Absa Group
Remuneration report

A balanced approach to remuneration

Strategic pillars discussed

Brand Pretorius, *Chairman – Group Remuneration and Human Resources Committee*

Key points

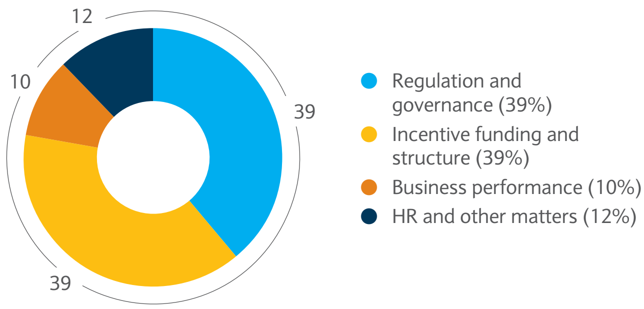
- Our total incentive pool reduced by 7% year on year. The GRHRC's decision to reduce the pool balanced financial performance, non-financial performance and protecting the franchise.
- The Group Chief Executive and Deputy Group Chief Executive asked to forgo consideration for an annual bonus, in light of 2012 financial performance. They will receive payments from deferred bonuses awarded for performance in previous years.

View our full remuneration report online at 2012.absair.co.za\remuneration

Outlook

- We will update our remuneration policy for 2013 in line with our One Africa strategy and our new purpose and values. The policy will continue to protect and promote shareholder interests.
- Performance assessments and performance related remuneration will reflect both 'what' and 'how' business results are achieved.
- We remain committed to transparency around our remuneration policy and decision-making.

GRHRC's allocation of time in 2012



In discharging its responsibilities the GRHRC has taken the views of stakeholders seriously. Our decisions balance financial and non-financial performance with commercial considerations including protecting the franchise.

Introduction

Society has voiced its concern with the scale and suitability of remuneration in the financial services sector and executive remuneration in general. In discharging its responsibilities, the GRHRC has taken the views of Absa's stakeholders seriously. With headline earnings down 9% and PBT down 15% in 2012, it is appropriate that bonus awards were reduced to reflect our principle of pay for performance. Taking a balanced approach, we have also applied our remuneration model to reward strong non-financial performance, as well as to retain key leadership over the longer term.

The GRHRC met six times in 2012 to consider and discuss remuneration issues. Among the decisions made for 2012, we highlight the following key issues:

1. **The size of the aggregate incentive pool for 2012** – the GRHRC discussed the projected total incentive pool in June, September, October and November 2012 and January 2013. The final pool, which includes the value at award of all cash bonuses, deferred bonuses, long-term incentives and sales incentives awarded for 2012 performance, is R1 341 million, 7% less than in 2011. The 2012 cash bonus pool was 8% less than in 2011. Full details of the process followed to determine and allocate this pool are set out on page 9. 2012 financial performance was disappointing, which is reflected in the reduction in the pool. We expect that our stakeholders will ask us why the incentive pool was not reduced further in line with headline earnings or PBT performance. We measure performance against a balanced scorecard of financial and non-financial performance taking account of both Group and business unit performance. The 15% decline in Group PBT was a result of disappointing performance in one particular business area, Retail and Business Banking, specifically as a result of impairments relating to lending practices in place in 2007 and 2008. The GRHRC's decision on the total incentive pool also recognised strong financial performance in other business units; for example PBT in CIBW increased by 25% year on year. The size of the pool also reflects our non-financial performance as detailed in the material issues review on page 10. Performance delivered is the primary consideration, but the GRHRC also takes into account specific retention concerns for both individuals and business areas or functions, where employees are being actively targeted by our competitors. The total incentive pool was differentiated strongly by business unit performance, individual performance and by grade. Spend was targeted at more junior employees, with greater year on year reductions in bonuses made at senior management levels.

   The GRHRC makes decisions on the size of the incentive pool using a forward looking framework that evaluates total compensation costs and the share of value between shareholders and employees. The framework for each business and at the Group level sets out

Our 2012 remuneration summary

In this review we have sought to improve the transparency and clarity of our remuneration disclosures. We seek to explain clearly why and how we have made the decisions we have made, both in aggregate for all employees and individually for each executive director and prescribed officer. There are some disclosures we are required to make in a prescribed format, and these are included in the regulatory disclosures section at the back of the report. On page 4 we have answered some of our stakeholders' most pressing questions and concerns. These issues are further expanded upon in subsequent sections of this review and in our full report online.

key compensation and risk-adjusted financial ratios achieved by Absa and its competitors and is specifically designed to take account of underlying business performance and current and future affordability. For 2012, total compensation as a percentage of net income (income less impairments) was 31,2% (30,6% in 2011 and 31,4% in 2010). Total compensation as a percentage of PBT (before total compensation) was 49,8% (46,7% in 2011 and 49,4% in 2010). In making decisions the GRHRC conducts sensitivity analysis on the impact of these ratios if the incentive pool were to be adjusted up and down. Full details of the 2012 pool and framework ratios are set out on page 11.

2. **Incentivising senior leaders over the longer term** – deferral of bonuses has been a central feature of our remuneration policy since 2005, with the proportion of deferral increasing substantially in 2010. It aligns employees' interests with the creation of shareholder value, supporting long-term focus and retention. The clawback provisions that apply to deferred awards deter excessive risk-taking and inappropriate behaviour. Indeed, this is why our incentives incorporate some of the highest levels of deferrals in the South African financial services industry. There has been no longer-term incentive in place since the one-off Key Leaders Retention Plan in 2010. Long-term incentive design and awards have been a key consideration for the GRHRC in 2012, given the imperative to retain our key executives in the fiercely competitive landscape in financial and professional services in South Africa. Shareholders approved the new share-based Absa LTIP at the 2012 AGM. The GRHRC and Barclays Board Remuneration Committee also implemented a cash-based long-term incentive which is subject to RoRWA performance across both Absa and Barclays Africa, in support of the operational priorities of the One Africa strategy (the One Africa LTIP). Awards were made under both plans in June 2012. For the maximum awards to vest, significant outperformance is required; the targets for 2012 awards are set out on page 25.
3. **2012 remuneration decisions for executive directors and prescribed officers** – detailed information, set out on pages 13 to 18, explains our approach to executive remuneration in 2012 and the specific remuneration decisions for each individual. The Group Chief Executive and Deputy Group Chief Executive asked to forgo consideration for an annual bonus in light of 2012 financial results; a leadership position which the GRHRC agreed to support. We do not operate bonus caps as we believe that this would limit our flexibility to use variable remuneration to pay for performance and be competitive in the markets in which we compete for talent. In investment banking, the average multiple of variable to fixed remuneration is higher than in retail banking or the insurance industry, making a single bonus cap inappropriate in light of our objective to pay competitively for high performance, but not to pay more than the amount appropriate to maximise value for shareholders. We only award increases in fixed remuneration at this level where justified by a role change, increased responsibility or based on the latest available market data. As for all other employees, total remuneration is benchmarked against their relevant internal and, where available, external peers.

Remuneration policy

Absa remuneration decisions will:

1. Attract and retain those people with the ability, experience and skill to deliver the strategy.
2. Create a direct and recognisable alignment between the rewards and risk exposure of shareholders and employees, particularly executive directors and senior management.
3. Incentivise employees to deliver sustained performance, consistent with strategic goals and appropriate risk management, and to reward success in this.
4. Deliver compensation that is affordable and appropriate in terms of value allocated to shareholders and employees.
5. Encourage behaviour consistent with the Absa values which have guided our business:
   - value our people and treat them with fairness;
   - demonstrate integrity in all our actions;
   - strive to exceed the needs of our customers;
   - take responsibility for the quality of our work; and
   - display leadership in all we do.

The GRHRC keeps under review the remuneration policy and the arrangements detailed in this review to ensure that these remain competitive, in accordance with regulatory requirements and provide appropriate incentive for performance. The remuneration policy will be enhanced during 2013 in support of the One Africa strategy and our new purpose and values. The policy will continue to protect and promote shareholder interests.

Remuneration questions and answers

Q Why do we need to pay bonuses at all?

A Annual bonuses are a key component of the remuneration structure within financial services organisations, both in Africa and internationally. Absa pays competitively to ensure we can attract and retain people with the skills and experience needed to deliver our strategy. The use of variable remuneration has enabled Absa to manage and control our cost base by reducing total remuneration costs in those business areas that have performed below target; in 2012 the bonus pool in RBB was reduced by 18%. However, in business areas where performance has met or exceeded expectations, it is important that we maintain competitive levels of total remuneration, while being mindful that we do not pay more than the amount needed to be competitive. In 2012, the CIBW bonus pool was increased by 5%, compared to an increase of 25% in PBT.

It might be possible to deliver competitive remuneration by increasing fixed remuneration only; however, this would significantly limit our ability to manage remuneration during downturns in performance. In managing both variable and fixed compensation costs in an integrated way for 2012, we were able to restrict the increase in our fixed compensation costs to only 6,5%, in line with inflation.

Q Has the GRHRC clawed back bonuses in light of the sharp increase in impairments?

A Clawback is an issue that the GRHRC gave detailed consideration in 2012, discussing it at their meetings in July, September and November 2012 and in January 2013. Thorough work was carried out by the GRHRC, with support from Group HR, Risk, Compliance and Legal, to assess whether clawback was appropriate. This work took into account the findings of the reports to the Board and other Board committees on the impairments issue. This work concluded that there was no evidence whatsoever of irresponsible or untoward behaviour at an executive or any other level.

The GRHRC also considered impairments in its approach to performance adjustment of the 2012 incentive pool. The GRHRC reduced the 2012 total incentive pool by 7%, reducing awards in RBB by an average of 18%.

Q Was the One Africa LTIP an incentive to deliver the Barclays Africa transaction?

A No. The One Africa LTIP was designed and implemented to support the operational priorities of the One Africa strategy and to reinforce cross-business co-operation to better align the businesses to meet the needs of customers and clients, and to unlock the opportunity for growth on the continent.

The plan is not an incentive for the delivery or completion of the Barclays Africa transaction approved by minority shareholders on 25 February 2013. Awards were made in 2012 to five senior executives with management responsibilities across both Absa and Barclays Africa. Awards are subject to RoRWA performance in both businesses, which is a significant contributor to earnings and a primary determinant of RoE.

When the GRHRC assesses the performance conditions, it will carefully consider the impact of any one-offs and will have the discretion to exclude any gains that may materialise as a result of the transaction. In addition, awards can be adjusted up or down based on the individual performance and behaviours of participants.

Q How are bonuses determined for executive directors and prescribed officers?

A The GRHRC determines executive director and prescribed officer bonuses, in discussion with the Group Chief Executive (and the Group Chairman in the case of the Group Chief Executive). Decisions are based on individual, Group, business unit and functional performance, as well as market data.

Individual performance is assessed against both financial and non-financial performance objectives set at the start of the year. Following this assessment, a performance descriptor is assigned based on a five-point scale. The quantum of the bonus awarded is driven by this performance descriptor and the individual's compensation history; for example, where an individual's descriptor drops within the scale, the starting point is that their bonus is reduced year on year. The bonus is then adjusted for Group performance; for 2012 all executive directors and prescribed officers' bonuses were reduced in light of Group financial performance, irrespective of the performance of their business unit or function. Further adjustments are then made for business unit or functional performance, where relevant. Finally the bonus is compared against survey market data and individual peers where information is publically available. Any final adjustments are made based on any other commercial considerations, including retention and career potential, to ensure the final decisions are appropriately competitive.

