

# Board committee reviews

The Board has mandated 10 committees, to assist in the execution of the Board’s duties and responsibilities. The terms of reference of each committee are reviewed annually. Each committee comprises of suitably skilled directors to oversee and govern taking into account their respective mandates. Committee chairmen give written and verbal feedback at Board meetings and the Group Chairman reports back on the activities of material subsidiaries including Absa Bank, Absa Financial Services and banking entities from Absa Regional Operations.

The mandates, membership and the tenure of committee members, as well as the key activities of each committee during 2018 follow here. Committee memberships are as at 31 December 2018, with notable changes after this date indicated. The Board and committee attendance table (page 85) provides insight to the membership composition and changes during the course of the year.

Attendance is an important factor in the Board’s ability to discharge its duties and responsibilities and care is taken in preparing the Board calendar

to enable meeting attendance. If a director is unable to attend a meeting (generally the *ad hoc* meetings), an apology is recorded, and if possible, he/she makes written or oral contributions ahead of the meeting. We expect, and receive, significant commitment from our Board members. The Separation Oversight Committee meetings are separately reflected, given that they will cease on completion of the Separation.

**Number of Board meetings**  
**66** (2017: 63)  
 including ad hoc meetings

**Attendance**  
**97%**  
 for scheduled meetings

**96%**  
 including ad hoc meetings

The Executive Committee, and its various committees, report to the Board and Board committees in accordance with their respective mandates to ensure the appropriate flow of information from the mandated executive forums to the relevant oversight forums.

The colour codes indicate the primary lines of reporting of the executive committees to the Board and Board Committees, for example the Group Executive Committee primarily reports to the Board and the following Board committees: Social and Ethics, Board Finance, Group Credit and Separation Oversight.



Board committee review continued

## Directors' Affairs Committee



We assist the Board in considering and evaluating matters that are key to the Group's ability to maintain and/or improve its governance practices and processes, to facilitate the delivery of value to shareholders and benefits to stakeholders, and to ensure compliance with relevant governance regulation.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served

0 – 3 years	2
4 – 6 years	1
7 – 9 years	2

Members as at 31 December 2018	Director status	Attendees
Wendy Lucas-Bull (Chairman)	Independent Chairman	Maria Ramos <sup>2</sup> (Executive director/Chief Executive Officer)
Alex Darko <sup>3</sup>	Independent director	Jason Quinn (Executive director/Financial Director)
Colin Beggs	Independent director	
Mohamed Husain	Lead independent director	
René van Wyk <sup>1</sup>	Independent director	

<sup>1</sup> Appointed Chief Executive Officer effective 1 March 2019, remains on the committee as an attendee.

<sup>2</sup> Retired 28 February 2019.

<sup>3</sup> Joined the committee in November 2018

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Board Composition</b>	Reviewed the Board's composition in terms of size, independence, and diversity in all its forms (i.e. skills, knowledge, experience, gender and race); considered both non-executive and executive succession, in particular the matter of CEO succession.  Mapped existing and required skills to ensure the Board maintains capacity to review and approve Group strategy and monitor its implementation, ensure sufficient diversity of perspective, effective debate and challenge of management.	Continue reviewing Board and committee composition with a view to expanding the Board in 2019.  Continue to review the governance structures and composition of subsidiary boards.	<b>Customers</b> <b>Employees</b> <b>Regulators</b> <b>Investors</b> <b>Society</b>
<b>Governance policies</b>	Reviewed the Board Charter (Absa Group and Absa Bank) and committee terms of reference with regard to the Group's status as a standalone entity, compliance with new regulations, general enhancement of committee oversight and developments in governance. The Board approved the resultant amendments.	Continue to engage with the subsidiary boards on the implementation of the updated Group governance framework.  Oversee the appointment of the Group's new CEO.	<b>Strategy priority/enabler focus</b> <b>Thriving organisation</b> <b>Role in society</b>
<b>Subsidiary boards</b>	Engaged with the Group's major subsidiaries (through their boards), on various aspects of governance, including board composition and governance structures. Reviewed and assessed the appropriateness of these governance structures and improved on a consistent language around governance standards and practice. Oversaw the development of the Group governance framework (building on the existing memorandum of understanding with the subsidiary boards) for implementation in 2019, as part of our King IV application and general governance progress.	Monitor reputational issues.	<b>Principal risk focus</b> <b>Conduct</b> <b>Reputation</b> <b>Legal</b>
<b>Board effectiveness review</b>	Reviewed the proposed methodology and process for the 2018 Board and committee effectiveness reviews and engaged with the outcomes which were satisfactory for both Board and the committees.		
<b>Reputation risk</b>	Actively engaged on matters of reputational risk for the Group, including the regular monitoring of the Group's interactions with all our regulators on the continent.		

