

Governance review



Good corporate governance is important in creating and sustaining shareholder value; and ensuring that our behaviour is ethical and promotes positive outcomes for the benefit of all our stakeholders.

Wendy Lucas-Bull
Chairman

As a major bank, investment manager and insurer in our various presence markets, we have significant responsibilities to our customers, clients and the public in contributing to a stable and secure environment, thereby enhancing trust in the countries' financial systems.

- Our Board Charter**
- Is the foundation document for our governance principles and related practices
 - Details matters reserved for the Board
 - Defines separate roles for the Group Chairman and the Chief Executive Officer, as well as the Board's expectations of the chairmen of our Board committees, the lead independent director and the directors
 - Outlines the mandate of our Board committees

Conduct We are committed to the highest standards of integrity and ethical behaviour. Our code of conduct outlines the Values and behaviours that govern our way of working across our business. It fosters values-based decision-making, and demonstrates how our policies and practices align with our Values. Our Conduct Risk Framework [41](#) helps managers test appropriate behaviours and responses to customers and clients.

Being a large listed company with presence in 12 markets providing trusted financial services to our customers and clients, our corporate culture is strongly influenced by our approach to Conduct and the need to ensure a positive impact on our customers and clients.

Board

- > Is responsible for creating and delivering sustainable shareholder value.
- > Ensures an appropriate balance between promoting long-term sustainable growth and delivering short-term performance.
- > Oversees the management of the Group's businesses, as assisted by various Board committees.
- > Reviews and approves the strategic objectives and policies of the Group.
- > Provides overall strategic direction within a framework of incentives and controls.

Directors' Affairs Committee (DAC)

Corporate governance, Board nominations and related matters

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

Internal controls, compliance, internal and external audit, accounting and external reporting

Group Risk and Capital Management Committee (GRCMC)

Risk, risk appetite, capital and liquidity management

Group Remuneration Committee (RemCo)

Remuneration and incentive arrangements, policy and disclosures, executive appointments and succession

Social and Ethics Committee (SEC)

Conduct risk, sustainability, stakeholder management, corporate citizenship, ethics, labour, diversity and inclusion, and general human resources and talent management matters

Information Technology Committee (ITC)

IT systems, data, architecture and innovation, resilience and return on investment

Board Finance Committee (BFC)

Financial results, annual budgets, and acquisitions and disposals

Concentration Risk Committee (CoRC)

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

Models Committee (MC)

Approval of material models and model governance oversight

Ad hoc committee for the Barclays PLC sell-down

Oversight and guidance to management on the impact of the sell-down

Executive Committee

Is responsible for the effective management of the business and the execution of our strategy, and is supported by the following committees:

- > Treasury Committee
- > Operational Risk and Control Committee
- > Financial Risk Committee
- > Market Risk Committee
- > Execution and Operating Committee
- > Cost Board
- > Africa Investment Board
- > Africa Group Credit Committee
- > Remuneration Review Panel
- > Conduct and Reputation Risk Committee
- > Regulatory Investigations Oversight Committee
- > Africa Citizenship Leadership Council
- > Group Investment Committee

Key matters deliberated by our Board

We maintain a one-year rolling forward planner for discussions over the year. Apart from standard and regular agenda items, such as report-backs from each Board committee and comprehensive reports from the Chief Executive Officer and Financial Director, the following specific matters of material importance for the Group were tabled and deliberated at Board meetings during 2016:

- February**
 - > Approval of the annual financial results
 - > Enhanced oversight of the customer and client onboarding processes and the regulatory and reputational impact thereof
 - > Approved an updated enterprise risk management framework, specifically for Barclays Africa and its subsidiaries
- March/April**
 - > Integrated report – approval
 - > Oversight of, and advice to, management, regarding the separation process from Barclays PLC, including the establishing of the *Ad hoc* committee (a Board sub-committee)
 - > Training on wholesale credit, cybersecurity, and the implications of the then draft King IV Report on Corporate Governance for South Africa, 2016 (King IV)
- May**
 - > Business reviews on the three main customer and client-facing segments (RBB, CIB and WIMI), including execution against strategy
- June/July**
 - > Hosted the Africa chairmen's conference in Johannesburg
 - > Approved the appointment of Peter Matlare as executive director and Deputy CEO, and approved the change in management structure to form the basis of our new operating model
 - > Approval of the interim financial results
 - > Approved the appointment of Jason Quinn as our new Financial Director
- September**
 - > Strategy session, encompassing a macroeconomic update; operating environment and competitive landscape assessment; an investment analyst's view on our performance and market expectations; strategy by business and related risk alignment; and execution priorities
 - > Further training on IFRS 9 (accounting for financial instruments) requirements, shadow banking and cybersecurity culminating in presentations to, and discussions with, the South African Reserve Bank
- October**
 - > Annual meeting with the South African Reserve Bank to discuss strategy, performance, risk, and its 'flavour of the year' topics, including IFRS 9, shadow banking and cybersecurity
 - > Training on financial crime (with speakers from the Group and the South African Financial Intelligence Centre), as well as corporate insurance risk and coverage
- December**
 - > Integrated planning linked to the strategy – including a financial overview, key business initiatives, response to the macro environment and the market opportunity
 - > Approval of a short and medium-term integrated plan
 - > Approval of the regulatory submission in respect of the separation from Barclays PLC including the agreements reached with it