Given the range of factors described above, we do not make use of an exclusively formulaic approach to determine the quantum of bonuses, rather adjustments to individual bonuses are based on the judgement of the GRHRC, after taking the inputs above into consideration. The final decisions are discussed and approved by the Absa Group Board to ensure appropriate oversight and then finally reviewed and ratified by the Barclays Board Remuneration Committee. No executive is present when their remuneration is discussed.

For 2013, the process for assessing performance for directors and prescribed officers (and other members of Exco) will be explicitly linked to both 'what' and 'how' results are achieved. The same approach will be implemented for all employees over the course of 2013 and 2014.

Group Remuneration and Human Resources Committee (GRHRC)

This section explains how the GRHRC discharges its responsibilities and provides details on membership, responsibilities and key activities in 2012.

Role, membership and activities of the GRHRC

Chairman and members	→ SG Pretorius (Chairman) → BP Connellan (retired on 3 May 2012) → G Griffin → AP Jenkins → TM Mokgosi-Mwantembe	→ EC Mondlane, Jr → IR Ritossa (resigned on 31 December 2012) → TS Munday (joined 1 November 2012) → YZ Cuba (joined 1 November 2012)
Remit	The GRHRC provides governance and strategic oversight of executive and all other employee remuneration, human resources activities and senior talent development. The Share and Cash Plans Committee (SCPC) was established as a delegated sub-committee of the GRHRC in 2012 to streamline the governance and administration of share and cash plan awards.	
Terms of reference	The principal purpose of the GRHRC is to set the over-arching principles and parameters of the remuneration policy across the Group, consider and approve the remuneration arrangements of the executive directors, certain senior executives and those discharging key functions and those employees whose total annual remuneration exceeds an amount determined by the GRHRC from time to time (R3,5 million in 2012). The GRHRC also considers and approves Absa Group's remuneration and disclosure policies. A copy of the terms and reference is available from the Group Company Secretary on request.	
Number of meetings	Normally five meetings per year. Six meetings were held during 2012.	
External advisors	During 2012, Deloitte carried out a comprehensive review, on behalf of the GRHRC, of Absa's reward framework, specifically examining the suitability of risk adjustment methods utilised. The Barclays Reward and Performance Director also provided valuable insights on Barclays practices, global market trends and the regulatory environment.	
Internal input	Group Chief Executive Deputy Group Chief Executive Chief Human Resources Executive Chief Risk Officer Group Financial Director Group Head: Reward and Performance	No Group employee or executive director is permitted to participate in discussions or decisions of the GRHRC relating to his or her own remuneration.

Key agenda items in 2012

January	March	July	September	October	November
→ Risk, financial performance and stakeholder updates. → Structure and funding of 2012 incentives. → Executive director, Group Exco and senior management performance and remuneration proposals. → Vesting of long-term incentive awards.	→ Stakeholder update. → Review of GRHRC terms of reference. → 2012 long-term incentive plan calibration.	→ 2011/2012 payround review. → Risk, financial performance and stakeholder updates. → Initial discussion on 2012 incentive funding. → Initial discussion on clawback.	→ Risk and financial performance updates. → Update on global market and regulatory developments. → 2012 incentive funding. → Approval of the 2012/13 salary increase mandate. → Consideration of clawback.	→ Risk, financial performance and stakeholder updates. → Review of compensation frameworks. → 2012 incentive funding proposal.	→ Review of formulaic incentive plans. → Risk, financial performance and stakeholder updates. → Structure and funding of 2012 incentives. → Group Exco remuneration proposals. → Deloitte review of remuneration framework. → Initial proposals on clawback process.

Remuneration for all employees

This section explains Absa's remuneration policy for all employees, explaining the structure of total remuneration and the strategic objectives of each element.

Total remuneration structure

Salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
Fixed remuneration						Variable remuneration				

Summary of key elements of total remuneration

The remuneration policy applies the same overarching principles to all employees, though the exact structure and quantum of individual packages varies by business unit and role. The table below summarises the key elements of Absa's remuneration arrangements for all employees. We review all remuneration arrangements on a regular basis and may amend, remove or introduce plans, subject to shareholder approval where appropriate, to ensure that our arrangements support the objectives of the remuneration policy and our strategy.

Key elements of Absa's remuneration arrangements

Element and strategic purpose	Summary
Fixed remuneration is designed to attract and retain talent in a competitive market and provide market competitive benefits.	Fixed remuneration is delivered to all employees, based on total cost to company, which includes base salary and employer contributions to: ➜ the Absa Group Pension Fund, a defined contribution pension scheme; ➜ the Absa Group Life benefit, which includes a death-in-service benefit as well as temporary and permanent disability benefits; and ➜ medical aid. In addition to cost to company, all employees receive a taxable cash medical subsidy of R7 680 per annum which we pay to assist with rising medical costs. Fixed remuneration reflects individuals' skills and experience and is reviewed annually in the context of annual performance assessments. Fixed remuneration is increased in line with local statutory requirements and union and collective bargaining commitments, where applicable. Otherwise, fixed remuneration is only increased where justified by a role change, increased responsibility or the latest available market data. We benchmark fixed remuneration against the appropriate market and aim to pay at the market median. Where appropriate, we may target an above median position to ensure we can attract and retain talented employees.
Annual bonus rewards the delivery of specific targets at Group, business unit and individual levels. **Bonus deferral** encourages long-term focus and retention and aligns employee interests with those of shareholders. The clawback provisions that apply to awards discourage excessive risk taking and inappropriate behaviours.	➜ The ability to recognise performance through variable remuneration enables Absa to flexibly control its cost base and react to events and market circumstances. ➜ Bonuses remain a key feature of remuneration in the highly competitive and mobile market for talent in financial services. ➜ The GRHRC is careful to control the proportion of variable to fixed remuneration paid to employees. ➜ The aggregate bonus pool is determined with reference to a range of risk adjusted metrics. ➜ Annual bonuses up to R300 000 in 2012 were delivered as a cash award, paid in February 2013. ➜ All bonuses above R300 000 in 2012, were subject to deferral over three years, ranging from 30% to 60%, depending on role and amount. ➜ All bonuses above R2 000 000 are subject to 60% deferral over three years. ➜ Bonus deferral is significantly in excess of practice at local competitors and regulatory requirements. ➜ 2013 awards will be delivered as phantom share awards under the Share Value Plan (SVP)[1]. These normally vest in three equal portions on the first, second and third anniversaries of the award, subject to clawback provisions and continued service. ➜ Performance conditions are not applied to SVP awards, because we believe the link to share price and the clawback provisions provide an appropriate link to performance and adjustment for risk. Long-term incentives for senior executives ensure that a significant proportion of remuneration remains directly contingent on meeting future performance targets.

Note

[1]The Deferred Award Plan (DAP) was renamed the Share Value Plan (SVP) during 2012. All key features remain consistent.

Key elements of Absa's remuneration arrangements *(continued)*

Element and strategic purpose	Summary
Long-term incentive plan awards are designed to reward execution against the strategy and the creation of shareholder value over a multi-year period. Long-term performance measurement and clawback provisions discourage excessive risk taking and inappropriate behaviours, encourage a long-term view and align employees' interests with those of shareholders.	Absa's most senior employees may receive long-term incentive awards. We continually review the design of our long-term incentive arrangements to ensure that they are appropriately aligned to our strategic goals and provide an appropriate incentive for longer-term performance. All long-term incentive awards are subject to risk-adjusted performance conditions and clawback provisions over a three-year period. Awards only vest if the performance conditions are satisfied and then at the discretion of the GRHRC to ensure that awards only vest for performance. The GRHRC did detailed work on long-term incentives in 2011 and 2012. Two new plans were implemented in 2012, details of which are set out in the table below.

New long-term incentive schemes introduced in 2012

Feature	Absa LTIP	One Africa LTIP
Strategic purpose	Designed to incentivise performance and execution of Absa's strategic goals, create alignment with shareholder interests and create sustained growth in shareholder value.	Designed to ensure that incentives for individuals in Absa and Barclays Africa, whose performance is critical to the success of the One Africa strategy, are appropriately balanced to reward execution against both the Absa and Africa strategies, creating sustained growth for shareholders.
First awards granted	June 2012	June 2012
Eligibility and 2012 awards	➜ Highly selective and limited to senior management. ➜ 27 participants in 2012. ➜ Total value at award of 2012 awards was R46 million, with a maximum potential value of R138 million (before share price movements). ➜ Details of the awards granted to executive directors and prescribed officers are set out on pages 13 to 18. ➜ 2012 awards were made in June following shareholder approval of the Absa LTIP at the AGM. These awards form part of 2011 total remuneration.	➜ Limited to Africa Exco members with management responsibility across Absa and Barclays Africa. ➜ Five participants from Absa in 2012. ➜ Total value at award of 2012 awards was R13,5 million, with a maximum potential value of R67,5 million. ➜ Participants received 50% of their total LTIP allocation through the Absa LTIP and 50% through the One Africa LTIP to ensure appropriate focus on the Absa strategy. ➜ Details of the awards granted to executive directors and prescribed officers are set out on pages 13 to 18.
Form of awards	Share-based awards released after three years, subject to risk-adjusted performance conditions.	Cash-based awards released after three years, subject to risk-adjusted performance conditions.
Delivery	Absa shares released after three years, with 50% of the vested shares (after payment of tax) subject to a holding period of 12 months.	The final value of the award is released after two years and delivered half as an award of cash and half as an award of phantom shares that vests, subject to the rules of the SVP after a further 12 months.

New long-term incentive schemes introduced in 2012 *(continued)*

<table>
<tr><th>Feature</th><th>Absa LTIP</th><th>One Africa LTIP</th></tr>
<tr><td>Maximum awards</td><td>Maximum number of shares which can be released is three times the value at award, subject to the achievement of stretching performance targets.</td><td>The award can be adjusted up or down by a performance multiple ranging from zero to five times, subject to the achievement of the stretching performance target.</td></tr>
<tr><td rowspan="2">2012 performance conditions</td><td>Balanced scorecard of financial, risk and sustainability measures.
➜ 60% subject to average RoRWA over three years: from 10% to 60% of the maximum award vests on a straight line basis for RoRWA between 2,18% and 3,26%. If RoRWA is less than 2,18%, no value vests.
➜ 30% subject to average impairment rate over three years: from 5% to 30% of the maximum award vests on a straight line basis for an impairment rate of 1,26% to 0,9%. If the impairment rate exceeds 1,26%, no value vests.
➜ 10% subject to performance against our material issues: assessed by the GRHRC at the end of the performance period.</td><td>Performance measured against consolidated RoRWA across Absa and Barclays Africa. No value vests if average RoRWA over three years is less than 1,59%. Maximum awards vest if average RoRWA is 2,55%. Awards vest on a straight line basis between 1,59% and 2,55%.
The impact of any one-off gains arising on material transactions (for example the Barclays Africa transaction) will be assessed by the GRHRC and may be excluded from the measurement of performance at the GRHRC's discretion when conditions are assessed.</td></tr>
<tr><td colspan="2">Performance conditions are only changed if an exceptional event occurs and the GRHRC considers that the conditions are no longer appropriate. The revised conditions would not be materially more difficult to satisfy than the original conditions. Any changes would be disclosed in the remuneration summary. The GRHRC will consider the impact of the Barclays Africa transaction on the performance conditions of all outstanding awards at the point of completion of the transaction.</td></tr>
<tr><td>GRHRC discretion</td><td>Following the measurement of RoRWA, the GRHRC may adjust the 60% subject to RoRWA up or down by up to 10 vesting percentage points, based on PBT over the performance period.
Awards are subject to clawback provisions, meaning all awards can be reduced to nil if deemed appropriate by the GRHRC.</td><td>Following the measurement of RoRWA, each individual's award can be increased or reduced by up to 25%, subject to overall maximum award of five times which can be released based on RoRWA performance. Awards are subject to clawback provisions, meaning the GRHRC can reduce all awards to nil if deemed appropriate.</td></tr>
<tr><td>Leavers</td><td colspan="2">If a participant resigns from Absa or is dismissed, award lapses in full.
If a participant leaves for another reason e.g. retrenchment, retirement, disability or ill health, a pro rata award may be released on the scheduled release date, subject to the performance conditions and the plan rules.</td></tr>
<tr><td>2013 awards</td><td>➜ Awards are due to be granted to 25 individuals in 2013.
➜ Total value of awards is R52 million, with a maximum potential value of R156 million (before share price movements).</td><td>The One Africa LTIP will not be used for 2013, following the announcement that Absa will purchase Barclays' operations in Africa. A separate LTIP in support of the One Africa strategy is no longer needed and the Absa LTIP will be used to deliver all awards.
The 2012 cycle awards will continue to run, as the objective to deliver RoRWA performance across Africa remains a relevant and appropriate condition for awards.</td></tr>
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How we determine our performance incentives

