

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 10 to 19 of this Circular apply, *mutatis mutandis*, to this whole Circular, including this front cover (unless the context indicates otherwise).

Action required

- This Circular is important and should be read in its entirety. Moreover, Absa Shareholders are referred to the section titled: "Action Required by Shareholders" commencing on page 4 of this Circular, which sets out the detailed actions required of them in respect of the matters dealt with in this Circular.
- If you are in any doubt as to what action you should take in relation to this Circular, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Absa Shares, please forward this Circular (together with the Notice of EGM and Form of Proxy) to the purchaser of such Absa Shares or to the Broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.

Absa does not accept responsibility, and will not be held liable, for any action of, or omission by any CSDP or Broker including, without limitation, any failures on the part of the CSDP or Broker of any Beneficial Owner of the Absa Shares to notify such Beneficial Owner of the details set out in this Circular.



Absa Group Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1986/003934/06)
ISIN: ZAE000255915 JSE share code: ABG
Bond issuer code: ABGI
("Absa" or the "Company")

CIRCULAR TO ABSA SHAREHOLDERS REGARDING THE PROPOSED 7% BROAD-BASED BLACK ECONOMIC EMPOWERMENT TRANSACTION EQUATING TO A TRANSACTION VALUE OF APPROXIMATELY R11.6 BILLION

Regarding, *inter alia*:

- an increase in the number of authorised Absa Shares and the corresponding amendment to the Company's MOI;
- the granting of a specific authority to issue 46 626 228 Absa Shares for cash to NS 1405 (a special purpose B-BBEE vehicle to house the shares for the SA Staff Scheme and the CSI Scheme); and
- the giving of financial assistance in connection with the Proposed B-BBEE Transaction (in particular the Preference Share Funding),

and including:

- a notice convening an EGM of Absa Shareholders; and
- a Form of Proxy (*blue*) in respect of the EGM (to be completed by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only).

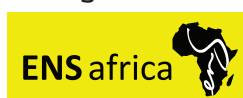
Financial Advisors



UBS



Legal Advisor



Lead Independent Sponsor

J.P.Morgan

Independent Reporting Accountants



Joint Sponsor and Financial Advisor



Date of issue: Tuesday, 2 May 2023

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours (09:00 to 17:00) on Business Days from the Registered Office of Absa, whose address is set out in the "Corporate Information and Advisors" section on the inside front cover of this Circular from the date of distribution hereof on Tuesday, 2 May 2023 until the date of the EGM on Friday, 2 June 2023. This Circular will also be available in electronic form on Absa's website www.absa.africa as from the date of distribution hereof on Tuesday, 2 May 2023.

CORPORATE INFORMATION AND ADVISORS

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Financial Advisors

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Lead Independent Sponsor

J.P. Morgan Equities South Africa Proprietary Limited
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Johannesburg, 2196, South Africa
(Private Bag X9936, Sandton, 2146)

Date of incorporation of Absa

2 October 1986

Place of incorporation of Absa

South Africa

Transfer Secretaries

Computershare Investor Services Proprietary Limited
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Joint Sponsor and Financial Advisor

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Independent Reporting Accountants

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KPMG Crescent
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PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
4 Lisbon Lane, Waterfall City, Jukskei View
Johannesburg, 2090, South Africa
(Private Bag X36 Sunninghill 2175)

IMPORTANT LEGAL NOTICES, DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

The definitions and interpretations commencing on page 10 of this Circular apply, *mutatis mutandis*, to this “Important Legal Notices, Disclaimers and Forward-Looking Statements” section (unless the context indicates otherwise).

RESTRICTIONS ON DISTRIBUTION OF THIS CIRCULAR

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws or other laws of any such jurisdiction. Absa, the Board and the Advisors disclaim any responsibility or liability for the failure to become informed of or to observe or for any violation of such requirements by any person.

To the extent that the distribution of this Circular in certain jurisdictions outside South Africa may be restricted or prohibited by the laws of such foreign jurisdiction, then this Circular is deemed to have been provided for information purposes only and neither Absa nor the Board, accept any responsibility for any failure by the Absa Shareholders to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

THIS CIRCULAR IS NOT AN OFFER OF SECURITIES

This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful or in which securities may not be offered or sold without registration or an exemption from registration. This Circular does not constitute a prospectus or a prospectus-equivalent document.

DISCLAIMERS

Absa Shareholders are advised to read this Circular with care. Any decision to approve the Proposed Resolutions should be made only on the basis of the information in this Circular.

Absa Shareholders must rely upon their own representatives, including their own legal advisors and accountants, and not those of Absa, as to legal, tax, investment or any other related matters concerning Absa.

UBS AG London Branch is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom. UBS AG London Branch is acting exclusively as financial advisor to Absa and no one else in connection with the Proposed Resolutions. In connection with such matters, UBS AG London Branch will not regard any other person as its client, nor will it be responsible to any other person for providing the protections afforded to its clients or for providing advice in relation to the Proposed Resolutions, the contents of this Circular or any other matter referred to herein.

J.P. Morgan Equities South Africa Proprietary Limited is acting exclusively for Absa as JSE sponsor and for no one else in connection with the Proposed B-BBEE Transaction, and, as such, will be subject to the Listings Requirements in the performance of its role as JSE Sponsor.

APPLICABLE LAWS

This Circular has been prepared in accordance with applicable laws and regulations of South Africa. The information disclosed in this Circular may not be the same as that which would have been disclosed had this Circular been prepared in accordance with the laws and regulations of any jurisdictions outside South Africa.

Any Absa Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult their Broker, CSDP, banker, accountant, legal advisor or other professional advisor immediately.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Absa that are, or may be, “forward-looking statements” which reflect the current views and expectation of Absa with respect to future events and future financial and operational performance. All statements, other than statements of historical fact are, or should be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy, the economic outlook for the

financial services industry in which the Absa Group operates, cash costs and other operating results, growth prospects and outlook for operations, individually or in the aggregate, liquidity and capital resources, expenditure and the outcome and consequences of any pending litigation proceedings.

These forward-looking statements are not based on historical facts, but rather reflect Absa's current expectations, plans, estimates, and projections concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "**believe**", "**aim**", "**foresee**", "**forecast**", "**target**", "**likely**", "**should**", "**may**", "**potential**", "**will**", "**will likely result**", "**are expected to**", "**will continue**", "**is anticipated**", "**estimated**", "**intends**", "**expects**", "**plans**", "**seek**", "**projection**", "**shall**", "**could**" and "**outlook**" or similar expressions that are predictions of or indicate future events and future trends. These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Similarly, statements that describe Absa's objectives, plans or goals are, or should be deemed to be, forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, because they relate to events, and depend on circumstances, that may or may not occur in the future. Absa cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Absa Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular. All these forward-looking statements are based on estimates and assumptions, all of which, although Absa may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not materialise. Among the factors that could cause actual results, performance or achievements to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory environment, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

You should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Absa Group, or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time and it is not possible to predict them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known.

Furthermore, you should not place undue reliance on these forward-looking statements which speak only as at the date of this Circular. Absa does not undertake any obligation (except as required by the Listings Requirements or any other legal or regulatory requirement) to revise or update any forward-looking statement contained in this Circular, regardless of whether that statement is affected as a result of new information, future events or otherwise.

No statement in this Circular is intended as a profit forecast and no statement in this Circular should be interpreted to mean that the earnings per Absa Share for the current or future years would necessarily match or exceed the historical published earnings per Absa Share.

Any forward-looking statement included in this Circular has not been reviewed or reported on by Absa's external auditors.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 10 of this Circular apply, *mutatis mutandis*, to this "Action required by Shareholders" section (unless the context indicates otherwise).

Please take careful note of the following provisions regarding the actions required of Absa Shareholders.

1. If you are in any doubt as to the action you should take, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.
2. If you have disposed of all your Absa Shares, then this Circular (together with the Notice of EGM and Form of Proxy) should be forwarded to the purchaser of such Absa Shares or to the CSDP, Broker or other agent through whom such disposal was effected.
3. This Circular contains information relating to the Proposed B-BBEE Transaction as well as additional matters related thereto. You should carefully read through this Circular and decide how you wish to vote on the Proposed Resolutions to be proposed at the EGM.
4. **Absa does not accept responsibility and will not be held liable for any act of, or omission by, any CSDP or Broker, including, without limitation, any failure on the part of the CSDP or Broker or any registered holder of the Absa Shares to notify the holder of any beneficial interest in those Absa Shares of the EGM or any other matter set out in this Circular.**

5. EXTRAORDINARY GENERAL MEETING

- 5.1 Absa Shareholders are invited to attend an EGM convened in terms of the Notice of EGM attached to and forming a part of this Circular, for purposes of:
 - 5.1.1 dealing with such business as may lawfully be dealt with at the EGM; and
 - 5.1.2 considering and, if deemed fit, pass, with or without modification, the Proposed Resolutions in the manner required by the Companies Act and the Absa MOI, as read with the Listings Requirements.
- 5.2 The EGM will be held at 11:30 or 15 minutes after the conclusion of the Annual General Meeting (whichever is later) on Friday, 2 June 2023 in Boardroom 3.11, Absa Sandton Campus South Building, 15 Alice Lane, Sandton, or any other adjourned or postponed date and time determined in accordance with the provisions of section 64(11) of the Companies Act, as read with the Listings Requirements.
- 5.3 Absa will make provision for Absa Shareholders or their proxies who are unable to attend in person, to participate electronically in and vote at the EGM by way of electronic participation. For more information about the online facility and the means of connecting thereto, please see the section titled "*Electronic Participation at the EGM*" below.

6. ADMISSION AND SECURITY AT VENUE

- 6.1 Absa Shareholders wishing to attend in person are advised to be ready to proceed into Boardroom 3.11 by 11:15 or immediately after the conclusion of the Annual General Meeting (whichever is later). Reception staff at the Absa Sandton Campus South Building will direct Absa Shareholders to the venue.
- 6.2 Absa Shareholders, representatives of Absa Shareholders and proxies attending the EGM are requested to register at the registration desk in the reception area at the venue. Proof of identity may be required for registration purposes.
- 6.3 Secure parking is provided at the venue by prior arrangement. Attendees are requested not to bring cameras, electronic or recording devices. Cellular telephones should be switched off for the duration of the proceedings.

7. DEMATERIALIZED SHAREHOLDERS WITHOUT "OWN-NAME" REGISTRATION

- 7.1 If you have Dematerialised your Absa Shares without "*own-name*" registration, then the following actions are relevant to you in connection with the EGM.

7.2 Participation and representation at the EGM

- 7.2.1 In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to participate in the EGM electronically or in-person, or if you wish a proxy to represent you at the EGM. Your CSDP or Broker will issue the necessary letter of representation to you or your proxy to participate in the EGM.
- 7.2.2 Dematerialised Shareholders without “*own-name*” registration are strongly urged to ensure the timeous receipt by the Transfer Secretaries of the letter of representation, due to the exigencies of the necessary verification exercise that must be completed to ensure that all attendees are lawful participants, it may not be possible to promptly verify a Dematerialised Shareholder without “*own-name*” registration once the EGM has commenced.

7.3 Voting instructions in respect of the EGM

- 7.3.1 If you do not wish to participate in the EGM in person or electronically or to appoint a proxy to participate in person on your behalf, you will still be able to direct the manner in which your voting rights are to be exercised.
- 7.3.2 Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or abstain from casting your vote) at the EGM and thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.
- 7.3.3 If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.
- 7.3.4 You must furnish your voting instructions to your CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.
- 7.3.5 If your CSDP or Broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker.
- 7.3.6 **You must not complete the attached Form of Proxy (*blue*).**

8. CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH “OWN-NAME” REGISTRATION

- 8.1 If you are a Certificated Shareholder or you have Dematerialised your Absa Shares with “*own-name*” registration, then the following actions are relevant to you in connection with the EGM.
- 8.2 You may participate and vote at the EGM (or be represented by proxy in compliance with section 58 of the Companies Act) or abstain from voting.
- 8.3 If you do not wish to or are unable to attend the EGM, but wish to be represented thereat, you may appoint a proxy to participate and vote in your stead. A proxy need not be an Absa Shareholder and will be entitled to vote on a poll. If you wish to appoint a proxy you should complete the Form of Proxy (*blue*) in accordance with the instructions contained therein to be delivered to and received, subject always to paragraph 8.4 below, by the Transfer Secretaries, by no later than 11:30 on Thursday, 1 June 2023 as follows:
 - 8.3.1 by email: at proxy@computershare.co.za;
 - 8.3.2 by hand: Computershare Investor Services Proprietary Limited, 1st Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa; or
 - 8.3.3 by post: Computershare Investor Services Proprietary Limited, Private Bag X9000, Saxonwold, 2132.
- 8.4 If your Form of Proxy (*blue*) is not delivered to the Transfer Secretaries by the stipulated time, you will, nonetheless, be entitled to email the Form of Proxy (*blue*) to the Transfer Secretaries with a copy thereof to the Group Company Secretary at groupsec@absa.africa to be received by both of them (who will provide same to the chairman of the EGM) at any time prior to the EGM, provided that such Form of Proxy (*blue*) and identification must be verified and registered before the commencement of the EGM.

- 8.5 You are encouraged to:
- 8.5.1 appoint a proxy if you do not intend to attend the EGM yourself; and
 - 8.5.2 ensure the timeous receipt by the Transfer Secretaries of the above documents, due to the exigencies of the necessary verification exercise that must be completed to ensure that all attendees are lawful participants.

9. IDENTIFICATION OF SHAREHOLDERS AND PROXIES

- 9.1 In terms of section 63(1) of the Companies Act, before any person may participate in the EGM, that person must present reasonably satisfactory identification and the person presiding at the EGM must be reasonably satisfied that the right of the person to participate and vote at the EGM, either as a Shareholder or as a proxy for a Shareholder, has been reasonably verified.
- 9.2 Acceptable forms of identification include a valid green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence, or a valid passport. Please refer to paragraph 10 below for details of how your identity will be verified in respect of electronic participation at the EGM.
- 9.3 Absa and the Transfer Secretaries will not be liable for any failure by any Absa Shareholder or its proxy or representative, as the case may be, to timeously deliver the requisite identification as aforesaid.

10. ELECTRONIC PARTICIPATION AT THE EGM

- 10.1 The EGM will also be conducted through electronic communication. The Board has determined that it is necessary, prudent and preferable that the EGM also be held by electronic participation, in accordance with the provisions of clause 20.9 of the Absa MOI read with section 63(2) of the Companies Act.
- 10.2 The electronic meeting facilities will permit and enable all Absa Shareholders to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting. Voting via the electronic facility will be available to Absa Shareholders to vote their Absa Shares at the EGM.
- 10.3 Absa has retained the services of the Transfer Secretaries to host the EGM on an interactive electronic platform to facilitate remote participation and voting by Absa Shareholders by using a smartphone, tablet or computer.
- 10.4 **Registration**
- 10.4.1 Should you wish to participate in the EGM electronically, you will be required to pre-register your personal details to enable you to participate in the EGM by taking the following action:
- 10.4.1.1 register online at www.meetnow.global/za by clicking on the Absa logo by no later than 11:30 on Wednesday, 31 May 2023. You may still register online to participate in and/or vote electronically at the EGM after this date and time, provided, however, that for you to participate and/or vote electronically at the EGM, you must be verified and registered before the commencement of the EGM. Please note that you will be required to upload the documents listed in paragraph 10.4.1.2 below in order to register and be verified for the EGM; and
 - 10.4.1.2 upload onto www.meetnow.global/za proof of identification (e.g. valid South African identity document, South African driver's licence or passport), and provide the following details: your (i) name, (ii) surname, (iii) email address and (iv) contact number.
- 10.4.2 By no later than 17:00 on Thursday, 1 June 2023, Absa will, by reply email, notify you of the relevant details through which you can participate electronically.
- 10.4.3 If you have Dematerialised your Absa Shares without "own-name" registration then you must, in addition to the actions listed above, request your CSDP or Broker to provide you or your proxy with the necessary authority (i.e. letter of representation) in terms of the Custody Agreement entered into between you and your CSDP or Broker and upload same along with proof of your identification.

10.5 Access

10.5.1 Following successful completion of the registration process contemplated above, you will be required to connect to the EGM by using the link below and following the relevant prompts:

<https://meetnow.global/za>

10.5.2 Visit <https://meetnow.global/za> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

10.5.3 Access the online meeting at <https://meetnow.global/za>, select the applicable meeting from the drop-down option. Click 'JOIN MEETING NOW'.

10.5.4 If you are an Absa Shareholder:

Select 'Invitation' on the login screen and enter the applicable information as per your invitation. Accept the Terms and Conditions and click 'Continue'.

10.5.5 If you are a guest:

10.5.5.1 Select 'Guest' on the login screen. As a guest, you will be prompted to complete all the relevant fields, including title, first name, last name and email address.

10.5.5.2 Please note, guests will not be able to ask questions or vote at the EGM.

10.5.5.3 Guests will not be required to register prior to the EGM and will be able to join 30 minutes before the start of the EGM at www.meetnow.global/za.

10.5.6 If you are a proxy holder:

You will receive an email invitation the day before the EGM to access the EGM. Click on the link in the invitation to access the EGM.

10.6 Navigation

When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted in blue indicates the page you have active. The webcast will appear and begin automatically once the EGM has started.

10.7 Participation and Voting via the Electronic Platform

10.7.1 Absa Shareholders registered for the EGM as contemplated in paragraph 10.4 above will be able to participate and vote in the EGM.

10.7.2 In terms of clause 20.6.8 of the Absa MOI, voting at the EGM is by way of a show of hands, unless certain categories of people demand a poll, one of whom is the chairman. As it will not be possible for votes to be taken by a show of hands, the chairman will demand a poll on all the Proposed Resolutions at the start of the EGM.

10.7.3 The chairman will open voting on the Proposed Resolutions at the start of the EGM. Once the voting has opened, voting can be performed at any time during the EGM until the chairman closes the voting.

10.7.4 Absa Shareholders who are participating via the electronic platform or by proxy at the EGM will have 1 vote for every Absa Share held or represented.

10.7.5 To vote, simply select your voting direction from the options shown on screen. You can vote for all Proposed Resolutions at once or by each Proposed Resolution. Your vote has been cast when the green tick appears. To change your vote, select 'Change Your Vote'.

10.7.6 Although voting will be permitted by way of electronic communication, you are strongly encouraged to submit your votes by proxy before the EGM.

10.8 Q&A

Any eligible Absa Shareholder/proxy attending the meeting electronically is eligible to ask a question. Select the Q&A tab and type your question into the box at the bottom of the screen and press 'Send'.

10.9 Assistance and Cost

- 10.9.1 If you experience any difficulty with (i) the registration process contemplated above or (ii) logging into the EGM you should request an agent of the Transfer Secretaries to assist you with such difficulty by emailing the following email address: proxy@computershare.co.za. Alternatively, you may contact the Group Company Secretary, Nadine Drutman, on +27 (0)11 350 5347 or groupsec@absa.africa.
- 10.9.2 Absa will make the webcast facilities available for the duration of the EGM at no cost to you. However, any third-party costs relating to the use or access of the webcast facilities will be for your own account.
- 10.9.3 You will be liable for your own network charges in relation to electronic participation in and/or voting at the EGM. Any such charges will not be for the account of the JSE, Absa and/or the Transfer Secretaries.
- 10.9.4 Neither the JSE, Absa nor the Transfer Secretaries will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents you from participating in and/or voting at the EGM.

10.10 Proxies

The provisions of this paragraph 10, in particular the procedures and action to be taken in order to participate electronically in the EGM, apply equally to your representative and or proxy (if any).

10.11 Alternative Registration Process

- 10.11.1 If you wish to participate electronically in the EGM and you have not registered at www.meetnow.global/za, you are strongly encouraged to email a written notice to the Transfer Secretaries at proxy@computershare.co.za by no later than 11:30 on Thursday, 1 June 2023 confirming that you wish to participate via electronic communication at the EGM (the “**Electronic Notice**”). The Electronic Notice must contain a valid email address for the person wishing to participate and must be accompanied by:
- 10.11.1.1 if you are an individual, a copy of your South African identity document (if an identity card is used both the front and the back must be copied onto one page) and/or passport and/or South African driver’s licence;
- 10.11.1.2 if you are not an individual, a copy of a resolution by the relevant entity and a certified copy of the South African identity documents (if an identity card is used both the front and the back must be copied onto one page) and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the EGM via electronic communication; and
- 10.11.1.3 in all cases, a valid email address and mobile telephone number.
- 10.11.2 This is necessary in order to obtain a unique invitation code, without which it will not be possible to participate in the EGM. Sufficient time is needed for the Transfer Secretaries to verify the participant and provide the Absa Shareholders with the necessary access credentials to access the meeting at www.meetnow.global/za.
- 10.11.3 If you do not send an Electronic Notice recording your intention to participate in the EGM to the Transfer Secretaries by 11:30 on Wednesday, 31 May 2023, you may still participate via electronic communication at the EGM and may email the Electronic Notice to the Transfer Secretaries at any time prior to the commencement of the EGM. However, for the purpose of effective administration, you (and your proxies and representatives) wishing to participate in the EGM are strongly urged to send the Electronic Notice by 11:30 on Wednesday, 31 May 2023.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 10 of this Circular apply, *mutatis mutandis*, to this "Salient Dates and Times" section (unless the context indicates otherwise).

| | 2023 |
|---|---------------------|
| Announcement of the Proposed B-BBEE Transaction released on SENS on | Friday, 31 March |
| Last Practicable Date | Monday, 17 April |
| Circular distribution record date, being in terms of section 59(1)(b) of the Companies Act, the date by which an Absa Shareholder is required to be recorded as such in the Register in order to be eligible to receive this Circular and Notice of EGM | Friday, 21 April |
| Circular and Notice of EGM posted to Absa Shareholders on or before | Tuesday, 2 May |
| Last Day to Trade in order for Absa Shareholders to be recorded in the Register in order to be eligible to participate and vote at the EGM (Last Day to Trade) | Tuesday, 23 May |
| Voting Record Date in order for Absa Shareholders to be recorded in the Register in order to be eligible to vote at the EGM (Voting Record Date) | Friday, 26 May |
| Last Day and time to give notice to participate in the EGM electronically by 11:30 on | Wednesday, 31 May |
| Recommended last day and time to lodge Forms of Proxy with the Transfer Secretaries by 11:30 on | Thursday, 1 June |
| A Form of Proxy may alternatively be handed to the chairman of the EGM prior to the commencement of the EGM | Friday, 2 June |
| EGM to be conducted at 11:30 or 15 minutes after the conclusion of the Annual General Meeting (whichever is later) on | Friday, 2 June |
| Results of the EGM released on SENS on | Friday, 2 June |
| Results of the EGM published in the South African press on | Monday, 5 June |
| Anticipated Effective Date | Friday, 1 September |

Notes:

1. All dates and times above and quoted generally in this Circular are South African local times, unless otherwise stated.
2. These dates and times are subject to amendment by Absa (and, to the extent necessary, the JSE and other regulatory authorities). Any such amendment will be released on SENS and published in the South African press.
3. Absa Shareholders should note that as transactions in Absa Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Absa Shares after the Last Day to Trade (expected to be Tuesday, 23 May) will not be eligible to vote at the EGM.
4. Absa Shareholders are reminded that Absa Shares can only be traded in Dematerialised form. It is therefore suggested that Certificated Shareholders on the Register Dematerialise their Absa Shares prior to the Last Day to Trade. No orders to Dematerialise or rematerialise Absa Shares will be processed from the Business Day following the Last Day to Trade up to and including the Voting Record Date, but such orders will again be processed from the first Business Day after the Voting Record Date.
5. The Register for Certificated Shareholders will be closed between the Last Day to Trade and the Voting Record Date.
6. If the EGM is adjourned or postponed, the above dates and times will change, but the applicable Form of Proxy (*blue*) submitted for the EGM will remain valid in respect of any postponement prior to convening, adjournment or postponement of the EGM.
7. Any Form of Proxy (*blue*) not delivered to the Transfer Secretaries by the date and time stipulated herein may be submitted electronically to the Transfer Secretaries by no later than the commencement of the EGM (or any adjournment or postponement thereof).

