Standard Bank Group

GOVERNANCE AND REMUNERATION REPORT 2017

Standard Bank Moving Forward™

Also trading as Stanbic Bank

Standard Bank Group

GOVERNANCE AND REMUNERATION REPORT 2017

All our reports and latest financial results presentations, booklets and SENS announcements, are available online at **www.standardbank.com/reporting**. Financial and other definitions, and acronyms and abbreviations used in our reports can also be found here. Scan the QR code to be taken directly to the website.

ADDITIONAL INFORMATION ONLINE

Directorate of key subsidiaries
Credit ratings
International representation
Shareholder analysis
Share statistics
Instrument codes

CONTENTS

We welcome the views of our stakeholders on our reports. Please email your feedback to **InvestorRelations@standardbank.co.za**. You can also use this address to request printed copies of our reports.

OUR REPORTING SUITE

We produce a full suite of reports to cater for the diverse needs of our stakeholders.

References

These icons refer readers to information elsewhere in this report or in our other reports, which are available online.

Annual integrated report

Provides a holistic assessment of the group's ability to create value. It considers the issues that are material to our commercial viability and social relevance, which are required to achieve our strategy in the medium to long term. These include the macroeconomic and socio-political conditions in which we operate. Where applicable, information in this report has been extracted from other publications in our reporting suite.

Frameworks* applied

- JSE Listings Requirements
- King Code
- <IR> Framework of the International Integrated Reporting Council

Assurance

Certain information in this report has been extracted from the group's audited annual financial statements.

AIR

Intended readers: primarily **our providers of financial capital**, *being our shareholders, depositors and bondholders, but information relevant to our other stakeholders is also included.*

Report to society

An account of the group's social, economic and environmental impacts and how these contribute to the group's sustainability and its ability to achieve its purpose.

Our supplementary environmental, social and governance report, and our transformation report to society are available online.

Intended readers: the group's **broad base of stakeholders**, *particularly clients, employees, business partners, regulators, government and civil society organisations.*

Frameworks* applied

- King Code
- FTSE/JSE Responsible Investment Index Series and Dow Jones/ RobecoSAM
- Sustainalytics
- Carbon Disclosure Project
- United Nations Sustainable Development Goals
- Equator Principles
- Global Reporting Initiative (as a guide)

Assurance

KPMG Inc. has provided assurance over selected information in the report to society.

RTS

I Denotes text in the remuneration report that forms part of the group's remuneration implementation report.

R Denotes text in the remuneration report that forms part of the group's remuneration policy.

***Definitions:**

Banks Act – South African Banks Act 94 of 1990
Companies Act – South African Companies Act 71 of 2008
FTSE – Financial Times Stock Exchange
IFRS – International Financial Reporting Standards
JSE – Johannesburg Stock Exchange
King Code – King Report on Corporate Governance, also known as King IV
The group – Standard Bank Group

The invitation to the annual general meeting and the notice of the resolutions to be tabled at the meeting will be sent separately to shareholders and is also available on our website at: **www.standardbank.com**

Intended readers of the reports below: shareholders, debt providers and regulators.

This report

Governance and remuneration report

A detailed review of the group's governance and remuneration practices, including the group's remuneration policy and remuneration implementation report.

Frameworks* applied
- Companies Act
- Banks Act
- JSE Listings Requirements
- King Code
- Basel III

Assurance
Certain information in the governance and remuneration report has been extracted from the group's audited annual financial statements.

GOV REM pg

Annual financial statements

Sets out the group's full audited annual financial statements, including the report of the group audit committee.

Frameworks* applied
- IFRS
- Companies Act
- Banks Act
- JSE Listings Requirements
- King Code

Assurance
Unmodified audit opinion expressed by KPMG Inc. and PricewaterhouseCoopers Inc.

AFS

Risk and capital management report

A detailed view of the management of risks relating to the group's operations.

Frameworks* applied
- Various regulations, including Basel III
- Banks Act
- IFRS
- JSE Listings Requirements
- King Code

RCM

To assist in the reduction of the group's carbon footprint we urge our stakeholders to make use of our reporting site to view our reporting suite at **www.standardbank.com/reporting** or scan the following code to be taken there directly.

CHAIRMAN'S STATEMENT

"It gives me pleasure to present the 2017 corporate governance statement on behalf of the board. The corporate governance statement details the group's applied corporate governance principles and practices."

Thulani Gcabashe

Dear Stakeholder

As the board, our leadership is underpinned by the group's values and code of ethics. We strive to uphold good governance because we believe that it provides the necessary structure that enables the group's success and creates sustainable value. The board and its committees adopted all the principles included in King IV and from 2017 onwards the group's reporting will be informed by this. Of critical importance to the board is leading ethically and seeking to lead by example, ensuring that there is no ambiguity in the conduct expected of all our primary stakeholders.

For an account on how the board applied the King IV principles, please refer to the application register on www.standardbank.com

Board effectiveness

The board evaluates the effectiveness of its performance annually. In the current year, the company secretary facilitated the effectiveness review of the board and its committees. I conducted the individual director performance assessments, where directors provided insights and constructive feedback in one-on-one meetings on the issues pertaining to their contribution as well as observations on the functioning of the board and its committees.

Overall, the board operates effectively. Directors are engaged on matters relating to the board and the group. The executives engage openly and transparently with the board. The board has a good mix of skills and expertise with demonstrated independence of mind.

The directors' affairs committee oversaw the implementation of action plans from the 2016 externally facilitated board effectiveness review.

GOV REM 29 For a detailed summary of the 2017 board effectiveness results, refer to page 29.

Collaborative leadership

Human relationships underpin the proper functioning of the board. Tapping into the experience and guidance of directors in a structured manner is important for collaborative leadership and value accretion. We have over the past few years created an architecture that underpins collaboration between the board and senior management. The chairmen of board committees work closely not only with me as chairman, but also with the group chief executive and senior executives who report to the group chief executive. In the run up to quarterly meetings, approximately three weeks before the scheduled meeting, the chairman of each committee meets a senior executive who is a primary liaison for the committee to discuss any top

of mind issues and give input to the planned agenda. This has several advantages including exposing directors to the group's senior management, contributing to the preparation and enhancing the quality of discussions at meetings. This collaborative leadership has continued to strengthen the board's work and the group's ability to respond timeously to developments.

Board and committee changes

Board succession and composition remains an area of focus as the board ensures that its composition remains relevant and enables the effective execution of its duties. In the current period, Dr Shu Gu, a deputy chairman, and Wenbin Wang stepped down from the board and were replaced by Dr Hao Hu and Lubin Wang in terms of the SBG and the Industrial and Commercial Bank of China (ICBC) shareholder agreement. Following a nine-year term of office, Ted Woods retired from the board at the close of the 2017 annual general meeting (AGM) having reached the non-executive director retirement age. Swazi Tshabalala stepped down from the board in November 2017.

In line with King IV recommendations, the board appointed Peter Sullivan as the lead independent director. In addition to strengthening the independence of the board, we believe that this appointment will provide an additional point of contact between shareholders and the board. Trix Kennealy will succeed Richard Dunne as the chairman of the group audit committee when he retires from the board at the company's AGM on 24 May 2018.

Group technology and information committee

As the board, we are cognisant that data management is an important strategic enabler of the group. Accordingly, the mandates of the board and the group information technology committee were revised to include oversight of data management, and the group information technology committee was renamed the group technology and information committee.

GOV REM 36 For details on work undertaken by the group technology and information committee, refer to page 36.

Diversity

We remain conscious of the importance of diversity and its positive impact on board effectiveness. There are several diversity markers which we take into account in board composition, including gender and race diversity. We specifically report on gender and race diversity in line with regulatory requirements. Following board changes in 2017, our female gender representation is at 22%. We previously reported that the board set the female representation target at 33% by 2020. Efforts are underway to ensure that the board achieves the set target by 2020.

In line with the JSE Listings Requirements, in 2018 the board will approve a race diversity policy for its composition.

Governance of our subsidiaries

In the current year, the directors' affairs committee approved the revised subsidiary governance framework. The revision considered corporate governance developments including King IV and Basel Corporate Governance Principles for banks. The framework sets the standard expected of group entities on governance arrangements.

The board held its November 2017 meeting at Stanbic Zambia in Lusaka, Zambia. This provided an opportunity for the board to interact with the country board and management, exposed the board to local operations and created a platform for holding company and subsidiary board members to share learnings.

Challenges

In the period under review the board and senior management dealt extensively with legal, reputational, and ethical risks arising from supplier relationships, notably KPMG, McKinsey and SAP. The group's position in all these instances was articulated in communications issued by the company in October 2017. In all instances the group re-affirmed its commitment to the Constitution, to the law and the group's values, including upholding the highest level of integrity.

The group is of the view that consistency in dealing with these matters is vital. As previously communicated, whenever the company becomes aware of information from which it can reasonably be inferred that a supplier might be violating Standard Bank's values and ethics or might expose Standard Bank to legal or reputational risks, the group requests an explanation and, if appropriate, remedial action. Outcomes in each instance get communicated as appropriate.

Looking ahead

Apart from seeking to lead by example in all instances, the board continues to support management in emphasizing the importance of doing the right business the right way to all staff and other members of the group.

In 2018, the board will continue embedding its board continuity plans to ensure that the board's mix of skills and experience remains relevant and assists in the delivery of the group's strategy.

The board will be hosting all non-executive directors of the group's Africa Regions subsidiaries at our triennial directors' summit. The summit will enable the group board to interact with non-executive directors and chief executives in our Africa Regions. We continue to seek to ensure strategy alignment and disciplined execution by all members of the group, ensuring appropriate conduct that is consistent with the group's values.

Thulani Gcabashe
Chairman

CORPORATE GOVERNANCE REPORT

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OUR APPROACH TO CORPORATE GOVERNANCE

The group's corporate governance approach promotes strategic decision-making that combines long-term and shorter-term outcomes to reconcile the interests of the group, stakeholders and society to create sustainable value.

Corporate governance is integrated across the group's operations. Through the group's corporate governance framework, the board fulfils an oversight role and deliberates with executive management over strategy direction, financial goals, resource allocation and risk appetite. Management applies the tone and philosophy of governance, based on the group's values, as a set of principles and structures that enable the business to create value for all of our stakeholders.

Our approach extends beyond compliance. We see corporate governance as an enabler that creates competitive advantage through enhanced accountability, effective risk management, clear performance management, greater transparency, and effective leadership.

We are committed to excellence in corporate governance

In line with this ambition, the King Code has formed the cornerstone of our approach to governance. We support the overarching goals of King IV, which is the creation of:

- ETHICAL CULTURE
- GOOD PERFORMANCE
- EFFECTIVE CONTROL
- LEGITIMACY

The board is satisfied with the group's application of the principles of King IV. A statement on the group's application of the King IV principles is available online at **www.standardbank.com**

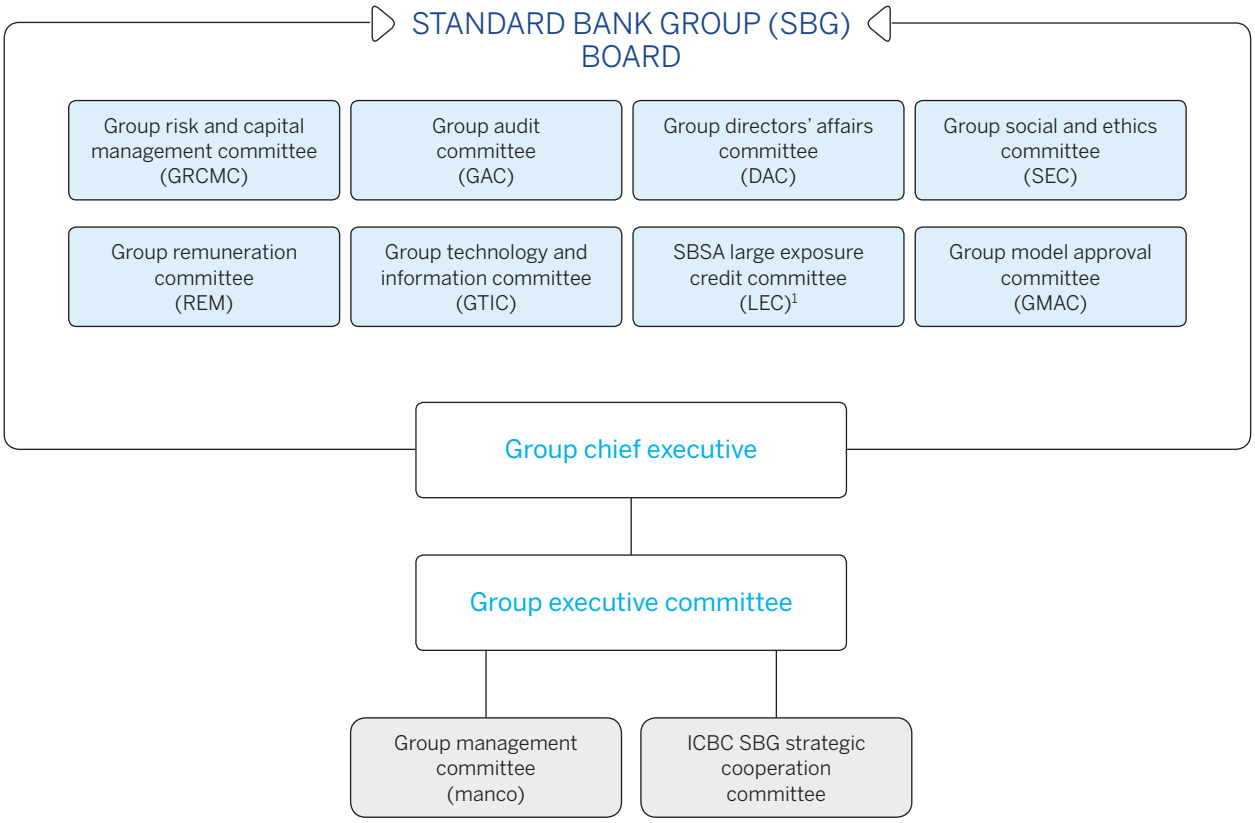
OUR GOVERNANCE FRAMEWORK

The group operates within a clearly defined governance framework. The board-approved framework outlines mechanisms for the group to implement robust governance practices and provides clear direction for decision-making across all disciplines. Through this framework the board has delegated the day-to-day management of the group, in writing, to the group chief executive without abdicating the board's responsibility.

The delegation of authority framework is reviewed annually in consultation with the group finance function to ensure that financial limits remain appropriate, taking into account the size of the group and its specific operational context.

The group secretary monitors effective implementation of the authority delegated to the group chief executive and has confirmed that in the year under review, the group chief executive acted within the authority delegated to him by the board. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority.

The group chief executive is accountable for the management of the group. He engages the board on all of the group's critical decisions. These engagements take place in an environment of mutual respect and with candour. All board decisions are consistently based on ethical foundations.



Notes:
1 The SBSA large exposure credit committee (LEC) is constituted as a subcommittee of The Standard Bank of South Africa board.

OUR BOARD OF DIRECTORS

The group has a unitary board structure with:

- 1 independent non-executive chairman
- 4 non-executive directors
- 3 executive directors
- 10 independent non-executive directors

1. THULANI GCABASHE (60)
Chairman and independent non-executive director, SBG and SBSA
Appointed: 2003
Appointed chairman: 2015
DAC GRCMC LEC Rem SEC

2. HAO HU (55)
Deputy chairman, SBG and non-executive director, SBG and SBSA
Appointed: 2017
DAC GRCMC GTIC

3. JACKO MAREE (62)
Deputy chairman, SBG and non-executive director, SBG and SBSA
Appointed: 2016
LEC **MAC** Rem SEC GRCMC

4. KGOMOTSO MOROKA (63)
Non-executive director, SBG and SBSA
Appointed: 2003
DAC GRCMC **SEC**

5. LUBIN WANG (44)
Non-executive director, SBG and SBSA
Appointed: 2017
DAC GRCMC GTIC

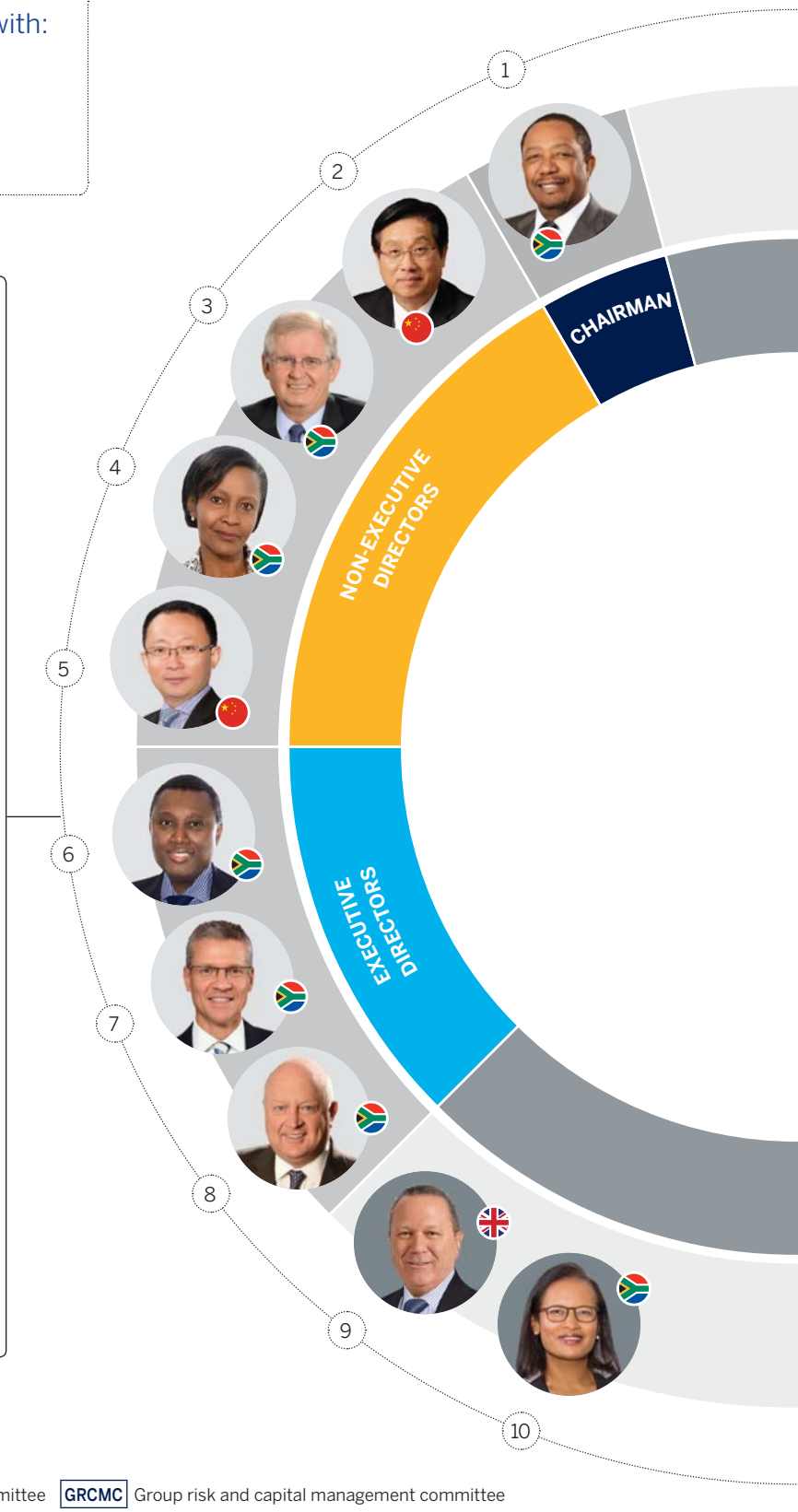
6. SIM TSHABALALA (50)
Group chief executive, SBG and executive director, SBSA
Appointed: 2013
GTIC LEC MAC SEC

7. ARNO DAEHNKE (50)
Group financial director, SBG and executive director, SBSA
Appointed: 2016
GTIC LEC MAC

8. BEN KRUGER (58)
Executive director, SBG and SBSA
Appointed: 2013
GTIC LEC MAC SEC

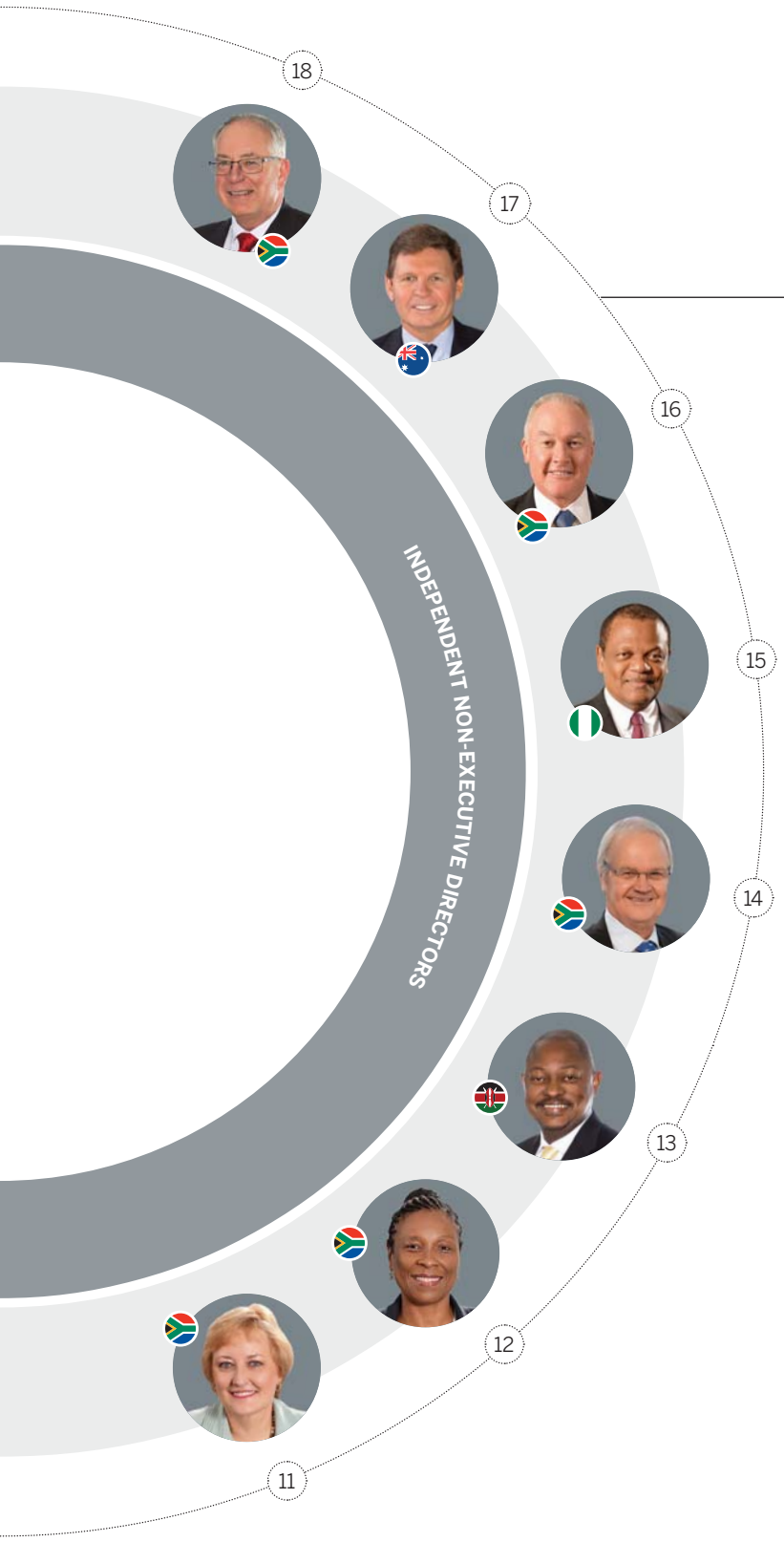
9. RICHARD DUNNE (69)
Independent non-executive director, SBG and SBSA
Appointed: 2009
GAC GRCMC GTIC

10. GERALDINE FRASER-MOLEKETI (57)
Independent non-executive director, SBG and SBSA
Appointed: 2016
DAC GRCMC SEC



DAC Group directors' affairs committee **GAC** Group audit committee **GRCMC** Group risk and capital management committee
GTIC Group technology and information committee **LEC** SBSA large exposure credit committee* **MAC** Group model approval committee
Rem Group remuneration committee **SEC** Group social and ethics committee ■ Committee chairman

* A sub-committee of The Standard Bank of South Africa.



11. TRIX KENNEALY (59)
Independent non-executive director, SBG and SBSA
Appointed: 2016
GAC | GRCMC | Rem

12. NOMGANDO MATYUMZA (55)
Independent non-executive director, SBG and SBSA
Appointed: 2016
GRCMC | MAC | Rem

13. MARTIN ODUOR-OTIENO (61)
Independent non-executive director, SBG and SBSA
Appointed: 2016
GAC | MAC | SEC

14. ANDRÉ PARKER (66)
Independent non-executive director, SBG and SBSA
Appointed: 2014
DAC | GTIC | LEC | Rem

15. ATEDO PETERSIDE CON (62)
Independent non-executive director, SBG and SBSA
Appointed: 2014
GAC | GTIC | Rem

16. MYLES RUCK (62)
Independent non-executive director, SBG and SBSA
Appointed: 2002
DAC | GRCMC | LEC

17. PETER SULLIVAN (70)
Lead independent non-executive director, SBG and SBSA
Appointed: 2013
GAC | GRCMC | GTIC | Rem

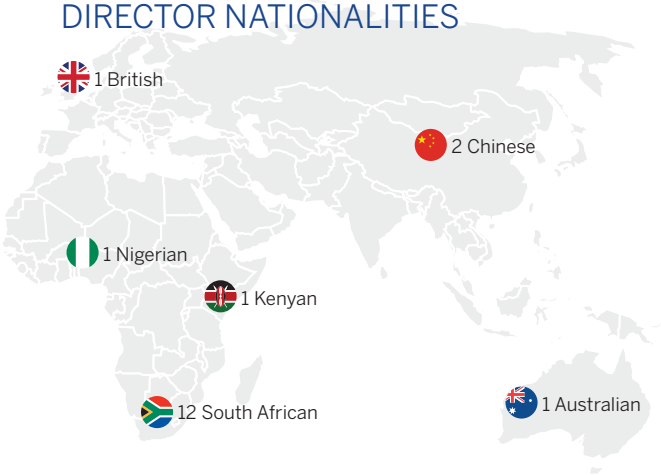
18. JOHN VICE (65)
Independent non-executive director, SBG and SBSA
Appointed: 2016
GAC | GRCMC | GTIC

GENDER

4 female

14 male

DIRECTOR NATIONALITIES



DEMOGRAPHICS

White	Black	Non-South African
7	5	6

AGE

Between 40 – 50 years	Between 50 – 60 years	Older than 60 years
1	7	10

TENURE OF NON-EXECUTIVE DIRECTORS

<3 years	3 – 6 years	6 – 9 years	>9 years
53%	20%	7%	20%

Experienced leadership

The depth of experience, together with the diverse skills and collective composition of our directors, ensures that our board operates effectively to create value for our stakeholders.

61%

with previous banking experience

Non-executive directors

Thulani Gcabashe (60)

Chairman and non-executive director, SBG and SBSA

Appointed to board: 2003

Appointed chairman: 2015

Independent: Yes

Key strengths:
- business leadership
- executive management of a complex business
- solid strategic planning experience

Committee membership:
- group/SBSA directors' affairs committee (chairman)
- group remuneration committee
- group/SBSA risk and capital management committee
- SBSA large exposure credit committee
- group social and ethics committee

External directorships:
- Built Environmental Africa Capital (chairman) and related entities
- African Olive Trading 160
- Lightsource (Pty) Ltd

Previous roles:
- chairman of Imperial Holdings
- chief executive officer (CEO) of Eskom between 2000 and 2007

Qualifications:
- BA (Botswana and Swaziland), Master's degree in urban and regional planning (Ball State)

Hao Hu (55)

Deputy chairman SBG and non-executive director, SBG and SBSA

Appointed to board: 2017

Independent: No

Key strengths:
- proven leadership in a large international group
- solid board experience
- strong strategy management skills in banking

Committee membership:
- group/SBSA directors' affairs committee
- group technology and information committee
- group/SBSA risk and capital management committee

Other governing body and professional positions held:
- senior executive vice president of the Industrial and Commercial Bank of China (ICBC)

External directorships:
- ICBC (London) Plc (chairman)

Previous roles:
- general manager of the Institutional Banking Department, ICBC
- chairman of ICBC Luxembourg S.A.

Qualifications:
- Doctorate degree in economics (Graduate School of Chinese Academy of Social Sciences) (Hunan University)

Jacko Maree (62)

Deputy chairman SBG and non-executive director, SBG and SBSA

Appointed to board: 2016

Independent: No

Key strengths:
- more than 35 years' experience in banking and leadership
- deep insight into role and challenges facing a chief executive
- skilled team builder

Committee membership:
- group model approval committee (chairman)
- group remuneration committee
- SBSA large exposure credit committee
- group social and ethics committee
- group/SBSA risk and capital management committee

Appointments held within the group:
- Liberty Holdings (chairman)
- Liberty Group (chairman)

Other governing body and professional positions held:
- China Investment Corporation
- International Advisory Council

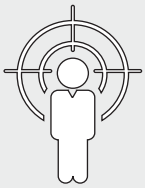
External directorships:
- Phembani Group

Previous roles:
- chief executive of the group for more than 13 years
- senior banker focusing on key client relationships

Qualifications:
- BCom (Stellenbosch), BA and MA (Politics and Economics) (Oxford), PMD (Harvard)

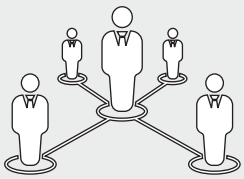
89%

with leadership of a large complex organisation experience



50%

experienced CEOs



61%

independent directors

Richard Dunne (69)

Non-executive director, SBG and SBSA

Appointed to board: 2009

Independent: Yes

Key strengths:
- extensive experience as a non-executive director and chairman of board committees
- in-depth knowledge of the requirements for maintenance and application of appropriate governance processes
- extensive knowledge of accounting and regulatory requirements

Committee membership:
- group/SBSA audit committee (chairman)
- group technology and information committee
- group/SBSA risk and capital management committee

External directorships:
- Anglo American Platinum

Previous roles:
- former chief operating officer of Deloitte & Touche, Southern Africa from 1998 until retirement in 2006
- non-executive director of AECI

Qualifications:
- CTA (Wits), CA(SA)

Geraldine Fraser-Moleketi (57)

Non-executive director, SBG and SBSA

Appointed to board: 2016

Independent: Yes

Key strengths:
- experience within international, regional (Africa) and national politics
- strong strategic, ethical and oversight skills
- experience in human resources oversight

Committee membership:
- group/SBSA directors' affairs committee
- group/SBSA risk and capital management committee
- group social and ethics committee

Other governing body and professional positions held:
- Mapungubwe Institute for Strategic Reflection
- ISID Advisory Board McGill University Canada
- Independent Advisory Group of Gender and Adolescence Global Evidence
- Committee of Experts of Public Administration of the United Nations

Previous roles:
- former special envoy on gender at African Development Bank Côte d'Ivoire and director of the UN Development Programme's Democratic Governance Group
- minister of Welfare and Population Development from 1996 to 1999, and Public Service and Administration from 1999 to 2008

Qualifications:
- Master's degree in public administration (Pretoria)
- Fellow of Institute of Politics (Harvard), Doctorate in Philosophy (Honoris Causa) (Nelson Mandela University)

Trix Kennealy (59)

Non-executive director, SBG and SBSA

Appointed to board: 2016

Independent: Yes

Key strengths:
- extensive operational and strategic management experience across a variety of industries and sectors
- corporate governance experience spanning more than 30 years
- broad experience in strategic financial management including restructuring, acquisitions and integrations

Committee membership:
- group/SBSA audit committee
- group/SBSA risk and capital management committee
- group remuneration committee

Other governing body and professional positions held:
- Accounting Standards Board (chairman)

External directorships:
- Sasol

Previous roles:
- chief financial officer of the South African Revenue Service
- chief operating officer of ABSA Corporate and Business Bank

Qualifications:
- BCom (Pretoria), BCom (Hons) (UJ), CA(SA)

Nomgando Matyumza (55)

Non-executive director, SBG and SBSA

Appointed to board: 2016

Independent: Yes

Key strengths:
- strong financial and executive management skills
- experience in strategy development and execution
- seasoned non-executive director in several sectors

Committee membership:
- group model approval committee
- group remuneration committee
- group/SBSA risk and capital management committee

External directorships:
- Hulamin
- Sasol

Previous roles:
- deputy chief executive at Transnet Pipelines
- general manager of Eskom Distribution (Eastern region)

Qualifications:
- BCompt (Hons) (Transkei), LLB (Natal), CA(SA)

Kgomotso Moroka (63)

Non-executive director, SBG and SBSA

Appointed to board: 2003

Independent: No

Key strengths:
- strong business leadership skills
- extensive experience in governance, regulation and public policy
- significant legal profession experience

Committee membership:
- group social and ethics committee (chairman)
- group/SBSA directors' affairs committee
- group/SBSA risk and capital management committee

Other governing body and professional positions held:
- member of the Johannesburg Society of Advocates
- trustee of the Nelson Mandela Children's Fund and the Apartheid Museum

External directorships:
- Kalagadi Manganese
- Royal Bafokeng Platinum (chairman)
- Temetayo (chairman)
- Multichoice South Africa Holdings
- Netcare

Previous roles:
- non-executive director of South African Breweries
- acting judge in the Witwatersrand Local Division

Qualifications:
- BProc (University of the North), LLB (Wits)

Martin Oduor-Otieno (61)

Non-executive director, SBG and SBSA

Appointed to board: 2016

Independent: Yes

Key strengths:
- extensive banking experience of over 18 years
- strategy development and execution skills
- strong leadership and governance experience

Committee membership:
- group/SBSA audit committee
- group model approval committee
- group social and ethics committee

Other governing body and professional positions held:
- fellow at the Institute of Bankers

External directorships:
- GA Life Insurance Company
- British American Tobacco Kenya
- East African Breweries
- Kenya Airways

Previous roles:
- CEO of the Kenya Commercial Bank Group
- partner at Deloitte East Africa

Qualifications:
- BCom (University of Nairobi), CPA (Kenya), Executive MBA (ESAMI/Maastricht Business School), Honorary Doctor of Business Leadership (KCA University), AMP (Harvard)

André Parker (66)

Non-executive director, SBG and SBSA

Appointed to board: 2014

Independent: Yes

Key strengths:
- extensive experience of running businesses in Africa and Asia
- strong brand management in fast-moving consumer goods markets
- non-executive director experience with South African corporates

Committee membership:
- group/SBSA directors' affairs committee
- group technology and information committee
- group remuneration committee
- SBSA large exposure credit committee

External directorships:
- Distell
- Empresas Carozzi (Chile)

Previous roles:
- managing director, SAB Miller, Africa and Asia regions
- chairman of Tiger Brands

Qualifications:
- BEcon (Hons), MCom (Stellenbosch)

Atedo Peterside CON (61)

Non-executive director, SBG and SBSA

Appointed to board: 2014

Independent: Yes

Key strengths:
- strong business and banking experience, as the founder and former chief executive of the Investment Bank and Trust Company Limited (IBTC)
- seasoned investment banker and trained economist

Committee membership:
- group/SBSA audit committee
- group technology and information committee
- group remuneration committee

External directorships:
- ANAP Holdings Ltd (chairman) and related entities
- Cadbury Nigeria Plc (chairman)
- Flour Mills of Nigeria Plc
- Unilever Nigeria Plc
- Nigerian Breweries Plc

