



Standard Bank's Report to Society / 2015

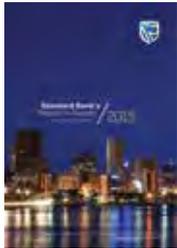
Moving Forward, Together

Reporting suite

We produce a full suite of reports to cater for the diverse needs of our stakeholder base. The following reports supplement this one and are tailored to meet our readers' specific information requirements.

Overview and Contents

Accounting to shareholders and society for progress against objectives and targets.

<p>Report to Society</p>	<p>Stakeholder-focused report providing an overview on how Standard Bank Group creates shared value across our material focus areas.</p>	<ul style="list-style-type: none">  Withstanding economic headwinds  Understanding our clients  Motivating our people  Embracing innovation  Managing regulatory change  Leveraging our investments in information technology 	
<p>Further information available online. </p>			
<p>Annual integrated report</p>	<p>Primary report to shareholders providing an integrated assessment of SBG's ability to create value over time.</p>	<ul style="list-style-type: none"> ● Overview of strategy and performance ● Corporate governance report ● Remuneration report ● Shareholder information 	
<p>Governance and remuneration report</p>	<p>Shareholder report providing governance and annual general meeting information.</p>	<ul style="list-style-type: none"> ● Governance report ● Remuneration report ● Notice of annual general meeting ● Proxy form 	
<p>Risk and capital management report</p>	<p>Detailed discussion of the management of strategic risks related to SBG's banking and insurance operations.</p>	<ul style="list-style-type: none"> ● Capital and liquidity management ● Regulatory developments 	

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Navigational icons

The following icons are applied throughout the report to improve usability and show the integration between the relevant elements of the report.



Website



Page reference

Story of this report

Listening to our stakeholders

Our purpose is to drive Africa's growth. Our success is linked to the prosperity of Africa's communities and economies. We understand that all our stakeholders – not only shareholders and investors – need to benefit from the value we create. Our commercial viability, and the social relevance and legitimacy of our business, depends on our ability to generate value for stakeholders.

- Customers and clients
- Employees and their representatives
- Shareholders and analysts
- Suppliers
- Government departments, regulators, Members of Parliament and political parties
- Communities in which we operate and partners in social investment
- Civil society

  **Message to our stakeholders**
page 6

  **Our stakeholders** page 22

How we are performing



The sustainability of our business requires a clear understanding of the social, economic and physical environments in which we operate, and how these influence and are influenced by the execution of our strategy.



  **Leadership report**
page 14

  **Who we are and where we operate** page 10

Addressing what is material for value creation

We define as 'material' the risks and opportunities that could seriously impact on commercial viability, social relevance and our relationships with stakeholders.



Material matters
page 36

Material focus chapters



Withstanding economic headwinds

Africa's prospects for sustainable, long-term and inclusive economic growth

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Embracing innovation

Continual innovation to improve the value we provide

 page 58



Understanding our clients

Putting our clients and customers at the centre of everything we do

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Managing regulatory change

Meeting the expectations of our regulators and serving the best interests of our customers

 page 64



Motivating our people

Commitment, motivation and capability of our people, and their embracing of our values

 page 52



Leveraging our investments in information technology

The safety, stability, functionality and efficiency of our IT services

 page 68

Responding strategically

Standard Bank Group's success and profitability is fundamentally interlinked with the success and prosperity of our clients and customers. We are committed to delivering shared value for stakeholders in all business activities, across our countries of operation.



Strategy page 18

What you will read about in this report



Standard Bank Group, referred to hereafter as “SBG” and “the group”, works to create shared value for all stakeholders. We do this by implementing profitable and responsible business strategies that deliver clear social benefits – profit with purpose. By providing financial solutions tailored for African markets, we contribute to Africa’s economic growth, support job creation, and enable the upliftment of individuals and societies. In turn, this expands the market for our products and services and makes SBG a more viable and sustainable business. In other words: delivering shared value makes sound business sense. ↩⊕

This report tells the story of how we create value in the context of strategy, stakeholders and the material matters that impact on our business. A matter is considered material if it significantly impacts on our ability to run our business successfully in the future; or if it significantly impedes us from delivering on our strategy and achieving our objectives; or if it is of significant concern to our stakeholders. These matters are assessed against the backdrop of stakeholder expectations and the broader context in which we operate.

This report tells the story of how we create value in the context of strategy, stakeholders and the material matters that impact our business.



Stakeholder engagement and material matters are detailed on pages 22 – 35 and 36 – 73 respectively.

Who this report is for

The report is aimed at the people who make up the societies in which we conduct our business, this includes:

- Customers and clients
- Employees
- Shareholders
- The businesses within our supply chain
- Government departments who set the policy framework for our business
- Regulators who supervise our activities
- Investment analysts
- Members of the communities in which we operate
- The media
- Industry bodies and professional associations
- Think tanks and research organisations
- Civil society organisations, political parties and non-governmental organisations (NGOs)

What this report covers

This report covers SBG's operations in South Africa, the broader African continent and areas outside Africa. Unless indicated otherwise, data in this report refers to group banking operations, and financial services. It excludes associates and joint ventures.

How we confirm the accuracy of this report

SBG has a series of internal policies, procedures and controls in place to ensure that accurate data is provided. The group social and ethics committee provided oversight of this report. KPMG Services Proprietary Limited provided limited assurance on selected performance data in this report, indicated by a ✓ (tick), in accordance with International Standard on Assurance Engagements (ISAE 3000). The scope of the assurance engagement and the statement of assurance are provided on page 74 of this report.



Let us know what you think

We welcome your views on this report. Please email the Group Policy, Advocacy and Sustainability team at sustainability@standardbank.co.za with your feedback.

Message to our stakeholders



“ We understand that all stakeholders need to benefit from the value we create. ”

Wendy Dobson, Head of group policy, advocacy and sustainability

The group's purpose is to drive Africa's growth. Our success is linked to the prosperity of Africa's communities and economies. We understand that all our stakeholders – not only shareholders and investors – need to benefit from the value we create. Accordingly, our commercial viability and the social relevance and legitimacy of our business depends on our ability to generate value for stakeholders. To ensure that we deliver this value, we continuously ask ourselves three key questions:



Are we making a **positive impact** in the areas in which we do business?



Are we relevant in terms of our strategy and the **expectations of a bank in Africa** in the 21st century?



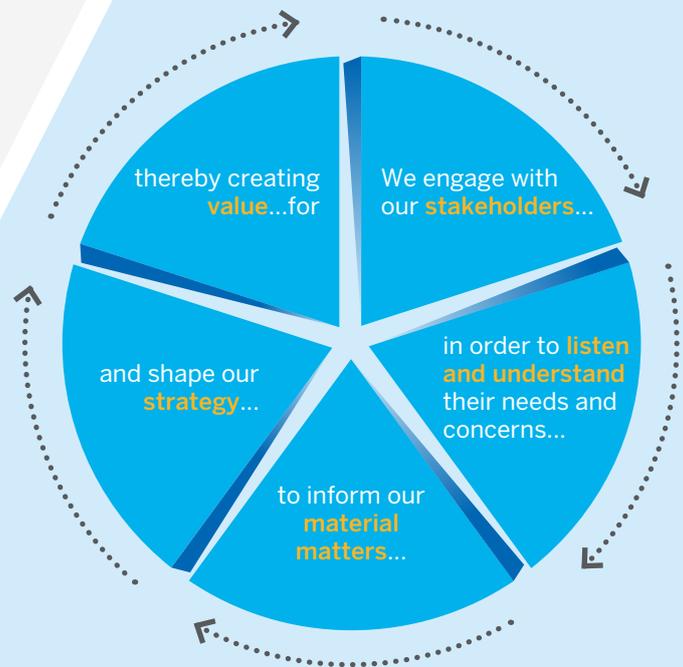
Are we **leveraging opportunities** and **overcoming risks** in our operating environment?

We LISTEN

When we communicate with you, our stakeholders, we do our best to make sure that we listen. We strive to understand your needs and expectations to enable us to create shared value and deliver demonstrable benefits.

We have listened to your preferences in terms of how we report. You have communicated that in a world of information overload, you do not have the time or inclination to read lengthy corporate reports. Therefore, we have moved away from traditional sustainability reporting to a slimmer, more accessible report that focuses on material matters and tells our story in a clear, concise manner. This report is supported with additional online information.

We acknowledge that there are areas where we need to improve. Going forward, we aim to deepen our engagement with stakeholders to better understand your expectations and concerns. This will help us accelerate our progress on our shared value journey. This report marks the start of a three-year stakeholder engagement and reporting journey. During this time, we commit to regular communication with stakeholders, updating you on progress against objectives and targets, gathering your perspectives and feedback, and informing you of new plans and initiatives.



Shared value begins with TRUST

The role of a bank is to accept deposits of money from customers (depositors) for safe-keeping, while paying them interest, and to lend money to customers (borrowers) in the form of loans, while charging interest.

These loans make it possible for customers to buy houses, start or expand their businesses, purchase assets such as cars or fridges, or further their education with student loans. Therefore, our business model is dependent on customer trust that we will protect their savings, and on our knowledge and understanding of customers' needs and their capacity to honour their loans. Our ethical responsibility to all stakeholders is to protect the money entrusted to us.

We believe we have an important role to play in responsibly and efficiently allocating financial resources to activities that will

generate growth and development, and support economic transformation in our countries of operation. This needs to be done within appropriate risk parameters, and while protecting the interests of shareholders and customers.

We are aware of the fact that we are not lending our own, but rather, our depositors' money. Therefore, we need to manage the level of risk to which we are exposed. We make use of financial modelling to determine our risk appetite. Together with robust regulatory requirements, this determines how much credit risk we can take as a business and how much capital we need to retain.

In assessing credit risk, we take into account a range of factors, including external variables. For example, we take account of the prevailing economic climate and how this impacts on government finances, business activity and consumer confidence.

We look at environmental factors, such as the drought currently impacting several of our countries of operation, which is putting farmers under pressure and pushing up food prices. We assess political factors, such as policy certainty, institutional integrity and the ease of doing business. We factor all of these variables into our risk assessment models, consider them when making decisions about business strategy, and assess them in relation to the needs of individual customers.

Importantly, we aim to take a long-term view. We recognise that the individuals and businesses that bank with us need our support and confidence in the good times and the bad times – our business success depends on the prosperity of our customers and clients. In tough economic times, such as we are currently facing, we are committed to doing all we reasonably can to see our customers and clients through to better days, while fulfilling our fiduciary duty to shareholders.

Our dedicated financial crime control unit oversees the integrity of our systems and the safety of customers' accounts in relation to threats of this nature.

Our business depends on customer trust and on the trust and confidence of regulators. We are subject to the oversight of regulatory authorities at a global level, and within each of the countries in which we operate. Their role is to ensure that we:

- meet the standards of financial prudence,
- treat customers fairly and lend responsibly,
- exercise effective risk management controls over all our business activities, and
- are transparent and accountable in all our business dealings.

We work closely with all regulators. By cultivating open and respectful relationships with them, we are able to work together to address specific issues and challenges constructively and effectively.

The model comprises the 'twin' objectives of creating a more resilient and stable financial system (prudential regulation), and ensuring that customers' interests are served (market conduct regulation). South Africa's National Treasury has been exemplary in the level of engagement and consultation it has undertaken to formulate the new model. Standard Bank has been involved in the consultation process, and we are confident that the adopted model will deliver a strengthened financial system that underpins the contribution of banks to society. 

Shared value means knowing our CUSTOMERS

Most bank customers are familiar with 'Know Your Customer' regulations. While they are often perceived by customers as an administrative annoyance, they are fundamental to global efforts to prevent identify theft, financial fraud, money laundering and terrorist financing.

However, as important as this is, our commitment to knowing our customers goes deeper than knowing their identities and monitoring their transactions against expected behaviour and recorded profiles. For us, knowing customers means understanding their financial aspirations and commitments holistically, and working with them as individuals to tailor products and services accordingly. It also means understanding their preferences and frustrations when it comes to using our services – and doing all we can to better meet their needs.

Toward this end, during 2015, many of our executives and senior managers spent several days in various branches and call centres, experiencing first-hand the interactions between customers and front-line employees, and developing an understanding of what is working and how we can serve customers better.

 Our business depends on customer trust and on the trust and confidence of regulators. 

Keeping our customers' money safe requires us to be constantly vigilant against cybercrime, including phishing, identity theft, viruses and fraudulent debit orders. We are committed to protecting customers from these threats without adding complications to the customer experience. To achieve this, we rely on sophisticated technology that recognises threats early, enabling us to alert customers and take preventative action.

The group is an active corporate citizen, and we provide regular input to government regarding policy, regulatory and legislative proposals. In several cases, this has supported decision-makers to identify and avoid unintended consequences associated with particular proposals, while remaining true to the intention of the proposed interventions. For example, in South Africa, we have been closely involved in the development of the new 'Twin Peaks' regulatory model, which brings South Africa in line with international best practice.

 Further detail on SBG's involvement with government on 'Twin Peaks' can be found on page 67.

 For the latest developments on this regulation visit www.treasury.gov.za/twinpeaks or www.fsb.co.za/twinpeaks.

They learnt that some of the processes and protocols in operation in call centres in particular made sense for the bank, but created enormous frustration for customers. As a result of these observations, we have recently implemented changes to our internet banking (IB) functionality. This gives customers more flexibility to do things online, rather than having to make a call or visit a branch – a small change that has made a direct difference to our customers.

Knowing customers also means understanding the environments in which they live and work. For example, on a practical level, we undertook research into water quality and access across South Africa, to better understand potential changes in water distribution patterns and how water shortages will impact farmers, crops and communities. We also engaged with national and provincial government, entrepreneurs and communities to understand how banks can better serve the development of township-based businesses and home-owners.

Against the backdrop of the Fees Must Fall campaign in South Africa, we are working with government and institutions of higher education to devise improved funding options for students.

Shared value depends on our **EMPLOYEES**

The value customers derive from their relationship with the bank is reliant on employees. Our employees work across the globe, in global financial centres and in 20 countries across Africa. They represent an enormous diversity of nationalities, cultures, ethnicities, religions and personal backgrounds. They bring to the bank a broad range of perspectives and life-experiences. This diversity represents a great asset, driving creativity and innovation, and reflecting the immense diversity of our customer base.

It also requires us to actively ensure that the workplace is welcoming and inclusive, that every employee feels valued and empowered, and that our development and leadership programmes support the same level of diversity in the top tiers of management as we see at the level of general employees and junior to middle management.

Across our African operations, we are developing local leadership teams. Within group head office, we continue to work toward achieving the level of diversity we desire at senior management and executive level.

In South Africa, we continue to experience a relatively high turnover of black male and female employees at senior management level. We are working to understand the reasons for this turnover, and the extent to which it is driven by internal culture and the opportunities we offer, or the external high demand for these talented individuals in the marketplace. We have redesigned exit interview processes to listen and understand better, while also enhancing employee experiences toward improving employee retention.

Our ability to create shared value for customers depends on us having a passionate and motivated team of people, who can think for themselves, who are excited by change, are not afraid to challenge traditional ways of doing things and take responsibility for improving the customer experience and driving innovation forward. We tasked an executive team to look at the company culture, and how to embed these aspirations, supported by the bank's corporate values, at every level of the organisation. We are currently taking their recommendations forward, to ensure that all employees live Standard Bank's values.

Sharing value to achieve our **PURPOSE**

We are not naive about the challenges Africa faces – but we are determined to overcome these challenges by working together to drive inclusive economic growth – the kind of growth that benefits all Africans, by supporting job creation, skills development and opportunities for asset creation. This is how we create shared value. We recognise that there are no shortcuts – we take a long-term view. African economies need to be more competitive, diversify away from extractive industries, get more people into decent work and actively support the growth of the middle class. Appropriately targeted, affordable and accessible financial services can support this process.

We are proud to call Africa home, and we remain committed and determined to support inclusive economic growth, job creation and wealth creation across the continent.



Wendy Dobson

*Head of group policy,
advocacy and sustainability*

Who we are and where we operate

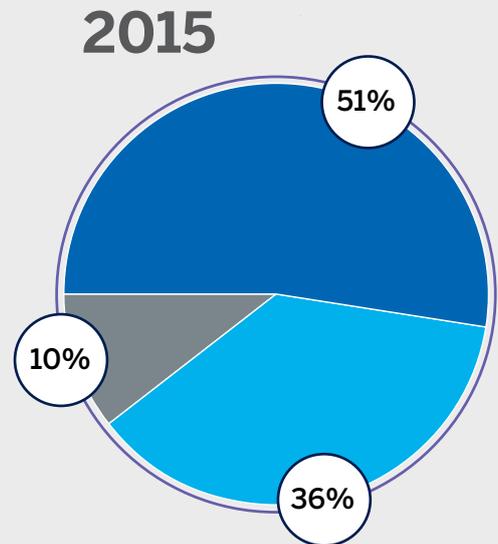
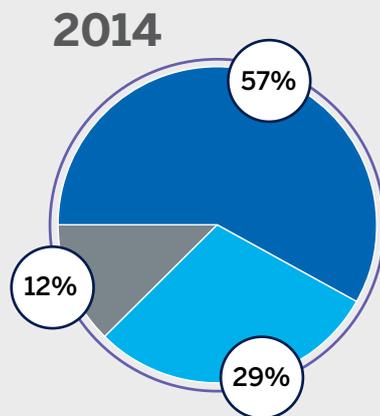
We are not just a bank; we are an integrated financial services group. We offer services across three business units, each offering different financial solutions.

Personal & Business Banking (PBB)

Corporate & Investment Banking (CIB)

Wealth (which includes Liberty Holdings Limited)

PERCENTAGE OF GROUP HEADLINE EARNINGS (%)



2014: 2% from central and other
2015: 3% from central and other

Major shareholders

SBG is 51% South African-owned. Industrial and Commercial Bank of China Ltd (ICBC) is the world's largest bank by assets, and a 20% shareholder in SBG. This strategic relationship enables SBG to facilitate investment flows and commercial relationships between China and Africa. The South African Government Employees Pension Fund (GEPF) is SBG's second-largest institutional shareholder, with a 13% stake.

