Standard Bank Group

FINANCIAL RESULTS
FOR THE YEAR ENDED
31 DECEMBER 2017

Standard Bank Moving Forward™

Standard Bank Group

ANALYSIS OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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Standard Bank Moving Forward™

Also trading as Stanbic Bank

CONTENTS

Standard Bank Group is a leading African universal financial services group offering a full range of banking and related financial services

- operates in 20 countries in sub-Saharan Africa
- owns a controlling interest in the South African listed insurance and wealth management group, Liberty Holdings Limited (Liberty)
- three business segments: Personal & Business Banking, Corporate & Investment Banking and Liberty
- 156-year operating history in South Africa
- listed on the Johannesburg Stock Exchange (JSE) since 1970.

The Standard Bank Group's (SBG or the group) analysis of financial results for the year ended 31 December 2017 has not been audited or independently reviewed.

The preparation of the financial results was supervised by the group financial director, Arno Daehnke BSc, MSc, PhD, MBA, AMP.

HIGHLIGHTS

▲ 14%

R26 270 million

HEADLINE EARNINGS

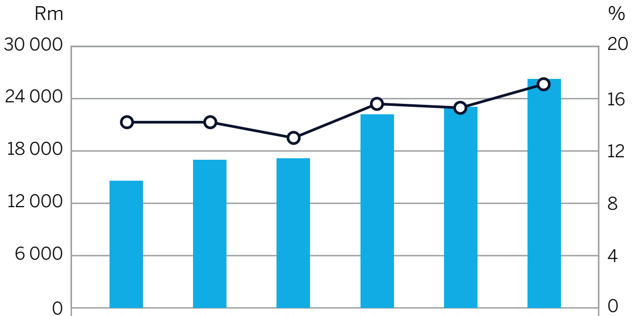
2016: R23 009 million

14% ▲	17% ▲	▲
1 640 cents	910 cents	17.1%
HEADLINE EARNINGS PER SHARE	DIVIDEND PER SHARE	RETURN ON EQUITY
2016: 1 440 cents	2016: 780 cents	2016: 15.3%

◀▶	▲	▼	▼
0.86%	1.0%	55.7%	13.5%
CREDIT LOSS RATIO	JAWS	COST-TO-INCOME RATIO	COMMON EQUITY TIER 1 RATIO
2016: 0.86%	2016: 0.3%	2016: 56.3%	2016: 13.9%

Headline earnings

CAGR[1] (2012 – 2017): 13%



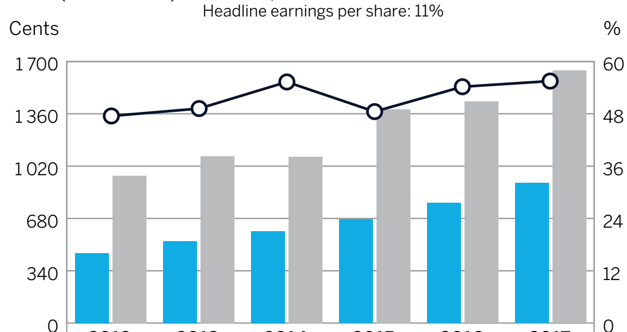
	2012	2013	2014	2015	2016	2017
Headline earnings	14 564	16 986	17 137	22 187	23 009	26 270
Return on equity (ROE)	14.2	14.2	13.0	15.6	15.3	17.1

Headline earnings
Return on equity (ROE)

[1] Compound annual growth rate.

Headline earnings and dividend per share

CAGR (2012 – 2017): Dividend per share: 15%
Headline earnings per share: 11%



	2012	2013	2014	2015	2016	2017
Dividend per share	455	533	598	674	780	910
Headline earnings per share	957	1 084	1 081	1 389	1 440	1 640
Dividend payout ratio	47.5	49.2	55.3	48.5	54.2	55.5

Dividend per share
Headline earnings per share
Dividend payout ratio

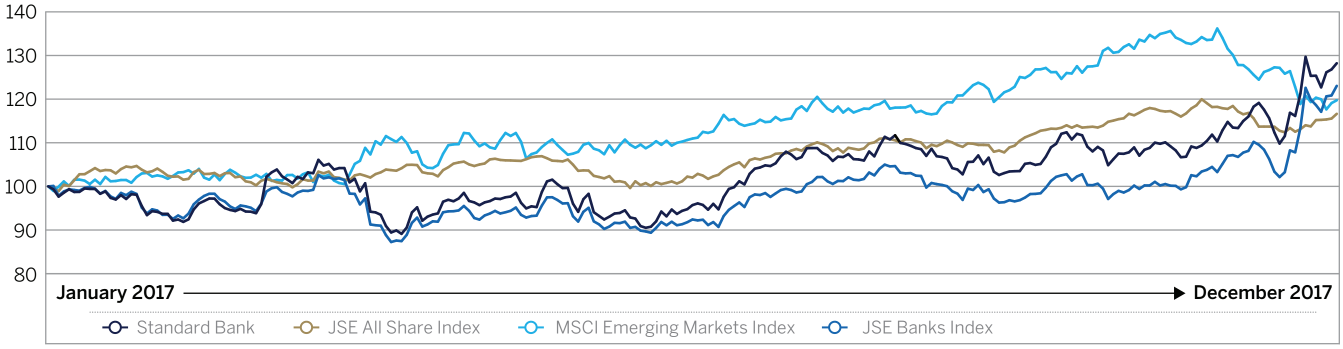
All results in this booklet are presented on an International Financial Reporting Standards (IFRS) basis, whilst the Standard Bank Group's (SBG or group) analysis of financial results for the year ended 31 December 2017 has not been audited or independently reviewed, the group and the Standard Bank of South Africa's financial statements have been audited by KPMG Inc. and PricewaterhouseCoopers Inc. who have expressed an unmodified audit opinion.

Financial results, ratios and statistics

		Change %	2017	2016
Standard Bank Group (SBG)				
Headline earnings contribution by business unit				
Total headline earnings	Rm	14	26 270	23 009
Banking activities	Rm	10	24 268	22 062
Personal & Business Banking (PBB)	Rm	10	14 008	12 724
Corporate & Investment Banking (CIB)	Rm	11	11 506	10 339
Central and other	Rm	24	(1 246)	(1 001)
Other banking interests	Rm	>100	567	(8)
Liberty	Rm	50	1 435	955
Ordinary shareholders' interest				
Profit attributable to ordinary shareholders	Rm	18	26 235	22 206
Ordinary shareholders' equity	Rm	4	157 020	150 757
Share statistics				
Headline earnings per ordinary share (EPS)	cents	14	1 640.0	1 440.1
Diluted headline EPS	cents	14	1 619.7	1 420.8
Basic EPS	cents	18	1 637.8	1 389.8
Diluted EPS	cents	18	1 617.5	1 371.2
Dividend per share	cents	17	910.0	780.0
Net asset value per share	cents	4	9 830	9 442
Tangible net asset value per share	cents	5	8 369	7 960
Dividend payout ratio	%		55.5	54.2
Number of ordinary shares in issue				
End of year	thousands	0	1 597 371	1 596 583
Weighted average	thousands	0	1 601 855	1 597 739
Diluted weighted average	thousands	0	1 621 921	1 619 444
Selected returns and ratios				
Return on equity (ROE)	%		17.1	15.3
Return on risk-weighted assets (RoRWA)	%		3.1	2.7
Capital adequacy				
Common equity tier 1 capital adequacy ratio	%		13.5	13.9
Tier 1 capital adequacy ratio	%		14.2	14.3
Total capital adequacy ratio	%		16.0	16.6
Employee statistics				
Number of employees		(0)	54 558	54 767
Banking activities				
Balance sheet				
Gross loans and advances to customers	Rm	1	952 536	943 633
Deposits from customers	Rm	5	1 166 565	1 109 746
Selected returns and ratios				
ROE	%		18.0	16.8
RoRWA	%		2.9	2.7
Loans-to-deposits ratio	%		83.3	86.7
Net interest margin	%		4.74	4.48
Non-interest revenue to total income	%		41.7	43.0
Credit loss ratio	%		0.86	0.86
Credit loss ratio on loans to customers	%		0.97	1.00
Cost-to-income ratio	%		55.7	56.3
Jaws	%		1.0	0.3
Effective direct taxation rate	%		22.0	24.4
Effective total taxation rate	%		26.0	28.7
Employee statistics				
Number of employees		(1)	48 322	48 622

Other economic indicators

Share price performance (index)



		Average			Closing	
	Change %	2017	2016	Change %	2017	2016
Market indicators						
SA prime overdraft rate %		**10.39**	10.41		**10.25**	10.50
SA SARB repo rate %		**6.89**	6.91		**6.75**	7.00
SA CPI %		**5.3**	6.4		**4.7**	6.8
JSE All Share Index	6	**54 746**	51 406	17	**59 505**	50 654
JSE Banks Index	15	**7 692**	6 701	24	**9 619**	7 754
SBK share price	20	**156.63**	130.67	29	**195.66**	151.75
Key exchange rates						
USD/ZAR		**13.30**	14.69		**12.31**	13.69
GBP/ZAR		**17.13**	19.96		**16.55**	16.94
ZAR/NGN[1]		**25.79**	16.67		**29.19**	22.97
USD/NGN[1]		**342.95**	244.90		**359.36**	314.42
ZAR/KES		**7.77**	6.91		**8.39**	7.49
ZAR/GHS		**0.33**	0.27		**0.37**	0.31
ZAR/UGX		**271.55**	232.35		**295.86**	263.37
ZAR/MZN		**4.76**	4.12		**4.75**	5.25
ZAR/AOA		**12.47**	11.11		**13.47**	12.11

[1] NAFEX rate introduced in April 2017.

Overview of financial results

Group results

Standard Bank Group's financial performance for the year ended 31 December 2017 was strong. The group delivered a 14% growth in headline earnings to R26.3 billion and ROE improved to 17.1% from 15.3% in 2016. The group's capital position remained robust, with a CET1 ratio of 13.5%. Accordingly, a final dividend of 510 cents per share has been declared, resulting in a total dividend of 910 cents per share, an increase of 17% on the prior year.

Banking revenue growth remained subdued, credit impairment charges were broadly flat and costs were well managed to deliver positive jaws of 1.0%. Banking activities headline earnings grew 10% to R24.3 billion and ROE improved to 18.0% from 16.8% in 2016. Group headline earnings growth was boosted by an improved contribution from ICBC Standard Bank Plc (ICBCS) and Liberty.

Although less marked than in the first half of the year, currency movements continued to adversely impact the group's reported results, reducing group and banking headline earnings growth by four percentage points year on year. On a constant currency basis, group headline earnings grew by 18%. Despite the dilution impact from a strengthening Rand, Africa Regions still increased its contribution to banking headline earnings to 28% from 26% in 2016, and contributed positively to group HEPS growth and ROE. The top five contributors to Africa Regions' headline earnings were Angola, Ghana, Mozambique, Nigeria and Uganda.

Operating environment

Global macroeconomic conditions were positive during 2017, supporting increased trade volumes and underpinning global growth of 3.7% for the year. A benign inflation environment and low wage growth across most advanced economies resulted in slower than expected monetary policy tightening. Continued capital flows to emerging markets supported emerging market funding costs and currencies.

Economic growth in sub-Saharan Africa rebounded from 1.4% in 2016 to 2.7% in 2017, underpinned by improving commodity prices and trade. Across many of our key countries inflation began to ease, stemming interest rate hikes and, in certain countries, provided scope for rate cuts in the second half of the year. Although exchange rates largely stabilised in the second half, many were weaker year on year against the strengthening Rand.

The recovery in the West Africa region was supported by higher oil prices and production volumes, together with higher business and consumer confidence levels. Foreign currency liquidity constraints in Nigeria eased, following the introduction of the NAFEX rate in the second quarter of the year.

East Africa started to emerge from the drought conditions. In Kenya specifically, higher food price inflation, political uncertainty as a result of the disputed electoral process, and the impact of the regulatory caps and floors introduced in September 2016, resulted in a slow-down in economic activity and credit growth.

The South & Central Africa region was supported by improved commodity prices, however those surrounding South Africa continued to feel the effects of low South African demand. In Mozambique, some sectors of the economy improved during 2017, mainly on account of higher coal prices. Monetary policy tightening helped rebalance the foreign exchange market and resulted in the Metical appreciating in the second half of the year, but was 16% weaker on average against the Rand compared to 2016. Inflation declined, despite a large increase in fuel prices.

Growth in South Africa remained weak at 1.3%, continuing its deviation from the global trend. During the year, consumer and business confidence remained low as a result of the poor macro environment and heightened political and policy uncertainties. This was exacerbated by successive downgrades by the three credit rating agencies. As a consequence, demand for credit remained lacklustre, moderating from the already subdued levels in 2016. Despite local sentiment, South Africa emerged from a technical recession in the second quarter and inflation re-entered the 3-6% target range, providing scope for a 25 basis point (bps) interest rate cut in July. The Rand, although volatile, was on average stronger against the major currencies, as well as those of our key countries in Africa Regions.

Revenue

Our banking activities achieved revenue growth of 3%. This growth rate was 9% in constant currency, which is a testament to our solid client franchises.

Net interest income (NII) increased 6%, assisted by margin expansion of 26 bps to 474 bps. Average interest earning assets were flat on the prior year. The yield on the client lending book expanded mainly as a result of higher average interest rates in Angola, Mozambique and Nigeria, partly offset by an increase in the yield on the client funding portfolio in these countries. In South Africa, the combination of an improved yield on the mortgage lending portfolio and enhanced risk-based pricing of new loans in the personal unsecured and business lending portfolios also provided a benefit. A small positive endowment impact on capital and transactional balances in Africa Regions was achieved.

Non-interest revenue was flat on 2016, with the largest component, net fee and commission revenue, remaining at the same level as the prior year. Trading revenue declined 2% and other revenue grew by 7%.

On a constant currency basis, net fee and commission revenue grew 7%. This was the result of healthy volume-based increases in both card-based commissions and electronic banking fees as well as higher documentation and administration fees. Our Africa Regions showed strong growth of 20%.

Trading revenue grew 8% in constant currency off the back of a strong performance in Africa Regions, which contributed 45% of the group's trading revenues. FIC trading revenue grew 15% in constant currency, with strong growth in fixed income driven by increased client activity. Foreign exchange trading was impacted by liquidity shortages and regulatory constraints in some key markets in Africa Regions. Equity trading revenue experienced lower trading volumes, and was negatively impacted by the elimination, in terms of IFRS, of gains on SBK shares held by the group to facilitate client trading activities, following a significantly higher SBK share price and long client positions.

Credit impairment charges

Credit impairment charges of R9.4 billion were 1% lower than the prior year, while gross average loans and advances fell by 2%. This resulted in the group credit loss ratio remaining flat at 86 bps.

In PBB, impairment charges declined 3% year on year, mainly as a result of a lower portfolio impairment charge. This was driven by a decline in early arrears from continued improvements in early stage collections and payment methods. Impairment charges for VAF and mortgage loans in South Africa declined as the quality of the books continued to improve, with a concomitant decline in credit loss ratios for these portfolios. Higher specific impairment charges were raised mainly against business lending, both in South Africa, following the migration of a few larger exposures to NPLs, as well as in Africa Regions, driven predominantly by increased charges in Nigeria, following an accelerated write-off of NPLs, and a single counterparty write off in Malawi. Overall, coverage levels were maintained.

CIB's impairment charges rose 1% on the prior year. Combined with a flat gross average customer loan book, the credit loss ratio to customers was 44 bps (2016: 44 bps). Specific impairment provision adequacy increased from 56% in the prior year to 60%, to account for stress in the Power & Infrastructure and Oil & Gas sectors in Kenya and Nigeria. A decline in portfolio impairments in Africa Regions from elevated levels recorded in the prior year was largely offset by an increase in South Africa.

Operating expenses

Operating expenses grew 2% year on year, and in constant currency were up 8%. This reflects inflationary growth in South Africa of 5%, while in Africa Regions, costs were up 18% in constant currency due to higher inflation and continued investment. The cost-to-income ratio for the year was 55.7%, an improvement on the 56.3% in the prior year.

Staff costs were up 8% in constant currency. Following a year of disciplined focus on headcount, the overall staff complement remained at a similar level to 2016, declining 1% in South Africa with a marginal increase in Africa Regions to support business growth.

Other operating expenses grew 9% on a constant currency basis despite an 18% higher amortisation charge relating to IT intangible assets. After many years of double digit growth, the total IT function spend was well contained, growing 5% in Rand. A higher marketing cost was incurred, mainly for the "What's your next" and Shyft campaigns in South Africa. The growth rate was assisted by the non-recurrence of an operational loss of R300m in the prior year related to the Japan fraud incident.

Loans and advances

Gross loans and advances to customers grew by 1% year on year, of which PBB's advances to customers grew by 3% and CIB's declined by 2%.

Within PBB, mortgage lending grew 3%. New business disbursements of R42.4 billion were made in South Africa during the year despite the number of registrations falling 14% compared to 2016. During the year, PBB continued to write the largest proportion of new mortgage business in South Africa and maintained its leading market share at the end of 2017. VAF lending showed a modest 1% growth, as new business disbursements only slightly exceeded the run off in this book in South Africa, while the book in Africa Regions contracted. Credit card balances rose 3% while other personal unsecured lending fell by 2%. Business lending grew by 7%, with PBB Africa Regions showing good growth on a constant currency basis.

In CIB, term loans extended to clients to support their growth ambitions grew by a muted 2%, as new business was offset by maturities and early repayments by clients. Loans granted under resale agreements, used primarily for liquidity management purposes, declined as other high quality liquid assets increased to meet higher regulatory liquidity requirements.

Funding and liquidity

The group's liquidity position remained strong and within approved risk appetite and tolerance limits. The group's fourth quarter average Basel III LCR amounted to 135%, exceeding the minimum phased-in Basel III LCR requirement of 80%. The group successfully achieved compliance with the minimum Basel III net stable funding ratio requirements with effect 1 January 2018.

Despite the downgrades of the SA sovereign credit ratings during the year, the market cost of liquidity widened only marginally. A number of key debt capital market and term loan funding transactions were executed, taking advantage of pockets of relatively well-priced liquidity as investor appetite for capital markets' issuances remained robust. The group successfully increased its longer term funding during 2017, raising R32.4 billion through a combination of senior debt and syndicated loans. An additional R24.6 billion was raised through negotiable certificates of deposit with tenors in excess of 12 months.

Deposits from customers grew 5% year on year. The group's most stable source of funding, retail deposits from PBB customers, increased 6% in Rand and 9% in constant currency. The bank maintained its leading retail deposit market share in South Africa, growing retail-priced deposits by 8%, and continued to grow its franchise in Africa Regions, where retail-priced deposits grew 4% (15% in constant currency). The group's offshore operations in the Isle of Man and Jersey continue to be an important source of USD and GBP funding, growing 4% in Rand and 6% on a constant currency basis. CIB's focus on transactional banking clients assisted growth in current accounts and cash management deposits of 2% in Rand and 5% in constant currency.

Capital management

The group maintained strong capital adequacy ratios, with a CET1 ratio of 13.5% (2016: 13.9%) and a total capital adequacy ratio of 16.0% (2016: 16.6%). In line with the group's objective to optimise its capital stack, SBG successfully executed two Basel III compliant Additional Tier 1 (AT1) bond issues in March and September 2017, raising R3.5 billion, the proceeds of which have been invested in The Standard Bank of South Africa.

In December 2017, the Basel Committee on Banking Supervision published the finalised Basel III reforms, which aim to reduce excessive variability of risk-weighted assets and improve the comparability of banks' capital ratios. The regulations will be implemented on 1 January 2022 with a transitional arrangement for phasing in the aggregate output floor until 2027. Going forward we will plan and manage the business with the new requirements and deadlines in mind.

IFRS 9 became effective on 1 January 2018. The group will provide a transition report with its first quarter results for 2018. The day one impact of implementing IFRS 9's expected credit loss impairment requirements, which comprise the most material impact, is expected to reduce the group's CET 1 ratio by approximately 70 bps, which will be phased in over three years. We expect an increase of approximately R8.7 billion in balance sheet impairments; an increase of 32% on IAS 39's balance sheet impairments (including interest in suspense).

Headline earnings by business unit

	CCY %	Change %	2017 Rm	2016 Rm
Personal & Business Banking	12	10	**14 008**	12 724
Corporate & Investment Banking	17	11	**11 506**	10 339
Central and other	22	24	**(1 246)**	(1 001)
Banking activities	14	10	**24 268**	22 062
Other banking interests	>100	>100	**567**	(8)
Liberty	50	50	**1 435**	955
Standard Bank Group	18	14	**26 270**	23 009

Overview of business unit performance

Personal & Business Banking

PBB's headline earnings of R14.0 billion were 10% higher than the prior year, driven by growth in pre-provision operating profit and lower credit impairment charges as a result of improved collections strategies. An ROE of 20.0% was achieved, an improvement on the 18.8% recorded in the prior year.

PBB in South Africa delivered a strong performance with headline earnings of R13.2 billion up 11%. Total income grew by 6%, supported by good volume-based increases in target customer segments. Operating expenses were 6% higher, despite incurring an extra R289 million amortisation charge on strategic IT investments such as core banking, and increased spending on marketing campaigns. PBB SA delivered positive jaws of 0.4%. Credit impairment charges declined by 4% leading to a lower credit loss ratio of 119 bps (2016: 129 bps). An improved performance in both secured and personal unsecured lending (including card debtors) was partially offset by a higher impairment charge for business lending. Impairment charges for mortgages were R355 million lower than the prior year. This was driven by an improvement across the mortgage portfolio in South Africa, particularly in the older vintages. Within South Africa, mortgages written post 2008, which have a lower average credit loss ratio and better margin, now represent approximately 70% of the book (2016: 64%).

As our journey to digitise the group and deliver an always-on experience to customers continues to progress, PBB SA's staff complement declined by 1%, while the total square meterage of the branch network declined by a further 3% to 375 000 square metres. This footprint has been reduced by more than 15% since 2010, without a material change in the number of branches. PBB SA now has almost 2.2 million unique customers actively using digital channels as their preference, with more of these choosing to use our mobile banking offering than internet banking. Mobile banking transactions processed were 32% higher than in 2016. By contrast, teller and enquiry volumes in branches declined by 14% and 13% respectively.

Results from PBB Africa Regions and Wealth International were impacted by the strengthening Rand on average in 2017 compared to 2016. To reflect the underlying trends in these businesses, the commentary that follows refers to the constant currency changes of PBB Africa Regions and Wealth International.

Headline earnings from PBB Africa Regions improved by 9% to R202 million. Customer loans expanded by 11%, mainly in Kenya and Namibia, and deposits from customers grew by 15%, with particularly pleasing growth in Nigeria, Kenya and Uganda. PBB Africa Regions' result was underpinned by customer acquisition in key markets, with a focus on delivering digital solutions. The number of active customers grew by more than 20% in Nigeria, Kenya, Tanzania, and Zambia. Customers in PBB Africa Regions performed more than 27 million transactions on mobile banking, up from approximately 10 million in 2016.

Net interest income grew by 9%, benefiting from balance growth, and the positive endowment impact of higher average interest rates in Mozambique and Nigeria. Non-interest revenue grew by 13%, underpinned by higher transaction volumes and an increase in the account base. PBB Africa Regions comprises almost half of the Africa Regions legal entities' total income. The credit loss ratio increased to 253 bps from 228 bps in the prior year, driven predominantly by increased charges in Nigeria and Malawi. Excluding these, the credit loss ratio for PBB Africa Regions declined to 152 bps.

Wealth International grew headline earnings by 32%, supported by growth in USD, GBP and EUR denominated client deposit balances to GBP5.1 billion (2016: GBP4.8 billion) in our operations in the Isle of Man and Jersey during the year and margin expansion following interest rate increases in the US and UK.

Corporate & Investment Banking

CIB's headline earnings of R11.5 billion were up 11% on the prior year, and 17% on a constant currency basis. Continued cost discipline and improvements in productivity and efficiency metrics resulted in positive jaws of 4.6%. The credit loss ratio to customers of 44 bps was within CIB's target range of 40 to 60 bps. Higher headline earnings, together with disciplined capital utilisation, delivered an ROE of 22.2%, an improvement from 19.5% in 2016.

Due to the impact of currency on CIB's results, the commentary that follows refers to the constant currency changes. CIB delivered strong revenue growth of 13%, with sectoral, geographic and product diversity supporting the performance. This reflects our focus on strengthening our capabilities and improving co-ordination to better serve our clients across Africa. CIB recorded strong performances from multinational corporates and large domestic clients in the Financial Institutions, Industrials, Telecoms & Media and Oil & Gas sectors. Revenues in the CIB SA franchise were up 4%. The West Africa franchise delivered a resounding turn around, with revenues up by more than 30%. South & Central Africa continued to be a steady performer, delivering revenue growth of 13%. Following focused attention on East Africa, this region delivered strong revenue growth of 14%.

Transactional Products and Services (TPS) was the outstanding performer, with headline earnings up 32%. TPS plays a core role across the wider CIB franchise, being critical to the wholesale client franchise across the African continent. Revenues grew by 18%, with NII well ahead of the prior year. Africa Regions delivered a strong performance, underpinned by increased client activity, good deposit growth and supported by the positive endowment effect from higher interest rates. Continued investment in key electronic platform capability resulted in a higher amortisation charge. Credit impairment charges declined from elevated levels in the prior year.

Global Markets delivered a resilient performance, growing headline earnings by 13% to R4.6 billion. In South Africa, foreign exchange and equities trading slowed, with equities impacted by the low market volatility experienced in most global markets. Liquidity shortages and regulatory constraints negatively impacted trading activity in Africa Regions, particularly in Angola and Mozambique. The introduction of the new, more flexible forex regime in Nigeria assisted forex flows in the second half.

Investment Banking revenues were up 6%, reflecting fees earned on a number of landmark transactions and client activity in both debt and equity capital markets. Loans in the Investment Banking portfolio grew a subdued 4% on average and 2% on year-end balances. Competition for high quality clients caused margin compression. As a result, NII remained at a similar level to the prior year. Credit impairments increased as a result of a small number of impairments in stressed sectors in the Africa Regions, as well as higher portfolio provisions following the downgrade of the South African sovereign risk.

Central and other

This segment includes costs associated with corporate functions, as well as the group's treasury and capital requirements, and central hedging activities. In 2017, the segment recorded a loss of R1 246 million, 24% higher than the prior year. The primary driver of the increased loss was the elimination, in terms of IFRS, of gains on SBK shares referred to earlier.

Other banking interests

Other banking interests recorded headline earnings of R567 million, compared to a loss of R8 million in 2016.

The group's 40% stake in ICBCS contributed R152 million, a significant improvement on the R591 million loss recorded in the prior year. The FIC and equities businesses delivered a strong result and higher commodity prices assisted the commodities business. Of the R152 million contribution, approximately R100 million relates to a UK consortium tax relief credit. Adjusted for this, ICBCS effectively broke even at an operational level in the second half of the year.

ICBC Argentina delivered growth in revenues on an improving macro-economic environment, particularly in the second half, to report earnings after tax that were marginally lower than 2016. The headline earnings contribution from the group's 20% stake in ICBC Argentina declined 29% to R415 million off a high base set in 2016. On a constant currency basis, earnings were down 11%.

Liberty

The financial results reported are the consolidated results of the group's 55.5% investment in Liberty, adjusted for SBK shares held by Liberty for the benefit of Liberty policyholders which are deemed to be treasury shares in the group's consolidated accounts.

Liberty's normalised headline earnings for the year improved by 8% to R2.7 billion, supported by improving SA retail insurance earnings and higher returns from investment markets. Liberty's capital position remains strong. Liberty's IFRS headline earnings, after the adjustments for the impact of the BEE preference share income and the Liberty Two Degrees listed Real Estate Investment Trust accounting mismatch, rose to R3.3 billion from R2.2 billion in the prior year. Investors are referred to the full Liberty announcement dated 2 March 2018 for further detail.

Headline earnings attributable to the Standard Bank Group, adjusted by R369 million for the impact of the deemed treasury shares, were R1.4 billion, 50% higher than in the prior year.

Prospects

The global growth outlook remains positive and relatively synchronised, with recent momentum in advanced economies expected to continue. China's growth is expected to remain robust. Although upside inflationary pressures are emerging, particularly in the US, monetary policies in the advanced economies are expected to maintain a moderate pace of tightening, which should help sustain capital flows to emerging markets. From a 22-year low in 2016, growth in sub-Saharan Africa is expected to accelerate to 3.3% in 2018, supported by a world-wide economic upswing, and slightly rising commodity prices. In general, economic prospects across our network of countries are expected to improve, providing a favourable backdrop for our business.

We are also optimistic about the prospects in our home market of South Africa. We believe that the positive steps taken already by the ruling party subsequent to its leadership conference will improve business and consumer confidence. This positive sentiment, as well as pent-up demand, should begin to reflect in key economic indicators.

In the face of fast-growing competition from established banks and new competitors, we have a relentless focus on three immediate priorities - to transform into a client-centred, digitally enabled, and integrated universal financial services organisation.

We are in the final stages of our core banking journey and, by the end of the first quarter of 2018, 93% of our transactional accounts in South Africa will have been migrated onto our core banking platform. With this modernised platform in place, we will increasingly focus on front-end solutions and innovations, the benefit of which will be experienced directly by our customers.