2018 King IV review

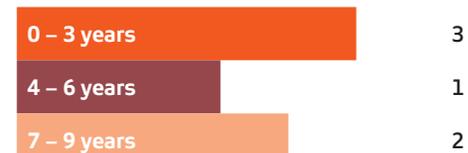
## Group Audit and Compliance Committee



We are accountable for the quality of the annual financial statements and reports, and oversee the quality and integrity of the Group's integrated reporting. It is the primary forum for receipt of assurance reports and engagement with internal and external audit, and for monitoring the Group's financial, control and compliance environment.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served



Members as at 31 December 2018	Director status	Mandatory attendees	Invitee
Colin Beggs (Chairman)	Independent director	Maria Ramos <sup>2</sup> (Executive director/Chief Executive Officer)	Wendy Lucas-Bull – Independent Chairman
Alex Darko	Independent director	Jason Quinn (Executive director/Financial Director)	
Daisy Naidoo	Independent director	Chief Risk Officer	
Mohamed Husain	Lead independent director	Chief Internal Auditor	
René van Wyk <sup>1</sup>	Independent director	Head of Compliance	
Tasneem Abdool-Samad	Independent director	External auditors	

<sup>1</sup> Appointed Chief Executive Officer effective 1 March 2019, remains on the committee as a mandatory attendee.

<sup>2</sup> Retired 28 February 2019.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Impairments and IFRS 9</b>	Oversaw and challenged the implementation of International Financial Reporting Standards 9 (IFRS 9) (effective from 1 January 2018) and reviewed the Group's impairments and macroeconomic provisions.	Monitor the implementation of new IFRS and the impact of future standards.	<b>Customers</b> <b>Investors</b> <b>Employees</b> <b>Society</b> <b>Regulators</b>
<b>Audit quality</b>	Paid particular attention to the planning, processes and outcomes of the Group audit, including the adequacy of specialist resources of EY, their level of audit challenge and communication thereby ensuring the quality of audit.	Oversee the selection and appointment of a second audit firm for the Group, while monitoring the performance of the current sole auditor.	<b>Strategy priority/enabler focus</b>
<b>The control environment in terms of change and the Separation</b>	Reviewed the status of the Group's control environment, in light of the level of change in the organisation, the Separation, as well as the Group's new growth strategy, including approving internal audit and compliance plans to ensure appropriate assurance coverage (using a risk-based approach) of all material areas of the Group.	Monitor the control environment in light of the Group strategy, the Separation, and the challenging operating environment.	<b>Thriving organisation</b> <b>Growth opportunities</b>
<b>Fraud</b>	Given the risks of online fraud and cybercrime, we paid particular attention to the Group's external and internal position on, and defences against fraud and cybercrime, with input from the chief security office and financial crime division, which work to strengthen the Group's prevention and response capabilities.	Closely monitor the cybercrime environment and the Group's prevention and defence capabilities.	<b>Principal risk focus</b> <b>Treasury</b> <b>Operational</b> <b>Conduct</b> <b>Legal</b>

 2018 Consolidated and separate annual financial statements for the full report from the GACC.

## Group Risk and Capital Management Committee



The Committee's prime function is to assist the Board in overseeing the risk, capital and liquidity management of the Group by reviewing and monitoring the Group's risk profile against its set risk appetite and capital and liquidity positions, having regard to applicable regulations. It does this by robustly challenging management in a collaborative manner and making recommendations where appropriate.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served

0 – 3 years	3
4 – 6 years	2
7 – 9 years	2

Members as at 31 December 2018	Director status	Attendees
René van Wyk (Chairman) <sup>1</sup>	Independent director	Chief Internal Auditor
Colin Beggs	Independent director	Head of Compliance
Daniel Hodge	Non-executive director	Group Treasurer
Jason Quinn	Executive director/Financial Director	External auditors
Maria Ramos <sup>2</sup>	Executive director/Chief Executive Officer	
Mark Merson <sup>3</sup>	Independent director	
Wendy Lucas-Bull	Independent Chairman	

<sup>1</sup> Appointed Chief Executive Officer effective 1 March 2019, remains on the committee as a member.

<sup>2</sup> Retired 28 February 2019.

