



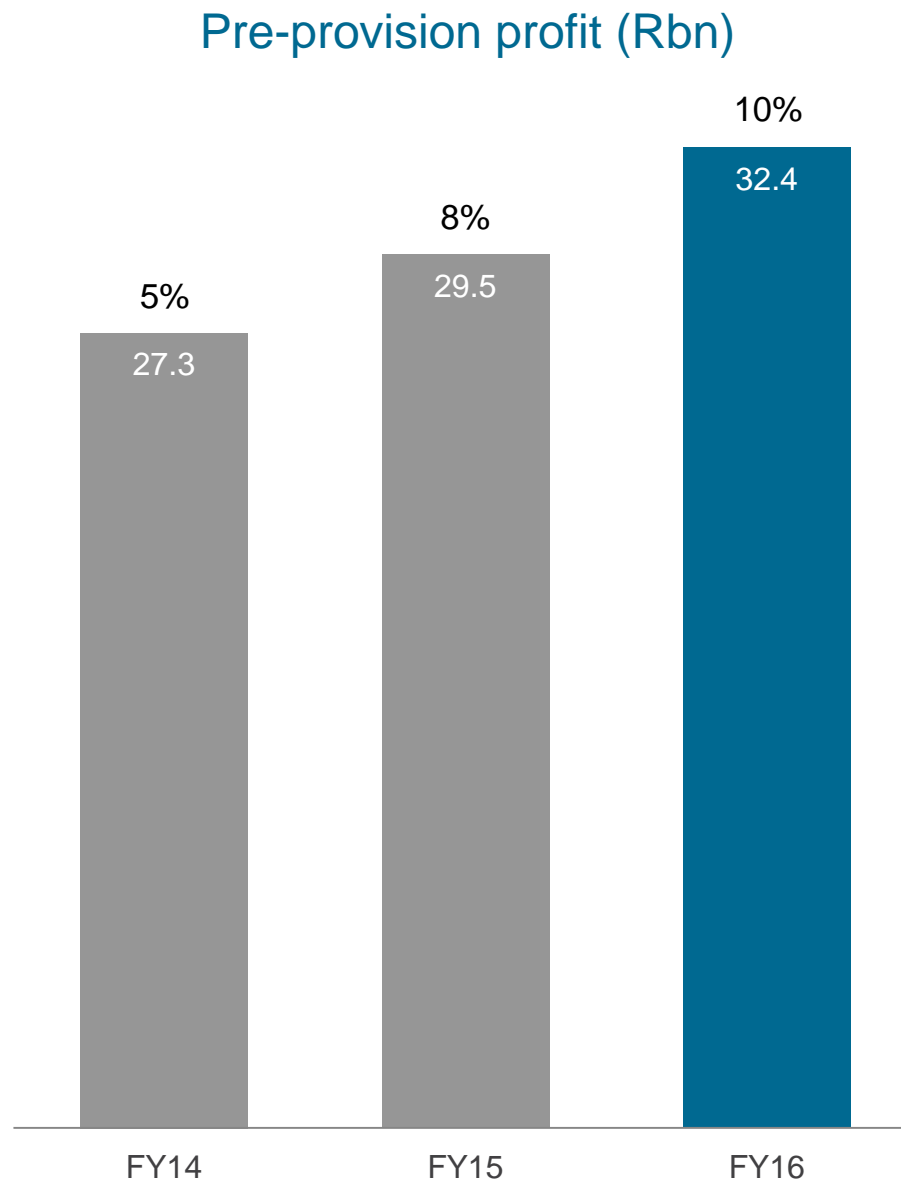
Barclays Africa Group Limited (“BAGL”)