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Progress against our 2016 governance objectives

Objective	Progress
<p>1. Review the progress of our Group's strategy execution, including our Shared Growth agenda, focusing on our growth objectives (including the market commitments made), in the context of a sound control and risk environment, with ethical and transparent leadership.</p> 	<ul style="list-style-type: none"> > The Board actively monitored the progress on the strategy execution, having regard to the prevailing macro conditions and regulatory changes (such as interest rate caps) with the resultant impacts on our revenue-generative abilities and the need to reset certain targets and place reliance on other areas of our business to compensate. > We gave significant focus to the control and risk environment at Board and committee level, with detailed reviews of our payments and collections environments; fraud management; cyber and financial crime detection and prevention; supplier management; and regulatory reporting. > Our leadership remains ethical and transparent, with appropriate communication on and management of key and sensitive matters including those arising from inappropriate conduct and other control failures.
Rating: Full achievement	
<p>2. Monitor the implementation of the Group's IT strategy, with a focus on resilience and appropriate investment spend.</p> 	<ul style="list-style-type: none"> > Our IT strategy focused on resilience. We have successfully moved to a new data centre and we continue to migrate services. We have observed a marked improvement in service, stability and recovery – in South Africa and in our other presence markets – and we have also requested ongoing analysis and reporting on investment spend and related returns.
Rating: Substantive achievement	
<p>3. Ensure that risk and capital management frameworks are appropriate in the context of a shifting global regulatory and risk environment, and a changing operational environment.</p> 	<ul style="list-style-type: none"> > Our risk and capital management frameworks, as updated from time to time, remain appropriate in the context of a changing global regulatory, risk, and business environment. The teams working on major projects such as IFRS 9 (Financial Instruments) and Basel Committee on Banking Supervision BCBS 239 (Basel guidelines on risk reporting) report regularly to the Audit and Risk committees on their progress. Management has developed the discipline of stress testing, and the Risk Committee has monitored the resultant impact on our capital and liquidity ratios (all of which remained at satisfactory levels through a variety of stress scenarios).
Rating: Full achievement	
<p>4. Monitor and assess the people agenda and the culture of our organisation.</p> 	<ul style="list-style-type: none"> > Through our Social and Ethics, and Group Remuneration committees, we paid appropriate attention to our people and culture agenda, doing ongoing work on succession planning and leadership development; cross-border placement opportunities for talented employees; ongoing work on diversity and inclusion; and our Values and the underlying behaviours.
Rating: Substantive achievement	
<p>5. Monitor the Barclays PLC sell-down.</p> 	<ul style="list-style-type: none"> > In addition to the first four objectives, the Board played a critical governance and oversight role in the Barclays PLC sell-down. The Executive Steering Committee gave multiple updates to a dedicated <i>Ad hoc</i> committee, and all decision points were tabled to our Board.
Rating: Full achievement	

2017 governance objectives:

1. Review the progress of our Group's strategy execution, having regard to the prevailing macroeconomic conditions, and in the context of a sound control and risk environment, and ethical and transparent leadership.
2. Monitor the implementation of the Group's IT strategy, with a focus on resilience and appropriate investment spend.
3. Ensure that risk and capital management frameworks are appropriate in the context of a shifting global regulatory and risk environment, and a changing business environment.
4. Monitor and assess the people agenda and the culture of our organisation.
5. Oversee the Barclays PLC sell-down and the separation from Barclays Africa, with a specific focus on the execution thereof, following regulatory approval.

Key elements of our corporate governance

In alignment with the Companies Act and the JSE Listings Requirements, our Board considers the following:

Board composition¹ (independence, diversity – gender and race – and tenure)

Our Board has 17 members, 10 of whom are independent and four of whom are now executive directors – with the appointment of a new Financial Director and a second Deputy Chief Executive Officer. On 24 March 2016, shareholders were advised that lead independent director, Trevor Munday, would step down as director in the second half of 2016. However, on 8 November 2016, we announced that as a result of the increased demand on the Board due to the Barclays PLC sell-down, his departure has been postponed to provide continuity on our key committees.

Francis Okomo-Okello, the former Chairman of Barclays Bank of Kenya Limited, retired from that board on 7 October 2016. As indicated in previous reports, Francis has been regarded as independent in relation to Barclays Africa throughout.

12 of our 17 Board members are South African, of whom four are black and four are women. We aim to improve women representation on our Group Board. In 2016, we met our target of 25%, and we aim to reach 26%² in 2017. Women make up 33% of our country bank boards, and 25% of our South African subsidiary boards – both figures are up year-on-year.

Barclays PLC is reconsidering its nominees to our Board. These changes are subject to Board and regulatory processes and will be announced when finalised.