The process of determining the 2012 incentive award pools, from which annual bonuses are paid, is shown in the diagram below. The 2012 outcomes are set out on page 11. Annual bonuses remain a key feature of remuneration practice in the financial services industry in South Africa and globally and support our objective to reward for both individual and business performance.

The GRHRC makes decisions on incentive funding on a discretionary basis within the structured framework explained below. We believe that performance cannot always be assessed simply by formulae. Financial services is a complex and rapidly evolving industry and it is important that the GRHRC can exercise informed discretion in order to achieve appropriate compensation outcomes which reflect the underlying health of the business and the shareholder value created.

Set Group and business unit incentive pools

- Risk-adjusted financial and non-financial performance data at Group level and by business unit (PBT, RoE, RoRWA, net income, industry specific metrics)
- Specific risk or compliance events considered
- Historical and current compensation ratios at Group level and by business unit
- Current and future affordability
- Value awarded and accounting charges
- Sensitivity analysis
- Group Risk and Finance input on quality of earnings
- Stakeholder views: shareholders and regulators
- Franchise health
- Market trends analysis
- Informed discretion applied by GRHRC, based on factors above

Split business unit incentive pools by business area and team

- Inputs as above at more granular level within each business area

Assess individual performance

- Assessment by line managers against objectives set annually and behaviours in line with values
- Review both 'what' and 'how' individuals have contributed
- Risk and compliance input
- Assessment determines individual performance rating against a five-point scale

Determine individual annual bonus

- Driven by performance rating
- Target to pay 50% incentive pool to top 30% of performers
- Target to pay no bonus to lowest 15% of performers
- Overall size of pool taken into account
- Comparison year on year by individual
- Comparison of averages by grade, job and performance rating
- Role market data from surveys
- Regular review for accurate market alignment

Conduct consistency checks

- Group level, business area level and team level
- Functional reviews independent of business line
- HR reviews
- Review of recommendations based on:
  - Budgets
  - Performance differentiation
  - Values and behaviours
  - Diversity and inclusion
  - Fairness

GRHRC review and approve

- Approval of final spend at Group and business unit level
- Approval of individual remuneration for employees with total remuneration equal to or in excess of a pre-determined threshold (R3,5 million in 2012)
- Approval of remuneration of all senior managers and material risk takers, including senior finance, risk and compliance officers
- Review of distribution of spend by grade, performance rating, diversity and inclusion

Summary 2012 performance relating to our material issues

Material issue	Performance summary
Sustainable financial viability	➜ PBT down 15% to R8 393 million ➜ Headline earnings down 9% to R8 807 million ➜ Cost-to-income ratio of 55,2% (improved from 55,5% in 2011) ➜ Core costs fell slightly as a results of sustainable structural changes to our business ➜ Headline earnings per share down 9% to 1 227,3 cents ➜ Total dividend stable at 684 cents ➜ Group total capital adequacy ratio of 17,4% ➜ Group's Core Tier 1 ratio remained 13% well above regulatory and Board requirements ➜ Credit impairments rose 63% resulting in a credit loss ratio of 1,59% (from 1,01%) ➜ RoE decreased to 13,6% and RoRWA declined to 2,07% ➜ Adherence to control frameworks has generally been good ➜ Cooperated with the industry to develop a prudent response to unsecured lending and stressed home owners ➜ Increased debt counselling portfolio ➜ Played key role in Power Purchase and Implementation Agreements for Renewable Energy Projects ➜ Applied Equator Principles in screening developments
Systems and process effectiveness	➜ Aligned first-rank technology projects with strategic business initiatives ➜ Implemented more than 400 projects through software releases ➜ Further reduced Severity 1 incidents down to two from six in 2011 ➜ Maintained IT systems availability consistently above agreed service levels ➜ Reduced turn-around times for home loan applications and new account opening
Customer experience	➜ Customer satisfaction score of 44 remains short of our target of 50, but complaints are down, as too is the average time to resolve complaints while compliments are up ➜ Investigated customer feedback on TCF and working hard to improve TCF governance across the Group
Our people	➜ Worked to minimise impact of restructuring and two thirds of affected employees found new positions ➜ Consequences of restructuring: – Regretted losses increased to 11% from a low of 7% in 2010 (but internal promotions are up to 75% from 55% in 2011) – Employee opinion survey scores dropped from 70% to 66% ➜ Increased training spend to R790 million (4,4% of payroll), with 81% now taking place through Learning@Absa online channel ➜ Ethics improved, with an overall 24% reduction in the incidence of ethical breaches ➜ Losses to internal fraud decreased by 77%
Economic equity	➜ Entry-level customers down 12% with the loss of the AllPay contract ➜ 40 000 new entry-level customer accounts opened through paperless tablets ➜ More than R1 billion, an increase of 73% from 2011, transferred through mobile CashSend service ➜ Launched Transact, a simplified package for the entry-level market ➜ Affordable housing grew its loan book by 13% to R8,51 billion ➜ BBBEE recognition level dropped from level 3 to level 4 ➜ Employment equity remains a challenge, though we are making progress

2012 total incentive awards

The incentive pool for 2012 was based on the process set out on page 9, non-financial performance against our material issues summarised on page 10 and financial performance as set out in the Group Financial Director's report in the full annual report.

Total incentive awards

	2012 Year ended 31 December Rm	2011 Year ended 31 December Rm	Change %
Current year cash bonus	**909**	988	(8)
Current year share bonus	**9**	7	29
Deferred shares bonus	**300**	327	(8)
Bonus pool	**1 218**	1 322	(8)
Commission and other incentives	**59**	53	11
2013 LTIP (value to be awarded)	**64**	60	7
Total incentives granted	**1 341**	1 435	(7)
Total permanent employees	**33 717**	35 200	(4)
Total employees who received a bonus	**26 109**	27 329	(5)

Notes

Incentives for Woolworths Financial Services Proprietary Limited are excluded. These are subject to oversight by the independent Board Remuneration Committee in Woolworths.

Deferred bonuses are payable only once an employee meets certain conditions, including specified period of service. This creates a timing difference between the communication of the pool and the bonus charges that appear in the income statement which are reconciled below.

Reconciliation of total incentive awards granted to income statement charge

	2012 Year ended 31 December	2011 Year ended 31 December
Total incentive awards granted	**1 341**	1 435
Less: deferred bonuses and 2013 LTIP to be awarded	**(364)**	(387)
Add: current year charges for deferred bonuses and LTIP from previous years	**401**	382
Other[1]	**(40)**	173
Income statement charge for performance costs	**1 338**	1 603

Employees only become eligible to receive payment from a deferred bonus, once all the relevant conditions have been fulfilled, including the provision of future service to Absa. The income statement charge reflects the charge for employees' actual services provided in the calendar year. As a consequence, while the 2012 incentives granted were down 7%, the income statement charge for performance costs was down 17%.

Note

[1]Other is the difference between incentive awards granted and the income statement charge, relating to provisions and releases from other incentives including the Joiners Share Value Plan (JSVP) and the Key Leaders Retention Plan (KLP) and the income statement charge for commissions and other incentives.

2012 and historical compensation framework ratios

		Performance share plan		
Compensation framework ratio	**2012 %**	2011 %	2010 %	2009 %
Total compensation as a % of PBT (before total compensation)	**49,8**	46,7	49,4	51,6
Cost as a % of net income (total income less impairments)	**69,0**	64,8	67,9	71,3
Total compensation as a % of net income	**31,2**	30,6	31,4	31,7
RoRWA	**2,07**	2,35	1,99	1,97

Remuneration for executive directors and prescribed officers

This section describes how executive directors and prescribed officers were remunerated in 2012.

Introduction

We understand that the 2012 remuneration decisions for our executive directors and prescribed officers are of particular interest to our stakeholders. Between pages 13 and 18 we explain the 2012 remuneration awarded to each individual, including an overview of how their remuneration is linked to individual, Group, business unit or functional performance.

Fixed remuneration

Fixed remuneration is determined with reference to market practice and market data and reflects each individual's experience and role. Fixed remuneration is reviewed annually but only increased by exception, where justified by market movements or to reflect changes in job responsibilities. No executive director received an increase to their fixed remuneration during 2012. Below Board level, Bobby Malabie received a 13% increase to fixed remuneration in April 2012 to reflect his promotion to the position of Chief Executive, RBB. Willie Lategan received a 7% increase to fixed remuneration in April 2012 to reflect his wider responsibilities across Africa. Stephen van Coller did not receive an increase to his fixed remuneration during 2012.

Annual bonuses

Individual bonus decisions are based on performance, measured against Group and personal objectives set for the year. Performance measures are both quantitative and qualitative. Bonus decisions are made by the GRHRC following performance assessments and recommendations made by the Group Chief Executive (and the Group Chairman in the case of the Group Chief Executive).

We do not operate bonus caps as we believe that this would limit our flexibility to use variable remuneration to pay for performance and be competitive in the markets in which we compete for talent. In investment banking the average multiple of variable to fixed remuneration is higher than in retail banking or the insurance industry, making a single bonus cap for all prescribed officers inappropriate in light of our objective to pay competitively for high performance, but not to pay more than the amount appropriate to maximise value for shareholders.

Executive directors and prescribed officers' bonuses are delivered in a combination of cash and phantom shares. 60% of each individual's bonus is awarded under the SVP, vesting in three equal portions on the first, second and third anniversaries of the award, subject to clawback and future service. Where individuals are classified as Code Staff for the purposes of the UK Financial Services Authority's (FSA) Remuneration Code, 20% is delivered as cash in February of each year immediately following the announcement of financial results and 20% is delivered as phantom shares vesting after six months. Where individuals are not classified as Code Staff by the FSA, the remaining 40% is delivered as cash in February of each year immediately following the announcement of financial results.

Long-term incentive plan awards

LTIP awards are made by the GRHRC following recommendations made by the Group Chief Executive (and the Group Chairman in the case of the Group Chief Executive).