South African Fixed Income Investor Update for BAGL

March 2017

Pre-provision Profit Drove Earnings Growth

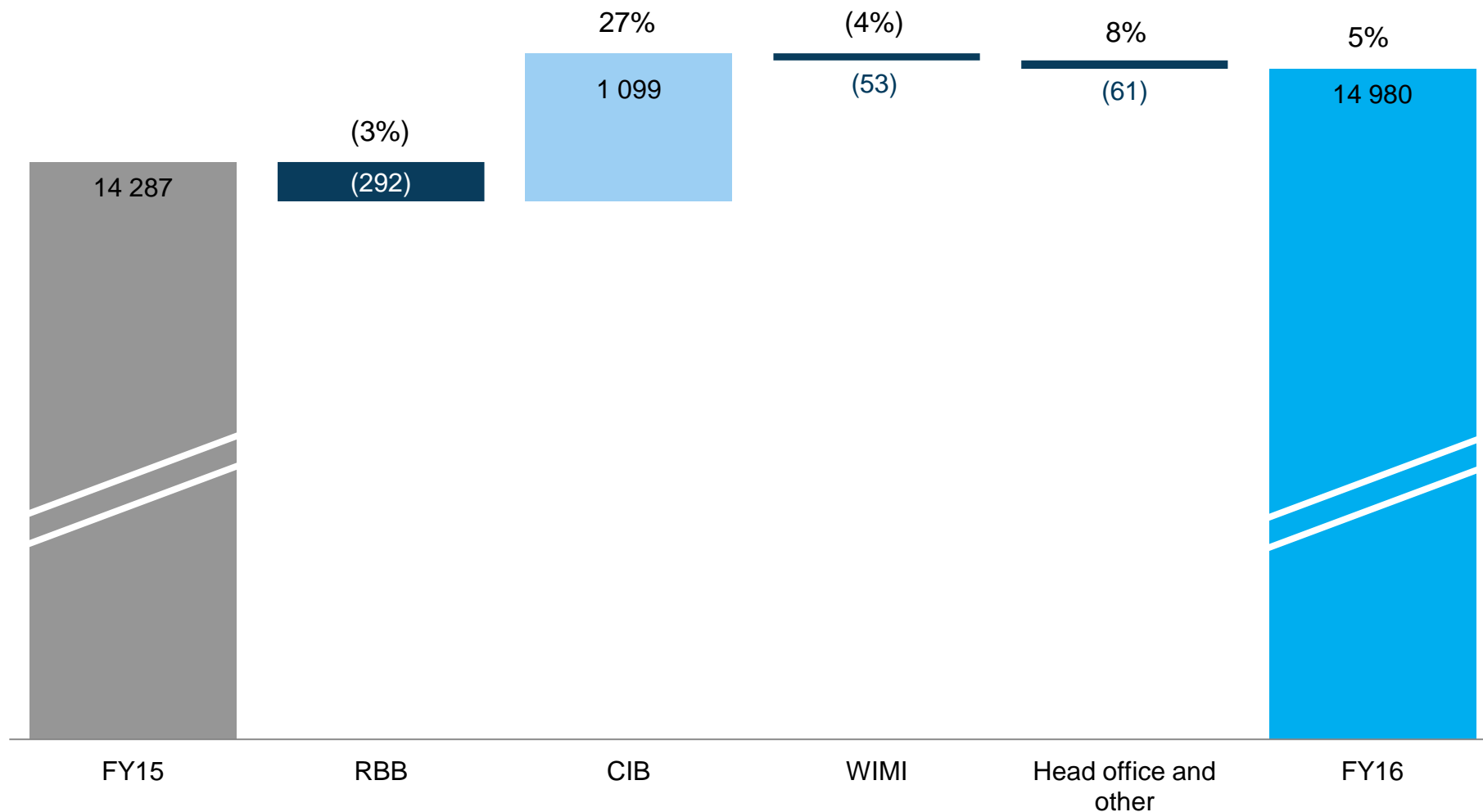
	FY16 Rm	FY15 Rm	Change %
Net interest income	42 003	38 407	9
Non-interest income	30 391	28 791	6
Total income	72 394	67 198	8
Impairment losses	(8 751)	(6 920)	26
Operating expenses	(39 956)	(37 661)	6
Other*	(2 005)	(1 314)	53
Taxation	(5 835)	(5 899)	(1)
Non-controlling interest	(1 139)	(1 073)	6
Attributable earnings	14 708	14 331	3
Headline earnings	14 980	14 287	5
ROE	16.6%	17.0%	
CTI	55.2%	56.0%	



Note: * Other impairments, indirect tax and associates. Includes R618m impairment of intangible assets.