Previous roles:
- founder and chief executive of the then IBTC
- chairman of Stanbic IBTC Bank Plc

Qualifications:
- BSc (Economics) (The City University, London), MSc (Economics) (London School of Economics and Political Science), Owner/President Management Programme (Harvard)

Myles Ruck (62)

Non-executive director, SBG and SBSA

Appointed to board: 2002

Independent: Yes

Key strengths:
- strong banking experience with a career spanning over 30 years
- experience in running a large complex business
- extensive risk management experience

Committee membership:
- group/SBSA risk and capital management committee (chairman)
- SBSA large exposure credit committee (chairman)
- group/SBSA directors' affairs committee

Appointments held in the group:
- ICBC (Argentina) (vice chairman)

External directorships:
- Mr Price Group

Previous roles:
- deputy chief executive of SBG
- chief executive of the Liberty Group

Qualifications:
- BBusSc (UCT), PMD (Harvard)

Peter Sullivan (70)

Lead independent director, SBG and non-executive director, SBSA

Appointed to board: 2013

Independent: Yes

Key strengths:
- seasoned banker with international experience
- leadership experience with over 10 years in both Africa and Asia
- strong non-executive director and chairman experience with excellent coaching and mentoring skills

Committee membership:
- group remuneration committee (chairman)
- group/SBSA audit committee
- group technology and information committee
- group/SBSA risk and capital management committee

External directorships:
- AXA China Region Insurance Company
- AXA Asia
- Healthcare Locums Plc (chairman)
- Techtronic Industries
- Circle Holdings

Previous roles:
- CEO of Standard Chartered Bank Africa
- CEO of Standard Chartered Bank (Hong Kong) Limited

Qualifications:
- BSc (physical education) (University of New South Wales)

John Vice (65)

Non-executive director, SBG and SBSA

Appointed to board: 2016

Independent: Yes

Key strengths:
- extensive experience in auditing, accounting, risk and practice management
- experienced IT advisor and consultant in IT strategy, risk, audit and controls
- knowledge and experience of running businesses in South Africa and various other African countries

Committee membership:
- group/SBSA audit committee
- group technology and information committee (chairman)
- group/SBSA risk and capital management committee

External directorships:
- Anglo American Platinum

Previous roles:
- senior partner at KPMG Inc. and headed the firm's audit practice, IT audit and IT consulting departments
- member of the board of Zurich Insurance South Africa Limited

Qualifications:
- BCom (Natal), CTA (Natal), CA(SA)

Lubin Wang (44)

Non-executive director, SBG and SBSA

Appointed to board: 2017

Independent: No

Key strengths:
- senior management experience in multiple geographies
- experience in a variety of areas including finance, IT, procurement and administration
- strong ability to adapt to different environments

Committee membership:
(alternate to Hao Hu)
- group/SBSA directors' affairs committee
- group technology and information committee
- group/SBSA risk and capital management committee

Other governing body and professional positions held:
- chief representative officer of ICBC African representative office

Appointments held within the group:
- ICBC Standard Bank Plc

Previous roles:
- executive committee member, deputy head of finance, head of IT and strategic sourcing in ICBC (Argentina)
- core member of the transitional committee of the acquisition project of Standard Bank Argentina

Qualifications:
- Bachelor's degree in corporate finance (Fudan University), Master's degree in accounting and finance (London School of Economics and Political Science)

Executive directors

Arno Daehnke (50)

Group financial director, SBG and executive director, SBG and SBSA

Appointed to board: 2016

Key strengths:
- detailed understanding of banking regulations
- financial management, budgeting and forecasting skills
- balance sheet management experience, including capital and liquidity management, at group and subsidiary level

Committee membership:
- group technology and information committee
- group model approval committee
- SBSA large exposure credit committee

Appointments held within the group:
- Stanbic Africa Holdings

Previous roles:
- head of the group's treasury and capital management function

Qualifications:
- BSc, MSc (UCT), PhD (Vienna University of Technology), MBA (Milpark), AMP (Wharton)

Ben Kruger (58)

Executive director, SBG and SBSA

Appointed to board: 2013

Key strengths:
- extensive financial services experience spanning more than 30 years in different executive roles including finance, corporate and investment banking and universal banking
- delivering value, formulating and executing strategy for a multinational organisation with multiple business lines
- leading diverse teams in complex, highly regulated business

Committee membership:
- group technology and information committee
- group social and ethics committee
- group model approval committee
- SBSA large exposure credit committee

Appointments held within the group:
- Stanbic Africa Holdings (chairman)
- ICBC Standard Bank Plc

Other governing body and professional positions held:
- Leadership for Conservation in Africa

Previous roles:
- joint group chief executive, alongside Sim Tshabalala
- deputy group chief executive of SBG
- global chief executive of CIB

Qualifications:
- BCom (Hons) Pretoria, CA(SA) AMP (Harvard)

Sim Tshabalala (50)

Group chief executive, SBG and executive director, SBG and SBSA

Appointed to board: 2013

Key strengths:
- extensive group-wide senior leadership experience, including wholesale and retail banking in South Africa and other African regions, and linking Africa to international markets
- leadership of strategy formulation and execution
- proven track record of enhancing competitiveness and ensuring sustainability

Committee membership:
- group technology and information committee
- group social and ethics committee
- group model approval committee
- SBSA large exposure credit committee

Appointments held within the group:
- Stanbic IBTC Bank (chairman)
- Liberty Holdings
- Liberty Group
- Tutuwa Community Holdings
- The Standard Bank Tutuwa Community Trust

Other governing body and professional positions held:
- Business Leadership South Africa
- International Monetary Conference
- Palaeontological Scientific Trust
- Banking Association South Africa (BASA)

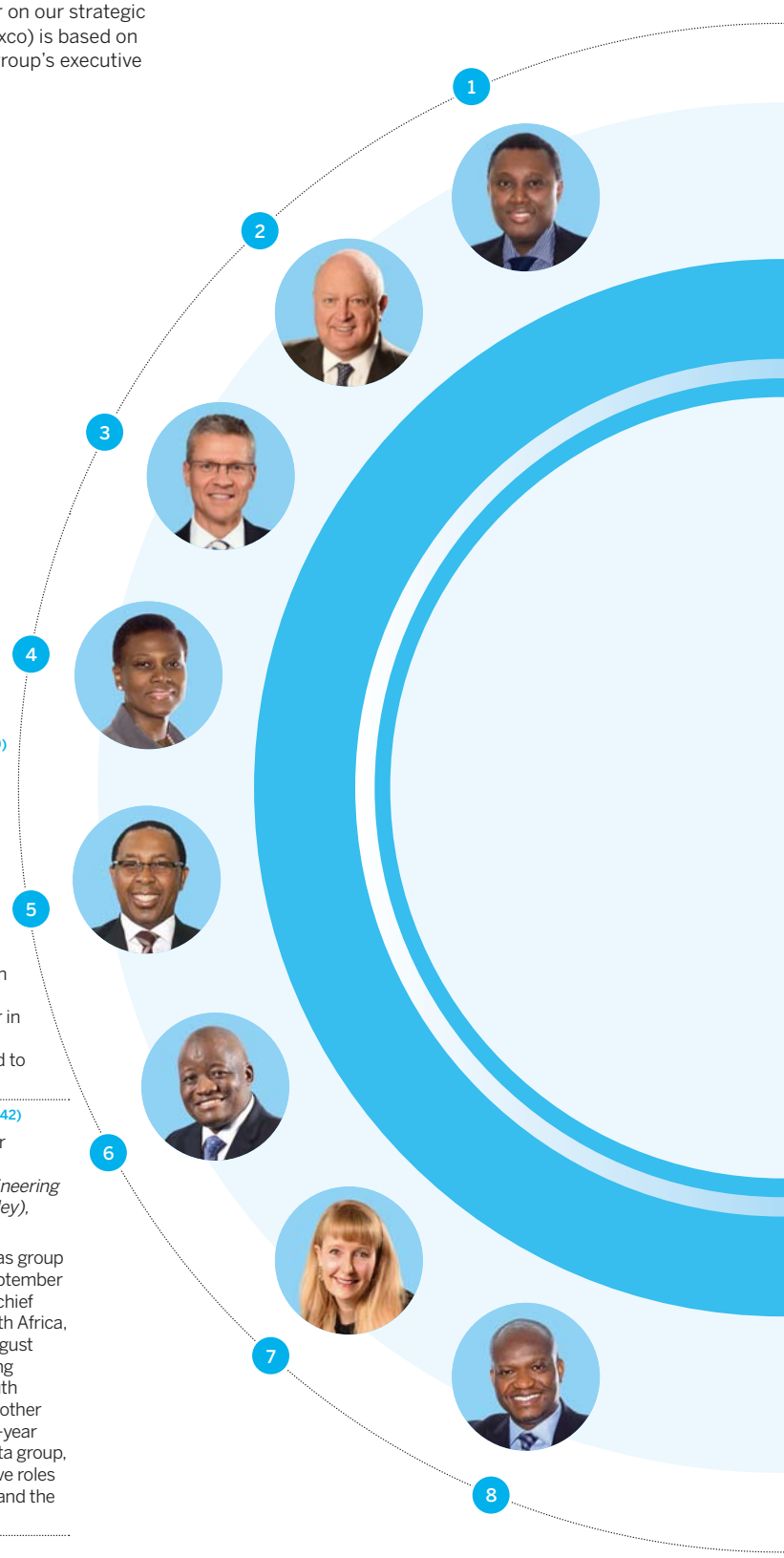
Previous roles:
- chief executive of SBSA
- managing director of Stanbic Africa
- chief executive, PBB SA

Qualifications:
- BA, LLB (Rhodes), LLM (University of Notre Dame, USA), HDip Tax (Wits), AMP (Harvard)

EXECUTIVE COMMITTEE

A team with depth and experience

Our experienced leadership team continues to collaborate to deliver on our strategic objectives. Composition of the group executive committee (group exco) is based on both requirements and capabilities. The board is satisfied with the group's executive bench strength.



1. SIM TSHABALALA
Group chief executive, SBG, and executive director, SBSA

2. BEN KRUGER
Executive director, SBG and SBSA

3. ARNO DAEHNKE
Group financial director, SBG and executive director, SBSA

GOV REM 17 Refer to profile on pg 17

4. SOLA DAVID-BORHA (57)
Chief executive, Africa Regions
Qualifications:
BSc Economics (University of Ibadan), MBA (University of Manchester), AMP (Harvard), GCP (IESE, Wharton, CEIBS)

Sola David-Borha was appointed chief executive, Africa Regions with effect 1 January 2017. Prior to her appointment, she was the chief executive of Stanbic IBTC Holdings Plc and served as chief executive of Stanbic IBTC Bank from May 2011 to November 2012. She previously held various executive roles which included acting managing director of IBTC Chartered Bank Plc and executive director of CIB (excluding South Africa).

5. KENNY FIHLA (51)
Chief executive, CIB
Qualifications:
MSc (University of London), MBA (Wits)

Kenny Fihla joined SBSA in 2006 as head of investor services. In 2007, he was appointed to the CIB executive committee and in 2008, became head of transactional products and services South Africa for CIB. He was appointed deputy chief executive of CIB in November 2016, and from 30 May 2017 assumed the role of chief executive, CIB.

6. LUNGISA FUZILE (51)
Chief executive, SBSA
Qualifications:
MCom (Natal), AMP (Harvard)

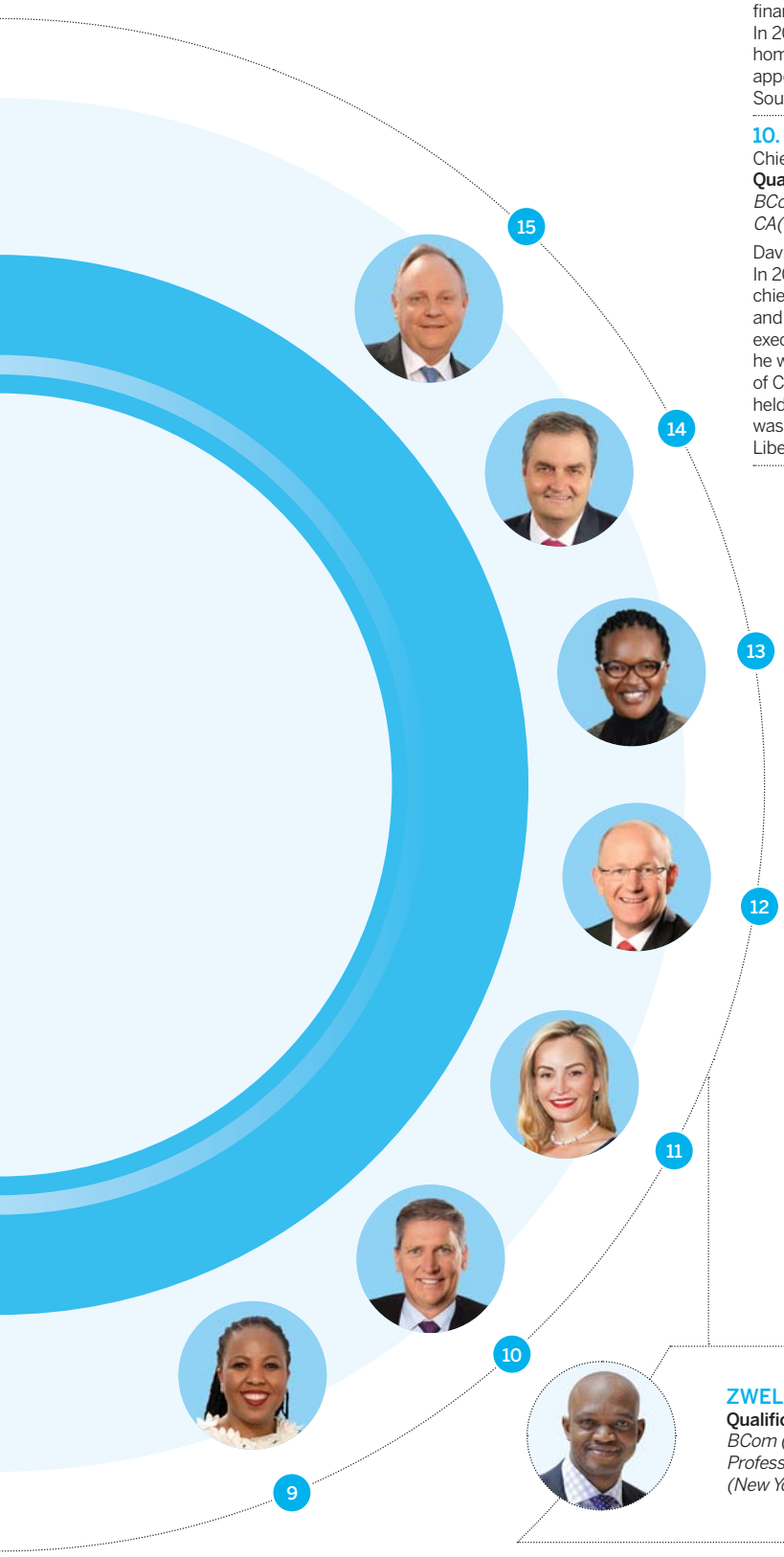
Lungisa Fuzile joined the group in January 2018 as chief executive of SBSA. Prior to his appointment, he had a 20-year career in public service. His most recent role was as director-general of the National Treasury where he was responsible for providing strategic leadership and direction to the successful execution of the legislative mandate of the National Treasury.

7. ISABEL LAWRENCE (49)
Group chief compliance and data officer
Qualifications:
BA (Hons), LLM (RAU)

Isabel Lawrence joined the group's legal division in 1998, where she was responsible for legal risk and transacting for PBB. She was appointed head of the group legal division in 2003 and was appointed group chief compliance officer in January 2012. In 2017, Isabel's responsibilities were expanded to include the data portfolio.

8. ALPHEUS MANGALE (42)
Group chief information officer
Qualifications:
NDip Computer Systems Engineering (TUT), PG Management (Henley), EDP (CCL), AMP (Harvard)

Alpheus Mangale joined SBG as group chief information officer in September 2017. Prior to this, he was the chief enterprise officer at MTN South Africa, a role he held from 2014 to August 2017. He was also the managing director of Cisco Systems South Africa, from 2012 to 2014. His other prior experiences include a 16-year tenure with the Dimension Data group, where he held various executive roles across Africa, Europe, the UK and the Middle East.



9. FUNEKA MONTJANE (39)

Chief executive, PBB South Africa

Qualifications:

BCom (Hons) (Wits), MCom (UJ), CA(SA)

Funeka Montjane joined the group in 2008 and was appointed chief financial officer of PBB South Africa. In 2010, she was appointed head of home loans PBB South Africa and appointed chief executive, PBB South Africa in 2012.

10. DAVID MUNRO (47)

Chief executive, Liberty

Qualifications:

BCom, PGDip Accounting (UCT), CA(SA), AMP (Harvard)

David Munro joined the group in 1996. In 2003, he was appointed deputy chief executive of CIB South Africa and in 2006 was appointed to chief executive, CIB South Africa. In 2011, he was appointed chief executive of CIB group, a position which he held until 30 May 2017 when he was appointed chief executive of Liberty Holdings.

ZWELI MANYATHI (56)

Qualifications:

BCom (Hons) (Unisa)
Professional Development Programme (New York) SEP (Harvard and Wits)

11. MARGARET NIENABER (44)

Chief executive, Wealth

Qualifications:

BCompt (Hons) (UFS), CA(SA)

Margaret Nienaber joined the group in 2010 as head of private clients, South Africa. In 2013, she was appointed global head of Wealth and Investment (previously known as private clients). She was appointed chief executive of Wealth with effect 1 January 2017.

12. PETER SCHLEBUSCH (51)

Chief executive, PBB

Qualifications:

BCom (Hons) (Wits), HDip Tax (RAU), Dip Banking Law (RAU), CA(SA), SEP (Stanford)

Peter Schlebusch joined the group in 2002 as a director in retail products. In January 2006, he was appointed deputy chief operations officer and later that year was appointed deputy chief executive of PBB South Africa. In March 2008, he was appointed chief executive of PBB South Africa and in 2012, he was appointed chief executive of PBB group. In 2016, his mandate was extended to include heading up digitisation across the group. In March 2018, Peter stepped down as chief executive, PBB[1].

13. ZOLA STEPHEN (43)

Group secretary

Qualifications:

B.Proc, LLB (UKZN)

Zola Stephen is the group secretary and group head of governance, having joined in August 2012 and being appointed as group secretary on 1 November 2012. She has extensive experience in governance having spent 13 years at Transnet where, in her last role, she was a member of the group executive committee, responsible for legal, corporate and public affairs, company secretariat, corporate governance and group compliance.

14. NEIL SURGEY (59)

Group chief risk officer and group ethics officer

Qualifications:

BCom (UCT), AMP (Insead)

Neil Surgey joined the commercial banking division of Standard Bank in 2002 as a director in strategy and business support. He joined Standard Corporate Merchant Bank (SCMB) as director of finance and operations in 2003 and in 2006 was appointed as global chief operating officer of CIB. In 2010, he was appointed head of transactional products and services, CIB. He was appointed group chief risk officer in 2015.

15. ROD POOLE (56)

Group head, change and business transformation

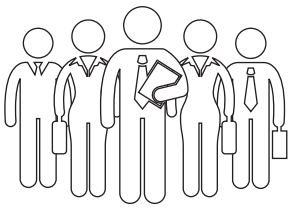
Qualifications:

BCom (Unisa)

Rod Poole has held various senior executive roles within the bank including head of marketing and communications, head of human capital of SB Plc based in London, head of human capital, and chief of staff. Rod is currently group head of change and business transformation, reporting directly to the group chief executive. He handles the portfolio of group marketing, group human capital and group strategy.

[1] Peter Schlebusch stepped down as chief executive, PBB on 31 March 2018. He is succeeded by Zweli Manyathi, who prior to his appointment, was the chief executive of PBB Africa Regions from August 2013. He was previously head of business banking SA, and held other senior roles in retail, corporate banking, credit and international banking.

Board effectiveness



The board

The board serves as the focal point and custodian of the group's corporate governance. It is responsible for providing ethical and effective leadership to the group. It agrees the strategic direction and approves the policy frameworks used to measure organisational performance. This is achieved through transparent reporting on the part of management and active board oversight. The group chief executive and the executive team deliver against agreed performance targets aligned to strategy in the best interests of the group and its material stakeholders.

The board mandate details the role and responsibilities of the board. It reflects the principles of the Companies Act, Banks Act, the company's memorandum of incorporation (MOI), King IV code on corporate governance, Basel Corporate Governance Principles for Banks, JSE Listings Requirements, and applicable law or binding regulatory provisions. The mandate, which also specifies matters reserved for board decision, is reviewed at least annually together with an assessment of the board performance against its terms of reference.

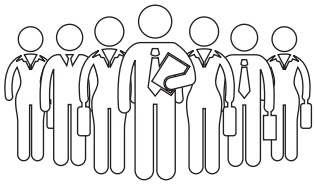
Board members are bound by the code of ethics and fiduciary duties owed to the company. Directors have the necessary competence to discharge their duties and to provide strategic direction and control of the company as provided for in the board mandate and the MOI.

The board is committed to acting in the best interests of the group, in good faith and without undue personal conflicts of interest. In making decisions, the board adopts a pragmatic approach to the group's core business, prudently evaluates the full range of capitals the group adopts in its integrated reporting and the impact of operations on these capitals, as well as the potential trade-offs between these inputs.

As a financial services organisation, our ability to innovate is critical to remaining relevant to our customers. The board is committed to ensuring the group remains agile in order to meet the changing needs of its customers and other stakeholders. The composition of the board was carefully reviewed to ensure we have the necessary skills to deliver on our strategy and leverage inventive opportunities.

AIR 86 For more information on the group's approach to innovation and IT, see page 86 of the annual integrated report.

The board monitors and holds the relevant executive accountable for the group's operational and financial performance. Management is open and transparent with the board and escalates concerns to its attention in the appropriate forums and in a timeous manner.



Board committees

The board has delegated certain functions to its committees in line with the group's governance framework. This enables the board to allocate sufficient time to all matters within its sphere, including execution of strategy and forward-looking agenda items.

Matters reserved for board decision include the approval of strategy for the group, any material changes in strategic direction, the approval of annual budgets, the appointment and dismissal of the group chief executive and approval of significant acquisitions or investments.

Each committee, with the exception of the group model approval committee, comprises a majority of non-executive directors and an experienced chairman. In determining the composition of committees, the board considers the skills and experience of its members, applicable regulations, and the committee mandate. Where appropriate, and in line with regulations, committees only comprise independent non-executive directors or a majority of independent non-executive directors. The committee chairmen report to the board on the activities of the respective committee at each board meeting. Furthermore, the chairmen submit written reports to the board which highlight matters for board attention. Each committee has its own mandate that is reviewed annually and any changes are recommended to the board for approval.

The committee chairmen are accountable for the effective functioning of the committees. The assessment of board's and committees' compliance with the provisions of their respective mandates is conducted annually. For the board and committee mandates, the group's external auditors conduct a limited assurance review against this assessment and in the period under review, the board is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

GOV REM 32–45 See pages 32 to 45 on work performed by our board committees.

Executive committee

The board has delegated the management of the day-to-day business and affairs of the group to the group chief executive, with full power on behalf of and in the name of the group. The group chief executive is accountable for the implementation of the group strategy, and its performance, and is supported by the group executive committee (group exco).

Group exco is responsible for providing counsel to the group chief executive, acting as a sounding board and ensuring overall coordination across the universal financial services group, legal entities, and other key stakeholders. Ultimate decision-making powers remain vested with the group chief executive and all members of the committee exercise powers in accordance with their delegated authority.

The board regularly assesses the executive director succession plans, including that of the group chief executive, and is kept abreast of group management succession plans.

Separation of roles

The role of chairman is separate from that of the group chief executive. There is a clear division of responsibilities. To strengthen the independence of the board, and in line with the King code, Peter Sullivan was appointed as the group's lead independent director during the year.

SEPARATION OF ROLES AND RESPONSIBILITIES

Chairman

- setting the ethical tone for the board and group
- leading the board and ensuring its effective functioning
- setting the board's annual work plan and agendas, in consultation with the group secretary, the group chief executive and other directors
- building and maintaining stakeholder trust and confidence
- conveying feedback in a balanced and accurate manner between the board and the group chief executive
- monitoring the effectiveness of the board and assessing individual performance of directors
- convening chairmen round-table sessions with chairmen of the group's subsidiary entities.

Group chief executive

- appointing and ensuring proper succession planning of the executive team, and assessing their performance
- developing the group's strategy for consideration and approval by the board
- developing and recommending to the board budgets that support the group's long-term strategy
- monitoring and reporting to the board on the performance of the group and its compliance with applicable laws and corporate governance principles
- establishing an organisational structure for the group which is appropriate for the execution of strategy
- setting the tone for ethical leadership and creating an ethical environment
- ensuring a culture that is based on the group's values
- ensuring that the group operates within the approved risk appetite.

Lead independent director

- further strengthening the independence of the board
- acting as an intermediary between the chair and other members of the board, if necessary
- maintaining an additional channel to deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate
- chairing discussions by the board on matters where the chairman and his deputies would have a conflict of interest.

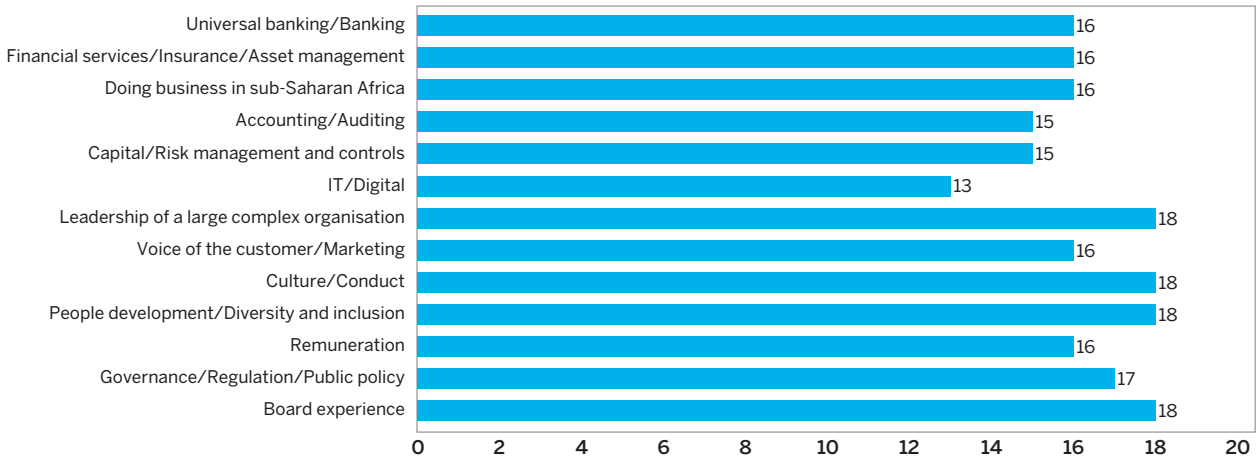
Composition

The board is a unitary board and is considered effective and of an appropriate size for the group. As at 7 March 2018, the board comprises 18 directors, 11 of whom are independent non-executive directors, four of whom are non-executive directors and three of whom are executive directors.

We recognise that a balanced board supports value creation. The board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationalities, experience and tenure and the board is satisfied that the composition is appropriate for the group. Non-executive directors bring diverse perspectives to board deliberations and constructively challenge management.

There is a clear division of responsibilities ensuring that no one director has unfettered powers in the decision-making process. This strengthens the group's decision-making process and ensures that there is an appropriate balance of power. In addition to the executive directors, the group's prescribed officers, as defined by the Companies Act, also attend board meetings, thereby increasing the points of contact between the board and management.

Skills and experience



The collective background of the board members provides for a balanced mix of attributes and skills that enable the board to fulfil its duties and responsibilities.

Resignations and retirements

Having reached the non-executive retirement age as set out in the company's MOI, Ted Woods retired from the board at the 2017 AGM; the two ICBC nominated directors Shu Gu and Wenbin Wang, retired from the board and were replaced by Hao Hu and Lubin Wang on 1 June 2017; and Swazi Tshabalala resigned as a non-executive director of the board effective 10 November 2017.

Richard Dunne will retire from the board at the close of the 2018 AGM as he will have reached retirement age.

With Peter Sullivan having reached the non-executive director retirement age in March 2018, the board has resolved to invoke the provision of the MOI to recommend the extension of a non-executive director's term of office notwithstanding the director attaining retirement age. Accordingly, the board recommends that Peter Sullivan's term of office be extended until the close of the company's next AGM. Peter Sullivan is the lead independent director and chairman of the group remuneration committee. He brings valuable international banking experience. A further year's tenure will see him complete a three-year term of office in his role as chairman of the group remuneration committee.

Diversity

The board adopted a gender diversity policy in 2016 and set a target of 33% female representation on the board by 2020. The board has four female non-executive directors, representing 22% of the board.

The board continues to evaluate its implementation of its diversity policy and, in line with the amended JSE Listings Requirements and King Code, it will approve the race diversity policy for its composition. Efforts are underway to ensure that the board achieves its set targets by 2020.

Group secretary

All directors have access to the services of the group secretary. The group secretary, Zola Stephen, is not a member of the board or a prescribed officer of the group. The board is satisfied that an arm's length relationship exists between it and the group secretary. Refer to the group secretary profile on page 19. On 7 March 2018, the board considered the competence, qualifications and experience of the group secretary and concluded that she is competent to carry out her duties.

Director independence

Director independence is important for board deliberations and allows directors to objectively lead the group and evaluate the performance and well-being of the organisation, without conflicts of interests or undue influence of interested parties.

The directors' affairs committee oversees a rigorous assessment process for directors' independence for board approval.

DEFINITION

Independence is determined against the criteria set out in the King Code.

The independence of the non- executive directors is measured according to the following definition:

"An independent director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect, this independence. Independence is the absence of undue influence and bias, which can be affected by the intensity of the relationship between the director and the company rather than any particular fact such as length of service or age."

ASSESSMENT

An assessment of the independence of the directors was conducted in 2017.

The review considered director performance and factors that may impair independence, including directors' interests, and demonstrated behaviour as well as individual's effective shareholding in the group's shares to ensure their shareholding is not material to their personal wealth.

For directors who have served more than nine years, a more rigorous evaluation was conducted.

The process included a self-assessment by each director as well as consideration of each director's circumstances by the board. It was considered whether directors' interests, position, association or relatives, were likely to influence unduly or cause bias in decision-making when judged from the perspective of a reasonable and informed third- party.

OUTCOME

During the period under review, the board is once again satisfied that there are no relationships or circumstances likely to affect, or appear to affect, the directors' judgements and that their independence is not impaired by their length of service.

Thulani Gcabashe, Myles Ruck and Kgomotso Moroka have all served for periods longer than nine years. Following the rigorous annual review, the board has concluded that Thulani Gcabashe and Myles Ruck continue to be independent in character, demonstrated behaviour, contribution to board deliberations and judgement, notwithstanding tenure.

For the period under review, the group's largest shareholder, ICBC's nominated directors Hao Hu and Lubin Wang, Jacko Maree, who retired as group chief executive in 2013 and was appointed to the board in November 2016 as well as Kgomotso Moroka are not considered independent.

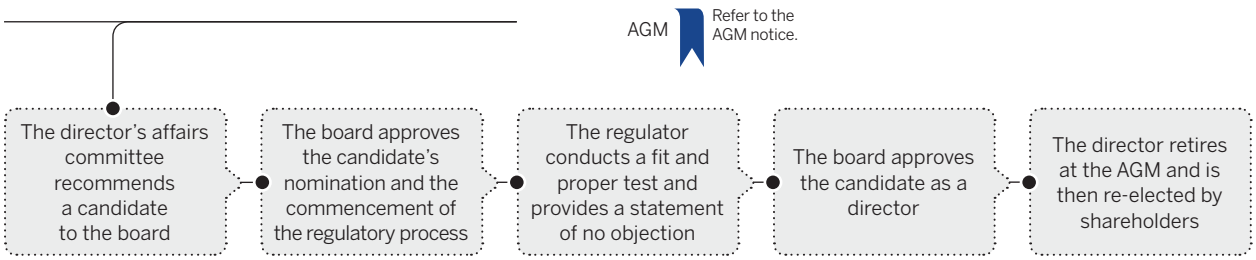
Board appointment process

The board has a formal and transparent process in place for appointing directors. While the appointments are a matter for the board as a whole, the responsibility to oversee the nomination process and shortlist candidates for interviews has been delegated to the directors' affairs committee.

Where necessary, a human resources placement agency supports the committee in identifying a broad pool of potential candidates. The attributes and experience required are identified and agreed prior to the search process. Apart from a candidate's skills, experience, availability and likely fit, the committee also considers the candidate's demonstrated integrity, proven leadership as well as other directorships and commitments to ensure that they will have sufficient time to discharge their role properly. Candidates must satisfactorily meet the fit and proper test, as required by the Banks Act.

In terms of our MOI, a director appointed by the board holds office until the next AGM, where they must retire and stand for re-election by shareholders. Accordingly, Hao Hu and Lubin Wang who were appointed in the current period after the 2017 AGM, will retire at the 2018 AGM and stand for re-election by shareholders.

In addition, in terms of the King Code and the MOI, one-third of the non-executive directors are required to retire annually, and if available and eligible, stand for re-election at the company's AGM. Directors who have been in office the longest, as calculated from the last re-election or appointment date, are also required to stand for re-election. At the 2018 AGM, Thulani Gcabashe, Kgomotso Moroka, Atedo Peterside CON, and Peter Sullivan will retire and, being eligible, avail themselves for re-election.



Board meetings

During the year, the board held eight meetings including its annual two-day strategy meeting. The chairman sets the board agenda, assisted by the group chief executive and the group secretary. Care is taken to ensure that the board has the appropriate time to consider matters critical to the group, including compliance, governance and administrative matters. At the close of each board meeting, non-executive directors meet without the executive directors in closed sessions led by the chairman. The primary objective of these sessions is to provide non-executive directors with an opportunity to test thoughts among peers and to raise any matters not deemed appropriate for discussion in the presence of the executives. The chairman provides feedback to the group chief executive on closed session discussions. Continuing board education sessions are scheduled a year in advance to ensure full board participation.

For 2017, the board is satisfied that it has fulfilled the obligations of its mandate.

Board calendar

1st quarter
28 February 2017 – board education

1 March 2017 – board meeting

2 March 2017 – year-end results announcement

2nd quarter
24 May 2017 – board education

25 May 2017 – board meeting

26 May 2017 – AGM

3rd quarter
15 August 2017 – SARB meeting

16 August 2017 – board meeting

17 August 2017 – 2017 interim results announcements

11 September 2017 – special meeting

26 – 27 September 2017 – strategy session

4th quarter
21 November 2017 – special meeting

28 November 2017 – board education

1 December 2017 – board meeting, including engagement with in-country board and exco

Items regularly on the agenda:

- group chief executive's report, highlighting matters for board attention
- group financial results, including performance against budget
- feedback on key matters from committee chairmen
- risk management report from the group risk officer
- group IT report from the group chief information officer
- group stakeholder engagement report
- minutes of subsidiary boards and minutes of board committees
- directors' and prescribed officers' declaration of interest.

