

BARCLAYS AFRICA GROUP LIMITED

Incorporated in the Republic of South Africa

Registration number: 1986/003934/06

ISIN: ZAE000174124

JSE share code: BGA

(Barclays Africa Group, BAGL or the Group)

ABSA BANK LIMITED

Authorised financial services and registered credit provider (NCRCP7)

Incorporated in the Republic of South Africa

Registration number: 1986/004794/06

ISIN: ZAE000079810

JSE share code: ABSP

(Absa Bank)

UPDATE ON BARCLAYS PLC SELL-DOWN AND SEPARATION

Since 1 March 2016, when Barclays PLC announced its intention to reduce its shareholding in BAGL to achieve accounting and regulatory deconsolidation, we have worked jointly to ensure the best outcome for all of our stakeholders.

Shareholders are advised that Barclays PLC has submitted an application to the South African Reserve Bank for approval to reduce its shareholding in the Group to below 50%. The application, which also requires the approval of the Minister of Finance, based on the advice from the Registrar of Banks, includes the terms of the separation payments and transitional services arrangements, which have been agreed between Barclays PLC and BAGL.

The agreed terms provide for contributions by Barclays PLC to BAGL totaling £765 million (ZAR12.8 billion) (see note 1), primarily in recognition of the investments required for the Group to separate from Barclays PLC. These contributions, comprise:

- £515 million (ZAR8.6 billion) (see note 1) in recognition of the investments required in technology, rebranding and other separation projects;
- £55 million (ZAR0.9 billion) (see note 1) to cover separation related expenses, of which £27.5 million was received in December 2016; and
- £195 million (ZAR3.3 billion) (see note 1) to terminate the existing service level agreement between Barclays and BAGL, relating to the Rest of Africa operations acquired in 2013.

As part of the agreed terms, from the date on which Barclays PLC reduces its shareholding in BAGL to below 50%:

- BAGL can continue to use the Barclays brand in the rest of Africa for three years; and
- BAGL will receive certain services from Barclays on an arms' length basis for a transitional period, typically up to three years.

The expectation is that the financial contributions will neutralize the capital and cash flow impact of separation investments on the Group over time. However, the separation process will have

an impact on BAGL's financial statements for the next few years, most notably by increasing the capital base in the near-term and generating endowment revenue thereon, with increased costs likely over time as the separation investments are concluded. Consequently, BAGL will start to report normalized results that better reflect the underlying performance of the Group once the contributions have been received.

In addition, Barclays PLC has agreed to contribute an amount equivalent to 1.5% of BAGL's market capitalization (ZAR2.1 billion) (see note 2) towards the establishment of a larger broad-based black economic empowerment scheme. Further details on this will be communicated in due course.

Notes

- (1) Sterling amounts converted to ZAR at 16.78, which was the closing rate on 31 December 2016
- (2) Based on a BAGL share price of ZAR168.69, which was the closing price on 31 December 2016

Johannesburg
23 February 2017

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Lead Independent Sponsor to Barclays Africa Group:

J.P. Morgan Equities South Africa Proprietary Limited

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