Remuneration overview

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 – 2015 and 2016

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.

The growth of our businesses across Africa will see a shift in focus to pay practices in those markets going forward. We seek to remain competitive and relevant there, where often the talent is scarce.

We set practices that take into account local conditions within a group governance framework. Specific focus areas for 2016 are detailed below.

Focus areas and achievements in 2015

- We engaged with many significant shareholders on the group's remuneration policy.
- The remuneration policy was approved at the AGM held in May 2015, with 98.3% of shareholders voting in favour of the policy.
- Our 2014 remuneration report won the South African Reward Association's annual Remuneration Report Award.
- Following the disposal of the group's controlling interest in SB Plc we aligned the former Quanto scheme with the DBS across the rest of the group (now known as Outside Africa deferred bonus scheme).
- Subsequent to the disposal, our remaining operations in the United Kingdom are now subject to the Financial Conduct Authority regulations.
- The benefits governance committee considered and approved several benefit changes across the group's operations in line with the group benefits philosophy.

Focus areas in 2016

- We will consider the alignment of our reward offerings to any changes in the group's strategy and make recommendations where appropriate.
- We will assess the extent of the share awards in the total reward of middle and senior managers and make recommendations where appropriate.
- We will continue to focus on the reward of the lowest level of our employees.

Chairman's Remco letter

Ted Woods, Chairman, Remco

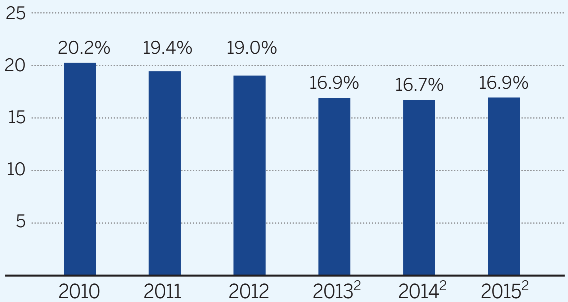
> "We guard with care our great resource of intelligent, experienced, disciplined, clear-thinking, energetic people who continuously drive growth and innovation, within clear risk boundaries, ultimately for your benefit as a shareholder."

Dear Shareholder

As the person who chairs your group's remuneration committee, or Remco, I engage often in conversations with shareholders and many other people about remuneration in the African context and more specific remuneration factors within our group. I listen to concerns, including the size of bonus pools relative to profits and the amounts of senior executive remuneration relative to performance. I should like to comment on these and other matters.

The first chart below illustrates the allocation of profits to bonus pools from 2010 to 2015. The vertical bars in the chart represent the ratio of total variable compensation for the group's banking activities to pre-tax profits, on a headline earnings basis, before charging variable remuneration.

VARIABLE COMPENSATION/PROFIT BEFORE TAX[1] BEFORE VARIABLE COMPENSATION (%)



1 Pre-tax profit excludes headline adjustable items.
2 2013 to 2015 represents continuing operations' bonus pool only.

The initial, clear observation is that the proportion of pre-tax, pre-bonus earnings allocated to variable remuneration has declined since 2010.

We do not consider this decline to be permanent. We allow a fairly wide flex in this percentage over time, depending on specific annual circumstances. During the global financial crisis, when earnings were under pressure, we allowed the percentage in this chart to increase considerably. In retrospect, that was prudent. Significantly, there is no ratchet effect in place and the higher proportions did not become the new norm.

But, I am asked, is there an equitable allocation of value created in your group between shareholders and staff?

There are three big claimants on the value created in your group: employees, government through taxation and shareholders. The chart below shows the manner in which the 'value created' cake was cut over 14 years.

In the years before the financial crisis of 2009, staff and shareholders took roughly equal shares of the value created in the group. From 2009, the impact of reduced earnings in the global crisis and increased bank regulation caused us to alter that balance. Importantly by 2014 and 2015, we had restored the former approximate balance. The facts indicate conservative but effective allocations of value created to staff and shareholders.

Questions continue. How rigorously does senior executive remuneration relate to performance? Are executive remuneration levels in your group justified by a metric such as return on equity (ROE)?

DISTRIBUTION OF VALUE CREATED[3] (% of total)

3 Excluding corporate social investment spend.

Starting with **individual senior executive remuneration**, our overarching principle is that individual compensation is a direct consequence of individual value contribution, within the overall framework of group performance.

