Absa Group Limited

2019 Remuneration Report

Absa Group Limited

Absa Towers West
15 Troye Street
Johannesburg
2001
South Africa

T +27 (0)11 350 4000
Swift address: ABSAZAJJ
www.absa.africa

To our valued stakeholders

Absa is responding to the evolving COVID-19 crisis

On 11 March 2020, the World Health Organization declared COVID-19 (novel coronavirus) a pandemic. This serious public health and economic crisis requires decisive and coordinated action from all spheres of society.

The level of uncertainty relating to this crisis is extremely high and unprecedented, and its impact on markets and the global economy is already profound. Since our guidance at the time of results, events have unfolded rapidly, and capital preservation and liquidity are our priority. We are reviewing our assumptions and plans in order to anticipate and mitigate the risks ahead.

Absa responded immediately to protect the health of our employees, customers, clients and other stakeholders. Our response included measures to educate and inform our employees about the COVID-19 virus, and how to prevent and contain it from spreading, including heightened cleaning protocols in line with expert guidelines from national health agencies and the World Health Organisation. We implemented numerous policies relating to travel and work practices in order to mitigate risk of exposure for our employees and the broader stakeholder community with whom they interact.

We also strengthened our business continuity plans to sustain our operations across the Group, with resilience planning also taking place regarding our liquidity and capital base, the needs of our customers, and our regulatory engagements.

In parallel, we are working with public health authorities and agencies in all our presence countries to support their coordinated efforts, and we have mobilised our citizenship programme to contribute to humanitarian and community support initiatives wherever we can.

Since the lockdown measures initiated by the South African Government, we have introduced far stricter controls. We continue to monitor the actions of the governments in our other presence countries and are responding accordingly. Banking is an essential service, and we continue to provide service to our customers. Those who are in the front line directly supporting our customers or in the back-office supporting our payments infrastructure, banking platforms, products and other key infrastructural services are being assisted in every way possible to ensure that our operations continue while managing the ongoing safety of our employees. Wherever practical, work is being done from home, with significant upgrading to our remote access capabilities to enable employees to deliver the required services.

Our customers and clients are at the heart of everything we do, and we announced a comprehensive payment relief programme, the principles of which, apply to all countries and will be implemented in line with the respective laws, conditions and regulations following careful consideration by country management teams.

We are offering our expertise to policy makers and industry bodies who are developing coordinated responses to mitigate the systemic shocks that are threatening the economic infrastructure and social stability of the countries in which we operate.

Our 2019 Integrated Report reflects, in the main, our performance in 2019, but we are very aware that 2020 will be a far more challenging year than could have been thought possible. We have, given the knowledge that we have at this stage, indicated at appropriate points in this report, that COVID-19 will be a significant consideration in our approach, planning, stress testing, and the like. We have not, however, reflected a revised outlook throughout the report as the effects will be dynamic and hence without certainty at the date of approving this report.

We will continue to keep you informed of material developments in our business as they arise.

Kind regards

Wendy Lucas-Bull
Group Chairman

Daniel Mminele
Group Chief Executive

30 March 2020

Chairman's statement

Alex Darko

Remuneration Committee Chairman

On behalf of the Group Remuneration Committee (RemCo), I am pleased to present to you our 2019 Remuneration Report. This sets out our remuneration policy and its implementation in 2019. We provide details of the implementation of our revised reward principles and highlight the enhancements made in 2019, to give effect to these. We also identify the key enhancements to our policy that will apply in 2020.

Our summarised Remuneration Outcomes are included in our Integrated Report.

2019 was the first full year of our revised remuneration approach as we outlined in 2018. Our remuneration philosophy and the implementation of our remuneration policy underpins our strategy. It supports the evolution of our culture and is aligned to our risk management approach. It serves as an important catalyst to focus employee efforts on strategy execution, and to create sustainable value for our stakeholders in a manner that is both fair and responsible.

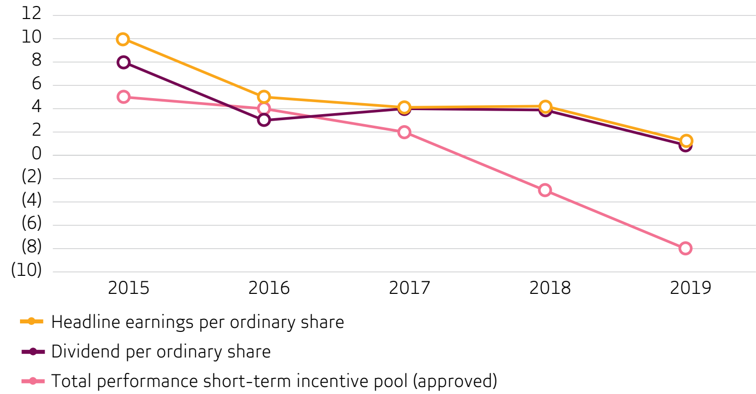
Our remuneration principles guide the actions we have taken in response to feedback from our shareholders and to ensure that our remuneration outcomes are aligned with shareholder and stakeholder interests.

In our remuneration decisions we consider the market conditions and the Group's 2019 performance as outlined in our Integrated Report. The macroeconomic environment was tougher than expected with GDP growth expectations being lowered in most of the countries in which we operate. The Group's financial performance was resilient as top-line momentum improved and headline earnings expanded slightly. However, the financial results were well below our ambitious budget and the improvements in two of our key strategic measures, namely the cost-to-income ratio and return on equity, were not yet evident. In terms of our strategy, we also set out to improve our position relative to the market and so assessing our performance relative to expected market results featured prominently in the modelling of the 2019 short-term incentive outcomes. Our long-term incentives continue to reference stretch performance targets, which adjust to changes in the operating environment.

The RemCo will assess the impact of the COVID-19 pandemic and will, at the appropriate time, consider the performance metrics and vesting conditions of performance-linked share awards.

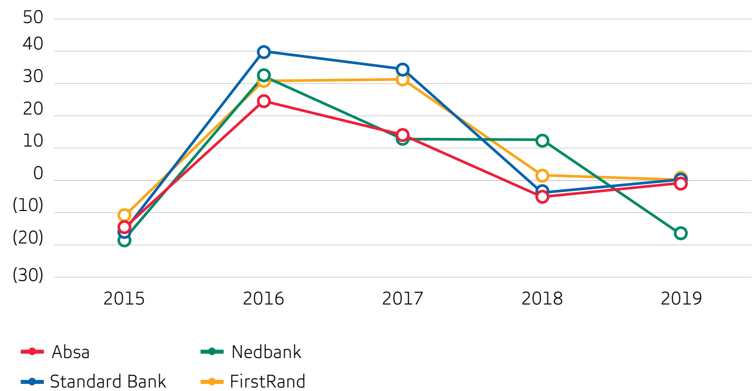
We aim to reward employees in a manner that aligns with shareholder outcomes. The charts that follow illustrate the trends in our headline earnings per ordinary share, dividend per ordinary share and the approved performance short-term incentive pool, and, separately, our relative total shareholder return. These demonstrate the relationship between Group performance, comparative total shareholder return and short-term incentivisation.

Short-term incentives, headline earnings and dividends (% growth)



The chart above shows that in each of the previous five years, the growth of the performance short-term incentive pool was lower than headline earnings per share growth. This outcome also reflects our historical underperformance relative to peers. For 2019, the performance short-term incentive pool reduced by 8% relative to 2018, with growth in headline earnings per share and dividend per share being 1% each.

Comparative actual total shareholder return (%)



We considered our total shareholder return relative to our banking peers in approving the final performance short-term incentive pool. For the period 1 January to 31 January 2019, our total shareholder return was -0.8%, marginally behind Standard Bank at -0.3% and FirstRand at 0.2%, and ahead of Nedbank at -16.8%. This is as compared with our performance short-term incentive pool, which was 8% lower than the prior year pool.

The reduction in the performance short-term incentive pool is appropriate in the context of the overall financial and non-financial performance of the Group, its relative market performance and our shareholders' experience.

Further details of our financial and non-financial performance are set out in our Integrated Report.

Fair and responsible remuneration

Our remuneration decisions have been made considering our commitment to fair and responsible remuneration. This includes focus on remuneration differentials based on gender and race, and consideration of income differentials at various levels within the organisation to ensure that these are justifiable, and endeavour to take corrective action where they are not.

Focus areas for the RemCo

The RemCo is a committee of the Group Board from which it derives its authority and to which it regularly reports. Aligned to its mandate, the RemCo oversaw the following during the year:

Focus area: Embed our remuneration philosophy and related policy and principles across the Group

Action overseen:

- Roll-out of the remuneration principles.
- Increased emphasis on variable, performance-based remuneration (and within this, performance-based long-term incentives) as a significant proportion of the total remuneration mix for senior employees.
- Strengthened governance structures to oversee implementation of the policy.

Focus area: Competitiveness of fixed remuneration

Action overseen:

- Targeted improvement of market competitiveness of fixed remuneration within the context of commercial sustainability and fair and responsible remuneration.
- Enhanced attention to improve the quality of benchmarking to inform remuneration decisions.

Focus area: Align remuneration outcomes to short- and long-term value creation, ensuring appropriate transparency

Action overseen:

Our short-term and long-term incentive targets (financial and non-financial) are aligned to the key strategic drivers of our medium-term plan, and to expectations of relative peer performance.

- Short-term incentives
  - Short-term incentive pool referenced to expected external market performance and the financial budget.
  - Short-term incentive deferrals awarded in 2020 (in respect of 2019 short-term incentive awards) onwards will be 100% into Absa Group shares.
- Long-term incentives
  - Implementation of more regular awards of performance-based long-term incentives as a critical component of our remuneration mix for senior employees.
  - 2019 and 2020 long-term incentive awards are subject to stretch Group performance targets measured over a three-year performance period, which have been disclosed.
  - Obtained shareholder approval of the share incentive plan rules, which will be used for all share-based remuneration awards made from 2020 onwards.
  - Long-term incentive awards will not be made to individuals who are within three years of their contractual retirement age.

Focus area: Remuneration governance

Action overseen:

- Strengthened remuneration governance arrangements, including the formation of the Executive Appointments and Remuneration Committee (EARC), a sub-committee of the Executive Committee (ExCo).
- Improved remuneration governance interactions with Country and other Subsidiary Boards, to ensure appropriate oversight within the overall Group Governance Framework.

Shareholder engagement

We are committed to ongoing, constructive engagement with shareholders and held several engagements in 2019. We sought, as far as is practical, to address the feedback in our practices and disclosures.

Shareholders supported the progress made on remuneration, including the removal of role based pay.

Our response: We continued to enhance our remuneration policy and its implementation as outlined in this Remuneration Report.

Shareholders supported the disclosure of the long-term incentive targets for 2017 and 2019, as well as the stretch contained in the 2019 targets.

Our response: Our 2020 long-term incentive targets include stretch financial and non-financial metrics, aligned to peers' practice. These are consistent with those applicable to our 2019 awards (page 12).

Shareholders were concerned about termination arrangements in respect of senior leaders.

Our response: The RemCo reviewed the termination arrangements for executives. Eligible leaver treatment was permitted on a highly exceptional basis within the parameters of our policy. The committee differentiated between types of awards, and introduced specific provisions regarding proportional vesting of long-term incentives in cases where eligible leaver status was awarded.

Shareholders were of the view that there was room for improvement in the disclosure of the links between performance and short-term incentives, at a pool level and regarding our disclosed officers.

Our response: We outline the enhancements to our performance pool methodology and resulting short-term pools as well as the remuneration outcomes for individual disclosed officers on pages 10 to 11, 17 to 18 and 20 to 24.

Shareholders expressed some concern regarding the total remuneration levels of our disclosed officers compared to those of our peers, especially within the context of Absa Group's relatively lower performance.

Our response: We benchmarked remuneration levels of our disclosed officers to those of our banking peers, with consideration of our expected relative performance. Our short-term incentive pools were approved considering relative market performance, with individual awards to disclosed officers based on a combination of Group, business unit (where applicable) and individual performance. We also increased our emphasis within the remuneration mix on long-term incentives for most of our disclosed officers. The details are set out on pages 20 to 24.

Regulatory compliance

Our reporting aligns with the requirements of the South African Companies Act, the Banks Act, the principles and recommended practices of King IV and the related JSE Listings Requirements. We have also been mindful of broader remuneration governance guidance and frameworks, including the Financial Stability Board's Principles for Sound Compensation Practices.

We continue to engage as a Group with regulators regarding emerging requirements arising from the prudential and conduct authorities under South African Twin Peaks legislation.

Applying King IV

In applying Principle 14 of King IV, the JSE Listings Requirements, and to the extent applicable, the South Afrcan Companies Act, we:

- Structured our remuneration report according to the three parts recommended in King IV, which are the RemCo Chairman's statement, the remuneration policy overview and the implementation report with focus on executive management.
- Included within the remuneration policy, at a high level, the remuneration elements and design principles informing the remuneration arrangements for other employees.
- Commented on fair and responsible remuneration and how our policy deals with this for executive management in the context of overall employee remuneration.
- Provided details of the elements in executives' employment contracts which could give rise to payments on termination of employment or loss of office.
- Request support at our 2020 annual general meeting, via a non-binding advisory vote, for our remuneration policy and the 2019 Implementation Report.
- Will engage with shareholders, including in the event of a negative vote of more than 25% on our remuneration policy or 2019 Implementation Report.

Access to information and advisors

Members of the RemCo may access any information that helps to inform their independent judgement on remuneration and related matters. This includes any impact that might arise in respect of risk, regulation, compliance, control or conduct.

In 2019, advice received was primarily regarding market benchmarking data. Firms that provided information were PwC RemChannel, Mercer, McLagen (for investment banking roles), Emergence Growth and KornFerry.

A number of support functions within the Group, including the Group People Function, Finance, Risk and Internal Audit, provide supporting information and documentation to the RemCo relating to matters for its consideration.

Non-binding advisory vote

The RemCo has fulfilled the requirements of its terms of reference. It has made enhancements to the policy and its implementation to the remuneration philosophy and policy, in response to shareholder feedback and our evolving regulatory and market context.

2019 represented a key baseline year for implementation of our principles and philosophy, and for stable and consistent reporting on our remuneration. We have endeavoured to build on the disclosures in our 2018 Remuneration Report. We have also focused on ensuring that our reporting is straightforward, yet sufficiently comprehensive and transparent and we will continuously improve in this regard.

The policy and the implementation report will be presented for separate non-binding votes at our annual general meeting on 4 June 2020. The resolutions are set out in the 2020 Notice of Annual General Meeting.

Conclusion

The past year saw further significant change for the organisation as we continued to fundamentally reposition ourselves for delivery against our strategy. We have made progress in the implementation of a remuneration philosophy and policy that underpins the organisation's strategy and which serves as an important catalyst in focusing the efforts of our employees on delivery of the Group's strategic ambitions, while supporting the creation of value for all our stakeholders in a fair and responsible way. In this regard, our remuneration outcomes are appropriately aligned with shareholder and stakeholder interests.

Alex Darko
RemCo Chairman

Remuneration policy

Our remuneration philosophy underpins our growth strategy, supports the evolution of our culture and is aligned to our risk management approach. It aims to direct the efforts of our employees in delivering our strategy of creating sustainable value for our stakeholders in a manner that is both fair and responsible.

Our policy in 2019 and key enhancements for 2020

Our policy implementation in 2019 was broadly in line with the policy in the 2018 Remuneration Report, with 2019 being the first full year for the new philosophy and policy. This followed our regulatory deconsolidation from Barclays PLC and our subsequent ability to align to local and regional market practice.

In line with shareholder feedback, our performance short-term incentive pool modelling is now referenced to relative market performance in addition to the financial budget, together with an internally-determined non-financial outcome.

