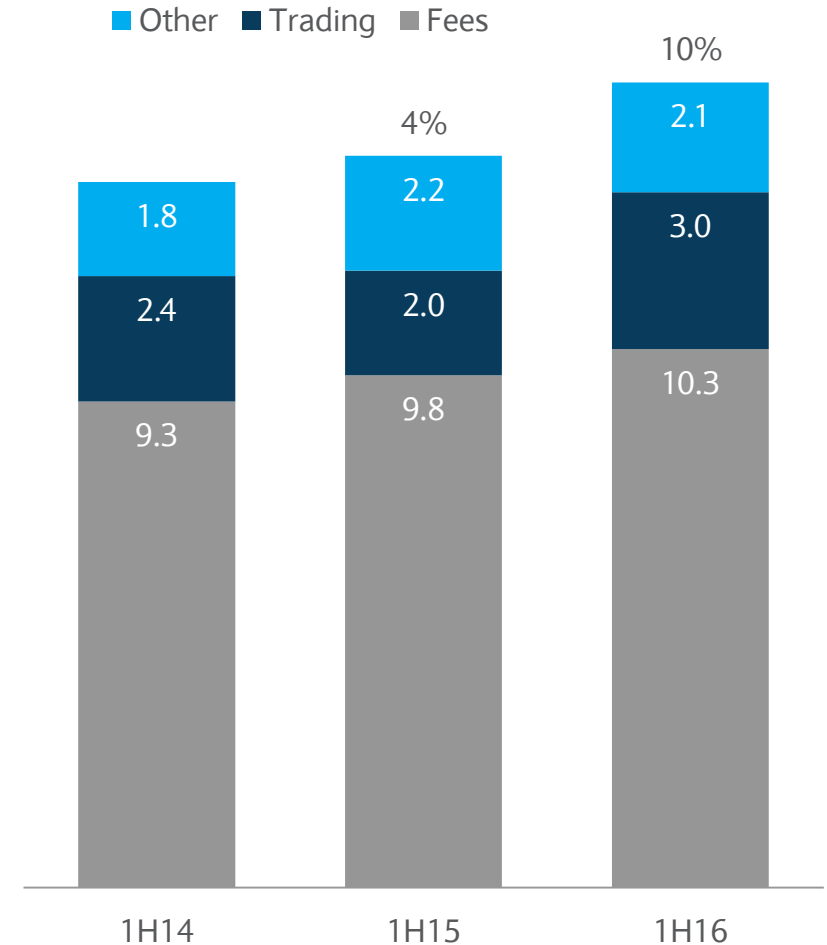
CIB customer loans
(Rbn, YoY growth)



Non-interest income growth improving

	1H16 Rm	Change %	Mix * %
Retail and Business Banking	9 483	7	63
<ul style="list-style-type: none"> Retail Banking SA Business Banking SA RBB Rest of Africa 	6 252	5	41
	1 769	6	12
	1 462	22	10
CIB	3 282	18	21
<ul style="list-style-type: none"> South Africa Rest of Africa 	2 098	11	14
	1 184	31	7
WIMI	2 502	0	16
Other	148	>100	
Total	15 415	10	100

Non-interest income mix (Rbn)

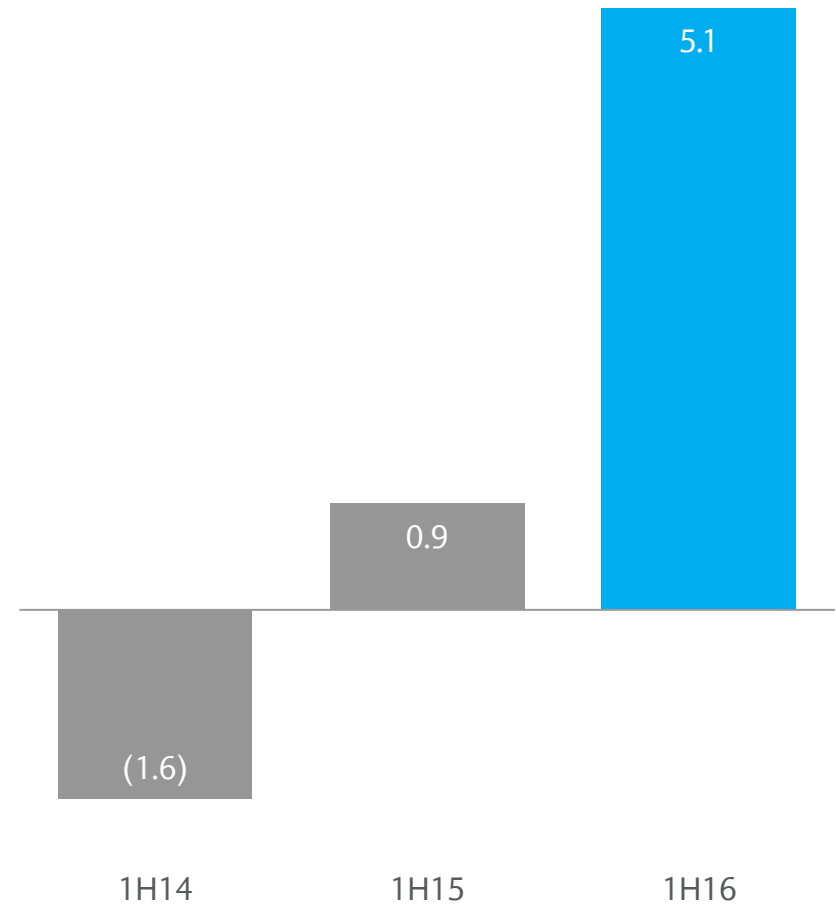


Note: * Excludes other

Continue saving to invest in growth

	1H16 Rm	Change %	Mix %
Staff costs	10 824	8	56
Property-related costs	1 652	1	8
Information technology	1 461	28	7
Amortisation	313	37	2
Marketing costs	610	(16)	3
Professional fees	972	13	5
Cash transportation	524	25	3
Other*	3 131	2	16
Operating expenditure	19 487	7	100