We therefore seek first to understand the value impact of each senior executive, both in the current year and in the evolving dynamic that drives us toward our strategic destinations. Gathering of complex evidence is thorough, followed by hard, robust debate in Remco. Our specific objective is to build a relatively clear view of 'individual value created'. I shall return to this subject later.

Having done the work – figuratively standing on the evidence – Remco takes decisions on individual remuneration. An element of judgement is inevitable, but this is informed judgement.

The personal impact of each employee in your group on value created will vary widely, based on many factors. Tens of thousands of our people work with diligence and determination day-by-day to deliver value and to grow their personal capabilities. Many 'go the extra mile' as a way of life, with enthusiasm and not complaint. We admire them and seek to reward them appropriately.

What may not be self-evident is that, in most complex, intellect-driven businesses, a small proportion of people deliver extraordinarily large amounts of value relative to most others. It makes good business sense to pay those people very well because their intellectual capacities, business skills and leadership qualities are so rare. They create value for shareholders at large multiples of their pay.

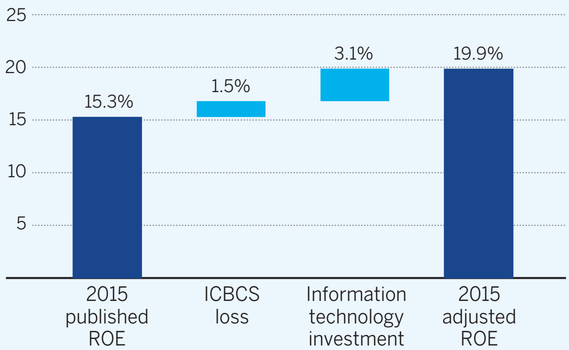
For these important reasons, some people in your group receive levels of remuneration way above the group average.

Turning now to **ROE**, this measure is widely used in shareholder and media judgements of management efficiency and effectiveness, and consequent executive pay. But this is a 'catch-all' percentage that sweeps up both strong and weak executive delivery, short-term costs of long-term strategies, and environmental headwinds or tailwinds beyond management control.

I should therefore like to comment, merely for information, on two specific influences on your group's ROE, which I separate out in the chart alongside.

The first bar represents your group's 2015 ROE of 15.3%. The second bar is additive to the first, with 1.5% representing the

2015 ROE PARTIAL DECOMPOSITION (%)



effect on group ROE of the loss incurred in ICBC Standard Bank Plc (ICBCS), formerly Standard Bank Plc (SB Plc). Your group now holds a minority interest in the business. I shall return to this subject below.

The third bar represents the negative impact on 2015 earnings, and therefore ROE, of your group's replacement of its core banking information technology infrastructure. This is a discretionary, strategic cost which I shall also comment on further.

These two factors together reduced your group's 2015 ROE by about 4.6%. What, then, should be the impact on executive performance evaluations?

Your group's 40% shareholding in the London-based entity, **ICBCS**, illustrated in the second bar in the ROE chart, justifies some contextual comment because of its negative impact on earnings and ROE in 2015.

After that dramatic weekend in September 2008 when Lehman Brothers failed, it became increasingly clear that your group's strategy of building business bridges between Africa and many different economies across the world could not in future deliver acceptable ROEs. Deep recession and rapidly tightening bank regulatory boundaries overturned previously acceptable business strategies. Those forces were beyond executive control.

But our executives were decisive in gradually reshaping the out-of-Africa businesses, finally selling control of SB Plc on 1 February 2015. No such complex processes will be free of misjudgements, or free from depressing effects on ROE, but the final outcome was a significant credit to the executive team.

Nevertheless, you may recall that in 2014, Remco reduced David Munro's variable remuneration by 62%, with Ben Kruger taking a 50% decrease. This was in response to losses in SB Plc prior to sale, and the aluminium fraud in two Chinese ports, despite strong growth in the group's banking activities' earnings before including those losses.

ICBCS, as an equity accounted associate, lies beyond the direct control of our executives. Your board has, however, tasked our senior leadership with providing every possible input to the controlling shareholder to move the business toward its strategic objectives.

The third bar in the ROE chart refers to your group's substantial investment in **information technology** capability.

A new reality is sweeping like wildfire in a strong wind across most countries. Customers demand instant banking from mobile devices. Non-banks continually launch applications that can consume traditional sources of banking revenue. These are profound and existential threats for banks.

