Standard Bank Group

FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Standard Bank Moving Forward™

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ANALYSIS OF FINANCIAL RESULTS

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Also trading as Stanbic Bank

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Contents

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

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

The Standard Bank Group's (SBG or the group) analysis of financial results for the period ended 30 June 2018 has not been audited or independently reviewed.

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

Highlights

5% ↑

R12 663 million

HEADLINE EARNINGS

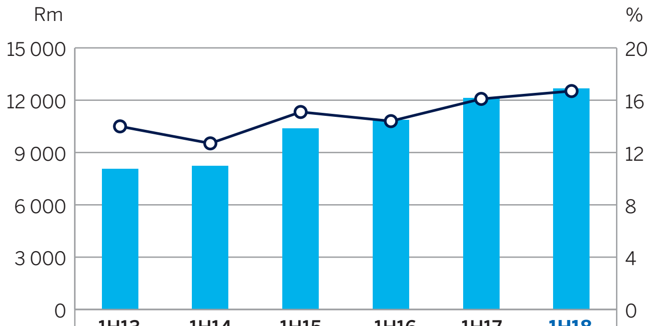
1H17: R12 111 million

5% ↑	8% ↑	↑
794 cents	**430 cents**	**13.8%**
HEADLINE EARNINGS PER SHARE	DIVIDEND PER SHARE	COMMON EQUITY TIER 1 RATIO[1]
1H17: 756 cents	1H17: 400 cents	1H17: 13.7%

↓	↓	↑	↑
0.70%	**(1.8%)**	**57.1%**	**16.8%**
CREDIT LOSS RATIO	JAWS	COST-TO-INCOME RATIO	RETURN ON EQUITY
1H17: 0.96%[2]	1H17: 1.0%[3]	1H17: 56.1%[3]	1H17: 16.1%

Headline earnings and return on equity

CAGR[4] (1H13 – 1H18): 9%

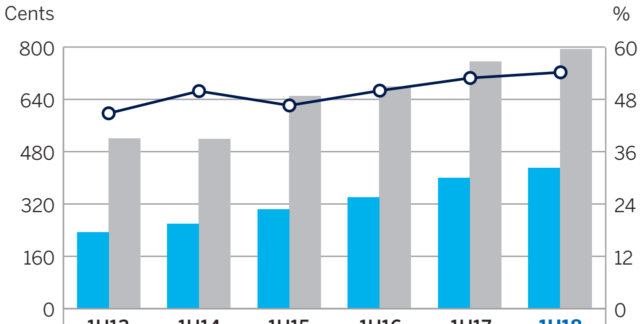


	1H13	1H14	1H15	1H16	1H17	**1H18**
Headline earnings (Rm)	8 046	8 230	10 373	10 861	12 111	**12 663**
Return on equity (ROE) (%)	14.0	12.7	15.1	14.4	16.1	**16.8**

Headline earnings
Return on equity (ROE)

Headline earnings and dividend per share

CAGR (1H13 – 1H18): Dividend per share: 13% Headline earnings per share: 9%



	1H13	1H14	1H15	1H16	1H17	**1H18**
Dividend per share	233	259	303	340	400	**430**
Headline earnings per share	520	519	650	680	756	**794**
Dividend payout ratio	44.8	49.9	46.6	50.0	52.9	**54.2**

Dividend per share
Headline earnings per share
Dividend payout ratio

[1] Following the adoption of IFRS 9 the group elected the South African Reserve Bank (SARB) three year phase-in provision in terms of its directive 5/2017 (SARB IFRS 9 phase-in provision). The ratio is reported after applying this phase-in provision. The fully loaded ratio is 13.3%, for further details please refer to page 63.
[2] Based on IAS 39.
[3] Restated. Refer to page 89.
[4] Compound annual growth rate.

All results in this booklet are presented on an International Financial Reporting Standards (IFRS) basis, unless otherwise indicated as being on a normalised basis.

The group adopted IFRS 9 - Financial Instruments (IFRS 9) with the exception of its hedge accounting requirements on 1 January 2018. The group has not, as permitted by IFRS 9, restated comparative results. The group also prepared an IFRS 9 Transition Report (report), on which a reasonable assurance audit opinion was provided by the group's external auditors. A summary of that report has been summarised on pages 90 – 91. For further information, please refer to the report that is available on **www.standardbank.com/reporting**.

