Barclays Africa Group Limited

2015 Integrated Report

A strong African franchise delivering shareholder returns and positively impacting society.

Performance summary

Two years after the formation of Barclays Africa, our strategic execution is on track.

Customer & Client	RBB & WIMI: ranking of Relationship Net Promoter Score® (NPS®) versus peer set[1] **Target:** 1st in 2018	4th	Continued automating processes and enhancing our functionality of digital platforms and ATMs. Introduced new products and solutions informed by customer insights and data analytics. 30% of the branch network in South Africa has been improved through a combination of refurbishment and re-positioning. NPS® is improving; however, we remain behind our targets. Complaints in Rest of Africa increased significantly, mostly due to improved reporting. Improving stability of IT platforms and work will continue in 2016. Implemented a number of innovation initiatives including Rise Africa and the Barclays Africa Blockchain Challenge.
	CIB: Compound annual growth rate in client franchise contribution **Target:** 11% in 2018	15%	
Colleague	Sustained engagement of colleagues' score[2] **Target:** ≥85% in 2018	75%[LA]	Invested R2.3bn[LA] in learning and development. Normalised permanent employee turnover rate is stable while the actual decreased marginally due to the outsourcing of our cash management services. Technology, communication and engagement identified as further improvements in our employee opinion survey. We remain behind our target on senior black management in the South African operations.
	Women in senior management **Target:** 35% in 2018	31%[LA]	
	Senior black management[3] **Target:** 60% in 2017	36%	
Citizenship	Citizenship plan – initiatives on track **Target:** 75% in 2015	88%	97.5%[LA] of employees attested to our code of conduct training. Decreased our carbon footprint for the third consecutive year. Number of small businesses reached through seminars and conferences decreased 38% and number of consumers reached in financial literacy declined 12%. Doubled the rand value of spend with black-owned and black women-owned businesses. Invested R192m[LA] in community programmes. Launched ReadytoWork, a Pan-African employability programme, in six countries.
Conduct	Conduct reputation survey[1,4] **Target:** 7.6/10 in 2018	6.9/10	Created a comprehensive measurement of Treating Customers Fairly and the 10 conduct risk outcomes, providing a broader and more accurate view of our customers' experience. Rolled out Conduct Risk College training with 94.5%[LA] of employees completing the training.
Company	Return on equity **Target:** 18 – 20% in 2016	17%	Headline earnings increased by 10%, growing 17% in Rest of Africa and 8% in South Africa. Improving revenue momentum in target areas. R8.6bn paid in dividends. 17% return on equity, the highest since 2008. Credit impairments increased by 10%. Anticipated delay in achieving return on equity and cost-to-income targets.
	Common Equity Tier 1 ratio **Target:** 9.5 – 11.5%	11.9%	
	Cost-to-income ratio **Target:** low 50s in 2016	56.0%	
	Revenue share from outside South Africa **Target:** 20 – 25% in 2016	20.8%	

1 Bi-annual metrics.
2 Employee opinion survey.
3 South Africa.
4 Botswana, Ghana, Kenya, South Africa and Zambia.
® Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrixs Systems Inc., Bain and Co Inc. and Fred Reichheld.
LA This indicator has been reviewed as part of a limited assurance engagement undertaken by PwC and EY.

Positive

Negative

Unchanged/ some improvement

BARCLAYS

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22 March 2016

To our valued stakeholders

Barclays Africa is committed to Africa and we are here to stay.

On 1 March 2016, Barclays PLC announced its intention to sell down its 62.3% stake in Barclays Africa Group Limited (Barclays Africa) over the coming two to three years, to a level which will permit it to deconsolidate Barclays Africa from an accounting and regulatory perspective. It is clear from the announcement that Barclays PLC is reducing its shareholding in Barclays Africa due to recently introduced additional regulatory burdens specific and particular to Barclays PLC as a UK headquartered and globally significant financial institution.

In 2013, we created a leading African financial services franchise when we brought together 11 banks from across the continent and formed the Barclays Africa Group. This put the future of the organisation in our hands. Barclays Africa is the majority (and in some cases sole) shareholder of our operations in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Barclays Bank Tanzania Limited and National Bank of Commerce Limited), Uganda and Zambia. The announcement does not impact our shareholding and ownership of these operations.

The 2015 results demonstrate that we are delivering against our strategy and ambition. We made a profit of R14.3bn, with headline earnings up 10% and a return on equity of 17%, the highest since 2008. Barclays Africa remains well capitalised in excess of regulatory requirements.

We have had a proud and mutually beneficial relationship with Barclays PLC, which has been a supportive shareholder. During the transition, we will work together with Barclays PLC and the South African Reserve Bank (as our primary regulator) to ensure an appropriate outcome for all our stakeholders.

We know that our shareholders may change over time, but our ambition to be Africa's leading financial services group remains unaltered. Our focus will remain on delivering our strategy and on the ground it will be business as usual. We remain deeply committed to the success of our operations across the continent and providing our customers and clients with world class products and services.

Kind regards

Wendy Lucas-Bull
Chairman

Maria Ramos
Chief Executive Officer

Further information concerning the Barclays PLC announcement can be found on our various country websites, which can be accessed via www.barclaysafrica.com > country operations. We will keep this information updated as details become available.

Our reporting suite

This integrated report is our primary report. It is supplemented with online disclosures including our financial statements, risk management report and special interest fact sheets (Citizenship, King III and Broad-Based Black Economic Empowerment (BBBEE) for our South African operations) as well as various documents published as part of our annual results announcement on 1 March 2016.

The full suite of reports is available on our corporate website barclaysafrica.com and at our interactive report website barclaysafrica2015ar.co.za.

Report	Reporting frameworks	Assurance
2015 Integrated Report		
Our primary report for communicating with our shareholders and other stakeholders	○ International Integrated Reporting Council's (IIRC) <IR> Framework ○ South African Companies Act, No 71 of 2008, as amended (Companies Act) ○ JSE Listings Requirements ○ King Code of Corporate Governance for South Africa (King III)	○ Internal controls and management assurance ○ Compliance and internal audit reviews ○ External audit opinion on financial information and external assurance on selected key performance indicators ○ Board approval assisted by the Disclosure Committee (Group Audit and Compliance Committee sub-committee)
Financial statements and risk management report		
○ Consolidated and separate financial statements including the directors' report, external audit report and the report from our Group Audit and Compliance Committee ○ Risk and capital management report	○ International Financial Reporting Standards (IFRS) ○ Companies Act ○ Banks Act, No 94 of 1990 ○ JSE Listings Requirements ○ King III	○ Internal controls and management assurance ○ Compliance and internal audit reviews ○ Governance oversight by our Board assisted by our Group Audit and Group Risk and Capital Management Committee ○ External audit opinion (the complete opinion statement can be found in the consolidated and separate financial statements)
Supplementary fact sheets		
○ Citizenship (with environment disclosures) ○ BBBEE (South Africa) ○ King III ○ Global Reporting Initiative (GRI)	○ IIRC's <IR> Framework ○ King III ○ Global Reporting Initiatives (GRI) G4 guidelines	○ Internal controls and management assurance ○ Compliance and internal audit reviews ○ Governance oversight by our Board assisted primarily by our Social and Ethics and Disclosure Committee ○ External assurance conclusion on selected indicators (the complete assurance statement including the scope of work and conclusions is available online) ○ BBBEE is independently verified by the National Empowerment Rating Agency (NERA) (our BEE verification certificate can be found at absa.co.za)
Other reports		
○ 2015 Financial results booklet ○ SENS announcement	○ IFRS ○ Companies Act	○ Internal controls and management assurance ○ Compliance and internal audit reviews ○ Governance oversight by our Board assisted by our Group Audit and Compliance and Risk and Capital Management Committees ○ External audit review

Disclaimer

Certain statements (words such as 'anticipates', 'estimates', 'expects', 'projects', 'believes', 'intends', 'plans', 'may', 'will' and 'should') and similar expressions in this document are forward-looking. These relate to, among other things, the plans, objectives, goals, strategies, future operations and performance of Barclays Africa Group Limited and our subsidiaries. These statements are not guarantees of future operating, financial or other results and involve certain risks, uncertainties and assumptions and so actual results and outcomes may differ materially from those expressed or implied by such statements.
We make no express or implied representation or warranty that the results we anticipated by such forward-looking statements will be achieved. These statements represent one of many possible scenarios and should not be viewed as the most likely or standard scenario. We are not obligated to update the historical information or forward-looking statements in this document.

Navigating this report

Icons used in this report

Positive

Negative

Unchanged

Increase/decrease

Page reference

Online information

Audited

Audited table

LA

Limited assurance indicator

Customer & Client

Colleague

Citizenship

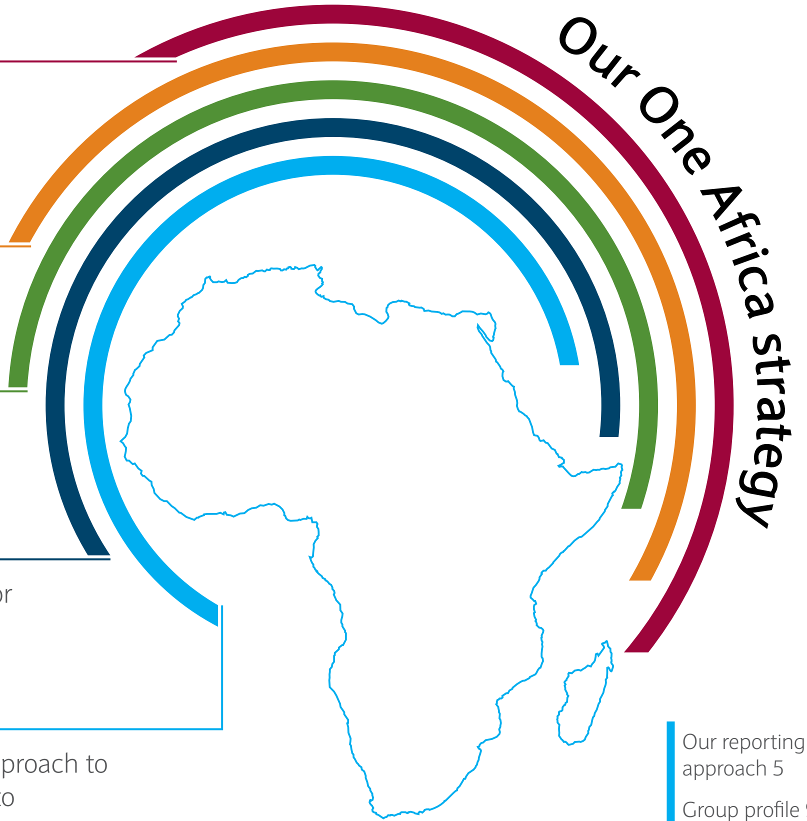
Conduct

Company

Barclays Africa story

As a major African financial services provider...

Barclays Africa Group Limited (the Group or Barclays Africa) is a diversified financial services provider offering an integrated set of products and services across personal and business banking, credit cards, corporate and investment banking, wealth and investment management and insurance. With our long-standing presence in 12 African markets and our regional and international expertise, we have a strong platform to capture the growth opportunity in Africa.



We are driven by our Purpose to help people achieve their ambitions in the right way.

We are focused on our Goal to be the financial services group of choice in Africa.

Our Values – Respect, Integrity, Service, Excellence and Stewardship – define the way we think, work and act.

We are committed to Shared Growth, which for us means having a positive impact on society and delivering shareholder value.

Our Balanced Scorecard provides a holistic approach to deliver commercial returns while responding to stakeholders' needs.

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We leverage our competitive advantage in our One Africa strategy…

We are strongly positioned as a fully local bank with regional and international expertise and aspire 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.

Our strategy is focused on the opportunity for growth and takes into account the matters we believe are material to our long-term sustainability. We remain responsive to the needs of our key stakeholders in achieving our goals and retain flexibility in executing our strategy, taking into consideration prevailing economic conditions and future opportunities.

Our strategy is underpinned by four clear themes. First, as an African financial services provider, we invest in growth opportunities and connect Africa to international capital markets. Second, as a customer and client-focused organisation, our primary focus is to make customers' and clients' lives easier and to help them prosper. Third, we are simplifying our business processes to better serve our customers and clients, sustainably reduce costs and improve efficiencies. Finally, we continue to unlock the power of a dynamic workforce enabled with information technology (IT), automation and innovation to delight our customers and clients.

Our One Africa strategy 10
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We have clear execution areas…

1. Turnaround in Retail and Business Banking
2. Invest in Corporate Banking growth
3. Grow Wealth, Investment Management and Insurance
4. Develop and invest in talent and our people

Chief Executive Officer's review 25

We measure our performance against our strategy and the matters we consider to be most material to our sustainability through our Balanced Scorecard…

Balanced Scorecard component	Material matters
Customer & Client We aim to be the financial services group of choice.	Ensuring the relevance of our products and services including solutions designed to meet customers' and clients' needs; accessibility through our physical and digital channels; quality of our IT infrastructure; value for money and service excellence; as well as trust and safety of customers' and clients' money, information and personal safety. Page 27
Colleague We create an environment where employees can fulfil their potential.	Employing a skilled and motivated workforce through improving employee engagement; attracting and retaining talent; diversity and inclusion; incentivising performance and rewarding appropriately; skills and leadership development (including succession coverage and new ways of working); and health and wellness. Page 31
Citizenship We have a positive impact on the communities in which we operate.	Managing our environmental, governance and social impacts including in our lending practices; inclusive procurement practices; and our direct environmental impact. Contributing to growth by making financial services accessible to individuals and enterprises. Contributing to solutions that address socio-economic challenges such as education and skills; enterprise development; and employability. Page 33
Conduct We act with integrity in everything we do.	Contributing to a sustainable financial services sector and maintaining trust by upholding high ethical standards and good conduct practices including Treating Customers Fairly; lending responsibly; and managing regulatory change effectively. Page 37
Company We effectively manage risk and create sustainable returns.	Delivering appropriate shareholder returns by growing revenue in uncertain economic conditions; managing risk, capital and liquidity within an appropriate risk appetite; disciplined cost management; fair and transparent executive remuneration practices; and managing emerging operational risks arising from social activism and infrastructure instability. Page 40

Our three business segments contribute to our One Africa strategy...

We have a diverse business delivering a wide range of products and services to meet our customers' and clients' needs:

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

... guided and supported by our Group functions

Group functions, from risk compliance and financial management to technology, marketing and communications, are shared across our operations. Common policies and frameworks guide and support the execution of our core business activities, ensuring that we work consistently and in an integrated way for the benefit of our customers and clients. This functional integration allows us to improve service levels and take benefit from synergies and scale.

Segment performance summaries 55

Our organisational structure 13

Our Board provides strong governance and strategic oversight…

The Board sets strategic direction and provides oversight and control, acting as an independent check and balance to the executive management team, whose responsibility it is to manage the business. We provide ethical leadership and promote strong principles of integrity within the Group. We strive to promote reward practices that foster sustainable high performance.

Chairman's review 66

Governance review 70

Remuneration report 78

We contribute positively to our shareholders and other stakeholders…

We have a strong African franchise and play a critical role in society, contributing to the economic prosperity of Africa.

Paid **R8.6bn** in dividends to shareholders.

Contributed **R7.3bn** in taxes.

Paid **R20.9bn** in salaries to **41 772**[LA] employees, investing **R2.3bn**[LA] in training and development.

Serve **12.3m** customers and clients, providing over **R703bn** in gross loans and advances, safeguarding **R688bn** in deposits and managing more than **R276bn** of assets on behalf of our customers and clients.

Spent **R14.6bn** on procurement.

Invested **R192m**[LA] in community programmes and **11 284** employees volunteered **66 709** hours.

Reached **25 966** SMEs through a series of seminars, conferences and workshops.

R7.8bn in retentions to support future business growth.

We will continue to conduct business in a way that promotes positive outcomes for society, consumers and our business by using our core assets, capabilities and business opportunities to address the challenges and opportunities on the African continent.

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Our reporting approach

Our Integrated Report is our primary report for communicating with all stakeholders.

This section provides an overview of our reporting approach, giving insight into the scope and boundaries of our report including our process to determine material matters, a reflection on the six capitals as defined in the International Integrated Reporting Council's <IR> Framework, our independent assurance and the Board's approval.

The reader is referred to additional information within the report or online.

Barclays Africa 2015 Integrated Report

Our 2015 Integrated Report is our primary report for communicating with all our stakeholders and covers the reporting period 1 January to 31 December 2015. It is supplemented with online disclosures, including our financial statements, our risk management report and special interest fact sheets (Citizenship, King III and Broad-Based Black Economic Empowerment).

This report focuses on our material matters and takes the operating environment, current performance and stakeholder feedback into account. Our executive management and Board deem these matters to be those that have the ability to influence our financial performance, our reputation or to impact on our licence to operate.

Assisted by our Disclosure Committee, our Board accepts ultimate responsibility for overseeing the integrity and completeness of this integrated report. Having applied their collective minds to the preparation and presentation of this report, the directors have concluded that it is presented in accordance with the IIRC's <IR> Framework. We believe this report shows we are creating sustainable value and prosperity for stakeholders.

There are a number of other reporting frameworks such as the GRI's G4 guidelines which are considered in our disclosures. We provide a GRI index online as a resource for stakeholders seeking sustainability-related information.

As a South African company listed on the Johannesburg Stock Exchange (JSE), our primary focus in this report is on South African regulatory reporting requirements. These include the Companies Act, the Banks Act, No 94 of 1990, the JSE Listings Requirements and King III.

While we endeavour to include all our operations in our disclosures, where data on metrics disclosed in the Balanced Scorecard are not yet available, this is indicated in the footnotes of the section. Note 49.3 of the financial statements provides a list of material subsidiaries and consolidated structured entities within our financial disclosures. Until 1 March 2016, we had management responsibility for Barclays Bank PLC operations in Egypt and Zimbabwe, however these do not form part of our disclosures.

We use a combination of internal controls, management assurance and compliance and internal audit reviews to ensure the accuracy of our reporting. We also contract a number of independent service providers to assess and assure various aspects of the business operations, including elements of external reporting.

PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) have:

- audited the Group's financial statements. The auditors issued an unmodified opinion on these financial statements which are prepared in accordance with IFRS; and
- provided limited assurance over selected key performance indicators set out in the Balanced Scorecard section of this report (marked with an [LA]). As our reporting matures, we continue to expand this scope and in 2015 included an additional two metrics (Reportable training spend Rest of Africa and Conduct Risk College training). The auditors expressed an unmodified conclusion on this information.

The National Empowerment Rating Agency (NERA) has verified our broad-based black economic empowerment performance for the South African operations, confirming a Level 3 rating.

This report contains certain statements that relate to future operations and performance of the Group. These statements are not guarantees of future operating, financial or other results and involve uncertainty as they rely on future circumstances, some of which are beyond our control, and so actual results and outcomes may differ.

The Board has noted Barclays PLC's intention to sell down its 62.3% shareholding in Barclays Africa and we will, over the coming months, work with Barclays PLC and the South African Reserve Bank (as our primary regulator) to ensure the sell-down is conducted in a manner which safeguards the interests of shareholders, customers and clients, colleagues and all stakeholders across the African continent.

Readers should exercise caution when interpreting any forward-looking statements.

The Board approved this report on 22 March 2016.

Wendy Lucas-Bull
Group Chairman

Maria Ramos
Chief Executive Officer

Identifying our material matters

We consider a matter to be material when it has, or could have, the ability to influence our financial performance, our reputation, or impact on our licence to operate.

We follow a three-step process to determine which matters we believe materially impact our ability to create value and on which we report. The diagram below depicts the ongoing and often complex process.

1. Identify and assess

Matters are brought to light in a number of ways:

- directly by stakeholders (such as regulatory change and customer insights through day-to-day engagement);
- through internal deliberations;
- through independent research; and
- by continuously monitoring the external environment for trends signalling opportunities and risks that could have an impact on our operations (page 20).

These are considered taking into account the influence of the stakeholder, its ability to influence our financial performance, our reputation, or impact on our licence to operate and the expected impact on the sustainability of the Group.

For further information on our stakeholder engagement, see our GRI fact sheet.

2. Prioritise

Using the lens of our Balanced Scorecard, we consider the key matters identified through Step 1 within the context of:

- our Purpose to help people achieve their ambitions in the right way;
- our Goal to be the financial services group of choice in Africa;
- the expected behaviours as informed by our Values and our code of conduct (the Barclays Way);
- our strategy, business model and the risks associated with our business model;
- the operating environment challenges and priorities (international, regional and local);
- our risk and capital management framework; and
- the opportunities and trade-offs of possible responses.

The outcomes of Step 2 are the material matters we consider most relevant to our sustainability.

3. Respond and monitor

Specific actions are identified to ensure we respond appropriately. These, along with the metrics against which we measure our progress, are incorporated in our Balanced Scorecard. Progress is monitored by our Executive Committee, Board and the various Board committees in accordance with their terms of reference.

These material matters and how we are responding are outlined on pages 22 and 23.

Our Balanced Scorecard reflects the six capitals

Our operations benefit from a number of key resources and stakeholder relationships. Through the execution of our business activities we increase, decrease or transform the six capitals as defined in the IIRC's <IR> Framework. The impacts of some are easy to identify, quantify, manage and measure, while other impacts are complex and require an active process for considering and managing trade-offs. We actively manage our business activities to optimum effect, always mindful of our impact on the communities in which we operate, and we measure our progress though our Balanced Scorecard. The table below provides a view of the six capitals, how they are applied to our business model and how they are managed through our Balanced Scorecard.

See our Balanced Scorecard reviews (page 27 – 41) for more information on how, through our businesses activities, we use and affect these capitals.

Financial

- Capital and liquidity management capabilities
- Disciplined cost management
- Opportunities for investment and access to capital markets and financial services
- Credit rating strength
- Shareholder value
- Tax contributions

Human

- Employees, their skills and competencies
- Effective leadership
- Performance management and reward structures
- Investment in employee learning and development
- Company culture to help people achieve their ambitions in the right way
- Specialised financial skills and expertise
- Ethical standards and good conduct practices

Intellectual

- Enterprise risk management framework
- IT capabilities – applying current technologies and developing new technologies
- Brand reputation
- Specialised financial skills and expertise
- Lending, investing and procurement practices

Manufactured

- Branches and call centres for customer service
- Data centres and support function premises
- Equipment and technology resources that enable service delivery, to defend against physical attacks and cyber risk

Natural

- Energy requirements (including electricity, gas and diesel)
- Paper and water consumption
- Environmental and social lending practices

Social and relationship

- Dialogue and interaction with all stakeholders
- Civil society organisations and government partnerships to support wider employability initiatives
- Managing socio-environmental risks and opportunities
- Community investments, access to financial services and financial education
- Employee volunteerism

The six capitals are measured through our Balanced Scorecard below:

	Financial	Human	Intellectual	Manufactured	Natural	Social and relationship
Customer & Client			■	■	■	■
Colleague		■	■		■	
Citizenship	■	■	■	■	■	■
Conduct		■	■			
Company	■		■	■	■	■

Group profile

A strong African franchise delivering shareholder returns and positively impacting society.

About Barclays Africa

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

We are strongly positioned as a fully local bank with regional and international expertise and aspire to build the leading financial services group in our chosen countries in Africa, as well as selected customer and client segments, and to remain locally relevant and competitive in all our presence countries.

We are driven by our Purpose to help people achieve their ambitions in the right way.

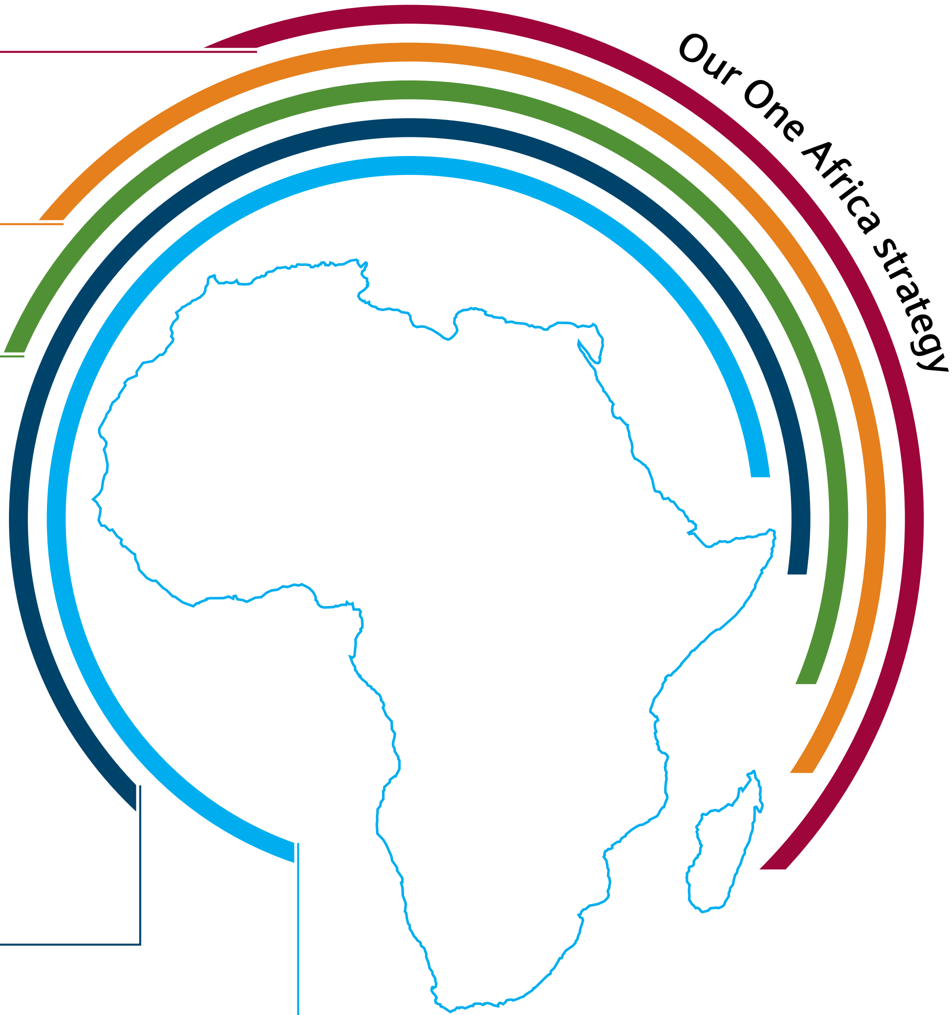
We are focused on our Goal to be the financial services group of choice in Africa.

Our Values define the way we think, work and act:

Respect	We respect and value those we work with and the contribution they make.
Integrity	We act fairly, ethically and openly in all we do.
Service	We put our customers and clients at the centre of what we do.
Excellence	We use our energy, skills and resources to deliver the best sustainable results.
Stewardship	We are passionate about leaving things better than we found them.

We are committed to Shared Growth, which for us means having a positive impact on society and delivering shareholder value.

Our Balanced Scorecard provides a holistic approach to deliver commercial returns, while responding to stakeholders' needs.



We continue on our journey to distinguish ourselves from…

…local and regional banks through our access to international technologies and products and our ability to connect our customers and clients seamlessly to international markets.

…international banks by operating a bank with deep African insights from our local operations.

By focusing on…

Our Retail and Business Banking turnaround

Regaining our leading market position in South Africa and driving the build-out across the continent.

Investing in Corporate Banking growth

Invest in our people and systems to allow us to develop our expertise and product portfolio.

Growing Wealth, Investment Management and Insurance

Realise synergies and build on the platform to expand into new African capital markets.

Developing and investing in talent and our people

Deliver on our diversity agenda, invest in skills and leadership development.

Driving change through the four strategic themes...

African opportunity

Invest in the greatest growth opportunities and connect Africa to international capital markets.

Customer and client experience

Make our customers' and clients' lives easier and help them to prosper.

Simplify and accelerate

Simplify our business processes to better serve our customers and clients, sustainably reduce costs and improve efficiencies.

Powered by people and technology

Unlock the power of a dynamic workforce enabled with technology, information and innovation to deliver value to our customers and clients.

Aiming to deliver on our medium-term targets…

- **A return on equity** in the range of 18 – 20%
- **Top three by revenue position** in our five key markets (Botswana, Ghana, Kenya, South Africa and Zambia)
- **A revenue share** of 20 – 25% from outside South Africa
- **A cost-to-income ratio** in the low 50s

While building the bank of the future…

We recognise that, with the pace of change, the environment in which we operate will look very different in the future.

While we remain focused on our strategic priorities, we ensure that we keep evolving and building the capabilities required in the future through programmes and partnerships such as:

- Rise Africa, which is part of an international community for open innovation, designed to pioneer the future of financial services;
- Our Blockchain Challenge competition for entrepreneurs, which aims to transform supply chain transparency and lower the cost of doing business; and
- Peer-to-peer lending.

2014 → 2015 – 2016 →

Long-standing local presence. Strong regional franchise.

12.3m customers

10 378 ATMs

1 251 branches

41 772 employees[1, LA]

2nd fastest
growing region

Number 1
growing payments region

2 – 3x growth
in intra-African trade by 2020

51%
of Africans are online using a mobile device

45%
of the sub-Saharan African population have a mobile money account

Revenue by segment[2]

Retail and Business Banking
72.1%

Corporate and Investment Bank
20.2%

Wealth, Investment Management and Insurance
7.7%

Revenue by geography

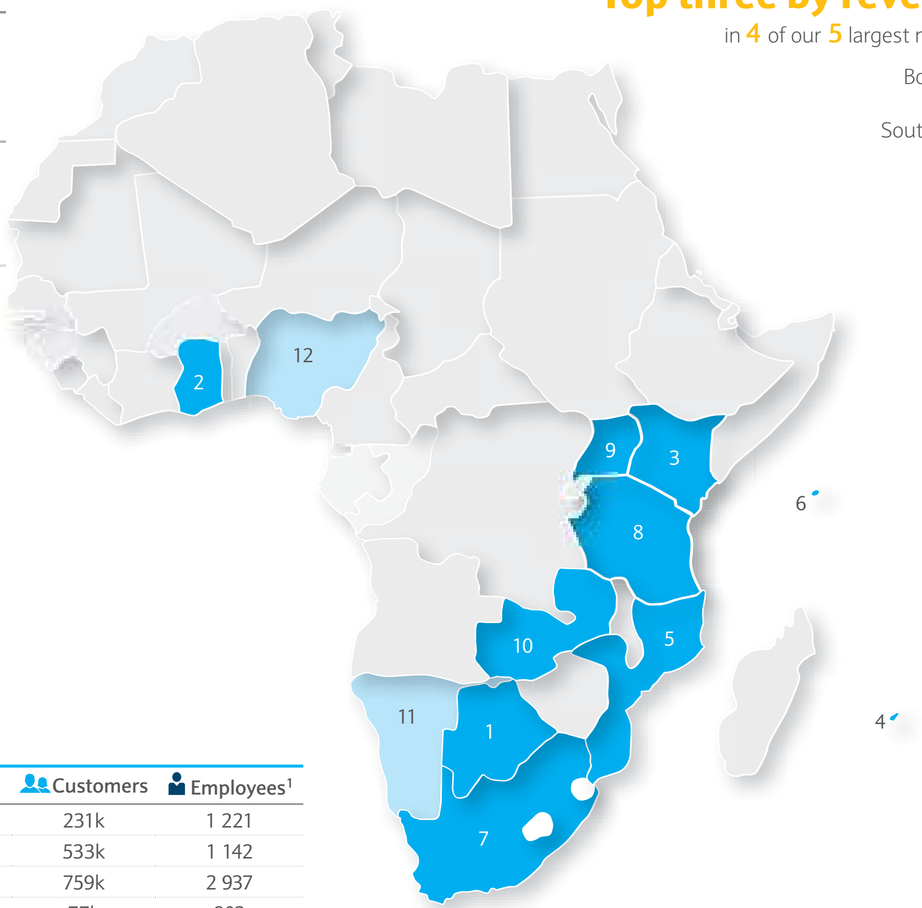
79.2%
South Africa

20.8%
Rest of Africa

Top three by revenue

in 4 of our 5 largest markets:

Botswana
Ghana
South Africa
Zambia



		Branches	ATMs	Customers	Employees[1]
1	Botswana	39	114	231k	1 221
2	Ghana	66	158	533k	1 142
3	Kenya	122	230	759k	2 937
4	Mauritius	19	42	77k	803
5	Mozambique	47	107	270k	941
6	Seychelles	7	16	17k	201
7	South Africa	784	9 216	9 425k[LA]	30 900[3]
8	Tanzania BBT	25	48	66k	492
8	Tanzania NBC	52	242	587k	1 244
9	Uganda	42	71	123k	897
10	Zambia	48	134	223k	994

Barclays Africa

Barclays Africa representative offices

11 Namibia

12 Nigeria

[1] Includes permanent and temporary employees.
[2] Revenue by segment excludes Head Office, Treasury, Capital and Other.
[3] Includes Barclays Africa Regional Office employees.
[LA] This indicator has been reviewed as part of a limited assurance engagement undertaken by PwC and EY.

Operating in an integrated manner

Group functions, from risk, compliance and financial management to technology, marketing and communications, are common across our operations. Common frameworks, policies and processes guide and support the execution of our core business activities, ensuring that we work consistently and in an integrated way for the benefit of our customers and clients. This functional integration allows us to improve service levels and to benefit from synergies and scale.

Barclays Africa Board

Significant subsidiary (including country) boards

Our executive directors, Maria Ramos and David Hodnett, lead our management team in the execution of our strategy.

Our Board, chaired by Wendy Lucas-Bull, provides governance and oversight.

Retail and Business Banking	Corporate and Investment Bank	Wealth, Investment Management and Insurance
Craig Bond	Stephen van Coller	Nomkhita Nqweni

Function	Executive	Board committees
Human Resources	Sarah Louw	GRHRC, SEC
Group Finance	David Hodnett	GACC, BFC
Group Risk	Arrie Rautenbach	GRCMC, CoRC, MC
Group Operations	Charles Russon	ITC, GACC
Marketing and Corporate Relations	Bobby Malabie	SEC
Group Compliance	Yasmin Masithela	GACC
Group Legal	Charles Wheeler	GACC, DAC, GRCMC, SEC

Internal Audit Greg Warland

Board committees

DAC	Directors' Affairs Committee
GACC	Group Audit and Compliance Committee
GRCMC	Group Risk and Capital Management Committee
MC	Models Committee
BFC	Board Finance Committee
CoRC	Concentration Risk Committee
ITC	Information Technology Committee
SEC	Social and Ethics Committee
GRHRC	Group Remuneration and Human Resources Committee

Our Executive Committee and Board

Our executive directors lead our Executive Committee in the execution of our strategy

Maria Ramos
Chief Executive Officer

David Hodnett
Deputy Chief Executive Officer and Financial Director

Our three business segments contribute to our One Africa strategy

We have a diverse business delivering a wide range of products and services to meet our customers' and clients' needs.

Craig Bond

Retail and Business Banking (RBB)

Nomkhita Nqweni

Wealth, Investment Management and Insurance (WIMI)

Stephen van Coller

Corporate and Investment Bank (CIB)

Guided and supported by our Group functions

Group functions are shared across our operations. This functional integration allows us to improve service levels and to benefit from synergies and scale.

Common policies and frameworks guide and support the execution of our core business activities, ensuring that we work consistently and in an integrated way for the benefit of our customers and clients.

Arrie Rautenbach

Group Risk

Bobby Malabie

Marketing and Corporate Relations

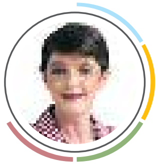
Charles Russon

Group Operations

Charles Wheeler

Group Legal

Sarah Louw



Human Resources

Yasmin Masithela

Group Compliance

Our Board provides governance and oversight

Wendy Lucas-Bull

Chairman

Trevor Munday

Lead Independent Director

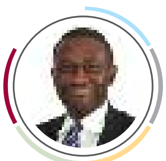
Maria Ramos

Executive Director

David Hodnett

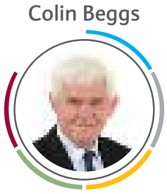
Executive Director

Alex Darko

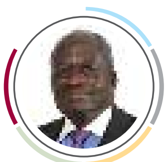


Ashok Vaswani

Colin Beggs



Francis Okomo-Okello

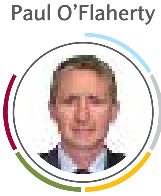


Mark Merson

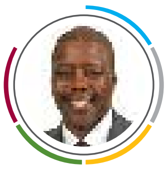
Mohamed Husain

Patrick Clackson

Paul O'Flaherty

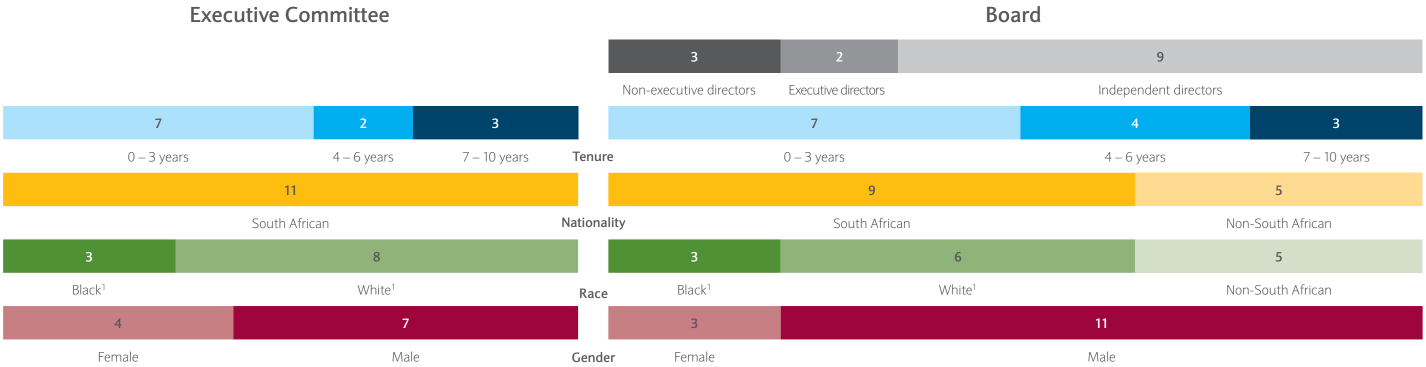


Peter Matlare



Yolanda Cuba

We strive to enhance the composition of our Executive Committee and Board in terms of diversity and expertise.



Detailed biographies of our Executive Committee members and directors can be found at barclaysafrica.com.

