



REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER **2017**

Supplementary report
to the Nedbank Group
Integrated Report

see money differently

NEDBANK

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To view a short video that provides an overview of Nedbank and our strategy scan the QR code or click through to the Integrated Reporting section of our website.



Our integrated report is supplemented by our full suite of online publications, which caters for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting. These can be accessed on our group website at nedbankgroup.co.za.

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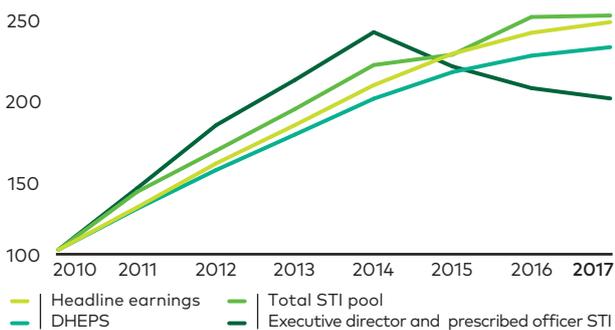


CHAIRMAN'S REPORT INTRODUCTION

I am pleased to present our remuneration report, which sets out the Nedbank Group Remuneration Policy ('policy') and its implementation during 2017, as well as any subsequent events in 2018.

Nedbank's overall performance, with headline earnings growing 2,8% in total and 7,8% in managed operations, funded short-term incentives (STI) of R2 384m, which is a 0,3% decrease from 2016. This STI spend represents 12,7% of headline earnings from managed operations, prebonus and pretax, compared with 13,1% in 2016. Consistent with previous years, the STI pool is funded more closely, but certainly not exclusively, by the performance of the managed operations which, was in line with targets set for the year. The group's lower headline earnings growth and underperformance from ETI have resulted in a further decline in the Group Exco sharing of the total STI pool from 4,2% to 4,0%, with the STI awarded to the Chief Executive (Mike Brown) down 5,2%, compared with that in 2016.

STI and headline earnings performance



CURRENT FOCUS AREAS

The Group Remuneration Committee ('Group Remco') focused on the following areas in the meetings held in 2017 and up to the date of this report:

- Review and approval of the Remuneration Policy, ensuring it continues to meet the requirements of the changing legislative and regulatory requirements, including those under King IV™ and the amended JSE Listings Requirements. The policy was amended to include reference to the arrangements we apply to help ensure remuneration is fair and responsible. It was further amended to provide explicitly for shareholder engagement if 25% or more of the voting rights exercised by shareholders at an annual general meeting are against the Remuneration Policy or the implementation report, or both.
- Amendment of the Group Remuneration Committee Charter specifically to align with the King IV™ principle of ensuring that the group remunerates in a manner that is fair, responsible and transparent in the context of the group's overall remuneration and promotes the achievement of strategic objectives and positive outcomes.
- The independent review of the policy and its implementation by EY to ensure alignment with changes in remuneration practice and applicable legislation and regulation. The results of the remuneration review were positive, with housekeeping recommendations considered and adopted, including the assessment of reward risk and related recommendations.
- Provision of external training for Group Remco on ethics in remuneration as part of its annual education agenda.
- Monitoring of income differentials in the endeavour to ensure fair and responsible remuneration outcomes.
- Review of the material terms and conditions of service of all staff of the group (where appropriate) to ensure that they are fair and competitive. Key employee benefits, including the Nedgroup Medical Aid Scheme, the Post-retirement Medical Aid Scheme and Risk Cover portfolios were reviewed.
- Review and approval of the annual goal commitment contracts of the executive directors and prescribed officers.
- Approval of the overall remuneration increases for all staff.
- Approval of the annual pools to be made available for short-term incentives (STIs) and long-term incentives (LTIs).
- Separate consideration and approval of the remuneration of employees in the risk, control and compliance functions, ensuring their remuneration is appropriately independently determined from the business units they oversee and is adequate to attract qualified and experienced staff.
- Review of the remuneration proposals for the Chief Executive (CE) and Group Exco members.
- Approval of the corporate performance targets (CPTs) related to the vesting of long-term incentive allocations and matched shares.
- Proposals were developed for engagement with a broad base of our shareholders. This engagement took place in January 2018 and was a proactive initiative to engage with a significant pool of our shareholders on changes we plan to introduce to our long-term incentives. The proposals were developed to improve the alignment of

REMUNERATION REPORT

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remuneration with our strategic objectives and considering shareholder views expressed in April 2017 as part of our annual governance roadshow. These proposals are:

- 1 To replace the three-year FINI 15 CPT metric with a three-year average diluted headline earnings per share (DHEPS) growth metric aligned with the group's medium-to-long-term target (DHEPS growth > CPI + GDP growth + 5%). This will apply from March 2018 LTI awards onwards. The following vesting ratio will apply:

	Minimum vesting at 0%	Target vesting at 100%	Maximum vesting at 130%
DHEPS CAGR for 2018 –2020	CPI+GDP+0%	CPI+GDP+5%	CPI+GDP+8%
Linear interpolation applies between the points indicated above			

CAGR: Compound Annual Growth Rate, CPI: consumer price index, GDP: gross domestic product.

- 2 To extend the performance condition of the Matched-share Scheme (MSS) to 100% (currently 50%) for all members of Group Exco. This is subject to shareholder approval at the May 2018 annual general meeting for revising the share scheme rules to this effect, and will apply to the March 2018 awards onwards.
- 3 To amend the share scheme rules in order to reduce the number of shares available for use in the schemes from 10% to 5%. This amendment will be subject to shareholder approval at the May 2018 annual general meeting.
- 4 To adopt a flexible approach to the share buyback or share issuance decision for LTI awards each year, taking into account a number of factors such as the tradeoff between the dilutionary impact on shareholders, the consumption of common equity tier 1 (CET1) and the potential impact on growth and dividends.

- All these proposals received overwhelming support at the shareholder engagement in January 2018. Furthermore, the Group Remco has agreed to the following changes and clarifications, which were raised by our shareholders at the January 2018 engagement:
 - The return on equity (ROE) (excluding goodwill) vs the cost of equity (COE) corporate performance target for the LTI scheme will be amended to exclude goodwill only up to 31 December 2017. Any new goodwill arising from any acquisitions after 31 December 2017 will therefore not be excluded from the CPT and suitable adjustments will be made to this CPT;
 - The DHEPS growth CPT for the LTI scheme will be amended so that the GDP and CPI targets will be reviewed annually to take account appropriately of the GDP and CPI of other countries in the event that material acquisitions take place outside SA.

The Group Remco received remuneration consulting advice from Vasdex Consultants and is satisfied that they acted independently and objectively.

Group Remco emphasises the discretionary nature of our remuneration arrangements. There is no formulaic approach to the determination of STI and LTI awards. Consistent with our Remuneration Policy, participation in the variable pay schemes is discretionary. Furthermore, Group Remco exercises its discretion on the size, and the individual allocation, of the STI and LTI group pools. Finally, any material deviation from the Remuneration Policy will be fully disclosed in our Remuneration Report.

FUTURE FOCUS AREAS

Looking forward, Group Remco's main focus areas will be to ensure:

- the continued relevance of the Remuneration Policy;
- that remuneration is implemented in accordance with the Remuneration Policy;
- that remuneration is aligned with Nedbank's strategic objectives, both before and after the Old Mutual managed separation, and with legitimate stakeholder views; and
- that the requirements of its charter continue to be fulfilled.

GROUP REMCO COMPOSITION

The Group Remco consists of six members, including an independent chairman. The majority of the members are independent non-executive directors:

Name	Directorship status	Current membership
Hubert Brody	Independent Non-executive Director	Appointed: 1 July 2017
Neo Dongwana	Independent Non-executive Director	Appointed: 1 July 2017
Bruce Hemphill	Non-executive Director	Current member
Mpho Makwana ¹	Independent Non-executive Director	Current member and Chairman of Group Remco
Nomavuso Mnxasana ²	Independent Non-executive Director	Current member
Malcolm Ian Wyman	Senior Independent Non-executive Director	Current member

¹ Also a member of the Group Transformation and Ethics Committee.

² Also Chair of the Group Transformation and Ethics Committee.

The Group Chairman, CE, Chief Operating Officer (COO) and Group Executive for Human Resources are permanent invitees, but are not present in discussions regarding their own remuneration.

There were no material issues identified in the committee's self-assessment in 2017, which was undertaken to evaluate its effectiveness against the objectives of its charter.

NON-BINDING VOTES

The Group Remco is satisfied that it has fulfilled the requirements of its charter and that the Remuneration Policy has met its objectives, without material deviation, as well as the requirements of the relevant legislation, regulation and appropriate recommended governance practices.

Both the policy and the implementation report will be presented for separate non-binding votes at the 2018 AGM. The vote on the policy received a positive 90% at the 2017 AGM and 94% at the 2016 AGM. We endeavour to ensure our remuneration reporting is straightforward, yet comprehensive and transparent. We acknowledge the need to continuously improve these aspects while ensuring alignment of the remuneration outcomes with our strategic objectives and stakeholder views.

Mpho Makwana

Chairman: Group Remco

8 March 2018

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REMUNERATION POLICY

We define total reward as a combination of various types of reward, including financial and non-financial, indirect and direct, and intrinsic and extrinsic rewards. The policy provides a framework for the management of total reward in the group, and supports the Nedbank employee value proposition (EVP).

SCOPE OF THE POLICY

The policy is board-approved and forms part of our operating philosophy, policies and standards. It sets out how total remuneration must be managed in the group and is supported by detailed operating policies, procedures and practices at cluster level.

The policy applies to all entities in Nedbank Group, including wholly owned subsidiaries and subsidiaries or joint ventures in which we have a majority interest, and excludes companies in which we have only a private-equity investment or a minority investment. The policy applies uniformly in all such jurisdictions, except where it is in conflict with either local statutes or regulations, in which case such statutes or regulations will apply. Where a particular operating jurisdiction has a more onerous regulatory or statutory framework, the local standards of governance in that jurisdiction will apply.

AIMS OF THE POLICY

Our reward arrangements should:

- enable us to attract, motivate and retain people of high calibre with the right mix of experience, skill and knowledge to deliver on the strategy;
- support and reinforce our desired culture and encourage ethical behaviour consistent with our values, thereby stimulating employee engagement;
- create appropriate balance and alignment between the needs, expectations and risk exposures of our stakeholders, including our staffmembers, clients, shareholders, regulators and communities, to ensure the creation of sustainable long-term value for each of these;
- incentivise employees to deliver sustained high levels of performance and excellent execution of our strategic priorities, while being cognisant of the impact this delivery has on the risk profile and exposure of the organisation;
- enable appropriate transparency in the development of remuneration programmes and the distribution of individual remuneration awards to ensure equity and fairness (ethical outcomes) based on valid and appropriate external and internal benchmarks; and
- align with the principles of good corporate and remuneration governance, ensuring an appropriate share of value for the relevant stakeholders in its business.

Nedbank's fixed and variable remuneration is aimed at enabling it to remain competitive, which encompasses market relativity, sustainability and commercial sensibility in the allocation and delivery of remuneration awards. There should be appropriate sharing of value among stakeholders. Therefore, while employees should not be prejudiced as a result of remuneration design issues, remuneration programmes should equally not be designed to favour or benefit employees at the expense of other stakeholders.

We are committed to ensuring that remuneration of executive management is fair and responsible in the context of overall employee remuneration, with the following arrangements:

- There is a dedicated and skilled remuneration committee to provide independent oversight and direction on remuneration, with clear roles and responsibilities set out in the committee's charter. There should be cross-membership between the Group Remco and the Group Transformation and Ethics Committee so that regular and healthy interaction between these committees takes place with a view to promoting an ethical culture.
- The Group Remco should review the terms and conditions of service of all staff levels of the group.
- A robust remuneration system should be implemented and maintained by management. This system includes the following:
 - A comprehensive pay structure and earnings ranges.
 - A clear and transparent process for matching remuneration data to market benchmarks.
 - Careful use of market benchmarks, not as absolute targets, but to guide remuneration decisions.
 - A performance management system that supports our talent management objectives and promotes positive individual and team contribution towards strategic objectives. One of the outcomes of the performance management system is to provide a basis for consistent remuneration decisions across the bank.
 - Incentives schemes that are well designed, tested and include carefully selected corporate performance targets with sufficient levels of stretch.
- Our stakeholders, specifically shareholders and our employees, should have opportunities to engage on remuneration matters. Proactive shareholder engagement takes place before material changes to our remuneration policy are introduced. Employees are given an opportunity to engage with management on remuneration through membership of a recognised union and other channels.
- Remuneration information provided to our stakeholders should be transparent, within the constraints of privacy legislation, and straightforward.