Focus areas for 2017

The key focus areas that supported the group's value creation include:

Strategy

- group strategy execution progress
- the five strategic value drivers
- global trends shaping the banking industry
- future of financial services and work in the digital world
- political economy in South Africa and Africa Regions
- changes in the joint-group chief executive structure
- executive succession plans
- transformation

Financial performance

- 2018 budget
- the group's four-year financial plan
- the group's solvency, liquidity and going concern status and proposed dividend payments
- financial impact of the changing regulatory landscape on capital ranges and operational costs

Risk, conduct and oversight

- impact of cybersecurity
- corporate activities and in-depth performance reviews of the group's key subsidiaries
- supplier risk
- board effectiveness
- oversight and monitoring of risk profile against risk appetite
- governance standards to mitigate and control significant risks
- legislation and regulation updates
- conduct reporting and oversight

Stakeholder engagement

- reports on allegations of widespread public and private sector corruption in South Africa, and its impact on the group's clients and service providers
- ethics management
- engagement with the Registrar of Banks and the supervisory team
- feedback from stakeholder engagement, including shareholders and investors
- contribution to the political economy

Governance

- corporate governance, risk and capital management process and objectives
- delegation of authority framework
- subsidiary governance framework based on King IV
- appointment of lead independent director and group audit committee chairman succession
- director eligibility for re-appointment
- board composition

Board meeting attendance

ROLE	ATTENDANCE AND ELIGIBILITY[1]	INDEPENDENT	APPOINTED	RESPONSIBILITIES
CHAIRMAN AND DEPUTY CHAIRMEN				
Thulani Gcabashe	8/8	Yes	1 July 2003, appointed chairman 28 May 2015	Board governance and performance; and shareholder engagement
Hao Hu [2] (deputy chairman)	5/6	No	1 June 2017	Leading the board performance appraisal of the chairman and acting as a sounding board for the chairman on general board matters
Jacko Maree (deputy chairman)	8/8	No	21 November 2016	
EXECUTIVE DIRECTORS				
Sim Tshabalala	8/8	–	7 March 2013	Strategy and group performance
Arno Daehnke	8/8	–	1 May 2016	Group financial performance and reporting
Ben Kruger	8/8	–	7 March 2013	Strategic guidance, oversight and management of Africa regions, group digitisation, group IT and ICBC relationship
LEAD INDEPENDENT DIRECTOR				
Peter Sullivan	8/8	Yes	15 January 2013, Appointed lead independent director 30 November 2017	Dealing with shareholders' concerns where contact through the normal channels fails to resolve concerns, or where the chairman may be conflicted
NON-EXECUTIVE DIRECTORS				
Richard Dunne	8/8	Yes	3 December 2009	Non-executive directors provide objective judgement independent of management. They challenge and monitor the executive directors' delivery of strategy within the risk and governance structure agreed by the board.
Geraldine Fraser-Moleketi	8/8	Yes	21 November 2016	
Trix Kennealy	8/8	Yes	21 November 2016	
Nomgando Matyumza	8/8	Yes	21 November 2016	
Kgomotso Moroka[3]	7/8	No	1 July 2003	
Martin Oduor-Otieno	8/8	Yes	1 January 2016	
André Parker	8/8	Yes	14 March 2014	
Atedo Peterside CON	8/8	Yes	22 August 2014	
Myles Ruck	8/8	Yes	18 January 2002	
John Vice	8/8	Yes	21 November 2016	
Lubin Wang[2]	5/6	No	1 June 2017	

1 Eligibility based on appointment date.
2 Hau Hu and Lubin Wang could not attend a special board meeting held on 11 September 2017 due to an outside business engagement. Apologies were received.
3 Kgomotso Moroka was unable to attend a special board meeting held on 21 November 2017. Apologies were received.

GOV REM Details of committee attendance are included on pages 32 to 45.

Conflicts of interests and other commitments

Directors are required to disclose their outside business interests as a standing agenda item. At the beginning of each meeting, directors declare whether there are only conflicts of interest in relation to matters tabled for consideration. Directors do not participate in the meeting when the board considers any matters in which they may be conflicted and are recused from the meeting.

The group secretary maintains a register of directors' interests, which is tabled at the board meeting and any changes are submitted to the board as they occur. The group complies with the provisions of the Companies Act in this regard.

The board is aware of other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their responsibilities effectively.

Directors' induction and ongoing training

On appointment, directors are provided with the group's governance manual which contains all relevant governance information, including the company's founding documents, mandates, governance structures, significant reports, relevant legislation and policies. One-on-one meetings and site visits are scheduled with management to introduce new directors to the group and its operations. The remainder of the induction programme is tailored to each new director's specific requirements.

Dates for training are scheduled in advance and form part of the board-approved annual calendar. Directors are kept abreast of applicable legislation and regulations, changes to rules, standards and codes, as well as relevant sector developments that could affect the group and its operations.

Director training in 2017 included the following topics:

RDARR	An overview of the Basel Committee on Banking Supervision's (BCBS) 239 principles, metrics and risk reporting requirements, as well as an update on risk data aggregation and risk reporting (RDARR) compliance by the December 2017 deadline for the defined and agreed group scope.
KING IV	An update on changes to the King Code principles and recommended practices; its impact and the group's readiness to meet the requirements.
NEW WAYS OF WORKING	An introduction into the group's approach to new ways of working, which combines the capabilities of its people and its technology, in order to remain client centric. It also pertains to the group's high performance and ethical culture, which are ultimate determinants of sustainability.
IFRS 9	Update session providing an overview of IFRS 9's requirements; progress update of the group project, financial highlights with a focus on the transition impact, and key considerations of forward-looking information, and other business impacts.
CYBER RISK	The results of an independent review of the group's cyber risk strategies and capabilities.

Access to and flow of information

Directors have unrestricted access to group management and company information, as well as the resources required to carry out their duties and responsibilities. Access to external specialist advice is available to directors at the group's expense, in terms of the board-approved policy on independent professional advice. External auditors are invited to attend the group audit committee, the group risk and capital management committee and the group technology and information committee meetings.

The board uses an electronic board paper system which provides quick, easy and secure access to board papers and materials (including a resource centre that contains comprehensive reference materials). Board packs are circulated via this system prior to meetings, with enough time for the board members to apply their minds to the content. Information about latest issues affecting the group is also circulated as appropriate.

Assessing the board's effectiveness

The effectiveness of the board and the board committees is assessed annually. Externally facilitated board and board committee evaluations are performed every two years and internal self-evaluations performed every alternate year. The 2016 board effectiveness review was externally facilitated by Korn Ferry and the 2017 board effectiveness review was facilitated by the group secretary.
The chairman also conducted one-on-one individual director evaluations, where directors provided insights and constructive feedback on issues pertaining to their contribution as well as observations on the functioning of the board and its committees.

In both years, the assessment concluded that the performance of the board and its committees, when evaluated against the relevant areas were considered effective. The board is satisfied that the evaluation process contributes to its performance and effectiveness.

Reflecting on the 2016 evaluation

An important component of the evaluation process is the actions taken after the assessment. In 2016, several items were identified as improvement areas and work was performed in 2017 to address them.

TOPIC	2016 ACTIONS IDENTIFIED	PROGRESS DURING 2017
Board mandate, strategy and culture	• board to review its mandate to take into account recent regulatory changes, including King IV and financial sector developments.	The review was completed with updates incorporating changes in the King Code, Basel Corporate Governance Principles for Banks and other financial sector developments. All mandates were tabled at the board committees for review and for final approval by the board at its meetings in the third quarter of 2017.
Board composition	• board to explore practical options, including giving consideration to the appointment of fintech/ cybersecurity advisors. • the appointment of non-executive directors with the relevant skills and experience, to continue to support the group's strategy ambitions and fulfilment of its responsibilities.	In August 2017, the DAC approved the proposal to periodically invite a cybersecurity expert to consider and advise the technology and information committee on an ad hoc basis. As part of its duties in ensuring the board continuity programme, the DAC has considered the relevant skills and experience in the director specifications.
Directors' contributions	• continue to update directors on developments in the financial sector and the micro and macro-environments in which the group operates. • increase interaction with subsidiary boards and plan board visits to SBG sites in Africa Regions.	The board and relevant committees are kept abreast of any developments in regulations and legislation, including at the group social and ethics committee. The board's fourth quarter meeting was held at Stanbic Zambia, to allow the board to interact with the country board, management and visit operations.
Team dynamics	• consideration to be given to ensuring that board agendas allow sufficient time for considering both current and future risks and opportunities.	At the annual board strategy session held in September 2017, the board discussed current and future/emerging risks and opportunities, affecting the group. This gets done at board and relevant committees as well.
Delivery of mandate	• share learnings and increase interactions across the group.	Continuous effort to enhance interactions and subsidiary oversight at board level is ongoing. In April 2017, the group chairman hosted the Africa Regions Chairmen's Round-table, which involved chairmen from the East, South and Central and West Africa Regions. The chairman of the group risk and capital management committee participated and led discussions on the group's approach to risk management oversight.
Secretariat support and training	• continue to reduce the size of the board packs, highlighting areas of focus.	Commendable progress has been made in reducing the size of board packs.
Board committees	• review committee mandates to remove or minimise areas of overlap. • effect changes required considering King IV.	This review process also ensured the identification and removal of overlaps where appropriate. All mandates were reviewed and aligned to King IV principles and practices and approved by the board at meetings held in August 2017.

2017 board evaluation

The 2017 board evaluation was internally facilitated by the group secretary and overseen by the chairman in line with the parameters agreed at the directors' affairs committee. The process commenced on 31 October 2017 whereby directors were asked to provide a free-text assessment on the effectiveness of the board and its committees, providing feedback on areas considered effective as well as areas requiring improvement.

The board effectiveness review concluded that the performance of the board and its committees continue to be effective. Directors are engaged on matters relating to the board and the group. The executives engage openly and transparently with the board. Directors also highlighted areas that required improvement and attention. The following is a summary of the key findings:

TOPIC	KEY FINDINGS
Group strategy and execution	Ongoing strategy implementation is considered effective. Board members are sufficiently engaged in their oversight role over management's implementation of strategic plans.
Board composition	The board's composition reflected the diversity of skills, race, gender and experience which contributed to board effectiveness. Board members considered gender diversity as an area requiring further improvement, as well as enhancing the board's skills in IT, digitisation and cybercrime.
Ethics management and conduct	While there is a need for continuing vigilance, the board believes there is an embedded culture of ethics management and conduct with no tolerance for actions that would impugn the integrity of group.
Executive management and succession	There is effective management of succession plans and deep bench strength as evidenced by recent management changes.
Risk, IT, data and compliance	The risk, IT and compliance functions are well managed. There are robust governance frameworks and management teams are suitably qualified, with appropriate experience. Board members receive sufficient feedback from management on different activities.
Assurance functions	Assurance functions were considered effective, independent with unfettered access to the board.
Transformation	The group is considered to have made good progress in transformation at top management level.
Oversight over subsidiaries	The board commended the effective risk and governance oversight over subsidiaries, attributable to management. There had been improved board interactions with subsidiaries.
Stakeholder engagement	The group's approach to stakeholder engagement is considered effective well considered and executed at the appropriate level. There were constructive engagements with regulators, labour unions, local and international investors and shareholders.

Governing of group subsidiaries

At its November 2017 meeting, the board approved the revised group's subsidiary governance framework. This framework takes into account the requirements of King IV, the Basel Corporate Governance Principles for Banks and the developments in various jurisdictions in which we operate and is being rolled out to group subsidiaries for adoption. The framework is a living document and does not replace in-country local corporate governance codes but establishes a common standard of corporate governance across group subsidiaries. Through the alignment of governance practices and processes, the framework ensures discipline in the execution of the group's strategy, oversight and transparency. Through this framework, the board ensures that there are adequate governance structures and processes in place to contribute to the effective supervision of subsidiary companies, taking into consideration the nature, size, and complexity of the different risks facing the group and its subsidiary companies.

Entrenching ethics

The group is a large and diverse business. To drive our growth cohesively, we have agreed on a number of common guidelines, including our code of ethics and our values. These ensure that we do the right business in the right way, by complying with relevant laws and legislation. This is imperative to retain the trust of our stakeholders.

Our code of ethics is informed by the group's values; our ethical standards, as set out in anti-corruption and corporate governance legislation in our countries of operation; and globally recognised standards such as the King Code. The code of ethics applies to the board, our employees and all our banking operations. It is aligned to group standards, policies and procedures and is certified by the Ethics Institute of South Africa as conforming to the highest standards of international best practice.

The chairman and the board set the ethical tone for the group. The group chief executive, together with the chief ethics officer, are responsible for entrenching the group's values and code of ethics across the group. The board, through the relevant board committees, requests and considers compliance reports by executive management, internal auditors and external auditors on measures implemented to ensure compliance with regulatory and other legislative requirements.

At an absolute minimum, we adhere to and comply with all the legal obligations of the jurisdictions in which we operate. Our subsidiary governance framework and the relevant policies establish a common standard of corporate governance and conduct across the group.

GOV REM 34–45 For more information on the board's oversight role regarding ethics, refer to the activities of the group social and ethics committee, the group risk and capital management committee and that of the group audit committee from pages 34 to 45.

Mechanisms are also in place for employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour anonymously. Information on the processes and the policy relating to the whistle-blowing service is published in all business units and geographical publications during the year.

To report unethical behaviour, the contact details are:

Hotline SA only

0800 113 443

Hotfax SA only

0800 200 796

Hotfax international

+27 12 543 1547

Hotmail International

fraud@kpmg.co.za

Refer to our code of ethics:

www.standardbank.com/pages/StandardBankGroup/web/codeofethics

Liberty has its own code of ethics, policy and ethics line, which is also operated by an independent service provider.

Dealings in securities

The group-wide personal account trading policy, as well as the directors' and prescribed officers' dealing in securities policy prohibit directors and employees from trading in securities during closed periods, as well as during self-imposed embargo periods. Embargo and closed periods are in effect from 1 June until the publication of the interim results and 1 December until the publication of year-end results. Closed periods also include any period where the group is trading under a cautionary announcement. In addition, certain nominated employees are prohibited from trading in designated securities due to the price-sensitive information they may obtain in their positions. Compliance with policies is monitored on an ongoing basis and any breaches are dealt with according to the provisions of the policy and the JSE Listings Requirements. All directors' dealings require the prior approval of the chairman, and the group secretary retains a record of all their dealings and approvals.

During the reporting period, the group has complied with the JSE's Listings and Disclosure Requirements.

Political party contribution

As part of our efforts to contribute to the strengthening of democracy in South Africa, the group has been making annual donations since 2004 to political parties represented in the National Assembly, to help them effectively engage and represent the people of the country. The annual donation is calculated using a similar formula to that of the Independent Electoral Commission to allocate its party funding, i.e. 10% of the annual disbursement amount is divided equally between all parties represented in the National Assembly, and 90% is assigned in proportion to the number of seats held by each party. The disbursement for each party is doubled in the year of a general election, to assist with campaigning activities.

In 2017, the group allocated a total of R2.5 million (2016: R2.2 million) as a direct donation. Every year, each party is required to account for the use of funds. Reports indicate that the donations are used mainly for administrative costs and party campaign materials.

Being a responsible corporate citizen

The board oversees the group's conduct as a good corporate citizen with the support of the group social and ethics committee and approves the group's approach to corporate citizenship, identifying the business priorities linked to sustainability. Through our stakeholder engagement processes, the group is committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them to find solutions to sustainability challenges.

Connecting with stakeholders

The group's stakeholder engagement activities are governed by the stakeholder engagement policy that sets out formal areas of responsibility. The group social and ethics committee oversees the approach to stakeholder engagement, especially regarding material social and ethics related matters relevant to our legitimacy and social relevance across our footprint. The committee also provides assurance to the board that the group's conduct continues to be legitimate and socially relevant. Individual business units engage with stakeholders in ways that are appropriate to their particular areas. The board reviews material stakeholder engagements on a quarterly basis and provides guidance where necessary.

Annual general meeting (AGM)

An important part of our approach to governing our stakeholder relationships is to ensure our shareholders' views are heard and fully considered. Our AGMs provide an opportunity for the board to interact with and be accountable to shareholders. They provide an update to shareholders on the group's performance and offer an opportunity for shareholders to ask questions and vote on resolutions.

The board and key members of management, including the group chief executive and group financial director, are present and available to answer questions. The joint external auditors also attend to address any queries raised.

Minutes of the meeting are available from the group secretary's office. The outcome of the voting that takes place is published through the stock exchange news service (SENS) and posted on the group's website within 24 hours of conclusion of the AGM.

The quorum at the 2017 annual general meeting was 80.73% of shareholders represented in person or by proxy.

Quorum and participation at general meetings

The informed participation of shareholders at general meetings is encouraged by the board and therefore notices of general meetings are sent to shareholders within the timeframes established by law. The notices of general meetings are also posted on the company's website together with the details of the required percentage vote needed to pass each resolution.

AGM Refer to the notice of AGM published on our website.

Shareholders' rights

We are committed to ensuring that all holders of the same class of shares issued by the company are treated equitably. Standard Bank conforms to the principle of one share, one vote, one dividend and does not have any defensive mechanisms in its MOI.

Our MOI provides for three classes of shares, namely one class of ordinary shares and two classes of preference shares. Shares in each class have the same rights. In any class of shares, there are no non-voting or multiple voting shares, neither are there shares that limit the number of votes that can be cast by a single shareholder, other than those instances established by law. Preference shareholders are entitled to receive dividends prior to ordinary shareholders, and may only vote at a general meeting if their dividend payments are in arrears for more than six months and/or vote on a resolution that affects the rights attached to the preference shares, which may cause the reduction of the company's share capital or the winding up of the company.

Compliance

As a respected corporate citizen, we take our responsibility to comply with the relevant laws, regulations and codes seriously. The board monitors oversight over compliance through its board committees.

GOV REM 32–45 For more information on the board's oversight, refer to the board and committee activities from page 32 to 45.

Going concern

The board considers and assesses the group's status as a going concern in the preparation of the annual financial statements at year end. A similar process is followed during the interim reporting period. In addition, the board considers the solvency and liquidity requirements in line with the provisions of the Companies Act.

BOARD COMMITTEES

Creating value through balanced committees and clear responsibilities

DIRECTORS' AFFAIRS COMMITTEE

Membership	Attendance and eligibility[1]	Appointed to committee
Thulani Gcabashe (chairman) Independent non-executive director	5/5	7 March 2012 (as member) 27 May 2015 (as chairman)
Geraldine Fraser-Moleketi Independent non-executive director	5/5	30 November 2016
Hao Hu Non-executive director	3/3	1 June 2017
Kgomotso Moroka Non-executive director	5/5	29 May 2013
André Parker Independent non-executive director	5/5	27 May 2015
Myles Ruck Independent non-executive director	5/5	28 May 2014
Lubin Wang (alternate to Hao Hu) Non-executive director	3/3	1 June 2017

[1] Eligibility based on appointment date.

"The committee has worked to enhance the quality of the group's governance, to ensure Standard Bank continues to deliver value to its stakeholders across the continent. We do this by creating a consistent scaffolding necessary for taking complex decisions in the group."

Thulani Gcabashe

Committee purpose

- determining the appropriate group corporate governance structures and practices
- establishing and maintaining the board continuity programme
- ensuring compliance with all applicable laws, regulations and codes of conduct and practices
- assessing and ensuring the effectiveness of the board and its committees.

Committee composition, skills and experience

- chaired by the group chairman who is an independent non-executive director
- four independent non-executive directors and three non-executive directors
- the group chief executive is a standing invitee
- the collective skills and experience include governance and most members have leadership experience of large complex organisations.

GOV REM 12–17 Details of the skills and experience of each of the committee members are set out in their CVs on pages 12 to 17.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee held five meetings during 2017.

In discharging its responsibilities as set out in the committee's terms of reference, the following were some of the key focus areas for the year under review:

Succession planning

- continued to implement the board continuity programme by approving the appointment of non-executive directors on the boards of subsidiary companies and recommended for boards approval the appointment of Hao Hu and Lubin Wang to the boards of SBG and SBSA in terms of the ICBC/SBG shareholder agreement
- considered and agreed the director specifications for the future search for non-executive directors
- considered and recommended for board approval changes to the joint group chief executive structure, and the appointment of Sim Tshabalala as sole group chief executive and Ben Kruger as executive director
- following the disbanding of the joint group chief executive structure, considered and recommended for board approval, the appointment of Lungisa Fuzile as the chief executive of SBSA
- in line with the nominations and appointment policy, considered and approved the appointment of and changes in key executive roles, including Kenny Fihla as group chief executive of CIB following David Munro's appointment as chief executive of Liberty Holdings and Liberty Group; and Alpheus Mangale as the group chief information officer
- considered talent and succession planning for the group management committee, a subcommittee of group exco
- in light of the current group strategy, considered board and its subcommittees and the subsidiary boards' composition as it relates to skills, experience, background, gender and race diversity
- reviewed and made recommendations to the board on the re-election of directors retiring by rotation
- having considered committee composition and results from the board effectiveness review, recommended for board approval, the appointment of Jacko Maree as chairman of group model and approval committee and as member of the group risk and capital management committee
- recommended for board approval, the appointment of a successor for the group audit committee chairman role
- approved the process for independent subject matter experts providing advice to the group technology and information committee.

Corporate governance

- having considered the group governance assessment against committee's performance, the committee concluded that the DAC and the board had met its terms of reference
- reviewed the amendments to the board and committees' mandates considering updates in legislation/or regulation, including King IV and recommended for board approval
- considered King Code requirements on the classification of directors as independent and recommended for board approval for the assessment of directors' independence for purposes of disclosure in the annual reports
- recommended for board approval the final assessment report of the 2017 corporate governance, risk and capital management process and objectives
- considered and recommended to the board, the 2018 board corporate calendar
- considered subsidiaries' implementation of the subsidiary governance framework
- considered and recommended, for board approval, the corporate governance statement and AGM notice as part of the external reporting suite
- noted chairman's update on the chairmen's round-table, which was hosted in Namibia
- considered and recommended for board approval the appointment of Peter Sullivan as the lead independent director
- considered and approved the revised group subsidiary governance framework
- considered and recommended, for board approval, the amended delegation of authority to take into account the changes in the group chief executive structure
- noted director meeting attendance for the year.

Statutory updates

- considered changes in legislation and regulations, including changes in the treatment of non-executive directors' fees for tax purposes
- considered and confirmed the 2017 prescribed officers in line with the Companies Act.

Board performance review

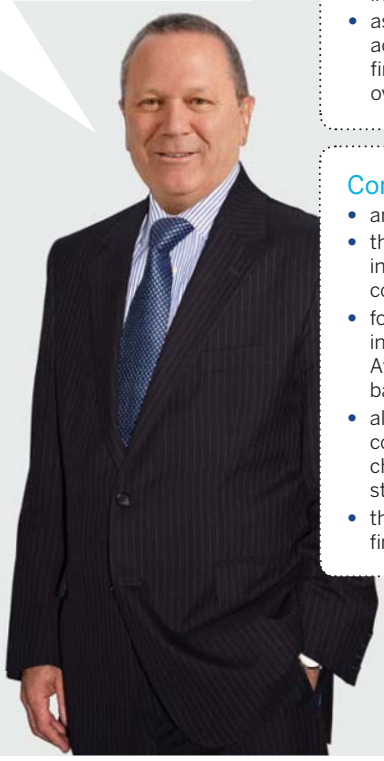
- considered the results and progress made from the 2016 board effectiveness review conducted by Korn Ferry on the board and its committees. Refer to board evaluation on page 28 for more information
- considered and recommended to the board, for approval, the 2017 board evaluation scope and methodology which was internally facilitated by the chairman and the group secretary
- considered and noted the 2017 group chief executive performance contract.

GROUP AUDIT COMMITTEE

Membership	Attendance and eligibility	Appointed to committee
Richard Dunne (chairman) Independent non-executive director	**8/8**	3 December 2009 (as member) 27 May 2010 (as chairman)
Trix Kennealy Independent non-executive director	**8/8**	30 November 2016
Martin Oduor-Otieno Independent non-executive director	**8/8**	25 May 2016
Atedo Peterside CON Independent non-executive director	**8/8**	27 May 2015
Peter Sullivan Independent non-executive director	**7/8**	6 March 2013
John Vice Independent non-executive director	**8/8**	30 November 2016

"In an ever-evolving and increasingly regulated environment, the committee continued to provide oversight and input into the group's financial landscape, compliance and conduct. I am encouraged by fellow directors assessing this committee as one of the best performing committees."

Richard Dunne



Committee purpose

- monitor and review the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes
- provide independent oversight of the group's assurance functions, with focus on combined assurance arrangements, including external audit, internal audit, compliance, risk and internal financial control functions
- review the independence and effectiveness of the group's external audit, internal audit and compliance function
- assess the group's compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports, thus providing independent oversight of the integrity thereof.

Committee composition, skills and experience

- an independent non-executive director chairs the committee
- the committee comprises six independent non-executive directors, which includes the group technology and information and group remuneration committee chairmen
- four of the committee members are considered financial experts, and include Richard Dunne, Trix Kennealy, Martin Oduor-Otieno and John Vice. Atedo Peterside and Peter Sullivan both have extensive business and banking experience
- all three executive directors, group chief audit officer, group chief compliance and data officer, group chief risk officer (CRO), business unit chief executives, head of group tax and the group's external auditors are standing invitees to committee meetings
- the collective skills and experience of members include banking and financial services, accounting and auditing.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met eight times during the financial year, including two meetings to consider quarterly financial results for publication on SENS, and the annual meeting with the Bank Supervision Department of SARB. In discharging its responsibilities as set out in the committee's terms of reference, the following were some of the key focus areas for the year under review:

Governance

- reviewed and updated the committee's mandate with consideration of relevant legislation, regulation and governance principles, notably King IV.

Internal audit

- reviewed and approved internal audit's charter
- reviewed and approved the internal audit plan, which was informed by the group's strategic objectives, value drivers, top risks and opportunities identified by management and stakeholders, noting that the group's assessment of top risks was considered as part of internal audit's risk assessment process, and combined assurance principles were embedded in the execution of internal audit activities. On a quarterly basis, the committee reviewed and approved proposed amendments to the plan to ensure it remained aligned to the changing nature of the group's risk profile
- reviewed quarterly reports from internal audit which covered progress with audit plan delivery; an analysis of the cumulative results of audit outcomes for the year; a summary of satisfactory and unsatisfactory audits that were completed during the reporting period, as well as the outcomes of advisory reviews performed at the request of management or regulators; and an analysis of the status of audit findings previously reported. Where it was appropriate, management was invited to attend meetings to present an update on the status of actions implemented to address audit findings and recommendations
- considered the results of internal audit's quality assurance team's bi-annual internal file review, which assessed conformance with internal audit's methodology, as well as the International Professional Practices Framework of Internal Auditing
- reviewed internal audit's annual report which summarised the results and themes observed as part of internal audit's activities for the prior year. The report concluded with internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information. In addition, the committee confirmed the organisational independence of the internal audit activity
- the group's external auditors conducted an annual assessment of the internal audit function against the International Standards on Auditing (ISA) 610 and confirmed that the work of internal audit was reliable for the purposes of the external audit.

Compliance

- reviewed and approved the group compliance mandate, which sets out the mission, approach, accountability, roles, responsibilities and authority and confirmed the independence of the group compliance function
- considered and approved group compliance's annual plan and monitoring activities for the year
- reviewed quarterly reports from group compliance which covered key compliance matters across the group. The report also provided an overview of interactions with various regulators in South Africa and other jurisdictions. It contained an update on matters identified as part of regulators' routine and non-routine inspections.

Group financial crime control

- considered a quarterly report from the group financial crime control function, which provided an update on key activities of this unit
- as part of the review of board committees' mandates in August 2017, oversight of financial crime was transferred to the group risk and capital management committee's (GRCMC's) terms of reference.

Tax

- reviewed quarterly reports on tax matters of significance across the group (including ruling and emerging tax legislation)
- reviewed the results of group tax's self-assessment of compliance with the tax control framework, following which a revision to the framework and supporting policies was tabled and approved.

Financial accounting and external reporting issues

- considered a quarterly reports which outlined financial accounting and external reporting issues of significance which affected the group or could affect the group in future. The audit committee considered the impact of these matters on the group's financial statements and disclosures. The reports also provided an update on developments in International Financial Reporting Standards (IFRS)
- the group's IFRS 9 Financial Instruments (IFRS 9) project continued to receive focus throughout 2017, as the group developed its processes towards meeting the mandatory 1 January 2018 implementation date
- the committee noted a letter from the JSE which reported the findings of the review of financial statements of JSE listed entities for compliance with IFRS disclosure requirements. The committee also noted a group self-assessment against the JSE's findings and noted that no significant accounting or disclosure deficiencies were noted in the group's 2016 financial statements.

Internal financial controls

- on a quarterly basis, reviewed a report on internal financial control activities, as overseen by the group's internal financial control committee
- reviewed proposed amendments to the group's delegation of authority framework and recommended revised financial limits to the board for approval.

Non-audit services

- approved the non-audit services policy as part of the annual review of the policy which governs the use of the group's external auditors for non-audit services
- on a quarterly basis, the committee considered the nature and quantum of non-audit services that were approved during the period and, as per the approval thresholds set out in the policy, considered and where deemed appropriate, approved engagements.

Interim and annual financial results

- considered and recommended to the board for approval, the interim and annual financial results, after having considered an analysis of the results, relevant financial accounting issues, solvency, liquidity and going concern assessments, as well as draft profit and dividend announcements
- reviewed trading updates, interim and final profit and dividend announcements for publication on SENS.

Financial reporting

- reviewed the annual integrated report, governance and remuneration report, risk and capital management report, and annual financial statements and recommended these for board approval, after having considered King III disclosure requirements.

External audit

- evaluated the independence assessment of the external auditors and recommended their re-appointment for shareholder approval at the group's AGM
- considered the results of management's assessment of the effectiveness of the group's external auditors as part of the 2016 financial year-end audit
- considered the independent auditors' report, with reference to the audit opinion. The report included key audit matters that were, in the external auditors' judgement, significant to the audit of the financial statements
- reviewed the external auditors' report on findings for the 2016 financial year; and at the meeting in November 2017, it reviewed a progress report on findings from the preliminary audit for the year ended 31 December 2017
- reviewed the external auditors' report relating to the regulatory audit work for the year ended 31 December 2016
- approved the external audit plan, fees, and terms of engagement as specified in the engagement letter for the statutory audit for the financial year ended 31 December 2017. The external audit plan confirmed that work with internal audit continued ensuring all assurance providers were aligned from a combined assurance perspective
- in May 2017, the committee reviewed and approved external audit's plan for the IFRS 9 transition review
- in November 2017, the committee reviewed the results of the IFRS 9 hard-close review, which included the group's classification and measurement principles and approach for the impairment calculations.

Oversight

- on a quarterly basis, the committee considered key matters raised at GRCMC and reviewed the minutes of key subsidiary audit committees, as well as the Africa Regions audit and risk committee.

GROUP TECHNOLOGY AND INFORMATION COMMITTEE

"As a business, and especially a financial services organisation, our ability to remain relevant to our customers and other stakeholders is dependent on how we effectively use, evolve and adapt to the technology of today and tomorrow."

John Vice

Membership	Attendance and eligibility	Appointed to committee
John Vice (chairman) Independent non-executive director	**4/4**	30 November 2016 (as chairman)
Arno Daehnke Executive director	**4/4**	25 May 2016
Richard Dunne Independent non-executive director	**4/4**	12 March 2014
Hao Hu Non-executive director	**2/2**	1 June 2017
Ben Kruger Executive director	**4/4**	12 March 2014
André Parker Independent non-executive director	**4/4**	25 November 2015
Atedo Peterside CON Independent non-executive director	**4/4**	27 May 2015
Peter Schlebusch[1] Exco member	**4/4**	30 November 2016
Peter Sullivan Independent non-executive director	**4/4**	12 March 2014
Sim Tshabalala Executive director	**4/4**	27 May 2014
Lubin Wang (alternate to Hao Hu) Non-executive director	**2/2**	1 June 2017

[1] Until 31 March 2018.

Committee purpose

- in line with King IV and the board briefing on IT governance, as published by the IT Governance Institute, the committee ensures that prudent and reasonable steps were taken to govern technology and information
- the committee oversees the governance of technology and information to support the organisation in setting and achieving its strategic objectives.

Committee composition, skills and experience

- chaired by an independent non-executive director
- comprises five independent non-executive directors, two non-executive directors, all three executive directors and the group's head of digitisation
- standing invitees to committee meetings include an independent IT subject matter expert, Leon du Rand, who has been an advisor to the committee since 2014, the group chief information officer, group CRO, group chief audit officer, business unit chief executives, head of operational risk, IT executive management members, group chief compliance and data officer, head of data management and the group's external audit IT partners.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met four times during the financial year. In discharging its responsibilities as set out in the committee's terms of reference, the following were some of the key areas of focus for the year under review:

Governance

- reviewed and updated the committee's mandate considering relevant legislation, regulation and governance principles, notably King IV. As part of the transition from King III to King IV, the committee's terms of reference were expanded to include, in addition to technology, oversight of information governance. Accordingly, the committee's name changed from the group information technology (IT) committee to the group technology and information committee. In support of its oversight responsibility for information management, the committee will be focusing on enterprise data management and governance from 2018
- reviewed and approved the group's IT governance standard as part of the scheduled review cycle.

Independent subject matter experts' report

- considered the independent subject matter experts' third annual review of the group's IT governance domains.

IT governance domains

As part of its oversight programme for the year, the committee reviewed detailed reports on IT governance domains:

- the IT risk management governance domain which covered the strategic alignment of the IT function with the group's strategy, an overview of the group's IT risk profile and a detailed overview of top IT risks
- the IT resource management governance domain
- the alignment of IT investment to the group's strategic objectives.

IT resilience

- reviewed a report which outlined key initiatives that focused on further enhancing the group's IT resilience.

Cybersecurity

- considered an overview of cybercrime at a global level; top cyber sub-risks affecting the financial services industry; and the group's cybersecurity strategy and roadmap
- considered an independent review by an international cyber expert of the group's cyber risk strategies and capabilities.

Significant IT investments

- considered quarterly updates on strategic programmes.

IT transformation

- considered regular updates on the group's four-year IT transformation programme which ended in 2017. The programme created substantial impact and transformed the group IT function, delivering savings targets over the period.

Regulatory interaction

- considered key interactions with the SARB as they pertained to IT and the group's response to matters raised as part of the regulator's supervisory programme.

Audit reports on IT matters

- reviewed quarterly extracts from the internal audit's report to the group audit committee which pertained to audits for IT reviewed external audit's report on IT matters in the statutory audit for the financial year ending 31 December 2016, noting continued improvement in the IT general control environment.

GROUP MODEL APPROVAL COMMITTEE

Membership	Attendance and eligibility	Appointed to committee
Jacko Maree (chairman) Non-executive director	**4/4**	30 November 2016 (as member) 1 March 2017 (as chairman)
Arno Daehnke Executive director	**4/4**	25 May 2016
Kenny Fihla Exco member	**0/2**	23 June 2017
Ben Kruger Executive director	**4/4**	29 May 2013
Nomgando Matyumza Independent non-executive director	**3/4**	30 November 2016
Martin Oduor-Otieno Independent non-executive director	**4/4**	30 November 2016
Peter Schlebusch[1] Exco member	**3/4**	14 August 2013
Neil Surgey Exco member	**4/4**	1 September 2015
Sim Tshabalala Executive director	**3/4**	29 May 2013

1 Until 31 March 2018.

"During the year, the committee continued to assess the group's risk evaluation models for the effective discharge of our regulatory requirements."

Jacko Maree

Committee purpose

- assist the board in discharging its obligations for model risk as it pertains to the advanced internal rating-based approach for the measurement of the bank's exposure to credit risk as envisaged in the regulations of the Banks Act
- perform functions set out in regulations, including inspecting risk evaluation models for approval by the committee when necessary.