<sup>3</sup> Appointed Chairman of the committee effective 1 February 2019.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Group ERMF and the nine principal risk types</b>	Reviewed, through monitoring and assurance activities, the effectiveness of the Enterprise Risk Management Framework (ERMF). Discussed and monitored the risk themes and principal Group risks of credit risk, market risk, operational risk, model risk, reputation risk, conduct risk, legal risk, and insurance risk and management's actions relating thereto.	Continue to monitor (a) the Group's nine principal risks, taking into account the Group's strategy, changing economic and operational conditions and the execution of the Separation; and (b) the current and projected levels of capital, funding and liquidity of all the regulated entities.	<b>Customers</b> <b>Employees</b> <b>Regulators</b> <b>Investors</b> <b>Strategy priority/enabler focus</b> <b>Thriving organisation</b> <b>Leadership in core businesses</b> <b>Growth opportunities</b> <b>Principal risk focus</b> <b>Credit</b> <b>Model</b> <b>Market</b> <b>Reputation</b> <b>Treasury</b> <b>Conduct</b> <b>Insurance</b> <b>Legal</b> <b>Operational</b>
<b>Risk appetite</b>	Reviewed and recommended the Group's risk strategy and risk appetite to the Board for approval. Regularly discussed and monitored the group's risk profile (in terms of risk themes and principal risk types) against the Group's risk appetite.		
<b>Capital levels</b>	Checked and challenged the statutory and regulatory capital compositions and levels within the Group to ensure optimisation taking into account regulatory requirements, stress scenarios, Basel III amendments and dividends.		
<b>Funding and liquidity</b>	Monitored and discussed the funding of the balance sheet in terms of senior debt/note funding, wholesale funding and core deposit funding. Monitored and discussed the changing legislation in respect of it leading to a reduction and ultimate termination of the committed liquidity facility from the South African Reserve Bank (SARB) from 2019, and reviewed the high quality liquid asset portfolio.		
<b>General</b>	Received updates on business resilience; material front-to-back processes; status of compliance with the Basel Committee on Banking Supervision (BCBS) 239 standard; risk and capital management disclosures; Pillar 3 Risk management reports; the annual renewal of the committed liquidity facility from the SARB; and management's annual internal capital adequacy assessment process report submitted to the SARB.		

## Remuneration Committee



The Committee sets, and oversees the implementation of the principles of the Group's Remuneration Policy with a view to deliver fair and responsible pay to align with market practice and to meet regulatory and corporate governance requirements. It approves the total remuneration spend and the particulars of a defined population. It also considers and approves the Group's remuneration disclosures and to ensure they are accurate, complete and transparent.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served

0 – 3 years	1
4 – 6 years	3
7 – 9 years	0

Members as at 31 December 2018	Director status	Attendees
Alex Darko (Chairman) <sup>1</sup>	Independent director	Maria Ramos <sup>2</sup> (Executive director/Chief Executive Officer)
Mohamed Husain	Lead independent director	Jason Quinn (Executive director/Financial Director)
Wendy Lucas-Bull	Independent Chairman	Head of Reward
Yolanda Cuba	Independent director	Chief Executive: Strategic Services (including HR/People)

<sup>1</sup> Appointed as Chairman effective November 2018. All DAC members were included in meetings from September 2018 to ensure additional independence of mind and challenge on the key decisions of the Remuneration Committee during the Chairman transition.

<sup>2</sup> Retired 28 February 2019. René van Wyk, the Chief Executive Officer effective 1 March 2019, joined as an attendee.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Reward policy and strategy to include the removal of role based pay, revised approach to short-term and long-term incentive plans including the metrics and targets</b>	<ul style="list-style-type: none"> <li>Removed role-based pay. Adjusted market data for our performance and applied this to each individual affected to ensure an appropriate (and more market related) balance of cost-to-company, short- and long-term incentives.</li> <li>Considered reports from market salary data sources providing salary benchmarks in relation to the market median for all levels of employees, with recommendations to address any anomalies and reports from external advisers on the comparability of bonus pools.</li> <li>Amended the incentive funding approach and methodology to include:               <ul style="list-style-type: none"> <li>Alignment of the long-term incentive metrics with market expectations for on-target performance.</li> <li>Schemes for the retention of key resources for the Separation projects and Wealth and Investment Management.</li> <li>Selected the four metrics (three financial and one non-financial) which underpins our short-term incentive awards and with the Group Audit and Compliance Committee determined the quality of earnings, and with the Social and Ethics Committee determining the level of achievement (only partly) of the customer health metric.</li> </ul> </li> <li>Approved a new share incentive plan for approval by shareholders at the annual general meeting.</li> </ul>	<p>To further revise our Remuneration Policy covering:</p> <ul style="list-style-type: none"> <li>All elements of remuneration for all employees; and</li> <li>Principles of fair and responsible pay.</li> </ul> <p>To intensify engagement with our shareholders and other stakeholders to ensure feedback and to communicate changes in policy and approach.</p> <p>Continue to develop the appropriate short-term incentive pool, together with financial and non-financial performance conditions linked to the short- and long-term incentive plans so as to align to the interests of our shareholders while remaining market competitive.</p>	<p><b>Employees</b></p> <p><b>Regulators</b></p> <p><b>Investors</b></p> <p><b>Society</b></p>
<b>Remuneration reporting</b>	<ul style="list-style-type: none"> <li>Responded to investor feedback on our pay mix and our 2017 remuneration report.</li> <li>Oversaw the development and approval of the Summary Remuneration Report and the 2018 Remuneration Report taking into account: best practice; changes in our regulatory environment and the resulting removal of role based pay; our new Reward philosophy and policy, which emphasises pay for performance. The revised mix of salary, short-term and long-term incentives; salary adjustments; the methodology to determine incentive spend; disclosure on the long-term incentive award metrics and targets; and the final pay decisions for executive directors and prescribed officers.</li> </ul>		<p><b>Strategy priority/ enabler focus</b></p> <p><b>Thriving organisation</b></p> <p><b>Growth opportunities</b></p>
			<p><b>Principal risk focus</b></p> <p><b>Reputation</b></p> <p><b>Conduct</b></p> <p><b>Operational</b></p> <p><b>Legal</b></p>