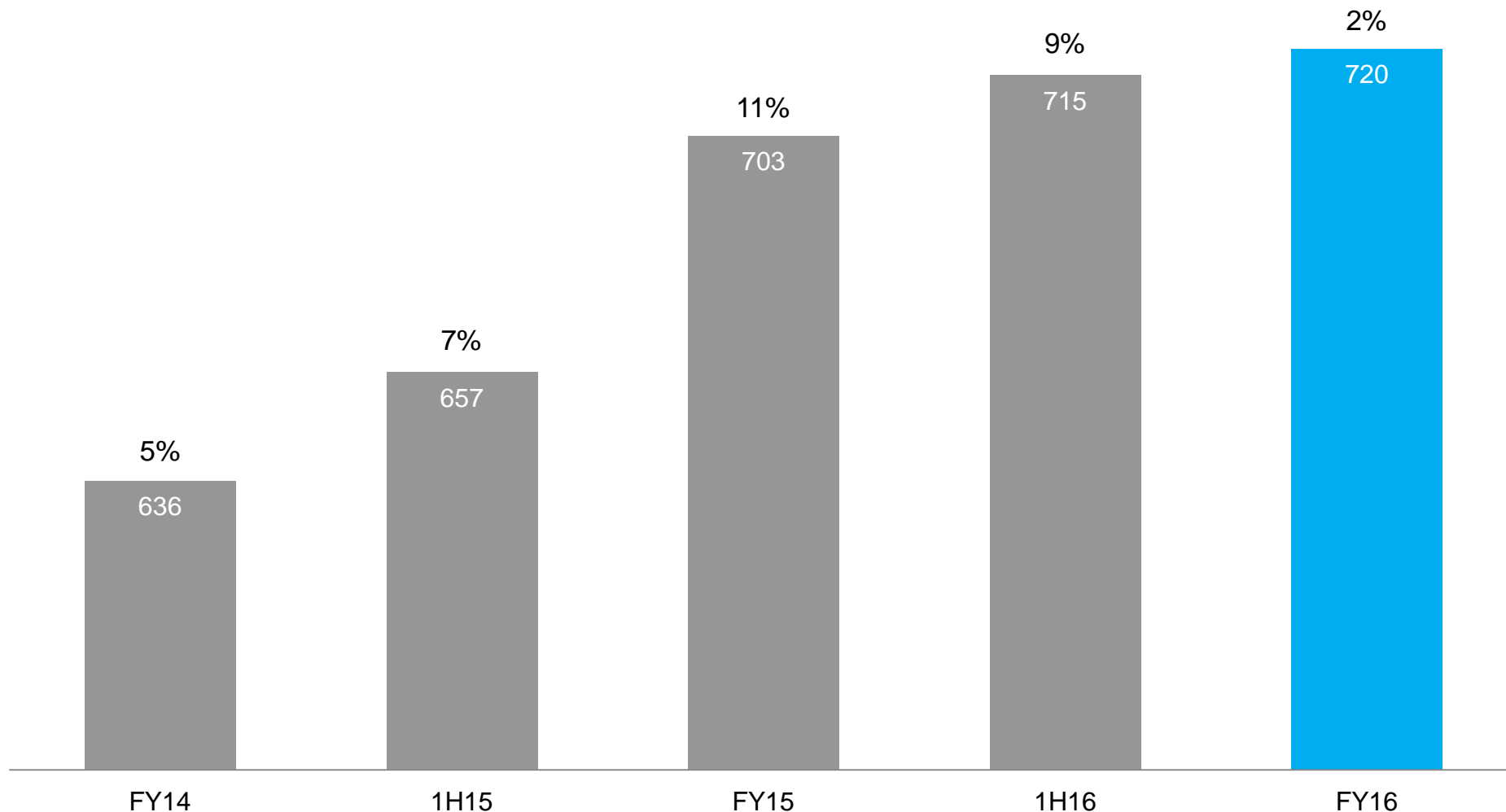
CIB Drove Group Earnings Growth

Headline earnings growth (Rm)



...As The Balance Sheet Growth Slows

Group customer loans and advances (Rbn, YoY growth)