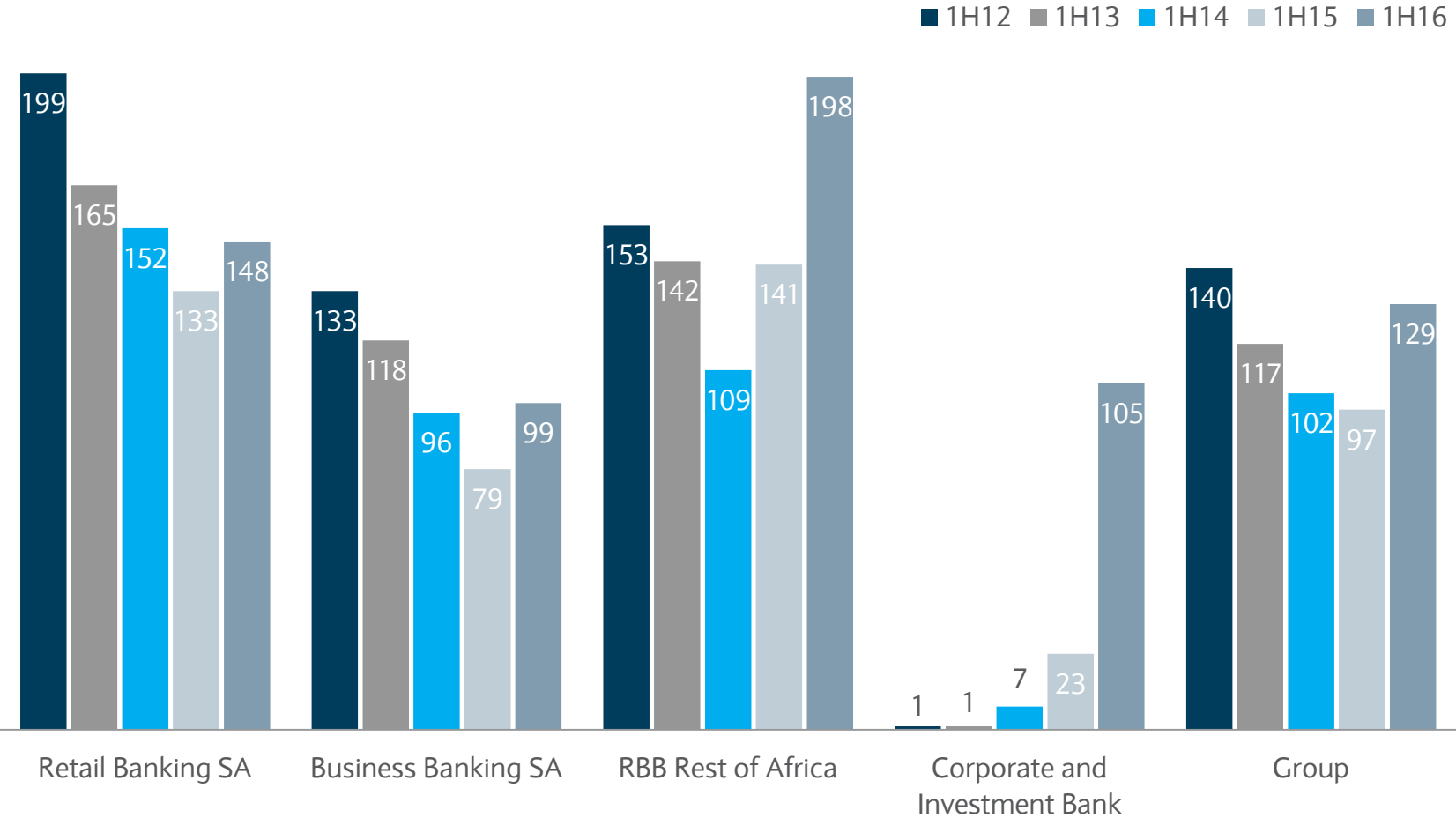
Group operating JAWS (%)**



Note: * Includes depreciation, administration fees, printing and stationery, telephone and postage, fraud losses etc; ** revenue growth minus operating expenses growth

Credit cycle has turned ...

Divisional credit loss ratios* (bps)

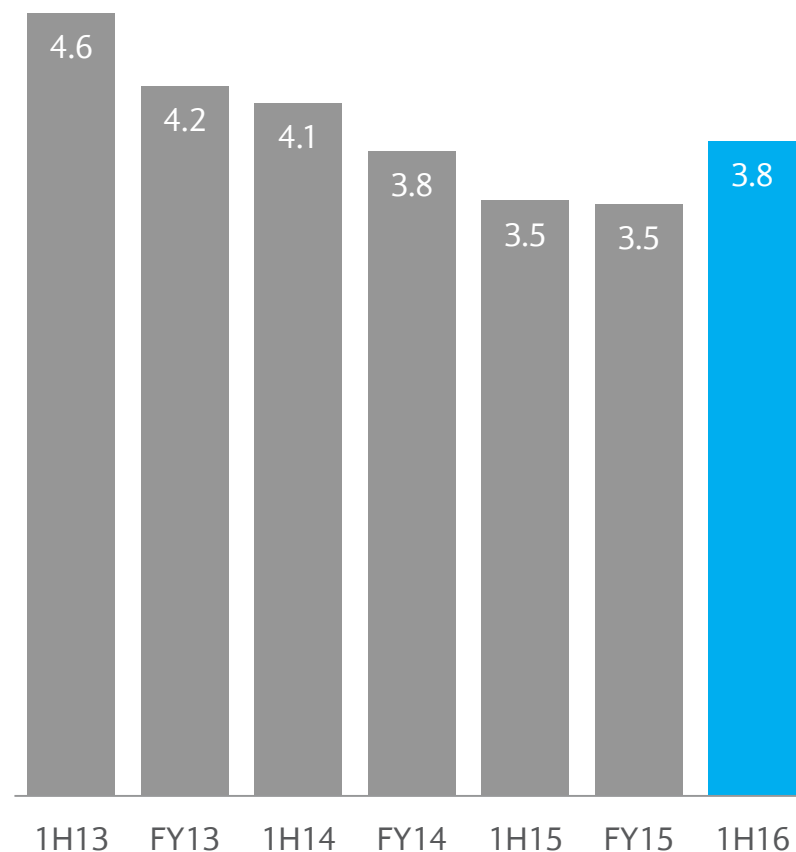


Note: * Credit loss ratio is based on gross loans and advances to customers and banks

... non-performing loans increasing ...

	1H16	1H15	1H16	1H15
	Credit loss ratio (bps)		NPL cover (%)	
Retail and Business Banking	148	127	45	45
Retail Banking SA	148	133	43	44
Cards *	595	621	71	72
VAF	113	109	41	42
Mortgages **	44	25	22	23
Personal Loans	585	543	65	66
Business Banking SA	99	79	36	34
RBB Rest of Africa	198	141	63	65
CIB	105	23	40	28
WIMI	(5)	8	29	67
Group	129	97	44	44

Non-performing loans (%)

