



Barclays Africa Group Limited

FY17 results and update on separation from Barclays PLC



Performance review

Jason Quinn



Lower credit charge drove growth

	FY16 Rm	FY17 Rm	Change %	Adjustment	FY17 normalised Rm	Change %
Net interest income	42 003	42 644	2	(325)	42 319	1
Non-interest income	30 391	30 661	0	(80)	30 581	1
Total income	72 394	73 305	1	(405)	72 900	1
Impairment losses	8 751	7 022	(20)	-	7 022	(20)
Operating expenses	39 956	43 304	8	(1 901)	41 403	4
Other*	(2 005)	(2 270)	5	(394)	(1 706)	
Taxation	5 835	5 857	0	408	6 265	7
Non-controlling interest	1 139	1 199	5	-	1 199	5
Headline earnings	14 980	14 313	(4)	1 245	15 558	4

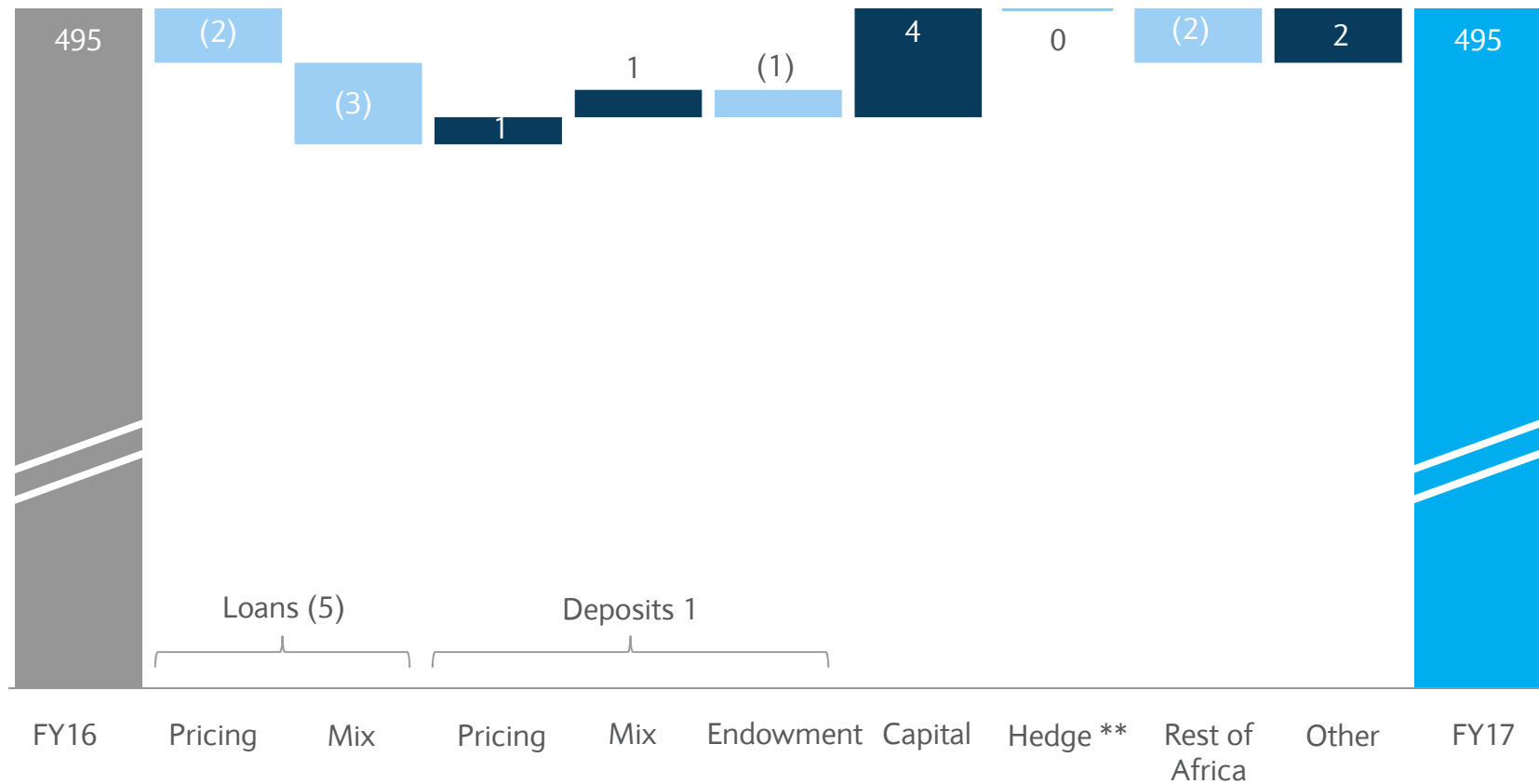
Note: * includes other impairments, indirect tax and associates' share of post tax results

Salient features (normalised)

	FY16 %	FY17 %
Diluted headline EPS growth	5	4
Dividend per share growth	3	4
Growth in net asset value per share	4	5
Return on equity	16.6	16.4
Return on assets	1.34	1.38
Net interest margin	4.95	4.95
Cost to income ratio	55.2	56.8
Credit loss ratio	1.08	0.87

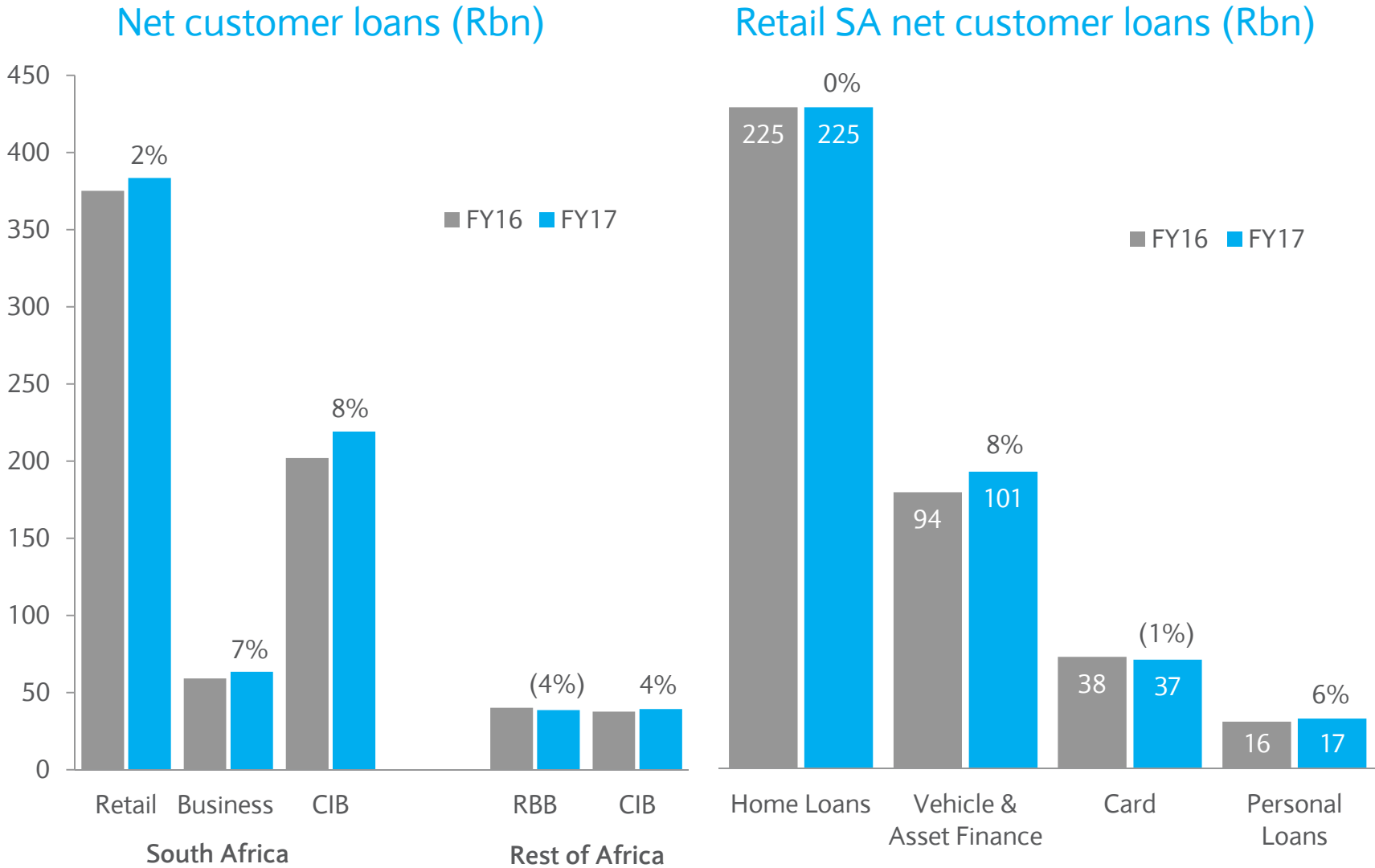
Stable net interest margin

Change in net interest margin* (basis points)



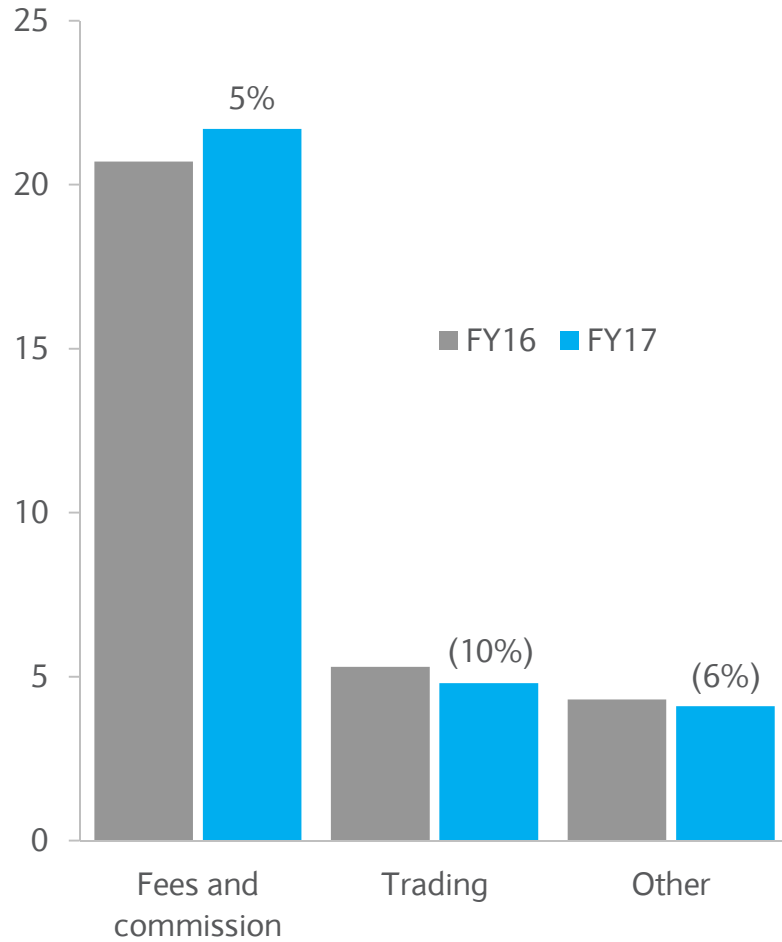
Note: * average interest bearing assets; ** interest rate risk management

