Standard Bank Group **analysis of financial results 2016**

for the year ended 31 December

ANALYSIS OF FINANCIAL RESULTS
for the year ended 31 December 2016

Standard Bank Moving Forward™
Also trading as Stanbic Bank

Contents

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

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

The Standard Bank Group's (SBG or the group) analysis of financial results for the year ended December 2016 has not been audited or independently reviewed. The group's annual financial statements have been audited with an unmodified opinion.

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

Highlights

R23 009 million
HEADLINE EARNINGS
2015: R22 187 million
↑ 4%

1 440 cents
HEADLINE EARNINGS PER SHARE
2015: 1 389 cents
↑ 4%

R22 062 million
BANKING ACTIVITIES HEADLINE EARNINGS
2015: R20 323 million
↑ 9%

780 cents
DIVIDEND PER SHARE
2015: 674 cents
↑ 16%

15.3%
RETURN ON EQUITY
2015: 15.6%

13.9%
COMMON EQUITY TIER 1 RATIO
2015: 12.9%

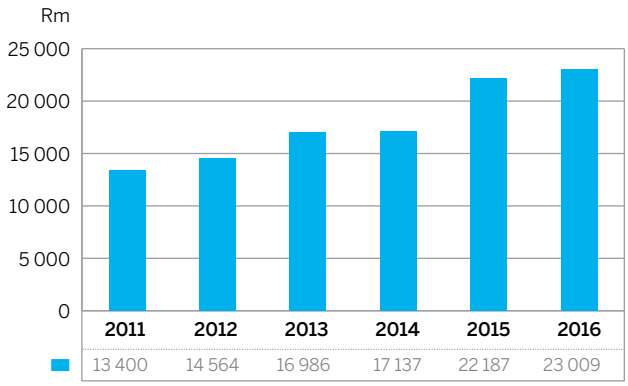
56.3%
COST-TO-INCOME RATIO
2015: 56.5%

0.86%
CREDIT LOSS RATIO
2015: 0.87%

All results in this booklet are presented on an International Financial Reporting Standards (IFRS) basis, unless otherwise indicated as being on a normalised basis. For financial periods up to the end of December 2015, the group normalised its results to reflect the group's view of the economics of its Black Economic Empowerment Ownership (Tutuwa) initiative and the group's share exposures entered into to facilitate client trading activities and for the benefit of Liberty policyholders.

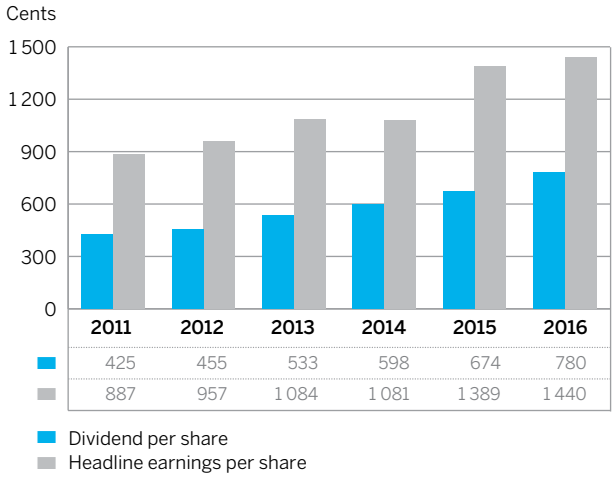
Refer to **page 16** for an explanation of the change to IFRS as the primary reporting basis.

Headline earnings
CAGR[1] (2011 – 2016): 11%



[1] Compound annual growth rate.

Headline earnings and dividend per share
CAGR (2011 – 2016): Dividend per share: 13%
Headline earnings per share: 10%



Financial results, ratios and statistics

		Change %	2016	2015
Standard Bank Group (SBG)				
Headline earnings contribution by business unit				
Total headline earnings	Rm	4	**23 009**	22 187
Banking activities	Rm	9	**22 062**	20 323
Personal & Business Banking (PBB)	Rm	12	**12 630**	11 280
Corporate & Investment Banking (CIB)	Rm	16	**10 558**	9 076
Central & other	Rm	(>100)	**(1 126)**	(33)
Other banking interests	Rm	99	**(8)**	(569)
Liberty	Rm	(61)	**955**	2 433
Ordinary shareholders' interest				
Profit attributable to ordinary shareholders	Rm	(7)	**22 206**	23 754
Ordinary shareholders' equity	Rm	(0)	**150 757**	151 069
Share statistics				
Headline earnings per ordinary share (EPS)	cents	4	**1 440.1**	1 388.9
Diluted headline EPS	cents	3	**1 420.8**	1 376.8
Basic EPS	cents	(7)	**1 389.8**	1 487.0
Diluted EPS	cents	(7)	**1 371.2**	1 474.0
Dividend per share	cents	16	**780.0**	674.0
Net asset value per share	cents	0	**9 442**	9 433
Tangible net asset value per share	cents	0	**7 960**	7 933
Dividend cover	times		**1.9**	2.1
Dividend payout ratio	%		**54.2**	48.5
Number of ordinary shares in issue				
End of year	thousands	(0)	**1 596 583**	1 601 417
Weighted average	thousands	0	**1 597 739**	1 597 399
Diluted weighted average	thousands	0	**1 619 444**	1 611 522
Selected returns and ratios				
Return on equity (ROE)	%		**15.3**	15.6
Return on risk-weighted assets (RoRWA)	%		**2.7**	2.7
Capital adequacy				
Total capital adequacy ratio	%		**16.6**	15.7
Tier I capital adequacy ratio	%		**14.3**	13.3
Common equity tier I capital adequacy ratio	%		**13.9**	12.9
Employee statistics				
Number of employees		1	**54 767**	54 361
Banking activities				
Balance sheet				
Total assets	Rm	(2)	**1 543 758**	1 570 610
Loans and advances (net of credit impairments)	Rm	(1)	**1 065 628**	1 077 145
Selected returns and ratios				
ROE	%		**16.8**	16.3
RoRWA	%		**2.7**	2.5
Loans-to-deposits ratio	%		**86.7**	89.6
Net interest margin	%		**3.83**	3.52
Non-interest revenue to total income	%		**43.0**	45.9
Credit loss ratio	%		**0.86**	0.87
Credit loss ratio on loans to customers	%		**1.00**	1.01
Cost-to-income ratio	%		**56.3**	56.5
Effective direct taxation rate	%		**24.4**	21.6
Effective total taxation rate	%		**28.7**	27.0
Employee statistics				
Number of employees		1	**48 622**	47 958

In 2016 the group experienced:

Globally

- Volatility in financial markets on the back of the United Kingdom's (UK) referendum vote to exit the European Union and the outcome of the United States (US) presidential election.
- Lower global growth, with a plateau in emerging markets, and political and economic uncertainty.
- A meaningful rebound in commodity prices across most asset classes, although off a low base.
- A continued moderation in Chinese economic growth (the seventh consecutive year of decelerating growth) to 6.7%.
- Interest rate increase of 25bps by the US Federal Reserve in December 2016, signalling a stabilisation of the US economy.

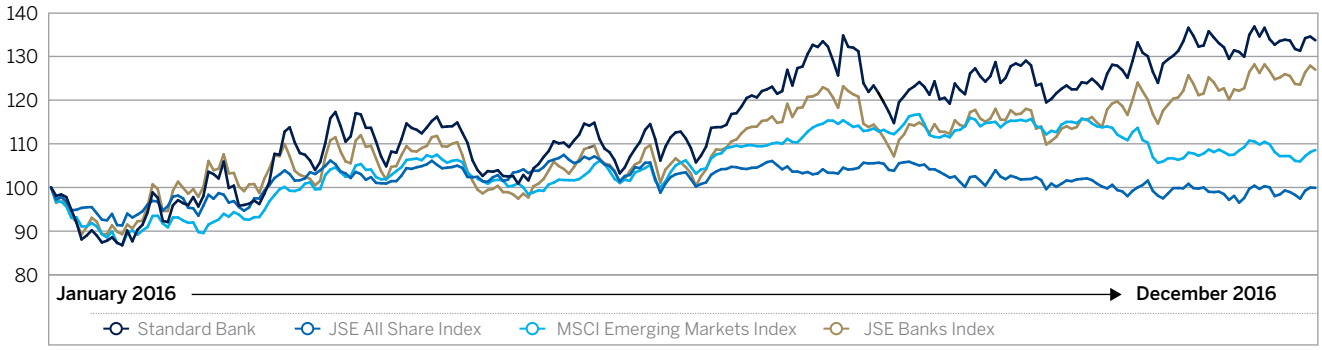
Rest of Africa

- Stagnant growth in sub-Saharan Africa.
- Devaluation of the Naira, Metical and Kwanza.
- Weak currencies and illiquid currency markets.

South Africa

- Elevated country risk despite affirmation of the foreign currency debt rating as BBB- (negative outlook) by Standard & Poor's.
- Continued weak annual gross domestic product (GDP) growth after severe drought conditions and poor mining output.
- Tightening monetary policy with a 75bps increase in the prime lending rate in the first half of 2016.
- Declining real disposable income combined with rising food inflation and record high unemployment rates.
- Subdued credit extension to the household sector as consumer confidence remained low and personal income constrained, despite reduced household indebtedness from 2010 highs.
- Changing political environment with opposition parties winning key metropolitan areas during local government elections.

Share price performance (index)



		Change %	2016	2015
Other economic indicators				
Market indicators				
USD/ZAR exchange rate				
– closing		(12)	**13.69**	15.50
– average		15	**14.69**	12.75
SA prime overdraft rate (closing)	%		**10.50**	9.75
SA average prime overdraft rate	%		**10.41**	9.39
SA SARB repo rate (closing)	%		**7.00**	6.25
SA average SARB repo rate	%		**6.91**	5.89
SA average CPI	%		**6.4**	4.6
JSE All Share Index (closing)		(0)	**50 654**	50 694
JSE Banks Index (closing)		27	**77 545**	61 072
Key Africa Regions closing exchange rates				
ZAR/NGN		79	**22.97**	12.81
USD/NGN		58	**314.42**	198.48
ZAR/KES		13	**7.49**	6.60
ZAR/GHS		24	**0.31**	0.25
ZAR/TZS		15	**159.36**	139.16
ZAR/UGX		21	**263.37**	217.22
ZAR/MZN		69	**5.25**	3.10
ZAR/AOA		39	**12.11**	8.73

Overview of financial results

Group results

Group headline earnings and headline earnings per share increased by 4% to R23 009 million and 1 440 cents respectively. At year end, the group's capital position was in excess of the upper-end of the group's target range, which supported our decision to increase the dividend payout ratio to 54.2%. A final dividend of 440 cents per share has been declared bringing the total dividend for the year to 780 cents per share, representing an increase of 16% on 2015.

We were particularly pleased that our banking activities (which exclude our investments in Liberty Holdings, ICBC Standard Bank Plc (ICBCS) and ICBC Argentina) headline earnings grew by 9% to R22 062 million. This translates into an ROE of 16.8%, an improvement from a level of 16.3% in the previous year. Group ROE, impacted by Liberty's performance, was 15.3%, down from 15.6% in 2015.

Despite the elevated levels of macro, political and policy uncertainty experienced in many of the markets in which the group operates, we continued to grow our businesses both in South Africa and in our Africa Regions franchise, which in the 2016 financial year contributed 30% to the group's total income and 25% to the group's headline earnings.

In the prior year, group earnings were positively impacted by certain items which were non-recurring in nature. More specifically, 2015 earnings attributable to ordinary shareholders included R2.8 billion of earnings that were non-recurring, of which R1.6 billion were excluded from headline earnings.

Operating environment

2016 was a tumultuous year. Globally, two key events stole the limelight – the UK's "Brexit" vote and the US election. The ambiguity in the run-up to these events as well as the contrarian outcomes drove uncertainty and volatility. Overall, global growth is expected to have been in line with the International Monetary Fund's (IMF) expectations, at 3.1% for the year. This growth was supported by a stronger than expected trend in advanced economies, driven primarily by better than expected outcomes in the US and UK, while emerging markets growth plateaued. During the year, China's policy stimulus continued and growth stabilised, providing some support to commodity prices, whilst OPEC's decision to trim output helped to lift oil prices. In December 2016, the US Federal Reserve Bank raised rates by 25bps and, more importantly, provided a strong indication that it was the start of further increases to come, cementing views around the strength of the US economy.

Although sub-Saharan African growth is expected to have fallen to 1.6% (2015: 3.4%), the regional and country specific dynamics drove divergent outcomes. Widespread drought in east, central and southern Africa continued, which placed strain on food supply and drove inflation. Oil-export reliant countries remained constrained on the back of low prices, exacerbated in the case of Nigeria by supply interruptions. Many countries tightened monetary policy in an attempt to control inflation. In addition, specific issues and policy decisions, such as the Mozambique IMF review, illiquid currency markets in Angola and Nigeria, Kenya rate caps and floors, and geo-political issues, including elections and political unrest, impacted specific countries. Despite these headwinds, the more diversified oil-importing east African countries continued to offer better macro prospects, attract investment and outperform.

In South Africa, the threat of a sovereign downgrade by rating agencies to sub-investment grade persisted throughout the year. This in turn negatively impacted the already weak business and consumer confidence and further delayed much needed domestic investment and job creation opportunities. Idiosyncratic politically driven actions added to uncertainty and heightened international investor caution. Inflationary pressures brought about by the drought and the weak exchange rate placed additional pressure on already constrained consumers. Demand for credit was weaker year-on-year and displayed a decelerating trend over the year, with household demand broadly flat. Overall GDP growth for 2016 is expected to have been 0.4%, a marginal improvement on the 0% forecast at the start of the year. In certain sectors, such as manufacturing, agriculture and mining, growth oscillated between expansion and contraction over the year, while other sectors, such as finance, real estate and business services and personal services, continued to report growth quarter-on-quarter despite the difficult conditions. In 2H16, on the back of positive global sentiment, firmer commodity prices and some recovery in the currency, South Africa's economic outlook improved. This momentum, combined with the fiscal rectitude shown by the Treasury, the fortitude shown by our key institutions, and the progress made on certain of the other areas of concern raised by the rating agencies, aided the country in maintaining an investment grade rating. There remains a broad recognition that there is still considerable work to be done, not only to avoid a downgrade in June 2017, but more importantly, to deliver the inclusive growth required to tackle poverty and unemployment and transform the economy into one in which everyone can share in its benefits.

The commentary which follows refers to the group's banking activities. Other banking interests and Liberty's results are discussed separately.

Revenue

Total income grew by 10% in 2016, supported by strong growth in net interest income (NII). NII increased by 15% on the back of stronger margins, up 31bps to 383bps. The margin expansion drivers noted in 1H16 continued into 2H16, namely a positive endowment impact of higher average interest rates and improved loan pricing and funding margin.

Non-interest revenue (NIR) grew by 3%, supported by net fees and commission revenues and CIB trading revenue, which both grew by 8%. Other revenue was 23% lower than in the prior year due to the non-recurrence of certain gains on real estate investment related disposals and investment portfolio revaluations.

Credit impairment charges

Overall total credit impairment charges were largely flat and the total credit loss ratio (CLR) of 86bps was in line with the 87bps recorded in the prior year. In South Africa, the CLR declined on the back of lower impairments in mortgages and vehicle and asset finance, as the performance of those portfolios continued to improve, combined with the non-recurrence of large corporate impairments. In contrast, the Africa Regions CLR deteriorated primarily as a result of increased impairments in Nigeria and Mozambique. The group's coverage and non-performing loan (NPL) ratios remained broadly in line with prior years.

CIB's credit impairment charges increased from R1 279 million to R1 603 million and its CLR to customers increased from 39bps to 44bps, driven by higher provisions in the Africa Regions portfolio, in particular Nigeria. CIB's NPLs declined, reflective of a combination of write-offs, successful restructurings and the impact of currency translation. PBB's CLR reduced marginally from 127bps to 125bps, driven predominantly by a decline in mortgage-related impairment charges year-on-year, reflective of the good performance of the book and collection-related actions taken. Vehicle and asset finance impairments declined by 11%, whilst business and commercial lending impairments were 41% higher, primarily within the Africa Regions. Overall personal unsecured impairments rose, reflective of constrained consumer affordability.

Operating expenses

Operating expenses increased by 9% year-on-year and the group's cost-to-income ratio improved from 56.5% to 56.3%. Staff costs increased by 11% while other operating expenses increased by 8%. Growth in staff costs was driven by salary increases, the impact of the conversion of temporary staff to permanent employment and increases in headcount in the Africa Regions. On the back of a conscious focus on costs, the business was able to absorb the R300 million loss related to a fraud incident in Japan in May and the R496 million increase in capitalised software related amortisation, as well as the adverse translation impact of a weaker ZAR exchange rate in 1H16. Continued focus on IT cost saving initiatives helped contain growth in IT-related costs to 2% over the year. Despite inflationary pressures, the group was able to deliver positive JAWs of 30bps.

The currency-related headwinds experienced in 1H16 on the back of a weak ZAR largely reversed in 2H16 on the back of a combination of ZAR strength and weakness in various African currencies. On a constant currency basis, the group recorded positive JAWs of 60bps.

Loans and advances

Gross loans and advances to customers grew by 1% year-on-year, and 4% on a constant currency basis. PBB loans to customers grew 2% year-on-year, underpinned by a 3% growth in residential mortgages and partially offset by a 1% decline in business lending and a 5% decline in personal unsecured lending on the back of tighter risk appetite. The CIB portfolio declined 1% year-on-year; but would have reflected growth of 3% on a constant currency basis. Corporate loans contracted 4%. The CIB South Africa portfolio continued to grow, but the Africa Regions portfolio recorded a decline year-on-year, exacerbated by currency weakness in our key markets.

Capital, funding and liquidity

The group remains well capitalised with common equity tier I ratio at 13.9% (2015: 12.9%) and total capital adequacy at 16.6% (2015: 15.7%). The group's capital position remains strong and in excess of capital requirements as prescribed by the South African Reserve Bank (SARB) and the group's own target ranges. In January 2017, post receipt of the necessary approvals required, ICBC and the group injected additional regulatory capital into ICBCS, with the group's pro-rata portion amounting to USD106 million. Given that the injection was made in January 2017 the impact thereof is not included in the group's capital position as at 31 December 2016.

Deposits and current accounts from customers increased 4% year-on-year, and 12% on a constant currency basis. Retail-priced deposits declined 1% whilst wholesale-priced funding grew by 7%. On a constant currency basis, retail-priced deposits increased by 11% and wholesale-priced funding increased by 12%.

The group's liquidity position remained strong and within approved risk appetite and tolerance limits. As at 31 December 2016, the group's total contingent liquidity amounted to R335.9 billion (2015: R312.7 billion), and remains adequate to meet all internal stress testing, prudential and regulatory requirements. As at 31 December 2016 the group's quarterly average Basel III liquidity coverage ratio (LCR) amounted to 117.1%, exceeding the 70% minimum phased-in Basel III LCR requirement. From January 2018, the group will be required to comply with the Basel III net stable funding ratio (NSFR). The group supports the amended framework issued by the SARB in August 2016, whereby funding received from financial corporates, excluding banks, maturing within six months receives an available stable funding factor of 35%. The group, together with the local banking industry, continues to engage, through the Banking Association South Africa (BASA), with the SARB on the remaining items requiring clarification and to explore market-based solutions to ensure that the NSFR framework aligns to local industry conditions and requirements.

Gross loans and advances to customers

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	2	**588 353**	576 078
Mortgage loans	3	**336 451**	325 867
Vehicle and asset finance	1	**81 035**	80 278
Card debtors	0	**31 229**	31 174
Other loans and advances	1	**139 638**	138 759
Corporate & Investment Banking	(1)	**360 336**	363 596
Corporate loans	(4)	**294 817**	307 546
Commercial property finance	17	**65 519**	56 050
Central & other	(0)	**(5 056)**	(5 033)
Gross loans and advances to customers	1	**943 633**	934 641

Deposits and current accounts from customers

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	(0)	**497 558**	498 189
Retail priced deposits	(1)	**401 497**	404 341
Wholesale priced deposits	2	**96 061**	93 848
Corporate & Investment Banking	8	**616 601**	572 635
Central & other	32	**(4 413)**	(6 477)
Deposits and current accounts from customers	4	**1 109 746**	1 064 347
Comprising:			
Retail priced deposits and current accounts	(1)	**401 497**	404 341
Wholesale priced deposits	7	**708 249**	660 006
Deposits and current accounts from customers	4	**1 109 746**	1 064 347

Headline earnings by business unit

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	12	**12 630**	11 280
Corporate & Investment Banking	16	**10 558**	9 076
Central & other	(>100)	**(1 126)**	(33)
Banking activities	9	**22 062**	20 323
Other banking interests	99	**(8)**	(569)
Liberty	(61)	**955**	2 433
Standard Bank Group	4	**23 009**	22 187

Overview of business unit performance

Personal & Business Banking

PBB's headline earnings grew by 12% to R12 630 million. Strong NII growth of 14% and NIR growth of 8% translated into total income growth of 11% to R67 480 million. Credit impairment charges were 3% higher than in 2015. Operating expenses increased by 11%, of which the Japan fraud incident, the increase in permanent employees to comply with legislation, and higher information technology systems related amortisation contributed 2% to the operating expenses growth. PBB's ROE increased to 18.7% from 18.2%. PBB South Africa's headline earnings rose by 11% to R11 769 million, PBB International increased by 21% to R558 million and the PBB Africa Regions headline earnings increased by 66% to R303 million. On a constant currency basis, total income and operating expenses both grew by 12%.

Transactional products headline earnings grew by 5% to R3 500 million, net of the operational risk losses associated with the Japan fraud incident. Total income increased by 12% driven by a steady growth in balances, a positive endowment impact and higher transactional volumes.

Mortgage lending headline earnings grew by 20% to R2 964 million. Total income grew 10% driven by underlying growth in new registrations and a slight decrease in prepayments. The roll-off of older lower-margin vintages written in the period 2006 to 2008 assisted portfolio margins. Credit impairments fell 9% and the CLR declined from 66bps to 58bps on the back of the continued roll-off of the older vintages combined with optimised collection strategies.

Vehicle and asset finance headline earnings grew by 38% to R421 million. Total income increased by 12% supported by both portfolio growth and improved margins. Credit impairments were lower on the back of improved collections and asset disposal processes. Good book growth and lower impairments led to a decrease in the CLR from 150bps to 124bps.

Card products headline earnings grew by 4% to R1 550 million, slightly dampened by higher impairments. Total income growth slowed to 5% on the back of muted balance growth, interchange reform related headwinds and account attrition. Ongoing consumer strain associated with the worsening macro-economic environment was reflected in the slight increase in NPLs, with the CLR increasing from 462bps in the prior year to 470bps.

Lending products headline earnings grew by 21% to R1 720 million. Total income increased by 14%, resulting from growth in revolving credit plans and term loans, and better pricing. Lending products' CLR increased from 169bps to 184bps in line with the constrained macro-economic environment.

Wealth (including bancassurance) headline earnings grew by 9% to R2 475 million. Total income increased by 12%, driven by growth in deposit balances and increased client activity in Wealth International as well as growth in assets under management in the Nigeria pension business. Actions taken to improve the claims experience have improved insurance returns and underwriting profits.

Corporate & Investment Banking

CIB's headline earnings grew by 16% to R10 558 million. Total income grew by 12% to R35 249 million, with client revenue growing by 10%, indicative of the resilience of our strong, diversified CIB client franchise. Our focus on multinational corporates is paying dividends and revenue from these customers contributed more than half our total revenues. Partnering with local corporates in their respective markets has resulted in a strong performance across our franchise with revenue from local corporates within the South African franchise growing by 18%. NII increased 25%, reflecting the successes of the liability-led model complemented by targeted credit growth within selected sectors such as consumer, industrials and real estate. The CLR to customers of 44bps, although up on the prior year ratio of 39bps, is within risk appetite and in line with expectations. Diligent cost management delivered cost growth of 7% and strong positive JAWs of 5%. CIB's continued disciplined approach to capital allocation resulted in ROE improving to 20.0% from 18.0% in the prior year.

Global markets headline earnings growth was robust at 23% to R4 655 million. Total income increased by 13%, supported by continued client activity across all our regions despite the market volatility and dislocations in some currency markets.

Transactional products and services headline earnings grew by 17% to R3 073 million. Total income was 19% higher than the prior year due to the positive endowment impact and a strong performance from our investor services business. Impairment charges increased >100%, driven primarily by the Africa Regions where we saw the most stress. Cost growth was well contained at 10%, translating into positive JAWs of 9%.

Investment banking headline earnings increased 15% to R3 098 million. Total income increased 6% year-on-year, impairment charges declined 6% and good cost discipline resulted in flat cost growth, delivering positive JAWs of 6% for the year.

Real estate and principal investment management (PIM) recorded a headline earnings loss of R268 million, reflective of the associated business' wind-down costs.

Central & other

In the current year, the segment recorded a R1 126 million headline earnings loss, attributable to group hedging activities and costs of servicing group capital requirements. In the prior year, the central & other segment included a R515 million gain related to the cash flow hedge release on disposal of the group's operations in Brazil and the controlling interest in Standard Bank Plc. Excluding this amount, and other one-off items in 2015, prior year headline earnings would have been a R1 181 million loss.

Other banking interests

Headline earnings loss from the group's other banking interests improved to a net loss of R8 million, from R569 million in the prior year. The headline earnings contribution from the group's 20% interest in ICBC Argentina declined 3% year-on-year to R583 million on the back of a weaker Argentinian Peso (on a constant currency basis ICBC Argentina headline earnings increased by 37%). The equity-accounted headline earnings loss from the group's interest in ICBCS more than halved in 2016 to R591 million from R1 294 million in 2015 (excluding one-offs related to the insurance recovery linked to the aluminium fraud in China and the deferred prosecution agreement fine agreed with the UK's Serious Fraud Office).

Liberty

The financial results reported are the consolidated results of the group's 55% investment in Liberty, adjusted for the group's shares held by Liberty for the benefit of Liberty policyholders and treated as treasury shares in the group's consolidated accounts. Liberty's normalised headline earnings for the year decreased by 39% to R2 527 million, affected by lower returns from investment markets and a challenging consumer environment. Liberty's IFRS headline earnings, post the impact of the BEE preference shares and the Liberty Two Degrees listed Real Estate Investment Trust (REIT) accounting mismatch, decreased by 46% to R2 207 million. Shareholders are referred to the full Liberty announcement dated 24 February 2017 for further detail. Liberty's IFRS headline earnings attributable to the group, adjusted for the impact of the Liberty deemed treasury shares, decreased by 61% to R955 million.

Prospects

The economic growth momentum that built towards the end of 2016, driven by China and the US, has continued into the start of 2017. The IMF is forecasting an uptick in global growth from 3.1% in 2016 to 3.4% and 3.6% in 2017 and 2018 respectively. Global trade activity should pick up on the back of policy stimulus and a gradual normalisation of large economies, such as Brazil and Russia. However, uncertainty surrounding US policy direction under the new administration, Brexit negotiations and the broader European macro outlook may pose downside risks to global growth prospects.

Sub-Saharan Africa's GDP growth is expected to be 2.8%, buoyed by global trade, resource demand and improved economic prospects generally. Rains in late 2016 and early 2017 bode well for the agriculture sectors in the countries previously afflicted by the drought. Commodity exporters will welcome higher prices. Nigeria is expected to return to positive growth, post a contraction of 1.5% in 2016, subject to oil supply and foreign exchange restrictions being eased. South Africa's forecast growth at 1.5% is an improvement, but remains subject to idiosyncratic event risk, such as rating agency and political decision points during the year. Lastly, the SARB has indicated that it expects rates to remain on hold, subject to inflation and exchange rate developments, which is likely to continue to constrain household consumptions and fixed investment.

With these dynamics in mind, we look to our clients, to the challenges and opportunities they may face, and seek ways to partner with them on their journeys in 2017 and beyond. As we focus on delivering market-leading client experiences, we continue to invest in our client-facing digital capabilities to enable our clients to transact independently and safely anytime anywhere. We recognise and value the trust that our clients place in us and remain vigilant in our efforts to protect our clients' resources and data. Accordingly, we continue to monitor developments and potential threats, engage with industry bodies and invest in our defences to enhance our resilience.

The businesses we operate are complex and we rely on our people across our network to navigate the challenges each business faces and make appropriate decisions in line with strategic priorities and our values. To this end, we continue to invest and equip our people with the skills required, empower them to make decisions, hold them accountable and celebrate their successes. Furthermore, we are seeking opportunities to use technology to leverage our data to inform decisions, deliver client specific solutions and drive process efficiency and productivity gains.

With regards to Liberty, we are working closely with its board and management and are supportive of their efforts to address their shorter term challenges relating to sales, the competitiveness of Liberty's product suite and ongoing cost management.

