Standard Bank Group financial results
for the year ended 31 December 2013

Standard Bank

Standard Bank

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Standard Bank Group analysis of financial results

for the year ended 31 December 2013

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Capital management

Standard Bank Group is the largest African banking group by assets and earnings offering a full range of banking and related financial services

- operates in 20 countries in sub-Saharan Africa
- owns a controlling stake in the South African listed insurance and wealth management group, Liberty Holdings Limited
- three business units: Personal & Business Banking, Corporate & Investment Banking and Liberty
- 151-year history in South Africa
- listed on the Johannesburg Stock Exchange (JSE) since 1970
- started building a franchise outside Southern Africa in the early 1990s.

The Standard Bank Group's (the group) analysis of financial results for the year ended 31 December 2013 has not been audited or independently reviewed. The group's annual financial statements have been audited with an unmodified opinion. The preparation of the financial results was supervised by the group financial director, Simon Ridley, BCom (Natal), CA(SA), AMP (Oxford).

Key banking legal entity information

Other information and restatements

Shareholder information

Highlights

Headline earnings

R17 194 million, up 15%

(2012: R14 918 million)

Headline earnings per share

1 065 cents, up 14%

(2012: 935 cents)

Dividend per share

533 cents, up 17%

(2012: 455 cents)

Return on equity

14.1%

(2012: 14.0%)

Tier I capital adequacy ratio

13.2%

(2012: 11.2%)

Net asset value per share

8 127 cents, up 14%

(2012: 7 136 cents)

Cost-to-income ratio

58.5%

(2012: 58.9%)

Credit loss ratio

1.04%

(2012: 1.08%)

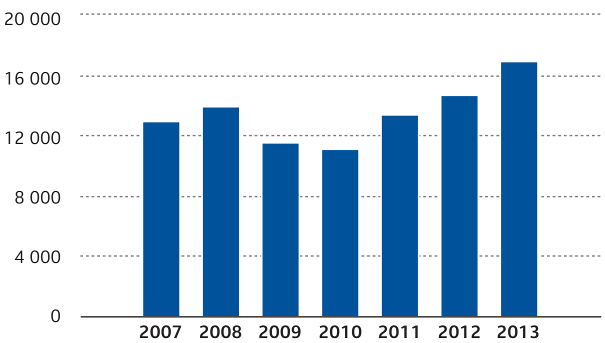
The results in this booklet are presented on a normalised basis, unless otherwise indicated as being on an International Financial Reporting Standards (IFRS) basis. Results are normalised to reflect the group's view of the economics of its Black Economic Empowerment Ownership initiative and the group's share exposures entered into to facilitate client trading activities and for the benefit of Liberty policyholders that are deemed to be treasury shares.

On 8 November 2013 the group announced that it was in discussions regarding the disposal of a controlling stake in its global markets business outside Africa through the sale of a controlling interest in Standard Bank Plc (SB Plc), the group's London banking operation. This was followed by an announcement on 29 January 2014 that transaction agreements had been signed with the Industrial and Commercial Bank of China (ICBC). The transaction is subject to Standard Bank shareholder approval and various regulatory approvals. While IFRS deems this business to be a discontinued operation, SB Plc was managed and reported as part of the group's continuing operations throughout 2013. The normalised financial results therefore include the full results of SB Plc before the discontinued operation adjustments to achieve IFRS as explained on page 22.

The normalised results reflect the basis on which management manages the group and is consistent with that reported in the group's segment report. Refer to page 20 for a detailed explanation on the principal differences between normalised and IFRS results and page 23 for a reconciliation of the group's IFRS results.

Headline earnings (Rm)

CAGR[1] (2007 – 2013): 5%

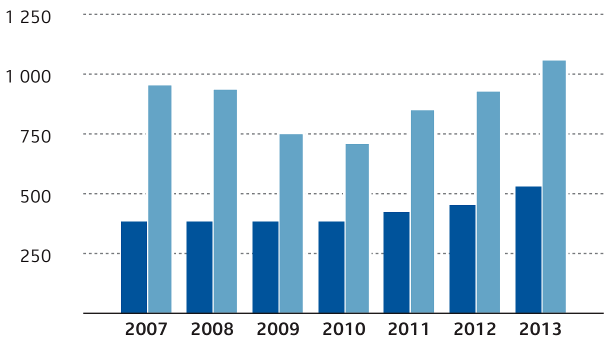


13 153	14 150	11 718	11 283	13 599	14 918	17 194

[1] Compound annual growth rate.

Headline earnings and dividends per share (cents)

CAGR (2007 – 2013): Headline earnings per share: 2% Dividends per share: 6%



Dividends per share	386	386	386	386	425	455	533
Headline earnings per share	961	943	757	716	857	935	1 065

Group results in brief

Financial results, ratios and statistics

		Change %	2013	2012
Standard Bank Group				
Headline earnings contribution by business unit				
Total headline earnings	Rm	15	**17 194**	14 918
Banking activities	Rm	16	**14 983**	12 928
Personal & Business Banking	Rm	14	**8 358**	7 343
Corporate & Investment Banking	Rm	49	**6 591**	4 419
Central and other	Rm	(93)	**34**	493
Discontinued operation – Argentina	Rm	(100)	**–**	673
Liberty	Rm	11	**2 211**	1 990
Ordinary shareholders' interest				
Profit attributable to ordinary shareholders	Rm	4	**17 017**	16 400
Ordinary shareholders' equity	Rm	15	**131 475**	114 619
Share statistics				
Headline earnings per ordinary share (EPS)	cents	14	**1 064,9**	934,9
Diluted headline EPS	cents	14	**1 054,7**	927,4
Basic EPS	cents	3	**1 053,9**	1 027,8
Diluted EPS	cents	2	**1 043,9**	1 019,6
Dividend per share	cents	17	**533,0**	455,0
Net asset value per share	cents	14	**8 127**	7 136
Tangible net asset value per share	cents	12	**6 988**	6 222
Dividend cover	times		**2.0**	2.1
Number of ordinary shares in issue				
End of period	thousands	1	**1 617 844**	1 606 136
Weighted average	thousands	1	**1 614 674**	1 595 600
Diluted weighted average	thousands	1	**1 630 208**	1 608 506
Selected returns and ratios				
Return on equity (ROE)	%		**14.1**	14.0
Capital adequacy[1]				
Total capital adequacy ratio	%		**16.2**	14.3
Tier I capital adequacy ratio	%		**13.2**	11.2
Common equity tier I capital adequacy ratio	%		**12.6**	10.6
Employee statistics				
Number of employees		(0)	**48 808**	49 017
Banking activities				
Balance sheet				
Total assets	Rm	7	**1 358 467**	1 274 234
Loans and advances (net of credit impairments)	Rm	11	**899 375**	813 892
Selected returns and ratios				
ROE	%		**13.2**	13.2
Loan-to-deposit ratio	%		**90.0**	88.0
Net interest margin	%		**3.22**	3.09
Non-interest revenue to total income	%		**48.3**	50.2
Credit impairment charges	Rm	5	**9 214**	8 800
Credit loss ratio	%		**1.04**	1.08
Cost-to-income ratio	%		**58.5**	58.9
Effective taxation rate	%		**27.5**	30.4
Employee statistics				
Number of employees		(1)	**42 221**	42 736

[1] Capital adequacy ratios for 2013 are presented on a Basel III basis, with 2012 on a pro forma Basel III basis.

In 2013 the group experienced:

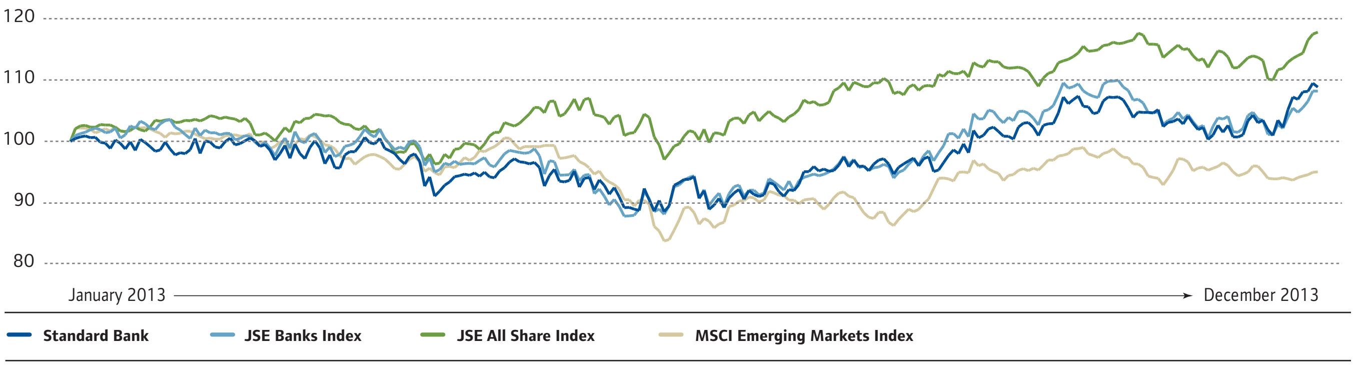
Globally

- Weakening of emerging market currencies over concerns that the United States (US) Federal Reserve would start to slow its monetary stimulus.
- Contained global inflation, although significantly higher in developing markets than advanced economies.
- More stable macro-economic conditions in East and West Africa as indicated by lower average interest rates.
- Signs of recovery in the US economy with the unemployment rate at 6.7%, the lowest level since October 2008.
- Economic stagnation in the Eurozone.

South Africa

- Rising inflation as a result of increases in prices of oil, food, transport, education and electricity.
- Low growth in public sector investments and reduced credit demand from the private sector.
- Persistently high levels of unemployment and wage increases, coupled with significant and prolonged industrial action.
- Moderation of household consumption expenditure and disposable income levels despite the accommodative interest rate environment.
- Significant weakening of the rand due to global USD strength, industrial unrest in the mining sector and concerns regarding monetary stimulus tapering by the US Federal Reserve.

Share price performance



		Change %	2013	2012
Other economic indicators				
Market indicators				
USD/ZAR exchange rate				
– closing		24	**10,49**	8,48
– average		17	**9,64**	8,21
SA prime overdraft rate (closing)	%		**8.5**	8.5
SA average prime overdraft rate	%		**8.5**	8.8
SA average CPI	%		**5.8**	5.7
JSE All Share Index (closing)		18	**46 256**	39 250
JSE Banks Index (closing)		8	**57 745**	53 362
MSCI Emerging Markets Index (closing)		(5)	**1 003**	1 055
Share statistics				
Share price				
High for the year	cents	9	**13 054**	12 030
Low for the year	cents	4	**10 316**	9 876
Closing	cents	9	**12 942**	11 888
Shares traded				
Number of shares	thousands	8	**1 012 189**	938 187
Value of shares	Rm	13	**116 482**	103 232
Turnover in shares traded	%		**62.7**	58.8

Overview of financial results

Group results

The group has produced a satisfactory performance in 2013, increasing headline earnings per share by 14% and net asset value per share by 14%. Group return on equity has increased to 14.1% from 14.0% in 2012. Total income and expenses grew by 10% while credit impairments rose just 5%, reflecting a more normalised level of corporate credit losses. A final dividend of 300 cents per share has been declared bringing the total dividend for the year to 533 cents per share, a 17% increase on 2012.

Underlying momentum in our business units was maintained during the year with particularly pleasing growth evident in our subsidiaries in the rest of Africa, where 44% growth in aggregate headline earnings was achieved. We made further substantial progress in group restructures and implementing our Africa-focused strategy, and our positioning in selected countries in Africa reflects our confidence in its economic prospects. We continue to use our South African scale, as well as our access to pools of capital around the world, to provide products and services that deliver value to our clients across the continent.

Operating environment

Global economic activity and trade increased throughout the course of 2013, particularly in the second half of the year, but risks remain due to the unbalanced nature of the growth. While the recovery in the US and Japan appears to be gaining traction, economic conditions in the Eurozone remain fragile and doubts about the sustainability of China's economic expansion persist. The volatile performance of currencies, bonds and equities in emerging markets, particularly those countries with large current account deficits, reflect international concern over the impact of the removal of significant monetary support by the US Federal Reserve.

In South Africa, households continued to struggle despite the accommodative interest rate environment. Growth in household consumption expenditure, which accounts for approximately two-thirds of total GDP, moderated further in 2013. South African consumer confidence remains low and disposable incomes have stagnated on the back of rising inflation and lower wage payments, partly because of strike activity in 2013. However, in sync with a slower pace of spending, personal debt levels declined slightly and household net wealth improved, but total fixed investment growth remained sluggish in 2013.

In spite of the exposure to faltering commodity prices, expansion in sub-Saharan African economies has remained resilient and has not been confined to resource-rich countries, reflecting the positive impact of better macroeconomic policies and institutions. Growth of around 5% for the region is expected by the International Monetary Fund (IMF) for 2013.

Revenue

Total revenue increased by 10% over the year with net interest income (NII) growing strongly by 15% and non-interest revenue (NIR) up by 6%. The significant depreciation of the rand across most currencies throughout the course of 2013 assisted revenue growth and, on a constant currency basis, total revenue was 7% higher than in 2012.

The NII growth of 15% was achieved in spite of moderate customer loan growth of 9% within banking activities. Continued repricing of the residential mortgage portfolio in South Africa and the product mix benefit resulting from growth in higher-margin unsecured lending and rest of Africa portfolios resulted in further margin expansion.

Net fee and commission growth of 9% over the year was driven mostly by a good performance from Personal & Business Banking (PBB) which achieved 11% growth despite no price increases on personal transactional accounts during the year. PBB's strategy to protect and grow its customer base, including the launch of its customer reward programme, UCount, during the year was rewarded with significantly higher transaction activity, mostly in electronic banking channels. Further good growth was experienced in bancassurance income which supported PBB's fee and commission levels. Corporate & Investment Banking (CIB) fee and commission levels were affected by a decline in knowledge-based fee and commission levels but good growth was experienced in transaction-based activity across the African continent.

Trading revenue grew by 15% due mainly to a strong performance in the rest of Africa and from commodity trading, while equity trading benefited from the release of a provision made in 2012 relating to a claim against the group that was settled in our favour during the course of the year. Difficult and volatile conditions persisted in fixed income and currency trading during the year in South Africa and outside Africa, due in part to uncertainty over the withdrawal of liquidity support to financial markets by the US Federal Reserve.

Credit impairments

Credit impairments increased by 5% over the year and the credit loss ratio decreased to 1.04% from 1.08% in 2012. Stabilisation in the inclusive personal term loan portfolio in South Africa in the second half of the year was evident due to reduced risk appetite in this section of the market and careful management of non-performing accounts. PBB's credit loss ratio of 1.47% (2012: 1.39%) was affected mainly by small and medium enterprise (SME) lending in the rest of Africa and higher losses in card products and instalment sale and finance leases off low bases in 2012. Steady improvement in the residential property market continued during the year and non-performing loans along with credit losses in the mortgage portfolio continued to decline.

CIB's credit losses declined by R943 million in 2013 and its credit loss ratio declined to a more normalised 0.36% from the high level of 0.63% in 2012, in spite of a small number of high value credit impairments in South Africa and rest of Africa. The non-recurrence of specific provisioning mainly against Middle East exposures, as well as a recovery received in respect of a previously written-off exposure in CIB outside Africa assisted the improvement.

Operating expenses

Operating expenses increased by 10% in 2013 and by 4% on a constant currency basis.

Staff costs increased by 11%, and by 7% on a constant currency basis, while fixed and variable remuneration increased by 10% and 15%, respectively. Sharply improved profitability in CIB and in our African subsidiaries contributed to the higher variable remuneration increase. Total headcount within banking activities declined by 1% due to lower staffing levels in administrative functions in both South Africa and outside Africa. This was outweighed by an increase in employee levels in our African subsidiaries which is consistent with group strategy. Other operating expenses increased by 13% and by 6% on a constant currency basis. The group's cost-to-income ratio improved to 58.5% from 58.9% in 2012.

Loans and advances

Loans and advances to customers increased by 9% in 2013. PBB growth of 8% captures the lower growth in residential mortgages of 3% and higher growth in personal unsecured lending of 22%. CIB loans and advances growth of 11% is boosted by rand weakness and grew by 7% on a constant currency basis in line with its strategy to contain growth in risk-weighted assets.

Capital, funding and liquidity

Throughout the course of 2013, the group made considerable progress in building its common equity tier I and tier I capital levels and is well placed to meet the rising capital adequacy ratios required by the South African Reserve Bank (SARB) by 2016. The group's 31 December 2013 Basel III tier I ratio increased to 13.2% from the pro forma Basel III ratio of 11.2% at 31 December 2012. The effect of the weaker rand on capital invested in subsidiaries outside of South Africa boosted shareholders' equity by approximately R6,3 billion and increased qualifying common equity tier I capital by 8% over the year.

The group's liquidity position remains strong with appropriate liquidity buffers of R154,2 billion in excess of regulatory requirements at 31 December 2013. These significant levels of liquidity are appropriately conservative given the group's liquidity stress-testing philosophy and in view of potential change in regulatory requirements. The group's long-term funding ratio (which measures funding-related liabilities with a remaining maturity of six months or more, as a percentage of total funding-related liabilities) declined to 19.4% during 2013. This is in alignment with reduced long-dated asset positions, particularly in CIB, and adopting a more active term asset distribution strategy. This strategy has been adopted to better utilise scarce and expensive capital and term funding resources.

Deposits increased by 8% over the year with a low increase of 4% in more expensive wholesale deposits which reflected the lower level of term deposits from asset managers and companies, mainly in South Africa. Good growth in call deposits, reflecting client preference for liquidity, only partially made up this term deposit decline. PBB continued to grow its retail priced deposit base strongly, increasing this source of funding by 20% over the year mainly in current accounts and call deposits across all geographies in which it operates.

The Basel Committee on Banking Supervision (BCBS) has proposed the two liquidity ratios, namely the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), as part of the Basel III requirements. The SARB confirmed that the LCR will be applied to the South African banking industry from 2015 and that a committed liquidity facility will also be made available, at a fee, to assist banks in meeting this ratio. The proposals for the NSFR, which will be implemented in 2018, have recently been moderated. Notwithstanding the changes, further term funding will have to be raised by all South African banks to fully meet the proposed Basel III liquidity regime in South Africa and certain other emerging markets.

Personal & Business Banking

PBB reported headline earnings of R8 358 million in 2013, an increase of 14% which was principally due to 18% growth in NII after accounting for credit impairments. PBB South Africa increased earnings by 15% to R8 538 million and PBB rest of Africa reported a loss of R361 million. PBB's ROE declined to 18.5% from 19.4% in 2012.

Transactional products grew total income by 8% in spite of the short-term effect of the implementation of various pricing-based measures to retain and attract customers in both 2012 and 2013. Good growth was achieved in transactional and saving products, and increased term deposits in the rest of Africa supported net interest income that was affected by lower endowment income in the rest of Africa. Headline earnings for transactional products fell marginally to R2 727 million in 2013 (2012: R2 789 million) due mainly to higher operating costs and the lower endowment income.

Mortgages delivered a strong performance during 2013, lifting headline earnings to R1 516 million from R966 million in 2012. In South Africa higher pricing on the portfolio that more appropriately reflected underlying risk helped income increase by 21%, in spite of a low 3% increase in net mortgage balances. Credit impairments and non-performing loans both declined due to enhanced credit collection activities and a steady recovery in the South African housing market.

Within instalment sale and finance leases, headline earnings fell to R181 million from R229 million in 2012 in spite of 15% growth in total income during the year that was helped by good loan growth in certain African countries. Deterioration in the credit quality within personal markets led to an increase in both non-performing loans and credit impairments off a relatively low base in 2012.

Card products increased headline earnings by 11% to R1 334 million, in spite of a substantial increase in credit impairment charges which had been expected due to the low level of impairments in 2012. Income growth of 13% was driven by increased transaction volumes and the full-year impact of an increased number of high-value corporate merchants following account initiatives and upgrades. The credit loss ratio of 3.26% for 2013 (2012: 1.73%) reflects a more normalised level of impairments given the risk profile of business generated.

Headline earnings by business unit

	Change %	2013 Rm	2012 Rm
Personal & Business Banking	14	**8 358**	7 343
Corporate & Investment Banking	49	**6 591**	4 419
Central and other	(93)	**34**	493
Banking activities – continuing operations	22	**14 983**	12 255
Discontinued operation – Argentina	(100)	**–**	673
Banking activities	16	**14 983**	12 928
Liberty	11	**2 211**	1 990
Standard Bank Group	15	**17 194**	14 918

Strong income growth of 24% in lending products reflected the growth primarily in overdraft and revolving credit plan products following a focused approach on limit changes and higher limit utilisation in South Africa. Higher impairments were also recorded due to the loan book growth, but the credit loss ratio declined slightly in 2013. Headline earnings increased by 25% in 2013 to R785 million.

In the bancassurance and wealth product set, increased premiums following growth in the short-term insurance policy base as well as continued growth in the policy base in core banking products and in the joint venture with Liberty helped total income to grow 20%. Insurance profits improvement in certain African countries, moderate growth in expenses, and increased profitability in Standard Bank Offshore Group supported the 19% growth in headline earnings to R1 815 million.

Corporate & Investment Banking

CIB recorded headline earnings of R6 591 million, representing a 49% increase on the prior year. Moderate revenue growth of 9% (2% on a constant currency basis) masks the continued strong growth in the CIB rest of Africa franchise which now accounts for 39% of total revenues generated. Credit impairments were substantially lower than 2012, as expected. Total costs were up 4%, and down by 6% on a constant currency basis, due to restructuring initiatives undertaken in our outside Africa business in 2012. CIB's ROE improved to 14.3% from 9.6% in 2012 following improved earnings and intensive focus on capital utilisation in the year.

Our transactional products and services business recorded a strong revenue performance in 2013, growing revenues by 19%, and now contributing 31% of CIB's overall revenues. This was primarily driven by higher net interest income in spite of negative endowment impact notably in East Africa and certain other African countries where interest rates decreased significantly in 2013. All product areas performed well with cash management, trade finance and investor services growing revenue strongly. Rest of Africa now accounts for 50% of the overall transactional products and services revenue generated.

Our global markets business increased revenues by 16% on 2012. This growth was as a result of strategic focus on rest of Africa where revenues increased by over 50% supported by a positive trading environment. It was a challenging year for global markets in South Africa, where increased regulation and competition compressed trading margins. Outside Africa also experienced difficult trading due to uncertainty relating to the reduction in the US Federal Reserve's quantitative easing programme. However, total headline earnings benefited from the well contained cost growth, following the restructuring initiatives undertaken in our outside Africa business in 2012, and grew strongly from R1 225 million to R2 403 million.

Investment banking reported revenues of R6,1 billion, 7%, below 2012 as a result of further progress made in its strategy to focus on Africa and its core sectors, while at the same time significantly reducing its portfolio outside Africa. The reduction in revenues lost was largely offset by strong revenue growth of 29% in the rest of Africa portfolio. The level of credit impairments improved off the high level of R1,7 billion in 2012 to R919 million consisting of a small number of large provisions. Headline earnings declined by 6%.

Real estate and principal investment management revenues reduced by 13% mainly due to the non-recurrence of gains on principal investments recorded in 2012 and lower property revenue, but headline earnings rose 24% due to tax credits received in the current year.

Central and other

Headline earnings declined to R34 million from R1 166 million in the prior year which had included the contribution of R673 million from the group's 75% investment in Standard Bank Argentina, the majority of which was sold in the last quarter of 2012. The attributable income from the 20% holding that the group retains in Argentina amounted to R249 million in the current period. The non-recurrence of prior year profit release of the cash flow hedge reserve and more general overhead costs held centrally contributed to the headline earnings reduction.

Liberty

The financial results reported are the consolidated results of our 54.1% investment in Liberty. Bancassurance results are included in PBB. Liberty's headline earnings for the year increased by 11% to R4 076 million of which R2 211 million was attributable to the group.

Liberty's return on equity at 24.7% and return on group equity value of 16.1% are highly satisfactory and are well ahead of the group's medium term target levels. Liberty continues to produce positive experience variances in its long-term insurance business and its balance sheet management capability successfully managed the volatile interest rate and currency markets experienced during 2013. This performance has been supported by innovative new products, solid insurance new business growth, good investment performance, growth in assets under management and demonstrated ability to manage to model.

Long-term indexed insurance sales of R6 948 million were up 15% on the prior year. This, combined with improved pricing, produced a 21% improvement in the group embedded value of long-term insurance new business to R839 million at an overall margin of 2.2% (2012: 2.0%). This performance was achieved despite approximately a R100 million reduction in value due to the increase in discount rate in line with increased long-term interest rates. The new Evolve and Stable Growth investment product ranges launched in 2012 have been very successful. Group asset management net cash inflows of R15,7 billion were 10% up on 2012, despite a drawdown of R7 billion of assets under a government mandate in East Africa. Stanlib's South African business had a particularly good year attracting R21,7 billion of net cash inflows of which R19,4 billion went into higher margin non-money market retail and institutional mandates. Assets under management across the group grew by 16% to R611 billion.

Strategic update

The group's strategy is to build the leading Africa-focused financial services organisation. Our intention therefore, is also to build the leading wealth management and insurance business in Africa. In line with this, the group has created executive oversight for the group's wealth, insurance and non-bank financial services interests which broaden the group's value propositions. Demand for non-bank financial services is expected to grow rapidly on the African continent and, by more tightly integrating these businesses, we will be able to improve both our capital and our cost efficiency.

Additionally, we have entered into an agreement with ICBC in terms of which ICBC will acquire a controlling interest in our global markets business outside Africa, focusing on commodities, fixed income, currencies, credit and equities products. We believe the platform that has been developed over many years has the potential to create considerably more value through growing its franchise and generating incremental revenues from a wider spectrum of opportunities than are currently available to it given our narrower strategic focus on Africa.

In partnership with ICBC, we intend to create a new and larger commodity and financial markets platform and expanding the strategic emphasis for the global markets business outside Africa to include a focus on China by becoming part of China's leading banking group.

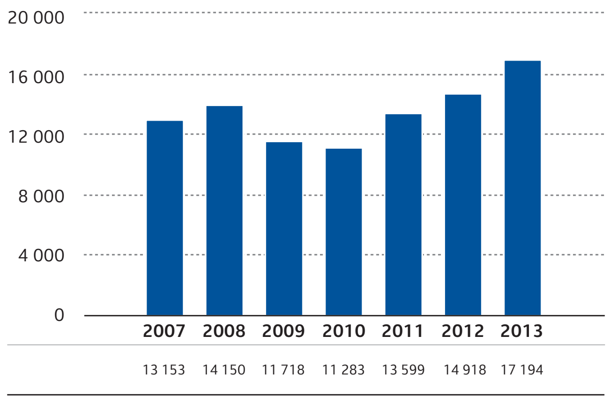
Group results in brief

Summarised group income statement

	Change %	2013 Rm	2012 Rm
Net interest income	15	**39 225**	34 233
Non-interest revenue	6	**36 669**	34 474
Net fee and commission revenue	9	**23 147**	21 319
Trading revenue	15	**10 202**	8 868
Other revenue	(23)	**3 320**	4 287
Total income	10	**75 894**	68 707
Credit impairment charges	5	**9 214**	8 800
Specific credit impairments	1	**9 105**	9 040
Portfolio credit impairments	>100	**109**	(240)
Income after credit impairment charges	11	**66 680**	59 907
Operating expenses	10	**44 862**	40 826
Staff costs	11	**24 760**	22 265
Other operating expenses	13	**20 102**	17 803
Restructure charge	(100)	**–**	758
Net income before goodwill	14	**21 818**	19 081
Goodwill impairment	(100)	**–**	777
Net income before disposal of subsidiaries and equity accounted earnings	19	**21 818**	18 304
Profit/(loss) on disposal of subsidiaries	>100	**64**	(86)
Share of profit from associates and joint ventures	(0)	**673**	675
Net income before taxation	19	**22 555**	18 893
Taxation	8	**6 197**	5 745
Profit for the year from continuing operations	24	**16 358**	13 148
Discontinued operation – Argentina	(100)	**–**	2 435
Profit from discontinued operation	(100)	**–**	910
Profit from the disposal of discontinued operation	(100)	**–**	1 525
Profit for the year	5	**16 358**	15 583
Attributable to non-controlling interests	34	**1 146**	855
Attributable to preference shareholders	(3)	**348**	357
Attributable to ordinary shareholders – banking activities	3	**14 864**	14 371
Headline adjustable items – banking activities	>100	**119**	(1 443)
Headline earnings – banking activities	16	**14 983**	12 928
Headline earnings – Liberty	11	**2 211**	1 990
Standard Bank Group headline earnings	15	**17 194**	14 918

Headline earnings

Headline earnings (Rm)
CAGR (2007 – 2013): 5%



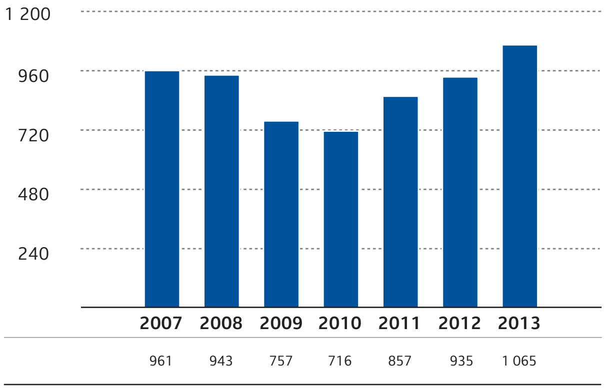
Reconciliation of headline earnings to profit for the year

	2013				2012			
	Gross Rm	**Tax[1] Rm**	**Non-controlling interest and preference shareholders Rm**	**Net Rm**	Gross Rm	Tax[1] Rm	Non-controlling interest and preference shareholders Rm	Net Rm
Profit for the year – banking activities	**20 983**	**(4 625)**	**(1 494)**	**14 864**	19 916	(4 333)	(1 212)	14 371
Headline adjustable items – banking activities added/(reversed)	**197**	**(88)**	**10**	**119**	(1 435)	5	(13)	(1 443)
Profit on sale of property and equipment – IAS 16	**(4)**	**2**		**(2)**	(31)	(3)		(34)
Realised foreign currency translation reserve profit – IAS 21					(119)			(119)
(Profit)/loss on disposal of subsidiary – IAS 27	**(91)**			**(91)**	86			86
Profit on sale of Argentina – IAS 27					(1 525)			(1 525)
Disposal profit and changes in impairment of associates – IAS 28/IAS 36					(356)	20		(336)
Goodwill impairment – IAS 36					777			777
Impairment of intangible assets – IAS 36	**308**	**(86)**		**222**	220			220
Loss on net investment hedge on disposal of associate – IAS 39					130	(33)		97
Realised gains on available-for-sale assets – IAS 39	**(16)**	**(4)**	**10**	**(10)**	(595)	11	(15)	(599)
Headline adjustable items – Argentina					(22)	10	2	(10)
Headline earnings – banking activities	**21 180**	**(4 713)**	**(1 484)**	**14 983**	18 481	(4 328)	(1 225)	12 928
Headline earnings – Liberty	**7 582**	**(2 968)**	**(2 403)**	**2 211**	6 774	(2 667)	(2 117)	1 990
Standard Bank Group headline earnings	**28 762**	**(7 681)**	**(3 887)**	**17 194**	25 255	(6 995)	(3 342)	14 918

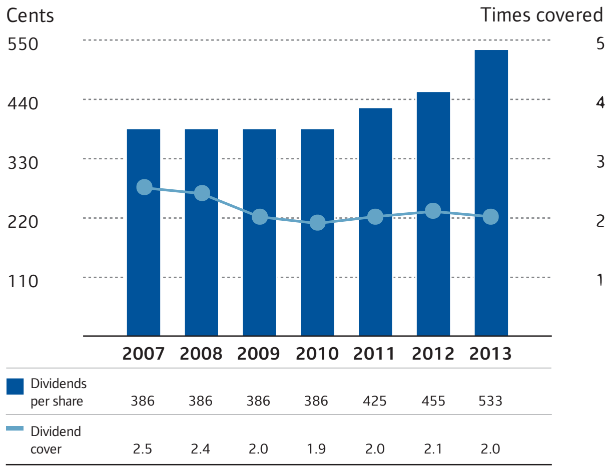
[1] Excluding indirect taxes and 2012 includes direct taxes attributable to the Argentina discontinued operation.