Maria Ramos[2] (56)
Appointed: 2009
Committees: GRCMC, SEC, CoRC, ITC, MC
Qualifications: Institute of Bankers' Diploma; BCom (Hons); MSc (Economics)
Expertise: finance; economics; business management

David Hodnett[3] (46)
Appointed: 2008
Committees: GRCMC, CoRC, ITC, MC (Chair)
Qualifications: BCom; CA(SA); MBA
Expertise: finance; risk management; financial services

Craig Bond (54)
Appointed: 2013
Qualifications: BCom; LLB; HDip Tax; SEP
Expertise: personal and private banking; international retail and business banking; tourism management

Nomkhita Nqweni (41)
Appointed: 2011
Qualifications: BSc; Post Graduate Diploma (Investment Management)
Expertise: investment management

Stephen van Coller (49)
Appointed: 2009
Qualifications: BCom (Hons); HDip (Accounting); CA(SA); CMA (UK)
Expertise: accounting; investment banking

Arrie Rautenbach (50)
Appointed: 2015
Qualifications: MBA; AMP
Expertise: business and risk management; sales and distribution; operations

Bobby Malabie (55)
Appointed: 2010
Qualifications: BCom (Accounting); MBA; MDP
Expertise: business, marketing and communications strategy

Charles Russon (49)
Appointed: 2014
Qualifications: CA(SA)
Expertise: finance; operations

Charles Wheeler (51)
Appointed: 2013
Qualifications: BA; LLB; HDip (Tax)
Expertise: legal and litigation

Sarah Louw (50)
Appointed: 2013
Qualifications: HDip (Labour Relations); Dip (Personnel Management) (IPM)
Expertise: human resources; labour relations

Yasmin Masithela (42)
Appointed: 2014
Qualifications: LLB (UCT); HDip (Company Law) (Wits); Masters in Tax Law (Wits)
Expertise: legal; compliance and strategy

Wendy Lucas-Bull[4,5] (62)
Appointed: April 2013
Committees: GRCMC, GRHRC, SEC, CoRC, BFC, ITC, DAC (Chair)
Qualifications: BSc
Expertise: retail and investment banking; asset management; insurance; technology; business re-engineering; organisational change management; general business including mining, energy, manufacturing and telecoms

Trevor Munday (66)
Appointed: April 2007
Committees: GACC, GRCMC (Chair), DAC, GRHRC (until May 2015), CoRC (Chair), BFC (Chair)
Qualifications: BCom
Expertise: finance; risk management; corporate affairs; audit; general business including petrochemical, energy, manufacturing, telecoms and agriculture

Alex Darko[6] (63)
Appointed: October 2014
Committees: GACC, GRHRC, ITC
Qualifications: MSc (MIS); Fellow of Chartered Certified Accountants (FCCA)
Expertise: finance; re-engineering; change management and IT

Ashok Vaswani[7] (55)
Appointed: March 2013
Committees: ITC
Qualifications: CA (CPA) (India)
Expertise: retail and business banking; private equity

Colin Beggs (67)
Appointed: June 2010
Committees: GACC (Chair), GRCMC, CoRC, BFC, DAC
Qualifications: BCom (Hons); CA(SA)
Expertise: accounting and finance

Francis Okomo-Okello[8] (66)
Appointed: October 2014
Committees: SEC
Qualifications: LLB (Hons)
Expertise: public and international affairs; banking; legal and corporate affairs

Mark Merson[9] (47)
Appointed: January 2014
Committees: GRCMC, BFC
Qualifications: CA(UK)
Expertise: banking; finance; financial control; investor relations

Mohamed Husain (55)
Appointed: November 2008
Committees: GACC, GRHRC (Chair), DAC, BFC, SEC (Chair)
Qualifications: BProc
Expertise: legal and corporate litigation

Patrick Clackson[9] (51)
Appointed: March 2013
Committees: GRHRC, ITC (Chair)
Qualifications: BSc (Hons); ACA
Expertise: finance; corporate and investment banking; technology

Paul O'Flaherty (52)
Appointed: February 2016
Committees: GACC, GRCMC, CoRC
Qualifications: BCom; BAcc (Hons); CA(SA)
Expertise: finance and audit; strategy; operations management; general business including mining, power, construction and steel manufacturing

Peter Matlare (56)
Appointed: December 2011
Committees: ITC
Qualifications: BSc (Hons) (Political Science); MA (South African Studies)
Expertise: strategy; business development; general business including consumer goods; international operations management

Yolanda Cuba (38)
Appointed: December 2006
Committees: GRHRC, CoRC, BFC
Qualifications: BCom (Statistics); BCom (Hons); CA(SA)
Expertise: finance; strategy; corporate finance; general business including consumer goods and telecoms

1 Definition as per South African Broad-Based Black Economic Empowerment Act.
2 GACC, GRHRC, BFC, and DAC attendee.
3 GACC, SEC, BFC and DAC attendee.
4 GACC attendee.
5 From 1 March 2016, classified as independent following her resignation from Barclays PLC and Barclays Bank PLC boards.
6 Ghanaian.
7 Singaporean, GACC attendee.
8 Kenyan.
9 British.

Our business model

We help to create, grow and protect wealth. Our strategy focuses on our opportunities for growth and takes into account the matters we believe are material to our long-term sustainability.

Our business model draws from the six capitals and our Balanced Scorecard (page 27) provides us with the framework against which we consider how we transform, increase or decrease these capitals to generate our desired outputs.

The diagram below depicts each of our core activities and how they translate into products and services to meet the needs of our customers and clients.

Our core business activities and processes

Activities	What this means	Risk	Balance sheet impact	Flow of money	Income statement impact
A safe place to save, invest and to manage funds	Managing shareholder funds Accepting customers' and clients' deposits and raising debt Facilitating payments and investments Providing investment management products and advice Providing pension fund administration	Interest rate Liquidity Operational Conduct Market	Deposits Debt securities in issue Shareholders' equity and preference shares	Interest paid to depositors and other funders Returns generated for shareholders Investments made on behalf of customers and clients Fee income administration services	Interest expense Fee and commission income Dividends paid Gains and losses from investment activities
Provide funds for purchases and growth	Extending credit, taking into account customers' credit standing and our risk appetite	Credit Interest rate Operational Conduct	Loans and advances Provision for bad debts	Receive interest income from borrowers Fee income relating to lending activities	Net interest income Fee and commission income Other operating income Bad debts expense
Manage business and financial risks	Providing solutions to manage various risks such as interest rate and foreign exchange	Credit Market Operational Conduct	Hedging and trading portfolio liabilities Hedging and trading portfolio assets	Fee income from advisory services Commission income Trading revenue	Gains and losses from banking and trading activities Fee and commission income Other operating income
Provide financial and business support	Providing individual and business advice, investment research and advisory services on large corporate deals	Market Operational Conduct		Fee income from advisory services	Fee and commission income
Protect against risks	Providing compensation for retirement and/or a specified loss (damage, illness or death) in return for a premium payment	Insurance Operational Conduct Market	Policyholder liabilities under insurance and investment contracts Reinsurance assets	Insurance premium income Pay out claims for specified losses	Net insurance premium income Net claims and benefits payable on insurance contracts

We provide our customers and clients with a range of solutions

<table>
<tr><th></th><th>Individuals</th><th>Small and medium enterprises</th><th>Corporates</th><th>Financial institutions and banks</th><th>Sovereigns and institutions</th></tr>
<tr><td rowspan="6">A safe place to save, invest and to manage funds</td><td colspan="5">Current accounts and overdrafts</td></tr>
<tr><td colspan="5">Savings, deposits and investment products</td></tr>
<tr><td colspan="3">Mobile and digital payments</td><td></td><td></td></tr>
<tr><td colspan="2">Stock broking and trading services</td><td colspan="3">Access to international financial markets</td></tr>
<tr><td></td><td colspan="4">Cash management, payment systems and international trade services</td></tr>
<tr><td></td><td colspan="2">Pension fund administration</td><td></td><td></td></tr>
<tr><td rowspan="4">Provide funds for purchases and growth</td><td rowspan="4">Residential home loans, vehicle and asset finance, personal loans and credit cards</td><td colspan="3">Commercial property finance and business loans</td><td></td></tr>
<tr><td colspan="3">Asset and lease finance, trade and supplier finance and working capital solutions</td><td></td></tr>
<tr><td></td><td colspan="3">International capital markets</td></tr>
<tr><td></td><td colspan="2">Large corporate and inter-bank lending</td><td></td></tr>
<tr><td rowspan="3">Manage business and financial risks</td><td></td><td colspan="4">Foreign exchange rate hedging</td></tr>
<tr><td colspan="3">Fixed-rate loans</td><td></td><td></td></tr>
<tr><td></td><td></td><td colspan="3">Inflation and interest rate hedging</td></tr>
<tr><td rowspan="2">Provide financial and business support</td><td rowspan="2">Wealth advisory and private banking services, including investment advice, wills and trusts</td><td colspan="4">Relationship managers and support</td></tr>
<tr><td>Business seminars and start-up support</td><td colspan="3">International investment research. Advice on large corporate deals and mergers and acquisitions</td></tr>
<tr><td>Protect against risks</td><td colspan="3">Insurance (life, investments, retirement, credit and short-term)</td><td></td><td></td></tr>
</table>

Risks associated with the execution of our business model

Effective risk management and control are essential for sustainable and profitable growth. Within each area of business, we believe that we must effectively manage all risks, most importantly financial risks, as it is only by remaining financially sustainable that we can deliver on our other commitments.

We face risks throughout our business, every day, in everything we do. Risks exist when the outcome of taking a particular decision or course of action is uncertain and could potentially impact whether, or how well, we deliver on our objectives. Certain risks are the result of external events which impact our business – such as electricity shortages, economic shifts and regulatory change. We choose to take select risks after appropriate consideration – such as lending money to a customer or client. Other risks may arise from unintended consequences of internal actions, for example an IT system failure or poor sales practices.

The role of risk management is to evaluate, respond to and monitor risks in the execution of our strategy. Our risk management framework sets out the activities, tools, techniques and practices so that material risks facing the Group can be better identified and managed. It also ensures appropriate responses are in place to protect the Group and prevent detriment to our customers and clients, employees and other stakeholders. It is essential that business plans are supported by an effective risk management framework, allowing us to grow in a sustainable and responsible manner.

Principal risks

Our key risks – those that are foreseeable, continuous and material – are grouped into five principal risks. Each has a control framework with supporting policies and standards.

Credit risk

The risk of financial loss should our customers, clients or market counterparties fail to fulfil their contractual obligations.

Market risk

The risk that our earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads.

- **Traded market risk:** The risk that we will be impacted by changes in the level or volatility of positions in trading books, primarily in investment banking.
- **Non-traded market risk:** The risk of our earnings or capital being reduced due to the market risk exposure from banking book positions which may arise net of hedging activities.
- **Insurance risk:** The risk that future experiences relating to claims, expenses, policyholder behaviour and investment returns are different from the assumptions made when setting premiums or valuing policyholder liabilities.
- **Pension risk:** The risk that arises when an adverse movement between pension assets and liabilities results in a pension deficit.

Funding risk

The risk that we are unable to achieve our business plans as a result of capital, liquidity and structural risk.

- **Capital risk:** The risk that we are unable to maintain adequate levels of capital. This could lead to an inability to support business activity, a failure to meet regulatory requirements, and/or changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding.
- **Liquidity risk:** The risk that we are unable to meet our obligations as they fall due.

Operational risk

Operational risk arises when there is potential for direct and/or indirect losses resulting from human factors, inadequate or failed internal processes, systems or external events.

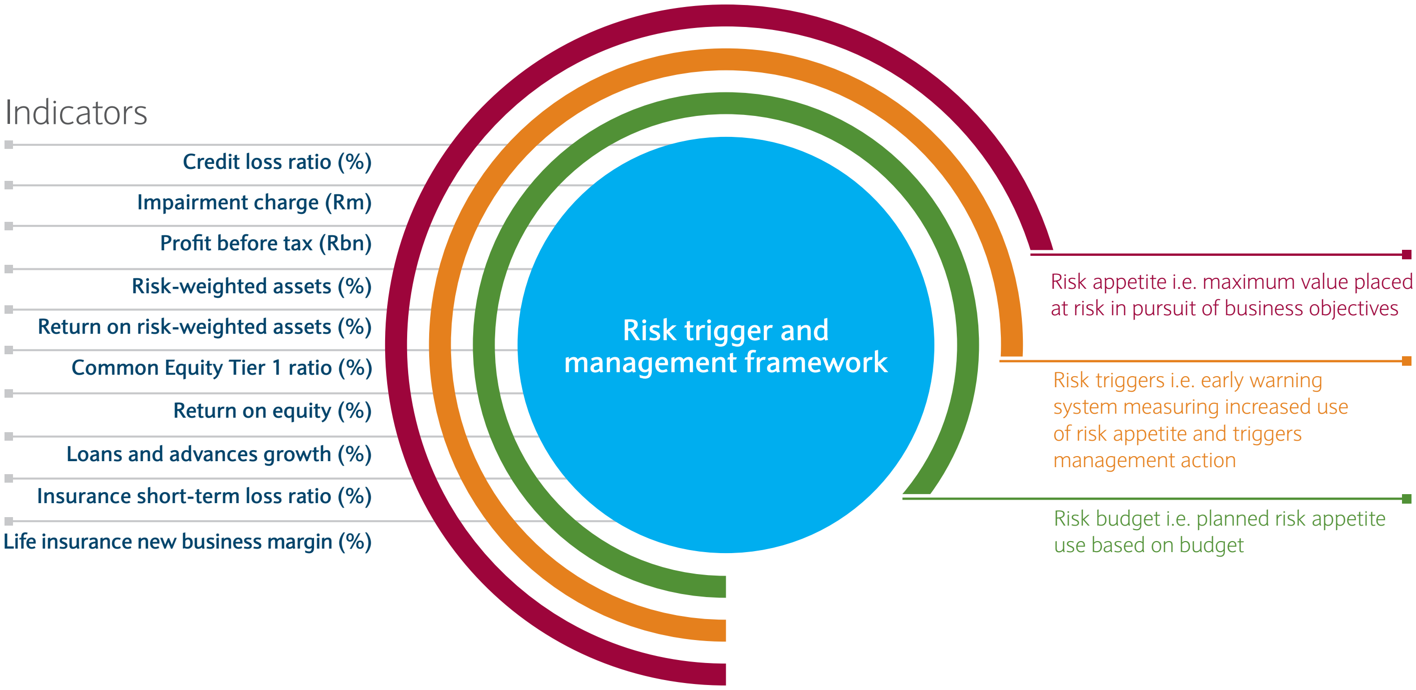
Conduct risk

The risk that detriment is caused to customers, clients, counterparties or Barclays Africa and our employees because of inappropriate judgement in the execution of business activities.

Risk appetite

Our risk appetite measures the extent and types of risk that we are prepared to take in executing our strategy. Our risk appetite framework combines a top-down view of capacity to take risk with a bottom-up view of the business risk profile associated with each business area's plans. We aim to manage our risk profile in a forward-looking manner. A risk trigger and management framework serves as an early warning system in the event of deteriorating circumstances. The indicators include economic and industry sector indices directly correlated with risk measures and key financial indicators. A similar process is followed to manage insurance risk.

We use stress testing and scenario analyses to assess the performance of the Group's portfolios in the expected economic environment and to evaluate the impact of adverse economic conditions. Actual market stresses, experienced throughout the financial system in recent years, were used to enhance the stress scenarios employed.



Three lines of defence

A clear and consistent control framework entails specific responsibilities. We apply a three lines of defence model in the governance of risk across all segments and functions. Our enterprise risk management framework establishes specific segregated responsibilities to each line of defence.

- The first line refers to process and control owners in customer-facing business segments and select Group functions. They are responsible for managing risk and control in their processes on an end-to-end basis.
- The second line includes independent risk, compliance, legal and control functions. These functions formulate the policies and standards for managing risk and control and ensure, through reviews, that the first line of defence meets the requirements of these policies and standards.
- The third line includes internal and external audit. The third line confirms through control testing and other reviews that the first and second line execute their responsibilities in an effective and consistent manner.

All our employees must take responsibility for their role in our risk management, regardless of position, function or location. They are required to be familiar with risk management policies relevant to their activities, must know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the framework, risk management process and governance arrangements.

Risk summary (page 49)

Evaluate, respond and monitor

This process is a structured, practical and easy to understand risk management approach for management to identify and assess the risk, determine the appropriate response, and then monitor the effectiveness of the response and the changes to the risk profile.

1. **Evaluate:** Individuals, teams and departments, including those responsible for delivering the objective under review, identify and assess the potential risks.
2. **Respond:** The appropriate risk response effectively and efficiently ensures that risks are within our appetite. We can respond in three ways:
   - Accept the risk, but take necessary mitigating actions such as using risk controls.
   - Stop the existing activity, or do not start the proposed activity.
   - Continue, but transfer risks to another party e.g. insurance.
3. **Monitor:** Once risks have been identified and measured, and controls are in place, progress towards objectives must be tracked. Monitoring is ongoing and can prompt re-evaluation of the risks and/or changes in responses. Monitoring is proactive and entails more than just 'reporting'. It includes ensuring risks are being maintained within risk appetite and verifying that controls are functioning as intended and remain fit for purpose.

Our operating environment

Our strategy is focused on the opportunity for growth. It takes into account the matters we believe are material to our long-term sustainability and our ability to leverage our assets and expertise across the Barclays Africa Group.

We believe our ability to create value is directly linked with our ability to effectively address a number of emerging issues and the associated material matters. The external environment continues to evolve rapidly across a broad spectrum of issues. We must be responsive to the market and the resultant risks and opportunities and we therefore continue to monitor and assess the impacts of global, regional and local change. These environmental considerations are a key input into our process of identifying and managing the matters material to our sustainability.

Macroeconomic conditions

- Global economic conditions, including the slowdown in China and related drop in commodity prices has negatively impacted many African economies
- Increased uncertainty and volatility in key economic indicators
- Domestic economic challenges including inflation and currency depreciation
- South African economic fundamentals in particular remain strained and growth expectations are muted

Related material matters

Related risks
Credit
Market
Funding

Competition and technology

- Many local banks are growing faster than global and regional banks
- Raised expectations of customers and clients
- Disintermediation/non-traditional competitors distributing banking products
- Reduced time to market for new products and improved technology as rapid advances deliver new low-cost, fully digital banking products off the back of virtual solutions
- Personal banking is rapidly starting to centre around mobile applications
- Complexity of managing IT and cyber risks

Related material matters

Related risks
Credit
Market
Funding
Operational

Regulatory change and conduct

- Increasing active supervision and regulation of financial services, with a particular focus on consumer protection
- Potential for disparate regulatory standards across geographies and key areas of business
- Pressure on fees and margins due to regulatory intervention and competitive forces
- Significant accounting and regulatory developments including IFRS 9 (accounting for financial instruments), IFRS 4 (proposed changes to insurance contract accounting) and BCBS 239 (principles for effective risk data aggregation and reporting as defined by the Basel Committee on Banking Supervision)

Related material matters

Related risks
Credit
Market
Funding
Operational
Conduct

People and skill sets

- Competition for specialised skill sets such as IT, data analytics and risk management
- Resource mobility (regional and global) and new ways of working, for instance crowd sourcing
- Imperative for inclusion and diversity
- Ongoing cost pressure and the automation of processes impacting human resource (HR) requirements
- Evolving technological developments create a disconnect between our future required resources and current employee skill sets
- Employees are increasingly seeking flexible and dynamic working conditions and a tailored employee value proposition

Related material matters

Related risks
Operational
Conduct

Social and environmental matters

- Infrastructure challenges including electricity and water supply
- Rapid growth in young population and expanding mass and middle market in Africa
- Extent of unemployment, especially in the youth segment
- Political and social unrest including consumer activism and terrorism
- Activism in a broader range of social, environmental and governance-related matters

Related material matters

Related risks
Operational
Conduct

Our response

We respond strategically and operationally to macro-trends impacting our operating environment ensuring that we build resilience, adaptability and a culture of innovation.

Our strategy has evolved to meet customers' and clients' needs and industry trends by adding new capabilities in innovation, data and automation. While keeping pace with transformative shifts in technology and consumer behaviour requires investment, greater use of technology will reduce the cost-to-serve through automation and innovation enabling faster, more personalised, lower risk and more consistent customer and client experiences.

We embrace efforts to ensure a stable financial services sector and a safe and fair operating environment where systemic risk is minimised. We are confident that we can implement the required changes already emerging and stay ahead of regulatory changes across all jurisdictions.

We are committed to operating with integrity, treating our customers fairly and combating financial crime and cybercrime. Our Values define the way we think, work and act and our performance management approach places equal emphasis on our objectives ('what') and behaviours ('how'). In addition to our Values, there are laws, regulations and codes that further define expectations of how we conduct our business. There are a number of current and proposed regulations focused on consumer protection and ethical behaviour in the financial services industry. We believe these regulations support our aim to act with integrity in everything we do.

We strive to fulfil our role as an enabler of social and economic progress, growth and development in our economies. Our Shared Growth agenda aims to make a positive impact on society while delivering shareholder returns. We are committed to contributing to Africa's growth and towards sustainable solutions to some of the most pressing challenges facing the continent.

Managing matters which are material to our sustainability

We consider a matter to be material when it has the ability to influence our financial performance, our reputation or impact on our licence to operate.

Taking into account our strategy, footprint, business model and associated risks and our operating environment, the table below depicts our material matters within the context of our Balanced Scorecard.

	Why this is important to us	Key matters raised by stakeholders
Customer & Client We aim to be the financial services group of choice.	Customer service is central to our growth strategy. To retain existing and acquire new customers and clients, it is essential that we remain relevant by offering appropriate, innovative, products and solutions at the right cost.	○ Access to financial services that are cost-effective, easy to use and convenient. ○ Financial inclusion through products and increased access points (physical and digital) and markets. ○ System reliability and availability to transact on their chosen platform. ○ Service levels and efficient resolution of service failures (complaints). ○ Access to credit and explanation if declined. ○ Protection against fraud and safety of personal data (customer privacy and data security).
Colleague We create an environment where employees can fulfil their potential.	Capable and committed employees serve our customers and clients and advance our reputation, driving our commercial success.	○ Consistent and engaging communications across all platforms. ○ Seeing our Values in action through leadership and colleagues. ○ Fair pay, reward and recognition. ○ Diversity and transformation. ○ Development, learning and career opportunities. ○ Access to the required systems and tools to fulfil job responsibilities. ○ Employee value propositions including a dynamic working environment, mobility opportunities and emerging skills development.
Citizenship We have a positive impact on the communities in which we operate.	We are committed to Shared Growth, which for us means having a positive impact on society and delivering shareholder value.	○ Management of environmental footprint and social and environmental impacts in lending. ○ Financial literacy support and access to affordable financial services including transactional products, housing, empowerment finance and other lending. ○ Procurement opportunities for SMEs. ○ Bridging the gap between training/education and job creation and between enterprise development, including funding and business opportunities. ○ Funding for community upliftment projects and providing opportunities for employees who wish to be involved in volunteering.
Conduct We act with integrity in everything we do.	Doing the right thing, in the right way, is central to long-term sustainability. It enhances our reputation, promotes trust in the financial system and it helps ensure that we provide appropriate products and services.	○ Financial system stability spanning from financial soundness to fair treatment of consumers. ○ Developing regulatory oversight through 'Twin Peaks' structures. ○ Responding to labour and consumer-focused legislative changes. ○ Adapting to and influencing changes to legislation/regulations that have a substantial impact on the business. ○ Responsible lending including credit amnesty activities. ○ A sound, ethical work environment underpinned by sound corporate values.
Company We effectively manage risk and create sustainable returns.	It is essential that we maintain a strong relationship with our shareholders to ensure we have a shared understanding and vision for our future performance. Not meeting these expectations reduces shareholder confidence.	○ Resilience and revenue growth in an uncertain/volatile economic environment and sustainable cost containment. ○ Strong and emerging competition. ○ Adequacy of credit provisions. ○ Returns from portfolios outside South Africa while turning around RBB in South Africa. ○ Appropriate executive remuneration. ○ Operational risks including IT, cybercrime and physical security.

We follow a clearly defined process for determining these matters (see page 7).

Relevant material matters	How are we responding
Ensuring the relevance of our products and services including: ○ solutions designed to meet customers' and clients' needs; ○ accessibility through our physical and digital channels; ○ quality of our IT infrastructure; ○ value for money and service excellence; and ○ trust and safety of customers' and clients' money, information and personal safety.	We continue to: ○ support customers in migrating to the appropriate products based on their life stages; ○ automate processes and simplify customer and client interactions; ○ use data analytics to build a deeper understanding of customer and client behaviour in order to better serve them; ○ simplify products and services while enhancing digital functionality of our online platforms (Absa Online Express and Worldmiles Travel Portal); introduce new functionalities (for example debit order reversals in South Africa); and innovations such as the Apple Watch app in South Africa; ○ implement systems and technologies such as Front Arena, BARX and Barclays.Net; ○ increase system resilience and stability and implemented a new cybersecurity strategy; and ○ continually increase customers' and clients' awareness of cyber threats and how to prevent them. We also implemented a number of initiatives within our innovation programme including establishing a 'design office' to focus on physical design and experiences, creating end-to-end customer engagements, and launched Rise Africa, an innovation community for top fintech start-ups to connect, co-create and scale their innovation ideas.
Employing a skilled and motivated workforce through: ○ improving employee engagement; ○ attracting and retaining talent; ○ diversity and inclusion; ○ incentivising performance and rewarding appropriately; ○ skills and leadership development (including succession coverage and new ways of working); and ○ health and wellness.	We continue to: ○ simplify our HR processes and systems to improve employee experience and increase self-service functionalities; ○ recruit in areas of critical skills, most notably in IT; ○ expand leadership and youth development programmes (Colleague Curriculum, Barclays Leadership Academy and the Pan-African Graduate Programme) to include our Management Arts Programme and a targeted programme supporting employees whose roles are impacted by evolving workforce requirements; ○ drive our diversity and inclusion plan; and ○ use the findings of our employee opinion survey to create tailored action plans to address areas needing improvement.
Managing environmental, governance and social impacts including: ○ in our lending practices; ○ inclusive procurement practices; and ○ our direct environmental impact. Contributing to growth by: ○ making financial services accessible to individuals and enterprises. Contributing to solutions that address socio-economic challenges, such as: ○ education and skills; ○ enterprise development; and ○ employability.	We ensure that the way we do business reflects broader social and environmental considerations. We achieve this through a range of activities including: ○ managing our direct impact on the environment by reducing our carbon emissions; ○ ensuring our lending practices take into account environmental and social considerations as prescribed by the Equator Principles; ○ providing local suppliers with procurement opportunities through our procurement portal and our supply chain development programmes; and ○ creating access to financial services through our physical and digital channels, partnerships and a wide range of products. Within Shared Growth, our Citizenship approach is focused on three key areas: education and skills development, financial inclusion and enterprise development. We launched ReadytoWork, a Pan-African employability programme aimed at empowering young people with the skills they need to successfully transition from basic education into the world of work.
Contributing to a sustainable financial services sector and maintaining trust by: ○ upgrading our high ethical standards and good conduct practices including Treating Customers Fairly; ○ lending responsibly; and ○ managing regulatory change effectively.	○ Our values guide our behaviours and we continue our efforts to reduce or avoid the impact of poor conduct on all our stakeholders through various initiatives, ranging from regulatory approved customer on-boarding processes to ongoing anti-money laundering, sanctions and anti-bribery and corruption activities. ○ Conduct risk assessments were completed for all businesses and we enhanced reporting (including performance measurement metrics). ○ We created a comprehensive measurement of Treating Customers Fairly and the 10 conduct risk outcomes, providing a broader and more accurate view of our customers' experience. ○ We continue to refine our lending approach to account for macroeconomic conditions and the regulatory environment and in 2015, implemented changes relating to the new affordability rules of the National Credit Act in South Africa. ○ We actively participate in industry discussion on wide-ranging regulatory changes.
Delivering appropriate shareholder returns by: ○ growing revenue in uncertain economic conditions; ○ managing risk, capital and liquidity within an appropriate risk appetite; ○ disciplined cost management; ○ fair and transparent executive remuneration practices; and ○ managing emerging operational risks arising from social activism and infrastructure instability (including electricity and water).	○ We have clear financial targets on which we are making progress, however, our return on equity and cost-to-income targets are more likely to be achieved in the medium term due to current macroeconomic conditions. ○ We are growing revenue in target annuity areas. ○ Our focus remains on sustainable structural cost efficiencies (through retail network optimisation, process improvement, digital and automation). ○ We continue to improve our controls, embed our enterprise risk management framework and closely monitor identified areas including cybercrime, financial crime and fraud. ○ With shareholder approval, we converted our phantom Share Value Plan to an equity plan to better align colleague and shareholder interests.

Performance review

We delivered solid results, demonstrating that our strategy is working. Our ambition to be Africa's leading bank remains unchanged. We are a well-capitalised and independently funded business that is strongly positioned to achieve our goals across the continent.

Chief Executive Officer's review

Maria Ramos
Chief Executive Officer

Introduction

In 2013, we formed Barclays Africa by purchasing the majority of Barclays PLC's operations in Africa – the largest acquisition ever by an African bank on the continent. In 2014, we laid out our three-year strategy to build a leading African financial services group and we are delivering on that ambition.

Today we have a balance sheet of over R1 tr and we are well-capitalised and independently funded. We serve 12.3 million customers in 12 countries and employ 41 772[LA] people. We are a leading bank in most of the countries in which we operate. In South Africa, our largest market, one in four households have a mortgage with us, and we have a 25% market share of deposits.

I am proud of the progress Barclays Africa has made. With our destiny firmly in our own hands, we will continue to use our strong balance sheet to invest for growth.

Economic outlook

2016 will be a difficult year for Africa's economies. In South Africa, we expect economic growth to be 0.9%. A worsening drought will further raise food prices while electricity supply constraints and low commodity export prices will continue to weigh on key sectors. We also expect the South African Reserve Bank to maintain a rate hike bias. Many countries across Africa are facing a similar set of economic factors.

These economic conditions across the continent are likely to persist into 2017. However, I am a long-term optimist, and despite the seriousness of the current environment, we believe that the structural growth case for Africa is stronger than the current cyclical challenges we are facing. As Barclays Africa, we are well-positioned to seize this opportunity.

Meeting our commitments

We delivered a solid set of results in 2015, for the second consecutive year of our strategy. Headline earnings grew 10% driven by improving revenue momentum and below inflation cost growth. We are making steady progress towards meeting the four financial commitments as set out in 2013:

- Our return on equity increased to 17.0%, the highest since 2008. Our business in South Africa is already at 17.9% and we see further scope to improve our returns in the Rest of Africa. While our 18 – 20% target still remains appropriate for our business, current economic conditions will delay our progress in achieving this.
- The revenue share from Rest of Africa increased to 21% within our target range of 20 – 25%.
- We are top three by revenue in four of our five largest markets: Botswana, Ghana, South Africa and Zambia. We are fourth in Kenya.
- Our cost-to-income ratio decreased to 56%, reflecting revenue growth in target areas and the improved efficiency of our business and strategic cost reduction programmes. We continue to demonstrate strong cost control with cost growth below inflation and we will continue to work towards our target of low 50s.

Equally important to our financial commitments is the progress we are making towards our targets across the other elements of our Balanced Scorecard. Details on our progress against our targets in Customer & Client, Colleague, Citizenship and Conduct are dealt with on page 27 – 41, but I would like to highlight a few areas.

We improved our NPS®, which measures overall customer satisfaction, to 24.0%[LA] from 19.5%[LA]. We made progress on diversity and inclusion, and in South Africa, our senior black representation increased to 36% and senior women representation increased to 31%[LA]. While we have made progress, there is more to do, especially on employment equity in South Africa.

Retail and Business Banking

Two years ago, we set out to turn around our RBB franchise and we have made real progress. Headline earnings grew 14%, playing a key role in driving our overall growth. We continue to invest heavily in our branch network and technology infrastructure to create a more accessible and compelling offering. As evidence of this, we added 855 000 new-to-bank customers during the year.

Corporate and Investment Bank

We set out to expand the reach of our Corporate Bank across the continent and invest in our technology platforms. Headline earnings grew 6%. Our Pan-African strategy is delivering with earnings from Rest of Africa increasing by 20%, and contributes 37% of CIB earnings. We now have more than 640 clients, who made over 90 000 transactions worth R3.7bn on Barclays.Net, our full-feature cash management platform.

Wealth, Investment Management and Insurance

We aimed to expand into East Africa and restructure our Wealth and Investment cluster. WIMI delivered headline earnings growth of 11%, supported by 14% growth in Life Insurance. We concluded the acquisition of First Assurance in Kenya and we continue to investigate opportunities in Ghana. Assets under management increased R15bn to R274bn, making us the seventh largest asset manager in South Africa.

Rest of Africa

While the commodity downturn and reduced economic growth weakened general sentiment towards the continent, our operations in the Rest of Africa performed well and enhanced Group earnings. This is evidence that the rationale in forming Barclays Africa is working. Headline earnings from Rest of Africa grew 17% while revenue increased 14%. Rest of Africa now accounts for just over a fifth of our revenue. We expect earnings growth to continue to exceed South Africa's and there is a clear path to increase our return on equity.

Citizenship

We have a responsibility to leave things better than we found them. At Barclays Africa we call this Stewardship. In many countries across our continent, the challenges of job creation and access to quality affordable education remain critical. We are rising to the challenge and are committed to Shared Growth, which for us means having a positive impact on society and delivering shareholder value. In Citizenship, our three Shared Growth priorities are employability and skills, enterprise development and financial inclusion.

We have made a commitment to invest R1.4bn in youth education across Africa over the next three years. We supported 353 000 youth in skills-building in 2015, and launched our flagship ReadytoWork employability programme, which delivers skills-building curricula online. ReadytoWork has been activated in six countries and has received many accolades. It will be rolled out to the rest of our countries in 2016.

In addition to supporting youth, we provided business advice and support to 25 966 SMEs and we will accelerate this in 2016. To support financial inclusion, we offered financial literacy training to 168 982 people. We also spent R14.6bn with over 5 000 suppliers, including 560 black-owned, and 226 black women-owned suppliers in South Africa. This creates employment opportunities and contributes to long-term economic growth.

Our people

The people of Barclays Africa remain our most valuable asset. I am immensely proud of their individual and collective contributions in delivering our strategy. Their commitment and expertise delivers value and service to our customers and clients every day. Attracting, retaining and developing a talented, diverse and inclusive workforce remain a strategic imperative for us. In 2015, we invested R2.3bn[LA] in learning and development.

Our executive management team reflects the strength and diversity of our business. We were proud to have appointed Nomkhita Nqweni as Chief Executive: WIMI and Arrie Rautenbach as our Chief Risk Officer. Both were internal promotions, which is evidence of the quality and diversity of our talent and succession pipeline.

Conclusion

In a year characterised by various economic and social challenges, particularly in South Africa, we delivered another solid set of results demonstrating the strength of our franchise. Our strategy is working.

My management team and I would like to thank our customers, clients and shareholders for their trust in our franchise, our colleagues for their dedication, and all our other stakeholders for their support.

On 1 March 2016, Barclays PLC announced its intention to reduce its ownership in Barclays Africa. We have had a proud and mutually beneficial relationship with Barclays PLC, which has been a supportive shareholder.

We know that our shareholders will change over time, but our ambition to be Africa's leading financial services group remains unaltered. We remain deeply committed to the success of our operations across the continent and will continue to focus on supporting our people and serving our customers.

We aim to be the financial services group of choice.

Balanced Scorecard reviews

Customer & Client

Customer service is central to our growth strategy. To retain existing and acquire new customers and clients, it is essential that we remain relevant by offering appropriate, innovative products and solutions at the right cost.

This section should be read in conjunction with the segment reviews (page 55) as well as our Citizenship review (page 33) and Conduct review (page 37).

Key indicators

	2012	2013	2014	**2015**	YoY trend
Total number of banking customers (million)	12.3	12.0	12.0	**12.3**	▲
○ South Africa[1]	10.2[LA]	9.4[LA]	9.2[LA]	**9.4[LA]**	▲
○ Rest of Africa	2.1	2.6	2.8	**2.9**	▲
Number of branches	1 357	1 314	1 267	**1 251**	▼
Number of ATMs	10 728	10 780	10 643	**10 378**	▼
NPS® (%)[2]	n/a	n/a	19.5[LA]	**24[LA]**	▲
○ South Africa	12	12[LA]	19	**22**	▲
○ Rest of Africa	35	20	21	**32**	▲
Complaints per 1 000 accounts[3]					
○ South Africa	0.78	0.61[LA]	0.53[LA]	**0.44[LA]**	▼
○ Rest of Africa	0.51	1.42	1.52	**3.16**	▲
Number of Ombudsman for Banking Services complaints (opened/closed)[4]	1 378/1 220	981/897[LA]	524/614[LA]	**193/633[LA]**	▼

1 Total number of South African customers with active Absa core banking products such as cheque accounts, savings accounts, secured and unsecured loans (excludes wills, life policies, Edcon, Woolworths Financial Services and Virgin Money South Africa).
2 Net Promoter Score® (NPS®) is defined as the percentage difference between the promoters and detractors, based on the likelihood to recommend the Group to friends and family. For 2012 and 2013, NPS® was an average for the year. From 2014 onward, we use the quarter 4 score to reflect market sentiment at year end. Net Promoter, Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company Inc. and Fred Reichheld.
3 Number of complaints (any expression of dissatisfaction) logged by the customer care department per 1 000 accounts.
4 The number of complaints opened and closed with the South African Ombudsman for Banking Services for the period 1 January to 31 December 2015.
LA This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Complete the launch of our multi-channel programme across our operations and apply learnings from South Africa to roll out successful tools in operations outside South Africa.	Across our operations, ongoing branch process improvements are enabling a quicker and more efficient experience for customers, clients and employees. We are testing new branch operating models, such as layout, digital in-branch capabilities network, multi-skilled employees and an intensive service training programme.
Complete the roll-out of key platforms such as Barclays.Net. Continue increasing relevant digital functionality and new innovations. Focus on resilience, including programmes to modernise our data centre and network infrastructure.	We invested over R2bn in our infrastructure and applications in 2015. We continue to make progress with both execution streams within our digital strategy (Run the Bank and Transform the Bank), delivering improved stability and new digitally enabled solutions. In South Africa, 640 corporate clients are using Barclays.Net and more clients will migrate over. We continued enhancing digital functionality of our online platforms (such as Absa Online Express and Worldmiles Travel Portal), introducing new functionalities (for example debit order reversals in South Africa) and innovations such as the Apple Watch app. We also launched a number of initiatives within our innovation programme, Rise Africa – including an intensive three-month Barclays Accelerator programme for innovators and entrepreneurs.
Continue using key driver analysis to inform customer and client propositions. Expand measures to include Islamic Banking and conduct additional research to gather further insight from corporate clients. Continue using root cause analysis to identify and address root causes of customer dissatisfaction.	NPS® across the business has improved – a clear indicator of the progress being made in responding to insights derived from customer analytics and in dealing with complaint root causes. While progress is being made, we remain behind our internal targets.

Channels, products and services

The growth of our business is directly linked to the way we treat our customers and clients. We remain focused on improving customer experience by simplifying processes, reshaping our branch network and investing in our digital products.

The move to digital banking means that our customers and clients have a range of relevant channels available to choose from, suited to their individual lifestyles and needs.

We provide access via 1 251 branches and 10 378 ATMs across our operations. While these numbers continue to decrease marginally in line with our multi-channel strategy and the reshaping of our branch network, our customers and clients are also able to access our products and services through our online and mobile platforms. Our partnerships with various retailers, and strategic investments such as lending marketplace Rainfin, are other ways in which we serve our customers.

In South Africa, we:

- supported customers in migrating to the appropriate products based on their life stages;
- improved 30% of the branch network through a combination of refurbishment and re-positioning of branches, ATMs and cash accepting devices;
- implemented self-registration for customers on our banking app, stand-alone home loan and vehicle finance registration on internet banking, and additional functionalities on cash accepting devices;
- digitised the mortgage loan applications with our Absa Homeowners app offering speed, convenience and 24/7 access;
- introduced MTN reverse billing and Smart Access and made free Wi-Fi available at select branches;
- improved access to exchange-traded products for retail customers through a joint initiative between CIB and WIMI;
- enhanced Business Banking's electronic sales platform and automated credit scoring, and developed instant online account opening for businesses via digital channels;
- increased the reach of Payment Pebble, a mobile payment acceptance device for any smartphone, with our key merchants using the devices to eliminate lengthy queues;
- launched Barclays.Net, allowing our corporate clients direct access to a range of account reporting and payment products that can be tailored to their requirements; and
- partnered with Rainfin – a lending marketplace for lenders and borrowers with paperless applications, loan assessment in minutes and free credit reports and education.