Modest loan growth, particularly in Retail

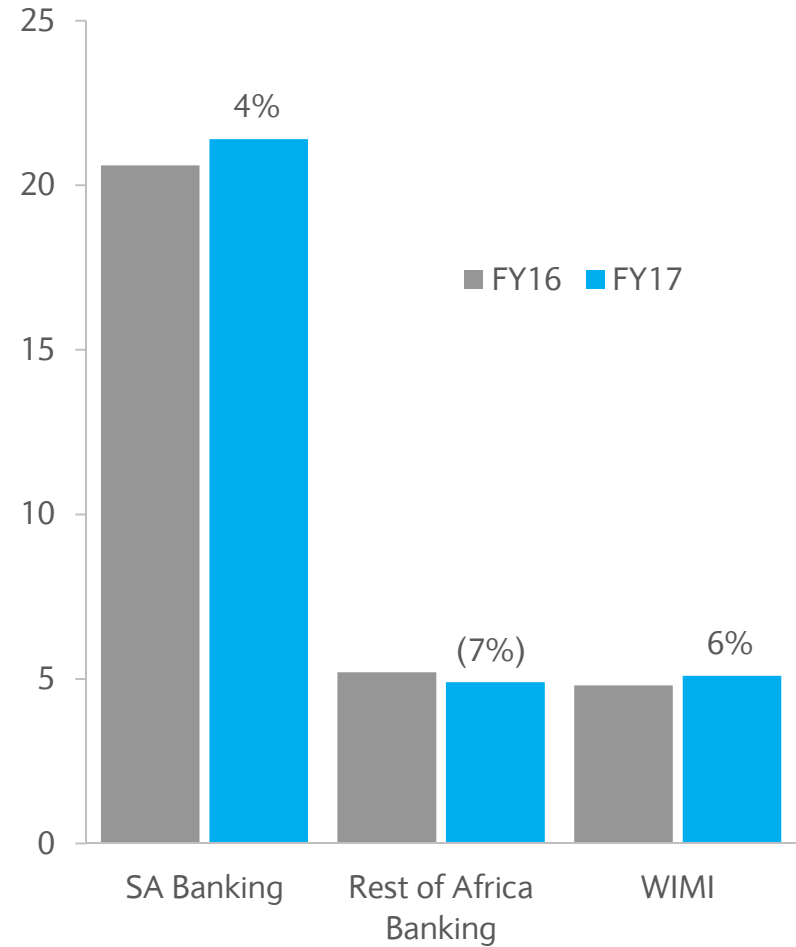


Large annuity component in non-interest income

Non-interest income by type (Rbn)



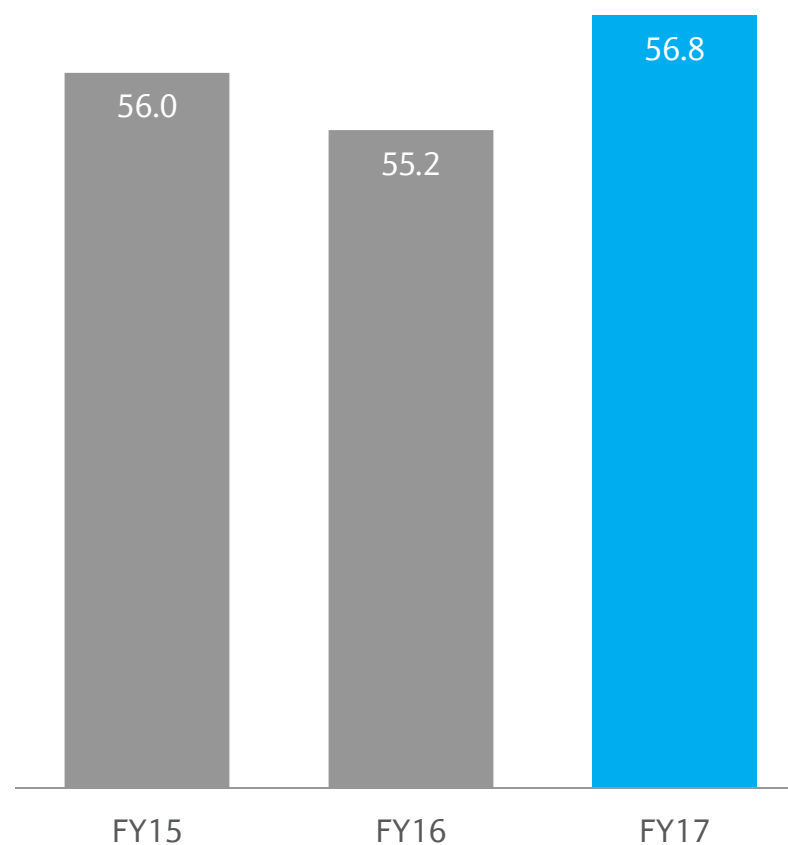
Non-interest income by division (Rbn)



Costs remain well contained as continue to invest

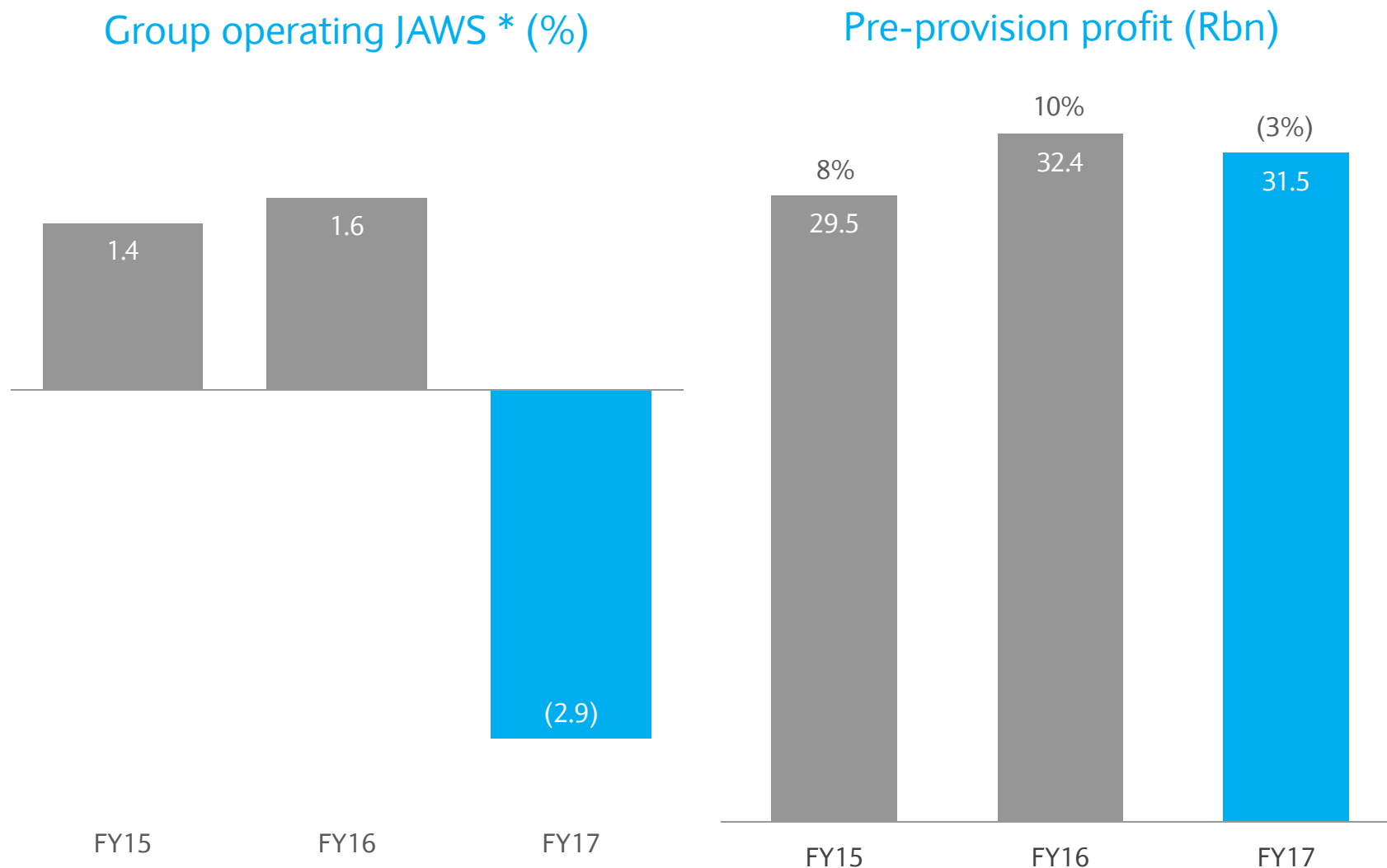
	FY17 Rm	Change %	Mix %
Staff	23 138	5	56
Property-related	3 337	-1	8
Technology	3 143	0	8
Depreciation	1 984	19	5
Professional fees	1 975	(4)	5
Marketing	1 709	8	4
Communication	1 400	(7)	3
Cash transportation	1 089	13	3
Amortisation	650	1	2
Other *	2 978	2	7
Total	41 403	4	100

Cost to income ratio (%)



Note: * includes administration fees, equipment costs, fraud, travel and entertainment, other costs etc