REMUNERATION GOVERNANCE

We comply with the relevant remuneration governance codes that apply in our various operating jurisdictions. These include groupwide compliance with the International Financial Stability Board (IFSB) Principles for Sound Compensation Practice. In SA we meet the requirements of King IV™, regulations 39 and 43 of the Banks Act, as well as section 64C of the Banks Amendment Act. For group operations domiciled in the UK the provisions of the Prudential Regulatory Authority Remuneration Code apply.

Our Group Remco is mandated by the board to oversee and govern all aspects of remuneration and operates according to an approved charter. Outcomes of all Group Remco meetings are reported to the board.

Group Remco also conducts an annual self-assessment of its effectiveness and has independent advisors, who provide strategic input and advice on international and local best practice and benchmarking. Group Remco is further supported by the Group Reward and Performance function.

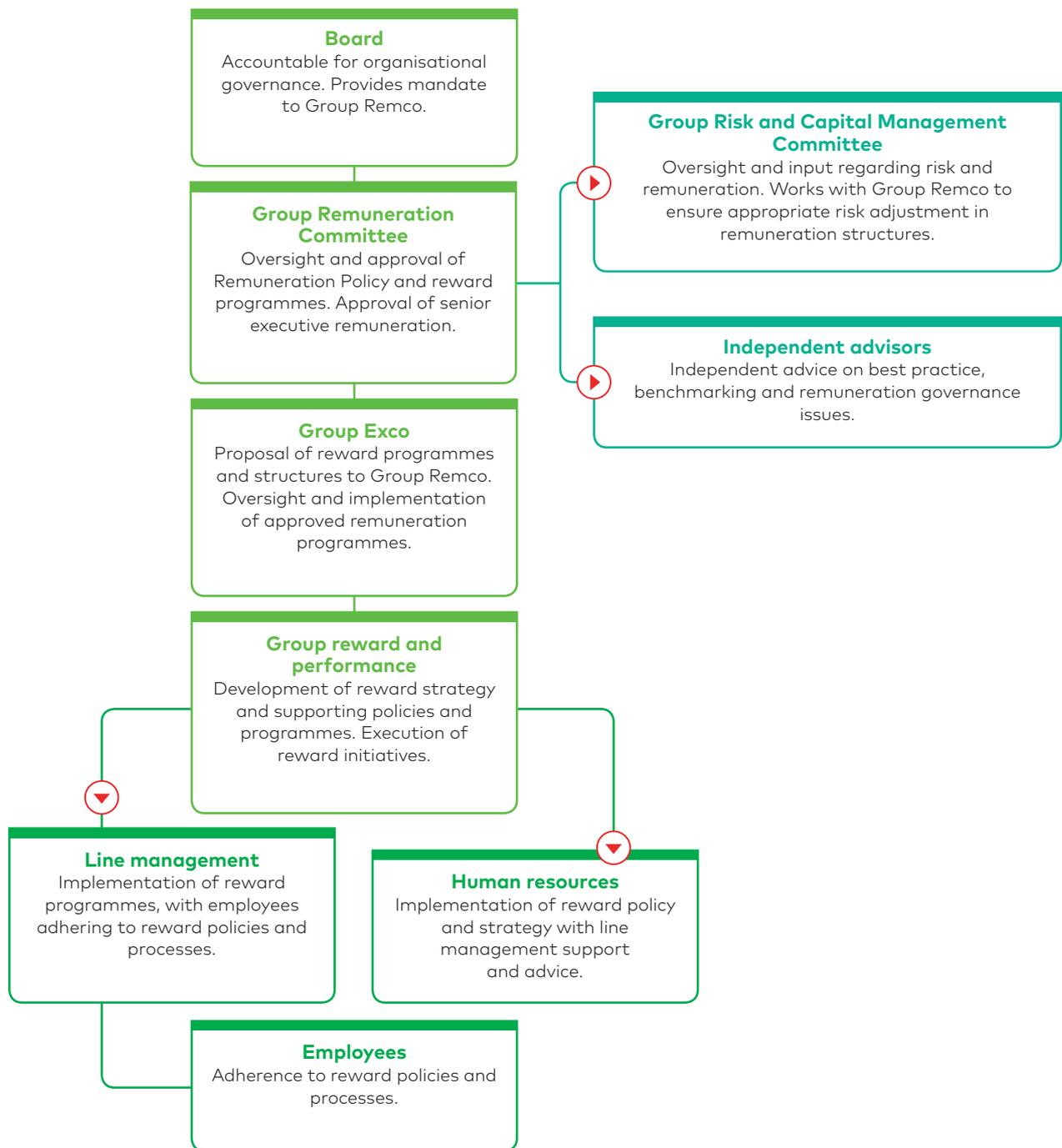
Group Remco works closely with the Group Risk and Capital Management Committee (GRCMC) to ensure a comprehensive approach to risk and reward.

We publish a comprehensive annual Remuneration Report as part of our overall governance requirements.

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ROLES AND ACCOUNTABILITIES



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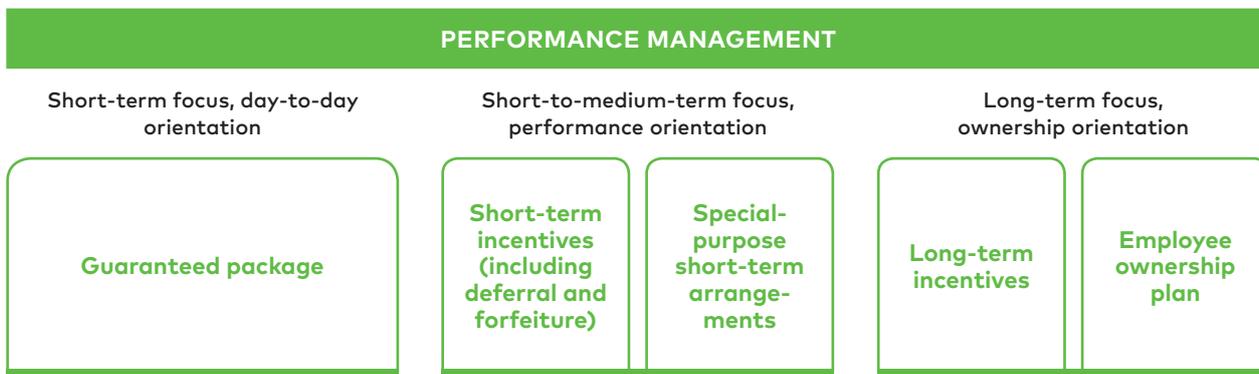
SHAREHOLDER ENGAGEMENT

Engagement with shareholders on the remuneration affairs of the group is an important governance requirement that the board actively endorses. Such shareholder engagement is seen as a necessary and ongoing effort that contributes to fair and responsible remuneration outcomes.

Specifically, if 25% or more of the voting rights exercised by shareholders at an annual general meeting was against the remuneration policy or the implementation report, or both, the board will engage with shareholders to address their concerns.

NEDBANK'S REMUNERATION FRAMEWORK

Our Remuneration Framework is made up as follows:



PERFORMANCE MANAGEMENT

The aim of our performance management process is to promote alignment of individual, team, and cluster performance objectives with those of the group. This enables translation of our strategic focus areas into individual action plans.

The core principles of our performance management process are as follows:

- Performance management is consistently applied across the group to ensure effective alignment of strategic objectives and individual outputs.
- Performance objectives feature both financial and non-financial indicators, which align with our strategic imperatives.
- Performance management is an ongoing process.
- Performance outcomes are appropriately differentiated to reflect the different levels of contribution made by employees to the success of the group. Where performance deficits are identified, these are dealt with actively, with the primary objective of returning the employee to full performance.
- Performance management is a primary input into our remuneration programmes, with the aim, among others, of ensuring appropriate differentiation in remuneration based on contribution and performance.

The rollout of a refreshed approach to performance management commenced in 2017 at senior levels, with a phased rollout for the remaining levels commencing in 2018. The priorities of the refreshed approach are to:

- ensure the goals, as documented in the Goal Commitment Contract, are more focused and better aligned to our strategic objectives;
- adopt shorter feedback cycles with open and informal performance conversations that build on strengths, instead of only more formal reviews that merely measure and assign a rating for past performance; and
- develop our managers so that they become performance coaches able to hold quality forward-looking conversations that integrate with learning and development opportunities and talent management objectives.

GUARANTEED REMUNERATION

Guaranteed remuneration comprises salary and employee benefits and is delivered to employees in a form determined by local market conditions. Guaranteed remuneration usually reflects the prevailing 'rate for the role' within an earnings range, with actual remuneration being distributed about the median of the range.

In SA, and in some non-SA operations, this will take the form of a guaranteed package (GP). This represents the fixed cost of employment and, depending on local market practice, comprises a combination of the following:

- Cash salary
- Retirement benefits
- Medical benefits
- Death and disability benefits
- Contributions towards postretirement medical funding, where applicable
- Motor vehicle benefits

A core principle under a GP approach is that changes to benefit contribution levels are cost neutral to the group – changes to benefit pricing result in a corresponding increase or decrease in the monthly cash salary of the individual.

Where appropriate, local market conditions may necessitate a basic-salary-plus-add-on-benefit approach. In these instances the salary is fixed, with benefit costs being a function of utilisation (ie if the benefit is not used, there is no cash compensation in lieu of the benefit). The group carries the risk of increases in the cost of benefits.

The primary determinant of guaranteed remuneration is market-relatedness. We conduct annual benchmarking against comparable firms in the relevant jurisdictions to assess market competitiveness. The combination of distribution of guaranteed remuneration within the earnings ranges and the market relativity of our guaranteed remuneration is a primary input into the annual salary review process, but in all instances subject to affordability and the sustainability of our remuneration practices.

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In support of remuneration benchmarking there is a robust process of job profiling. This enables consistency in the sizing of roles, and the associated benchmarking of guaranteed-remuneration levels.

At an individual level, performance, experience and market position are key determinants of the individual's progression within an earnings range.

Adjustments to guaranteed remuneration outside the annual review process are the exception and are linked to changes in responsibility or the intention to retain specific talent. These are subject to appropriate approval based on the relevant delegations of authority.

All employee benefits, whether offered on a cost-to-company or a basic-salary-plus-add-on basis, are subject to appropriate oversight and governance to ensure that the financial and reputational risks associated with the provision of employee benefits are effectively and prudently managed.

RETIREMENT SCHEMES

The majority of our retirement schemes are of a defined-contribution nature, except where the benefits according to the rules of the old defined-benefit scheme are still applicable to members and where local legislative and regulatory conditions provide otherwise. The majority of our SA employees are members of the Nedgroup Defined-contribution Pension and Provident Funds, which were transitioned into the Old Mutual Superfund (an umbrella fund) in 2015.

All executive directors and prescribed officers are members of the Nedgroup Defined Contribution Pension or Provident Fund. Contributions to the retirement funds form part of the GP.

Our non-SA operations have a variety of defined-contribution and legacy defined-benefit schemes, and where the defined-benefit schemes are in deficit, the appropriate steps to manage the financial impact thereof are in place.

SHORT-TERM INCENTIVES AND DEFERRALS

Short-term incentives (STIs) are delivered through our discretionary STI arrangements. Where appropriate, and subject to appropriate governance and approval, bespoke plans may be implemented, subject to Group Remco oversight.

The aim with STIs is to drive the achievement of sustainable results within an agreed risk appetite framework and to encourage behaviours that are consistent with our values and aligned with the best interests of our stakeholders.

The current deferral thresholds and periods for the compulsory and voluntary deferral schemes are set out below:

RO to R1m

▶ No compulsory deferral.

Compulsory STI deferral > R1m

▶ Fifty percent of any amount in excess of R1m is deferred over a period of 30 months, with releases from forfeiture occurring in three equal tranches at 6, 18 and 30 months from the date of the award. Deferral is on a posttax basis.

Voluntary Bonus Share Scheme

▶ Employees may select to defer a portion of their posttax STI voluntarily into the Matched-share Scheme, subject to the total deferral (including compulsory deferral) not exceeding 50% of the total posttax STI award.

STI schemes are structured to reward collaborative work across different clusters. As a general rule, all STI plans are funded from our overall STI pool. Bespoke plans will therefore result in a drawdown from the pool. Where there is a specific dispensation to exclude a bespoke plan from the overall STI pool (usually in cases of low-guaranteed/high-variable remuneration models), Group Remco approval for such exclusion is required.

We do not operate any individual 'line of sight' schemes that could encourage inappropriate risk-taking or increase the risk of moral hazard. In the case of commission-type arrangements (usually in respect of low-risk income-generating sales roles), appropriate safeguards are included to mitigate any potential moral and conduct hazards.