Outside South Africa, we:

- increased access to our products by using iPads to open accounts at remote locations across Botswana, Ghana, Kenya, Mauritius and Zambia;
- expanded paperless banking across Botswana, Ghana, Kenya, Tanzania and Zambia;
- launched CashSend, which allows cash withdrawals at our ATMs without a bank card, via a mobile phone in Botswana and Kenya;
- delivered ATMs which are now available 24 hours a day, with increased functionalities such as cash acceptance, and CashSend in all markets (except for Seychelles);
- implemented cash withdrawal via point-of-sale devices in Seychelles (first-to-market) and Zambia;
- introduced prepaid cards and an exclusive proposition for the youth in Zambia; and
- implemented a successful My Shoes are My Office initiative where relationship bankers and senior leaders spent time with clients to better understand their needs and improve service levels.

Innovations and the quality of our IT infrastructure

Strengthening and extending our online and mobile service continues to be a priority. In the previous section, there are many examples of how technology is changing the customer and client experience. In 2015, we invested over R2bn in our infrastructure and applications. Our digital strategy has two clear execution streams: Run the Bank and Transform the Bank.

Run the Bank has a clear focus on system resilience and stability including modernisation of our network, system availability, disaster recovery capabilities and the management of IT, and information and cyber risks. In 2015, we implemented a number of network improvements resulting in improved system stability. This work will continue into 2016, with a focus on key areas such as further improving our payments platforms and the standardisation of IT architecture across business areas and geographies. A new cybersecurity strategy was implemented to ensure the ongoing protection of our systems and customers' and clients' accounts. We successfully prevented attacks on our channels and we continue to promote awareness with customers to guard against phishing email campaigns.

Within Transform the Bank we are adapting our thinking to radically change customer and client experience and anticipate what financial services will look like in the future. We brought operations and front office technology teams closer together, and continued with the automation of key processes such as vehicle and asset finance and customer and client on-boarding for business and corporate banking. We delivered a number of digitally enabled solutions to the market.

In South Africa:

- Absa Online Express – a quick and easy way for customers to do their most common transactions on mobile banking;
- first-to-market Absa Apple Watch app – an example of how we can quickly customise international digital assets of the wider Group;
- first-to-market Absa online debit order reversal – customers can, within 40 days, request that an unauthorised debit order be reversed instantly, and prevent future debit order transactions from taking place;
- visible credit limits – enables pre-scored credit and online applications;
- ATM cardless cash deposits – allowing retail and business customers to receive cash deposits from other customers and non-customers in real time; and
- Absa's Affinity Life – a first-to-market predictive underwriting tool that uses customer-level data to predict what the outcome for medical underwriting would be without the inconvenience of going for full medical assessments.

Outside South Africa:

- Worldmiles Online Travel Portal – online redemption of Worldmiles awards;
- Hello Money – a basic mobile phone banking solution for customers without access to smartphones in Botswana, Ghana, Kenya and Uganda;
- bill payments via digital platforms in Botswana, Ghana, Kenya, Tanzania, Uganda and Zambia;
- debit and credit alerts released in Kenya and Uganda; and
- estatements implemented in Kenya, Tanzania (NBC) and Uganda.

Established in 2015, the Africa Design Office is focused on crafting the physical design and experiences that customers and clients want, creating an end-to-end engagement at every touchpoint in our customer-facing systems. Data and advanced analytics is a key enabler to better serve our customers and clients. Analytics is helping us build a deeper understanding of customer and client behaviour and enables us to engage with them on a more personal and relevant level. For example, in a recent pilot, 60% of more than 50 000 customers receiving low funds alerts took proactive actions following the alert to manage their payments, and 84% confirmed they would like to receive these alerts going forward.

Further demonstrating how we are positioning the Group to capitalise on the main driver of change in financial services – technology – we launched Rise Africa in October. Rise Africa is an innovation community built around both a physical space and digital platform, creating a local, regional and international community for the top fintech start-ups to connect, co-create and scale their innovative ideas and connect with corporates.

Rise Africa comprises a number of initiatives:

- Our Cape Town Rise Innovation Hub opened in December and links to hubs in London, Manchester and New York.
- Barclays Accelerator, an intensive three-month programme, offers innovators and entrepreneurs access to mentors and investors across 14 locations in Africa.
- Nairobi Innovation Hub in partnership with Moringa School and global start-up investment firm, Nest.

We also hosted our first Barclays Blockchain Challenge – an innovation challenge for youth entrepreneurs where the winner receives a cash prize and potential funding from investors. The supply chain, the journey of a product from manufacturer to consumer, is often disjointed and inefficient and Blockchain (a digital currency) and similar technologies have substantial potential to create transparency in the series of transactions that occur along any supply chain process. Kenya-based Markit Opportunity won the challenge with a scalable solution aimed at improving the incomes of smallholder farmers.

Customer satisfaction

In measuring our service levels, we monitor a number of metrics including NPS®, complaints per 1 000 accounts and the number of complaints escalated to external ombuds.

Our NPS® in South Africa improved to 22% (2014: 19%) while Rest of Africa achieved an average NPS® of 32% (2014: 21%). Our Group NPS® achieved in 2015 is 24%[LA] (2014: 19.5%[LA]). We continue working towards our target Group NPS® (weighted 75% to South Africa) of 44% by 2018.

Complaints in South Africa decreased 15% to 101 157. The decrease can be attributed to our ongoing service improvement initiatives. Top complaint categories included ATMs and service charges. The improvement in complaints is reflected in the per 1 000 accounts metric in South Africa, which decreased to 0.44[LA] in 2015 (2014: 0.53[LA]).

In the Rest of Africa, complaint volumes increased 95% to 148 990. This increase was mainly due to the introduction of a single complaint system and the corresponding drive to log all complaints received. Complaints mainly involve ATM availability issues and errors. We experienced an increase in complaint volumes in Ghana and Kenya due to technology failures. An increase in logging disciplines and technology-related complaints contributed to the increased per 1 000 accounts metric of 3.16 (2014: 1.52).

At a Group level, we resolved 52.1% of complaints at first point of contact (2014: 41.8%) and 63.7% of escalated complaints within 48 hours (2014: 53.9%). These improvements are attributed to better complaints logging disciplines. The balances of complaints escalated were due to the complexity of these complaints.

In South Africa, the number of Ombudsman for Banking Services complaints decreased to 193[LA] complaints opened (2014: 524[LA]) and 633[LA] closed (2014: 614[LA]). Of the overall industry volumes, we have the second-lowest number of complaints when compared to our biggest peers.

While the ongoing work to improve customer and client experience is resulting in improved customer and client sentiment in selected areas such as ATM and branch service, improved processes such as home loan applications, and better relationship management in CIB, we remain behind our internal targets. We will continue to actively identify and resolve underlying root causes of dissatisfaction and implement new and more convenient solutions.

Trust and safety

Financial services organisations are natural targets for crimes such as fraud and robbery. We recognise our obligation to preserve our customers' and clients' physical safety, as well as their money and personal information. For customers, financial crime risk areas include ATM and branch security (for example, card skimming and robberies), card fraud and online security risks such as spyware and computer viruses.

Our fraud prevention capability improved in 2015, benefiting from more effective management of related key risks (including customer on-boarding), technology upgrades, employee and customer awareness programmes, analytics and increased employee capacity.

Total fraud losses are lower than in 2014, and continue to decrease ahead of industry trends, with 86% of fraud losses (2014: 90%) attributable to South Africa. Card fraud continues to be the main contributor to fraud losses, amounting to 62% (2014: 80%) of total losses in the Group. The improvement is mainly due to the introduction of more secure chip and PIN cards, as well as significant changes in the early detection of application and transaction fraud.

While card fraud losses incurred by our customers decreased 5%, online fraud increased significantly, up 120% in rand value, as a result of more customers transacting online and aggressive targeting of customers by fraudsters with the intention of securing the customer's account number, PIN and password. This increase in online fraud is a broader industry and global trend. Online fraud is currently the largest contributor to retail customer losses. In 2015, of the total claims made by customers for fraud perpetrated at ATMs and online, 38% was not refunded as the fraudsters had secured the customers' secret information, for example via phishing emails. Awareness remains a primary defence and we continue to engage with our customers and clients about the risks they face.

Significant progress has been made on preventing violent crime in South Africa and all categories, except ATM burglaries, have reduced in both the number of incidents and the losses. The reduction is mainly attributed to our investment in security technology, training and awareness over the last three years. In general, the financial industry has seen similar trends, although we remain vigilant.

Aspects of the security environment continue to pose challenges, such as terrorism and escalating cyber and digital fraud risks. We continue to invest in defences against these risks. For example, our transaction profiling system strengthens our controls against digital fraud, protecting our customers and clients as well as the Group.

Looking ahead

While we delivered new solutions and improvements across our products, services and channels, we acknowledge that more needs to be done. Our digital transformation journey has just begun and it is a multi-year journey towards building the capabilities required in future. We will:

- continue delivering fit-for-purpose branches to be optimally positioned to serve customers and reduce costs;
- deliver ongoing digital channel enhancements including our online platforms, ATMs and mobile solutions;
- use deep customer insights identified through research to inform process improvements and enhance customer experience;
- migrate more of our corporate clients to electronic channels;
- evolve key product offerings in areas including agri-business and enterprise development, and further integrate bancassurance offerings with RBB;
- use data analytics to better serve our customers and clients;
- drive innovation through Rise Africa and other innovation initiatives;
- expand our customer satisfaction measurements to include CIB and WIMI touchpoints in operations outside South Africa; and
- continue developing strategic and tactical responses to the evolving fraud, cybersecurity and information security landscape.

Colleague

Capable and committed employees serve our customers and clients, advance our reputation and drive our commercial success.

This section should be read in conjunction with the remuneration report (see page 78).

Key indicators[1]

	2012	2013	2014	**2015**	YoY trend
Total permanent employees[2]	41 372	41 433	40 662[LA]	**39 964[LA]**	▼
Total permanent and non-permanent employees[2]	46 161	46 320	43 817[LA]	**41 772[LA]**	▼
Permanent employee turnover rate (%)[3]	14.6	11.7[LA]	10.8[LA]	**12.0[LA]**	▲
Retention of high-performing employees (%)	89.1	91.7	94.2	**91.4**	▼
Women in senior management (%)[4]	24.9	26.2	29.7[LA]	**30.9[LA]**	▲
Senior black management (%)[5]	26.9	32.2	32.2	**35.6**	▲
Employee opinion survey – Sustained engagement score (%)[6]	66[7]	n/a	73[LA]	**75[LA]**	▲
Total reportable training spend (Rm)[8]	606[LA]	932[LA]	1 800[LA]	**2 300[LA]**	Not comparable

1 Excludes Woolworths Financial Services.
2 Number of employees includes permanent and temporary employees employed and paid by Barclays Africa, including regular contracts, interns, graduates, specialists and brokers (excluding inbound/outbound brokers). It covers operational and non-operational full-time, part-time, two-thirds and commission-paid employees. It also includes the contingency workforce, which is all agency, contractors and self-employed employees paid via a third party for services rendered.
3 Number of terminations as a percentage of average permanent headcount.
4 Percentage of senior female executives at managing director/director level.
5 South Africa only.
6 Independent employee survey administered by Towers Watson. The sustainable engagement metric is expressed as a percentage of favourable responses for nine questions, based on the categories: engaged, enable and energise.
7 Absa Group not restated.
8 In South Africa, this includes reportable spend on learning and skills programmes, leadership and talent programmes as well as associated operational costs, accredited and non-accredited training programmes, bursaries, learnership-related costs, learning-related travel costs, and informal training as a percentage of line manager costs (excluding line managers on assignment in South Africa). From 2015, we have included reportable spend on learning and skills programmes, as well as leadership and talent programmes for Rest of Africa which are managed from South Africa.
LA This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Further improve our HR delivery platforms with the focus on enhancing the employees' experience.	We improved our HR systems, including our HR self-service portal, and simplified our processes to drive efficiencies. Self-service use increased significantly to 82% (2014: 27%). Our employee experience increased by 10%, as measured by our internal HR operations client satisfaction survey.
Embed as business as usual and continue to improve the HR function's capability.	We reshaped our HR function to match increased business complexity. 85% (2014: 32%) of HR business partners are now middle and senior managers and the overall HR headcount in South Africa reduced by 20% to 401 (2014: 481). The HR talent pool was also refreshed. 32% of HR businesses partners are new appointments, of which 73% are black. 80 employees participated in the HR Academy, designed to enhance HR competence, including commercial and strategic capability.
Roll out the new global talent management programme. Track progress of identified candidates. Assess additional potential executive management and critical leadership role candidates. Promote the use of the Colleague Curriculum as a fundamental part of an employee's development plans.	The number of senior vacancies filled internally is evidence of our commitment to developing and recognising talent. We assessed and established tailored development plans for 72 potential successors for the Executive Committee. 3 241 colleagues participated in the Colleague Curriculum, a fourfold increase from 2014.
Measure and reward performance using the Balanced Scorecard and implement a three-year transition plan to achieve a common approach to the rates of deferral of incentives.	Our performance process has been simplified and reward more closely aligned with business performance as adjusted for risk. 99% of employees' year-end performance assessments were completed by the required deadline. With shareholder approval, we converted our Share Value Plan to an equity plan to better align shareholder and employee interests. We continued our transition to a standard deferral approach across our operations.

2015 priorities	Progress made in 2015
Reshape the organisation to ensure we are appropriately structured and sized to deliver the One Africa strategy.	We implemented a number of initiatives to further build an environment that enables outstanding performance. Central to this was simplifying the organisation. By removing three layers of the structure, we enhanced decision-making and brought our senior leaders closer to the customers we serve.
Improve employee engagement through targeted plans and initiatives across the Group.	Employee engagement improved to 75%[LA] (2014: 73%[LA]) with encouraging progress across all areas. The survey participation rate was 79% (2014: 71%), which gives us confidence to act on the results.
Roll out a formal executive-led mentoring programme for women and black employees.	Masedi, a bespoke coaching and development programme, supports female progression to senior management. 24 female employees participated with an 80% promotion success rate.

Empowering performance

During 2015, we implemented a number of initiatives to further build an environment that generates outstanding performance. We invested in the development of our employees to support the continued performance and growth of the Group. This investment is evidenced in the reportable spend in skills development of R2.3bn[LA] (2014: R1.8bn[LA] in South Africa), which now includes assured spend from our Rest of Africa operations.

Our Group digital strategy improves how we engage with our employees. For example, our LearningforAfrica portal provides learning access to over 3 000 learning initiatives, anytime, anywhere and on any mobile device.

Special emphasis is placed on developing people with disabilities and over 12 000 individual learning interventions were held for this group. The Disability Learnership was launched in 2015 and 194 participants completed the programme.

Creating career opportunities for employees remains a focus area and we launched our Internals First programme to support enhanced mobility and career development. 63% of vacancies were filled by internal candidates (2014: 61%). This reflects both the strength of our internal talent pipeline and our ability to attract talent across the continent. We continue to attract and develop specialist skills, including IT capabilities, where there is a shortage of supply.

As a Pan-African financial services organisation, we have an opportunity to provide career development through mobility assignments across the continent and globally. In 2015, 200 employees participated in development assignments across Africa and in the UK, US, India and Singapore.

We also benefit from the contribution of 65 employees from across Barclays PLC who are on assignment in Africa and who bring international experience and diverse perspectives to the Group.

Our New People Potential programme provides high-touch career and transition support to employees whose roles are impacted by changing workforce requirements. This includes career coaching and extensive opportunities for employees to multi-skill so that they are best prepared for future demands, including digitisation.

The importance of living our Values is reinforced in our performance management approach, which places equal emphasis on our objectives ('what') and behaviours ('how'). Our approach to remuneration considers a variety of internal and external factors, such as affordability, underlying risk-adjusted business performance, international remuneration trends and regulatory developments.

Employee turnover increased to 12.0%[LA] (2014: 10.8%[LA]) due to the outsourcing of our cash management business (444 employees or 1% of permanent headcount). Voluntary attrition decreased to 8.0% (2014: 8.8%). The outsourcing of cash management is also reflected in the decrease in the retention of high performers rate, as 31.0% of these leavers were rated high performers.

Leadership development

The expertise and dedication of our leaders is fundamental to a high-performance culture. A number of programmes exist to enhance leadership development. Our Global Leadership Curriculum, launched in 2014, reached 3 900 emerging leaders and our Management Arts Programme is developing core managerial and commercial capability.

We launched a senior talent identification and development programme and identified and assessed 72 potential successors for our Executive Committee. The appointment of Nomkhita Nqweni as Chief Executive: Wealth, Investment Management and Insurance and Arrie Rautenbach as our Chief Risk Officer reflects the strength of our executive talent pipeline and our commitment to recognising internal talent.

Youth development

Since 2008, over 1 000 talented young people have participated in our Barclays Africa Graduate Programme. We employed 116 graduates in 2015 (2014: 207), of which 42 (2014: 77) were from our Rest of Africa businesses.

R114m was spent on developing over 4 300 students and learners through youth programmes, learnerships, internships and bursary support. Youth employability programmes provided access to development for more than 3 000 participants, of which 87% were black South Africans and 63% female.

Employee engagement

Our objective is to create a culture that encourages outstanding performance. Over 34 000 (79%) employees participated in our employee opinion survey. The sustained engagement score reflects how motivated, enabled and energised our employees are to deliver their best performance. We are encouraged by the 75%[LA] sustained engagement score (2014: 73%[LA]), and the positive perceptions of our Values (97%), our culture (81%) and our commitment to developing our people (73%).

To improve employee engagement, we need to continue investing in technology to help our employees to do their best work (57% versus 56% in 2014). Streamlining our processes is another improvement opportunity. While this has improved marginally to 73% (2014: 72%) there is more to do. Enhancing communication is essential to employee engagement and while the score has increased to 75% (2014: 73%) this remains a focus area.

Diversity and inclusion

Our employee relations approach is guided by our Values. We recognise employees' right to freedom of association and we have positive partnerships with multiple trade unions across the continent. Trade unions represent 47% (2014: 49.5%) of our permanent employees.

Barclays Africa has a distinct advantage in the wealth of diversity across our continent and in South Africa. Diversity is core to our Values, key to our commercial success and rooted in our deep commitment to Africa.

We have three colleague diversity networks. Women in Leadership includes an executive-led mentoring programme for high-potential women across the continent. On 8 March 2015, International Women's Day, we launched the HeForShe campaign. It is a United Nations global initiative to engage 1 billion men in the advancement of women's rights, focusing on gender equality as an institutional priority, and committing to real change within and beyond the organisation.

Our Reach Network encourages dialogue and disability awareness through training, information sharing and connecting colleagues across the organisation. Our Spectrum Network advances lesbian, gay, bisexual and transgender (LGBT) diversity. 150 colleagues attended the Johannesburg Pride event in October, and further Pride events were held in three of our other large operations. Spectrum employees work together, across industry, as part of a wider management forum to support LGBT diversity through facilitating knowledge and resource sharing.

In South Africa, 68% of our employees are black and over the past year our senior black representation has increased from 32% to 36%, against our target of 40%. Senior black attrition has improved to 8.2% (2014: 14.6%). Progress is also being made at middle management levels, which serve as a critical pipeline for senior succession, where 52% of employees are black. Black employees make up 72% of junior management. 73% of learning spend in South Africa was invested in black colleagues. Although good progress has been made, there is much more that we must do, particularly at senior level, to enhance diversity and transformation in our South African operations.

Across Africa, 61% of our employees are women and women in senior management increased to 31% against a target of 26% (over 50% of our middle managers are women). Our Board comprises 21% women, of whom 33% are black.

Looking ahead

Our strategy requires heightened focus on simplifying and digitising our organisation and accelerating a diverse, high-performance culture where talented and committed people can build fulfilling careers. We will:

- launch our next generation Pan-African leadership programme;
- strengthen our succession coverage and broaden the diversity of our potential successors list;
- accelerate progress against our diversity and inclusion agenda with a focus on race and gender transformation in South Africa;
- continue to enhance HR systems capability and process effectiveness; and
- leverage HR analytics to enhance employee productivity and engagement.

Citizenship

We are committed to Shared Growth, which for us means making a positive impact on society and delivering shareholder value.

This section should be read in conjunction with our Customer & Client (see page 27), Colleague (see page 31) and Conduct reviews (see page 37).

Additional online information: Citizenship fact sheet (expanded content); GRI fact sheet (stakeholder engagement); and Broad-Based Black Economic Empowerment fact sheet.

Key indicators

	2012	2013	2014	**2015**	YoY trend
Citizenship plan (number of initiatives on track or ahead)	n/a	6/8	6/8	**7/8**	▲
Employees attesting to code of conduct (the Barclays Way) (%)[1]	n/a	65.4	97.4[LA]	**97.5[LA]**	▲
Total carbon footprint (tonnes CO_2)[2]	417 295	372 301	333 328[LA]	**220 988[LA]**	▼
Number of SMEs supported	n/a	35 576	42 594	**25 966**	▼
Contributing to growth through new and renewed lending to households (Rbn)	n/a	25.4	25.9	**29.2**	▲
Contributing to growth through new and renewed lending to SMEs (Rbn)	n/a	1.9[3]	4.7	**5.1**	▲
Assist in raising finance for business and government (Rbn)	n/a	80.1	137	**213.5**	▲
Number of learnerships and graduate programme candidates	600	720	824	**1 194**	▲
Total community investment spend (Rm)[4]	104.7	126.1	155[LA]	**192[LA]**	▲
Supplementary indicators					
Transactions reviewed in accordance with Equator Principles[5]	16[LA]	18[LA]	2[LA]	**7[LA]**	▲
Financial literacy – number of consumers reached ('000)	124	116	193	**169**	▼

1 The percentage is calculated based on existing employees who completed refresher training and new employees who completed training (excluding non-operational employees, external consultants, interns, managed service contract workers and on-call contract workers).
2 To align with the Barclays global requirements and reporting system, the reporting period changed from the fourth quarter in 2012 to the third quarter from 2013 onwards. 2012 to 2014 data has thus been restated. Rest of Africa data is only included in the diesel, electricity and flights data used in the calculation of the carbon footprint. Total of Scope 1, 2 and 3 CO_2 emissions (GHG Protocol: operational control boundary).
3 Restated from 2014 onwards to reflect gross new and renewed lending to SMEs. Not able to apply same principle to 2013.
4 Spend invested in community investment programmes including donations and related sponsorships, consumer education (including supplier payments and related sponsorships), and the associated direct operational cost of these programmes.
5 Total number of project finance transactions that have been reviewed for environmental and social risks in terms of the Equator Principles. Figures from 2014 onwards are reported in accordance with Equator Principles III requirements (June 2013) and include transactions that have reached financial close.
LA This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Within the pillar, 'the way we do business', we aim to extend the reach of our Barclays Lens training; create stronger and more accountable public-private partnerships; fund clean power projects that form part of the Power Africa initiative; and reduce our carbon emissions.	40 561 employees undertook our online Barclays Lens training. As part of the South African government's Renewable Independent Energy Power Producer Procurement Programme (RIEPPP), we arranged financing for 12 renewable energy projects that will add 1 117MW of renewable energy power to the South African grid when the projects are operational. We reduced our carbon footprint by a further 33.7%.
Within the pillar, 'contributing to growth', we aim to launch our ReadytoWork programme; increase development of SMEs with a clear focus on access to markets; and further unlock banking opportunities in disadvantaged communities through new products and services targeted to meet specific needs.	ReadytoWork was activated in six countries with the remaining countries to be launched over the course of 2016. 25 966 SMEs were reached through a series of seminars, conferences and workshops held across South Africa. We continue to enhance our ATM and mobile channels functionality to include services such as CashSend and Scan and Pay and our partnerships with retailers, such as with Pep Stores, continue to extend our reach.
Within the pillar, 'supporting our communities', we aim to reach 430 000 disadvantaged youth with skills and experience; to collaborate with corporate clients to scale our collective impact; to encourage employee volunteering; and enhance our measurement and evaluation framework.	We reached 1 373 301 youth between 2012 and 2015 (ahead of our total target), with 353 488 reached in 2015, behind our target of 430 000. In partnership with major corporate clients, including Chevron, Massmart and NMC/SKA, we have created enterprise and supply chain development programmes to assist these clients in developing and funding SMEs within their corporate value chains. 11 284 employees volunteered over 66 709 hours of their time in support of their communities. An independent assessment of a sample of our programmes tested the efficacy of our approach and the findings informed improvements in our approach.

The way we do business

Ethical conduct

Our code of conduct, the Barclays Way, outlines the behaviours which govern our way of working across the business. It is a point of reference covering all aspects of employees' working relationships, including with other Barclays employees, our customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community. It is a framework that fosters values-based decision-making and shows how our policies and practices align with our Values. 97.5%[LA] of employees completed their attestations, ahead of the 97.0% target.

Accompanying the Barclays Way is the Barclays Lens, a clear framework that moves decision-making beyond legal, regulatory and compliance concerns towards considering broader societal impacts and opportunities. 40 561 employees completed the online Barclays Lens training programme.

We monitor the conduct of our employees in various ways, including external surveys and by tracking the number of disciplinary cases, grievances and ethical breaches recorded which is discussed further in the Conduct review on page 37.

The importance of living our Values is reinforced in our performance management approach, which places equal emphasis on our objectives ('what') and behaviours ('how').

Taking account of stakeholder considerations

We proactively engage with stakeholders, including governments, development organisations, private sector organisations, civil society, shareholders and our employees on our strategic priorities and deliverables. The input and challenges raised by these key stakeholders are important in shaping and validating our strategy and our business conduct within the markets in which we operate. We have five designated stakeholder groups aligned to the Balanced Scorecard. The groups are:

- Customers and clients, who use our products and services.
- Colleagues, who deliver our products and services and provide support.
- Communities (via Citizenship), who accept us within their midst.
- Regulators (via Conduct), who grant us our licence to operate in their jurisdictions.
- Investors (via Company), who commit capital to us.

The key matters raised and how we are responding to these matters are outlined within the section titled managing matters which are material to our sustainability (see page 22 – 23).

Managing the environmental, social and governance impacts of our business

Our most significant impacts on the environment are indirectly via our lending, investing and procurement practices and in managing our direct environmental impact.

Lending practices

As an Equator Principles Financial Institution, we provide project financing only to project sponsors undertaking environmentally and socially responsible developments. In 2015, we screened seven[LA] transactions that reached financial close. All were within the power generation sector. We provided further guidance on 132 general transactions (outside the Equator Principles definitions or scope) across various sectors, with the majority in infrastructure, followed by power generation (including renewable energy), mining and metals, and oil and gas. All the reported projects have been independently reviewed. All the reported projects are located in Africa (non-designated countries).

The Environmental Credit Risk Management Learning programme was completed by 145 employees, either by following an interactive online training course or by attending general environmental credit risk presentations. The training, targeting internal credit and business employees, enhances bankers' awareness of environmental and social risks and illustrates how these relate to sustainable finance.

Financing renewables and energy efficiency

Both renewable energy projects and fossil fuel projects will be required, at least in the medium term, to ensure energy security as the global energy industry bridges the gap to cleaner options. In Africa, energy security is key to economic growth and we continue to play a role in funding both renewable energy and fossil fuel projects on the continent.

South Africa is currently the continent's largest renewable energy market. By April 2015, 64 projects with a total capacity of 3 916MW had been approved by the Department of Energy. Up to the third bidding round, we have been involved in financing 20 projects, with a combined capital value of R52bn, making up a total of 1 598MW, including 456MW for solar photovoltaic, 892MW for wind and 250MW for concentrated solar technologies. This represents about 41% of all renewable energy projects (by MW) awarded so far. In addition, we supported 13 further projects which have been awarded preferred bidder status during rounds 3.5 and 4 of RIEPPP. These projects, with a combined capacity of 1 318MW and combined capital value of R34bn, are expected to reach financial close during 2016.

Managing our direct impact

We have an expansive physical footprint and it is important that we manage the direct environmental impact of our operations in terms of our carbon emissions and, increasingly, our paper and water consumption. While some initiatives have a short-term negative impact on financial performance, we are seeing benefits from reduced energy costs and lower reliance on electricity supply as we use alternative energies such as gas and solar power. Our South African operation remains the most significant contributor to our overall carbon footprint. South African sites experienced power outages and back-up diesel and gas generators were used. This resulted in a reduction in grid electricity consumption but increased gas and diesel consumption, which in turn reduced the attributed carbon emission factor because these alternative energies are cleaner to the environment than grid power.

In 2015, we reduced our carbon footprint a further 33.7% to 220 988[LA] tonnes CO_2 (2014: 333 328[LA] tonnes CO_2), a significant reduction from 417 295 tonnes CO_2 in 2012. Total energy from electricity, gas and diesel use also decreased to 350 116 045kWh[LA] (2014: 410 194 215kWh[LA]). Three years after setting our targets against the 2012 baseline, we have decreased carbon emissions by 47.0% (reduction target: 19.4%) and energy consumption by 29.4% (reduction target: 21.3%).

Procurement

Our supplier code of conduct outlines the standards we expect from suppliers in terms of environmental risk management, human rights, as well as diversity and inclusion. We actively assess our suppliers against these standards through a combination of annual self-certification questionnaires and on-site assessments.

In South Africa, we have increased the proportion of our procurement spend with black-owned suppliers, black women-owned suppliers and qualifying small enterprise suppliers, as well as exempted micro enterprises. Identified as a key area for improvement in 2014, a specific focus was placed on procurement from black-owned and specifically black-women owned businesses. In 2015, R4bn (2014: R2bn) was spent with black-owned suppliers, of which R2.5bn (2014: R0.7bn) was with black women-owned suppliers. While we continue to increase procurement from black women-owned suppliers, we need to grow this further, along with spend on SMEs (businesses with a turnover of less than R50m per year).

The majority of tenders issued included suppliers sourced from an 800-strong black-owned and black-women owned supplier database. Fifteen small black-owned suppliers were introduced to our major suppliers and are now on their vendor lists. Our inaugural supplier diversity day included 85 SMEs. Master classes were produced, facilitated and delivered for all attendees in conjunction with enterprise development, and interviews were conducted by decision-makers in the Group. Ultimately, five SMEs were awarded new business with us and many more have been included in various sourcing events.

Contributing to growth

Driving sustainable progress using our products, capital and expertise

We focus on relevant affordable products and services, innovative delivery channels designed to facilitate easier access to financial services, and consumer education that improves financial literacy. We have a clear focus on developing innovative ways to improve access to economically disadvantaged people.

We have a number of products aimed at increasing access to financial services and we seek to help customers transition to 'smart banking' with cheaper and more convenient banking channels. Our pricing model encourages and rewards customers who choose to make use of electronic or digital channels.

- Our first-to-market Family Springboard home loan for South Africa allows friends or family members to help each other by opening an interest-bearing fixed deposit account, ceding 10% of the property purchase price as security for the loan. The borrower secures a 100% bond with the assistance of a friend or a family member willing to act as a sponsor.
- Stokvels, a group savings and lending system, have long been a safety net for millions of Africans, providing financial security and social wellbeing. The Absa Club Account operates as a convenient savings and transactional tool for groups of people with common financial interests who want to save together.
- Our affordable housing business unit (My Home) addresses the housing challenges faced by consumers who earn less than R20 000 per month (single or joint household) in support of the South African government's agenda on providing affordable housing to people. We provided more than 4 500 customers with home loan finance valued over R1.5bn in 2015. We also trained the majority of these customers through our borrower education programme that covers key aspects of home ownership, home maintenance and personal financial matters.
- We continue to expand our branchless banking in South Africa to include more retailers. Currently, over 1 000 retailers, 468 of which are independent small businesses, enable customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime. Approximately 575 000 transactions were processed through this channel in 2015.
- Our partnership with PEP Stores in South Africa enables us to provide financial services to people in marginalised and poor communities through a channel that is convenient and trusted. Launched in late 2014, approximately 10 000 new PEPplus accounts are opened each month with account use growing steadily, averaging 299 000 transactions and 292 000 money transfers per month. December saw a record of 400 000 money transfers being generated in PEP Stores.
- Customers are now able to withdraw money via point of sale devices with select retail partners in South Africa, Seychelles (first-to-market) and Zambia.
- Account opening, via an iPad at remote locations, continues to gain momentum across Botswana, Ghana, Kenya, Mauritius, South Africa and Zambia.
- Our ATM and mobile channels functionality includes services such as cash acceptance, CashSend (customers can electronically transfer funds via mobile or internet banking to a recipient, who is then able to withdraw the funds without needing a card or bank account) and Scan and Pay (which allows anyone to make payments to selected beneficiaries by either scanning or keying in a reference/ account number).
- We launched a first-to-market Group Savers Account, a transactional solution for savings cooperatives (metshelo) in Botswana.
- Our Zidisha Group Savings Account in Kenya, where the interest rate increases as the number of savers increases, was voted the Best Deposit Product in Africa by *Asian Banker*.
- Offered in Kenya, South Africa and Tanzania, Islamic Banking provides an alternative to conventional banking that is available to anyone who seeks a different approach to financial services. Customers have access to a range of product solutions, in strict compliance with Sharia Law, including savings, cheque, vehicle and asset finance, profit share, Islamic wills, international banking and even exchange traded funds.

Lending for economic growth

We have cumulative targets for lending to households, SMEs, and for assisting in raising finances for business and government. We believe that lending is critical to ongoing growth and will continue to do so in a responsible and sustainable manner.

In South Africa, lending to households continues to be affected by pressure on employment, decreasing disposable income and rising interest rates while lending to businesses has seen a continued increase. Outside South Africa, growth was achieved mostly through expanded product propositions in markets where risk levels are acceptable.

Financing raised for business and government has seen a significant increase with CIB raising over R213.5bn, primarily through debt financing for private and public sector client capital projects. Through this lending we enable economic and social development across a number of diverse sectors, including real estate, power, utilities and infrastructure, financial institutions, technology, media and telecommunications, and public and consumer sectors. Outside South Africa, growth is most notable in the manufacturing and transport sectors.

Helping businesses start up and grow

Enterprise development for SMEs is a key lever to the development of our African economies. Research has shown that this sector employs the highest number of people, including youth. We recognise that starting and growing businesses requires more than funding alone. Our enterprise development approach is founded on three pillars: 1) access to finance; 2) access to markets; and 3) access to non-financial business support.

Over and above access to funding and non-financial business support, we create a number of platforms for SMEs, including:

- Our procurement internet portal which links SMEs to corporate supply chains. Over R2bn in tenders are advertised on a monthly basis and the number of participating SMEs increased to 37 000 (2014: 30 000).
- In partnership with major corporate clients, including Chevron, Massmart and NMC/SKA, we have created enterprise and supply chain development programmes to assist these clients in developing and funding SMEs within their corporate value chains.
- We sponsored the 2015 Africa Smart Procurement Summit, which connects corporates with SMEs. The summit, a Pan-African event where SMEs are exposed to procurement best practices and business opportunities, rotates across the continent and was held in South Africa in 2015.

In South Africa, we provided R595m in funding to qualifying entities under the Financial Services Charter and we have set aside R250m in enterprise development funding for SMEs in corporate supply chains. We supported 25 966 SMEs (2014: 42 594) through a series of seminars, conferences and workshops, of which approximately 2 300 received support through training interventions delivered through our centres of entrepreneurship and various programmes with strategic partners. The decrease in the number of SMEs reached is mainly as a result of placing greater emphasis on training linked to supply chain development programmes. In 2014, we also had a once-off programme that reached 10 000 beneficiaries and was not repeated in 2015. Going forward, we will expand our enterprise and supply chain development programmes in partnership with other major corporates, and build a technology platform that will combine lending (access to non-traditional finance), access to market, business development services and business tools for SMEs.

We continue to find solutions to assist businesses, for example, in South Africa our Payment Pebble is a portable card machine which plugs into a compatible smartphone or tablet's audio jack, allowing customers to pay for goods and services quickly and securely with any VISA or MasterCard debit or credit card, wherever they are. In August, we also launched a new product proposition for our SME customers in Kenya, simplifying access to affordable financial solutions by reviewing lending caps and replacing the requirement for audited accounts with a behavioural scorecard for asset-based credit requests of up to KSH15m. Customers also have access to dedicated service from enterprise managers, relationship managers or branch managers.

Improving youth employability

We partnered with civil society organisations and government to support wider employability initiatives in the communities in which we operate. Our two-pronged approach of increasing employability and harnessing entrepreneurship, addresses the youth crisis through enterprise development.

Our approach includes learnerships (apprenticeships), our Pan-African graduate development programme, as well as providing bursaries and sponsorships. We increased our learnership intake to 1 078 (2014: 617). 177 were black South African learners with disabilities (a key focus for South Africa). Our Pan-African graduate programme included 116 (2014: 207) postgraduates from across the continent.

Through the Adopt a Technical and Vocational Education and Training Institution initiative, we assist students and build partnerships with the public sector to work together in addressing youth employability issues. We actively manage the challenges associated with such programmes, including retention, management buy-in and students lacking life skills, which impacts their ability to adapt to the work environment. Our external bursary scheme and sponsorship programmes provide resources to universities and institutions of higher learning as well as bursaries and scholarships to students across Africa. Bursaries were allocated to 100 African students, enabling them to study at South African leading universities, with a focus on critical and scarce skills in the financial sector.

Going forward, in line with our Shared Growth agenda, we will be investing R1.4bn in youth education programmes over the next three years.

Supporting our communities

Our community investment programmes provide disadvantaged youth with the skills and experience required to improve their employment prospects, enabling them to fulfil their potential. This is achieved through:

- enterprise development programmes that enhance the prospects of starting a business or income-generating activity;
- employability programmes that enhance future employment prospects typically through job training, numeracy and literacy skills development; and
- financial literacy and skills programmes that enable young people to make better financial decisions and manage their money more effectively.

We invested R192m[LA] in community investment programmes. Key to our funding decisions is the long-term, underlying economics of the programme and we select programmes that link an intervention to an opportunity as a tangible means of migrating from output-based to impact-based programmes. Between 2012 and 2015 we aimed to reach more than 1.3 million young people and exceeded this target. While we did not achieve our 2015 forecasted sub-target of 430 000, we reached 353 000 youth. This was the result of a decision to await the outcomes of an independent assessment of a sample of our programmes and its recommended enhancements to our governance processes prior to releasing additional investments. We will move beyond output-oriented beneficiary tracking in 2016, to enhance our measurement and evaluation framework with a focus on intermediate outcomes and longer-term impact.

Employee participation and volunteering is another way in which we reach out and positively impact the communities in which we operate. 11 284 employees (27% of our permanent workforce) volunteered 66 709 hours of their time (valued at over R4.9m) in support of their chosen community projects in 2015. Of this, 78% were skills-based interventions aligned to our strategic focus areas.

We believe that consumer education is important, as it empowers individuals to make informed choices and improve their lives through responsible personal financial management. Outside South Africa, consumer education and financial literacy are embedded within employability and enterprise development programmes, while in South Africa it is reported separately in accordance with the Department of Trade and Industry's Financial Sector Code.

Included in our performance metrics above is R28m (2014: R24m) invested in consumer education initiatives within South Africa, reaching 168 982 consumers in face-to-face interventions (2014: 193 234), which was behind our target. Included in this total is the annual StarSaver Teach Children to Save initiative together with the Banking Association of South Africa, where 152 employees reached more than 60 schools and 26 354 children. In terms of our awareness programme, we partnered with the KwaZulu-Natal Financial Literacy Association, contributing to a financial literacy newspaper that reached 190 000 government employees.