Your group's board and senior executives focus on transforming the entire group into a leading, digitally enabled financial services firm across sub-Saharan Africa. Roughly 15 million retail customers at present count, across 20 countries will be able to access all their accounts from mobile devices and transact instantly. Complex electronic products are being launched that enable corporate clients to conduct their spectrum of banking business electronically.

For a bank to deliver either 'front end' mobile banking applications or corporate client software is relatively easy and quick. But building such products upon legacy, fragmented IT systems is a formula for future failure. All client electronic access must feed off modern, integrated core banking IT architecture if a bank is to win and retain customer support amidst cut-throat competition. Your group is within two years of completing the replacement of its core banking IT infrastructure in South Africa and most other African countries in which it operates. This will be a great enabler of our future digital bank.

But, strategically critical investment leads payback, with a 3.1% negative impact on your group's ROE for 2015. This IT transformation is a tribute to your group's leadership in 2006, for they 'hit the button' to proceed with a vastly complex, 12-year, R20 billion project that is now understood to be vital to your group's durable growth in a digitally-enabled world.

Your group's long-held strategy of expanding its **Personal & Business Banking (PBB) businesses in sub-Saharan Africa** also affects ROE and consequent judgements about executive performance. The wisdom of the strategy, however, is crystallising in light of modest growth prospects in South Africa.

Executing on that strategy in some major African economies means competing with established banks for market share and low-cost funding sources, building efficient banking platforms in new markets, each staffed by competent, experienced people, and investing in modern IT systems. Strict regulatory compliance is non-negotiable, but costly. This all means that in these countries in early years, PBB rest of Africa costs will lead revenues, and ROEs will be low.

Building in Africa is an excellent longer-term strategy for longer-term shareholders, but this is a gruelling, complex race. Some judge lower ROEs in this sphere as executive failure. Remco rewards executives for sidestepping short-termism and investing in long-term growth and shareholder wealth creation, even if it reduces ROE for a time.

Both the investment in information technology and in African business growth are destiny-shaping strategies. But, delivery demands intelligent, experienced, clear-thinking people with extraordinary motivation and determination. That alone is not sufficient. Aligning and inspiring the energies of 48 000 people is crucial for progress. Your chief executives (CEs) have worked hard to give our people a crystalline view of strategic destinations of the future.

At the **individual executive** level, it is neither practical nor appropriate for me to report on all the detail of Remco's evaluation of the CEs' impact on strategic delivery, tactical effectiveness, risk management and many other relevant aspects of bank leadership. Our CEs sign performance contracts at the start of each year that specify goals and expectations, numeric performance indicators and other measures of success. Fifteen spheres of expected delivery are included, each with underlying detail.

At the close of the year, the group chairman, Thulani Gcabashe, lead a detailed performance review in Remco. I mentioned earlier that members debate complex evidence thoroughly and fearlessly, finally leading to decision-taking.

Suffice to say that your CEs met most expectations fully in 2015. They exceeded expectations in a few spheres and fell short in others. Failures were limited in scope, but Remco nevertheless considered each, including the extent of any reputational impact.

Turning specifically to remuneration of **our CEs,** you may recall that Remco reduced their earnings sharply in 2014, with Ben Kruger taking a greater reduction than did Sim Tshabalala. Those actions responded to significant losses incurred in SB Plc in that year, despite a 32% increase in the group's banking activities' earnings excluding those specific losses.

Following those sharp reductions in the CEs' earnings in 2014, remuneration awarded to Sim Tshabalala and Ben Kruger has been normalised in 2015 after their performance evaluations. I have explained in previous years' remuneration letters that the CEs deliver the entire group together, and their remuneration is consequently equal, except in unusual circumstances such as occurred in 2014.

Our CEs' variable remuneration from 2013 to 2015 – eliminating the volatility created by SB Plc in 2014 – grew by 3.6% per annum, while banking headline earnings, pre-minorities and pre-incentives increased by 15.1% per annum.

Peter Schlebusch leads our PBB group, both in South Africa and across sub-Saharan Africa, with discipline, intelligent business thinking and his own characteristic energy and passion. He and his team have delivered compound annual growth in headline earnings in excess of 21% per annum for the past five years, with an average ROE above 18%.

