Barclays Africa Group Limited

Integrated Report 2014

Becoming the 'Go-To' bank

Our strategic execution is on track and we have made progress towards meeting our targets across the Balanced Scorecard.

Favourable

- R7.7bn paid in dividends; shareholders benefitted from large increase in share price
- Headline earnings up 10%
- Revenue grew 6% as net interest income increased 10%
- Pre-provision profit increased 5% – largest driver of earnings growth
- Rest of Africa headline earnings grew 14%, South Africa rose 9%
- Credit impairments fell 10%
- RBB headline earnings increased 9%
- Corporate and Investment Bank headline earnings grew 16%

Unfavourable

- Modest 2% non-interest income growth
- Cost-to-income ratio increased to 56.8% from 56.3%
- RBB Rest of Africa headline earnings fell 19%
- WIMI's headline earnings declined 3%
- While customer service and employee diversity metrics improved, these remain below our targets

Our performance is measured through the Balanced Scorecard

Company

Return on equity (%)
16.7 Target 18 to 20 in 2015

Core Tier 1 equity ratio (%)
11.9 Target 9.5 to 11 in 2016

Cost-to-income ratio (%)
56.8 Target low 50s in 2016

Revenue share from outside South Africa[1] (%)
19.5 Target 20 to 25 in 2016

Conduct

Conduct reputation (YouGov survey)[1]
6.7/10[5] Target 7.6 in 2018

Customer & Client

RBB & WIMI: ranking of Relationship Net Promoter Score® versus peer set[1]
4th Target 1st in 2018

CIB: Compound annual growth rate in client franchise contribution (%)
13[2] Target 11 in 2018

Colleague

Sustained engagement of colleagues' score[3] (%)
73[LA] Target ≥84 in 2018

Women in senior leadership (%)
29.6[LA] Target 35 in 2018

Senior black management [4]%
32.2 Target 60 in 2018

Citizenship

Citizenship plan – number of initiatives on track or ahead (%)
75 Target 100 in 2018

Notes
1 Bi-annual metric
2 2013/2014 growth rate
3 Employee opinion survey
4 South Africa
5 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 – Limited assurance

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About Barclays Africa

As a major African financial service 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 global expertise, we have a strong platform to capture the growth opportunity in Africa.

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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 'Go-To' bank in Africa.

Our Values define the way we think, work and act across the Group …

Respect	Integrity	Service	Excellence	Stewardship

We leverage our competitive advantage in our One Africa strategy…

We are uniquely positioned as a fully global, fully regional and fully local bank 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 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 and our ability to leverage the assets and expertise of the wider Barclays group. 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 trading conditions and future opportunities.

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We have clear short-term execution areas which are underpinned by an extensive IT and customer investment programme…

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

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 'Go-To' bank.	Our value proposition including our products and services, accessibility through our physical and digital channels the quality of our IT infrastructure, service excellence as well as trust and safety of money, information and personal safety.	Page 24
Colleague We create an environment where employees can fulfil their potential.	Attracting and retaining talent, increasing our succession coverage, employee engagement, diversity and inclusion, skills development, performance and reward as well as health and wellness (including financial health).	Page 27
Citizenship We have a positive impact on the communities in which we operate.	Managing our citizenship commitments across employee conduct, stakeholder management, environmental and social impacts, access to financial services, helping businesses start up and grow, youth employability and community upliftment.	Page 30
Conduct We act with integrity in everything we do.	Maintaining high ethical standards, responsible lending, Treating Customers Fairly and regulatory change.	Page 34
Company We effectively manage risk and create sustainable returns.	Focusing on sustainable revenue growth within the framework of an appropriate risk appetite and disciplined cost management.	Page 37

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)

Segment performance reviews Page 58

…guided and supported by our Group functions

These Group functions, from risk and financial management to marketing and communications, are common 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 advantage of synergies.

Our organisational structure Page 10

Our Board provides strong governance and oversight…

Message from our Chairman	Board of directors	Governance review	Remuneration report
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We contribute positively to our shareholders and other stakeholders

Share and shareholder information
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Notice of annual general meeting

In 2014, we created a total value of R56bn up from R51.7bn in 2013. We spent over R7bn on expansion and growth while paying R19.3bn to our employees, R6.5bn to government in taxes and R7.7bn in dividends to our shareholders.

To expansion and growth
7.7 (2013: 2.2)

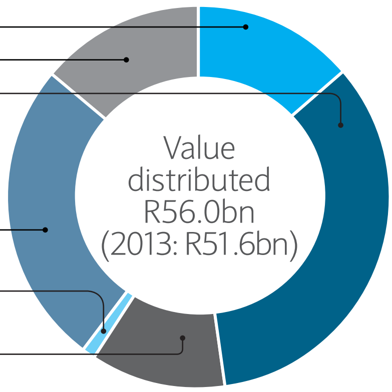
To employees
19.3 (2013: 17.6)

Dividends to shareholders
7.7 (2013: 11.9)

Other operating expenditure
14.7 (2013: 13.6)

To communities
0.2 (2013: 0.1)

To taxes
6.5 (2013: 6.3)



Reporting suite

The following reports and fact sheets are available at barclaysafrica.com

- Notice of annual general meeting
- Annual financial statements
- Risk management report
- Financial results booklet
- Citizenship fact sheet
- Environmental fact sheet
- Broad-based black economic empowerment (BBBEE) (South Africa) fact sheet
- Global Reporting Initiative (GRI) index
- Stakeholder fact sheet
- King III fact sheet

Shareholder communications	
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Key dates	
Annual general meeting	19 May 2015
Interim results announcement	29 July 2015
Financial year-end	31 December 2015

Dividend	Payment date
Final	20 April 2015
Interim[1]	15 September 2015

[1] Subject to change

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Negative decrease
Remains the same
Positive increase
Positive decrease
Increase/decrease

Scope, boundaries and reporting standards

This report is available to shareholders and other stakeholders both in print and online at barclaysafrica.com

The full reporting suite is on page 1

Barclays Africa Group's Integrated Report is our primary report and is supplemented with additional online disclosures for our stakeholders. These include consolidated and separate financial statements, a risk management report and special interest fact sheets such as citizenship, environment, King III and broad-based black economic empowerment.

The reporting period is 1 January to 31 December 2014 unless otherwise specified. Refer to note 49.3 of the consolidated and separate financial statements for a list of the Group's material subsidiaries and consolidated structured entities. Any restatements are noted. While we endeavour to include all our African countries in our disclosures, where data is not available for select non-financial indicators at this stage, our disclosures focus on the South African operations which generate the majority of the Group's earnings. While we have management responsibility for Barclays Bank PLC operations in Egypt and Zimbabwe, unless specified, these do not form part of our disclosures.

As a company incorporated in South Africa and listed on the Johannesburg Stock Echange (JSE), our primary focus is on South African regulatory reporting requirements. These include the South African Companies Act, No 71 of 2008, the Banks Act, No 94 of 1990, the JSE Limited Listings Requirements and the King Code of Governance for South Africa 2009 (King III). This report has been developed taking the International Integrated Reporting Council's <IR> Framework into account. In addition, there are a number of other reporting frameworks such as the Global Reporting Initiative's (GRI) G4 guidelines which are considered in our disclosures. We provide an online GRI index as a resource for stakeholders seeking targeted sustainability related information.

	2014 Integrated Report	Annual financial statements and risk management report	Supplementary information
Contents	Refer to the table of contents on the performance summary page	The consolidated and separate financial statements of the Group for 2014, including the directors' report, external audit report and the report from our Group Audit and Compliance Committee	Fact sheets: • Citizenship • Environmental • BBBEE (South Africa) • Stakeholder • King III • GRI index
Assurance	• Internal controls • Group compliance • Internal audit • Management assurance • External audit opinion on financial information and external assurance conclusion on selected indicators • Governance oversight by our Board assisted by our Disclosure Committee (a sub-committee of our Group Audit and Compliance Committee (GACC))	• Internal controls • Group compliance • Internal audit • Management assurance • Governance oversight by our Board assisted by our GACC and Risk Management and Control Committees • External audit opinion	• Internal controls • Group compliance • Internal audit • Management assurance • Governance oversight by our Board assisted primarily by our Social and Ethics and Disclosure Committees • External assurance conclusion on selected indicators • BBBEE is independently verified by NERA
Audience	All stakeholder groups	All stakeholder groups, with an emphasis on shareholders and analysts	All stakeholder groups, with an emphasis on environmental and sustainability groups
Key governance and regulatory frameworks	• Companies Act, No 71 of 2008 • JSE Listings Requirements • King III • International Integrated Reporting Council's <IR> Framework	• International Financial Reporting Standards • Companies Act • Banks Act, No 94 of 1990 • JSE Listings Requirements • King III	• King III • International Integrated Reporting Council's <IR> Framework • GRI G4 guidelines

Board approval

This is our fourth integrated report and our second since concluding the transaction to purchase the Barclays operations in Botswana, Ghana, Kenya, Mauritius, Seychelles, Tanzania, Uganda and Zambia. This report communicates how we aim to become the 'Go-To' bank in Africa and realise our Purpose to help people achieve their ambitions in the right way.

The material matters reviewed in this report take into account our operating environment, current performance and stakeholder feedback gathered throughout the year. Our executive management and Board deem these matters to be those that most influence our ability to successfully execute our One Africa strategy and manage the risks we face. We believe this report shows that we are creating sustainable value and prosperity for stakeholders.

The Board, assisted by the Disclosure sub-committee, is ultimately responsible for overseeing the integrity and completeness of the integrated report. The Board has applied their collective mind to the preparation and presentation of this report and it has concluded that it is materially presented in accordance with the International Integrated Reporting Council's <IR> Framework. The Board approved the Group's 2014 Integrated Report on 20 March 2015.

Wendy Lucas-Bull
Group Chairman

Maria Ramos
Chief Executive Officer

Assurance process

In addition to various internal processes ranging from management assurance to internal audit review, the Group contracts a number of independent service providers to assess and assure various aspects of the business operations including elements of external reporting.

Financial audit

PwC and EY have audited the consolidated and separate financial statements of Barclays Africa Group Limited which comprise the statements of financial position as at 31 December 2014. This includes the statements of comprehensive income, changes in equity and cash flows for that reporting period, the notes (comprising a summary of significant accounting policies and other explanatory information) and those sections marked as 'audited' in the remuneration review. It excludes the sections marked as 'unaudited' in notes 51, 58 and 63 to the financial statements.

Independent assurance

PwC and EY have provided limited assurance over selected sustainability information contained in the 2014 Integrated Report in which they express an unmodified conclusion on the selected sustainability information (marked with an [LA]). This information is set out in the Balanced Scorecard section of this report.

The complete assurance statement including the scope of work and conclusions can be found at barclaysafrica.com

Broad-based black economic empowerment verification

In line with the requirements of the Department of Trade and Industry's (dti) Codes of Good Practice, our broad-based black economic empowerment performance for the South African operations of the Group, is independently verified by a registered agency, NERA.

Our BEE certificate can be found at absa.co.za

Forward-looking statements

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 (Barclays Africa). 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 these 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.

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Group overview

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Johannesburg Nelson Mandela bridge

Group overview

Barclays Africa Group Limited is a diversified financial services provider. We offer 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 building a leading financial services group in our chosen countries in Africa and selected customer and client segments.

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 'Go-To' bank in Africa.

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

Respect	Integrity	Service	Excellence	Stewardship

To reinforce the importance of living our Values every day, the performance of our business and employees are evaluated against both our objectives ('what') and our Values ('how').

Our One Africa strategy

Our growth strategy is based on a unique competitive advantage – we are an African bank that is fully global, fully regional and fully local.

We continue on our journey to distinguish ourselves from …

Local and regional banks through our access to global technologies and products and ability to connect our customers and clients seamlessly to global markets

Global banks by operating a bank with deep African insights from our local operations

By focusing on …

Our Retail and Business Banking turnaround
Regain our leading market position in South Africa and drive the build-out across the continent, in particular: improve service offerings and customer experience; extend appropriate levels of credit; introduce innovative products and improve access.

Investing in Corporate Banking growth
Invest in our people and systems to allow us to develop our expertise and product portfolio, in particular: foreign exchange, corporate debt, trade finance and cash management services.

Growing Wealth, Investment Management and Insurance
Realise the synergies from the combined Wealth, Investment Management and Insurance business and to build on this platform to expand into new African markets.

Developing and investing in talent and our people
Deliver on our diversity agenda across the Group to make Barclays Africa a Pan-African employer of choice and develop and invest in our employees to enhance the leadership skills across the Group.

Delivering on our medium-term targets…

- A return on equity in the range of 18%–20%
- Top three 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 planning for the bank of the future…

Beyond our strategy and medium-term goals, we recognise that with the pace of change, the environment in which we operate will look very different in the future.

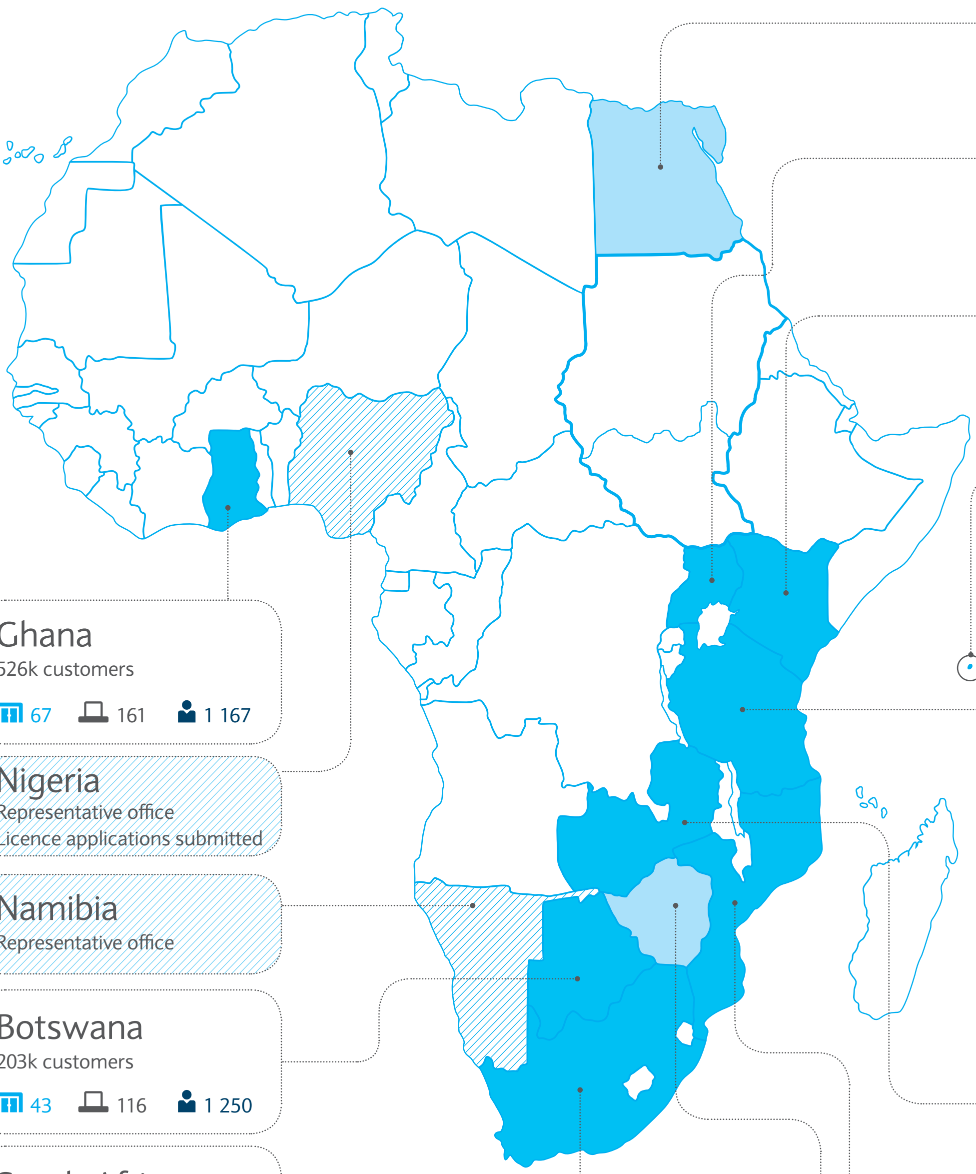
We dedicate effort to shaping our strategy for building the future 'Go-To' bank.

2014 → 2015 – 2016 →

Our presence

With our long-standing local presence and our regional and global expertise, we have a strong platform to capture the growth opportunity in Africa.

12m	1 267	10 643	12	43 765[1]
customers	branches	ATMs	countries	employees



Egypt
Managed

Uganda
136k customers

Branches 42 | ATMs 68 | Employees 896

Kenya
769k customers

Branches 125 | ATMs 239 | Employees 2 803

Seychelles
17k customers

Branches 7 | ATMs 16 | Employees 194

Tanzania BBT
68k customers

Branches 25 | ATMs 46 | Employees 491

Tanzania NBC
493k customers

Branches 52 | ATMs 246 | Employees 1 332

Mauritius
96k customers

Branches 25 | ATMs 42 | Employees 823

Zambia
242k customers

Branches 48 | ATMs 135 | Employees 1 058

Mozambique
246k customers

Branches 44 | ATMs 107 | Employees 1 034

Zimbabwe
Managed

Ghana
526k customers

Branches 67 | ATMs 161 | Employees 1 167

Nigeria
Representative office

Licence applications submitted

Namibia
Representative office

Botswana
203k customers

Branches 43 | ATMs 116 | Employees 1 250

South Africa
9.2 million customers

Branches 789 | ATMs 9 467 | Employees 32 717[2]

Legend

Branches

ATMs

Employees[1]

Barclays Africa

Barclays Africa representative office

Barclays PLC operations managed by Barclays Africa

Notes

[1] Includes permanent and temporary employees.

[2] Includes Barclays Africa Regional Office employees.

Our business model

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 stocks of capital (see page 14) and our Balanced Scorecard provides us with the framework against which we consider how we transform, increase or decrease these capitals in generating 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 manage cash	Managing shareholder funds Accepting customers' and clients' deposits and raising debt Facilitating payments and investments Providing investment management products and advice	Interest rate Liquidity Operational Conduct	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 clients	Interest expense Fee and commission income Dividends paid
Which in turn allows us to					
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
We also					
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 Other operating income
Provide financial and business support	Providing individual and business advice and investment research and advisory on large corporate deals	Market Operational Conduct		Fee income from advisory services	Fee and commission income
Protect against risks	Providing compensation for a specified loss, damage, illness or death in return for a premium payment	Insurance Operational Conduct	Policyholder liabilities under insurance contracts Reinsurance assets	Insurance premium income Pay out claims for specified losses	Net insurance premium income Net claims and benefits paid on insurance contracts

Our operations benefit from a number of key resources and stakeholder relationships and we actively manage our business activities to use these to optimum effect, always mindful of our impact on the wider societies in which we operate. See page 14 for more on our perspective of the six capitals and how they are incorporated in our Balanced Scorecard.

We provide our customers and clients with a range of solutions

<table>
<tr><th></th><th>Individuals</th><th>Small and medium businesses</th><th>Corporates</th><th>Financial institutions and banks</th><th>Sovereigns and institutions</th></tr>
<tr><td rowspan="5">A safe place to save, invest and manage cash</td><td colspan="5">Current accounts and overdrafts</td></tr>
<tr><td colspan="5">Savings, deposits and investment products</td></tr>
<tr><td colspan="4">Mobile and digital payments</td><td></td></tr>
<tr><td colspan="2">Stock broking and trading services</td><td colspan="3">Access to global financial markets</td></tr>
<tr><td></td><td colspan="4">Cash management, payment systems and international trade services</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 rowspan="2"></td></tr>
<tr><td colspan="3">Asset and lease finance, trade and supplier finance and working capital solutions</td></tr>
<tr><td rowspan="2"></td><td colspan="3">Global capital markets</td></tr>
<tr><td colspan="2">Large corporate and inter-bank lending</td><td></td></tr>
<tr><td rowspan="3">Manage business and financial risks</td><td colspan="5">Foreign exchange rate hedging</td></tr>
<tr><td colspan="4">Fixed-rate loans</td><td></td></tr>
<tr><td colspan="2"></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">Global investment research. Advice on large corporate deals and mergers and acquisitions</td></tr>
<tr><td>Protect against risks</td><td colspan="3">Insurance (life, credit and short-term)</td><td colspan="2"></td></tr>
</table>

Executing our business model in an integrated manner

Group functions, from risk and financial management to 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 take advantage of synergies and scale.

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

Refer to page 70 for the profiles of our Board members.

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

Refer to page 22 for the profiles of our executive committee.

	Retail and Business Banking Craig Bond	Corporate and Investment Bank Stephen van Coller	Wealth, Investment Management and Insurance Willie Lategan/ Nomkhita Nqweni	Managed by	Governed by
Human Resources				Sarah Louw	GRHRC, SEC
Group Finance				David Hodnett	GACC, BFC
Group Risk				Anil Hinduja	GRCMC, CoRC
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

Board committees
DAC – Directors' Affairs Committee
GACC – Group Audit and Compliance Committee
GRCMC – Group Risk and Capital Management 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

Material matters

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Our material matters

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.

The diagram below depicts the ongoing and often complex process of determining which matters we believe materially impact our ability to create value.

1. Identify and assess

Multiple issues are brought to light either directly by stakeholders (such as regulatory change and customer insights through day-to-day engagement), through independent research or through internal scans of the operating environment.

We continued to monitor our external environment for trends, signalling opportunities and risks that could have an impact on our growth ambitions.

These are considered against a matrix of stakeholder influence and the expected impact on Barclays Africa.

Our stakeholders Page 13
Reflecting on the six capitals Page 14
Our operating environment Page 15

2. Prioritise

Using the lens of our Balanced Scorecard, we consider the matters within the context of:

- our Purpose to help people achieve their ambitions in the right way;
- our Goal to be the 'Go-To' bank in Africa;
- expected behaviours as informed by the Barclays Way and our Values;
- our operating environment including global, regional and local challenges and priorities;
- our strategy and business model; and
- our risk and capital management framework.

We must be mindful of the opportunities and trade-offs arising from our chosen responses.

3. Respond and monitor

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

Managing the matters which are material to our sustainability Page 16.

Value creation and our material matters

We believe our ability to create value is directly linked to our material matters.

In effectively responding to economic, social, environmental and governance matters which our stakeholders believe influence our long-term sustainability, we ensure that we deliver our obligations to shareholders while responding to our stakeholders' needs. As articulated in our business model, we help to create, grow and protect wealth for individuals, corporates, countries and wider society. We do this by providing essential banking services, wealth and investment management and insurance across the continent. As a financial services provider, we are in a unique position to create value across a wide spectrum and in fact are called on by our stakeholders to play a role in meeting society's needs.

Stakeholders

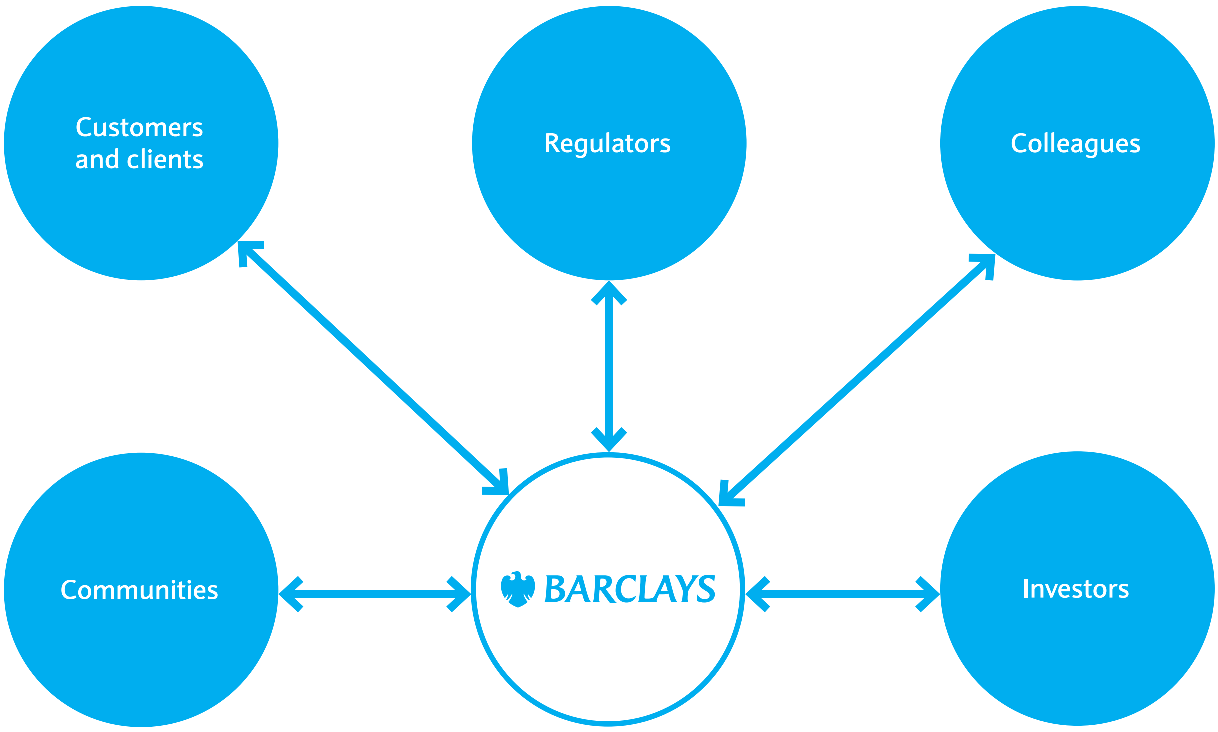
We proactively engage with local, regional and global stakeholders including governments, global development organisations, the private sector, civil society, shareholders and our employees. The outcomes of these engagements inform strategic priorities and key deliverables. The input and challenges raised by these key stakeholders are important in shaping and validating our strategy and our business conduct within the markets in which we operate.

We launched a clear framework (the Barclays Lens) to ensure that we move beyond legal, regulatory and compliance concerns to consider broader societal impacts and opportunities.

To deliver sustainable performance, we must balance the needs of the stakeholders over the short and long term. Through our Balanced Scorecard, we have a framework for taking a more holistic and considered approach in delivering shareholder returns while responding to our stakeholders' needs. We have designated five 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.

See our stakeholder fact sheet at barclaysafrica.com for more information relating to our stakeholder engagement.



Reflecting on the six capitals

Our operations benefit from a number of key resources and stakeholder relationships and we actively manage our business activities to optimum effect, always mindful of our impact on the communities in which we operate. We measure our progress through our Balanced Scorecard.

Through the execution of our business activities and the generation of our products and services we increase, decrease or transform the six capitals as defined in the International Integrated Reporting Council's <IR> Framework. The impact of some activities on these stocks of capital are easy to identify, quantify, manage and measure, for example, contributing to the development of our employees' skills increases our human capital; however, it reduces our financial capital through the training expenses incurred. Others are far more complex, involving multiple components of capital, with multifaceted combinations of interaction that require an active process for considering and managing trade-offs.

The table below provides a view of the six capitals and how they are applied to our business model.

Capitals	Financial	Human	Intellectual	Manufactured	Natural	Social and relationship
Balanced Scorecard component	• Capital and liquidity management capabilities • Credit rating strength • Access to financial services for underbanked and small and medium enterprises • Access to capital markets • Creating shareholder value • Contributing to taxes	• Our employees, their competencies and skills • Effective leadership • Company culture to help people achieve their ambitions in the right way • Investment in learning and development	• Application of current technologies • Development of new technologies • Specialised financial skills and expertise • Brand reputation	• Our branches and call centres for customer service • Data centres and support function premises • Equipment and technology resources that enable service delivery	• Energy needs (including electricity, renewable energy, gas and diesel) and paper consumption are the most significant • Water consumption • Our environment and social lending practices	• Dialogue and interaction with stakeholders • Management of socio-environmental risk and opportunities through our lending, investing and procurement practices • Social responsibility including community investments, access to financial services and financial education
Customer & Client			▨		▨	▨
Colleague		▨	▨		▨	
Citizenship	▨	▨	▨	▨	▨	▨
Conduct		▨	▨			
Company	▨		▨	▨	▨	▨

See our Balanced Scorecard reviews, pages 24 – 37 for more on how our activities use and affect these capitals.

Our operating environment

We must be responsive to the market and the risks and opportunities we face. We continue to monitor and assess the impacts of global, regional and local change and we have grouped these into the most pressing areas of focus.

Economic growth

Global growth recovered steadily supported by developed market economies, particularly the US, while emerging market growth slowed. As a result, central banks generally maintained their accommodative monetary policy stance. South Africa's economic growth moderated to 1.5% in 2014 from 2.2%, given subdued demand from key trading partners, protracted industrial action in some sectors and electricity supply constraints. Household consumption growth slowed further. Consumer appetite for credit waned and credit extension to households fell to 3.4% from 8.3%. The South African rand depreciated over the year, reaching a low of R11.76:USD1 in December 2014 after starting the year at R10.48. Growth in the Barclays Africa markets outside South Africa moderated to an estimated 3.5%, given a more adverse external environment. In spite of resilient economic growth in several of these countries, fiscal pressures continued to build in a number of markets and rating agencies reacted with a mix of outlook or rating downgrades.

Regulatory change

As global and local regulators continue to respond to the issues that emerged during the financial crisis, it is clear that the landscape has irrevocably altered. While these changes place additional requirements on the Group, we support the efforts to ensure the financial services sector is stable, that the operating environment is safe and fair and that systemic risk is minimised. We continue to be proactive in addressing regulatory change such as capital adequacy, conduct and customer issues. We implement these changes across our operations and at times this means we are ahead of the anticipated change in certain jurisdictions.

Trust and conduct

We are committed to operating with integrity, treating our customers fairly and contributing to the fight against financial and cyber crime. In addition to our Values, there are laws, regulations and codes which further define expectations in terms of how we conduct our business. There are a number of current and forthcoming regulations which continue to drive consumer protection and ethical behaviour in the financial services industry which we believe supports our aim to act with integrity in everything we do.

Technology and expectations

Technology is transformative and has raised the expectations of customers and clients in all services and sectors. Keeping pace with shifts in customer behaviour and technological developments requires investment, however greater use of technology can reduce the cost-to-serve through automation and innovation while simultaneously making customer experiences faster, more personalised, lower risk and more consistent.

Combined impact

The revenue impact of macro-economic headwinds, however prolonged, is cyclical while technology investment has a negative short-term effect but enhances our long-term competitiveness. The impact of regulatory change, however, is a more permanent shift. These factors, combined with the strong competition from traditional and new players, continue to present a challenge in meeting our market commitments.

Managing matters which are material to our sustainability

The table below depicts our material matters within the context of our Balanced Scorecard.

Our target outcomes	Key matters raised by stakeholders	Why this is important to us
Customer & Client We aim to be the 'Go-To' bank.	• Improving the ease and convenience of banking • System reliability and the availability to transact on their chosen platform • Raising our level of service • Efficient and timely complaints resolution with suitable communication • Increasing access to credit within the bounds of the customers' and clients' means • Reducing the cost of banking services • Increasing financial inclusion and access to local, regional and global markets • Preventing fraud	If we do not deliver innovative products and services that meet customers' and clients' needs in a convenient and cost-effective manner, we risk losing them to our competitors. Similarly, it is also essential that we manage customer and client complaints efficiently and responsibly and act to eliminate root causes.
Colleague We create an environment where employees can fulfil their potential.	• Putting our Values and behaviours into practice • Recognising and rewarding performance excellence • Embedding transformation throughout the organisation • Improving employee engagement • Communicating consistently across all platforms	We depend on our employees' skills and expertise to deliver our products and services and meet our strategic objectives. It is therefore critical that we attract and retain an engaged and talented workforce.
Citizenship We have a positive impact on the communities in which we operate.	• Providing access to affordable financial services • Bridging the gap between training/education and job creation and between enterprise development, small and medium enterprise funding and business opportunities • Ensuring a consistent community investment strategy and funding commitment • Collaborating with the community investment sector to build knowledge and best practice • Gaining and maintaining access to procurement opportunities • Clarifying how we manage and support smaller/local suppliers	Our Purpose and Values guide our broader conduct and the role we play as a corporate citizen. We must consider the impact of our day-to-day decisions on society and create positive long-term outcomes for all our stakeholders.
Conduct We act with integrity in everything we do.	• Maintaining financial system stability • Developing the regulatory oversight structures for the 'Twin Peaks' framework • Responding to labour focused legislative changes • Supporting affordable housing initiatives • Personal lending environment, including the credit amnesty • Adapting to and influencing changes to legislation/regulations that have a disproportionate impact on business	Doing the right thing, in the right way, is central to long-term sustainability. It enhances our reputation, promotes trust in the financial system more widely and avoids the need for future redress. Focusing on conduct helps us ensure that we provide appropriate products and services.
Company We effectively manage risk and create sustainable returns.	• Planning for an uncertain economic recovery • Accelerating revenue growth • Maintaining adequate credit provisions in a climate of rising interest rates • Managing the portfolio outside South Africa while turning around RBB in South Africa • Ensuring a stable management team • Robust competitive environment	It is essential that we maintain a strong working relationship with our shareholders to ensure we have a shared understanding and vision for our future performance. Not meeting these expectations reduces shareholder confidence.

Material matters	How are we responding
The quality of our value proposition including: • products and services; • accessibility, through our physical and digital channels; • quality of our IT infrastructure; • service excellence; and • trust and safety of customers' and clients' money, information and their personal safety.	We continue to: • simplify our products and services to match our customers' and clients' needs with the right service model; • implement new systems and technologies such as Front Arena, BARX, Barclays.Net, Homeowners app, Features Store and Payment Pebble; • improve digital functionality on our cellphone, online and ATM channels; • simplify customer and client interactions such as customer on-boarding, vehicle financing and loan applications; and • drive service excellence and deal with customer complaints efficiently.
• Attracting and retaining talent • Increasing our succession coverage • Employee engagement • Diversity and inclusion • Skills development • Performance and reward • Health and wellness (including financial health)	• Our Values define how we think, act and behave. The performance of our employees is evaluated against their specific objectives ('what') and our Values ('how'). • We continue to strengthen our leadership team with a number of senior internal promotions. • We launched the Colleague Curriculum alongside the Barclays Leadership Academy, the Pan-Africa Graduate Programme and other development initiatives. • We are driving a comprehensive diversity and inclusion plan.
• Employee conduct • Effective stakeholder management • Managing environmental and social impacts • Access to financial services • Helping businesses start up and grow • Youth employability and community upliftment • Inclusive procurement practices	• We ensure the way we do business reflects broader societal and environmental considerations. • We are contributing to growth through financing and supporting businesses and ensuring our products and services support sustainable progress. • We are helping young people develop their employability and financial skills, as well as starting their own enterprises. • We provide local suppliers with procurement opportunities, for example through our procurement portal.
• Maintaining high ethical standards • Responsible lending • Treating Customers Fairly • Regulatory change	• We implemented a formal, rigorous and transparent framework to effectively identify, assess, manage and report conduct risk. • We are building our capacity to reduce or avoid the impacts of poor conduct on all our stakeholders, including customers and clients, counterparties and markets in general. • We actively participate in industry discussion on regulatory change. • We continue to refine our lending approach to account for changing economic conditions and the regulatory environment.
• Revenue growth • Managing risk, capital and liquidity within an appropriate risk appetite • Disciplined cost management • Fair and transparent executive remuneration practices	• We have committed to clear financial targets. • We are investing over R3bn into growth initiatives. • We are creating an efficient and highly competitive business by investing in smarter systems and better ways of doing business. • We continue to improve our controls and have implemented an updated enterprise risk management framework. • We have revised our remuneration approach to take regulatory and shareholder issues into account.

CEO review

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Nairobi, the capital city of Kenya

Chief Executive Officer's review

Our results for 2014 demonstrate that we are firmly on track in executing our strategy, meeting the objectives we had set out last year and delivering on the strategic priorities for our business. We see great potential to extract more value from our existing franchise across the continent in order to reach our financial commitments.

Maria Ramos
Chief Executive Officer

Introduction

Our financial results for 2014 and the metrics on our Balanced Scorecard demonstrate that we are on track in executing our strategy, meeting the objectives we set out last year and delivering on the strategic priorities for our business. We have increased profitability and our return on equity is the highest since 2008. We still see great potential to extract more value from our existing franchise across the continent in order to reach our financial commitments.

Our ambition is to be the 'Go-To' bank on the continent, growing our businesses by deploying our competitive advantage of being part of a global group with the depth of the local knowledge that comes with over 100 years experience across Africa.

Meeting our commitments

We are making progress towards meeting the four financial commitments we set out last year:

- Our return on equity has increased to 16.7% – our best return since 2008 and is on an upward trajectory to the 18–20% range we are aiming for.
- The share of our revenue from outside South Africa is 19%, already within reach of our target of 20–25%.
- We are currently top three by revenue in two of our five largest markets and have seen strong growth particularly in Ghana and Zambia where revenues have increased by 23% and 11% respectively.
- Our cost-to-income ratio has increased to 56.8%, reflecting the investments we made into the business. We remain on track to reach the low 50s by 2016 with lower cost growth of 5.7% in the second half versus 9% for the first half. Evidence that our cost saving initiatives are taking effect.