STI participation is discretionary and therefore there is no right to a performance incentive award in any given year. At an individual level, STIs are determined primarily on the basis of performance, with the overall objective of exceptional reward for exceptional performance. Furthermore, employees performing below a minimum acceptable level are not typically eligible for consideration for an STI award. Group Remco may, at its discretion, impose clawback provisions on any cash incentive paid for up to three years from the payment date.

STIs are typically in the form of cash and employees must be in service on the date of payment. However, in accordance with global financial services governance and prudent risk management principles, we have an arrangement of compulsory deferral into shares of STI awards paid in excess of a threshold approved by Group Remco from time to time, which has been effective since 2010. Such deferrals may be subject to forfeiture at the discretion of Group Remco. Where forfeiture applies, we will not retest conditions or extend the period over which shares must be held. For deferred STI awards made from 2016 onwards, any awards already released from forfeiture are subject to clawback for up to three years from the original award date, if any of the following have occurred, as set out in the rules of the Nedbank Group Share Incentive Scheme:

- Gross misconduct.
- Loss to the group due to failure to observe risk management policies.
- Presentation or publication of misleading or misstated financial results.

Specific Group Remco approval is required for all individual STI awards that exceed 200% of guaranteed remuneration.

REMUNERATION REPORT

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MATCHED-SHARE SCHEME

In terms of the approved long-term incentive (LTI) plan we may offer a share-matching arrangement on compulsory STI deferrals, subject to the participant's retention of the award in the plan for a minimum period of 36 months (which is longer than the maximum deferral of 30 months), and subject to the release of the awards from potential forfeiture. Additional matching is further subject to the fulfilment of a specific group performance condition.

The Matched-share Scheme also provides a vehicle for employees to participate in the scheme by voluntary investment, subject to the fulfilment of specified conditions.

The current thresholds and conditions for matching are set out in the table below:

	STI payment	Conditions for matching	Match
Compulsory deferral	> R1m, where deferral takes place on a posttax basis on 50% of any amount exceeding R1m	In service on vesting date: three years after the allocation date	50%
		ROE*, excluding goodwill** > COE*** + 2%	50%
Voluntary Bonus Share Scheme	≤ 50% of total posttax STI (including any compulsory deferral)	In service on vesting date: three years after the allocation date	50%
		ROE*, excluding goodwill** > COE*** + 2%	50%

* Return on equity.

** Excluding goodwill up to 31 December 2017 only. Appropriate adjustment will be made for any new goodwill from acquisitions after 31 December 2017.

*** Cost of equity.

For employees with earnings falling within the highest tax bracket, the total STI has the potential to increase by 27,5% in the event that the performance condition in the Matched-share Scheme is met.

For 2018 awards onwards, the performance condition of the Matched-share Scheme, namely ROE excluding goodwill > COE +2%, will be extended to 100% (currently 50%) for all members of the Group Executive Committee. This amendment is subject to shareholder approval at the May 2018 AGM of the revised share scheme rules.

SPECIAL-PURPOSE SHORT-TERM VARIABLE REMUNERATION ARRANGEMENTS

On an exceptional basis we use special-purpose short-term variable remuneration arrangements to help attract and retain key talented employees and holders of scarce skills. These include sign-on award and deferred short-term incentive (DSTI) arrangements, both of which are subject to individual performance and time-based conditions to ensure an appropriate return on the remuneration investment. Sign-on awards are cash-based and made to prospective employees on joining the group, typically awarded to compensate for loss of certain accrued benefits or to make these employees whole in terms of their existing contractual obligations to previous employers. DSTI awards are cash-based awards, comprising an upfront payment (typically 40% of the award), with a deferred component (the remaining 60%)

payable subject to minimum time-based and individual performance conditions. Executive directors and prescribed officers are not eligible for DSTIs in the normal course.

We are cognisant of the regulatory concerns raised regarding so-called 'guaranteed variable remuneration' and the potential downside of such payments. A high level of governance is therefore applied to the operation of the special-purpose short-term variable arrangements, even though they do not amount to guaranteed bonuses. In this regard, a specified pool is approved by Group Remco for each financial year for each of the arrangements. This pool is placed under the direct control of the Chief Executive (CE) and is subject to review by Group Remco at each meeting.

EMPLOYEE OWNERSHIP PLANS

We offer two types of employee ownership plans: broad-based participation based on local statutory or regulatory requirements (these include broad-based black economic empowerment arrangements and 'indigenisation' or 'localisation' programmes) and employee subscription arrangements, where employees may invest a portion of their posttax STI in Nedbank shares, with the possibility of being awarded matched shares under the Matched-share Scheme.

Broad-based schemes operate in jurisdictions where local regulations or statutes require specific economic participation by employees, usually by means of ownership of a stake in the business. In most instances these plans are put in place to redress past imbalances in participation in the economy of the respective country. Participation in such plans, therefore, may be limited to certain employees based on demographic specifications. Failure to adhere to the requirements may have material legal or regulatory implications for the relevant business. Broad-based schemes are typically implemented at zero cost to employees.

Employee subscription arrangements are typically voluntary and give employees the opportunity to invest in Nedbank shares, currently on a posttax basis, over a stipulated period. This allows employees to participate in both potential share price appreciation and the application of matching arrangements if the shares are retained in the plan for a period of 36 months and the applicable performance condition is met. This opportunity is provided through the aforementioned voluntary STI deferral scheme, namely the Voluntary Bonus Share Scheme, which allows eligible participants to receive matching shares, provided such shares remain in the programme for 36 months and the applicable performance condition is met.

All employee ownership plans are subject to board approval (and may, subject to the nature of the transaction, require regulatory, stock exchange or shareholder approval). Accordingly, strict governance and approval processes apply.

LONG-TERM INCENTIVE PLANS

Our shareholders have approved the implementation of a restricted-share plan (RSP), through which LTI awards are made.

LTIs are awarded with the joint aim of aligning with the interests of stakeholders and of retaining key employees. The criteria and quantum of allocations are benchmarked to the market annually. All LTIs are discretionary and motivated by the Group Executive Committee (Group Exco) and approved by Group Remco members in their

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capacity as trustees of the Nedbank (2005) Employee Share Scheme Trust. Specific Group Remco approval is also required for all LTI awards greater than 100% of GP.

Where deemed necessary to address local taxation and exchange control issues, cash-settled phantom RSP arrangements have been implemented to ensure that operations outside SA may also participate in LTI arrangements linked to the group's share price performance, and therefore ensure appropriate alignment of the interests of executives based abroad with those of the group's shareholders.

LTI awards are based on the following eligibility criteria:

- Individuals key to driving the business strategy.
- Talent management strategy and succession planning.
- Retention of key talent and scarce skills.
- Transformation objectives.
- Potential and performance.
- Leadership.

The following are the core principles applicable to the group RSP arrangements (including phantom RSPs):

- Awards under the relevant RSPs may typically be made at only two intervals per year – the annual pay review (typically March) and the once-off cycle award (typically August). All awards are subject to the necessary governance and approval processes.
- Awards are subject to CPTs on at least 50% of the total award (with awards for executive directors being subject to performance conditions on 100% of the award).
- Awards subject to CPTs may be lapsed in full or in part in the event that the conditions are not met. There is also appropriate upward leverage to a maximum of 130% in the event that conditions are exceeded. Where awards are lapsed because of non-fulfilment of the CPTs, the CPTs will not be retested.
- Awards are subject to vesting over a period of no less than three years from the date of the grant.
- Where awards are lapsed, no replacement compensation is issued.
- Employees may not take steps to hedge or otherwise insure themselves against potential losses in respect of their LTI participation before vesting.
- The pool available for allocation under our LTI arrangements is approved in advance by Group Remco.
- Group Remco assesses and confirms the CPT outcomes, ensuring that the interests of all stakeholders are appropriately considered.
- Awards from 2016 onwards are subject to clawback provisions for a period of up to five years from the original date of the award if any of the following have occurred, as set out in the rules of the Nedbank Group (2005) Employee Share Scheme:
 - Gross misconduct.
 - Loss to the group due to failure to observe risk management policies.
 - Presentation or publication of misleading or misstated financial results.

- On-appointment restricted shares may be awarded at the discretion of Group Remco to new senior managers and also on an exceptional basis to employees who have been appointed to more senior positions and have been recommended for an allocation by Group Exco.
- On-appointment allocations may take place biannually (and by exception on the date of appointment with specific approval), with awards based on the volume-weighted average share price using the three trading days from the announcement of the annual or interim financial results (as applicable).
- Share awards in either the Restricted-share Plan or the Matched-share Scheme are not, under any circumstances, backdated.
- No retrospective adjustments are made to performance conditions to mitigate the impact of weak performance.

For our international and Rest of Africa operations LTIs are made on a phantom basis, which schemes mirror the Nedbank Group (2005) Employee Share Scheme in design and structure. The phantom scheme will also be subject to the *malus* and clawback provisions similar to the provisions in the Nedbank 2005 scheme.

CHANGES TO REMUNERATION ARRANGEMENTS

The group reserves the right, subject to compliance with the relevant legislation or collective agreements, to change or withdraw any aspect of its Remuneration Framework.

RISK AND REMUNERATION

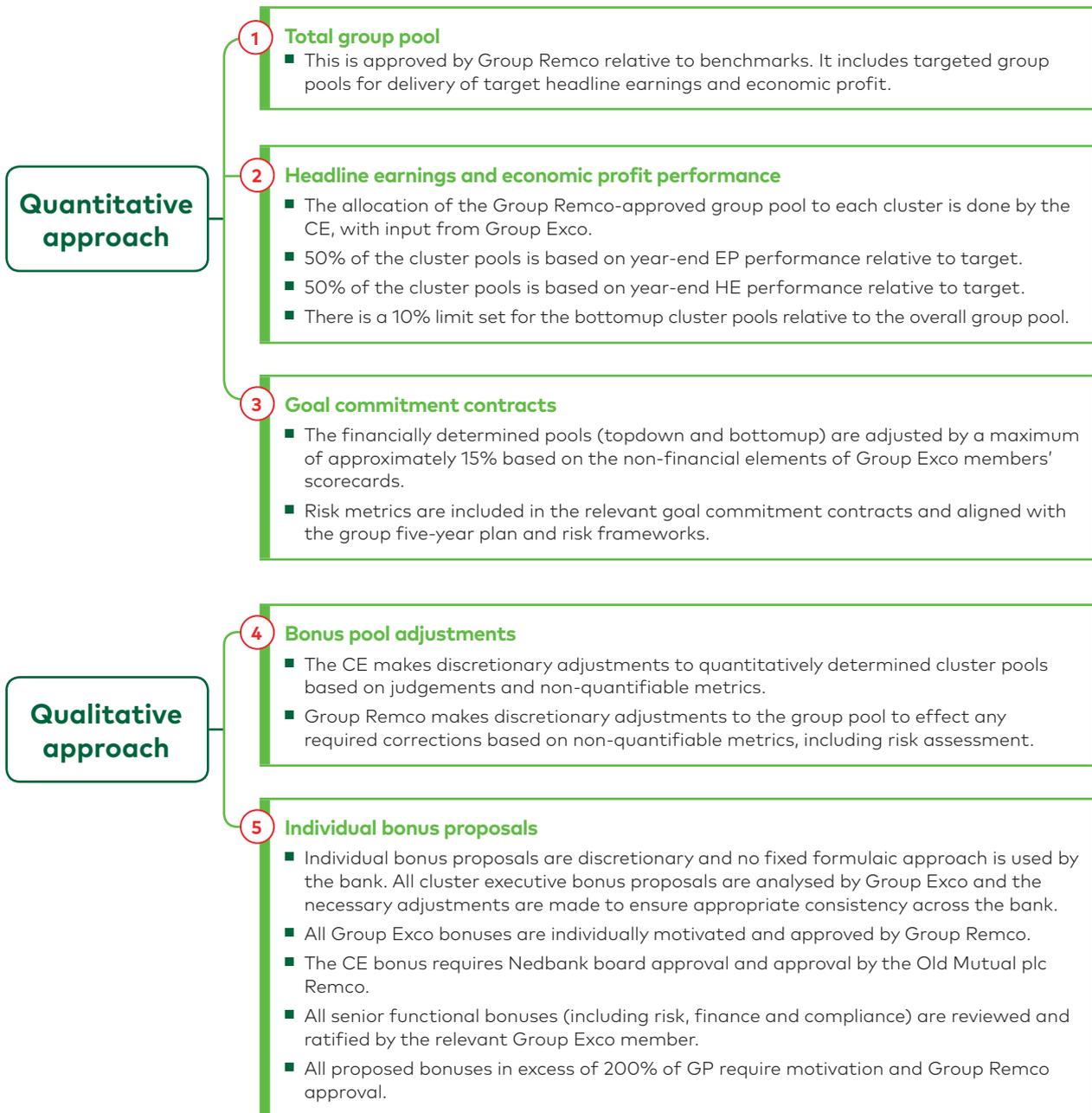
We are involved in retail, wholesale and investment banking operations, as well as wealth management and other financial services, predominantly in SA and the rest of Africa. We use a three-year budgeting, forecasting and planning process, which is integrated with our strategic objectives, risk appetite and capital planning, enabling us to have a forward-looking view of the strategic, financial, and risk and return outcomes of remuneration policies and outcomes. The mandatory STI deferral of up to 30 months and the three-year vesting of LTI share awards (with at least half subject to performance conditions) align with this forward-looking business cycle. The deferral period provides for risk-based outcomes to be monitored over the three-year period subsequent to the deferral and enables the application of *malus* or clawback.