Negative JAWS reduced pre-provision profits

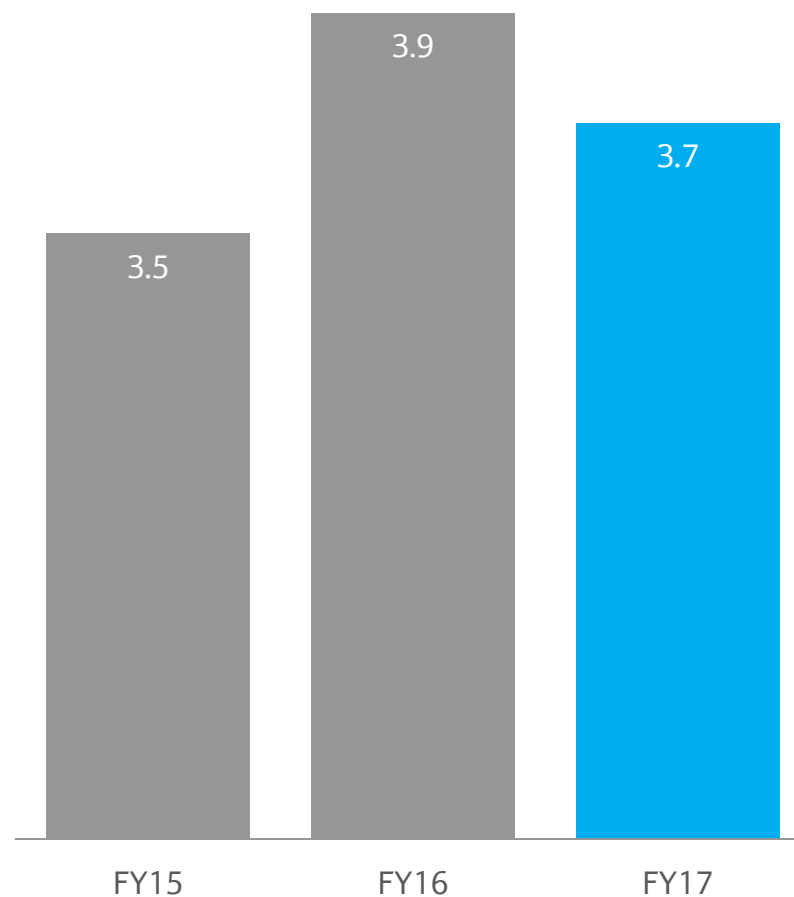


Note: * revenue growth minus operating expenses growth

Credit impairments improved noticeably

	FY17	FY16	FY17	FY16
	Credit loss ratio (bps)		NPL cover (%)	
SA Banking	80	103	41	43
RBB SA	110	133	41	42
Retail Banking	120	139	42	43
Cards	453	541	71	72
VAF	87	114	47	44
Mortgages *	30	40	20	21
Personal Loans	609	568	66	66
Business Banking	43	98	33	35
CIB SA	24	44	41	52
ROA Banking	134	162	56	51
WIMI	158	13	67	49
Group	87	108	43	44

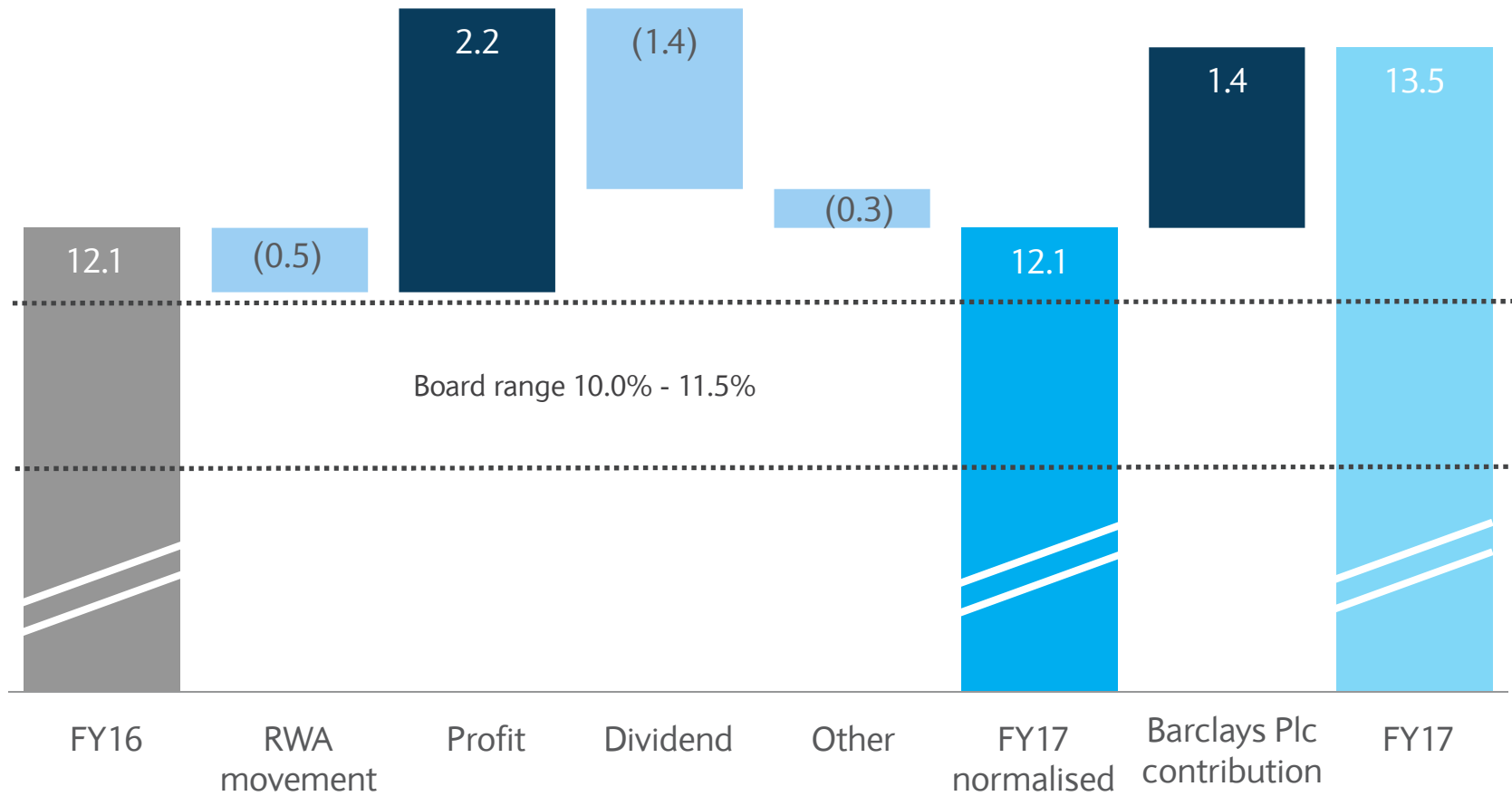
Non-performing loans (%)



Note: * Home Loans credit loss ratio

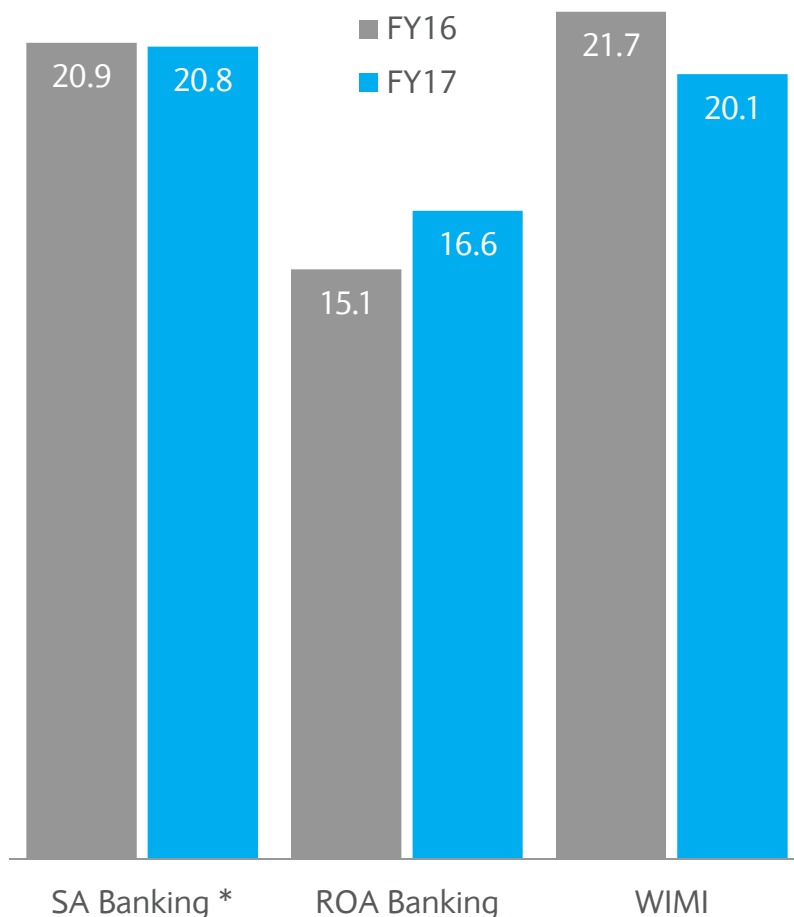
Capital levels remain strong

Barclays Africa Group Common Equity Tier 1 ratio (%)

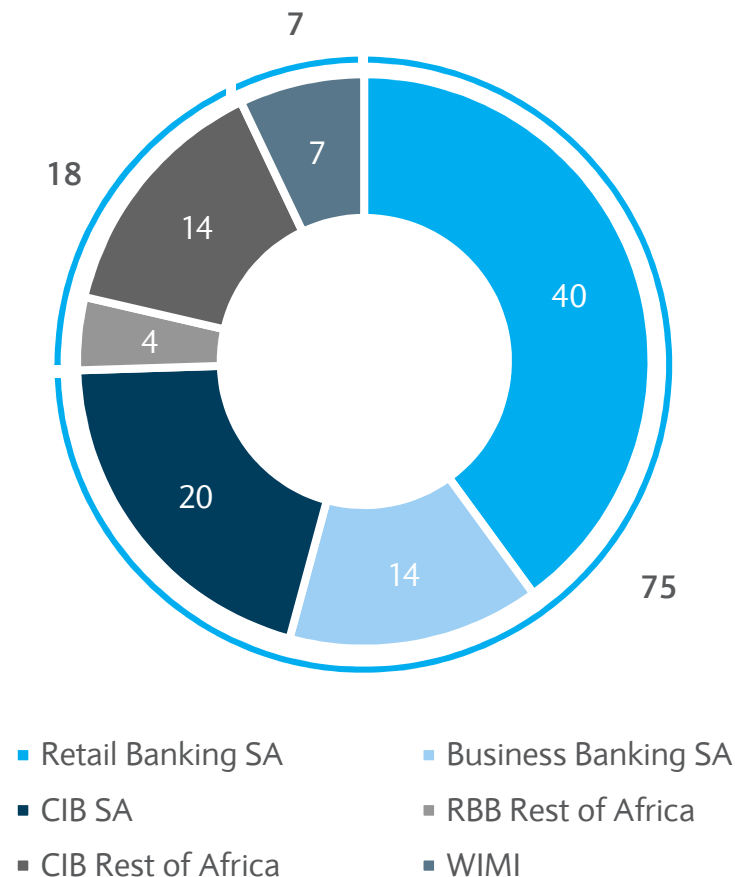


Strong returns across a well-diversified portfolio ...

