



ABSA GROUP LIMITED

*(Incorporated with limited liability on 2 October 1986 under registration number 1986/003934/06
in the Republic of South Africa)*

as Issuer

**RISK FACTORS AND DISCLOSURES SCHEDULE RELATING TO THE ABSA GROUP LIMITED
ZAR110,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME**

*This is the risk factors and disclosures schedule relating to the Absa Group Limited ZAR110,000,000,000 Domestic Medium Term Note Programme (the **Programme**) (the **Absa Group Risk Factors and Disclosures Schedule**) applicable to all Notes issued under the Programme pursuant to the Programme Memorandum, as amended, updated and replaced from time to time (the **Programme Memorandum**).*

This Absa Group Risk Factors and Disclosures Schedule is dated as of 26 January 2026 and contains information pertaining to:

- *the description of the Issuer, including, but not limited to, its business, management, directors and corporate governance disclosure;*
- *the risk factors that the Issuer believes are material for the purposes of assessing the market risks associated with the Notes;*
- *the Issuer's directors and debt officer prescribed by the applicable provisions of the JSE Debt and Specialist Securities Listings Requirements;*
- *conflicts of interests;*
- *Exchange Control;*
- *Settlement, Clearing and Transfer of Notes;*
- *South African Taxation;*
- *Subscription and Sale; and*
- *Corporate Information.*

Capitalised terms used in this Absa Group Risk Factors and Disclosures Schedule are defined in the sections of the Programme Memorandum headed "Terms and Conditions of the Unsubordinated Notes" (the **General Terms and Conditions**), "Terms and Conditions of the Flac Notes" (the **Flac Terms and Conditions**), "Terms and Conditions of the Tier 2 Notes" (the **Tier 2 Terms and Conditions**) or "Terms and Conditions of the Additional Tier 1 Notes" (the **Additional Tier 1 Terms and Condition**), and together with the General Terms and Conditions, the Flac Terms and Conditions and the Tier 2 Terms and Conditions, the **Relevant Terms and Conditions**) as applicable, unless separately defined or clearly inappropriate from the context.

CONTENTS

Clause	Page
Description of the Issuer.....	3
Risk Factors.....	29
Conflicts of Interest.....	64
Exchange Control.....	65
Settlement, Clearing and Transfer of Notes.....	67
South African Taxation.....	69
Subscription and Sale.....	74
Corporate Information.....	79

DESCRIPTION OF THE ISSUER

Absa Group Limited (**Absa Group**) is incorporated and domiciled in South Africa and has a primary listing on the JSE. Absa Group and its subsidiaries (together the **Group**) provide retail, business, corporate, investment and wealth banking, as well as investment management and insurance solutions. As of 30 June 2025, the Group had presence in 16 countries (12 African countries, the United Kingdom, the United States of America, with general advisory support in the People's Republic of China and with technology resources in the Czech Republic) and employed approximately 37,272 people. The Group's customer base in South Africa is approximately 12.8 million.

Absa Bank Limited (**Absa Bank**), a wholly owned subsidiary of Absa Group, is one of South Africa's largest financial services organisations.

The Group owns majority or 100% stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda and Zambia. There are also bank representative offices in Namibia, Nigeria and New York, securities entities in London and New York, a non-banking subsidiary in the People's Republic of China providing non-banking advisory services to clients based in China and technology support in the Czech Republic. There are also bancassurance operations, the most sizable being in South Africa.

The Group interacts with its 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.

As at 30 June 2025, the Group had four principal segments, namely Personal and Private Banking (**PPB**), Business Banking, Absa Regional Operations – Retail and Business Banking (**ARO RBB**), Corporate and Investment Banking (**CIB**) and Head office, Treasury and other operations. Each of the core businesses is led by a Chief Executive who is part of the Group Executive Committee (as defined herein) and has accountability over the strategy and performance thereof.

HISTORY

The Group was formed as a result of a merger in April 1991 between three financial service-related holding companies: UBS Holdings Limited, Allied Group Limited and Volkskas Group Limited, under UBS Holdings Limited.

- UBS Holdings Limited represented the holding company of, *inter alia*, United Building Society Limited and United Bank Limited;
- Allied Group Limited represented the holding company of, *inter alia*, Allied Building Society Limited and Allied Bank Limited; and
- Volkskas Group Limited represented the holding company of, *inter alia*, Volkskas Bank Limited, MLS Bank Limited and Volkskas Motorbank Limited (which later changed its name to Absa Motorbank Limited).

UBS Holdings Limited changed its name to Amalgamated Banks of South Africa Limited, but traded under the names Allied Bank, United Bank and Volkskas Bank.

In April 1992, all the assets and liabilities of Bankorp Holdings Limited, the holding company of, *inter alia*, TrustBank, Senbank and Bankfin, were acquired.

Amalgamated Banks of South Africa Limited then changed its name to Absa Group Limited in 1997 and from November 1998, the Group's retail, business, corporate, investment and wealth banking operations in South Africa have traded as Absa Bank.

In 2005, Barclays Bank PLC acquired a controlling 56.4% stake in Absa Group making Absa Group a subsidiary of the UK banking group.

In July 2013, Absa Group's operations were expanded by acquiring selected African operations from Barclays Bank PLC. Included in the African operations acquired were Barclays Bank of Kenya Limited and Barclays Bank of Botswana Limited which continued to be listed on their respective stock exchanges. As a result of this acquisition Barclays Bank PLC's shareholding in the newly formed Barclays Africa Group was increased to 62.3%. This resulted in Absa Group undergoing a name change to Barclays Africa Group Limited (listed on the JSE).

On 1 March 2016 Barclays Bank PLC announced its intention to reduce its 62.3% interest in the Group to a level that would achieve regulatory and accounting deconsolidation. A comprehensive separation programme for implementing the separation (the **Separation Programme**) was initiated by Barclays Bank PLC with Absa Group in 2016. Over 2016 and 2017, Barclays Bank PLC reduced its shareholding in Absa Group to 14.88% and in July 2018, Barclays Africa Group Limited was officially renamed Absa Group Limited. The Separation Programme was completed within agreed timelines. All 273 projects achieved Separation and 198 service schedules were terminated. The final Separation Forum was held on 15 December 2020, where all formal closures were approved. The South African Reserve Bank (**SARB**), Absa Regional Operations (**ARO**) as well as the United Kingdom regulators were informed that Barclays Bank PLC and Absa Group had concluded and closed the Separation Programme.

Absa Group announced on 21 April 2022 that Barclays PLC had agreed to sell 7,44% of its shareholding and following the sale will then own 7,44% of Absa Group. Absa Group then announced on 1 September 2022 and 8 September 2022 that Barclays had agreed to sell its remaining shareholding, and that following the sale Barclays subsidiaries held 0,02% of the total issued ordinary shares of Absa Group.

LEGAL STATUS

The Issuer was incorporated on 2 October 1986 under the laws of South Africa and is regulated under the Companies Act, the Banks Act and JSE Regulations. The Company is a public company.

The Issuer's financial year end is 31 December of each year.

The annual audited financial statements of the Issuer are drawn up in accordance with International Financial Reporting Standards (**IFRS**) and the Companies Act.

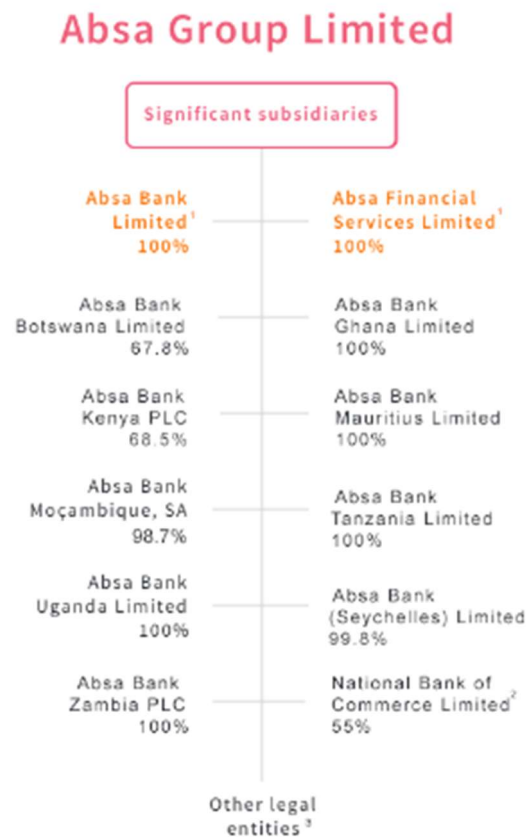
Group Company Secretary	Nadine R Drutman
Group Company Secretary Address	7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001, PO Box 7735, Johannesburg, 2000
Registration number	1986/003934/06
JSE Share code	ABG
ISIN code	ZAE000255915
Bond Issuer code	ABGI
Registered place of business	7th Floor, Absa Towers West, 15 Troye Street, Johannesburg, 2001, PO Box 7735, Johannesburg, 2000

The Issuer is, as at the date of this Absa Group Risk Factors and Disclosures Schedule, in compliance with the provisions of the Companies Act and is acting in conformity with its memorandum of incorporation.

GROUP LEGAL STRUCTURE

The Group follows a group holding company structure, as set out below, in which each operating subsidiary is owned directly or indirectly by the Issuer. Absa Bank Kenya PLC and Absa Bank Botswana Limited both have significant minority shareholdings which are publicly traded on their respective stock exchanges.

Absa Bank represents the Group's principal South African banking operations, while the Group's insurance businesses are operated through Absa Financial Services Limited.



1. South Africa

2. Tanzania

3. Includes subsidiary undertakings, special-purpose entities, joint ventures, associates and offshore holdings. Further information on subsidiaries and consolidated structured entities is set out in the 2024 Financial Statements and the 2025 Interim Results information

NATURE OF BUSINESS

The Group has identified its operating model with 'geography' and 'customer' as primary dimensions, creating a platform for increased focus and dedicated management capacity. The identified reportable segments are disclosed based on how the Group's businesses have been managed and reported at the reporting date to the Group Executive Committee which is seen as the Chief Operating Decision Maker.

The Group has undergone a restructuring of the reportable segments which resulted in the integration of Product Solutions Cluster, Everyday Banking and Private Wealth Banking (previously part of Relationship Banking) into a single business unit – Personal and Private Banking (PPB) – to improve the Group's ability to deliver client value, particularly distribution of value-added services and insurance product across a large customer base. At the same time, Relationship Banking has

been repositioned and is now known as Business Banking, with a sharpened focus on serving SME and Commercial clients in targeted sectors.

As a result of this restructuring, all affected prior periods have been retrospectively restated to accurately represent the integration of these segments into PPB. In addition to the aforementioned, certain income and expense items have been reallocated from Head office to the business units to more accurately represent the commercial reality for those units. These reallocations led to adjustments to the related asset and liability line items, specifically loans to and from group companies, included in 'Other assets' and 'Other liabilities'. These changes led to the restatement of the business units financial results for the comparative period without impacting the overall financial position or net earnings of the Group.

To fully unlock the potential across the continent, the Group has further identified the need to run all its business on a connected Pan-African basis. All three business units – CIB, Business Banking, and Personal and Private Banking will in due course (from 2026) align to a Pan African model. The Group is currently prioritising appointing Chief Executives for the Business Banking and Personal and Private Banking segments.

Personal and Private Banking

PPB offers a comprehensive range of products and services to the retail consumer segments. Customers are served through an extensive integrated channel network across physical and virtual points of presence, including partnerships, and more increasingly through digital. The focus remains on providing a consistently superior experience across multiple channels tailored to each customer's needs and expectations.

Key business areas in Personal and Private Banking:

- **Transactions and Deposits** includes, Transactional, Savings and Investments, Advice and Investments and the Private Wealth Banking division:
 - *Transactional, Savings and Investments* offers a full range of transactional banking, savings and investment products and services offered through multiple channels.
 - *Advice and Investments* encompasses financial planning, direct insurance sales, investment management, stockbroking and fiduciary services.
 - *Private Wealth Banking* serves high-net-worth clients with a full range of local and international banking services, including transactional, lending, savings, investment and forex solutions. It also offers personalised wealth management strategies tailored to clients' life stages and financial goals.
- **Unsecured Lending** includes Card and Personal Loans:
 - *Card* offers credit cards through a mix of Absa-branded and co-branded products. This portfolio also includes partnerships with Woolworths Financial Services, which offers in-store cards, credit cards, personal loans, life and non-life insurance products.
 - *Personal Loans* offers unsecured loans through the Absa Mobile Banking app, Internet Banking, face-to-face engagements and the contact centre channels.
- **Home Loans** offers residential property-related finance solutions directly to customers through personalised services, electronic channels and intermediaries such as estate agents and mortgage originators.
- **Vehicle and Asset Finance (VAF)** offers funding solutions for passenger and light commercial vehicles to individual customers through approved dealerships and preferred suppliers. VAF also provides wholesale funding solutions (floorplans) to dealers and dealer groups. 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 original equipment manufacturers (OEMs), dealers and customers.

- **Insurance SA** includes the following:
 - *Life insurance* covers death, disability, retrenchment, critical illness, funeral and life-wrapped investment products mainly targeted at retail and group life insurance customers, distributed through face-to-face advisors, bank branches, mobile, call centre, partnerships and digital channels.
 - *Non-Life insurance* provides insurance solutions to the retail and commercial market segments, including motor comprehensive insurance, buildings, legal, pet and value-added products such as extended cover and motor warranty.

Business Banking

Business Banking consists of business units and associated products where a designated client relationship exists. The business provides customers with a single relationship manager, supported by a team of specialists, rather than multiple touchpoints within the Group.

The business comprises two customer segments:

- **Small and Medium Enterprises (SMEs)** which comprise of business customers with an annual turnover of up to R50m. These clients are serviced using a differentiated approach that accounts for clients' scale and complexity to enhance sector-led value propositions and client service model aligned with their needs. Micro-sized clients are primarily serviced through a combination of digital and virtual channels. Small and medium sized clients are serviced through a relationship-based model that incorporates branch-based staff and is supported by digital platforms and virtual channels.
- **Commercial Segment** which comprises business customers with an annual turnover above R50m and before being classified as large corporates. These customers are serviced using a relationship-based model, where dedicated sales and service teams provide customised solutions and is supported by digital platforms.

Business banking focuses on seven primary sectors, namely Agriculture, Public Sector, Wholesale Retail and Franchise, Manufacturing, Transport and Logistics, Renewable Energy and Tourism.

Customers are served with a variety of products, comprising:

- Business Banking Services:
 - *General Business Solutions* consisting of transactional banking, savings and investments, foreign exchange and international banking solutions.
 - *Payments* consisting of payment acceptance (merchant acquiring), cash management, and commercial issuing. These areas also service the Corporate and Investment Banking segment.
 - *Lending Products* consisting of commercial asset finance, commercial property finance, term lending, fleet card, working capital solutions and Absa vehicle management services
 - *Islamic Banking* offering various *Shari'ah*-compliant banking solutions across the Absa Group.

Absa Regional Operations-Retail and Business Banking

ARO RBB comprises Banking operations through its Retail and Business Banking businesses, through which a comprehensive suite of products and services for individuals, small and medium enterprises and commercial customers are offered to clients through ten banking entities in nine African markets. Various solutions are provided to meet customers' transactional, borrowing, savings, protection and investment needs. 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.

The sale of three of the five ARO Insurance entities was concluded during the first half of 2025. The assets and liabilities relating to the two remaining ARO Insurance subsidiaries were classified as non-current assets and liabilities held for sale in accordance with IFRS 5 requirements.

Key business areas in ARO RBB:

- **Retail banking** offers day-to-day banking services to individual customers by providing a comprehensive suite of lending, transactional and deposit, cards and payments products across various segments. Key segments serviced include:
 - *Premier* banking represents the affluent retail segment in each ARO presence market. Customers are offered exclusive banking services with tailor-made solutions through dedicated relationship managers.
 - *Prestige* banking represents the emerging affluent retail segment in each market. Customers are serviced through dedicated banking teams, underpinned by appropriate, affordable products and solutions in keeping with customer's aspirations and needs.
 - *Personal* banking represents the middle-market segment. Customers have access to direct channels including the branch network and are offered convenient and relevant products and services.
 - *Inclusive* banking provides access to the financial system and, where appropriate, finance to traditionally underbanked and unbanked segments. This segment is serviced primarily through digital channels.
- **Business banking** opportunities have been identified as an important segment as it contributes significantly to job creation and national economic development in the ARO presence markets. Clients are serviced through direct coverage and relationship-based models with customised solutions.

Key segments include in Business Banking:

- *Small and medium enterprise (SME)* banking serviced using a direct coverage model with a predominantly branch-based interface.
- *Commercial* banking includes enterprises serviced through a relationship-based model, with dedicated sales and service teams that provide tailored banking solutions such as trade finance, asset finance and working capital facilities.

The commercial and SME segments include a focus on agriculture, wholesale and retail, construction, manufacturing, transport and logistics, and franchising sectors.

Corporate and Investment Banking

CIB provides innovative solutions to meet clients' needs by delivering specialist investment banking, corporate and transactional banking, financing, risk management, and advisory products and services. Clients across various industry sectors such as corporates, financial institutions and public

sector bodies, are serviced by combining our in-depth product knowledge with regional expertise and an extensive, well-established local presence. CIB aims to build a sustainable, trustworthy business that helps clients achieve their ambitions correctly, thereby creating shared growth for clients, employees and communities.

Key business areas in CIB:

CIB partners with clients to develop and execute innovative solutions through end-to-end relationship management and origination activities across our suite of products and services. This includes the Growth Capital Solutions team, which focuses on offering B-BBEE financing to clients to create sustainable local and regional economies.

- **Corporate Bank** 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 our African institutional, corporate and public sector client base. The Absa Investor Services business offers a full suite of custody and trustee services, further building out our services and client value proposition.
- **Investment Bank** comprising:
 - *Global Markets* engages in sales, trading and research activities across all major asset classes and products, delivering pricing, hedging and risk management capabilities to corporate and institutional clients.
 - *Investment Banking Division (IBD)* structures innovative solutions to meet clients' strategic financing and risk management requirements across industry sectors.
 - *Commercial Property Finance (CPF)* – specialises in financing commercial, industrial, retail and residential development property.
 - *Equity Investments (EI)* – manages non-core private equity and infrastructure investments. This portfolio continues to be reduced in line with the Group's strategy to exit non-core business.

Information Technology

Absa Group continues to advance its digital transformation agenda by modernising its technology landscape and re-engineering foundational processes that underpin critical banking operations. This transformation is anchored in a hybrid technology architecture that integrates proprietary platforms with commercial off-the-shelf solutions, enabling scalable, secure, and resilient service delivery to both colleagues and customers. In support of servicing customers more effectively and reducing its physical service footprint, the Group's digital service ecosystem has expanded beyond traditional branch-based interactions, to include a comprehensive suite of digital channels. These include ATMs, internet banking, mobile banking, and emerging platforms such as social media banking, contactless payments, and digital onboarding journeys.

To ensure the resilience of the Group's technology, Absa Group uses a state-of-the-art data centre for on-premises solutions, combined with its transformative cloud-first strategy that includes the accelerated adoption of cloud-native technologies, which continue to drive operational resilience. Migration to the cloud enhances the experience of customers and colleagues by delivering improved operational agility and resilience. Through the enablement of high availability services, real-time data replication, and synchronisation, the Issuer can respond more effectively to dynamic business needs and customer demands. Leveraging cloud-based services unlocks the power of big data, supports the delivery of advanced analytics and insights, and accelerates decision-making. This integrated approach strengthens Absa Group's ability to proactively address customer challenges and drive informed, timely actions. The shift to cloud-based solutions is also assisting to further reduce the Issuer's traditional infrastructure footprint, such as the dependency on physical data centres. The

cloud adoption strategy is supported by the embedment of robust monitoring, governance, and audit processes embedded to maintain confidentiality, integrity, and availability.

Through its Chief Security Office (CSO), the Group continuously rolls out new mechanisms and tools to address cyber threats and weaknesses. The CSO plays an active role in the African cyber community in collaboration with both local and global law enforcement agencies and the South African Banking Risk Information Centre. Notably, the CSO has achieved the ISO/IEC 27001 certification, demonstrating the Issuer's commitment to international best practices in information security management. This certification underpins the Group's robust approach to cybersecurity, implementing advanced threat intelligence solutions, and driving continuous improvement through multiple initiatives and activities. These include increased cyber awareness across the organisation, regular employee phishing simulations, ongoing regional cybersecurity assessments, strategic alignment with evolving global threats, continuous enhancement of cybersecurity tools, and managing third-party risks. Annual disaster recovery testing is conducted to ensure business continuity in accordance with the Group's business continuity framework. The Issuer maintains a mature incident, problem, and change management process to ensure stability for technology used across the Group, and also to limit customer impact. A technology risk management framework ensures consistent risk monitoring and evaluation aligned with material changes within Group Technology.

In addition to engineering its existing applications and infrastructure to strengthen resilience, the Issuer has embraced an agile way of working to improve velocity, quality, and efficiency. This is achieved through the use of engineering disciplines and tools that enable rapid delivery of new technological solutions across the Group, addressing customer needs faster. The Issuer has transformed its legacy approach to building technology solutions by introducing new design thinking methodologies through its team of design specialists. It continues to invest in emerging technologies such as applied artificial intelligence (AI), generative AI, robotics process automation, hyperscale infrastructure, and is also assessing quantum readiness in preparation for quantum computing.

These technological advancements have led to a range of new solutions being released to market, including the Group's award-winning website and banking app; the AI-powered Abby Virtual Assistant for customers; Absa MobiTap Payments Solution for small and medium enterprises (SMEs); Absa Access Digital Banking Platform for Corporate customers; Social Media Banking via Facebook Messenger, Twitter, and WhatsApp; Retail Payments Solutions, including Contactless Payments Solutions, such as Absa Pay, integration into Samsung Pay and Apple Pay, and the Absa Digital Card; a new Youth Banking Application; the Virtual Investor Tool; the Absa Cash Flow Management Tool; an industry-first Instant Life Advisor Value Proposition; a new Vehicle Asset Finance Acquisition and Workflow Platform; and a Digital Sales Platform, CustomerOne, that allows customers to open an account online and seamlessly resulting in improved customer and employee sales experience.