The STI scheme is designed to incentivise a combination of profitable returns, appropriate risk-taking and growth. It is driven by economic profit (EP) and headline earnings (HE) growth versus targets, using risk-based capital allocation as set out in the Risk and Balance Sheet Review available online.

REMUNERATION REPORT

(continued)

We have a comprehensive internal capital adequacy assessment process that addresses the nature and type of risk incorporated into the overall framework. The framework integrates with our STI pool arrangements and individual performance assessments, which in turn inform the distribution of STIs from the derived STI pools. The STI pools incorporate *ex ante* or 'before the fact' risk adjustments, which is incorporated into the pool allocation process set out below:



The board has absolute discretion as to the quantum and nature of any forfeiture, *malus* or clawback triggers relating to compulsory STI deferrals. In this regard the deferred amount will be forfeited should the employee resign or be dismissed before the end of the release of the outstanding forfeiture obligations, as well as in cases where, at the sole discretion of the board, material irregularities or misrepresentation of financial results come to light during the deferral period. The board has absolute discretion as to the nature of any action to be taken against the individual or group of individuals who may have transgressed. The deferral policy is reviewed annually.

REMUNERATION REPORT

(continued)

There is cooperation between Group Remco and the GRMC to ensure the overall risk environment is considered when making remuneration decisions. This is implemented through formal discussion between the Group Remco Chair and the GRMC Chair of the risk aspects of remuneration. This reflects our commitment to achieving a balance between the prudent management of remuneration within the context of both our risk appetite and risk profile, and the need to attract, retain and motivate key talent to enable the delivery of our strategic objectives. The manner in which risk is taken into account in the remuneration process is set out briefly below.

The following categories of employees are excluded from the STI distribution process:

- Stockbrokers, since they are paid on a six-monthly basis from a bespoke STI arrangement based on predetermined contractual arrangements (certain business risk elements are included in the formulaic determination for the stockbrokers' pool). The pool allocated is included in the overall Nedbank Wealth pool.
- Analysts in Nedbank Corporate and Investment Banking, since their STIs are predominantly determined using *Financial Mail*-published ratings.
- Participants in the private-equity 'locked box' remuneration scheme, which is the market norm for private-equity collective-investment performance-based remuneration, based on a sharing of 'carried interest' on realised investments.

RECOGNITION

The group recognises excellence among its employees with a comprehensive formal and informal recognition programme. The core principles of the recognition programme are as follows:

- Recognition should be timely and spontaneous.
- Recognition should be specific in that employees must know what behaviours were found desirable and what actions should be repeated.
- Business units determine how recognition will be conducted in their area within specified guidelines.
- The recognition programme incorporates both informal and formal processes. These processes run throughout the year and support the achievement of the group's business objectives.
- Any awards made under the recognition programme are compliant with the relevant tax legislation.

A refreshed recognition programme will be implemented in 2018 that is more closely aligned to the required culture and behaviours of the group.

MINIMUM SHAREHOLDING REQUIREMENTS

As approved by Group Remco in 2012, members of Group Exco are subject to minimum shareholding requirements. The following minimum requirements must be met within five years from the date of the March 2013 LTI awards or five years from the date of appointment to Group Exco if later:

Chief Executive	2 times guaranteed package
Executive directors and prescribed officers	1,5 times guaranteed package
Other members of Group Exco	1 times guaranteed package

TERMINATION ARRANGEMENTS

Executive directors and prescribed officers are entitled to severance pay equal to two weeks' GP per completed year of service if their services are terminated by the company on a no-fault basis. Contractual notice (where applicable) and accrued leave will also be paid out in the normal course.

Treatment of any unpaid bonus, unvested deferrals or unvested LTI awards will be dealt with in accordance with the rules of the various schemes, and will in all instances be subject to Group Remco and board oversight and approval. There are no special termination arrangements or golden-parachute agreements in place.

SERVICE CONTRACTS

Service contracts of executive directors and prescribed officers are aligned with the general conditions of service applicable to all group employees based in SA, except for specific provisions relating to notice periods, which are set out below.

	Notice period	Retirement age
Chief Executive	12 months	60
Executive directors	6 months	60
Prescribed officers	6 months	60

All Group Exco members, other than the Chief Executive, have been placed on a standard six-month notice period, which will continue to be the case for all new appointments in future.

NON-EXECUTIVE DIRECTORS' FEES

The fees of the Group Chairman and the non-executive directors reflect the specific responsibilities relating to their membership of the board and, where applicable, board committees. The Group Chairman receives a single fee for his role. Non-executive directors are paid a fixed fee for board membership and receive additional fees for their participation in the board committees. Neither the Group Chairman nor the boardmembers receive any performance-related remuneration or any employee benefits.

Non-executive directors are accountable for decisions made regardless of attendance at meetings. Non-executive directors are also required, as a matter of course, to represent stakeholders and to make the necessary preparations for meetings and other engagements.

The fees of non-executive directors are reviewed annually and are subject to approval in advance by shareholders at the annual general meeting. Changes to fees, where approved, become applicable on 1 July of each year.

REMUNERATION REPORT

(continued)

IMPLEMENTATION REPORT

FAIR AND RESPONSIBLE REMUNERATION

The Group Exco holds management accountable for ensuring that total remuneration is distributed fairly and ensures appropriate oversight and review of this. After each year's annual salary review, extensive analysis is done on remuneration differentials. The Group Exco is satisfied that, on the whole, where such differentials exist, they can be reasonably explained and justified on the appropriate grounds.

Group Remco is also committed to ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration. Group Remco has reviewed and approved management's recommendation for the salary negotiations mandate with Sasbo. As evidenced in the graphic below for guaranteed remuneration increases, increases for the bargaining unit have been consistently higher than those of executive management the past five years. This is a result of deliberate actions taken to reduce income inequality and to improve the living standards of our employees in the lower income groups. This has had the added effect of increasing the short-term incentive awards of the bargaining unit members given that variable pay is determined as a percentage of guaranteed packages. Furthermore, Group Remco believes that the current minimum GP of R142 000 is a decent living wage. Each year, Group Remco also reviews the terms and conditions of service of all staff to ensure that they are fair and competitive.

In addition to monetary reward, Nedbank provides lower-income staffmembers and their dependants the following benefits to improve their skills and capacity, which should in time translate to higher net take home pay and higher remuneration opportunity:

NEDBANK STUDY GRANTS

A R10 000 once-off study grant to staffmembers' children who have successfully completed the first year of study at a recognised tertiary institution. Staffmembers who earn less than R500 000 qualify for this benefit. In 2017 Nedbank assisted 220 staff with grants to the value of R3 189 543. In 2016, Nedbank assisted 238 staff with grants to the value of R3 324 040.

THE DR HOLSBOER EDUCATION FUND

The fund provides qualifying applicants who earn under R300 000 per annum (and a joint income of under R450 000 per annum) with a once-off grant for their children and legal dependents toward the costs of formal primary- and high-school education fees. In 2017 the fund paid out R3 930 994, helping a total of 2 384 employees. In 2016 the fund paid out R3 567 166 to 2 157 staff.

THE DR HOLSBOER BENEFIT FUND

The fund was established to assist employees with a deemed medical shortfall and staff can apply throughout the year. At the end of December 2017 the fund had assisted 1 138 employees, to the value of R4 071 573. In 2016 the fund assisted 1 127 staff, to the value of R4 031 738.

THE EVERGREEN TRUST

This scheme was created with the specific purpose of improving the living standards and personal circumstances of black permanent employees at lower-income levels by providing grants or benefits to qualifying employees. In 2017 R2,4m (2016: R500 000) was disbursed to support the learnership training in Business Administration and Core Banking (NQF04). There are currently 262 learners enrolled.

GUARANTEED REMUNERATION INCREASES

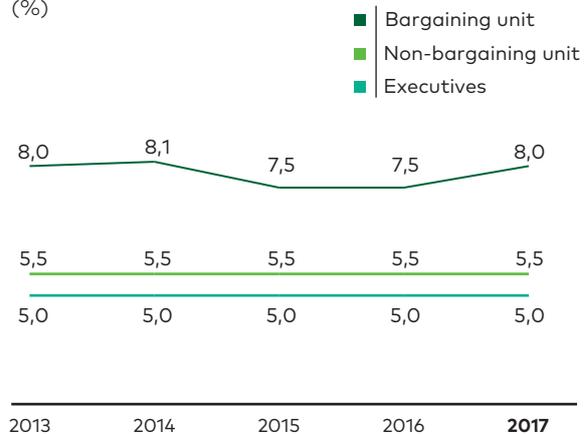
At 31 December 2017, 69,3% of our employees were covered under collective bargaining agreements with Sasbo: The Finance Union. In April 2017 a total pool of 8% of the guaranteed remuneration for employees in the bargaining unit was made available for annual increases, compared with 6% and 5% for the non-bargaining unit and executives respectively.

The minimum GP for permanent, fulltime employees in SA was increased to R142 000 per annum, which is at the higher end for financial services and significantly higher than the minimum wage in SA.

There are also collective bargaining arrangements in our subsidiaries in Lesotho, Namibia, Swaziland and Zimbabwe. Care is taken to ensure that salary increase settlements are appropriate within the context of local market and economic conditions. We accordingly continue to remunerate our employees in the bargaining unit appropriately relative to the industry and continue to seek measures to reduce any unjustified pay differentials.

Guaranteed remuneration increases

(%)



VARIABLE REMUNERATION

SHORT-TERM INCENTIVES

The total STI's* approved by Group Remco in respect of the 2017 financial year was R2 384m, compared with R2 392m in 2016. In accordance with its charter, Group Remco also approved 22 individual STI payments in excess of 200% of GP, compared with 34 in 2016.

STI awards for 2017 were based on a combination of actual performance against preagreed targets in respect of the level of group and respective cluster EP, HE and performance against their individual performance scorecards, incorporating financial and non-financial measures.

* Including Banco Único.

REMUNERATION REPORT

(continued)

SPECIAL-PURPOSE SHORT-TERM VARIABLE REMUNERATION

Scheme type	Number of awards
Sign-on bonus	34 awards (2016: 25), totalling R14,3m (2016: R12,8m). Included in this are awards made on appointment to key revenue-generating employees.
DSTI Awards	27 awards (2016: 29) totalling R22,2m (2016: R23,9m). Included in this are awards made to key revenue-generating employees.

Scheme governance is set out in the policy.

LONG-TERM INCENTIVES

SHARE OPTION SCHEME

No awards have been made since 2007 and there are no unvested awards in this scheme.

RESTRICTED-SHARE PLAN

A key consideration regarding the ongoing appropriateness of our LTI scheme is the continued application of appropriate corporate performance conditions on a substantial portion of the total award.

To avoid the consequences of inappropriate performance conditions, which include extended periods in which no LTI vesting takes place, awards made from 2010 onwards are subject to at least 50% performance conditions and the balance on a time-based vesting arrangement. Specifically, for members of the Group Exco and cluster exco's, this percentage is 60%, and for executive directors the full award is subject to performance conditions.

After engagement with our large shareholders, the published DHEPS growth target has replaced the FINI 15 metric for 2018 awards onwards as it improves alignment with the group three-year, medium-to-long-term, published targets. DHEPS growth, together with ROE (excluding goodwill) performance above COE, delivers EP growth, which in turn enhances shareholder.