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2018 Remuneration Report

## Social and Ethics Committee



As a Committee, we are responsible for monitoring key organisational health indicators and the Group's activities relating to its role in society and the impact on the Group's employees, customers, and environment.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served



Members as at 31 December 2018	Director status	Attendees
Mohamed Husain (Chairman)	Lead independent director	Deputy CEO (Chief Executive: Absa Regional Operations)
Francis Okomo-Okello	Independent director	Head of Compliance
Maria Ramos <sup>1</sup>	Executive director/Chief Executive Officer	Chief Executive: Marketing and Corporate Relations
Wendy Lucas-Bull	Independent Chairman	General Counsel
		Chief Executive – Strategic Services <sup>2</sup>

<sup>1</sup> Retired 28 February 2019. René van Wyk joined as a member following his appointment as the Chief Executive Officer effective 1 March 2019.

<sup>2</sup> Including human resources.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>People and culture</b>	Considered the people strategy, incorporating our people promise; the new operating model for the human resources function; and the approach to enhance employee experience. Discussed the culture transformation strategy, incorporating our new target culture and the role of culture as a key enabler in delivering our Group strategy. Recommended to the Board a new set of Values that reinforce the target culture.	Continue to attend to all the matters within its mandate, specifically the Group's role in society, the people strategy (including culture) and monitoring customer health, with the view to its improvement.	<b>Customers</b> <b>Employees</b> <b>Regulators</b> <b>Investors</b> <b>Society</b>
<b>Role in society</b>	Agreed on the establishment, purpose and strategic approach of the Absa Africa Foundation. Continued to track and monitor our progress under the South African Financial Sector Code. Adopted the UN Global Compact and measured our performance against such compact, in particular in regard to anti-corruption measures. The Committee complied with its statutory obligations.		
<b>Stakeholder engagement</b>	Received updates on stakeholder engagements, and approved a revised stakeholder engagement policy to assist with instilling sound corporate governance principles, improving the understanding of the interests and expectations of key stakeholders and generating shared value for our stakeholders. Considered customer health updates, including complaint trends and customer satisfaction metrics.		
<b>Conduct and reputation</b>	Considered the detailed planning relating to the change of the name of the Group entity and impact of the name and brand change from a reputation point of view. Received regular updates on conduct and reputation risks, including behavioural metrics, whistleblowing statistics and trends, forensic investigations, conduct risk indices, conduct risk reviews, emerging risks, regulatory engagements, and specific conduct and reputational incidents and the responses thereto; and approved the revised Conduct and Reputation Risk frameworks.		
			<b>Strategy priority/enabler focus</b> <b>Thriving organisation</b> <b>Role in society</b>
			<b>Principal risk focus</b> <b>Conduct</b> <b>Reputation</b> <b>Legal</b>

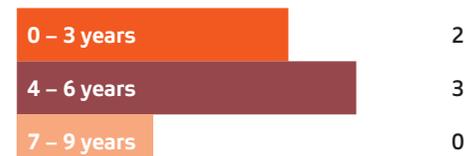
## Information Technology Committee



The committee assists the Board with effective oversight and governance of technology and information for the Group, with a particular focus on resilience, architecture, innovation and competitiveness.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served



Members as at 31 December 2018	Director status	Attendees
Alex Darko (Chairman)	Independent director	Chief Information Officer
Jason Quinn	Executive director/Financial Director	Chief Risk Officer: Engineering Services
Maria Ramos <sup>1</sup>	Executive director/Chief Executive Officer	Chief Security Officer
Paul O'Flaherty	Chief Executive: Engineering Services	Chief Data Officer
Wendy Lucas-Bull	Independent Chairman	