Headline earnings and dividends per share

Headline earnings per share (cents)
CAGR (2007 – 2013): 2%



Dividends per share
CAGR (2007 – 2013): 6%



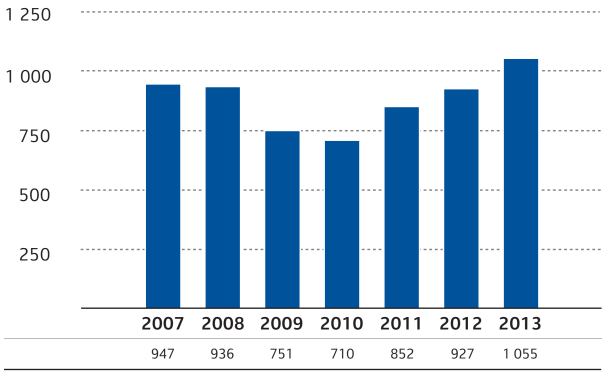
		Change %	2013	2012
Headline earnings	Rm	15	**17 194**	14 918
Headline EPS	cents	14	**1 064,9**	934,9
Basic EPS	cents	3	**1 053,9**	1 027,8
Total distribution per share	cents	17	**533,0**	455,0
Interim	cents	10	**233,0**	212,0
Final	cents	23	**300,0**	243,0
Distribution cover – based on normalised headline EPS	times		**2.0**	2.1
Distribution payout ratio – based on normalised headline EPS	%		**50.1**	48.7

Movement in number of ordinary and weighted average shares issued

	2013		2012	
	Issued number of shares 000's	**Weighted number of shares 000's**	Issued number of shares 000's	Weighted number of shares 000's
Beginning of the year	**1 606 136**	**1 606 136**	1 588 747	1 588 747
Shares bought back	**(2 878)**	**(994)**	–	–
Shares issued	**14 586**	**9 532**	17 389	6 853
Shares issued for share option settlements	**4 305**	**2 377**	5 348	3 366
Shares issued through scrip distribution	**10 281**	**7 155**	12 041	3 487
End of the year – normalised	**1 617 844**	**1 614 674**	1 606 136	1 595 600
Reconciliation to IFRS shares in issue				
End of the year – normalised	**1 617 844**	**1 614 674**	1 606 136	1 595 600
Tutuwa SEs' shares financed by Standard Bank	**(27 726)**	**(42 909)**	(63 479)	(63 479)
Total shares held initially by Tutuwa SEs	**(99 190)**	**(99 190)**	(99 190)	(99 190)
Less: Tutuwa shares financed by third parties	**60 444**	**45 261**	24 691	24 691
Less: Tutuwa shares acquired by ICBC	**11 020**	**11 020**	11 020	11 020
Share exposures held to facilitate client trading activities	**1 393**	**1 825**	1 009	1 188
Shares held for the benefit of Liberty policyholders	**(7 062)**	**(6 896)**	(7 749)	(11 799)
End of the year – IFRS	**1 584 449**	**1 566 694**	1 535 917	1 521 510

Diluted headline earnings per share

Diluted headline earnings per share (cents)
CAGR (2007 – 2013): 2%



	Change %	2013 cents	2012 cents
Diluted headline EPS	14	**1 054,7**	927,4
Diluted EPS	2	**1 043,9**	1 019,6

Diluted weighted average number of ordinary shares issued

	2013 000's	2012 000's
Weighted average shares	**1 614 674**	1 595 600
Dilution from equity compensation plans	**15 534**	12 906
Share option scheme	**1 219**	1 874
Equity growth scheme	**9 649**	9 258
Deferred bonus scheme	**4 666**	1 774
Diluted weighted average shares – normalised	**1 630 208**	1 608 506
Reconciliation to diluted weighted average IFRS shares		
Diluted weighted average shares – normalised	**1 630 208**	1 608 506
Shares held by Tutuwa SEs financed by Standard Bank	**(42 909)**	(63 479)
Share exposures held to facilitate client trading activities	**1 825**	1 188
Shares held for the benefit of Liberty policyholders	**(6 896)**	(11 799)
Tutuwa transaction – dilutive shares	**24 554**	38 752
Diluted weighted average shares – IFRS	**1 606 782**	1 573 168

Statement of financial position

	Standard Bank Group			Banking activities			Liberty[1]		
	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm
Assets									
Cash and balances with central banks	9	**67 409**	61 985	9	**67 409**	61 985			
Derivative assets	(14)	**103 894**	120 190	(15)	**101 077**	118 353	53	**2 817**	1 837
Trading assets	1	**115 754**	114 299	1	**115 149**	114 315	>100	**605**	(16)
Pledged assets	14	**13 252**	11 640	2	**11 904**	11 640	100	**1 348**	–
Financial investments	14	**397 482**	349 008	11	**104 851**	94 715	15	**292 631**	254 293
Loans and advances	11	**899 375**	813 892	11	**899 375**	813 892			
Loans and advances to banks	22	**125 559**	102 610	22	**125 559**	102 610			
Loans and advances to customers	9	**773 816**	711 282	9	**773 816**	711 282			
Investment property	13	**27 299**	24 133				13	**27 299**	24 133
Other assets	(16)	**29 454**	35 239	(24)	**21 564**	28 233	13	**7 890**	7 006
Interest in associates and joint ventures	58	**4 797**	3 035	62	**4 560**	2 810	5	**237**	225
Non-current asset held for sale	(100)	**–**	960	(100)	**–**	960			
Goodwill and other intangible assets	25	**18 424**	14 687	29	**17 949**	13 928	(37)	**475**	759
Goodwill	21	**3 786**	3 124	21	**3 747**	3 092	22	**39**	32
Other intangible assets	27	**14 638**	11 563	31	**14 202**	10 836	(40)	**436**	727
Property and equipment	9	**17 153**	15 733	9	**14 629**	13 403	8	**2 524**	2 330
Total assets	8	**1 694 293**	1 564 801	7	**1 358 467**	1 274 234	16	**335 826**	290 567
Equity and liabilities									
Equity	15	**155 982**	135 267	16	**133 771**	115 792	14	**22 211**	19 475
Equity attributable to ordinary shareholders	15	**131 475**	114 619	15	**121 476**	105 733	13	**9 999**	8 886
Preference share capital and premium	–	**5 503**	5 503	–	**5 503**	5 503			
Non-controlling interest	25	**19 004**	15 145	49	**6 792**	4 556	15	**12 212**	10 589
Liabilities	8	**1 538 311**	1 429 534	6	**1 224 696**	1 158 442	16	**313 615**	271 092
Derivative liabilities	(11)	**108 465**	121 998	(13)	**105 744**	120 868	>100	**2 721**	1 130
Trading liabilities	20	**53 341**	44 474	21	**54 961**	45 373	(80)	**(1 620)**	(899)
Deposit and current accounts	8	**986 781**	910 682	8	**999 854**	924 885	8	**(13 073)**	(14 203)
Deposits from banks	(11)	**110 406**	124 275	(11)	**110 406**	124 275			
Deposit and current accounts from customers	11	**876 375**	786 407	11	**889 448**	800 610	8	**(13 073)**	(14 203)
Other liabilities	11	**93 817**	84 148	(7)	**34 594**	37 202	26	**59 223**	46 946
Policyholder liabilities	12	**263 944**	236 684				12	**263 944**	236 684
Subordinated debt	1	**31 963**	31 548	(2)	**29 543**	30 114	69	**2 420**	1 434
Total equity and liabilities	8	**1 694 293**	1 564 801	7	**1 358 467**	1 274 234	16	**335 826**	290 567

[1] Includes elimination of balances between Liberty and banking activities.

Statement of comprehensive income

	Change %	2013 Ordinary shareholders' equity Rm	2013 Non-controlling interests and preference shareholders Rm	2013 Total equity Rm	2012 Ordinary shareholders' equity Rm	2012 Non-controlling interests and preference shareholders Rm	2012 Total equity Rm
Profit for the year	6	**17 017**	**3 873**	**20 890**	16 400	3 363	19 763
Other comprehensive income after tax for the year	>100	**6 212**	**1 699**	**7 911**	1 378	307	1 685
Exchange rate differences on translating equity investment in foreign operations		**6 283**	**1 809**	**8 092**	1 056	135	1 191
Foreign currency hedge of net investments		**(176)**		**(176)**	181		181
Cash flow hedges		**298**	**(59)**	**239**	(219)	(8)	(227)
Available-for-sale financial assets		**69**	**22**	**91**	17	142	159
Defined benefit fund adjustments		**(202)**	**16**	**(186)**	346	37	383
Revaluation and other (losses)/gains		**(60)**	**(89)**	**(149)**	(3)	1	(2)
Total comprehensive income for the year	34	**23 229**	**5 572**	**28 801**	17 778	3 670	21 448
Attributable to non-controlling interests			**5 224**	**5 224**		3 313	3 313
Attributable to equity holders of the parent		**23 229**	**348**	**23 577**	17 778	357	18 135
Attributable to preference shareholders	(3)		**348**	**348**		357	357
Attributable to ordinary shareholders	31	**23 229**		**23 229**	17 778		17 778

Statement of changes in equity

	Ordinary share capital and premium Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Cash flow hedging reserve Rm	Statutory credit risk reserve Rm	Available-for-sale revaluation reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary share-holders' equity Rm	Preference share capital and premium Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 January 2012	17 735	(1 058)	(273)	725	952	110	1 040	311	82 981	102 523	5 503	13 997	122 023
Opening IFRS transition adjustments									461	461		1	462
Restated balance at 1 January 2012	17 735	(1 058)	(273)	725	952	110	1 040	311	83 442	102 984	5 503	13 998	122 485
Increase in statutory credit risk reserve					50				(50)				
Equity-settled share-based payment transactions							282			282		46	328
Deferred tax on share-based payments									69	69			69
Transfer of vested equity options							(181)		181				
Unincorporated property partnerships capital reductions and distributions												(182)	(182)
Disposal of property partnership												(234)	(234)
Transactions with non-controlling shareholders							1	2	(66)	(63)		(987)	(1 050)
Issue of share capital and share premium and capitalisation of reserves	357								(232)	125			125
Transfer of owner occupied properties								(11)	11				
Total comprehensive income for the year		1 056	181	(219)		17		(70)	16 813	17 778	357	3 313	21 448
Dividends paid									(6 556)	(6 556)	(357)	(809)	(7 722)
Restated balance at 31 December 2012	18 092	(2)	(92)	506	1 002	127	1 142	232	93 612	114 619	5 503	15 145	135 267
Restated balance at 1 January 2013	**18 092**	**(2)**	**(92)**	**506**	**1 002**	**127**	**1 142**	**232**	**93 612**	**114 619**	**5 503**	**15 145**	**135 267**
Increase in statutory credit risk reserve					**293**				**(293)**				
Equity-settled share-based payment transactions							**411**		**(169)**	**242**		**38**	**280**
Deferred tax on share-based payments									**76**	**76**			**76**
Transfer of vested equity options							**(320)**		**320**				
Transactions with non-controlling shareholders									**(54)**	**(54)**		**8**	**(46)**
Net issue of share capital and share premium and capitalisation of reserves	**34**								**(212)**	**(178)**			**(178)**
Unincorporated property partnerships capital reductions and distributions												**(6)**	**(6)**
Total comprehensive income for the year		**6 283**	**(176)**	**298**		**69**		**13**	**16 742**	**23 229**	**348**	**5 224**	**28 801**
Dividends paid									**(6 459)**	**(6 459)**	**(348)**	**(1 405)**	**(8 212)**
Balance at 31 December 2013	**18 126**	**6 281**	**(268)**	**804**	**1 295**	**196**	**1 233**	**245**	**103 563**	**131 475**	**5 503**	**19 004**	**155 982**

All balances are stated net of applicable tax.

Group results in brief

Financial results, ratios and statistics – IFRS

		Change %	2013	2012
Standard Bank Group				
Headline earnings contribution by business unit				
Total headline earnings	Rm	17	**16 986**	14 564
Banking activities	Rm	17	**14 865**	12 732
Personal & Business Banking	Rm	14	**8 358**	7 343
Corporate & Investment Banking	Rm	49	**6 591**	4 419
Central and other	Rm	(>100)	**(84)**	297
Discontinued operation – Argentina	Rm	(100)	**–**	673
Liberty	Rm	16	**2 121**	1 832
Ordinary shareholders' interest				
Profit attributable to ordinary shareholders	Rm	1	**16 206**	16 046
Ordinary shareholders' equity	Rm	16	**128 936**	111 085
Share statistics				
Headline EPS	cents	13	**1 084,2**	957,2
Diluted headline EPS	cents	14	**1 057,1**	925,8
Basic EPS	cents	(2)	**1 034,4**	1 054,6
Diluted EPS	cents	(1)	**1 008,6**	1 020,0
Dividend per share	cents	17	**533,0**	455,0
Net asset value per share	cents	13	**8 138**	7 232
Tangible net asset value per share	cents	11	**6 975**	6 276
Dividend cover	times		**2.0**	2.1
Number of ordinary shares in issue				
End of year	thousands	3	**1 584 449**	1 535 917
Weighted average	thousands	3	**1 566 694**	1 521 510
Diluted weighted average	thousands	2	**1 606 782**	1 573 168
Selected returns and ratios				
ROE	%		**14.2**	14.2
Capital adequacy				
Total capital adequacy ratio	%		**16.2**	14.3
Tier I capital adequacy ratio	%		**13.2**	11.2
Core tier I capital adequacy ratio	%		**12.6**	10.6
Banking activities				
Balance sheet				
Total assets[1]	Rm	7	**1 357 449**	1 271 633
Loans and advances (net of credit impairments)	Rm	4	**839 620**	811 171
Selected returns and ratios				
ROE	%		**13.3**	13.3
Loan-to-deposit ratio	%		**89.8**	87.7
Net interest margin	%		**3.67**	3.62
Non-interest revenue to total income	%		**46.7**	48.6
Credit impairment charges	Rm	5	**9 158**	8 714
Credit loss ratio	%		**1.12**	1.19
Cost-to-income ratio	%		**56.8**	55.7
Effective taxation rate	%		**26.9**	27.7

[1] The discontinued global markets business outside Africa's total assets and liabilities are each presented as single held for sale line items in 2013 in accordance with IFRS. Refer to page 22.

Summarised group income statement – IFRS

	Change %	2013 Rm	2012 Rm
Net interest income	15	**39 095**	33 966
Non-interest revenue	6	**34 311**	32 425
Net fee and commission revenue	8	**23 184**	21 694
Trading revenue	13	**7 811**	6 789
Other revenue	(16)	**3 316**	3 942
Total income	11	**73 406**	66 391
Credit impairment charges	5	**9 158**	8 714
Specific credit impairments	1	**9 049**	8 954
Portfolio credit impairments	>100	**109**	(240)
Income after credit impairment charges	12	**64 248**	57 677
Revenue sharing agreements with group companies	(100)	**(142)**	(115)
Income before operating expenses	11	**64 106**	57 562
Operating expenses	13	**42 055**	37 221
Staff costs	13	**23 087**	20 419
Other operating expenses	15	**18 968**	16 483
Restructure charge	(100)	**–**	319
Net income before goodwill	8	**22 051**	20 341
Goodwill impairment	(100)	**–**	777
Net income before disposal of subsidiaries and equity accounted earnings	13	**22 051**	19 564
Profit/(loss) on disposal of subsidiaries	>100	**64**	(86)
Share of profit from associates and joint ventures	(0)	**673**	675
Net income before taxation	13	**22 788**	20 153
Taxation	10	**6 128**	5 588
Profit for the year from continuing operations	14	**16 660**	14 565
(Loss)/profit from discontinued operations	(>100)	**(1 022)**	817
Profit from discontinued operation – Argentina	(100)	**–**	910
Profit from disposal of discontinued operation – Argentina	(100)	**–**	1 525
Loss from discontinued operation – Global markets business outside Africa	74	**(419)**	(1 618)
Held for sale impairment – Global markets business outside Africa	(100)	**(603)**	
Profit for the year	2	**15 638**	15 382
Attributable to non-controlling interests	34	**1 146**	855
Attributable to preference shareholders	(1)	**349**	352
Attributable to ordinary shareholders – banking activities	(0)	**14 143**	14 175
Headline adjustable items – banking activities	>100	**722**	(1 443)
Headline earnings – banking activities	17	**14 865**	12 732
Headline earnings – Liberty	16	**2 121**	1 832
Standard Bank Group headline earnings	17	**16 986**	14 564

Statement of comprehensive income – IFRS

	Change %	2013 Ordinary shareholders' equity Rm	2013 Non-controlling interests and preference shareholders Rm	2013 Total equity Rm	2012 Ordinary shareholders' equity Rm	2012 Non-controlling interests and preference shareholders Rm	2012 Total equity Rm
Profit for the year	4	**16 206**	**3 800**	**20 006**	16 046	3 223	19 269
Other comprehensive income after tax for the year	>100	**6 205**	**1 698**	**7 903**	1 378	307	1 685
Exchange rate differences on translating equity investments in foreign operations		**6 276**	**1 809**	**8 085**	1 056	135	1 191
Foreign currency hedge of net investments		**(176)**		**(176)**	181		181
Cash flow hedges		**298**	**(59)**	**239**	(219)	(8)	(227)
Available-for-sale financial assets		**69**	**22**	**91**	17	142	159
Defined benefit fund adjustments		**(202)**	**16**	**(186)**	346	37	383
Revaluation and other (losses)/gains		**(60)**	**(90)**	**(150)**	(3)	1	(2)
Total comprehensive income for the year	33	**22 411**	**5 498**	**27 909**	17 424	3 530	20 954
Attributable to non-controlling interests			**5 149**	**5 149**		3 178	3 178
Attributable to equity holders of the parent		**22 411**	**349**	**22 760**	17 424	352	17 776
Attributable to preference shareholders	(1)		**349**	**349**		352	352
Attributable to ordinary shareholders	29	**22 411**		**22 411**	17 424		17 424

Statement of changes in equity – IFRS

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Cash flow hedging reserve Rm	Statutory credit risk reserve Rm	Available-for-sale revaluation reserve Rm
Balance at 1 January 2012	17 735	(3 079)	(198)	(1 058)	(273)	725	952	110
Opening IFRS transition adjustments			(49)					
Restated balance at 1 January 2012	17 735	(3 079)	(247)	(1 058)	(273)	725	952	110
Increase in statutory credit risk reserve							50	
Transactions with non-controlling shareholders		(8)	(4)					
Equity-settled share-based payment transactions								
Deferred tax on share-based payments								
Transfer of vested equity options								
Net decrease in treasury shares			61					
Issue of share capital and share premium and capitalisation of reserves	357							
Transfer of owner occupied properties								
Unincorporated property partnerships capital reductions and distributions								
Disposal of property partnership								
Total comprehensive income for the year				1 056	181	(219)		17
Dividends paid		(183)						
Balance at 31 December 2012	18 092	(3 270)	(190)	(2)	(92)	506	1 002	127
Balance at 1 January 2013	**18 092**	**(3 270)**	**(190)**	**(2)**	**(92)**	**506**	**1 002**	**127**
Increase in statutory credit risk reserve							**293**	
Transactions with non-controlling shareholders		**2**	**1**					
Equity-settled share-based payment transactions								
Deferred tax on share-based payments								
Transfer of vested equity options								
Net increase in treasury shares			**(96)**					
Net issue of share capital and share premium and capitalisation of reserves	**34**							
Redemption of preference shares		**1 658**						
Unincorporated property partnerships capital reductions and distributions								
Total comprehensive income for the year				**6 276**	**(176)**	**298**		**69**
Dividends paid		**(236)**						
Balance at 31 December 2013	**18 126**	**(1 846)**	**(285)**	**6 274**	**(268)**	**804**	**1 295**	**196**

	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Preference share capital and premium Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 January 2012	1 040	311	82 777	99 042	5 503	12 988	117 533
Opening IFRS transition adjustments			457	408		(44)	364
Restated balance at 1 January 2012	1 040	311	83 234	99 450	5 503	12 944	117 897
Increase in statutory credit risk reserve			(50)				
Transactions with non-controlling shareholders	1	2	(65)	(74)		(970)	(1 044)
Equity-settled share-based payment transactions	282			282		46	328
Deferred tax on share-based payments			69	69			69
Transfer of vested equity options	(181)		181				
Net decrease in treasury shares			210	271		245	516
Issue of share capital and share premium and capitalisation of reserves			(232)	125			125
Transfer of owner occupied properties		(11)	11				
Unincorporated property partnerships capital reductions and distributions						(182)	(182)
Disposal of property partnership						(234)	(234)
Total comprehensive income for the year		(70)	16 459	17 424	352	3 178	20 954
Dividends paid			(6 279)	(6 462)	(352)	(726)	(7 540)
Balance at 31 December 2012	1 142	232	93 538	111 085	5 503	14 301	130 889
Balance at 1 January 2013	**1 142**	**232**	**93 538**	**111 085**	**5 503**	**14 301**	**130 889**
Increase in statutory credit risk reserve			**(293)**				
Transactions with non-controlling shareholders			**(53)**	**(50)**		**4**	**(46)**
Equity-settled share-based payment transactions	**411**		**(169)**	**242**		**38**	**280**
Deferred tax on share-based payments			**76**	**76**			**76**
Transfer of vested equity options	**(320)**		**320**				
Net increase in treasury shares			**119**	**23**		**36**	**59**
Net issue of share capital and share premium and capitalisation of reserves			**(212)**	**(178)**			**(178)**
Redemption of preference shares			**18**	**1 676**			**1 676**
Unincorporated property partnerships capital reductions and distributions						**(6)**	**(6)**
Total comprehensive income for the year		**13**	**15 931**	**22 411**	**349**	**5 149**	**27 909**
Dividends paid			**(6 113)**	**(6 349)**	**(349)**	**(1 313)**	**(8 011)**
Balance at 31 December 2013	**1 233**	**245**	**103 162**	**128 936**	**5 503**	**18 209**	**152 648**

All balances are stated net of applicable tax.

Explanation of principal differences between normalised and IFRS results

Description of normalised adjustments

The group's audited consolidated financial statements are prepared in accordance with IFRS, its interpretations adopted by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE, and the South African Companies Act, 71 of 2008. This document is prepared on a basis which normalises or adjust the group's IFRS results to reflect the group's view of the economics and legal substance of the following two arrangements (the normalised adjustments):

- Deemed treasury share arrangements
  - the group's Tutuwa initiative
  - group shares held by Liberty for the benefit of policyholders or to facilitate client trading activities.
- Deemed disposal of the group's controlling interest in its global markets business outside Africa through the sale of a controlling interest in SB Plc, the group's London banking operation.

A common element in the deemed treasury share arrangements relates to shares in issue which are deemed by IFRS to be treasury shares. Consequently, the net value of the shares is recognised in equity and the number of shares used for per share calculation purposes is materially lower than the economic substance, resulting in inflated per share ratios. With regard to segmental and product reporting, the normalised adjustments have been made within Liberty, and central and other.

The normalised results reflect the basis on which management manages the group and is consistent with that reported in the group's segmental report.

Deemed treasury share adjustments

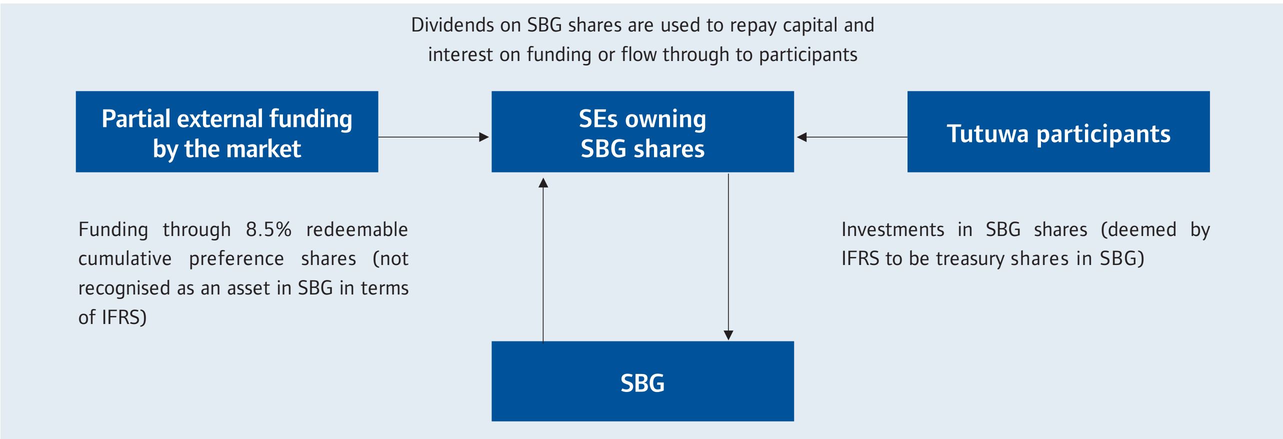
Black Economic Empowerment Ownership (Tutuwa) initiative

The group concluded its Tutuwa initiative in October 2004 when it sold an effective 10% interest in its South African banking operations to a broad-based grouping of black entities.

The group obtained financing through the issue of perpetual preference shares. These funds were used to subscribe for 8.5% redeemable, cumulative preference shares issued by SEs controlled by SBG. These SEs purchased SBG shares. Subsequently, the SEs containing these shares were sold to black participants. The capital and dividends on the redeemable preference shares issued by the SEs are repayable from future ordinary dividends received, or the proceeds from the disposal of SBG shares held. As a result of SBG's contingent right to receive its own dividends back in the form of yield and capital on the redeemable preference shares, the subsequent sale of the SEs and consequent delivery of the SBG shares to the black participants, although legally effected, is not accounted for as a sale. Consequently, the IFRS accounting treatment followed until full redemption or third party financing is obtained is:

- The redeemable preference shares issued by the SEs and subscribed for by SBG are not recognised as financial assets, but eliminated against equity as a negative empowerment reserve.
- The negative empowerment reserve represents SBG shares held by the SEs that are deemed to be treasury shares in terms of accounting conventions.
- Preference dividends accrued but not received, due to cash distributions paid to participants, increase the empowerment reserve.
- To the extent that preference dividends are received from the SEs, these are eliminated against the ordinary dividends paid on the SBG shares held by the SEs.

Tutuwa initiative



- For purposes of the calculation of EPS, the weighted average number of shares in issue is reduced by the number of shares held by those SEs that have been sold to the black participants. The shares will be restored on full redemption of the preference shares, or to the extent that the preference share capital is financed by a third party.
- Perpetual preference shares issued by SBG for the purposes of financing the transaction are classified as equity. Dividends paid on the perpetual preference shares are accounted on declaration and not on an accrual basis.

The normalised adjustment:

- recognises a loan asset by reversing the elimination of the redeemable preference shares against equity
- accrues for preference dividends receivable on the loan asset within interest income
- adds back the number of shares held by the black participants to the weighted number of shares in issue, for purposes of calculating normalised per share ratios, and
- adjusts dividends declared on perpetual preference shares to an accrual basis.

The group obtained external financing in December 2007 and a portion of the Tutuwa participant's shares were sold to ICBC in March 2008 (with the proceeds thereof being used for the repayment of the preference share liability). This resulted in 24,7 million and 11 million shares respectively no longer being deemed to be treasury shares for IFRS purposes.

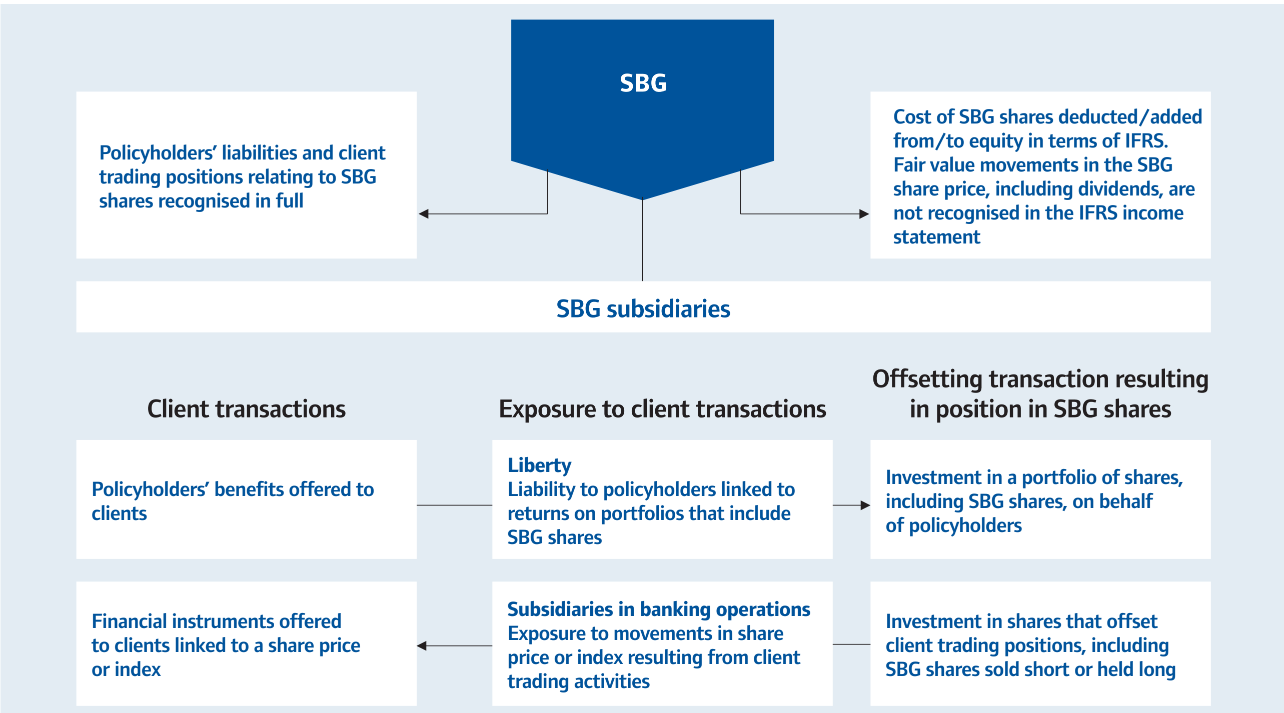
In May and June 2013, transactions were concluded to refinance the group's funding of its Tutuwa transaction with external third-party financing. This resulted in the group's empowerment reserve decreasing by R1,7 billion and 35,8 million shares no longer being deemed to be treasury shares for IFRS purposes.

Group shares held for the benefit of policyholders or to facilitate client trading activities

The group acquires or sells short shares in SBG for two distinct business reasons:

- Group companies' shares held by Liberty are invested for the risk and reward of its policyholders, not its shareholders, and consequently the group's shareholders are exposed to an insignificant portion of the fair value changes on these shares.
- The group enters into transactions in its own shares to facilitate client trading activities. As part of its normal trading operations, the group offers clients trading positions over listed shares, including its own shares. In order to hedge the risk on these trades, the group buys or sells short its own shares in the market. The group's shareholders are therefore exposed to an insignificant portion of the fair value changes on these shares.

Group shares held for the benefit of policyholders or to facilitate client trading activities



In terms of IAS 32 *Financial Instruments: Presentation* trades by subsidiaries in the group's shares held on behalf of policyholders and group share exposures to facilitate client trading activities are deemed to be treasury shares for accounting purposes. The accounting consequences in the consolidated IFRS group financial statements are:

- the cost price of shares purchased by subsidiaries as well as any funds received by subsidiaries from selling the group's shares short are deducted from or added to ordinary shareholders' equity and non-controlling interest respectively in the group's financial statements, and
- all the fair value movements are eliminated from the income statement, reserves and non-controlling interests where applicable, and
- dividends received on group shares are eliminated against dividends paid.

No corresponding adjustment is made to the policyholders' liabilities or trading positions with clients. As a result, the application of IAS 32 gives rise to a mismatch in the overall equity and income statement of the group. The liability to policyholders and client trading positions, along with the change in policyholders' liabilities and profit or loss recognised on the client trading positions, is therefore not eliminated, even though the corresponding interest in the group's shares is eliminated and treated as treasury shares acquired or issued.

With regard to the group shares held for the benefit of Liberty policyholders, the weighted average number of shares in issue for per share figures is calculated by deducting the full number of group shares held (100%), not the IFRS effective 54.1% owned by the group, as IAS 33 *Earnings per Share* does not contemplate non-controlling interest portions of treasury shares. This treatment exaggerates the reduction in the weighted average number of shares used to calculate per share ratios.

For purposes of calculating the normalised results, the adjustments described above are reversed, and the group shares held on behalf of policyholders and to facilitate client trading activities are treated as issued to parties external to the group.

The impact of the normalised adjustments on the issued and weighted number of shares is provided on page 10.

Deemed disposal of the group's controlling interest in its global markets business outside Africa

On 8 November 2013 the group announced that it was in discussions regarding the disposal of a controlling stake in its global markets business outside Africa through the sale of a controlling interest in SB Plc, the group's London banking operation. This was followed by an announcement on 29 January 2014 that transaction agreements had been signed with the ICBC. The transaction is subject to Standard Bank shareholder approval and various regulatory approvals. The group had not, for its 2013 financial reporting year, managed and reported internally its discontinued operation's results, being that of its global markets business outside Africa, separately. The IFRS accounting treatment required is:

- Presentation of SB Plc's 2013 assets and liabilities in the statement of financial position as single line items titled: non-current assets held-for-sale and non-current liabilities held-for-sale. Such classification has no effect on the group's reported net asset value measures.
- Presentation of SB Plc's 2013 and 2012's results as a single line item in the group's discontinued operations in the income statement. The presentation of the group's continuing and discontinued operations has no impact on the group's earnings or headline earnings.
- Recognition of previously eliminated intercompany transactions between the group's continuing and discontinued operations. These have been presented within the group's continuing and discontinued operations as applicable. This adjustment has no impact on the group's earnings or headline earnings.
- Recognition of an impairment loss, being the difference between SB Plc's fair value less costs to sell and its recognised carrying value. This impairment loss has been limited to the value of SB Plc's non-financial assets, being its property and equipment and intangible assets. The remaining loss will be recognised in the income statement at the time at which the transaction is completed. The impairment loss has been excluded from the group's headline earnings.

The normalised adjustments reverse the above-mentioned IFRS adjustments in order to present the group's global markets business outside Africa's results as part of the group's 2013 and comparative year's continuing operations.

These adjustments have been included in both the segmental income statement and segmental statement of financial position's IFRS adjustments.