OWNERSHIP AND CONTROL

The Group has a diverse shareholder portfolio made up of institutional and individual investors.

The Issuer's largest ordinary shareholders as at 30 June 2025 and 30 June 2024:

Major ordinary shareholders (%)	30 June 2025 %	30 June 2024 %
Newshelf 1405 Limited (SA)	7.00	7.00
M&G (SA, UK)	4.95	5.67
Public Investment Corporation (SA)	4.54	5.02
BlackRock Incorporated (US, UK, JP, AU, CA)	4.31	4.06
Citigroup Global Markets (SA)	3.79	4.03
The Vanguard Group (US, AU)	3.77	3.76
Investec Securities (SA)	3.28	3.19

Old Mutual (SA, NA)	3.03	2.63
36One Asset Management (SA)	2.71	1.86
Sanlam Investment Management (SA)	2.44	2.82
Other	60.2	59.96

Major shareholding by geographical segment as at 30 June 2025 and 30 June 2024:

Major shareholding split by geography	30 June 2025	30 June 2024
	%	%
South Africa	63.94	61.81
United States and Canada	16.40	17.74
United Kingdom	10.10	10.5
Other Countries	9.56	9.95

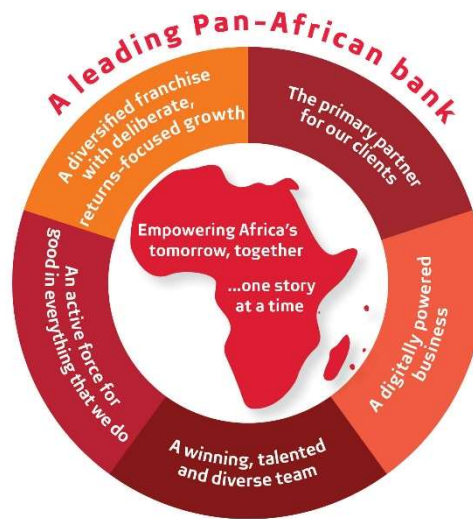
STRATEGY

Absa Group is one of Africa's largest diversified financial services groups, with a legacy of over 130 years on the continent. The Group's ambition remains to be a leading pan-African bank. The relevance and resilience of the Group's strategy in serving the interests of its stakeholders remains. The growth strategy places greater emphasis on both expansion and returns, while ensuring a prioritised business unit focus across the remaining strategic pillars. These adjustments have been made through deliberate shifts aimed at enhancing focus and precision in the execution of the strategy.

The Group's strategy is designed to deliver sustainable growth by improving returns, embedding a performance-driven culture, and strengthening resilience through robust risk and compliance frameworks. The focus remains on executing deliberate strategic priorities to achieve measurable outcomes across the short, medium, and long term. This strategic clarity underpins the Group's ambition to become a leading pan-African bank while enhancing value for all stakeholders.

The Group remains cognisant of the persistent volatility and complexity of the macroenvironment, which continues to challenge and reshape its operating context. Despite these conditions, the Group continues to demonstrate resilience and agility in navigating macroeconomic complexities, while laying a solid foundation for growth and the realisation of its long-term strategic ambitions. With its long-standing presence on the continent and deep understanding of local markets, the Group is well positioned to continue responding effectively to the evolving economic landscape.

The Group's purpose is at the core of the strategy, which remains focused on five strategic pillars, established within a medium-term horizon, as the foundation for achieving its long-term ambition:



A diversified franchise with deliberate, returns-focused growth: The Group tailors its approaches to client needs, drive growth with strong returns in attractive segments, launch innovative products that deliver customer value, allocate capital sustainably, and maintain robust risk management.

The primary partner for clients: The Group understands its clients' needs and is committed to meeting them at every level. It aspires to build a brand that both its people and clients can take pride in.

A digitally powered business: The Group delivers a best-in-class digital experience, leverages data as a strategic asset, and continuously evolves to foster an agile and future-fit organisation.

A winning, talented, and diverse team: The Group turns its culture into a competitive advantage, attracts top talent across Africa, and is committed to supporting and enabling its people to thrive.

An active force for good in everything we do: The Group partners with its clients and communities to support an orderly and just transition toward a more sustainable and equitable future. It actively manages climate change and biodiversity risks and opportunities, makes meaningful contributions to the societies in which it operates, upholds the highest standards of governance and ethics, and plays a constructive role in shaping public policy and regulation.

The Board of Directors of Absa Group believes the Group is well-positioned to deliver on its strategy, and across the organisation, the Group remains committed to sustainable value creation, anchoring all efforts in its brand promise: driving human-centred empathy to deliver intuitive, seamless, and integrated experiences for clients and colleagues. As the strategic journey progresses, the Group remains steadfast in its commitment to excellence, integrity, and impactful value creation. As a purpose-led organisation, it actively champions initiatives that foster positive change, recognising that its success is deeply connected to the prosperity of the planet and the communities in which it operates.

CORPORATE GOVERNANCE

The Board is responsible for creating and delivering sustainable shareholder value, ensuring an appropriate balance between promoting long-term sustainable growth and delivering short-term performance. The Board sets and steers the strategic direction of the Issuer, approves the Issuer's policies and planning, provides oversight, monitors the Issuer's business and ensures accountability of management and the executive. Board members engage with regulators, provide leadership to

management, contribute actively to the content of financial statements, results, announcements and the integrated report, and are available for matters that arise on an ad hoc basis. In order for the Board to form a quorum, a majority of members must be in attendance. Directors are appointed through a formal process which is facilitated by the Directors' Affairs Committee (**DAC**) on behalf of the Board. The Board as a whole approves all director appointments on recommendation by the DAC. The DAC comprises only independent non-executive directors and is chaired by the Board Chairman. All independent non-executive directors are annually assessed in accordance with the JSE Listings Requirements and King IV recommendations. Independent non-executive directors serve a maximum of nine years in according with a Banks Act Directive.

The Board is assisted by Nadine Drutman (BCom, LLB, LLM), the Issuer's Company Secretary. She maintains an arm's length relationship with the Board, providing guidance to Board members on fiduciary duties, corporate governance requirements and practices as well as the execution of their duties. All Board members have unhindered access to her services in all aspects of the Board's mandate and the operations of the Issuer.

The Board is assisted by various board committees described below under "Board Committees", and comprise the DAC, 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, Sustainable and Ethics Committee (**SSEC**); and Models Committee (**MC**).

To streamline the Board and committee governance processes and reduce the number of meetings, the Board has decided to discontinue the activities of the Board Finance Committee (BFC), and to incorporate its mandate into the GACC and the Board itself.

The Board has 13 members, 11 of whom are independent and two of whom are executive directors. The following table sets out the members of the Board as at the date of this Absa Group Risk Factors and Disclosures Schedule, the year of their election or appointment to the Board, the expiration of their current term and their position(s).

Name	Year Elected/ Appointed	Year term expires		Born	Position
		Current term expiry ¹	9-year rule expiry ²		
René van Wyk ³	2020	2028	2029	1956	Chairman, Independent Non-executive Director
Nonhlanhla Mjoli-Mncube	2020	2027	2029	1958	Lead Independent Non-executive Director
Tasneem Abdool-Samad	2018	N/A	2027	1974	Independent Non-executive Director
Zarina Bassa	2025	2027	2034	1965	Independent Non-executive Director
Alison Beck ⁴	2023	2026	2032	1959	Independent Non-executive Director
Luisa Diogo	2023	2026	2032	1958	Independent Non-executive Director
Rose Keanly	2019	2027	2028	1958	Independent Non-executive Director
Peter Mageza	2023	2028	2032	1955	Independent Non-executive Director
Alpheus Mangale	2023	2027	2032	1976	Independent Non-executive Director
Fulvio Tonelli	2020	2028	2029	1960	Independent Non-executive Director

Sindi Zilwa	2025	2027	2034	1968	Independent Non-executive Director
Kenny Fihla ⁵	2025	2028	2034	1967	Group CEO
Deon Raju	2023	2027	2032	1977	Group CFO

Notes:

¹ The provisions of the Issuer's MoI on director rotation requires that a minimum of one-third of the directors retire at each Annual General Meeting (AGM), and being eligible and available, and having offered themselves for re-election, are re-elected in terms of section 68 (2)(a) of the Companies Act by way of a series of votes. Directors retire in order of longest serving (since last election). The dates for 2023, 2024 and 2025 are indicative and subject to the total number of Board members.

² Directors who have served for more than nine years are subject to annual re-election and are categorised as non-independent after the Board has assessed their performance and confirmed that they remain suitably qualified to serve on the Board. The general rule, however, is that directors will retire after having served nine years on the Board having regard to the provisions of the Directive D4/2018 (Matters related to the promotion of sound corporate governance, and in particular in relation to the appointment of directors and executive officers).

³ Renè van Wyk was appointed the Chairman of the Issuer and Absa Bank and, effective 15 July 2025.

⁴ John Cummins resigned from the Board of Directors of the Issuer, effective 30 September 2025 and Alison Beck took over as MC Chairman effective 1 October 2025.

⁵ Kenny Fihla was appointed as the permanent Group CEO with effect from 17 June 2025.

Recent changes to the Board

- Arrie Rautenbach stepped down as the Group CEO on 14 October 2024 and Charles Russon was appointed as the Interim Group CEO with effect from 15 October 2024 until 16 June 2025. Kenny Fihla was appointed as the permanent Group CEO with effect from 17 June 2025
- Sindi Zilwa and Zarina Bassa were appointed as independent non-executive directors effective 1 April 2025.
- Sello Moloko stepped down as Chairman and an independent non-executive director of Absa Group and Absa Bank, effective 15 July 2025; and Renè van Wyk was appointed as the Chairman of Absa Group and Absa Bank, effective 15 July 2025. Ihron Rensburg stepped down as an independent non-executive director of Absa Group and Absa Bank, effective 31 August 2025 and Nonhlanhla Mjoli-Mncube took over as SSEC Chairman effective 1 September 2025.
- John Cummins stepped down as an independent non-executive director of Absa Group, effective 30 September 2025 and Alison Beck took over as MC Chairman effective 1 October 2025.
- Brian Kennedy and Paul Smith will be appointed as independent non-executive directors effective 1 February 2026.

Abridged curricula vitae of the Board

René van Wyk

René was appointed as the Chairman of Absa Group and Absa Bank effective 15 July 2025. René originally joined the Absa Group Board as an independent non-executive director on 1 February 2017. He served as the Group Chief Executive from 1 March 2019 to 14 January 2020, re-joined the board as a non-executive director from 1 August 2020 and became an independent non-executive director from 1 August 2021. He was appointed as an independent non-executive director of Absa Bank Limited on 1 February 2022.

He is the Chairman of the Directors' Affairs Committee (DAC) and a member of the Group Risk and Capital Management Committee (GRCMC), Group Credit Risk Committee (GCRC) and Remuneration Committee (RemCo). René is the former registrar of Banks and head of banking supervision of the South African Reserve Bank (SARB) and retired from that position in May 2016. Prior to that, René was with the Nedbank Group of companies from 1993 to 2011, where he occupied various positions, notably executive director responsible for risk at Nedcor Investment Bank, and

CEO of Imperial Bank (a subsidiary of Nedbank). In his earlier years with KPMG he served as a partner in the financial services group.

René is a non-executive director of Motus Holdings Limited. He holds a Bachelor of Commerce, Bachelor of Accounting Science (Hons), Advanced Management Programme (Insead), and is a Chartered Accountant, CA (SA).

Committees: DAC (Chairman), GRCCM; GCRC; Remco.

Qualifications: BCom; BCompt (Hons); CA(SA).

Nonhlanhla Mjoli-Mncube

Nonhlanhla joined the board as an independent non-executive director on 15 October 2020. She is the Chairman of the Social, Sustainability and Ethics Committee (SSEC) and a member of the Directors' Affairs Committee (DAC), and the Group Credit Risk Committee (GCRC). She was appointed as the lead independent director of the Group and Absa Bank boards with effect from 8 February 2022. She is the former economic advisor to the Presidency, former chairman of the National Urban Reconstruction and Housing Agency and former deputy chair of the Construction Industry Development Board.

Nonhlanhla serves on the board and audit committee of Zeder Investment Limited, is a non-executive director of Zeder Financial Services Limited and has previously served on the boards of several other listed companies including Capitec Bank, WBHO Construction, Cadiz Financial Services, Tongaat Hulett and Pioneer Foods.

Qualifications: Post-Graduate Certificate (Engineering Business Management); Fellowship in Urban Development (MIT); Masters in Urban and Regional Planning.

Tasneem Abdool-Samad

Tasneem has been on the Absa Bank Board as an independent non-executive director since 2016, and joined the Board (Absa Group) as an independent non-executive director on 1 February 2018. She joined the Group Audit and Compliance Committee (GACC) on 1 April 2018 and assumed the position of GACC chairman from 4 June 2020. She rejoined the board of Absa Bank Limited as independent non-executive director with effect from 4 June 2020. Tasneem is also a member of the Group Risk and Capital Management Committee (GRCCM) and Directors' Affairs Committee (DAC). She is the former Chairman of the Absa Financial Services Board. Tasneem started her career at Deloitte in KwaZulu-Natal. She then moved to the University of the Witwatersrand, where she was a lecturer in auditing from 2003 to 2006. In 2006 she rejoined Deloitte and is a former member of the Deloitte South Africa board.

Tasneem is a non-executive director of Reunert Limited and Bid Corporation Limited.

Qualifications: BCom; CA (SA).

Zarina Bassa

Zarina joined the Board as an independent non-executive director on 1 April 2025 and is a member of the Group Audit and Compliance Committee (GACC), Group Credit Risk Committee (GCRC) and Group Remuneration Committee (RemCo). Zarina is an experienced business executive and leader, having trained as a chartered accountant in the initial stages of her career. She spent 17 years in professional financial services with Ernst & Young (EY) in South Africa and the United Kingdom, six years as an executive in retail and private banking and wealth management at Absa Group, and 16 years as a non-executive director including at Kumba, Vodacom SA, Mediclinic and the Financial Services Board, amongst others, and Woolworths Holdings and Investec Group, where she was the lead independent director.

She is currently an independent non-executive director of Gold Fields Limited and the JSE Limited.

Qualifications: BAcc, Post Graduate Diploma in Accounting, CA (SA).

Alison Beck

Alison joined the Board as an independent non-executive director on 1 December 2023. She is a member of the Group Audit and Compliance Committee (GACC), Group Risk and Capital Management Committee (GRCMC) and will be chairing the Models Committee (MC) effective 1 October 2025. Alison joined KPMG in 1990 as a senior consultant and was made a director in 1996 and a partner in 1998 in Financial Services. She was head of Financial Risk Management for 15 years, representing the South African practice in the global centres of excellence for Central Banking and Financial Risk Management. Alison retired from KPMG in May 2020.

Qualifications: BCom CA (Scotland) Associate Diploma (Institute of Bankers South Africa).

Luisa Diogo

Luisa joined the Board as an independent non-executive director on 1 September 2023 and is a member of the Group Risk and Capital Management Committee (GRCMC), Social, Sustainability and Ethics Committee (SSEC). Luisa is currently a non-executive director on the board of Total Mozambique. She is the former Prime Minister of the Republic of Mozambique (2004 to 2010) and the Minister of Planning and Finance (2000 to 2004). Luisa is also the former Chairman of Absa Bank Mozambique and Global Alliance Mozambique.

She is a seasoned leader with many years of experience in financial services and in the broader areas of economics, strategy and stakeholder management.

Qualifications: B Econ (Eduardo Mondlane University); Masters in Financial Economics (University of London).

Rose Keanly

Rose joined the board as an independent non-executive director on 1 September 2019. She is a member of the Directors' Affairs Committee (DAC), Information Technology Committee (ITC), Social, Sustainability and Ethics Committee (SSEC), and is the chairman of the Group Remuneration Committee (RemCo). She has been a member of the Absa Financial Services (AFS) Board since July 2020 and took over of Chair of that board from April 2025. She was appointed as an independent non-executive director of Absa Bank Limited with effect from 8 February 2022. Rose retired as the former Chief Operating Officer (COO) of Old Mutual Emerging Markets (OMEM) in February 2018, following a career with the Old Mutual group spanning 38 years and various, mainly information technology and operations related, positions. Prior to her position as COO, she was the Managing Director of OMEM Customer Services and Technology. Rose currently also serves as a non-executive director of the Gender-Based Violence Fund (GBVF).

Qualifications: BSc; BCom (Honours).

Brian Kennedy

Brian Kennedy will be appointed as an independent non-executive director on 1 February 2026. He will be a member of the Group Risk and Capital Management Committee (GRCMC), Group Credit Risk Committee (GCRC) and the Information Technology Committee (ITC). He was the Group Managing Executive for Nedbank Corporate and Investment Banking from 2015 to 2020. He is an experienced leader with 32 years of experience in all facets of wholesale banking, including debt and equity capital markets, corporate banking, private equity, transactional banking and payments, commercial property finance and mergers and acquisitions. Brian is currently a non-executive director of Telkom Limited, ARM Limited, Afrisam Limited and Ecobank Transnational Limited. He will be stepping off the boards of Afrisam and Ecobank on joining the Absa Group board.

Qualifications: BSc Eng (Electrical), MSc Eng and MBA.

Alpheus Mangale

Alpheus Mangale was appointed as an independent non-executive director of Absa Group with effect from 1 July 2023. Alpheus is a member of the Group Risk and Capital Management Committee (GRCMC), Information Technology Committee (ITC) and Group Remuneration Committee (RemCo). Alpheus is a seasoned senior executive, with over 25 years' experience across financial services, telecoms, enterprise and technology markets in Europe, Middle East, and Africa region. He is currently the group chief executive officer for Seacom Limited.

Alpheus has previously served on various boards and performed several senior leadership roles in the financial services and technology industries.

Qualifications: National Diploma in Computer Systems Engineering (Tshwane University of Technology); Post Graduate Certificate in Management (Henley Business School); Advanced Management Programme (Harvard Business School).

Peter Mageza

Peter joined the Absa Group Board as an independent non-executive director on 1 August 2023. He is the chairman of the Information Technology Committee (ITC) and a member of the Group Audit and Compliance Committee (GACC), Remuneration Committee (RemCo) and Directors' Affairs Committee (DAC). Peter has served as an independent non-executive director on a number of large listed and unlisted diversified boards across South Africa and on the African continent, including at Remgro Limited and RCL Foods Limited. He is the former Chief Operations Officer and was an executive director of Absa Group and Absa Bank Limited until June 2009.

Qualifications: Chartered Certified Accountant; Fellow of the Association of Certified Chartered Accountants (ACCA) UK.

Paul Smith

Paul Smith will be appointed as an independent non-executive director on 1 February 2026. He will be a member of the Group Risk and Capital Management Committee (GRCMC), Group Credit Risk Committee (GCRC), Group Audit and Compliance Committee (GACC) and the Models Committee (MC). He was the Group Chief Risk Officer of the Standard Bank Group from 1999 to 2016. In addition to his risk responsibilities, he was also responsible for internal audit, compliance, governance, group insurance, sustainability, ethics and financial crime. He has been a non-executive director of Discovery Bank Limited for the last nine years and has resigned from that board to join the Absa Group Board.

Qualifications: B Com, CA(SA) and AMP.

Fulvio Tonelli

Fulvio joined the Absa Group Limited Board as a non-independent non-executive director on 1 July 2020. He became an independent non-executive director on 1 July 2023. He is the interim Chairman, a member of the Group Credit Risk Committee (GCRC) and the Group Risk and Capital Management Committee (GRCMC) and a member of the Directors' Affairs Committee (DAC) and Group Audit and Compliance Committee (GACC). He is also a non-executive director of Absa Bank Kenya Plc.

Fulvio was, until the end of June 2019, the Chief Operating Officer at PwC Africa and a member of the firm's leadership team. In this role, he assisted in the delivery of the firm's strategic direction and was also responsible for the effective operation of the firm's risk management, finance, information technology and other internal firm services. Fulvio retired from PwC in June 2020, having joined PwC in July 1987. Prior to that, he completed his articles at Deloitte.

Fulvio is an independent non-executive director of Equites Property Fund Limited, Life Healthcare Group Holdings Limited and The Ethics Institute. He is Chairman of the Independent Regulatory Board for Auditors (IRBA).

Qualifications: BCom (Hons), CA(SA).

Sindi Zilwa

Sindi joined the Board as an independent non-executive director on 1 April 2025 and is a member of the Group Risk and Capital Management Committee (GRCMC), Group Audit and Compliance Committee (GACC), Information Technology Committee (ITC) and Social, Sustainability and Ethics Committee (SSEC). Sindi has spent almost 30 years as a director across a variety of sectors and in various governance roles. She was South Africa's Business Woman of the Year in 1998. She co-founded Nkonki in 1993 and was with the firm throughout its evolution, including during the merger with Sizwe Ntsaluba (1996-2002). Subsequently, she led the firm as Chief Executive Officer from 1998 until her retirement in October 2016. She is currently an independent non-executive director of Sibanye-Stillwater Limited, Metrofile Limited and Delta Property Fund. In 1990, Sindi became the second black woman to qualify as a Chartered Accountant. She has been awarded a Certificate: Cybersecurity: Managing Risk in the Information Age from Harvard in January 2024. Sindi's former board memberships include Discovery Holdings, Massmart Holdings, Aspen Pharmacare, Redefine Properties and AngloGold Ashanti. She is a published author of two books, 'The Audit Committee Effectiveness Model' (2013) and 'The Board Committee Effectiveness Model' (2016).

Qualifications: BCom (Hons), CA (SA), Advanced Diploma in Financial Planning, Advanced Tax Certificate, Advanced Diploma in Banking.

Kenny Fihla

Kenny was appointed as Group Chief Executive Officer and executive director of Absa Group and Absa Bank, effective 17 June 2025. Kenny is a recognised leader with substantial Pan-African banking experience and a proven track record.