We are tracking these commitments as part of the Company category on our Balanced Scorecard. Equally important is the progress we have made towards the goals we set for the other categories – Customer & Client, Colleague, Citizenship and Conduct. In particular, we have improved our Net Promoter Score® ranking in South Africa and the results of YouGov's representative survey indicate that our organisation's conduct is increasingly well perceived.

Further information on our performance across our Balanced Scorecard, including our financial and risk reviews for Company can be found on pages 24 to 37.

The strategic priorities we defined last year are driving these improvements and overall our performance across the major businesses has strengthened my conviction that we are pursuing the right strategy. The turnaround of Retail and Business Banking (RBB) is delivering the desired results in South Africa and we have seen strong growth in both Corporate and Investment Banking (CIB) and our Wealth, Investment Management and Insurance business (WIMI) in the Rest of Africa. The continued embedment of our Values in our organisation has provided the anchor for the execution of our strategy.

Retail and Business Banking

We improved headline earnings in our South African Retail operation by 7%. Critical to our success is the fact that we stemmed customer attrition. We experienced renewed growth in our customer numbers since September 2014, both at an overall level and, importantly, in the core middle market and the retail affluent segments.

This growth was underpinned by a refreshed customer proposition based upon a simplified product range, new innovative digital products and supported by a strong investment in marketing. Key examples include our Features Store, which has been a success with 45 000 customers using this on average every month to customise their current accounts with services relevant to them and new products such as Payment Pebble and our new Homeowners app.

We are also making it fundamentally easier for our customers to do business with us: simplifying processes, optimising our branch network and introducing technology to help customers manage simple transactions themselves and transact online and over their mobile devices. Improving customer service remains at the heart of our RBB strategy and is what drives our investment as we continue to turnaround RBB in South Africa.

We have seen 4% revenue growth from our RBB businesses in the Rest of Africa. As we are accelerating this growth in 2015, much will depend on revitalising the RBB franchise in these countries in the same way we are doing it for South Africa.

Corporate and Investment Bank

CIB grew steadily across the continent with particularly strong growth outside South Africa. Corporate increased Rest of Africa revenues by 21% and Investment Banking by 23%. Headline earnings for these businesses increased by 32% and 51% respectively. Overall, revenues in CIB rose by 10% and headline earnings by 16%.

We rolled out critical customer systems like our multi-asset electronic trading platform, BARX and the Front Arena online dealing platform which are now operational in the large majority of our operations. We are deploying our integrated payments platform Barclays.Net in Kenya and Uganda – in addition to the successful launch in South Africa.

This demonstrates our ability to take the best of our global expertise, combine it with our regional presence and local knowledge to create a competitive advantage that we can leverage for our customers and clients.

Wealth, Investment Management and Insurance

We have continued to restructure our WIMI business in South Africa, completing the integration of the Wealth and Investment Management businesses which now have R259bn in assets under management. We also improved the quality of our insurance business in South Africa, addressing the volatility and low margins in short-term insurance and exiting non-core components of our business.

WIMI Rest of Africa has seen strong growth, with revenues and headline earnings increasing by 36% as our businesses in Mozambique, Botswana and Zambia continued to expand. Our Kenyan business is ready to be launched once our licence is confirmed.

Citizenship

We have wider commitments as a corporate citizen to a broad range of stakeholders. We believe in making a contribution to society beyond our financial performance, doing so in such a way that it builds sustainability for us and grows the economies which we serve. We are actively involved in broadening access to financial services and empowering individuals and small businesses to fulfil their potential economically.

Our community investment programme is focused on supporting disadvantaged youth to gain access to the world of work. We invested over R150m in 2014 and working with a number of different community partners, reached 460 000 young people, equipping them with the skills and experience to improve their employability. We continue to support humanitarian appeals, committing USD500 000 to the United Nations Ebola fund.

We also have a responsibility to foster the entrepreneurs of tomorrow. Our Enterprise Development Centres help new start-ups and develop small businesses across the country, supporting over 42 000 small and medium enterprises with workshops and training last year. Our procurement portal provided R2bn worth of tender opportunities to about 30 000 small companies every month.

Investing now and for our future

These achievements were supported by more than R3bn of targeted investments into our businesses: enhancing and stabilising our IT infrastructure; creating new customer and client experiences, as with our continuing programme to revamp branches in South Africa; and launching new technologies and products like our Homeowners app, Features Store or Barclays.Net.

However, with revenue growth of 6% it is clear that we could be making more of the Group's assets and growth potential. We see great upside in extracting more value from our existing portfolio and in 2015 we will keep improving our business in South Africa, picking up the pace on turning around the RBB franchise and we will continue to drive growth in CIB and WIMI.

As we accelerate the momentum we created in South Africa, we will pay even more attention to growth in the Rest of Africa. We believe there is the potential to grow revenue beyond the current 9%, particularly with our presence in high growth markets across the continent. This additional growth will be underpinned by the turnaround of our RBB franchise in Rest of Africa, by the development of our bancassurance operation and by the continued growth of our Corporate business where our global reach gives us a distinct competitive advantage. We plan to invest R1bn in our operations in the Rest of Africa to achieve this.

In addition, we will continue to explore other opportunities where we can support our existing customers and clients. Nigeria is one such opportunity where we have commenced the application process for the licences which will enable us to build a domestic presence for our Corporate and Investment Bank business.

In addition to extracting more value from our existing portfolio, we are also looking at emerging trends that are moulding our industry and starting to shape our strategy for the future 'Go-To' bank. For example, we took a significant stake in a peer-to-peer lender with a robust and scalable platform in order to be an active participant in a trend that has the potential to disrupt the retail banking industry.

Our people

We could not have delivered these results and made progress against our execution plan without a high quality leadership team that has been consistent, incredibly focused and highly motivated over the last few years. I am grateful to them and to all our employees for their continued commitment and energy in making us the 'Go-To' bank.

Our ambition is to be the destination of choice for the best talent on our continent and we continue to invest in our employees, improve the diversity of our work force and develop the quality of our people. Our graduate programme for example continues to attract fresh talent into the bank and we invested more than R1.8bn in training and development.

In conclusion

Our organisation is in a strong position. We have a strategy that is working and are delivering against our objectives across the business. We have built a solid foundation but there is still a great deal of potential for us to extract value from the portfolio we have in Barclays Africa. 2015 will be a year where we will focus on picking up the pace in the execution of our strategy both in terms of improving our South African business and driving growth in the Rest of Africa. We recognise that there are socio-economic and political headwinds in the short term which will affect our customers and clients. However, the fundamental long-term growth prospects in Africa remain strong and support our growth ambitions; the opportunities which we see every day on the ground feed this conviction.

As we further enhance our franchise in Africa, the acquisition of the Barclays Africa businesses is proving its worth. These businesses create the opportunity for us to expand in markets that will continue to grow strongly in the future. They open up the path for us to meet our financial commitments and create sustainable returns and fundamental value for all our stakeholders.

Executive management

For detailed biographies of our executive members go to barclaysafrica.com/barclaysafrica/About-Us/Board-and-Management/Management

1. Maria Ramos (55)
Chief Executive Officer
Appointed: 2009
Qualifications: Institute of Bankers' Diploma; BCom (Hons); MSc (Economics)
Expertise: finance; economics; business management

2. David Hodnett (45)
Deputy Chief Executive Officer and Financial Director
Appointed: 2008
Qualifications: BCom; CA(SA); MBA
Expertise: finance; risk management; financial services

3. Anil Hinduja (51)
Chief Risk Officer
Appointed: 2013
Qualifications: MBA; Undergraduate Degree in Business
Expertise: finance; operations; sales and distribution; business and risk management

4. Bobby Malabie (54)
Group Executive: Marketing and Corporate Relations
Appointed: 2010
Qualifications: BCom (Accounting); MBA; MDP
Expertise: business, marketing and communications strategy

5. Charles Russon (48)
Chief Operating Officer
Appointed: 2014
Qualifications: CA(SA)
Expertise: finance; operations

6. Charles Wheeler (50)
General Counsel
Appointed: 2013
Qualifications: BA; LLB; HDip (Tax)
Expertise: legal and litigation

7. Sarah Louw (49)
Chief Executive: Human Resources
Appointed: 2013
Qualifications: HDip (Labour Relations); Dip (Personnel Management) (IPM)
Expertise: human resources; labour relations

8. Yasmin Masithela (41)
Head of Compliance
Appointed: 2014
Qualifications: LLB (UCT); Higher Diploma, Company Law (Wits); Masters in Tax Law (Wits)
Expertise: legal; compliance and strategy

9. Craig Bond (53)
Chief Executive: Retail and Business Banking
Appointed: 2013
Qualifications: BCom; LLB; HDip Tax; SEP
Expertise: personal and private banking; international retail and business banking; tourism management

10. Nomkhita Nqweni (40)
Chief Executive: Wealth and Investment Management
Appointed: 2011
Qualifications: BSc; Post Graduate Diploma (Investment Management)
Expertise: investment management

11. Stephen van Coller (48)
Chief Executive: Corporate and Investment Banking
Appointed: 2009
Qualifications: BCom (Hons); HDip (Acc); CA(SA); CMA (UK)
Expertise: accounting; investment banking

12. Willie Lategan (46)
Chief Executive: Wealth, Investment Management and Insurance
Appointed: 2007
Qualifications: Management BCom (Hons); FASSA; AMP
Expertise: actuarial science; insurance operations

Balanced Scorecard reviews

Contents

Customer & Client

We aim to be the 'Go-To' bank.

This section should be read in conjunction with the segment reviews from page 58 as well as our Citizenship and Conduct reviews on pages 30 and 34

Commitment update

2013 commitments	Progress in 2014	Priorities for 2015
Continue to transform our branches, including introducing paperless processes. Invest further in our digital capabilities, shifting sales and servicing to more efficient and convenient online and mobile channels. Three-year investment of R1.5bn to reshape our network (launched in 2013).	We are streamlining brick-and-mortar branches, improving digital functionality on our cellphone, online and ATM channels including rolling out intelligent ATMs across our operations; simplifying customer and client interactions such as customer on-boarding; and have introduced paperless banking in four operations outside South Africa and automated vehicle financing and loan applications in South Africa.	Complete the launch of our multi-channel programme across our operations. Applying learnings from South Africa and rolling out successful tools in operations outside South Africa.
Launch new technologies and systems such as the Barclays.Net and BARX.	Continued the roll-out of Front Arena, BARX and Barclays.Net, and launched new product solutions such as the Homeowners app and Features Store.	Complete the roll-out of key platforms such as Barclays.Net. Continue increasing relevant digital functionality and new innovations. Focus on resiliance including programmes to modernise our data centre and network infrastructure.
Implement and expand our 'voice-of-customer' research strategy with more dedicated customer insights investigation to gain deeper understanding of our customers' and clients' needs and experiences.	Expanded our customer and client research measurement and standardised methodology across our operations. Implemented proposition changes informed by a more comprehensive view of customer and client needs, expectations and perceptions, for example, the simplified Business Banking transactional offering in South Africa.	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 cause of customer dissatisfaction.

Key indicators

	2012	2013	2014	YoY trend
Total number of banking customers (million)				
• South Africa[1]	10.2[LA]	9.4[LA]	**9.2[LA]**	▼
• Rest of Africa	2.1	2.6	**2.8**	▲
Number of branches	1 357	1 314	**1 267**	▼
Number of ATMs	10 728	10 780	**10 643**	▼
Net Promoter Score®[2] (%)	n/a	n/a	**19.5[LA]**	First year of Group measurement
• South Africa	12.0	12.0[LA]	**19.0**	▲
• Rest of Africa	35.0	20.0	**21.0**	▲
Complaints per 1 000 accounts[3]				
• South Africa	0.78	0.61[LA]	**0.53[LA]**	▼
• Rest of Africa	0.51	1.42	**1.52**	▲
Number of banking ombudsman complaints (opened/closed)[4]	1 378/1 220	981/897[LA]	**524/614[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 is defined as the percentage difference between the promoters and detractors based on the likelihood to recommend the Group to friends and family. For 2013, the NPS was an average for the year. For 2014, it is the quarter 4 score which reflects 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 Africa Banking Ombudsman for the period 1 January to 31 December 2014.
[LA] Limited assurance.

Products, services and accessibility

Our customers and clients are at the heart of everything we do and every investment decision we make. Our focus has been on improving customer experience by simplifying processes, reshaping our branch network and investing heavily in our digital products. Our services must be consistently available through the channels preferred by each customer and delivered in a secure and safe physical, mobile and online environment. In a world of changing customer behaviour and increasing competition, it is essential that we deliver appropriate solutions at the right cost.

Products and propositions

In 2014, we:

- launched Payment Pebble in South Africa for mobile payment acceptances; Features Store, which allows customers to choose the benefits that suit their needs; and Homeowners app, which provides customers with access to one of the largest property listing databases in South Africa;
- rolled out 'paperless banking' to Botswana, Kenya, Tanzania and Zambia and implemented digital remote account opening which reduced handling time from 24 hours to 20 minutes in selected markets;
- launched many first-to-market products including Group Savings Account (Zidisha) in Kenya, Unfixed Deposits in Botswana and Zambia, Salary Retrenchment Cover and Portfolio Insurance for Personal Loans and Family Springboard home loans;
- enhanced our Wealth and Investment Management integration to strengthen links between the wealth and private clients businesses; and
- restructured our Corporate and Investment Bank from a product-led to a client-centric approach where we identify clients' needs and provide an appropriate solution or product set.

Channels

Our ability to support customers and clients hinges on our ability to reach them through the channels most convenient and useful to them. Underpinned by a R1.5bn investment, we continued with our multi-channel programme which included the reshaping of our network to more closely reflect market opportunities and our customer base.

Internet banking is now available in all markets and we have intelligent ATMs in five markets including cash acceptance, bill payments and CashSend capabilities. Strengthening and extending our online and mobile service continues to be a priority.

We also implemented systems and infrastructure for corporate and business clients, such as Front Arena – an electronic trading platform – in 11 countries; BARX – our foreign exchange platform – in nine countries and Barclays.Net – our online banking channel – which was deployed In Kenya and Uganda in addition to the successful launch in South Africa. Further expansion is planned.

We provide access via 1 267 branches and 10 643 ATMs across our operations. While these numbers have decreased slightly, in line with our multi-channel strategy, our customers and clients are able to access our products and services through our online and mobile platforms. Our partnerships with various retailers is another way we serve our customers.

Quality of our IT infrastructure

We are investing to improve our digital channels and use innovation to improve customer and client experience and internal efficiencies while improving our existing infrastructure. This is done to ensure that we continue to make our customers' and clients' lives easier, provide them with a state of the art banking and insurance experience and ensure our end-to-end operating processes are efficient.

In 2014, we invested almost R2bn in our infrastructure and applications to ensure we provide our customers and clients with high levels of service availability (2014: 99.14%).

The impact of service disruption on our customers and clients is actively measured and our investment is appropriately directed towards areas where there is the greatest impact. Our resilience programme is a priority for us in order to improve levels of availability and includes programmes to modernise our data centre and network infrastructure over 2014 and 2015.

Customer satisfaction

Customer service is central to our strategy and is equally critical to retaining existing and acquiring new customers and clients. In measuring our service levels, we monitor a number of metrics including Net Promoter Score (NPS)®, complaints per 1 000 accounts and the number of complaints escalated to external ombuds.

Our NPS® in South Africa improved to 19% (2013: 12%[LA]) while Rest of Africa achieved an average NPS® of 21% (2013: 20%). As we focus on being the best in service delivery, we have set an ambitious target requiring that we improve our Group NPS® (weighted 75% to South Africa) from the 2014 score of 19.5% [LA] to 44% by 2018.

In 2014, we received 119 353 complaints in South Africa (down 16%) and 76 539 complaints in Rest of Africa (up 8%). Complaints per 1 000 accounts in South Africa was down to 0.53[LA] from 0.61[LA]. Of these, we resolved an average of 41.8% at first point of contact (down from 49.7%) and 53.9% of escalated complaints within 48 hours (down from 64.3%). These decreases can be attributed to increasing complexity of complaints.

In South Africa, the number of South African Banking Ombudsman complaints received in 2014 was considerably lower when compared to previous years – down to 524[LA] complaints opened (from a high of 1 378 in 2012) and 614[LA] closed (from a high of 1 220 in 2012). The success can be attributed to dealing with root causes and the escalation-prevention methods applied by our specialist team in Group Customer Care.

Efficiency enhancements across RBB have been focused on supporting our ambition to be the 'Go-To' bank and in terms of overall fairness in process and outcome. Our Wealth, Investment Management and Insurance business, a partner to our banking businesses, has begun aligning efforts and resources to the minimum complaint handling standards of our RBB operations.

While we are making progress across many of our customer service metrics, we are behind our internal targets and we will continue to identify and resolve the underlying root cause of customer dissatisfaction. We recognise that a great deal of work remains to be done to establish ourselves among the best in the world.

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' 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.

Plastic fraud is the main contributor to fraud losses, amounting to 80% of total losses and South Africa contributed 90% of total losses. Cyber and digital fraud attempts are increasing and we expect this trend to continue. Our Falcon strategic transaction profiling system is strengthening our controls against digital fraud and thus protecting our customers and clients as well as the Group. Awareness remains a primary defence, and we continue to educate our customers and clients about the risks they face.

Violent crime is contained to some extent in the financial industry, however we remain vigilant. While there are extensive external factors outside our control, the industry's collective physical security mitigation strategy is focused on those aspects that are within our control. We seek to develop and deploy technology that effectively mitigates current and future risks. Load shedding has the potential to significantly impact the security landscape and extensive security contingency planning and the proactive identification of key risk scenarios is key to the Group.

The physical security risk profile of our operations outside South Africa remains challenging with terrorism and violent crime on the increase across the continent. Our long-term strategy of expanding our security technology platforms in lieu of traditional guarding continues to show financial benefits. We provide industry leading career opportunities to employees across the continent, helping them to obtain globally recognised security qualifications and certification.

Colleague

We create an environment where employees can fulfil their potential.

This section should be read in conjunction with the remuneration report on page 76.

Commitment update

2013 commitments	Progress in 2014	Priorities for 2015
Provide a seamless and efficient human resources service with our customers at the heart of what we do.	Implemented a tiered service delivery model consisting of a self-service portal (MyHR) for day-to-day HR tasks for employees and line managers; HR contact centres for additional assistance and advice; and for specialist areas more complex queries such as employee relations, learning and talent and data management.	Further improve our human resources delivery platforms with the focus on enhancing the employees' experience.
Deliver a fit-for-purpose human resources structure and operating model where key resources and leadership teams are deployed on strategic priorities.	We delivered a strategically focused, simple to deal with, competent and capable business partner network.	Embed as 'business as usual' and continue improving the human resource function's capability.
Implement a new talent management approach. Enhance our succession coverage and support leadership development by identifying and developing a pipeline of successors for critical leadership and business roles and fast-track their development.	Potential successors for critical leadership and business roles were identified. These employees were externally assessed for suitability to succeed members of our executive management team. Where appropriate, individual development programmes are in progress.	Rollout 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.
Implement a revised performance and reward approach that supports and incentivises performance and behaviours in the long-term interests of the Group. Amend elements of our remuneration structure.	The performance management approach implemented during 2014 includes an assessment of the 'what' delivered as well as 'how' delivery takes place against our Values. Adjusted the structure of the compensation of our senior leaders to account for the European Union Capital Requirements Directive IV requirements. These changes include the introduction of role based pay and imposition of malus requirements. Continued to standardise our approach to reward across Africa.	Implement a three-year transition plan to achieve a common approach to the rates of deferral of incentives. Monitor performance through performance management process and the Balanced Scorecard outcomes. Reshape the organisation to ensure we are appropriately structured and sized to deliver the One Africa strategy.
Shape our culture by embedding our Purpose, Values and Code of Conduct across the employee lifecycle.	Integrated into all aspects of the employee lifecycle including: recruitment and onboarding; performance management; learning and development; and when an employee leaves the Group.	Improve employee engagement through targeted plans and initiatives across the Group.
Implement an executive-led mentoring programme for high-potential women across the continent.	Launched the Barclays Africa Woman in Leadership Network with support from senior leadership.	Rollout a formal executive-led mentoring programme for women and black employees. This forms part of our revised action plans developed to meet the South African 2017 Codes of Good Practice and 2018 gender transformation targets.

Key indicators

	2012	2013	2014	YoY trend
Total permanent employees[1]	41 372	41 433	40 662[LA]	▼
Total permanent and non-permanent employees[2]	46 161	46 320	43 817[LA]	▼
Permanent employee turnover rate[3] (%)	14.6	11.7[LA]	10.8[LA]	▼
Retention of high-performing employees (%)	89.1	91.7	94.2	▲
Women in senior leadership roles[4] (%)	24.9	26.2	29.6[LA]	▲
Senior black management (%) (South Africa only)	26.93	32.2	32.2	=
Employee opinion survey – Sustained engagement score[5] (%)	66[6]	n/a	73[LA]	2012 results not comparable
Total training spend[7] (Rm) (South Africa only)	606[LA]	932[LA]	1 800[LA]	▲

[1] Excludes Woolworths Financial Services.
[2] Number of employees includes permanent and temporary employees legally employed and paid by Barclays Africa payroll including regular contracts, interns, graduates, specialists and brokers (excluding pension 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. The number excludes Woolworths Financial Services.
[3] Number of terminations as a percentage of average headcount in Africa (excluding Woolworths Financial Services).
[4] Percentage of senior female executives (inclusive of managing director/director) of the total number in that group. This metric includes hiring, attrition, promotion and management of pipeline resignations.
[5] Independent survey administered by Towers Watson. The sustainable engagement metric is expressed as a percentage of favourable responses for nine questions in the EOS, based on the categories – engaged, enable and energise.
[6] Absa Group not restated
[7] Reportable spend on learning and skills programmes learning, leadership and talent programmes as well as associated operational costs, accredited and non-accredited training programmes, bursaries, learnership related costs and learning travel related costs.
[LA] Limited assurance.

Culture and employee engagement

Leadership drives culture, which in turn drives performance and employee engagement, a key measure of organisational health. We believe that an environment where employees are engaged and supported is one where our employees can grow and support business success.

We measure employee engagement through interactive employee opinion surveys and discussion forums. Leadership support, service excellence and change management are key areas of discussion. The 2014 employee opinion survey (EOS) results highlighted key areas to be prioritised to support Barclays Africa to become the 'Go-To' bank in Africa. More than 70% of employees provided insight into how motivated, enabled and energised they are to deliver best performance over time. In 2014, our 'sustainable engagement' score fell marginally to 73%[LA], down 2% from the 2013 Colleague Pulse Survey and 5% behind our target of 78%. The 2012 EOS results are not comparable as it measured the Absa Group and is not restated.

The results reveal that our employees believe the Group operates with integrity in external dealings, that senior leaders are personally committed to developing the talent most critical to the success of Barclays Africa and that each individual has the opportunity for personal development and growth. Furthermore, our employees strongly believe in the goals and objectives of Barclays Africa.

Several areas have been identified for improvement. These include the provision of tools and resources to achieve excellent performance and the need for ongoing improvement in internal processes to enable the best possible outcomes for our customers and clients. Our senior leaders are personally committed to addressing these areas, creating a more enabling environment in our journey to be the 'Go-To' bank.

Our employee turnover rate reduced to 10.8%[LA] from 11.7%[LA]. Regretted losses also showed an improvement to 5.8% from 8.3%.

We have a number of initiatives aimed at driving transformation and diversity across our business which is led by our Africa-wide diversity council. To be the 'Go-To' bank for our employees and prospective employees, we must create a culture where employees feel appreciated and included for their diversity and the contribution they make to the business. Our focus areas are multi-culturalism, gender, disability, sexual orientation and multi-generationalism.

In South Africa, we have not reached our transformation targets for black representation at senior and executive management levels and black and female representation at middle management levels. We have reviewed our plans for reaching the 2017 Codes of Good Practice and 2018 gender targets.

Three colleague networks were launched in 2014 to support and drive this agenda across the organisation. Our Women in Leadership initiative is an executive-led mentoring programme for high-potential women across the continent (see below for further information on our women in leadership). Our Reach Network encourages dialogue and awareness of employees with disabilities through networking, training and information sharing. We are acutely aware of the numerous challenges and legal constraints with regards to the sexual orientation agenda on the African continent. We address these challenges in a manner that best represents the interests of all our stakeholders through our Spectrum Network, an employee forum launched in 2014.

We recognise our employees' right to freedom of association and we have constructive and positive relationships with multiple trade unions across the continent. Negotiation and consultation forums are coordinated at a country level. Overall 49.5% (2013: 47%) of permanent employees are represented by trade unions.

Leadership

The right people with the right skills in the right jobs are vital to generating attractive shareholder returns and executing our strategy. In a competitive financial services talent market, we continue to build the strength of our management team, attract and retain highly skilled talent, develop young talent and ensure there are robust succession plans in place.

We attracted a number of strategic hires to the Group however the majority of our appointments (61%) are internal candidates. This reflects the strength of our existing management team and the organisation's commitment to grow and retain its own talent. Four of the five country managing director appointments in operations outside South Africa were internal.

The Barclays Leadership Academy continues to enhance our leadership engagement and accountability as we build an African-wide leadership community. Our Global Leadership Curriculum was launched in 2014 and is an online learning platform consisting of a collection of courses and reading material aimed at influencing the culture of our leadership through innovation and thought leadership. Fifty-three new Africa Senior Leadership members attended the second Leadership Academy orientation event during the year. A total of eight master classes were held and attended by 53% of the 174 senior leaders in the Group.

In line with our diversity and inclusion programme, one of our ambitions is to sustain a market-leading ratio of women in senior leadership positions. Female leaders make up 29.6%[LA] (2013: 26.2%) of our leadership population. In 2014, Yasmin Masithela was appointed as Head of Compliance, joining our Group executive management team, and Mizinga Melu was appointed as Chief Executive, Regional Management. Nomkhita Nqweni, Chief Executive: Wealth, represents Barclays Africa on the global Barclays gender oversight board and continues to chair our diversity council.

Driving high performance – reward and recognition

The importance of living our Values is reinforced in our performance management approach which places equal emphasis on objectives ('what') and on behaviours ('how'). Our approach to remuneration considers a variety of internal and external factors, including underlying risk-adjusted business performance, current and future affordability, global remuneration trends and regulatory developments impacting remuneration. In 2014, we amended elements of our remuneration structure in response to the remuneration regulations outlined under CRD IV. Total staff costs in 2014 amounted to R19.3bn, up from R17.6bn in 2013.

Reshaping the organisation is an important focus area for the Group in 2015 to ensure we are appropriately structured and sized to deliver the One Africa strategy.

Investing in our people

To achieve our One Africa strategy, we require multi-skilled employees enabled to serve our customers and clients. Developing our employees and enabling them with the platforms and opportunities to build their skills is critically important to us. It is fundamental to strengthening our succession coverage and ensuring our employees are able to perform in their current role and to offer them compelling career propositions.

In 2014, we provided our employees with a number of current and new development opportunities. In South Africa, we invested over R1.8bn[LA] in various development programmes spanning leadership, technical skills, sales and service training as well as youth employability programmes across the continent. We will report on Rest of Africa training spend in 2015.

Our Colleague Curriculum, launched in 2014, is a collection of development resources to build the core skills of individuals. With eight topics and 19 programmes, the curriculum is a flexible suite of resources to suit all learning styles. Resources include audio-visual clips, interactive modules, virtual workshops or face-to-face interventions. It is expected that in 2015 the Colleague Curriculum will form a fundamental part of our employees' personal development plans.

Our flagship Barclays Africa Graduate Programme included 206 graduates from 11 countries in 2014.

Citizenship

We make a positive impact on the communities in which we operate.

This section should be read in conjunction with our Customers & Client, Colleague and Conduct reviews on pages 24, 27 and 34.

Commitment update

2013 commitments	Progress in 2014	Priorities for 2015
The way we do business – with a focus on: • Ensuring our decisions take account of stakeholder needs through informed decision-making; monitoring the effectiveness of our strategy; and developing our employees in line with our Purpose and Values. • Managing our environmental, social and governance impacts.	97.4%[LA] employees attested to the Barclays Way (2013: 65.4%) and we trained select employees in the Barclays Lens framework to ensure that we consider broader societal impacts and opportunities. We reduced our absolute carbon footprint by 10.3% exceeding our target of 7.7% and implemented our supplier code of conduct, which is supported by an assurance programme.	• Forge stronger, more accountable Public Private Partnerships. • Provide a minimum USD500m of balance sheet to a pipeline of proposed clean power projects that form part of the "Power Africa" initiative. This will increase the available power by up to 12 500MW in participating countries. • Continue programmes to reduce carbon emissions. • Launch Barclays' Lens training to senior leadership.
Contribute to growth – with a focus on: • supply chain development; • increased access to financial services (including lending); • supporting small and medium enterprises; and • improved youth employability.	We supported over 42 000 small and medium enterprises with seminars and training and established collaborative partnerships to test new financing models supporting the development and growth of small farmers and retailers. We provided more than 4 500 customers with affordable home loan finance and extended access to financial services through innovative products such as Payment Pebble, PepPlus, Shesha and Family Springboard home loans. We granted 824 learnerships (including our Pan-African Graduate programme graduates).	• Launch our Ready2Work programme to streamline and channel our citizenship initiatives into a single focus and impactful programme. • Increase development of small and medium enterprises with a clear focus on access to markets. • Unlock banking opportunities in disadvantaged communities through new products and services targeted to meet specific needs.
Supporting our communities through: • outcome-based community investment to directly contribute to job creation; and • employee volunteering.	We reached almost 460 000 beneficiaries exceeding our target and refocused our strategic community investment spend on employability and enterprise development programmes. We improved employee participation in volunteering campaigns, for example, participation in our annual Make a Difference campaign increased by 11.5%.	• Reach 430 000 disadvantaged youth with skills and experience to improve their employment prospects. • Collaborate with corporate clients to scale our collective impact. • Continue encouraging employee participation in volunteering activities. • Enhance our measurement and evaluation framework in assessing our programmes.

Key indicators	2012	2013	2014	YoY trend
Citizenship plan (number of initiatives on track or ahead)	n/a	6/8	**6/8**	=
• Employees attesting to Code of Conduct (Barclays Way)[1] (%)	n/a	65.4	**97.4[LA]**	▲
• Total carbon footprint (tonnes CO_2)[2]	427 745	355 869	**319 311[LA]**	▼
• Number of small and medium enterprises supported	n/a	35 576	**42 594**	▲
• Contributing to growth through new and renewed lending to households	n/a	off-track	**off-track**	=
• Contributing to growth through new and renewed lending to small and medium enterprises	n/a	on-track	**off-track**	▼
• Assist in raising finance for business and government	n/a	on-track	**on-track**	=
• Number of learnerships (including graduates)	600	720	**824**	▲
• Total community investment spend (Rm)	104.7	126.1	**155[LA]**	▲
Supplementary indicators				
Transactions reviewed in accordance with Equator Principles[3]	16[LA]	18[LA]	**2[LA]**	Not comparable as basis of measure changed
Financial literacy – number of consumers reached ('000)	124	116	**193**	▲

[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) as at 1 December 2014.

[2] To align with Barclays global requirements the reporting period changed from the fourth quarter in 2012 to the third quarter from 2013 onwards. While progress is being made in recording and reporting data across the Group, 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). Further detail is available in our environmental review. 2013 has been restated to include the revised GHG factors.

[3] Total number of project finance transactions that have been reviewed for environmental and social risks in terms of the Equator Principles. Figures for 2014 are now reported in accordance with Equator Principles III requirements (June 2013) which includes transactions that have reached financial close. There are no project finance advisory or project related corporate loans to report for 2014. All the reported projects have been independently reviewed. One project is located in Africa (non-designated country) and the other project in America (designated country).

[LA] Limited assurance.

Citizenship is an essential part of being the 'Go-To' bank to benefit all our stakeholders. This means we consider the impact of our day-to-day decisions on society and create positive long-term outcomes for our customers and clients, shareholders, employees and communities. It is one of the ways in which we live our Purpose and Values.

We have commitments organised around three areas where we believe we can have the most impact: the way we do business, contributing to growth and supporting our communities.

Barclays Africa actively tracks our overall performance against eight metrics. While the overall performance remained flat with 6/8 initiatives on track, there was a change in the composition of the six metrics which are on track as shown in the table above.

In 2015, we will launch our Ready2Work programme with the aim to streamline and channel our Citizenship initiatives into a single focus and impactful programme.

The way we do business

Ethical conduct

The Barclays Way, our Code of Conduct, outlines the Values and behaviours which govern our way of working across our business. It constitutes a point of reference covering all aspects of employees' working relationships, including those 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, mapping them across the behavioural, ethical and compliance elements of what we do.

Launched in the fourth quarter of 2013, the Barclays Way is attested to annually with 97.4%[LA] employees having completed the attestation just ahead of the annual target of 97%. In addition, we monitor the conduct of our employees through external surveys and by tracking the number of disciplinary cases, grievances and ethical breaches recorded.

Taking account of stakeholder considerations

We engage proactively with local, regional and global stakeholders, including governments, development organisations, private sector organisations, civil society, shareholders and our employees on our strategic priorities and key deliverables. The input and challenges raised by these key stakeholders make a contribution to shaping and validating our citizenship strategy.

We structure our programmes to meet multiple identified needs. For example, through our partnership with global organisation TechnoServe, we enable emerging, small-scale farmers and entrepreneurs in the agricultural value chain, to meet multiple stakeholder needs, including:

- increased income levels – often associated with improved access to health and education;
- female empowerment – given the rural and agriculture based nature of the programme; and
- for government – food security and a wider tax base in a sector that will continue to be a key player in GDP and employment opportunities across our continent.

These principles are applied in the structuring of our significant programmes.

Proactively managing our environmental, social and governance impacts

Our most significant impacts on the environment are 1) indirectly via our lending, investing and procurement practices and 2) in terms of managing our direct impact on the environment through energy, paper and water consumption.

Lending practices

As an Equator Principles Financial Institution, we provide project financing only to project sponsors undertaking environmentally and socially responsible developments. In 2014, we screened 2[LA] Equator Principles transactions – one in the mining and metals sector and the other in oil and gas. We provided further guidance on 97 general transactions across various sectors, with the majority in mining and metals.

The environmental credit risk management learning programme was officially launched in 2014 and was completed by 138 employees. This interactive online training course for internal credit and business employees enhances bankers' awareness of environmental and social risks and illustrates how these relate to sustainable finance.

Procurement practices

We strive to limit the impact of the environmental, social and governance actions of our suppliers and communicate our expectations transparently. Our supplier code of conduct, implemented in 2014, establishes the standards we expected across environmental risk management, human rights as well as diversity and inclusion and we intend to actively assess our suppliers against this through a combination of annual self-certification questionnaires and on-site assessments.

In South Africa, we aim to increase 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 in line with the Broad-Based Black Economic Empowerment Act Codes of Good Practice. Our preferential procurement score as per the Financial Sector Codes was 15.28 out of 16 with a weighted spend of R14.8bn on products and services from 5 064 accredited suppliers. Whilst we have continued to increase procurement from black women-owned suppliers we need to grow this further.

Managing our direct impact

As a Group, we have an extensive geographical footprint and it is important that we continue to manage the direct environmental impact of our operations in terms of our carbon emissions, paper and water consumption. The greatest opportunity for reducing our impact is in the way we manage our buildings and business travel. While these programmes may have a short-term negative impact on financial performance, we anticipate the longer-term benefits, both in the reduction of our direct impact on the environment (reduced energy costs) and lower reliance on electricity supply as we use alternative energies such as gas and solar. Continuing the success of previous years, we reduced our carbon footprint by 10.3% to 319 311[LA] tonnes CO_2 from 355 869 tonnes CO_2 ahead of the target of 7.7% Our total energy from electricity, gas and diesel use decreased to 396 705 296kWh[LA] from 433 024 366kWh.

Contributing to growth

Driving sustainable progress

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 continue to create a number of new products aimed to increase access to financial services. For example, in South Africa:

- Our first-to-market Family Springboard home loan 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 essentially secures a 100% bond with the assistance of a friend or family member willing to act as a sponsor.
- Stokvels, or group savings and lending, 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 R18 600 per month in support of the South African government agenda on providing affordable housing to people. In 2014 we provided more than 4 500 customers with home loan finance at a total value of R1 490m.

Electronic platforms offer a convenient and low-cost alternative to traditional banking channels. Our pricing model encourages and rewards customers who choose to make use of electronic or digital channels as opposed to banking in the traditional way. In South Africa, we have retained free access to internet banking – enabling our customers to transact any time, any place and at no monthly cost. We continue to enhance our ATM functionality to include services such as 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. In addition, we are expanding our branchless banking partners to include more retailers across the country. In-store banking has been enabled at over 1 000 of our retail merchants allowing customers to deposit and withdraw money, check balances, obtain mini-statements and buy pre-paid airtime. Almost R120m worth of high-volume, low-value transactions were processed through this channel in 2014.

Our partnership with retailer PEP Stores in South Africa enables increasingly deeper access to serve underbanked consumers from money transfers to a simple and affordable transactional account. We work with partners to deliver alternative channels, providing access to financial services for people in marginalised and poor communities. We continued with our Shesha Gamification initiative, a mobile phone application-based game, designed to empower our customers with basic, yet effective, knowledge to make better banking decisions.