Looking ahead

Our Shared Growth agenda means we will apply our resources to developing solutions for our stakeholders through innovative products, services and partnerships. In this way we will contribute towards addressing some of the biggest challenges facing our continent such as unemployment, poverty, rising inequality and exclusion from access to education and financial services. Our focus will be on three key areas: education and skills development, financial inclusion and enterprise development. We will:

- complete the implementation of our flagship ReadytoWork programme in Ghana, Mozambique, Tanzania and Uganda;
- invest R1.4bn in education projects over three years;
- further embed existing, and expand our enterprise and supply chain development programmes in partnership with other major corporates; and
- build a technology platform that will combine lending (access to non-traditional finance), access to markets, business development services and business tools for SMEs. The focus for 2016 will be on Botswana, Ghana, Kenya and Zambia with further expansion in 2017. Enterprise development centres will be opened in selected countries.

Conduct

Doing the right thing, in the right way, is central to long-term sustainability. It enhances our reputation, promotes trust in the financial system and helps ensure that we provide appropriate products and services.

This section should be read in conjunction with our Customer & Client review (page 27) and Colleague review (page 31) as well as our conduct risk summary (page 54).

Key indicators

	2012	2013	2014	**2015**	YoY trend
Conduct Index[1]	n/a	6.3/10	6.7/10	**6.8/10**	▲
Treating Customers Fairly outcome score (%)					
o South Africa	61.6	58.1	63.0	**61.0**	▼
o Rest of Africa	n/a	76.0	76.0	**60.0[2]**	Not comparable
Employees completing the fighting financial crime training (%)[3]	n/a	n/a	98.4[LA]	**97.5[LA]**	▼
Employees completing the Conduct Risk College training (%)[3]	n/a	n/a	n/a	**94.5[LA]**	First year of measurement
Disciplinaries as a percentage of total employee base (%)	6.6	4.9	5.2	**4.3**	▼
Grievances as a percentage of total employee base (%)	1.5	1.5	1.2	**2.2**	▲

[1] Annual YouGov survey includes Botswana, Ghana, Kenya, South Africa and Zambia.
[2] Rest of Africa Treating Customers Fairly measurement methodology expanded from a single question measurement to encompass Treating Customers Fairly and conduct outcomes, thus year-on-year results are not comparable.
[3] The percentage is calculated based on existing employees who completed refresher training and new employees who completed training (excluding non-operational employees).
[LA] This indicator is part of a limited assurance engagement undertaken by PwC and EY. The assurance statement can be found online.

2015 priorities	Progress made in 2015
Continue embedding our conduct risk management framework across our operations including refining controls, assessments and reporting (including performance measurement metrics). Refine our strategy and business models and drive cultural transformation to align with the conduct outcomes.	Conduct risk assessments were completed in all businesses and we have enhanced reporting, including performance measurement metrics, against the conduct outcomes. Our new Conduct Risk College Training programme, completed by 94.5%[LA] employees, aims to ensure that all our employees understand their role in achieving the conduct outcomes. While we believe good progress has been made, we will continue to improve our conduct risk management framework in line with local and international developments.
Further develop and implement procedures and training to counter money laundering, terrorist financing, bribery and corruption. Introduce face-to-face training in identified risk areas where it is deemed be beneficial.	This is a continuously evolving area and we launched revised anti-money laundering, sanctions and anti-bribery and corruption training including face-to-face interventions in targeted areas. 97.5%[LA] (2014: 98.4%[LA]) of our employees completed the annual fighting financial crime training.

Conduct risk framework

Focusing on conduct risk helps ensure that we provide appropriate products and services across our businesses and reward the right activities and behaviours. We believe that we are all responsible for understanding and managing the potential impact of our decisions and behaviour on our customers and clients, and on the financial services industry as a whole.

By conducting ourselves appropriately and by avoiding detriment to our customers in the way we do business, we mitigate potential risk. While many businesses see their conduct only as a potential risk area, we see it as an opportunity to differentiate ourselves by developing high levels of trust with all our stakeholders. We implemented a number of services in 2015, to improve outcomes for our customers and clients. For example, we proactively remind customers of claimable benefits, and seek out beneficiaries of death benefits. We also notify retail bundle customers, free of charge, when they are close to reaching their free transaction limit, allowing them to manage their banking costs and avoid additional charges.

Our conduct risk framework brings together many of the existing programmes and activities into a consolidated framework. There are 10 conduct risk outcomes on which we aim to deliver:

1. Our culture places customer interests at the heart of our strategy, planning, decision-making and judgments.
2. Our strategy is to develop long-term banking relationships with our customers by providing products and services that meet their needs and do not cause detriment.
3. We do not disadvantage or exploit customers, customer segments, or markets. We do not distort market competition.
4. We proactively identify conduct risks and intervene before they crystallise by managing, escalating and mitigating them promptly.
5. Our products, services and distribution channels are designed, monitored and managed to provide value, accessibility, transparency, and to meet the needs of our customers.
6. We provide banking products and services that meet our customers' expectations and perform as represented. Our representations are accurate and comprehensible so our customers understand the products and services they are purchasing.
7. We address any customer detriment and dissatisfaction in a timely and fair manner.
8. We safeguard the privacy of our customers', clients' and employees' personal data.
9. We facilitate market integrity.
10. We uphold the reputation of Barclays.

We implemented and embedded this framework across our operations and we are tracking our performance against a set of defined metrics. We will further develop proactive indicators to identify potential risks.

The implementation of this framework puts us in a good position for the anticipated requirements of the 'Twin Peaks' reform process in South Africa (see regulations supporting a culture of good conduct and ethical behaviour on page 39).

Conduct Index

Our conduct reputation survey, undertaken by YouGov, measures perceptions across a range of questions relating to transparency, employee welfare, quality and customer value as well as trust. Respondents include business and political stakeholders, the media, non-governmental organisations, charities and other opinion formers. The 2015 score was derived from interviews with respondents in Botswana, Ghana, Kenya, South Africa and Zambia. We continue to improve our performance with the mean score increasing to 6.8/10 (2014: 6.7/10).

Treating Customers Fairly

We merged Treating Customers Fairly into the conduct risk framework. The 10 conduct risk outcomes align with and expand on the Treating Customers Fairly outcomes.

For the first time, a comprehensive measurement of all six Treating Customers Fairly and 10 conduct risk outcomes was implemented in all our businesses, providing a broader and more accurate view of our customers' experience. This resulted in the Rest of Africa's Treating Customers Fairly score decreasing to 60.0 (2014: 76.0), as the score is no longer calculated based on a single-question service measurement study. The South African score decreased marginally to 61.0 (2014: 63.0), which is within the accepted margin of error for customer perception surveys.

We received recognition from survey respondents for protecting the confidentiality of customer information by living our Values and behaviours which govern our way of working. Identified areas for improvement include providing advice that takes account of the customers' unique circumstances, identifying potential difficulties before they impact on customers, and having customers' best interests at heart when offering products or services.

Ethics management

We monitor the conduct of our employees through surveys and by reviewing the number and root causes of disciplinary cases, grievances, whistleblowing and ethical breaches.

Our primary objective is to build management capability that sets the appropriate leadership tone and ensures high ethical standards are embedded in the business. Employees are made aware of and educated on expected behaviours as informed by the Barclays Way and our Values. To reinforce the importance of living our Values, employee performance and reward places equal emphasis on our objectives ('what') and behaviours ('how').

We have effective processes in place to ensure consistent application of sanctions for ethical breaches.

In 2015:

- Over 2 650 line managers (2014: 1 400) completed the online employee relations training programme and more than 3 900 leaders completed various Global Leadership Curriculum programmes to enhance their leadership capabilities.
- 97.5[LA] (2014: 97.4%[LA]) of our employees attested to our code of conduct (the Barclays Way), ahead of the 97% target.
- 97.5%[LA] (2014: 98.4%[LA]) of our employees completed the annual fighting financial crime training, ahead of the 95% target. This training addresses the key requirements of our anti-money laundering, sanctions, anti-bribery and anti-corruption and introducer policies.
- Building on the 2014 awareness training, 94.5%[LA] of our employees completed the new Conduct Risk College Training programme, slightly below our 95% target. This scenario-based learning programme focuses on how each individual's decisions and actions contributes to delivering good customer outcomes while managing conduct risk for the Group.
- Our Being Barclays induction programme exposes new employees to our Purpose, Goal and Values and how these guide our decision-making and behaviours.
- Our ongoing Think Campaign raises awareness of the consequences of ethical breaches by highlighting employees and ex-employees found guilty of fraud and other ethical breaches.
- All disciplinary and grievance policies and procedures as well as a case management system are integrated across the continent. Our employee relations contact team for Africa monitors the consistency of disciplinary outcomes.

This continued focus is gaining momentum as reflected in our ethics indicators. We have seen a positive reduction in the number of disciplinary cases, primarily as a result of improved leadership, more effective processes and the early and sound management of poor performance.

The incidence of ethical breaches, measured though disciplinary case statistics, decreased to 395 (2014: 460). In all, 49% of the ethical breaches related to dishonesty cases (2014: 48%) and 4% related to misrepresentation (2014: 22%). Of the 120 employee conduct-related whistleblowing cases reported and concluded in 2015, less than 45% were substantiated (2014: 50%).

Grievances as a percentage of permanent employees increased to 2.2% (2014: 1.2%) as a direct result of a change in the timing in communicating individual performance ratings (moved earlier to December from January in previous years). We expect this to normalise in 2016. The main cause of grievances remains dissatisfaction with annual performance management ratings. Overall, the number of grievances is within tolerance levels.

Responsible lending

The focus on responsible lending, and specifically unsecured lending, is well known in South Africa. We continue with our responsible approach to lending, amidst the challenging macroeconomic environment and increasing pressure on consumers.

Our lending strategies have been focused on fair practice, enhanced credit assessments and stricter affordability criteria as per National Credit Act requirements.

Our lending policies are closely supported by consumer education initiatives and product-specific support aimed at encouraging responsible borrowing and curbing consumer over-indebtedness. For example, through our My Home and Family Springboard home loan propositions, we provide educational assistance to first-time home buyers on aspects regarding the process of buying and owning a home.

Our debt management solutions guide our customers in assessing their income and expenditure and we also support customers in need of help through a debt counselling process. The recent increase in economic pressure has seen an industry-wide growth in debt counselling balances.

Personal lending outside South Africa continues to increase. However, scheme loans and personal loans to salaried customers contribute approximately 70% of the portfolio. Our approach to responsible lending is based on a sustainable debt-service ratio, which is tiered according to income and is strictly regulated in some countries. The spread of credit bureaus is improving and this information enhances our ability to assess customers' affordability.

Regulations supporting a culture of good conduct and ethical behaviour

Regulations driving consumer protection and ethical behaviour in the financial services industry continue to evolve. While these changes place additional requirements on the Group, we support efforts to ensure a stable financial services sector and a safe and fair operating environment. The evolving regulations align with our aim to act with integrity in everything we do and are in line with the principles of how we do business.

In all instances, we proactively engage with our various regulators either directly or in collaboration with industry associations.

Protecting personal information

In various jurisdictions we are governed by laws which control the processing and holding of personal data, as well as its security, with an increasing focus on cross-border processing and storage of data.

Responsible lending

Governments in a number of jurisdictions are enacting or considering two branches of legislation to regulate the extension of credit. The first seeks to reduce consumer indebtedness by means of limits, for example the ratio of a loan to the value of the asset being purchased, as well as for banks to provide more information to credit bureaus.

In South Africa, affordability guidelines were implemented to ensure the proper assessment of consumers' finances to determine whether the consumer can afford the proposed credit instalments. Matters relating to the limitation of fees and interest rates, maximum costs of credit life and mechanisms for resolving over-indebtedness (including debt counsellors) are also being dealt with.

The second initiative, as provided in the National Credit Amendment Act (NCA) and as amplified by the regulations to the NCA, provides for the once-off removal of defined adverse consumer credit history, followed by the automatic removal of legal judgments when these judgment debts are paid up.

A safer financial sector to serve South Africa better – the 'Twin Peaks' reform process

This Financial Sector Regulation Bill will overlay 13 existing pieces of financial sector legislation, creating a framework designed to supervise the financial sector comprehensively and ultimately ensure financial stability. It places focus on both prudential supervision and market conduct supervision by creating a Prudential Authority and a Financial Sector Conduct Authority.

The Financial Sector Conduct Authority (also referred to as the market conduct regulator) will form part of a restructured Financial Services Board and will provide conduct oversight of all financial institutions. A comprehensive market conduct policy framework is envisaged to ensure better outcomes for financial customers, including the Treating Customers Fairly market conduct policy framework. Other developments include the Retail Distribution Review, which focuses on delivery of suitable products, access to suitable advice remuneration, incentive structures and guidelines relating to bancassurance.

The Prudential Authority will form part of the South African Reserve Bank and will be responsible for supervising the safety and soundness of financial institutions that provide financial products (including insurance), market infrastructures or payment systems. This serves to:

- ensure that customers' funds are protected against the risk of institutions failing, and that financial institutions can meet their promises to depositors, insurance policyholders, retirement fund members and investors;
- reduce the risks of using taxpayers' money to protect the economy from systemic failure; and
- provide new and revised guidelines relating to outsourcing and governance.

Combating money laundering, corruption and terrorist financing

We have a zero-tolerance approach and constantly enhance our control environment to reduce the risk of our employees as well as our customers and clients engaging in activities that may be in breach of legislation. This is supported by an anonymous reporting process designed to protect whistleblowers who report instances of unlawful or unethical behaviour.

Where the above initiatives have already been translated into legislation or regulatory requirements, we follow a process to ensure that business processes, policies or system changes required to support the regulatory change are effected. As part of an international organisation, implementing global standards often places us in the position that requirements have already been implemented or addressed, to a certain extent, within the Group by the time they are included in the local regulatory requirements.

Combating tax evasion by non-residents

There are a number of intergovernmental agreements and initiatives to guide the process for sharing information with other jurisdictions, including the Foreign Account Tax Compliance Act, the Organisation for Economic Co-operation and Development Automatic Exchange of Information and TRACE International.

Responding to regulatory change

The scale of regulatory change remains challenging and the financial crisis is resulting in a significant tightening of regulation and changes to regulatory structures globally, which, together with political and regulatory scrutiny of the banking and consumer credit industries, is in some cases, leading to increased regulation. The nature and impact of future changes in the legal framework, policies and regulatory action cannot be fully predicted and is beyond our control, but is likely to have an impact on our businesses and earnings both in the banking and insurance sectors.

We are continuously evaluating our compliance programmes and controls in general and conducting related monitoring and review activities. As a consequence of these programmes, controls and activities, we have adopted appropriate remedial and/or mitigating steps, where necessary, and made disclosures on material findings as and when appropriate.

Looking ahead

Proper conduct and ethical business dealings are non-negotiable for any responsible organisation and we support efforts to ensure a stable financial services sector and a safe and fair operating environment. We will:

- maintain an awareness and understanding of drivers of political, regulatory and policy changes across the continent and proactively manage changes to minimise customer impact;
- embed conduct risk assessments and forward-looking conduct risk reporting across the organisation;
- ensure an ongoing understanding of the implications of new market conduct regulations and how they impact on our business model and the way we serve our customers and clients; and
- provide regular training and awareness communication to ensure business units and functions are implementing the conduct risk framework requirements, set appropriate risk appetite thresholds, and ensure relevant emerging risks are considered at appropriate governance forums/committees.

Company

It is essential that we maintain a strong relationship with our shareholders to ensure we have a shared understanding and vision for our future performance. Not meeting these expectations reduces shareholder confidence.

This section should be read in conjunction with our Financial Director's review (page 42) and our risk summary (page 49).

Additional online information: consolidated and separate financial statements; risk management report; and 2015 financial results booklet.

Key indicators

	2012	2013	2014	**2015**	YoY trend
Revenue share from outside South Africa (%)	n/a	19.1	19.5	**20.8**	▲
Cost-to-income ratio (%)	55.2	56.3	56.8	**56.0**	▼
Return on equity (%)	14.4	15.5	16.7	**17.0**	▲

2015 priorities	Progress made in 2015
We will continue to improve our business in South Africa, repeat the successes outside South Africa and drive growth in our Corporate Bank and WIMI franchise across the continent.	We achieved our target to be top three by revenue in four of our five largest markets – Botswana, Ghana, South Africa and Zambia. Our revenue share from outside South Africa increased further to 20.8% (2014: 19.5%), within our target of 20 – 25%. We continued to expand WIMI with our acquisition of First Assurance in Kenya and improved revenue momentum in key annuity businesses.
Focus on revenue growth and continued cost management to improve our cost-to-income ratio.	We continue to focus on growing revenue in target areas (including Markets, Rest of Africa, Corporate South Africa and Retail Banking South Africa). Our structural cost programmes continue to produce efficiency gains that allow us to invest in growth initiatives. Our cost-to-income ratio decreased to 56.0% from 56.8% in 2014.
Increase return on equity in a sustainable manner, avoiding any short-term actions in an attempt to meet the target.	Our return on equity increased to 17.0% (2014: 16.7%), the highest since 2008. South Africa's return on equity improved slightly to 17.9%, while Rest of Africa's improved to 13.7%. We have identified opportunities for improvement in the medium term.

Looking ahead

Although we are unlikely to achieve our return on equity and cost-to-income targets in 2016 due to a deteriorating macroeconomic backdrop characterised by uncertainty and volatility, we believe these are still correct in the medium term. We will stay focused on execution towards achieving these targets:

- A return on equity in the range of 18 – 20%.
- To be top three by revenue in our top five markets.
- A revenue share of 20 – 25% from outside South Africa.
- A cost-to-income ratio in the low 50s.

Financial Director's review

David Hodnett
Deputy Chief Executive Officer
and Financial Director

After a satisfactory performance in 2015, our balance sheet is well positioned for a deteriorating macro backdrop, given our highest level of portfolio provisions since 2007, our lowest levels of non-performing loans since 2005, and strong capital ratios and liquidity.

Overview of 2015

We delivered another satisfactory performance in 2015, meeting our guidance for a third consecutive year, despite the deteriorating macro backdrop and increasing regulatory pressures. Diluted headline earnings per share again grew 10%, driven by improving revenue momentum and 8% higher pre-provision profits.

Responsibly growing our top line remains a priority and our revenue grew 6% to R67.2bn, as our net interest income rose 8% due to wider margins and better than expected loan growth. Importantly, our non-interest income growth improved to 5%, given solid momentum in several target areas. Costs remain well managed, increasing 5% as we continue to optimise in the right areas while investing in growth initiatives. Although non-performing loans declined to 3.9% of the total loan book, our credit loss ratio increased slightly to 1.05%, as we built up our portfolio provisions further.

RBB's headline earnings grew 14% to R9.7bn, while WIMI's rose 11% to R1.5bn, both due to improved revenue growth and strong cost management. CIB's headline earnings increased 6% to R3.9bn, despite significantly higher credit impairments. Our Rest of Africa operations continue to enhance our Group earnings and revenue trajectory, growing 17% and 14% respectively, largely due to RBB Rest of Africa's improved performance.

Our return on equity increased to 17.0%, its highest level since 2008, reflecting an improved 1.37% return on assets and slightly lower leverage. Strong internal capital generation offset 13% risk-weighted asset growth to maintain our Common Equity Tier 1 ratio at 11.9%, enabling us to declare an 8% higher dividend per share.

Factors influencing our performance

Deteriorating macro backdrop

South Africa's economic growth disappointed again last year, impacted by electricity shortages, drought, lower commodity prices and reduced consumer spending. GDP increased 1.3%, well below the 2.9% we forecast in our budgets.

View our consolidated and separate financial statements at barclaysafrica.com.

The commodity cycle downturn, drought, electricity shortages and weaker fiscal balances in several countries also slowed economic growth across our Rest of Africa portfolio materially. There were substantial interest rate increases across five of our markets, although Botswana and Tanzania reduced theirs. Nonetheless, we have limited exposure to oil exporting countries and GDP growth across our portfolio remained well above South Africa's. The rand depreciated against most currencies in our portfolio, particularly in December, which increased our Rest of Africa balance sheet by 20%.

Regulatory changes

Regulatory changes continue to impact our operations, earnings and balance sheet. The introduction of a new interchange regime in South Africa from 17 March 2015 reduced our card revenue by R300m, while new National Credit Act affordability rules slowed new sales and impacted our strategy of limit increases in Card. We also dealt with numerous regulatory changes across the Rest of Africa, ranging from moratoriums on fee increases, reducing lending margins, higher reserve requirements and increased capital adequacy hurdles.

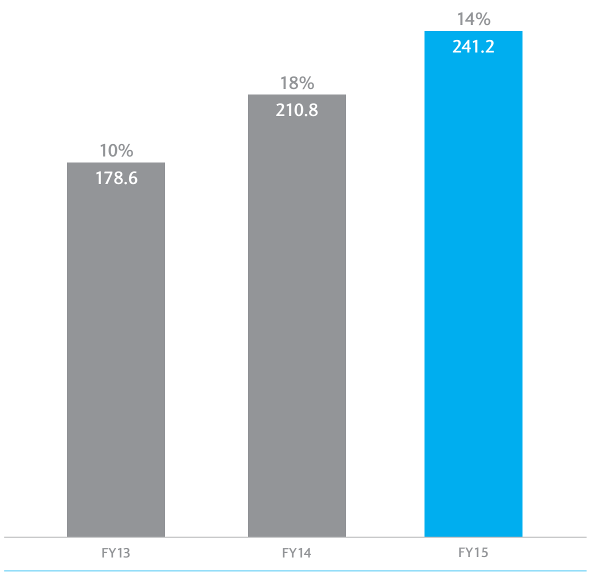
During the year, the South African National Credit Regulator introduced lower lending caps effective from May 2016, which will impact our margins, particularly in personal loans and credit cards. Given our already low fees, the recently proposed rules on lower pricing caps on credit life products is expected to have a limited impact on us.

Regulatory changes have also impacted our balance sheet, including new liquidity hurdles that I will discuss below. Other future developments include establishing the Bank Recovery and Resolution Framework, getting clarity on total loss-absorbing capital requirements and capital for interest rate risk in banking books, a fundamental review of capital held for trading, the potential introduction of deposit insurance and a number of evolutionary changes outside South Africa.

Improving revenue growth in target areas

Despite these challenges, we continue to gain revenue momentum in several target businesses. Continued progress in Retail Banking South Africa, which constitutes 47% of our revenue, saw its non-interest revenue grow 5% to R12.3bn, from just 2% in 2014. Absa Card, the largest acquirer in Africa, grew volumes 14%, while our debit card turnover increased 13%. Importantly, our retail transactional revenue rose 5%, as 2% customer growth, increasing client activity and sub-inflation price increases outweighed continued customer migration to digital channels and lower-cost bundled products.

South African card acquiring volumes (Rbn)



Business Banking South Africa's moderate 3% core revenue growth to R9.0bn masks solid growth in target areas, as continued client migration to digital channels and 10% increase in electronic banking fee income offset a 21% and 3% drop in cheque payments and cash-related income respectively. Term loans also increased 15%, after we created a dedicated sales force in 2014 to grow these in targeted segments. However, customer numbers declined 2%, and reversing this trend is a priority.

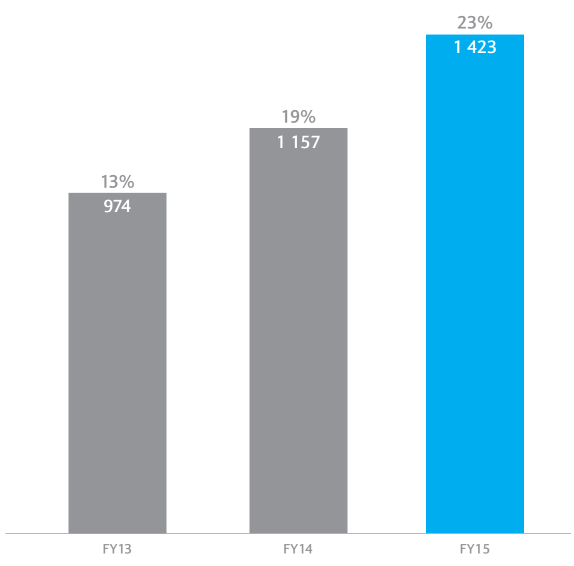
Commercial property finance payouts increased 28%, so the net book declined 2% despite higher run-off. CIB's commercial property finance book more than doubled off a low base, predominantly to large listed clients.

Following substantial investment, RBB Rest of Africa rebounded from a disappointing 2014, as the positive underlying metrics I highlighted last year translated into stronger topline growth. Constant currency revenue rose 11%, including 20% higher non-interest income on strong transaction volumes, particularly in card acquiring and foreign exchange.

Corporate South Africa maintained its double-digit revenue growth rate, rising 12% to R4.0bn, due to strong growth in trade finance and cheque account deposits. Our Corporate revenue in the Rest of Africa increased 10% to R3.3bn, reflecting strong balance sheet growth. We expect both to grow their transactional revenue as we roll out Barclays.Net in South Africa this year and in other countries from 2017.

Our Markets revenue in the Rest of Africa continued its strong growth, with revenue up 23% to R1.4bn, 35% of CIB's total trading revenue. Markets Rest of Africa is largely foreign exchange trading that benefited from currency volatility and increased client flows. With our foreign exchange platform and risk systems in place, we expect continued growth here, as more countries contribute and our corporate flows increase.

Markets Rest of Africa net revenue (Rm)



WIMI Rest of Africa remains a strong growth story with 22% higher revenue, in part due to the depreciation of the rand. Acquiring 63% of First Assurance, a Kenyan short-term insurer, will help its revenue growth. In South Africa, WIMI's revenue growth improved to 6%, including 12% higher net premiums from Life Insurance. WIMI's assets under management grew by R15bn, or 6%, due to a substantial R19bn positive swing in our net inflows, particularly of institutional funds.

Rest of Africa strategy delivering

While the commodity downturn and reduced GDP growth weakened general sentiment towards the continent, our operations in the Rest of Africa performed well and enhanced Group growth. Revenue increased 14% and headline earnings 17%, well ahead of the 5% and 8% respectively in South Africa. Consequently, the contribution from Rest of Africa increased to 21% of our revenue and 16% of headline earnings, and our acquisition of Barclays Africa Limited in 2013 remains earnings-enhancing.

The momentum was broad-based, with all three segments producing double-digit revenue growth and banking earnings increasing 22%. Although WIMI's earnings were flat, this stemmed from non-tax deductible pre-incorporation costs in Kenya, as its pre-tax profits grew 18%.

We continue to benefit from the contractual Barclays PLC funding of £30m a year for IT spend, which still has two years to run. With cost growth contained to 9%, Rest of Africa achieved 5% positive Jaws, resulting in 23% higher pre-provision profits. Reflecting the commodity cycle and deteriorating macro backdrop, credit impairments grew 67%, as RBB's credit loss ratio normalised to 2.07%, while CIB's charge increased significantly for mining and commodity exposures off a low base.

We continue to see attractive growth prospects for our portfolio outside South Africa. Within RBB, low retail credit penetration and access to banking provide a structural longer-term growth story, and we remain underweight in Business Banking, particularly SMEs, agriculture and the public sector, which are all areas of strength in South Africa. While Rest of Africa's contribution increased to 37% of CIB's earnings, there is scope to grow this, initially in Markets and through targeted lending, followed by corporate transactional revenue when systems are in place. As noted, WIMI should maintain its strong growth and it continues to look at opportunities in Ghana.

Income statement analysis

The shape of our income statement was consistent with our guidance, with a wider net interest margin and revenue growth exceeding cost growth and our credit loss ratio similar to 2014's.

	2013 Rm	2014 Rm	**2015 Rm**	YoY change %
Net interest income	32 351	35 601	**38 407**	8
Non-interest revenue	27 055	27 524	**28 791**	5
Total revenue	59 406	63 125	**67 198**	6
Operating expenses	(33 420)	(35 848)	**(37 661)**	(5)
Pre-provision profit	25 986	27 277	**29 537**	8
Credit losses	(6 987)	(6 290)	**(6 920)**	(10)
Other impairments and indirect tax	(1 033)	(1 412)	**(1 443)**	(2)
Associates and joint ventures	130	142	**129**	(9)
Profit before taxation	18 096	19 717	**21 303**	8
Taxation	(5 222)	(5 573)	**(5 899)**	(6)
Profit after taxation	12 874	14 144	**15 404**	9
Non-controlling interest	893	928	**1 073**	16
Attributable earnings	11 981	13 216	**14 331**	8
Headline earnings	11 843	13 032	**14 287**	10

Net interest income continues to underpin revenue growth

Net interest income grew 8% to R38 407m, benefiting from 16 basis points of margin expansion to 4.81% and 4% higher average interest-bearing assets. It has consistently improved since 2012, rising by 53 basis points, despite a declining contribution from our hedge programme.

There were several moving parts within our net interest margin, although a wider lending margin was the main reason for the increase.

Loan mix and pricing improved our margin by 8 basis points, largely due to better pricing within Home Loans, Personal Loans and our Investment Bank. These outweighed competitive pressure in vehicle finance pricing. Within deposits, compression in Business Banking offset improved retail spreads, while the endowment impact of higher rates added 2 basis points.

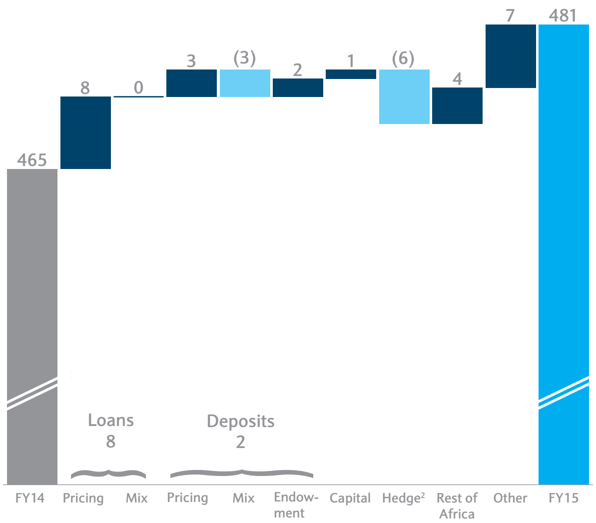
Rest of Africa's margin rose 10 basis points to 8.23%, and given its increased weighting after 28% loan growth, it had a positive Group impact, as its margin remains considerably higher than South Africa's. Our South African margin improved 13 basis points to 4.26%, in part due to improved pricing. Structural hedging contributed 14 basis points of our net interest margin, with R1.1bn released to our income statement, or 6 basis points less than in 2014. Our cash flow hedging reserve decreased to a debit of R2.1bn after tax from a R400m credit. Changing our funding model for foreign currency loans added 8 basis points to our margin, with an equal reduction in non-interest income, while higher liquid assets reduced it by 3 basis points.

Our non-interest income growth improved to 5%, including 6% growth year-on-year in the second half. Net fee and commission income, which accounted for 70% of the total, increased 8% for the year and 5% in the second half. Growth came in annuity areas, including 7% higher cheque account fees, while electronic banking grew 12% and credit cards 37%. Despite strong volume growth, merchant income fell 7%, due to lower prescribed interchange rates.

Although CIB's net trading dropped 18%, this was largely due to reduced hedging from changing the way we fund foreign currency loans. Total Markets revenue fell 3%, which is a fairer reflection of our trading performance. While Rest of Africa continued its strong growth, South Africa's Markets revenue dropped 13%, with fixed income and foreign exchange down notably, while Prime Services and Equities grew 21%.

Our Group revenue remains well diversified, although non-interest income declined slightly to 43% of the total. At 45%, South Africa's level of non-interest income remains well above Rest of Africa's 35%, which we expect to increase as WIMI and CIB grow across the continent.

Change in net interest margin[1] (basis points)



[1] Percent of average interest-bearing assets.
[2] Interest rate risk management.

Costs remain well contained as we save to invest

Our operating expenses increased 5% to improve our cost-to-income ratio to 56%. Our structural cost programmes continue to produce efficiency gains that allow us to invest in strategic initiatives. Our property-related costs fell 1%, as we continue to optimise this portfolio, given above-inflation growth in rates and utility costs. We see further savings opportunities in our operations area, IT and our Rest of Africa branch network. South Africa's 4% cost growth was well below inflation, while Rest of Africa's costs rose 9%, reflecting continued investment spend.

Our staff costs increased by 8% and accounted for 56% of total expenses. Salaries grew 8% due to higher wage increases for entry level employees and additional headcount in specialist areas such as IT.

We restricted non-staff cost growth to 1%, despite 18% higher professional fees, which largely relates to strategic projects and increased Financial Intelligence Centre Act (FICA) remediation costs. Amortisation fell 6% due to impairments recognised in 2014 and our intangibles remain low at R2.8bn. Our overall IT spend also increased 7% and accounted for 18% of the total. Marketing costs grew 8%, reflecting increased product advertising, and volume growth increased cash transportation costs 7%.

Credit loss ratio ticks up

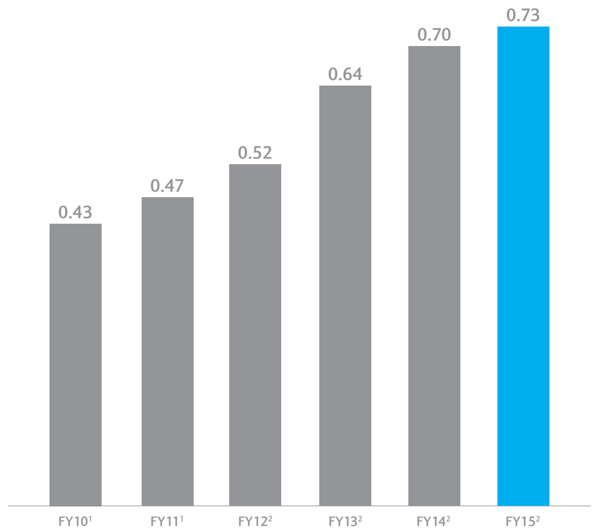
The credit cycle has started to turn, and our credit impairments grew 10% to R6 920m, increasing our credit loss ratio 3 basis points to 1.05%, its first rise since 2012. We calculate our credit loss ratio differently from our peers. On a like-for-like basis, including loans to banks and excluding collection costs of R295m, our charge was 0.9%.

We continued to build our balance sheet portfolio provisions, which grew 15% to R5bn, or 73 basis points of performing loans from 70 basis points. This increase included R418m of additional macroeconomic overlays, which have trebled since 2013 to R1.1bn. Higher portfolio provisions were particularly noticeable in CIB, given its growing watchlists.

South Africa's credit loss ratio improved 3 basis points to 0.97%, reflecting our focus on originating quality loans and substantially improving our collections in recent years. Rest of Africa increased 53 basis points to 1.70%, reflecting a more normalised RBB charge and significantly higher CIB provisions.

Although our non-performing loans grew 2% to R27.9bn, they decreased from 4.2% to 3.9% of gross customer loans, the lowest level since 2005. Substantially higher CIB non-performing loans offset the continued decline in Home Loans and Commercial Property Finance. Our stock of repossessed vehicles has dropped 44% since 2011 to 1 191, while our 126 properties in possession are 94% below 2011's peak.

Portfolio provisions to performing loans (%)



[1] Absa Group.
[2] Barclays Africa Group.

Effective tax rate remains relatively high

Our taxation expense increased 6% to R5 899m, less than the 8% growth in pre-tax profit, resulting in an effective tax rate of 27.7% from 28.3%. The decline was largely due to reducing expenses that were not deductible for tax purposes. Our tax levels remain relatively high, in part due to a rate of 31.6% in our Rest of Africa operations.

Balance sheet analysis

Our total assets increased 15% to R1 145bn. Solid 12% or R86bn growth in customer deposits and debt securities were our principal source of new funding. Equity added another R8bn and borrowed funds R2bn. We used these funds to increase customer loans by R67bn. Trading portfolio assets and liabilities grew 52% and 82% respectively, in part due to the weaker rand. Rand depreciation, particularly in the second half, increased our balance sheet by 3% and added R3.8bn to our foreign currency translation reserve in the second half, increasing our total equity by 5%.

	2013 Rm	2014 Rm	**2015 Rm**	YoY change %
Assets				
Loans and advances to customers	606 223	636 326	**703 359**	11
Total assets	962 863	991 414	**1 144 604**	15
Equity and liabilities				
Capital and reserves attributable to ordinary equity holders of the Group	77 317	82 690	**89 292**	8
Non-controlling interest – ordinary shares	3 240	3 611	**4 711**	30
Non-controlling interest – preference shares	4 644	4 644	**4 644**	–
Total equity	85 201	90 945	**98 647**	8
Liabilities				
Deposits due to customers	588 897	624 886	**688 419**	10
Total liabilities	877 662	900 469	**1 045 957**	16
Total equity and liabilities	962 863	991 414	**1 144 604**	15
Loans-to-deposits and debt securities ratio (%)	88.3	87.1	**86.1**	–

Improved loan momentum in target areas

Net loans and advances to customers rose 11% to R703bn. Our constant currency growth was closer to 9% and excluding the substantial increase in reverse repurchase agreements, about 7%.

Our gross property-related book grew 2%, its first increase in several years, to account for 38% of Group loans from 41%.

Home Loans were flat, despite 13% higher registrations, while Business Banking's book increased 2% as payouts rose 28% and CIB's commercial property loans grew significantly to low-risk customers.

The rest of our loans increased 17%, largely due to CIB growing 29% after a strong fourth quarter. CIB's reverse repurchase agreements more than trebled to R20bn, leaving its underlying growth at 21%.

Most of CIB's loan growth was to leading South African corporates and large international groups involved in renewable energy. Much of the growth came in the fourth quarter, which will provide momentum into 2016. Although CIB's Rest of Africa loans grew 31%, rand depreciation accounts for two thirds of this growth.

Our CIB portfolio remains well diversified across industries and our exposure to the mining sector remains low at 1% of loans. Our agricultural book of R31bn is about 4% of loans. Approximately R22bn is in Business Bank and R9.6bn in CIB, which is to large well diversified cooperatives. Despite South Africa experiencing our worst drought since records began, we do not currently expect this area to increase our Group charge significantly in 2016, given resilient farm values, farmers with reasonable harvests benefiting from higher prices and our prudent credit granting over the past four years.

RBB Rest of Africa's loans increased 26% or 14% in constant currency, with strong growth in credit cards as we entered additional countries, mortgages on opening mortgage centres and personal loans through improved risk segmentation. Commercial loans grew 22% off a low base.

In South Africa, Vehicle and Asset Finance grew 6% despite industry new vehicle sales falling 4%, although retail slowed notably in the second half. Our Ford Financial Services joint venture grew new business 30%, as Ford gained market share. Card grew 2%, with Edcon falling 10% to offset solid growth from Woolworths Financial Services and Absa Card. Personal Loans grew 8%, with improved sales to existing low-risk customers. Our retail lending remains prudent and we lost market share in most categories.

Solid deposit growth

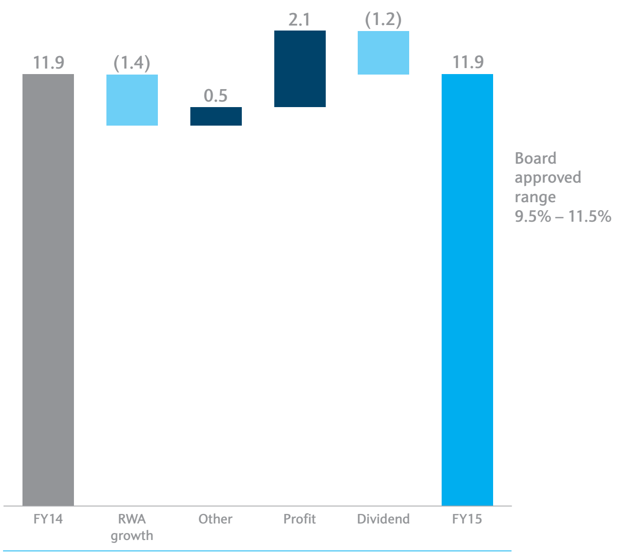
RBB South Africa maintained its strong deposit growth, with Retail Banking growing 10%, including 7% higher cheque account deposits, fixed deposits rising 14% and investment products up 17%. Business Banking grew 9%, with investment products rising 16%, to remain a large net provider of funds to the Group. RBB Rest of Africa's deposits grew 20%, largely due to rand depreciation. CIB's deposits rose 6%, with call deposits up 16% and cheque account deposits 10%. Our Group loan-to-deposit ratio fell to 86% from 87%. Debt securities in issue grew 21% to R128bn to account for 15% of our funding.