Committee composition, skills and experience

- chaired by a non-executive director
- comprises three non-executive directors, all three executive directors, chief executives of PBB and CIB and the group chief risk officer
- during 2017, Kenny Fihla was appointed as chief executive of CIB to replace David Munro and, in this capacity, became a member of the committee
- collective skills and experience profile of group model approval committee members include banking, regulatory, credit and model risk
- CIB and PBB chief risk officers, the heads of CIB and PBB model development and model validation, as well as the group head of model validation, are standing attendees at committee meetings.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

During 2017, four committee meetings were held.
In discharging its responsibilities, the following were some of the key focus areas for the year under review:

Model approvals

- reviewed and approved material new risk models and the ongoing use of existing risk models
- considered detailed model development reports and the outcome of validation reviews across key model performance criteria. Where relevant, validation findings, recommendations and action plans to address these, were considered as part of the review and approval of all material risk models.

Model oversight

- reviewed the model status reports, which provided an overview of all credit models
- considered updates on key activities in the model development functions
- modelling of IFRS 9 impairment values and removal of implicit support from models as per the SARB's Circular 5 of 2015
- considered reports on key interactions with regulators
- monitored the activities of CIB and PBB model approval committees
- reviewed and approved the mandates of these two subcommittees during the mandate review cycle.

Governance

- updated the committee's mandate considering relevant legislation, and governance principles, notably King IV
- approved the group's model risk governance framework, which sets out the minimum requirements for model risk governance as well as the identification, measurement, management and reporting of model risk, in accordance with the periodic review cycle
- considered the results of a self-assessment against the requirements of the model risk governance framework, which reflected compliance across all key model development areas
- considered the results of the model risk maturity assessment, which tracked within the group's target maturity range.

GROUP RISK AND CAPITAL MANAGEMENT COMMITTEE

Membership	Attendance and eligibility	Appointed to committee
Myles Ruck (chairman) Independent non-executive director	**4/4**	1 January 2007 (as member) 6 August 2010 (as chairman)
Richard Dunne Independent non-executive director	**4/4**	3 December 2009
Thulani Gcabashe Independent non-executive director	**4/4**	27 May 2015
Hao Hu Non-executive director	**2/4**	1 June 2017
Geraldine Fraser-Moleketi Independent non-executive director	**4/4**	30 November 2016
Trix Kennealy Independent non-executive director	**4/4**	30 November 2016
Jacko Maree Non-executive director	**1/1**	16 August 2017
Nomgando Matyumza Independent non-executive director	**4/4**	30 November 2016
Kgomotso Moroka Non-executive director	**4/4**	28 May 2014
Peter Sullivan Independent non-executive director	**4/4**	6 March 2013
John Vice Independent non-executive director	**4/4**	30 November 2016
Lubin Wang (alternate to Hao Hu) Non-executive director	**2/4**	1 June 2017

"The way we manage risks, together with how we protect and enhance our capital, is critical to the group's sustainability."

Myles Ruck

Committee purpose

- independent and objective oversight of risk and capital management across the group
- oversee the governance of risk and capital management by directing the way risk and capital management should be approached and addressed in the group
- review and assesses the adequacy and effectiveness of the risk and capital management governance framework
- ensure that risk and capital management standards and policies are well documented and support the group strategy by being appropriate and effective in operation
- evaluate and agree the nature and extent of opportunities and associated risks to the organisation in pursuit of its strategic objectives; and support a climate of discipline and control.

Committee composition, skills and experience

- chaired by an independent non-executive director
- comprises eight independent non-executive directors, including the chairmen of the board, group audit, group technology and information, group remuneration and group social and ethics committees; and four non-executive directors
- all three executive directors, as well as the group and business unit CROs, group chief compliance and data officer, group chief audit officer, business unit chief executives, head of operational risk and external auditors are standing attendees of committee meetings
- collective skills and experience profile of GRCMC members includes banking and financial services, accounting and auditing; capital and risk management; governance, regulation and public policy; and information technology.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate

During 2017, four quarterly committee meetings were held. A special subcommittee meeting was held in September 2017 to approve the interim risk and capital management report. The following were some of the key focus areas for the year under review:

Risk appetite and risk profile

- considered the group's perspective on top risks for 2017
- considered and approved the 2017 risk appetite statement for the group's banking operations
- on a quarterly basis, reviewed detailed risk management reports which covered key risk types, including credit, operational, country and market risk across the group and at a business unit level
- considered risk overviews on events and risks that occurred or were emerging and were expected to have a direct or indirect impact on the group's risk profile
- considered the impact of the South African sovereign ratings downgrade to sub-investment grade, considering the implications from a revenue, capital and liquidity perspective, as well as the group's mitigation strategies
- considered the macroeconomic and operating environment across the geographies and markets in which the group operates. This informed the group's risk appetite across sectors and countries, ensuring concentration on specific sectors was appropriately managed and risk appetite adjusted, where appropriate
- continued to monitor the effect of the macroeconomic and operating environment, as well as consumer strain on the group's PBB portfolios
- with reference to its oversight of the operational risk profile, the committee considered management reports on key contributors to operational risk losses, industry trends and management's response to operational risk and financial crime
- considered an update on significant insurance programmes across the group, as well as their current and renewal terms and conditions
- reviewed quarterly reports on legal and reputational risk.

Regulatory matters

- on a quarterly basis, considered updates on progress to achieve BCBS 239 RDARR compliance by the December 2017 deadline for the defined and agreed group scope. In June 2017, a board education session was held on BCBS 239 principles, metrics and risk reporting. At the board's annual prudential meeting with the SARB, the chairman of the group risk and capital management committee presented an update on the progress made with implementation of BCBS 239 RDARR principles. At the November 2017 meeting, the committee approved the annual update to the group's RDARR governance framework
- considered updates on regulatory developments, with continued focus on market conduct, consumer credit regulations and the implications of emerging local, global and prudential regulations on the group
- approved the annual update to the group's integrated recovery plan
- considered the annual and interim risk disclosures made to shareholders to ensure timely, relevant, complete, accurate and accessible risk disclosure, in line with Basel pillar 3 disclosure requirements.

Internal capital adequacy assessment process (ICAAP)

- approved the macroeconomic scenarios for the running of the ICAAP 2016 financial year-end stress testing process. The scenarios were chosen primarily to target the group's key markets and included macroeconomic considerations at both a global and a South African-specific level
- reviewed and recommended to the board for approval the group's 2016 ICAAP, prior to submission to the SARB.

Capital and liquidity risk management

- reviewed the group's capital and liquidity three-year forecast and recommended revised capital adequacy target ranges to the board for approval
- on a quarterly basis, reviewed capital adequacy and liquidity ratios, including events that could have an impact on these.

Governance

- reviewed and approved the group's risk governance standards, frameworks and relevant policies according to a scheduled review programme
- updated the committee's mandate considering relevant legislation and governance principles, notably King IV.

Oversight

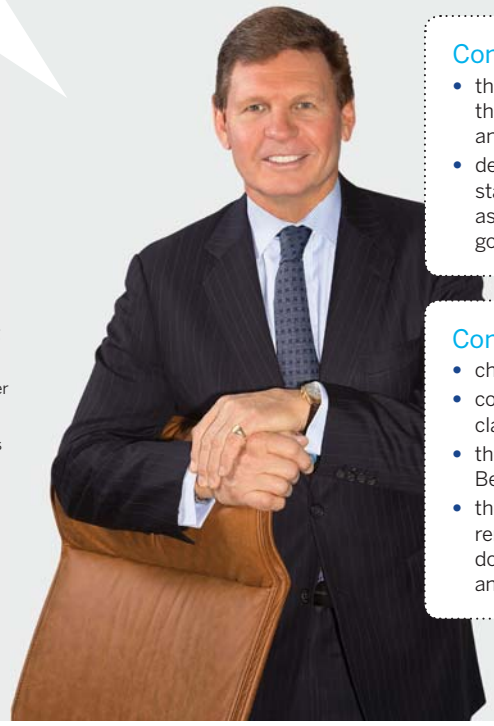
- considered key matters raised at group risk oversight committee meetings and reviewed the minutes of key subsidiary risk and credit committee meetings on a quarterly basis.

GROUP REMUNERATION COMMITTEE

Membership	Attendance and eligibility	Appointed to committee
Peter Sullivan (chairman) Independent non-executive director	**4/4**	27 May 2015 (as member) 17 August 2016 (as chairman)
Thulani Gcabashe Independent non-executive director	**4/4**	27 May 2015
Trix Kennealy Independent non-executive director	**4/4**	30 November 2016
Jacko Maree Non-executive director	**4/4**	30 November 2016
Nomgando Matyumza Independent non-executive director	**4/4**	30 November 2016
André Parker Independent non-executive director	**4/4**	28 May 2014
Atedo Peterside CON Independent non-executive director	**4/4**	30 November 2016

"The way we recognise and reward our employees is a critical lever for the group to create the right culture for delivery against its short-, medium- and long-term goals."

Peter Sullivan



Committee purpose

- the purpose of the remuneration committee is to assist the board to discharge its responsibilities to ensure fair and responsible remuneration by the group
- developing a remuneration philosophy and policy statement for disclosure to enable a reasonable assessment by stakeholders of reward practices and governance processes.

Committee composition, skills and experience

- chaired by an independent non-executive director
- comprises only non-executive directors, six being classified as independent non-executive directors
- the group chief executive and executive director, Ben Kruger are standing invitees to committee meetings
- the collective skills and experience profile of the group remuneration committee members includes banking, doing business in sub-Saharan Africa, remuneration and risk management.

GOV REM 46–111 For understanding on the group's approach to remuneration, refer to the group remuneration report, from pages 46 to 111.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met four times during 2017.

In discharging its responsibilities as set out in the committee's terms of reference, the following were some of the key focus areas for the year under review:

Remuneration

- considered updates on latest market and regulatory views on banking remuneration
- considered both the financial outlook presented by the group financial director for the year and the risk report from the group chief risk officer as guidance on deliberations for the approval of bonus pools recommended by management
- considered the group chief executive and executive directors performance review as a function of setting their remuneration
- considered other senior executives' performance reviews and the implications on pay. This included the approval of the total compensation for the chief executives of CIB, PBB, the Africa Regions and Wealth, the group financial director and the top 100 personnel per business unit
- considered and approved the percentage increase in the guaranteed cost-to-company increase for executives, managers and general staff
- considered and recommended for board and ultimate shareholder approval at the 2017 AGM, the 2018 non-executive directors' fees
- considered and noted the non-executive directors' fees paid by subsidiary entities in the group.

Incentive schemes, share-based payments and other benefits

- reviewed the group's share incentive schemes and approved the:
  - performance reward plan (PRP) vesting metrics
  - conditions set on the equity growth scheme (EGS) and group share incentive scheme (GSIS)
  - deferral rates that would apply for the deferred bonus scheme for the year incentive awards for South Africa, the Africa Regions and Standard Bank International
- considered the share appreciation rights plan (SARP) and the restricted equity fund (REF)
- considered feedback from engagements with shareholders, investors and agreed action plans.

Subsidiary remuneration committees

- considered and approved the establishment of a Stanbic IBTC share incentive scheme
- considered and noted changes to mandates of subsidiary remuneration committees and key matters from their meetings.

Governance

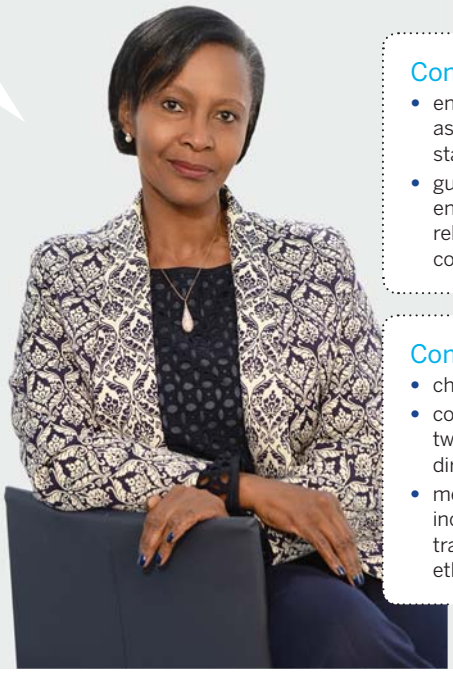
- reviewed the amendments to the committee mandate in light of developments in regulation, including King IV and recommended it for board approval
- reviewed and approved the risk adjusted remuneration governance standards
- considered and recommended for approval the remuneration report.

GROUP SOCIAL AND ETHICS COMMITTEE

Membership	Attendance and eligibility	Appointed to committee
Kgomotso Moroka (chairman) Non-executive director	**4/4**	29 May 2013 (as member) 4 March 2015 (as chairman)
Geraldine Fraser-Moleketi Independent non-executive director	**4/4**	30 November 2016
Lungisa Fuzile Executive director, SBSA	**0/0**	15 January 2018
Thulani Gcabashe Independent non-executive director	**4/4**	27 May 2015
Ben Kruger Executive director	**4/4**	29 May 2013
Jacko Maree Non-executive director	**4/4**	30 November 2016
Martin Oduor-Otieno Independent non-executive director	**4/4**	25 May 2016
Sim Tshabalala Executive director	**4/4**	9 November 2010

"As a committee, we are dedicated to ensuring that the Standard Bank Group strives to conduct itself as a responsible corporate citizen, understanding the challenging socioeconomic context in which it operates in."

Kgomotso Moroka



Committee purpose

- ensure the development of appropriate policies and act as the group's social conscience, recognising that stakeholder perceptions affect the group's reputation
- guide and monitor the group's social, ethical, economic, environmental, transformation and consumer relationship initiatives in line with relevant legislation, codes and regulation.

Committee composition, skills and experience

- chaired by a non-executive director
- comprises three independent non-executive directors, two non-executive directors, and three executive directors
- members possess a combination of skills and expertise, including but not limited to banking, public policy, transformation, organisational development and ethical leadership.

Mandate: creating value through discharging of responsibilities

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met four times during 2017.

In discharging its responsibilities, the following were some of the key focus areas for the year under review:

Socioeconomic development

- reviewed the annual corporate social investment spend, project spread and activities across the group's operations, specifically giving consideration to aligning the focus of programmes and differentiating corporate social initiative activities across the Africa regions
- considered the progress of the group's consumer education programme Walletwise, specifically ways in which it could benefit women and youth
- considered reports on socioeconomic development risks and political stability, in areas where the group operates
- reviewed the group's sponsorship policy
- considered the group's sustainability programmes and strategy, specifically the direct and indirect environmental impact of these programmes
- considered the bank's strategy to support black-owned businesses in South Africa.

Diversity and inclusion

- monitored quarterly progress against targets set out in the employment equity plan and diversity dashboard
- reviewed the final BEE score
- considered the mandate of the newly established political economy, transformation and BBBEE committee.

People and culture

- monitored the group's approach to conduct through a culture-led strategy, to embed culture and conduct, and manage conduct risk
- considered the repositioning of employee health and wellbeing within the group, both as a responsible employer and in the interest of business, specifically, the minimum standards for the provision of employee health and wellness services across the group
- monitored international employee mobility, specifically of assignees or expatriates, and foreign nationals, and considered further employee development opportunities and support structures
- reviewed the group's compliance in line with occupational health and safety legislation, governance, and incident management.

Consumer relationships

- monitored the social impact of reputational risk matters
- considered stakeholder concerns with sales in execution, and engagements held to address the concerns.

Ethics

- reviewed the group's assertions in relation to the provisions of the group's code of ethics
- reviewed the anti-bribery and corruption policy, with specific reference to roles and responsibilities, alignment to international best practice, and applicability of policy principles across jurisdictions
- considered the group's position on independent security researchers, also commonly referred to as "ethical hackers"
- considered legal, reputational and ethical risks arising from supplier relationships, notably KPMG, McKinsey and SAP.

Governance

- reviewed the 2017 Report to Society and approved the material issues categorised according to the relevant value drivers
- considered the findings in the Mo Ibrahim Index of African Governance released in the context of the group's footprint
- reviewed the amendments to the committee mandates in light of updates in regulation, including King IV.

REMUNERATION REPORT

CONTENTS

Our people ultimately underpin the successful execution of our strategy.

We work to ensure that our pay framework supports the motivation and reward of performance, while at the same time meeting regulatory requirements and stakeholder expectations.

Review of focus areas – 2017 and 2018

We continually review our pay practices to align with shareholder interests and to ensure that the practices support our businesses and changes in our operating environment. We actively seek shareholder views and revise our reporting to improve transparency.

We seek to remain competitive and relevant across Africa, where often the talent is scarce and markets are competitive.

We set practices that take into account local conditions within a group governance framework. Specific focus areas for 2018 are detailed below.

- In March 2017 we executed the first delivery of our performance reward plan in respect of awards made in March 2014. We achieved 68.37% delivery out of a possible 200% of awards made.

GOV REM 61 See page 61

- We visited several stakeholders to discuss our remuneration policy. The policy was approved at the AGM held in May 2017 with 95.9% of shareholders in support of the policy.
- Remco resolved that the settlement of future awards of the deferred bonus scheme may be cash-settled (in respect of executive directors and prescribed officers) providing minimum shareholding requirements are met. Deferred bonus awards remain linked to the share price during the vesting period.
- A new share appreciation rights plan was launched. Share appreciation rights were issued to those executives with deferred bonus scheme (DBS) awards over R1 million who choose to defer their awards in these rights.
- A long-term savings plan for retirement was introduced in South Africa in October 2017, allowing senior executives over a particular salary threshold a choice of funds to invest in for their retirement.
- King IV recommendations on remuneration were assessed and this report has been updated to comply with King IV. Basel III remuneration requirements have also been incorporated.
- In South Africa additional choices have been included in the leave benefit to enhance the employee offering.

Focus areas in 2018

- We will continue to focus on the employee experience of reward through benefit choice and communication.
- We will continue to ensure that reward supports our efforts in client centricity, driving our universal financial services organisation and our digital outcomes.
- We will consider extending share ownership to more employees.
- We will investigate the introduction of a clawback provision on vested awards.
- We will continue our work on fair and responsible pay.

GOV REM 63 See page 63

MESSAGE FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

"This is the **Background Statement**[1] to the remuneration awarded to the chief executives, prescribed officers and executive directors."

Peter Sullivan
Chairman, Remco

1 As required by King IV.

Dear Shareholder

Our remuneration philosophy seeks to fairly share our earnings among shareholders, fiscal partners, executives and our employees who deliver value over time. In assessing that value delivered, the group's performance is considered on a through-the-cycle basis taking into account both financial and non-financial metrics in terms of the philosophy:

- incentive pool growth is correlated to headline earnings (HE) and headline earnings pre- minorities' interests (HEpMI)
- HE – representing the shareholder view and ensuring growth in shareholder value is aligned to incentive rewards
- HEpMI – ensuring that incentive rewards are appropriately linked to operating performance and recognising the interests of minority shareholders
- however, the growth rates of incentive pools are not pegged formulaically to growth in HE or HEpMI but are adjusted for financial and non-financial indicators, considering an overall stakeholder view and within acceptable shareholder boundaries
- risk adjustments are also made to incentive pools and individual awards when required.

This report reflects the board's assessment of the group's performance for 2017 and includes consideration of the trading environment over the course of the year, as well as any material risk incidents and conduct issues.

Against that backdrop, I am pleased to report that the group continues to make good progress in implementing the strategy approved by the board to reach its financial and non-financial objectives.

In reviewing the group's performance, the remuneration committee (the committee) considered the general economic and political environments across the group's franchise and the effects these factors had on both the quantitative and qualitative aspects in the businesses.

The operating environment in 2017 proved, once again, to be difficult and in many markets quite volatile. Examples of these were:

In South Africa:

- rating agencies' downgrades
- real GDP growth was low at 1.3% and inflation moderated to 5.4%
- low business and consumer confidence had a negative effect on the demand for credit
- heightened political and policy uncertainty leading up to the African National Congress election had a negative effect on business; however, business sentiment did rebound in December.

In the Africa Regions:

- material currency movements and liquidity issues were experienced in several countries
- macroeconomic factors deteriorated in East Africa as the long-standing drought persisted and several countries sought assistance from the IMF
- new regulatory caps and floors were introduced in various markets
- in Nigeria, the central bank requirements drove accelerated write-offs, and sought to deal with the continuing effects of a low oil price and scarce foreign currency
- these factors were partially offset by improvements in West Africa macros as a result of rising oil prices and a general moderation in inflation and a flattening of rates across the regions towards the end of the year.

Against this backdrop, the group's performance was excellent. The senior management team remained focused on delivering against the strategy to achieve a well-rounded set of results.

The group's headline earnings grew to R26 270 million, an increase of 14% (18% on a constant currency basis) over the prior year, while return on equity grew to 17.1% up from 15.3% in the prior year. Within these results, banking activities grew HE by 10% (14% on a constant currency basis) to R24 268 million while ROE increased to 18% up from 16.8% in 2016. It was pleasing to note that despite higher amortisation costs for the IT programme, the cost-to-income ratio fell further to 55.7% and jaws were positive at 1%, demonstrating good cost control.

The Liberty business, under new leadership and on the back of a very weak performance in 2016, showed improvement with normalised HE growing by 8% over the prior year. Operating earnings were down 19% year-on-year. Liberty's overall performance remains a matter of serious concern; however, plans are in place to restore the business to sustainable growth over the coming years.

Further to the financial results, there were marked improvements in customer experience scores. The first employee net promoter score survey was completed and the score of +14 was significantly higher than global benchmarks. Risk utilization remained within approved risk appetite levels while capital adequacy and liquidity metrics remained above board-approved targets. These scores represent strong progress.

Strategy

The committee considers the execution of the group strategy and the ability to show demonstrable progress against key milestones to be an integral part of the performance measurement and reward for senior executives.

The CEOs articulated three strategic focus areas for the group as part of the evolving strategy. These were:

- **The client:** to cultivate a client-centric culture within the group
- **Digital:** to transition the group to a fully digital platform creating significant competitor advantage
- **Universal Financial Services Organisation:** to deliver seamless, consistent products and services to our clients across our franchise.

The success of these strategic focus areas is measured by client experience scores, employee engagement metrics, risk and conduct measures, financial outcomes and social, environmental and economic impact on the communities in which we do business. Each of the strategic value drivers has a quantitative metric against which success can be measured. Again, excellent progress has been made.

Remuneration methodology

In assessing the performance of the group and the senior executives, the committee has been mindful of its responsibilities to all our stakeholders, especially our shareholders as articulated in the remuneration philosophy.

The methodology used to size incentive pools is a combination of a top-down approach that provides overall guidance to business units and countries; a bottom-up approach based on executives' assessments of the performance of their teams; and careful consideration of shareholder interests and stakeholder concerns. Our policy avoids a short-term bonus-centric culture but rewards sustainable performance on a through-the-cycle basis. Critically, this includes a three- to five-year growth analysis to ensure shareholder returns are appropriately aligned with executive and employee reward. The committee reviews performance to ensure that earnings are not the result of one year's work but rather the planned outcome of work done in the past years.

Accordingly, the growth in incentive pools may exceed or be lower than HE or HEpMI growth rates at certain points in time. For 2017, banking HE grew at 10% while the incentive pools have been reviewed and agreed to grow at 8.5%. The proposed incentive pools for 2017 as a percentage of HE are 29.7%, down from 30.1% in 2016.

Remuneration outcomes

The committee deliberated on the performance of each of the senior executives and used market data from PWC Remchannel, Mc Lagan and the published remuneration reports of local and international banks to appropriately benchmark these individuals. The performance evaluations took into account delivery of all five value drivers being financial outcomes, risk and conduct, client focus, employee engagement and social, economic and environmental impact (SEE) (more detail is included in the remuneration report).

In our remuneration disclosure for 2017 we have fully adopted single figure remuneration in line with King IV and we have also published remuneration in the same format as the prior year to facilitate the transition.

SK Tshabalala (chief executive)

In a challenging environment, Sim Tshabalala showed quiet but very influential leadership. His focus on implementing the group strategy was unwavering and his commitment to delivering a set of results which were not only financially pleasing but which encompassed significant improvements in client centricity, employee engagement and SEE impact the group has in the communities in which we do business was impressive.

As part of the strategy, Sim has made great progress in simplifying the organisation and embedding these important value drivers into the culture of the organisation which will no doubt enhance the group's leadership position in the coming years. Sim continued the work to simplify the group's internal architecture and clarify decision rights and accountabilities. This work has already aligned the Africa Regions' businesses more closely with the group's strategy and targets and has created six group-wide universal capabilities to transition the group to a truly universal financial services organisation. On SEE arguably the most important achievement was the establishment of the political economy, transformation and BEE subcommittee of SBSA Exco, which was chaired by Sim. In this forum, more ambitious senior management transformation targets were discussed and agreed, and it was decided to take the actions that led to SBSA achieving Level 1 BEE status. This committee also mapped options for substantially increasing the group's contribution to addressing South Africa's social challenges and black ownership issues.

Sim's own leadership encompasses the political, commercial, social and cultural spheres of his job where his influence is greatly respected and which reflects very favourably on the Standard Bank Group. Sim was appointed as the single group CEO in September 2017.

Based on this performance, the committee agreed to award the following remuneration:

R'000	2015	2016	**2017**	% change
Cost to company	8 989	9 198	**9 103**	(1)
Performance-related incentive in respect of the year	10 150	10 090	**11 350**	
Portion of performance-related incentive deferred in share awards	11 850	12 790	**14 050**	
Subtotal	22 000	22 880	**25 400**	11
Total reward (excluding PRP)	30 989	32 078	**34 503**	8
Face value of conditional PRP awarded	12 500	12 500	**14 000**	12
Total reward (including PRP)	43 489	44 578	**48 503**	9

Refer to page 81 for more detail.

The 9% increase to total reward is well within the group's headline earnings growth of 14%. The committee decided to increase the conditional PRP award to R14 million to reflect his single CEO role. Of the total reward of R48 503 million, 57.8% (R28 050 million) is deferred for up to 3.5 years.

BJ Kruger (executive director)

As joint CEO for the past five years, Ben Kruger has worked closely and seamlessly with Sim to develop the group strategy and produce the excellent set of all round results which the group has delivered this past year. The depth of Ben's banking experience, his commercial pragmatism and thoughtful leadership have been instrumental in the group's success over the past years. His deep involvement in the group's minority shareholding in ICBC Standard Plc (ICBCS) cannot be underestimated and Ben has been instrumental in getting this business into a break-even position in 2017. Ben has also provided great leadership and influence in other key areas of the group, including risk, IT, (especially the progress made on the Accelerate programme) and Africa Regions, all of which have made significant progress. In addition, Ben's deep, long-standing relationships with key corporate customers, large shareholders and high net worth individuals in South Africa and across the group again proved to be a very valuable asset and has been particularly helpful in difficult risk management situations. Ben's governance of the African Regions' operations has had a significant impact, especially when one takes into account the large number of jurisdictions and frequency of changes within them.

Ben stepped down as joint CEO in September 2017 and remained an executive director of the group, where he will continue to play a key role in the group's future success. As a result, the committee awarded Ben the following remuneration:

R'000	2015	2016	**2017**	% change
Cost to company	8 785	9 105	**9 079**	
Performance-related incentive in respect of the year	10 150	10 090	**11 125**	
Portion of performance-related incentive deferred in share awards	11 850	12 790	**13 825**	
Subtotal	22 000	22 880	**24 950**	9
Total reward (excluding PRP)	30 785	31 985	**34 029**	6
Face value of conditional PRP awarded	12 500	12 500	**12 500**	
Total reward (including PRP)	43 285	44 485	**46 529**	5

Refer to page 82 for more detail.

Of the total reward of R46 529 million, 56.6% (R26 325 million) is deferred for up to 3.5 years.

A Daehnke (executive director)

Arno Daehnke, completed his first full year as group financial director and has made the position his own. The group's robust results in 2017 reflect Arno's work in efficiently allocating capital and risk appetite across multiple jurisdictions despite difficult trading conditions and new regulatory requirements. Arno was a key driver of cost management which had a positive impact on the group's 2017 results. Further, Arno led the launch of the group's five strategic value drivers which enable the group to measure its strategic progress using both financial and non-financial metrics. He delivered a credible four-year financial plan and the 2018 budget was well within available financial resources. He also led the finance teams through the reality of the difficult sovereign and bank rating downgrades with the consequent impacts well managed and risks mitigated. Arno managed full compliance for the group with Basel III, liquidity coverage ratio and net stable funding ratio requirements and the difficult transition to IFRS 9. In a relatively short space of time Arno has become a highly valued member of the senior executive team.

The committee considered this performance in light of both the quantity and quality of the work done as contributing factors to the group's results. Arno's 2017 reward is based on a full year as group financial director versus eight months in 2016.

The committee agreed to award the following remuneration:

R'000	2016	**2017**
Cost to company	3 363*	**5 697**
Performance-related incentive in respect of the year	7 400	**8 025**
Portion of performance-related incentive deferred in share awards	8 100	**8 725**
Subtotal	15 500	**16 750**
Total reward (excluding PRP)	18 863	**22 447**
Face value of conditional PRP awarded	7 000	**10 000**
Total reward (including PRP)	25 863	**32 447**

Refer to page 83 for more detail.
* For the period 01/05/2016 to 31/12/2016. Percentage change not relevant since Arno Daehnke was appointed as a prescribed officer during 2016.

Of the total reward of R32 447 million, 57.7% (R18 725 million) is deferred for up to 3.5 years.

AKL Fihla (prescribed officer)

Kenny Fihla assumed responsibility as CEO of Corporate & Investment Banking (CIB) in June 2017 and managed a smooth and seamless transition to his new role. CIB delivered exceptional results in 2017. While a solid platform for growth had been built by Kenny's predecessor David Munro, Kenny carried on the good work and managed to maintain and grow the momentum established in the business. Headline earnings grew by 11% (17% on a constant currency basis) to R11 506 million an excellent result. ROE was 22.2% with positive jaws of 4.6%, up from 2.6% in 2016 and a cost-to-income ratio of 52.2%, down from the prior year of 54.5%, demonstrating strong cost control. The customer credit loss ratio of 44 basis points was well within the target band.

The committee considered these results and took into consideration Kenny's promotion to CEO of CIB in the second half of 2017, and his role as deputy CEO of CIB prior to that date.

Accordingly, the committee awarded the following remuneration:

R'000	2017
Cost to company	**4 015***
Performance-related incentive in respect of the year Portion of performance-related incentive deferred in share awards	**9 150** **10 850**
Subtotal	**20 000**
Total reward (excluding PRP)	**24 015**
Face value of conditional PRP awarded	**10 000**
Total reward (including PRP)	**34 015**

Refer to page 84 for more detail.
* For the period 1/06/2017 to 31/12/2017.

Of the total reward of R34 015 million, 61.3% (R20 850 million) will be deferred for up to 3.5 years.

PL Schlebusch (prescribed officer)

Peter Schlebusch has been leading the transformation of Personal & Business Banking (PBB) into a client-centered, data-driven, digitally enabled universal financial services organisation that delivers secure, personalised, relevant experiences to customers and staff in real time. This represents a fundamental shift in the PBB business model and requires time and investment to complete this transformation. Solid progress has been made and the group fully expects to build a meaningful competitive advantage with this initiative. Under the experienced leadership of Peter, PBB achieved a strong set of results. Headline earnings grew 10% (12% on a constant currency basis) to R14 008 million constituting 53% of the group's headline earnings. ROE once again improved to 20.0%, up from 18.8% in the prior year, an excellent outcome.

The cost base grew 3% reflecting continued investment into the digital platform and the transformation of the business model. Deposits from customers grew 8% with the bulk of the growth coming from retail deposits thereby contributing to a reduction in treasury funding of 27%. The committee considered these results in light of the investment into the transformation programme and awarded the following remuneration:

R'000	2015	2016	2017	% change
Cost to company	6 579	6 852	**6 950**	1
Performance-related incentive in respect of the year	10 650	11 150	**12 150**	
Portion of performance-related incentive deferred in share awards	12 350	13 850	**14 850**	
Subtotal	23 000	25 000	**27 000**	8
Total reward (excluding PRP)	29 579	31 852	**33 950**	7
Face value of conditional PRP awarded	10 000	10 000	**10 000**	0
Total reward (including PRP)	39 579	41 852	**43 950**	5

Refer to page 86 for more detail.

The 5% increase to total reward is well within PBB's headline earnings growth of 10%. Of the total reward of R43 950 million, 56.5% (R24 850 million) will be deferred for up to 3.5 years.

M Nienaber (prescribed officer)

The Wealth business under the leadership of Margaret Nienaber had a good year despite some headwinds in South Africa and continued investment in Africa Regions. For external reporting purposes, Wealth results are included mostly in PBB with the remaining portion in CIB. There was good revenue growth in Wealth International as a result of client activity coupled with robust results from Melville Douglas due to onshore and offshore participation fees. As reported in PBB's result, the credit loss ratio on loans to customers at -0.02% reflected net recoveries and was indicative of strong credit controls in the International Wealth business. The high net-worth client base in South Africa increased significantly. Clients in the asset management business continued to enjoy superior risk-adjusted returns with performance ahead of its peer group. Margaret has demonstrated strong leadership in a difficult year and her reputation in the industry is excellent and reflects well on Standard Bank's own brand and reputation. With this backdrop, the committee awarded the following remuneration:

R'000	2017
Cost to company	5 517
Performance-related incentive in respect of the year Portion of performance-related incentive deferred in share awards	6 650 7 350
Subtotal	14 000
Total reward (excluding PRP)	19 517
Face value of conditional PRP awarded	10 000
Total reward (including PRP)	29 517

Refer to page 85 for more detail.

Of the total reward of R29 517 million, 58.8% (R17 350 million) will be deferred for up to 3.5 years.

DC Munro (former prescribed officer)

The committee reviewed the performance of David Munro for the period January to May (inclusive) of 2017. David accepted the challenging role as CEO Liberty and he commenced that assignment officially on 1 June 2017. Under David's astute leadership, the CIB business has grown impressively, particularly over the past two years, and that momentum continued into 2017. The 2017 half year results were materially impacted by foreign currency movements which resulted in some HE dilution and a benefit to capital. Despite this, CIB for the 2017 half year results produced double digit revenue growth in constant currency while costs decreased by 7%. There was a notable recovery in credit impairments. The credit loss ratio improved to 45 bps, well within the target range of 40 – 60bps – a good result. David transferred to his successor, a business in good health and with excellent growth prospects and he should be proud of what he has achieved as CEO of CIB.

R'000	2015	2016	2017
Cost to company	6 585	6 792	2 844*
Performance-related incentive in respect of the year Portion of performance-related incentive deferred in share awards	12 150 13 850	12 900 15 600	7 700 5 400
Subtotal	26 000	28 500	13 100
Total reward (excluding PRP)	32 585	35 292	15 944
Face value of conditional PRP awarded	10 000	10 000	5 000
Total reward (including PRP)	42 585	45 292	20 944
Special five year long term incentive award			20 000
Total reward			40 944

Refer to page 87 for more detail.

* For the period 1/1/2017 to 31/5/2017. Percentage change not relevant since David Munro was no longer a prescribed officer of the group on his appointment as CE: Liberty on 1 June 2017.

Of the total reward of R40 944 million, 74.2% (R30 400 million) will be deferred for up to five years. The group awarded David a five-year long term incentive award, 50% of which will be delivered on completion of three years at Liberty and 50% which will be delivered after five years at Liberty. The award is linked to the performance of selected Melville Douglas funds.

This concludes the rationale of the major internal and external factors that were considered by the committee in the determination of the remuneration of the chief executives, executive directors and prescribed officers.

While the committee continues to believe that the remuneration policy fully supports the strategic imperatives of the group and the delivery of the five value drivers, as evidenced in the results, we seek to continuously improve and request input from our shareholders and other key stakeholders.

A shareholder roadshow was undertaken in May last year to seek feedback from our major shareholders on our remuneration policy. We welcomed their comments and input. An approval rating for our remuneration policy of 95.9% was received at the group's AGM in May 2017.