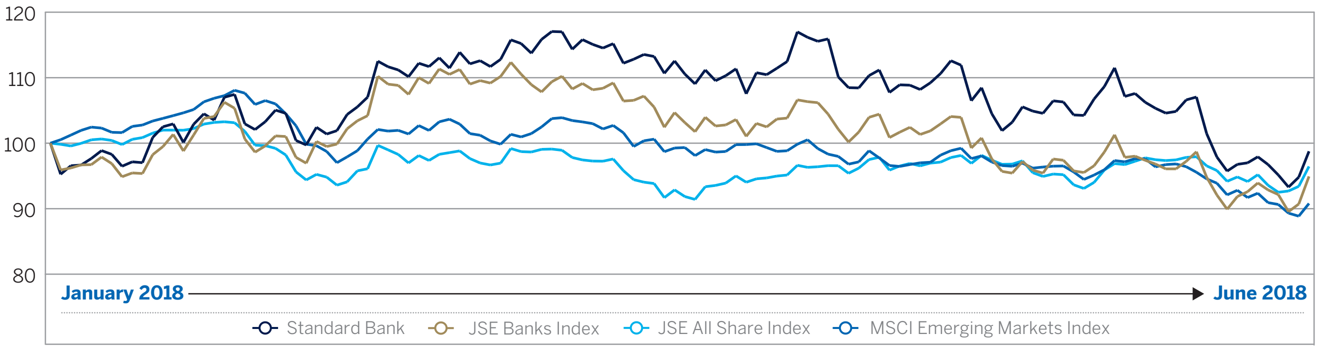
Financial results, ratios and statistics

		Change %	1H18	1H17[1]	FY17[1]
Standard Bank Group (SBG)					
Headline earnings contribution by business unit					
Total headline earnings	Rm	5	**12 663**	12 111	26 270
Banking activities	Rm	6	**11 674**	11 017	24 268
Personal & Business Banking (PBB)	Rm	8	**6 641**	6 133	14 058
Corporate & Investment Banking (CIB)	Rm	8	**5 709**	5 310	11 438
Central and other	Rm	59	**(676)**	(426)	(1 228)
Other banking interests	Rm	(38)	**132**	212	567
Liberty	Rm	(3)	**857**	882	1 435
Ordinary shareholders' interest					
Profit attributable to ordinary shareholders	Rm	3	**12 706**	12 340	26 235
Ordinary shareholders' equity	Rm	2	**155 834**	153 132	157 020
Share statistics					
Headline earnings per ordinary share (EPS)	cents	5	**793.9**	755.5	1 640.0
Diluted headline EPS	cents	5	**784.0**	746.4	1 619.7
Basic EPS	cents	3	**796.6**	769.8	1 637.8
Diluted EPS	cents	3	**786.7**	760.5	1 617.5
Dividend per share	cents	8	**430.0**	400.0	910.0
Net asset value per share	cents	2	**9 768**	9 554	9 830
Tangible net asset value per share	cents	2	**8 267**	8 069	8 369
Dividend payout ratio	%		**54.2**	52.9	55.5
Dividend cover	times		**1.8**	1.9	1.8
Number of ordinary shares in issue	thousands	(0)	**1 595 280**	1 602 748	1 597 371
Selected return ratios					
Return on equity (ROE)	%		**16.8**	16.1	17.1
Return on risk-weighted assets (RoRWA)	%		**2.9**	3.0	3.1
Capital adequacy					
Common equity tier 1 capital adequacy ratio[2]	%		**13.8**	13.7	13.5
Employee statistics					
Number of employees		(1)	**54 213**	54 663	54 558
Banking activities					
Selected returns and ratios					
ROE	%		**17.5**	16.8	18.0
RoRWA	%		**2.7**	2.8	2.9
Loan-to-deposit ratio	%		**83.5**	85.1	83.3
Net interest margin	%		**4.50**	4.60	4.74
Non-interest revenue to total income	%		**43.0**	41.4	41.5
Credit loss ratio	%		**0.70**	0.96	0.86
Jaws	%		**(1.8)**	1.0	1.1
Cost-to-income ratio	%		**57.1**	56.1	55.5
Effective direct taxation rate	%		**21.7**	21.1	22.0
Effective total taxation rate	%		**26.0**	25.3	26.0
Employee statistics	%				
Number of employees		(0)	**48 265**	48 427	48 322

1 Restated. Refer to page 89.
2 Represents the ratio after applying the SARB phase-in provision for IFRS 9. Refer to page 63 for details regarding the fully loaded ratios.