Divisional RoE (%)



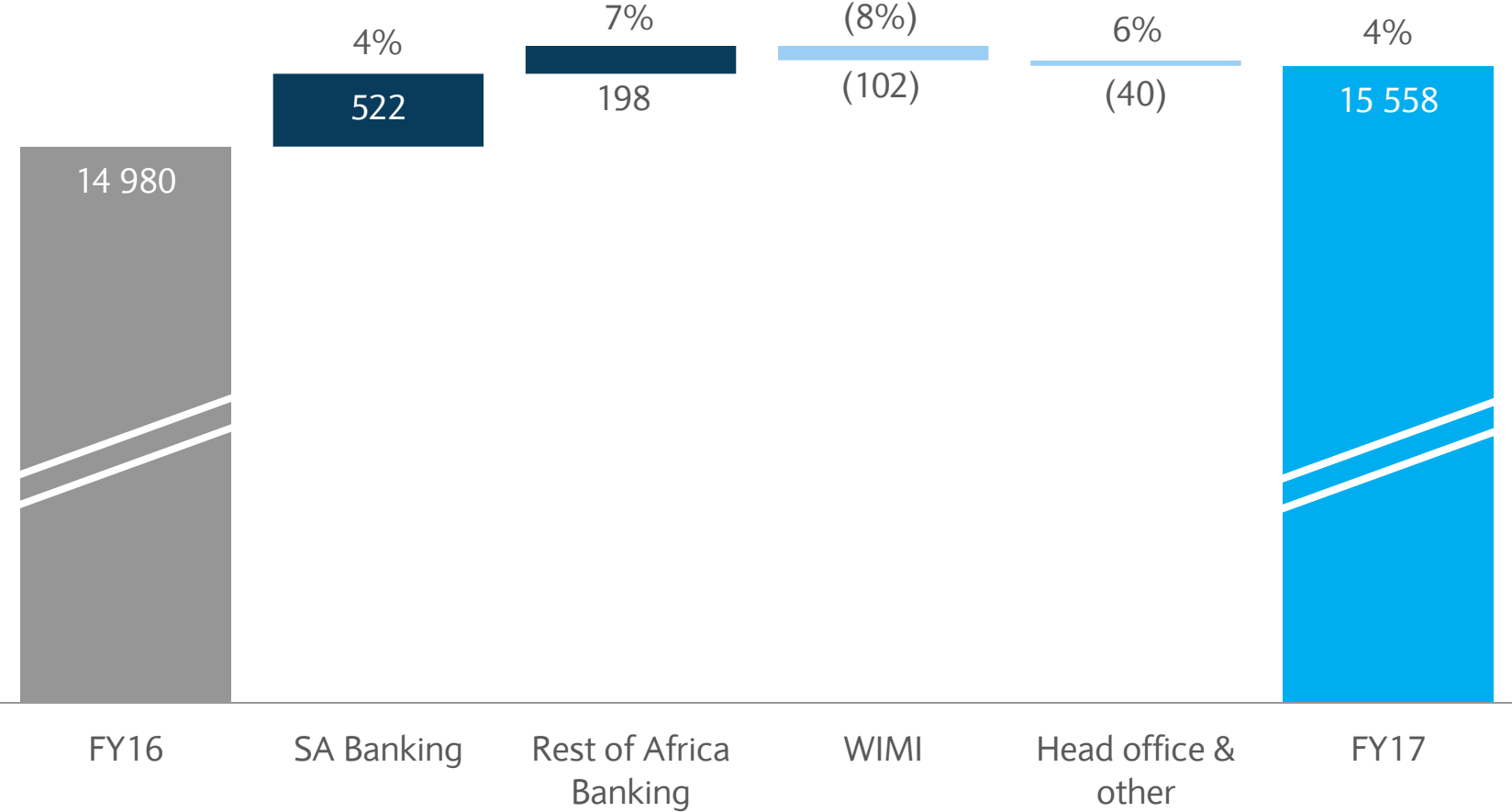
Headline earnings mix FY17 (%) **



Note: * return on regulatory capital; ** may not sum to 100 due to rounding

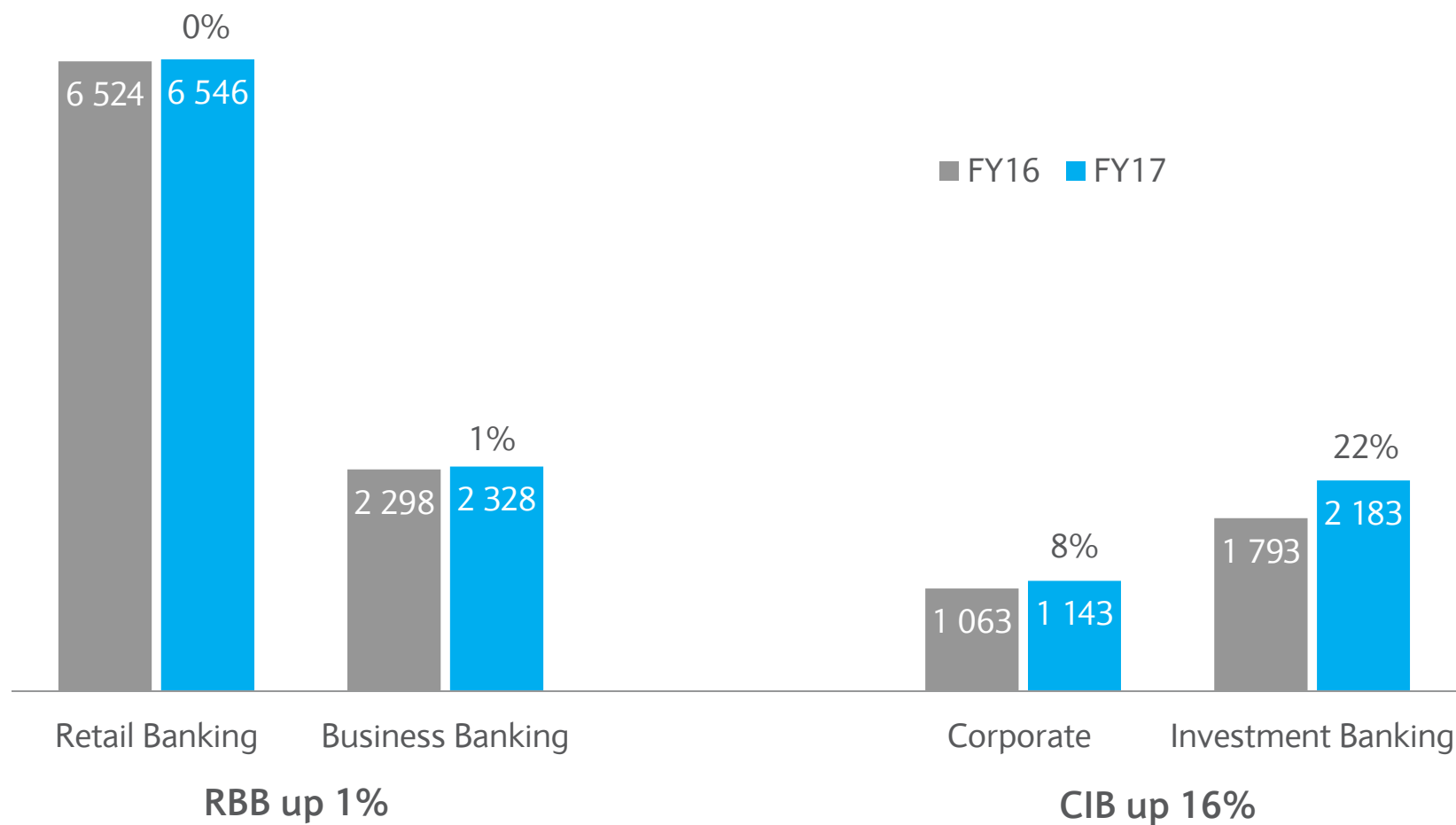
... evident in overall earnings growth

Group normalised headline earnings growth (Rm)



CIB drove SA Banking earnings growth

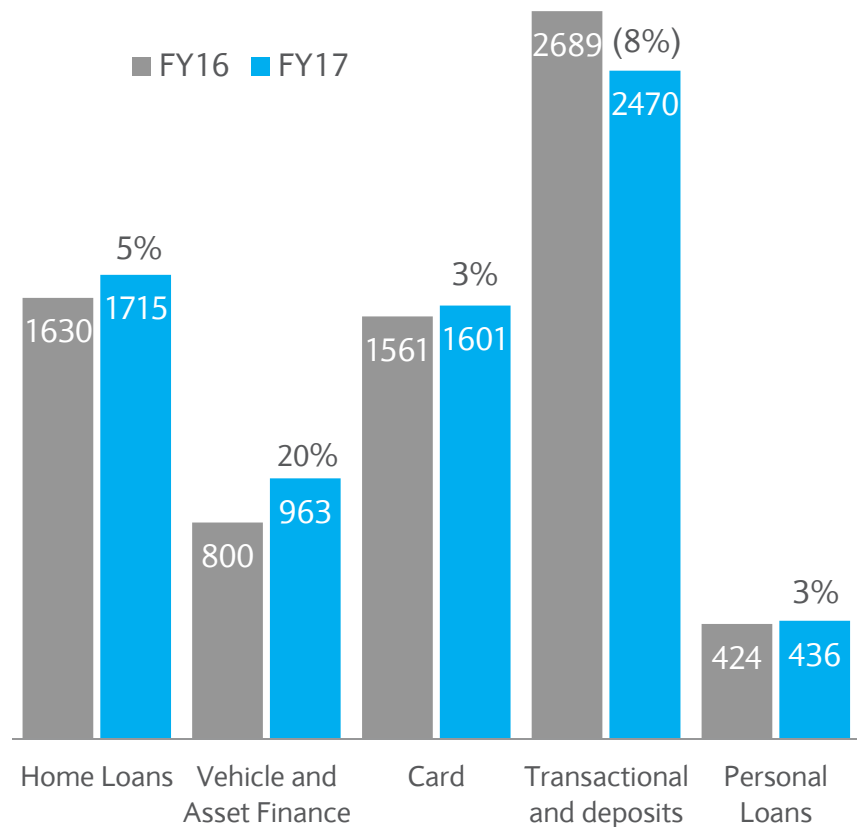
South Africa Banking headline earnings (Rm)



Retail Banking SA remains a priority ...