Outside South Africa, through our social innovation programmes, we continued to accelerate the development of commercial solutions that directly address social challenges. In 2014 we:

- extended our partnership with the Grameen Foundation in Uganda to develop a new retail proposition aimed at engaging village savings and lending groups in formal financial services;
- continued our partnership with corporate client GSK in Zambia to develop and test different models that seek to improve access to healthcare and stimulate economic development; and
- worked with a range of stakeholders in Ghana and Tanzania on financing models aimed at helping smallholder farmers build sustainable livelihoods and strengthen the overall agriculture value chain.

Lending for economic growth

We have cumulative targets for new and renewed lending in the following categories: 1) households; 2) small and medium enterprises; and 3) to assist in raising finances for business and government.

While we believe that lending is critical to ongoing growth, we remain mindful of the current economic conditions. In South Africa, the largest contributor to our performance in lending to households has been negatively affected by pressure on employment, disposable income and interest rate increases. Lending to small and medium enterprises has also been affected by economic conditions and higher than anticipated run-off of the book. This has been offset by increased value in financing raised for business and government.

Helping businesses start up and grow

Enterprise development for small and medium sized businesses 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.

In 2014, we provided business advice and support to 42 594 individuals, through a series of seminars, conferences and workshops across South Africa, of which 11 173 received support through training interventions delivered through the Absa Centres of Entrepreneurship and various programmes with strategic partners. Outside South Africa, we identified Barclays Business Clubs as a platform to deliver similar services to local small and medium enterprises. These clubs are located in Botswana, Ghana, Kenya and Uganda and draw on the support, guidance and best practice from the South Africa Enterprise Development Centres. Services include international business trips, business related seminars and conferences and networking sessions.

Innovative products are another tool to assist small business owners. Mobile payment devices like the Payment Pebble allow users to turn their smartphone or tablet into a mobile card machine, providing a quick, secure and easy way to accept card payments anytime, anywhere. This has been applied in other market segments and is being used for payment acceptance in sectors such as courier companies, charities and direct sales organisations. We are also collaborating with corporate clients to test new financing models aimed at supporting the development and growth of small farmers.

Improving youth employability

We have partnered with civil society organisations and government to support wider employability initiatives in the communities in which we operate. We have a two-pronged approach that tackles the youth crisis: ‘increasing employability’ and ‘harnessing entrepreneurship’ through enterprise development. Our approach includes learnerships (i.e. apprenticeships), our Pan-African graduate development programme, as well as providing bursaries and sponsorships. We increased our intake of learnerships to 824. Intake across our other programmes has similarly increased.

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 businesses or income generating activity.
- employability programmes that enhance future employment prospects typically job training, numeracy and literacy skills development.
- financial literacy and skills programmes that enable young people to make sound financial decisions and manage their money more effectively.

We invested a total of R155m[LA] in these programmes reaching almost 460 000 young people. A key consideration in funding decisions is the long-term, underlying economics of the programme. For example, the agricultural sector is a strong driver of employment opportunities and sustainability and we have approved a programme working with small scale farmers and entrepreneurs in the agricultural value chain in Ghana, Kenya and South Africa.

We select programmes that link an intervention to an opportunity as a tangible means of migrating from output-based to impact-based programmes. We continue to enhance our measurement and evaluation framework to track beneficiaries beyond programme completion to measure attributable impact. The ongoing development of this framework, along with increased collaboration with our corporate clients, will be a key focus for 2015.

Almost 13 400 employees (32%) volunteered their expertise and over 116 200 hours of their time (valued at over R8.5m) in support of our communities. Of this, 78% were skills based interventions in comparison to 69% in 2013. A key highlight was the mobilisation of 1 361 employees during our Pan-African Unlocking Youth Potential enterprise development campaign which reached more than 10 000 youth across Africa.

In South Africa, consumer education is part of our community investment. Included in our performance metrics above, is the R24m invested into consumer education initiatives reaching over 198 000 consumers. With the Banking Association of South Africa, we continue to support the annual Teach Children to Save campaign and mobilised 370 employees to reach 500 schools and over 48 000 children in 2014. We partnered with the Financial Services Consumer Education Foundation to distribute over 45 000 financial literacy magazines to 76 schools nationwide. Year-end spending often leaves consumers over-indebted and we send cautionary spending tips to customers via our digital channels.

In Botswana we broadcast, via two youth radio stations, a three month 12-part radio drama series on financial literacy reaching over 14 000 youth. Outside of Botswana and South Africa, consumer education is often embedded within the community investment programmes, such as financial literacy within employability or enterprise development programmes.

We believe consumer education is important as it empowers individuals to make an informed choices and to improve their lives through responsible personal financial management.

Further information on our citizenship programme and related activities can be found at barclaysafrica.com

- Citizenship
- Environment
- Broad-Based Black Economic Empowerment (for South African operations)
- Stakeholder engagement
- King III

Conduct

We act with integrity in everything that we do.

This section should be read in conjunction with our Customer & Client and Colleague reviews on pages 24 and 27.

Commitment update

2013 commitments	Progress in 2014	Priorities for 2015
Integrate conduct risk into our enterprise risk management framework.	Conduct risk was included as principal risk in our enterprise risk management framework. We began integrating the conduct risk outcomes and the management of conduct risk through conduct material risk assessments and reporting. This was supported by group-wide training and awareness programmes which ensure all our employees understand these conduct outcomes and why upholding the integrity of markets in which we operate are vital to long-term sustainable relationships. The management of reputation risk was brought into the conduct principal risk.	Continue embedding the framework across our operations including refining controls, assessments and reporting. Develop performance measurement metrics. Refine our strategy and business models and drive cultural transformation to align with the conduct outcomes.
Support the socio-economic agenda relating to consumer protection and responsible market conduct and lending.	We continued to be responsible in our lending, implemented stricter affordability assessments and monitored our performance through metrics such as our Treating Customers Fairly outcome index.	Going forward, this will be managed and reported within the conduct risk framework.
Continue strengthening measures to counter money laundering, terrorist financing, bribery and corruption.	We launched revised anti-money laundering, sanctions and anti-bribery and corruption training.	Introduce face-to-face training in identified risk areas where it is deemed be beneficial to provide such training. Further develop and implement procedures and training.

Key indicators

	2012	2013	2014	YoY trend
Conduct Index[1]	n/a	6.3/10	6.7/10	▲
Treating Customers Fairly (TCF) outcome score (%)				
• South Africa	61.6	58.1	63.0	▲
• Rest of Africa	n/a	76	76	=
Employees completing the fighting financial crime training[2] (%)	n/a	n/a	98.4[LA]	First year of measurement
Disciplinaries as a percentage of total employee base (%)	6.6	4.9	5.2	▲
Grievances as a percentage of total employee base (%)	1.5	1.5	1.2	▼

[1] Annual YouGov survey includes Botswana, Ghana, Kenya, South Africa and Zambia.
[2] The percentage is calculated based on existing employees who completed refresher training and new employees who completed training (excluding non-operational employees) as at 1 December 2014.
[LA] Limited assurance.

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 2014 score was derived from interviews with respondents in Botswana, Ghana, Kenya, South Africa and Zambia (three more countries than in 2013). We continue to improve our performance with the mean score increasing to 6.7/10 from 6.3/10 in 2013.

Conduct risk framework

Doing the right thing, in the right way, for our customers is central to long-term sustainability. It enhances our reputation, promotes trust in the financial system more widely and avoids the need for future redress. Focusing on conduct risk helps ensure we provide appropriate products and services across our business.

This is what we refer to as managing conduct risk. 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.

Our conduct risk framework brings together many of the various existing programmes and activities (such as Treating Customers Fairly (TCF) and consumer protection) into a consolidated framework. There are nine conduct risk outcomes that we aim to deliver on:

- Our culture places customer interests at the heart of our strategy, planning, decision-making and judgments.
- 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.
- We do not disadvantage or exploit customers, customer segments, or markets. We do not distort market competition.
- We proactively identify conduct risks and intervene before they crystallise by managing, escalating and mitigating them promptly.
- Our products, services and distribution channels are designed, monitored and managed to provide value, accessibility, transparency, and to meet the needs of our customers.
- 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.
- We address any customer detriment and dissatisfaction in a timely and fair manner.
- We safeguard the privacy of personal data.
- We do not conduct or facilitate market abuse.

We are in the processes of implementing and embedding this framework across our operations and we will further define the metrics against which we will measure our performance. 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 page 36).

Treating Customers Fairly

As reported in previous years, our TCF outcome score is one of the ways in which we are able to measure ourselves in terms of our conduct. The scores achieved across Africa ranged from 70 to 82 points out of 100 and are based on high-level questions asked of customers in our customer experience measurement study. The highest scores achieved were for customer respect, transparency of information and the customers' perception of the TCF culture within the Group. Identified areas for improvement include making it easier to change or exit products, the provision of suitable advice and the delivery of products and services in accordance with customer expectation. In the fourth quarter of 2014, a pilot was undertaken to conduct the same questionnaire that is used in South Africa across our operations, which will align the results across the Group. Going forward, TCF will be embedded within the conduct risk framework.

Ethics management

Integral to conduct is ethics management. We monitor the conduct of our employees through external surveys as well as by monitoring the number of disciplinary cases, grievances, whistleblowing and ethical breaches. Our primary defence is to build the capacity of management to lead the way in driving a high standard of ethics. It is also important to raise awareness and educate all our employees on the right behaviours as we do through the Barclays Way (see Citizenship page 30). Supporting this, we manage due procedure to ensure consistency and appropriate sanctions following ethical breaches.

In 2014:

- Over 1 400 line managers completed the online employee relations training programme. The management fundamentals training course has been discontinued and is replaced by the Global Leadership Curriculum.
- All employees completed an ethics elearning course and 97.4%[LA] attested to the Barclays Way.
- 98.4%[LA] of our employees completed the annual fighting financial crime training which ensures our employees understand the key requirements of our anti-money laundering, sanctions, anti-bribery and anti-corruption and introducer policies.
- In 2013 over 95% of employees completed our Values workshops and from 2014 this training was incorporated into the induction programme.
- Our ongoing 'Think Campaign' raises awareness of the consequences by naming employees and ex-employees found guilty of fraud and other ethical breaches.
- We established an employee relations contact centre for Africa to monitor the consistency of disciplinary outcomes. All disciplinary and grievance policies and procedures as well as a case management system are being integrated across the continent.

This continued focus is showing ongoing improvement in our indicators of ethics within the organisation. The incidence of ethical breaches, as measured though disciplinary case statistics, decreased to 460 from 663 in 2013. In all, 48% of the ethical breaches related to dishonesty cases (up from 42% in 2013) and 22% related to misrepresentation.

Of 133 whistleblowing cases reported and concluded in 2014, less than 50% were substantiated.

Responsible lending

Growth in South African household unsecured lending has continued to show a strong downward trend after a record high in 2012. The focus on unsecured lending is well known in South Africa, especially in light of the collapse of African Bank Investments Limited. While there is currently no systemic risks related to unsecured (or secured) lending, we acknowledge that the risk to society at large cannot be underestimated. Invariably, the poor are the most vulnerable in an environment of muted economic growth, lacklustre employment growth, subdued confidence and rising inflation. A total of 9.95 million credit–active consumers (42.2% of a total of 22.5 million) had an impaired credit record in the third quarter of 2014 according to the National Credit Regulator.

We continue with our responsible approach to lending and have implemented stricter affordability assessments. Our personal lending exposure remains low at 3.4% of our total South Africa retail loan book.

Our debt management solutions guide our customers in assessing their income and expenditure and provide tools and guidelines for budgeting. Where customers qualify, these solutions provide new manageable payment plans. We also support customers in need of help through a debt counselling process. Due to increasing economic pressure on the customer, there has been an industry-wide growth in debt counselling balances.

We aim to proactively develop and foster a culture of healthy borrowing. This is done through consumer education initiatives and product specific support. For example, through our affordable housing proposition, we provide educational assistance to first time home buyers on aspects regarding the process of buying and owning a home.

Economies outside South Africa continue to grow at above 5% on average and our strategy to leverage our corporate and business banking relationships remains the key driver of our unsecured loan growth in these markets. Scheme loans contribute approximately 40% of the portfolio. Our approach to lending is based on a debt service ratio, which is regulated in most countries and tiered according to income. The spread of credit bureaus is improving and this enhances our ability to adequately assess customers' debt levels.

Regulations supporting a culture of good conduct and ethical behaviour

There are a number of current and forthcoming regulations which continue to drive consumer protection and ethical behaviour in the financial services industry, which we believe supports our aim to act with integrity in everything we do and is in line with the principles of how we do business. These include the following:

- Protecting the personal information of our customers and clients, our employees and our suppliers. In various jurisdictions we are governed by laws which control the processing and holding of personal data, as well as its security.
- Combating tax evasion by non-residents has resulted in 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.
- 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. South Africa has also proposed affordability guidelines to ensure the proper assessment of consumers' finances and standardised documentation to provide consumers with key information to compare loan products and their costs.
  - The second initiative, proposed by South African government and incorporated into the regulations of the National Credit Act, is to discourage banks from withholding credit from those with an adverse credit history. This would entail the once-off removal of all 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. A portion of this reform includes the Financial sector Regulation Bill which provides a framework designed to supervise the financial sector comprehensively. It places a focus on both prudential supervision and market conduct supervision by creating a Prudential Authority and a Financial Sector Conduct Authority:
  - The Reserve Bank oversees financial stability within a policy framework agreed with the Minister of Finance and recovery and resolution planning is included within the scope of this framework.
  - The Financial Sector Conduct Authority will provide conduct oversight of all financial institutions. A comprehensive market conduct policy framework is envisaged to ensure better outcomes for financial customers. Aligned to this, emerging regulation will focus on remuneration, incentive structures and guidelines relating to bancassurance. We are working closely with regulators to achieve the best results for the industry.
  - The Prudential Authority will be responsible for supervising the safety and soundness of financial institutions that provide financial products, market infrastructures or payment systems. This is to:
    - ensure that customers' funds are protected against the risk of institutions failing, that financial institutions can meet their promises to depositors, insurance policyholders, retirement fund members and investors;
    - reduce the risks of using the 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 a global 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.

Company

We effectively manage risk and create sustainable returns.

Detailed information on our financial and risk performance can be found on pages 40 and 47.

Commitment update

2013 commitments	Progress in 2014	Priorities for 2015
To be top three by revenue in our five largest markets. To increase the share of our revenues from outside South Africa to between 20% and 25%.	We are currently top three by revenue in two of our five largest markets and we have seen strong growth in Ghana and Zambia. Share of our revenue from outside South Africa is 19%, within reach of our target of 20% to 25%.	We will continue to improve our business in South Africa, repeat the successes outside South Africa and to drive growth in our Corporate Bank and WIMI franchise across the continent.
Decrease our cost-to-income ratio to the low 50s.	We increased to 56.8% which reflects the investments we made into the business.	Focus on revenue growth and continued cost management to improve our cost-to-income ratio.
Deliver a return on equity of 18% –20%.	We increased to 16.7%. Our South African operation is already at 18% and we see clear opportunities in the rest of our portfolio to achieve this target.	Increase return on equity in a sustainable manner avoiding any short-term actions in an attempt to meet the target.

Key indicators

	2012	2013	2014	YoY trend
Revenue share from outside South Africa (%)	–	19.1	**19.5**	▲
Cost-to-income ratio (%)	55.2	56.3	**56.8**	▲
Return on equity (%)	14.4	15.5	**16.7**	▲

Download from barclaysafrica.com:

- Consolidated and separate financial statements
- Risk management report
- 2014 financial results booklet

Accolades

In 2014, we received a number of accolades and awards affirming that we are making strides towards being the 'Go-To' bank in Africa.

	Award
Risk South Africa Rankings survey	Best overall bank (fifth consecutive year)
Dealogic	#1 M&A South Africa (by deal value)
Global Trade Review	Deal of the Year awarded to Barclays Uganda (for trade support for CiplaQCIL in local manufacturing of HIV and malaria medication)
Euromoney	Best Domestic Cash Management House in Botswana, Ghana, Kenya, South Africa, Zambia Best Investment Bank in Africa Best M&A House in Africa Best Bank in Ghana
The Asian Banker	Best Credit Card Product in Africa
***Project Finance* magazine**	Overall African Deal of the Year for Africa Power Deal of the Year for
2014 *Financial Mail* Ranking the Analysts Awards	No. 1 Ranking in Fixed Income Securities and Derivatives Dealing
Project Finance International awards	African Renewable Deal of the Year
EMEA Finance	Best Bond House in Africa Best Investment Bank in Ghana Best Foreign Bank in Mauritius
JSE Spire Awards	Best Fixed Income and Currencies House (fifth consecutive year) with wins in 11 other categories
Bloomberg League Tables	Best ratings advisory team
Raging Bull awards	Best (SA-domiciled) regional interest-bearing short-term fund Offshore Unit Trust Fund – Absa Pound Sterling Income Fund
VISA	Best Merchant Campaign and Card Warrior awards
EuroMoney Private Banking and Wealth Management survey	Best Private Bank service
Global Banking and Finance Review Awards	Best Corporate Bank in Kenya
MarketGravity's Corporate Entrepreneur Awards US	Social impact category for the Barclays, Grameen Foundation and CARE International UK partnership which launched two mobile apps aimed at helping families increase access to financial services and to increase and manage their income.
BANKSETA	'Skills@work' award in the 'Large Organisations' category
Employer Branding Institute (Ghana)	Best Employer Brand in Africa for Barclays Ghana
Mail & Guardian	Energy Efficiency and Carbon Management Award
Business Continuity Institute's Africa Awards	Barclays Kenya won both as the Business Continuity Team of the Year and the Most Effective Recovery of the Year
South African Publications Forum awards	Certificate of Merit for excellence in Writing, Excellence in Design and Best in Internal Magazine
International Academy of the Visual Arts (IAVA) Communicator awards	Gold award for excellence, awarded to the 2014 'Go-To' Show
APEX awards	Bronze award in the Launch Category Absa's Marshmallow campaign
Loerie Awards	Gold in 'non-English radio' category, campaign silver in the 'live events' category, a silver for 'alternative media and field marketing', a campaign silver for 'live events', a bronze for 'brand identity and collateral design' and a campaign bronze for 'integrated campaign'
Loerie awards	Gold in 'non-English radio' category Campaign Silver in the 'live events' Category A Silver for 'alternative media and field marketing', a Campaign Silver for 'live events', a Bronze for 'brand identity and collateral design' and a Campaign Bronze for 'integrated campaign'
Marketing Society of Kenya	Best Promotion Award
Gender Mainstreaming Awards	3rd place in the 'Investing in Young Women' category

Finance and risk reviews

Contents

Bright scene from Maputo of ships and buildings

Financial Director's review

After solid 2014 results, our priority is to maintain CIB's strong growth, momentum in RBB South Africa's turnaround and improve WIMI and RBB Rest of Africa's trajectories.

David Hodnett
Deputy CEO and Financial Director

Overview of 2014

Our 2014 performance was solid as we again met our key commitments for the period. Diluted headline earnings per share grew 10%, and our pre-provision profit increased 5% to R27.3bn, which was the largest driver of our earnings growth.

Improving our revenue trajectory is a priority and our net interest income grew 10%. While our non-interest income growth was 2%, our South African RBB customer numbers stabilised and transactional revenue increased 2%. Costs were well managed, increasing 7%, as we cut in the right areas to maintain our investment. Our credit impairments fell 10%, despite further improving our non-performing loan (NPL) cover and portfolio provisions.

RBB's headline earnings grew 9%, largely due to lower credit impairments, while WIMI's declined 3% given 9% lower Life Insurance earnings and CIB's increased 16%, on the back of 10% revenue growth. Our operations outside South Africa enhanced our Group earnings and revenue growth, with strong increases from CIB and WIMI, while we continue to invest in RBB Rest of Africa. Although our Edcon portfolio disappointed, it was profitable in the second half, given our efforts to improve its credit quality.

Our return on equity (RoE) improved to 16.7%, given our highest return on assets (RoA) since 2008 and 2013's special dividend. Our strong internal capital generation and 11.9% Core Equity Tier 1 (CET1) ratio allowed us to declare a 13% higher dividend per share.

View our consolidated and separate financial statements at barclaysafrica.com

Key features	2012	2013	2014	YoY change %	YoY trend
Diluted headline earnings per share (cents)	1 227.6	1 396.6	**1 537.5**	10	▲
Dividend per share (cents)	684	820	**925**	13	▲
Revenue (Rm)	54 976	59 406	**63 125**	6	▲
Pre-provision profit (Rm)	24 647	25 986	**27 277**	5	▲
Net interest margin (%)	4.21	4.46	**4.65**	–	▲
Non-interest income to total revenue (%)	46.7	45.5	**43.6**	–	▼
Cost-to-income ratio (%)	55.2	56.3	**56.8**	–	▲
Credit loss ratio (%)	1.59	1.20	**1.02**	–	▼
Return on equity (RoE) (%)	14.4	15.5	**16.7**	–	▲
Return on assets (RoA) (%)	1.16	1.29	**1.33**	–	▲
Loans and advances to customers (Rm)	567 247	606 223	**636 326**	5	▲
Deposits due to customers (Rm)	544 086	588 897	**624 886**	6	▲
Common Equity Tier 1 ratio (%)	13.0	12.1	**11.9**	–	Within Board target range
Pro forma net asset value (NAV) per share (cents)	9 101	9 125	**9 762**	7	▲

Factors impacting our performance

Improving core revenue growth

As highlighted last year, 2013's underlying revenue growth was below the 8% we reported, as the majority of the growth stemmed from acquiring Barclays Africa Limited and the Edcon portfolio. Excluding Edcon, which was included for a full year, our like-for-like South African revenue grew just 1% in 2013, with RBB South Africa slightly lower. In 2014, however, our South African revenue growth improved to 6%, with RBB increasing 5% despite a disappointing macro backdrop with low economic growth and fewer interest rate increases than expected.

RBB South Africa turnaround is gaining momentum

Retail Banking South Africa accounts for 46% of our total revenue and 42% of non-interest income, so it is critical to our revenue story. Its 7% net interest income growth reflected a slightly wider margin and 9% net loan growth outside of Home Loans, which declined slightly. Stemming the decline in our retail customer numbers and growing our transactional revenue has been a priority for the past 30 months and we are gaining some traction. Our customer numbers were flat in the second half and the mix improved, with 8% growth in affluent customers, 1% in the middle market and a smaller 2% decline in our mass base in the second half. Our Rewards base rose 27% to over 1.8 million. Our total 'new to bank' customers increased 7%, while closures declined 33%. Customers continue to migrate to electronic channels and cheaper value bundles, as internet banking customers increased 17% to over 1.4 million and value bundles grew 27%. The net effect of all this was Transactional and Deposits' non-interest revenue growth improved to 2%.

Business Banking South Africa's (BBSA) non-interest income grew 4%, excluding its non-core equities portfolio, against 2013's 2% increase. Customer attrition slowed to 2%, largely among smaller enterprise customers due to business closures and closing dormant accounts. Cheque accounts, which are a key transactional indicator, and our number of customer accounts were flat. Enhanced digital functionality and cash centres saw customers migrate to cheaper channels and industry cheque volumes continue to decline, which dampened our revenue growth. However, reducing revenue leakage and growing electronic banking increased our second-half transactional banking income 9% year-on-year. We launched a new electronic sales platform, hired frontline staff and piloted Barclays.Net with some Commercial customers, which should improve BBSA's customer proposition and non-interest income trajectory. BBSA's loans were flat, despite 9% lower commercial property finance, given improved growth in overdrafts and term loans of 6% and 8% respectively.

Increased client activity drove markets' growth

Markets' net revenue increased 17% to R4.8bn after being flat the previous year. It continues to benefit from diversification, with 24% growth in Equities and Prime Services and 22% higher Rest of Africa revenue, as we launched trading platforms and product across the continent. Fixed Income and Credit grew 36%, while Foreign Exchange and Commodities fell 11%, the latter due to lack of client activity and lower appetite for exchange traded funds off a high base. Margin pressure outweighed 16% volume growth in Foreign Exchange, as clients migrated to lower-margin automated processes. Markets remains predominantly client-driven, as evidenced by our low average daily value at risk of R22m.

Growing in target areas

We continued to grow solidly in various targeted areas. Corporate revenue increased 11% to R6.1bn, given strong balance sheet growth and a wider net interest margin. South Africa Corporate grew net revenue 15%, excluding the sale of its Custody and Trustee operations, driven by providing balance sheet rather than transactional income growth as we have just started rolling out Barclays.Net. Average Rest of Africa corporate loans increased 44% to R25.9bn. Investment Banking increased its revenue 10% to R6.5bn, after strong loan growth in the fourth quarter of 2013 and increased activity in Equity Capital Markets and Resource and Project Finance.

We remain the South African leader in card merchant acquiring. Our acquiring volumes grew 18%, although Corporate margins continued to decline. Launching our innovative Payment Pebble, with 5 571 active devices issued, should help to offset margin pressure in traditional acquiring. Reduced interchange rates in South Africa are expected to cost us an estimated R300m a year in revenue from March 2015. Card issuing transaction volumes grew 10%, as we increased our leading share of consumer spend.

Performance from recent acquisitions

Africa acquisition transformational

Combining with Barclays Africa Limited changed our profile significantly. It was a crucial part of accelerating our strategy and will improve our medium-term growth prospects. After the first full year of running these operations it is worth reflecting on how they are performing.

It was clear that Barclays Africa Limited's topline growth had been moderate for a number of years before the deal and we needed to invest heavily to improve this, as well as expand CIB's offering and roll out WIMI across the continent. We highlighted last year that rand depreciation inflated 2013's 4% constant currency revenue growth to 18%. Barclays Africa Limited's constant currency revenue growth improved to 6% in 2014 and headline earnings rose 11% and the acquisition remains earnings accretive.

CIB and WIMI are performing well in the Rest of Africa. CIB's headline earnings rose 38% on the back of strong 18% revenue growth and its substantial systems roll-out is on track. WIMI's Rest of Africa net insurance premium income grew 25% to R617m, which resulted in 36% higher headline earnings. We continue to look at expansion opportunities for WIMI in East and West Africa, on the back of our existing banking operations.

However, RBB's Rest of Africa's headline earnings fell 19% on modest 4% revenue growth, given noticeable margin compression and non-recurring gains in the base. Revenue was impacted by lower interest rates in several countries and regulatory pressures including higher reserve ratios in Zambia and Ghana, while fee increases were prohibited in other markets. We need to improve the momentum in RBB Rest of Africa, as we have started to in our South Africa operations. Operationally there were several positive developments, as we grew both Premier customer and retail loan sales 17%, card acquiring 20% and retail and current account sales 19%.

It is clear that we need to continue to invest and as part of the transaction, Barclays PLC agreed to spend £20m to £30m a year on IT projects and maintenance for five years, a substantial benefit that is not immediately evident in our income statement. While initially this was largely spent on maintenance and infrastructure, the focus has turned to strategic projects, including branches and digital channels. We launched paperless branches and intelligent ATMs to four large markets in 2014 and internet banking is available in all our countries. As a result, our Rest of Africa internet banking customers increased 99%. We aim to use digital channels to reduce the cost base in RBB's traditional branches, while enhancing our customers' experience. For example, our cellphone banking customers grew 47%. We also hired key resources and increased our marketing profile.

Retail Banking accounts for the majority of RBB Rest of Africa and we see considerable scope to grow our Business Banking franchise across the continent, which should also improve our growth and returns.

We manage our operations outside South Africa as one business. Our overall Rest of Africa performance was better, with 14% headline earnings growth given smaller losses in Mozambique, solid growth from NBC in Tanzania and WIMI's strong growth. Rest of Africa's overall contribution to Group earnings and revenue improved to 14% and 19% respectively. There are benefits to operating a portfolio of countries across Africa. This was evident in 2014, as we had strong headline earnings growth in Ghana and Zambia, while Kenya was solid and Botswana declined. Our operation in Mozambique is loss making and getting it to generate adequate returns is a focus.

Edcon portfolio rebounded after a poor first half

Our Edcon portfolio lost R9m, a substantial decline from its headline earnings of R229m in 2013. We focused on improving the book's credit quality in 2014, which included putting in a new scorecard in April to support lower-risk, profitable balance growth within our risk appetite. The book declined 6% to R9.3bn, although lower credit losses and higher interest rates produced better headline earnings of R88m in the second half. Implementing a new collections strategy from September had a significant impact, as our credit-loss ratio fell to 11.5% for 2014, from 15.0% in the first half. Strengthening the control environment also reduced fraud significantly from 2013. Our partnership with Edcon also includes synergies such as workplace banking.

Analysing our 2014 results

Segmental performance

Our earnings remain well diversified by business and product line as earnings growth varied widely. RBB accounted for 61.3% of our total earnings and its return on regulatory capital improved to 20.0% from 19.1%. RBB South Africa's 13% earnings growth was better than expected, largely due to lower credit impairments, while RBB Rest of Africa's earnings fell 19% on disappointing revenue growth. Excluding Private Equity, CIB's increased 22% to account for 28.6% of the overall Group. Lower Life Insurance earnings and a larger loss in Distribution saw WIMI's earnings decline 3%, despite strong growth in Short-Term Insurance and Rest of Africa. WIMI contributed 10.1% of our total earnings.

Headline earnings	2012 Rm	2013 Rm	**2014 Rm**	YoY change %	Contribution[1] %
Retail and Business Banking	5 272	7 618	**8 316**	9	61.3
Retail Bank South Africa	3 672	5 160	**5 529**	7	40.7
Business Bank South Africa	996	1 492	**2 002**	34	14.8
RBB Rest of Africa	604	966	**785**	(19)	5.8
Corporate and Investment Bank	3 455	3 348	**3 887**	16	28.6
CIB South Africa	2 593	2 509	**2 733**	9	20.1
CIB Rest of Africa	862	839	**1 154**	37	8.5
Wealth, Investment Management and Insurance	1 354	1 420	**1 383**	(3)	10.1
Group centre	338	(543)	**(554)**	2	
Total	10 419	11 843	**13 032**	10	

Note
[1] Excluding Group centre

Retail Banking South Africa turnaround continues

Headline earnings grew 7% to R5 529m, largely due to 7% lower credit impairments as pre-provision profits grew 1%. Home Loans' earnings increased 78% to R1 813m, as credit impairments fell 51% and cost growth was contained to 2%. Vehicle and Asset Finance's 3% earnings growth to R1 169m reflects 9% revenue growth, dampened by 27% higher credit impairments. Card earnings fell 17% to R1 644m, largely due to 19% higher credit impairments and the Edcon portfolio's small loss. Personal Loans earnings increased 21% to R434m, given cost containment and improved pricing. Transactional and Deposits earnings were flat at R2 843m reflecting 2% non-interest income growth, although this improved to 4% in the second half. Losses in the 'Other' segment increased 10% to R2 374m (2013: R2 165m) due to increased spend on marketing and our multi-channel programme. Retail Banking South Africa accounted for 41% of our total headline earnings excluding head office, eliminations and other central items.

Strong Business Banking South Africa growth

Headline earnings increased 34% to R2 002m, reflecting 25% growth in its core franchise and a 59% lower loss in its non-core equity portfolio. A 36% decline in credit impairments and cost containment outweighed flat loans and 2% non-interest revenue growth. BBSA generated 15% of our overall headline earnings excluding the Group centre.

RBB Rest of Africa earnings declined

Headline earnings decreased 19% to R785m, due to margin compression, continued investment spend, non-recurring Visa gains in the base and a higher tax charge. Non-interest income grew 14% in part due to rand depreciation. RBB Rest of Africa constituted 6% of our headline earnings, excluding the Group centre.

Strong CIB performance

Headline earnings rose 16% to R3 887m, with 10% higher revenue on 13% loan growth and a 35 basis point wider margin. Given their strong revenue growth, Corporate headline earnings grew 24% to R1 639m and Investment Bank's 11% to R2 248m. Market's net revenue increased 17%. Private equity net revenue declined due to negative revaluations and the 2013 profit on disposing of its share in the ACPE Fund 1. CIB's South African earnings grew 9%, while Rest of Africa increased 38%. Its overall return on regulatory capital was 19.6% from 18.3%.

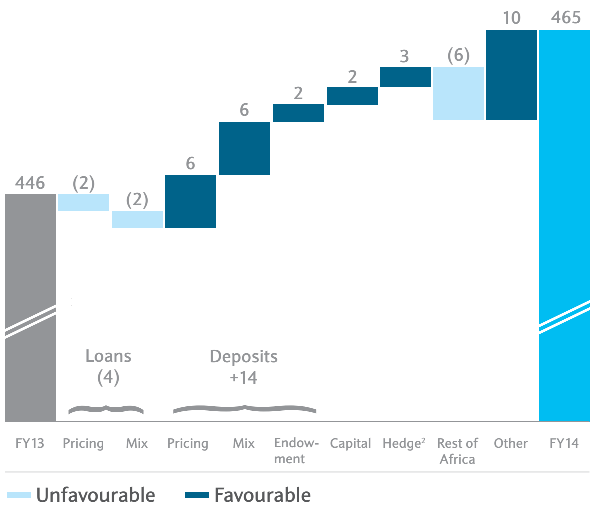
Lower WIMI contribution

Headline earnings declined 3% to R1 383m, while net operating income was flat at R1 796m. Life Insurance headline earnings fell 9% to R694m, with 4% higher net premium income, a non-recurring gain in 2013 and lower investment returns. Its embedded value of new business grew 11% and its return on embedded value was 31.1%. Wealth and Investment Management's headline earnings increased 3% to R475m given 4% revenue growth. Short-term Insurance earnings increased 32% to R204m as its underwriting margin and loss ratio improved. Fiduciary Services earnings grew 16% to R117m, while Distribution lost R56m because of investments in sales capacity and introduction of a new operating model impacted sales. Rest of Africa headline earnings grew 36% to R49m and South Africa declined 4% to R1 334m. WIMI's RoE reduced to 23.1% from 24.7%.

Income statement analysis

	2012 Rm	2013 Rm	**2014 Rm**	Change %
Net interest income	29 302	32 351	**35 601**	10
Non-interest revenue	25 674	27 055	**27 524**	2
Total revenue	54 976	59 406	**63 125**	6
Credit losses	(8 855)	(6 987)	**(6 290)**	(10)
Operating expenses	(30 329)	(33 420)	**(35 848)**	7
Other impairments and indirect tax	(856)	(1 033)	**(1 412)**	37
Associates and joint ventures	249	130	**142**	9
Profit before taxation	15 185	18 096	**19 717**	9
Taxation	(4 439)	(5 222)	**(5 573)**	7
Profit after taxation	10 746	12 874	**14 144**	10
Non-controlling interest	747	893	**928**	4
Attributable earnings	9 999	11 981	**13 216**	10
Headline earnings	10 419	11 843	**13 032**	10

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



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

Net interest income continues to underpin revenue growth

Net interest income grew 10% to R35 601m, benefiting from 19 basis points of margin expansion to 4.65% and 6% growth in average interest-earning assets. There were several moving parts within our net interest margin, although an improved deposit margin was the main driver of the increase.

Loan mix and pricing had a negative 4 basis point impact, largely due to a higher proportion of CIB lending. While Rest of Africa's 8.13% margin was almost double South Africa's 4.13% and its loan growth considerably higher, declining rates, increased competition and regulatory changes meant that it contributed 6 basis points less to our margin. Our deposit margin added 14 basis points, as we reduced our reliance on more expensive wholesale funding and grew our retail deposits 11%. Higher South African interest rates increased the endowment contribution on deposits and equity by 4 basis points. Structural hedging contributed 20 basis points to our net interest margin, with R1.5bn released to the income statement, which was 5 basis points less than 2013. Our cash flow hedging reserve decreased to R0.4bn after tax from R0.6bn. However, other hedging gains and Treasury activities added 8 basis points. Changing our funding model for foreign currency loans increased our margin by 4 basis points, with an equal reduction in non-interest income. A lower proportion of statutory liquid assets repaying subordinated callable notes together increased our Group margin by 6 basis points.

As discussed earlier, our non-interest income growth remained muted and its contribution to our total revenue declined to 43.6% from 45.5%. At 46%, South Africa's proportion of non-interest income remains well above Rest of Africa's 34%, which we expect to improve as we expand WIMI and CIB across the continent.

Credit impairments improve further

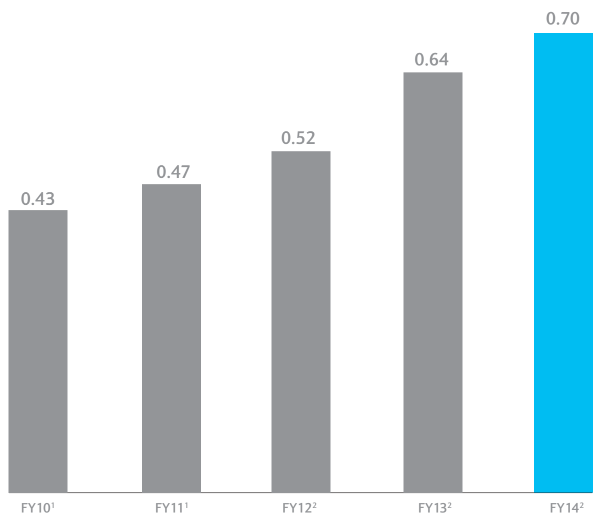
Our credit impairments fell 10% to R6 290m, resulting in a better than expected 1.02% credit loss ratio from 1.20% and the peak of 1.59% in 2012. The credit loss ratio reflects our focus on quality loan growth and substantial improvements in our collections over the past few years. Our charge for Home Loans and commercial property finance dropped 55% to R970m, partly offset by an expected 19% increase in Card to R2 262m. We calculate our credit loss ratio differently from peers. On a like-for-like basis, including loans to banks and excluding collection costs of R193m, our charge was 0.87%.