Listings

We are headquartered in Johannesburg and our primary listing is on the Johannesburg Stock Exchange (JSE) in South Africa, with a secondary listing in Namibia. Subsidiary banks are listed on exchanges in Kenya, Malawi, Nigeria and Uganda.

Personal & Business Banking

PBB provides banking and other financial services to individual customers and small and medium-sized enterprises (SMEs) in South Africa, the rest of Africa (ROA) and the Channel Islands.

- **Headline earnings**
R11 232 million
(2014: R9 797 million)
- **Return on equity**
18.1%
(2014: 18.2%)

Corporate & Investment Banking

CIB offers corporate and investment banking services to clients which include governments, parastatals, larger corporates, financial institutions and international counterparties.

- **Headline earnings**
R7 923 million
(2014: R4 980 million)
- **Return on equity**
14.3%
(2014: 10.2%)

Wealth

Wealth offers life insurance, short-term insurance and investment management to individuals and corporate clients in certain African countries. Standard Bank Wealth (SBW) was established to consolidate our non-banking financial services across the group.

- **Headline earnings**
R2 251 million
(2014: R2 158 million)
- **Return on equity**
19.7%
(2014: 20.9%)

We are not just a bank; we are an integrated financial services group.

Value created in 2015

Value added statement

	2015		2014	
	Rm	%	Rm	%
Value added				
Interest, commissions and other revenues	136 069		125 004	
Income from investment management and life insurance activities	74 016		79 744	
Interest paid to depositors	(51 596)		(52 101)	
Benefits due to policyholders	(50 366)		(58 258)	
Other operating expenses	(34 893)		(28 482)	
Wealth created	73 233		65 907	
Distribution of wealth				
Employees	31 918	44	28 789	44
Government	10 926	15	10 499	16
Ordinary shareholders	10 396	14	9 052	14
Non-controlling interests and preference shareholders	4 201	6	4 390	6
Corporate social investment (CSI) spend	173		115	
Retentions to support future business growth	15 619	21	13 062	20
Wealth applied	73 233	100	65 907	100

Employees

With a workforce of 54 361 permanent employees at December 2015, the wealth created per employee was approximately R587 000 (2014: R584 000). This includes salaries, benefits and amounts paid to government institutions on behalf of employees.

Government

The group contributes directly to public finances through a wide range of taxes and indirectly through the taxes paid by the suppliers we procure from. We strive to optimise our business success in minimising tax risks and maximising the value we are able to deliver to our shareholders, and the communities and governments of the countries in which we operate.

Shareholders

A total dividend to shareholders of 674 cents was declared for 2015, a 13% increase on the prior year.

Under Tutuwa, Standard Bank's BBBEE ownership transaction, a significant number of Tutuwa beneficiaries realised value during 2015 following the expiry of the scheme's 10-year lock in period at the end of 2014. At December 2015, the scheme's remaining participants consisted of 1 881 (2014: 6 188) black managers. Dividend payouts to remaining Tutuwa Managers' Trusts beneficiaries amounted to approximately R41 million (2014: R164 million).

Other operating expenses

Other operating expenses cover cash for materials, facilities and services purchased. This includes property rental, licence fees, payments for contract workers, employee training costs and costs that arise out of our day-to-day operational activities.

Training spend to upskill our employees group-wide in 2015 was R636 million (2014: R746 million).

Our supply chain

Our total procurement spend (excluding Liberty) for 2015 was R26,4 billion (2014: R30,5 billion) benefiting 15 625 (2014: 15 058) suppliers, of which 73% and 27% were situated in South Africa and rest of Africa respectively.

In South Africa, we met the financial sector code's target for preferential procurement, scoring 16 points out of a possible 16. As a level 2 BEE contributor, we are classified as a value adding supplier.

Corporate social investment

Our CSI programme continues to focus on investment in education across our geographic footprint. In 2015, we also established a strategic partnership with the Global Fund through which we support their efforts to eliminate HIV/Aids, tuberculosis and malaria. A range of employee community involvement initiatives provide our people with opportunities to give back and actively participate in making a difference in the communities in which they work and live.

Our Employee Matching initiative encourages employees to support non-profit organisations through monetary contributions. In 2015, approximately 140 organisations were supported in South Africa through the matching programme with Standard Bank matching employee contributions to the value of R1,5 million. 



More detail on our approach to CSI can be found on www.standardbank.com/sustainability

Accelerating our journey

- Our engagement with our stakeholders underpins the success of our shared value journey. Only through interacting with them on an ongoing basis can we truly understand their needs and expectations and respond to these.
- Our ability to do so within the volatility of our current operating environment requires the agility to respond quickly to trends and changes; the empathy to understand how these impact our stakeholders and the innovative thinking that allows us to devise solutions specifically tailored for the second decade of the twenty-first century.
- It is on this basis that we will continue to accelerate our journey.



Leadership report

Joint statement from the group chairman
and group chief executives



“Standard Bank's
purpose is to support
inclusive growth
in Africa.”

*Thulani Gcabashe (chairman),
Sim Tshabalala and Ben Kruger (group chief executives)*

The sustainability of our business requires a clear understanding of the social, economic and physical environments in which we operate, and how these influence and are influenced by the execution of our strategy.

Over the past two years, SBG has refreshed its strategy, to strengthen our focus on Africa, support the provision of more accessible, personalised and convenient services to customers and clients, adapt to the changing regulatory environment, and achieve improved return on equity (ROE) for shareholders. We have implemented a process of organisational realignment to enable us to provide a more seamless service across our various business divisions and geographies; to better leverage our strategic partnership with China's ICBC; and to target more resources toward supporting inclusive and sustainable growth in Africa.

In consultation with stakeholders, we have identified six material themes that we believe will have a significant impact on the group's ability to execute this strategy in the coming years. We define as 'material' the risks and opportunities that could seriously impact on commercial viability, social relevance and our relationships with stakeholders. Effectively managing these material risks and opportunities is critical to achieving objectives and meeting stakeholders' expectations. These themes are discussed in detail in this report. We summarise them briefly here in our leadership report.

Driving **AFRICA'S** growth in a challenging environment

We have extensive on-the-ground presence in 20 countries in sub-Saharan Africa, including representative offices in Cote d'Ivoire and Ethiopia. Our long-term profitability and sustainability depend on the stability and wellbeing of our home continent.

We have disposed of most of our assets outside Africa. We completed this process in 2015 with the sale of 60% of our London-based operation, Standard Bank Plc, to our strategic partner ICBC. We retain interests in several businesses outside Africa, which provide international clients with investment opportunities in Africa, and enable African clients to access global pools of capital.

The commodity downturn has led to a marked slowing of growth in several key economies, amply demonstrating the need for African countries to lessen dependence on extractive industries, grow industrial and services sectors, and build more inclusive, employment-creating economies. Standard Bank is working with our clients to support this evolution.

Our portfolio extends across multiple sectors and geographies. We know our clients well, we are managing our risk within robust parameters, and we are comfortable that our business will continue to perform well despite the slowing of growth in some African markets. What is more, we are confident that favourable demographics, prudent fiscal policies, increasing economic diversification, the strengthening of regional integration and intra-African trade, and the steady growth of Africa's middle class provide a firm foundation for sustainable and inclusive economic growth. In short, Africa is developing its own internal growth engine – one that will reward investors that choose the right sectors and have the patience to stay the distance through commodity price cycles.

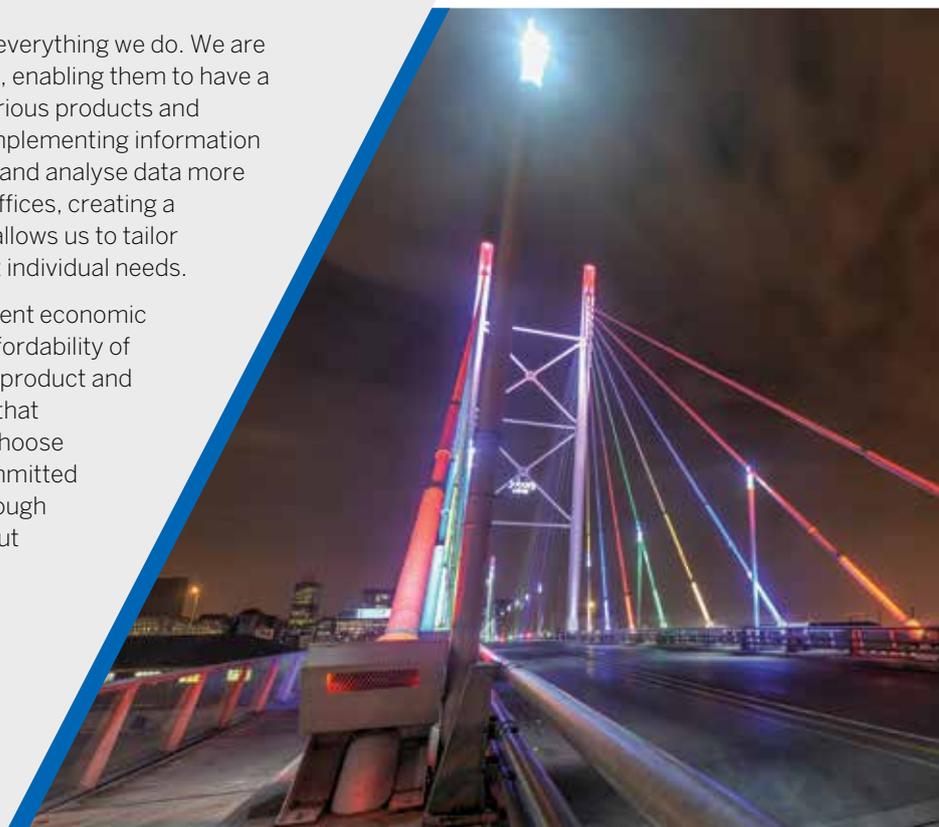
We are already seeing the proof of this in our own financial results. Our revenues in Africa, excluding South Africa, grew at 26% a year between 2011 and 2015, and these businesses now contribute 25% of our headline earnings.

Putting our **CUSTOMERS** at the centre of everything we do

Our customers and clients are at the centre of everything we do. We are committed to serving their interests holistically, enabling them to have a single relationship with the bank, across the various products and portfolios they hold. We are in the process of implementing information technology (IT) solutions to enable us to share and analyse data more effectively across business units and country offices, creating a 'single view' of each customer and client. This allows us to tailor products and services more effectively to meet individual needs.

All customers are feeling the impact of the current economic climate. We are committed to improving the affordability of our product offerings, and transparency about product and service features and costs. We want to ensure that customers have the information they need to choose products that best suit their needs. We are committed to supporting customers to navigate through tough times and we encourage them to talk to us about how we can help them through changing circumstances.

Financial inclusion remains a challenge. While great strides have been made in recent years in mobile-based banking services, the majority of Africans remain formally unbanked.



This inhibits their ability to save and invest for the future, and to access credit to grow their businesses or invest in wealth-creating assets. The provision of appropriate, accessible and affordable banking products and services for low-income individuals and small enterprises is challenging territory for a traditional bank, given the strict risk and regulatory parameters in which we operate. Therefore, we are actively pursuing partnerships with technology companies, telecommunications providers and others to come up with innovative solutions that work for customers and the bank.

Developing our **PEOPLE**

Standard Bank employees understand that they are expected to place customers' and clients' best interests at the centre of everything they do – whatever their role or level in the bank. We are all held accountable on this basis.

We recognise that it is often the employees at the front line who have the best insight into customer needs and challenges.

Our decisions and actions should be directed toward enabling the bank as a whole to deliver more efficient, more accessible and more personalised products and services, that add value to people's lives, and ensure the long-term relevance and sustainability of our business. Our employees are expected to uphold the SBG values at all times. We view any breach in a serious light.

We recognise that it is often the employees at the front line who have the best insight into customer needs and challenges. As such, we have created channels to ensure that their ideas and

feedback inform product development and operational decisions.

Technology is fundamentally changing the structure of the job market. Over the past few years, we have implemented recruitment and development programmes to prepare our employees for the skill requirements of the future. We continue to work with employees at all levels to manage this evolving process.

Our development, performance management and career progression initiatives are designed to encourage and reward excellence, and to effectively identify, nurture and develop our pipeline of specialists, managers and executives. Deep local knowledge of our countries of operation is one of our unique selling points.

We are committed to developing local talent, and to ensuring that the management and leadership teams within our countries of operation reflect this commitment.

Continual **INNOVATION** to improve the value we provide

How individuals and businesses choose to access financial services is rapidly changing. Global technology companies, fintech companies, retailers and telecommunications companies are driving disruption across the sector, from micro-savings and loans to securities and investments. Traditional banks have to compete on price, accessibility, convenience and trust. To remain

competitive, we need to continually innovate to ensure an attractive customer offering.

To enable us to serve customers as they want to be served, we need to start from the viewpoint of the customer and design services from there. This is an important departure from our traditional way of doing business – which was often designed to maximise the bank's operational efficiency, rather than customers' satisfaction.

We are actively engaging with innovators and disruptors to identify partnership opportunities that benefit our clients and customers. To date, these partnerships have produced a number of popular solutions. We now offer account opening through our mobile phone platform in most of our African countries of operation, and we are continually expanding the service offering available on mobile. We have introduced biometric security features on certain products, a number of convenient point-of-sale solutions, and, in South Africa, a 24/7 helpline provided via the WeChat instant messaging service.

More broadly, we are working with Africa's corporates and governments to develop new solutions to address Africa's infrastructure challenges, including energy security. Standard Bank is a leading investor in Africa's green economy, including South Africa's Renewable Energy Independent Power Producer Procurement (REIPPP) programme, and R1,3 billion invested in renewable energy generation projects in other African countries.

We are also committed to supporting smaller low carbon and clean energy solutions that support rural parts of Africa with limited municipal infrastructure access. We recognise that we have the ability to impact significantly on global efforts to mitigate climate change and reduce dependence on fossil fuels. We do this through the projects we finance and

the businesses we invest in, and all our investment and lending is scrutinised for social and environmental impact in compliance with the Equator Principles.

Managing **REGULATORY CHANGE**

The trust of customers and regulators is central to our ability to do business. We believe that ensuring efficient and effective regulatory compliance provides us with a competitive advantage. Regulatory requirements inevitably impose some additional administrative requirements on our customers – we strive to make this as effortless as possible, and to ensure that our customers understand why certain processes are required.

We enjoy constructive relationships with regulatory authorities in our countries of operation. Where possible, we engage regularly with them and contribute to the development of policy, legislation and regulation, toward supporting the development of an unambiguous, cohesive and investment-friendly operating environment.

The introduction of Basel III in South Africa, and related regulatory developments in other countries, has required us to make substantial changes to how we allocate capital and extend credit. Implementation of these changes has advanced, and we are confident that the group is fully compliant with prudential requirements in each of our countries of operation.

In an organisation as large as ours, there will inevitably be mistakes. We have robust monitoring systems in place which enable us to quickly identify, report and resolve such incidents. Furthermore, we believe we are succeeding in embedding a culture of compliance across the bank, which emphasises the importance of doing the right business in the right way. Unfortunately, the group had to resolve two significant regulatory incidents, one in Nigeria and one in Tanzania. The misconduct in Tanzania was detected quickly as a result of our internal control framework and was self-reported to the authorities; for which the group was commended. We have subsequently implemented remedial actions to prevent future transgressions. In Nigeria, diverging interpretations of governance and reporting requirements have arisen, and we continue to work with the relevant authorities to resolve the issue.

The security, stability, functionality and efficiency of **IT SERVICES**

We have invested heavily in upgrading and modernising core banking infrastructure across the group, allocating R21 billion for the period 2012 to 2017. We are in the process of migrating customers onto the new system, providing them with a single point of access to our full-service offering. IT investment is also directed toward improving the resilience, speed and stability

of systems, thereby supporting improved risk management.

We expect to complete the upgrade across all our countries of operation by the end of next year. We are cognisant of the risk posed by cybercrime. We are confident that our refreshed IT systems are secure against the kind of attacks we have seen to date, and we will continue to refine and strengthen defences in response to evolving threats.

PROSPECTS for 2016

Despite a tough global environment, we remain confident that the Standard Bank Group is well positioned to achieve our vision, to be Africa's leading financial services provider, and to fulfil our purpose to support inclusive, job-creating growth in the countries in which we operate. We expect our performance this year to reflect further growth in business across Africa, as we support African and global companies to expand and employ more people across the continent.



Thulani Gcabashe
Chairman



Sim Tshabalala
Group chief executive



Ben Kruger
Group chief executive

Strategy



Africa is our home, we drive her growth.

Our vision is to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value to all stakeholders. As Africa's largest financial services group in terms of assets, we aspire to be the bank of choice for individuals, small businesses, large corporations, and investors looking for opportunities on the continent.

SBG's success and prosperity is fundamentally interlinked with the success and prosperity of our clients and customers. As such, we are committed to delivering shared value for stakeholders in all business activities, across our countries of operation. We believe we have a valuable role to play **in, for and across Africa**. We are working with customers, clients and regulators to tackle challenges and seize opportunities.

As part of our efforts to realise our vision, we have placed a greater focus on our offering as a universal bank – able to provide customers and clients with a full set of financial products and services – in a seamless and integrated manner. This has required us to implement a number of changes to our IT platforms, operational processes and the ways in which businesses work together. It is a journey, and we are still some way from our desired destination. But we are committed to ensuring that SBG is not only the first-choice for all customers' and clients' financial needs – but that we also have a clear and integrated understanding of all the products each customer holds with us, and how we can holistically best serve their individual needs.

Every employee across the group plays a part in enabling us to deliver our strategy and achieve our vision. During 2015, we undertook an extensive engagement process with employees, toward deepening their sense of responsibility and accountability. Across the group, leaders engaged with their teams, from executive to front-line level, to talk about SBG's vision, purpose and values, and our expectations of every employee to help us stay true to these guiding principles.

SBG's employees are guided by eight company values. We use these as a lens to interpret and respond to business opportunities and challenges, to inform our interactions with customers and clients, and to guide our engagement with one another. We believe that living these values provides us with a competitive advantage, and we regularly and consistently engage with our employees to ensure that our values guide everything we do.

Our strategy

Purpose

Africa is our home, we drive her growth.

Vision

To be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

Legitimacy

Our legitimacy is premised on what makes us unique, and is the basis for our credibility.