We have made the following enhancements for 2020:

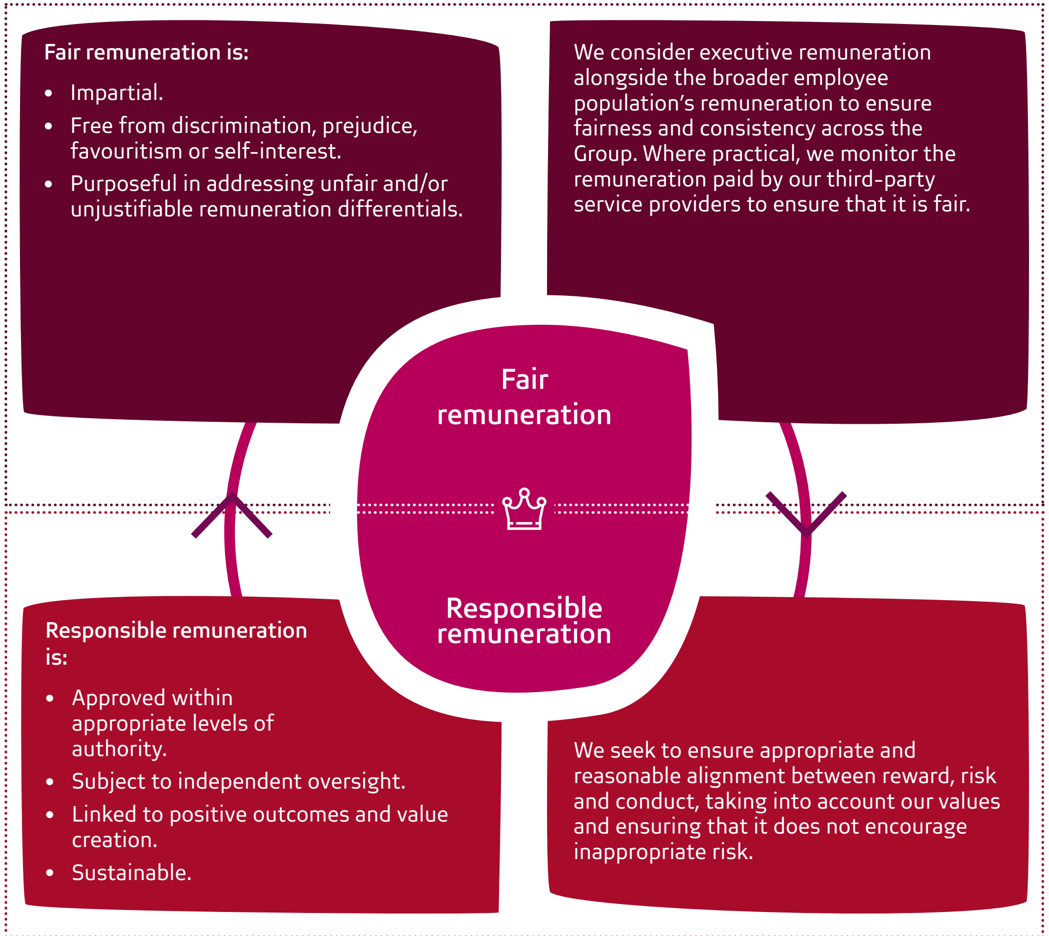
1. **Short-term incentives:** for deferred short-term incentive awards made from 2020 onwards (i.e. in relation to awards for the 2019 performance year), the full deferral will be in Absa Group shares, or phantom shares, if an individual may not hold actual Absa Group shares. In prior years, the default deferral was 50% in cash and 50% in shares, with the option to choose to receive the full deferred value in Absa Group shares.
2. **Long-term incentives:** following shareholder approval of the Absa Group share incentive plan at the 2019 annual general meeting, our approach to long-term incentives has changed for awards made from 2020 onwards. These changes align to the market practice of our banking peers. The key enhancements below will create an incentive to outperform relative to the target performance levels, and drive improved long-term performance that delivers sustainable shareholder value:
   - Awards will be made at on-target level.
   - Awards will remain subject to fulfilment of stretch Group performance targets, which include financial and non-financial metrics (page 12), which adjust to changes in the operating environment.
   - Upside adjustment as a result of material outperformance of the Group performance targets may apply up to 150% of the on-target award.
   - Downside adjustment in the event of underperformance of the Group performance targets may apply, including to 0% vesting.
   - Where eligible-leaver treatment on awards is granted (at the RemCo's discretion and subject to the rules of the plan), awards will, in all instances, be pro-rated for the time served during the vesting period of the award. The awards will remain in the plan until the normal vesting date and remain subject to the fulfilment of the relevant Group performance targets.
   - Long-term incentive awards will not be made to individuals who are within three years of their contractual retirement age.

Our remuneration principles

1. **Attract, retain and engage** high-calibre individuals who have the skills, ambition and talent to deliver our strategy.
2. **Support the realisation of our stakeholder aspirations,** with a specific focus on rewarding our employees for the achievement of our strategy within our risk appetite relative to performance and shareholder returns.
3. **Align the long-term interests of our executives and shareholders** by ensuring remuneration outcomes are transparent and are aligned to the value we create in the short, medium and long term. This entails a specific emphasis on the contribution of longer-term incentives for senior and executive employees, which are aligned to market practice.
4. **Pay-for-performance** by aligning incentive outcomes to performance and value created. Within this context, we apply deferrals and malus and clawback provisions to ensure the effective alignment of risk and reward within the context of Group performance outcomes and to discourage inappropriate behaviour.
5. **Drive our culture** of being entrepreneurial, while taking ownership and accountability for responsible, sustainable business growth and success. We aim to achieve this by:
   - ensuring that employees share in the Group's success, differentiated on the basis of their contribution, in both the short and long term; and
   - ensuring that our employees' ethical behaviour, values and adherence to our risk management principles are recognised in their individual performance ratings.
6. **Continuously build confidence and trust** in our reward outcomes through high quality reward governance, engagement on our disclosure with shareholders, and internal transparency and effective communication.
7. **Deliver fair and responsible remuneration** through regular reviews of pay-gap metrics and appropriate decisions that influence our most junior employees to ensure dignified standards of living. This includes a concerted emphasis on addressing differentials in reward, considering diversity.

Fair and responsible remuneration

We are committed to delivering fair and responsible remuneration that is externally competitive and internally equitable.



- Our Remuneration Review Panel, a sub-committee of the ExCo, is chaired by the Chief Risk Officer. This panel makes recommendations on adjustments to incentive pools, individual awards as well as malus adjustments and clawbacks in the event of conduct, compliance, control, regulatory or ethical issues arising that impact on, or are impacted by, remuneration. In the event of senior executives possibly being implicated in any matter of concern, this would be escalated to the Directors' Affairs Committee.
- We review pay differentials to establish the reasons for these. Where disparities exist that are not based on objective criteria, such as seniority, role content, experience and performance, we endeavour to take steps to address these.

Steps taken in 2019 in support of delivering fair and responsible remuneration are set out on pages 17 – 18.

Our approach to performance management

Performance management supports our commitment to fair and responsible remuneration and so must be fair and have a strong developmental focus. Each employee agrees to a set of objectives and measures of success against which they are assessed, considering what is delivered and how it is delivered. This ensures a balance between the achievement of performance objectives and conduct and culture.

Our ratings outcomes should represent an objective review of contribution, which is informed by feedback and measurement of objectives. This is influenced by quality performance coaching provided by leadership teams. To this end, in 2019, there was increased focus on improving the quality and frequency of engagements between employees and their managers. The timeline for full-year performance reviews was also moved out to January 2020 to ensure that employees' performance was assessed based on full-year performance.

Performance rating outcomes for the full year are subject to appropriate consistency reviews to ensure fairness, and alignment with overall business performance, without applying a forced ranking approach. The principles applicable to fair and responsible remuneration are also considered. This enhances the credibility of the performance management process.

Performance rating outcomes for our ExCo are subject to oversight by the Directors' Affairs Committee and the RemCo.

Individual performance is a key input into short-term incentive decisions and may also inform fixed remuneration decisions, especially where individuals are positioned below fixed remuneration market levels. Where full-year individual performance falls below expectations and needs improvement, employees are typically ineligible to receive short-term incentive awards.

Remuneration benchmarking

Fixed remuneration	Alignment to remuneration principles
We target a market median position on fixed remuneration. In South Africa, our benchmark basis is cost-to-company. In our Absa Regional Operations and international offices, basic salary is the primary basis for fixed remuneration benchmarking, with consideration given to total guaranteed package (the sum of basic salary, benefits and allowances). Market positioning is reviewed during the annual pay review to ensure that outliers, either above or below the target market position ranges, are appropriately addressed. Fixed remuneration that is not market-related can be addressed over time by, among other actions, above-average increases, or slowing or stopping fixed remuneration increases. Above-market fixed remuneration positioning may apply for those who hold scarce and critical skills and/or are consistently top performers, or in support of our transformation imperatives.	• Attract, retain and engage. • Support the realisation of our stakeholder aspirations. • Drive our culture. • Deliver fair and responsible remuneration.
Total remuneration	**Alignment to remuneration principles**
Total remuneration (which includes short-term incentives and, where applicable, the vesting of long-term incentives) will be based primarily on Absa's performance relative to the targets set for the respective plans and market-relative performance. In the case of short-term incentives, individual performance is also a key input. Our target position is market-related total remuneration for market-related performance over the short and long term. Thus, outperformance may result in an above-market total remuneration position, whereas underperformance may result in below-market total remuneration.	• Attract, retain and engage. • Support the realisation of our stakeholder aspirations. • Pay-for-performance. • Align the long-term interests of our executives and shareholders. • Drive our culture.

Benchmark peer groups

We tailor our use of benchmarks, to the extent possible, to ensure that we make comparisons with the most appropriate peer benchmarks. We make use of a number of surveys to inform our benchmarking, including the Mercer Top Executive Survey, PwC RemChannel, and the McLagen Corporate and Investment Banking survey. Our Absa Regional Operations businesses participate in Mercer and KornFerry surveys.

Where appropriate, we may commission bespoke remuneration surveys to address specific areas of concern.

Application of judgement

Published market information (whether in remuneration surveys or in the remuneration reports of our peer group) provide one lens through which competitiveness of remuneration can be assessed. RemCo and executive judgement is required in the determination of individual remuneration levels to ensure that all applicable factors, including retention, talent and transformation imperatives, and performance and nature of role (for example, customer-facing roles relative to control function roles) are considered. This ensures the delivery of fit-for-purpose remuneration outcomes, framed within the context of the remuneration policy and remuneration principles, and aligned to our commitment to fair and responsible remuneration.

Elements of total remuneration

We include the following remuneration elements in the composition of our total remuneration package:

	Strategic intent	Description	Eligibility
Fixed remuneration	The basis for a competitive total remuneration package. It is the remuneration for the content of the role and the individual's skills, and reflects the prevailing market rate for the role. Our policy is generally to aim for market median rates of fixed remuneration, however, talent retention and transformation imperatives are important considerations, which lead, in some cases, to above-market fixed remuneration levels.	In our **South African** businesses, fixed remuneration is delivered as a 'cost-to-company' which incorporates cash salary and company contributions to benefit funds (including retirement funding, medical aid, death and disability cover). In our **Absa Regional Operations** and **international offices**, fixed remuneration is delivered as 'basic salary plus standalone benefits'. Benefits (which include retirement funding, medical aid, death and disability cover) and allowances are determined based on local market practice. The combined value of basic salary and standalone benefits/allowances is referred to as 'Total Guaranteed Package'.	All employees.
+			
Short-term incentives	Reward sustainable performance, achieved within risk appetite, based on company, business unit, team and individual results. The use of deferral into shares supports retention and creates a medium-term focus which is aligned to shareholder interests through a link to the Absa share price over the vesting period.	Short-term incentive payable in cash, and for amounts above a specified threshold, in the form of deferred shares, as set out below for South Africa: *Short-term incentive* — *Deferral* <R500 000 — Nil R500 000 to R1.499m — 30% R1.5m to R2.999m — 40% >R3m — 50% Vesting[1] occurs in equal tranches on the first, second and third anniversaries of the grant date, and may include dividend equivalents on the vesting shares at the time of vesting. Separate thresholds apply for Absa Regional Operations and international offices, in line with market practice in these regions. Deferral threshold levels will be assessed on an ongoing basis to enhance our offering to key talent in line with our remuneration principles, and to attract, retain and engage high calibre individuals who have the skills, ambition and talent to deliver our strategy.	All employees who meet the minimum service and performance requirements are eligible to receive a short-term incentive. Employees must be in service and not under notice on the date of payment to receive an award.
+			
Long-term incentives	Should **(i)** align shareholder and executive interests over the long term; reference the Absa share price; and be subject to the achievement of Group performance conditions; **(ii)** align key employees who can materially influence the delivery of the Absa strategy in terms of long-term, sustainable future performance; **(iii)** enable retention of key employees by providing wealth creation opportunities aligned to shareholder value; and **(iv)** in principle, be considered every year to build momentum on the delivery of the long-term performance outcomes aligned to the strategy, however, there is no individual entitlement to an award each year.	Award of performance shares which vest subject to stretch Group performance targets measured over a three-year performance period. Vesting[1] of awards takes place, subject to achievement of the Group performance targets: • in equal tranches on the third, fourth and fifth anniversaries of the grant date for members of the ExCo; and • on the third anniversary of the grant date for all other participants. Dividend equivalents may apply on vesting, but only in respect of the number of shares vesting, after the application of the relevant Group performance targets.	Senior employees who can influence the delivery of the Absa strategy and make a significant contribution to the achievement of the Group performance targets over the three-year performance period.

[1] Our practice in regard to acquisition of shares to settle vesting deferred and long-term incentive awards has been to purchase these in the market, to avoid shareholder dilution.

Other remuneration elements which are used as circumstances require, include:

	Strategic intent	Description	Eligibility
Project incentives	Incentives that support the delivery of key strategic and business projects by offering a bespoke incentive linked to project objectives. Retention and project delivery are the key objectives.	Designed based on project requirements. Typically delivered in cash subject to the achievement of the specific project objectives and continued employment during the period for which the plan applies. The continued employment condition may, in some instances, extend beyond the completion date of the project to ensure retention of key skills or embedment of project outcomes.	Determined based on specific project requirements. Executive directors, prescribed officers and other members of the ExCo are not eligible to participate.
Formulaic incentives	Incentives linked to the achievement of specifically agreed business performance targets within the agreed risk appetite and considering conduct outcomes.	Business unit-specific incentive schemes based on delivery of specifically agreed business performance targets. Incentive awards are typically paid in cash, on a frequency determined by the plan rules, which includes monthly, quarterly, half-yearly or annual payments. Schemes are subject to appropriate governance and control to mitigate conduct risk.	Determined based on plan design and rules in each instance, and for the most part limited to more junior roles. These schemes are subject to approval by the Group RemCo.

Our short-term incentives

Our short-term incentive pool methodology incorporates a hybrid top-down and bottom-up approach. Top-down determines overall Group and business unit/support function affordability, whereas the bottom-up approach reflects employee demand against Group and business unit/support function pools considering individual performance. The pool determination is primarily formulaic but retains RemCo discretion for affordability and risk considerations at Group level and, at an individual level, for ExCo and the other senior executives to mitigate unintended outcomes. Management discretion applies for other individual outcomes. The approach, informed by market practice, helps provide a more explicit pay-for-performance link between the Group, business units'/functions' and employees' objectives and performance and incentive outcomes.

Increased leverage to Group performance is achieved in the pool calculation by applying a performance modifier, based on financial and non-financial performance measures. For 2019, the financial targets were referenced to expected levels of market performance, in addition to the short-term financial plan.

Details of the pool build are set out in the Implementation Report on page 17.

Group short-term incentive pool (Top-down)

The top-down Group pool is determined by adjusting the on-target pool[1] (agreed and approved by the RemCo) by a performance modifier. This modifier is determined by applying:

- a range of weighted performance outcomes with leverage from threshold achievement (80% modifier applies) to stretch achievement (120% modifier applies). Measurement is against expected market-related financial performance measures (revenue, headline earnings, and profit after regulatory capital charges – a risk-adjusted measure). Financial performance makes up 90% of the total pool calculation and applies on a normalised basis (i.e. adjusted for the consequences of the Separation), to better reflect the Group's underlying financial performance; and
- performance against non-financial measures which account for 10% of the total pool. This is qualitatively assessed by the RemCo, having regard to organisation health factors (Customer, Colleague and Control environment).