The weighting of the respective performance conditions for 2017 and 2018 awards is set out below:

LTI performance condition Weighting %	Executive directors	Group and cluster exco members	All other Nedbank LTI participants
ROE (excl goodwill) vs COE	40	20	25
Share price vs FINI 15 Index (2017)/DHEPS growth target (2018)	40	20	25
Strategic initiative: Benefits from the target operating model (TOM)	10	10	-
Strategic initiative: Growing the transactional banking franchise	10	10	-
Total	100	60	50
% of award issued with performance conditions	100	60	50
% of award issued without performance conditions	0	40	50
Total	100	100	100

THE VESTING RATIOS AND TARGETS APPLIED TO AWARDS MADE IN 2017

For the ROE (excluding goodwill) vs COE target, vesting is based on the simple-average published ROE (excluding goodwill) over a three-year period, compared with the simple-average COE over the same timeframe, according to the following sliding scale (ie there is a straight-line vesting arrangement based on the actual performance relative to the target).

ROE (excluding goodwill)

	+ 0% or worse	+ 1,25%	+ 2,5%	+ 3,75%	+ 5%	+ 6%	+ 7%	+ 8% or better
ROE performance above COE								
Vesting ratio	0%	25%	50%	75%	100%	110%	120%	130%

For the Nedbank relative share price performance, vesting was measured against the FINI 15 Index over the same three-year period, where the starting and end values of the Nedbank share price are calculated based on a 30-day volume-weighted average price (VWAP) and the FINI 15 Index is based on a 30-day simple average.

Share price relative to the FINI 15 Index

	- 20% or worse	- 15%	- 10%	- 5%	0%	+ 10%	+ 20%	+ 30% or better
Share price performance against FINI 15								
Vesting ratio	0%	25%	50%	75%	100%	110%	120%	130%

As with the ROE target, there is a straight-line vesting arrangement (on a basis of actual achievement along the continuum set out in the table above) based on actual performance relative to the target.

REMUNERATION REPORT

(continued)

Benefits from changes to the TOM

Net benefits (both revenue and costs) resulting from the changes to the TOM measured as at 31 December 2019 relative to a baseline set for 31 December 2016

	Minimum	Target	Maximum
Net benefits realised	R600m	R1,0bn	R1,2bn or more
Vesting ratio	0%	100%	130%

Straight-line vesting will apply between the points in the above table.

Growing the transactional banking franchise

Grow main-banked transactional market share by 31 December 2019

	Minimum	Target	Maximum
Market share	13% or less	15%	17% or more
Vesting ratio	0%	100%	130%

Straight-line vesting will apply between the points in the above table.

Grow commercial transactional deposit market share by value as at 31 December 2019

	Minimum	Target	Maximum
Market share	15% or less	16,5%	18% or more
Vesting ratio	0%	100%	130%

Straight-line vesting will apply between the points in the above table.

THE VESTING RATIOS AND TARGETS FOR AWARDS TO BE MADE IN 2018

ROE and DHEPS growth target

Metric	Minimum vesting at 0%	Target vesting at 100%	Maximum vesting at 130%
Simple-average ROE (excluding goodwill ¹) for 2018 to 2020	COE + 0%	COE + 5%	COE + 8%

Straight-line vesting will apply between the points in the above table.

DHEPS CAGR for 2018 to 2020 ²	CPI + GDP + 0%	CPI + GDP + 5%	CPI + GDP + 8%
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Straight-line vesting will apply between the points in the above table.

¹ Excluding goodwill up to 31 December 2017 only. Appropriate adjustments will be made for any new goodwill from acquisitions after 31 December 2017.

² CPI and GDP for South Africa only. This will be reviewed and appropriately adjusted in the event of material acquisitions outside South Africa.

Benefits from changes to the TOM

Compared with 2017, the targets have been adjusted upwards to reflect higher stretch; and are now also aligned with our three-year plan.

Net benefits (both revenue and costs) resulting from the changes to the TOM measured at 31 December 2020 relative to a baseline set for 31 December 2016

	Minimum	Target	Maximum
Net benefits realised	R800m	R1,2bn	R1,4bn or more
Vesting ratio	0%	100%	130%

Straight-line vesting will apply between the points in the above table.

Growing the transactional banking franchise (no change)

Grow main-banked transactional market share by 31 December 2020

	Minimum	Target	Maximum
Market share	13% or less	15%	17% or more
Vesting ratio	0%	100%	130%

Straight-line vesting will apply between the points in the above table.

Grow commercial transactional deposit market share by value at 31 December 2020

	Minimum	Target	Maximum
Market share	15% or less	16,5%	18% or more
Vesting ratio	0%	100%	130%

Straight-line vesting will apply between the points in the above table.

REMUNERATION REPORT

(continued)

VESTING OF SHARE AWARDS IN 2018

The vesting of awards issued in March and August 2015 will take place as shown in the chart below, with the historical vesting over the period 2010 to 2017 included for comparison:

LTI vesting percentages



Where necessary, in the case of executive directors and the Company Secretary, the necessary Securities Exchange News Service (SENS) announcements were issued at the prescribed times.

Full details of the number and value of awards granted during the year in terms of our share-based plans are included in the Nedbank Group 2017 Consolidated Annual Financial Statements, available at nedbankgroup.co.za.

MINIMUM SHAREHOLDING REQUIREMENTS

The 31 March 2018 minimum shareholding requirements of the affected Group Exco members have all been met, with no exceptions:

- Mike Brown: 2 times guaranteed package
- Raisibe Morathi: 1,5 times guaranteed package
- Brian Kennedy: 1,5 times guaranteed package
- Trevor Adams: 1 times guaranteed package
- Thabani Jali: 1 times guaranteed package
- Fred Swanepoel: 1 times guaranteed package
- Ciko Thomas: 1 times guaranteed package

NEDBANK EYETHU EMPLOYEE SCHEMES

We implemented our black economic empowerment employee schemes in August 2005. The Evergreen Trust made awards in 2017, details of which are set out on page 11 of this report.

REMUNERATION REPORT

(continued)

OTHER EMPLOYEE OWNERSHIP/EMPOWERMENT SCHEMES

Set out below are the ownership/empowerment schemes approved in our Rest of Africa operations:

Nedbank operation	Ownership/Empowerment scheme	Scheme details
Namibia	Ofifiya Black Management Scheme	The purpose of the scheme is to facilitate black economic empowerment in terms of the framework established by the financial sector in Namibia. Vesting period: Four years A cash dividend was declared and paid on 11 September 2017.
Swaziland	Sinakekelwe Management Scheme	The purpose of the scheme is to align interests of Nedbank and the beneficiaries to attract, retain and reward a skilled high-performing workforce. Vesting period: Three years A cash dividend was declared and paid on 24 May 2017.
Zimbabwe	MBCA Managerial Employee Share Ownership Trust	The purpose of this scheme is to incentivise eligible managerial employees to promote the continued growth of the company by means of awards of shares and to facilitate compliance by the company and MBCA Bank Limited with the indigenisation Act. The final allocation and vesting is to take place in March 2018.

RETIREMENT SCHEMES

Set out below are the details of the current funds as well as the number of members at 31 December 2017:

Retirement fund	Number of active members
Defined Contribution Pension Fund	10 538
Defined Contribution Provident Fund	17 237
Nedgroup Defined-benefit Pension Fund ¹	171 active members and 2 460 pensioners
Postretirement Medical Funding (PRMF) arrangements ²	19 883

¹ Has an actuarial surplus, and remains a standalone fund.

² Provides qualifying employees in SA with a postretirement medical aid subsidy. This benefit is fully provided for as set out on pages 98 to 105 of the annual financial statements.

REMUNERATION REPORT

(continued)

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

PRESCRIBED OFFICERS

The managing executives of the three frontline, income-generating clusters are included in the disclosures set out below. The board has approved these executives to be regarded as prescribed officers.

PERFORMANCE OUTCOMES

Goal commitment contracts were rolled out to our executive team in 2017 and include transactional goals (running the business in a manner that creates value for all stakeholders; delivering against short-term targets and daily operational responsibilities; and maintaining, growing and improving the business) and transformational goals (actions and strategies that will transform the business to position it for sustainable outperformance). The performance outcomes for 2017 of the CE and other executive directors and prescribed officers are tabled below.

MIKE BROWN
Chief Executive

Performance outcome

Exceeding

Goals	Commentary
Transactional	
Deliver sustainable financial performance	<ul style="list-style-type: none"> ■ Solid performance delivery our managed operations in a difficult political and economic environment, offset by our share of ETI losses.
Ensure effective governance, compliance and risk management practices	<ul style="list-style-type: none"> ■ Materially completed AML remediation. ■ Risk management practices led to lower impairments and no major market risk losses in a volatile environment.
Managing scarce resources to optimise economic outcomes	<ul style="list-style-type: none"> ■ Maintained a strong balance sheet and liquidity position.
Lead and drive the Nedbank aspects of the Old Mutual managed separation programme	<ul style="list-style-type: none"> ■ Ensured all MS initiatives are on track. Nedbank business operations were not impacted and we exceeded our targeted benefits from the joint R1bn OM collaboration programme.
Transformational	
Deliver innovative market-leading client experiences	<ul style="list-style-type: none"> ■ Made good progress on our digital journey as we launched market-leading innovations, with major releases on track for 2018.
Grow our transactional-banking franchise faster than the market	<ul style="list-style-type: none"> ■ Muted NIR growth impacted by economic conditions, offset by primary client wins in CIB and an increase in retail main-banked market share.
Provide our clients with access to the best financial services network in Africa	<ul style="list-style-type: none"> ■ Although financial performance from ETI was disappointing, but worked closely with ETI management and board to improve governance and risk management. In SADC subsidiaries, good progress was made investing in the franchise to create scale and unlock value from our investment in Banco Único.
Implement people practices to become more agile, innovative, competitive and digital	<ul style="list-style-type: none"> ■ Implemented large-scale change programme to transform our leadership and culture and embrace New Ways of Work.
Work with government, business and labour to create inclusive growth in SA, and a sustainably transformed Nedbank and banking sector	<ul style="list-style-type: none"> ■ Played a leading role in the CEO Initiative and recognised as a leader in transformation.

REMUNERATION REPORT

(continued)

MFUNDO NKUHLU
Chief Operating Officer

Performance outcome

Performing

Goals	Commentary
Transactional	
Deliver sustainable financial performance	Q4 2016 loss from ETI accounted for in Nedbank's 2017 results, resulted in weak financial performance in Rest of Africa, followed by three subsequent quarters of profit. In SADC subsidiary headline earnings increased off a low base, supported by initial benefits from investments and lower headoffice costs.
Ensure effective governance, compliance and risk management practices	<ul style="list-style-type: none"> ■ Ongoing progress was made in filling key vacancies based on, enhanced governance and risk practices.
Transformational	
Deliver innovative market-leading client experiences	<ul style="list-style-type: none"> ■ Introduction of new mobile platforms, payment solutions and card offerings enhanced Nedbank's client value propositions.
Grow our transactional banking franchise faster than the market	<ul style="list-style-type: none"> ■ Initiative implemented to lay foundation and grow the African businesses faster than the market, including CVPs, bundled pricing and mobile banking.
Being operationally excellent in all we do	<ul style="list-style-type: none"> ■ Effectively delivered on project milestones and achieved cost savings through Flexcube rollout to remaining subsidiaries. ■ Managed interdependencies between the TOM and the group's strategic enablers, including People 2020, brand 2020, etc.
Provide our clients with access to the best financial services network in Africa	<ul style="list-style-type: none"> ■ ETI: <ul style="list-style-type: none"> □ Changes made to the ETI board composition and Nedbank representation on key board and board committees □ Increased levels of collaboration between Nedbank and ETI resulting in increased cross flows of business, such as the integrated crossborder transfer solution. ■ SADC: Benefits of investments made in core banking systems, CVPs and digital innovations led to strong client growth.
Implement people practices to become more agile, innovative, competitive and digital	<ul style="list-style-type: none"> ■ Participated in group processes, including New Ways of Work and agile delivery.

REMUNERATION REPORT

(continued)

RAISIBE MORATHI
Chief Financial Officer

Performance outcome

Exceeding

Goals	Commentary
Transactional	
Drive sustainable financial performance through financial planning, management, reporting; and by providing shared services and central finance	<ul style="list-style-type: none"> ■ Solid performance achieved by our managed operations in a difficult political/economic environment supported by low-cost growth across the group and in Group Finance. ■ Efficient business planning processes and worldclass financial reporting acknowledged through multiple industry awards.
Ensure effective governance, compliance and risk management practices	<ul style="list-style-type: none"> ■ Successfully implemented of IFRS 9, 15 and 16 (critical changes in the accounting landscape). ■ Tax compliance resulted in no penalties or interest incurred for late submissions.
Enable a worldclass investor relations function with enhanced focus on managed separation	<ul style="list-style-type: none"> ■ Was instrumental in the delivery of key activities, successful investor engagements and delivery of Nedbank's investment case.
Transformational	
Manage the evolution to become an ERP frontier of excellence	<ul style="list-style-type: none"> ■ Successfully delivered several automated processes (robotics), with acknowledgement from global leaders. ■ Completed the entire SAP ERP implementation, marking a significant milestone.
Implement people practices to become more agile, innovative, competitive and digital	<ul style="list-style-type: none"> ■ Played a leading role in driving the transformation, with several key programme rollouts scheduled in 2018.
Manage key stakeholder relationships	<ul style="list-style-type: none"> ■ Timeously managed complex reputational matters relating to external parties and proactively engaged with investors. ■ Engaged with JSE, SARB, SARS and other authorities conducted with ongoing and proactive intent.