- Our more than 150-year heritage and brand
- Commitment to our clients and the trust they have in us
- Pioneering spirit
- Presence in Africa and beyond
- Commercial pragmatism
- Brave long-term decisions
- Our passion for Africa
- Our great people

Values

Our values support our legitimacy, and are the basis on which we earn the trust of our stakeholders.

- Serving our customers
- Growing our people
- Delivering to our shareholders
- Being proactive
- Working in teams
- Constantly raising the bar
- Respecting each other
- Upholding the highest levels of integrity

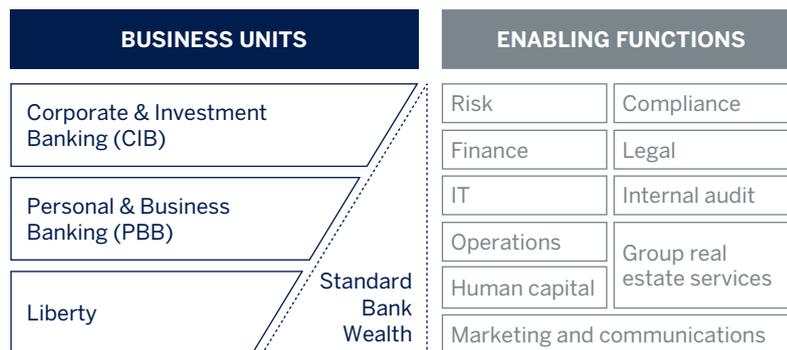
Our guiding principles

These provide the basis for how our businesses execute our strategy.



Integrated pillars

Our purpose and vision, supported by our legitimacy and values, guide our strategic execution through our integrated pillars, all of which are being strategically realigned to focus on our clients.



The delivery of our strategy is primarily enabled by:

OUR PEOPLE / OUR TECHNOLOGY / OUR BRAND / OUR LEGAL ENTITIES/ GEOGRAPHIES

ABOUT OUR VISION

in Africa refers to our on-the-ground presence in Africa
for Africa means we are focused on enabling Africa
across Africa indicates the scope and scale we can draw on, on the continent and internationally, to promote growth

Managing our impacts

We impact on society and the environment, directly, through our product provision, services, relationships with customers and clients, and operational activities; and indirectly, through for example the projects and companies we finance.

Our obligations to our customers and the communities in which we operate include moral responsibilities to consider and manage the impact of corporate action on society and the environment.

We follow the principles of the King III Report on Corporate Governance for South Africa, which requires us to assess our social, economic and environmental impacts. We are committed to respecting human rights in the way we go about our business activities, and to integrating environmental and social considerations into our decision-making processes.

We have to respond strategically to global environmental and social risks that threaten our ability to create sustainable value for the future. This responsibility is shared by all employees; however, corporate accountability for fulfilling our obligations rests ultimately with the SBG board and executive management.

We have developed policies and procedures to manage and mitigate these risks for the bank and for our customers. 

Our code of ethics addresses the following:

- Treating customers fairly (TCF)
- Providing secure banking facilities
- Providing professional development opportunities
- Evaluating performance objectively
- Creating sustainable value for shareholders
- Adhering to good corporate governance
- Engaging in political activities responsibly
- Protecting intellectual property
- Avoiding anti-competitive behaviour



For further information regarding our management of environmental and social risk management, refer to www.standardbank.com/sustainability

Doing the right business, the right way

Our values and code of ethics ensure that we do the right business in the right way. This is imperative to secure and retain the trust of our stakeholders.

Our code of ethics is informed first and foremost by our own corporate values, and secondly by appropriate ethical standards as set out in anti-corruption and corporate governance legislation in our countries of operation, globally recognised standards such as King III.

SBG's code of ethics applies to all our banking operations and is aligned to group standards, policies and procedures. It is certified by the Ethics Institute of South Africa as conforming to the highest standards of international best practice. It is currently published in English, French and Portuguese.

Our employee handbook is available to employees on their local intranet sites and sets out our policies, principles and ways of working, and has a section devoted to our code of ethics and culture. Ethics awareness training is undertaken throughout SBG and new employees are inducted into our ethics culture as part of our employee orientation programme. Internal employee engagement mechanisms are used to deliver ongoing communication on our ethics stance and culture. Our values and ethics also form part of our performance management system.

Our code of ethics and values serve as the primary reference for employees when resolving any ethical issue.

Every employee across the group plays a part in enabling us to deliver our strategy and achieve our vision.

- Rewarding innovation
- Working in unity
- Respecting human dignity
- Protecting our physical assets
- Honesty
- Addressing conflicts of interest
- Combating unethical and criminal activities
- Prohibiting giving and receiving of bribes
- Prohibiting facilitation payments
- Responsibly giving and receiving gifts

Our stakeholders



We seek to forge relationships with stakeholders that are open and constructive.

Our stakeholders include a diverse range of groups, organisations and individuals, whom we see as our partners on our journey to drive Africa's growth. While stakeholders are significantly affected by our operations, they also have the ability to affect our business, and the achievement of our vision and purpose. We strive to understand what matters to them, to build trust, and to create long-lasting value for all our stakeholders.

For these reasons, stakeholder engagement is important and takes place on a day-to-day basis across the bank with different stakeholders and about different matters.

Why engaging with stakeholders is essential

We invest time and resources in listening to stakeholders. We seek to forge relationships with stakeholders that are open and constructive. We know that we will not always agree on all issues and that some differences in approach and priorities are normal. We do not consider this unhealthy. We also know from our engagements with a wide spectrum of groups, representing many different interests, that there is a huge amount of common ground that exists about the kind of future we all want.

The advantages of ongoing stakeholder engagement are many, and include:

- Enabling us to engage constructively with the governments and regulators who determine our operating environment and provide us with our legal licence to operate.
- Attracting the best people and talent into our ranks by providing an attractive and responsive working environment.
- Supporting good corporate governance and regulatory compliance.
- Building social capital and helping us understand and meet society's expectations of us as a responsible corporate citizen.
- Increasing the value of our brand among potential and existing customers, thus helping to boost our market share and strengthening our credibility among key stakeholders as a responsible corporate citizen.

How we engage

Stakeholder engagement is part of our everyday business. Different teams in the bank meet with their stakeholders regularly on matters of mutual interest, exploring potential partnerships, and searching for opportunities to create shared value. The central stakeholder relations team provides support to these engagements when needed.

OUR STAKEHOLDER ENGAGEMENT APPROACH

① WHO?

Our stakeholders are people or organisations who are affected in a significant way by what we do and/or have the potential to impact SBG.

- Customers and clients
- Employees and their representatives
- Shareholders and analysts
- Suppliers
- Government departments, regulators, Members of Parliament and political parties
- Communities in which we operate and partners in social investment
- Civil society

② WHAT?

The issues on which we engage with stakeholders are multiple and diverse. Examples include our employee value proposition, progress in achieving transformation and inclusion, understanding the expectations of regulators, communicating strategy and financial performance, and identifying the needs of customers and clients.

③ WHY?

Our proactive engagement with stakeholders informs the identification of material matters, business strategy and operations, shapes products and services, helps us to manage and respond to social expectations, minimises reputational risk and influences our operating environment.

OUR STAKEHOLDER ENGAGEMENT GOVERNANCE APPROACH

Our stakeholder engagement activities are governed by a stakeholder engagement policy that sets out formal areas of responsibilities. The role players are:



Stakeholder relations team in group policy, advocacy and sustainability

- Supports the stakeholder engagement programmes of individual business units with strategic advice and logistical support
- Manages relationships with specific stakeholder groups including political parties in South Africa, professional organisations and think tanks
- Monitors and analyses the socio-political landscape in our countries of operation to identify potential stakeholder issues
- Submits quarterly reports to the SBG board, detailing material engagements, issues raised and completed or planned responses that are socially relevant

Individual business units (in line with our decentralised stakeholder engagement model)

- Hold primary responsibility for relationship management and engagement with particular stakeholders, for example:
 - Group compliance and group risk, together with senior executives, are responsible for the SBG relationship with our primary regulators, such as the central banks in our various countries of operation
 - The investor relations team oversees engagement with the investor analysts and shareholders

Customers and clients

Our customers and clients are at the centre of everything we do. SBG's broad geographic footprint brings with it a diverse customer portfolio ranging from individuals and small businesses to large corporates and governments. We need a clear understanding of each of our customers' needs and preferences, in order to provide an appropriately tailored service offering.

In South Africa, for example, we have over 4,4 million inclusive customers with transactional bank accounts, of which over half a million were new accounts opened in 2015. We hold 35% of the affordable housing market in South Africa – our loans in this market currently total approximately R23,8 billion. During 2015, we spent R1,3 million on borrower education, to help improve the financial literacy of our customers.

In CIB we continued with our Client Insight surveys, surveying 1 675 clients in 2015 achieving an average satisfaction score of 7,6 out of 10 across 15 African countries. Ghana achieved the best results, achieving the target score of 8.

Issues raised

Our response

Delivering what matters to our customers and clients

The Genesis programme

This is a groundbreaking initiative aimed at identifying what really matters to our customers and delivering it to them quickly and simply. It involved our executive management team visiting bank branches and call centres. Through this process, one of the major customer frustrations we found was the inability to manage their electronic payment limits online. Our internet banking site and mobile app was altered to meet this customer need.

Refined client coverage model in CIB

CIB's client engagement model, introduced in 2013, is focused on understanding clients' businesses and the sectors they operate in. Each client is allocated a relationship manager who establishes a Client Service team, incorporating representatives from across CIB, to facilitate their banking requirements.

Treating our customers fairly

TCF programme

TCF is an approach to the supervision of financial firms introduced by the Financial Services Board. It requires us to ensure that treating customers fairly is embedded in our company culture and informs our decision-making, including product design, the marketing of financial products, the information we provide to customers, aspects of financial advice, the after-sale support we provide and the complaints procedure. TCF applies to all customer and client segments.

 See 'shared value depends on our customers' on page 8 of this report.

Customer complaints and redress

In South Africa, customers are able to lodge complaints through any PBB channel, including our website, call centres and branch network, and public platforms such as Hellopeter.com and social media. Complainants are given a reference number and an expected timeframe for feedback. Complaints that cannot be resolved at channel level are escalated to our centralised Service Recovery unit and the Complaints Resolution Centre. The centre ensures that complex and high reputational risk complaints are escalated for resolution. We have a dedicated social media service desk which monitors and responds to comments on social media platforms. The CEO Complaints mechanism, within our Complaints Resolution Centre, deals with grievances addressed or escalated to the chief executives. During 2015, 3 685 complaints (2014: 5 971) were received by this mechanism.

Complaints Resolution Centre 0860 101 101 or +27 11 299 4649.

Innovation

New products and services

- Snapscan
- MasterPass
- BlueMobi
- A refreshed internet banking platform
- Banking App
- Always on banker – available through our mobile platform

Support for new and small enterprises

Township economic development dialogue (See 'Ekasi rising' on page 51 of this report). Small businesses often lack access to funding, a sound business plan and the capacity to supply to a large organisation. The Standard Bank Supplier Development Programme is aimed at assisting potential black-owned and black women-owned suppliers in the tender process.

Issues raised

Our response

Responsible lending**Consumer credit**

Consumer credit is a powerful tool for customers to realise their aspirations for a family home, a university education for a child, or a computer for a small business. Yet, irresponsible lending and borrowing can cause financial harm to customers. We support responsible lending practices by conducting affordability assessments and providing credit-related financial education.

Equator Principles

 See page 40 under 'Material focus: Withstanding economic headwinds'

Safe and secure banking**Combating financial crime**

Ongoing research and the sharing of information through strategic partnerships assists us in building a current and proactive capability which enables us to be agile in our approach to combating financial crime.

Cybercrime

We add value to our customers through our ability to detect and immediately remediate fraudulent transactions. An example of this is the 7 652 potential fraudulent activities reported through FraudStop in 2015 (6 185 in 2014).

South African Banking Risk Information Centre (SABRIC)

We are a member of SABRIC, an industry body established and funded by the major banks in South Africa, to assist banks and cash-in-transit companies in combating organised crime.

Stopping debit order fraud

In South Africa, we are working with the South African Reserve Bank (SARB), Payments Association of South Africa (PASA), and other banks to address the abuse of debit orders. Some of the steps being taken include:

- A review of the entire debit order environment and the implementation of an 'Authenticated Collections' system that will require the authentication of the customer concluding a debit order, the creditor, and the mandate given by the customer to a creditor to debit their account. Anticipated implementation date: October 2016.
- PASA is finalising additional rules to address abuse of the debit order environment by rogue users and fraudsters.

Employees and their representatives

Without our employees, we cannot achieve our purpose. As such, regular engagement with our employees and their trade union representatives is vital.

Our diverse workforce comprises 54 361 permanent employees and 8 135 non-permanent employees across our countries of operation. We focus on ensuring that the people we employ are the right fit for SBG – they are our brand ambassadors, and they need to be able to thrive in our organisation and drive our vision. Attracting, retaining and motivating employees is a material focus area for SBG. 

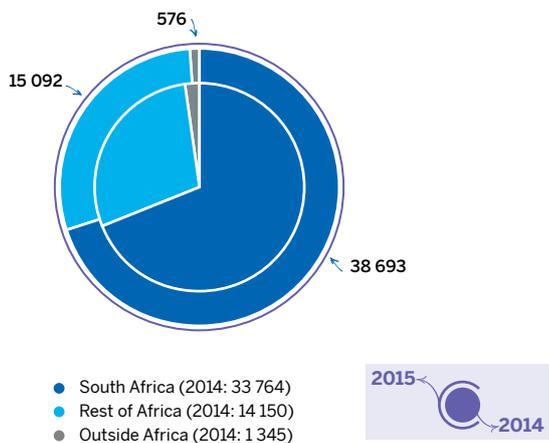
Our values commit us to respecting one another and having high regard for the dignity of all people. We respect the individual and collective rights of our employees in the workplace and adhere to local and international labour legislation. We actively engage with recognised trade unions in our countries of operation. In South Africa, for example, we have developed an open and robust relationship with The Finance Union (formerly the South African Society of Bank Officials) (SASBO) – the majority recognised union representing non-managerial

employees – whom we view as a crucial stakeholder and partner in our long-term success and sustainability. We have recognition agreements with labour unions in a number of other countries. Engagement with employees' representatives is based on our employee relations philosophy and aims at fostering constructive relationships for sound employee relations.

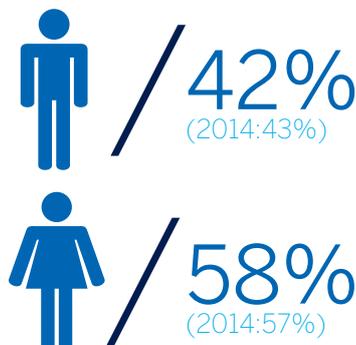


More detail can be found on pages 52 – 56.

GEOGRAPHIC BREAKDOWN OF PERMANENT EMPLOYEES (INCLUDING LIBERTY)



GENDER PROFILE (PERMANENT EMPLOYEES) (%)

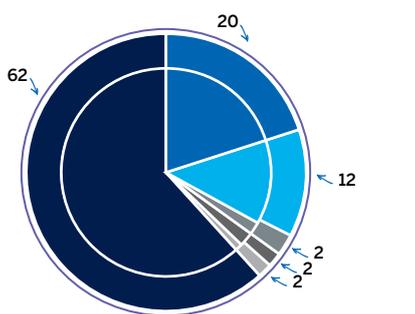


Issues raised	Our response
Internal career opportunities	More than half of hires were internal promotions or transfers. There is still a sustained focus on succession planning and talent development for critical roles.
Employee wellness	Voluntary employee personal health assessments indicate that obesity, diabetes and hypertension are becoming increasingly prevalent, and stress levels remain high. We are continuing to promote employee health and wellness programmes to deal with these and other issues. We are also increasingly focusing on financial wellness.
Leadership capabilities	We are providing focused leadership development programmes. Our strategy provides clear guiding principles for prudent management decision-making, and leadership forms a key part of our strategic focus on culture.
Diversity and inclusion	We are driving a culture of inclusion and appreciation for diversity. In October 2015, the group signed the International Labour Organization (ILO) Global Business Disability Network's Disability Charter, and Standard Bank South Africa (SBSA) received the Department of Labour (DOL) and Commission for Employment Equity (EE) private sector award for 'Innovation and special projects to further gender equality'.
Rewarding employee excellence	We continue to use the Beyond Excellence programme in all countries of operation to recognise employee performance and values-based behaviour.

Shareholders and analysts

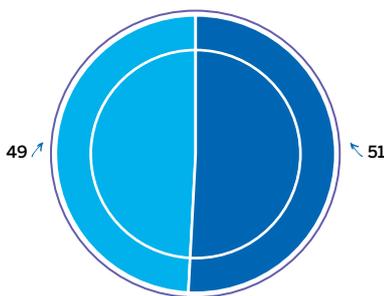
Shareholders provide the financial capital that allows our business to grow and it is their investments in the organisation that are at risk if we do not succeed. We have a fiduciary duty to manage their investment with care. We need to provide investors with a compelling value proposition to retain their confidence and support. Listening to the concerns of shareholders and to the views of the investment community is critical. Engagement with this stakeholder group includes investor road shows, results presentations, and the annual general meeting.

OUR FIVE MAJOR SHAREHOLDERS¹ (% HOLDING)



- ICBC (2014: 20%)
- GEPF (investments managed by the Public Investment Corporation) (2014: 13%)
- Allan Gray Balanced Fund (2014: 2%)
- Investment Solutions (2014: 2%)
- GIC Asset Management (2014: 1%)
- Other (2014: 62%)

GEOGRAPHIC BREAKDOWN OF SHAREHOLDERS (% HOLDING)



- South Africa (2014: 51%)
- Foreign (2014: 49%)



Listening to the concerns of shareholders and to the views of the investment community is critical.

Issues raised	Our response
Success of the Africa-focused strategy and return on equity	Aggregate headline earnings of our ROA operations showed growth of 11% and the group's overall return on equity improved to 15.3% (2014: 12.9%). Encouragingly, PBB Africa increased profits by almost 90% in 2015 to R192 million. We are working to improve our return on equity ratio, which improved to 15.3% from 12.9%. We have moved into our target range of a return on equity of 15% to 18%
Increasing information technology coverage and maintaining stability	We are continuing to invest heavily in upgrading and modernising our core banking infrastructure across SBG, with an anticipated spend of R21 billion in the period 2012 to 2017.