He has nearly 20 years of experience in leadership roles in the banking sector. He joined Standard Bank Group in 2006 as head of Investor Services, Corporate and Investment Banking (CIB). In 2008, he was appointed head of Transactional Products and Services, SA, for Standard Bank CIB, whereafter he was appointed deputy chief executive of CIB in November 2016 and chief executive officer of CIB in May 2017, a role he held until August 2024. He was appointed Deputy Chief Executive Officer of Standard Bank Group and Chief Executive Officer Standard Bank South Africa effective 1 September 2024. As Deputy Chief Executive, he was the accountable executive for Standard Bank's subsidiaries outside of South Africa.

Qualifications: MSc in Financial Economics (University of London); MBA (University of the Witwatersrand).

Kenny is a member of the Disclosure Committee, GRCMC, GCRC, Group ITC and SSEC.

Deon Raju

Deon was appointed as Group Financial Director on 26 April 2024 and he joined the Board on the same day. He is also the Debt Officer of the Issuer. Prior to this role, Deon was Absa's Group Chief Risk Officer from 1 June 2021 and was a member of the Executive Committee and the Group Treasurer 5 years before that, where he was primarily responsible for the liquidity risk, funding, capital, and non-traded market risks of the Group.

Deon has been with Absa for over 20 years and has held a variety of roles within the organisation – including roles within Enterprise Risk, Finance, Investment Banking, Credit Portfolio Management and Global Markets. He is a seasoned banking professional with deep institutional knowledge of the

Group, as well extensive and diversified banking experience in business, finance and risk management.

Qualifications: B Com (Hons); CA (SA); CFA.

Deon is a member of the Models Committee (MC), Group Risk and Capital Management Committee (GRCMC), Group Credit Risk Committee (GCRC) and Information Technology Committee (ITC).

Directors' declarations

None of the directors mentioned above have:

- (i) ever been declared bankrupt, insolvent, or entered into any individual voluntary compromise arrangement;
- (ii) ever been a director with an executive function of any company that has proposed or commenced business rescue proceedings, delivered notices under Section 129(7) of the Companies Act, or been subject to receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary compromise arrangements, or any compromise or arrangement with creditors generally or any class of creditors, at the time of or within 12 months preceding such events;
- (iii) ever been a partner in any partnership that has been subject to compulsory liquidation, administration, or partnership voluntary compromise arrangements at the time of or within 12 months preceding such events;
- (iv) ever had any of their assets or any assets of a partnership of which they were a partner placed under receivership at the time of or within 12 months preceding such event;
- (v) ever been disqualified by a court from acting as a director of a company or from participating in the management or conduct of the affairs of any company;
- (vi) ever committed any offence involving dishonesty;
- (vii) ever been convicted of any offence involving dishonesty, fraud, theft, forgery, perjury, misrepresentation, or embezzlement;
- (viii) ever been barred from entry into any profession or occupation;
- (ix) ever been convicted in any jurisdiction of any criminal offence or any offence under legislation relating to the Companies Act, including convictions that may now be considered "spent convictions";
- (x) ever been removed from an office of trust on the grounds of misconduct involving dishonesty; and
- (xi) ever been declared delinquent or placed under probation by a court in terms of Section 162 of the Companies Act or Section 47 of the Close Corporations Act, 1984, or disqualified from acting as a director in terms of Section 219 of the Companies Act, 1973.

Nomination of Directors policy

The Board endorses the recommendation of King IV that a board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence. The JSE requires listed entities to establish a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills, and experience. The Board sets and regularly reviews targets for race and gender. Other aspects will continue to be managed and, where appropriate, disclosed.

The process of nominating and selecting the highest governance body is provided in the Sustainability and Climate Report which is published annually on Absa Group's corporate website at <https://www.absa.africa/absafrica/investor-relations/annual-reports/>.

The Director Nomination Policy is available on Absa Group's corporate website at <https://www.absa.africa/absafrica/about-us/corporate-governance/>.

Board and Committee Effectiveness Evaluation

The Group conducts at least a biennial review to evaluate the performance and effectiveness of the Board, its committees and individual directors, including the Chairman, in line with section 64(B)(b)(iv) of the Banks Act, 1990. The performance evaluation process may differ in methodology, but normally takes the form of a detailed questionnaire, complemented by individual interviews with each of the directors. Our Board is diverse in terms of age, race, gender, ethnicity, tenure, country of origin, culture, educational background, skills, experience, and knowledge. The composition review considers rotation plans, tenure, succession, retirement, resignation, skills, and the outcomes of Board evaluations. The Board evaluation is prescribed in terms of the Group Board Charter, and we have policies in place for complying with the JSE Debt and Specialist Securities Listings Requirements including Evaluation, Nominations, and Conflicts of Interest. Our DAC formally facilitates and recommends director appointments for final approval by the Board after considering various factors, including but not limited to the fitness and propriety of the director, and subject to regulatory approval. The election or re-election of Board members is recommended to shareholders for voting at the annual general meeting. The Board itself will also appraise the extent to which the Board committees have delivered on their mandate and supported the Board in so doing. The 2024 Board performance evaluation was conducted independently. The disclosure on the evaluation process in respect of the highest governance body's performance is provided in the Sustainability and Climate Report which is published annually on Absa Group's corporate website at <https://www.absa.africa/absafrica/investor-relations/annual-reports/>.

EXECUTIVE COMMITTEE

The executive committee includes the Issuer's executive directors and other members of executive management. The executive committee is responsible for all material matters relating to executing the Issuer's agreed strategy. The table below sets out the name, year of birth, current position and year of first employment of members of the Issuer's executive committee.

Name	Age	Year of First Executive Committee Employment	Position
Kenny Fihla	58	2025	Group Chief Executive Officer
Charles Russon	59	2014	Chief Executive Africa Regions
Deon Raju	47	2021	Group Financial Director
Christine Wu	47	2024	Interim Co-Chief Executive: Personal and Private Banking
Faisal Mkhize	53	2022	Chief Executive: Business Banking
Geoffrey Lee	55	2022	Interim Co-Chief Executive: Personal and Private Banking
Zaid Moola	47	2026	Chief Executive: Corporate and Investment Banking
Punki Modise	55	2021	Group Chief Strategy and Sustainability Officer
Rajal Vaidya	60	2024	Group Chief Risk Officer
Akash Singh	52	2019	Group Chief Compliance Officer
Johnson Idesoh	52	2023	Group Chief Information and Technology Officer

Jeanett Modise	62	2023	Group Chief Human Capital Officer
Prabashni Naidoo (ex officio)	49	2021	Group Chief Internal Auditor Executive
Sydney Mbhele	51	2023	Group Chief Brand, Marketing and Corporate Affairs Officer

Kenny Fihla

Refer to Absa Group Board.

Deon Raju

Refer to Absa Group Board.

Geoffrey Lee

Geoff was appointed as Chief Executive: Product Solutions Cluster with effect from 1 July 2022 and subsequently Interim Co-Chief Executive of Personal and Private Banking on 1 June 2025. He was previously Managing Executive: Secured Lending. Geoff has 15 years banking experience having held a number of senior leadership positions across the disciplines of Retail Banking including Managing Executive: Home Loans, Managing Executive: Absa Card and Payments, Head: Product and Pricing Centre of Excellence, CFO: Absa Mortgages; CFO Absa Card division.

Qualifications: B Com; B Acc; CA(SA); AMP (Insead).

Zaid Moola

Zaid joined Absa Group on 1 December 2025 and was appointed Chief Executive, Corporate and Investment Banking on 1 January 2026.

Zaid has over 20 years of experience in corporate and investment banking across Africa. Recognised for driving client excellence, growth and innovation, he has led high performing teams within various divisions and advised clients across all sectors to achieve their strategic objectives. Zaid joined Standard Bank in 2003 and held senior leadership roles including Head of Client Coverage South Africa, Head of CIB South Africa and Head of Global Markets, CIB, where he transformed client engagement, strengthened market leadership and delivered sustainable value creation.

Qualifications: BCom and Dip Acc Honours from the University of Natal; CA (SA); Advanced Management Programme (INSEAD Business School).

Faisal Mkhize

Faisal Mkhize is the Chief Executive of Business Banking and was appointed as a member of the Group Exco from 1 July 2022. He was previously Managing Executive: Absa Vehicle and Asset Finance (AVAF). Faisal has over 25 years of banking experience and a solid track record in Retail and Business Banking. He has served in a number of senior leadership roles in the bank, including Managing Executive of Retail and Business Banking in KwaZulu-Natal, Head of Market Leadership and Change in Absa Business Bank as well as Regional Executive of Private Bank in the Northern Region.

Faisal was also a Managing Director with Barclays Bank Mozambique.

Qualifications: B Admin (Hons); Masters in Development Finance; Advanced Business Ethics.

Punki Modise

Punki was appointed as the Group Chief and Sustainability Officer with effect from 1 July 2022. She has previously held the roles of Interim Chief Executive: RBB and Interim Financial Director. Punki

joined Absa Group in 2008 and has held various senior management positions, including that of Chief Financial Officer: Retail and Business Banking since June 2016. Previous roles include Head: Transactional Banking, Chief of Staff: Retail Banking and Chief Financial Officer: Distribution Channels. Prior to joining Absa Group, she held positions at Standard Bank and Fedsure, having completed her articles at PricewaterhouseCoopers Inc.

Punki is a non-executive director of Absa Life Limited, Woolworths Financial Services (Pty) Limited and Ford Financial Services (Pty) Ltd.

Qualifications: B.Com; CA(SA); Masters in Financial Management.

Charles Russon

Charles was appointed Group Executive: Africa Regions with effect from 1 September 2025. He is accountable for leading and overseeing the performance of the Group's operations across Africa and provides advisory support to the business units. On 15 October 2024, Charles was appointed Interim Group Chief Executive Officer. He joined the Board on the same day before stepping down from this role on 15 June 2025. Prior to the appointment as Interim Group Chief Executive Officer, he was Chief Executive of Absa's Corporate and Investment Bank (CIB). Charles's earlier roles within the Group include several leadership positions. He was Acting Group Executive: Absa Regional Operations; Group Chief Operating Officer; Regional Head of Finance; Chief Operating Officer of Corporate and Investment Banking; and Chief Executive: Engineering Services. He joined the Group in 2006 and the Executive Committee in 2014.

Charles is a member of the Group Risk and Capital Management Committee (GRCMC), Group Credit Risk Committee (GCRC), Social, Sustainability and Ethics Committee (SSEC), and Information Technology Committee (ITC). He completed his articles with KPMG and then joined Merrill Lynch in London as financial controller for credit products. Charles worked for Deutsche Bank in London and Frankfurt from 1998 to 2006 as the rates Head of Product Control before he joined Absa Capital in September 2006 as Chief Financial Officer.

Qualifications: CA (SA)

Sydney Mbhele

Sydney was appointed as Group Chief Brand, Marketing and Corporate Affairs Officer with effect from 1 January 2023. He was previously the Chief Executive: Brand at Sanlam Group and a member of the Group Executive Committee. He joined Sanlam in 2019 from Liberty Group, where he was Chief Marketing and Communications Officer. He was Executive Head – Group Marketing at Nedbank Ltd from 2011 to 2017. Prior to this, he held brand and marketing roles at consumer sector companies including SAB Miller, Unilever, Cell C and DIAGEO. Sydney is currently chairman of the Marketing Association of South Africa.

Qualifications: MBA; Postgraduate Diploma in Strategic Marketing Management; B. Social Science.

Jeanett Modise

Jeanett was appointed as Group Chief People Officer with effect from 1 January 2023. She was previously Group Human Resources director at Sanlam Limited, a position she has held since July 2019. Prior to joining the Sanlam Group, Jeanett held senior HR roles at a number of blue-chip companies including SAP, AngloGold Ashanti, Industrial Development Corporation, Mutual & Federal and Hewlett Packard among, others. Jeanett started her career as a professional nurse and Midwife prior to pursuing opportunities in the HR profession.

Qualifications: MBL; Senior Executive Programme, Harvard; Advanced Management Programme; B. Com,(Business Management); General Nursing and Midwifery Diploma.

Prabashni Naidoo

Prabashni was appointed Group Chief Audit Executive effective from 4 January 2021 and is an ex officio member of the Executive Committee. Prabashni is a seasoned Audit practitioner, with extensive experience in the banking industry. Prior to joining Absa Group, Prabashni served as the Group Chief Internal Auditor at Nedbank Group, preceding that, she spent just over 15 years at Standard Bank in various senior risk management and assurance roles. Prabashni's responsibilities include leading the Internal Audit team's implementation of the Absa Group Audit Programme, while providing strategic leadership and counsel to both the Exco and the Board on internal and external audit matters. She also works closely with the Group Compliance and Risk functions in dispensing of her duties as Group Chief Audit Executive.

Qualifications: B.luris; Advanced Management Programme (AMP) and certifications in Risk Management, Banking and Digital Business.

Akash Singh

Akash Singh was appointed as the Group Chief Compliance Officer with effect from November 2019.

Prior to this role, he was the Chief Compliance Officer of Retail and Business Bank SA. Akash was the Head of Operational Risk: Africa for Barclays Africa Group with oversight across 14 countries. He has also held various Internal Audit roles within the Absa Group. Before joining Absa, Akash was with Nedcor Limited in the Finance function. He has extensive knowledge and experience in strategic and technical management of operational risk, as well as regulatory and compliance risk management.

Qualifications: BCom (Hons); CA SA.

Rajal Vaidya

Rajal Vaidya is Group Chief Risk Officer for Absa Group and has over 30 years of international experience, spanning multiple geographies in Asia, the Middle East, and Africa in business and risk roles. Rajal previously occupied the position of Chief Risk Officer for Absa Corporate & Investment Bank where he was accountable for alignment to the Absa Group risk appetite, policies, and risk strategy, whilst enabling balanced growth and delivery on the CIB business strategies. From 2016 to 2019 Rajal was the Chief Risk Officer for Africa Regional Operations (ARO) responsible for Credit Risk Market Risk, Operational Risk and Treasury Risk for 11 countries covering Retail & Business Banking as well as CIB; and from 2019 to 2021 Rajal held CRO positions for both Absa CIB and ARO (RBB and CIB), as well as a stint as Acting Chief Risk Officer for Absa Group Ltd. Prior to taking on the CRO role in March 2016, Rajal was the Head of Consumer Banking for Barclays Africa (now Absa Regional Operations) covering 12 countries, in which capacity he led the design and execution of the Consumer Bank strategy, with business responsibility for balance sheet and P&L growth, Product development, Credit, Digital Strategy and Channels, and Sales and Distribution. Rajal started his banking career with Citigroup in India, where over a period of 17 years, he held senior positions in business as well as risk.

His last position was Senior Credit Officer Citigroup, and Chief Risk Officer CitiFinancial India.

Christine Wu

Christine Wu was appointed as Chief Executive of Everyday Banking with effect from 26 April 2024 and subsequently Interim Co-Chief Executive of Personal and Private Banking on 1 June 2025. She is a seasoned business leader and chartered accountant with over 20 years' experience, has diverse knowledge and skills in financial services following tenures in executive positions at local and international organisations including PwC, Discovery Bank and McKinsey and Company. Christine joined Absa in January 2019 as an executive member of the former Retail and Business Banking division with oversight of Customer Value Management – a portfolio which included strategy, value

proposition development, customer journey design, strategic marketing, digital transformation, and advanced analytics.

Christine is passionate about development and the execution of client-centric, full-value banking solutions by optimising cutting-edge design and innovation to create business value. She has co-authored an in-depth report on accelerating South Africa's economic growth. In 2023, she won the Global Banking & Finance Businesswoman of the Year award for her business contributions.

Qualifications: BCompt (cum laude), BCompt (Hons), CA(SA)

The executive committee is supported by the following committees: Executive Risk Committee, Treasury Committee, Group Investment Committee, Group Credit Committee, Group Change Committee, Tax Committee, Efficiency Executive Committee, Remuneration Review Panel, Executive Appointments and Remuneration Committee, Market Conduct Regulatory Steering Committee, Exit and On-boarding Committee, and Transaction Review Committee.

BOARD COMMITTEES

Directors' Affairs Committee

Assists the Board in establishing and maintaining appropriate corporate governance aligned with King IV, the corporate governance provisions of the Banks Act and other relevant regulations for the Group and material subsidiaries. This includes composition and continuity of the Board and its committees; the induction of new Board members; director training and skills development; director

independence and directors' conflicts and disclosures of interests; effectiveness evaluation of the Board and its committees, reviewing and proposing governing policies; monitoring the governing structures of subsidiary entities and considering matters of regulatory and reputational risk.

Group Audit and Compliance Committee (including the Disclosure Committee)

Is accountable for the Annual Financial Statements, accounting policies and reports and overseeing the quality and integrity of the Group's integrated reporting. It is the primary forum for engagement with internal and external audit, compliance, and operational risk. The committee monitors the Group's internal control and compliance environment. The committee recommends the appointment of external auditors to the Board and shareholders.

Group Risk and Capital Management Committee

Assists the Board in overseeing the risk, capital and liquidity management of the Group by viewing and monitoring (i) the Group's risk profile against its set risk appetite; (ii) its capital, funding and liquidity positions, including in terms of applicable regulations; and (iii) the implementation of the ERMF and the eight principal risks defined therein. It receives assurance that processes are in place to comply with laws and regulations pertaining to risk, capital, funding and liquidity management in all relevant jurisdictions.

Group Remuneration Committee

Sets and oversees the implementation of the Group's Remuneration Policy principles to deliver fair and responsible remuneration aligned with current and emerging market practice, to meet regulatory and corporate governance requirements and to reward in the context of the performance of the Group. It approves the total remuneration spend, including fixed remuneration, short-term and long-term incentives, any other remuneration arrangements, and the particulars of a defined senior population. It also considers and approves the Group's remuneration disclosure policies and

ensures that disclosures are accessible, understandable, accurate, complete and transparent; and that the Group remunerates fairly and responsibly in the context of overall employee remuneration, focusing on remuneration differentials.

Social, Sustainability and Ethics Committee

Monitors key organisational health indicators relating to social and economic development; responsible corporate citizenship; the environment, health and public safety; labour and employment; conduct and ethics; consumer relationships; stakeholder management and transformation; as well as the Group's activities relating to its role in Africa's growth and sustainability and the impact on the Group's employees, customers, and environment. It applies the recommended practices and regulations as outlined in King IV and the Companies Act in executing its mandate.

Information Technology Committee

Provides oversight and governance of the Group's information assets and the technology infrastructure used to generate, process and store that information. The focus is on resilience and stability; architecture; data management; security (cyber and other), AI and digitisation.

Group Credit Risk Committee

Considers and approves all large exposures that exceed 10% of qualifying capital and reserves including single name exposures and key country and sovereign risk limits within the credit risk appetite of the Group as approved by the Board from time to time. It has oversight over credit risk and monitors industry, sector, and single name concentration risks, trends and exposures.

Models Committee

Assists the Board in approving Absa's material risk models on inception, and then annually, as per the Group Model Risk Policy and the PA guidelines. It also approves the Model Risk Framework; approves and monitors model risk appetite; approves appropriate post-model adjustments; sets thresholds and tolerances for models and related post-model adjustments; and oversees the model governance process, the external audit findings and the combined assurance work for all models.

OTHER CORPORATE GOVERNANCE MATTERS

King IV

The Board believes that sound corporate governance practices are vital for (i) creating and sustaining shareholder value; and (ii) ensuring that behaviour is ethical, legal and transparent, thereby reducing the risk of value erosion and promoting positive outcomes for the benefit of all stakeholders. Accordingly, the Board remains committed to the highest standards of corporate governance and is committed to continuous improvement in the Group's corporate governance principles, policies and practices. The Issuer's charter provides the directors with guidance on promoting these standards of corporate governance and structuring governance to protect and enhance value. The charter sets out the practices for implementing the corporate governance provisions set out in the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the South African Companies Act, the Banks Act, the JSE Listings Requirements, Basel Practices on Governance and other global governance best practices.

The Group is compliant with all the principles outlined in King IV, and each year the Board focusses on maturing and improving the Group's existing governance practices, with specific emphasis on resilience, remuneration, governance, sustainability, combined assurance and stakeholder relationships. In line with the Group's pursuit of best-practice governance, the Board focusses on the four governance outcomes as envisioned by King IV:

- ethical leadership – the Board assumes ultimate responsibility for the Group's ethical performance and adherence to human rights principles. This responsibility is delegated to executive management while the Board oversees the various tools, processes and systems used to embed an ethical culture in the organisation. The Board sets the tone and leads the Group ethically, effectively and responsibly. In decision-making, individual Board members act with independence but on a consensus basis, with competence, commerciality and challenge, and with the necessary

awareness, insight and information. The Board ensures that the Group plays a key role in society as a trusted taker of deposits, contributor to financial markets, lender, major employer, buyer of services, contributor to the local community, taxpayer and skills provider;

- good performance – the Board is accountable to shareholders and other stakeholders for creating and delivering sustainable value through the execution of strategy and oversight of the management of the Group's businesses, while nevertheless maintaining its independence. It provides overall strategic direction within a framework of rewards, incentives and controls. A key role played by the Board is to ensure that management strikes an appropriate balance between promoting long-term sustainable growth and delivering short- and medium-term performance;
- effective control – the Board ensures that management maintains a system of internal controls to deliver accurate results and to comply with applicable laws and regulations. In carrying out these responsibilities, the Board must have regard to what is appropriate for the Group's business and reputation, the materiality of the financial and other risks inherent in the business, and the relative costs and benefits of implementing specific controls. The Board provides guidance to, and oversight of, the management of compliance risk, remuneration, the enterprise-wide risk management, and the related lines of defence that support good governance practices. The Board actively monitors the control environment and adjusts risk appetite and growth objectives;
- trust and legitimacy – the Board accepts accountability for the Group's impact on the environment, for evolving as society changes and for ensuring that the Group complies with applicable/relevant laws and regulations and deliberates on a broad range of activities, including conduct and ethics; customer engagements; culture and employee relations; and broader sustainability, transformation and citizenship efforts. The Group is grounded in the communities within the countries in which it operates. The Board oversees the Group's stakeholder policies and takes a stakeholder inclusive approach, recognising the need for transparent disclosure and open channels of communication.