Capital and liquidity remain strong

Our Group risk-weighted assets grew 13% to R703bn, largely in line with our asset growth. We remain capital generative, with earnings adding 2.1% to our Common Equity Tier 1 ratio. Paying R8.2bn of ordinary dividends reduced our ratio by 1.2%, while R3.0bn growth in our foreign currency reserve added another 0.5%. The resulting 11.9% Common Equity Tier 1 ratio was above the top end of our Board target range, which we increased by 50 basis points to 11.5% during the year. Our Group leverage ratio, including unappropriated profits, was 6.7%, well above the minimum requirement of 4.0%. Although we are still evaluating its likely quantum, introducing IFRS 9 in 2018 is likely to reduce our Common Equity Tier 1. For 2016, our Board has increased its total capital adequacy ratio target range by 50 basis points to between 13.0% and 15.0%. This is likely to increase further in the next few years. Given the growth in our business and the uncertain economic environment, we will maintain capital ratios at the top end of our Board targets and our dividend cover is likely to increase in the coming years.

Our liquidity also remains healthy, with 13% growth in liquid assets and other sources of liquidity to R199bn. Our liquidity coverage ratio averaged 70% in the fourth quarter, well above the current regulatory requirements of 60%. In 2016, we will start using the committed liquidity facility that the South African Reserve Bank is providing to enable banks to meet these liquidity coverage ratio requirements as they increase. While net stable funding ratios only become effective on 1 January 2018, recently proposed changes to the recognition of wholesale funding would see us complying already.

Barclays Africa Group Common Equity Tier 1 ratio (%)



Segmental performance

Our earnings remain well diversified by both division and individual product lines.

Headline earnings	2013 Rm	2014[1] Rm	**2015 Rm**	YoY change %	Contribution[2] %
Retail and Business Banking	7 618	8 525	**9 698**	14	64.2
Retail Banking South Africa	5 160	5 733	**6 628**	16	43.9
Business Banking South Africa	1 492	2 069	**2 175**	5	14.4
RBB Rest of Africa	966	723	**895**	24	5.9
Corporate and Investment Bank	3 348	3 734	**3 940**	6	26.1
CIB South Africa	2 509	2 519	**2 475**	(2)	16.4
CIB Rest of Africa	839	1 215	**1 465**	20	9.7
Wealth, Investment Management and Insurance	1 420	1 324	**1 464**	11	9.7
Group centre[3]	(543)	(551)	**(815)**	(48)	
Total	11 843	13 032	**14 287**	10	

1 Restated.
2 Excluding Group centre.
3 Our Head Office headline loss grew 48%, largely due to dilapidations in 2014 that were excluded from headline earnings.

RBB

RBB's earnings grew 14% to R9.7bn, or 64% of our earnings excluding the Group centre. Improved 7% non-interest income growth and containing cost growth to 4% produced 10% higher pre-provision profits. Credit impairments rose 1%, although its credit loss ratio improved slightly to 1.29%. RBB's return on regulatory capital improved to 21.7% from 20.1%.

Retail Banking South Africa

Headline earnings grew 16% to R6 628m, driven by 10% higher pre-provision profits and 2% lower credit impairments. Transactional and Deposits earnings grew 9% to R2 672m, given increased customer numbers and 14% higher net interest income on 11% deposit growth. Despite moderate 3% revenue growth, Home Loans' earnings rose 15% to R1 813m, as a result of 9% lower costs while credit impairments fell 20%. Card earnings increased 25% to R1 678m, as 6% revenue growth exceeded 1% lower costs and its credit loss ratio improved slightly to 6.07%. Our Edcon portfolio made R123m, from its 2014 loss of R9m, due to far lower credit impairments. Vehicle and Asset Finance earnings declined 3% to R999m, given negative operating Jaws and 6% higher credit impairments. Personal Loans earnings grew 211% to R361m, reflecting improved 10% revenue growth, while costs and credit impairments fell 10% and 6% respectively. Losses in the 'Other' segment grew 13% to R895m, due to increased spending on strategic initiatives and a higher cost of funding. Retail Banking South Africa accounted for 44% of total earnings, excluding the Group centre.

Business Banking South Africa

Headline earnings increased 5% to R2 175m, reflecting 4% growth in its core franchise and a 17% smaller loss in the non-core equity portfolio. Pre-provision profits grew 3% with moderate 3% revenue growth slightly below 4% higher costs, while its credit loss ratio remained flat at 0.87%. Business Banking has a high proportion of annuity revenue as fees account for 93% of its non-interest income and it produces a strong 26% return on regulatory capital. Business Banking South Africa generated 14% of overall earnings excluding the Group centre.

RBB Rest of Africa

Headline earnings grew 24% to R895m or 17% in constant currency. Improved 12% revenue growth exceeded 7% higher costs to grow pre-provision profits 28% and reduce its cost-to-income ratio to 69%. Credit impairments increased 21%, slightly more than growth in average advances. RBB Rest of Africa contributed 6% of total earnings excluding the Group centre.

CIB

Headline earnings rose 6% off a relatively high base to R3 940m, due to 6% higher pre-provision profits and lower taxation. Revenues grew 8%, with Rest of Africa increasing 15% and South Africa 4%. Markets' revenue declined 3%, with South Africa down 13% while Rest of Africa grew 23%. Costs rose 9%, reflecting continued investment in systems and technology. Credit impairments increased 220%, due to higher portfolio provisions and non-performing loans. Corporate earnings grew 16% to R1 965m, as 5% positive operating Jaws outweighed higher credit impairments. Corporate revenue grew 11% on strong balance sheet growth. Investment Bank's earnings fell 3%, given negative operating Jaws and increased credit impairments. CIB's return on regulatory capital declined to 17.1% from 19.5%, due to higher credit charges. It contributed 26% of total earnings excluding the Group centre.

WIMI

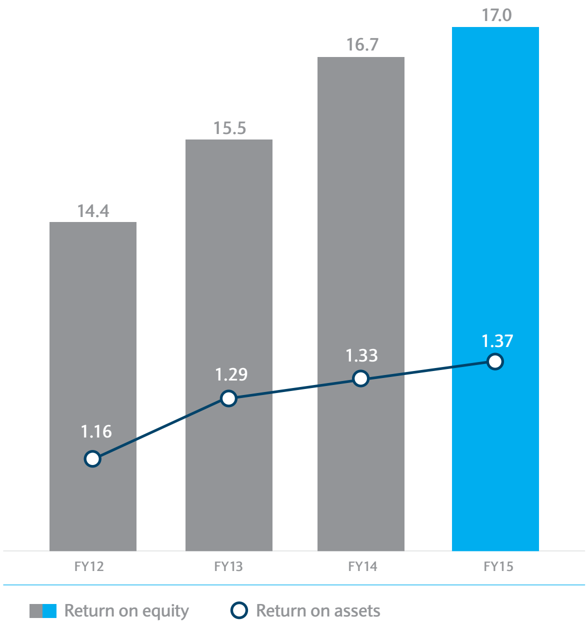
Headline earnings grew 11% to R1 464m, its strongest growth in several years, while net operating income increased 16% to R1 924m. Life Insurance earnings rose 14% to R794m, due to 12% higher net premium income and 2% lower costs. Its return on embedded value declined to 22.7%. Although Life Insurance's embedded value of new business increased 14% in the second half, it decreased 4% year-on-year due to lower volumes in advice products and aligning credit life products and pricing across the continent. Wealth and Investment Management's earnings grew 5% to R438m given 11% revenue growth as assets under management increased 6% to R274bn. Short-term Insurance earnings grew 40% to R237m as its underwriting margin and loss ratio improved. Fiduciary Services earnings increased 17% to R137m, while Distribution returned to profitability. WIMI South Africa's continuing business lines earnings grew 13% to R1 400m, while Rest of Africa was flat at R49m. WIMI's return on equity improved to 24.9% from 23.2%. It generated 10% of earnings excluding the Group centre.

Improving returns

Our return on equity increased further to 17.0% from 16.7%, as our return on assets rose to 1.37% from 1.33%, largely due to our improved pre-provision profit growth. Our leverage fell slightly to 12.4 times from 12.6 times. Our return on assets is similar to 2008's high of 1.38%, when our return on equity was 23.4% given considerably greater leverage. South Africa's return on equity improved slightly to 17.9%, so it has already achieved our Group target.

While Rest of Africa's return on equity improved to 13.7%, it remains a drag and well below its cost of equity. We see substantial scope to improve this in the medium term by reducing RBB's high cost-to-income ratio, further decreasing our effective tax rate and turning around our Tanzanian operations as we did in Mozambique in 2015.

Return on equity and return on assets (%)



Looking ahead

Our strategy remains intact and we continue to see opportunities for growth.

Entering a tough and volatile economic period, our arrears in RBB are rising and there is increasing tail risk in our Wholesale portfolio. However, we have grown our lending prudently and are gaining traction in annuity businesses. Our balance sheet is also well positioned for a deteriorating macro backdrop, given our highest level of portfolio provision since 2007, our lowest non-performing loans since 2005, and strong capital ratios and liquidity. We believe that our Group targets are still correct medium-term, although we are unlikely to achieve our return on equity and cost-to-income targets in 2016.

We forecast 0.9% GDP growth in South Africa in 2016, with downside risks from drought and electricity shortages and estimate interest rates will increase another 75 basis points this year. We expect 5.1% GDP growth in our other presence countries in Africa.

We expect low single digit loan growth, with CIB growing faster than RBB and Rest of Africa more than South Africa. Deposit growth should exceed our loan growth. Our net interest margin should decline slightly as liquidity costs, a higher proportion of CIB lending, a reduced contribution from our hedge programme and the introduction of National Credit Act caps in May are likely to offset the endowment benefit of higher rates. However, continued focus on revenue growth and cost management should produce positive Jaws, further reducing our cost-to-income ratio. Our credit loss ratio will increase as arrears are rising and we believe our non-performing loans have bottomed. Our effective tax rate will probably decline slightly and our return on equity is likely to be similar to 2015's. Lastly, Rest of Africa's earnings growth should continue to exceed South Africa's.

Effective risk management and control are essential for sustainable and profitable growth.

Risk summary

Overview of 2015

Overall performance continued to be sound with all risk and capital measures remaining within the Board-approved risk appetite. Key highlights included:

- Macroeconomic conditions deteriorated significantly towards the end of the year and we extended our framework of macroeconomic triggers and management actions in response.
- Loans and advances to customers increased 11%, driven by growth in Wholesale, Card and the portfolios outside South Africa. Excluding growth in repos and exchange rate movement, growth was 6.3%.
- Our credit loss ratio increased to 105 basis points (2014: 102 basis points) and impairment charges increased to R6.9bn (2014: R6.3bn). Increases in the Wholesale and Card portfolios, and additional macroeconomic provisions (R418m) were offset by lower charges in the mortgages and Edcon portfolios.
- Overall coverage on performing loans increased to 73 basis points (2014: 70 basis points).
- Market risk exposures remained within overall risk appetite, despite volatile market conditions.
- Total operational risk and fraud losses were lower than 2014, with fraud losses accounting for 71% of the total.
- We remained capitalised above the minimum regulatory limit and our Board-approved Common Equity Tier 1 target range. Our liquidity position remained healthy and supported the year-end dividend.
- We continued developing and embedding our approach to the management of conduct risk.
- Absa Financial Services submitted its first Own Risk and Solvency Assessment to the South African Financial Services Board.

Priorities for 2015	Progress made in 2015
Ensure performance remains within risk appetite and continue to refine the risk appetite approach for insurance and country risk.	We remained well within the approved risk appetite, with a 90% utilisation. A new risk appetite framework is being implemented, with the first phase completed during 2015, including refinements to insurance and country risk. The second phase will be completed during 2016.
Continue with the embedding of the enterprise risk management framework and the three lines of defence operating model into businesses and countries.	The three lines of defence have been implemented in both the organisational structures and operating models across the Group. We have the right risk culture and tone from the top, and governance structures at a senior management level, with the 2016 priority to further embed this throughout the organisation.
Continue to improve risk measurement models and enhance risk-adjusted returns, while reducing volatility in performance.	Focus was placed on the redevelopment of the Retail Basel regulatory models, stress testing and economic capital models. The focus for 2016 will be on refining wholesale regulatory models and IFRS 9, which addresses accounting for financial instruments.
Continue to invest in systems in fraud prevention and detection (including digital and application fraud), commence migration to our new data centre and further streamline customer onboarding, not only for regulatory compliance purposes, but also to improve customer service.	Bespoke technology has been designed for digital fraud, and we have enhanced analytics for application fraud. Our data centre migration has started and our customer onboarding processes have been redesigned with better customer turnaround times and higher regulatory compliance rates.
Embed conduct risk frameworks and enhance conduct risk management controls, tools and reporting.	Good progress was made in the embedding of the conduct risk framework. Conduct risk is understood and used in the day-to-day decision-making, resulting in achieving the right customer and client outcomes. Conduct risk assessments continue to drive forward-looking risk management, with a focus in 2016 on further enhancements using predictive management information.
Continue to build upon the Recovery Plan and develop an approach to Resolution Planning.	We enhanced our Recovery Plan in line with the South African Reserve Bank's requirements and continue to work with the regulators and industry bodies in the formulation of Resolution Planning.

Looking ahead

- Review and alter risk appetite to take account of global and local macroeconomic deterioration.
- Increase the focus on model risk and governance across the Group.
- Continue to strengthen operational risk controls and infrastructure, specifically in the areas of information, technology, financial crime, and cybercrime, and hone our already established early warning triggers and mechanisms.
- Enhance conduct risk management controls, tools and reporting.
- Increase focus on data initiatives, including those arising from regulations such as BCBS 239 and IFRS 9.
- Continue to enhance our scenario development and stress testing processes in an increasingly uncertain and deteriorating macroeconomic environment.

Credit risk

The risk of financial loss should our customers, clients or market counterparties fail to fulfil their contractual obligations.

Credit risk: Wholesale[1]

	2012	2013	2014[2]	2015	YoY trend
Growth in loans and advances (%)	6.8	14.7	3.5	**22.9**	▲
Risk-weighted assets as a percentage of gross credit extended (%)[3,4]	27.2	34.2	31.8	**29.2**	▼
Non-performing loans as a percentage of gross loans and advances (%)	3.7	2.8	3.0	**2.7**	▼
Non-performing loans coverage ratio (%)	41.9	42.4	35.0	**36.8**	▲
Credit loss ratio (%)	1.0	0.6	0.4	**0.6**	▲

- **Loans and advances:** Growth was robust at 22.9%, with increases in banking, technology, media and telecommunications, agriculture and mining portfolios. Excluding growth in repos and exchange rate movement, growth was 12%. Geographic diversification across Africa continued.
- **Risk-weighted assets as a percentage of gross credit extended:** Decreased due to an increase in derivative instruments arising from an increase in gross credit extended.
- **Non-performing loans[5]:** Increased due to new defaults at higher coverage in Rest of Africa and Business Banking, although non-performing loans as a percentage of total loans decreased. The non-performing loans coverage ratio increased to 36.8% (2014: 35%).
- **Impairments:** The Wholesale credit impairment charge increased to R1 434m (2014: R843m) due to new impairments in Rest of Africa and macroeconomic provisions of R228m.

Looking ahead

- Closely monitor risk trends arising from macroeconomic uncertainty.
- Undertake regular portfolio reviews.
- Ensure continuing alignment of business strategy with risk appetite.
- Implement agreed management actions in response to changing economic conditions.
- Implement enhanced models and data management.

Credit risk: Retail

	2012	2013	2014[6]	2015	YoY trend
Growth in loans and advances (%)	3.4	3.1	5.5	**3.2**	▼
Risk-weighted assets as a percentage of gross credit extended (%)[7,8]	33.7	34.5	32.6	**33.4**	▲
Non-performing loans as a percentage of gross loans and advances (%)	7.0	5.6	4.9	**4.7**	▼
Non-performing loans coverage ratio (%)	36.7	41.0	45.9	**45.6**	▼
Credit loss ratio (%)	1.9	1.5	1.41	**1.35**	▼

1 Wholesale incorporates CIB, Business Banking and WIMI for South Africa and Rest of Africa.
2 Numbers (excluding credit loss ratio) restated to include Rest of Africa and WIMI.
3 Gross credit extended includes off balance sheet exposures as well as exposures to banks and sovereigns.
4 Only includes portfolios subject to the internal ratings-based approaches.
5 Refer to Note 63.2 of our Group annual financial statements for the IFRS 7 analysis for impairments. Refer to Note 4 of our 2015 financial results booklet for an analysis of our non-performing loans.
6 Numbers (excluding credit loss ratio) restated to include Rest of Africa.
7 Gross credit extended includes off balance sheet exposures as well as exposures to banks and sovereigns.
8 Only includes portfolios subject to the internal ratings-based approaches.

- **Loans and advances:** The net decrease of 0.5% in Home Loans was offset by 2% growth in Card, 3% growth in Vehicle and Asset Finance and 19.5% growth in Rest of Africa.
- **Risk-weighted assets as a percentage of gross credit extended:** Increased to 33.4% (2014: 32.6%) due to implementation of new regulatory models.
- **Non-performing loans:** Continued to decrease due to a R1.6bn decline in the Home Loans legal book. The non-performing loans coverage ratio decreased to 45.6% (2014: 45.9%) due to write-offs in mortgages and Vehicle and Asset Finance. This was offset by an increase in the debt counselling legal book in Card.
- **Impairments:** The impairment charge remained flat despite additional macroeconomic provisions of R150m. The credit loss ratio reduced to 1.35% (2014: 1.41%) reflecting improvements in the quality of the Home Loans and Edcon portfolios. The loss ratio decreased in Home Loans, Vehicle and Asset Finance, Edcon and Consumer Banking but increased in Card, in line with the expected default profile of new growth bookings.

Looking ahead

- Closely monitor risk trends arising a from macroeconomic uncertainty.
- Further enhance collection programmes to ensure appropriate management of customers in financial difficulty.
- Continue to focus on improvements to data sources and models/analytics to improve the Group's risk profile, risk measurement, and risk-adjusted returns.
- Continue to improve internal risk measurement models and processes as part of the internal capital adequacy assessment process.

Market risk

The risk that our earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads.

- **Traded market risk:** The risk that we would be impacted by changes in the level or volatility of positions in trading books, primarily in investment banking.
- **Non-traded market risk:** The risk of our earnings or capital being reduced due to the market risk exposure from banking book positions which may arise net of hedging activities.
- **Insurance risk:** The risk that future experiences relating to claims, expenses, policyholder behaviour and investment returns differ from the assumptions made when setting premiums or valuing policyholder liabilities.
- **Pension risk:** The risk that arises when an adverse movement between pension assets and liabilities results in a pension deficit.

	2012	2013	2014	**2015**	YoY trend
Average traded market risk – daily value at risk (Rm)[1]	21.3	24.7	22.3	**27.0**	▲
Traded market risk regulatory capital (Rm)	1 331	1 630	2 178	**2 501**	▲
Banking book annual earnings at risk for a 2% interest rate shock percentage of Group net interest income (%)	<7	<7	<5	**<6**	▲
Insurance short-term loss ratio (%) South Africa only	69.9	72.2	70.9	**69.4**	▼
Life insurance new business margin (%) South Africa only	8.6	7.6	6.6	**5.5**	▼

- **Traded market risk:** We managed trading exposures within overall risk appetite and the trading business remained resilient despite macroeconomic conditions. The increase in average daily value at risk and regulatory capital was a result of increased volatility in the markets, especially in the second half of the year.
- **Non-traded market risk:** We remained positively exposed to increases in interest rates after the impact of hedging. Interest rate risk management in the Rest of Africa remains challenging due to the relative unavailability of appropriate derivative instruments to hedge.
- **Insurance risk:** Absa Financial Services submitted its first Own Risk and Solvency Assessment report to the South African Financial Services Board, highlighting risk management process improvements.
- **Pension risk:** Pension plans and benefits are provided in all our presence countries with the Absa Pension Fund remaining the largest fund. The overall funding level of the schemes improved in the current year. Following the Absa Pension Fund investment strategy review, a liability-driven investment strategy was implemented to mitigate inflation and interest rate risks and to ensure there are sufficient assets in the pension fund to meet current and future liabilities of the pension fund.

[1] Daily value at risk for Rest of Africa is based on a historical simulation model that uses sensitivity-based inputs rather than full revaluation as is done for South Africa.

Looking ahead

- Respond to regulatory and capital change, specifically preparing for the adoption of the Fundamental Review of the Trading Book.
- Continue to reduce margin volatility through the structural hedge programme in South Africa.
- Continue to focus on improvements in data quality.
- Develop a pension risk appetite for all the Group's pension schemes.

Funding risk[1]

The risk that the Group is unable to achieve its business plans as a result of capital and liquidity risk.

- **Capital risk:** The risk that we are unable to maintain adequate levels of capital. This could lead to an inability to support business activity, a failure to meet regulatory requirements, and/or changes to credit ratings, which could also result in increased costs or reduced capacity to raise funds.
- **Liquidity risk:** The risk that we are unable to meet our obligations as they fall due.

Funding risk: Capital risk

	2012	2013	2014	**2015**	YoY trend
Cost of equity (%)[2]	13.5	13.0	13.5	**13.75**	▲
Total risk-weighted assets (Rm)	438 216	560 865	619 705	**702 663**	▲
Common Equity Tier 1 ratio (%)[3]	13.0	12.1	11.9	**11.9**	=
Return on risk-weighted assets (%)	2.09	2.16	2.22	**2.18**	▼
Return on average economic capital (%)	20.8	20.6	20.4	**19.0**	▼
Return on equity (%)	14.1	15.5	16.7	**17.0**	▲

- **Cost of equity:** Increased to 13.75% (2014: 13.50%) from January 2015 due to a higher risk-free rate.
- **Risk-weighted assets:** Increased 13.4% to R702.7bn (2014: R619.7bn) as a result of increased regulatory requirements and the negative impact of the economic environment on certain credit portfolios. This was partially offset by risk-weighted asset precision initiatives.
- **Capital:** Remained above the minimum regulatory limit and the Board-approved Common Equity Tier 1 ratio target range.

Looking ahead

- Ensure all entities remain adequately capitalised relative to minimum regulatory requirements and Board-approved target capital ranges.
- Further improve the approach to capital management:
  - continue to focus on risk-weighted assets precision initiatives;
  - enhance the economic capital framework;
  - embed performance metrics such as positive net generation of equity and return on equity;
  - maintain an optimal capital supply mix; and
  - allocate capital appropriately.
- Continue engaging with the South African Reserve Bank to finalise the total loss-absorbing capacity requirements as part of the Resolution Framework for South African operations.

[1] Structural risk was previously a key risk under funding risk, but is now being included as a component of interest rate risk in the banking book within non-traded market risk.
[2] The average cost of equity is based on the capital asset pricing model.
[3] Board target range 9.5 – 11.5%

Funding risk: Liquidity risk

	2012	2013	2014	**2015**	YoY trend
Sources of liquidity (Rm)	144 604	153 871	175 836	**199 024**	▲
High quality liquid assets (Rm)	76 216	81 974	88 537	**105 332**	▲
Other liquid assets (Rm)[1]	24 986	31 697	31 841	**31 640**	▼
Other sources of liquidity (Rm)	43 402	40 200	55 458	**62 052**	▲
Long-term funding ratio (%)	23.5	24.3	21.9	**21.0**	▼
Loan-to-deposit ratio (%)	87.1	88.3	87.1	**86.1**	▼
Liquidity coverage ratio (%)[2]	n/a	n/a	n/a	**69.9**	First year of measurement

- **Liquidity risk position:** This remained healthy and within key limits and metrics. Since 1 January 2015, we continuously maintained a liquidity coverage ratio in excess of the required 60%.
- **Loan-to-deposit ratio:** This decreased 1% to 86.1% (2014: 87.1%) primarily due to higher debt securities in issue.
- **The net stable funding ratio:** This comes into effect on 1 January 2018.

Looking ahead

- Manage the funding and high quality liquid asset position within our Board-approved liquidity risk appetite framework and regulatory liquidity requirements.
- Continue to grow and diversify the funding base to support asset growth and other strategic initiatives.
- Continue to work with regulatory authorities and other stakeholders on the net stable funding ratio, recovery and resolution, and deposit guarantee scheme.

Operational risk

Operational risk arises when there is potential for direct and/or indirect losses resulting from human factors, inadequate or failed internal processes, systems or external events.

	2012	2013	2014	**2015**	YoY trend
Total losses as a percentage of gross income (%)	1.2	1.1	1.1	**0.8**	▼
Total losses (Rm)	660	659	735	**541**	▼
Operational risk-weighted assets (Rm)	62 385	79 235	92 942	**98 668**	▲

- **Total operational risk losses:** These were within the Group's appetite and were lower than 2014. Fraud losses are lower than 2014 and decreasing ahead of industry trends. Fraud losses continued to be the main contributor to operational risk losses, amounting to 71% of total losses.
- **Operational risk risk-weighted assets:** Increased due to a rise in the standardised approach capital, which was driven by increased operating income.
- **Technology risk:** Significant investments have been made in upgrading infrastructure and disaster recovery capabilities, resulting in improved system stability.
- **Fraud risk:** Card fraud losses remain the major contributor to overall fraud losses, but these have improved and stabilised across all Card portfolios. Lending fraud has increased and is being monitored closely.
- **Information risk:** Further progress has been made in enhancing protection of secret and confidential data by improving logical access controls.
- **Financial crime:** Satisfactory progress has been made on remediating customer identification and verification issues, customer on-boarding processes, improved customer document retrieval capability as well as improved suspicious transaction monitoring outside South Africa. Automated processes and controls are applied where possible.

[1] Rest of Africa.
[2] The Group liquidity coverage ratio represents the simple average of the relevant three month-end data points prior to year end. Surplus high quality liquid asset holdings in excess of the minimum requirement of 60% have been excluded from the aggregated high quality liquid asset number in the case of all Rest of Africa banking entities.

Looking ahead

- Continue to invest in technology to improve and maintain technology resilience.
- Continue to focus on managing cyber risk.
- Compliance with financial crime regulations will be strengthened through further investment in technology and transforming the customer on-boarding processes.
- Continue improving our fraud prevention, and early detection, capabilities with a focus on digital banking, branch network and operations in the Rest of Africa.
- Challenges to energy and water supply are being closely monitored and plans developed.

Conduct risk

Conduct risk is the risk that detriment is caused to customers, clients, counterparties or the Group because of inappropriate judgement in the execution of business activities.

The key themes for the year were the resilience of technology and continued levels of regulatory change.

We managed a number of conduct and reputation risks:

- A number of accounts deemed non-compliant with Know Your Customer regulations were blocked, which negatively impacted customer experience.
- We closed several branches in line with a strategic drive to implement a multi-channel solution. Stakeholders' responses were monitored and used to inform the engagement strategy.
- The reputation risk associated with both internal and external fraud.

In addition, we implemented the required changes to respond to the amendments of the National Credit Act that came into effect in September.

Significant events and issues were considered in the remuneration decisions of individuals and on bonus pools.

Looking ahead

- Increase focus on improving overall regulatory controls, particularly those related to Know Your Customer, anti-money laundering, and the National Credit Act.
- Embed risk assessments and forward-looking conduct risk reporting across the organisation.
- Enhance controls and key performance indicators to track and manage conduct risk.
- Maintain a robust awareness and understanding of drivers of political, regulatory and policy changes across the continent and manage changes to minimise customer impact.
- Assess the impact of 'Twin Peaks' regulations, specifically the Retail Distribution Review proposals.

View our full risk report at barclayafrica.com

Retail Banking South Africa

Retail Banking South Africa offers a comprehensive suite of retail banking products and services to individuals and provides asset finance to commercial customers. We cater for the full spectrum of customers, from those needing basic banking services to those requiring sophisticated financial solutions. Our focus is on providing a consistently superior experience across each of the channels, matched closely to the needs and expectations of each customer segment. Customers are served through an extensive branch and self-service terminal network, electronic and mobile channels, relationship managers as well as call centre agents.

This is a summary extract from our segment performance reporting. For the full segmental analysis, see our 2015 financial results booklet.

Key indicators

	2012	2013	2014[1]	**2015**	YoY trend
Revenue (Rm)	25 592	27 417	29 545	**31 249**	▲
Attributable earnings (Rm)	3 688	5 177	5 743	**6 641**	▲
Headline earnings (Rm)	3 672	5 160	5 733	**6 628**	▲
Credit loss ratio (%)	1.95	1.49	1.33	**1.28**	▼
Cost-to-income ratio (%)	50.8	52.2	54.7	**53.1**	▼
Loans and advances to customers (Rm)	348 104	354 622	367 967	**374 997**	▲
Deposits due to customers (Rm)	127 863	135 697	150 427	**166 015**	▲
Return on assets (%)	0.72	1.00	1.05	**1.15**	▲
Impairments (Rm)	6 605	5 234	4 848	**4 769**	▼

[1] These numbers have been restated. Please refer to the reporting changes overview in our 2015 financial results booklet for further details.

Highlights

- Headline earnings grew 16% to R6 628m (2014: R5 733m) due to positive Jaws and lower credit impairments.
- Non-interest income growth of 5% on the back of increased transactional activity and growth in customer numbers.
- Net interest income increased with 6%, following deposit growth of 10% and improved pricing on new loans.
- Credit impairments declined 2% to R4 769m (2014: R4 848m), with the credit loss ratio improving to 1.28% (2014: 1.33%).
- Low cost growth of 3% is attributed to benefits from the multi-channel programme and focused cost management.
- Business production levels continue to increase across most key portfolios, with the exception of Vehicle and Asset Finance.
- Customer numbers increased to 8.8 million (2014: 8.6 million) through improved acquisition of new customers and reduced account closures.
- Edcon recorded headline earnings of R123m (2014: R9m loss), largely as a result of focused long-term credit risk management strategies.

Challenges

- Subdued growth in loans and advances of 2% was impacted by lower balances in Edcon and high book run-off in Home Loans.
- Non-interest revenue was negatively impacted by reduced interchange rates and customer migration to lower-cost digital channels.
- Declining market share across the portfolio, despite new production growth in Home Loans and Personal Loans.

Operating environment

The following factors had a key influence during the year:

- Consumer finances remained under pressure as growth in employment, real household disposable income and consumer expenditure declined further. The increase in income tax rates has further eroded disposable income levels, particularly in the affluent customer segments.
- Consumer credit risk profiles did not show significant improvement, impacting access to credit. Consumers remained heavily indebted with the ratio of household debt to disposable income above 78%.
- Consumer price inflation remained within the inflation target range, but started to increase in late 2015 as a result of the impact of the drought on food prices. Interest rates were increased by 25 basis points in July and a further 25 basis points in November, impacting the cost and affordability of credit.
- Growth in household credit extension remained relatively low at 4.6% across the secured and unsecured advances portfolio and total new vehicle sales volumes declined by 4.1%.

Business performance

Growth in key segments indicates that our segment turnaround strategy is yielding both customer retention and attrition benefits. Our focus on engaging with and meeting the financial needs of our customers, coupled with our wide range of offerings, has enabled us to extract additional revenue from the high-value segments.

Our financial performance improvement was underpinned by the investment initiatives in digitisation, innovation, the branch and ATM networks improvements as well as investing in our employees. Our focus has been on improving our customers' and clients' experience, offering alternative and improved ways for our customers to interact with us and providing them with products and services that meet their evolving needs.

The risk profile of new business remains well within business risk appetite and is appropriately priced. Impairment levels have improved as a result of strong risk management initiatives, including the introduction of new affordability assessments and the continued enhancement of collections and recovery processes.

Strong cost management discipline has enabled us to continue investing in our turnaround programme, including targeted marketing initiatives, and this will remain a key focus to realise benefits arising from the customer adoption of more convenient and cost-effective banking channels.

Looking ahead

Our turnaround journey remains on track. There is a sustained real customer growth in key segments and client attrition has slowed, customer service is improving, our market share of voice is beginning to be felt and our cost and credit losses are well contained. A detailed series of plans and initiatives are in place to leverage and expand the platforms laid with an emphasis on:

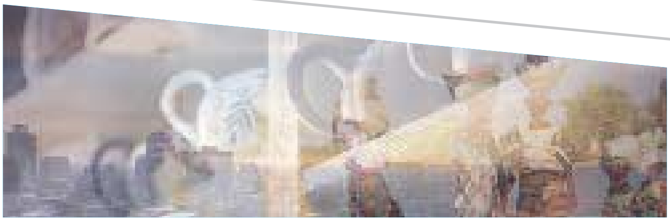
- effective customer engagement informed by customer insights and data analytics;
- introduction of innovative products based on specific customer needs and simplified and transparent pricing;
- responsible provision of credit and maintenance of a responsible risk appetite;
- ongoing digitisation and process improvements; and
- improved access through new and existing channels.

Driving personalised, in the moment, customer-first engagements with big data

Data and advanced analytics is a key enabler to serve our customers and clients better. Analytics is helping us build a deeper understanding of customer and client behaviour and enables us to engage with them on a more personal and relevant level. Through advanced data analytics, we aim to empower proactive money management by delivering a tailored experience and converting insights into real actions.

By understanding historical transactional behaviour, including incoming payments and monthly commitments (e.g. debit orders), we are able to proactively provide a low balance alert and suggest an action to customers. A customer is sent an SMS suggesting a personalised selection of actions, such as to transfer funds from another account, deposit funds or even apply for an overdraft or limit increase. The SMS notifications incorporates real-time connection to call centre agents to deliver relevant engagement, service and product fulfilment.

In our first pilot, 60% of more than 50 000 customers receiving low funds alerts took proactive actions following the alert to manage their payments, and 84% confirmed they would like to receive these alerts going forward.



Business Banking South Africa

Business Banking South Africa operates a well-defined coverage model based on specific customer value propositions aligned to customer and client needs, and range from direct interactions via multi-channel interfaces such as electronic banking, to a dedicated relationship-based model. Enterprise customers are served predominantly through our branches while commercial customers are served through a relationship-based model, where dedicated sales and service teams provide customised solutions. The relationship-based model includes a sector overlay focusing on the primary sectors of agriculture, public sector, wholesale, retail and franchising.

This is a summary extract from our segment performance reporting. For the full segmental analysis, see our 2015 financial results booklet.

Key indicators

	2012	2013	2014[1]	**2015**	YoY trend
Revenue (Rm)	7 906	8 265	8 804	**9 090**	▲
Attributable earnings (Rm)	594	1 515	2 086	**2 142**	▲
Headline earnings (Rm)	996	1 492	2 069	**2 175**	▲
Credit loss ratio (%)	2.40	1.34	0.87	**0.87**	=
Cost-to-income ratio (%)	66.74	62.7	59.6	**59.9**	▲
Loans and advances to customers (Rm)	61 988	60 708	61 065	**63 545**	▲
Deposits due to customers (Rm)	79 100	87 915	100 948	**110 096**	▲
Return on assets (%)	1.19	1.71	2.08	**1.98**	▼
Impairments (Rm)	1 511	823	528	**548**	▲

[1] These numbers have been restated. Please refer to the reporting changes overview in our 2015 financial results booklet for further details.

Highlights

- Headline earnings increased 5% to R2 175m (2014: R2 069m) driven by continued improvement in the performance of the underlying businesses, with a 5% growth in non-interest income.
- Cheque account fee income and electronic banking fee income grew 14% and 10% respectively.
- Gross loans and advances to customers, excluding commercial property finance, increased 7% with growth in term loans (15%) and agriculture (9%).
- Deposits due to customers grew 9% to R110bn (2014: R101bn), mainly due to increasing investment products and fixed deposits.
- Return on risk-weighted assets improved 3.08% (2014: 2.89%).

Challenges

- The commercial property finance book declined by 2%, in spite of a 28% increase in new payouts.
- Earnings momentum slowed in the second half of the year.
- Pressure on both advance and deposit margins. The reduction in the overall deposit margin was impacted by customers moving to lower margin deposit products.
- Transactional revenue was impacted by customer migration to cash processing centres and lower cost digital channels.
- Cheque payment volumes continue declining in line with industry trends.
- Customer attrition continued although at a reducing rate.
- Agricultural customers have been affected by the drought. We have proactively engaged them in managing their risks. Our agricultural loan book remains well diversified which helps to absorb financial risks emanating from the ongoing drought.

Operating environment

The following factors had a key influence on our operations in 2015:

- Global economic growth slowed to 3.1% and domestic economic growth slowed to below 1.5%, impacted by further commodity price drops, electricity supply shortages and decreased business confidence.
- Investor confidence was impacted by rising interest rates (a total of 50 basis points in the second half of the year) with further increases expected.
- Transactional income decreases as the industry continues to reduce the use of cheques and customers migrate from traditional branches to cash processing centres and digital transacting platforms.

Business performance

Business Banking South Africa remains committed to providing relevant solutions to customers' needs and improving operational effectiveness to retain existing and attract new customers. Enhanced electronic banking solutions, combined with an overall digitisation strategy, strengthened the electronic customer value proposition and remain key to customer growth.

Our growth momentum is further evident through:

- refinement of both the electronic sales platform and automated credit scoring system;
- development of an instant business account opening process via self-service digital channels;
- the launch of an initiative that focuses on new-to-bank customer relationships;
- enhancement of our self-service cash product offering; and
- recognition in the form of an award for Best SME Bank in South Africa by Capital Finance International.

Overall customer numbers decreased 1.7% (at a slower rate than 2014) mainly in the enterprise segment, while our commercial segment's rate of attrition stabilised. Despite inflationary pressures and increased investment in relationship managers, operating expense growth was contained.

Looking ahead

We remain deposit-led, transactionally-solutioned, and focused on developing long-term banking relationships with our existing and new customers. We continue to build on our momentum with specific focus on:

- service excellence, by increasing focus on customer experience, a competitive product offering in the agricultural sector, faster credit cycle turnaround times, introducing a focused call centre capability and enhancing customers' experience by assisting in their transition to electronic mediums;
- customer propositions, including digitisation, through further refinement of the electronic sales platform initiative, increasing focus on managing the end-to-end cash value chain, optimising our insurance product offering and increasing the penetration of these products, and a focus on a customer-centric culture; and
- our people, by continuing to invest in relationship managers' skills and proficiency to embed a better approach to customer relationships.

Rise Africa: open innovation pioneering financial services

Africa's innovators and start-ups have the ability to scale their ideas in new markets through Rise Africa, a physical and virtual global community that facilitates collaboration and fintech innovation. The initiative specifically looks at connecting the world's most active innovation ecosystems to help co-create ground-breaking products and services with entrepreneurs from across Africa.

In 2015, we held the first Barclays Accelerator in Africa, which resulted in 10 companies raising R170m in equity raised from various investors and five commercial agreements were signed with Barclays Africa. In April 2016, a second cohort of 10 fintech start-ups from seven countries will join the three-month Barclays Accelerator, powered by TechStars. We received 454 applications from 46 countries. Rise Africa also runs a series of ideation and solution activities, hackathons and facilities events where we bring global thought leaders together.