Governments and regulators

Governments create and enforce the regulatory frameworks that ensure a safe financial system conducive to economic development, and protect vulnerable consumers. We cannot claim to be legitimate or socially relevant if we do not understand and meet the expectations of regulators. Constructive relationships with government departments and regulators are of paramount importance to SBG, and we engage with these stakeholders on a regular basis. ↩️⊕

⊕
 Examples of this engagement are covered on pages 64 – 67.

¹ Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of section 56 of the South African Companies Act 2008, as amended.

Issues raised

Our response

South Africa: Introduction of the Twin Peaks system of financial sector regulation

The Twin Peaks reform is the most significant change to how South African banks are regulated in a generation. Standard Bank supports the goals of the Twin Peaks system and submitted commentary to National Treasury on specific elements of the new system, including the supervision of the national payments system, financial crisis management, and the risk-based approach to conduct supervision.

Responsible lending

Constructive engagement with policy-makers and regulators

Standard Bank has forged a constructive relationship with the Department of Trade and Industry (dti) and the National Credit Regulator (NCR) to deepen our understanding of their expectations of responsible credit providers. We appreciate their focus on protecting consumers and tackling levels of over-indebtedness in South Africa. We aim to provide them with data based on the bank's experience as an input into their policy-making processes.

We continue to participate in initiatives under the auspices of Banking Association South Africa (BASA) to tackle over-indebtedness and to help root out abusive practices that unfairly prejudice consumers.

Lending for the purposes of purchasing a home is a significant part of our business. We continue to look for ways to extend home ownership through partnerships with the Department of Human Settlements (DHS).

Compliance with the regulatory framework

Compliance training

18 911 employees completed compliance training from 88 947 courses.

Public private partnerships

Support for the South African National Development Plan (NDP) 2030:

Standard Bank is part of a group of business leaders working with government, to identify how best to preserve jobs and capacity in vulnerable sectors, and to stimulate more rapid growth in high-potential sectors, in support of the NDP.

Support for the African Union

SBG was a primary sponsor of the 2015 African Union Summit, held in Johannesburg. Standard Bank executives from across Africa participated in various events associated with the Summit, engaging with African heads of state and business leaders from across the continent.

Engagement with Development Finance Institutions (DFIs)

SBG regularly engages with African DFIs to explore and develop joint funding initiatives. In South Africa, for example, we work with institutions such as the Industrial Development Corporation, the Public Investment Corporation, the Development Bank South Africa and the Land Bank, to identify opportunities for co-lending in South Africa and other African countries.

Promoting Africa as an investment destination

SBG executives regularly participate as speakers and panelists in events to promote investment in Africa. At the 2015 World Economic Forum (WEF) Africa in Cape Town, for example, we participated in panel discussions and media interviews to discuss investment opportunities and challenges, and provided advice to potential investors. In addition, SBG and ICBC co-hosted the 5th Africa Investors' Conference in London, which attracted institutional investor companies, executives from Africa's top listed companies.

Increasing the pace of transformation in South Africa

BBBEE score

SBSA achieved a BEE transformation score of 93,42 in 2015 (2014: 94,25). 



For more information on our
BEE transformation score, refer to
www.standardbank.com/sustainability

Communities

Our approach to CSI is not only about philanthropy but also about implementing projects that benefit the communities in which we operate. In each of our countries of operation, we take into account the priority needs identified by government and society, and shape our CSI programmes accordingly. Our primary focus is on investment in education 'from birth to graduation'. A specific example of this is our focus on early childhood development (ECD), described on page 31. In each country of operation, our expenditure on CSI projects should amount to around 1% of net profit after tax.

In 2015, due to improvements in tracking and reporting CSI spend across all of our countries of operation, we reported CSI expenditure of R172,8 million (2014: R114,6 million). In South Africa, where we have at least one key project in every province, 71% of this amount was spent on education and scholarships.

Issues raised	Our response
<p>Our employees want to be involved in making a difference</p>	<p>Employee Matching initiative In South Africa, our Employee Matching initiative encourages employees to support non-profit organisations through monetary contributions. Standard Bank CSI matches financial contributions made by Standard Bank employees, rand for rand. Employees may make individual contributions, or can work together to make group donations. In 2015, approximately 140 organisations were supported by employees in SA through the matching initiative with the group matching their contribution to the value of more than R1,5 million.</p> <p>Employee community involvement A range of employee community involvement initiatives are in place to provide employees with opportunities to give back and actively participate in making a difference in the lives of others. Many employees have volunteered their skills and time in house build projects and school makeovers.</p>
<p>Strengthening the financial management capabilities of partners</p>	<p>Global Fund We have established a partnership with the Global Fund, an organisation that mobilises and invests nearly USD4 billion a year to support HIV/Aids, tuberculosis and malaria programmes run by experts in countries throughout the world. Meeting this gap by upskilling beneficiaries in financial terms makes sound strategic sense for SBG as a financial services organisation.</p> <p>Leadership for Conservation in Africa (LCA) We have supported the LCA since 2007. The LCA benefits, accelerates or brings about the protection of 20 million hectares of rain forests and selected eco-systems in sub-Saharan Africa by the year 2020, working in close partnership with local communities.</p>
<p>Strengthening democracy</p>	<p>See the democracy support programme case study.</p>
<p>Early childhood development</p>	<p>See the ECD case study. </p>



For more information on ECD see page 31.

Progress in 2015



Democracy support programme, South Africa

Since 2004, SBG has sought to strengthen democracy in South Africa by making donations to political parties represented in the National Assembly, to help them effectively engage and represent the people of the country.

An amount of R13,5 million was allocated to the democracy support programme for the electoral cycle from 2009 to 2014. The annual donation to each party was calculated using a formula based on that used by the Independent Electoral Commission to allocate its party funding: 10% of the annual disbursement amount is divided equally between all parties represented in the National Assembly, and 90% is assigned in proportion to the number of seats held by each party. The disbursement for each party is doubled in the year of a general election, to assist with campaigning activities.

Every year, each party is required to account for the use of the funds. These reports indicated that the donations are used mainly for administrative costs and party campaign materials. In 2015, the mandate for the programme was renewed for the next five years. In 2015, we allocated a total of R2,2 million (2014: R4,2 million) as a contribution.



Corporate social investment in early childhood development education

According to the World Health Organisation, the early childhood period is considered to be the most important developmental phase. What happens to the child in the early years is critical for the child's developmental trajectory and life course.

Against this backdrop, investing in the professional development of ECD practitioners is recognised as the single most effective measure that can be introduced to improve educational outcomes. However, changing the teaching style of most educators can be difficult, needs intense classroom support and takes time. In South Africa, CSI has invested R15 million in the training of ECD practitioners to ensure children are given the best start to their education.

Civil society

To achieve our purpose, we have to understand the societies in which we conduct our business and to respond in a relevant and appropriate way. A range of diverse organisations support our efforts to do this by providing us with useful insights and analysis. Our partnerships and interactions with these stakeholders build social capital and intellectual capital. SBSA provides financial support to a number of organisations, such as the Mapungubwe Institute for Strategic Reflection and the Centre for Development and Enterprise. We are also corporate members of the National Business Initiative, the Institute of Directors of South Africa, and the Ethics Institute of South Africa. Standard Bank is also a leading member of relevant trade associations and business organisations including BASA, Business Leadership South Africa, and the International Institute of Finance.

Issues raised

Promoting economic transformation

Our response

Support for black professional organisations

Standard Bank is partnering with several organisations representing black professionals in South Africa, including the Association for the Advancement of Black Accountants of Southern Africa (ABASA), Association of Black Securities and Investment Professionals (ABSIP) and Black Management Forum (BMF). This is in line with our commitment to develop black professional talent in South Africa and advance transformation.

Supplier development and preferential procurement

Preferential procurement aims to ensure that black businesses in South Africa have access to markets. Finding ways to increase our procurement spend with black-owned and black women-owned businesses, particularly small and medium enterprises (SMEs), is a strategic focus area. We undertake monthly portfolio reviews to measure our progress against plans and targets to diversify our portfolios. In addition, the group vendor management and procurement unit encourages our business units to use the services of black SMEs.

In every country of operation, we seek to procure goods and services locally where possible. Our procurement policy and guidelines clearly set out the products and services that can be sourced locally. Country-specific procurement policies have been implemented throughout our operations.

South Africa's Financial Sector Charter Council (FSCC)

We are members of the FSCC and, through our representation on BASA, have actively engaged in the process to align the FS BBBEE Codes with the amended dti codes. It implements a regulatory framework for BBBEE that is appropriate to the specific characteristics of the banking industry, and the role of finance at the heart of the economy.

To achieve our purpose, we have to understand the societies in which we conduct our business and to respond in a relevant and appropriate way.

Issues raised

Our response

Role of business in society (corporate social responsibility and corporate citizenship)

Engagement with government

In South Africa, SBG executives are involved in dialogue with government aimed at bolstering investor confidence and re-energising the economy. This includes participating in South African delegations to WEF meetings.

National Economic Development and Labour Council (Nedlac)

Nedlac is South Africa's statutory forum for social dialogue between business, trade unions, community organisations and government. Standard Bank participates in Nedlac's Public Finance and Monetary Policy Chamber, and in 2015, helped drive the Nedlac discussions on Twin Peaks. Chief executive Sim Tshabalala invested substantial energy in the discussions on a national minimum wage under the auspices of Nedlac.

Solar-powered ATMs (in Ghana and Zambia)

Stanbic Bank Ghana has introduced eight solar-powered ATMs, offering a reliable, cost-effective alternative for running ATMs during power outages. There are plans to install 20 more solar ATMs in high-traffic areas, and areas that experience frequent outages. These ATMs will ensure customers have access to their money whenever they want it.

Power to each of the solar ATMs is provided by up to 16 panels, feeding a system that includes a battery-bank, air conditioners and CCTV cameras. The ATMs are expected to save the bank about GH\$36 000 in energy costs annually.

The installation of the solar-powered ATMs is in line with Stanbic Bank Ghana's commitment to promoting positive environmental practices. Over the years, the bank has undertaken other green initiatives, such as the donation of solar-powered lanterns worth over GH\$420 000 to students in deprived communities of the Brong Ahafo, Northern, Upper-West, Upper-East and Western regions.

Energy efficiency

Group real estate services programmes and initiatives

In 2015 we reduced our energy consumption across our South African operations by 9.1%, influenced significantly by means of a R12 million investment into energy efficiency improvements (a 10% increase on 2014), resulting in a saving of 28 GWh. According to Eskom, an average household uses 335,1 kWh a month, which means our energy efficiency improvements reduce the strain on energy requirements on the grid to an equivalent of 83 557 homes. These microscale efforts tie into our efforts on macroscale of funding renewable energy projects through our Equator Principles and REIPPP projects.

Business continuity management and managing load shedding

The bank is cognisant of the negative impact which load shedding has on its operations and services to customers, and on national economies. In South Africa, SBG has over the past year led initiatives and worked collaboratively with BASA, PASA, the JSE and the SARB to ensure the appropriate level of resilience across the financial services industry and key market infrastructure. The Power Readiness initiative takes into account the critical role players involved in the value chain of delivering banking services to clients. In line with the industry strategy, SBG also has a plan in place to mitigate impact on clients and markets in the event of prolonged power outages.

Progress in 2015



'Do Your Bit' campaign in South Africa

The 'Do Your Bit' campaign encouraged employees to make small, manageable changes to their habits and behaviours and thereby positively impact on the environment. The cornerstone of the campaign was pledges by employees to 'do their bit' and save energy. The aim was to create awareness around energy efficiency and renewable energy technologies for households and provide employees with the opportunity to purchase some of these technologies for their homes. It was launched with energy expos at our main office locations in South Africa, reaching around 20 000 employees. We achieved over 800 pledges and 19 office sites participated in Earth Hour in Africa in 2015. Employees also submitted ideas to doyourbit@standardbank.co.za regarding energy efficiencies in SBSA buildings.

D

YOUR BIT

When it comes to the environment, reusing something is better than throwing it away. That's why over the next few months, we're getting rid of polystyrene cups at Simmonds Street Campus and giving you each a reusable water bottle to use at the office. Email DoYourBit@standardbank.co.za if you haven't received one yet.

DON'T GRAB A CUP, JUST BOTTLE IT UP



Material matters



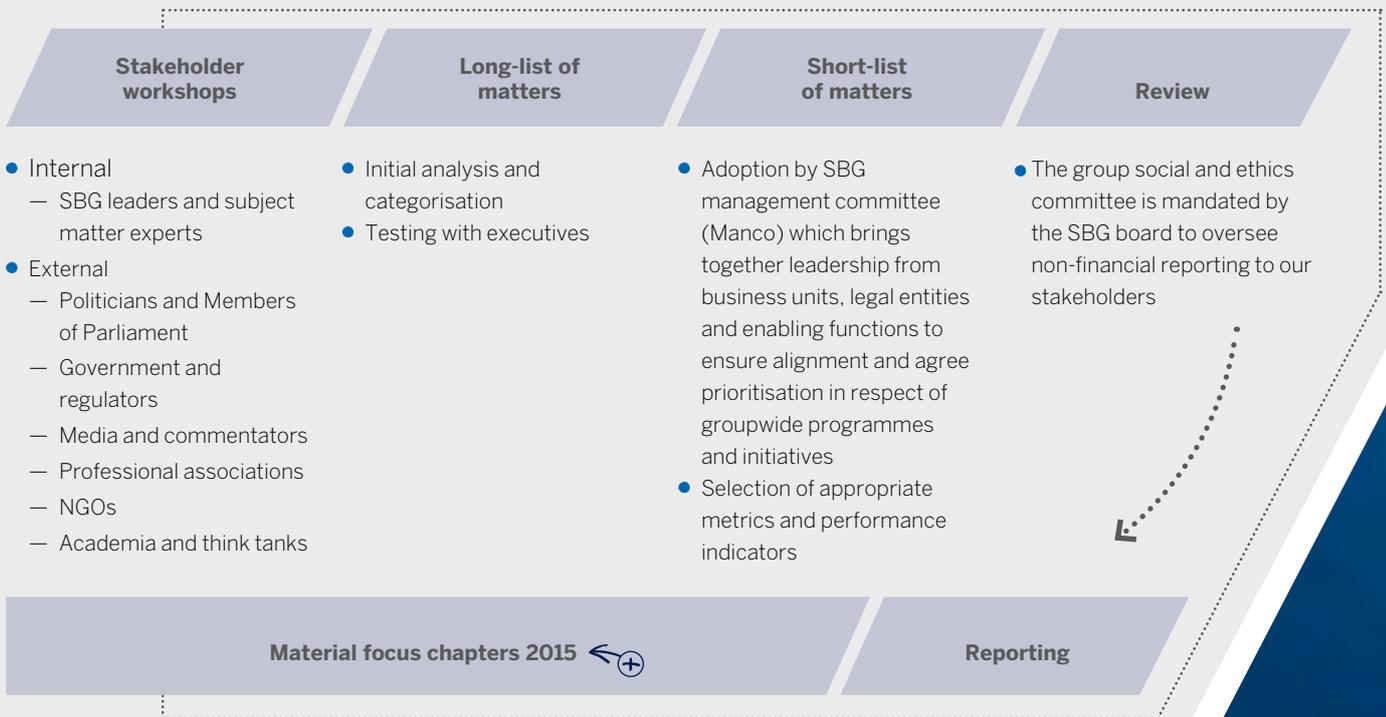
There are many internal and external factors that influence our ability to achieve our strategy and fulfil our purpose.

Standard Bank operates in a complex and dynamic environment. There are many internal and external factors that influence our ability to achieve our strategy and fulfil our purpose. These factors are increasingly interconnected, and present both opportunities for higher performance, and risks to the bank's strategy. The bank conducts regular activities to assess which of these factors is material to our stakeholders and to the success of our strategy.

Our materiality assessment process involves the following:

- Monitoring of the external environment, with an emphasis on socioeconomic and political trends (group policy, advocacy and sustainability).
- Monitoring of public policy and regulatory developments (group policy, advocacy and sustainability).
- Monitoring of the bank's profile in the media (group marketing and communications).
- Assessment of emerging risks (group risk).
- Review of the annual audit plan (group internal audit).
- Feedback from stakeholder engagements at business unit level.
- Economic performance data and analysis (group research and group finance).
- Workshops with internal subject matter experts and thought leaders.
- Interviews with external stakeholders and thought leaders.
- In-depth analysis of selected social and environmental issues with a potential impact on the bank's stakeholders (group social and ethics committee).
- Quarterly monitoring of issues arising from stakeholder engagements (group board).

OUR MATERIALITY PROCESS



-  Withstanding economic headwinds
-  Understanding our clients
-  Motivating our people
-  Embracing innovation
-  Managing regulatory change
-  Leveraging our investments in information technology

- Annual integrated report
- Report to Society

  Material focus chapters on Pages 38 – 72 of this report

Material focus: Withstanding economic headwinds

Africa's prospects for sustainable, long-term and inclusive economic growth



“Despite the economic headwinds that we experienced during 2015, our financial results demonstrate our franchise's resilience and ability to continue delivering sustainable shareholder value.”

Ted Woods, group remuneration committee chairman

Africa is our home and we are committed to the expansion and deepening of our business across the continent. We work with clients and regulators to support economic growth and diversification, thereby counter-balancing the slow-down in emerging markets and the related decline in commodity prices.

Why this is important

The global economy continues to demonstrate relatively weak economic growth. This has resulted in a slowing of trade, a prolonged decline in commodity prices, and investment outflows from emerging markets. Sub-Saharan Africa economic growth is estimated to have declined to 3.5% in 2015, from 5% in 2014.

This decline has led to speculation that Africa may no longer be as attractive an investment destination, however, Standard Bank is confident in Africa's long-term economic prospects. Despite a slowing down in some economies, notably Nigeria, South Africa and Angola, many countries, particularly in East Africa, continue to demonstrate impressive growth.

