



**Provisional results and  
dividend announcement** for the  
year ended 31 December / **2015**

Standard Bank Group

The Standard Bank Group Limited's (group) summary consolidated financial statements for the year ended 31 December 2015 (results) are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for provisional reports, the requirements of International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the presentation requirements of IAS 34 *Interim Financial Reporting* and the requirements of the South African Companies Act, 71 of 2008 applicable to summary financial statements.

The accounting policies applied in the preparation of these consolidated financial statements from which the results have been derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the group's previous consolidated annual financial statements with the exception of changes referred to on page 54.

While this report is itself not audited, the consolidated annual financial statements from which the summary consolidated annual financial statements on pages 15 to 55 were derived were audited by KPMG Inc. and PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. That audit report does not necessarily report on all of the information contained in this report.

Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement and, more specifically, the nature of the information that has been audited, they should obtain a copy of the auditors' report together with the accompanying audited consolidated annual financial statements, both of which are available for inspection at the company's registered office.

The directors of Standard Bank Group Limited take full responsibility for the preparation of this report and that the selected financial information has been correctly extracted from the underlying consolidated annual financial statements.

The results discussed in this announcement are presented on a normalised basis, unless indicated as being on an IFRS basis. For further explanation, refer to page 10.

The preparation of the group's results was supervised by the group financial director, Simon Ridley, BCom (Natal), CA(SA), AMP (Oxford).

The results were made publicly available on 3 March 2016.

This report contains *pro-forma* financial information. For further details refer to page 13.

In line with changes to the JSE's Listings Requirements during 2014, the group no longer posts a physical copy of this document to its shareholders. Investors are referred to [www.standardbank.com/reporting](http://www.standardbank.com/reporting) where a detailed analysis of the group's financial results, including an income statement and a statement of financial position for The Standard Bank of South Africa Limited, can be found. Scan the image below to be taken there directly.



## Contents

### OVERVIEW

Financial highlights	2
Overview of financial results	3
Declaration of dividends	8
Normalised results	10
<i>Pro-forma</i> financial information	13

### PROVISIONAL RESULTS IN ACCORDANCE WITH IFRS

Financial statistics	14
Condensed consolidated statement of financial position	15
Condensed consolidated income statement	16
Headline earnings	17
Condensed consolidated statement of other comprehensive income	18
Condensed consolidated statement of changes in equity	19
Condensed consolidated statement of cash flows	20
Notes	21

### ACCOUNTING POLICIES AND OTHER INFORMATION

Accounting policies and restatements	54
Acronyms and abbreviations	56
Administrative and contact details	ibc

The group's reporting suite, including the Standard Bank Group integrated report and annual financial statements will be made available during April 2016. Copies can be requested from our registered office or downloaded from the website above.

# Financial highlights

**R22 002 million** ↑  
 Headline earnings +27%  
 2014: R17 323 million

**R22 056 million** ↑  
 Headline earnings – +13%  
*pro-forma* continuing operations  
 2014: R19 570 million

**1 359 cents** ↑  
 Headline earnings per share +27%  
 2014: 1 070 cents

**674 cents** ↑  
 Dividend per share +13%  
 2014: 598 cents

**15.3%**  
 Return on equity  
 2014: 12.9%

**13.3%\***  
 Tier I capital adequacy ratio  
 2014: 12.9%

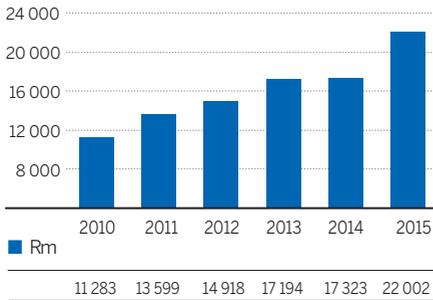
**56.7%\***  
 Cost-to-income ratio  
 2014: 55%

**0.87%\***  
 Credit loss ratio  
 2014: 1.00%

\* Banking activities.

## HEADLINE EARNINGS

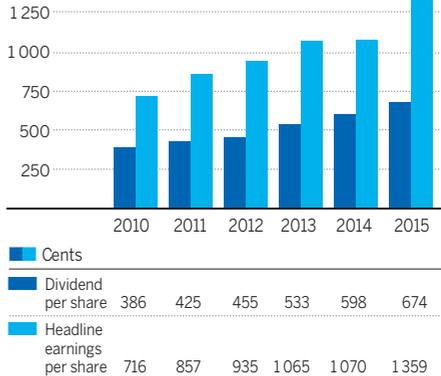
CAGR<sup>1</sup> (2010 – 2015): 14%



<sup>1</sup> Compound annual growth rate.

## HEADLINE EARNINGS AND DIVIDEND PER SHARE

CAGR (2010 – 2015): Dividend per share: 12%  
 Headline earnings per share: 14%



# Overview of financial results

## Group results

Group headline earnings and headline earnings per share (HEPS) increased by 27% to R22 002 million and 1 359 cents respectively. Net asset value per share increased by 9% and group return on equity (ROE) increased to 15.3% from 12.9% in FY14. A total dividend of 674 cents per share has been declared, a 13% increase on FY14.

During the period covered by the results, the group completed the disposal of its controlling interest in Standard Bank Plc (SB Plc) on 1 February 2015 (the disposal), which was classified as a discontinued operation up to the date of the transaction's completion. Subsequent to the transaction SB Plc was renamed ICBC Standard Bank Plc (ICBCS) and the group's remaining 40% interest has been included as an associate, with equity accounted results included in the group's continuing operations from the disposal date. As a result of the disposal, earnings attributable to ordinary shareholders include R2,8 billion of net disposal gains which have been excluded from headline earnings, primarily consisting of releases to the income statement from the group's foreign currency translation reserve.

Headline earnings for the year reported within the group's discontinued operation include the effects of a write-down of the residual aluminium exposure in China; a partial recovery in respect of insurance claims relating to the external fraud in the Qingdao port in China; and cash flow hedge releases relating to the disposal. The loss from the discontinued operation within headline earnings amounts to R90 million. Headline earnings from operations excluding the discontinued operation (continuing operations) increased by 5% to R22 092 million. The commentary which follows refers to the group's continuing banking operations. Liberty Holding Limited's (Liberty) results are discussed separately.

## Operating environment

In 2015 global economic growth remained moderate at 3.1% with growth in emerging market and developing economies expected

by the International Monetary Fund (IMF) to have declined for the fifth consecutive year. A modest recovery has continued in advanced economies with a gradual monetary tightening in the United States (US) as several other major advanced economy central banks continue to ease monetary policy. Market concerns about the outlook for the Chinese economy have affected other economies through weaker commodity prices, diminishing confidence, and increasing volatility in financial markets. Manufacturing activity and trade remained weak globally, not only due to developments in China, but also because of subdued global demand and investment more broadly.

Sub-Saharan Africa economic growth is estimated to have reduced sharply to 3.5% in 2015 from 5.0% in 2014 as lower commodity prices impacted net exports and placed pressure on economic activity even as lower oil prices eased energy import costs. While economic activity remains more robust than in many other developing regions of the world, the strong growth momentum evident in the region in recent years has dissipated, particularly within oil-exporting countries.

2015 economic growth forecasts for South Africa were marked down progressively during the year as the full impact of commodity price deflation, and weakening business and consumer confidence limited demand. Although there was notable stabilisation of electricity supply in the second half of 2015, unfolding drought conditions, higher interest rates and policy uncertainty subdued investment and cyclical consumption; economic growth is expected to have been 1.3% in 2015 from 1.5% in 2014. A sharply weaker exchange rate in response to investment portfolio outflows and a continued current account deficit accompanied broad acceleration in market volatility towards the end of the year, exacerbated by market concerns related to the unexpected removal of South Africa's minister of finance in December.

## Overview of financial results continued

### Revenue

Total income increased by 8% in FY15, with net interest income (NII) growing by 9% primarily due to a 17% increase in average interest-earning assets, driven mainly by growth in higher quality but lower-yielding Corporate & Investment Banking (CIB) assets. Margin compression of 30 basis points resulted mainly from significantly higher growth in CIB assets relative to Personal & Business Banking (PBB) assets. Higher funding costs and the requirement to hold higher levels of high quality liquid assets (HQLA) were largely offset by higher average South African interest rates.

Non-interest revenue (NIR) grew 8% due to good growth in trading and other income. Fees and commissions were 3% higher than in FY14 as knowledge-based fees and commissions declined by 9% due to weaker corporate activity conditions in the rest of Africa and a high base in FY14. Trading revenue increased by 20% due mainly to good growth in fixed income and currency trading which was up 15%, as well as a good performance from equities trading, up 51%.

Other revenue growth of 10% benefited from fair value gains and profit on disposal of equity investments, partly offset by the non-recurrence of gains from property disposals and lower rentals received.

### Credit impairments

Total credit impairments were 4% higher than in FY14 and the credit loss ratio declined to 0.87% from 1.00%. Credit impairments in CIB increased to R1 279 million from R804 million in the prior period with its credit loss ratio rising to 0.24% from 0.22%.

In PBB, credit impairments were 5% lower than in the prior year and its credit loss ratio improved to 1.27% from 1.41%. Impairments in mortgage lending declined by R327 million while those in the vehicle and asset finance business were largely unchanged as lower impairments in South Africa were offset by higher provisioning required in the rest of Africa portfolio. Personal lending impairments

declined by R83 million due mainly to lower charges required for access loans, while card debtors' impairments were 23% higher reflecting a higher level of stress across the portfolio. Business lending impairments fell by R270 million due to the non-recurrence of a few larger account impairments in 2014, offset partially by higher charges required in the agriculture sector. Impairments in PBB's rest of Africa operations increased by 22% and the credit loss ratio increased to 2.02% from 1.83% in FY14.

### Operating expenses

Operating expenses increased by 10% over the prior year and the group's cost-to-income ratio increased to 56.7% from 55.0%. Staff expenses increased by 12% while other operating expenses increased by 8%. Growth in staff expenses was affected by the conversion of approximately 4 400 people from temporary to permanent staff, mainly in South Africa. Other operating expenses were affected by higher IT expenses related to core banking systems taken into production, including increased amortisation of capitalised software assets.

### Loans and advances

Gross loans and advances to customers increased by 15% in FY15. PBB balances with customers grew by 6%, and CIB balances grew by 29% including a higher level of loans granted under resale. Residential mortgages grew by 3%, and vehicle and asset finance reached 11% growth in a softer overall market. Card debtors grew by a moderate 4% with personal loans 3% higher than FY14 reflecting tighter monetary conditions in South Africa. Business and corporate loans showed higher levels of growth at 18% and 22% respectively.

### Capital, funding and liquidity

The group maintains appropriate levels of capital with tier I and total capital levels at 13.3% (FY14: 12.9%) and 15.7% (FY14: 15.5%) respectively. The group remains well placed to meet the higher regulatory requirements across markets in which the group operates.

Deposits and current accounts from customers increased by 10% with 20% growth in retail priced deposits significantly higher than the 5% growth in wholesale priced deposits from customers. Good growth in retail priced deposits in the rest of Africa and outside Africa was aided by significant rand depreciation over the year.

The group maintained its liquidity positions within the approved risk appetite and tolerance limits. The average group Basel III liquidity coverage ratio (LCR) during the final quarter of 2015 was 93.7%. The group continues to evaluate the funding impact of the Basel III net stable funding ratio (NSFR). Areas of national discretion pertaining to the NSFR are expected to be finalised by the South African Reserve Bank during the course of 2016.

## Overview of business unit performance

### Headline earnings by business unit

	Change %	2015	2014 <sup>1</sup>
		Rm	Rm
Personal & Business Banking	15	11 232	9 797
Corporate & Investment Banking	59	7 923	4 980
Central and other	54	596	388
<b>Banking activities</b>	30	<b>19 751</b>	15 165
Liberty	4	2 251	2 158
<b>Standard Bank Group</b>	27	<b>22 002</b>	17 323

<sup>1</sup> Where responsibility for individual cost centres and divisions within business units change, the comparative figures are reclassified accordingly.