- Asset strategies aim to improve low loan growth
- Progress on customer experience and product suite
- Continued cost management funded increased digital and marketing spend
- Credit quality improved across most books
- Returns remain healthy

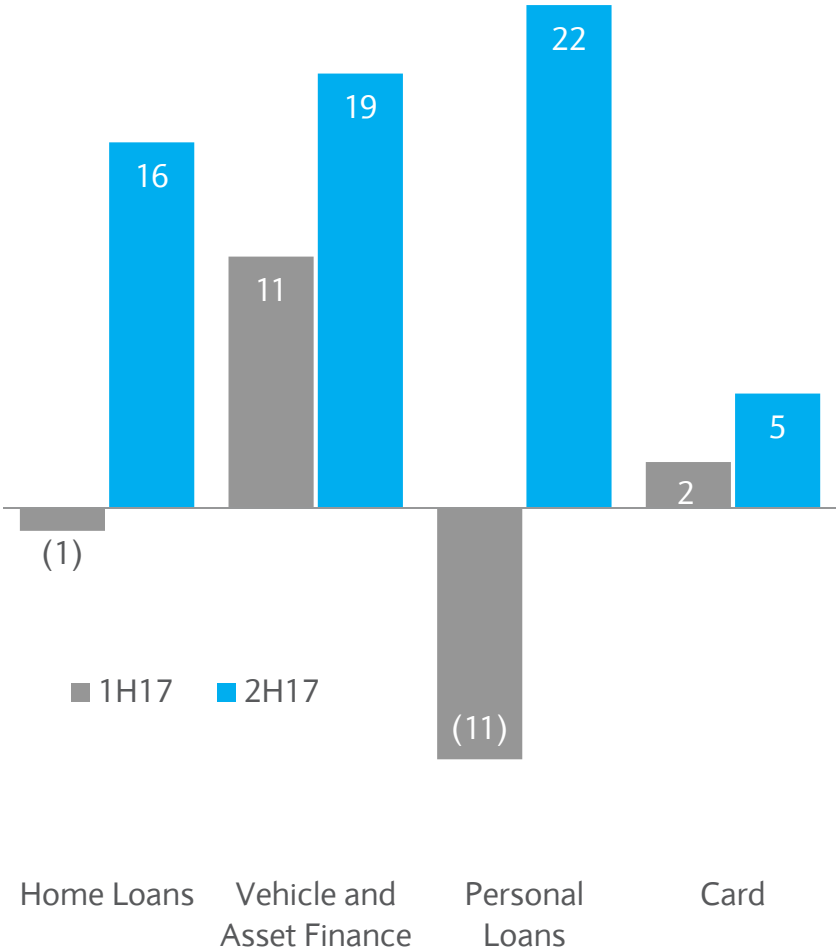
Headline earnings* (Rm)



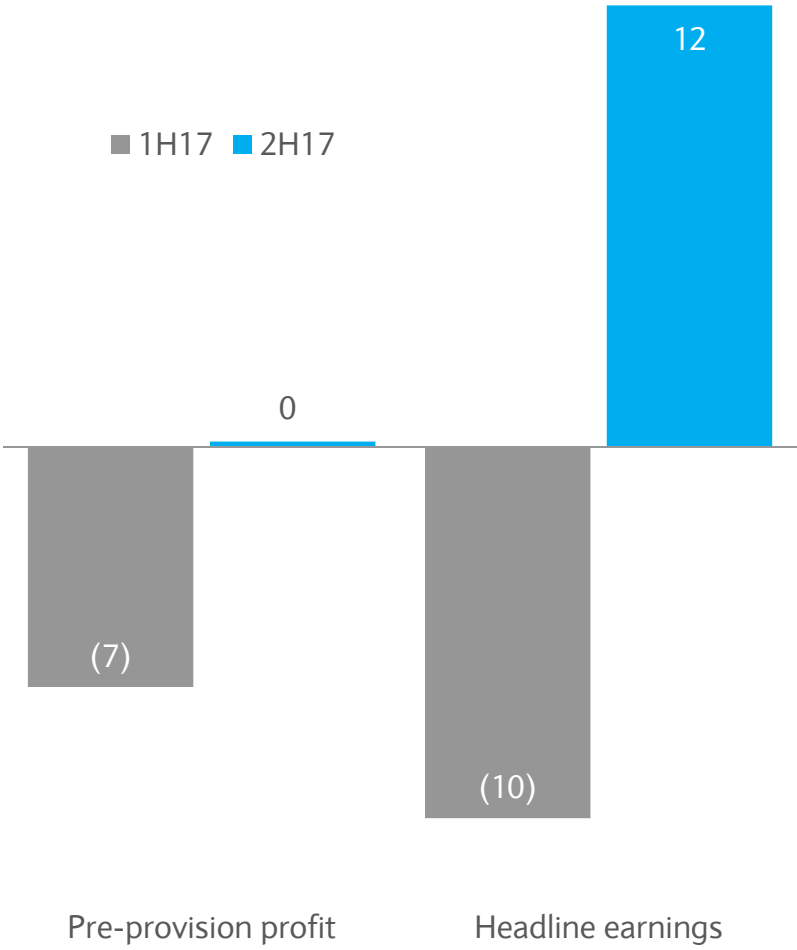
Note: * excludes Other, which is largely central costs and lost R639m

... and momentum improved in the second half

Retail SA YoY loan production (%)

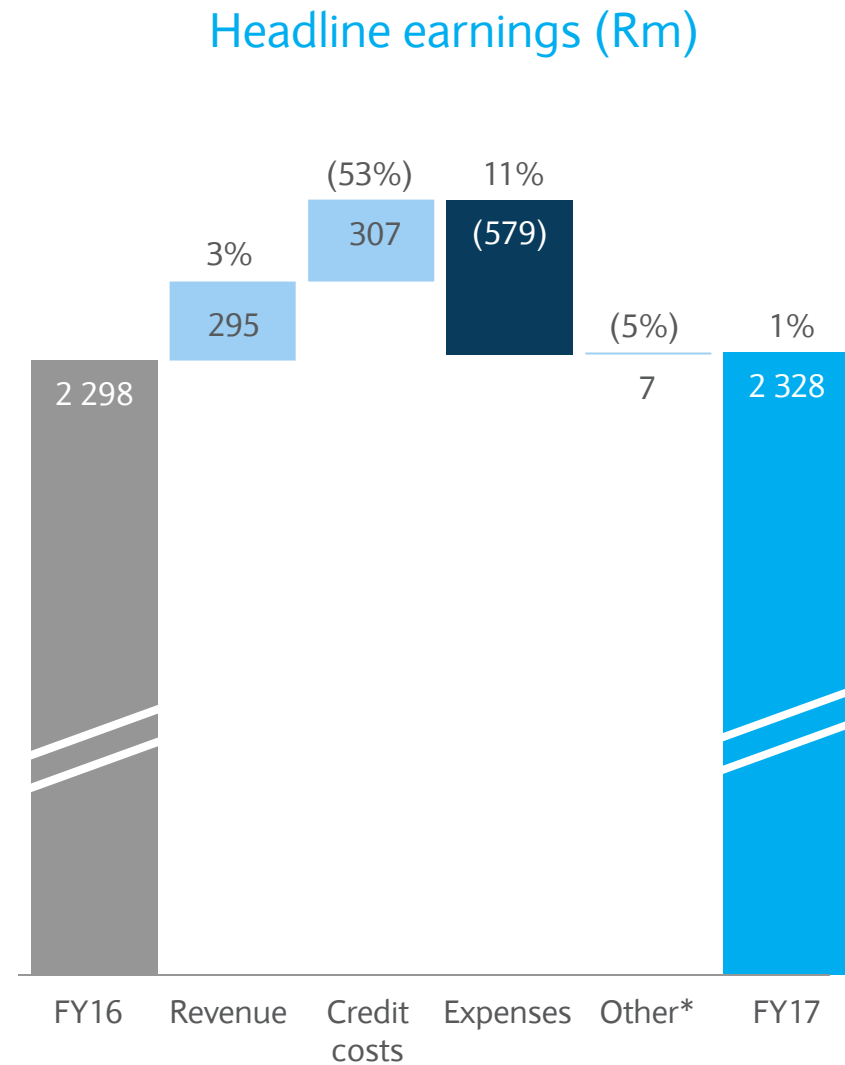


Retail Banking SA YoY growth (%)



Further investment in Business Banking SA

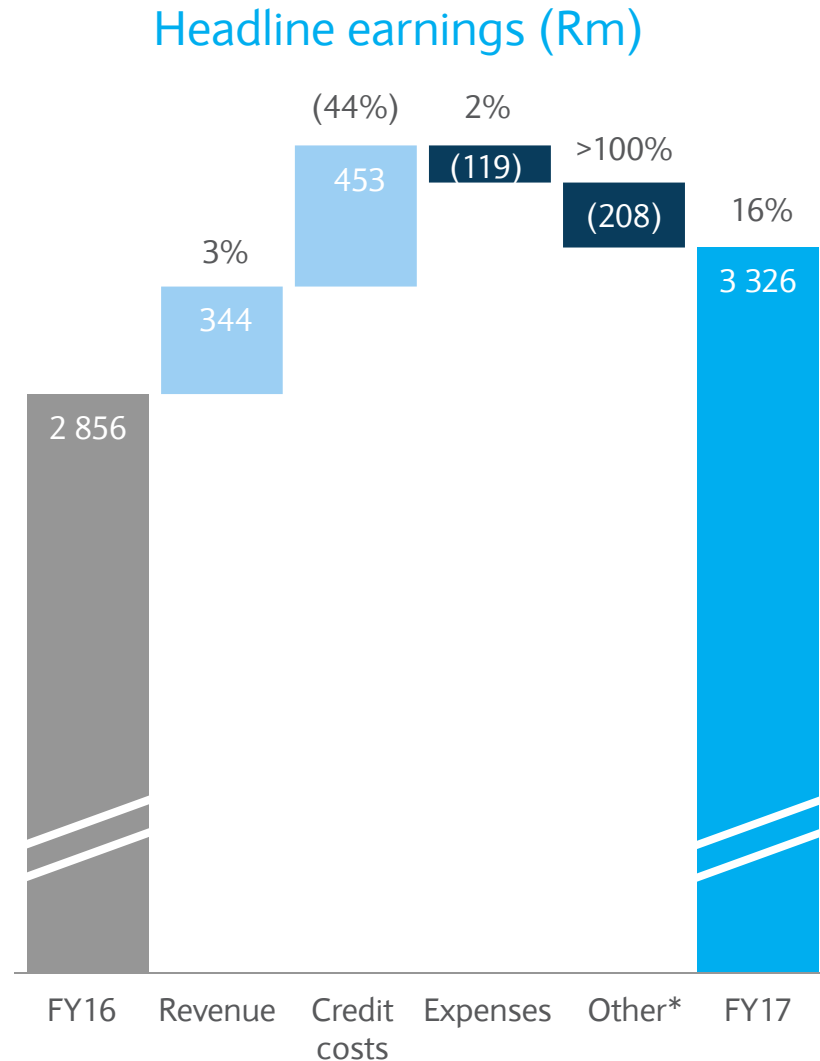
- Improved second half momentum
- Robust underlying non-interest revenue growth
- Reduced non-core equity portfolio materially
- Continued investment in electronic channels and frontline staff
- Significantly lower credit costs
- Large deposit franchise that generates attractive returns