The Issuer reports on its application of King IV in the annual report and the Environment, Social and Governance Report that it publishes on an annual basis. King IV advocates an outcomes-based approach and within that, an "apply and explain" application regime. The Issuer explained in its report that its approach to governance and the disclosure thereof was and will continue to be linked to the four desired outcomes and the Issuer will explain on an ongoing basis where the Group has not applied relevant practices.

Application of King IV – Key corporate governance practices

The following core governance practices are in place:

- majority independent non-executives;
- lead independent director with clearly delineated duties;
- active, engaged, and diverse board and the inclusion of a diversity policy and related targets for gender and race;
- proactive stakeholder engagement programme;
- annual election of the audit committee;
- annual election of the social and ethics committee;
- annual election of a minimum of one third of directors by majority vote;
- succession planning and rotation;
- biennial board and committee evaluations;

- key constitutional documents in place;
- fully manned and mandated committees;
- key policies approved and monitored for embedment including published conflicts of interest and nominations policies;
- regulatory compliance prioritised;
- minimum shareholding requirements for executives;
- approved malus and clawback provisions;
- detailed environmental, social and governance reporting;
- sufficient time and capacity policy and provisions;
- fit-and-proper policy for directors;
- risk management through an enterprise risk management framework;
- risk appetite set and monitored;
- solvency, liquidity and going concern status regularly tested;
- capital allocation deliberated and executed;
- liquidity and funding tested and stressed;
- extensive disclosures on remuneration practices and annual shareholder advisory vote on the remuneration policy and implementation report;
- combined assurance approach;
- a detailed review of the Group's stakeholder-inclusive practices and policies, with a view to creating a more comprehensive and effective stakeholder management regime; and
- adoption of a Group-wide governance framework to improve the inclusivity of governance.

King IV also recommends that a board set targets for race and gender representation, and the JSE Listings Requirements require the Group to have policies on the promotion of race and gender diversity at board level. The Board is committed to ensuring that the Group meets its governance, social and regulatory obligations regarding diversity while considering the environment and pan-African geographies in which the Group operates. In accordance with the board diversity policy, the Board has set targets for race and women representation at a minimum of 40% for African, Indian or Coloured (AIC) representation and 30% women representation.

The Board also considers matters of tenure, age, diversity, experience and skills.

In terms of skills and expertise, Board members must have the highest levels of integrity, deep understanding of governance, appropriate technical, financial and non-financial knowledge and interpersonal skills. Skills and experience in banking, risk and capital management, technology, commercial and industrial, accounting, legal and human resources, and sustainability are required of the Board as a collective. Since 2019, through training and deep dives, the Group began bolstering

Board skills in the areas of environmental and social sustainability, and climate change and continues to strengthen skills and experience specifically in technology, human resources and sustainability.

The disclosure on King IV compliance is provided in the annual report and Sustainability and Climate Report which is published annually on Absa Group's corporate website at <https://www.absa.africa/absafrica/investor-relations/annual-reports/>.

It is important to note that King V was published on 31 October 2025 and work has commenced to assess whether there are any aspects that the Group is not in compliance with.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum, as read with this Absa Group Risk Factors and Disclosures Schedule, and reach their own views prior to making any investment decision.

Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Relevant Terms and Conditions.

INDEPENDENT REVIEW AND ADVICE

Each purchaser of and investor in the Notes is fully responsible for making its own investment decisions as to whether the Notes (i) are fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and conditions, (ii) comply and are fully consistent with all investment policies, guidelines and restrictions applicable to it (or its beneficiary) and (iii) are a fit, proper and suitable investment for it (or its beneficiary). Purchasers of and investors in Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions, including, without limitation, their own legal, financial, tax, accounting, credit, regulatory and other business evaluation of the risks and merits of or associated with investments in the Notes. Purchasers of and investors in Notes should ensure that they fully understand the risks of or associated with investments of this nature which are intended to be sold only to sophisticated investors having such knowledge, appreciation and understanding.

Risks relating to the Issuer

Geopolitical tensions including ongoing armed conflicts in the Middle East and Ukraine as well the United State's reassessment of its diplomatic and trade relations, are expected to have an ongoing impact on the world economy and markets

Geopolitical risks to financial market participants, the global economy as well as the domestic economy are expected to remain elevated and present uncertainty to the outlook. The armed conflict between Russia and Ukraine is continuing and efforts to restore peace in the region are yet to yield a positive result. Separately, tensions in the Middle East also persist. The risks associated with these conflicts on geopolitical stability, commodity markets and the global economy more broadly require close monitoring on an ongoing basis.

The United States of America's (the **US**) clear focus on reshaping the terms of exchange with trading partners has manifested in a significant shift in the country's trade policy. The US has imposed tariffs on many of its trading partners and its policies may continue to change. The effects on various markets that the Group is exposed to are unlikely to be uniform and monitoring the risks across the different markets is an ongoing exercise. See also see "*The investments, business, profitability and*

results of operations of the Group may be adversely affected by difficult conditions in the global and South African financial markets ".

The Group's financial condition and results of operations as well as the Group's strategy and financial prospects may be adversely affected by events outside the Group's control such as those mentioned above.

The Group's focus remains on proactive risk and capital management to positively position itself as this situation unfolds. Risks are actively identified, and the consolidated response monitored to ensure effective implementation achieving the targeted result. Scenario analyses are used in the early detection of potential areas of weakness and to assess response effectiveness.

The investments, business, profitability and results of operations of the Group may be adversely affected by difficult conditions in the global and South African financial markets

The Group's operations are predominantly concentrated in South Africa, with the majority of its revenues deriving from operations in South Africa. The Issuer is therefore highly exposed to South African macroeconomic conditions and, as a result of their impact on the South African economy, global economic conditions. Any material deterioration in global or South African macroeconomic conditions could lead to a reduction in business activity, higher impairment charges, increased funding costs and reduced profitability and revenues.

Global economic conditions

As a small open economy, South Africa is exposed to the global economic environment through the current and capital accounts of the balance of payments. The performance of its exports is both directly and indirectly affected by economic activity and the trade policies of some of the world's largest economies, including China and the US. Given that South Africa's export basket is heavily skewed towards primary and semi-processed commodities, changes in global commodity prices and the exchange rate can also have a material impact on the performance of South Africa's exports. Moreover, the country is also reliant on foreign capital flows to fund its twin current and fiscal deficits.

The global economic outlook is currently characterised by elevated uncertainty, which has been triggered by significant policy changes in some of the world's largest economies. The most significant of these has been the US's decision to fundamentally reshape its terms of exchange with its trading partners. Since early February 2025, the current US administration has made a series of announcements to impose tariffs against its trade partners. Some of the US' trading partners, including China, the European Union, India and Japan, amongst others, have responded with countermeasures of their own. While the US has indicated a desire to make trade deals with partners, only a handful of its partners have been able to secure trade deals thus far. This leaves a lot of uncertainty about the direction of global trade policy. Away from trade, the US has also moved to slash its aid efforts, which may have adverse effects on countries dependent on this.

On 7 August 2025, the US implemented a 30% tariff on South African products exported to the US. South Africa is currently negotiating a new trade deal with the US to replace the African Growth and Opportunity Act, which expired in September 2025, and to mitigate the impact of U.S. tariffs, which have significantly affected sectors like automotive and agriculture. However, for South Africa, the risks stemming from the US extend beyond tariffs. US President Trump has expressed concerns about some of South Africa's policies, even though some of his claims appear to be unsubstantiated. Members of the current US administration have skipped G20 meetings in South Africa and it remains unclear whether President Trump will not attend the G20 Leaders' Summit scheduled for November 2025. Outside of the current US administration, a bill to review South Africa's bilateral relationship with the US is currently going through the US's legislative process. At this stage, it is difficult to determine how these factors will affect the nature of South Africa's diplomatic relationship with the US and what the practical implications will be.

The ongoing global policy shifts are expected to result in a slowdown in global economic growth this year, according to observers of international economic conditions. In its July World Economic Outlook

Update published in July 2025, the International Monetary Fund (the **IMF**) noted that while early evidence pointed to some resilience in global economic activity, it projected global economic growth of 3.0% for 2025 and 3.1% for 2026. This is weaker than estimated global economic growth of 3.3% and 3.5% in 2024 and 2023, respectively. The economy of the Sub-Saharan Africa region is projected to grow by 3.8% in 2025, slowing from growth of 4.0% in 2024. However, the IMF cautioned that there is a high degree of uncertainty to these projections given the nature of current policy shifts taking place. A slowdown in global economic activity will affect a significant number of the Group's customers, dampening income growth, sentiment and consumer spending. Such conditions could have a material adverse effect on the Group's business, financial condition and results of operations.

One of the major policy challenges of the post-pandemic period has been elevated and persisting inflation, particularly in advanced economies. Inflation has eased recently, but this easing has been uneven across many countries. Moreover, in the US, inflation remains above the target of the central bank. An environment of sharply escalated trade tensions and higher tariffs has raised some concern about inflation risks. That said, the inflation effects of tariffs will likely vary across markets. In the US, the Federal Reserve has cautioned that the effects of tariffs could lift inflation and lower economic growth. This creates a policy tension for its dual mandate of employment and inflation. Similarly, other major central banks have expressed concern about the impacts of tariffs on the economic outlook. At the timing of writing, observers such as the IMF expect that the major central banks will prioritise growth and cut interest rates further in the periods ahead but acknowledge more uncertainty than usual in relation to this outlook. The monetary policy actions of major central banks influence global financing conditions and affect foreign capital flows into South Africa's bond and equity markets. In turn, this could affect the exchange rate, domestic inflation, interest rates and economic growth.

The Group's financial performance is, in large part, linked to the performance of the South African economy, which in turn is inherently linked to the performance of the global economy and the actions of major global central banks. The ongoing uncertainty about the outlook for global economic activity as well the wider effects of ongoing policy shifts adds significant uncertainty to the outlook for the domestic exchange rate, inflation and interest rates, which could in turn have an important bearing on economic growth and the Group's financial performance.

South African economic conditions

The South African economy has experienced a protracted period of weak economic growth resulting from a combination of structural and cyclical factors, as well as the effects of the Covid-19 pandemic, which had a negative effect on the South African economy. According to data from Statistics South Africa, in 2024, South Africa's real gross domestic product (**GDP**) increased by just 0.5%. This comes after GDP growth was recorded at just 0.6% in 2023, having only grown by 0.3% between 2019 and 2022. This level of economic growth remains below the rate of growth in population and implies declining per capita GDP. A range of factors explain this growth performance. One is the weakened performance of critical economic infrastructure. Electricity supply constraints, logistics network bottlenecks and increased incidents of water supply have disrupted economic activity and reduced both business confidence and private sector investment growth. Weak economic growth has adversely affected tax receipts, and strong growth in expenditure, particularly on the government wage bill, resulted in significant deterioration in South Africa's public finances. In 2024, dry weather conditions related to an "El Nino" weather event also left significant output damage in the agricultural sector.

Encouragingly, some of the recent drivers of economic weakness have improved. Electricity supply has improved markedly with state-owned power utility lowering incidents of 'loadshedding' or power cuts. Meanwhile, data from Transnet shows that the performance of the logistics network, and in particular the rail network have improved slightly in recent quarters although performance remains far from most recent peaks in 2018. These gains partly reflect the progress that has been made under the Operation Vulindlela initiative, aimed at accelerating structural reforms in network industries.

Separately, dry weather conditions in 2024 have given way to more favourable weather conditions with agricultural output set to improve in 2025 according to the Crop Estimates Committee. From a more cyclical perspective, South Africa's inflation has moderated. According to data from Statistics South Africa, domestic inflation as measured by CPI has averaged just 3.1% in the first 8 months of 2025. This is lower than the average CPI inflation of 4.4% recorded in 2024. As inflation has fallen, the South African Reserve Bank (the **SARB**) has reduced the repo rate by 125bp since September 2024. The lower levels of inflation and lower interest rates have helped to support the disposable incomes of households and spending momentum in the economy. South Africa is also undergoing some reform in its monetary policy with the SARB announcing in July 2025 to lower the anchor for monetary policy to 3% from 4.5%. The central bank has argued that this will provide scope for lower interest rates over time.

The Rand exchange rate has remained highly volatile, reflecting shifts in the balance of payments, increased global uncertainty as well as perceptions about the outlook for domestic economic performance broadly and the political outlook. Notwithstanding the volatility, South Africa's prudential limits, which determine how much local asset managers can invest offshore, are an important buffer for the currency. The Rand will remain vulnerable to global risk sentiment, terms of trade as well as South Africa's economic growth and outlook for public finances.

After a protracted period of fiscal deterioration, South Africa has seen some improvement in the health of its public finances. Data from the National Treasury of South Africa show that the main budget deficit narrowed to 4.5% of GDP in fiscal year 2024/25. The primary main budget balance showed a surplus for the second consecutive year of 0.7% of GDP. The primary budget surpluses recorded in the last two fiscal years are the first in more than a decade and reflect stronger spending discipline in an environment of constrained economic growth. In the 2025 Budget that the government presented in May, the National Treasury aimed to pursue a policy mix that stabilises the gross public debt to GDP ratio at 77.4% in fiscal year 2025/26. It is worth noting that the tabling of the 2025 Budget was delayed, reflecting policy disagreements with the Government of National Unity (the **GNU**) about the policy mix that the finance minister presented in February. This highlights implementation risks for fiscal policy. An inability to stabilise public finances could have adverse implications for South Africa's economic performance.

The Issuer's financial performance has been and will remain linked to the performance of the South African economy. No assurance can be given that the Group would be able to sustain its current performance levels if the current South African macroeconomic conditions were to persist or materially worsen from levels at the date of this Prospectus.

Eskom's operational and financial performance have improved but risks remain

Eskom, South Africa's power utility, implemented a record amount of load shedding (a controlled process of planned power outages) in 2023 as the performance of its generation capacity sharply deteriorated. However, South Africa's electricity supply challenges have since abated, with the utility's efforts to stabilise generation seeming to be paying off with plant outages significantly reduced. According to data from Eskom, the energy available factor (EAF), a measure of generation capacity availability, has averaged around 60% in the first eight months of 2025, which compares to about 50% at the height of the load shedding crisis. Against this, the frequency of load shedding has been reduced with only 14 days in the first eight months of 2025 seeing brief episodes of load shedding, compared with 335 days in 2023 and 83 days in 2024.

Eskom has not only seen operational improvements, but its finances are also in a much better position in recent years. The government's decision to implement a debt relief program in 2024 has helped to lower the utility's debt and debt-service costs, creating financial space for stronger focus on maintenance. That said, other challenges remain, including growing debt owed to Eskom by municipalities. Moreover, further reforms will likely be needed to secure the recent stability in electricity supply. This includes further progress with the unbundling of the utility and investment in expanding the transmission grid to allow greater penetration of private sector generation capacity. These reforms face execution risks. Therefore, the risks related to Eskom's operational performance

and the progress with associated reforms to secure South Africa's longer-term energy security require close monitoring in the periods ahead.

The operational and financial sustainability of Eskom as well as energy security more broadly are critical to the performance of the South African economy, to which the financial performance of the Issuer is inextricably linked. The persistence or worsening of energy shortages could result in low private sector investment and negatively affect the pace of the economy, which could in turn adversely affect the financial performance of the Group.

South African political conditions

South Africa's political landscape underwent a major shift in 2024. After governing the country for three decades, the African National Congress (the **ANC**) lost its majority support following the outcome of the May 2024 general elections. This resulted in the country transitioning from one-party dominance in national government to a multi-party government. South Africa is currently governed by a Government of National Unity that includes the two largest political parties in parliament, namely the ANC and the Democratic Alliance (the **DA**), as well as several other small political parties. President Ramaphosa has outlined three strategic priorities for the GNU: (i) economic growth and job creation, (ii) addressing poverty and the cost of living and (iii) building a capable state. Moreover, the GNU has indicated support for the continuation of "Operation Vulindlela", the government's initiative to accelerate structural reforms.

While the GNU has held together since its formation in the middle of 2024, the relationship between the major political parties has often been conflictive. The DA has publicly opposed the signing of several major pieces of legislation including the National Health Insurance, the Basic Education Laws Amendments and the Expropriation Act. The DA also opposed the initial version of the finance minister's fiscal policy proposals that were outlined in the draft 2025 Budget on 12 March 2025. This resulting in a restarting of the Budget process. But despite these issues, both the ANC and the DA have reaffirmed their commitment to continued participation in the GNU.

As coalition politics are tested at the national level, uncertainty about both the stability of government and its ability to implement needed policies and structural reforms will remain. Outside of the GNU, internal party issues in the ANC and the DA also remain uncertain. The ANC is due to hold its five-yearly national conference in December 2027. This conference will elect new leadership for the party and the outcomes of this process may change the party's attitude to its participation in the GNU in its current form. South Africa is also due to hold its local government elections in 2026.

Political instability, including the inability of the Government to implement necessary structural reforms, may have an adverse impact on the South African economy and could consequently have an adverse effect on the Group, its business, financial condition and results of operations. Ongoing political developments may impact private sector investment, and the Issuer will continue to monitor the political and policy landscape carefully.

South African socio-economic conditions

Some socio-economic challenges in South Africa are more acute than in many similarly rated emerging markets. Serious public health system deficiencies and a poor public education system are reflected in South Africa's low United Nations Human Development ranking at 106 out of 188 countries as of May 2025. South Africa's Gini coefficient index representing income inequality is one of the most extreme globally. Joblessness also remains a major challenge. Even as overall economic activity gradually recovers from the pandemic shock, South Africa's unemployment rate has remained above 30%. The unemployment rate was reported at 33.2% in the second quarter of 2025 with jobless rates higher amongst younger people. These persistent socio-economic challenges adversely impact South Africa's creditworthiness and give rise to long-term expenditure needs, heightened social pressures and constrained growth which in turn could adversely impact the implementation of the Group's strategy and the financial position of the Issuer.

South African conditions specific to the banking sector

The South African banking sector is well capitalised, adequately funded, prudently regulated, and professionally managed. It is widely recognised as a pillar of the country's financial stability and has demonstrated strong post-pandemic resilience, with major banks reporting improved profitability in the financial year ending 2024, supported by cost discipline and lower credit impairment charges. However, banks remain exposed to structural economic challenges, including weak GDP growth, high unemployment, and low fixed investment, which continue to weigh on credit appetite and affordability. While the recent cumulative rate cuts by the SARB's Monetary Policy Committee have eased some pressure on borrowers, sustained recovery still depends on broader macroeconomic stability. Further, deterioration in policy predictability, political or social stability, or sovereign creditworthiness could materially affect the Group's borrowers and counterparties, impacting asset quality, earnings momentum, credit demand/worthiness and capital flow which, in turn, could have a material adverse impact on the Group's business, results, financial condition or prospects. Further, rising competition from fintechs and non-bank players poses structural risks to traditional revenue lines for banks, though a high financial inclusion rate (85% vs. global average of 76%) supports bank-led financial intermediation.

There are a number of risks inherent in the banking industry which may impact the performance of the Issuer

The Issuer is exposed to a variety of risks arising in the ordinary course of its business, the most significant of which are credit risk (including credit concentration risk), market risk, capital and liquidity risk, insurance risk, strategic, sustainability and reputational risk, model risk and non-financial risks including operational and resilience risk and compliance risk, with credit risk constituting the largest financial risk. Investors should note that any failure by the Issuer to manage these risks adequately could have a material adverse effect on the Issuer's financial condition and reputation.

Credit Risk

Credit risk is the risk of suffering financial loss due to a borrower, counterparty to a derivative transaction, or an issuer of debt securities defaulting on its contractual obligations. Changes in the credit quality of the Issuer's borrowers and counterparties or arising from systemic risk in the financial systems could reduce the value of the Issuer's assets, and require increased provisions for bad and doubtful debts. In addition, changes in economic conditions may result in deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

The Issuer has developed and implemented risk management policies, procedures and processes designed to reduce this risk through proactive monitoring, management and reporting of the Issuer's credit risk position, however there is no assurance that such measures will adequately address all credit risks that the Issuer may face.

Credit Concentration Risk

Due to the Issuer's position and role in the South African economy, natural concentrations exist in areas where it is largely unavoidable. In particular, due to the Issuer's position as a major retail bank in the South African market, should private household clients, and specifically the home loans asset class, experience economic stress, this may have an adverse impact on the Issuer's business, results, financial condition or prospects.

Large sovereign exposures that are mainly due to the Issuer's liquid asset portfolio holdings. Should a deterioration in the South African sovereign credit rating be experienced, this may have an adverse impact on the Issuer's business, results, financial condition or prospects.

The Issuer's funding and hedging activities may be negatively impacted in the event that other South African banks experience stress.

Market Risk

Market risk is the risk of the Group's earnings or capital being adversely impacted by changes in the level or volatility of prices affecting the positions in its books. This includes but is not limited to changes in interest rates, credit spreads, commodity prices, equity prices and foreign exchange levels. The Issuer's key market risks are trading book market risk and banking book market risk.

Trading book market risk results from trading activities booked in trading books across the Group in accordance with regulatory requirements. Banking book market risk is the risk that the Group's current or projected financial condition and resilience might be adversely affected by changes in interest rate levels, yield curves and spreads. This risk arises in the banking book, due to re-pricing differences between assets, liabilities and equity, and includes funding spread risk and foreign exchange rate risk.

The Issuer's primary non-trading related exposures to foreign currency risk arise as a result of the translation effect on the Group's net assets in foreign operations, intragroup foreign-denominated debt and foreign-denominated cash exposures and accruals.

Although the Issuer has implemented risk management methods, including hedging, scenario analysis and stress testing, to seek to mitigate and control these and other market risks to which it is exposed and these exposures are constantly measured and monitored, there can be no assurance that these risk management methods will be effective, particularly in unusual or extreme market conditions which, in turn, could have a material adverse impact on the Issuer's business, results, financial condition or prospects.