### Personal & Business Banking

PBB's FY15 headline earnings of R11 232 million increased by 15% compared with FY14. NII grew by 11% and moderate growth of 7% in NIR resulted in total income growth of 9%. Credit impairment charges were 5% lower than in FY14 and operating expenses, which were affected by the conversion of temporary employees to permanent employees during the year, increased by 10%. PBB's ROE was maintained at 18.1%. PBB South Africa earnings increased by 13% while PBB rest of Africa earnings improved to R192 million from R104 million in FY14. Good growth of 51% in PBB outside Africa earnings, which amounted to R461 million, was achieved and assisted further by rand depreciation during the year.

Transactional products total income increased by 11% assisted by higher average domestic interest rates and balance sheet growth driven

by higher cash management, savings and investment portfolio balances, offset partially by reduced interchange rates on debit cards in South Africa. Earnings of R3 204 million were 9% higher than in the prior period.

Mortgage lending headline earnings increased by 25% to R2 450 million. Total income growth of 8% reflected the effect of higher average balances and continued improved average pricing relative to funding costs. Credit impairments fell by 13% and the credit loss ratio declined to 66bps from 79bps due to improved collection capabilities.

Non-performing loans increased by 6% mainly as a result of the required regulatory change in the treatment of restructured loans.

The improvement in vehicle and asset finance profitability continued during the year as headline earnings of R306 million were 79%

## Overview of financial results continued

higher than in FY14. Total income growth of 7% in a challenging market was supplemented by an improvement in the credit loss ratio to 1.50% from 1.55%. New business quality continued to improve, assisted by the positive impact of investment in online dealer origination capabilities.

Card products increased headline earnings by 9% to R1 535 million during the year. Higher domestic yields and increased activity in the rest of Africa largely offset lower average interchange fees to lift total income by 12%. Higher average interest rates and a slowing domestic economy have affected contractual repayments by customers and credit impairments grew by 23% with the credit loss ratio rising to 4.83% from 4.08% in the prior year.

Lending products improved headline earnings by 14% to R1 442 million. Total income growth of 3% benefited from good growth in business lending balances offset by lower growth in personal products lending. Credit impairments were 10% lower than in the previous year with the credit loss ratio declining to 1.68% from 2.05% in FY14.

Bancassurance and wealth increased headline earnings by 11% to R2 295 million. Total income improved by 12% due to an increase in the client asset base, good growth in assets under management in Nigeria and the Offshore group as well as a better short-term insurance underwriting performance.

### Corporate & Investment Banking

CIB increased headline earnings by 59% to R7 923 million, resulting in a ROE of 14.3% from 10.2%. The business delivered respectable revenue growth of 7% in the context of significant market volatility. Continued investment in major online programmes resulted in costs growing by 10%. Impairments increased by 59%, reflective of increased strain experienced in the oil & gas and mining & metals sectors. Earnings were materially impacted by the 40% associate share in the loss incurred by ICBCS for the 11 months ended December 2015, amounting to R1 173 million,

which also included 40% of the fine paid in respect of a Deferred Prosecution Agreement agreed with the Serious Fraud Office in the United Kingdom.

The headline earnings loss within the discontinued operation, being the outside Africa global markets business, amounted to R104 million from a loss of R3 745 million in FY14, mainly due to the non-recurrence of the fair value adjustment on repo positions relating to aluminium financing in China. A partial recovery in respect of insurance claims relating to this matter received during the year was largely offset by final balance sheet adjustments relating to the disposal of the discontinued operation and SB Plc's January 2015 operating loss.

Transactional products and services grew headline earnings by 4% to R2 662 million. Total income increased by 8% on good cash management deposit growth, offset by reduced investor services demand in Nigeria as its investment environment deteriorated. Expenses were adversely affected by higher staff costs in the rest of Africa to support increased systems investment and franchise growth.

Global markets recorded headline earnings growth of 19% to R3 889 million in FY15. Income growth of 12% benefited from higher client volumes in fixed income trading, good risk positioning on the back of client facilitation in equity derivatives as well as improved commodities trading. Expenses were well controlled during the year resulting in positive operational leverage.

Investment banking headline earnings increased by 1% to R2 598 million as total income increased by 6% following a good debt origination performance in 2H15. Depressed commodity prices and deteriorating economic conditions in resource-focused countries in the rest of Africa required higher impairment charges particularly related to exposures in the oil & gas and power & infrastructure sectors.

Real estate and principal investment management (PIM) recorded headline earnings

of R51 million from R312 million in FY14 as property disposals and fair value gains within the property investment portfolio income did not recur. The PIM portfolio continues to be gradually wound down.

## Liberty

The financial results reported are the consolidated results of the group's 54% investment in Liberty. Bancassurance results are included in PBB. Liberty BEE normalised headline earnings of R4 128 million were 4% higher, representing 7% growth in operating earnings and a 2% decrease in earnings from the LibFin Investments - Shareholder Investment Portfolio (SIP). The growth in operating earnings was supported by strong performances from Individual Arrangements, Liberty Corporate, a division of Group Arrangements, and LibFin Markets. The SIP gross performance of 9.6% (2014: 10.3%) was substantially ahead of benchmark, supported by overweight exposure to foreign assets. The BEE normalised return on equity at 19.5% (2014: 20.4%) reflects ongoing efficient capital management.

The life operations benefited from continued positive operating variances against modelled expectations which supported good cash generation in 2015. Net customer cash inflows were substantially higher at R15,2 billion (2014: R4,2 billion) due to significantly improved Stanlib asset management cash flows. This included external inflows of R8,4 billion (2014: outflows of R7,3 billion) into the asset management operations. Total assets under management increased to R668 billion (2014: R633 billion), reflecting net external customer inflows and relatively low incremental growth from investment market returns.

## Prospects

Global growth is projected by the IMF to accelerate to 3.4% in 2016 and 3.6% in 2017 although the pickup in global activity is projected to be more gradual than previously anticipated, especially in developing economies. In advanced economies, a modest and uneven recovery is expected to continue.

Risks to the global outlook remain tilted to the downside influenced strongly by a broad-based slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from accommodative monetary conditions in the United States.

Most countries in sub-Saharan Africa are expected to experience a gradual pickup in economic growth, but at rates that are lower than those seen over the past decade. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are affecting some of the region's largest economies, as well as a number of smaller commodity exporters. In South Africa, the growth outlook for 2016 has slipped to below 1% due mainly to the effect of the drought and tighter financial conditions and the risk of further economic growth disappointment remains elevated.

The year ahead is likely to provide a demanding operating environment in which consumers and businesses will have to adapt to higher interest rates and the full effect of currency weakness. The group's strategic market positioning, well-capitalised and liquid balance sheet, and committed employees are able to withstand uncertain macro developments and volatile markets for the sustained benefit of our customers. Our medium-term ROE target of between 15% and 18% remains intact. The group's ROE performance will however be affected by factors such as economic growth in South Africa and the rest of Africa, and the retention of a South African investment grade sovereign credit rating. As such, we are working closely with the authorities to promote a stable, growth-friendly domestic environment.

**Sim Tshabalala**  
Group chief executive

**Ben Kruger**  
Group chief executive

**Thulani Gcabashe**  
Chairman

2 March 2016

# Declaration of dividends

Shareholders of Standard Bank Group Limited (the company) are advised of the following dividend declarations out of income reserves in respect of ordinary shares and preference shares.

## Ordinary shares

Ordinary shareholders are advised that the board of directors (the board) has resolved to declare a final gross cash dividend No. 93 of 371.00 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 22 April 2016. The last day to trade to participate in the dividend is Friday, 15 April 2016. Ordinary shares will commence trading ex dividend from Monday, 18 April 2016.

The salient dates and times for the cash dividend are set out in the table that follows.

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 18 April 2016, and Friday 22 April 2016, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Monday, 25 April 2016.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders.

## Preference shares

Preference shareholders are advised that the board has resolved to declare the following interim distributions:

- 6.5% first cumulative preference shares (first preference shares) dividend No. 93 of

3,25 cents (gross) per first preference share, payable on Monday, 18 April 2016, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday 15 April 2016. The last day to trade to participate in the dividend is Friday, 8 April 2016. First preference shares will commence trading ex dividend from Monday, 11 April 2016.

- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 23 of 369.76 cents (gross) per second preference share, payable on Monday, 18 April 2016, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 15 April 2016. The last day to trade to participate in the dividend is Friday, 8 April 2016. Second preference shares will commence trading ex dividend from Monday, 11 April 2016.

The salient dates and times for the preference share distributions are set out in the table that follows.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Monday, 11 April 2016 and Friday, 15 April 2016, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 18 April 2016.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders.

## 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)
<b>JSE Limited (JSE)</b>			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
<b>Namibian Stock Exchange (NSX)</b>			
Share code	SNB		
ISIN	ZAE000109815		
<b>Dividend number</b>	93	93	23
<b>Gross distribution/dividend per share (cents)</b>	371.00	3.25	369.76
Last day to trade in order to be eligible for the cash dividend	Friday, 15 April 2016	Friday, 8 April 2016	Friday, 8 April 2016
Share trade ex the cash dividend	Monday, 18 April 2016	Monday, 11 April 2016	Monday, 11 April 2016
Record date in respect of the cash dividend	Friday, 22 April 2016	Friday, 15 April 2016	Friday, 15 April 2016
Dividend cheques posted and CSDP/ broker account credited/updated (payment date)	Monday, 25 April 2016	Monday, 18 April 2016	Monday, 18 April 2016

The above dates are subject to change. Any changes will be released on the Stock Exchange News Service (SENS) and published in the South African and Namibian press.

## Tax implications

The cash dividend received under the ordinary shares and the preference shares is likely to have tax implications for both resident and non-resident ordinary and preference shareholders. Such shareholders are therefore encouraged to consult their professional tax advisers.

In terms of the South African Income Tax Act, 58 of 1962, the cash dividend will, unless exempt, be subject to dividends tax that was introduced with effect from 1 April 2012. South African resident ordinary and preference shareholders that are not exempt from dividends tax, will be subject to dividends tax at a rate of 15% of the cash dividend, and this amount will be withheld from the cash dividend with the result that they will receive a net

amount of 315,35000 cents per ordinary share, 2,76250 cents per first preference share and 314,29600 cents per second preference share. Non-resident ordinary and preference shareholders may be subject to dividends tax at a rate of less than 15% depending on their country of residence and the applicability of any Double Tax Treaty between South Africa and their country of residence.

The issued share capital of the company, as at the date of declaration, is as follows:

- 1 618 252 182 ordinary shares
- 8 000 000 first preference shares
- 52 982 248 second preference shares.

The company's tax reference number is 9800/211/71/7 and registration number is 1969/017128/06.

## Normalised results

With effect from 2004, the group's IFRS results have been normalised to reflect the group's view of the economic and legal substance of the following arrangements (normalised results)<sup>1</sup>:

- Preference share funding provided by the group for the group's Tutuwa transaction is deducted from equity as a negative empowerment reserve and reduces the shares in issue in terms of IFRS.
- Group company shares held for the benefit of Liberty policyholders result in a reduction of the number of shares in issue and the exclusion of fair value adjustments and dividends on these shares. The IFRS requirement causes an accounting mismatch between income from investments and changes in policyholders' liabilities.
- The group also enters into transactions on its own shares to facilitate client trading activities. As part of its normal trading operations, a group subsidiary offers to its clients trading positions over listed shares, including its own shares. To hedge the risk on these trades, the group buys (sells short) its own shares in the market. Although the share exposure on the group's own shares is deducted/(added) from/(to) equity and the related fair value movements are reversed in the income statement, the client trading position and fair value movements are not eliminated, resulting in an accounting mismatch. The shares purchased (sold short) also reduce (increase) the number of shares in issue.

A common element in these transactions relates to shares in issue which are deemed by IFRS to be treasury shares. Consequently, the net value of the shares is recognised in equity and the number of shares used for per share calculation purposes is materially lower than the economic substance, resulting in inflated per share ratios. The normalisation adjustments reinstate the shares as issued, recognise the related transaction in the statement of financial position as an asset or liability (as appropriate) and recognise the changes in the value of the related transaction (together with dividend income) in the income statement.

