Barclays PLC
Barclays and Absa agree strategic combination of Barclays Africa operations with Absa

Further to the announcement on 21 August 2012, Barclays Bank PLC (‘Barclays’) and its subsidiary Absa Group Limited (‘Absa’) are pleased to announce their agreement to combine the majority of Barclays Africa operations (the “Portfolio”) with Absa.

The proposed combination accelerates Barclays’ ‘One Bank in Africa’ strategy and its goal to become the ‘Go-To’ bank on the continent. The combined business will create a leading pan-African financial services business and a platform for further growth. The combined, JSE-listed business will serve approximately 14.4 million customers through a network of more than 1,300 outlets and over 10,400 ATMs, employing more than 43,000 people across ten countries which represent approximately 22.5% and 30.5% of Africa’s population and GDP respectively.

Key features of the proposed combination:

- The proposed strategic combination will be effected by way of an acquisition by Absa Group Limited of Barclays Africa Limited, the proposed holding company of the Portfolio, for a consideration of 129,540,636 Absa ordinary shares, representing a value of R18.35bn (US$1.8bn) for Barclays Africa Limited.

- As a result of the transaction, Barclays stake in Absa will increase from 55.5% to 62.3%

- It is expected that Barclays Africa Limited will hold, at the effective date of the proposed combination, all or a significant majority of the Portfolio, comprising Barclays ownership interests in banking operations in Botswana (67.8%), Ghana (100%), Kenya (68.5%), Mauritius (100%), Seychelles (99.8%), Tanzania (100%), Uganda (100%) and Zambia (100%), as well as the Barclays Africa Regional Office in Johannesburg (100%)

- The listing of Barclays Bank Botswana Limited (on the Botswana Stock Exchange) will continue to be maintained as only the shares held by Barclays entity will be transferred in the proposed combination.

- The proposed combination will not impact the number of shares held by the minorities in Barclays Bank Botswana Limited.

- Absa will continue to own 100% of Absa Bank Limited, 95.8% of Barclays Bank of Mozambique and 55% of the National Bank of Commerce in Tanzania.

- The scope of the proposed transaction excludes Barclays operations in Egypt and Zimbabwe.

- To reflect the enlarged portfolio and the pan-African focus of the business, Absa Group Limited will be renamed “Barclays Africa Group Limited” and the composition of the Board of the Group will be reconstituted accordingly.

- It is currently intended that the Absa brand will continue to be used for retail banking and card businesses in South Africa.

- Each business within the Portfolio is led by an experienced management team and Board of Directors in country.

- The proposed combination is expected to complete in the first half of 2013, subject to fulfilment of the conditions precedent, including regulatory approvals across the affected jurisdictions, including Botswana.

- The approval of the transaction by Absa shareholders, excluding Barclays, will also be required.

- The independent directors of the Absa Board have unreservedly approved the proposed transaction and a fairness opinion has been provided.

- It is a condition precedent to the proposed combination that, subject to the applicable regulatory approvals, at least three operations in Botswana, Ghana, Kenya and Mauritius, as well as the Barclays Africa Regional Office, are transferred to Barclays Africa Limited by the first closing date. The remaining companies in the Portfolio that have not transferred to Barclays Africa Limited by such closing date will become subject of subsequent closings.

Rationale for the proposed strategic combination:

The proposed combination follows on from the steps taken by Absa and Barclays in 2011 to integrate their African businesses from an operational and management point of view. This involved consolidating the regional offices for Absa Africa and Barclays Africa in Johannesburg and establishing a combined Africa management oversight team, as well as introducing a global product strategy across the continent. The proposed combination:

- is an important step in realising the shared goal to become the ‘Go-To’ bank in Africa and is significant in aligning the integrated operating model across sub-Saharan Africa;

- will accelerate plans to expand corporate banking, market activities and bancassurance in Africa;

- will create the largest bank in Africa by number of branches, with a network of more than 1,300 outlets across ten countries;

- will provide access to pan-African growth for Absa shareholders through exposure to a sub-Saharan African financial services group across eight countries;

- will also provide benefits to the individual African operations through leveraging strong product capabilities across the expanded group, as well as facilitating the sharing of expertise and development of skills across the businesses;

- will diversify Absa’s earnings on a geographic basis;

- will lead to enhanced business opportunities, improved offerings to customers, exciting career opportunities for employees and long-term value for stakeholders.

Commenting on the rationale and benefits of the transaction, Antony Jenkins, Barclays Chief Executive, said: “Bringing together Barclays Africa with Absa is an important step in furthering our ‘One Bank in Africa’ strategy and the goal to become the ‘Go-To’ bank on the continent. This combination will give us a platform from which we can further grow our Africa business to the benefit of customers, colleagues, shareholders and the communities in which we operate.”

Maria Ramos, Chief Executive of Absa Group and Barclays Africa, said: “This is a compelling and unique opportunity for us to further our ‘One Bank in Africa’ ambitions by combining with a leading sub-Saharan African banking franchise. We see the continent and the geographically diversified earnings potential that a combined business would deliver.”

For details on the terms of the proposed combination, the conditions precedent, the financial effects, and important dates and times, please refer to the SENS announcement issued by Absa which is available at www.barclays.com/investorrelations/.

Notes:
1. Based on a ZAR/GBP exchange rate of 14.10
3. Based on a price of R141.50 per Absa share and the current issued share capital of Absa

References to the number of Absa consideration shares, customers and outlet network, and the population and GDP coverage in this announcement, are based on the transfer of the entire Portfolio to Barclays Africa Limited, and transfer of Barclays Limited to Absa. In the event that operations in one or more countries do not transfer on a subsequent closing, such figures should be read as amended accordingly.

Advisors:
Goldman Sachs International is acting as financial adviser to Barclays. In that capacity, Goldman Sachs International has performed financial analyses and has assisted the Barclays Board in its consideration of the financial terms of the transaction and, in doing so, has relied on the Board’s commercial assessment of the Transaction.