Business unit and support functional area incentive pool

Business unit/support function pools are approved, within the constraints of the top-down Group pool, based on the following:

- Performance of the relevant business units/support functions; and
- Discretion to avoid unintended outcomes in the pool distribution, having regard to the actual and relative performance of the business units.

Individual awards based on employees' performance outcomes (Bottom-up)

The on-target individual short-term incentive award is determined with reference to a market-related award outcome, adjusted for the performance of the Group and the business unit/support function, as well as affordability.

A personal performance modifier is applied to determine the individual award.

As in 2018, the approach set out was applied in respect of awards made to ExCo members, previous role based pay recipients and other material risk takers, together with the application of executive and RemCo discretion.

For other eligible employees, awards were subject to management discretion based on performance.

Step 1 > Group (top-down)

Step 2 > Business unit and support function

Performance short-term incentive pool = On-target performance pool[1] × Performance modifier

Step 3 > Individual (bottom-up)

Individual's short-term incentive award[2] = On-target individual award × Business unit/ function modifier × Personal modifier

Performance measures	Weight %	Modifier: Threshold 80%	Modifier: On-target 100%	Modifier: Stretch 120%
Revenue	20	95% of target	Market-referenced performance	105% of target
Headline earnings	50	90% of target	Market-referenced performance	110% of target
Profit after regulatory capital charge	20	70% of target	Market-referenced performance	130% of target
Organisation health	10	As internally defined: Range of 0% to 10% based on qualitative assessment of customer, colleague and control environment.		

Performance rating	Personal modifier On-target award %
Outstanding	185 – 200
Very strong	115 – 185
Strong	85 – 115
Good	35 – 85
Improvement needed	Ineligible for short-term incentive
Underperforming	Ineligible for short-term incentive

[1] The on-target performance pool is determined by adjusting the prior-year pool by expected market headline earnings growth.

[2] Refer to page 15 for Total Remuneration scenarios for our disclosed officers.

Our long-term incentives

Long-term incentive awards, in the form of performance shares, may be awarded to eligible senior employees based on criteria set by the RemCo and in accordance with the policy and plan rules from time to time. These awards are subject to Group performance targets, which apply over a minimum performance period of three financial years and a continued employment condition. For ExCo members, vesting is in equal proportion on the third, fourth and fifth anniversaries from the date of grant. Awards for other participants vest on the third anniversary of the grant date.

To the extent that dividend equivalents on unvested long-term incentive awards are included in the awards, these will not be paid until, and only to the extent that, the awards vest. These will be added to the original award at time of vesting.

Awards will only vest at stretch levels in cases of significant outperformance.

Following shareholder approval of the Absa Group share incentive plan at the 2019 annual general meeting, our approach to long-term incentives changed for awards made from 2020 onwards. These changes align to the market practice of our banking peers. The key enhancements below create an incentive to outperform relative to target performance levels, and drive improved long-term performance that delivers sustainable shareholder value.

- Awards will be made at on-target level (100% of the 'value at award' of the long-term incentive).
- Awards will remain subject to fulfilment of stretch Group performance targets, including financial and non-financial metrics (as set out in the table on the right).
- Upside adjustment as a result of material outperformance of the Group performance targets may apply up to 150% of the on-target award.

2020 long-term incentive

Number of shares awarded × **Performance share modifier** = **Number of shares vesting**

1 April 2020

Performance period
1 January 2020 – 31 December 2022

ExCo - 33% each on 1 April 2023, 2024 and 2025

Other participants - 1 April 2023

Metric performance measures	Weight %	Measures Threshold 15% of target	On-target 100% of target	Stretch 150% of target
Financial metrics				
Normalised return on equity measured on a simple annual average basis over the three-year performance period of 2020 – 2022 (NRoE)	30%	≥ Absa Group cost of equity + 2.75%	≥ Absa Group cost of equity + 4.25%	≥ Absa Group cost of equity + 6.25%
Normalised headline earnings per share (in constant currency), measured on a compound annual growth basis over the three-year performance period of 2020 – 2022 (NHEPS)	30%	≥ SA nominal GDP + 1%	≥ SA nominal GDP + 5%	≥ SA nominal GDP + 9%
Normalised cost-to-income ratio as reported in the 2022 full-year annual financial statements	30%	≤56.5%	≤54.5%	≤52.5%
Non-financial metric				
Organisation health (People, Customer and Control)	10%	At the discretion of the RemCo, based on an assessment of People, Customer and Control.		

GDP – gross domestic product.

Straight-line interpolation of vesting outcomes occurs between threshold and on-target, and between on-target and stretch outcomes.

As we review and rebase our medium-term plan to take account of the impact of the COVID-19 pandemic, it may be necessary to review the targets set out above to ensure that these are appropriately aligned to the revised plan.

- Downside adjustment in the event of underperformance of the Group performance targets may apply, including to 0% vesting.
- Long-term incentive awards will not be made to individuals who are within three years of their contractual retirement date.

Consistent with the performance targets used for the 2019 long-term incentive awards, the performance targets for the 2020 long-term incentive awards to be granted in April support the delivery of the Group's medium-term financial targets.

In approving the Group performance targets for the 2020 long-term incentive awards (which are the same as those applicable to the 2019 awards), we considered the following:

- Creating a strong link between long-term incentives and our medium-term market commitments, and to long-term investor returns.
- Linking a portion of the incentive to overall organisation health covering People, Customer and Control.
- Applying long-term remuneration principles comparable to our banking peer group, including achievement of stretch performance outcomes and the application of both upside and downside adjustment (including to zero) on outcomes based on this performance.
- Promoting a balance between employee and shareholder value.

Through the application of these principles and by setting appropriate stretch targets, we have aligned to our pay-for-performance philosophy, ensuring the promotion of shareholder value creation. Awards will only vest at stretch levels in cases of significant outperformance.

Risk and remuneration

Remuneration governance

Regulatory context

Our remuneration policy, principles and practices align with the requirements of the South Afrcan Companies Act, the Banks Act, the principles and recommended practices of King IV and the relevant JSE Listings Requirements. We have also been mindful of broader remuneration governance guidance and frameworks, including the Financial Stability Board's Principles for Sound Compensation Practices.

Given the pan-African nature of our operations, the RemCo is mindful of the regulatory and corporate governance requirements in each of our operating environments and takes these into account in our remuneration governance. Final decisions regarding remuneration, including salary mandate, bonus pool and executive awards, are taken by the relevant Absa Regional Operations Country/Subsidiary Bank Boards, with input from the accountable Group executives and the RemCo where appropriate.

Remuneration governance structures

Our Group remuneration governance environment is structured as set out in the graphic on the right.

Remuneration governance structures

In line with the recommended practices of the King IV Code and section 64C of the Banks Act, the RemCo is a committee of the Group Board from which it derives its authority, and to which it regularly reports. In discharging its responsibilities, the RemCo is supported by various other Board and Management committees as set out in the diagram below:

Group Executive Committee

Executive Appointments and Remuneration Committee

Review and approval of executive hiring, remuneration and termination arrangements within its term of reference. Approval of governance frameworks related to formulaic incentives. Approve referrals to the RemCo on behalf of ExCo.

Matters above the EARC limits of authority are referred to and approved by RemCo.

Remuneration Review Panel

Makes recommendations on adjustments to incentive pools, individual awards as well as malus and clawback in the event of conduct, compliance, control, regulatory or ethical issues arising that impact or are impacted by remuneration.

Any matters related to senior executives would be referred via the Group Chief Executive to the Directors Affairs Committee.

Group Board

Group Remuneration Committee

Discharges its responsibilities as mandated by the Group Board and in accordance with the recommended practices of the King IV Code and section 64C of the Banks Act and its regulations.

Other Committees:

Group Risk and Capital Management Committee (GRCMC)

Group Audit and Compliance Committee (GACC)

Social and Ethics Committee (SEC)

Advises/informs the RemCo on the management of various element of remuneration risk, which includes conduct, compliance, control, regulation, ethics, reputation, transformation and the control environment.

Country/Subsidiary Boards and/or Remuneration Committees

Appropriate engagement with country/subsidiary boards is included in our governance process, in line with the Group Governance Framework.

Remuneration of risk and control functions

The remuneration of risk and control functions is considered in terms of Regulation 43 of the South African Banks Act. In this regard:

Management oversight

- Remuneration of Compliance and Internal Audit employees, and of those in the Group Risk and Group Legal functions, is considered independently by the Group function head based on Group results.
- For employees in the Risk and Legal functions situated in the business units, remuneration is determined in their function, within the pool made available to the business in which they operate. For *senior control function employees* in the business units, input is sought from the Group head of the respective control function.

Board oversight

- The Group Audit and Compliance Committee and/or Group Risk and Capital Management Committee provide input on the performance and remuneration of the Chief Internal Auditor, the Chief Compliance Officer, the Chief Risk Officer and the Group General Counsel. Final performance and remuneration outcomes are subject to Board approval.
- Remuneration outcomes for *senior control function employees in the population subject to RemCo oversight,* are reviewed and approved by the RemCo.
- Remuneration of *material risk takers* is subject to RemCo approval.

Addressing future risks in remuneration outcomes

We apply a three-year planning process, which aligns our strategic objectives, risk appetite and capital planning. The outcomes of this process are approved by the Board. This forward-looking view of the strategic, financial and risk and return outcomes allows the Board and the RemCo to assess potential remuneration outcomes and to make appropriate adjustments to both future-based targets for new awards and to remuneration outcomes based on the relevant risk factors.

The mandatory short-term incentive deferral of up to three years and the three-to five-year (for the ExCo) and three-year (for all other participants) vesting of long-term incentive awards (which is also subject to Group performance targets on the full award), are aligned with this planning approach. The deferral period for short-term incentives and vesting period for long-term incentives enables the application of malus or clawback.

Adjustments to variable remuneration for adverse risk and conduct matters

Malus (the ability to reduce, including to zero, an award that has not yet accrued or vested to an individual) and clawback (the ability to recover/seek repayment of awards already paid or vested to the individual) remain important features of our remuneration philosophy, allowing for the risk adjustment of awards already made and, in the case of clawback, awards already vested or paid out.

Where appropriate, the remuneration of individuals who were directly or indirectly accountable for an event may be adjusted. Business unit/support function incentive pools and/or individual awards could be reduced after considering risk and conduct events.

The Remuneration Review Panel (a sub-committee of the ExCo) follows an approved process for considering risk and conduct matters and the associated consequences to be reflected in individual incentive decisions. When considering individual responsibility, the panel takes a variety of factors into account, such as whether the individual:

- was solely responsible for the event, or whether others were also directly or indirectly responsible;
- was aware (or could reasonably have been expected to be aware) of the failure;
- took or missed opportunities to take adequate steps to address the failure; and/or
- by virtue of seniority and influence, could be deemed to be indirectly responsible.

Malus and/or clawback apply to enable adjustments to remuneration.

Malus

All deferred and long-term incentive awards are subject to continued employment and malus provisions. We may reduce the level of vesting of these awards, including to zero, where (but not limited to):

- a participant deliberately misled the Group, the market and/or shareholders in relation to the financial performance of the Group;
- a participant caused harm to our reputation, or where their actions amounted to misconduct, incompetence, poor performance or negligence;
- there is a material error in the Group's financial statements which results in restatement;
- there is a material failure of risk management in the Group.

Clawback

Clawback provisions apply to any variable remuneration awarded (including long-term incentives) to a material risk taker from 1 January 2015. This was in terms of the United Kingdom Prudential Regulatory Authority regulations. From 1 March 2020 onwards, the RemCo has broadened application of the clawback provisions.

The RemCo may apply clawback at any time during the three-year period from the date on which variable remuneration is awarded, or in the case of deferred remuneration (which includes deferred short-term incentives and long-term incentives), three years from the date on which this vests, if:

- there is reasonable evidence of employee misbehaviour or material error; and/or
- the Group suffers a material risk management failure, taking account of the individual's involvement and responsibility for that incident.

Executive remuneration

Remuneration mix for executive directors and prescribed officers

The charts that follow for each disclosed officer illustrate the potential total remuneration outcomes (on a single-figure basis), as envisaged under the remuneration policy. The illustration is based on three potential performance scenarios (the assumptions for each being set out on the right) of performance, namely:

- Below threshold (minimum);
- On-target; and
- Stretch.

The actual total remuneration outcomes will reflect the combination of a range of Group, business and individual performance outcomes over the short and long term. The scenarios therefore illustrate a combination of award outcomes (for short-term incentives), and vesting outcomes (for long-term incentives) based on performance at the three levels indicated above. Deferred short-term incentives and long-term incentives are reflected based on a constant share price, and before the inclusion of any dividend equivalents that may apply on vesting of the awards.

The charts demonstrate that the relative weighting of variable remuneration in the total remuneration mix, and the exposure to the Absa Group share price (via deferred short-term incentives and long-term incentives), increases as total remuneration increases. This demonstrates the principles of pay-for-performance and alignment of shareholder and executive interests.

There is no entitlement to receive any element of remuneration (other than cost-to-company, which is a contractual payment), and nor is there any guarantee of awards being made or vested, as may be applicable, at the illustrative levels. The scenarios do not include any adjustment for the possible application of discretion (either positive or negative) by the RemCo.

The RemCo reviews the remuneration mix on an ongoing basis for appropriateness.

Assumptions

1. At **Below threshold** (minimum), the executive director/prescribed officer would only receive his/her cost-to-company remuneration. In this scenario, either:
   - the Group and/or business unit/support function performance metrics that would give rise to the allocation of a short-term incentive award and the Group performance conditions that would give rise to the vesting of a long-term performance share incentive (long-term incentive) would not have been met; or
   - in the case of short-term incentive, the individual would not have met the individual performance requirements to qualify for a short-term incentive award.
2. At **On-target,** the executive director/prescribed officer would receive his/her cost-to-company remuneration and:
   - would receive a short-term incentive award at the on-target level, which assumes that the Group, business unit and individual targets in this regard were met, and no discretionary adjustment was applied to the pool; and
   - the long-term incentive award vested at the on-target value, based on all Group performance measures being achieved in line with the targets set for an on-target vesting outcome.
3. At **Stretch,** the executive director/prescribed officer would receive his/ her cost-to-company remuneration and:
   - would receive a short-term incentive award based on
     - *Group performance occurring at the stretch levels* (pool based on 120% of target outcome for financial metrics and a score of 10/10 for the non-financial targets, as set out on Page 11), and
     - *individual performance* which warrants an 'Outstanding' rating, accompanied by an award at 200% (the maximum personal modifier possible) of individual on-target award; and
   - the long-term incentive award vested at stretch level (150% of award), based also on significant outperformance (see page 12) on all targets applicable to the award, over the performance period.

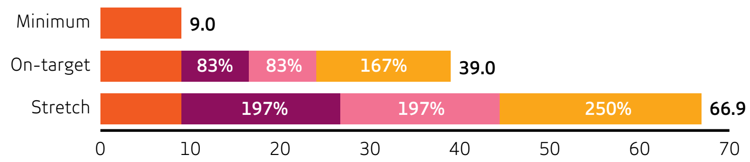
An outcome at stretch for all remuneration outcomes over the relevant performance periods would be extremely unlikely to occur, and would be accompanied by creation of significant long-term shareholder value.

Total remuneration (before taking into account changes to share price for long-term incentive awards), is capped:

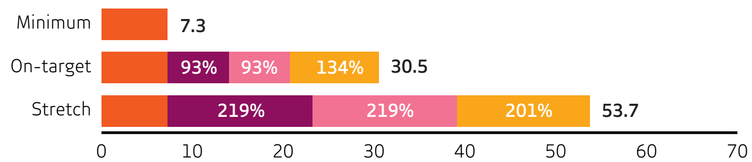
- for short-term incentives at the maximum level provided for at stretch performance, as described under 'stretch' above; and
- for long-term incentives, at 150% of the value of the award.