The normalised results reflect the basis on which management manages the group and is consistent with that reported in the group's segmental report, where the normalised adjustments have been made within Liberty, and central and other. The results of the other business units are unaffected.

The group's normalised statement of financial position and income statement have been presented hereafter.

The lock-in period for the group's Tutuwa transaction ended on 31 December 2014, allowing participants to trade in the group shares in the scheme. For further information, refer to page 24.

The result of these normalised adjustments is shown in the table below.

### Normalised headline earnings

	<b>Weighted average number of shares</b>	<b>Headline earnings</b>	Growth on 2014 %
for the year ended 31 December 2015	'000	Rm	
Disclosed on an IFRS basis	<b>1 597 399</b>	<b>22 187</b>	29
Tutuwa initiative	<b>7 599</b>	<b>15</b>	
Share exposures held to facilitate client trading activities	<b>695</b>	<b>1</b>	
Group shares held for the benefit of Liberty policyholders	<b>12 965</b>	<b>(197)</b>	
Other IFRS adjustments		<b>(4)</b>	
<b>Normalised</b>	<b>1 618 658</b>	<b>22 002</b>	29

<sup>1</sup> Refer to the group analysis of financial results at [www.standardbank.com/reporting](http://www.standardbank.com/reporting) for further details regarding the normalised adjustments.

# Normalised condensed group statement of financial position

as at 31 December 2015	Change %	2015	2014
		Rm	Rm
<b>Assets</b>			
Cash and balances with central banks	17	<b>75 112</b>	64 302
Derivative assets	80	<b>111 089</b>	61 633
Trading assets	20	<b>86 285</b>	72 121
Pledged assets	>100	<b>34 429</b>	14 185
Financial investments	8	<b>488 124</b>	453 398
Loans and advances	16	<b>1 077 167</b>	929 544
Non-current assets held for sale <sup>1</sup>	(100)		219 958
Other assets	18	<b>26 967</b>	22 904
Interest in associates and joint ventures	>100	<b>9 703</b>	3 727
Investment property	13	<b>30 508</b>	27 022
Property and equipment	6	<b>17 670</b>	16 737
Goodwill and other intangible assets	13	<b>24 031</b>	21 175
<b>Total assets</b>	<b>4</b>	<b>1 981 085</b>	1 906 706
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>9</b>	<b>180 530</b>	165 367
Equity attributable to ordinary shareholders	9	<b>152 042</b>	139 588
Preference share capital and premium		<b>5 503</b>	5 503
Non-controlling interest	13	<b>22 985</b>	20 276
<b>Liabilities</b>	<b>3</b>	<b>1 800 555</b>	1 741 339
Derivative liabilities	85	<b>133 958</b>	72 281
Trading liabilities	(1)	<b>43 304</b>	43 761
Deposits and debt funding	13	<b>1 186 514</b>	1 047 212
Non-current liabilities held for sale <sup>1</sup>	(100)		182 069
Policyholder liabilities	4	<b>298 232</b>	287 516
Subordinated debt	6	<b>27 141</b>	25 521
Provisions and other liabilities	34	<b>111 406</b>	82 979
<b>Total equity and liabilities</b>	<b>4</b>	<b>1 981 085</b>	1 906 706

<sup>1</sup> Global markets outside Africa's (GMOA) and Banco Standard de Investimentos S.A.'s (Brazil) total assets and liabilities are presented as held for sale in 2014 in accordance with IFRS. Both were disposed of during 2015. Refer to the relevant section of this announcement.

# Normalised condensed group income statement

for the year ended 31 December 2015	Change %	2015	2014
		Rm	Rm
Net interest income	9	<b>49 314</b>	45 256
Non-interest revenue	8	<b>41 801</b>	38 813
<b>Total income</b>	8	<b>91 115</b>	84 069
Credit impairment charges	(4)	<b>(9 371)</b>	(9 009)
<b>Income after credit impairments</b>	9	<b>81 744</b>	75 060
Operating expenses in banking activities	(10)	<b>(51 434)</b>	(46 596)
Staff costs	(12)	<b>(27 968)</b>	(24 961)
Other operating expenses	(8)	<b>(23 466)</b>	(21 635)
<b>Net income before non-trading and capital related items</b>	6	<b>30 310</b>	28 464
Non-trading and capital related items	(>100)	<b>(1 402)</b>	986
<b>Net income before equity accounted earnings</b>	(2)	<b>28 908</b>	29 450
Share of profit/(loss) from associates and joint ventures	(>100)	<b>(340)</b>	612
<b>Net income before taxation</b>	(5)	<b>28 568</b>	30 062
Taxation		<b>(7 851)</b>	(7 869)
<b>Profit for the period from continuing operations</b>	(7)	<b>20 717</b>	22 193
Profit/(loss) from discontinued operation <sup>1</sup>	>100	<b>2 741</b>	(4 048)
<b>Profit for the period</b>	29	<b>23 458</b>	18 145
Attributable to non-controlling interests	(8)	<b>1 704</b>	1 848
Attributable to preference shareholders	6	<b>385</b>	364
<b>Attributable to ordinary shareholders</b>	34	<b>21 369</b>	15 933
Headline adjustable items – banking activities	(>100)	<b>(1 618)</b>	(768)
<b>Headline earnings – banking activities</b>	30	<b>19 751</b>	15 165
<b>Headline earnings – Liberty</b>	4	<b>2 251</b>	2 158
<b>Standard Bank Group headline earnings</b>	27	<b>22 002</b>	17 323
Standard Bank Group headline earnings – continuing operations	5	<b>22 092</b>	21 068
Standard Bank Group headline earnings – <i>pro-forma</i> continuing operations	13	<b>22 056</b>	19 570

<sup>1</sup> Gains and losses relating to SB Plc have been presented as a single amount relating to their after-tax gains/(losses).

## Pro-forma financial information

The following *pro-forma* financial information is the responsibility of the group's directors. Because of its nature, the *pro-forma* financial information may not be a fair reflection of the group's results of operation. The *pro-forma* financial information contained in this announcement has been reviewed by the group's external auditors and their unmodified review report is available for inspection at the company's registered office.

### Group's continuing operations' results including 40% retained interest in ICBCS

On 1 February 2015, the group completed the disposal of its controlling interest in SB Plc and thereafter reports its retained 40% interest in ICBCS within the group's continuing operations' results. In the group's 2014 results, and for the current year up to the date of disposal, SB Plc's net headline earnings/(loss) were included in the group's income statement as a discontinued operation.

Since the group retains a 40% interest in the discontinued operation following the date of disposal, and in order to illustrate the group's future continuing operation's base, the group has disclosed a *pro-forma* continuing operations' result to include 40% of the discontinued operation's headline earnings result as follows:

### Pro-forma headline earnings – reconciliation

	2015	2014
	Rm	Rm
Headline earnings – continuing operations as reported	<b>22 092</b>	21 068
Adjustment <sup>1</sup>	<b>(36)</b>	(1 498)
<b>Headline earnings <i>pro-forma</i></b>	<b>22 056</b>	19 570

<sup>1</sup> 40% of the discontinued operation's headline earnings loss.

# Provisional results in accordance with IFRS

## Financial statistics

	Change	2015	2014
for the year ended 31 December 2015	%		
<b>Number of ordinary shares in issue</b>			
<b>(000's)</b>			
End of period	1	<b>1 601 417</b>	1 577 828
Weighted average	1	<b>1 597 399</b>	1 584 720
Diluted weighted average		<b>1 611 522</b>	1 617 008
<b>Cents per ordinary share</b>			
Headline earnings	28	<b>1 388,9</b>	1 081,4
Continuing operations	6	<b>1 394,5</b>	1 317,7
Discontinued operation	98	<b>(5,6)</b>	(236,3)
Diluted headline earnings	30	<b>1 376,8</b>	1 059,8
Continuing operations	7	<b>1 382,4</b>	1 291,4
Discontinued operation	98	<b>(5,6)</b>	(231,6)
Dividend	13	<b>674</b>	598
Net asset value	9	<b>9 433</b>	8 682
<b>Financial performance (%)</b>			
ROE – group		<b>15.6</b>	13.0
Net interest margin on continuing operations		<b>3.5</b>	3.8
Credit loss ratio on continuing operations		<b>0.9</b>	1.0
Cost-to-income ratio on continuing operations		<b>56.7</b>	55
<b>Capital adequacy ratios (%)</b>			
<b>Basel III</b>			
Tier I capital		<b>13.3</b>	12.9
Total capital		<b>15.7</b>	15.5

# Condensed consolidated statement of financial position

as at 31 December 2015	Change %	2015	2014
		Rm	Rm
<b>Assets</b>			
Cash and balances with central banks	17	<b>75 112</b>	64 302
Derivative assets	80	<b>111 089</b>	61 633
Trading assets	20	<b>86 219</b>	72 040
Pledged assets	>100	<b>34 429</b>	14 185
Financial investments	8	<b>486 704</b>	450 921
Current tax assets	7	<b>534</b>	498
Loans and advances	16	<b>1 076 917</b>	928 241
Non-current assets held for sale <sup>1</sup>	(100)		219 958
Other assets	19	<b>24 552</b>	20 691
Interest in associates and joint ventures	>100	<b>9 703</b>	3 727
Investment property	13	<b>30 508</b>	27 022
Property and equipment	6	<b>17 670</b>	16 737
Goodwill and other intangible assets	13	<b>24 031</b>	21 175
Deferred tax assets	10	<b>1 881</b>	1 715
<b>Total assets</b>	<b>4</b>	<b>1 979 349</b>	1 902 845
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>11</b>	<b>178 908</b>	161 634
Equity attributable to ordinary shareholders	10	<b>151 069</b>	136 985
Preference share capital and premium		<b>5 503</b>	5 503
Non-controlling interest	17	<b>22 336</b>	19 146
<b>Liabilities</b>	<b>3</b>	<b>1 800 441</b>	1 741 211
Derivative liabilities	85	<b>133 958</b>	72 281
Trading liabilities	(1)	<b>43 304</b>	43 761
Current tax liabilities	(4)	<b>4 304</b>	4 505
Deposits and debt funding	13	<b>1 186 514</b>	1 047 212
Non-current liabilities held for sale <sup>1</sup>	(100)		182 069
Policyholder liabilities	4	<b>298 232</b>	287 516
Subordinated debt	6	<b>27 141</b>	25 521
Provisions and other liabilities	38	<b>101 894</b>	73 871
Deferred tax liabilities	14	<b>5 094</b>	4 475
<b>Total equity and liabilities</b>	<b>4</b>	<b>1 979 349</b>	1 902 845

<sup>1</sup> GMOA's and Brazil's total assets and liabilities are presented as held for sale in 2014 in accordance with IFRS. Both were disposed of during 2015. During 2015, the group's associate interest in Ünlü Menkul Değerler A.Ş. was classified as a non-current asset held for sale and disposed of on 21 October 2015.

# Condensed consolidated income statement

for the year ended 31 December 2015	Change %	2015	2014
		Rm	Rm
<b>Continuing operations</b>			
Income from banking activities	8	91 113	84 043
Net interest income	9	49 310	45 152
Non-interest revenue	7	41 803	38 891
Income from investment management and life insurance activities	13	23 997	21 209
<b>Total income</b>	9	115 110	105 252
Credit impairment charges	(4)	(9 371)	(9 009)
<b>Income after credit impairment charges</b>	10	105 739	96 243
Operating expenses in banking activities	(10)	(51 434)	(46 596)
Operating expenses in insurance activities	(11)	(16 184)	(14 546)
<b>Net income before non-trading and capital related items and equity accounted earnings</b>	9	38 121	35 101
Non trading and capital related items	(>100)	(1 512)	986
Share of post tax (loss)/gain of associates and joint ventures	(>100)	(323)	626
<b>Net income before indirect taxation</b>	(1)	36 286	36 713
Indirect taxation	(12)	(2 739)	(2 439)
<b>Net income before direct taxation</b>	(2)	33 547	34 274
Direct taxation	(0)	(8 187)	(8 061)
<b>Profit for the year from continuing operations</b>	(3)	25 360	26 213
Profit/(loss) for the period from discontinued operation <sup>1</sup>	>100	2 741	(4 048)
<b>Profit for the year</b>	27	28 101	22 165
Attributable to non-controlling interests	2	3 970	3 904
Attributable to preference shareholders	6	377	356
<b>Attributable to equity holders of the parent</b>	33	23 754	17 905
<b>Earnings per share from continuing operations and discontinued operation</b>			
Basic earnings per ordinary share (cents)		1 487,0	1 129,9
Diluted earnings per ordinary share (cents)		1 474,0	1 107,3
<b>Earnings per share from continuing operations</b>			
Basic earnings per ordinary share (cents)		1 315,5	1 385,3
Diluted earnings per ordinary share (cents)		1 303,9	1 357,6

<sup>1</sup> Gains and losses relating to GMOA have been presented as a single amount relating to their after-tax profit/(losses).