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

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

Tenure	Executive directors	Independent non-executive directors	Non-executive directors
0 – 3 years	Jason Quinn	Alex Darko Daisy Naidoo Francis Okomo-Okello Paul O'Flaherty Wendy Lucas-Bull René van Wyk	Mark Merson
4 – 6 years	Peter Matlare ³	Colin Beggs	Ashok Vaswani Patrick Clackson
7 – 9 years	David Hodnett Maria Ramos	Mohamed Husain	
> 9 years		Trevor Munday Yolanda Cuba	

¹ As at 20 March 2017 and includes René van Wyk appointed in February 2017.

² This is down from our previously reported target of 30% for 2017. This is as a result of the need to ensure Board continuity through the sell-down and separation processes, and includes the need to retain Barclays PLC nominees on the Board at this stage.

³ In his first year as an executive director (appointed 1 August 2016), having served as a non-executive director for the four-and-a-half years since December 2011.

Board appointments

To govern a group of this magnitude and complexity, we appoint directors with appropriate regard to their education, diversity, expertise and experience in order to enhance the required collective set of skills, to ensure robust governance, keen commercial decision-making and strong technical inputs. Directors are appointed through a formal and transparent process which is facilitated by the Directors' Affairs Committee on behalf of the Board. The Board as a whole approves all appointments on recommendation by the Directors' Affairs Committee. The Directors' Affairs Committee comprises only independent non-executive directors, and is chaired by the Group Chairman.

Group Company Secretary

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

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Board evaluation

In January 2017, the Board members evaluated the performance of the Board and the members, in respect of the 2016 year. The Board was found to be performing well. Identified areas of improvement will receive attention through the 2017 Board meeting cycle.

Applying King III principles

With the exception of the two areas below, the Group has applied all the principles of King III:

> **Remuneration:** Although deferred bonus awards are not subject to financial performance conditions, the exposure to share price and malus provisions in the plan provides appropriate links to performance and risk adjustment. This structure is in accordance with the requirements of the UK's Financial Stability Board's principles for sound compensation practices. It generally subjects our incentive awards to higher levels of deferral than found elsewhere in the local market.

King III fact sheet

> **Information Technology Committee:** The Chairman of the ITC is not an independent director. Our Board believes that Patrick Clackson has been well-placed to chair this committee, given his experience in banking and related systems as well as his ability to engage with and provide challenge to management on this topic.

Transition to King IV

Following the launch of King IV on 1 November 2016, we conducted an assessment of our Board Charter and committee terms of reference against the principles and recommended practices of King IV. Our view is that we are well positioned in terms of King IV and, in the main, already apply most of its recommended practices.

Key considerations to enhance our application of practices under King IV and to respond to the subsequent related JSE amendments include the following:

- > The JSE introduced mandatory separate non-binding advisory votes by shareholders of the issuer at the annual general meeting on the remuneration policy and the implementation report (as described in King IV). We intend to include the second vote as part of our notice of annual general meeting in 2018. The Board notes that the consequences of not passing the non-binding advisory vote will require disclosure and engagement with shareholders.
- > King IV recommends that in relation to stakeholder relationships, the governing body should approve policy that articulates and gives effect to its direction on stakeholder relationships. We disclose our material issues in relation to stakeholders and will work towards an appropriate policy.



While we believe our level of disclosure is in line with current best practice, the specific disclosure obligations introduced by the recommended practices in King IV could lead to potential extensive additional disclosures in the form of our explanation of how we applied the principles.

King IV recommends that the board of the holding company should ensure the agreed group governance framework is implemented across the group, and the subsidiaries must form part of the governance arrangements for the group and must agree to all the policies of the group. We have approximately 145 subsidiary entities and will supplement our existing arrangements so as to strengthen our governance in respect of all active entities.

Changes to governance

During the year, we established an *Ad hoc* committee of the Board dedicated to provide oversight and advice to management in respect of the Barclays PLC sell-down and its impact on the Group. This committee met frequently, and provided guidance to management and feedback to the Barclays Africa and Absa Bank Boards.

We work with the country boards to continuously improve skill sets, governance practices and quality of reporting. This year saw heightened feedback to the country boards through their chairmen on the matter of the separation to maintain open communication. This empowers the country boards to engage with their regulators. This process is ongoing with regular interactions at board and management level.

The Group Remuneration and Human Resources Committee changed its name to the Group Remuneration Committee (RemCo) following a review of its terms of reference. Consequently, it is more focused on remuneration matters, together with executive succession, attraction and retention. All other human resources matters were confirmed to be within the purview of the Social and Ethics Committee.

2016 Board and committee attendance

Overall Board member attendance remained stable since 2015, at 95%. Included in the statistics are meetings with the regulator, board strategy meetings and training sessions. Total meetings increased to 64 (2015: 56).

We expect, and receive, significant commitment from our Board members. Besides the extensive work done through our nine committees (plus the *Ad hoc* committee), the Board members contribute actively to:

- > the development and monitoring of strategy;
- > the content of the financial statements, results announcements and integrated report;
- > engagement with regulators;
- > providing leadership to management; and
- > being available for matters that arise on an *Ad hoc* basis.