Note: * includes other operating expenses, taxation, non-controlling interest and non-headline items

CIB SA posts strong earnings growth again

- Revenue continues to benefit from diversification
- Scope to gain share in lending and transactional revenue
- Substantial drop in credit charge
- Costs remain well contained to produce positive JAWS
- Opportunity remains to further improve returns
- Barclays PLC separation on track

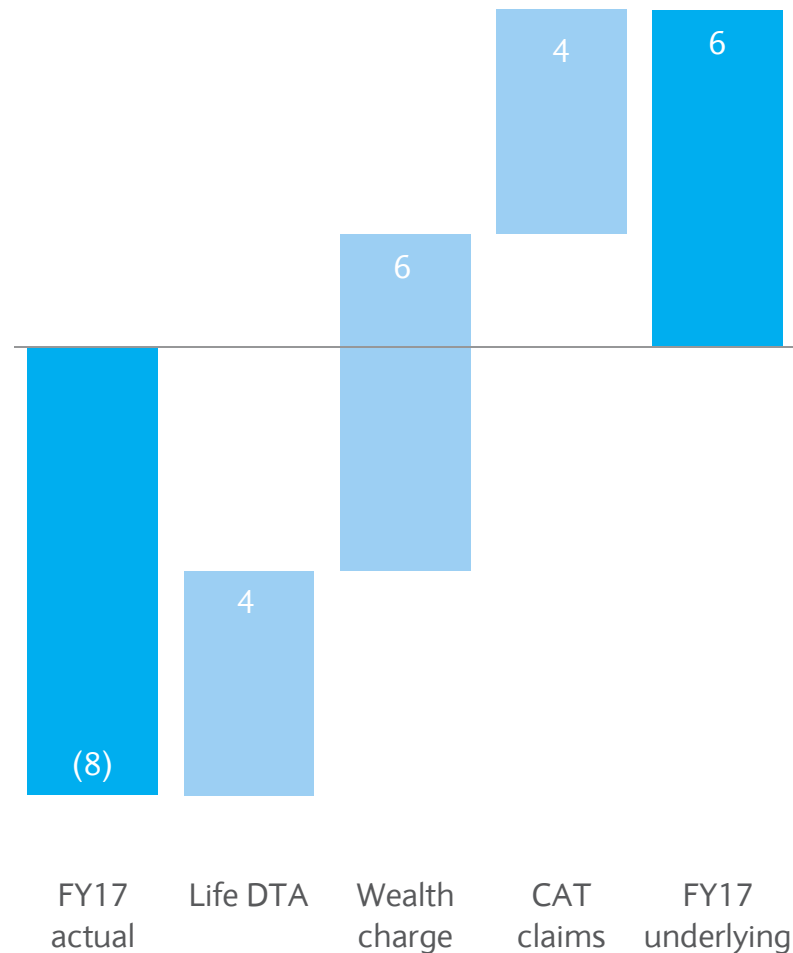


Note: * includes other operating expenses, taxation, non-controlling interest and non-headline items

One-offs dampened WIMI's performance

- Large one-off items reduced earnings
 - Unwinding Life deferred tax asset raised in 2016
 - Single client impairment in Wealth
 - Far higher catastrophe claims
- Healthy underlying South African short-term underwriting margin
- Improving second half momentum
- Rest of Africa returns to profitability
- Continued sale of non-core operations

WIMI underlying FY17 earnings growth (%)



Stronger Rand a drag on rest of Africa growth ...

Rand to ROA currencies (weighted)

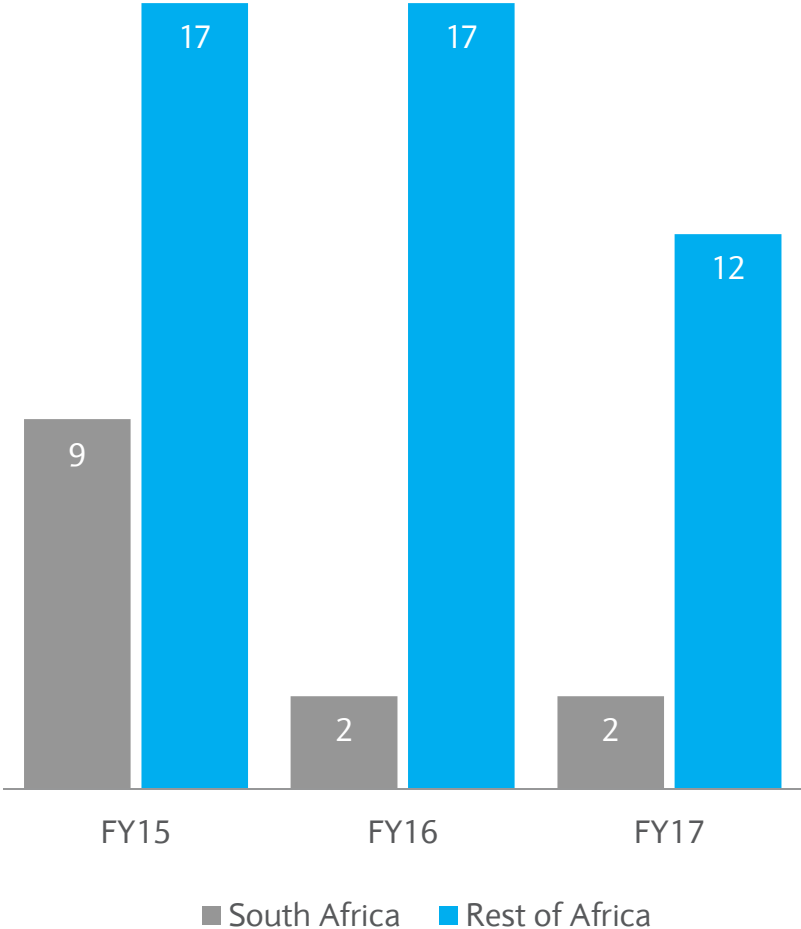


Rand impact on Rest of Africa Banking (%)

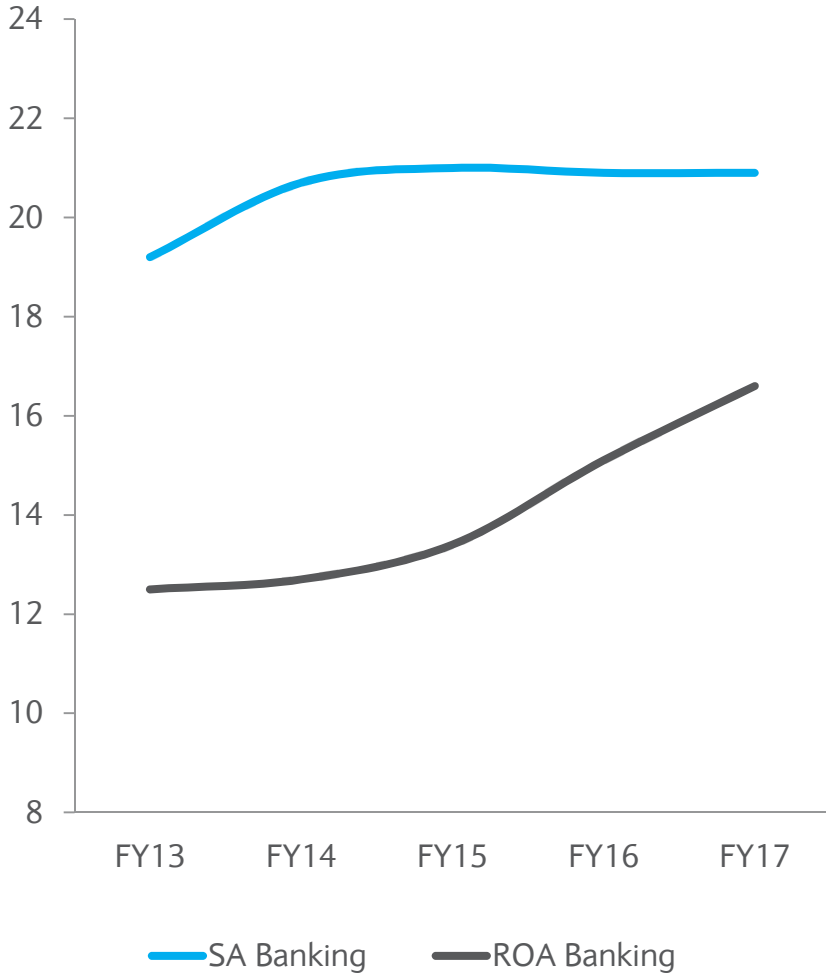


... but ROA continues to enhance earnings growth

Headline earnings growth (%)



Return on regulatory capital (%)



Outlook for 2018

- Loan and deposit growth to improve
- Net interest margin is expected to decline slightly
- Costs will remain well controlled to improve our operating JAWS from 2017
- Credit loss ratio largely unchanged
- RoE is likely to improve slightly
- Dividend cover will remain the same