Reconciliation of IFRS adjustments

Reconciliation of income statement adjustments to achieve IFRS

	Deemed treasury share adjustments		Deemed disposal adjustments		Total IFRS adjustments	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Net interest income	**(153)**	(218)	**23**	(49)	**(130)**	(267)
Non-interest revenue	**54**	25	**(2 412)**	(2 074)	**(2 358)**	(2 049)
Net fee and commission revenue			**37**	375	**37**	375
Trading revenue	**54**	25	**(2 445)**	(2 104)	**(2 391)**	(2 079)
Other revenue			**(4)**	(345)	**(4)**	(345)
Income from investment management and life insurance activities	**(166)**	(297)			**(166)**	(297)
Total income	**(265)**	(490)	**(2 389)**	(2 123)	**(2 654)**	(2 613)
Specific credit impairment charges			**(56)**	(86)	**(56)**	(86)
Income after credit impairment charges	**(265)**	(490)	**(2 333)**	(2 037)	**(2 598)**	(2 527)
Revenue sharing agreements with group companies			**(142)**	(115)	**(142)**	(115)
Income after revenue sharing agreements and policyholders' benefits	**(265)**	(490)	**(2 475)**	(2 152)	**(2 740)**	(2 642)
Operating expenses in banking activities			**(2 807)**	(3 605)	**(2 807)**	(3 605)
Staff costs			**(1 673)**	(1 846)	**(1 673)**	(1 846)
Other operating expenses			**(1 134)**	(1 320)	**(1 134)**	(1 320)
Restructure charge			**–**	(439)	**–**	(439)
Net income before indirect taxation	**(265)**	(490)	**332**	1 453	**67**	963
Indirect taxation			**(58)**	(145)	**(58)**	(145)
Profit before direct taxation	**(265)**	(490)	**390**	1 598	**125**	1 108
Direct taxation	**16**	4	**(29)**	(20)	**(13)**	(16)
Profit from continuing operations	**(281)**	(494)	**419**	1 618	**138**	1 124
Discontinued operations			**(1 022)**	(1 618)	**(1 022)**	(1 618)
Profit for the year	**(281)**	(494)	**(603)**	–	**(884)**	(494)
Attributable to non-controlling interests	**(74)**	(135)			**(74)**	(135)
Attributable to preference shareholders	**1**	(5)			**1**	(5)
Attributable to ordinary shareholders	**(208)**	(354)	**(603)**	–	**(811)**	(354)
Headline adjustable items			**603**		**603**	
Headline earnings	**(208)**	(354)	**–**	–	**(208)**	(354)

Reconciliation of statement of financial position adjustments to achieve IFRS

	Deemed treasury share adjustments		Deemed disposal adjustments		Total IFRS adjustments	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm
Assets						
Cash and balances with central banks			**(14 099)**		**(14 099)**	
Financial investments, trading and pledged assets	**(1 555)**	(1 731)	**(67 915)**		**(69 470)**	(1 731)
Loans and advances	**(1 199)**	(2 721)	**(58 556)**		**(59 755)**	(2 721)
Loans and advances to banks			**(30 655)**		**(30 655)**	
Loans and advances to customers	**(1 199)**	(2 721)	**(27 901)**		**(29 100)**	(2 721)
Derivative and other assets			**(42 714)**		**(42 714)**	
Intangible assets			**(339)**		**(339)**	
Property and equipment			**(271)**		**(271)**	
Non-current assets held for sale			**183 284**		**183 284**	
Total assets	**(2 754)**	(4 452)	**(610)**		**(3 364)**	(4 452)
Equity and liabilities						
Equity	**(2 724)**	(4 378)	**(610)**		**(3 334)**	(4 378)
Equity attributable to ordinary shareholders	**(1 929)**	(3 534)	**(610)**		**(2 539)**	(3 534)
Non-controlling interest	**(795)**	(844)			**(795)**	(844)
Liabilities	**(30)**	(74)	**–**		**(30)**	(74)
Deposit and current accounts			**(65 043)**		**(65 043)**	
Deposits from banks			**(41 756)**		**(41 756)**	
Deposits from customers			**(23 287)**		**(23 287)**	
Derivative, trading and other liabilities	**(30)**	(74)	**(62 014)**		**(62 044)**	(74)
Subordinated debt			**(7 447)**		**(7 447)**	
Non-current liabilities held for sale			**134 504**		**134 504**	
Total equity and liabilities	**(2 754)**	(4 452)	**(610)**		**(3 364)**	(4 452)

Summary of adjustments to IFRS results for headline earnings and ordinary shareholders' equity

	Headline earnings			
	Banking activities Rm	**Liberty Rm**	**Standard Bank Group Rm**	**Group Ordinary share-holders' equity Rm**
IFRS – 2013	**14 865**	**2 121**	**16 986**	**128 936**
Normalised adjustments:				
Tutuwa initiative	**154**	**34**	**188**	**1 544**
Share exposures held to facilitate client trading activities	**(36)**		**(36)**	**(108)**
Group shares held for the benefit of Liberty policyholders		**56**	**56**	**493**
Impairment of non-current assets held for sale				**610**
Normalised – 2013	**14 983**	**2 211**	**17 194**	**131 475**
IFRS – 2012	12 732	1 832	14 564	111 085
Tutuwa initiative	213	33	246	3 127
Share exposures held to facilitate client trading activities	(17)		(17)	(92)
Group shares held for the benefit of Liberty policyholders		125	125	499
Normalised – 2012	12 928	1 990	14 918	114 619

Segmental reporting

Segmental structure for key business units

Standard Bank Group

Personal & Business Banking

Banking and other financial services to individual customers and small- to medium-sized enterprises in South Africa, the rest of Africa and the Channel Islands

What we offer

Mortgage lending
- Residential accommodation loans to mainly personal market customers

Instalment sale and finance leases
- Finance of vehicles for personal market customers
- Finance of vehicles and equipment in the business market

Card products
- Credit card facilities to individuals and businesses (credit card issuing)
- Merchant transaction acquiring services (card acquiring)

Transactional products
- Comprehensive suite of transactional, savings and investment products. This includes deposit taking activities, electronic banking and debit card facilities

Lending products
- Lending products offered to both personal and business markets

Bancassurance and wealth
- Short-term and long-term insurance comprising:
  - simple embedded products including homeowners' insurance, funeral cover, household contents and vehicle insurance and loan protection plans sold in conjunction with related banking products
  - complex insurance products including life, disability and investment policies sold by qualified intermediaries
- Financial planning
- Wealth services

Corporate & Investment Banking

Corporate and investment banking services to clients including governments, parastatals, larger corporates, financial institutions and international counterparties

What we offer

Global markets
- Fixed income and currencies (FIC)
- Commodities
- Equities

Transactional products and services
- Transactional banking
- Investor services
- Trade finance

Investment banking
- Advisory
- Debt products
- Structured finance
- Structured trade and commodity finance
- Debt capital markets
- Equity capital markets

Real estate and principal investment management
- Real estate finance
- Investments in real estate
- Principal investment management
- Client coverage
  - relationship management
  - sector expertise

Liberty

Life insurance and investment management activities of group companies in the Liberty Holdings Group

What we offer

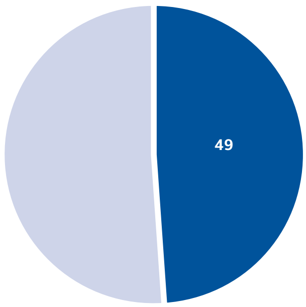
- Long-term investments
- Long-term risk – life and disability
- Pension fund management
- Asset management
- Endowment and retirement annuities
- Corporate benefits
- Healthcare and health insurance
- Investment-related advice and solutions

Central and other

- Includes the impact of the Tutuwa initiative, group hedging activities, group capital instruments, group surplus capital and strategic acquisition costs
- Includes the results of centralised enabling support functions (back office), including those functions that were previously embedded in the business segments. The direct costs of support functions are recharged to the business segments

Personal & Business Banking

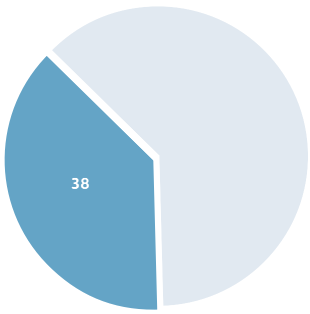
% of group headline earnings



	2013	2012
Headline earnings	**R8 358 million**	R7 343 million
Headline earnings change	**increased 14%**	increased 25%
Headline earnings contribution	**49%**	49%
Return on equity	**18.5%**	19.4%
Cost-to-income ratio	**60.0%**	60.1%
Credit loss ratio	**1.47%**	1.39%
Net loans and advances	**R541 billion**	R490 billion

Corporate & Investment Banking

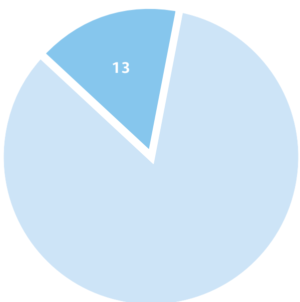
% of group headline earnings



	2013	2012
Headline earnings	**R6 591 million**	R4 419 million
Headline earnings change	**increased 49%**	decreased 20%
Headline earnings contribution	**38%**	30%
Return on equity	**14.3%**	9.6%
Cost-to-income ratio	**61.8%**	65.3%
Credit loss ratio	**0.36%**	0.63%
Net loans and advances	**R405 billion**	R353 billion

Liberty

% of group headline earnings



	2013	2012
Headline earnings as reported by Liberty	**R4 076 million**	R3 688 million
Headline earnings attributable to the group	**R2 211 million**	R1 990 million
Headline earnings contribution	**13%**	13%
Return on equity	**24.7%**	24.7%
Normalised equity value	**R36 billion**	R33 billion
Third party funds under management	**R323 billion**	R278 billion

Segmental income statement

	Personal & Business Banking			Corporate & Investment Banking			Central and other		
	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm
Income from banking activities	14	**48 596**	42 544	9	**28 304**	25 927	(>100)	**(1 006)**	236
Net interest income	17	**27 558**	23 458	20	**11 441**	9 550	(82)	**226**	1 225
Non-interest revenue	10	**21 038**	19 086	3	**16 863**	16 377	(25)	**(1 232)**	(989)
Net fee and commission revenue	11	**19 143**	17 319	(6)	**4 935**	5 226	24	**(931)**	(1 226)
Trading revenue	(>100)	**(31)**	(5)	14	**10 568**	9 241	9	**(335)**	(368)
Other revenue	9	**1 926**	1 772	(29)	**1 360**	1 910	(94)	**34**	605
Income from investment management and life insurance activities									
Net insurance premiums									
Investment income and gains									
Management and service fee income									
Total income	14	**48 596**	42 544	9	**28 304**	25 927	(>100)	**(1 006)**	236
Credit impairment charges	17	**7 817**	6 658	(40)	**1 397**	2 340	100	**–**	(198)
Specific credit impairments	12	**7 553**	6 719	(33)	**1 552**	2 320	(100)	**–**	1
Portfolio credit impairments	>100	**264**	(61)	>100	**(155)**	20	100	**–**	(199)
Income after credit imairment charges	14	**40 779**	35 886	14	**26 907**	23 587	(>100)	**(1 006)**	434
Revenue sharing agreements with group companies									
Benefits due to policyholders									
Net insurance benefits and claims									
Fair value adjustment to policyholders' liabilities under investment contracts									
Fair value adjustment on third party fund interests									
Income after revenue sharing agreements with group companies and policyholders' benefits	14	**40 779**	35 886	14	**26 907**	23 587	(>100)	**(1 006)**	434
Operating expenses in banking activities	13	**29 348**	25 920	4	**17 537**	16 942	1	**(2 023)**	(2 036)
Staff costs	16	**8 232**	7 073	8	**5 414**	5 024	9	**11 114**	10 168
Other operating expenses	12	**21 116**	18 847	9	**12 123**	11 160	(8)	**(13 137)**	(12 204)
Restructure costs				(100)	**–**	758			
Insurance activities									
Acquisition costs – insurance and investment contracts									
Other operating expenses									
Net income before goodwill	15	**11 431**	9 966	41	**9 370**	6 645	(59)	**1 017**	2 470
Goodwill impairment	(100)	**–**	39	(100)	**–**	38	(100)	**–**	700
Net income before disposal of businesses and equity accounted earnings	15	**11 431**	9 927	42	**9 370**	6 607	(43)	**1 017**	1 770
Gains/(losses) on disposal of businesses				100	**–**	(86)	100	**64**	
Share of profit from associates and joint ventures	(45)	**308**	562	(12)	**96**	109	>100	**269**	4
Net income before indirect taxation	12	**11 739**	10 489	43	**9 466**	6 630	(24)	**1 350**	1 774
Indirect taxation	7	**414**	386	(16)	**297**	353	28	**861**	673
Profit before direct taxation	12	**11 325**	10 103	46	**9 169**	6 277	(56)	**489**	1 101
Direct taxation	17	**2 967**	2 538	39	**1 669**	1 200	(>100)	**(11)**	595
Profit for the year from continuing operations	10	**8 358**	7 565	48	**7 500**	5 077	(1)	**500**	506
(Loss)/profit for the year from discontinued operations							(100)	**–**	2 435
Profit for the year	10	**8 358**	7 565	48	**7 500**	5 077	(83)	**500**	2 941
Attributable to non-controlling interests	74	**87**	50	>100	**976**	483	(74)	**83**	322
Attributable to preference shareholders							(3)	**348**	357
Attributable to ordinary shareholders	10	**8 271**	7 515	42	**6 524**	4 594	(97)	**69**	2 262
Headline adjustable items	>100	**87**	(172)	>100	**67**	(175)	97	**(35)**	(1 096)
Headline earnings	14	**8 358**	7 343	49	**6 591**	4 419	(97)	**34**	1 166
ROE (%)		**18.5**	19.4		**14.3**	9.6			
Net interest margin (%)		**5.06**	4.79		**1.67**	1.51			
Credit loss ratio (%)		**1.47**	1.39		**0.36**	0.63			
Cost-to-income ratio (%)		**60.0**	60.1		**61.8**	65.3			
Number of employees	1	**21 217**	21 062	(12)	**2 305**	2 609	(2)	**18 699**	19 065

	Banking activities			Liberty[1]			Normalised Standard Bank Group			IFRS adjustments[2]		IFRS Standard Bank Group		
	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm
Income from banking activities	10	**75 894**	68 707	100	**–**	(139)	11	**75 894**	68 568	**(2 488)**	(2 316)	11	**73 406**	66 252
Net interest income	15	**39 225**	34 233				15	**39 225**	34 233	**(130)**	(267)	15	**39 095**	33 966
Non-interest revenue	6	**36 669**	34 474	100	**–**	(139)	7	**36 669**	34 335	**(2 358)**	(2 049)	6	**34 311**	32 286
Net fee and commission revenue	9	**23 147**	21 319				9	**23 147**	21 319	**37**	375	7	**23 184**	21 694
Trading revenue	15	**10 202**	8 868				15	**10 202**	8 868	**(2 391)**	(2 079)	15	**7 811**	6 789
Other revenue	(23)	**3 320**	4 287	100	**–**	(139)	(20)	**3 320**	4 148	**(4)**	(345)	(13)	**3 316**	3 803
Income from investment management and life insurance activities				10	**85 406**	77 877	10	**85 406**	77 877	**(166)**	(297)	10	**85 240**	77 580
Net insurance premiums				16	**34 466**	29 631	16	**34 466**	29 631			16	**34 466**	29 631
Investment income and gains				5	**47 751**	45 603	5	**47 751**	45 603	**(166)**	(297)	5	**47 585**	45 306
Management and service fee income				21	**3 189**	2 643	21	**3 189**	2 643			21	**3 189**	2 643
Total income	10	**75 894**	68 707	10	**85 406**	77 738	10	**161 300**	146 445	**(2 654)**	(2 613)	10	**158 646**	143 832
Credit impairment charges	5	**9 214**	8 800				5	**9 214**	8 800	**(56)**	(86)	5	**9 158**	8 714
Specific credit impairments	1	**9 105**	9 040				1	**9 105**	9 040	**(56)**	(86)	1	**9 049**	8 954
Portfolio credit impairments	>100	**109**	(240)				>100	**109**	(240)			>100	**109**	(240)
Income after credit imairment charges	11	**66 680**	59 907	10	**85 406**	77 738	10	**152 086**	137 645	**(2 598)**	(2 527)	11	**149 488**	135 118
Revenue sharing agreements with group companies										**(142)**	(115)	(23)	**(142)**	(115)
Benefits due to policyholders				8	**63 295**	58 739	8	**63 295**	58 739			8	**63 295**	58 739
Net insurance benefits and claims				3	**45 245**	43 864	3	**45 245**	43 864			3	**45 245**	43 864
Fair value adjustment to policyholders' liabilities under investment contracts				1	**10 135**	10 035	1	**10 135**	10 035			1	**10 135**	10 035
Fair value adjustment on third party fund interests				64	**7 915**	4 840	64	**7 915**	4 840			64	**7 915**	4 840
Income after revenue sharing agreements with group companies and policyholders' benefits	11	**66 680**	59 907	16	**22 111**	18 999	13	**88 791**	78 906	**(2 740)**	(2 642)	13	**86 051**	76 264
Operating expenses in banking activities	10	**44 862**	40 826				10	**44 862**	40 826	**(2 807)**	(3 605)	13	**42 055**	37 221
Staff costs	11	**24 760**	22 265				11	**24 760**	22 265	**(1 673)**	(1 846)	13	**23 087**	20 419
Other operating expenses	13	**20 102**	17 803				13	**20 102**	17 803	**(1 134)**	(1 320)	15	**18 968**	16 483
Restructure costs	(100)	**–**	758				(100)	**–**	758	**–**	(439)	(100)	**–**	319
Insurance activities				18	**14 226**	12 080	18	**14 226**	12 080			18	**14 226**	12 080
Acquisition costs – insurance and investment contracts				11	**4 233**	3 818	11	**4 233**	3 818			11	**4 233**	3 818
Other operating expenses				21	**9 993**	8 262	21	**9 993**	8 262			21	**9 993**	8 262
Net income before goodwill	14	**21 818**	19 081	14	**7 885**	6 919	14	**29 703**	26 000	**67**	963	10	**29 770**	26 963
Goodwill impairment	(100)	**–**	777				(100)	**–**	777			(100)	**–**	777
Net income before disposal of businesses and equity accounted earnings	19	**21 818**	18 304	14	**7 885**	6 919	18	**29 703**	25 223	**67**	963	14	**29 770**	26 186
Gains/(losses) on disposal of businesses	>100	**64**	(86)	(100)	**–**	274	(66)	**64**	188			(66)	**64**	188
Share of profit from associates and joint ventures	(0)	**673**	675	(54)	**12**	26	(2)	**685**	701			(2)	**685**	701
Net income before indirect taxation	19	**22 555**	18 893	9	**7 897**	7 219	17	**30 452**	26 112	**67**	963	13	**30 519**	27 075
Indirect taxation	11	**1 572**	1 412	12	**397**	354	11	**1 969**	1 766	**(58)**	(145)	18	**1 911**	1 621
Profit before direct taxation	20	**20 983**	17 481	9	**7 500**	6 865	17	**28 483**	24 346	**125**	1 108	12	**28 608**	25 454
Direct taxation	7	**4 625**	4 333	11	**2 968**	2 685	8	**7 593**	7 018	**(13)**	(16)	8	**7 580**	7 002
Profit for the year from continuing operations	24	**16 358**	13 148	8	**4 532**	4 180	21	**20 890**	17 328	**138**	1 124	14	**21 028**	18 452
(Loss)/profit for the year from discontinued operations	(100)	**–**	2 435				(100)	**–**	2 435	**(1 022)**	(1 618)	(>100)	**(1 022)**	817
Profit for the year	5	**16 358**	15 583	8	**4 532**	4 180	6	**20 890**	19 763	**(884)**	(494)	4	**20 006**	19 269
Attributable to non-controlling interests	34	**1 146**	855	11	**2 379**	2 151	17	**3 525**	3 006	**(74)**	(135)	20	**3 451**	2 871
Attributable to preference shareholders	(3)	**348**	357				(3)	**348**	357	**1**	(5)	(1)	**349**	352
Attributable to ordinary shareholders	3	**14 864**	14 371	6	**2 153**	2 029	4	**17 017**	16 400	**(811)**	(354)	1	**16 206**	16 046
Headline adjustable items	>100	**119**	(1 443)	>100	**58**	(39)	>100	**177**	(1 482)	**603**		>100	**780**	(1 482)
Headline earnings	16	**14 983**	12 928	11	**2 211**	1 990	15	**17 194**	14 918	**(208)**	(354)	17	**16 986**	14 564
ROE (%)		**13.2**	13.2		**24.7**	24.7		**14.1**	14.0				**14.2**	14.2
Net interest margin (%)		**3.22**	3.09					**3.22**	3.09				**3.67**	3.62
Credit loss ratio (%)		**1.04**	1.08					**1.04**	1.08				**1.12**	1.19
Cost-to-income ratio (%)		**58.5**	58.9					**58.5**	58.9				**56.8**	55.7
Number of employees	(1)	**42 221**	42 736	5	**6 587**	6 281	(0)	**48 808**	49 017			(0)	**48 808**	49 017

[1] Includes adjustments on consolidation of Liberty Holdings into the group.
[2] Refer to pages 20 – 24 for an explanation and reconciliation of the IFRS adjustments.

Segmental statement of financial position

	Personal & Business Banking Change %	Personal & Business Banking 2013 Rm	Personal & Business Banking 2012 Rm	Corporate & Investment Banking Change %	Corporate & Investment Banking 2013 Rm	Corporate & Investment Banking 2012 Rm	Central and other Change %	Central and other 2013 Rm	Central and other 2012 Rm
Assets									
Cash and balances with central banks	20	**4 766**	3 988	4	**49 831**	47 907	27	**12 812**	10 090
Financial investments, trading and pledged assets	14	**5 798**	5 100	5	**228 763**	217 183	(65)	**(2 657)**	(1 613)
Loans and advances	10	**541 062**	489 909	15	**405 009**	352 938	(61)	**(46 696)**	(28 955)
Loans and advances to banks	50	**40 678**	27 063	24	**124 833**	100 763	(58)	**(39 952)**	(25 216)
Loans and advances to customers	8	**500 384**	462 846	11	**280 176**	252 175	(80)	**(6 744)**	(3 739)
Investment property									
Derivative and other assets	(54)	**2 828**	6 087	(15)	**118 872**	139 394	(15)	**941**	1 105
Non-current assets held for sale	(100)	**–**	960						
Interest in associates and joint ventures	>100	**2 055**	789	3	**631**	613	33	**1 874**	1 408
Goodwill and other intangible assets	37	**9 350**	6 814	20	**1 233**	1 025	21	**7 366**	6 089
Property and equipment	19	**5 724**	4 811	8	**1 475**	1 368	3	**7 430**	7 224
Total assets	10	**571 583**	518 458	6	**805 814**	760 428	(>100)	**(18 930)**	(4 652)
Equity and liabilities									
Equity	12	**49 000**	43 774	1	**47 731**	47 098	49	**37 040**	24 920
Equity attributable to ordinary shareholders	12	**47 829**	42 866	(1)	**44 638**	45 040	63	**29 009**	17 827
Preference share capital and premium							–	**5 503**	5 503
Non-controlling interest	29	**1 171**	908	50	**3 093**	2 058	59	**2 528**	1 590
Liabilities	10	**522 583**	474 684	6	**758 083**	713 330	89	**(55 970)**	(29 572)
Deposit and current accounts	12	**515 292**	461 343	7	**498 941**	466 563	(>100)	**(14 379)**	(3 021)
Deposits from banks	(19)	**1 374**	1 705	(10)	**111 127**	123 052	(>100)	**(2 095)**	(482)
Deposit from customers	12	**513 918**	459 638	13	**387 814**	343 511	(>100)	**(12 284)**	(2 539)
Derivative, trading and other liabilities	(67)	**1 887**	5 643	7	**246 416**	229 760	(66)	**(53 004)**	(31 960)
Non-current liabilities held for sale									
Policyholders' liabilities									
Subordinated debt	(30)	**5 404**	7 698	(25)	**12 726**	17 007	>100	**11 413**	5 409
Total equity and liabilities	10	**571 583**	518 458	6	**805 814**	760 428	(>100)	**(18 930)**	(4 652)
Average assets – banking activities excluding trading derivatives		**544 901**	490 968		**685 183**	634 387		**(11 310)**	(14 571)
Average loans and advances (gross)		**530 707**	479 864		**392 253**	369 473		**(34 234)**	(33 545)
Average ordinary shareholders' equity		**45 104**	37 842		**46 172**	45 872		**22 035**	14 518

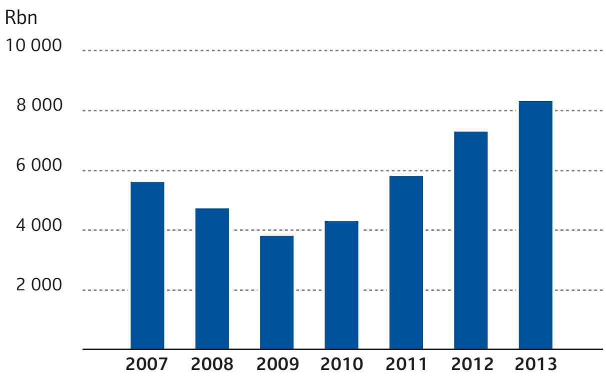
	Banking activities Change %	Banking activities 2013 Rm	Banking activities 2012 Rm	Liberty[1] Change %	Liberty[1] 2013 Rm	Liberty[1] 2012 Rm	Normalised Standard Bank Group Change %	Normalised Standard Bank Group 2013 Rm	Normalised Standard Bank Group 2012 Rm	IFRS adjustments[2] 2013 Rm	IFRS adjustments[2] 2012 Rm	IFRS Standard Bank Group Change %	IFRS Standard Bank Group 2013 Rm	IFRS Standard Bank Group 2012 Rm
Assets														
Cash and balances with central banks	9	**67 409**	61 985				9	**67 409**	61 985	**(14 099)**		(14)	**53 310**	61 985
Financial investments, trading and pledged assets	5	**231 904**	220 670	16	**294 584**	254 277	11	**526 488**	474 947	**(69 470)**	(1 731)	(3)	**457 018**	473 216
Loans and advances	11	**899 375**	813 892				11	**899 375**	813 892	**(59 755)**	(2 721)	4	**839 620**	811 171
Loans and advances to banks	22	**125 559**	102 610				22	**125 559**	102 610	**(30 655)**		(8)	**94 904**	102 610
Loans and advances to customers	9	**773 816**	711 282				9	**773 816**	711 282	**(29 100)**	(2 721)	5	**744 716**	708 561
Investment property				13	**27 299**	24 133	13	**27 299**	24 133			13	**27 299**	24 133
Derivative and other assets	(16)	**122 641**	146 586	21	**10 707**	8 843	(14)	**133 348**	155 429	**(42 714)**		(42)	**90 634**	155 429
Non-current assets held for sale	(100)	**–**	960				(100)	**–**	960	**183 284**		>100	**183 284**	960
Interest in associates and joint ventures	62	**4 560**	2 810	5	**237**	225	58	**4 797**	3 035			58	**4 797**	3 035
Goodwill and other intangible assets	29	**17 949**	13 928	(37)	**475**	759	25	**18 424**	14 687	**(339)**		23	**18 085**	14 687
Property and equipment	9	**14 629**	13 403	8	**2 524**	2 330	9	**17 153**	15 733	**(271)**		7	**16 882**	15 733
Total assets	7	**1 358 467**	1 274 234	16	**335 826**	290 567	8	**1 694 293**	1 564 801	**(3 364)**	(4 452)	8	**1 690 929**	1 560 349
Equity and liabilities														
Equity	16	**133 771**	115 792	14	**22 211**	19 475	15	**155 982**	135 267	**(3 334)**	(4 378)	17	**152 648**	130 889
Equity attributable to ordinary shareholders	15	**121 476**	105 733	13	**9 999**	8 886	15	**131 475**	114 619	**(2 539)**	(3 534)	16	**128 936**	111 085
Preference share capital and premium	–	**5 503**	5 503				–	**5 503**	5 503			–	**5 503**	5 503
Non-controlling interest	49	**6 792**	4 556	15	**12 212**	10 589	25	**19 004**	15 145	**(795)**	(844)	27	**18 209**	14 301
Liabilities	6	**1 224 696**	1 158 442	16	**313 615**	271 092	8	**1 538 311**	1 429 534	**(30)**	(74)	8	**1 538 281**	1 429 460
Deposit and current accounts	8	**999 854**	924 885	8	**(13 073)**	(14 203)	8	**986 781**	910 682	**(65 043)**		1	**921 738**	910 682
Deposits from banks	(11)	**110 406**	124 275				(11)	**110 406**	124 275	**(41 756)**		(45)	**68 650**	124 275
Deposit from customers	11	**889 448**	800 610	8	**(13 073)**	(14 203)	11	**876 375**	786 407	**(23 287)**		8	**853 088**	786 407
Derivative, trading and other liabilities	(4)	**195 299**	203 443	28	**60 324**	47 177	2	**255 623**	250 620	**(62 044)**	(74)	(23)	**193 579**	250 546
Non-current liabilities held for sale										**134 504**		100	**134 504**	
Policyholders' liabilities				12	**263 944**	236 684	12	**263 944**	236 684			12	**263 944**	236 684
Subordinated debt	(2)	**29 543**	30 114	69	**2 420**	1 434	1	**31 963**	31 548	**(7 447)**		(22)	**24 516**	31 548
Total equity and liabilities	7	**1 358 467**	1 274 234	16	**335 826**	290 567	8	**1 694 293**	1 564 801	**(3 364)**	(4 452)	8	**1 690 929**	1 560 349
Average assets – banking activities excluding trading derivatives		**1 218 774**	1 110 784					**1 218 774**	1 110 784	**(152 246)**	(168 846)		**1 066 528**	941 938
Average loans and advances (gross)		**888 726**	815 792					**888 726**	815 792	**(72 433)**	(85 892)		**816 293**	729 900
Average ordinary shareholders' equity		**113 311**	98 232		**8 963**	8 059		**122 274**	106 291	**(2 403)**	(3 718)		**119 871**	102 573

[1] Includes elimination of balances between Liberty and banking activities.
[2] Refer to pages 20 - 24 for an explanation and reconciliation of the IFRS adjustments.

Segmental reporting

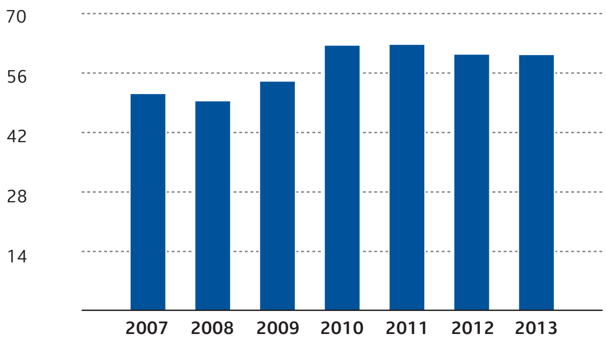
Personal & Business Banking

Headline earnings (Rm)
CAGR (2007 – 2013): 7%



2007	2008	2009	2010	2011	2012	2013
5 665	4 777	3 866	4 364	5 860	7 343	8 358

Cost-to-income ratio (%)



2007	2008	2009	2010	2011	2012	2013
50.9	49.2	53.8	62.2	62.4	60.1	60.0

		Change %	2013	2012
Net interest income	Rm	17	**27 558**	23 458
Non-interest revenue	Rm	10	**21 038**	19 086
Total income	Rm	14	**48 596**	42 544
Credit impairment charges	Rm	17	**7 817**	6 658
Operating expenses	Rm	13	**29 348**	25 920
Taxation	Rm	16	**3 381**	2 924
Headline earnings	Rm	14	**8 358**	7 343
Headline earnings change	%		**14**	25
Headline earnings contribution to the group	%		**49**	49
ROE	%		**18.5**	19.4
Net interest margin	%		**5.06**	4.79
Cost-to-income ratio	%		**60.0**	60.1
Credit loss ratio	%		**1.47**	1.39
Effective taxation rate	%		**28.8**	27.9
Total assets	Rm	10	**571 583**	518 458
Net loans and advances	Rm	10	**541 062**	489 909
Average ordinary shareholders' equity	Rm	19	**45 104**	37 842
Number of employees		1	**21 217**	21 062

Favourable

- Net interest income benefited from balance sheet growth at improved margins.
- Continued improvement in pricing for risk.
- Non-interest revenue improved due to strong card-based commission and electronic banking revenue coupled with growth in savings, transactional and investment portfolios.
- Increased short-term insurance policy base.
- Growth in assets under management in Nigeria.
- Strong bancassurance revenues in Angola, Namibia and Mozambique as a result of focused sales campaigns.
- Increased focus on deposit taking and lending to affluent customers in the rest of Africa.

Adverse

- Negative endowment impact of lower average interest rates in South Africa, Nigeria, Uganda and Mozambique.
- Increased credit impairment charges in South Africa's personal unsecured and business lending portfolios driven by economic strain experienced by both consumers and businesses.
- Increased credit impairment charges in Tanzania, Botswana, Mozambique, Uganda and Nigeria, particularly in the unsecured personal market.
- Higher information technology, depreciation and amortisation costs following the commissioning of the core banking platforms in Africa during 2012 and 2013.
- Regulatory pricing constraints in many African markets as well as additional deposit protection premium insurance in Zimbabwe and a higher regulatory charge for the AMCON sinking fund in Nigeria.
- Reduction in risk appetite in unsecured lending in both South Africa and the rest of Africa has stabilised impairments but has reduced revenue from this source.
- The tax charge in the rest of Africa impacted by approximately R70 million due to losses where deferred tax assets could not be raised as well as alignment of drivers of tax of a further R100 million.

Total income and headline earnings by product

	Total income			Headline earnings		
	Change %	2013 Rm	2012 Rm	Change %	2013 Rm	2012 Rm
Mortgage lending	21	**6 243**	5 161	57	**1 516**	966
Instalment sale and finance leases	15	**2 954**	2 565	(21)	**181**	229
Card products	13	**5 070**	4 472	11	**1 334**	1 199
Transactional products	8	**20 703**	19 188	(2)	**2 727**	2 789
Lending products	24	**8 520**	6 896	25	**785**	629
Bancassurance and wealth	20	**5 106**	4 262	19	**1 815**	1 531
Personal & Business Banking	14	**48 596**	42 544	14	**8 358**	7 343

Mortgage lending

- Net interest income supported by strong loan book growth in the rest of Africa and continued pricing on new loans in South Africa to accommodate the impact of Basel III.
- Increased value of new loans originated partly offset by a higher average prepayment rate.
- Several management initiatives reduced non-performing loans, including enhanced collection activities and restructuring where appropriate.