The value of an Absa LTIP award is typically limited to a percentage of fixed remuneration. The initial value awarded is a maximum of 200% of fixed remuneration and the maximum potential payout is 600% of fixed remuneration (before share price movements).

The achievement of performance conditions is the primary indicator of whether and to what extent LTIP awards will vest. Awards are also subject to clawback provisions, similar to those applied to deferred bonus awards, and future service.

All LTIP awards vest three years from the date of award. 50% of vested awards are then subject to an additional 12-month holding or deferral period, making the plan cycle four years in total. A summary of the performance measures that apply to LTIP awards are set out on page 25. Significant outperformance is required for awards to vest at the maximum.

A significant proportion of the executive director and prescribed officer's total remuneration for 2012 is in the form of LTIP awards and, as such, is contingent on future performance and at risk of forfeiture. The value of the awards reflects the GRHRC's objective to link a significant proportion of each executive director and prescribed officer's remuneration to the future performance of the business and the execution of the strategy over the longer-term. The awards also reflect the need for individual total remuneration to be competitive in a market where the use of option schemes and other share-based long-term incentives is common. We believe that the quantum of the maximum potential payouts is balanced against the considerable stretch in the performance conditions and, as such, is fair to both participants and our shareholders.

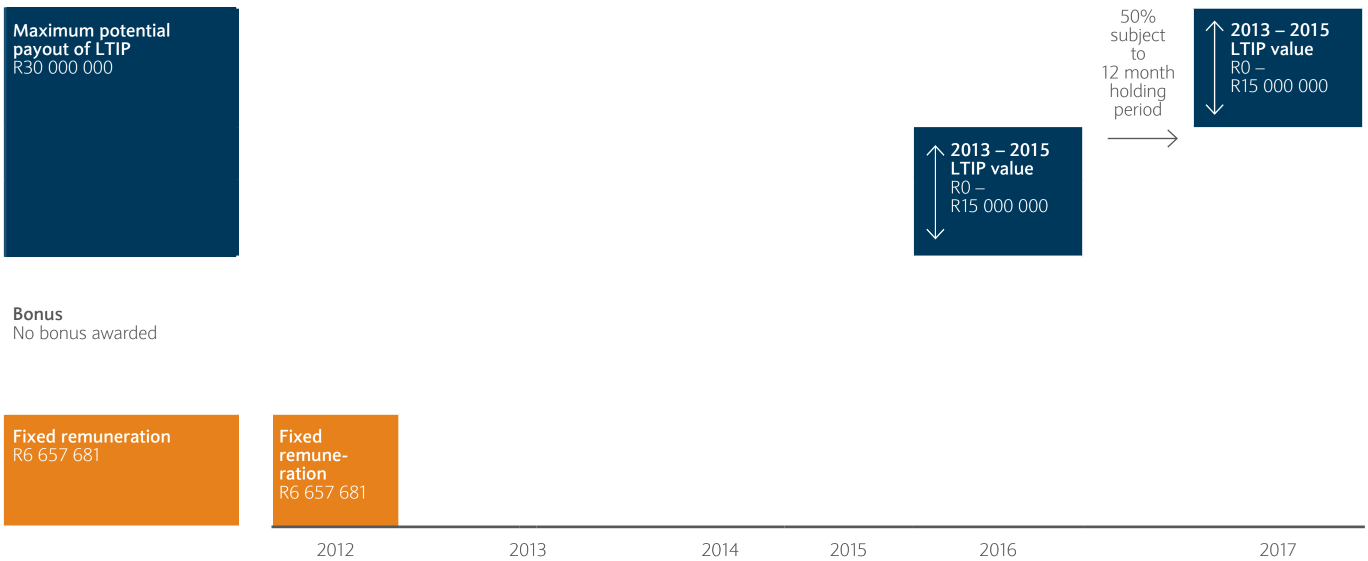
2012 remuneration – Maria Ramos: Group Chief Executive

Basic salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
R6 065 600		R492 593		R99 488		0		R10 000 000		R16 657 681
Fixed remuneration						Variable remuneration				

2012 total remuneration

Fixed remuneration	Maria Ramos did not receive an increase in fixed remuneration during 2012.
Annual bonus	In July 2012, Maria Ramos asked the GRHRC to voluntarily forgo consideration for an annual bonus for 2012. This decision was made in the context of 2012 financial performance. The GRHRC respected Maria Ramos' leadership position and agreed to her request to forgo consideration. The GRHRC did still consider Maria Ramos' performance during the year, against Group and individual performance measures. The GRHRC noted that Group financial performance was disappointing, particularly resulting from the significant challenges in RBB. The GRHRC noted the strong personal contribution Maria Ramos made during 2012, particularly in building and embedding a strong leadership team for Africa, in starting to operationalise the One Africa strategy and in working to achieve a successful outcome for Absa's minority shareholders in respect of the Barclays Africa transaction.
Long-term incentive plan award 2013 – 2015	Maria Ramos will be granted an Absa LTIP award with an initial value at award of R10 000 000. This award has a maximum potential value of R30 000 000 (before movements in share price), subject to performance conditions. 50% of vested awards are due to be released in 2016, with the remaining 50% (after tax) subject to a holding period and released in 2017.
Previous long-term incentive award	Maria Ramos received a payment of R5 480 244 in March 2013 from the phantom share portion of the Key Leaders Retention Plan, granted by the GRHRC in 2010. 50% of the maximum award lapsed because the performance condition was not met. (See table on page 25).

2012 remuneration decisions → Timeline for 2012 remuneration payout



Long-term incentive awards awarded in 2012 (part of 2011 total remuneration therefore not included above)

In June 2012, Maria Ramos was granted:

i. an Absa LTIP award with an initial value at award of R4 000 000. The award has a maximum potential value of R12 000 000 (before movements in share price) subject to the outcome of the performance conditions after three years.

ii. a One Africa LTIP award with an initial value at award of R4 000 000. The award has a maximum potential value of R20 000 000 subject to the outcome of the performance conditions after three years.

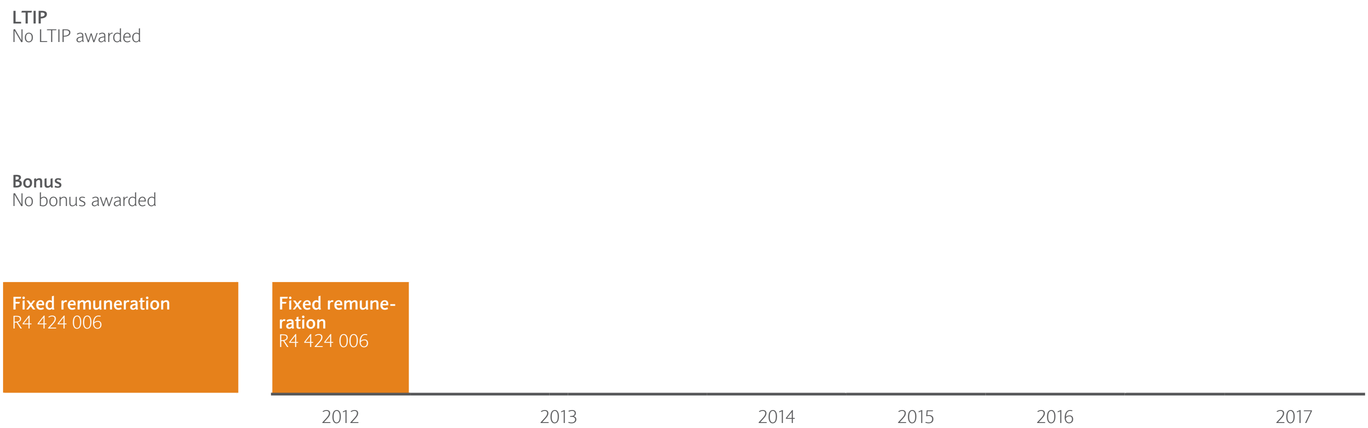
2012 remuneration – Louis von Zeuner: Deputy Group Chief Executive

Basic salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
R3 906 280		R322 222		R195 504		0		0		R4 424 006
Fixed remuneration						Variable remuneration				

2012 total remuneration

Fixed remuneration	Louis von Zeuner did not receive an increase in fixed remuneration during 2012.
Annual bonus	In July 2012, Louis von Zeuner asked the GRHRC to voluntarily forgo consideration for a bonus for 2012. This decision was made in the context of 2012 financial performance. The GRHRC respected Louis von Zeuner's leadership position and agreed to his request to forgo consideration. Following the announcement of his retirement as an executive, Louis von Zeuner significantly reduced his responsibilities during the second half of 2012. In the circumstances, the GRHRC did not formally assess Louis von Zeuner's performance.
Long-term incentive plan award 2013 – 2015	No long-term incentives were granted to Louis von Zeuner because he retired as an executive on 31 December 2012.
Previous long-term incentive award	Louis von Zeuner received a payment of R5 480 244 in March 2013 from the phantom share portion of the Key Leaders Retention Plan, granted by the GRHRC in 2010. 50% of the maximum award lapsed because the performance condition was not met. (See table on page 25).
Payment of retention arrangements	Louis von Zeuner retired on 31 December 2012. Special retention arrangements were agreed by the Board in 2008 to ensure continuity during the transition to the new Group Chief Executive. Under these arrangements, Louis von Zeuner received: ➜ a payment of R12 350 000 in December 2012. ➜ eligible leaver treatment on outstanding deferred compensation. ➜ a pay out of R1 617 056 in respect of accrued leave.

2012 remuneration decisions → Timeline for 2012 remuneration payout



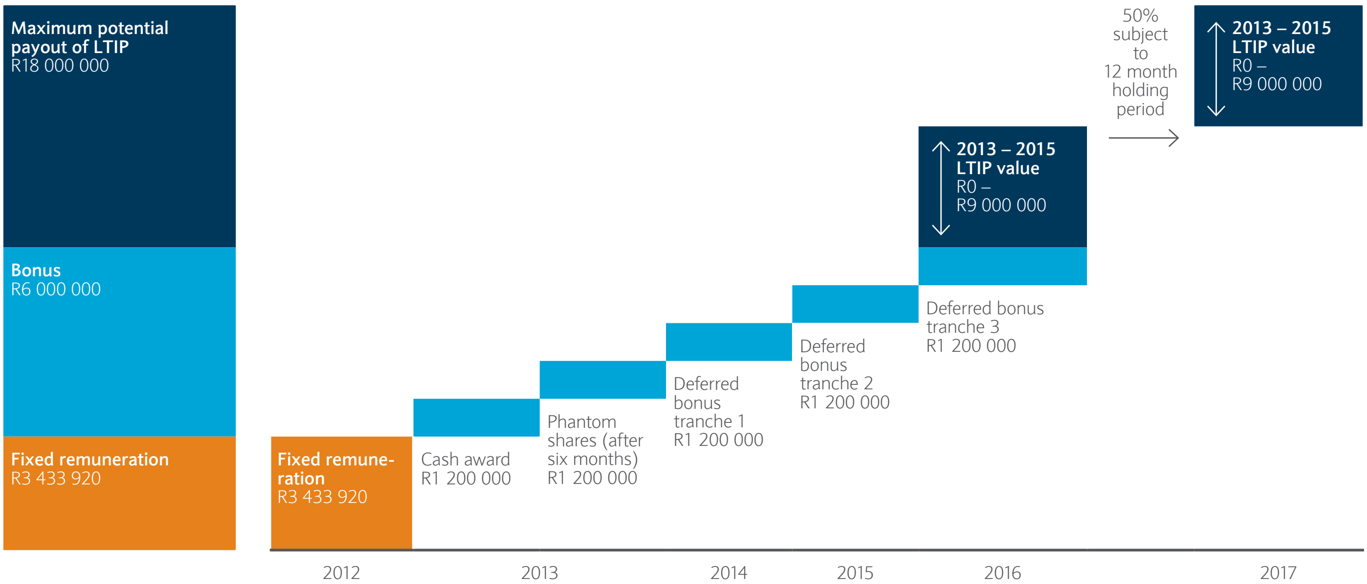
2012 remuneration – David Hodnett: Group Financial Director