Capital and Liquidity Risk

Capital risk is the risk that the Group has an insufficient level or inappropriate composition of capital to support its normal business activities and to remain within its Board-approved capital target ranges under normal operating conditions or above regulatory capital requirements under stressed conditions.

The Group's capital management strategy, which supports and aligns with the Group's strategy, is to create sustainable value for shareholders within approved risk appetite through effective financial resource management.

Risks to the Issuer's capital management are inefficient deployment of capital to legal entities, inefficient implementation of regulatory changes which negatively impact on capital utilisation, and inadequate maintenance of capital resources in excess of regulatory requirements and within capital targets. During times of economic stress, access to markets for raising capital may be limited for new issuances, which may negatively impact on the Issuer's ability to meet regulatory capital requirements.

Liquidity risk is the risk that the Group is unable to meet its contractual or contingent liquidity obligations or that it does not have the appropriate amount, tenor and composition of funding to support its assets.

Liquidity risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, wholesale and overnight funding), credit rating downgrades or market-wide stress scenarios such as market dislocation and major disasters (such as the financial crisis in 2008, which resulted in severe liquidity problems for financial institutions and unprecedented financial assistance to enable financial markets to continue to operate).

An inability on the Issuer's part to access funds or to access the markets from which the Issuer raises funds may lead to the Issuer being unable to meet its obligations as they fall due, which in turn could have a material adverse impact on the Issuer's reputation, liquidity positions, solvency position, business, results, or prospects. The underlying operations of the Issuer and the rest of the Group

takes deposits with maturities which are contractually shorter than loans made by the Issuer. This exposes the Issuer to the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strains. Additionally, the Issuer's ability to raise or access funds may be impaired by factors that are not specific to the Issuer, such as general market conditions, severe disruption of the financial markets or negative views about the prospects for the Issuer, or the industries or regions in which the Issuer operates. In addition, the Issuer's borrowing costs and access to funds may be adversely affected by any credit rating downgrade. The Issuer has developed and implemented risk management policies, procedures and processes designed to reduce this risk through proactive monitoring, management and reporting of the Issuer's liquidity risk position, however there is no assurance that such measures will adequately address all liquidity risks that the Issuer may face.

The Issuer is reliant on both retail deposits and wholesale funding. Although the Issuer believes that its level of access to domestic and international inter-bank and capital markets and its prudent liquidity risk management will continue to allow the Issuer to meet its short-term and long-term liquidity needs, any severe liquidity stress events could have a material adverse impact on the Issuer's liquidity and solvency position results or prospects. During a liquidity stress event the Issuer is likely to obtain additional sources of funds at an increased cost which could adversely affect the financial position of the Issuer.

The Issuer has developed and implemented risk management policies, procedures and processes designed to reduce capital and liquidity risk through proactive monitoring, management, reporting of the Issuer's risk positions and maintenance of adequate capital and funding position. However, there is no assurance that such measures will adequately address all risks that the Issuer may face.

Insurance Risk

Insurance risk is the risk that future claims, expenses, policyholder behaviour and investment returns will be adversely different from the allowances made in measuring policyholder liabilities and in product pricing. The Issuer has a number of subsidiaries which offer long and short-term insurance products. These operations are capitalised to withstand claims within industry norms. The Issuer has developed and implemented risk management policies, procedures and processes designed to reduce this risk through proactive monitoring, management, reporting of the Issuer's insurance risk position and the adequate capitalisation of the insurance subsidiaries. However, there is no assurance that such measures will adequately address all risks that the Issuer may face. Any significant shortfall between the Group's underlying assumptions and the actual amount paid out by the Group under its insurance products could have an adverse effect on the Group's cash flow, profitability and financial position.

Strategic, Sustainability and Reputational Risk

Strategic, sustainability and reputational risk is the risk of losses arising from potential changes in the general business conditions and competitive market environment driven by strategic, sustainability and reputational factors.

The Issuer has a Board approved corporate strategy (for more information, see "*Description of the Group's Business – Strategy*"). This strategy, or the implementation of it, may not achieve some or all of the Issuer's objectives. If the strategy is not successful, the Issuer's financial prospects and results of operations may not develop in the way it expects. The Issuer may not be able to achieve all or some of its strategic objectives, including as a result of internal and external factors, such as management's ability to implement the strategic priorities, economic conditions, competition, and changes in government policy, laws and regulations. Failure by the Issuer to achieve its strategic objectives could have an adverse impact on the Issuer's competitive position and its results.

The adverse impact of ongoing and rapid climate and social change on communities and customers will negatively impact communities. Risks may arise from the failure of the Issuer to implement responsible operational and lending practices to effectively manage and report the impact of the

Group's direct and indirect impact on the environment, society and geographies it operates in, and may have an adverse impact on the Issuer.

The Issuer has developed and implemented risk management policies, procedures and processes designed to reduce strategic, sustainability and reputational risk through proactive monitoring, management and reporting of the Issuer's risk position. However, there is no assurance that such measures will adequately address all risks that the Issuer may face.

Model Risk

This is the risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. The Issuer makes extensive use of financial and risk modelling to understand expected outcomes and support decision making. Failure by the Issuer to ensure the accuracy and robustness of these models could have an adverse impact on the Issuer.

Non-Financial Risk

Non-financial risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. While the Issuer maintains a system of controls designed to monitor and control compliance risk and operational and resilience risk, there can be no assurance that the Issuer will not suffer losses from such risks. Losses from the failure of the Issuer's system of internal controls to discover and rectify such matters could have a material adverse impact on the Issuer's business, results, financial condition or prospects.

Terrorist acts, and other acts of war or hostility and responses to those acts, may create economic and political uncertainties, which could have a negative impact on the Issuer's markets, and international economic conditions generally, and more specifically on the Issuer's business and results of operations in ways that cannot be predicted.

The Issuer's risk management policies and procedures may not have identified or anticipated all potential risk exposures

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with the risk types mentioned above, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Issuer's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than indicated by historical measures. Other risk management methods depend upon evaluation of information regarding the markets in which the Issuer operates, its clients or other matters that are publicly available or otherwise accessible by the Issuer. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure arising out of the Issuer's risk management techniques may have an adverse effect on its results of operations and financial condition.

Legal Proceedings

The Issuer and members of the Group are engaged in various legal, competition and regulatory matters both in South Africa and a number of other jurisdictions. They are 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, environmental and other statutory and common law issues.

The Issuer and members of the Group are also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance

with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Issuer is or has been engaged.

At the present time, the Issuer does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described above, there can be no assurance that the outcome of a particular matter or matters will not be material to the Issuer's results of operations or cashflow for a particular period, depending on, amongst other things, the amount of the loss resulting from the matter(s) and the amount of income otherwise reported for the reporting period.

The Group has not disclosed the contingent liabilities associated with these matters either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the outcome of the matter. The Group does, however, report its contingent liabilities on an aggregated basis.

Provisions have been made in the Group's financial statements for all liabilities which are expected to materialise in relation to ongoing matters described above.

The Issuer may face potential risks related to failures, interruptions or breaches of its Information Technology (IT) systems, which could disrupt business operations. The ability to quickly adapt to these disruptions is essential for maintaining continuous services.

Key IT Risks comprises of both IT and IT Change risks:

- IT Risk refers to threats associated with the use, ownership, and management (operation, involvement, influence and adoption) of IT systems within the Issuer.
- IT Change Risk arises from system changes, updates or modifications that may impact service reliability and availability.
- Critical IT risks include critical system failures, cybercrime and unauthorised access which could result in the inability of the Issuer to serve its customers' needs in a timely manner (service disruptions) or unauthorised disclosures of customer information.

Dependence on Third-Party Service Providers:

The Issuer relies heavily on both its internal IT infrastructure, systems, operations and third-party service providers to conduct its business. Contracts with third-party service providers must include:

- A clearly articulated incident management processes, roles, and responsibilities.
- Contractual obligations that specify compliance to the information security standards. This validation may include, but not limited to, third-party assurance audits and security testing such as vulnerability scans and penetration testing.
- Contractual arrangements that outline accountability and penalties for breaches including responsibility for incurring losses relating to data breaches.

Impact of IT Failures or Breaches:

The Issuer regards IT systems as critical for ensuring the Group and Issuer remain competitive in the market whilst adhering to applicable industry legislation and regulation. Any potential failure or interruption could impact the Issuer's risk management processes, general ledger processing, deposit servicing, loan servicing, debt recovery, payment custody, the unauthorised use or disclosure of customer information and or other important systems. A failure in these systems, particularly those without disaster recovery or backup management solutions could prevent the Issuer from serving its customers which could lead to a loss of business.

Impact of geopolitical and external environmental risks:

Turbulent external environment particularly in relation to geopolitical developments/ tensions is driving significant uncertainty that could result in supply chain and market disruptions impacting the technology services landscape.

Business Continuity & Resilience:

To mitigate IT risks, the Issuer must ensure IT resilience in the form of cyber security processes and tools, systems disaster recovery, backup solutions and data restoration capabilities are in place. The absence of these controls could lead to operational disruptions which could have a materially adverse effect on the Issuer's business, reputation, financial condition including the overall performance of operations.

A downgrade in the Issuer's credit ratings or the credit rating of South Africa could have an adverse effect on the Issuer's access to liquidity sources and funding costs

The Issuer's credit ratings affect the cost and other terms upon which the Issuer is able to obtain funding. Rating agencies regularly evaluate the Issuer and their ratings of its long-term debt are based on a number of factors, including capital adequacy levels, quality of earnings, credit exposure, the risk management framework and funding diversification. These parameters and their possible impact on the Issuer's credit rating are monitored closely and incorporated into its liquidity risk management and contingency planning considerations.

The Issuer's credit ratings and credit outlook are subject to change at any time and the Issuer's credit ratings could be downgraded or the credit outlook changed as a result of many factors, including the failure to successfully implement the Issuer's strategies, the general downgrading of the credit ratings of financial institutions in the South African banking sector or a downgrade in the South African sovereign rating, which could negatively impact the ratings of the Issuer due to the Issuer's sizeable exposure to government securities, effectively linking its creditworthiness to that of the national government. A downgrade or potential downgrade of the South African sovereign rating or a change in rating agency methodologies relating to systemic support provided by the South African sovereign could also negatively affect the credit rating of the Issuer. A downgrade of the Issuer's credit ratings, or being placed on a negative ratings watch, may increase its cost of borrowing, adversely affect its liquidity and competitive position, limit its ability to raise capital, result in reputational damage and could lead to a loss of clients which could have a material adverse impact on its business, results, financial condition or prospects.

There can also be no assurance that the rating agencies will maintain the Issuer's current ratings or outlooks or those of South Africa. Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

In addition to any direct losses that the Issuer might incur, a default, or the perception of increased risk of default on obligations, and any further downgrade in South Africa's credit rating would likely have a significant negative impact on the South African banking sector generally and could have a material adverse impact on the Issuer's business, results, financial condition, prospects or rating.

Competitive landscape

The Group is subject to significant competition from other major banks operating in its markets, including competitors such as international banks. Many of these banks compete for substantially the same customers as the Issuer and/or other members of the Group. The Issuer also faces competition from other non-bank entities that increasingly provide similar services to those offered by banks, including entities such as retailers, mobile telephone companies and other technology companies, including "fintech", and entities in the shadow banking industry. Increased competition from non-bank entities in the money markets and capital markets could impact the Issuer's ability to

attract funding. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

The Issuer is subject to capital and liquidity requirements that could affect its operations

The Issuer is subject to capital adequacy requirements specified by the Prudential Authority, which provide for a minimum common equity tier 1 (**CET 1**) ratio, tier 1 ratio and total capital adequacy ratio (**CAR**).

The Third Basel Accord, introduced by the Basel Committee on Banking Supervision (**BCBS**), (**Basel III**) introduced capital buffers which continue to make it more challenging for banks to comply with minimum capital ratios. Failure by the Issuer to meet certain of these buffers, for example the capital conservation and counter-cyclical buffers, could result in restrictions being placed on distributions, including dividends and discretionary payments, and any failure by the Issuer to maintain its capital ratios may result in action taken in respect of the Issuer, which may in turn impact on its ability to fulfil its obligations under the Notes.

In addition, Basel III prescribes two minimum liquidity standards for funding liquidity. The first is the liquidity coverage ratio (**LCR**) which aims to ensure that banks maintain an adequate level of high-quality liquid assets to meet liquidity needs for a 30 calendar day period under a severe stress scenario. The second is the net stable funding ratio (**NSFR**), which aims to promote medium and long-term funding of banks' assets and activities.

Failure by the Issuer to meet the minimum capital ratios and/or liquidity requirements for funding liquidity (both LCR and NSFR), could limit the Group's ability to support planned lending activities which, in turn, could have a material adverse impact on the Issuer's business, results, financial condition or prospects.

The Issuer faces potential risks related to the complete detection of money laundering and other illegal activities. Despite efforts to implement comprehensive policies and procedures, there is no guarantee that these measures will fully or promptly identify such activities. This could potentially expose the Issuer to additional liabilities and materially adverse effects.

The Issuer is required to comply with applicable anti-money laundering and anti-terrorism laws in South Africa, including the Financial Intelligence Centre Act, 2001 (**FICA**) and the Money Laundering and Terrorist Financing Control Regulations. These laws mandate the adoption and enforcement of a "Risk Management and Compliance Programme", which includes customer due diligence policies and procedures as well as the requirement to report suspicious and unusual transactions and activity to the applicable regulatory authorities.

While the Issuer has established such a programme with supporting policies and procedures aimed at detecting and preventing the misuse of its banking network for money laundering and terrorist financing activity, these measures implemented under this programme may not completely eliminate the risk of such activities.

Failure to comply with applicable laws and regulations by the Group, could result in fines and other penalties imposed by regulatory authorities. Additionally, the Issuer could suffer reputational damage if clients are found to have used its services for money laundering or illegal purposes. These factors could collectively have a material adverse effect on the Issuer's reputation, business, results, financial condition or prospects.

The Issuer may be unable to recruit, retain and motivate key personnel

An engaged workforce is a critical factor in the successful delivery of the Issuer's sustainability objectives. An inability to recruit, retain and motivate key personnel could negatively affect the ability of the Issuer to adequately and efficiently serve clients, support operations and deliver on its business strategy.

The Issuer's performance is dependent, to a material extent, on the talents and efforts of key personnel, some of whom may have been employed by the Group for a substantial period of time and have developed with the business. Loss of key staff could have a financial and operational impact on the Issuer. The Issuer's continued ability to compete effectively and further develop its businesses also depends on its ability to attract new talent.

There is a requirement for continuous development of all employees at the Group, including the young talent pipeline, for which the Group is reliant on the education sector in South Africa, its skills and facilities, at least in part. Internally the Group develops bespoke programmes linked to the business strategy and skills requirements with both public and private service providers (tertiary education providers, nationally and globally).

However, if the educational sector within South Africa does not continue to develop in the way the Issuer anticipates, this may, in turn, result in staffing shortages which could have a material adverse impact on the Issuer's operations and financial results.

Risks relating to Emerging Markets

Investors in emerging markets should be aware that these markets may be subject to greater risk than more developed markets, which may adversely affect the value or liquidity of Notes issued by the Issuer under the Programme

The Group has a presence in 12 African countries and 4 other countries, and is headquartered in South Africa. South Africa and the other African countries in which the Group operates are generally considered by international investors to be emerging market countries. Investors in emerging markets such as South Africa should be aware that these markets may be subject to greater risk than more developed markets. These risks include economic instability as well as, in some cases, significant legal and political risks.

Economic and financial market volatility in South Africa has been caused by many different factors. Due to its liquidity and use as a proxy for emerging market trades, the Rand is particularly exposed to changes in investor sentiment and resulting periods of volatility. In addition to this, economic instability in South Africa and the other African countries in which it operates is caused by many different factors, including the following:

- infrastructure instability
- social and labour unrest;
- a deteriorating fiscal outlook;
- policy uncertainty and change both globally and domestically;
- pressure on sovereign debt sustainability
- currency volatility and foreign exchange (FX) shortages;
- falling commodity prices;
- high levels of interest rates;
- high levels of inflation;
- perceived or actual security issues;
- capital outflows; and
- a general decline in domestic demand.

Any of these factors, amongst others, as well as volatility in the markets for securities similar to the Notes, may adversely affect the value or liquidity of the Notes.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in developing markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

Investors should also note that emerging markets, such as South Africa, are subject to rapid change and that the information set out in this Absa Group Risk Factors and Disclosures Schedule may become outdated relatively quickly.

Exchange Control regulations may impact the Group's operations in the relevant countries in which they operate

There has been a gradual relaxation in exchange controls in South Africa since 1995. The extent to which the Government may further relax such exchange controls cannot be predicted with certainty, although the Government has committed itself to a gradual approach of further relaxation. Further relaxation or the abolition of exchange controls may precipitate a change in the capital flows to and from South Africa. If the net result of this were to cause large capital outflows, this could adversely affect the Group's business and financial condition as a whole.

In the context of Absa Regional Operations (**ARO**), the introduction of exchange controls, or changes to existing exchange control regulations, may similarly impact the Group's business and financial condition in the relevant country in which the exchange controls are introduced or changed, as applicable.

Risks Relating to the Notes

Regulatory action in the event the Issuer or any subsidiary of the Issuer which is a Designated Institution is failing or likely to fail, including the exercise by the Resolution Authority of the RSA Bail-in Power or the taking of Resolution Actions, could materially adversely affect the value of the Notes

The Issuer and any subsidiary of the Issuer which is a Designated Institution are each subject to substantial Resolution powers

Chapter 12A of the Financial Sector Regulation Act, 2017 of South Africa (the **Financial Sector Regulation Act**) sets out a framework (the **Resolution Framework**) for the resolution of "*designated institutions*" (**Designated Institutions**) in South Africa. The Resolution Framework came into effect on 1 June 2023. The Resolution Framework applies to Designated Institutions (which includes South African banks, holding companies of South African banks and, if a South African bank is a member of a "*financial conglomerate*" designated as such by the Prudential Authority under section 160(1) of the Financial Sector Regulation Act, each member of such "*financial conglomerate*" (unless the Governor of the SARB has determined that a member of a "*financial conglomerate*" is not a Designated Institution under section 29A(2) of the Financial Sector Regulation Act)).

The Issuer and its subsidiaries have been designated as a "*financial conglomerate*" by the Prudential Authority. The Issuer, Absa Bank Limited (**Absa Bank**) and each other subsidiary of the Issuer (unless specifically excluded under section 29A(2) of the Financial Sector Regulation Act) are therefore Designated Institutions and subject to the Resolution Framework. Under the Resolution Framework substantial powers are granted to the South African Reserve Bank (the **SARB**), as the Resolution Authority to implement various Resolution measures and stabilisation options (including, but not limited to, exercising the RSA Bail-in Power) with respect to Designated Institutions which have been put into Resolution.

The Resolution powers consists of, amongst other things: (a) the transfer of assets and liabilities of the Designated Institution, (b) an amalgamation or merger, or a scheme of arrangement of a kind contemplated in the South African Companies Act, 2008 (the **Companies Act**) that involves the Designated Institution, (c) transfer of some or all of shares in the Designated Institution to a "bridge company" established by the SARB, (d) the RSA Bail-in Power and (e) temporary ownership of shares in the Designated Institution by the Resolution Authority.

The Financial Sector Regulation Act also provides for additional insolvency and administration procedures for Designated Institutions and for certain ancillary powers, such as the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Notes), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the Resolution powers. Noteholders should assume that, in a Resolution situation, financial public support will only be available to a Designated Institution as a last resort after the Resolution Authority has assessed and used, to the maximum extent practicable, the Resolution tools, including the RSA Bail-in Power.

The exercise of any Resolution power in relation to the Issuer or any of its subsidiaries, or any suggestion of any such exercise could materially impact the Issuer's ability to fulfil its obligations under the Notes and adversely affect the value of any Notes and could lead to Noteholders losing some or all of the value of their investment in the Notes.

Resolution powers triggered prior to insolvency may not be anticipated and Noteholders may have only limited rights to challenge them

The Resolution powers conferred on the Resolution Authority are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the Resolution powers is to address the situation where all or part of a business of a Designated Institution has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Although the Resolution Framework provides specific conditions to the exercise of any Resolution powers, it is uncertain how the Resolution Authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or any of its subsidiaries which are Designated Institutions in deciding whether to exercise a Resolution power. The Resolution Authority is also not required to provide any advance notice to Noteholders of its decision to exercise any Resolution power. Therefore, Noteholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, any subsidiary of the Issuer which is a Designated Institution and the Notes. Furthermore, Noteholders may have only limited rights to challenge and/or seek a suspension of any decision of the Resolution Authority to exercise its Resolution powers (including the RSA Bail-in Power) or to have that decision reviewed by a judicial or administrative process or otherwise.

The Resolution Authority may exercise RSA Bail-in Power in respect of the Issuer and the Notes, which may result in Noteholders losing some or all of their investment

Where the relevant statutory conditions for use of the RSA Bail-in Power have been met, the Resolution Authority would be expected to exercise the RSA Bail-in Power without the consent of the Noteholders. Any such exercise of the RSA Bail-in Power in respect of the Issuer and the Notes may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of the Notes into shares or other securities or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Notes. The exercise of the RSA Bail-in Power in respect of the Issuer and the Notes or any suggestion of any such exercise could materially adversely affect the rights of the Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to Noteholders losing some or all of the value of their investment in such Notes.

The provisions of the Financial Sector Regulation Act contain an express safeguard (known as the 'no creditor worse off' safeguard) with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in a winding-up of the Designated Institution.

However, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the Resolution Action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Noteholders in the Resolution and there can be no assurance that Noteholders would recover such compensation promptly.