REMUNERATION REPORT

(continued)

BRIAN KENNEDY

Managing Executive: Nedbank Corporate and Investment Banking

Performance outcome

Performing

Goals	Commentary
Transactional	
Deliver sustainable financial performance	<ul style="list-style-type: none"> Lack of business confidence translated into revenue pressures during the year, offset by lower impairments and excellent risk management in CIB. Headline earnings increased while maintaining ROE above 20%.
Ensure effective governance, compliance and risk management practices	<ul style="list-style-type: none"> Strong risk management, collections and high-quality portfolio led to lower CLR of 6 bps. Materially completed AML remediation and IFRS 9 programme.
Transformational	
Deliver innovative market-leading client experiences	<ul style="list-style-type: none"> Embedded client intelligence platforms enhanced our value proposition to clients.
Grow transactional banking and commercial deposits market share	<ul style="list-style-type: none"> Won 26 primary clients during 2017. Appointed as main banker and provider of other banking services for the City of Cape Town.
Be operationally excellent in all we do	<ul style="list-style-type: none"> CIB consistently generated an industry-leading efficiency ratio. Robotics process automation implemented, with larger-scale rollout in 2018. Continuously tested disruptive technologies to improve the way we do business.
Manage scarce resources to optimise economic outcomes	<ul style="list-style-type: none"> Continued support of the Fair Share 2030 programme – incremental student housing deals and implementation of a water strategy.
Provide our clients with access to the best financial services network in Africa – increase dealflow from subsidiaries and ETI	<ul style="list-style-type: none"> Good pipeline of deals expected to close in 2018. Appointed to ETI board.
Implement people practices to become more agile, innovative, competitive and digital	<ul style="list-style-type: none"> Participated in group processes. 20 graduates accepted offers for the 2018 CIB Graduate Programme.

REMUNERATION REPORT

(continued)

CIKO THOMAS

Managing Executive: Nedbank Retail and Business Banking

Performance outcome

Exceeding

Goals	Commentary
Transactional	
Deliver sustainable financial performance	<ul style="list-style-type: none"> ■ Solid performance across all businesses in tough economic and political environment increased headline earnings and ROE.
Ensure effective governance, compliance and risk management practices	<ul style="list-style-type: none"> ■ Materially completed AML remediation and implementation of IFRS9 programme. ■ Risk management practices lead to lower impairments.
Transformational	
Deliver innovative market-leading client experiences	<ul style="list-style-type: none"> ■ Accelerated digitisation of technology and operations, showing an increase in digitally active clients. ■ New innovations and CVPs brought to market. ■ Made progress with further enhancements of loyalty and reward programme to be launched in 2018.
Grow our transactional banking franchise faster than the market	<ul style="list-style-type: none"> ■ Achieved NIR growth higher than inflation despite weak economic growth. ■ Made good progress in quality client acquisition and improved client retention, as reflected in an increased number of clients. ■ Increased retail main-banked market share, BB market share remained steady, but did not achieve client number targets.
Be operationally excellent in all we do	<ul style="list-style-type: none"> ■ Good progress made with the Target Operating Model (TOM) and cost optimisation initiatives.
Manage scarce resources to optimise economic outcomes	<ul style="list-style-type: none"> ■ Gained market share in key lending and deposit categories.
Implement people practices to become more agile, innovative, competitive and digital	<ul style="list-style-type: none"> ■ Ensured that managed evolution and DFL is firmly in delivery mode creating value.

REMUNERATION REPORT

(continued)

IOLANDA RUGGIERO
Managing Executive: Nedbank Wealth

Performance outcome

Performing

Goals	Commentary
Transactional	
Deliver sustainable financial performance	<ul style="list-style-type: none"> Financial performance negatively affected by the economic environment, impacting investor sentiments as well as impact of higher-than-usual levels of catastrophic insurance events. Headline earnings increased in Asset Management, but decreased in Insurance and Wealth Management.
Ensure effective governance, compliance and risk management practices	<ul style="list-style-type: none"> Delivered solid performance against targets set for regulatory compliance, risk management and other business processes. Materially completed AML remediation and implementation of IFRS 9.
Transformational	
Deliver innovative market-leading client experiences	<ul style="list-style-type: none"> Achieved good growth in Nedbank Private Wealth client numbers. Received various awards across Wealth and Asset Management, including recognition in the Intellidex Survey as well as the annual Raging Bull Awards.
Manage scarce resources to optimise economic outcomes	<ul style="list-style-type: none"> Achieved asset management market share gains in SA above set targets for SA, as well as for cash and international.
Be operationally excellent in all we do	<ul style="list-style-type: none"> Retail volumes and penetration was lower than expected. Successful progress towards implementing a single insurance administration platform.

REMUNERATION REPORT

(continued)

INCREASE IN GUARANTEED PACKAGE

The revised GPs of the CE and other executive directors and prescribed officers were considered and recommended to the board by Group Remco, with a further approval by Old Mutual plc for the CE.

The following adjustments to GP were approved by Group Remco for implementation on 1 April 2018. The 2018 increases to GP were informed by multiple remuneration benchmarking exercises, including that conducted with Mercer SA in 2017 in respect of each individual executive director and prescribed officer.

	*Guaranteed package			Year-on-year movement	
	New GP effective April 2018 (R000)	GP at April 2017 (R000)	GP at April 2016 (R000)	2017–2018 % change	2016–2017 % change
Mike Brown	8 675	8 275	7 875	4,8	5,1
Mfundo Nkuhlu	5 800	5 520	5 250	5,1	5,1
Raisibe Morathi ¹	5 300	5 000	4 500	6,0	11,1
Ciko Thomas ²	5 000	4 625		8,1	
Brian Kennedy	4 860	4 625	4 410	5,1	4,9
Iolanda Ruggiero	3 975	3 750	3 570	6,0	5,0

* Audited

¹ Adjustment to guaranteed remuneration in 2017 made to address gap with peer group based on market benchmarks.

² Ciko Thomas was appointed as Group Managing Executive, Retail and Business Banking, effective 1 April 2016.

STI AWARDS

The following table represents the way in which STI awards have been determined, based on the assessment of the group and cluster HE and EP performance versus targets, as well as the performance of the executive director and prescribed officer against his or her agreed individual goal commitment contract in 2017:

	Ontarget STI % of GP A	Maximum target STI % of GP	% of GP achieved for group and cluster financial measures B	% of GP achieved for individual performance and discretion C	Final STI as % of GP D = B + C	Final STI as % of on target STI E = D/A
Executive directors						
Mike Brown	150	250	149	17	166	111
Mfundo Nkuhlu	150	250	149	(4)*	145	97
Raisibe Morathi	150	250	149	16	165	110
Prescribed officers						
Brian Kennedy	250	400	204	158	362	145
Ciko Thomas	150	250	155	23	178	119
Iolanda Ruggiero	150	250	121	19	140	93

* The strong performance by managed operations was largely offset by the lower-than-expected results from Rest of Africa. Therefore, Group Remco exercised a downward discretionary adjustment, resulting in a 3% lower STI compared with that of 2016.

LTI AWARDS

Value of share-based awards made in March 2018 in respect of the 2017 financial year.

Executive directors R000	Mike Brown			Mfundo Nkuhlu			Raisibe Morathi		
	2017	2016	%	2017	2016	%	2017	2016	%
Value of share-based awards (face value at award)	14 500	14 500	–	9 500	9 250	2,7	8 750	8 000	9,4

Prescribed officers R000	Brian Kennedy			Iolanda Ruggiero			Ciko Thomas		
	2017	2016	%	2017	2016	%	2017	2016	%
Value of share-based awards (face value at award)	8 500	8 500	–	6 000	6 500	(7,7)	8 500	12 000 ¹	(29,2)

¹ Inclusive of on-appointment awards made in respect of appointment to more senior role.

REMUNERATION REPORT

(continued)

TOTAL REMUNERATION (AUDITED)

Executive Directors R000	Mike Brown			Mfundo Nkuhlu			Raisibe Morathi		
	2017	2016	%	2017	2016	%	2017	2016	%
Cash portion of package	7 014	6 680		4 635	4 415		4 184	3 654	
Other benefits	160	148		149	137		110	105	
Defined-contribution Retirement Fund	1 001	953		668	635		576	666	
Guaranteed remuneration	8 175	7 781	5,1	5 452	5 187	5,1	4 870	4 425	10,1
Cash performance incentive	7 875	7 750		4 500	4 625		4 625	4 625	
Deferred performance incentive (delivered in shares)	5 875	6 750		3 500	3 625		3 625	3 625	
Total STI ¹	13 750	14 500	(5,2)	8 000	8 250	(3,0)	8 250	8 250	
LTI ²	8 279	9 716		7 483	8 019		4 458	5 232	
Match ³	4 509	4 164		2 480	2 402		2 330	2 210	
Dividends ⁴	3 411	2 863		2 326	2 091		1 851	1 763	
Total remuneration	38 124	39 024	(2,3)	25 741	25 949	(0,8)	21 759	21 880	(0,6)

Prescribed Officers R000	Brian Kennedy			Iolanda Ruggiero			Ciko Thomas		
	2017	2016	%	2017	2016	%	2017	2016	%
Cash portion of package	4 015	3 819		3 160	3 011		3 746	2 513	
Other benefits	236	233		91	84		113	78	
Defined-contribution Retirement fund	320	305		454	432		610	410	
Guaranteed remuneration	4 571	4 357	4,9	3 705	3 527	5,0	4 469	3 001	48,9
Cash performance incentive	8 875	9 320		3 125	3 550		4 625	4 250	
Deferred performance incentive (delivered in shares)	7 875	8 320		2 125	2 550		3 625	3 250	
Total STI ¹	16 750	17 640	(5,0)	5 250	6 100	(13,9)	8 250	7 500	10,0
LTI ²	7 435	6 604		1 487	1 651		3 431	4 057	
Match ³	4 953	4 164		1 097	1 038		381	–	
Dividends ⁴	2 540	1 956		1 313	958		1 454	1 101	
Total remuneration	36 249	34 721	4,4	12 852	13 274	(3,2)	17 985	15 659	14,9

¹ In terms of the rules of the Matched-share Scheme this amount may increase by up to 27,5% (before share price movement), subject to fulfilment of the CPTs and the amount remaining invested in the scheme for 36 months.

² Total LTI represents the total value (both performance vested and time vested), valued at the year-end share price of R238,13 (2016: R188,61) that will be settled in March 2018, but for which the measurement of performance conditions was concluded on 31 December 2017.

³ Total match represents the value, valued at the year-end share price of R238,13 (2016: R188,61), of matched shares that will be settled in April 2018, but for which the measurement of performance condition was concluded on 31 December 2017.

⁴ Total dividends represent the total value of dividends received during the financial year on unvested share-based awards.

REMUNERATION REPORT

(continued)

ADDITIONAL REGULATION 43/PILLAR 3 DISCLOSURES

Specific disclosures relating to senior managers and material risk takers, the quantum of the remuneration paid in the year, sign-on awards, guaranteed bonuses, severance payments and the amount of remuneration subject to adjustment are set out below.