In April 2015 the South African Competition Commission announced that it had initiated a complaint against Standard New York Securities Inc. (SNYS) and 21 other institutions concerning possible contravention of the Competition Act in relation to USD/ZAR trading between 2007 and 2013. No mention was made of The Standard Bank of South Africa Limited (SBSA). On 15 February 2017 the Competition Commission lodged five complaints with the Competition Tribunal against 18 institutions, including SBSA and SNYS, in which it alleges unlawful collusion between those institutions in the trading of USD/ZAR. We only learned of the SBSA-related complaints at this time and are engaging with the Competition Commission to better understand the basis for the complaints and the appropriate response. We consider these allegations in an extremely serious light and remain committed to maintaining the highest levels of control and compliance with all relevant regulations. The allegations are confined to USD/ZAR trading activities within SBSA and do not relate to the conduct of the group more broadly.

As we look to the year ahead, we remain steadfast in our commitment to doing the right business the right way. In this context, we continue to embed a culture of responsible business practices. We remain committed to delivering through-the-cycle headline earnings growth and ROE within our target range of 15% – 18% over the medium term. In order to do so, we recognise the need to balance prudent capital management with appropriate return-based resource allocation and leverage.

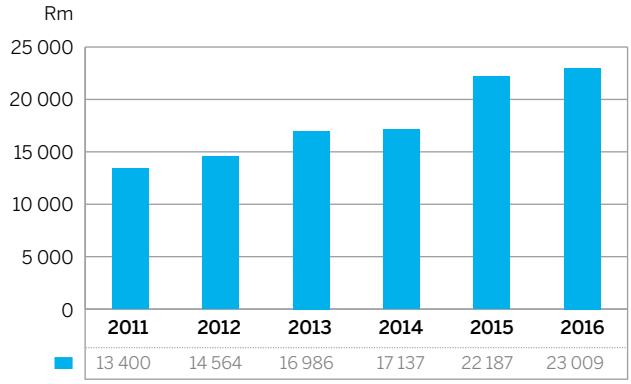
Lastly, we wish to highlight that banks play an important role in society which is broader than creating shareholder value. We seek to create value for all our stakeholders – clients, employees, shareholders, government and communities alike. In doing so, we continue to contribute meaningfully to the social, economic and environmental prosperity and wellbeing in the markets in which we operate.

Group income statement

	Change %	2016 Rm	2015 Rm
Net interest income	15	**56 892**	49 310
Non-interest revenue	3	**42 965**	41 803
Net fee and commission revenue	8	**29 012**	26 920
Trading revenue	(0)	**10 988**	11 016
Other revenue	(23)	**2 965**	3 867
Total income	10	**99 857**	91 113
Credit impairment charges	2	**9 533**	9 371
Specific credit impairments	4	**8 382**	8 098
Portfolio credit impairments	(10)	**1 151**	1 273
Income after credit impairment charges	10	**90 324**	81 742
Operating expenses	9	**56 235**	51 434
Staff costs	11	**30 976**	27 968
Other operating expenses	8	**25 259**	23 466
Net income before equity accounted earnings	12	**34 089**	30 308
Share of profit from associates and joint ventures	(25)	**172**	229
Net income before non-trading and capital related items	12	**34 261**	30 537
Non-trading and capital related items	20	**(1 123)**	(1 402)
Goodwill impairment	(45)	**(482)**	(333)
Impairment of intangible assets	46	**(654)**	(1 220)
Gains on disposal of group entities	(80)	**61**	311
Other non-trading and capital related items	70	**(48)**	(160)
Net income before indirect taxation	14	**33 138**	29 135
Indirect taxation	(6)	**1 865**	1 981
Profit before direct taxation	15	**31 273**	27 154
Direct taxation	30	**7 631**	5 873
Profit for the year from continuing operations	11	**23 642**	21 281
Profit from discontinued operation	(100)		2 741
Profit for the year	(2)	**23 642**	24 022
Attributable to non-controlling interests	16	**1 977**	1 704
Attributable to preference shareholders	8	**406**	377
Attributable to ordinary shareholders – banking activities	(3)	**21 259**	21 941
Headline adjustable items – banking activities	>100	**803**	(1 618)
Headline earnings – banking activities	9	**22 062**	20 323
Headline earnings – other banking interests	99	**(8)**	(569)
Headline earnings – Liberty	(61)	**955**	2 433
Standard Bank Group headline earnings	4	**23 009**	22 187

Headline earnings

Headline earnings
CAGR (2011 – 2016): 11%



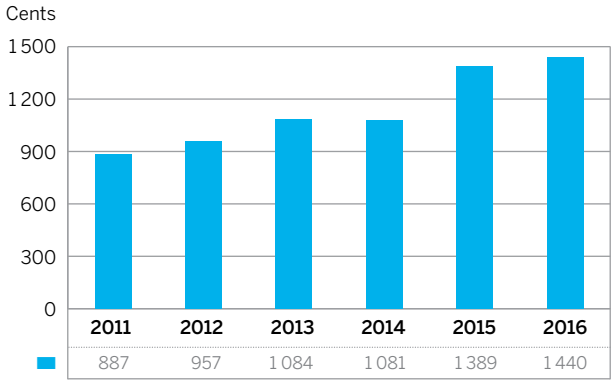
Reconciliation of profit for the year to group headline earnings

	2016				2015			
	Gross Rm	**Tax[1] Rm**	**NCI and prefs[2] Rm**	**Net Rm**	Gross[3] Rm	Tax[1] Rm	NCI and prefs[2] Rm	Net Rm
Profit for the year – banking activities	**31 273**	**(7 631)**	**(2 383)**	**21 259**	29 895	(5 873)	(2 081)	21 941
Headline adjustable items – banking activities added/ (reversed)	**989**	**(178)**	**(8)**	**803**	(1 254)	(350)	(14)	(1 618)
Realised foreign currency profit on foreign operations – IAS 21	**(62)**			**(62)**	(4 059)			(4 059)
Realised gain on net investment hedge – IAS 39					(80)			(80)
Loss on sale of properties and equipment – IAS 16	**50**	**(11)**	**(3)**	**36**	48	(10)		38
Impairment of associate – IAS 28/IAS 36	**10**			**10**	112			112
(Gains)/losses on disposal of business – IAS 27/IAS 28	**(11)**			**(11)**	1 108	15		1 123
Impairment of intangible assets – IAS 36	**654**	**(171)**		**483**	1 220	(341)		879
Goodwill impairment – IAS 36	**482**			**482**	333			333
Realised (gains)/losses on available-for-sale assets – IAS 39	**(134)**	**4**	**(5)**	**(135)**	64	(14)	(14)	36
Headline earnings – banking activities	**32 262**	**(7 809)**	**(2 391)**	**22 062**	28 641	(6 223)	(2 095)	20 323
Headline earnings – other banking interests	**(8)**			**(8)**	(569)			(569)
Headline earnings – Liberty	**3 461**	**(1 301)**	**(1 205)**	**955**	7 072	(2 345)	(2 294)	2 433
Profit for the year – Liberty	**3 461**	**(1 301)**	**(1 205)**	**955**	6 962	(2 314)	(2 266)	2 382
Headline adjustable item: Impairment of intangible assets – IAS 36					110	(31)	(28)	51
Standard Bank Group headline earnings	**35 715**	**(9 110)**	**(3 596)**	**23 009**	35 144	(8 568)	(4 389)	22 187

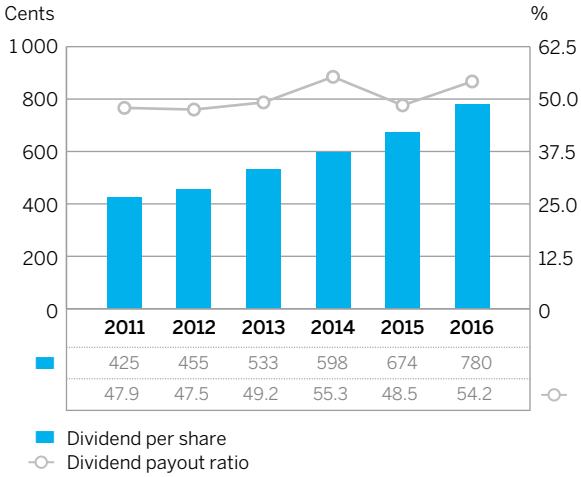
[1] Excluding indirect taxes and including direct taxes attributable to the discontinued operation, where applicable.
[2] Non-controlling interests and preference shareholders.
[3] Including profit before tax from the discontinued operation.

Headline earnings and dividend per share

Headline earnings per share
CAGR (2011 – 2016): 10%



Dividend per share and payout ratio
CAGR (2011 – 2016): 13%



		Change %	2016	2015
Headline earnings	Rm	4	**23 009**	22 187
Headline EPS	cents	4	**1 440.1**	1 388.9
Basic EPS	cents	(7)	**1 389.8**	1 487.0
Total dividend per share	cents	16	**780.0**	674.0
Interim	cents	12	**340.0**	303.0
Final	cents	19	**440.0**	371.0
Dividend cover – based on headline EPS	times		**1.9**	2.1
Dividend payout ratio – based on headline EPS	%		**54.2**	48.5

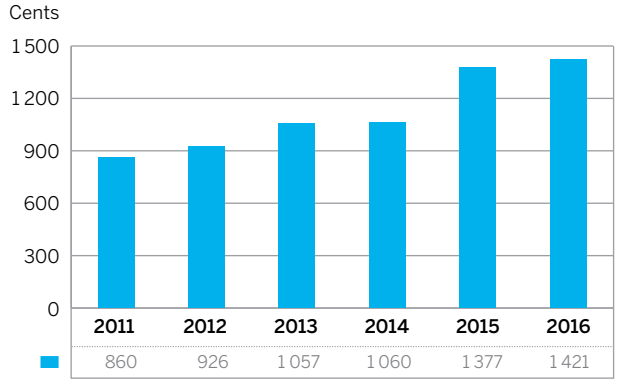
Movement in number of ordinary and weighted average shares issued

	2016 Issued number of shares 000's	2016 Weighted number of shares 000's	2015 Issued number of shares 000's	2015 Weighted number of shares 000's
Beginning of the year – IFRS shares	**1 601 417**	**1 601 417**	1 577 828	1 577 828
Shares in issue	**1 618 252**	**1 618 252**	1 618 361	1 618 361
Deemed treasury shares[1]	**(16 835)**	**(16 835)**	(40 533)	(40 533)
Shares bought back	**(2 477)**	**(1 095)**	(3 923)	(2 043)
Shares issued for equity compensation plans	**2 646**	**1 288**	3 814	2 340
Movement in deemed treasury shares	**(5 003)**	**(3 871)**	23 698	19 274
Shares held by Tutuwa structured entities (SEs)	**—**	**—**	21 975	20 127
Share exposures held to facilitate client trading activities	**(5 932)**	**(4 103)**	(20)	(132)
Shares held for the benefit of Liberty policyholders	**929**	**232**	1 743	(721)
End of the year – IFRS shares	**1 596 583**	**1 597 739**	1 601 417	1 597 399
Comprising:				
Deemed treasury shares[1]	**21 838**	**20 706**	16 835	21 259
End of the year – IFRS shares	**1 596 583**	**1 597 739**	1 601 417	1 597 399
Shares in issue	**1 618 421**	**1 618 445**	1 618 252	1 618 658

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

Diluted headline earnings per share

Diluted headline earnings per share
CAGR (2011 – 2016): 11%



	Change %	2016 cents	2015 cents
Diluted headline EPS	3	**1 420.8**	1 376.8
Diluted EPS	(7)	**1 371.2**	1 474.0

Diluted weighted average number of ordinary shares issued

	2016 000's	2015 000's
Weighted average shares	**1 597 739**	1 597 399
Dilution from equity compensation plans	**17 778**	11 033
Group share incentive scheme	**636**	929
Equity growth scheme	**5 029**	2 738
Deferred bonus scheme and long-term incentive plans	**12 113**	7 366
Tutuwa transaction	**3 927**	3 090
Diluted weighted average shares	**1 619 444**	1 611 522

Statement of financial position

	Standard Bank Group			Banking activities			Other banking interests and Liberty[1]	
	Change %	2016 Rm	2015[2] Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015[2] Rm
Assets									
Cash and balances with central banks	3	**77 474**	75 112	3	**77 474**	75 112			
Derivative assets	(38)	**68 620**	111 089	(40)	**61 752**	102 094	(24)	**6 868**	8 995
Trading assets	51	**129 845**	86 219	51	**128 098**	84 587	7	**1 747**	1 632
Pledged assets	(45)	**18 777**	34 429	(78)	**3 313**	15 204	(20)	**15 464**	19 225
Financial investments	(1)	**483 774**	486 704	(2)	**154 630**	157 855	0	**329 144**	328 849
Loans and advances	(1)	**1 065 405**	1 076 917	(1)	**1 065 628**	1 077 145	2	**(223)**	(228)
Loans and advances to banks	(13)	**143 788**	165 156	(13)	**143 788**	165 156			
Loans and advances to customers	1	**921 617**	911 761	1	**921 840**	911 989	2	**(223)**	(228)
Other assets	(11)	**24 014**	26 967	(21)	**14 639**	18 448	10	**9 375**	8 519
Interest in associates and joint ventures	(16)	**8 196**	9 703	(1)	**1 489**	1 499	(18)	**6 707**	8 204
Policyholder assets	(3)	**7 314**	7 579				(3)	**7 314**	7 579
Investment property	2	**31 155**	30 508				2	**31 155**	30 508
Property and equipment	(9)	**16 041**	17 670	(10)	**13 450**	14 952	(5)	**2 591**	2 718
Goodwill and other intangible assets	(1)	**23 675**	24 031	(2)	**23 285**	23 714	23	**390**	317
Goodwill	(44)	**2 339**	4 201	(46)	**2 239**	4 152	>100	**100**	49
Other intangible assets	8	**21 336**	19 830	8	**21 046**	19 562	8	**290**	268
Total assets	(2)	**1 954 290**	1 986 928	(2)	**1 543 758**	1 570 610	(1)	**410 532**	416 318
Equity and liabilities									
Equity	0	**179 359**	178 908	(1)	**145 319**	146 147	4	**34 040**	32 761
Equity attributable to ordinary shareholders	(0)	**150 757**	151 069	1	**133 175**	131 934	(8)	**17 582**	19 135
Preference share capital and premium	—	**5 503**	5 503	—	**5 503**	5 503			
Non-controlling interest	3	**23 099**	22 336	(24)	**6 641**	8 710	21	**16 458**	13 626
Liabilities	(2)	**1 774 931**	1 808 020	(2)	**1 398 439**	1 424 463	(2)	**376 492**	383 557
Derivative liabilities	(44)	**75 083**	133 958	(44)	**68 037**	121 649	(43)	**7 046**	12 309
Trading liabilities	11	**47 867**	43 304	10	**48 109**	43 809	52	**(242)**	(505)
Deposits and current accounts	2	**1 213 621**	1 186 514	2	**1 228 993**	1 201 549	(2)	**(15 372)**	(15 035)
Deposits from banks	(13)	**119 247**	137 202	(13)	**119 247**	137 202			
Deposits and current accounts from customers	4	**1 094 374**	1 049 312	4	**1 109 746**	1 064 347	(2)	**(15 372)**	(15 035)
Other liabilities	(6)	**105 133**	111 909	(6)	**31 162**	33 100	(6)	**73 971**	78 809
Policyholder liabilities	1	**307 230**	305 194				1	**307 230**	305 194
Subordinated debt	(4)	**25 997**	27 141	(9)	**22 138**	24 356	39	**3 859**	2 785
Total equity and liabilities	(2)	**1 954 290**	1 986 928	(2)	**1 543 758**	1 570 610	(1)	**410 532**	416 318

[1] Includes adjustments on consolidation of Liberty into the group.
[2] Restated. Refer to page 90.

Statement of comprehensive income

	Change %	2016 Ordinary shareholders' equity Rm	2016 Non-controlling interests and preference shareholders Rm	2016 Total equity Rm	2015 Ordinary shareholders' equity Rm	2015 Non-controlling interests and preference shareholders Rm	2015 Total equity Rm
Profit for the year	(8)	**22 206**	**3 588**	**25 794**	23 754	4 347	28 101
Other comprehensive income after tax for the year	(>100)	**(11 324)**	**(3 323)**	**(14 647)**	1 752	1 257	3 009
Exchange rate differences on translating equity investment in foreign operations		**(11 412)**	**(3 268)**	**(14 680)**	2 864	1 239	4 103
Foreign currency hedge of net investments		**(197)**		**(197)**	(325)		(325)
Cash flow hedges		**154**	**73**	**227**	(851)	(52)	(903)
Available-for-sale financial assets		**(16)**	**(107)**	**(123)**	160	74	234
Defined benefit fund adjustment		**149**	**(21)**	**128**	(117)	(4)	(121)
Revaluation and other gains		**(2)**		**(2)**	21		21
Total comprehensive income for the year	(64)	**10 882**	**265**	**11 147**	25 506	5 604	31 110
Attributable to non-controlling interests			**(141)**	**(141)**		5 227	5 227
Attributable to equity holders of the parent		**10 882**	**406**	**11 288**	25 506	377	25 883
Attributable to preference shareholders	8		**406**	**406**		377	377
Attributable to ordinary shareholders	(57)	**10 882**		**10 882**	25 506		25 506

Statement of changes in equity

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Cash flow hedging reserve Rm	Statutory credit risk reserve Rm	Available-for-sale revaluation reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Preference share capital and premium Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 January 2015	18 067	(1 934)	(636)	7 359	(415)	467	2 105	62	1 172	234	110 504	136 985	5 503	19 146	161 634
Increase in statutory credit risk reserve							674				(674)				
Transactions with non-controlling shareholders			(3)								(366)	(369)		(778)	(1 147)
Equity-settled share-based payments									(690)		(702)	(1 392)		73	(1 319)
Deferred tax on share-based payments											(72)	(72)			(72)
Transfer of vested equity options									(771)		771				
Net decrease in treasury shares			15								51	66		49	115
Net repurchase of share capital and share premium and capitalisation of reserves	(121)										(520)	(641)			(641)
Unincorporated property partnerships capital reductions and distributions														(144)	(144)
Redemption of empowerment funding		1 317										1 317			1 317
Total comprehensive income for the year				2 864	(325)	(851)		160		21	23 637	25 506	377	5 227	31 110
Dividends paid		169									(10 500)	(10 331)	(377)	(1 237)	(11 945)
Balance at 31 December 2015	17 946	(448)	(624)	10 223	(740)	(384)	2 779	222	(289)	255	122 129	151 069	5 503	22 336	178 908
Balance at 1 January 2016	**17 946**	**(448)**	**(624)**	**10 223**	**(740)**	**(384)**	**2 779**	**222**	**(289)**	**255**	**122 129**	**151 069**	**5 503**	**22 336**	**178 908**
Increase in statutory credit risk reserve							**294**				**(294)**				
Transactions with non-controlling shareholders			**(6)**								**(642)**	**(648)**		**2 105**	**1 457**
Equity-settled share-based payment transactions									**767**		**(641)**	**126**		**48**	**174**
Deferred tax on share-based payments											**207**	**207**			**207**
Transfer of vested equity options									**(850)**		**850**				
Net decrease in treasury shares			**362**								**379**	**741**		**68**	**809**
Net issue of share capital and share premium and capitalisation of reserves	**14**										**(266)**	**(252)**			**(252)**
Unincorporated property partnerships capital reductions and distributions														**(219)**	**(219)**
Redemption of empowerment funding		**95**										**95**			**95**
Total comprehensive income for the year				**(11 412)**	**(197)**	**154**		**(16)**		**(2)**	**22 355**	**10 882**	**406**	**(141)**	**11 147**
Dividends paid											**(11 463)**	**(11 463)**	**(406)**	**(1 098)**	**(12 967)**
Balance at 31 December 2016	**17 960**	**(353)**	**(268)**	**(1 189)**	**(937)**	**(230)**	**3 073**	**206**	**(372)**	**253**	**132 614**	**150 757**	**5 503**	**23 099**	**179 359**

All balances are stated net of applicable tax.

Explanation of change to IFRS as primary reporting basis

For financial periods up to the end of December 2015, the group normalised its results to reflect the group's view of the economics of its Tutuwa initiative and the group's share exposures entered into to facilitate client trading activities and for the benefit of Liberty policyholders that are deemed to be treasury shares. Refer to www.reporting.standardbank.com/resultsreports.php for further details.

Description of normalised adjustments

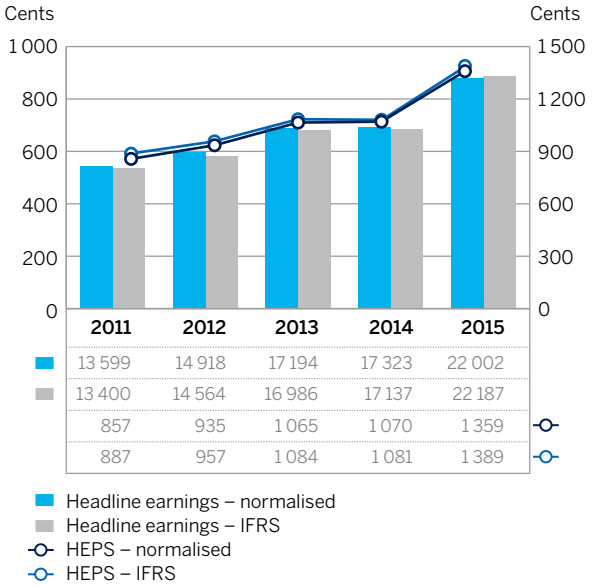
A common element in the deemed treasury share arrangements relates to shares in issue which are deemed by IFRS to be treasury shares. Consequently, the net value of the shares was recognised in equity and the number of shares used for the purposes of per share calculations was lower than the economic substance, resulting in inflated per share measures. The group's results were previously normalised which reversed the IFRS accounting effect with the shares restored as issued.

Change to IFRS as primary reporting basis

The Tutuwa initiative represented the group's most material normalised adjustment. Between December 2007 and June 2013, transactions were concluded to refinance the group's funding of the Tutuwa initiative with external third party financing and a portion of the Tutuwa participants' shares were sold to ICBC. In December 2014, the Tutuwa initiative's lock-in period ended and the Tutuwa participants were able to sell their shares. Following these transactions there were an insignificant number of shares being normalised and accordingly the group's normalised results were substantially the same as those calculated under IFRS. Accordingly, the group has reverted to IFRS as its primary reporting basis.

From a headline earnings perspective the difference between IFRS and normalised was affected by, amongst other factors, changes in the group's share price which was adjusted in the normalised measure but not in the IFRS measure. The difference in the share ratios of the two reporting bases depicts a reduction as a result of the number of shares being restored as issued from an IFRS perspective.

IFRS and normalised results comparison



Segmental reporting

Segmental structure for key business units

Standard Bank Group

Personal & Business Banking

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

What we offer

Transactional products

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

Lending products

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

Mortgage lending

- Residential accommodation loans to mainly personal market customers

Card products

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

Vehicle and asset finance

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

Wealth (including bancassurance)

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

Corporate & Investment Banking

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

What we offer

Client coverage

- Relationship management
- Sector expertise

Global markets

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

Transactional products and services

- Transactional banking
- Investor services
- Trade finance

Investment banking

- Advisory
- Debt products
- Real estate finance
- Structured finance
- Structured trade finance and commodity finance
- Debt capital markets
- Equity capital markets

Real estate and principal investment management

Liberty

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

What we offer

Individual arrangements

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

Group arrangements

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

Asset management (Stanlib)

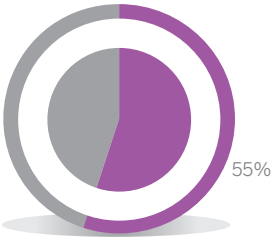
- Asset management capabilities to manage asset flows, including international flows, that are invested in Africa

Central & other

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

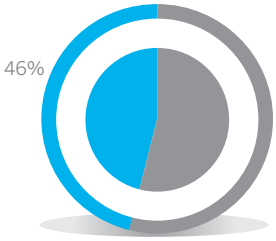
Other banking interests

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



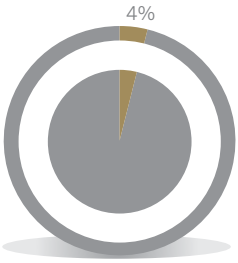
Personal & Business Banking

	2016	2015
Headline earnings	**R12 630 million**	R11 280 million
Headline earnings change	**increased 12%**	increased 15%
Headline earnings contribution	**55%**	51%
ROE	**18.7%**	18.2%
Cost-to-income ratio	**60.2%**	60.3%
Credit loss ratio	**1.25%**	1.27%
Net loans and advances	**R628 billion**	R629 billion



Corporate & Investment Banking

	2016	2015
Headline earnings	**R10 558 million**	R9 076 million
Headline earnings change	**increased 16%**	increased 82%
Headline earnings contribution	**46%**	41%
ROE	**20.0%**	18.0%
Cost-to-income ratio	**53.2%**	55.8%
Credit loss ratio	**0.30%**	0.24%
Net loans and advances	**R501 billion**	R521 billion



Liberty

	2016	2015
Normalised headline earnings as reported by Liberty	**R2 527 million**	R4 128 million
Headline earnings attributable to the group	**R955 million**	R2 433 million
Headline earnings change	**(61%)**	21%
Headline earnings contribution	**4%**	11%
ROE	**8.4%**	23.7%
Normalised equity value	**R41 billion**	R42 billion
Third party funds under management	**R365 billion**	R358 billion

Segmental income statement

	Personal & Business Banking			Corporate & Investment Banking			Central & other			Banking activities			Other banking interests[1]			Liberty[2]			Standard Bank Group	
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm
Income from banking activities	11	**67 480**	60 637	12	**35 249**	31 388	(>100)	**(2 872)**	(912)	10	**99 857**	91 113							10	**99 857**	91 113
Net interest income	14	**40 035**	35 263	25	**18 548**	14 828	(>100)	**(1 691)**	(781)	15	**56 892**	49 310							15	**56 892**	49 310
Non-interest revenue	8	**27 445**	25 374	1	**16 701**	16 560	(>100)	**(1 181)**	(131)	3	**42 965**	41 803							3	**42 965**	41 803
Net fee and commission revenue	8	**24 503**	22 712	3	**5 574**	5 389	10	**(1 065)**	(1 181)	8	**29 012**	26 920							8	**29 012**	26 920
Trading revenue	6	**398**	375	8	**10 730**	9 925	(>100)	**(140)**	716	(0)	**10 988**	11 016							(0)	**10 988**	11 016
Other revenue	11	**2 544**	2 287	(68)	**397**	1 246	(93)	**24**	334	(23)	**2 965**	3 867							(23)	**2 965**	3 867
Net income from investment management and life insurance activities																(11)	**21 365**	23 997	(11)	**21 365**	23 997
Income from investment management and life insurance activities																(16)	**62 253**	74 363	(16)	**62 253**	74 363
Net insurance premiums																5	**39 366**	37 572	5	**39 366**	37 572
Investment income and gains																(42)	**19 156**	32 951	(42)	**19 156**	32 951
Management and service fee income																(3)	**3 731**	3 840	(3)	**3 731**	3 840
Benefits due to policyholders																(19)	**40 888**	50 366	(19)	**40 888**	50 366
Net insurance benefits and claims																2	**37 616**	36 884	2	**37 616**	36 884
Fair value adjustment to policyholders' liabilities under investment contracts																(37)	**3 891**	6 181	(37)	**3 891**	6 181
Fair value adjustment on third-party fund interests																(>100)	**(619)**	7 301	(>100)	**(619)**	7 301
Total income	11	**67 480**	60 637	12	**35 249**	31 388	(>100)	**(2 872)**	(912)	10	**99 857**	91 113				(11)	**21 365**	23 997	5	**121 222**	115 110
Credit impairment charges	3	**8 030**	7 815	25	**1 603**	1 279	(>100)	**(100)**	277	2	**9 533**	9 371							2	**9 533**	9 371
Specific credit impairments	4	**7 590**	7 290	(2)	**792**	807	(100)		1	4	**8 382**	8 098							4	**8 382**	8 098
Portfolio credit impairments	(16)	**440**	525	72	**811**	472	(>100)	**(100)**	276	(10)	**1 151**	1 273							(10)	**1 151**	1 273
Income before operating expenses	13	**59 450**	52 822	12	**33 646**	30 109	(>100)	**(2 772)**	(1 189)	10	**90 324**	81 742				(11)	**21 365**	23 997	6	**111 689**	105 739
Operating expenses in banking activities	11	**40 641**	36 582	7	**18 766**	17 520	(19)	**(3 172)**	(2 668)	9	**56 235**	51 434							9	**56 235**	51 434
Staff costs	11	**13 093**	11 777	10	**7 551**	6 860	11	**10 332**	9 331	11	**30 976**	27 968							11	**30 976**	27 968
Other operating expenses	11	**27 548**	24 805	5	**11 215**	10 660	(13)	**(13 504)**	(11 999)	8	**25 259**	23 466							8	**25 259**	23 466
Operating expenses in insurance activities																7	**17 374**	16 184	7	**17 374**	16 184
Acquisition costs – insurance and investment contracts																(1)	**4 723**	4 760	(1)	**4 723**	4 760
Other operating expenses																11	**12 651**	11 424	11	**12 651**	11 424
Net income before equity accounted earnings, and non-trading and capital items	16	**18 809**	16 240	18	**14 880**	12 589	(73)	**400**	1 479	12	**34 089**	30 308				(49)	**3 991**	7 813	(0)	**38 080**	38 121
Share of profit/(loss) from associates and joint ventures	(2)	**169**	172	(96)	**2**	50	(86)	**1**	7	(25)	**172**	229	99	**(8)**	(569)	35	**23**	17	>100	**187**	(323)
Non-trading and capital related items	53	**(379)**	(804)	57	**(111)**	(261)	(88)	**(633)**	(337)	20	**(1 123)**	(1 402)				100		(110)	26	**(1 123)**	(1 512)
Net income before indirect taxation	19	**18 599**	15 608	19	**14 771**	12 378	(>100)	**(232)**	1 149	14	**33 138**	29 135	99	**(8)**	(569)	(48)	**4 014**	7 720	2	**37 144**	36 286
Indirect taxation	(12)	**537**	611	(26)	**302**	408	7	**1 026**	962	(6)	**1 865**	1 981				(27)	**553**	758	(12)	**2 418**	2 739
Profit before direct taxation	20	**18 062**	14 997	21	**14 469**	11 970	(>100)	**(1 258)**	187	15	**31 273**	27 154	99	**(8)**	(569)	(50)	**3 461**	6 962	4	**34 726**	33 547
Direct taxation	24	**4 970**	3 997	64	**2 701**	1 646	(>100)	**(40)**	230	30	**7 631**	5 873				(44)	**1 301**	2 314	9	**8 932**	8 187
Profit for the year from continuing operations	19	**13 092**	11 000	14	**11 768**	10 324	(>100)	**(1 218)**	(43)	11	**23 642**	21 281	99	**(8)**	(569)	(54)	**2 160**	4 648	2	**25 794**	25 360
Profit/(loss) for the year from discontinued operation				100		(316)	(100)		3 057	(100)		2 741							(100)		2 741
Profit for the year from continuing operations	19	**13 092**	11 000	18	**11 768**	10 008	(>100)	**(1 218)**	3 014	(2)	**23 642**	24 022	99	**(8)**	(569)	(54)	**2 160**	4 648	(8)	**25 794**	28 101
Attributable to non-controlling interests	80	**573**	319	(3)	**1 302**	1 348	>100	**102**	37	16	**1 977**	1 704				(47)	**1 205**	2 266	(20)	**3 182**	3 970
Attributable to preference shareholders							8	**406**	377	8	**406**	377							8	**406**	377
Attributable to ordinary shareholders	17	**12 519**	10 681	21	**10 466**	8 660	(>100)	**(1 726)**	2 600	(3)	**21 259**	21 941	99	**(8)**	(569)	(60)	**955**	2 382	(7)	**22 206**	23 754
Headline adjustable items	(81)	**111**	599	(78)	**92**	416	>100	**600**	(2 633)	>100	**803**	(1 618)				(100)		51	>100	**803**	(1 567)
Headline earnings	12	**12 630**	11 280	16	**10 558**	9 076	(>100)	**(1 126)**	(33)	9	**22 062**	20 323	99	**(8)**	(569)	(61)	**955**	2 433	4	**23 009**	22 187
ROE (%)		**18.7**	18.2		**20.0**	18.0					**16.8**	16.3		**(0.1)**	(7.5)		**8.4**	23.7		**15.3**	15.6
Net interest margin (%)		**5.87**	5.48		**2.21**	1.87					**3.83**	3.52								**3.83**	3.52
Credit loss ratio (%)		**1.25**	1.27		**0.30**	0.24					**0.86**	0.87								**0.86**	0.87
Cost-to-income ratio (%)		**60.2**	60.3		**53.2**	55.8					**56.3**	56.5								**56.3**	56.5
Number of employees	2	**28 301**	27 823	0	**4 365**	4 346	1	**15 956**	15 789	1	**48 622**	47 958				(4)	**6 145**	6 403	1	**54 767**	54 361

[1] The group's interest in ICBCS and ICBC Argentina, previously included as part of banking activities, are now included within other banking interests and represents previously consolidated entities that are held in terms of strategic partnerships with ICBC and are not managed as part of the group's other reporting segments.