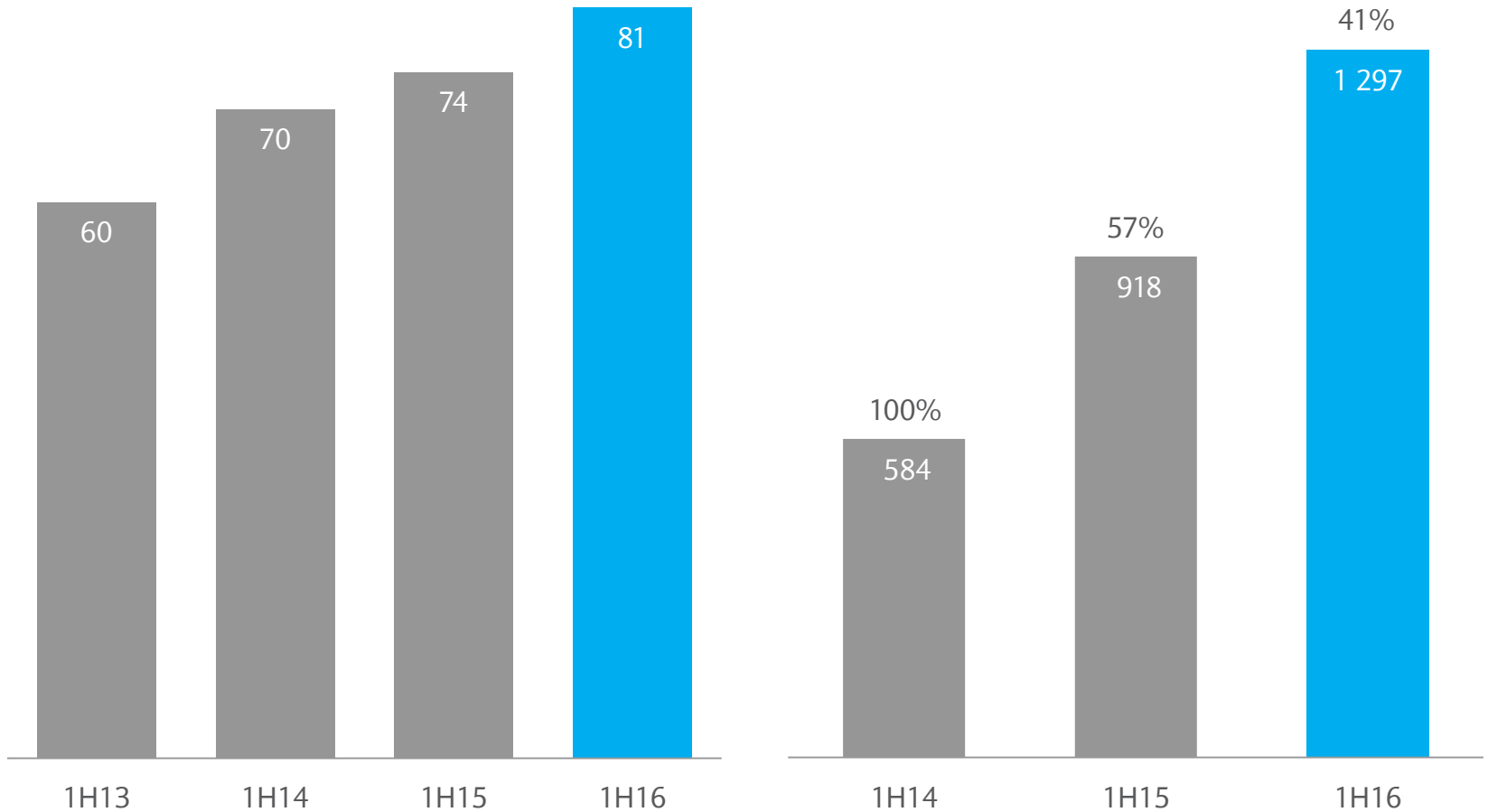


Note: * Includes Woolworths Financial Services and the Edcon portfolio; ** Home Loans credit loss ratio

... continued portfolio provision build

Provision to performing loans* (bps)

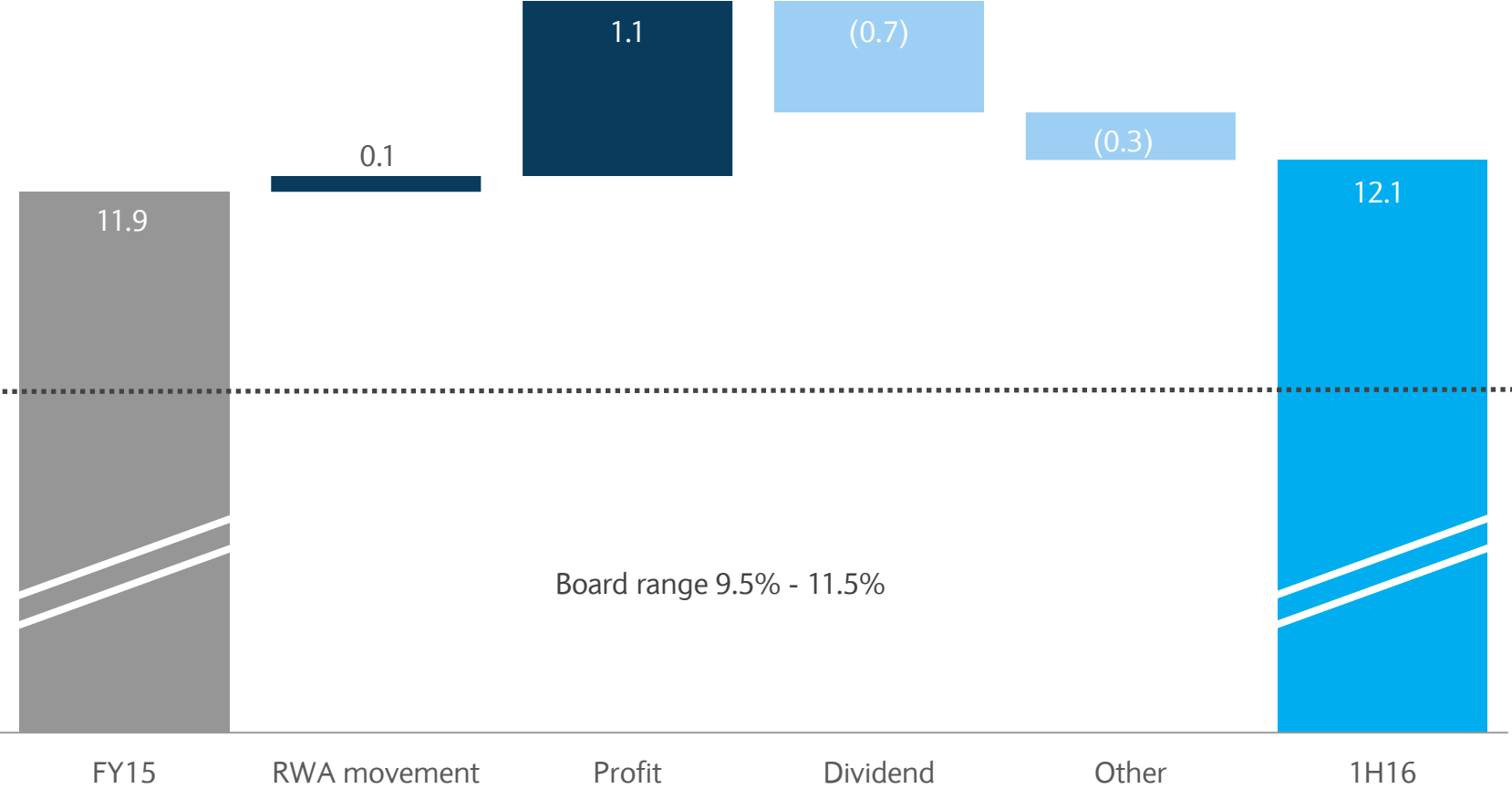
Macroeconomic provisions (Rm)



Note: * Customer loans and advances

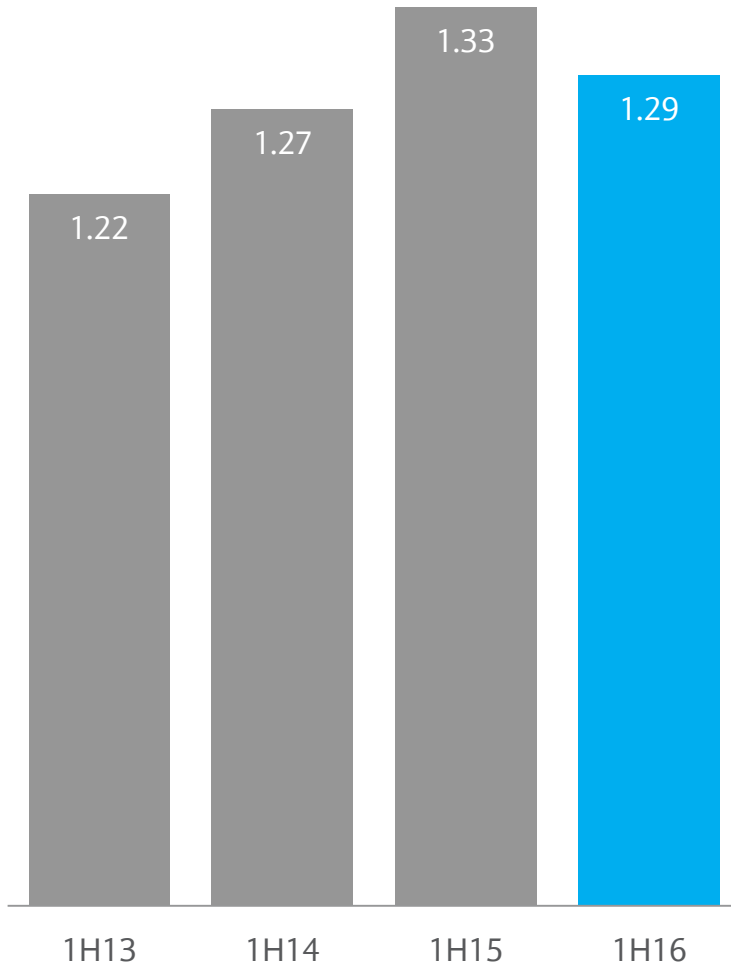
Capital levels remain strong

Barclays Africa Group Common Equity Tier 1 ratio (%)