Due to the extent of their executive responsibilities at Barclays PLC, Patrick Clackson and Ashok Vaswani were unable to attend all the meetings. Ashok Vaswani has availed himself to serve on the Board for another term and the Chairman has engaged with him regarding his attendance of Board meetings. The Board remains satisfied with Ashok's contributions. As mentioned on [59](#), the Barclays representation on our Board is likely to change in due course.

Name	Board	DAC	GACC	GRCMC	RemCo	SEC	ITC	BFC	CoRC	MC	Total	% Total	<i>Ad hoc</i> committee	
Number of meetings	11	11	8	7	5	3	4	8	3	4	64		19	
Alex Darko	11/11		7/8		5/5		4/4				27/28	96		
Ashok Vaswani ¹	6/9		^{MI}				1/4				7/13	54		
Colin Beggs	11/11	11/11	8/8	6/7				8/8	3/3		47/48	98	19/19	
Daisy Naidoo ²	9/9		5/5						2/2		16/16	100		
David Hodnett ³	11/11	5/5 ^A	5/5 ^{MI}	3/3		3/3 ^A	4/4	3/3 ^A	3/3	4/4	41/41	100	14/15	
Francis Okomo-Okello	11/11					3/3					14/14	100		
Jason Quinn ⁴	7/8	5/5 ^A	3/3 ^{MI}	4/4			1/1	5/5 ^A	1/1	2/2	28/29	97	10/11	
Maria Ramos	11/11	11/11 ^A	7/8 ^{MI}	6/7	5/5 ^A	3/3	4/4	8/8 ^A	3/3	3/4	61/64	95	19/19	
Mark Merson ¹	9/9			6/6				6/6			21/21	100		
Mohamed Husain ⁵	10/11	10/11	8/8		5/5	3/3		5/5			41/43	95	18/19	
Patrick Clackson ¹	6/9				3/4		4/4				13/17	76		
Paul O'Flaherty ⁶	11/11	4/5	8/8	7/7	2/2				2/3		34/36	94	15/17	
Peter Matlare ⁷	11/11					3/3 ^A	3/4				17/18	94		
Trevor Munday ⁸	11/11	10/11	2/2	7/7				7/8	3/3		40/42	95	16/19	
Wendy Lucas-Bull	11/11	11/11	8/8 ^{MI}	7/7	5/5	3/3	4/4	8/8	3/3		60/60	100	19/19	
Yolanda Cuba	10/11				5/5			8/8	2/3		25/27	93		
Totals	No	156/165	67/71	61/63	46/48	30/31	18/18	25/29	58/59	22/24	9/10	492/517		130/138
	%	(95)	(94)	(97)	(96)	(97)	(100)	(86)	(98)	(92)	(90)	(95)		(94)

¹ Recused from Board on 6 September and 15 December. Patrick was also recused from RemCo on 9 June and Mark was also recused from the BFC on 19 July and 5 December.

² Daisy joined the Board, GACC and CoRC effective 17 May.

³ David resigned from the GRCMC, DAC, BFC effective 31 August, and the GACC from 1 October. He was recused from the *Ad hoc* committee on 21 June, 19 July, 25 October, and 13 December.

⁴ Jason joined the Board, GACC, GRCMC, DAC, CoRC, BFC and MC effective 1 September and the ITC from 1 November. He was recused from the *Ad hoc* committee on 25 October and the DAC on 14 December.

⁵ Mohamed resigned from BFC effective 1 October.

⁶ Paul joined the GACC and GRCMC effective February; was a member of CoRC from February to October; and joined RemCo and DAC effective 1 October.

⁷ Peter was a member of the SEC until he was appointed as an Executive Director, he remains an attendee.

⁸ Trevor resigned from the GACC effective 17 May.

^{MI} Mandatory invitee.

^A Attendee.

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Key subsidiaries

Our Group comprises individual country banks (including Absa Bank) and their subsidiaries, and Absa Financial Services and its (mainly insurance and asset management) subsidiaries. Significant legal entities to the Group include:

- > Absa Bank Limited (South Africa)
- > Absa Bank of Kenya Limited
- > Absa Financial Services Limited
- > Barclays Bank of Kenya Limited
- > Barclays Bank of Botswana Limited
- > Barclays Bank Mauritius Limited
- > Barclays Bank of Ghana 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

There are open lines of communication between the chairmen of the subsidiary boards and the Barclays Africa Chairman. Peter Matlare, Deputy Chief Executive Officer: Rest of Africa Banking, made multiple visits to each country since his appointment, which has further strengthened ties with subsidiary management and boards as well as local regulators.

As Group Chairman, Wendy Lucas-Bull again hosted an Africa chairmen's conference during the year to discuss strategy execution and planning; Colin Beggs, Chairman of the Group Audit and Compliance Committee, hosted an audit committee training seminar for all members of subsidiary board audit committees to ensure alignment on technical interpretations of accounting statements, processes and best practice.

Committee reviews

Apart from standard and regular agenda items, the key activities of the Board committees in 2016 are set out below, with a focus on the high-priority items. The Committee memberships in the section that follows are as at 31 December 2016.