Rise Africa is positioned to take advantage of technology solutions that are not reliant on physical infrastructure. This is particularly relevant in the African context. It provides developing markets with an opportunity to leapfrog ageing analogue infrastructure, deployed in most developed economies, and with it the capacity to solve some of Africa's development challenges. The solutions coming out of these initiatives are Africa-focused and aim to answer the challenges unique to our continent.

RBB Rest of Africa

RBB Rest of Africa offers a comprehensive suite of retail and business banking products and services to individual and commercial customers on the African continent outside South Africa. We provide a range of solutions to meet customers' transactional, borrowing, savings, protection and payments needs. Customers and clients are served through branch and self-service terminal networks, electronic and mobile telephone channels and a dedicated relationship-based model.

This is a summary extract from our segment performance reporting. For the full segmental analysis, see our 2015 financial results booklet.

Key indicators

	2012	2013	2014[1]	2015	YoY trend
Revenue (Rm)	6 455	8 002	7 893	**8 869**	▲
Attributable earnings (Rm)	599	971	718	**895**	▲
Headline earnings (Rm)	604	966	723	**895**	▲
Credit loss ratio (%)	2.1	1.86	1.95	**2.07**	▲
Cost-to-income ratio (%)	68.83	66.8	73.1	**69.3**	▼
Loans and advances to customers (Rm)	29 313	36 351	35 812	**45 213**	▲
Deposits due to customers (Rm)	45 819	56 054	57 206	**68 736**	▲
Return on assets (%)	0.97	1.20	0.75	**0.94**	▲
Impairments (Rm)	581	621	641	**777**	▲

[1] These numbers have been restated. Please refer to the reporting changes overview in our 2015 financial results booklet for further details.

Highlights

- Headline earnings increased 24% with an improved return on average risk-weighted assets of 0.99% (2014: 0.84%).
- Non-interest income grew 21% largely from a strong Card performance and higher foreign exchange sales.
- Cost-to-income ratio improved to 69.3% (2014: 73.1%) driven by positive Jaws of 5%.
- Operating expenses grew 7% in spite of inflationary pressures and once-off restructuring costs.
- Loans and advances to customers and deposits due to customers increased 26% and 20% respectively (14% and 6% excluding the impact of foreign exchange translations).
- Commercial loans grew 22%, excluding the impact of foreign exchange translations.

Challenges

- Impairments increased 21% resulting in a marginal increase in the credit loss ratio to 2.07% (2014: 1.95%).
- Emerging liquidity constraints in some markets due to dynamic country-specific monetary policy actions.
- Regulatory impacts in some markets, including central bank regulations on fee pricing.
- Currency exchange rate volatility in most of the markets in which we operate.
- Increased competition from local banks.

Operating environment

The operating environment for 2015 remained promising, confirming its healthy resilience to internal and external shocks. Demand for borrowings remained positive across the continent and most of the economies in which we operate showed steady growth. Some of the challenges impacting our operating environment included:

- security concerns, particularly in the tourism sector;
- adverse weather conditions affecting the agricultural sector;
- weak commodity prices, weakened global demand and tight policy stances impacting inflation and interest rates;
- regulatory changes, including a 400 basis point increase of the statutory reserve ratio in Zambia and liquidity tightening in various markets;
- inflationary pressures, with particularly high inflation in Ghana and Zambia, and changing interest rate environments across various markets; and
- a slowdown in transactional activity in some markets as well as increased competition from local and international banks in a number of markets.

Business performance

We made significant progress on the strategic priorities set out at the end of 2014. Underlying business performance continued to show good growth with increases in loan and current account sales. We continued to enhance our customer service model and optimise our cost-to-serve, to ultimately improve customer experience. Our sustained investment in innovation was underpinned by the launch of new, appropriate product solutions to suit individual customers' needs.

We sustained our digital strategy through the increased promotion of internet banking and other digital solutions, with biller transaction usage growing exponentially during the year. This added to the efficient use of existing channels and provided customers with more convenient banking capabilities.

Asian Banker named NBC the Best Retail Bank in Tanzania and our Group Savings Account in Kenya, Zidisha, the Best Deposit product in Africa.

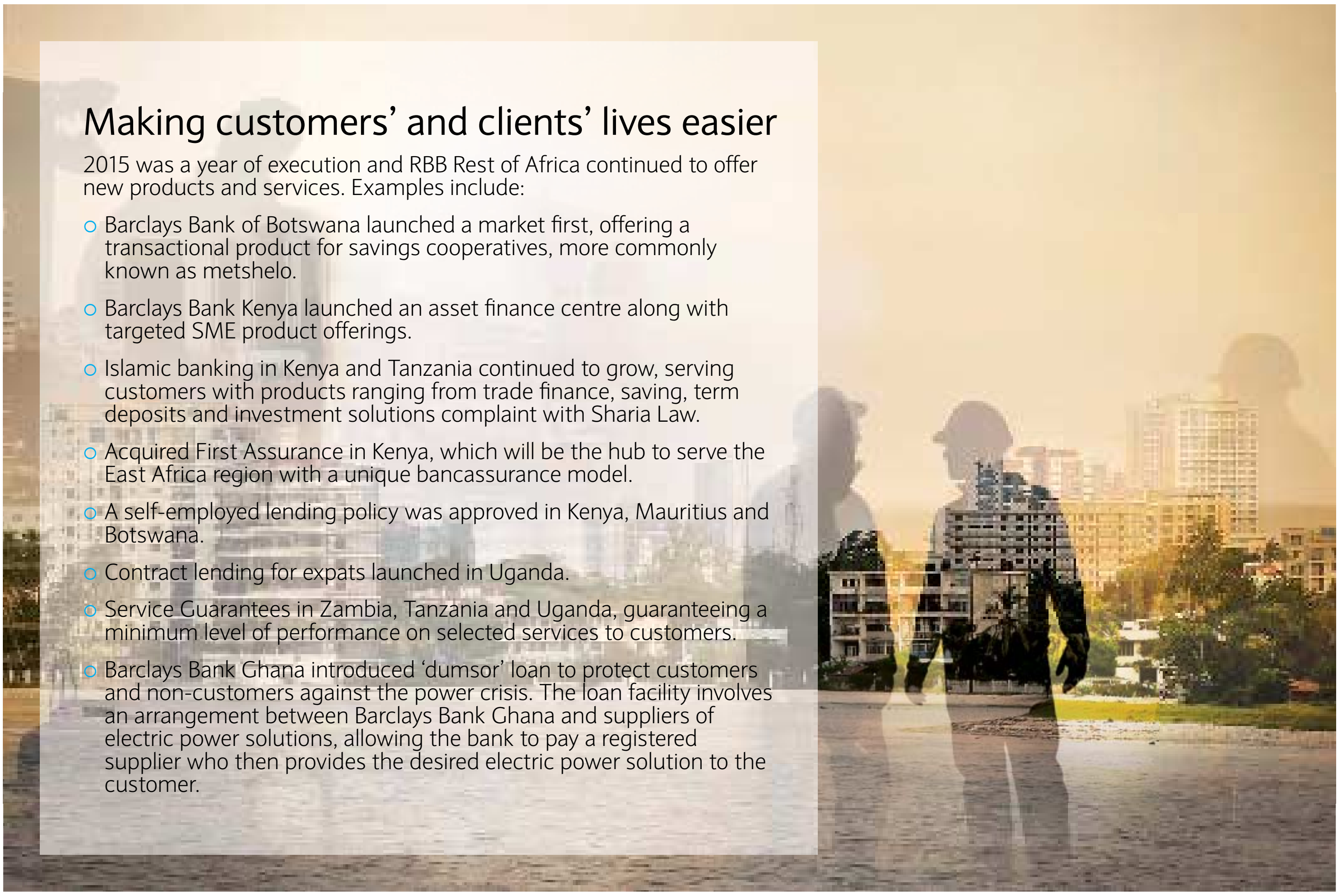
We also launched the My Shoes Are My Office initiative in four markets, which has seen colleagues mobilised to spend time with customers at their offices. The following are some of the benefits that were realised through this initiative:

- We increased our visibility to the market, demonstrating a commitment to becoming the financial services group of choice in Africa.
- We improved customer service levels.
- Enhanced customer relationships through the introduction to senior leadership.
- A deeper understanding of our customers by taking time to engage and listen to them.
- An opportunity to share the Group's vision with customers, thereby increasing market engagement.
- Growth of pipeline and new customer acquisition.

Looking ahead

RBB Rest of Africa's focus remains on making customers' lives easier, continuing to refresh core customer value propositions for targeted segments and revamping customer solutions. The strategy focuses on:

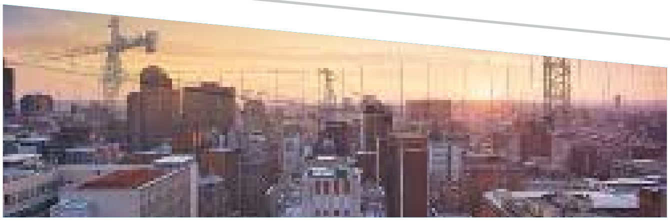
- delivering a multi-channel franchise through the launch of digital products with a focus on mobile solutions, ATM enhancements and self-service kiosks;
- continuing to build fit-for-purpose branches to ensure we are optimally positioned to serve our customers and reduce service costs;
- migration of commercial customer transactions to Barclays.Net, an online banking platform for cash management; and
- continuing to focus on broadening business banking propositions given the current low level of penetration and the large potential which exists.



Making customers' and clients' lives easier

2015 was a year of execution and RBB Rest of Africa continued to offer new products and services. Examples include:

- Barclays Bank of Botswana launched a market first, offering a transactional product for savings cooperatives, more commonly known as metshelo.
- Barclays Bank Kenya launched an asset finance centre along with targeted SME product offerings.
- Islamic banking in Kenya and Tanzania continued to grow, serving customers with products ranging from trade finance, saving, term deposits and investment solutions complaint with Sharia Law.
- Acquired First Assurance in Kenya, which will be the hub to serve the East Africa region with a unique bancassurance model.
- A self-employed lending policy was approved in Kenya, Mauritius and Botswana.
- Contract lending for expats launched in Uganda.
- Service Guarantees in Zambia, Tanzania and Uganda, guaranteeing a minimum level of performance on selected services to customers.
- Barclays Bank Ghana introduced 'dumsor' loan to protect customers and non-customers against the power crisis. The loan facility involves an arrangement between Barclays Bank Ghana and suppliers of electric power solutions, allowing the bank to pay a registered supplier who then provides the desired electric power solution to the customer.



Corporate and Investment Bank

CIB structures innovative solutions to meet clients' needs by delivering specialist investment bank, corporate bank, financing, risk management and advisory solutions. We deal with a variety of clients across industry sectors such as corporates, financial institutions and public sector bodies. Through combining the global product knowledge with regional expertise and an extensive, well-established local presence, our goal is to build not only a sustainable, trustworthy business, but also a business that helps clients achieve their ambitions in the right way.

This is a summary extract from our segment performance reporting. For the full segmental analysis, see our 2015 financial results booklet.

Key indicators

	2012	2013	2014[1]	**2015**	YoY trend
Revenue (Rm)	10 231	11 430	12 779	**13 764**	▲
Attributable earnings (Rm)	3 455	3 481	3 817	**3 940**	▲
Headline earnings (Rm)	3 455	3 348	3 734	**3 940**	▲
Credit loss ratio (%)	0.08	0.19	0.16	**0.44**	▲
Cost-to-income ratio (%)	54.85	54.4	53.3	**54.0**	▲
Loans and advances to clients (Rm)	116 122	143 537	165 351	**213 625**	▲
Deposits due to clients (Rm)	287 039	309 429	227 696	**241 689**	▲
Return on assets (%)	0.62	0.64	0.81	**0.79**	▼
Impairments (Rm)	80	239	248	**793**	▲

[1] These numbers have been restated. Please refer to the reporting changes overview in our 2015 financial results booklet for further details.

Highlights

- Corporate South Africa strategy is on track with revenues up 11% to R3 975m (2014: R3 566m).
- Rest of Africa headline earnings increased 20% and is now 37% of CIB headline earnings.
- Private Equity portfolio reduced 17% to R2.4bn (2014: R2.9bn) in line with our strategy.
- Long-term client advances grew 27%.
- Growth in Prime Services customer numbers and improved Equity research contributed to a 21% increase in Equities and Prime revenues to R696m (2014: R573m).

Challenges

- South African Fixed Income, Currency and Commodities business was down 21% to R1 922m (2014: R2 447m) due to reduced client flows, compressed margins and a challenging trading environment.
- Impairments increased by more than 100% to R793m (2014: R248m) with increased charges in both South Africa and Rest of Africa.
- Costs increased 9%, reflecting greater investments in systems and the effect of a weaker rand on the translation of Rest of Africa costs.

Operating environment

We faced a challenging macro environment as South Africa experienced its worst drought in a century, electricity supply continued to be constrained, commodity prices decreased, interest rates increased and business and consumer confidence weakened, contributing to weak private sector investment growth. A difficult jobs market, combined with rising interest rates and tough credit conditions, led to low consumer demand and impacted investment plans.

Growth in our presence markets outside South Africa moderated further due to lower commodity prices and an adverse external environment. Fiscal and current account balances remain fragile in a number of countries, which, together with the broader domestic and global environment, resulted in a number of currencies weakening significantly.

Monetary policy rates were raised in Ghana, Kenya, Mozambique, Uganda and Zambia, in response to currency pressures and upward inflation, and cut in Botswana and Mauritius in response to growth concerns.

Business performance

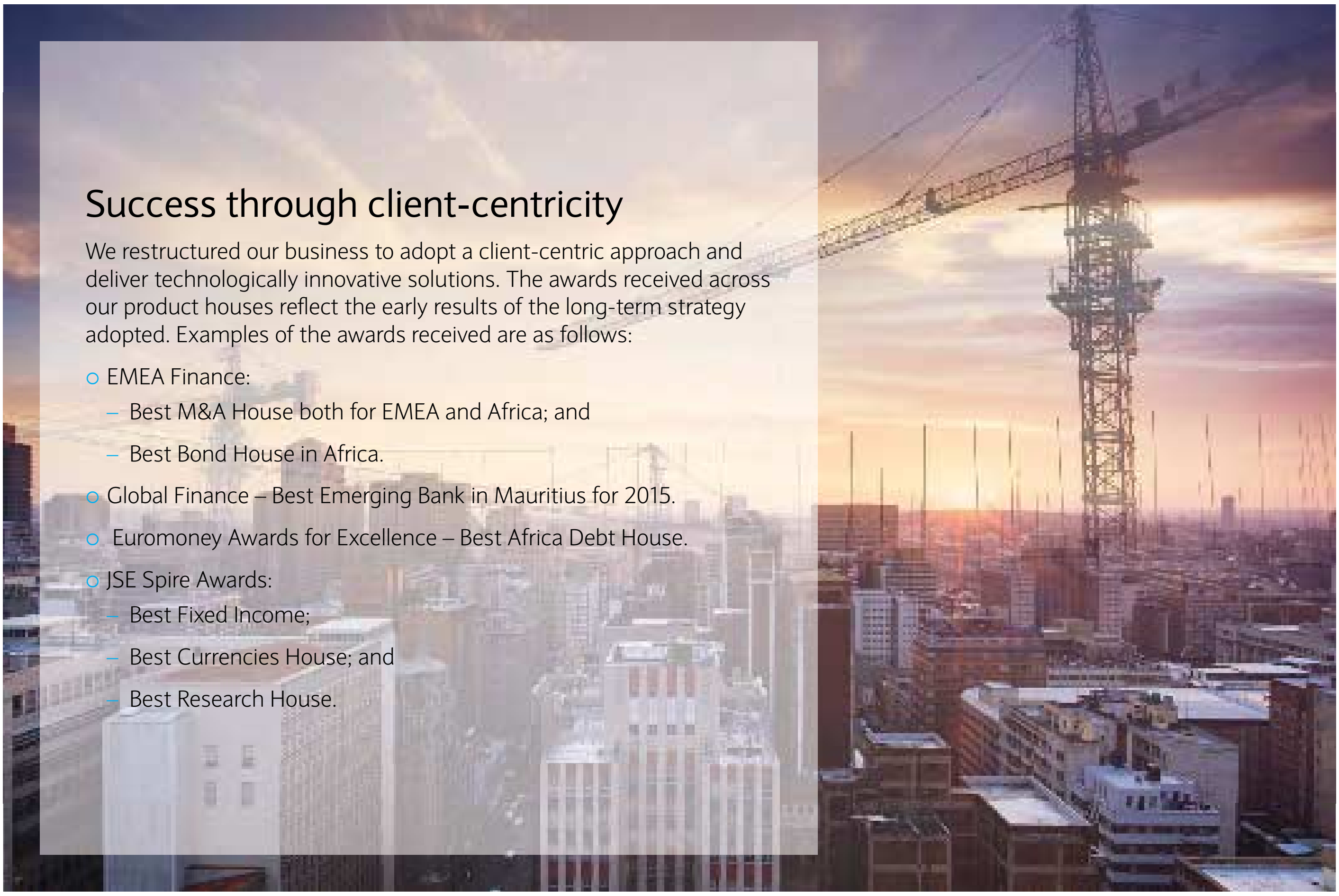
We made progress on our strategy of growing the Corporate Bank, with Rest of Africa's contribution to revenue increasing, and we made significant advances by upgrading our IT environment through major systems implementations. The Rest of Africa continued to benefit from investment in systems, risk process and talent. BARX (our electronic foreign exchange trading platform) is now operational in 10 countries and will assist in maintaining this level of growth into the future. We expect to benefit from increased client flow as Barclays.Net is introduced across the continent over the next two years.

Our strategy to grow Corporate Bank in South Africa is gaining momentum as we experienced double-digit revenue increases for the third successive year. Barclays.Net, our primary online banking cash management platform, is now implemented in South Africa and client migrations to the platform are progressing.

Looking ahead

Our focus will remain on further embedding client-centricity by:

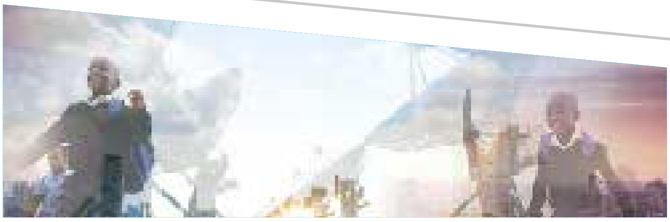
- leveraging the refreshed client coverage structure to drive client commitment and facilitate simpler, more efficient transactions;
- providing innovative, cost-effective, transparent and efficient digital solutions and developing an E-Bank that will enable clients to grow and manage their businesses in a cost-effective, transparent and efficient manner;
- improving analytic capability to enable better decision-making internally and for clients; and
- responding to the challenging economic environment by applying responsible credit criteria and disciplined cost management.



Success through client-centricity

We restructured our business to adopt a client-centric approach and deliver technologically innovative solutions. The awards received across our product houses reflect the early results of the long-term strategy adopted. Examples of the awards received are as follows:

- EMEA Finance:
  - Best M&A House both for EMEA and Africa; and
  - Best Bond House in Africa.
- Global Finance – Best Emerging Bank in Mauritius for 2015.
- Euromoney Awards for Excellence – Best Africa Debt House.
- JSE Spire Awards:
  - Best Fixed Income;
  - Best Currencies House; and
  - Best Research House.



Wealth, Investment Management and Insurance

WIMI is the integrated non-banking financial services provider to Barclays Africa and other partners across the continent, including life insurance, non-life insurance, investment management, retirement services and fiduciary. We also provide advice-led investment, credit and banking solutions to high-net-worth clients, retail solutions to individual bank clients and institutional propositions to corporate and business clients. Our well-established partnership model with the bank is based on close collaboration and integration, delivering broad-based financial solutions for our customers and clients.

This is a summary extract from our segment performance reporting. For the full segmental analysis, see our 2015 financial results booklet.

Key indicators

	2012	2013	2014[1]	**2015**	YoY trend
Revenue (Rm)	4 558	4 880	4 931	**5 252**	▲
Attributable earnings (Rm)	1 337	1 419	1 311	**1 417**	▲
Headline earnings (Rm)	1 354	1 420	1 324	**1 464**	▲
Credit loss ratio (%)	0.75	0.73	0.46	**(0.10)**	▼
Cost-to-income ratio (%)	53.9	55.1	58.8	**57.5**	▼
Loans and advances to clients (Rm)	11 377	10 885	5 234	**5 350**	▲
Deposits due to clients (Rm)	4 442	4 878	5 276	**5 160**	▼
Return on assets (%)	3.18	3.16	2.84	**3.37**	▲
Impairments (Rm)	83	84	25	**(5)**	▼
Assets under management (Rbn)		259	259	**274**	▲
Embedded value of new business (Rm)		427	472	**452**	▼
Return on average equity (%)		24.7	23.2	**24.9**	▲

[1] These numbers have been restated. Please refer to the reporting changes overview in our 2015 financial results booklet for further details.

Highlights

- Return on equity improved to 24.9% (2014: 23.2%).
- Assets under management increased by R15bn to R274bn.
- South African Life Insurance business net premiums increased 9%.
- South African Short-term Insurance margins improved to target levels, resulting in a 23% growth in headline earnings.
- Fiduciary Services South Africa headline earnings grew 21%.
- We acquired a majority stake in First Assurance, a Kenyan short-term insurance entity.

Challenges

- Investment income on shareholder funds declined 28%, adversely impacted by market performance.
- Embedded value of new business for Life Insurance declined 4%.
- Potential for higher lapse rates in insurance policies and pressure on savings and risk protection products due to current macroeconomic conditions.

Operating environment

A convergence of adverse developments, including low GDP, rising interest rates, pressure on government finances and a weakening rand and business confidence, weighed on the outlook for the South African economy. This culminated in rating agencies downgrading South Africa's sovereign credit rating to one notch above junk status. These developments resulted in significant volatility and a decline in market value of bonds and equities. Sub-Saharan Africa is affected by headwinds such as low commodity prices and outflow of capital from emerging markets, however, the outlook for economic growth for the Rest of Africa is expected to remain positive.

The first phase implementation of proposals contained in the Financial Services Board's Retail Distribution Review initiative fundamentally alters the way in which insurance and investments are sold. We remain committed to providing customers with affordable, fair and sustainable advice.

Business performance

We launched our first Customer Lifestage Moment sales campaigns and strengthened alignment with RBB initiatives to better serve target segments. Margins and returns were improved through the outsourcing of personal lines administration to a third party. Cost and sales efficiencies were achieved through the outsourcing and centralisation of administrative functions in both our Short-term Insurance and Distribution businesses. This further improved our control environment and improved client solutions. We also concluded the disposal of our Agricultural Crop business.

Our focus on omni-channel distribution capabilities continued with the launch of Houseview to formalise the advisory process. This included a new adviser remuneration model to drive customer-centric sales and improve our digital technology platform capabilities through the recent acquisition of a majority stake in a direct life insurer. We also gained momentum by building out our telephony and direct channel capabilities.

In building out our bancassurance competencies on the African continent, we established a greenfield Life Insurance business and acquired a majority stake in a short-term insurance business in Kenya. We are also implementing broader channel coverage across the continent, in our existing businesses, which includes branch kiosks to enable face-to-face service, telephone and digital platforms.

We enhanced our Wealth and Investment Management capabilities by:

- transferring the high-volume unstructured credit banking to RBB;
- integrating our Stockbrokers and Private Clients businesses;
- implementing a franchising model, concluding key investment manager hires and launching a revised remuneration model in our Active Asset Management business to build skills and scale up assets under management; and
- progressing the application of United Nations Principles for Responsible Investment and the Code for Responsible Investing in South Africa (CRISA) into relevant business lines.

Looking ahead

Our main focus remains on growing assets under management and premium income with a specific priority on accelerating growth through customer focus and digital enablement. The key execution priorities are:

- growing cross-selling through continued and improved collaboration between WIMI and RBB;
- driving growth in selected markets on the African continent through entry into remaining target markets, expanding our product and channel propositions in existing markets and targeted development of external partners for scale; and
- enabling growth through continued investment in digital platforms, automation, data insights-led sales capabilities and a diverse and high-performing team.

Absa Affinity Life: creating access to life insurance through innovative underwriting

Affinity Life is a powerful example of how 'big data' can be used to offer a superior customer experience and unlock the value of our bancassurance model. This predictive underwriting solution, a first for Africa and one of the first globally, uses a method of underwriting that uses customer-level data to predict the outcome for medical underwriting without actually asking the customer to go for full medical assessments. The algorithm takes into account the analysis of the customer's transactional banking behaviour to determine whether the customer will qualify for life insurance. We identified approximately 700 000 banking customers who can be offered life insurance without the inconvenience of completing a lengthy questionnaire or going for a medical check-up.

Governance and remuneration

Chairman's review

Wendy Lucas-Bull
Group Chairman

This year has been marked by significant change and volatility on a number of fronts. We continue to focus on our sustainable growth and are constantly adjusting the way we do business in order to respond to the scale of change and the opportunities and challenges presented.

Introduction

The year was marked by geopolitical tension and macroeconomic volatility, significant changes to regulation, and strong competitive pressures. The general condition and outlook of the global and African economies had an impact on our operating environment. Looking ahead, we anticipate that our business will continue to be influenced by these factors.

Reflecting on the global and local environments

As a Board, we continue to monitor our external environment for trends, opportunities and risks that might impact our growth ambitions and the shape of our business.

During 2015, we considered several themes, including:

- the macroeconomic factors that impact our various businesses and the related lead and lag indicators, triggers and management actions;
- global compliance requirements, including anti-money laundering, sanctions and combating the financing of terrorism;
- trends in cybercrime, and applying proactive defensive strategies;
- our organisation's commitment to our Values, including all aspects of diversity and inclusion;
- Basel III and the impact on capital and liquidity;
- IFRS 9, which addresses accounting for financial instruments;
- the evolving nature of the European Union's Capital Requirements Directive IV and its impact on our remuneration policy;
- the direction of regulatory changes and national policy initiatives in all our presence countries; and
- infrastructure challenges in a number of our presence countries.

Notable economic events during 2015

During the course of 2015, there were a number of events that had a significant impact on the operating environment and our targeted growth ambitions.

The depressed commodity cycle and the sustained drought in South Africa continue to negatively affect sectors both upstream and downstream of producers. Exchange rate and GDP assumptions made when our strategy was developed differ materially to our latest views, with an average decline of 1.85 percentage points in GDP across the portfolio and an average decline in currencies in our presence countries against the US dollar of 35.5%. The South African National Treasury has indicated that it is expecting growth of 0.9% for 2016, down from 1.3% in 2015.

Tightening of monetary policy has emerged as a key theme across the majority of our presence countries. This is reflective of a slowing Chinese economy as well as the initiation of policy tightening by the US Federal Reserve.

Due to significant currency weakness in some jurisdictions, we have also observed unconventional monetary policies which require a different approach to risk mitigation, particularly in the context of liquidity management. Our strategy has consciously evolved to ensure robust levels of liquidity to withstand any possible liquidity shocks as well as to support our long-term aspirations to grow customer and client advances.

South Africa, which remains our largest market, has seen lower than expected GDP growth, slowing credit extension, a decline in household consumption and a rising interest rate cycle after an extended period of low interest rates with an aggregate 50 basis points increase in 2015 and a further 50 basis points increase in January 2016.

Our own business has seen the impact of the political dynamic in South Africa in 2015.

The weakening exchange rate (most pointedly in December 2015), the volatility of listed share prices and the continued pressure on South Africa's credit rating have been a particular challenge. Despite this, many sectors of the economy (including financial services) showed growth, and a number of large corporates in South Africa continued to demonstrate strength and resilience.

Concerns over infrastructure delivery have not abated, with power and water supply in the spotlight, and we have also seen social activism in the areas of local service delivery and student protests, parliamentary sit-ins, and challenges to the banking sector, culminating in disruptions at South African universities. The challenges we face, particularly in South Africa, require a stronger relationship between business, labour and government to find solutions and we welcome the current open dialogue with government. In the State of the Nation Address on 11 February 2016, President Zuma announced that the banks, through the Banking Association of South Africa, are launching a project in collaboration with the Finance Minister and National Treasury aimed at establishing a centre of excellence for financial services and leadership training. This initiative will contribute to the South African ambition to become a global financial centre and create opportunities to expand the pool of financial skills on the continent.

Our Values require us to take individual and collective responsibility for building a society that does not tolerate xenophobia, racism or any other form of discrimination. The tragic attacks in South Africa, Kenya and Nigeria were a gross violation of human rights and had the potential to divert Africa from the positive path it is following.

Adapting to regulatory change

The regulatory transformation brought by Basel III continues to unfold on numerous fronts. We are sustaining progress on strengthening our capital ratios and, along with our peers, we will make use of a committed liquidity facility from the South African Reserve Bank to support our regulatory liquidity requirements from 2016.

Other key changes in the regulatory landscape include IFRS 9 and the impact on model development, impairment management and financial reporting, with a view to implementation in 2018; an increasing focus on consumer protection, Solvency Assessment Management, 'Twin Peaks', the Bank Recovery and Resolution Framework and clarity on total loss-absorbing capital requirements; clarity on capital requirements pertaining to interest rate risk in the banking book; a fundamental review of capital requirements relating to the trading businesses; and continued evolutionary changes in regulatory requirements in our presence countries outside South Africa. These changes will have nuanced implications for the nature of our business going forward. Through bilateral and industry engagement with our regulators, we remain committed to ensuring the sound development of the banking sector and its role in promoting financial stability in the countries in which we operate.

We welcome the National Credit Amendment Act's promotion of responsibility in the credit market and provision of mechanisms for resolving over-indebtedness. Absa Bank has for several years specifically targeted lower than peer growth in line with sustainable and responsible lending. Amendments (effective September 2015) will further impact the way we do business in this area. Similarly, the Credit Life Insurance Regulations seek to address, among others, the cost of credit life insurance to the consumer and the limits in this regard.

The Solvency Assessment and Management Act sets out more robust capital requirements for insurers and guidelines on governance, risk management and disclosure with the aim of protecting policyholders and beneficiaries. The Retail Distribution Regulations propose a number of far-reaching reforms to the regulatory framework for distributing retail financial products to customers in South Africa. We are at the forefront of industry change in the way that we remunerate our insurance and investment advisers, to ensure the best and most appropriate advice to customers.

Responding strategically and operationally

Over the last year, the Board devoted time to assessing the strategy and conducting business reviews against the backdrop of the macroeconomic and sociopolitical environments, innovation in technology, the continuous progression of cybercrime, shifts in the competitor landscape, and the effect of global and local regulatory changes. Additionally, the Board considered market benchmarks and the performance against them, assumptions of market share, and future trends.

We concluded that our strategy remains robust and targets the key areas for growth, while maintaining sound controls and a strong focus on risk management. It also takes into account the needs of our stakeholders over the short and long term.

Our strategy is underpinned by four clear themes. Firstly, as an African bank we are investing in growth opportunities and providing access to the African and global capital markets; secondly, as a customer-focused organisation we aim to ensure that customer experience remains our primary focus; thirdly, we are simplifying our business processes to improve efficiency; and lastly, we continue to make significant investments in technology and automation.

The continued turnaround in RBB, the maturing of the Corporate and Markets businesses, and the expansion of our insurance offerings across our geographies create the platform for future growth. Our ability to replicate our systems, to innovate, and to launch new products and services, further enhance our existing opportunities.

Infrastructure and the delivery thereof remains a focus across the continent. In terms of the impact on our business, management has developed business continuity management plans under the auspices of our Board committees in relation to both power and water supply. In terms of support for government infrastructure initiatives, we are involved in the provision of finance, including the support for key clients in the renewable energy sector.

In South Africa in particular, the concern for the high rate of unemployment and the low rate of GDP growth remains high on the national agenda. We have adopted a Shared Growth agenda, which for us means making a positive impact on society and delivering shareholder value. The South African Finance Minister mentioned in his Budget Speech on 24 February 2016 that one of the key pillars on which the budget is built is the achievement of inclusive growth. In particular he said that "the budget tabled today is guided by the NDP [National Development Plan]. It is a budget for inclusive growth, it emphasises partnerships amongst role players in our economy…".

By pursuing mutually beneficial outcomes, we believe that we can contribute towards sustainable solutions to the biggest challenges (including unemployment) facing our continent. For example, we have launched ReadytoWork, a Pan-African employability programme that helps prepare young people for the world of work, and Rise Africa, which is about partnering with talented entrepreneurs and innovators to promote the development of pioneering technologies on the continent.

Small, medium and micro-enterprises remain important to economic growth and employment. In South Africa, we spent R2bn with over 1 400 enterprises with a turnover of less than R50m per annum.

Going forward, we will continue to look for opportunities to create scalable and innovative solutions that address challenges faced by our society. We are committed to partnerships with government to contribute to initiatives aimed at inclusive growth.

Board and governance objectives

2015 governance objectives

The Board is committed to good governance practices that add value to the business. We oversee the risk, compliance and assurance practices and hold management accountable for the responsible delivery of the strategy.

We refined our Board objectives for 2015 to cover our strategic objectives; the importance of running the business in an ethical and transparent way; our IT strategy; our resilience in dealing with emerging global issues and management of our risk and capital frameworks; and our people and culture.

Our Board has overseen the ongoing roll-out of best-practice processes and further education and training. This year has seen further improvement in integrated and interactive strategic planning, holistic monitoring of investment programmes, and replication of this approach through the individual countries overseen by their country boards.

1. Review the progress of the Group strategy, with a particular focus on our growth objectives (including the market commitments made), in the context of a sound control and risk environment, and ethical and transparent leadership.	The Board engaged with management in strategy and integrated planning sessions and conducted business reviews at key points in the year. A key feature of our work in 2015 was the consideration of matters pertaining to conduct and reputation. Relevant committees played a key role in monitoring these risks with input from management forums. We observed continued focus on ethical and transparent leadership, including in the areas of diversity and inclusion, our Values journey including employee participation in conduct risk and values training, Treating Customers Fairly, and ethics management. We paid significant attention to Know Your Customer and related market conduct processes, which are key to our customer interaction and are a focus of both local and global regulators. Remediation actions arising out of market conduct matters are tracked from operational, reputational and client impact perspectives.
Rating: Substantively achieved	
2. Monitor the implementation of the Group's IT strategy, with a focus on resilience and appropriate investment spend.	The ITC reviews execution of the Group's IT strategy. We continue to prioritise Run the Bank stability and resilience while improving the rigour of strategic IT investment spend and the tracking of related benefits. We focused on management's progress on the standardisation of architecture and project methodologies across all products and geographies. We also noted work-in-progress in the area of innovative product offerings and design within Transform the Bank. We reviewed the plans to maintain our cyber defences and to monitor developments in the area of cybercrime.
Rating: Substantively achieved	
3. Ensure that the risk and capital management frameworks are appropriate in the context of a shifting global regulatory and risk environment and a changing business environment.	Significant work was done on (i) the evolving regulatory environment; (ii) analysing the appropriateness of risk appetite and adjusting where necessary; (iii) infrastructural challenges and the response of business thereto; (iv) relevant lead and lag indicators to macro changes and management actions and responses thereto. Our resilience is built on the right committee properly assessing emerging issues. Issues covered during 2015 included the economic environment, trends in banking, structural reform, cybercrime, IFRS changes, and Basel III updates.
Rating: Fully achieved	
4. Monitor and assess the people agenda and the culture of the organisation.	We monitored (i) an array of cultural, behavioural and organisational health indicators; (ii) our approach to talent management, retention, and leadership development; (iii) diversity, inclusion and transformation; (iv) mobility and deployment of talent; (v) succession planning; and (vi) compensation and related performance.
Rating: Substantively achieved	

2016 governance objectives

1. Review the progress of the execution of our Group strategy, including our Shared Growth agenda, with a focus on our growth objectives (including the market commitments made), in the context of a sound control and risk environment, and ethical and transparent leadership.
2. Monitor the implementation of the Group's IT strategy, with a focus on resilience and appropriate investment spend.
3. Ensure that risk and capital management frameworks are appropriate in the context of a shifting global regulatory and risk environment, and a changing operational environment.
4. Monitor and assess the people agenda and the culture of our organisation.

Board composition

We have a stable and diverse Board with appropriate and strong skill sets. Five of our 14 Board members are non-South African. Of the seven South African members, three are black and three are women.

In terms of gender diversity, we aim to improve female representation on our Group Board to 25% (2015: 21%) by the end of 2016 and to more than 30% in 2017. We have 23% women on our country bank boards and 22% women on our subsidiary boards.

While there were no changes in 2015, we appointed Paul O'Flaherty in February 2016 and we anticipate appointing two or three additional directors to further increase specific skills and to improve succession coverage. Over time, the Board will increase slightly in number to manage the technical demands of the various Board committees.

In particular, I want to share with our stakeholders that Trevor Munday, who will have served our Board for nine years in April, has indicated that he will be stepping off the Barclays Africa and Absa Bank Boards during the course of 2016. Trevor has agreed to remain on the Board beyond the annual general meeting in order to ensure time for a full handover of his duties as Chairman of several of our key committees. Trevor will be up for re-election at the annual general meeting as required in terms of our Board processes, but will be stepping down during the course of 2016. I would like to extend a sincere thank you to Trevor for his leadership, diligence and dedication.

Barclays PLC announcement on shareholding in Barclays Africa

On 1 March 2016, Barclays PLC announced their intention to sell down their interest in Barclays Africa to a level which would permit them to deconsolidate Barclays Africa from an accounting and regulatory perspective, subject to shareholder and regulatory approvals if and as required.

Our Board has noted that Barclays PLC will reduce its shareholding due to recently introduced additional regulatory burdens specific and particular to Barclays PLC as a UK headquartered and globally significant financial institution. The two most recent and most significant regulatory changes which impact Barclays PLC in terms of their holding in Barclays Africa are the minimum requirements of own funds and eligible liabilities (including total loss absorbing capacity), and the global systemically important banks buffer.

We will engage with Barclays PLC and our regulators to ensure that this process has an appropriate and satisfactory outcome for all our stakeholders.

Following this announcement, I stepped down from the Barclays PLC and Barclays Bank PLC boards to ensure that no conflicts of interest exist as a result of me being a member of these boards as well as being the Chairman of the Barclays Africa Board.

In conclusion

The year under review has been challenging and I am proud of Maria, David and their management team's achievements.

Africa remains a continent of opportunity and we have a strong African franchise and robust strategy against which we continue to deliver. We also have strong subsidiary boards that monitor business performance and drive governance throughout the Group.

The turnaround of our South African RBB business, the expansion of our Corporate Bank and the Markets franchise and the expansion of our insurance businesses in new markets will remain important Board focus areas.

We will do this with the right people, efficient processes, the best platforms, and well-considered risk management.

None of what we achieved this year would have been possible without our customers and clients. We strive to help them achieve their ambitions in the right way and I wish to thank them for their ongoing support.

Finally, I would like to thank the chairmen and boards of our subsidiaries and express my gratitude to our Barclays Africa Board members, in particular the chairs of our Group Board committees, for their ongoing dedication, support and challenge.

Governance review

Good corporate governance is the foundation on which we build value for our shareholders and other stakeholders. We recognise our responsibility to drive ethical, legal and transparent behaviour and to ensure our business dealings are conducted for the benefit of all our stakeholders.

Board

Responsible for creating and delivering sustainable value for our stakeholders.

Ensures an appropriate balance between promoting long-term sustainable growth and delivering short-term performance.

Oversees the management of the Group's businesses, as assisted by various Board committees.

Reviews and approves the strategic objectives and policies of the Group.

Provides overall strategic direction within a framework of incentives and controls.