In addition to his 'run-the-business' responsibilities, Peter is heading up two vast strategic thrusts. The first is to build PBB in African countries beyond South Africa, to which I referred earlier. This is a complex process of gradual gains in highly competitive markets, sometimes within demanding and pervasive regulatory boundaries. Typically in this type of 'build' process, costs will lead revenues and ROEs will be low and gradually rising. This is a high-value but long-term strategy.

Building a digitally-enabled universal bank is Peter's second great charge. I also commented on this critical subject earlier. Innovation, invention and success in building competitive advantage are important facets of Peter's mandate.

Overall, Peter demonstrated bold, thoughtful leadership and delivered strong progress across a wide range of measures. Aspects of customer experience were below expectations, but this is in prime focus for 2016. These were important elements in Peter's remuneration for 2015.

David Munro is chief executive of our Corporate & Investment Banking (CIB). In Remco's assessment, David is among those leaders in your group who create significant value for shareholders over time.

David brought both intellect and stamina to the long, complex process, which I addressed earlier, of reshaping the 'out-of-Africa' businesses and completing the sale of 60% of SB Plc. That sale was a landmark, for it released both considerable executive capacity to concentrate on the group's big strategic directions and valuable dollar-based capital.

Out of David's control in 2015 were the effects of sharp reductions in prices of oil and other commodities on losses in ICBCS, in which your group now has a 40% shareholding, and on the performance of our Nigerian business. Beyond these, CIB delivered a robust performance in difficult markets and David fully met most expectations placed on him.

Simon Ridley has carried the title of chief financial officer for 14 years, but his influence and impact reach far wider than his title denotes. Simon brings to each discussion, to each project, to each problem, a level of thoughtfulness and understanding that is rare. He draws on a remarkable depth and breadth of institutional knowledge and memory.

The spectrum of 'deliverables' in Simon's performance contract for 2015 was broad, but he has the capacity and stamina to process the complexity. In particular, he and his team marshalled the group's financial resources effectively, managed foreign currency risks efficiently and completed detailed executions of disposals outside of Africa. Simon's performance rating for the year 'exceeds expectations' and this reflects in his remuneration.

GR Total remuneration for each prescribed officer is set out on **page 57** of the governance and remuneration report.

On a separate subject, I have received encouraging feedback from some shareholders on our long-term incentive plan named the **Performance Reward Plan**, or PRP. This is a share-based incentive scheme designed to focus roughly 100 top executives on two interlinked measures that affect shareholder value significantly – three-year average return on equity and three-year average growth in headline earnings.

GR Details of the PRP are explained on **page 51** of the governance and remuneration report.

I should note that for each year's new PRP allocations, Remco sets a range of vesting thresholds for each metric, which, if attained after three years, trigger a certain percentage of the original share allocation to vest. Once set, these future 'vesting ladders' are locked down. They cannot change.

Inherent in Remco's process of deciding and locking down these vesting ladders is uncertainty about future environmental conditions, for these forces and executive delivery together determine outcomes. From this year's vantage point, the 'cone of uncertainty' over the next three years is unusually wide, allowing particularly for the possibility of a sovereign rating downgrade for South Africa.

Within that reality, Remco sets a range of vesting thresholds that are congruent with board-approved strategic targets, notwithstanding the environmental 'noise' that will affect actual vesting outcomes.

The vesting thresholds for the March 2016 tranche of PRP allocations relate to the 15% to 18% ROE targets for the group. The three-year average ROE component of the plan produces no vesting at an ROE of 15% or below. Vesting proceeds progressively as the average ROE exceeds 15%. The three-year average headline earnings growth component only begins to vest once 8% growth is achieved.

Aligning executive wealth generation with your interests as a shareholder is a priority for Remco. We require our top executives to build and maintain personal shareholdings in the group to specified value levels. In addition, all deferred remuneration tracks the group's share price until vesting. The PRP scheme, as I have mentioned, is entirely share-based. These are, we believe, positive structures in focusing executive attitudes and actions.

I have endeavoured to meet annually with many major shareholders and listen carefully to criticisms and comments. Each year Remco has made significant changes and refinements to our remuneration architecture. We endeavour to give you, the shareholder, a clear, high-level understanding of the group's remuneration governance and practices.

Returning to conversations with those people who challenge me about levels of executive pay – and many do – I repeat my comments made earlier in this letter. In most complex, intellect-driven businesses, such as Standard Bank, there will be a small proportion of people who create disproportionate value for shareholders.