DEFINITIONS AND INTERPRETATIONS

In this Circular, the Notice of EGM and the Form of Proxy attached hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders, and references to a natural person include references to a juristic person and *vice versa*.

| Capitalised term | Ascribed meaning |
|---|--|
| "10-day VWAP" | 10-day volume weighted average price of the Absa Shares; |
| "ABL Contribution Agreement" | the contribution agreement entered into on Tuesday, 11 April 2023 between Absa Bank and the Staff Trust in terms of which, <i>inter alia</i> , Absa Bank will pay the ABL Capital Contribution in cash to the Staff Trust in order to enable the Eligible Employees which are based in South Africa to participate in the SA Staff Scheme; |
| "ABL Capital Contribution" | an amount, in Rands, calculated as follows: (i) the NS 1405 Subscription Shares Consideration; less (ii) the Existing NS 1405 Cash; less (iii) the Aggregate Preference Shares Subscription Amount; |
| "Absa" or "Company" | Absa Group Limited (Registration number: 1986/003934/06), a company duly registered and incorporated with limited liability in accordance with the laws of South Africa and the Absa Shares of which are listed on the exchange operated by the JSE; |
| "Absa Bank" or "ABL" | Absa Bank Limited (Registration number: 1986/004794/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa, and the ordinary shares of which are held by Absa; |
| "Absa Group" | Absa and its subsidiaries from time to time, and a reference to " Absa Group " shall embrace a reference to any member thereof as the context may require; |
| "Absa MOI" | the Memorandum of Incorporation of Absa contemplated under the Companies Act, and as amended from time to time; |
| "Absa Share Increase" | the increase of the ordinary authorised share capital of Absa to R1 900 000 000 divided into 950 000 000 Absa Shares, which increase would increase the current authorised shares from 891 774 054 Absa Shares to 950 000 000 Absa Shares, through the creation of 58 225 946 additional authorised Absa Shares as more fully set out in paragraph 8.1 in the main body of the Circular and in Special Resolution Number 1 set out in the Notice of EGM; |
| "Absa Shareholders" | the registered holders of the Absa Shares recorded in the securities register of Absa at the relevant time/s; |
| "Absa Shares" | ordinary shares with a par value of R2.00 each in the ordinary share capital of Absa, having the rights, privileges and conditions as set forth in the Absa MOI; |
| "Advisors" | collectively those advisors whose details are set out on the inside front cover under the " <i>Corporate Information and Advisors</i> " section of this Circular; |
| "Aggregate Preference Shares Subscription Amount" | the aggregate of the Class A Preference Subscription Shares Consideration and Class B Preference Subscription Shares Consideration; |
| "Annexure(s)" | the annexures to this Circular; |
| "Annual General Meeting" | the annual general meeting of the Company, to be held before the EGM, at 10:00 on Friday, 2 June 2023; |

| Capitalised term | Ascribed meaning |
|-------------------------------|--|
| "ARO" | Absa Regional Operations; |
| "Associate/s" | shall have the meaning ascribed to such term in the Listings Requirements; |
| "Banks Act" | the Banks Act, No. 94 of 1990, as amended or replaced from time to time; |
| "Barclays" | Barclays PLC (Registration number: 48839), a company registered in England; |
| "B-BBEE Act" | the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended from time to time, and includes all schedules thereto and the regulations published pursuant thereto; |
| "B-BBEE Codes" | the Codes of Good Practice issued pursuant to section 9 of the B-BBEE Act, as amended from time to time, including the Financial Sector Code; |
| "B-BBEE Effective Interest" | direct or indirect ownership, economic interest or control interest (each as measured above). Without derogating from the foregoing, a person will have an Effective Interest in a trust if that person is a vested or discretionary beneficiary of that trust (or any of its assets, revenues or other property) or has received a distribution from the trust as recognised in accordance with the B-BBEE Legislation; |
| "B-BBEE Legislation" | the B-BBEE Act, the B-BBEE Codes, the B-BBEE Regulations and any other charter, law, regulation or mandatory practice pursuant to which ownership and/or voting control by Black People in NS 1405, the Staff Trust, the CSI Trust and/or the Absa Group is measured or a requirement relating thereto is imposed on it, or its rights, interests and/or obligations are materially affected thereby; |
| "B-BBEE Regulations" | the B-BBEE regulations issued pursuant to section 14 of the B-BBEE Act; |
| "B-BBEE Status" | in relation to a person, the relative score, rating, standing, classification and/or measurement (or its equivalent) attributable to such person under the B-BBEE Legislation from time to time reflecting its degree of compliance with the requirements under the B-BBEE Legislation; |
| "Beneficial Owner" | a shareholder on whose behalf any Certificated Absa Share is held by a nominee or on whose behalf a Dematerialised Absa Share (not held on an "own-name" basis) is held by a CSDP or Broker, or a nominee of a CSDP or Broker, in accordance with a Custody Agreement; |
| "Black People" | shall have the meaning set out in the B-BBEE Legislation, and "Black Person" and "Black" shall be construed accordingly, and includes any sub-set of such persons; |
| "Board" or "Directors" | the board of directors of Absa, as set out on page 20 of this Circular; |
| "Broker" | any person registered as a "broker member equities" in terms of the rules of the JSE in accordance with the provisions of the FMA; |
| "Business Day" | any day other than a Saturday, Sunday or proclaimed public holiday in South Africa; |
| "cents" | South African cents, a denomination of the official currency of South Africa; |
| "Certificated Shareholder(s)" | Absa Shareholders who hold Certificated Absa Shares; |
| "Certificated Absa Shares" | issued Absa Shares that have not been Dematerialised, but title to which is evidenced by a share certificate or other documents of title acceptable to Absa; |
| "CIB" | Corporate and Investment Banking; |
| "CIPC" | the Companies and Intellectual Property Commission established in terms of section 185 of the Companies Act, or its successor body; |
| "Circular" | this document, dated Tuesday, 2 May 2023, including the Annexures hereto and incorporating the Notice of EGM and Form of Proxy (blue); |

| Capitalised term | Ascribed meaning |
|---|---|
| “Class A Limited Guarantee, Pledge and Cession” | <p>the written agreement entered into, on Tuesday, 11 April 2023, between the Staff Trust and CSI Trust (as guarantors, pledgors and security cedents) and Absa, in terms of which the Staff Trust and the CSI Trust:</p> <ul style="list-style-type: none"> (i) provide a joint and several limited recourse guarantee to Absa for the due fulfilment by NS 1405 of its obligations arising under or in connection with the Preference Share Subscription Agreement <i>insofar</i> as it relates to the Class A Preference Shares and the Class A Preference Share Terms (the “Class A Preference Shares Limited Guarantee”); and (ii) cede <i>in securitatem debiti</i> and pledge to Absa, on a joint and several basis, all of their respective right, title and interest in and to the ordinary no par value shares in the stated capital of NS 1405 issued or to be issued to the Staff Trust and CSI Trust; and <p>as security for its obligations under the Class A Preference Shares Limited Guarantee;</p> |
| “Class A NS 1405 Pledge and Cession” | <p>the written agreement entered into on Tuesday, 11 April 2023, between NS 1405 (as pledgee and security cessionary) and Absa, in terms of which NS 1405 pledges and cedes, <i>in securitatem debiti</i>, to Absa, all of its right, title and interest in and to:</p> <ul style="list-style-type: none"> (i) all the ordinary shares in the issued share capital of Absa held by the NS 1405 from time to time; and (ii) the bank account(s) maintained by the NS 1405 with Absa Bank, <p>all as security for its obligations under the Class A Preference Shares Finance Documents;</p> |
| “Class A Preference Shares” | <p>5 000 cumulative redeemable non-participating no par value preference shares, designated class “A” preference shares, in the authorised share capital of NS 1405, having the preferences, rights, limitations and other terms set out in the Class A Preference Share Terms and with an issue price of R1 000 000 each;</p> |
| “Class A Preference Share Terms” | <p>the preferences, rights, limitations and other terms associated with the Class A Preference Shares, as set out in the NS 1405 MOI;</p> |
| “Class A Preference Shares Finance Documents” | <p>collectively, the:</p> <ul style="list-style-type: none"> (i) Preference Share Subscription Agreement; (ii) Class A Preference Share Terms; (iii) NS 1405 MOI; (iv) Staff Trust Deed; (v) CSI Trust Deed; (vi) Class A Limited Guarantee, Pledge and Cession; (vii) Class A NS 1405 Pledge and Cession; and (viii) Subject Shares Custody Agreement, <p>and a reference to a “Class A Preference Shares Finance Document” shall be to any one of them individually as the context requires;</p> |
| “Class A Preference Subscription Shares” | <p>such number of Class A Preference Shares as specified in the Preference Share Subscription Agreement, which will, following the issue thereof, constitute 100% of the entire issued Class A Preference Share capital of NS 1405;</p> |
| “Class A Preference Subscription Shares Consideration” | <p>the class A share subscription consideration amount as specified in the Preference Share Subscription Agreement, which shall be an amount equal to R1 000 000 per Class A Preference Subscription Share;</p> |

| Capitalised term | Ascribed meaning |
|---|--|
| “Class B Limited Guarantee, Pledge and Cession” | <p>the written agreement entered into, on Tuesday, 11 April 2023, between the Staff Trust and CSI Trust (as guarantors, pledgors and security cedents) and Absa, in terms of which the Staff Trust and CSI Trust:</p> <ul style="list-style-type: none"> (i) provide a joint and several second-ranking limited recourse guarantee to Absa for the due fulfilment by NS 1405 of its obligations arising under or in connection with the Preference Share Subscription Agreement insofar as it relates to the Class B Preference Shares and the Class B Preference Share Terms (the “Class B Preference Shares Limited Guarantee”); and (ii) cede <i>in securitatem debiti</i> and pledge to Absa, on a joint and several basis, all of their respective reversionary right, title and interest in and to the ordinary no par value shares in the stated capital of NS 1405 issued or to be issued to the Staff Trust and CSI Trust; and <p>as security for its obligations under the Class B Preference Shares Limited Guarantee;</p> |
| “Class B NS 1405 Pledge and Cession” | <p>the written agreement entered into, on Tuesday, 11 April 2023, between NS 1405 (as pledgee and security cessionary) and Absa, in terms of which NS 1405 pledges and cedes, <i>in securitatem debiti</i>, to Absa, all of its reversionary right, title and interest in and to:</p> <ul style="list-style-type: none"> (i) all the ordinary shares in the issued share capital of Absa held by the NS 1405 from time to time; and (ii) the bank account(s) maintained by the NS 1405 with Absa Bank, <p>all as security for its obligations under the Class B Preference Shares Finance Documents;</p> |
| “Class B Preference Shares” | <p>5 000 cumulative redeemable non-participating no par value preference shares, designated class “B” preference shares, in the authorised share capital of NS 1405, having the preferences, rights, limitations and other terms set out in the Class B Preference Share Terms, and with an issue price of R1 000 000 each;</p> |
| “Class B Preference Shares Finance Documents” | <p>collectively, the:</p> <ul style="list-style-type: none"> (i) Preference Share Subscription Agreement; (ii) Class B Preference Share Terms; (iii) NS 1405 MOI; (iv) Staff Trust Deed; (v) CSI Trust Deed; (vi) Class B Limited Guarantee, Pledge and Cession; (vii) Class B NS 1405 Pledge and Cession; and (viii) Subject Shares Custody Agreement, <p>and a reference to a “Class B Preference Shares Finance Document” shall be to any one of them individually as the context requires;</p> |
| “Class B Preference Share Terms” | <p>the preferences, rights, limitations and other terms associated with the Class B Preference Shares, set out in the NS 1405 MOI;</p> |
| “Class B Preference Subscription Shares” | <p>such number of Class B Preference Shares as specified in the Preference Share Subscription Agreement, which will, following the issue thereof, constitute 100% of the entire issued Class B Preference share capital of NS 1405;</p> |
| “Class B Preference Subscription Shares Consideration” | <p>the class B share subscription consideration amount as specified in the Preference Share Subscription Agreement, which shall be an amount equal to R1 000 000 per Class B Preference Subscription Share;</p> |

| Capitalised term | Ascribed meaning |
|---|---|
| “Closed Period” | the period commencing on the first day following Absa’s mid-year and financial year-end and terminating on the day on which the respective financial results are announced to the public, or such period in which a company-imposed restriction is in operation; |
| “Companies Act” | the Companies Act, No. 71 of 2008 and the regulations promulgated thereunder, as amended from time to time; |
| “Conditions Precedent” | the conditions precedent to which the Proposed B-BBEE Transaction is subject to, as set out in paragraph 11.1 of the main body of this Circular; |
| “CSD” | a central securities depository licensed under the FMA; |
| “CSDP” | a central securities depository participant that has been accepted in terms of the FMA by a CSD as a participant in that CSD; |
| “CSI Scheme” | the Absa broad-based share ownership scheme, constituted in terms of the CSI Trust Deed; |
| “CSI Scheme Participant” | beneficiaries who are natural persons and are primarily selected from previously disadvantaged communities across South Africa to participate in the CSI Scheme; |
| “CSI Trust” also referred to as “Corporate Social Investment Trust” | the trustees for the time being of the Absa CSI Trust (Master Reference number: IT000264/2023(G)), a trust registered in South Africa by the Master of the High Court of South Africa, as constituted by the CSI Trust Deed; |
| “CSI Trust Deed” | the trust deed of the CSI Trust executed on or about 27 February 2023, as amended from time to time in accordance with its terms; |
| “CSI Trust Subscription Agreement” | the subscription agreement entered into on Tuesday, 11 April 2023, between NS 1405 and the CSI Trust, in terms of which, <i>inter alia</i> , the CSI Trust subscribes for the CSI Trust Subscription Shares, for the CSI Trust Subscription Shares Consideration; |
| “CSI Trust Subscription Shares” | 35 775 076 NS 1405 A Shares; |
| “CSI Trust Subscription Shares Consideration” | an aggregate amount equal to R1 000.00; |
| “Custody Agreement” | a custody mandate agreement which may be concluded between a shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Absa Shares held on the respective sub-register of the applicable shareholders as administered by such CSDP or Broker on behalf of such shareholders; |
| “Dematerialised” or “Dematerialisation” | the process whereby physical share certificates are replaced with electronic records evidencing ownership of Absa Shares in accordance with the rules of Strate, as contemplated in the FMA; |
| “Dematerialised Absa Shares” | Absa Shares which have been Dematerialised and ownership of which is recorded in a sub-register of Shareholders administered by a CSDP, which sub-register forms part of the Register; |
| “Dematerialised Shareholder(s)” | Absa Shareholders who hold Dematerialised Absa Shares; |
| “Distribution” | shall bear the meaning ascribed thereto in the Companies Act; |
| “Effective Date” | subject to the fulfilment or waiver as the case may be of all the Conditions Precedent, Friday, 1 September 2023, or such later date as Absa may, in its sole and absolute discretion, determine in writing; |

| Capitalised term | Ascribed meaning |
|---|--|
| “Eligible Employee” | (i) any person holding permanent employment within the Absa Group in South Africa as at the SA Staff Scheme Commencement Date and as identified pursuant to the SA Staff Scheme Rules, and (ii) any person who becomes a permanent employee of the Absa Group in South Africa during the three-year period following the SA Staff Scheme Commencement Date as identified pursuant to the SA Staff Scheme Rules, other than a non-executive director, whether or not he/she is a Black Person; |
| “Ex-SA Staff Schemes” | the proposed cash-settled phantom share staff incentivisation scheme for staff of Absa group companies outside South Africa equivalent in value in aggregate to approximately 1% of Absa’s issued ordinary share capital (following the Specific Issue); |
| “Existing Staff Trust NS 1405 Shares” | 1 001 000 NS 1405 Ordinary Shares held by the Staff Trust as at the Last Practicable Date, comprising 100% of the issued share capital of NS 1405; |
| “Existing NS 1405 Absa Shares” | 15 980 155 Absa Shares held by NS 1405 as at the Last Practicable Date, comprising approximately 1.8% of Absa’s issued share capital (following the Specific Issue); |
| “Existing NS 1405 Cash” | R330 000 000 or such other amount as determined by Absa, in writing, if the Effective Date is not 1 September 2023; |
| “Extraordinary General Meeting” or “EGM” | the Extraordinary General Meeting of Absa Shareholders, convened in terms of the Notice of Extraordinary General Meeting attached to, and forming part of, this Circular to consider, and if deemed fit, pass, with or without modification, the Proposed Resolutions, which meeting will be held in Boardroom 3.11, Absa Sandton Campus South Building, 15 Alice Lane, Sandton at 11:30 or 15 minutes after the conclusion of the Annual General Meeting (whichever is later), on Friday, 2 June 2023 or such other adjourned or postponed date or time determined in accordance with the Companies Act (as read with the Listings Requirements); |
| “Finance Documents” | collectively, the Class A Preference Share Finance Documents and the Class B Preference Share Finance Documents; |
| “Financial Sector Code” | the Amended Financial Sector Code published in the Government Gazette in terms of section 9(1) of the B-BBEE Act on 1 December 2017, as amended from time to time; |
| “FMA” | means the Financial Markets Act, No. 19 of 2012, as amended from time to time; |
| “Form(s) of Proxy” | the form of proxy (<i>blue</i>) incorporated into this Circular for use by Certificated Shareholders and Dematerialised Shareholders with “ <i>own-name</i> ” registration only, for purposes of appointing a proxy to represent such Absa Shareholder at the EGM; |
| “Framework and Implementation Agreement” | the framework and implementation agreement, entered into on Tuesday, 11 April 2023 between the Parties in accordance with which the Proposed B-BBEE Transaction will be implemented; |
| “Group Company Secretary” | the company secretary of Absa, who as at the date of this Circular, is as set out on the inside front cover under the “ <i>Corporate Information and Advisors</i> ” section of this Circular; |
| “IFRS” | the International Financial Reporting Standards as issued by the International Accounting Standards Board, as amended from time to time; |
| “Income Tax Act” | the Income Tax Act, No. 58 of 1962, as amended from time to time; |

| Capitalised term | Ascribed meaning |
|---|---|
| “JSE” | JSE Limited (Registration number: 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the FMA; |
| “Last Day to Trade” | the last Business Day to trade Absa Shares in order to settle same and reflect in the Register so as to be eligible to vote on the Proposed Resolutions; |
| “Last Practicable Date” | Monday, 17 April 2023 being the last practicable date prior to the finalisation of this Circular; |
| “Listings Requirements” | the Listings Requirements of the JSE from time to time; |
| “LRA” | Labour Relations Act, No. 66 of 1995, as may be amended from time to time; |
| “Material Adverse Event” | any adverse change in, or any development involving or reasonably likely to involve an adverse change in earnings, business, assets, rights, results, operations or prospects of the Absa Group which is material in the context of the Absa Group taken as a whole; |
| “MOI” | the Memorandum of Incorporation of a company, as contemplated under the Companies Act; |
| “MOI Amendments” | the amendments to the Absa MOI proposed by Special Resolution Number 2 set out in the Notice of EGM; |
| “Notice of EGM” | the notice to Absa Shareholders convening the EGM to conduct the business described therein and to consider and, if deemed fit, pass with or without modification, the Proposed Resolutions; |
| “NS 1405” | Newshelf 1405 (RF) Proprietary Limited (Registration number: 2017/292998/07), a company duly incorporated and registered in accordance with the laws of South Africa, all of the ordinary shares in which, as at the Last Practicable Date, are held by the Staff Trust; |
| “NS 1405 A Shares” | “A” ordinary shares of no par value in the share capital of NS 1405, having the rights, privileges and conditions as set forth in the NS 1405 MOI; |
| “NS 1405 Board” | the board of directors of NS 1405; |
| “NS 1405 MOI” | the Memorandum of Incorporation of NS 1405 contemplated under the Companies Act to be adopted by the shareholders of NS 1405 prior to the Effective Date; |
| “NS 1405 Ordinary Shares” | ordinary shares of no par value in the share capital of NS 1405, having the rights, privileges and conditions as set forth in the NS 1405 MOI; |
| “NS 1405 Subscription Agreement” | the subscription agreement, entered into on Tuesday, 11 April 2023, between NS 1405 and Absa, in terms of which, <i>inter alia</i> , NS 1405 will subscribe for the NS 1405 Subscription Shares, for the NS 1405 Subscription Shares Consideration; |
| “NS 1405 Subscription Shares” | 46 626 228 Absa Shares; |
| “NS 1405 Subscription Shares Consideration” | an issue price per Absa Share equal to the 10-day VWAP as traded on the stock exchange operated by the JSE, calculated for the period ending on and including the 5 th Business Day prior to the Effective Date, as determined in writing on the 4 th Business Day prior to the Effective Date by the Board or its authorised delegate; |
| “Parties” | collectively, Absa, Absa Bank, NS 1405, the Staff Trust and the CSI Trust, and “Party” shall mean any one of them, as the context may require and/or indicate; |

| Capitalised term | Ascribed meaning |
|---|---|
| "PBO" | an organisation which has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act (or any successor provision in the Income Tax Act or any other legislation); |
| "Preference Shares" | collectively, the Class A Preference Shares and the Class B Preference Shares; |
| "Preference Share Funding" | the funding to be provided by Absa to NS 1405 through the subscription by Absa for the Preference Shares in terms of the Preference Share Subscription Agreement; |
| "Preference Share Subscription Agreement" | the preference share agreement entered into, on Tuesday, 11 April 2023, between Absa and NS 1405 in terms of which, <i>inter alia</i> , Absa will subscribe for the Preference Shares; |
| "Preference Share Terms" | the Class A Preference Share Terms and/or the Class B Preference Share Terms, as applicable; |
| "Proposed B-BBEE Transaction" | the SA Staff Scheme and the CSI Scheme for 7% of Absa's issued ordinary share capital (post the Specific Issue), equating to c. R11 584 million based on the 10-day volume weighted average price of Absa Shares of R185.03 on 17 April 2023, as more fully contemplated in the Transaction Documents, and as more fully detailed in paragraph 4 of the main body of this Circular; |
| "Proposed Resolutions" | the special and ordinary resolutions as set out in the Notice of EGM to be considered and, if deemed fit, passed with or without modification, by the requisite majority of the Absa Shareholders at the EGM; |
| "RBB" | Retail and Business Banking; |
| "Relationship Agreement" | the relationship agreement, entered into, on Tuesday, 11 April 2023, between the Parties regulating, <i>inter alia</i> , the relationship between the shareholders of NS 1405 and the parties to the Proposed B-BBEE Transaction; |
| "Reference Share Price" | the 10-day VWAP of R185.03 as at 17 April 2023; |
| "Register" | the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of Absa and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the FMA; |
| "Registered Office" | the registered office of Absa, being 7 th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001; |
| "SA Staff Scheme Commencement Date" | the date on which the SA Staff Scheme commences, being 1 September 2023 or such later date as determined by Absa; |
| "SA Staff Scheme" | the equity-settled staff incentivisation scheme for staff members of Absa group companies in South Africa, constituted in terms of the Staff Trust Deed; |
| "SA Staff Scheme Participant" | an Eligible Employee who has become (and not ceased to be) a participant of the SA Staff Scheme; |
| "SA Staff Scheme Rules" | the rules of the SA Staff Scheme as set out in Annexure A to the Staff Trust Deed; |
| "SA Staff Scheme Shares" | the aggregate number of shares held by the Staff Trust which may be utilised under the SA Staff Scheme, being 26 831 307 shares, which will equate to 100% of the total issued ordinary shares of NS 1405 as at the SA Staff Scheme Commencement Date; |
| "SENS" | the Stock Exchange News Service of the JSE; |
| "South Africa" | the Republic of South Africa; |

| Capitalised term | Ascribed meaning |
|--|---|
| “Specific Issue” | the specific issue of NS 1405 Subscription Shares pursuant to the NS 1405 Subscription Agreement, in terms of paragraph 5.51 of the Listings Requirements and as further detailed in paragraph 5 of the main body of this Circular; |
| “Staff Trust” | the trustees for the time being of the Absa Empowerment Trust (Master Reference Number IT001473/2017(T)), a trust registered in South Africa by the Master of the High Court of South Africa; |
| “Staff Trust Subscription Agreement” | the subscription agreement entered into on Tuesday, 11 April 2023 between the Staff Trust and NS 1405 in terms of which, <i>inter alia</i> , the Staff Trust will subscribe for the Staff Trust Subscription Shares for cash; |
| “Staff Trust Subscription Shares” | 25 830 307 NS 1405 Ordinary Shares; |
| “Staff Trust Subscription Shares Consideration” | an issue price, per Staff Trust Subscription Share equal the amount of the ABL Capital Contribution divided by the number of Staff Trust Subscription Shares, rounded down to the nearest whole cent; |
| “Staff Trust Deed” | the amended and restated trust deed of the Staff Trust executed on or about Wednesday, 12 April 2023; |
| “Staff Trust Trustees” | the persons holding the office of trustees of the Staff Trust from time to time; |
| “Transfer Date” | the expected date by which the SA Staff Scheme Shares are to be transferred to and/or realised on behalf of the SA Staff Scheme Participants in accordance with the SA Staff Scheme Rules, which date shall be within 30 days after the Vesting Date; |
| “Transfer Secretaries” | the Transfer Secretaries of Absa, presently being Computershare Investor Services Proprietary Limited, whose details are set out on the inside front cover under the “ <i>Corporate Information and Advisors</i> ” section of this Circular; |
| “Vesting Date” | <p>the 5th anniversary of the SA Staff Scheme Commencement Date, or such later date as may be determined by the Staff Trust Trustees in good faith, which date shall not be later than six months after the fifth anniversary of the SA Staff Scheme Commencement Date, provided that:</p> <p>(i) if, in the good faith judgement of Absa and the Staff Trust Trustees, a Material Adverse Event has occurred which, if the Vesting Date had to occur at the abovementioned contemplated dates, would prejudice a majority of the SA Staff Scheme Participants in any material way, Absa and the Staff Trust Trustees shall be entitled to delay the Vesting Date to a date immediately following the date on which that Material Adverse Event ceases; and</p> <p>(ii) if any Vesting Date falls within a Closed Period, the Vesting Date shall be the first Business Day immediately following the Closed Period, unless the JSE permits the Vesting Date to fall within such Closed Period;</p> |
| “Voting Record Date” | the date on which Absa Shareholders must be entered in the Register in order to be eligible to participate and vote at the EGM; and |
| “ZAR” or “Rand” or “R” | South African rand, the official currency of South Africa. |

Notes:

In this Circular, unless the context indicates a contrary intention:

1. any word or expression defined in the Listings Requirements and/or the Companies Act and not expressly defined in this Circular shall have the meaning given in the Listings Requirements and/or the Companies Act;
2. headings are to be ignored in construing this Circular;
3. references to a paragraph or Annexure are to a paragraph of, or Annexure to, this Circular unless provided otherwise;
4. any reference to a time of day is a reference to South Africa Standard Time (SAST), unless a contrary indication appears;
5. a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, replaced or re-enacted;
6. a reference to any other document referred to in this Circular is a reference to that other document as amended, revised, varied, novated or supplemented at any time;
7. where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the next succeeding Business Day; and
8. the use of the word including, include/s, in particular or any similar such word followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s.