Board committees and their mandates

Directors' Affairs Committee (DAC)

Corporate governance, board nominations, regulatory relations and related matters 73

Group Audit and Compliance Committee (GACC) (includes the Disclosure Committee)

Internal controls, operational risk, compliance, internal and external audit, accounting and external reporting 74

Board Finance Committee (BFC)

Financial results, annual budgets, and acquisitions and disposals 74

Group Risk and Capital Management Committee (GRCMC)

Risk, risk appetite, capital and liquidity management 75

Concentration Risk Committee (CoRC)

Credit policies and process, credit exposures above 10% of the Group's qualifying capital and reserves, portfolio exposures, applicable impairment trends and concentration risks 75

Models Committee (MC)

Approval of material models and model governance oversight 76

Group Remuneration and Human Resources Committee (GRHRC)

Strategic human resources matters including remuneration, incentives and talent management 76

Information Technology Committee (ITC)

IT systems, data, architecture and innovation 77

Social and Ethics Committee (SEC)

Conduct risk, sustainability, stakeholder management, corporate citizenship, ethics, labour, diversity and inclusion 77

Other significant subsidiary boards

- Absa Bank Limited (South Africa)
- Absa Financial Services Limited
- Barclays Bank of Botswana Limited
- Barclays Bank of Ghana Limited
- Barclays Bank of Kenya Limited
- Barclays Bank Mauritius Limited
- Barclays Bank Mozambique SA
- Barclays Bank (Seychelles) Limited
- National Bank of Commerce Limited
- Barclays Bank Tanzania Limited
- Barclays Bank of Uganda Limited
- Barclays Bank Zambia Plc

Key elements of our corporate governance

Our Board Charter

- Summarises our corporate governance practices.
- Details matters reserved for the Board.
- Defines separate roles for the Group Chairman and the Chief Executive Officer, as well as the Board's expectations of the chairmen of our Board committees, the lead independent director and the directors.
- Outlines the mandate for our Board committees.

Conduct

We are committed to the highest standards of integrity and ethical behaviour. Our code of conduct (the Barclays Way) outlines the Values and the behaviours which govern our way of working across our business. It fosters values-based decision-making and demonstrates how our policies and practices align with our Values.

The Companies Act and the JSE Listings Requirements specify that the Board must consider the following:

Board appointments

Directors are appointed to the Board through a formal and transparent process. It is a matter for the Board as a whole, assisted by the Directors' Affairs Committee, which consists of a majority of independent directors and is chaired by the Group Chairman.

Board composition

Our Board has 14 members, nine of whom are independent. Wendy Lucas-Bull was a member of the Barclays PLC and Barclays Bank PLC Boards until 1 March 2016. From 1 March 2016 she is again classified as the independent Chairman, Trevor Munday remains as the lead independent director. Francis Okomo-Okello, Chairman of Barclays Bank of Kenya Limited, is regarded as independent in relation to Barclays Africa. Should a conflict arise on a decision regarding Barclays Bank of Kenya, Francis would recuse himself.

In accordance with King III, all directors serving on the Board for longer than nine years are subjected to specific review, to determine the level of their independence and the quality of their contribution, in light of the length of service on the Board. In this regard, Yolanda Cuba and Trevor Munday have been assessed and the Board has found them to remain suitably independent.

No individual director or group of directors has unfettered powers of decision-making.

Tenure	Executive directors	Independent non-executive directors	Non-executive directors
0 – 3 years		Alex Darko Francis Okomo-Okello Paul O'Flaherty Wendy Lucas-Bull	Ashok Vaswani Mark Merson Patrick Clackson
4 – 6 years	David Hodnett	Colin Beggs Peter Matlare	
7 – 10 years	Maria Ramos	Mohamed Husain Trevor Munday Yolanda Cuba	

Group Company Secretary

The Board remains satisfied with the competency and experience of the Group Company Secretary, Nadine Drutman, (BCom, LLB, LLM) and that she maintains an arm's length relationship with the Board. She provides guidance to Board members on the execution of their duties and maintains her knowledge of developments in corporate governance best practice and regulation. All Board members have unhindered access to her services in all aspects of the Board's mandate and the operations of the Group.

Applying the King III principles

With the exception of the three areas below, the Group has applied all the principles of King III throughout the year:

- **Remuneration:** Although deferred bonus awards are not subject to financial performance conditions, the exposure to share price and malus provisions in the plan provides appropriate links to performance and risk adjustment. This structure is in accordance with the requirements of the UK's Financial Stability Board's principles for sound compensation practices and generally subjects our incentive awards to higher levels of deferral than found elsewhere in the local market.
- **Information Technology Committee:** The Chairman of the ITC is not an independent director. Our Board believes that Patrick Clackson, who is a Barclays PLC executive, is best placed to chair this committee, given his experience in banking and related systems as well as his ability to engage with and provide challenge to management on this topic.
- **Directors' Affairs Committee:** In 2015, Wendy Lucas-Bull was classified as non-independent due to her membership of the Barclays PLC Board, however, the Barclays Africa Board considered it appropriate for her to chair the DAC, given the nature of the matters considered (such as Board nominations) and the ability of Trevor Munday (lead independent director) to chair the Committee in the event of an agenda matter that may cause a conflict of interest. From 1 March 2016, Wendy is again classified as independent.

Further information on our corporate governance can be found at barclaysafrica.com.

Changes to governance

During the course of the year, we expanded the remit of the MC from being an Absa Bank committee to a Barclays Africa committee, reporting both to the GRCMC and the Board.

We strengthened the governance of the Absa Financial Services Group through (i) the appointment of additional independent non-executive members to its board (to five out of a total of 10 board members); (ii) the appointment of independent chairs to the boards of each insurance subsidiary company; (iii) the creation of a separate Absa Financial Services Audit, Risk and Compliance Committee; and (iv) the consolidation of actuarial and complex product governance into the Absa Financial Services Actuarial Committee.

We work with the country boards to continuously improve skill sets, governance practices and quality of reporting.

Key subsidiaries

Our Group is segmented into individual country banks (including Absa Bank) and their subsidiaries, and Absa Financial Services and its (mainly insurance and asset management) subsidiaries.

The boards of the significant subsidiaries meet at key points in the year in advance of the Barclays Africa Board, to ensure that matters of significance are approved at the appropriate level, or referred to the Group Board for approval if required. Where required, there are also open lines of communication between the non-executive directors of these boards and the Barclays Africa Board and its committees.

The Group Chairman again hosted two Africa chairmen's conferences during the year, to discuss strategy execution and planning, respectively.

Board and committee attendance

Overall Board member attendance reduced slightly to 94% from 95%. Included in the statistics are meetings with the regulator, board strategy meetings and training sessions. The total number of the meetings increased to 56 from 52.

We expect, and receive, significant commitment from our Board members. Besides the extensive work done through our nine committees, the Board members contribute actively to (i) the development and monitoring of strategy; (ii) the content of the financial statements, results announcements and integrated report; (iii) engagement with regulators; (iv) providing leadership to management; and (v) being available for matters that arise on an *ad hoc* basis.

Peter Matlare's overall attendance at Board meetings was, as a result of his executive commitments, below the standards set by the Board. Peter has indicated to the Board Chairman that going forward he will be able to devote significantly more time to the Group, including participation in Board committees. Although Yolanda Cuba's attendance at committee meetings was satisfactory, her attendance at Board meetings was significantly below Board standards. This was mainly due to her recent executive appointment resulting in meeting conflicts, which were not resolvable at the time. These will be more easily managed in future and the Board is confident that Yolanda will be able to attend the requisite meetings. Both Peter and Yolanda continue to provide strong contributions to the Board.

	Group Board	GACC	GRCMC	DAC	CoRC	GRHRC	BFC	ITC	SEC	MC	Total	% total
Number of meetings held	**10**	**7**	**5**	**4**	**3**	**6**	**10**	**4**	**3**	**4**	**56**	
Colin Beggs	10/10	7/7	5/5	4/4	3/3		10/10				39/39	100
Patrick Clackson	8/10					6/6		4/4			18/20	90
Yolanda Cuba	5/10				2/3	5/6	7/10				19/29	66
Alex Darko	10/10	7/7				4/4					21/21	100
David Hodnett[1]	5/5	6/6	4/4	3/3	2/2		7/7	3/3	3/3	3/3	36/36	100
Mohamed Husain	10/10	6/7		4/4		6/6	9/10		3/3		38/40	95
Wendy Lucas-Bull	10/10	7/7	5/5	4/4	3/3	6/6	9/9[2]	4/4	3/3		51/51	98
Francis Okomo-Okello	10/10								1/1		11/11	100
Peter Matlare	7/10										7/10	70
Mark Merson	10/10		5/5				8/9[2]				23/24	96
Trevor Munday	10/10	6/7	5/5	4/4	3/3	2/2	10/10				40/41	98
Maria Ramos	10/10	7/7	5/5	4/4	3/3	6/6	10/10	4/4	3/3	4/4	56/56	100
Ashok Vaswani	8/10							3/4			11/14	79
Totals **No.**	113/125	46/48	29/29	23/23	16/17	35/36	70/75	18/19	13/13	7/7	370/392	
Totals **%**	90	96	100	100	94	97	93	95	100	100	94	

[1] Attended Harvard in September and October and was excused from meetings during this time, resulting in a lower total number of meetings. Jason Quinn, Head of Finance was acting Financial Director during this period.
[2] Recused from one of the 10 BFC meetings held due to conflict of interest.

Key matters discussed by the Board

We maintain a one-year rolling forward planner for discussions over the year. Apart from standard and regular agenda items, such as report-back from each Board committee and comprehensive reports from the Chief Executive Officer and Financial Director, the following specific matters were tabled at Board meetings during 2015:

February
- Annual financial results – approval

March
- Deep dives on strategy and performance of the Rest of Africa, with specific reports on Kenya and Botswana
- Integrated report approval
- Training on structural reform and cybercrime

May
- Deep dive on the strategy and performance of Mozambique
- Business reviews on all three main business segments i.e. RBB, CIB and WIMI, including analysis of execution against strategy

July
- Interim financial results – approval

September
- Strategy session including environment review, competitive assessment, emerging thinking, alignment between strategy and risk, and cluster strategies and execution priorities
- Training on IFRS 9 requirements

October
- Annual meeting with the South African Reserve Bank to discuss strategy, performance, risk, and the South African Reserve Bank's 'flavour of the year topics'

December
- Barclays Bank Egypt and Barclays Bank of Zimbabwe – proposed transactions considered
- Medium-term plan and integrated planning linked to the strategy, including financial overview, key business initiatives, response to the macro environment and the market opportunity

Committee reviews

Apart from standard and regular agenda items, the key activities of the Board committees during the year are set out below, with a focus on the high-priority items.

Directors' Affairs Committee

Wendy Lucas-Bull (Chairman)
Colin Beggs
Mohamed Husain
Trevor Munday

Attendees:
David Hodnett
Maria Ramos

Reviewed:
- our Group governance structure, focusing on non-executive director succession planning and appropriate skill sets;
- matters of reputational risk;
- matters pertaining to regulatory engagement and regulatory commitments;
- progress on the Board/corporate governance objectives;
- progress on the Barclays Africa/Barclays PLC agreements, specifically for the provision of services;
- the impact of regulatory change on the governance of Absa Financial Services Limited, including establishing a new Risk and Audit Committee;
- Board and committee attendance;
- findings of an external board and Board committee evaluation (including a peer review);
- membership of the Group and subsidiary boards and committees to establish and maintain optimal size, composition, independence, tenure, skills and diversity;
- training for the main boards, committees and the subsidiary boards;
- executive director succession plans; and
- efforts to ensure receipt of unclaimed dividend payments by shareholders.

Approved:
- the appointment of two chairmen to subsidiary boards in Uganda and Nigeria;
- fees for non-executives on subsidiary boards; and
- the prescribed officers for disclosure purposes.

Recommended to the Board:
- the appointment of a new independent director, Paul O'Flaherty, and annual re-appointment of the Group Chairman and the lead independent director;
- an adjustment to non-executive directors' fees;
- competence of the Group Company Secretary;
- Board charters and committee terms of reference and related role profiles;
- securities dealing code; and
- 2015/2016 Board fees, for approval by shareholders at the 2016 annual general meeting.

The Committee is satisfied with the performance of the Board committees, progress made in filling the vacancies on subsidiary boards, the appointment of additional independent directors to the Absa Financial Services Board and the creation of an audit and risk committee, as contemplated in FSB Board Notice 158, and the enhanced escalation of reputational risks to the DAC. These initiatives will be further progressed in 2016. Other themes for 2016 include regulatory relationships, structural reform, and continued strengthening of the skill sets and diversity of the major boards within the Group.

Group Audit and Compliance Committee

Colin Beggs (Chairman)
Alex Darko
Mohamed Husain
Trevor Munday

Mandatory Invitees:
David Hodnett
Wendy Lucas-Bull
Maria Ramos
Ashok Vaswani

Attendees:
Chief Internal Auditor
Chief Risk Officer
Head of Compliance
External auditors

Reviewed:
- the new and revised auditor reporting standards issued by the International Auditing and Assurance Board applicable from 2016, including the proposed content of a new format external auditor's report;
- the status of business continuity management including IT disaster and business recovery;
- progress on financial focus areas including cost initiatives, improved product processes and client systems;
- compliance with the National Credit Regulator's affordability regulations;
- the external audit strategy and risk assessment for the operations outside South Africa highlighting key risks such as credit, fraud and IT;
- a proposed new tax governance philosophy for the Group, based on principles which seek to balance our tax appetite with tax planning and the prevention of tax losses;
- the stability in the payments and settlements area, while monitoring the effects of rationalisation and functionalisation on the business; and
- a deep dive on the requirements of IFRS 9 (Impairments) and reviewed a detailed project plan, including principles, major risks, timelines and resources, in advance of the implementation in 2018.

Monitored:
- insurance actuarial processes and transition to Solvency Assessment and Management requirements;
- the implementation of a new operating model and structure for the Group Compliance function to ensure optimal operation and appropriate alignment with Barclays PLC;
- management's approach to impairments given the evolving macroeconomic environment; and
- fraud risk, particularly in the South African retail environment, including the revised operating model which ensures accountability at business unit level.

Approved:
- The fit and proper status of the Financial Director and the Finance, Internal Audit and Compliance functions.

Recommended to the Board:
- the appointment of KPMG as new auditor and EY as joint auditor commencing in 2017;
- dividends to shareholders;
- solvency and liquidity of the Group on a quarterly basis; and
- the Group as a going concern for the next twelve months.

The GACC remains satisfied with the overall control environment, including those supporting the financial statements for 2015, as confirmed by Internal and External Audit.

In 2016, the Committee will continue to monitor further improvements in identified areas, including cybercrime, financial crime, fraud and external suppliers.

View the full GACC statement within our consolidated and separate financial statements.

Board Finance Committee

Trevor Munday (Chairman)
Colin Beggs
Yolanda Cuba
Mohamed Husain
Wendy Lucas-Bull
Mark Merson

Attendees:
David Hodnett
Maria Ramos

Considered and assessed:
- the performance of the eight African businesses acquired from Barclays Bank PLC and progress made with regard to the unbundling of these assets from Barclays Africa Limited up to Barclays Africa;
- progress of the property consolidation strategy upgrades in South Africa and the Rest of Africa;
- the possible acquisitions of Barclays Bank Zimbabwe and Barclays Bank Egypt from Barclays Bank PLC; and
- the Edcon investment.

Approved:
- the results announcements and profit commentaries to the market within parameters set by the Board in February and July.

Recommended to the Board:
- the Group's annual short and medium-term budgets;
- the office consolidation strategy in Cape Town and related lease agreements;
- taking up a collateral liquidity facility from the South African Reserve Bank pursuant to the Basel III liquidity requirements, which included a restructure of the securitisation vehicle of the Absa Home Loans division, for this purpose; and
- the update of Absa Bank's structured notes programme introducing a new product supplement and a secondary listing on the Irish Stock Exchange.

The BFC was comfortable with the execution of its mandate and will continue to act on its terms of reference and mandate and provide robust challenge to management on the setting of budgets and on investments and disposals.

Group Risk and Capital Management Committee

Trevor Munday (Chairman)
Colin Beggs
David Hodnett
Wendy Lucas-Bull
Mark Merson
Maria Ramos

Attendees:
Chief Internal Auditor
Chief Risk Officer
Head of Compliance
Group Treasurer
External auditors

Reviewed:
- cyber risk issues and developments;
- power infrastructure across all countries;
- legal risk updates;
- a review of the Absa Home Loans business;
- a review of the commercial property finance strategy;
- data management within Basel Committee Principles for Effective Data Aggregation and Risk Reporting (BCBS 239);
- the impact of recommended dividends on the Group capital and liquidity position; and
- management's embedment of the South African Reserve Bank's guidance note 5/2014 on outsourcing of functions within banks.

Monitored:
- the risk profile report dealing with (i) the economic environment; (ii) key risk issues and related lead and lag indicators; (iii) risk appetite and utilisation; (iv) all the principal risk categories; and (v) legal risk;
- feedback on model risk and related projects;
- current and projected Group capital and liquidity levels, and supported management's initiatives to optimise capital, risk-weighted assets and liquidity; and
- remediation progress with regards to the Know Your Customer findings by the South African Reserve Bank.

Approved:
- the risk and capital management disclosures for the risk management report, integrated report and the financial results booklet.

Recommended to the Board:
- the updated Recovery Plan for submission to the South African Reserve Bank;
- management's assessment of risk appetite (including insurance risk appetite) and financial volatility for 2016;
- the taking up of a collateral liquidity facility from the South African Reserve Bank for 2016 in terms of Basel III liquidity requirements and the issuance of senior debt notes, Tier 1 and Tier 2 capital under the Barclays Africa Domestic Medium Term Notes programme;
- management's annual Internal Capital Adequacy Assessment Process report submission to the South African Reserve Bank;
- medium-term capital plans (2016 – 2020), capital target ranges (2016), leverage ratio target (2016) and the economic capital target coverage ratio (2016) after taking into account the capital plan assumptions including dividends, cost of capital, regulatory constraints, stress scenarios, Basel III amendments and peer analysis; and
- the Group's and Absa Bank's cost of equity 2016.

The GRCMC remains satisfied with the Group's levels of risk, capital and liquidity. The themes identified as being particularly relevant for 2016 include the current and projected levels of capital of all regulated entities within the Group considering Basel III and the European Union Capital Requirement Directive IV (CRD IV); stress testing in the context of changing economic conditions; and further embedment of cybercrime mitigation processes.

Concentration Risk Committee

Trevor Munday (Chairman)
Colin Beggs
Yolanda Cuba
David Hodnett
Wendy Lucas-Bull
Maria Ramos

Attendees:
Chief Credit Officer
Chief Executive: CIB
Chief Risk Officer

Monitored:
- levels of Wholesale credit including material concentrations, watchlist clients as well as sector and geographic trends;
- the process for lending in individual countries, including the use of onshore and offshore balance sheets;
- mandates and scale;
- the health of our advances books to banks, insurance companies and the public sector;
- a number of key sectors through regular updates including agriculture (primary and downstream), construction and property, mining and metals industries, as well as oil and gas;
- unsecured lending in the retail sector including Edcon; and
- stress triggers, their impacts and the related risk appetite.

Recommended to the Board:
- credit facilities to clients above 10% of the Group's qualifying capital and reserves.

The CoRC was satisfied that all regulatory requirements were met with regard to large exposures and continued the analysis of key sectors started in 2014, with several deep dives being conducted, particularly in those areas experiencing economic pressure. Having regard to the changing economic conditions and in line with the risk management framework, the Committee will undertake industry and product-specific reviews in 2016, and continue to assess the risk profile of the Group's large exposures to ensure that such exposures are managed within risk appetite.

Models Committee

David Hodnett (Chairman)
Maria Ramos
Chief Executive: RBB
Chief Executive: WIMI
Chief Executive: CIB
Chief Risk Officer

Attendees:
Head: Model Risk Management

Reviewed:
- the list of models within the scope of the Committee's mandate.

Monitored
- the governance of models in the Group, embedment of the model risk policy, results and levels of model validation coverage; and
- the development of IT infrastructure to support the governance of models and model data in the Group.

Approved:
- the Group's regulatory capital, economic capital, impairment and other Group-level material models in accordance with the model risk policy and based on the recommendations of the independent validation unit; and
- the implementation of appropriate post-model adjustments.

The MC was repositioned at a Group level at the beginning of 2015 to ensure appropriate oversight of model approval and governance. The Committee was satisfied with the progress made during the year and will continue to monitor its compliance with regulatory standards set by the South African Reserve Bank and other regulators, and further embedment of the model risk policy.

Group Remuneration and Human Resources Committee

Mohamed Husain (Chairman)
Patrick Clackson
Yolanda Cuba
Alex Darko
Wendy Lucas-Bull
Trevor Munday

Attendees:
Maria Ramos
Chief: Human Resources Executive
Head of Reward

Reviewed:
- 2015/2016 remuneration structure, policy and philosophy for the Group in general and the executive team in particular;
- proposals from the Group Chairman on the performance of the Chief Executive Officer, and proposals from the Chief Executive Officer on the performance of the Financial Director and other Executive Committee members;
- proposals relating to senior hires and terminations, and provided approval where required as per the Committee mandate;
- updates from management's Remuneration Review Panel (RRP) on conduct-related incidents and the impact on compensation;
- updates on role-based pay, the definition of 'material risk taker', and certain European Banking Association and Prudential Regulatory Authority guidelines and policy statements on compensation;
- updates on pensions and benefits across the Group;
- reports on subsidiary entities pertaining to pay and benefits; and
- reports from an external adviser on trends in compensation practices and industry approaches.

Responded to:
- investor feedback on our remuneration disclosures and further enhanced our remuneration disclosure in line with best practice.

Approved:
- the conversion of the phantom share plan to an equity share plan which was approved at the 2015 annual general meeting;
- vesting outcomes for the 2012 long-term incentive awards (vesting mid-2015) and received reports on the prognosis of the 2013 awards (vesting in mid-2016);
- compensation for the Chief Executive Officer, Financial Director, and other Executive Committee members;
- the salary mandate for bargaining unit and non-bargaining unit employees; and
- the remuneration report for inclusion in the integrated report for 2014.

Recommended to the Board:
- proposed 2015 incentive pools, projected 2015 total compensation expenditure and compensation ratios; and
- final 2014 incentive pools.

The GRHRC is satisfied with the status of remuneration and incentives in the Group. The GRHRC spent considerable time in refining the link between pay and performance, and will continue on this journey through 2016.

Information Technology Committee

Patrick Clackson (Chairman)
Alex Darko
David Hodnett
Wendy Lucas-Bull
Maria Ramos
Ashok Vaswani

Attendees:
Chief Information Officer
Chief Operating Officer
Chief Risk Officer

Reviewed:
- the status of IT disaster recovery and data centres in the Group, with a specific focus on the South African data centre;
- the target architecture by business area; and
- progress on digital innovation and disruption initiatives, and noted the opening of an innovation hub in Cape Town.

Monitored:
- ongoing progress of the IT strategy focusing on delivery capability, system stability, internal process automation and innovation;
- the implementation of a cybersecurity strategy and a new cyber key risk policy and noted the investment made by the broader Group to limit the impact of cybercrime on our systems and our customers' accounts;
- system availability and stability and its impact on customers and colleagues;
- the performance of the Group's core banking systems, with a view to consolidate and stabilise; and
- strategic IT investment spend and the related tracking of business case benefits and the overall cost-to-income ratio of the IT function.

Approved:
- the adoption of cloud computing technology. The storing of encrypted archived data was tabled and conditionally supported, pending approval by the GRCMC and the South African regulator.

The ITC is cognisant of the challenges posed to the Group in the IT environment, but has confidence in management's ability to deliver on the strategy. Cybersecurity, system availability and stability, disaster recovery and digital innovation will remain priorities in 2016.

Social and Ethics Committee

Mohamed Husain (Chairman)
Francis Okomo-Okello
Wendy Lucas-Bull
Maria Ramos

Attendees:
David Hodnett
Chief Human Resources Executive
Chief Executive: Marketing and Corporate Relations
Group General Counsel

Reviewed:
- the governance structures introduced to monitor, challenge and report conduct and reputation risks, and ongoing monitoring of those risks;
- key organisational health indicators such as talent attraction and acquisition, employee turnover, process improvements, learning and development, employee relations, diversity and inclusion;
- regular updates on leadership, disability, graduate, and learnership programmes;
- updates on advertising and sponsorship spend and trends;
- updates on the Group's impact on the environment, such as energy, water, construction waste and confidential waste;
- our diversity and inclusion journey;
- our BEE scorecard and regulatory landscape;
- a framework for compliance with relevant global standards, such as the OECD and the UN Global Compact;
- the transformation of our citizenship agenda with the introduction of our Shared Growth agenda and a framework that highlights education and skills, enterprise development and inclusive banking, including the implementation of the ReadytoWork programme, which supports young people to enter the workplace; and
- the relevant requirements of the Companies Act and related regulations and confirmed that these were considered and dealt with as part of the Committee's mandate.

Monitored:
- the status of occupational health and safety;
- changes in the workforce composition in response to changes in labour legislation; and
- trends, themes and volumes of customer complaints and noted improvement in resolution with the Ombudsman for Banking Services.

The SEC is satisfied with the embedment of conduct risk within the Group, the status of the organisational health indicators, and the impact on our culture and Values. The SEC will continue with its focus on conduct risk matters, the Shared Growth initiatives within Citizenship, labour and employment matters, and diversity and inclusion in 2016, and will also monitor the implementation of actions to address any areas of concern raised in the 2015 employee opinion surveys.

Remuneration report

Mohamed Husain
Chairman of the GRHRC

People are central to the success of our business and our reward approach recognises our employees' contribution to generating sustainable returns for our shareholders.

Introduction

The Barclays Africa Group's GRHRC mandate is to ensure that reward practices are aligned with shareholder interests, both in the performance of our employees and the Values they uphold. We strive to promote reward practices that foster sustainable high performance and accordingly, we reward both short and longer-term performance. All elements of pay are benchmarked against the market, as well as local and international best practice.

We ensure that the link between pay and performance is well understood. Our Balanced Scorecard translated our strategy into demanding performance metrics for 2015. The GRHRC evaluates prescribed officer and executive pay against this scorecard, which ensures rigorous concentration on business imperatives. This includes financial performance, with a focus on headline earnings, return on equity, cost-to-income ratio and other measures from our Balanced Scorecard, as well as delivery of individual performance commitments. Risk and conduct management is also carefully considered.

Our One Africa strategy is gaining momentum, which is reflected in some very pleasing results despite more challenging and uncertain economic and operating contexts. Headline earnings increased 10% and return on equity is at the highest level since 2008. These results reflect a highly skilled workforce, motivated and committed to deliver the goal of becoming the financial services group of choice in Africa.

For ease of reference, our remuneration report comprises three sections. The first includes our remuneration policy and structure. The second section details the execution of this policy in 2015 with a focus on executive directors' and prescribed officers' remuneration. The third section covers non-executive directors' emoluments.

We are pleased to confirm that our remuneration approach and disclosure are fully compliant with the regulatory and statutory provisions relating to reward governance in all the countries in which we operate, and are in accordance with relevant regulatory requirements in the UK and European Union.

Achievements in 2015

- We actively sought shareholder views so as to further develop our remuneration reporting.
- We enhanced our reward approach, including the determination of our incentive funding pools, to ensure greater alignment with both financial and non-financial performance, as detailed in our Balanced Scorecard.
- We refined our reward approach for prescribed officers and members of the Executive Committee, to better reflect contributions to financial performance, other Balanced Scorecard metrics as well as personal objectives.
- We introduced a formal process, as part of the remit of the executive Remuneration Review Panel (RRP), to assess the impact and reward consequences of risk and conduct-related matters.
- With shareholder approval, we converted our phantom Share Value Plan to an equity plan to better align employee and shareholder interests.
- We further enhanced our formulaic incentives to ensure appropriate customer outcomes.
- We worked with advisers to enhance our reward effectiveness and reporting transparency.
- We continued to award higher fixed pay increases to more junior employees.

2015 pay decisions

Total remuneration

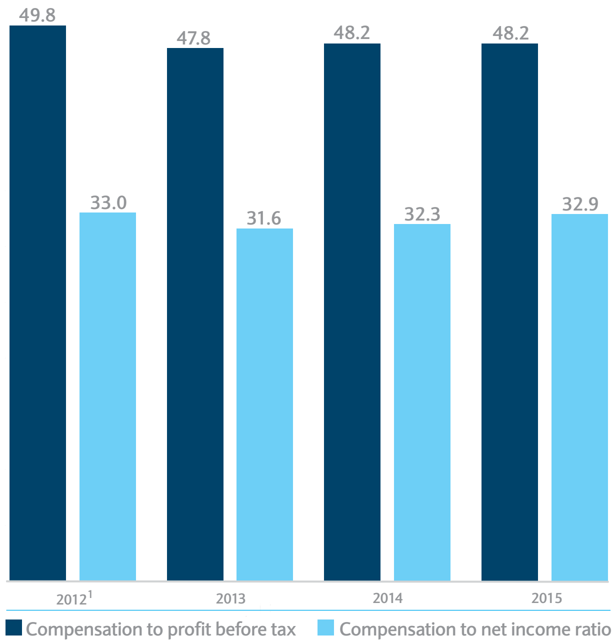
2015 total compensation is up R1.44bn (7.9%), including salaries, which have increased R1.08bn (7.9%) year-on-year.

The 2015 compensation to net income ratio is 32.9%, up by 0.6% from 2014, while the compensation to profit before tax ratio remains flat at 48.2%. Both of these ratios are in line with our expectations.

The total executive directors' and prescribed officers' remuneration is up 1.4% mainly due to increases in fixed remuneration made in April 2015 to ensure better market alignment, including role based pay arrangements. Role based pay is a unique remuneration element that ensures that the reward of our prescribed officers and selected material risk takers remains competitive, given the impact of the European regulations.

Monitoring our pay mix is a GRHRC imperative to ensure that the proportion of fixed to variable pay remains within the 2:1 cap, as prescribed by the UK and European regulators.

Compensation framework ratios (%)



[1] Absa Group

2015 incentives

All employees share in the overall performance of the Group. Accordingly, 50% of each business' share of the incentive pool was determined based on performance against the Group's performance. The balance was strongly differentiated by business unit performance.

The overall incentive pool has reduced by 2.3% in absolute terms, with a total value of R 2 458m. This includes retention awards to the value of R134m (down from R359m in 2014) granted under the Share Value Plan. If retention awards are excluded, the annual incentive pool is up 7.8%.

We continue to make a number of strategic hires to accelerate our strategy. Excluding these hires, average incentives are up 2.8% for employees receiving incentives for the full year 2014 and 2015.

Executive Committee incentives are down by 5.3% on the prior year.

We are committed to sound governance and this is reflected in our clawback and deferral approach, which is much greater than that of our competitors. For executive directors and prescribed officers, incentives were delivered 20% in cash in February, 20% as shares retained for six months and 60% deferred over three years subject to continued employment and malus provisions. For material risk takers, any deferred share awards are subject to an additional six-month retention period with shares releasing in September of each year. Clawback provisions are applicable to any incentives awarded since 1 January 2015 for material risk takers.

As required by Regulation 43 of the Banks Act, the remuneration of risk, compliance, legal and internal audit employees is determined independently within the function, rather than by the business they support, and within the parameters of the pool allocated to them by the GRHRC.

The Barclays Africa Long-Term Incentive Plan 2013 – 2015 will vest at 55% of the maximum, based on performance achieved against the metrics (see page 81).

Looking ahead

We will continue to focus our efforts on paying competitively to attract, retain and motivate top performers who deliver sustainable results in accordance with our Balanced Scorecard and Values.

Regulatory changes will increase the complexity of reward arrangements and could impact our competitive positioning. We will continue to be informed by ongoing engagement and dialogue with our stakeholders, including regulators, and seek the guidance of our advisers.

2015 remuneration policy and structure

Remuneration policy

Our remuneration policy details the principles that govern our remuneration approach. They ensure that remuneration is competitive, provides appropriate risk-adjusted incentives for performance and reflects regulatory requirements. Remuneration decisions must:

1. Support the objective of attracting, retaining and competitively rewarding employees with the ability, experience, skills and values to deliver our strategy.
2. Reward business results that are achieved in a manner consistent with our Values.
3. Protect and promote shareholder interests by incentivising employees to deliver sustained performance and create long-term value through the delivery of the Group's strategy. Remuneration decisions will reflect the performance for individuals and in aggregate.
4. Create a direct and recognisable alignment between remuneration and risk exposure, as well as adjusting current and deferred incentives for current and historic risk, including malus adjustments, where appropriate.
5. Be simple and clear for employees and stakeholders, with a focus on ensuring the link between pay and performance is well understood.
6. Ensure that the balance between shareholder returns and remuneration is appropriate, clear and supports long-term shareholder interests.

These principles are unchanged, and underpin the 2015 GRHRC remuneration decisions.

2015 remuneration structure

While we apply a common remuneration structure across the Group, delivery is sometimes differentiated according to local market practice and statutory or regulatory requirements.

We apply a holistic and balanced approach to reward. Remuneration for top performers is positioned at the market median or higher to attract highly talented individuals with outstanding track records.

Our approach includes providing:

- an environment where employees can do their best work and optimise their potential;
- a fixed salary based on the role, individual specific skills, experience and track record;
- an annual incentive award subject to affordability and performance;
- benefits that reflect the lifestyle needs of employees, including pension and insurance; and
- a recognition scheme where employees are commended for their contribution.

Some customer-facing employees participate in formulaic incentive plans aligned with objectives as measured through the Balanced Scorecard, with a focus on business performance and customer service metrics.

Composition of total remuneration

Our total remuneration comprises fixed and variable components. The delivery of the remuneration components is illustrated below.

	Element		Detail	Strategic intent	Eligibility
Fixed remuneration Fixed remuneration reflects the role, location, responsibilities, skills and experience.	Salary		Reflects an individual's skills and experience and provides the basis for a competitive remuneration package.	Market competitive remuneration.	All employees.
	Role based pay		Fixed remuneration not considered as salary for pension and benefit purposes, unless legally required in a particular geography.	Market competitive total remuneration while complying with CRD IV.	Executive directors, prescribed officers and material risk takers.
	Benefits		Competitive benefits (including pension, insurance etc.) appropriate to an employee's role and location.	Competitive market practice and legislative compliance.	All employees.
Variable remuneration Variable remuneration rewards the achievement of Group, business unit, team and individual objectives.	Non-deferred	Cash	For executive directors, prescribed officers and material risk takers, 50% of the non-deferred incentive award is delivered in cash. For all other employees, 100% of the non-deferred incentive award is delivered in cash. All non-deferred incentive awards are paid at the end of the performance year in March.	Performance execution.	All applicable employees.
		Share Incentive Award	For executive directors, prescribed officers and material risk takers, 50% of any non-deferred incentive award is delivered as shares at or around the time that the award is paid. This releases after six months, in September.	Performance execution. Shareholder alignment. Regulatory requirements.	Executive directors, prescribed officers and material risk takers.
	Deferred[1]	Cash Value Plan	50% of the deferred annual incentive award releases in three equal annual tranches subject to continued service and malus provisions.	Regulatory requirements.	All employees, subject to deferral.
		Share Value Plan	At least 50% of any deferred annual incentive award vests in three equal annual tranches subject to continued service and malus provisions. An additional six-month holding period and clawback provision applies for executive directors, prescribed officers and other material risk takers.	Shareholder alignment. Regulatory requirements.	All employees, subject to deferral.

[1] The deferred annual incentive award is delivered 50% Cash Value Plan and 50% Share Value Plan. Employees can elect 100% Share Value Plan.

Performance measures for in-cycle, long-term incentives (in which executive directors and prescribed officers participate)

The Barclays Africa Long-Term Incentive Plan 2013 – 2015 is the last remaining long-term incentive arrangement and will vest in October 2016. This is a share-based plan with awards vesting after three years, subject to three specific performance metrics based on the 2013 to 2015 medium-term plans. The performance metrics of the scheme are:

- **Finance:** From 10% to a maximum of 60% can vest, subject to average return on risk-weighted assets of 1.99% (at threshold) to 2.99% (at maximum) on a straight-line basis.
- **Risk:** From 5% to a maximum of 30% can vest, subject to performance against the annual impairment ratio of 1.55% (at threshold) to 1.13% (at maximum) on a straight-line basis.
- **Sustainability:** Up to 10% of awards can vest, at the discretion of the GRHRC considering performance against our Balanced Scorecard.

Vesting: Based on actual 2013 – 2015 performance, 55% of the maximum vests, as detailed below:

- **Finance:** Average return on risk-weighted assets is 2.19%, therefore 20% of the maximum vests.
- **Risk:** Average impairment ratio is 1.09%, therefore 30% of the maximum vests.
- **Sustainability:** The GRHRC assessed and determined that 5% of the maximum vests.

Vesting conditions, malus and clawback

All deferred awards are subject to continued employment and malus provisions. Under these provisions, the GRHRC may reduce the level of vesting of deferred awards, including to zero where (but not limited to):

- a participant deliberately misled the Group, the market and/or shareholders in relation to the financial performance of the Group;
- a participant caused harm to our reputation or where their actions amount to misconduct, incompetence or negligence;
- there is a material restatement of the Group's financial statements;
- there is a material failure of risk management in the Group; and/or
- there is a significant deterioration in the Group's financial health.

The RRP is an executive sub-committee of the GRHRC from which it derives its authority and to which it regularly reports. The RRP makes recommendations to the GRHRC on risk management, compliance and control matters relating to remuneration. In particular, the RRP makes recommendations to the GRHRC on adjustments to incentive pools, individual awards and malus adjustments.

The GRHRC determined, following the recommendation of the RRP, that certain bonus pools and/or individual awards be reduced after considering risk and conduct events within the business.

Clawback applies to any variable remuneration awarded to a material risk taker on or after 1 January 2015. The GRHRC may apply clawback, at any time during the seven-year period from the date on which variable remuneration is awarded, if:

- there is reasonable evidence of employee misbehaviour or material error; and/or
- the Group or business unit suffers a material risk management failure, taking account of the individual's proximity to and responsibility for that incident.

Process to determine 2015 incentives

Incentive pool funding and individual allocations

Once the GRHRC sets the overall business unit and functions' incentive pools, the Group goes through a structured process to ensure that individual allocations are appropriate as described below.