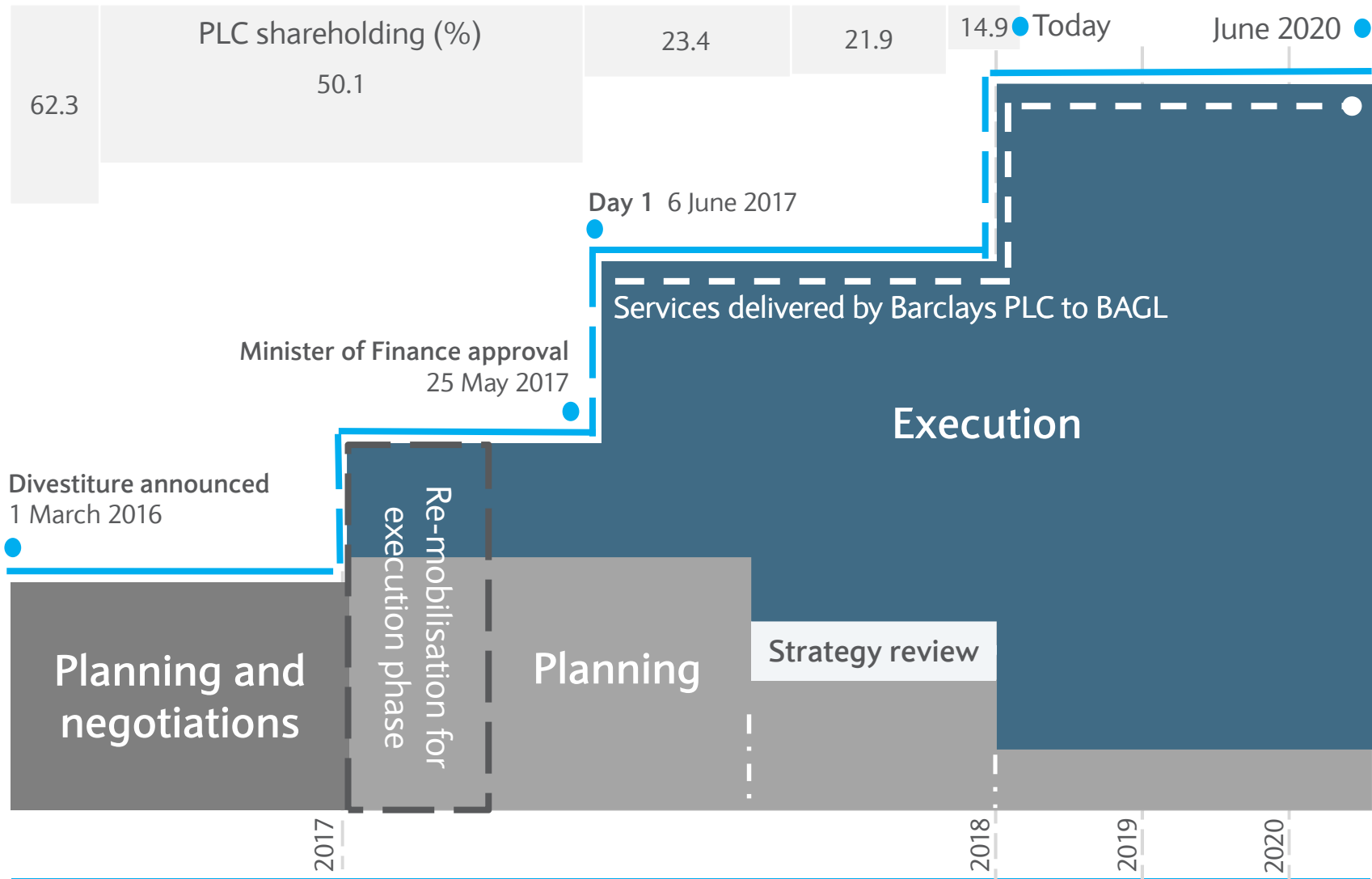


Separation update

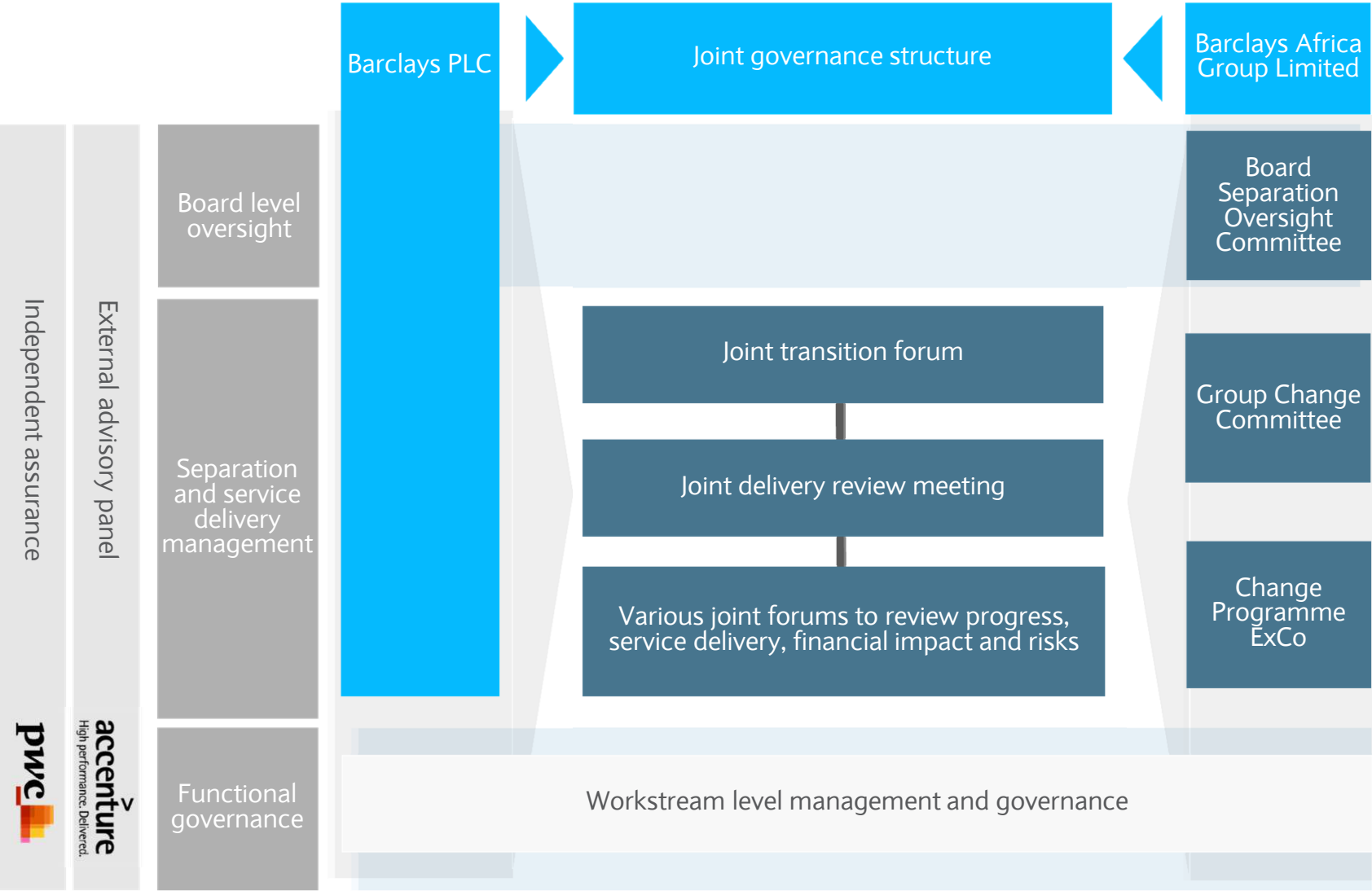
Jason Quinn



Significant planning completed, execution underway



Robust governance structure in place



Dedicated team managing separation

Programme structure

Executive Committee oversight					
Chief Separation Officer					
RBB SA	CIB	ROA	WIMI	TECH	Functions
		Planning and design			
		Risk			
		PMO and regulatory engagement			
		People and change management			
		Communication			
		Financial management			
		Technology			
		Service management			
		Brand			

Programme resources

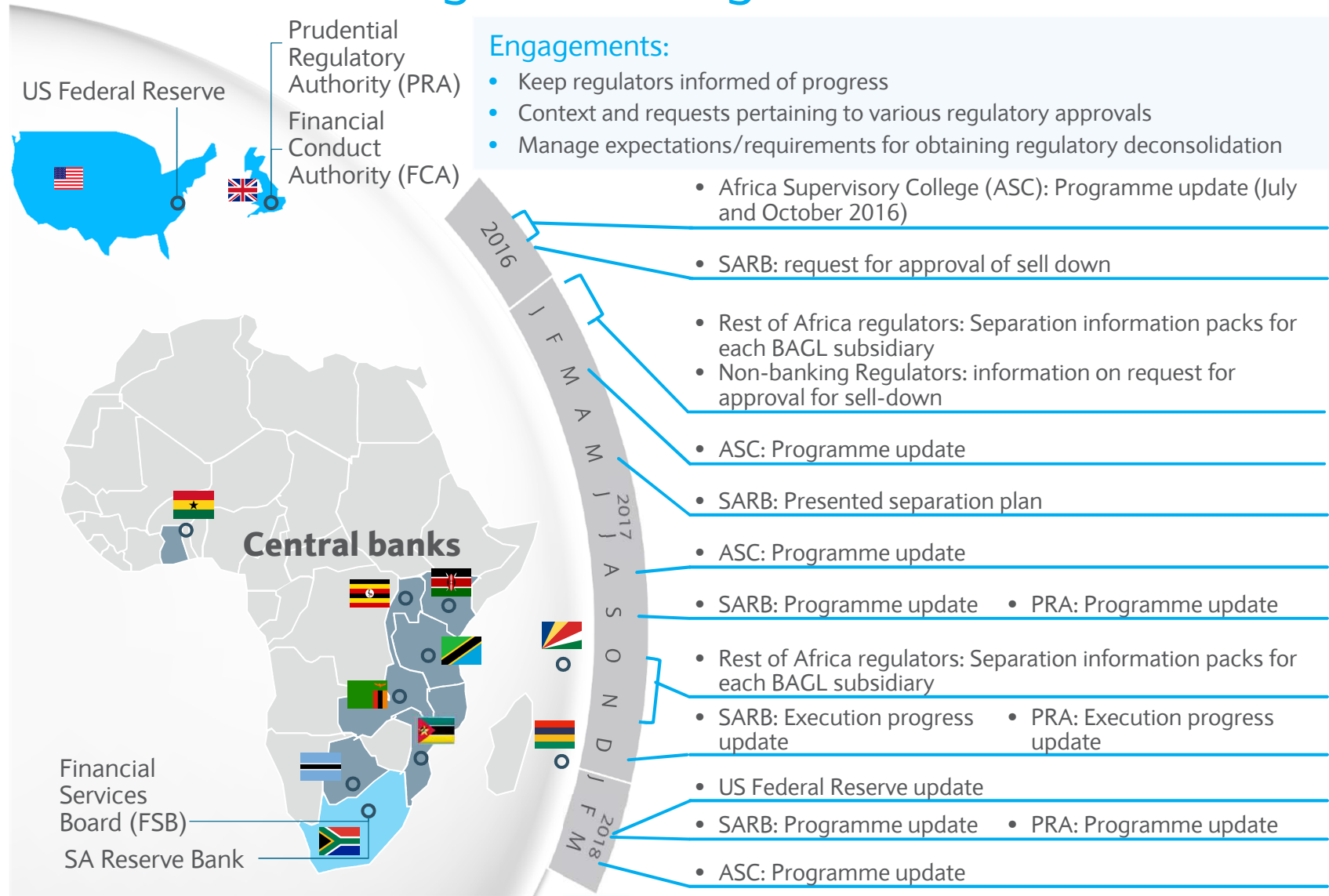
Resources

- ± 360 spend >70% of time on separation
- ↳ ±200 Technology specialists
- ↳ ±80 CIB
- Core team co-located since July 2017