Africa's rapidly urbanising population and growing middle class, the diversification of African economies into manufacturing and services, large-scale investment in infrastructure and growing inter-regional trade, are driving internal African growth, making the continent less reliant on external markets than it has been in the past. Energy demand is rapidly increasing, and Africa is beginning to establish itself as a renewable-energy hub. The continent is on track to become the second fastest growing region in the world by 2025, with GDP of USD4,5 trillion.

Growing numbers of consumers, small enterprises and large corporations are looking for appropriately tailored financial solutions to meet their needs. SBG's history and track record on the continent and our on-the-ground presence in 20 countries place us in an excellent position to serve this growing market. We remain deeply committed to operations across the continent, and we expect to continue to see strong growth in our African operations.

How we manage this area

Our on-the-ground presence and deep understanding of the local environment, together with clear lines of accountability at country and group level, enable us to responsibly balance risk considerations with growth

opportunities. Our extensive risk-modelling processes include assessment of the likely impacts of national and regional macroeconomic trends and forecasts on business activities, and on clients and customers. This informs our risk appetite, and enables us to identify any required mitigating actions to ensure we stay within our risk parameters.

Our management teams are supported by well-defined governance, compliance and risk management frameworks. This ensures that in all our countries of operation, we stay true to our principle of 'doing the right business, the right way'.

IT systems are impacted by, and facilitate compliance with regulatory changes. With the increasing pace of regulatory changes impacting financial

services, a significant amount of IT expenditure is allocated to ensuring compliance with regulatory requirements while also driving business value. An enhanced anti-money laundering capability was deployed in South Africa in February 2016; the programme was built on the modernised core banking platform. Good progress has been made with our risk and data aggregation and risk reporting programme to meet the Basel Committee of Banking Supervision requirements and with SAP capabilities to deliver against the requirements of IFRS 9 (International Financial Reporting Standard).

As an integral part of the business within the group, IT adheres to the relevant group governance frameworks, standards and policies.

Standard Bank is confident in Africa's long-term economic prospects.



Standard Bank's strategic partnership with ICBC gives us a competitive edge in connecting Chinese investors to African opportunities. In December 2015, SBG and ICBC jointly sponsored the Focus on China-Africa Co-operation (FOCAC) summit. SBG hosted briefings for Chinese public and private corporations, highlighting investment opportunities in Africa. As part of the event, SBG and ICBC signed a Memorandum of Understanding (MoU), witnessed by President Zuma and China's President Xi Jinping, which includes a commitment to jointly support up to 100 new infrastructure and industrial projects across 30 African countries, at an investment of USD80 billion. The event raised SBG's profile with African governments and Chinese businesses operating in Africa, and further strengthened the SBG-ICBC brand in Africa.

Equator Principles

SBG was recently appointed the new chair of the Equator Principles Association from June 2015. This makes us the first African bank to be elected to this position.

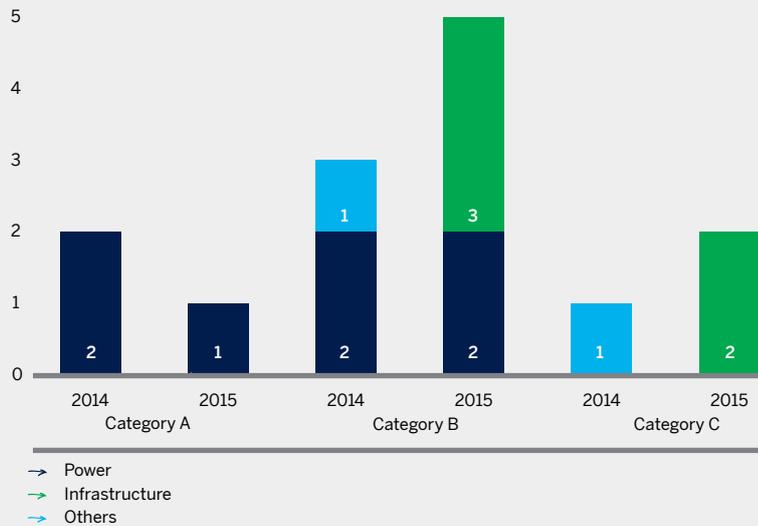
The Equator Principles are a set of voluntary guidelines that assist financial institutions to determine, assess and manage the environmental and social impacts of the projects they finance. They apply to activities in respect of project finance and related advisory services, project-related corporate loans, and bridge loans. Members require their potential project to

demonstrate that they have in place systems to manage social, environmental and human rights-related impacts, and to consult with affected communities in relation to potential impacts. While the Equator Principles are voluntary, they are legally enforceable against loan recipients when incorporated into loan agreements.

Standard Bank has been an active and engaged member of the Equator Principles Association since its adoption in 2009. The Association is managed by an elected steering committee of 12 global banks, with

Standard Bank the only African representative. Debt underwritten through the application of Equator Principles forms a significant component of our investment in Africa. Standard Bank closed nine ✓ Equator Principle projects in 2015, eight of which were projects financed, while the other project was an advisory deal initiated in 2015. The graph below illustrates the number of projects financed by SBG and the relevant category indicating the potential social and environmental risk potential. ↩⊕

EQUATOR PRINCIPLES PROJECTS FINANCED



Key

- **Category A:** projects with significant adverse social and environmental impacts
- **Category B:** projects with reversible adverse social and environmental impacts
- **Category C:** projects with minimal or no adverse social and environmental impacts



Additional details about our environmental and social process, as well as a further breakdown of the projects can be found online at: www.standardbank.com/sustainability

Opportunities and challenges

Opportunities

- Standard Bank has a diversified portfolio of clients across our African countries of operation and extensive experience in the mining and oil and gas sectors, which we continue to prioritise. However, we recognise that economic diversification is crucial to driving sustainable economic growth across Africa. Accordingly, we are actively expanding our client base and service offering in other economic sectors, including key growth areas such as telecommunications.
- Similarly, we are working to maximise the opportunities presented by growth in East Africa, including for example the opening of a representative office in Ethiopia.
- While we continue to serve a diverse range of multi-national clients, we are also focused on developing tailored offerings for African businesses with the potential and appetite to grow into African markets.
- We share our clients' long-term vision and ambition for their businesses. We are actively partnering with the entrepreneurs and medium-sized companies that will grow into tomorrow's African multi-nationals.
- We continue to invest in IT in the form of more tailored and personalised service offerings, more stable, efficient and cost-effective customer channels, and enhanced customer security. We are confident that the considerable cost of this investment, which has impacted on return on equity in recent years, is fully justified by the benefits it will enable us to deliver to our customers and clients.
- With its growing middle class and low levels of insurance, sub-Saharan Africa represents an enormous potential market for SBG's Wealth business. We are working to expand our presence in this area. 

Challenges

- Many African economies remain dependent on commodity exports. The prolonged commodity price decline has severely dented national growth in a number of SBG's key markets, notably Nigeria and Angola (oil), Botswana (diamonds), Zambia (copper) and South Africa (gold, iron ore and platinum). This has impacted on all of Standard Bank's business. While most of these economies are expected to experience a gradual pick-up, national growth rates will be slower than in previous years. SBG is working closely with clients in the impacted sectors, and at country level, to ensure that risk associated with slowing growth is appropriately managed and mitigated.
- Continued infrastructural weaknesses, including electricity supply constraints, in a number of our countries of operation risk diminishing the attractiveness of the region as an investment destination. Public private partnerships of the type required to deliver infrastructure development need to offer commercially attractive terms. This is challenging in certain countries owing to currency fluctuations and the rising cost of dollar-denominated debt.
- We are committed to working with African governments to structure and deliver appropriate infrastructure funding instruments. However, in the Basel III context, commercial banks cannot readily make long-term loans to be used, in effect, as equity – as this impacts on our capital and liquidity requirements. SBG continues to work with governments and DFIs to secure the necessary partnerships to deliver major infrastructure investment on the continent.
- Africa has the potential to be a major food provider to the rest of the world. However, water scarcity, lack of irrigation, and underdeveloped water management infrastructure make Africa's farmers vulnerable to climate change. Many sub-Saharan African farming businesses are struggling under the impact of a prolonged regional drought. SBG is working with these clients to assist them to manage risk, and to improve their resilience to climate change in the future.
- While Africa's middle class is growing, many countries continue to experience low consumer confidence and high levels of poverty and unemployment. SBG is working with our partners in the public and private sectors across Africa to promote inclusive economic growth and job creation, thereby supporting the ongoing development of a prosperous consumer class with money to save, spend and invest.



www.wealthandinvestment.standardbank.com/

Performance overview

Key performance indicators

Performance indicator	Boundary (SBG, ROA)	Unit	Percentage change	2015	2014	2013
Group return on equity	SBG	Percentage	↑ 19	15.3	12.9	14.1
ROA return on equity	ROA	Percentage		20.9	21.5	19.7
Wealth created	SBG	Rand million	↑ 18	73 233	65 907	60 437
Normalised headline earnings	SBG	Rand million	↑ 27	22 002	17 323	17 194
Contribution to headline earnings	ROA	Percentage	↓ -11	25	28	20

The process of realigning SBG's resource allocation to support our vision to be the leading financial services organisation in, for and across Africa, is largely complete. Despite significant challenges in all markets, SBG performed well and achieved 27% growth in headline earnings to R22 billion (2014: R17 billion).

SBSA grew headline earnings 11% to R13,4 billion, accounting for 60% of group headline earnings. Our operations in ROA achieved

12% growth in headline earnings, to R5,5 billion, contributing 25% of the group's total headline earnings. The impact of the rapid decline in oil and other commodity prices was mitigated by our CIB businesses' diversification across a range of other sectors and regions which continue to show growth opportunities. Our PBB franchise in countries outside South Africa remains robust, growing from R104 million to R192 million.

Our capital position remains strong with a total capital adequacy ratio of 15.7%. A total dividend of 674 cents per share was declared, an increase of 13% on the prior year. Our ROE is our most relevant measure of performance over time as it combines all critical drivers. This year we were pleased to enter into our medium-term target of achieving between 15% and 18% ROE, with a 15.3% ROE in 2015. ↩⊕

A return on equity of 15.3% was achieved this year, aligned with our medium-term target.



A detailed discussion of our financial performance can be found in our 2015 annual integrated report, available at: www.standardbank.com

Progress in 2015



Helping to re-shape the Namibian economy

The Development Bank of Namibia (DBN) is a limited company incorporated in Namibia and was established as a public company through an Act of Parliament. The Ministry of Finance is the sole shareholder and seed capital was provided by the Namibian government. DBN's purpose is to provide finance to private and public sector companies, SMEs and emerging micro enterprises working in infrastructure development. This includes physical infrastructure such as roads, power and water, and social infrastructure such as medical facilities. The objective is to enable businesses to develop and expand, in the process creating new jobs, and supporting the prosperity of communities and individuals.

Standard Bank of Namibia acted as sole lender, providing a loan to the DBN to the value of NAD670 million over a period of 12 months. The funding is lent onward by DBN, to support strategic economic projects in Namibia. The facility is a game changer in terms of the size of the local market.

Achievements

- **Global Finance World's Best Investment Banks 2016**
 - Best bank in Africa
- **Global Finance World's Best Investment Banks 2016**
 - Best investment bank in Africa
- **Global Finance World's Best Treasury and Cash Management Providers 2016**
 - Best bank for cash management in Africa
 - Best bank for financial risk management in Africa

Progress in 2015 continued



Partnering for development

SBG has developed significant strategic business alliances to partner for development and meet our objective of growing our footprint across the African continent. Initiatives undertaken include:

- A partnership with South Africa's Eskom to sell USD1,25 billion 10-year fixed-rate bonds into the international capital markets. The funds raised will enable the state-run utility, which produces more than 95% of South Africa's and 40% of Africa's power, to fund its generation expansion programme.
- A USD250 million loan agreement with the Japan Bank for International Cooperation (JBIC). The credit line is co-financed by Mizuho Bank Ltd, with JBIC providing a partial guarantee for the co-financed portion. The funding will be used by SGB to on-lend to green energy projects in sub-Saharan Africa.
- A business cooperation agreement with Woori Bank, one of the largest commercial banks in South Korea, aimed at capturing more banking business from Korean companies who are increasingly operating or investing in Africa.
- A partnership with Resilient Property Income Fund Limited, Capital Property Fund Limited and Fortress Income Fund Limited, who are key participants in the success of the Siyakha Education Trust. The Siyakha Education Trust recently received R1 billion in its third debt facility from SBG, highlighting how innovative financing can be used to help develop black empowerment initiatives in the property sector that benefit broader communities.
- An MoU with ICBC and Export-Import Bank of Korea whereby the three banks will seek opportunities to participate in projects in support of their clients investing in Africa. Together we will look to build a 'solid partnership' in providing sufficient and timely financing for these projects, especially when Korean or Chinese companies are involved.

Forward focus

- Maintain focus on Africa and further entrench our footprint by identifying new regions of opportunity.
- Work with African governments to support inclusive growth, thereby supporting the long-term viability of the markets in which we operate.
- Support African companies in their expansion on the continent, particularly into countries such as Angola and Mozambique.
- Connect international companies with market and investment opportunities in Africa.
- Develop low-cost investment and risk products tailored for the African market.
- Test new models for credit solutions in the small-scale farming sector in Malawi and Zimbabwe.





Achievements

- **The Banker Investment Banking Awards 2015**
 - Most innovative investment bank from Africa
- **The Banker and Brand Finance**
 - Most valuable African banking brand
- **Risk Awards 2016**
 - Risk Emerging Markets Dealer of the Year award

Material focus: Understanding our clients

Putting our clients at the centre of everything we do



Our clients are the reason we are in business. To provide them with the products and services they need, we need to understand them. That means getting to know the environments in which they live and work, their immediate needs and their long-term plans in respect of their careers, their businesses, their personal lives and their families. We work toward building a more prosperous Africa by helping to manage, grow and protect what is important to our clients.

Why this is important

Our commitment to Africa includes a commitment to continually expanding our customers and client base in our countries of operation. Achieving this expansion in a competitive environment relies on our ability to build enduring, trust-based relationships with the people and businesses we serve. We stand by our customers and clients during good and bad times. We recognise that today's ambitious student is tomorrow's corporate executive, and that today's struggling start-up has the potential to employ hundreds of people in the future.

Gaining the loyalty and trust of customers and clients depends on our understanding their needs and expectations, and our ability to tailor the products and services we offer them – from taking out a student loan, to buying their first house, launching a business or planning for retirement.

Within PBB, our main priority in the current market environment is to improve the interaction our customers have with the bank – the customer experience – by understanding and delivering what matters to individual customers. With the support of continuous technological advances, we are providing customers with simpler and more efficient payment and banking products, through integrated channels including mobile banking (MB).

While PBB continues to work toward delivering innovative solutions for low-income customers and emerging enterprises, our core transactional and lending in Africa outside South Africa is currently focused toward higher-value middle-income and affluent personal customers, and higher-value enterprises and commercial clients. An important contributor to growth in this segment is the progress we have made in expanding our reach across the business banking value chain. In other words, rather than just banking a business owner, we build a relationship with the business owner and offer a range of targeted services to their clients and customers, their service providers and their employees. We are committed to 'doing the basics of banking brilliantly'.

In terms of our client coverage model, clients are allocated a relationship manager who establishes a client service team with representatives across CIB (including PBB and Wealth representatives where appropriate) to facilitate the client's banking requirements. By coordinating how we engage with our clients and promoting a deeper understanding of their needs and objectives, we are able to provide the solutions they require. In 2015 we surveyed 1 675 clients (2014: 1 143) across Africa to enhance client understanding and strengthen our focus on clients whose business strategies align with our Africa strategy.

SBW concluded a five-year strategy planning process which will be executed through a new client-focused operating model that uses data analysis, and servicing and distribution capabilities to develop an understanding of client behaviours and needs.

The central tenet of SBW strategy is to create integrated financial solutions for customers. The products and services offered by Wealth includes:

- Insurance (life and short-term)
- Asset management
- Fiduciary and investments
- Specialised banking and investment services for High Net Worth clients
- Offshore banking
- Pension fund administration in Nigeria

This is in line with the group's intention to place customers and clients at the centre of everything we do, and forms the basis of SBW's

We stand by our customers and clients during the good times and the bad times.

customer-focused operating model which will be implemented in 2016.

How we manage this area

Our focus is on providing convenient transactional products that protect and create value for customers and clients. We start from the viewpoint of the customer and design products and services from there. We make use of universal financial services capabilities to offer customers and clients a seamless set of products and services to meet their personal, business and wealth management requirements. This means working across teams, breaking down business silos and building strong linkages across country operations.

We execute transactions that create value for clients, facilitating the acquisitions, disposals or capital-raising activities that protect and grow their businesses.

Prioritising customer experience

In the past two years, we have focused on building convenient mobile solutions which give customers control of all aspects of their finances on their smart mobile devices. We have launched a banking app (on tablet, mobile and smartwatch), a refreshed IB platform, and introduced mobile payment solutions such as SnapScan, MasterPass, BlueMobi, InstantMoney and WeChat Wallet. Over 22 000 merchants and more

than 200 000 customers have signed up for SnapScan, while InstantMoney has processed more than R7,5 billion in money transfers from person to person in South Africa.

A single repository for all customer queries, leads and complaints was established in 2014. Since then, we have made progress in our core banking journey by completing the next phase of improving the experience of customers through the migration of 34 million customer profiles off various legacy systems onto a single customer master file in March 2015. This forms the foundation for capturing and analysing customer data more effectively which will enable PBB to provide proactive, relevant offers to individual customers. Our systems availability and stability to enable our customers to interact with us anytime, anywhere was unfortunately less than satisfactory in 2015 and let down our customers and frontline staff.

We are investigating opportunities to partner with big retailers and other corporates to introduce financial literacy to their employees. Part of that process is also to improve customer awareness and uptake of existing, more cost-effective channels such as InstantMoney, Access Points, Mobile Banking and cash back at point of sale (enabling customers to withdraw cash from merchants' cash boxes or shops' cash registers any time they pay by card for goods or services).

Tailoring our service to meet business and commercial customers' needs

PBB business and commercial banking experienced positive growth in many aspects of the business. The entrenchment of the customer relationship model, supported by technological enhancements, improved the experience of customers. Access to and use of technology by the relationship teams has been a noteworthy development in improving our capability to respond to clients' needs. The migration to a service model where clients have dedicated service units has also improved the service levels we have been able to provide.