These caps are included in the stretch scenarios, with the percentage values illustrating the respective awards as a percentage of cost-to-company. The illustrative total remuneration scenarios below are based on the individually determined remuneration mix.

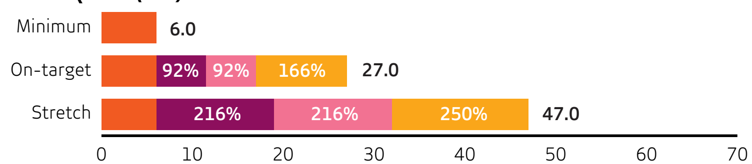
Daniel Mminele (Rm)



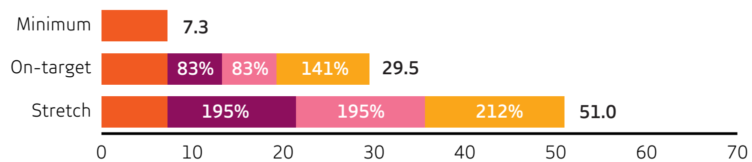
Peter Matlare (Rm)



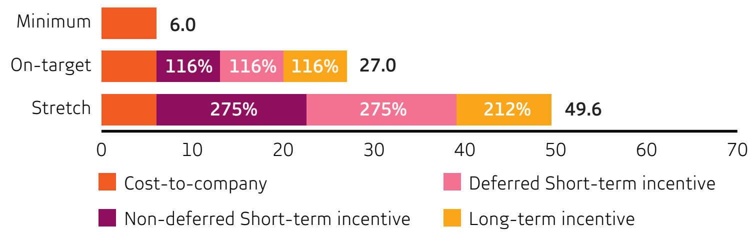
Jason Quinn (Rm)



Arrie Rautenbach (Rm)



Charles Russon (Rm)[1]



[1] Charles Russon as Chief Excutive: CIB has a greater proportion of total remuneration potential in short-tern incentive.

Executive directors' and prescribed officers' service contracts

Payments on termination

These consider the individual circumstances, including the reason for termination, individual performance, contractual obligations and the terms and conditions of the short-term or long-term incentive plans that apply. There are no contractual entitlements to payments on termination, other than in respect of contractual notice and unutilised leave. Malus and clawback will continue to apply regarding any short-term and/or long-term incentive arrangements that extend beyond termination date.

Notice periods

Executive directors and prescribed officers have a six-month notice period, with their potential compensation in relation to termination of service being six months' fixed remuneration. They may be required to work during the notice period or may be placed on gardening leave subject to the requirement that they may be called upon to render services during this period, where relevant. If they are not required to work, and where there is no competitive or commercial imperative to keep the individual on gardening leave, remuneration in lieu of notice may be paid.

Treatment of short-term incentives on termination of employment

There is no automatic entitlement to a short-term incentive payment on termination, but an award may be considered at the RemCo's discretion and subject to performance measures being met. Awards may be prorated for service. Malus and clawback will continue to apply regarding any short-term incentive arrangements that extend beyond termination date.

No short-term incentive is payable in the case of underperformance, dismissal for cause or resignation.

Treatment of unvested awards on termination

Unvested share and cash awards (including deferred short-term incentive awards) will lapse if the executive director or prescribed officer resigns or their employment is terminated for cause.

In an eligible leaver situation (other than in the case of death, in which case accelerated vesting applies) the following will occur in respect of unvested awards:

- Deferred short-term incentive awards may be considered for release in full on the scheduled vesting dates (equal tranches on first, second and third anniversary of award date).
- Restricted share awards which have already been granted are subject to vesting on the original vesting date.
- Long-term incentive awards will remain subject to Group performance targets and will vest (subject to these) on the normal vesting date, unless, in exceptional circumstances, the RemCo determines otherwise. Awards will be subject to pro-rating for the time served during the vesting period.

Share based awards and their cash equivalents are subject to malus and clawback provisions which enable the RemCo to reduce the vesting level (including to zero) or to recover amounts already paid.

Minimum shareholding requirements

ExCo members (including executive directors and prescribed officers) should have unencumbered shareholding of at least 150% of their cost-to-company (on a pre-tax basis), while the Group Chief Executive should hold at least 300% of his cost-to-company on an unencumbered basis.

ExCo members (including the Group Chief Executive) have five years from the date of their appointment to the ExCo, or by 2021 for those who were ExCo members in 2016 when the minimum shareholding requirements were introduced, to build up this level of personal shareholding.

Restrictive covenants

Executive contracts include restrictive covenants on poaching employees and customers.

In a very limited number of instances, and typically only in respect of specifically identified senior executives, non-compete agreements may also be included.

Group Chairman and non-executive directors' remuneration policy

Non-executive director remuneration policy

The determination of non-executive director fees is based on the following principles:

- The Group Chairman's fee covers her chairmanship and/or membership of and attendance at the Board and all committees (including Absa Bank and Absa Financial Services and ad-hoc meetings), except for attendance at the Separation Oversight Committee, which is separately remunerated.
- Non-executive directors are paid an annual fee (in monthly instalments) in respect of their board membership.
- Members of Board Committees are paid an annual fee (in monthly instalments) for their committee membership.
- Chairmen of Committees are paid a premium, as follows:
  - Group Audit and Compliance, Group Risk and Capital Management, Remuneration, Social and Ethics - 2.5 times the standard fee.
  - All other committees – 2 times the standard fee.
- The Board Finance Committee and Separation Oversight Committee members are paid per meeting, as these meetings are scheduled as the need arises.
- The Group Credit Risk Committee members are paid a separate fee for each credit application reviewed.
- Special and ad-hoc meetings of both the Board and committees are separately remunerated based on a per-meeting fee, or an hourly rate, based on the amount of preparation time and the length of the meeting.

Determination of non-executive directors' fees

We consider the following when setting the fees for our non-executive directors:

- Fees paid by our large banking competitors.
- General level of increase applied for non-executive director fees across the market.
- The level of general increase applied to our employees (with particular reference to those applicable to senior management).
- Overall inflation.

The proposed fees for the period from 1 June 2020 to 31 May 2021 are set out in the Notice of Annual General Meeting.

Implementation report

Context for our remuneration outcomes

We considered the following salient features of the 2019 normalised Gr oup financial results in making remuneration decisions:

- Headline earnings increased 1% (flat in constant currency) to R16.3bn. Expected banking peers' growth in earnings was between 3% and 5% at the time of determining the incentive pools.
- Revenue increased by 6% (5% in constant currency), with higher growth in RBB SA in particular. This growth was expected to be similar to South African peers.
- Return on equity decreased to 15.8% from 16.8% and profit after regulatory capital charges was lower than expected reducing to R2.1bn from R2.9bn.
- The cost-to-income ratio increased slightly to 58.0% from 57.7%. This reflects the impact of restructuring charges and additional run costs after the Separation, partly offset by approximately R3bn in targeted cost reductions.
- Organisation health, including Customer franchise health, the Control environment and Colleague health, was assessed as 'partially met' based on the following considerations:
  - **Customer:** customer franchise health has generally improved, and customer numbers have stabilised. However, transactional customer numbers and primacy were lower than expected.
  - **Control:** the control environment assessment has shown an improving trend; however several areas still require focus in 2020.
  - **Colleagues:** key restructuring initiatives were completed, and employee surveys showed improved sentiment, although there is more to be done on employment equity and the retention of key talent.

Building our 2019 short-term incentive pool

The outcome of our decisions was reflected in a final Board approved **total** Group short-term incentive pool for 2019 of R2 232m (excluding formulaic sales incentives), which was 9% lower than the total 2018 pool of R2 448m (both pools in constant currency), in the context of headline earnings which increased marginally (increased by 1% in reported currency and flat on the prior year in constant currency).

The pool was determined as follows:

On-target performance pool[1] R2 378m × Performance modifier[2] 0.874 = Approved performance short-term incentive pool R2 079m

\+ Separation and other discretionary short-term incentive pools R153m = Total Group short-term incentive pool R2 232m

[1] The on-target performance pool is determined by adjusting the prior year pool by expected market headline earnings growth.

[2] The performance modifier is determined based on the methodology set out on page 11 of this Remuneration Report and includes application of RemCo discretion.

The **performance short-term incentive pool** of R2 079m is down by 8%. The modelled outcome was 7% down and the RemCo applied a further 1% downward modifier, which is included in the figure above. This was applied to ensure that short-term incentive outcomes considered a number of factors, particularly the downward trend in return on equity and profit after regulatory capital charges.

A review of banking peers' performance short-term incentive pools, based on publicly available information at the time the pools were determined, shows that the Group's short-term incentive pools are lower than those of its peers, which reflects our historical comparative underperformance.

Under the short-term incentive arrangements (page 11), we expect variable remuneration to increase over time, provided that the performance of the Group improves in line with our medium-term financial targets and relative to our peer group.

The short-term incentive pool allocated to ExCo members was R67m for 2019 (2018: R94m). This reflects the impact of Group and individual performance on remuneration outcomes, changes in the membership of the ExCo, as well as in some individuals' roles in 2019.

The **Separation and other discretionary short-term incentive pool** is in addition to the above pool of R2 079m and is allocated to (i) employees who work wholly or substantially on the Separation, and (ii) those who participate in an approved standalone plan for our investment management operation. These individuals do not participate in the Group performance pool. The Separation incentive pool will fall away on completion of the Separation. ExCo members do not participate in the Separation incentive pool.

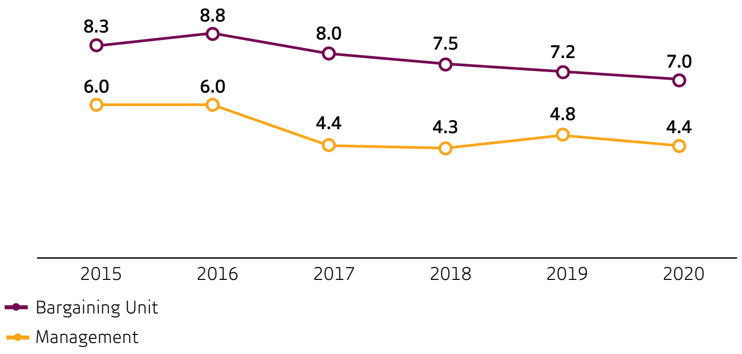
Fair and responsible remuneration

In our South African business, we apply a minimum cost-to-company level of R166 000 which is higher than the national minimum and living wage and is competitive relative to the disclosed minimum cost-to-company levels in our peer group.

In South Africa, in line with equal pay for work of equal value requirements, variances in remuneration that cannot be explained on the basis of role, skills, experience, performance and market competitiveness or other objective factors were considered in the allocation of discretionary salary increases awarded on 1 April 2020 for our senior management and executive populations. Average increases of 4.4% were implemented for this population, differentiated to take account of market relativity and performance. Increases awarded to our South African bargaining unit employees in terms of the relevant collective agreement, are above inflation, with a minimum increase of 7% applying for all employees meeting the required performance standards for their roles. These outcomes align to our fair and responsible remuneration objectives and the principle that a greater proportion of remuneration of senior employees should be based on performance.

The differential in increases applied in relation to cost-to-company to the bargaining unit and management is consistent with practice over a number of years.

Increases in fixed remuneration (%)
Average cost-to-company increase (South Africa only)



Increases awarded to bargaining unit employees in our various countries in our Absa Regional Operations were determined through a collective bargaining process. Executives based in these operations had their increases determined based on local market conditions, with further consideration to the skills scarcity for top executive talent in many of our markets.

The competitiveness of our fixed remuneration levels relative to market levels in our various operations will continue to receive attention. Within this, special focus is applied to higher performers earning lower than the median in our salary ranges.

Vesting outcomes for the 2017 long-term incentive award

The 2017 long-term incentive is subject to a number of Group performance targets as set out in our 2018 Remuneration Report, including:

- Compound annual growth in normalised headline earnings per share
- Average normalised return on equity
- Transformation
- Separation from Barclays

While the financial performance period for this award is 1 January 2017 – 31 December 2019, final testing of the complete vesting outcome is only possible once the outcomes of the Separation performance condition are assessed. Confirmation of the final vesting outcome is therefore planned to occur at the end of June 2020, with awards scheduled to vest in July 2020.

The 2017 long-term incentive is therefore not included in single-figure remuneration for 2019 for executive directors and prescribed offers and will be included in the 2020 disclosures.

Executive director and prescribed officer remuneration

Group Chief Executive transition

2019

Maria Ramos retired on 28 February 2019, on reaching her contractual retirement age of 60 years. Consistent with the Group's policy on retirement, Maria was granted eligible leaver status on her unvested restricted shares, deferred short-term incentive and long-term incentive awards. All awards subject to eligible leaver treatment remain in the respective plans until the originally scheduled vesting dates. Vesting of the 2017 long-term incentive award is also subject to fulfilment of the Group performance conditions applicable to the award. Maria received only fixed remuneration (including payment for unutilised leave) in 2019 for her two months as Group Chief Executive.

René van Wyk, who was an independent non-executive director on the Group Board, was appointed as an executive director on 1 February 2019, and was appointed Group Chief Executive from 1 March 2019. René was appointed on a fixed term contract which included a provision to participate in the Group's short-term incentive arrangements for the period he served as Group Chief Executive (10 months). His contract ran for 12 months which was the maximum originally contemplated at the time of contracting, and covered both executive director and Group Chief Executive roles.

René's remuneration for 2019 includes fixed remuneration for February to December 2019 as well as his 2019 short-term incentive which was paid in March 2020. The remuneration paid in January 2019, when René was a non-executive director, is disclosed in the non-executive director remuneration table (page 32).

René stepped down as Group Chief Executive on 14 January 2020 but remained an executive director until 31 January 2020 for handover purposes. René began serving his statutory six month cooling off period from 1 February 2020, whereafter it is contemplated that he will re-join the Group Board as a non-executive director.

2020

Daniel Mminele was appointed as Group Chief Executive effective from 15 January 2020. As part of his contractual terms, Daniel will receive:

- A cost-to-company package of R9 000 000
- A long-term incentive award, in April 2020, of R15 000 000 (on-target value at award), which will be subject to the relevant Group performance conditions set out on page 12 of the Remuneration Report. This will vest, subject to fulfilment of the Group performance targets, on the third, fourth, and fifth anniversaries of the grant date.

Daniel will participate in the 2020 short-term incentive arrangements, with an on-target award of R15 000 000. The actual award will be made in March 2021 subject to Group and individual performance. Based on our deferral policy, the total 2020 short-term incentive will be delivered 50% in cash, with 50% deferred into Absa Group shares which will vest in equal tranches on the first, second and third anniversary of the grant date. There were no sign-on or buy-out awards applicable as a result of Daniel joining the Group.

Disclosures for executive directors and prescribed officers

The Group's executive directors and prescribed officers are designated as such by the Board. In the case of executive directors, they are subject to appointment by shareholders in their first year, and they are subject to resignation by rotation and reappointment by shareholders in the normal course of their tenure. This is in accordance with the company's Memorandum of Incorporation and the South Afrcan Companies Act requirements.

There have been no instances where malus was applied in 2019 for executive directors and prescribed officers, which included reduction in entitlement to receive vesting of restricted share awards, and reduction, including to zero, of individual 2019 short-term incentive award.

There were no instances where clawback was applied during the year for executive directors and prescribed officers.

Cost-to-company

No cost-to-company increases were awarded to executive directors and prescribed officers in 2019 outside of the rebase of remuneration following the discontinuation of role based pay at the end of 2018, and none have been proposed for implementation in April 2020.

Awarded remuneration and Single-figure remuneration

Disclosures in this implementation report are based on two methodologies, namely Awarded Remuneration and Single-figure Remuneration. The components of each are highlighted below.