Remco works to understand who those people are. They are extraordinarily valuable to you as a shareholder. We do not operate in a cocoon for talent. The very best are highly mobile and sought-after. We have lost excellent, top executives to competitors in recent years and I doubt that any leave for lower remuneration. It makes good business sense to reward outstanding people well.

I hope that I have given you a sense of the seriousness and diligence that Remco members bring to the vital subject of remuneration in the group. We guard with care our great resource of intelligent, experienced, disciplined, clear-thinking, energetic people who continuously drive growth and innovation, within clear risk boundaries, ultimately for your benefit as a shareholder.

Yours sincerely,

Ted Woods
Chairman, Remco

Remuneration policy

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, starting on **page 58**, describes how we develop and retain our people.

We have four key objectives guiding our remuneration policy:

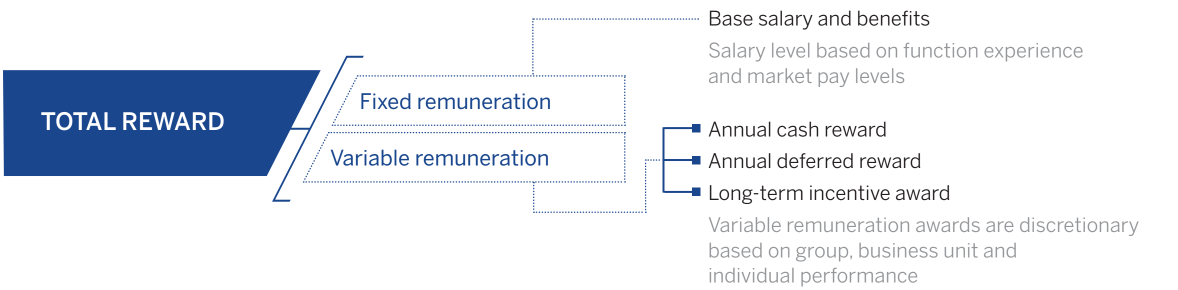
1. We measure and reward for value delivered and adjust for risk assumed
2. We aim to be competitive in remuneration in the global marketplace for skills
3. We reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk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

Principles that underpin our remuneration policy

Our 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 shareholder 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.

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
Base 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 unforeseen life events.	Pension and disability plans, death cover[2] and medical insurance take into account in-country practices and requirements[3].
Optional benefits	To enhance the package available to employees.	These benefits (for example car allowances) vary and take into account in-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 Healthcare 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 enabling 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 shareholders.	Individual awards are based on a combination of group, business unit and individual performance (using both financial and non-financial metrics over a multi-year period) and include effective risk management and compliance criteria. Awards above R1 million (or local equivalent) are subject to deferral. GR See **page 49** of the governance and remuneration report for details.
Long-term incentive award	To incentivise key senior executives and critical mid-level management 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. GR See **page 60** of the governance and remuneration report 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 pay ratios.

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

Incentive pools are reviewed by the chief executive officers 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 2015 financial and risk-adjusted performance and delivery against board-approved strategy, Remco approved an increase to the total group incentive pool for banking operations (excluding Liberty) of 18.6%. The profits, before minorities, in banking operations (relevant profit metric to compare changes in incentive pools) increased by 29%. The ratio of the variable pool to profits before tax over time is set out in the chairman's Remco letter on page 105.

Remco reviewed the fixed and variable remuneration of 408 senior executives across the group for consistency of approach.

Deferral schemes

We believe that the interests of executives 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 the executives are sensitive to the risks of forfeiture.

GR Refer to forfeiture as detailed on **page 55** of the governance and remuneration report.

The deferral rates in March 2016 have been maintained at the same level as 2015.

The group used to run two deferral schemes: the deferred bonus scheme, DBS initiated in 2012, and the Quanto stock unit plan. Following the disposal of the group's controlling interest in SB Plc, the Quanto scheme has been aligned with the deferred bonus scheme outside Africa. Previous Quanto awards will be honoured in terms of the rules of those awards.