# Headline earnings

	Change	2015	2014
for the year ended 31 December 2015	%	Rm	Rm
<b>Profit for the year from continuing operations</b>	(4)	<b>21 013</b>	21 953
Headline adjustable items added/(reversed)		<b>1 687</b>	(1 017)
Goodwill impairment – IAS 36 <sup>1</sup>		<b>333</b>	4
Loss on sale of property and equipment – IAS 16		<b>48</b>	16
Gains on disposal of businesses – IAS 27		<b>(195)</b>	(62)
Realised foreign currency profit on foreign operations – IAS 21		<b>(5)</b>	(1 203)
Impairment of associate – IAS 27/IAS 36		<b>112</b>	
Impairment of intangible assets – IAS 36 <sup>2</sup>		<b>1 330</b>	257
Realised gains on available-for-sale assets – IAS 39		<b>64</b>	(29)
Taxation on headline earnings adjustable items		<b>(381)</b>	(81)
Non-controlling interests' share of headline earnings adjustable items		<b>(42)</b>	27
<b>Standard Bank Group headline earnings from continuing operations</b>	7	<b>22 277</b>	20 882
<b>Profit for the year from discontinued operation</b>	(>100)	<b>2 741</b>	(4 048)
Headline adjustable items (reversed)/added		<b>(2 831)</b>	346
Impairment of intangible assets – IAS 38			193
Loss on disposal of subsidiary – IFRS 10		<b>1 303</b>	
Realised foreign currency profit on foreign operations – IAS 21		<b>(4 054)</b>	
Net investment hedge gain – IAS 39		<b>(80)</b>	
Impairment of non-current assets held for sale – IFRS 5			153
Taxation on headline earnings adjustable items			(43)
<b>Standard Bank Group headline earnings from discontinued operation</b>	(98)	<b>(90)</b>	(3 745)
<b>Standard Bank Group headline earnings</b>	29	<b>22 187</b>	17 137

<sup>1</sup> Relates to the impairment of the goodwill included in the group's investment in Nigeria of R333 million.

<sup>2</sup> Impairments of intangible assets followed a comprehensive review of all system related assets particularly where there had been any changes in the strategy related to these projects. Included are R555 million of impairments related to PBB South Africa's core-banking system where ring-fenced components were identified as obsolete due to changes in the direction of the core banking journey and R342 million related to a decision made to streamline all sub-ledgers across the group, both in South Africa and the rest of Africa.

# Condensed consolidated statement of other comprehensive income

for the year ended 31 December 2015

	2015	2014
	Rm	Rm
<b>Profit for the year</b>	<b>28 101</b>	22 165
<b>Other comprehensive income after tax for the year</b>	<b>3 009</b>	(888)
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>3 109</b>	(757)
Exchange differences on translating foreign operations	<b>4 103</b>	(5)
Net change on hedges of net investments in foreign operations	<b>(325)</b>	(147)
Movements in the cash flow hedging reserve	<b>(903)</b>	(379)
Net change in fair value of cash flow hedges before reclassification	<b>1 551</b>	272
Realised fair value adjustments of cash flow hedges transferred to profit or loss	<b>(2 454)</b>	(651)
Movements in the available for sale revaluation reserve	<b>234</b>	(226)
Net change in fair value of available-for-sale financial assets before reclassification	<b>117</b>	(208)
Realised fair value adjustments on available-for-sale financial assets transferred to profit or loss	<b>117</b>	(18)
<b>Items that may not be reclassified to profit and loss</b>	<b>(100)</b>	(131)
Defined benefit fund remeasurements	<b>(121)</b>	(99)
Other losses	<b>21</b>	(32)
<b>Total comprehensive income for the year</b>	<b>31 110</b>	21 227
Attributable to non-controlling interests	<b>5 227</b>	2 689
Attributable to equity holders of the parent	<b>25 883</b>	18 588

# Condensed consolidated statement of changes in equity

for the year ended 31 December 2015	Ordinary shareholders' equity Rm	Preference share capital and premium Rm	Non- controlling interest Rm	Total equity Rm
<b>Balance at 1 January 2014</b>	128 936	5 503	18 209	152 648
Total comprehensive income for the period	18 232	356	2 689	21 277
Transactions with owners, recorded directly in equity	(10 183)	(356)	(1 673)	(12 212)
Equity-settled share-based payment transactions	221		48	269
Deferred tax on share-based payment transactions	150			150
Transactions with non-controlling shareholders	(416)		(26)	(442)
Net repurchase of share capital and share premium and capitalisation of reserves	(599)			(599)
Net increase in treasury shares	(592)		(304)	(896)
Dividends paid	(8 947)	(356)	(1 391)	(10 694)
Unincorporated property partnerships capital reductions and distributions			(79)	(79)
<b>Balance at 31 December 2014</b>	136 985	5 503	19 146	161 634
<b>Balance at 1 January 2015</b>	136 985	5 503	19 146	161 634
Total comprehensive income for the period	<b>25 506</b>	<b>377</b>	<b>5 227</b>	<b>31 110</b>
Transactions with owners, recorded directly in equity	<b>(11 422)</b>	<b>(377)</b>	<b>(1 893)</b>	<b>(13 692)</b>
Equity-settled share-based payment transactions	<b>(1 392)</b>		<b>73</b>	<b>(1 319)</b>
Deferred tax on share-based payment transactions	<b>(72)</b>			<b>(72)</b>
Transactions with non-controlling shareholders	<b>(369)</b>		<b>(778)</b>	<b>(1 147)</b>
Net decrease in treasury shares	<b>66</b>		<b>49</b>	<b>115</b>
Net repurchase of share capital and share premium and capitalisation of reserves	<b>(641)</b>			<b>(641)</b>
Redemption of preference shares	<b>1 317</b>			<b>1 317</b>
Net dividends paid	<b>(10 331)</b>	<b>(377)</b>	<b>(1 237)</b>	<b>(11 945)</b>
Unincorporated property partnerships capital reductions and distributions			<b>(144)</b>	<b>(144)</b>
<b>Balance at 31 December 2015</b>	<b>151 069</b>	<b>5 503</b>	<b>22 336</b>	<b>178 908</b>

# Condensed consolidated statement of cash flows

	2015	2014
	Rm	Rm
for the year ended 31 December 2015		
<b>Net cash flows from operating activities</b>	<b>35 504</b>	29 654
Cash flows used in operations	(16 179)	(21 943)
Direct taxation paid	(8 012)	(8 070)
Other operating cash flows	59 695	59 667
<b>Net cash flows used in investing activities</b>	<b>(31 828)</b>	(8 298)
Capital expenditure	(9 527)	(8 426)
Other investing cash flows	(22 301)	128
<b>Net cash flows used in financing activities</b>	<b>(11 509)</b>	(10 262)
Proceeds from issue of share capital net of buybacks	(641)	(599)
Net cash flow from equity transactions with non-controlling interests	(1 118)	(617)
Release of empowerment reserve	1 317	
Subordinated debt issued	4 005	4 385
Subordinated debt redeemed	(3 127)	(2 425)
Dividends paid	(11 945)	(10 694)
Net cash flows used in financing activities in discontinued operations		(312)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2 066</b>	2 376
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5 767)</b>	13 470
Cash and cash equivalents at the beginning of the period	80 879	67 409
<b>Cash and cash equivalents at the end of the period</b>	<b>75 112</b>	80 879
<b>Comprising:</b>		
Cash and balances with central banks	75 112	64 302
Cash and balances with central banks held for sale		16 577
<b>Cash and cash equivalents at the end of the period</b>	<b>75 112</b>	80 879

# Notes

## Condensed segment report

for the year ended 31 December 2015	Change %	2015	2014 <sup>1</sup>
		Rm	Rm
<b>Revenue contribution by business unit</b>			
Personal & Business Banking	9	60 393	55 399
Corporate & Investment Banking	7	31 319	29 171
Central and other	19	(597)	(501)
<b>Banking activities</b>	8	91 115	84 069
Liberty	10	23 650	21 486
<b>Standard Bank Group – normalised</b>	9	114 765	105 555
Adjustments for IFRS	(>100)	345	(303)
<b>Standard Bank Group – IFRS</b>	9	115 110	105 252
<b>Profit or loss attributable to ordinary shareholders</b>			
Personal & Business Banking	10	10 633	9 662
Corporate & Investment Banking	54	7 507	4 876
Central and other	>100	3 229	1 395
<b>Banking activities</b>	34	21 369	15 933
Liberty	2	2 200	2 158
<b>Standard Bank Group – normalised</b>	30	23 569	18 091
Adjustments for IFRS	(>100)	185	(186)
<b>Standard Bank Group – IFRS</b>	33	23 754	17 905
<b>Total assets by business unit</b>			
Personal & Business Banking	10	682 080	621 299
Corporate & Investment Banking	(2)	936 480	954 063
Central and other	58	(39 701)	(25 101)
<b>Banking activities</b>	2	1 578 859	1 550 261
Liberty	13	402 226	356 445
<b>Standard Bank Group – normalised</b>	4	1 981 085	1 906 706
Adjustments for IFRS	(55)	(1 736)	(3 861)
<b>Standard Bank Group – IFRS</b>	4	1 979 349	1 902 845
<b>Total liabilities by business unit</b>			
Personal & Business Banking	9	614 614	562 906
Corporate & Investment Banking	(3)	871 427	900 059
Central and other	(14)	(61 461)	(53 683)
<b>Banking activities</b>	1	1 424 580	1 409 282
Liberty	13	375 975	332 057
<b>Standard Bank Group – normalised</b>	3	1 800 555	1 741 339
Adjustments for IFRS	(11)	(114)	(128)
<b>Standard Bank Group – IFRS</b>	3	1 800 441	1 741 211

<sup>1</sup> Where responsibility for individual cost centres and divisions within business units change, the comparative figures are reclassified accordingly.

## Notes continued

### Contingent liabilities and capital commitments

as at 31 December 2015	2015	2014
	Rm	Rm
Letters of credit and bankers' acceptances	<b>11 437</b>	16 162
Guarantees	<b>67 161</b>	53 365
<b>Contingent liabilities</b>	<b>78 598</b>	69 527
Investment property	<b>835</b>	2 934
Property, plant and equipment	<b>405</b>	456
Other intangible assets	<b>1 169</b>	826
<b>Commitments</b>	<b>2 409</b>	4 216

### Legal proceedings

In the ordinary course of business, the group is involved in litigation, lawsuits and other proceedings. While recognising the inherent difficulty of predicting the outcome of defended legal proceedings, management believes, based upon current knowledge and after consulting with legal counsel, that the legal proceedings currently pending against it should not have a material adverse effect on the group's consolidated financial position. The directors are satisfied, based on present information and the assessed probability of claims eventuating, that the group has adequate insurance programmes and provisions in place to meet such claims.

### Private equity associates and joint ventures

The following table provides disclosure of those private equity associates and joint ventures that are equity accounted in terms of IAS 28 *Investments in Associates and Joint Ventures* and have been ring-fenced in terms of the requirements of Circular 2/2013 Headline Earnings, issued by the South African Institute of Chartered Accountants (SAICA) at the request of the JSE. On the disposal of these associates and joint ventures held by the group's private equity division, the gain or loss on the disposal will be included in headline earnings.