Basic salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
R3 050 769		R251 852		R131 299		R6 000 000		R6 000 000		R15 433 920
Fixed remuneration						Variable remuneration				

2012 total remuneration

Fixed remuneration	David Hodnett did not receive an increase in fixed remuneration during 2012.
Annual bonus	David Hodnett received an annual bonus of R6 000 000 for 2012. This is 33% less than his annual bonus of R9 000 000 for 2011. The GRHRC's bonus decision for David Hodnett reflects his strong individual contribution balanced against the Group's disappointing financial results for 2012. The GRHRC noted and confirmed the performance assessment of David Hodnett's line manager, Maria Ramos, that he had provided strong leadership during a challenging year for the Group, contributing positively to the operational integration of Absa and Barclays Africa generally and particularly across the Finance function. The GRHRC noted his contribution to balance sheet optimisation, maintaining RoE above CoE, despite challenging results, strong cost control with positive JAWS, and maintenance of the dividend from 2011.
Long-term incentive plan award 2013 – 2015	David Hodnett will be granted an Absa LTIP award with an initial value at award of R6 000 000. This award has a maximum potential value of R18 000 000 (before movements in share price), subject to the performance conditions. 50% of vested awards are due to be released in 2016, with the remaining 50% (after tax) subject to a holding period and released in 2017.
Previous long-term incentive award	David Hodnett received a payment of R4 110 274 in March 2013 from the phantom share portion of the Key Leaders Retention Plan, granted by the GRHRC in 2010. 50% of the maximum award lapsed because the performance condition was not met. (See table on page 25).

2012 remuneration decisions → Timeline for 2012 remuneration payout



Long-term incentive awards awarded in 2012 (part of 2011 total remuneration therefore not included above)

In June 2012, David Hodnett was granted:

i. an Absa LTIP award with an initial value at award of R2 500 000. The award has a maximum potential value of R7 500 000 (before movements in share price) subject to the outcome of the performance conditions after three years.

ii. a One Africa LTIP award with an initial value at award of R2 500 000. The award has a maximum potential value of R12 500 000 subject to the outcome of the performance conditions after three years.

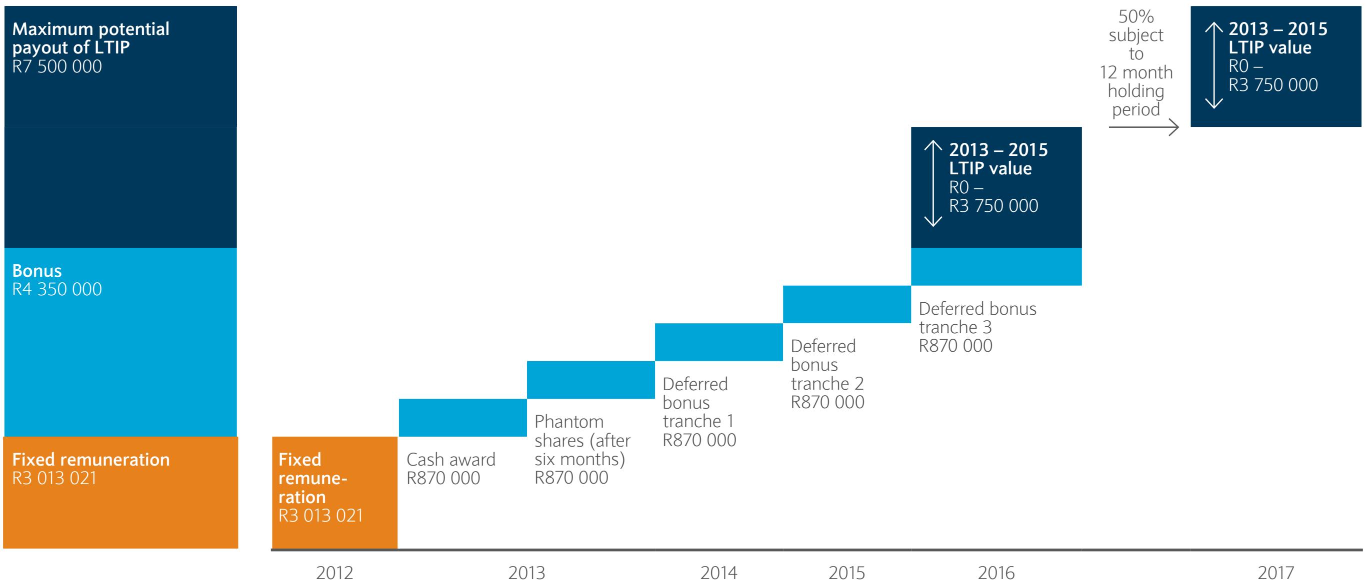
2012 remuneration – Willie Lategan: Chief Executive: Absa Financial Services

Basic salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
R2 663 630		R218 519		R130 872		R4 350 000		R2 500 000		R9 863 021
Fixed remuneration						Variable remuneration				

2012 total remuneration

Fixed remuneration	Willie Lategan received an increase in fixed remuneration from R2 800 000 to R3 000 000 in April 2012. This was awarded by the GRHRC in light of the expansion of the Absa Financial Services business into Africa, based on similar positions in financial services.
Annual bonus	Willie Lategan received an annual bonus of R4 350 000 for 2012. This is 21% less than his annual bonus of R5 500 000 for 2011. The GRHRC noted and confirmed the performance assessment of Willie Lategan's line manager, Maria Ramos, that he delivered a significant number of successful initiatives in the year, contributing positively to profitability through the expansion of the insurance business in Africa and building revenue progression through the implementation of new sales and support models. AFS PBT reduced by 2% year on year and was below the Short Term Plan (STP) target, although this was primarily a result of increased claims activity during the fourth quarter. The GRHRC also noted that Willie Lategan played a strong leadership role on both the Absa Group and Africa Excos. As a senior leader on these committees, the GRHRC decided it was appropriate to reduce Willie Lategan's bonus to reflect both Group financial performance and the financial performance of AFS being below the STP target. The GRHRC's bonus decision balances the financial performance outcomes against Willie Lategan's significant contribution summarised above.
Long-term incentive plan award 2013 – 2015	Willie Lategan will be granted an Absa LTIP award with an initial value at award of R2 500 000. This award has a maximum potential value of R7 500 000 (before movements in share price), subject to performance conditions. 50% of vested awards are due to be released in 2016, with the remaining 50% (after tax) subject to a holding period and released in 2017.
Previous long-term incentive award	Willie Lategan received a payment of R4 110 274 in March 2013 from the phantom share portion of the Key Leaders Retention Plan, granted by the GRHRC in 2010. 50% of the maximum award lapsed because the performance condition was not met. (See table on page 25).

2012 remuneration decisions → Timeline for 2012 remuneration payout



Long-term incentive awards awarded in 2012 (part of 2011 total remuneration therefore not included above)

In June 2012, Willie Lategan was granted:

i. an Absa LTIP award with an initial value at award of R1 500 000. The award has a maximum potential value of R4 500 000 (before movements in share price) subject to the outcome of the performance conditions after three years.

ii. a One Africa LTIP award with an initial value at award of R1 500 000. The award has a maximum potential value of R7 500 000 subject to the outcome of the performance conditions after three years.

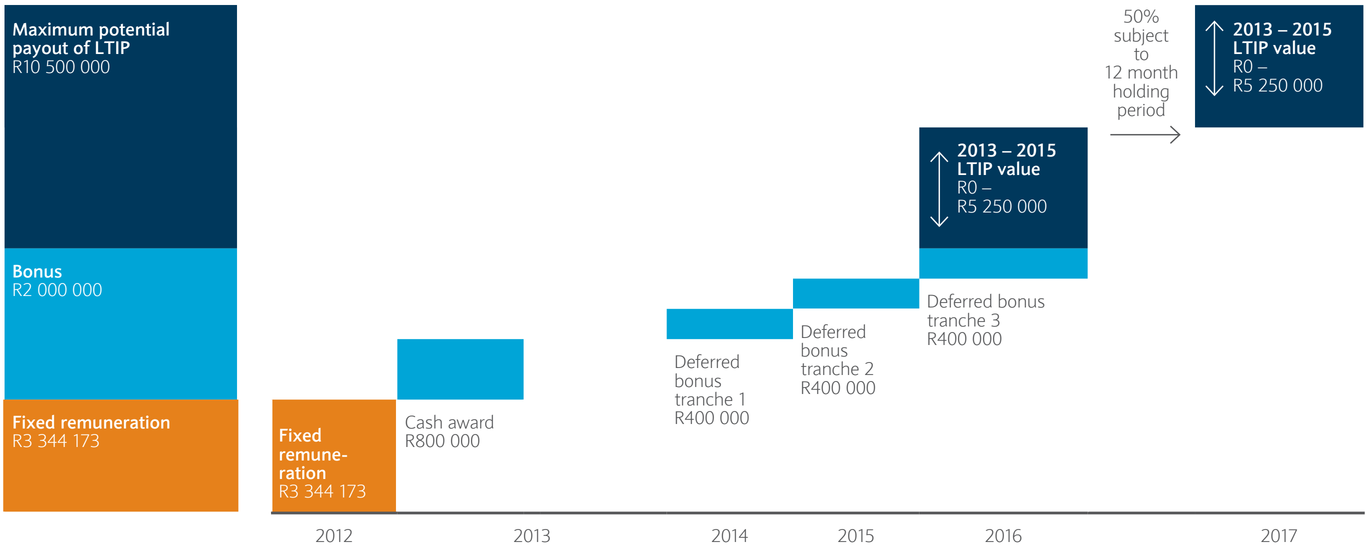
2012 remuneration – Bobby Malabie: Chief Executive: Retail and Business Banking

Basic salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
R2 972 798		R244 444		R126 931		R2 000 000		R3 500 000		R8 844 173
Fixed remuneration						Variable remuneration				

2012 total remuneration

Fixed remuneration	Bobby Malabie received an increase in fixed remuneration from R3 000 000 to R3 400 000 in April 2012. This was awarded by the GRHRC to reflect his appointment as Chief Executive, Retail and Business Banking, based on similar positions in financial services.
Annual bonus	Bobby Malabie received an annual bonus of R2 000 000 for 2012. This is 50% less than his annual bonus of R4 000 000 for 2011. The GRHRC noted and confirmed the performance assessment of Bobby Malabie's line manager, Maria Ramos, that Bobby made a strong contribution to the restructure and integration of the Retail and Business Banking businesses in 2012, with significant cost reductions and business process improvements and continued focus on improving the customer experience. Financial performance in RBB was below expectations, specifically because of the significant impairments in Home Loans and Commercial Property Finance. The GRHRC's bonus decision took into account financial performance in RBB and the overall reduction of the Retail and Business Banking total incentive pool balanced with Bobby Malabie's personal contribution to the integration of the business during a very challenging year.
Long-term incentive plan award 2013 – 2015	Bobby Malabie will be granted an Absa LTIP award with an initial value of R3 500 000. This award has a maximum potential value of R10 500 000 (before movements in share price), subject to performance conditions. The award was made taking into account Bobby Malabie's new role as Group Executive: Marketing, Communications and Public Affairs. 50% of vested awards are due to be released in 2016, with the remaining 50% (after tax) subject to a holding period and released in 2017.
Previous long-term incentive award	Bobby Malabie received a payment of R3 052 935 in March 2013 from the phantom share portion of the Key Leaders Retention Plan, granted by the GRHRC in 2012. 50% of the maximum award lapsed because the performance condition was not met. (See table on page 25).