We support faster, more inclusive and more sustainable economic growth and human development in South Africa and throughout the continent we are proud to call our home. At the same time, we are focused on improving the returns we deliver to our shareholders. Accordingly, we have lifted our medium-term ROE target range from 15% - 18% to 18% - 20%. We will continue to focus on the levers available to deliver on our targets, including positive jaws, efficient capital allocation and improving returns from PBB Africa Regions. We stand ready to serve our customers with consistent excellence, wherever they are and whatever financial services they require, online or in person.

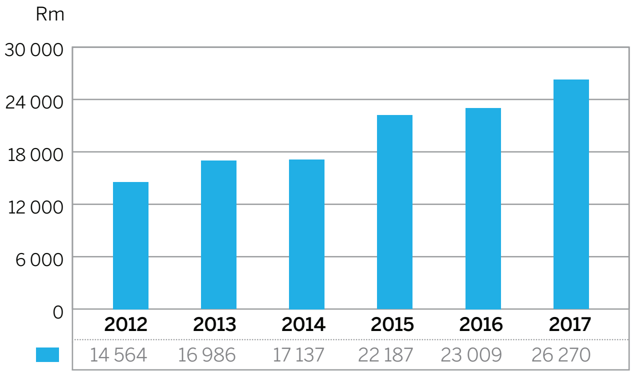
Stakeholders should note that any forward-looking information in this announcement has not been reviewed and reported on by the group's external auditors.

Group income statement

	CCY %	Change %	2017 Rm	2016 Rm
Net interest income	10	6	60 125	56 892
Non-interest revenue	7	0	43 037	42 965
Net fee and commission revenue	7	0	29 133	29 012
Trading revenue	8	(2)	10 731	10 988
Other revenue	9	7	3 173	2 965
Total income	9	3	103 162	99 857
Credit impairment charges	5	(1)	9 410	9 533
Specific credit impairments	13	8	9 055	8 382
Portfolio credit impairments	(62)	(69)	355	1 151
Net income before operating expenses	10	4	93 752	90 324
Operating expenses	8	2	57 512	56 235
Staff costs	8	2	31 672	30 976
Other operating expenses	9	2	25 840	25 259
Net income before non-trading and capital related items	12	6	36 240	34 089
Non-trading and capital related items	(91)	(91)	(97)	(1 123)
Goodwill impairment	100	100	–	(482)
Impairment of intangible assets	(56)	(57)	(283)	(654)
Gains/(losses) on disposal of group entities	>100	>100	196	61
Other non-trading and capital related items	(79)	(79)	(10)	(48)
Net income before equity accounted earnings	15	10	36 143	32 966
Share of profit from associates and joint ventures	>100	>100	424	172
Profit before indirect taxation	16	10	36 567	33 138
Indirect taxation	2	(1)	1 849	1 865
Profit before direct taxation	17	11	34 718	31 273
Direct taxation	6	0	7 644	7 631
Profit for the year	20	15	27 074	23 642
Attributable to other equity instrument holders	46	46	594	406
Attributable to non-controlling interests	38	12	2 206	1 977
Attributable to ordinary shareholders - banking activities	18	14	24 274	21 259
Headline adjustable items - banking activities	(>100)	(>100)	(6)	803
Headline earnings - banking activities	14	10	24 268	22 062
Headline earnings - other banking interests	>100	>100	567	(8)
ICBCS	>100	>100	152	(591)
ICBC Argentina	(11)	(29)	415	583
Headline earnings - Liberty	50	50	1 435	955
Standard Bank Group headline earnings	18	14	26 270	23 009

Headline earnings

Headline earnings
CAGR (2012 – 2017): 13%



Reconciliation of profit for the year to group headline earnings

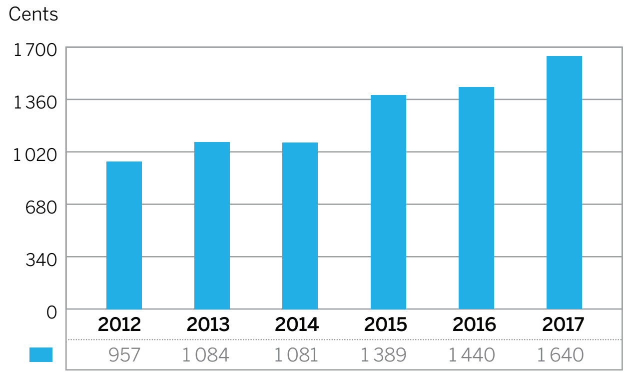
	2017				2016			
	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm
Profit for the year - banking activities	**34 718**	**(7 644)**	**(2 800)**	**24 274**	31 273	(7 631)	(2 383)	21 259
Headline adjustable items - banking activities added/(reversed)	**56**	**(66)**	**4**	**(6)**	989	(178)	(8)	803
Realised foreign currency profit on foreign operations - IAS 21	**(214)**			**(214)**	(62)			(62)
Loss on sale of properties and equipment - IAS 16	**10**	**(4)**	**4**	**10**	50	(11)	(3)	36
Impairment of associate - IAS 28/IAS 36					10			10
Losses/(gains) on disposal of business - IAS 27/IAS 28	**18**			**18**	(11)			(11)
Impairment of intangible assets - IAS 36	**283**	**(78)**		**205**	654	(171)		483
Goodwill impairment - IAS 36					482			482
Realised gains on available-for-sale assets - IAS 39	**(41)**	**16**		**(25)**	(134)	4	(5)	(135)
Headline earnings - banking activities	**34 774**	**(7 710)**	**(2 796)**	**24 268**	32 262	(7 809)	(2 391)	22 062
Headline earnings - other banking interests	**567**			**567**	(8)			(8)
Profit for the year - other banking interests	**600**			**600**	(8)			(8)
Headline adjustable items: Realised gains on available-for-sale assets - IAS 39	**(33)**			**(33)**				
Headline earnings - Liberty	**6 040**	**(2 863)**	**(1 742)**	**1 435**	3 461	(1 301)	(1 205)	955
Profit for the year - Liberty	**5 876**	**(2 835)**	**(1 680)**	**1 361**	3 461	(1 301)	(1 205)	955
Headline adjustable items: Impairment of intangible assets - IAS 36	**164**	**(28)**	**(62)**	**74**				
Standard Bank Group headline earnings	**41 381**	**(10 573)**	**(4 538)**	**26 270**	35 715	(9 110)	(3 596)	23 009

[1] Direct taxation.

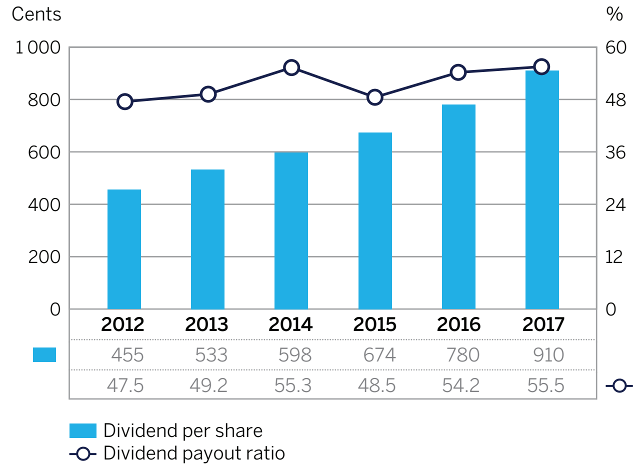
[2] Non-controlling interests and other equity instrument holders.

Headline earnings and dividend per share

Headline earnings per share
CAGR (2012 – 2017): 11%



Dividend per share and dividend payout ratio
CAGR (2012 – 2017): 15%



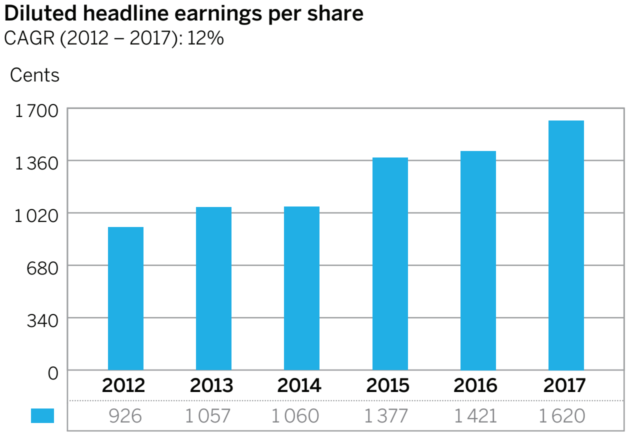
		Change %	2017	2016
Headline earnings	Rm	14	**26 270**	23 009
Headline EPS	cents	14	**1 640.0**	1 440.1
Basic EPS	cents	18	**1 637.8**	1 389.8
Total dividend per share	cents	17	**910.0**	780.0
Interim	cents	18	**400.0**	340.0
Final	cents	16	**510.0**	440.0
Dividend cover - based on headline EPS	times		**1.8**	1.9
Dividend payout ratio - based on headline EPS	%		**55.5**	54.2

Movement in number of ordinary and weighted average shares issued

	2017		2016	
	Issued number of shares 000's	**Weighted number of shares 000's**	Issued number of shares 000's	Weighted number of shares 000's
Beginning of the year - IFRS shares	**1 596 583**	**1 596 583**	1 601 417	1 601 417
Shares in issue	**1 618 421**	**1 618 421**	1 618 252	1 618 252
Deemed treasury shares[1]	**(21 838)**	**(21 838)**	(16 835)	(16 835)
Shares bought back	**(2 031)**	**(1 172)**	(2 477)	(1 095)
Shares issued for equity compensation plans	**2 878**	**1 296**	2 646	1 288
Movement in deemed treasury shares[1]	**(59)**	**5 148**	(5 003)	(3 871)
Share exposures held to facilitate client trading activities	**6 549**	**6 288**	(5 932)	(4 103)
Shares held for the benefit of Liberty policyholders	**(6 608)**	**(1 140)**	929	232
End of the year - IFRS shares	**1 597 371**	**1 601 855**	1 596 583	1 597 739
Comprising:				
Deemed treasury shares[1]	**21 897**	**16 690**	21 838	20 706
End of the year - IFRS shares	**1 597 371**	**1 601 855**	1 596 583	1 597 739
Shares in issue	**1 619 268**	**1 618 545**	1 618 421	1 618 445

[1] Includes shares held by Tutuwa Structured Entities and the group's share exposures held to facilitate client trading activities and for the benefit of Liberty policyholders.

Diluted headline earnings per share



	Change %	2017 cents	2016 cents
Diluted headline EPS	14	**1 619.7**	1 420.8
Diluted EPS	18	**1 617.5**	1 371.2

Diluted weighted average number of ordinary shares issued

	2017 000's	2016 000's
Weighted average shares	**1 601 855**	1 597 739
Dilution from equity compensation plans	**16 073**	17 778
Group share incentive scheme	**377**	636
Equity growth scheme	**4 436**	5 029
Deferred bonus scheme, long-term incentive plans and related hedges	**11 260**	12 113
Tutuwa	**3 993**	3 927
Diluted weighted average shares	**1 621 921**	1 619 444

Statement of financial position

	CCY %	Change %	Banking activities 2017 Rm	2016 Rm
Assets				
Cash and balances with central banks	4	(3)	75 310	77 474
Derivative assets	18	18	72 629	61 752
Trading assets	26	25	159 798	128 098
Pledged assets	>100	>100	8 879	3 313
Financial investments	20	16	180 104	154 630
Current tax assets	35	28	612	479
Loans and advances	(0)	(2)	1 048 027	1 065 628
Loans and advances to banks	(13)	(18)	117 935	143 788
Loans and advances to customers	2	1	930 092	921 840
Policyholders' assets				
Other assets	4	4	12 995	12 530
Interest in associates and joint ventures	22	22	1 816	1 489
Investment property				
Property and equipment	4	1	13 539	13 450
Goodwill and other intangible assets	2	(1)	23 098	23 285
Goodwill	—	(15)	1 904	2 239
Other intangible assets	2	1	21 194	21 046
Deferred tax assets	(21)	(29)	1 161	1 630
Total assets	6	4	1 597 968	1 543 758
Equity and liabilities				
Equity	11	7	155 233	145 319
Equity attributable to ordinary shareholders	8	4	138 808	133 175
Equity attributable to other equity holders[3]	64	64	9 047	5 503
Equity attributable to non-controlling interests	31	11	7 378	6 641
Liabilities	5	3	1 442 735	1 398 439
Derivative liabilities	9	8	73 657	68 037
Trading liabilities	33	32	63 577	48 109
Current tax liabilities	(19)	(19)	4 065	5 042
Deposits and debt funding	4	2	1 258 359	1 228 993
Deposits from banks	(21)	(23)	91 794	119 247
Deposits from customers	7	5	1 166 565	1 109 746
Policyholders' liabilities				
Subordinated debt	(12)	(14)	18 966	22 138
Provisions and other liabilities	(9)	(8)	23 925	25 870
Deferred tax liabilities	(26)	(26)	186	250
Total equity and liabilities	6	4	1 597 968	1 543 758

[1] Includes adjustments on consolidation of Liberty into the group.
[2] Restated. Refer to page 86.
[3] Other equity holders of preference share capital and AT1 capital.

		Other banking interests and Liberty[1]				Standard Bank Group	
CCY %	Change %	2017 Rm	2016[2] Rm	CCY %	Change %	2017 Rm	2016[2] Rm
				4	(3)	75 310	77 474
(35)	(35)	2 981	4 552	14	14	75 610	66 304
(37)	(37)	1 096	1 747	25	24	160 894	129 845
(23)	(23)	11 906	15 464	13	11	20 785	18 777
7	7	353 210	329 144	11	10	533 314	483 774
(100)	(100)	—	358	(25)	(27)	612	837
100	100	—	(223)	(0)	(2)	1 048 027	1 065 405
				(13)	(18)	117 935	143 788
100	100	—	(223)	2	1	930 092	921 617
2	2	7 484	7 314	2	2	7 484	7 314
11	11	10 001	9 017	7	7	22 996	21 547
35	17	7 849	6 707	33	18	9 665	8 196
3	3	32 226	31 155	3	3	32 226	31 155
2	2	2 640	2 591	3	1	16 179	16 041
(41)	(41)	231	390	1	(1)	23 329	23 675
(5)	(5)	95	100	(0)	(15)	1 999	2 339
(53)	(53)	136	290	1	(0)	21 330	21 336
100	100	336	—	2	(8)	1 497	1 630
6	5	429 960	408 216	6	4	2 027 928	1 951 974
5	2	34 784	34 040	10	6	190 017	179 359
9	4	18 212	17 582	8	4	157 020	150 757
				64	64	9 047	5 503
1	1	16 572	16 458	8	4	23 950	23 099
6	6	395 176	374 176	5	4	1 837 911	1 772 615
(32)	(32)	3 239	4 730	6	6	76 896	72 767
(>100)	(>100)	(722)	(242)	32	31	62 855	47 867
>100	>100	3 320	481	34	34	7 385	5 523
(6)	(6)	(14 448)	(15 372)	5	2	1 243 911	1 213 621
				(21)	(23)	91 794	119 247
(6)	(6)	(14 448)	(15 372)	7	5	1 152 117	1 094 374
5	5	322 918	307 230	5	5	322 918	307 230
38	38	5 323	3 859	(5)	(7)	24 289	25 997
5	5	74 503	70 946	1	2	98 428	96 816
(59)	(59)	1 043	2 544	(56)	(56)	1 229	2 794
6	5	429 960	408 216	6	4	2 027 928	1 951 974

Statement of comprehensive income

	Change %	2017 Ordinary shareholders' equity Rm	2017 Non-controlling interests and other equity instruments Rm	2017 Total equity Rm
Profit for the year	19	**26 235**	**4 480**	**30 715**
Other comprehensive loss after tax for the year	(59)	**(4 721)**	**(1 219)**	**(5 940)**
Items that may be reclassified subsequently to profit and loss	(62)	**(4 450)**	**(1 157)**	**(5 607)**
Movements in the cash flow hedging reserve		**136**	**21**	**157**
Net change in fair value of cash flow hedges		**136**	**21**	**157**
Realised fair value adjustments of cash flow hedges transferred to profit or loss				
Movements in the available for sale revaluation reserve		**387**	**75**	**462**
Net change in fair value of available-for-sale financial assets		**332**	**64**	**396**
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss		**55**	**11**	**66**
Exchange differences on translating foreign operations		**(4 927)**	**(1 253)**	**(6 180)**
Net change on hedges of net investments in foreign operations		**(46)**		**(46)**
Items that may not be reclassified to profit and loss	(>100)	**(271)**	**(62)**	**(333)**
Defined benefit fund remeasurements		**(208)**	**(11)**	**(219)**
Other losses		**(63)**	**(51)**	**(114)**
Total comprehensive income for the year	>100	**21 514**	**3 261**	**24 775**
Attributable to ordinary shareholders	98	**21 514**		**21 514**
Attributable to other equity holders	46		**594**	**594**
Attributable to non-controlling interests	>100		**2 667**	**2 667**

Statement of changes in equity

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Cash flow hedging reserve Rm
Balance at 1 January 2016	17 946	(448)	(624)	10 223	(740)	(384)
Increase in statutory credit risk reserve						
Transactions with non-controlling shareholders			(6)			
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net decrease in treasury shares			362			
Net issue of share capital and share premium	14					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		95				
Total comprehensive income for the year				(11 412)	(197)	154
Dividends paid						
Balance at 31 December 2016	17 960	(353)	(268)	(1 189)	(937)	(230)
Balance at 1 January 2017	**17 960**	**(353)**	**(268)**	**(1 189)**	**(937)**	**(230)**
Increase in statutory credit risk reserve						
Transactions with non-controlling shareholders			**(8)**			
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net increase in treasury shares			**(758)**			
Net issue of share capital and share premium and other equity instruments	**103**					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		**14**				
Total comprehensive income for the year				**(4 927)**	**(46)**	**136**
Dividends paid						
Balance at 31 December 2017	**18 063**	**(339)**	**(1 034)**	**(6 116)**	**(983)**	**(94)**

All balances are stated net of applicable tax.

	2016		
	Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm
	22 206	3 588	25 794
	(11 324)	(3 323)	(14 647)
	(11 471)	(3 302)	(14 773)
	154	73	227
	(1 195)	73	(1 122)
	1 349		1 349
	(16)	(107)	(123)
	114	(102)	12
	(130)	(5)	(135)
	(11 412)	(3 268)	(14 680)
	(197)		(197)
	147	(21)	126
	149	(21)	128
	(2)		(2)
	10 882	265	11 147
	10 882		10 882
		406	406
		(141)	(141)

Statutory credit risk reserve Rm	Available-for-sale revaluation reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Other equity instruments Rm	Non-controlling interest Rm	Total equity Rm
2 779	222	(289)	255	122 129	151 069	5 503	22 336	178 908
294				(294)				
				(642)	(648)		2 105	1 457
		767		(641)	126		48	174
				207	207			207
		(850)		850				
				379	741		68	809
				(266)	(252)			(252)
							(219)	(219)
					95			95
	(16)		(2)	22 355	10 882	406	(141)	11 147
				(11 463)	(11 463)	(406)	(1 098)	(12 967)
3 073	206	(372)	253	132 614	150 757	5 503	23 099	179 359
3 073	**206**	**(372)**	**253**	**132 614**	**150 757**	**5 503**	**23 099**	**179 359**
16				**(16)**				
				(46)	**(54)**		**160**	**106**
		485		**(1 370)**	**(885)**		**29**	**(856)**
				276	**276**			**276**
		(1 019)		**1 019**				
				(395)	**(1 153)**		**(490)**	**(1 643)**
					103	**3 544**		**3 647**
							(151)	**(151)**
					14			**14**
	387		**(45)**	**26 009**	**21 514**	**594**	**2 667**	**24 775**
				(13 552)	**(13 552)**	**(594)**	**(1 364)**	**(15 510)**
3 089	**593**	**(906)**	**208**	**144 539**	**157 020**	**9 047**	**23 950**	**190 017**

Notes

SEGMENTAL REPORTING

Segmental structure for key business units

Standard Bank Group

Banking activities

Personal & Business Banking

Banking and other financial services to individual customers and small-to medium-sized enterprises in South Africa, the Africa Regions and the Channel Islands. We enable customers to take control of all their financial aspects such as transacting, saving, borrowing or planning by making use of the following product sets either through face to face interaction or digitally according to their preference

What we offer

Transactional products
Comprehensive suite of transactional, saving, investment, trade, foreign exchange, payment and liquidity management solutions made accessible through a range of physical and electronic channels

Mortgage lending
Residential accommodation loans to mainly personal market customers

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

Vehicle and asset finance
- Finance of vehicles for retail market customers
- Finance of vehicles and equipment in the business and corporate assets market
- Fleet solutions

Lending products
- Lending products offered to both personal and business markets
- Business lending offerings constitute a comprehensive suite of lending product offerings, structured working capital finance solutions and commercial property finance solutions

Wealth
- Short- and long-term insurance products comprising:
  - simple products including loan protection plans sold in conjunction with related banking products, homeowners' insurance, funeral cover, household contents and vehicle insurance
  - complex insurance products including life, disability and investment policies sold by qualified intermediaries
- Financial planning and modelling
- Integrated fiduciary services including fiduciary advice, will drafting and custody services as well as trust and estates administration
- Tailored banking, wealth management, investment and advisory services solutions for private high net worth individuals
- Offshore financial services to African clients in high net worth, mass-affluent and corporate sectors
- Investment services including global asset management

Corporate & Investment Banking

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

What we offer

Client coverage
Provide in-depth sector expertise to develop relevant client solutions and foster client relationships

Global markets
Trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities

Transactional products and services
Comprehensive suite of cash management, international trade finance, working capital and investor service solutions

Investment banking
Full suite of advisory and financing solutions, from term lending to structured and specialised products across the equity and debt capital markets

Liberty

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

What we offer

Individual arrangements
Insurance and investment solutions to individual mass-affluent and affluent consumers, mainly in South Africa

Group arrangements
Insurance and investment solutions to corporate customers and retirement funds across sub-Saharan Africa

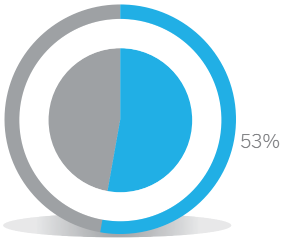
Asset management
Asset management capabilities to manage investment assets on the African continent

Central and other

- Includes the impact of the Tutuwa initiative, group hedging activities, group capital instruments, group surplus capital and strategic acquisitions
- Includes the costs of centralised corporate functions, with the direct costs of corporate functions recharged to the business segments

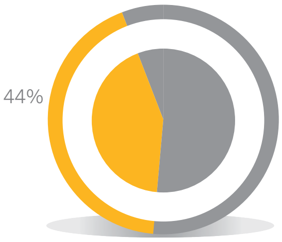
Other banking interests

- Equity investments held in terms of strategic partnership agreements with ICBC, including:
  - ICBC Standard Bank Plc (40% associate)
  - ICBC Argentina (20% associate)



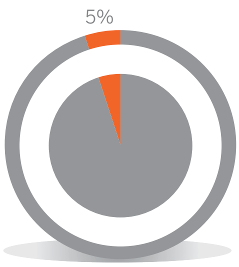
Personal & Business Banking

	2017	2016
Headline earnings	**R14 008 million**	R12 724 million
Headline earnings change	**increased 10%**	increased 13%
Headline earnings contribution	**53%**	55%
ROE	**20.0%**	18.8%
Cost-to-income ratio	**60.3%**	60.1%
Credit loss ratio	**1.20%**	1.25%
Gross loans and advances to customers	**R605 billion**	R588 billion



Corporate & Investment Banking

	2017	2016
Headline earnings	**R11 506 million**	R10 339 million
Headline earnings change	**increased 11%**	increased 14%
Headline earnings contribution	**44%**	45%
ROE	**22.2%**	19.5%
Cost-to-income ratio	**52.2%**	54.5%
Credit loss ratio	**0.33%**	0.30%
Gross loans and advances to customers	**R352 billion**	R360 billion



Liberty

	2017	2016
Normalised headline earnings as reported by Liberty	**R2 719 million**	R2 527 million
IFRS headline earnings attributable to the group	**R1 435 million**	R955 million
IFRS headline earnings change	**increased 50%**	decreased 61%
IFRS headline earnings contribution	**5%**	4%
ROE[1]	**12.7%**	8.4%
Normalised group equity value	**R39 billion**	R41 billion
Third party funds under management	**R385 billion**	R365 billion

[1] As determined by consolidation of Liberty into SBG.

Segmental income statement

	Change %	Personal & Business Banking 2017 Rm	Personal & Business Banking 2016 Rm	Change %	Corporate & Investment Banking 2017 Rm	Corporate & Investment Banking 2016 Rm	Change %	Central and other 2017 Rm	Central and other 2016 Rm
Income from banking activities	3	**69 526**	67 635	5	**37 251**	35 420	13	**(3 615)**	(3 198)
Net interest income	3	**41 432**	40 067	10	**20 747**	18 796	4	**(2 054)**	(1 971)
Non-interest revenue	2	**28 094**	27 568	(1)	**16 504**	16 624	27	**(1 561)**	(1 227)
Net fee and commission revenue	2	**25 047**	24 626	1	**5 605**	5 574	28	**(1 519)**	(1 188)
Trading revenue	1	**402**	398	(2)	**10 548**	10 730	56	**(219)**	(140)
Other revenue	4	**2 645**	2 544	10	**351**	320	75	**177**	101
Income from investment management and life									
Total income	3	**69 526**	67 635	5	**37 251**	35 420	13	**(3 615)**	(3 198)
Credit impairment charges	(3)	**7 785**	8 030	1	**1 625**	1 603	100	**—**	(100)
Specific credit impairments	6	**8 079**	7 590	23	**976**	792			
Portfolio credit impairments	(>100)	**(294)**	440	(20)	**649**	811	100	**—**	(100)
Income before operating expenses	4	**61 741**	59 605	5	**35 626**	33 817	17	**(3 615)**	(3 098)
Operating expenses in banking activities	3	**41 926**	40 616	1	**19 436**	19 317	4	**(3 850)**	(3 698)
Staff costs	3	**13 481**	13 098	0	**6 993**	6 960	3	**11 198**	10 918
Other operating expenses	3	**28 445**	27 518	1	**12 443**	12 357	3	**(15 048)**	(14 616)
Operating expenses in insurance activities									
Net income before non-trading and capital related items, and equity accounted earnings	4	**19 815**	18 989	12	**16 190**	14 500	(61)	**235**	600
Non-trading and capital related items	(65)	**(132)**	(379)	34	**(162)**	(121)	>100	**197**	(623)
Share of profit from associates and joint ventures	43	**241**	169	>100	**182**	2	—	**1**	1
Profit before indirect taxation	6	**19 924**	18 779	13	**16 210**	14 381	>100	**433**	(22)
Indirect taxation	5	**588**	558	3	**237**	231	(5)	**1 024**	1 076
Profit before direct taxation	6	**19 336**	18 221	13	**15 973**	14 150	(46)	**(591)**	(1 098)
Direct taxation	3	**5 173**	5 022	(6)	**2 466**	2 614	>100	**5**	(5)
Profit for the year	7	**14 163**	13 199	17	**13 507**	11 536	(45)	**(596)**	(1 093)
Attributable to other equity instrument holders	100	**83**	—	100	**76**	—	7	**435**	406
Attributable to non-controlling interests	(74)	**153**	586	57	**2 039**	1 297	(85)	**14**	94
Attributable to ordinary shareholders	10	**13 927**	12 613	11	**11 392**	10 239	(34)	**(1 045)**	(1 593)
Headline adjustable items	(27)	**81**	111	14	**114**	100	(>100)	**(201)**	592
Headline earnings	10	**14 008**	12 724	11	**11 506**	10 339	24	**(1 246)**	(1 001)
ROE (%)		**20.0**	18.8		**22.2**	19.5		**(10.1)**	(9.0)
Net interest margin (%)		**6.33**	6.27		**3.16**	2.76			
Credit loss ratio (%)		**1.20**	1.25		**0.33**	0.30			
Cost-to-income ratio (%)		**60.3**	60.1		**52.2**	54.5			
Number of employees	(1)	**28 125**	28 290	(2)	**3 800**	3 884	(0)	**16 397**	16 448

[1] Includes adjustments on consolidation of Liberty into the group.