AGGREGATE REMUNERATION OF SENIOR MANAGERS AND MATERIAL RISK TAKERS

Senior manager	Material risktaker			
Includes executive directors and prescribed officers, members of Group Exco, as well as other members of the group's senior management with executive responsibility for a material part of the group's business.	Includes employees whose individual actions have a material impact on the risk exposure of the group, as well as those responsible for setting and monitoring trader mandates and risk and stop-loss limits.			
Total value of remuneration in the 2017 financial year ¹	2017			
	Senior managers		Material risktakers	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration (Rm)	116,5		35,7	
Variable remuneration – cash award (Rm)	121,0		33,0	
Variable remuneration – deferred performance incentive (Rm)		82,1		21,0
Variable remuneration – long-term incentive awards (Rm)		149,3		38,4
Total 2017 remuneration (unrestricted and deferred remuneration) (Rm)	237,5	231,4	68,7	59,4
Total number of employees		42		15
Value of outstanding deferred remuneration at 31 December 2017			Senior managers	Material risk takers
Compulsory bonus share scheme (Rm)			151,6	36,5
Restricted-share Scheme (Rm)			448	109,3
Total deferred remuneration outstanding (Rm)			599,6	145,8
Value of deferred remuneration paid out during 2017 (Rm)			110	20,8
Value of deferred remuneration forfeited during 2017 ² (Rm)			23,2	3,6
Total value of remuneration in the 2016 financial year ¹	2016			
	Senior managers		Material risktakers	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration (Rm)	115,8		33,9	
Variable remuneration – cash award (Rm)	120,4		32,9	
Variable remuneration – deferred performance incentive (Rm)		85,4		20,9
Variable remuneration – long-term incentive awards (Rm)		142,7		34,6
Total 2016 remuneration (unrestricted and deferred remuneration) (Rm)	236,2	228,1	66,8	55,5
Total number of employees		39		17
Value of outstanding deferred remuneration at 31 December 2016			Senior managers	Material risk takers
Compulsory Bonus Share Scheme (Rm)			138,0	29,6
Restricted-share Scheme (Rm)			461,4	89,9
Total deferred remuneration outstanding (Rm)			599,4	119,5
Value of deferred remuneration paid out during 2016 (Rm)			129,9	25,0
Value of deferred remuneration forfeited during 2016 ² (Rm)			31,1	5,84

¹ The amounts reflected in the tables above relate to actual awards made or remuneration received in the period from 1 January to 31 December 2017.

² Forfeiture of deferred remuneration due to partial or non-fulfilment of performance conditions for share awards.

REMUNERATION REPORT

(continued)

REMUNERATION SUBJECT TO ADJUSTMENT IN 2017

The total amount of outstanding deferred remuneration exposed to ex post explicit and/or implicit adjustments¹ as indicated in the following table:

¹ Adjustments as a consequence of specific forfeiture or clawback decisions, either based on individual or group considerations.

Year	Amount	
FY2016	R2 588m*	This is a combination, at 31 December of each year, of the following:
FY2017	R2 525m*	
		<ul style="list-style-type: none"> ■ All unvested RSP¹ awards ■ All unvested CBSS² awards

¹ Restricted-share Plan

² Compulsory Bonus Share Scheme

* Based on the 30-day VWAP to 31 December

The total amount of reductions during the financial year due to ex post explicit adjustments (adjustments as a consequence of non-fulfilment of specified performance conditions) is indicated in the following table:

Year	Amount	
FY2016	R171,2m ¹	Value of RSP awards lapsed due to non or partial fulfilment of CPT conditions
FY2017	R137,9m ¹	

¹ Based on the share price at the scheduled vesting date

There were no clawbacks or reductions during the financial year due to ex post implicit adjustments.

REMUNERATION OF RISK, FINANCE AND COMPLIANCE SPECIALISTS

Consistent with good corporate governance and related local and international regulations, special attention is paid to the process of remunerating risk, finance and compliance specialists within the group. This serves to ensure that individuals in these functions remain sufficiently independent from the functions or the businesses they serve.

The remuneration of senior risk, finance and compliance specialists is not determined within the relevant business unit alone. Initial proposals are made by the business unit management, but Group Exco members with overall accountability for the specific control function (the Chief Risk Officer, Chief Financial Officer and the Chief Governance and Compliance Officer) have scope to influence the remuneration outcomes of senior employees within the respective control functions. The final outcomes are presented to Group Remco, thereby providing a layer of independent oversight.

OTHER REMUNERATION DISCLOSURES

Further disclosures specifically required in terms of regulation 43 of the Banks Act are set out below:

Other remuneration disclosures	2017		2016	
	Rm	N	Rm	N
Number of employees who received variable remuneration during the year	2 974	23 374	2 683	25 435
Total guaranteed bonuses				
Total sign-on awards	14,3	34	12,8	25
Total severance awards ¹	18,8	61	4,03	4

¹ For the purpose of this disclosure severance payments means payments that exceed the bank's contractual redundancy payment.

It is not our policy to award guaranteed bonuses and accordingly no such payments have been made. Where specific compensation is indicated for new employees for the loss of an accrued benefit, the forfeiture of a performance bonus or in respect of a specific outstanding contractual obligation, a sign-on or DSTI award may be made. This is subject to time and, in the case of DSTI awards, ongoing individual performance conditions.

REMUNERATION REPORT

(continued)

NON-EXECUTIVE DIRECTORS

Group Remco is satisfied that the fee structure applied in respect of non-executive directors remains appropriate.

Non-executive director remuneration (Audited)

Non-executive director remuneration for the years ended 31 December 2017 and 31 December 2016 was as follows:

Non-executive director	Note	Nedbank and Nedbank Group Board fees (R000)	Committee fees (R000)	2017 (R000)	2016 (R000)
David Adomakoh	1, 1a	172	50	222	572
Tom Boardman	2, 2a, 2b, 2c	836	505	1 341	2 432
Brian Dames		463	319	782	718
Ian Gladman	9	463	391	854	791
Errol Kruger	3, 3a	463	814	1 277	346
Paul Hanratty	10	-			137
Bruce Hemphill	9	463	231	694	635
Mpho Makwana		463	980	1 443	1 281
Mantsika Matookane		463	363	826	717
Nomavuso Mnxasana		463	965	1 428	1 260
Vassi Naidoo		5 178		5 178	4 875
Joel Netshitenzhe		463	328	791	705
Rob Leith	9	463	391	854	181
Stanley Subramoney	4, 4a	463	911	1 374	961
Malcolm Wyman	5, 5a	648	748	1 396	1 711
Linda Manzini	6	275	194	469	
Neo Dongwana	7	275	251	526	
Hubert Brody	8	238	324	562	
Total		12 252	8 016	20 268	17 322

¹ David Adomakoh resigned as a director of Nedbank Limited and Nedbank Group Limited on 18 May 2017.

^{1a} David Adomakoh resigned as a member of the Group Transformation, Social and Ethics Committee and the Group Related-party Transactions Committee on 18 May 2017.

² Tom Boardman resigned as a director of Nedbank Limited and Nedbank Group Limited on 18 May 2017.

^{2a} Tom Boardman resigned as member and Chairman of the Group Credit Committee, Large-exposure Approval Committee and Group Risk and Capital Management Committee on 18 May 2017.

^{2b} Tom Boardman resigned as a member of the Group Audit Committee, Group Directors' Affairs Committee and Group Related-party Transactions Committee on 18 May 2017.

^{2c} Tom Boardman sat on the board of Nedbank Private Wealth (Isle of Man). His board fees are inclusive of the Nedbank Private Wealth (Isle of Man) fees of £40 000. He resigned with effect from 20 March 2018.

³ Errol Kruger was appointed as the Chairman of the Group Credit Committee, Large-exposure Approval Committee and Group Risk and Capital Management Committee on 18 May 2017.

^{3a} Errol Kruger was appointed as a member of the Group Directors' Affairs Committee on 18 May 2017.

⁴ Stanley Subramoney was appointed as Chairman of the Group Audit Committee on 18 May 2017.

^{4a} Stanley Subramoney was appointed as a member of the Group Directors' Affairs Committee and the Group Related-party Transactions Committee on 18 May 2017.

⁵ Malcolm Wyman resigned as Chairman and member of the Group Audit Committee on 18 May 2017.

^{5a} Malcolm Wyman resigned as a member of the Group Risk and Capital Management Committee on 18 May 2017.

⁶ Linda Manzini was appointed as a director of Nedbank and Nedbank Group with effect from 1 June 2017, and was appointed as a member of the Group Transformation, Social and Ethics Committee and Group Credit Committee also on 1 June 2017.

⁷ Neo Dongwana was appointed as a director of Nedbank and Nedbank Group with effect from 1 June 2017, and was appointed as a member of the Group Remuneration Committee and Group Audit Committee on 1 June 2017.

⁸ Hubert Brody was appointed a director of Nedbank and Nedbank Group with effect from 1 July 2017, and was appointed as a member of the Group Credit Committee, Large-exposure Approval Committee, Group Audit Committee and Group Remuneration Committee also with effect from 1 July 2017.

⁹ Fees for Ian Gladman, Bruce Hemphill and Rob Leith were paid to Old Mutual plc.

¹⁰ Paul Hanratty resigned as a director of Nedbank Limited and Nedbank Group Limited and all the committees on 12 March 2016.

REMUNERATION REPORT

(continued)

NON-EXECUTIVE DIRECTOR FEES FOR 2018

The non-executive director fee proposals as set out below were evaluated by an independent subcommittee consisting of Mike Brown and Bruce Hemphill, with advice from independent experts. Such evaluation was conducted from a number of perspectives, including peer group comparisons, effective rates per committee and year-on-year increases.

Increases to the Chairman's fee, board fees and several committee fees have been proposed at a range between 6,0% and 18,4%.

The proposed increases to board fees represent a total increase in the cost of operating the board of 7,6%.

	2018 (R) Proposed	2017 (R)	%
Boards			
Chairman of the board	5 700 000	5 355 000	6,4
Lead Independent Director premium	40% of board fees	40% of board fees	6,4
Nedbank Group Ltd	274 000	258 500	6,0
Nedbank Ltd	230 000	216 500	6,2
Committees			
Group Audit Committee			
Chair	750 000	687 500	9,1
Member	300 000	275 000	9,1
Group Remuneration Committee			
Chair	425 000	400 000	6,3
Member	170 000	160 000	6,3
Group Risk and Capital Management Committee			
Chair	562 500	475 000	18,4
Member	225 000	190 000	18,4
Group Credit Committee			
Chair	562 500	530 000	6,1
Member	225 000	212 000	6,1
Group Directors' Affairs Committee			
Chair	225 000	210 000	7,1
Member	90 000	84 000	7,1
Group Information Technology Committee			
Chair	337 500	312 500	8,0
Member	135 000	125 000	8,0
Group Transformation, Social and Ethics Committee			
Chair	337 500	312 500	8,0
Member	135 000	125 000	8,0
Group Related-party Transactions Committee²			
Chair	85 000	80 000	6,3
Member	34 000	32 000	6,3

The above increases are effective from 1 July 2018, subject to shareholders' approval at the annual general meeting on 10 May 2018.

REMUNERATION REPORT

(continued)

DIRECTORS' INTERESTS (AUDITED)

At 31 December 2017 the directors' interests in ordinary shares in Nedbank Group Limited and preference shares in Nedbank Limited were as follows:

	Beneficial direct 2017	Beneficial direct 2016	Beneficial indirect 2017	Beneficial indirect 2016
Number of shares				
Tom Boardman*	4 012	4 012	10 988	10 988
Mike Brown	281 766	216 087	262 255	286 375
Rob Leith		44		
Mantsika Matooane	2 261	2 261		
Mantsika Matooane (Nedbank Limited preference shares)		11 000		
Nomavuso Mnxasana			7 420	7 420
Raisibe Morathi	136 794	119 876	134 315	118 197
Vassi Naidoo			47 135	45 785
Mfundo Nkuhlu	62 028	8 178	160 863	165 527
Stanley Subramoney			2 300	2 300
Total ordinary shares	486 861	350 458	625 276	636 592
Total preference shares		11 000		

No change in the above interests occurred between 31 December 2017 and 1 March 2018.

* Resigned/Retired during 2017.