Standard Bank/Liberty Holdings equity growth scheme (EGS)	The EGS allocates participation rights to participate in the future growth of the SBG/Liberty Holdings, as applicable, share price. The eventual value of the right is settled by the receipt of the relevant shares equivalent to the full value of the participation rights.
Standard Bank deferred bonus scheme	Employees who are awarded a short-term incentive over a certain threshold are subject to a mandatory deferral of a percentage of their incentive into the DBS. The final cash payment is calculated with reference to the number of units multiplied by the SBG share price at that date.
Deferred bonus scheme (2012)	Employees are awarded a deferred bonus, as a mandatory deferral of their short-term incentive and/or as a discretionary award, into the DBS 2012. 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.
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 aligns the interests of management and shareholders. The awards are subject to the achievement of performance conditions set at 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 the vesting date. Notional dividends accrue during the vesting period and will be payable on the vesting date.
Liberty Holdings group restricted share plan	Annual short-term incentives performance bonus payments in excess of thresholds determined annually by Liberty's remuneration committee are subject to mandatory deferral. This is achieved by investing the deferred portions of the short-term incentive awards into Liberty Holdings Limited shares, which are held in a trust, subject to vesting conditions. Also, awards are made to selected executives subject to performance conditions (service and performance) and will be forfeited if these conditions are not met.

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 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) 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 Remco 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, Quanto, EGS or PRP 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.

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 stocks.

During 2015, Remco did not implement any forfeitures.

RCM AFS The risk and capital management report describes the material risk types the group is exposed to and how it measures and manages these risks.

Disclosure of executive directors' and prescribed officers' remuneration

The financial performance for the group in 2015 reflects strong performance in the group's underlying operations. During the period, the group completed the disposal of its controlling interest in SB Plc on 1 February 2015. Earnings attributable to the disposal gains have been excluded from the incentive pool determination. The determination of annual incentive awards for executive directors and prescribed officers is covered in the chairman's Remco letter, starting on page 104.

Evaluation of executive directors and prescribed officers

A comprehensive evaluation of the chief executives was undertaken within the following categories:

- financial performance
- balance sheet structure, liquidity and funding
- shareholder interaction
- strategy design
- tactical effectiveness
- people, leadership, development and retention
- customers, 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.

Similar evaluations were undertaken for the group financial director and prescribed officers taking cognisance of their roles and accountabilities.

Quantitative elements have pre-determined measures. Qualitative elements have 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 the correlation between remuneration and profitability over time.

This report displays the pay of the executive directors over a six-year period to demonstrate the variability of pay over time. The other prescribed officers are shown for the period that they have been serving as prescribed officers.

Terms of employment for executive directors and prescribed officers

The notice period for the group chief executives, 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.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

R'000	2010	2011	2012	2013	2014	2015
Executive directors						
BJ Kruger*						
Base salary paid during the year	5 138	5 268	6 014	6 559	7 352	**7 538**
Retirement contributions paid during the year	824	858	963	1 088	1 209	**1 076**
Other benefits paid during the year	232	143	132	315	199	**171**
Total fixed remuneration	6 194	6 269	7 109	7 962	8 760	**8 785**
Annual cash award in respect of the year[1]	8 666	9 506	5 900	9 400	5 275	**10 150**
Annual deferred award in respect of the year[2]	2 310	9 763	5 100	11 100	4 975	**11 850**
Total annual incentive award	10 976	19 269	11 000	20 500	10 250	**22 000**
Total reward	17 170	25 538	18 109	28 462	19 010	**30 785**
SK Tshabalala*						
Base salary paid during the year	4 668	4 713	5 098	6 384	7 378	**7 583**
Retirement contributions paid during the year	448	454	482	990	1 248	**1 129**
Other benefits paid during the year	161	227	270	274	277	**277**
Total fixed remuneration	5 277	5 394	5 850	7 648	8 903	**8 989**
Annual cash award in respect of the year[1]		8 200	8 250	9 400	7 337	**10 150**
Annual deferred award in respect of the year[2]		7 900	7 450	11 100	8 038	**11 850**
Total annual incentive award		16 100	15 700	20 500	15 375	**22 000**
Total reward	5 277	21 494	21 550	28 148	24 278	**30 989**
SP Ridley*						
Base salary paid during the year	3 184	4 087	4 617	4 900	5 328	**5 532**
Retirement contributions paid during the year	432	514	572	624	692	**677**
Other benefits paid during the year	178	212	246	286	289	**271**
Total fixed remuneration	3 794	4 813	5 435	5 810	6 309	**6 480**
Annual cash award in respect of the year[1]	2 623	5 881	5 500	6 150	5 150	**6 650**
Annual deferred award in respect of the year[2]	553	5 600	4 700	7 850	6 850	**8 350**
Total annual incentive award	3 176	11 481	10 200	14 000	12 000	**15 000**
Total reward	6 970	16 294	15 635	19 810	18 309	**21 480**

* All executive directors are also prescribed officers for the group.