Directors' Affairs Committee

Wendy Lucas-Bull (Chairman)

Colin Beggs
Mohamed Husain
Paul O'Flaherty (from October 2016)
Trevor Munday

Attendees:

David Hodnett (until August 2016)
Jason Quinn (from September 2016)
Maria Ramos

Reviewed:

- > our Group governance structure, focusing on non-executive director succession planning and appropriate skill sets;
- > membership of the Group and subsidiary boards and committees to establish and maintain optimal size, composition, independence, tenure, skills, gender and diversity;
- > matters of reputational risk including the South African Competition Commission regarding breaches in Competition Law relating to foreign exchange trading of the South African rand and the South African Public Protector's provisional report relating to the Bankorp matter;
- > matters arising from inappropriate conduct and other control failures, and the actions taken by management in response;
- > matters pertaining to regulatory engagement and regulatory commitments;
- > progress on the Board/corporate governance objectives;
- > board and committee attendance;
- > findings and actions from the Board and Board committee evaluation (including a peer review);
- > training for the main boards, committees and the subsidiary boards;
- > executive director succession plans;
- > the repositioning of the Actuarial Committee and the introduction of the Audit, Risk and Compliance Committee at the level of the Absa Financial Services Board; and
- > the governance arrangements relating to the separation from Barclays PLC.

Approved:

- > the appointment of the new chairman to Barclays Bank Kenya;
- > the appointment of trustees for the Pension Fund Trust and Absa Foundation Trust;
- > fees for non-executives on subsidiary boards; and
- > the prescribed officers for disclosure purposes.

Recommended to the Board:

- > the appointment of new independent directors Daisy Naidoo and René van Wyk;
- > the appointments of Jason Quinn as the Financial Director and Peter Matlare as the Deputy Chief Executive Officer for Rest of Africa Banking;
- > the appointment of Paul O'Flaherty as chairman of Group Remuneration Committee, Yolanda Cuba as chairman of Board Finance Committee and Jason Quinn as chairman of the Models Committee;

- > board committee membership changes;
- > competence of the Group Company Secretary;
- > its committee terms of reference and related role profiles;
- > the securities dealing code; and
- > 2016/2017 Board fees, which were approved by shareholders at the 2016 annual general meeting.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and, having regard to the Board evaluation, is satisfied with the performance of the Board and its committees. The Committee's focus for 2017 includes regulator, investor and broader stakeholder relationships, and the continued strengthening of the skill sets and diversity of the major boards within the Group.

Group Audit and Compliance Committee



Colin Beggs (Chairman)

Alex Darko
Daisy Naidoo (from May 2016)
Mohamed Husain
Paul O'Flaherty (from February 2016)
Trevor Munday (until May 2016)

Mandatory Invitees:

Ashok Vaswani
David Hodnett (until August 2016)
Jason Quinn (from September 2016)
Maria Ramos
Wendy Lucas-Bull

Attendees:

Chief Internal Auditor
Chief Risk and Controls Officer
Chief Risk Officer
Head of Compliance
Head of Operational Risk
External auditors

Reviewed:

- > the Group's progress on the preparation for IFRS 9 (accounting for financial instruments), including addressing data requirements, retaining skilled resources and assessing macroeconomic factors in advance of the parallel run in 2017 and implementation in 2018;
- > the financial implications of the separation arrangement with Barclays PLC;
- > the creation of a centralised fraud risk management function with strategic and operational capabilities, as well as the use of data analytics to improve collaboration between cyber, information and fraud risk;
- > progress on financial focus areas including the alignment of the annual financial reporting processes across Africa and auditor transition to KPMG in 2017;
- > progress on compliance with the National Credit Regulator's affordability regulations;
- > the stability in the payments and settlements area; and
- > the Group's tax rate and tax philosophy.

Monitored:

- > the Group's control environment, including the process of separation from Barclays PLC;
- > impairments in credit portfolios, given the evolving macroeconomic environment;
- > progress against the six-monthly internal audit plan, the resourcing of the function, and audit outcomes;
- > the outcomes of regulatory engagements and the role of compliance in combined assurance coverage, the resourcing of the function and progress against their six-monthly compliance plans; and
- > the ongoing migration of the Group's systems to a dedicated data centre in South Africa, and projects relating to in-country data centre requirements across the Rest of Africa.

Approved:

- > the fit and proper status of the outgoing and incoming Financial Director and the Finance, Internal Audit and Compliance functions;
- > the Group's anti-money laundering policy;
- > management's assessment of the performance and independence of the External Auditors for the 2015 reporting period;
- > the audit fees and fees for non-audit services for 2016; and
- > the incentive pool in the context of financial performance, as recommended by the Group Remuneration Committee.

Recommended to the Board:

- > the full-year and interim financial statements;
- > dividends to shareholders;
- > investment valuations;
- > solvency and liquidity of the Group and of Absa Bank on a quarterly basis; and
- > the Group and Absa Bank as a going concern for the twelve months following year end.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and remains satisfied with the overall control environment, including those aspects supporting the financial statements for 2016, as confirmed by internal and external audit. In 2017, the Committee will continue monitoring further improvements in identified areas including cybercrime, financial crime and fraud.



View the full Group Audit and Compliance Committee statement within our consolidated and separate financial statements available at barclaysafrica2016ar.co.za.