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

Segmental statement of financial position

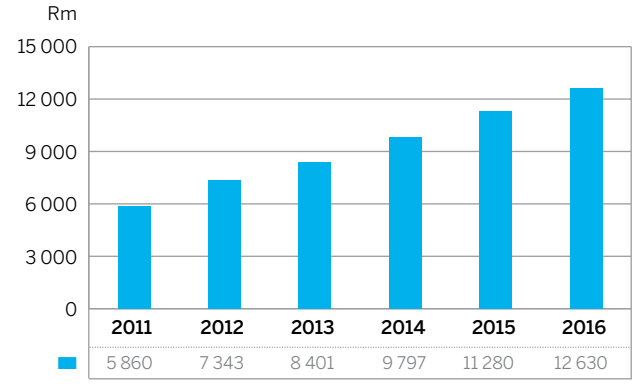
	Personal & Business Banking			Corporate & Investment Banking			Central & other	
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm
Assets									
Cash and balances with central banks	7	**10 079**	9 394	2	**55 734**	54 524	4	**11 661**	11 194
Financial investments, trading and pledged assets	23	**22 711**	18 452	8	**259 924**	241 177	>100	**3 406**	(1 983)
Loans and advances	(0)	**627 963**	628 844	(4)	**501 348**	520 814	12	**(63 683)**	(72 513)
Loans and advances to banks	(19)	**56 315**	69 397	(10)	**145 698**	162 737	13	**(58 225)**	(66 978)
Loans and advances to customers	2	**571 648**	559 447	(1)	**355 650**	358 077	1	**(5 458)**	(5 535)
Derivative and other assets	44	**10 171**	7 072	(31)	**76 362**	110 573	(>100)	**(10 142)**	2 897
Policyholder assets									
Investment properties									
Interest in associates and joint ventures	7	**1 014**	945	(20)	**392**	491	32	**83**	63
Property and equipment	(15)	**4 454**	5 263	46	**418**	287	(9)	**8 578**	9 402
Goodwill and other intangible assets	6	**12 791**	12 110	22	**3 387**	2 778	(19)	**7 107**	8 826
Total assets	1	**689 183**	682 080	(4)	**897 565**	930 644	(2)	**(42 990)**	(42 114)
Equity and liabilities									
Equity	5	**71 070**	67 466	(7)	**54 814**	59 047	(1)	**19 435**	19 634
Equity attributable to ordinary shareholders	6	**68 423**	64 573	(7)	**49 658**	53 279	7	**15 094**	14 082
Preference share capital and premium							–	**5 503**	5 503
Non-controlling interest	(9)	**2 647**	2 893	(11)	**5 156**	5 768	(>100)	**(1 162)**	49
Liabilities	1	**618 113**	614 614	(3)	**842 751**	871 597	(1)	**(62 425)**	(61 748)
Deposits and current accounts	(0)	**500 009**	500 879	4	**743 281**	716 778	11	**(14 297)**	(16 108)
Deposits from banks	(9)	**2 451**	2 690	(12)	**126 680**	144 143	(3)	**(9 884)**	(9 631)
Deposits from customers	(0)	**497 558**	498 189	8	**616 601**	572 635	32	**(4 413)**	(6 477)
Interdivisional funding/(lending)	2	**97 686**	95 538	4	**(100 449)**	(104 361)	(69)	**2 763**	8 823
Derivative, trading and other liabilities	16	**12 101**	10 420	(24)	**191 204**	250 924	11	**(55 997)**	(62 786)
Policyholder liabilities									
Subordinated debt	7	**8 317**	7 777	6	**8 715**	8 256	(39)	**5 106**	8 323
Total equity and liabilities	1	**689 183**	682 080	(4)	**897 565**	930 644	(2)	**(42 990)**	(42 114)
Average assets – banking activities excluding trading derivatives	6	**680 740**	643 300	5	**835 992**	794 575		**(34 168)**	(35 917)
Average loans and advances (gross)	4	**641 770**	616 105	1	**529 762**	523 682		**(58 949)**	(59 197)
Average ordinary shareholders' equity	9	**67 592**	61 891	5	**52 892**	50 409		**11 179**	12 291

[1] The group's interest in ICBCS and ICBC Argentina, previously included as part of banking activities, are now included within other banking interests and represents previously consolidated entities that are held in terms of strategic partnerships with ICBC and are not managed as part of the group's other reporting segments.
[2] Includes adjustments on consolidation of Liberty into the group.
[3] Restated. Refer to page 90.

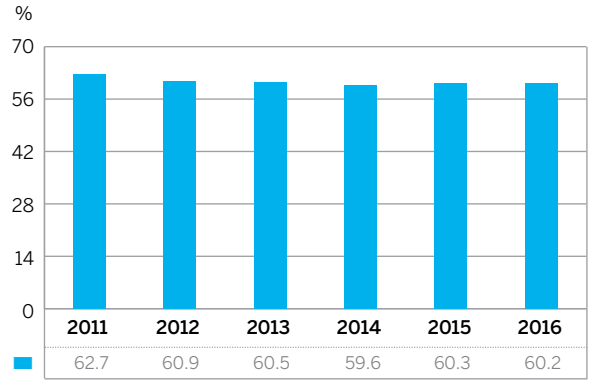
	Banking activities			Other banking interests[1]			Liberty[2]			Standard Bank Group	
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015[3] Rm	Change %	2016 Rm	2015[3] Rm
Assets												
Cash and balances with central banks	3	**77 474**	75 112							3	**77 474**	75 112
Financial investments, trading and pledged assets	11	**286 041**	257 646				(1)	**346 355**	349 706	4	**632 396**	607 352
Loans and advances	(1)	**1 065 628**	1 077 145				2	**(223)**	(228)	(1)	**1 065 405**	1 076 917
Loans and advances to banks	(13)	**143 788**	165 156							(13)	**143 788**	165 156
Loans and advances to customers	1	**921 840**	911 989				2	**(223)**	(228)	1	**921 617**	911 761
Derivative and other assets	(37)	**76 391**	120 542				(7)	**16 243**	17 514	(33)	**92 634**	138 056
Policyholder assets							(3)	**7 314**	7 579	(3)	**7 314**	7 579
Investment properties							2	**31 155**	30 508	2	**31 155**	30 508
Interest in associates and joint ventures	(1)	**1 489**	1 499	(19)	**6 445**	7 933	(3)	**262**	271	(16)	**8 196**	9 703
Property and equipment	(10)	**13 450**	14 952				(5)	**2 591**	2 718	(9)	**16 041**	17 670
Goodwill and other intangible assets	(2)	**23 285**	23 714				23	**390**	317	(1)	**23 675**	24 031
Total assets	(2)	**1 543 758**	1 570 610	(19)	**6 445**	7 933	(1)	**404 087**	408 385	(2)	**1 954 290**	1 986 928
Equity and liabilities												
Equity	(1)	**145 319**	146 147	(19)	**6 445**	7 933	11	**27 595**	24 828	0	**179 359**	178 908
Equity attributable to ordinary shareholders	1	**133 175**	131 934	(19)	**6 445**	7 933	(1)	**11 137**	11 202	(0)	**150 757**	151 069
Preference share capital and premium	–	**5 503**	5 503							–	**5 503**	5 503
Non-controlling interest	(24)	**6 641**	8 710				21	**16 458**	13 626	3	**23 099**	22 336
Liabilities	(2)	**1 398 439**	1 424 463				(2)	**376 492**	383 557	(2)	**1 774 931**	1 808 020
Deposits and current accounts	2	**1 228 993**	1 201 549				(2)	**(15 372)**	(15 035)	2	**1 213 621**	1 186 514
Deposits from banks	(13)	**119 247**	137 202							(13)	**119 247**	137 202
Deposits from customers	4	**1 109 746**	1 064 347				(2)	**(15 372)**	(15 035)	4	**1 094 374**	1 049 312
Interdivisional funding/(lending)												
Derivative, trading and other liabilities	(26)	**147 308**	198 558				(11)	**80 775**	90 613	(21)	**228 083**	289 171
Policyholder liabilities							1	**307 230**	305 194	1	**307 230**	305 194
Subordinated debt	(9)	**22 138**	24 356				39	**3 859**	2 785	(4)	**25 997**	27 141
Total equity and liabilities	(2)	**1 543 758**	1 570 610	(19)	**6 445**	7 933	(1)	**404 087**	408 385	(2)	**1 954 290**	1 986 928
Average assets – banking activities excluding trading derivatives	6	**1 482 564**	1 401 958							6	**1 482 564**	1 401 958
Average loans and advances (gross)	3	**1 112 583**	1 080 590							3	**1 112 583**	1 080 590
Average ordinary shareholders' equity	6	**131 663**	124 591	(6)	**7 135**	7 602	10	**11 326**	10 274	5	**150 124**	142 467

Personal & Business Banking

Headline earnings
CAGR (2011 – 2016): 17%



Cost-to-income ratio



		Change %	2016 Rm	2015 Rm
Net interest income		14	**40 035**	35 263
Non-interest revenue		8	**27 445**	25 374
Total income		11	**67 480**	60 637
Credit impairment charges		3	**8 030**	7 815
Operating expenses		11	**40 641**	36 582
Non-trading and capital related items		53	**(379)**	(804)
Taxation		20	**5 507**	4 608
Headline earnings		12	**12 630**	11 280
Headline earnings change	%		**12**	15
Headline earnings contribution to the group	%		**55**	51
ROE	%		**18.7**	18.2
Net interest margin	%		**5.87**	5.48
Cost-to-income ratio	%		**60.2**	60.3
Credit loss ratio	%		**1.25**	1.27
Credit loss ratio on loans to customers	%		**1.37**	1.39
Effective direct taxation rate	%		**27.5**	26.7
Total assets	Rm	1	**689 183**	682 080
Net loans and advances	Rm	(0)	**627 963**	628 844
Deposits and funding	Rm	0	**597 695**	596 417
Average ordinary shareholders' equity	Rm	9	**67 592**	61 891
Number of employees		2	**28 301**	27 823
Permanent staff under previous legislation		0	**24 585**	24 514
Temporary to permanent staff conversion under new legislation		12	**3 716**	3 309

Favourable

- NII growth assisted by the positive endowment impact of higher average interest rates in South Africa, continued pricing management, sustainable risk-based pricing and higher average balances.
- Good balance sheet growth and higher NIM in the Africa Regions.
- NIR benefited from increased transactional volumes, annual fee increases and growth in assets under management, with a continued focus on digital products.
- Strong growth in card products in Nigeria, Mozambique, Botswana and Uganda.
- Enhanced credit collection capabilities across all portfolios in South Africa.
- Profit from the sale of Visa Europe shares in Wealth International (headline adjusted).

Adverse

- Japan fraud within debit and cheque card in May 2016 as well as increased vishing and phishing-related fraud.
- Worsening macro-economic conditions contributed to increased credit impairment charges in Nigeria, Kenya, Zambia, Mozambique and Botswana.
- Continued consumer strain evident in higher credit impairment charges in South Africa's revolving credit plans and other lending portfolios.
- Increased amortisation of intangible assets following the rollout of core banking systems.
- Continued focus on innovation, customer experience and the building of digital and multi-channel capabilities contributed to higher operating expenses.
- Staff costs affected by the legislated conversion of temporary staff to permanent staff and an investment in specialist capabilities, such as analytics and data.

Total income and headline earnings by product

	Total income			Headline earnings		
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm
Transactional products	12	**28 997**	25 889	5	**3 500**	3 326
Mortgage lending	10	**8 295**	7 560	20	**2 964**	2 465
Card products	5	**6 907**	6 594	4	**1 550**	1 484
Vehicle and asset finance	12	**3 830**	3 410	38	**421**	306
Lending products	14	**11 427**	9 988	21	**1 720**	1 426
Wealth (including bancassurance)	12	**8 024**	7 196	9	**2 475**	2 273
Personal & Business Banking	11	**67 480**	60 637	12	**12 630**	11 280

Transactional products

- Growth in cash management, savings and investment portfolio balances driven by targeted campaigns and reduced minimum investment balances.
- Positive endowment impact of higher average interest rates in South Africa, Mozambique and Malawi.
- Fee income assisted by growth in the upper income active customer base, increased transactional volumes and pricing fee structure changes, partly offset by the annualised impact of the interchange reform in South Africa.
- Japan fraud in May 2016 and increased vishing and phishing fraud.

Mortgage lending

- Net interest income growth aided by an improvement in the portfolio yield in response to changing regulations, associated credit risk and higher funding costs, coupled with larger loan books in South Africa and Namibia.
- NIM expansion in South Africa and Botswana.
- Lower credit impairment charges through optimised and accelerated legal strategies and a stabilisation of loss given defaults relative to 2015.

Card products

- Muted card debtors balance growth.
- Non-interest revenue assisted by higher merchant solutions turnover, growth in terminal rental income and increased consumer spend, partly offset by the annualised impact of the interchange reform in South Africa.
- Continued strong growth in the Africa Regions card business, particularly Nigeria, due to once-off settlement profits on floating exchange rate settlements.
- Card acquiring merchant sales turnover continued to increase across the African continent, driven by a fast-growing merchant network and integration projects.
- Continued economic strain on consumers in South Africa, resulting in a worsening NPL mix and lower post write-off recoveries.

Vehicle and asset finance

- Continued focus to improve internal processes and system integration with the dealer market contributed to a higher average book size.
- Strong balance sheet growth and improved NIMs in Nigeria and Kenya, partly offset by margin compression in Namibia.
- Focused price concession management in a competitive environment.
- Lower credit impairment charges in South Africa, through focused collection strategies and enhanced payment capabilities, coupled with improvements in collections in Nigeria and Kenya.

Lending products

- Growth in revolving credit plan balances following limit increases, higher utilisation and growth in average balance per active account.
- Improved NIM following sustainable risk-based pricing and stricter concession management in South Africa's business lending, partly offset by margin compression in Angola, Mozambique and Namibia.
- Higher credit impairment charges in Nigeria, Mozambique and South Africa business lending.

Wealth (including bancassurance)

- Good asset growth as a result of client acquisition and a growing African footprint in wealth and investment.
- Increased brokerage fees from insurance brokerage services in South Africa and Nigeria.
- Higher South African short-term insurance client base with associated growth in underwriting profits.
- Continued good growth in Nigeria wealth businesses' assets under management.
- Wealth International delivered strong growth as a result of an increased deposit base and improved margins.

Personal & Business Banking – South Africa

		Change %	2016 Rm	2015 Rm
Net interest income		11	**30 539**	27 499
Non-interest revenue		6	**19 956**	18 785
Total income		9	**50 495**	46 284
Credit impairment charges		(0)	**6 593**	6 602
Operating expenses		11	**27 833**	25 132
Headline earnings		11	**11 769**	10 637
ROE	%		**22.7**	22.1
Cost-to-income ratio	%		**55.1**	54.3
Credit loss ratio	%		**1.29**	1.34

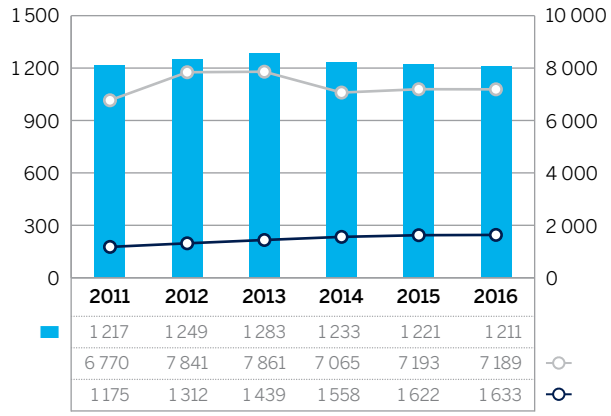
External loans and advances by product

	Change %	2016 Rm	2015 Rm
Loans and advances to banks	(19)	**56 315**	69 397
Loans and advances to customers	2	**571 648**	559 447
Gross loans and advances to customers	2	**588 353**	576 078
Mortgage loans	3	**336 451**	325 867
Vehicle and asset finance	1	**81 035**	80 278
Card debtors	0	**31 229**	31 174
Overdrafts and other demand loans	(5)	**46 409**	48 610
Personal unsecured lending	(16)	**9 183**	10 916
Business lending	(1)	**37 226**	37 694
Other term loans	3	**82 644**	80 356
Personal unsecured lending	(3)	**43 969**	45 278
Business lending	10	**38 675**	35 078
Commercial property finance	8	**10 585**	9 793
Less: credit impairments for loans and advances	0	**16 705**	16 631
Credit impairments for non-performing loans	0	**11 767**	11 765
Credit impairments for performing loans	1	**4 938**	4 866
Net loans and advances	(0)	**627 963**	628 844
Comprising:			
Gross loans and advances	(0)	**644 668**	645 475
Less: credit impairments	0	**16 705**	16 631
Net loans and advances	(0)	**627 963**	628 844
Net loans and advances on a constant currency basis	5	**627 963**	597 519
Securitised assets consolidated above:			
Mortgage loans	(67)	**2 533**	7 725

Deposits and current accounts by product

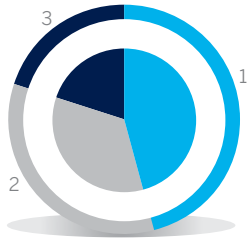
	Change %	2016 Rm	2015 Rm
Wholesale priced deposits and current accounts	2	**98 512**	96 538
Call deposits	9	**97 279**	89 090
Securitisation issuances	(83)	**1 233**	7 448
Retail priced deposits and current accounts	(1)	**401 497**	404 341
Current accounts	(2)	**136 777**	139 398
Cash management deposits	15	**28 743**	24 954
Call deposits	(4)	**121 028**	126 520
Savings accounts	2	**23 432**	22 967
Term deposits	(1)	**78 915**	79 447
Other funding	14	**12 602**	11 055
Total deposits and current accounts	(0)	**500 009**	500 879
Wholesale priced interdivisional funding	2	**97 686**	95 538
Deposits and funding	0	**597 695**	596 417
Deposits and funding on a constant currency basis	6	**597 695**	561 930

Points of representation



[1] Including auto money devices and Automatic Notes Acceptors (ANAs)

Headline earnings by market segment (%)



		2016	2015
1	Retail banking	46	47
2	Business and commercial banking	34	33
3	Wealth (including bancassurance)	20	20

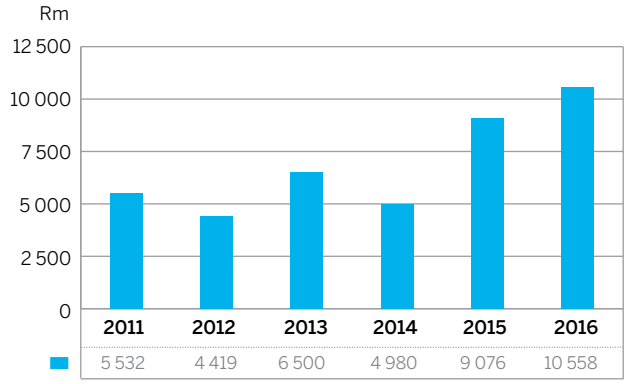
Key business statistics

		Change %	2016	2015
South Africa				
Mortgage lending				
New business payout	Rm	7	**45 095**	42 152
Number of loan applications	thousands	(10)	**228**	254
Average loan to value (LTV) of new business registered	%		**86**	85
Average balance to original value (BTV) of portfolio	%		**66**	66
Average instalment to income (ITI) of new business	%		**20**	18
New business referred by traditional mortgage originators	%		**51**	53
Vehicle and asset finance				
New business payout	Rm	(8)	**31 252**	34 141
– motor	Rm	(10)	**23 110**	25 760
– non-motor	Rm	(3)	**8 142**	8 381
Number of accounts at year end				
Credit card accounts	thousands	(6)	**1 467**	1 566
Active current accounts	thousands	(3)	**2 433**	2 500
Number of targeted current accounts	thousands	2	**672**	656
Other transactional and savings accounts	thousands	3	**6 454**	6 285
UCount clients	thousands	11	**698**	628
Distribution				
Internet banking active users	thousands	25	**1 535**	1 228
Mobile banking active users – total	thousands	11	**1 503**	1 355
Mobile banking active users – new app	thousands	64	**717**	437
Change in mobile banking transactional values – new app[1]	%		**70**	NA
Mobile banking transactional volumes – total	thousands	48	**726 092**	490 896
Points of representation				
Branches		(1)	**641**	647
ATMs and ANAs		(1)	**7 197**	7 273
ATMs – Standard Bank owned		(1)	**4 152**	4 173
ATMs – non-Standard Bank owned		1	**1 633**	1 622
ANAs – Standard Bank owned		(4)	**1 412**	1 478
Africa Regions				
Points of representation				
Branches[2]		(1)	**570**	574
ATMs		5	**1 625**	1 542
Change in ATM transactions	%		**18**	13

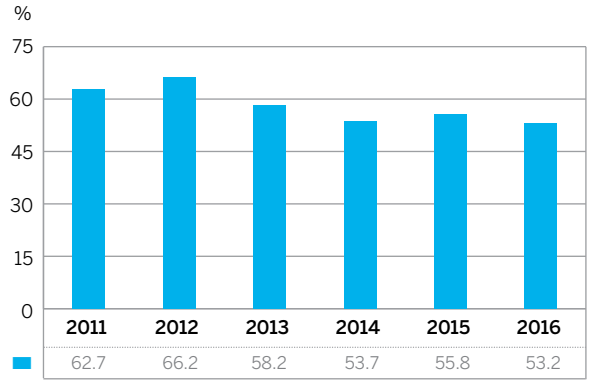
[1] New app launched late 2014.
[2] Includes service centres, customer service trade points, agencies, in-store banking and "bank at work" sites.

Corporate & Investment Banking

Headline earnings
CAGR (2011 – 2016): 14%

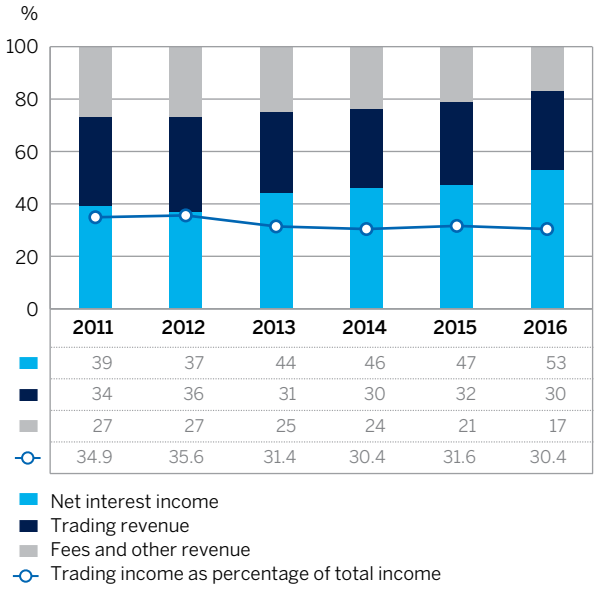


Cost-to-income ratio



		Change %	2016 Rm	2015 Rm
Net interest income		25	**18 548**	14 828
Non-interest revenue		1	**16 701**	16 560
Net fee and commission revenue		3	**5 574**	5 389
Trading revenue		8	**10 730**	9 925
Other revenue		(68)	**397**	1 246
Total income		12	**35 249**	31 388
Credit impairment charges		25	**1 603**	1 279
Operating expenses		7	**18 766**	17 520
Non-trading and capital related items		57	**(111)**	(261)
Taxation		46	**3 003**	2 054
Headline earnings from continuing operations		15	**10 558**	9 180
Headline earnings loss from discontinued operation		100		(104)
Headline earnings		16	**10 558**	9 076
Headline earnings change	%		**16**	82
Headline earnings contribution to the group	%		**46**	41
ROE	%		**20.0**	18.0
Net interest margin	%		**2.21**	1.87
Cost-to-income ratio	%		**53.2**	55.8
Credit loss ratio	%		**0.30**	0.24
Credit loss ratio on loans to customers	%		**0.44**	0.39
Effective direct taxation rate	%		**18.7**	13.8
Total assets	Rm	(4)	**897 565**	930 644
Net loans and advances	Rm	(4)	**501 348**	520 814
Deposits and funding	Rm	5	**642 832**	612 417
Average ordinary shareholders' equity	Rm	5	**52 892**	50 409
Number of employees		0	**4 365**	4 346

Income contribution



Favourable

- Sustained revenue growth in our regions supported by the diversification and sectoral spread of clients.
- Continued ability of the franchise to grow revenues in a low growth environment.
- Net interest income benefited by client franchise led growth, strong cash management deposit growth, improved NIMs and the positive endowment impact of higher average interest rates.
- Increased client transactional activity in FIC trading in south & central Africa.
- Disciplined control of internal financial resources and costs.