2012 remuneration decisions → Timeline for 2012 remuneration payout



Long-term incentive awards awarded in 2012 (part of 2011 total remuneration therefore not included above)

In June 2012, Bobby Malabie was granted an Absa LTIP award with an initial value at award of R4 000 000. The award has a maximum potential value of R12 000 000 (before movements in share price) subject to the outcome of the performance conditions after three years.

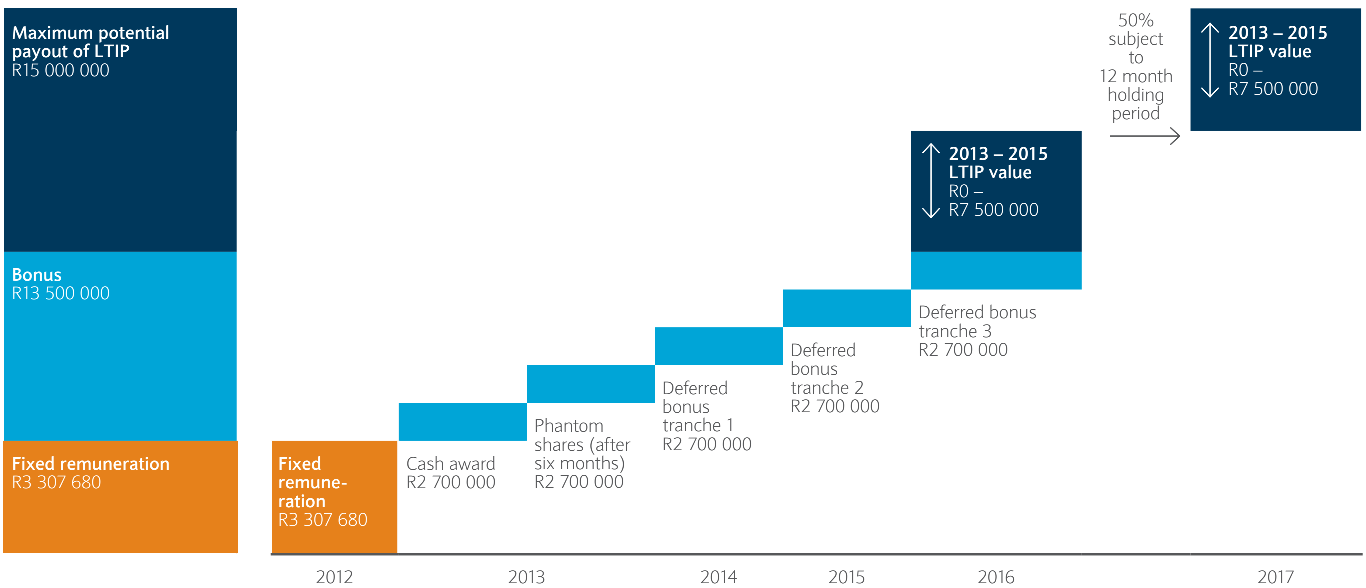
2012 remuneration – Stephen van Coller: Chief Executive: Corporate, Investment Banking and Wealth Management

Basic salary	+	Pension	+	Benefits	+	Annual bonus	+	Long-term incentive plan award	=	Total remuneration
R2 948 613		R244 444		R114 623		R13 500 000		R5 000 000		R21 807 680
Fixed remuneration						Variable remuneration				

2012 total remuneration

Fixed remuneration	Stephen van Coller did not receive an increase in fixed remuneration during 2012.
Annual bonus	Stephen van Coller received an annual bonus of R13 500 000 for 2012. This is 10% less than his annual bonus of R15 000 000 for 2011. The GRHRC noted and confirmed the assessment of Stephen van Coller's line manager, Maria Ramos, that the performance of CIBW exceeded expectations, with PBT up 25% year on year. The GRHRC noted that Stephen van Coller has made significant progress in establishing the corporate banking business and expanding into Africa, with revenue growth opportunities in corporate and sales and trading becoming evident in the business. CIBW's client centric approach was recognised in a number of awards in 2012, including Best Debt House by Euromoney and Number 1 Overall Bank in Risk SA and Spire Awards for the third consecutive year. A strong control environment was maintained across the CIBW business during this period of growth. The GRHRC's bonus decision reflects this performance assessment, with a 10% reduction year on year to reflect Group financial performance.
Long-term incentive plan award 2013 – 2015	Stephen van Coller will be granted an Absa LTIP award with an initial value at award of R5 000 000. This award has a maximum potential value of R15 000 000 (before movements in share price), subject to performance conditions. 50% of vested awards are due to be released in 2016, with the remaining 50% (after tax) subject to a holding period and released in 2017.
Previous long-term incentive award	Stephen van Coller received payment of R4 110 274 in March 2013 from the phantom share portion of the Key Leaders Retention Plan, granted by the GRHRC in 2010. 50% of the maximum award lapsed because the performance condition was not met. (See table on page 25).

2012 remuneration decisions → Timeline for 2012 remuneration payout



Long-term incentive awards awarded in 2012 (part of 2011 total remuneration therefore not included above)

In June 2012, Stephen van Coller was granted:

i. an Absa LTIP award with an initial value at award of R2 500 000. The award has a maximum potential value of R7 500 000 (before movements in share price) subject to the outcome of the performance conditions after three years.

ii. a One Africa LTIP award with an initial value at award of R2 500 000. The award has a maximum potential value of R12 500 000 subject to the outcome of the performance conditions after three years.

Remuneration for non-executive directors

This section explains how we pay non-executive directors taking into account regulations and market practice.

Remuneration policy for non-executive directors

Remuneration element and purpose	Operation and planned changes
Fees reflect individual responsibilities and membership of Board committees.	➜ The Group Chairman receives a single retainer fee for this role. ➜ Non-executive directors receive a fixed fee for Board membership and additional fees for membership of each Board committee, with premia paid to the chairmen of the Board committees. ➜ Set fees are also payable for special or ad hoc Board or Committee meetings and consultancy work. ➜ All non-executive directors, regardless of independence or length of service, are subject to the same fee structure. ➜ The same robust governance processes applied to executive remuneration are applied to non-executive remuneration, including benchmarking against non-executive fees in other financial services organisations. ➜ Fees are reviewed each year by the Directors' Affairs Committee and the Group Chairman and Group Chief Executive and are then recommended by the Board to shareholders for approval.
Other benefits	Neither the Group Chairman nor any non-executive director receives any other benefits or performance related pay from Absa.

Fee structure

Category	Fees for the 12-month period from 1 May 2012 to 30 April 2013 R	Fees for the 12-month period from 1 May 2011 to 30 April 2012 R	Change %
Board Chairman	3 860 000	3 675 000	5
Board member (Absa Group)	184 000	175 200	5
Board member (Absa Bank Limited)	184 000	175 200	5
Total Board member fee	*368 000*	*350 400*	*5*
Group Audit and Compliance Committee (GACC) member	200 000	163 100	23
Group Risk and Capital Management Committee (GRCMC) member	200 000	163 100	23
Group Remuneration and Human Resources Committee (GRHRC) member	110 000	86 700	27
Directors' Affairs Committee (DAC) member	75 000	59 600	26
Concentration Risk Committee (CoRC) (incorporating Group Credit Committee: Large Exposures) member	37 500 R1 800 per facility reviewed	59 600 R1 200 per facility reviewed	(37) 50
Social and Ethics Committee (SEC) member	75 000	15 400 per meeting	
Models Committee (MC) member	60 000	15 400 per meeting	
Disclosure Committee (DC) member	60 000	15 400 per meeting	
Board Finance Committee (BFC) member	15 500 per meeting	15 400 per meeting	1
Special Board meeting	25 200 per meeting	24 000 per meeting	5
Special (ad hoc) Board committee and sub-committee meetings	15 500 per meeting	15 400 per meeting	1
Consultancy work	R3 650 per hour	R3 465 per hour	5

Notes

Executive directors of Absa Group Limited do not receive fees as members of the Absa Group Limited board.

The GACC, GRCMC and GRHRC Chairmen receive fees equal to two and a half times the fee payable to members of these board committees.

The Chairmen of board committees and sub-committees other than the GACC, GRCMC and GRHRC receive fees equal to twice the fee payable to members of these committees.

Group Chairman and non-executive directors' fees

	Absa Group R	Absa Bank Limited R	Absa board committees and sub-committees R	Subsidiary boards, board committees and trusts R	**2012 Total R**	2011 Total R
Current directors						
C Beggs	181 067	181 067	1 115 733	73 957	**1 551 824**	1 264 367
YZ Cuba	181 067	181 067	111 233	—	**473 367**	663 392
SA Fakie	181 067	181 067	375 400	—	**737 534**	680 717
G Griffin (Group Chairman)[1]	—	—	—	—	**3 798 333**	3 616 667
MJ Husain	181 067	181 067	557 567	—	**919 701**	719 433
AP Jenkins[2]	181 067	181 067	289 933	—	**652 067**	684 500
R Le Blanc[2]	181 067	181 067	288 367	—	**650 500**	673 233
PB Matlare	181 067	181 067	6 250	—	**368 384**	77 200
TM Mokgosi-Mwantembe[3]	181 067	181 067	117 733	115 248	**595 115**	600 967
EC Mondlane, Jr	181 067	181 067	102 233	833 632	**1 297 999**	1 016 447
TS Munday	181 067	181 067	1 065 992	31 200	**1 459 325**	1 363 300
SG Pretorius	181 067	181 067	578 000	21 333	**961 467**	741 367
IR Ritossa[2,4]	181 067	181 067	148 633	—	**510 767**	145 983
BJ Willemse	181 067	181 067	315 725	57 600	**735 459**	750 633
Past directors						
BP Connellan[5]	73 733	73 733	198 692	36 400	**382 558**	914 166
Total	2 427 604	2 427 604	5 271 492	1 169 370	**15 094 402**	13 912 372

Notes

[1]Single retainer fee applicable to the Group Chairman.

[2]These fees are paid to Barclays and not to the individuals.

[3]A fee of R15 500 for the Exco IT steering committee is included in the Absa board committee fees for T Mokgosi-Mwantembe.

[4]Resigned from the Absa Board on 31 December 2012.

[5]Retired from the Board on 3 May 2012.

Remuneration report

Regulatory disclosures

This section includes all the regulatory disclosure requirements in accordance with the Companies Act, JSE Listings Requirements, Banks Act, FSB Implementation Standards and King III.

Absa is committed to the maintenance of robust remuneration arrangements that are in accordance with these regulatory requirements. The table below sets out details about the ways in which we comply with key regulatory principles.