The committee welcomes the transparency required by King IV and the committee has modelled the report to meet these new requirements. In particular, we welcome the requirements to ensure that remuneration is responsible and fair, including that it is funded by, and linked to, the creation of value over the long term; the requirement that remuneration decisions are rational and objective, impartial, free from discrimination, free from self-interest, favouritism or prejudice on grounds, including race, gender and sexual orientation; and the requirement that stakeholder views are taken into account. The new requirements on remuneration under Basel III have also been adopted and incorporated into the report.

Changes to our policy and future areas of focus are covered in more detail in this report and I invite you to read the full document.

Yours sincerely,

Peter Sullivan
Chairman, Remco

REMUNERATION POLICY

R People are at the heart of our business. We need highly skilled and experienced people to drive the growth of our business across Africa and we need to reward them for their performance and the returns they generate for our shareholders.

AIR Our human capital report, in the 2017 annual integrated report, describes how we develop and retain our people.

We have four key objectives guiding our remuneration policy:

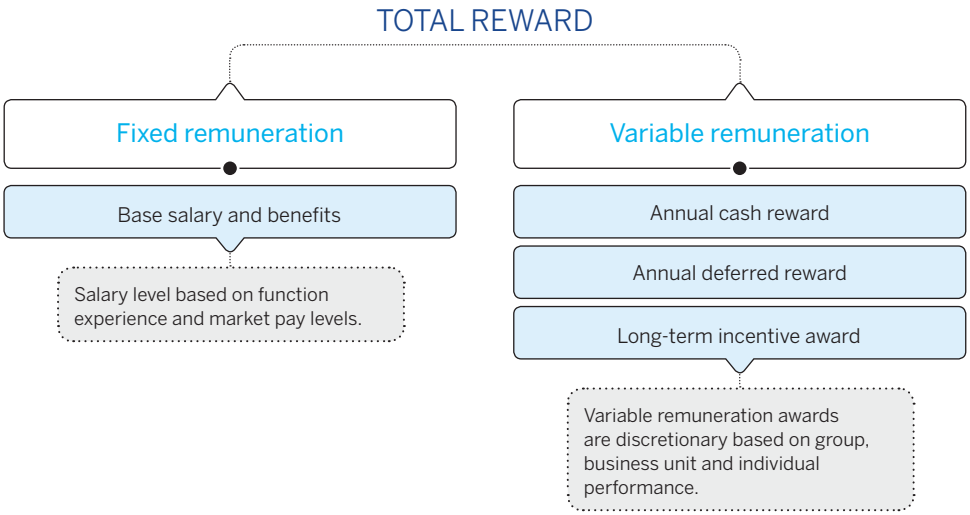
1. We measure and reward for value delivered and adjust for risks assumed
2. We aim to be competitive in remuneration in the global marketplace for skills
3. We reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk taking
4. We promote and reward teamwork

Principles that underpin our remuneration policy

Remco is firmly committed to disclosing our reward policy, principles and structures to all relevant stakeholders, including our people, unions, regulators and shareholders, for them to make an assessment of our pay practices. The key principles that underpin our reward policy, reward structures and individual reward are as follows:

- We reward sustainable, long-term business results.
- We do not unfairly discriminate against our people based on diversity or physical difference.
- The reward focus is on total reward, being fixed and variable remuneration. We want to be competitive in both elements, but annual incentives are not a function of a guaranteed package.
- We create a balance between the fixed and variable elements of total reward.
- A deferral policy affects annual incentives above certain levels. Deferred amounts are indexed to the group's share price and vesting is subject to specific conditions.
- Vesting conditions of deferred awards and long-term incentives allow for forfeiture of unvested awards.
- All elements of pay are influenced by market and internal pay comparisons.
- Pay practices encourage a focus on achieving agreed deliverables and behaviours, rather than hours worked.
- Individual performance appraisals identify talent at all levels in the business, enabling fair and competitive pay. Consequence management, including reward impact, forms part of the review of performance.
- Individual rewards are determined according to group, business unit and individual performance.
- We reward experience, performance relative to others doing similar work and performance against the market.
- We differentiate individual reward in a transparent way and based on quantitative, qualitative and behavioural performance, as well as retention.
- We ensure that key senior executives are significantly invested in the group's share price and performance over time, to align to our shareholder's interests.
- Pay designs comply with all tax and regulatory requirements.
- Ongoing oversight prevents irresponsible risk taking by individuals and we ensure that risk adjustment forms part of pay design.
- We endeavour to promote fair and responsible pay (see page 63).

REMUNERATION STRUCTURE



Our reward policy and structures are designed to attract, motivate and retain talented people across our group. We consider the total reward and strive for the appropriate mix between fixed and variable pay for all our people, depending on their roles. The diagram above shows the composition of our total reward. The elements of this diagram are explained in the sections that follow.

Fixed remuneration

The group operates across many different countries. We take local statutory and regulatory requirements into account in how we structure our fixed remuneration. The purpose and key components of our typical reward arrangements are summarised in the following table.

ELEMENTS OF FIXED REMUNERATION

ELEMENT	PURPOSE	DETAIL
BASIC SALARY	To attract and retain employees	We seek to remain competitive relative to our peers in the remuneration we offer. Our annual base salary review takes into account available market data, as well as individual and business unit performance. Increases take effect on 1 March each year.
COMPULSORY BENEFITS	To encourage retirement savings[1] and to cater for unforseen life events	Pension and disability plans, death cover[2] and medical insurance[3] take into account country practices and retirement.
OPTIONAL BENEFITS	To enhance the package available to employees	These benefits (for example, car allowances) vary and take into account country practices and requirements.

1 The majority of the group's defined benefit fund arrangements have been replaced by defined contribution arrangements, except where local legislation requires otherwise or members enjoy ongoing defined benefits under old scheme rules. For more information regarding the group's defined benefit plans, refer to the group's annual financial statements.
2 Death benefit cover is provided in almost all countries, either through self-insurance from within the pension funds or through external underwriting.
3 Medical insurance is provided in most countries. The level of cover varies according to local market practice. In South Africa, employees recruited from 1 March 2000 do not receive post-employment healthcare benefits. Employees recruited before then receive post-employment healthcare funding through a post-employment healthcare benefit fund.

Variable remuneration

We provide annual incentives to reward performance. This variable remuneration comprises of annual incentive awards, annual deferred awards and long-term incentive awards. All variable remuneration awards are discretionary. Incentive pools are made available for major business units and corporate functions.

ELEMENT	PURPOSE	DETAIL
ANNUAL INCENTIVE AWARD COMPRISING: • annual cash award • annual deferred award.	To incentivise the delivery of our objectives, balancing short-term performance and risk taking with sustainable value creation for our shareholders.	Individual awards are based on a combination of group, business unit and individual performance (utilising both financial and non-financial metrics over a multi-year period) and include effective risk management and compliance criteria. Awards above R1 million (or applicable local currency thresholds) are subject to mandatory deferral. In addition to mandatory deferred awards, discretionary deferred share incentive awards are made to qualifying employees as part of their performance-based annual incentive award. See page 57 for details.
LONG-TERM INCENTIVE AWARD	To incentivise key senior executives to base their decision-making on the group's long-term interests.	Awards for senior executives take into account the importance of long-term performance and are fully conditional. See page 90 for details of the PRP for senior executives.

Annual incentive awards

How we determine annual incentive awards

Remco determines the group's incentive pools annually and oversees the principles applied in allocating these pools to business units and individual employees.

Pools are derived by evaluating:

- a combination of group and business unit financial and non-financial results against pre-determined targets
- multi-year financial metrics
- achievement towards short- and long-term strategic objectives
- capital used
- adjustments for risks taken
- future development and growth prospects
- historical and current variable pay ratios.

Variable remuneration is not linked to revenue or profit targets in a formulaic way.

Incentive pools for group corporate functions are reviewed by the chief executive officer and discussed by a formal internal review committee. Remco then considers, adjusts, and approves these pools.

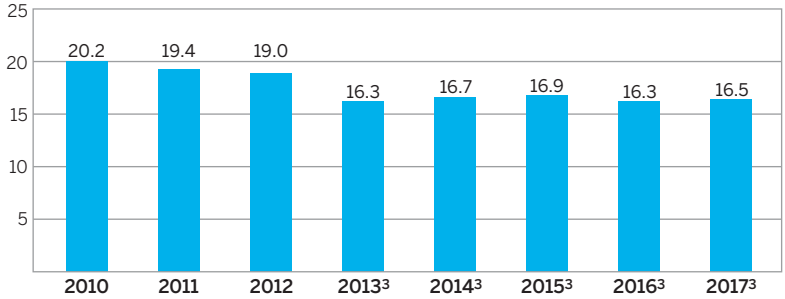
Individual performance and the individual variable pay outcome is determined by:

- setting performance criteria at the start of each year aligned to group objectives
- evaluating the individual performance and behaviour
- determining the variable pay based on individual performance, the variable pool available and taking market pay into account
- adjusting for any risk or compliance breaches.

Following the evaluation of the group's 2017 financial and risk-adjusted performance and delivery against board-approved strategy, Remco approved an increase to the total group incentive pool for banking activities (excluding Liberty) of 8.5%. The profits, before minorities, in banking activities (relevant profit metric to compare changes in incentive pools) increased by 10%. The ratio of the variable pool to profits before tax and variable remuneration over time is set out below.

Remco reviewed the fixed and variable remuneration of 400 senior executives across the group for consistency of approach.

Variable compensation/profit before tax[1] before variable compensation[2] (%)



1 Profit before tax excludes headline adjustable items.
2 2010 to 2014 presented on a normalised basis. Refer to www.standardbank.com/reporting for further details.
3 2013 to 2017 represent continuing operations' bonus pool only.

Deferral schemes

We believe that the interests of management should be significantly invested in the group over time, strengthening the alignment between management and shareholders. In terms of good governance, all incentive awards above a minimum level, are deferred in part, and the deferred portion is linked to the group's share price during the deferral period. The deferral also ensures that management are sensitive to the risks of forfeiture.

GOV REM 62 Refer to forfeiture, as detailed on page 62.

The deferral rates in March 2018 have been maintained at the same level as 2017.

Types of deferral schemes

Deferred bonus scheme (DBS)

In 2008, we implemented the DBS for management and executives based in South Africa, and later extended this to the Africa Regions and Standard Bank International. Remco reviews the deferral threshold, rates and vesting periods annually.

The deferred portion is linked to the group's share price during the deferral period and, for awards made from March 2012, accrues notional dividends during the deferral period. The dividends are payable in cash at vesting.

There is a small group of Wealth and Investment employees who have their deferrals linked to selected Melville Douglas funds, to ensure linkage with client returns.

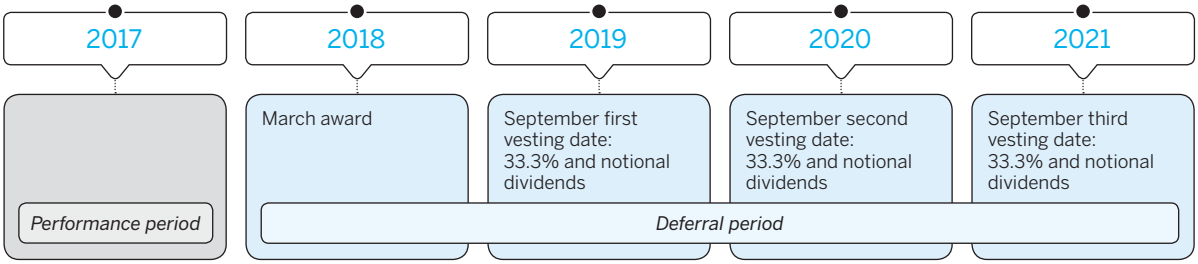
DBS awards made to South African employees are settled in shares and in cash for awards made from March 2017 to executive directors, prescribed officers and certain qualifying employees. Awards made to employees in the Africa Regions and Standard Bank International are settled in cash, including the Wealth and Investment employees who invest in Melville Douglas funds.

The deferral levels have been maintained for the 2017 performance year at a maximum marginal rate of 50%.

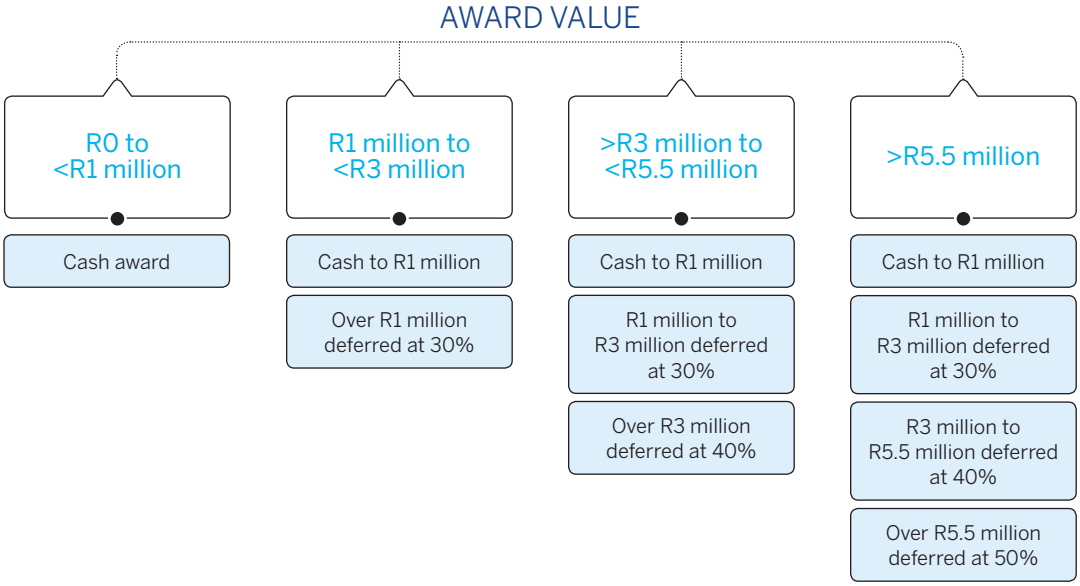
SCHEME	PURPOSE	DETAIL
DBS	To encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation for employees across the group.	• Employees granted an annual performance award over a threshold of R1 million (or applicable local currency threshold) have part of their award deferred over a 42-month period. • In addition to mandatory deferral, discretionary deferred share incentive awards under the DBS are made to qualifying employees as part of their performance-based annual incentive award. • All awards are indexed to the group's share price and awards accrue notional dividends during deferral, which are payable at vesting. The awards vest in three equal tranches at 18, 30 and 42 months from date of award. • Awards made to South African employees are settled in shares purchased by the group on vesting from the market, avoiding any shareholder dilution. Awards made to executive directors, prescribed officers and other qualifying employees from March 2017 are settled in cash on vesting, but are linked to the group's share price during the vesting period. Awards made to Africa Regions and International employees are settled in cash on vesting but are linked to the group's share price during the vesting period. A small group of Wealth and Investment employees have their deferrals linked to the returns on selected Melville Douglas funds to ensure linkage with client returns. • Forfeiture is triggered under certain conditions. • Additional incremental payments will continue for legacy Quanto* awards. • The maximum marginal DBS deferral rates have been maintained at 50%.

* The Quanto stock unit plan has been replaced by the cash-settled DBS from 2015.

The release of deferred incentive awards made from March 2018 under the DBS for employees in South Africa and the cash-settled DBS for Africa Regions and Standard Bank International is illustrated below.



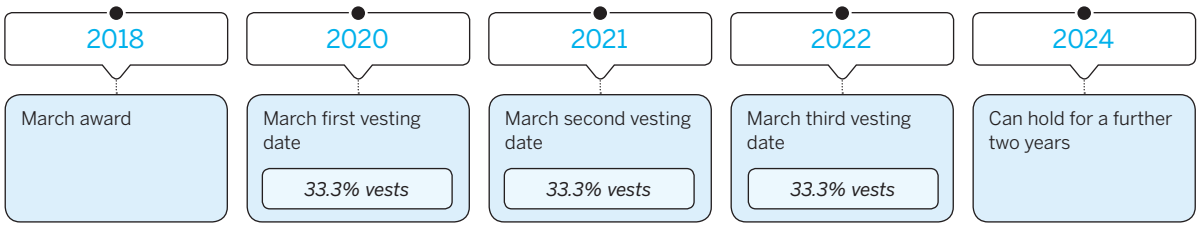
HOW DBS IS DEFERRED



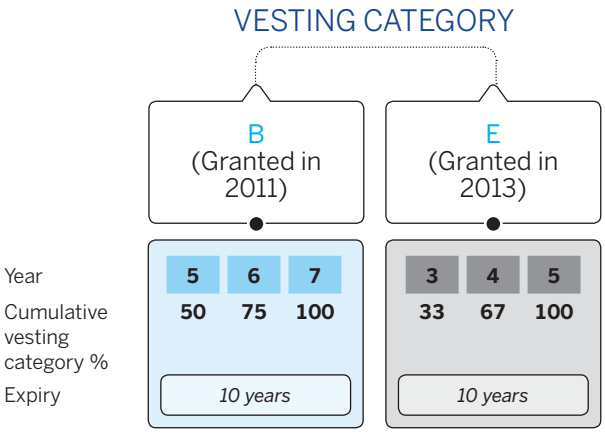
All Africa Regions and Standard Bank International deferral thresholds are set in local currency. The deferral percentages and the deferral periods are aligned across the group.

Share Appreciation Rights Plan (SARP)
From March 2017 employees with deferred awards above R1 million (or local currency equivalent) are offered a choice to have the value of their award, or part thereof invested in the SARP rather than the default DBS. To the extent they select SARP, they receive a premium of 10% of the value of the award. This premium encourages executives to accept a six-year exposure to the group's share price and compensates for a longer vesting period in comparison to DBS.

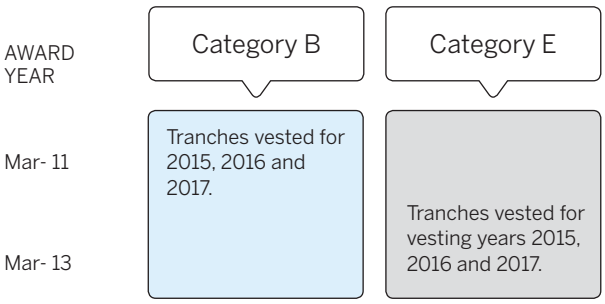
The release of rights invested from March 2018 under the SARP to employees is illustrated below.



Equity Growth Scheme (EGS)
The final conditional awards in the EGS vest in March 2018. Prior to the implementation of SARP employees were offered a choice on award date to have the value of their deferred award invested in EGS rather than the default DBS. Given the introduction of the SARP, this choice is no longer offered and the EGS is now only active in respect of previously granted awards. The EGS required shares to be issued with share buy-backs taking place thereafter to prevent shareholder dilution. The closing of the EGS to new entrants removes the continuation of this obligation for the future. All active share incentive schemes purchase shares in the market on vesting, i.e. the DBS, SARP and PRP.



Previous long-term incentives (EGS) that expired or were forfeited due to non-attainment of performance targets
Awards issued from March 2008 to 2013 in the EGS require that the rights will only vest when real growth in group normalised HEPS over the vesting period of these rights is achieved on a compound annual growth basis. The table below provides the vesting outcome of each conditional EGS tranche.



These are the last remaining conditional EGS tranches to vest.

Usage of share capital and share buy-backs (EGS and GSIS)
During the year, 2 877 827 (2016:2 646 456) ordinary shares were issued in terms of the group's equity compensation plans, notably the EGS and Group Share Incentive Scheme (GSIS)[1]. Surplus capital was used to purchase 2 030 824 (2016: 2 477 472) ordinary shares to counteract the dilutive impact of the shares issued under the equity compensation plans. Effective from 2017, the group no longer issues EGS and GSIS awards. The last awards in GSIS were issued in 2011 and for the EGS, the last award was made in 2016. Awards are now provided in terms of the group's other share schemes, notably the DBS and the SARP, both of which are settled by the group to employees with shares that the group purchases from external market participants, and the cash-settled DBS, which is settled in cash. At the end of the year, the group would need to issue 6 159 744 (2016: 5 306 247), SBG ordinary shares to settle the outstanding GSIS options and EGS rights that were awarded to participants in previous years. The shares issued to date for the EGS and GSIS together with the expected number of shares to settle the outstanding options and rights as a percentage of the total number of shares in issue is 2.2% (2016: 2.0%).

Long-term incentive plans
To ensure that the long-term interests of the group are taken into account by senior executives and critical mid-level management, the group uses awards under two plans (namely the performance reward plan (PRP) and DBS). Critical mid-level management, senior management and executives are awarded discretionary deferred incentive awards under the DBS.

Discretionary deferred incentive awards were made to 1 931 employees under the DBS scheme. These awards are linked to the group's share price and vest in three tranches in 18, 30 and 42 months post the award date. The PRP is a conditional long-term incentive plan awarded only to senior executives in the group.

Performance reward plan
The PRP commenced in March 2014. The PRP rewards value delivered against specific targets. The PRP pool and individual recommendations are determined annually by Remco.

Remco sets the vesting thresholds on an annual basis, taking into account the position of the group, the external environment and expected regulatory and competitive changes over the vesting period.

[1] The GSIS confers rights to employees to acquire at the value of the SBG share price at the date the option was granted. The scheme has various vesting periods and expires 10 years after grant date.

Details of the PRP are provided in the table below:

SCHEME	PURPOSE	DETAIL
PRP	To promote the achievement of the group's strategic long-term objectives and align the interests of those executives with overall group performance in both headline earnings growth and ROE. These are the most important financial metrics to create shareholder value and, therefore, align the interests of management and shareholders.	• Participation is limited to senior executives occupying roles that influence the achievement of the performance conditions, as well as senior executives who fulfil roles requiring long-term decision-making. • All awards are discretionary. • Annual conditional share awards are made with a three-year vesting period (individuals may not necessarily receive an award each year). Notional dividends will accrue during the vesting period and are payable on vesting. • Awards are fully subject to performance conditions which are set annually by Remco. Conditions include a minimum threshold to achieve any vesting, a target and a stretch target, with interpolation between targets. Once targets are set at the commencement of an award, they cannot be changed during the three-year vesting period. The scheme also has a maximum cap on vesting. • Awards are granted such that the achievement of stretch targets will lead to total reward levels in the upper quartile market level. • Awards that exceed the minimum threshold for vesting, vest fully after three years, based on performance targets, against equally weighted growth in HEPS and ROE targets over the performance period. Shares are purchased by the group on vesting, avoiding any shareholder dilution from external market participants. • All awards are subject to forfeiture.

Performance conditions for long-term incentive awards
Long-term incentive awards granted to senior executives under the PRP are subject to vesting conditions.

If achievement of the metrics results in vesting, the PRP award is settled in shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The shares that vest (if any) and that are delivered to the employee are fully conditional on the performance metrics. The metrics for the March 2018 awards are set out in the table that follows. The metrics (average growth in HEPS and growth in ROE) will remain unchanged for the March 2018 award but the vesting thresholds have been altered by Remco in response to shareholder feedback and taking into account group strategy and targets.

AIR For an explanation of how the group measures its strategic progress both in terms of headline earnings and ROE, refer to the 2017 annual integrated report.

Metrics and vesting thresholds for March 2018 awards measured over the three years ending 31 December 2020

Vesting percentage	Average growth in HEPS[1]	ROE improvements
	Below 9% average growth in HEPS[1], no conditionally allocated units will vest.	For each 0.1% increase in average ROE over the performance period above 17.5% up to 18% average ROE, 7.5% of the ROE-related conditional units vest.
	Once 9% average growth in HEPS is achieved, 20% of conditionally allocated units will vest.	For each 0.1% increase in average ROE over the performance period above 18% average ROE, up to 18.5% average ROE, 10% of the ROE-related conditional units awarded vest.
	For each 1% of average growth in HEPS in excess of 9% up to 12% average growth, 20% of conditionally allocated units will vest.	For each 0.1% increase in average ROE above 18.5%, 15% of the ROE-related conditional units awarded vest.
	For each 1% average growth in HEPS in excess of 12%, 30% of conditionally allocated units will vest.	Maximum vesting at 200% of initial ROE-related conditional units awarded.
	Maximum vesting at 200% of initial HEPS-related conditional units awarded.	

[1] The average HEPS growth is relative to a HEPS base of 1 640,0 cents.
All references to average growth rates refer to the simple average of the growth rates in HEPS for each of the years within the three-year period.

Performance reward plan targets currently open

March 2015 (due to vest in March 2018 based on the performance period ended 31 December 2017)

- In terms of average growth in HEPS[2], below 8% average growth in HEPS, no conditionally allocated units will vest. Once 8% average growth in HEPS is achieved, 20% of conditionally allocated units will vest. For each 1% of average growth in HEPS in excess of 8% up to 11% average growth, 20% of conditionally allocated units will vest. For each 1% average growth in HEPS in excess of 11%, 30% of conditionally allocated units will vest. Maximum vesting at 200% of initial HEPS-related conditional units awarded.
- In terms of the ROE metric for each 0.1% increase in average ROE over the performance period above 14.1% up to 15% average ROE, 7.5% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 15% ROE, 10% of the ROE-related conditional units awarded vest. Maximum vesting at 200% of the initial ROE-related conditional units awarded.

2 The average HEPS growth is relative to a *pro forma* continuing operations HEPS base of 1 223,2 cents.

March 2016 (due to vest in March 2019 based on the performance period ended 31 December 2018)

In terms of average growth in HEPS[3], below 8% average growth in HEPS, no conditionally allocated units will vest. Once 8% average growth in HEPS is achieved, 20% of conditionally allocated units will vest. For each 1% of average growth in HEPS in excess of 8% up to 11% average growth, 20% of conditionally allocated units will vest. For each 1% average growth in HEPS in excess of 11%, 30% of conditionally allocated units will vest. Maximum vesting at 200% of initial HEPS-related conditional units awarded.

In terms of the ROE metric, for each 0.1% increase in average ROE over the performance period above 15% up to 15.5% average ROE, 7.5% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 15.5% up to 16% average ROE 16% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 16%, 15% of the ROE related conditional units awarded will vest. Maximum vesting at 200% of the initial ROE-related conditional units awarded.

3 The average HEPS growth is relative to a HEPS base of 1 388,9 cents.

March 2017 due to vest in March 2020 based on the performance period ended 31 December 2019)

In terms of average growth in HEPS[4] below 9% average growth in HEPS, no conditionally allocated units will vest. Once 9% average growth in HEPS is achieved, 20% of conditionally allocated units will vest. For each 1% of average growth in HEPS in excess of 9% up to 12% average growth, 20% of conditionally allocated units will vest. For each 1% average growth in HEPS in excess of 12%, 30% of conditionally allocated units will vest. Maximum vesting at 200% of initial HEPS-related conditional units awarded.

In terms of the ROE metric, for each 0.1% increase in average ROE over the performance period above 15.5% up to 16% average ROE, 7.5% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 16% average ROE, up to 16.5% average ROE, 10% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE above 16.5%, 15% of the ROE-related conditional units awarded vest. Maximum vesting at 200% of initial ROE-related conditional units awarded.

4 The average HEPS growth is relative to a HEPS base of 1 440,1 cents.

Minimum shareholding requirement

Executive directors and prescribed officers are required to maintain shareholdings valued as a multiple of fixed remuneration. This is a long-term requirement and we expect that shareholdings will be accumulated over time.

The chief executive is subject to a multiple of 3 times fixed remuneration and other executive directors and prescribed officers are subject to a multiple of 2 times fixed remuneration.

Where the required shareholding falls short, the full after-tax value of senior executives' deferred compensation that vests is applied in acquiring additional shares until the required shareholding is in place. This provision applies to incentive awards granted from March 2012, or from when the senior executive becomes a prescribed officer or executive director. Remco monitors these shareholdings annually.

AFS Refer to annexure E in the annual financial statements for details of all EGS, DBS and PRP rights per prescribed officer and executive director which have not been exercised, and the director remuneration tables that follow on pages 90 – 103.

RISK MANAGEMENT AND REMUNERATION

The group actively manages its current and future risks in pursuit of its strategy. Remco ensures that employees whose actions may have a material impact on the group's current and future risk profile, are not rewarded for exposing the group beyond its stated risk appetite. Bonus pools and individual bonus awards are adjusted for risk, based on the processes and considerations outlined below. The remuneration of risk and compliance employees has oversight by the group chief executive and by Remco in the case of senior employees.

Future risks in remuneration outcomes

The group uses a four-year budgeting, forecasting and planning process, which is integrated with our strategic objectives, risk appetite and capital allocation. The outcomes of this process are approved by the board as part of approval of the board's strategy. The process covers all the geographies that the group operates in and also covers the business lines of PBB, CIB, Wealth and the Corporate Functions. This forward-looking view of strategic outcomes, financial results and risk outcomes allows the board and Remco to assess potential remuneration outcomes, as well as the risks associated with achieving those outcomes. The deferral periods on the annual incentives (of up to 42 months) and the PRP, (with a three-year vesting period subject to performance conditions) are aligned to the horizons of the planning process, thereby creating both the incentive to achieve these outcomes, as well as allowing for risk-adjusted forfeiture should the need arise.

The group chief risk officer (CRO) formally reports twice a year to Remco on the application of the group's risk, compliance and capital management (RCCM) governance framework, across major business lines and on any significant breaches of RCCM policies or limits by individuals. These reports cover the group's risk appetite and the current and future risk profile in relation to risk appetite, and provide a qualitative and quantitative measure that informs Remco's determination of the overall incentive pools for business units. The individual incentive awards of senior managers and executives are reviewed against these breaches and adjusted where required.

The group CRO is consulted when changes are made to the design of remuneration plans.

The group financial director also formally reports twice a year to Remco on risk-adjusted performance and remuneration. The report includes an analysis of group and business unit risk-adjusted metrics across a range of risk types and their relationships to incentive pools.

The group financial director's reports include consideration of headline earnings, ROE and risk-adjusted performance (economic profit and return on economic capital). This additional analysis quantifies the cost of capital and takes into account credit, market and operational risk.

Remco considers risk-adjusted return information when setting and approving business unit incentive pools. Specific risk-adjusted performance targets are not formulaically applied in determining these pools.

Remco pays specific attention to:

- adverse internal audit findings on weaknesses in the internal control environment
- breaches of the regulatory requirements applicable to operational risk losses incurred within the group's operations
- risk appetite breaches
- limit breaches, particularly trading desk breaches of credit risk control governance.

The group head of human capital reports annually to the committee on all significant governance breaches and their impact on individual remuneration. These impacts depend on the nature of the breach but could result in reduced incentives, removing incentive awards and/or removing salary increases. Material breaches may result in dismissal.

A forfeiture provision on all deferral schemes was introduced with effect from 2009 and amended in 2011. In terms of the revised forfeiture conditions, individual unvested awards of DBS, EGS, PRP and SARP may be subject to risk adjustments after the occurrence of an actual risk event through reduction or forfeiture, in full or in part if in Remco's judgement:

- there is reasonable evidence of material error or culpability for a breach of group policy by the participant
- the group or relevant business unit suffers a material downturn in its financial performance, for which the participant can be seen to have some responsibility
- the group or relevant business unit suffers a material failure of risk management, for which the participant can be seen to have some responsibility; or
- in Remco's discretion, any other circumstances.

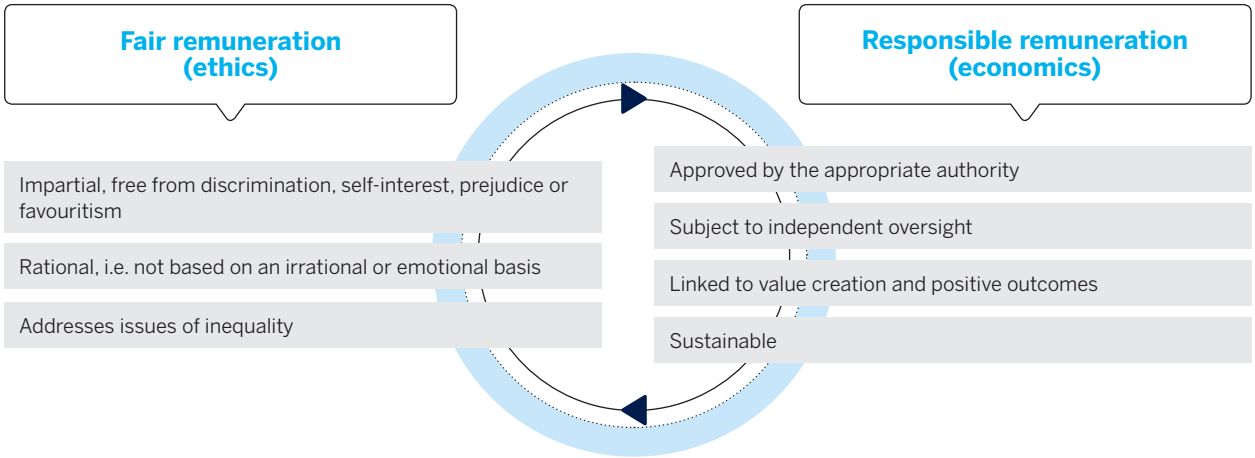
While we do not currently have a clawback provision on vested awards, during 2018 we will investigate the introduction of such a clawback provision. Clawbacks on vested awards are not common practice in South Africa. In advance of share vesting dates in March and September each year, Remco determines whether there are any events that might lead to the forfeiture of unvested awards.

During 2017, Remco did not implement any forfeitures.

AIR

The summarised risk and capital management report in the annual integrated report, describes the material risk types the group is exposed to and how it measures and manages these risks. For a full report, refer to the risk and capital management report and annual financial statements.

R FAIR AND RESPONSIBLE REMUNERATION



Remco believes that fair and responsible remuneration means ensuring that remuneration in the group is both externally competitive and internally equitable. The group's remuneration policy and implementation thereof assists the group in achieving its short-, medium- and long-term goals and is adjusted for risk taken and thereby supports sustainability. Remco ensures that the reward process is independently governed to enhance the sense of fairness. Remco recognises that fair and responsible remuneration is not just a South African issue but should apply in all the geographies that the group operates in.

The group's approach to fair and responsible remuneration

Responsible remuneration	Fair remuneration
Decisions are: • funded by, and linked to, the creation of value over the long term, in a way that is transparently reported in the Remuneration Report. • approved by Remco and recommended to the Board.	Decisions are: • impartial, free from discrimination, free from self-interest, favouritism or prejudice on grounds including race, gender and sexual orientation • rational and objective • aligned with the Employment Equity Act's principle of equal pay for work of equal value in South Africa.
Variable remuneration is clearly correlated with the achievement of criteria that measure performance and value creation over the short, medium and long term, aligned to the group strategy and the value drivers.	Pay differentiation is fair when the process for measuring and rewarding performance and identifying and matching benchmarks is transparent and trusted. The remuneration system has a trusted process and reporting system that is able to present performance outcomes and reward proposals for approval equitably and transparently.
Stakeholders (internal and external) are provided with evidence of the linkages between remuneration and value creation in the remuneration report.	Horizontal fairness – employees performing the same or similar job requirements at the same or similar level of performance in the organisation receive the same or similar levels of total remuneration, allowing variations according to, for example, seniority/length of service; qualifications; performance; and scarcity of relevant skills.
All remuneration falls under the ambit of Remco and senior executive remuneration is approved by Remco and recommended to the board. Senior executive remuneration is benchmarked to market, follows a rigorous process to review risk and control issues and all share plans contain forfeiture clauses. Executive directors and prescribed officers are subject to a minimum shareholding requirement.	Vertical fairness – differences in total remuneration between job levels can be explained and justified on a consistent basis, for example, according to factors such as risk and complexity of the job, level of responsibility of decision-making and consequence and impact on the organisation.