Noteholders agree to be bound by the exercise of any RSA Bail-in Power, and the taking of any Resolution Action, by the Resolution Authority

Notwithstanding and to the exclusion of any other term of the Notes, or any other agreements, arrangements or understandings between any of the parties thereto or between the Issuer and any Noteholder (including each holder of a Beneficial Interest in the Notes), in recognition of the Resolution powers granted by South African law to the Resolution Authority, by acquiring the Notes, each Noteholder will be deemed to acknowledge, accept and agree that, upon the occurrence of the Resolution Event in relation to the Issuer, any Amounts Due arising under the Notes may be subject to the exercise of the RSA Bail-in Power and acknowledges, accepts, consents to and agrees to be bound by the effect of the exercise of any RSA Bail-in Power by the Resolution Authority, or determination under the Resolution Framework, which may include and result in any of the following Resolution Actions, or some combination thereof: (i) the reduction or write-off of all, or a portion, of the Amounts Due, including on a permanent basis; (ii) the conversion of all, or a portion, of the Amounts Due into ordinary shares or other securities or other obligations of the Issuer or another person (or the issue to or conferring on the Noteholder of such shares, securities or obligations) including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept *in lieu* of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person; (iii) the cancellation of the Notes; (iv) the replacement or substitution of the Issuer; (v) transfer of the Notes; (vi) the amendment or alteration of the maturity of the Notes, or the amendment of the amount of interest, and any Additional Amounts (if any), due or payable on the Notes, or the dates on which interest, and any Additional Amounts (if any), becomes payable, including by suspending payment for any period contemplated in the Resolution Framework; and/or (vii) the variation of the terms of the Notes, as determined by the Resolution Authority, to give effect to the exercise of the RSA Bail-in Power by the Resolution Authority.

Each Noteholder further acknowledges, consents, agrees and accepts that the rights of the Noteholders are subject to, and may, without the consent of Noteholders be varied, if necessary, solely to give effect to, the exercise of any RSA Bail-in Power, or the taking of any Resolution Action, by the Resolution Authority. Accordingly, the RSA Bail-in Power may be exercised, and Resolution Actions may be taken, in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security from the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Resolution Authority may exercise the RSA Bail-in Power, or take any Resolution Action, without providing any advance notice to, or requiring the consent of, the Noteholders. In addition, under the Relevant Terms and Conditions, the exercise of the RSA Bail-in Power, or the taking of any Resolution Action, by the Resolution Authority with respect to the Notes or the Issuer is not an Event of Default or a default or breach of the Relevant Term and Conditions for any purpose nor will it give rise to any acceleration rights for the Noteholders.

Noteholders will have limited remedies

The exercise of the RSA Bail-in Power by the Resolution Authority with respect to the Issuer and/or the Notes does not constitute an Event of Default or a default or breach of the Terms and Conditions for any purpose nor will it give rise to any acceleration rights for the Noteholders.

In addition, enforcement of certain remedies may be subject to regulatory constraints under South African law. Section 166D of the Financial Sector Regulation Act provides that no person may, without the prior written concurrence of the SARB, initiate or proceed with certain actions against a Designated Institution (including banks and bank controlling companies). These actions include, but

are not limited to, applying for winding-up or business rescue, appointing a liquidator or trustee or entering into compromise arrangements. Any such action taken without the required concurrence may be rendered void under South African law. As a result, the ability of the Noteholders to enforce rights under the Notes – particularly in the event of default – may be limited or delayed.

Investors should carefully consider these legal and regulatory constraints when assessing the risk profile of the Notes.

Tax consequences of Notes in Resolution

The Notes are subject to the exercise by the Resolution Authority of any RSA Bail-in Power under the Financial Sector Regulation Act and related Resolution Framework. If any such powers are exercised in respect of the Notes, this may result in the write-down of principal, cancellation of interest, conversion of Notes into equity or other modifications and/or variations to the terms of the Notes without the consent of Noteholders.

The exercise of bail-in powers may have significant and uncertain tax consequences for Noteholders. Possible implications under South African taxation laws could include:

- a debt-for-equity conversion may be treated as a disposal of the Notes for purposes of the Income Tax Act, 1962 (the **Income Tax Act**), which could trigger capital gains tax (CGT) or other tax liabilities;
- a write-down or cancellation of principal or interest may result in a taxable event or the denial of deductions for losses, depending on the interpretation of the Income Tax Act and related provisions;
- the receipt of equity securities in exchange for Notes may create new tax obligations, including future taxation on dividends or gains on the disposal of those securities under South African tax law; and
- the timing and character of any income, gain, or loss arising from the exercise of bail-in powers may be unclear and could differ from the tax treatment expected at issuance.

Tax consequences will depend on the specific circumstances of each Noteholder and the interpretation of applicable tax laws, which may change or be clarified after the exercise of bail-in powers. Noteholders should consult their own independent tax advisers regarding the potential tax implications of any resolution action affecting the Notes.

The Subordinated Notes are subordinated to most of the Issuer's liabilities and rank junior to Senior Creditors (including the holders of Flac Instruments)

The Subordinated Notes constitute unsecured and subordinated obligations of the Issuer and the payment obligations of the Issuer under the Subordinated Notes will rank behind Senior Creditors. See Condition 5 (Status) of the Tier 2 Terms and Conditions and Condition 5 (Status) of the Additional Tier 1 Terms and Conditions for a full description of subordination and the payment obligations of the Issuer under Tier 2 Notes and Additional Tier 1 Notes respectively. In particular, the Subordinated Notes will in Resolution rank behind to present or future claims of Senior Creditors under the Ranking Legislation.

The Ranking Legislation provides that, after the payment of any preferred and unsecured creditors, the balance of the free residue in liquidation of a Designated Institution should be applied first in the payment of any claims in connection with Flac Instruments and thereafter the balance of the free residue is to be applied to payments in connection with debt instruments designated as regulatory capital (i.e. Tier 2 Capital instruments and Additional Tier 1 Capital instruments) in the order provided in the Capital Regulations (i.e. first towards Tier 2 Capital instruments and second towards Additional Tier 1 Capital instruments). It is possible that the Ranking Legislation may be interpreted in an unexpected manner, or may be amended over time, which could affect the ranking of Notes (relative both to other Notes issued by the Issuer and/or to other liabilities issued by the Issuer).

With regard to any Subordinated Notes, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or is wound-up (in each case, other than pursuant to a Solvent Reconstruction), the Issuer will be required to pay or discharge the claims of Senior Creditors in full before it can make any payments in respect of such Subordinated Notes. If this occurs, and the assets of the Issuer are insufficient to enable the Issuer to repay the claims of Senior Creditors in full, the holders of the Notes will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of Senior Creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, holders of the Notes will lose some (which may be substantially all) of their investment in the Notes.

The Issuer is a holding company

The Notes are the obligation of the Issuer only. The Issuer is a holding company and conducts substantially all of its operations through its subsidiaries, and accordingly the claims of the Noteholders under the Notes will be structurally subordinated to the claims of creditors of the Issuer's subsidiaries. The Issuer's rights to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the limited circumstance where the Issuer is a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. The Issuer's subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Notes.

As well as the risk of losses in the event of a subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, a subsidiary (including but not limited to Absa Bank Limited) are subject to contractual or statutory write down and conversion powers or if the subsidiary is otherwise subject to the Resolution Framework.

Furthermore, as a result of the structural subordination of the Notes described above, if any of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) the holders of the Notes would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the winding-up, liquidation or dissolution of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors (which includes the Issuer) and preference shareholders (if any and which may include the Issuer) of that subsidiary. Similarly, if any of the Issuer's subsidiaries were subject to any Resolution proceedings (a) the holders of the Notes issued by the Issuer would have no direct recourse against such subsidiary, and (b) holders of the Notes themselves may also be exposed to losses pursuant to the exercise by the relevant Resolution Authority of the Resolution powers or pursuant to the exercise of any contractual write-down powers.

The Issuer has in the past made, and will continue to make, loans to, and investments in, Absa Bank and its other subsidiaries, with the proceeds received from the Issuer's issuance of debt instruments (including Additional Tier 1 Capital instruments, Tier 2 Capital instruments and Flac Instruments). Interest and principal payments on such loans and investments are in the ordinary course utilised to make payments on the Issuer's debt instruments. Such loans to, and investments made by, the Issuer in Absa Bank or any such subsidiary will generally be subordinated to depositors and other unsubordinated creditors and may be subordinated further to meet regulatory capital requirements and furthermore may contain mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of Absa Bank or such subsidiary or upon regulatory direction would result in a write-off or conversion into equity of such loans and investments. Such loans to and investments in the Issuer's subsidiaries may also be subject to the exercise of the RSA Bail-in Power. Consequently, the ability of the Issuer to receive interest and principal payments from Absa Bank or any of its other subsidiaries, and consequently its ability to make payments on the Notes, may be adversely affect.

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, Absa Bank and any of its subsidiaries at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to Absa Bank or any such subsidiary, as part of wider changes made to the corporate structure of the Issuer's group of

companies or otherwise as part of meeting regulatory requirements. A restructuring of a loan or investment made by the Issuer in Absa Bank or any of its subsidiaries could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of insolvency proceedings in relation to Absa Bank or such subsidiary, and the inclusion of a mechanism that provides for an automatic write-down, write-off and/or conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to, and investments in, Absa Bank or any of its subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the Noteholders.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum, as read with this Absa Group Risk Factors and Disclosures Schedule, or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the final terms in the Applicable Pricing Supplement specify otherwise, the Issuer may redeem all outstanding Notes on the occurrence of certain tax events or regulatory changes in accordance with the Relevant Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the final terms in the Applicable Pricing Supplement specify that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes. Any redemption of Flac Notes and Tier 2 Notes prior to their Maturity Date and any redemption of Additional Tier 1 Notes requires the prior written approval of the Resolution Authority and the Prudential Authority, as applicable, and is subject to a number of other restrictions as more

particularly described in Condition 9.5 (Conditions to redemption, substitution or variation of Flac Notes) of the Flac Terms and Conditions, Condition 11.5 (Conditions to redemption, substitution or variation of Tier 2 Notes) of the Tier 2 Terms and Conditions and Condition 11.5 (Conditions to redemption, substitution or variation of Additional Tier 1 Notes) of the Additional Tier 1 Terms and Conditions respectively.

Benchmark reform and associated risks

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmark rates

Following global efforts to enhance the robustness, reliability and transparency of interest rate benchmarks – particularly in response to manipulation concerns surrounding LIBOR – South Africa has embarked on a comprehensive reform of its domestic reference rates. The SARB, in collaboration with the Market Practitioners Group (**MPG**), comprising members of the SARB, the Financial Sector Conduct Authority (the **FSCA**), and senior professionals from a variety of institutions, initiated this reform through the publication of a consultation paper in 2018 and subsequent stakeholder engagement.

A key outcome of this reform is the transition from the Johannesburg Interbank Average Rate (**JIBAR**) to the South African Rand Overnight Index Average (**ZARONIA**), a transaction-based, overnight, near risk-free rate. ZARONIA is backward-looking and is based on actual transactions and calculated as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits. As of November 2023, ZARONIA has been endorsed by the SARB for use in transactions, and its publication is ongoing. While JIBAR remains in use, the SARB and MPG have indicated that a formal announcement regarding its cessation is expected in 2025, with discontinuation targeted by the end of 2026.

The transition from JIBAR to ZARONIA may result in benchmark rates performing differently than in the past, and may introduce legal, operational and market risks. Instruments referencing JIBAR may require amendments to include fallback provisions or rate switch mechanisms to ensure continuity and economic equivalence. Failure to incorporate such provisions may lead to recalculations based on cost of funds or other less predictable measures, potentially impacting investor returns.

Furthermore, the adoption of ZARONIA may affect the liquidity and pricing of Notes in the secondary market. As ZARONIA is relatively new, securities linked to it may not benefit from an established trading market and hedging in the successor rate-linked securities. There is also a risk that loans and their corresponding hedges may transition at different times or to different rates, reducing hedging effectiveness.

There can be no assurance that ZARONIA or any alternative successor rate will not be discontinued or fundamentally materially altered in a manner that would be materially adverse to the interests of investors in floating rate Notes linked to the successor rate. If the manner in which the successor rate is calculated is changed, that change may result in a reduction of the amount of interest payable on the successor rate-linked floating rate Notes and the trading prices of such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks associated with any benchmark reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Transition from JIBAR to ZARONIA and impact on legacy contracts

Many legacy contracts referencing JIBAR may not contain adequate fallback provisions. In response, the SARB and FSCA have proposed legislative amendments to the FSR Act, which will empower the SARB to designate replacement benchmarks and determine appropriate credit adjustment spreads for discontinued critical benchmarks. These amendments aim to provide a legislative safe harbour, protecting contracting parties and benchmark administrators from legal claims arising from

the use of replacement rates. However, until these amendments are enacted and fully operationalised, legacy contracts may face legal uncertainty.

Investors should be aware that:

- the benchmark reform process is ongoing and subject to further regulatory developments;
- the economic characteristics of ZARONIA differ materially from JIBAR, which may affect the valuation, cash flows and risk profile of affected instruments;
- reliance on statutory fallback mechanisms could result in outcomes that differ from the original commercial intent.

Accordingly, investment in Notes referencing JIBAR may be subject to increased legal, operational and valuation risk. Investors are advised to monitor regulatory updates and assess the impact of benchmark reform on their holdings.

The market continues to develop in relation to ZARONIA as a reference rate for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to ZARONIA as a reference rate in the capital markets and its adoption as alternatives to JIBAR. In addition, market participants and relevant working groups are exploring alternative reference rates based on ZARONIA, including a term ZARONIA reference rate (which seeks to measure the market's forward expectation of an average ZARONIA rate over a designated term). The development of ZARONIA rates as interest reference rates for the South African bond market, as well as continued development of ZARONIA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of ZARONIA as a reference rate for bonds in the South African capital markets continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing ZARONIA.

The market or a significant part thereof may adopt an application of ZARONIA that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may in future issue Notes referencing ZARONIA that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of ZARONIA reference rates in the South African bond market may differ materially compared with the application and adoption of ZARONIA in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of ZARONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing ZARONIA.

ZARONIA differs from JIBAR in a number of material respects and has a limited history

ZARONIA differs from JIBAR in a number of material respects, including that ZARONIA is a backwards-looking, risk-free overnight rate, whereas JIBAR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that ZARONIA may behave materially differently as interest reference rates for the Notes, compared to JIBAR.

The future performance of ZARONIA may be difficult to predict based on the limited historical performance. The level of ZARONIA during the term of the Notes may bear little or no relation to the historical level of ZARONIA. Prior observed patterns, if any, in the behaviour of market variables and their relation to ZARONIA such as correlations, may change in the future.

Furthermore, the interest rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes.

The administrator of ZARONIA may make changes that could change the value of ZARONIA or discontinue ZARONIA

The South African Reserve Bank (or its successor), as administrator of ZARONIA, may make methodological or other changes that could change the value of ZARONIA, including changes related to the method by which ZARONIA is calculated, eligibility criteria applicable to the transactions used to calculate ZARONIA, or timing related to the publication of ZARONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of ZARONIA (in which case a fallback method of determining the interest rate on the Notes will apply). The relevant administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing ZARONIA.

In respect of any Notes issued as Green Bonds, Social Bonds or Sustainable Bonds there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The Applicable Pricing Supplement relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and other environmental purposes (**Green Projects**); or specifically for projects and activities that are aimed at reducing economic and social inequality (**Social Projects**); or specifically for projects and activities that have both a positive environmental and social impact (**Sustainable Projects**). Prospective investors should determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer that the use of such proceeds for any Green Projects, Social Projects or Sustainable Projects, as applicable, will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, social or sustainability impact of any projects or uses, the subject of or related to any Green Projects, Social Projects or Sustainable Projects as applicable. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to any Green Projects, Social Projects or Sustainable Projects, as applicable, will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects, Social Projects or Sustainable Projects, as applicable.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Green Projects, Social Projects or Sustainable Projects, as applicable, to fulfil any environmental, social, sustainability and/or other criteria. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of

any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, social or sustainability impact of any projects or uses, the subject of or related to, any Green Projects, Social Projects or Sustainable Projects, as applicable. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects, Social Projects or Sustainable Projects, as applicable, in, or substantially in, the manner described in the Applicable Pricing Supplement, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to any Green Projects, Social Projects or Sustainable Projects, as applicable, will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Green Projects, Social Projects or Sustainable Projects, as applicable. Nor can there be any assurance that such Green Projects, Social Projects or Sustainable Projects, as applicable, will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects, Social Projects or Sustainable Projects, as applicable, as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects, Social Projects or Sustainable Projects, as applicable, and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Indexed Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a **Relevant Factor**). Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Indexed Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Indexed Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities,

the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Notes are governed by, and will be construed in accordance with South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Programme Date.

In addition, any change in law or regulation that triggers a Flac Disqualification Event, Capital Disqualification Event or a Tax Event would entitle the Issuer, at its option (subject, amongst other things, receipt of the prior consent of Resolution Authority or the Prudential Authority, as applicable (if such consent is then required by the Flac Requirements or Capital Regulations, as applicable)), to redeem the Notes in whole but not in part.

Trading in the clearing systems

In relation to Notes which have a minimum denomination and are tradeable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination which is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Notes may be de-listed, which may materially affect an investor's ability to resell

Any Notes that are listed on any Financial Exchange(s) may be de-listed. Although no assurance is made as to the liquidity of the Notes as a result of listing on any Financial Exchange(s), delisting the Notes may have a material adverse effect on the ability of a holder of Notes to resell the Notes in the secondary market.

Risks Relating to Subordinated Notes

The Issuer's obligations under Tier 2 Notes are subordinated and subject to restrictions on enforcement

The Issuer's obligations under Tier 2 Notes will be unsecured and subordinated and will, in the event that the Issuer is placed into liquidation or is wound-up, be subordinated to the claims of Senior Creditors (including for the avoidance of doubt the claims of holders of Flac Instruments).

If the Issuer is wound-up or put into liquidation, voluntarily or involuntarily, Tier 2 Noteholders will not be entitled to any payments of principal or interest in respect of the Tier 2 Notes until the claims of Senior Creditors which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy the claims of Senior Creditors, then Tier 2 Noteholders will not receive any payment in respect of their Tier 2 Notes.

In addition, the rights of Tier 2 Noteholders are limited in certain respects. In particular, if the Issuer defaults on a payment of (i) principal due on a Tier 2 Note for a period of 7 (seven) days or more or (ii) interest due on a Tier 2 Note for a period of 14 (fourteen) days or more, such Tier 2 Noteholder may, subject to Condition 5.2 (Subordination) of the Tier 2 Terms and Conditions and section 166D of the Financial Sector Regulation Act, only institute proceedings for the winding-up of the Issuer (and/or prove a claim in any winding-up of the Issuer) but take no other action in respect of that default. Only if an order of court is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer (other than pursuant to a Solvent Reconstruction shall Tier 2 Noteholders be able to declare (upon written notice) such Tier 2 Note immediately due and payable.

If the Issuer breaches any other obligation under the Tier 2 Notes (other than a payment obligation), holders may bring proceedings to enforce such obligation, provided that the Issuer will not, as a result of such proceedings, be obliged to pay any amount of principal or interest sooner than would otherwise have been payable.

Accordingly, although Tier 2 Notes may offer a higher rate of interest than Unsubordinated Notes, this reflects their higher risk profile, and investors should be aware that there is a real risk of losing all or part of their investment if the Issuer becomes insolvent.

The Issuer's obligations under Additional Tier 1 Notes are subordinated and subject to restrictions on enforcement

The Issuer's obligations under Additional Tier 1 Notes will be unsecured and subordinated and will, in the event that the Issuer is placed into liquidation or is wound-up, be subordinated to the claims of Senior Creditors (including for the avoidance of doubt the claims of holders of Flac Instruments) and holders of Tier 2 Capital instruments.

If the Issuer is wound-up or put into liquidation, voluntarily or involuntarily, Additional Tier 1 Noteholders will not be entitled to any payments of principal or interest in respect of the Additional Tier 1 Notes until the claims of Senior Creditors which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy the claims of Senior Creditors, then Additional Tier 1 Noteholders will not receive any payment in respect of their Additional Tier 1 Notes.

In addition, the rights of Additional Tier 1 Noteholders are limited in certain respects. In particular, if the Issuer defaults on any payment due on an Additional Tier 1 Note for a period of 14 (fourteen) days or more, such Additional Tier 1 Noteholder may, subject to Condition 5.2 (Subordination) of the Additional Tier 1 Terms and Conditions and section 166D of the Financial Sector Regulation Act, only institute proceedings for the winding-up of the Issuer but take no other action in respect of that default (subject to the Solvency Condition being satisfied).

If the Issuer breaches any other obligation under the Additional Tier 1 Notes (other than a payment obligation), holders may bring proceedings to enforce such obligation, provided that the Issuer will not, as a result of such proceedings, be obliged to pay any amount of principal or interest sooner than would otherwise have been payable.

Although Additional Tier 1 Notes generally offer a higher interest rate than Tier 2 Notes and Unsubordinated Notes to compensate for their deeply subordinated status, perpetual nature and discretionary payment features, this increased return is accompanied by a significantly greater risk of loss. Investors should be aware that there is a real risk of losing all or part of their investment if the Issuer becomes insolvent or if regulatory intervention occurs.

No restrictions on the issuance of securities or indebtedness which ranks senior to, or pari passu with, the Subordinated Notes

There is no restriction on the amount of securities or indebtedness which the Issuer may issue or incur which rank senior to, or *pari passu* with, the Subordinated Notes. The issue of any such securities or indebtedness may reduce the amount recoverable by Noteholders on a winding-up or

liquidation, or the Resolution, of the Issuer or in the event of the occurrence of a Non-Viability Trigger Event.

Loss Absorption at the Point of Non-Viability of the Issuer (Contractual Bail-in) and bail-in at the Point of Resolution of the Issuer (Statutory Bail-in)

The Tier 2 Capital Regulations and the Additional Tier 1 Capital Regulations require that in order for the proceeds of an issuance of Tier 2 Capital instruments (**Tier 2 Capital instruments**) and Additional Tier 1 Capital instruments (**Additional Tier 1 Capital instruments**) (as applicable), to qualify as Tier 2 Capital and Additional Tier 1 Capital (as applicable) the terms and conditions of such instruments must contain a contractual provision that:

- (a) requires such instruments, at the option of the Prudential Authority, to either be (as specified in the terms and conditions of such instruments) written-off or converted (as applicable) into the most subordinated form of equity upon the occurrence of the trigger event specified in writing by the Prudential Authority (unless duly enforceable legislation (a Statutory Loss Absorption Regime) is in place); or
- (b) otherwise requires such instruments to fully absorb losses before taxpayers or ordinary depositors are exposed to loss,

and the relevant bank or controlling company complies with such further requirements as may be directed by the Prudential Authority in writing.