Remuneration regulation

Regulatory area	Absa practice
Scope and application	The provisions of the Banks Act and the FSB Implementation Standards applied across the Group and remuneration arrangements are consistent with the FSA's Remuneration Code. All remuneration arrangements considered in context of King III. Senior managers, material risk takers and FSA Code Staff are identified and made aware of the implications of their status.
Governance	GRHRC terms of reference take account of regulatory and corporate governance developments. The GRHRC reviews the remuneration of all senior managers and material risk takers as well as any employee with total annual remuneration of R3,5 million or more.
Guaranteed incentives	In June 2012, we decided that no further guaranteed incentive commitments, including guaranteed bonuses and sign on awards, would be made. The GRHRC now only consider making a guaranteed commitment in exceptional circumstances, if needed to secure a commercially significant hire. No guaranteed incentives have been made since this decision was taken in June 2012.
Risk-focused remuneration policies	Absa's policies, procedures and practices promote sound risk management. This is embodied in the remuneration policy and the Absa values. The GRHRC receives regular detailed reports from the Chief Risk Officer on a range of risk metrics. Risk and remuneration are linked through governance processes, incentive pool funding, the performance assessment process, performance metric selection, deferral structures and clawback provisions.
Deferral and payment in Absa shares	We operate high levels of deferral. For executive directors, Group Exco members and other highly paid executives, at least 60% of annual bonus is delivered as deferred awards. For other senior managers and material risk takers, at least 40% of annual bonus is delivered as deferred awards. All other employees with an annual bonus above R300 000 for 2012 are subject to deferral on a scaled basis, with a minimum deferral rate of 30%. Deferred awards are delivered as phantom shares, normally released in equal portions over three years, dependent on future service and subject to clawback provisions.
Remuneration of control function staff	The remuneration of control function staff is not determined within the relevant business unit alone. Initial proposals are initiated by business unit management. Each Group-level function head has 'co-decision' rights in respect of performance assessment and direct remuneration decisions for senior employees within the control function. This ensures appropriate independence in setting the remuneration of control function staff.

Remuneration disclosures contained in the remuneration review form part of the standard disclosures required in the Group's audited annual financial statements. These disclosures have been indicated as audited with a blue line:

- Executive directors' 2012 remuneration set out on page 26.
- Prescribed officers' 2012 remuneration set out on page 26.
- Outstanding share plan and long-term incentive awards set out on pages 23 to 24.
- Group Chairman and non-executive directors' fees set out on page 19.

Contract terms and appointment dates

Name	Board appointment date	Notice period	Potential compensation for loss of office
Executive directors			
DWP Hodnett	1 March 2010	6 months	6 months fixed remuneration
M Ramos	1 March 2009	6 months	6 months fixed remuneration
LL von Zeuner	1 September 2004	6 months	Louis von Zeuner retired on 31 December 2012. Special retention arrangements were agreed by the Board in 2008 to ensure continuity during the transition to the new Chief Executive. Under these arrangements, Louis von Zeuner received: → a payment of R12 350 000 in December 2012 → eligible leaver treatment on outstanding deferred compensation → a payout of R1 617 056 in respect of accrued leave
Prescribed officers			
WT Lategan	n/a	6 months	6 months fixed remuneration
BA Malabie	n/a	6 months	6 months fixed remuneration
S van Coller	n/a	3 months	3 months fixed remuneration

Outstanding cash-based long-term incentive awards

Name	Plan	Value under award at 1 January 2012 R	Value awarded in the year R	Value released in the year R	Value under award at 31 December 2012 R	Maximum potential value at 31 December 2012 R	End of performance period	Last exercise/ scheduled vesting date
M Ramos	One Africa LTIP 2012 – 2014	—	4 000 000	—	4 000 000	20 000 000	31/12/2014	14/06/2015
	KLP	4 000 000	—	—	4 000 000	4 000 000	31/12/2012	01/03/2013
LL von Zeuner	KLP	4 000 000	—	—	4 000 000	4 000 000	31/12/2012	01/03/2013
DWP Hodnett	One Africa LTIP 2012 – 2014	—	2 500 000	—	2 500 000	12 500 000	31/12/2014	14/06/2015
	KLP	3 000 000	—	—	3 000 000	3 000 000	31/12/2012	01/03/2013
S van Coller	One Africa LTIP 2012 – 2014	—	2 500 000	—	2 500 000	12 500 000	31/12/2014	14/06/2015
	KLP	3 000 000	—	—	3 000 000	3 000 000	31/12/2012	01/03/2013
WT Lategan	One Africa LTIP 2012 – 2014	—	1 500 000	—	1 500 000	7 500 000	31/12/2014	14/06/2015
	KLP	3 000 000	—	—	3 000 000	3 000 000	31/12/2012	01/03/2013
BA Malabie	KLP	2 250 000	—	—	2 250 000	2 250 000	31/12/2012	31/03/2013

Outstanding share plan and long-term incentive awards

	Number of shares under award/option at 1 January 2012	Number of shares awarded during 2012	Strike price for shares under option (R)	Share price on award (R)	Weighted average exercised price (R)	Number of shares released/ exercised during 2012
Executive directors						
M Ramos						
DAP 2010	27 230			133	133	13 615
DAP 2011	63 760			133		21 253
DAP 2012		94 213		149		
KLP 2010	30 098			133		
Absa LTIP 2012 – 2014		79 464		151		
Total						
LL von Zeuner						
SOS 2004	102 000		52			
SOS 2005	60 000		92			
ESAS 2009	21 015			95		
DAP 2010	32 678			133	133	16 338
DAP 2011	53 951			133		17 983
DAP 2012		50 472		149		
PSP 2009	69 349			95		
KLP 2010	30 098			133		
Total						
DWP Hodnett						
ESAS 2008	5 955			105		
ESAS 2009	7 880			95		
DAP 2010	16 339			133	133	8 169
DAP 2011	34 332			133		11 444
DAP 2012		36 340		149		
PSP 2009	31 522			95		
KLP 2010	22 574			133		
Absa LTIP 2012 – 2014		49 665		151		
Total						
S van Coller						
ESAS 2009	39 403			95		
DAP 2010	37 705			133	133	18 852
DAP 2011	80 926			133		26 975
DAP 2012		60 566		149		
KLP 2010	22 574			133		
Absa LTIP 2012 – 2014		49 665		151		
Total						
WT Lategan						
SOS 2005	20 000		92			
ESAS 2009	9 850			95		
DAP 2010	14 706			133	133	7 352
DAP 2011	26 976			133		8 992
DAP 2012		22 208		149		
PSP 2009	31 522			95		
KLP 2010	22 574			133		
Absa LTIP 2012 – 2014		29 799		151		
Total						
BA Malabie[1]						
DAP 2011	13 733			133		4 577
DAP 2012		16 151		149		
KLP 2010	16 767			134		
JSAP 2010	10 721			133		4 467
Absa LTIP 2012 – 2014		79 464		151		
Total						

Notes

[1]BA Malabie received a payment of R783 651 on 20 December 2012 as a shareholder to the Batho Bonke Capital Proprietary Limited. Batho Bonke was a Black Economic Empowerment initiative, rather than an incentive or remuneration.

Market price on release/ exercise date (R)	Value of release/ exercise (R)	Value of dividends released (R)	Value of bonus shares released (ESAS only) (R)	Number of shares/ options lapsed in 2012	Number of shares under award/ option at 31 December 2012	End of performance period	Last exercise/ scheduled vesting date
149	2 023 189	131 657			13 615	31/12/2012	20/02/2013
149	3 158 196	110 941			42 507	31/12/2013	20/02/2014
					94 213	31/12/2014	20/02/2015
					30 098	31/12/2012	01/03/2013
					79 464	31/12/2014	14/06/2015
	5 181 385	242 598					
			102 000		102 000	19/08/2009	19/08/2014
			60 000		60 000	18/08/2010	18/08/2015
					21 015	20/02/2012	20/02/2014
149	2 427 827	157 988			16 340	31/12/2012	20/02/2013
149	2 672 274	93 871			35 968	31/12/2013	20/02/2014
					50 472	31/12/2014	20/02/2015
				69 349	0	31/12/2011	20/02/2012
					30 098	31/12/2012	01/03/2013
	5 100 101	251 859					
					5 955	23/02/2011	23/02/2013
					7 880	20/02/2012	20/02/2014
149	1 213 913	78 994			8 170	31/12/2012	20/02/2013
149	1 700 578	59 738			22 888	31/12/2013	20/02/2014
					36 340	31/12/2014	20/02/2015
				31 522	0	31/12/2011	20/02/2012
					22 574	31/12/2012	01/03/2013
					49 665	31/12/2014	14/06/2015
	2 914 491	138 732					
					39 403	20/02/2012	20/02/2014
149	2 801 407	182 299			18 853	31/12/2012	20/02/2013
149	4 008 485	140 810			53 951	31/12/2013	20/02/2014
					60 566	31/12/2014	20/02/2015
					22 574	31/12/2012	01/03/2013
					49 665	31/12/2014	14/06/2015
	6 809 892	323 109					
			20 000		20 000	18/08/2010	18/08/2015
					9 850	20/02/2012	20/02/2014
149	1 092 507	71 094			7 354	31/12/2012	20/02/2013
149	1 336 211	46 938			17 984	31/12/2013	20/02/2014
					22 208	31/12/2014	20/02/2015
				31 522	0	31/12/2011	20/02/2012
					22 574	31/12/2012	01/03/2013
					29 799	31/12/2014	14/06/2015
	2 428 718	118 032					
149	680 142	23 892			9 156	31/12/2013	20/02/2014
					16 151	31/12/2014	20/02/2015
					16 767	31/12/2012	01/03/2013
158	704 714	60 707			6 254	31/03/2014	31/03/2014
					79 464	31/12/2014	14/06/2015
	1 384 856	84 599					

Performance conditions attached to the long-term plans in which executive directors and prescribed officers participate

2009 – 2016	Performance targets
PSP (2009 – 2011) Award lapsed	➜ Cumulative PAT 2009 – 2011 (R26 275 million) lower than PAT 2006 – 2008 (R29 608 million), therefore underpin not met. ➜ Compound annual growth in attributable earnings for 2009 – 2011 was negative 3,2% below CPI of 5,5%. ➜ Performance condition not met and award lapsed in February 2012.
KLP (2010 – 2012) 50% award lapsed 50% award vested	➜ The 50% of awards in cash lapsed in full because the 2012 PBT target was R21 707 million whereas actual 2012 PBT was R12 118 million. ➜ The 50% of awards in phantom shares vested in March 2013, as there were no performance conditions.
DAP (2010 – 2012) ⅓ vest ⅓ vest ⅓ vest	➜ 2010 RoE of 15,1% exceeded CoE of 14% (1st portion vested in February 2011). ➜ 2011 RoE of 16,4% exceeded CoE of 14% (2nd portion vested in February 2012). ➜ 2012 RoE of 13,6% exceeded CoE of 13,5% (3rd portion vested in February 2013).
DAP (2011 – 2013) ⅓ vest ⅓ vest Measured in 2014	➜ 2011 RoE of 16,4% exceeded CoE of 14% (1st portion vested in February 2012). ➜ 2012 RoE of 13,6% exceeded CoE of 13,5% (2nd portion vested in February 2013). ➜ To be measured at end of 2013 for vesting of 3rd portion in 2014.
Absa LTIP (2012 – 14) Holding period (50%)	➜ **Finance:** From 10% to a maximum of 60% can vest subject to average RoRWA of 2,18% (at threshold) to 3,26% (at maximum) on a straight line basis. ➜ **Risk:** From 5% to a maximum of 30% can vest subject to performance against the average annual impairment ratio of 1,26% (at threshold) to 0,9% (at maximum). ➜ **Sustainability:** Up to 10% of awards can vest at the discretion of the GRHRC considering performance against our material issues.
One Africa LTIP (2012 – 14) Deferred in shares (50%)	➜ Performance will be measured against One Africa RoRWA. No value will vest for performance below 1,59%. Maximum awards vest if average RoRWA is 2,55%. Vesting on a straight line basis between 1,59% and 2,55%.
Absa LTIP (2013 – 15) Holding period (50%)	➜ The performance conditions for the 2013 – 15 cycle Absa LTIP will be set by the GRHRC and disclosed in the 2013 remuneration report.

