

NOTICE TO OUR VALUED SHAREHOLDERS

X-NEWS ANNOUNCEMENT 23 FEBRUARY - BOTSWANA

UPDATE ON SALE OF BARCLAYS AFRICA GROUP LIMITED (“BAGL” OR “BARCLAYS AFRICA”) SHARES BY BARCLAYS PLC

23 February 2017

Barclays Bank of Botswana Limited (“BBB or the Bank”) draws our shareholders attention to its X-news announcements released on 04 March 2016, 04 May 2016, 06 May 2016 and an announcement made by Barclays Africa Group Limited (“BAGL”) on 23rd February 2017. BAGL’s announcement appears below:

“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 totalling £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"

BBB wishes to reiterate that Barclays PLC's reduction of its shareholding in BAGL will not affect BAGL's shareholding in its African operations, including BBB.

BBB continues to have a clear strategy in Botswana and remains focused on executing that strategy. BBB is a profitable business, well capitalised and is financially independent of Barclays PLC. BBB will continue to serve its customers as it has done for over 66 years.

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