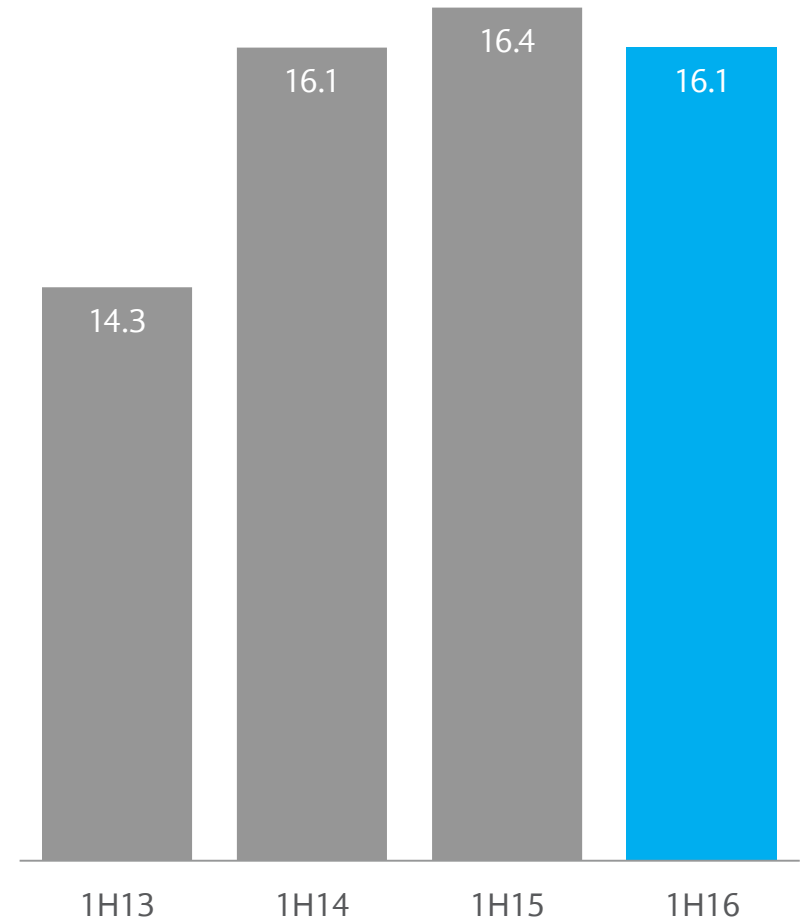


Returns resilient considering higher credit costs

Return on assets (%)

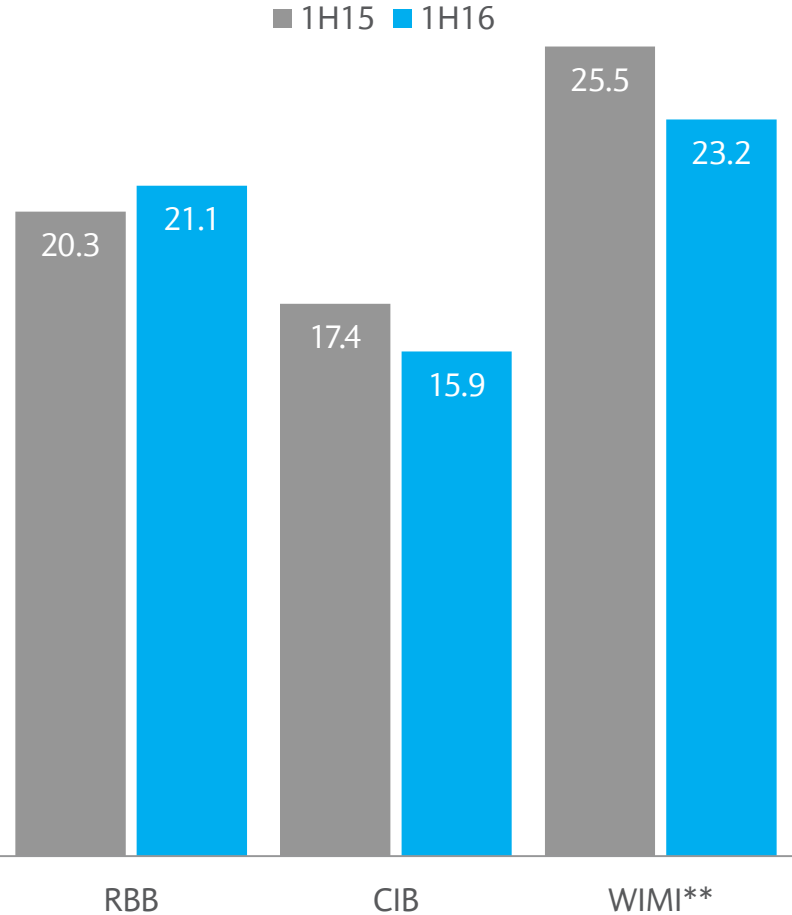


Return on equity (%)

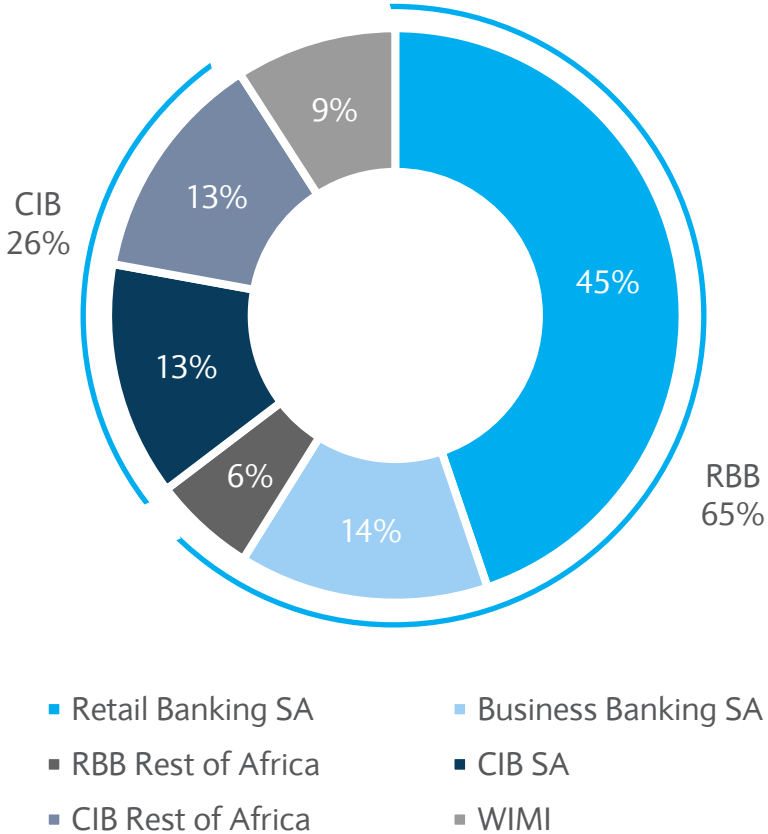


A well diversified portfolio

Divisional RoRC* (%)