		2019 Awarded Remuneration	2019 Single-figure Remuneration	Corresponding payment/vesting periods 2019	2020	2021	2022	2023	2024	2025
Cost-to-company (pro-rated for time served as an executive directors/prescribed officers during the year) paid during 2019.		✓	✓							
Short-term incentive in respect of 2019, comprising:	Cash short-term incentive	✓	✓							
	Face value of deferred short-term incentive	✓	✓			33.3%	33.3%	33.4%		
Face value of long-term incentive to be awarded in April 2020.		✓			Performance period			33.3%	33.3%	33.4%
Total Awarded Remuneration		✓								
Long-term incentive awards vesting in 2019 or in regard to which the performance period ends in 2019.			✓[1]							
Dividend-equivalents received in 2019 in respect of awards vesting during the year.			✓							
Total Single-figure Remuneration			✓							

[1] The long-term incentive awarded in 2017 vests in July 2020. The financial performance period and the measurement period for the transformation objective is 2017 – 2019. The Separation objective is only measureable in June 2020 and therefore the award is not regarded as having vested in or at the end of 2019. The full vested value of the 2017 long-term incentive is therefore intended for inclusion in the 2020 single-figure remuneration tables.

Awarded remuneration outcomes for our executive directors and prescribed officers

These disclosures set out the details of the 2019 performance and the associated awarded remuneration for the Group's executive directors and prescribed officers.

René van Wyk

Group Chief Executive 2019

Performance and remuneration outcome

Overview of Group financial performance

Headline earnings increased by 1% (flat in constant currency) against a challenging South Africa backdrop as revenue (up 6%) and pre-provision profits (up 5%) showed improved momentum offset by higher impairments following faster balance sheet growth and increased coverage. Underlying quality of earnings is assessed as being stronger than published results having regard to some once-off costs incurred during the year and also Retail and Business Banking impairment increases.

Overview of personal contribution

René provided visible leadership during the year to all geographies and business areas, including with colleagues, customers and regulators. Under René's leadership, there was progress on implementation of the strategy.

Separation is on track as per agreed milestones.

René handled the interim nature of his assignment with gravitas and sensitivity.

Remuneration outcomes

René received a cost-to-company package of R9.17m, which is prorated for the period 1 February 2019 to 31 December 2019 during which he served as an executive director and the Group Chief Executive.

As disclosed in our 2018 Remuneration Report, René's maximum annual short-term incentive was set by the Board at R10m. This was prorated for his 10 months service in the Group Chief Executive role, equating to an on-target short-term incentive of R8.33m.

The Board awarded René a short-term incentive of R6m, based on Group performance and his individual contribution as Group Chief Executive during the year. This was paid to him in cash in March 2020 with no deferral.

Awarded remuneration	2019 R
Salary	9 166 667
Role based pay	–
Medical aid	–
Retirement benefits	–
Other employee benefits	–
Total fixed remuneration[1]	**9 166 667**
Non-deferred cash award	6 000 000
Deferred cash award	–
Deferred share award	–
Total short-term incentive[2]	**6 000 000**
Face value of long-term incentive award (on-target award)	**–**
Total awarded remuneration	**15 166 667**

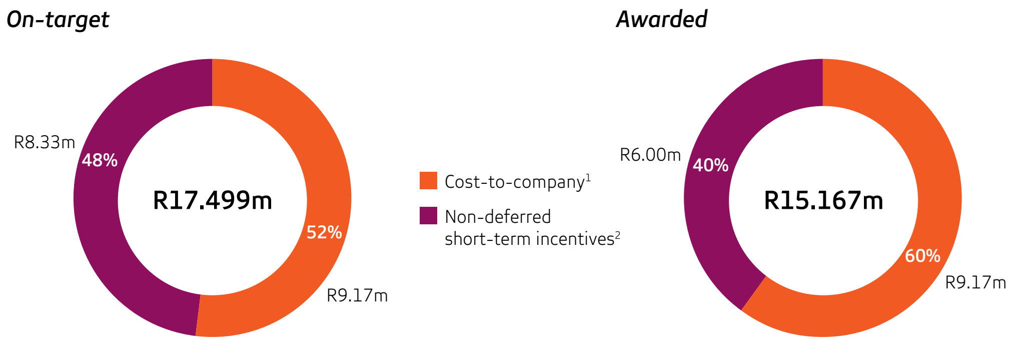
[1] René's salary was paid during 2019 for the time he was an executive director and as Group Chief Executive (February to December 2019). Fees paid in January 2019 as a non-executive director are set out in the non-executive directors' remuneration tables on page 32. René was not eligible to participate in any employment benefit arrangement.

[2] Short-term incentive in respect of 2019 performance as Group Chief Executive (March to December 2019).

2019 Awarded remuneration vs on-target remuneration

Rene received **awarded** remuneration of R15.2m relative to his prorated **on-target** remuneration potential of R17.5m, due to the allocation by the Board of a short-term incentive at below the target level.

The composition of the **on-target** and **awarded** remuneration for René is set out below.



[1] Cost-to-company paid during 2019

[2] Short-term incentives in respect of 2019 performance

Peter Matlare

Deputy Group Chief Executive and Chief Executive: Absa Regional Operations (ARO)

Performance and remuneration outcome

Overview of ARO financial performance

Headline earnings increased by 16% (12% in constant currency) reflecting 14% growth in revenue (11% growth in constant currency) and 17% growth in pre-provision profits (14% growth in constant currency), a solid performance against the backdrop of the separation activities required in the business during 2019. Return on equity increased from 18% to 19%.

During 2019, the operating model for ARO changed, which resulted in corporate and investment banking operations within ARO countries being subject to oversight by Corporate and Investment Bank.

Overview of personal contribution

Peter delivered a strong performance in 2019. The delivery on preparing ARO for the change to the Absa brand was well done, laying a solid foundation for the execution of this change in 2020. Two operations were successfully rebranded in 2019. Peter also played a critical role with regulators, boards and other stakeholders in preparing for the brand change, and as regards to operational delivery through the year. Separation in ARO is on-track.

While ARO delivered a solid performance in 2019, the Board noted that within these results, some operations fell short of expectations, with others exceeding expectations. There is further work to be done in regard to costs in the ARO business, and to progress delivery on the overall ARO strategy.

A key focus area for 2020 for Peter, continuing the partnership with Charles Russon, will be the embedment of the pan-African Corporate and Investment Bank operating model. This requires strong collaboration between ARO and Corporate and Investment Bank to build the necessary capability and teams across the continent, to deliver on the strategy.

Remuneration outcomes

Peter will not receive a cost-to-company increase in 2020, in line with the approach agreed by the Board for executive directors and prescribed officers.

Peter's short-term incentive for 2019 is R11m, broadly flat on prior year. This is below his on-target short-term incentive award of R13.5m, with the on-target award having been set cognisant of the fact that Peter had previously been a recipient of role based pay. His 2019 short-term incentive reflects the stable year-on-year performance delivered by Peter, in a context where the overall Group short-term incentive pool was down on prior year. The award was delivered 50% in cash in March 2020 with the balance to be deferred into Absa Group shares to vest in equal tranches on the first, second and third anniversaries of grant date.

Peter is less than three years from his contractual retirement date and therefore is ineligible for participation in the long-term incentive arrangements. His last award was in March 2019.

Awarded remuneration	2019 R	2018 R
Salary	6 493 177	5 963 759
Role based pay	–	2 625 000
Medical aid	193 881	198 528
Retirement benefits	552 292	480 633
Other employee benefits	19 964	39 154
Total fixed remuneration	**7 259 314**	9 307 074
Non-deferred cash award	5 500 000	5 505 000
Deferred cash award[1]	–	2 752 500
Deferred share award[1]	5 500 000	2 752 500
Total short-term incentive	**11 000 000**	11 010 000
Face value of long-term incentive award (on-target award)[2,3]	–	9 750 000
Total awarded remuneration	**18 259 314**	30 067 074

[1] All short-term incentive deferral will be in shares for 2019. The split of deferred cash and deferred shares in 2018 shown at the time of publication of the 2018 Remuneration Report. Peter subsequently elected to receive 100% of his deferral in Absa Group shares.

[2] This is the 'on-target' value of the award. The award reflected in 2018 was made in March 2019.

[3] Peter did not receive a long-term incentive in award for 2019 (to be allocated in 2020) given his proximity to retirement.

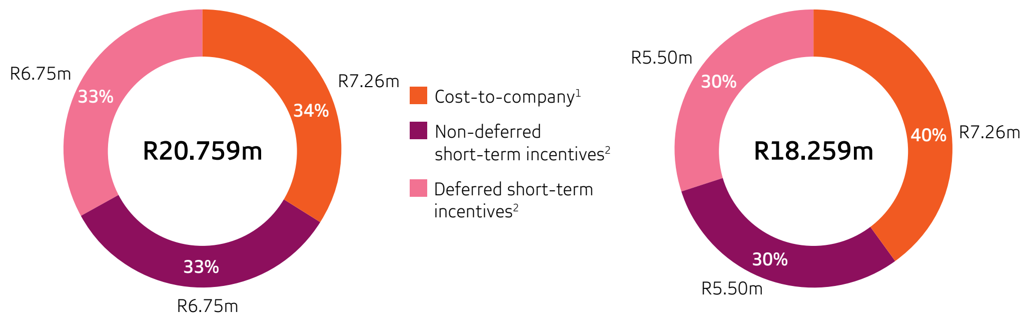
2019 Awarded remuneration vs on-target remuneration

Peter received **awarded** remuneration of R18.3m relative to his **on-target** potential of R20.8m. This is due to his short-term incentive being below the on-target value.

He does not qualify for a long-term incentive award given his proximity to retirement.

The composition of the **on-target** potential and **awarded** remuneration for Peter is set out below.

On-target ***Awarded***



[1] Cost-to-company paid during 2019

[2] Short-term incentives in respect of 2019 performance

Jason Quinn
Group Financial Director

Performance and remuneration outcome

Overview of Group financial performance

Headline earnings increased by 1% (flat in constant currency) against a challenging South Africa backdrop as revenue (up 6%) and pre-provision profits (up 5%) showed improved momentum offset by higher impairments following faster balance sheet growth and increased coverage. Underlying quality of earnings is assessed as being stronger than published results having regard to some once-off costs incurred during the year and also Retail and Business Banking impairment increases.

Overview of personal contribution

Jason delivered a very strong performance during the year. He played a key leadership role in the delivery of a number of critical strategic initiatives. Jason added significant value to the Group's engagement with shareholders and other stakeholders, building Absa's profile and reputation. As Group Financial Director, he maintained the quality and integrity of the financial numbers and reporting during a difficult trading year. He demonstrated a high level of organisational leadership during the period of Group Chief Executive transition.

Remuneration outcomes

Jason will not receive a cost-to-company increase in 2020, in line with the approach agreed by the Board for executive directors and prescribed officers, and with the intention to increase, over time, the proportion of the total remuneration mix that is variable and subject to performance.

Jason was awarded a short-term incentive of R11.5m (approximately 3% down on prior year and marginally above his on-target short-term incentive of R11m) to reward his performance as Group Financial Director, but also in recognition of the leadership role that he played through the Group Chief Executive transitions in 2019. The award was delivered 50% in cash in March 2020, with the balance to be deferred into Absa Group shares to vest in equal tranches on the first, second and third anniversaries of the grant date.

Jason will be awarded a long-term incentive of R12m (face value at the on-target performance level), to be measured over the 2020 – 2022 performance period. This will vest subject to the fulfilment of the Group performance targets, in equal tranches on the third, fourth and fifth anniversaries of the grant date. This award is higher than the value indicated in his on-target remuneration mix (R10m) as the Board seeks to incentivise future performance and the creation of shareholder value over the long term. This is also in line with the principle of, over time, making a greater proportion of the total remuneration mix subject to performance, and in this instance, longer-term performance.

Awarded remuneration	2019 R	2018 R
Salary	5 428 393	5 269 074
Role based pay	–	–
Medical aid	106 812	98 436
Retirement benefits	417 706	418 519
Other employee benefits	56 402	40 321
Total fixed remuneration	**6 009 313**	5 826 350
Non-deferred cash award	5 750 000	5 898 000
Deferred cash award[1]	–	2 949 000
Deferred share award[1]	5 750 000	2 949 000
Total short-term incentive	**11 500 000**	11 796 000
Face value of long-term incentive award (on-target award)[2]	**12 000 000**	10 000 000
Total awarded remuneration	**29 509 313**	27 622 350

[1] All short-term incentive deferral will be in shares for 2019.

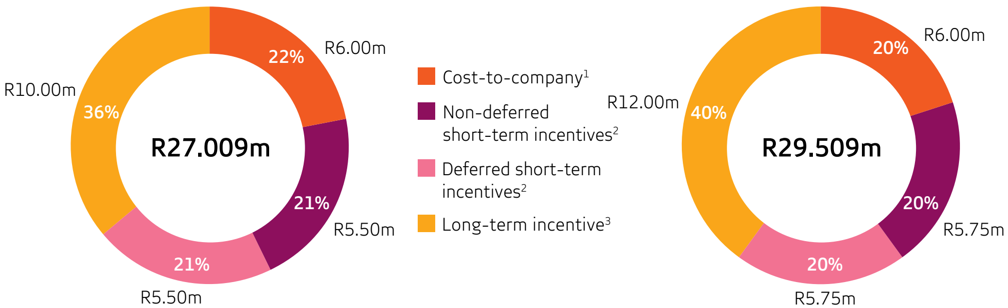
[2] This is the 'on-target' value of the award. The award reflected in 2018 was made in March 2019, and that reflected in 2019 will be made in April 2020.

2019 Awarded remuneration vs on-target remuneration

Jason received **awarded** remuneration of R29.5m relative to his **on-target** potential of R27m. This is due to the allocation of a short-term incentive and a long-term incentive award above the level indicated in the on-target potential remuneration mix, as described in the commentary on the left.

The composition of the **on-target** potential, and **awarded** remuneration for Jason is set out below.

On-target *Awarded*



[1] Cost-to-company paid during 2019

[2] Short-term incentives in respect of 2019 performance

[3] Long-term incentive to be awarded in April 2020

Arrie Rautenbach

Chief Executive: Retail and Business Banking South Africa (RBB)

Performance and remuneration outcome

Overview of RBB financial performance

Headline earnings reduced by 2% following improved momentum in revenue (up 5%) and pre-provision profits (up 7%) which was offset by increased impairments following faster balance sheet growth and higher coverage levels. Underlying quality of earnings is considered to be stronger than published results, mainly having regard to the drivers of the increase in impairments and restructuring costs incurred during the year. Return on equity reduced from 23% to 21%, however the cost-to-income ratio improved to 57.7% following 1% positive operating JAWS.

Overview of personal contribution

Arrie produced a very strong performance in his first full year as CE: RBB. He delivered well on the task of changing the RBB business from being a bureaucratic, siloed business to one that has increased customer focus and the appropriate devolution of authority. He has built a strong and transformed leadership team, which is well placed to take the business forward and deliver on the RBB strategy. The RBB transition is well on track. Positive feedback has been received from shareholders and analysts, with Arrie assuming a leading role in engagements with these key stakeholders. The integration of the Wealth, Investment Management and Insurance business into RBB was managed without any material issues.

Remuneration outcomes

Arrie will not receive a cost-to-company increase in 2020, in line with the approach agreed by the Board for executive directors and prescribed officers, and with the intention to increase, over time, the proportion of the total remuneration mix that is variable and subject to performance.

Arrie was awarded a short-term incentive of R11m (marginally down on prior year). His short-term incentive is below his on-target short-term incentive of R12m, with this outcome based on a combination of Group and RBB performance. The award was delivered 50% in cash in March 2020, with the balance to be deferred into Absa Group shares to vest in equal tranches on the first, second and third anniversaries of the grant date.

Arrie will be awarded a long-term incentive of R12m (at face value, at the on-target performance level), to be measured over the 2020 – 2022 performance period. This will vest subject to the fulfilment of the Group performance targets in equal tranches on the third, fourth and fifth anniversaries of the grant date. This award is higher than the value indicated in his on-target remuneration potential mix, as the Board seeks to incentivise future performance and the creation of shareholder value over the long term. This is also in line with the principle of, over time, making a greater proportion of the total remuneration mix subject to performance, and in this instance, longer-term performance.