	2015	2014
	Rm	Rm
Cost	<b>48</b>	94
Carrying value	<b>492</b>	625
Fair value	<b>482</b>	589
Attributable income before impairment	<b>51</b>	64

## Equity securities

During the period, the group allotted 3 813 706 shares (2014: 4 879 268 shares) in terms of the group's share incentive schemes and repurchased 3 923 373 shares (2014: 4 361 547 shares). The total equity securities held as treasury shares at the end of the period was 11 084 016 shares (2014: 12 807 677 shares).

## Subordinated debt

During the period the group issued R4 billion (2014: R4,4 billion) and redeemed R3,1 billion (2014: R2,4 billion) subordinated debt instruments.

The terms of the issued bonds include a regulatory requirement which provides for the write-off in whole or in part on the earlier of a decision by the relevant regulator (SARB) that a write off, or a public sector injection of capital or equivalent support is necessary, without which the issuer would have become non-viable.

## Disposal of subsidiaries

During the period the group disposed of the following material subsidiaries:

### Brazil

In April 2015, the group completed the disposal of Banco Standard de Investimentos S.A., the group's Brazilian-licensed banking subsidiary, to Grupo Financiero Inbursa SAB, a listed Mexican banking group. The final disposal proceeds amounted to R581 million. The net gain on the disposal of R262 million (of which R111 million is included in headline earnings) has been included in the group's income statement as part of its continuing operation's results.

### Standard Bank Plc

The group disposed of 60% of SB Plc to ICBC on 1 February 2015. SB Plc was, subsequent to the transaction, renamed to ICBCS. The final cash

proceeds on this 60% disposal, which was based on a discount to the 31 January 2015 net asset value (this net asset value was impacted by the valuation of certain aluminium claims as disclosed on page 25), amounted to USD675 million (R7 828 million). The final tranche of payment in this respect was made, in terms of the transaction agreements, in early July 2015. SB Plc's financial results, together with the net gain on disposal, have been reported as part of the group's discontinued operation's results up to the date of completion of the transaction.

ICBC has a five-year call option to purchase a further 20% of the outstanding shares of SB Plc, exercisable from 1 February 2017. Contingent upon ICBC exercising its call option and from six months after such exercise, the group has a five-year option to require ICBC to acquire its residual shareholding for cash.

The group retained a 40% interest in SB Plc (subsequently renamed ICBCS), with this interest being recognised as investment in an associate from 1 February 2015. The associate was recognised at an initial value of USD450 million (R5 219 million) on this date. This value was determined to be the fair value based on the terms of the disposal transaction. The results from the group's remaining 40% interest in ICBCS have been included, with effect from 1 February 2015, in the group's continuing operation's results.

As part of the disposal of SB Plc, the group provided ICBC with certain indemnities to be paid in cash to ICBC or, at ICBC's direction, to any SB Plc group company, a sum equal to the amount of losses suffered or incurred by ICBC arising from certain circumstances. Where an indemnity payment is required to be made by the group to SB Plc, such payment would be grossed up from ICBC's shareholding at the time in SB Plc to 100%. Such payments may arise as a result of the ownership, conduct or operation of all or any part of the businesses

## Notes continued

that have, in terms of the transaction agreements, been transferred from SB Plc to the group prior to disposal (excluded business) or from an enforcement action, the cause of which occurred prior to the completion date of 1 February 2015. Enforcement actions include actions taken by regulatory or governmental authorities to enforce the relevant laws in any jurisdiction. The indemnities provided are uncapped and of unlimited duration as they reflect that the risks of ownership and conduct of the excluded business, and pre-completion regulatory risks attaching to the GMOA business, remain with the group post completion.

### Deferred prosecution agreement

As explained in the announcement made to shareholders via SENS on 30 November 2015, the group's former subsidiary, SB Plc (now ICBCS), entered into a Deferred Prosecution Agreement (DPA) with the United Kingdom Serious Fraud Office (SFO) with the approval of the President of the Queen's Bench Division of the High Court of England and Wales.

The DPA relates to allegations that SB Plc failed to prevent two executives of Stanbic Bank Tanzania Limited (Stanbic) from engaging a local partner with the intent that the engagement would induce Tanzanian Government representatives into acting partially in awarding a capital raising mandate to SB Plc and Stanbic. SB Plc self-reported this suspicious transaction to the SFO in 2013. In terms of the DPA, prosecution has been suspended and will be withdrawn after three years provided that SB Plc has complied with its obligations under the DPA. In the same announcement, it was confirmed that SB Plc had reached a settlement agreement with the United States Securities and Exchange

Commission (SEC) in relation to allegations of negligence relating to the same matter.

The total cost relating to the DPA and the SEC settlement, including penalties, compensation payments and legal costs, amounted to USD40,3 million (R562 million). As noted in terms of the completion of the disposal by the group of a controlling interest in SB Plc to ICBC, the group indemnified ICBC against costs of this nature. USD16.1 million (R226 million) of the total cost has been recognised within the group's continuing operations through the equity accounted earnings of its 40% interest in ICBCS and USD24,2 million (R336 million) has been included in the group's discontinued operation's results.

### Black economic empowerment (BEE) transactions

In 2004, the group entered into a series of transactions whereby investments were made in cumulative redeemable preference shares issued by BEE entities. The group's banking operations' BEE initiative is referred to as Tutuwa and Liberty's is referred to as Lexshell. A key feature of these BEE initiatives is that all participants were subject to a 10-year lock-in restriction which expired on 31 December 2014.

To the extent that the Tutuwa participants accessed their underlying equity value and to the extent that those equity shares are financed by the group, a proportionate amount of the group's negative empowerment reserve is released through the payment of the underlying debt owing on the preference shares by the participants. From January 2015 to December 2015, R1,3 billion was released from the group's negative empowerment reserve.

## Aluminium reverse repurchase agreement

During the year, a settlement agreement was concluded with the majority of the group's third-party insurers in respect of the losses suffered as a consequence of the fraud in Qingdao port relating to certain aluminium reverse repurchase agreements, and an amount of approximately USD70,5 million was received by ICBCS with respect to this settlement. Pursuant to the amendments to

the disposal agreement with ICBC in relation to ICBCS, the group enjoys the full economic benefit of this subsequent recovery.

Efforts continue through a number of avenues to recover amounts owing from the remaining third-party insurer and to pursue other recovery mechanisms from other counterparties, and to access metal stocks held by the authorities in China.

## Related party transactions

### Tutuwa-related parties

Tutuwa participants were allowed to access their underlying equity value post the expiry of the lock-in period on 31 December 2014.

As reported on SENS on 16 February 2015, key management personnel sold 324 001 of the group's ordinary shares out of the Tutuwa structure in order to settle employees' tax, associated funding and transaction costs arising from the expiry of the lock-in period. In addition key management personnel sold a further 11 112 shares on the 25 March 2015.

### Tutuwa share movement since lock-in period ended

	2015	
	Issued number of shares 000's	Weighted number of shares 000's
Shares financed by Standard Bank Group – 1 January 2015	27 726	27 726
Less: sale of shares by participants	(21 975)	(20 127)
<b>Shares financed by Standard Bank Group – 31 December 2015</b>	<b>5 751</b>	7 599

### Post-employment benefit plans

Details of transactions between the group and the group's post-employment benefit plans are listed below:

	2015	2014
	Rm	Rm
Value of assets under management	11 776	9 077
Investments held in bonds and money market instruments	667	655
Value of ordinary group shares held	471	330

## Notes continued

### Balances and transactions with ICBCS

On 1 February 2015 the group disposed of its controlling interest in SB Plc to ICBC. With effect from that date SB Plc was renamed to ICBCS and became a supported subsidiary of ICBC. The group's retained 40% interest in ICBCS was, with effect from the disposal date, classified as an interest in an associate and equity accounted thereafter. During the period ended 31 December 2015 the group both maintained and entered into new lending, deposit, derivative and other trading-related transactions with ICBCS on market-related terms as follows:

	2015
	Rm
Derivative assets	<b>4 780</b>
Trading assets	<b>35</b>
Loans and advances	<b>29 902</b>
Other receivables	<b>158</b>
Derivative liabilities	<b>(5 351)</b>
Deposits	<b>(6 756)</b>
Other payables	<b>(218)</b>

During the year transactions were entered into with ICBCS that resulted in: interest income of R197 million, other income of R33 million, interest expense of R128 million and fee and commission expense of R89 million. In addition as part of the group's divestiture of ICBCS, the group entered into certain transitional service level arrangements with ICBCS in order to manage the orderly separation of ICBCS from the group post the sale of 60% thereof. In terms of these arrangements, services are delivered to and received from ICBCS for the account of each respective party under formal service level agreements. Revenue and expenses recognised in respect of these arrangements amounted to R402 million and R58 million respectively as at 31 December 2015.

## Balances and transactions with ICBC

The following transactions took place between the group and ICBC, a 20.1% shareholder of Standard Bank Group Limited:

	2015	2014
	Rm	Rm
<b>Loans and advances</b>		
Loans and advances at beginning of the year	<b>1 462</b>	
Loans and advances granted/(repaid) during the year	<b>(1 309)</b>	1 462
<b>Loans and advances outstanding at the end of the year</b>	<b>153</b>	1 462

Loans and advances to ICBC includes fixed terms loans with a maturity of less than 12 months from the reporting date, current account balances and confirmed letters of credit. Interest income from these arrangements amounted to R39 million for 2015 (2014: R60 million).

	2015	2014
	Rm	Rm
<b>Other receivables and payables</b>		
Aluminium indemnification receivable <sup>1</sup>	<b>619</b>	
Bank amount with ICBC	<b>299</b>	2 087
Other payables	<b>(71)</b>	

<sup>1</sup> The group recognised losses in respect of certain commodity reverse repurchase agreements (repos) with third parties prior to the completion of the disposal of SB Plc to ICBC. As a consequence of the amendments made to the sale and purchase agreement relating to the repos, the group has a right to 60% of any related insurance and other recoveries, net of costs, relating to these repos from ICBC. Settlement of these amounts will occur based on audited information on pre-agreed anniversaries of the completion of the transaction and also on the full and final settlement of all claims in respect of losses incurred. As at 31 December 2015 a balance of USD40 million (R619 million) is receivable from ICBC in respect of this arrangement. An amount of R595 million was recognised as part of the group's results from the discontinued operation.

Notes continued

	2015	2014
	Rm	Rm
<b>Trading assets</b>		
Trading assets outstanding at beginning of the year	<b>20</b>	
Net trading positions opened during the year	<b>(13)</b>	20
<b>Trading assets outstanding at the end of the year</b>	<b>7</b>	20

During the year, the group entered into commodity leasing transactions with ICBC at market-related terms and conditions, from which gross trading revenue of R74 million was recognised (2014: R94 million).

**Letters of credit**

The group has off-balance sheet letters of credit exposure issued to ICBC as at 31 December 2015 of R216 million (2014: R646 million). The group received R2 million in fee and commission income relating to these transactions (2014: R2 million).

**Change in group directorate**

The following changes in directorate took place during the year ended 31 December 2015 and subsequently up to 2 March 2016:

**Appointments**

T Gcabashe	as chairman	28 May 2015
Dr ML Oduor-Otieno	as director	1 January 2016

**Resignation and retirements**

F du Plessis	as director	28 May 2015
F Phaswana	as chairman	28 May 2015
Lord Smith of Kelvin, KT	as director	28 May 2015

## Day one profit or loss

The table below sets out the aggregate net day one profits yet to be recognised in profit or loss at the beginning and end of the period with a reconciliation of changes in the balances during the period.