R The wage gap and minimum salaries

Remco has stated that it pays for value delivered in its policy and that remuneration must be externally competitive. The outcome of these two principles is that remuneration differs across levels, roles and geographies and therefore a wage gap exists. However, Remco can satisfy itself that minimum incomes in the group are fair and enable the lowest levels in the group to participate in the economies of the countries where they reside. To this end, Remco has undertaken an exercise to determine what the minimum levels of income are in each country that the group operates in. A comparison has been done on each of these minimums against financial service/banking minimums in each country and against prescribed minimum incomes (where these exist). This has shown that in all countries but one, the group's minimum salaries are above both market and prescribed norms. In Angola the minimum salary is above prescribed norms but not above market.

The group also invested R925 million for 46 214 employees in learning and development. In addition, we spent R22.7 million on bursaries for 934 employees. This investment together with development opportunities, internal job opportunities, and promotion opportunities allows individuals to progress their careers and therefore their earning potential.

In order to ensure that remuneration is fair and responsible, Remco undertakes the following activities:

- seeking the input of shareholders via an annual shareholder roadshow
- continuously improving the extent and transparency of remuneration reporting
- ensuring breadth and depth of experience, as well as diversity and independence in Remco membership.

Summary: our general remuneration policy for all employees

Our employee base is made up of five broad categories:

- general employees
- managers
- executives
- senior executives
- prescribed officers and executive directors.

This summary covers the first four categories of our employees and applies to all the geographies that we operate in.

1 How did we perform?

- ✓ **Business results:** Impact affordability of fixed remuneration increases and the size of short-term incentive pools.
- ✓ **Risk and control:** Incentive pools and individual incentives may be adjusted for risk and control failures.

2 How do we assess performance and determine pay?

- ✓ We use a group-wide performance management system – Perform to Grow.
- ✓ Performance is assessed against pre-agreed individual goals aligned to business goals with qualitative and quantitative measures.
- ✓ Fixed remuneration increases: based on a combination of inflation, market comparisons, individual performance and experience.
- ✓ Annual incentives: based on business line and individual performance against pre-agreed goals. All employees are eligible for an annual incentive.
- ✓ Deferred awards (made under DBS): the portion of the annual incentives that is deferred into share-linked instruments. Applicable to all annual incentives in excess of R1 million (or applicable local currency threshold).
- ✓ Deferred awards (made under DBS): based on individual performance and market comparisons. Typically granted from mid-management level and includes senior management and executives.
- ✓ PRP: annual awards with a rolling three-year delivery if performance conditions are met Awarded only to senior executives with longer-term decision horizons.

3 What are our pay practices?

- ✓ We subscribe to remuneration surveys in all the countries we operate in provided that there is enough relevant market data available.
- ✓ We have recognised union agreements in several countries across Africa, including South Africa.
- ✓ We set minimum standards on benefits and allow for localisation of benefits where market practice dictates. Changes to benefits are governed by a group benefits committee.
- ✓ All annual salary increase pools, short-term incentive pools and share incentive awards fall under the ambit of Remco.
- ✓ The percentage of variable pay of total remuneration increases with seniority and the type of role. Investment banking roles generally have a greater variable pay mix than retail banking and corporate function roles. Market surveys inform pay mix.
- ✓ The percentage of share awards of total remuneration also increases with seniority and includes scarce skills. Market surveys inform share awards and pay mix.

4 What is the pay mix at various levels?

- ✓ General employees typically have 90% fixed remuneration and the balance at risk in short-term incentive awards.
- ✓ Managers have a greater proportion of variable pay than general employees and from mid-management level would have some proportion in deferred awards in share-linked instruments. Typically 70% – 80% fixed remuneration. 20% – 25% in short-term incentives and the balance deferred awards in share linked instruments, dependent on the type of role.
- ✓ Executives would generally have 35% – 50% in fixed remuneration, 40% – 50% in short-term incentives, including deferrals and 10% – 15% in deferred awards in share-linked instruments, dependent on the type of role.
- ✓ Pay mix is informed by market surveys and depends on the type of role.

R Disclosure of executive directors' and prescribed officers' remuneration policy

Summary: our executive remuneration process

Our people ultimately underpin the successful execution of our strategy. We work to ensure that our pay framework supports the motivation and reward of performance while at the same time meeting regulatory requirements and stakeholder expectations and driving sustained shareholder value.

1 How did we perform?

- ✓ **Financial outcomes:** Strong results in banking activities and action taken to lead Liberty to good health. Tier 1 capital adequacy ratio 14.2% with prudent management in current economic conditions.
- ✓ **Risk and conduct:** Regulatory and economic capital within risk appetite. Credit loss ratio of 0.86% (flat on prior year).
- ✓ **Client focus:** Strengthened our franchises across the group and improved market share in several key areas. Renewed focus on the client experience. Improved client satisfaction and client net promoter scores.
- ✓ **Leadership and people:** Filled key executive positions internally through succession planning. First annual group employee engagement survey with good results. Active participation and leadership displayed in representing South Africa at many key forums such as WEF, IMF, IIF and other forums such as BLSA and BASA[1].
- ✓ **SEE:** Significant transformation in several areas resulting in Level 1 BEE status.

[1] World Economic Forum (WEF), International Monetary Fund (IMF), Institute of International Finance (IIF), Business Leadership South Africa (BLSA) and Banking Association of South Africa (BASA).

2 How do we assess performance and determine pay?

- ✓ **Proactive approach to assessing performance:** Enables the board to make fully informed decisions.
- ✓ **Performance is assessed in 15 categories over a multi-year period linked to the five value drivers:** This drives short-, medium- and long-term shareholder value.
- ✓ **Annual incentives and deferred awards:** Based on quantitative and qualitative measures set in advance and evaluated.
- ✓ **Performance reward plan:** Annual awards with a rolling three-year delivery if performance conditions are met to ensure consistent and significant long-term investment in shares to align with shareholders.
- ✓ **Minimum shareholding requirement for chief executive and prescribed officers:** Ensures that together with unvested awards linked to the share, price executives are significantly invested in shares and aligned to shareholder interests.

3 How did we pay our CEs and other Prescribed Officers

- ✓ **CE pay level:** The board and the chief executives agreed to below inflation increases of 5% to fixed remuneration for executives given the social and economic pressures in South Africa in 2017. Union increases for the lowest levels in the bank in South Africa were 8.3% and the minimum wage in the bank in South Africa has increased to R156 120 per annum.
- ✓ **CE annual incentives and deferred awards:** The board awarded Sim Tshabalala R25 400 million of which R14 050 million i.e. 55.3% was deferred for up to 3.5 years.
- ✓ **CE long-term incentives:** The board awarded Sim Tshabalala a conditional performance reward plan award with a face value at award of R14 million.
- ✓ **Prescribed officer and executive director pay levels** are set based on the overall group performance, individual business unit performance and individual performance.
- ✓ **CE pay mix in total over 57% of total remuneration is deferred in shares for up to 3.5 years.**
- ✓ **Prescribed officer pay mix** over 56% of the total remuneration is deferred in share-linked instruments for up to 3.5 years.

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What are our pay practices?

- ✓ **Three remuneration elements for senior executives:**
  - fixed remuneration
  - short-term incentive (STI). Annual cash incentive with an annual deferred award over 1.5, 2.5 and 3.5 years. This element is at risk[1]
  - long-term incentive (PRP) annual awards are subject to performance conditions and vest in three years if conditions are met. This element is at risk[2].
- ✓ **Shareholder aligned remuneration philosophy drives remuneration decision-making across the group.**
- ✓ **No special executive benefits in terms of severance golden parachutes. Guaranteed bonuses are paid by exception in the case of hiring and only for the first year.**
- ✓ **Strong focus on share ownership and minimum shareholding requirements.**

5

How do we address risk and control?

- ✓ **Strong corporate governance from the remuneration committee on executive remuneration with board oversight.**
- ✓ **Rigorous process to review risk and control issues** which can and has led to incentive pool and individual risk adjustments for risk breaches and risk events.
- ✓ **Forfeiture clauses in all our share plans/deferred awards which can and have led to forfeiture in the past.**

Why should shareholders approve our remuneration policy?

- Pay and performance are determined using a balanced framework of delivery against targets linked to value drivers.
- PRP payouts are subject to performance conditions.
- Pay practices are strongly governed by Remco and the board.
- Pay and performance are tied to extensive risk and control features.

1 Subject to an annual evaluation of the performance of each executive
2 Subject to performance conditions set by the Committee at the time of the award

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Evaluation of executive directors, and prescribed officers

A comprehensive evaluation of all the executive directors and prescribed officers was undertaken within the following categories:

- financial performance
- balance sheet structure, liquidity and funding
- shareholder interaction
- strategy design and execution
- tactical effectiveness
- people, leadership, development and retention
- clients and market share
- technology and platform efficiency and effectiveness
- innovation, invention and success in banking competitive advantage
- brand strength and reputation
- governance and risk management
- interactions with regulators
- relevance in the societies within which the bank operates
- unanticipated successes and failures
- leadership behaviours as assessed against the bank's values and guiding principles.

A summary of these evaluations lies below:

Link to the value drivers

There is a direct link between the categories of executive evaluation listed above and the value drivers. In 2017, we have chosen to highlight some key activities and outputs in the evaluations that support the group's SEE impact. For more detail on these activities please refer to the Report to society.

Quantitative elements have pre-determined measures. Qualitative elements have measurement against achievement of strategic objectives. Remco uses judgement in assessing the business and individual performance, balancing short- and long-term objectives over a multi-year timeframe. This judgement includes geographic, strategic and business complexity, as well as size, competitive intensity and regulatory control.

Performance is not a single score resulting in a pay outcome, but is rather a disciplined but non-formulaic process which Remco believes is appropriate for the diversity and complexity of the business.

Pay is also assessed relative to the external market to ensure levels are competitive and reasonable.

Remco continuously monitors and reports on the correlation between remuneration and profitability over time.

This report displays the pay of the executive directors and prescribed officers in both the single figure format per King IV, as well as how the pay was awarded by Remco to facilitate the transition to King IV reporting and to demonstrate the variability of pay over time. The remuneration of the new prescribed officers are shown for the period that they have been serving as prescribed officers.

Regulatory disclosures

All regulatory disclosures in this report are made in terms of the Companies Act, JSE Listings Requirements, Banks Act, Financial Stability Board Principles for Sound Compensation Practices and the King Code. Disclosure under King IV has been adopted.

Terms of employment for executive directors and prescribed officers

The notice period for the group chief executive, group financial director and prescribed officers is one month. In terms of the group's MOI, executive directors are not subject to rotational requirements.

Restrictive covenants

Executive employment contracts include restrictive covenants on poaching of employees or customers.

No other restraints are included in contracts.

Retention agreements and payments

Retention agreements are only entered into in exceptional circumstances. Retention payments have to be repaid should the individual concerned leave within a stipulated period. None of the executive directors or prescribed officers are subject to a retention agreement.

Guaranteed bonuses

Guaranteed bonuses are paid by exception in the context of hiring and only in relation to the first year. All guaranteed bonuses are funded from the total performance incentive pools and are subject to the same deferral requirements as annual discretionary incentives. Payments of guaranteed bonuses are subject to meeting required performance standards. None of the executive directors or prescribed officers received a guaranteed bonus.

Sign-on awards/buy-out awards made on hiring

To attract key employees it is sometimes necessary to compensate for the loss of unvested awards from their previous employer. This would normally be through the appropriate group scheme subject to normal vesting terms. In certain situations, cash buy-out awards may be made on joining, subject to repayment if the employee leaves the group within a certain period. Sign-on awards without reference to losses at a previous company are discouraged. None of the executive directors or prescribed officers received a sign-on bonus.

Severance payments

Local legislation, market practice and, where applicable, agreements with recognised trade unions or other employee forums determine severance payments. None of the executive directors or prescribed officers have special contractual severance payments.

IMPLEMENTATION REPORT

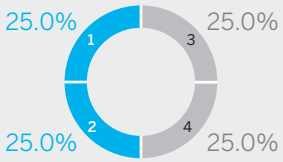
SIM TSHABALALA AND BEN KRUGER WERE THE GROUP CHIEF EXECUTIVES UP TO SEPTEMBER 2017 WHEN SIM BECAME THE SOLE CHIEF EXECUTIVE.

Sim Tshabalala

In a challenging environment, Sim Tshabalala showed a quiet but very influential leadership. His focus on implementing the group strategy was unwavering and his commitment to delivering a set of results which was not only financially pleasing but which encompassed significant improvements in client centricity, employee engagement and the SEE impact the group has in the communities in which we do business was impressive. As part of the strategy, Sim has made great progress in simplifying the organisation and embedding these important value drivers into the culture of the organisation which will no doubt enhance the group's leadership position in the coming years. Sim continued the work to simplify the group's internal architecture and clarify decision rights and accountabilities. This work has already aligned the Africa Regions' businesses more closely with the group's strategy and targets and has created six group-wide universal capabilities to transition the group to a truly universal financial services organisation. On SEE, arguably the most important achievement was the establishment of the Political Economy, Transformation and BEE sub committee of SBSA Exco, which was chaired by Sim. In this forum, more ambitious senior management transformation targets were discussed and agreed, and it was decided to take the actions that led to SBSA achieving Level 1 BEE status for the 2017 financial year. This committee also mapped options for substantially increasing the group's contribution to addressing South Africa's social challenges and black ownership issues.

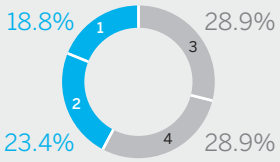
Sim's own leadership encompasses the political, commercial, social and cultural spheres of his job where his influence is greatly respected and which reflects very favourably on the group.

2017 target pay mix for chief executives



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long term incentive (LTI)[1] – 100% PRP deferred for 3 years

2017 remuneration: SK Tshabalala



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI – 100% deferred for up to 3 years

[1] The performance reward plan (PRP) amount is the face value at award date (March 2018) and is conditional.

R'000	2017
1 Fixed remuneration	9 103
2 Annual cash award	11 350
3 Annual deferred award	14 050
4 PRP award	14 000
Total reward	48 503

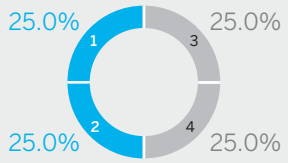
Cash award
Deferred award

Ben Kruger

As joint CEO for the past five years, Ben Kruger has worked closely and seamlessly with Sim Tshabalala to develop the group strategy and produce the excellent set of all round results which the group has delivered this past year. The depth of Ben's banking experience, his commercial pragmatism and thoughtful leadership have been instrumental in the group's success over the past years. His deep involvement in the group's minority shareholding in ICBCS cannot be underestimated and Ben has been instrumental in getting this business into a break-even position in 2017. Ben has also provided great leadership and influence in other key areas of the bank ,including risk, IT, especially the progress made on the Accelerate programme and Africa Regions all of which have made significant progress. In addition, Ben's deep, long-standing relationships with key corporate customers, large shareholders and high net worth individuals in South Africa and across the group again proved to be a very valuable asset and has been particularly helpful in difficult risk management situations. Ben's governance of the African operations has had a significant impact, especially when one takes into account the large number of jurisdictions and frequency of changes within them.

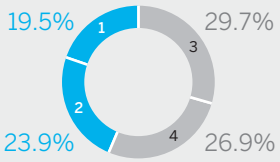
Ben stepped down as joint CEO in September 2017, remaining an executive director of the group. He will continue to play a key role in the group's future success.

2017 target pay mix for chief executives



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI[1] – 100% PRP deferred for 3 years

2017 remuneration: BJ Kruger



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI – 100% PRP deferred for up to 3 years

[1] The PRP amount is the face value at award date (March 2018) and is conditional.

R'000	2017
1 Fixed remuneration	9 079
2 Annual cash award	11 125
3 Annual deferred award	13 825
4 PRP award	12 500
Total reward	46 529

Cash award
Deferred award

2017 PERFORMANCE: SIM TSHABALALA AND BEN KRUGER FOR THE PERIOD UP TO DECEMBER 2017

(In 2018 there will be separate reporting on these two individuals)

Overview

- Strong financial performance for the group for the year ended 31 December 2017.
- Africa Regions has shown strong growth with headline earnings up 19% on the prior year supported by good cost discipline resulting in positive jaws of 4% improved ROE and a 28% contribution to banking headline earnings from 26% in 2016.
- Group headline earnings growth was boosted by an improved contribution from ICBCS and Liberty.
- Growth in South Africa remained weak at 1.3%, due to low consumer and business confidence and successive downgrades by three credit rating agencies. Despite this SBSA produced headline earnings growth of 10% and ROE of 16.6%.
- The group's common equity tier 1 capital adequacy ratio was 14.2% and considered prudent during challenging economic and political times.
- Both CEs focused on improving the client experience, accelerating the digitisation of the group and creating a universal financial services organisation.
- The strategic co-operation agreement with ICBC focused on promoting China-Africa trade with both CEs travelling to Beijing with the chairman.
- The first annual employee engagement survey was held across the entire group in October 2017, rendering an employee net promoter score of +14 (the global industry average score is -10).
- Client satisfaction and client promoter scores all rose significantly.
- David Munro took up the opportunity to lead Liberty back to good health and this has already resulted in a deepening of the Liberty relationship and opportunities for collaboration and direction and optimism for the future.
- Sim established and chaired the Political Economy Transformation and BEE subcommittees of SBSA Exco. The targeted focus of this committee resulted in SBSA achieving Level 1 BEE status for the 2017 financial year, while contributing to black ownership. The student crowd funding platform Feenix, launched by PBB SA had fully funded 42 students and partially funded 152 students across 24 South African universities by year end.
- Sim continues to serve on the Board and Committees of Business Leadership South Africa helping to shape national dialogue on economic policy.

SIM TSHABALALA AND BEN KRUGER: SUMMARY OF 2017 KEY ACHIEVEMENTS

Financial Outcomes

- Strong financial performance for SBG despite the weak performance of the SA economy.
- 14% growth in headline earnings to R26.3 billion.
- Improved ROE to 17.1% from 15.3% in 2016.
- A robust capital position for the group with a CET 1 ratio of 13.5%.
- A final dividend of 510 cents per share resulting in a total dividend of 910 cents per share, up 17% on the prior year.
- Costs were well managed and delivered positive jaws of 1.0%.
- Banking activities' headline earnings grew 10% to R24.3 billion and ROE improved to 18% from 16.8% in 2016.
- Medium-term ROE target range has been lifted to 18% – 20% from one previous range of 15% – 18%.
- Good cost discipline across multiple jurisdictions and efficient capital and risk appetite allocation.

Client focus

- Client satisfaction and client promotor scores increased across the group and the continued focus on placing the client at the centre of what we do.
- Met regularly with clients in South African and across the continent, leading by example in the areas of client service.
- Established and emphasised a key behaviour to service our clients with integrity through the connection of work across the group.

Risk and Conduct

- All capital and liquidity positions remained sound and within range in terms of risk appetite and tolerance despite the downgrades of the sovereign credit ratings of the South African units.
- Successful achievement of compliance with Basel III net stable funding ratio requirements.
- Successful increase of longer-term funding.
- Operational risk losses in SBG and SA were within operational risk appetite.
- Conduct committees were established and began to submit quantitative conduct dashboards.
- Both CEs placed strong emphasis on vigilance against crime, the group's values, and doing business the right way.

Leadership and people

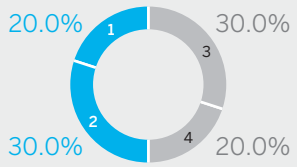
- In 2017, a number of key leadership moves and succession plans were enacted. David Munro became CE of Liberty, Kenny Fihla took over as CE of CIB. Alpheus Mangale became CIO in October 2017 and Lungisa Fuzile joined the group as CE: SBSA. Thulani Sibeko was appointed group head of marketing and communication. These moves strengthened and diversified the group's leadership team.
- Sim and Ben represented the group by participating in forums such as WEF, IMF/World Bank, IIF, Morgan Stanley, HSBC, SA Tomorrow and Merrill Lynch conferences and the Dubai Africa Investors conference.
- The first annual employee engagement survey was run across the group in October 2017.

Social, economic and environmental impact

- Achieved Level 1 BEE status following actions to improve black ownership and transformation within the group.
- Ranked third in the 2017 Empowerdex ruling of companies measured under amended codes of good practice.
- Participated in political economy on public policy debates contributing to South Africa's economic transformation.
- Launched Feenix, a student award funding platform in June 2017.
- Corporate social investment (CSI) spending reached R134 million in South Africa supporting and improving access to better quality education, together with a significant contribution to the Global Fund (fighting against HIV, tuberculosis and Malaria).

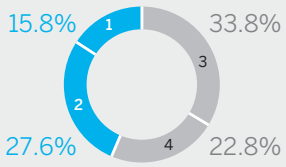
2017 PERFORMANCE: PETER SCHLEBUSCH, CHIEF EXECUTIVE, PERSONAL & BUSINESS BANKING (PBB)

2017 target pay mix for CE PBB



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI[1] – 100% PRP deferred for 3 years

2017 remuneration: PL Schlebusch



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI – 100% PRP deferred for 3 years

[1] The PRP amount is the face value at award date (March 2018) and is conditional.

R'000	2017
1 Fixed remuneration	6 950
2 Annual cash award	12 150
3 Annual deferred award	14 850
4 PRP award	10 000
Total reward	43 950

Cash award
Deferred award

Peter Schlebusch was leading the transformation of PBB into a client-centered, digital bank during 2017.

Overview:

- PBB group achieved a strong set of results against the backdrop of a challenging economic and socio-political environment, providing growth in headline earnings of 10% to R14.0 billion constituting 53% of the group's headline earnings. Revenues of R69.5 billion were achieved; cost growth of 3% to R41.9 billion; and a cost-to-income ratio of 60.3%
- Improved ROE to 20.0% from 18.8%.
- Adjusting for the accelerated write-off of NPLs in Nigeria and adverse regulatory impacts on revenue, the Africa Regions portfolio reflects positive momentum on total revenue, customer numbers, deposit growth and new capabilities. Africa Regions' headline earnings were up 9% in constant currency.
  - Deposits from customers grew 8% to R535.5 billion with stronger growth in retail deposits than wholesale deposits, contributing to a reduction in treasury funding of 27%. Net loans and advances to customers grew 3% to R588.7 billion.
  - PBB is transforming into a client-centered, data-driven, digitally enabled universal financial services organisation that delivers secure, personalised, relevant experiences to customers and staff in real time, all the time.
  - Multiple innovative improvements resulting in improved customer experiences.
  - Effectively helped to further the group's digitisation strategy and improving digital capabilities across the group.
  - Successfully launched 'What's your Next' campaign that resonated well with customers and invigorated the Standard Bank brand.

PETER SCHLEBUSCH: SUMMARY OF 2017 KEY ACHIEVEMENTS

Financial outcomes

A strong set of results characterised by:

- Headlines earnings growth of 10% to R14.0 billion.
- ROE of 20.0%.
- Cost-to-income ratio of 60.3%.
- Revenues of R69 526 billion were achieved, credit impairments of R7 785 billion, and operating expenses of R41 926 billion.
- Deposit growth of 8% to R535.5 billion.
- Effectively completed SA Core Banking Programme resulting in 93% of South African client personal transactional accounts being migrated onto the platform.
- Completed Africa Regions' Core Banking Solution in all countries, except DRC.
- VAF dealer volume increased year on year by R1 950 million or 23.8%.

Risk and conduct

- Stronger credit and risk management capabilities, contributing to lower credit impairments with a credit loss ratio of 1.20% from 1.25% in 2016.
- Significant improvements in key areas of compliance.
- PBB South Africa introduced a monthly reputational risk monitoring system.
- Ensuring adherence to risk appetite. PBB SA operational risk losses were R398 million, down from 2016 and digital fraud losses decreased by 47%.
- Effective risk management has become a key deliverable in the performance scorecard of staff.
- PBB Africa Regions' net operational risk losses for 2017 were R60.3 million, compared to R119.6 million for 2016.

Client focus

- Staying focused on improving client experiences by understanding our clients and offering what matters to them.
- SBSA NPS score for 2017 has improved from 38 in October 2016 to current score of 47.
- Branch NPS score for 2017 has improved from 43 in October 2016 to current score of 66.
- Good traction in improving customer satisfaction indices in Nigeria – placed 3rd in the KPMG 2017 Banking Industry Customer Satisfaction Survey (BICSS).
- Sustained growth in the introduction and adoption of digital channels.
- Implementation of a leaner structure which seeks to empower the front line and improve turnaround times focused on consistent excellent customer experience.
- Rollout of transactional products on SAP reduced account opening time from 60 minutes to 25 minutes with cross sell improvements.
- Digital solution built for Investment products
- Launched Shari'ah Banking and Africa China Strategy
- Growth in Affluent customer numbers.
- Dealer and Finance Insurance (F&I) satisfaction scores increased from 68 in 2016 to 80 in 2017 in the SA VAF dealer channel.
- Strong growth of 24% in number of customer accounts within PBB Africa Regions focused segments.

Leadership and people

- Employment equity targets have been exceeded at the senior management and junior management levels.
- Overall AIC representation in PBB is senior management (including executive) at 55%, middle management at 72% and junior management at 83%.
- PBB conducted the organisational health index survey with clear strengths highlighted in the areas of direction, Coordination and control.
- Facilitated the successful execution of the alignment to the new PBB SA operating model.
- Significantly bolstered the VAF leadership team with deep VAF experience.
- Significant involvement in leadership development, including growing the leadership talent and succession pipeline.

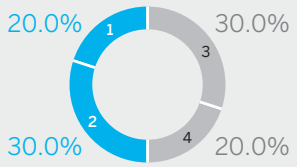
Social, economic and environmental impact

PBB SA:

- Positive brand sentiment towards entrepreneurship support for women, youth and township.
- Enabled SnapScan for merchants who would have been unable to accept card payments.
- Enablement of payment systems for schools/universities/OppiKoppi/Joy of Jazz and Instant Money as a platform that enables individuals, to remit funds with ease.
- Feenix is a crowd funding solution established in June 2017, to create a network of givers by connecting individuals, businesses and students on one platform and provide access to alternative funding. By the end of 2017, 42 students were fully funded and 152 were partially funded across 24 universities, from funds raised in excess of R7 million.

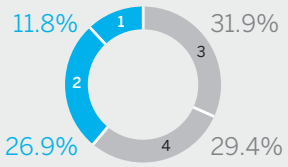
2017 PERFORMANCE: KENNY FIHLA CHIEF EXECUTIVE, CORPORATE & INVESTMENT BANKING

2017 target pay mix for CE CIB



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI[1] – 100% PRP deferred for 3 years

2017 remuneration: AKL Fihla



1 Fixed remuneration in cash
2 STI in cash
3 Deferred for up to 3.5 years
4 LTI – 100% PRP deferred for 3 years

[1] The PRP amount is the face value at award date (March 2018) and is conditional.

R'000	2017
1 Fixed remuneration	4 015*
2 Annual cash award	9 150
3 Annual deferred award	10 850
4 PRP award	10 000
Total reward	34 015

* For period 1/6/2017 to 31/12/2017, being the period he has been a prescribed officer.

Cash award
Deferred award

Kenny Fihla commenced his role as CE CIB on 1 June 2017 having previously held the position of deputy CEO and head of coverage up to that point. Kenny has moved seamlessly into his new position.

Overview

- CIB achieved an exceptional set of results, despite a challenging economic and socio-political environment both in South Africa and in many of the geographies that CIB operates in.
- Growth in both client revenues and product revenues are a credit to Kenny in both the roles that he played during 2017.
- Pre-tax incentive profit and headline earnings both up by 11%.
- Improved ROE, increasing from 19.5% to 22.2%.
- CIB Stratco has achieved all the business goals that were set at the start of the year.
  - Proactive and forward looking risk management per client sector contributed to an impairment charge within CIB's target range and prudent management of the group's risk.
  - Drove client acquisition through targeting multinational corporations (MNCs) increasing revenue contributions.
  - Opened bank in Côte d'Ivoire according to plan.
  - Key appointments were made in CIB leadership roles resulting in progress in transformation.

KENNY FIHLA: SUMMARY OF 2017 KEY ACHIEVEMENTS

Financial outcomes

- CIB delivered exceptional results in 2017.
- Client revenues and product revenues grew by 6% and 5% respectively on prior year and were up in double digits on a constant currency basis.
- South Africa client revenues were up 4%, which is quite commendable given the low growth and recessionary environment in 2017.
- Resounding turnaround in the West Africa franchise with revenues up by more than 50%, notably performance from Nigeria and Angola. South and Central Africa continues to be a steady performer with growth rates of 13% benefiting from the improvement in commodity prices, and East Africa delivered 14% growth.
- CIB managed to keep customer credit loss ratio within the target band of 40 to 60 basis points, with closing customer credit loss ratio of 44 basis points.
- Costs marginally increased by 1%, leading to a JAWs increase of 4.6% and a cost-to-income (CTI) ratio of 52.2%.
- All these elements culminate in headline earnings growth of 11% and an ROE of 22.2%.

Client focus

- CIB's existing client franchise grew through product and geographic cross-sell and long-standing relationships with multinational corporates and large domestic corporates contributing 80% of CIB revenues.
- Drove client acquisition through targeting unbanked MNCs and Regional Champions with revenue contribution from clients recently acquired, more than tripled.
- Targeted c.50 International MNCs doing business in Africa with opportunities to grow our share of wallet.
- Delivered universal solutions to clients through systems enhancements and product integration.
- Improved client KYC experience and established an industry standard in this area.
- Opened bank in Côte d'Ivoire according to plan.

Risk and conduct

- Ongoing involvement in and monitoring of complex credit and deal decisions.
- Proactive and forward-looking risk management per client sector contributed to an impairment charge within our target range and prudent management of the bank's reputational risk.
- Focused on vigilant management of risks and proactively addressed issues through relevant governance frameworks.
- Ongoing reinforcement of a culture of compliance with relevant campaigns and learning programmes.

Leadership and people

- Building brand through participation in strategic external events.
- Driving learning and development propositions via Be More employee brand.
- CIB-wide and product area-specific flagship programmes supported growth of employees.
- Embed diversity, inclusion and transformation with marked progress on the CIB SA transformation plan.
- Key appointments in CIB leadership roles to entrench the diversity and inclusion agenda.
- Celebrate exceptional employee performance – Mark of Excellence, Beyond Excellence.
- Transforming and modernising internal processes to improve client and employee experience.

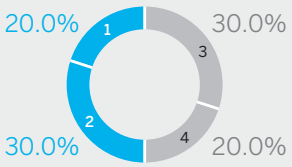
Social, economic and environmental impact

Governance

- New Environmental and Social (E&S) Risk Governance Standard developed.
- E&S risk Policy updated.
- Coal fired power finance procedural guidelines were developed.
- New governance was supported by training and development.
- Standard Bank is the longest-standing chair of the Global Equator Principles Steering Committee.

2017 PERFORMANCE: MARGARET NIENABER, CHIEF EXECUTIVE, WEALTH

2017 target pay mix for CE wealth



1 Fixed remuneration in cash
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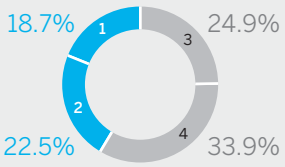
2017 remuneration: M Nienaber



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4 LTI – 100% PRP deferred for 3 years

[1] The PRP amount is the face value at award date (March 2018) and is conditional.

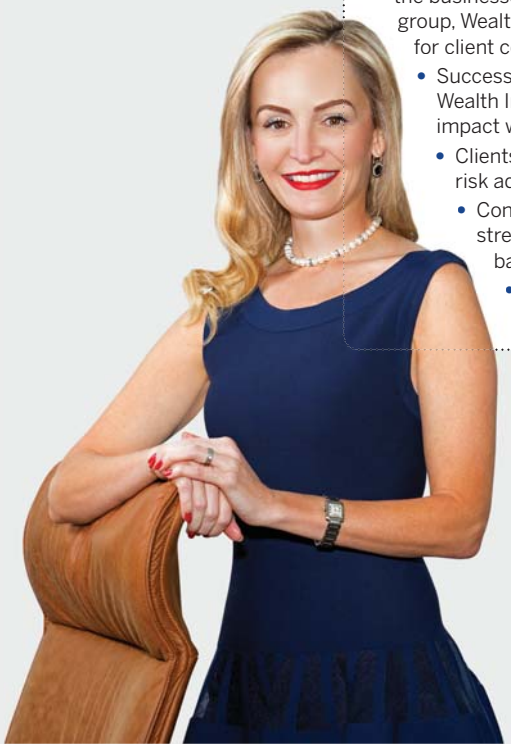
R'000	2017
1 Fixed remuneration	**5 517**
2 Annual cash award	**6 650**
3 Annual deferred award	**7 350**
4 PRP award	**10 000**
Total reward	**29 517**

Cash award
Deferred award

Margaret Nienaber was appointed as a prescribed officer on 1 January 2017. Margaret Nienaber has led the Wealth business with determination and commitment to her clients.

Overview:

- Good revenue growth in Wealth International as a result of increased client activity.
- Client centricity remains a strong key focus area in Wealth. Within the businesses that have a strong focus on the overall reputation of the group, Wealth continues to have strong relationships and win awards for client centricity.
- Successful implementation of the SA sovereign downgrade plan for the Wealth International business. Client withdrawals were limited, and the impact was not material.
- Clients in our asset management business continued to enjoy superior risk adjusted returns with performance ahead of its peer groups.
- Continued to execute on the Liberty ten-point plan and strengthening the relationship between Liberty and the group's banking activities.
- Wealth strategy incorporating Africa Regions agreed and operating model aligned.



MARGARET NIENABER: SUMMARY OF 2017 KEY ACHIEVEMENTS

Financial outcomes

- Robust results from Melville Douglas due to onshore and offshore participation fees.
- Client activity and positive endowment benefit driving revenue growth in Wealth International.
- Growth in Nigeria assets under management and pension fund business as a results of higher volumes.
- Client assets under management grew 15% in constant currency.
- Deposits growth in constant currency of 8%.
- High net worth client base in South Africa increased significantly.
- Excellent performance in Wealth International with growth of 32% in constant currency.
- Robust short-term insurance claims incurred to earned premium ratio of 52%, despite increased catastrophic events in South Africa.
- South Africa short-term insurance performance impacted by severe weather-related events.
- Gross written premium growth of 10%.
- Improved business revenue in Namibia and Uganda.

Client focus

- Improved customer NPS for insurance businesses of 59 from 56 in 2016.
- Continued collaboration with CIB, PBB and Liberty, to enhance the customer value proposition.
- Further entrenchment of, 'Before the Sun Sets' client service ethos, across business lines.
- Embraced more agile ways of working which significantly improved insurance claim turnaround times.
- Introduction of 'Goals-Based Investing' as a key differentiator in the market with significant client investment.
- Articulated digital strategy across Wealth aligned to group.
- Several awards across the continent for Wealth and Investment business.

Risk and conduct

- Credit loss ratio of -0.02% reflects net recoveries and indicative of strong credit risk controls in the International and high net worth businesses.
- No material regulatory breaches.
- No repeat audit findings.
- Building and creating a strong conduct culture across a diverse set of Wealth businesses.
- Proactively assessing the regulatory environment to stay abreast of obligations. The launch of GoalStandard (Goals-Based Investing) was introduced as a measure to ensure financial planners provide clients with sound advice.

Leadership and people

- Employee NPS score of 14.
- Supporting the financial education of employees through the launch of Financial Fitness days.
- Creating opportunities for continuous learning through customised talent development programmes and employee exchange programmes.
- Key focus on succession and talent management plans to support employees and develop a future pipeline.
- Actively encouraging a transparent culture, where people engage in a trusted manner.
- Progress made on transformation, where the overall targets were met, in the context of embracing diversity regardless of the jurisdiction.