Market and economic indicators

Share price performance (index)



		Average				Closing			
		Change %	**1H18**	1H17	FY17	Change %	**1H18**	1H17	FY17
Market indicators									
SA prime overdraft rate	%		**10.12**	10.50	10.39		**10.00**	10.50	10.25
SA SARB repo rate	%		**6.62**	7.00	6.89		**6.50**	7.00	6.75
SA CPI	%		**4.6**	5.8	5.3		**4.6**	5.1	4.7
JSE All Share Index		10	**57 968**	52 545	54 746	12	**57 611**	51 611	59 505
JSE Banks Index		30	**9 656**	7 432	7 692	26	**9 026**	7 140	9 619
SBK share price		41	**207.73**	147.50	156.63	33	**191.87**	144.04	195.66
Key exchange rates									
USD/ZAR			**12.30**	13.20	13.30		**13.75**	13.11	12.31
GBP/ZAR			**16.92**	16.62	17.13		**18.15**	17.01	16.55
ZAR/NGN[1]			**29.18**	24.62	25.79		**26.14**	28.01	29.19
ZAR/ARS			**1.74**	1.19	1.24		**2.10**	1.27	1.52
ZAR/KES			**8.25**	7.83	7.77		**7.33**	7.90	8.39
ZAR/GHS			**0.37**	0.33	0.33		**0.35**	0.33	0.37
ZAR/UGX			**300.93**	272.86	271.55		**281.85**	273.47	295.86
ZAR/MZN			**4.91**	5.04	4.76		**4.27**	4.57	4.75
ZAR/AOA			**17.61**	12.56	12.47		**18.16**	12.64	13.47

[1] NAFEX rate introduced in April 2017.

Overview of financial results

Group results

For the period ended 30 June 2018 (1H18) group delivered headline earnings of R12.7 billion, up 5% on the prior period (1H17), and return on equity improved to 16.8% from 16.1% in 1H17. The group's capital position remained strong, with a common equity tier 1 (CET1) ratio of 13.8%. Accordingly, an interim dividend of 430 cents per share has been declared, an increase of 8% on the prior period.

Banking activities headline earnings grew 6% to R11.7 billion driven by strong growth in non-interest revenue (NIR) and lower credit impairment charges, in Africa Regions in particular. Banking activities ROE improved to 17.5% from 16.8% in 1H17.

The stronger South African Rand, on average, adversely impacted the group's reported results. On a constant currency basis, group headline earnings increased by 8% boosted by Africa Regions which grew earnings 32%. Africa Regions' contribution to banking headline earnings increased to 32% from 29% in 1H17. The top five contributors to Africa Regions' headline earnings were Angola, Ghana, Mozambique, Nigeria and Uganda.

Operating environment

Global growth has been less synchronised than previously expected. Key drivers were escalating trade tensions, rising oil prices and higher US yields. Global risk aversion led to increased volatility and emerging market (EM) currency pressures.

In many of the sub-Saharan African countries in which we operate, inflation continued to ease, interest rates declined and exchange rates were relatively stable. One exception was Angola, where the managed devaluation of the currency resulted in a 23% decline in average AOA/USD period on period.

In South Africa (SA), on average, the Rand was stronger, rates lower and inflation surprised on the downside. Consumer and business confidence improved but have not necessarily translated into higher spending or fixed investment. The VAT increase, tax bracket creep and higher fuel prices have all negatively impacted discretionary spending capacity.

IFRS 9 became effective on 1 January 2018 and the group provided a transition report with its first quarter results for 2018. The day one impact of implementing IFRS 9's expected credit loss impairment requirements included a 31% increase in balance sheet impairments from R22.4 billion to R29.4 billion, a R6.6 billion decline in group reserves and a 70bps decline in the group's CET1 ratio on a fully loaded basis. The CET1 impact will be phased in over three years.

Revenue

Banking activities achieved revenue growth of 4%, with strong NIR growth dampened by slower NII.

NII was broadly flat driven by low loan growth and declining net interest margin (NIM). NIM declined from 460 bps to 450 bps as the impact of declines in interest rates in SA and various African countries and pressure on pricing was partially offset by retail deposits growing faster than wholesale, the Africa Regions' portfolio growing faster than SA and lower funding costs. In addition, the impact of the earlier suspension of interest in accordance with IFRS 9 was negative 4 bps on NIM and approximately R280 million on NII. On a like-for-like basis, adjusting for the impact of interest in suspense (IIS), NII would have grown 2% compared to reported growth of 1%.

NIR was up 8% on 1H17, with the largest component, net fee and commission revenue, up 6%. Trading revenue recovered to grow at 12% and other revenue by 9%.

Growth in net fee and commission revenue was the result of volume-driven increases in card-based commissions, electronic banking fees and foreign currency service fees. Customers are increasingly adopting and transacting on our digital platforms as well as our non-cash, digital products, e.g. Instant Money and SnapScan. Strong growth in revenue was dampened by higher card merchant fees and UCount reward programme costs.