Instalment sale and finance leases

- Positive loan book growth in South Africa, Namibia, Ghana and Kenya.
- Increased non-performing loan book and higher credit impairment charge, particularly in personal markets.
- Business expansion, branch roll outs in Angola and higher inflationary environments in the rest of Africa increased operating expenses.

Card products

- Strong loan book growth due to higher turnover volumes, credit limit increases and account upgrades in line with the origination strategy.
- Good loan book growth in Namibia, Mozambique and Nigeria.
- Improved net interest margin consistent with an acceptable risk appetite.
- Growth in card acquiring turnover due to the acquisition of high value corporate merchants in 2012 and 2013.
- More normalised credit loss ratio off a low base.

Transactional products

- Good growth in transactional, savings and investment portfolio balances.
- Negative endowment impact of lower average interest rates in South Africa, Nigeria, Uganda and Mozambique.
- Lower fee structures due to the migration of inclusive banking customers to the core banking platform.
- Full year effect of reduced pricing for personal customers introduced in South Africa in April 2012 and no fee increase in 2013.
- Increased term deposits in the rest of Africa, particularly Nigeria and Ghana, as a result of increased product awareness initiatives.

Lending products

- Increased overdraft and revolving credit facility balances due to a focused approach to sales, limit increases and improved limit utilisations.
- Improved risk-based pricing.
- Personal unsecured portfolios in the rest of Africa reflects growth through focused initiatives such as workplace banking, but have been subject to a reduction in risk appetite from the first quarter of the year.
- Specific credit impairments in business segments in the rest of Africa, notably Tanzania.
- Deterioration in the non-performing loan mix due to an increase in late stage non-performing loans.

Bancassurance and wealth

- Increased short-term insurance policy base.
- Growth in embedded products policy base, penetration into core banking products and improved claim ratios.
- Higher insurance profits in Angola, Namibia and Mozambique due to growth in the policy base.
- Significant growth in the assets under management pension fund business in Nigeria.

Personal & Business Banking – South Africa

		Change %	2013	2012
Net interest income	Rm	17	**22 000**	18 867
Non-interest revenue	Rm	6	**16 719**	15 804
Total income	Rm	12	**38 719**	34 671
Credit impairment charges	Rm	18	**6 554**	5 553
Income after credit impairment charges	Rm	10	**32 165**	29 118
Operating expenses	Rm	9	**20 904**	19 176
Headline earnings	Rm	15	**8 538**	7 410
ROE	%		**22.8**	22.9
Cost-to-income ratio	%		**53.6**	54.4
Credit loss ratio	%		**1.45**	1.33

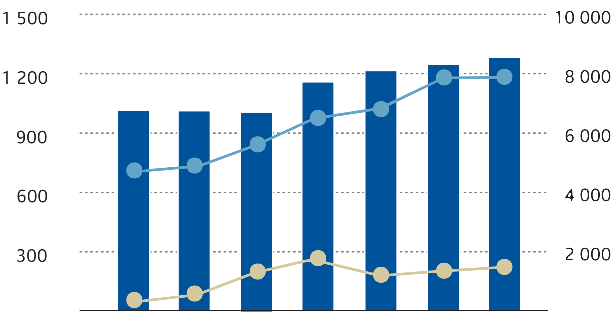
Loans and advances by product

	Change %	2013 Rm	2012 Rm
Loans and advances to banks	50	**40 678**	27 063
Loans and advances to customers	8	**500 384**	462 846
Gross loans and advances to customers	8	**514 894**	475 105
Mortgage loans	3	**308 908**	299 675
Instalment sale and finance leases	12	**70 700**	62 860
Card debtors	16	**27 786**	24 052
Overdrafts and other demand loans	28	**38 100**	29 824
Personal unsecured lending	1	**11 768**	11 620
Business lending	45	**26 332**	18 204
Other term loans	19	**65 649**	55 164
Personal unsecured lending	25	**38 708**	31 033
Business lending	12	**26 941**	24 131
Commercial property finance	6	**3 645**	3 429
Other loans and advances	5	**106**	101
Less: Credit impairments for loans and advances	18	**14 510**	12 259
Specific credit impairments	22	**10 516**	8 614
Portfolio credit impairments	10	**3 994**	3 645
Net loans and advances	10	**541 062**	489 909
Comprising:			
Gross loans and advances	11	**555 572**	502 168
Less: Credit impairments	18	**14 510**	12 259
Net loans and advances	10	**541 062**	489 909
Securitised assets consolidated above:			
Mortgage loans	(11)	**9 937**	11 113

Deposit and current accounts by product

	Change %	2013 Rm	2012 Rm
Wholesale priced deposit and current accounts	7	**69 482**	64 765
Call deposits	13	**59 677**	52 992
Securitisation issuances	(17)	**9 805**	11 773
Retail priced deposit and current accounts	20	**298 165**	248 289
Current accounts	29	**112 893**	87 830
Cash management deposits	21	**19 055**	15 696
Call deposits	33	**83 571**	62 675
Savings accounts	(21)	**19 125**	24 201
Term deposits	8	**55 014**	50 956
Other funding	23	**8 507**	6 931
Inter-divisional funding	(0)	**147 645**	148 289
Total deposit and current accounts	12	**515 292**	461 343

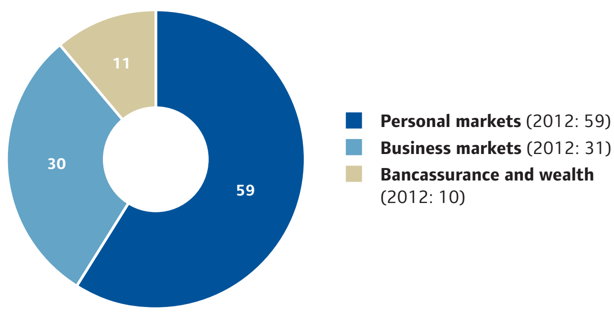
Points of representation



	2007	2008	2009	2010	2011	2012	2013
Branches[1]	1 015	1 013	1 012	1 159	1 217	1 249	1 283
ATMs - Standard Bank-owned[2]	4 699	4 864	5 580	6 473	6 770	7 841	7 861
ATMs - non - Standard Bank-owned	322	541	1 284	1 736	1 175	1 312	1 439

[1] Including loan centres.
[2] Including ANAs.

Composition of income per market segment (%)



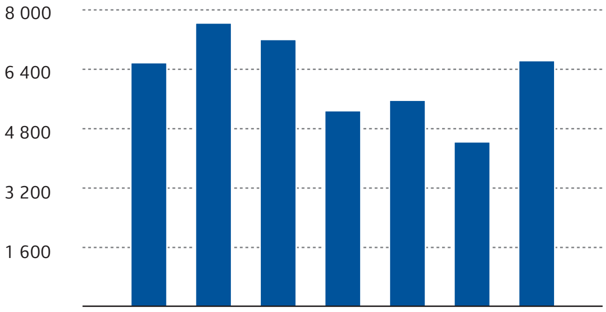
Key business statistics

		Change %	2013	2012
South Africa				
Mortgage loans				
Number of loan applications received	thousands	(7)	**270**	291
Change in value of new business registered	%		**3**	2
Average loan-to-value (LTV) of new business registered	%		**85**	87
Average balance-to-original-value (BTV) of portfolio	%		**67**	66
Average instalment-to-income (ITI) of new business	%		**19**	19
Proportion of new business referred by independent mortgage originators and estate agents	%		**54**	53
Instalment sale and finance leases				
Growth in value of new loans				
– motor	%		**(1)**	15
– non-motor	%		**13**	23
Number of accounts at year-end[1]				
Credit card accounts	thousands	1	**2 091**	2 075
Current accounts	thousands	0	**2 570**	2 569
Transactional and savings accounts	thousands	(3)	**6 993**	7 207
UCount registered users	thousands	100	**300**	
Distribution				
Change in internet users (registered)	%		**28**	34
Change in mobile banking users (registered)	%		**21**	>100
Change in ATM transactions	%		**(3)**	2
Total ANA transactions[2]	thousands	>100	**74 549**	35 154
Points of representation				
Branches and loan centres		1	**726**	721
ATMs and ANAs		(0)	**8 077**	8 103
ATMs – Standard Bank owned		(8)	**5 702**	6 216
ATMs – non-Standard Bank owned		10	**1 439**	1 312
ANAs – Standard Bank owned		63	**936**	575
Access points (active)		(40)	**2 778**	4 650
Rest of Africa				
Points of representation				
Branches[3]		5	**557**	528
ATMs		16	**1 223**	1 050
Change in ATM transactions	%		**40**	35

[1] Including nil balances.
[2] Automated Notes Acceptor.
[3] Includes service centres, customer service trade points, agencies, in-store banking and bank at work sites.

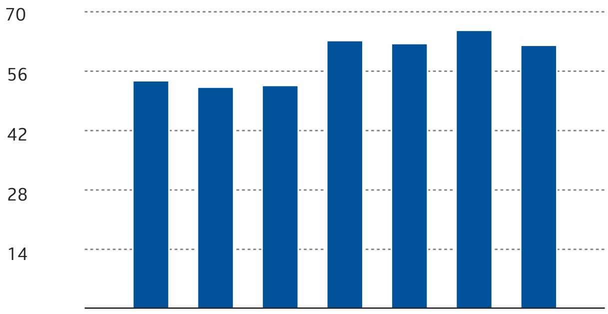
Corporate & Investment Banking

Headline earnings (Rm)
CAGR (2007 - 2013): 0.1%



2007	2008	2009	2010	2011	2012	2013
6 536	7 597	7 156	5 252	5 532	4 419	6 591

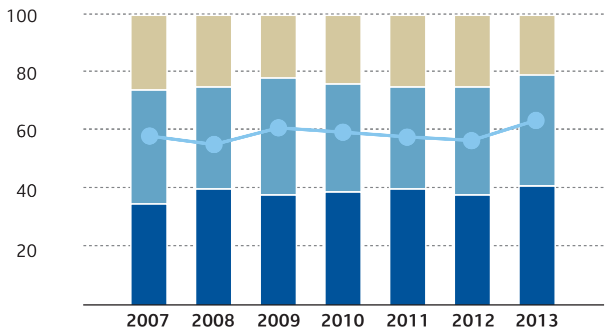
Cost-to-income ratio (%)



2007	2008	2009	2010	2011	2012	2013
53.4	51.9	52.3	62.8	62.1	65.3	61.8

		Change %	**2013**	2012
Net interest income	Rm	20	**11 441**	9 550
Non-interest revenue	Rm	3	**16 863**	16 377
Net fee and commission revenue	Rm	(6)	**4 935**	5 226
Trading revenue	Rm	14	**10 568**	9 241
Other revenue	Rm	(29)	**1 360**	1 910
Total income	Rm	9	**28 304**	25 927
Credit impairment charges	Rm	(40)	**1 397**	2 340
Operating expenses	Rm	8	**17 537**	16 184
Restructure charge	Rm	(100)	**–**	758
Taxation	Rm	27	**1 966**	1 553
Headline earnings	Rm	49	**6 591**	4 419
Headline earnings change	%		**49**	(20)
Headline earnings contribution to the group	%		**38**	30
ROE	%		**14.3**	9.6
Net interest margin	%		**1.67**	1.51
Cost-to-income ratio	%		**61.8**	65.3
Credit loss ratio	%		**0.36**	0.63
Effective taxation rate	%		**20.8**	23.4
Total assets	Rm	6	**805 814**	760 428
Average ordinary shareholders' equity	Rm	1	**46 172**	45 872
External net loans and advances	Rm	15	**405 009**	352 938
Number of employees		(12)	**2 305**	2 609

Income contribution (%)



	2007	2008	2009	2010	2011	2012	2013
Net interest income	34	39	37	38	39	37	40
Trading revenue	38	34	39	36	34	36	37
Fees and other revenue	28	27	24	26	27	27	23
Trading income as percentage of non-interest revenue	57.4	54.5	60.2	58.7	57.1	56.4	62.7

Favourable

- Continued momentum in revenue growth across Africa.
- Net interest income growth driven by a higher lending book and improved margins in the rest of Africa.
- Strong performance in FIC trading in the rest of Africa.
- Equity trading provision released following the successful legal resolution of a counterparty dispute.
- Realised fair value gain on contingent interest in Troika.
- Settlement received from a Middle Eastern exposure fully impaired in prior years.
- Cost savings resulting from the restructure outside of Africa at the end of 2012.
- Reduced specific impairments in investment banking.

Adverse

- Challenging trading conditions in South Africa and outside of Africa.
- Operating expenses growth in the rest of Africa in support of business expansion.
- Negative endowment effect of lower average interest rates.
- Accrual of fine imposed by the Financial Conduct Authority in the United Kingdom.

CIB financial results presented on an IFRS basis[1]

		Change %	**2013 Rm**	2012 Rm
Net interest income	Rm	21	**11 464**	9 501
Non-interest revenue	Rm	1	**14 309**	14 188
Total income	Rm	9	**25 773**	23 689
Credit impairment charges	Rm	(41)	**1 341**	2 254
Operating expenses	Rm	10	**14 730**	13 337
Profit from continuing operations	Rm	18	**7 919**	6 695
Loss from discontinued operation – Global markets business outside Africa	Rm	74	**(419)**	(1 618)
Headline earnings	Rm	49	**6 591**	4 419
Cost-to-income ratio	%		**56.9**	56.3
Total assets	Rm	6	**805 204**	760 428
Net loans and advances (external)	Rm	(2)	**346 453**	352 938

[1] Recognising the IFRS treatment of discontinued operations relating to the proposed disposal of the global markets business outside Africa, through the disposal of a 60% shareholding in SB Plc, as announced on 29 January 2014.

Total income and headline earnings by product

	Total income			Headline earnings		
	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm
Global markets	16	**11 934**	10 301	96	**2 403**	1 225
Investment banking	(7)	**6 140**	6 627	(6)	**1 672**	1 774
Transactional products and services	19	**8 884**	7 455	29	**2 212**	1 712
Real estate and principal investment management	(13)	**1 346**	1 544	24	**304**	246
	9	**28 304**	25 927	33	**6 591**	4 957
Restructure charge				100	**–**	(538)
Corporate & Investment Banking	9	**28 304**	25 927	49	**6 591**	4 419

Global Markets

- Strong FIC revenue performance in the rest of Africa underpinned by increased client activity and high levels of liquidity in forex and interest rate trading.
- Realised fair value gain on contingent interest in Troika.
- Weak FIC trading in South Africa and outside of Africa due to tightening margins and reduced liquidity as market volatility intensified.
- Commodities revenue performed well, particularly in precious metals, on the back of increased client flow and volatility.
- Lower operating expenses outside of Africa following the restructure at the end of 2012 and the non-recurrence of regulatory and compliance-related costs.

Investment Banking

- Continued reduction of legacy business relating to a previous strategy, resulting in lower revenues.
- Decreased advisory revenue as a result of lower deal flow and reduced client activity in a subdued environment.
- Lower specific credit impairments although large impairments raised against a small number of exposures, offset by a final settlement received from a Middle Eastern exposure fully impaired in prior years.
- Reduced non-performing loans.
- Higher net interest income due to good loan book growth at improved net interest margins, largely in the rest of Africa.

Transactional Products and Services

- Continued growth in asset and deposit balances across Africa.
- Strong revenue performance from cash management services.
- Increased client demand for export confirmations, guarantees and letters of credit.
- Negative endowment impact in South Africa, Nigeria, Mozambique and Uganda following lower average interest rates.
- Specific credit impairments raised against Mauritius, Tanzania and South Africa exposures.
- Higher operating expenses due to continued investments in systems and people to support revenue growth in the rest of Africa.

Real Estate and Principal Investment Management

- Non-recurrence of prior year gain in Turkey's principal investment management business.
- Lower profit on the sale of property investments.

Loans and advances by product

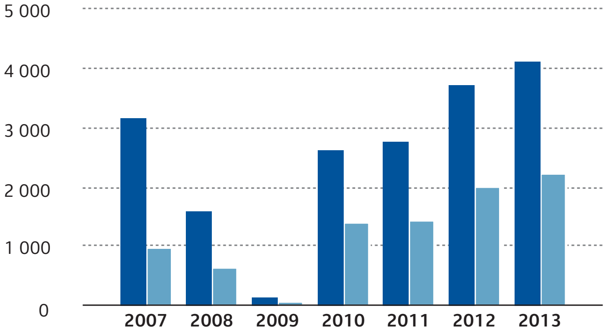
	Change %	2013 Rm	2012 Rm
Loans and advances to banks	24	**124 833**	100 763
Call loans	(52)	**10 420**	21 532
Loans granted under resale agreements	>100	**65 192**	30 331
Other loans and advances	1	**49 221**	48 900
Loans and advances to customers	11	**280 176**	252 175
Gross loans and advances to customers	11	**284 885**	257 391
Instalment sale and finance leases	(12)	**2 801**	3 192
Overdrafts and other demand loans	44	**49 810**	34 618
Term loans	3	**162 973**	158 033
Loans granted under resale agreements	25	**21 364**	17 148
Commercial property finance	11	**42 213**	37 964
Other loans and advances	(11)	**5 724**	6 436
Less: Credit impairments for loans and advances	(10)	**4 709**	5 216
Credit impairments for non-performing loans	(11)	**3 462**	3 901
Credit impairments for performing loans	(5)	**1 247**	1 315
Net loans and advances	15	**405 009**	352 938
Comprising:			
Gross loans and advances	14	**409 718**	358 154
Less: Credit impairments	(10)	**4 709**	5 216
Net loans and advances	15	**405 009**	352 938
Net loans and advances – on a constant currency basis	7	**405 009**	379 280

Deposit and current accounts by product

	Change %	2013 Rm	2012 Rm
Wholesale priced deposit and current accounts	4	**646 009**	618 440
Current accounts	49	**59 993**	40 146
Cash management deposits	15	**104 877**	91 272
Call deposits	28	**84 974**	66 281
Term deposits	(18)	**161 543**	196 788
Negotiable certificates of deposits	19	**95 286**	79 966
Repurchase agreements	(33)	**5 546**	8 294
Other funding including interbank deposits	(1)	**133 790**	135 693
Inter-divisional funding	(3)	**(147 068)**	(151 877)
Total deposit and current accounts	7	**498 941**	466 563
Total deposit and current accounts – on a constant currency basis	0	**498 941**	496 713

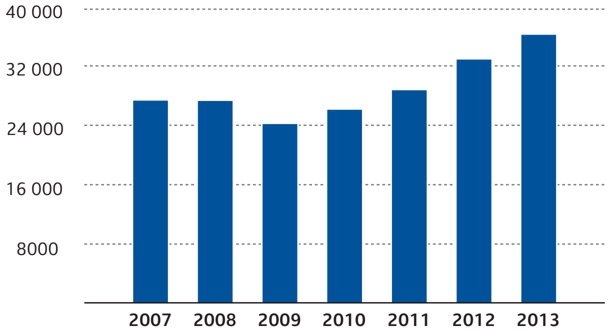
Liberty

Liberty headline earnings (Rm)
CAGR (2007 – 2013): Liberty BEE normalised: 5% SBG share: 15%



	2007	2008	2009	2010	2011	2012	2013
Liberty BEE normalised	3 129	1 573	135	2 597	2 737	3 688	4 076
SBG share	973	641	72	1 393	1 428	1 990	2 211

Normalised embedded value (Rm)
CAGR (2007 – 2013) 5%



2007	2008	2009	2010	2011	2012	2013
27 250	27 207	24 118	26 030	28 639	32 740	36 052

		Change %	2013	2012
Net insurance premiums[1]	Rm	16	**34 466**	29 631
Investment income and gains[1]	Rm	5	**47 751**	45 603
Benefits due to policyholders[1]	Rm	8	**63 295**	58 739
Management and service fee income[1]	Rm	21	**3 189**	2 643
Operating expenses[1]	Rm	18	**14 226**	12 080
BEE normalised headline earnings[2]	Rm	11	**4 076**	3 688
Headline earnings attributable to the group	Rm	11	**2 211**	1 990
Effective interest in Liberty at year-end	%		**54.1**	54.4
ROE	%		**24.7**	24.7
Return on Liberty group equity value[2]	%		**16.1**	20.8
Indexed new business (excluding contractual increases)[2]	Rm	15	**6 948**	6 055
New business margin[2]	%		**2.2**	2.0
Net cash inflows in insurance operations[2]	Rm	38	**6 316**	4 572
Normalised Liberty group equity value[2]	Rm	10	**36 052**	32 740
Capital adequacy requirement cover (times covered)			**2.57**	2.71

[1] Includes adjustments on consolidation of Liberty Holdings into the Standard Bank Group.
[2] Liberty as published (return on embedded value).

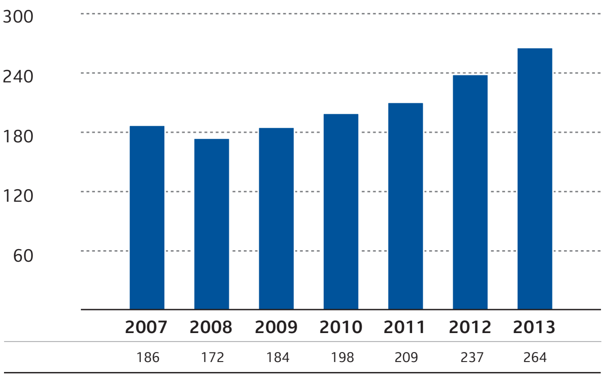
Favourable

- Growth in operating earnings (excluding LibFin investments) supported by strong results in Retail SA and Corporate business units.
- Positive risk and persistency variances in the insurance business.
- Long-term indexed insurance new business up 15% and long-term insurance cash inflows up 38%.
- Strong capital position.
- Stanlib South Africa net external client cash inflows of R21,7 billion.
- Value of new business at R839 million up 21% despite an increase in the risk discount rates.

Adverse

- Liberty Health Holdings and Direct Financial Services business units not yet profitable.
- Large mandate loss in Stanlib resulting in negative net external client cash flows of R5,9 billion.
- Income from LibFin investments down due to lower market returns and LibFin markets earnings lower due to interest rate volatility.

Policyholder liabilities (Rbn)
CAGR (2007 – 2013): 6%



BEE normalised summarised income statement

	Change %	2013 Rm	2012 Rm
Insurance premium revenue	16	**35 782**	30 720
Reinsurance premiums	21	**(1 316)**	(1 089)
Net insurance premiums	16	**34 466**	29 631
Investment income and gains	5	**47 645**	45 496
Management and service fee income	14	**3 224**	2 816
Total revenue	9	**85 335**	77 943
Benefits due to policyholders	8	**63 212**	58 647
Net insurance benefits and claims	3	**45 245**	43 864
Fair value adjustment to policyholders' liabilities under investment contracts	1	**10 135**	10 035
Fair value adjustment on third party mutual fund interests	65	**7 832**	4 748
Income after policyholders' benefits	15	**22 123**	19 296
Operating expenses	18	**14 623**	12 434
Insurance, investment and asset management acquisition costs	11	**4 233**	3 818
General marketing and administration expenses	20	**9 079**	7 573
Finance costs	35	**327**	243
Preference dividend in subsidiary	23	**984**	800
Equity accounted earnings from joint ventures	(100)	**0**	3
Profit before taxation	9	**7 500**	6 865
Taxation	11	**2 968**	2 685
Total earnings	8	**4 532**	4 180
Preference share dividend deducted	–	**(2)**	(2)
Headline earnings adjustable items	>100	**108**	(71)
Attributable to non-controlling interests[1]	34	**562**	419
BEE normalised headline earnings	11	**4 076**	3 688

[1] Non-controlling interest within Liberty Holdings.

BEE normalised headline earnings – Liberty Holdings

	Change %	2013 Rm	2012 Rm
Retail insurance South Africa	24	**1 467**	1 179
Liberty corporate	83	**121**	66
LibFin	(5)	**2 015**	2 116
Stanlib	18	**633**	537
Liberty properties	(8)	**44**	48
Liberty Africa	>100	**52**	21
Liberty health	5	**(40)**	(42)
Other	9	**(216)**	(237)
BEE normalised headline earnings	11	**4 076**	3 688

External assets under management

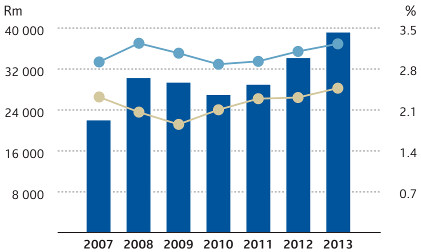
	Change %	2013 Rbn	2012 Rbn
Asset management – assets under management	12	**47**	42
Segregated funds	13	**43**	38
Properties	0	**4**	4
Wealth management – funds under administration	17	**276**	236
Single manager unit trust	(9)	**91**	100
Institutional marketing	10	**53**	48
Linked and structured life products	95	**84**	43
Multi-manager	11	**10**	9
Rest of Africa	6	**38**	36
Total external assets under management	16	**323**	278

Income statement analysis

Net interest income and margin analysis

Net interest income and net interest margin

CAGR (2007 – 2013): 10%



	2007	2008	2009	2010	2011	2012	2013
Net interest income	22 068	30 329	29 438	27 028	29 027	34 233	39 225
Before impairment charges	2.91	3.23	3.06	2.87	2.92	3.09	3.22
After impairment charges	2.31	2.05	1.84	2.09	2.28	2.30	2.46

Favourable

- Cumulative positive effect of pricing strategies on mortgage lending business reflecting underlying risk and anticipated Basel III liquidity requirements.
- Increased higher margin earning unsecured lending, primarily card debtors, overdrafts and revolving credit plans improving the lending book mix within the strategic risk appetite.
- Refined instalment sales and finance leases credit scorecards appropriately pricing for risk.
- Less expensive sources of funding in South Africa reduced the cost of funding the lending book.
- Strong balance growth in the rest of Africa and greater proportion of endowment funding balances assisted the mix.
- Easing of liquidity pressures in the rest of Africa.
- Favourable fair value adjustments on government bonds held in South Africa, Kenya and Nigeria.
- Translation effect of the weaker rand.

Unfavourable

- Negative endowment impact on capital and transactional balances due to lower average interest rates in South Africa, Nigeria, Uganda, Kenya and Mozambique.
- Lower unwinding to interest income of the IAS39 discount on expected recoveries of non-performing loans.

Movement in average assets, net interest income and margin per business unit

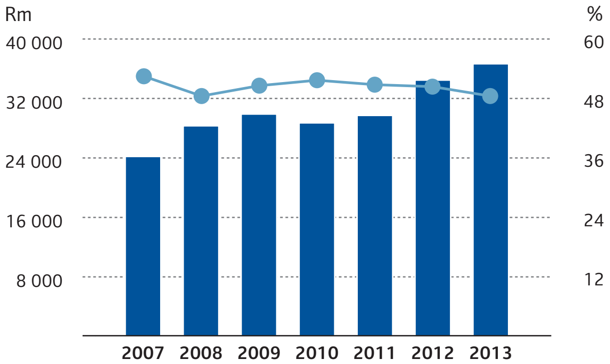
	Personal & Business Banking			Corporate & Investment Banking			Banking activities		
	Average assets Rm	Net interest income Rm	Net interest margin %	Average assets Rm	Net interest income Rm	Net interest margin %	Average assets Rm	Net interest income Rm	Net interest margin %
2012 banking activities as reported	489 809	23 834	4.88	637 490	9 938	1.56	1 110 784	34 233	3.09
Restatements and reclassifications	1 159	(376)	(0.09)	(3 103)	(388)	(0.05)			
2012 banking activities restated	490 968	23 458	4.79	634 387	9 550	1.51	1 110 784	34 233	3.09
Net non-interest earning assets	(23 002)	854	0.42	(176 931)	498	0.69	(220 761)	2 623	1.06
Interest earning assets – 2012	467 966	24 312	5.21	457 456	10 048	2.20	890 023	36 856	4.15
Impact of volume changes	**49 054**	**3 135**		**38 053**	**2 278**		**86 776**	**4 836**	
Impact of calendar variance		**(69)**			**(26)**			**(108)**	
Impact of rate changes		**1 098**	**0.23**		**(398)**	**(0.09)**		**304**	**0.03**
Lending margin		**1 671**	**0.36**		**(292)**	**(0.06)**		**1 165**	**0.13**
Client yield[1]		**1 571**	**0.34**		**(472)**	**(0.10)**		**877**	**0.10**
Cost of funding[2]		**100**	**0.02**		**180**	**0.04**		**288**	**0.03**
Unwinding of discount on credit impairments – IAS 39		**(168)**	**(0.04)**		**(7)**	**(0.00)**		**(175)**	**(0.02)**
Funding margin		**141**	**0.03**		**(16)**	**(0.00)**		**(18)**	**(0.00)**
Endowment – funding		**(370)**	**(0.08)**		**(330)**	**(0.07)**		**(700)**	**(0.08)**
Endowment – capital and reserves		**(159)**	**(0.03)**		**(312)**	**(0.07)**		**(659)**	**(0.07)**
Assets held for liquidity purposes		**(2)**	**(0.00)**		**137**	**0.03**		**352**	**0.04**
Other treasury and banking activities		**(15)**	**(0.01)**		**422**	**0.08**		**339**	**0.03**
Change in composition of balance sheet			**0.07**			**0.29**			**0.11**
Interest earning assets – 2013	**517 020**	**28 476**	**5.51**	**495 509**	**11 902**	**2.40**	**976 799**	**41 888**	**4.29**
Net non-interest earning assets	**27 881**	**(918)**	**(0.45)**	**189 674**	**(461)**	**(0.73)**	**241 975**	**(2 663)**	**(1.07)**
2013 banking activities	**544 901**	**27 558**	**5.06**	**685 183**	**11 441**	**1.67**	**1 218 774**	**39 225**	**3.22**
Net interest income change (%)		**17.5**			**19.8**			**14.6**	
Average assets change (%)	**11.0**			**8.0**			**9.7**		

[1] Client yield changes refer to the difference in movement between average client rates and base lending rates.
[2] Cost of funding changes refer to the difference in movement between base lending rates and an allocated internal cost of funding based on the term nature of the asset.

Income statement analysis

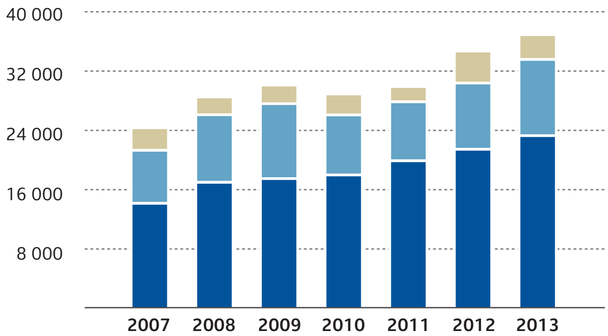
Non-interest revenue

Non-interest revenue
CAGR (2007 – 2013): 7%



	2007	2008	2009	2010	2011	2012	2013
Non-interest revenue	24 201	28 324	29 906	28 720	29 724	34 474	36 669
Non-interest revenue to total revenue	52.3	48.3	50.4	51.5	50.6	50.2	48.3

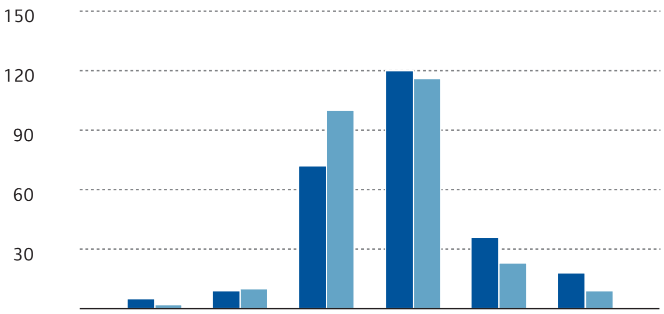
Analysis of non-interest revenue (Rm)



	2007	2008	2009	2010	2011	2012	2013
Net fee and commission revenue	14 083	16 896	17 395	17 883	19 782	21 319	23 147
Trading revenue	7 098	9 046	10 032	8 032	7 895	8 868	10 202
Other revenue	3 020	2 382	2 479	2 805	2 047	4 287	3 320

	Change %	2013 Rm	2012 Rm
Net fee and commission revenue	9	**23 147**	21 319
Fee and commission revenue	9	**27 053**	24 732
Account transaction fees	1	**9 568**	9 497
Electronic banking	16	**2 407**	2 082
Knowledge-based fees and commission	(7)	**2 016**	2 158
Card-based commission	15	**4 769**	4 132
Bancassurance	21	**1 670**	1 381
Documentation and administration fees	23	**1 497**	1 222
Foreign currency service fees	14	**1 572**	1 381
Other	23	**3 554**	2 879
Fee and commission expense	14	**(3 906)**	(3 413)
Trading revenue	15	**10 202**	8 868
Fixed income and currencies (FIC)	(3)	**7 039**	7 280
Commodities	28	**1 984**	1 553
Equities	>100	**1 179**	35
Other revenue	(23)	**3 320**	4 287
Banking and other	(40)	**1 356**	2 253
Property-related revenue	(29)	**474**	663
Insurance – bancassurance income	9	**1 490**	1 371
Total non-interest revenue	6	**36 669**	34 474

Distribution of daily trading profit or loss (Rm)



	<-30	-30 to 0	0 to 30	30 to 60	60 to 90	>90
2013[1]	5	9	72	120	36	18
2012[1]	2	10	100	116	23	9

[1] Daily trading revenue

Favourable

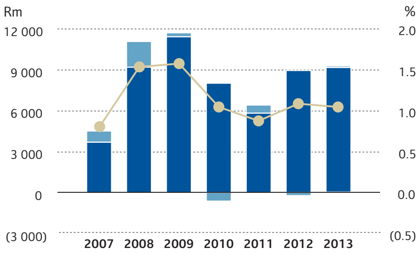
- Continued positive growth in card-based commissions due to higher turnover volumes, high value merchant acquiring additions in South Africa and the successful launch of the card business in Nigeria.
- Good growth in the customer base, transactional volumes and points of representation in the rest of Africa, particularly in Zambia, Ghana, Angola and Zimbabwe.
- Electronic banking revenue supported by higher business online activity, sales volumes from the Instant Money initiative launched in the latter part of 2012 and increased ATM usage.
- Bancassurance commission revenue assisted by the continued increase in the policy base and higher investment portfolio sales volumes.
- Documentation and administration fees benefited from increased overdrafts and revolving credit account bases in South Africa, coupled with growth in business activity in Botswana, Tanzania and Namibia.
- Other fee income positively impacted by:
  - a strong equity market performance and increased volumes of assets under management in Nigeria.
  - higher inflow of offshore investments in bonds and treasury bills increasing letters of credit and export confirmations
  - additional commitment fees received in South Africa.
- Equity trading provision released following the successful legal resolution of a counterparty dispute.
- Increased equities investments dividend income and beneficial equity market performance in South Africa.
- Positive trading environment in the rest of Africa, supported by favourable risk positioning, primarily in Ghana, Kenya, Malawi and Angola.
- Precious metals trading gains assisted by market volatility and the fall of commodity prices.
- Increased bancassurance joint venture income.
- The weaker rand assisted non-interest revenue growth by 4%.