Positively, our balance sheet portfolio provisions grew 15% to R4.4bn, or 70 basis points of performing loans from 64 basis points. The increase was particularly noticeable in instalment credit and BBSA, as their probability of default rose. Our total NPL cover improved further to 43.0% from 41.8%, largely due to mix changes. Our stock of repossessed vehicles has dropped 51% since 2011 to 1 054, while our properties in possession are 94% down from 2011 at just 132.

Our NPLs fell 7% to R27.4bn or 4.2% of gross customer loans and advances from 4.7%. This is in line with our long-term historical average and the lowest since 2008. Lower home loans, commercial property finance and instalment credit NPLs were the main reason for the decline, outweighing a substantial rise in Card NPLs. Importantly, we reduced our Home Loans legal book by almost a third or R3.1bn to R7.0bn, which decreased our NPL cover on this book.

IFRS 9 will change banks' credit impairment methodology to an expected loss basis from the current incurred basis from 2018. The Basel Committee on Banking Supervision published a consultative document on this in February 2015. Although too early to quantify its impact, implementation is likely to be expensive and it could increase the sector's stock of provisions.

Portfolio provisions to performing loans (%)



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

Low cost growth without compromising investment

Our operating expenses increased 7% to R35 848m, slowing from 9% growth in the first half. Our South African costs increased 6%, in line with inflation while Rest of Africa costs rose 10%, reflecting continued investment spend and rand depreciation.

Our staff costs rose 10% and accounted for 54% of total expenses. Salaries grew 12% due to more senior and specialist hires, higher wage increases for entry level employees and large inflationary increases in certain countries. Incentives increased 14%, largely due to 68% higher share-based payments, given the rise in our share price.

We contained non-staff costs growth to just 4%, with low single-digit growth in professional fees and communication costs. Our overall information technology spend increased 3% to make up 17% of the total.

Underlying property-related costs fell 1%, excluding a R252m property dilapidation provision, due to our ongoing focus on optimising this portfolio. We had R1.0bn of cost-efficiency gains, while we spent R1.1bn on growth initiatives. Marketing costs grew 19%, reflecting substantially higher product advertising.

Effective tax rate relatively high

Our taxation expense increased 7% to R5 573m, less than the growth in pre-tax profit, resulting in an effective tax rate of 28.3% from 28.9%. This remains relatively high, in part due to a rate of 35.8% in our Rest of Africa operations.

Balance sheet analysis

Our total assets increased 3% to R991.4bn. Solid R36.0bn growth in customer deposits was our principal source of new funding and equity added another R5.7bn. Borrowed funds decreased R5.3bn as we called two tier 2 bonds and deposits from banks fell by R17.8bn. We used these funds to increase customer loans by R30.1bn.

Consolidated statement of financial position

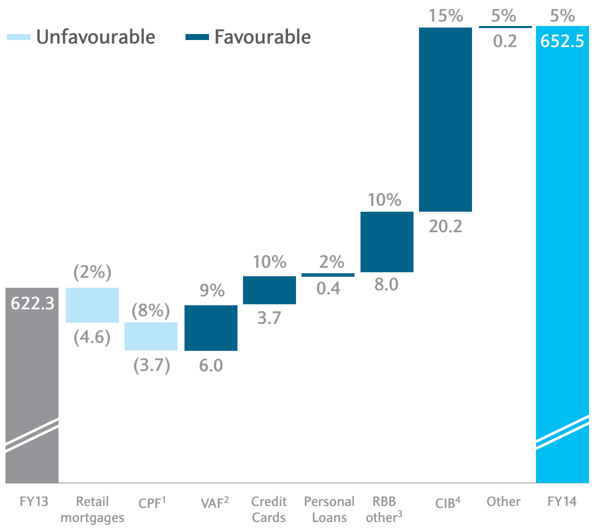
	2012 Rm	2013 Rm	**2014 Rm**	YoY change %
Assets				
Loans and advances to customers	567 247	606 223	**636 326**	3
Total assets	904 940	962 863	**991 414**	3
Equity and liabilities				
Capital and reserves attributable to ordinary equity holders of the Group	77 096	77 317	**82 690**	7
Non-controlling interest – ordinary shares	2 705	3 240	**3 611**	11
Non-controlling interest – preference shares	4 644	4 644	**4 644**	–
Total equity	84 445	85 201	**90 945**	7
Liabilities				
Deposits due to customers	544 086	588 897	**624 886**	3
Total liabilities	820 495	877 662	**900 469**	3
Total equity and liabilities	904 940	962 863	**991 414**	3
Loans-to-deposits and debt securities ratio (%)	87.1	88.3	**87.1**	–

Growing loans in targeted areas

The composition of our loans has changed materially in recent years, with property-related lending dropping to 41% of our total loans from 60% in 2010. Over this period, our property loans declined 13%, while acquisitions like Edcon and Barclays Africa Limited increased the non-property component, which should improve our net interest margin while increasing our credit loss ratio.

Gross loans and advances to customers increased 5% to R652.5bn in 2014. Our gross property-related book declined 3% or by R8.1bn last year. The rest of our book increased 11%, including solid growth of 9% and 10% in South African Vehicle and Asset Finance and credit cards respectively. We continued to lose market share in South Africa personal loans, although we have re-priced this book materially in the past 18 months. RBB Rest of Africa's loans grew 9% in constant currency. CIB's loans increased 13%, with particularly strong growth in the Rest of Africa.

Change in gross customer loans (Rbn)



Notes
[1] Commercial property finance, includes mortgages.
[2] Instalment credit agreements.
[3] Includes Rest of Africa.
[4] Excludes mortgages.

Continued strength in deposit franchise

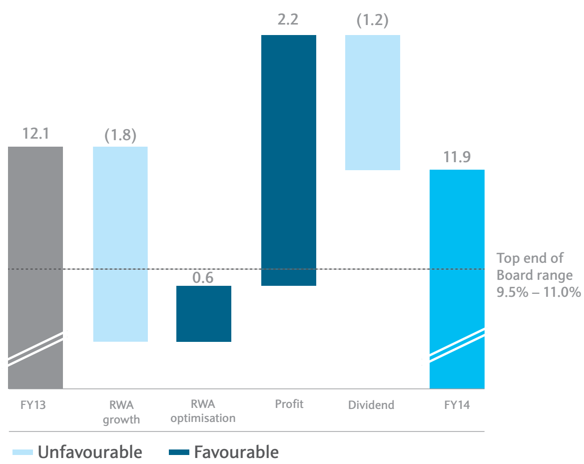
The shape of our funding improved, as deposits due to customers contributed 80% of the total from 78%. With customer deposits growing 6% to R624.9bn, our loan-to-deposit ratio declined to 87.1%. Retail Banking South Africa maintained its leading market share, increasing deposits 11%, while BBSA's deposits grew 10% given 48% higher savings and transmission deposits. Islamic Banking saw 66% growth to R402m. As noted, our deposit margin widened, improving our Group net interest margin by 0.14%.

We remain very capital generative

Our Group risk-weighted assets grew 10% to R619.7bn, largely due to growth in loans and advances, as credit risk RWAs increased 11%. RWA growth reduced our CET1 ratio by 1.8%. However, our continued RWA optimisation efforts increased our CET1 by 0.6%. These efforts largely involved enhancing credit risk data and reducing BBSA's non-core equities portfolio by 46%. We remain very capital generative, as earnings added 2.2% to our CET1. After the R7.4bn in ordinary dividends we paid last year, our CET1 ended at 11.9%, which remains comfortably above regulatory requirements and our Board target range of 9.5% to 11.0%. Declaring a 13% higher dividend per share for 2014 – a 60% payout ratio – was well considered, based on our strong capital position, internal capital generation, strategy and growth plans. Excluding preference share dividends, we have declared R20.8bn in dividends over the past two years. We will remain above our CET1 target range given changing regulations and uncertain economic conditions.

As part of our liquidity and capital optimisation we established a debt programme at Barclays Africa level, out of which we have issued R3.0bn of subordinated debt. The last tranche of R2.5bn in January 2015 was Basel III compliant tier 2 subordinated debt.

Barclays Africa Group Common Equity Tier 1 ratio (%)

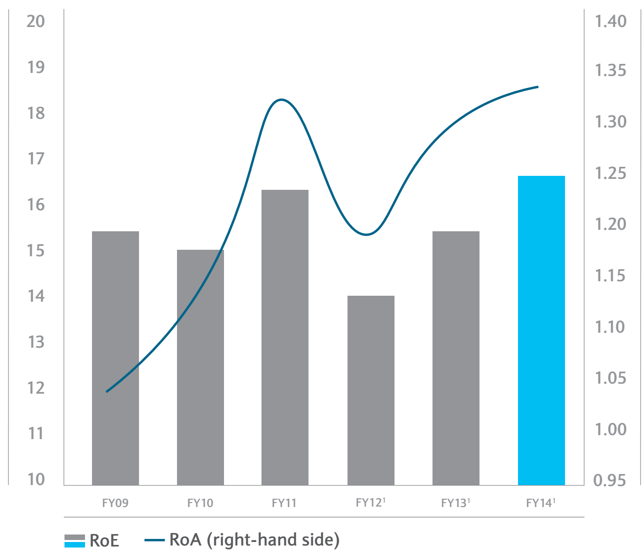


Improving returns

Our RoE improved further to 16.7% from 15.5%. While our 2013 special dividend added 0.8% by increasing our leverage to 12.5 times, improving our RoA to 1.33% also contributed meaningfully. Our RoA is only slightly below our 2008 high of 1.38%, when our RoE was 23.4% given considerably higher leverage.

We believe an 18% to 20% RoE target is the right range for our Group. The RoE of our South African business is already 18%. Rest of Africa's low 13% RoE offers substantial upside potential and we see a clear path to increasing its returns. As mentioned, we plan to reduce RBB Rest of Africa's high 70.5% cost-to-income ratio and improve Barclays Bank Mozambique's returns. We can also reduce our high effective tax rate in Rest of Africa over time. We estimate there is R2bn of surplus capital in these operations. Raising tier 2 debt at Group level was an important step in improving our capital mix and reducing this surplus and we have a clear execution schedule in place.

RoE and RoA (%)



Note
[1] Barclays Africa Group

What to expect in 2015

We expect to make further progress towards our medium-term financial targets this year. With South African interest rates likely to remain low for longer, we do not expect to see further improvement in our net interest margin in 2015, although our loan growth should improve. Rest of Africa's loan growth should exceed South Africa. Focus on revenue growth and continued cost management should improve our cost-to-income ratio, which is important because our credit loss ratio has probably troughed. We expect our RoE to increase further, although we will not take short-term actions just to achieve our 18% target in 2015.

Risk summary

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

Overview of risk management

Risk exists 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. We face risks throughout our business, every day, in everything we do. Some risks we choose to take after appropriate consideration – like 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. Finally, some risks are the result of external events, which impact our business – such as electricity shortage.

The role of risk management is to evaluate, respond to and monitor risks that arise in the execution of the strategy to become the 'Go-To' bank in Africa. It is essential that business growth plans are supported by an effective Enterprise Risk Management Framework (ERMF). Risk culture is closely aligned to that of the business, while retaining independence in analysis and decision-making.

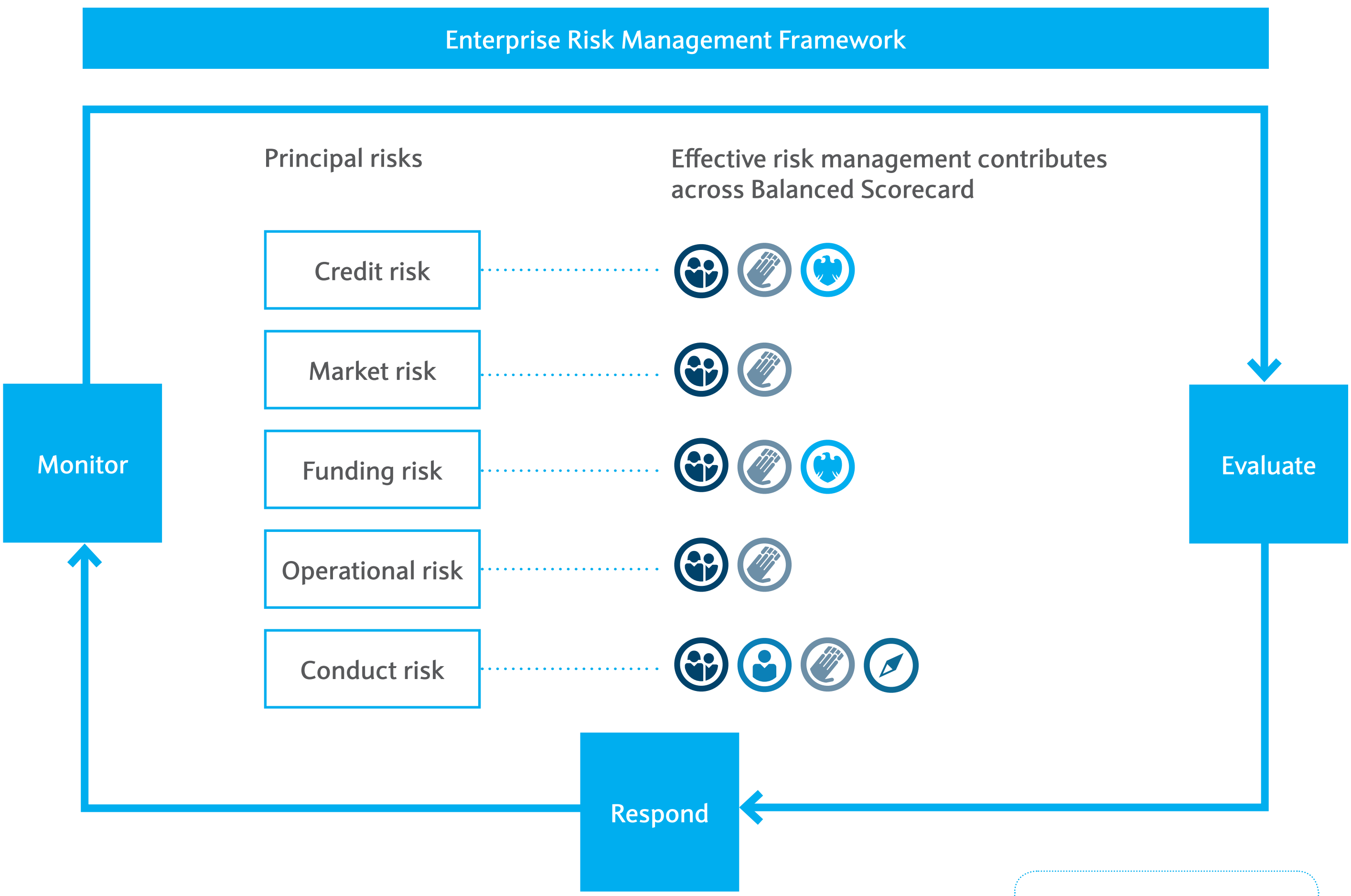
The approach to managing risk is outlined in the ERMF which creates the context for setting standards and establishing the right practices across the Group. It defines the risk management process and sets out the activities, tools, techniques and organisational arrangements to ensure that material risks can be better identified and managed. It also ensures that appropriate responses are in place to protect the Group and prevent detriment to our stakeholders, thereby enabling us to meet our goals.

The ERMF includes those risks taken by the Group that are foreseeable, continuous and material enough to merit establishing specific Group-wide control frameworks. These are known as key risks and are grouped into five principal risks. In the current year, reputation risk has been added as a key risk under conduct risk.

The three lines of defence operating model, which has been defined in the ERMF, enables the appropriate assignment of risk management activities between those parties that:

- own and take risk and implement controls (first line);
- oversee and challenge the first line, providing independent second line risk management activity and support controls (second line); and
- provide assurance that the risk processes are fit for purpose and that they are being carried out as intended (third line).

The ERMF enables businesses and functions to be organised along the three lines, by formalising independence and challenge, while still promoting collaboration and the flow of information between all areas.



View our full risk report at barclaysafrica.com

Overview of 2014

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

- As loans and advances increased, driven by growth in wholesale and certain retail portfolios, credit performance continued to improve across major portfolios. Both impairment charges and the impairment loss ratio reduced year-on-year.
- Against the backdrop of continuing challenges in the macro-economic environment, overall coverage increased on both performing and non-performing loans.
- Market risk exposures remained within risk appetite.
- Operational risk losses increased year-on-year, with fraud and reconciliation losses in our Card business being the primary drivers of losses.
- We remained well capitalised above the minimum regulatory requirements and Board-approved target capital ranges.
- The liquidity position remained healthy and well managed within key limits and metrics.
- We developed an approach to the management of conduct risk.
- We introduced a new risk appetite framework for insurance risk.

2013 commitments	Progress in 2014	Priorities for 2015
Ensure performance is in line with risk appetite and to refine the risk appetite approach for insurance risk.	A new risk appetite framework for insurance risk has been introduced. Performance was in line with risk appetite.	Ensure performance remains within risk appetite and continue to refine the risk appetite approach for insurance and country risk.
Embed the new Enterprise Risk Management Framework and the target operating model for risk.	The ERMF was approved by the Board in May 2014 and will be fully embedded within two years. Although not yet fully embedded we remain comfortable that our risk governance and practices remain fit for purpose.	Continue with the embedment of the ERMF and the three lines of defence operating model into businesses and countries.
Further improve risk-adjusted returns while reducing volatility in performance.	Model risk management practices have been enhanced and several credit models have been redeveloped to improve risk measurement accuracy.	Continue to improve risk measurement models and enhance risk-adjusted returns while reducing volatility in performance.
Continue to strengthen infrastructure and control with an emphasis on fraud, transactional operations, technology and regulatory risk.	A number of control issues in technology have been completed, fraud systems implemented, processes in have been strengthened and progress on Know Your Customer and anti-money laundering remediation has been made.	Continue to invest in systems in fraud (including digital and application fraud), commence migration to our new data centre and further streamline customer onboarding, not only for regulatory compliance purposes, but to also improve customer service.
Further develop an approach for the management of conduct risk.	Developed the approach to management of conduct risk including the finalisation of conduct key risk frameworks and a gap analysis on the implementation of the conduct key risk frameworks.	Embed conduct risk frameworks and enhance conduct risk management controls, tools and reporting.
Complete the integration of the acquired African operations to achieve a uniform approach to managing risk across Africa.	We aligned accountability along business lines with business unit and country chief risk officers. An operations and technology chief risk officer was appointed to focus on functional risks covering technology and cyber risk, payment process, transaction operations, premises and security, information and external suppliers. Group heads of operational and financial risks will be responsible for the aggregate risk profile and appetite at an enterprise level. Where appropriate, group-wide shared services have been implemented.	In 2015 we will further embed these shared services.
Continue to build on the Recovery and Resolution Plan for the Group.	Submitted our Recovery Plan to the South African Reserve Bank. Feedback was received in July 2014 and additional requirements are due in the first quarter of 2015.	Continue to build upon the Recovery plan and develop an approach to Resolution.

Credit risk

The risk of financial loss should the Group's customers, clients or market counterparties fail to fulfil their contractual obligations.

Factors that influence this risk

Specific scenarios which could impact credit risk in both the retail and wholesale portfolios include:

- Persistent electricity supply constraints in South Africa reducing growth prospects. Lower oil prices will, however, help to constrain increases in the import bill, reduce inflation and increase consumer disposable income.
- The slowdown in China's economy could further undermine commodity prices, especially copper, platinum and crude oil. This poses downside risks, especially in sub-Saharan Africa. Country and sovereign risk will be closely monitored in those countries with high exposure to commodity prices.
- Continuing macro-economic uncertainty, especially arising from US monetary policy changes, and the instability of the Euro Monetary Area, could negatively impact investment flows into Africa.

How we manage this risk

- Understand the target market.
- Define clear risk appetite thresholds and triggers, using applicable stress test measures.
- Establish risk acceptance criteria.
- Undertake sound credit origination, monitoring and account management.
- Ensure appropriate risk infrastructure and controls.

> Wholesale credit risk

Key indicators	2012	2013	2014	YoY trend
Growth in loans and advances (%)	6.8	14.7	**6.0**	▼
Risk-weighted assets (RWA) as a percentage of gross credit extended[1,2] (%)	27.2	34.2	**34.1**	▼
Non-performing loans as a percentage of gross loans and advances (%)	3.7	2.8	**3.1**	▲
Non-performing loans coverage ratio (%)	41.9	42.4	**34.7**	▼
Credit loss ratio (%)	1.0	0.6	**0.4**	▲

Notes

[1] Gross credit extended includes off balance sheet exposures as well as exposures to banks and sovereigns.

[2] The percentages include only portfolios subject to the internal ratings-based approaches.

- **Growth:** Total loans and advances growth was fairly muted at 6% when compared to 14.7% in 2013. Growth continued to be dominated by CIB with the Rest of Africa growing strongly at 12.7%.
  - While regional diversification continues to grow in the CIB portfolio as new opportunities across Africa are explored, new business within South Africa has been buoyed by increased corporate activity across the mining, transportation and retail sectors.
  - The Business Banking South Africa (BBSA) portfolio remained stable. The growth in lending was offset by a decline in the commercial property finance book of 9% as a result of significant repayment and the early settlement of existing loans.
- **Portfolio performance:** The non-performing coverage ratio further decreased to 34.7% (2013: 42.4%) due to a number of write-offs in the default exposure and a slowing down of new defaults in Business Banking.
- **Impairments:** The wholesale portfolio credit impairment charge decreased 18% to R815m (2013: R990m). This improvement was largely driven by the overall positive Rest of Africa and BBSA portfolios' performance, down 52% and 36% respectively.

Future priorities

- Continue to respond to regulatory changes while making efficient use of capital.
- Ensure that our delivery capability is based on a progressive and cost-effective infrastructure that will enable us to deliver forward-thinking, relevant and scalable approaches to manage and report credit risk.
- Deliver a relevant and scalable risk appetite operating model.
- Refine stress testing and concentration risk methodologies to ensure that all potential stresses are understood and quantified.
- Refine the approach to sovereign and country risk management.

> Retail credit risk

Key indicators	2012	2013	2014	YoY trend
Growth in loans and advances (%)	3.4	3.1	**4.1**	▲
RWA as a percentage of gross credit extended[1, 2] (%)	33.7	34.5	**36.7**	▲
Non-performing loans as a percentage of gross loans and advances (%)	7.0	5.6	**5.0**	▼
Non-performing loans coverage ratio (%)	36.7	41.0	**46.1**	▲
Credit loss ratio (%)	1.9	1.5	**1.4**	▼

Notes
[1] Gross credit extended includes off balance sheet exposures as well as exposures to banks and sovereigns.
[2] The percentages include only portfolios subject to the internal ratings-based approaches.

- **Growth:** The 0.1% growth in Home Loans new applications was offset by the reducing legal book, resulting in a net decrease of 1.4%. Both these drivers are positive developments. Vehicle and Asset Finance (VAF) grew 9.1% (2013: 8.9%) and the Credit Card portfolio 10%, driven by new product launches and campaigns. Portfolios in the Rest of Africa grew 34.8%.
- **RWA:** Overall RWA as a percentage of gross credit extended increased to 36.7% from 34.5%, driven by additional capital requirements specific to forbearance/restructure exposures.
- **Non-performing loans (NPLs):** NPLs continued to decrease. The NPL coverage increased to 46.1% (2013: 41%) as coverage was increased on unsecured lending, including Cards.
- **Impairments:** The credit loss ratio improved to 1.4% from 1.5%, reflecting our enhanced collections capability and the improving quality of new business. The loss ratio decreased in Home Loans, increased in VAF and Credit Cards and remained stable in Personal Loans. The impairment loss ratio in the Rest of Africa reduced to 1.7% from 2.2%.

Future priorities

- Improve debt counselling and other collection rehabilitation programmes to ensure appropriate management of customers in financial difficulty.
- Continue to invest in models/analytics to improve the Group's risk profile, measurement and risk-adjusted returns, with a focus on unsecured lending.
- Respond effectively to the deteriorating macro-economic environment.
- Continue to improve risk infrastructure, processes and controls.

Market risk

The risk that the Group's 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 of the Group being impacted by changes in the level or volatility of positions in trading books, primarily in the Investment Bank.
- **Non-traded market risk:** The risk of being unable to hedge the interest rate risk in the banking book, primarily in the retail, business banking and corporate portfolios.
- **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.

Factors that influence this risk

Specific scenarios which could result in significantly lower revenues include:

- Reduced client activity and decreased market liquidity, as the CIB business model is focused on client intermediation. Lower levels of liquidity could result in longer holding periods.
- Significant unexpected capital outflows could arise as a result of a decline in demand for African and other emerging market local currency government bonds.
- Further pressure on the oil price could have a notable impact in the trading environment of a number of African countries.
- Changes in the composition of the assets and liabilities of the Group which, if not adequately identified and managed, could lead to increased levels of exposure to interest rate and exchange rate volatility of earnings.
- Inadequate product pricing, insufficient assets held for policyholder liabilities and inappropriate reinsurance strategies in the management of insurance claims.

How we manage this risk

- Monitor the risk limit and appetite framework.
- Ensure a high degree of net interest margin stability in banking books.
- Understand risk sensitivity and volatility, and take advantage of stress testing and empirical analytics.
- Use appropriate models to measure risk.
- Ensure that risks underwritten are well diversified and focus on reducing earnings volatility.
- Increase exposure to more attractive business lines to improve the risk-return outlook.
- Monitor and continuously reassess the inherent quality and risk profile of the insurance business book.
- Ensure pension risk is managed within defined principles, objectives and governance, as well as country specific regulations.
- Ensure appropriate capital levels exist to meet policyholder obligations during severe economic conditions.

Key indicators	2012	2013	2014	YoY trend
Average traded market risk – daily value at risk (Rm)[1]	21.3	24.7	**22.3**	▼
Traded market risk regulatory capital (at 10% of RWAs) (Rm)[2]	1 331	1 630	**2 178**	▲
Banking book annual earnings at risk for a 2% interest rate shock (% of Group net interest income)	<7	< 7	**< 5**	▼
Short-term loss ratio[3](%)	69.9	72.2	**70.9**	▼
Life new business margin[3](%)	8.6	7.6	**6.6**	▼

Notes
1 Daily value at risk for outside South Africa is based on a historical simulation model that uses sensitivity-based inputs rather than full revaluation as is done for South Africa.
2 At 9.5% of RWAs for 2013 and 10% of RWAs for 2014.
3 South Africa only.

- **Traded market risk:** We managed trading exposures within risk appetite. The trading business remained resilient as the market experienced the start of the interest rate hiking cycle and weakness in the rand. Revenues are underpinned by a strong client franchise, with a focus on sustainable client flow and facilitation and the careful management of risk across the Group, supported by continued strengthening of the control environment and the implementation of our trading platform in seven additional countries during 2014. In line with US Securities Exchange Control (SEC) requirements, we also implemented reporting as stipulated by the Volcker rule during the year.
- **Non-traded market risk:** We remained positively exposed to further increases in interest rates in South Africa after the impact of hedging. We continue to be exposed to prime-JIBAR basis risk in South Africa, arising from the funding of predominantly prime-linked assets with liabilities that are primarily JIBAR-linked after hedging. Basis risks also exist across the Rest of Africa business. There has been continued enhancement of interest rate risk measurement across the Rest of Africa. The interest rate environment remained divergent across the region, with countries such as Ghana and Zambia tightening monetary policy rates in response to weakening currencies and inflationary pressures, while in Mozambique and Uganda, relatively low inflation prompted monetary authorities to relax policy rates further.
- **Insurance risk:** We continued to pursue diversified growth between life insurance and short-term insurance exposures. The economic capital assessments for the constituent risks and overall insurance risk remained within approved levels. The insurance entities remained solvent as there was sufficient capital retention above the minimum regulatory capital requirements. To further reduce short-term insurance volatility, a decision was made fully to reinsure current crop insurance exposures and to exit the crop insurance business in 2015.
- **Pension risk:** Pension plans and benefits are provided in all countries where we have a footprint, with the South African pension arrangement, the Absa Pension Fund, remaining the largest fund.

Future priorities

- Ensure appropriate risk management responses to higher traded market volatility and continued pressure on market liquidity.
- Respond to regulatory and capital change, specifically preparing for the adoption of the fundamental review of the trading book.
- Continue to service the client franchise and to increase client flow.
- Continue to build trading capacity and controls across Africa, with the launch of integrated risk technology to ensure all entities across the Group are using the same risk management infrastructure and systems.
- Reduce margin volatility through the ongoing structural hedge programme in South Africa.
- Further refine risk measurement of structural products and optimisation of balance sheet structures as a risk mitigant.
- Monitor the insurance risk profiles against the approved risk appetites for 2015.
- Enhance and further develop the rigour of the models for the life and non-life insurance entities.
- Embed the own risk and solvency assessment principles into the operations and governance of insurance entities to improve our risk management policies, controls and processes.
- Finalise our insurance entities preparations for the Solvency Assessment Management regime coming into effect in 2016.

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.
- **Structural risk:** The risk arising from the impact of interest rate and foreign exchange movements on the balance sheet and income statement.

Factors that influence this risk

- Ability of the business to generate positive equity driven by profit and changes in capital requirements.
- Regulatory change and structural reform of the financial sector, which is an ongoing process internationally.
- Structural risk is affected by changes in the composition of the assets and liabilities of the Group which could lead to increased levels of exposure to interest rate and exchange rate volatility.

How we manage this risk

We manage this risk by adhering to the Board-approved funding risk appetite and by maximising shareholder value through RWA precision, optimising capital supply mix, liquidity and structural components.

> Capital risk

Effective capital planning and management ensures that sufficient and appropriate capital resources are available to support the Group's risk appetite, business activities, credit rating and regulatory requirements. The capital management process includes:

- Meeting capital ratios required by regulators and the target ranges approved by our Board.
- Maintaining an adequate level of capital resources prudently in excess of economic capital requirements.
- Optimising returns and net generation of equity through capital and balance sheet management.

Key indicators		2012	2013	2014	YoY trend
Common Equity Tier 1 capital adequacy ratio (%)	(Board target range 9.5 – 11.0)	13.0	12.1	**11.9**	▼
RoRWA (%)		2.09	2.16	**2.22**	▲
Return on average economic capital (%)		20.8	20.6	**20.4**	▼
RoE (%)		14.1	15.5	**16.7**	▲

- The cost of equity increased to 13.5% from 13% with effect from January 2014 due to a higher market view of the risk free rate.
- RWAs increased 10.5% to R619.7bn as at 31 December 2014 (2013: R560.9bn) mainly due to increased regulatory requirements and the prevailing economic environment negatively impacting certain credit portfolios. This was partly offset by RWA precision initiatives.
- We are capitalised above the minimum regulatory and Board-approved capital target ranges due to continued economic uncertainty and anticipated future changes in regulations.
- We issued inaugural Basel III compliant instruments at the Group level in November 2014, qualifying as tier 2 capital (the first tier 2 issuance under the newly established Group DMTN programme).

Future priorities

- Ensure all entities remain adequately capitalised relative to minimum regulatory requirements, Board-approved target capital ranges and the Board-approved risk appetite.
- Further improve the approach to capital management and consider:
  - continued focus on RWA precision;
  - enhancing the economic capital framework;
  - improving performance metrics such as positive capital generation and RoE;
  - optimising the mix of capital supply; and
  - appropriate capital allocation.
- Issuance of Basel III compliant tier 2 instruments to replace instruments being called.

> Liquidity risk

The liquidity risk management process includes:

- Management of the overall funding position, including development of the funding plan.
- Liquidity risk monitoring.
- Intra-day liquidity risk management.
- Contingency liquidity planning.
- Regulatory compliance.

Key indicators	2012	2013	2014	YoY trend
Sources of liquidity (Rm)	144 604	153 871	**175 836**	▲
High quality liquid assets	76 216	81 974	**88 537**	▲
Statutory liquid assets and cash reserves[1]	47 657	49 915	**53 562**	▲
Surplus liquid assets[1]	28 559	32 059	**34 975**	▲
Other liquid assets[2]	24 986	31 697	**31 841**	▲
Other sources of liquidity	43 402	40 200	**55 458**	▲
Long-term funding ratio (%)	23.5	24.3	**21.9**	▼
Loan-to-deposit ratio (%)	87.1	88.3	**87.1**	▼

Notes

[1] South Africa

[2] Rest of Africa

- Our liquidity risk position remained healthy and is managed within key limits and metrics. We expect to maintain a healthy liquidity position throughout 2015, which will support our growth targets.
- From 1 January 2015, the Group is required to maintain a liquidity coverage ratio in excess of 60%. To ensure continuous compliance, we hold a volatility buffer above the minimum requirement.
- We have a well-diversified deposit base and concentration risk is managed within appropriate guidelines. Sources of liquidity are reviewed regularly to maintain a wide diversity of provider, product and term. The long-term funding ratio reduced 2.4% to 21.9%, due to an increase in short-term funding raised in RBB and CIB.
- The loan-to-deposit ratio improved 1.2% to 87.1% year-on-year.
- The net stable funding ratio is currently being incorporated into local regulations and will become effective on 1 January 2018.

Future priorities

- Manage the funding and high quality liquid asset position in line with the Board-approved liquidity risk appetite framework and liquidity coverage ratio requirements.
- Continue to grow and diversify the funding base to support asset growth and other strategic initiatives.
- Balance the above against the long-term impact on the cost of funding.

> Structural risk

Structural risk exposures continue to be identified and managed within well-defined risk limits. The qualification criteria for structural exposures are well defined and tested and structural risk management approaches continue to follow strict internal governance processes.

Key indicators	2012	2013	2014	YoY trend
Capital and liabilities deemed structural for hedging purposes[1] (%)	15	15	**15**	=
Structural hedging impact on net interest margins (bps)	29	25	**20**	▼
Structural hedging impact on net interest income[1] (Rm)	1 974	1 730	**1 494**	▼

Note
[1] Structural interest rate risk hedging is conducted only in respect of the South Africa business.

- The size of the structural hedging programme has remained stable at 15% of capital and liabilities. The process whereby structural balances are identified for structural hedging remained materially unchanged in 2014. Structural exposures continue to be actively reviewed to ensure the programme remains representative of changes in the composition of the balance sheet.
- Exchange rate and interest rate volatility re-emphasised the importance of structural risk management, with the structural hedging programme in South Africa continuing to play an important role in reducing margin volatility during the interest rate cycle. The impact of the structural hedging programme on net interest margins and net interest income remained material, but was at levels lower than those experienced in 2013, mainly due to the increase in short-term interest rates experienced during 2014.
- The acquisition of countries outside South Africa introduced additional risk through interest rate and exchange rate exposures and we have enhanced risk identification and measurement approaches in the region.

Future priorities

- Ensure that structural risks continue to be managed in line with the Group's risk appetite.
- Continue to manage structural interest rate risks in South Africa in accordance with the structural interest rate hedging programme.
- Continue to enhance the approach in Rest of Africa to optimise balance sheet structures further in line with risk appetite and return objectives.

Operational risk

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

We actively seek to minimise the impact of losses suffered, both in the normal course of business (expected losses) and in extreme events (unexpected losses), to improve effective management of the Group and strengthen our brand and external reputation.

Factors that influence this risk

- The scale and type of fraud, both internal and external.
- Increasing and changing regulatory requirements affecting the internal control environment.
- The extent, nature and management of change in the organisation, including the type and scale of growth.
- The rate of technological evolution and progress and the complexities of IT recovery.
- External factors, including the disruption of key services, such as energy load shedding and the postal strike in South Africa.

How we manage this risk

We have developed and embedded an operational risk management framework (ORMF) designed to deliver on the key operational risk management strategies and objectives. The consistent implementation and application of the ORMF ultimately enables us to:

- Embed a culture of risk awareness across the businesses;
- Improve risk governance and oversight at an executive level to ensure accountability;
- Strengthen risk practices;
- Enhance the control environment by standardising processes and using automated solutions where appropriate;
- Invest in infrastructure and systems to support the measurement of operational risk; and
- Implement remedial actions should the risk profile not be at an acceptable level.

When we have a significant event, a lessons learnt review is performed. Learnings from such reviews are shared with other parts of the Group and actions taken to address issues are independently tracked to completion by the risk management function.

Key indicators	2012	2013	2014	YoY trend
Total losses as a percentage of gross income (%)	1.2	1.1	**1.1**	=
Total losses (Rm)	660	659	**735**	▲
Operational RWA (Rm)	62 385	79 235	**92 942**	▲

Total operational risk losses for 2014 were within our appetite, but exceeded those of 2013. Incidents relating to fraud and transaction processing remained the largest contributors, accounting for 57% and 30% of total losses respectively. The most significant loss events in the reporting period related to an external identity theft fraud (R104m) and a payment and settlement reconciliation issue (R153m), both in the Card business.