<sup>1</sup> Retired 28 February 2019. René van Wyk joined as a member following his appointment as the Chief Executive Officer effective 1 March 2019.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Separation and strategic investments</b>	Considered (i) change volumes and progress of projects as part of the Separation and the related prioritisation programme; (ii) the resilience and stability of existing platforms and systems and the impact of Separation execution; (iii) the intra-group implications of technology Separation including the regulatory requirements in various jurisdictions; and (iv) strategic technology investments spend, the related benefits and management efforts to reduce the overall cost-to-income ratio of the information technology function and of the Group overall.	The infrastructure, system availability and stability, technology risk posture, converged security, people risk within engineering services; data centre migration, cloud migration, digital transformation and innovation, and technology Separation.	<b>Customers</b> <b>Employees</b> <b>Regulators</b>
<b>People risk</b>	Considered (i) the status of the resources and skill sets in technology and cyber security across the Group; and (ii) the required culture change within technology, focusing on leadership, developing a talent pipeline (next-generation skills), transformation, scaled learning and the well-being of employees.		<b>Strategy priority/enabler focus</b> <b>Thriving organisation</b> <b>Leadership in core businesses</b> <b>New propositions</b> <b>Scalable, digitally-led</b> <b>Growth opportunities</b>
<b>Security and digital strategies</b>	Monitored progress on the implementation of the Group's security strategy including cyber (to contain the impact of cybercrime on systems and our customers' accounts); and more broadly to strengthen information risk management and security controls across IT infrastructure. Reviewed the digital strategy and received reports on the related technology innovations.		<b>Principal risk focus</b> <b>Operational</b> <b>Conduct</b> <b>Reputation</b>
<b>Data</b>	Discussed and reviewed (i) the critical role and operating model of the chief data office team in the delivery of the Group's data ambitions and the opportunities to realise value from data and related services; (ii) the data platform running on an open source technology with the aim of speed of execution; and (iii) the data strategy involving core capabilities and cultural imperatives to achieve three overarching data outcomes for the Group – trust (building a single source of the truth); value (insights driven competitiveness and profitability); and culture (data-led organisation).		

## Board Finance Committee



As a Committee we, (i) assist the Board in reviewing and approving certain levels of investments and types of transactions within our mandate; (ii) consider and recommend to the Board the short- and medium-term financial plan underpinning the Group strategy; and (iii) are mandated by the Group and Absa Bank Boards to consider and finalise the profit commentary as it relates to interim and year-end financial results and to approve the publication of the dividend declarations within the parameters determined by the boards.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served



Members as at 31 December 2018	Director status	Attendees
Mark Merson (Chairman) <sup>1</sup>	Independent director	Maria Ramos <sup>3</sup> Executive director/Chief Executive Officer
Colin Beggs	Independent director	Jason Quinn Executive director/Financial Director
Yolanda Cuba	Independent director	
Wendy Lucas-Bull	Independent Chairman	
René van Wyk <sup>2</sup>	Independent director	

- <sup>1</sup> Became Chairman in July, taking over from Yolanda Cuba.  
<sup>2</sup> Appointed Chief Executive Officer effective 1 March 2019, remains on the committee as a mandatory attendee.  
<sup>3</sup> Retired 28 February 2019.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Investments/ transactions</b>	<p>Considered and recommended to the Board (i) entering into arrangements with third parties in the United Kingdom and United States to support the Group's endeavours while also procured our own securities licences in those countries; the establishment of an Absa Bank representative office in New York (US), as part of the international strategy; (ii) extending the current master structured notes programme to allow for equity index related notes to be listed on the Main Board of the JSE; (iii) extension of a material facilities outsource contract; (iv) appointment of a single credit and debit card provider and payments platform; (v) sale of the Absa Towers Main building in Johannesburg to be redeveloped in terms of a mixed commercial and residential urban renewal programme; and (vii) (with the GRCMC), taking up of a committed liquidity facility from the South African Reserve Bank pursuant to the Basel III liquidity requirements.</p> <p>Reviewed and discussed progress on another Black Economic Empowerment transaction in respect of the 1,5% Absa Group shares contributed by Barclays as part of the Separation .</p>	<p>Challenge management on the setting of budgets relative to the Group's strategy.</p> <p>Approve investments, disposals and substantial funding proposals.</p>	<p><b>Regulators</b></p> <p><b>Investors</b></p>
<b>Short- and medium-term financial plans</b>	<p>Checked and challenged (and reviewing stress testing) the 2019 budget and medium-term plan to 2021 in terms of the new Group strategy, with a focus on revenue growth, managed cost growth, sustainable deposit growth, and returns.</p>		<p><b>Strategy priority/ enabler focus</b></p> <p><b>Leadership in core businesses</b></p> <p><b>New propositions</b></p> <p><b>Growth opportunities</b></p>
<b>Profit commentary</b>	<p>Considered the profit commentary included in the SENS announcements to the market for the interim and year-end financial results to ensure that the Group's performance is presented in a succinct and transparent manner.</p>		<p><b>Principal risk focus</b></p> <p><b>Treasury</b></p> <p><b>Market</b></p> <p><b>Operational</b></p> <p><b>Reputation</b></p> <p><b>Conduct</b></p> <p><b>Legal</b></p>

