



**NATIONAL TREASURY  
REPUBLIC OF SOUTH AFRICA**

**MEDIA STATEMENT:  
ACQUISITION OF A MAJORITY SHAREHOLDING IN ABSA GROUP  
LIMITED (“ABSA”) BY BARCLAYS BANK PLC (“BARCLAYS”)**

Barclays has applied for regulatory approval, in terms of section 37 of the Banks Act, 1990 (Act No. 94 of 1990) (“Banks Act”), to acquire a majority shareholding, of more than 49 per cent but less than 74 per cent, of ABSA.

Section 37 of the Banks Act requires the consent of the Minister of Finance (“Minister”) for such a transaction. Such consent shall not be granted unless the Minister is satisfied that the proposed acquisition will not be contrary to public interest, as well as the interests of the depositors, bank, and controlling company involved.

Pursuant to the receipt of the recommendations of the Registrar of Banks and the Competition Commission, the Minister has given careful consideration to the proposed transaction.

The acquisition by Barclays of a majority shareholding in ABSA, if approved by shareholders, will represent the single biggest foreign direct investment in South Africa since the 1994 elections. As such, it is a vote of confidence in the country’s significant political, economic and social progress over the past decade.

The introduction of Barclays as a committed long-term partner for ABSA has the potential to further enhance ABSA’s expertise, skills and technology in the provision of financial services.

Barclays has also stated its intention to enhance competition by developing access to banking services in South Africa amongst the historically underbanked low-income sector. Barclays has committed to match or exceed the broad-based black economic empowerment targets set for ABSA in terms of the Financial Sector Charter.

Furthermore, majority ownership of ABSA by Barclays has the potential to strengthen the South African banking system by bringing substantial resources to bear in maintaining the sound financial position of ABSA.

The proposed transaction represents the first majority shareholding by a foreign bank in a large South African bank. Internationally, the potential benefits and risks of foreign ownership of large systemic banks have received much attention. It is clear that the participation of foreign banks can strengthen a country's banking system, provided that a sufficient level of comfort can be provided in terms of supervisory arrangements and national interest objectives.

A number of conditions of approval have been communicated to Barclays, taking into account the requirements of the Banks Act, ongoing maintenance of the soundness of the South African financial system and prevailing policy objectives. Barclays has communicated its unequivocal agreement with these conditions and a commitment to a long-term partnership with ABSA.

These considerations encompass, amongst others, the following:

Barclays has confirmed its intention for ABSA to maintain best practice corporate governance standards and a close ongoing relationship with ABSA's regulators. Lead regulatory authority in respect of ABSA shall remain with the SARB. Barclays shall furthermore furnish the SARB with a letter of comfort committing itself to maintain the financial soundness of ABSA and unequivocally accepting the authority of the Office of the Registrar of Banks and the conditions applicable thereto.

Barclays and ABSA have confirmed their commitment to match or exceed all appropriate broad-based black economic empowerment targets contained in the Financial Sector Charter.

Barclays shall maintain a South African character in terms of ABSA's management and board make-up, in the sense that the Chief Executive Officer of ABSA and the majority of the executive management team of ABSA shall be South African citizens, based locally. ABSA shall remain a South African incorporated company with its primary listing on the JSE Securities Exchange South Africa.

Taking these factors and other issues into account, it is expected that the potential benefits of the proposed transaction will outweigh any potential risks and disadvantages.

Accordingly, after careful consideration, regulatory approval for the acquisition by Barclays of more than 49 per cent, but less than 74 per cent, of the shareholding of ABSA has been granted by the Minister in accordance with section 37(2)(a)(iii) of the Banks Act.

This approval is consistent with the existing four pillar policy in the banking sector, which states that four large banks is the minimum number necessary

to ensure effective competition. The four pillar policy remains in place, with the only difference being that ABSA, as one of the four pillars, will now have a foreign majority shareholder.

Any future applications by foreign banks to acquire a majority stake in a major domestic bank would be subject to the same due process and considered on their own merits, taking into account the circumstances prevailing at that time.

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