Adverse

- Sustained low commodity prices, despite a rebound, resulted in higher credit impairment charges in the natural resources related sectors, particularly portfolio provisioning.
- Slow down in equity capital markets activity.
- Currency volatility and the depreciation of Africa Regions currencies against the rand diluting headline earnings growth.

Total income and headline earnings by product

	Total income			Headline earnings		
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm
Global markets	13	**13 414**	11 820	23	**4 655**	3 794
Investment banking	6	**8 294**	7 843	15	**3 098**	2 697
Transactional products and services	19	**13 573**	11 409	17	**3 073**	2 629
Real estate and PIM	(>100)	**(32)**	316	(>100)	**(268)**	60
Continuing operations	12	**35 249**	31 388	15	**10 558**	9 180
Discontinued operation				100		(104)
Corporate & Investment Banking	12	**35 249**	31 388	16	**10 558**	9 076

Global markets

- Strong revenue performance supported by client driven revenues across all regions, with notable contributions from Uganda, Zimbabwe and South Africa.
- Improved client-led trading in South Africa on the back of interest rate hikes, currency volatility and significant client transactions.
- Increased trading volumes in equity derivatives and cash equities.
- Exchange rate pressure and illiquid environment in Nigeria contributed to higher margins, partly offset by reduced margins in Mozambique.

Investment banking

- Improved origination of loans and advances with key clients and at slightly higher margins.
- Fee businesses maintained market share in a weak transactional environment with participation in a number of landmark transactions.
- Improvement in specific credit impairment charges.
- Strong cost discipline.
- Numerous awards, including the best investment bank in South Africa, Zambia, Uganda and Tanzania.

Transactional products and services

- Strong NII growth supported by an increase in customer deposits and the positive endowment impact of higher interest rates.
- Resilient performance in South Africa attributed to higher client demand for cash management and investor services solutions.
- Robust and diversified Africa Regions' performance despite difficult economic conditions, regulatory changes and depreciation of currencies, particularly in Nigeria, Kenya and Angola.
- Continued leverage of international locations by connecting clients to opportunities in and across Africa.
- Increased portfolio credit impairment charges driven by deteriorating counterparties' credit ratings, specifically sectors impacted by commodity prices.
- Continued deployment of transaction processing capabilities across the franchise in support of client needs.

Real estate and PIM

- Non-recurrence of prior year fair value gains and profit from the disposal of real estate investments in the Africa Regions.
- Costs incurred in the continued wind-down of the portfolio.

External loans and advances by product

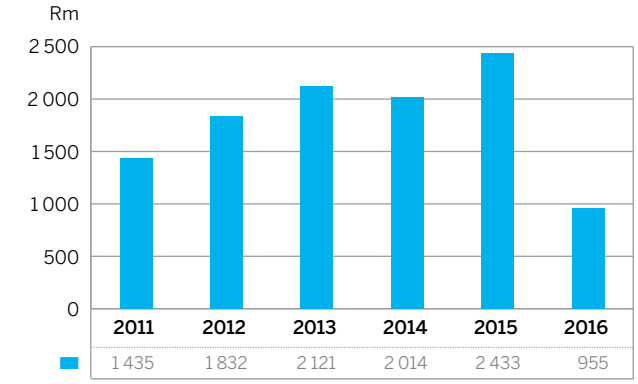
	Change %	2016 Rm	2015 Rm
Loans and advances to banks	(10)	**145 698**	162 737
Call loans	8	**3 737**	3 449
Loans granted under resale agreements	(2)	**65 937**	66 984
Other loans and advances	(18)	**76 024**	92 304
Loans and advances to customers	(1)	**355 650**	358 077
Gross loans and advances to customers	(1)	**360 336**	363 596
Vehicle and asset finance	1	**1 820**	1 797
Overdraft and other demand loans	(18)	**32 592**	39 546
Term loans	(1)	**246 257**	249 648
Loans granted under resale agreements	(15)	**14 148**	16 555
Commercial property finance	17	**65 519**	56 050
Less: credit impairments for loans and advances	(15)	**4 686**	5 519
Credit impairments for non-performing loans	(29)	**2 890**	4 095
Credit impairment for performing loans	26	**1 796**	1 424
Net loans and advances	(4)	**501 348**	520 814
Comprising:			
Gross loans and advances	(4)	**506 034**	526 333
Less: credit impairments	(15)	**4 686**	5 519
Net loans and advances	(4)	**501 348**	520 814
Net loans and advances on a constant currency basis	2	**501 348**	493 447

Deposits and current accounts by product

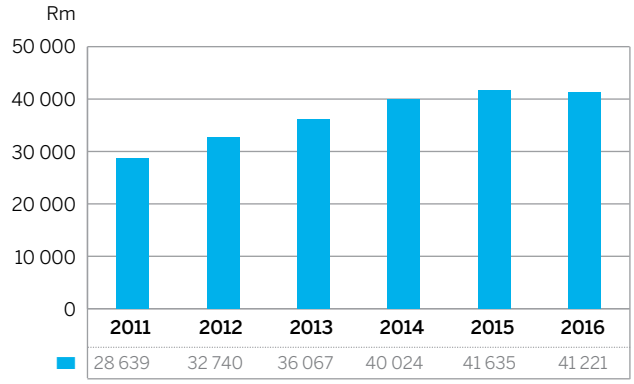
	Change %	2016 Rm	2015 Rm
Wholesale priced deposits and current accounts	4	**743 281**	716 778
Current accounts	(7)	**67 796**	72 959
Cash management deposits	30	**143 450**	110 536
Call deposits	3	**85 699**	82 928
Term deposits	(5)	**158 117**	166 544
Negotiable certificates of deposits	17	**126 389**	108 006
Repurchase agreements	(100)	**—**	4 960
Other funding including interbank deposits	(5)	**161 830**	170 845
Total deposits and current accounts	4	**743 281**	716 778
Interdivisional funding	4	**(100 449)**	(104 361)
Deposits and funding	5	**642 832**	612 417
Deposits and funding on a constant currency basis	14	**642 832**	565 728

Liberty

Headline earnings – SBG share
CAGR (2011 – 2016): (8%)



Normalised group equity value
CAGR (2011 – 2016): 8%



		Change %	2016 Rm	2015 Rm
Net insurance premiums[1]	Rm	5	**39 366**	37 572
Investment income and gains[2]	Rm	(42)	**19 156**	32 951
Benefits due to policyholders[1]	Rm	(19)	**40 888**	50 366
Operating expenses[2]	Rm	7	**17 374**	16 184
Normalised operating earnings[1]	Rm	(37)	**1 740**	2 772
Normalised headline earnings[1]	Rm	(39)	**2 527**	4 128
IFRS headline earnings[1]	Rm	(46)	**2 207**	4 102
Effect of group shares held for the benefit of Liberty policyholders (SBG treasury shares)	Rm	(>100)	**(257)**	197
Headline earnings attributable to the group[3]	Rm	(61)	**955**	2 433
Effective interest in Liberty at year end (excluding BEE treasury shares)	%		**55.0**	54.5
ROE[2]	%		**8.4**	23.7
Normalised return on Liberty group equity value[1,4]	%		**5.1**	10.5
Indexed new business (excluding contractual increases)[1]	Rm	5	**7 892**	7 515
New business margin[1]	%		**1.1**	1.8
Net cash inflows in insurance operations[1]	Rm	(79)	**1 119**	5 402
Value of new business[2]	Rm	(34)	**483**	729
Normalised Liberty group equity value[1]	Rm	(1)	**41 221**	41 635
Capital adequacy cover (times covered)[1]			**2.95**	3.03

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

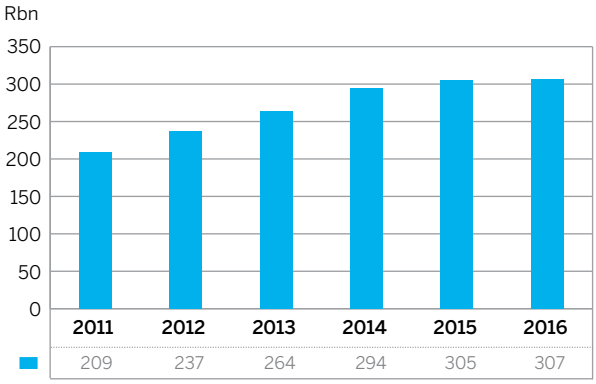
Favourable

- Strong capital adequacy position.
- Successful listing of the Liberty Two Degrees REIT in December 2016.

Adverse

- Lower earnings from the asset management, individual and group arrangements business segments.
- Increased policy surrender and maturities, high risk claims, low volumes of single premium business written and increased investment portfolio outflows.
- Lower equity market returns and rand strength impacted shareholder investment portfolio returns
- Profit and loss accounting mismatch between policyholder liabilities and the REIT's underlying assets.

Policyholder liabilities
CAGR (2011 – 2016): 8%



Normalised income statement

	Change %	2016 Rm	2015 Rm
Insurance premium revenue	5	**41 288**	39 245
Reinsurance premiums	(15)	**(1 922)**	(1 673)
Net insurance premiums	5	**39 366**	37 572
Investment income and gains	(40)	**19 647**	32 583
Management and service fee income	(3)	**3 731**	3 840
Total revenue	(15)	**62 744**	73 995
Benefits due to policyholders	(19)	**40 888**	50 366
Net insurance benefits and claims	2	**37 616**	36 884
Fair value adjustment to policyholders' liabilities under investment contracts	(37)	**3 891**	6 181
Fair value adjustment on third party mutual fund interests	(>100)	**(619)**	7 301
Income after policyholders' benefits	(8)	**21 856**	23 629
Operating expenses	5	**17 927**	17 052
Insurance, investment and asset management acquisition costs	(1)	**4 723**	4 760
General marketing and administration expenses	6	**10 733**	10 149
Finance costs	19	**1 442**	1 210
Profit share allocations	10	**1 029**	933
Income before equity accounted earnings	(40)	**3 929**	6 577
Share of profit from joint ventures	69	**22**	13
Profit before taxation	(40)	**3 951**	6 590
Taxation	(42)	**1 325**	2 303
Profit for the year	(39)	**2 626**	4 287
Attributable to non-controlling interests[1]	(51)	**(417)**	(276)
Attributable to preference shareholders	0	**(2)**	(2)
Headline adjustable item	(100)		93
IFRS headline earnings	(46)	**2 207**	4 102
BEE preference share income	(38)	**16**	26
REIT profit and loss mismatch	100	**304**	
Normalised headline earnings	(39)	**2 527**	4 128

[1] Non-controlling interest within Liberty.

Headline earnings – Liberty Holdings

	Change %	2016 Rm	2015 Rm
Insurance	(39)	**1 268**	2 073
Individual arrangements	(40)	**1 119**	1 869
Group arrangements	(27)	**149**	204
Liberty Corporate	(13)	**191**	219
Liberty Africa Insurance	64	**41**	25
Liberty Health	(>100)	**(45)**	(19)
Growth initiatives	(81)	**(38)**	(21)
Balance sheet management	22	**318**	260
LibFin Markets – credit portfolio	15	**300**	260
LibFin Markets – asset/liability matching	100	**18**	
Asset management – STANLIB	(42)	**362**	629
South Africa	(19)	**459**	567
Africa Regions	(>100)	**(97)**	62
Other	(9)	**(208)**	(190)
Normalised operating earnings	(37)	**1 740**	2 772
LibFin Investments	(42)	**787**	1 356
Normalised headline earnings	(39)	**2 527**	4 128
BEE preference shares income	38	**(16)**	(26)
REIT profit and loss mismatch	(100)	**(304)**	
IFRS headline earnings	(46)	**2 207**	4 102

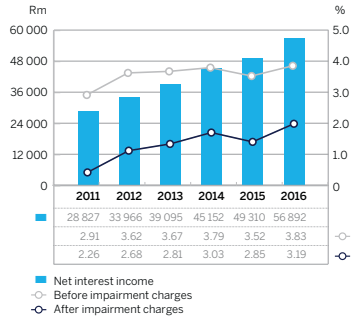
External assets under management

	Change %	2016 Rbn	2015 Rbn
Asset management – assets under management	6	**53**	50
Segregated funds	7	**49**	46
Properties	—	**4**	4
Wealth management – funds under administration	1	**312**	308
Single manager unit trust	(3)	**122**	126
Institutional marketing	9	**51**	47
Linked and structured life products	3	**74**	72
Multi-manager	8	**14**	13
Africa Regions	2	**51**	50
Total external assets under management and administration	2	**365**	358

Income statement analysis

Net interest income and margin analysis

Net interest income and net interest margin
CAGR (2011 – 2016): 15%



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

	Personal & Business Banking			Corporate & Investment Banking			Banking activities		
	Average assets Rm	Net interest income Rm	Net interest margin %	Average assets Rm	Net interest income Rm	Net interest margin %	Average assets Rm	Net interest income Rm	Net interest margin %
2015 banking activities	643 300	35 263	5.48	794 575	14 828	1.87	1 401 958	49 310	3.52
Net non-interest earning assets	(30 060)	1 211	0.47	(145 656)	194	0.44	(201 092)	2 709	0.81
Interest earning assets – 2015	613 240	36 474	5.95	648 919	15 022	2.31	1 200 866	52 019	4.33
Impact of volume changes	**34 594**	**2 283**		**31 477**	**1 646**		**68 189**	**3 558**	
Impact of calendar variance		**122**			**53**			**183**	
Impact of rate changes		**2 837**	**0.46**		**2 186**	**0.34**		**4 975**	**0.41**
Lending margin		**881**	**0.14**		**847**	**0.13**		**1 554**	**0.13**
– Client yield[1]		**1 028**	**0.17**		**490**	**0.08**		**1 379**	**0.11**
– Cost of funding[2]		**(147)**	**(0.03)**		**357**	**0.05**		**175**	**0.02**
Unwinding of discount on credit impairments – IAS 39		**(47)**	**(0.01)**		**160**	**0.02**		**113**	**0.01**
Funding margin		**464**	**0.08**		**590**	**0.09**		**987**	**0.08**
Endowment – funding[3]		**1 102**	**0.18**		**365**	**0.06**		**1 467**	**0.12**
Endowment – capital and reserves[3]		**503**	**0.08**		**314**	**0.05**		**1 122**	**0.09**
Cash and other assets held for liquidity purposes		**(79)**	**(0.01)**		**(46)**	**(0.01)**		**(125)**	**(0.01)**
Other treasury and banking activities		**13**	**0.00**		**(44)**	**(0.00)**		**(143)**	**(0.01)**
Change in composition of balance sheet			**0.01**			**0.12**			**0.03**
Interest earning assets – 2016	**647 834**	**41 716**	**6.42**	**680 396**	**18 907**	**2.77**	**1 269 055**	**60 735**	**4.77**
Net non-interest earning assets	**32 906**	**(1 681)**	**(0.55)**	**155 596**	**(359)**	**(0.56)**	**213 509**	**(3 843)**	**(0.94)**
2016 banking activities	**680 740**	**40 035**	**5.87**	**835 992**	**18 548**	**2.21**	**1 482 564**	**56 892**	**3.83**
Net interest income change (%)		**13.5**			**25.1**			**15.4**	
Average assets change (%)	**5.8**			**5.2**			**5.7**		

[1] Client yield changes refer to the difference in movement between average client rates and base lending rates.
[2] Cost of funding changes refer to the difference in movement between base lending rates and an allocated cost of funding based on the term nature of the asset.
[3] The endowment on funding and capital and reserves refers to the impact of movements in average interest rates on capital and transactional accounts with marginal repricing ability. The endowment impact on other interest rate insensitive assets and liabilities is included as part of the movement of net non-interest earning assets.

Favourable

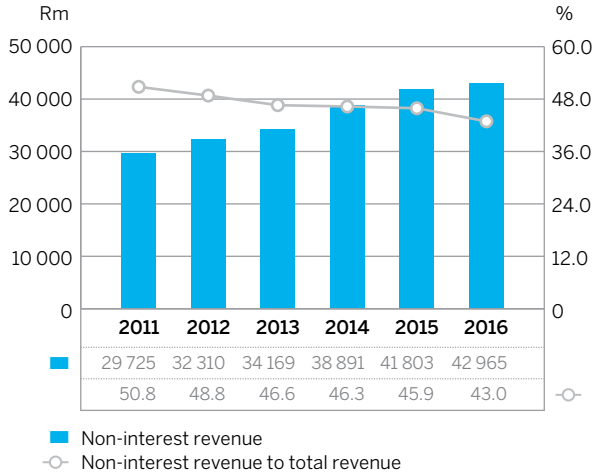
- Positive endowment impact on capital and transactional balances attributable to higher average interest rates in South Africa, Mozambique, Zambia and Uganda, partly offset by negative endowment in Nigeria.
- Continued improvement in the mortgage lending portfolio yield in response to changing regulations and credit risk profile, coupled with the effect of the roll-off of older lower margin vintages.
- Stricter risk-based pricing of new business in unsecured personal and business lending portfolios.
- Reduced funding cost liquidity premium in South Africa towards the end of 2016.
- Reduced reliance on average wholesale priced funding contributed to the widening of the funding margin in PBB.

Adverse

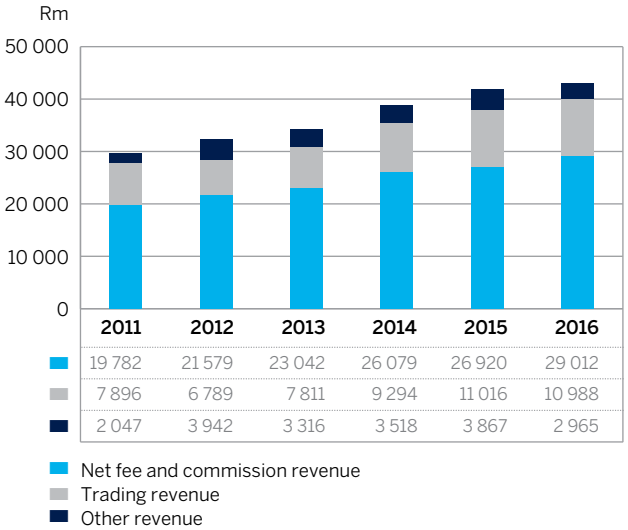
- Continued competitive pressure and tightening of spreads for investment banking clients.
- Increased cost of prudential assets held for liquidity purposes.
- Higher trading and other non-interest earning assets increased the dilutive impact on margins.
- Lower NII in Kenya following interest rate caps on lending rates and floors on deposits.

Non-interest revenue

Non-interest revenue
CAGR (2011 – 2016): 8%

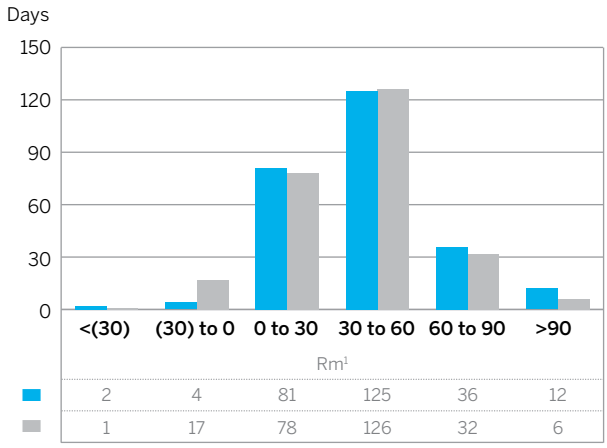


Analysis of non-interest revenue



	Change %	2016 Rm	2015 Rm
Net fee and commission revenue	8	**29 012**	26 920
Fee and commission revenue	8	**33 923**	31 397
Account transaction fees	5	**11 389**	10 856
Electronic banking	14	**3 219**	2 823
Knowledge-based fees and commission	(4)	**2 235**	2 336
Card-based commission	12	**6 319**	5 655
Insurance – fees and commission	7	**1 897**	1 767
Documentation and administration fees	16	**1 969**	1 693
Foreign currency service fees	(3)	**1 870**	1 925
Other	16	**5 025**	4 342
Fee and commission expense	(10)	**(4 911)**	(4 477)
Trading revenue	(0)	**10 988**	11 016
FIC	(5)	**8 931**	9 447
Commodities	(68)	**64**	201
Equities	46	**1 993**	1 368
Other revenue	(23)	**2 965**	3 867
Banking and other	(54)	**834**	1 804
Property-related revenue	(10)	**334**	371
Insurance-related revenue	6	**1 797**	1 692
Total non-interest revenue	3	**42 965**	41 803

Distribution of daily trading profit or loss



2015 – number of days
2016 – number of days

[1] Value of daily trading profit

Favourable

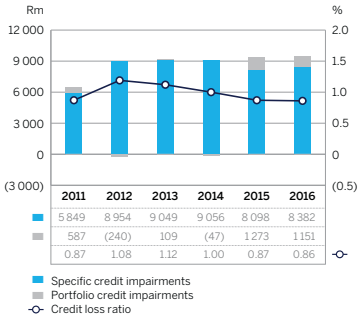
- Account transaction fees assisted by:
  - higher transactional volumes and annual increases on cash withdrawal, cash deposits and cheque encashment fees on business and commercial transactions
  - transactional account growth in the upper income personal segment and the introduction of a service fee on the Access account portfolio in South Africa
  - growth in the customer base and increased transactional volumes in Nigeria, Ghana, Malawi and Mozambique.
- Electronic banking fees growth supported by:
  - increased business online activity and the optimisation of ATM placement in South Africa
  - growth in instant money transactions
  - increased online transactional volumes in Zimbabwe, Uganda and Nigeria.
- Card-based commission growth aided by:
  - a significant increase in the Nigerian market as a result of competitive pricing and higher Mastercard and Visa commissions earned
  - strong organic volume growth, new merchant acquisitions and annual terminal price increases in South Africa
  - continued merchant acquisitions and higher transaction volumes in Namibia, Zimbabwe, Mozambique and Zambia.
- Increased pricing on new and existing business in line with new prescribed maximum National Credit Act rates in personal unsecured lending assisted growth in documentation and administration fees.
- Other fee and commission revenue growth driven by:
  - continued growth in Nigeria's assets under management
  - higher securities lending fees
  - growth in guarantees, arrangement and commitment fees in South Africa.
- Profit from the sale of Visa Europe shares in Wealth International.
- Increased client equities trading activity.
- Increased foreign exchange volatility leading to good client trading opportunities in Uganda, Ghana, Nigeria and South Africa.
- Trading revenue on a constant currency basis increased 4%.

Adverse

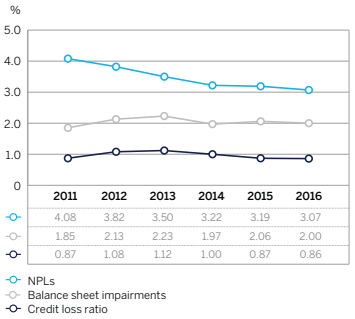
- Interchange fee reforms introduced from March 2015 negatively impacted account transaction fees and card-based commissions.
- Lower transaction fees in Nigeria as a result of the abolishment of ATM charges coupled with a reduction in fees charged to the customer as required by the Central Bank of Nigeria.
- Knowledge-based fees and commissions continue to be impacted by lower capital markets activity within the Africa Regions.
- FIC trading losses on group strategic currency hedging activities.
- Non-recurrence of profit on sale of property investments and the subsequent reduction in rental income received.
- Fair value losses on listed and unlisted equity investments.

Credit impairment charges

Credit impairment charges



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



Income statement credit impairment charges (net of recoveries)

		2016					
		Specifically impaired loans					
	Change %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	3	**7 010**	**580**	**7 590**	**440**	**8 030**	**1.25**
Mortgage loans	(9)	**1 644**	**228**	**1 872**	**54**	**1 926**	**0.58**
Vehicle and asset finance	(11)	**929**	**41**	**970**	**23**	**993**	**1.24**
Card debtors	3	**1 397**	**24**	**1 421**	**56**	**1 477**	**4.70**
Other loans and advances	16	**3 040**	**287**	**3 327**	**307**	**3 634**	**1.84**
Personal unsecured lending	7	**2 129**	**254**	**2 383**	**152**	**2 535**	**4.59**
Business lending and other	41	**911**	**33**	**944**	**155**	**1 099**	**0.77**
Corporate & Investment Banking	25	**761**	**31**	**792**	**811**	**1 603**	**0.30**
Corporate loans	29	**750**	**31**	**781**	**811**	**1 592**	**0.34**
Commercial property finance	(77)	**11**		**11**		**11**	**0.02**
Central & other	(>100)				**(100)**	**(100)**	
Total banking activities	2	**7 771**	**611**	**8 382**	**1 151**	**9 533**	**0.86**

[1] Discounting of expected recoveries in terms of IAS39.

2015					
Specifically impaired loans					
Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
6 541	749	7 290	525	7 815	1.27
1 392	450	1 842	281	2 123	0.66
857	92	949	167	1 116	1.50
1 371	(9)	1 362	74	1 436	4.62
2 921	216	3 137	3	3 140	1.69
2 222	189	2 411	(50)	2 361	4.21
699	27	726	53	779	0.60
770	37	807	472	1 279	0.24
723	37	760	472	1 232	0.26
47		47		47	0.09
1		1	276	277	
7 312	786	8 098	1 273	9 371	0.87

Favourable

- Proactive risk appetite adjustments early in the cycle coupled with continued investments in collection infrastructure, capabilities and effectiveness.
- Lower credit impairment charges incurred within PBB mortgage lending and vehicle and asset finance portfolios.
- Mortgage lending NPLs as a percentage of total mortgage loans decreased to 4.3% (2015: 4.5%).
- Post write-off recoveries following higher debt sale proceeds from card debtors, personal overdrafts and revolving credit plan portfolios.

Adverse

- Downgrade of counterparties' credit ratings, specifically in sectors and markets impacted by commodity prices, resulted in increased portfolio provisioning in CIB.
- Continued low commodity prices, foreign exchange rate volatility and political uncertainty contributed to higher credit impairment charges in the PBB Africa Regions, predominately in Nigeria, Kenya, Mozambique and Zambia.
- Additional portfolio credit impairment charges incurred in PBB South Africa's business and personal unsecured lending portfolios related to the continued drought and customer affordability challenges.
- Increased consumer strain in South Africa contributed to a worsening NPL mix in the card debtors' portfolio.
- The vehicle and asset finance portfolio in South Africa reflected NPL growth on the back of customer pressures as well as an increase in business rescue.