- **Technology risk:** Technology stability and disaster recovery remained a challenge in 2014, specifically within the payments environment, although we made good progress in addressing issues relating to unsupported infrastructure and systems.
- **Fraud risk:** Plastic fraud losses remain the key driver behind overall fraud losses, but these have improved and stabilised across all Card portfolios.
- **Financial reporting, transaction operations and payments:** We are actively remediating an issue within the Card business relating to reconciling payment and settlement transactions. This is an industry-wide issue affecting multiple parties to the payments system. The issue is managed via a Group-level control remediation project.

Future priorities

- **Technology risk:** Continue to invest in systems to improve and maintain technology resilience. There is a need to consolidate and simplify platforms across Africa and, where relevant, replace legacy systems. In addition, the migration of services to a new data centre will improve the Group's disaster recovery capability. Cyber risk management is also receiving additional attention as this risk escalates globally.
- **Regulatory and financial crime risk:** Continued focus on the management of regulatory risk in step with recent and planned regulatory changes. Financial crime compliance will be strengthened through investment in technology and refining the customer on-boarding and monitoring processes.
- **Fraud risk:** Improve our fraud capability with a focus on digital banking, the insurance businesses and operations in the Rest of Africa.
- **Product risk:** Monitoring and managing risks associated with the expansion of the businesses across Africa, specifically within the corporate, life insurance and digital businesses.
- The **energy challenge** in South Africa is being closely monitored, with business continuity plans being updated for various scenarios ranging from load shedding to blackouts.

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.

Factors that influence this risk

- Strategy and business model of the organisation.
- Culture and behaviour of our employees.
- Technological evolution impacting approaches to the marketing and selling of services and products.
- Increasing and changing regulatory requirements.
- Association with controversial clients, business decisions, sectors, governments or countries.

How we manage this risk

- Implementing a framework and risk practices which include frequent material risk assessments, use of risk and performance indicators, management of risk events and reporting of key conduct risks to executive committees and boards.
- Continuous engagement with regulators and industry bodies to identify forthcoming regulatory changes and assessing and addressing their impact on customers and clients and the financial industry.
- Ongoing monitoring and combined assurance of the effectiveness of the framework and risk management practices.
- Evaluating the potential reputation risk to our brand prior to making a commercial decision and ensuring ongoing monitoring of the risk once a commitment has been made.
- Identifying and escalating material reputation risks for appropriate review.
- Regular review through scenario planning and business continuity and crisis management to mitigate the operational impact of commercial decisions on clients and customers.

Review of 2014

The key forward-looking themes identified in conduct material risk assessments were:

- Impact of unavailability of technology and support to users that can impede straight-through processing, thereby adversely impacting service delivery.
- Continued levels of regulatory change, resulting in increased expectations and enhanced requirements that impact customer experience.
- Strategic drive to develop and implement a multi-channel proposition and solution to cater for diverse segments and customer preference that may lead to a lack of service and ineffective products.
- Along with various other financial institutions in South Africa we received a regulatory fine of R10m, issued by the South African Reserve Bank, originating from an administrative sanction (FICA – Section 45C).

In addition, we managed a number of reputation risks:

- We exited a number of high profile citizenship programmes, given that they are not aligned to the approved strategy and/or governance and compliance standards. We appropriately engaged with communities, customers and other affected parties.
- A number of accounts deemed to be non-compliant with Know Your Customer (KYC) regulations were blocked, with a consequent negative impact on the customer experience. We remained in contact with customers and the general public through various channels of communication during this period, providing timely and consistent responses to customer complaints.
- A number of legacy legal cases were heard in 2014, several of which were high profile and involved former senior employees. We filed the appropriate appeals and issued accompanying media statements relevant to the matter.
- Following engagement with political parties and governments, we discontinued financial support to political parties.
- We closed several branches affecting customers in some areas. We monitored stakeholder responses and used these to inform our engagement strategy.
- We managed reputation risk associated with both internal and external fraud by ensuring a transparent and appropriate level of communication with customers.
- Following a thorough review of the Satinsky business model and associated reputation risks in April 2014, we terminated the Absa master service agreement with Satinsky. Our stakeholder engagement plan considered Satinsky customers, our broader customer base, investors, the media and the South African Reserve Bank.

Future priorities

- Increase focus on improving overall regulatory controls, particularly those related to Know Your Customer, anti-money laundering and the South African National Credit Act.
- Focus on and measure how the Group delivers on our stakeholder commitments relating to Values and culture.
- Ensure that clients and customers are at the centre of all our decisions.
- Embed material risk assessments and forward-looking conduct risk reporting across the Group.
- Enhance controls and key performance indicators to continually track and manage conduct risk.
- Provide regular training and material to ensure business units and functions are aware of the conduct risk framework requirements, risk definitions and escalation procedures.
- Maintain a robust awareness and understanding of drivers of political, regulatory and policy changes across the continent.

Segment performance

Contents

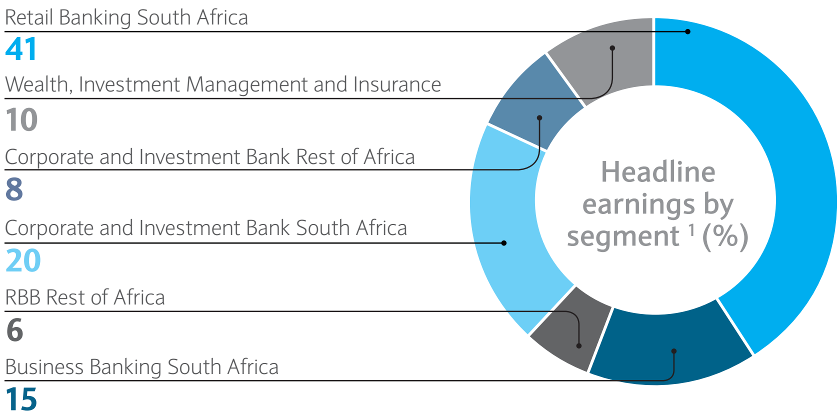
Mount Kilimanjaro and clouds line at sunset, view from savanna landscape in Amboseli, Kenya, Africa

Summary segment financial performance

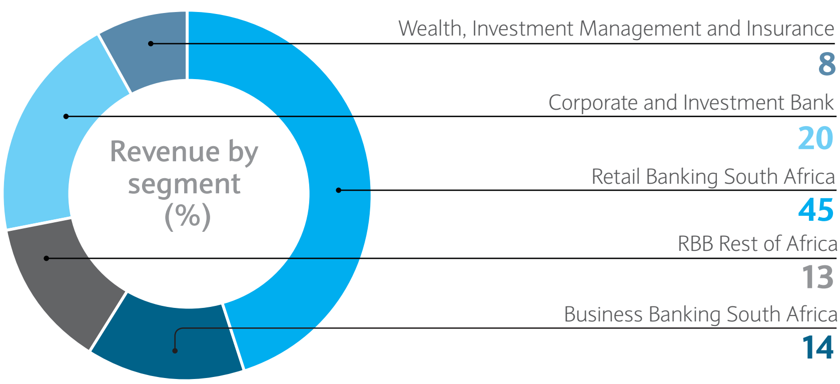
Our core business activities and processes are executed though three business segments.

The table below indicates the financial performance of our segments.

	Wealth, Investment Management and Insurance				Corporate and Investment Bank			
Indicator	**2012**	**2013**	**2014**	**YoY trend**	**2012**	**2013**	**2014**	**YoY trend**
Revenue (Rm)	4 558	4 880	**5 009**	▲	10 231	11 430	**12 610**	▲
Attributable earnings (Rm)	1 337	1 419	**1 370**	▼	3 455	3 481	**3 969**	▲
Headline earnings (Rm)	1 354	1 420	**1 383**	▼	3 455	3 348	**3 887**	▲
Credit loss ratio (Rm)	0.75	0.73	**0.25**	▼	0.08	0.19	**0.16**	▼
Cost-to-income ratio (Rm)	53.9	55.1	**57.8**	▲	54.85	54.4	**53.0**	▼
Loans and advances to customers (Rm)	11 377	10 885	**10 507**	▼	116 122	143 537	**162 099**	▲
Deposits due to customers (Rm)	4 442	4 878	**5 276**	▲	287 039	309 429	**316 536**	▲
Return on average assets (Rm)	3.18	3.16	**2.96**	▼	0.62	0.64	**0.70**	▲
Impairments (Rm)	83	84	**27**	▼	80	239	**248**	▲
Assets under management and administration (Rm)		259	**264**	▲				
Embedded value of new business (Rm)		427	**472**	▲				
Return on average equity (Rm)		24.7	**23.1**	▼				

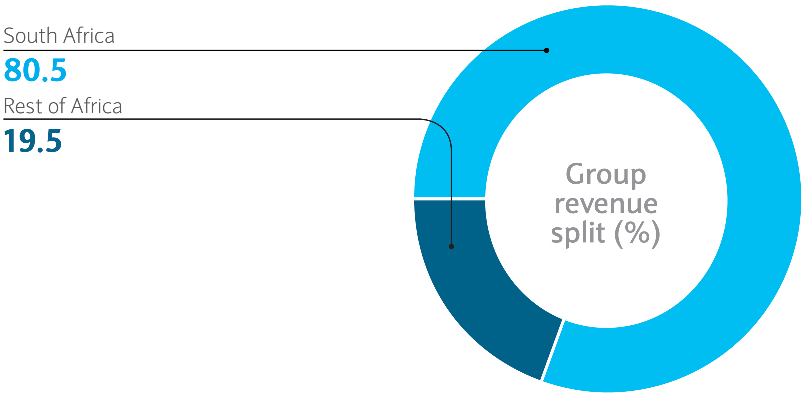


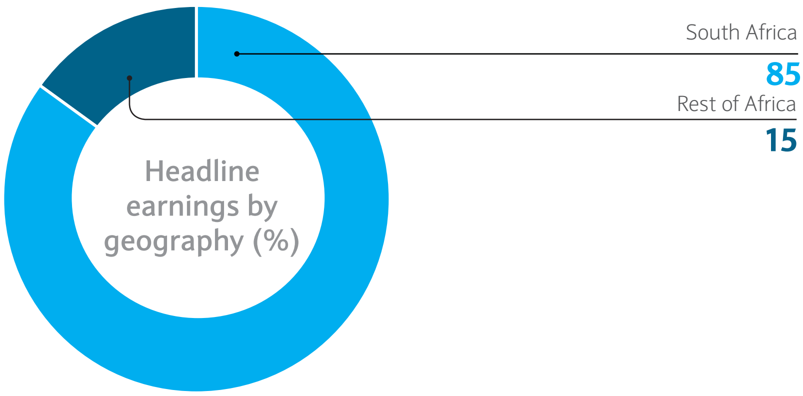
Note
[1] Excludes head office, inter-segment eliminations and other.



Refer to pages 49 to 112 of our 2014 financial results booklet, available on barclaysafrica.com, for a detailed segment analysis.

Retail and Business Banking											
Retail Banking South Africa				Business Banking South Africa				RBB Rest of Africa			
2012	2013	2014	YoY trend	2012	2013	2014	YoY trend	2012	2013	2014	YoY trend
25 592	27 417	**28 768**	▲	7 906	8 265	**8 723**	▲	6 455	8 002	**8 325**	▲
3 688	5 177	**5 539**	▲	594	1 515	**2 019**	▲	599	971	**781**	▼
3 672	5 160	**5 529**	▲	996	1 492	**2 002**	▲	604	966	**785**	▼
1.95	1.49	**1.35**	▼	2.40	1.34	**0,87**	▼	2.1	1.86	**1.75**	▼
50.8	52.2	**54.2**	▼	66.74	62.7	**60,4**	▼	68.83	66.8	**70.5**	▲
348 104	354 622	**362 693**	▲	61 988	60 708	**61 000**	=	29 313	36 351	**39 489**	▲
127 863	135 697	**150 432**	▲	79 100	87 915	**96 765**	▲	45 819	56 054	**58 683**	▲
0.72	1.00	**1.02**	▲	1.19	1.71	**2,10**	▲	0.97	1.20	**0.79**	▼
6 605	5 234	**4 850**	▼	1 511	823	**527**	▼	581	621	**638**	▲





Retail Banking South Africa

Highlights

- Headline earnings increased 7% to R5 529m mainly on the back of improved impairment performance.
- Net interest income grew 7% due to focused margin management and improved risk-based asset pricing.
- Credit impairments declined 7% to R4 850m. Our credit loss ratio decreased to 1.35% from 1.49%.
- Performing loans coverage ratio increased to 0.84% and our overall non-performing loan coverage ratio remained strong at 43.1%.
- Customer numbers have stabilised in the second half, while profitability per account has improved.
- Costs grew 9% due to increased marketing and multi-channel programme spend aimed at delivering long-term sustainable cost reduction.
- Edcon performance improved significantly in the second half of the year.

Challenges

- Loans and advances growth was impacted by the continued decline in Home Loans non-performing loans.
- Non-interest income growth was subdued due to the removal of monthly internet banking fees and continued migration to bundled products and digital channels.
- Cost growth was higher than expected due to increased fraud losses, in line with industry experience.

Operating environment

Consumers continued to experience financial strain with household debt to income remaining high at 78%, impacting their ability to take up further credit. Growth in real household disposable income and consumption expenditure remained at 2%. Interest rates increased 75 basis points adding further pressure on residential property markets and other credit segments. Credit balance growth in the household sector remained low at 3.4% (secured up 3% and unsecured up 5%) while total new vehicle sale volumes declined by 0.7% in 2014. Strikes undermined levels of economic activity, employment and investor confidence. As international oil prices remain under downward pressure, domestic fuel prices have dropped sharply in recent months alleviating financial pressure on customers.

More information is provided in our financial results booklet, page 67 which you can access online at barclaysafrica.com

Business performance

Our improved performance is underpinned by ongoing 'business-as-usual' improvements across product portfolios, planned investment initiatives as well as focused execution against strategic imperatives. The ongoing investment in innovation, intensified focus on developing our employees and reinvigorating our physical and digital infrastructure aims to improve customer experience and to use our resources more efficiently. We delivered an array of new and innovative propositions including Payment Pebble, Features Store, Homeowners app, Family Springboard home loans, Gamification, electronic contracting when purchasing vehicles and Private Banking for Professionals. Since June 2014, we have increased the number of cash accepting ATMs to over 2 100. Deposits through self-service channels account for more than 40% of all customer cash deposits. ATM capabilities include online pin retrieval, limit management and internet banking registration.

While overall customer numbers declined year-on-year, this trend is starting to stabilise, with growth in key segments including the high value segments in the latter half of 2014. We have seen a steady rise in new business volumes across most products. This new business is within risk appetite and is appropriately priced. Impairment levels improved due to strong risk management initiatives such as new credit scorecards, refined pricing and profitability models and the continued enhancement of collections and recovery processes.

Overall, our turnaround journey is on track, client attrition has slowed, real customer growth in key segments is a reality, customer service is improving, our marketing share of voice is beginning to be felt, our costs and losses are contained, the leadership morale is greatly improved and our confidence is returning.

Business Banking South Africa

Highlights

- Headline earnings increased 34% to R2 002m driven by significant improvement in the performance of the underlying business which included a 36% decline in credit impairments, coupled with continued rationalisation of the equity portfolio.
- Pre-provision profits increased by 12%.
- Gross loans and advances (excluding commercial property finance) increased 6% with strong growth in term loans (8%) and overdrafts (6%).
- Deposits due to customers increased 10% to R97bn mainly due to solid saving and fixed deposit growth.
- Cost-to-income ratio improved to 60.4% through strong momentum in total income and continued focus on driving cost efficiencies, despite the increased investment in human capital.
- Return on average risk-weighted assets improved to 2.80% from 2.11%.
- Continued reduction in the rate of customer attrition.
- Reduced the equity portfolio by 46%, in line with the overall reduce strategy.

Challenges

- Our commercial property finance book declined 9% as significant repayments and early settlements outweighed new business. Pay-outs increased 4%.
- Transactional revenue was negatively impacted by customer migration to cash centres and digital channels.
- Cheque payment volumes continued to decline in line with industry trends.

Operating environment

Emerging markets growth continued to slow following several shifts and surprises in 2014. Domestic economic growth was marred by protracted industrial action and electricity supply shortages which weighed on business confidence and had a knock-on effect on small businesses. When combined with continued consumer pressure, GDP growth slowed to 1.5% in 2014 from 2.2% in 2013. This was evident in the increase in industry-wide compulsory liquidations (up 89% to 353) and business rescue cases also increased, contributing to a reduction in the number of voluntary liquidations by 22% to 1 588.

More information is provided in our financial results booklet, page 77 which you can access online at barclaysafrica.com

Business performance

Our business remains deposit and transactional led with the drive to retain and attract new customers. Our overall customer numbers decreased 2.3% to 378 388; however the rate of attrition has slowed. Losses were mostly in the enterprise segment with the commercial segment stabilising. The 75 basis points interest rate increase contributed positively to interest income; however transactional income was hampered by the industry-wide practice of reducing cheque usage and the migration to cash centres and digital platforms. We remain the market leader in the agricultural sector based on market share.

We are committed to providing relevant solutions and improving operational effectiveness to retain and attract new customers. Enhanced electronic banking solutions and refreshed product offerings remain key. In 2014, we:

- piloted Barclays.Net – a fully functional cash management system – with a select group of customers;
- launched an electronic sales platform providing a 360 degree view of the customer, which enables electronic applications completion and improved turnaround times;
- increased the number of frontline employees to improve customer engagement and service offerings; and
- streamlined our transactional product offering to four core products: a simpler product offering with essential value-adds to support the effective running of our customers' businesses.

We established a firm foundation in 2014 from which to lead and grow into 2015.

RBB Rest of Africa

Highlights

- Launched credit cards in Ghana, Seychelles, Uganda and Zambia, (a first in Zambia).
- Grew Premier customer numbers by 17% and retail current and savings accounts by 19%.
- Credit loss ratio improved to 1.75% from 1.86% due to improved quality of the loan book and collections.
- Operating expense growth was well contained at 6% in constant currency, despite inflationary pressures and strategic investments.
- Personal loans grew 14%.
- Card acquiring turnover increased 20%.
- New to bank credit card sales showed 6% growth.
- Key successes in digitising branches and introducing intelligent ATMs with increased functionality in four markets.

Challenges

- Net interest income was flat year-on-year in tight interest rate environments with a decrease in interest rates in seven markets. Despite this, loans and advances and deposits showed healthy growth.
- Cost-to-income ratio increased to 70.5% driven by low income growth and high cost legacy infrastructure.
- Regulatory changes on fees were introduced in Botswana and Kenya and statutory reserve requirements in Ghana and Zambia.

Operating environment

The operating environment remained promising, confirming its healthy resilience to internal and external shocks. Demand for borrowings remained positive across the region. Most of the economies we operate in showed steady growth for the current reporting period, despite a slowdown in some of the larger economies towards the latter part of 2014. Other aspects of the operating environment which posed challenges included:

- regulatory changes, including the 600 basis points increase of the statutory reserve ratio in Zambia and the 200 basis points increase of the primary reserve ratio in Ghana;
- liquidity concerns in various markets;
- inflationary pressures, particularly in Ghana where inflation reached 17%;
- increased competition from local and international banks in a number of markets; and
- tight interest rate environments with seven of the markets reflecting a lower average interest rate in 2014.

More information is provided in our financial results booklet, page 86 which you can access online at barclaysafrica.com

Business performance

Underlying business performance showed good growth with robust increases in loan and current account sales. Strategic improvements were made in 2014 to enhance our customer service model, optimise cost-to-serve and improve customer experience. Some highlights include:

- 'paperless banking' in Botswana, Kenya, Tanzania and Zambia reducing manual and paper intensive operations in branch;
- digital remote account opening which reduced handling time from 24 hours to 20 minutes;
- intelligent ATMs in four markets including cash acceptance, bill payments and CashSend capabilities;
- internet banking now available in all markets;
- many first to market products including Group Savings Account (Zidisha) in Kenya, Unfixed Deposits in Botswana and Zambia, Salary Retrenchment Cover and Portfolio Insurance for Personal Loans;
- enhanced Premier proposition through a Pan-African enabled VIP Concierge Service, pre-approved overdrafts and unique alliance programmes;
- CashSend, for customers and location based discount offers enabled through our mobile banking application in Kenya; and
- strengthened Business Banking leadership in most markets and agricultural strategies put into place for Ghana, Kenya and Zambia.

We continue to invest and stablise the businesses across Africa and we are confident that the intense focus we bring, aligning to the customer needs led operating model, will ensure we have continuing growth.

Corporate and Investment Bank

Highlights

- Headline earnings grew 16% and return on regulatory capital increased to 19.6%.
- Rest of Africa contributed 30% to revenue as we rolled out systems and products.
- Double digit net revenue growth in all core businesses.
- Cost-to-income ratio improved to 53% while continuing to invest in technology and platforms.

Challenges

- Negative revaluations and limited realisations impacted the Private Equity portfolio.
- Foreign exchange revenues decreased due to increased margin pressure.
- Increase in regulatory and macro-economic headwinds remains a challenge for us and our clients.

Operating environment

Despite setbacks, the global economic recovery continued, albeit unevenly, with the slowing of South Africa's two most important export markets, China and Europe. Significant depreciation of emerging market currencies, sharp changes in terms of trade due to fluctuations in commodity prices and shifts in general risk appetite affected the strength of the rand and other African currencies. Idiosyncratic shocks – like the electricity shortages in South Africa – exacerbated exchange rate volatility and weakness. In South Africa, electricity supply constraints intensified which negatively affected many productive clients. Strike activity weighed on growth, exports and investor confidence. In the Rest of Africa, economic growth was 3.5%, with lower commodity prices weighing on commodity exporting countries. This was offset by a pick up in growth among oil importing countries. The Ebola outbreak and security concerns also had a negative impact, particularly in the West African region.

Business performance

Our business is growing rapidly with Rest of Africa markets becoming increasingly important in terms of growth and opportunity. Local footprint in various markets has proven to be a key enabler in increasing business performance.

We have continued on our journey to implement various technologies that enable and enhance client service. The successful implementation of Front Arena, an online dealing platform in Africa, across all countries has further strengthened the Africa proposition. BARX, our foreign exchange trading platform, is live in Botswana, Ghana, Kenya, Mauritius, Tanzania, Uganda and Zambia. Barclays.Net, our online cash management banking platform, is operational in Kenya, South Africa and Uganda. We are developing a blueprint for digital wholesale banking that will serve clients' needs by using technology to help them manage and grow their businesses through efficiency, cost effectiveness and transparency.

We received a number of accolades, including being ranked Top Overall Bank in the 2014 Risk South Africa Rankings survey for the fifth consecutive year. Complementing this, we launched our first ever Pan-African marketing strategy. The campaign targeted 11 countries and illustrated how our partnership with clients across the continent helps them realise their ambitions and positively impact the community at large.

In a challenging year with major systems implementation, a revamped operating model and external market volatility, we fared well against ambitious targets. In 2015, we will build on the foundations already laid.

More information is provided in our financial results booklet, page 91 which you can access online at barclaysafrica.com

Wealth, Investment Management and Insurance

Highlights

- Maintained attractive returns with return on equity at 23.1%.
- South Africa Short-term Insurance margins improved.
- Embedded value of new Life Assurance business increased 11%.
- Headline earnings grew 36% in Rest of Africa.
- Completed the Wealth and Investment Management integration, including passive asset management.

Challenges

- Net premium growth in South African Life Insurance was muted.
- Assets under management declined due to outflows.
- Distribution showed losses due to investment in sales capacity and structural business changes.
- Cost of transforming credit life practices for customer differentiation.

Operating environment

The weak economic environment in South Africa persisted while growth in the Rest of Africa remained resilient. Increasing inflation led by high energy costs, high levels of consumer indebtedness, rising interest rates, deterioration of the South African rand and high levels of unemployment combined with a volatile labour environment undermined investor confidence and continued to subdue growth in the South African insurance markets. South Africa's corporate bond market was shaken by defaults by African Bank Investments Limited on its subordinated debt issues in August and this placed strain on money market funds across the industry. High levels of consumer indebtedness constrained household spending which could ultimately lead to higher lapse rates in insurance policies and reduced appetite for savings and risk protection products. The regulatory environment remains dynamic with a number of developments in progress, including the Solvency Assessment and Management framework and the Financial Services Board's Retail Distribution Review initiative in Treating Customers Fairly.

Business performance

2014 has been a year of re-positioning the business for sustainability. In line with our plans we have implemented a number of structural business changes and initiatives to ensure that we future proof the business. We are pleased with the initial successes as a result of these changes implemented – business in Rest of Africa grew ahead of expectations while our initiatives to further expand on the continent are progressing well. Wealth management has transitioned into an investment led advisory business with strong growth in investment fees. Employee Benefits turnaround has been completed with an improvement in margins to levels in line with internal expectations. Our Net Promoter Score® improved to 26% from 21% and complaints volumes reduced significantly during the year.

In 2014 we have:

- developed new talent in our face-to-face channel through our academy and are building out our digital capabilities for end-to-end client interaction;
- enhanced our Wealth and Investment Management integration to strengthen links between wealth and private clients businesses;
- improved cross-sell ratios across most segments through closer collaboration, and aligned customer value propositions; and
- progressed with the implementation of strategic responses to the challenges we face in our Short-term Insurance business relating to low margin business lines.

The structural business changes made will ensure we proactively align with shifting consumer and regulatory trends and are positioned for sustainable growth in 2015.

More information is provided in our financial results booklet, page 99 which you can access online at barclaysafrica.com

Governance and reward

Contents

Bridge at Victoria Falls, a bungee-jumping hot spot

A message from our Chairman

After the first full year of our three-year strategy, we are making good progress towards achieving our 2016 targets. This strategy has again been reviewed by the Board and we remain confident that it has put us on the path of becoming the 'Go-To' bank in Africa.

Wendy Lucas-Bull
Group Chairman

Strategy review

The general condition and outlook of the global and African economies has had a significant influence on our operating environment.Accordingly, the Board reassessed the strategy approved in September 2013 against, amongst other things, the macro-economic and socio-political environments, the impact of technology, shifts in the competitor landscape and the effect of global and local regulatory changes. 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. Additionally, the Board considered future trends and assumptions and concluded that there are sufficient reporting processes in place to enable us to identify key external trends, opportunities and risks that could have an impact on our growth ambitions. We also concluded that our Balanced Scorecard appropriately measures performance taking into account the needs of our stakeholders across the short and long-term.

Looking ahead, we anticipate that our business will continue to be impacted by the volatile macro-economic environment, significant changes to regulation across all our countries and generally competitive pressures from both traditional and non-traditional sources. Specifically, the significantly lower global commodity prices pose risk to the region and create uncertainty which could weigh on the investment and funding environment.

We conduct regular business and strategy reviews to ensure that the challenges that arise are successfully managed and mitigated. Our reviews are informed, for instance, through learnings from Barclays PLC and we take advantage of the broader group's successes in innovation and technology. One of our key competitive strengths is our ability to harness best-of-breed products and services, including new channels and innovative ways of doing business, deploying them to meet the growing appetite for solutions, in markets where we have a strong brand presence.

In South Africa, the continued turnaround in Retail and Business Banking, the growth of the Corporate business in Corporate and Investment Bank and the integration of Wealth and Investment Management within Wealth, Investment Management and Insurance create the platform for growth. Outside South Africa, our ability to take advantage of our products and services in the context of growing populations, increasing urbanisation and rising per capita income, further enhances the opportunities which exist.

The global and local environment

As a Board, we continued to monitor our external environment for trends that signal opportunities and risks which might impact on our growth ambitions. We considered several themes, including:

- the macro-economic factors that impact our various businesses;
- Basel developments;
- Structural Reform initiatives;
- the European Union's Capital Requirement's Directive IV, which has impacted the way in which we need to pay our most senior people;
- global compliance requirements, including anti-money laundering and sanctions;
- trends in cyber crime and how best to protect a financial institution in this context;
- the longer-term effects of the economic policy measures being applied in the Eurozone, the US and China; and
- the direction of national policy initiatives in South Africa.

South Africa, which remains our largest market, has seen low GDP growth, slowing credit extension, a decline in household consumption and a period of low interest rates. A particular challenge for the country and for banks was the downgrade in the country credit rating. Despite this, financial services businesses generally showed growth and new innovations are brought to market at a rapid rate.

In addition to the significant strike action which impacted many of our clients, we have also seen growing concern over electricity supply, and the impact that has on businesses. We regularly engage with the electricity sector and those industries most affected by power outage. We continue to see opportunities in the renewable energy space and encourage and support these initiatives.

We recognise that governments do not operate in isolation and that there are other contributors to civil society. As a business in the private sector we understand the need for greater public-private partnerships in order to achieve a higher growth trajectory. This applies to all the jurisdictions in which we operate.

Board and 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 to account for the responsible delivery of the strategy.

We designed our Board objectives to cover not only our strategic objectives, but also to capitalise on the benefits of being part of a broader group, our resilience in dealing with emerging global issues, the importance of running the business in an ethical and transparent way and the monitoring of our information technology (IT) strategy:

- The business has actively driven significant synergy benefits, taking advantage of IT platforms and products (both wholesale and retail). We have mobilised talent across the Group, creating opportunities for secondments from subsidiary banks and deployment of talent from Barclays PLC to Barclays Africa.
- We are cognisant of the need to strike a balance between independent authority and overall governance across our numerous geographies and continue to work towards consistency of governance structures throughout Barclays Africa.
- Of the two Africa Chairmen's conferences convened in the year, the first conducted country business reviews as a checkpoint for performance against strategy and the second engaged in forward-looking strategic and financial planning for the region as a whole. These conferences provided an opportunity for strong engagement with the chairmen and the managing directors of our subsidiary banks. We also launched board training workshops to our subsidiary banks to strengthen the consistency of approach.
- A great deal of the Board's work is actively conducted through our Group Board committees, whose mandates include responsibility for our Africa subsidiaries. The governance structures, objectives and mandates of the subsidiaries are closely aligned to those of the Group, facilitating our overall effectiveness and communication.
- Our resilience in dealing with emerging issues is built primarily through recognising and bringing issues to the table early in order to be properly assessed by our various committees. Issues covered during 2014 included the economic and socio-political environment in which we operate, the Protection of Personal Information Act, International Financial Reporting Standards changes and Basel III updates. We engaged with the regulators on financial crime and Basel and on market conduct issues, technology governance, and strategy at the formal South African Reserve Bank/Board meeting. With regard to market conduct, the Board deals with a number of issues raised by our regulators and our customers and spent significant time monitoring the anti-money laundering inspection by the South African Reserve Bank, which culminated in an administrative fine in the first quarter (which, albeit the lowest in the industry, was still disappointing) and the Satinsky matter, which occurred in the third quarter. Remediation actions arising out of market conduct matters are tracked from an operational, reputational and client-impact perspective. Further, as the market weathered the shock of the African Bank collapse we took appropriate steps to limit our exposure and protect our customers.
- In terms of responsible corporate citizenship and ethical business operations (in line with the Barclays PLC global drive on conduct and Values), colleagues across Africa have actively participated in campaigns to embed our Values. As a Board we have seen ongoing progress (primarily monitored through the Social and Ethics Committee) with Treating Customers Fairly, ethics management and ethical practices, with high levels of participation in conduct risk and Barclays Way (Values) training.
- The IT strategy is reviewed by the Board through the Information Technology Committee to ensure this significant enabler of our business has adequate Board focus. We prioritised 'run the bank' stability, while enabling and improving strategic IT investment spend. Our Information Technology Committee has focused on management's progress on standardisation of architecture and project methodologies across all products and all geographies.

Investors raised a number of issues at the time of our 2014 AGM. We continue to engage with our investors on these issues and respond through enhanced disclosures.

See progress against our 2014 Board objectives overleaf

Board changes

At the conclusion of the Barclays Africa transaction, we communicated our intention to appoint two Board members to reflect the Pan-African nature of the Group. Francis Okomo-Okello (the current chairman of Barclays Bank of Kenya Limited) and Alex Darko were appointed to the Barclays Africa Group Board on 1 October 2014.

Brand Pretorius stepped down from the Board in October 2014. Brand had been a member since 2009 and served as Chairman of the Group Human Resources and Remuneration Committee (GRHRC) and as a member of the Directors' Affairs and the Social and Ethics Committees. Brand made a significant contribution to the Group and I thank him for his wise counsel over the years and wish him well. Mohamed Husain has taken over the role of GRHRC chairman.

In conclusion

The turnaround of our South African RBB business will remain an important Board focus and is fundamental to the Group's future success.

The completion of the Barclays Africa transaction in 2013 marked a significant milestone for the Group. A year on, we are able to look back at the decision our shareholders endorsed in February 2013 and not only confirm that the deal has been earnings accretive, but that it has been transformational, because it combines the power of strong local franchises with regional know-how and a global presence. The strategic implementation of this growth opportunity and supporting management's efforts in this regard, will be high on our agenda.

I would like to express my gratitude to our Board members and in particular the chairs of our Board committees, and to the boards of Absa Bank and Absa Financial Services for their ongoing dedication, support and challenge. I would like to thank the chairmen and boards of our subsidiaries. I would also like to thank Maria, David and their Exco team for their commitment, and progress made as they drive the business towards becoming the 'Go-To' bank in Africa. Thanks also to our colleagues and our customers and clients, and the support that they give to the Group every day.

Progress against our 2014 Board objectives	Achievement of objective
Review the progress of the growth strategy for Africa (set for delivery by 2016) against the four key objectives.	Substantively achieved: significant levels of engagement with management on strategy development and integrated planning.
Monitor the attainment of synergy benefits arising from our relationships with our subsidiary banks, in the areas of product innovation, talent, and technology and the continued benefits of our relationship with Barclays PLC.	Substantively achieved: reporting on talent and technology deployment; and other benefits of our upstream and downstream relationships were a regular feature of our committee reports.
Optimise the relationships and governance arrangements between the Barclays Africa Board and the boards of our subsidiary banks on the one hand and the Barclays PLC board on the other.	Fully achieved: the Board monitored further development of the accountabilities matrix and ways of working, and engaged with the chairmen of the country banks and the members of the Barclays PLC board.
Ensure our resilience in dealing with emerging issues in the context of the shifting global and regulatory and risk environment.	Substantively achieved: the Board kept abreast of all significant regulatory developments and obtained inputs from our regulators in particular on matters of financial crime.
Ensure that our businesses run in an ethical and transparent way and in accordance with responsible corporate citizenship.	Substantively achieved: the Board observed progress on our Values and Conduct launches, Treating Customers Fairly and market conduct embedment.
Monitor the implementation of the Group 's information technology strategy.	Substantively achieved: the Information Technology Committee engaged with management regarding IT strategy, architecture, stability and reporting on certain key performance indicators.
Ensure appropriate representation on the Barclays Africa Group Board.	Substantively achieved: appointment of two new directors with Pan-African experience; ongoing work on Board composition.

Board objectives for 2015

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.
2. Monitor the implementation of the Group's information technology strategy, with a focus on resilience and appropriate investment spend.
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.
4. Monitor and assess the people agenda and the culture of the organisation.

Board of directors

For detailed biographies of our Board members go to barclaysafrica.com/barclaysafrica/About-Us/Board-and-Management/Board

1. Alex Darko[1] (62)
Appointed: October 2014
Committees: GACC, ITC
Qualifications: MSc (MIS); Fellow of Chartered Certified Accountants (FCCA)
Expertise: finance; re-engineering; change management and IT

2. Colin Beggs (66)
Appointed: June 2010
Committees: GACC (Chair), GRCMC, CoRC, BFC, DAC
Qualifications: BCom (Hons); CA(SA)
Expertise: accounting and finance

3. Francis Okomo-Okello[2] (65)
Appointed: October 2014
Qualifications: LLB (Hons)
Expertise: public and international affairs; banking; legal and corporate affairs

4. Mohamed Husain (54)
Appointed: November 2008
Committees: GACC, GRHRC (Chair), DAC, SEC (Chair)
Qualifications: BProc
Expertise: legal and commercial litigation

Former director
Brand Pretorius resigned effective 31 October 2014.

5. Peter Matlare (55)
Appointed: December 2011
Qualifications: BSc (Hons) (Political Science); MA (South African Studies)
Expertise: consumer goods; international operations management; strategy; business development

6. Trevor Munday (65)
Lead independent
Appointed: April 2007
Committees: GACC, GRCMC (Chair), DAC, GRHRC, CoRC (Chair), BFC (Chair)
Qualifications: BCom
Expertise: general business; finance; risk management; corporate affairs; audit

7. Yolanda Cuba (37)
Appointed: December 2006
Committees: GRHRC, CoRC
Qualifications: BCom (Statistics); BCom (Hons); CA(SA)
Expertise: finance; strategy; corporate finance

8. Ashok Vaswani[3] (54)
Appointed: March 2013
Committees: ITC
Qualifications: CA (CPA) (India)
Expertise: retail and business banking; private equity

9. Mark Merson[4] (46)
Appointed: January 2014
Committees: GRCMC, BFC
Qualifications: CA(UK)
Expertise: finance; financial control; investor relations

10. Patrick Clackson[4] (50)
Appointed: March 2013
Committees: GRHRC, ITC (Chair)
Qualifications: BSc (Hons); ACA
Expertise: finance; corporate and investment banking; technology

11. Wendy Lucas-Bull[5] (61)
Chairman
Appointed: April 2013
Committees: GRCMC, GRHRC, SEC, CoRC, BFC, ITC, DAC (Chair)
Qualifications: BSc
Expertise: retail and investment banking; asset management; insurance; technology strategy; business process improvement; general business, including mining, energy, manufacturing and telecoms

12. David Hodnett[6] (45)
Appointed: March 2010
Committees: GRCMC, CoRC, ITC
Qualifications: BCom; CA(SA); MBA
Expertise: finance; risk management; financial services

13. Maria Ramos[7] (55)
Appointed: March 2009
Committees: GRCMC, SEC, CoRC, ITC
Qualifications: Institute of Bankers' Diploma (CAIB); BCom (Hons); MSc (Economics)
Expertise: finance; economics; business management; banking

Committees

DAC	Directors' Affairs Committee
GACC	Group Audit and Compliance Committee
GRCMC	Group Risk and Capital Management 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

[1] *Ghanaian*
[2] *Kenyan*
[3] *Singaporean, GACC attendee*
[4] *British*
[5] *GACC attendee*
[6] *GACC, SEC, BFC and DAC attendee*
[7] *GACC, GRHRC, BFC, and DAC attendee*

Governance review

Good corporate governance is the foundation on which we build shareholder value. 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.