## Group Credit Risk Committee



Our mandate is to consider and approve all large exposures, key country risk limits, relevant sector exposures concentrations, and the credit risk health of Retail and Business Banking, Corporate and Investment Bank and the Absa Regional Operations while taking into account the risk appetite of the Group as approved by the Board.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulation.

### Current members period served

0 – 3 years	3
4 – 6 years	2
7 – 9 years	1

Members as at 31 December 2018	Director/management status	Other executive quorum members
René van Wyk (Chairman) <sup>1</sup>	Independent director	Chief Credit Officer
Yolanda Cuba	Independent director	Chief Risk Officer
Wendy Lucas-Bull	Independent Chairman	
Daisy Naidoo	Independent director	
Jason Quinn	Executive director/Financial Director	
Maria Ramos <sup>2</sup>	Executive director/Chief Executive Officer	

<sup>1</sup> Appointed Chief Executive Officer effective 1 March 2019, remains on the committee as a member. Mark Merson was appointed Chairman effective 1 February 2019.

<sup>2</sup> Retired 28 February 2019.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Large exposures</b>	<p>Considered and approved single name, country and sovereign facilities within its mandate.</p> <p>Continuously and proactively monitored the Group's exposures to ensure credit limits remain within the Group's credit risk appetite for various customers, sectors and industries; and in this regard (i) conducted deep dives into a number of portfolios, including commercial property, agriculture and mortgages, (ii) monitored the credit risk of distressed customers through regular updates; (iii) evaluated the Group's exposure to state-owned companies in South Africa with focus on the specific financial challenges faced by those entities; and (iv) received reports on the macro-economic environment of the Group's operational jurisdictions with a focus on Ghana, Kenya and Mauritius.</p>	<p>Deep dives into specific sector/industries and portfolios.</p> <p>Evaluating the performance of the portfolios against stipulated credit and risk metrics.</p> <p>Monitor that approved credit risk appetite is maintained in all jurisdictions.</p>	<p><b>Customers</b></p> <p><b>Employees</b></p> <p><b>Regulators</b></p> <p><b>Investors</b></p> <p><b>Society</b></p>
<b>Sector and segment specific reviews</b>	<p>Reviewed and approved revised mandates and scale to support growth strategies in the agriculture, home loans and commercial property finance portfolios.</p>	<p>Consider risk in conjunction with returns for relevant portfolios.</p> <p>Consider and approve large credit applications in line with the Committee's mandate and report these to the Board.</p>	<p><b>Strategy priority/enabler focus</b></p> <p><b>Thriving organisation</b></p> <p><b>Leadership in core businesses</b></p> <p><b>New propositions</b></p> <p><b>Growth opportunities</b></p>
<b>Risk metrics</b>	<p>Supported revised credit risk measurement metrics and monitored their application. Evaluated the effectiveness of the Enterprise Risk Management Framework in credit risk management and governance in our Absa Regional Operations. Reviewed the actual and potential impact of emerging risks emanating from new and proposed regulations.</p>		<p><b>Principal risk focus</b></p> <p><b>Conduct</b>      <b>Credit</b></p> <p><b>Reputation</b>      <b>Market</b></p> <p><b>Legal</b>      <b>Treasury</b></p>

## Models Committee



The Models Committee is the designated committee tasked with the review of Absa Group's material models and as required by the Prudential Authority.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference as well as relevant legislation and regulations.