Adverse

- Lower fee structures with the migration of inclusive banking customers to the new core banking platform.
- Regulatory pricing constraints in Nigeria, Zambia and Botswana.
- Higher insurance claims incurred, mainly due to hail storms in South Africa.
- Non-recurrence of structuring and knowledge based fees on renewable energy project financing, coupled with lower deal flow in Kenya and Uganda.
- Difficult FIC trading conditions in South Africa and outside of Africa in a global macro-environment.
- Non-recurrence of gains on the disposal of an equity investment in a Commodities Exchange as well as private equity and listed property investments.

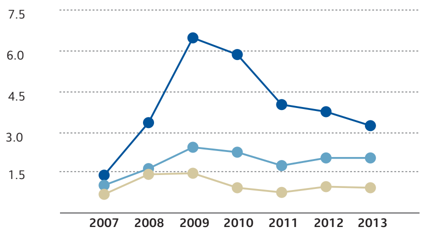
Credit impairment charges

Credit impairment charges



	2007	2008	2009	2010	2011	2012	2013
Specific credit impairments	3 726	9 207	11 433	8 032	5 849	9 040	9 105
Portfolio credit impairments	812	1 874	286	(638)	587	(240)	109
Credit loss ratio	0.80	1.53	1.57	1.04	0.87	1.08	1.04

Credit loss history (%)
(as a percentage of gross loans and advances)



	2007	2008	2009	2010	2011	2012	2013
NPLs	1.50	3.42	6.52	5.91	4.08	3.82	3.31
Balance sheet impairments	1.13	1.74	2.52	2.34	1.85	2.13	2.12
Credit loss ratio	0.80	1.53	1.57	1.04	0.87	1.08	1.04

Favourable

- Improved recoveries, particularly in mortgage lending, due to the continued focus and execution of rehabilitation strategies.
- Enhanced granularity in credit impairment modelling across various portfolios.
- Risk appetite of unsecured lending, both in South Africa and the rest of Africa, was substantially reduced from the first quarter of 2013.
- Substantially lower credit impairment charges in Nigeria, Uganda and Mauritius.
- Lower specific impairment charges in CIB, including a final settlement received from a Middle Eastern exposure fully impaired in the prior year.
- Reduced portfolio provisions in CIB due to an improvement in risk grades.
- Reduction in CIB non-performing loans.

Adverse

- Increased non-performing loans in all PBB portfolios other than mortgage loans.
- Higher credit impairment charges in card debtors and other personal unsecured lending in South Africa, particularly revolving credit plans and overdrafts, due to loan book growth and increased consumer strain.
- Deterioration in the credit performance of Tanzania and Botswana's personal unsecured loans and SME lending.

Income statement impairment charges (net of recoveries)

		2013							2012					
		Specifically impaired loans							Specifically impaired loans					
	Change %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %		Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	17	**6 763**	**790**	**7 553**	**264**	**7 817**	**1.47**		5 954	765	6 719	(61)	6 658	1.39
Mortgage loans	(9)	**2 097**	**305**	**2 402**	**9**	**2 411**	**0.79**		2 793	552	3 345	(697)	2 648	0.91
Instalment sale and finance leases	61	**804**	**16**	**820**	**(31)**	**789**	**1.18**		396	55	451	39	490	0.85
Card debtors	>100	**683**	**66**	**749**	**91**	**840**	**3.26**		300	24	324	60	384	1.73
Other loans and advances	20	**3 179**	**403**	**3 582**	**195**	**3 777**	**2.83**		2 465	134	2 599	537	3 136	2.92
Personal unsecured lending	18	**2 169**	**312**	**2 481**	**245**	**2 726**	**5.73**		1 772	69	1 841	463	2 304	6.47
Business lending and other	26	**1 010**	**91**	**1 101**	**(50)**	**1 051**	**1.22**		693	65	758	74	832	1.16
Corporate & Investment Banking	(40)	**1 517**	**35**	**1 552**	**(155)**	**1 397**	**0.36**		2 285	35	2 320	20	2 340	0.63
Corporate loans	(41)	**1 465**	**35**	**1 500**	**(149)**	**1 351**	**0.39**		2 188	35	2 223	62	2 285	0.69
Commercial property finance	(16)	**52**		**52**	**(6)**	**46**	**0.11**		97		97	(42)	55	0.14
Central and other	(100)								1		1	(199)	(198)	
Total banking activities	5	**8 280**	**825**	**9 105**	**109**	**9 214**	**1.04**		8 240	800	9 040	(240)	8 800	1.08

[1] Discounting of expected recoveries in terms of IAS 39.

Balance sheet impairment – roll forward from December 2012

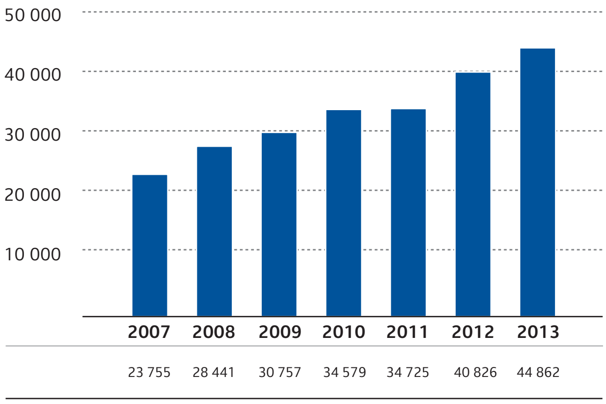
	2013 Opening balance Rm	*IAS 39 discount in opening balance Rm*	**Net provisions raised and released[1] Rm**	*IAS 39 discount in new impairments raised Rm*	**Impaired accounts written off Rm**	**IAS 39 discount recycled to net interest income Rm**	**Currency translation and other movements Rm**	**2013 Closing balance Rm**	*IAS 39 discount in closing balance Rm*	**2013 Recoveries of amounts written off in previous years[1] Rm**
Specific credit impairments										
Personal & Business Banking	8 614	*752*	**8 748**	*790*	**(6 472)**	**(558)**	**184**	**10 516**	*984*	**1 195**
Mortgage loans	4 166	*429*	**2 565**	*305*	**(2 546)**	**(304)**	**62**	**3 943**	*430*	**163**
Instalment sale and finance leases	787	*50*	**1 050**	*16*	**(803)**	**(29)**	**150**	**1 155**	*37*	**230**
Card debtors	580	*62*	**1 107**	*66*	**(718)**	**(51)**	**6**	**924**	*77*	**358**
Other loans and advances	3 081	*211*	**4 026**	*403*	**(2 405)**	**(174)**	**(34)**	**4 494**	*440*	**444**
Personal unsecured lending	1 908	*92*	**2 819**	*312*	**(1 623)**	**(123)**	**(54)**	**2 927**	*281*	**338**
Business lending and other	1 173	*119*	**1 207**	*91*	**(782)**	**(51)**	**20**	**1 567**	*159*	**106**
Corporate & Investment Banking	3 901	*61*	**1 568**	*55*	**(2 776)**		**769**	**3 462**	*116*	**16**
Corporate loans	3 721	*61*	**1 516**	*55*	**(2 705)**		**769**	**3 301**	*116*	**16**
Commercial property finance	180		**52**		**(71)**			**161**		
Central and other	1							**1**		
Total	12 516	*813*	**10 316**	*845*	**(9 248)**	**(558)**	**953**	**13 979**	*1 100*	**1 211**
Portfolio credit impairments										
Personal & Business Banking	3 645		**264**				**85**	**3 994**		
Mortgage loans	716		**9**				**29**	**754**		
Instalment sale and finance leases	520		**(31)**				**31**	**520**		
Card debtors	494		**91**				**1**	**586**		
Other loans and advances	1 915		**195**				**24**	**2 134**		
Personal unsecured lending	1 347		**245**				**(110)**	**1 482**		
Business lending and other	568		**(50)**				**134**	**652**		
Corporate & Investment Banking	1 315	*20*	**(155)**	*(20)*			**87**	**1 247**		
Corporate loans	1 212	*20*	**(149)**	*(20)*			**87**	**1 150**		
Property finance	103		**(6)**					**97**		
Central and other	228							**228**		
Total	5 188	*20*	**109**	*(20)*			**172**	**5 469**		
Total impairments										
Personal & Business Banking	12 259	*752*	**9 012**	*790*	**(6 472)**	**(558)**	**269**	**14 510**	*984*	**1 195**
Mortgage loans	4 882	*429*	**2 574**	*305*	**(2 546)**	**(304)**	**91**	**4 697**	*430*	**163**
Instalment sale and finance leases	1 307	*50*	**1 019**	*16*	**(803)**	**(29)**	**181**	**1 675**	*37*	**230**
Card debtors	1 074	*62*	**1 198**	*66*	**(718)**	**(51)**	**7**	**1 510**	*77*	**358**
Other loans and advances	4 996	*211*	**4 221**	*403*	**(2 405)**	**(174)**	**(10)**	**6 628**	*440*	**444**
Personal unsecured lending	3 255	*92*	**3 064**	*312*	**(1 623)**	**(123)**	**(164)**	**4 409**	*281*	**338**
Business lending and other	1 741	*119*	**1 157**	*91*	**(782)**	**(51)**	**154**	**2 219**	*159*	**106**
Corporate & Investment Banking	5 216	*81*	**1 413**	*35*	**(2 776)**		**856**	**4 709**	*116*	**16**
Corporate loans	4 933	*81*	**1 367**	*35*	**(2 705)**		**856**	**4 451**	*116*	**16**
Commercial property finance	283		**46**		**(71)**			**258**		
Central and other	229							**229**		
Total	17 704	*833*	**10 425**	*825*	**(9 248)**	**(558)**	**1 125**	**19 448**	*1 100*	**1 211**
Total balance sheet impairments as a % of gross loans and advances	2.13							**2.12**		

[1] New provisions raised less recoveries on the amounts written off in previous years equals the income statement credit impairment charge (2013: R10 425 million – R1 211 million = R9 214 million).

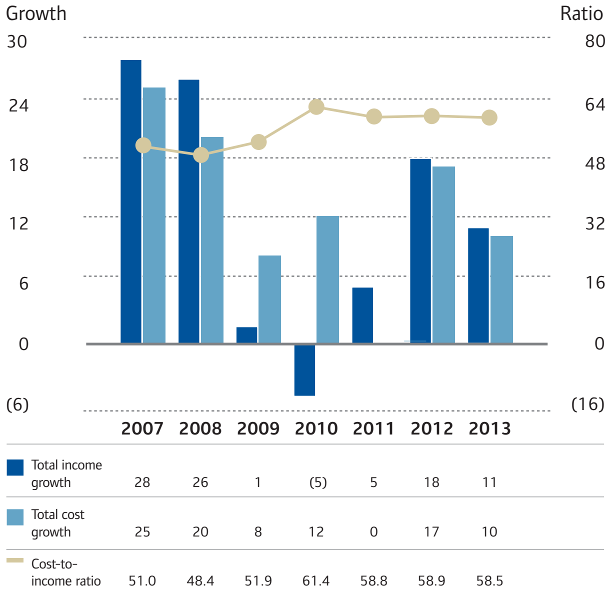
Income statement analysis

Operating expenses

Operating expenses (Rm)
CAGR (2007 – 2013): 11%



Cost and income growth (%)



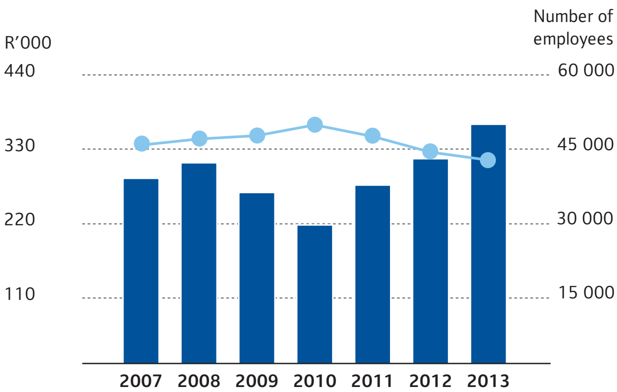
	Change %	2013 Rm	2012 Rm
Staff costs			
Fixed remuneration	10	**16 842**	15 290
Variable remuneration	15	**5 184**	4 513
Charge for incentive payments	18	**4 063**	3 432
Charge for deferred incentive schemes	(16)	**569**	677
IFRS 2 share-based payment expense	37	**552**	404
Other staff costs	11	**2 734**	2 462
Total staff costs	11	**24 760**	22 265
Variable remuneration as a % of total staff costs		**20.9**	20.3
Other operating expenses			
Information technology	23	**4 456**	3 636
Depreciation and amortisation	7	**3 587**	3 341
Impairment of intangible assets[1]	100	**308**	–
Communication	4	**1 463**	1 403
Premises	6	**3 335**	3 133
Professional fees	(18)	**1 742**	2 114
Other	25	**5 211**	4 176
Total other operating expenses	13	**20 102**	17 803
Total operating expenses (excluding restructure charge)	12	**44 862**	40 068
Restructure charge[1]	(100)	**–**	758
Total operating expenses	10	**44 862**	40 826
Total operating expenses on a constant currency basis	4	**44 862**	43 127
Total income including equity accounted earnings and sale of subsidiaries	11	**76 631**	69 296
Cost-to-income ratio (%)		**58.5**	58.9

[1] The 2012 restructure charge includes R220 million impairment of intangible assets.

Analysis of total information technology function spend

	Change %	2013 Rm	2012 Rm
IT staff costs	8	**2 871**	2 669
Information technology licences, maintenance and related costs	23	**4 456**	3 636
Depreciation and amortisation	16	**2 945**	2 538
Other	6	**1 005**	951
Total	15	**11 277**	9 794

Headline earnings per employee



	2007	2008	2009	2010	2011	2012	2013
Headline earnings per employee	275	298	254	206	265	304	355
Number of employees	44 301	45 315	45 937	48 125	45 904	42 736	42 221

	Change %	**2013**	2012
Headcount by business unit			
Personal & Business Banking	1	**21 217**	21 062
Corporate & Investment Banking	(12)	**2 305**	2 609
Central and other (enabling functions)	(2)	**18 699**	19 065
Banking activities	(1)	**42 221**	42 736
Headcount by region			
South Africa	(3)	**27 478**	28 248
Rest of Africa	5	**13 430**	12 841
Outside Africa	(20)	**1 313**	1 647
Banking activities	(1)	**42 221**	42 736

Currency translation impact

- Adverse translation impact of a weaker rand on staff costs of 4%, other operating expenses (excluding the restructure charge) of 7% and total operating expenses including the restructure charge of 6%.
- On a constant currency basis income growth of 7% exceeded operating expenses growth of 4%.

Staff costs and headcount

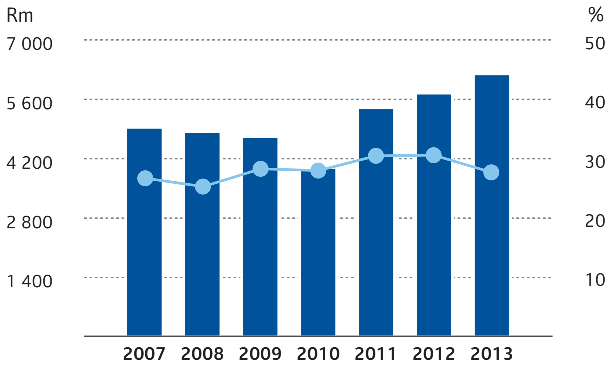
- Increased headcount in the rest of Africa on the back of branch network expansions, particularly in Angola.
- Reduced headcount outside of Africa due to the restructure at the end of 2012, and in South Africa following natural attrition and optimisation.
- Charge for incentive payments increasing in line with business performance.
- Increased amortisation of prior year's deferred share based payment compensation.
- Higher other staff costs due to:
  - additional temporary staff and increased working hours within the branch channels
  - lower pension fund surplus release.

Other operating expenses

- Information technology impacted by:
  - inflationary increases and the effect of the weaker rand
  - development projects moving into production, specifically in relation to core banking platforms
  - additional data line charges
  - the outsourcing of desktop support services.
- Higher depreciation charge attributable to branch network expansion and the roll out of ATMs in the rest of Africa.
- Amortisation costs in Africa increased as a result of core banking systems commissioned partly offset by lower amortisation outside of Africa due to the impairment of intangibles in 2012.
- Additional deposit protection premium insurance legislated in Zimbabwe and a significant increase in the regulatory charge to banks for the AMCON sinking fund in Nigeria.
- Increased operational risk losses, including an accrual for a fine imposed by the Financial Conduct Authority in the United Kingdom.
- Increased travel and marketing related expenses due to new product campaigns (e.g. the UCount loyalty programme) and brand awareness.
- Network expansion in Angola contributing to overall cost growth.
- Benefit of non-recurrence of regulatory and compliance related costs outside of Africa.

Taxation

Taxation charge and effective taxation rate



	2007	2008	2009	2010	2011	2012	2013
Total taxation charge	4 940	4 839	4 725	3 987	5 397	5 745	6 197
Effective taxation rate	26.5	25.1	28.1	27.8	30.3	30.4	27.5

Taxation rate reconciliation

	2013 %	2012 %
Effective taxation rate	**27.5**	30.4
Indirect taxation	**(7.0)**	(7.5)
Direct taxation – current and prior periods	**20.5**	22.9
Prior year tax	**0.7**	5.1
Direct taxation – current year	**21.2**	28.0
Adjustments to direct taxation	**(0.9)**	(1.8)
Capital gains tax	**(0.3)**	(0.4)
Foreign tax	**(0.6)**	(0.5)
Secondary tax cost on companies	**–**	(0.5)
Deferred tax rate adjustment	**–**	(0.4)
Direct taxation – current year – normal	**20.3**	26.2
Permanent differences	**7.7**	1.8
Non-taxable income	**7.5**	8.5
Deductible indirect tax	**2.0**	2.1
Other	**(1.8)**	(8.8)
Direct taxation – statutory rate	**28.0**	28.0

Favourable rate movements

- Non-recurrance of the impairment in 2012 of the deferred tax assets on tax losses in SB Plc and Brazil.
- Positive impact of the abolishment of secondary tax on companies in the prior year.
- Non-recurrence of a deferred tax adjustment due to the change in the capital gains tax inclusion rate in 2012.

Unfavourable rate movements

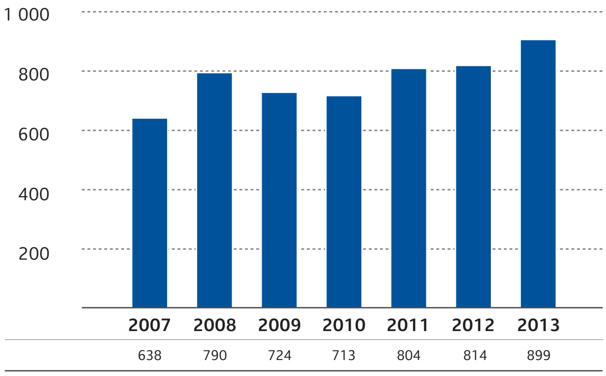
- Non-recurrence of prior year's positive settlement of a historical tax appeal.
- Decreased non-taxable dividend and other non-taxable income.

Balance sheet analysis

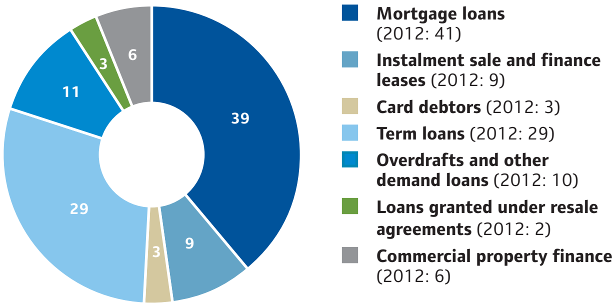
Balance sheet analysis

Loans and advances

Loans and advances (Rbn)
CAGR (2007 – 2013): 6%



Composition of gross loans and advances to customers (%)

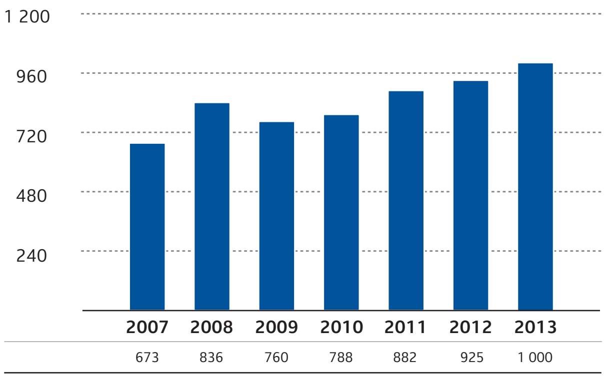


By advance type

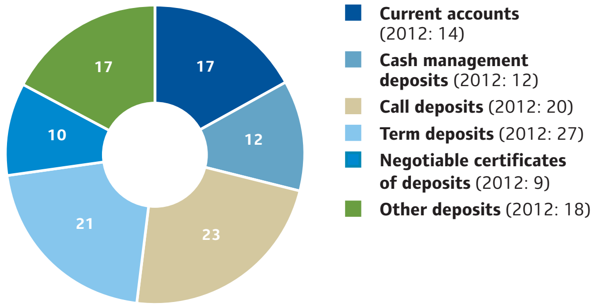
	Change %	2013 Rm	2012 Rm
Loans and advances to banks	22	**125 559**	102 610
Call loans	(54)	**10 218**	22 328
Loans granted under resale agreements	>100	**65 192**	30 331
Other loans and advances	0	**50 149**	49 951
Loans and advances to customers	9	**773 816**	711 282
Gross loans and advances to customers	9	**793 264**	728 986
Mortgage loans	3	**308 916**	299 791
Instalment sale and finance leases	11	**73 502**	66 053
Card debtors	16	**27 786**	24 052
Overdrafts and other demand loans	34	**87 254**	65 008
Personal loans	1	**11 768**	11 620
Corporate, business and other loans	41	**75 486**	53 388
Other term loans	6	**227 281**	213 761
Personal loans	25	**38 708**	31 033
Corporate, business and other loans	3	**188 573**	182 728
Loans granted under resale agreements	25	**21 364**	17 148
Commercial property finance	11	**45 858**	41 393
Other loans and advances	(27)	**1 303**	1 780
Less: Credit impairments for loans and advances	10	**19 448**	17 704
Credit impairments for non-performing loans	12	**13 979**	12 516
Credit impairments for performing loans	5	**5 469**	5 188
Net loans and advances	11	**899 375**	813 892
Comprising:			
Gross loans and advances	10	**918 823**	831 596
Less: credit impairments	10	**19 448**	17 704
Net loans and advances	11	**899 375**	813 892
Net loans and advances on a constant currency	6	**899 375**	851 223
Securitised assets consolidated above:			
Mortgage loans	(11)	**9 937**	11 113

Deposit and current accounts

Deposit and current accounts (Rbn)
CAGR (2007 – 2013): 7%



Composition of deposit and current accounts (%)



By deposit type

	Change %	**2013 Rm**	2012 Rm
Deposits from banks	(11)	**110 406**	124 275
Deposits from banks and central banks	(8)	**107 947**	117 577
Deposits from banks under repurchase agreements	(63)	**2 459**	6 698
Deposits from customers	11	**889 448**	800 610
Current accounts	35	**171 846**	127 618
Cash management deposits	16	**123 932**	106 968
Call deposits	25	**227 867**	182 221
Savings accounts	(21)	**19 369**	24 382
Term deposits	(14)	**212 497**	247 711
Negotiable certificates of deposit	19	**95 285**	79 966
Repurchase agreements	93	**3 086**	1 596
Securitised issuances	(22)	**5 625**	7 192
Other funding	30	**29 941**	22 956
Total deposit and current accounts	8	**999 854**	924 885
Comprising:			
Retail priced deposit and current accounts	20	**298 165**	248 289
Wholesale priced deposit and current accounts	4	**701 689**	676 596
Total deposit and current accounts	8	**999 854**	924 885
Total deposit and current accounts on a constant currency	3	**999 854**	968 548

Loans and advances performance

	Gross loans and advances Rm	Performing loans: Neither past due nor specifically impaired – Normal monitoring Rm	Performing loans: Neither past due nor specifically impaired – Close monitoring Rm	Performing loans: Not specifically impaired – Early arrears Rm	Non-performing loans: Not specifically impaired – Non-performing Rm	Non-performing loans: Specifically impaired loans – Sub-standard Rm	Specifically impaired loans – Doubtful Rm	Specifically impaired loans – Loss Rm	Specifically impaired loans – Total Rm	Securities and expected recoveries on specifically impaired loans Rm	Net after securities and expected recoveries on specifically impaired loans Rm	Balance sheet impairments for non-performing specifically impaired loans Rm	Specific gross impairment coverage %	Total non-performing loans Rm	Non-performing loans %
2013															
Personal & Business Banking	555 572	482 250	17 921	31 300		5 532	14 901	3 668	24 101	13 585	10 516	10 516	44	24 101	4.3
Mortgage loans	308 908	267 160	10 469	17 292		3 835	9 623	529	13 987	10 044	3 943	3 943	28	13 987	4.5
Instalment sale and finance leases	70 700	62 467	1 789	4 197		305	1 253	689	2 247	1 092	1 155	1 155	51	2 247	3.2
Card debtors	27 786	22 550	1 882	2 058		230	337	729	1 296	372	924	924	71	1 296	4.7
Other loans and advances	148 178	130 073	3 781	7 753		1 162	3 688	1 721	6 571	2 077	4 494	4 494	68	6 571	4.4
Personal unsecured lending	50 476	39 457	1 906	5 055		503	2 357	1 198	4 058	1 131	2 927	2 927	72	4 058	8.0
Business lending and other	97 702	90 616	1 875	2 698		659	1 331	523	2 513	946	1 567	1 567	62	2 513	2.6
Corporate & Investment Banking	409 718	402 940	390	116	978	811	3 478	1 005	5 294	1 832	3 462	3 462	65	6 272	1.5
Corporate loans	367 505	361 389	390	92	918	512	3 263	941	4 716	1 415	3 301	3 301	70	5 634	1.5
Commercial property finance	42 213	41 551		24	60	299	215	64	578	417	161	161	28	638	1.5
Central and other	(46 467)	(46 467)								(1)	1	1			
Gross loans and advances	918 823	838 723	18 311	31 416	978	6 343	18 379	4 673	29 395	15 416	13 979	13 979	48	30 373	3.3
Percentage of total book (%)	100.0	91.3	2.0	3.4	0.1	0.7	2.0	0.5	3.2	1.7	1.5	1.5			
2012															
Personal & Business Banking	502 168	430 757	20 368	28 567		6 276	13 245	2 955	22 476	13 862	8 614	8 614	38	22 476	4.5
Mortgage loans	299 675	255 240	11 824	16 864		4 966	10 088	693	15 747	11 581	4 166	4 166	26	15 747	5.3
Instalment sale and finance leases	62 860	54 950	3 089	3 220		221	692	688	1 601	814	787	787	49	1 601	2.5
Card debtors	24 052	19 371	2 009	1 780		159	233	500	892	312	580	580	65	892	3.7
Other loans and advances	115 581	101 196	3 446	6 703		930	2 232	1 074	4 236	1 155	3 081	3 081	73	4 236	3.7
Personal unsecured lending	42 653	34 650	1 465	3 992		475	1 292	779	2 546	638	1 908	1 908	75	2 546	6.0
Business lending and other	72 928	66 546	1 981	2 711		455	940	295	1 690	517	1 173	1 173	69	1 690	2.3
Corporate & Investment Banking	358 154	348 205	604	30	1 332	3 238	3 783	962	7 983	4 082	3 901	3 901	49	9 315	2.6
Corporate loans	320 190	311 198	604	25	1 135	2 914	3 537	777	7 228	3 507	3 721	3 721	51	8 363	2.6
Commercial property finance	37 964	37 007		5	197	324	246	185	755	575	180	180	24	952	2.5
Central and other	(28 726)	(28 726)								(1)	1	1			
Gross loans and advances	831 596	750 236	20 972	28 597	1 332	9 514	17 028	3 917	30 459	17 943	12 516	12 516	41	31 791	3.8
Percentage of total book (%)	100.0	90.2	2.5	3.4	0.2	1.2	2.0	0.5	3.7	2.2	1.5	1.5			

Criteria for classifications of loans and advances

Non-performing loans	Those loans for which: • the group has identified objective evidence of default, such as a breach of a material loan covenant or condition, or • instalments are due and unpaid for 90 days or more.
Neither past due nor specifically impaired loans	Loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21 and close monitoring loans are generally rated 22 to 25 using the group's master rating scale.
Early arrears but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.
Non-performing but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are 90 days or more past due as well as those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition. These loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing specifically impaired loans	Loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories: • Sub-standard items that show underlying well defined weaknesses and are considered to be specifically impaired. • Doubtful items that are not yet considered final losses because of some pending factors that may strengthen the quality of the items. • Loss items that are considered to be uncollectible in whole or in part. The group provides fully for its anticipated loss, after taking securities into account.

Banking activities average balance sheet

	2013 Trading book Rm	2013 Non-interest earning Rm	2013 Interest earning Rm	2013 Total average balance Rm	2013 Interest[1] Rm	2013 Average rate %	2012 Trading book Rm	2012 Non-interest earning Rm	2012 Interest earning Rm	2012 Total average balance Rm	2012 Interest[1] Rm	2012 Average rate %
Assets												
Cash and balances with central banks[2]	514	12 378	30 619	43 511			886	10 729	24 349	35 964		
Trading assets	99 201	14 588		113 789			109 320	5 046		114 366		
Financial investments			99 520	99 520	7 198	7.23			92 494	92 494	7 087	7.68
Net loans and advances	24 292		846 660	870 952	66 435	7.63	28 090		773 180	801 270	61 444	7.69
Loans and advances to banks	24 135		78 969	103 104	1 231	1.19	27 278		84 825	112 103	1 570	1.40
Loans and advances to customers	157		785 465	785 622	65 204	8.30	812		702 877	703 689	59 874	8.53
Mortgage loans			307 884	307 884	24 490	7.95			295 148	295 148	23 963	8.14
Instalment sale and finance leases			70 157	70 157	6 766	9.64			61 619	61 619	6 184	10.06
Card debtors			25 779	25 779	3 590	13.93			22 169	22 169	3 095	14.00
Overdrafts and other demand loans	157		92 637	92 794	7 125	7.68	812		77 941	78 753	6 199	7.89
Term loans			246 609	246 609	19 431	7.88			207 465	207 465	16 915	8.18
Commercial property finance			42 399	42 399	3 802	8.97			38 535	38 535	3 518	9.15
Gross loans and advances	24 292		864 434	888 726	66 435	7.48	28 090		787 702	815 792	61 444	7.55
Credit impairments for loans and advances			(17 774)	(17 774)					(14 522)	(14 522)		
Investment property		3 844		3 844				4 382		4 382		
Other assets	26 164	18 927		45 091			18 493	9 470		27 963		
Interest in associates and joint ventures		11 759		11 759				8 854		8 854		
Goodwill and other intangible assets		14 939		14 939				11 396		11 396		
Property and equipment		15 369		15 369				14 095		14 095		
Total average assets and interest excluding trading derivative assets	**150 171**	**91 804**	**976 799**	**1 218 774**	**73 633**	**6.04**	156 789	63 972	890 023	1 110 784	68 531	6.19
Trading derivative assets	159 640			159 640			184 496			184 496		
Total average assets and interest	**309 811**	**91 804**	**976 799**	**1 378 414**	**73 633**	**5.34**	341 285	63 972	890 023	1 295 280	68 531	5.31
Equity and liabilities												
Equity	2 344	110 967		113 311			5 254	92 978		98 232		
Liabilities	140 302	55 311	907 672	1 103 285	34 408	3.12	139 082	33 388	835 469	1 007 939	34 298	3.41
Trading liabilities	53 730			53 730			41 934			41 934		
Deposit and current accounts	76 159		878 286	954 445	32 051	3.36	87 911		809 716	897 627	32 092	3.58
Deposits from banks	70 024		27 523	97 547	1 590	1.63	81 912		47 833	129 745	2 723	2.10
Deposits from customers	6 135		850 763	856 898	30 461	3.55	5 999		761 883	767 882	29 369	3.84
Current accounts			152 781	152 781	385	0.25			119 315	119 315	253	0.21
Cash management deposits			93 190	93 190	3 382	3.63			84 299	84 299	3 409	4.06
Call deposits			171 076	171 076	6 735	3.94			155 104	155 104	6 792	4.39
Savings accounts			19 597	19 597	264	1.35			22 400	22 400	254	1.14
Term deposits	6 135		314 726	320 861	14 043	4.38	5 999		300 391	306 390	14 351	4.70
Negotiable certificates of deposit			99 393	99 393	5 652	5.69			80 374	80 374	4 310	5.38
Other liabilities	9 525	55 311		64 836			7 705	33 388		41 093		
Subordinated bonds	888		29 386	30 274	2 357	7.79	1 532		25 753	27 285	2 206	8.11
Total average equity, liabilities and interest excluding trading derivative liabilities	**142 646**	**166 278**	**907 672**	**1 216 596**	**34 408**	**2.83**	144 336	126 366	835 469	1 106 171	34 298	3.11
Trading derivative liabilities	161 818			161 818			189 109			189 109		
Total average equity, liabilities and interest	**304 464**	**166 278**	**907 672**	**1 378 414**	**34 408**	**2.50**	333 445	126 366	835 469	1 295 280	34 298	2.66
Margin on total average assets excluding trading derivatives	150 171	91 804	976 799	1 218 774	39 225	3.22	156 789	63 972	890 023	1 110 784	34 233	3.09
Margin on total average loans and advances	24 292		846 660	870 952	39 225	4.50	28 090		773 180	801 270	34 233	4.28
Margin on average interest-earning assets			976 799	976 799	41 888	4.29			890 023	890 023	36 856	4.15

[1] Interest received and paid on trading derivatives instruments has been netted with interest received on derivative asset instruments used for hedging purposes allocated to the instrument being hedged thus the interest split between assets and liabilities will not equate to interest income and interest expense as per the income statement.