Our Board is responsible to shareholders for creating and delivering sustainable shareholder value through oversight of the management of the Group's businesses, in particular in relation to the Group's sustainability as defined by King III. The Board therefore reviews and approves the strategic objectives and policies of the Group while providing overall strategic direction within a framework of incentives and controls. The Board ensures that management strikes an appropriate balance between promoting long-term sustainable growth and delivering short-term performance.

As an organisation, we are committed to the highest standards of integrity and ethical behaviour, as demonstrated through our Values.

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; and
- outlines the mandate for our Board committees.

Among others, the Board specifically considered the following matters (as required by the Companies Act and the JSE Listings Requirements):

Board appointments	The appointment of directors to the Board is a formal and transparent process and a matter for the Board as a whole, assisted by the Directors' Affairs Committee (DAC), which consists of a majority of independent directors and is chaired by the Group Chairman.
Board composition	Our Board currently has 13 members, seven of whom are independent. Francis Okomo-Okello is the chairman of Barclays Bank of Kenya Limited and is regarded as able to act in an independent manner in relation to Barclays Africa. Should any conflict arise on a decision regarding Barclays Bank of Kenya, Mr Okomo-Okello recuses himself. No individual director or group of directors has unfettered powers of decision-making.
Group Company Secretary	The Board, through the DAC, has conducted its annual assessment of the Group Company Secretary towards the end of 2014 and remains satisfied with the competency and experience of Nadine Drutman (BCom, LLB, LLM) as Group Company Secretary and that she maintains an arm's length relationship with the Board members. The Group Company Secretary provides guidance to the 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 the services of the Group Company Secretary in all aspects of the Board's mandate and the operations of the Group.
Going concern	The directors of the Group are of the opinion that the business will remain a going concern in the 12-month period ahead. Their statement in this regard is contained in the directors' approval to the financial statements.
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: • 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 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. Refer to the remuneration report on page 76. • The Chairman of our Information Technology Committee is not an independent director. Patrick Clackson, who is an executive of Barclays PLC, is best placed to chair this committee, given his experience in banking and related systems and his ability to engage with and provide challenge to management on this topic. • The Chairman of the Board remains the Chairman of the DAC. Although Wendy Lucas-Bull is classified as non-independent due to her being a member of the Barclays PLC board, it is considered appropriate for her to continue to chair the DAC, given the nature of the matters considered (such as board nominations) and the ability of the lead independent director (Trevor Munday) to chair the DAC if required in the event that there is a matter on the agenda which may cause a conflict of interest.

Group Board

Supported by the following committees

- Directors' Affairs Committee
- Group Audit and Compliance Committee (includes Disclosure Committee)
- Group Risk and Capital Management Committee
- Board Finance Committee
- Concentration Risk Committee
- Information Technology Committee
- Social and Ethics Committee
- Group Remuneration and Human Resources Committee

Significant subsidiaries

- 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

Executive committee

Board and committee attendance

This table outlines details of Board and committee members' attendance of Board and Board committee meetings for 2014. Overall Board member attendance was 95% for the year (up from 88%). During 2014, Board attendance increased on average, and by individual. The number of meetings overall has also increased from 44 to 52, indicating the extensive time spent by our non-executive directors on Board and committee matters. Four of these additional meetings are attributed to the introduction of quarterly meetings of the Concentration Risk Committee, over and above large exposure approvals. Board members were expected to be available for meetings with the regulator, a two-day Board strategy meeting and training sessions.

Name		2014 No.	%	Board	DAC	GACC	GRCMC	BFC	CoRC	ITC	SEC	GRHRC
Number of meetings held		52		9	5	6	7	9	4	4	4	4
Alex Darko		4/4	100	2/2		1/1				1/1		
Ashok Vaswani		15/17	88	9/9						2/4		4/4
Brand Pretorius[1]		17/18	94	8/8	4/4						2/3	3/3
Colin Beggs		39/40	98	9/9	4/5	6/6	7/7	9/9	4/4			
David Hodnett		24/24	100	9/9			7/7		4/4	4/4		
Francis Okomo-Okello		2/2	100	2/2								
Maria Ramos		28/28	100	9/9			7/7		4/4	4/4	4/4	
Mark Merson		21/25	84	9/9			7/7	5/9				
Mohamed Husain		33/33	100	9/9	5/5	6/6		8/8			4/4	1/1
Patrick Clackson		14/17	82	6/9						4/4		4/4
Peter Matlare		12/13	92	9/9						2/2	1/2	
Trevor Munday		42/44	95	9/9	5/5	6/6	7/7	8/9	3/4			4/4
Wendy Lucas-Bull		46/46	100	9/9	5/5		7/7	9/9	4/4	4/4	4/4	4/4
Yolanda Cuba		21/25	84	7/9				8/8	3/4			3/4
	No.	**318/336**		**106/111**	**23/24**	**19/19**	**42/42**	**47/52**	**22/24**	**21/23**	**15/17**	**23/24**
Total	**%**	**95**		**95**	**96**	**100**	**100**	**90**	**92**	**91**	**88**	**96**

[1] Past director

In the section that follows, we set out the key activities of the committees during the year, with a focus on the high-priority items.

Directors' Affairs Committee (DAC)

The primary function of the DAC is to assist the Board with corporate governance, board nominations and related matters.

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

Attendees: Maria Ramos, David Hodnett

Specific activities performed:

- Strengthened the Barclays Africa Group governance structure, focusing on Board vacancies, the review of subsidiary director fees, and escalation of issues from the regions to the Group Board and its committees.
- Approved the governance and operational framework for Barclays Africa Group in the context of Barclays PLC, including accountabilities and discretions.
- Reviewed at regular intervals, the progress on the Board/corporate governance objectives.
- Monitored Board and committee attendance.
- Recommended for appointment by the Board the two new independent directors, Alex Darko and Francis Okomo-Okello.
- Reviewed the membership of the Group and subsidiary boards and committees, to establish and maintain optimal size, composition and independence, tenure, skills and gender.
- Reviewed reputational risk items escalated from other Board committees.
- Reviewed relationships and interactions with regulators across Africa and monitored progress made in the delivery against commitments made to these regulators.
- Considered and reviewed the training for the main boards and committees, and the subsidiary boards.
- Facilitated an internal Board and Board committee evaluation, including a peer review.
- Introduced a structured process for subsidiary board appointments.

The DAC has overseen a year of consolidation, following the change in Board structures in 2013. The Committee is satisfied with the performance of the Board committees (having regard to the Board evaluation), progress made in filling the board vacancies on the subsidiary boards, and aligning the governance structures of the country boards with that of the Group. These initiatives will be further progressed in 2015. Other themes include regulatory relationships, and reputational risk, both of which are escalated to the DAC.

Group Audit and Compliance Committee (GACC)

The primary function of the GACC (which includes the Disclosure Committee) is to oversee internal controls, compliance, internal and external audit, accounting and external reporting.

Members: Colin Beggs (Chairman), Trevor Munday, Mohamed Husain, Alex Darko

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

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

Specific activities performed:

- Monitored the standardisation of financial and control processes across Africa, in particular (i) financial reporting, general ledger standardisation, impairments, and reconciliations; (ii) the standardisation of risk and control assessments, including a business-wide review of key risk controls and the introduction of the new management control approach assessment (which tests the adequacy of risk identification, remediation and governance), to strengthen the risk and control culture; and (iii) business continuity management, with a focus on continuous improvement and greater business ownership.
- Conducted reviews of two of our subsidiary banks: Uganda (addressing technology, retail growth, operational and people issues); and Mozambique (focus on control environment, finance, risk, compliance and regulatory relations).
- Received regular reports on fraud, in particular (i) limiting fraud within impairment, (ii) preventing online application fraud, (iii) insurance fraud, (iv) data analytics, (v) the introduction of new technology (Falcon) to support efforts to combat card fraud; (vi) the launch of chip and pin cards; and (vii) further optimisation of the systems and capacity to combat cyber crime in partnership with Barclays PLC.
- Hosted a conference for the chairs and members of the audit committees of our subsidiary banks, addressing future trends in governance; the role of the Audit Committee; technical (IFRS) updates; cyber crime, and business risks and related challenges in emerging economies.
- Supported the elevation of cyber crime as a separate, technology related, key risk within the Barclays Africa Group principal risk framework.
- Continued assessing and measuring the effectiveness of combined assurance, including appropriate programmes of work for the three disciplines of compliance, internal audit and external audit. The relationships, planning and activities of these three functions, including their resources, co-ordination and independence, support this model.
- Approved the incentive pool on behalf of the Board having regard to quality of earnings and achievements against the Balanced Scorecard.

The GACC is satisfied that control environment within the Group supported the financial statements for 2014 and has identified the following emerging themes for the year ahead:

- Cyber crime and fraud – drive to minimise online and payment fraud.
- Business continuity management – to improve testing capability and consistency of processes across Africa.
- Standardisation of financial reporting risk and control processes and systems in Africa – continue the embedment.
- Impairments – improving model approvals; data integrity, specifically in RBB; and collections.
- IFRS 9 preparations – data and impact on impairment models, in advance of the 2018 implementation date.

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

Group Risk and Capital Management Committee (GRCMC)

The primary function of the GRCMC is to oversee the risk, capital and liquidity management of the Group.

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

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

Specific activities performed:

- Supported management's initiatives to optimise capital, risk-weighted assets and liquidity funding. With a view to future funding requirements, approved the setting up of a domestic medium term notes programme at Group level for purposes of raising senior and/or subordinated debt. With a view to optimising capital, provided oversight to treasury's initiatives on the appropriate capital for the subsidiary banks, and the recapitalisations of our banks in Mozambique and NBC in Tanzania.
- Commissioned various management presentations, including:
  - stress testing in relation to quantitative easing;
  - the capital required for operational risk;
  - the impact of a South African credit rating downgrade;
  - impairment policies and methodologies used in the retail and wholesale credit functions;
  - risk events in Absa Card, including third-party fraud;
  - the Group's exposure to Edcon;
  - unsecured lending and debt collection (including a focus on the impact of strike action);
  - the curatorship of African Bank Investments Limited and the Group's direct and indirect exposures thereto;
  - the Satinsky R699 matter; and
  - monitoring of conduct and reputational issues on social and other media.
- Monitored management's remediation of the South African Reserve Bank's industry inspection with regards to the Know Your Customer; and Financial Intelligence Centre's industry inspection on cash threshold reporting; and noted the request by the South African Reserve Bank to introduce additional requirements into Barclays Africa Group's recovery and resolution plan.

Risk management of the Group was regarded as satisfactory, with room for improvement in certain areas of operational risk. Capital and liquidity was well managed, with targets comfortably within Board-mandated ranges. Certain themes have been identified as being particularly relevant for 2015:

- Monitor the current and projected levels of capital of all regulated entities within the Group relative to the regulatory requirements and plans of the Group.
- Monitor stress testing in the context of changing economic conditions.
- Optimise the capital structures of each of the Regional Banks having regard to Basel III and the European Union Capital Requirement Directive IV.
- Monitor the further embedment of processes in relation to mitigation of financial crime.

Board Finance Committee (BFC)

The primary function of the BFC is to assist the Board in approving financial results, the annual budget, and entering into acquisitions and disposals.

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

Attendees: Maria Ramos, David Hodnett

Specific activities performed:

- Considered and recommended to the Board:
  - the entering into a memorandum of agreement with the South African Reserve Bank following the curatorship of African Bank Investments Limited;
  - the recapitalisation of Barclays Bank Mozambique and NBC (Tanzania) to support its future growth;
  - the organic entry into Nigeria and application for the related licences;
  - the establishment of a new data centre;
  - the setting up of the domestic medium term notes programme at Group level for purposes of raising senior debt and subordinated debt having regard to market conditions; and
  - the setting up of a securitisation vehicle to support the proposed take-up of a liquidity facility from the South African Reserve Bank in terms of Basel III liquidity requirements.
- Reviewed an update on the corporate real estate services' property consolidation and strategy upgrade, which had been approved in 2013.
- Reviewed a report on the Absa Pension Fund investment approach.
- Considered the Group's annual short- and medium term budgets for recommendation to the Group and Absa Bank Boards for approval.
- Approved the results announcements and profit commentaries to the market within parameters set by the Board, in February and July respectively.

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.

Concentration Risk Committee (CoRC)

The primary function of the CoRC is to consider and approve credit exposures above 10% of the Group's qualifying capital and reserves and to review portfolio exposures, applicable impairment trends and concentration risks.

Members: Wendy Lucas-Bull, Trevor Munday (Chairman), Colin Beggs, Yolanda Cuba, Maria Ramos, David Hodnett, Chief Risk Officer, Chief Credit Officer and Chief Executive CIB

Specific activities performed:

- Reviewed and monitored on a quarterly basis levels of wholesale credit, any material concentrations thereof, watchlist clients, as well as sector and jurisdictional trends.
- Considered the impact of the proposed National Credit Act amendments.
- Commissioned various management presentations, including:
  - "wrong way" South African rand stress on the trading book;
  - unsecured lending in the retail sector;
  - a financial sector update including the curatorship of African Bank Investments Limited and the Group's direct and indirect exposures thereto;
  - the renewable energy portfolio;
  - platinum group metal companies; and
  - municipalities as a sector.

The CoRC was satisfied that all regulatory requirements were met with regard to large exposures and expanded the work of the Committee to include sector and portfolio reviews. In 2015, we will undertake industry and product-specific reviews as considered appropriate, including emerging industry and sector trends and continue to review the risk profile of the Group's large exposures to ensure that such exposures are managed within risk appetite and against the risk management framework.

Information Technology Committee (ITC)

The ITC assists the Board with the effective oversight and governance of IT.

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

Attendees: Chief Operating Officer, Chief Risk Officer and Chief Information Officer

Specific activities performed:

- Monitored the formulation of an IT strategy to build a high-performing technology organisation aligned to and supporting current and future business needs. The strategy focuses on the long-term sustainability of the technology organisation in order to support and enable the Group's strategy.
- Focused on technology sustainability in all jurisdictions.
- Supported the streamlining of IT governance processes across Africa.
- Prepared a paper on IT governance for discussion with the South African Reserve Bank and the Board.
- Brought increased focus to disaster recovery capability, including supporting the allocation of further resources.
- Reviewed the benchstrength of the IT team and supported management in the hiring of key individuals to the team.
- Received reports on the 'roadmaps' built to establish a single architecture for the entire Group, and the optimisation of IT spend.
- Reviewed management's progress in moving to technology performance measures which reflect customer and colleague impact and outcomes, including service availability and system stability.

The ITC made good progress in its first full year with a strong focus on architecture and enhanced performance measures. The emerging themes for 2015 are digitisation, cyber crime, implementation of the Protection of Personal Information Act and business continuity management.

Social and Ethics Committee (SEC)

The primary function of the SEC is to assist the Board in matters pertaining to sustainability, stakeholder management, good corporate citizenship, ethics, labour, diversity, transformation and related compliance matters. The scope of the SEC was expanded in 2014 to include conduct risk.

Members: Wendy Lucas-Bull, Mohamed Husain (Chairman), Maria Ramos

Attendees: David Hodnett, Human Resources Executive, Chief Executive: Marketing and Corporate Relations, General Counsel, Head: Investor Relations and Chief Risk Officer

Specific activities performed:

- Received feedback on the governance structures introduced to assess, report and mitigate identified conduct risks, as well as the reporting of forward-looking conduct risks and risk events and progress with conduct and Values training.
- Received updates on Treating Customers Fairly (TCF) as well as specific business self-assessment TCF ratings and action plans; and the compulsory annual training for all colleagues.
- Prepared a market conduct paper for discussion with the South African Reserve Bank and the Board.
- Monitored the change in workforce composition in response to the proposed revised labour legislation.
- Received confirmation that management structures have been established to improve response to customer complaints and engagement with the Banking Ombudsman.
- Considered the findings of a review of the effectiveness of the Group's ethics policies, practices, procedures, controls, awareness training and reporting.
- Received updates on the Values programme launch and confirmation that in excess of 95% of employees had completed annual training on the Barclays Way (incorporating the Code of Good Practice).
- Monitored ethical leadership, which was tested, *inter alia*, through the 2014 employee-opinion survey which probed matters of culture, ethics, and effective leadership.
- Received reports on leadership capability.
- Received updates on the disability programme which, for 2015, will involve the provision of 200 positions to learners and the potential for permanent employment opportunities.
- Received statistics on the graduate and learnership programmes with 206 graduates in Africa and 21 learnership programmes.
- Received a report on the Unconscious Bias training attended by senior colleagues across the Group which is aimed at creating an open culture and a workplace free of discriminatory practices.
- Monitored and challenged Absa Bank's BEE performance scorecard under the Financial Sector Code (FS Code), and was briefed on the preparations regarding the revision of the FS Code due in 2015.
- Considered environmental, health and safety matters, as well as the related action plans.
- Received an update on progress with our stakeholder engagement strategy, as well as the various citizenship initiatives underway across the continent.

The SEC is satisfied with the focus on conduct risk as a new risk type and the various matters that were brought to the Committee as a result of this focus. Conduct risk including TCF will continue to be themes for 2015 as will stakeholder engagement, citizenship and the impact of the revised Financial Services Code.

Group Remuneration and Human Resources Committee (GRHRC)

The primary function of the GRHRC is to advise the Board on various strategic matters relating to human resources, including remuneration, incentives and talent management.

Members: Wendy Lucas-Bull, Mohamed Husain (Chairman), Trevor Munday, Yolanda Cuba, Patrick Clackson

Attendees: Maria Ramos, the Human Resources Executive and the Head of Reward

Specific activities performed:

- Considered the 2014/15 remuneration structure, including the conversion of the current share value plan from cash-settled to equity settled.
- Considered the proposed 2014 incentive pools, projected 2014 total compensation expenditure and compensation ratios.
- Considered the proposed salary mandate for bargaining unit and non-bargaining unit employees.
- With regard to executive performance against our Balanced Scorecard, received the proposals from the Group Chairman on the performance of the Chief Executive Officer; and received proposals from the Chief Executive Officer on the performance of the executive committee members.
- Responded to regulatory and legislative developments, in particular in the area of talent retention in light of the impact of European Union Capital Requirements Directive (CRD IV) and engaged with the South Africa Reserve Bank in this regard.
- Made further enhancements to our remuneration disclosure in line with best practice and effective stakeholder engagement, using independent reviews.
- Engaged with investors on their remuneration concerns, in preparation for the 2014 disclosures.

One of the challenges for this year has been to manage the more expansive scope of the CRD IV, and to ensure appropriate disclosure in our remuneration report. The GRHRC has identified the following emerging themes for 2015:

- Global regulation and the impact on compensation.
- Benchmarking of our compensation structures against the market to ensure we are competitive.
- Continuously improving the link between pay and performance, and enhancing the role of the Balanced Scorecard in determining performance and pay.

Remuneration report

Our objective is to pay at the levels required to attract, retain and motivate our people to deliver our goal to be the 'Go-To' bank in Africa and to align employee and shareholder interests.

Introduction

Our remuneration decisions support our goal of achieving sustainable performance for all our stakeholders. Ensuring that we have the right people, with the right skills and behaviours, in the right jobs is vital to our ability to generate shareholder returns and execute against our strategy in the competitive market for talent. We recognise that remuneration is an area of particular importance to shareholders and it is critical that we continue to listen to, and take account of, their views. With this report, we aim to further improve the transparency and clarity of our remuneration disclosure.

The Group Remuneration and Human Resources Committee's work in 2014

During 2014, the Group Remuneration and Human Resources Committee (GRHRC) continued to build on the changes we had made to remuneration in 2013, ensuring that remuneration decisions support our goal to be the 'Go-To' bank in Africa. Our 2014 decisions were taken against a backdrop of significant regulatory developments and competitive market pressures.

We obtained feedback from various shareholders on the 2013 remuneration policy and our plans for remuneration compliance with the European Union (EU) Capital Requirements Directive (CRD IV). We also regularly engaged with our regulators on our remuneration arrangements. A summary of the key activities is set out in the table below.

Focus area	Actions taken
Changes to the performance assessment process	All employees' performance assessments are now aligned to the Balanced Scorecard, measured against both 'what' they achieve and 'how' they achieve it. This promotes a clear and direct alignment between our strategy, performance management and pay. Further details on the link between pay and performance are set out on page 78.
Ensuring regulatory compliance	We have continued to focus on compliance with new EU regulation, CRD IV, and, in particular, the 2:1 maximum ratio of variable to fixed pay for Material Risk Takers. We considered this very carefully because it impacts our competitiveness in our markets for talent. Our approach to the requirements is a new class of fixed pay called Role Based Pay.
Reviewing sales incentives and commission schemes	Following the implementation of our new remuneration policy in 2013, all formulaic incentives and commission schemes are being reviewed to ensure performance is measured against the Balanced Scorecard and in line with the Values and behaviours. Employees are evaluated against both 'what' they achieve and 'how' they achieve it. As part of this review, we are amending plans which traditionally only had sales metrics to include customer feedback and other measures of service quality.
Reviewing our share-based arrangements	Currently a minimum of 50% of all deferred annual bonus awards are delivered as phantom shares under the Share Value Plan, with the remaining 50% awarded as deferred cash. During 2014 the compulsory equal split between the Cash Value Plan and Share Value Plan was revised and employees subject to deferral were provided with the option to elect to defer up to 100% under the Share Value Plan. Furthermore, we are seeking to maximise the shareholder alignment in our remuneration arrangements by converting the current Share Value Plan from a phantom plan to an equity plan. While the main features of the plan are unchanged, we are seeking shareholder approval at the 2015 AGM to convert the Share Value Plan into an equity plan. Details are included in the Notice of AGM at barclaysafrica.com
Enhancing the process underpinning the risk adjustment of remuneration	The process for reviewing risk and conduct adjustments was strengthened in 2014 through the formation of the Barclays Africa Remuneration Review Panel which reports to the GRHRC on recommended adjustments to remuneration for risk or conduct events. Further details are set out on page 78.

2014 performance and pay decisions

Fixed remuneration

We introduced a new class of fixed pay called Role Based Pay in response to CRD IV.

2014 incentives

The 2014 incentive pool was determined based on the financial and non-financial metrics contained in our Balanced Scorecard, including risk and conduct events. The decision was supported by detailed analysis of financial performance and the quality of earnings and the incentive pool was strongly differentiated on the basis of business unit performance.

The total size of the 2014 incentive pool of R2 156m was considered appropriate in the context of a solid performance against the Balanced Scorecard (set out on pages 24 to 37) and a 10% growth in headline earnings:

- While the pool is up 8% year-on-year in absolute terms, the introduction of Role Based Pay resulted in an increase of R65m in fixed remuneration. If the 2013 incentive pool is restated to adjust for the impact of this, the 2014 incentive pool is up 12% year-on-year.
- As highlighted in the previous year, following the creation of the Barclays Africa Group, a key focus has been to expand and enrich our talent pool to ensure that the organisation is appropriately staffed to deliver on our strategy. During 2014, we have continued to make a number of strategic hires which influenced the overall shape of the incentive pool. Excluding the impact of these hires, average incentives are up 9% year-on-year for employees receiving incentives for a full year in 2013 and 2014 when restated to adjust for Role Based Pay.
- Pay decisions for executive directors and prescribed officers were based on Group and business unit Balanced Scorecard performance and personal objectives aligned to the Balanced Scorecard. Further details are set out on pages 85 to 89. Incentives awarded to this group are down 29% year-on-year in absolute terms and down 3% year-on-year when restated for the introduction of Role Based Pay. The year-on-year increase in the incentive pool was therefore delivered to the broader employee population rather than to executive directors and prescribed officers. The total compensation delivered to executive directors and prescribed officers is up 2% year-on-year due mainly to increases in fixed remuneration made in April 2014 to align market positioning.

Our deferral arrangements for 2014 remain in excess of practice at local competitors and local regulatory requirements. For the broader employee population, the 2014 deferral threshold was increased in order to more closely align to local market practice. For executive directors and prescribed officers and other Material Risk Takers, incentives were delivered as follows: 20% in cash in February, 20% as phantom shares vesting after six months and 60% deferred over three years subject to continued employment and malus provisions. Any deferred share awards are subject to an additional six-month vesting period before each tranche vests. All awards of variable remuneration on or after 1 January 2015 are subject to the new Prudential Regulation Authority (PRA) requirements on remuneration clawback.

Long-term incentives

Under CRD IV, long-term incentives are classified as variable remuneration and are valued at the maximum face value at the point of award for the purposes of compliance with the 2:1 maximum ratio of variable to fixed remuneration, although they can be discounted by up to 25%.

The GRHRC determined that to continue to operate long-term incentives, it would require more significant increases to fixed pay, which could erode the link between pay and performance. Therefore, no long-term incentives were granted in 2014 or 2015.

Executive directors and prescribed officers receive only a single incentive with no additional long-term awards granted, discounting their total remuneration opportunity when compared with peers at local competitors who may be eligible for long-term incentives.

The 2012 – 2014 cycle long-term incentive plans vest in June 2015 based on performance between 1 January 2012 and 31 December 2014. The Absa long-term incentive plan will vest at 10% of the maximum and the One Africa long-term incentive plan will vest at 23% of the maximum based on performance achieved against the metrics. Further details of these outcomes are set out on page 94.

The impact of European remuneration regulation

Our 2014 pay decisions were taken against a backdrop of significant regulatory developments and market pressures. As an entity subject to UK regulatory requirements we are subject to the PRA's requirement on remuneration clawback, which exceeds what is required under CRD IV. This is in addition to EU developments including the introduction of the 2:1 maximum ratio of variable to fixed pay, as well as the extended scope of Material Risk Taker identification. As the requirements apply to an expanded Material Risk Taker population, this creates significant adverse competitive consequences. We are concerned by the challenge in attracting and retaining key employees needed to operate the Group and deliver the strategy.

Our approach to the remuneration requirements is a new class of fixed pay called Role Based Pay. This will enable us to deliver competitive total remuneration to those employees impacted in a way that is more efficient than salary. Although similar to salary, it will not add to our pensions and benefits expense.

Our Chief Executive Officer, Maria Ramos, does not receive any Role Based Pay in cash; Role Based Pay is awarded quarterly as phantom shares subject to a holding period, with the restrictions lifting over five years (20% each year). This is aligned with other Barclays PLC executive committee members.

Other recipients receive Role Based Pay monthly, in cash, alongside salary.

2014 compensation ratios

The 2014 compensation to net income ratio is 31.8% (2013: 30.6%) and the 2014 compensation to pre-compensation PBT ratio is 47.8% (2013: 47.0%).

The increase in the ratios for 2014 is driven by two factors. The first is an acceleration of in-year remuneration expense as a result of the additional amount of fixed remuneration, in response to CRD IV, as well as a higher cash bonus spend from increasing the deferral threshold for employees not classified as Material Risk Takers, to more closely align with market practice. The impact of this is neutral over the medium term as correspondingly less remuneration will be expensed as variable over 2015 to 2017.

Secondly, the investment in strategic hires to support the delivery of the strategy results in an increase in remuneration expense in the short term in 2014.

Retention of key employees

Against the backdrop of increasing regulatory and market pressures, the GRHRC considered whether total remuneration levels were sufficient to retain employees with the key skills and experience to deliver our goal to be the 'Go-To' bank in Africa over the medium term. The increasing regulatory demands placed on us do not apply to the majority of the local organisations with whom we compete for talent, which puts us at a disadvantage within the highly competitive financial services market. The GRHRC reviewed general market practice across financial services firms in our local markets and relevant market data for both individual roles and aggregate remuneration expense.

Following this review, the GRHRC granted special retention awards to 194 people, with a total value of R359m in March 2014 (2013: no awards). No awards were granted to serving members of the executive committee.

The considerations used to determine the recipients of such awards included an employee's future potential, critical skill set, contribution to the transformation agenda and delivery of our strategy. It also took into account their total remuneration against relevant market data.

The special awards were granted under the Share Value Plan with 100% vesting after three years, subject to continued service, sustained individual performance against the Balanced Scorecard and malus provisions over the vesting period.

2015 focus

We will continue to focus on the need to pay at levels appropriate to attract, retain and motivate top performers and in a way that is consistent with our Balanced Scorecard. Regulatory changes continue to impact our competitive positioning and we will be informed by ongoing dialogue with our stakeholders and regulators.

Remuneration governance and policy

Governance framework

Our Board is responsible for the implementation of effective remuneration governance.

The GRHRC provides governance and strategic oversight of executive and all other employees' remuneration, human resources activities and senior talent retention on behalf of the Board.

The GRHRC sets the over-arching principles and parameters of the remuneration policy and structures, ensuring that they are competitive and support the long-term interests of stakeholders. It considers and approves the remuneration arrangements of executive directors, the executive committee, senior managers and Material Risk Takers and individuals whose total annual remuneration exceeds an amount determined by the GRHRC from time to time (R5m in 2014).

All decisions made by the GRHRC are informed by the corporate governance principles of fairness, accountability, responsibility and transparency, balanced with the objective to deliver appropriate rewards sustainably. This includes consideration of the pay and employment conditions of the broader employee population when determining the remuneration of the executive directors, prescribed officers, senior employees and high earners.

The GRHRC met four times during 2014 to consider and discuss human resources and remuneration matters, including the structure and funding of 2013 and 2014 incentives, amendments to the remuneration structure in light of UK and EU regulatory requirements and the performance management and remuneration arrangements for our executive committee, senior managers, Material Risk Takers and other high earners.

Further information on the membership, remit and responsibilities of the GRHRC is set out on page 75.

During 2014, the Remuneration Review Panel was established, reporting to the GRHRC. Members of the Remuneration Review Panel are the heads of control functions including Risk, Compliance, Legal, Internal Audit, Human Resources and Reward.

The Remuneration Review Panel provides a quarterly update to the GRHRC on risk management, compliance and control matters relating to remuneration, in particular recommended adjustments to incentive pools and individual incentive award recommendations, and the application of malus and/or clawback for risk or conduct events. Recommendations for adjustments to both business incentive pools and individual incentive awards were made to and endorsed by the GRHRC in respect of 2014. The Remuneration Review Panel has also made recommendations for the enhancement of processes for the reporting of risk and conduct events.

Remuneration and performance

Remuneration decisions for employees across all geographies are aligned with and support the achievement of our goal to be the 'Go-To' bank in Africa. This is achieved by linking remuneration to a broad-based assessment of all aspects of performance.

At an individual level, a new approach to performance assessment was implemented for all employees in 2014. Under the new approach, individual performance is measured jointly against objectives aligned to our Balanced Scorecard (the 'what') and demonstration of our Values and behaviours (the 'how'). This ensures that our Values and behaviours are firmly embedded in the way we manage individual performance and remuneration and that there is direct alignment between individual performance and the strategy. Performance evaluations also include any risk and control factors.

While there is a greater concentration of financial metrics, there is no formulaic weighting between the financial and non-financial considerations contained in the Balanced Scorecard. Both the 'what' and the 'how' are considered important when determining an employee's performance, to the extent that inappropriate conduct on the 'how' results in an unsatisfactory performance rating, regardless of the individual's performance on the 'what'.

Linking individual performance assessment and remuneration decisions to both our Balanced Scorecard and our Values and behaviours in this way promotes the delivery of sustainable individual and business performance and establishes clear alignment between our remuneration policy and our strategy.

Remuneration policy

Our remuneration policy sets the principles by which we ensure that remuneration remains competitive, in accordance with regulatory requirements, and provides appropriate risk-adjusted incentives for performance. All our remuneration decisions must:

1. Support the goal of becoming the 'Go-To' bank by attracting, retaining and competitively rewarding employees with the ability, experience, skill, Values and behaviours to deliver that goal.
2. Only reward business results when these are achieved in a manner consistent with our Values and behaviours.
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 and objectives. Remuneration decisions will reflect that performance for individuals and in aggregate. We will pay competitively for high performance but will not pay more than the amount appropriate to maximise the long-term value of the Group for our shareholders.
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, as appropriate.
5. Be as simple and clear for employees and stakeholders as possible – as is the process used to determine them.
6. Ensure that the balance between shareholder returns and remuneration is appropriate, clear and supportive of long-term shareholder interests.

These principles underpin 2014 remuneration decisions made by the GRHRC. The remuneration policy was not changed during 2014.

2014 remuneration structure

We aim to apply a common remuneration structure across the Group however the structure and delivery of remuneration arrangements is sometimes differentiated to take account of local market practice, statutory and/or regulatory requirements.

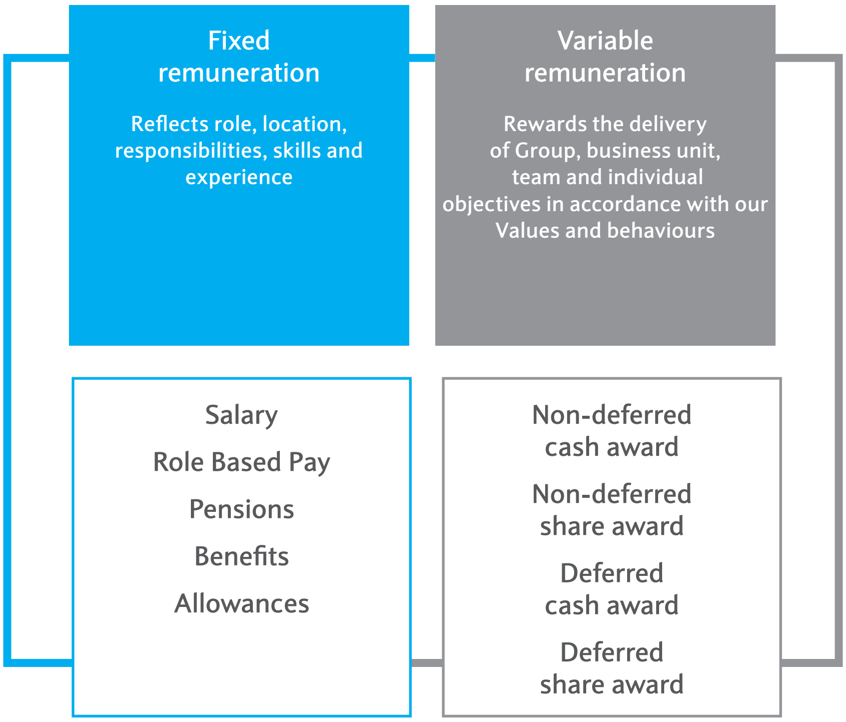
The broader employee population receives salary, pension and other benefits and allowances and is eligible to be considered for an annual bonus award. Some employees in customer-facing roles participate in formulaic incentive plans based on performance measured against the Balanced Scorecard, including customer feedback and other measures of the quality of service.

The remuneration structure for the broader employee population is aligned with the remuneration structure for executive directors, prescribed officers and other Material Risk Takers. Any material difference in remuneration practice between employee groups is highlighted within each remuneration component over the following pages.

Remuneration is benchmarked against relevant external market data. We aim to position remuneration at the median level; however, we may agree an above median position to ensure we attract and retain talented, high performing employees. For executive directors and prescribed officers, remuneration is benchmarked and determined with reference to market practice relevant to each individual's specific role, experience and performance.

Composition of total remuneration

The main components of total remuneration are illustrated below:



Fixed remuneration

Fixed remuneration is designed to attract and retain talent in a competitive market. Fixed remuneration comprises salary, Role Based Pay, pension, benefits and allowances appropriate to an individual's role and location.

Salary

Salaries reflect individuals' skills and experience and provide the basis for a competitive remuneration package. Salaries are positioned at a market competitive level reflecting the size and complexity of role, responsibilities, experience and skills.

For the broader employee population, salaries are reviewed annually in the context of the annual performance assessment and remuneration market data. Salaries may also be increased in line with statutory requirements and in accordance with union and works council commitments.

For executive directors and prescribed officers, salaries are determined with reference to market practice relevant to each individual's specific experience and role. In line with the approach for the broader employee population, salaries are reviewed annually but are only increased when justified by market movements or a material change in job responsibilities.

Role Based Pay

Role Based Pay is a new type of fixed remuneration implemented in 2014 to recognise the breadth and depth of the role for executive directors, prescribed officers and a small number of other senior managers across the Group. Role Based Pay enables us to remain competitive in terms of total remuneration while complying with CRD IV.