Crucial to the well-functioning of Standard Bank's small enterprise unit is an in-depth understanding of the needs of the small business.

Each customer is different. We have done extensive in-depth research within various sectors that we believe will unlock value for the small business and the bank. Sector propositions were launched in 2015 for tradesmen (electricians, plumbers, welders, etc.), schools (quintile 4, 5 and independent) and attorneys.

We also assisted a select number of small businesses to attend our enterprise development programme in which key elements of their businesses were scrutinised and actions put in place to remedy problem areas. The successful completion of this campaign saw businesses improving their operations and profits with two businesses doubling their revenue as a result of the programme.

Working with the South African government to address the national affordable housing challenge

The group has been working with the Free State government to extend credit to homeowners for improvements to the Reconstruction and Development Programme (RDP) homes, in order to bring them to a level that will enable them to be used as collateral by SME owners against loans from commercial banks. We are now working to extend this model of engagement to the Gauteng provincial government and the National DHS, to facilitate owner-investment in RDP township properties. We are also working with government to address the underserved gap in the housing market of people earning between R3 500 and R7 900 a month.

We are the biggest provider of affordable housing home loans in South Africa.

Progress in 2015



We are the biggest provider of affordable housing home loans in South Africa, with a market share of 35% of all home loans in 2015.

PBB SA was recognised as the leading brand in consumer banking in the 2015 Sunday Times/TNS Top Brands survey for the third consecutive year. The ranking is based on a representative consumer survey.

Commercial Banking, including SMEs, banks more than 500 000 businesses and according to independent research maintained the largest market share. It was awarded Brand of the Year (Assegai Awards 2015).

Opportunities and challenges

Opportunities

- We see SMEs as the backbone of Africa's growth and are exploring various opportunities to support them.
- To address the underserved gap in the housing market, we are extending relationships and partnerships with various government departments and other role players to facilitate owner-investment in RDP township properties.
- Customers are choosing to move away from high-cost services in branches toward low-cost alternatives, including non-traditional banking solutions, such as MB, IB, and electronic wallets used for person-to-person payments.
- We have established partnerships with large retailers and other corporates to roll out financial literacy to their employees, which includes improving customer awareness and uptake of existing channels such as InstantMoney, Access Points, Mobile Banking and cash back at point of sale.
- In some instances, regulatory reforms have been catalysts for new opportunities. In Nigeria, for example, legislation requiring companies to provide pensions prompted us to target resources to develop this area of business, and we are now the industry leader in the country.

Challenges

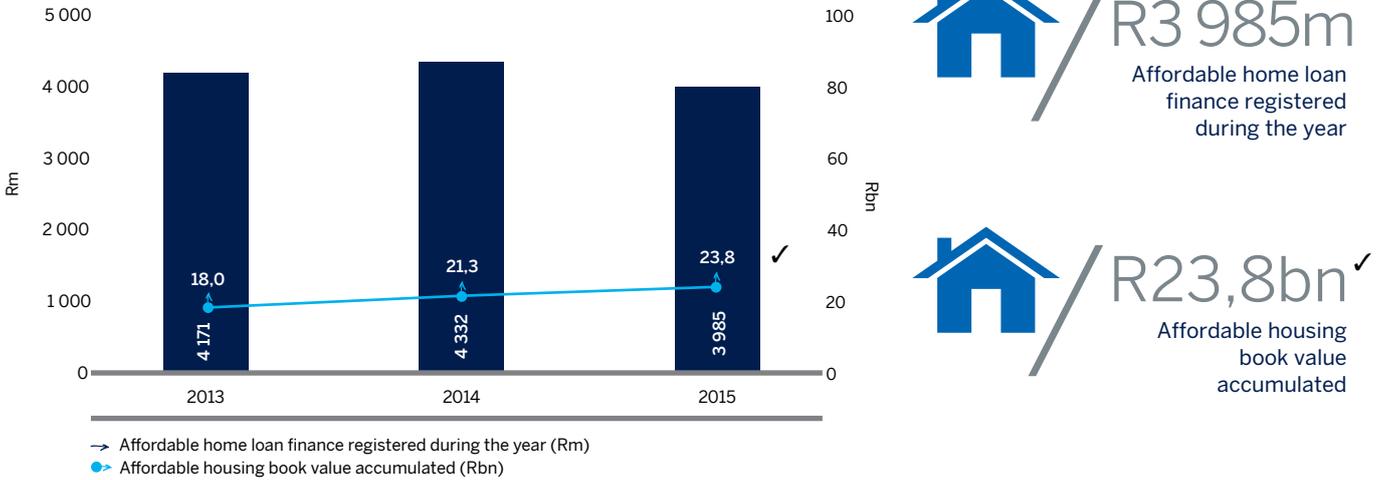
- Continuing to meet customers' changing needs and expectations in a competitive environment that consists of traditional and non-traditional competitors.
- The transformation of core banking platforms has been a complex challenge. We have sought to keep old systems operating while new systems come online, and minimise any disruption to the availability of services to customers.
- Cybercrime, card fraud, unauthorised electronic transfers and associated robberies (where a customer is robbed after making a cash withdrawal at a branch or while en route to make a deposit), all pose a risk of financial losses for us and our customers as well as a reputational risk. We continue to monitor trends in this area and to develop processes and products to mitigate these risks.
- We believe local and regional banks currently present more of a competitive threat than global banks, as clients seek financial services partners that are immersed in local markets and have an inherent understanding of the associated risks. To counter this threat, we focus on developing local knowledge and expertise.

Achievements

- **SBG was listed in the Global 100 Most Sustainable Corporations in the world**
- **Stanbic IBTC Stockbrokers Ltd was named 2015 Best Dealing Member Firm on the Nigerian Stock Exchange**
- **South Africa's Sunday Times Top Brands Survey 2015**
— First in the Retail Banks Consumer category for the third consecutive year

Performance overview

AFFORDABLE HOUSING



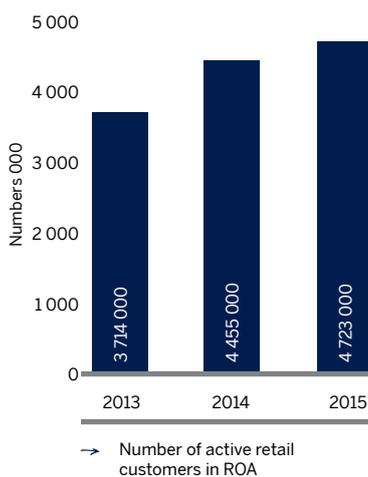
Our business performance in ROA aligns with our strategy of expanding our footprint on the African continent; reflected in strong growth of 6% in the number of total customers and clients, with particularly good sales growth in private banking (75%), the middle and

upper income personal banking segment (63%) and commercial banking (17%).

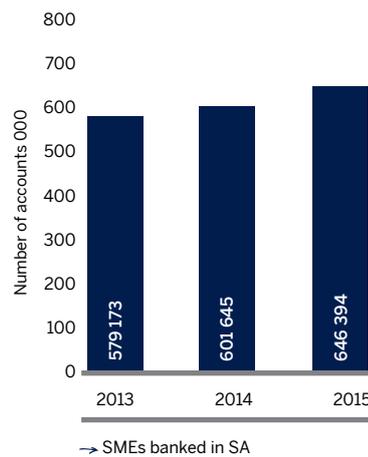
PBB's significant measure for customer loyalty, the globally recognised net promoter score, improved slightly in 2015 from

56 to 58. While the score remains below our objective, it indicates an improvement in customer service across the group supported by employee training and incentivisation, streamlining of customer processes and migration to digital platforms.

ACTIVE RETAIL CUSTOMERS IN REST OF AFRICA



SMEs BANKED (SBSA)



Progress in 2015



Enabling cross-border remittances

SBG aims to be the market leader in cross-border remittances. Having recently concluded a new agreement with MoneyGram, we are able to assist Zimbabweans living in South Africa to transfer money from South Africa directly into an EcoCash wallet in Zimbabwe. The sender does not have to be a Standard Bank account holder, but the recipient must be a registered EcoCash customer. Econet has approximately four million active wallet holders in Zimbabwe.



Supporting eKasi Rising

The South African government has been emphasising township economic development as a mechanism to achieve economic transformation and growth since 2014. Policies have been formulated to transform townships into 'urban hubs' that will drive radical economic transformation. Millions of rand have been earmarked by provincial and local governments for the revitalisation and reindustrialisation of township economies. We hosted the 'eKasi Rising' dialogue in Jabulani, Soweto in September 2015. The dialogue included representatives from SBG, National Treasury, the Department of Small Business Development (DSBD), the Auditor-General's office, the National DHS, the Gauteng Provincial Department, Gauteng metros and local entrepreneurs. Issues discussed included improving access to financial services for township businesses and potential entrepreneurs, including access to credit; partnering with government to support infrastructure development; refining our mortgage offering to suit the township market; and supporting the strengthening of linkages between the township economy and the urban formal economy. Speakers included Small Business Development Minister Lindiwe Zulu and SBSA's Head of Retail Banking Segment Sibongiseni Ngundze.

Following the dialogue, the bank has had follow up discussions with the DSBD, the DHS and Gauteng Economic Development Department, to take forward ideas emerging from the dialogue.

Forward focus

- Partner with SMEs to grow their businesses.
- Work with government to find ways of extending credit in line with our prudential responsibilities.
- Find innovative ways to drive financial inclusion.
- We are leveraging our large footprint in business banking across Africa, to serve the employees of clients. We are setting up branded spaces in workplaces, which will provide access to a device or kiosk enabling electronic transactions. These spaces will also have SBG employees on site for a certain number of hours per week – enabling people to bank without visiting a branch. In bigger companies we will also have an ATM onsite.



Material focus: Motivating our people

Commitment, motivation and capability of our people, and their embracing of our values



Our ability to meet organisational objectives, deliver value to customers and clients, comply with regulatory obligations, and create shareholder value depends on our employees. We want to work with people who share our passion for Africa and who understand and embrace our view that diversity is not just about demographic characteristics, but about pan-Africanism, and who see the opportunities inherent in this approach.

Why this is important

Core to SBG's success is ensuring that each of our 54 361 employees across the globe understands, buys into and are motivated by our purpose of driving Africa's growth. In an industry with similar revenue opportunities, offerings, risks and regulatory challenges across different organisations, finding, keeping and developing the right employees is fundamental to our competitive advantage. Employees are the foundation of customer experience and our brand. They underpin our ability to deliver exceptional client experiences and superior value. The common threads that bind our diverse operations are our heritage, embedded values and clearly defined culture.

How we manage this area

We aim to create a workplace where performance is expected and rewarded. Given that our competitors are targeting the same opportunities as we are, competition for local skills is fierce, which requires that we offer our employees a clearly defined value proposition. We do so by embedding an organisational culture that encourages and rewards excellence and inspires individuals who are adaptable to growth and change. We also promote fair, consistent talent management practices that enable personal and career development. At senior level, our development programmes are tailored specifically to the needs of individuals.

Our refreshed group strategy clearly articulates the need to attract, develop and retain committed employees with a commercial mind set. Current and future trends, the rapid pace of digitalisation, and meeting the expectations of a multi-generational workforce influence how we shape our approach to employee and leadership development. Insights obtained from surveys held in 2014 across 17 countries have been used to inform our strategy and employee priorities for the short to medium term.

To ensure we have a pool of skilled employees, we have enhanced our talent management approach to be more consistent, integrated and led by business. In addition it is based on succession management (focused on critical roles and future capabilities) and targeted investment in the development and mobility of key talent. Employees have performance contracts, linked to commercial objectives, against which they are reviewed annually. Our level of voluntary turnover – an indicator of employee satisfaction – in 2015 remained healthy at 8.3% and below the international financial services benchmark of 13.9% (Corporate Executive Board benchmark: 2014).

We view diversity as broader than just race or gender – it is a strategic

business advantage. The bringing together of people from diverse cultures with diverse skill sets, who think in different ways, facilitates the development of more creative and more comprehensive solutions to business challenges. Every business unit in South Africa has a Diversity and Transformation Forum which supports management in efforts to build a more inclusive and diverse workplace. In South Africa, we have introduced a 'Lean-In' initiative, facilitated by executive volunteers, which provides networking and coaching opportunities for female employees at middle management level.

Optimal employee health and wellness can positively impact productivity and performance. Proactively implementing a range of employee

health and wellness programmes helps to assist our employees in delivering sustainable results. Against this backdrop, we have a robust health and wellness programme in place, which we manage in partnership with a range of external service providers. We have also implemented financial wellness programmes to help employees deal with money management and personal finances. As part of this programme, we have rolled out financial workshops across PBB. We are also implementing a proactive absence management programme. Going forward, we will use cost of sick leave as a percentage of CTC as the key metric to indicate progress. In 2015, this was 1.27%, which is below the South African financial sector norm of 1.7%.

Highlights

In October 2015, SBG signed the ILO Global Business and Disability Network Disability Charter.

We received the South African DOL and Commission for EE private sector award for 'innovation and special projects to further gender equality'. We were also a top five finalist for the overall EE award for the private sector.

We were awarded the 2015 South African Graduate Employers Association (SAGEA) Employer of Choice in the Young Talent Market for Retail and Commercial Banking.

We view diversity as broader than just race or gender – it is a strategic business advantage.

Opportunities and challenges

Opportunities

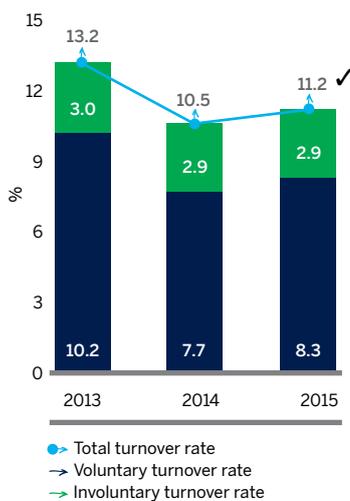
- Upskill and reskill employees to ensure we meet future business demands, and provide opportunities for personal growth.
- Strengthen our position as a leading investor in young talent, committed to developing future leaders.
- Increase the hiring of local employees to drive our pan-African strategy, and deepen the skills base across our African operations.
- Accelerate the development of black talent in South Africa, and ensure the effective implantation of SBSA's EE plan. We will be developing a new plan in the course of 2016 as our current plan terminates at the end of the year.
- Gathering employee insights to enhance their work experience.
- Actively promote our existing engagement platforms, to ensure employees are empowered to express issues and concerns.

Challenges

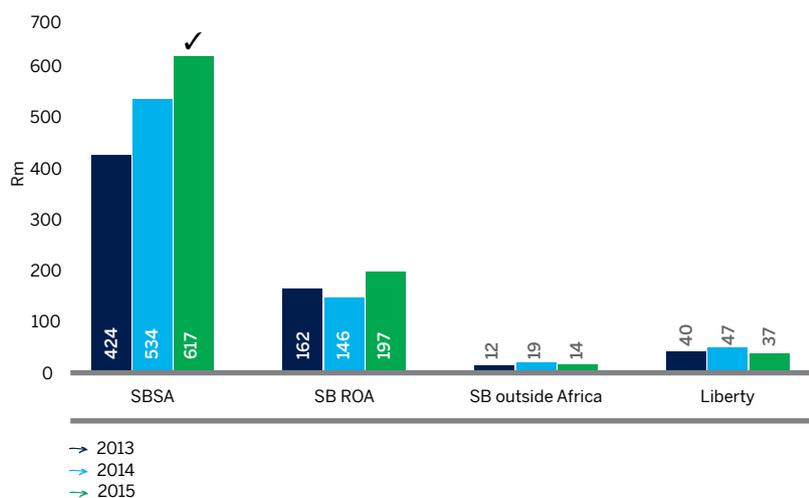
- Rapidly changing business needs and a very competitive environment have increased demand for high levels of technical and leadership skills.
- Attracting and retaining skilled and experienced managers in a highly competitive environment.
- Preserving institutional knowledge and ensuring appropriate succession planning.
- Maintaining positive employee morale in an environment of low economic growth in some of our countries of operation.
- Enabling employees to appropriately manage the impacts of ongoing regulatory changes, while serving customers, meeting our commercial targets and managing risk.
- Developing a better understanding among all employees regarding the appropriate use of social media, which respects their rights to personal opinion and freedom of expression, while also protecting SBG's reputation.

Performance overview

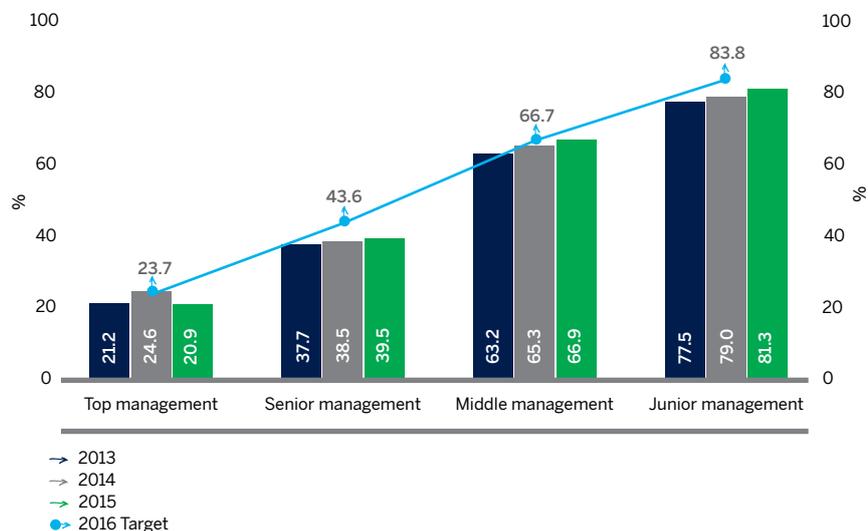
PERCENTAGE EMPLOYEE TURNOVER ACROSS SBG (%)



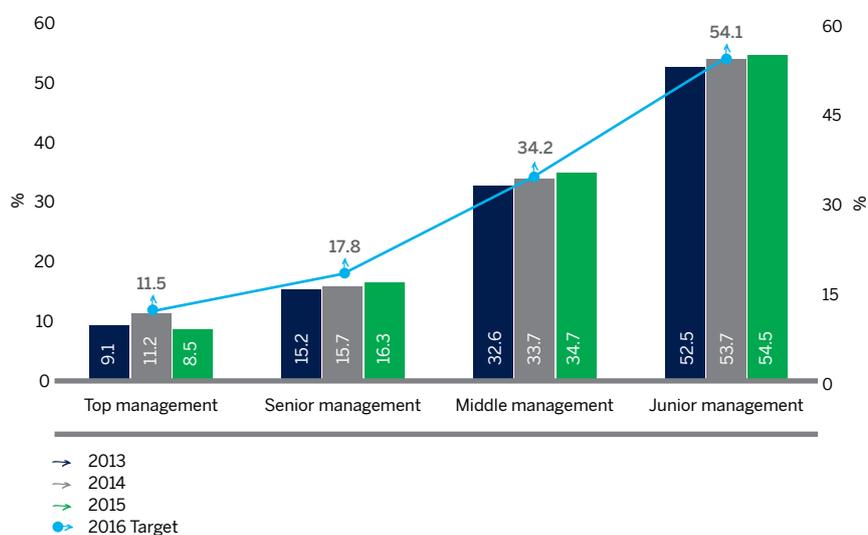
TRAINING SPEND ACROSS SBG (Rm)



PERCENTAGE BLACK¹ REPRESENTATION AT ALL MANAGEMENT LEVELS – SBSA



PERCENTAGE BLACK WOMEN¹ REPRESENTATION AT ALL MANAGEMENT LEVELS – SBSA



LEADERSHIP DEVELOPMENT PROGRAMMES – BLACK PARTICIPANTS SBSA

	2015	2014	2013
Number of black participants for SBSA	1 201	1 098	1 093
Black participants as a % of the South African complement	70 ✓	67	53

¹ The term 'black' means African, Coloured and Indian people who are South African citizens by birth or who became SA citizens by naturalisation prior to 27 April 1994.