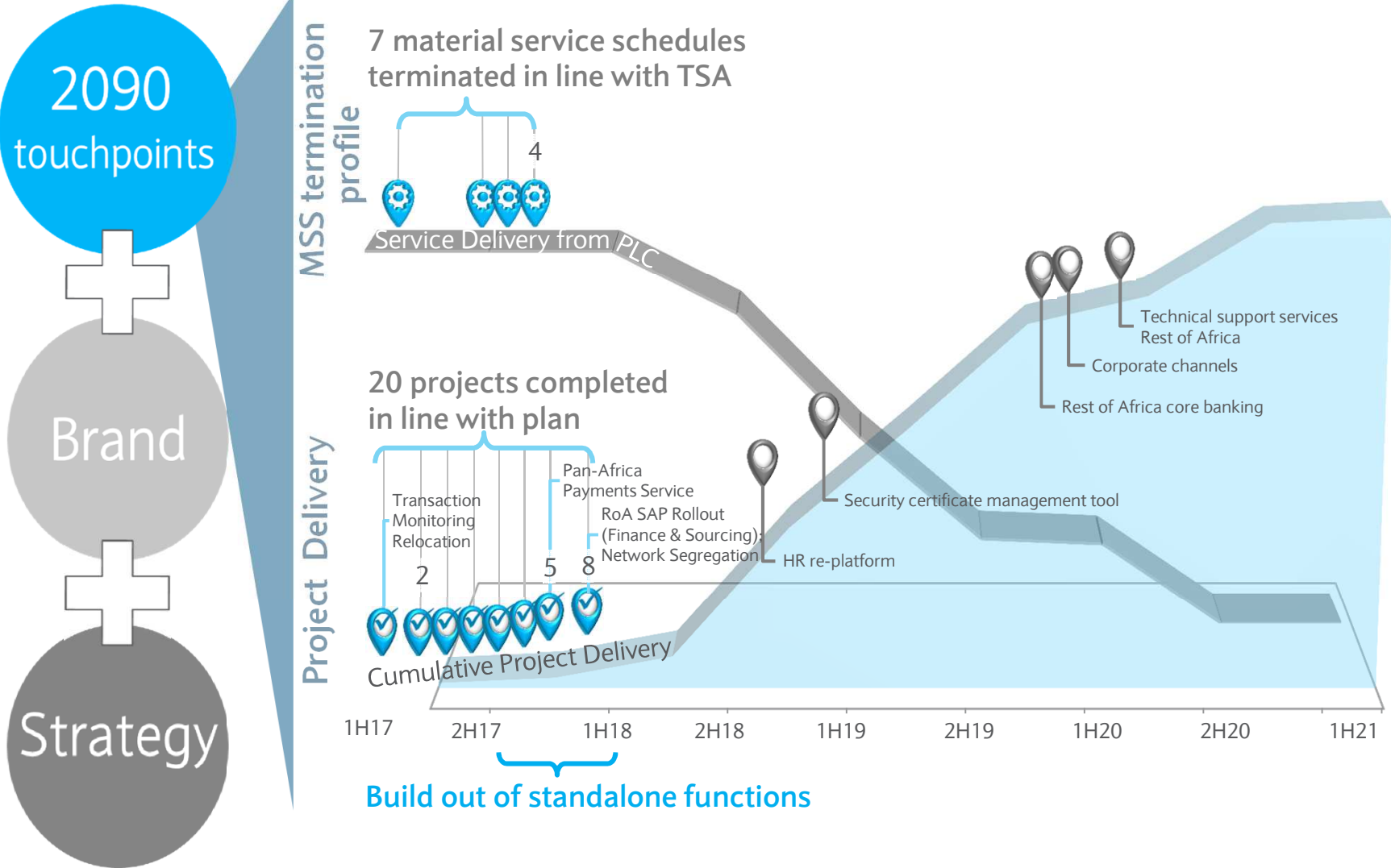
Clear risk management framework



Continuous dialogue with regulators

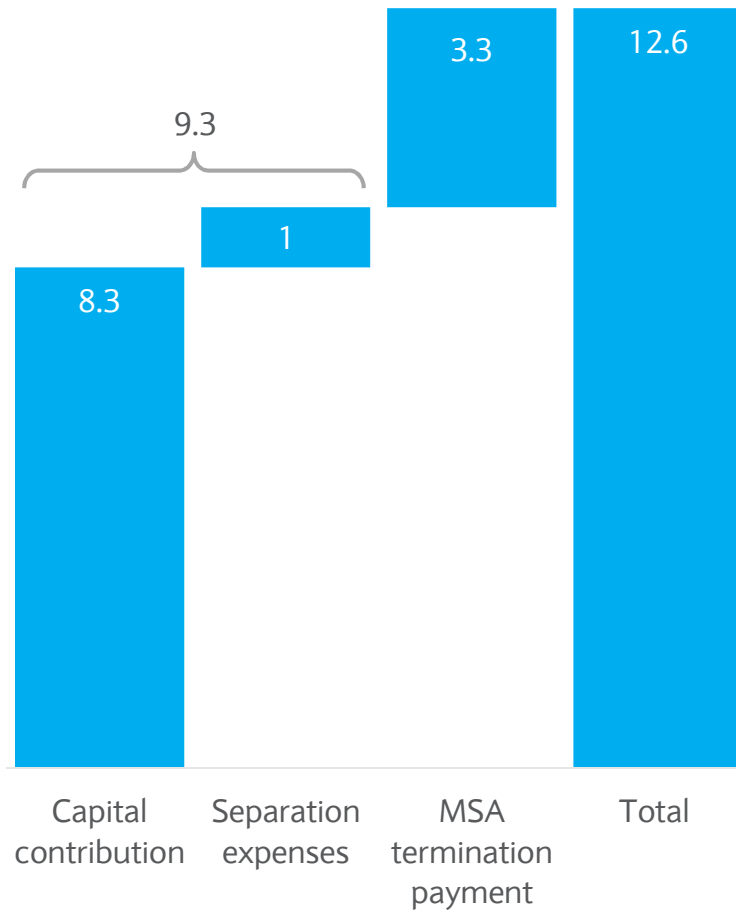


Project delivery matched to PLC service runoff

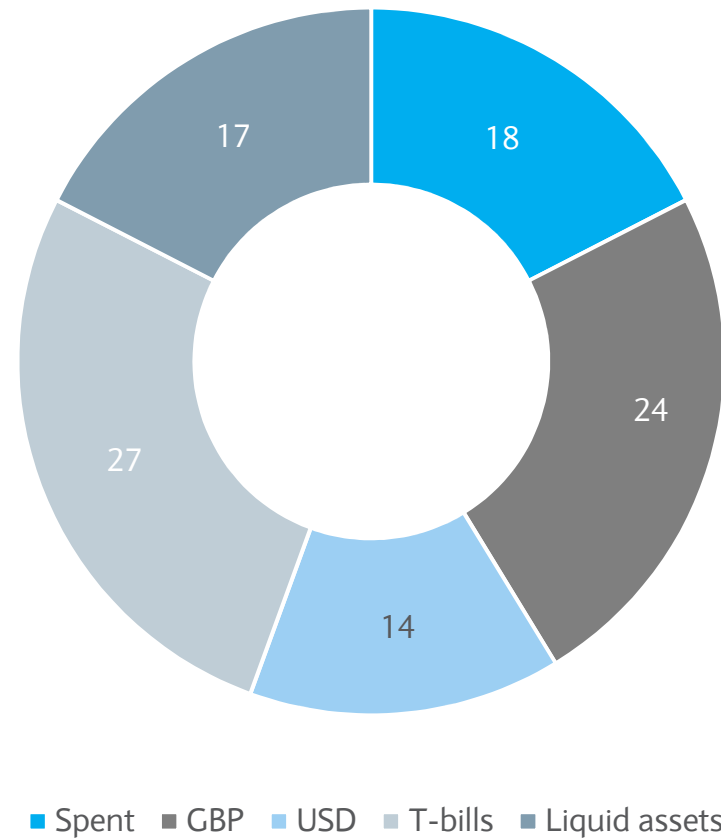


Separation contribution

Separation contribution (Rbn)



Investment to date (%)



Major spend on technology and brand

Spend to date

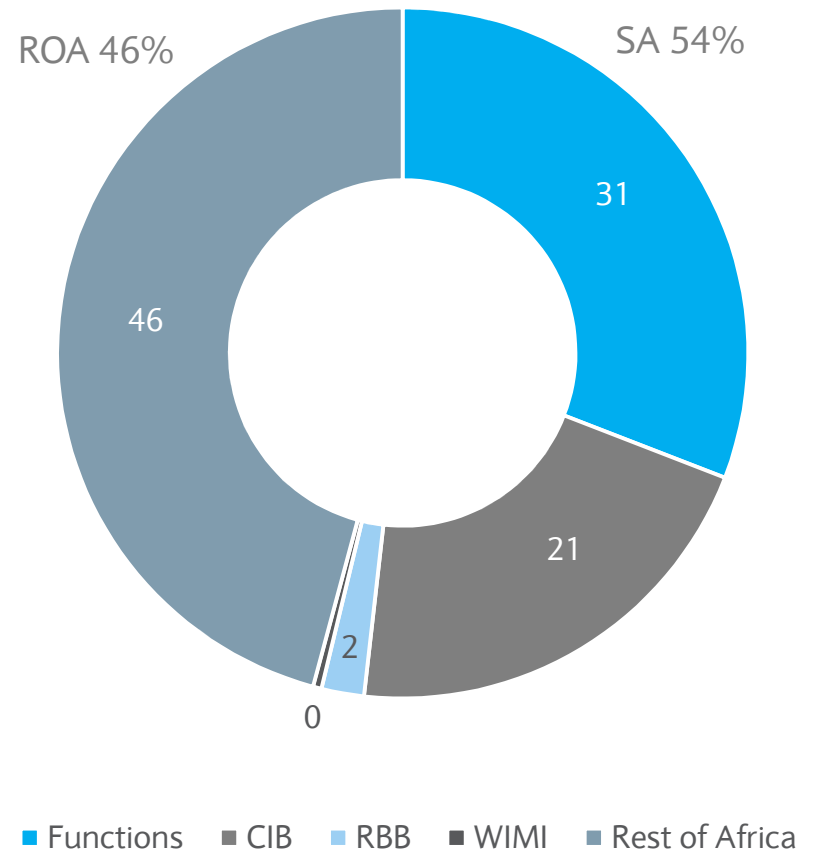
Project execution

- HR re-platform
- Technology infrastructure
- Barclays.net impairment
- Remove 'Member of Barclays' in SA and brand development

Separation support

- Transaction advisory, planning and quality assurance
- Remuneration and retention of resources critical to successful separation

Total expected spend (%)



Separation journey is on track

- Barclays PLC shareholding reduced to 14.9%
- Three key elements – operational separation, brand and strategy
- Robust governance in place
- Maintaining dialogue with regulators
- Project programme well structured
- Sufficient financial and people resources
- Aware of the major risks
- Execution is well underway

Disclaimer

Forward-looking statements

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