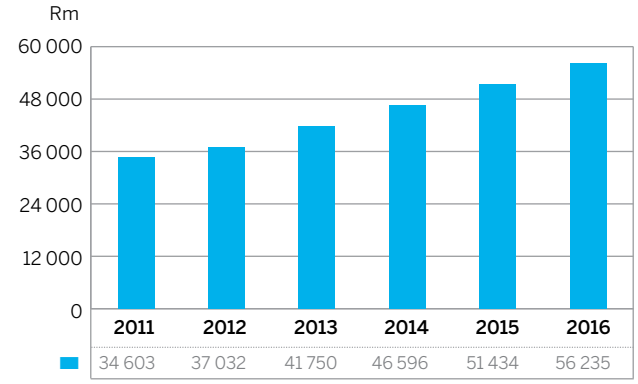
Balance sheet impairment – roll forward from December 2015

	2016 Opening balance Rm	*IAS 39 discount in opening balance Rm*	**Net provisions raised and released[1] Rm**	*IAS 39 discount in new impairments raised Rm*	**Impaired accounts written off Rm**	**IAS 39 discount recycled to net interest income Rm**	**Currency translation and other movements Rm**	**2016 Closing balance Rm**	*IAS 39 discount in closing balance Rm*	**2016 Recoveries of amounts written off in previous years[1] Rm**
Specific credit impairments										
Personal & Business Banking	11 765	*1 122*	**8 485**	*580*	**(6 985)**	**(812)**	**(686)**	**11 767**	*890*	**895**
Mortgage loans	3 892	*554*	**2 052**	*228*	**(1 901)**	**(363)**	**(40)**	**3 640**	*419*	**180**
Vehicle and asset finance	1 561	*178*	**1 205**	*41*	**(1 085)**	**(114)**	**(157)**	**1 410**	*105*	**235**
Card debtors	1 403	*14*	**1 527**	*24*	**(1 280)**	**(19)**	**(33)**	**1 598**	*19*	**106**
Other loans and advances	4 909	*376*	**3 701**	*287*	**(2 719)**	**(316)**	**(456)**	**5 119**	*347*	**374**
Personal unsecured lending	3 505	*237*	**2 660**	*254*	**(2 106)**	**(239)**	**(227)**	**3 593**	*252*	**277**
Business lending and other	1 404	*139*	**1 041**	*33*	**(613)**	**(77)**	**(229)**	**1 526**	*95*	**97**
Corporate & Investment Banking	4 095	*217*	**828**	*31*	**(1 244)**	**(170)**	**(619)**	**2 890**	*78*	**36**
Corporate loans	3 930	*211*	**817**	*31*	**(1 231)**	**(170)**	**(619)**	**2 727**	*72*	**36**
Commercial property finance	165	*6*	**11**		**(13)**			**163**	*6*	
Central & other	2							**2**		
Total specific credit impairments	15 862	*1 339*	**9 313**	*611*	**(8 229)**	**(982)**	**(1 305)**	**14 659**	*968*	**931**
Portfolio credit impairments										
Personal & Business Banking	4 866		**440**				**(368)**	**4 938**		
Mortgage loans	1 094		**54**				**(11)**	**1 137**		
Vehicle and asset finance	802		**23**				**(24)**	**801**		
Card debtors	654		**56**				**(59)**	**651**		
Other loans and advances	2 316		**307**				**(274)**	**2 349**		
Personal unsecured lending	1 365		**152**				**(200)**	**1 317**		
Business lending and other	951		**155**				**(74)**	**1 032**		
Corporate & Investment Banking	1 424		**811**				**(439)**	**1 796**		
Corporate loans	1 327		**811**				**(439)**	**1 699**		
Commercial property finance	97							**97**		
Central & other	500		**(100)**					**400**		
Total portfolio credit impairments	6 790		**1 151**				**(807)**	**7 134**		
Total impairments										
Personal & Business Banking	16 631	*1 122*	**8 925**	*580*	**(6 985)**	**(812)**	**(1 054)**	**16 705**	*890*	**895**
Mortgage loans	4 986	*554*	**2 106**	*228*	**(1 901)**	**(363)**	**(51)**	**4 777**	*419*	**180**
Vehicle and asset finance	2 363	*178*	**1 228**	*41*	**(1 085)**	**(114)**	**(181)**	**2 211**	*105*	**235**
Card debtors	2 057	*14*	**1 583**	*24*	**(1 280)**	**(19)**	**(92)**	**2 249**	*19*	**106**
Other loans and advances	7 225	*376*	**4 008**	*287*	**(2 719)**	**(316)**	**(730)**	**7 468**	*347*	**374**
Personal unsecured lending	4 870	*237*	**2 812**	*254*	**(2 106)**	**(239)**	**(427)**	**4 910**	*252*	**277**
Business lending and other	2 355	*139*	**1 196**	*33*	**(613)**	**(77)**	**(303)**	**2 558**	*95*	**97**
Corporate & Investment Banking	5 519	*217*	**1 639**	*31*	**(1 244)**	**(170)**	**(1 058)**	**4 686**	*78*	**36**
Corporate loans	5 257	*211*	**1 628**	*31*	**(1 231)**	**(170)**	**(1 058)**	**4 426**	*72*	**36**
Commercial property finance	262	*6*	**11**		**(13)**			**260**	*6*	
Central & other	502		**(100)**					**402**		
Total credit impairments	22 652	*1 339*	**10 464**	*611*	**(8 229)**	**(982)**	**(2 112)**	**21 793**	*968*	**931**
Total balance sheet impairments as a % of gross loans and advances	2.06							**2.00**		

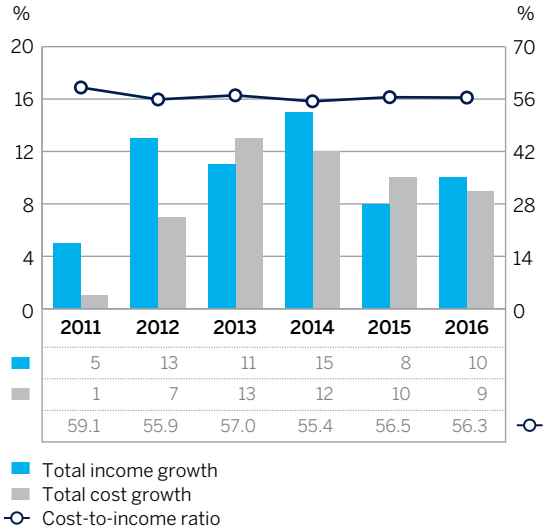
[1] New provisions raised less recoveries on the amounts written off in previous periods equals to the income statement credit impairment charge (2016: R10 464 million - R931 million = R9 533 million).

Operating expenses

Operating expenses
CAGR (2011 – 2016): 10%



Cost and income growth

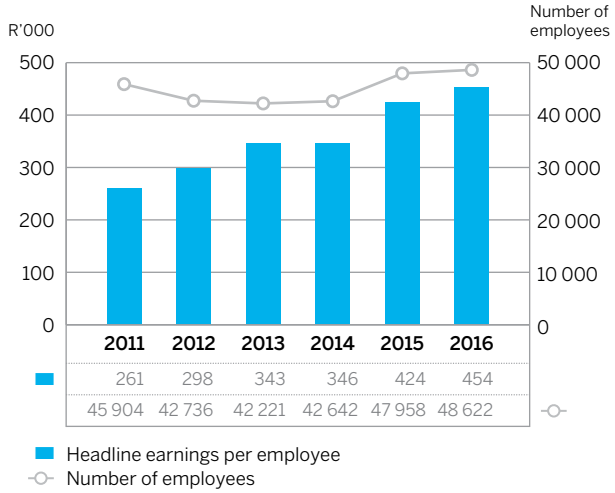


	Change %	2016 Rm	2015 Rm
Staff costs			
Fixed remuneration	12	**21 211**	18 892
Variable remuneration	15	**7 031**	6 119
Charge for incentive payments	12	**5 501**	4 910
IFRS 2 charge: cash-settled share schemes	25	**491**	394
IFRS 2 charge: equity-settled share schemes	27	**1 039**	815
Other staff costs	(8)	**2 734**	2 957
Total staff costs	11	**30 976**	27 968
Variable remuneration as a % of total staff costs		**22.7**	21.9
Other operating expenses			
Information technology	2	**5 880**	5 755
Amortisation of intangible assets	33	**2 015**	1 519
Depreciation	0	**2 725**	2 719
Premises	9	**3 870**	3 561
Professional fees	(31)	**1 658**	2 389
Communication	0	**1 176**	1 173
Japan fraud	100	**300**	
Other	20	**7 635**	6 350
Total other operating expenses	8	**25 259**	23 466
Total operating expenses	9	**56 235**	51 434
Total operating expenses on a constant currency basis	10	**56 235**	50 978
Total income	10	**99 857**	91 113
Cost-to-income ratio (%)		**56.3**	56.5

Analysis of total information technology function spend

	Change %	2016 Rm	2015 Rm
IT staff costs	13	**3 603**	3 183
Information technology licences, maintenance and related costs	2	**5 880**	5 755
Depreciation and amortisation of intangible assets	18	**3 448**	2 931
Other	12	**845**	752
Total	9	**13 776**	12 621

Banking activities headline earnings per employee



	Change %	2016	2015
Headcount by business unit			
Personal & Business Banking	2	**28 301**	27 823
Permanent staff under previous legislation	0	**24 585**	24 514
Temporary to permanent staff conversion under new legislation	12	**3 716**	3 309
Corporate & Investment Banking	0	**4 365**	4 346
Central & other (corporate functions)	1	**15 956**	15 789
Permanent staff under previous legislation	(1)	**14 520**	14 738
Temporary to permanent staff conversion under new legislation	37	**1 436**	1 051
Banking activities	1	**48 622**	47 958
Headcount by geography			
South Africa	1	**33 332**	33 057
Permanent staff under previous legislation	(2)	**28 180**	28 697
Temporary to permanent staff conversion under new legislation	18	**5 152**	4 360
Africa Regions	3	**14 693**	14 288
International	(3)	**597**	613
Banking activities	1	**48 622**	47 958

Staff costs and headcount

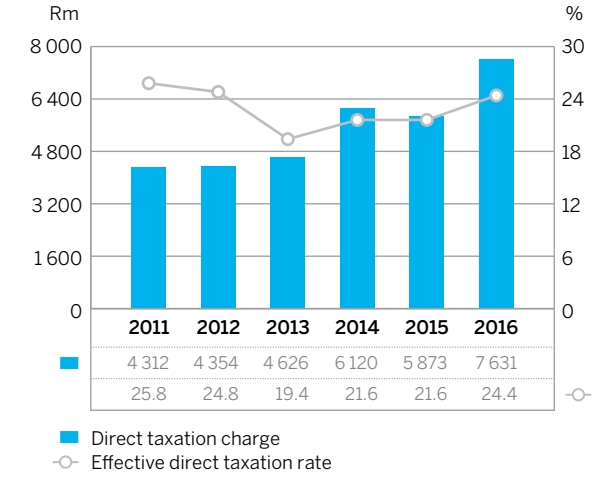
- Growth in headcount primarily attributable to changes in South African legislation, effective April 2015, resulting in the conversion of temporary staff to permanent staff.
- Additional headcount in PBB to enhance business capacity and capability in the Africa Regions as well as data and customer insight initiatives in South Africa, offset by natural attrition across the branch network.
- Fixed remuneration linked to annual increases and additional headcount, including the effect of the temporary to permanent staff conversion.
- Increased amortisation of prior year incentive awards due to the cumulative effect of deferral of incentives in prior years.

Other operating expenses

- Increased amortisation of intangible assets as core banking systems go into production.
- Premises costs impacted by refurbishment and branch closure costs, annual rental escalations, higher electricity charges and additional maintenance spend in the branch network in South Africa, Ghana, Kenya and Uganda.
- Japan fraud in debit and cheque card.
- Higher operational risk losses due to increased frequency of impersonation fraud and ATM bombings.
- Growth in UCount redemptions following increased transaction volumes, a higher account base and the launch of the UCount rewards programme within small enterprises.
- Lower professional fees incurred in respect of items in litigation, change initiatives and implementation of Risk Data Aggregation and Risk Reporting Framework.

Taxation

Direct taxation charge and effective direct taxation rate



Direct taxation rate reconciliation

	2016 %	2015 %
Direct taxation – statutory rate	**28.0**	28.0
Prior year tax	**0.2**	(0.2)
Direct taxation – current year – total	**28.2**	27.8
Adjustments:	**1.9**	1.8
Capital gains tax	**0.0**	0.2
Foreign tax and withholdings tax	**1.9**	1.6
Direct taxation – current year – normal	**30.1**	29.6
Permanent differences:	**(5.7)**	(8.0)
Non-taxable income – capital profit	**(0.1)**	(0.1)
Non-taxable income – dividends	**(4.6)**	(3.7)
Non-taxable income – other	**(5.0)**	(6.0)
Effects of profits taxed in different jurisdictions	**(0.3)**	(1.3)
Other	**4.3**	3.1
Effective direct taxation rate	**24.4**	21.6

Unfavourable rate movements

- Non-recognition of deferred tax assets in Nigeria, Angola, South Sudan and the DRC.
- Non-deductible legal provisions and other non-deductible losses in Africa Regions.
- Increased foreign tax and withholdings tax in the Africa Regions.
- Prior year tax adjustments following Tanzania tax assessments.

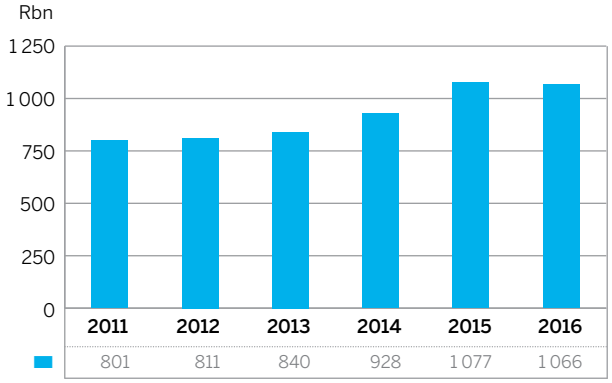
Favourable rate movements

- Higher non-taxable dividend income received in South Africa.
- Lower capital gains tax.

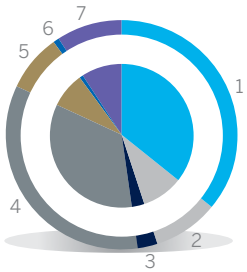
Balance sheet analysis

Loans and advances

Loans and advances
CAGR (2011 – 2016): 6%



Composition of gross loans and advances to customers (%)



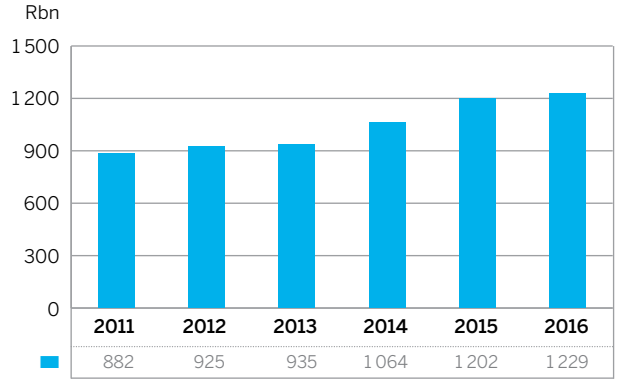
		2016	2015
1	Mortgage loans	36	35
2	Vehicle and asset finance	9	9
3	Card debtors	3	3
4	Term loans	34	35
5	Overdrafts and other demand loans	8	9
6	Loans granted under resale agreements	1	2
7	Other term loans	9	7

Composition of loans and advances

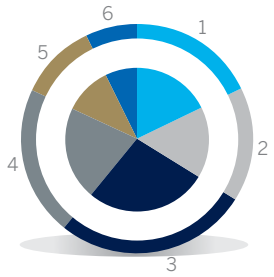
	Change %	2016 Rm	2015 Rm
Personal & Business Banking	2	**588 353**	576 078
Mortgage loans	3	**336 451**	325 867
Vehicle and asset finance	1	**81 035**	80 278
Card debtors	0	**31 229**	31 174
Overdraft and other demand loans	(5)	**46 409**	48 610
Personal loans	(16)	**9 183**	10 916
Corporate, business and other loans	(1)	**37 226**	37 694
Other term loans	3	**82 644**	80 356
Personal loans	(3)	**43 969**	45 278
Corporate, business and other loans	10	**38 675**	35 078
Commercial property finance	8	**10 585**	9 793
Corporate & Investment Banking	(1)	**360 336**	363 596
Corporate loans	(4)	**280 669**	290 991
Commercial property finance	17	**65 519**	56 050
Loans granted under resale agreements	(15)	**14 148**	16 555
Central & other	(0)	**(5 056)**	(5 033)
Gross loans and advances to customers	1	**943 633**	934 641
Less: credit impairments for loans and advances	(4)	**21 793**	22 652
Credit impairments for non-performing loans	(8)	**14 659**	15 862
Credit impairments for performing loans	5	**7 134**	6 790
Net loans and advances to customers	1	**921 840**	911 989
Loans and advances to banks	(13)	**143 788**	165 156
Net loans and advances	(1)	**1 065 628**	1 077 145
Comprising:			
Gross loans and advances	(1)	**1 087 421**	1 099 797
Less: credit impairments	(4)	**21 793**	22 652
Net loans and advances	(1)	**1 065 628**	1 077 145
Net loans and advances on a constant currency basis	5	**1 065 628**	1 018 453

Deposits and current accounts

Deposits and current accounts
CAGR (2011 – 2016): 7%



Composition of deposits and current accounts from customers (%)



		2016	2015
1	Current accounts	18	20
2	Cash management deposits	16	13
3	Call deposits	27	28
4	Term deposits	21	23
5	Negotiable certificates of deposits	11	10
6	Other deposits	7	6

Composition of deposits and current accounts

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	(0)	**497 558**	498 189
Retail priced deposits	(1)	**401 497**	404 341
Current accounts	(2)	**136 777**	139 398
Cash management deposits	15	**28 743**	24 954
Call deposits	(4)	**121 028**	126 520
Term deposits	(1)	**78 915**	79 447
Other deposits	6	**36 034**	34 022
Wholesale priced deposits	2	**96 061**	93 848
Corporate & Investment Banking	8	**616 601**	572 635
Cash management deposits	30	**143 450**	110 536
Call deposits	3	**85 699**	82 928
Term deposits	(5)	**158 117**	166 544
Negotiable certificates of deposit	17	**126 389**	108 006
Other funding	(2)	**102 946**	104 621
Central & other	32	**(4 413)**	(6 477)
Deposits and current accounts from customers	4	**1 109 746**	1 064 347
Deposits from banks	(13)	**119 247**	137 202
Total deposits and current accounts	2	**1 228 993**	1 201 549
Comprising:			
Retail priced deposits and current accounts	(1)	**401 497**	404 341
Wholesale priced deposits and current accounts	4	**827 496**	797 208
Wholesale priced deposits – customers	7	**708 249**	660 006
Wholesale priced deposits – banks	(13)	**119 247**	137 202
Total deposits and current accounts	2	**1 228 993**	1 201 549
Total deposits and current accounts on a constant currency basis	9	**1 228 993**	1 122 934

Loans and advances performance

	Gross loans and advances Rm	Performing loans: Neither past due nor specifically impaired: Normal monitoring Rm	Performing loans: Neither past due nor specifically impaired: Close monitoring Rm	Performing loans: Not specifically impaired: Early arrears Rm	Non-performing Rm
2016					
Personal & Business Banking	**644 668**	**569 053**	**15 718**	**32 051**	
Mortgage lending	**336 451**	**294 000**	**8 047**	**19 839**	
Vehicle and asset finance	**81 035**	**71 663**	**1 811**	**4 491**	
Card debtors	**31 229**	**26 085**	**1 228**	**1 696**	
Other loans and advances	**195 953**	**177 305**	**4 632**	**6 025**	
Personal unsecured lending	**53 152**	**43 042**	**1 927**	**3 322**	
Business lending and other	**142 801**	**134 263**	**2 705**	**2 703**	
Corporate & Investment Banking	**506 034**	**498 227**	**2 066**	**182**	**406**
Corporate loans	**440 515**	**433 019**	**2 066**	**156**	**404**
Commercial property finance	**65 519**	**65 208**		**26**	**2**
Central & other	**(63 281)**	**(63 282)**			
Gross loans and advances	**1 087 421**	**1 003 998**	**17 784**	**32 233**	**406**
Percentage of total book (%)	**100.0**	**92.4**	**1.6**	**3.0**	**0.0**
2015					
Personal & Business Banking	645 475	564 911	16 396	36 482	
Mortgage lending	325 867	280 713	8 203	22 163	
Vehicle and asset finance	80 278	69 825	2 337	5 008	
Card debtors	31 174	25 757	1 444	1 926	
Other loans and advances	208 156	188 616	4 412	7 385	
Personal unsecured lending	56 194	44 883	2 218	4 323	
Business lending and other	151 962	143 733	2 194	3 062	
Corporate & Investment Banking	526 333	515 112	1 681	2 100	67
Corporate loans	470 283	459 349	1 681	2 100	57
Commercial property finance	56 050	55 763			10
Central & other	(72 011)	(72 013)			
Gross loans and advances	1 099 797	1 008 010	18 077	38 582	67
Percentage of total book (%)	100.0	91.7	1.6	3.5	0.0

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	Non-performing loans: Specifically impaired loans: Sub-standard Rm	Doubtful Rm	Loss Rm	Total Rm	Securities and expected recoveries on specifically impaired loans Rm	Net after securities and expected recoveries on specifically impaired loans Rm	Balance sheet impairments for non-performing specifically impaired loans Rm	Specific gross impairment coverage %	Total non-performing loans Rm	Non-performing loans %
2016										
Personal & Business Banking	**6 371**	**16 008**	**5 467**	**27 846**	**16 079**	**11 767**	**11 767**	**42**	**27 846**	**4.3**
Mortgage lending	**3 700**	**10 335**	**530**	**14 565**	**10 925**	**3 640**	**3 640**	**25**	**14 565**	**4.3**
Vehicle and asset finance	**470**	**1 378**	**1 222**	**3 070**	**1 660**	**1 410**	**1 410**	**46**	**3 070**	**3.8**
Card debtors	**612**	**478**	**1 130**	**2 220**	**622**	**1 598**	**1 598**	**72**	**2 220**	**7.1**
Other loans and advances	**1 589**	**3 817**	**2 585**	**7 991**	**2 872**	**5 119**	**5 119**	**64**	**7 991**	**4.1**
Personal unsecured lending	**453**	**3 375**	**1 033**	**4 861**	**1 268**	**3 593**	**3 593**	**74**	**4 861**	**9.1**
Business lending and other	**1 136**	**442**	**1 552**	**3 130**	**1 604**	**1 526**	**1 526**	**49**	**3 130**	**2.2**
Corporate & Investment Banking	**1 173**	**3 240**	**740**	**5 153**	**2 263**	**2 890**	**2 890**	**56**	**5 559**	**1.1**
Corporate loans	**1 077**	**3 053**	**740**	**4 870**	**2 143**	**2 727**	**2 727**	**56**	**5 274**	**1.2**
Commercial property finance	**96**	**187**	**—**	**283**	**120**	**163**	**163**	**58**	**285**	**0.4**
Central & other			**1**	**1**	**(1)**	**2**	**2**		**1**	
Gross loans and advances	**7 544**	**19 248**	**6 208**	**33 000**	**18 341**	**14 659**	**14 659**	**44**	**33 406**	**3.1**
Percentage of total book (%)	**0.6**	**1.8**	**0.6**	**3.0**	**1.7**	**1.3**	**1.3**			
2015										
Personal & Business Banking	6 735	15 890	5 061	27 686	15 921	11 765	11 765	42	27 686	4.3
Mortgage lending	4 257	10 066	465	14 788	10 896	3 892	3 892	26	14 788	4.5
Vehicle and asset finance	557	1 437	1 114	3 108	1 547	1 561	1 561	50	3 108	3.9
Card debtors	596	481	970	2 047	644	1 403	1 403	69	2 047	6.6
Other loans and advances	1 325	3 906	2 512	7 743	2 834	4 909	4 909	63	7 743	3.7
Personal unsecured lending	441	3 381	948	4 770	1 265	3 505	3 505	73	4 770	8.5
Business lending and other	884	525	1 564	2 973	1 569	1 404	1 404	47	2 973	2.0
Corporate & Investment Banking	1 370	4 774	1 229	7 373	3 278	4 095	4 095	56	7 440	1.4
Corporate loans	1 310	4 570	1 216	7 096	3 166	3 930	3 930	55	7 153	1.5
Commercial property finance	60	204	13	277	112	165	165	60	287	0.5
Central & other			2	2		2	2		2	
Gross loans and advances	8 105	20 664	6 292	35 061	19 199	15 862	15 862	45	35 128	3.2
Percentage of total book (%)	0.7	1.9	0.6	3.2	1.7	1.4	1.4			

Criteria for classifications of loans and advances

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

Banking activities average balance sheet

	2016				2015					
	Trading book Rm	Non-interest earning Rm	Interest earning Rm	Total average balance Rm	Interest[1] Rm	Average rate %	Trading book Rm	Non-interest earning Rm	Interest earning Rm	Total average balance Rm	Interest[1] Rm	Average rate %
Assets												
Cash and balances with central banks[2]	417	24 433	50 126	74 976			425	23 873	30 741	55 039		
Trading assets	91 641	21 817		113 458			75 399	19 504		94 903		
Financial investments			138 351	138 351	10 332	7.45			126 668	126 668	8 398	6.63
Net loans and advances	7 995		1 080 578	1 088 573	100 535	9.21	16 224		1 043 457	1 059 681	88 410	8.34
Loans and advances to banks	368		159 556	159 924	3 576	2.23	3 739		149 518	153 257	2 473	1.61
Loans and advances to customers	7 627		945 032	952 659	96 959	10.15	12 485		914 848	927 333	85 937	9.27
Mortgage loans			332 479	332 479	33 330	10.00			323 930	323 930	29 057	8.97
Vehicle and asset finance			82 141	82 141	9 423	11.44			76 789	76 789	8 022	10.45
Card debtors			32 139	32 139	4 939	15.33			32 115	32 115	4 726	14.72
Overdrafts and other demand loans	7 627		68 839	76 466	9 407	12.27	12 485		71 599	84 084	9 284	11.04
Term loans			360 976	360 976	33 454	9.24			351 572	351 572	29 853	8.49
Commercial property finance			68 458	68 458	6 406	9.33			58 843	58 843	4 995	8.49
Gross loans and advances	7 995		1 104 588	1 112 583	100 535	9.01	16 224		1 064 366	1 080 590	88 410	8.18
Credit impairments for loans and advances			(24 010)	(24 010)					(20 909)	(20 909)		
Other assets	11 527	16 113		27 640			13 912	14 559		28 471		
Interest in associates and joint ventures		2 202		2 202				2 189		2 189		
Goodwill and other intangible assets		23 313		23 313				20 154		20 154		
Property and equipment		14 051		14 051				14 853		14 853		
Total average assets and interest excluding trading derivative assets	111 580	101 929	1 269 055	1 482 564	110 867	7.46	105 960	95 132	1 200 866	1 401 958	96 808	6.91
Trading derivative assets	76 282			76 282			69 849			69 849		
Total average assets and interest	187 862	101 929	1 269 055	1 558 846	110 867	7.09	175 809	95 132	1 200 866	1 471 807	96 808	6.58
Equity and liabilities												
Equity	670	130 993		131 663			3 535	121 056		124 591		
Liabilities	101 929	36 510	1 196 243	1 334 682	53 975	4.03	92 683	37 802	1 132 663	1 263 148	47 498	3.76
Trading liabilities	56 789			56 789			56 385			56 385		
Deposits and current accounts	35 924		1 172 136	1 208 060	51 287	4.23	29 079		1 110 651	1 139 730	45 128	3.96
Deposits from banks	23		130 869	130 892	1 964	1.50	1 946		125 743	127 689	1 640	1.28
Deposits from customers	35 901		1 041 267	1 077 168	49 323	4.67	27 133		984 908	1 012 041	43 488	4.30
Current accounts			205 733	205 733	306	0.15			193 049	193 049	444	0.23
Cash management deposits			141 435	141 435	7 897	5.57			122 394	122 394	5 529	4.52
Call deposits	35 901		299 126	335 027	14 967	4.46	27 133		260 798	287 931	12 237	4.25
Savings accounts			23 015	23 015	439	1.90			20 925	20 925	361	1.73
Term deposits			251 704	251 704	16 220	6.43			278 148	278 148	17 048	6.13
Negotiable certificates of deposit			120 254	120 254	9 494	7.87			109 594	109 594	7 869	7.18
Other liabilities	7 991	36 510		44 501			6 104	37 802		43 906		
Subordinated bonds	1 225		24 107	25 332	2 688	10.58	1 115		22 012	23 127	2 370	10.25
Total average equity, liabilities and interest excluding trading derivative liabilities	102 599	167 503	1 196 243	1 466 345	53 975	3.67	96 218	158 858	1 132 663	1 387 739	47 498	3.42
Trading derivative liabilities	92 501			92 501			84 068			84 068		
Total average equity, liabilities and interest	195 100	167 503	1 196 243	1 558 846	53 975	3.45	180 286	158 858	1 132 663	1 471 807	47 498	3.23
Margin on total average assets excluding trading derivatives	111 580	101 929	1 269 055	1 482 564	56 892	3.83	105 960	95 132	1 200 866	1 401 958	49 310	3.52
Margin on total average loans and advances	7 995		1 080 578	1 088 573	56 892	5.21	16 224		1 043 457	1 059 681	49 310	4.65
Margin on average interest-earning assets			1 269 055	1 269 055	60 735	4.77			1 200 866	1 200 866	52 019	4.33

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

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

Liquidity management

Liquidity market overview

- The group maintained its liquidity position within the approved risk appetite and tolerance limits.
- Appropriate liquidity buffers were held in line with regulatory, prudential and internal stress testing requirements, taking into account the risk profile and market conditions.
- During 2016 the group maintained the LCR in excess of the 70% minimum regulatory requirement.
- The group continued to advance its asset-liability management capabilities and its approach to liquidity and interest rate risk management.
- The group successfully accessed the longer term funding market during 2016, raising R27.2 billion through a combination of senior and subordinated debt, as well as syndicated loan funding. SBSA issued R1.7 billion of Basel III compliant tier II subordinated debt.
- For the period under review, market cost of liquidity widened further, driven by continued investor uncertainty in the local market. Some stabilisation was seen towards the latter part of the year as credit conditions improved.

Total contingent liquidity

- Total contingent liquidity amounted to R335.9 billion as at 31 December 2016 (2015: R312.7 billion) and remains adequate to meet all internal stress testing, prudential and regulatory requirements.
- As a percentage of funding-related liabilities, contingent liquidity amount to 26.9% (2015: 25.5%).
- Eligible Basel III LCR high quality liquid assets (HQLA) are defined according to the Basel Committee on Banking Supervision LCR and liquidity risk monitoring tools framework.
- Managed liquidity represents unencumbered marketable instruments other than eligible Basel LCR HQLA (excluding trading assets) which are able to provide sources of liquidity in a stress scenario.

Total contingent liquidity

	2016 Rbn	2015[2] Rbn
Eligible LCR HQLA[1] comprising:	**220.4**	172.7
Notes and coins	**19.6**	20.0
Balances with central banks	**38.1**	33.1
Government bonds and bills	**146.0**	103.0
Other eligible liquid assets	**16.7**	16.6
Managed liquidity	**115.5**	140.0
Total contingent liquidity	**335.9**	312.7
Total contingent liquidity as a % of funding-related liabilities	**26.9**	25.5

[1] Eligible LCR HQLA considers any liquidity transfer restrictions that will inhibit the transfer of the HQLA across jurisdictions.
[2] Restated in line with internal stress methodology.