Combined tables on the 2012 remuneration for executive directors and prescribed officers

Executive directors' 2012 remuneration

	M Ramos		L L von Zeuner		D W P Hodnett		Total	
	2012 R	2011 R	2012 R	2011 R	2012 R	2011 R	2012 R	2011 R
Salary	**6 065 600**	6 070 244	**3 906 280**	3 930 748	**3 050 769**	3 056 877	**13 022 649**	13 057 869
Medical aid	**69 840**	64 716	**109 752**	84 804	**89 856**	83 268	**269 448**	232 788
Retirement benefits	**492 593**	492 593	**322 222**	322 222	**251 852**	251 852	**1 066 667**	1 066 667
Other employee benefits	**29 648**	29 740	**85 752**	88 008	**41 443**	31 158	**156 843**	148 906
Total fixed remuneration	**6 657 681**	6 657 293	**4 424 006**	4 425 782	**3 433 920**	3 423 155	**14 515 607**	14 506 230
Annual bonus								
Cash	**0**	0	**0**	2 500 000	**1 200 000**	1 800 000	**1 200 000**	4 300 000
Phantom shares after six months	**0**	0	**0**	2 500 000	**1 200 000**	1 800 000	**1 200 000**	4 300 000
Initial value of deferred award[1]	**0**	14 000 000	**0**	7 500 000	**3 600 000**	5 400 000	**3 600 000**	26 900 000
2013 Long-term incentive (contingent on future performance)	**10 000 000**	8 000 000	**0**	0	**6 000 000**	5 000 000	**16 000 000**	13 000 000
Total remuneration	**16 657 681**	28 657 293	**4 424 006**	16 925 782	**15 433 920**	17 423 155	**36 515 607**	63 006 230
Pay in lieu of leave	**0**	0	**1 617 056**	91 512	**0**	0	**1 617 056**	91 512
Contractual retention payment	**0**	0	**12 350 000**	0	**0**	0	**12 350 000**	0
Retirement gift	**0**	0	**23 052**	0	**0**	0	**23 052**	0

Note

[1]Deferred awards are delivered as phantom shares vesting over three years, dependent on future service and subject to clawback provisions.

Prescribed officers' 2012 remuneration

	W T Lategan		B A Malabie		S van Coller		Total	
	2012 R	2011 R	2012 R	2011 R	2012 R	2011 R	2012 R	2011 R
Salary	**2 663 630**	2 494 712	**2 972 798**	2 706 836	**2 948 613**	2 955 453	**8 585 041**	8 157 001
Medical aid	**62 328**	92 544	**75 678**	64 716	**99 864**	92 544	**237 870**	249 804
Retirement benefits	**218 519**	207 408	**244 444**	222 222	**244 444**	244 445	**707 407**	674 075
Other employee benefits	**68 544**	79 001	**51 253**	39 013	**14 759**	14 851	**134 556**	132 865
Total fixed remuneration	**3 013 021**	2 873 665	**3 344 173**	3 032 787	**3 307 680**	3 307 293	**9 664 874**	9 213 745
Annual bonus								
Cash	**870 000**	2 200 000	**800 000**	1 600 000	**2 700 000**	3 000 000	**4 370 000**	6 800 000
Phantom shares after six months	**870 000**	0	**0**	0	**2 700 000**	3 000 000	**3 570 000**	3 000 000
Initial value of deferred award[1]	**2 610 000**	3 300 000	**1 200 000**	2 400 000	**8 100 000**	9 000 000	**11 910 000**	14 700 000
2013 Long-term incentive (contingent on future performance)	**2 500 000**	3 000 000	**3 500 000**	4 000 000	**5 000 000**	5 000 000	**11 000 000**	12 000 000
Total remuneration	**9 863 021**	11 373 665	**8 844 173**	11 032 787	**21 807 680**	23 307 293	**40 514 874**	45 713 744

Note

[1]Deferred awards are delivered as phantom shares vesting over three years, dependent on future service and subject to clawback provisions.

Aggregate remuneration of senior managers and material risk takers

The tables below set out the aggregate 2012 remuneration of senior managers and material risk takers in Absa in accordance with the Basel Pillar 3 remuneration disclosure requirements.

Senior managers are defined as members of the Exco and other individuals with management responsibility for a material portion of the business. Other material risk takers are defined as the heads of key control functions and individuals responsible for setting trader mandates and risk and stop loss limits.

In 2012, a total of 31 individuals were classified as senior managers and 36 individuals as other material risk takers (2011: 36 senior managers and 25 other material risk takers).

Aggregate 2012 remuneration of senior managers and material risk taker by remuneration type

Total value of remuneration for 2012 performance year	Senior managers (Rm)	Material risk takers (Rm)
Fixed remuneration	73	80
Variable remuneration (cash)	35	41
Variable remuneration (phantom shares after six months)	8	—
Deferred remuneration (phantom shares over three years)	53	53
Total 2012 remuneration and deferred remuneration	169	174
2013 LTIP (value at award)	42	6

Additional disclosures on deferred remuneration of senior managers and material risk takers

Total value of outstanding deferred remuneration	Senior managers (Rm)	Material risk takers (Rm)
Unvested deferred remuneration outstanding at the beginning of 2012	216	131
Deferred remuneration awarded in 2012	85	51
Deferred remuneration forfeited in 2012	(44)	(12)
Deferred remuneration vested in year	(69)	(56)
Deferred unvested remuneration outstanding at the end of 2012	188	114

All values in the table above are based on a share price of R164,06 (the daily volume-weighted average price of an ordinary Absa Group share trading on the JSE as at 31 December 2012).

Other remuneration disclosures

Total value of awards in 2012 performance year	(Rm)
Total guaranteed bonuses (5 individuals)	9
Total sign-on awards (no individuals)	0
Total severance awards (29 individuals)	22

Guaranteed bonuses were awarded to five individuals in 2012 by exception. No guaranteed bonuses have been awarded since June 2012.

Summary of Absa share plans and long-term incentive plans currently in operation

Plan and eligibility	Design details
Share Value Plan (SVP) The Deferred Award Plan was renamed the SVP during 2012. This will apply to all awards granted from 2013. Employees eligible All employees (including executive directors and prescribed officers) but typically those whose performance incentives are above a set threshold.	→ Plan typically used for delivery of deferred bonus awards. → Phantom Absa share awards vest over three years, in equal annual portions, dependent on future service. → Vesting is subject to clawback provisions. → Awards are settled in cash based on a 20-day volume-weighted average share price immediately preceding the vesting date. → Dividends that would normally be received may be awarded as additional phantom shares and released with each portion of the award. → On cessation of employment, eligible leavers normally retain awards subject to GRHRC discretion. For other leavers awards normally lapse.
Joiners Share Value Plan (JSVP) JSAP was renamed JSVP during 2012. Employees eligible All employees (including executive directors and prescribed officers). Typically only used for new joiners.	→ Plan typically used to deliver phantom share awards to new joiners as a buy-out of awards forfeited on leaving their previous employer. → The plan has flexible vesting dates. The vesting profile applied to buy-outs replicates those which applied to the forfeited awards. → Awards settled in cash based on a 20-day volume-weighted average share price immediately preceding the vesting date. → Dividends that would normally be received may be awarded as additional phantom shares and released with each portion of the award. → On cessation of employment, eligible leavers normally retain awards subject to GRHRC discretion. For other leavers awards normally lapse.
Joiners Cash Value Plan (JCVP) New plan introduced during 2012. Employees eligible All employees (including executive directors and prescribed officers). Typically only used for new joiners.	→ Plan typically used to deliver deferred cash awards to new joiners as a buy-out of awards forfeited on leaving their previous employer. → The plan has flexible vesting dates. The vesting profile applied to buy-outs replicates those which applied to the forfeited awards. → Awards settled in cash. → On cessation of employment, eligible leavers normally retain awards subject to GRHRC discretion. For other leavers awards normally lapse.

Summary of legacy Absa share plans and long-term incentive plans with outstanding awards

Plan and eligibility	Design details
Performance Share Plan (PSP) Last awards made No awards made since 2009. Employees eligible Selected employees (including executive directors and prescribed officers).	→ Long-term incentives awards made on a discretionary basis between 2006 and 2009. → Phantom share awards that vest after three years, subject to performance conditions. → Absa performance over three years determined the level of awards released to each participant. → Dividends that would normally have been received over the life of the award may be awarded as additional phantom shares and released on vesting. → On cessation of employment, eligible leavers normally retain awards pro rated for time and performance. For other leavers awards will normally lapse. → Awards granted in 2009 lapsed in 2012 as the performance conditions were not met.
Executive Share Award Scheme (ESAS) Last awards made No awards made since 2010. ESAS replaced with Deferred Award Plan (DAP) in 2010. Employees eligible All employees (including executive directors and prescribed officers).	→ Plan used for mandatory deferral for annual bonus awards over a specific threshold between 2006 and 2010 (final awards are due to expire in 2015). → Awards vest after three years, at which point 'bonus shares' equal to 20% of the value of the initial award may be released. If the participant does not withdraw the award shares until the fifth anniversary, a further 10% 'bonus shares' may be released. → Dividends that would normally have been received over the life of the award may be awarded as additional shares and released on vesting. → Awards made in 2005 and 2006 were settled in cash and awards made in 2008 and 2009 were settled in shares. → On cessation of employment, eligible leavers normally retain awards. For other leavers awards will normally lapse. → Participants could also elect to voluntarily defer additional amounts of variable remuneration (after payment of tax) into Voluntary ESAS (VESAS). → VESAS awards are releasable to the participant at any time but 'bonus shares' are awarded in the same way as for mandatory ESAS if the participant does not withdraw the shares before the third or fifth anniversaries.

Summary of legacy Absa share plans and long-term incentive plans with outstanding awards *(continued)*

Plan and eligibility	Design details
Key Leaders Retention Plan (KLP) Last awards made One-off retention initiative in 2010. Employees eligible Selected employees (including executive directors and prescribed officers).	→ One-off retention initiative in 2010. → Awards were targeted at key senior leaders with the ability to materially influence the execution of the One Absa strategy from 2010 to 2012. → 50% of award delivered as deferred cash, subject to the achievement of the PBT objective of the One Absa strategy over 2010 to 2012. → 50% of award delivered as deferred phantom Absa shares, with vesting subject to clawback provision. → The value of dividends that would normally be received may be awarded as additional phantom shares and released on vesting. → Phantom share awards are settled in cash based on a 20-day volume-weighted average share price immediately preceding the vesting date. → No automatic eligible leaver treatment applied to awards. The GRHRC determines leaver treatment at their absolute discretion, taking individual circumstances into account. → The share-based portion of awards vested on 1 March 2013. The cash portion lapsed in full because the performance condition was not met.