Awarded remuneration	2019 R	2018 R
Salary	6 465 313	3 709 282
Role based pay	–	1 194 444
Medical aid	144 288	96 337
Retirement benefits	157 676	120 632
Other employee benefits	492 096	335 929
Total fixed remuneration[1]	**7 259 373**	5 456 624
Non-deferred cash award	5 500 000	5 652 500
Deferred cash award[2]	–	2 826 250
Deferred share award[2]	5 500 000	2 826 250
Total short-term incentive	**11 000 000**	11 305 000
Face value of long term incentive award (on-target award)[3]	**12 000 000**	10 250 000
Total awarded remuneration	**30 259 373**	27 011 624

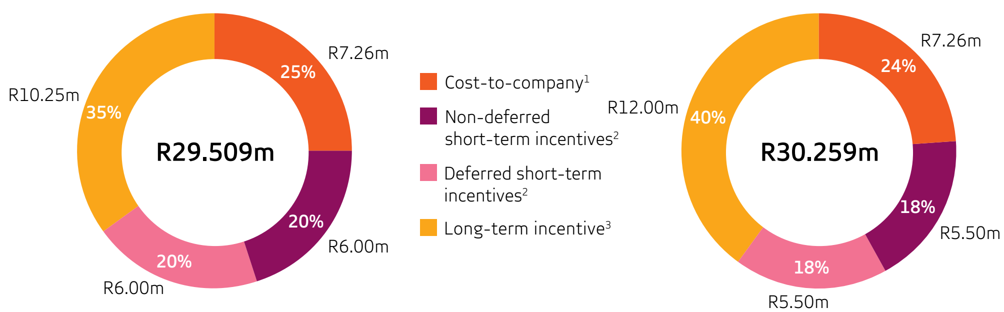
1. Arrie's fixed remuneration for 2018 is disclosed on a pro-rata basis only for the period during which he was a prescribed officer (April to December 2018).
2. All short-term incentive deferral will be in shares for 2019. The split of deferred cash and deferred shares in 2018 shown at the time of publication of the 2018 Remuneration Report. Arrie subsequently elected to receive 100% of his deferral in Absa Group shares.
3. This is the 'on-target' value of the award. The award reflected in 2018 was made in March 2019, and that reflected in 2019 will be made in April 2020.

2019 Awarded remuneration vs on-target remuneration

Arrie received **awarded** remuneration of R30.3m relative to his **on-target** potential of R29.5m. This is due to the combined impact of a below-target level of short-term incentive and the allocation of a long-term incentive award above the level indicated in the on-target remuneration potential mix, as described in the commentary on the left.

The composition of the **on-target** potential, and **awarded** remuneration for Arrie is set out below.

On-target ***Awarded***



1 Cost-to-company paid during 2019
2 Short-term incentives in respect of 2019 performance
3 Long-term incentive to be awarded in April 2020

Charles Russon
Chief Executive: Corporate and Investment Bank (CIB)

Performance and remuneration outcome

Overview of CIB financial performance

On a pan-African basis, CIB's headline earnings increased by 3% (1% on a constant currency basis) following strong top-line growth in the Absa Regional Operations CIB business offset by lower revenues from South Africa reflective of a challenging period in the South Africa Markets business. Return on equity declined from 21% to 18% and the low returns of the South Africa business remain a focus.

Overview of personal contribution

This was Charles' first year in the CE: CIB role. Despite challenging market conditions, he delivered a strong performance overall, setting in place the foundations for 2020. This includes putting in place the right leadership structure and building capability in the CIB business. However, the disappointing performance of the CIB SA Markets business was noted. While progress has been made in building the pan-African CIB franchise, this remains a key focus for 2020. Charles, in partnership with Peter Matlare, will give appropriate attention to this key deliverable.

Remuneration outcomes

Charles became CE: CIB in November 2018. His on-target remuneration mix for 2019 in this role is set out in the accompanying chart. Charles will not receive a cost-to-company increase in 2020, in line with the approach agreed by the Board for executive directors and prescribed officers, and with the intention to increase, over time, the proportion of the total remuneration mix that is variable and subject to performance.

Charles was awarded a short-term incentive of R8.35m. This is flat on the prior year short-term incentive awarded to him as CE: Engineering Services. As CE: CIB, Charles' remuneration mix was amended to include higher short-term incentive potential, in line with market practice in corporate and investment banks. Charles' 2019 short-term incentive is below his on-target short-term incentive of R14m, with this outcome reflective of Group and particularly CIB performance. The Board specifically considered the challenges experienced in the CIB South Africa operations in determining Charles' short-term incentive. The award was delivered 50% in cash in March 2020, with the balance to be deferred into Absa Group shares to vest in equal tranches on the first, second and third anniversaries of the grant date.

Charles will be awarded a long-term incentive of R9.15m (at face value, at the on-target performance level), to be measured over the 2020 – 2022 performance period. This will vest subject to the fulfilment of the Group performance targets in equal tranches on the third, fourth and fifth anniversaries of the grant date. This award is higher than the value indicated in his on-target remuneration mix of R7m, as the Board seeks to incentivise future performance and the creation of shareholder value over the long term. This is reflective of the sound foundations having been laid in the CIB business for future performance. It is also in line with the principle of, over time, making a greater proportion of the total remuneration mix subject to performance, and in this instance, longer-term performance.

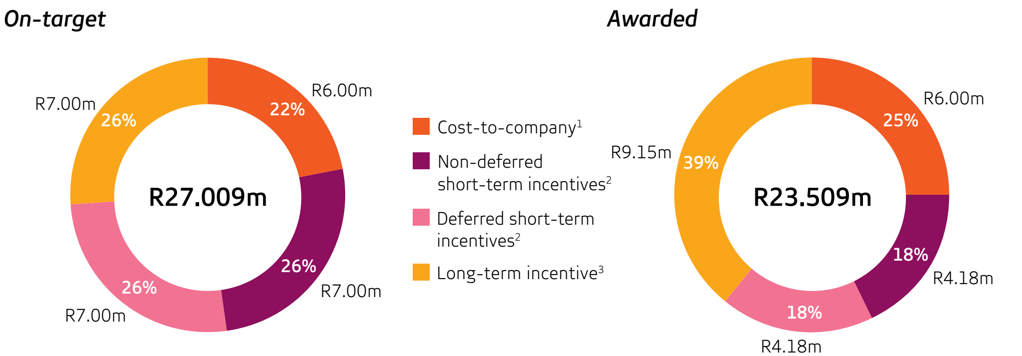
Awarded remuneration	2019 R	2018 R
Salary	5 611 628	874 952
Role based pay	–	–
Medical aid	180 432	25 751
Retirement benefits	160 851	25 007
Other employee benefits	56 402	5 615
Total fixed remuneration[1]	**6 009 313**	931 325
Non-deferred cash award	4 175 000	4 178 000
Deferred cash award[2]	–	2 089 000
Deferred share award[2]	4 175 000	2 089 000
Total short-term incentive[3]	**8 350 000**	8 356 000
Face value of long-term incentive award (on-target award)[4]	**9 150 000**	7 000 000
Total awarded remuneration	**23 509 313**	16 287 325

1. Charles' fixed remuneration for 2018 is disclosed on a pro-rata basis only for the period during which he was a prescribed officer (November to December 2018).
2. All short-term incentive deferral will be in shares for 2019.
3. The 2018 short-term incentive was awarded for performance as Chief Executive: Engineering Services, and 2019 short-term incentive was awarded for performance as Chief Executive: Corporate and Investment Bank.
4. This was the 'on-target' value of the award. The award reflected in 2018 was made in March 2019, and that reflected in 2019 will be made in April 2020.

2019 Awarded remuneration vs on-target remuneration

Charles received **awarded** remuneration of R23.5m relative to his **on-target** potential of R27m. This is due to the combined impact of a below target level of short-term incentive which is partially offset by the allocation of a long-term incentive award above the level indicated in the on-target remuneration potential mix, as described in the commentary on the left.

The composition of the **on-target** potential, and **awarded** remuneration for Charles is set out below.



1 Cost-to-company paid during 2019
2 Short-term incentives in respect of 2019 performance
3 Long-term incentive to be awarded in April 2020

Executive directors and prescribed officers: remuneration tables

Combined tables for 2019 total remuneration

Executive directors	René van Wyk[3]	Jason Quinn		Peter Matlare		Maria Ramos[4]		David Hodnett[5]	Total	
Awarded remuneration	2019 R	2019 R	2018 R	2019 R	2018 R	2019 R	2018 R	2018 R	2019 R	2018 R
Salary	9 166 667	5 428 393	5 269 074	6 493 177	5 963 759	1 606 548	8 607 951	2 481 271	22 694 785	22 322 055
Role based pay	–	–	–	–	2 625 000	–	4 875 000	1 868 280	–	9 368 280
Medical aid	–	106 812	98 436	193 881	198 528	21 036	115 788	55 658	321 729	468 410
Retirement benefits	–	417 706	418 519	552 292	480 633	25 482	166 486	66 993	995 480	1 132 631
Other employee benefits	–	56 402	40 321	19 964	39 154	2 130 211	49 210	1 904 475	2 206 577	2 033 160
Total fixed remuneration	**9 166 667**	**6 009 313**	5 826 350	**7 259 314**	9 307 074	**3 783 277**	13 814 435	6 376 677	**26 218 571**	35 324 536
Non-deferred cash award	6 000 000	5 750 000	5 898 000	5 500 000	5 505 000	–	7 950 000	–	17 250 000	19 353 000
Deferred cash award[1]	–	–	2 949 000	–	2 752 500	–	3 975 000	–	–	9 676 500
Deferred share award[1]	–	5 750 000	2 949 000	5 500 000	2 752 500	–	3 975 000	–	11 250 000	9 676 500
Total short-term incentive[2]	**6 000 000**	**11 500 000**	11 796 000	**11 000 000**	11 010 000	**–**	15 900 000	–	**28 500 000**	38 706 000
Face value of long-term incentive award (on-target award)[2]	**–**	**12 000 000**	10 000 000	**–**	9 750 000	**–**	–	–	**12 000 000**	19 750 000
Total awarded remuneration[2]	**15 166 667**	**29 509 313**	27 622 350	**18 259 314**	30 067 074	**3 783 277**	29 714 435	6 376 677	**66 718 571**	93 780 536

1 At the time of publication in 2018, the split of the deferred awards was applied on a 50%:50% basis between cash and shares. Peter Matlare subsequently elected to receive 100% of his deferral in Absa Group shares and this is reflected in the 'Outstanding share-based and long-term incentive' table. All short-term incentive deferral in respect of the award made for 2019 performance will only be in shares, with no cash election. Deferred awards disclosed in 2019 will be granted in April 2020, and similarly the amounts disclosed in 2018 were granted in March 2019.

2 The structure of the remuneration table has been changed in the current year (with appropriate comparatives disclosed) to provide a sub-total for 'Total short-term incentives' (previously disclosed as 'variable remuneration'), and to include the 'Face value of long-term incentive award (on target award)' and a new total 'Total awarded remuneration'. Short-term incentives are not defined as incentives that are settled in the next 12 months after reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, for which there are no future performance targets that need to be met. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years). In contrast to this, the long-term incentives relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition that needs to be met. Total awarded remuneration disclosed in 2019 includes the fixed remuneration paid during 2019, the total short-term incentive in respect of 2019 performance (with cash payment in March 2020 and the deferred award to be granted in April 2020) and the face value of the long-term incentive to be granted in April 2020. Amounts disclosed in 2018 follow the same principle, in respect of the prior reporting year.

3 René van Wyk was appointed as an executive director on 1 February 2019, and as Group Chief Executive on 1 March 2019. The remuneration received as a non executive director from 1 January to 31 January 2019 is set out in the table on non-executive directors' remuneration.

4 Maria Ramos retired from the Group effective 28 February 2019. Values for 2019 are inclusive of amounts to this date. Other employee benefits includes leave pay.

5 David Hodnett resigned as a member of the Board and ExCo effective 15 May 2018. He remained an employee of the Group until 28 February 2019. His total pension contribution for 2019 was R26 840.

Executive directors and prescribed officers: remuneration tables

Combined tables for 2019 total remuneration

Executive directors	René van Wyk[3]	Jason Quinn		Peter Matlare		Maria Ramos[4]		David Hodnett[5]	Total	
Single-figure remuneration	**2019 R**	**2019 R**	2018 R	**2019 R**	2018 R	**2019 R**	2018 R	2018 R	**2019 R**	2018 R
Salary	9 166 667	5 428 393	5 269 074	6 493 177	5 963 759	1 606 548	8 607 951	2 481 271	22 694 785	22 322 055
Role based pay	–	–	–	–	2 625 000	–	4 875 000	1 868 280	–	9 368 280
Medical aid	–	106 812	98 436	193 881	198 528	21 036	115 788	55 658	321 729	468 410
Retirement benefits	–	417 706	418 519	552 292	480 633	25 482	166 486	66 993	995 480	1 132 631
Other employee benefits	–	56 402	40 321	19 964	39 154	2 130 211	49 210	1 904 475	2 206 577	2 033 160
Total fixed remuneration	**9 166 667**	**6 009 313**	5 826 350	**7 259 314**	9 307 074	**3 783 277**	13 814 435	6 376 677	**26 218 571**	35 324 536
Non-deferred cash award	6 000 000	5 750 000	5 898 000	5 500 000	5 505 000	–	7 950 000	–	17 250 000	19 353 000
Deferred cash award[1]	–	–	2 949 000	–	2 752 500	–	3 975 000	–	–	9 676 500
Deferred share award[1]	–	5 750 000	2 949 000	5 500 000	2 752 500	–	3 975 000	–	11 250 000	9 676 500
Total short-term incentive	**6 000 000**	**11 500 000**	11 796 000	**11 000 000**	11 010 000	**–**	15 900 000	–	**28 500 000**	38 706 000
Value of vested long-term incentives[2]	–	–	–	–	–	–	–	–	–	–
Dividend equivalents/service credits received on vesting awards	–	788 111	565 196	173 847	153 948	–	4 051 087	–	961 958	4 770 231
Total single-figure remuneration	**15 166 667**	**18 297 424**	18 187 546	**18 433 161**	20 471 022	**3 783 277**	33 765 522	6 376 677	**55 680 529**	78 800 767

[1] At the time of publication in 2018, the split of the deferred awards was applied on a 50%:50% basis between cash and shares. Peter Matlare subsequently elected to receive 100% of his deferral in Absa Group shares and this is reflected in the 'Outstanding share-based and long-term incentive' table. All short-term incentive deferral in respect of the award made for 2019 performance will only be in shares, with no cash election. Deferred awards disclosed in 2019 will be granted in April 2020, and similarly the amounts disclosed in 2018 were granted in March 2019.

[2] There were no long-term incentives vesting in or where the performance period ended in the year for either 2018 or 2019. The value is therefore nil for both years.

[3] René van Wyk was appointed as an executive director on 1 February 2019, and as Group Chief Executive on 1 March 2019. The remuneration received as a non executive director from 1 January to 31 January 2019 is set out in the table on non-executive directors' remuneration.

[4] Maria Ramos retired from the Group effective 28 February 2019. Values for 2019 are inclusive of amounts to this date. Other employee benefits includes leave pay.

[5] David Hodnett resigned as a member of the Board and ExCo effective 15 May 2018. He remained an employee of the Group until 28 February 2019. His total pension contribution for 2019 was R26 840.