Absa Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1986/003934/06)
ISIN: ZAE000255915 JSE share code: ABG
Bond issuer code: ABGI
("Absa" or the "Company")

Absa Directors

Executive

Arrie Rautenbach (*Group Chief Executive Officer*)
Jason Quinn (*Group Financial Director*)

Independent Non-executive

Sello Moloko (*Chairman*)
Nonhlanhla Mjoli-Mncube (*Lead Independent Director*)
Alex Darko
Daisy Naidoo
Francis Okomo-Okello
Ihron Rensburg
John Cummins
René van Wyk
Rose Keanly
Swithin Munyantwali
Tasneem Abdool-Samad

Non-executive

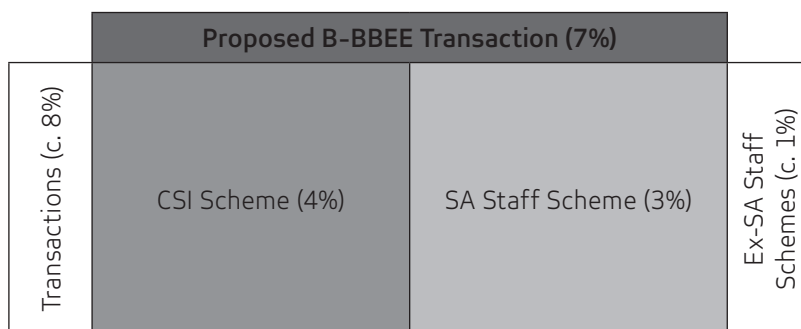
Fulvio Tonelli

CIRCULAR TO ABSA SHAREHOLDERS

1. INTRODUCTION

- 1.1 Absa Shareholders are referred to the announcement by Absa relating to the Proposed B-BBEE Transaction released on SENS on Friday, 31 March 2023.
- 1.2 Absa proposes to enter into a transaction for 7% of Absa's issued share capital (post the Specific Issue), comprising:
 - 1.2.1 a Corporate Social Investment Trust, being the CSI Trust, for 4% of Absa's issued share capital (post the Specific Issue), which will constitute a broad-based ownership scheme as contemplated in the Financial Sector Code; and
 - 1.2.2 the Staff Trust, for 3% of Absa's issued share capital (post the Specific Issue), which will be an equity-settled staff incentivisation scheme for staff members of Absa Group companies in South Africa, which will constitute an employee share ownership programme as contemplated in the Financial Sector Code,equating to c. R11 584 million based on the Reference Share Price, subject to the Conditions Precedent.
- 1.3 Both the CSI Scheme and the SA Staff Scheme will enhance Absa's B-BBEE credentials and assist Absa in achieving the equity ownership targets set out in the Financial Sector Code, such that Absa and its South African subsidiaries, including Absa Bank, can sustainably achieve at least 25% ownership by Black People.
- 1.4 In recognition of the valued role that all staff play in the Absa Group's success, it is proposed that staff of Absa Group companies outside South Africa will also participate, via a cash-settled phantom share staff incentivisation scheme in their respective jurisdictions which will be equivalent in value in aggregate to approximately 1% of Absa's issued share capital (post the Specific Issue) if all Absa Group companies outside South Africa elect to participate.

- 1.5 The Proposed B-BBEE Transaction is subject to the approval of the Proposed Resolutions by the Absa Shareholders at the EGM and the fulfilment and/or waiver of the other Conditions Precedent.



- 1.6 The implementation of the Ex-SA Staff Schemes is conditional upon the Proposed B-BBEE Transaction becoming unconditional as set out in paragraph 12.5 below and any necessary approvals required by each non-South African subsidiary being obtained. Accordingly, whilst the Ex-SA Staff Schemes are not the subject of the Proposed Resolutions, information on the proposed Ex-SA Staff Schemes has been included for completeness.

- 1.7 For a full understanding of the Proposed B-BBEE Transaction and the Proposed Resolutions, this Circular should be read in its entirety.

2. PURPOSE OF THE CIRCULAR

The purpose of this Circular is to:

- 2.1 provide the Absa Shareholders with all relevant information relating to the:
- 2.1.1 Proposed B-BBEE Transaction (including the Specific Issue);
 - 2.1.2 the provision of financial assistance to NS 1405; and
 - 2.1.3 the increase in the authorised share capital of Absa,
- so as to enable the Absa Shareholders to make an informed decision as to whether or not they should vote in favour of the Proposed Resolutions; and
- 2.2 give notice convening the EGM in order for the Absa Shareholders to, if deemed fit, pass, with or without modification, the Proposed Resolutions.

3. RATIONALE FOR THE TRANSACTIONS

- 3.1 The Proposed B-BBEE Transaction is intended to benefit (i) a broad range of B-BBEE beneficiaries from previously disadvantaged communities across South Africa, and (ii) all eligible staff in South Africa, with approximately 82% of the value of the SA Staff Scheme attributable to Black staff.
- 3.2 Both the CSI Scheme and the SA Staff Scheme will enhance Absa's B-BBEE credentials and assist Absa in achieving the equity ownership targets set out in the Financial Sector Code that require Absa's South African subsidiaries, including Absa Bank, to have at least 25% Black ownership.
- 3.3 Notwithstanding Absa's current Level 1 B-BBEE rating, Absa's current Black equity ownership per the B-BBEE scorecard for the 2022 financial year is 17.44%. Following the implementation of the Proposed B-BBEE Transaction, Absa expects its Black equity ownership to increase to be sustainably above 25%. The Proposed B-BBEE Transaction is also expected to contribute approximately 6.75 additional ownership points to Absa's scorecard, leaving it sustainably with a Level 1 B-BBEE rating.
- 3.4 Absa believes it is imperative to recognise the valued role all staff play in the Absa Group's success by including staff of non-South African subsidiaries in the Ex-SA Staff Schemes, which will contain terms and provisions that will be broadly equivalent to the terms proposed for the South African staff in the SA Staff Scheme.

4. THE PROPOSED B-BBEE TRANSACTION

4.1 Overview of Participants

Participation in the Transactions will be broad-based and will be split between communities and Absa Staff.

4.1.1 CSI Scheme

4.1.1.1 The CSI Trust will operate for the benefit of a broad range of beneficiaries from previously disadvantaged communities across South Africa. The CSI Scheme Participants will be selected by the trustees and reviewed annually, in accordance with the provisions of the CSI Trust Deed, and will, where practical, take cognisance of Absa's Active Force For Good strategy.

4.1.1.2 The CSI Trust will constitute a broad-based ownership scheme as contemplated in the Financial Sector Code. It is intended that the CSI Trust will be "evergreen" (meaning it will provide ongoing benefits to the CSI Scheme Participants and ongoing B-BBEE ownership credentials to Absa) and it will be an ongoing partner to Absa in contributing to the enhancement of the broader South African communities within which Absa operates.

4.1.1.3 The CSI Trust will focus on education and youth employability and any change in focus will require compliance with formal requirements, including the prior written consent of Absa. The selection process of the CSI Scheme Participants will be conducted by the trustees and will be robust with defined processes and governance as set out in the CSI Trust Deed and within the parameters of its status as a PBO and Broad-Based Ownership Scheme as further set out in paragraph 6 below.

4.1.2 Staff Schemes

4.1.2.1 *SA Staff Scheme (South Africa)*

The SA Staff Scheme will be an inclusive scheme and will therefore, from the outset, include all of the approximate 26 000 eligible permanent staff members of Absa Group companies in South Africa, regardless of race or nationality. The SA Staff Scheme will, however, be structured to enhance the participation of the approximately 20 500 eligible South African Black staff members who will receive an additional approximately 20% allocation relative to staff who are not Black.

4.1.2.2 *Ex-SA Staff Schemes (outside of South Africa)*

Absa believes it is imperative to recognise the valued role staff play in Absa's success by inviting Absa Group companies outside South Africa to participate via cash-settled staff schemes in their respective jurisdictions, which will contain terms and provisions that will be notionally equivalent to the terms proposed for the SA Staff Scheme.

4.2 Structure of the Transaction

4.2.1 The Proposed B-BBEE Transaction will comprise two component parts, namely:

4.2.1.1 a broad-based ownership component, for the benefit of a broad range of beneficiaries from previously disadvantaged communities across South Africa, being the CSI Scheme; and

4.2.1.2 an employee component for the benefit of any person holding permanent employment within the Absa Group in South Africa, being the SA Staff Scheme.

4.2.2 The CSI Scheme will be housed in and administered by the CSI Trust, and will, by virtue of the CSI Trust's shareholding in NS 1405, hold an effective indirect 4% interest in Absa's enlarged issued ordinary share capital. The CSI Scheme will not be subject to a fixed term and is intended to be "evergreen" and, as such, endure indefinitely.

4.2.3 The SA Staff Scheme will be housed in and administered by the Staff Trust and will, by virtue of the Staff Trust's shareholding in NS 1405, hold an effective indirect 3% interest in Absa's enlarged issued ordinary share capital. The SA Staff Scheme will be subject to a five-year vesting term.

- 4.2.4 In order to give effect to the Proposed B-BBEE Transaction:
- 4.2.4.1 the CSI Trust will subscribe for 35 775 076 NS 1405 A Shares for the CSI Trust Subscription Shares Consideration, which will following the issue thereof, constitute 100% of the issued "A" share capital of NS 1405 and approximately 57.14% (i.e. 4% as a proportion of 7%) of the enlarged issued ordinary share capital of NS 1405;
 - 4.2.4.2 the Staff Trust will subscribe for 25 830 307 NS 1405 Ordinary Shares for the Staff Trust Subscription Shares Consideration, which, together with the 1 001 000 Existing Staff Trust NS 1405 Shares held, will following the issue thereof, will bring the total NS 1405 Ordinary Shares in issue to 26 831 307 constituting 100% of the issued Ordinary Share capital of NS 1405 and approximately 42.86% (i.e. 3% as a proportion of 7%) of the enlarged issued ordinary share capital of NS 1405; and
 - 4.2.4.3 in turn, NS 1405 will subscribe for 46 626 228 Absa Shares for NS 1405 Subscription Shares Consideration, which will, following the issue thereof and together with the Existing NS 1405 Absa Shares, comprise 7% of the entire enlarged issued share capital of Absa.
- 4.2.5 The issue of the NS 1405 Subscription Shares will:
- 4.2.5.1 be regarded as a specific issue of shares for cash in terms of the Listings Requirements;
 - 4.2.5.2 be funded through various sources of funding as further detailed in paragraph 5.3 below;
 - 4.2.5.3 result in the total number of Absa Shares in issue increasing to 894 376 907 Absa Shares; and
 - 4.2.5.4 result in an approximately 5.2% dilution in the percentage shareholdings of existing Absa Shareholders.
- 4.2.6 The 7% or 62 606 383 Absa Shares to be included in the Proposed B-BBEE Transaction will be sourced from:
- 4.2.6.1 the existing 15 980 155 Absa Shares indirectly held by the Staff Trust via NS 1405, 12 700 000 of which were acquired from Barclays in 2017 and the balance of which were subsequently acquired using dividends received from its existing Absa Shares. While the existing 15 980 155 Absa Shares have, to date, been consolidated in accordance with the requirements of IFRS 10, they are not regarded as treasury shares from a legal perspective; and
 - 4.2.6.2 the Specific Issue, if approved by the Absa Shareholders, being 46 626 228 Absa Shares, as more fully discussed in paragraph 5 below.
- 4.2.7 The CSI Trust and the Staff Trust will hold their interest in Absa through the NS 1405 A Shares and the NS 1405 Ordinary Shares respectively.
- 4.2.8 The CSI Trust will, by virtue of holding the NS 1405 A Shares, benefit from the Existing NS 1405 Absa Shares and the Preference Share Funding, which will indirectly entitle the CSI Trust to 35 775 076 Absa Shares on a look-through basis.
- 4.2.9 The Staff Trust will, by virtue of holding the NS 1405 Ordinary Shares, benefit from Existing NS 1405 Cash as at the Effective Date which, together with the Preference Share Funding and the ABL Capital Contribution, will indirectly entitle the Staff Trust to 26 831 307 Absa Shares on a look-through basis.
- 4.2.10 Through the rights attaching to the NS 1405 A Shares and NS 1405 Ordinary Shares, the CSI Trust and the Staff Trust will effectively enjoy the net economic benefit of the Absa Shares held by NS 1405 (4% in relation to the CSI Trust and being 3% in relation to the Staff Trust). Where the Staff Trust is voting together with the CSI Trust on any matter, the Staff Trust and the CSI Trust will enjoy equal voting rights (50:50) in respect of such shareholder matters and neither of them will control NS 1405. The NS 1405 A Shares and the NS 1405 Ordinary Shares will otherwise rank *pari passu* (i.e. rank equally).
- 4.2.11 The board composition of NS 1405 will provide for two representatives appointed by each of Staff Trust, the CSI Trust and Absa as well as 1 independent director.

4.2.12 The table below summarises certain of the salient features of each component of the Proposed B-BBEE Transaction:

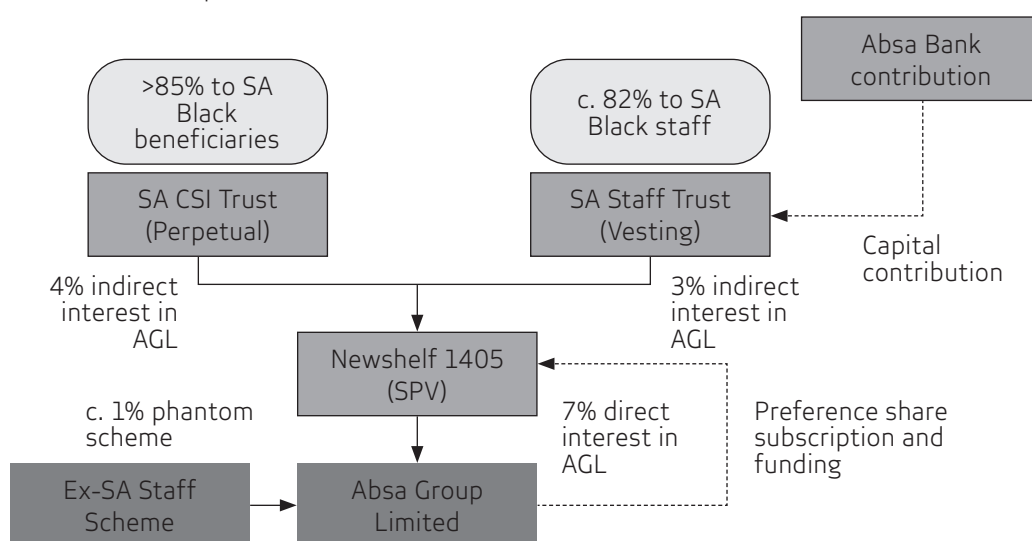
In respect of the SA Staff Scheme and the CSI Scheme

| | SA Staff Scheme | CSI Scheme |
|--|------------------------------------|-----------------------------|
| Proposed B-BBEE Transaction size | 3% | 4% |
| Proposed B-BBEE Transaction Value | R4 965 million | R6 619 million |
| Number of NS 1405 ordinary shares to be held after the issuances | 26 831 307 NS 1405 Ordinary Shares | 35 775 076 NS 1405 A Shares |
| % NS 1405 ordinary shares to be held after the issuances | 42.86% | 57.14% |
| Subscription price | R1 888 million | R1 000 |
| Actual funding | R2 747 million | R3 662 million |
| Trickle dividend | Attributable share of 25% | Attributable share of 25% |
| Term | Five years | Indefinite |

In respect of NS 1405

| | NS 1405 |
|---|---|
| Number of Absa Shares to be issued | 46 626 228 |
| % issued Absa Shares to be held by NS 1405 including the Existing NS 1405 Absa Shares | 7% |
| Total value of Equity Stake | R11 584 million |
| Subscription price | R185.03 |
| Actual funding | R6 409 million |
| Trickle dividend | 25%, subject to meeting minimum loan to value |

4.2.13 Absa's and NS 1405 B-BBEE shareholding following the implementation of Proposed B-BBEE Transaction is depicted as follows:



4.3 Implementation Steps

The Proposed B-BBEE Transaction will be implemented via the following series of interlinked steps:
On or before the Effective Date:

- 4.3.1 *Step 1:* the CSI Trust will subscribe for, and NS 1405 will allot and issue the CSI Trust Subscription Shares to the CSI Trust at the CSI Trust Subscription Shares Consideration, in accordance with the terms and subject to the conditions set out in the CSI Trust Subscription Agreement;

On the Effective Date:

- 4.3.2 *Step 2:* Absa Bank will pay the ABL Capital Contribution to the Staff Trust, in accordance with the terms and subject to the conditions set out in the ABL Contribution Agreement;
- 4.3.3 *Step 3:* the Staff Trust will subscribe for, and NS 1405 will allot and issue the Staff Trust Subscription Shares to the Staff Trust at the Staff Trust Subscription Shares Consideration, in accordance with the terms and subject to the conditions set out in the Staff Trust Subscription Agreement;
- 4.3.4 *Step 4:* Preference Share Funding will be implemented;
- 4.3.5 *Step 5:* NS 1405 will subscribe for, and Absa will allot and issue the NS 1405 Subscription Shares to NS 1405 at the NS 1405 Subscription Shares Consideration, in accordance with the terms and subject to the conditions set out in the NS 1405 Subscription Agreement; and

It is anticipated that within 2 months following the Effective Date:

- 4.3.6 *Step 6:* the Staff Trust Trustees will issue the Allocation Notices (as contemplated in the Staff Trust) to the SA Staff Scheme Participants.

4.4 Overview of the Funding

- 4.4.1 The CSI Scheme and the SA Staff Scheme will be funded, assuming the Reference Share Price, as set out below:

| Source of Funding | CSI Scheme R'million | SA Staff Scheme R'million | Proposed B-BBEE Transaction R'million |
|------------------------------|---------------------------------|--------------------------------------|--|
| Existing NS 1405 Absa Shares | 2 957 | – | 2 957 |
| ABL Capital Contribution | – | 1 888 | 1 888 |
| Existing NS 1405 Cash | – | 330 | 330 |
| Total ordinary equity | 2 957 | 2 218 | 5 175 |
| Preference Share Funding | 3 662 | 2 747 | 6 409 |
| Total equity | 6 619 | 4 965 | 11 584 |
| Loan to value ratio | 55.3% | 55.3% | 55.3% |

- 4.4.2 The ordinary equity funding will comprise:

- 4.4.2.1 the Existing NS 1405 Absa Shares held by NS 1405, comprising of the Absa Shares acquired from Barclays as well as the Absa Shares subsequently purchased using dividends received, which will be deployed to facilitate the participation by the CSI Trust in the Proposed B-BBEE Transaction;
- 4.4.2.2 a cash contribution from Absa Bank, on behalf of itself and other Absa employer companies in South Africa, which is intended to fund the participation of qualifying staff in South Africa equally; and
- 4.4.2.3 the Existing NS 1405 Cash, which is intended to fund the additional 20% allocation to Eligible Employees who are Black People.

- 4.4.3 The remaining funding required for the Proposed B-BBEE Transaction will be in the form of preference shares issued to Absa by NS 1405 in terms of and subject to the conditions of the Preference Share Subscription Agreement. The key terms of the preference shares are more fully detailed in paragraph 5.3.6 below.

4.5 Use of Proceeds of the Proposed B-BBEE Transaction

Given the nature of the Proposed B-BBEE Transaction, on a consolidated basis, there will be no proceeds received from outside the Absa Group.

5. SALIENT FEATURES OF THE SPECIFIC ISSUE OF THE NS 1405 SUBSCRIPTION SHARES TO NS 1405

5.1 Overview

- 5.1.1 NS 1405 was incorporated in 2017 as a special purpose vehicle to facilitate the acquisition of an initial 1.5% equity stake in Absa for the benefit of the Staff Trust.
- 5.1.2 NS 1405 is a wholly-owned subsidiary of the Staff Trust. The sole purpose of NS 1405 is to acquire and hold the NS 1405 Subscription Shares, as well as the Existing NS 1405 Absa Shares, for the ultimate benefit of the CSI Scheme Participants and the SA Staff Scheme Participants.
- 5.1.3 After implementation on the Effective Date, the issued ordinary share capital of the NS 1405 will be held as follows:
 - 5.1.3.1 35 775 076 NS 1405 A Shares, as to the CSI Trust which will constitute 100% of the issued "A" ordinary share capital of NS 1405 and 57.14% of the entire enlarged issued ordinary share capital; and
 - 5.1.3.2 26 831 307 NS 1405 Ordinary Shares, as to the Staff Trust which will constitute 100% of the issued Ordinary Share capital of NS 1405 and 42.86% of the entire enlarged issued ordinary share capital.

5.2 Subscription

- 5.2.1 The Board has resolved that Absa will issue the NS 1405 Subscription Shares, being 46 626 228 Absa Shares, to NS 1405, if the Conditions Precedent are fulfilled and/or waived.
- 5.2.2 On the Effective Date, NS 1405 will subscribe for the NS 1405 Subscription Shares at the NS 1405 Subscription Shares Consideration, in accordance with the terms and subject to the conditions set out in the NS 1405 Subscription Agreement.
- 5.2.3 Once issued, the NS 1405 Subscription Shares, together with the Existing NS 1405 Absa Shares, will represent 7% of the Absa Shares then in issue.