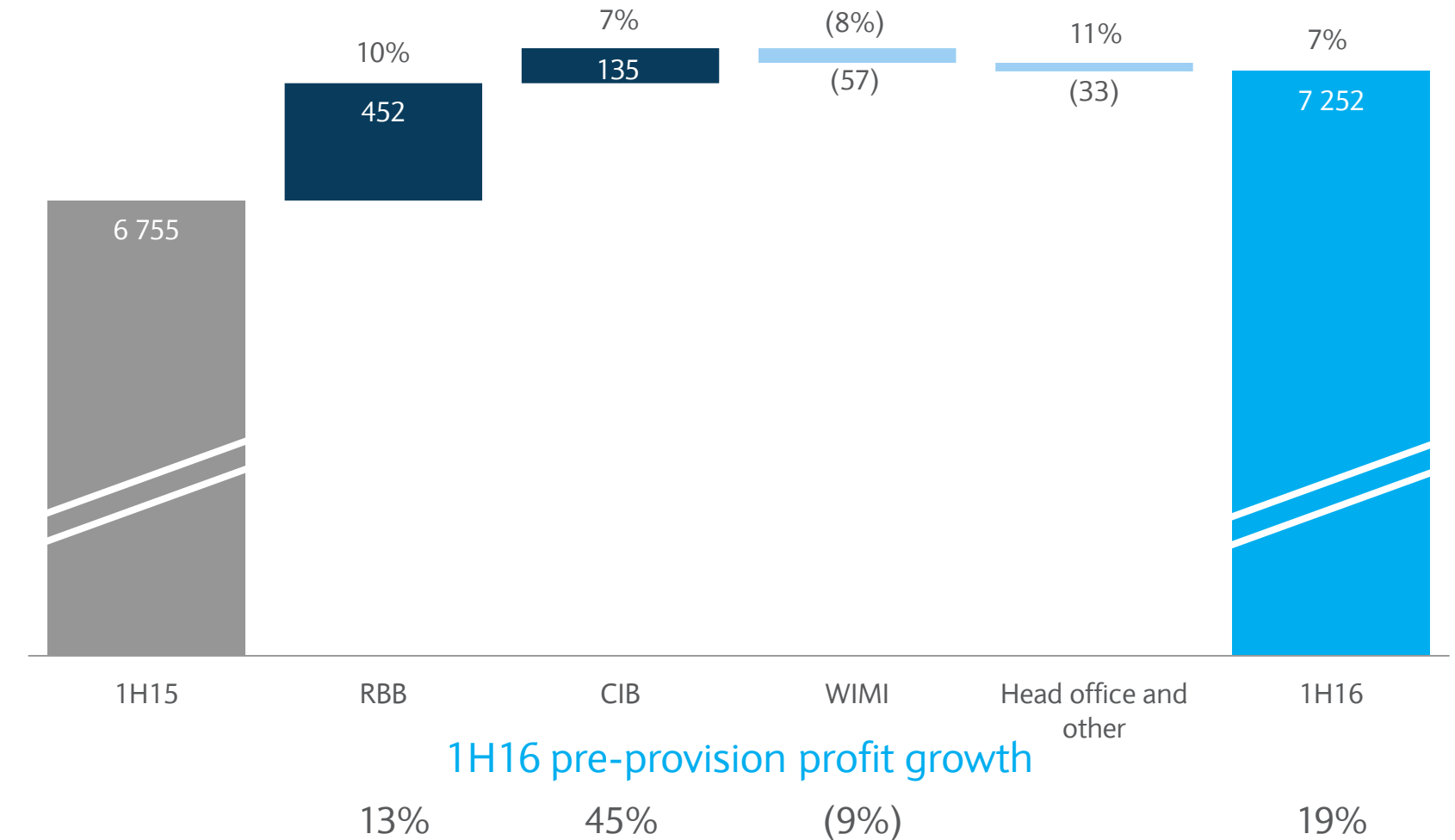
Headline earnings by segment 1H16



Note: * Return on regulatory capital; **RoE

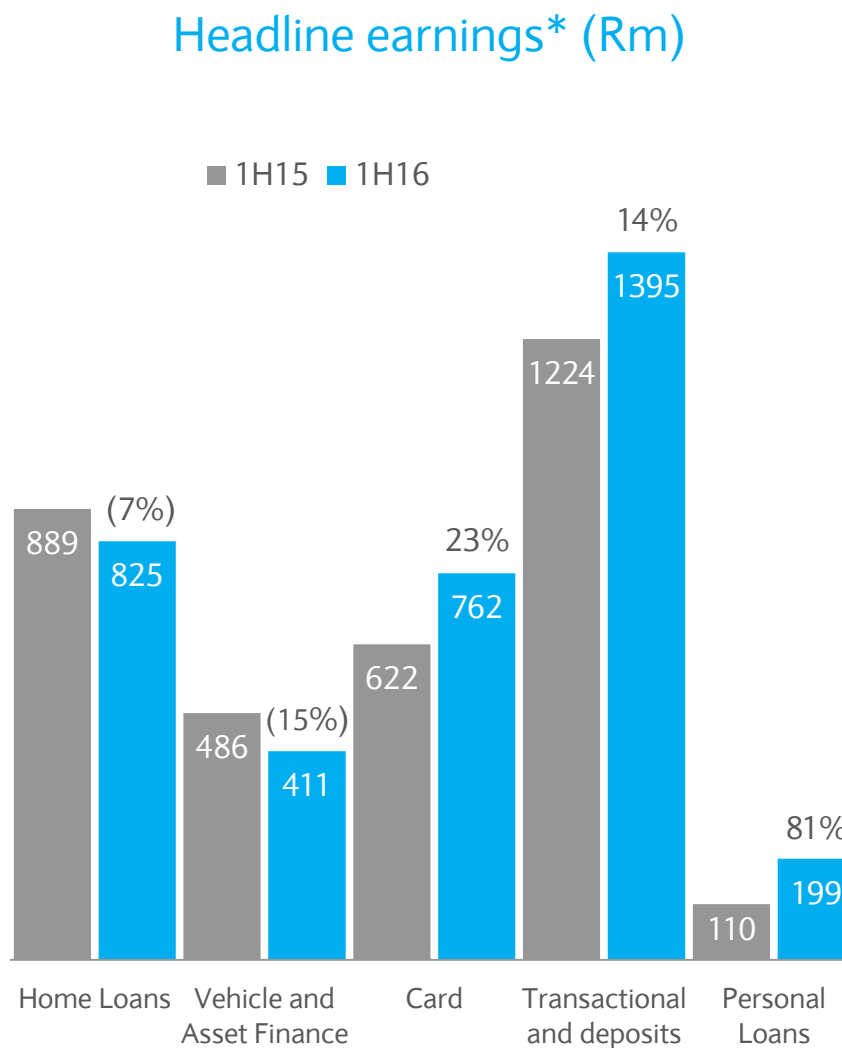
RBB drove group earnings growth

Headline earnings growth (Rm)



Retail Banking SA navigating weak macros

- Benefits from having a diversified portfolio
- Low growth in secured lending
- Continued progress in transactional franchise
- Strong cost management funds spend on digital and innovation
- Clear that credit cycle has turned, but remains volatile