[2] Included within interest-earning cash and balances with central banks is the SARB interest-free deposit. This is utilised to meet liquidity requirements and is reflected in the margin as part of interest-earning assets to reflect the cost of liquidity.

Balance sheet analysis

Liquidity management

Liquidity market overview

- The group's liquidity risk management framework requires the group to measure and manage its liquidity position, and ensure that pipeline funding requirements and payment obligations can be met at all times, under both normal and stressed conditions. The group's liquidity risk standard is reviewed annually by the group risk oversight committee and the board.
- The group's overall liquidity risk appetite has remained unchanged during the course of 2013 with continued active management of financial resources within the group's stated risk tolerance.
- New term lending volumes and investment activities are monitored and priced to take into account liquidity costs relating to anticipated regulatory changes and funding costs that will impact the group.
- The group continues to plan and prepare for phase-in Basel III requirements and other regulatory changes, as well as assess and manage the potential liquidity impact of bank specific and systemic events in local and international markets.

Liquidity buffer

- Portfolios of highly marketable liquid securities, over and above prudential requirements, are maintained as protection against unexpected disruptions in cash flows. These holdings are considered in the context of internal stress tests and haircuts assumed on certain securities in a stressed forced sale.
- The amount of contingent liquidity required by the group's liquidity risk standard is influenced by the nature of the depositor and the contractual terms of the deposit, stress testing requirements, depositor concentrations as well as prevailing and anticipated regulation.
- The contingent liquidity amounted to R154,2 billion as at 31 December 2013 (2012: R151,5 billion).

Total liquidity

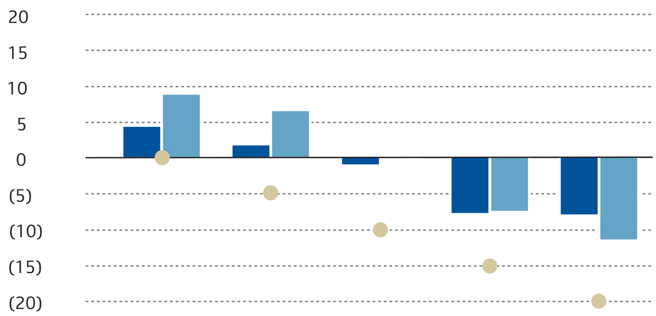
	2013 Rbn	2012 Rbn
Contingent liquidity	**154,2**	151,5
Prudential requirements	**68,6**	60,6
Total liquidity	**222,8**	212,1
Contingent liquidity as % of funding related liabilities	**15%**	16%

Structural liquidity requirements

- Behavioural profiling is applied to assets, liabilities and off-balance sheet commitments with an indeterminable maturity or drawdown period, as well as to certain liquid assets.
- In respect of liabilities, behavioural profiling assigns probable maturities based on historically observed customer behaviour. This process is used to identify core deposits, such as current and savings accounts. These core deposits, although repayable on demand or at short notice, can be considered stable funding based on their behaviour.
- In respect of assets, behavioural profiling is used to identify additional sources of structural liquidity in the form of liquid assets or assets that could be used to generate liquidity within a specific time frame, and certain contractually demand assets are profiled long in order to recognise inflow rates in realistic amounts.

- Limits are set to restrict the cumulative liquidity mismatch between expected inflows and outflows of funds in different time buckets based on contractual and behavioural analysis.
- The behaviourally adjusted cumulative liquidity mismatch position remains well within liquidity risk appetite.

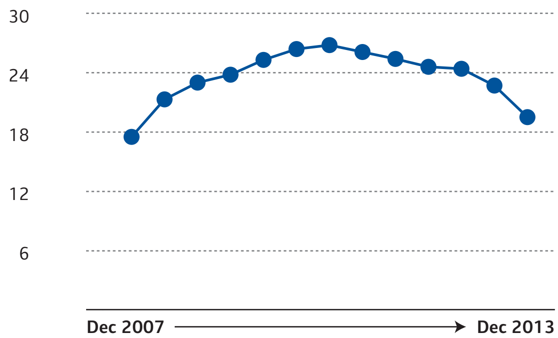
Behaviourally adjusted cumulative liquidity mismatch (%)



	0 - 7 days	0 - 1 month	0 - 3 months	0 - 6 months	0 - 12 months
2013	4.6	2.0	(1.4)	(8.2)	(8.4)
2012	9.1	6.8	(0.3)	(7.9)	(11.9)
Internal limit	0	(5)	(10)	(15)	(20)

- The long-term funding ratio is used to measure funding-related liabilities with a remaining maturity greater than six months as a percentage of total funding-related liabilities. This ratio is intended to be an indicator of the stability of the total funding base.

Long-term funding ratio (%)[1]



17.4 21.2 22.9 23.7 25.2 26.3 26.7 26.0 25.3 24.5 24.3 22.6 19.4

[1] Bi-annual long-term funding ratios.

- As at 31 December 2013, the group's long-term funding ratio reduced to 19.4% (2012: 24.3%) and is in alignment with reduced long-dated asset positions.
- Term liquidity spreads compressed during 2013. This compression highlights the subdued market demand for term funding, mainly on the back of benign term asset growth. However, towards the end of 2013 signs of a reversal in this trend was noted. Should there be a sustained increase in corporate lending activity in 2014 continued upward pressure on liquidity spreads would be expected.

Diversified funding base

- The group's funding strategy is determined after reviewing the group's projected balance sheet, which includes taking into account the forecast of PBB and CIB's funding requirements, the maturity profile of existing funding and anticipated changes in the deposit base.
- Funding requirements and initiatives are assessed in accordance with the group asset and liability committee requirements for diversification, tenure and currency exposure, as well as the availability and pricing of alternative liquidity sources.
- Concentration risk limits are used within the group to ensure funding diversification across products, sectors, geographic regions and counterparties.
- Primary sources of funding consist of deposits from a wide range of retail and wholesale clients as well as long-term capital market funding.

Funding-related liabilities composition

	2013 Rbn	2012 Rbn
Corporate funding	**294**	273
Retail deposits	**245**	211
Institutional funding	**208**	173
Interbank funding	**110**	124
Government and parastatals	**98**	101
Senior and subordinated debt issued	**60**	60
Other liabilities to the public	**14**	13
Total group funding-related liabilities	**1 029**	955

Liquidity stress testing and scenario analysis

- Anticipated on- and off-balance sheet cash flows are subjected to a variety of bank-specific and systemic liquidity stress scenarios. These stress scenarios facilitate the evaluation of the impact of unlikely but plausible stress events on liquidity positions.
- The outcomes of the stress tests are reviewed by asset and liability management committees on at least a monthly basis, and inform minimum liquid asset buffer requirements. The scenarios themselves are reviewed periodically to ensure they remain valid and up to date.

Contingency funding plans

- Banking entities have entity-specific liquidity contingency and recovery plans in place in preparation for bank-specific and/or systemic liquidity crises. These plans are regularly reviewed and updated, on at least an annual basis.
- An SBG Integrated Recovery Plan has been developed and presented to the South African Reserve Bank (SARB) in accordance with the SARB recovery plan agenda item.
- Liquidity contingency recovery plans include an extensive early warning indicator methodology supported by clear and decisive crisis response strategies. The above plans are developed at legal entity and group levels, and consider the interaction and possible crisis spill-over implications between entities should there be a group wide crisis.
- Contingency and crisis response strategies are formulated around the relevant contingency and crisis management structures. These strategies address internal and external communications, liquidity generation and operations, management action required as well as heightened and additional information requirements.

Regulatory developments

- When the Basel Committee on Banking Supervision (BCBS) previously proposed the two liquidity ratios, namely the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), as part of the Basel III regulations, it stated that it would observe the impact of these ratios on banks and amend them if deemed necessary. Following a series of quantitative impact studies, industry comment letters and discussions with banks, the BCBS published a set of revisions to the liquidity coverage ratio in January 2013. These revisions will make it easier for banks to meet the LCR which will be introduced on 1 January 2015 with a minimum requirement set at 60%, rising in equal annual steps to reach 100% on 1 January 2019.
- The LCR rules recognise that, in some jurisdictions, the relatively small stock of assets qualifying as high quality liquid assets could make implementing the LCR requirement problematic. To address such situations, the BCBS has developed a number of policy options, one of which is for the central bank to provide a committed liquidity facility. The SARB confirmed that this proposed revision to the LCR will be adopted by the South African banking industry and that a committed liquidity facility will also be made available, at a fee, to assist banks in meeting this ratio.
- Following a two-year observation period, the BCBS issued a consultative document in January 2014 proposing modifications to the NSFR calculation. It remains the intention of the BCBS to implement the NSFR, including any revisions, as a minimum standard by 1 January 2018. Initial analysis of the proposed changes has been positive across the group, resulting in a higher NSFR metric. Notwithstanding the changes, at present the group is not meeting the minimum proposed 100% NSFR requirement, and further term funding will have to be raised to fully meet the proposed Basel III liquidity regime. On-going impact analyses and engagement through the Banking Association of South Africa and the SARB continue to address these concerns.

Balance sheet analysis

Fair value hierarchy – Standard Bank Group

	Composition %	Assets Rm	Composition %	Liabilities Rm
2013				
Level 1	**36**	**226 754**	**9**	**26 916**
Level 2	**58**	**365 525**	**86**	**259 416**
Level 3	**6**	**41 344**	**5**	**15 235**
Financial instruments at fair value	**100**	**633 623**	**100**	**301 567**
Reconciled as follows:				
Held for trading		**231 272**		**161 806**
Designated at fair value		**345 093**		**139 761**
Available-for-sale		**29 959**		
Other non-financial assets/liabilities measured at fair value		**27 299**		
Financial instruments at fair value		**633 623**		**301 567**
2012				
Level 1	34	206 405	9	25 965
Level 2	59	357 741	89	270 559
Level 3	7	39 617	2	7 366
Financial instruments at fair value	100	603 763	100	303 890
Reconciled as follows:				
Held for trading		244 642		166 516
Designated at fair value		317 601		137 374
Available-for-sale		17 387		
Other non-financial assets measured at fair value		24 133		
Financial instruments at fair value		603 763		303 890

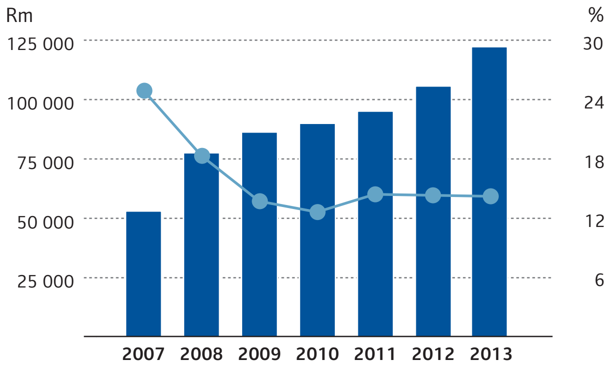
- In accordance with the group's accounting policies, certain financial assets and liabilities are measured at fair value using either quoted market prices or valuation techniques.
- Financial assets and liabilities that are measured at fair value have been categorised into the following levels:
  - Level 1: Financial instruments for which fair value is determined using quoted market prices (unadjusted) in active markets for identical instruments.
  - Level 2: Financial instruments for which fair value is determined using valuation techniques based on observable inputs, either directly, as prices or indirectly, derived from prices.
  - Level 3: Financial instruments for which fair value is determined using valuation techniques based on significant unobservable inputs.

Capital management

Capital management

Return on ordinary equity

Return on ordinary equity – group

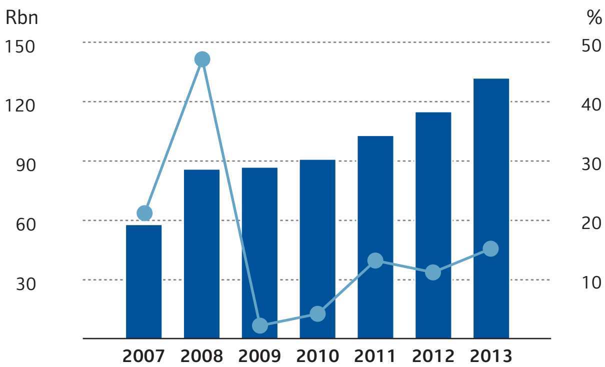


	2007	2008	2009	2010	2011	2012	2013
Shareholders' funds (average)	53 093	77 602	86 342	90 019	95 156	106 291	122 274
ROE	24.8	18.2	13.6	12.5	14.3	14.0	14.1

	Average equity 2013 Rm	**ROE 2013 %**	Average equity 2012 Rm	ROE 2012 %
Personal & Business Banking	**45 104**	**18.5**	37 842	19.4
Corporate & Investment Banking	**46 172**	**14.3**	45 872	9.6
Central and other	**22 035**	**0.1**	14 518	8.1
Banking activities	**113 311**	**13.2**	98 232	13.2
Liberty	**8 963**	**24.7**	8 059	24.7
Standard Bank Group	**122 274**	**14.1**	106 291	14.0
Reconciliation to IFRS				
Normalised average equity	**122 274**		106 291	
Empowerment reserve impairment (Tutuwa SEs' preference shares and dividends receivable)	**(1 881)**		(2 840)	
Central and other	**(1 676)**		(2 421)	
Liberty	**(205)**		(419)	
Deemed treasury shares (excluding Tutuwa)	**(472)**		(878)	
Impairment of non-current assets held for sale	**(50)**			
Standard Bank Group – IFRS	**119 871**	**14.2**	102 573	14.2

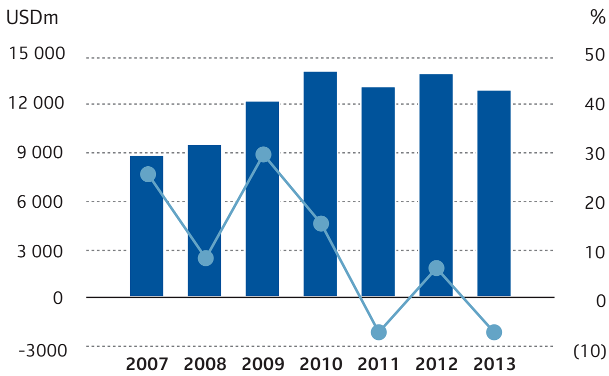
Ordinary shareholders' equity (net asset value)

Analysis of net asset value (ZAR)



	2007	2008	2009	2010	2011	2012	2013
NAV	58	86	87	91	103	115	131
NAV growth (%)	21	47	2	4	13	11	15

Analysis of net asset value (USD)



	2007	2008	2009	2010	2011	2012	2013
NAV	8 577	9 227	11 866	13 672	12 728	13 520	12 530
NAV growth (%)	25	8	29	15	(7)	6	(7)

Net asset value

	Change %	2013 Rm	2012 Rm
Personal & Business Banking	12	**47 829**	42 866
Corporate & Investment Banking	(1)	**44 638**	45 040
Central and other	63	**29 009**	17 827
Banking activities	15	**121 476**	105 733
Liberty	13	**9 999**	8 886
Standard Bank Group	15	**131 475**	114 619

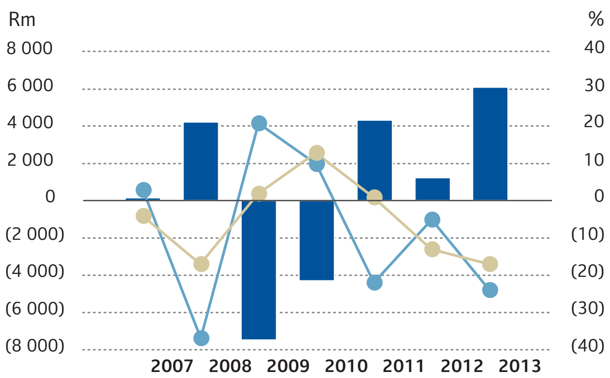
Analysis of changes in net asset value

	Change %	2013 Rm	2012 Rm
Beginning of the year	11	**114 619**	102 984
Additional shareholder value	31	**23 229**	17 778
Headline earnings attributable to ordinary shareholders		**17 194**	14 918
Other earnings attributable to ordinary shareholders		**(177)**	1 482
Currency translation movements, including hedging activities		**6 107**	1 237
Net cash flow hedges		**298**	(219)
Net available-for-sale movement		**69**	17
Fair value adjustments on available-for-sale instruments		**82**	607
Realised fair value adjustments transferred to the income statement		**(13)**	(590)
Other direct reserve movements		**(262)**	343
Transactions with ordinary shareholders	(4)	**(6 319)**	(6 080)
Dividends paid		**(6 459)**	(6 556)
Equity-settled share-based payments		**242**	282
Issue of share capital and premium and capitalisation of reserves		**(178)**	125
Deferred tax on share-based payments		**76**	69
Transactions with non-controlling shareholders	14	**(54)**	(63)
End of the year	15	**131 475**	114 619

Capital management

Currency translation effects

Currency translation effects



	2007	2008	2009	2010	2011	2012	2013
Translation reserve credit/(debit)	155	4 234	(7 509)	(4 325)	4 335	1 237	6 107
USD/ZAR appreciation/ (depreciation) – closing (%)	3	(37)	21	10	(22)	(5)	(24)
USD/ZAR appreciation/ (depreciation) – average (%)	(4)	(17)	2	13	1	(13)	(17)

Movement in group foreign currency translation and net investment hedge reserve

	2013 Rm	2012 Rm
Balance at beginning of the year: (debit)	**(94)**	(1 331)
Translation reserve increase for the year	**6 107**	1 237
Translation reserve increase	**6 283**	1 056
Rest of Africa	**2 477**	133
Outside Africa	**3 749**	912
Liberty	**57**	11
Currency hedge (losses)/gains	**(176)**	181
Balance at end of the year: credit/(debit)	**6 013**	(94)

Exchange rates

	Average			Closing		
	Change %	**2013**	2012	Change %	**2013**	2012
USD/ZAR	17	**9,64**	8,21	24	**10,49**	8,48
ZAR/NGN	(15)	**16,51**	19,33	(17)	**15,25**	18,41

Cost of equity, economic returns and economic capital

Cost of equity estimates

	Average 2013 %	Average 2012 %
Standard Bank Group	**13.4**	13.7
Banking activities	**13.5**	13.8
Liberty	**12.3**	11.6

Economic returns

	Change %	**2013 Rm**	2012 Rm
Average ordinary shareholder's equity	15	**122 274**	106 291
Profit attributable to ordinary shareholders	4	**17 017**	16 400
Cost of equity charge	(13)	**(16 385)**	(14 562)
Economic profit	(66)	**632**	1 838
Changes in other comprehensive income	>100	**6 212**	1 378
Net currency translation movement		**6 107**	1 237
Cash flow hedge gains/(losses)		**298**	(219)
Fair value gains on available-for-sale assets		**69**	17
Other changes		**(262)**	343
Total economic returns	>100	**6 844**	3 216

Economic capital utilisation by risk type

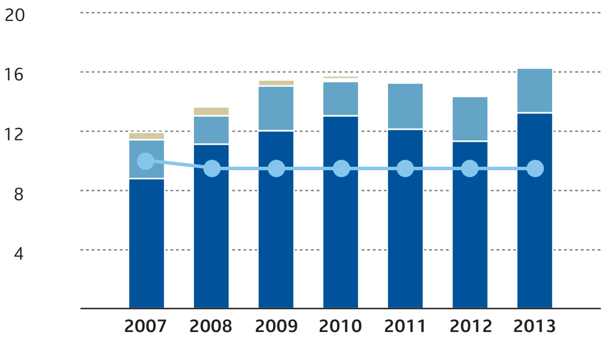
	Change %	**2013 Rm**	2012 Rm
Credit risk	2	**50 015**	49 102
Equity risk	15	**5 542**	4 816
Market risk	(27)	**1 439**	1 973
Operational risk	15	**8 590**	7 455
Business risk	16	**5 981**	5 156
Interest rate risk in the banking book	62	**3 924**	2 423
Banking activities – economic capital requirement	6	**75 491**	70 925
Available financial resources		**123 421**	106 426
Economic capital coverage ratio (times)		**1.63**	1.50

Economic capital utilisation by business unit

	Change %	**2013 Rm**	2012 Rm
Personal & Business Banking	(1)	**23 070**	23 352
Corporate & Investment Banking	9	**47 997**	43 843
Central and other	19	**4 424**	3 730
Banking activities	6	**75 491**	70 925

Risk-weighted assets

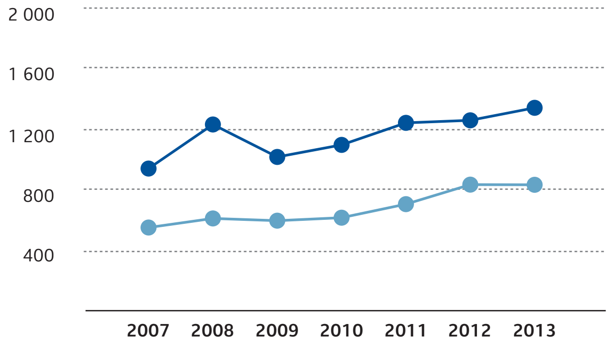
Capital adequacy[1] (%)



	2007	2008	2009	2010	2011	2012	2013
Tier I capital	8.7	11.0	11.9	12.9	12.0	11.2	13.2
Tier II capital	2.6	1.9	3.0	2.3	3.1	3.1	3.0
Tier III capital	0.3	0.4	0.2	0.1	0.0	0.0	0.0
Required capital	10.0	9.5	9.5	9.5	9.5	9.5	9.5

[1] Basel II implemented 1 January 2008. Risk-weighted assets and capital adequacy for 2007 are on a Basel II pro forma basis. Basel III implemented 1 January 2013. Risk-weighted assets and capital adequacy for 2012 are on a pro forma Basel III basis. 2008 to 2011 are on a Basel II basis.

Risk-weighted assets (closing balances)[1] (Rbn)



	2007	2008	2009	2010	2011	2012	2013
Total assets (banking activities)	950	1 246	1 028	1 109	1 257	1 274	1 358
Risk-weighted assets	554	615	600	620	711	842	841

[1] Basel II implemented 1 January 2008. Risk-weighted assets and capital adequacy for 2007 are on a Basel II pro forma basis. Basel III implemented 1 January 2013. Risk-weighted assets and capital adequacy for 2012 are on a pro forma Basel III basis. 2008 to 2011 are on a Basel II basis.

Risk-weighted assets (RWA) by business unit and risk type

	Change %	2013 Rm	2012[1] Rm
Personal & Business Banking	8	**320 385**	297 093
Credit risk	8	**257 011**	237 288
Operational risk	5	**62 890**	59 629
Equity risk in the banking book	>100	**484**	176
Corporate & Investment Banking	(6)	**464 023**	494 423
Credit risk	(7)	**277 036**	297 503
Counterparty credit risk	(16)	**50 121**	59 343
Market risk	1	**69 964**	69 244
Operational risk	(2)	**51 812**	52 722
Equity risk in the banking book	(3)	**15 090**	15 611
Central and other	13	**56 864**	50 319
Credit risk	10	**31 187**	28 471
Operational risk	>100	**787**	338
Equity risk in the banking book	(30)	**387**	556
RWA for investments in financial entities	17	**24 503**	20 954
Banking activities	(0)	**841 272**	841 835

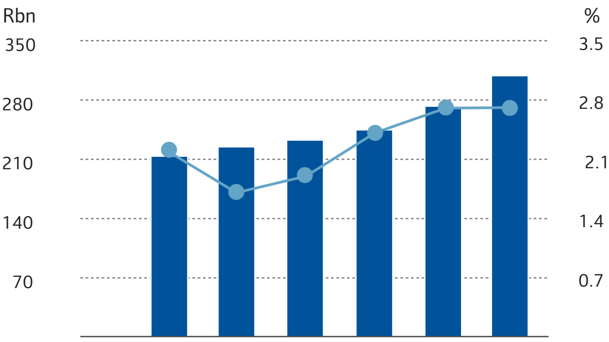
[1] Pro forma Basel III basis.

RWA by risk type

	Change %	2013 Rm	2012[1] Rm
Credit risk	0	**565 234**	563 262
Counterparty credit risk	(16)	**50 121**	59 343
Market risk	1	**69 964**	69 244
Operational risk	2	**115 489**	112 689
Equity risk in the banking book	(2)	**15 961**	16 343
RWA for investments in financial entities	17	**24 503**	20 954
Banking activities	(0)	**841 272**	841 835

[1] Pro forma Basel III basis.

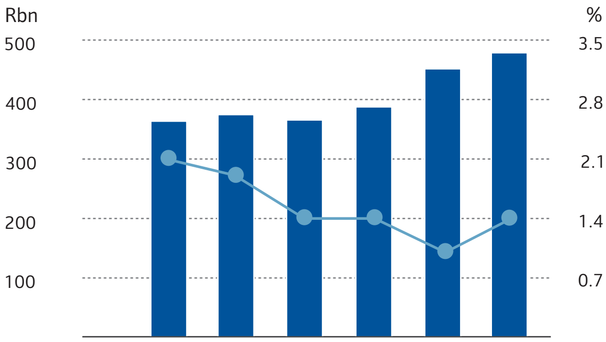
PBB return on average RWA[1]



	2008	2009	2010	2011	2012	2013
Average RWA	214	225	233	245	273	309
Return on average RWA	2.2	1.7	1.9	2.4	2.7	2.7

[1] Basel II implemented 1 January 2008. Basel III implemented 1 January 2013. Risk-weighted assets and capital adequacy for 2012 are on a pro forma Basel III basis. 2008 to 2011 are on a Basel II basis.

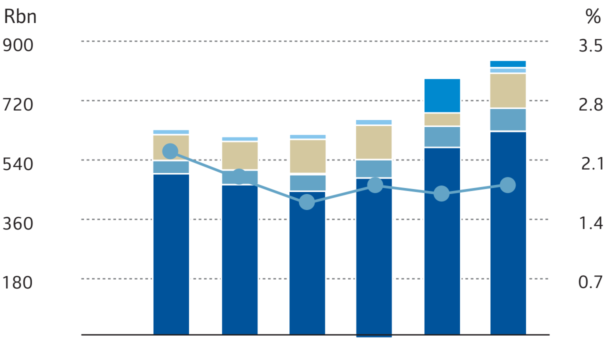
CIB return on average RWA[1]



	2008	2009	2010	2011	2012	2013
Average RWA	364	375	366	388	452	479
Return on average RWA	2.1	1.9	1.4	1.4	1.0	1.4

[1] Basel II implemented 1 January 2008. Basel III implemented 1 January 2013. Risk-weighted assets and capital adequacy for 2012 are on a pro forma Basel III basis. 2008 to 2011 are on a Basel II basis.

Banking activities return on average RWA[1]



	2008	2009	2010	2011	2012	2013
Credit risk[2]	489	457	441	485	572	619
Market risk[2]	40	44	50	56	64	70
Operational risk[2]	78	91	104	106	111	114
Equity risk[2]	16	15	16	18	19	16
Other risk[2]	–	–	–	–	11	23
Return on average RWA	2.2	1.9	1.6	1.8	1.7	1.8

[1] Basel II implemented 1 January 2008. Basel III implemented 1 January 2013. Risk-weighted assets and capital adequacy for 2012 are on a pro forma Basel III basis. 2008 to 2011 are on a Basel II basis.

[2] Average RWA.

Capital management

Capital adequacy

Qualifying regulatory capital excluding unappropriated profit

	Change %	2013 Rm	2012[1] Rm
Normalised ordinary shareholders' equity	15	**131 475**	114 619
Net IFRS adjustments	28	**(2 539)**	(3 534)
IFRS ordinary shareholders' equity	16	**128 936**	111 085
Qualifying non-controlling interest	53	**4 196**	2 738
Less: regulatory adjustments:	(12)	**(27 298)**	(24 348)
Goodwill	(21)	**(3 747)**	(3 092)
Other Intangible assets	(24)	**(12 933)**	(10 445)
Shortfall of provisions to expected losses	(27)	**(2 667)**	(2 108)
Investments in financial entities	11	**(4 705)**	(5 269)
Other adjustments	5	**(3 246)**	(3 434)
Less: regulatory exclusions – unappropriated profit	23	**(9 328)**	(12 055)
Common equity tier I capital	25	**96 506**	77 420
Qualifying perpetual preference shares	–	**4 945**	4 945
Qualifying non-controlling interest	100	**55**	–
Tier I capital	23	**101 506**	82 365
Qualifying tier II subordinated debt	(3)	**24 273**	25 020
General allowance for credit impairments	33	**977**	733
Tier II capital	(2)	**25 250**	25 753
Total regulatory capital	17	**126 756**	108 118

[1] Pro forma Basel III basis.

Capital adequacy ratios

	Internal target ratios %	2013 SARB minimum regulatory requirement %	**Including unappropriated profits** 2013 %	**Including unappropriated profits** 2012[1] %	**Excluding unappropriated profits** 2013 %	**Excluding unappropriated profits** 2012[1] %
Total capital adequacy ratio	12.5 – 15.0	9.5	**16.2**	14.3	**15.1**	12.8
Tier I capital adequacy ratio	10.5 – 12.5	6.0	**13.2**	11.2	**12.1**	9.8
Common equity tier I capital adequacy ratio	9.0 – 10.5	4.5	**12.6**	10.6	**11.5**	9.2

[1] Pro forma Basel III basis.

Capital adequacy ratios

	Tier 1 host regulatory require-ment %	Total host regulatory require-ment %	**2013** Tier I capital %	**2013** Total capital %	2012 Tier I capital %	2012 Total capital %
Standard Bank Group[1]	6.0	9.5	**13.2**	**16.2**	11.2	14.3
The Standard Bank of South Africa Group[1] **(SBSA Group)**	6.0	9.5	**12.8**	**16.5**	10.6	13.8
Rest of Africa						
CfC Stanbic Bank Kenya	8.0	12.0	**16.0**	**18.8**	21.0	30.0
Stanbic Bank Botswana	7.5	15.0	**11.3**	**16.2**	8.9	17.3
Stanbic Bank Ghana	6.7	10.0	**18.0**	**19.2**	17.1	18.6
Stanbic Bank Tanzania	10.0	12.0	**14.9**	**16.9**	13.4	15.4
Stanbic Bank Uganda	8.0	12.0	**17.1**	**21.2**	15.7	20.0
Stanbic Bank Zambia	5.0	10.0	**19.3**	**21.8**	18.1	20.7
Stanbic Bank Zimbabwe	8.0	12.0	**18.6**	**21.4**	15.5	16.9
Stanbic IBTC Bank Nigeria	5.0	10.0	**14.0**	**16.9**	15.7	16.7
Standard Bank de Angola	5.0	10.0	**9.3**	**14.0**	15.6	15.6
Standard Bank Malawi	6.0	10.0	**14.4**	**16.0**	17.2	21.9
Standard Bank Mauritius	5.0	10.0	**11.1**	**16.5**	6.9	10.8
Standard Bank Mozambique	4.0	8.0	**12.4**	**13.3**	16.6	17.7
Standard Bank Namibia	7.0	10.0	**10.8**	**12.1**	10.2	11.8
Standard Bank RDC (DRC Congo)	5.0	10.0	**25.6**	**37.7**	25.4	30.7
Standard Bank Swaziland	4.0	8.0	**10.7**	**14.3**	10.6	15.0
Standard Lesotho Bank	4.0	8.0	**8.2**	**9.0**	9.0	10.3
Standard International Holdings, consolidated[2]			**15.0**	**19.1**	15.1	21.7
Standard Bank Isle of Man		10.0	**10.8**	**12.9**	9.6	11.8
Standard Bank Jersey		11.0	**9.2**	**13.4**	11.2	15.8
Liberty Group (calculated in terms of the Long-term Insurance Act) Capital adequacy requirement – times covered				**2.6**		2.7

[1] 2012 is presented on a pro forma Basel III basis.
[2] Incorporating:
– Standard Bank Plc (United Kingdom); and
– Standard Merchant Bank (Asia) (Singapore).