5.3 Funding

- 5.3.1 Based on the Reference Share Price, NS 1405 will fund its subscription of the NS 1405 Subscription Shares out of:
 - 5.3.1.1 its Existing NS 1405 Cash resources (funding c. 4%) of the total NS 1405 Subscription Shares Consideration);
 - 5.3.1.2 the subscription proceeds received from each of the Staff Trust and the CSI Trust (funding c. 22%) of the total NS 1405 Subscription Shares Consideration); and
 - 5.3.1.3 preference share funding from Absa (funding c. 74%) of the total NS 1405 Subscription Shares Consideration).
- 5.3.2 The pricing for the NS 1405 Subscription Shares on the Effective Date will be set based on the 10-day VWAP on the last practicable date before the Effective Date (which is expected to be on Friday, 25 August 2023) (or such other date which is five Business Days before the Effective Date in circumstances where the Effective Date is not Friday, 1 September 2023).
- 5.3.3 The source of the funding for the NS 1405 Subscription Shares Consideration will be:
 - 5.3.3.1 the Existing NS 1405 Cash, which is fixed at R330 million (except in circumstances where the Effective Date is not Friday, 1 September 2023);
 - 5.3.3.2 the ABL Capital Contribution, which is variable; and
 - 5.3.3.3 the Aggregate Preference Shares Subscription Amount, which is variable;with the effect being that the ABL Capital Contribution and the Aggregate Preference Shares Subscription Amount will vary up or down formulaically based on the difference between:
 - 5.3.3.4 the 10-day VWAP on the Last Practicable Date; and
 - 5.3.3.5 the 10-day VWAP on Friday, 25 August 2023 (or such other date which is five Business Days before the Effective Date in circumstances where the Effective Date is not 1 September 2023).
- 5.3.4 The Preference Share Funding has been priced and structured on arm's length commercial terms.

- 5.3.5 The provision of the Preference Share Funding will constitute financial assistance by Absa to NS 1405 as contemplated in the Companies Act, which is subject to Absa Shareholder approval.
- 5.3.6 The key terms of the Preference Share Funding are:

Salient Features – Based on Reference Share Price

| | Class A Preference Shares | Class B Preference Shares |
|---|--|--|
| Subscription amount | R4 634 million | R1 776 million |
| Tenor | Five years | Five years |
| Pricing mechanics | | |
| <i>Class A Preference Share Dividend Rate (% Prime)</i> | 72% | – |
| <i>Class B Preference Share Dividend Rate (% Prime)</i> | – | 90% |

- 5.3.7 The Class A Preference Shares will be secured by the underlying Absa Shares held by NS 1405 and will be subject to normal net asset value cover trigger levels of 1.75x. This is waivable by Absa at its election.
- 5.3.8 The initial loan to value ratio within NS 1405 will be approximately 55% comprising the Class A Preference Shares (c. 40%) and the Class B Preference Shares (c. 15%). As such, the Proposed B-BBEE Transaction will be sustainably geared from the outset. The intention is for the Preference Share Funding to be repaid from dividends received by NS 1405 on the underlying Absa Shares, after allowing dividends to flow to the Proposed B-BBEE Transaction participants equal to 25% of the total dividend received. The more expensive Class B Preference Shares tranche will be paid down first.
- 5.3.9 Subject to the Finance Documents, the NS 1405 Board will determine the funding requirements of NS 1405 from time to time and the sources of such funding, provided that the NS 1405 Board will not be entitled to procure debt or other long-term funding (other than for normal working capital purposes and in that instance only from within the Absa Group) without prior written consent from Absa.
- 5.3.10 Neither the Staff Trust nor the CSI Trust will be obligated to contribute to the funding requirement of NS 1405.

5.4 Ranking

The NS 1405 Subscription Shares to be issued in terms of the Specific Issue are of a class of securities of Absa that are already in issue and will rank *pari passu* in every respect with existing Absa Shares in issue.

5.5 Restrictions on Disposals and Encumbrances of the NS 1405 Subscription Shares

NS 1405 is ring-fenced and will be subject to various restrictive conditions as set out in the NS 1405 MOI and in the Relationship Agreement, including, *inter alia*, that it will not be able to dispose of the Absa Shares other than in accordance with the Transaction Documents.

5.6 Directors

In terms of the NS 1405 MOI and as more fully detailed in the Relationship Agreement, the NS 1405 Board will consist of a minimum of three and a maximum of seven directors, the composition of which will be as follows:

- 5.6.1 Absa will be entitled (but not obliged) to nominate and appoint two directors (and his/her alternate director);
- 5.6.2 the Staff Trust will be entitled (but not obliged) to nominate and appoint two directors (and his/her alternate director);
- 5.6.3 the CSI Trust will be entitled (but not obliged) to nominate and appoint two directors (and his/her alternate director); and
- 5.6.4 one independent director duly appointed by the NS 1405 Board.

Absa only has the right to nominate and appoint 2 of 7 directors and neither the CSI Trust nor the Staff Trust (which nominate their respective NS1405 directors) are controlled by Absa-nominated trustees.

If at any time NS 1405 were to not be considered independent from Absa such that the Absa Shares are regarded as treasury shares in terms of the Listing Requirements, Absa will be obliged at that time not to take into account some or all of the votes of the Absa Shares held by NS 1405 for purposes of resolutions proposed pursuant to the provisions of the Listings Requirements, however, this position is not anticipated to arise.

5.7 Voting

The NS 1405 Board will procure that the Absa Shares as held by NS 1405 are voted in accordance with the wishes of the Staff Trust and the CSI Trust, provided that if the wishes of the Staff Trust and/or the CSI Trust cannot be ascertained or if the NS 1405 Board believes that it is in the proper exercise of its fiduciary duties to do otherwise, NS 1405 Board will, in its discretion, come to an independent decision as to how to vote on the proposed resolutions at any meeting of the shareholders of Absa.

5.8 Distributions

5.8.1 NS 1405 will be entitled to Distributions by Absa in relation to the Absa Shares as held by NS 1405.

5.8.2 Subject to the restrictive conditions applicable to NS 1405, as more fully set out in the NS 1405 MOI, the Preference Share Terms, the rights attaching to the NS 1405 Ordinary Shares and NS 1405 A Shares, and the NS 1405 Board being reasonably satisfied as to the requirement of prudence as regards NS 1405 (including, without limitation, making provision for the NS 1405's present and reasonably anticipated future requirements for working capital, and capital for the repayment of any debt and the NS 1405 Preference Shares), NS 1405 will be obliged following receipt of any Distribution declared and paid to it by Absa, to make a Distribution equal to 25% of such amount received, to the Staff Trust and the CSI Trust in accordance with the following timing (unless otherwise agreed in writing by the Parties): to the extent that any interim Distribution is received from Absa (being any Distribution other than the final year-end Distribution), NS 1405 will be obliged (unless otherwise agreed in writing by the Parties) to retain 25% of such amount received (the "Interim Trickle Distribution") until Absa issues its annual financial statements and the next final year-end Distribution is declared and paid to it by Absa (or Absa confirms that no final year-end Distribution will be paid) and thereafter pay such Interim Trickle Distribution to the Staff Trust and the CSI Trust in proportion to their respective entitlements, together with the 25% of such final year-end Distribution, to the Staff Trust and the CSI Trust in proportion to their respective entitlements, as soon as reasonably practicable after the receipt of the final year-end Distribution.

5.9 Security

In terms of the Finance Documents, NS 1405 will, *inter alia*, cede, in *securitatem debiti*, to Absa, all of its right, title and interest in and to:

- 5.9.1 all the ordinary shares in the issued share capital of Absa held by the NS 1405 from time to time; and
 - 5.9.2 the bank account(s) maintained by the NS 1405 with Absa Bank,
- all as security for its obligations under the Finance Documents.

5.10 Facilitation of Vesting in the Staff Trust

5.10.1 The SA Staff Scheme is an equity-settled scheme and the SA Staff Scheme Participants will be entitled to Absa Shares at the Vesting Date. At the Transfer Date, the SA Staff Scheme Participants will be direct and beneficial holders of unencumbered Absa Shares.

5.10.2 In order to facilitate the above, at or around the time of vesting, a portion of the Staff Trust's indirect 3% stake in Absa will be utilised to raise funding to enable NS 1405 to:

- 5.10.2.1 settle the then outstanding Preference Share Funding applicable to the Staff Trust's shareholding in NS 1405; and
- 5.10.2.2 pay cash to the Staff Trust to allow staff members to settle their personal income tax liability arising from the vesting.

5.10.3 SA Staff Scheme Participants will receive their net Absa Shares upon vesting (after settling outstanding funding and taxes) as a distribution from the Staff Trust.

5.10.4 The Relationship Agreement sets out in detail the vesting principles and mechanics, including each Parties obligations in order to ensure that the SA Staff Scheme Participants receive their net Absa Shares in accordance with the terms of the SA Staff Scheme.

6. SALIENT FEATURES OF THE CSI SCHEME

6.1 Overview

- 6.1.1 The CSI Trust is a newly established trust which will be utilised to facilitate the participation by the CSI Scheme Participants selected by the CSI Trust in its discretion.
- 6.1.2 It is intended that the CSI Trust will indirectly acquire Absa Shares by virtue of holding 100% of the NS 1405 A Shares which, will result in the CSI Scheme participating in an effective 4% shareholding in Absa's enlarged share capital, immediately after the implementation of the Proposed B-BBEE Transaction.

6.2 Subscription

- 6.2.1 The NS 1405 Board has resolved that NS 1405 will issue the CSI Trust Subscription Shares to the CSI Trust, if the Conditions Precedent are fulfilled and/or waived.
- 6.2.2 On the Effective Date, the CSI Trust will subscribe for 35 775 076 NS 1405 A Shares at an aggregate subscription price of R1 000, in accordance with the terms and subject to the conditions set out in the CSI Trust Subscription Agreement.
- 6.2.3 Once issued, the CSI Trust Subscription Shares, will represent 100% of the total "A" issued share capital and 57.14% of the entire enlarged issued ordinary share capital.

6.3 Funding

The CSI Trust will fund its subscription for the CSI Trust Subscription Shares using a cash contribution of R1 000 per CSI Trust Subscription Share from Absa, as founder.

6.4 Ranking and Restrictions

Each CSI Trust Subscription Share will rank *pari passu* in all respects with each other NS 1405 Ordinary Share in issue, save that, in accordance with the terms attaching to the NS 1405 Ordinary Shares and the NS 1405 A Shares in the NS 1405 MOI, the CSI Trust as holder of the NS 1405 A Shares will be entitled to:

- 6.4.1 one vote for each NS 1405 A Share held in respect of every matter to be decided on, provided that where the CSI Trust is voting together with the Staff Trust on any matter, the total numbers of votes cast by the CSI Trust in respect of every matter to be decided on will always be equal to the total numbers of votes cast by the Staff Trust; and
- 6.4.2 participate proportionally in any Distribution made by NS 1405 in accordance with the NS 1405 MOI and subject to the Preference Share Terms. Please see paragraph 5.8.

6.5 Restrictions on the Disposal and Encumbrances of the NS 1405 Ordinary Shares

The CSI Trust will only be entitled to dispose of or encumber any of the CSI Trust Subscription Shares held by it pursuant to a deemed offer event and in order to facilitate the unwind of the CSI Scheme, as more fully contemplated in the Relationship Agreement and the CSI Trust Deed.

6.6 Purpose

The principal object of the CSI Trust is to operate as a PBO and to carry on one or more public benefit activities, which predominantly focus on education and youth employability. In carrying out its principal object, the CSI Trust will be a significant contributor to sustainable economic growth in South Africa.

6.7 Trustees

- 6.7.1 There will be 5 trustees of the CSI Trust of which:
 - 6.7.1.1 two trustees will be appointed by Absa; and
 - 6.7.1.2 three trustees will be appointed as independent trustees.
- 6.7.2 Three independent trustees with the requisite skills and experience are currently being identified with the assistance of third parties, namely a trust administration company and a law firm. The independent trustees, who will be appointed before the Effective Date, will always be entirely independent of Absa.
- 6.7.3 In the event that there are fewer than five trustees in office, the remaining trustees will continue to act with full authority as if their numbers had not been depleted until a replacement trustee is appointed.

6.8 Voting

- 6.8.1 The CSI Trust will, as the registered holder of the CSI Trust Subscription Shares, be entitled to vote such shares on any matters at a general meeting of the shareholders of NS 1405.
- 6.8.2 Each CSI Scheme Participant will authorise the CSI Trust to vote or abstain from voting such shares in such manner as the majority trustees of the CSI Trust determine.
- 6.8.3 The trustees of the CSI Trust will be entitled, in the proper exercise of their fiduciary duties, to exercise the voting rights attached to the relevant shares in such manner as they in their discretion may determine to be in the best interests of the CSI Trust.

6.9 Status

The CSI Trust is a “*Broad-Based Ownership Scheme*” as contemplated in the Financial Sector Code.

6.10 PBO

An application will shortly be made to the South African Revenue Service requesting it to register the CSI Trust as a public benefit organisation. It is a possibility (though Absa has no expectation) that the South African Revenue Service may require certain changes to the CSI Trust Deed before it will register the CSI Trust as a PBO.

6.11 Participation and Distributions

- 6.11.1 The CSI Trust will operate for the benefit of a broad range of beneficiaries from previously disadvantaged communities across South Africa. The CSI Scheme Participants will be selected annually, in accordance with the provisions of the CSI Trust Deed, that will, where practical, take cognisance of Absa’s Active Force for Good strategy.
- 6.11.2 From inception, the CSI Trust will benefit:
 - 6.11.2.1 directly from its attributable share of a dividend which will equate to approximately 25% of the annual Absa dividend in respect of the shareholding held by the CSI Trust (subject to a minimum loan to value ratio being maintained); and
 - 6.11.2.2 indirectly in that NS 1405 will use the balance of the Absa dividend (approximately 75%) it receives to service and pay down related funding.

6.12 Duration

The CSI Trust will be “*evergreen*” and as such be an ongoing partner to Absa in contributing to the enhancement of the broader South African communities within which the Absa Group operates.

7. SALIENT FEATURES OF THE SA STAFF SCHEME

7.1 Overview

- 7.1.1 The Staff Trust is an existing trust which will be utilised to house the SA Staff Scheme.
- 7.1.2 The Staff Trust will indirectly acquire additional Absa Shares. The Existing Staff Trust NS 1405 Shares, together with the subscription described below, will result in the SA Staff Scheme participating in an indirect effective 3% shareholding in Absa’s enlarged issued share capital, immediately after the implementation of the Proposed B-BBEE Transaction.

7.2 Subscription

- 7.2.1 The NS 1405 Board has resolved that NS 1405 will issue the Staff Trust Subscription Shares to the Staff Trust, if the Conditions Precedent are fulfilled and/or waived.
- 7.2.2 On the Effective Date, the Staff Trust will (utilising the cash contribution received in terms of the ABL Contribution Agreement) subscribe for 25 830 307 NS 1405 Ordinary Shares at an issue price, per Staff Trust Subscription Share equal to the amount of the ABL Capital Contribution divided by the number of Staff Trust Subscription Shares, rounded down to the nearest whole cent, in accordance with the terms and subject to the conditions set out in the Staff Trust Subscription Agreement.
- 7.2.3 Once issued, the Staff Trust Subscription Shares, together with the Existing Staff Trust NS 1405 Shares, will represent 100% of the total ordinary issued share capital at the time of issue and 42.86% of the entire enlarged issued share capital after the issue of the NS 1405 A Shares.

7.3 Funding

- 7.3.1 The allocations to staff of Absa Group companies based in South Africa will primarily be funded by Absa Bank, on behalf of itself and other Absa employer companies in South Africa, by way of a cash contribution to the Staff Trust pursuant to the terms and subject to the conditions of the ABL Contribution Agreement, with the intention being that an equal amount of funding will be provided for each participating staff member.
- 7.3.2 Black staff will receive an allocation which is approximately 20% higher than that for white and foreign staff in South Africa, with the intention being that this additional allocation for Black staff is funded from the Existing NS 1405 Cash.

7.4 Ranking

Each Staff Trust Subscription Share will rank *pari passu* in all respects with each other NS 1405 Ordinary Share in issue, provided that, in accordance with the terms attaching to the NS 1405 Ordinary Shares in the NS 1405 MOI, the Staff Trust will as holder of the NS 1405 Ordinary Share be entitled to:

- 7.4.1 one vote for each NS 1405 Ordinary Share held in respect of every matter to be decided on, provided that where the Staff Trust is voting together with the CSI Trust on any matter, the total numbers of votes cast by the Staff Trust in respect of every matter to be decided on will always be equal to the total numbers of votes cast by the CSI Trust;
- 7.4.2 vote on any matter to be decided by the shareholders at any shareholders meeting of NS 1405;
- 7.4.3 vote on any proposal to amend the preferences, rights, limitations and other terms associated with the NS 1405 Ordinary Share;
- 7.4.4 participate proportionally in any Distribution made by NS 1405 in accordance with the NS 1405 MOI and subject to the Preference Share Term. Please see paragraph 5.8; and
- 7.4.5 subject to the remaining terms of the NS 1405 MOI, receive proportionally the net assets of NS 1405 upon its liquidation, subject to the Preference Share Terms.

7.5 Restrictions on the Disposal and Encumbrances of the NS 1405 Ordinary Shares

The Staff Trust will only be entitled to dispose of or encumber any NS 1405 Ordinary Shares held by it pursuant to a deemed offer event and in order to facilitate the vesting, settlement and unwind of the SA Staff Scheme, as more fully contemplated in the Relationship Agreement and the Staff Trust Deed.

7.6 Rationale and Objectives

- 7.6.1 The Absa Group values the support of its staff and the inclusion of eligible staff of the Absa Group is seen as a crucial element of the Proposed B-BBEE Transaction. To enhance staff engagement and retain them within the business, 3% of the Proposed B-BBEE Transaction will be allocated to the SA Staff Scheme Participants.
- 7.6.2 The Staff Trust has the following objectives, namely:
 - 7.6.2.1 spread a significant portion of the Proposed B-BBEE Transaction amongst Eligible Employees in the Absa Group by offering participation therein;
 - 7.6.2.2 hold the Staff Trust Subscription Shares and Existing Staff Trust NS 1405 Shares and related Distributions for the benefit of the SA Staff Scheme Participants;
 - 7.6.2.3 enhance employee engagement and retention of Eligible Employees in the Absa Group;
 - 7.6.2.4 broaden equity ownership among Eligible Employees in the Absa Group to promote the sustained success of the Absa Group;
 - 7.6.2.5 promote the interests of Eligible Employees in the growth of the relevant members of the Absa Group; and
 - 7.6.2.6 maintain and promote sound employment relations.

7.7 Trustees and Chairperson

- 7.7.1 There will be four trustees of the Staff Trust, of which:
 - 7.7.1.1 two trustees will be appointed by Absa; and
 - 7.7.1.2 two trustees will be appointed by the SA Staff Scheme Participants.
- 7.7.2 The process for the SA Staff Scheme Participants to appoint two trustees with the requisite skills and experience will be concluded soon after the Effective Date once the SA Staff Scheme has been launched and the list of SA Staff Scheme Participants is confirmed.
- 7.7.3 The chairperson of the Staff Trust will be one of the two trustees nominated and appointed by the SA Staff Scheme Participants (as indicated in 7.7.1.2 above) and will have the casting vote referred to in 7.8.4 below. The effect of this is that the Staff Trust will be controlled by the trustees appointed by the SA Staff Scheme Participants.
- 7.7.4 In the event that any trustee vacates his/her office as such, the remaining trustees shall continue to act with full authority as if their numbers had not been depleted until a replacement trustee is appointed.

7.8 Voting

- 7.8.1 The Staff Trust will, as the registered holder of the Staff Trust Subscription Shares and the Existing Staff Trust NS 1405 Shares, be entitled to vote such shares on any matters at a general meeting of shareholders of NS 1405.
- 7.8.2 Each of the SA Staff Scheme Participants will authorise the Staff Trust to vote or abstain from voting in such manner as the majority trustees determine.
- 7.8.3 The Staff Trust Trustees will be entitled, in the proper exercise of their fiduciary duties, to exercise the voting rights attached to the relevant shares in such manner as they in their discretion may determine to be in the best interests of the Staff Trust.
- 7.8.4 In instances of deadlock, the chairperson of the Staff Trust (who shall be a trustee appointed by the SA Staff Scheme Participants) shall have a casting vote.

7.9 Status

The Staff Trust is:

- 7.9.1 an *"employee share ownership programme"* as defined and contemplated in the Financial Sector Code; and
- 7.9.2 an employee share scheme as contemplated under section 97 of the Companies Act.

7.10 Participations and Awards

- 7.10.1 The SA Staff Scheme will be an inclusive scheme and will therefore, from the outset, include all of the eligible permanent staff members of the Absa Group in South Africa, approximately 26 000 as of 20 March 2023, regardless of race or nationality and who are employed on 1 September 2023, as well as those who commence employment between 1 September 2023 to 31 August 2026. It is anticipated that approximately 82% of the value of the SA Staff Scheme will be for the benefit of Black staff.
- 7.10.2 SA Staff Scheme Participants will be awarded units in the Staff Trust corresponding to an allocation of the underlying Absa Shares held by NS 1405. This will equate to 3% of the total 7% allocated to the Proposed B-BBEE Transaction.
- 7.10.3 To enhance the participation of the Eligible Employees who are Black People, such Eligible Employees will be entitled to be allocated approximately 20% more units relative to the remaining Eligible Employees who are not Black People. The Existing NS 1405 Cash held by NS 1405 will be applied towards funding this.
- 7.10.4 The award of units in the SA Staff Scheme will be for no consideration.
- 7.10.5 The SA Staff Scheme Participants will benefit from its attributable share of an annual dividend equal to 25% of the Absa dividend paid to NS 1405 during the preceding 12 months, subject to a minimum loan to value ratio being maintained.

7.11 Term and Vesting

- 7.11.1 The term of the SA Staff Scheme will be five years (or such later date as may be determined by the Staff Trust Trustees in good faith and subject to the conditions as set out in the Staff Trust Deed. An SA Staff Scheme Participant must remain employed within the Absa Group on the 5th anniversary to receive net Absa Shares plus any residual cash received by the Staff Trust from NS 1405 in relation to that SA Staff Scheme Participant's units which it is not required to pay any specific taxes and expenses attributable to such SA Staff Scheme Participant. Accordingly, following the expiry of the five-year term, the SA Staff Scheme Participants will be direct and beneficial holders of unencumbered Absa Shares. SA Staff Scheme Participants will be liable for any tax on any vested units.
- 7.11.2 At or around the time of vesting, a portion of the Staff Trust's effective indirect 3% stake in Absa will be utilised to enable NS 1405 to:
- 7.11.2.1 settle the then outstanding Preference Share Funding attributable to the Staff Trust's shareholding in NS 1405; and
- 7.11.2.2 pay cash to the Staff Trust to allow staff members to settle their personal income tax liability arising from the vesting.
- 7.11.3 SA Staff Scheme Participants will receive their net Absa Shares and any residual cash (being less than the then value of one Absa Share) received by the Staff Trust from NS 1405 upon vesting (after taxes and costs) as a distribution from the Staff Trust.

7.12 Termination of Employment and Forfeitures

- 7.12.1 If an SA Staff Scheme Participant ceases to be employed by the Absa Group prior to the Vesting Date by reason of death, then such participants' units and corresponding Absa Shares linked thereto will be accelerated and will vest on the date of the SA Staff Scheme Participant's death or as soon as reasonably practicable thereafter as may be determined by the trustees of the Staff Trust in good faith. The SA Staff Scheme benefits of any such SA Staff Scheme Participant will be distributed in cash (and not through a contribution of Absa Shares) by the Staff Trust Trustees within 30 days after the date of the SA Staff Scheme Participant's death, or as soon as reasonably practicable thereafter as may be determined by the Staff Trust Trustees in good faith.
- 7.12.2 If an SA Staff Scheme Participant ceases to be employed by the Absa Group prior to the Vesting Date by reason of (i) injury, disability or ill-health, in each case as certified by a qualified medical practitioner nominated by the Absa Group; (ii) dismissal based on operational requirements/redundancy as contemplated in the LRA; (iii) as a result of an approved voluntary early leavers/separation scheme as initiated by the Absa Group; (iv) the termination of the employment of such SA Staff Scheme Participant with the Absa Group, on such SA Staff Scheme Participant attaining Normal Retirement Age or such later age as determined between such SA Staff Scheme Participant and the Absa Group; (v) the relevant member of the Absa Group employing an SA Staff Scheme Participant ceasing to be a subsidiary of Absa; or (vi) the application of section 197 of the LRA, then he/she will continue to retain all of his/her units and corresponding Absa Shares linked thereto.
- 7.12.3 If an SA Staff Scheme Participant ceases to be employed by the Absa Group prior to the Vesting Date by reason of (i) misconduct; (ii) incapacity or inability to perform, including, but not limited to, legal incapacity, poor work performance and/or incompatibility; (iii) mutual separation other than in certain specified circumstances; (iv) resignation; or (v) the termination of the employment of such SA Staff Scheme Participant with the Absa Group on the basis of early retirement, then he/she will forfeit for no value all of his/her rights, benefits and entitlements to his/her units and corresponding Absa Shares linked thereto and will cease to be an SA Staff Scheme Participant of the Staff Trust.
- 7.12.4 Any notional units forfeited prior to the Vesting Date will be retained in the Staff Trust and reallocated to eligible staff who join the Absa Group in the first 3 years of commencement of the SA Staff Scheme on a first-come-first-served basis, such that the new eligible staff will receive the same allocation as the SA Staff Scheme Participants who forfeited his/her rights, benefits and entitlements.

8. INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT OF ABSA MOI

8.1 Increase in Authorised Share Capital

- 8.1.1 As at the Last Practicable Date, there are 44 023 375 authorised but unissued Absa Shares available for issuance, therefore there are insufficient authorised Absa Shares to issue pursuant to the Specific Issue.
- 8.1.2 Consequently, in order to ensure that Absa has sufficient authorised but unissued Absa Shares available for the Specific Issue together with c. 5.9% of “headroom” in relation to the authorised Absa Shares, the Board proposes an increase in Absa’s authorised shares from 891 774 054 Absa Shares to 950 000 000 Absa Shares, through the creation of 58 225 946 additional authorised Absa Shares, in order to provide Absa with the flexibility to implement the Specific Issue whilst maintaining a similar percentage “headroom” as it has as at the Last Practicable Date.
- 8.1.3 If approved by the Absa Shareholders, the Absa Share Increase will become effective on the later of the date on which the required notice of amendment in respect of the corresponding amendments to the Absa MOI is filed with CIPC and approved by the South African Reserve Bank Prudential Authority, as contemplated in section 16(9) of the Companies Act and section 56 of the Banks Act, which date is expected to be approximately three to four weeks after the date of the EGM although Absa Shareholders will be advised of the timing via SENS.

8.2 MOI Amendments

- 8.2.1 Absa requires an amendment to the Absa MOI to increase its authorised but unissued Absa Shares to create sufficient authorised Absa Shares for implementation of the Specific Issue.
- 8.2.2 Accordingly, the Board proposes the MOI Amendments.
- 8.2.3 Details of the MOI Amendments are set out in paragraph 8.1 above and as set out in the Notice of EGM, and a copy of the existing Absa MOI and the MOI Amendments as set out in this Circular will be made available for inspection by the Absa Shareholders.
- 8.2.4 The JSE has approved the proposed MOI Amendments.
- 8.2.5 Absa has applied to the South African Reserve Bank Prudential Authority for approval of the proposed Absa Share Increase and MOI Amendments and anticipates obtaining approval following the EGM.

9. RELATIONSHIP AGREEMENT

The key purpose and function of the Relationship Agreement is to regulate the obligations of the Parties with regard to the establishment and maintenance of the B-BBEE structure and the B-BBEE Status of NS 1405 and the Absa Group. The Relationship Agreement governs matters dealt with elsewhere in this Circular, including composition of board of directors of NS 1405, vesting principles and mechanics, restrictions on disposals and encumbrances and there are customary deemed offer events (such as in the event of insolvency of a shareholder). The Relationship Agreement is available for inspection as set out in paragraph 23 below.

10. ABSA SHAREHOLDER APPROVAL

10.1 Specific Issue

In terms of the Listings Requirements, the Specific Issue constitutes a specific issue of shares which requires the approval by way of an ordinary resolution, achieving a 75% majority of the votes cast in favour by all Absa Shareholders, present or represented by proxy, excluding participants in the Specific Issue and their Associates. Accordingly, in terms of paragraph 5.51 of the Listings Requirements, the votes of NS 1405 will be excluded in determining the number of votes in support of Ordinary Resolution Number 1 as contained in the Notice of EGM. Furthermore, in terms of section 41(1) of the Companies Act, an issue of shares and/or rights in relation thereto must be approved by a special resolution if the shares are issued to a related/inter-related company and/or director and/or prescribed officer. This resolution is required, *inter alia*, as executive Directors and prescribed officers will participate in the SA Staff Scheme alongside other staff. In terms of paragraph 5.51 of the Listings Requirements, the votes of NS 1405 and executive Directors and their Associates (who are related parties in terms of the Listings Requirements), will be excluded from voting on Ordinary Resolution Number 1 as set out in the Notice of EGM.

10.2 Provision of Financial Assistance

Special Resolution Number 3 in the Notice of EGM authorises the Board, to the extent such authorisation is required by section 44 of the Companies Act, to provide direct and/or indirect financial assistance as contemplated in section 44 of the Companies Act in respect of, or in connection with, the Proposed B-BBEE Transaction, in particular the Preference Share Funding. For that resolution to be adopted, at least 75% of the votes cast by Absa Shareholders on the resolution must be exercised in favour of it.

Special Resolution Number 3 (dealing with financial assistance (section 45)) in the Annual General Meeting which precedes the EGM, if adopted, authorises the Board, to the extent such authorisation is required by section 45 of the Companies Act, to provide direct and/or indirect financial assistance as contemplated in section 45 of the Companies Act and Absa intends to rely on this authority insofar as is necessary in order to implement the Proposed B-BBEE Transaction.

10.3 Absa Share Increase

Special Resolution Number 1 set out in the Notice of EGM is the relevant resolution for approving an increase of Absa's authorised shares. In order for Special Resolution Number 1 to be adopted, it must be supported by at least 75% of the voting rights exercised on it.

10.4 MOI Amendments

Special Resolution Number 2 set out in the Notice of EGM is the resolution proposing the MOI Amendments. In order for Special Resolution Number 2 to be adopted, it must be supported by at least 75% of the voting rights exercised on it.

11. CONDITIONS PRECEDENT TO THE PROPOSED B-BBEE TRANSACTION

11.1 The implementation of the Proposed B-BBEE Transaction is subject to and conditional upon, *inter alia*, the fulfilment or, where applicable, waiver of the following key Conditions Precedent by not later than 5 September 2023 (or such later date as Absa may determine in writing), namely:

11.1.1 the EGM is held and the requisite approval of the Absa Shareholders is obtained in respect of the Proposed B-BBEE Transaction and related matters, such that all the Proposed Resolutions are adopted by the Absa Shareholders;

11.1.2 Special Resolution Number 3 in the Annual General Meeting which precedes the EGM, to provide direct and/or indirect financial assistance as contemplated in section 45 of the Companies Act, is approved with the requisite majority;

11.1.3 the required consents and authorisations of each of the Parties have been duly obtained or passed (as the case may be), as more fully detailed in Annexure C to the Framework and Implementation Agreement;

11.1.4 each of the Transaction Documents have become unconditional in accordance with their terms;

11.1.5 the South African Reserve Bank Prudential Authority has approved the proposed Absa Share Increase and MOI Amendments, provided that if such approval is qualified or conditional, the condition in this paragraph 11.1.5 would only be deemed to be fulfilled if Absa agrees to the qualification or condition;

11.1.6 the South African Revenue Service has registered the CSI Trust as a public benefit organisation;

11.1.7 the South African Revenue Service has approved the ruling application in respect of certain tax implications of the Proposed B-BBEE Transaction;

11.1.8 the payment of the Preference Subscription Shares Consideration to NS 1405 in accordance with the terms and subject to the conditions of the Preference Share Subscription Agreement having been approved by the credit committees of Absa;

11.1.9 the amendment to the Absa MOI to reflect the increase to the authorised Absa Share capital is adopted by way of special resolution and filed with CIPC; and

11.1.10 the NS 1405 MOI, including the Class A Preference Share Terms, the Class B Preference Share Terms and the creation of the NS 1405 A Shares, is adopted by way of special resolution and filed with CIPC.

11.2 None of the Conditions Precedent are capable of waiver other than in writing by Absa and provided it would not be unlawful to do so and if not unlawful, provided it would not, reasonably, render the Proposed B-BBEE Transaction materially unauthorised or improperly implemented, or put it and/or the reputation of Absa and/or any of the Parties at any material risk.

- 11.3 An announcement will be released by Absa on SENS and published in the South African press as soon as possible after the fulfilment of the last of the Conditions Precedent.
- 11.4 The implementation of each of the ex-SA Staff Schemes is conditional upon the Proposed B-BBEE Transaction becoming unconditional in accordance with its terms, and any necessary approvals required by each non-South African subsidiary being obtained. Each non-South African subsidiary will have the final discretion on the implementation of the ex-SA Staff Scheme for its jurisdiction.

12. EX-SA STAFF SCHEMES (OUTSIDE SOUTH AFRICA)

- 12.1 Absa believes it is imperative to recognise the valued role all staff play in Absa Group's success by including staff of non-South African subsidiaries in the Staff Schemes. The ex-SA Staff Schemes will contain terms and provisions that will be notionally equivalent to the terms proposed for the South African staff in the SA Staff Scheme.
- 12.2 Subject to the approval of the respective boards of the non-South African subsidiaries and any other relevant approvals required, individual non-South African subsidiaries schemes will be set up in the countries in which such non-South African subsidiaries are incorporated, with the intention that participating non-South African subsidiaries' staff will receive an allocation in cash (not Absa Shares) of the same value and on terms similar to that of all the South African staff (not including the additional 20% allocation for Black South African staff) at around the same time of the vesting of the Absa Shares in the SA Staff Scheme.
- 12.3 The value of all the ex-SA Staff Schemes will be equivalent to approximately 1% of the issued share capital of Absa (after the Specific Issue) and will be funded by the respective non-South African subsidiaries entities themselves.
- 12.4 The use of separate cash-settled schemes in each non-South African subsidiaries' jurisdiction will allow Absa to ensure broad participation while providing flexibility to accommodate the complex issues relating to the number of jurisdictions involved.
- 12.5 The implementation of the ex-SA Staff Schemes is conditional upon the Proposed B-BBEE Transaction becoming unconditional in accordance with its terms, and any necessary approvals required by each non-South African subsidiary being obtained. Each non-South African subsidiary will have the final discretion on the implementation of the ex-SA Staff Schemes for its jurisdiction.

13. FINANCIAL EFFECTS OF THE TRANSACTIONS

13.1 Assumptions on which the *Pro forma* Financial Effects of the Transactions are based

- 13.1.1 The Absa Share price used for purposes of calculating the IFRS 2 Share-based Payment ("**IFRS 2**") charge relating to the SA Staff Scheme and the ex-SA Staff Schemes is the Reference Share Price;
- 13.1.2 The calculation of the expense relating to the CSI Scheme assumes that the trickle dividend is utilised immediately to fund CSI activities; and
- 13.1.3 The IFRS 2 charge is calculated using a Monte Carlo option pricing simulation with the Reference Share Price. The final IFRS 2 charge will be calculated with reference to the share price at the time of the implementation of the Transactions.

13.2 IFRS charge and accounting treatment on which the *Pro forma* Financial Effects of the Transactions are based

- 13.2.1 NS 1405, the CSI Trust and the Staff Trust will be consolidated by Absa and the relevant Absa Shares by NS 1405 are treated as treasury shares for accounting purposes;
- 13.2.2 For illustrative purposes, the IFRS 2 charge relating to the SA Staff Scheme and the ex-SA Staff Schemes are based on the Reference Share Price. The estimated total cost, which includes the SA Staff Scheme and the ex-SA Staff Schemes, is estimated at R3,059 million before taxation which will be recognised over the 5-year vesting period. The SA-Staff Scheme IFRS 2 charge is R2,294 million and the cost of the ex-SA Staff Schemes is expected to be R765 million in respect of the phantom shares, recognised over the five-year scheme period; and
- 13.2.3 Any distributions made to the CSI Trust beneficiaries will be expensed as an operating expense in Absa's consolidated income statement.

13.3 Pro-Forma Financial Effects of the Transactions

- 13.3.1 The *pro forma* financial information, including the *pro forma* financial effects of the Transactions on the financial information of Absa Group as at and for the year ended 31 December 2022, is set out in Annexure 1 of this Circular in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South Africa Institute of Chartered Accountants.
- 13.3.2 The purpose of the *pro forma* financial effects is to illustrate the impact of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions.
- 13.3.3 The *pro forma* financial effects of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the published audited consolidated financial statements of Absa Group for the 12 months ended 31 December 2022.
- 13.3.4 The *pro forma* financial effects of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, are the responsibility of Absa's directors and were prepared for illustrative purposes only and, because of their nature, may not fairly present Absa's financial position, changes in equity, results of operations or cash flows, nor the effect and impact going forward.
- 13.3.5 The *pro forma* financial effects on Absa's, basic earnings per share, diluted earnings per share, basic headline earnings per share and diluted headline earnings per share have been prepared on the assumption that the implementation of the Transactions occurred with effect from 1 January 2022, while the *pro forma* financial effects on Absa's net asset value per share and net tangible asset value per share have been prepared on the assumption that the implementation of the Transactions occurred on 31 December 2022. The information presented below does not purport to be indicative of what the financial results would have been, had the Transactions been implemented on a different date.
- 13.3.6 The table below presents a summary of the detailed *pro forma* financial information, and should be read in conjunction with the *pro forma* consolidated IFRS statement of financial position and *pro forma* consolidated IFRS statement of comprehensive income and related notes and assumptions as set out in Annexure 1:

| | Before the Transactions | <i>Pro forma</i> after the Proposed B-BBEE Transaction | Percentage change (%) | <i>Pro forma</i> after the Transactions | Percentage change (%) |
|--|----------------------------|--|--------------------------|---|--------------------------|
| Basic earnings per Absa Group Share (cents) | 2 478.3 | 2 414.2 | -2.6% | 2 402.0 | -3.1% |
| Diluted earnings per Absa Group Share (cents) | 2 474.7 | 2 405.1 | -2.8% | 2 392.9 | -3.3% |
| Headline earnings per Absa Group Share (cents) | 2 443.2 | 2 379.2 | -2.6% | 2 367.0 | -3.1% |
| Diluted headline earnings per Absa Group (cents) | 2 439.7 | 2 370.2 | -2.8% | 2 358.0 | -3.3% |
| Net asset value per Absa Group Share (cents) | 16 255 | 16 247 | 0.0% | 16 247 | 0.0% |

| | Before the Transactions | <i>Pro forma</i> after the Proposed B-BBEE Transaction | Percentage change (%) | <i>Pro forma</i> after the Transactions | Percentage change (%) |
|--|-------------------------|--|-----------------------|---|-----------------------|
| Tangible net asset value per Absa Group Share (cents) | 14 696 | 14 688 | -0.1% | 14 688 | -0.1% |
| Weighted average number of Absa Group Shares in issue (millions) | 829.4 | 829.4 | 0.0% | 829.4 | 0.0% |
| Weighted average number of diluted Absa Group Shares in issue (millions) | 830.6 | 832.5 | 0.2% | 832.5 | 0.2% |
| Number of Absa Group Shares in issue (millions) | 847.8 | 894.4 | 5.5% | 894.4 | 5.5% |

Notes and assumptions to the *pro forma* financial effects:

1. The "Before the Transactions" column is based on the audited IFRS Annual Financial Statements of Absa for the year ended 31 December 2022.
2. The "*Pro forma* after Proposed B-BBEE Transaction" column reflects the impact of the SA Staff Scheme and the CSI Scheme on Absa Group.
3. Represents the % movement as a result of the Proposed B-BBEE Transaction, being the movement in the Before the Transactions column and the *Pro forma* after Proposed B-BBEE Transaction column.
4. The "*Pro forma* after the Transactions" column reflects the impact of the Staff Schemes and the CSI Scheme on Absa Group.
5. Represents the % movement as a result of the Transactions, being the movement in the Before the Transactions column and the *Pro forma* after Transactions column.

13.4 The detailed notes and assumptions to the financial effects are presented with the *pro forma* consolidated IFRS statement of comprehensive income and the *pro forma* consolidated IFRS statement of financial position illustrating the impact of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, are contained in Annexure 1 to this Circular. The report of the Independent Reporting Accountants in respect of the *pro forma* financial information appears in Annexure 2 to this Circular.

14. INFORMATION ABOUT ABSA

14.1 Nature of Business

- 14.1.1 Absa is incorporated and domiciled in South Africa and has a primary listing on the JSE. Absa and its subsidiaries provide retail, business, corporate, investment and wealth banking, as well as investment management and insurance solutions. As at the Last Practicable Date, the Absa Group operates in 15 countries (12 African countries, the United Kingdom, and the United States of America, with technology resources in the Czech Republic) and employs approximately 35 000 people.
- 14.1.2 The Absa Group owns majority or 100% stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda and Zambia. It also has:
 - 14.1.2.1 bank representative offices in Namibia, Nigeria and New York;
 - 14.1.2.2 securities entities in London and New York;
 - 14.1.2.3 a technology support office in the Czech Republic; and
 - 14.1.2.4 bancassurance operations in Botswana, Kenya, Mozambique, South Africa and Zambia.

- 14.1.3 The Absa Group interacts with customers and clients through a combination of physical and electronic channels, offering a comprehensive range of banking services (from basic products and services for the low-income personal market, to more sophisticated retail products and services, to customised solutions for the commercial and corporate markets), as well as investment and insurance solutions.
- 14.1.4 The Absa Group has moved from two commercial businesses, Corporate and Investment Bank (CIB) Pan-Africa and Retail and Business Banking (RBB) Pan-Africa, to five business units, namely, Everyday Banking, Relationship Banking, Product Solutions Cluster, CIB Pan-Africa and Absa Regional Operations RBB.
- 14.1.5 Everyday Banking
- 14.1.5.1 Everyday Banking offers a comprehensive range of day-to-day banking products and services to a diverse spectrum of retail customers, from those needing basic banking services to those requiring sophisticated financial solutions. This is provided across multiple channels designed to match the expectations of each customer segment, including digital and voice channels, as well as an extensive network of branch and ATM channels.
- 14.1.5.2 Everyday Banking products include:
- 14.1.5.2.1 *Card*: offers credit cards through a mix of Absa-branded and co-branded products, including British Airways. This portfolio also includes partnerships with Woolworths Financial Services, which offers in-store cards, credit cards, personal loans, and Non-Life insurance products;
- 14.1.5.2.2 *Personal Loans*: offers unsecured loans through the Absa Mobile Banking app, internet banking, face-to-face engagements, and the contact centre channels and
- 14.1.5.2.3 *Transactional and Deposits*: offers a full range of transactional banking, savings, and investment products and services through multiple channels.
- 14.1.6 Relationship Banking
- 14.1.6.1 Relationship Banking consists of the business units and associated products, where a named relationship exists and was formed to provide customers with a single 'warm-body' relationship manager rather than multiple touch points within the Absa Group.
- 14.1.6.2 Client segments within this unit includes:
- 14.1.6.2.1 *Small and Medium Enterprises (SMEs)*: which comprise business customers with an annual turnover of up to R20 000 000, that are serviced using a direct coverage model with a mainly branch-based and virtual interface;
- 14.1.6.2.2 *Commercial Segment*: which comprises business customers with an annual turnover above R20 000 000 before being classified as Corporate. These customers are serviced using a relationship-based model, where dedicated sales and service teams provide customised solutions; and
- 14.1.6.2.3 *Private Wealth*: which comprises individuals offered wealth management and private banking services.
- 14.1.7 Product Solutions Cluster
- 14.1.7.1 The Product Solutions Cluster offers a comprehensive suite of product solutions to the retail consumer segment.
- 14.1.7.2 The key business areas of this unit includes:
- 14.1.7.2.1 *Home Loans* – offers residential property-related finance solutions direct to customers through personalised services, a range of electronic channels, and intermediaries such as estate agents and mortgage originators;
- 14.1.7.2.2 *Vehicle and Asset Finance (VAF)* – offers funding solutions for passenger and light commercial vehicles to individual customers through approved dealerships and preferred suppliers. VAF's joint venture with Ford Financial Services is an extension of the business and reinforces the strategic intent of establishing and harnessing relationships with dealers and customers;

- 14.1.7.2.3 *Insurance SA* – includes the following:
 - 14.1.7.2.3.1 Life Insurance offers life insurance, covering death, disability and retrenchment, as well as funeral and life wrapped investment products;
 - 14.1.7.2.3.2 Non-Life Insurance provides non-life insurance solutions to the retail and commercial market segments. Direct-to-client short-term solutions being iDirect and Activate, are also available to the retail market; and
- 14.1.7.2.4 *Non-Banking Financial Services* – includes the following:
 - 14.1.7.2.4.1 Absa Insurance and Financial Advisors which include face-to-face advisors, a digital advice platform and a direct sales service centre;
 - 14.1.7.2.4.2 Stockbroking and Portfolio Management products and services to core middle market, retail affluent, private banking, wealth, and business clients;
 - 14.1.7.2.4.3 Absa Trust facilitates wealth preservation through implementing estate planning solutions, including wills drafting and safe custody of wills, estate administration, trust administration and beneficiary fund administration; and
 - 14.1.7.2.4.4 The investment in Sanlam Investment Holdings and management of the associated distribution agreement.

14.1.8 Corporate and Investment Banking

- 14.1.8.1 Corporate and Investment Banking (CIB) provides innovative solutions to meet customers' needs across various industry sectors such as corporates, financial institutions and public sector bodies. They are serviced by combining CIB's in-depth product knowledge with regional expertise and an extensive, well-established local presence.
- 14.1.8.2 The key business areas of this unit includes:
 - 14.1.8.2.1 *Corporate* – provides corporate banking solutions spanning financing and transactional banking requirements, including trade and working capital solutions, and a full suite of cash management, payments and liquidity products and solutions. These services are provided across the African institutional, corporate and public sector client base. The Absa Investor Services business provides a full suite of custody and trustee services, further building out CIB's services and client value proposition.
 - 14.1.8.2.2 *Investment Bank* – which comprises of:
 - 14.1.8.2.2.1 Global Markets – engages in sales, trading, and research activities across all major asset classes and products in CIB's presence markets, delivering pricing, hedging and risk management capabilities to both corporate and institutional clients;
 - 14.1.8.2.2.2 Investment Banking Division – structures innovative solutions to meet clients' strategic financing and risk management requirements across industry sectors;
 - 14.1.8.2.2.3 Commercial Property Finance (CPF) – specialises in financing commercial, industrial, retail and residential development property across our African footprint as well as cross-border financing in other jurisdictions; and
 - 14.1.8.2.2.4 Private Equity and Infrastructure Investments (PEII) – Infrastructure Investments acted as a principal by investing in equity in entities focused on infrastructure development in sub-Saharan Africa. Private Equity traditionally served as a principal by investing in unlisted equity exposures. This portfolio continues to be reduced in line with the Group's strategy to exit non-core businesses.

14.1.9 Absa Regional Operations (ARO) retail and business banking

The ARO retail and business banking offers a comprehensive suite of:

14.1.9.1 Retail;

14.1.9.2 Business banking; and

14.1.9.3 Insurance products and services,

for individuals, small to medium enterprises and commercial customers across the region in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, Tanzania, Uganda and Zambia.

14.1.10 Various solutions are provided to meet customers' transactional, borrowing, savings, protection and investment needs. The focus is on delivering a superior customer experience matched closely to the needs and expectations of Absa's customers. This is facilitated through branch, self-service, agency banking and digital channels supported by a relationship-based model with a well-defined coverage structure built on specific customer value propositions.

14.1.11 For more detail regarding the nature of the business of the Absa Group, please refer to the integrated report and audited annual financial statements for year ended 31 December 2022, which are available on the Company's website at www.absa.africa.

14.2 Prospects

14.2.1 The outlook for the global, regional and domestic environment remains very uncertain. Geopolitical uncertainty, particularly surrounding the Russia/Ukraine conflict and rising tension between the West and China look likely to impact the outlook for some time. Global financial conditions are expected to tighten further, as central banks continue to express concern over underlying inflation pressure even as headline inflation eases and recent banking sector vulnerabilities constrain appetite to extend credit. Global financial markets are expected to remain volatile and financial flows into emerging markets are expected to remain vulnerable. For South Africa, Absa expects the economy to grow by less than 1% in 2023. Electricity supply is expected to remain a significant risk for the economy for the foreseeable future. Headline inflation is expected to fall back within the Reserve Bank's 6% upper target, although Absa expects only small changes in interest rates through the year. Absa believes that the Financial Action Task Force greylisting will not materially impact the economic outlook for 2023, although it could be a threat to the country's longer-term outlook should remedial action to lift the adverse listing not take place. Absa already complies with rigorous international anti-financial crime standards and regulation.