	Banking activities			Other banking interests			Liberty[1]			Standard Bank Group	
Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016 Rm
3	**103 162**	99 857							3	**103 162**	99 857
6	**60 125**	56 892							6	**60 125**	56 892
0	**43 037**	42 965							0	**43 037**	42 965
0	**29 133**	29 012							0	**29 133**	29 012
(2)	**10 731**	10 988							(2)	**10 731**	10 988
7	**3 173**	2 965							7	**3 173**	2 965
						14	**24 394**	21 365	14	**24 394**	21 365
3	**103 162**	99 857				14	**24 394**	21 365	5	**127 556**	121 222
(1)	**9 410**	9 533							(1)	**9 410**	9 533
8	**9 055**	8 382							8	**9 055**	8 382
(69)	**355**	1 151							(69)	**355**	1 151
4	**93 752**	90 324				14	**24 394**	21 365	6	**118 146**	111 689
2	**57 512**	56 235							2	**57 512**	56 235
2	**31 672**	30 976							2	**31 672**	30 976
2	**25 840**	25 259							2	**25 840**	25 259
						2	**17 800**	17 374	2	**17 800**	17 374
6	**36 240**	34 089				65	**6 594**	3 991	12	**42 834**	38 080
(91)	**(97)**	(1 123)				(100)	**(164)**	–	(77)	**(261)**	(1 123)
>100	**424**	172	>100	**600**	(8)	>100	**78**	23	>100	**1 102**	187
10	**36 567**	33 138	>100	**600**	(8)	62	**6 508**	4 014	18	**43 675**	37 144
(1)	**1 849**	1 865				14	**632**	553	3	**2 481**	2 418
11	**34 718**	31 273	>100	**600**	(8)	70	**5 876**	3 461	19	**41 194**	34 726
0	**7 644**	7 631				>100	**2 835**	1 301	17	**10 479**	8 932
15	**27 074**	23 642	>100	**600**	(8)	41	**3 041**	2 160	19	**30 715**	25 794
46	**594**	406							46	**594**	406
12	**2 206**	1 977				39	**1 680**	1 205	22	**3 886**	3 182
14	**24 274**	21 259	>100	**600**	(8)	43	**1 361**	955	18	**26 235**	22 206
(>100)	**(6)**	803	(100)	**(33)**		100	**74**	–	(96)	**35**	803
10	**24 268**	22 062	>100	**567**	(8)	50	**1 435**	955	14	**26 270**	23 009
	18.0	16.8		**7.3**	(0.1)		**12.7**	8.4		**17.1**	15.3
	4.74	4.48									
	0.86	0.86									
	55.7	56.3									
(1)	**48 322**	48 622				1	**6 236**	6 145	(0)	**54 558**	54 767

Segmental statement of financial position

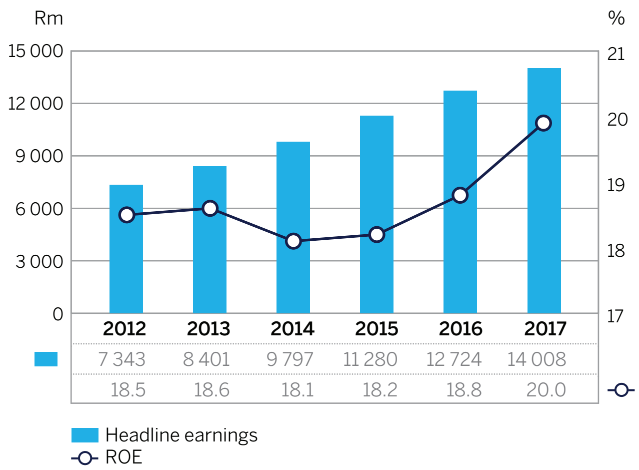
	Change	Personal & Business Banking		Change	Corporate & Investment Banking		Change	Central and other	
		2017	2016		**2017**	2016		**2017**	2016
	%	**Rm**	Rm	%	**Rm**	Rm	%	**Rm**	Rm
Assets									
Cash and balances with central banks	(27)	**7 312**	10 079	(0)	**55 731**	55 734	5	**12 267**	11 661
Financial investments. trading and pledged assets	84	**41 839**	22 711	17	**302 932**	259 924	18	**4 010**	3 406
Loans and advances	0	**629 380**	627 963	(7)	**466 883**	501 348	(24)	**(48 236)**	(63 683)
Loans and advances to banks	(28)	**40 681**	56 315	(17)	**120 412**	145 698	(26)	**(43 158)**	(58 225)
Loans and advances to customers	3	**588 699**	571 648	(3)	**346 471**	355 650	(7)	**(5 078)**	(5 458)
Derivative and other assets	(21)	**8 015**	10 171	2	**78 206**	76 362	>100	**1 176**	(10 142)
Policyholders' assets									
Investment property									
Interest in associates and joint ventures	16	**1 175**	1 014	46	**573**	392	(18)	**68**	83
Property and equipment	2	**4 522**	4 454	(42)	**243**	418	2	**8 774**	8 578
Goodwill and other intangible assets	2	**12 989**	12 791	(83)	**570**	3 387	34	**9 539**	7 107
Total assets	2	**705 232**	689 183	1	**905 138**	897 565	(71)	**(12 402)**	(42 990)
Equity and liabilities									
Equity	5	**74 436**	71 070	16	**63 353**	54 814	(10)	**17 444**	19 435
Equity attributable to ordinary shareholders	4	**71 042**	68 423	14	**56 787**	49 658	(27)	**10 979**	15 094
Equity attributable to other equity holders	100	**859**	–	100	**833**	–	34	**7 355**	5 503
Equity attributable to non-controlling interests	(4)	**2 535**	2 647	11	**5 733**	5 156	(23)	**(890)**	(1 162)
Liabilities	2	**630 796**	618 113	(0)	**841 785**	842 751	(52)	**(29 846)**	(62 425)
Deposits and debt funding	7	**537 038**	500 009	(1)	**732 426**	743 281	(22)	**(11 105)**	(14 297)
Deposits from banks	(36)	**1 577**	2 451	(23)	**97 780**	126 680	(23)	**(7 563)**	(9 884)
Deposits and current accounts from customers	8	**535 461**	497 558	3	**634 646**	616 601	(20)	**(3 542)**	(4 413)
Interdivisional funding/(lending)	(27)	**71 634**	97 686	(9)	**(91 719)**	(100 449)	>100	**20 085**	2 763
Derivative, trading and other liabilities	16	**14 037**	12 101	0	**191 603**	191 204	(28)	**(40 230)**	(55 997)
Policyholders' liabilities									
Subordinated debt	(3)	**8 087**	8 317	9	**9 475**	8 715	(73)	**1 404**	5 106
Total equity and liabilities	2	**705 232**	689 183	1	**905 138**	897 565	(71)	**(12 402)**	(42 990)
Average interest earning assets	2	**654 430**	639 399	(3)	**656 960**	680 396	(15)	**(43 209)**	(50 740)
Average loans and advances (gross)	1	**651 308**	641 770	(7)	**491 064**	529 762	(11)	**(52 405)**	(58 949)
Average ordinary shareholders' equity	4	**70 213**	67 592	(2)	**51 926**	52 892	11	**12 356**	11 179

[1] Includes adjustments on consolidation of Liberty into the group.
[2] Restated. Refer to page 86.

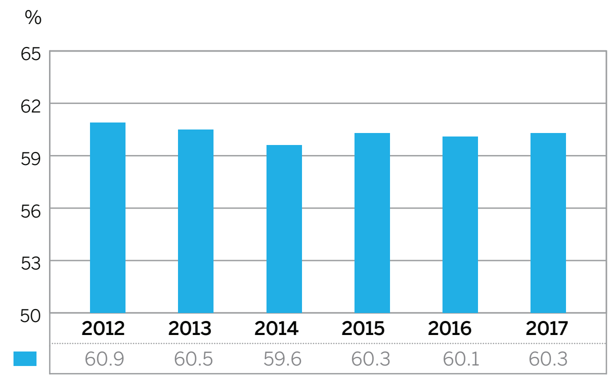
	Banking activities			Other banking interests			Liberty[1]			Standard Bank Group	
Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016[2] Rm	Change %	2017 Rm	2016[2] Rm
(3)	75 310	77 474							(3)	75 310	77 474
22	348 781	286 041				6	366 212	346 355	13	714 993	632 396
(2)	1 048 027	1 065 628				100	—	(223)	(2)	1 048 027	1 065 405
(18)	117 935	143 788							(18)	117 935	143 788
1	930 092	921 840				100	—	(223)	1	930 092	921 617
14	87 397	76 391				(4)	13 318	13 927	12	100 715	90 318
						2	7 484	7 314	2	7 484	7 314
						3	32 226	31 155	3	32 226	31 155
22	1 816	1 489	16	7 493	6 445	36	356	262	18	9 665	8 196
1	13 539	13 450				2	2 640	2 591	1	16 179	16 041
(1)	23 098	23 285				(41)	231	390	(1)	23 329	23 675
4	1 597 968	1 543 758	16	7 493	6 445	5	422 467	401 771	4	2 027 928	1 951 974
7	155 233	145 319	16	7 493	6 445	(1)	27 291	27 595	6	190 017	179 359
4	138 808	133 175	16	7 493	6 445	(4)	10 719	11 137	4	157 020	150 757
64	9 047	5 503							64	9 047	5 503
11	7 378	6 641				1	16 572	16 458	4	23 950	23 099
3	1 442 735	1 398 439				6	395 176	374 176	4	1 837 911	1 772 615
2	1 258 359	1 228 993				(6)	(14 448)	(15 372)	2	1 243 911	1 213 621
(23)	91 794	119 247							(23)	91 794	119 247
5	1 166 565	1 109 746				(6)	(14 448)	(15 372)	5	1 152 117	1 094 374
12	165 410	147 308				4	81 383	78 459	9	246 793	225 767
						5	322 918	307 230	5	322 918	307 230
(14)	18 966	22 138				38	5 323	3 859	(7)	24 289	25 997
4	1 597 968	1 543 758	16	7 493	6 445	5	422 467	401 771	4	2 027 928	1 951 974
(0)	1 268 181	1 269 055									
(2)	1 089 967	1 112 583									
2	134 495	131 663	9	7 754	7 135	(0)	11 279	11 326	2	153 528	150 124

Personal & Business Banking

Headline earnings
CAGR (2012 – 2017): 14%



Cost-to-income ratio



		CCY %	Change %	**2017 Rm**	2016 Rm
Net interest income		7	3	**41 432**	40 067
Non-interest revenue		8	2	**28 094**	27 568
Total income		7	3	**69 526**	67 635
Credit impairment charges		(0)	(3)	**7 785**	8 030
Operating expenses		8	3	**41 926**	40 616
Non-trading and capital related items		(64)	(65)	**(132)**	(379)
Taxation		8	3	**5 761**	5 580
Headline earnings		12	10	**14 008**	12 724
Headline earnings change	%			**10**	13
Headline earnings contribution to the group	%			**53**	55
ROE	%			**20.0**	18.8
RoRWA	%			**3.7**	3.5
Net interest margin	%			**6.33**	6.27
Credit loss ratio	%			**1.20**	1.25
Credit loss ratio on loans to customers	%			**1.29**	1.37
Cost-to-income ratio	%			**60.3**	60.1
Jaws	%			**(0.4)**	0.5
Effective direct taxation rate	%			**26.8**	27.6
Gross loans and advances to customers	Rm	4	3	**605 187**	588 353
Deposits and current accounts from customers	Rm	10	8	**534 511**	496 325
Average ordinary shareholders' equity	Rm		4	**70 213**	67 592
Number of employees			(1)	**28 125**	28 290

Favourable

- Higher average balances, continued pricing management in a competitive environment in South Africa and positive endowment benefit from higher average interest rates in Angola, Mozambique, Nigeria and Wealth International.
- Good growth in customer deposits.
- Increased NIR due to:
  - higher volumes and fee increases in the card and transactional portfolios
  - continued growth in Nigeria's assets under management and pension fund business
  - strong growth in customer base and transactional volumes within Wealth International.
- Good growth in Namibia and Uganda's bancassurance earnings.
- Enhanced collections strategies and improved customer performance resulted in lower credit impairment charges and credit loss ratio.
- Higher ROE driven by strong earnings and disciplined capital utilisation.

Adverse

- Increased amortisation of intangible assets following the continued roll-out of core banking systems.
- Decline in lower segment active current account base, following a more focused approach on targeted segments in South Africa.
- Margin adversely impacted by increasing competitive pressures in the card portfolio, coupled with reduced lending rate in the mortgage lending portfolio, particularly in Mozambique and Namibia.
- Higher credit impairment charges in the business lending portfolio driven by deteriorated macro-economic conditions with some customers entering watchlist.
- Reduced NII in Kenya due to interest rate caps and floors implemented in late 2016.
- Muted lending portfolio growth in Nigeria as a result of high cash reserving requirements and prudent risk appetite.

External loans and advances by product

	CCY %	Change %	2017 Rm	2016 Rm
Loans and advances to banks	(26)	(28)	**40 681**	56 315
Loans and advances to customers	4	3	**588 699**	571 648
Gross loans and advances to customers	4	3	**605 187**	588 353
Mortgage loans	3	3	**346 518**	336 451
Vehicle and asset finance	2	1	**81 640**	81 035
Card debtors	3	3	**32 268**	31 229
Overdrafts and other demand loans	6	4	**48 126**	46 409
Personal unsecured lending	4	4	**9 554**	9 183
Business lending	6	4	**38 572**	37 226
Other term loans	7	4	**86 270**	82 644
Personal unsecured lending	(3)	(3)	**42 462**	43 969
Business lending	20	13	**43 808**	38 675
Commercial property finance	0	(2)	**10 365**	10 585
Less: credit impairments for loans and advances	0	(1)	**16 488**	16 705
Credit impairments for non-performing loans	3	1	**11 943**	11 767
Credit impairments for performing loans	(7)	(8)	**4 545**	4 938
Net loans and advances	1	0	**629 380**	627 963
Comprising:				
Gross loans and advances	1	0	**645 868**	644 668
Less: credit impairments	0	(1)	**16 488**	16 705
Net loans and advances	1	0	**629 380**	627 963
Securitised assets consolidated above:				
Mortgage loans	(29)	(29)	**1 790**	2 533

Deposits and current accounts by product

	CCY %	Change %	2017 Rm	2016 Rm
Wholesale priced call deposits	14	14	**108 027**	94 828
Retail priced deposits and current accounts	9	6	**426 484**	401 497
Current accounts	9	7	**145 684**	136 777
Cash management deposits	8	8	**31 151**	28 743
Call deposits	4	2	**123 414**	121 028
Savings accounts	3	(1)	**23 107**	23 432
Term deposits	20	17	**92 428**	78 915
Other funding	(12)	(15)	**10 700**	12 602
Deposits and current accounts from customers (excluding securitisation issuances)	10	8	**534 511**	496 325
Securitisation issuances	(23)	(23)	**950**	1 233
Deposits and current accounts from customers	10	8	**535 461**	497 558
Deposits from banks	(24)	(36)	**1 577**	2 451
Wholesale priced interdivisional funding	(28)	(27)	**71 634**	97 686
Total deposits and current accounts	3	2	**608 672**	597 695

Summarised income statement per product

	Change %	Transactional products 2017 Rm	Transactional products 2016 Rm	Change %	Mortgage lending 2017 Rm	Mortgage lending 2016 Rm	Change %	Card products 2017 Rm	Card products 2016 Rm
Net interest income	5	**16 074**	15 367	2	**8 110**	7 962	(0)	**3 038**	3 052
Non-interest revenue	4	**14 342**	13 800	(1)	**317**	319	(1)	**3 829**	3 853
Total income	4	**30 416**	29 167	2	**8 427**	8 281	(1)	**6 867**	6 905
Credit impairment charges				(18)	**1 571**	1 926	(7)	**1 379**	1 477
Operating expenses	3	**24 129**	23 378	6	**2 446**	2 308	10	**3 288**	2 990
Headline earnings	15	**4 119**	3 589	11	**3 312**	2 974	(3)	**1 527**	1 576

Summarised income statement per geography

	CCY %	Change %	South Africa 2017 Rm	South Africa 2016 Rm	CCY %	Change %	Africa Regions 2017 Rm	Africa Regions 2016 Rm
Net interest income	6	6	**32 474**	30 549	9	(6)	**8 283**	8 795
Non-interest revenue	6	6	**21 300**	20 078	13	(9)	**5 899**	6 489
Total income	6	6	**53 774**	50 627	11	(7)	**14 182**	15 284
Credit impairment charges	(4)	(4)	**6 308**	6 593	24	3	**1 481**	1 437
Operating expenses	6	6	**29 467**	27 859	14	(2)	**11 575**	11 813
Headline earnings	11	11	**13 176**	11 824	9	(41)	**202**	342
ROE (%)			**24.4**	22.8			**1.6**	2.9
Cost-to-income ratio (%)			**54.8**	55.0			**81.6**	77.3
Credit loss ratio (%)			**1.19**	1.29			**2.53**	2.28
Credit loss ratio on loans to customers (%)			**1.19**	1.30			**2.58**	2.31

Transactional products

- Growth in cash management, savings and investment portfolio balances driven by targeted campaigns and reduced minimum investment balances in Botswana, Mozambique, Nigeria and South Africa.
- Positive endowment benefit from higher average interest rates in Angola, Mozambique and Nigeria.
- Fee income assisted by pricing changes offset by a moderate decline in lower segment account base in South Africa.
- Non-recurrence of the once-off Japan fraud in 2016, offset by higher core banking amortisation charges.

Mortgage lending

- NII growth driven by continued book growth at higher margins than the portfolio average.
- NIM expansion in South Africa offset by contraction in the commercial property portfolio in Namibia.
- Decreased credit impairment charges largely driven by enhanced collection strategies and higher post write-off recoveries in South Africa.

Card products

- Increased volume related revenue growth in merchant solutions, partly offset by margin compression due to an increasingly competitive environment.
- Subdued consumer card revenue driven by a marginal decline in account base and muted balance growth in South Africa.
- Improved NIR in Africa Regions as a result of customer growth and higher transaction volumes due to secure e-commerce capability and the roll-out of chip and pin cards.
- Lower NPLs on the back of enhanced early stage collection strategies and improved customer performance.
- Decline in foreign exchange transaction volumes in Nigeria relative to the previous year.

Vehicle and asset finance

- Pricing management, improvements in internal operational processes and the continued focus on improved dealer Integration contributed to a higher average book and NII in South Africa.
- Margin compression in Kenya and Mozambique.
- The migration of client level data to new system allowed us to identify, and recover previously unrecognised revenue.
- Reduced credit impairment charges in South Africa due to early stage collection strategies, involvement of risk specialists, coupled with effective asset realisation and efficient repossession.
- Higher credit impairment charges in Nigeria driven by deterioration in the haulage portfolio within business banking.

Change %	Vehicle and asset finance 2017 Rm	2016 Rm	Change %	Lending products 2017 Rm	2016 Rm	Change %	Wealth 2017 Rm	2016 Rm	Change %	Total 2017 Rm	2016 Rm
(2)	**3 193**	3 243	6	**9 727**	9 143	(1)	**1 290**	1 300	3	**41 432**	40 067
27	**728**	575	9	**2 468**	2 267	(5)	**6 410**	6 754	2	**28 094**	27 568
3	**3 921**	3 818	7	**12 195**	11 410	(4)	**7 700**	8 054	3	**69 526**	67 635
(12)	**872**	993	9	**3 960**	3 634	100	**3**	—	(3)	**7 785**	8 030
12	**2 402**	2 137	(3)	**5 401**	5 578	1	**4 260**	4 225	3	**41 926**	40 616
11	**504**	456	24	**2 049**	1 657	1	**2 497**	2 472	10	**14 008**	12 724

CCY %	Change %	Wealth International 2017 Rm	2016 Rm	CCY %	Change %	Personal & Business Banking 2017 Rm	2016 Rm
9	(7)	**675**	723	7	3	**41 432**	40 067
8	(11)	**895**	1 001	8	2	**28 094**	27 568
8	(9)	**1 570**	1 724	7	3	**69 526**	67 635
(100)	(100)	**(4)**	—	(0)	(3)	**7 785**	8 030
11	(6)	**884**	944	8	3	**41 926**	40 616
32	13	**630**	558	12	10	**14 008**	12 724
		16.2	14.5			**20.0**	18.8
		56.3	54.8			**60.3**	60.1
		(0.01)	0.00			**1.20**	1.25
		(0.02)	0.00			**1.29**	1.37

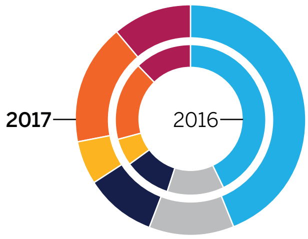
Lending products

- Higher term lending and overdraft balances following growth in new business, limit increases and increased utilisation.
- NII growth assisted by improved yield and book growth, partially offset by higher funding costs.
- Improved NIR following pricing alignment on service fees, offset by a decline in review and penalty fees.
- Increased credit impairment charges as a result of higher NPLs and deterioration in mix, particularly within agriculture and commercial segments, coupled with higher losses within the business and small enterprise segments due to the write-off of aged accounts.

Wealth

- Growth in Nigeria's assets under management and pension fund business as a result of higher client volumes.
- Robust results from Melville Douglas due to onshore and offshore participation fees.
- Lower insurance underwriting income as a result of severe weather conditions and fires resulting in a significant increase in insurance claims.
- Improved bancassurance revenue in Namibia and Uganda.
- Revenue growth in Wealth International as a result of increased client activity and positive endowment benefit from higher USD and GBP interest rates.

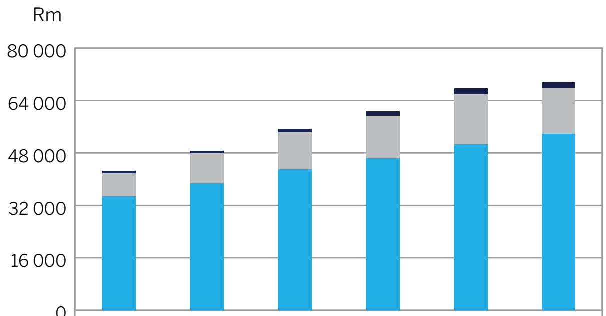
PBB composition of total income by product (%)



	2017	2016
Transactional products	**44**	43
Mortgage lending	**12**	12
Card products	**10**	10
Vehicle and asset finance	**6**	6
Lending products	**17**	17
Wealth	**11**	12

PBB total income per geography

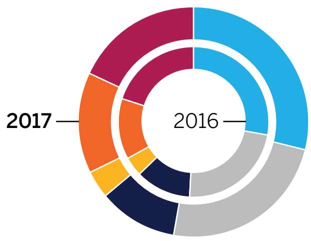
CAGR: South Africa 9%
Africa Regions 15%
International 17%



	2012	2013	2014	2015	2016	2017
South Africa	34 671	38 743	43 011	46 284	50 627	53 774
Africa Regions	7 147	9 026	11 244	12 973	15 284	14 182
International	726	852	1 144	1 380	1 724	1 570

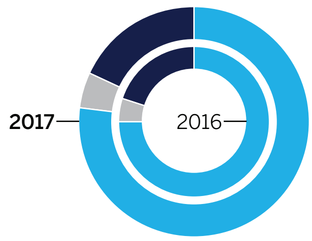
South Africa
Africa Regions
International

PBB composition of headline earnings by product (%)



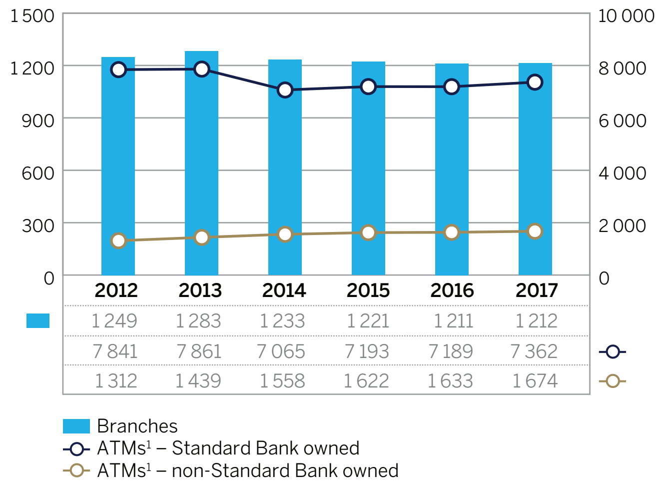
	2017	2016
Transactional products	**29**	28
Mortgage lending	**24**	23
Card products	**11**	12
Vehicle and asset finance	**4**	4
Lending products	**14**	13
Wealth	**18**	20

PBB headline earnings by market segment (%)



	2017	2016
Retail and business banking	**77**	75
Commercial banking	**5**	5
Wealth	**18**	20

Points of representation



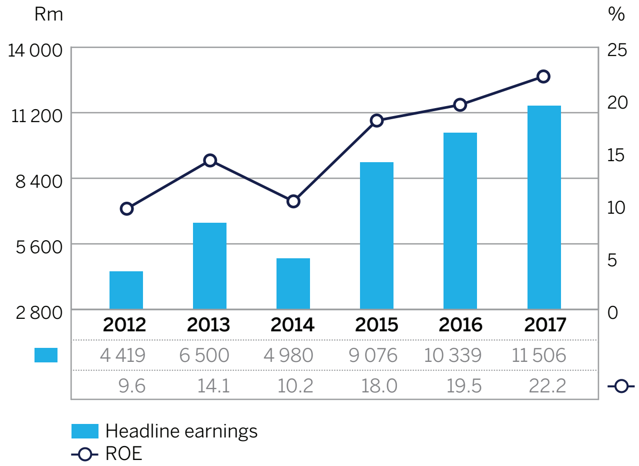
Key business statistics

		Change %	2017	2016
South Africa				
Mortgage lending				
New business disbursements	Rm	(6)	**42 381**	45 095
Number of loan applications received	thousands	(6)	**215**	228
Average loan to value (LTV) of new business registered	%		**85.5**	86.1
Portfolio market share	%		**34.3**	34.5
New business referred by traditional mortgage originators	%		**47**	51
Vehicle and asset finance				
New business disbursements	Rm	2	**31 921**	31 252
- motor	Rm	4	**24 146**	23 110
- non-motor	Rm	(5)	**7 775**	8 142
Number of accounts at year end				
Credit card accounts	thousands	(5)	**1 390**	1 467
Active current accounts	thousands	(0)	**2 423**	2 433
Number of targeted current accounts	thousands	2	**688**	672
Other transactional and savings accounts	thousands	(5)	**5 843**	6 148
Ucount clients	thousands	8	**756**	698
Points of representation				
Branches		(0)	**640**	641
ATMs and ANAs[1]		0	**7 224**	7 197
ATMs and ANAs - Standard Bank owned		(0)	**5 550**	5 564
ATMs - non-Standard Bank owned		3	**1 674**	1 633
Customer activity				
Internet Banking active users	thousands	(15)	**1 303**	1 535
Mobile Banking active users - total	thousands	10	**1 657**	1 503
Mobile Banking active users - SBG mobile app	thousands	37	**982**	717
Increase in Mobile Banking transactional values - SBG mobile app	%		**52**	87
Mobile Banking transactional volumes - total	thousands	32	**637 933**	484 385
Africa Regions				
Points of representation				
Branches[2]		0	**572**	570
ATMs		12	**1 812**	1 625
Customer activity				
Mobile Banking transactional volumes - total	thousands	>100	**27 413**	9 854
Increase in ATM transactions	%		**23**	18

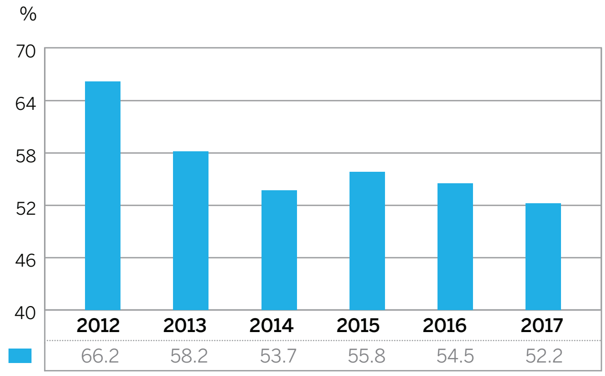
1 Including auto money devices and Automatic Notes Acceptors (ANAs).
2 Includes service centres, customer service trade points, agencies, in-store banking and "bank at work" sites.

Corporate & Investment Banking

Headline earnings
CAGR (2012 – 2017): 21%



Cost-to-income ratio



		CCY %	Change %	**2017 Rm**	2016 Rm
Net interest income		17	10	**20 747**	18 796
Non-interest revenue		9	(1)	**16 504**	16 624
Net fee and commission revenue		11	1	**5 605**	5 574
Trading revenue		8	(2)	**10 548**	10 730
Other revenue		15	10	**351**	320
Total income		13	5	**37 251**	35 420
Credit impairment charges		28	1	**1 625**	1 603
Operating expenses		8	1	**19 436**	19 317
Non-trading and capital related items		34	34	**(162)**	(121)
Taxation		3	(5)	**2 703**	2 845
Headline earnings		17	11	**11 506**	10 339
Headline earnings change	%			**11**	14
Headline earnings contribution to the group	%			**44**	45
ROE	%			**22.2**	19.5
RoRWA	%			**2.9**	2.6
Net interest margin	%			**3.16**	2.76
Credit loss ratio	%			**0.33**	0.30
Credit loss ratio on loans to customers	%			**0.44**	0.44
Cost-to-income ratio	%			**52.2**	54.5
Jaws	%			**4.6**	2.6
Effective direct taxation rate	%			**15.4**	18.5
Gross loans and advances to customers	Rm	(1)	(2)	**352 025**	360 336
Deposits and debt funding	Rm	0	(1)	**732 426**	743 281
Average ordinary shareholders' equity	Rm		(2)	**51 926**	52 892
Number of employees			(2)	**3 800**	3 884

Favourable

- Strong performance from financial institutions, industrials, telecommunications & media and oil & gas sectors.
- Growth in client deposits together with a change in mix to current accounts and a positive endowment impact of higher average interest rates in Africa Regions contributed to higher NII.
- Increased client activity in debt and equity capital markets as well as advisory businesses assisted fee and commission revenue.
- Prudent risk management delivering lower NPLs, while continuing to support sustainable client growth across the continent.
- Strong total income growth and continued cost efficiencies contributed to a positive jaws of 5% on a constant currency basis.

Adverse

- Strengthening of the Rand against most Africa Regions' currencies resulted in a reduction of 8% in revenue and 6% in headline earnings.
- Higher credit impairment charges attributed to portfolio risk downgrades in South Africa, and exposures in Kenya and Nigeria.
- Muted loan book growth and margin compression in foreign currency lending portfolio in investment banking.