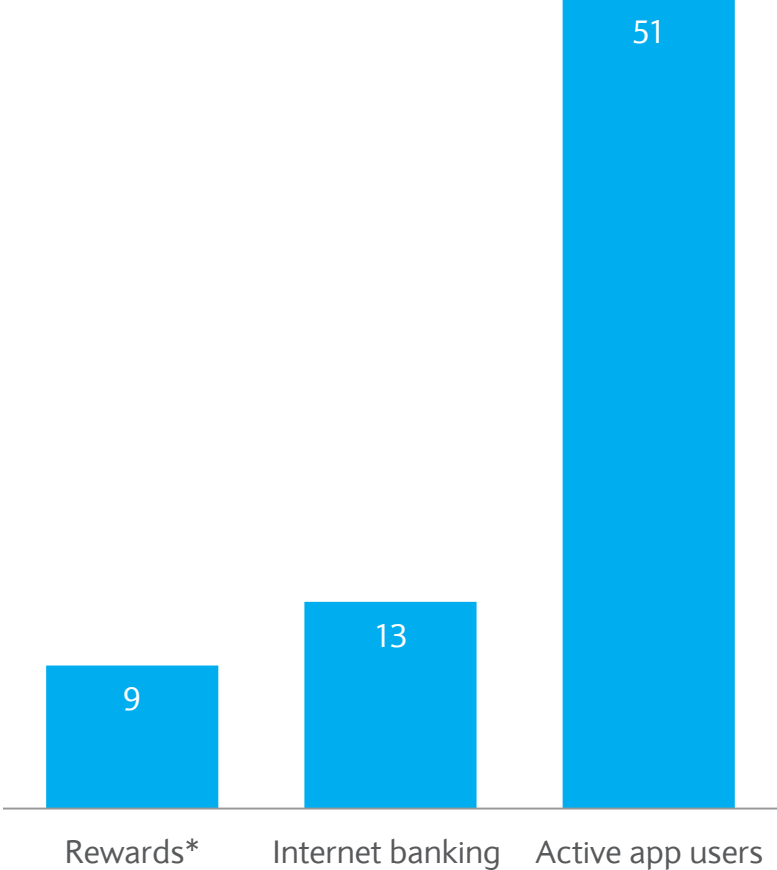
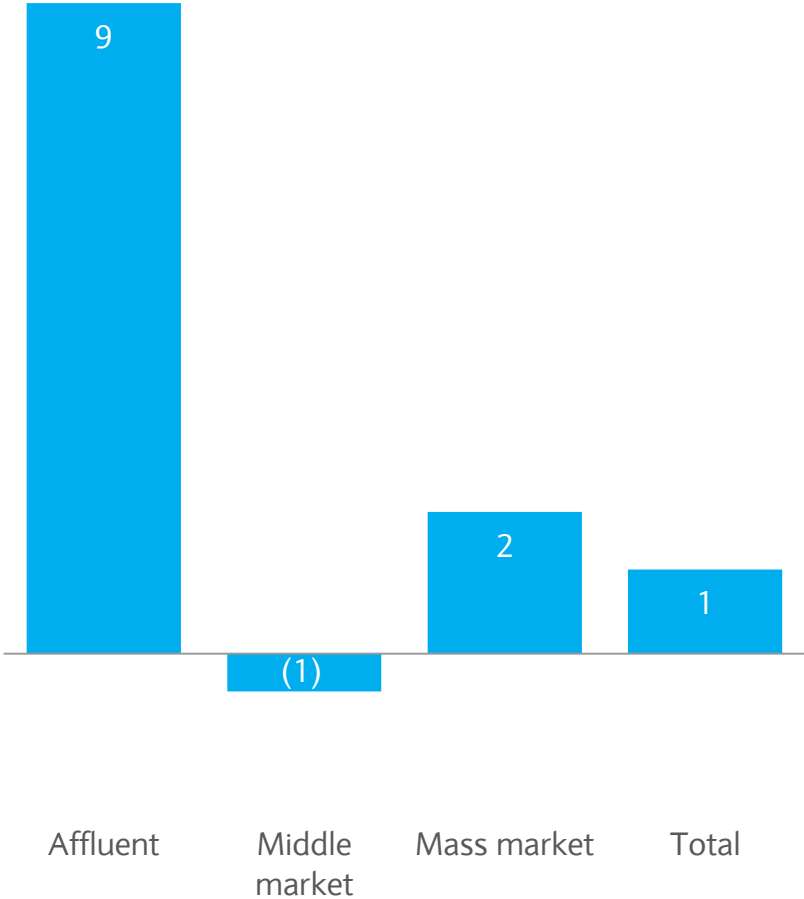


Note: * Excludes Other, which is largely central costs and lost R190m

Continued to grow customer numbers

YoY change in customer numbers (%)

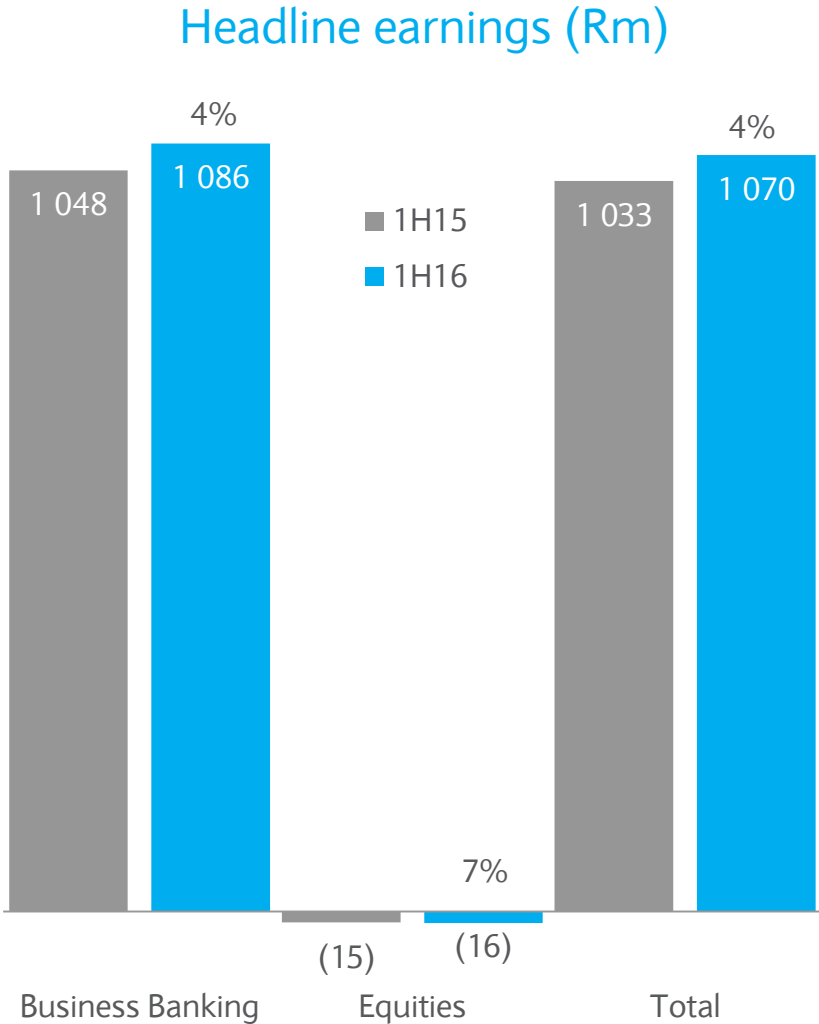
YoY growth in customer numbers (%)



Note: * Paying members

Scope to improve Business Banking SA growth

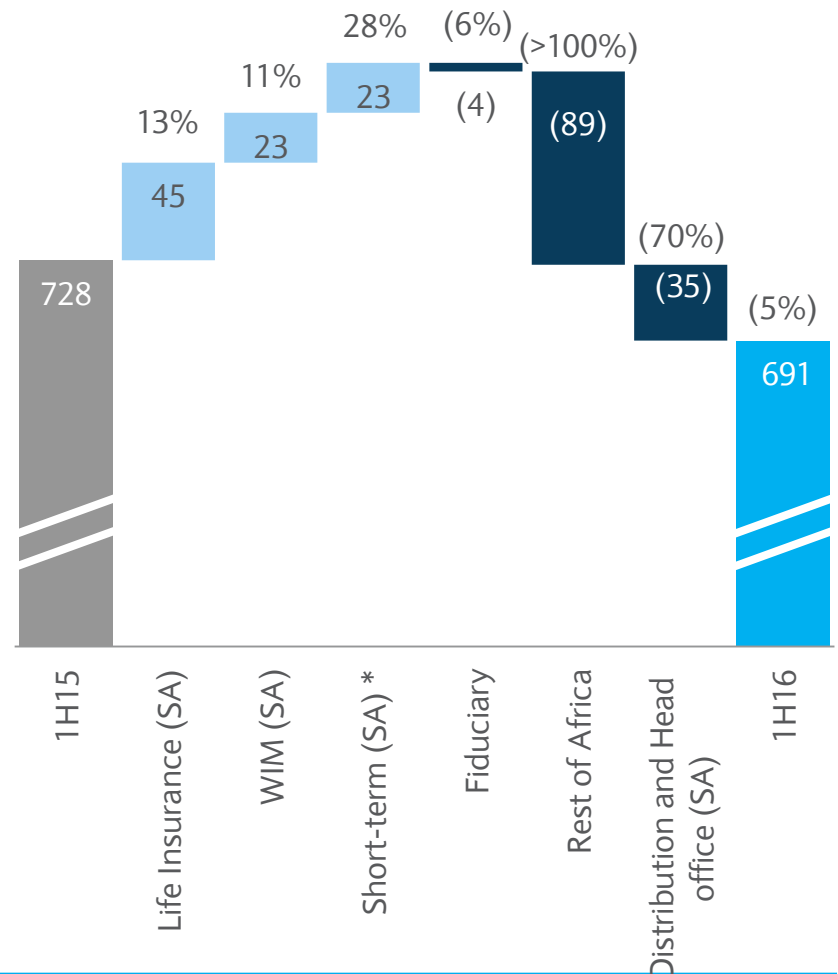
- Moderate revenue momentum due to low balance sheet growth and migration to digital channels
- Costs remain well contained with further investment planned
- Credit impairments normalize
- Substantial deposit generator that produces attractive returns