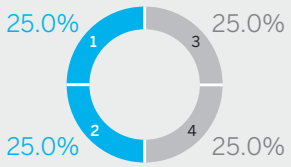
Social, economic and environmental impact

From an SEE perspective assisted the clients with:

- Preserving generational wealth, through our Wealth and Investment Leadership Academies aimed at children and young adults between the ages of 10 to 24.
- Preserving the value of trusts (over R1.7 billion) managed on behalf of orphans, through Standard Trust Limited.
- Promoting a savings culture in South Africa by demonstrating a leadership role in the creation of 17 500 Tax Free Savings Accounts.
- Assisted our procurement providers with their own business and strategic development.
- Growth of assets and accounts in both Tax Free Investment Accounts and Auto Share Investment Accounts.

2017 PERFORMANCE: DR ARNO DAEHNKE, GROUP FINANCIAL DIRECTOR

2017 target pay mix for CFO



1 Fixed remuneration in cash
2 STI in cash
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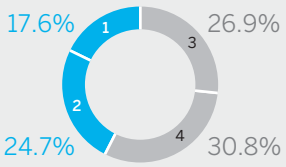
4 LTI[1] – 100% PRP deferred for 3 years

2017 remuneration: A Daehnke



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4 LTI – 100% PRP deferred for 3 years

[1] The PRP amount is the face value at award date (March 2018) and is conditional.

R'000	2017
1 Fixed remuneration	5 697
2 Annual cash award	8 025
3 Annual deferred award	8 725
4 PRP award	10 000
Total reward	32 447

Cash award
Deferred award

2017 was Arno Daehnke's first full year as an executive director having been appointed on 1 May 2016 as Group Financial Director. His impact has been felt across the group.

Overview:

- The group's robust 2017 results reflect efficient capital and risk appetite allocation across multiple jurisdictions despite difficult trading conditions. Arno's continued input and reporting on cost management has also had a positive impact on the group's 2017 results.
  - Arno led the launch of our five strategic value drivers during 2017, which enabled us to measure our strategic progress using financial and non-financial metrics.
  - He delivered a credible group financial aspiration, four-year financial plan and 2018 budget, within available financial resources.
  - He led our teams through the reality of the sovereign and bank rating downgrades, with the impacts well managed.

ARNO DAEHNKE: SUMMARY OF 2017 KEY ACHIEVEMENTS

Financial outcomes

- As group financial director, Arno's performance is linked to the group results.
- The group remains on track to meet its medium term financial objectives.
- For 2017, the group achieved strong results, within budget and market expectations.
- Group headline earnings of R26 270 million up 14%
- Group ROE of 17.1% (2016: 15.3%).
- Continued strong focus on cost reporting and control resulted in positive jaws of 1% for the group's banking activities.
- Delivered credible group financial aspiration, 4-year financial plan and 2018 budget, within available financial resources through managing trade-off processes.
- Launched internal process to de-risk the group's 4-year financial plan.

Risk and conduct

- Maintained balance sheet resilience across all banking subsidiaries.
- Sovereign downgrades well managed from a liquidity and capital perspective.
- Basel III compliance achieved for liquidity coverage ratio and net stable funding ratio.
- Managed complex IFRS 9 parallel run and transition.
- Achieved full compliance with the BCBS239 principles for effective risk data aggregation and risk reporting, covering 80% of the group's risk weighted assets.
- Maintained group-wide internal financial controls at the required standards.
- Active participation at risk and credit committees.
- Management of group tax risk.
- Introduction of management of supplier risk.

Client focus

- Appropriate capital and liquidity raising for clients.
- Successful raising of Additional Tier 1 capital.
- Introduced 5 strategic value drivers for the group which resulted in reporting on non-financial metrics, in addition to financial metrics at a group level.
- Client level reporting and budgeting
- Maintained high quality of internal and external reporting.
- Finalised several corporate transactions.

Leadership and people

- Played a key role in the execution and communication of the group strategy.
- Ensured measurable execution of group strategy through development of five strategic value drivers.
- Continued to build investment case through interactions with local and international investors and stakeholders.
- Initiated culture change across finance to focus on innovation, digitisation, automation and client experience.
- Focused efforts on diversity and finance talent development and succession planning.

Social, economic and environmental impact

- Managed transition to reporting against new sector BBBEE financial sector codes.
- Continued to tell our story with conviction and passion through the group's annual integrated report and report to society.
- Managed preferential procurement spend with black owned suppliers to 23% of South African spend.

2017 PERFORMANCE: DAVID MUNRO, FORMER CHIEF EXECUTIVE, CORPORATE & INVESTMENT BANKING (CIB)

David Munro built a solid platform for growth in CIB. David accepted the challenging role of CEO Liberty and he commenced that assignment officially on 1 June 2017. Under David's astute leadership the CIB business has grown impressively particularly over the past two years and that momentum continued into 2017. The 2017 half year results were materially impacted by foreign currency movements which resulted in some HE dilution and a benefit to capital. Despite this, CIB produced double digit revenue growth in constant currency while costs decreased by 7%. There was a notable recovery in credit impairments in constrict currency. The credit loss ratio improved to 44 bps, well within the target range of 40 – 60 bps; a good result. David transferred to his successor, a business in good health and with excellent growth prospects and he should be proud of what he has achieved as CEO of CIB.

Overview:

The commentary below relates to CIB delivery for H 12017

- David delivered a strong set of results for H1 2017 despite tough macro environments in the markets in which CIB operates.
- Good operational performance with double digit revenue growth (ccy) both for client and product revenues.
- Maturing client centric strategy with strong linkages between client coverage, product houses and in country teams.
- Improved client selection and deal execution.
- Whilst CIB saw easing pressure in natural resources-linked sectors with the improvement in commodity prices these sectors continued to struggle in the first half of the year. Client revenues grew in non-resources linked sectors like financial institutions, industrials and telecoms and media.
- West Africa especially Nigeria and Angola, East Africa and South Africa continue to be the drivers of growth while South and Central Africa saw reduced trading activity especially in Mozambique.
- The diversification benefit from the sector and geographic breadth of the franchise has provided a hedge to CIB's performance and underpins the sustainability of that performance.
- Notable recovery in credit impairments saw a material decrease in our Africa Regions' impairments. Credit loss ratio to customers improved to 45 bps. CIB continued to support its clients through these tough times.
- Disciplined control of internal resources has resulted in single digit cost growth (7%) while not compromising on investments to better serve clients and improve service experience throughout the continent.
- CIB half year results were materially impacted by foreign currency movements which resulted in headline earnings dilution.
- All these and stringent capital management resulted in CIB producing a respectable 21.4% ROE.

Executive directors' and prescribed officers' emoluments

The analysis that follows sets out two tables for each individual. In the past, reporting did not follow the single figure format now required by King IV. Prior year reporting included performance-related incentives (both cash and deferred) in respect of the year and then the award of the forward-looking long-term incentive awards under PRP, i.e. the awards made by Remco.

Single figure reporting requires the reporting of the performance-related incentives (both cash and deferred) in respect of the year and the delivery of the past year long-term incentive awards (PRP and EGS) dependent on the fulfilment of the conditions in the year.

In order to facilitate the reporting transition, both views have been shown. The single figure reporting prior year (2016 being the comparative period) has been illustrated using a single figure for comparative purposes.

The remuneration disclosed in the tables below is with respect to the period that individuals were classified as prescribed officers.

Sim Tshabalala

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Executive director	2012	2013	2014	2015	2016	**2017**
SK Tshabalala*						
Cash package paid during the year	5 098	6 384	7 378	7 583	7 850	**7 899**
Retirement contributions paid during the year	482	990	1 248	1 129	1 106	**1 076**
Other allowances	270	274	277	277	242	**128**
Cost to company package	5 850	7 648	8 903	8 989	9 198	**9 103**
Short-term incentive (cash)[1]	8 250	9 400	7 337	10 150	10 090	**11 350**
Short-term incentive (share-linked deferral)[2]	7 450	11 100	8 038	11 850	12 790	**14 050**
Short-term incentive	15 700	20 500	15 375	22 000	22 880	**25 400**
Total reward (excluding EGS/PRP)	21 550	28 148	24 278	30 989	32 078	**34 503**
Face value of conditional EGS/PRP awarded	2 500	12 500	10 000	12 500	12 500	**14 000**
Total reward (including EGS/PRP)	24 050	40 648	34 278	43 489	44 578	**48 503**

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Executive director	2016	**2017**
SK Tshabalala*		
Cash package paid during the year	7 850	**7 899**
Retirement contributions paid during the year	1 106	**1 076**
Other allowances	242	**128**
Cost to company package	9 198	**9 103**
Short-term incentive (cash)[1]	10 090	**11 350**
Short-term incentive (share-linked deferral)[2]	12 790	**14 050**
Short-term Incentive	22 880	**25 400**
Total reward (excluding conditional long-term incentive awards)	32 078	**34 503**
EGS awards vesting[7]	3 459	**4 312**
PRP awards vesting[8]	10 219	**14 658**
PRP notional dividend[9]	1 288	**1 643**
Total reward (including conditional long-term incentive awards)	47 044	**55 116**

Refer to footnotes on page 87.

Ben Kruger

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Executive director	2012	2013	2014	2015	2016	**2017**
BJ Kruger*						
Cash package paid during the year	6 014	6 559	7 352	7 538	7 809	**7 847**
Retirement contributions paid during the year	963	1 088	1 209	1 076	1 106	**1 076**
Other allowances	132	315	199	171	190	**156**
Cost to company package	7 109	7 962	8 760	8 785	9 105	**9 079**
Short-term incentive (cash)[1]	5 900	9 400	5 275	10 150	10 090	**11 125**
Short-term incentive (share-linked deferral)[2]	5 100	11 100	4 975	11 850	12 790	**13 825**
Short-term incentive	11 000	20 500	10 250	22 000	22 880	**24 950**
Total reward (excluding EGS/PRP)	18 109	28 462	19 010	30 785	31 985	**34 029**
Face value of conditional EGS/PRP awarded	2 000	12 500	10 000	12 500	12 500	**12 500**
Total reward (including EGS/PRP)	20 109	40 962	29 010	43 285	44 485	**46 529**

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Executive director	2016	**2017**
BJ Kruger*		
Cash package paid during the year	7 809	**7 847**
Retirement contributions paid during the year	1 106	**1 076**
Other allowances	190	**156**
Cost to company package	9 105	**9 079**
Short-term incentive (cash)[1]	10 090	**11 125**
Short-term incentive (share-linked deferral)[2]	12 790	**13 825**
Short-term incentive	22 880	**24 950**
Total reward (excluding conditional long-term incentive awards)	31 985	**34 029**
EGS awards vesting[7]	3 661	**3 934**
PRP awards vesting[8]	10 219	**14 658**
PRP notional dividend[9]	1 288	**1 643**
Total reward (including conditional long-term incentive awards)	47 153	**54 264**

Refer to footnotes on page 87.

Arno Daehnke

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Executive director	2016	2017
A Daehnke*		
Cash package paid during the year	2 986	**5 084**
Retirement contributions paid during the year	375	**610**
Other allowances	2	**3**
Cost to company package	3 363[3]	**5 697**
Short-term incentive (cash)[1]	7 400	**8 025**
Short-term incentive (share-linked deferral)[2]	8 100	**8 725**
Short-term incentive	15 500	**16 750**
Total reward (excluding PRP)	18 863	**22 447**
Face value of conditional PRP awarded	7 000	**10 000**
Total reward (including PRP)	25 863	**32 447**

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Executive director	2016	2017
A Daehnke*		
Cash package paid during the year	2 986	**5 084**
Retirement contributions paid during the year	375	**610**
Other allowances	2	**3**
Cost to company package	3 363[3]	**5 697**
Short-term incentive (cash)[1]	7 400	**8 025**
Short-term incentive (share-linked deferral)[2]	8 100	**8 725**
Short-term incentive	15 500	**16 750**
Total reward (excluding conditional long-term incentive awards)	18 863	**22 447**
PRP awards vesting[8]	4 907	**8 790**
PRP notional dividend[9]	618	**985**
Total reward (including conditional long-term incentive awards)	24 388	**32 222**

Refer to footnotes on page 87.

Kenny Fihla

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Prescribed officer	2017
AKL Fihla	
Cash package paid during the year	3 507
Retirement contributions paid during the year	444
Other allowances	64
Cost to company package	4 015[4]
Short-term incentive (cash)[1]	9 150
Short-term incentive (share-linked deferral)[2]	10 850
Short-term incentive	20 000
Total reward (excluding PRP)	24 015
Face value of conditional PRP awarded	10 000
Total reward (including PRP)	34 015

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Prescribed officer	2017
AKL Fihla	
Cash package paid during the year	3 507
Retirement contributions paid during the year	444
Other allowances	64
Cost to company package	4 015[4]
Short-term incentive (cash)[1]	9 150
Short-term incentive (share-linked deferral)[2]	10 850
Short-term incentive	20 000
Total reward (excluding conditional long-term incentive awards)	24 015
PRP awards vesting[8]	10 263
PRP notional dividend[9]	1 150
Total reward (including conditional long-term incentive awards)	35 428

Refer to footnotes on page 87.

Margaret Nienaber

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Prescribed officer	2017
M Nienaber	
Cash package paid during the year	4 829
Retirement contributions paid during the year	542
Other allowances	146
Cost to company package	5 517[5]
Short-term incentive (cash)[1]	6 650
Short-term incentive (share-linked deferral)[2]	7 350
Short-term incentive	14 000
Total reward (excluding PRP)	19 517
Face value of conditional PRP awarded	10 000
Total reward (including PRP)	29 517

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Prescribed officer	2017
M Nienaber	
Cash package paid during the year	4 829
Retirement contributions paid during the year	542
Other allowances	146
Cost to company package	5 517[5]
Short-term incentive (cash)[1]	6 650
Short-term incentive (share-linked deferral)[2]	7 350
Short-term incentive	14 000
Total reward (excluding conditional long-term incentive awards)	19 517
PRP awards vesting[8]	4 395
PRP notional dividend[9]	493
Total reward (including conditional long-term incentive awards)	24 405

Refer to footnotes on page 87.

Peter Schlebusch

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Prescribed officer	2013	2014	2015	2016	**2017**
PL Schlebusch					
Cash package paid during the year	4 476	5 342	5 594	5 834	**5 951**
Retirement contributions paid during the year	595	709	755	812	**704**
Other allowances	199	206	230	206	**295**
Cost to company package	5 270	6 257	6 579	6 852	**6 950**
Short-term incentive (cash)[1]	10 150	8 650	10 650	11 150	**12 150**
Short-term incentive (share-linked deferral)[2]	10 850	8 650	12 350	13 850	**14 850**
Short-term incentive	21 000	17 300	23 000	25 000	**27 000**
Total reward (excluding PRP)	26 270	23 557	29 579	31 852	**33 950**
Face value of conditional PRP awarded	10 000	10 000	10 000	10 000	**10 000**
Total reward (including PRP)	36 270	33 557	39 579	41 852	**43 950**

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Prescribed officer	2016	**2017**
PL Schlebusch		
Cash package paid during the year	5 834	**5 951**
Retirement contributions paid during the year	812	**704**
Other allowances	206	**295**
Cost to company package	6 852	**6 950**
Short-term incentive (cash)[1]	11 150	**12 150**
Short-term incentive (share-linked deferral)[2]	13 850	**14 850**
Short-term incentive	25 000	**27 000**
Total reward (excluding conditional long-term incentive awards)	31 852	**33 950**
EGS awards vesting[7]	1 741	**2 723**
PRP awards vesting[8]	8 176	**14 658**
PRP notional dividend[9]	1 030	**1 643**
Total reward (including conditional long-term incentive awards)	42 799	**52 974**

Refer to footnotes on page 87.

David Munro

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (PRIOR YEAR REPORTING)

R'000 Former prescribed officer	2013	2014	2015	2016	**2017**
DC Munro[6]					
Cash package paid during the year	4 596	5 355	5 609	5 802	**2 399**
Retirement contributions paid during the year	641	710	774	847	**334**
Other allowances	200	254	202	143	**111**
Cost to company package	5 437	6 319	6 585	6 792	**2 844**
Short-term incentive (cash)[1]	15 150	5 650	12 150	12 900	**7 700**
Short-term incentive (share-linked deferral)[2]	14 850	5 850	13 850	15 600	**5 400**
Short-term incentive	30 000	11 500	26 000	28 500	**13 100**
Total reward (excluding PRP)	35 437	17 819	32 585	35 292	**15 944**
Face value of conditional PRP awarded	10 000	14 000	10 000	10 000	**5 000**
Total reward (including PRP)	45 437	31 819	42 585	45 292	**20 944**
Five-year long term share incentive[10]					**20 000**
Total reward	45 437	31 819	42 585	45 292	**40 944**

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (SINGLE FIGURE FORMAT)

R'000 Former prescribed officer	2016	**2017**
DC Munro[6]		
Cash package paid during the year	5 802	**2 399**
Retirement contributions paid during the year	847	**334**
Other allowances	143	**111**
Cost to company package	6 792	**2 844**
Short-term incentive (cash)[1]	12 900	**7 700**
Short-term incentive (share-linked deferral)[2]	15 600	**5 400**
Short-term incentive	28 500	**13 100**
Total reward (excluding conditional long-term incentive awards)	35 292	**15 944**
EGS awards vesting[7]	2 175	**3 101**
PRP awards vesting[8]	8 176	**20 526**
PRP notional dividend[9]	1 030	**2 301**
Total reward (including conditional long-term incentive awards)	46 673	**41 872**
Five-year long-term incentive[10]		**20 000**
Total reward	46 673	**61 872**

1 These are performance-related short-term incentive payments in respect of the financial year under review.
2 These are deferred bonus scheme awards issued in March 2018 (for the performance year 2017) which are subject to choice. Participants can elect to have the value of the deferred awards, or part thereof, invested in the SARP rather than the default DBS. To the extent that the SARP is selected, a 10% premium of the value of the award is added. Deferred bonus amounts not invested in SARP will be unitised with respect to the group's closing share price on 8 March 2018. The award will be updated in the group's 2018 annual financial statements to reflect the choices made and units/rights awarded.
3 A Daehnke was appointed as the group financial director on 1 May 2016. His fixed remuneration is shown from that date.
4 AKL Fihla was appointed as a prescribed officer on 1 June 2017. His fixed remuneration is shown from that date.
5 M Nienaber was appointed as a prescribed officer on 1 January 2017. Her fixed remuneration is shown from that date.
6 DC Munro transferred to Liberty on 1 June 2017 and was a prescribed officer of the group until that date. Therefore, his cost to company package and short-term incentive has been pro-rated based on the period up to transfer; however, all long-term incentives reflect for the full year.
7 EGS vesting on March 2018 were awarded in March 2011 and 2013. Relevant performance conditions were met as at 31 December 2017.
8 PRP units vesting were awarded in March 2014 (disclosed for the performance year 2016) and 2015 (disclosed for the performance year 2017). The PRP value delivered is calculated based on the group's closing share price of R195.66 as at 31 December 2017 (R151.75 for 2016) after calculating the delivery percentage based on the three-year performance conditions (68.37% delivery on the 2014 awards and 117.61% delivery on the 2015 awards). The amount included in the single figure will not be updated in the 2018 remuneration report but will rather be included at payment value in the settlement schedule on pages 90 – 103.
9 PRP notional dividend is calculated by multiplying the vesting PRP units by the cumulative notional dividend accrued between the grant date and vesting date. The amount included in the single figure will not be updated in the 2018 remuneration report but will rather be included at payment value in the settlement schedule on pages 90 – 103.
10 The group awarded David Munro a five-year long term incentive award, 50% of which will be delivered on completion of three years at Liberty and 50% which will be delivered after five years at Liberty. The award is linked to the performance of selected Melville Douglas funds.
* All executive directors were also prescribed officers of the group.

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Remuneration scenarios for Executive Directors and Prescribed Officers

Requirement

King IV requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total single figure basis by applying the remuneration policy under minimum, on-target and stretch performance outcomes. It should be noted that these are hypothetical values of total remuneration under the following assumed performance scenarios:

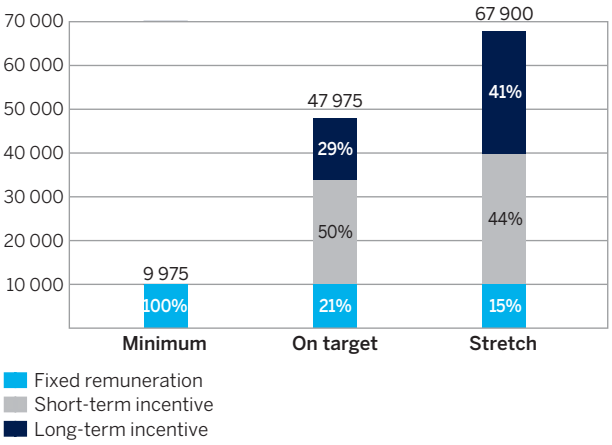
- **Minimum reward outcome**
  Short and long-term incentives are awarded at Remco's discretion. The minimum reward outcome hence represents the scenario in which only the fixed remuneration of the relevant individual would be paid.
- **On target reward outcome**
  In addition to the fixed remuneration of the relevant individual, Remco may award both short and long term incentives. The short term incentive would be determined by Remco on the basis of the individual meeting the required targets and is paid out based on the prior financial year (i.e. one year's performance). The long-term incentive for this purpose has been determined on the basis of 100% of the conditional PRP awards, being the achievement of the PRP's ROE and HEPS growth conditions over the previous three financial years at the 100% achievement level.
- **Stretch reward outcome**
  In addition to the fixed remuneration of the relevant individual, Remco may award both short and long term incentives. The short term incentive would be determined by Remco on the basis of the individual exceeding the required targets and is paid out based on the prior financial year (i.e. one year's performance). The long-term incentive for this purpose has been determined on the basis of 200% of the conditional PRP awards, being the achievement of the PRP's maximum ROE and HEPS growth conditions over the previous three financial years. This outcome would deliver significant value for shareholders.

The percentages in the graphs that follow indicates the pay mix in each reward outcome.

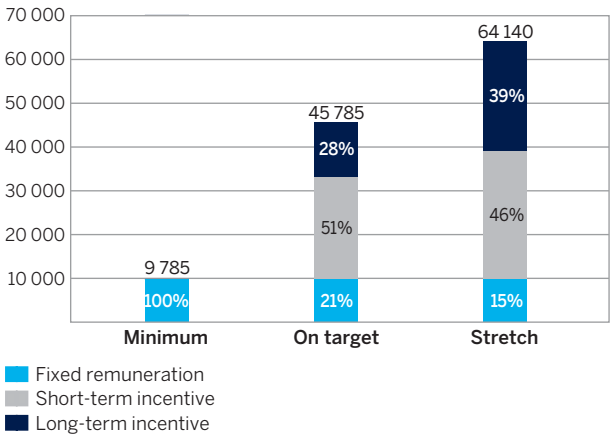
Conclusion

As can be noted from the above explanation and the graphs, a significant proportion of the individual's remuneration, notably the PRP which is conditional on growth in both headline earnings and ROE is dependent on the delivery of short-term and long-term goals which is aligned with the group's strategy and the generation of long term shareholder value. In accordance with the group's remuneration policy, Remco considers the level of remuneration that may pay out in different performance scenarios to ensure that this is considered appropriate in the context of the performance delivered and the value added for shareholders.

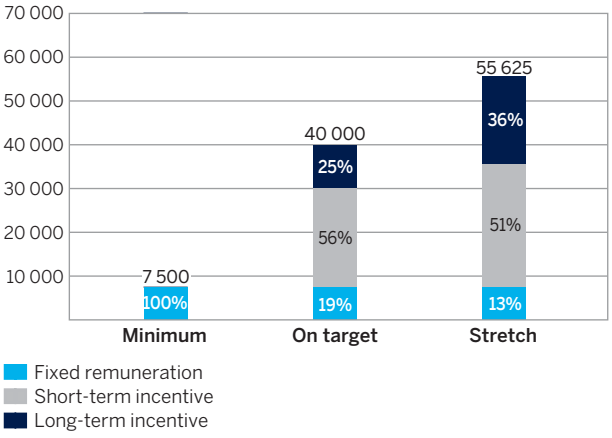
Group Chief Executive



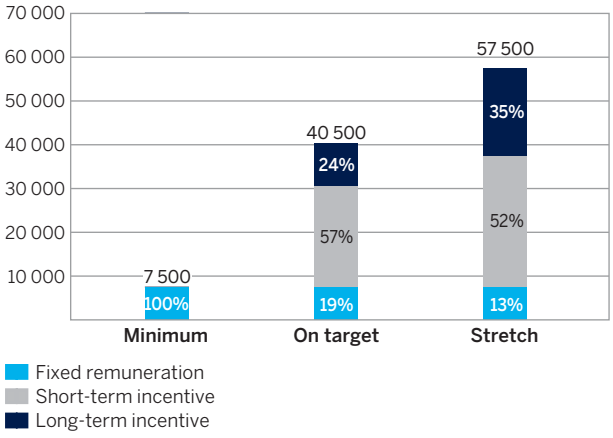
Executive Director



Chief Executive, PBB



Chief Executive, CIB



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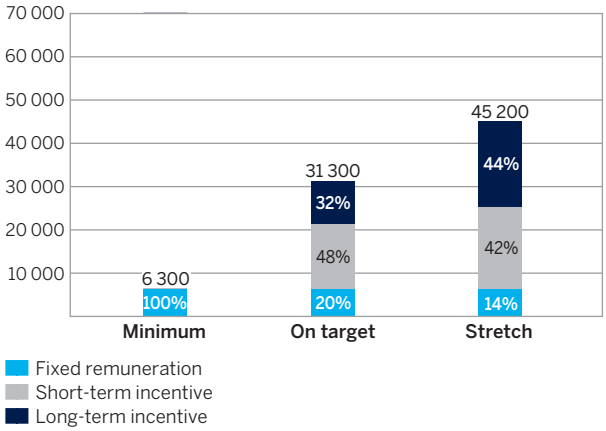
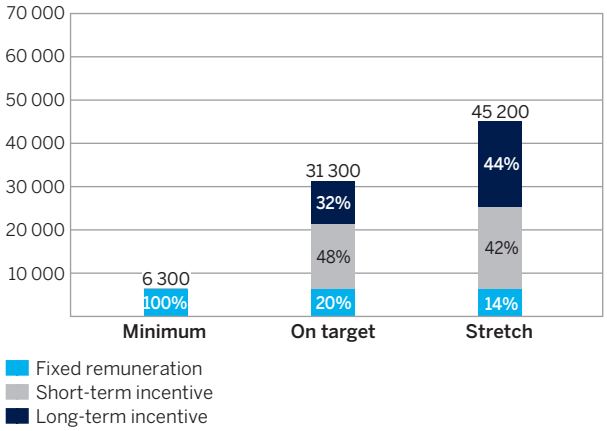
Chief Executive, Wealth



Group Financial Director



Executive directors' and prescribed officers' long-term incentives

Share incentives and share-based deferred awards not yet delivered

SHARE INCENTIVES AND SHARE-BASED DEFERRED AWARDS NOT YET DELIVERED

EQUITY GROWTH SCHEME	The EGS allocates participation rights in the future growth of the group's share price. The eventual value of the right is settled by the issuing of shares equivalent to the full value of the participation rights.
SHARE APPRECIATION RIGHTS PLAN	The SARP allocates participation rights in the future growth of the group's share price. The eventual value of the right is settled by purchasing shares in the market at the time of settlement, equivalent to the full value of the participation rights.
DEFERRED BONUS SCHEME	Employees are awarded a deferred bonus, as a mandatory deferral of their short-term incentive and/or as a discretionary award, into the DBS. The deferred bonus is unitised into a number of units with respect to the group's share price on the date of award. The shares are delivered to the employee on the vesting date. Notional dividends on the units are paid to the employees on the vesting date.* A select group of people in the Wealth business have their DBS awards linked to the performance of selected Melville Douglas funds. David Munro was awarded his award in terms of this scheme. These awards are settled in cash or units in the fund at the election of the employee.
PERFORMANCE REWARD PLAN	The group's PRP has a three-year vesting period which, effective from March 2014, is designed to incentivise the group's senior executives, whose roles enable them to contribute to and influence the group's long-term decision-making and performance results. The PRP seeks to promote the achievement of the group's strategic long-term objectives and to align the interests of those executives with overall group performance in both headline earnings growth and ROE. These are the most important financial metrics to create shareholder value, and, therefore this aligns the interests of management and shareholders. The awards are subject to the achievement of performance conditions set at the award date and that determine the number of shares that ultimately vest. The awards will only vest in future in terms of the rules of the PRP. The shares, subject to meeting the pre-specified conditions, are delivered to the employee on vesting date. Notional dividends accrue during the vesting period and will be payable on vesting date.

* For awards to executive directors and prescribed officers from March 2016, the DBS is settled in cash.

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SK Tshabalala[5]

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2013	2014/03/06	126.87	3 700	2017/09/30	
2014	2015/03/05	156.96	2 679	2017/09/30	
2014	2015/03/05	156.96	2 679	2018/09/30	
2015	2016/03/03	122.24	3 950	2017/09/30	
2015	2016/03/03	122.24	3 950	2018/09/30	
2015	2016/03/03	122.24	3 950	2019/09/30	
2016	**2017/03/02**	**155.95**	**1 667**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**2 597**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**2 597**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**2 597**	**2020/09/30**	
Performance reward plan[8]					
2013	2014/03/06	126.87	12 500	2017/03/31	
2014	2015/03/05	156.96	10 000	2018/03/31	
2015	2016/03/03	122.24	12 500	2019/03/31	
2016	**2017/03/02**	**155.95**	**12 500**	**2020/03/31**	
Equity growth scheme					
Vested					
2007	2008/03/06	92.00		B	2018/03/06
2008	2009/03/06	62.39		B	2019/03/06
2009	2010/03/05	111.94		A	2020/03/05
2009	2010/03/05	111.94		B	2020/03/05
2010	2011/03/04	98.80		A	2021/03/04
2010	2011/03/04	98.80		B	2021/03/04
2011	2012/03/08	108.90		A	2022/03/08
2011	2012/03/08	108.90		D	2022/03/08
2012	2013/03/07	115.51		E	2023/03/07
2012	2013/03/07	115.51		D	2023/03/07
Unvested rights					
2010[8]	2011/03/04	98.80	864	2018/03/04	2021/03/04
2012[8]	2013/03/07	115.51	833	2018/03/07	2023/03/07
Total			**82 897**		

Refer to footnotes on page 102.

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	29 164		(29 164)			157.81	4 602	803		
	17 069		(17 069)			157.81	2 694	374		
	17 070				17 070				3 340	374
	32 313		(32 313)			157.81	5 099	501		
	32 313				32 313				6 322	501
	32 315				32 315				6 323	501
		10 687			10 687				2 091	90
		10 687			10 687				2 091	90
		10 688			10 688				2 091	90
		16 650			16 650				3 258	140
		16 650			16 650				3 258	140
		16 652			16 652				3 258	140
	98 500		(67 344)	(31 156)		153.70	10 351	1 584		
	63 700	11 216			74 916				14 658	1 643
	102 300				102 300				20 016	1 587
		80 200			80 200				15 692	674
	100 000		(100 000)			158.50	6 650			
	37 500		(37 500)			158.50	3 604			
	62 500		(62 500)			162.79	3 178			
	62 500		(62 500)			162.79	3 178			
	100 000		(100 000)			158.50	5 970			
	75 000		(75 000)			158.50	4 478			
	61 471		(61 471)			159.57	3 115			
	212 834		(212 834)			162.79	11 470			
	47 161		(11 790)		35 371	162.79	557			
	231 367				231 367					
	25 000				25 000				2 422	
	23 581				23 581				1 890	
							64 946	3 262	86 710	5 970

I

BJ Kruger

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2014	2015/03/05	156.96	1 658	2017/09/30	
2014	2015/03/05	156.96	1 658	2018/09/30	
2015	2016/03/03	122.24	3 950	2017/09/30	
2015	2016/03/03	122.24	3 950	2018/09/30	
2015	2016/03/03	122.24	3 950	2019/09/30	
2016	**2017/03/02**	**155.95**	**1 667**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**2 597**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**2 597**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**2 597**	**2020/09/30**	
Performance reward plan[8]					
2013	2014/03/06	126.87	12 500	2017/03/31	
2014	2015/03/05	156.96	10 000	2018/03/31	
2015	2016/03/03	122.24	12 500	2019/03/31	
2016	**2017/03/02**	**155.95**	**12 500**	**2020/03/31**	
Equity growth scheme					
Vested					
2009	2010/03/05	111.94		B	2020/03/05
2010	2011/03/04	98.80		B	2021/03/04
2011	2012/03/07	108.90		A	2022/03/07
2012	2013/03/07	115.51		E	2023/03/07
2013	2016/03/06	126.87		D	2026/03/06
Unvested rights					
2010[8]	2011/03/04	98.80	864	2018/03/04	2021/03/04
2012[8]	2013/03/07	115.51	667	2018/03/07	2023/03/07
2013	2014/03/06	126.87	4 070	2018/03/06	2024/03/06
Total			**81 059**		

Refer to footnotes on page 102.

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	10 565		(10 565)			157.81	1 667	232		
	10 566				10 566				2 067	232
	32 313		(32 313)			157.81	5 099	501		
	32 313				32 313				6 322	501
	32 315				32 315				6 323	501
		10 687			10 687				2 091	90
		10 687			10 687				2 091	90
		10 688			10 688				2 091	90
		16 650			16 650				3 258	140
		16 650			16 650				3 258	140
		16 652			16 652				3 258	140
	98 500		(67 344)	(31 156)		153.70	10 351	1 584		
	63 700	11 216			74 916				14 658	1 643
	102 300				102 300				20 016	1 745
		80 200			80 200				15 692	741
	100 000		(100 000)			157.90	4 596			
	25 000		(25 000)			157.90	1 478			
	61 471		(61 471)			157.90	3 012			
	37 729		(37 729)			157.90	1 599			
	210 880		(210 880)			162.79	7 575			
	25 000				25 000				2 422	
	18 865				18 865				1 512	
	105 442				105 442				7 253	
							35 377	2 317	92 312	6 053

A Daehnke

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2013	2014/03/06	126.87	804	2017/09/30	
2014	2015/03/05	156.96	1 800	2017/09/30	
2014	2015/03/05	156.96	1 800	2018/09/30	
2015	2016/03/03	122.24	2 072	2017/09/30	
2015	2016/03/03	122.24	2 072	2018/09/30	
2015	2016/03/03	122.24	2 073	2019/09/30	
2016	**2017/03/02**	**155.95**	**1 000**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**1 000**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**1 000**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**1 700**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**1 700**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**1 700**	**2020/09/30**	
Performance reward plan[8]					
2013	2014/03/06	126.87	6 001	2017/03/31	
2014	2015/03/05	156.96	5 996	2018/03/31	
2015	2016/03/03	122.24	7 004	2019/03/31	
2016	**2017/03/02**	**155.95**	**7 002**	**2020/03/31**	
Equity growth scheme					
Vested					
2006	2007/03/08	98.00		A	2017/03/08
2006	2007/03/08	98.00		B	2017/03/08
2007	2008/03/06	92.00		A	2018/03/06
2007	2008/03/06	92.00		B	2018/03/06
2007	2008/03/06	92.00		B	2018/03/06
2008	2009/03/06	62.39		A	2019/03/06
2008	2009/03/06	62.39		B	2019/03/06
2009	2010/03/05	111.94		A	2020/03/05
2009	2010/03/05	111.94		B	2020/03/05
2010	2011/03/04	98.80		A	2021/03/04
2010	2011/03/04	98.80		B	2021/03/04
2013	2014/03/06	126.87		D	2024/03/06
Unvested rights					
2010	2011/03/04	98.80	109	2018/03/04	2021/03/04
2013	2014/03/06	126.87	742	2018/03/06	2024/03/06
Total			**45 575**		

Refer to footnotes on page 102.