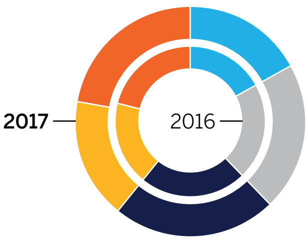
External loans and advances by product

	CCY %	Change %	2017 Rm	2016 Rm
Loans and advances to banks	(14)	(17)	**120 412**	145 698
Call loans	>100	>100	**22 894**	3 737
Loans granted under resale agreements	(69)	(69)	**20 510**	65 937
Other loans and advances	8	1	**77 008**	76 024
Loans and advances to customers	(1)	(3)	**346 471**	355 650
Gross loans and advances to customers	(1)	(2)	**352 025**	360 336
Vehicle and asset finance	(11)	(18)	**1 497**	1 820
Overdraft and other demand loans	(8)	(11)	**29 012**	32 592
Term loans	4	2	**251 550**	246 257
Loans granted under resale agreements	(57)	(57)	**6 153**	14 148
Commercial property finance	(3)	(3)	**63 813**	65 519
Less: credit impairments for loans and advances	22	19	**5 554**	4 686
Credit impairments for non-performing loans	17	15	**3 325**	2 890
Credit impairments for performing loans	32	24	**2 229**	1 796
Net loans and advances	(5)	(7)	**466 883**	501 348
Comprising:				
Gross loans and advances	(5)	(7)	**472 437**	506 034
Less: credit impairments	22	19	**5 554**	4 686
Net loans and advances	(5)	(7)	**466 883**	501 348

Deposits and debt funding by product

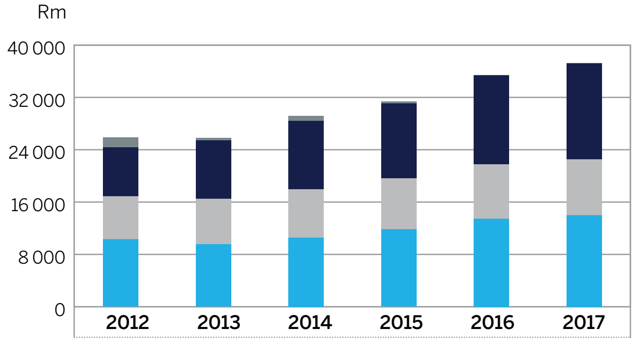
	CCY %	Change %	2017 Rm	2016 Rm
Current accounts	22	11	**75 247**	67 796
Cash management deposits	(2)	(2)	**140 848**	143 450
Call deposits	5	2	**87 145**	85 699
Term deposits	1	(1)	**157 045**	158 117
Negotiable certificates of deposit	11	11	**139 834**	126 389
Other funding including interbank deposits	(17)	(18)	**132 307**	161 830
Wholesale priced deposits and debt funding	0	(1)	**732 426**	743 281
Interdivisional funding	(10)	(9)	**(91 719)**	(100 449)
Total deposits and debt funding	2	(0)	**640 707**	642 832

CIB composition of total income by product (%)



	2017	2016
Global markets South Africa	**17**	17
Global markets Africa Regions	**21**	21
Investment banking	**23**	23
Transactional products and services South Africa	**17**	18
Transactional products and services Africa Regions	**22**	21

CIB total income by product
CAGR: Global markets 6%
Investment banking 5%
Transactional products and services 15%



	2012	2013	2014	2015	2016	2017
Global markets	10 301	9 528	10 553	11 820	13 475	13 975
Investment banking	6 627	6 961	7 374	7 843	8 266	8 525
Transactional products and services	7 455	8 929	10 472	11 409	13 603	14 657
Real estate and PIM	1 471	431	772	316	76	94

Global markets
Investment banking
Transactional products and services
Real estate and PIM

Summarised income statement per product

	Global markets			Investment banking		
	Change %	**2017 Rm**	2016 Rm	Change %	**2017 Rm**	2016 Rm
Net interest income	28	**4 597**	3 579	(1)	**5 759**	5 832
Non-interest revenue	(5)	**9 378**	9 896	14	**2 766**	2 434
Total income	4	**13 975**	13 475	3	**8 525**	8 266
Credit impairment charges	>100	**8**	(5)	39	**1 398**	1 007
Operating expenses	(1)	**6 403**	6 444	(1)	**4 787**	4 837
Headline earnings	3	**4 607**	4 467	4	**3 146**	3 029

Global markets

- Business resilience in a tough trading environment.
- Increased NII largely driven by widening margins on high yielding treasury bills, particularly in Nigeria.
- Reduced South African foreign exchange and equities trading volumes.
- Liquidity shortages and regulatory constraints impacted trading revenue in Angola and Mozambique.
- New forex regime introduced in April 2017 in Nigeria resulted in increased forex flows, including over-the-counter futures.

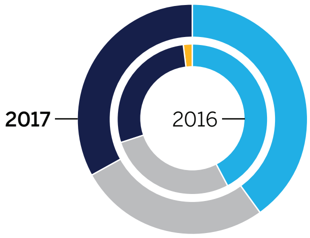
Investment banking

- Subdued loans and advances growth linked to significant increases in early repayment, coupled with margin compression from increased competition.
- Improved fees and commission revenue as the business participated in a number of landmark transactions.
- Higher credit impairment charges in stressed sectors including power & infrastructure and oil & gas.
- Continued cost discipline and improvements across most productivity and efficiency metrics.

Transactional products and services

- Resilient performance in South Africa combined with continued and diversified client growth in Africa Regions.
- Higher NII assisted by increased client activity, growth in deposit base and the benefit of positive endowment impact from higher average interest rates.
- Buoyant secondary markets resulted in NIR growth from the investor services business, offset by tough macro-economic factors impacting global trade.
- Leveraged international locations to continue connecting clients to opportunities in and across Africa.
- Disciplined management of spend, without impacting client experience.

CIB composition of headline earnings by product (%)



	2017	2016
Global markets	**40**	44
Investment banking	**27**	29
Transactional products and services	**33**	29
Real estate and PIM	**0**	(2)

	Transactional products and services			Real estate and PIM			Total	
Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016 Rm	Change %	2017 Rm	2016 Rm
10	**10 384**	9 425	>100	**7**	(40)	10	**20 747**	18 796
2	**4 273**	4 178	(25)	**87**	116	(1)	**16 504**	16 624
8	**14 657**	13 603	24	**94**	76	5	**37 251**	35 420
(65)	**199**	561	(50)	**20**	40	1	**1 625**	1 603
6	**8 205**	7 758	(85)	**41**	278	1	**19 436**	19 317
24	**3 738**	3 022	>100	**15**	(179)	11	**11 506**	10 339

Constant currency product reporting

Personal & Business Banking

	CCY %	Transactional products 2017 Rm	CCY %	Mortgage lending 2017 Rm	CCY %	Card products 2017 Rm
Net interest income	9	16 074	3	8 110	—	3 038
Non-interest revenue	7	14 342	3	317	5	3 829
Total income	8	30 416	3	8 427	3	6 867
Credit impairment charges			(18)	1 571	(7)	1 379
Operating expenses	6	24 129	8	2 446	11	3 288
Headline earnings	22	4 119	11	3 312	3	1 527

Corporate & Investment Banking

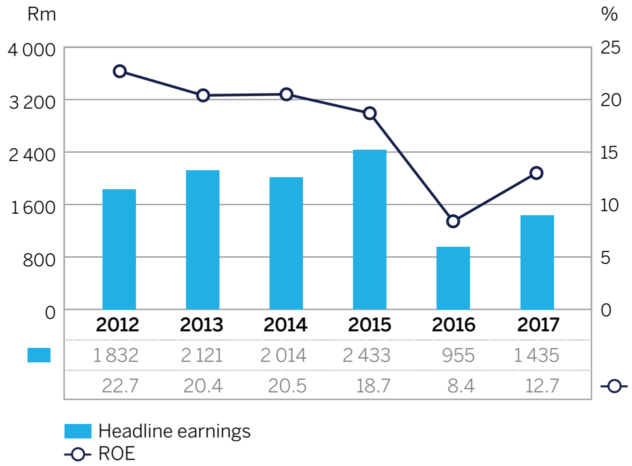
	CCY %	Global markets 2017 Rm	CCY %	Investment banking 2017 Rm	CCY %	Transactional products and services 2017 Rm
Net interest income	32	4 597	1	5 759	20	10 384
Non-interest revenue	6	9 378	16	2 766	13	4 273
Total income	13	13 975	6	8 525	18	14 657
Credit impairment charges	>100	8	68	1 398	(52)	199
Operating expenses	7	6 403	4	4 787	15	8 205
Headline earnings	13	4 607	0	3 146	32	3 738

CCY %	Vehicle and asset finance 2017 Rm	CCY %	Lending products 2017 Rm	CCY %	Wealth 2017 Rm	CCY %	Total 2017 Rm
1	**3 193**	11	**9 727**	14	**1 290**	7	**41 432**
29	**728**	11	**2 468**	7	**6 410**	8	**28 094**
5	**3 921**	11	**12 195**	8	**7 700**	7	**69 526**
(10)	**872**	15	**3 960**	100	**3**	(0)	**7 785**
15	**2 402**	13	**5 401**	9	**4 260**	8	**41 926**
11	**504**	5	**2 049**	10	**2 497**	12	**14 008**

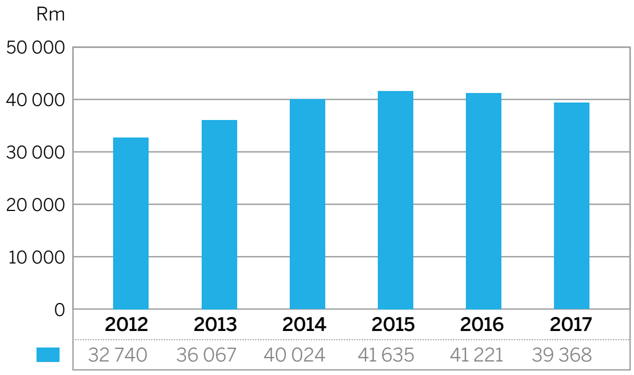
CCY %	Real estate and PIM 2017 Rm	CCY %	Total 2017 Rm
>100	**7**	17	**20 747**
(24)	**87**	9	**16 504**
27	**94**	13	**37 251**
(50)	**20**	28	**1 625**
(85)	**41**	8	**19 436**
>100	**15**	17	**11 506**

Liberty

Headline earnings – SBG share
CAGR (2012 – 2017): (5%)



Normalised group equity value
CAGR (2012 – 2017): 4%



		Change %	2017 Rm	2016 Rm
Net insurance premiums[1]	Rm	(3)	**38 020**	39 366
Investment income and gains[2]	Rm	>100	**40 274**	19 156
Benefits due to policyholders and third party mutual fund interests[1]	Rm	41	**57 583**	40 888
Operating expenses[2]	Rm	2	**17 800**	17 374
Normalised operating earnings[1]	Rm	(19)	**1 412**	1 740
Normalised headline earnings[1]	Rm	8	**2 719**	2 527
IFRS Headline earnings[1]	Rm	47	**3 252**	2 207
SBG share of Liberty IFRS earnings	Rm	49	**1 804**	1 212
Group shares held for the benefit of Liberty policyholders	Rm	44	**(369)**	(257)
Headline earnings attributable to the group[3]	Rm	50	**1 435**	955
Effective interest in Liberty at year end	%		**55.5**	55.0
ROE	%		**12.7**	8.4
Normalised return on Liberty group equity value[1,4]	%		**1.1**	5.1
Indexed new business (excluding contractual increases)[1]	Rm	2	**8 018**	7 892
New business margin[1]	%		**0.5**	1.1
Net cash inflows in long-term insurance operations[1]	Rm	46	**1 634**	1 119
Value of new business[1]	Rm	(52)	**233**	483
Normalised group equity value[1]	Rm	(4)	**39 368**	41 221
Capital adequacy requirement cover (times covered)[1]			**2.92**	2.95

1 Liberty as published.
2 Includes an adjustment on consolidation of Liberty into the group.
3 Includes an adjustment for group shares held for the benefit of Liberty policyholders (deemed treasury shares).
4 Return on embedded value.

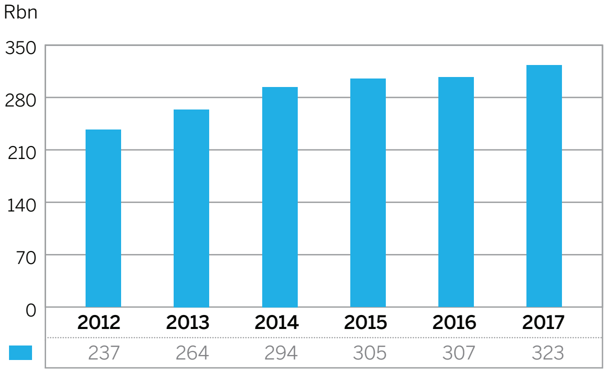
Favourable

- Profit and loss accounting mismatch between policyholder liabilities and Liberty Two Degrees underlying assets.
- Net cash inflows in Insurance operations reflect an improvement compared to 2016, due to lower Individual Arrangements policy surrenders and maturities which are reflective of retention initiatives gaining traction.
- The group remains well capitalised at the upper end of its target range in respect of the current capital regime and in respect of capital requirements under the impending Solvency Assessment and Management (SAM) regime.

Adverse

- Normalised group equity value decreased by 4% due to weaker earnings from the group's non-covered businesses, particularly within the STANLIB.
- Decreased normalised return on group equity value of 1.1%, was impacted by low value of new business and the negative return from the non-life businesses.
- Subdued growth in indexed new business driven by lower Individual Arrangements recurring and single premium business, partly offset by higher Liberty Corporate recurring premium business.
- The value of new business and margin remained under pressure, largely as a result of higher costs, lower volumes and a change in the mix of new business written.

Long-term policyholder liabilities
CAGR (2012 – 2017): 6%



Normalised income statement

	Change %	2017 Rm	2016 Rm
Insurance premiums	(3)	**39 970**	41 288
Reinsurance premiums	1	**(1 950)**	(1 922)
Net insurance premiums	(3)	**38 020**	39 366
Investment income and gains	>100	**41 019**	19 647
Fee income and reinsurance commission	(1)	**3 683**	3 731
Total revenue	32	**82 722**	62 744
Benefits due to policyholders and third party mutual fund interests	41	**57 583**	40 888
Net insurance benefits and claims	17	**43 848**	37 616
Fair value adjustment to policyholders' liabilities under investment contracts	>100	**9 116**	3 891
Fair value adjustment on third party mutual fund interests	>100	**4 619**	(619)
Income after policyholders' benefits	15	**25 139**	21 856
Operating expenses	4	**18 596**	17 927
Acquisition costs	4	**4 935**	4 723
General marketing and administration expenses	6	**11 345**	10 733
Finance costs	(7)	**1 344**	1 442
Profit share allocations	(6)	**972**	1 029
Income before equity accounted earnings	67	**6 543**	3 929
Share of profit from joint ventures	14	**25**	22
Profit before taxation	66	**6 568**	3 951
Taxation	>100	**2 864**	1 325
Profit for the year	41	**3 704**	2 626
Attributable to non-controlling interests[1]	41	**(586)**	(417)
Attributable to preference shareholders	—	**(2)**	(2)
Headline adjustable items	100	**136**	—
IFRS headline earnings	47	**3 252**	2 207
BEE preference share income	(38)	**10**	16
REIT profit and loss mismatch	(>100)	**(543)**	304
Normalised headline earnings	8	**2 719**	2 527

[1] Non-controlling interest within Liberty.

Headline earnings - Liberty Holdings

	Change %	2017 Rm	2016 Rm
Insurance	(3)	**1 224**	1 268
Individual Arrangements	8	**1 208**	1 119
Group Arrangements	(89)	**16**	149
Liberty Corporate	(58)	**81**	191
Liberty Africa Insurance	10	**45**	41
Liberty Health	20	**(54)**	(45)
Nigeria and project support costs	47	**(56)**	(38)
Balance sheet management	18	**376**	318
LibFin Markets - credit portfolio	10	**330**	300
LibFin Markets - asset/liability matching portfolio	>100	**46**	18
Asset management	(87)	**48**	362
STANLIB South Africa	(45)	**252**	459
STANLIB Africa Regions	(>100)	**(204)**	(97)
Central overheads and sundry income	13	**(236)**	(208)
Normalised operating earnings	(19)	**1 412**	1 740
LibFin Investments - SIP	66	**1 307**	787
Normalised headline earnings	8	**2 719**	2 527
BEE preference shares income	(38)	**(10)**	(16)
REIT profit and loss mismatch	>100	**543**	(304)
IFRS headline earnings	47	**3 252**	2 207

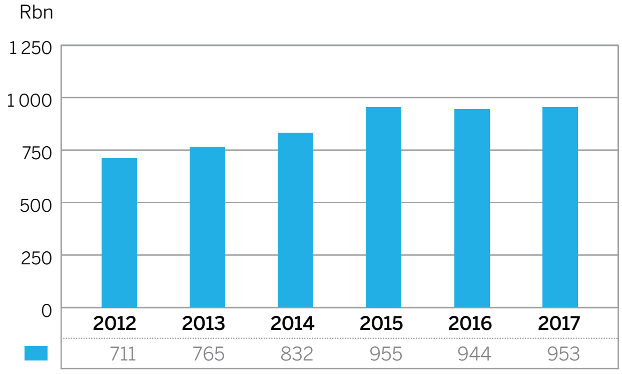
External assets under management

	Change %	2017 Rbn	2016 Rbn
Asset management - assets under management	(9)	**48**	53
Segregated funds	(2)	**48**	49
Properties	(100)	**–**	4
Wealth management - funds under administration	8	**337**	312
Single manager unit trust	5	**128**	122
Institutional marketing	10	**56**	51
Linked and structured life products	14	**84**	74
Multi-manager	14	**16**	14
Africa Regions	4	**53**	51
Total external assets under management and administration	5	**385**	365

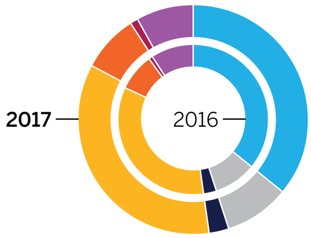
FINANCIAL PERFORMANCE

Loans and advances

Loans and advances to customers
CAGR (2012 – 2017): 6%



Composition of gross loans and advances to customers (%)

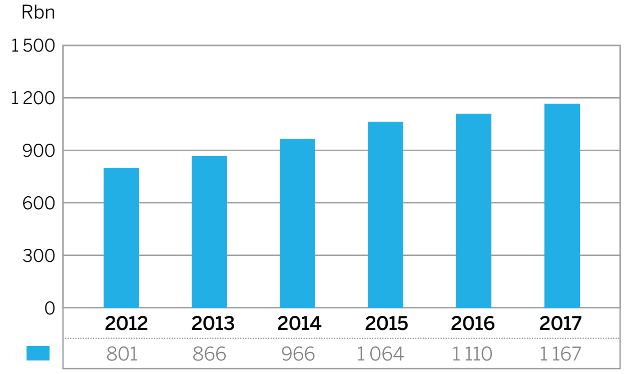


	2017	2016
Mortgage loans	**36**	36
Vehicle and asset finance	**9**	9
Card debtors	**3**	3
Term loans	**35**	34
Overdrafts and other demand loans	**8**	8
Loans granted under resale agreements	**1**	1
Other term loans	**8**	9

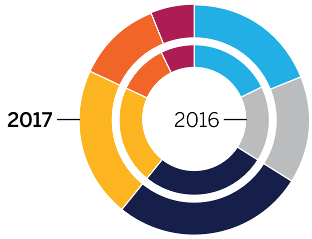
	CCY %	Change %	2017 Rm	2016 Rm
Personal & Business Banking	4	3	**605 187**	588 353
Mortgage loans	3	3	**346 518**	336 451
Vehicle and asset finance	2	1	**81 640**	81 035
Card debtors	3	3	**32 268**	31 229
Overdraft and other demand loans	6	4	**48 126**	46 409
Personal unsecured lending	4	4	**9 554**	9 183
Business lending	6	4	**38 572**	37 226
Other term loans	7	4	**86 270**	82 644
Personal unsecured lending	(3)	(3)	**42 462**	43 969
Business lending	20	13	**43 808**	38 675
Commercial property finance	0	(2)	**10 365**	10 585
Corporate & Investment Banking	(1)	(2)	**352 025**	360 336
Corporate loans	2	0	**282 059**	280 669
Commercial property finance	(3)	(3)	**63 813**	65 519
Loans granted under resale agreements	(57)	(57)	**6 153**	14 148
Central and other	(8)	(8)	**(4 676)**	(5 056)
Gross loans and advances to customers	2	1	**952 536**	943 633
Less: credit impairments for loans and advances	5	3	**22 444**	21 793
Credit impairments for non-performing loans	6	4	**15 270**	14 659
Credit impairments for performing loans	3	1	**7 174**	7 134
Net loans and advances to customers	2	1	**930 092**	921 840
Loans and advances to banks	(14)	(18)	**117 935**	143 788
Net loans and advances	(0)	(2)	**1 048 027**	1 065 628
Comprising:				
Gross loans and advances	(0)	(2)	**1 070 471**	1 087 421
Less: credit impairments	5	3	**22 444**	21 793
Net loans and advances	(0)	(2)	**1 048 027**	1 065 628

Deposits and debt funding

Deposits from customers
CAGR (2012 – 2017): 8%



Composition of deposits from customers (%)



	2017	2016
Current accounts	**19**	18
Cash management deposits	**15**	16
Call deposits	**27**	27
Term deposits	**21**	21
Negotiable certificates of deposit	**12**	11
Other deposits	**6**	7

	CCY %	Change %	2017 Rm	2016 Rm
Personal & Business Banking	10	8	**535 461**	497 558
Retail priced deposits	9	6	**426 484**	401 497
Current accounts	9	7	**145 684**	136 777
Cash management deposits	8	8	**31 151**	28 743
Call deposits	4	2	**123 414**	121 028
Term deposits	20	17	**92 428**	78 915
Other deposits	(2)	(6)	**33 807**	36 034
Wholesale priced deposits	13	13	**108 977**	96 061
Corporate & Investment Banking	5	3	**634 646**	616 601
Cash management deposits	(2)	(2)	**140 848**	143 450
Call deposits	5	2	**87 145**	85 699
Term deposits	1	(1)	**157 045**	158 117
Negotiable certificates of deposit	11	11	**139 834**	126 389
Other funding	14	7	**109 774**	102 946
Central and other	(20)	(20)	**(3 542)**	(4 413)
Deposits from customers	7	5	**1 166 565**	1 109 746
Deposits from banks	(21)	(23)	**91 794**	119 247
Total deposits and debt funding	4	2	**1 258 359**	1 228 993
Comprising:				
Retail priced deposits	9	6	**426 484**	401 497
Wholesale priced deposits	2	1	**831 875**	827 496
Wholesale priced deposits - customers	6	4	**740 081**	708 249
Wholesale priced deposits - banks	(21)	(23)	**91 794**	119 247
Total deposits and debt funding	4	2	**1 258 359**	1 228 993

Banking activities average balance sheet

	Trading book Rm	Non-interest earning Rm	Interest earning Rm
			2017
Assets			
Cash and balances with central banks[2]	403	18 406	54 977
Trading assets	117 891	25 647	
Financial investments			154 427
Net loans and advances	7 580		1 058 776
Loans and advances to banks	409		126 512
Loans and advances to customers	7 171		955 875
Mortgage loans			342 121
Vehicle and asset finance			81 582
Card debtors			31 851
Overdrafts and other demand loans	7 171		75 657
Term loans			351 770
Commercial property finance			72 894
Gross loans and advances	7 580		1 082 387
Credit impairments			(23 611)
Other assets	11 892	16 507	
Interest in associates and joint ventures		1 653	
Goodwill and other intangible assets		23 412	
Property and equipment		13 480	
Total average assets and interest excluding trading derivative assets	137 766	99 105	1 268 180
Trading derivative assets	59 369		
Total average assets and interest	197 135	99 105	1 268 180
Equity and liabilities			
Equity	515	133 980	
Liabilities	100 653	35 852	1 223 634
Trading liabilities	56 054		
Deposits and debt funding	35 926		1 202 868
Deposits from banks	22		101 073
Deposits from customers	35 904		1 101 795
Current accounts			202 415
Cash management deposits			147 326
Call deposits	35 904		325 247
Savings accounts			23 274
Term deposits			262 365
Negotiable certificates of deposit			141 168
Other liabilities	7 198	35 852	
Subordinated bonds	1 475		20 766
Total average equity, liabilities and interest excluding trading derivative liabilities	101 168	169 832	1 223 634
Trading derivative liabilities	69 786		
Total average equity, liabilities and interest	170 954	169 832	1 223 634
Margin on average total assets less trading derivatives			
Margin on average interest-earning assets			1 268 180

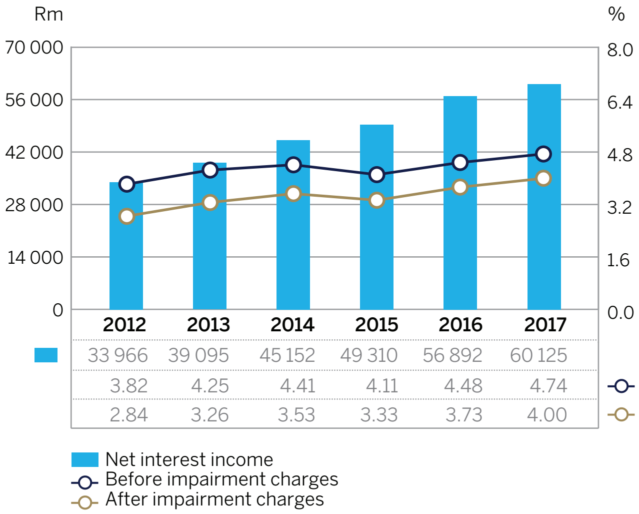
[1] Interest received and paid on trading derivative instruments has been netted with interest received on derivative asset instruments used for hedging purposes allocated to the instrument being hedged thus the interest split between assets and liabilities will not equate to interest income and interest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

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

			2016					
Total average balance Rm	**Interest[1] Rm**	**Average rate %**	Trading book Rm	Non-interest earning Rm	Interest earning Rm	Total average balance Rm	Interest[1] Rm	Average rate %
73 786			417	24 433	50 126	74 976		
143 538			91 641	21 817		113 458		
154 427	**12 554**	**8.13**			138 351	138 351	10 332	7.45
1 066 356	**103 281**	**9.69**	7 995		1 080 578	1 088 573	100 535	9.21
126 921	**3 024**	**2.38**	368		159 556	159 924	3 576	2.23
963 046	**100 257**	**10.41**	7 627		945 032	952 659	96 959	10.15
342 121	**34 837**	**10.18**			332 479	332 479	33 330	10.00
81 582	**9 323**	**11.43**			82 141	82 141	9 423	11.44
31 851	**4 874**	**15.30**			32 139	32 139	4 939	15.33
82 828	**10 326**	**12.47**	7 627		68 839	76 466	9 407	12.27
351 770	**33 970**	**9.66**			360 976	360 976	33 454	9.24
72 894	**6 927**	**9.50**			68 458	68 458	6 406	9.33
1 089 967	**103 281**	**9.48**	7 995		1 104 588	1 112 583	100 535	9.01
(23 611)					(24 010)	(24 010)		
28 399			11 527	16 113		27 640		
1 653				2 202		2 202		
23 412				23 313		23 313		
13 480				14 051		14 051		
1 505 051	**115 835**	**7.70**	111 580	101 929	1 269 055	1 482 564	110 867	7.46
59 369			76 282			76 282		
1 564 420	**115 835**	**7.40**	187 862	101 929	1 269 055	1 558 846	110 867	7.09
134 495			670	130 993		131 663		
1 360 139	**55 710**	**4.10**	101 929	36 510	1 196 243	1 334 682	53 975	4.03
56 054			56 789			56 789		
1 238 794	**53 417**	**4.31**	35 924		1 172 136	1 208 060	51 287	4.23
101 095	**1 273**	**1.26**	23		130 869	130 892	1 964	1.50
1 137 699	**52 144**	**4.58**	35 901		1 041 267	1 077 168	49 323	4.57
202 415	**428**	**0.21**			205 733	205 733	306	0.15
147 326	**8 262**	**5.61**			141 435	141 435	7 897	5.57
361 151	**15 636**	**4.33**	35 901		299 126	335 027	14 967	4.46
23 274	**509**	**2.19**			23 015	23 015	439	1.90
262 365	**16 179**	**6.17**			251 704	251 704	16 220	6.43
141 168	**11 130**	**7.88**			120 254	120 254	9 494	7.87
43 050			7 991	36 510		44 501		
22 241	**2 293**	**10.31**	1 225		24 107	25 332	2 688	10.58
1 494 634	**55 710**	**3.73**	102 599	167 503	1 196 243	1 466 345	53 975	3.67
69 786			92 501			92 501		
1 564 420	**55 710**	**3.56**	195 100	167 503	1 196 243	1 558 846	53 975	3.45
1 505 051	**60 125**	**3.99**				1 482 564	56 892	3.83
	60 125	**4.74**			1 269 055		56 892	4.48

Net interest income and net interest margin

Net interest income and net interest margin[1]
CAGR (2012 – 2017): 12%



[1] All history has been restated in line with the updated change in methodology

Movement in average interest earning assets, net interest income and margin

	Average interest earning assets Rm	Net interest income Rm	Net interest margin %
2016	1 269 055	56 892	4.48
Impact of volume changes	**(16 950)**	**(71)**	
Impact of calendar variance		**(173)**	
Lending book client yield		**3 474**	**0.27**
Funding book client yield		**(801)**	**(0.06)**
Funding and capital reserves endowment		**394**	**0.03**
Treasury activities and assets held for liquidity purposes	**16 076**	**410**	**0.03**
Other			**(0.01)**
2017	**1 268 181**	**60 125**	**4.74**
Average interest earning assets growth (%)	**(0.1)**		
Net interest income growth (%)		**5.7**	

Net interest margin by business unit

	Movement %	2017 %	2016 %
Personal & Business Banking	**0.06**	**6.33**	6.27
Corporate & Investment Banking	**0.40**	**3.16**	2.76

Change in methodology and disclosure of net interest margin

The new disclosure of net interest margin reduces complexity and helps articulate our client portfolio and change in balance sheet mix, and is in line with peer and market analysis.
Current calculation: net interest income as a % of average interest earning assets
Previous calculation: net interest income as a % of average assets less derivatives.