WIMI strategy delivers underlying growth

- Strategy improves revenue momentum
- Continued benefits from RBB alignment
- WIM had net flows of R11bn
- Rest of Africa earnings impacted by revised reserving requirements
- Volatile markets impacted investment income
- Maintained attractive returns

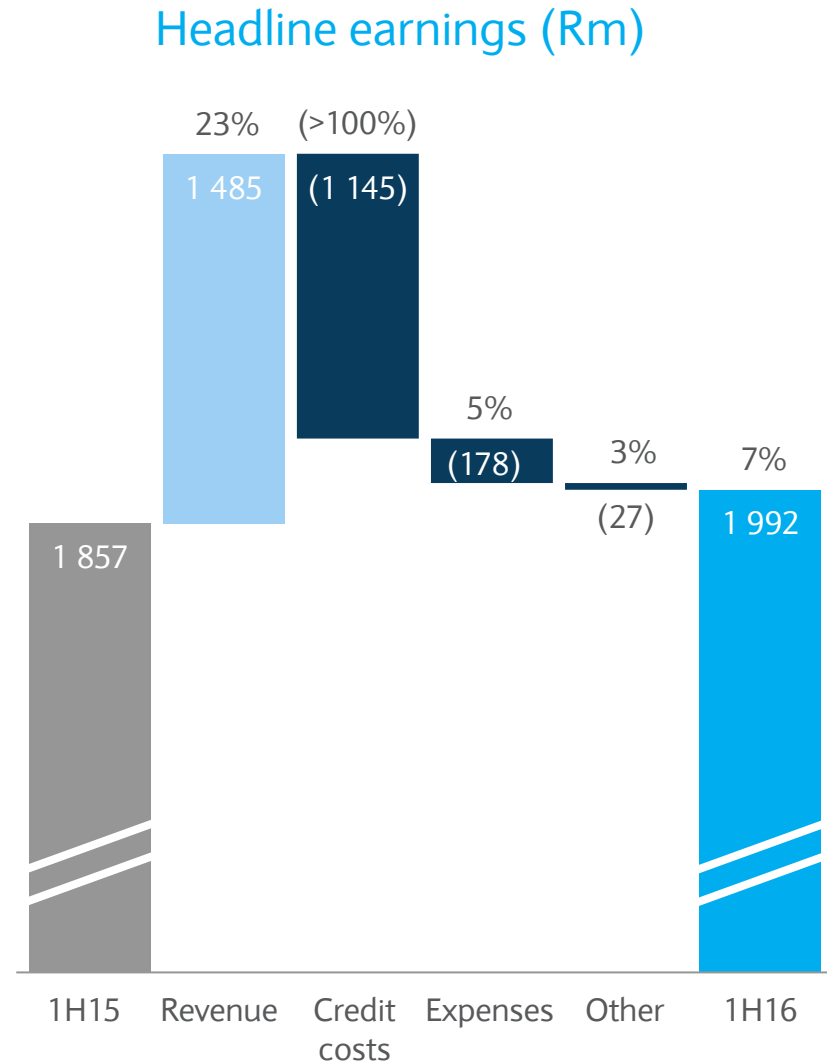
Change in headline earnings
(continuing lines of business) (Rm)



Note: * Short-term Insurance excludes Agri

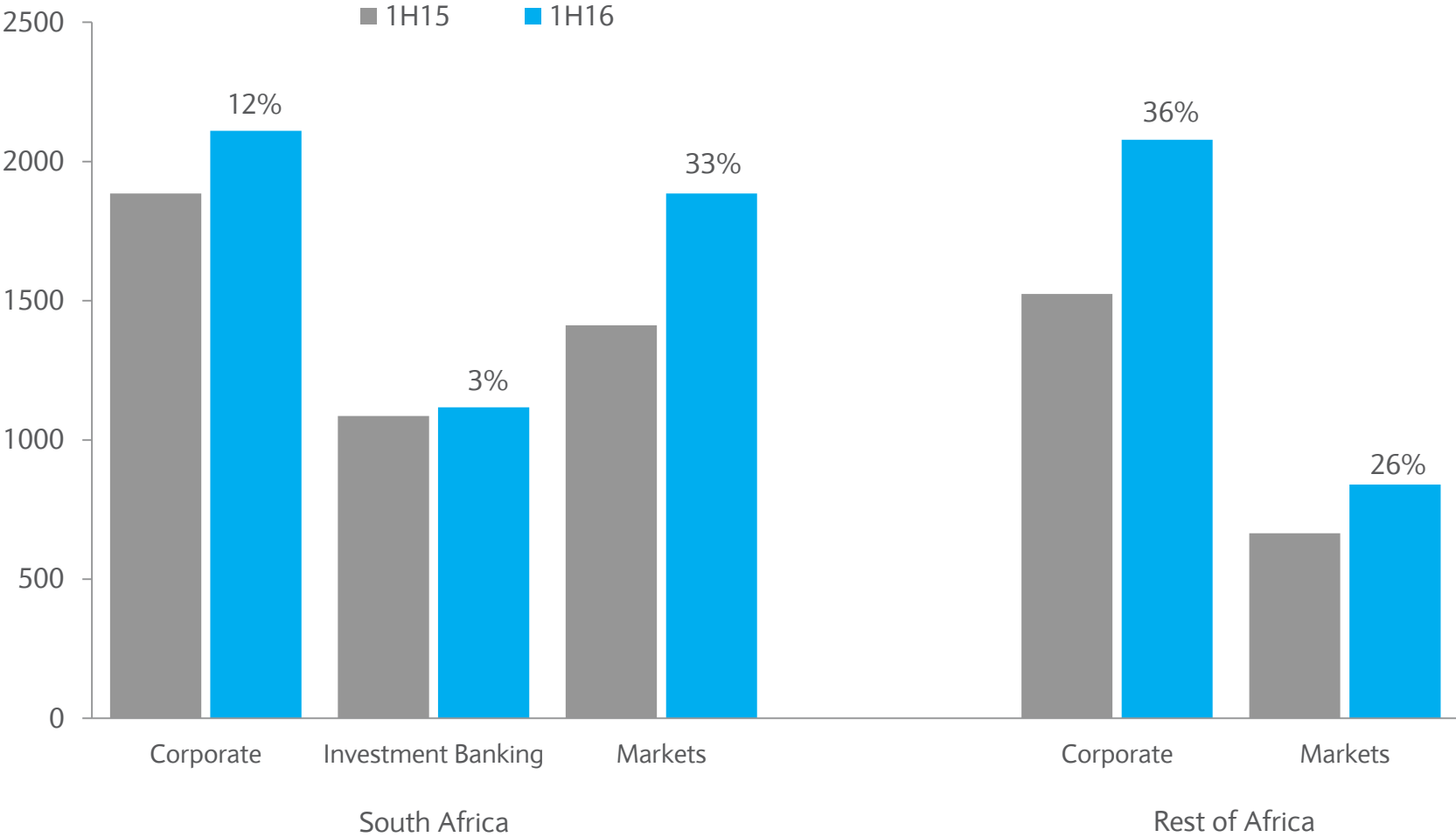
Strong CIB revenue growth offset by higher impairments