Executive directors and prescribed officers: remuneration tables

Combined tables for 2019 total remuneration

Prescribed officers	Arrie Rautenbach[3]		Charles Russon[3]		Nomkhita Nqweni[4]	Temi Ofong[3,4]	Mike Harvey[3,4]	Total	
Awarded remuneration	2019 R	2018 R	2019 R	2018 R	2018 R	2018 R	2018 R	2019 R	2018 R
Salary	6 465 313	3 709 282	5 611 628	874 952	4 847 120	2 295 879	2 493 695	12 076 941	14 220 928
Role based pay	–	1 194 444	–	–	1 875 000	1 433 333	1 433 333	–	5 936 110
Medical aid	144 288	96 337	180 432	25 751	59 064	38 649	83 581	324 720	303 382
Retirement benefits	157 676	120 632	160 851	25 007	225 143	95 207	95 168	318 527	561 157
Other employee benefits	492 096	335 929	56 402	5 615	46 765	183 152	17 257	548 498	588 718
Total fixed remuneration	**7 259 373**	5 456 624	**6 009 313**	931 325	7 053 092	4 046 220	4 123 034	**13 268 686**	21 610 295
Non-deferred cash award	5 500 000	5 652 500	4 175 000	4 178 000	3 000 000	5 160 750	5 160 750	9 675 000	23 152 000
Deferred cash award[1]	–	2 826 250	–	2 089 000	1 500 000	2 580 375	2 580 375	–	11 576 000
Deferred share award[1]	5 500 000	2 826 250	4 175 000	2 089 000	1 500 000	2 580 375	2 580 375	9 675 000	11 576 000
Total short-term incentive[2]	**11 000 000**	11 305 000	**8 350 000**	8 356 000	6 000 000	10 321 500	10 321 500	**19 350 000**	46 304 000
Face value of long term incentive award (on-target award)[2]	**12 000 000**	10 250 000	**9 150 000**	7 000 000	8 000 000	6 300 000	6 300 000	**21 150 000**	37 850 000
Total awarded remuneration[2]	**30 259 373**	27 011 624	**23 509 313**	16 287 325	21 053 092	20 667 720	20 744 534	**53 768 686**	105 764 295

[1] At the time of publication in 2018, the split of the deferred awards was applied on a 50%:50% basis between cash and shares. Arrie Rautenbach and Mike Harvey subsequently elected to receive 100% of their deferral in Absa Group shares and this is reflected in the 'Outstanding share-based and long-term incentive' table. All short-term incentive deferral in respect of the award made for 2019 performance will only be in shares, with no cash election. Deferred awards disclosed in 2019 will be granted in April 2020, and similarly the amounts disclosed in 2018 were granted in March 2019.

[2] The structure of the remuneration table has been changed in the current year (with appropriate comparatives disclosed) to provide a sub-total for 'Total short-term incentives' (previously disclosed as 'variable remuneration'), and to include the 'Face value of long-term incentive award (on target award)' and a new total 'Total awarded remuneration'. Short-term incentives are not defined as incentives that are settled in the next 12 months after reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, for which there are no future performance targets that need to be met. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years). In contrast to this, the long-term incentives relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition that needs to be met. Total awarded remuneration disclosed in 2019 includes the fixed remuneration paid during 2019, the total short-term incentive in respect of 2019 performance (with cash payment in March 2020 and the deferred award to be granted in April 2020) and the face value of the long-term incentive to be granted in April 2020. Amounts disclosed in 2018 follow the same principle, in respect of the prior reporting year.

[3] Fixed remuneration amounts shown for Arrie Rautenbach, Charles Russon, Temi Ofong and Mike Harvey were prorated based on the term during which they were prescribed officers for 2018. Full year amounts for 2019 are shown for Arrie Rautenbach and Charles Russon.

[4] Nomkhita Nqweni ceased to be a prescribed officer on 31 December 2018. She remained an employee of the Group until 31 October 2019, and her total pension contribution for 2019 was R197 548. Temi Ofong and Mike Harvey ceased to be prescribed officers on 31 October 2018 and their pension contributions were R162 024 and R162 086, respectively.

Executive directors and prescribed officers: remuneration tables

Combined tables for 2019 total remuneration

Prescribed officers	Arrie Rautenbach[3]		Charles Russon[3]		Nomkhita Nqweni[4]	Temi Ofong[3,4]	Mike Harvey[3,4]	Total	
Single-figure remuneration	2019 R	2018 R	2019 R	2018 R	2018 R	2018 R	2018 R	2019 R	2018 R
Salary	6 465 313	3 709 282	5 611 628	874 952	4 847 120	2 295 879	2 493 695	**12 076 941**	14 220 928
Role based pay	–	1 194 444	–	–	1 875 000	1 433 333	1 433 333	–	5 936 110
Medical aid	144 288	96 337	180 432	25 751	59 064	38 649	83 581	324 720	303 382
Retirement benefits	157 676	120 632	160 851	25 007	225 143	95 207	95 168	318 527	561 157
Other employee benefits	492 096	335 929	56 402	5 615	46 765	183 152	17 257	548 498	588 718
Total fixed remuneration	**7 259 373**	5 456 624	**6 009 313**	931 325	7 053 092	4 046 220	4 123 034	**13 268 686**	21 610 295
Non-deferred cash award	5 500 000	5 652 500	4 175 000	4 178 000	3 000 000	5 160 750	5 160 750	9 675 000	23 152 000
Deferred cash award[1]	–	2 826 250	–	2 089 000	1 500 000	2 580 375	2 580 375	–	11 576 000
Deferred share award[1]	5 500 000	2 826 250	4 175 000	2 089 000	1 500 000	2 580 375	2 580 375	9 675 000	11 576 000
Total short-term incentive	**11 000 000**	11 305 000	**8 350 000**	8 356 000	6 000 000	10 321 500	10 321 500	**19 350 000**	46 304 000
Value of vested long-term incentives[2]	–	–	–	–	–	–	–	–	–
Dividend equivalents/service credits received on vesting awards	1 375 476	872 056	1 333 806	492 954	814 419	488 788	410 602	2 709 282	3 078 819
Total single-figure remuneration	**19 634 849**	17 633 680	**15 693 119**	9 780 279	13 867 511	14 856 508	14 855 136	**35 327 968**	70 993 114

1 At the time of publication in 2018, the split of the deferred awards was applied on a 50%:50% basis between cash and shares. Arrie Rautenbach and Mike Harvey subsequently elected to receive 100% of their deferral in Absa Group shares and this is reflected in the 'Outstanding share-based and long-term incentive' table. All short-term incentive deferral in respect of the award made for 2019 performance will only be in shares, with no cash election. Deferred awards disclosed in 2019 will be granted in April 2020, and similarly the amounts disclosed in 2018 were granted in March 2019.

2 There were no long-term incentives vesting in or where the performance period ended in the year for either 2018 or 2019. The value is therefore nil for both years.

3 Fixed remuneration amounts shown for Arrie Rautenbach, Charles Russon, Temi Ofong and Mike Harvey were prorated based on the term during which they were prescribed officers for 2018. Full year amounts for 2019 are shown for Arrie Rautenbach and Charles Russon.

4 Nomkhita Nqweni ceased to be a prescribed officer on 31 December 2018. She remained an employee of the Group until 31 October 2019, and her total pension contribution for 2019 was R197 548. Temi Ofong and Mike Harvey ceased to be prescribed officers on 31 October 2018 and their pension contributions were R162 024 and R162 086, respectively.

Executive directors' and prescribed officers' remuneration

Outstanding share-based and long-term incentives

The table below outlines share-based and long-term incentive awards (awarded in respect of performance in a prior period) and role based pay delivered as phantom shares:

Executive directors	Number of shares under award at 1 January 2019	Number of shares/cash awarded during 2019	Share price on award R	Number of shares/cash released during 2019	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/options lapsed (forfeited) in 2019	Number of shares under award/option at 31 December 2019	Last scheduled vesting date	Fair value of unvested awards at 31 December 2019[4] R
Maria Ramos[1]											
Share value plan 2016–2018[2]	**18 772**	**–**	–	**–**	–	–	–	**–**	**18 772**	2019/03/13	**2 802 660**
Share value plan 2017–2019	**18 998**	**–**	–	**–**	–	–	–	**–**	**18 998**	2020/03/01	**2 836 401**
Share value plan 2018–2020	**22 822**	**–**	–	**–**	–	–	–	**–**	**22 822**	2021/03/01	**3 407 325**
Role based pay March 2016	**1 855**	**–**	–	**–**	–	–	–	**–**	**1 855**	2019/03/01	**276 952**
Role based pay June 2016	**1 863**	**–**	–	**–**	–	–	–	**–**	**1 863**	2019/06/01	**278 146**
Role based pay September 2016	**1 858**	**–**	–	**–**	–	–	–	**–**	**1 858**	2019/09/01	**277 399**
Role based pay December 2016	**1 705**	**–**	–	**–**	–	–	–	**–**	**1 705**	2019/12/01	**254 557**
Role based pay March 2017	**3 430**	**–**	–	**–**	–	–	–	**–**	**3 430**	2020/03/01	**512 099**
Role based pay June 2017	**3 726**	**–**	–	**–**	–	–	–	**–**	**3 726**	2020/06/01	**556 292**
Restricted award – Share value plan 2016	**18 430**	**–**	–	**–**	–	–	–	**–**	**18 430**	2019/09/30	**2 751 599**
Restricted award – Share value plan 2017	**56 893**	**–**	–	**–**	–	–	–	**–**	**56 893**	2020/09/30	**8 494 125**
Long-term incentive award 2017[4]	**165 870**	**–**	–	**–**	–	–	–	**–**	**165 870**	2020/07/31	**24 764 391**
Total	**316 222**	**–**		**–**		–	–	**–**	**316 222**		**47 211 946**
Peter Matlare											
Share value plan 2017–2019	**5 066**	**–**	–	**2 533**	166.68	422 200	60 171	**–**	**2 533**	2020/03/01	**378 177**
Share value plan 2018–2020	**30 430**	**–**	–	**10 144**	166.68	1 690 802	113 676	**–**	**20 286**	2021/03/01	**3 028 700**
Share value plan 2019–2021	**–**	**31 786**	173.18	**–**	–	–	–	**–**	**31 786**	2022/03/18	**4 745 650**
Long-term incentive award 2017[4]	**134 770**	**–**	–	**–**	–	–	–	**–**	**134 770**	2020/07/31	**20 121 161**
Long-term incentive award 2019[4]	**–**	**84 449**	173.18	**–**	–	–	–	**–**	**84 449**	2024/03/18	**12 608 236**
Total	**170 266**	**116 235**		**12 677**		2 113 002	173 847	**–**	**273 824**		**40 881 924**
Jason Quinn[3]											
Share value plan 2016–2018[2]	**1 828**	**–**	–	**1 828**	166.68	304 691	68 505	**–**	**–**	2019/03/13	**–**
Share value plan 2017–2019	**6 334**	**–**	–	**3 167**	166.68	527 876	75 173	**–**	**3 167**	2020/03/01	**472 833**
Share value plan 2018–2020	**12 172**	**–**	–	**4 057**	166.68	676 221	45 504	**–**	**8 115**	2021/03/01	**1 211 570**
Share value plan 2019–2021	**–**	**17 028**	173.18	**–**	–	–	–	**–**	**17 028**	2022/03/18	**2 542 280**
Restricted award – Share value plan 2016	**6 911**	**–**	–	**6 911**	158.50	1 095 394	197 491	**–**	**–**	2019/09/30	**–**
Restricted award – Share value plan 2017	**21 334**	**–**	–	**14 222**	158.50	2 254 187	321 438	**–**	**7 112**	2020/09/30	**1 061 822**
Long-term incentive award 2017[4]	**96 758**	**–**	–	**–**	–	–	–	**–**	**96 758**	2020/07/31	**14 445 969**
Long-term incentive award 2019[4]	**–**	**86 615**	173.18	**–**	–	–	–	**–**	**86 615**	2024/03/18	**12 931 620**
Total	**145 337**	**103 643**		**30 185**		4 858 369	708 111	**–**	**218 795**		**32 666 094**

1 Maria Ramos' outstanding share-based and long-term incentives only include transactions (awards and vestings) between 1 January 2019 and 28 February 2019 being the period during which she was an executive director of the Group. The closing balance is therefore as at 28 February 2019.

2 The scheduled vesting date of 1 March 2019 rescheduled to 13 March 2019 due to the vesting date falling within a closed period.

3 Jason Quinn's outstanding share-based and long-term incentives include awards received prior to being appointed as an executive director in 2016.

4 Fair value of awards is the number of shares multiplied by the closing share price on 31 December 2019 (R149.30). For the 2017 long-term incentive and 2019 long-term incentive awards, the fair value is calculated before the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting, on the number of shares that vest.

Executive directors' and prescribed officers' remuneration continued

Outstanding share-based and long-term incentives

The table below outlines share-based and long-term incentive awards (awarded in respect of performance in a prior period) and role based pay delivered as phantom shares:

Prescribed officers	Number of shares under award at 1 January 2019	Number of shares/cash awarded during 2019	Share price on award R	Number of shares/cash released during 2019	Market price on release date R	Value of release (pre-tax) R	Value of dividend released (pre-tax) R	Number of shares/options lapsed (forfeited) in 2019	Number of shares under award/option at 31 December 2019	Last scheduled vesting date	Fair value of unvested awards at 31 December 2019[4] R
Arrie Rautenbach[1]											
Share value plan 2016–2018[2]	**7 264**	**–**	–	**7 264**	166.68	1 210 764	272 688	**–**	**–**	2019/03/13	**–**
Share value plan 2017–2019	**11 399**	**–**	–	**5 700**	166.68	950 076	135 511	**–**	**5 699**	2020/03/01	**850 861**
Share value plan 2018–2020	**27 388**	**–**	–	**9 130**	166.68	1 521 788	102 342	**–**	**18 258**	2021/03/01	**2 725 919**
Share value plan 2019–2021	**–**	**32 638**	173.18	**–**	–	–	–	**–**	**32 638**	2022/03/18	**4 872 853**
Restricted award – Share value plan 2016	**11 519**	**–**	–	**11 519**	158.50	1 825 762	329 205	**–**	**–**	2019/09/30	**–**
Restricted award – Share value plan 2017	**35 558**	**–**	–	**23 705**	158.50	3 757 243	535 730	**–**	**11 853**	2020/09/30	**1 769 653**
Long-term incentive award 2017[4]	**103 669**	**–**	–	**–**	–	–	–	**–**	**103 669**	2020/07/31	**15 477 782**
Long-term incentive award 2019[4]	**–**	**88 780**	173.18	**–**	–	–	–	**–**	**88 780**	2024/03/18	**13 254 854**
Total	**196 797**	**121 418**		**57 318**		9 265 633	1 375 476	**–**	**260 897**		**38 951 922**
Charles Russon[3]											
Share value plan 2016–2018[2]	**6 852**	**–**	–	**6 852**	166.68	1 142 091	257 354	**–**	**–**	2019/03/13	**–**
Share value plan 2017–2019	**10 132**	**–**	–	**5 066**	166.68	844 401	120 510	**–**	**5 066**	2020/03/01	**756 354**
Share value plan 2018–2020	**24 344**	**–**	–	**8 114**	166.68	1 352 442	91 007	**–**	**16 230**	2021/03/01	**2 423 139**
Share value plan 2019–2021	**–**	**12 062**	173.18	**–**	–	–	–	**–**	**12 062**	2022/03/18	**1 800 857**
Restricted award – Share value plan 2016	**11 519**	**–**	–	**11 519**	158.50	1 825 762	329 205	**–**	**–**	2019/09/30	**–**
Restricted award – Share value plan 2017	**35 558**	**–**	–	**23 705**	158.50	3 757 243	535 730	**–**	**11 853**	2020/09/30	**1 769 653**
Long-term incentive award 2017[4]	**93 302**	**–**	–	**–**	–	–	–	**–**	**93 302**	2020/07/31	**13 929 989**
Long-term incentive award 2019[4]	**–**	**60 630**	173.18	**–**	–	–	–	**–**	**60 630**	2024/03/18	**9 052 059**
Total	**181 707**	**72 692**		**55 256**		8 921 939	1 333 806	**–**	**199 143**		**29 732 051**

[1] Arrie Rautenbach's outstanding share-based and long-term incentives include awards received prior to becoming a prescribed officer on 9 April 2018.

[2] The scheduled vesting date of 1 March 2019 rescheduled to 13 March 2019 due to the vesting date falling within a closed period.

[3] Charles Russon's outstanding share-based and long-term incentives include awards received prior to becoming a prescribed officer on 5 November 2018.