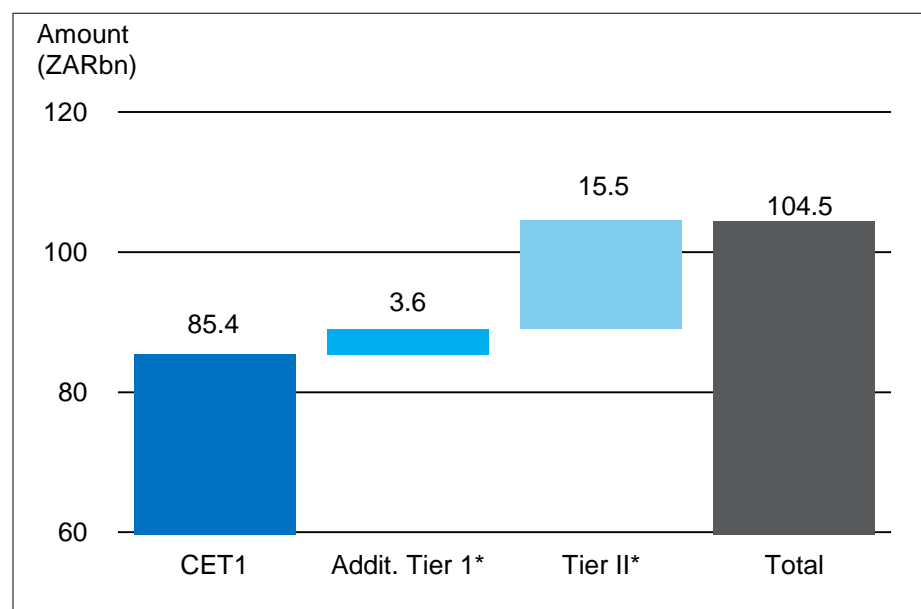


BAGL Group Capital Composition – December 2016

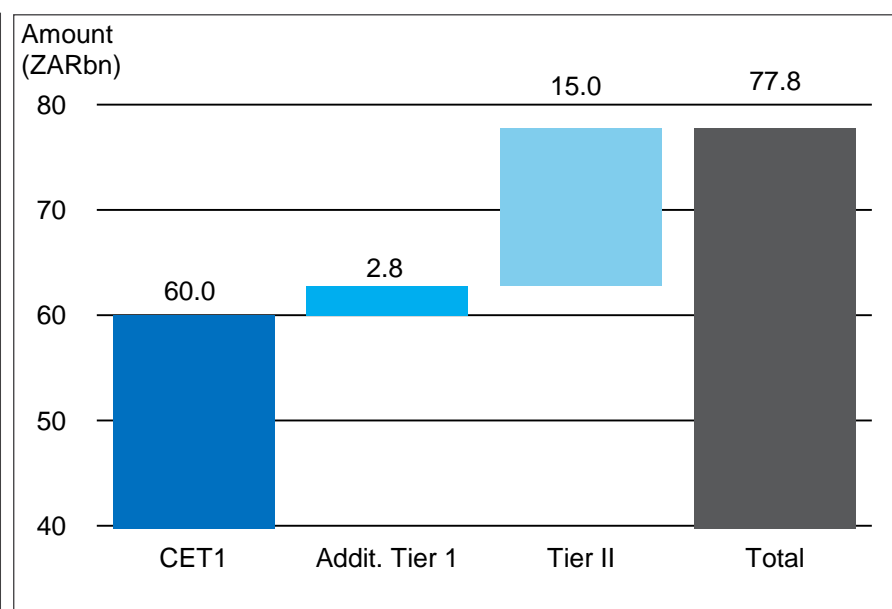
Entity (As at Dec-16)	BAGL	Absa Bank Limited ²	Residual
Total Assets	R1.101bn	R918bn	R183bn
Headline Earnings	R14.980bn	R9.778bn	R5.202bn
Common Equity Tier 1	12.1%	11.6%	0.5%
Tier 1	12.6%	12.2%	0.4%
Total	14.8%	15.1%	(0.3%)

2016 Entity Targets	BAGL	Absa Bank Limited ²
CET1 – Regulatory minimum ¹	6.88%	6.88%
CET1 – Internal target	9.5% - 11.5%	9.0% - 10.5%
Capital Adequacy Ratio (CAR)	13.0% - 15.0%	12.5% - 14.0%

BAGL Consolidated Capital Composition



Absa Bank Limited² Capital Composition



BAGL Basel III Tier II issuance is down-streamed to Absa Bank in the form of Basel III Tier II instruments. Tier II figures include a general allowance component for impairment losses

1. Regulatory minimum excludes Pillar2B and D-SIB as these are confidential Bank specific add-ons.

2. Absa Bank Limited includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings.

* Regulatory adjustment to BAGL Tier II and AT1 for non-qualifying subsidiary CET1

SENS Announcement

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 broadbased black economic empowerment scheme. Further details on this will be communicated in due course.