Liquidity coverage ratio

- The Basel III LCR promotes short-term resilience of the group's 30 calendar day liquidity risk profile by ensuring it has sufficient HQLA to meet potential outflows in a stressed environment.
- In accordance with the Basel III LCR phase-in arrangements, the minimum regulatory requirements increased from 70% to 80% on 1 January 2017.
- The group's average LCR for the three months ended 31 December 2016 of 117.1% (2015: 93.7%) exceeded the minimum regulatory requirement of 70%.
- SBSA's average LCR for the three months ended 31 December 2016 of 96.4% (2015: 82.1%) exceeded the minimum regulatory requirement of 70%.

Liquidity coverage ratio (average)[1]

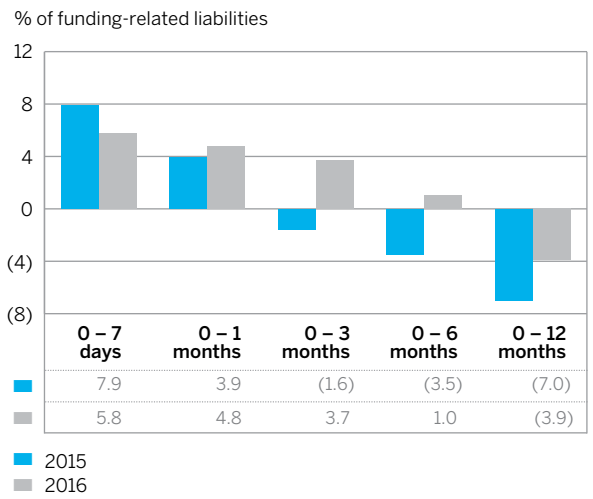
	2016 Rbn	2015 Rbn
Total HQLA	**208.7**	160.5
Net cash outflows	**178.1**	171.2
LCR (%)	**117.1**	93.7
Minimum requirement (%)	**70.0**	60.0

[1] These results reflect the simple average for the 3 months ended December 2016 and December 2015.

Structural liquidity requirements

- Structural liquidity mismatch analyses are performed regularly to anticipate the mismatch between cash flow profiles of balance sheet items.
- Behavioural profiling is applied to assets, liabilities and off-balance sheet commitments as well as certain liquid assets across the group. The cumulative maturity is expressed as a percentage of the group's total funding-related liabilities.
- The group continues to focus on balance sheet optimisation and mix in conjunction with Basel III NSFR compliance by January 2018. The group, together with the local banking industry, continues to engage through the BASA with the SARB to explore further market-based solutions to ensure that the NSFR framework aligns to local industry conditions and requirements.

Behaviourally adjusted cumulative liquidity mismatch



Diversified funding base

- Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the market, competitive and regulatory environment. The group continued to focus on building its deposit base as a key component of the funding mix. Deposits sourced from South Africa and other major jurisdictions in the Africa Regions, Isle of Man and Jersey provide diversity of stable sources of funding for the group.
- Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as loan and debt capital markets. Total funding-related liabilities grew from R1 226 billion as at 31 December 2015 to R1 251 billion as at 31 December 2016.

Funding-related liabilities composition[1]

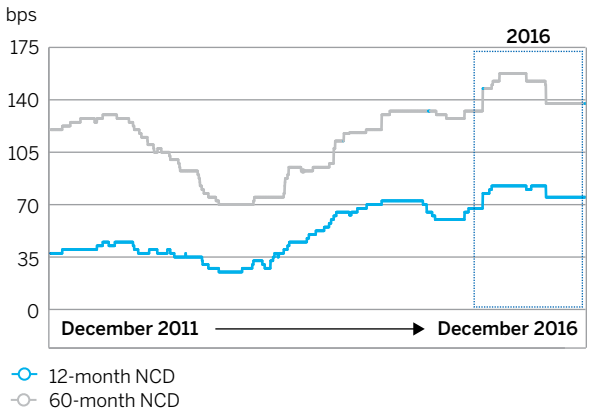
	2016 Rbn	2015 [3] Rbn
Corporate funding	**387**	385
Retail deposits[2]	**321**	332
Institutional funding	**286**	227
Deposits from banks	**78**	95
Government and parastatals	**66**	65
Senior debt	**49**	49
Term loan funding	**41**	42
Subordinated debt issued	**22**	24
Other liabilities to the public	**1**	7
Total group funding-related liabilities	**1 251**	1 226

[1] Composition aligned to Basel III liquidity classification.
[2] Comprises individual and small business customers.
[3] Reclassification for the Africa Regions funding related liabilities composition.

Funding costs

- The market cost of liquidity is measured as the spread paid on negotiable certificates of deposit relative to the prevailing swap curve for that tenor.
- For the period under review, market cost of liquidity widened further, driven by continued investor uncertainty in the local market. Some stabilisation was seen in the second half of the year as credit conditions improved.

SBSA 12- and 60-month liquidity spread

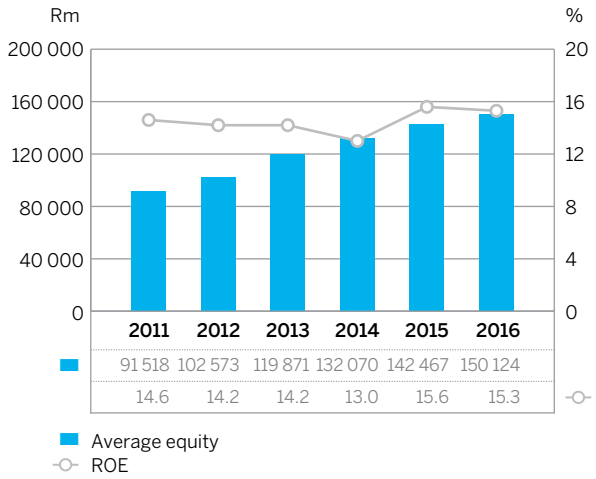


Notes

Capital management

Return on ordinary shareholders' equity

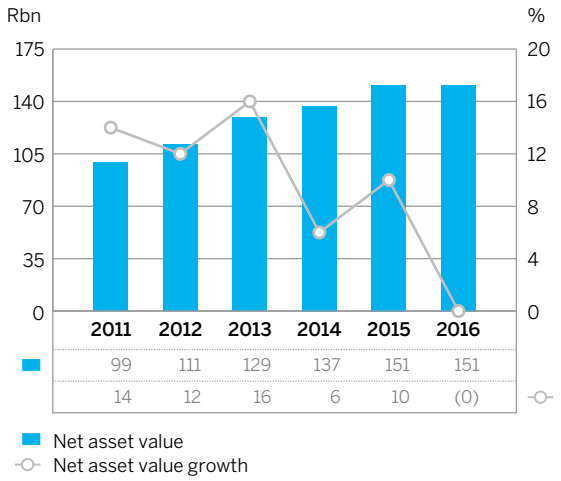
Return on ordinary shareholders' equity – group



	2016 Average equity Rm	2016 ROE %	2015 Average equity Rm	2015 ROE %
Personal & Business Banking	**67 592**	**18.7**	61 891	18.2
Corporate & Investment Banking	**52 892**	**20.0**	50 409	18.0
Central & other	**11 179**	**(10.1)**	12 291	(0.3)
Banking activities	**131 663**	**16.8**	124 591	16.3
Other banking interests	**7 135**	**(0.1)**	7 602	(7.5)
Liberty	**11 326**	**8.4**	10 274	23.7
Standard Bank Group	**150 124**	**15.3**	142 467	15.6

Ordinary shareholders' equity (net asset value)

Analysis of net asset value



Net asset value

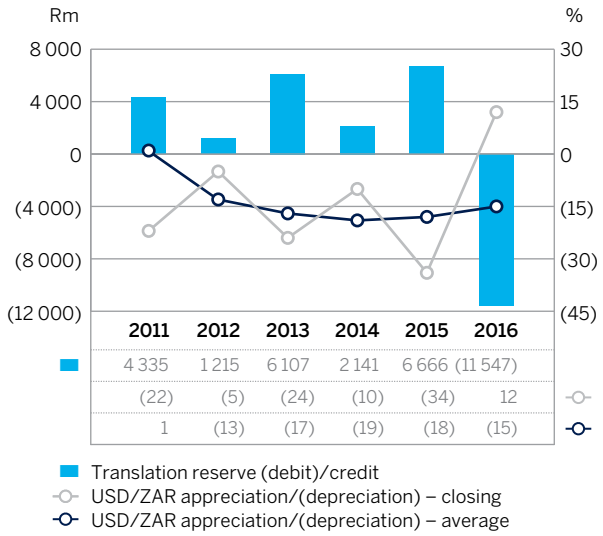
	Change %	2016 Rm	2015 Rm
Personal & Business Banking	6	**68 423**	64 573
Corporate & Investment Banking	(7)	**49 658**	53 279
Central & other	7	**15 094**	14 082
Banking activities	1	**133 175**	131 934
Other banking interests	(19)	**6 445**	7 933
Liberty	(1)	**11 137**	11 202
Standard Bank Group	(0)	**150 757**	151 069

Analysis of changes in net asset value

	Change %	2016 Rm	2015 Rm
Beginning of the year	10	**151 069**	136 985
Additional shareholder value	(57)	**10 882**	25 506
Headline earnings for the year attributable to ordinary shareholders		**23 009**	22 187
Headline adjustable items attributable to ordinary shareholders		**(803)**	1 567
Currency translation movements, including hedging activities		**(11 609)**	2 539
Translation movement for the year		**(11 547)**	6 666
Movement due to disposal and liquidation of entities		**(62)**	(4 127)
Net cash flow hedges		**154**	(851)
Net available-for-sale movement		**(16)**	160
Fair value adjustments on available-for-sale instruments		**114**	123
Realised fair value adjustments transferred to the income statement		**(130)**	37
Defined benefit fund adjustment and other direct reserve movements		**147**	(96)
Transactions with ordinary shareholders	5	**(10 546)**	(11 053)
Dividends paid		**(11 463)**	(10 331)
Equity-settled share-based payments		**126**	(1 392)
Issue of share capital and premium and capitalisation of reserves		**(252)**	(641)
Net decrease in treasury shares		**741**	66
Redemption of empowerment funding		**95**	1 317
Deferred tax on share-based payments		**207**	(72)
Transactions with non-controlling shareholders	(76)	**(648)**	(369)
End of the year	(0)	**150 757**	151 069

Currency translation effects

Currency translation effects



Movement in group foreign currency translation and net investment hedging reserve

	2016 Rm	2015 Rm
Balance at beginning of the year: credit	**9 483**	6 944
Translation reserve (decrease)/increase for the year	**(11 547)**	6 666
Translation reserve (decrease)/increase	**(11 350)**	6 991
Africa Regions	**(7 776)**	2 068
International	**(3 468)**	4 850
Liberty	**(106)**	73
Currency hedge losses	**(197)**	(325)
Movement due to disposal and liquidation of entities	**(62)**	(4 127)
Foreign currency translation reserve	**(62)**	(4 059)
Net investment hedge reserve		(68)
Balance at end of the year: (debit)/credit	**(2 126)**	9 483

Exchange rates

	Average			Closing		
	Change %	2016	2015	Change %	2016	2015
USD/ZAR	15	**14.69**	12.75	(12)	**13.69**	15.50
GBP/ZAR	2	**19.96**	19.49	(26)	**16.94**	22.93
ARS/ZAR	(28)	**1.00**	1.38	(28)	**0.86**	1.20
ZAR/NGN	8	**16.67**	15.38	79	**22.97**	12.81
ZAR/GHS	(10)	**0.27**	0.30	24	**0.31**	0.25
ZAR/KES	(10)	**6.91**	7.70	13	**7.49**	6.60
ZAR/ZMW	6	**0.70**	0.66	1	**0.72**	0.71
ZAR/MZN	32	**4.12**	3.12	69	**5.25**	3.10

Cost of equity, economic returns and economic capital

Cost of equity estimates

	Average 2016 %	Average 2015 %
Standard Bank Group	**14.0**	13.3
Banking activities	**14.1**	13.5

Economic returns

	Change %	2016 Rm	2015 Rm
Average ordinary shareholders' equity	5	**150 124**	142 467
Headline earnings	4	**23 009**	22 187
Cost of equity charge	(11)	**(21 017)**	(18 948)
Economic profit on headline earnings	(38)	**1 992**	3 239

Economic capital utilisation by risk type

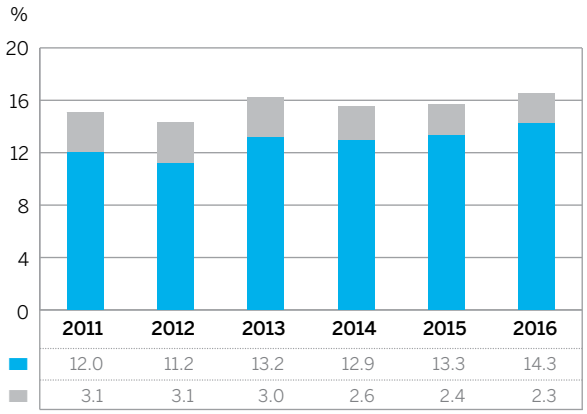
	Change %	2016 Rm	2015 Rm
Credit risk	(2)	**70 680**	72 210
Equity risk	(19)	**6 805**	8 359
Market risk	32	**2 092**	1 584
Operational risk	8	**11 947**	11 062
Business risk	2	**3 913**	3 847
Interest rate risk in the banking book	(25)	**3 381**	4 486
Banking activities and other banking interests – economic capital requirement	(3)	**98 818**	101 548
Available financial resources	0	**144 537**	143 832
Economic capital coverage ratio (times)		**1.46**	1.42

Economic capital utilisation by business unit

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	0	**26 700**	26 657
Corporate & Investment Banking	2	**64 094**	63 068
Central & other	(32)	**8 024**	11 823
Banking activities and other banking interests	(3)	**98 818**	101 548

Risk-weighted assets

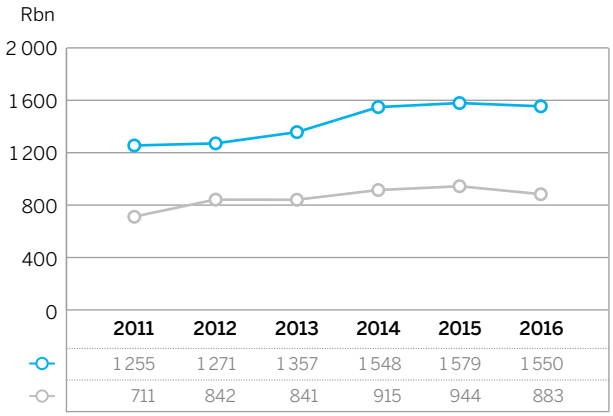
Capital adequacy[1]



Tier I capital
Tier II capital

[1] Basel III implemented 1 January 2013. Capital adequacy for 2012 measured on a pro-forma Basel III basis. 2011 is on a Basel II basis.

Risk-weighted assets
(closing balances)[1]



Total assets[2]
Risk-weighted assets

[1] Basel III implemented 1 January 2013. Risk-weighted assets for 2012 is measured on a pro-forma Basel III basis. 2011 is measured on a Basel II basis.
[2] Banking activities and other banking interests.

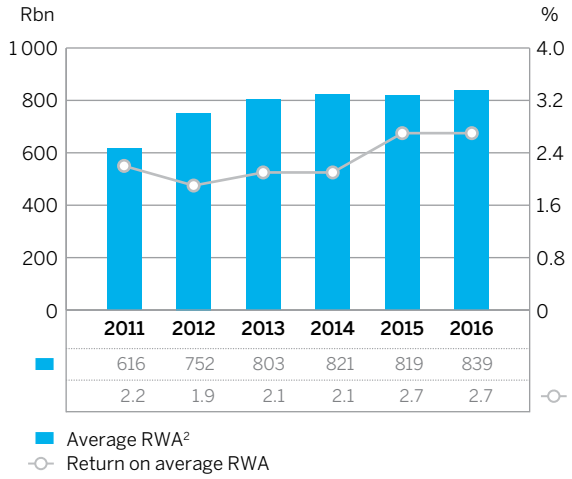
Risk-weighted assets by business unit and risk type

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	1	**394 230**	390 671
Credit risk	(1)	**305 653**	307 503
Operational risk	7	**88 019**	82 471
Equity risk in the banking book	(20)	**558**	697
Corporate & Investment Banking	(13)	**412 978**	475 124
Credit risk	(16)	**285 931**	339 891
Counterparty credit risk	(7)	**21 185**	22 769
Market risk	(16)	**39 444**	46 745
Operational risk	5	**58 238**	55 489
Equity risk in the banking book	(20)	**8 180**	10 230
Central & other	(11)	**37 119**	41 634
Credit risk	(22)	**30 826**	39 306
Operational risk	32	**2 905**	2 203
Equity risk in the banking book	>100	**3 388**	125
RWA for investments in financial entities	6	**38 852**	36 610
Banking activities and other banking interests	(6)	**883 179**	944 039

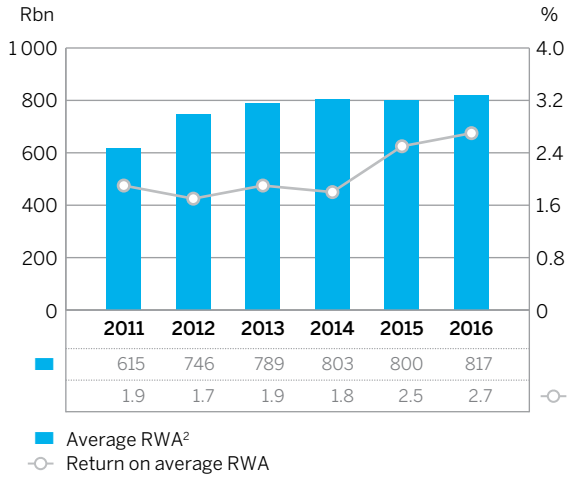
RWA by risk type

	Change %	2016 Rm	2015 Rm
Credit risk	(9)	**622 410**	686 700
Counterparty credit risk	(7)	**21 185**	22 769
Market risk	(16)	**39 444**	46 745
Operational risk	6	**149 162**	140 163
Equity risk in the banking book	10	**12 126**	11 052
RWA for investments in financial entities	6	**38 852**	36 610
Banking activities and other banking interests	(6)	**883 179**	944 039

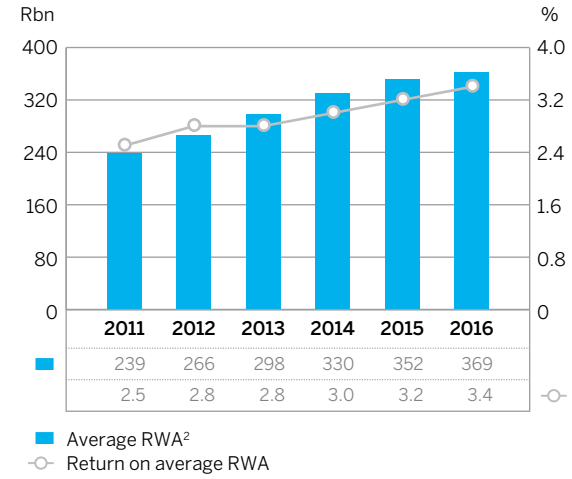
Return on group average RWA[1]



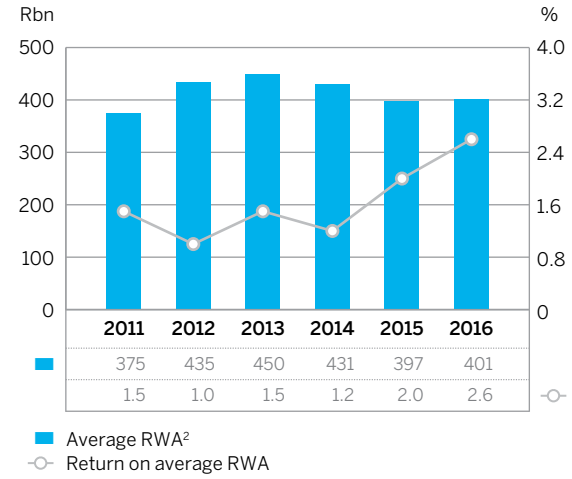
Return on banking activities average RWA[1]



PBB return on average RWA[1]



CIB return on average RWA[1]



[1] Basel III implemented 1 January 2013. Risk-weighted assets for 2012 is measured on a pro-forma Basel III basis. 2011 is measured on a Basel II basis.
[2] Average RWA calculated net of non-controlling interests.

Capital adequacy

Qualifying regulatory capital excluding unappropriated profit

	Change %	2016 Rm	2015 Rm
Ordinary shareholders' equity	(0)	**150 757**	151 069
Qualifying non-controlling interest	(24)	**4 488**	5 896
Less: regulatory adjustments	8	**(32 676)**	(35 394)
Goodwill	46	**(2 239)**	(4 152)
Other intangible assets	(9)	**(19 289)**	(17 773)
Shortfall of credit provisions to expected future losses	3	**(2 118)**	(2 186)
Investments in financial entities	19	**(8 432)**	(10 358)
Other adjustments	35	**(598)**	(925)
Less: unappropriated profit	14	**(8 168)**	(9 472)
Common equity tier I capital	2	**114 401**	112 099
Qualifying perpetual preference shares	(14)	**3 297**	3 846
Qualifying non-controlling interest	10	**322**	293
Tier I capital	2	**118 020**	116 238
Qualifying tier II subordinated debt	(12)	**17 773**	20 118
General allowance for credit impairments	9	**2 357**	2 170
Tier II capital	(10)	**20 130**	22 288
Total regulatory capital	(0)	**138 150**	138 526

Group capital adequacy ratios – excluding unappropriated profit

	2016 SARB minimum regulatory requirement[1] %	2016 %	2015 %
Total capital adequacy ratio	10.4	**15.6**	14.7
Tier I capital adequacy ratio	8.1	**13.4**	12.3
Common equity tier I capital adequacy ratio	6.9	**13.0**	11.9

[1] Excluding domestic systematically important bank requirements (D-SIB) and individual capital requirement add on (pillar 2b) both of which are bank-specific and confidential.

Group capital adequacy ratios – including unappropriated profit

	Internal target ratios[1] %	2016 SARB minimum regulatory requirement[2] %	2016 %	2015 %
Total capital adequacy ratio	15.0 - 16.0	10.4	**16.6**	15.7
Tier I capital adequacy ratio	12.0 - 13.0	8.1	**14.3**	13.3
Common equity tier I capital adequacy ratio	11.0 - 12.5	6.9	**13.9**	12.9

[1] Revised internal ratios applicable 2017 and onwards.
[2] Excluding domestic systematically important bank requirements (D-SIB) and individual capital requirement add on (pillar 2b) both of which are bank-specific and confidential.

Capital adequacy ratios

	Tier I host regulatory requirement %	Total host regulatory requirement %	2016 Tier I capital %	2016 Total capital %	2015 Tier I capital %	2015 Total capital %
Standard Bank Group	8.1	10.4	**14.3**	**16.6**	13.3	15.7
The Standard Bank of South Africa group (SBSA group)	8.1	10.4	**13.7**	**16.8**	12.1	15.3
Africa Regions						
Stanbic Bank Kenya	10.5	14.5	**15.4**	**17.6**	15.4	18.1
Stanbic Bank Botswana	7.5	15.0	**10.0**	**18.0**	14.0	24.2
Stanbic Bank Ghana	6.7	10.0	**14.7**	**18.6**	11.8	13.7
Stanbic Bank Tanzania	10.0	12.0	**19.1**	**20.5**	17.2	19.2
Stanbic Bank Uganda	8.0	12.0	**16.6**	**19.9**	15.2	16.9
Stanbic Bank Zambia	5.0	10.0	**15.6**	**18.5**	11.2	13.9
Stanbic Bank Zimbabwe	8.0	12.0	**20.8**	**23.5**	19.8	22.8
Stanbic IBTC Bank Nigeria	5.0	10.0	**13.7**	**18.3**	12.6	16.5
Standard Bank de Angola	5.0	10.0	**21.6**	**26.8**	15.3	20.1
Standard Bank Malawi	10.0	15.0	**19.7**	**22.0**	15.9	18.2
Standard Bank Mauritius	8.5	10.0	**32.6**	**41.4**	29.5	39.0
Standard Bank Mozambique	4.0	8.0	**14.9**	**17.0**	12.5	15.3
Standard Bank Namibia	7.0	10.0	**11.5**	**14.0**	11.3	13.6
Standard Bank RDC (DRC – Congo)	5.0	10.0	**27.2**	**40.0**	15.9	24.6
Standard Bank Swaziland	4.0	8.0	**10.8**	**13.1**	12.1	14.5
Standard Lesotho Bank	4.0	8.0	**15.3**	**17.7**	11.6	13.3
International						
Standard Bank Isle of Man		11.0	**15.7**	**17.4**	12.3	14.2
Standard Bank Jersey		12.0	**10.9**	**14.7**	9.2	13.1
Liberty Group (calculated in terms of the Long-term Insurance Act) Capital adequacy requirement – times covered				**2.7**		3.0

Subordinated debt

	Redeemable/ Repayable date	Callable date	Notional value[1] LC m	2016 Carrying value[1] Rm	2016 Notional value[1] Rm	2015 Carrying value[1] Rm	2015 Notional value[1] Rm
Subordinated bonds – banking activities							
SBSA group				**20 340**	**20 080**	21 309	21 130
SBK 12	24 Nov 2021	24 Nov 2016	ZAR 1 600	**—**	**—**	1 618	1 600
SBK 13	24 Nov 2021	24 Nov 2016	ZAR 1 150	**—**	**—**	1 160	1 150
SBK 15	23 Jan 2022	23 Jan 2017	ZAR 1 220	**1 242**	**1 220**	1 239	1 220
SBK 14	1 Dec 2022	1 Dec 2017	ZAR 1 780	**1 795**	**1 780**	1 795	1 780
SBK 16	15 Mar 2023	15 Mar 2018	ZAR 2 000	**2 008**	**2 000**	2 008	2 000
SBK 9	10 Apr 2023	10 Apr 2018	ZAR 1 500	**1 529**	**1 500**	1 529	1 500
SBK 17	30 Jul 2024	30 Jul 2019	ZAR 2 000	**2 031**	**2 000**	2 029	2 000
SBK 19	24 Oct 2024	24 Oct 2019	ZAR 500	**508**	**500**	508	500
SBK 20[2]	2 Dec 2024	2 Dec 2019	ZAR 2 250	**2 269**	**2 250**	2 269	2 250
SBK 21[2]	28 Jan 2025	28 Jan 2020	ZAR 750	**763**	**750**	763	750
SBK 22[2]	28 May 2025	28 May 2020	ZAR 1 000	**1 009**	**1 000**	1 009	1 000
SBK 24[2]	19 Oct 2025	19 Oct 2020	ZAR 880	**897**	**880**	897	880
SBK 18	24 Oct 2025	24 Oct 2020	ZAR 3 500	**3 565**	**3 500**	3 557	3 500
SBK 25[2]	25 Apr 2026	25 Apr 2021	ZAR 1 200	**1 225**	**1 200**		
SBK 26[2]	25 Apr 2026	25 Apr 2021	ZAR 500	**511**	**500**		
SBK 23[2]	28 May 2027	28 May 2022	ZAR 1 000	**988**	**1 000**	928	1 000
Standard Bank Swaziland	14 Dec 2024	14 Dec 2019	E 50	**50**	**50**	50	50
Stanbic Botswana	2021 – 2022	2016 – 2017	BWP 130	**102**	**102**	179	179
Standard Bank Mozambique	2017 – 2025	2017 – 2020	MT 1261	**247**	**240**	418	418
Stanbic Bank Kenya	2016 – 2021	2016 – 2020	KES 6 500	**532**	**534**	981	981
Stanbic Bank Ghana	23 Jan 2022	23 Jan 2017	GHS 7	**27**	**22**	34	34
Stanbic IBTC Bank Nigeria	30 Sep 2024	1 Oct 2019	NGN15 440	**686**	**672**	1 226	1 226
Standard Bank Namibia	23 Oct 2024	23 Oct 2019	NAD100	**101**	**100**	102	102
Stanbic Bank Zambia	31 Oct 2024	1 Nov 2019	ZMW37	**53**	**51**	57	57
Subordinated bonds issued to group companies				**(737)**	**(729)**	(789)	(885)
Total subordinated debt – banking activities				**21 401**	**21 122**	23 567	23 292
Liberty (qualifying as regulatory insurance capital)	2017 – 2022		ZAR 4 500	**4 596**	**4 500**	3 574	3 500
Total subordinated debt				**25 997**	**25 622**	27 141	26 792

[1] The difference between the carrying and notional value represents accrued interest together with the unamortised fair value adjustments relating to bonds hedged for interest rate risk.