[4] Fair value of awards is the number of shares multiplied by the closing share price on 31 December 2019 (R149.30). For the 2017 long-term incentive and 2019 long-term incentive awards, the fair value is calculated before the application of Group performance conditions, which will be tested at the end of the relevant performance period to determine the vesting outcome. Dividend equivalents may apply at the time of vesting, on the number of shares that vest.

Executive directors' and prescribed officers' remuneration continued

Outstanding cash-based awards

Executive directors	Value under award at 1 January 2019 R	Maximum potential value at 1 January 2019 R	Value awarded in the year R	Value released in the year R	Value forfeited in the year R	Converted to equity R	Service credit awarded in the year R	Service credit released in the year R	Service credit lapsed (forfeited) in the year R	Value under award at 31 December 2019 R	Maximum potential value at 31 December 2019 R	Last scheduled vesting date
Maria Ramos[1]												
Cash value plan 2017–2019	**3 000 000**	**3 450 000**	–	–	–	–	–	–	450 000	**3 000 000**	3 000 000	2020/03/01
Cash value plan 2018–2020	**4 500 000**	**4 500 000**	–	–	–	–	–	–	–	**4 500 000**	4 500 000	2021/03/01
Total	**7 500 000**	**7 950 000**		–	–	–	–	–	450 000	**7 500 000**	7 500 000	
Peter Matlare												
Cash value plan 2017–2019	**800 000**	**920 000**	–	400 000	–	–	–	–	–	**400 000**	520 000	2020/03/01
Total	**800 000**	**920 000**	–	400 000	–	–	–	–	–	**400 000**	520 000	
Jason Quinn[2]												
Cash value plan 2016–2018	**266 667**	**346 667**	–	266 667	–	–	–	80 000	–	**–**	–	2019/03/01
Cash value plan 2017–2019	**1 000 000**	**1 150 000**	–	500 000	–	–	–	–	–	**500 000**	650 000	2020/03/01
Cash value plan 2018–2020	**2 400 000**	**2 400 000**	–	800 000	–	–	193 333	–	–	**1 600 000**	1 793 333	2021/03/01
Cash value plan 2019–2021	**–**	**–**	2 949 000	–	–	–	294 900	–	–	**2 949 000**	3 243 900	2022/03/18
Total	**3 666 667**	**3 896 667**	2 949 000	1 566 667	–	–	488 233	80 000	–	**5 049 000**	5 687 233	
Prescribed officers												
Arrie Rautenbach[3]												
Cash value plan 2017–2019	**1 800 000**	**2 070 000**	–	900 000	–	–	–	–	–	**900 000**	**1 170 000**	2020/03/01
Total	**1 800 000**	**2 070 000**	–	900 000	–	–	–	–	–	**900 000**	**1 170 000**	
Charles Russon[4]												
Cash value plan 2017–2019	**1 600 000**	**1 840 000**	–	800 000	–	–	–	–	–	**800 000**	**1 040 000**	2020/03/01
Cash value plan 2019–2021	**–**	**–**	2 089 000	–	–	–	208 900	–	–	**2 089 000**	**2 297 900**	2022/03/18
Total	**1 600 000**	**1 840 000**	2 089 000	800 000	–	–	208 900	–	–	**2 889 000**	**3 337 900**	

1 Maria Ramos' outstanding cash-based incentives only include transactions (awards and vestings) between 1 January 2019 and 28 February 2019 being the period during which she was an executive director of the Group. The closing balance is therefore as at 28 February 2019.

2 Jason Quinn's outstanding cash-based incentives include incentives prior to being appointed as executive director in 2016.

3 Arrie Rautenbach's outstanding cash-based incentives include awards received prior to becoming a prescribed officer on 9 April 2018.

4 Charles Russon's outstanding cash-based incentives include awards received prior to becoming a prescribed officer on 5 November 2018.

Group Chairman and non-executive directors' fees

Non-executive directors' fees paid during 2019

	2019						2018
	Group Board R	Group Board committees and sub-committees R	Absa Bank R	Absa Financial Services R	Other R	Total[16] R	Total[16] R
Alex Darko[1]	638 055	1 680 677	120 934	–	–	2 439 666	1 604 906
Colin Beggs[1,2]	700 749	2 014 276	190 260	–	255 064	3 160 349	2 799 265
Dhanasagree (Daisy) Naidoo	630 664	778 986	–	–	–	1 409 650	1 056 733
Daniel (Dan) Hodge[3]	584 342	334 510	–	–	–	918 852	712 675
Francis Okomo-Okello	630 664	131 060	–	–	–	761 724	701 359
Ihron Rensburg[4]	146 467	33 746	–	–	–	180 213	–
Mark Merson[1,5]	661 702	1 490 412	120 934	–	424 047	2 697 095	1 076 162
Mohamed Husain[1]	638 055	1 363 098	190 260	–	–	2 191 413	1 965 483
Monwabisi Fandeso[6]	–	–	–	–	–	–	743 684
Paul O'Flaherty[7]	–	–	–	–	–	–	1 828 213
Rene van Wyk[8]	46 497	131 314	15 406	–	–	193 217	2 575 972
Rose Keanly[9]	205 635	52 666	–	–	–	258 301	–
Sipho Pityana[10]	403 772	261 998	–	–	–	665 770	–
Swithin Munyantwali[11]	181 224	39 370	–	–	–	220 594	–
Tasneem Abdool-Samad[12]	674 166	627 642	–	716 698	–	2 018 506	1 489 018
Trevor Munday[13]	–	–	–	–	–	–	577 262
Wendy Lucas-Bull (Group Chairman)[14]	6 372 932	114 913	–	–	–	6 487 845	6 151 654
Yolanda Cuba[15]	280 780	275 836	–	–	–	556 616	1 041 573
	12 795 704	9 330 504	637 794	716 698	679 111	24 159 811	24 323 959

1 The GACC, GRCMC, RemCo and SEC Chairmen receive fees equal to two and a half times the fee payable to members of these committees. Chairmen of the remaining committees receive fees equal to two times the member fee.

2 Colin Beggs is a Trustee of the Absa Group Pension Fund (reported under Other). Within Absa Financial Services, Colin was a member of the Actuarial and Audit Risk and Compliance Committees until 31 March 2018.

3 Daniel Hodge's fees are paid to Barclays PLC and not to him. An additional amount of R18 106, due to ad hoc meetings, will be paid in 2020.

4 Ihron Rensburg joined the Board on 1 October 2019.

5 Mark Merson is the Chairman of the Absa Securities United Kingdom Limited, a subsidiary of Absa Group Limited (reported under Other)

6 Monwabisi Fandeso resigned from the Board effective 19 November 2018.

7 Paul O'Flaherty resigned from the Board effective 5 November 2018.

8 René van Wyk changed his status from non-executive to executive director effective 1 February 2019.

9 Rose Keanly joined the Board on 1 September 2019.

10 Sipho M Pityana joined the Board on 1 May 2019.

11 Swithin Munyantwali joined the Board on 15 September 2019.

12 Tasneem Abdool-Samad joined the Group Board on 1 February 2018 and GACC on 1 April 2018. Within Absa Financial Services, Tasneem is chairman of the Audit Risk and Compliance Committee and is a member of the Board and the Actuarial Committee.

13 Trevor Munday retired from the Board effective 15 May 2018.

14 The fee applicable to Wendy Lucas-Bull, the Group Chairman, covers chairmanship of the Absa Group, Absa Bank and Absa Financial Services as well as the membership of all Board committees and sub-committees, except for attendance at the Separation Oversight Committee (a special committee established in relation to the Barclays sell-down which will remain in place until completion of the Separation which is anticipated to be June 2020).

15 Yolanda Cuba retired from the Board effective 4 June 2019.

16 The fees indicated above are exclusive of VAT. Where applicable VAT has been levied by the non-executive directors and such fees plus VAT were paid to the non-executive directors concerned (subject to the issue of a valid tax invoice).

Basel Pillar 3 remuneration disclosures [REMA]

The Group's remuneration policy which describes the key features of the reward approach is outlined in this Remuneration Report.

In the following three tables, senior managers are defined as members of the ExCo and other individuals with management responsibility for a material portion of the Group's business. Other material risk takers are identified in accordance with the Group's Material Risk Taker Methodology, which was developed by Group Operational Risk in order to ensure that the methodology used was fit for purpose, given the Separation.

In 2019, a total of 14 individuals were classified as senior managers and 37 individuals as other material risk takers (2018: 15 senior managers and 20 material risk takers). Given the changes to the classification of material risk takers in 2018, the composition of the material risk taker population has changed year-on-year.

Remuneration awarded during the financial year [REM1]

	Aggregate remuneration for senior managers and material risk takers	2019 Senior managers Rm	2019 Other material risk takers Rm
Fixed remuneration	Number of employees	14	37
	Total fixed remuneration	75	179
	Of which: cash based	75	179
	Of which: deferred	–	–
	Of which: shares or other share linked instruments	–	–
	Of which: deferred	–	–
	Of which: other forms	–	–
	Of which: deferred	–	–
Variable remuneration	Number of employees	14	37
	Total variable remuneration	137	270
	Of which: cash based[1]	35	85
	Of which: deferred[2]	–	–
	Of which: shares or other share linked instruments[3]	102	185
	Of which: deferred	102	185
	Of which: other forms	–	–
	Of which: deferred	–	–
Total remuneration		212	449

[1] This includes the cash bonus and cash value plan awarded during 2019.

[2] The deferred portion is released in three equal annual tranches, subject to continued service and malus and clawback provisions (for all material risk takers, including executive directors and prescribed officers).

[3] Includes the share value plan and long-term incentive plan awards during the 2019 financial year. No long-term incentive plan awards were made in 2018.

Basel Pillar 3 remuneration disclosures [REMA] continued

Remuneration awarded during the financial year [REM1] continued

	Aggregate remuneration for senior managers and material risk takers	2018 Senior managers Rm	2018 Other material risk takers Rm
Fixed remuneration	Number of employees	15	20
	Total fixed remuneration	106	80
	Of which: cash based	106	80
	Of which: deferred	–	–
	Of which: shares or other share linked instruments	–	–
	Of which: deferred	–	–
	Of which: other forms	–	–
	Of which: deferred	–	–
Variable remuneration	Number of employees	15	20
	Total variable remuneration	112	78
	Of which: cash based[4]	84	61
	Of which: deferred[5]	28	17
	Of which: shares or other share linked instruments[6]	28	17
	Of which: deferred	28	17
	Of which: other forms	–	–
	Of which: deferred	–	–
Total remuneration	**Total**	218	158

[4] Includes the cash bonus and cash value plan award during 2018.

[5] The deferred portion is released in three equal annual tranches, subject to continued employment and malus and clawback provisions (for material risk takers, including executive directors and prescribed officers).

[6] Includes the share incentive award, share value plan, restricted shares during the 2018 financial year. No long-term incentive plan awards were made in 2018.

Basel Pillar 3 remuneration disclosures [REMA] continued

Special payments [REM2]

	2019					
	Guaranteed bonus		Sign-on awards		Severance payments	
	Number of employees	Total amounts Rm	Number of employees	Total amount Rm	Number of employees	Total amount Rm
Senior management	–	–	–	–	–	–
Other material risk takers	–	–	–	–	–	–

	2018					
	Guaranteed bonus		Sign-on awards		Severance payments	
	Number of employees	Total amounts Rm	Number of employees	Total amount Rm	Number of employees	Total amount Rm
Senior management	–	–	–	–	1	5.6
Other material risk takers	–	–	–	–	–	–

Basel Pillar 3 remuneration disclosures [REMA] continued

Deferred remuneration [REM3]

Deferred and retained remuneration	2019 Total amount of outstanding deferred remuneration as at the end December 2018 Rm	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment Rm	Total amount of amendment during the year due to ex post explicit adjustments[7] Rm	Total amount of amendment during the year due to ex post implicit adjustments[8] Rm	Total amount of deferred remuneration paid out in the financial year Rm
Senior management					
Cash[9]	32	32	0.3	–	9
Shares[10]	271	271	7	–	55
Cash linked instruments	–	–	–	–	–
Other	–	–	–	–	–
Other material risk takers					
Cash[9]	52	52	1.5	–	22
Shares[10]	367	367	13	–	96
Cash linked instruments	–	–	–	–	–
Other	–	–	–	–	–
Total	722	722	21	–	181

7 Ex post explicit adjustments reflect service credits and dividend equivalents determined and paid on vesting for the cash value plan and share value plan respectively.

8 Ex post implicit adjustments were determined using each individual's award dates, award values and vesting dates. No long-term incentive plan awards vested during the 2019 financial year.

9 Includes the cash value plan, which is deferred over three years in equal tranches, subject to continued service, malus and clawback provisions (for all material risk takers, including executive directors and prescribed officers).

10 Includes the share value plan, restricted shares and long-term incentive plan awards.

Basel Pillar 3 remuneration disclosures [REMA] continued

Deferred remuneration [REM3] continued

	2018				
Deferred and retained remuneration	Total amount of outstanding deferred remuneration as at the end December 2018 Rm	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment Rm	Total amount of amendment during the year due to ex post explicit adjustments[11] Rm	Total amount of amendment during the year due to ex post implicit adjustments[12] Rm	Total amount of deferred remuneration paid out in the financial year Rm
Senior management					
Cash[13]	53	53	1	–	18
Shares[14]	479	479	14	–	110
Cash linked instruments	–	–	–	–	–
Other	–	–	–	–	–
Other material risk takers					
Cash[13]	21	21	–	–	10
Shares[14]	220	220	8	–	63
Cash linked instruments	–	–	–	–	–
Other	–	–	–	–	–
Total	773	773	23	–	202

[11] Ex post explicit adjustments reflect service credits and dividend equivalents determined and paid on vesting for the cash value plan and share value plan respectively.

[12] Ex post implicit adjustments were determined using each individual's award dates, award values and vesting dates. No long-term incentive plan awards vested during the 2018 financial year.

[13] Includes the cash value plan, which is deferred over three years in equal tranches, subject to continued employment, malus and clawback provisions (for all material risk takers, including executive directors and prescribed officers).

[14] Shares include share inventive awards, the share value plan, restricted shares and the long-term incentive plan awards.

Basel Pillar 3 remuneration disclosures [REMA] continued

Deferred remuneration [REM3] continued

Ex post implicit adjustments are comprised as follows:

	2019 Senior Rm	2019 Other Rm	2019 Total Rm
Long-term incentive plan[15]	–	–	–
Restricted shares and share value plan[16]	–	–	–
Other share instruments	–	–	–

	2018 Senior Rm	2018 Other Rm	2018 Total Rm
Long-term incentive plan[15]	–	–	–
Restricted shares and share value plan[16]	–	–	–
Other share instruments	–	–	–

[15] No long-term incentive awards vested during and in respect of the 2018 and 2019 financial years, accordingly, no adjustments were applied in those years.

[16] Share value plan awards are not subject to Group performance conditions, however, are subject to a continued employment condition. Restricted shares are only subject to individual performance conditions and continued employment.

Contact information

Absa Group Limited

Incorporated in the Republic of South Africa
Registration number: 1986/003934/06
JSE share code: ABG
ISIN: ZAE000255915

Registered office

7th Floor, Absa Towers West
15 Troye Street, Johannesburg, 2001
PO Box 7735, Johannesburg, 2000
+27 11 350 4000
www.absa.africa

Head: Investor Relations

Alan Hartdegen
+27 11 350 2598

Group Company Secretary

Nadine Drutman
+27 11 350 5347

Head: Financial Control

John Annandale
+27 11 350 3946

Queries

Investor relations	ir@absa.africa
Media	groupmedia@absa.africa
Absa Group shares	web.queries@computershare.co.za groupsec@absa.africa
General queries	absa@absa.africa

Transfer secretary

Computershare Investor Services (Pty) Ltd
+27 11 370 5000
Computershare.com

Sponsors

Lead independent sponsor

J.P. Morgan Equities South Africa (Pty) Ltd
+27 11 507 0300

Joint sponsor

Absa Bank Limited (Corporate and Investment Bank)
+27 11 895 6843
equitysponsor@absacapital.com

Auditors

Ernst & Young Inc.
+27 11 772 3000
Ey.com/za/en/home

www.absa.africa