Refer to footnotes on page 117.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS CONTINUED

R'000	2013	2014	2015
Prescribed officers			
DC Munro			
Base salary paid during the year	4 596	5 355	**5 609**
Retirement contributions paid during the year	641	710	**774**
Other benefits paid during the year	200	254	**202**
Total fixed remuneration	5 437	6 319	**6 585**
Annual cash award in respect of the year[1]	15 150	5 650	**12 150**
Annual deferred award in respect of the year[2]	14 850	5 850	**13 850**
Total annual incentive award	30 000	11 500	**26 000**
Total reward	35 437	17 819	**32 585**
PL Schlebusch			
Base salary paid during the year	4 476	5 342	**5 594**
Retirement contributions paid during the year	595	709	**755**
Other benefits paid during the year	199	206	**230**
Total fixed remuneration	5 270	6 257	**6 579**
Annual cash award in respect of the year[1]	10 150	8 650	**10 650**
Annual deferred award in respect of the year[2]	10 850	8 650	**12 350**
Total annual incentive award	21 000	17 300	**23 000**
Total reward	26 270	23 557	**29 579**
Totals for all executive directors and prescribed officers			
Fixed remuneration	32 127	36 548	**37 418**
Annual incentive award[3]	106 000	66 425	**108 000**
Total reward[3]	138 127	102 973	**145 418**

1 In order to align incentive payments with the performance period to which they relate, the above variable remuneration relates to the year under review irrespective of when payment is made.
2 The deferred award is issued in the following financial year. The deferred award in the table above is the total award relating to the respective performance year. Deferred bonus amounts awarded for the 2011 performance year and beyond are subject to choice. Participants can elect to have the value of the deferred award, or a part thereof, invested in the EGS rather than the default DBS (2012). To the extent that EGS is selected, a 10% premium of the value of the award is added. Deferred bonus amounts not invested in EGS will be unitised with respect to the group's closing share price on the date on which the group's year end financial results are communicated publicly.
3 Excludes Bruce Hemphill who resigned with notice on 31 May 2015.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS – FORMER PRESCRIBED OFFICER

R'000	2010	2011	2012	2013	2014	2015
JB Hemphill[4, 5]						
Base salary paid during the year	4 002	4 208	4 424	4 657	5 316	**5 400**
Retirement contributions paid during the year	363	394	132	295	662	**318**
Other benefits paid during the year	101	110	387	160	154	**68**
Total fixed remuneration	4 466	4 712	4 943	5 112	6 132	**5 786**
Annual cash award in respect of the year	4 850	7 332	7 900	8 350	8 150	
Annual deferred award in respect of the year	4 650	2 713	3 850	4 150	8 150	
Total annual incentive award	9 500	10 045	11 750	12 500	16 300	
Total reward	13 966	14 757	16 693	17 612	22 432	**5 786**

4 Resigned with notice on 31 May 2015 and fulfilled the terms of a restraint agreement until 31 October 2015.
5 All emoluments made up to and including 2013 were awarded by Liberty (under its scheme and rules). Emoluments from April 2014 and for 2015 were made by Standard Bank (under its scheme and rules).

CONDITIONAL SBG EGS AND LIBERTY HOLDINGS RIGHTS AND PRP UNITS AWARDED TO CURRENT AND FORMER EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

	2010	2011	2012	2013	2014	2015
BJ Kruger						
Conditional EGS rights[1]	200 000	61 471	56 594			
PRP rights[2]				98 500	63 700	**108 700**
SK Tshabalala						
Conditional EGS rights[1]	200 000	61 471	70 742			
PRP rights[2]				98 500	63 700	**108 700**
SP Ridley						
Conditional EGS rights[1]	200 000	36 883	42 445			
PRP rights[2]				63 100	51 000	
DC Munro						
Conditional EGS rights[1]	100 000	61 471	70 742			
PRP rights[2]				78 800	89 200	**87 000**
PL Schlebusch						
Conditional EGS rights[1]	100 000	36 883	56 594			
PRP rights[2]				78 800	63 700	**87 000**
JB Hemphill						
Conditional EGS rights[1]	25 000					
Conditional Liberty Holdings rights[3]		68 260	57 842	76 182		
Non-conditional Liberty Holdings rights[4]	80 000					
PRP rights[2]				78 800	63 700	