The trigger event for Tier 2 Capital instruments and Additional Tier 1 Capital instruments (as applicable) (the **Point of Non-Viability** or **PONV**) is the earlier of: (i) a decision that a write-off, without which the issuing bank or controlling company would become non-viable, is necessary, as determined by the Prudential Authority, or (ii) the decision to make a public sector injection of capital, or equivalent support, without which the issuing bank or controlling company would have become non-viable, as determined by the Prudential Authority.

However, under the Financial Sector Regulation Act, a Designated Institution can be placed into Resolution by the Minister of Finance, acting on the recommendation of the Resolution Authority, where the Resolution Authority is of the opinion that the Designated Institution is, or will likely be, unable to meet its obligations, irrespective of whether or not the Designated Institution is insolvent, and the Resolution of the Designated Institution is necessary to maintain financial stability or, in the case of a bank or a member of a group of companies of which a bank is a member, to protect the depositors of the bank. The Financial Sector Regulation Act therefore provides for the RSA Bail-in Power under the Resolution Framework for Designated Institutions that will subject most types of debt (including the Notes) of Designated Institutions to bail-in, in accordance with their statutory hierarchy in Resolution (**Statutory Bail-in**). The Issuer is a Designated Institution and is therefore subject to the Resolution Framework.

Under the Relevant Terms and Conditions, and in accordance with the Tier 2 Capital Regulations and the Additional Tier 1 Capital Regulations (as applicable), the Prudential Authority has the power to trigger contractual Write-off of the Tier 2 Notes and the Additional Tier 1 Notes (as applicable) at the Point of Non-Viability, i.e. where the Prudential Authority determines it necessary to prevent the institution from becoming non-viable or when public sector support would be required to prevent failure (**Contractual Bail-in**).

However, under the Financial Sector Regulation Act, a Designated Institution can be placed into Resolution by the Minister of Finance, acting on the recommendation of the Resolution Authority, where the Resolution Authority is of the opinion that the Designated Institution is, or will likely be, unable to meet its obligations, irrespective of whether or not the Designated Institution is insolvent, and the Resolution of the Designated Institution is necessary to maintain financial stability or, in the case of a bank or a member of a group of companies of which a bank is a member, to protect the depositors of the bank. The Financial Sector Regulation Act therefore provides for the RSA Bail-in Power under the Resolution Framework for Designated Institutions that will subject most types of

debt (including the Subordinated Notes) of Designated Institutions to bail-in, in accordance with their statutory hierarchy in Resolution (**Statutory Bail-in**). The Issuer is a Designated Institution and is therefore subject to the Resolution Framework.

Contractual Bail-in may be effected by the Prudential Authority outside of Resolution, and not by the Resolution Authority in accordance with the RSA Bail-in Power of the Resolution Authority. Statutory Bail-in, by contrast, can only be exercised by the Resolution Authority and only once a Designated Institution has been placed in Resolution.

Importantly, the Prudential Authority may not exercise any such power to effect a Contractual Bail-in without the concurrence of the Resolution Authority as prescribed in section 166D(1)(k) of the Financial Sector Regulation Act and any exercise of such power without the concurrence of the Resolution Authority is void under section 166D(2) of the Financial Sector Regulation Act.

The Prudential Authority provided guidance in relation to loss absorption at the Point of Non-Viability in Directive 5 of 2024 (*Loss absorbency requirements for additional tier 1 and tier 2 capital instruments*) issued on 22 October 2024 (**Directive 5/2024**). Directive 5/2024 replaced Guidance Note 6 of 2017 published on 14 August 2017.

Directive 5/2024 indicates that Contractual Bail-in and Statutory Bail-in will co-exist since it is not intended that the statutory provisions under the Resolution Framework relating to Statutory Bail-in replace Contractual Bail-in. This is reinforced in paragraph 2.4.4 of Directive 5/2024, which clarifies that the PONV and the "point of resolution" (**POR**) are distinct concepts, even though they may occur simultaneously in some cases.

In accordance with Directive 5/2024, in exercising its discretion to apply Contractual Bail-in to Tier 2 Capital and Additional Tier 1 Capital instruments, such as the Subordinated Notes, the Prudential Authority may consider a range of factors, including:

- the SARB's broader resolution strategy and its considerations relating to financial stability, market confidence, and the resolution plans of the banking group;
- the need for broader support measures to stabilise the institution;
- the principle that losses should be absorbed by investors before taxpayers or ordinary depositors are exposed to loss; and
- the probability of success of the resolution strategy.

Directive 5/2024 indicates that, in terms of ranking, Additional Tier 1 Capital instruments will be converted or written off (as applicable) prior to any conversion or write-off (as applicable) of Tier 2 Capital instruments.

Tier 2 Notes

Directive 5/2024 requires banks and controlling companies to clearly indicate, in the contractual terms and conditions of any Tier 2 Capital instruments issued, whether such instruments would be either written-off or converted into the most subordinated form of equity of the bank and/or its controlling company (such conversion, **Conversion**) at the occurrence of a trigger event determined in the Prudential Authority's discretion, as envisaged in the applicable Tier 2 Capital Regulations. The Tier 2 Terms and Conditions accordingly provide for the Write-off or Conversion of such Tier 2 Notes at the discretion of the Prudential Authority upon the occurrence of a Non-Viability Trigger Event (see Condition 8 (Loss Absorption following a Non-Viability Trigger Event in respect of Tier 2 Notes) of the Tier 2 Terms and Conditions). Directive 5/2024 further requires banks and controlling companies to clearly indicate in their respective contractual terms and conditions of Tier 2 Capital instruments that such instruments could be subject to Contractual Bail-in or Statutory Bail-in at a specified trigger event. The Tier 2 Terms and Conditions accordingly include a provision wherein Tier 2 Noteholders acknowledge that the Notes may be subject to Contractual Bail-in at a Point of Non-Viability outside of Resolution or subject to Statutory Bail-in in Resolution. See Condition 8.5 (Acknowledgement of contractual bail-in upon the occurrence of a Non-Viability Trigger Event or statutory bail-in pursuant to the RSA Bail-in Power in Resolution) of the Tier 2 Terms and Conditions for further details.

Whether through the Contractual Bail-in provisions set out in Condition 8 (Loss Absorption following a Non-Viability Trigger Event in respect of Tier 2 Notes) or the Statutory Bail-in provisions under the Resolution Framework as contemplated in Condition 22 (Recognition of RSA Bail-in Powers) of the Tier 2 Terms and Conditions, Tier 2 Noteholders should be aware that there is a possibility of losing some or all of their investment. Furthermore, Tier 2 Noteholders may be subject to a Write-off pursuant to Contractual Bail-in outside of Resolution upon the occurrence of a Non-Viability Trigger Event (without requiring the consent of such Tier 2 Noteholders), in which event the "no creditor worse off" rule and the creditor hierarchy under the Resolution Framework would not apply in relation to a Write-off pursuant to Contractual Bail-in outside of Resolution upon the occurrence of a Non-Viability Trigger Event. Consequently, the exercise of any such powers by the Prudential Authority and/or the Resolution Authority or any suggestion of such exercise could materially adversely affect the price or value of a Tier 2 Noteholder's investment in Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Additional Tier 1 Notes

Directive 5/2024 requires banks and controlling companies to clearly indicate, in the contractual terms and conditions of any Additional Tier 1 Capital instruments issued, whether such instruments would be either written-off or converted into the most subordinated form of equity of the bank and/or its controlling company at the occurrence of a trigger event determined in the Prudential Authority's discretion, as envisaged in the applicable Additional Tier 1 Capital Regulations. The Additional Tier 1 Terms and Conditions accordingly provide for the Write-off or Conversion of such Additional Tier 1 Notes at the discretion of the Prudential Authority upon the occurrence of a Non-Viability Trigger Event (see Condition 9 (Loss Absorption following a Non-Viability Trigger Event) of the Additional Tier 1 Terms and Conditions). Directive 5/2024 further requires banks and controlling companies to clearly indicate in their respective contractual terms and conditions of Additional Tier 1 Capital instruments that such instruments could be subject to Contractual Bail-in or Statutory Bail-in at a specified trigger event. The terms and conditions of Additional Tier 1 Notes issued under the Programme accordingly include a provision wherein Additional Tier 1 Noteholders acknowledge that the Notes may be subject to Contractual Bail-in at a Point of Non-Viability outside of Resolution or subject to Statutory Bail-in in Resolution. See Condition 9.5 (Acknowledgement of contractual bail-in upon the occurrence of a Non-Viability Trigger Event or statutory bail-in pursuant to the RSA Bail-in Power in Resolution) of the Additional Tier 1 Terms and Conditions for further details.

Whether through the Contractual Bail-in provisions set out in Condition 9 (Loss Absorption following a Non-Viability Trigger Event) or the Statutory Bail-in provisions under the Resolution Framework as contemplated in Condition 23 (Recognition of RSA Bail-in Powers) of the Additional Tier 1 Terms and Conditions, Additional Tier 1 Noteholders should be aware that there is a possibility of losing some or all of their investment. Furthermore, Additional Tier 1 Noteholders may be subject to a Write-off pursuant to Contractual Bail-in outside of Resolution upon the occurrence of a Non-Viability Trigger Event (without requiring the consent of such Additional Tier 1 Noteholders), in which event the "no creditor worse off" rule and the creditor hierarchy under the Resolution Framework would not apply in relation to a Write-off pursuant to Contractual Bail-in outside of Resolution upon the occurrence of a Non-Viability Trigger Event. Consequently, the exercise of any such powers by the Prudential Authority and/or the Resolution Authority or any suggestion of such exercise could materially adversely affect the price or value of an Additional Tier 1 Noteholder's investment in Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Payment of any amounts of principal and interest in respect of Tier 2 Notes will be cancelled or written-off upon the occurrence of a Non-Viability Trigger Event

Upon the occurrence of a Non-Viability Trigger Event, in accordance with the Tier 2 Capital Regulations and as determined by the Prudential Authority, Tier 2 Notes will be cancelled (in the case of a Conversion or a Write-off (as applicable) in whole) or Converted or Written-off in part on a pro rata basis (in the case of a Conversion or a Write-off (as applicable) in part) in accordance with the Tier 2 Capital Regulations. Further to such cancellation or Conversion or Write-off (as applicable), Tier 2 Noteholders will no longer have any rights against the Issuer with respect to any amounts cancelled or Converted or Written-off (as applicable) and the Issuer shall not be obliged to pay

compensation in any form to Tier 2 Noteholders. Furthermore, any such cancellation or Conversion or Write-off (as applicable) will not constitute an Event of Default or any other breach of the Issuer's obligations under the Tier 2 Terms and Conditions.

The occurrence of a Non-Viability Trigger Event is therefore inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

Payment of any amounts of principal and interest in respect of Additional Tier 1 Notes will be cancelled or Written-off upon the occurrence of a Non-Viability Trigger Event

Upon the occurrence of a Non-Viability Trigger Event, in accordance with the Additional Tier 1 Capital Regulations and as determined by the Prudential Authority, Additional Tier 1 Notes will be cancelled (in the case of a Conversion or Write-off (as applicable) in whole) or Converted or Written-off in part on a pro rata basis (in the case of a Conversion or Write-off (as applicable) in part) in accordance with the Additional Tier 1 Capital Regulations. Further to such cancellation or Conversion or Write-off (as applicable), Additional Tier 1 Noteholders will no longer have any rights against the Issuer with respect to any amounts cancelled or Converted or Written-off (as applicable) and the Issuer shall not be obliged to pay compensation in any form to Additional Tier 1 Noteholders. Furthermore, any such cancellation or Conversion or Write-off (as applicable) will not constitute an event of default or any other breach of the Issuer's obligations under the Additional Tier 1 Terms and Conditions nor will it constitute an Event of Default or any other breach of the Issuer's obligations under the General Terms and Conditions.

The occurrence of a Non-Viability Trigger Event is therefore inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

Substitution or Variation of Tier 2 Notes upon the occurrence of a Capital Disqualification Event or a Tax Event

Upon the occurrence and continuation of a Tax Event or a Capital Disqualification Event (each as defined in Condition 1 (Interpretation) of the Tier 2 Terms and Conditions), the Issuer may, subject as provided in Condition 11.6 (Substitution or variation instead of redemption) of the Tier 2 Terms and Conditions and without the need for any consent of the Noteholders, substitute all (but not some only) of any Series of Tier 2 Notes, or vary the terms of all (but not only some) such Tier 2 Notes so that they remain or, as appropriate, become Qualifying Tier 2 Capital Securities.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Tier 2 Capital Securities will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Tier 2 Capital Securities are not materially less favourable to Noteholders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

Substitution or Variation of Additional Tier 1 Notes upon the occurrence of a Capital Disqualification Event or a Tax Event

Upon the occurrence and continuation of a Tax Event or a Capital Disqualification Event (each as defined in Condition 1 (Interpretation) of the Additional Tier 1 Terms and Conditions), the Issuer may, subject as provided in Condition 11.6 (Substitution or variation instead of redemption) of the Additional Tier 1 Terms and Conditions and without the need for any consent of the Noteholders, substitute all (but not some only) of any Series of Additional Tier 1 Notes, or vary the terms of all (but not only some) such Additional Tier 1 Notes so that they remain or, as appropriate, become Qualifying Additional Tier 1 Capital Securities (as defined in Condition 1 (Interpretation) of the Additional Tier 1 Terms and Conditions).

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Additional Tier Capital Securities will be as favourable to each Noteholder in all respects

or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Additional Tier Capital Securities are not materially less favourable to Noteholders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

Early Redemption of Tier 2 Notes upon the occurrence of a Capital Disqualification Event or a Tax Event

Upon the occurrence and continuation of a Capital Disqualification Event or a Tax Event (each as defined in Condition 1 (Interpretation) of the Tier 2 Terms and Conditions), but (other than in a case of a Capital Disqualification Event) subject to Condition 11.5 (Conditions to redemption, substitution or variation of the Tier 2 Notes) of the Tier 2 Terms and Conditions, the Issuer may, at its option, redeem all (but not some only) of the Tier 2 Notes in a Series of Tier 2 Notes at the Early Redemption Amount as specified in, or determined in the manner specified in, the Applicable Pricing Supplement. Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Subordinated Notes.

There can be no assurance that holders of Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Tier 2 Notes.

Early Redemption of Additional Tier 1 Notes upon the occurrence of a Capital Disqualification Event or a Tax Event

Upon the occurrence and continuation of a Capital Disqualification Event or a Tax Event (each as defined in Condition 1 (Interpretation) of the Additional Tier 1 Terms and Conditions), but (other than in a case of a Capital Disqualification Event) subject to Condition 11.5 (Conditions to redemption, substitution or variation of Additional Tier 1 Notes) of the Additional Tier 1 Terms and Conditions, the Issuer may, at its option, redeem all (but not some only) of the Additional Tier 1 Notes at the Redemption Amount as specified in, or determined in the manner specified in, the Applicable Pricing Supplement. Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Additional Tier 1 Notes.

There can be no assurance that holders of Additional Tier 1 Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Additional Tier 1 Notes.

The investment in, and disposal or write-off of, Subordinated Notes may have tax consequences in the hands of Subordinated Noteholders, the Issuer or both

The investment in, and disposal or Write-off upon the occurrence of a Non-Viability Trigger Event in respect of Subordinated Notes may have tax consequences in the hands of Subordinated Noteholders, the Issuer or both. As any such potential consequence depends on various factors, prospective investors in Subordinated Notes are strongly advised to consult their own professional advisers as to the tax consequence of investing in Subordinated Notes, and particularly as to whether a disposal or Write-off of Subordinated Notes will result in a tax liability.

There is no scheduled redemption or maturity of the Additional Tier 1 Notes

The Additional Tier 1 Notes are undated securities without any fixed redemption or maturity date. The Issuer is under no obligation to redeem any Series of Additional Tier 1 Notes at any time. Any optional redemption by the Issuer is subject to the prior approval of the Prudential Authority. There is no redemption at the option of the holders of a Series of Additional Tier 1 Notes.

Deferral of, or election not to pay, interest payments of the Additional Tier 1 Notes

The Issuer may elect not to pay, or to defer the payment of, any interest amounts due to holders of Additional Tier 1 Notes in accordance with Condition 6.1.1(a) of the Additional Tier 1 Terms and Conditions. The Issuer may also not be obliged to pay interest in relation to Additional Tier 1 Notes in the circumstances described in Conditions 6.1.1(b) and 6.1.1(c) of the Additional Tier 1 Terms and Conditions.

Any election not to pay or to defer interest payments in respect of Additional Tier 1 Notes may have an adverse effect on the market price of such Additional Tier 1 Notes. In addition, as a result of an election not to pay or to defer provision of such Additional Tier 1, the market price of such Additional Tier 1 Notes may be more volatile than the market prices of other debt securities of the Issuer on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

If an election is made not to pay any Interest Amount on an Interest Payment Date in respect of Additional Tier 1 Notes, the Issuer and the Controlling Company will, from such Interest Payment Date, until the Issuer next pays in full the Interest Amounts due and payable on any succeeding Interest Payment Date on all outstanding Additional Tier 1 Notes, be restricted from declaring or paying distributions or dividends or paying any interest on, or from redeeming or purchasing, any Junior Securities or Parity Securities, except in limited circumstances, all as more fully described in Condition 6.2 (Restrictions following non-payment of interest) of the Additional Tier 1 Terms and Conditions.

In relation to Additional Tier 1 Notes, if the Issuer elects not to pay, or to defer payment of, interest amounts, such failure to pay interest amounts shall not constitute a default by the Issuer or any other breach of obligations under the Notes or for any other purpose and a Noteholder will have no claim in respect of any such non-payment. The Additional Tier 1 Notes will have no maturity date and will only be redeemable in certain circumstances, as further set out in Condition 11.5 (Conditions to redemption, substitution or variation of Additional Tier 1 Notes) of the Additional Tier 1 Terms and Conditions.

Risks Relating to Flac Notes

The risk factors relating to Flac Notes described below should be read together with the general risk factors relating to the Notes described above.

Flac Notes are complex instruments that may not be suitable for certain investors

Flac Notes are novel and complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Flac Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Flac Notes, including the possibility that the entire principal amount of the Flac Notes could be lost. A potential investor should not invest in the Flac Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Flac Notes will perform under changing conditions, the resulting effects on the market value of the Flac Notes, and the impact of this investment on the potential investor's overall investment portfolio.

Flac Notes are new types of instruments for which there is no trading history

Prior to the adoption of the Flac Standard and its entry into force on 1 January 2026, South African banks and controlling companies were not required to issue Flac Instruments. Accordingly, there is no trading history for Flac Instruments. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with Flac Instruments. The credit ratings assigned to the Flac Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of Flac Instruments such as the Flac Notes will be lower

than those expected by investors at the time of issuance of the Flac Notes. If so, investors may incur losses in respect of their investments in the Flac Notes.

Qualification of Flac Notes as Flac Instruments

The intention of the Issuer is for Flac Notes to qualify on issue as Flac Instruments under the Financial Sector Regulation Act and the Flac Standard and qualify as eligible liabilities available to meet the Flac Requirements. Current regulatory practice by the Resolution Authority does not require (or customarily provide) a confirmation prior to the issuance of the Flac Notes that the Flac Notes will comply with the Flac Requirements.

Although it is the Issuer's expectation that the Flac Notes qualify as Flac Instruments and qualify as eligible liabilities available to meet the Flac Requirements, there can be no representation that this is or will remain the case during the life of the Flac Notes.

Flac Notes will be subordinated to certain of the Issuer's obligations, and accordingly, holders of Flac Notes may suffer greater loss in insolvency or Resolution compared to holders of Senior Notes and other senior liabilities, and are subject to restrictions on enforcement

Flac Notes are subordinated obligations of the Issuer and will rank in accordance with the Ranking Legislation and as a result holders of Flac Notes may suffer greater loss in the event of the Issuer's winding-up or in Resolution than holders of Senior Notes and other senior liabilities because if the Issuer is wound-up or put into liquidation voluntarily or involuntarily Flac Noteholders will not be entitled to any payments of principal or interest in respect of the Flac Notes until the claims of Senior Creditors which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy the claims of Senior Creditors then Flac Noteholders will not receive any payment in respect of their Flac Notes.

In addition, the rights of Noteholders of Flac Notes are limited in certain respects. There are no events of default that permit acceleration of the Flac Notes upon the occurrence of certain events. Accordingly, if the Issuer fails to pay any amount of principal or interest when due, holders of Flac Notes will not be entitled to accelerate payment of principal or interest.

If payment of principal remains unpaid for seven (7) days or more after its due date, or payment of interest remains unpaid for fourteen (14) days or more after its due date, any holder of Flac Notes may, subject to the Flac Requirements and section 166D of the Financial Sector Regulation Act, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but may take no other action in respect of such default.

Only if an order of court is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction) will Flac Noteholders be entitled, upon written notice, to declare their Flac Notes immediately due and payable at their Early Termination Amount together with accrued interest (if any).

If the Issuer breaches any other obligation under the Flac Notes (other than a payment obligation), holders may bring proceedings to enforce such obligation, provided that the Issuer will not, as a result of such proceedings, be obliged to pay any amount of principal or interest sooner than would otherwise have been payable.

Accordingly, there is a real risk that an investor in Flac Notes may lose all or some of its investment should the Issuer become insolvent.