Update on BAGL credit rating

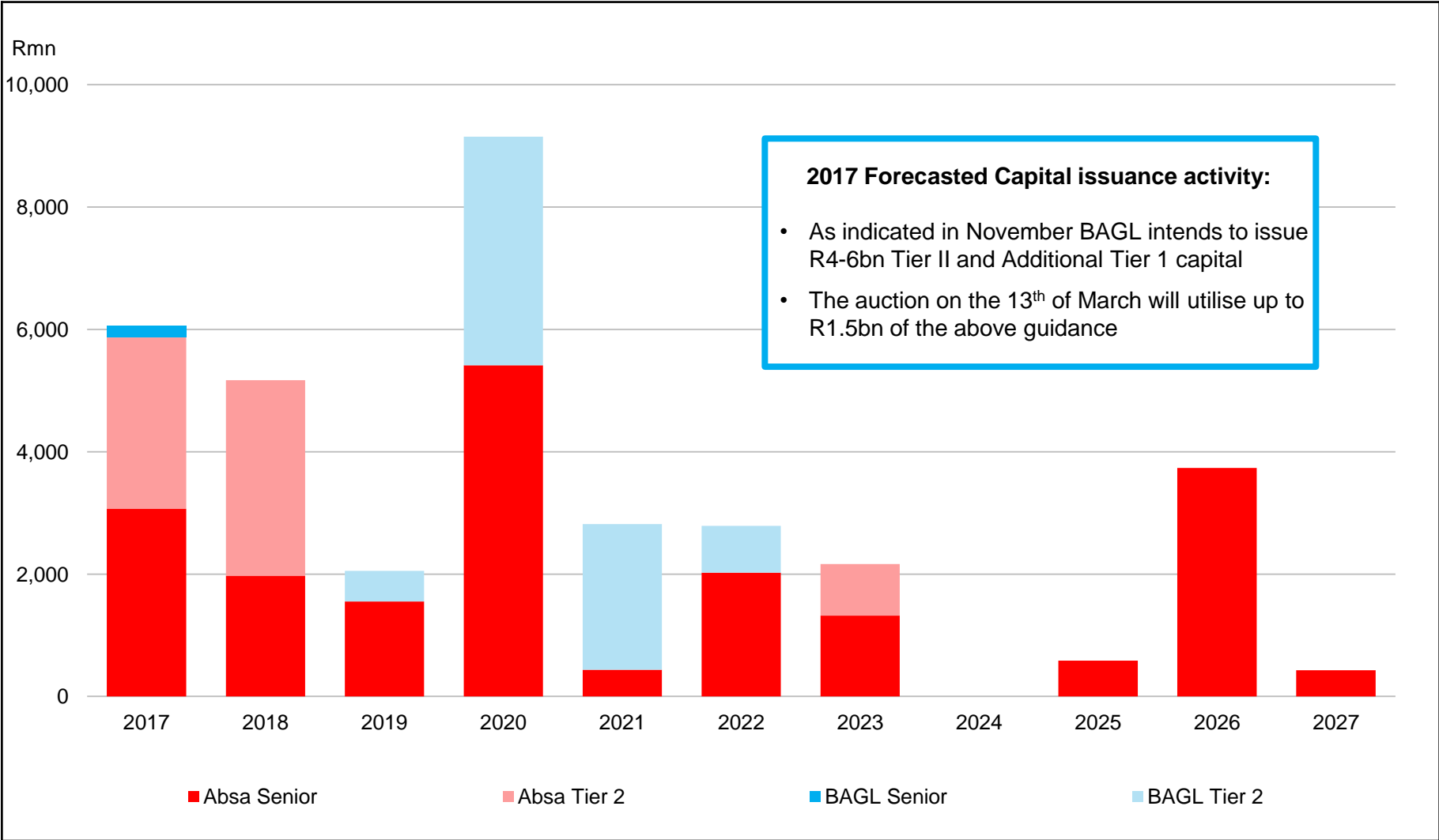
Standard & Poor's reconfirmed (1 March 2017) that Barclays Africa Group And Absa Bank ratings are unaffected by Barclays PLC's plans to reduce its stake below 50%.

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

BAGL / Absa Debt Maturity Profile & Issuance Targets

BAGL (S&P zaA) and Absa Bank (S&P zaAA-; Moody's Aa1.za) Listed Debt Maturity Profile



Source: BAGL March 2017
 Note: graph excludes unlisted and structured notes
 Issuance figures above are indicative and subject to change

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