Progress in 2015



- We invested more than R865 million in developing employees in 2015 and assisted 594 employees with bursaries to further their studies.
- We invested R22 million in 142 bursary recipients, helping these high-performing young students to build better and brighter futures in the fields of science, technology, engineering and mathematics disciplines.
- In line with our SBSA transformation strategy and objectives, 400 learners completed a learnership programme, and 92% were subsequently employed by Standard Bank. A further 567 young people were offered learnerships in 2015, which they will complete in 2016.
- We provided 230 talented graduates participating in our graduate development programme with first-time work opportunities.
- Over half of the appointments made in the group in 2015 were internal transfers and promotions, in line with our philosophy of promoting from within.
- More than 2 900 (2014: 3 188) managers from across Africa participated in a range of management development programmes.
- Effective succession planning enabled us to fill key roles seamlessly with the right people, ensuring smooth transition.
- More than 4 000 temporary employees in South Africa were offered permanent positions in line with our commercial requirements and amendments to the Labour Relations Act.

Forward focus

- Introduce an employee net promoter score to measure the purposeful engagement of employees.
- Continue to improve our diversity profile at all levels, across all our operations.
- Enhance our speed and agility to adapt to an ever changing world of work through a continued focus on learning and development.
- Roll out a more comprehensive health service in our operations outside South Africa.
- Conclude the roll-out of group-wide technology platforms that will simplify our human capital practices and enhance interaction with our clients.
- Roll out our graduate development programme to graduates from key markets including Botswana, Ghana, Kenya, Mozambique, Nigeria and Zambia.
- Review and revise the Employment Equity plan for SBSA.
- Implementation of the Nigerian Sustainable Banking Principles.
- Involve employees more in our innovation drive.





Standard Bank
Global Leadership Centre

Material focus: Embracing innovation

Continual innovation to improve the value we create



In today's world the temptation is to focus on innovation for innovation's sake. That is not our approach. We recognise that the ultimate arbiter of value is the customer – our approach to innovation is inherently customer-centric.

We challenge innovators to imagine a better world for customers and clients, and then to go out and test whether their ideas and potential solutions actually resonate with customers and clients. Our aim is to help support and enable innovators to help us to better serve our customers, thus improving their lives. We want all our employees to contribute to the process of radically improving the client experience, by understanding and delivering what matters to our customers.

We believe that to achieve this, we must transform into a learning organisation dedicated to continuously exploring, experimenting and improving.

Why this is important

Continual innovation is necessary to keep up with customer needs and expectations. In addition, the rapid evolution and spread of internet and mobile technologies has precipitated the emergence of new start-up technology companies offering cutting-edge financial service solutions which could potentially erode traditional banks' market share.

Innovation is about responding proactively as markets, technologies and trends shift. We define innovation as the translation of strategically aligned ideas into sustainable and profitable business models.

We are not afraid to do things differently if it means doing them better.

Like many large companies, SBG is confronted with a number of issues including:

- Having an overview of the entire portfolio of innovations.
- Managing and investing in our core (Stay in the Game) products/ services.
- Managing and investing in new products or services (Win the Game and Change the Game innovations).
- Transitioning new products or services into the core portfolio; and

- Exiting from innovations that are not performing well.

We are not afraid to do things differently if it means doing them better, which is why we reformulated our innovation strategy and approach during 2015. The innovation framework we have crafted blends the principles of design thinking, lean innovation, and agile and open innovation. It aims to help SBG develop best practices in product and service development, inform

investment decisions and enable human capital through what we call 'autonomy in alignment'. This increases the individual autonomy of employees, with the understanding that they are responsible for generating customer-centred, commercially viable ideas that help us deliver strategy and vision. We aim to embed this 'autonomy in alignment' in the everyday working lives of all employees.

Opportunities and challenges

Opportunities

Design thinking

By embracing design thinking as a discipline, we are learning the power of going 'outside the building' – early and often – to engage customers. This means seeing things from the customer's perspective and developing empathy with customers' problems to ensure that we understand these. Only once we have achieved this can we design appropriate solutions that will address the issues. Design thinking ensures that we do not jump to premature conclusions. Instead, we validate customer value quickly and cost effectively before designing and building a solution. Our focus is not on the value of the initial innovation idea, but rather on the customer-validated opportunities that derive from the initial idea.

Lean innovation

Lean innovation emphasises that the first job of innovation is to find out whether we are making something customers want. The second, is to identify sustainable and profitable business models. Making products/ services that customers' value is not the same as asking customers what they want. We need to ensure that innovations are commercially viable, while also delivering what matters.

Agile innovation

Our software development methodologies use iterative development. Requirements and solutions evolve through collaboration between self-organising cross-functional teams. We have made strides embedding this capability within Group IT over the past 18 months, enabling fast delivery and continuous improvement of solutions.

Open innovation

Open innovation harnesses the power of mutually rewarding relationships. We partner with organisations of all sizes, and from multiple geographies, to complement our core capabilities and resources. We are engaging with the fintech and data science ecosystem. We are also promoting an open culture of continuous exchange between SBG and developer and communities of data scientists around the world. Our aim is for SBG to be recognised as an open innovation partner of choice. Through our recently launched open innovation lab, we are tapping into external ideas and technologies to inform our innovation process, while also sharing our own ideas and technologies with others.

Opportunities continued

A balanced portfolio of innovation investment

SBG is committed to investing in a balanced portfolio of innovations that covers a range of different types of innovations:



The framework set out below helps us manage our resources and investment appropriately, across the life-cycle of each innovation:



Our approach enables us to respond rapidly to changing customer needs by bringing new products to market quickly and changing concepts that are not working. We pilot new products on a limited, short-term scale. After each stage, a report is presented to an investment committee and the decision is taken whether to proceed or not. Funds are released following the accomplishment of milestones or checkpoints. There is room to fail 'fast and small' and move on quickly, using our learning to explore new ideas.

Our User Experience Laboratory gives us the ability to embed ourselves in the customer journey and helps us understand a customer's issues and frustrations and what technological interventions will best meet their needs. It also allows for cost savings, as testing in such a realistic environment gives us an idea early on whether an intervention will work or not.

Highlights

Standard Bank was voted one of the nine finalists for Most Innovative Bank in the World, in the Efma Accenture Innovation Awards. More than 220 institutions from 59 countries entered.

We received 220 entries in an internal incremental competition. The cumulative net business benefit generated by the top 17 entries was in excess of R200 million.

Challenges

- Innovation requires us to do what has not been done before, which requires high levels of adaptability in managing the associated risks. Changing the culture of the organisation inevitably generates some resistance and discomfort. We are working with employees – including executives – to encourage them to embrace new concepts and approaches. Embedding our innovation approach is a multi-year journey.

Performance overview

- During 2015 we conducted 26 innovation product/service experiments using the new methods described on the previous page, and have taken 13 of these forward to the market validation stage.
- We launched the Innovation and Design Centre to incubate and accelerate innovative solutions using technology-driven testing. There are three spaces that act as Open Innovation Labs and these centres provide opportunities for employees and external entrepreneurs to pitch ideas that link to our products and services. It offers business support, mentorship, technical assistance,

access to markets and commercialisation, and exposes entrepreneurs to our banking teams. Competitions are also run to catalyse innovation, such as the Pathfinders competition that was run in 2015 and attracted finalists internationally and locally (including employees). The finalists were given cash prizes as well as access to Standard Bank business units and the Incubator. This competition allowed us to scout for possible partners as well as engage with the fintech community around the 'Customer of the Future'.

- We ran our first Internal Innovation Forum during 2015, where

Standard Bank colleagues can share best practices and discuss how they have implemented open innovation in their business units and gain insights from thought leaders on a practical level. This serves to break down silos within the bank and share ways in which innovation can be best executed within a Standard Bank context.

- Due to innovative energy-efficiency improvements and new technologies across our operations. Our carbon dioxide equivalents (CO₂e) are down by 2%, mostly as a result of consuming a reduced 279 GWh of energy in 2015 (307 GWh in 2014). ✓

Progress in 2015



PBB innovation challenge

In February 2015 the PBB employees were asked to submit their improvement for a chance to win R1 000 000. However, there were a few prerequisites. The improvement had to be more than an idea – it had to have been implemented with verifiable results. Implementation had to have been done in less than three months with little or no IT impact and a minimal cost implication (less than R100 000). In October 2015, 17 semi-finalists presented to a panel of judges who were tasked with selecting the top ten. Focus was paid to clarity, alignment with PBB strategy, novelty and the business benefit of the innovation. In November, the top ten were once again put through the process of pitching their improvements to a panel of judges, where after careful deliberation there were three winners, a first prize, and joint 2nd and 3rd place. The competition garnered 222 entrants and the net benefit tracked for the top 10 finalists were R200 million. The beauty of these innovations is that they cannot be copied by our competitors as they are internally focused with a direct impact to a client, via process efficiencies and changes in ways of work.



Partnering to service emerging businesses.

We partnered with FireID, a technology incubator based in Stellenbosch, to launch SnapScan, a product that uses mobile phones and QR codes to provide a service to merchants who do not qualify for point-of-sale machines and who may not have electricity. The consumer loads the SnapScan app onto their smartphone, adds a card (Standard Bank or not) to their profile and then pays a SnapScan-registered merchant by scanning the QR code and entering the amount when prompted by the app. Users require a pin and merchants receive a confirmation SMS, ensuring the system protects both the user and the merchant. Merchants pay a transaction commission fee and are able to cash money using vouchers, and are not required to have a bank account to use the service.

Progress in 2015 continued



Thinking and acting like a 150-year-old start-up

Standard Bank launched a facility called the PlayRoom, where new technology ideas are developed and tested in January 2015. The facility is located above a Standard Bank branch, making it easy for PlayRoom developers to test new ideas with clients before launching them commercially. The idea is to encourage entrepreneurial thinking among our employees, and to bring together diverse people to spark new ideas. Not everything developed in the PlayRoom will be customer-facing. Some of the concepts created will involve changing the bank's internal systems and processes to improve overall working conditions and efficiencies.





Achievements

- Elected chair of Global Equator Principles Steering Committee
- Southern African Energy Efficiency (SAEE) special recognition of achievement in energy efficiency 2015
- 8th Africa Energy Awards 2015: Premier Energy Project of the Year
- Association of Energy Engineers: Sub-Saharan Africa Energy Project of the Year 2015

Material focus: Managing regulatory change

Meeting the expectations of our regulators and serving the best interests of our customers and clients



The regulatory framework governing financial services continues to evolve, at a national and global level, and the supervisory powers of certain regulatory bodies have been significantly increased. We work closely with all regulators to ensure that we understand and meet their expectations. We support regulatory reform that contributes to a safer financial system for all and that facilitates economic growth across the continent.

Why this is important

Since the global financial crisis, banks around the world have been subject to an unprecedented programme of regulatory reform aimed at improving risk management and enhancing protection for customers. All aspects of SBG's operations are affected by these reforms: how much capital we hold, how we interact with customers, the types of products and services we offer, how we distribute and market them, how we manage risks, and who we do business with.

The capability to manage regulatory change effectively is a source of competitive advantage. It involves an understanding of the intent behind new regulation and early action to alter risk management and compliance controls and systems. It also includes cultivating a mind-set that sees and harnesses the commercial opportunities that arise from regulatory change.

How we manage this area

Standard Bank has invested in its ability to manage regulatory change – the group regulatory and legislative oversight committee oversees advocacy and regulatory change management activities. The regulatory change Manco meets monthly to determine the need for new regulatory change programmes.

Group compliance drives regulatory change programmes efficiently and cost-effectively. Over the past year, the team has championed programmes from the implementation of new global tax disclosure rules for customers, to the introduction of new privacy requirements and the new focus on market conduct under the Twin Peaks system in South Africa.

Prudential regulation aims to ensure that depositors' funds are safe and that the risks to financial stability are properly managed. Group Finance monitors and assesses the implications of new requirements for the bank's capital and liquidity requirements, and has led SBG's responses to new regulatory requirements related to resolution and recovery in the event that a bank fails. A Manco comprising senior executives has been established to oversee this work.

The group policy, advocacy and sustainability team engages with government departments, regulators, and Members of Parliament to provide input and feedback on policy and regulation. Over the course of the year, the team focused on South Africa's Financial Sector Regulation Bill, the legislative framework for Twin Peaks. It also made submissions on various aspects of consumer credit regulation, proposals on the Retail Distribution Review, comments on changes to the regulation of credit life insurance, and highlighted the unintended consequences of European Union regulation for African countries. Advocacy is conducted on a bilateral basis, and through the BASA and other trade associations.

Compliance training and awareness-raising play a critical role in sustaining a culture of compliance. The introduction of a single learning management system across businesses and geographies provides all employees with online access to learning opportunities and enables them to fulfil their compliance training obligations. Training and awareness initiatives provide information on specific regulatory developments and enable us to entrench compliance values at every level of the organisation. All employees are required to complete mandatory regulatory and business compliance training. The training framework is standardised across SBG, with jurisdictional content managed locally, as appropriate.

Compliance training and awareness-raising play a critical role in sustaining a culture of compliance.

Opportunities and challenges

Opportunities

- A proactive approach facilitates efficient implementation and lowers the costs of regulatory change and compliance.
- A constructive approach to influencing policy and regulation builds trust with stakeholders and supports an effective and fit-for-purpose regulatory framework that minimises negative consequences for the economy.
- A strategic approach capitalises on the commercial opportunities arising from policy and regulatory changes.
- Our compliance ethos builds trust with regulators and customers and enhances our reputation as a responsible corporate citizen.

Challenges

- The pace, scope and volume of regulatory change is massive and impacts on operating costs. Lead times to redesign IT systems and train employees are often short. The single learning management system across our businesses and geographies is helping to overcome this challenge.
- There is a lack of consistency and alignment of regulatory requirements across the various jurisdictions in which we operate. We are leveraging our investments in information technology to align these requirements.
- Considerable changes in terms of how regulatory risk is managed have been precipitated by the shift to principles-based and outcomes-based regulation. Accordingly, we are making investments into driving a culture change across SBG. A one-size-fits-all approach to consumer credit regulation is impacting negatively on secured lending with unintended consequences for the ability of certain customers to afford their own homes or purchase assets, such as cars.
- To overcome constrained project planning caused by policy and regulatory uncertainty, we engage often with regulators and policy-makers.

Performance overview

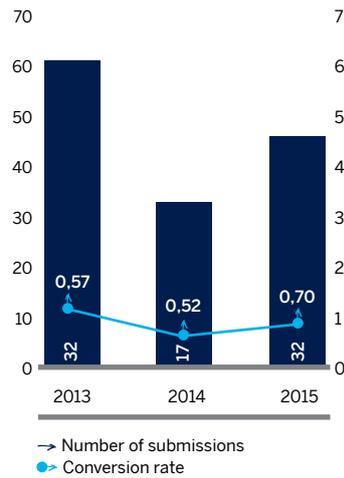
Key performance indicators

NUMBER OF NEW REGULATORY ISSUES ASSESSED



The graph above highlights the volume of new regulatory issues per year that we assessed, and that the pace of regulatory change annually remains high.

NUMBER OF REGULATORY SUBMISSIONS AND CONVERSION RATE



The bank makes submissions on proposed policies, laws and regulations directly to regulatory and policy-makers, as well as through trade associations. This indicator tracks the number of issues on which the bank has made submissions. Our conversion rate reflects the materiality of the regulatory change for the bank.

SBG played a leading role in the discussions in Nedlac on the Twin Peaks legislation.

Progress in 2015



Preparing for the Twin Peaks model of supervision and regulation in South Africa

The Twin Peaks reform is the most significant change to how banks are regulated. Twin Peaks is a comprehensive system for regulating the financial sector that moves away from the current fragmented regulatory approach and creates two financial sector authorities – the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA). The National Credit Regulator (NCR) remains responsible for supervising all consumer credit providers, including financial institutions like Standard Bank. Given the importance of consumer credit to the bank, this means there are effectively three supervisory ‘peaks’.

Standard Bank’s work to prepare for a new system of financial sector supervision and regulation started a few years ago with the publication by National Treasury of the ‘Red Book’ – a policy paper with the title ‘A Safer Financial System to Serve South Africa Better’. Standard Bank supports the goals of the Twin Peaks system and submitted commentary to National Treasury on specific elements of the new system, including the supervision of the national payments system, financial crisis management, and the risk-based approach to conduct supervision.