Substitution or Variation of Flac Notes upon the occurrence of a Flac Disqualification Event or a Tax Event

Upon the occurrence and continuation of a Tax Event or a Flac Disqualification Event, the Issuer may, subject as provided in Condition 9.6 (Substitution or variation instead of redemption) of the Flac

Terms and Conditions and without the need for any consent of the Noteholders, substitute all (but not some only) of any Series of Flac Notes, or vary the terms of all (but not only some) such Flac Notes so that they remain or, as appropriate, become Qualifying Flac Securities.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Flac Securities will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Flac Securities are not materially less favourable to Noteholders than the terms of the Flac Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

Early Redemption of Flac Notes upon the occurrence of a Flac Disqualification Event or a Tax Event

Upon the occurrence and continuation of a Flac Disqualification Event or a Tax Event, but (other than in a case of a Flac Disqualification Event) subject to Condition 9.5 (Conditions to redemption, substitution or variation of the Flac Notes) of the Flac Terms and Conditions, the Issuer may, at its option, redeem all (but not some only) of the Flac Notes in a Series of Flac Notes at the Early Redemption Amount as specified in, or determined in the manner specified in, the Applicable Pricing Supplement. Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Flac Notes.

There can be no assurance that holders of Flac Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Flac Notes.

The investment in and disposal Flac Notes may have tax consequences in the hands of Flac Noteholders, the Issuer or both

The investment in, and disposal, write-off or conversion in Resolution of the Issuer in respect of Flac Notes may have tax consequences in the hands of holders of Flac Notes, the Issuer or both. As any such potential consequence depends on various factors, prospective investors in Flac Notes are strongly advised to consult their own professional advisers as to the tax consequence of investing in Flac Notes, and particularly as to whether a disposal, write-off or conversion of Flac Notes in Resolution will result in a tax liability.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Absa Group Risk Factors and Disclosures Schedule), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot

predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time. Any adverse change in the applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CONFLICTS OF INTEREST

Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Relevant Terms and Conditions.

The Board Charter is the constitution that guides the board of directors of the Issuer and its committees in their activities and decisions; as well as in their dealings with each other, with management, with the Group's stakeholders and with the Group as a whole. Directors have a responsibility to avoid situations that place, or are perceived to place, their personal interests in conflict with their duties to the Group. The Board Charter requires directors to declare any actual or potential conflict of interest immediately once they become aware of it. Where actual or potential conflicts are declared, the Group implements a recusal procedure and affected directors are excluded from discussions on any decisions on the subject matter related to the declared conflict. A director or prescribed officer and every employee is prohibited from using their position or access to confidential and price-sensitive information to benefit themselves or any related third party, whether financially or otherwise.

The conflicts of interest register is available on Absa Group's corporate website at <https://www.absa.africa/absafrica/about-us/corporate-governance/>.

The Conflicts of Interest Policy is available on Absa Group's corporate website at <https://www.absa.africa/absafrica/about-us/corporate-governance/>.

EXCHANGE CONTROL

*The comments below are intended as a general guide to the current position under the Exchange Control Regulations, 1961 as promulgated under the Currency and Exchanges Act, 1933, as amended, (the **Exchange Control Regulations**) and are not a comprehensive statement of the Exchange Control Regulations. The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective subscriber for, or purchaser of any Notes. Prospective subscribers for, or purchasers of any Notes who are non-South African residents or who are emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the subscription for, or purchase of any Notes.*

Non-South African Resident Noteholders and Emigrants from the Common Monetary Area

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes may be subject to the Exchange Control Regulations.

Emigrant Capital Account

Emigrant capital in an emigrant's capital account may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with emigrant capital in an emigrant's capital account may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account. For the purposes of this paragraph, "emigrant capital in an emigrant's capital amount" are defined as funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "non-resident". Such restrictively endorsed Individual Certificates will be deposited with an authorised foreign exchange dealer controlling such emigrant's remaining assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account maintained for such emigrant will be designated as an emigrant capital account. All payments in respect of subscriptions for Notes by an emigrant from the Common Monetary Area, using emigrant capital in an emigrant's capital account, must be made through an authorised dealer in foreign exchange controlling the remaining assets.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder's emigrant capital account, as maintained by an authorised foreign exchange dealer. Interest payments are freely transferable and may be credited to the emigrant's non-resident Rand account. Capital amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such Noteholder will be designated as a "non-resident" account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South

Africa or Rand from a non-resident Rand account held with an authorised foreign exchange Dealer and provided that the relevant Individual Certificate or securities account is designated "non-resident" or the relevant Securities Accounts has been designated as a "non-resident" account, as the case may be.

The Issuer is domiciled and incorporated in South Africa and as such is not required to obtain exchange control approval for the issuance of Notes within South Africa.

For the purposes of these paragraphs, the Common Monetary Area comprises South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of eSwatini.

SARB Approval

As at the date of this Absa Group Risk Factors and Disclosures Schedule, no exchange control approval is required in respect of the Programme and/or the Notes.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Clearing systems

Each Tranche of Notes, which is listed on an applicable Financial Exchange will be cleared through the Central Securities Depository which, as the operator of an electronic clearing system, clears and facilitates the settlement of transactions concluded on applicable Financial Exchanges. Each such Tranche of Notes will be issued, cleared and transferred in accordance with the Applicable Procedures and the Relevant Terms and Conditions. Each such Tranche of Notes will be settled through Participants who will comply with the electronic settlement procedures prescribed by the applicable Financial Exchange and the Central Securities Depository. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the applicable Financial Exchange, the Issuer and the Dealer(s).

A Tranche of unlisted Notes may also be held in the Central Securities Depository. With respect to Notes not listed on a Financial Exchange, the placement of such unlisted Notes may be reported through the relevant reporting system of a Financial Exchange in order for the settlement of trades in such Tranche of Notes to take place in accordance with the electronic settlement procedures of the applicable Financial Exchange and the Central Securities Depository.

Participants

The Central Securities Depository maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Absa Bank Limited, Citibank N.A., South Africa Branch, Computershare Custodial Services, FirstRand Bank Limited, JSE Investor Services CSDP Proprietary Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Société Générale, Johannesburg Branch, Standard Chartered Bank, Johannesburg Branch, and the SARB.

Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, (Clearstream Luxembourg) may hold Notes through their respective Participant.

Settlement and clearing

Participants will be responsible for the settlement of scrip and payment transfers through the Central Securities Depository, the JSE and the SARB.

Transfer

While a Tranche of Notes is held in its entirety in the Central Securities Depository, the Registered Holder will be named in the Register as the Noteholder of the Notes in that Tranche. All rights to be exercised in respect of Notes held in the Central Securities Depository will be exercised only by the Registered Holder for the holders of Beneficial Interests in such Notes. All amounts to be paid in respect of Notes held in the Central Securities Depository will be paid to the relevant Participants on behalf of the relevant holder pursuant to the Applicable Procedures.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Notes, a certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the Principal Amount of such Notes standing to the account of such person shall be prima facie proof of such Beneficial Interest. The Registered Holder of Notes named in the Register or the Uncertificated Securities Register will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Principal Amount of such Notes for all purposes.

Payments of interest and principal in respect of Notes issued in uncertificated form will be made in accordance with the Applicable Procedures. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to,

or for the order of, the relevant Participant's Nominee, to the extent applicable, as the registered holder of such Notes. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Payments of interest and principal in respect of Notes issued in uncertificated form shall be recorded by each Registered Holder of such Notes, distinguishing between interest and principal, and such record of payments by the Registered Holder of such Notes shall be prima facie proof of such payments.

Transfers and exchanges

Title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the securities accounts maintained by such Participants for such clients. Title to Beneficial Interests held by Participants directly through the Central Securities Depository will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the Central Securities Depository for such Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 13 (Exchange of Beneficial Interests for an Individual Certificate) of the General Terms and Conditions, Condition 12 (Exchange of Beneficial Interests for an Individual Certificate) of the Flac Terms and Conditions, Condition 13 (Exchange of Beneficial Interests for an Individual Certificate) of the Tier 2 Terms and Conditions or Condition 14 (Exchange of Beneficial Interests for an Individual Certificate) of Additional Tier 1 Terms and Conditions.

Records of payments, trust and voting

The Paying Agent will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

SOUTH AFRICAN TAXATION

The comments below are intended as a general guide to the relevant tax laws of South Africa as at the date of this Absa Group Risk Factors and Disclosures Schedule. The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

Withholding Tax

Under current taxation law in South Africa, all payments made under the Notes to South African tax-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa.

A withholding tax on South African sourced interest (see the section headed "Income Tax" below) paid to or for the benefit of a "foreign person" (being any person that is not a South African tax-resident) applies at a rate of 15% of the amount of interest in terms of section 50A-50H of the Income Tax Act, 1962 (the **Income Tax Act**). The withholding tax could be reduced by the application of relevant double taxation treaties.

The legislation exempts, inter alia, from the withholding tax on interest any amount of interest paid by a bank as defined in the Banks Act, 1990 (the **Banks Act**) to a foreign person. It is envisaged that this exemption would apply to the interest payments made to foreign Noteholders. The withholding tax legislation also provides an exemption for interest paid to a foreign person in respect of any debt listed on a "recognised exchange" as defined in paragraph 1 of the eighth schedule of the Income Tax Act. The JSE Limited (the **JSE**) would qualify as such an exchange, and therefore, subject to any legislative changes, the interest paid on the Notes listed on the JSE will also be exempt from the withholding tax on interest. A foreign person will also be exempt from the withholding tax on interest if:

- (a) that foreign person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the interest is paid; or
- (b) the debt claim in respect of which that interest is paid is effectively connected with a permanent establishment of that foreign person in South Africa, if that foreign person is registered as a taxpayer in South Africa.

Foreign persons are subject to normal South African income tax on interest sourced in South Africa unless exempted under Section 10(1)(h) of the Income Tax Act (see the section headed "Income Tax" below).

Securities Transfer Tax (STT)

No STT is payable on the issue or transfer of Notes (bonds) under the Securities Transfer Tax Act, 2007, because they do not constitute securities (as defined) for the purposes of that Act.

Value-Added Tax (VAT)

No VAT is payable on the issue or transfer of Notes. Notes (bonds) constitute "*debt securities*" as defined in section 2(2)(iii) of the South African Value-Added Tax Act, 1991 (the **VAT Act**). The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is a financial service, which is exempt from VAT in terms of section 12(a) of the VAT Act.

Commissions, fees or similar charges raised for the facilitation, issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes (bonds) that constitute "debt securities"

will however be subject to VAT at the applicable prevailing standard rate, except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(l) of the VAT Act.

Income Tax

Under current taxation law effective in South Africa, a "resident" (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her worldwide income. Accordingly, all Noteholders who are "residents" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any interest earned pursuant to the Notes. Non-residents of South Africa are subject to income tax on all income derived from a source, or deemed to be from a source, within South Africa (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Interest income is from a South African source if that amount:

- (a) is incurred by a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside of South Africa; or
- (b) is derived from the utilisation or application in South Africa by any person of any funds or credit obtained in terms of any form of "interest-bearing arrangement".

The Issuer is a South African tax-resident and the Notes will constitute an "interest-bearing arrangement". Accordingly, the interest paid to the Noteholders will be from a South African source and subject to South African income tax unless such interest is exempt from income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment is exempt from income tax, unless:

- (a) that person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve month period preceding the date on which the interest is received or accrued by or to that person; or
- (b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

Interest as defined in section 24J of the Income Tax Act (including the premium or discount) may qualify for the exemption under section 10(1)(h) of the Income Tax Act. If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of any South African income tax liability may be available under an applicable double taxation treaty.

Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Section 24J of the Income Tax Act deems interest income to accrue to a Noteholder on a day-to-day basis until that Noteholder disposes of the Note. The day-to-day basis accrual is determined by calculating the yield to maturity and applying this rate to the capital involved for the relevant tax period.

Section 24JB of the Income Tax Act contains specific provisions relating to the fair value taxation of financial instruments for "covered persons" (as defined in section 24JB of the Income Tax Act). Noteholders should seek advice as to whether this provision may apply to them.

The Notes do not meet the definition of "hybrid debt instruments" or "hybrid interest" and therefore the provisions of Sections 8F and 8FA of the Income Tax Act do not apply to the notes.

Purchasers of Notes are advised to consult their own professional advisors to ascertain whether the abovementioned provisions may apply to them.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to capital gains tax, unless the Notes are purchased for re-sale in the short term as part of a scheme of profit making, in which case any gain or loss would be subject to income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss. If the Notes are disposed of or redeemed prior to or on maturity, an "adjusted gain on transfer or redemption of an instrument", or an "adjusted loss on transfer or redemption of an instrument", as contemplated in section 24J of the Act, must be calculated. Any such adjusted gain or adjusted loss is deemed to have been incurred or to have accrued in the year of assessment in which the transfer or redemption occurred. The calculation of the adjusted gain or adjusted loss will take into account, inter alia, all interest which has already been deemed to accrue to the Noteholder over the term that the Note has been held by the Noteholder. Under section 24J(4A) of the Income Tax Act, where an adjusted loss on transfer or redemption of an instrument realised by a holder of a Note includes any amount representing interest that has previously been included in the income of the holder, the amount will qualify as a deduction from the income of the holder during the year of assessment in which the transfer or redemption takes place and will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person in South Africa.

To the extent that a Noteholder constitutes a "covered person" (as defined in section 24JB of the Income Tax Act) and section 24JB applies to the Notes, the Noteholder will be taxed in accordance with the provisions of section 24JB of the Act and the capital gains tax provisions would not apply.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in capital gains tax consequences.

Conversion and Write-off of Subordinated Notes

It should be noted that the tax consequences to the Subordinated Noteholders of the compulsory Conversion of Subordinated Notes into Issuer Ordinary Shares or the compulsory Write-off of Subordinated Notes, upon the occurrence of a Non-Viability Trigger Event, are complicated. A summary of some of the possible tax consequences of the compulsory Conversion of Subordinated Notes or the compulsory Write-off of Subordinated Notes is set out below. Prospective subscribers for or purchasers of Subordinated Notes must consult their professional advisers in this regard.

Conversion of Subordinated Notes

To the extent that Subordinated Notes are Converted into Issuer Ordinary Shares, the Conversion may potentially be regarded as a disposal for tax purposes, resulting in tax consequences for the Noteholder.

Normal tax principles should be applied in determining whether the taxpayer will be subject to capital gains tax or normal income tax on Conversion and Write-off of Subordinated Notes into Issuer Ordinary Shares.

The "conversion" of an asset is specifically included in the definition of a "disposal" of an asset in paragraph 11 of the Eighth Schedule of the Income Tax Act and capital gains tax consequences may arise to the Noteholder. Alternatively, normal income tax consequences may arise if the Subordinated Note is held on revenue account. Noteholders should consult their professional advisers to this regard. The South African Revenue Service, in its Capital Gains Tax Guide (**SARS CGT Guide**), has specifically indicated that there will be an adjusted gain or loss arising on the conversion of a debenture (or a debt instrument such as the Subordinated Notes). This adjusted gain or loss is deemed to accrue in the year of transfer or redemption.

The SARS CGT Guide indicates that, even if the "right" to convert a debenture (or a debt instrument such as the Subordinated Notes) into an ordinary share is acquired upfront, a capital gain or loss will have to be determined at the time of conversion. A similar consequence may arise to the extent that the Subordinated Notes are held on revenue account.

Write-off of Subordinated Notes

To the extent that Subordinated Notes are Written-off (on the basis that the Issuer is no longer obliged to pay the relevant amount to the Noteholders of the Tier 2 Notes or Additional Tier 1 Notes (as applicable)) the event is a "disposal" for capital gains tax purposes or a realisation for normal income tax purposes. If a debt is waived or reduced as envisaged in the Income Tax Act, this may result in a loss for the Subordinated Noteholders. The normal principles of capital and revenue are to be applied in determining whether any such loss should be subject to normal income tax or capital gains tax in terms of the Income Tax Act. In addition, specific provisions in the Income Tax Act may apply to the waiver or reduction of debt. In this regard, Subordinated Noteholders must consult their own tax advisers to confirm the specific tax treatment of the waiver or reduction of debt.

Conversion of Flac Notes

It should be noted that the tax consequences to the Flac Noteholders of the compulsory conversion of Flac Notes into Issuer Ordinary Shares pursuant to the exercise of the Resolution Authority of its RSA Bail-in Powers, are complicated. A summary of some of the possible tax consequences of the compulsory conversion of Flac Notes is set out below. Prospective subscribers for or purchasers of Flac Notes must consult their professional advisers in this regard.

To the extent that Flac Notes are converted into Issuer Ordinary Shares, the conversion may potentially be regarded as a disposal for tax purposes, resulting in tax consequences for the Noteholder.

Normal tax principles should be applied in determining whether the taxpayer will be subject to capital gains tax or normal income tax on conversion of Flac Notes into Issuer Ordinary Shares.

The "conversion" of an asset is specifically included in the definition of a "disposal" of an asset in paragraph 11 of the Eighth Schedule of the Income Tax Act and capital gains tax consequences may arise to the Noteholder. Alternatively, normal income tax consequences may arise if the Flac Note is held on revenue account. Noteholders should consult their professional advisers to this regard. The SARS CGT Guide has specifically indicated that there will be an adjusted gain or loss arising on the conversion of a debenture (or a debt instrument such as the Flac Notes). This adjusted gain or loss is deemed to accrue in the year of transfer or redemption.

The SARS CGT Guide indicates that, even if the "right" to convert a debenture (or a debt instrument such as the Flac Notes) into an ordinary share is acquired upfront, a capital gain or loss will have to be determined at the time of conversion. A similar consequence may arise to the extent that the Flac Notes are held on revenue account.

RSA Bail-in Powers

Under the Financial Sector Regulation Act, the Resolution Authority has wide-ranging powers. This includes the ability to apply RSA Bail-in Powers, which may result in reducing, converting, cancelling

or altering the terms of financial instruments like the Notes. Investors need to consider the tax consequences that may arise pursuant to the exercise by the Resolution Authority of these powers. The Noteholders should refer to earlier paragraphs regarding the potential tax consequences (being those triggered due to Write-offs or Conversions), which are likely to be applicable as a result of the application of the RSA Bail-in Powers and consult their professional advisers.

Definition of Interest

The references to "*interest*" above mean "*interest*" as understood in South African tax law. The statements above do not take any account of any different definitions of "*interest*" or "*principal*" which may prevail under any other law or which may be created by the relevant Terms and Conditions of the Notes or any related documentation.

SUBSCRIPTION AND SALE

In terms of (and subject to) the Programme Agreement, Absa Bank Limited, acting through its Corporate and Investment Banking division has been appointed as a Dealer on an ongoing basis for the duration of the Programme. The Issuer may appoint one or more Dealers for a specific issue of one or more Tranches of Notes or on an ongoing basis. In terms of (and subject to) the Programme Agreement, the Issuer may from time to time agree with any Dealer(s) to issue, and any Dealer(s) may agree to place, one or more Tranches of Notes.

South Africa

Each Dealer has (or will have) represented, warranted and agreed that it (a) will not offer Notes for subscription, (b) will not solicit any offers for subscription for or sale of the Notes and (c) will itself not sell or offer the Notes in South Africa, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations, 1961 promulgated under the Currency and Exchanges Act, 1933 (the **Exchange Control Regulations**) and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not make an "offer to the public" (as such expression is defined in the Companies Act, and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa. The Programme Memorandum (as read with this Absa Group Risk Factors and Disclosures Schedule) does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

Offers not deemed to be offers to the public

Offers for subscription for, or sale of, Notes are not deemed to be an offer to the public if:

- (a) made to certain investors contemplated in section 96(1)(a) of the Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, is equal to or greater than ZAR1,000,000 (one million Rand), or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the Companies Act.

Information made available in the Programme Memorandum, or any document incorporated by reference therein should not be considered as "advice" as defined in the Financial Advisory and Intermediary Services Act, 2002.

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section of this Absa Group Risk Factors and Disclosures Schedule headed "Exchange Control").

United States of America

Regulation S Category 2 TEFRA D, unless TEFRA C is specified as applicable or TEFRA is specified as not applicable in the relevant Pricing Supplement.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer and its affiliates will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that, in relation to each Member State of the European Economic Area which has implemented the EU Prospectus Regulations (each a **Relevant Member State**), with effect from and including the date on which the EU Prospectus Regulations is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of any of such Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of any of such Notes to the public in that Relevant Member State:

- (a) if the terms or drawdown prospectus in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulations in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State in accordance with the EU Prospectus Regulations and/or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus, if not a drawdown prospectus, has subsequently been completed by the terms contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulations, in the period beginning and ending on the dates specified in the drawdown prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulations;
- (c) at any time to fewer than 150 (one hundred and fifty) natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulations) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulations,

provided that no such offer referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulations or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulations.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression **EU Prospectus Regulations** means Regulation (EU) 2017/1129 (as amended).

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, in relation to any offering of Notes to which Markets in Financial Instruments Directive 2014/65/EU (as amended, **MiFID II**) applies, that such offering is in accordance with the applicable rules set out in MiFID II (including any applicable national transposition of MiFID II), including that any commission, fee or non-monetary benefit received from the Issuer complies with such rules.

United Kingdom

Public Offer Selling Restrictions under the UK Prospectus Regulation

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that has not made and will not make an offer of any of such Notes to the United Kingdom except that it may make an offer of any of such Notes to the public in the United Kingdom:

- (a) if the final terms or drawdown prospectus in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to section 86 of the Financial Services and Markets Act, 2000 (the **FSMA**) (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "*an offer of Notes to the public*" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended and regulations made thereunder.

Other regulatory restrictions: The Dealer has represented and agreed, and each further Dealer appointed under this Programme will be required to represent and agree, that:

- (a) **Financial Promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 (Financial Promotion) of the FSMA) received by it in connection with the issue or sale of any Securities in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (b) **General Compliance:** it has complied and will comply with all applicable provisions of the FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) in relation to any of the Notes in that Tranche which have a maturity of less than one year, (i) it is a Person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any of such Notes other than to Persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any of the Notes in that Tranche under circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any of the Notes in that Tranche in, from or otherwise involving the United Kingdom.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum (as read together with the Disclosure Schedules) and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of any Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales; and
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the relevant Applicable Pricing Supplement relating to the relevant Tranche of Notes.

Neither the Issuer nor any of the Dealers represent that Notes at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

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