Favourable

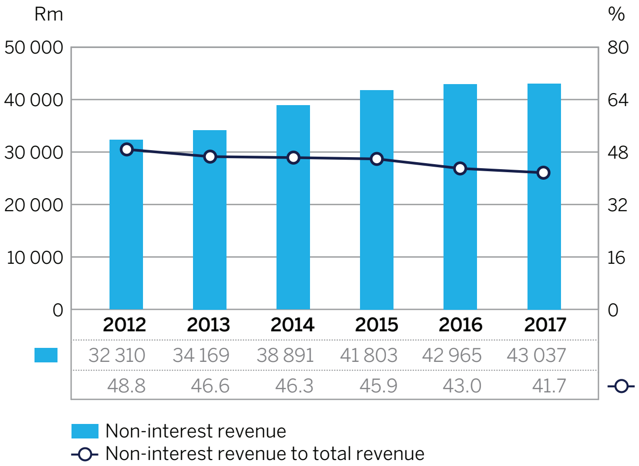
- Higher average interest rates in Angola, Mozambique and Nigeria resulted in:
  - positive endowment impact on capital and transactional balances
  - higher client yield on the lending portfolio.
- Higher yield on new term foreign currency facilities in Nigeria.
- Widening lending book margin in PBB South Africa attributable to:
  - continued improvement in the mortgage lending portfolio yield as a result of improved new business pricing, the effect of the roll-off of lower margin vintages and concession management
  - stricter risk-based pricing of new business in unsecured personal and business lending portfolios.
- Excess liquidity used to purchase a combination of longer dated treasury bills at higher yields in Angola, Mozambique and Nigeria.
- Change in mix of country balance sheets from foreign to local currency loans and deposits resulting in higher margins across most countries.

Adverse

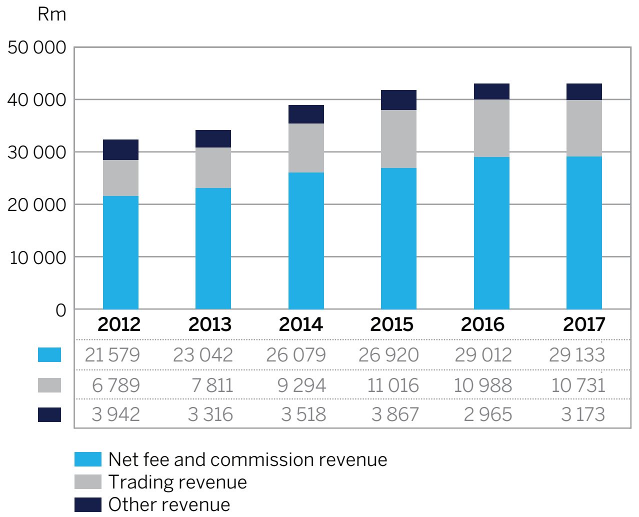
- One less calendar day in 2017 resulted in lower interest received.
- Lower average interest rates in Ghana, Malawi, Uganda and Zambia resulted in:
  - negative endowment impact on capital and transactional balances
  - lower client yield on the lending portfolio.
- Full year impact of Kenya rate caps and floors introduced in September 2016.
- Issued further negotiable certificates of deposit (NCDs) to meet NSFR requirements.

Non-interest revenue analysis

Non-interest revenue
CAGR (2012 – 2017): 6%

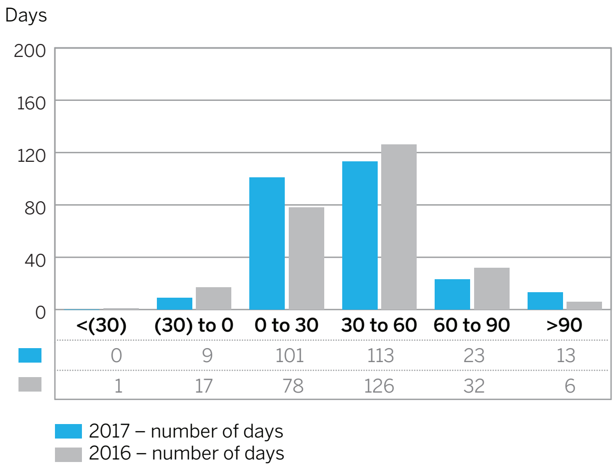


Analysis of non-interest revenue



	CCY %	Change %	2017 Rm	2016 Rm
Net fee and commission revenue	7	0	**29 133**	29 012
Fee and commission revenue	7	1	**34 290**	33 923
Account transaction fees	3	1	**11 488**	11 389
Electronic banking	9	7	**3 446**	3 219
Knowledge-based fees and commission	6	2	**2 278**	2 235
Card-based commission	8	3	**6 535**	6 319
Insurance - fees and commission	3	3	**1 945**	1 897
Documentation and administration fees	16	12	**2 197**	1 969
Foreign currency service fees	16	0	**1 879**	1 870
Other	10	(10)	**4 522**	5 025
Fee and commission expense	6	5	**(5 157)**	(4 911)
Trading revenue	8	(2)	**10 731**	10 988
Fixed income and currencies	15	1	**9 043**	8 931
Commodities	(3)	(3)	**62**	64
Equities	(19)	(18)	**1 626**	1 993
Other revenue	9	7	**3 173**	2 965
Banking and other	32	20	**1 001**	834
Property-related revenue	10	10	**367**	334
Insurance-related revenue	(1)	0	**1 805**	1 797
Total non-interest revenue	7	0	**43 037**	42 965

Distribution of daily trading profit or loss



Favourable

- Good growth in documentation and administration fees assisted by higher unsecured lending account base and pricing in Namibia, South Africa, Uganda and Zambia.
- Improved account transaction fees driven by average price increases in South Africa, offset by a decrease in cash withdrawal volumes in Zimbabwe.
- Increased electronic banking fees linked to:
  - growth in Business Online activity in South Africa
  - increased activity on digital platforms in Zimbabwe.
- Card-based commission growth supported by:
  - increased transaction volumes, higher interchange fees and merchant acquisition contributed to growth in point of sale merchant commission in Angola, Botswana, Ghana, Lesotho, Mozambique, Namibia, Uganda, Zambia and Zimbabwe
  - higher interchange linked revenue aided by increased turnover and annual pricing within consumer and commercial card portfolios in South Africa.
- Other fee and commission income benefited from:
  - significant growth in Nigeria's pension fund assets under management and increased custody fees
  - increased instant money volumes in South Africa
  - higher arrangement, guarantee and custody fees in Ghana and South Africa
  - increased prepaid commission, linked to growth in airtime and data turnover in South Africa.
- Good growth in knowledge-based fees and commission in Africa Regions, assisted by deal origination, restructuring and advisory fees.
- Strong growth in fixed income revenue in Ghana, Nigeria, South Africa and Zimbabwe driven by higher client volumes.
- Fair value and disposal gains from unlisted investments in South Africa.
- Increased trade service fees in Angola, DRC and Kenya, coupled with higher international transfer volumes in South Africa.

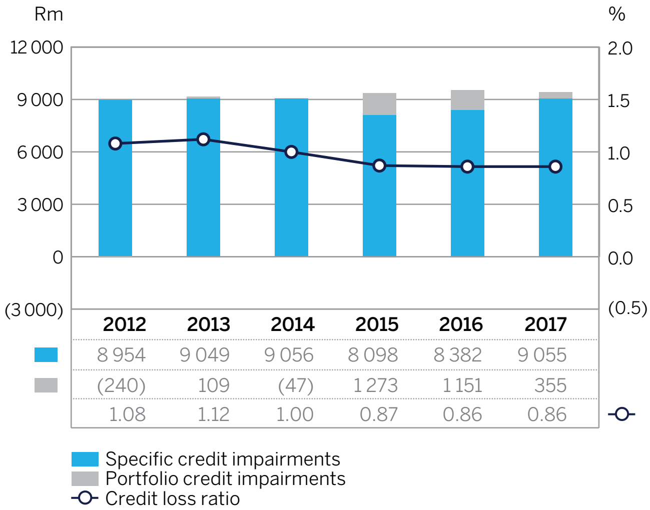
Adverse

- Lower equity trading revenue largely due to the elimination, in terms of gains on SBK shares held by the group to facilitate client trading activities, following a significantly higher SBK share price and long client positions.
- Cancellation of fees on cash deposits by regulators in Swaziland.
- Lower currency income following reduced volume in Angola, Mozambique and South Africa.
- Higher insurance claims linked to unusual and severe weather conditions in South Africa.
- Non-recurrence of profit from the sale of Visa Europe shares in the prior year.
- Reduced margin in card acquiring due to increasingly competitive environment.

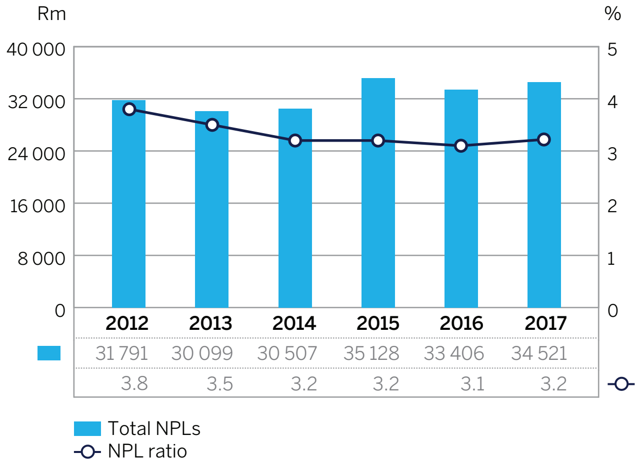
Credit impairment analysis

Income statement charges

Credit impairment charges



Non-performing loans (NPL)



Income statement credit impairment charges (net of recoveries)

		2017					
		Specifically impaired loans					
	Change %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	(3)	7 302	777	8 079	(294)	7 785	1.20
Mortgage loans	(18)	1 311	315	1 626	(55)	1 571	0.46
Vehicle and asset finance	(12)	893	120	1 013	(141)	872	1.09
Card debtors	(7)	1 294	24	1 318	61	1 379	4.33
Other loans and advances	9	3 804	318	4 122	(159)	3 963	2.01
Personal unsecured lending	(9)	2 190	187	2 377	(70)	2 307	4.29
Business lending and other	51	1 614	131	1 745	(89)	1 656	1.15
Corporate & Investment Banking	1	881	95	976	649	1 625	0.33
Corporate loans	4	912	95	1 007	649	1 656	0.39
Commercial property finance	(>100)	(31)		(31)		(31)	(0.05)
Central and other	(100)				—	—	
Total banking activities	(1)	8 183	872	9 055	355	9 410	0.86

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

Favourable

- PBB's credit loss ratio has improved from 2016, largely due to the decline in impairments within South African secured products and card.
- Lower credit impairment charges were supported by targeted collections' strategies, ongoing payment enhancements and improvements in customer performance.
- Successful deployment of Finacle collections in Africa Regions and enhancements introduced to customer origination and collection systems in South Africa.

Adverse

- The South African sovereign risk downgrade, coupled with deteriorating risk exposures led to an increased credit impairment provision in CIB South Africa.
- Higher specific impairment charges were raised mainly against business lending, in South Africa, following the migration of a few larger exposures to NPLs, as well as in Africa Regions, driven predominantly by increased charges in Nigeria following an accelerated write-off of NPLs.
- Lower post write-off recoveries in card debtors and personal unsecured portfolios.

2016					
Specifically impaired loans					
Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
7 010	580	7 590	440	8 030	1.25
1 644	228	1 872	54	1 926	0.58
929	41	970	23	993	1.24
1 397	24	1 421	56	1 477	4.70
3 040	287	3 327	307	3 634	1.84
2 129	254	2 383	152	2 535	4.59
911	33	944	155	1 099	0.77
761	31	792	811	1 603	0.30
750	31	781	811	1 592	0.34
11		11		11	0.02
			(100)	(100)	
7 771	611	8 382	1 151	9 533	0.86

Credit impairment analysis

Balance sheet impairment roll forward

	2017 Opening balance Rm	*IAS 39 discount in opening balance Rm*	**Net provisions raised and released[1] Rm**
Specific credit impairments			
Personal & Business Banking	11 767	*890*	**8 873**
Mortgage loans	3 640	*419*	**1 826**
Vehicle and asset finance	1 410	*105*	**1 261**
Card debtors	1 598	*19*	**1 415**
Other loans and advances	5 119	*347*	**4 371**
Personal unsecured lending	3 593	*252*	**2 512**
Business lending and other	1 526	*95*	**1 859**
Corporate & Investment Banking	2 890	*78*	**1 024**
Corporate loans	2 727	*72*	**1 055**
Commercial property finance	163	*6*	**(31)**
Central and other	2		
Total specific credit impairments	14 659	*968*	**9 897**
Portfolio credit impairments			
Personal & Business Banking	4 938		**(294)**
Mortgage loans	1 137		**(55)**
Vehicle and asset finance	801		**(141)**
Card debtors	651		**61**
Other loans and advances	2 349		**(159)**
Personal unsecured lending	1 317		**(70)**
Business lending and other	1 032		**(89)**
Corporate & Investment Banking	1 796		**649**
Corporate loans	1 699		**649**
Commercial property finance	97		
Central and other	400		
Total portfolio credit impairments	7 134		**355**
Total impairments			
Personal & Business Banking	16 705	*890*	**8 579**
Mortgage loans	4 777	*419*	**1 771**
Vehicle and asset finance	2 211	*105*	**1 120**
Card debtors	2 249	*19*	**1 476**
Other loans and advances	7 468	*347*	**4 212**
Personal unsecured lending	4 910	*252*	**2 442**
Business lending and other	2 558	*95*	**1 770**
Corporate & Investment Banking	4 686	*78*	**1 673**
Corporate loans	4 426	*72*	**1 704**
Commercial property finance	260	*6*	**(31)**
Central and other	402		
Total credit impairments	21 793	*968*	**10 252**
Total balance sheet impairments as a % of gross loans and advances	2.00		

[1] New provisions raised less recoveries on the amounts written off in previous periods equal to the income statement credit impairment charge (2017: R10 252 million - R842 million = R9 410 million).

IAS 39 discount in new impairments raised Rm	Impaired accounts written off Rm	IAS 39 discount recycled to net interest income Rm	Currency translation and other movements Rm	2017 Closing balance Rm	IAS 39 discount in closing balance Rm	2017 Recoveries of amounts written off in previous years Rm
777	(7 549)	(808)	(340)	11 943	859	794
315	(1 159)	(317)	(11)	3 979	417	200
120	(1 146)	(120)	(38)	1 367	105	248
24	(1 383)	(26)	(8)	1 596	17	97
318	(3 861)	(345)	(283)	5 001	320	249
187	(2 533)	(274)	(111)	3 187	165	135
131	(1 328)	(71)	(172)	1 814	155	114
95	(245)	(102)	(242)	3 325	71	48
95	(221)	(97)	(263)	3 201	70	48
	(24)	(5)	21	124	1	
				2		
872	(7 794)	(910)	(582)	15 270	930	842
			(99)	4 545		
			(5)	1 077		
			(7)	653		
			(47)	665		
			(40)	2 150		
			(6)	1 241		
			(34)	909		
			(216)	2 229		
			(177)	2 171		
			(39)	58		
				400		
			(315)	7 174		
777	(7 549)	(808)	(439)	16 488	859	794
315	(1 159)	(317)	(16)	5 056	417	200
120	(1 146)	(120)	(45)	2 020	105	248
24	(1 383)	(26)	(55)	2 261	17	97
318	(3 861)	(345)	(323)	7 151	320	249
187	(2 533)	(274)	(117)	4 428	165	135
131	(1 328)	(71)	(206)	2 723	155	114
95	(245)	(102)	(458)	5 554	71	48
95	(221)	(97)	(440)	5 372	70	48
	(24)	(5)	(18)	182	1	
				402		
872	(7 794)	(910)	(897)	22 444	930	842
				2.10		

Credit impairment analysis

Loans and advances performance

		Performing loans			
		Neither past due nor specifically impaired		Not specifically impaired	
	Gross loans and advances Rm	Normal monitoring Rm	Close monitoring Rm	Early arrears Rm	Non-performing Rm
2017					
Personal & Business Banking	**645 868**	**569 206**	**17 485**	**30 258**	
Mortgage lending	**346 518**	**303 125**	**8 564**	**19 325**	
Vehicle and asset finance	**81 640**	**71 873**	**2 393**	**4 248**	
Card debtors	**32 268**	**27 204**	**1 389**	**1 555**	
Other loans and advances	**185 442**	**167 004**	**5 139**	**5 130**	
Personal unsecured lending	**52 016**	**41 912**	**2 653**	**3 262**	
Business lending and other	**133 426**	**125 092**	**2 486**	**1 868**	
Corporate & Investment Banking	**472 437**	**464 020**	**2 132**	**685**	**25**
Corporate loans	**408 624**	**400 426**	**2 132**	**685**	
Commercial property finance	**63 813**	**63 594**			**25**
Central and other	**(47 834)**	**(47 836)**			
Gross loans and advances	**1 070 471**	**985 390**	**19 617**	**30 943**	**25**
Percentage of total book (%)	**100.0**	**92.1**	**1.8**	**2.9**	**0.0**
2016					
Personal & Business Banking	644 668	569 053	15 718	32 051	
Mortgage lending	336 451	294 000	8 047	19 839	
Vehicle and asset finance	81 035	71 663	1 811	4 491	
Card debtors	31 229	26 085	1 228	1 696	
Other loans and advances	195 953	177 305	4 632	6 025	
Personal unsecured lending	53 152	43 042	1 927	3 322	
Business lending and other	142 801	134 263	2 705	2 703	
Corporate & Investment Banking	506 034	498 227	2 066	182	406
Corporate loans	440 515	433 019	2 066	156	404
Commercial property finance	65 519	65 208		26	2
Central and other	(63 281)	(63 282)			
Gross loans and advances	1 087 421	1 003 998	17 784	32 233	406
Percentage of total book(%)	100.0	92.4	1.6	3.0	0.0

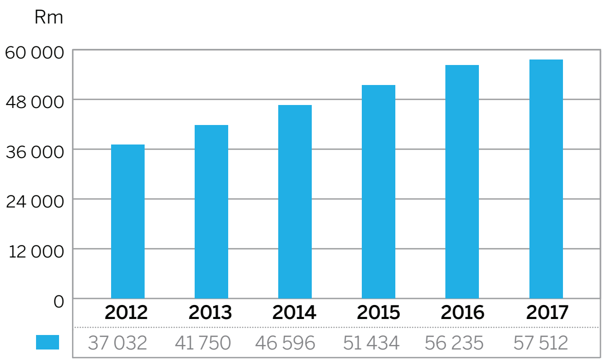
Criteria for classifications of loans and advances

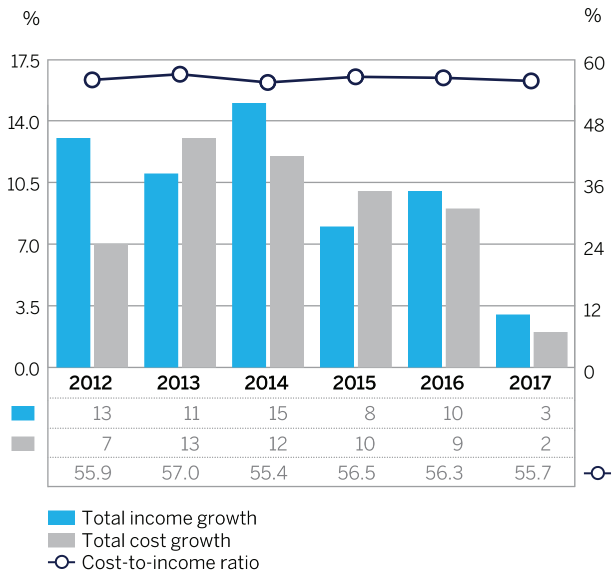
Non-performing loans	Those loans for which: • the group has identified objective evidence of default, such as a breach of a material loan covenant or condition, or • instalments are due and unpaid for 90 days or more.
Neither past due nor specifically impaired loans	Loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21 and close monitoring loans are generally rated 22 to 25 using the group's master rating scale.
Early arrears but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.

Non-performing loans									
Specifically impaired loans									
Sub-standard Rm	Doubtful Rm	Loss Rm	Total Rm	Securities and expected recoveries on specifically impaired loans Rm	Net after securities and expected recoveries on specifically impaired loans Rm	Balance sheet impairments for non-performing specifically impaired loans Rm	Specific gross impairment coverage %	Total non-performing loans Rm	Non-performing loans %
7 420	**14 725**	**6 774**	**28 919**	**16 976**	**11 943**	**11 943**	**41**	**28 919**	**4.5**
4 273	**10 675**	**556**	**15 504**	**11 525**	**3 979**	**3 979**	**26**	**15 504**	**4.5**
409	**1 561**	**1 156**	**3 126**	**1 759**	**1 367**	**1 367**	**44**	**3 126**	**3.8**
542	**411**	**1 167**	**2 120**	**524**	**1 596**	**1 596**	**75**	**2 120**	**6.6**
2 196	**2 078**	**3 895**	**8 169**	**3 168**	**5 001**	**5 001**	**61**	**8 169**	**4.4**
395	**1 343**	**2 451**	**4 189**	**1 002**	**3 187**	**3 187**	**76**	**4 189**	**8.1**
1 801	**735**	**1 444**	**3 980**	**2 166**	**1 814**	**1 814**	**46**	**3 980**	**3.0**
1 951	**3 254**	**370**	**5 575**	**2 250**	**3 325**	**3 325**	**60**	**5 600**	**1.2**
1 914	**3 097**	**370**	**5 381**	**2 180**	**3 201**	**3 201**	**59**	**5 381**	**1.3**
37	**157**		**194**	**70**	**124**	**124**	**64**	**219**	**0.3**
		2	**2**		**2**	**2**		**2**	
9 371	**17 979**	**7 146**	**34 496**	**19 226**	**15 270**	**15 270**	**44**	**34 521**	**3.2**
0.8	**1.7**	**0.7**	**3.2**	**1.8**	**1.4**	**1.4**			
6 371	16 008	5 467	27 846	16 079	11 767	11 767	42	27 846	4.3
3 700	10 335	530	14 565	10 925	3 640	3 640	25	14 565	4.3
470	1 378	1 222	3 070	1 660	1 410	1 410	46	3 070	3.8
612	478	1 130	2 220	622	1 598	1 598	72	2 220	7.1
1 589	3 817	2 585	7 991	2 872	5 119	5 119	64	7 991	4.1
453	3 375	1 033	4 861	1 268	3 593	3 593	74	4 861	9.1
1 136	442	1 552	3 130	1 604	1 526	1 526	49	3 130	2.2
1 173	3 240	740	5 153	2 263	2 890	2 890	56	5 559	1.1
1 077	3 053	740	4 870	2 143	2 727	2 727	56	5 274	1.2
96	187		283	120	163	163	58	285	0.4
		1	1	(1)	2	2		1	
7 544	19 248	6 208	33 000	18 341	14 659	14 659	44	33 406	3.1
0.6	1.8	0.6	3.0	1.7	1.3	1.3			

Non-performing but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are 90 days or more past due as well as those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition. These loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing specifically impaired loans	Loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories: • Sub-standard items that show underlying well defined weaknesses and are considered to be specifically impaired. • Doubtful items that are not yet considered final losses because of some pending factors that may strengthen the quality of the items. • Loss items that are considered to be uncollectible in whole or in part. The group provides fully for its anticipated loss, after taking securities into account.

Operating expenses



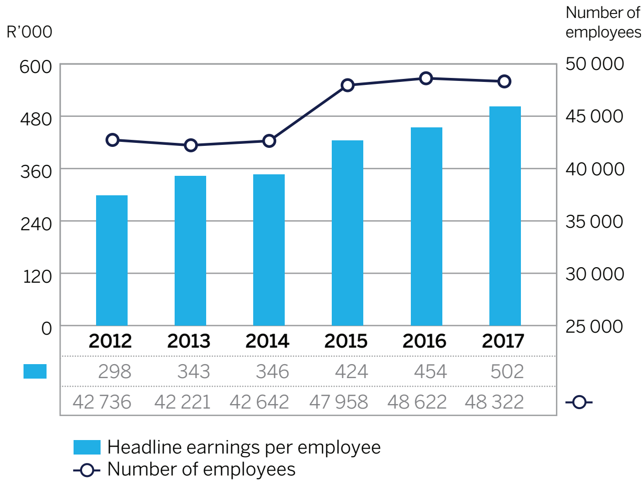


	CCY %	Change %	2017 Rm	2016 Rm
Staff costs				
Fixed remuneration	8	2	**21 732**	21 211
Variable remuneration	13	8	**7 602**	7 031
Charge for incentive payments	10	5	**5 762**	5 501
IFRS 2 charge: cash-settled share schemes	23	8	**528**	491
IFRS 2 charge: equity-settled share schemes	27	26	**1 312**	1 039
Other staff costs	(7)	(14)	**2 338**	2 734
Total staff costs	8	2	**31 672**	30 976
Variable remuneration as a % of total staff costs			**24.0**	22.7
Other operating expenses				
Information technology	6	3	**6 073**	5 880
Amortisation of intangible assets	18	18	**2 371**	2 015
Depreciation	(4)	(9)	**2 471**	2 725
Premises	9	3	**3 994**	3 870
Professional fees	7	(1)	**1 636**	1 658
Communication	(2)	(6)	**1 105**	1 176
Marketing and advertising	25	19	**1 967**	1 653
Japan fraud	(100)	(100)	**–**	300
Other	18	4	**6 223**	5 982
Total other operating expenses	9	2	**25 840**	25 259
Total operating expenses	8	2	**57 512**	56 235
Total income	9	3	**103 162**	99 857
Cost-to-income ratio (%)			**55.7**	56.3
Jaws (%)			**1.0**	0.3

Analysis of total information technology function spend

	CCY %	Change %	2017 Rm	2016 Rm
IT staff costs	2	0	**3 605**	3 603
Information technology licences, maintenance and related costs	6	3	**6 073**	5 880
Amortisation of intangible assets	18	18	**2 371**	2 015
Depreciation and other	8	3	**2 355**	2 278
Total information technology function spend	7	5	**14 404**	13 776

Banking activities' headline earnings per employee



	Change %	2017	2016
Headcount by business unit			
Personal & Business Banking	(1)	**28 125**	28 290
Corporate & Investment Banking	(2)	**3 800**	3 884
Central and other (corporate functions)	(0)	**16 397**	16 448
Banking activities	(1)	**48 322**	48 622
Headcount by geography			
South Africa	(1)	**32 876**	33 332
Africa Regions	1	**14 831**	14 693
International	3	**615**	597
Banking activities	(1)	**48 322**	48 622

Staff costs and headcount

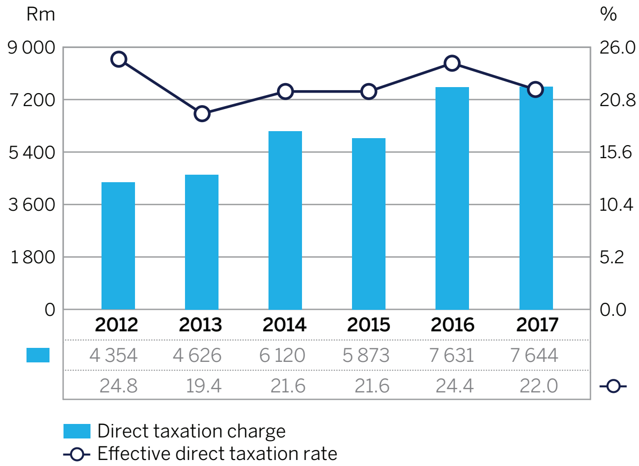
- Lower headcount due to efficiencies identified through new ways of working, natural attrition, particularly within South Africa, with additional headcount in Africa Regions to enhance business capacity and capability.
- Higher fixed remuneration due to annual increases and headcount growth in Africa Regions.
- Increase in charge for incentive payments linked to growth in group profitability.
- Growth in the amortisation of prior year incentive awards due to the cumulative effect of deferral of incentives in prior years, coupled with the strengthening of the ZAR exchange rate and, in the case of the cash-settled share schemes, the increase in the group's share price.