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Group Risk and Capital Management Committee



Trevor Munday (Chairman)

Colin Beggs

David Hodnett (until August 2016)

Jason Quinn (from September 2016)

Maria Ramos

Mark Merson

Paul O'Flaherty (from February 2016)

Wendy Lucas-Bull

Attendees:

Chief Internal Auditor

Chief Risk Officer

Head of Compliance

Group Treasurer

External auditors

Reviewed:

- > the risk implications of the separation from Barclays PLC relating to technology and brand;
- > the transitional outsourced arrangements with Barclays PLC in light of its sell-down;
- > the corporate insurance coverage which was previously brokered through Barclays PLC;
- > the Group's strategic perspective of shadow banking, the extent of our involvement and the potential impact thereof;
- > management actions when risk appetite limits are breached;
- > the impact of recommended dividends on the Group capital and liquidity position;
- > market development of total loss-absorbing capacity for globally systemically important banks;
- > cyber risk updates, issues and developments;
- > updates on business continuity management metrics and business programmes;
- > the embedment of the risk data aggregation and reporting framework for Basel Committee on Banking Supervision (BCBS) 239;
- > legal risk updates and certain forensic investigations in the Group;
- > the structural hedge programme in place for a portion of Absa Bank's liabilities;
- > stress testing for the integrated planning (budgeting) process for 2017; and
- > the recent developments with regards to the Basel III net stable funding ratio.

Monitored:

- > the risk profile report dealing with (i) the economic environment; (ii) key risk issues and related lead and lag indicators; (iii) risk appetite and utilisation; (iv) all the principal risk categories; and (v) legal risk;
- > current and projected Group capital and liquidity levels, and supported management's initiatives to optimise capital, risk-weighted assets and liquidity; and
- > feedback on model risk and related projects.

Approved:

- > the results of certain annual stress testing required for submission to the South African Reserve Bank;
- > the risk and capital management disclosures for the risk management reports, integrated report and the financial results booklets;
- > the outsourced arrangements with third parties including the implementation aspects of using cloud technology supported by the Information Technology Committee; and
- > the Group's (i) contingency funding plan; (ii) capital risk and liquidity risk frameworks and policies; (iii) liquidity risk appetite; and (iv) market risk frameworks.

Recommended to the Board:

- > the annual review of the enterprise risk management framework;
- > the additional capitalisation of Absa Bank for preference share funding transactions;
- > the appropriation of profits for Barclays Africa and Absa Bank for regulatory purposes;
- > management's annual internal capital adequacy assessment process (ICAAP) report for submission to the South African Reserve Bank;
- > the updated recovery plan for submission to the South African Reserve Bank;
- > taking up a collateral liquidity facility from the South African Reserve Bank from 2017 to meet Basel III liquidity requirements;
- > the issuance of Tier 2 capital (subordinated debt) at Group level under the domestic medium-term notes (DMTN) programme for investment in Absa Bank;
- > medium-term risk review and stress testing results, including management's assessment of risk appetite and financial volatility for 2017;
- > medium-term capital plans (2017 – 2021), capital target ranges (2017), leverage ratio target (2017) and the economic capital target coverage ratio (2017) after taking into account the capital plan assumptions including dividends, cost of capital, regulatory constraints, stress scenarios, Basel III amendments and peer analysis;
- > medium-term funding plan (2017 – 2021); and
- > the Group's and Absa Bank's cost of equity 2017.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, and remains comfortable with the Group's levels of risk, capital and liquidity. The Committee's 2017 focus areas include the current and projected levels of capital of all regulated entities within the Group considering Basel III and the European Union's Capital Requirement Directive IV; stress testing in the context of changing economic conditions; further embedding cybercrime mitigation processes and the execution of our separation from Barclays PLC.



Group Remuneration Committee

Mohamed Husain (Chairman) (until September 2016)
Paul O'Flaherty (Chairman) (from October 2016)
Alex Darko
Mohamed Husain
Patrick Clackson
Wendy Lucas-Bull
Yolanda Cuba

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

Reviewed:

- > 2016/2017 remuneration structure, policy, governance and philosophy including:
 - o the proposed incentive funding approach/methodology with a focus on the executive team; and
 - o updates on role-based pay, material risk takers and the European Banking Authority and Prudential Regulatory Authority guidelines and statements on compensation;
- > the Group Chairman's performance review of the Chief Executive Officer, and the Chief Executive Officer's performance reviews of our two Deputy Chief Executive Officers, Financial Director and other Executive Committee members;
- > proposals for senior hires and terminations, providing approvals as per the Committee's mandate;
- > updates from the management's Remuneration Review Panel on risk, compliance and conduct-related incidents, and the resulting impact on remuneration;
- > updates on pensions and benefits across the Group;
- > regular reports from risk and finance and considered the implications for remuneration related decisions;
- > reports on subsidiary entities pertaining to pay and benefits;
- > peer local and international trends in disclosure of executive pay;
- > the optimal way in which to disclose pay and links to performance; and
- > reports from external advisers on trends in compensation practices, impact of King IV, and industry approaches.