14.2.2 Absa forecasts 4.4% GDP-weighted economic growth for the ARO presence countries in 2023. On balance, Absa believes that the risks to growth are tilted towards the downside, as the more depressed global environment, the impacts of high domestic inflation and tighter monetary policy in most ARO countries are likely to provide a headwind to growth. Ghana's near-term outlook is clouded by its debt and structural adjustment challenges. Absa expects East African markets, along with Mozambique, to generally perform strongly. Absa does not foresee contagion effects on its business from the recent global banking sector stress given the sound implementation of regulatory reforms and robust prudential supervision.

14.2.3 Based on these assumptions, and excluding further major unforeseen political, macroeconomic or regulatory developments, Absa's guidance for 2023 is as follows: Absa expects high single digit revenue growth, driven by net interest income, given high single digit growth in customer loans and higher policy rates. Absa's net interest margin benefits from rising rates, with a R550m uplift on an annualised basis for a 1% increase in policy rates, post the structural hedge. Given higher rates and inflationary pressures, Absa's credit loss ratio is likely to be at the top end of its through-the-cycle target range of 75 to 100 basis points. Absa expects mid- to high single digit operating expense growth, resulting in a similar cost-to-income ratio to 2022. Absa expects mid- to high single digit pre-provision profit growth.

14.2.4 Consequently, Absa expects to generate a RoE of around 17%. Lastly, Absa's CET 1 capital ratio is expected to remain at the top end of the Board target range of 11.0% to 12.5%. Absa expects to maintain a dividend pay-out ratio of at least 52%.

14.2.5 Given material base effects in 2022, Absa expects stronger revenue and pre-provision profit growth in the first half, although its credit loss ratio is likely to exceed its through-the-cycle range in the first half and dampen earnings growth off a relatively high base. Conversely, despite slower second half revenue growth, credit impairments are expected to decline substantially to support stronger earnings growth in the second half. In terms of medium-term guidance, Absa still aims to achieve a cost-to-income ratio in the low 50s and a RoE above 17% on a sustainable basis, which is heavily dependent on the macro backdrop globally and in its presence countries.

14.2.6 The forecast financial information included in paragraph 14.2 is the sole responsibility of the Board and has not been reviewed or reported on by the Absa's external auditors.

14.3 Share Price History

A table of the aggregate volumes and values of the Absa Shares traded on the JSE, and the highest and lowest prices traded, for each month over the 12 months prior to the Last Practicable Date and for each day over the 30 trading days prior to the Last Practicable Date is included in Annexure 3 to this Circular.

14.4 Share Capital of Absa

The share capital of Absa before and after the Proposed B-BBEE Transaction, in particular the Specific Issue, is set out in the tables below.

Before the Proposed B-BBEE Transaction

Authorised

891 774 054 Absa Shares with a par value of R2.00 each

Issued

847 750 679 Absa Shares with a par value of R2.00 each

20 324 498 treasury shares held by Absa Group entities

Total Issued capital

Share capital R1 654m

Share premium R10 191m

After the Proposed B-BBEE Transaction

Authorised

950 000 000 Absa Shares with a par value of R2.00 each

Issued

894 376 907 Absa Shares with a par value of R2.00 each

66 950 726 treasury shares held by Absa Group entities

Total Issued capital*

Share capital* R1 654m

Share premium* R10 191m

* Note: After the Proposed B-BBEE Transaction, the Absa Group's total issued capital remains the same given that on a consolidated basis treasury shares held by Absa Group entities are eliminated from a financial reporting perspective.

14.5 Litigation Statement

14.5.1 Absa is engaged in various legal, competition and regulatory matters both in South Africa and a number of other jurisdictions. It is involved in legal proceedings which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data protection, money laundering, employment, intellectual property, environmental and other statutory and common law issues.

14.5.2 Other than as disclosed in Absa's Annual Financial Statements for year ending 31 December 2022, there are no legal or arbitration proceedings, pending or threatened, of which the Absa Group is aware, that may have or have had, in the 12-month period prior to the Last Practicable Date, a material effect on the financial positions of the Absa Group.

15. DIRECTORS INFORMATION

15.1 Director of Absa and its Major Subsidiaries

The following table sets out the names, nationality, business address, functions and principal activities of the Directors of Absa and Absa Bank:

| Full Name | Nationality | Business Address | Function | Significant activities outside the Absa Group |
|---------------------------------|-------------------|------------------|--|--|
| Sello Moloko* | South African | N ¹ | Chairman Member of the GRCCM, RemCo, SSEC, and chairman of the DAC | Trustee of the Nelson Mandela Foundation. Non-executive director of M&G Investments SA (formerly Prudential) and Executive Chairman of Thesele Group (an Investment Holding Company) |
| Nonhlanhla Mjoli-Mncube* | South African | N ¹ | Lead independent non-executive director Member of the DAC, SSEC and GCRC, and chairman of the BFC | Serves on the board and audit committee of Zeder Investment Limited, and is a non-executive director of Zeder Financial Services Limited |
| Alex Darko* | Ghanian & British | N ¹ | Independent non-executive director Member of the GACC, RemCo and DAC, and chairman of the ITC | Director at Nkululeko Leadership Consulting where he advises organisations on leadership, culture, strategy, and change management |
| Daisy Naidoo | South African | N ¹ | Independent non-executive director Member of the GACC, GCRC and RemCo | Non-executive director of Hudaco Industries Limited, Mr Price Group Limited and Anglo American Platinum Limited |
| Francis Okomo-Okello* | Kenyan | N ¹ | Independent non-executive director Member of the DAC, and chairman of the SSEC | Chairman of TPS Eastern Africa PLC Limited (Serena Group of Hotels and Lodges), and non-executive director of Nation Media Group PLC. Executive director at Industrial Promotion Services Group of Companies, an affiliate of the Aga Khan Fund for Economic Development |
| Ihron Rensburg | South African | N ¹ | Independent non-executive director Member of the SSEC and RemCo | Chairman of the South African National Commission for UNESCO. The Ombud for the University of Cape Town. Senior advisor to the Principal and Visiting Professor at Kings College London |

| Full Name | Nationality | Business Address | Function | Significant activities outside the Absa Group |
|------------------------------|--------------------|-------------------------|--|---|
| John Cummins | British | N ¹ | Independent non-executive director Member of the GRCCM, GCRC and ITC | Chief Executive Officer of Aviva Capital Partners Limited. Chairman of the Old Members Trust, University College, Oxford. An advisory board member of the Global Pandemic Institute, Liverpool University and the Centre for Cities (London based think tank on cities) |
| René van Wyk* | South African | N ¹ | Independent non-executive director Member of the GACC, DAC and BFC, and chairman of the GRCCM and GCRC | None |
| Rose Keanly* | South African | N ¹ | Independent non-executive director Member of the DAC, ITC and SSEC, and chairman of RemCo Member of the Absa Financial Services Limited Board and chairman of the AFS SSEC and member of the AFS Nominations Committee | Non-executive director of the Gender-Based Violence Fund (GBVF) |
| Swithin Munyantwali | Ugandan & British | N ¹ | Independent non-executive director Member of the GACC and SSEC | Senior legal advisor of bouquet international law firm Appleton Luff. Vice-chairman of the International Law Institute African Centre for Legal Excellence. Board member of the African Philanthropy Forum, and International Law Institute in Washington, DC. |
| Tasneem Abdool-Samad* | South African | N ¹ | Independent non-executive director Member of the GRCCM, BFC and DAC, and chairman of the GACC Independent non-executive chairman of AFS and chairman of the AFS Nominations Committee | Non-executive director of Reunert Limited and Bid Corporation Limited |

| Full Name | Nationality | Business Address | Function | Significant activities outside the Absa Group |
|--------------------------|---------------|------------------|--|---|
| Fulvio Tonelli | South African | N ¹ | Non-executive director Member of the GCRC, GRCMC, ITC and the BFC Non-executive director of Absa Kenya PLC | Non-executive director of Equites Property Fund Limited, The Ethics Institute, and Life Healthcare Group Holdings Limited, and the chairman of the Independent Regulatory Board for Auditors (IRBA) |
| Arrie Rautenbach* | South African | N ¹ | Group Chief Executive Officer Member of the GRCMC, GCRC, SSEC, ITC and MC | None |
| Jason Quinn* | South African | | Group Financial Director Member of the GRCMC, GCRC and ITC, and chairman of the MC Director of AFS, Woolworths Financial Services (Pty) Limited and an employer appointed Trustee of the Absa Pension Fund | None |

N¹ 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001

* Members of the Absa Bank Board

The Board is assisted by various board committees comprising the Directors Affairs Committee (“DAC”), Board Finance Committee (“BFC”); Information Technology Committee (“ITC”); Group Audit and Compliance Committee (“GACC”); Group Credit Risk Committee (“GCRC”); Group Risk and Capital Management Committee (“GRCMC”); Remuneration Committee (“RemCo”); Social, Sustainability and Ethics Committee (“SSEC”); and Models Committee (“MC”).

15.2 Directors Remuneration

There will be no variation in the remuneration to be received by any of the Directors as a direct consequence of the implementation of the Proposed B-BBEE Transaction, including the Specific Issue.

15.3 Directors Interest in Securities

As at the Last Practicable Date the Directors, and persons who were directors of Absa within the preceding 18 (eighteen) months, and any Associates of the aforementioned have the following direct or indirect beneficial interests in the Absa Shares:

| Director | Beneficial direct interest (No. of Shares) | Beneficial indirect interest (No. of Shares) | % of Issued Share Capital |
|-------------------|--|--|---------------------------|
| Arrie Rautenbach | 264 118 | None | 0.03116% |
| Jason Quinn | 148 547 | None | 0.01752% |
| Wendy Lucas-Bull* | 1 000 | 4 625 | 0.00066% |
| Punki Modise ** | 47 315 | None | 0.00558% |
| Total | 460 980 | 4 625 | 0.05492% |

* Note – Resigned as a Director on 31 March 2022

** Note – Resigned as a Director on 31 March 2022, and assumed position of Chief Strategy and Sustainability Officer

There has been no change in the Directors’ interest between the end of the preceding financial year (being 2022) and the Last Practicable Date, save for those incorporated in the above table.

15.4 Directors Interest in Transactions

15.4.1 The Directors, including directors who have resigned in the last 18 months, have no interests in any transactions effected by Absa during the current or immediately preceding financial year or during an earlier financial year, which remain in any respect outstanding or unperformed.

15.4.2 Executive Directors (who are defined as related parties in terms of the Listings Requirements) and Public Officers of Absa are eligible to participate in the SA Staff Scheme and as such, may, through the Staff Trust and NS 1405, indirectly acquire Absa Shares.

16. EXECUTIVE MANAGEMENT INFORMATION

The Absa Group's Executive Committee is responsible for the execution of Absa's Group strategy and day-to-day management of the business, including Absa Bank.

| Full Name | Nationality | Business address | Function in the Absa Group | Significant activities performed outside the Absa Group |
|-------------------------------|---------------|------------------|--|---|
| Arrie Rautenbach | South African | N ¹ | Group Chief Executive Officer | None |
| Jason Quinn | South African | N ¹ | Group Financial Director | None |
| Cowyk Fox | South African | N ¹ | Chief Executive: Everyday Banking | None |
| Faisal Mkhize | South African | N ¹ | Chief Executive: Relationship Banking | None |
| Geoffrey Lee | South African | N ¹ | Chief Executive: Product Solution Cluster | None |
| Charles Russon | South African | N ¹ | Chief Executive: Corporate and Investment Banking | None |
| Saviour Chibiya | South African | N ¹ | Chief Executive: Absa Regional Operations | None |
| Punki Modise | South African | N ¹ | Group Chief Strategy and Sustainability Officer | None |
| Deon Raju | South African | N ¹ | Group Chief Risk Officer | None |
| Akash Singh | South African | N ¹ | Group Chief Compliance Officer | None |
| Johnson Idesoh | British | N ¹ | Group Chief Information and Technology Officer | None |
| Sydney Mbhele | South African | N ¹ | Group Chief Brand, Marketing and Corporate Affairs Officer | None |
| Jeanett Modise | South African | N ¹ | Group Chief People Officer | None |
| Prabashni Naidoo (ex officio) | South African | N ¹ | Group Chief Audit Executive | None |

N¹ 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001

17. EXPENSES

The following expenses and provisions are expected, or have been provided for, in connection with the Proposed B-BBEE Transaction, including the Specific Issue, by Absa. All the fees payable to the parties below are inclusive of value added tax:

| Description | Payable to | Estimated Amount (R) |
|--|---|----------------------|
| Lead Independent Sponsor | J.P. Morgan Equities South Africa Proprietary Limited | 402 500 |
| Financial advisor | Oxford Partners | 28 750 000 |
| Financial advisor | UBS | 14 375 000 |
| Legal (including tax and funding advice) | Edward Nathan Sonnenbergs Inc. | 14 950 000 |
| Printing and Postage | INCE | 230 000 |
| Communications | Brunswick and Fleishman | 4 657 500 |
| Independent Reporting Accountants | KPMG and PWC | 1 771 000 |
| Transfer Secretaries | Computershare Investor Services Proprietary Limited | 40 250 |
| IFRS2 Calculation | Deloitte | 393 300 |
| BEE accreditation | Empowerdex | 232 300 |
| Documentation Fees | JSE | 149 500 |
| Contingency | Various | 3 048 650 |
| Total | | 69 000 000 |

18. DIRECTORS' RECOMMENDATION

18.1 The Board has evaluated the rationale for the Proposed Resolutions, in particular the Specific Issue, as well as the terms of the Specific Issue, and recommends that Absa Shareholders vote in favour of the Proposed Resolutions at the EGM to be convened for the purposes of considering, and if deemed fit, passing, with or without modification, the Proposed Resolutions required to give effect to the Proposed B-BBEE Transaction.

18.2 Directors who hold Absa Shares as disclosed in paragraph 15.3 above, intend voting, where permitted, in favour of the Proposed Resolutions required to give effect to the Proposed B-BBEE Transaction.

19. CONSENTS

All the parties listed in the section entitled "*Corporate Information and Advisors*" have consented in writing to act in the capacities stated and to their names being stated in this Circular and have not withdrawn their consents prior to publication of this Circular.

20. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names and details are provided on page 20 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

21. NOTICE OF EXTRAORDINARY GENERAL MEETING

- 21.1 The EGM of Shareholders will be held at 11:30 or 15 minutes after the conclusion of the Annual General Meeting (whichever is later) on Friday, 2 June 2023 to consider, and if deemed fit, to pass, with or without modification, the Proposed Resolutions
- 21.2 Absa Shareholders are referred to the Notice of EGM (attached to and forming part of this Circular) for details on the Proposed Resolutions to be proposed at the EGM and to page 4 of this Circular stipulating the action required by Absa Shareholders, and for information on the procedure to be followed by Absa Shareholders in order to exercise their votes at the EGM.
- 21.3 All of the Proposed Resolutions are inter-conditional.

22. ACTION TO BE TAKEN BY SHAREHOLDERS

Please refer to page 4 of this Circular, which sets forth in detail the actions required to be taken by Absa Shareholders in connection with the EGM.

23. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at Absa's registered office at 7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001 during normal business hours (09:00 to 17:00) and/or by email request from groupsec@absa.africa from 2 May 2023 up to and including 2 June 2023:

- 23.1 this Circular;
- 23.2 the existing Memorandum of Incorporation of Absa;
- 23.3 the NS 1405 Subscription Agreement;
- 23.4 the CSI Trust Subscription Agreement;
- 23.5 the Staff Trust Subscription Agreement;
- 23.6 the Relationship Agreement;
- 23.7 the NS 1405 MOI;
- 23.8 the Staff Trust Deed;
- 23.9 the CSI Trust Deed;
- 23.10 Class A Preference Share Finance Documents;
- 23.11 Class B Preference Share Finance Documents;
- 23.12 the audited annual financial information of Absa for the three years ended 31 December 2022, 2021 and 2020;
- 23.13 Independent Reporting Accountant's reasonable assurance report in respect of *pro forma* financial information; and
- 23.14 each of the consent letters referred to in paragraph 19 above.

By order of the Board

Nadine Drutman
Group Company Secretary
Johannesburg
2 May 2023

Registered Office
7th Floor
Absa Towers West
15 Troye Street
Johannesburg
2001

PRO FORMA FINANCIAL INFORMATION

Basis of preparation

The *pro forma* financial information of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, comprising of the *pro forma* consolidated IFRS statement of comprehensive income and the *pro forma* consolidated IFRS statement of financial position set out below, is based on the published audited financial statements of Absa Group for the 12 months ended 31 December 2022.

The *pro forma* financial information of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, has been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS) and that are consistent with those applied in the published audited consolidated financial statements of Absa Group for the 12 months ended 31 December 2022, in accordance with the applicable criteria of the JSE Listings Requirements, and in terms of the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

The *pro forma* financial information of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, is the responsibility of Absa's directors.

The *pro forma* financial information of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions has been prepared for illustrative purposes only and, because of its nature, may not fairly present Absa's financial position, changes in equity, results of operations or cash flows, nor the effect and impact going forward. The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants reasonable assurance report thereon contained in Annexure 2 to this Circular.

The *pro forma* financial information set out below has been prepared on the assumption that the implementation of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, occurred with effect from 1 January 2022 for *pro forma* consolidated IFRS statement of comprehensive income purposes and on 31 December 2022 for *pro forma* consolidated IFRS statement of financial position purposes. The information presented below does not purport to be indicative of what the financial results would have been, had the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions been implemented on a different date.

Major assumptions on which the *Pro forma* Financial Information of the Transactions is based

The Absa Share price used for purposes of calculating the IFRS 2 Share-based Payment ("**IFRS 2**") charge relating to the SA Staff Scheme and the Ex-SA Staff Schemes is the Reference Share Price.

The IFRS 2 charge is calculated using a Monte Carlo option pricing simulation with the Reference Share Price used as an input in the simulation. The final IFRS 2 charge will be calculated with reference to the share price at the time of the implementation of the Transactions.

The calculation of the expense relating to the CSI Scheme assumes that the trickle dividend is utilised immediately to fund CSI activities.

IFRS charge and accounting treatment on which the *Pro forma* Financial Information of the Transactions are based

NS 1405, the CSI Trust and the Staff Trust will be consolidated by Absa and the relevant Absa Shares held by NS 1405 are treated as treasury shares (i.e. shares not issued) for accounting purposes;

For illustrative purposes, the IFRS 2 charges relating to the SA Staff Scheme and the Ex-SA Staff Scheme are based on the Reference Share Price. The SA Staff Scheme is accounted for as an equity-settled share-based payment transaction while the Ex-SA Staff Scheme is accounted for as a cash-settled share-based payment transaction. The estimated total cost, which includes the SA Staff Scheme and the Ex-SA Staff Scheme, is estimated at R3,059 million before taxation which will be recognised over the 5-year vesting period and as such have a continuing effect over the duration of the scheme. The SA Share Scheme IFRS 2 charge is R2,294 million and the cost of the Ex-SA Staff Scheme is expected to be R765 million in respect of the phantom shares, recognised over the 5-year scheme period;

Trickle dividends that accrue to eligible participants as cash distributions under the SA Staff Scheme and Ex-SA Staff Schemes results in a reduction in the share-based payment reserve and cash-settled liability for the SA Staff Scheme and Ex-SA Staff Schemes respectively, with no resultant cost impact in the *pro forma* financial effects; and

The CSI Trust is outside the scope of IFRS 2 for accounting purposes as the definition for a share-based payment arrangement is not met. Any distributions made to the CSI Trust beneficiaries will be treated as an expense and accounted for within operating expenses in Absa's consolidated IFRS statement of comprehensive income on a continuing basis.

***Pro forma* consolidated IFRS statement of comprehensive income (R'm)**

for the year ended 31 December 2022

The *pro forma* consolidated IFRS statement of comprehensive income for the year ended 31 December 2022 has been prepared to show the impact of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions as if they were effective 1 January 2022.

| | Audited Results ¹ | Impact of SA Staff Scheme and CSI Scheme ² | <i>Pro forma</i> after effect of the proposed B-BBEE Transaction ³ | Impact of Ex-SA Staff Schemes ⁴ | <i>Pro forma</i> after effect of the Transactions ⁵ |
|--|------------------------------|---|---|--|--|
| Net interest income | 60 498 | – | 60 498 | – | 60 498 |
| Interest and similar income | 112 232 | – | 112 232 | – | 112 232 |
| Effective interest income | 110 314 | – | 110 314 | – | 110 314 |
| Other interest income | 1 918 | – | 1 918 | – | 1 918 |
| Interest expense and similar charges | (51 734) | – | (51 734) | – | (51 734) |
| Non-interest income | 38 420 | – | 38 420 | – | 38 420 |
| Net fee and commission income | 23 710 | – | 23 710 | – | 23 710 |
| Fee and commission income | 27 595 | – | 27 595 | – | 27 595 |
| Fee and commission expense | (3 885) | – | (3 885) | – | (3 885) |
| Net insurance premium income | 9 453 | – | 9 453 | – | 9 453 |
| Net claims and benefits incurred on insurance contracts | (4 854) | – | (4 854) | – | (4 854) |
| Changes in investment and insurance contract liabilities | 1 428 | – | 1 428 | – | 1 428 |
| Gains and losses from banking and trading activities | 7 728 | – | 7 728 | – | 7 728 |
| Gains and losses from investment activities | (532) | – | (532) | – | (532) |
| Other operating income | 1 487 | – | 1 487 | – | 1 487 |
| Total income | 98 918 | – | 98 918 | – | 98 918 |
| Impairment losses | (13 703) | – | (13 703) | – | (13 703) |

Pro forma consolidated IFRS statement of comprehensive income (R'm) continued
for the year ended 31 December 2022

| | Audited Results ¹ | Impact of SA Staff Scheme and CSI Scheme ² | Pro forma after effect of the proposed B-BBEE Transaction ³ | Impact of Ex-SA Staff Schemes ⁴ | Pro forma after effect of the Transactions ⁵ |
|--|------------------------------|---|--|--|---|
| Operating income before operating expenditure | 85 215 | – | 85 215 | – | 85 215 |
| Operating expenses | (52 009) | (634) | (52 643) | (153) | (52 796) |
| Other expenses ^{2(a)} | (2 541) | – | (2 541) | – | (2 541) |
| Other impairments | (591) | – | (591) | – | (591) |
| Indirect taxation | (1 950) | – | (1 950) | – | (1 950) |
| Share of profits (losses) from associates and joint ventures (JVs) | 137 | – | 137 | – | 137 |
| Operating profit before income tax | 30 802 | (634) | 30 168 | (153) | 30 015 |
| Taxation (expense)/ benefit ^{2(b)} | (8 091) | 102 | (7 989) | 52 | (7 937) |
| Profit (loss) for the reporting period | 22 711 | (532) | 22 179 | (101) | 22 077 |
| Profit attributable to group equity holders | 20 555 | (532) | 20 023 | (101) | 19 921 |
| Non-controlling interest – ordinary shares | 1 281 | – | 1 281 | – | 1 281 |
| Non-controlling interest – preference shares | 266 | – | 266 | – | 266 |
| Other equity– Additional Tier 1 capital | 609 | – | 609 | – | 609 |

Pro forma consolidated IFRS statement of comprehensive income (R'm) continued
for the year ended 31 December 2022

| | Audited Results ¹ | Impact of SA Staff Scheme and CSI Scheme ² | Pro forma after effect of the Proposed B-BBEE Transaction ³ | Impact of Ex-SA Staff Schemes ⁴ | Pro forma after effect of the Transactions ⁵ |
|--|------------------------------|---|--|--|---|
| Profit for the reporting period | 22 711 | (532) | 22 179 | (101) | 22 077 |
| Items that will not be reclassified to profit or loss | (19) | – | (19) | – | (19) |
| Movement on equity instruments designated at fair value through other comprehensive income (FVOCI) | (1) | – | (1) | – | (1) |
| Fair value gains | (1) | – | (1) | – | (1) |
| Deferred tax | – | – | – | – | – |
| Movement on liabilities designated at FVTPL due to changes in own credit risk | (151) | – | (151) | – | (151) |
| Fair value losses | (202) | – | (202) | – | (202) |
| Deferred tax | 51 | – | 51 | – | 51 |
| Movement in retirement benefit fund assets and liabilities | 133 | – | 133 | – | 133 |
| Increase/(decrease) in retirement benefit surplus | (37) | – | (37) | – | (37) |
| Decrease/(increase) in retirement benefit deficit | 148 | – | 148 | – | 148 |
| Deferred tax | 22 | – | 22 | – | 22 |