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	6 340		(6 340)			157.81	1 001	174		
	11 468		(11 468)			157.81	1 810	251		
	11 468				11 468				2 244	251
	16 954		(16 954)			157.81	2 676	263		
	16 954				16 954				3 317	263
	16 956				16 956				3 318	263
		6 412			6 412				1 255	54
		6 412			6 412				1 255	54
		6 413			6 413				1 255	54
		10 901			10 901				2 133	92
		10 901			10 901				2 133	92
		10 901			10 901				2 133	92
	47 300		(32 339)	(14 961)		153.70	4 971	761		
	38 200	6 726			44 926				8 790	985
	57 300				57 300				11 211	889
		44 900			44 900				8 785	337
	4 100		(4 100)			158.50	248			
	4 100		(4 100)			158.50	248			
	7 500		(7 500)			173.17	609			
	7 500		(7 500)			173.17	609			
	20 000		(20 000)			173.17	1 623			
	12 500				12 500					
	12 500				12 500					
	12 500				12 500					
	12 500				12 500					
	12 500				12 500					
	9 375				9 375					
	45 832				45 832					
	3 125				3 125				303	
	22 918				22 918				1 577	
							13 795	1 449	49 709	3 426

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AKL Fihla[6]

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2013	2014/03/06	126.87	1 784	2017/09/30	
2014	2015/03/05	156.96	1 617	2017/09/30	
2014	2015/03/05	156.96	1 617	2018/09/30	
2015	2016/03/03	122.24	2 450	2017/09/30	
2015	2016/03/03	122.24	2 450	2018/09/30	
2015	2016/03/03	122.24	2 450	2019/09/30	
2016	**2017/03/02**	**155.95**	**833**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**833**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**834**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**2 033**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**2 033**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**2 034**	**2020/09/30**	
Performance reward plan[8]					
2014	2015/03/05	156.96	7 000	2018/03/31	
2015	2016/03/03	122.24	6 002	2019/03/31	
2016	**2017/03/02**	**155.95**	**6 004**	**2020/03/31**	
Equity growth scheme					
Vested					
2007	2008/03/06	92.00		B	2018/03/06
2007	2008/03/06	92.00		B	2018/03/06
2007	2008/03/06	92.00		B	2018/03/06
2008	2009/03/06	62.39		B	2019/03/06
2008	2009/03/06	62.39		B	2019/03/06
2009	2010/03/05	111.94		A	2020/03/05
2009	2010/03/05	111.94		B	2020/03/05
2010	2011/03/04	98.80		A	2021/03/04
2010	2011/03/04	98.80		B	2021/03/04
Unvested rights					
2010	2011/03/04	98.80	120	2018/03/04	2021/03/04
Total			**40 094**		

Refer to footnotes on page 102.

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	14 058		(14 058)			157.81	2 218	387		
	10 300		(10 300)			157.81	1 625	226		
	10 300				10 300				2 015	226
	20 042		(20 042)			157.81	3 163	311		
	20 042				20 042				3 921	304
	20 044				20 044				3 922	304
	5 343				5 343				1 045	45
	5 343				5 343				1 045	45
	5 345				5 345				1 046	45
	13 038				13 038				2 551	110
	13 038				13 038				2 551	110
	13 040				13 040				2 551	110
	44 600	7 852			52 452				10 263	1 150
	49 100				49 100				9 607	762
		38 500			38 500				7 533	323
	7 500		(7 500)			173.17	609			
	7 500		(7 500)			173.17	609			
	90 000		(90 000)			173.17	7 305			
	10 000				10 000					
	10 000				10 000					
	12 500				12 500					
	12 500				12 500					
	13 750				13 750					
	10 312				10 312					
	3 438				3 438				333	
							15 529	924	48 383	3 534

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M Nienaber

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus schemes					
2013	2014/03/06	126.87	1 033	2017/09/30	
2014	2015/03/05	156.96	1 283	2017/09/30	
2014	2015/03/05	156.96	1 283	2018/09/30	
2015	2016/03/03	122.24	1 267	2017/09/30	
2015	2016/03/03	122.24	1 267	2018/09/30	
2015	2016/03/03	122.24	1 267	2019/09/30	
2016	**2017/03/02**	**155.95**	**1 000**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**1 000**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**1 000**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**1 283**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**1 283**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**1 283**	**2020/09/30**	
Performance reward plan[8]					
2013	2014/03/06	126.87	2 994	2017/03/31	
2014	2015/03/05	156.96	2 998	2018/03/31	
2015	2016/03/03	122.24	3 496	2019/03/31	
2016	**2017/03/02**	**155.95**	**9 996**	**2020/03/31**	
Equity growth scheme					
Vested					
2009	2010/05/03	114.69		A	2020/05/03
2009	2010/05/03	114.69		B	2020/05/03
2010	2011/03/04	98.80		A	2021/03/04
Unvested rights					
2010	2011/03/04	98.80	109	2018/03/04	2021/03/04
Total			**33 842**		

Refer to footnotes on page 102.

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	8 145		(8 145)			157.81	1 285	224		
	8 176		(8 176)			157.81	1 290	179		
	8 177				8 177				1 600	179
	10 362		(10 362)			157.81	1 635	161		
	10 362				10 362				2 027	157
	10 363				10 363				2 028	157
		6 412			6 412				1 255	54
		6 412			6 412				1 255	54
		6 413			6 413				1 255	54
		8 229			8 229				1 610	69
		8 229			8 229				1 610	69
		8 230			8 230				1 610	69
	23 600		(16 136)	(7 464)		153.70	2 480	380		
	19 100	3 363			22 462				4 395	493
	28 600				28 600				5 596	444
		64 100			64 100				12 542	538
	1 625		(1 625)			157.37	69			
	3 125		(3 125)			163.47	152			
	3 125		(3 125)			157.28	183			
	3 125				3 125				303	
							7 094	944	37 086	2 337

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PL Schlebusch

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2013	2014/03/06	126.87	3 617	2017/09/30	
2014	2015/03/05	156.96	2 883	2017/09/30	
2014	2015/03/05	156.96	2 883	2018/09/30	
2015	2016/03/03	122.24	4 117	2017/09/30	
2015	2016/03/03	122.24	4 117	2018/09/30	
2015	2016/03/03	122.24	4 117	2019/09/30	
2016	**2017/03/02**	**155.95**	**1 667**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**2 950**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**2 950**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**2 950**	**2020/09/30**	
Performance reward plan[8]					
2013	2014/03/06	126.87	9 997	2017/03/31	
2014	2015/03/05	156.96	9 998	2018/03/31	
2015	2016/03/03	122.24	9 999	2019/03/31	
2016	**2017/03/02**	**155.95**	**9 996**	**2020/03/31**	
Equity growth scheme					
Vested					
2009	2010/03/05	111.94		B	2020/03/05
2010	2011/03/04	98.80		B	2021/03/04
2011	2012/03/08	108.90		A	2022/03/08
2012	2013/03/07	115.51		E	2023/03/07
Unvested rights[8]					
2010	2011/03/04	98.80	355	2018/03/04	2021/03/04
2012	2013/03/07	115.51	658	2018/03/07	2023/03/07
Total			**76 588**		

JH Maree

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2013	2014/03/06	126.87	1 314	2017/09/30	
Equity growth scheme					
Vested					
2008	2009/03/06	62.39		A	2019/03/06
2009	2010/03/05	111.94		A	2020/03/05
2011	2012/03/08	108.90		A	2022/03/08
2012	2013/03/07	115.51		A	2023/03/07
2014	2015/03/05	156.96		D	2025/03/05
Unvested rights					
2012	2013/03/07	115.51	535	2018/03/07	2023/03/07
2014	2015/03/05	156.96	241	2018/03/05	2025/03/05
2014	2015/03/05	156.96	241	2019/03/05	2025/03/05
Total			**2 331**		

Refer to footnotes on page 102.

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	28 507		(28 507)			157.81	4 499	785		
	18 370		(18 370)			157.81	2 899	403		
	18 370				18 370				3 594	403
	33 677		(33 677)			157.81	5 315	522		
	33 677				33 677				6 589	522
	33 677				33 677				6 589	522
		10 687			10 687				2 091	90
		10 687			10 687				2 091	90
		10 688			10 688				2 091	90
		18 916			18 916				3 701	159
		18 916			18 916				3 701	159
		18 917			18 917				3 701	159
	78 800		(53 876)	(24 924)		153.70	8 281	1 267		
	63 700	11 216			74 916				14 658	1 643
	81 800				81 800				16 005	1 269
		64 100			64 100				12 542	538
	12 500		(12 500)			157.54	570			
	12 500		(12 500)			157.52	734			
	18 442		(18 442)			156.83	884			
	37 729		(37 729)			158.00	1 603			
	12 500				12 500				1 211	
	18 865				18 865				1 512	
							24 785	2 977	80 076	5 644

	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	10 354		(10 354)			157.81	1 634	285		
	62 500				62 500					
	500 000				500 000					
	61 471				61 471					
	37 729				37 729					
	26 148				26 148					
	18 865				18 865				1 512	
	26 148				26 148				1 012	
	26 149				26 149				1 012	
							1 634	285	3 536	

I **DC Munro**

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/ vesting category	Expiry date/ final vesting date
Deferred bonus scheme					
2013	2014/03/06	126.87	3 713	2017/09/30[7]	
2014	2015/03/05	156.96	1 950	2017/09/30[7]	
2014	2015/03/05	156.96	1 950	2018/09/30	
2015	2016/03/03	122.24	4 617	2017/09/30[7]	
2015	2016/03/03	122.24	4 617	2018/09/30	
2015	2016/03/03	122.24	4 617	2019/09/30	
2016	**2017/03/02**	**155.95**	**1 667**	**2018/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2019/09/30**	
2016	**2017/03/02**	**155.95**	**1 667**	**2020/09/30**	
2016*	**2017/03/02**	**155.95**	**3 533**	**2018/09/30**	
2016*	**2017/03/02**	**155.95**	**3 533**	**2019/09/30**	
2016*	**2017/03/02**	**155.95**	**3 533**	**2020/09/30**	
Performance reward plan[8]					
2013	2014/03/06	126.87	10 000	2017/03/31	
2014	2015/03/05	156.96	14 000	2018/03/31	
2015	2016/03/03	122.24	10 000	2019/03/31	
2016	**2017/03/02**	**155.95**	**10 000**	**2020/03/31**	
Wealth & investment medium term incentive scheme					
2017	**2017/05/31**	**2.20**	**5 000**	**2020/05/31**	
2017	**2017/05/31**	**2.20**	**5 000**	**2022/05/31**	
2017	**2017/05/31**	**4.88**	**5 000**	**2020/05/31**	
2017	**2017/05/31**	**4.88**	**5 000**	**2022/05/31**	
Equity growth scheme					
Vested					
2007	2008/03/06	92.00		B	2018/03/06
2008	2009/03/06	62.39		B	2019/03/06
2009	2010/03/05	111.94		A	2020/03/05
2009	2010/03/05	111.94		B	2020/03/05
2010	2011/03/04	98.80		A	2021/03/04
2010	2011/03/04	98.80		B	2021/03/04
2011	2012/03/08	108.90		A	2022/03/08
2012	2013/03/07	115.51		E	2023/03/07
2012	2013/03/07	115.51		D	2023/03/07
2013	2014/03/06	126.87		D	2024/03/06
Unvested rights					
2010[8]	2011/03/04	98.80	432	2018/03/04	2021/03/04
2012[8]	2013/03/07	115.51	959	2018/03/07	2023/03/07
2013	2014/03/06	126.87	1 246	2018/03/06	2024/03/06
Total			**103 701**		

* These awards will be settled in cash.
1 Value on settlement is calculated by multiplying the vesting share price by the total units vesting and applying performance conditions (where applicable). Performance conditions applied to the 2013 PRP award that vested in 2017 was 68.37%, against the performance conditions as explained on pages 60 – 61 of the report.
2 Value is calculated by multiplying the notional dividend per unit with the total vesting units and applying performance conditions (where applicable).
3 Value is calculated by multiplying the year end SBK share price of R195.66 by the total outstanding units and applying performance conditions (where applicable).
4 Value is calculated by multiplying the notional dividend (accumulated from grant date to year end) with the total outstanding units and applying performance conditions (where applicable). Notional dividends are subject to the vesting conditions.
5 As at 31 December 2017, SK Tshabalala has a right to 418 814 (2016: 418 814) shares as a beneficiary of Tutuwa Managers' Trust. At 31 December 2017 the debt per share was R54.62 (2016: R56.82).
6 As at 31 December 2017, AK Fihla has a right to 134 232 shares as a beneficiary of Tutuwa Managers' Trust. At 31 December 2017 the debt per share was R54.62.
7 In October 2017 the settlement value of these units were R14.2 million.
8 These awards are subjected to performance conditions. The fair value of awards vesting in 2018 are included in the single figure.

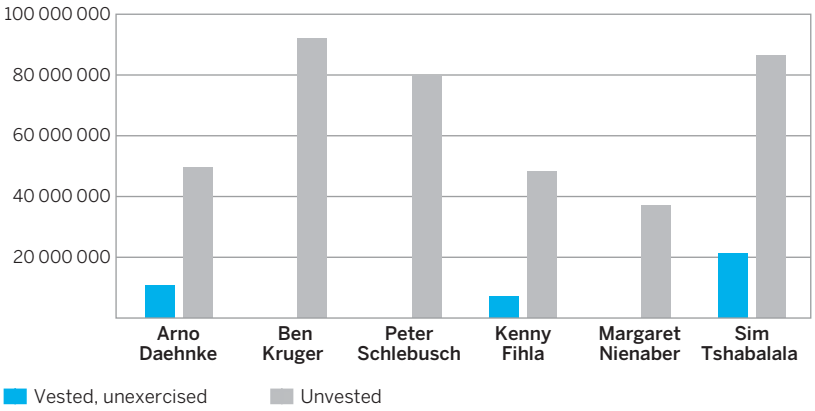
	Units						Value on settlement		Fair value at year end	
	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 May 2017	Exercise date share price	Award[1] (R'000)	Notional dividend[2] (R'000)	Award[3] (R'000)	Notional dividend[4] (R'000)
	29 263				29 263				4 288	688
	12 423				12 423				1 820	223
	12 425				12 425				1 821	223
	37 767				37 767				5 534	421
	37 767				37 767				5 534	421
	37 768				37 768				5 535	421
		10 687			10 687				1 566	47
		10 687			10 687				1 566	47
		10 688			10 688				1 566	47
		22 657			22 657				3 320	100
		22 657			22 657				3 320	100
		22 657			22 657				3 320	100
	78 800		(53 876)	(24 924)		153.70	8 281	1 267		
	89 200	15 704			104 904				20 526	2 301
	81 800				81 800				11 987	942
		64 100			64 100				9 393	282
		2 268 191			2 268 191				4 974	
		2 268 191			2 268 191				4 974	
		1 024 548			1 024 548				4 984	
		1 024 548			1 024 548				4 984	
	50 000		(50 000)			155.00	3 150			
	25 000		(25 000)			158.50	2 403			
	50 000				50 000					
	50 000				50 000					
	50 000				50 000					
	37 500				37 500					
	61 471				61 471					
	47 161				47 161					
	60 948				60 948					
	70 530				70 530					
	12 500				12 500				1 211	
	23 581				23 581				1 890	
	35 267				35 267				2 426	
							13 834	1 267	106 539	6 363

R A share ownership culture

A true ownership culture is one where the executives feel a substantial personal stake in the company's performance. The graph below illustrates the unvested and unexercised shares of the executive directors and prescribed officers. In addition to this, these individuals are also required to hold shares in their personal capacity towards the minimum shareholding requirements.

Executive Directors and Prescribed Officers unvested and unexercised shares

Awards by employee (current rand value) (Rm)



Note:
- Values have been calculated on a share price of R195.66 and are based on status of awards as at 31 December 2017.
- Conditional unvested awards for 2016 and 2017 have been based on 100% of potential value.
- Conditional unvested award for 2015 has been based on 117.61% of potential value.
- Excludes awards made in March 2018.

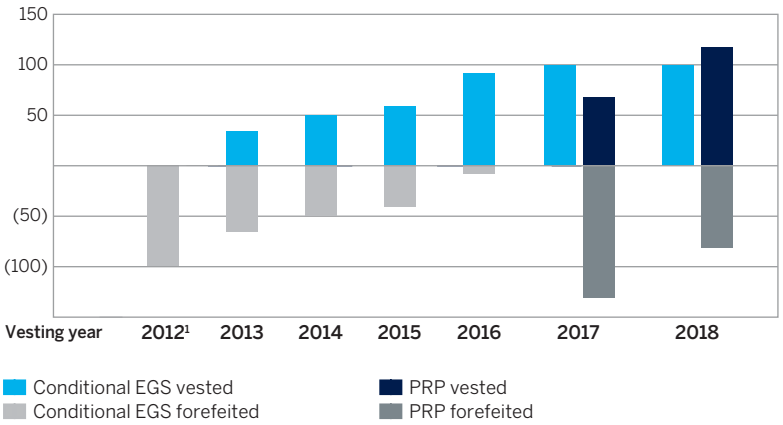
Executive Directors and Prescribed Officers actual and potential vesting of conditional EGS and PRP awards from March 2013 to March 2018

Executive Directors and Prescribed Officers have conditional EGS and PRP awards vesting in March 2018. These awards vest through meeting certain performance conditions. The EGS awards vesting in 2018 are the third tranche of the March 2011 awards, and the third tranche of the March 2013 awards where conditions were met. The first PRP awards were made in March 2014 and there were no conditional EGS awards made from that date. There are no further conditional EGS awards to vest. The PRP vesting percentage in March 2018 is 117.61% out of a possible 200% of units allocated. Vesting will take place in March 2018 as set out in the chart below.

Vesting for the years 2013-2016 are also included for comparison.

Full details of the number and value of awards granted during the year in terms of our share-based plans are included in the Standard Bank Group 2017 Consolidated Annual Financial Statements, available at **www.standardbank.com/reporting**.

% Vesting vs. forefeiture by vesting year (%)



[1] All EGS awards were forfeited in 2012.

REMCO GOVERNANCE

R Effective governance is essential to ensure that the remuneration process is fair and supports the group's strategy.

Remco mandate

Remco comprises a majority of independent non-executive directors and is mandated to:

- review and approve the remuneration policy and strategy in the group's long-term interests
- approve general principles relating to terms and conditions of employment contracts
- approve terms of employment contracts with the group's key employees
- determine remuneration for key executives and propose remuneration for non-executive directors for shareholder approval
- review the group chairman's assessment of the performance of the chief executive officer as a function of setting their remuneration
- review the chief executive officer's assessment of the performance of key executive management
- review the guaranteed and variable remuneration for key executives
- review and approve all proposals for incentive scheme design and modifications
- review incentive schemes to ensure continued alignment with shareholder interests and linkage of reward to performance over the long term
- approve criteria and applicable terms for participation in annual incentive bonuses
- review performance measures to be used in determining the annual incentive bonuses for all employees
- approve recommendations for awards in terms of approved long-term incentive plans
- monitor adequacy of other benefits for key executives
- monitor compulsory employee benefits applicable at all levels and categories of employees in the group
- review and approve general terms and mandates of subsidiary remuneration committees
- review and consider reports from subsidiary remuneration committees on changes in remuneration practices or philosophy.

Remco composition

Remco members have no business or other relationships that could materially interfere with their independent judgements. All Remco members are also members of key oversight committees so that they are able to monitor risk trends across the group.

The group chief executive attends meetings by invitation. Other members of executive management are invited to attend from time-to-time to assist the committee in fulfilling its mandate. No one is present when his or her remuneration is discussed.

GOV REM 42 Refer to page 42 for details of Remco meeting attendance.

Access to information and advisors

Members of Remco can access any information that helps inform their independent judgement on pay. This includes any impact that pay might have on risk, regulation or behaviour.

In 2017, Remco and management used a number of external advisors to benchmark remuneration and benefits across the group. External advisors also provided opinions on remuneration regulations and compliance.

Information and guidance was received from PricewaterhouseCoopers (PwC), PwC Remchannel, Global Remuneration Solutions – Mercer, Employment Conditions Abroad, McLagan and Towers Watson. In terms of market comparisons and benchmarking, reviews are made against other major South African, African and international banks and top listed companies.

Remco uses the input from these firms to inform the group's remuneration philosophy and policy. The board approves Remco's proposals and, where necessary, submits proposals to shareholders for approval.

Certain specialist business units in the group provide supporting information and documentation relating to matters considered by Remco.

NON-EXECUTIVE DIRECTORS

R

In determining the fees for non-executive directors, the majority of whom are also members of board committees, Remco considers the extent and nature of their responsibilities. It also considers market conditions and reviews comparative remuneration offered by other major South African and international banks and top South African listed companies.

Proposed fees, effective from 1 January 2018, are based on a carefully considered assessment of non-executive directors' responsibility, including the significant amount of work involved at committee level. The board, and particularly its committees, chairmen and committee members, spend a significant amount of time on in-depth analysis of matters relevant to the group's performance and regulatory requirements.

Fees

Non-executive directors receive fixed fees for service on boards and board committees. There are no contractual arrangements for compensation for loss of office for either executives or non-executive directors. Non-executive directors do not receive annual incentive awards, nor do they participate in any of the group's long-term incentive schemes. Remco reviews the fees paid to non-executive directors annually and makes recommendations to the board for consideration and shareholder approval.

During 2017, a meeting fee totalling R37.2 million (2016: R30.2 million) was paid to 19 (2016: 17) non-executive directors who were required to attend and participate in the group's governance structures as part of the board discharging its responsibilities.

The board agreed that the current fee structure of a single annual fee, rather than a retainer and meeting attendance fee, was more appropriate for the group board and committees and in light of the contribution of members. It remains the group's view that the contribution of directors cannot only be judged by attendance at board and committee meetings. Fees are paid quarterly in arrears, with any increased fee amount only being paid following approval by shareholders at the AGM.

Terms for non-executive directors

There is no limitation on the number of times a non-executive director may stand for re-election subject to the maximum age of 70 years. Proposals for re-election are based on individual performance and contribution, which the directors' affairs committee reviews.

GOV REM 23 The corporate governance report on page 23 provides a review of the independence of those directors who have served on the board for more than nine years.

R Non-executive directors 2017

		Fixed remuneration				
		Services as directors of Standard Bank Group R'000	Standard Bank Group committee fees R'000	Services as directors of group subsidiaries R'000	Other benefits R'000	Total compen-sation for the year R'000
TS Gcabashe	**2017**	**6 306**			**503[1]**	**6 809**
	2016	5 978			538	6 516
RMW Dunne	**2017**	**263**	**1 280**	**263**		**1 806**
	2016	248	1 208	248		1 704
GJ Fraser-Moleketi	**2017**	**263**	**644**	**263**		**1 170**
	2016	28		28		56
S Gu[8]	**2017**	**365**	**248**	**110**		**723**
	2016	991	562	28		1 581
H Hu[7]	**2017**	**511**	**347**	**511**		**1 369**
	2016					
GMB Kennealy	**2017**	**263**	**904**	**263**		**1 430**
	2016	28		28		56
JH Maree	**2017**	**263**	**921**	**3 023[2]**		**4 207**
	2016	28		2 627		2 655
NNA Matyumza	**2017**	**263**	**639**	**263**		**1 165**
	2016	28		28		56
Adv KD Moroka	**2017**	**263**	**818**	**263**		**1 344**
	2016	248	772	248		1 268
Dr ML Oduor-Otieno	**2017**	**876**	**526**	**876**		**2 278**
	2016	991	293	991		2 275
AC Parker	**2017**	**263**	**676**	**263**		**1 202**
	2016	248	401	372		1 021
ANA Peterside CON	**2017**	**876**	**655**	**1 483[3]**		**3 014**
	2016	991	450	991		2 432
MJD Ruck	**2017**	**263**	**1 393**	**1 722[4]**		**3 378**
	2016	248	870	2 298		3 416
PD Sullivan	**2017**	**876**	**1 381**	**876**		**3 133**
	2016	991	1 405	1 146		3 542
BS Tshabalala[5]	**2017**	**226**	**690**	**226**		**1 142**
	2016	248	681	356		1 285
JM Vice	**2017**	**263**	**1 274**	**263**		**1 800**
	2016	28	237	28		293
L Wang[7]	**2017**	**154**	**157**	**154**		**465**
	2016					
W Wang[8]	**2017**	**110**	**52**	**110**		**272**
	2016	248	296	28		572
EM Woods[6]	**2017**	**106**	**316**	**106**		**528**
	2016	248	973	273		1 494
Total	**2017**	**12 773**	**12 921**	**11 038**	**503**	**37 235**
Total	**2016**	11 818	8 148	9 718	538	30 222

1 Use of motor vehicle.
2 Paid from Liberty Holdings Limited.
3 Paid from Stanbic IBTC.
4 Paid from the Industrial and Commercial Bank of China (Argentina) S.A.
5 Resigned on 10 November 2017.
6 Retired on 26 May 2017.
7 Appointed on 1 June 2017.
8 Resigned on 1 June 2017.

Fees are excluding VAT.

REGULATORY DISCLOSURES

The disclosure requirements of Regulation 43 of the Banks Act set out extensive quantitative and qualitative disclosures that are required to assist stakeholders understand the approaches adopted by financial services organisations in respect of risk and remuneration. The quantitative disclosures are addressed below and the qualitative disclosures are addressed elsewhere in the remuneration report. The definition of material risk-takers is based on the Financial Stability Board Principles for Sound Compensation Practices. The tables have been updated to meet the directive from SARB to incorporate Basel Pillar III requirements as of March 2017 in respect of remuneration.

Specific disclosures relating to aggregate 2017 (and comparative 2016) remuneration of senior managers and material risk-takers, are set out below. Variable remuneration included in the tables that follow includes cash, deferred awards (DBS and SARP), and long-term incentive awards (PRP). The award date value of DBS, SARP and PRP awards are reflected. The 2016 PRP values have been restated accordingly (they were previously valued based on the IFRS 2 expense recognised in the income statement).

A total of 102 individuals, out of a population of 2 099 employees with deferred remuneration, were identified as material risk-takers in 2017 (2016: 105 out of 1 787).

MATERIAL RISK-TAKERS AND ALL EMPLOYEES WITH DEFERRED VARIABLE REMUNERATION

	Number of employees	Variable remuneration as a % of total remuneration	% of variable remuneration subject to deferral[1]	Deferral period (Years)	% of variable remuneration in shares or share-linked instruments	% of variable remuneration subject to risk adjustment
2017						
A Executive directors and prescribed officers	**6**	**80.5%**	**68.6%**	**1 – 7 years**	**68.6%**	**68.6%**
B Other senior executives	**48**	**75.2%**	**61.5%**	**1 – 7 years**	**61.5%**	**61.5%**
C Other employees whose individual actions have a material impact on the risk exposure of the group	**48**	**75.1%**	**53.9%**	**1 – 7 years**	**53.9%**	**53.9%**
D All other employees receiving variable remuneration that is subject to deferral	**1 997**	**49.7%**	**33.7%**	**1 – 7 years**	**33.7%**	**33.7%**
Total	**2 099**	**55.3%**	**41.3%**	**1 – 7 years**	**41.3%**	**41.3%**
2016						
A Executive directors and prescribed officers	5	82.0%	69.0%	1 - 7 years	69.0%	69.0%
B Other senior executives	54	75.8%	61.5%	1 - 7 years	61.5%	61.5%
C Other employees whose individual actions have a material impact on the risk exposure of the group	46	76.4%	52.6%	1 - 7 years	52.6%	52.6%
D All other employees receiving variable remuneration that is subject to deferral	1 682	50.7%	31.8%	1 - 7 years	31.8%	31.8%
Total	1 787	57.1%	40.8%	1 - 7 years	40.8%	40.8%

Key:
A The executive directors and prescribed officers of the Standard Bank Group Limited, and The Standard Bank of South Africa Limited, for banking activities only.
B Heads of major business units/lines, major geographic regions and heads of risk and control, and other corporate functions.
C This group includes staff whose individual actions have a material impact on the risk exposure of the group as a whole, based on the ability to:
– commit a significant amount of the group's risk capital
– significantly influence the group's overall liquidity position; or
– significantly influence other material risks.
D All other employees receiving any deferred variable pay and for whom the variable pay award is linked to personal or business unit performance.
[1] Consists primarily of DBS, SARP and PRP awards, which are based on the award date value. The 2016 PRP values have been restated accordingly (they were previously valued based on the IFRS 2 expense recognised in the income statement).

REM1: REMUNERATION AWARDED DURING THE FINANCIAL YEAR

Remuneration amount (Rm)		2017 Senior management[1]	2017 Other material risk-takers	2016 Senior management[1]	2016 Other material risk-takers
Fixed remuneration	Number of employees	**54**	**48**	59	46
	Total fixed remuneration[2]	**271**	**180**	275	154
	Of which: cash-based	**271**	**180**	275	154
Variable remuneration	Number of employees	**54**	**48**	58	45
	Total variable remuneration[3]	**874**	**543**	927	511
	Of which: cash-based	**323**	**251**	339	237
	Of which: shares or other share-linked instruments[4]	**550**	**293**	588	274
	Of which: deferred	**550**	**293**	588	274
Total		**1 145**	**723**	1 202	665

1 Executive directors, prescribed officers and senior executives of the group's banking operations and other senior executives as defined under categories A and B in the table on the previous page.
2 Fixed remuneration is cash-based and is not deferred.
3 Variable remuneration consists of a cash portion which is not deferred and a deferred portion in the form of shares or share-linked instruments.
4 Consists primarily of DBS, SARP and PRP awards, which are based on the award date value. The 2016 PRP values have been restated accordingly (they were previously valued based on the IFRS 2 expense recognised in the income statement).

REM2: SPECIAL PAYMENTS

Special payments	2017 Guaranteed bonuses Number of employees	2017 Guaranteed bonuses Total amount Rm	2017 Sign-on/buy-out awards Number of employees	2017 Sign-on/buy-out awards Total amount Rm	2017 Severance payments Number of employees	2017 Severance payments Total amount Rm
Senior management	**2**	**6**	**3**	**5**	**2**	**9**
Other material risk-takers	**0**	**0**	**0**	**0**	**1**	**9**

Special payments	2016 Guaranteed bonuses Number of employees	2016 Guaranteed bonuses Total amount Rm	2016 Sign-on/buy-out awards Number of employees	2016 Sign-on/buy-out awards Total amount Rm	2016 Severance payments Number of employees	2016 Severance payments Total amount Rm
Senior management	0	0	0	0	1	12
Other material risk-takers	0	0	0	0	1	4

REM3: DEFERRED REMUNERATION

	2017				
Remuneration amount (Rm)	**Total amount of outstanding deferred remuneration[2]**	**Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment**	**Total amount of amendment during the year due to ex post explicit adjustments**	**Total amount of amendment during the year due to ex post implicit adjustments[3]**	**Total amount of deferred remuneration paid out in the financial year**
Deferred and retained remuneration[1]					
Senior management					
Shares or share-linked instruments	**2 128**	**2 128**		**41**	**565**
Other material risk-takers					
Shares or share-linked instruments	**1 006**	**1 006**		**8**	**250**
Total	**3 134**	**3 134**	**0**	**49**	**815**

	2016				
	Total amount of outstanding deferred remuneration[2]	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments[3]	Total amount of deferred remuneration paid out in the financial year
Deferred and retained remuneration[1]					
Senior management					
Shares or share-linked instruments	1 787	1 787		12	311
Other material risk-takers					
Shares or share-linked instruments	795	795		2	206
Total	2 582	2 582	0	14	517

1 All deferred remuneration is in the form of shares or share-linked instruments.
2 Consists primarily of DBS, SARP and PRP awards. The year end value of DBS awards is reflected and the intrinsic value has been used for SARP awards. The value of PRP awards is calculated as the number of instruments multiplied by the year end share price and the expected vesting percentage for PRP delivery in March 2018. Later PRP awards are estimated at 100% vesting. The 2016 PRP values have been restated accordingly (they were previously valued based on the IFRS 2 expense recognised in the income statement).
3 Ex post implicit adjustments reflect changes in the expected vesting percentage linked to the performance conditions of deferred awards.

PRO FORMA FINANCIAL INFORMATION

IFRS *pro forma* continuing operations' headline earnings

The following *pro forma* financial information is the responsibility of the group's directors. Due to its nature, the *pro forma* information may not be a fair reflection of the group's results. The *pro forma* financial information contained in this report has been reviewed by the group's external auditors and their unmodified review report is available for inspection at the company's registered office.

In the group's 2014 results, the net loss incurred by Standard Bank Plc (SB Plc) was included in the group's income statement as a discontinued operation. On 1 February 2015, the group completed the disposal of 60% of SB Plc and has thereafter reported its retained 40% interest in SB Plc (now ICBC Standard Bank PLC) within the group's continuing operations' results. For purposes of the group's PRP, the 2014 HEPS base for the March 2015, award has been disclosed on an IFRS *pro forma* continuing operations basis which includes 40% of the discontinued operation's headline earnings loss as if the disposal had taken place on 1 January 2014.

Since the group retained a 40% interest in the discontinued operation following the date of disposal, and in order to illustrate the group's future continuing operations' base, the group has disclosed a *pro forma* continuing operations' result to include 40% of the discontinued operation's headline earnings result as follows:

	IFRS headline earnings – continuing operations Rm	IFRS headline earnings loss – discontinued operation Rm	IFRS *pro forma* headline earnings – continuing operations[1] Rm	IFRS *pro forma* headline earnings per share[2] cents
2014	20 882	(3 745)	19 384	1 223,2

1 IFRS *pro forma* headline earnings from continuing operations includes the group's loss resulting from its 40% shareholding of ICBCS which is computed as follows: R20 882 million - (40% x R3 745 million) = R19 384 million.
2 Based on IFRS (2014) weighted average number of shares of 1 584 719 941 shares.

The *pro forma* constant currency financial information in this report is the responsibility of the group's directors. The *pro forma* constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results and may not fairly present the group's results of operations.

In determining the change in constant currency terms, the comparative financial year's results for the period ended 31 December 2016 has been adjusted for the difference between the current and prior period's average exchange rates (determined as the average of the daily exchange rates). The measurement has been performed for each of the group's material currencies.

The *pro forma* constant currency financial information has been reviewed by the group's external auditors and their unmodified limited assurance report is available for inspection at the company's registered office.

The following average rand exchange rates were used in the determination of the *pro forma* constant currency information and were calculated using the average of the average monthly exchange rates (determined on the last day of each of the 12 months in the year):

	2017 average exchange rate	2016 average exchange rate
US dollar	**13.30**	14.69
Pound sterling	**17.13**	19.96
Argentine peso	**0.81**	1.38
Nigerian naira	**0.04**	0.06
Kenyan shilling	**0.13**	0.15
Ghanaian cedi	**3.02**	3.72
Mozambican metical	**0.21**	0.24

SHAREHOLDER'S DIARY

2017 financial year	
Annual general meeting	24 May 2018

2018 financial year	
Financial year end	31 December 2018
Annual general meeting	May 2019

Reports	
Interim report and declaration of interim dividend	August 2018
Summarised annual financial statements and declaration of final dividend	March 2019
Publication of annual report	April 2019

Dividend payment	
Ordinary shares:	
Interim	September 2018
Final	April 2019
6.5% first cumulative preference shares:	
Six months ending 30 June 2018	September 2018
Six months ending 31 December 2018	April 2019
Non-redeemable, non-cumulative, non-participating preference shares:	
Six months ending 30 June 2018	September 2018
Six months ending 31 December 2018	April 2019

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