Role Based Pay is not adjusted for performance and is not considered as salary for pension and benefits purposes unless legally required in a particular geography.

Role Based Pay is reviewed and fixed annually in the same way as salary. Executive directors, prescribed officers and other Material Risk Takers do not automatically qualify for Role Based Pay. Factors influencing the provision of Role Based Pay include an individual's role, responsibilities and accountabilities, as well as external factors, such as the business and economic environment, which may have a bearing on the role in terms of equivalent market opportunities or the particular skill set required for a role.

For Maria, who is a member of the Barclays PLC executive committee, Role Based Pay is awarded quarterly in phantom shares, subject to a holding period with restrictions lifting over five years (20% each year). For all other recipients, Role Based Pay is paid monthly, in cash, alongside salary.

Following the European Banking Authority's (EBA) Opinion on fixed pay allowances, the terms of Role Based Pay may need to be revised once further guidelines are available from the EBA.

Benefits

We provide a competitive and cost effective benefits package that is appropriate to an employee's role and location. Benefits typically include death-in-service, temporary and permanent disability cover and medical benefits.

Additional benefits may be offered that are minor in nature or are normal market practice relevant to each geography. Similarly, if an employee is required to relocate, additional support is provided for a limited period of time in line with our mobility policy, including provision of temporary accommodation, payment of removal costs and relocation flights.

Regardless of the type of benefit provided, the cost of providing the employee benefits is carefully defined and controlled.

Pensions

Employees participate in pension plans appropriate to role and/or location. In limited cases, cash in lieu of pension may be provided, for example, when an employee is excluded from participating in the relevant pension scheme.

Allowances

We provide allowances to employees that are appropriate to their role, location and market practice. Allowances typically include housing, travel and shift allowance where relevant to a specific role and geography.

Variable remuneration

Variable remuneration is used to reward the delivery of performance targets at Group, business unit, team and individual levels. Discretionary annual bonus awards are the primary variable remuneration mechanism and are used to reward performance. These awards support our remuneration policy by rewarding performance against financial and non-financial measures contained in our Balanced Scorecard in a manner aligned to our Values and behaviours. This approach establishes clear alignment between the remuneration policy and our strategy.

Non-deferred cash awards

For all employees, non-deferred cash awards are paid following the end of the performance year to which they relate, normally in February.

Non-deferred share awards

For executive directors, prescribed officers and other Material Risk Takers, 50% of any non-deferred annual bonus award is delivered as phantom shares at or around the time that the non-deferred cash award is paid. The non-deferred share award vests after six months, normally in September.

Deferred cash awards

For all employees subject to deferral, 50% of any deferred annual bonus award is awarded as deferred cash under the Cash Value Plan vesting in three equal tranches on the first, second and third anniversaries of the award subject to continued service, malus and clawback provisions. Employees receiving a deferred cash award can be awarded a service credit of 10% of the initial value of the award at the time that the final tranche vests subject to continued service.

Deferred share awards

For all employees subject to deferral, at least 50% of any deferred annual bonus award is awarded as phantom shares under the Share Value Plan vesting in three equal tranches on the first, second and third anniversaries of the award subject to continued service, malus and clawback provisions. An additional six-month vesting period applies to all deferred share awards for all Material Risk Takers, including executive directors and prescribed officers, as each award tranche vests.

Deferral structure

In the competitive and mobile market for talent within the financial services sector, annual bonus deferral is a central feature of our remuneration structure used to encourage performance, long-term focus and retention and support shareholder alignment.

For 2013, all employees subject to deferral were required to defer 50% of deferred annual bonus awards under the Share Value Plan and 50% under the Cash Value Plan.

For 2014, the compulsory equal split between the Cash Value Plan and Share Value Plan was revised and colleagues subject to deferral were provided with the option to elect to defer up to 100% of their deferred annual bonus award under the Share Value Plan. This approach was implemented both to provide employees with choice regarding the delivery of deferred remuneration and to align further the employees' interests with those of shareholders.

Approximately 23% of the employees eligible elected to receive 100% of their deferred annual bonus under the Share Value Plan.

For executive directors, prescribed officers and other Material Risk Takers, 40% to 60% of any 2014 annual bonus award was required to be deferred. For all other employees, a graduated level of deferral applies based on the quantum of the annual bonus award. Our deferral requirements for 2014 remain in excess of practice at local competitors and local regulatory requirements. For the broader employee population the 2014 deferral threshold was increased in order to more closely align to local market practice.

We are seeking approval for a new Share Value Plan at the 2015 AGM. The features of the plan are broadly unchanged but it replaces the current phantom settlement with actual equity. Further details are set out in the notice of AGM.

Vesting conditions, malus and clawback

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

- a participant deliberately misleading the Group, the market and/or shareholders in relation to the financial performance of the Group;
- a participant causing harm to our reputation or where his/her actions have amounted to misconduct, incompetence or negligence;
- a material restatement of the financial statements of the Group;
- a material failure of risk management in the Group; and
- a significant deterioration in the financial health of the Group.

The GRHRC ensures that the judgments on malus are equitable and take account of all relevant information. During 2014 and early 2015, the GRHRC gave consideration to risk adjustment and the potential application of malus. The GRHRC determined, following the recommendation to them from the Remuneration Review Panel, that there was no evidence of irresponsible or untoward behaviour of any employee which would necessitate the forfeiture or reduction of deferred cash or share awards.

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

(i) there is reasonable evidence of employee misbehaviour or material error; and/or

(ii) the Group or business unit suffers a material failure of risk management, taking account of the individual's proximity to and responsibility for that incident.

2014 incentives

Incentive pool funding and individual allocations

We believe that performance cannot always be assessed simply by formulae and it is important that informed discretion is applied to achieve appropriate remuneration outcomes which reflect the underlying health of the Group, a balanced assessment of all-round performance and the creation of shareholder value. The incentive pool funding is determinded on a discretionary basis within a structured framework as set out below.

1. The GRHRC determines Group, business unit and function incentive pools

- Performance against the Balanced Scorecard
- Risk-adjusted financial and non-financial performance data for Group and business unit or function (e.g. profit before tax, headline earnings, return on equity, return on risk-weighted assets, net income, other industry specific measures)
- Specific risk or conduct events
- Historical and current compensation ratios for Group level, business units/functions
- Affordability, attrition data, market data and economic indicators
- Input from Remuneration Review Panel on recommended adjustments to pools based on conduct events

2. Managers assess individual performance

- Performance against individual objectives and behaviour in line with our Balanced Scorecard and Values and behaviours
- 'What' and 'how' individuals have contributed
- Risk and compliance input
- Individual performance rating against a six-point scale

3. Managers recommend individual annual bonus awards, driven by:

- Individual performance rating
- Size of incentive pool(s)
- Year-on-year review by individual
- Grade and job role
- Market competitiveness
- Risk and conduct events

4. Managers conduct consistency checks

- Group, business unit or function level consistency checks conducted
- Functional reviews independent of business line
- Human resources reviews
- Review of recommendations based on budgets, performance differentiation, Values and behaviours, and diversity and inclusion

5. The GRHRC reviews and approves incentive pools and individual awards

- Final spend at Group and business unit or function levels
- Employees with total remuneration >R5m
- Senior management and Material Risk Takers, including senior finance, risk and compliance officers
- Distribution of spend by grade, performance rating, diversity and inclusion
- Approval of adjustments to incentives and application of malus based on conduct events, based on recommendations from the Remuneration Review Panel

Composition of 2014 total incentive awards

	2013 Rm	**2014 Rm**	YoY change %
Non-deferred cash awards	1 398	**1 599**	14
Non-deferred share awards	25	**50**	100
Deferred cash awards	256	**151**	(41)
Deferred share awards	256	**288**	13
Annual bonus pool	1 935	**2 088**	8
Commission and other incentives	53	**68**	28
Total incentives granted	1 988	**2 156**	8
Retention awards	–	**359**	–
Total incentives granted with retention awards	1 988	**2 515**	27
Total number permanent employees	41 433	**40 662**	(2)
Total number employees who received an incentive award	36 286	**36 600**	1

Note
Excludes Woolworths Financial Services Proprietary Limited. These incentives are subject to oversight by the independent Board Remuneration Committee in Woolworths.
Disclosing the number of employees who received an incentive award in 2014 (either a discretionary bonus or a formulaic incentive) requires the restatement of the 2013 figure to include 2 953 employees who received only a formulaic incentive in 2013.

Reconciliation of 2014 total incentive awards granted to the income statement charge for performance and non performance costs

	2013 Rm	**2014 Rm**	YoY change %
Total incentive awards	1 988	**2 515**	27%
Less: deferred cash awards, deferred share awards and the awarded value of retention awards	(512)	**(798)**	56%
Add: current year charges for deferred awards and long-term incentives from previous years	442	**574**	30%
Other[1]	133	**(25)**	>(100)
Income statement charge for performance costs	2 051	**2 266**	10%
Income statement charge for non performance costs	56	**144**	>100
Income statement charge for performance & non performance costs	2 107	**2 410**	14%

Note
1 This includes share-based payments hedging gains and losses and the difference between income statement charge based on provisions and final incentive pool.

Compensation framework ratios

	2013 %	**2014 %**
Total compensation as a % of profit before tax (before total compensation)	47.0	**47.8**
Total compensation as a % of net income	30.6	**31.8**
Return on risk-weighted assets	2.16	**2.22**

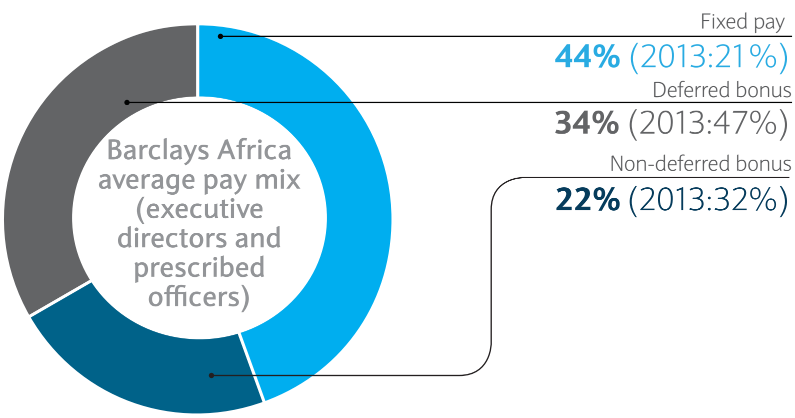
Note
The 2013 compensation to net income ratio and 2013 compensation to pre-compensation profit before tax ratio have been restated from 45.8% to 47.0% and 29.2% to 30.6% respectively to include additional benefits (health insurance and pension adjustments) for Rest of Africa due to reporting structure changes.

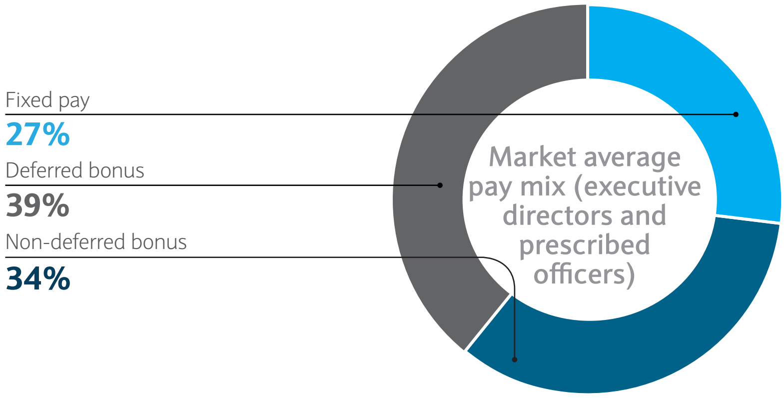
Executive director and prescribed officer remuneration

Executive director and prescribed officer remuneration for 2014 takes account of the CRD IV ratio of variable to fixed pay as well as the metrics in the Group and business unit Balanced Scorecards, and personal objectives aligned to the Balanced Scorecard.

Role Based Pay and the impact of CRD IV on pay mix

In response to the CRD IV maximum ratio of variable to fixed pay, changes were made to executive directors' and prescribed officers' fixed pay in 2014. The introduction of Role Based Pay, reflecting an increase in fixed remuneration, has impacted the pay mix for executive directors and prescribed officers while complying with the new regulations. This creates disparity when compared to our local competitors. Our executive directors and prescribed officers receive a higher proportion of fixed pay than peers at competitor organisations, with the total variable remuneration opportunity capped at two times their fixed pay. Employees at competitors may also be eligible for long-term incentives not included in the charts below so their total compensation opportunity may be higher than for executive directors and prescribed officers at Barclays Africa.





Note: To compare the average pay mix for Barclays Africa executive directors and prescribed officers against the market, the competitor pay mix is calculated using an average of the latest disclosed information for similar roles. The competitor companies include the other large banks in the JSE top 40.

Maria Ramos: Chief Executive Officer

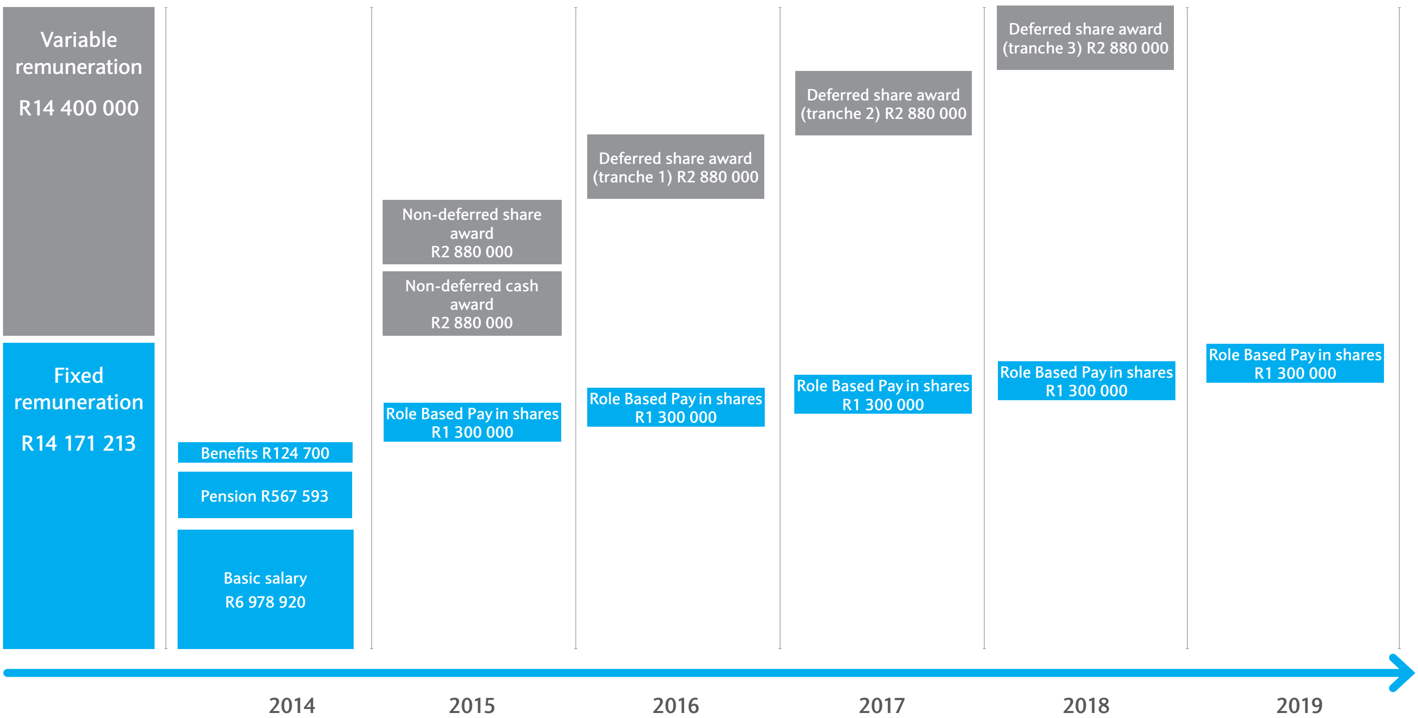
Year	Basic salary	Role Based Pay in shares[1]	Pension	Benefits	Non-deferred cash award	Non-deferred share award	Deferred cash award	Deferred share award	Total remuneration
2014	**R6 978 920**	**R6 500 000**	**R567 593**	**R124 700**	**R2 880 000**	**R2 880 000**	**R0**	**R8 640 000**	**R28 571 213**
2013	R6 059 852	n/a	R492 593	R105 775	R4 400 000	R4 400 000	R6 600 000	R6 600 000	R28 658 220
	Fixed remuneration				Variable remuneration				

Key performance outcomes

Customer & Client	Substantial progress towards improving the customer and client experience in all three businesses through investment in processes and training. Good progress against the Net Promoter Score® target and improvement in resolution of customer complaints, providing a base for improving customer and client satisfaction into 2015. Customer numbers stabilised.
Colleague	Has engendered higher levels of employee engagement through the executive management and senior leadership group working confidently and collaboratively to deliver the strategy at all levels across the Group. Progress made in achieving internal diversity targets, which remains a key focus for 2015.
Citizenship	Strong progress in meeting citizenship commitments, with the targets exceeded for the number of small and medium enterprises supported during 2014. Reshaping of the citizenship positioning to focus on up-skilling for employability including commencing new apprenticeship programmes for CIB and RBB.
Conduct	Strong personal contribution to delivering 2014 internal targets in relation to the risk and control environment.
Company	Delivered headline earnings growth of 10% and RoE improved to 16.7%. Growth delivered in key areas identified: Corporate, CIB RoA and WIMI RoA. Core costs well contained, allowing continued investment in identified growth areas.

Note

[1] The CEO does not receive Role Based Pay in cash. Role Based Pay is 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 the CEO received less remuneration in cash than in previous years.

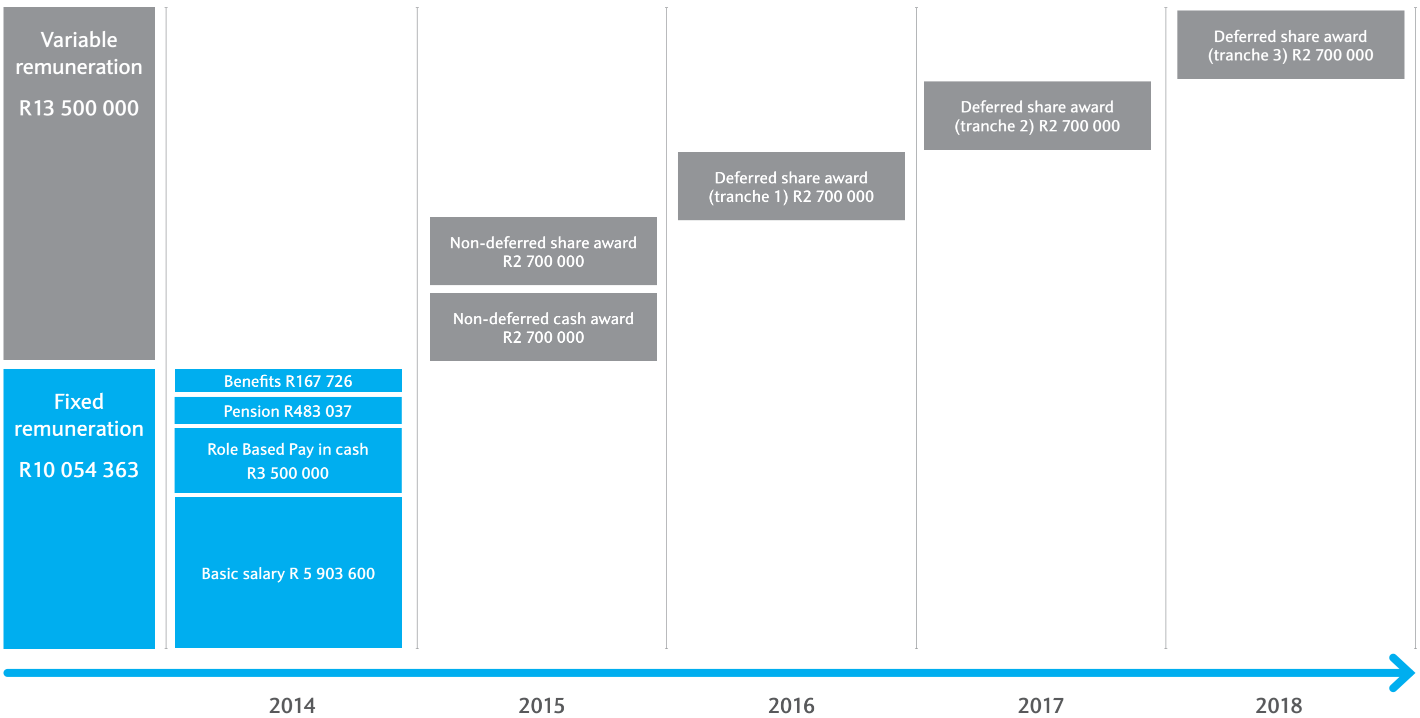


David Hodnett: Deputy Chief Executive Officer and Financial Director

Year	Basic salary	Role Based Pay in cash	Pension	Benefits	Non-deferred cash award	Non-deferred share award	Deferred cash award	Deferred share award	Total remuneration
2014	**R5 903 600**	**R3 500 000**	**R483 037**	**R167 726**	**R2 700 000**	**R2 700 000**	**R0**	**R8 100 000**	**R23 554 363**
2013	R3 649 863	n/a	R285 185	R116 073	R3 400 000	R3 400 000	R5 100 000	R5 100 000	R21 051 121
	Fixed remuneration				Variable remuneration				

Key performance outcomes

Customer & Client	Strong internal business enablement scores delivered for group finance and operations and technology functions, with significant improvements delivered within the IT environment. Took on additional responsibility for Regional Management and strategy.
Colleague	Progress made towards internal diversity targets. David has played a strong role in coaching and mentoring high potential colleagues, supporting the broader talent and succession planning agenda in his capacity as Deputy CEO.
Citizenship	Good progress in building community participation across group finance and operations and technology, with David having provided strong personal support for the citizenship agenda across the Group.
Conduct	Instrumental in the development of the enterprise risk management framework, David has provided strong leadership on the risk and control agenda. He made a significant contribution in meeting 2014 internal targets in relation to the risk and control environment.
Company	Played a strong role in the delivery of the Group's financial targets. Core costs were well contained, allowing continued investment in identified growth areas. Strong internal capital generation and 11.9% CET1 ratio allowed us to declare a 13% higher dividend per share.

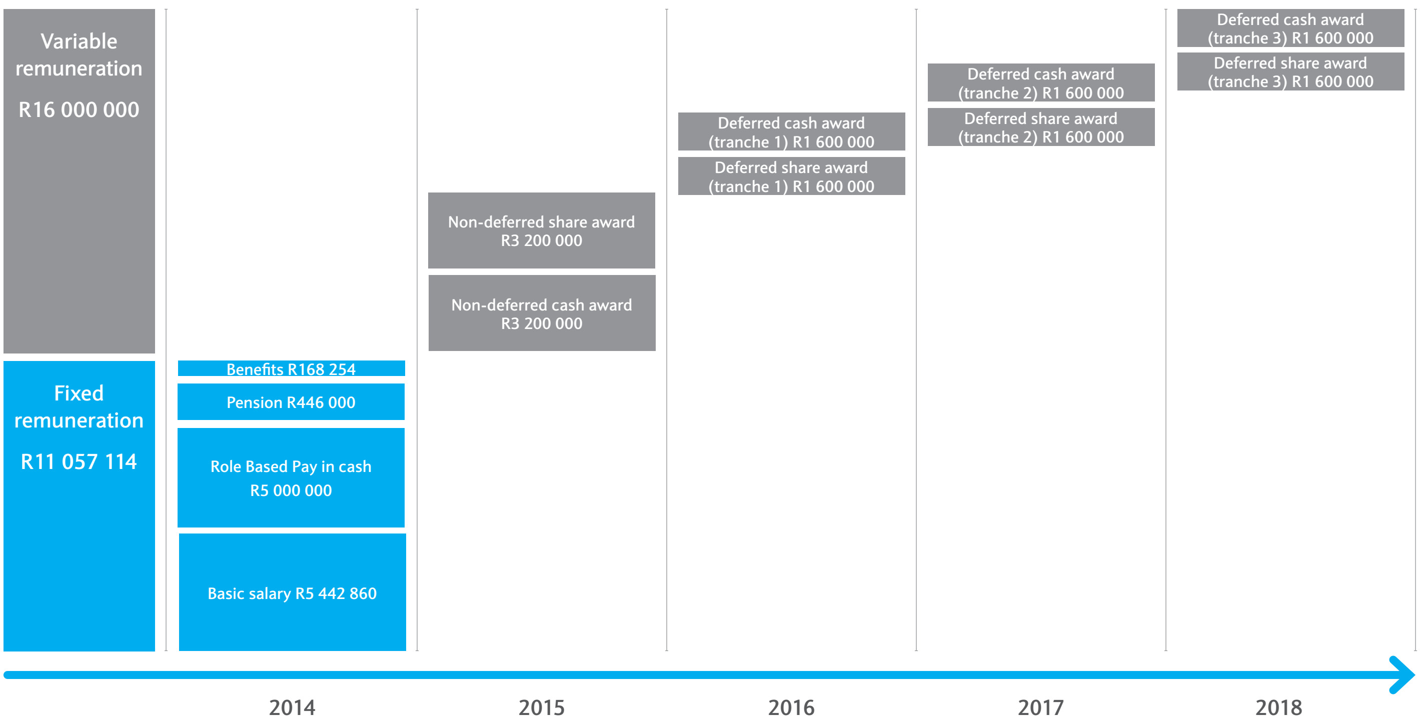


Craig Bond: Chief Executive, Retail and Business Banking

Year	Basic salary	Role Based Pay in cash	Pension	Benefits	Non-deferred cash award	Non-deferred share award	Deferred cash award	Deferred share award	Total remuneration
2014	**R5 442 860**	**R5 000 000**	**R446 000**	**R168 254**	**R3 200 000**	**R3 200 000**	**R4 800 000**	**R4 800 000**	**R27 057 114**
2013	R5 439 072	n/a	R444 444	R124 704	R4 200 000	R4 200 000	R6 300 000	R6 300 000	R27 008 220
	Fixed remuneration				Variable remuneration				

Key performance outcomes

Customer & Client	On target with the key components of the business turnaround, stabilising customer numbers with some improvements in Net Promoter Score®. Good progress has been made on the customer dispute resolution process and the reinvigoration of the branch network in South Africa. New products including the Payment Pebble and Features Store have been positively received and the Prosper campaign has gained traction across Africa.
Colleague	Strong and stable leadership team developed to deliver the turnaround strategy, making good progress against internal diversity targets and simplifying management and operating structures. Played a strong role in developing and enhancing graduate programmes at a Group level.
Citizenship	Made a strong contribution personally and through his leadership of RBB towards citizenship activities. A key focus for 2015 is to broaden the strategic impact of these activities through links to enterprise development and consumer education.
Conduct	Delivered improvements in the control environment in line with internal targets and fostered an enhanced management focus on risk management, embedding the enterprise risk management framework ensuring all key risks are managed and monitored.
Company	Delivered Retail Banking South Africa's headline earnings up 7% to R5 529m (largely due to 7% lower credit impairments as pre-provision profits grew 1%) Business Banking South Africa's headline earnings up 34% to R2 002m and RBB Rest of Africa's headline earnings decreased 19% to R785m, due to margin compression, continued investment spend, non-recurring gains in the base and a higher tax charge.

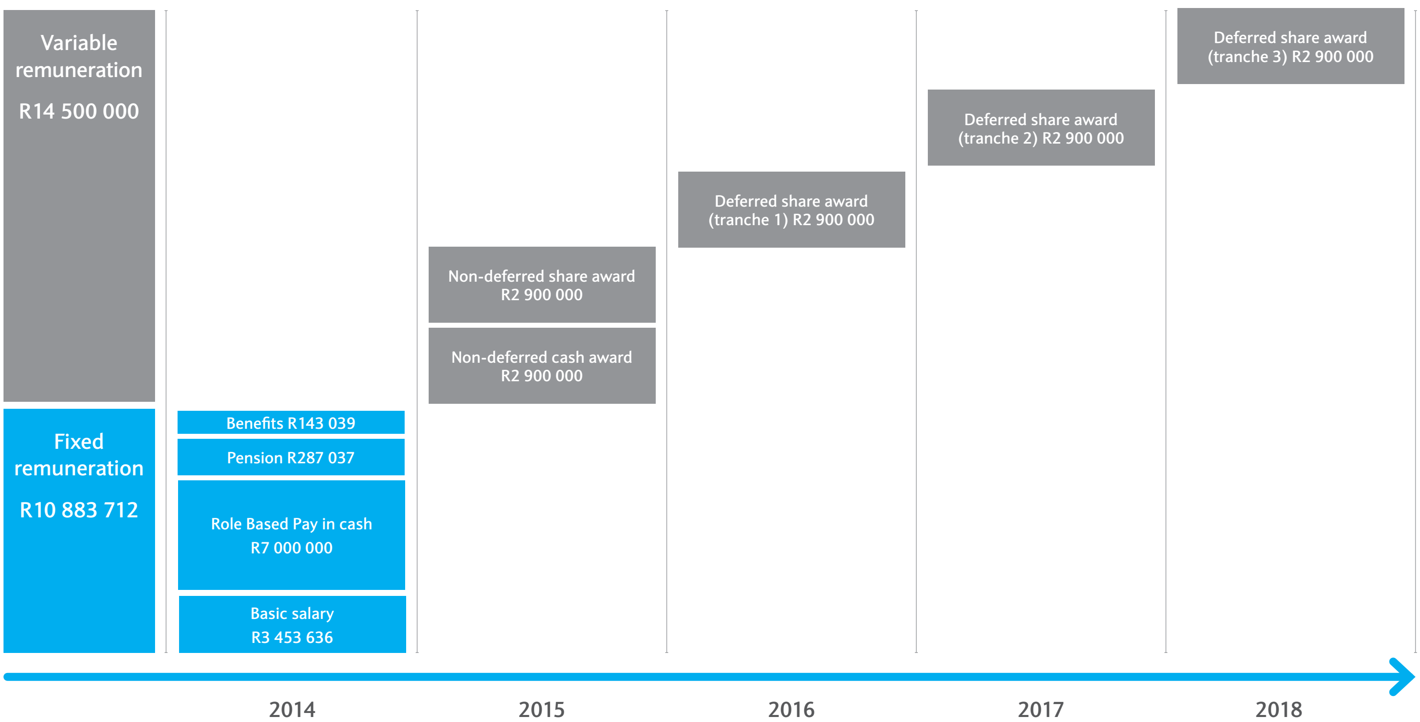


Stephen van Coller: Chief Executive, Corporate and Investment Bank

Year	Basic salary	Role Based Pay in cash	Pension	Benefits	Non-deferred cash award	Non-deferred share award	Deferred cash award	Deferred share award	Total remuneration
2014	**R3 453 636**	**R7 000 000**	**R287 037**	**R143 039**	**R2 900 000**	**R2 900 000**	**R0**	**R8 700 000**	**R25 383 712**
2013	R3 078 387	n/a	R255 556	R124 277	R4 300 000	R4 300 000	R6 450 000	R6 450 000	R24 958 220
	Fixed remuneration				Variable remuneration				

Key performance outcomes

	Customer & Client	Motivated and personally led greater client interaction amongst CIB team. Awards received in 2014 include: Euromoney Awards for Excellence voted CIB Best Investment Bank in Africa, Best M&A House in Africa. In the Risk SA Rankings Survey CIB was voted Top Overall Bank for the fifth consecutive year and in the Spire Awards CIB was voted Top Overall Bank and Best Fixed Income and Currencies House.
	Colleague	Good progress made towards internal diversity targets. Increased internal engagement scores and exceeded internal targets in relation to the CIB Academy.
	Citizenship	Chairs the Africa Citizenship Leadership Council and Absa Foundation which was reconstituted in 2014 to ensure more effective governance and fund allocation across Africa. Established the citizenship strategy across Africa, embedding this into the relevant business and function balanced scorecards. Key targets in the scorecard around financing were met.
	Conduct	Played leading role in embedding innovation, improving straight through processing. Maintained satisfactory approach to risk management through 2014.
	Company	Delivered headline earnings up 16% year-on-year to R3 887m (up 22% excluding private equity), reflecting 10% higher revenue on 13% loan growth and a 35 basis point wider margin. CIB's South African earnings grew 9% while Rest of Africa increased 38%. CIB's return on regulatory capital improved to 19.6% from 18.3%.



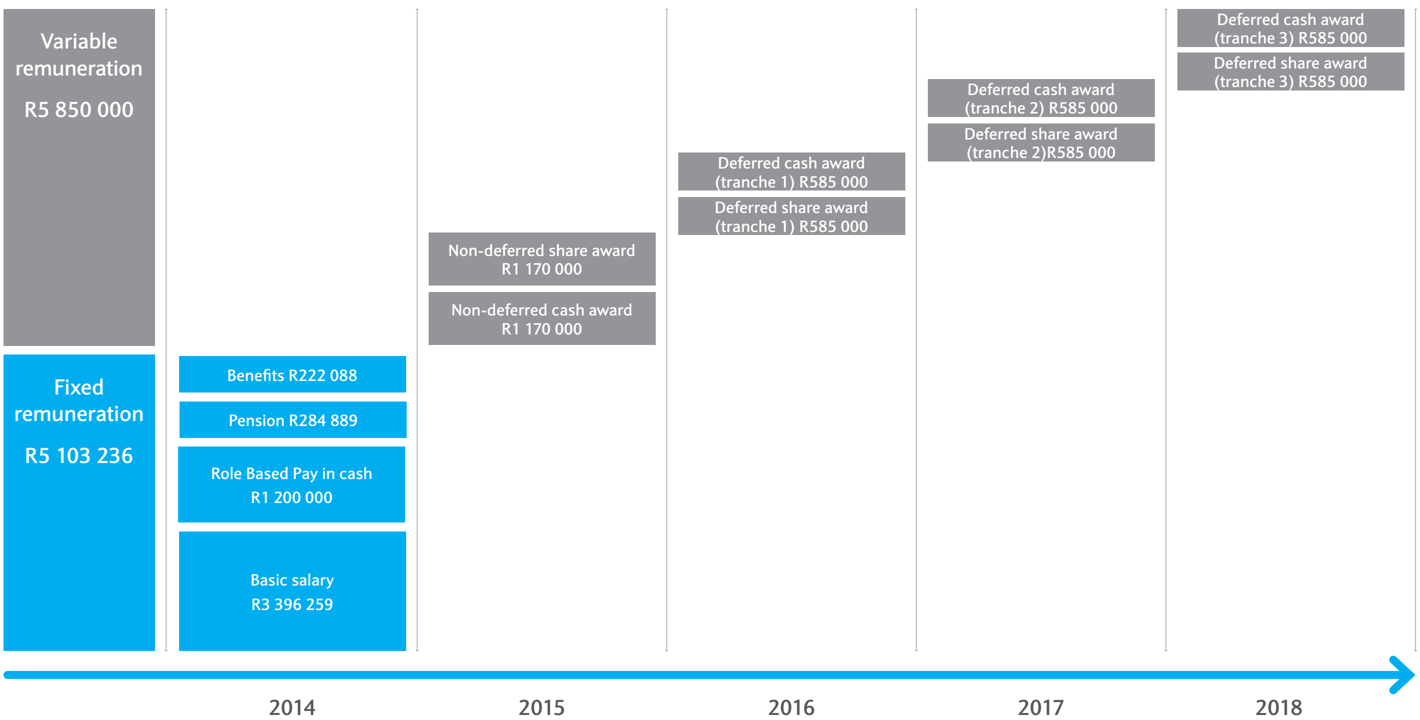
Willie Lategan: Chief Executive, Wealth, Investment Management and Insurance

Year	Basic salary	Role Based Pay in cash	Pension	Benefits	Non-deferred cash award	Non-deferred share award	Deferred cash award	Deferred share award	Total remuneration
2014	**R3 396 259**	**R1 200 000**	**R284 889**	**R222 088**	**R1 170 000**	**R1 170 000**	**R1 755 000**	**R1 755 000**	**R10 953 236**
2013	R2 913 233	n/a	R238 889	R81 098	R1 700 000	R1 700 000	R2 550 000	R2 550 000	R11 733 220

Fixed remuneration (Basic salary to Benefits) — Variable remuneration (Non-deferred cash award to Deferred share award)

Key performance outcomes

Customer & Client	Good progress made in improving the Net Promoter Score®, reducing volume of customer complaints and on track with the delivery of Africa expansion strategy and re-positioning the wealth and investment management proposition.
Colleague	Reduced turnover of regretted losses and good progress made against internal diversity targets.
Citizenship	Targets met for preferential procurement and providing low income customers with access to financial services. Made a strong personal contribution to citizenship agenda.
Conduct	Maintained satisfactory management approach to risk management through 2014. Investment in the capacity and capability to manage the control environment, with improvements delivered in line with internal targets.
Company	Delivered headline earnings down 3% year-on-year to R1 383m (South Africa headline earnings declined 4% year-on-year, while Rest of Africa headline earnings increased by 36% year-on-year). Net operating income was flat at R1 796m. WIMI's RoE declined to 23.1% from 24.7%. Following the collapse of African Bank Investments Limited, appropriate steps were taken to limit our exposure and protect our customers.