Responded to investor feedback on:

- > our remuneration disclosures by further enhancing our remuneration report in line with best practice; and
- > the absence of significant long-term incentives and the related performance conditions. We intend to grant forfeitable performance shares under our Long-Term Incentive Plan with a mix of financial and non-financial performance targets.

Approved:

- > vesting outcomes for the 2013 Long-Term Incentive Plan awards after considering the achievement of the performance targets as at 31 December 2015, for vesting in October 2016;
- > compensation for all Executive Committee members;
- > the salary mandates for bargaining unit and non-bargaining unit employees;
- > the remuneration report for inclusion in the 2016 Integrated Report; and
- > following consideration of proposals, lock-in awards for select senior management in response to the Barclays PLC sell-down.

Recommended to the Board:

- > proposed 2016 incentive pools, projected 2016 total compensation costs and compensation ratios; and
- > final 2015 incentive pools; and
- > the compensation for the Chief Executive Officer and other executive directors.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and with the status of remuneration and incentives in the Group. Considerable time was spent on refining the link between pay and performance and, together with the *Ad hoc* committee, considering the separation from Barclays PLC and, how best to retain key senior management during this process. The Committee's focus in 2017 will be on (i) introducing appropriate performance conditions linked to our Long-Term Incentive Plan to ensure alignment with our shareholders' interests; and (ii) adopting King IV principles relating to remuneration.

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Social and Ethics Committee

Mohamed Husain (Chairman)

Francis Okomo-Okello
Maria Ramos
Wendy Lucas-Bull

Attendees:

David Hodnett
Peter Matlare (a member until his appointment as Executive Director)
Chief Executive: Human Resources
Chief Executive: Marketing and Corporate Relations
Group General Counsel

Reviewed:

- > regular updates on conduct and reputation risks, as well as regulatory and general developments that could influence conduct risk management;
- > key organisational health indicators such as ethics management, talent attraction and acquisition, employee turnover and wellness, human resource-related process improvements, learning and development, employee relations, diversity and inclusion;
- > regular updates on leadership, as well as talent management, disability initiatives, and learnership programmes;
- > the outcomes of the employee opinion and culture surveys;
- > feedback on customer complaints and other satisfaction metrics;
- > updates on advertising approach, sponsorship portfolio and related spend;
- > updates on the Group's environmental impact, including energy and water usage, carbon emissions, construction waste and confidential waste;
- > the promotion of equality and our BEE scorecard, in the context of the Employment Equity Act, the Broad-Based Black Economic Empowerment Act, and related regulatory landscape;
- > the mapping of sustainability frameworks (including the principles set out in the United Nations Global Compact and the Organisation for Economic Co-operation and Development recommendations regarding corruption), and agreed on the approach for participation in environmental, social and governance frameworks and related reporting;
- > the progress of the execution of the Shared Growth plan, which focuses on citizenship initiatives and spend, education and skills, community enterprise development and financial inclusion; and
- > the outcome of assurance activities performed on conduct and ethics by Internal Audit and Compliance.

Monitored:

- > the status of premises' health and safety and remediation thereof, and the assurance-related activities;
- > initiatives to improve service delivery by the human resources function; and
- > customer and client engagement and retention, complaints trends and root cause analysis in specific business areas together with activities in place to address these matters.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and particularly with the embedment of conduct risk management within the Group, the status of the organisational health indicators, and the impact on our culture and Values. The Committee's focus areas for 2017 remain conduct risk, stakeholder engagement, Shared Growth, labour and employment matters, employee wellness, health and safety, as well as diversity and inclusion. Changes as a result of King IV will also be incorporated in the work of the Committee.



Information Technology Committee

Patrick Clackson (Chairman)

Alex Darko
Ashok Vaswani
David Hodnett
Jason Quinn (from September 2016)
Maria Ramos
Peter Matlare
Wendy Lucas-Bull

Attendees:

Chief Information Officer
Chief Operating Officer
Chief Risk Officer

Reviewed:

- > the systems and technology estate of the Group;
- > the anticipated impacts arising from Barclays PLC sell-down;
- > management's actions to improve stability of the Group's payments systems and core infrastructure and platforms in operations outside South Africa; and
- > execution progress of our new digital strategy, which aims to strengthen the Group's position as a recognised digital retail bank in Africa, and noted the delivery of the first Barclays Accelerator programme.

Monitored:

- > ongoing progress of disaster recovery and data centre migration in South Africa, and separately in the Rest of Africa, having regard to regulatory requirements for in-country processing;
- > the progress of the infrastructure remediation in Rest of Africa;
- > innovation and change initiatives, and focused on reducing the application portfolio, moving applications to more efficient platforms and the continuous engineering of processes, applications and development;
- > the implementation of our cybersecurity strategy to contain the impact of cybercrime on our systems and our customers' and clients' accounts;
- > systems availability and stability, their impact on customers, clients and employees, and our ability to respond to incidents; and
- > strategic IT investment spend and benefits, as well as management's efforts to reduce the cost-to-income ratio of our IT function.