REMUNERATION REPORT

(continued)

SHARE-BASED PAYMENTS TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS – AS AT JANUARY 2017

Payments from prior years' deferred bonus, long-term incentives and outstanding share plan awards, including participation in the group's empowerment arrangements

Executive directors	Opening balance at 1 January 2017				Awards made during 2017				Awards vesting/lapsing during 2017			Dividends	Closing balance as at 31 December 2017				
	Number of restricted shares/options	Date of issue/inception	Issue price (R)	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price (R)	Final vesting/exercise date	Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ⁵ (R)	Total value of dividends paid in respect of all plans ⁶ (R)	Number of restricted shares/options	End of performance period	Final vesting/exercise date
MIKE BROWN																	
Nedbank Restricted Shares	62 200	06/03/2014	209,00	07/03/2017					40 804	21 396	232,59	9 490 602	(4 976 496)		50 826	31/12/2017	13/03/2018
	50 826	12/03/2015	255,77	13/03/2018											70 851	31/12/2018	17/03/2019
	70 851	17/03/2016	190,54	17/03/2019											58 197	31/03/2019	16/03/2020
					58 197	15/03/2017	249,15	16/03/2020									
Compulsory Bonus Share Scheme ¹	16 141	31/03/2014	223,03	01/04/2017	16 141	31/03/2014	232,59	01/04/2017	32 282 ³		250,93	8 100 522			16 435	31/12/2017	01/04/2018
	16 435	31/03/2015	251,29	01/04/2018											22 563	31/12/2018	01/04/2019
	22 563	31/03/2016	189,58	01/04/2019											14 371	31/12/2019	01/04/2020
					14 371	31/03/2017	258,33	01/04/2020									
Voluntary Bonus Share Scheme ⁴	Own shares	31/03/2014	223,03	01/04/2017	1 345	01/04/2017	232,59	01/04/2017	2 690 ³		250,93	675 002					
	Own shares	31/03/2015	251,29	01/04/2018													
	Own shares	31/03/2016	189,58	01/04/2019													
					Own shares	31/03/2017	220,17	01/04/2020									
Total value of dividends													3 411 061				
Total											18 266 126	(4 976 496)	3 411 061				
MFUNDO NKUHLU																	
Nedbank Restricted Shares	20 334	06/03/2014	209,00	07/03/2017					13 340	6 994	232,59	3 102 751	(1 626 734)				
	20 334	07/03/2014 ²	209,00	08/03/2017					20 334		232,59	4 729 485					
	45 939	12/03/2015	255,77	13/03/2018											45 939	31/12/2017	13/03/2018
	45 922	17/03/2016	190,54	17/03/2019											45 922	31/12/2018	17/03/2019
					37 126	15/03/2017	249,15	16/03/2020							37 126	31/12/2019	16/03/2020
Compulsory Bonus Share Scheme ¹	8 743	31/03/2014	223,03	01/04/2017	8 743	31/03/2014	232,59	01/04/2017	17 486 ³		250,93	4 387 762					
	8 511	31/03/2015	251,29	01/04/2018											8 511	31/12/2017	01/04/2018
	11 670	31/03/2016	189,58	01/04/2019											11 670	31/12/2018	01/04/2019
					7 717	31/03/2017	258,33	01/04/2020							7 717	31/12/2019	01/04/2020
Voluntary Bonus Share Scheme ⁴	Own shares	01/04/2014	223,03	02/04/2017	1 345	01/04/2014	232,59	01/04/2020	2 690 ³		250,93	675 002					
	Own shares	31/03/2015	251,29	01/04/2018													
	Own shares	31/03/2016	189,58	01/04/2019													
					Own shares	31/03/2017	220,17	01/04/2020									
Total value of dividends													2 326 088				
Total											12 894 999	(1 626 734)	2 326 088				

¹ Matching on the Compulsory Bonus Share Scheme occurs only on shares in the scheme as at the vesting date. If corporate performance targets are met 100% matching occurs, otherwise a 50% matching occurs.

² Restricted share awards with time-based vesting only.

³ Match occurred at one share for each in the Compulsory Bonus Share Scheme and Voluntary Bonus Share Scheme as at the vesting date.

⁴ For the Voluntary Bonus Scheme employees invest their own Nedbank Shares into the scheme. After three years, if the corporate targets are met a 100% matching occurs, otherwise a 50% matching occurs.

⁵ Value determined based on number of shares lapsing multiplied by the market share price on scheduling vesting date.

⁶ Plans excludes Voluntary Bonus Share Scheme which are own shares.

REMUNERATION REPORT

(continued)

Executive directors	Opening balance at 1 January 2017				Awards made during 2017				Awards vesting/lapsing during 2017			Dividends	Closing balance as at 31 December 2017			
	Number of restricted shares/options	Date of issue/inception	Issue price (R)	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price (R)	Final vesting/exercise date	Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ⁵ (R)	Total value of dividends paid in respect of all plans ⁶ (R)	Number of restricted shares/options	End of performance period
RAISIBE MORATHI																
Nedbank Restricted Shares	33 492	06/03/2014	209,00	07/03/2017					21 971	11 521	232,59	5 110 235	(2 679 669)			
	27 368	12/03/2015	255,77	13/03/2018												
	39 361	17/03/2016	190,54	17/03/2019										39 361	31/12/2018	17/03/2019
					32 109	15/03/2017	249,15	16/03/2020						32 109	31/12/2019	16/03/2020
Compulsory Bonus Share Scheme ¹	7 936	31/03/2014	223,03	01/04/2017	7 936	01/04/2017	223,03	01/04/2017	15 872 ³		250,93	3 982 761				
	7 924	31/03/2015	251,29	01/04/2018												
	10 892	31/03/2016	189,58	01/04/2019										10 892	31/12/2018	01/04/2018
					7 717	31/03/2017	258,33	01/04/2020						7 717	31/12/2019	01/04/2020
Voluntary Bonus Share Scheme ⁴	Own shares	01/04/2014	223,03	02/04/2017	1 345	02/04/2017	232,59	02/04/2017	2 690 ³		250,93	675 002				
	Own shares	31/03/2015	251,29	01/04/2018												
	Own shares	31/03/2016	189,58	01/04/2019												
					Own shares	31/03/2017	220,17	01/04/2020								
Total value of dividends													1 851 417			
Total											9 767 998	(2 679 669)	1 851 417			
Prescribed officers																
BRIAN KENNEDY																
Nedbank Restricted Shares	16 746	06/03/2014	209,00	07/03/2017					10 986	5 760	232,59	2 555 234	(1 339 718)			
	16 746	07/03/2014 ²	209,00	08/03/2017					16 746		232,59	3 894 952				
	22 285	12/03/2015	255,77	13/03/2018										22 285	31/12/2017	13/03/2018
	14 857	13/03/2015 ²	255,77	14/03/2018										14 857	31/12/2017	14/03/2018
	23 617	17/03/2016	190,54	17/03/2019										23 617	31/12/2018	17/03/2019
	15 744	18/03/2016 ²	190,54	18/03/2019										15 744	31/12/2018	18/03/2019
					20 469	15/03/2017	249,15	16/03/2020						20 469	31/12/2019	16/03/2020
					13 646	16/03/2017	249,15	17/03/2020						13 646	31/12/2019	17/03/2020
Compulsory Bonus Share Scheme ¹	16 141	31/03/2014	223,03	01/04/2017	16 141	01/04/2017	232,59	01/04/2017	32 282 ³		250,93	8 100 522				
	17 609	31/03/2015	251,29	01/04/2018										17 609	2016/12/31	01/04/2018
	23 730	31/03/2016	189,58	01/04/2019										23 730	2017/12/31	01/04/2019
					17 713	31/03/2016	258,33	01/04/2020						17 713	2018/12/31	01/04/2020
Voluntary Bonus Share Scheme ⁴	Own shares	01/04/2014	223,03	02/04/2017	1 345	01/04/2017	232,59	01/04/2017	2 690 ³		250,93	675 002				
	Own shares	31/03/2015	251,29	01/04/2018												
	Own shares	31/03/2016	189,58	01/04/2019												
					Own shares	31/03/2017	220,17	01/04/2020								
Total value of dividends													2 540 402			
Total											15 225 710	(1 339 718)	2 540 402			

¹ Matching on the Compulsory Bonus Share Scheme occurs only on shares in the scheme as at the vesting date. If corporate performance targets are met 100% matching occurs, otherwise a 50% matching occurs.

² Restricted share awards with time-based vesting only.

³ Match occurred at one share for each in the Compulsory Bonus Share Scheme and Voluntary Bonus Share Scheme as at the vesting date.

⁴ For the Voluntary Bonus Scheme employees invest their own Nedbank Shares into the scheme. After three years, if the corporate targets are met a 100% matching occurs, otherwise a 50% matching occurs.

⁵ Value determined based on number of shares lapsing multiplied by the market share price on scheduling vesting date.

⁶ Plans excludes Voluntary Bonus Share Scheme which are own shares.

REMUNERATION REPORT

(continued)

Executive directors	Opening balance at 1 January 2017				Awards made during 2017				Awards vesting/lapsing during 2017			Dividends	Closing balance as at 31 December 2017			
	Number of restricted shares/options	Date of issue/inception	Issue price (R)	Vesting date	Number of restricted shares/options	Date of issue/inception	Issue price (R)	Final vesting/exercise date	Number of restricted shares/options released	Number of restricted shares/options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ⁵ (R)	Total value of dividends paid in respect of all plans ⁶ (R)	Number of restricted shares/options	End of performance period
CIKO THOMAS																
Nedbank Restricted Shares	10 287	06/03/2014	209,00	07/03/2014					6 749	3 538	232,59	1 569 750	(822 903)			
	10 287	07/03/2014 ²	209,00	08/03/2017				10 287			232,59	2 392 653				
	10 204	12/03/2015	255,77	13/03/2018										10 204	31/12/2017	13/03/2018
	6 803	13/03/2015 ²	255,77	14/03/2018										6 803	31/12/2017	14/03/2018
	14 957	17/03/2016	190,54	17/03/2019										14 957	31/12/2018	17/03/2019
	9 971	18/03/2016 ²	190,54	18/03/2019										9 971	31/12/2018	18/03/2019
	14 169	11/08/2016	211,87	11/08/2019										14 169	31/12/2018	11/08/2019
	9 447	12/08/2016 ²	211,87	12/08/2019										9 447	31/12/2018	12/08/2019
					18 061	15/03/2017	249,15	16/03/2020						18 061	31/12/2019	16/03/2020
					12 040	16/03/2017	249,15	17/03/2020						12 040	31/12/2019	17/03/2020
Compulsory Bonus Share Scheme ¹	1 486	31/03/2015	251,29	01/04/2018				1 486		235,00	349 210					
	4 564	31/03/2016	189,58	01/04/2019				2 282		209,66	478 444			2 282	31/12/2017	01/10/2018
					6 919	31/03/2017	258,33	01/04/2020	2 306		214,60	494 868		4 613	31/12/2018	01/04/2020
Total value of dividends													1 454 227			
Total											5 284 925	(822 903)	1 454 227			
IOLANDA RUGGIERO																
Nedbank Restricted Shares	4 186	06/03/2014	209,00	07/03/2017				2 747	1 439	232,59	638 925	(334 697)				
	4 186	07/03/2014 ²	209,00	08/03/2017				4 186		232,59	973 622					
	4 457	12/03/2015	255,77	13/03/2018										4 457	31/12/2017	13/03/2018
	2 971	13/03/2015 ²	255,77	14/03/2018										2 971	31/12/2017	14/03/2018
	7 959	12/08/2015	263,84	13/08/2018										7 959	31/12/2017	13/08/2018
	5 306	13/08/2015 ²	263,84	14/08/2018										5 306	31/12/2017	14/03/2018
	18 893	17/03/2016	190,54	17/03/2019										18 893	31/12/2018	17/03/2019
	12 595	18/03/2016 ²	190,54	18/03/2018										12 595	31/12/2018	18/03/2019
					15 653	15/03/2017	249,15	16/03/2020						15 653	31/12/2019	16/03/2020
					10 435	17/03/2017	249,15	17/03/2020						10 435	31/12/2019	17/03/2020
Compulsory Bonus Share Scheme ¹	3 093	31/03/2014	223,03	01/04/2017	3 093	01/04/2017	232,59	01/04/2017	6 186 ³	250,93	1 552 253					
	3 110	31/03/2015	251,29	01/04/2018										3 110	31/12/2017	01/04/2018
	7 780	31/03/2016	189,58	01/04/2019										7 780	31/12/2018	01/04/2019
					5 429	31/03/2017	258,33	01/04/2020						5 429	31/12/2019	01/04/2020
Voluntary Bonus Share Scheme ⁴	Own shares	01/04/2014	223,03	02/04/2017	1 265	01/04/2017	232,59	01/04/2017	2 530 ³	250,93	634 853					
	Own shares	31/03/2015	251,29	01/04/2018												
	Own shares	31/03/2016	189,58	01/04/2019												
					Own shares	31/03/2017	220,17	01/04/2020								
Total value of dividends													1 312 938			
Total											3 799 652	(334 697)	1 312 938			

¹ Matching on the Compulsory Bonus Share Scheme occurs only on shares in the scheme as at the vesting date. If corporate performance targets are met 100% matching occurs, otherwise a 50% matching occurs.

² Restricted share awards with time-based vesting only.

³ Match occurred at one share for each in the Compulsory Bonus Share Scheme and Voluntary Bonus Share Scheme as at the vesting date.

⁴ For the Voluntary Bonus Scheme employees invest their own Nedbank Shares into the scheme. After three years, if the corporate targets are met a 100% matching occurs, otherwise a 50% matching occurs.

⁵ Value determined based on number of shares lapsing multiplied by the market share price on scheduling vesting date.

⁶ Plans excludes Voluntary Bonus Share Scheme which are own shares.