Other operating expenses

- Increased information technology spend on consultants and turnkey due to a change in the mix of permanent and contracting staff, coupled with increased spend on software maintenance and licensing fees.
- Increased amortisation of intangible assets as core banking and other systems go into production.
- Higher premises costs driven by increased leases and maintenance spend in the branch network and device channels in Ghana, Nigeria and South Africa.
- Non-recurrence of Japan fraud.
- Increased marketing campaigns, including the launch of the "What's your next" campaign and Shyft.
- Higher training spend driven by new ways of working and client centric capacity building.

Taxation

Direct taxation charge and effective direct taxation rate



Direct taxation rate reconciliation

	2017 %	2016 %
Direct taxation - statutory rate	**28.0**	28.0
Prior year tax	**(0.8)**	0.2
Total direct taxation - current year	**27.2**	28.2
Adjustments: Foreign tax and withholdings tax	**2.8**	1.9
Normal direct taxation - current year	**30.0**	30.1
Permanent differences:	**(8.0)**	(5.7)
Non-taxable income - capital profit	**(0.0)**	(0.1)
Non-taxable income - dividends	**(3.8)**	(4.6)
Non-taxable income - other	**(7.0)**	(5.0)
Effects of profits taxed in different jurisdictions	**(0.4)**	(0.3)
Other	**3.2**	4.3
Effective direct taxation rate	**22.0**	24.4

Favourable

- Significant increase in exempt interest income relating to treasury bills and government bonds mainly from Angola, Mozambique and Nigeria.
- Prior year tax adjustment in Kenya, Nigeria, South Africa and South Sudan.
- Decrease in non-deductible losses in Africa Regions and non-recurrence of non-deductible legal provisions.
- Increase from the effect of profits taxed in different jurisdictions with lower corporate tax rate mainly from International.

Unfavourable

- Increase in withholding tax on interest received relating to treasury bills and government bonds mainly from Angola and Mozambique.

LIQUIDITY AND CAPITAL MANAGEMENT

Liquidity management

Liquidity market overview

- Appropriate liquidity buffers were held in line with regulatory and internal stress testing requirements, taking into account the global risk profile and market conditions.
- The group maintained the LCR in excess of the 80% minimum regulatory requirement throughout 2017.
- The group successfully increased longer term funding during 2017, raising R32.4 billion through a combination of senior debt and syndicated loans. An additional R24.6 billion was raised through negotiable certificates of deposit (NCDs) in excess of 12 months. SBG issued R3.5 billion of Basel III compliant AT1 notes, the proceeds of which have been invested in SBSA on the same terms and conditions as those applicable to the AT1 notes in SBG.
- The group successfully achieved NSFR compliance with effect from 1 January 2018.

Total contingent liquidity

- Portfolios of marketable and liquid instruments to meet regulatory and internal stress testing requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within ALCO-defined limits on the basis of diversification and liquidity.
- Eligible Basel III LCR high quality liquid assets (HQLA) are defined according to the Basel Committee on Banking Supervision LCR and liquidity risk monitoring tools framework.
- Managed liquidity represents unencumbered marketable instruments other than eligible Basel III LCR HQLA (excluding trading assets) which would be able to provide additional sources of liquidity in a stress scenario.
- The table below provides a breakdown of the group's liquid and marketable instruments as at 31 December 2017.

Total contingent liquidity

	2017 **Rbn**	2016 Rbn
Eligible LCR HQLA[1] comprising:	**251.3**	220.4
Notes and coins	**18.3**	19.6
Balances with central banks	**38.8**	38.1
Government bonds and bills	**149.1**	146.0
Other eligible liquid assets	**45.1**	16.7
Managed liquidity	**71.0**	115.5
Total contingent liquidity	**322.3**	335.9
Total contingent liquidity as a % of funding-related liabilities	**25.2**	26.9

1 Eligible LCR HQLA consider any liquidity transfer restrictions that will inhibit the transfer of HQLA across jurisdictions.

Liquidity coverage ratio

- The Basel III LCR promotes short-term resilience of the group's 30 calendar day liquidity risk profile by ensuring it has sufficient HQLA to meet potential outflows in a stressed environment.
- The SBG and SBSA LCR figures reflect the simple average of 92 days of daily observations over the quarter ended 31 December 2017.

Liquidity coverage ratio (average)

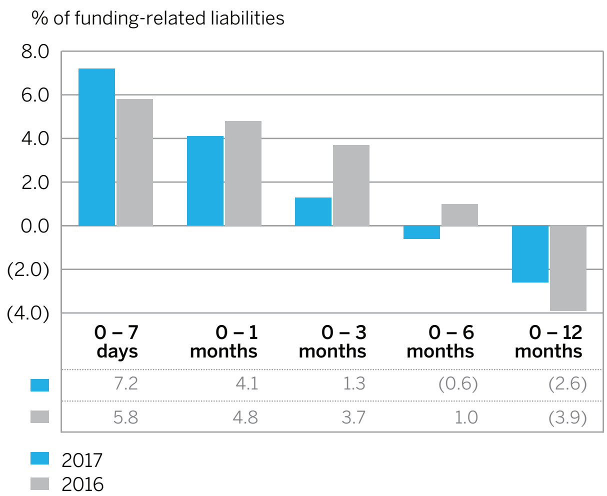
	2017[1] **Rbn**	2016[2] Rbn
SBG		
Total HQLA	**240.9**	208.7
Net cash outflows	**178.3**	178.1
LCR (%)	**135.1**	117.1
SBSA[3]		
Total HQLA	**157.7**	151.3
Net cash outflows	**158.0**	157.0
LCR (%)	**99.8**	96.4
Minimum requirement (%)	**80.0**	70.0

1 Includes daily results for SBSA[3], SBSA Isle of Man branch, Stanbic Bank Ghana, Stanbic Bank Uganda, Standard Bank Isle of Man Limited and Standard Bank Jersey Limited and the simple average of three month-end data points ended 31 December 2017 for the other Africa Regions' banking entities.
2 Includes the simple average of three month-end data points ended 31 December 2016.
3 Excludes foreign branches.

Structural liquidity requirements

- Structural liquidity mismatch analyses are performed regularly to anticipate the mismatch between cash flow profiles of balance sheet items.
- Behavioural profiling is applied to assets, liabilities and off-balance sheet commitments as well as to certain liquid assets.
- The cumulative maturity as reflected in the graph below is expressed as a percentage of the group's total funding related liabilities.

Behaviourally adjusted cumulative liquidity mismatch



Diversified funding base

- Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the competitive and regulatory environment. The group continued to focus on building its deposit base as a key component of the funding mix. Deposits sourced from South Africa and other major jurisdictions in the Africa Regions, Isle of Man and Jersey provide diversity of stable sources of funding for the group.

Funding-related liabilities composition[1]

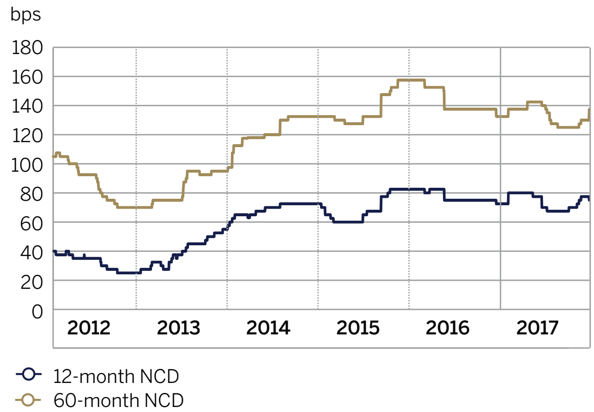
	2017 Rbn	2016 Rbn
Corporate funding	**391**	387
Retail deposits[2]	**343**	321
Institutional funding	**296**	286
Interbank funding	**60**	78
Government and parastatals	**72**	66
Senior debt	**58**	49
Term loan funding	**32**	41
Subordinated debt issued	**19**	22
Other liabilities to the public	**6**	1
Total banking activities funding-related liabilities	**1 277**	1 251

[1] Composition aligned to Basel III liquidity classification.
[2] Comprises individual and small business customers.

Funding costs

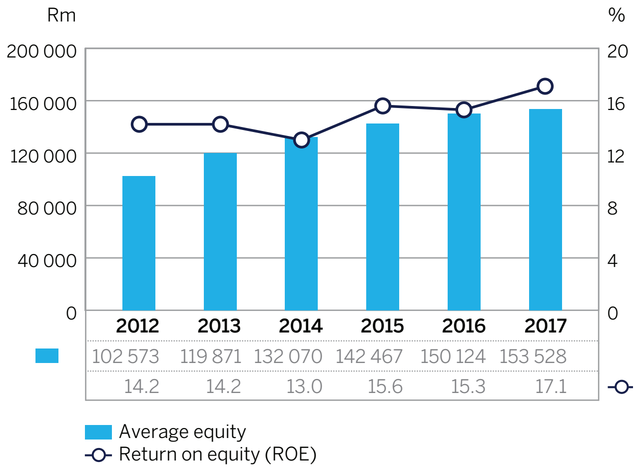
- The market cost of liquidity is measured as the spread paid on NCDs relative to the prevailing reference rate.
- Market cost of liquidity compressed in the 60-month tenor as banks benefited from increased demand for bank term issuance. Cost of liquidity in money markets measured by the 12-month NCD cost traded in a tight range during 2017. Marginal widening of term funding spreads was experienced in the final quarter driven largely by political risk and market credit events.

SBSA 12 and 60-month liquidity spread



Return on equity, cost of equity and economic returns

Return on ordinary shareholders' equity – group



ROE and average equity

	2017 Average equity Rm	2017 ROE %	2016 Average equity Rm	2016 ROE %
Personal & Business Banking	**70 213**	**20.0**	67 592	18.8
Corporate & Investment Banking	**51 926**	**22.2**	52 892	19.5
Central and other	**12 356**	**(10.1)**	11 179	(9.0)
Banking activities	**134 495**	**18.0**	131 663	16.8
Other banking interests	**7 754**	**7.3**	7 135	(0.1)
Liberty	**11 279**	**12.7**	11 326	8.4
Standard Bank Group	**153 528**	**17.1**	150 124	15.3

Cost of equity estimates[1]

	Average 2017 %	Average 2016 %
Standard Bank Group	**13.9**	14.0
Banking activities	**14.0**	14.1

[1] Estimated using the capital asset pricing model, applying estimates of risk free rate, 8.8% (2016: 8.8%), equity risk premium, 6.4% (2016: 6.5%) and beta 79.2% (2016: 79.3%). Beta for banking activities estimated at 80.8% (2016: 81.4%).

Economic returns

	Change %	2017 Rm	2016 Rm
Average ordinary shareholders' equity	2	**153 528**	150 124
Headline earnings	14	**26 270**	23 009
Cost of equity charge	2	**(21 340)**	(21 017)
Economic return	>100	**4 930**	1 992

Currency translation effects and economic capital

Movement in group foreign currency translation and net investment hedging reserve

	2017 Rm	2016 Rm
Balance at beginning of the year: (debit)/credit	**(2 126)**	9 483
Translation and hedge reserve (decrease)/increase for the year	**(4 759)**	(11 547)
Translation reserve (decrease)/increase	**(4 713)**	(11 350)
Africa Regions	**(3 078)**	(7 776)
International	**(1 578)**	(3 468)
Liberty	**(57)**	(106)
Currency hedge losses	**(46)**	(197)
Movement due to disposal and liquidation of entities	**(214)**	(62)
Balance at end of the year: debit	**(7 099)**	(2 126)

Economic capital utilisation by risk type

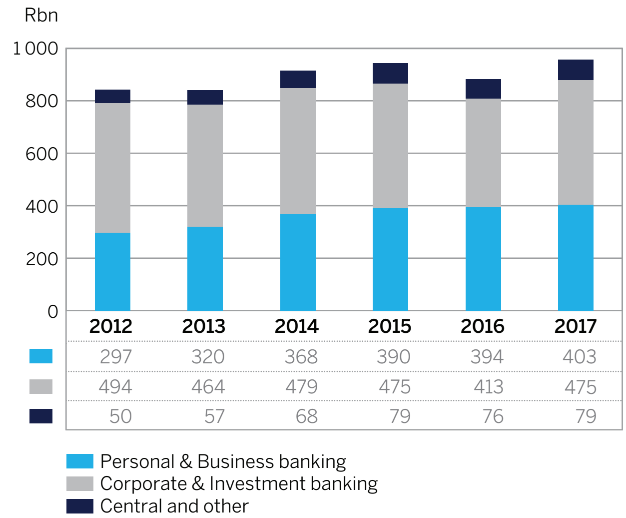
	Change %	2017 Rm	2016 Rm
Credit risk	4	**73 784**	70 680
Equity risk	2	**6 912**	6 805
Market risk	(39)	**1 269**	2 092
Operational risk	10	**13 133**	11 947
Business risk	5	**4 113**	3 913
Interest rate risk in the banking book	16	**3 908**	3 381
Banking activities economic capital requirement	4	**103 119**	98 818
Available financial resources	4	**150 726**	144 537
Economic capital coverage ratio (times)		**1.46**	1.46

Economic capital utilisation by business unit

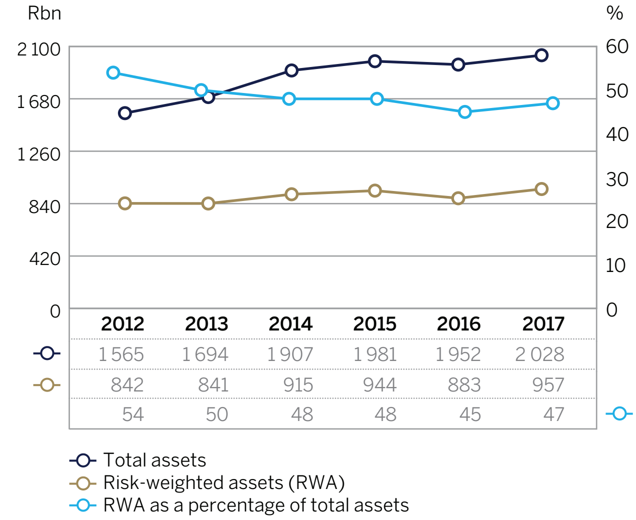
	Change %	2017 Rm	2016 Rm
Personal & Business Banking	(4)	**25 660**	26 700
Corporate & Investment Banking	11	**71 117**	64 094
Central and other	(21)	**6 342**	8 024
Banking activities economic capital requirement	4	**103 119**	98 818

Risk-weighted assets

Risk-weighted assets (RWA) by business unit
(closing balances)



Risk-weighted assets
(closing balances)[1]



[1] Basel III implemented 1 January 2013. Risk-weighted assets for 2012 are on a *pro forma* Basel III basis.

By business unit and risk type

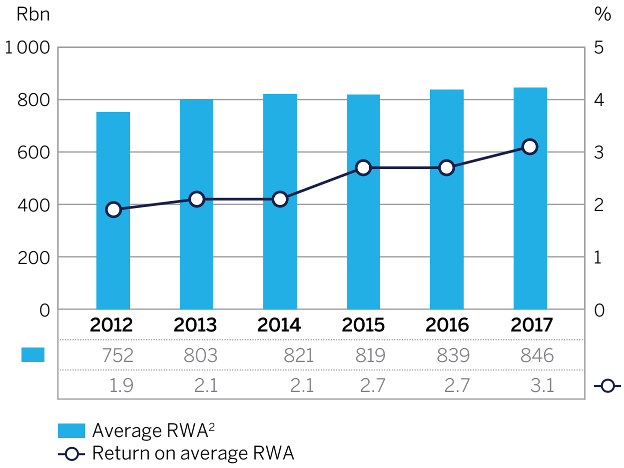
	Change %	2017 Rm	2016 Rm
Personal & Business Banking	2	**403 385**	394 230
Credit risk	1	**308 532**	305 653
Operational risk	6	**93 664**	88 019
Equity risk in the banking book	>100	**1 189**	558
Corporate & Investment Banking	15	**474 930**	412 978
Credit risk	13	**321 694**	285 931
Counterparty credit risk	15	**24 350**	21 185
Market risk	52	**60 021**	39 444
Operational risk	4	**60 308**	58 238
Equity risk in the banking book	5	**8 557**	8 180
Central and other	4	**78 731**	75 971
Credit risk	(3)	**29 785**	30 826
Operational risk	62	**4 698**	2 905
Equity risk in the banking book	5	**3 566**	3 388
RWA for investments in financial entities	5	**40 682**	38 852
Standard Bank Group	8	**957 046**	883 179

By risk type

	Change %	2017 Rm	2016 Rm
Credit risk	6	**660 011**	622 410
Counterparty credit risk	15	**24 350**	21 185
Market risk	52	**60 021**	39 444
Operational risk	6	**158 670**	149 162
Equity risk in the banking book	10	**13 312**	12 126
RWA for investments in financial entities	5	**40 682**	38 852
Standard Bank Group	8	**957 046**	883 179

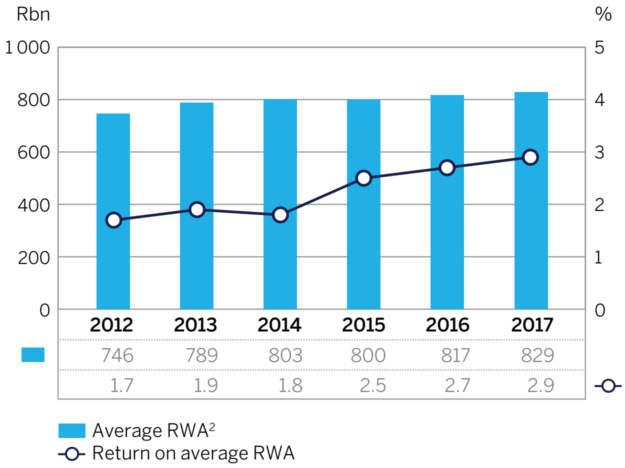
Return on risk-weighted assets

Return on group average RWA[1]



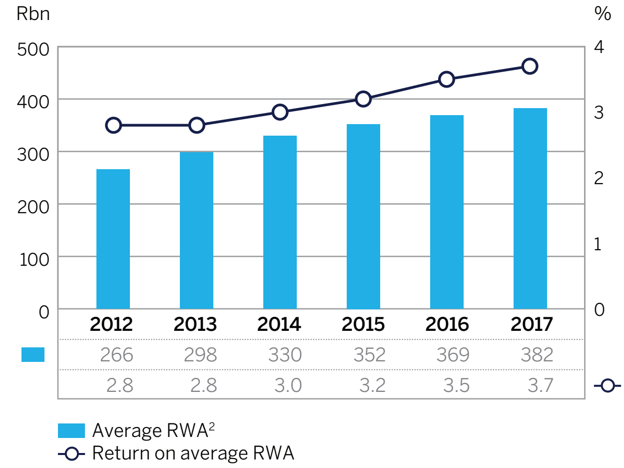
	2012	2013	2014	2015	2016	2017
Average RWA[2] (Rbn)	752	803	821	819	839	846
Return on average RWA (%)	1.9	2.1	2.1	2.7	2.7	3.1

Return on banking activities average RWA[1]



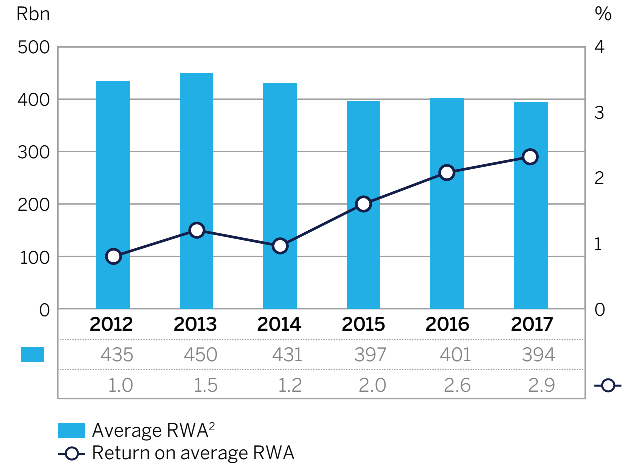
	2012	2013	2014	2015	2016	2017
Average RWA[2] (Rbn)	746	789	803	800	817	829
Return on average RWA (%)	1.7	1.9	1.8	2.5	2.7	2.9

PBB return on average RWA[1]



	2012	2013	2014	2015	2016	2017
Average RWA[2] (Rbn)	266	298	330	352	369	382
Return on average RWA (%)	2.8	2.8	3.0	3.2	3.5	3.7

CIB return on average RWA[1]

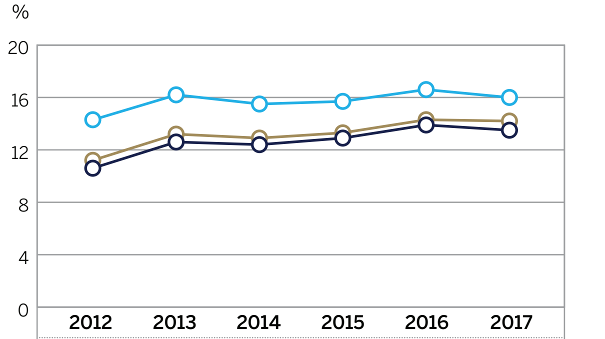


	2012	2013	2014	2015	2016	2017
Average RWA[2] (Rbn)	435	450	431	397	401	394
Return on average RWA (%)	1.0	1.5	1.2	2.0	2.6	2.9

[1] Basel III implemented 1 January 2013. Risk-weighted assets for 2012 are measured on a *pro forma* Basel III basis.
[2] Average RWA calculated net of non-controlling interests.

Capital adequacy

Capital adequacy[1]
(including unappropriated profit)



	2012	2013	2014	2015	2016	2017
Common equity tier 1 capital	10.6	12.6	12.4	12.9	13.9	13.5
Tier 1 capital	11.2	13.2	12.9	13.3	14.3	14.2
Total regulatory capital	14.3	16.2	15.5	15.7	16.6	16.0

[1] Basel III implemented 1 January 2013. Capital adequacy for 2012 is measured on a *pro forma* Basel III basis.

Qualifying regulatory capital excluding unappropriated profit

	Change %	2017 Rm	2016 Rm
Ordinary shareholders' equity	4	**157 020**	150 757
Qualifying non-controlling interest	9	**4 892**	4 488
Less: regulatory adjustments	(1)	**(32 326)**	(32 676)
Goodwill	(15)	**(1 904)**	(2 239)
Other intangible assets	(4)	**(18 603)**	(19 289)
Shortfall of credit provisions to expected future losses	(2)	**(2 076)**	(2 118)
Investments in financial entities	8	**(9 141)**	(8 432)
Other adjustments	1	**(602)**	(598)
Total (including unappropriated profit)	6	**129 586**	122 569
Less: unappropriated profit	38	**(11 304)**	(8 168)
Common equity tier 1 capital	3	**118 282**	114 401
Qualifying other equity instruments	91	**6 291**	3 297
Qualifying non-controlling interest	29	**416**	322
Tier 1 capital	6	**124 989**	118 020
Qualifying tier 2 subordinated debt	(17)	**14 777**	17 773
General allowance for credit impairments	(8)	**2 173**	2 357
Tier 2 capital	(16)	**16 950**	20 130
Total regulatory capital	3	**141 939**	138 150

Capital adequacy ratios

	Internal target ratios[1]	SARB minimum regulatory requirement[2]	Excluding unappropriated profit		Including unappropriated profit	
			2017	2016	**2017**	2016
	%	%	**%**	%	**%**	%
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.3	**12.4**	13.0	**13.5**	13.9
Tier 1 capital adequacy ratio	12.0 - 13.0	8.5	**13.1**	13.4	**14.2**	14.3
Total capital adequacy ratio	15.0 - 16.0	10.8	**14.8**	15.6	**16.0**	16.6

[1] Including unappropriated profit.
[2] Excluding confidential bank specific requirements.

Capital adequacy ratios per legal entity

	Tier 1 host regulatory requirement %	Total host regulatory requirement %	2017 Tier 1 capital %	2017 Total capital %	2016 Tier 1 capital %	2016 Total capital %
Standard Bank Group	8.5	10.8	**14.2**	**16.0**	14.3	16.6
The Standard Bank of South Africa group (SBSA group)	8.5	10.8	**14.2**	**16.6**	13.7	16.8
Africa Regions						
Stanbic Bank Botswana	7.5	15.0	**9.8**	**19.1**	10.0	18.0
Stanbic Bank Ghana		10.0	**20.0**	**23.4**	14.7	18.6
Stanbic Bank Kenya	10.5	14.5	**15.6**	**17.1**	15.4	17.6
Stanbic Bank S.A. (Ivory Coast)[1]		8.0	**>100**	**>100**		
Stanbic Bank Tanzania	12.5	14.5	**17.0**	**18.8**	19.1	20.5
Stanbic Bank Uganda	8.0	12.0	**17.8**	**20.7**	16.6	19.9
Stanbic Bank Zambia	5.0	10.0	**16.6**	**19.1**	15.6	18.5
Stanbic Bank Zimbabwe	8.0	12.0	**22.0**	**24.6**	20.8	23.5
Stanbic IBTC Bank Nigeria	5.0	10.0	**16.2**	**20.5**	13.7	18.3
Standard Bank de Angola		10.0	**28.5**	**33.3**	21.6	26.8
Standard Bank Malawi	10.0	15.0	**16.8**	**20.3**	19.7	22.0
Standard Bank Mauritius	8.0	10.6	**31.4**	**32.0**	32.6	41.4
Standard Bank Mozambique		8.0	**18.9**	**20.4**	14.9	17.0
Standard Bank Namibia	7.0	10.0	**10.9**	**13.8**	11.5	14.0
Standard Bank RDC (DRC - Congo)[2]	5.0	10.0	**79.1**	**92.4**	27.2	40.0
Standard Bank Swaziland	4.0	8.0	**11.9**	**14.1**	10.8	13.1
Standard Lesotho Bank	4.0	8.0	**23.1**	**16.3**	15.3	17.7
International						
Standard Bank Isle of Man	8.5	10.0	**12.6**	**13.7**	15.7	17.4
Standard Bank Jersey		11.0		**14.1**	10.9	14.7
Liberty Group (calculated in terms of the Long-term Insurance Act) Capital adequacy requirement - times covered				**2.9**		2.7

[1] Stanbic Bank S.A. (Ivory Coast) commenced operations in July 2017. Capital adequacy ratios are reflective of the start-up stage of the business.
[2] Increase in capital adequacy ratios in anticipation of increased minimum regulatory requirements.

Other capital instruments

Subordinated debt

	Redeemable/ repayable date	First callable date	Notional value[1] LCm	2017 Carrying value[1] Rm	2017 Notional value[1] Rm	2016 Carrying value[1] Rm	2016 Notional value[1] Rm
Subordinated bonds - banking activities							
SBSA group				**17 287**	**17 080**	20 340	20 080
SBK 15	23 Jan 2022	23 Jan 2017	ZAR 1 220	**–**	**–**	1 242	1 220
SBK 14	1 Dec 2022	1 Dec 2017	ZAR 1 780	**–**	**–**	1 795	1 780
SBK 16	15 Mar 2023	15 Mar 2018	ZAR 2 000	**2 008**	**2 000**	2 008	2 000
SBK 9	10 Apr 2023	10 Apr 2018	ZAR 1 500	**1 529**	**1 500**	1 529	1 500
SBK 17	30 Jul 2024	30 Jul 2019	ZAR 2 000	**2 032**	**2 000**	2 031	2 000
SBK 19	24 Oct 2024	24 Oct 2019	ZAR 500	**509**	**500**	508	500
SBK 20[2]	2 Dec 2024	2 Dec 2019	ZAR 2 250	**2 268**	**2 250**	2 269	2 250
SBK 21[2]	28 Jan 2025	28 Jan 2020	ZAR 750	**763**	**750**	763	750
SBK 22[2]	28 May 2025	28 May 2020	ZAR 1 000	**1 010**	**1 000**	1 009	1 000
SBK 24[2]	19 Oct 2025	19 Oct 2020	ZAR 880	**899**	**880**	897	880
SBK 18	24 Oct 2025	24 Oct 2020	ZAR 3 500	**3 563**	**3 500**	3 565	3 500
SBK 25[2]	25 Apr 2026	25 Apr 2021	ZAR 1 200	**1 225**	**1 200**	1 225	1 200
SBK 26[2]	25 Apr 2026	25 Apr 2021	ZAR 500	**506**	**500**	511	500
SBK 23[2]	28 May 2027	28 May 2022	ZAR 1 000	**975**	**1 000**	988	1 000
Standard Bank Swaziland	14 Dec 2024	14 Dec 2019	E 50	**50**	**50**	50	50
Stanbic Botswana	2022 - 2027	2017 - 2022	BWP 280	**239**	**239**	102	102
Standard Bank Mozambique	2017 - 2025	2017 - 2020	MT 1 261	**227**	**210**	247	240
Stanbic Bank Kenya	8 Dec 2021	15 Jun 2020	KES 4 000	**476**	**477**	532	534
Stanbic Bank Ghana	23 Jan 2022	23 Jan 2017	GHS 7	**–**	**–**	27	22
Stanbic IBTC Bank Nigeria	30 Sep 2024	1 Oct 2019	NGN 15 440	**540**	**529**	686	672
Standard Bank Namibia	23 Oct 2024	24 Oct 2019	NAD 100	**101**	**100**	101	100
Stanbic Bank Zambia	31 Oct 2024	1 Nov 2019	ZMW 37	**46**	**46**	53	51
Subordinated bonds issued to group companies				**(253)**	**(248)**	(737)	(729)
Total subordinated debt - banking activities				**18 713**	**18 483**	21 401	21 122
Liberty (qualifying as regulatory insurance capital)	2017 - 2024		ZAR 5 500	**5 576**	**5 500**	4 596	4 500
Total subordinated debt				**24 289**	**23 983**	25 997	25 622

1 The difference between the carrying and notional value represents accrued interest together with, where applicable, the unamortised fair value adjustments relating to bonds hedged for interest rate risk.
2 Basel III compliant tier 2 instrument which contains a contractual write-off feature in the event that SBSA is deemed non-viable by the SARB.