### Current members period served

0 – 3 years	4
7 – 9 years	1

Members as at 31 December 2018	Director/management status	Attendees
Jason Quinn (Chairman)	Executive director/Financial director	Head: Model Risk and Centre of Excellence
Maria Ramos <sup>1</sup>	Executive director/Chief Executive Officer	Head: Independent Validation Unit
Arrie Rautenbach	Chief Executive RBB SA	
August van Heerden	Chief Risk Officer	
Charles Russon	Chief Executive CIB	

<sup>1</sup> Retired 28 February 2019. René van Wyk joined as a member following his appointment as the Chief Executive Officer effective 1 March 2019.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus	
<b>Regulatory model development and model remediation</b>	<p>Reviewed the status of models relative to the compliance and governance requirement, with no high materiality models out of governance.</p> <p>Engaged with the Prudential Authority in relation to feedback as regards two high materiality models, (i) the large corporate unsecured loss given default and, (ii) non-bank financial institutions loss given default models.</p> <p>Considered and approved the continued use of the IFRS 9 model suite following development in 2017 and implementation in January 2018.</p>	Continue to monitor its compliance with regulatory standards set by the Prudential Authority and other regulators in 2019.	<p><b>Customers</b></p> <p><b>Regulators</b></p> <p><b>Investors</b></p>	
<b>Model risk management and model risk appetite</b>	<p>Approved (i) the model risk management framework, and (ii) changes to the framework to align with the Group risk appetite framework.</p> <p>Approved the new model risk appetite statement, which is the articulation of the aggregate level of model risk that the Group is willing to accept, or to avoid, in order to achieve its business objectives.</p> <p>Reviewed model risk quantitative metrics and qualitative statements as expressions of risk appetite.</p>		<p><b>Strategy priority/enabler focus</b></p> <p><b>New propositions</b></p> <p><b>Growth opportunities</b></p> <p><b>Leadership in core models</b></p>	
<b>New single risk rating for models</b>	Reviewed changes in the model risk rating scale as a result of the new group model risk policy and model validation standard in order to better align the validation outcome to the definition of model risk i.e. considered the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.			<p><b>Principal risk focus</b></p> <p><b>Credit</b></p> <p><b>Market</b></p> <p><b>Treasury</b></p> <p><b>Operational</b></p> <p><b>Models</b></p>
<b>Data remediation and proposed model redevelopment</b>	Discussed, debated and reviewed management's remediation of findings raised by the independent validation unit, particularly in relation to model risk factors such as data quality; model use and performance; and model implementation.			

## Separation Oversight Committee



The Committee oversees the progress of the Separation programme and all related risks with a focus on operations, technology, cost management, human resources and reputation.

We are satisfied that we have fulfilled our responsibilities in accordance with the terms of reference.

### Current members period served

1 – 2 years

9

Members as at 31 December 2018	Director/management status	Attendees
Wendy Lucas-Bull (Chairman)	Independent Chairman	Separation project director
Alex Darko	Independent director	
Colin Beggs	Independent director	
Jason Quinn	Executive director/Financial Director	
Maria Ramos <sup>1</sup>	Executive director/Chief Executive Officer	
Mohamed Husain	Lead independent director	
Paul O'Flaherty <sup>2</sup>	Chief Executive: Engineering Services	
Peter Matlare	Executive director/Deputy CEO	
René van Wyk <sup>3</sup>	Independent director	

<sup>1</sup> Retired 28 February 2019.

<sup>2</sup> Formerly an independent director. Resigned from the Board in November 2018 to take up an executive role. He remained a member of the committee as the executive responsible for the Separation.

<sup>3</sup> Appointed Chief Executive effective 1 March 2019 and remains a member of the committee.

Key topic	Committee discussions, decisions and actions	Forward focus	Stakeholder focus
<b>Separation programme execution</b>	<p>Received progress reports in respect of matters of operational and technology change, in accordance with timelines and milestones. This included:</p> <ul style="list-style-type: none"> <li>Oversight of the critical path to Separation (appropriate sequencing, capabilities, capacity and migration management).</li> <li>Monitoring the status of service management by Barclays under the three-year transitional service agreement, comprising 135 material service schedules.</li> <li>Oversight and monitoring of the brand change project.</li> <li>Oversight of regulatory engagements with the South African Reserve Bank and the Prudential Authority, and with the regulators of the Absa Regional Operations' banks (who are also updated through the College of Regulators facilitated by the South African Reserve Bank).</li> <li>Monitoring of the overall financial impact and implications of the Separation, including spend in 2018 and the projected spend for 2019 and beyond.</li> <li>Oversight of risks pertaining to the Separation i.e. operational, technological, people, and brand.</li> </ul>	<p>Monitoring of the progress, in particular of technology change projects and the initiatives leading up to the change of brand to Absa in our markets outside of South Africa.</p> <p>Monitoring combined assurance reports and engaging with assurance providers on findings and recommendations. These reports and interactions cover all initiatives which form part of the Separation programme.</p>	<p><b>Customers</b></p> <p><b>Employees</b></p> <p><b>Regulators</b></p> <p><b>Investors</b></p>
<b>Combined assurance</b>	Reviewed Separation assurance reports and recommendations from the combined assurance providers of the Group namely PwC (independent quality assurance), EY (external audit) and Internal Audit.		<p><b>Strategy priority/enabler focus</b></p> <p><b>Scalable, digitally-led</b></p> <p><b>New propositions</b></p> <p><b>Thriving organisation</b></p>
<b>General</b>	Continued to oversee regulatory engagements that resulted in achieving regulatory deconsolidation from Barclays in June 2018.		<p><b>Principal risk focus</b></p> <p><b>Operational Conduct Reputation</b></p> <p><b>Legal Financial Regulatory</b></p>