Pro forma consolidated IFRS statement of comprehensive income (R'm) continued
for the year ended 31 December 2022

| | Audited Results ¹ | Impact of SA Staff Scheme and CSI Scheme ² | <i>Pro forma</i> after effect of the of Proposed B-BBEE Transaction ³ | Impact of Ex-SA Staff Schemes ⁴ | <i>Pro forma</i> after effect of the Transactions ⁵ |
|---|---------------------------------|--|---|--|---|
| Items that are or may be subsequently reclassified to profit or loss | (6 503) | – | (6 503) | – | (6 503) |
| Movement in foreign currency translation reserve | (1 789) | – | (1 789) | – | (1 789) |
| Differences in translation of foreign operations | (1 789) | – | (1 789) | – | (1 789) |
| Release to profit or loss | – | – | – | – | – |
| Movement in cash flow hedging reserve | (4 477) | – | (4 477) | – | (4 477) |
| Fair value (losses)/gains | (3 460) | – | (3 460) | – | (3 460) |
| Amounts transferred within other comprehensive income | 21 | – | 21 | – | 21 |
| Amount removed from other comprehensive income and recognised in profit or loss | (2 718) | – | (2 718) | – | (2 718) |
| Deferred tax | 1 680 | – | 1 680 | – | 1 680 |
| Movement in fair value of debt instruments measured at FVOCI | (237) | – | (237) | – | (237) |
| Fair value gains/(losses) | (364) | – | (364) | – | (364) |
| Release to profit or loss | (7) | – | (7) | – | (7) |
| Deferred tax | 134 | – | 134 | – | 134 |
| Comprehensive income | 16 189 | (532) | 15 657 | (101) | 15 556 |

Reconciliation of *pro forma* earnings to *pro forma* headline earnings (R'm)

| | Audited Results ¹ | Impact of SA Staff Scheme and CSI Scheme ² | <i>Pro forma</i> after effect of the Proposed B-BBEE Transaction ⁵ | Impact of Ex-SA Staff Schemes ⁶ | <i>Pro forma</i> after effect of the Transactions ⁷ |
|---|------------------------------|---|---|--|--|
| Headline earnings | | | | | |
| Headline earnings is determined as follows: | | | | | |
| Profit attributable to ordinary equity holders of the Group | 20 555 | (532) | 20 023 | (101) | 19 921 |
| Total headline earnings adjustment: | (291) | – | (291) | – | (291) |
| IFRS 5 – Profit on disposal of non-current assets held for sale | (652) | – | (652) | – | (652) |
| IAS 16 – Profit on disposal of property and equipment | (6) | – | (6) | – | (6) |
| IAS 16 & 36 – Insurance recovery of property and equipment damaged during riots | (92) | – | (92) | – | (92) |
| IAS 36 – Impairment of property and equipment | 254 | – | 254 | – | 254 |
| IAS 36 – Impairment of intangible assets | 185 | – | 185 | – | 185 |
| IAS 38 – Loss on disposal of intangible assets | 1 | – | 1 | – | 1 |
| IAS 40 – Change in fair value of investment properties | 15 | – | 15 | – | 15 |
| Change in tax rate | 4 | – | 4 | – | 4 |
| Headline earnings/diluted headline earnings⁶ | 20 264 | | 19 732 | | 19 630 |
| Headline earnings per ordinary share (cents)⁷ | 2 443.2 | | 2 379.2 | | 2 367.0 |
| Diluted headline earnings per ordinary share (cents)⁷ | 2 439.7 | | 2 370.2 | | 2 358.0 |

Key Metrics

| | Audited Results ¹ | Impact of SA Staff Scheme and CSI Scheme ² | Pro forma after effect of the Proposed B-BBEE Transaction ³ | Impact of Ex-SA Staff Schemes ⁴ | Pro forma after effect of the Transactions ⁵ |
|--|------------------------------|---|--|--|---|
| Basic earnings per Absa Group Share (cents) | 2 478.3 | | 2 414.2 | | 2 402.0 |
| Diluted earnings per Absa Group Share (cents) | 2 474.7 | | 2 405.1 | | 2 392.9 |
| Basic headline earnings per Absa Group Share (cents) | 2 443.2 | | 2 379.2 | | 2 367.0 |
| Diluted headline earnings per Absa Group (cents) | 2 439.7 | | 2 370.2 | | 2 358.0 |
| Weighted average number of Absa Group Shares in issue (millions) | 829.4 | – | 829.4 | – | 829.4 |
| Weighted average number of diluted Absa Group Shares in issue (millions) | 830.6 | 1.9 | 832.5 | – | 832.5 |
| Number of Absa Group Shares in issue (millions) | 847.8 | 46.6 | 894.4 | – | 894.4 |

Notes to the *pro forma* consolidated IFRS statement of comprehensive income:

- The "Audited Results" column presents the consolidated IFRS statement of comprehensive income of Absa Group, extracted without adjustment, from the audited annual consolidated financial statements of Absa Group for the year ended 31 December 2022.
- The *Pro forma* impact of the SA Staff Scheme and CSI Scheme column presents *pro forma* adjustments as follows:
 - Operating expenses has been adjusted to include:
 - The SA Staff Scheme gives rise to shares which are treated as share options for accounting purposes in terms of IFRS 2: *Share Based Payment* ("IFRS 2"). The estimated total equity-settled share-based payment expense for the SA Staff Scheme is R2,294 million before taxation for the year ended 31 December 2022, based on the valuation of the SA Staff Scheme which includes the consideration of the payment of the trickle dividend, with no share-based payment expense on initial recognition of the SA Staff Scheme. The equity-settled share-based payment expense accrues over the five-year period through the statement of comprehensive income and as such has a continuing effect over the duration of the scheme. As a result, a *pro forma* expense of R458.8 million before taxation is recognised for the year ended 31 December 2022 as part of operating expenses.
 - For purposes of the *pro forma* financial information, trickle dividends that accrue under the CSI Scheme are assumed to be utilised to fund CSI initiatives during the financial period in which they are received, resulting in a *pro forma* cost of R100.6 million recognised for the year ended 31 December 2022 as part of operating expenses. To the extent that the trickle dividend continues to be utilised to fund CSI initiatives, the cost will have a continuing effect over the duration of the CSI Scheme.
 - Initial implementation costs for the Proposed B-BBEE Transaction recognised of approximately R69.0 million including VAT. This adjustment is not expected to have a continuing effect post implementation.
 - Administration costs for the Proposed B-BBEE Transaction recognised in NS 1405 of R5.8 million including VAT on the basis that NS 1405 is not registered for VAT. This adjustment is expected to have a continuing effect over the duration of the scheme.
 - Income tax expense (benefit) has been adjusted for the taxation effect of the IFRS 2 charge for the SA Staff Scheme of R101.9 million for the year ended 31 December 2022. The taxation effect of the IFRS 2 charge has a continuing effect over the duration of the scheme.
- The "*Pro forma* after effect of the Proposed B -BBEE Transaction" column reflects the *pro forma* consolidated IFRS statement of comprehensive income of Absa after the *pro forma* adjustments detailed in point 2 above.
- The "Impact of ex-SA Staff Schemes" column presents *pro-forma* adjustments as follows:
 - Operating expenses have been adjusted for the cash-settled share-based payment expense per IFRS 2 of R152.9 million before taxation for the year ended 31 December 2022, based on the valuation of the ex-SA Staff Scheme which includes the consideration of the payment of the trickle dividend, on the assumption that all Absa group companies outside South Africa agree to implement the ex-SA Staff Schemes in their respective jurisdictions. The cash-settled share-based payment expense per IFRS 2 accrues over the five-year period through the statement of comprehensive income and as such has a continuing effect over the duration of the ex-SA Staff Schemes and will be remeasured at each reporting date, and

- b. Income tax expense (benefit) has been adjusted for the taxation effect of the cash-settled share-based payment expense per IFRS 2 of R51.5 million for the year ended 31 December 2022. The taxation effect of the IFRS 2 charge has a continuing effect over the duration of the ex-SA Staff Schemes.
5. The "Pro forma after effect of the Transactions column" reflects the *pro forma* consolidated IFRS statement of comprehensive income of Absa Group after the cumulative *pro forma* adjustments detailed in notes 2 and 4 above.
6. *Pro forma* basic and diluted earnings and *pro forma* headline earnings per share metrics have been presented based on the assumption that the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, were implemented on 1 January 2022 as follows:

| | Audited results ¹ | <i>Pro forma</i> after effect of the Proposed B-BBEE Transaction ³ | <i>Pro forma</i> after effect of the Transactions ⁵ |
|--|---------------------------------|---|---|
| Pro forma earnings per share | | | |
| Pro forma basic earnings per share | | | |
| <i>Pro forma</i> basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders, by the weighted average number of ordinary shares in issue during the reporting period. | | | |
| Pro forma basic earnings attributable to ordinary equity holders (R'm) | 20 555 | 20 023 | 19 921 |
| <i>Pro forma</i> weighted average number of ordinary shares in issue (million) | 829.4 | 829.4 | 829.4 |
| <i>Pro forma</i> issued shares at the beginning and end of the reporting period (million) ⁸ | 847.8 | 894.4 | 894.4 |
| <i>Pro forma</i> treasury shares held by Group entities (million) | (18.4) | (65.0) | (65.0) |
| Pro forma basic earnings per share (cents) | 2 478.3 | 2 414.2 | 2 402.0 |
| Pro forma diluted earnings per share | | | |
| <i>Pro forma</i> diluted earnings are determined by adjusting profit or loss attributable to the ordinary equity holders and the weighted average number of ordinary shares in issue for the effects of all dilutive potential shares. | | | |
| Pro forma diluted earnings attributable to ordinary equity holders (R'm) | 20 555 | 20 023 | 19 921 |
| <i>Pro forma</i> diluted weighted average number of ordinary shares in issue (million) | 830.6 | 832.5 | 832.5 |
| <i>Pro forma</i> weighted average number of ordinary shares in issue (million) | 829.4 | 829.4 | 829.4 |
| <i>Pro forma</i> adjustments for share options issued at no value (million) | 1.2 | 1.2 | 1.2 |
| <i>Pro forma</i> adjustments for CSI & SA Staff Scheme (million) | – | 1.9 | 1.9 |
| Pro forma diluted earnings per share (cents) | 2 474.7 | 2 405.1 | 2 392.9 |

Pro forma consolidated IFRS statement of financial position (R'm)
for the year ended 31 December 2022

| | Audited Results ⁷ | Impact of SA Staff Scheme and CSI Scheme ⁹ | Pro forma after effect of the Proposed B-BBEE Transaction ¹⁰ | Impact of ex-SA Staff Schemes | Pro forma after effect of the Transactions ¹¹ |
|--|------------------------------|---|---|-------------------------------|--|
| Assets | | | | | |
| Cash & balances with central banks ^{9(a)} | 67 179 | (69) | 67 110 | – | 67 110 |
| Investment securities | 215 637 | – | 215 637 | – | 215 637 |
| Trading portfolio assets | 206 436 | – | 206 436 | – | 206 436 |
| Hedging portfolio assets | 4 973 | – | 4 973 | – | 4 973 |
| Other assets | 25 190 | – | 25 190 | – | 25 190 |
| Current tax assets | 657 | – | 657 | – | 657 |
| Non-current assets held for sale | 212 | – | 212 | – | 212 |
| Loans and advances | 1 213 399 | – | 1 213 399 | – | 1 213 399 |
| Reinsurance assets | 663 | – | 663 | – | 663 |
| Investments linked to investment contracts | 19 288 | – | 19 288 | – | 19 288 |
| Investments in associates and joint ventures | 2 409 | – | 2 409 | – | 2 409 |
| Investment properties | 397 | – | 397 | – | 397 |
| Property and equipment | 15 325 | – | 15 325 | – | 15 325 |
| Goodwill and intangible assets | 12 901 | – | 12 901 | – | 12 901 |
| Deferred tax assets | 8 535 | – | 8 535 | – | 8 535 |
| Total assets | 1 793 201 | (69) | 1 793 132 | – | 1 793 132 |
| Liabilities | | | | | |
| Trading portfolio liabilities | 94 895 | – | 94 895 | – | 94 895 |
| Hedging portfolio liabilities | 2 237 | – | 2 237 | – | 2 237 |
| Other liabilities | 36 520 | – | 36 520 | – | 36 520 |
| Provisions | 5 912 | – | 5 912 | – | 5 912 |
| Current tax liabilities | 971 | – | 971 | – | 971 |
| Non-current liabilities held for sale | 26 | – | 26 | – | 26 |
| Deposits | 1 241 919 | – | 1 241 919 | – | 1 241 919 |
| Debt securities in issue | 205 519 | – | 205 519 | – | 205 519 |
| Liabilities under investment contracts | 19 999 | – | 19 999 | – | 19 999 |
| Policyholder liabilities under insurance contracts | 5 384 | – | 5 384 | – | 5 384 |
| Borrowed funds | 26 420 | – | 26 420 | – | 26 420 |
| Deferred tax liabilities | 351 | – | 351 | – | 351 |
| Total liabilities | 1 640 153 | – | 1 640 153 | – | 1 640 153 |

Pro forma consolidated IFRS statement of financial position (R'm) continued
for the year ended 31 December 2022

| | Audited Results ⁷ | Impact of SA Staff Scheme and CSI Scheme ⁹ | Pro forma after effect of the Proposed B-BBEE Transaction ¹⁰ | Impact of ex-SA Staff Schemes | Pro forma after effect of the Transactions ¹¹ |
|--|------------------------------|---|---|-------------------------------|--|
| Equity | | | | | |
| Capital and reserves | | | | | |
| Attributable to ordinary equity holders: | | | | | |
| – Share capital | 1 654 | – | 1 654 | – | 1 654 |
| – Share premium | 10 191 | – | 10 191 | – | 10 191 |
| – Retained earnings ^{9(b)} | 121 764 | (69) | 121 695 | – | 121 695 |
| – Other reserves | 887 | – | 887 | – | 887 |
| | 134 496 | (69) | 134 427 | – | 134 427 |
| Non-controlling interest – ordinary shares | 6 405 | – | 6 405 | – | 6 405 |
| Non-controlling interest – preference shares | 4 644 | – | 4 644 | – | 4 644 |
| Other equity – Additional Tier 1 capital | 7 503 | – | 7 503 | – | 7 503 |
| Total equity | 153 048 | (69) | 152 979 | – | 152 979 |
| Total liabilities and equity | 1 793 201 | (69) | 1 793 132 | – | 1 793 132 |

Key Metrics

| | Audited Results ⁷ | Impact of SA Staff Scheme and CSI Scheme ⁹ | Pro forma after effect of the Proposed B-BBEE Transaction ¹⁰ | Impact of ex-SA Staff Schemes | Pro forma after effect of the Transactions ¹¹ |
|---|------------------------------|---|---|-------------------------------|--|
| Net asset value per Absa Group Share (cents) | 16 255 | | 16 247 | | 16 247 |
| Tangible net asset value per Absa Group Share (cents) | 14 696 | | 14 688 | | 14 688 |
| Number of Absa Group Shares in issue (excl. Treasury Shares) (millions) | 827.4 | – | 827.4 | – | 827.4 |

Notes to the pro forma consolidated IFRS statement of financial position:

- The "Audited Results" column presents the consolidated IFRS statement of financial position of Absa Group, extracted without adjustment, from the audited annual consolidated financial statements of Absa Group as at 31 December 2022.
- The effects incorporate the fresh issuance of 46.6 million new Absa shares for cash. The subscription is financed through existing cash in the structure (R330 million), a preference share issuance to Absa Group (R6,409 million), and a capital contribution (R1,888 million) by Absa Bank and fellow South African subsidiaries. The preference share issuance and capital contribution are group neutral, with the effects eliminated on consolidation.
- The *Pro forma* impact of the SA Staff Scheme and CSI Scheme column presents the *pro forma* adjustments as follows:
 - "Cash & balances with central banks" has been adjusted for the assumed cash settlement of initial implementation costs for the Proposed B-BBEE Transaction of approximately R69.0 million including VAT; and
 - "Retained earnings" has been adjusted for initial implementation costs for the Proposed B-BBEE Transaction of approximately R69.0 million including VAT.
- The "Pro forma after effect of the Proposed B-BBEE Transaction" column reflects the *pro forma* consolidated IFRS statement of financial position of Absa Group after the *pro forma* adjustments detailed in note 9 above.
- The "Pro forma after effect of the Transactions" column reflects the *pro forma* consolidated IFRS statement of financial position of Absa Group after the *pro forma* adjustments detailed in note 9 above.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION

To the Directors of Absa Group Limited

The definitions set out in the Definitions and Interpretations section of the Absa Group Limited ("**Absa**" or "**Group**") Circular ("**Circular**") of which this Independent Reporting Accountants' Assurance Report forms a part, apply to this document unless otherwise provided herein.

KPMG Inc. and PricewaterhouseCoopers Inc. ("**the joint audit firms**") have completed our assurance engagement to report on the compilation of *pro forma* financial information of Absa, by the Directors of Absa ("**Directors**").

The *pro forma* financial information, as set out in Paragraph 13.2 and Annexure 1: *Pro forma* Financial Information of the Circular, consists of the *pro forma* earnings and diluted earnings per share, *pro forma* headline and diluted headline earnings per share, *pro forma* net asset value per share and *pro forma* tangible net asset value per share of the Group, *pro forma* consolidated statement of financial position as at 31 December 2022, the *pro forma* consolidated statement of comprehensive income for the year ended 31 December 2022, and related notes (collectively the "**Pro forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the *Pro forma* Financial Information are specified in paragraphs 8.15 to 8.33 of the JSE Limited ("**JSE**") Listings Requirements and described in Paragraph 13.2 and Annexure 1: *Pro forma* Financial Information of the Circular.

The *Pro forma* Financial Information has been compiled by the Directors to illustrate the impact of the implementation of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions described in the body of the Circular, on the Group's consolidated statement of financial position as if the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, had been effective on 31 December 2022, and the Group's consolidated statement of comprehensive income for the year then ended, as if the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions had been effective on 1 January 2022. As part of this process, information about the Group's financial position, and financial performance has been extracted by the Directors from the Group's audited financial statements for the year ended 31 December 2022.

Directors' Responsibility for the Pro forma Financial Information

The Directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 13.2 and Annexure 1: *Pro forma* Financial Information of the Circular ("**Applicable Criteria**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The joint audit firms apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements or Other Assurance or Related Services Engagements* which requires the joint audit firms to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements and described in Paragraph 13.2 and Annexure 1: *Pro forma* Financial Information of the Circular, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the implementation of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, on the unadjusted audited financial statements of the Group as if the implementation of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the implementation of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions at 31 December 2022 for purposes of the Group's consolidated IFRS statement of financial position and at 1 January 2022 for purposes of the Group's consolidated IFRS statement of comprehensive income, would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the implementation of the Proposed B-BBEE Transaction on a stand-alone basis, and cumulatively the Transactions, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Financial Information reflects the proper application of those adjustments to the unadjusted audited financial statements for the year ended 31 December 2022.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *Pro forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 13.2 and Annexure 1: *Pro forma* Financial Information of the Circular.

Restriction on use

This report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
85 Empire Road
Parktown
2193
Johannesburg, South Africa

Director: Heather Berrange
Registered Auditor

25 April 2023

PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City, Jukskei View
2090
Johannesburg, South Africa

Director: John Bennett
Registered Auditor

25 April 2023

TRADING HISTORY OF ABSA SHARES ON THE JSE

Monthly

| Date | Close | High | Low | Value | Volume |
|-------------|--------------|-------------|------------|----------------|---------------|
| 28/02/2023 | 19 845 | 20 775 | 18 588 | 11 605 740 761 | 58 923 483 |
| 31/01/2023 | 19 885 | 20 466 | 19 231 | 8 368 314 426 | 42 070 737 |
| 31/12/2022 | 19 390 | 20 700 | 18 161 | 9 853 268 977 | 51 103 522 |
| 30/11/2022 | 20 519 | 21 100 | 19 100 | 11 533 572 076 | 57 360 107 |
| 31/10/2022 | 19 974 | 20 436 | 17 256 | 11 207 193 472 | 60 051 782 |
| 30/09/2022 | 17 663 | 19 050 | 17 225 | 37 116 171 914 | 211 303 094 |
| 31/08/2022 | 17 802 | 19 157 | 16 642 | 14 852 714 255 | 81 336 183 |
| 31/07/2022 | 17 002 | 17 241 | 15 002 | 8 279 972 291 | 51 487 081 |
| 30/06/2022 | 15 460 | 18 512 | 15 302 | 11 818 741 394 | 71 913 997 |
| 31/05/2022 | 18 368 | 18 368 | 15 449 | 12 139 981 666 | 72 471 741 |
| 30/04/2022 | 17 184 | 19 492 | 16 291 | 29 545 037 739 | 175 107 169 |
| 31/03/2022 | 19 044 | 19 536 | 15 631 | 13 733 849 805 | 76 465 706 |
| 28/02/2022 | 17 664 | 18 513 | 16 650 | 8 158 070 675 | 46 696 185 |

Daily

| Date | Close | High | Low | Value | Volume |
|-------------|--------------|-------------|------------|---------------|---------------|
| 19/04/2023 | 17 611 | 17 699 | 17 150 | 482 177 768 | 2 755 164 |
| 18/04/2023 | 18 176 | 18 564 | 18 064 | 548 094 750 | 3 006 839 |
| 17/04/2023 | 18 343 | 18 786 | 18 265 | 512 273 031 | 2 782 662 |
| 14/04/2023 | 18 654 | 18 690 | 18 380 | 415 066 931 | 2 233 934 |
| 13/04/2023 | 18 503 | 18 780 | 18 401 | 860 981 330 | 4 647 858 |
| 12/04/2023 | 18 661 | 18 801 | 18 200 | 796 463 268 | 4 276 143 |
| 11/04/2023 | 18 554 | 18 884 | 18 290 | 630 458 696 | 3 387 941 |
| 06/04/2023 | 18 405 | 18 523 | 18 180 | 254 169 293 | 1 382 312 |
| 05/04/2023 | 18 340 | 18 870 | 18 315 | 372 029 891 | 2 017 861 |
| 04/04/2023 | 18 679 | 18 875 | 18 388 | 294 983 803 | 1 557 005 |
| 03/04/2023 | 18 460 | 18 598 | 18 215 | 363 455 119 | 1 968 243 |
| 31/03/2023 | 18 178 | 18 374 | 18 012 | 360 979 350 | 1 987 043 |
| 30/03/2023 | 18 323 | 18 541 | 18 147 | 190 220 689 | 1 034 373 |
| 29/03/2023 | 18 367 | 18 550 | 18 232 | 326 687 618 | 1 778 095 |
| 28/03/2023 | 18 317 | 18 528 | 17 901 | 497 713 246 | 2 710 787 |
| 27/03/2023 | 17 933 | 18 200 | 17 840 | 279 418 646 | 1 554 121 |
| 24/03/2023 | 17 708 | 18 000 | 17 419 | 574 896 558 | 3 253 459 |
| 23/03/2023 | 18 073 | 18 196 | 17 759 | 728 243 926 | 4 034 498 |
| 22/03/2023 | 17 970 | 18 043 | 17 500 | 979 203 357 | 5 461 161 |
| 20/03/2023 | 17 265 | 17 340 | 16 734 | 679 616 437 | 3 966 266 |
| 17/03/2023 | 17 172 | 17 773 | 17 114 | 967 857 133 | 5 603 690 |
| 16/03/2023 | 17 091 | 17 448 | 16 964 | 1 284 685 114 | 7 487 437 |
| 15/03/2023 | 17 195 | 17 893 | 16 982 | 939 134 793 | 5 448 045 |
| 14/03/2023 | 17 696 | 17 769 | 16 921 | 691 071 831 | 3 929 986 |
| 13/03/2023 | 17 519 | 19 225 | 17 422 | 1 517 165 575 | 8 533 749 |
| 10/03/2023 | 18 762 | 19 270 | 18 550 | 685 605 997 | 3 649 641 |
| 09/03/2023 | 19 338 | 19 462 | 18 833 | 1 052 563 774 | 5 497 734 |
| 08/03/2023 | 19 143 | 19 511 | 18 855 | 842 535 964 | 4 408 559 |
| 07/03/2023 | 19 596 | 20 090 | 19 551 | 495 156 740 | 2 510 771 |
| 06/03/2023 | 19 950 | 20 015 | 19 601 | 578 761 012 | 2 902 653 |
| 03/03/2023 | 19 860 | 20 091 | 19 798 | 657 833 609 | 3 303 100 |
| 02/03/2023 | 19 875 | 20 370 | 19 800 | 474 716 272 | 2 380 053 |
| 01/03/2023 | 20 282 | 20 423 | 19 545 | 645 330 228 | 3 191 831 |



Absa Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1986/003934/06)

ISIN: ZAE000255915 JSE share code: ABG

Bond issuer code: ABGI

("Absa" or the "Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING OF ABSA SHAREHOLDERS

If you are in any doubt as to what action you should take in respect of the Extraordinary General Meeting and/or the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), Broker, banker, legal advisor, accountant or other professional advisor immediately.