Other equity holders

	First callable date	Notional value LCm	2017 Carrying value Rm	2017 Notional value Rm	2016 Carrying value Rm	2016 Notional value Rm
Cumulative preference share capital (SBKP)		ZAR 8	**8**	**8**	8	8
Non-Cumulative preference share capital (SBPP)		ZAR 1	**5 495**	**1**	5 495	1
Total preference share capital			**5 503**	**9**	5 503	9
SBT 101	31 Mar 2022	ZAR 1 744	**1 744**	**1 744**		
SBT 102	30 Sep 2022	ZAR 1 800	**1 800**	**1 800**		
Total AT1 capital bonds			**3 544**	**3 544**		
Total other equity instruments			**9 047**	**3 553**	5 503	9

KEY BANKING LEGAL ENTITY INFORMATION

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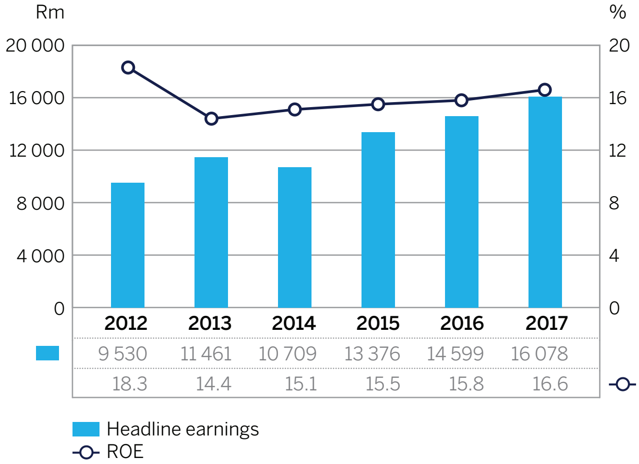
Key financial results, ratios and statistics

		Change %	2017	2016
SBSA group[1]				
Income statement				
Headline earnings	Rm	10	**16 078**	14 599
Headline earnings as consolidated into SBG[2]	Rm	9	**16 528**	15 131
Profit attributable to the ordinary shareholder	Rm	12	**15 941**	14 235
Statement of financial position				
Ordinary shareholder's equity	Rm	5	**100 791**	96 285
Total assets	Rm	2	**1 308 800**	1 285 621
Net loans and advances	Rm	(2)	**900 895**	920 406
Financial performance				
ROE	%		**16.6**	15.8
Non-interest revenue to total income	%		**41.1**	41.0
Loans-to-deposits ratio	%		**93.6**	98.2
Credit loss ratio	%		**0.77**	0.75
Credit loss ratio on loans to customers	%		**0.86**	0.87
Cost-to-income ratio	%		**58.6**	59.0
Jaws	%		**0.2**	(2.8)
Effective total taxation rate	%		**26.0**	26.9
Effective direct taxation rate	%		**21.3**	21.3
Number of employees		(1)	**32 342**	32 805
Capital adequacy				
Total risk-weighted assets	Rm	9	**610 314**	560 735
Common equity tier 1 capital adequacy ratio	%		**13.6**	13.7
Tier 1 capital adequacy ratio	%		**14.2**	13.7
Total capital adequacy ratio	%		**16.6**	16.8
SBSA company[1]				
Headline earnings	Rm	8	**15 211**	14 061
Headline earnings as consolidated into SBG[2]	Rm	7	**15 661**	14 593
Total assets	Rm	2	**1 305 112**	1 281 342
ROE	%		**15.9**	16.1

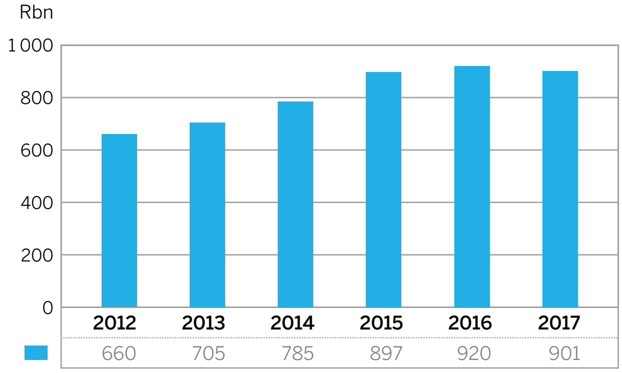
1 SBSA Group is a consolidation of entities including subsidiaries as well as structured entities, whereas SBSA Company is a legal entity.

2 At an SBSA level, certain share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. In addition, the hedges of those share schemes are recognised in the income statement at an SBSA level and in equity at an SBG level. Given the fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.

Headline earnings – SBSA group
CAGR (2012 – 2017): 11%



Net loans and advances – SBSA group
CAGR (2012 – 2017): 6%



Key highlights

- SBSA is the main booking entity for the group. As a result, SBSA cannot be viewed as a purely South African operation.
- Growth in average balances and focus on pricing, particularly in PBB, contributed to higher NII and margins.
- Muted net fee and commission income assisted by some volume growth and annual price increases.
- Higher trading revenue driven predominately by growth in fixed income and currency trading activities.
- Increased other revenue as a result of fair value gains from unlisted investments.
- Marginal growth in credit impairment charges driven by higher specific impairments in the business lending and personal unsecured lending, offset by improvements in the mortgage loans, VAF and card portfolios. Portfolio impairments in CIB increased due to the impact of the sovereign downgrade on a number of corporates. This was offset by a lower portfolio provision across most PBB portfolios.
- Muted cost growth driven by productivity efficiencies which resulted in a cost growth of 5% compared to 11% in 2016.
- Good growth in deposits from customers.
- SBSA group ROE improved to 16.6% from 15.8% in 2016.

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Income statement

	Change %	Group 2017 Rm	Group 2016 Rm	Change %	Company 2017 Rm	Company 2016 Rm
Net interest income	5	**41 520**	39 445	4	**40 434**	38 767
Non-interest revenue	6	**28 943**	27 429	6	**28 006**	26 434
Net fee and commission revenue	3	**20 819**	20 142	3	**19 711**	19 054
Trading revenue	8	**5 344**	4 944	7	**5 345**	4 985
Other revenue	19	**2 780**	2 343	23	**2 950**	2 395
Total income	5	**70 463**	66 874	5	**68 440**	65 201
Credit impairment charges	2	**7 145**	7 024	2	**7 092**	6 962
Specific credit impairments	2	**6 796**	6 656	2	**6 742**	6 587
Portfolio credit impairments	(5)	**349**	368	(7)	**350**	375
Net income before revenue sharing agreements	6	**63 318**	59 850	5	**61 348**	58 239
Revenue sharing agreements with group companies	(28)	**(726)**	(1 015)	(28)	**(726)**	(1 015)
Income before operating expenses	6	**62 592**	58 835	6	**60 622**	57 224
Operating expenses	5	**40 835**	38 824	5	**39 886**	37 910
Staff costs	5	**22 038**	20 913	6	**21 549**	20 413
Other operating expenses	5	**18 797**	17 911	5	**18 337**	17 497
Net income before non-trading and capital related items, and equity accounted earnings	9	**21 757**	20 011	7	**20 736**	19 314
Non-trading and capital related items	(64)	**(191)**	(524)	(64)	**(191)**	(525)
Share of profits from associates and joint ventures	>100	**187**	(21)	>100	**187**	(21)
Profit before indirect taxation	12	**21 753**	19 466	10	**20 732**	18 768
Indirect taxation	(6)	**1 301**	1 381	(6)	**1 295**	1 373
Profit before direct taxation	13	**20 452**	18 085	12	**19 437**	17 395
Direct taxation	13	**4 347**	3 849	13	**4 198**	3 699
Profit for the year	13	**16 105**	14 236	11	**15 239**	13 696
Attributable to other equity instrument holders	100	**165**	—	100	**165**	—
Attributable non-controlling interests	(>100)	**(1)**	1			
Attributable to the ordinary shareholder	12	**15 941**	14 235	10	**15 074**	13 696
Headline adjustable items	(62)	**137**	364	(62)	**137**	365
Headline earnings	10	**16 078**	14 599	8	**15 211**	14 061
IFRS 2 adjustment[1]						
Staff costs net of taxation	(15)	**450**	532	(15)	**450**	532
Headlines earnings as consolidated into SBG	9	**16 528**	15 131	7	**15 661**	14 593

[1] At an SBSA level, certain share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. In addition, the hedges of those share schemes are recognised in the income statement at an SBSA level and in equity at an SBG level. Given the fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.

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Statement of financial position

	Change %	Group 2017 Rm	Group 2016 Rm	Change %	Company 2017 Rm	Company 2016 Rm
Assets						
Cash and balances with the central banks	6	**35 893**	33 947	6	**35 893**	33 947
Derivative assets	19	**71 542**	60 074	19	**71 542**	60 076
Trading assets	18	**126 283**	107 442	18	**126 283**	107 442
Pledged assets	>100	**6 812**	2 081	>100	**6 812**	2 081
Financial investments	(6)	**86 344**	91 551	(5)	**85 877**	90 824
Current tax assets	(54)	**122**	264	(53)	**122**	262
Loans and advances	(2)	**900 895**	920 406	(3)	**884 648**	909 909
Loans and advances to banks	(24)	**91 610**	119 844	(24)	**90 990**	119 350
Loans and advances to customers	1	**809 285**	800 562	0	**793 658**	790 559
Other assets	13	**8 492**	7 493	14	**8 345**	7 318
Interest in group companies, associates and joint ventures	32	**46 000**	34 807	41	**59 354**	42 091
Property and equipment	(2)	**8 448**	8 637	(2)	**8 423**	8 600
Goodwill and other intangible assets	(3)	**17 746**	18 354	(3)	**17 652**	18 285
Deferred tax assets	(61)	**223**	565	(68)	**161**	507
Total assets	2	**1 308 800**	1 285 621	2	**1 305 112**	1 281 342
Equity and liabilities						
Equity	8	**104 338**	96 290	8	**101 690**	94 500
Equity attributable to the ordinary shareholder	5	**100 791**	96 285	4	**98 146**	94 500
Ordinary share capital	—	**60**	60	—	**60**	60
Ordinary share premium	6	**43 638**	41 138	6	**43 638**	41 138
Reserves	4	**57 093**	55 087	2	**54 448**	53 302
Equity attributable to the other equity holders	100	**3 544**	—	100	**3 544**	—
Equity attributable to non-controlling interest	(40)	**3**	5			
Liabilities	1	**1 204 462**	1 189 331	1	**1 203 422**	1 186 842
Derivative liabilities	9	**72 989**	67 104	9	**72 989**	67 106
Trading liabilities	42	**38 240**	26 976	42	**38 240**	26 976
Current tax liabilities	(14)	**3 411**	3 987	(15)	**3 403**	3 992
Deposits and debt funding	3	**962 920**	937 038	3	**961 650**	934 944
Deposits from banks	(24)	**80 617**	105 724	(24)	**80 610**	105 739
Deposits from customers	6	**882 303**	831 314	6	**881 040**	829 205
Subordinated debt	(15)	**17 287**	20 340	(15)	**17 287**	20 340
Liabilities to group companies	(19)	**95 416**	117 983	(19)	**95 927**	117 914
Provisions and other liabilities	(11)	**14 184**	15 885	(11)	**13 926**	15 570
Deferred tax liabilities	(17)	**15**	18			
Total equity and liabilities	2	**1 308 800**	1 285 621	2	**1 305 112**	1 281 342

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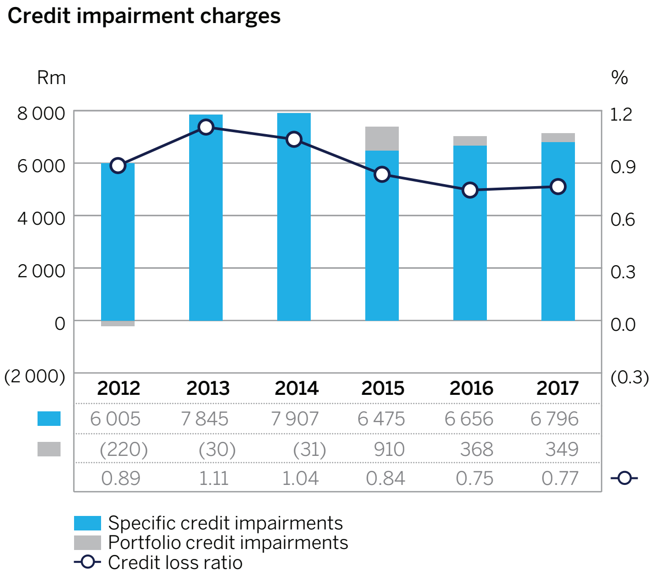
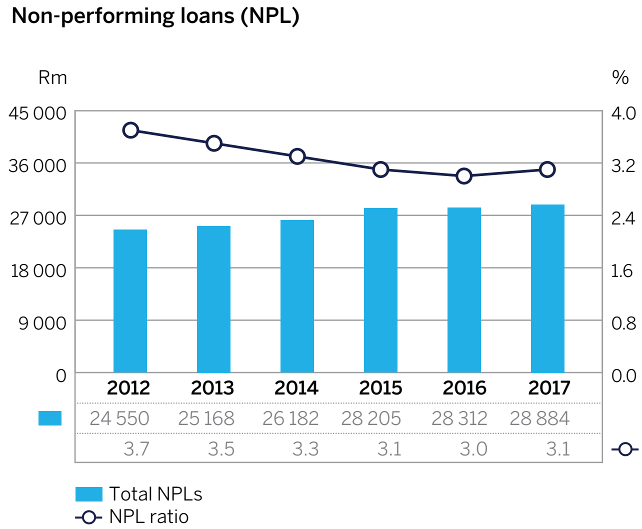
Credit impairment charges





Income statement credit impairment charges (net of recoveries)

		2017					
		Specifically impaired loans					
	Change %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	(4)	5 798	681	6 479	(172)	6 307	1.19
Mortgage loans	(21)	1 210	317	1 527	(69)	1 458	0.45
Vehicle and asset finance	(20)	634	99	733	(99)	634	0.88
Card debtors	(7)	1 274	23	1 297	63	1 360	4.33
Other loans and advances	14	2 680	242	2 922	(67)	2 855	2.84
Personal unsecured lending	2	1 816	181	1 997	(14)	1 983	4.95
Business lending and other	54	864	61	925	(53)	872	1.44
Corporate & Investment Banking	58	228	89	317	521	838	0.22
Corporate loans	67	258	89	347	521	868	0.28
Commercial property finance	(>100)	(30)		(30)		(30)	(0.05)
Other services	(100)				—	—	
Total SBSA group	2	6 026	770	6 796	349	7 145	0.77

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

	2016					
	Specifically impaired loans					
	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
	5 597	690	6 287	305	6 592	1.29
	1 556	235	1 791	47	1 838	0.58
	659	106	765	23	788	1.11
	1 380	24	1 404	54	1 458	4.71
	2 002	325	2 327	181	2 508	2.70
	1 536	262	1 798	142	1 940	4.89
	466	63	529	39	568	1.07
	318	51	369	163	532	0.13
	307	51	358	163	521	0.15
	11		11		11	0.02
				(100)	(100)	
	5 915	741	6 656	368	7 024	0.75

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Loans and advances performance

		Performing loans			
		Neither past due nor specifically impaired		Not specifically impaired	
	Gross loans and advances Rm	Normal monitoring Rm	Close monitoring Rm	Early arrears Rm	Non-performing Rm
2017					
Personal & Business Banking	536 491	472 998	13 630	24 597	
Mortgage loans	329 975	290 979	7 250	17 294	
Vehicle and asset finance	72 727	65 131	1 838	3 234	
Card debtors	31 694	26 764	1 341	1 505	
Other loans and advances	102 095	90 124	3 201	2 564	
Personal unsecured lending	38 810	31 044	2 319	1 838	
Business lending and other	63 285	59 080	882	726	
Corporate & Investment Banking	356 523	352 296	608	1	25
Corporate loans	293 148	289 141	608		
Commercial property finance	63 375	63 155		1	25
Central and other	26 443	26 443			
Gross loans and advances	919 457	851 737	14 238	24 598	25
Percentage of total book (%)	100.0	92.7	1.5	2.7	0.0
2016					
Personal & Business Banking	520 599	457 384	13 008	25 570	
Mortgage loans	321 445	282 102	7 547	18 092	
Vehicle and asset finance	71 297	64 105	1 340	3 300	
Card debtors	30 668	25 611	1 228	1 643	
Other loans and advances	97 189	85 566	2 893	2 535	
Personal unsecured lending	39 705	32 273	1 569	1 653	
Business lending and other	57 484	53 293	1 324	882	
Corporate & Investment Banking	396 149	391 794	656	26	47
Corporate loans	331 112	327 068	656		45
Commercial property finance	65 037	64 726		26	2
Central and other	21 754	21 752			
Gross loans and advances	938 502	870 930	13 664	25 596	47
Percentage of total book (%)	100.0	92.7	1.5	2.7	0.0

Criteria for classifications of loans and advances

Non-performing loans	Those loans for which: • the group has identified objective evidence of default, such as a breach of a material loan covenant or condition, or • instalments are due and unpaid for 90 days or more.
Neither past due nor specifically impaired loans	Loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21 and close monitoring loans are generally rated 22 to 25 using the group's master rating scale.
Early arrears but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.

Non-performing loans									
Specifically impaired loans									
Sub-standard	**Doubtful**	**Loss**	**Total**	**Securities and expected recoveries on specifically impaired loans**	**Net after securities and expected recoveries on specifically impaired loans**	**Balance sheet impairments for non-performing specifically impaired loans**	**Specific gross impairment coverage**	**Total non-performing loans**	**Non-performing loans**
Rm	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**%**	**Rm**	**%**
6 076	**13 682**	**5 508**	**25 266**	**14 720**	**10 546**	**10 546**	**42**	**25 266**	**4.7**
3 994	**10 409**	**49**	**14 452**	**10 714**	**3 738**	**3 738**	**26**	**14 452**	**4.4**
251	**1 287**	**986**	**2 524**	**1 494**	**1 030**	**1 030**	**41**	**2 524**	**3.5**
537	**405**	**1 142**	**2 084**	**520**	**1 564**	**1 564**	**75**	**2 084**	**6.6**
1 294	**1 581**	**3 331**	**6 206**	**1 992**	**4 214**	**4 214**	**68**	**6 206**	**6.1**
268	**1 219**	**2 122**	**3 609**	**906**	**2 703**	**2 703**	**75**	**3 609**	**9.3**
1 026	**362**	**1 209**	**2 597**	**1 086**	**1 511**	**1 511**	**58**	**2 597**	**4.1**
1 154	**2 289**	**150**	**3 593**	**1 132**	**2 461**	**2 461**	**68**	**3 618**	**1.0**
1 117	**2 132**	**150**	**3 399**	**1 056**	**2 343**	**2 343**	**69**	**3 399**	**1.2**
37	**157**		**194**	**76**	**118**	**118**	**61**	**219**	**0.3**
7 230	**15 971**	**5 658**	**28 859**	**15 852**	**13 007**	**13 007**	**45**	**28 884**	**3.1**
0.8	**1.7**	**0.6**	**3.1**	**1.7**	**1.4**	**1.4**			
5 166	15 328	4 143	24 637	14 287	10 350	10 350	42	24 637	4.7
3 433	10 195	76	13 704	10 257	3 447	3 447	25	13 704	4.3
252	1 232	1 068	2 552	1 429	1 123	1 123	44	2 552	3.6
596	471	1 119	2 186	619	1 567	1 567	72	2 186	7.1
885	3 430	1 880	6 195	1 982	4 213	4 213	68	6 195	6.4
294	3 229	687	4 210	1 167	3 043	3 043	72	4 210	10.6
591	201	1 193	1 985	815	1 170	1 170	59	1 985	3.5
1 038	2 429	159	3 626	1 216	2 410	2 410	66	3 673	0.9
942	2 242	159	3 343	1 089	2 254	2 254	67	3 388	1.0
96	187		283	127	156	156	55	285	0.4
		2	2		2	2		2	
6 204	17 757	4 304	28 265	15 503	12 762	12 762	45	28 312	3.0
0.7	1.9	0.5	3.1	1.7	1.4	1.4			

Non-performing but not specifically impaired loans	Loans where the counterparty has failed to make contractual payments and payments are 90 days or more past due as well as those loans for which the group has identified objective evidence of default, such as a breach of a material loan covenant or condition. These loans are not specifically impaired due to the expected recoverability of the full carrying value when considering future cash flows, including collateral.
Non-performing specifically impaired loans	Loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories: • Sub-standard items that show underlying well defined weaknesses and are considered to be specifically impaired. • Doubtful items that are not yet considered final losses because of some pending factors that may strengthen the quality of the items. • Loss items that are considered to be uncollectible in whole or in part. The group provides fully for its anticipated loss, after taking securities into account.

The Standard Bank of South Africa

Capital adequacy

SBSA group qualifying regulatory capital excluding unappropriated profit

	Change %	2017 Rm	2016 Rm
Share capital and premium	6	**43 698**	41 198
Retained earnings	4	**56 294**	54 140
Other reserves	(16)	**799**	947
Less: regulatory adjustments	(8)	**(17 929)**	(19 419)
Goodwill	–	**(42)**	(42)
Other intangible assets	(8)	**(15 346)**	(16 634)
Deferred tax assets	(30)	**(14)**	(20)
Shortfall of provisions to expected losses	(2)	**(2 084)**	(2 126)
Other adjustments	(26)	**(443)**	(597)
Total (including unappropriated profit)	8	**82 862**	76 866
Less: unappropriated profits	26	**(11 010)**	(8 769)
Common equity tier 1 capital	6	**71 852**	68 097
Qualifying other equity instruments	100	**3 544**	–
Tier 1 capital	11	**75 396**	68 097
Qualifying tier 2 subordinated debt	(15)	**17 080**	20 080
General allowance for credit impairments	47	**461**	314
Less: regulatory adjustments - investment in tier 2 instruments in other banks	(19)	**(2 341)**	(2 901)
Tier 2 capital	(13)	**15 200**	17 493
Total qualifying regulatory capital	6	**90 596**	85 590

Capital adequacy ratios

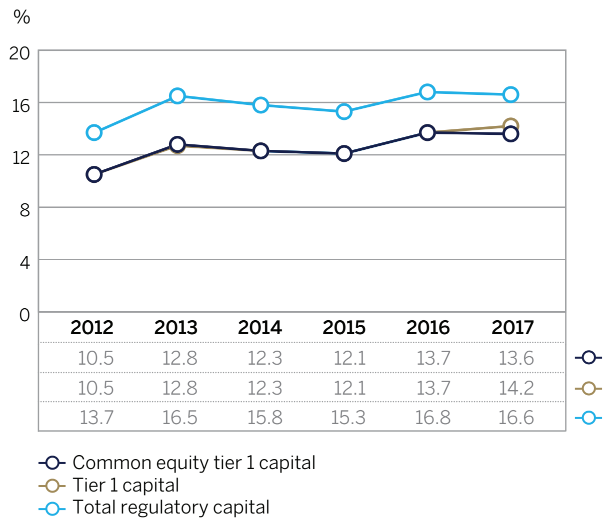
	Internal target ratios[1]	SARB minimum regulatory requirement[2]	Excluding unappropriated profit		Including unappropriated profit	
			2017	2016	**2017**	2016
	%	%	**%**	%	**%**	%
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.3	**11.8**	12.1	**13.6**	13.7
Tier 1 capital adequacy ratio	12.0 - 13.0	8.5	**12.4**	12.1	**14.2**	13.7
Total capital adequacy ratio	15.0 - 16.5	10.8	**14.8**	15.3	**16.6**	16.8

1 Including unappropriated profit.
2 Excluding confidential bank specific requirements.

The Standard Bank of South Africa

Risk-weighted assets

Capital adequacy – SBSA group[1]
(including unappropriated profit)



[1] Basel III implemented 1 January 2013. Capital adequacy for 2012 is measured on a *pro forma* Basel III basis.

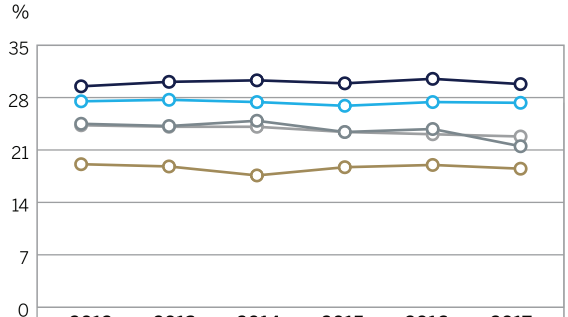
SBSA group risk-weighted assets

	Change %	2017 Rm	2016 Rm
Credit risk	7	**433 611**	406 792
Counterparty credit risk	15	**22 267**	19 323
Market risk	41	**41 943**	29 771
Operational risk	7	**93 283**	87 177
Equity risk in the banking book	7	**11 226**	10 456
RWA for investments in financial entities	11	**7 984**	7 216
Total risk-weighted assets	9	**610 314**	560 735

The Standard Bank of South Africa

Market share analysis[1]

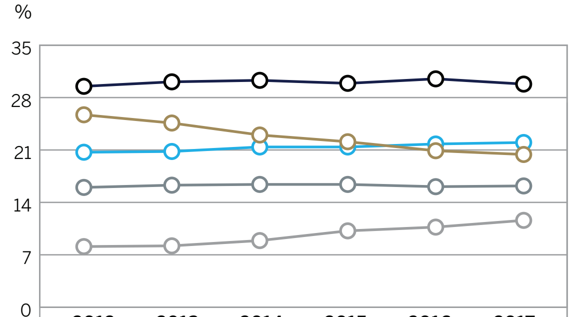
SBSA's market share movement



	2012	2013	2014	2015	2016	2017
Mortgage loans	29.5	30.1	30.3	29.9	30.5	29.8
Instalment finance	19.1	18.8	17.6	18.7	19.0	18.5
Card debtors	27.5	27.7	27.4	26.9	27.4	27.3
Other loans and advances	24.5	24.2	24.9	23.4	23.8	21.5
Deposits	24.3	24.1	24.1	23.4	23.1	22.8

- Mortgage loans
- Instalment finance
- Card debtors
- Other loans and advances
- Deposits

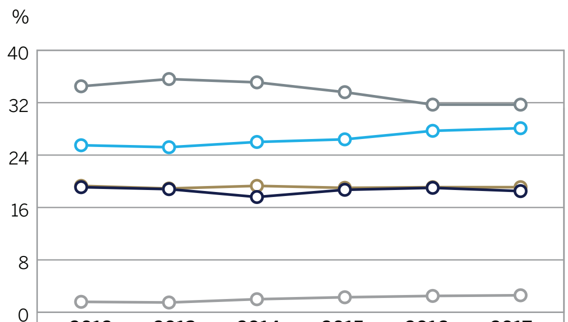
Mortgage loans[2]



	2012	2013	2014	2015	2016	2017
SBSA	29.5	30.1	30.3	29.9	30.5	29.8
ABSA	25.7	24.6	23.0	22.1	20.9	20.4
Nedbank	20.7	20.8	21.4	21.4	21.8	22.0
FirstRand	16.0	16.3	16.4	16.4	16.1	16.2
Other	8.1	8.2	8.9	10.2	10.7	11.6

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

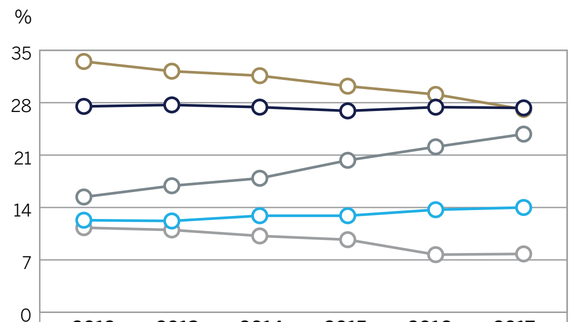
Vehicle and asset finance



	2012	2013	2014	2015	2016	2017
SBSA	19.1	18.8	17.6	18.7	19.0	18.5
ABSA	19.3	18.9	19.3	19.0	19.1	19.1
Nedbank	25.5	25.2	26.0	26.4	27.7	28.1
FirstRand	34.5	35.6	35.1	33.6	31.7	31.7
Other	1.6	1.5	2.0	2.3	2.5	2.6

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

Card debtors

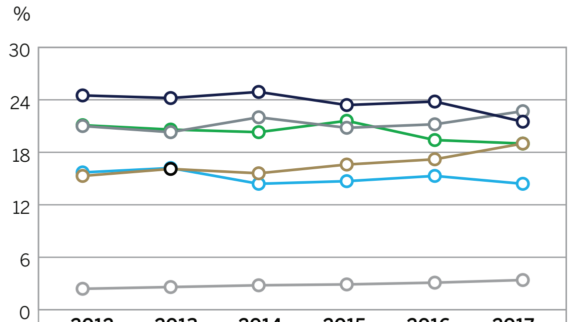


	2012	2013	2014	2015	2016	2017
SBSA	27.5	27.7	27.4	26.9	27.4	27.3
ABSA	33.5	32.2	31.6	30.2	29.1	27.1
Nedbank	12.3	12.2	12.9	12.9	13.7	14.0
FirstRand	15.4	16.9	17.9	20.3	22.1	23.8
Other	11.3	11.0	10.2	9.7	7.7	7.8

- SBSA
- ABSA
- Nedbank
- FirstRand
- Other

1 Source: SARB BA 900
2 Mortgage lending includes residential, corporate and commercial property finance loans.
All history data has been restated based on the latest information available on the SARB website.