## 2018 Board and committee attendance

Name	Board	BFC	GCRC	DAC	GACC	GRCMC	ITC	MC	RemCo	SEC	Totals	Totals (Scheduled)	% Totals (All meetings)	SC	
<b>Number of meetings</b>	<b>13</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>53</b>		<b>66</b>	<b>3</b>	
Alex Darko <sup>1</sup>	12/12			1/1	7/7		3/3		5/5		28/28	100%	36/37	3/3	
Colin Beggs <sup>2</sup>	13/13	6/6		4/4	7/7	5/5			1/1		36/36	100%	44/44	3/3	
Daisy Naidoo	12/12		4/4		7/7						23/23	100%	27/27		
Dan Hodge <sup>3</sup>	10/10					3/4					13/14	93%	14/18		
David Hodnett <sup>4</sup>	3/3		2/2				1/1			1/1	7/7	100%	7/7		
Francis Okomo-Okello	9/12 <sup>5</sup>									3/3	12/15	80%	16/19		
Jason Quinn	13/13	6/6	4/4	4/4	7/7	5/5	3/3	3/3	5/5		50/50	100%	58/58	3/3	
Maria Ramos	13/13	6/6	2/4	4/4	7/7	5/5	3/3	2/3	5/5	3/3	50/53	94%	61/64	3/3	
Mark Merson	11/12	6/6				5/5					22/23	96%	27/28		
Mohamed Husain	13/13			4/4	7/7				5/5	3/3	32/32	100%	44/44	3/3	
Monwabisi Fandeso <sup>4</sup>	10/10						2/2			2/2	14/14	100%	16/16		
Paul O'Flaherty <sup>4</sup>	10/10	3/3		2/2	5/6	4/4			4/4		28/29	97%	36/37	2/2	
Peter Matlare							2/3			2/2	16/17	94%	19/20	3/3	
René van Wyk <sup>2</sup>	13/13		4/4	4/4	7/7	5/5			1/1		34/34	100%	42/42	3/3	
Tasneem Abdool-Samad <sup>6</sup>	11/12				4/5						15/17	88%	19/21		
Trevor Munday <sup>7</sup>	3/3	2/2		1/1		2/2					8/8	100%	11/12		
Wendy Lucas-Bull	13/13	6/6	4/4	4/4	7/7	5/5	3/3		5/5	3/3	50/50	100%	63/63	3/3	
Yolanda Cuba	12/12	4/6	4/4						4/5		24/27	89%	31/35		
<b>Totals</b>	<b>Number (%)</b>	<b>193/198 97%</b>	<b>39/41 95%</b>	<b>24/26 92%</b>	<b>28/28 100%</b>	<b>65/67 97%</b>	<b>39/40 98%</b>	<b>17/18 94%</b>	<b>5/6 83%</b>	<b>35/36 97%</b>	<b>17/17 100%</b>	<b>462/477 97%</b>		<b>571/592 96%</b>	<b>26/26 100%</b>

<sup>1</sup> Appointed to DAC in November 2018.

<sup>2</sup> Attended RemCo from October 2018.

<sup>3</sup> Recused from three meetings due to conflict of interest issues.

<sup>4</sup> Resigned; David Hodnett – 15 May; Paul O'Flaherty – 5 November; Monwabisi Fandeso – 19 November.

<sup>5</sup> Attendance impacted by a family bereavement.

<sup>6</sup> Joined the Absa Group Board effective 1 February and appointed to the GACC effective 1 April.

<sup>7</sup> Retired 15 May 2018.

\* An additional meeting was held with the SARB in February 2018, which certain Board members attended.

\*\* In addition there are disclosure and technical disclosure sub-committees supporting the Group Audit and Compliance Committee which met three times and once respectively during 2018.

### Board Committees

<b>DAC</b>	Directors' Affairs Committee
<b>GACC</b>	Group Audit and Compliance Committee
<b>GRCMC</b>	Group Risk and Capital Management Committee
<b>RemCo</b>	Group Remuneration Committee
<b>SEC</b>	Social and Ethics Committee
<b>ITC</b>	Information Technology Committee
<b>BFC</b>	Board Finance Committee
<b>GCRC</b>	Group Credit Risk Committee
<b>MC</b>	Models Committee
<b>SC</b>	Separation Oversight Committee