	<b>Derivative instruments<sup>1</sup></b>	<b>Trading assets<sup>2</sup></b>	<b>Total</b>
	Rm	Rm	Rm
<b>Balance as at 1 January 2014</b>	2		2
<b>Additional net profit on new transactions during the year</b>	144		144
Recognised in profit or loss during the year	(85)	(40)	(125)
Additional net profit on new transaction		68	68
Transfers		390	390
<b>Balance as at 31 December 2014</b>	<b>61</b>	<b>418</b>	<b>479</b>
<b>Balance as at 1 January 2015</b>	<b>61</b>	<b>418</b>	<b>479</b>
Additional net profit on new transactions during the year	<b>346</b>	<b>268</b>	<b>614</b>
Recognised in profit or loss during the year	<b>(159)</b>	<b>(104)</b>	<b>(263)</b>
Exchange differences	<b>47</b>		<b>47</b>
<b>Balance as at 31 December 2015</b>	<b>295</b>	<b>582</b>	<b>877</b>

<sup>1</sup> During the current reporting period, the group identified day one gains and losses on derivative instruments which were not appropriately disclosed in the prior financial statements. The group has corrected this disclosure by deducting R242 million of unamortised profit as at 31 December 2014. This correction to the disclosure had no impact on the income statement or statement of financial position in the current or prior reporting period.

<sup>2</sup> During the current reporting period, the group identified day one gains and losses on trading assets which were not appropriately disclosed in the prior financial statements. The group has corrected this disclosure by including R402 million of unamortised profit as at 31 December 2014. This correction to the disclosure had no impact on the income statement or statement of financial position in the current or prior reporting period.

## Notes continued

### Fair value disclosures

#### Financial assets and liabilities measured at fair value

##### Fair value hierarchy of instruments measured at fair value

In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the group and, in particular, provides assurance that the risk and return measures that the group has taken are accurate and complete.

#### Valuation process

The group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include:

**Prices quoted in an active market:** The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

**Valuation techniques:** Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible.

Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research

information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions.

Unobservable inputs are subject to management judgement and although the group believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values would affect the reported fair values of these financial instruments.

Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

**Valuation adjustments:** Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to: credit spreads on illiquid issuers, implied volatilities on thinly traded stocks, correlation between risk factors, prepayment rates, and other illiquid risk drivers. In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- Using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver;
- Raising day one profit provisions in accordance with IFRS;
- Quantifying and reporting the sensitivity to each risk driver and
- Limiting exposure to such risk drivers and analysing exposure on a regular basis.

**Validation and control:** All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the group's model validation unit and formally reviewed and approved by the market risk methodologies committee.

## Notes continued

This control applies to both off-the-shelf models as well as those developed internally by the group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Independent valuation comparisons are also performed and any significant variances noted are appropriately investigated. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to model, are carefully validated and tabled at the monthly price validation forum to ensure that these are reasonable and used consistently across all entities in the group. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed on a monthly basis at the market risk and asset and liability committees.

**Portfolio exception:** The group has, on meeting certain qualifying criteria, elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities on a net basis.

### **Fair value hierarchy**

The table that follows analyses the group's financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that available market data is used in the calculation of the fair value of the financial instruments. The levels have been defined as follows:

**Level 1** – fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2** – fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3** – fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Notes continuedFair value disclosures continued**Accounting classifications and fair values of financial assets and liabilities**

The table below categorises the group's assets and liabilities as at 31 December 2015 between that which is financial and non-financial. All financial assets and liabilities have been classified according to their measurement category with disclosure of the fair value being provided for those items.

as at 31 December 2015	<b>Held-for- trading</b> Rm	<b>Designated at fair value</b> Rm	<b>Held-to- maturity</b> Rm
<b>2015</b>			
<b>Assets</b>			
Cash and balances with central banks			
Derivative assets	<b>111 089</b>		
Trading assets	<b>86 219</b>		
Pledged assets	<b>8 220</b>	<b>22 319</b>	
Financial investments		<b>350 544</b>	<b>73 689</b>
Loans and advances to banks			
Loans and advances to customers		<b>78</b>	
Interest in associates and joint ventures			
Investment property			
Other financial assets <sup>3</sup>			
Other non-financial assets			
	<b>205 528</b>	<b>372 941</b>	<b>73 689</b>
<b>Liabilities</b>			
Derivative liabilities	<b>133 958</b>		
Trading liabilities	<b>43 304</b>		
Deposits and debt funding from banks			
Deposits and debt funding from customers		<b>18 929</b>	
Policyholders' liabilities <sup>4</sup>		<b>88 459</b>	
Subordinated debt			
Other financial liabilities <sup>3</sup>		<b>46 329</b>	
Other non-financial liabilities			
	<b>177 262</b>	<b>153 717</b>	

<sup>1</sup> Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.

<sup>2</sup> Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities

<sup>3</sup> The fair value of the other financial assets and liabilities approximates the carrying value due to their short-term nature.

<sup>4</sup> The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not defined as financial instruments.

<b>Loans and receivables<sup>1</sup></b>	<b>Available-for-sale</b>	<b>Other amortised cost<sup>1</sup></b>	<b>Other assets/liabilities</b>	<b>Total carrying amount</b>	<b>Fair value<sup>2</sup></b>
Rm	Rm	Rm	Rm	Rm	Rm
75 112				75 112	75 112
				111 089	111 089
				86 219	86 219
175	3 715			34 429	34 434
21 418	41 053			486 704	487 147
145 320				145 320	143 145
931 519				931 597	915 905
			9 703	9 703	
			30 508	30 508	30 508
11 767				11 767	
			56 901	56 901	
<b>1 185 311</b>	<b>44 768</b>		<b>97 112</b>	<b>1 979 349</b>	
				133 958	133 958
				43 304	43 304
		137 202		137 202	134 531
		1 030 383		1 049 312	1 035 638
			209 773	298 232	88 459
		27 141		27 141	23 456
		46 580		92 909	
			18 383	18 383	
		<b>1 241 306</b>	<b>228 156</b>	<b>1 800 441</b>	

Notes continuedFair value disclosures continuedAccounting classifications and fair values of financial assets and liabilities  
continued

as at 31 December 2014	Held-for- trading Rm	Designated at fair value Rm	Held-to- maturity Rm
<b>2014</b>			
<b>Assets</b>			
Cash and balances with central banks			
Derivative assets	61 633		
Trading assets	72 040		
Pledged assets	5 084	6 990	
Non-current assets held for sale	150 587	671	
Financial investments	133	376 894	16 786
Loans and advances to banks		363	
Loans and advances to customers		83	
Interest in associates and joint ventures			
Investment property			
Other financial assets <sup>3</sup>			
Other non-financial assets			
	289 477	385 001	16 786
<b>Liabilities</b>			
Derivative liabilities	72 281		
Trading liabilities	43 761		
Deposits and debt funding from banks		21	
Deposits and debt funding from customers		21 808	
Policyholders' liabilities <sup>4</sup>		81 983	
Subordinated debt			
Non-current liabilities held for sale	104 507		
Other financial liabilities <sup>3</sup>		36 335	
Other non-financial liabilities			
	220 549	140 147	

<sup>1</sup> Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.

<sup>2</sup> Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities.

<sup>3</sup> The fair value of the other financial assets and liabilities approximates the carrying value due to their short-term nature.

<sup>4</sup> The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not defined as financial instruments.

Loans and receivables <sup>1</sup> Rm	Available-for-sale Rm	Other amortised cost <sup>1</sup> Rm	Other assets/liabilities Rm	Total carrying amount Rm	Fair value <sup>2</sup> Rm
64 302				64 302	64 302
				61 633	61 633
				72 040	72 040
206	1 905			14 185	14 191
66 396	30	1 216	1 058	219 958	213 096
16 644	40 464			450 921	448 411
115 857				116 220	122 389
811 938				812 021	810 484
			3 727	3 727	
			27 022	27 022	27 022
10 513				10 513	
			50 303	50 303	
1 085 856	42 399	1 216	82 110	1 902 845	
				72 281	72 281
				43 761	43 761
		97 585		97 606	104 675
		927 798		949 606	965 097
			205 533	287 516	81 983
		25 521		25 521	23 095
		76 146	1 416	182 069	172 356
		28 561		64 896	
			17 955	17 955	
		1 155 611	224 904	1 741 211	

Notes continuedFair value disclosures continued**Financial assets and liabilities measured at fair value**

The following table analyses the group's fair value measured financial assets, investment property and financial liabilities by levels of the fair value hierarchy:

as at 31 December 2015	2015			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Assets</b>				
<b>Measured on a recurring basis<sup>1</sup></b>				
Derivative assets	59	108 573	2 457	111 089
Trading assets	31 486	45 791	8 942	86 219
Pledged assets	29 977	4 277		34 254
Financial investments	202 120	179 464	10 013	391 597
Loans and advances to banks				
Loans and advances to customers	2	76		78
Investment property			30 508	30 508
<b>Total assets at fair value</b>	<b>263 644</b>	<b>338 181</b>	<b>51 920</b>	<b>653 745</b>
<b>Liabilities</b>				
<b>Measured on a recurring basis<sup>1</sup></b>				
Derivative liabilities	19	119 298	14 641	133 958
Trading liabilities	21 388	19 432	2 484	43 304
Deposits from banks				
Deposits from customers		18 929		18 929
Policyholders' liabilities		88 459		88 459
Other financial liabilities		46 329		46 329
<b>Total liabilities at fair value</b>	<b>21 407</b>	<b>292 447</b>	<b>17 125</b>	<b>330 979</b>

<sup>1</sup> Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of each reporting period.

## Fair value disclosures continued

## Financial assets and liabilities measured at fair value continued

as at 31 December 2015	2014			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Assets</b>				
<b>Measured on a recurring basis<sup>1</sup></b>				
Derivative assets	242	60 638	753	61 633
Trading assets	25 671	41 722	4 647	72 040
Pledged assets	9 482	4 497		13 979
Financial investments	203 332	208 352	5 807	417 491
Loans and advances to banks	363			363
Loans and advances to customers	11	72		83
Investment property			27 022	27 022
<b>Measured on a non-recurring basis<sup>2</sup></b>				
Non-current assets held for sale <sup>3</sup>	38 426	109 288	3 574	151 288
<b>Total assets at fair value</b>	<b>277 527</b>	<b>424 569</b>	<b>41 803</b>	<b>743 899</b>
<b>Liabilities</b>				
<b>Measured on a recurring basis<sup>1</sup></b>				
Derivative liabilities	17	66 306	5 958	72 281
Trading liabilities	20 889	20 950	1 922	43 761
Deposits from banks		21		21
Deposits from customers		21 808		21 808
Policyholders' liabilities		81 983		81 983
Other financial liabilities		36 335		36 335
<b>Measured on a non-recurring basis<sup>2</sup></b>				
Non-current liabilities held for sale <sup>3</sup>	11 869	86 156	6 482	104 507
<b>Total liabilities at fair value</b>	<b>32 775</b>	<b>313 559</b>	<b>14 362</b>	<b>360 696</b>

<sup>1</sup> Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of each reporting period.

<sup>2</sup> Non-recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of the reporting period in particular circumstances.

<sup>3</sup> While the disposal group has been classified as held for sale and has been measured to its fair value less costs to sell, the disposal group's fair value measured assets and liabilities have been categorised within the fair value hierarchy in the table above.