1.	**The GRHRC determines Group, business unit and function incentive pools.**
2.	**Managers assess individual performance** against individual objectives and behaviour in line with our Balanced Scorecard and Values.
3.	**Managers recommend individual annual bonus awards,** driven by individual performance, market competitiveness and risk and conduct events.
4.	**Consistency checks are conducted** at Group, business unit or function level.
5.	**The GRHRC reviews and approves incentive pools and individual awards.**
6.	**The total incentive pool is approved by the GACC, based on the Group's 2015 financial performance.**

Composition of 2015 total incentive awards[1]

	2013 Rm	2014 Rm	**2015 Rm**	YoY change %
Non-deferred cash awards	1 398	1 599	**1 734**	8
Non-deferred share awards	25	50	**53**	6
Deferred cash awards	256	151	**206**	36
Deferred share awards	256	288	**206**	(28)
Annual bonus pool	1 935	2 088	**2 199**	5
Commission and other incentives	53	68	**125**	84
Total incentives granted	1 988	2 156	**2 324**	8
Retention awards	–	359	**134**	(63)
Total incentives granted with retention awards	1 988	2 515	**2 458**	(2)
Total permanent employees (number)	41 443	40 662	**39 964**	(2)
Total employees who received a bonus (number)	36 286	36 600	**36 686**	0

Reconciliation of 2015 total incentive awards granted to the income statement charge for performance costs

	2013 Rm	2014 Rm	**2015 Rm**	YoY change %
Total incentive awards	1 988	2 515	**2 458**	(2)
Less: deferred cash awards, deferred share awards and the awarded value of long term incentives	(512)	(798)	**(546)**	(32)
Add: current year charges for deferred awards and long-term incentives from previous years	442	594	**574**	(3)
Other[2]	133	(53)	**(80)**	51
Income statement charge for performance costs	2 051	2 258	**2 406**	7
Income statement charge for non-performance costs[3]	56	152	**131**	(14)
Income statement charge for performance and non-performance costs	2 107	2 410	**2 537**	5

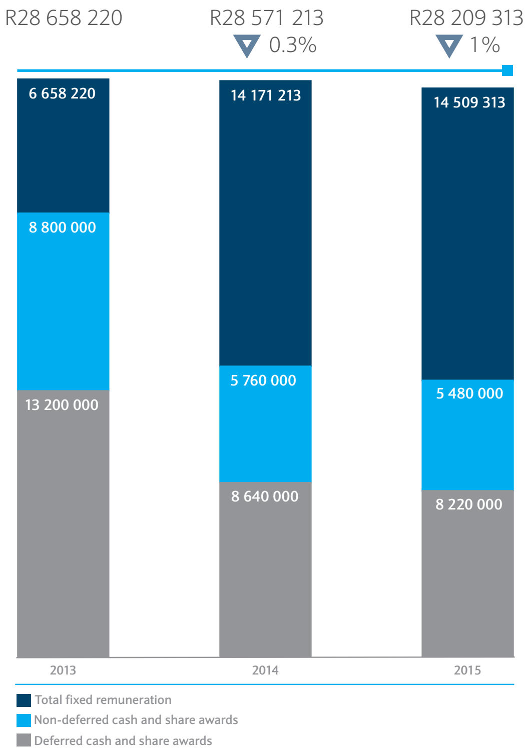
1 Excludes Woolworths Financial Services Proprietary Limited. These incentives are subject to oversight by the independent Board Remuneration Committee at Woolworths.
2 Entity-related adjustments for consolidation differences between GRHRC oversight and the income statement.
3 Reclassification of non-performance costs.

Maria Ramos: Chief Executive Officer

Key performance outcomes

Customer & Client	Maria effectively led the strategy to design solutions for customers' and clients' needs, including investing in physical and digital channels and IT infrastructure. She is focused on service excellence and innovation, and she led the new cybersecurity strategy.
Colleague	Maria demonstrated strong, committed and principled leadership. She has built an effective executive team and promoted high levels of employee engagement. 79% of employees participated in our employee opinion survey and the engagement score increased to 75%[LA]. Her priorities for 2016 include building a high-performance culture and achieving transformation in the South African operations, particularly at a senior level.
Citizenship	Maria continued to build strong stakeholder relationships at all levels that are key to our strategy and business conduct. A champion of the Citizenship agenda, Maria's drive and commitment are evident in the progress made in our Shared Growth agenda, which is focused on education and skills development, including our Readytowork programme, financial inclusion and enterprise development.
Conduct	Maria is an authentic leader whose gravitas and commitment to our Values creates the standard for an effective conduct and control environment. Conduct risk assessments were completed in all businesses and the YouGov conduct reputation survey score improved to 6.9/10. She set the tone for, and made a strong contribution to, delivering an improved risk and control environment, which remains a priority for 2016.
Company	Maria delivered a strong set of results for the second consecutive year of our strategy. This included a 10% growth in headline earnings which was driven by improving revenue momentum and below inflation cost growth. Return on equity improved to 17%, the highest level since 2008. Revenue from the Rest of Africa increased to 21% of Group revenue and we achieved top three by revenue in four of our five largest markets. She demonstrated strong cost control while investing in targeted areas such as IT, as is evident in our 56% cost-to-income ratio.

	2013 R	2014 R	**2015 R**
Salary	6 059 852	6 978 920	**7 282 552**
Role based pay	–	6 500 000	**6 500 000**
Medical aid	76 128	81 840	**89 208**
Retirement benefits	492 593	567 593	**592 593**
Other employee benefits	29 647	42 860	**44 960**
Total fixed remuneration	6 658 220	14 171 213	**14 509 313**
Non-deferred cash award	4 400 000	2 880 000	**2 740 000**
Non-deferred share award	4 400 000	2 880 000	**2 740 000**
Deferred cash award	6 600 000	–	**–**
Deferred share award	6 600 000	8 640 000	**8 220 000**
Total variable remuneration	22 000 000	14 400 000	**13 700 000**
Total remuneration	**28 658 220**	**28 571 213**	**28 209 313**



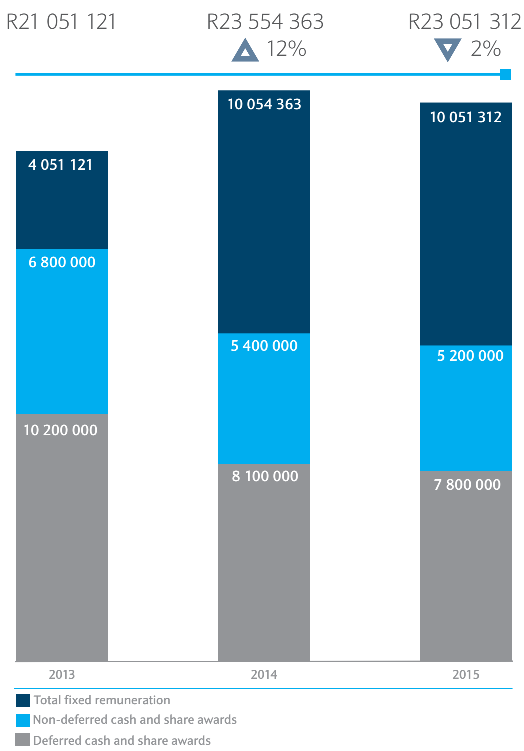
Maria's role based pay was awarded quarterly as phantom shares subject to a holding period with restrictions lifting over five years (20% each year). The introduction of role based pay meant that Maria received less remuneration in cash than in previous years. Effective from 2016, she will receive role based pay split 50% in phantom shares and 50% in cash in line with the Barclays PLC approach.

David Hodnett: Deputy Chief Executive Officer and Financial Director

Key performance outcomes

Customer & Client	David played an integral role in developing the broader Barclays Africa strategy, which has been embedded through effective integration of planning and execution. He made a significant contribution to client engagement, particularly in the Rest of Africa.
Colleague	David continued to forge strong and effective relationships across the Group and provided effective and supportive leadership to executives. He championed the employee opinion survey to increase participation to 79% and an improved employee engagement score of 75%[LA]. David builds a challenging yet collegiate environment. The transformation of the South African operations remains a priority for 2016, as does building a high-performance culture.
Citizenship	Strong progress has been made through David's leadership and personal support of citizenship activities and contribution to building sound stakeholder relationships, including enhancing internal and external communications.
Conduct	David is an exemplar of high standards, conscientious execution and commitment. He is regarded as an authentic leader who strives, often behind the scenes, to deliver the right outcome for the Group as a whole. David builds effective relationships with all stakeholders, including our regulators. He continued to set a strong tone and drive effective controls, although this remains a priority for 2016.
Company	David's performance was very strong and he played a key role in helping the business navigate significant challenges. This included a 10% growth in headline earnings, which was driven by improving revenue momentum and below inflation cost growth. Return on equity improved to 17%, the highest level since 2008. Revenue from the Rest of Africa increased to 21% of Group revenue and we achieved top three by revenue in four of our five largest markets. David demonstrated strong cost control as is evident in our 56% cost-to-income ratio.

	2013 R	2014 R	**2015 R**
Salary	3 649 863	5 903 600	**5 913 471**
Role based pay	–	3 500 000	**3 500 000**
Medical aid	97 944	105 288	**114 768**
Retirement benefits	285 185	483 037	**484 593**
Other employee benefits	18 129	62 438	**38 480**
Total fixed remuneration	4 051 121	10 054 363	**10 051 312**
Non-deferred cash award	3 400 000	2 700 000	**2 600 000**
Non-deferred share award	3 400 000	2 700 000	**2 600 000**
Deferred cash award	5 100 000	–	**–**
Deferred share award	5 100 000	8 100 000	**7 800 000**
Total variable remuneration	17 000 000	13 500 000	**13 000 000**
Total remuneration	**21 051 121**	**23 554 363**	**23 051 312**

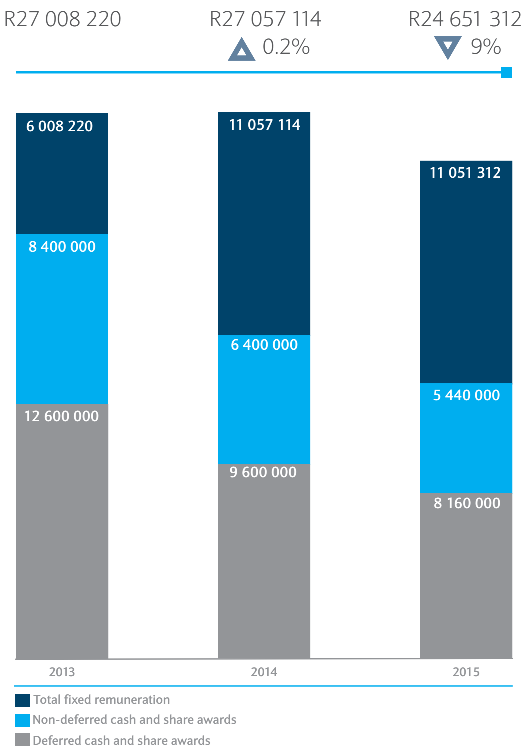


Craig Bond: Chief Executive, Retail and Business Banking

Key performance outcomes

	Customer & Client	Craig made good progress in achieving customer satisfaction. NPS® in Retail Bank South Africa and in the Rest of Africa improved, although Business Bank disappointed. Retail Banking gained 855 000 new-to-bank customers. Progress was made in improving customer dispute resolution and complaints to the Ombudsman for Banking Services have decreased. Craig needs to accelerate customer outcomes journeys.
	Colleague	Craig is a key supporter of transformation in South Africa, although there is much more to do. 50% of the RBB Executive Committee is black. Craig enthusiastically promoted the employee opinion survey in which 82% of RBB's employees participated. Encouragingly, the employee engagement score in RBB increased to 73% (2014: 68%).
	Citizenship	RBB is partnering with PEP Stores to extend banking services to a wider population at an appropriate cost-to-serve. They are also working with a number of start-ups to create new platforms to provide financial services to previously underserved populations, with a focus on digital solutions.
	Conduct	Craig is an enthusiastic and determined leader who restructured his management team to increase focus on the customer experience and improve the control environment, which remains a priority.
	Company	Craig delivered a 14% headline earnings growth as revenue growth of 6% exceeded 4% cost growth. Performance in Business Banking disappointed. Revenue from Rest of Africa grew 22%. Craig delivered a cost-to-income ratio of 57.2%. Continuing the RBB turnaround is a priority for Craig in 2016, with a focus on continued revenue momentum.

	2013 R	2014 R	**2015 R**
Salary	5 439 072	5 442 860	**5 452 730**
Role based pay	–	5 000 000	**5 000 000**
Medical aid	97 944	105 288	**114 768**
Retirement benefits	444 444	446 000	**447 556**
Other employee benefits	26 760	62 966	**36 258**
Total fixed remuneration	6 008 220	11 057 114	**11 051 312**
Non-deferred cash award	4 200 000	3 200 000	**2 720 000**
Non-deferred share award	4 200 000	3 200 000	**2 720 000**
Deferred cash award	6 300 000	4 800 000	**4 080 000**
Deferred share award	6 300 000	4 800 000	**4 080 000**
Total variable remuneration	21 000 000	16 000 000	**13 600 000**
Total remuneration	27 008 220	27 057 114	**24 651 312**

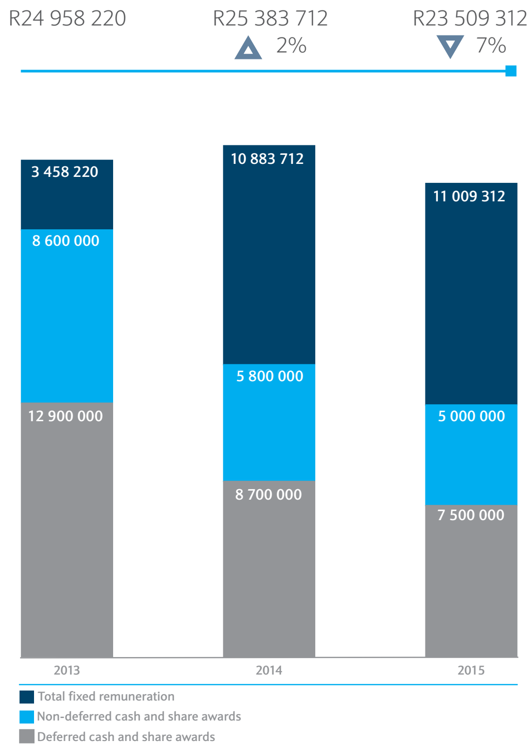


Stephen van Coller: Chief Executive, Corporate and Investment Bank

Key performance outcomes

Customer & Client	Stephen reorganised the business around the client and made strong progress in the client digital offering. 640 clients migrated onto Barclays.Net, making over 90 000 transactions worth R3.7bn. BARX, our electronic foreign exchange platform, was successfully rolled out in all our markets. Stephen led significant improvements in customer experience measures and NPS® for South Africa.
Colleague	Strong progress has been made in talent development and transformation in South Africa, resulting in black representation improving to 48% (2014: 29%), and to 85% for new hires. Under Stephen's sponsorship, CIB piloted innovative people initiatives, including the Masedi programme and strategic talent agenda. The CIB employee engagement score increased to 72% (2014: 70%).
Citizenship	Stephen successfully chaired the Africa Citizenship Leadership Committee, and made a significant contribution to Citizenship through the Shared Growth agenda. He made a positive contribution through his involvement in the World Economic Forum. In partnership with major corporate clients, CIB created enterprise and supply chain development programmes to assist these clients in developing and funding SMEs within their corporate value chains.
Conduct	Stephen is a highly values-driven leader who makes a strong and effective contribution to the Barclays Africa Executive Committee. While the control environment has improved, this remains a focus area.
Company	Stephen delivered a 6% headline earnings growth due to higher pre-provision profits and lower taxation. Growth across the Rest of Africa is gaining momentum and this business now accounts for 37% of earnings. Markets revenue in South Africa, however, disappointed. CIB costs rose 9%, reflecting the investment in technology. Stephen's priority is to expand the corporate business across the continent.

	2013 R	2014 R	**2015 R**
Salary	3 078 387	3 453 636	**3 558 286**
Role based pay	–	7 000 000	**7 000 000**
Medical aid	108 852	117 012	**127 548**
Retirement benefits	255 556	287 037	**296 296**
Other employee benefits	15 425	26 027	**27 182**
Total fixed remuneration	3 458 220	10 883 712	**11 009 312**
Non-deferred cash award	4 300 000	2 900 000	**2 500 000**
Non-deferred share award	4 300 000	2 900 000	**2 500 000**
Deferred cash award	6 450 000	–	**–**
Deferred share award	6 450 000	8 700 000	**7 500 000**
Total variable remuneration	21 500 000	14 500 000	**12 500 000**
Total remuneration	24 958 220	25 383 712	**23 509 312**



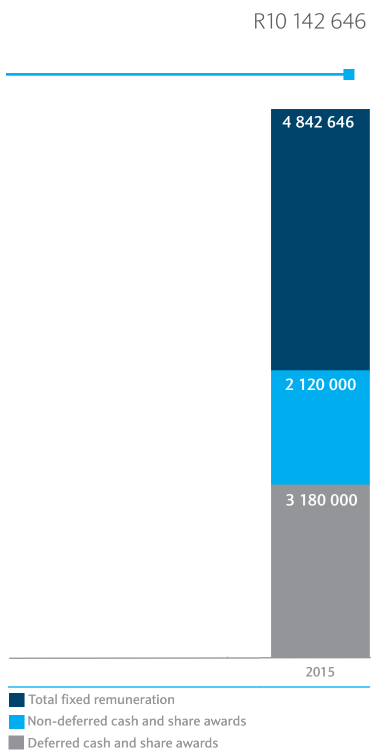
Nomkhita Nqweni: Chief Executive, Wealth, Investment Management and Insurance

Nomkhita was appointed as Chief Executive of WIMI effective 1 October 2015.

Key performance outcomes

	Customer & Client	Nomkhita built a strong rapport and credibility across the business, the Absa Financial Services Board and the Rest of Africa businesses. She takes a highly collaborative and integrated view of performance optimisation and has engaged effectively with RBB to seek mutually beneficial revenue-generating opportunities. Under her sponsorship, WIMI launched a predictive underwriting product to significantly simplify underwriting processes. Good progress is also being made in acquiring a direct life insurer in South Africa to enhance online sales capabilities.
	Colleague	Nomkhita played a critical role in chairing the Africa Diversity and Inclusion Committee and in advancing employee engagement across the Group. She successfully led transformation in Barclays Africa. The employee engagement score in WIMI increased to 76% (2014: 74%), with a participation rate of 79%.
	Citizenship	Nomkhita made good progress in her leadership and personal support of Citizenship activities. In 2016, her focus continues to be on integrating Citizenship with how WIMI conducts its business and client offerings.
	Conduct	Nomkhita's drive for excellence and unwavering high standards are key to achievements made, including the completion of conduct risk assessments in all the WIMI businesses.
	Company	Nomkhita made a successful transition into her new role. She delivered headline earnings growth of 11% and net operating profit outside South Africa increased 28%. She demonstrated strong cost control with positive Jaws of 3% and a cost-to-income ratio of 57.5%. She played a key role in the integration of First Assurance, which expanded our footprint in Kenya and Tanzania. Her focus for 2016 is to continue to grow existing markets and progress opportunities in Ghana.

	2015 R
Salary	3 246 561
Role based pay	1 166 667
Medical aid	46 464
Retirement benefits	271 605
Other employee benefits	111 349
Total fixed remuneration	**4 842 646**
Non-deferred cash award	1 060 000
Non-deferred share award	1 060 000
Deferred cash award	–
Deferred share award	3 180 000
Total variable remuneration	**5 300 000**
Total remuneration	**10 142 646**



Combined tables for 2015 total remuneration

Unaudited[1]

Executive directors	Maria Ramos 2013 R	Maria Ramos 2014 R	Maria Ramos **2015 R**	David Hodnett 2013 R	David Hodnett 2014 R	David Hodnett **2015 R**
Salary	6 059 852	6 978 920	**7 282 552**	3 649 863	5 903 600	**5 913 471**
Role based pay	–	6 500 000[2]	**6 500 000**[2]	–	3 500 000	**3 500 000**
Medical aid	76 128	81 840	**89 208**	97 944	105 288	**114 768**
Pension	492 593	567 593	**592 593**	285 185	483 037	**484 593**
Other employee benefits	29 647	42 860	**44 960**	18 129	62 438	**38 480**
Total fixed remuneration	6 658 220	14 171 213	**14 509 313**	4 051 121	10 054 363	**10 051 312**
Non-deferred cash award	4 400 000	2 880 000	**2 740 000**	3 400 000	2 700 000	**2 600 000**
Non-deferred share award	4 400 000	2 880 000	**2 740 000**	3 400 000	2 700 000	**2 600 000**
Deferred cash award	6 600 000	–	**–**	5 100 000	–	**–**
Deferred share award	6 600 000	8 640 000	**8 220 000**	5 100 000	8 100 000	**7 800 000**
Total variable remuneration	22 000 000	14 400 000	**13 700 000**	17 000 000	13 500 000	**13 000 000**
Total remuneration	28 658 220	28 571 213	**28 209 313**	21 051 121	23 554 363	**23 051 312**

Prescribed officers	Craig Bond 2013 R	Craig Bond 2014 R	Craig Bond **2015 R**	Stephen van Coller 2013 R	Stephen van Coller 2014 R	Stephen van Coller **2015 R**
Salary	5 439 072	5 442 860	**5 452 730**	3 078 387	3 453 636	**3 558 286**
Role based pay	–	5 000 000	**5 000 000**	–	7 000 000	**7 000 000**
Medical aid	97 944	105 288	**114 768**	108 852	117 012	**127 548**
Pension	444 444	446 000	**447 556**	255 556	287 037	**296 296**
Other employee benefits	26 760	62 966	**36 258**	15 425	26 027	**27 182**
Total fixed remuneration	6 008 220	11 057 114	**11 051 312**	3 458 220	10 883 712	**11 009 312**
Non-deferred cash award	4 200 000	3 200 000	**2 720 000**	4 300 000	2 900 000	**2 500 000**
Non-deferred share award	4 200 000	3 200 000	**2 720 000**	4 300 000	2 900 000	**2 500 000**
Deferred cash award	6 300 000	4 800 000	**4 080 000**	6 450 000	–	**–**
Deferred share award	6 300 000	4 800 000	**4 080 000**	6 450 000	8 700 000	**7 500 000**
Total variable remuneration	21 000 000	16 000 000	**13 600 000**	21 500 000	14 500 000	**12 500 000**
Total remuneration	27 008 220	27 057 114	**24 651 312**	24 958 220	25 383 712	**23 509 312**

1 The tables have been designated as unaudited due to the election between deferred cash award and deferred share award being made after the signing of the annual financial statements. Refer to pages 180 and 181 of the annual financial statements for the audited tables.
2 Maria's role based pay was awarded quarterly as phantom shares subject to a holding period with restrictions lifting over five years (20% each year). The introduction of role based pay meant that Maria received less remuneration in cash than in previous years. Effective from 2016, she will receive role based pay split 50% in phantom shares and 50% in cash in line with the Barclays PLC approach.
3 Nomkhita was appointed as Chief Executive: Wealth, Investment Management and Insurance effective 1 October 2015. Prior to that date she was the Chief Executive: Wealth and Investment Management, and as such the figure above represents her remuneration for the full year.
4 Willie's resignation was effective 30 September 2015. He was awarded a *pro rata* annual incentive which reflects his contribution to WIMI's overall performance.
5 Excludes Nomkhita Nqweni.

Total 2013 R	Total 2014 R	Total 2015 R
9 709 715	12 882 520	**13 196 023**
–	10 000 000	**10 000 000**
174 072	187 128	**203 976**
777 778	1 050 630	**1 077 186**
47 776	105 298	**83 440**
10 709 341	24 225 576	**24 560 625**
7 800 000	5 580 000	**5 340 000**
7 800 000	5 580 000	**5 340 000**
11 700 000	–	**–**
11 700 000	16 740 000	**16 020 000**
39 000 000	27 900 000	**26 700 000**
49 709 341	52 125 576	**51 260 625**

Board appointment dates and contract terms

Maria Ramos and David Hodnett were appointed to the Board on 1 May 2009 and 1 March 2010 respectively. All executive directors and prescribed officers have a notice period of six months, with their potential compensation for loss of office being six months' fixed remuneration.

Nomkhita Nqweni[3]			Willie Lategan[4]			Total		
2013 R	2014 R	**2015 R**	2013 R	2014 R	**2015 R**	2013[5] R	2014[5] R	**2015 R**
n/a	n/a	**3 246 561**	2 913 233	3 396 259	**2 679 186**	11 430 692	12 292 755	**14 936 763**
n/a	n/a	**1 166 667**	–	1 200 000	**1 125 000**	–	13 200 000	**14 291 667**
n/a	n/a	**46 464**	66 672	71 352	**58 077**	273 468	293 652	**346 857**
n/a	n/a	**271 605**	238 889	284 889	**224 556**	938 889	1 017 926	**1 240 013**
n/a	n/a	**111 349**	14 426	150 736	**990 782**	56 611	239 729	**1 165 571**
n/a	n/a	**4 842 646**	3 233 220	5 103 236	**5 077 601**	12 699 660	27 044 062	**31 980 871**
n/a	n/a	**1 060 000**	1 700 000	1 170 000	**760 000**	10 200 000	7 270 000	**7 040 000**
n/a	n/a	**1 060 000**	1 700 000	1 170 000	**760 000**	10 200 000	7 270 000	**7 040 000**
n/a	n/a	**–**	2 550 000	1 755 000	**–**	15 300 000	6 555 000	**4 080 000**
n/a	n/a	**3 180 000**	2 550 000	1 755 000	**2 280 000**	15 300 000	15 255 000	**17 040 000**
n/a	n/a	**5 300 000**	8 500 000	5 850 000	**3 800 000**	51 000 000	36 350 000	**35 200 000**
n/a	n/a	**10 142 646**	11 733 220	10 953 236	**8 877 601**	63 699 660	63 394 062	**67 180 871**

Outstanding share-based long-term incentives

Audited

The table below outlines outstanding share-based and long-term incentive awards (awarded in respect of performance in a prior period) and role based pay delivered as phantom shares in the year.

	Number of shares under award at 1 January 2015	Number of shares awarded/delivered during 2015	Share price on award/delivery R	Number of shares released during 2015
Executive directors				
Maria Ramos				
Deferred Award Plan 2012 – 2014	31 405			31 405
Absa Long-Term Incentive Plan 2012 – 2014	79 464		151	4 746
Barclays Africa Long-Term Incentive Plan 2013 – 2015[1]	216 029		139	
Share Value Plan 2014 – 2016	51 044	78	129	17 014
Share Value Plan 2015 – 2017		45 678	189	
Role based pay March 2014	12 568		129	2 513
Role based pay June 2014	10 460		155	2 092
Role based pay October 2014	9 662		168	1 932
Role based pay December 2014	9 288		175	1 857
Role based pay March 2015		8 591	189	
Role based pay June 2015		8 893	183	
Role based pay September 2015		9 105	178	
Role based pay December 2015		10 160	160	
Non-deferred share award (2015)		15 226	189	15 226
Total	419 920	97 731		76 785
David Hodnett				
Deferred Award Plan 2012 – 2014	12 114			12 114
Absa Long-Term Incentive Plan 2012 – 2014	49 665		151	2 966
Barclays Africa Long-Term Incentive Plan 2013 – 2015[1]	108 014		139	
Share Value Plan 2013 – 2015	14 490	17	166	7 245
Share Value Plan 2014 – 2016	39 676	62	129	13 225
Share Value Plan 2015 – 2017		42 824	189	
Non-deferred share award (2015)		14 274	189	14 274
Total	223 959	57 177		49 824
Prescribed officers				
Craig Bond				
Barclays Africa Long-Term Incentive Plan 2013 – 2015[1]	129 617		139	
Share Value Plan 2014 – 2016	49 011	76	129	16 337
Share Value Plan 2015 – 2017		25 377	189	
Joiners Share Value Plan	94 467	112	156	45 669
Non-deferred share award (2015)		16 918	189	16 918
Total	273 095	42 483		78 924
Stephen van Coller				
Deferred Award Plan 2012 – 2014	20 190			20 190
Absa Long-Term Incentive Plan 2012 – 2014	49 665		151	2 966
Barclays Africa Long-Term Incentive Plan 2013 – 2015[1]	108 014		139	
Share Value Plan 2013 – 2015	32 603	38	166	16 301
Share Value Plan 2014 – 2016	50 178	78	129	16 726
Share Value Plan 2015 – 2017		45 996	189	
Non-deferred share award (2015)		15 332	189	15 332
Total	260 650	61 444		71 515
Nomkhita Nqweni				
Deferred Award Plan 2012 – 2014	3 365			3 365
Absa Long-Term Incentive Plan 2012 – 2014	19 866		151	1 186
Barclays Africa Long-Term Incentive Plan 2013 – 2015[1]	43 205		139	
Share Value Plan 2013 – 2015	6 038		166	3 019
Share Value Plan 2014 – 2016	13 921		129	4 640
Share Value Plan 2015 – 2017		7 613	189	
Non-deferred share award (2015)		5 075	189	5 075
Total	86 395	12 688		17 285
Willie Lategan				
Deferred Award Plan 2012 – 2014	7 404			7 404
Absa Long-Term Incentive Plan 2012 – 2014	29 799			1 780
Barclays Africa Long-Term Incentive Plan 2013 – 2015[1]	54 007			0
Share Value Plan 2013 – 2015	10 506	12	166	5 253
Share Value Plan 2014 – 2016	19 838	32	129	6 612
Share Value Plan 2015 – 2017		9 278	189	
Non-deferred share award (2015)		6 186	189	6 186
Total	121 554	15 508		27 235

[1] The Barclays Africa Long-Term Incentive Plan 2013 – 2015 will vest in October 2016, at 55% of the maximum based on performance achieved against the metrics (see page 81).

Market price on release date R	Value of release R	Value of dividend released R	**Number of shares/options lapsed in 2015**	**Number of shares under award at 31 December 2015**	End of performance period	Last scheduled vesting date
191	5 996 157	943 405			2014/12/31	2015/02/20
180	852 477		**69 972**	**4 746**	2014/12/31	2015/06/14
				216 029	2015/12/31	2016/10/01
172	2 932 363	258 021		**34 108**	2016/12/31	2017/09/01
				45 678	2017/12/31	2018/09/01
189	475 334	27 570		**10 055**	2019/03/01	2019/03/01
183	382 250	20 181		**8 368**	2019/06/01	2019/06/01
172	332 980	9 438		**7 730**	2019/09/01	2019/09/01
159	295 059	16 375		**7 431**	2019/12/01	2019/12/01
				8 591	2020/03/01	2020/03/01
				8 893	2020/06/01	2020/06/01
				9 105	2020/09/01	2020/09/01
				10 160	2020/12/01	2020/12/01
172	2 624 201	74 382			2015/09/01	2015/09/01
	13 890 821	**1 349 372**	**69 972**	**370 894**		
191	2 312 926	363 904			2014/12/31	2015/02/20
180	532 753		**43 733**	**2 966**	2014/12/31	2015/06/14
				108 014	2015/12/31	2016/10/01
172	1 248 676	248 928		**7 262**	2015/12/31	2016/03/01
172	2 279 329	200 557		**26 513**	2016/12/31	2017/09/01
				42 824	2017/12/31	2018/09/01
172	2 460 124	69 731			2015/09/01	2015/09/01
	8 833 808	**883 120**	**43 733**	**187 579**		
				129 617	2015/12/31	2016/10/01
172	2 815 682	247 754		**32 750**	2016/12/31	2017/09/01
				25 377	2017/12/31	2018/09/01
181	8 280 246	1 049 017		**48 910**	2016/12/31	2017/03/31
172	2 915 817	82 648			2015/09/01	2015/09/01
	14 011 745	**1 379 419**		**236 654**		
191	3 854 877	606 507			2014/12/31	2015/02/20
180	532 753		**43 733**	**2 966**	2014/12/31	2015/06/14
				108 014	2015/12/31	2016/10/01
172	2 809 477	560 080		**16 340**	2015/12/31	2016/03/01
172	2 882 726	253 654		**33 530**	2016/12/31	2017/09/01
				45 996	2017/12/31	2018/09/01
172	2 642 470	74 900			2015/09/01	2015/09/01
	12 722 303	**1 495 141**	**43 733**	**206 846**		
191	642 479	101 085			2014/12/31	2015/02/20
180	213 029		**17 494**	**1 186**	2014/12/31	2015/06/14
				43 205	2015/12/31	2016/10/01
189	571 044	91 928		**3 019**	2015/12/31	2016/03/01
189	877 656	80 906		**9 281**	2016/12/31	2017/09/01
				7 613	2017/12/31	2018/09/01
172	874 676	24 792			2015/09/01	2015/09/01
	3 178 884	**298 711**	**17 494**	**64 304**		
191	1 413 646	222 415			2014/12/31	2015/02/20
180	319 724		**26 239**	**1 780**	2014/12/31	2015/06/14
				54 007	2015/12/31	2016/10/01
172	905 355	180 485		**5 265**	2015/12/31	2016/03/01
172	1 139 578	100 272		**13 258**	2016/12/31	2017/09/01
				9 278	2017/12/31	2018/09/01
172	1 066 157	30 219			2015/09/01	2015/09/01
	4 844 460	**533 391**	**26 239**	**83 588**		

Outstanding cash-based long-term awards

Audited

The table below outlines outstanding cash-based long-term awards (awarded in respect of performance in a prior period).

	Value under award at 1 January 2015 R	Maximum potential value at 1 January 2015 R	Value awarded in the year R	Value released in the year R	Value forfeited in the year R	Value under award at 31 December 2015 R	Maximum potential value at 31 December 2015 R	End of performance period	Last scheduled vesting date
Executive directors									
Maria Ramos									
Cash Value Plan 2014 – 2016	6 600 000	7 260 000		2 200 000		4 400 000	5 060 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014[1]	4 000 000	20 000 000		2 285 714	15 428 572	2 285 714	2 285 714	2014/12/31	2015/06/14
Total	10 600 000	27 260 000		4 485 714	15 428 572	6 685 714	7 345 714		
David Hodnett									
Cash Value Plan 2014 – 2016	5 100 000	5 610 000		1 700 000		3 400 000	3 910 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014[1]	2 500 000	12 500 000		1 428 571	9 642 858	1 428 571	1 428 571	2014/12/31	2015/06/14
Total	7 600 000	18 110 000		3 128 571	9 642 858	4 828 571	5 338 571		
Prescribed officers									
Craig Bond									
Cash Value Plan 2014 – 2016	6 300 000	6 930 000		2 100 000		4 200 000	4 830 000	2016/12/31	2017/03/01
Cash Value Plan 2015 – 2017			4 800 000			4 800 000	5 280 000	2017/12/31	2018/03/01
Total	6 300 000	6 930 000	4 800 000	2 100 000		9 000 000	10 110 000		
Stephen van Coller									
Cash Value Plan 2014 – 2016	6 450 000	7 095 000		2 150 000		4 300 000	4 945 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014[1]	2 500 000	12 500 000		1 428 571	9 642 858	1 428 571	1 428 571	2014/12/31	2015/06/14
Total	8 950 000	19 595 000		3 578 571	9 642 858	5 728 571	6 373 571		
Nomkhita Nqweni									
Cash Value Plan 2014 – 2016	1 800 000	1 980 000		600 000		1 200 000	1 380 000	2016/12/31	2017/03/01
Cash Value Plan 2015 – 2017			1 440 000			1 440 000	1 584 000	2017/12/31	2018/03/01
Total	1 800 000	1 980 000	1 440 000	600 000		2 640 000	2 964 000		
Willie Lategan									
Cash Value Plan 2014 – 2016	2 550 000	2 805 000		850 000		1 700 000	1 955 000	2016/12/31	2017/03/01
Cash Value Plan 2015 – 2017			1 755 000			1 755 000	1 930 500	2017/12/31	2018/03/01
One Africa Long-Term Incentive Plan 2012 – 2014[1]	1 500 000	7 500 000		857 143	5 785 714	857 143	857 143	2014/12/31	2015/06/14
Total	4 050 000	10 305 000	1 755 000	1 707 143	5 785 714	4 312 143	4 742 643		

[1] The remaining value of the One Africa Long-Term Incentive Plan 2012 – 2014 will be released in June 2016 as shares.

Non-executive directors' remuneration

Elements and purpose

We aim to attract and retain suitably skilled and experienced non-executive directors and reward them for their expertise and contribution.

Non-executive directors are remunerated by way of fees paid in recognition of membership of the Board and its committees. The Group Chairman receives a single retainer fee and does not qualify for any additional fees. Additional fees that are paid to committee chairmen are commensurate with these responsibilities.

Non-executive directors, including the Group Chairman, are not eligible for any other employment benefits or performance-related remuneration or any compensation for loss of office.

The fee structure is reviewed and benchmarked annually to validate that the proposed fees are appropriate against the external market and support the attraction and retention of high-quality non-executive directors. Proposed fees are subject to shareholder approval at the annual general meeting each year. The table below details fees paid in 2015. The table in the notice of annual general meeting details the fees proposed for 2016/2017.

Group Chairman and non-executive directors' fees

Audited

			Subsidiary boards, committees and trusts					
	Group Board R	Group Board committees and sub-committees R	Absa Bank R	Absa Financial Services R	Other R	**2015 Total R**	2014[1] Total R	2013[1] Total R
Alex Darko[2]	457 496	426 339	–	–	16 112	**899 947**	191 725	–
Ashok Vaswani[3,6]	457 496	342 200	–	–	–	**799 696**	847 517	661 450
Colin Beggs[4,6]	457 496	1 382 877	151 580	66 133	152 575	**2 210 661**	1 980 847	1 882 258
Francis Okomo-Okello	457 496	34 980	–	–	–	**492 476**	109 975	–
Mark Merson[3]	457 496	345 980	–	–	–	**803 476**	755 584	–
Mohamed Husain[6]	457 496	1 129 707	151 580	–	–	**1 738 783**	1 308 434	1 110 033
Patrick Clackson[3]	457 496	313 600	–	–	–	**771 096**	719 267	575 767
Peter Matlare	457 496	–	–	–	–	**457 496**	546 100	515 583
Trevor Munday[6]	457 496	1 585 545	151 580	–	–	**2 194 621**	2 102 286	1 875 233
Wendy Lucas-Bull (Group Chairman)[5]	4 960 800	–	–	–	–	**4 960 800**	4 680 000	3 321 667
Yolanda Cuba	457 496	354 344	151 580	–	–	**963 420**	881 794	711 617
Total	9 535 760	5 915 572	606 320	66 133	168 687	**16 292 472**	14 123 529	10 653 608

1 For details of past directors' fees, refer to the 2014 and 2013 published integrated reports.
2 Member of the Share Incentive Trust (reported under Other).
3 Fees are paid to Barclays PLC and not to the individual.
4 Member of the Short-Term Insurance and Life Actuarial Review Committees (under Absa Financial Services) and a Trustee of the Barclays Africa Pension Fund (reported under Other).
5 Single retainer fee applicable to the Group Chairman, which covers chairmanship and membership of all Board committees and sub-committees.
6 Chairmen of sub-committees receive additional fees.

Contact details

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

7th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001

PO Box 7735, Johannesburg, 2000

Switchboard: +27 11 350 4000

barclaysafrica.com

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Alan Hartdegen

Telephone: +27 11 350 2598

Group Company Secretary

Nadine Drutman

Telephone: +27 11 350 5347

Head of Finance

Jason Quinn

Telephone: +27 11 350 7565

Queries

Please direct investor relations and annual report queries to ir@barclaysafrica.com

Please direct media queries to 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

Please direct other queries regarding the Group to groupsec@barclaysafrica.com

Transfer secretary

Computershare Investor Services Proprietary Limited

Telephone: +27 11 370 5000

computershare.com/za/

ADR depositary

BNY Mellon

Telephone: +1 212 815 2248

bnymellon.com

Auditors

Ernst & Young Inc.

Telephone: +27 11 772 3000

ey.com/ZA/en/Home

PricewaterhouseCoopers Inc.

Telephone: +27 11 797 4000

pwc.co.za

Sponsors

Lead independent sponsor

J.P. Morgan Equities South Africa Proprietary Limited

Telephone: +27 11 507 0300

jpmorgan.com/pages/jpmorgan/emea/local/za

Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)

Telephone: +27 11 895 6843

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	www.absa.co.za
Barclays Bank of Botswana Limited	www.barclays.co.bw
Barclays Bank of Ghana Limited	www.gh.barclays.com/
Barclays Bank of Kenya Limited	www.barclays.co.ke
Barclays Bank Mauritius Limited	www.barclays.mu
Barclays Bank Mozambique SA	www.barclays.co.mz/eng
Barclays Bank (Seychelles) Limited	www.barclays.sc
Barclays Bank Tanzania Limited	www.barclays.co.tz
Barclays Bank of Uganda Limited	www.barclays.co.ug
Barclays Bank Zambia plc	www.zm.barclays.com/
National Bank of Commerce Limited	www.nbctz.com

Representative offices

Absa Namibia Pty Limited	www.absanamibia.com.na
Absa Capital Representative Office Nigeria Limited	www.cib.barclaysafrica.com