These tables contain audited information.

Combined tables for 2014 total remuneration

Executive directors	Maria Ramos 2013 R	Maria Ramos 2014 R	David Hodnett 2013 R	David Hodnett 2014 R	Total 2013 R	Total 2014 R
Basic salary	6 059 852	**6 978 920**	3 649 863	**5 903 600**	9 709 715	**12 882 520**
Role Based Pay	–	**6 500 000**	–	**3 500 000**	–	**10 000 000**
Medical aid	76 128	**81 840**	97 944	**105 288**	174 072	**187 128**
Pension	492 593	**567 593**	285 185	**483 037**	777 778	**1 050 630**
Other employee benefits	29 647	**42 860**	18 129	**62 438**	47 776	**105 298**
Total fixed remuneration	6 658 220	**14 171 213**	4 051 121	**10 054 363**	10 709 341	**24 225 576**
Non-deferred cash award	4 400 000	**2 880 000**	3 400 000	**2 700 000**	7 800 000	**5 580 000**
Non-deferred share award	4 400 000	**2 880 000**	3 400 000	**2 700 000**	7 800 000	**5 580 000**
Deferred cash award	6 600 000	**–**	5 100 000	**–**	11 700 000	**–**
Deferred share award	6 600 000	**8 640 000**	5 100 000	**8 100 000**	11 700 000	**16 740 000**
Total variable remuneration	22 000 000	**14 400 000**	17 000 000	**13 500 000**	39 000 000	**27 900 000**
Total remuneration	28 658 220	**28 571 213**	21 051 121	**23 554 363**	49 709 342	**52 125 576**

Prescribed officers	Craig Bond 2013 R	Craig Bond 2014 R	Stephen van Coller 2013 R	Stephen van Coller 2014 R	Willie Lategan 2013 R	Willie Lategan 2014 R	Total 2013 R	Total 2014 R
Basic salary	5 439 072	**5 442 860**	3 078 387	**3 453 636**	2 913 233	**3 396 259**	11 430 692	**12 292 755**
Role Based Pay	–	**5 000 000**	–	**7 000 000**	–	**1 200 000**	–	**13 200 000**
Medical aid	97 944	**105 288**	108 852	**117 012**	66 672	**71 352**	273 468	**293 652**
Pension	444 444	**446 000**	255 556	**287 037**	238 889	**284 889**	938 889	**1 017 926**
Other employee benefits	26 760	**62 966**	15 425	**26 027**	14 426	**150 736**	56 611	**239 729**
Total fixed remuneration	6 008 220	**11 057 114**	3 458 220	**10 883 712**	3 233 220	**5 103 236**	12 699 660	**27 044 062**
Non-deferred cash award	4 200 000	**3 200 000**	4 300 000	**2 900 000**	1 700 000	**1 170 000**	10 200 000	**7 270 000**
Non-deferred share award	4 200 000	**3 200 000**	4 300 000	**2 900 000**	1 700 000	**1 170 000**	10 200 000	**7 270 000**
Deferred cash award	6 300 000	**4 800 000**	6 450 000	**–**	2 550 000	**1 755 000**	15 300 000	**6 555 000**
Deferred share award	6 300 000	**4 800 000**	6 450 000	**8 700 000**	2 550 000	**1 755 000**	15 300 000	**15 255 000**
Total variable remuneration	21 000 000	**16 000 000**	21 500 000	**14 500 000**	8 500 000	**5 850 000**	51 000 000	**36 350 000**
Total remuneration	27 008 220	**27 057 114**	24 958 220	**25 383 712**	11 733 220	**10 953 236**	63 699 660	**63 394 062**

These tables contain audited information.

Contract terms and appointment dates

Name	Board appointment date	Notice period	Potential compensation for loss of office
Executive directors			
Maria Ramos	1 March 2009	6 months	6 months fixed remuneration
David Hodnett	1 March 2010	6 months	6 months fixed remuneration
Prescribed officers			
Craig Bond	n/a	6 months	6 months fixed remuneration
Stephen van Coller	n/a	6 months	6 months fixed remuneration
Willie Lategan	n/a	6 months	6 months fixed remuneration

Outstanding cash-based long-term awards

Name	Value under award at 1 January 2014 R	Value awarded in the year R	Value released in the year R	Value under award at 31 December 2014 R	Maximum potential value at 31 December 2014 R	End of performance period	Last scheduled vesting date
Executive directors							
Maria Ramos							
Cash Value Plan 2014 – 2016		6 600 000	–	6 600 000	7 260 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014	4 000 000		–	4 000 000	20 000 000	2014/12/31	2015/06/14
Total			–	10 600 000	27 260 000		
David Hodnett							
Cash Value Plan 2014 – 2016		5 100 000	–	5 100 000	5 610 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014	2 500 000		–	2 500 000	12 500 000	2014/12/31	2015/06/14
Total			–	7 600 000	18 110 000		
Prescribed officers							
Craig Bond							
Cash Value Plan 2014 – 2016		6 300 000	–	6 300 000	6 930 000	2016/12/31	2017/03/01
Total			–	6 300 000	6 930 000		
Stephen van Coller							
Cash Value Plan 2014 – 2016		6 450 000	–	6 450 000	7 095 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014	2 500 000		–	2 500 000	12 500 000	2014/12/31	2015/06/14
Total			–	8 950 000	19 595 000		
Willie Lategan							
Cash Value Plan 2014 – 2016		2 550 000	–	2 550 000	2 805 000	2016/12/31	2017/03/01
One Africa Long-Term Incentive Plan 2012 – 2014	1 500 000		–	1 500 000	7 500 000	2014/12/31	2015/06/14
Total			–	4 050 000	10 305 000		

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 2014	Number of shares awarded during 2014	Share price on award R	Number of shares released during 2014
Executive directors				
Maria Ramos				
Deferred Award Plan 2011 – 2013	21 254		133	21 254
Deferred Award Plan 2012 – 2014	62 809		149	31 404
Absa Long-term Incentive Plan 2012 – 2014	79 464		151	
Barclays Africa Long-term Incentive Plan 2013 – 2015	216 029		139	
Share Value Plan 2014 – 2016		51 044	129	
Role Based Pay March 2014		12 568	129	
Role Based Pay June 2014		10 460	155	
Role Based Pay October 2014		9 662	168	
Role Based Pay December 2014		9 288	175	
Non-deferred share award (2014)		34 029	129	34 029
Total	379 556	127 051		86 687
David Hodnett				
Deferred Award Plan 2011 – 2013	11 444		133	11 444
Deferred Award Plan 2012 – 2014	24 227		149	12 113
Absa Long-term Incentive Plan 2012 – 2014	49 665		151	
Barclays Africa Long-term Incentive Plan 2013 – 2015	108 014		139	
Share Value Plan 2013 – 2015	21 735		166	7 245
Share Value Plan 2014 – 2016		39 676	129	
Non-deferred share award (2014)		26 295	129	26 295
Total	215 085	65 971		57 097
Prescribed officers				
Craig Bond				
Barclays Africa Long-term Incentive Plan 2013 – 2015	129 617		139	
Share Value Plan 2014 – 2016		49 011	129	
Joiners Share Value Plan	144 624		156	50 157
Non-deferred share award (2014)		32 483	129	32 483
Total	274 241	81 494		82 640
Stephen van Coller				
Deferred Award Plan 2011 – 2013	26 976		133	26 976
Deferred Award Plan 2012 – 2014	40 378		149	20 188
Absa Long-term Incentive Plan 2012 – 2014	49 665		151	
Barclays Africa Long-term Incentive Plan 2013 – 2015	108 014		139	
Share Value Plan 2013 – 2015	48 904		166	16 301
Share Value Plan 2014 – 2016		50 178	129	
Non-deferred share award (2014)		33 256	129	33 256
Total	273 937	83 434		96 721
Willie Lategan				
Deferred Award Plan 2011 – 2013	8 992		133	8 992
Deferred Award Plan 2012 – 2014	14 806		149	7 402
Absa Long-term Incentive Plan 2012 – 2014	29 799		151	
Barclays Africa Long-term Incentive Plan 2013 – 2015	54 007		139	
Share Value Plan 2013 – 2015	15 758		166	5 252
Share Value Plan 2014 – 2016		19 838	129	
Non-deferred share award (2014)		13 148	129	13 148
Total	123 362	32 986		34 794

This table contains audited information.

Market price on release date R	Value of release R	Value of dividend released R	Number of shares lapsed in 2014	Number of shares under award at 31 December 2014	End of performance period	Last scheduled vesting date
129	2 731 989	564 506		–	2013/12/31	2014/02/20
129	4 036 670	670 161		**31 405**	2014/12/31	2015/02/20
				79 464	2014/12/31	2015/06/14
				216 029	2015/12/31	2016/10/01
				51 044	2016/12/31	2017/09/01
				12 568	2019/03/01	2019/03/01
				10 460	2019/06/01	2019/06/01
				9 662	2019/09/01	2019/09/01
				9 288	2019/12/01	2019/12/01
168	5 723 338	159 936		–	2014/09/01	2014/09/01
	12 491 997	**1 394 603**		**419 920**		
129	1 471 012	303 953		–	2013/12/31	2014/02/20
129	1 557 005	258 491		**12 114**	2014/12/31	2015/02/20
				49 665	2014/12/31	2015/06/14
				108 014	2015/12/31	2016/10/01
168	1 218 537	169 984		**14 490**	2015/12/31	2016/03/01
				39 676	2016/12/31	2017/09/01
168	4 422 556	123 587		–	2014/09/01	2014/09/01
	8 669 110	**856 015**		**223 959**		
				129 617	2015/12/31	2016/10/01
				49 011	2016/12/31	2017/09/01
141	7 091 197	715 740		**94 467**	2015/12/31	2016/03/31
168	5 463 316	152 670		–	2014/09/01	2014/09/01
	12 554 513	**868 410**		**273 095**		
129	3 467 495	716 483		–	2013/12/31	2014/02/20
129	2 594 966	430 812		**20 190**	2014/12/31	2015/02/20
				49 665	2014/12/31	2015/06/14
				108 014	2015/12/31	2016/10/01
168	2 741 665	342 129		**32 603**	2015/12/31	2016/03/01
				50 178	2016/12/31	2017/09/01
168	5 593 327	156 303		–	2014/09/01	2014/09/01
	14 397 453	**1 645 727**		**260 650**		
129	1 155 832	238 828		–	2013/12/31	2014/02/20
129	951 453	157 959		**7 404**	2014/12/31	2015/02/20
				29 799	2014/12/31	2015/06/14
				54 007	2015/12/31	2016/10/01
168	883 334	131 238		**10 506**	2015/12/31	2016/03/01
				19 838	2016/12/31	2017/09/01
168	2 211 362	61 796		–	2014/09/01	2014/09/01
	5 201 981	**589 821**		**121 554**		

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

In 2014, the GRHRC considered the impact of the Barclays Africa transaction on our three in-cycle long-term incentive plans. Under the rules of these plans, the set targets may not be amended unless exceptional circumstances arise which result in the original performance conditions no longer being appropriate. For example, a substantial corporate event or transaction which significantly impacts the financial performance or market value of the Group during the performance cycle.

The GRHRC deemed the Barclays Africa transaction sufficiently material to support the adjustment of the performance targets for in-cycle long-term incentives in cases where measurement of the original performance targets is not possible (as in the case of the 2012 – 2014 One Africa LTIP) or where the original performance targets are not appropriate to shareholders or participants (as in the case of the 2013 – 2015 Absa LTIP).

As part of the review the GRHRC applied the following principles:

- Protection and enhancement of long-term shareholder value ensuring this value is not impacted negatively by adjustments;
- Fairly rewarding executives for performance by ensuring any adjustments do not make the performance condition easier or harder to satisfy than the original condition was intended to be; and
- Ensuring any adjustments are affordable and transparent to shareholders.

Plan details

Absa Long-Term Incentive Plan 2012 – 2014

A share-based plan with awards vesting after three years subject to a balanced scorecard of performance conditions.

Targets based on Absa Group performance:

- Finance: From 10% to a maximum of 60% can vest subject to average return on risk-weighted assets of 2.18% (at threshold) to 3.26% (at maximum) on a straight-line basis.
- Risk: From 5% to a maximum of 30% can vest subject to performance against the average annual impairment ratio of 1.26% (at threshold) to 0.9% (at maximum).
- Sustainability: Up to 10% of awards can vest at the discretion of the GRHRC considering performance against our material issues in the integrated report.

Amendments: No amendments were made to the original performance targets. The Barclays Africa transaction was only completed during the performance period and, therefore, no Barclays Africa Group financial plan existed for the equivalent performance period.

Vesting: Based on actual 2012–2014 performance

- Finance: 10% of the maximum vests: average return on risk-weighted assets 2.18%.
- Risk: Lapsed. Average impairment rate 1.28%.
- Sustainability: The GRHRC considered that good progress has been made against non-financial performance metrics over the performance period, although further focus is required under some customer, transformation and colleague objectives. Taking account of overall financial and non-financial performance over the period, the GRHRC decided that the sustainability metric would not vest.

One-Africa, Long-Term Incentive Plan 2012 – 2014

A cash-based plan with awards vesting after three years.

Designed to incentivise and support the delivery of the One Africa strategy before the Barclays Africa transaction. It sought to ensure executives with regional management roles were incentivised to better align the businesses to meet the needs of customers and clients and unlock the opportunity for growth on the continent.

Performance measured against One Africa return on risk-weighted assets.

- No value will vest for performance below 1.59%.
- Maximum awards vest if average return on risk-weighted assets is 2.55%
- Vesting on a straight-line basis between 1.59% and 2.55%.

Amendments: Originally based on a consolidation of the Absa Group and Barclays Africa Limited financial plans which included Egypt and Zimbabwe (not part of the final transaction).

Return on Risk-weighted assets target adjusted to exclude Egypt and Zimbabwe as follows:

- No value will vest for performance below 1.99%.
- Maximum awards vest if average return on risk-weighted assets is 3.18%.
- Vesting on a straight line basis between 1.99% and 3.18%.

Vesting: Average return on risk-weighted assets is 2.16% so 23% of the maximum vests.

Barclays Africa Long-Term Incentive Plan 2013 – 2015

A share-based plan with awards vesting after three years subject to a balanced scorecard of performance conditions.

Based on the original Absa Group 2013 – 2015 medium-term plans:

- Finance: From 10% to a maximum of 60% can vest subject to average return on risk-weighted assets of 2.06% (at threshold) to 3.09% (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 1.50% (at threshold) to 1.09% (at maximum).
- Sustainability: Up to 10% of awards can vest at the discretion of the GRHRC considering performance against the Balanced Scorecard.

Amendments: Adjusted the performance targets from an Absa Group to Barclays Africa Group basis. Adjusted to:

- 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).
- Sustainability: Up to 10% of awards can vest at the discretion of the GRHRC considering performance against the Balanced Scorecard.

Vesting: To be measured at the end of the performance period on 31 December 2015.

Non-executive director remuneration

Elements and purpose

We aim to attract and retain suitably skilled and experienced non-executive directors. An appropriate level of competitive remuneration is required to reward them appropriately for their time and expertise.

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 are paid to the chairman of each committee to reflect the additional commensurate responsibilities. Set fees are paid for special or *ad hoc* Board or committee meetings and consultancy work.

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

The fee structure is reviewed periodically and benchmarked annually to ensure 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 AGM each year.

Fee structure for the year ended 30 April 2015

	1 May 2013 to 30 April 2014 R	1 May 2014 to 30 April 2015 R	YoY change %
Barclays Africa Group			
Board Chairman[1]	4 500 000	**4 770 000**	6
Board member[2]	415 000	**439 900**	6
Group Audit and Compliance Committee member[3]	225 000	**247 500**	10
Group Risk and Capital Management Committee member[3]	225 000	**243 000**	8
Group Remuneration and Human Resources Committee member[3]	125 000	**135 000**	8
Directors' Affairs Committee member	85 000	**90 100**	6
Concentration Risk Committee member[4]	40 000 1 925 per facility reviewed	**79 500** **2 040 per facility reviewed**	Structural Adjustment 6
Social and Ethics Committee member[4]	90 000	**99 000**	10
Information Technology Committee member[4]	75 000	**79 500**	6
Disclosure Committee member[4]	67 500	**71 550**	6
Board Finance Committee member	16 600 per meeting	**17 596 per meeting**	6
Special Board meeting	28 500 per meeting	**30 210 per meeting**	6
Special (ad hoc) Board committee and sub-committee meetings	17 500 per meeting	**18 550 per meeting**	6
Consultancy work	3 900 per hour	**4 134 per hour**	6
Absa Bank			
Board member	275 000	**291 500**	6
Models Committee member	75 000	**79 500**	6

Notes

1 The Group Chairman's fee covers chairmanship and membership of all Board committees and sub-committees.
2 Executive directors of the Company do not receive fees as members of the Company Board.
3 The GACC, GRCMC and GRHRC chairmen receive fees equal to two and a half times (2,5x) the fee payable to a GACC, GRCMC and GRHRC member.
4 The chairmen of Board committees and sub-committees other than the GACC, GRCMC and GRHRC receive fees equal to twice the fee payable to members of these committees.

Group Chairman and Non-executive directors' fees

This table contains audited information.

Current directors	Notes	Group Board R	Group Board committees and sub-committees R	Subsidiary boards, committees and trusts: Absa Bank R	Absa Financial Services R	Other R	2014 Total R	2013 Total R
Alex Darko	3	109 975	81 750	–	–	–	**191 725**	–
Ashok Vaswani	2	431 600	415 917	–	–	–	**847 517**	661 450
Colin Beggs	1	431 600	1 253 847	143 000	62 400	90 000	**1 980 847**	1 882 258
Francis Okomo-Okello	3	109 975	–	–	–	–	**109 975**	–
Mark Merson	2	431 600	323 984	–	–	–	**755 584**	–
Mohamed Husain		431 600	733 834	143 000	–	–	**1 308 434**	1 110 033
Patrick Clackson	2	431 600	287 667	–	–	–	**719 267**	575 767
Peter Matlare		431 600	114 500	–	–	–	**546 100**	515 583
Trevor Munday	5	431 600	1 449 686	221 000	–	–	**2 102 286**	1 875 233
Wendy Lucas-Bull (Group Chairman)	4	4 680 000	–	–	–	–	**4 680 000**	3 321 667
Yolanda Cuba		431 600	307 194	143 000	–	–	**881 794**	711 617
Past directors								
Brand Pretorius	6	358 283	484 075	–	–	26 245	**868 603**	984 100
Total		8 711 033	5 452 454	650 000	62 400	116 245	**14 992 132**	11 637 708

Notes:
1. Member of the Insurance Actuarial Committee (under Absa Financial Services) and Trustee of the Retirement Fund (under Other).
2. Fees are paid to Barclays PLC and not to the individual.
3. Joined the Group Board on 1 October 2014.
4. Single retainer fee applicable to the Group Chairman.
5. Member of the Absa Bank Models Committee in addition to Absa Bank Board member.
6. Stepped down from the Group Board and the Share Incentive Trust on 31 October 2014.

Basel Pillar III remuneration disclosures

In the following two tables, senior managers are defined as members of our executive committee and other individuals with management responsibility for a material portion of our business. Other Material Risk Takers are defined in line with the PRA Remuneration Code classification which is in line with the EBA's Regulatory Technical Standard. In 2014, a total of 52 individuals were classified as senior managers and 42 individuals as other Material Risk Takers (2013: 97 senior managers and 10 Material Risk Takers).

Given the changes to the classification of Material Risk Takers in 2014, the composition of the senior manager and Material Risk Taker population has changed significantly year-on-year.

Aggregate remuneration for senior managers and Material Risk Takers 2014

	Senior managers Rm	Other material risk takers Rm
Total fixed remuneration	153	115
Non-deferred cash awards	71	29
Non-deferred share awards	41	28
Deferred cash awards	15	21
Deferred share awards	49	45
Total variable remuneration	176	123
Total remuneration	329	238

Outstanding deferred remuneration for senior managers and Material Risk Takers 2014

	Senior managers Rm	Other material risk takers Rm
Unvested deferred remuneration outstanding at the beginning of 2014	368	152
Deferred remuneration awarded in 2014	241	148
Deferred remuneration forfeited in 2014	–	–
Deferred remuneration vested in year	(100)	(50)
Deferred unvested remuneration outstanding at the end of 2014	**509**	**250**

Note
Values in the table above are based on a share price of R177.37 (the daily volume-weighted average price of an ordinary Barclays Africa Group share trading on the JSE as at 31 December 2014) and/or a share price of £2.43 (the daily volume-weighted average price of an ordinary Barclays PLC share trading on the FTSE as at 31 December 2014) respectively.

Guaranteed variable remuneration and severance awards for all employees 2014

	Rm
Total guaranteed bonuses (no individuals)	–
Total sign-on awards (one individual)	1
Total severance awards (17 individuals)	14

Plan and eligibility	Other key design features
Share Value Plan The Deferred Award Plan was renamed the Share Value Plan in 2012. This plan is used to deliver to a portion of deferred annual bonus awards from 2013 onwards. *Employees eligible* All employees (including executive directors and prescribed officers) whose annual bonuses are above a set threshold.	• Used to support the delivery of deferred share awards from annual bonuses. • Phantom shares vest on a *pro rata* basis over three years subject to continued service, malus and, in the case of Material Risk Takers for awards on or after 1 January 2015, clawback provisions. • Vested awards are settled in cash based on a 20-day volume weighted average price of Barclays Africa Group Limited shares immediately preceding the vesting date. • Dividends that would normally be received during the vesting period if these were held shares may be awarded as additional phantom shares and released with each tranche of the award. • On cessation of employment, eligible leavers normally retain unvested awards, vesting on the scheduled vesting date, subject to GRHRC discretion. For other leavers, awards typically lapse.
Cash Value Plan Introduced in 2013. This plan is used to deliver a portion of deferred annual bonus awards from 2013 onwards. *Employees eligible* All employees (including executive directors and prescribed officers) whose annual bonuses are above a set threshold.	• Used to support the delivery of deferred cash awards from annual bonuses. • Deferred cash vests on a *pro rata* basis over three years subject to continued service, malus and, in the case of Material Risk Takers for awards on or after 1 January 2015, clawback provisions. • Employees receiving a deferred cash award may be awarded a service credit of 10% of the initial value of the award at the time that the final instalment is made subject to continued service. • On cessation of employment, eligible leavers normally retain unvested awards, vesting on the scheduled vesting date, subject to GRHRC discretion. For other leavers, awards typically lapse.

Plan and eligibility	Other key design features
Joiners Share Value Plan The Joiners Share Award Plan was renamed Joiners Share Value Plan in 2012. *Employees eligible* All employees (including executive directors and prescribed officers). Typically used for new joiners.	• Used to support the delivery of phantom share awards to new joiners as a buy-out of unvested deferred share-based awards forfeited as a result of termination of employment with their previous employer. • The plan has flexible vesting dates. The applicable vesting profile for each participant replicates forfeited awards. • Vested awards are settled in cash based on a 20-day volume weighted average price of Barclays Africa Group Limited shares immediately preceding the vesting date. • Dividends that would normally be received during the vesting period if these were held shares may be awarded as additional phantom shares and released with each tranche of the award. • On cessation of employment, eligible leavers normally retain unvested awards, vesting on the scheduled vesting date, subject to GRHRC discretion. For other leavers, awards typically lapse.
Joiners Cash Value Plan Introduced in 2012. *Employees eligible* All employees (including executive directors and prescribed officers). Typically used for new joiners.	• Used to support the delivery of deferred cash awards to new joiners as a buy-out of unvested deferred cash awards forfeited as a result of termination of employment with their previous employer. • The plan has flexible vesting dates. The applicable vesting profile for each participant replicates forfeited awards. • On cessation of employment, eligible leavers normally retain unvested awards, vesting on the scheduled vesting date, subject to GRHRC discretion. For other leavers, awards typically lapse.
Barclays Africa Long-Term Incentive Plan The Absa Long-Term Incentive Plan was introduced in 2012 and renamed the Barclays Africa Long-Term Incentive Plan in 2013. *Employees eligible* Limited to executive directors, prescribed officers and select senior managers.	• Used to support the delivery of range of performance measures including financial, risk and sustainability measures. • Share-based awards are released after three years, with 50% of the vested shares (after payment of tax) subject to an additional 12 month holding period. • The maximum number of shares which can be released is three times the value at award subject to the achievement of stretching performance targets. • Dividends that would normally be received during the vesting period if these were held shares may be awarded as additional Barclays Africa Group Limited shares. • If a participant resigns or is dismissed, all unvested awards lapse in full. If a participant leaves for another reason e.g. retrenchment, retirement, disability or ill health, a *pro rata* award may be eligible to vest on the original vesting date, subject to the relevant performance measures and the plan rules as amended from time to time.
One Africa Long-Term Incentive Plan Introduced in 2012 and used once for 2012 – 2014 cycle awards. *Employees eligible* Limited to executive directors and prescribed officers.	• Used to support the delivery of stretching return on risk-weighted assets performance targets in support of our One Africa strategy. • Awards are released after two years and delivered half as a cash award and half as an award of phantom shares that vest subject to the rules of the Share Value Plan after an additional 12 month period. • The award can be adjusted up or down by a performance multiple ranging from zero to five times the initial award subject to the achievement of the stretching return on risk-weighted assets target. • If a participant resigns or is dismissed, all unvested awards lapse in full. If a participant leaves for another reason e.g. retrenchment, retirement, disability or ill health, a *pro rata* award may be eligible to vest on the original vesting date, subject to the relevant performance measures and the plan rules as amended from time to time.

Share and shareholder information

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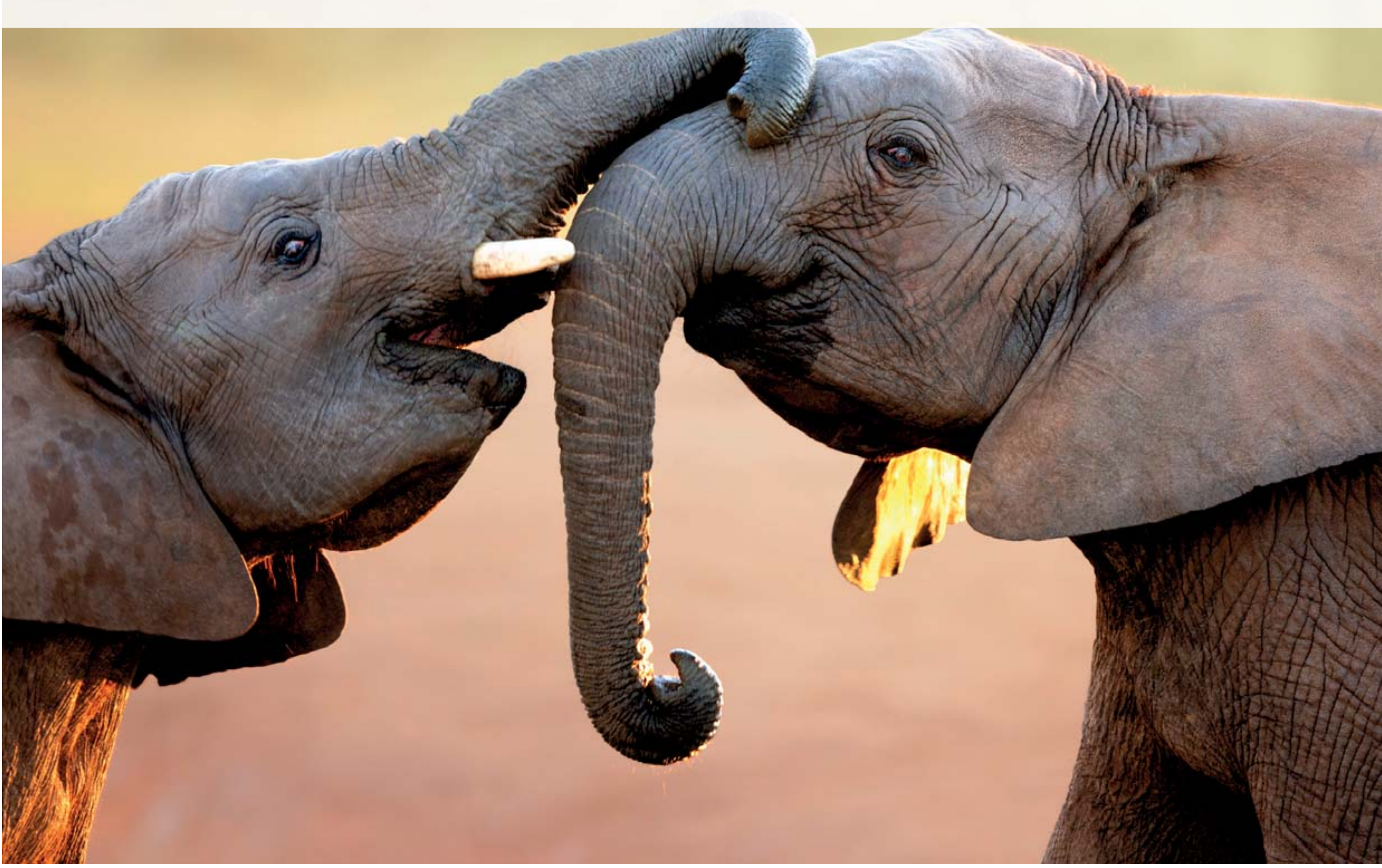


Shareholder information

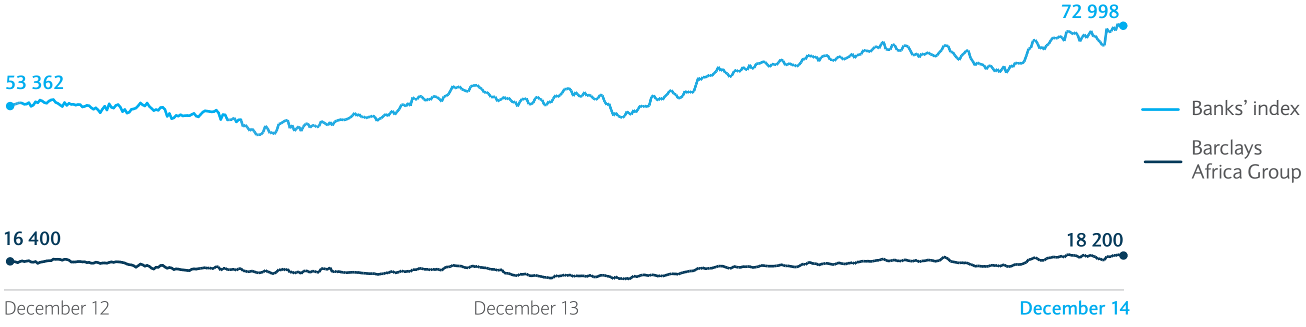
Share performance on the JSE

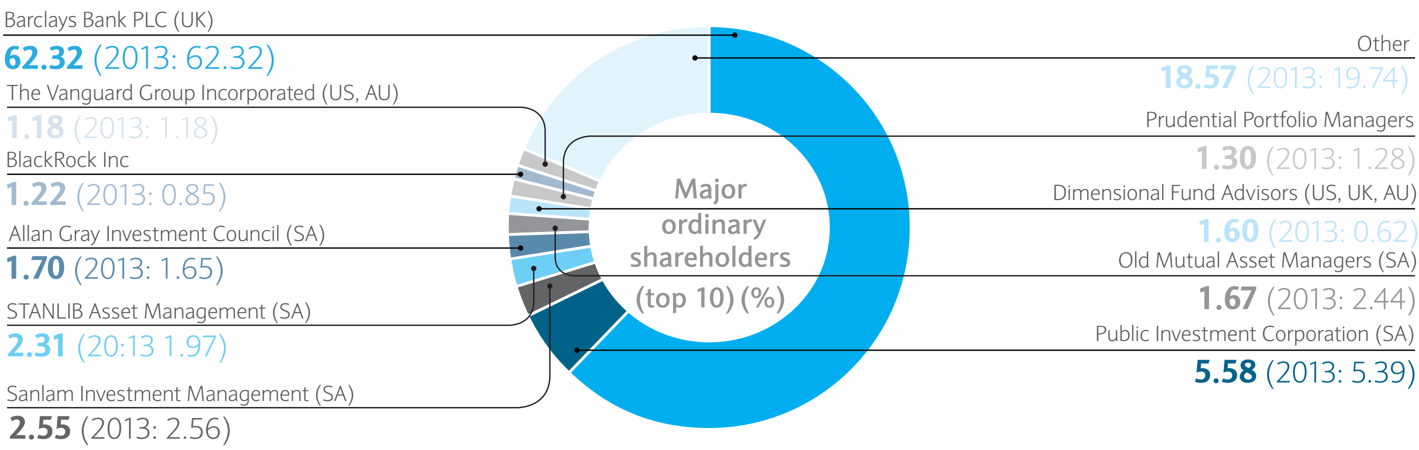
	31 December 2013	31 December 2014	YoY change %
Number of shares in issue[1]	847 750 679	**847 750 679**	0
Market prices (cents per share):			
closing	13 225	**18 200**	38
high	17 315	**18 452**	7
low	12 500	**12 207**	(2)
average	14 838	**15 670**	6
Closing price/NAV per share (excluding preference shares)	1.45	**1.86**	28
Price-to-earnings ratio (closing price/headline earnings per share)	9.5	**11.8**	24
Volume of shares traded (million)	441.0	**319.57**	(28)
Value of shares traded (Rm)	65 560.1	**49 659.2**	(24)
Market capitalisation (Rm)	112 115.0	**154 050.8**	37
Annual total return (%)	(10.7)	**44.2**	>100

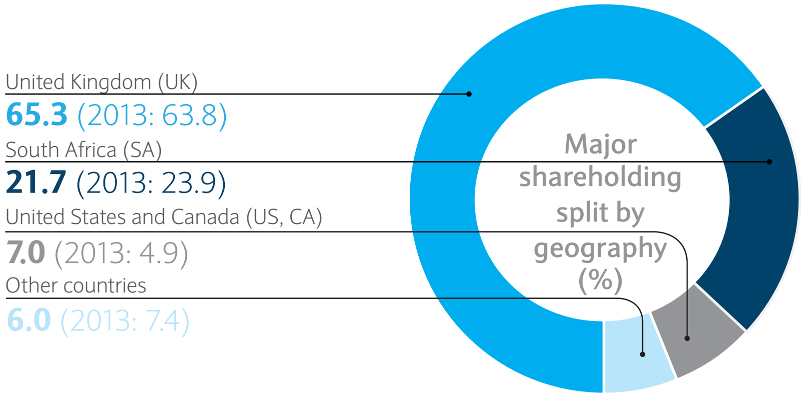
Notes

1. Includes 880 000 (31 December 2013: 437 896) treasury shares held by Group entities.
2. The Bank's Index outperformed the Group's share price by 9.48% (2013: 27.97%). Total return was used to calculate the relative performance using dividend yield.

Share performance (cents)







Public and non-public shareholders

	2013			2014		
	Number of holders	Number of shares	% of issued capital	**Number of holders**	**Number of shares**	**% of issued capital**
Public shareholders	35 881	318 982 577	37.6	**35 027**	**318 542 473**	**37.6**
Non-public shareholders	11	528 768 102	62.4	**8**	**529 208 206**	**62.4**
• Barclays Bank PLC	2	528 315 581	62.3	**2**	**528 315 581**	**62.3**
• Treasury shares[1]	2	437 896	0.1	**1**	**880 000**	**0.1**
• Directors	7	14 625	–	**5**	**12 625**	**–**
Total	35 892	847 750 679	100.0	**35 035**	**847 750 679**	**100.0**

Note

1. 880 000 shares held by Absa Life Limited entities (2013: 380 000) and nil (2013: 57 896) held by the Share Incentive Trust.

Directors' beneficial share interest

	Direct number of shares		Indirect number of shares		Total	
	2013	**2014**	2013	**2014**	2013	**2014**
Present directors						
Colin Beggs	2 000	**2 000**			2 000	**2 000**
Mohamed Husain	1 000	**1 000**			1 000	**1 000**
Trevor Munday	1 000	**1 000**	2 000	**2 000**	3 000	**3 000**
Wendy Lucas-Bull	1 000	**1 000**	4 625	**4 625**	5 625	**5 625**
Yolanda Cuba	1 000	**1 000**			1 000	**1 000**
	6 000	**6 000**	6 625	**6 625**	12 625	**12 625**
Past directors						
Brand Pretorius	1 000	**n/a**	–	**n/a**	1 000	**n/a**
Robert Le Blanc	1 000	**n/a**	–	**n/a**	1 000	**n/a**
	2 000				2 000	

There was no movement in shareholding between the reporting date and the date of approval of the financial statements. No directors hold any non-beneficial interests in the Group's ordinary shares.

Notes

Notes

Notes

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

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Group Company Secretary

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Jason Quinn

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Queries

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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 (Pty) Ltd

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 (Pty) Ltd

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

Representative offices

Absa Namibia Pty Limited	absanamibia.com.na
Absa Capital Representative Office Nigeria Limited	cib.absa.co.za

While not members of the Barclays Africa Group Limited legal entity, these operations are managed by the Group

Barclays Bank Egypt S.A.E	barclays.com.eg
Barclays Bank of Zimbabwe Limited	zw.barclays.com/