Capital management

Subordinated debt

	Redeemable/ Repayable date	Callable date	Notional value[1] LCm	**Carrying value[1] 2013 Rm**	**Notional value[1] 2013 Rm**	Carrying value[1] 2012 Rm	Notional value[1] 2012 Rm
Subordinated bonds – banking activities							
SBSA				**20 815**	**20 050**	22 400	21 550
SBK 8	10 Apr 2018	10 Apr 2013	ZAR 1 500			1 528	1 500
SBKI 11	9 Apr 2019	10 Apr 2014	ZAR 1 800	**2 357**	**1 800**	2 414	1 800
SBK 7	24 May 2020	24 May 2015	ZAR 3 000	**3 031**	**3 000**	3 033	3 000
SBK 12	24 Nov 2021	24 Nov 2016	ZAR 1 600	**1 618**	**1 600**	1 618	1 600
SBK 13	24 Nov 2021	24 Nov 2016	ZAR 1 150	**1 159**	**1 150**	1 159	1 150
SBK 15	23 Jan 2022	23 Jan 2017	ZAR 1 220	**1 237**	**1 220**	1 236	1 220
SBK 14	1 Dec 2022	1 Dec 2017	ZAR 1 780	**1 795**	**1 780**	1 795	1 780
SBK 16	15 Mar 2023	15 Mar 2018	ZAR 2 000	**2 006**	**2 000**	2 005	2 000
SBK 9	10 Apr 2023	10 Apr 2018	ZAR 1 500	**1 528**	**1 500**	1 529	1 500
SBK 17	30 Jul 2024	30 Jul 2019	ZAR 2 000	**2 025**	**2 000**	2 024	2 000
SBK 19	24 Oct 2024	24 Oct 2019	ZAR 500	**507**	**500**	507	500
SBK 18	24 Oct 2025	24 Oct 2020	ZAR 3 500	**3 552**	**3 500**	3 552	3 500
Standard Bank Swaziland	2019 – 2020	2014 – 2015	E 80	**80**	**80**	80	80
Stanbic Botswana	2018 – 2022	2013 – 2017	BWP 280	**156**	**156**	306	306
Standard Bank Mozambique	29 Jun 2017	29 Jun 2012	MT 260	**92**	**92**	74	74
CfC Stanbic Bank (Kenya)	2014 – 2016		KES 5 000	**608**	**608**	492	492
Stanbic Bank Uganda	10 Aug 2016		UGX 30 000	**125**	**125**	95	95
Standard Bank Plc				**7 447**	**6 995**	6 307	5 652
	27 Jul 2016	27 Jul 2016	USD 142	**1 542**	**1 487**	1 246	1 201
	2 Dec 2019		USD 500	**5 643**	**5 246**	4 849	4 239
	3 Dec 2019	3 Dec 2014	USD 25	**262**	**262**	212	212
Stanbic Bank Ghana	23 Jan 2022	23 Jan 2017	GHS 7	**31**	**31**	34	34
Subordinated bonds issued to group companies				**(649)**	**(639)**	(603)	(592)
Total subordinated bonds – banking activities				**28 705**	**27 498**	29 185	27 691
Total subordinated loans – banking activities[2]				**189**	**189**	326	326
Total subordinated debt – banking activities				**28 894**	**27 687**	29 511	28 017
Liberty (qualifying as regulatory insurance capital)	2017 – 2020		ZAR 3 000	**3 069**	**3 000**	2 037	2 000
Total subordinated debt				**31 963**	**30 687**	31 548	30 017

[1] The difference between the carrying and notional value represents accrued interest together with the unamortised fair value adjustments relating to bonds hedged for interest rate risk.
[2] Subordinated loans have been issued in Ghana, Mauritius, Kenya and DRC.

Key banking legal entity information

Key banking legal entity information

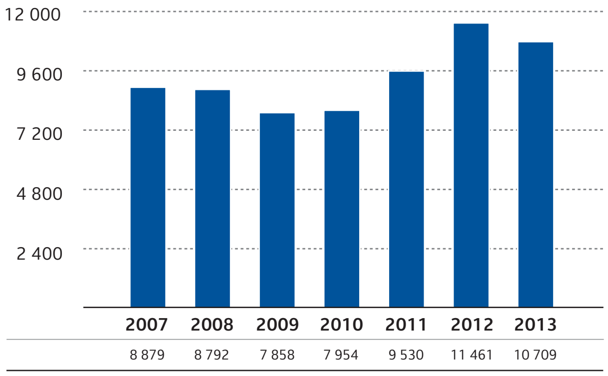
The Standard Bank of South Africa

Key financial results, ratios and statistics

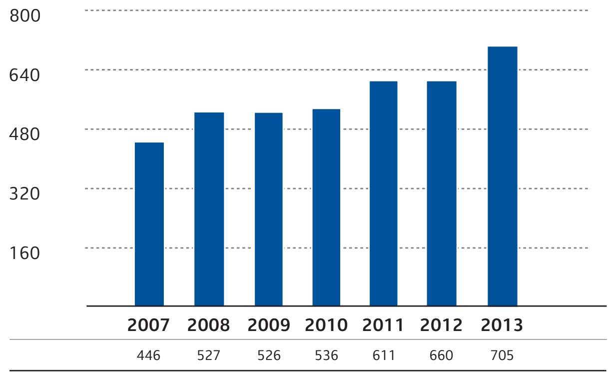
		Change %	2013	2012
SBSA group				
Income statement				
Headline earnings	Rm	(7)	**10 709**	11 461
Profit attributable to the ordinary shareholder	Rm	(11)	**10 537**	11 884
Statement of financial position				
Ordinary shareholders' equity	Rm	12	**79 201**	70 562
Total assets	Rm	4	**1 015 877**	980 152
Loans and advances	Rm	7	**704 919**	659 500
Financial performance				
ROE	%		**14.4**	18.3
Non-interest revenue to total income	%		**44.2**	46.6
Loan-to-deposit ratio	%		**97.7**	92.5
Credit loss ratio	%		**1.11**	0.89
Cost-to-income ratio	%		**56.0**	54.5
Effective taxation rate	%		**26.6**	21.8
Number of employees		(3)	**27 302**	28 168
Capital adequacy				
Total risk-weighted assets	Rm	(7)	**489 045**	528 266
Tier I capital adequacy ratio[1]	%		**12.8**	10.6
Total capital adequacy ratio[1]	%		**16.5**	13.8
SBSA company				
Headline earnings	Rm	(8)	**10 279**	11 140
Total assets	Rm	4	**1 005 670**	969 095
ROE	%		**14.2**	18.1

[1] Including unappropriated profits.

Headline earnings – SBSA group (Rm)
CAGR (2007 – 2013): 3%



Loans and advances - SBSA group (Rbn)
CAGR (2007 – 2013): 8%



Key items

- Following the change in the group's operating model during 2011 and 2012, SBSA's balance sheet continues as the main booking entity of the group. As a result, SBSA cannot be viewed as representing a purely South African operation.
- Higher average assets and improved margins, particularly in PBB, increased net interest income.
- Improved insurance revenue and increased card-based commission and electronic banking revenue, was partly offset by reduced account transaction fees due to lower fee structures as customers were migrated to the new core banking platform as part of the strategy to attract and retain customers.
- Trading revenue included the release of an equity trading provision following the successful appeal of a counterparty dispute.
- Higher level of credit impairments from the continued deterioration in the unsecured and business lending portfolios in PBB coupled with a small number of large specific credit impairments in CIB against assets transferred from SB Plc as well as South African originated loans.
- Higher operating expenses driven by the impairment of intangible assets coupled with the weakness of the rand increasing costs of the investment banking and transactional products and services expertise supplied by SB Plc given the more integrated operating models adopted during 2012.

Key banking legal entity information

The Standard Bank of South Africa

Summarised income statement

	Group			Company		
	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm
Net interest income	14	**28 888**	25 249	13	**28 573**	25 196
Non-interest revenue	4	**22 848**	22 032	5	**22 374**	21 394
Net fee and commission revenue	4	**16 976**	16 364	3	**16 070**	15 561
Trading revenue	12	**3 521**	3 147	13	**3 559**	3 154
Other revenue	(7)	**2 351**	2 521	2	**2 745**	2 679
Total income	9	**51 736**	47 281	9	**50 947**	46 590
Credit impairment charges	35	**7 815**	5 785	35	**7 763**	5 751
Specific credit impairments	31	**7 845**	6 005	31	**7 796**	5 946
Portfolio credit impairments	86	**(30)**	(220)	83	**(33)**	(195)
Income after credit impairment charges	6	**43 921**	41 496	6	**43 184**	40 839
Revenue sharing agreements with group companies	(0)	**(1 646)**	(1 642)	(0)	**(1 646)**	(1 642)
Income after revenue sharing agreements	6	**42 275**	39 854	6	**41 538**	39 197
Operating expenses	12	**28 243**	25 161	12	**27 558**	24 566
Staff costs	11	**14 796**	13 344	11	**14 515**	13 112
Other operating expenses	14	**13 447**	11 817	14	**13 043**	11 454
Net income before equity accounted earnings	(4)	**14 032**	14 693	(4)	**13 980**	14 631
Share of profit/(loss) from associates and joint ventures	(42)	**303**	523	(>100)	**(2)**	155
Net income before indirect taxation	(6)	**14 335**	15 216	(5)	**13 978**	14 786
Indirect taxation	24	**1 211**	974	24	**1 207**	973
Profit before direct taxation	(8)	**13 124**	14 242	(8)	**12 771**	13 813
Direct taxation	11	**2 608**	2 347	11	**2 494**	2 251
Profit for the year	(12)	**10 516**	11 895	(11)	**10 277**	11 562
Attributable to non-controlling interests	(>100)	**(21)**	11			
Attributable to the ordinary shareholder	(11)	**10 537**	11 884	(11)	**10 277**	11 562
Headline adjustable items	>100	**172**	(423)	>100	**2**	(422)
Headline earnings	(7)	**10 709**	11 461	(8)	**10 279**	11 140

The Standard Bank of South Africa

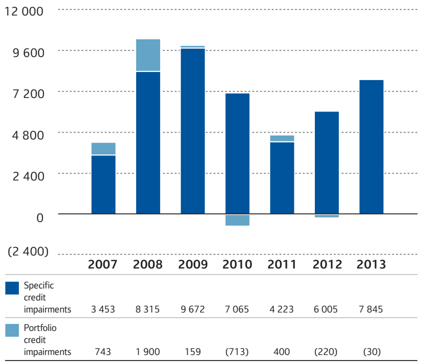
Statement of financial position

	Group			Company		
	Change %	**2013 Rm**	2012 Rm	Change %	**2013 Rm**	2012 Rm
Assets						
Cash and balances with central banks	15	**29 934**	25 926	15	**29 934**	25 926
Trading assets	(0)	**35 574**	35 685	(0)	**35 393**	35 496
Pledged assets	(23)	**4 394**	5 706	(23)	**4 394**	5 706
Financial investments	(4)	**73 604**	76 679	(4)	**73 610**	76 690
Loans and advances	7	**704 919**	659 500	7	**687 138**	643 762
Loans and advances to banks	15	**74 189**	64 413	15	**74 114**	64 447
Loans and advances to customers	6	**630 730**	595 087	6	**613 024**	579 315
Derivative and other assets	(27)	**71 921**	98 021	(26)	**71 644**	97 147
Non-current assets held for sale	(100)	**–**	960	(100)	**–**	708
Interest in group companies, associates and joint ventures	25	**72 757**	58 430	25	**80 866**	64 593
Goodwill and other intangible assets	33	**13 785**	10 350	33	**13 737**	10 307
Property and equipment	1	**8 989**	8 895	2	**8 954**	8 760
Total assets	4	**1 015 877**	980 152	4	**1 005 670**	969 095
Equity and liabilities						
Equity	12	**79 204**	70 625	12	**77 574**	69 201
Equity attributable to the ordinary shareholder	12	**79 201**	70 562	12	**77 574**	69 201
Ordinary share capital	–	**60**	60	–	**60**	60
Ordinary share premium	3	**36 296**	35 196	3	**36 296**	35 196
Reserves	21	**42 845**	35 306	21	**41 218**	33 945
Non-controlling interest	(95)	**3**	63			
Liabilities	3	**936 673**	909 527	3	**928 096**	899 894
Derivative liabilities	(19)	**65 813**	81 744	(19)	**65 812**	81 744
Trading liabilities	(4)	**20 424**	21 221	(4)	**20 424**	21 221
Deposit and current accounts	1	**721 350**	712 676	1	**711 109**	701 318
Deposits from banks	(23)	**60 380**	78 453	(23)	**60 535**	78 453
Deposit and current accounts from customers	4	**660 970**	634 223	4	**650 574**	622 865
Other liabilities	(17)	**17 583**	21 285	(16)	**17 334**	20 646
Subordinated debt	(7)	**20 815**	22 400	(7)	**20 815**	22 400
Liabilities to group companies	81	**90 688**	50 201	76	**92 602**	52 565
Total equity and liabilities	4	**1 015 877**	980 152	4	**1 005 670**	969 095

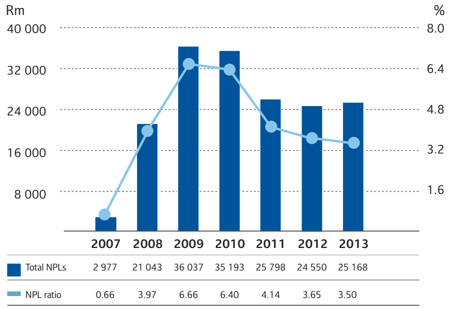
The Standard Bank of South Africa

Credit impairment charges

Credit impairment charges (Rm)



Non performing loans (NPL's)



Income statement impairment charges (net of recoveries)

		2013						2012					
		Specifically impaired loans						Specifically impaired loans					
	Change %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	18	5 727	690	6 417	136	6 553	1.46	5 050	698	5 748	(208)	5 540	1.34
Mortgage loans	(9)	2 082	316	2 398	(5)	2 393	0.82	2 786	542	3 328	(697)	2 631	0.93
Instalment sale and finance leases	66	652	28	680	(38)	642	1.06	330	32	362	24	386	0.73
Card debtors	>100	648	69	717	91	808	3.13	290	24	314	61	375	1.70
Other loans and advances	26	2 345	277	2 622	88	2 710	3.91	1 644	100	1 744	404	2 148	3.83
Personal unsecured lending	19	1 751	223	1 974	126	2 100	6.07	1 317	58	1 375	385	1 760	7.07
Business lending and other	57	594	54	648	(38)	610	1.75	327	42	369	19	388	1.24
Corporate & Investment Banking	>100	1 436	(8)	1 428	(166)	1 262	0.50	263	(8)	255	180	435	0.19
Corporate loans	>100	1 384	(8)	1 376	(160)	1 216	0.57	166	(8)	158	222	380	0.20
Commercial property finance	(16)	52		52	(6)	46	0.11	97		97	(42)	55	0.14
Other services	100							2		2	(192)	(190)	
Total SBSA group	35	7 163	682	7 845	(30)	7 815	1.11	5 315	690	6 005	(220)	5 785	0.89

[1] Discounting of expected recoveries in terms of IAS 39.

The Standard Bank of South Africa

Loans and advances performance

		Performing loans				Non-performing loans									
		Neither past due nor specifically impaired		Not specifically impaired		Specifically impaired loans									
	Gross loans and advances Rm	Normal monitoring Rm	Close monitoring Rm	Early arrears Rm	Non-performing Rm	Sub-standard Rm	Doubtful Rm	Loss Rm	Total Rm	Securities and expected recoveries on specifically impaired loans Rm	Net after securities and expected recoveries on specifically impaired loans Rm	Balance sheet impairments for non-performing specifically impaired loans Rm	Gross specific impairment coverage %	Total non-performing loans Rm	Non performing loans %
2013															
Personal & Business Banking	460 748	398 915	16 391	23 828		4 678	14 158	2 778	21 614	12 500	9 114	9 114	42	21 614	4.7
Mortgage loans	295 933	256 594	10 463	15 328		3 671	9 496	381	13 548	9 696	3 852	3 852	28	13 548	4.6
Instalment sale and finance leases	62 931	56 981	1 422	2 782		134	995	617	1 746	851	895	895	51	1 746	2.8
Card debtors	27 106	21 962	1 882	2 018		219	329	696	1 244	371	873	873	70	1 244	4.6
Other loans and advances	74 778	63 378	2 624	3 700		654	3 338	1 084	5 076	1 582	3 494	3 494	69	5 076	6.8
Personal unsecured lending	34 443	27 652	1 489	2 005		411	2 228	658	3 297	1 061	2 236	2 236	68	3 297	9.6
Business lending and other	40 335	35 726	1 135	1 695		243	1 110	426	1 779	521	1 258	1 258	71	1 779	4.4
Corporate & Investment Banking	262 090	258 459		77	503	745	1 994	312	3 051	1 235	1 816	1 816	60	3 554	1.4
Corporate loans	219 877	216 908		53	443	446	1 779	248	2 473	817	1 656	1 656	25	2 916	1.3
Commercial property finance	42 213	41 551		24	60	299	215	64	578	418	160	160	26	638	1.5
Central and Other	(2 743)	(2 743)								(2)	2	2			
Gross loans and advances	720 095	654 631	16 391	23 905	503	5 423	16 152	3 090	24 665	13 733	10 932	10 932	44	25 168	3.5
Percentage of total book (%)	100.0	90.9	2.3	3.3	0.1	0.8	2.2	0.4	3.4	1.9	1.5	1.5			
2012															
Personal & Business Banking	435 434	373 940	16 817	23 703		5 793	12 737	2 444	20 974	13 174	7 800	7 800	37	20 974	4.8
Mortgage loans	288 701	246 369	11 401	15 549		4 863	9 966	553	15 382	11 287	4 095	4 095	27	15 382	5.3
Instalment sale and finance leases	56 389	51 610	1 230	2 230		127	597	595	1 319	622	697	697	53	1 319	2.3
Card debtors	23 604	18 974	2 009	1 751		157	230	483	870	310	560	560	64	870	3.7
Other loans and advances	66 740	56 987	2 177	4 173		646	1 944	813	3 403	955	2 448	2 448	72	3 403	5.1
Personal unsecured lending	29 651	24 786	585	2 394		341	1 154	391	1 886	456	1 430	1 430	76	1 886	6.4
Business lending and other	37 089	32 201	1 592	1 779		305	790	422	1 517	499	1 018	1 018	67	1 517	4.1
Corporate & Investment Banking	239 161	235 580		5	2 188	340	840	208	1 388	997	391	391	28	3 576	1.5
Corporate loans	201 197	198 573			1 991	16	594	23	633	422	211	211	33	2 624	1.3
Commercial property finance	37 964	37 007		5	197	324	246	185	755	575	180	180	24	952	2.5
Central and Other	(2 628)	(2 628)								(2)	2	2			
Gross loans and advances	671 967	606 892	16 817	23 708	2 188	6 133	13 577	2 652	22 362	14 169	8 193	8 193	37	24 550	3.7
Percentage of total book (%)	100.0	90.3	2.5	3.6	0.3	0.9	2.0	0.4	3.3	2.1	1.2	1.2			

Criteria for classifications of loans and advances

Non-performing loans	Those loans for which: • the group has identified objective evidence of default, such as a breach of a material loan covenant or condition, or • instalments are due and unpaid for 90 days or more.
Neither past due nor specifically impaired loans	Loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21 and close monitoring loans are generally rated 22 to 25 using the group's master rating scale.
Early arrears but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.
Non-performing but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are 90 days or more past due as well as those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition. These loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing specifically impaired loans	Loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories: • Sub-standard items that show underlying well defined weaknesses and are considered to be specifically impaired. • Doubtful items that are not yet considered final losses because of some pending factors that may strengthen the quality of the items. • Loss items that are considered to be uncollectible in whole or in part. The group provides fully for its anticipated loss, after taking securities into account.

The Standard Bank of South Africa

Capital adequacy

SBSA group qualifying regulatory capital (excluding unappropriated profits)

	Change %	2013 Rm	2012[1] Rm
Share capital and premium	3	**36 356**	35 256
Retained earnings	21	**42 303**	35 097
Other reserves	>100	**542**	209
Less: regulatory adjustments	(15)	**(16 822)**	(14 574)
Goodwill	–	**(40)**	(40)
Other intangible assets	(30)	**(12 815)**	(9 846)
Deferred tax assets	(100)	**(35)**	–
Shortfall of provisions to expected losses	1	**(2 714)**	(2 755)
Other adjustments	37	**(1 218)**	(1 933)
Less: regulatory exclusions – unappropriated profits	(9)	**(5 082)**	(4 645)
Tier I capital	12	**57 297**	51 343
Qualifying tier II subordinated debt	–	**19 395**	19 395
General allowance for credit impairments	(37)	**186**	295
Less: regulatory adjustments – Investment in tier II instruments in other banks	57	**(1 280)**	(2 984)
Tier II capital	10	**18 301**	16 706
Total qualifying regulatory capital	11	**75 598**	68 049

[1] Pro forma Basel III basis.

SBSA group capital adequacy ratios

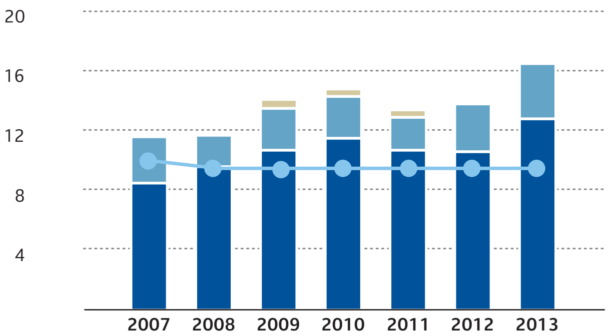
	Internal target ratios %	2013 SARB minimum regulatory requirement %	Including unappropriated profits 2013 %	Including unappropriated profits 2012[1] %	Excluding unappropriated profits 2013 %	Excluding unappropriated profits 2012[1] %
Total capital adequacy ratio	12.5 – 15.0	9.5	**16.5**	13.8	**15.5**	12.9
Tier I capital adequacy ratio	10.5 – 12.5	6.0	**12.8**	10.6	**11.7**	9.7
Common equity tier I capital adequacy ratio	9.0 – 10.5	4.5	**12.8**	10.6	**11.7**	9.7

[1] Pro forma Basel III basis.

The Standard Bank of South Africa

Risk-weighted assets

Capital adequacy - SBSA Group[1] (%)



	2007	2008	2009	2010	2011	2012	2013
Tier I capital	8.5	9.6	10.7	11.6	10.7	10.6	12.8
Tier II capital	3.1	2.1	2.8	2.8	2.2	3.2	3.7
Tier III capital	0.1	0.7	0.6	0.5	0.5	-	-
Required capital	10.0	9.5	9.5	9.5	9.5	9.5	9.5

[1] Basel II implemented 1 January 2008. Risk-weighted assets and capital adequacy for 2007 are on a Basel II pro forma basis. Basel III implemented 1 January 2013. Risk-weighted assets and capital adequacy for 2012 are on a pro forma Basel III basis. 2008 to 2011 are on a Basel II basis.

SBSA group risk-weighted assets

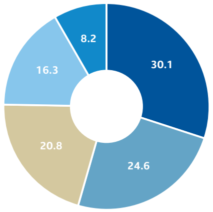
	Change %	2013 Rm	2012[1] Rm
Credit risk	(6)	**376 950**	400 300
Counterparty credit risk	(33)	**14 951**	22 268
Market risk	(25)	**15 885**	21 099
Operational risk	(7)	**65 243**	70 327
Equity risk in the banking book	15	**12 094**	10 500
RWA for investments in financial entities	4	**3 922**	3 772
Total risk-weighted assets	(7)	**489 045**	528 266

[1] Pro forma Basel III basis.

The Standard Bank of South Africa

Market share analysis

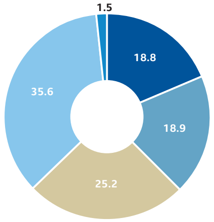
Mortgage loans (%)



- **SBSA** (2012: 29.5)
- **Barclays Africa Group** (2012: 25.6)
- **Nedbank** (2012: 20.7)
- **FirstRand** (2012: 16.0)
- **Other** (2012: 8.2)

Source: SARB BA 900

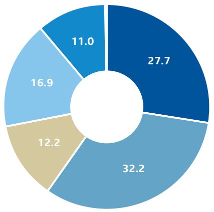
Instalment finance (%)



- **SBSA** (2012: 19.1)
- **Barclays Africa Group** (2012: 19.3)
- **Nedbank** (2012: 25.5)
- **FirstRand** (2012: 34.5)
- **Other** (2012: 1.6)

Source: SARB BA 900

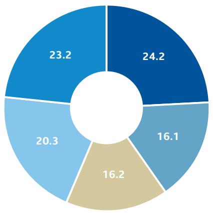
Card debtors (%)



- **SBSA** (2012: 27.5)
- **Barclays Africa Group** (2012: 33.5)
- **Nedbank** (2012: 12.3)
- **FirstRand** (2012: 15.4)
- **Other** (2012: 11.3)

Source: SARB BA 900

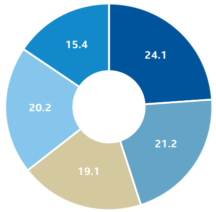
Other loans and advances (%)



- **SBSA** (2012: 24.5)
- **Barclays Africa Group** (2012: 15.3)
- **Nedbank** (2012: 15.6)
- **FirstRand** (2012: 21.0)
- **Other** (2012: 23.6)

Source: SARB BA 900

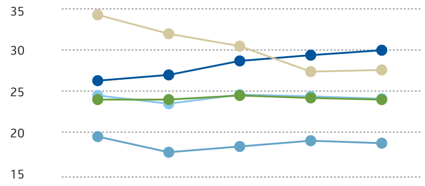
Deposits (%)



- **SBSA** (2012: 24.3)
- **Barclays Africa Group** (2012: 21.7)
- **Nedbank** (2012: 19.2)
- **FirstRand** (2012: 20.2)
- **Other** (2012: 14.6)

Source: SARB BA 900

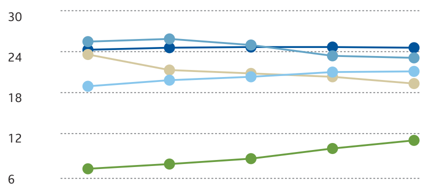
SBSA's market share movement (%)



	2009	2010	2011	2012	2013
Mortgage loans	26.4	27.1	28.8	29.5	30.1
Instalment finance	19.6	17.7	18.4	19.1	18.8
Card debtors	34.4	32.1	30.6	27.5	27.7
Other loans and advances	24.6	23.6	24.7	24.5	24.2
Deposits	24.1	24.1	24.6	24.3	24.1

Source: SARB BA 900

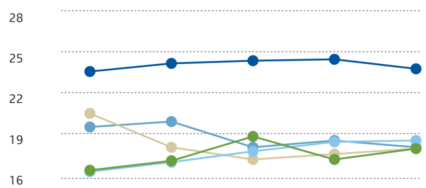
Retail-based deposits (denominated in rands) (%)



	2009	2010	2011	2012	2013
SBSA	24.5	24.8	24.9	24.9	24.8
Absa	25.7	26.1	25.2	23.6	23.3
Nedbank	23.8	21.5	21.0	20.5	19.5
FirstRand	19.1	20.0	20.5	21.2	21.3
Other	6.9	7.6	8.4	9.8	11.1

Source: SARB BA 900

Corporate-based deposits (denominated in rands) (%)



	2009	2010	2011	2012	2013
SBSA	24.4	25.0	25.2	25.3	24.6
Absa	20.3	20.7	18.8	19.3	18.8
Nedbank	21.3	18.8	17.9	18.3	18.7
FirstRand	17.0	17.7	18.5	19.2	19.3
Other	17.1	17.8	19.6	17.9	18.6

Source: SARB BA 900

Key banking legal entity information

Rest of Africa legal entities

Summarised income statement

	Change %	2013 Rm	2012 Rm
Net interest income	30	**10 045**	7 699
Non-interest revenue	29	**9 797**	7 602
Net fee and commission revenue	30	**5 380**	4 150
Trading revenue	25	**4 149**	3 314
Other revenue	94	**268**	138
Total income	30	**19 842**	15 301
Credit impairment charges	(14)	**1 577**	1 838
Income after credit impairment charges	36	**18 265**	13 463
Operating expenses	27	**11 616**	9 129
Staff costs	32	**5 637**	4 277
Other operating expenses	23	**5 979**	4 852
Net income before goodwill	53	**6 649**	4 334
Goodwill impairment	(100)	**–**	777
Net income before equity accounted earnings	87	**6 649**	3 557
Share of profit from associates and joint ventures	(100)	**–**	1
Net income before taxation	87	**6 649**	3 558
Taxation	47	**1 995**	1 357
Profit for the year	>100	**4 654**	2 201
Attributable to non-controlling interests	>100	**1 162**	576
Attributable to ordinary shareholders	>100	**3 492**	1 625
Headline adjustable items	(>100)	**(7)**	791
Headline earnings	44	**3 485**	2 416

The results above, including the prior year comparatives, reflect the consolidation of African legal entities and excludes the net Africa head office costs borne by SBSA and included in the SBSA legal entity's financial results reflected on page 78. Previously the Africa head office costs borne by SBSA were reflected in both SBSA's and in the rest of Africa consolidated results.

Key features

- African currencies strengthened against the USD and with the weakening rand, the positive translation effect supported the overall financial performance by 9%.
- Total income on a constant currency basis increased 18%.
- Strong revenue growth from an increased customer base and positive trading environment, offset by the negative endowment impact of lower interest rates, most notably in Nigeria, Angola, Mozambique and East Africa.
- Increased focus on the client service model with attention on cross-selling and improving customer experience across different markets.
- Deposits of market-leading pension fund franchise in Nigeria representing a strong and stable annuity income flow. Nigeria's asset management business achieved NGN1 trillion (R66 billion) of assets under management.
- Cost containment initiatives implemented across countries assisted in keeping cost growth at 15% on a constant currency basis. The residual cost growth was impacted by the cost of compliance with Nigeria and Zimbabwe's regulatory changes coupled with further investments, primarily in Angola.
- Increased focus on deposit gathering and lending to the affluent sectors.
- Substantially higher credit impairment charges required in Tanzania and Botswana on personal unsecured and SME lending. This was offset by improvements in Ghana, Uganda and Mauritius, leading to a lower total credit impairment charge and improved credit loss ratio.
- In certain countries, particularly Tanzania, Botswana and Zambia, risk appetite in PBB unsecured lending was substantially reduced from the first quarter of the year.
- Continued good loan growth; PBB loans to customers up 32% (constant currency basis 18%), largely personal unsecured lending products facilitated through the workplace banking channel, and CIB up 24% (constant currency basis up 6%), largely within investment banking and real estate.
- Good growth of 39% (constant currency basis up 20%) in deposit balances.
- More recent acquisitions (Nigeria purchased in 2007 and Kenya in 2008) starting to deliver enhanced year-on-year performance, although a larger non-controlling interest share given the relatively larger minority interests in these jurisdictions.
- Opened representative offices in Ethiopia and the Ivory Coast.

Rest of Africa legal entities

Statement of financial position and key ratios

Statement of financial position

	Change %	2013 Rm	2012 Rm
Assets			
Cash and balances with central banks	36	**23 246**	17 045
Trading assets	17	**18 472**	15 750
Pledged assets	23	**2 041**	1 663
Financial investments	71	**29 115**	17 073
Loans and advances	37	**144 942**	106 064
Loans and advances to banks	54	**53 136**	34 546
Loans and advances to PBB customers	32	**46 271**	35 055
Loans and advances to CIB customers	25	**45 535**	36 463
Derivatives and other assets	9	**5 877**	5 408
Goodwill and other intangible assets	21	**3 803**	3 150
Goodwill	22	**3 686**	3 030
Other intangible assets	(3)	**117**	120
Property and equipment	34	**4 446**	3 317
Total assets	37	**231 942**	169 470
Equity and liabilities			
Equity	30	**26 617**	20 458
Equity attributable to ordinary shareholders	28	**21 195**	16 541
Non-controlling interest	38	**5 422**	3 917
Liabilities	38	**205 325**	149 012
Trading liabilities	(6)	**4 570**	4 884
Deposit and current accounts	39	**186 838**	134 111
Deposits from banks	58	**26 962**	17 095
Deposit and current accounts from PBB customers	38	**51 450**	37 384
Deposit and current accounts from CIB customers	36	**108 426**	79 632
Derivative and other liabilities	39	**11 351**	8 167
Subordinated debt	39	**2 566**	1 850
Total equity and liabilities	37	**231 942**	169 470

Key ratios

	2013 %	2012 %
ROE	**19.7**	16.6
ROE excluding goodwill	**23.3**	20.8
Credit loss ratio	**1.56**	1.90
Cost-to-income ratio	**58.5**	59.7

Key banking legal entity information

Standard Bank Plc

Summarised income statement

	Change %	2013 USDm	2012[1] USDm	Change %	2013 Rm	2012[1] Rm
Net interest income	(>100)	**(6)**	59	>(100)	**(54)**	509
Non-interest revenue	(14)	**440**	511	(4)	**4 200**	4 396
Net fees, commission and revenue sharing agreements	11	**198**	179	23	**1 897**	1 538
Net fee and commission revenue	(68)	**11**	34	(66)	**99**	290
Revenue sharing and fee agreements with group companies	29	**187**	145	44	**1 798**	1 248
Trading revenue	(5)	**241**	253	5	**2 295**	2 180
Other revenue	(99)	**1**	79	(99)	**8**	678
Total income	(24)	**434**	570	(15)	**4 146**	4 905
Credit impairment charges	(>100)	**(21)**	142	>(100)	**(184)**	1 224
Income after credit impairments	6	**455**	428	18	**4 330**	3 681
Operating expenses	33	**434**	643	25	**4 176**	5 535
Staff costs	19	**285**	354	10	**2 734**	3 047
Other operating expenses	31	**149**	215	22	**1 442**	1 852
Restructure costs	100	**–**	74	100	**–**	636
Net income/(loss) before disposal of loan portfolio	>100	**21**	(215)	>100	**154**	(1 854)
Loss on intra-group disposal of loan portfolio[1]	100	**–**	(52)	100	**–**	(446)
Net income/(loss) before taxation	>100	**21**	(267)	>100	**154**	(2 300)
Taxation	(52)	**10**	21	(47)	**97**	184
Profit/(loss) for the year	>100	**11**	(288)	>100	**57**	(2 484)
Loss for the year from discontinued businesses[2]	48	**(23)**	(44)	43	**(219)**	(384)
Attributable to ordinary shareholders	96	**(12)**	(332)	94	**(162)**	(2 868)
Headline adjustable items	100	**–**	(19)	100	**–**	(157)
Headline earnings	97	**(12)**	(351)	95	**(162)**	(3 025)

[1] Eliminated on consolidation of group results.