[2] Basel III compliant tier II instrument which contains a contractual write off feature in the event that SBSA is deemed non-viable by the SARB.

Key banking legal entity information

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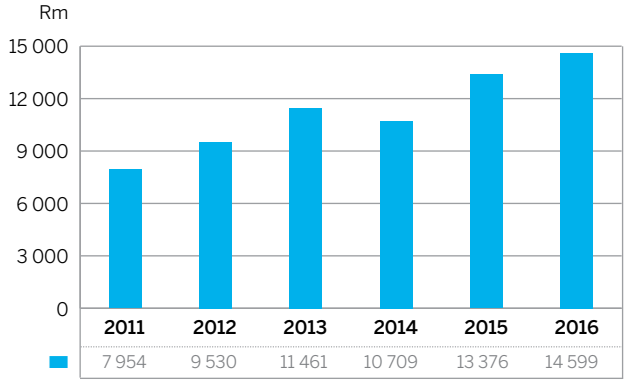
Key financial results, ratios and statistics

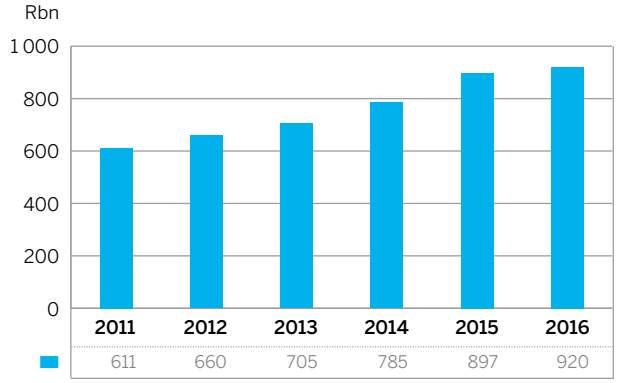
		Change %	2016	2015
SBSA group				
Income statement				
Headline earnings	Rm	9	**14 599**	13 376
Headline earnings as consolidated into SBG[1]	Rm	16	**15 131**	13 047
Profit attributable to the ordinary shareholder	Rm	14	**14 235**	12 478
Statement of financial position				
Ordinary shareholders' equity	Rm	6	**96 285**	90 714
Total assets	Rm	1	**1 285 621**	1 276 953
Loans and advances	Rm	3	**920 406**	897 344
Financial performance				
ROE	%		**15.8**	15.5
Non-interest revenue to total income	%		**41.0**	43.0
Loans-to-deposits ratio	%		**98.2**	102.6
Credit loss ratio	%		**0.75**	0.84
Credit loss ratio on loans to customers	%		**0.87**	0.92
Cost-to-income ratio	%		**59.0**	57.6
Effective total taxation rate	%		**26.9**	26.3
Effective direct taxation rate	%		**21.3**	18.9
Number of employees		1	**32 805**	32 442
Permanent staff under new legislation		(2)	**27 653**	28 082
Temporary to permanent staff conversion under new legislation		18	**5 152**	4 360
Capital adequacy				
Total risk-weighted assets	Rm	(3)	**560 735**	580 944
Tier I capital adequacy ratio[2]	%		**13.7**	12.1
Total capital adequacy ratio[2]	%		**16.8**	15.3
SBSA company				
Headline earnings[3]	Rm	11	**14 061**	12 714
Headline earnings as consolidated into SBG[1,3]	Rm	18	**14 593**	12 385
Total assets[3]	Rm	1	**1 281 342**	1 269 855
ROE	%		**16.1**	15.0

[1] At an SBSA level, the share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. Given the substantial increase in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.
[2] Including unappropriated profits.
[3] Restated. Refer to page 90.

Headline earnings – SBSA group
CAGR (2011 – 2016): 13%



Loans and advances – SBSA group
CAGR (2011 – 2016): 9%



Key items

- SBSA continues to be the main booking entity for the group. As a result, SBSA cannot be viewed as a purely South African operation.
- Strong headline earnings growth in SBSA group, up 9% on 2015 and up 16% as consolidated into SBG.
- Net interest income benefited from the positive endowment effect of higher average interest rates, continued pricing concession management and some growth in average asset balances.
- Net fee and commission income reflected growth due to higher transactional volumes across most portfolios, increased pricing and growth in guarantees, arrangement and commitment fees.
- Strong trading revenue performance, despite volatile markets, was driven by fair value gains on interest rate swaps, higher cash equities revenue, favourable curve movements and good profits on the foreign exchange business.
- The credit loss ratio improved to 0.75% (2015: 0.84%).
- Lower credit impairments in PBB were driven by improved collection capabilities and the stabilisation of loss given defaults in mortgage lending; however continued consumer strain resulted in higher impairment charges in the revolving credit plan and business lending portfolios.
- CIB's growth in credit impairment charges was largely within the consumer and mining and metals sectors.
- Cost growth exceeded total income growth – impacted by the Japan fraud, the effect of the temporary to permanent staff conversion, higher amortisation of intangible assets due to core banking and cross-border payments systems going live, as well as unfavourable time value of money adjustments linked to the recoverability of amounts owing by several subsidiaries, largely Nigeria, Ghana and Tanzania.
- Staff costs and the associated share-based payment scheme were adversely impacted by the material increase in the SBG share price between December 2015 and 2016.
- SBSA group ROE improved to 15.8% from 15.5% in 2015.
- Tier I and total capital adequacy ratios of 13.7% and 16.8% respectively are higher than 2015 and are above regulatory requirements and internal targets.

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Income statement

	Change %	Group 2016 Rm	Group 2015 Rm	Change %	Company 2016 Rm	Company 2015[1] Rm
Net interest income	13	**39 445**	34 958	13	**38 767**	34 212
Non-interest revenue	4	**27 429**	26 347	4	**26 434**	25 420
Net fee and commission revenue	5	**20 142**	19 094	5	**19 054**	18 120
Trading revenue	18	**4 944**	4 188	18	**4 985**	4 216
Other revenue	(24)	**2 343**	3 065	(22)	**2 395**	3 084
Total income	9	**66 874**	61 305	9	**65 201**	59 632
Credit impairment charges	(5)	**7 024**	7 385	(4)	**6 962**	7 282
Specific credit impairments	3	**6 656**	6 475	3	**6 587**	6 379
Portfolio credit impairments	(60)	**368**	910	(58)	**375**	903
Net income after credit impairment charges	11	**59 850**	53 920	11	**58 239**	52 350
Revenue sharing agreements with group companies	10	**(1 015)**	(1 125)	10	**(1 015)**	(1 125)
Income after revenue sharing agreements	11	**58 835**	52 795	12	**57 224**	51 225
Operating expenses	12	**38 824**	34 693	12	**37 910**	33 959
Staff costs	18	**20 913**	17 795	17	**20 413**	17 401
Other operating expenses	6	**17 911**	16 898	6	**17 497**	16 558
Net income before equity accounted earnings	11	**20 011**	18 102	12	**19 314**	17 266
Share of (loss)/profit from associates and joint ventures	(>100)	**(21)**	65	(>100)	**(21)**	65
Net income before non-trading and capital related items	10	**19 990**	18 167	11	**19 293**	17 331
Non-trading and capital related items	58	**(524)**	(1 234)	57	**(525)**	(1 232)
Impairment of intangible assets	53	**(570)**	(1 220)	53	**(570)**	(1 220)
Other non-trading and capital items	>100	**46**	(14)	>100	**45**	(12)
Profit before indirect taxation	15	**19 466**	16 933	17	**18 768**	16 099
Indirect taxation	(11)	**1 381**	1 550	(11)	**1 373**	1 543
Profit before direct taxation	18	**18 085**	15 383	20	**17 395**	14 556
Direct taxation	33	**3 849**	2 904	35	**3 699**	2 731
Profit for the year	14	**14 236**	12 479	16	**13 696**	11 825
Attributable to non-controlling interests	—	**1**	1			
Attributable to the ordinary shareholder	14	**14 235**	12 478	16	**13 696**	11 825
Headline adjustable items	(59)	**364**	898	(59)	**365**	889
Headline earnings	9	**14 599**	13 376	11	**14 061**	12 714
IFRS 2 adjustment[2]						
Staff costs net of taxation	>100	**532**	(329)	>100	**532**	(329)
Headline earnings as consolidated into SBG	16	**15 131**	13 047	18	**14 593**	12 385

[1] Restated. Refer to page 90.

[2] At an SBSA level, the share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. Given the substantial increase in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.

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Statement of financial position

	Group			Company		
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015[1] Rm
Assets						
Cash and balances with the central bank	12	**33 947**	30 252	12	**33 947**	30 253
Derivative and other assets	(38)	**68 396**	109 659	(38)	**68 163**	109 406
Trading assets	70	**107 442**	63 282	70	**107 442**	63 280
Pledged assets	(74)	**2 081**	7 879	(74)	**2 081**	7 879
Financial investments	(7)	**91 551**	98 944	(7)	**90 824**	97 993
Loans and advances	3	**920 406**	897 344	3	**909 909**	882 278
Loans and advances to banks	(10)	**119 844**	133 436	(10)	**119 350**	132 780
Loans and advances to customers	5	**800 562**	763 908	5	**790 559**	749 498
Interest in group companies, associates and joint ventures	(16)	**34 807**	41 347	(17)	**42 091**	50 636
Property and equipment	(3)	**8 637**	8 931	(3)	**8 600**	8 868
Goodwill and other intangible assets	(5)	**18 354**	19 315	(5)	**18 285**	19 262
Total assets	1	**1 285 621**	1 276 953	1	**1 281 342**	1 269 855
Equity and liabilities						
Equity	6	**96 290**	90 714	6	**94 500**	89 467
Equity attributable to the ordinary shareholder	6	**96 285**	90 714	6	**94 500**	89 467
Ordinary share capital	—	**60**	60	—	**60**	60
Ordinary share premium	2	**41 138**	40 138	2	**41 138**	40 138
Reserves	9	**55 087**	50 516	8	**53 302**	49 269
Non-controlling interest	100	**5**				
Liabilities	0	**1 189 331**	1 186 239	1	**1 186 842**	1 180 388
Derivative liabilities	(44)	**67 104**	120 857	(44)	**67 106**	120 857
Trading liabilities	10	**26 976**	24 625	10	**26 976**	24 625
Deposits and current accounts	7	**937 038**	874 372	8	**934 944**	867 358
Deposits from banks	(11)	**105 724**	118 324	(11)	**105 739**	118 556
Deposits and current accounts from customers	10	**831 314**	756 048	11	**829 205**	748 802
Other liabilities	11	**19 890**	17 891	11	**19 562**	17 571
Subordinated debt	(5)	**20 340**	21 309	(5)	**20 340**	21 309
Liabilities to group companies	(7)	**117 983**	127 185	(8)	**117 914**	128 668
Total equity and liabilities	1	**1 285 621**	1 276 953	1	**1 281 342**	1 269 855

[1] Restated. Refer to page 90.

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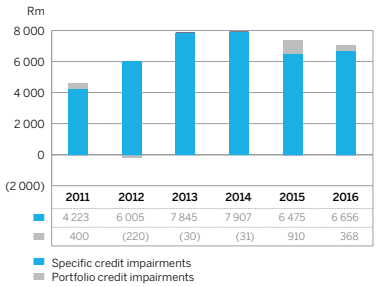
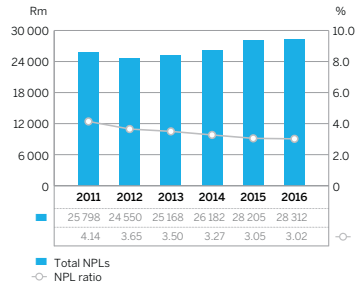
Credit impairment charges

Credit impairment charges



Non-performing loans



Income statement credit impairment charges (net of recoveries)

		2016						2015					
		Specifically impaired loans						Specifically impaired loans					
	Change %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %	Specific impairment Rm	IAS 39 discount[1] Rm	Total Rm	Portfolio credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	(0)	**5 597**	**690**	**6 287**	**305**	**6 592**	**1.29**	5 436	673	6 109	494	6 603	1.35
Mortgage loans	(11)	**1 556**	**235**	**1 791**	**47**	**1 838**	**0.58**	1 332	439	1 771	283	2 054	0.67
Vehicle and asset finance	(1)	**659**	**106**	**765**	**23**	**788**	**1.11**	625	38	663	131	794	1.20
Card debtors	3	**1 380**	**24**	**1 404**	**54**	**1 458**	**4.71**	1 359	(9)	1 350	72	1 422	4.67
Other loans and advances	8	**2 002**	**325**	**2 327**	**181**	**2 508**	**2.70**	2 120	205	2 325	8	2 333	2.69
Inclusive lending	26	**188**	**5**	**193**	**5**	**198**	**10.24**	166	4	170	(13)	157	8.10
Personal unsecured lending	2	**1 348**	**257**	**1 605**	**137**	**1 742**	**4.62**	1 569	181	1 750	(50)	1 700	4.68
Business lending and other	19	**466**	**63**	**529**	**39**	**568**	**1.07**	385	20	405	71	476	0.98
Corporate & Investment Banking	5	**318**	**51**	**369**	**163**	**532**	**0.13**	357	9	366	142	508	0.13
Corporate loans	13	**307**	**51**	**358**	**163**	**521**	**0.15**	311	9	320	142	462	0.14
Commercial property finance	(76)	**11**		**11**		**11**	**0.02**	46		46		46	0.09
Other services	(>100)				**(100)**	**(100)**					274	274	
Total SBSA group	(5)	**5 915**	**741**	**6 656**	**368**	**7 024**	**0.75**	5 793	682	6 475	910	7 385	0.84

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

The Standard Bank of South Africa

Loans and advances performance

	Gross loans and advances Rm	Performing loans: Neither past due nor specifically impaired: Normal monitoring Rm	Close monitoring Rm	Not specifically impaired: Early arrears Rm	Non-performing Rm
2016					
Personal & Business Banking	**520 599**	**457 384**	**13 008**	**25 570**	
Mortgage loans	**321 445**	**282 102**	**7 547**	**18 092**	
Vehicle and asset finance	**71 297**	**64 105**	**1 340**	**3 300**	
Card debtors	**30 668**	**25 611**	**1 228**	**1 643**	
Other loans and advances	**97 189**	**85 566**	**2 893**	**2 535**	
Inclusive lending	**2 068**	**906**	**644**	**260**	
Personal unsecured lending	**37 637**	**31 367**	**925**	**1 393**	
Business lending and other	**57 484**	**53 293**	**1 324**	**882**	
Corporate & Investment Banking	**396 149**	**391 794**	**656**	**26**	**47**
Corporate loans	**331 112**	**327 068**	**656**		**45**
Commercial property finance	**65 037**	**64 726**		**26**	**2**
Other services	**21 754**	**21 752**			
Gross loans and advances	**938 502**	**870 930**	**13 664**	**25 596**	**47**
Percentage of total book (%)	**100.0**	**92.7**	**1.5**	**2.7**	**0.0**
2015					
Personal & Business Banking	498 482	434 587	12 493	27 647	
Mortgage loans	310 330	269 198	7 319	19 915	
Vehicle and asset finance	69 574	62 789	1 202	3 261	
Card debtors	30 389	25 070	1 444	1 870	
Other loans and advances	88 189	77 530	2 528	2 601	
Inclusive lending	1 820	813	476	268	
Personal unsecured lending	35 921	29 732	1 216	1 437	
Business lending and other	50 448	46 985	836	896	
Corporate & Investment Banking	402 608	397 869	291		10
Corporate loans	346 772	342 320	291		
Commercial property finance	55 836	55 549			10
Other services	14 117	14 115			
Gross loans and advances	915 207	846 571	12 784	27 647	10
Percentage of total book (%)	100.0	92.5	1.4	3.0	0.0

	Non-performing loans: Specifically impaired loans: Sub-standard Rm	Doubtful Rm	Loss Rm	Total Rm	Securities and expected recoveries on specifically impaired loans Rm	Net after securities and expected recoveries on specifically impaired loans Rm	Balance sheet impairments for non-performing specifically impaired loans Rm	Specific gross impairment coverage %	Total non-performing loans Rm	Non-performing loans %
2016										
Personal & Business Banking	**5 166**	**15 328**	**4 143**	**24 637**	**14 287**	**10 350**	**10 350**	**42**	**24 637**	**4.7**
Mortgage loans	**3 433**	**10 195**	**76**	**13 704**	**10 257**	**3 447**	**3 447**	**25**	**13 704**	**4.3**
Vehicle and asset finance	**252**	**1 232**	**1 068**	**2 552**	**1 429**	**1 123**	**1 123**	**44**	**2 552**	**3.6**
Card debtors	**596**	**471**	**1 119**	**2 186**	**619**	**1 567**	**1 567**	**72**	**2 186**	**7.1**
Other loans and advances	**885**	**3 430**	**1 880**	**6 195**	**1 982**	**4 213**	**4 213**	**68**	**6 195**	**6.4**
Inclusive lending	**35**	**56**	**167**	**258**	**40**	**218**	**218**	**84**	**258**	**12.5**
Personal unsecured lending	**259**	**3 173**	**520**	**3 952**	**1 127**	**2 825**	**2 825**	**71**	**3 952**	**10.5**
Business lending and other	**591**	**201**	**1 193**	**1 985**	**815**	**1 170**	**1 170**	**59**	**1 985**	**3.5**
Corporate & Investment Banking	**1 038**	**2 429**	**159**	**3 626**	**1 216**	**2 410**	**2 410**	**66**	**3 673**	**0.9**
Corporate loans	**942**	**2 242**	**159**	**3 343**	**1 089**	**2 254**	**2 254**	**67**	**3 388**	**1.0**
Commercial property finance	**96**	**187**		**283**	**127**	**156**	**156**	**55**	**285**	**0.4**
Other services			**2**	**2**		**2**	**2**		**2**	
Gross loans and advances	**6 204**	**17 757**	**4 304**	**28 265**	**15 503**	**12 762**	**12 762**	**45**	**28 312**	**3.0**
Percentage of total book (%)	**0.7**	**1.9**	**0.5**	**3.1**	**1.7**	**1.4**	**1.4**			
2015										
Personal & Business Banking	5 548	14 680	3 527	23 755	13 952	9 803	9 803	41	23 755	4.8
Mortgage loans	3 942	9 893	63	13 898	10 198	3 700	3 700	27	13 898	4.5
Vehicle and asset finance	314	1 037	971	2 322	1 255	1 067	1 067	46	2 322	3.3
Card debtors	588	466	951	2 005	641	1 364	1 364	68	2 005	6.6
Other loans and advances	704	3 284	1 542	5 530	1 858	3 672	3 672	66	5 530	6.3
Inclusive lending	26	50	187	263	40	223	223	85	263	14.5
Personal unsecured lending	232	3 100	204	3 536	1 108	2 428	2 428	69	3 536	9.8
Business lending and other	446	134	1 151	1 731	710	1 021	1 021	59	1 731	3.4
Corporate & Investment Banking	885	3 058	495	4 438	1 505	2 933	2 933	66	4 448	1.1
Corporate loans	825	2 854	482	4 161	1 386	2 775	2 775	67	4 161	1.2
Commercial property finance	60	204	13	277	119	158	158	57	287	0.5
Other services	2			2		2	2		2	
Gross loans and advances	6 435	17 738	4 022	28 195	15 457	12 738	12 738	45	28 205	3.1
Percentage of total book (%)	0.7	2.0	0.4	3.1	1.7	1.4	1.4			

Criteria for classifications of loans and advances

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

The Standard Bank of South Africa
Capital adequacy

SBSA group qualifying regulatory capital excluding unappropriated profit

	Change %	2016 Rm	2015 Rm
Share capital and premium	2	**41 198**	40 198
Retained earnings	10	**54 140**	49 304
Other reserves	(22)	**947**	1 212
Less: regulatory adjustments	4	**(19 419)**	(20 164)
Goodwill	(17)	**(42)**	(36)
Other intangible assets	5	**(16 634)**	(17 494)
Deferred tax assets	(>100)	**(20)**	(4)
Shortfall of provisions to expected losses	3	**(2 126)**	(2 188)
Other adjustments	(35)	**(597)**	(442)
Less: unappropriated profits	(>100)	**(8 769)**	(3 833)
Tier I capital	2	**68 097**	66 717
Qualifying tier II subordinated debt	(4)	**20 080**	20 965
General allowance for credit impairments	(11)	**314**	351
Less: regulatory adjustments – investment in tier II instruments in other banks	1	**(2 901)**	(2 923)
Tier II capital	(5)	**17 493**	18 393
Total qualifying regulatory capital	1	**85 590**	85 110

Capital adequacy ratios – excluding unappropriated profit

	2016 SARB minimum regulatory requirement[1] %	2016 %	2015 %
Total capital adequacy ratio	10.4	**15.3**	14.7
Tier I capital adequacy ratio	8.1	**12.1**	11.5
Common equity tier I capital adequacy ratio	6.9	**12.1**	11.5

[1] Excluding domestic systematically important bank requirements (D-SIB) and individual capital requirement add on (pillar 2b) both of which are bank-specific and confidential.

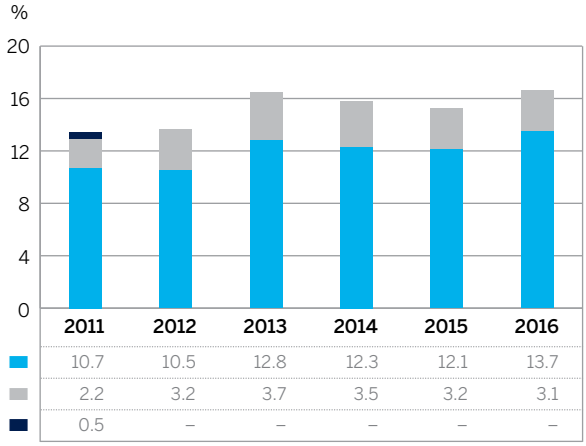
Capital adequacy ratios – including unappropriated profit

	Internal target ratios[1] %	2016 SARB minimum regulatory requirement[2] %	2016 %	2015 %
Total capital adequacy ratio	15.0 – 16.0	10.4	**16.8**	15.3
Tier I capital adequacy ratio	12.0 – 13.0	8.1	**13.7**	12.1
Common equity tier I capital adequacy ratio	11.0 – 12.5	6.9	**13.7**	12.1

[1] Revised internal target ratios applicable 2017 and onwards.
[2] Excluding domestic systematically important bank requirements (D-SIB) and individual capital requirement add on (pillar 2b) both of which are bank-specific and confidential.

The Standard Bank of South Africa
Risk-weighted assets

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



Tier I capital
Tier II capital
Tier III capital

[1] Basel III implemented 1 January 2013. Risk-weighted assets for 2012 is measured on a pro-forma Basel III basis. 2011 measured on Basel II basis.

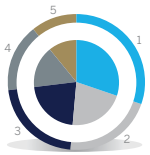
SBSA group risk-weighted assets

	Change %	2016 Rm	2015 Rm
Credit risk	(7)	**406 792**	439 131
Counterparty credit risk	(2)	**19 323**	19 682
Market risk	7	**29 771**	27 724
Operational risk	9	**87 177**	79 908
Equity risk in the banking book	8	**10 456**	9 687
RWA for investments in financial entities	50	**7 216**	4 812
Total RWA	(3)	**560 735**	580 944

The Standard Bank of South Africa

Market share analysis

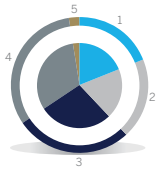
Mortgage loans (%)



	2016	2015
1 SBSA	30.5	29.9
2 Barclays Africa Group	20.9	22.1
3 Nedbank	21.8	21.4
4 FirstRand	16.1	16.4
5 Other	10.7	10.2

Source: SARB BA 900

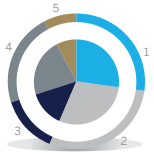
Vehicle and asset finance (%)



	2016	2015
1 SBSA	19.0	18.7
2 Barclays Africa Group	19.1	19.1
3 Nedbank	27.7	26.5
4 FirstRand	31.7	33.6
5 Other	2.5	2.1

Source: SARB BA 900

Card debtors (%)



	2016	2015
1 SBSA	27.4	26.9
2 Barclays Africa Group	29.1	30.2
3 Nedbank	13.7	12.9
4 FirstRand	22.1	20.3
5 Other	7.7	9.7

Source: SARB BA 900

Other loans and advances (%)

	2016	2015
1 SBSA	23.8	23.5
2 Barclays Africa Group	17.2	16.6
3 Nedbank	15.3	14.7
4 FirstRand	21.2	20.8
5 Other	22.5	24.4

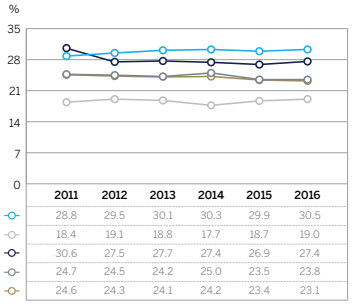
Source: SARB BA 900

Deposits (%)

	2016	2015
1 SBSA	23.1	23.4
2 Barclays Africa Group	20.5	20.7
3 Nedbank	19.0	18.4
4 FirstRand	21.0	20.2
5 Other	16.4	17.3

Source: SARB BA 900

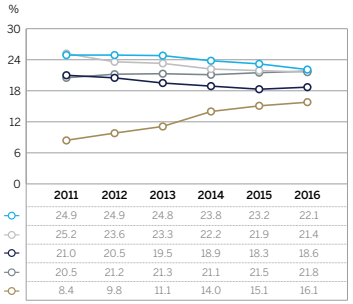
SBSA's market share movement



	2011	2012	2013	2014	2015	2016
Mortgage loans	28.8	29.5	30.1	30.3	29.9	30.5
Vehicle and asset finance	18.4	19.1	18.8	17.7	18.7	19.0
Card debtors	30.6	27.5	27.7	27.4	26.9	27.4
Other loans and advances	24.7	24.5	24.2	25.0	23.5	23.8
Deposits	24.6	24.3	24.1	24.2	23.4	23.1

Source: SARB BA 900

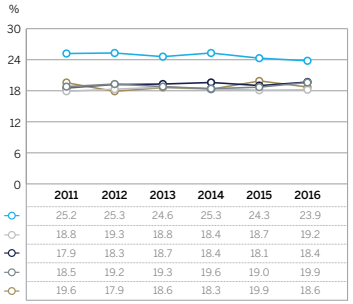
Retail priced deposits
(denominated in rands)



	2011	2012	2013	2014	2015	2016
SBSA	24.9	24.9	24.8	23.8	23.2	22.1
Barclays Africa Group	25.2	23.6	23.3	22.2	21.9	21.4
Nedbank	21.0	20.5	19.5	18.9	18.3	18.6
FirstRand	20.5	21.2	21.3	21.1	21.5	21.8
Other	8.4	9.8	11.1	14.0	15.1	16.1

Source: SARB BA 900

Corporate priced deposits
(denominated in rands)



	2011	2012	2013	2014	2015	2016
SBSA	25.2	25.3	24.6	25.3	24.3	23.9
Barclays Africa Group	18.8	19.3	18.8	18.4	18.7	19.2
Nedbank	17.9	18.3	18.7	18.4	18.1	18.4
FirstRand	18.5	19.2	19.3	19.6	19.0	19.9
Other	19.6	17.9	18.6	18.3	19.9	18.6

Source: SARB BA 900

Africa Regions legal entities

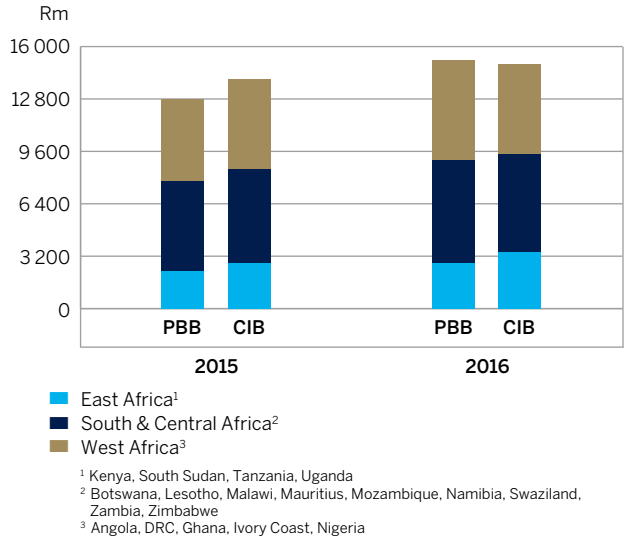
Segmental income statement

	East Africa[1]			South & Central Africa[2]			West Africa[3]				Africa Regions legal entities	
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	CC[5] Change %	2016 Rm	2015 Rm
Net interest income	33	3 819	2 863	17	6 506	5 566	18	6 190	5 227	21	24	16 515	13 656
Non-interest revenue	(2)	2 312	2 357	(1)	5 117	5 186	7	5 699	5 317	2	9	13 128	12 860
Net fee and commission revenue	9	1 050	964	(3)	2 733	2 832	21	4 093	3 370	10	14	7 876	7 166
Trading revenue	(7)	1 253	1 354	(2)	2 269	2 317	(17)	1 561	1 877	(8)	1	5 083	5 548
Other revenue	(77)	9	39	>100	115	37	(36)	45	70	16	35	169	146
Total income	17	6 131	5 220	8	11 623	10 752	13	11 889	10 544	12	17	29 643	26 516
Credit impairment charges	60	425	266	41	595	423	18	1 467	1 248	28	29	2 487	1 937
Specific credit impairment charges	36	307	226	10	316	288	2	1 081	1 063	8	10	1 704	1 577
Portfolio credit impairment charges	>100	118	40	>100	279	135	>100	386	185	>100	>100	783	360
Income after credit impairment charges	15	5 706	4 954	7	11 028	10 329	12	10 422	9 296	10	16	27 156	24 579
Operating expenses	20	3 308	2 753	5	6 306	6 019	3	6 522	6 354	7	13	16 136	15 126
Staff costs	19	1 677	1 409	11	3 178	2 862	17	3 369	2 879	15	19	8 224	7 150
Other operating expenses	21	1 631	1 344	(1)	3 128	3 157	(9)	3 153	3 475	(1)	7	7 912	7 976
Net income before equity accounted earnings	9	2 398	2 201	10	4 722	4 310	33	3 900	2 942	17	20	11 020	9 453
Share of profit from joint ventures				100	2	1				100	100	2	1
Net income before non-trading and capital related items	9	2 398	2 201	10	4 724	4 311	33	3 900	2 942	17	20	11 022	9 454
Non-trading and capital related items	(>100)	(11)	1	(>100)	(37)	(12)	(42)	(481)	(339)	(51)	(50)	(529)	(350)
Net income before taxation	8	2 387	2 202	9	4 687	4 299	31	3 419	2 603	15	19	10 493	9 104
Indirect taxation	22	171	140	11	231	209	(4)	50	52	13	15	452	401
Profit before direct taxation	7	2 216	2 062	9	4 456	4 090	32	3 369	2 551	15	19	10 041	8 703
Direct taxation	(2)	605	620	17	1 322	1 131	44	999	693	20	31	2 926	2 444
Profit for the year	12	1 611	1 442	6	3 134	2 959	28	2 370	1 858	14	14	7 115	6 259
Attributable to non-controlling interests	5	436	414	(17)	261	315	31	1 278	972	16	29	1 975	1 701
Attributable to ordinary shareholders	14	1 175	1 028	9	2 873	2 644	23	1 092	886	13	10	5 140	4 558
Headline adjustable items	(47)	17	32	(89)	39	345	41	480	340	(25)	33	536	717
Headline earnings excluding PIM	12	1 192	1 060	(3)	2 912	2 989	28	1 572	1 226	8	11	5 676	5 275
Gains on disposal of property investments – PIM							(100)		236	(100)	(100)		236
Headline earnings	12	1 192	1 060	(3)	2 912	2 989	8	1 572	1 462	3	7	5 676	5 511
Headline earnings on a constant currency basis	12	1 192	1 065	2	2 912	2 850	11	1 572	1 412		7	5 676	5 327
ROE – on invested equity[4] (%)		20.1	22.4		20.2	22.9		21.5	18.9			20.6	21.8
ROE – using equity calculated on SARB rules[4] (%)		20.7	22.3		18.6	23.7		15.8	14.4			18.1	20.5
Credit loss ratio (%)		1.37	0.87		0.86	0.45		2.90	2.33			1.54	1.09
Credit loss ratio to customers (%)		1.68	1.11		1.44	0.80		4.21	3.21			2.32	1.67
Cost-to-income ratio (%)		54.0	52.7		54.3	56.0		54.9	60.3			54.4	57.0
Effective direct taxation rate (%)		27.3	30.1		29.7	27.7		29.7	27.2			29.1	28.1
Effective total taxation rate (%)		32.5	34.5		33.1	31.2		30.7	28.6			32.2	31.3

[1] Kenya, South Sudan, Tanzania, Uganda.
[2] Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe.
[3] Angola, DRC, Ghana, Ivory Coast, Nigeria.
[4] Excluding all balances relating to PIM.
[5] Constant currency.