# Notes continued

## Level 2 and 3 – valuation techniques and inputs

ITEM AND DESCRIPTION	VALUATION TECHNIQUE	MAIN INPUTS AND ASSUMPTIONS
<p><b>Derivative financial instruments</b></p> <p>Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.</p>	<p>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:</p> <ul style="list-style-type: none"> <li>• Discounted cash flow model</li> <li>• Black-Scholes model</li> <li>• Combination technique models</li> </ul>	<p><b>FOR LEVEL 2 AND 3 FAIR VALUE HIERARCHY ITEMS</b></p> <ul style="list-style-type: none"> <li>• Discount rate*</li> <li>• Spot prices of the underlying</li> <li>• Correlation factors</li> <li>• Volatilities</li> <li>• Dividend yields</li> <li>• Earnings yield</li> <li>• Valuation multiples</li> </ul>
<p><b>Trading assets and trading liabilities</b></p> <p>Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.</p>	<p>Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and financial investment being fair valued.</p>	
<p><b>Pledged assets</b></p> <p>Pledged assets comprise instruments that may be sold or repledged by the group's counterparty to the trade/market in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.</p>	<p>Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</p>	
<p><b>Financial investments</b></p> <p>Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, listed sovereign or corporate debt, investments in debentures issued by the SARB, investments in mutual fund investments and unit-linked investments.</p>		

ITEM AND DESCRIPTION	VALUATION TECHNIQUE	MAIN INPUTS AND ASSUMPTIONS
<p><b>Loans and advances to banks and customers</b></p> <p>Loans and advances comprise:</p> <ul style="list-style-type: none"> <li>• Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks.</li> <li>• Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).</li> </ul>	<p>For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.</p>	<p><b>FOR LEVEL 2 AND 3 FAIR VALUE HIERARCHY ITEMS</b></p> <ul style="list-style-type: none"> <li>• Discount rate*</li> </ul>

Notes continued

ITEM AND DESCRIPTION	VALUATION TECHNIQUE	MAIN INPUTS AND ASSUMPTIONS
<p><b>Deposits from banks and customers</b></p> <p>Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.</p>	<p>For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.</p>	<p><b>FOR LEVEL 2 AND 3 FAIR VALUE HIERARCHY ITEMS</b></p> <ul style="list-style-type: none"> <li>Discount rate*</li> </ul>

ITEM AND DESCRIPTION	VALUATION TECHNIQUE	MAIN INPUTS AND ASSUMPTIONS
<p><b>Policyholder liabilities</b>                      Policyholder liabilities comprise unit-linked policies and annuity certain.</p>	<p>Unit-linked policies: assets which are linked to the investment contract liabilities are owned by the group. The investment contract obliges the group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined with reference to the fair value of the underlying assets (i.e. amount payable on surrender of the policies).                      Annuity certain: discounted cash flow models are used to determine the fair value of the stream of future payments.</p>	<p><b>FOR LEVEL 2 AND 3 FAIR VALUE HIERARCHY ITEMS</b></p> <ul style="list-style-type: none"> <li>• Discount rate*</li> <li>• Spot price of underlying</li> </ul>
<p><b>Third party financial liabilities arising on the consolidation of mutual funds (included in other liabilities)</b>                      These are liabilities that arise on the consolidation of mutual funds.</p>	<p>The fair values of third party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.</p>	<p><b>FOR LEVEL 2 AND 3 FAIR VALUE HIERARCHY ITEMS</b></p> <ul style="list-style-type: none"> <li>• Discount rate*</li> </ul>

\* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.

Notes continuedFair value disclosures continued

## Reconciliation of level 3 financial assets

The following table provides a reconciliation of the opening to closing balance for all financial assets including investment property that are measured at fair value and incorporate inputs that are not based on observable market data (level 3):

	Measured on a recurring basis		
	Derivative assets	Trading assets	Pledged assets
	Rm	Rm	Rm
<b>Balance at 1 January 2014</b>	2 090	2 110	8
Total gains/(losses) included in profit or loss	186	(126)	
Interest income			
Trading revenue	186	(126)	
Other revenue			
Investment gains			
Total gains included in OCI			
Originations and purchases	553	3 875	
Sales and settlements	(1 889)	(665)	(8)
Transfers into level 3 <sup>2</sup>			
Transfers out of level 3 <sup>3</sup>	(190)		
Reclassifications		(546)	
Exchange movement gains/(losses)	3	(1)	
<b>Balance at 31 December 2014</b>	753	4 647	
<b>Balance at 1 January 2015</b>	<b>753</b>	<b>4 647</b>	
Total gains/(losses) included in profit or loss	<b>649</b>	<b>212</b>	
Interest income			
Trading revenue	<b>649</b>	<b>212</b>	
Other revenue			
Investment gains			
Total gains included in OCI			
Issuances and purchases	<b>1 672</b>	<b>1 100</b>	
Sales and settlements	<b>(626)</b>	<b>(495)</b>	
Transfers into level 3 <sup>2</sup>		<b>3 477</b>	
Transfers out of level 3 <sup>3</sup>			
Disposal of non-current assets held for sale			
Exchange movement gains	<b>9</b>	<b>1</b>	
<b>Balance at 31 December 2015</b>	<b>2 457</b>	<b>8 942</b>	

<sup>1</sup> Relates to financial assets within the disposal group that have been classified as level 3.

<sup>2</sup> Transfers of financial assets between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. During the period, the valuation inputs of certain financial assets became unobservable. The fair value of these assets was transferred to level 3.

<sup>3</sup> During the year, the valuation inputs of certain level 3 financial assets became observable. The fair value of these financial assets was transferred into level 2.

			Measured on a non- recurring basis		
Loans and advances to customers Rm	Financial investments Rm	Investment property Rm	Non-current assets held for sale <sup>1</sup> Rm	Total Rm	
43	4 181	27 299	5 613	41 344	
3	717	1 179	142	2 101	
	143			143	
3			142	205	
	136			136	
	438	1 179		1 617	
	2		(1)	1	
	1 620	858	770	7 676	
(46)	(1 601)	(2 348)	(2 565)	(9 122)	
	791		349	1 140	
	(84)		(1 068)	(1 342)	
	181	34	334	(546)	
				551	
	5 807	27 022	3 574	41 803	
	<b>5 807</b>	<b>27 022</b>	<b>3 574</b>	<b>41 803</b>	
	<b>(11)</b>	<b>1 285</b>	<b>(510)</b>	<b>1 625</b>	
	<b>65</b>			<b>65</b>	
	<b>(2)</b>		<b>(510)</b>	<b>349</b>	
	<b>(172)</b>			<b>(172)</b>	
	<b>98</b>	<b>1 285</b>		<b>1 383</b>	
	<b>129</b>		<b>(1)</b>	<b>128</b>	
	<b>1 851</b>	<b>2 434</b>		<b>7 057</b>	
	<b>(1 696)</b>	<b>(267)</b>	<b>(3)</b>	<b>(3 087)</b>	
	<b>3 552</b>			<b>7 029</b>	
	<b>(167)</b>			<b>(167)</b>	
	<b>548</b>	<b>34</b>	<b>(3 143)</b>	<b>(3 143)</b>	
			<b>83</b>	<b>675</b>	
	<b>10 013</b>	<b>30 508</b>		<b>51 920</b>	

# Notes continued

## Fair value disclosures continued

### Level 3 financial assets continued

The table below provides disclosure of the unrealised gains/(losses) included in profit or loss for level 3 financial assets that are held at the end of the respective reporting periods:

	Measured on a recurring basis	
	Derivative assets Rm	Trading assets Rm
<b>2015</b>		
Interest Income		
Trading revenue	<b>414</b>	<b>266</b>
Other revenue		
Investment management and service fee income and gains		
	<b>414</b>	<b>266</b>
<b>2014</b>		
Trading revenue	37	(102)
Other revenue		
Investment management and service fee income and gains		
	37	(102)

		Measured on a non- recurring basis	
Financial investments Rm	Investment property measured on a non- recurring basis Rm	Non- current assets held for sale Rm	Total Rm
<b>47</b>			<b>47</b>
<b>(58)</b>			<b>622</b>
<b>165</b>			<b>165</b>
	<b>1 147</b>		<b>1 147</b>
<b>154</b>	<b>1 147</b>		<b>1 981</b>
103		(205)	(270)
(80)	1 141		1 061
23	1 141	(205)	894

Notes continuedFair value disclosures continued

## Reconciliation of level 3 liabilities

The following table provides a reconciliation of the opening to closing balance for all financial liabilities that are measured at fair value based on inputs that are not based on observable market data (level 3).

	Measured on a recurring basis		Measured on a non-recurring basis	Total Rm
	Derivative liabilities Rm	Trading liabilities Rm	Non-current liabilities held for sale <sup>1</sup> Rm	
<b>Balance at 1 January 2014</b>	7 875	432	6 928	15 235
Total losses included in profit or loss – trading revenue	699	179	841	1 719
Issuances and purchases	764	1 309		2 073
Sales and settlements	(2 444)		(1 603)	(4 047)
Transfers into level 3 <sup>2</sup>	306		54	360
Transfers out of level 3 <sup>3</sup>	(1 242)		(573)	(1 815)
Exchange movement losses/(gains)		2	835	837
<b>Balance at 31 December 2014</b>	5 958	1 922	6 482	14 362
Balance at 1 January 2015	<b>5 958</b>	<b>1 922</b>	<b>6 482</b>	<b>14 362</b>
Total losses included in profit or loss – trading revenue <sup>4</sup>	<b>5 641</b>	<b>56</b>	<b>232</b>	<b>5 929</b>
Issuances and purchases	<b>3 344</b>	<b>924</b>		<b>4 268</b>
Sales and settlements	<b>(301)</b>	<b>(435)</b>		<b>(736)</b>
Disposal of non-current assets held for sale			<b>(6 905)</b>	<b>(6 905)</b>
Exchange movement (gains)/losses	<b>(1)</b>	<b>17</b>	<b>191</b>	<b>207</b>
<b>Balance at 31 December 2015</b>	<b>14 641</b>	<b>2 484</b>		<b>17 125</b>

<sup>1</sup> Relates to financial liabilities within the disposal group that have been classified as level 3.

<sup>2</sup> Transfers of financial liabilities between the levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. During 2014, the valuation inputs of certain financial liabilities became unobservable. The fair value of these liabilities was transferred into level 3.

<sup>3</sup> During 2014, the valuation inputs of certain financial liabilities became observable. The fair value of these financial liabilities was transferred into level 2.

<sup>4</sup> The change in the fair value has been materially offset by changes in the fair value of financial assets and liabilities classified as level 2 in the fair value hierarchy which hedge this position.

## Fair value disclosures continued

### Level 3 financial liabilities continued

The following table provides disclosure of the unrealised losses included in profit or loss for level 3 financial liabilities that are held at the end of the respective reporting periods.

	Measured on a recurring basis		Measured on a non-recurring basis	Total Rm
	Derivative liabilities Rm	Trading liabilities Rm	Non-current liabilities held for sale Rm	
<b>2015</b>				
Trading revenue	<b>5 879</b>	<b>56</b>		<b>5 935</b>
<b>2014</b>				
Trading revenue	692	179	414	1 285

### Sensitivity and interrelationships of inputs

The behaviour of the unobservable parameters used to fair value level 3 assets and liabilities is not necessarily independent, and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments. The table that follows indicates the effect that a significant change in one or more of the inputs to a reasonably possible alternative assumption would have on total comprehensive income at the reporting date (where the change in the unobservable input would change the fair value of the asset or liability significantly). The changes in the inputs that have been used in the analysis have been determined taking into account several considerations such as the nature of the asset or liability and the market within which the asset or liability is transacted. Stress tests have been conducted by only flexing/stressing a major significant unobservable input or risk factor (i.e. assumes that all risks are mutually exclusive).

## Notes continued

### Fair value disclosures continued

#### The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 3.

	Variance in fair value measurement	Effect on comprehensive income	
		Favourable Rm	(Unfavourable) Rm
<b>2015</b>			
Derivative instruments	From (1%) to 1%	<b>48</b>	<b>(48)</b>
Trading assets	From (1%) to 1%	<b>239</b>	<b>(239)</b>
Financial investments	From (1%) to 1%	<b>283</b>	<b>(283)</b>
Trading liabilities	From (1%) to 1%	<b>163</b>	<b>(163)</b>
<b>Total</b>		<b>733</b>	<b>(733)</b>
<b>2014</b>			
Derivative instruments	From (1%) to 1%	512	(512)
Trading assets	From (1%) to 1%	418	(418)
Financial investments	From (1%) to 1%	287	(275)
Trading liabilities	From (1%) to 1%	310	(310)
<b>Total</b>		<b>1 527</b>	<b>(1 515)</b>

### Offsetting and other similar arrangements

#### Financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements

IFRS requires financial assets and financial liabilities to be offset and the net amount presented in the statement of financial position when, and only when, the group has a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The following table sets out the impact of offset, as well as financial assets and financial liabilities that are subject to enforceable master netting arrangements or similar agreements, irrespective of whether they have been offset in accordance with IFRS. There are no items measured on different measurement bases within the line items in the tables.

It should be noted that the information below is not intended to represent the group's actual credit exposure nor will it agree to that presented in the statement of financial position.