- Rest of Africa and Markets SA drove robust revenue growth
- Continued loan growth
- Significant increase in credit impairments
- Costs well controlled without compromising on investment
- Rest of Africa and Corporate are large contributors



All CIB's operating divisions grew revenues

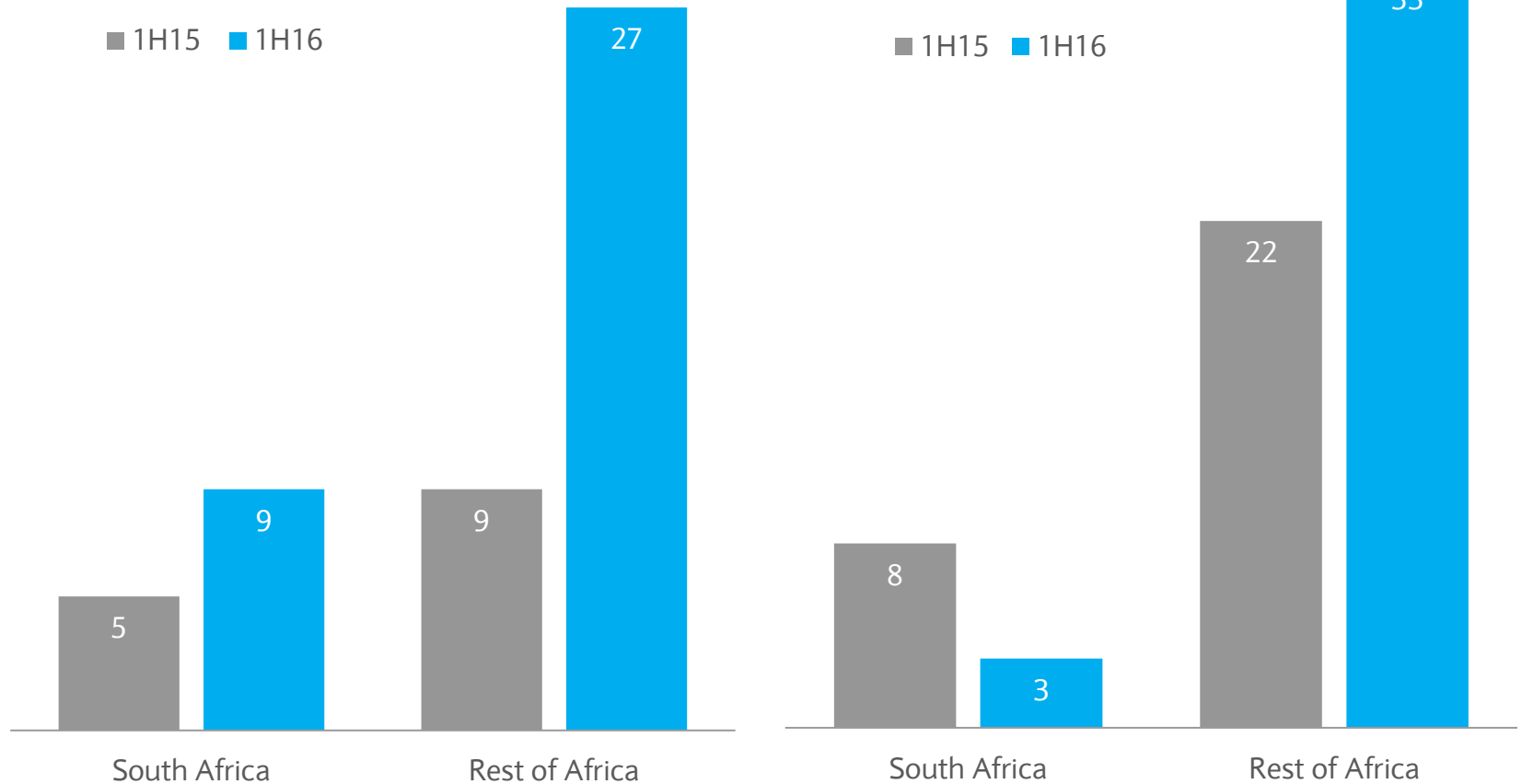
Revenue by business (Rm)



Rest of Africa enhances group trajectory ...

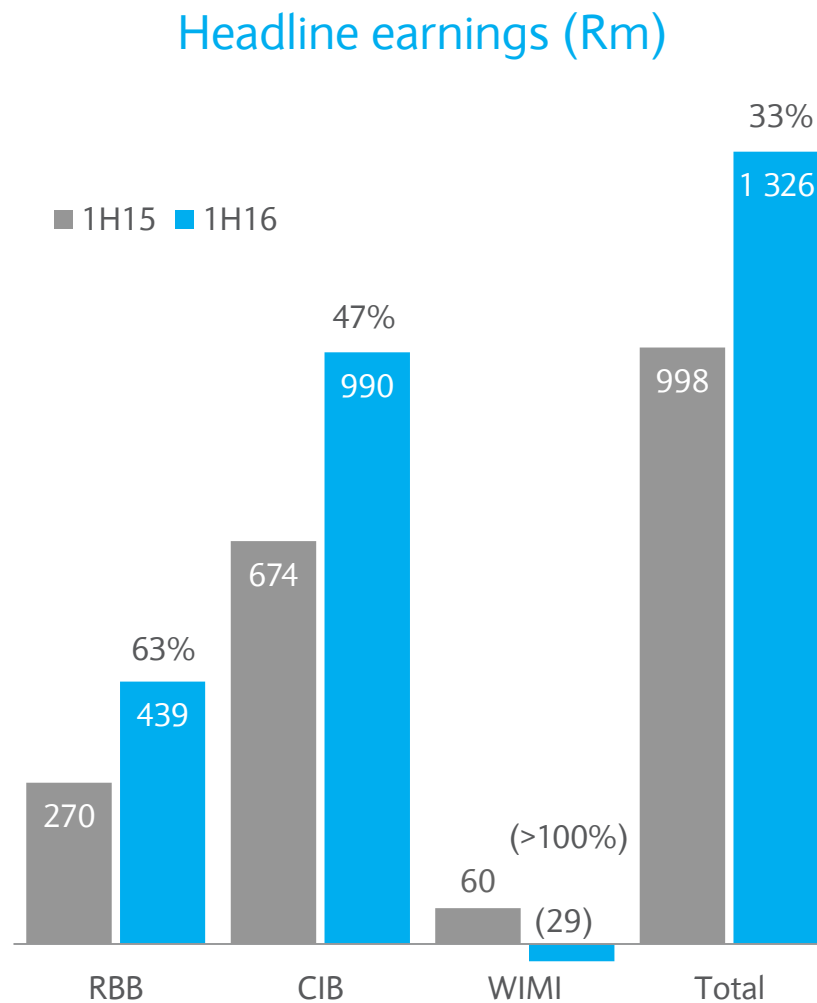
Revenue growth (%)

Headline earnings growth (%)



... with strong growth in bank earnings

- Portfolio benefit given tough macro backdrop
- Substantial currency tailwind
- Wide positive JAWS offset higher credit impairments
- RBB maintains strong momentum, with increased margin
- Strong pre-provision profit growth from CIB
- WIMI earnings impacted by revised reserving requirement
- Substantial scope to improve RoE



Outlook for 2016

- Low to mid-single digit loan growth, with CIB above RBB
- Net interest margin should be largely in line with 2015
- Focus on revenue growth and cost management should generate positive JAWS
- Credit loss ratio is expected to improve from 1H16, but remain above through-the-cycle levels
- RoE is likely to be slightly below 2015
- Rest of Africa growth should exceed South Africa's

Medium-term targets

	1H16
RoE 18% to 20%	16.1%
Top 3 by revenue in our 5 biggest markets - South Africa, Kenya, Ghana, Botswana and Zambia	4
Cost to income ratio in the low 50s	53.4%
Rest of Africa 20% to 25% of total revenue	23%

Disclaimer

Forward-looking statements

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