Internally, more than 50 workshops were held with executives and senior managers on the implications of Twin Peaks. Meetings were held with National Treasury to understand its approach towards implementation. SBG played a leading role in the discussions in the Nedlac on the legislation. The bank also invested time in understanding concerns and questions, and hosted a parliamentary delegation on a Twin Peaks study tour of the United Kingdom in December 2015 at our London office.

Forward focus

- Expanding the regulatory advocacy work across the rest of the continent.
- Introduce a newsletter for employees on relevant developments in Parliament.
- Continue advocacy on the new Market Conduct policy and legislation.
- Establish a Market Conduct Board to drive an integrated approach to conduct requirements.
- Expand the Conduct Framework across the continent.
- Continue with the proactive and sustainable approach to regulatory change management to manage the volume of regulation.
- Continue to seek competitive advantage by ensuring that regulatory change initiatives are aligned with business strategy.



Material focus: Leveraging our investments in information technology

The safety, stability, functionality and efficiency of our IT services



““ The long-term benefits of our modernisation and digital journeys will continue to strengthen our competitiveness, resilience and agility in support of the group strategy. As we enter a more fast-paced and in some cases a more complex era of IT, we are well-positioned to partner with the group on its journey to realising its vision in the medium term. ””

Brenda Niehaus, group chief information officer

Why this is important

Our vision is to radically reshape our IT capability to deliver an exceptional customer experience. The customer is at the heart of everything we do and the primary aim of our IT transformation journey is to ensure the stability, availability and efficient functioning of our banking systems to protect our customer franchise and underpin the sustainable future of Standard Bank.

We have achieved a number of important milestones in the implementation of our IT transformation programme, which is designed to create a digital bank able to adapt continuously to client demands for increased availability and higher levels of flexibility and agility.

In response to the speed at which customer demands are changing, we are enhancing our customer interfaces and introducing digital products and services, while replacing our legacy systems. In 2015, we continued to strengthen the core banking foundation that underpins the group's strategy and we implemented several programmes to improve the quality of our service to clients.

The transformation of our IT landscape is replacing ageing legacy systems with new technologies that position us competitively in the changing world of financial services. Implementing a programme of this magnitude would not have been possible without also changing the way we work in IT and the way Standard Bank employees interact with the new systems.

Our vision is to radically reshape our IT capability to deliver an exceptional customer experience.

How we manage this area

Strategy

Following a benchmark of IT performance and costs performed by McKinsey in 2014, focus continues to be placed on improving efficiencies in 'run the bank' costs, and delivering more for less in 'change the bank costs', to bring these costs within benchmarks. The improvements are being driven by a four-year transformation journey. We have made good progress, achieving our objectives for 2014 and 2015, and are committed to achieving the targets set for the coming years.

The IT strategy is supported by four pillars:

- **Quality of service through brilliant basics:** Achieving continuous improvements in the quality of service to customers in terms of availability, reliability and security.
- **Responsiveness to market:** Leveraging innovative technology and new ways of working to achieve higher levels of agility, flexibility and responsiveness.
- **Affordability:** Managing costs by driving a lean IT operation and by embedding commercial pragmatism.
- **Sustainability as the foundation of client excellence:** Making Standard Bank IT an aspirational destination for IT professionals and embracing our diversity, social and ethical responsibility.

In executing the strategy, we measure progress against delivery and budgetary commitments. There are opportunities to simplify and rationalise

our IT landscape to reduce complexity and enable innovation and we have developed clear architecture principles to accommodate the duality of a fast-moving competitive environment and the need for a standardised, stable core. One of the key principles in the remodelling of our IT is to accommodate social, mobile, data analytics, cloud technologies and the internet of things.

Cloud computing is becoming a global commodity that is increasingly used by a wide range of industries including banks. We are progressing in our journey to adopt cloud-based solutions where appropriate and within regulatory guidelines. We will continue to mature our cloud strategy going forward.

IT governance

The advancement of IT has brought about rapid changes in the way businesses and operations are being conducted in the financial industry. IT is no longer a support function within the organisation but is a key enabler for business strategies including reaching out to external customers and meeting their needs. As technology becomes increasingly important and integrated into business processes, the need for adequate and effective governance and management of both IT resources and any constraints becomes imperative.

The group chief information officer (CIO) is a member of the Manco. The business unit CIOs report to their

chief executives and the group CIO to ensure that the IT strategy is aligned and integrated with the business strategies. The group CIO and IT executives are suitably qualified, have access to the board and executive management, and serve as a bridge between IT and the group. The IT operating model has been enhanced with a number of key executive appointments.

The group's IT governance structures continue to strengthen with significant value and alignment being achieved through robust executive and non-executive oversight and support for IT. Independent subject matter experts continue as co-opted standing invitees to the group IT (board) committee. They submit an independent review of our IT governance domains to the board for its consideration. Key observations for this period were that the group had made significant progress in governance, management and improvements in IT operations and that group IT was progressing well on its journey to become a mature, well-run and leading IT organisation.

Mitigating risk

We consider our top IT risks as those that could have an adverse impact on the achievement of our IT and business objectives. These include risks arising from cybercrime, excessive rate of change, disruptive technologies, organisational health, availability of quality data, third parties, business disruption due to system failure and any reputational impact.

These risks are mitigated through various controls which are implemented by management and closely monitored by the group IT risk and compliance committee. We continuously review and invest in our security systems and risk management processes to ensure that our customers and the bank are well protected.

Availability and stability of systems

In the new digital era, customer expectations include 'always-on' banking anywhere in the world. This has resulted in a shift in our resilience designs as we adapt to the significant increase in customer expectations.

Our overall IT stability was acceptable in 2015 with a record number of transactions both in terms of volume and value successfully processed. It is a reality that a certain amount of instability is unavoidable during periods of significant change to IT systems and there were two high profile outages resulting from hardware failures. These outages impacted customers as a number of online services were not available for several hours. Our response confirmed that our business continuity measures are sound and that we have the resilience to recover from major system failures. The group sets recovery and business resumption priorities, and contingency procedures are tested and rehearsed so that interruptions are minimised.

Ongoing focus was placed on ensuring stability and reliability in ROA in 2015. While there were service interruptions in some of our operations as a result of failures in telecommunications, power or IT systems our on-going

focus on stability has resulted in improvements across the continent.

Specific remedies in response to the above mentioned outages and ongoing resilience initiatives have led to an improvement in system stability. In keeping with our quality of service objective, system availability, reliability and security are a top priority for executive management within IT and we remain confident that our initiatives are having the desired outcomes.

Employees and skills

In this digital era, there is a significant shift in the skills required within IT. An engaged work force is a critical success factor in the delivery of our sustainability objectives and there has been a strong drive to change the culture in group IT and to make it a great place to work. There are several different initiatives that support this drive, for example, lean IT, continuous improvement initiatives, innovation campaigns, etc. Our ambition is to ignite employees to a common purpose (the customer) and to re-skill and future-proof for emerging technologies and new ways of working.

Agile software development practices continue to deliver substantial value.

The practices are augmented by disciplines inherent in the DevOps professional movement, namely culture, automation, measurement and sharing (CAMS), and are paving the way for continuous delivery in select environments.

Standard Bank chaired the first DevOps community day to be hosted in Africa. The event included South African banks, telecommunication companies and universities. The CEO and CTO from Chef (a provider of DevOps tools) in the United States were the keynote speakers.

Significant focus is placed on understanding and influencing university curricula to align to the changes in the IT environment. Certain IT executives participate on university IT advisory boards and meet regularly with the universities to discuss any gaps between academia and business relevance. We have sponsored 10 honours students at South Africa's Wits University for an Honours Data Sciences Programme. Group IT has met with the University of Pretoria to develop a Master's level IT degree that will be conducted onsite for talented employees who qualify and wish to further their studies.

Opportunities and challenges

Opportunities

- Building a digital bank able to adapt continuously to customer demands for increased availability and higher levels of flexibility and agility.
- Improving efficiencies in 'run the bank' costs and delivering more for less in 'change the bank' will bring costs within benchmarks.
- Simplifying and rationalising the IT landscape to reduce complexity and enable innovation.
- Agile software development practices which pave the way for continuous delivery in select environments.
- Cloud-based solutions where appropriate.
- Re-skilling and future-proofing our workforce for emerging technologies and new ways of working, and making Standard Bank IT an aspirational destination for IT professionals.

Performance overview

Implementation and renewal of IT systems

Underlying our ability to execute our strategy in a digital financial services environment is the modernisation of our core banking platforms in South Africa and the rest of Africa. We have invested heavily in transforming our IT platforms from a complex legacy estate to a simplified and standardised ecosystem. Competitive pressures, regulatory requirements and a conservative approach to deployment risk have influenced the multi-year implementation journeys. Good progress was made in 2015 and positive impacts have been achieved to date. The overall platform modernisation is in its final phase and all programmes are on track to be transitioned to a close in 2017.

Personal & Business Banking

In South Africa, SAP customer relationship management (CRM) was deployed as the foundation for a single view of the customer in 2014.

In 2015, customer records were migrated from the partner legacy platforms and were consolidated to SAP CRM finalising this phase of the core banking transformation. In 2016, an enhanced anti-money laundering solution was deployed on this foundation.

Over the past four years, Finacle core banking has been deployed locally in seven countries. In 2015, Swaziland was the first country to implement Finacle core banking in a centrally hosted private cloud. Subject to regulatory approval, this cloud enablement will be extended to the remaining operations in the rest of Africa in 2016 and 2017. Significant benefits have been derived from the core banking programme including improved customer experience across channels, faster response to market needs, operational efficiencies and flexibility, standardised technology and future cost savings due to shared cloud infrastructure.

Digital banking

This year proved to be a watershed year for Standard Bank's digital capabilities. Our smartphone app was significantly enhanced to arguably become South Africa's most feature-rich banking app. Some successes included:

- Consolidating financial worlds: with just a few taps of the screen, customers can now access services from vehicle and asset finance, insurance, UCount rewards, home loans, share trading and web trader, credit card, offshore banking, and more.
- Rapid innovation: included banking and trading on the Apple Watch, touch ID fingerprint login and the Balance Peek feature enabling balance checking without logging in.
- Geographic expansion: work on our architecture platform enabled us to release digital banking services in Namibia, Nigeria and the Standard Bank Offshore Group. In 2016 the banking app will be deployed in Botswana, Ghana, Namibia and Uganda and customers in South Africa will be enabled to pay accounts anywhere in the world.

Challenges

- Ensuring that innovation and the changes required to remain competitive do not compromise the stability, availability and efficient functioning of our systems.
- The increasing pace of regulatory changes impacting financial services.
- The increasing threat of cybercrime.
- The shortage of IT specialist skills.
- Achieving the IT transformation journey targets that have been set for the coming years.

Material matters	Measure	2015	2014	2013
Distribution channels				
Number of successful transactions on our internet platform	Million	888	885	869
Number of successful transactions on our mobile platform	Million	491	247	161
Number of ATM transactions	Million	454	450	458

Corporate & Investment Banking

In CIB, the emphasis to develop the capability to service our multi-national clients across the African continent has delivered good value. In 2015, we continued to modernise our platforms with the implementation of Business Online, International Trade and eMarkets platforms; these are already enabling an improved experience for our clients in our chosen jurisdictions.

Our investments are delivering substantial value by strengthening our ability to adapt to rapid change and to continuously improve customer service.

Expenditure

Material matters	Measure	2015	2014	2013
IT spend ¹	Rbn	17,8	16.1	14.9
Run the bank: change the bank	Ratio	86:14	87:13	87:13

The costs of platform modernisations and the transformation to the digital bank of the future are an investment in long-term competitive advantage, value creation and sustainability. We continue to focus on improving efficiencies in 'run the bank' costs and delivering more for less in 'change the bank' costs to bring IT expenditure within global benchmarks by 2017.

Our new IT platforms represent a significant capitalised software asset on the group's balance sheet. This asset is amortised at rates appropriate to the expected useful life of the asset. The amortisation impact is expected to peak in 2018.

Forward focus

- The long-term benefits of our modernisation and digital journeys will continue to strengthen our competitiveness, resilience and agility in support of the group strategy. As we enter a more fast-paced and in some cases a more complex era of IT, we are well positioned to partner with the group on its journey to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.
- Key objectives in 2016 and 2017 will be to conclude the platform modernisation programmes. We will also continue to leverage the benefits of this transformation, integrating our systems across the group to serve the full range of our business and customer needs to drive business value.
- The foundation has been established to enable us to become a first-class digital enabler in Africa.



¹ Includes capital and operating expenditure.



Achievements

- **emeafinance African Banking 2015**
 - Best investment bank in Africa
- **emeafinance Treasury Service 2015**
 - Best FX services bank in Africa
 - Best transactional bank for financial institutions in Africa
- **Euromoney Awards of Excellence 2015**
 - Best bank in Africa
 - Best risk advisor in Africa

Assurance

Independent Assurance Provider's limited assurance report on selected sustainability information

To the directors of Standard Bank Group Limited

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the 2015 Report to Society of Standard Bank Group Limited (Standard Bank) for the year ended 31 December 2015 (the Report). This engagement was conducted by a multidisciplinary team including social, environmental, carbon and assurance specialists with relevant experience in sustainability reporting.

Subject matter

We are required to provide limited assurance on the following selected sustainability information marked with a '✓' on the relevant pages in the Report, prepared in accordance with Standard Bank's internally developed guidelines.

TABLE 1: SCOPE OF THE 2015 LIMITED ASSURANCE ENGAGEMENT

Selected sustainability information	Unit of measure	Coverage/ reporting boundary
Withstanding economic headwinds		
Equator Principles	#	SBG
Understanding our clients		
Affordable housing book value	ZAR	SBSA
Motivating our people		
Employee turnover	%	SBG
Training spend	ZAR	SBSA
Black leadership training	%	SBSA
Embracing innovation		
Total energy consumed	GWh	SBSA
Managing regulatory change		
New regulations assessed	#	SBSA

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the selected sustainability information through:

- Ensuring that the selected sustainability information is presented in accordance with Standard Bank's internally developed guidelines;
- Confirming the measurement or evaluation of the selected sustainability information against Standard Bank's internally developed guidelines, including that all relevant matters are reflected in the selected sustainability information;
- Designing, establishing and maintaining internal controls to ensure that the Report is free from material misstatement, whether due to fraud or error; and
- Identification of stakeholders and stakeholder requirements, material matters and commitments with respect to sustainability performance.

Our independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA) that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly

maintain comprehensive systems of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (revised) involves assessing the suitability in the circumstances of Standard Bank's use of its internally developed guidelines as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed areas as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the control environment related to sustainability reporting.
- Tested the processes and systems at group level which generate, collate, aggregate, monitor and report selected key performance indicators and inspected related documentation, more specifically:
 - Interviewed and discussed with relevant management, key personnel and/or stakeholders of Standard Bank the definitions and boundaries for selected performance information, and gathered information on the data collection and report preparation processes.
 - Evaluated internal data management controls based on system walkthroughs.
 - Inspected selected internally and externally generated documents and records and performed comprehensive data analyses.
 - Re-calculated the selected sustainability information, where relevant.
- Evaluated whether the information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Standard Bank and is not materially inconsistent with information contained in the Report.

The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Standard Bank's selected sustainability information is prepared, in all material respects, in accordance with Standard Bank's internally developed guidelines.

Limited assurance conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information set out in the subject matter paragraph above for the year ended 31 December 2015 is not prepared, in all material respects, in accordance with Standard Bank's internally developed guidelines.

Other matters

The maintenance and integrity of the Standard Bank's Website is the responsibility of Standard Bank's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Standard Bank's website.

Restriction of liability

Our work has been undertaken to enable us to express limited assurance conclusions on the selected sustainability information to the Directors of Standard Bank in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Standard Bank, for our work, for this report, or for the conclusions we have reached.



Per Neil Morris
**KPMG Services
Proprietary Limited**

Chartered Accountant (SA)
Registered Auditor

Director
KPMG Crescent

85 Empire Road
Parktown
2193

12 April 2016

KPMG Policy Board:

Chief Executive: T. H. Hoole

Executive directors: N. Dlomu, M. Letsitsi, S. Louw, S. Malaba, M. Saloojee, M. Oddy, CAT Smit

Other directors: A. Jaffer (Chairman of the Board), H. De Beer, P. Fourie, F. Karreem, E. Magondo, G. Pickering, T. Rossouw, M. Saloojee, G. Smith

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection

Glossary

ABASA	Association for the Advancement of Black Accountants of Southern Africa	KYC	Know Your Customer
ABSIP	Association of Black Securities and Investment Professionals	Liberty	Liberty Holdings Limited
BASA	Banking Association of South Africa	Manco	Group management committee
BBBEE	Broad-based black economic empowerment	NCR	National Credit Regulator
BEE	Black economic empowerment	NDP	National Development Plan
BMF	Black Management Forum	NGO	Non-governmental organisation
CIB	Corporate & Investment Banking	PBB	Personal & Business Banking
CSI	Corporate social investment	PPP	Public Private Partnership
DFIs	Development Finance Institutions	ROA	Rest of Africa
DHS	Department of Human Settlements	ROE	Return on equity
DOL	Department of Labour	SA	South Africa
DSDB	Department of Small Business Development	SAP	Systems, Applications, Products
dti	Department of Trade and Industry	SARB	South African Reserve Bank
Exco	Executive committee	SASBO	The Finance Union (formerly the South African Society of Bank Officials)
FS	Financial Services	SBG	Standard Bank Group
FSB	Financial Services Board	SBSA	Standard Bank South Africa
G20	Group of Twenty countries, an international forum for the governments and central bank governors from 20 major economies	SMEs	Small to medium-sized enterprises
GBP	British pound (Sterling)	UK	United Kingdom
GDP	Gross domestic product	USD	United States dollar
ICBC	Industrial and Commercial Bank of China Limited	WEF	World Economic Forum
ICT	Information and communication technology		
IFRS	International Financial Reporting Standards		
ILO	International Labour Organization		
IMF	International Monetary Fund		
<IR>	International Integrated Reporting Framework		
IRAS	Integrated Reporting and Assurance Services		
IT	Information technology		
JBIC	Japan Bank for International Cooperation		
JSE	Johannesburg Stock Exchange		
King III	King Report on Corporate Governance for South Africa		

Corporate information

Standard Bank Group Limited

Registration No. 1969/017128/06
Incorporated in the Republic of
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