## Offsetting and other similar arrangements continued

	Gross amount of recognised financial assets <sup>1</sup> Rm	Financial liabilities set off in the statement of financial position <sup>2</sup> Rm	Net amount of financial assets subject to offset <sup>3</sup> Rm	Collateral received <sup>4,5</sup> Rm	Net amount Rm
<b>Assets</b>					
<b>2015</b>					
Derivative assets	146 565		146 565	(134 668)	11 897
Trading assets	45 512		45 512	(37 273)	8 239
Loans and advances <sup>4</sup>	185 022	(34 862)	150 160	(74 256)	75 904
	<b>377 099</b>	<b>(34 862)</b>	<b>342 237</b>	<b>(246 197)</b>	<b>96 040</b>
<b>2014</b>					
Derivative assets	170 304	(40 676)	129 628	(109 362)	20 266
Trading assets	8 990		8 990	(7 566)	1 424
Loans and advances <sup>4</sup>	141 118	(39 082)	102 036	(24 266)	77 770
	320 412	(79 758)	240 654	(141 194)	99 460

<sup>1</sup> Gross amounts are disclosed for recognised financial assets and financial liabilities that are either offset in the statement of financial position or are subject to a master netting arrangement or a similar agreement, irrespective of whether the offsetting criteria is met.

<sup>2</sup> Gross amounts of recognised financial assets or financial liabilities that qualify for offset in accordance with the criteria per IFRS.

<sup>3</sup> Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral. In most cases the group is allowed to sell or repledge collateral received.

<sup>4</sup> The most material amounts offset in the statement of financial position pertain to cash management accounts. The cash management accounts allow holding companies (or central treasury functions) to manage the cash flows of a group by linking the current accounts of multiple legal entities within a group. It allows for cash balances of the different legal entities to be offset against each other to arrive at a net balance for the whole group. In addition, it should be noted that all repurchase agreements and reverse repurchase agreements, subject to a master netting arrangement (or similar agreement), have been included.

<sup>5</sup> Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral. In most instances, the counterparty may not sell or repledge collateral pledged by the group.

Notes continuedOffsetting and other similar arrangements continued

	Gross amount of recognised financial liabilities <sup>1</sup> Rm	Financial liabilities set off in the statement of financial position <sup>2</sup> Rm	Net amount of financial liabilities subject to offset <sup>3</sup> Rm	Collateral pledged <sup>4,5</sup> Rm	Net amount Rm
<b>Liabilities</b>					
<b>2015</b>					
Derivative liabilities	172 963		172 963	(134 726)	38 237
Trading liabilities	30 284		30 284	(27 950)	2 334
Deposits and debt funding <sup>4</sup>	47 265	(34 862)	12 403	(8 552)	3 851
	<b>250 512</b>	<b>(34 862)</b>	<b>215 650</b>	<b>(171 228)</b>	<b>44 422</b>
<b>2014</b>					
Derivative liabilities	184 537	(40 676)	143 861	(116 334)	27 527
Trading liabilities	6 479		6 479	(6 477)	2
Deposits and debt funding <sup>4</sup>	56 462	(39 082)	17 380	(6 644)	10 736
	247 478	(79 758)	167 720	(129 455)	38 265

<sup>1</sup> Gross amounts are disclosed for recognised financial assets and financial liabilities that are either offset in the statement of financial position or are subject to a master netting arrangement or a similar agreement, irrespective of whether the offsetting criteria is met.

<sup>2</sup> Gross amounts of recognised financial assets or financial liabilities that qualify for offset in accordance with the criteria per IFRS.

<sup>3</sup> Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral. In most cases the group is allowed to sell or repledge collateral received.

<sup>4</sup> The most material amounts offset in the statement of financial position pertain to cash management accounts. The cash management accounts allow holding companies (or central treasury functions) to manage the cash flows of a group by linking the current accounts of multiple legal entities within a group. It allows for cash balances of the different legal entities to be offset against each other to arrive at a net balance for the whole group. In addition, it should be noted that all repurchase agreements and reverse repurchase agreements, subject to a master netting arrangement (or similar agreement), have been included.

<sup>5</sup> Related amounts not offset in the statement of financial position that are subject to a master netting arrangement or similar agreement, including financial collateral (whether recognised or unrecognised) and cash collateral. In most instances, the counterparty may not sell or repledge collateral pledged by the group.

## Offsetting and other similar arrangements *continued*

The table below sets out the nature of the agreements and the rights relating to items which do not qualify for offset but that are subject to either a master netting arrangement or similar agreement.

<b>Financial asset/liability</b>	<b>Nature of agreement</b>	<b>Related rights to offset</b>
Derivative assets and liabilities	International swaps and derivatives	The agreement allows for offset in the event of default.
Trading assets and trading liabilities	Global master repurchase agreements	The agreement allows for offset in the event of default.
Loans and advances to banks	Customer agreement and Banks Act	In the event of liquidation or bankruptcy, offset shall be enforceable subject to Banks Act requirements being met.
Deposits and debt funding	Customer agreement and Banks Act	In the event of liquidation or bankruptcy, offset shall be enforceable subject to Banks Act requirements being met.

# Accounting policies and restatements

## Basis of preparation

The group's results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

The accounting policies applied in the preparation of the consolidated financial statements from which the results have been derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the group's previous consolidated audited annual financial statements, except for changes as required by the mandatory and early adoption of new and revised IFRS, as set out below.

## Adoption of new and amended standards effective for the current financial year

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

- IAS 19 *Employee benefits: Amendment to employee contributions for defined benefit plans* (IAS 19).

Early adoption of revised standards:

- Amendment to IAS 16 *Property, Plant and Equipment* (IAS 16) and IAS 41 *Agriculture* (IAS 41).
- Annual improvements 2012 – 2014: amendment to IFRS 7 *Financial Instruments: Disclosures*.
- Annual improvements 2010 – 2012 cycle and 2011 – 2013 cycle.
- Amendment to IAS 1 *Presentation of Financial Statements* (IAS 1)
  - Changes to the ordering of line items in the financial statements, notably in the statement of financial position to better reflect liquidity
  - Consideration of regulatory disclosure and reporting requirements to identify information that was not required and was better placed outside of the financial statements
  - The application of materiality to items resulting in aggregation/deletion of immaterial items. The changes result in a more streamlined and concise set of financial statements that are consistent with best practice.
  - The development of a revised income statement, which included the following changes and related restatements:

Income statement line item	Normalised condensed group income statement		Condensed consolidated income statement (IFRS)		Reason for restatement
	As previously presented	As previously presented	As previously presented	As previously presented	
Non-interest revenue	<b>38 813</b>	38 984	<b>38 891</b>	39 062	Inclusion in total income of revenue sharing agreements with discontinued operation.
Revenue sharing agreements with group companies	–	(171)	–	(171)	
Other operating expenses	<b>21 635</b>	21 910	<b>46 596</b>	46 871	A new line item, namely 'non-trading and capital related items', has been included in the income statement. This line item replaces the previously disclosed income statement line items relating to goodwill impairment and gain on disposal and liquidation of subsidiaries; includes the impairment of intangible assets and the loss on disposal of property and equipment that were previously included in operating expenses; and further includes the reversal of impairments of associates and gains on disposals of associates previously included in the share of profit from associates and joint ventures.
Non-trading and capital related items (gain)	<b>986</b>	–	<b>986</b>	–	
Goodwill impairment	–	4	–	4	
Gain on disposal and liquidation of subsidiaries	–	1 212	–	1 212	
Share of profit from associates and joint ventures	<b>612</b>	665	<b>626</b>	679	
Net income from investment management and life insurance activities	–	–	<b>21 209</b>	79 467	In determining net income from investment management and life insurance activities, benefits due to policyholders is now presented together with income from investment management and life insurance activities.
Benefits due to policyholders	–	–	–	58 258	

The abovementioned amendments to the IFRS standards, adopted on 1 January 2015, did not have any effect on the group's previously reported financial results or disclosures and had no material impact on the accounting policies.

## Acronyms and abbreviations

BEE	Black Economic Empowerment	Lexshell	Liberty's black economic empowerment ownership initiative
bps	Basis points	Liberty	Liberty Holdings Group
Basel III	Basel Capital Accord	NII	Net interest income
Brazil	Banco Standard de Investimentos SA	NIR	Non-interest revenue
CAGR	Compound annual growth rate	NSFR	Net stable funding ratio
CDS	Credit default swaps	NSX	Namibian Stock Exchange
CIB	Corporate & Investment Banking	GMOA	Global markets outside Africa business
CSDP	Central Securities Depository Participant	OCI	Other comprehensive income
FCTR	Foreign currency translation reserve	PBB	Personal & Business Banking
GDP	Gross domestic product	PIM	Principal investment management
HEPS	Headline earnings per share	ROE	Return on equity
HQLA	High-quality liquid assets	SAICA	South African Institute of Chartered Accountants
IAS	International Accounting Standards	SARB	South African Reserve Bank
ICBC	The Industrial and Commercial Bank of China Limited	SB Plc	Standard Bank Plc
ICBCS	The Industrial and Commercial Bank of China Standard Bank Plc	SBG	Standard Bank Group
IFRIC	International Financial Reporting Interpretations Committee	SEC	Securities and Exchange Commission
IFRS	International Financial Reporting Standards	SENS	Stock Exchange News Service
IMF	International Monetary Fund	SIP	Shareholder Investment Portfolio
JSE	JSE Limited	the group	Standard Bank Group
LCR	Liquidity coverage ratio	Tutuwa	The group's black economic empowerment ownership initiative
		US	United States
		USD	United States dollar

---

# Administrative and contact details

## Standard Bank Group Limited

Registration No. 1969/017128/06  
Incorporated in the Republic of South Africa  
Website: [www.standardbank.com](http://www.standardbank.com)

## Registered office

9th Floor  
Standard Bank Centre  
5 Simmonds Street  
Johannesburg, 2001  
PO Box 7725, Johannesburg, 2000

## Group secretary

Zola Stephen  
Tel: +27 11 631 9106

## Head: Investor relations

David Kinsey  
Tel: +27 11 631 3931

## Group financial director

Simon Ridley  
Tel: +27 11 636 3756

## Head office switchboard

Tel: +27 11 636 9111

## Directors

TS Gcabashe (chairman)  
Shu Gu\*\* (deputy chairman), RMW Dunne#,  
BJ Kruger\* (chief executive), Adv KD Moroka,  
Dr ML Oduor-Otieno##, AC Parker,  
ANA Peterside con###, SP Ridley\*,  
MJD Ruck, PD Sullivan####, BS Tshabalala,  
SK Tshabalala\* (chief executive),  
Wenbin Wang\*\*, EM Woods

\*Executive Director \*\* Chinese  
#British ##Kenyan ###Nigerian  
####Australian

## Share transfer secretaries in South Africa

Computershare Investor Services  
Proprietary Limited  
Ground floor, 70 Marshall Street  
Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

## Share transfer secretaries in Namibia

Transfer Secretaries (Proprietary) Limited  
4 Robert Mugabe Avenue (Entrance in  
Burg Street), Windhoek  
PO Box 2401, Windhoek

## JSE independent sponsor

Deutsche Securities (SA) Proprietary Limited

## Namibian sponsor

Simonis Storm Securities (Proprietary)  
Limited

## JSE joint sponsor

The Standard Bank of South Africa Limited

## Share and bond codes

JSE share code: SBK ISIN: ZAE000109815  
NSX share code: SNB  
NSX share code: SNB ZAE000109815  
SBKP ZAE000038881 (First preference  
shares) SBPP ZAE000056339 (Second  
preference shares) JSE bond codes: SBS, SBK,  
SBN, SBR, ETN series

SSN series and CLN series (all JSE-listed bonds  
issued in terms of The Standard Bank of South  
Africa Limited's Domestic Medium Term Note  
Programme and Credit Linked Note  
Programme).

**Please direct all customer queries and comments to:** [information@standardbank.co.za](mailto:information@standardbank.co.za)

**Please direct all shareholder queries and comments to:** [InvestorRelations@standardbank.co.za](mailto:InvestorRelations@standardbank.co.za)