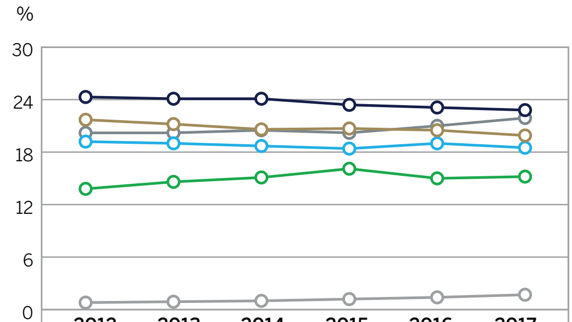
Other loans and advances



	2012	2013	2014	2015	2016	2017
SBSA	24.5	24.2	24.9	23.4	23.8	21.5
ABSA	15.3	16.1	15.6	16.6	17.2	19.0
Nedbank	15.7	16.2	14.4	14.7	15.3	14.4
FirstRand	21.0	20.3	22.0	20.8	21.2	22.7
Capitec	2.4	2.6	2.8	2.9	3.1	3.4
Other	21.1	20.6	20.3	21.6	19.4	19.0

SBSA
ABSA
Nedbank
FirstRand
Capitec
Other

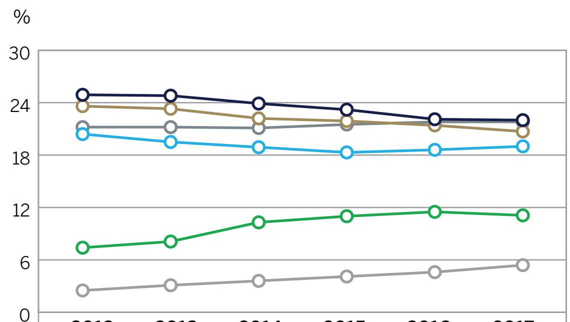
Deposits



	2012	2013	2014	2015	2016	2017
SBSA	24.3	24.1	24.1	23.4	23.1	22.8
ABSA	21.7	21.2	20.6	20.7	20.5	19.9
Nedbank	19.2	19.0	18.7	18.4	19.0	18.5
FirstRand	20.2	20.2	20.5	20.2	21.0	21.9
Capitec	0.8	0.9	1.0	1.2	1.4	1.7
Other	13.8	14.6	15.1	16.1	15.0	15.2

SBSA
ABSA
Nedbank
FirstRand
Capitec
Other

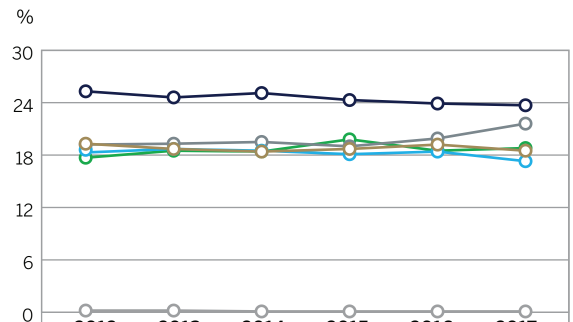
Retail priced deposits[3]



	2012	2013	2014	2015	2016	2017
SBSA	24.9	24.8	23.9	23.2	22.1	22.0
ABSA	23.6	23.3	22.2	21.9	21.4	20.7
Nedbank	20.4	19.5	18.9	18.3	18.6	19.0
FirstRand	21.2	21.2	21.1	21.5	21.8	21.8
Capitec	2.5	3.1	3.6	4.1	4.6	5.4
Other	7.4	8.1	10.3	11.0	11.5	11.1

SBSA
ABSA
Nedbank
FirstRand
Capitec
Other

Corporate priced deposits



	2012	2013	2014	2015	2016	2017
SBSA	25.3	24.6	25.1	24.3	23.9	23.7
ABSA	19.3	18.7	18.4	18.7	19.2	18.5
Nedbank	18.3	18.7	18.5	18.1	18.4	17.3
FirstRand	19.2	19.3	19.5	19.0	19.9	21.6
Capitec	0.2	0.2	0.1	0.1	0.1	0.1
Other	17.7	18.5	18.4	19.8	18.5	18.8

SBSA
ABSA
Nedbank
FirstRand
Capitec
Other

[3] Retail priced deposits include households, non-profit organisations serving households and unincorporated business enterprise.

Africa Regions legal entities

Regional income statement

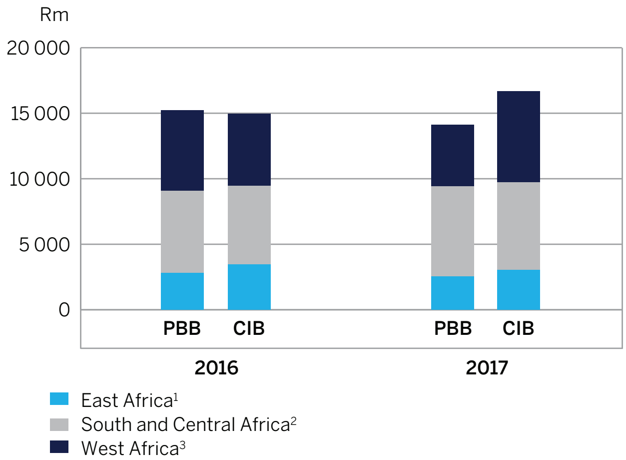
	CCY %	Change %	East Africa[1] 2017 Rm	East Africa[1] 2016 Rm
Net interest income	1	(11)	3 384	3 819
Non-interest revenue	5	(3)	2 241	2 312
Net fee and commission revenue	78	9	1 144	1 050
Trading revenue	(15)	(15)	1 060	1 253
Other revenue	(84)	>100	37	9
Total income	3	(8)	5 625	6 131
Credit impairment charges	54	24	526	425
Specific credit impairment charges	64	45	446	307
Portfolio credit impairment charges	16	(32)	80	118
Income before operating expenses	(1)	(11)	5 099	5 706
Operating expenses	16	(7)	3 081	3 308
Staff costs	10	(7)	1 566	1 677
Other operating expenses	24	(7)	1 515	1 631
Net income before non-trading and capital related items, and equity accounted earnings	(18)	(16)	2 018	2 398
Non-trading and capital related items	>100	>100	13	(11)
Share of profit from joint ventures				
Profit before indirect taxation	(18)	(15)	2 031	2 387
Indirect taxation	21	6	181	171
Profit before direct taxation	(20)	(17)	1 850	2 216
Direct taxation	(15)	(27)	439	605
Profit for the year	(22)	(12)	1 411	1 611
Attributable to non-controlling interests	(2)	(15)	371	436
Attributable to ordinary shareholders	(27)	(11)	1 040	1 175
Headline adjustable items	(98)	(>100)	(7)	17
Headline earnings	0	(13)	1 033	1 192
ROE - invested equity (%)			16.0	20.1
ROE - equity calculated on SARB rules (%)			15.8	20.7
Credit loss ratio (%)			1.64	1.37
Credit loss ratio on loans to customers (%)			1.94	1.68
Cost-to-income ratio (%)			54.8	54.0
Effective direct taxation rate (%)			23.7	27.3
Effective total taxation rate (%)			30.5	32.5

[1] Kenya, South Sudan, Tanzania, Uganda.
[2] Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe.
[3] Angola, DRC, Ghana, Ivory Coast, Nigeria.

		South & Central Africa[2]				West Africa[3]				Africa Regions legal entities	
CCY %	Change %	2017 Rm	2016 Rm	CCY %	Change %	2017 Rm	2016 Rm	CCY %	Change %	2017 Rm	2016 Rm
21	15	7 479	6 506	47	11	6 880	6 190	25	7	17 743	16 515
(2)	(4)	4 904	5 117	56	(8)	5 246	5 699	18	(6)	12 391	13 128
19	8	2 963	2 733	8	(17)	3 377	4 093	20	(5)	7 484	7 876
(17)	(17)	1 884	2 269	>100	18	1 837	1 561	17	(6)	4 781	5 083
(76)	(50)	57	115	>100	(29)	32	45	(17)	(25)	126	169
11	7	12 383	11 623	51	2	12 126	11 889	22	2	30 134	29 643
(5)	(13)	517	595	17	(18)	1 197	1 467	17	(10)	2 240	2 487
90	79	566	316	59	13	1 225	1 081	67	31	2 237	1 704
(>100)	(>100)	(49)	279	(>100)	(>100)	(28)	386	(99)	(100)	3	783
12	8	11 866	11 028	56	5	10 929	10 422	22	3	27 894	27 156
21	15	7 259	6 306	16	(17)	5 382	6 522	18	(3)	15 722	16 136
15	8	3 447	3 178	20	(12)	2 972	3 369	16	(3)	7 985	8 224
28	22	3 812	3 128	11	(24)	2 410	3 153	21	(2)	7 737	7 912
(1)	(2)	4 607	4 722	>100	42	5 547	3 900	28	10	12 172	11 020
3	3	(38)	(37)	>100	>100	8	(481)	(97)	(97)	(17)	(529)
(50)	(50)	1	2					(50)	(50)	1	2
(1)	(2)	4 570	4 687	>100	62	5 555	3 419	35	16	12 156	10 493
24	18	273	231	53	16	58	50	26	13	512	452
(2)	(4)	4 297	4 456	>100	63	5 497	3 369	36	16	11 644	10 041
(12)	(18)	1 079	1 322	54	16	1 163	999	7	(8)	2 681	2 926
2	3	3 218	3 134	>100	83	4 334	2 370	48	26	8 963	7 115
(>100)	(>100)	(24)	261	89	45	1 859	1 278	38	12	2 206	1 975
11	13	3 242	2 873	>100	>100	2 475	1 092	51	31	6 757	5 140
>100	>100	270	39	(>100)	(>100)	(269)	480	(>100)	(>100)	(6)	536
29	21	3 512	2 912	76	40	2 206	1 572	35	19	6 751	5 676
		26.3	20.2			26.0	21.5			23.8	20.6
		23.1	18.6			23.2	15.8			21.6	18.1
		0.58	0.86			2.98	2.90			1.38	1.54
		0.96	1.44			4.83	4.21			2.12	2.32
		58.6	54.3			44.4	54.9			52.2	54.4
		25.1	29.7			21.2	29.7			23.0	29.1
		29.6	33.1			22.0	30.7			26.3	32.2

Africa Regions legal entities

Contribution by business unit to the Africa Regions legal entities income



[1] Kenya, South Sudan, Tanzania, Uganda
[2] Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe
[3] Angola, DRC, Ghana, Ivory Coast, Nigeria

Key features

- Aggregate headline earnings for Africa Regions legal entities were up 19% on 2016. Excluding the effect of overall weaker currencies, largely in Ghana, Kenya, Mozambique, Nigeria and Uganda, headline earnings were up 35% on a CCY basis.
- Legal entity growth on a CCY basis can be attributed to:
  - positive endowment benefit driven by prevailing high interest rates in Angola, Mozambique and Nigeria combined with a healthy growth in local currency transactional balances
  - growth in net fee and commission due to higher volumes in PBB and CIB's transactional products and services, coupled with good growth in Nigeria's pension fund assets under management
  - improved foreign currency trading volumes and margins in Ghana, Nigeria and Zimbabwe
  - credit loss ratio to customers decreased to 2.12% as a result of strong credit risk processes and overall improved loan book quality
  - continued focus on cost containment and strong revenue performance resulted in positive jaws of 4% and a 220bps reduction in the cost to income ratio to 52.2%.

East Africa

- Disappointing results in East Africa with CCY headline earnings in line with 2016 due to:
  - the full year impact of interest rate caps (on lending rates) and floors (on deposits) introduced in September 2016 and additional specific debt provisioning in Kenya
  - modest growth in Uganda due to subdued local economic conditions, low credit demand from customers and margin pressure on the back of declining market interest rates was partly offset by a reduction in cost through streamlining product offerings
  - continued fragile political conditions and the effect of a hyperinflationary environment in South Sudan.

South & Central Africa

- Due to the ongoing effort to focus on growth initiatives across the continent, South and Central Africa's headline earnings were up 29% on a CCY basis driven by:
  - high domestic interest rates and endowment funding benefit in Mozambique, coupled with improved margins in Botswana on the back of a well-executed liquidity management and asset growth strategy
  - improved foreign exchange volumes and margins in Zimbabwe, despite continued liquidity shortages
  - Swaziland performance hindered by the full year impact of the scrapping of cash deposit fees
  - decreased credit impairments largely due to normalisation of challenges experienced in Mozambique during 2016 and the benefits of concerted risk mitigation efforts
  - cost growth of 21%, was largely due to the impact of USD denominated costs in Mozambique following depreciation of the local currency, coupled with higher amortisation costs following the implementation of core banking systems in Lesotho, Malawi, Mauritius, Zambia and Zimbabwe.

West Africa

- Significant growth in West Africa headline earnings, up 76% on a CCY basis, can be attributed to:
  - strong performance in Nigeria driven by increased currency trading volumes, improved margins and tight management of costs, albeit additional write-offs in PBB
  - improved client volumes assisted fee and commission revenue across the region, most notably in the Nigerian Wealth business and higher trading revenue aided by increased currency trading volumes in Ghana
  - prevailing high interest rates contributed to significant endowment benefit in Angola. Revenue performance was assisted by tight cost control despite a challenging macro environment.

Balance sheet

- Continued focus on gathering cheaper deposits and growing the customer base through targeted marketing in PBB reflected strong CCY growth in deposits from customers of 15% and loans to customers of 11%.
- The strong average customer loan growth resulted in an improvement in the credit loss ratio to customers to 2.12% (2016: 2.32%).
- Liquidity and capital levels across the board position the franchise well for future growth.

Africa Regions legal entities

Statement of financial position

	CCY %	Change %	2017 Rm	2016 Rm
Assets				
Cash and balances with central banks	3	(10)	**39 188**	43 311
Derivative assets	7	(8)	**1 334**	1 445
Trading assets	88	68	**19 298**	11 513
Pledged assets	>100	68	**2 067**	1 232
Financial investments	44	28	**53 120**	41 458
Current tax assets	>100	100	**326**	163
Loans and advances	(1)	(10)	**145 348**	161 921
Loans and advances to banks	(10)	(18)	**46 465**	57 003
Loans and advances to PBB customers	11	2	**56 519**	55 389
Loans and advances to CIB customers	(5)	(14)	**42 364**	49 529
Other assets	97	8	**6 311**	5 860
Property and equipment	17	6	**4 556**	4 283
Goodwill and other intangible assets	22	8	**5 305**	4 890
Goodwill	—	(16)	**1 824**	2 159
Other intangible assets	39	27	**3 481**	2 731
Deferred tax assets	2	(14)	**882**	1 020
Total assets	12	0	**277 735**	277 096
Equity and liabilities				
Equity	32	10	**36 505**	33 148
Equity attributable to ordinary shareholders	32	10	**29 139**	26 522
Equity attributable to non-controlling interest	31	11	**7 366**	6 626
Liabilities	10	(1)	**241 230**	243 948
Derivative liabilities	(19)	(30)	**945**	1 352
Trading liabilities	91	66	**3 196**	1 921
Current tax liabilities	(23)	(34)	**644**	970
Deposits and debt funding	11	0	**221 415**	221 137
Deposits from banks	2	(12)	**22 344**	25 303
Deposits from PBB customers	15	4	**76 192**	73 220
Deposits from CIB customers	10	0	**122 879**	122 614
Subordinated debt	(4)	(15)	**3 830**	4 522
Provisions and other liabilities	(9)	(22)	**10 965**	14 050
Deferred tax liabilities	>100	>100	**235**	(4)
Total equity and liabilities	12	0	**277 735**	277 096

Standard Bank Group

Headline earnings and net asset value reconciliation by key legal entity

Headline earnings

	Change %	2017 Rm	2016 Rm
SBSA group as consolidated into SBG	9	**16 528**	15 131
Africa Regions legal entities	19	**6 751**	5 676
Standard Bank Wealth International	13	**625**	553
Other group entities	(48)	**364**	702
Standard Insurance Limited	(9)	**432**	476
SBG Securities	20	**196**	163
Standard Advisory London	(54)	**65**	141
Other	>100	**(329)**	(78)
Banking activities	10	**24 268**	22 062
Other banking interests	>100	**567**	(8)
ICBC Standard Bank Plc (40% shareholding)	>100	**152**	(591)
ICBC Argentina (20% shareholding)	(29)	**415**	583
Liberty	50	**1 435**	955
Standard Bank Group	14	**26 270**	23 009

Net asset value

	Change %	2017 Rm	2016 Rm
SBSA group	5	**100 791**	96 285
Africa Regions legal entities	10	**29 139**	26 522
Standard Bank Wealth International	18	**4 069**	3 457
Other group entities	(30)	**4 809**	6 911
Standard Insurance Limited	7	**1 424**	1 332
SBG Securities	17	**1 355**	1 157
Standard Advisory London	(10)	**583**	651
Other	(62)	**1 447**	3 771
Banking activities	4	**138 808**	133 175
Other banking interests	16	**7 493**	6 445
ICBC Standard Bank Plc (40% shareholding)	25	**5 653**	4 505
ICBC Argentina (20% shareholding)	(5)	**1 840**	1 940
Liberty	(4)	**10 719**	11 137
Standard Bank Group	4	**157 020**	150 757

OTHER INFORMATION

Changes in accounting policies and restatement

Adoption of amended standards effective for the current financial period

The accounting policies are consistent with those reported in the previous year except for of the adoption of the following amendments effective for the current period:

- Annual improvements 2014 - 2016 clarification to IFRS 12 Disclosure of Interests in Other Entities (IFRS 12): amendment clarifies that an entity is not required to disclose summarised financial information for a subsidiary, joint venture or associate when classified (or included in a disposal group that is classified) as held for sale in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (IFRS 5).

Early adoption of revised standards:

- Amendment to IFRS 2 Classification and Measurement of Share-based Payment Transactions (IFRS 2): the amendments eliminates diversity in practice in three main areas namely, (1) effects of vesting conditions on the measurement of a cash-settled share based payment transaction; (2) classification of a share-based payment transaction with net settlement features for withholding tax obligations and (3) accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled
- Annual improvements 2014 - 2016 clarification to IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) and IAS 28 Investments in Associates and Joint Ventures (IAS 28). The amendment clarifies that an entity may make an election separately for each associate or joint venture, that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, at initial recognition to measure that associate or joint venture at either at fair value through profit or loss in accordance with IAS 39 or the equity method in accordance with IAS 28
- Amendment to IAS 40 Investment Property (IAS 40): amendments clarifies the requirements on transfers to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

The abovementioned amendments to the IFRS standards, adopted on 1 January 2017, did not have any effect on the group's previously reported financial results and had no material impact on the group's accounting policies.

Correction of prior period error

The group determined that certain intercompany derivative positions held between the group's banking activities and the group's investment management and life insurance activities were erroneously eliminated on a net basis as opposed to a gross basis. The group has restated its previously reported statement of financial position to incorporate the correct elimination of these intercompany derivative positions. The restatement did not impact the group's net exposure on derivatives, nor did it affect the group's reserves. The change to the group's statement of financial position is reflected in the table that follows:

	2016	
	Restated Rm	As previously reported Rm
Statement of financial position		
Derivative assets	66 304	68 620
Derivative liabilities	(72 767)	(75 083)

Financial and other definitions

Standard Bank Group

Common equity tier 1 capital adequacy ratio (%)	Common equity tier 1 regulatory capital as a percentage of total risk-weighted assets.
Constant currency	Comparative financial results adjusted for the difference between the current and prior year cumulative average exchange rates.
Consumer price index (CPI)	A South African index of prices used to measure the change in the cost of basic goods and services.
Diluted headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of shares, adjusted for potential dilutive ordinary shares.
Dividend cover (times)	Headline earnings per share divided by dividend per share.
Dividend payout ratio (%)	Dividend per share divided by headline earnings per share.
Dividend per share (cents)	Dividends declared to ordinary shareholders.
Earnings per share (EPS) (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
Headline earnings (Rm)	Determined by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests.
Headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Net asset value (NAV) (Rm)	Equity attributable to ordinary shareholders.
Net asset value per share (cents)	Net asset value divided by the number of ordinary shares in issue at the end of the period.
Profit attributable to ordinary shareholders (Rm)	Profit for the year after distributions to non-controlling interests and other equity instrument holders.
Profit for the year (Rm)	Profit for the year attributable to ordinary shareholders, before non-controlling interests and other equity instrument holders.
Return on equity (ROE) (%)	Headline earnings as a percentage of monthly average ordinary shareholders' equity.
Shares in issue (number)	Number of ordinary shares in issue listed on the JSE.
Structured entity (SE)	Entities created to accomplish a narrow and well-defined objective.
Tangible net asset value (Rm)	Equity attributable to ordinary shareholders, excluding goodwill and other intangible assets.
Tangible net asset value per share (cents)	Tangible net asset value divided by the number of ordinary shares in issue at the end of the period.
Tier 1 capital adequacy ratio (%)	Tier 1 regulatory capital as a percentage of total risk-weighted assets.
Total capital adequacy ratio (%)	Total regulatory capital as a percentage of total risk-weighted assets.
Tutuwa	Tutuwa is the group's black economic empowerment ownership initiative entered into in terms of the Financial Sector Charter.
Weighted average number of shares (number)	The weighted average number of ordinary shares in issue during the period as listed on the JSE.

Banking activities

Available financial resources (Rm)	The amount of permanent capital that is available to the group to absorb potential losses.
Cost-to-income ratio (%)	Operating expenses as a percentage of total income after revenue sharing agreements with group companies but before credit impairments.
Credit loss ratio (%)	Total income statement impairment charges on loans and advances as a percentage of average daily and monthly gross loans and advances.
Economic capital coverage ratio (times)	Available financial resources divided by minimum economic capital requirements.
Effective direct taxation rate (%)	Direct taxation as a percentage of net income before direct taxation.
Effective total taxation rate (%)	Direct and indirect taxation as a percentage of net income before taxation.
Jaws (%)	Total income growth minus total operating expenses growth.
Loans-to-deposits ratio (%)	Net loans and advances as a percentage of deposits and debt funding.
Net interest margin (%)	Net interest income as a percentage of average interest earning assets.
Interest earnings assets (Rm)	Net loans and advances, financial investments and cash and cash balances.
Non-interest revenue to total income (%)	Non-interest revenue as a percentage of total income.
Portfolio credit impairments (Rm)	Impairment for latent losses inherent in groups of loans and advances that have not yet been specifically impaired.
Risk-weighted assets (Rm)	Determined by applying prescribed risk weightings to on-balance sheet and off-balance sheet exposures according to the relative risk of the counterparty.
Specific credit impairments (Rm)	Impairment for loans and advances that have been classified as non-performing and specifically impaired, net of the present value of estimated recoveries.
Specific gross impairment coverage (%)	Balance sheet impairments for non-performing specifically impaired loans as a percentage of specifically impaired loans.

Abbreviations and acronyms

AT1	Additional Tier 1
BEE	Black economic empowerment
CAGR	Compound annual growth rate
CCY	Constant currency change
CIB	Corporate & Investment Banking
CLR	Credit loss ratio
EPS	Earnings per share
FIC	Fixed income and currencies
HQLA	High quality liquid assets
IAS	International Accounting Standards
ICBC	Industrial and Commercial Bank of China Limited
ICBCS	ICBC Standard Bank Plc
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
MSCI	Morgan Stanley Capital International
NAFEX	Nigerian Autonomous Foreign Exchange Fixing
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NPL	Non-performing loans
NSFR	Net stable funding ratio
PBB	Personal & Business Banking
PIM	Principal Investment Management
Rand	South African Rand
REIT	Real estate investment trust
ROE	Return on equity
RoRWA	Return on risk-weighted assets
RWA	Risk-weighted assets
SA	South Africa
SARB	South African Reserve Bank
SBG	Standard Bank Group Limited
SBSA	The Standard Bank of South Africa Limited and its subsidiaries
SIP	Shareholder Investment Portfolio
The group	The Standard Bank Group Limited
UK	United Kingdom
US	United States
VAF	Vehicle and asset finance
ZAR	South African Rand

SHAREHOLDER INFORMATION

Analysis of shareholders

Ten major shareholders[1]

	2017 Number of shares (million)	2017 % holding	2016 Number of shares (million)	2016 % holding
Industrial and Commercial Bank of China	**325.0**	**20.1**	325.0	20.1
Government Employees Pension Fund (PIC)	**199.6**	**12.3**	191.0	11.8
Investment Solutions	**28.3**	**1.8**	29.5	1.8
Allan Gray Balanced Fund	**27.8**	**1.7**	36.6	2.3
Vanguard Emerging Markets Fund	**23.8**	**1.5**	21.0	1.3
Old Mutual Life Assurance Company	**19.7**	**1.2**	18.9	1.2
GIC Asset Management	**18.3**	**1.1**	26.1	1.6
Dimensional Emerging Markets Value Fund	**17.1**	**1.1**	16.6	1.0
Vanguard Total International Stock Index	**16.5**	**1.0**	14.0	0.9
Allan Gray Equity Fund	**13.8**	**0.9**	20.2	1.3
	689.9	**42.7**	698.9	43.3

[1] Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of section 56 of the Companies Act, 71 of 2008.

Geographic spread of shareholders

	2017 Number of shares (million)	2017 % holding	2016 Number of shares (million)	2016 % holding
South Africa	**759.6**	**47.0**	761.0	47.0
Foreign shareholders	**859.7**	**53.0**	857.4	53.0
China	**325.2**	**20.1**	325.6	20.1
United States of America	**252.9**	**15.6**	232.6	14.4
United Kingdom	**63.7**	**3.9**	72.2	4.5
Singapore	**22.8**	**1.4**	30.4	1.9
Namibia	**22.5**	**1.4**	21.9	1.3
Ireland	**20.9**	**1.3**	21.1	1.3
Netherlands	**15.0**	**0.9**	16.0	1.0
Japan	**13.7**	**0.8**	12.9	0.8
Australia	**11.4**	**0.7**	13.4	0.8
Luxembourg	**11.0**	**0.7**	11.2	0.7
Hong Kong	**10.8**	**0.7**	6.8	0.4
Canada	**10.5**	**0.7**	9.4	0.6
Norway	**10.3**	**0.6**	6.4	0.4
Saudi Arabia	**8.4**	**0.5**	9.3	0.6
Other	**60.6**	**3.7**	68.2	4.2
	1 619.3	**100.0**	1 618.4	100.0

Credit ratings

Ratings as at 7 March 2018 for key entities within Standard Bank Group are detailed below:

	Short-term	Long-term	Outlook
Fitch Ratings			
Standard Bank Group Limited			
Foreign currency issuer default rating	B	BB+	Stable
Local currency issuer default rating		BB+	Stable
National rating	F1+ (ZAF)	AA (ZAF)	Stable
The Standard Bank of South Africa			
Foreign currency issuer default rating	B	BB+	Stable
Local currency issuer default rating		BB+	Stable
National rating	F1+ (ZAF)	AA (ZAF)	Stable
RSA Sovereign			
Foreign currency issuer default rating	B	BB+	Stable
Local currency issuer default rating		BB+	Stable
Stanbic IBTC Bank Plc			
National rating	F1+ (NGA)	AAA (NGA)	
Stanbic Bank Kenya			
Issuer default rating	B	BB-	Negative
National rating	F1+ (KEN)	AAA (KEN)	Stable
Moody's Investor Services			
Standard Bank Group Limited			
Issuer rating		Ba1	RUR[1]
The Standard Bank of South Africa			
Foreign currency deposit rating	P-3	Baa3	RUR[1]
Local currency deposit rating	P-3	Baa3	RUR[1]
National rating	P-1.za	Aa1.za	
RSA Sovereign			
Foreign currency rating	P-3	Baa3	RUR[1]
Local currency rating		Baa3	RUR[1]
Standard & Poor's			
RSA Sovereign			
Foreign currency	B	BB	Stable
Local currency	B	BB+	Stable
National rating	zaA-1+	zaAA+	
Stanbic IBTC Bank Plc			
Foreign and local currency	B	B	Stable
National rating	ngA-2	ngBBB	
Liberty Group			
National rating	zaA-1+	zaAA+	

1 Rating under review for downgrade.

Dividends and payment dates

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

	Ordinary shares	6.5% cumulative preference shares (First preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (Second preference shares)
JSE Limited (JSE)			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	97	97	27
Gross distribution/dividend per share (cents)	510.0	3.25	398.92
Last day to trade in order to be eligible for the cash dividend	Tuesday, 10 April 2018	Tuesday, 3 April 2018	Tuesday, 3 April 2018
Shares trade *ex* the cash dividend	Wednesday, 11 April 2018	Wednesday, 4 April 2018	Wednesday, 4 April 2018
Record date in respect of the cash dividend	Friday, 13 April 2018	Friday, 6 April 2018	Friday, 6 April 2018
Dividend cheques posted and CSDP/ broker accounts credited/updated (payment date)	Monday, 16 April 2018	Monday, 9 April 2018	Monday, 9 April 2018

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 11 April 2018 and Friday, 13 April 2018, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 4 April 2018 and Friday, 6 April 2018, both days inclusive.

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