1 The conditional EGS rights are appreciation rights that will vest in the year in which they were to have vested if real growth in group normalised headline earnings per share over the vesting period of these rights is achieved on a compound annual growth basis.
2 The PRP rights are subject to the achievement of headline earnings and ROE performance conditions for future financial years as set at the reward date.
3 The awards vest with reference to the individual's performance and, for awards granted after 29 February 2012 a performance condition that is linked to the average real growth in group equity value per share, and for awards granted after 28 February 2013 a performance condition linked to achieving a return on group equity value in excess of cost of equity.
4 These awards are non-conditional. Refer to Liberty's annual financial statements for further details.

GR Refer to the governance and remuneration report and annual financial statements for additional detail regarding these share incentives and share awards, including details of the issue/offer price, expiry dates, awards taken up, forfeited and benefit derived through the vesting and take-up of the awards.

Remco governance

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 officers as a function of setting their remuneration
- review the chief executive officers' 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 executives attend 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.

GR Refer to **page 35** of the governance and remuneration report 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 2015, 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

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 2016, 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 2015, a meeting fee totalling R25 million was paid to 14 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.

GR **Page 19** of the governance and remuneration report provides a review of the independence of those directors who have served on the board for more than nine years.

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

		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 compensation for the year R'000
Non-executive directors						
MJD Ruck	**2015**	**233**	**810**	**2 145**		**3 188**
	2014	220	829	1 805		2 854
Adv KD Moroka	**2015**	**233**	**689**	**233**		**1 155**
	2014	220	251	220		691
TS Gcabashe[2]	**2015**	**3 446**	**155**	**119**	**251[1]**	**3 971**
	2014	220	378	264		862
EM Woods	**2015**	**233**	**1 043**	**326**		**1 602**
	2014	220	1 044	242		1 506
RMW Dunne	**2015**	**233**	**1 128**	**256**		**1 617**
	2014	220	1 133	285		1 638
PD Sullivan	**2015**	**939**	**1 131**	**1 171**		**3 241**
	2014	811	857	2 237		3 905
W Wang	**2015**	**233**	**325**			**558**
	2014	211	305			516
BS Tshabalala	**2015**	**233**	**438**	**728**		**1 399**
	2014	176	153	176		505
AC Parker	**2015**	**233**	**271**	**441**		**945**
	2014	176	165	307		648
ANA Peterside CON	**2015**	**939**	**252**	**939**		**2 130**
	2014	291		291		582
S Gu	**2015**	**939**	**528**			**1 467**
	2014	49	30			79
Total	**2015**	**7 894**	**6 770**	**6 358**	**251**	**21 273**
Total	2014	2 814	5 145	5 827		13 786

1 Use of motor vehicle.
2 Appointed as group chairman on 28 May 2015.

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

		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
Former non-executive directors						
DDB Band[1]	**2015**					
	2014	91	333	221		645
AC Nissen[1]	**2015**					
	2014	91	42	90		223
K Kalyan[2]	**2015**					
	2014	39	18	39		96
Dr Y Liu[3]	**2015**					
	2014	34				34
S Macozoma[4]	**2015**					
	2014	220	842	2 552		3 614
HL Zhang[3]	**2015**					
	2014	34	15			49
K Yang[5]	**2015**					
	2014	731	396			1 127
TMF Phaswana[6]	**2015**	**2 315**			**151**[8]	**2 466**
	2014	5 320			301[8]	5 621
Lord Smith of Kelvin, KT[6]	**2015**	**385**	**112**	**382**		**879**
	2014	811	258	811		1 880
FA du Plessis[7]	**2015**	**95**	**155**	**165**		**415**
	2014	176	213	176		565
Total	**2015**	**2 795**	**267**	**547**	**151**	**3 760**
Total	2014	7 547	2 117	3 889	301	13 854

1 Retired on 29 May 2014.
2 Resigned on 3 March 2014.
3 Resigned on 16 January 2014.
4 Resigned on 31 December 2014.
5 Resigned on 10 December 2014.
6 Retired on 28 May 2015.
7 Resigned on 28 May 2015.
8 Use of motor vehicle.