Approved:

- > the second and third phase of adopting cloud computing technology, moving to live transaction data being housed in the cloud.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, particularly having regard to the significant oversight on key areas of business-as-usual technology operations and innovative transformation activities. The 2017 focus will remain on infrastructure, cybersecurity, system availability and stability, disaster recovery, digital transformation and innovation.

Board Finance Committee

Trevor Munday (Chairman) (until September 2016; remains a member)
Yolanda Cuba (Chairman) (from October 2016; previously a member)
Colin Beggs
Mark Merson
Mohamed Husain (until September 2016)
Wendy Lucas-Bull

Attendees:
David Hodnett (until August 2016)
Jason Quinn (from September 2016)
Maria Ramos

Considered and assessed:

- > the planning costs relating to the Barclays PLC sell-down; and
- > the progress of the property consolidation strategy upgrades throughout the portfolio.

Approved:

- > the results announcements and profit commentaries to the market within parameters set by the Board in February and July; and
- > various acquisition, disposal and supplier contracts in accordance with its mandate, notably the acquisition of the property on which the Absa Bank Auckland Park (Johannesburg) call centre is situated.

Recommended to the Board:

- > the Group's revised annual short and medium-term budgets for 2016, and then for 2017;
- > the revised strategy to enter the Nigerian market with the new focus on establishing, as a single entity, an issuing house, underwriter and investment adviser, and with a banking entity to follow provided the prevailing regulatory and economic conditions are supportive of such entry;
- > additional capitalisation of Absa Bank to facilitate preference share funding transactions in Absa Bank;
- > together with the Group Risk and Capital Management Committee, the taking up of a collateral liquidity facility from the South African Reserve Bank pursuant to the Basel III liquidity requirements; and
- > the separation contributions to be made by Barclays PLC to Barclays Africa and the analysis of other financial implications of the sell-down for the Group and Absa Bank.

The Committee is satisfied that it has fulfilled its responsibilities, in accordance with its terms of reference, and will continue acting on its mandate and provide robust challenge to management on the setting of budgets and on investments and disposals.

Concentration Risk Committee

Trevor Munday (Chairman)
Colin Beggs (until October 2016)
Daisy Naidoo (from May 2016)
David Hodnett
Jason Quinn (from September 2016)
Maria Ramos
Paul O'Flaherty (from February until October 2016)
Yolanda Cuba
Wendy Lucas-Bull

Other quorum members:
Chief Credit Officer
Chief Risk Officer

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Monitored:

- > levels of wholesale credit, including material concentrations, watch list clients as well as sector and geographic trends;
- > key sectors through regular updates including agriculture (primary and secondary), banking, mining and metals, retail, and public sector;
- > Barclays Africa commercial property finance and prime services businesses;
- > the impact of Brexit and a possible sovereign downgrade in South Africa;
- > forex rate risk;
- > country limits for our Rest of Africa portfolio;
- > wholesale credit risk appetite; and
- > stress triggers, stress losses, and mandate and scale.

Recommended to the Board:

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

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and that all regulatory requirements were met with regard to large exposures. The Committee continued its analysis of key sectors with several deep dives in areas experiencing economic pressure. The Committee will continue undertaking industry and product-specific reviews taking changing economic conditions into account, and will continue assessing the risk profile of the Group's large exposures to ensure that such exposures are managed within risk appetite.

Models Committee



David Hodnett (Chairman) (until September 2016; remains a member)

Jason Quinn (Chairman) (from October 2016)

Maria Ramos

Chief Executive: CIB

Chief Executive: RBB

Chief Executive: WIMI

Attendees:

Chief Risk Officer

Head: Model Risk Management

Reviewed:

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

Monitored:

- > the governance of models including the embedment of the model risk policy and the results and levels of model validation coverage;
- > the reporting of relevant risk metrics and the impact of Basel Committee on Banking Supervision (BCBS) 239; and
- > the development of IT infrastructure to support the governance of models and model data.

Approved:

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

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, and in particular, with the progress made during the year. It will continue monitoring further embedment of the model risk policy and compliance with regulatory standards set by the South African Reserve Bank and other regulators. The membership will change from 2017 to include the Chief Risk Officer, with the business segment chief executives becoming invitees.

Ad hoc committee



Wendy Lucas-Bull (Chairman)

Colin Beggs

Mohamed Husain

Paul O'Flaherty

Trevor Munday

David Hodnett

Jason Quinn

Maria Ramos

Chief Risk Officer

The *Ad hoc* committee was established to advise management in relation to the sell-down and to make recommendations to the relevant Board committees and the Board regarding all aspects of the sell-down and the separation process.

Considered and recommended to the Board and relevant Board committees:

- > the overall quantum of the separation payments from Barclays PLC, the tax and accounting implications thereof, and the timing of the flow of funds;
- > application to the relevant regulators including proposed terms and conditions forming part of that application;
- > requirements relating to the transitional services arrangements with Barclays PLC including outsourcing arrangements;
- > the impact of separation on Barclays Africa's technology architecture, resilience, and competitiveness;
- > merits of the alternative shareholding structures and any risk arising therefrom;
- > risks arising from the sell-down including potential brand change; and
- > impact on our leadership structures and remuneration arrangements necessary for the retention of skills.