[2] The discontinued businesses are reported as curtailed operations at a group level.

Key issues

- The results above reflect the normalised results of SB Plc. On 29 January 2014 the group announced that transaction agreements had been signed with ICBC to dispose of its global markets business outside Africa, through the disposal of a 60% shareholding in SB Plc. In terms of this transaction, IFRS requires that investment banking, transactional products and services as well as principal investment management be classified as discontinued operations and held for sale in SB Plc, with the global markets business remaining as the only continuing operation.
- The restructure at the end of 2012, including tight cost management, resulted in lower operating expenses and reduced headcount, particularly within global markets.
- Regulatory and compliance costs incurred in 2012 were not repeated but were partly offset by a fine from the Financial Conduct Authority.
- Difficult FIC trading conditions.
- Profit on the sale of an investment in a listed commodities exchange realised in 2012 was not repeated.
- Final settlement received from a Middle Eastern exposure fully impaired in prior periods.

SB Plc financial results presented on an IFRS basis

	Change %	2013 USDm	2012 USDm	Change %	2013 Rm	2012 Rm
Total income	(4)	**216**	224	7	**2 060**	1 929
Credit impairment charges	(45)	**6**	11	(38)	**56**	90
Operating expenses	(25)	**240**	321	(16)	**2 310**	2 765
Restructure costs	(100)	**–**	53	(100)	**–**	452
Profit/(loss) fom continuing operations	78	**(40)**	(180)	74	**(405)**	(1 545)
Profit/(loss) from discontinued operations	>100	**28**	(154)	>100	**243**	(1 322)
Headline loss	97	**(12)**	(351)	95	**(162)**	(3 025)

Please note that the discontinued operations of SB Plc remain continuing operations at a group level as, for example, investment banking will be transferred to another group company prior to the completion of the proposed transaction with ICBC.

Standard Bank Plc

Statement of financial position and key ratios

Statement of financial position

	Change %	**2013 USDm**	2012 USDm	Change %	**2013 Rm**	2012 Rm
Assets						
Balances with central banks	(40)	**1 344**	2 228	(25)	**14 099**	18 890
Derivative assets	(15)	**4 083**	4 813	5	**42 843**	40 801
Trading assets	(15)	**5 849**	6 848	6	**61 366**	58 054
Pledged assets	24	**623**	504	53	**6 539**	4 270
Financial investments	(30)	**26**	37	38	**430**	312
Loans and advances	1	**6 223**	6 161	25	**65 295**	52 228
Loans and advances to banks	4	**3 213**	3 085	29	**33 713**	26 149
Loans and advances to customers	(2)	**3 010**	3 076	21	**31 582**	26 079
Other assets	(11)	**376**	424	5	**3 945**	3 783
Intangible assets	(33)	**32**	48	(17)	**339**	406
Property and equipment	(18)	**23**	28	1	**239**	236
Total assets	(12)	**18 579**	21 091	9	**195 118**	178 980
Equity and liabilities						
Equity	1	**1 389**	1 375	25	**14 754**	11 835
Liabilities	(13)	**17 190**	19 716	8	**180 364**	167 145
Derivative liabilities	(23)	**4 050**	5 255	(5)	**42 491**	44 545
Trading liabilities	(25)	**1 713**	2 274	(7)	**17 973**	19 280
Deposit and current accounts	(2)	**10 230**	10 409	22	**107 337**	88 240
Deposits from banks	(5)	**7 596**	8 032	17	**79 702**	68 091
Deposit from customers	11	**2 634**	2 377	37	**27 635**	20 149
Other liabilities	(34)	**487**	733	(18)	**5 116**	6 218
Subordinated debt	(32)	**710**	1 045	(16)	**7 447**	8 862
Total equity and liabilities	(12)	**18 579**	21 091	9	**195 118**	178 980

Key ratios

	2013 %	2012 %
ROE	**(0.9)**	(21.6)
Cost to-income ratio	**100.0**	124.1

Deemed disposal – Global markets outside Africa

Discontinued operation summarised financial results

Summarised income statement

	Change %	2013 USDm	2012 USDm	Change %	2013 Rm	2012 Rm
Net interest income	(83)	**1**	6	(>100)	**(23)**	49
Non-interest revenue	(4)	**265**	276	17	**2 554**	2 189
Net fee and commission revenue	>100	**23**	(16)	>100	**259**	(137)
Trading revenue	(2)	**242**	248	16	**2 291**	1 981
Other revenue	(100)	**–**	44	(99)	**4**	345
Total income	(6)	**266**	282	13	**2 531**	2 238
Credit impairment charges – specific	(45)	**6**	11	(35)	**56**	86
Income after credit impairment charges	(4)	**260**	271	15	**2 475**	2 152
Operating expenses	(33)	**289**	434	(22)	**2 807**	3 605
Staff costs	(23)	**172**	223	(9)	**1 673**	1 846
Other operating expenses	(26)	**117**	158	(14)	**1 134**	1 320
Restructure charge	(100)	**–**	53	(100)	**–**	439
Net income before taxation	(82)	**(29)**	(163)	77	**(332)**	(1 453)
Taxation	(50)	**10**	20	(47)	**87**	165
Discontinued operation loss attributable to ordinary shareholders	79	**(39)**	(183)	(74)	**(419)**	(1 618)
Headline adjustable items	100	**–**	(19)	100	**–**	(157)
Headline earnings	81	**(39)**	(202)	76	**(419)**	(1 775)

Refer to page 22 for additional information.

Non-current assets and liabilities held for sale

	2013 USDm	2013 Rm
Non-current assets held for sale		
Cash and balances with central banks	**1 344**	**14 099**
Derivative assets	**3 757**	**39 420**
Trading assets	**5 847**	**61 347**
Pledged assets	**623**	**6 539**
Loans and advances	**5 581**	**58 556**
Other assets	**317**	**3 323**
Intangible assets and property and equipment	**58**	**610**
Total non-current assets held for sale (excluding the net asset value impairment)	**17 527**	**183 894**
Non-current liabilities held for sale		
Derivative liabilities	**3 738**	**39 221**
Trading liabilities	**1 713**	**17 973**
Deposit and current accounts	**6 200**	**65 043**
Other liabilities	**459**	**4 820**
Subordinated debt	**710**	**7 447**
Total non-current liabilities held for sale	**12 820**	**134 504**

Refer to page 22 for additional information.

Standard Bank Group

Headline earnings and net asset value reconciliation by key legal entity

Normalised headline earnings reconciliation per key legal entity

	Change %	2013 Rm	2012 Rm
SBSA Group	(7)	**10 709**	11 461
Rest of Africa legal entities	44	**3 485**	2 416
Standard Bank Offshore Group	41	**178**	126
Standard Bank Plc Group	95	**(162)**	(3 024)
Elimination of SB Plc loss on intragroup disposal of loan portfolio to SBSA	(100)	**–**	446
SBG and other group entities	(49)	**773**	1 503
Argentina (20% shareholding in 2013)	(63)	**249**	673
Turkey	(60)	**21**	52
Other	(35)	**503**	778
Banking activities	16	**14 983**	12 928
Liberty	11	**2 211**	1 990
Standard Bank Group	15	**17 194**	14 918

Normalised net asset value reconciliation per key legal entity

	Change %	2013 Rm	2012 Rm
SBSA Group	12	**79 201**	70 562
Rest of Africa legal entities	28	**21 195**	16 541
Standard Bank Offshore Group	20	**2 313**	1 927
Standard Bank Plc Group	25	**14 754**	11 835
SBG Holdings and other group entities	(18)	**4 013**	4 868
Argentina (20% shareholding)	21	**1 616**	1 341
Turkey	>100	**196**	73
Brazil	(54)	**496**	1 083
Singapore	39	**215**	155
Other	(33)	**1 490**	2 216
Banking activities	15	**121 476**	105 733
Liberty	13	**9 999**	8 886
Standard Bank Group	15	**131 475**	114 619

Notes

Other information and restatements

Product information

Personal & Business Banking

	Mortgage lending Change %	Mortgage lending 2013 Rm	Mortgage lending 2012 Rm	Instalment sale and finance leases Change %	Instalment sale and finance leases 2013 Rm	Instalment sale and finance leases 2012 Rm	Card products Change %	Card products 2013 Rm	Card products 2012 Rm
Total income	21	**6 243**	5 161	15	**2 954**	2 565	13	**5 070**	4 472
Credit impairment charges	(9)	**2 411**	2 648	61	**789**	490	>100	**840**	384
Operating expenses	22	**1 933**	1 585	18	**2 030**	1 714	7	**2 518**	2 344
Headline earnings	57	**1 516**	966	(21)	**181**	229	11	**1 334**	1 199

	Lending products Change %	Lending products 2013 Rm	Lending products 2012 Rm	Transactional Products Change %	Transactional Products 2013 Rm	Transactional Products 2012 Rm	Bancassurance Products Change %	Bancassurance Products 2013 Rm	Bancassurance Products 2012 Rm	Total Personal & Business Banking Change %	Total Personal & Business Banking 2013 Rm	Total Personal & Business Banking 2012 Rm
Total income	24	**8 520**	6 896	8	**20 703**	19 188	20	**5 106**	4 262	14	**48 596**	42 544
Credit impairment charges	20	**3 777**	3 136							17	**7 817**	6 658
Operating expenses	31	**3 759**	2 861	(9)	**16 599**	15 174	12	**2 509**	2 242	13	**29 348**	25 920
Headline earnings	25	**785**	629	(2)	**2 727**	2 789	19	**1 815**	1 531	14	**8 358**	7 343

Corporate & Investment Banking

	Global Markets Change %	Global Markets 2013 Rm	Global Markets 2012 Rm	Investment Banking Change %	Investment Banking 2013 Rm	Investment Banking 2012 Rm	Transactional Products and Services Change %	Transactional Products and Services 2013 Rm	Transactional Products and Services 2012 Rm
Total income	16	**11 934**	10 301	(7)	**6 140**	6 627	19	**8 884**	7 455
Credit impairment charges	27	**52**	41	(46)	**919**	1 708	(26)	**354**	479
Operating Expenses	3	**7 490**	7 293	8	**4 168**	3 861	19	**5 023**	4 223
Headline earnings	96	**2 403**	1 225	(6)	**1 672**	1 774	29	**2 212**	1 712

	Principal Investment Management & Real Estate Change %	Principal Investment Management & Real Estate 2013 Rm	Principal Investment Management & Real Estate 2012 Rm	Total before restructure charges Change %	Total before restructure charges 2013 Rm	Total before restructure charges 2012 Rm	Restructure charge Change %	Restructure charge 2013 Rm	Restructure charge 2012 Rm	Total Corporate & Investment Banking Change %	Total Corporate & Investment Banking 2013 Rm	Total Corporate & Investment Banking 2012 Rm
Total income	(13)	**1 346**	1 544	9	**28 304**	25 927				9	**28 304**	25 927
Credit impairment charges	(36)	**72**	112	(40)	**1 397**	2 340				(40)	**1 397**	2 340
Operating Expenses	6	**856**	807	8	**17 537**	16 184	(100)	**–**	758	4	**17 537**	16 942
Headline earnings	24	**304**	246	33	**6 591**	4 957	100	**–**	(538)	49	**6 591**	4 419

Constant currency summarised income statement

	Change %	2013 Rm	2012 Rm
Net interest income	12	**39 225**	35 127
Non-interest revenue	2	**36 669**	35 971
Net fee and commission revenue	5	**23 147**	21 945
Trading revenue	6	**10 202**	9 603
Other revenue	(25)	**3 320**	4 423
Total income	7	**75 894**	71 098
Credit impairment charges	(0)	**9 214**	9 232
Specific credit impairments	(4)	**9 105**	9 497
Portfolio credit impairments	>100	**109**	(265)
Income after credit impairment charges	8	**66 680**	61 866
Operating expenses	4	**44 862**	43 127
Staff costs	7	**24 760**	23 197
Other operating expenses	6	**20 102**	19 039
Restructure costs	(100)	**–**	891
Net income before goodwill	16	**21 818**	18 739
Goodwill impairment	(100)	**–**	777
Net income before disposal of subsidiaries and equity accounted earnings	21	**21 818**	17 962
Profit/(loss) on disposal of subsidiaries	>100	**64**	(101)
Share of profit from associates and joint ventures	(0)	**673**	675
Net income before taxation	22	**22 555**	18 536
Taxation	4	**6 197**	5 970
Profit for the year from continuing operations	30	**16 358**	12 566
Discontinued operation – Argentina	(100)	**–**	2 864
Profit for the year	6	**16 358**	15 430
Attributable to non-controlling interests	21	**1 146**	947
Attributable to preference shareholders	(3)	**348**	357
Attributable to ordinary shareholders – banking activities	5	**14 864**	14 126
Headline adjustable items – banking activities	>100	**119**	(1 726)
Headline earnings – banking activities	21	**14 983**	12 400
Headline earnings – Liberty	11	**2 211**	1 990
Standard Bank Group headline earnings	19	**17 194**	14 390

Changes in accounting policies, restatements and reclassifications

Adoption of new and amended standards effective for the current financial period

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following:

- IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* (IFRS 7R)
- IFRS 10 *Consolidated Financial Statements* (IFRS 10)
- IFRS 11 *Joint Arrangements* (IFRS 11)
- IFRS 12 *Disclosure of Interests in Other Entities* (IFRS 12)
- IFRS 13 *Fair Value Measurement* (IFRS 13)
- IAS 19 *Employee Benefits (2011 revised)* (IAS 19R)
- IAS 27 *Separate Financial Statements (2011 revised)* (IAS 27R) and
- IAS 28 *Investments in Associates and Joint Ventures* (2011 revised) (IAS 28R).

Early adoption of revised standards

- IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (2013 revised) (IAS 36)
- IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (2013 revised) (IAS 39)

Restatements

Of the abovementioned IFRSs adopted on 1 January 2013, both IFRS 10 and IAS 19R resulted in the restatement of the group and SBSA's previously reported financial results as set out on pages 100 to 102 as follows:

IFRS 10 – SBG

In terms of IFRS 10, control exists only if the investor has power over the investee; exposure, or rights to, variable returns from its involvement with the investee; and the ability to use its power to affect those returns. The application of control will be applied irrespective of the nature of the investee.

Investments in mutual funds that amounted to between 20% and 50% of the total fund value or voting rights were previously considered to be interests in associates, and those greater than 50% were previously considered to be subsidiaries. As a result of the adoption of IFRS 10 references in the accounting policies to specific percentage holdings have been removed.

The adoption of IFRS 10 resulted in the group consolidating additional mutual funds, classifying additional interests in mutual funds as associates, reclassifications of interests between these categories and financial investments and the recognition of additional treasury shares.

IAS 19R – SBG and SBSA

The most significant change as a result of the adoption of IAS 19R is the elimination of the 'corridor' method under which the recognition of actuarial gains or losses was deferred. In terms of IAS 19R all unrecognised actuarial gains have to be recognised in other comprehensive income on transition to the new requirements.

IAS 28R – SBG

The adoption of IAS 28R resulted in the group classifying mutual fund interests, for which the group is the fund manager in terms of an irrevocable fund management agreement, as interests in associates. In order to achieve consistency in the presentation for associates that are measured at fair value and those that are equity accounted, the group reclassified all of its interests in associates that are measured at fair value to its financial investments line item in the statement of financial position. Following the reclassification, the group's line item 'Interests in associates and joint ventures' in its statement of financial position includes only those associates and joint ventures that are equity accounted. The amount reclassified was R15 696 million.

Other restatements and reclassifications

The comparative statement of financial position as at 31 December 2012 has been adjusted to reflect the presentation consequences of the following restatements and reclassifications:

Deposits from customers to trading liabilities – SBG and SBSA

Liabilities of R5 268 million that are part of a portfolio of assets and liabilities that is managed together and for which there is evidence of a recent actual pattern of short-term profit, were previously classified as designated at fair value through profit or loss within deposits from customers. In accordance with IFRS and the group's accounting policies, these liabilities have been reclassified to trading liabilities from deposits from customers. The restatement had no impact on the group's reserves or profit and loss.

Loans and advances: reclassification between banks and customers – SBG and SBSA

An amount of R5 586 million was reclassified from loans and advances to banks to loans and advances to customers. The reclassification aligns an amount that was placed with a non-bank subsidiary of a bank holding company to loans and advances to customers as opposed to loans and advances to banks. The restatement had no impact on the group's reserves and profit or loss.

Group restatements

Summarised income statement

	2012 As previously reported Rm	IAS 19 Adjust-ments Rm	Normalised restated Rm
Total income	68 707		68 707
Credit impairments	8 800		8 800
Income after credit impairment charges	59 907		59 907
Operating expenses	40 756	70	40 826
Staff costs	22 195	70	22 265
Other operating expenses	17 803		17 803
Restructure charge	758		758
Net income before goodwill	19 151	(70)	19 081
Goodwill impairment	777		777
Net income before disposal of subsidiary and equity accounted earnings	18 374	(70)	18 304
Loss on disposal of subsidiary	(86)		(86)
Share of profit from associates and joint ventures	675		675
Net income before taxation	18 963	(70)	18 893
Taxation	5 766	(21)	5 745
Profit for the year from continuing operations	13 197	(49)	13 148
Discontinued operation – Argentina	2 435		2 435
Profit for the period	15 632	(49)	15 583
Attributable to non-controlling interests	855		855
Attributable to the preference shareholders	357		357
Attributable to ordinary shareholders – banking activities	14 420	(49)	14 371
Headline adjustable items – banking activities	(1 443)		(1 443)
Headline earnings – banking activities	12 977	(49)	12 928
Headline earnings – Liberty	2 033	(43)	1 990
Standard Bank Group headline earnings	15 010	(92)	14 918

Summarised statement of financial position

	2012		
	Normalised as previously reported Rm	Adjust-ments Rm	Normalised restated Rm
Assets			
Cash and balances with central banks	61 985		61 985
Derivative, trading and pledged assets	246 129		246 129
Financial investments	320 010	28 998[1,2]	349 008
Loans and advances	813 892		813 892
Loans and advances to banks	108 196	(5 586)[3]	102 610
Loans and advances to customers	705 696	5 586[3]	711 282
Investment property	24 133		24 133
Other assets	33 898	1 341[4]	35 239
Interest in associates and joint ventures	17 246	(14 211)[1,2]	3 035
Non-current assets held for sale	960		960
Goodwill and other intangible assets	14 687		14 687
Property and equipment	15 733		15 733
Total assets	1 548 673	16 128	1 564 801
Equity and liabilities			
Equity	134 552	715[4]	135 267
Equity attributable to ordinary shareholders	113 905	714[4]	114 619
Preference share capital and premium	5 503		5 503
Non-controlling interest	15 144	1[4]	15 145
Liabilities	1 414 121	15 413	1 429 534
Derivative liabilities	121 998		121 998
Trading liabilities	39 206	5 268[5]	44 474
Deposit and current accounts	918 533	(7 851)[1,5]	910 682
Deposits from banks	124 275		124 275
Deposits from customers	794 258	(7 851)[1,5]	786 407
Other liabilities	66 152	17 996[4]	84 148
Policyholders' liabilities	236 684		236 684
Subordinated debt	31 548		31 548
Total equity and liabilities	1 548 673	16 128	1 564 801

[1] IFRS 10.
[2] IAS 28R.
[3] Bank's to customers reclassification.
[4] IAS 19.
[5] Deposits from customers to trading liabilities.

Other information and restatements

SBSA group restatements

Summarised income statement

	2012		
	As previously reported Rm	IAS 19 Adjustments Rm	Restated Rm
Net interest income	25 249		25 249
Non-interest revenue	22 032		22 032
Net fee and commission revenue	16 364		16 364
Trading revenue	3 147		3 147
Other revenue	2 521		2 521
Total income	47 281		47 281
Credit impairments	5 785		5 785
Income after credit impairment charges	41 496		41 496
Revenue sharing agreements with group companies	(1 642)		(1 642)
Income after revenue sharing agreements	39 854		39 854
Operating expenses	25 106	55	25 161
Staff costs	13 289	55	13 344
Other operating expenses	11 817		11 817
Net income before associates and joint ventures	14 748	(55)	14 693
Share of profit from associates and joint ventures	523		523
Net income before indirect taxation	15 271	(55)	15 216
Indirect taxation	974		974
Profit before direct taxation	14 297	(55)	14 242
Direct taxation	2 362	(15)	2 347
Profit for the year	11 935	(40)	11 895
Attributable to non-controlling interests	11		11
Attributable to the ordinary shareholder	11 924	(40)	11 884
Headline adjustable items	(423)		(423)
Headline earnings	11 501	(40)	11 461

Key line items from the statement of financial position

	2012		
	As previously reported Rm	Adjustments Rm	Restated Rm
Loans and advances	659 500		659 500
Loans and advances to banks	69 999	(5 586)	64 413
Loans and advances to customers	589 501	5 586	595 087
Derivative and other assets	96 882	1 139	98 021
Equity	69 805	820	70 625
Trading liabilities	15 953	5 268	21 221
Deposit and current accounts	717 944	(5 268)	712 676
Deposits from banks	78 453		78 543
Deposit and current accounts from customers	639 491	(5 268)	634 223
Other liabilities	20 966	319	21 285

Financial and other definitions

Standard Bank Group

Annualised turnover in shares traded (%)	Number of shares traded during the period as a percentage of the weighted average number of shares.
Basic earnings per ordinary share (EPS) (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
Behaviourally adjusted cumulative liquidity mismatch	Analysis performed to anticipate any mismatch between payment profiles of balance sheet items, in order to highlight potential risks within the group's defined liquidity risk thresholds.
Common equity tier I capital adequacy ratio (%)	Common equity tier I regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.
Constant currency	Comparative financial results adjusted for the difference between the current and prior periods cumulative average exchange rates.
Consumer price index (CPI)	A South African index of prices used to measure the change in the cost of basic goods and services.
Diluted headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of shares, adjusted for potential dilutive ordinary shares.
Dividend cover (times)	Headline earnings per share divided by dividend per share.
Dividend per share (cents)	Total dividends to ordinary shareholders, including dividends and capitalisation shares, declared in respect of the period.
Headline earnings (Rm)	Determined by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests.
Headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Long-term funding ratio (%)	Funding-related liabilities with a remaining maturity greater than six months as a percentage of total funding-related liabilities.
Net asset value (NAV) (Rm)	Equity attributable to ordinary shareholders.
Net asset value per share (cents)	Net asset value divided by the number of ordinary shares in issue at the end of the period.
Profit attributable to ordinary shareholders (Rm)	Profit for the period less dividends on non-redeemable, non-cumulative, non-participating preference shares declared before year-end, less non-controlling interests.
Profit for the period (Rm)	Income statement profit for the period attributable to ordinary shareholders, non-controlling interests and preference shareholders.
Return on equity (ROE) (%)	Headline earnings as a percentage of monthly average ordinary shareholders' funds.
Shares in issue (number)	Number of ordinary shares in issue as listed on the exchange operated by the JSE.
Tangible net asset value (Rm)	Equity attributable to ordinary shareholders, excluding goodwill and other intangible assets.
Tangible net asset value per share (cents)	Tangible net asset value divided by the number of ordinary shares in issue at the end of the period.
Total capital adequacy ratio (%)	Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.
Tier I capital adequacy ratio (%)	Tier I regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.
Weighted average number of shares (number)	The weighted average number of ordinary shares in issue during the period as listed on the JSE.
Normalised results	The financial results and ratios stated on an economic substance basis as explained on page 20.
Structured entity (SE)	Entities where each is created to accomplish a narrow and well-defined objective.
Tutuwa	Tutuwa is the group's black economic empowerment ownership initiative entered into in terms of the Financial Sector Charter.

Banking activities

Available financial resources (Rm)	The amount of permanent capital that is available to the group to absorb potential losses.
Economic capital coverage ratio (times)	Available financial resources divided by minimum economic capital requirements.
Cost-to-income ratio (%)	Operating expenses as a percentage of total income after revenue sharing agreements with group companies but before credit impairment, including profit/(loss) on disposal of subsidiaries and share of profit/(loss) from associates and joint ventures.
Credit loss ratio (%)	Total impairment charges on loans and advances, per the income statement, as a percentage of average daily and monthly gross loans and advances.
Effective taxation rate (%)	Direct and indirect taxation as a percentage of income before taxation.
Gross specific impairment coverage (%)	Balance sheet impairments for non-performing specifically impaired loans as a percentage of specifically impaired loans.
Loan-to-deposit ratio (%)	Net loans and advances as a percentage of deposits and current accounts.
Net interest margin (%)	Net interest income as a percentage of daily and monthly average total assets, excluding trading derivative assets.
Non-interest earning assets (Rm)	Includes total trading book assets and rate-insensitive banking book assets, such as cash and cash equivalents, fixed assets, goodwill and other intangible assets, investment property, current and deferred tax assets, and other assets. Cash balances with central banks are specifically excluded as they are utilised to meet liquidity requirements and are reflected as part of the interest-earning assets to reflect the cost of liquidity. Derivative assets are also excluded.
Non-interest revenue to total income (%)	Non-interest revenue as a percentage of total income.
Portfolio credit impairments (Rm)	Impairment for latent losses inherent in groups of loans and advances that have not yet been specifically impaired.
Risk-weighted assets (RWA) (Rm)	Determined by applying prescribed risk weightings to on-balance sheet and off-balance sheet exposures according to the relative risk of the counterparty.
Specific credit impairments (Rm)	Impairment for loans and advances that have been classified as non-performing and specifically impaired, net of the present value of estimated recoveries.

Abbreviations and acronyms

BCBS	Basel Committee on Banking Supervision
CAGR	Compound annual growth rate
CIB	Corporate & Investment Banking
FIC	Fixed income and currencies.
IASB	International Accounting Standards Board
ICBC	Industrial and Commercial Bank of China Limited
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
MSCI	Morgan Stanley Capital International Emerging Markets Index
NII	Net interest income
NIR	Net interest revenue
NPLs	Non-performing loans
NSFR	Net stable funding ratio
PBB	Personal & Business Banking
SARB	South African Reserve Bank
SBG	Standard Bank Group Limited
SBSA	The Standard Bank of South Africa Limited
SB Plc	Standard Bank Plc
SME	Small and medium enterprise
the "Board"	The group's board of directors
The group	The Standard Bank Group
Liberty	Investment management and life insurance activities of companies in the Liberty Holdings Group
US	United States

Shareholder information

Shareholder information

Analysis of shareholders

Ten major shareholders[1]

	2013 Number of shares (million)	2013 % holding	2012 Number of shares (million)	2012 % holding
Industrial and Commercial Bank of China	**325,0**	**20.1**	322,0	20.0
Public Investment Corporation	**222,8**	**13.8**	233,7	14.6
Tutuwa participants	**88,2**	**5.5**	88,2	5.4
– Staff	**34,5**	**2.2**	34,5	2.1
– Strategic partners	**35,8**	**2.2**	35,8	2.2
– Communities and regional businesses	**17,9**	**1.1**	17,9	1.1
Dodge & Cox	**28,2**	**1.7**	25,9	1.6
Investment Solutions	**23,7**	**1.5**	25,2	1.6
Vanguard Emerging Markets Fund	**23,5**	**1.5**	23,9	1.5
Allan Gray Balanced Fund	**23,4**	**1.4**	12,3	0.8
GIC Private Limited	**22,4**	**1.4**	14,9	0.9
Allan Gray Equity Fund	**21,7**	**1.3**	14,1	0.9
Old Mutual Life Assurance	**20,5**	**1.2**	38,6	2.4
	799,4	**49.4**	798,8	49.7

[1] Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of section 56 of the Companies Act.

Geographic spread of shareholders

	2013 Number of shares (million)	2013 % holding	2012 Number of shares (million)	2012 % holding
South Africa	**859,4**	**53.1**	864,6	53.8
Foreign shareholders	**758,6**	**46.9**	741,5	46.2
China	**326,9**	**20.2**	323,5	20.1
United States of America	**217,8**	**13.5**	217,5	13.5
United Kingdom	**73,7**	**4.5**	49,9	3.1
Singapore	**25,1**	**1.6**	17,6	1.1
Ireland	**16,0**	**1.0**	12,1	0.8
Australia	**13,6**	**0.8**	11,1	0.7
Namibia	**11,8**	**0.7**	16,7	1.0
Saudi Arabia	**9,1**	**0.6**	10,0	0.6
Netherlands	**8,7**	**0.5**	10,4	0.6
Canada	**8,4**	**0.5**	9,6	0.6
Norway	**8,0**	**0.5**	12,3	0.8
Luxembourg	**7,5**	**0.5**	11,1	0.7
United Arab Emirates	**5,0**	**0.3**	12,8	0.8
Other	**27,0**	**1.7**	26,9	1.7
	1 618,0	**100.0**	1 606,1	100.0

Credit ratings

Ratings as at 6 March 2014 for entities within Standard Bank Group are detailed below:

	Short-term	Long-term	Outlook
Fitch Ratings			
Standard Bank Group Limited			
Foreign currency issuer default rating	F3	BBB	Stable
Local currency issuer default rating		BBB	Stable
National rating	F1+ (ZAF)	AA (ZAF)	Stable
The Standard Bank of South Africa			
Foreign currency issuer default rating	F3	BBB	Stable
Local currency issuer default rating		BBB	Stable
National rating	F1+ (ZAF)	AA (ZAF)	Stable
RSA Sovereign ratings			
Foreign currency issuer default rating	F3	BBB	Stable
Local currency issuer default rating		BBB+	Stable
Standard Bank Plc			
Foreign currency issuer default rating	F3	BBB	RWE[1]
Stanbic IBTC Bank Plc (Nigeria)			
National rating	F1+ (NGA)	AAA (NGA)	
CfC Stanbic Bank (Kenya)			
Issuer default rating	B	BB-	Stable
National rating	F1+ (KEN)	AAA (KEN)	Stable
Liberty Group			
National rating		AA- (ZAF)	Stable
National insurer financial strength		AA (ZAF)	Stable
Moody's Investor Services			
Standard Bank Group Limited			
Foreign currency issuer default rating		Baa1	Negative
The Standard Bank of South Africa			
Foreign currency deposit rating	P-2	Baa1	Negative
Local currency deposit rating	P-2	A3	Negative
National rating	P-1.za	Aa2.za	Negative
RSA Sovereign ratings			
Foreign currency	P-2	Baa1	Negative
Local currency		Baa1	Negative
Standard Bank Plc			
Foreign and local currency deposit rating	P-2	Baa1	RUR[2]
Standard & Poor's			
The Standard Bank of South Africa			
Unsolicited issuer rating	A-2	BBB	Negative
RSA Sovereign ratings			
Foreign currency	A-2	BBB	Negative
Local currency	A-2	A-	Negative
Stanbic IBTC Bank Plc (Nigeria)			
Foreign currency	B	BBB-	Stable
National rating	ngA-1	ngAA-	

[1] Rating watch evolving (RWE).
[2] Rating under review (RUR) with direction uncertain.

Dividend payment dates

The relevant dates for the payment of dividends are as follows:

	Ordinary shares	6.5% cumulative, preference shares (First preference shares)	Non-redeemable, non-cumulative non-participating preference shares (Second preference shares)
JSE Limited (JSE)			
Share code	**SBK**	**SBKP**	**SBPP**
ISIN	**ZAE000109815**	**ZAE000038881**	**ZAE000056339**
Namibian Stock Exchange (NSX)			
Share code	**SNB**		
ISIN	**ZAE000109815**		
Dividend number	**89**	**89**	**19**
Gross distribution/dividend per share (cents)	**300,00**	**3,25**	**329,94**
Last day to trade in order to be eligible for the cash dividend	**Friday, 4 April 2014**	**Friday, 28 March 2014**	**Friday, 28 March 2014**
Shares trade *ex* the cash dividend	**Monday, 7 April 2014**	**Monday, 31 March 2014**	**Monday, 31 March 2014**
Record date in respect of the cash dividend	**Friday, 11 April 2014**	**Friday, 4 April 2014**	**Friday, 4 April 2014**
Dividend cheques posted and CSDP/broker accounts credited/updated (payment date)	**Monday, 14 April 2014**	**Monday, 7 April 2014**	**Monday 7 April 2014**

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 7 April 2014, and Friday, 11 April 2014, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 31 March 2014 and Friday, 4 April 2014, both days inclusive.

Instrument codes

JSE Limited

Subordinated debt

SBK 7: ZAG000024894
SBK 9: ZAG000029687
SBKI 11: ZAG000066382
SBK 12: ZAG000073388
SBK 13: ZAG000073396
SBK 14: ZAG000091018
SBK 15: ZAG000092339
SBK 16: ZAG000093741
SBK 17: ZAG000097619
SBK 18: ZAG000100827
SBK 19: ZAG000100835

Senior debt

SBS 3: ZAG000030586
SBS 4: ZAG000035049
SBS 9: ZAG000069329
SBSI 11: ZAG000075789
SBSI 12: ZAG000080847
SBS 13: ZAG000080839
SBS 14: ZAG000083940
SBS 15: ZAG000085556
SBS 16: ZAG000086729
SBS 18: ZAG000086745
SBS 19: ZAG000086752
SBS 20: ZAG000095365
SBS 21: ZAG000095373
SBS 22: ZAG000095514
SBS 23: ZAG000095522
SBS 24: ZAG000095530
SBS 25: ZAG000095548

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An African perspective – Seed by Marco Cianfanelli

Measuring 34.33m high, 9.85m wide and 8.55m deep, Seed is made up of 229 individual plywood panels with laser cut designs, telling the stories of people and places, and is pigmented with sand from regions where Standard Bank has an on-the-ground operating presence. Seed epitomizes our Africa strategy, bringing together the opportunities and potential that we see in the dynamic African continent.

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