*In addition to the definitions contained in this Notice of Extraordinary General Meeting, the definitions and interpretations commencing on page 10 of this Circular to which this Notice of Extraordinary General Meeting is attached apply ("**Notice**"), mutatis mutandis, to this Notice of Extraordinary General Meeting and the resolutions proposed hereunder. Terms defined in one proposed resolution, and used in another proposed resolution, shall bear the same defined meanings in both such resolutions.*

Absa Shareholders are advised that:

- an Absa Shareholder entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend, speak and vote in its stead at the Extraordinary General Meeting in the place of that Absa Shareholder, and Absa Shareholders are referred to the attached Form of Proxy (*blue*) in this regard;
- a proxy need not also be an Absa Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification to the chairperson, and the chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as an Absa Shareholder or as proxy for an Absa Shareholder) has been reasonably verified.

A. NOTICE OF EXTRAORDINARY GENERAL MEETING OF ABSA SHAREHOLDERS

Notice is hereby given to the Absa Shareholders that an Extraordinary General Meeting ("**EGM**") of the Absa Shareholders will be held on Friday, 2 June 2023 at 11:30 (South African Standard Time) or 15 minutes after the conclusion of the Annual General Meeting (whichever is later), which meeting will be in Boardroom 3.11, Absa Sandton Campus South Building, 15 Alice Lane, Sandton, or any other adjourned or postponed date and time determined in accordance with the provisions of section 64(11) of the Companies Act, as read with the Listings Requirements.

Absa will make provision for Absa Shareholders or their proxies who are unable to attend in person, to participate electronically in and vote at the EGM by way of electronic participation. For more information about the online facility and the means of connecting thereto, please see the section titled "*Electronic Participation at the EGM*".

B. PURPOSE

The purpose of the EGM is to consider, and, if deemed fit, pass, with or without modification, the resolutions set out hereafter in the manner required by the Companies Act, the Absa MOI and the Listings Requirements.

C. RECORD DATE

The Board has determined that, in terms of section 62(3)(a), read with section 59 of the Companies Act, the Voting Record Date, being the date on which Absa Shareholders who are entitled to attend and vote at the EGM, will be Friday, 26 May 2023. Accordingly, the last day to trade your Absa Shares in order to be recorded in the Register to vote at the EGM will be Tuesday, 23 May 2023.

D. CONDITIONS OF THE RESOLUTIONS

The proposal of the special and ordinary resolutions set out in this Notice of Extraordinary General Meeting for consideration and vote at the EGM are subject to and inter-conditional on the Proposed B-BBEE Transaction becoming unconditional and being implemented in accordance with its terms and conditions. In addition, the Proposed B-BBEE Transaction is subject to and conditional upon Absa Shareholders adopting Special Resolution Number 3 (dealing with financial assistance (section 45)) at the Annual General Meeting which precedes this EGM.

Each of the proposed resolutions set out herein are inter-conditional.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. Special Resolution Number 1 – Increase of Authorised Ordinary Share Capital

“Resolved that, in terms of, inter alia, section 36(2)(a) read with section 16(1)(c) of the Companies Act, the authorised ordinary share capital of the Company be amended by an increase equal to R116 451 892.00 (one hundred and sixteen million, four hundred and fifty one thousand, eight hundred and ninety two Rand) divided into 58 225 946 (fifty eight million, two hundred and twenty five thousand, nine hundred and forty six) ordinary Shares with a par value of R2.00 (two Rand) each, ranking pari passu in all respects with the existing ordinary shares in the authorised share capital of the Company, so as to result in an authorised share capital of R1 900 000 000 (one billion nine hundred million Rand) divided into 950 000 000 (nine hundred and fifty million) ordinary Shares with a par value of R2.00 (two Rand) each and the number of authorised Absa Shares being increased from 891 774 054 (eight hundred and ninety one million, seven hundred and seventy four thousand, and fifty four) to 950 000 000 (nine hundred and fifty million) Absa Shares, by the creation of the 58 225 946 (fifty eight million, two hundred and twenty five thousand, nine hundred and forty six) new authorised Absa Shares.”

Percentage of support required for Special Resolution Number 1

In order for Special Resolution Number 1 to be passed it must be approved by a 75% (seventy five percent) majority of the votes cast by Absa Shareholders present electronically or by proxy or represented at the EGM.

Explanatory Note

The reason for Special Resolution Number 1 is to ensure that the Company has sufficient authorised but unissued Absa Shares to implement the Specific Issue. The effect of adopting Special Resolution Number 1 is that subject to the adoption of Special Resolution Number 2, the Company's authorised shares will be increased to 950 000 000 (nine hundred and fifty million) Absa Shares with a par value of R2.00 (two Rand) each, with 102 249 321 (one hundred and two million, two hundred and forty nine thousand, three hundred and twenty one) authorised but unissued Absa Shares being available for implementation of the Specific Issue.

2. Special Resolution Number 2 – Approval of amendments to the Absa MOI

“Resolved that, and in terms of, inter alia, section 16(1)(c) read with section 16(5)(b) of the Companies Act the Absa MOI be amended by the deletion in its entirety of the existing clause 8.1 in the Absa MOI and the replacement thereof with the following:

“8.1 The authorised share capital of the Company is R1 900 000 000 (one billion nine hundred million) divided into 950 000 000 (nine hundred and fifty million) ordinary Shares with a par value of R2.00 (two Rand) each.”

Percentage of support required for Special Resolution Number 2

In order for Special Resolution Number 2 to be passed it must be approved by a 75% (seventy five percent) majority of the votes cast by Absa Shareholders present electronically or by proxy or represented at the EGM.

Explanatory Note

The reason for Special Resolution Number 2 is to amend the Absa MOI to give effect to and reflect the increase in the authorised shares of the Company as contemplated in Special Resolution Number 1 above.

The effect of adopting Special Resolution Number 2 is that, subject to the adoption of Special Resolution Number 1, the Absa MOI will have been amended to give effect to and reflect the increase in the authorised shares of the Company as contemplated in Special Resolution Number 1 above.

3. Special Resolution Number 3 – Financial Assistance pursuant to section 44 of the Companies Act

“Resolved that, in accordance with the requirements of the Absa MOI, the Companies Act, other statutory requirements and the Listings Requirements, the Company be and is hereby authorised to provide financial assistance, as contemplated in section 44 of the Companies Act, to the Staff Trust, the CSI Trust, NS 1405 and/or to any other persons in respect of, or in connection with, the Proposed B-BBEE Transaction, including without limitation the provision of financial assistance by the Company in terms of the Preference Share Funding.

The Board will, before making any such financial assistance available, satisfy itself that:

- (a) immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test in terms of the Companies Act; and*
- (b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.”*

Percentage of support required for Special Resolution Number 3

In order for Special Resolution Number 3 to be passed it must be approved by a 75% (seventy five percent) majority of the votes cast by Absa Shareholders present electronically or by proxy or represented at the EGM.

Explanatory Note

The reason for this Special Resolution Number 3 is to comply with the requirements of section 44 of the Companies Act insofar as any action or step taken by the Company pursuant to the implementation of the Proposed B-BBEE Transaction, including without limitation the Preference Share Funding, constitutes financial assistance pursuant to section 44 of the Companies Act.

Section 44 of the Companies Act provides *inter alia* that the particular financial assistance must be approved by a special resolution of the holders, adopted within the previous 2 (two) years, and that the special resolution must approve such financial assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category.

The effect of this Special Resolution Number 3 is that, insofar as any action or step taken by Absa pursuant to the implementation of the Proposed B-BBEE Transaction, including without limitation the subscription by Absa for the Preference Shares, the proceeds of which will be used by NS 1405 to subscribe for shares in Absa, constitutes financial assistance as contemplated in section 44 of the Companies Act, the requirements of section 44 of the Companies Act will have been complied with in respect of the provision of such financial assistance by Absa.

It is recorded that a Special Resolution pertaining to section 45 of the Companies Act will be proposed at the Annual General Meeting of the Company immediately preceding this EGM on 2 June 2023 and Absa intends to rely on this authority insofar as is necessary in order to implement the Proposed B-BBEE Transaction.

4. Special Resolution Number 4 – Issue of Absa Shares pursuant to section 41 of the Companies Act

“Resolved that, the Company is authorised pursuant to sections 41(1) of the Companies Act and the Absa MOI to issue the 46 626 228 Absa Shares referenced in Ordinary Resolution 1 below to NS 1405. Such issue of shares and/or the rights in relation thereto may be to:

- (a) a director, future director, prescribed officer, or future prescribed officer of the Company;*
- (b) person related or inter-related to the Company, or to a director or prescribed officer of the Company;*
- (c) a nominee of a person contemplated in paragraphs (a) or (b).”*

Percentage of support required for Special Resolution Number 4

In order for Special Resolution Number 4 to be passed it must be approved by a 75% (seventy five percent) majority of the votes cast by Absa Shareholders present electronically or by proxy or represented at the EGM.

Explanatory Note

The reason for this Special Resolution Number 4 is that, in terms of section 41(1) of the Companies Act, an issue of shares and/or rights in relation thereto must be approved by a special resolution if the shares are issued to any of the persons contemplated in (a), (b) and/or (c) of Special Resolution Number 4. This resolution is required, *inter alia*, as executive Directors and prescribed officers will participate in the SA Staff Scheme alongside other staff.

The effect of this Special Resolution Number 4 is that the Board will be authorised for the purposes outlined in this resolution to issue 46 626 228 Absa Shares to NS 1405.

5. Ordinary Resolution Number 1 – Specific Issue pursuant to paragraph 5.51 (g) of the JSE Listings Requirements

“Resolved that, in terms of the Listings Requirements, in particular paragraph 5.51(g) thereof, the Directors be and are hereby authorised to issue the NS 1405 Subscription Shares to NS 1405 for the NS 1405 Subscription Shares Consideration, which the Board has determined to be adequate consideration, in terms of the NS 1405 Subscription Agreement, and that all of the aforesaid NS 1405 Subscription Shares be and are hereby placed under the control of the Board for the Specific Issue as described herein.”

Percentage of support required for Ordinary Resolution Number 1

In order for Ordinary Resolution Number 1 to be passed, in terms of paragraph 5.51(g) of the Listings Requirements, the support of at least 75% (seventy five percent) of all of the voting rights exercised on the resolution by the shareholders (eligible to vote) present or represented by proxy at the EGM, is required, excluding participants in the Specific Issue and their Associates. Accordingly, in terms of paragraph 5.51 of the Listings Requirements, the votes of NS 1405 and executive Directors and their Associates (who are related parties in terms of the Listings Requirements), will be excluded in determining the number of votes in support of this Ordinary Resolution Number 1.

Explanatory Note

The reason for Ordinary Resolution Number 1 is to give the Board the specific authority to issue 46 626 228 authorised but unissued Absa Shares in the capital of the Company (following the adoption of Special Resolution Number 1) for cash pursuant to the NS 1405 Subscription Agreement.

The effect of adopting this Ordinary Resolution Number 1 is that the Board will be authorised to issue 46 626 228 authorised but unissued Absa Shares in the capital of the Company for cash to NS 1405 pursuant to the NS 1405 Subscription Agreement.

Note that the general authority placing Absa Shares under the control of Directors being Ordinary Resolution Number 5 of the Absa Notice of Annual General Meeting, if adopted at the Annual General Meeting, will remain in force and effect and this Ordinary Resolution Number 1 will not impact the limits approved by Ordinary Resolution Number 5 at the Annual General Meeting. As set out in the notice of the Annual General Meeting, the Directors have no current plans to make use of that authority.

6. Ordinary Resolution Number 2 – General Authorisation

“Resolved that, any Director of the Company or the Group Company Secretary, all with the power of substitution, be and is hereby authorised to carry out and to do all such things and matters as may be or are necessary in connection with all resolutions set out in this notice and/or approved at the EGM, and which may be required to give effect to such resolutions including, without limitation, being authorised to make, amend and sign all and any such necessary documents, letters, applications, announcements and affidavits as may be required for purposes of and in connection with the resolutions and giving effect to them, and including Companies and Intellectual Property Commission forms and any other regulatory forms or submissions that may be required.”

Percentage of support required for Ordinary Resolution Number 2

The percentage of voting rights required for Ordinary Resolution Number 2 to be adopted is more than 50% of the voting rights exercised in favour of the resolution by Absa Shareholders present electronically or by proxy or represented at the EGM, and entitled to exercise voting rights on Ordinary Resolution Number 2.

Explanatory Note

The reason for Ordinary Resolution Number 2 is to authorise any Director or the Group Company Secretary to carry out, execute all documents and do all such things as he/she may in his/her discretion consider necessary or appropriate in connection with and to implement and give effect to the ordinary and special resolutions set out herein.

The effect of adopting Ordinary Resolution Number 2 is that any Director or the Group Company Secretary will be authorised to take all such actions necessary, and sign all documents required, to give effect to the resolutions herein.

IMPORTANT MEETING INFORMATION

Date: Friday, 2 June 2023

Time: The EGM will start at 11:30 or 15 minutes after the conclusion of the Annual General Meeting (whichever is later).

Admission Absa Shareholders wishing to attend in person are advised to be ready to proceed into the Boardroom 3.11 no later than 11:15 or immediately after the conclusion of the Annual General Meeting (whichever is later). Reception staff at the Absa Sandton Campus South Building will direct Absa Shareholders to the venue.

Absa Shareholders, representatives of Absa Shareholders and proxies attending the EGM are requested to register at the registration desk in the reception area at the venue. Proof of identity may be required for registration purposes.

Absa Shareholders attending the EGM in-person and who wish to vote thereat must ensure that they bring along an internet-enabled smartphone, tablet or computer in order to be able to vote at the venue.

Absa Shareholders wishing to participate in the EGM electronically may register for participation on <https://meetnow.global/za> (by clicking on the Absa logo) or contact the Transfer Secretaries at proxy@computershare.co.za or the Group Company Secretary, Nadine Drutman, at groupsec@absa.africa or nadine.drutman@absa.africa, by not later than 11:30 on Wednesday, 31 May 2023. Proof of identification, as set out under paragraph 10.4 on page 6 of this Circular must be provided.

Absa Shareholders will have the opportunity to ask live/verbal questions at the EGM, whether attending in-person or via electronic communication. Absa Shareholders attending via electronic communication will also have the option to submit questions via text.

See prescribed procedures set forth in the Circular under the title: *"Electronic Participation at the Extraordinary General Meeting"*.

Security Secure parking is provided at the venue by prior arrangement. Attendees are requested not to bring cameras, electronic or recording devices. Cellular telephones should be switched off for the duration of the proceedings.

PROXY AND VOTING PROCEDURES

1. General

Absa Shareholders entitled to attend and vote at the EGM may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf. Absa Shareholders wishing to register for electronic participation of the EGM must confirm with the Transfer Secretaries that their Absa Shares are in fact registered in their own-name.

Should the Absa Shares be registered in any other name or in the name of a nominee company, it is the Absa Shareholder's responsibility to make the necessary arrangements with that party in whose name the Absa Shares are registered to be able to attend and vote in their personal capacity. The Form of Proxy (blue) contains detailed instructions in this regard.

2. Delivery of completed Form of Proxy

Completed Forms of Proxy (*blue*) should be delivered by email at proxy@computershare.co.za or by post to the transfer secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132) to be received before any proxy seeks to exercise any right granted to it under the relevant proxy form.

To facilitate administration of the meeting, Absa Shareholders are encouraged to deliver a completed Form of Proxy (*blue*) as soon as possible but not later than 24 hours prior to the start of the meeting, i.e., by 11:30 on Thursday, 1 June 2023.

Forms of Proxy (*blue*) delivered on the day of the meeting must be delivered by email to the transfer office of the Company at proxy@computershare.co.za with a copy thereof to the Group Company Secretary of the Company at groupsec@absa.africa to be received by both of them.

3. Certificated Shareholders and Dematerialised Shareholders with 'own-name' registration

If you are the registered holder of Certificated Absa Shares or hold Dematerialised Absa Shares in your own-name, but wish to be represented at the EGM or via electronic communication, you must complete and return the attached Form of Proxy (*blue*) in accordance with the instructions under paragraph 8 above on page 5 of this Circular and also included on the Form of Proxy (*blue*).

4. Dematerialised Shareholders without 'own-name' registration

If you are the holder of Dematerialised Absa Shares which are not in your own-name and you do not wish to attend the EGM, you must timeously provide your CSDP or Broker with your voting instructions for the EGM in terms of the Custody Agreement entered into with your CSDP or Broker. If you wish to attend the EGM, then you must request your CSDP or Broker timeously to provide you with the necessary letter of representation to attend and vote your Absa Shares. Absa Shareholders without own-name registration should not complete the Form of Proxy (*blue*).

5. Electronic Participations

Absa Shareholders wishing to participate in the EGM are requested to register for participation on <https://meetnow.global/za> (by clicking on the Absa logo) or delivering written notice by email to the Transfer Secretaries at proxy@computershare.co.za or groupsec@absa.africa by not later than 11:30 on Thursday, 1 June 2023. For the notice to be valid, it must contain:

- 5.1 if the Absa Shareholder is an individual, a certified copy of his/her identity document and/or passport; or
- 5.2 if the Absa Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The resolution must provide the particulars of the person authorised to represent the relevant entity at the general meeting via electronic communication; and
- 5.3 a valid email address.

6. Voting requirements

Voting will be by way of a poll and every shareholder participating in-person, electronically in their personal capacity or by proxy shall have 1 (one) vote for each Absa Share held.

7. Enquiries

Any shareholder having queries regarding the EGM or the above may contact the Group Company Secretary, Nadine Drutman, on +27 (0)11 350 5347 or groupsec@absa.africa.

By order of the Board

Nadine Drutman
Group Company Secretary
Johannesburg

2 May 2023

Registered Office
7th Floor, Absa Towers West
15 Troye Street
Johannesburg
2001



Absa Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1986/003934/06)
ISIN: ZAE000255915 JSE share code: ABG
Bond issuer code: ABGI
("Absa" or the "Company")

FORM OF PROXY

Record date to participate and vote is Friday, 26 May 2023

The definitions and interpretations commencing on page 10 of this Circular to which this Form of Proxy is attached apply, mutatis mutandis, to this Form of Proxy (unless the context indicates otherwise).

To be completed by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only at the extraordinary general meeting to be held at 11:30 or 15 minutes after the conclusion of the Annual General Meeting (whichever is later) on Friday, 2 June 2023 in Boardroom 3.11, Absa Sandton Campus South Building, 15 Alice Lane, Sandton.

I/We

(name(s) in block letters)

of

(address in block letters)

Telephone: ()

Cell-phone number:

Email address:

being a member of the Company, entitled to vote and holding shares do hereby appoint

or failing him/her the Chairman of the Extraordinary General Meeting

as my/our proxy to speak and on a poll to vote or abstain from voting on my/our behalf, as indicated below, at the Extraordinary General Meeting and/or at any adjournment thereof:

| | For | Against | Abstain |
|--|-----|---------|---------|
| Special Resolution Number 1 – Increase of Authorised Ordinary Share Capital | | | |
| Special Resolution Number 2 – Amendments to the Absa MOI | | | |
| Special Resolution Number 3 – Financial Assistance (pursuant to section 44 of the Companies Act) | | | |
| Special Resolution Number 4 – Issue of Absa Shares (pursuant to section 41 of the Companies Act) | | | |
| Ordinary Resolution Number 1 – Specific Issue (pursuant to paragraph 5.51 (g) of the Listings Requirements) | | | |
| Ordinary Resolution Number 2 – General Authorisation | | | |

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. Meeting participants will be required to provide satisfactory identification before being allowed to participate in the meeting.

Signed at on 2023

Full name(s)

(in block letters)

Signature(s)

Assisted by (guardian)

Date

2023

Please read the notes on the reverse side hereof.

Notes to the Form of Proxy

1. Absa Shareholders are advised that Absa has appointed Computershare Investor Services Proprietary Limited as its proxy solicitation agent.
2. Proxy appointment must be in writing, dated and signed by the Absa Shareholder.
3. If two or more proxies attend the Extraordinary General Meeting, then that person attending the Extraordinary General Meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
4. The chairman of the Extraordinary General Meeting may reject or accept a Form of Proxy which is completed and/or received other than in accordance with these notes.
5. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatories.
6. Documentary evidence establishing the authority of a person signing the proxy form in a representative or other legal capacity must be attached to this form, unless previously recorded by the Company or the Transfer Secretaries or waived by the chairman of the meeting.
7. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
8. It is requested that completed Forms of Proxy (and supporting identification documents) be delivered or mailed to the Transfer Secretaries:

Hand deliveries to:

Computershare Investor Services Proprietary Limited,
1st Floor, Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg 2196, South Africa

Postal deliveries to:

Computershare Investor Services Proprietary Limited,
Private Bag X9000, Saxonwold, 2132

Email: proxy@computershare.co.za

so as to reach the Transfer Secretaries by no later than 11:30 on Thursday, 1 June 2023, so as to assist Absa to timeously verify the identity of the Absa Shareholders and their proxies who wish to participate in-person or by electronic communication at the Extraordinary General Meeting. The Form of Proxy may be lodged in respect of the Extraordinary General Meeting immediately prior to the commencement of the Extraordinary General Meeting, by emailing those Forms of Proxy to Computershare Investor Services Proprietary Limited at proxy@computershare.co.za with a copy thereof to the Company Secretary at groupsec@absa.africa to be received by both of them. However please bear in mind that the reason why Absa Shareholders are asked to send in their proxy forms before the Extraordinary General Meeting is because Absa has over 50,000 Absa Shareholders and the scrutineers must consider each proxy to determine whether it is validly given and whether the voting rights have been correctly inserted. Significant delays could be caused at the Extraordinary General Meeting, if these checks have to be carried out by the scrutineers while the Extraordinary General Meeting is in progress.

9. Where there are joint holders of shares:
 - 9.1 any one holder may sign the Form of Proxy; and
 - 9.2 the vote of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the Company's register) who tenders a vote (whether electronically or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
10. Absa Shareholders holding dematerialised shares (without "own-name" registration) who wish to attend the Extraordinary General Meeting must contact their CSDP or Broker, who will furnish them with the necessary letter of representation to attend the Extraordinary General Meeting. Alternatively, such Absa Shareholders must instruct their CSDP or Broker as to how they wish to vote in this regard. This has to be done in terms of the custody agreement entered into between such shareholders and their CSDP or Broker.

Summary of shareholders' rights

Set out below is a summary of a shareholder's rights in terms of section 58 of the Companies Act No. 71 of 2008:

- i. At any time, a shareholder may appoint any individual, including an individual who is not a shareholder of that company, to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
- ii. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder.
- iii. A proxy appointment must be in writing, dated and signed by the shareholder, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid for one year after the date on which it was signed, or any longer or shorter period expressly set out in the appointment.
- iv. A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- v. The appointment of a proxy is suspended at any time and to the extent that the shareholder chooses to act directly and electronically in the exercise of any rights as a shareholder.
- vi. The appointment of a proxy is revocable by the shareholder by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and to the company.
- vii. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any, and (b) the date on which the revocation instrument is delivered to the company. If the instrument appointing a proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder or (b) the proxy, if the shareholder has (i) directed the company to do so in writing and (ii) paid any reasonable fee charged by the company for doing so.