Africa Regions legal entities

Contribution by business unit to the Africa Regions legal entities income



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

Key features

- Aggregate headline earnings of legal entities in the Africa Regions were up 3%. The prior year included gains on the disposal of PIM property investments that have not reoccurred. Excluding earnings attributable to these disposals, headline earnings increased 8% and 11% on a constant currency basis.
- Significant growth in headline earnings were noted in Uganda, Nigeria, Botswana and Ghana.
- Nigeria returned as the largest contributor to legal entity earnings, closely followed by Mozambique and Uganda.
- Strong growth in the PBB franchise as the continued focus on deposit gathering and lending to affluent sectors delivered results.
- Good constant currency growth in PBB deposits from customers and loans to customers, both up 16%.
- Oil export dependent markets continue to be impacted by lower oil prices and foreign currency liquidity issues in key markets.
- Several regulatory changes were implemented by the Central Bank of Nigeria, including:
  - flexible exchange rate from late June 2016 in an attempt to introduce forex liquidity in the market
  - full provisioning for foreign currency denominated loans following the continued decline in the value of the naira
  - lower cash reserving requirements since the latter part of 2015.
- Kenyan interest rate caps (on lending rates) and floors (on deposits) introduced in September 2016.
- The imposed two year fee moratorium in Botswana ended in December 2015.
- Income growth was noted throughout the Africa Regions from an increased customer base and growth in electronic channels. Total income increased 12% and 17% on a constant currency basis.
- Cost containment remained a focus, within the context of investing for growth, and assisted in keeping cost growth at 9%.
- Positive JAWs of 3% and 4% on a constant currency basis.
- Higher credit impairment charges, predominantly in Nigeria, Mozambique and Kenya, resulting in an increase in the credit loss ratio to customers of 2.32% (2015: 1.67%).
- Profit attributable to non-controlling interests up 16% due to growth in Nigeria, Kenya and Angola where there are relatively large minority interests.

Africa Regions legal entities

Statement of financial position

	Change %	CC[1] change %	2016 Rm	2015 Rm
Assets				
Cash and balances with central banks	(3)	34	**43 311**	44 713
Derivative and other assets	(9)	>100	**8 488**	9 279
Trading assets	(25)	(6)	**11 513**	15 294
Pledged assets	(83)	(71)	**1 232**	7 324
Financial investments	(0)	38	**41 458**	41 051
Loans and advances	(15)	6	**161 921**	189 567
Loans and advances to banks	(14)	7	**57 003**	66 182
Loans and advances to PBB customers	(12)	16	**55 389**	62 671
Loans and advances to CIB customers	(18)	(2)	**49 529**	60 714
Property and equipment	(22)	9	**4 283**	5 490
Goodwill and other intangible assets	14	12	**4 890**	4 286
Goodwill	(47)	(50)	**2 159**	4 078
Other intangible assets	>100	>100	**2 731**	208
Total assets	(13)	15	**277 096**	317 004
Equity and liabilities				
Equity	(15)	32	**33 148**	38 840
Equity attributable to ordinary shareholders	(12)	61	**26 522**	30 138
Non-controlling interest	(24)	(24)	**6 626**	8 702
Liabilities	(12)	13	**243 948**	278 164
Trading liabilities	(44)	(16)	**1 921**	3 421
Deposits and current accounts	(12)	13	**221 137**	251 316
Deposits from banks	(20)	8	**25 303**	31 722
Deposits and current accounts from PBB customers	(11)	16	**73 220**	82 083
Deposits and current accounts from CIB customers	(11)	12	**122 614**	137 511
Derivative and other liabilities	(7)	36	**16 368**	17 671
Subordinated debt	(21)	(8)	**4 522**	5 756
Total equity and liabilities	(13)	15	**277 096**	317 004

[1] Constant currency.

Standard Bank Group

Headline earnings and net asset value reconciliation by key legal entity

Headline earnings reconciliation

	Change %	2016 Rm	2015 Rm
SBSA group as consolidated into SBG	16	**15 131**	13 047
Africa Regions legal entities	3	**5 676**	5 511
Standard Bank Wealth International	20	**553**	461
Standard Bank Plc (up to January 2015)	100		(654)
Partial recovery of aluminium insurance proceeds	(100)		541
Deferred prosecution agreement amount payable to ICBC under indemnity	100		(336)
SBG Holdings and other group entities	(60)	**702**	1 753
Standard Insurance Limited	6	**476**	447
Standard Financial Markets	28	**163**	127
Standard Advisory London	34	**141**	105
Standard International Insurance Limited	(>100)	**(177)**	100
Cash flow hedge release on disposal of controlling interest in SB Plc and Brazil	(100)		515
Other	(78)	**99**	459
Banking activities	9	**22 062**	20 323
Other banking interests	99	**(8)**	(569)
ICBCS associate (40% shareholding)	50	**(591)**	(1 173)
ICBCS operating loss (40%)	54	**(591)**	(1 294)
Partial recovery of aluminium loss – insurance proceeds (40%)	(100)		347
Deferred prosecution agreement amount accounted in ICBCS (40%)	100		(226)
ICBC Argentina (20% shareholding)	(3)	**583**	604
Liberty	(61)	**955**	2 433
Standard Bank Group	4	**23 009**	22 187

Net asset value reconciliation

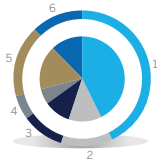
	Change %	2016 Rm	2015 Rm
SBSA group	6	**96 285**	90 714
Africa Regions legal entities	(12)	**26 522**	30 138
Standard Bank Wealth International	(13)	**3 457**	3 953
SBG Holdings and other group entities	(3)	**6 911**	7 129
Standard Insurance Limited	1	**1 332**	1 322
Standard Financial Markets	16	**1 157**	994
Standard Advisory London	(17)	**651**	787
Other	(6)	**3 771**	4 026
Banking activities	1	**133 175**	131 934
Other banking interests	(19)	**6 445**	7 933
ICBCS associate (40% shareholding)	(23)	**4 505**	5 836
ICBC Argentina (20% shareholding)	(7)	**1 940**	2 097
Liberty	(1)	**11 137**	11 202
Standard Bank Group	(0)	**150 757**	151 069

Other information

Product information

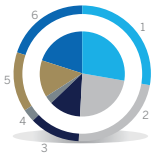
	Net interest income			Non-interest revenue			Total income			Credit impairment charges			Operating expenses			Headline earnings	
	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm	Change %	2016 Rm	2015 Rm
PBB																		
Transactional products	18	**15 377**	13 067	6	**13 620**	12 822	12	**28 997**	25 889	100	**—**	(12)	13	**23 370**	20 684	5	**3 500**	3 326
Mortgage lending	9	**7 971**	7 306	28	**324**	254	10	**8 295**	7 560	(9)	**1 926**	2 123	9	**2 339**	2 144	20	**2 964**	2 465
Card products	(0)	**3 018**	3 025	9	**3 889**	3 569	5	**6 907**	6 594	3	**1 477**	1 436	4	**3 032**	2 927	4	**1 550**	1 484
Vehicle and asset finance	13	**3 252**	2 866	6	**578**	544	12	**3 830**	3 410	(11)	**993**	1 116	9	**2 196**	2 008	38	**421**	306
Lending products	15	**9 127**	7 928	12	**2 300**	2 060	14	**11 427**	9 988	15	**3 634**	3 150	10	**5 516**	5 012	21	**1 720**	1 426
Wealth (including bancassurance)	20	**1 290**	1 071	10	**6 734**	6 125	12	**8 024**	7 196	(100)	**—**	2	10	**4 188**	3 807	9	**2 475**	2 273
Total	14	**40 035**	35 263	8	**27 445**	25 374	11	**67 480**	60 637	3	**8 030**	7 815	11	**40 641**	36 582	12	**12 630**	11 280
CIB																		
Global markets	30	**3 476**	2 683	9	**9 938**	9 137	13	**13 414**	11 820	(67)	**14**	42	9	**6 004**	5 486	23	**4 655**	3 794
Investment banking	17	**5 857**	4 989	(15)	**2 437**	2 854	6	**8 294**	7 843	(6)	**952**	1 016	(0)	**4 823**	4 844	15	**3 098**	2 697
Transactional products and services	28	**9 366**	7 324	3	**4 207**	4 085	19	**13 573**	11 409	>100	**596**	138	10	**7 641**	6 923	17	**3 073**	2 629
Real estate and PIM	10	**(151)**	(168)	(75)	**119**	484	(>100)	**(32)**	316	(51)	**41**	83	12	**298**	267	(>100)	**(268)**	60
Discontinued operation																100		(104)
Total	25	**18 548**	14 828	1	**16 701**	16 560	12	**35 249**	31 388	25	**1 603**	1 279	7	**18 766**	17 520	16	**10 558**	9 076

PBB composition of total income by product (%)



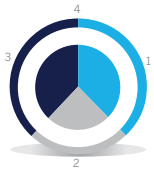
	2016	2015
1 Transactional products	43	43
2 Mortgage lending	12	12
3 Card products	10	11
4 Vehicle and asset finance	6	6
5 Lending products	17	16
6 Wealth (including bancassurance)	12	12

PBB composition of headline earnings by product (%)



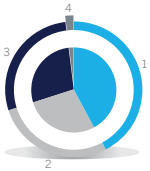
	2016	2015
1 Transactional products	28	29
2 Mortgage lending	23	22
3 Card products	12	13
4 Vehicle and asset finance	3	3
5 Lending products	14	13
6 Wealth (including bancassurance)	20	20

CIB composition of total income by product (%)



	2016	2015
1 Global markets	38	38
2 Investment banking	24	25
3 Transactional products and services	38	36
4 Real estate and PIM	0	1

CIB composition of headline earnings by product – continuing operations (%)



	2016	2015
1 Global markets	44	41
2 Investment banking	29	29
3 Transactional products and services	29	29
4 Real estate and PIM	(2)	1

Constant currency financial results

Income statement

	Change %	2016 Rm	2015 Rm
Net interest income	16	**56 892**	48 956
Non-interest revenue	5	**42 965**	41 073
Net fee and commission revenue	9	**29 012**	26 708
Trading revenue	4	**10 988**	10 538
Other revenue	(23)	**2 965**	3 827
Total income	11	**99 857**	90 029
Credit impairment charges	2	**9 533**	9 360
Specific credit impairments	4	**8 382**	8 064
Portfolio credit impairments	(11)	**1 151**	1 296
Income before operating expenses	12	**90 324**	80 669
Operating expenses	10	**56 235**	50 978
Staff costs	11	**30 976**	27 881
Other operating expenses	9	**25 259**	23 097
Net income before equity accounted earnings	15	**34 089**	29 691
Share of profit from associates and joint ventures	(27)	**172**	237
Net income before non-trading and capital related items	14	**34 261**	29 928
Non-trading and capital related items	18	**(1 123)**	(1 375)
Net income before indirect taxation	16	**33 138**	28 553
Indirect taxation	(6)	**1 865**	1 974
Profit before direct taxation	18	**31 273**	26 579
Direct taxation	34	**7 631**	5 693
Profit for the year from continuing operations	13	**23 642**	20 886
Profit from discontinued operation	(100)		2 606
Profit for the year	1	**23 642**	23 492
Attributable to non-controlling interests	29	**1 977**	1 533
Attributable to preference shareholders	8	**406**	377
Attributable to ordinary shareholders – banking activities	(1)	**21 259**	21 582
Headline adjustable items – banking activities	>100	**803**	(1 603)
Headline earnings – banking activities	10	**22 062**	19 979
Headline earnings – other banking interests	99	**(8)**	(779)
Headline earnings – Liberty	(61)	**955**	2 433
Standard Bank Group headline earnings	6	**23 009**	21 633

Banking activities statement of financial position

	Change %	2016 Rm	2015 Rm
Assets			
Cash and balances with central banks	24	**77 474**	62 629
Trading and pledged assets	40	**131 411**	93 731
Financial investments	8	**154 630**	142 643
Loans and advances	5	**1 065 628**	1 018 453
Loans and advances to banks	7	**143 788**	134 945
Loans and advances to customers	4	**921 840**	883 508
Derivative and other assets	(42)	**91 330**	157 762
Goodwill and other intangible assets	4	**23 285**	22 389
Total assets	3	**1 543 758**	1 497 607
Equity and liabilities			
Equity	9	**145 319**	133 661
Liabilities	3	**1 398 439**	1 363 946
Derivative, trading and other liabilities	(30)	**169 446**	241 012
Deposits and current accounts	9	**1 228 993**	1 122 934
Deposits from banks	(7)	**119 247**	128 892
Deposits from customers	12	**1 109 746**	994 042
Total equity and liabilities	3	**1 543 758**	1 497 607

Composition of loans and advances

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	5	**588 353**	561 689
Mortgage loans	4	**336 451**	324 737
Vehicle and asset finance	3	**81 035**	78 738
Card debtors	1	**31 229**	31 030
Other loans and advances	10	**139 638**	127 184
Corporate & Investment Banking	3	**360 336**	348 214
Corporate loans	1	**294 817**	292 172
Commercial property finance	17	**65 519**	56 042
Central & other	(0)	**(5 056)**	(5 033)
Gross loans and advances to customers	4	**943 633**	904 870
Less: credit impairments for loans and advances	2	**21 793**	21 362
Loans and advances to banks	7	**143 788**	134 945
Net loans and advances	5	**1 065 628**	1 018 453

Composition of deposits and current accounts

	Change %	2016 Rm	2015 Rm
Personal & Business Banking	9	**497 558**	455 505
Retail priced deposits	11	**401 497**	361 657
Wholesale priced deposits	2	**96 061**	93 848
Corporate & Investment Banking	13	**616 601**	545 014
Central & other	32	**(4 413)**	(6 477)
Deposits and current accounts from customers	12	**1 109 746**	994 042
Deposits and current accounts from banks	(7)	**119 247**	128 892
Total deposits and current accounts	9	**1 228 993**	1 122 934

Changes in accounting policies and restatements

Adoption of new amended standards effective for the current financial period

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following amendments to IFRS and revised circular effective for the current period:

- Amendment to IFRS 11 *Joint Arrangements* (IFRS 11)
- Amendment to IAS 27 *Separate Financial Statements* (IAS 27)
- SAICA Headline *Earnings circular* (Circular 2/2015)

Early adoption of revised standards:

- Amendment to IAS 7 *Statement of Cash Flows* (IAS 7)
- Amendment to IAS 12 *Income Taxes* (IAS 12)

Group

With the exception of certain additional required disclosure requirements, the abovementioned amendments to IFRS and the revised circular, adopted on 1 January 2016, did not have any effect on the group's previously reported financial results and had no material impact on the group's accounting policies.

SBSA company financial statements

In terms of the IAS 27 amendment, SBSA company elected to adopt the amendment to IAS 27 which permits the measurement basis of associates and joint ventures in its respective separate financial statements to change from a cost less accumulated impairment basis to the equity accounting method. SBSA company has investments in associates that were previously measured at cost less accumulated impairment. The amendment has been applied retrospectively and the separate financial statements have been restated. SBSA company's 2015 income statement and statement of financial position on pages 70 to 71 have accordingly been restated. For details regarding the full restatement, including the restatement of SBSA company's 2014 financial results for this change in accounting policy, refer to SBSA company's financial statements which will be publicly released during April 2017.

The change in accounting policy resulted in the following financial restatements:

	2015	
	Restated Rm	As previously reported Rm
Statement of financial position		
Interest in SBG companies, associates and joint ventures – banking operations[1]	50 636	49 935
Reserves[2]	49 269	48 568
Income statement		
Share of profits from associates[3]	65	—
Other revenue[4]	3 084	3 149
Non-trading and capital related items[5]	(1 232)	(1 110)

[1] Effect of equity accounting the associates of R701 million.
[2] Increase as a result of equity accounting the associates offset by dividend income of R65 million from associates and lower gain on disposal of R122 million as a result of the restated equity accounted carrying value.
[3] Equity accounted earnings from associates for the year.
[4] Lower other revenue as a result of not accounting for dividend income received from associates of R65 million.
[5] Increase as a result of a lower gain on disposal of R122 million as a result of the restated equity accounted carrying value.

Change in presentation policy for policyholders' assets and liabilities – group

Included in the group's previously reported statement of financial position are policyholders' liabilities which, on a portfolio basis, contain certain risk-only contracts and have a negative measurement in aggregate policyholder assets and reinsurance liabilities. The group adopted a voluntary change in accounting presentation policy for the year ended 31 December 2016 in which these policyholders' assets (net of related reinsurance) and reinsurance liabilities (and related impact on liabilities under insurance contracts) were presented on a gross basis. The effect of the change in voluntary change in presentation policy, which has been outlined below, had no effect on the group's total earnings, comprehensive income, shareholders' equity or net asset value.

	2015	
	Restated Rm	As previously reported Rm
Statement of financial position		
Policyholder assets	7 579	
Policyholder liabilities	(305 194)	(298 232)
Reinsurance liabilities	(617)	

Financial and other definitions

Standard Bank Group

Common equity tier I capital adequacy ratio (%)	Common equity tier I regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.
Constant currency	Comparative financial results adjusted for the difference between the current and prior periods cumulative average exchange rates.
Consumer price index (CPI)	A South African index of prices used to measure the change in the cost of basic goods and services.
Diluted headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of shares, adjusted for potential dilutive ordinary shares.
Dividend cover (times)	Headline earnings per share divided by dividend per share.
Dividend payout ratio (%)	Dividend per share divided by headline earnings per share.
Dividend per share (cents)	Total dividends to ordinary shareholders declared in respect of the current period.
Earnings per share (EPS) (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
Headline earnings (Rm)	Determined by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests.
Headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Liberty	Investment management and life insurance activities of companies in the Liberty Holdings Group.
Net asset value (NAV) (Rm)	Equity attributable to ordinary shareholders.
Net asset value per share (cents)	Net asset value divided by the number of ordinary shares in issue at the end of the period.
Normalised results	The financial results and ratios stated on an economic substance basis as explained on www.reporting.standardbank.com/resultsreports.php.
Profit attributable to ordinary shareholders (Rm)	Profit for the period less dividends on non-redeemable, non-cumulative, non-participating preference shares declared before period end, less non-controlling interests.
Profit for the year (Rm)	Income statement profit for the year attributable to ordinary shareholders, before non-controlling interests and preference shareholders.
Return on equity (ROE) (%)	Headline earnings as a percentage of monthly average ordinary shareholders' equity.
Shares in issue (number)	Number of ordinary shares in issue as listed on the exchange operated by the JSE.
Structured entity (SE)	Entities where each is created to accomplish a narrow and well-defined objective.
Tangible net asset value (Rm)	Equity attributable to ordinary shareholders, excluding goodwill and other intangible assets.
Tangible net asset value per share (cents)	Tangible net asset value divided by the number of ordinary shares in issue at the end of the period.
Tier I capital adequacy ratio (%)	Tier I regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.
Total capital adequacy ratio (%)	Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets.
Tutuwa	Tutuwa is the group's black economic empowerment ownership initiative entered into in terms of the Financial Sector Charter.
Weighted average number of shares (number)	The weighted average number of ordinary shares in issue during the period as listed on the JSE.

Banking activities

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

Abbreviations and acronyms

BEE	Black economic empowerment
BASA	Banking Association South Africa
CAGR	Compound annual growth rate
CIB	Corporate & Investment Banking
CLR	Credit loss ratio
D-SIB	Domestic systemically important bank
EPS	Earnings per share
FIC	Fixed income and currencies
GDP	Gross domestic product
HQLA	High quality liquid assets
IAS	International accounting standards
ICBC	Industrial and Commercial Bank of China Limited
ICBCS	ICBC Standard Bank Plc
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
MSCI	Morgan Stanley Capital International Emerging Markets Index
NII	Net Interest Income
NIR	Non-interest revenue
NPL	Non-performing loan
NSFR	Net stable funding ratio
PBB	Personal & Business Banking
PIM	Principal Investment Management
REIT	Real estate investment trust
ROE	Return on equity
RoRWA	Return on risk-weighted assets
RWA	Risk-weighted assets
SA	South Africa
SARB	South African Reserve Bank
SB Plc	Standard Bank Plc
SBG	Standard Bank Group Limited
SBSA	The Standard Bank of South Africa Limited
SNYS	Standard New York Securities Inc
The group	The Standard Bank Group Limited
UK	United Kingdom
US	United States
VAF	Vehicle and asset finance

Shareholder information

Analysis of shareholders

Ten major shareholders[1]

	2016		2015	
	Number of shares (million)	% holding	Number of shares (million)	% holding
Industrial and Commercial Bank of China	325.0	20.1	325.0	20.1
Government Employees Pension Fund (PIC)	191.0	11.8	202.0	12.5
Allan Gray Balanced Fund	36.6	2.3	38.4	2.4
Investment Solutions	29.5	1.8	30.5	1.9
GIC Asset Management	26.1	1.6	26.2	1.6
Vanguard Emerging Markets Fund	21.0	1.3	19.2	1.2
Allan Gray Equity Fund	20.2	1.3	19.6	1.2
Old Mutual Life Assurance Company	18.9	1.2	15.0	0.9
Dimensional Emerging Markets Value Fund	16.6	1.0	16.6	1.0
Stewart Investors GEM Leaders Fund	14.0	0.9	15.9	1.0
	698.9	43.2	708.4	43.8

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

Geographic spread of shareholders

	2016		2015	
	Number of shares (million)	% holding	Number of shares (million)	% holding
South Africa	761.0	47.0	829.0	51.2
Foreign shareholders	857.4	53.0	789.3	48.8
China	325.6	20.1	326.3	20.1
United States of America	232.6	14.4	206.4	12.8
United Kingdom	72.2	4.5	64.5	4.0
Singapore	30.4	1.9	30.4	1.9
Namibia	21.9	1.3	21.9	1.4
Ireland	21.1	1.3	11.6	0.7
Netherlands	16.0	1.0	14.2	0.9
United Arab Emirates	13.5	0.8	12.3	0.8
Australia	13.4	0.8	14.9	0.9
Japan	12.9	0.8	12.6	0.8
Luxembourg	11.2	0.7	8.1	0.5
Switzerland	9.8	0.6	7.0	0.4
Canada	9.4	0.6	7.0	0.4
Other	67.4	4.2	52.1	3.2
	1 618.4	100.0	1 618.3	100.0

Credit ratings

Ratings as at 2 March 2017 for entities within Standard Bank Group are detailed below:

	Short-term	Long-term	Outlook
Fitch Ratings			
Standard Bank Group Limited			
Foreign currency issuer default rating	F3	BBB-	Negative
Local currency issuer default rating		BBB-	Negative
National rating	F1 + (ZAF)	AA (ZAF)	Stable
The Standard Bank of South Africa			
Foreign currency issuer default rating	F3	BBB-	Stable
Local currency issuer default rating		BBB-	Negative
National rating	F1+ (ZAF)	AA (ZAF)	Stable
RSA Sovereign			
Foreign currency issuer default rating	F3	BBB-	Negative
Local currency issuer default rating		BBB-	Negative
Stanbic IBTC Bank Plc			
National rating	F1+ (NGA)	AAA (NGA)	
Stanbic Bank Kenya			
Issuer default rating	B	BB-	Negative
National rating	F1+ (KEN)	AAA (KEN)	Stable
Moody's Investor Services			
Standard Bank Group Limited			
Issuer rating		Baa3	Negative
The Standard Bank of South Africa			
Foreign currency deposit rating	P-2	Baa2	Negative
Local currency deposit rating	P-2	Baa2	Negative
National rating	P-1.za	Aa1.za	
RSA Sovereign			
Foreign currency rating	P-2	Baa2	Negative
Local currency rating		Baa2	Negative
Standard & Poor's			
RSA Sovereign			
Foreign currency	A-3	BBB-	Negative
Local currency	A-2	BBB	Negative
Stanbic IBTC Bank Plc			
Foreign and local currency	B	B	Stable
National rating	ngA-2	ngBBB	
Liberty Group			
National rating	ZaA-1	ZaAAA	

Dividend payment dates

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

	Ordinary shares	6.5% cumulative preference shares (First preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (Second preference shares)
JSE Limited (JSE)			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	95	95	25
Gross distribution/dividend per share (cents)	440.0	3.25	407.57
Last day to trade in order to be eligible for the cash dividend	Tuesday, 28 March 2017	Monday, 20 March 2017	Monday, 20 March 2017
Share trade *ex* the cash dividend	Wednesday, 29 March 2017	Wednesday, 22 March 2017	Wednesday, 22 March 2017
Record date in respect of the cash dividend	Friday, 31 March 2017	Friday, 24 March 2017	Friday, 24 March 2017
Dividend cheques posted and CSDP/ broker accounts credited/updated (payment date)	Monday, 3 April 2017	Monday, 27 March 2017	Monday, 27 March 2017

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 29 March 2017 and Friday, 31 March 2017, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 22 March 2017 and Friday, 24 March 2017, both days inclusive.