Reported trading revenue grew 12%, while trading revenue on a constant currency basis grew 17%. On a constant currency basis fixed income and currency trading revenue grew 8%, driven by strong client activity. Equities revenue increased by R475 million, of which approximately 50% was trade related and 50% relates to the elimination, in terms of IFRS, of the impact of Standard Bank shares held by the group to facilitate client trading activities.

Credit impairment charges

Credit impairment charges were 22% lower than in the prior period, which combined with low growth in loans led to a group credit loss ratio of 70 bps, down from 96bps in 1H17. In Personal & Business Banking (PBB), impairment charges declined 14% largely due to the earlier suspension of interest in accordance with IFRS 9 in SA and lower charges in Africa Regions. In SA, excluding the impact of IFRS 9, the credit charge would have been broadly flat period on period. Corporate & Investment Banking's (CIB) impairment charges declined 70%, driven by Africa Regions recoveries. CIB charges are likely to normalise in the second half of 2018 (2H18).

Operating expenses

Operating expenses grew 6% period on period. The cost-to-income ratio for the period was 57.1%, an increase on 56.1% in the prior period.

Staff costs were up 6%, driven by annual salary increases and higher deferred incentive charges (linked to the higher Standard Bank share price). Headcount declined overall, with decreases in PBB and CIB partially offset by additional heads in IT, Compliance, Marketing and Risk Management functions.

Other operating expenses increased by 5%. IT costs increased 13% on the back of higher licensing fees, infrastructure spend and security costs. IT amortisation only grew 3% period on period; this is expected to accelerate in 2H18 as key projects completed in 1H18 start to be amortised. Tight cost control across various operational areas, for example premises, communication and stationary, provided the group with scope to invest in our core customer value proposition. During the period the group incurred additional spend in SA on professional fees related to the PBB customer journey project and on marketing to build on brand awareness both in SA and across Africa Regions. Both projects started in the second half of 2017 and therefore the impact is expected to be less marked over the full year.

Loans and advances

Gross loans and advances to customers grew 4% period on period, of which PBB's advances to customers grew 6% and CIB's by 1%.

Within PBB, mortgage lending grew 3%. In SA, new applications received were down 4% reflective of the low level of activity in the SA housing market. Despite the subdued environment, PBB SA's new business disbursements totalled R19.1 billion in the period. Vehicle and asset finance (VAF) lending grew 5%, driven primarily by strong new business volumes in SA. A 31% increase in new accounts, albeit at lower average values, led to a 22% increase in disbursements to R18.4 billion. The increases are a validation of the investments made in people, processes and structures to deliver a better customer experience. Credit card balances outstanding increased by 4% as customers utilised limits and transacted more. Other personal unsecured lending grew by 4%. Business lending grew by 16%, with PBB Africa Regions showing particularly strong growth at 21% on a constant currency basis.

In CIB loans and advances supporting client activities showed growth in both Investment Banking of 6% and Transactional Products and Services of 12%. The overall growth rate of customer loans is masked by reduced short-term lending balances in Global Markets where surplus liquidity is placed mostly with non-bank financial institutions. Increased client lending requirements during the period therefore led to a switch in our utilisation of liquidity from Global Markets placements to client lending in Investment Banking and Transactional Products and Services.

Funding and liquidity

The group's liquidity position remained strong with a second quarter average Basel III liquidity coverage ratio (LCR) of 121.3%, exceeding the minimum phased-in Basel III LCR requirement of 90%. The group's net stable funding ratio was 123.1% in excess of the minimum Basel III requirement of 100%.

The group successfully increased its longer term funding during 1H18, raising R13.9 billion through a combination of negotiable certificates of deposit, senior debt and syndicated loans.

Deposits and debt funding from customers grew 4% period on period. The group's retail deposits from PBB customers increased 9%. In South Africa, retail-priced deposits grew 6%, in Africa Regions 16% and in International 12%. CIB's SA deposits declined 2%, whilst in Africa Regions customer deposits grew by 5% (9% in constant currency).

Capital management

The group allocates available capital pursuant to our strategic objectives and subject to appropriate return hurdles. In 1H18 the group completed the acquisition of an additional 11% in Stanbic IBTC Holdings in Nigeria, increasing the group's shareholding to 64% and negatively impacting the group CET1 ratio by approximately 20bps. In early July 2018, the group completed the acquisition of an additional 8% in Stanbic Holdings in Kenya, increasing the group's shareholding to 68%. The impact of the transaction in Kenya on group CET1 in 2H18 will be negligible. Including the impact of the Nigeria transaction, the group maintained strong capital adequacy ratios. On an IFRS 9 phased-in basis, the CET1 ratio was 13.8% (1H17: 13.7%) and the total capital adequacy ratio was 16.2% (1H17: 16.2%).

Gross loans and advances to customers

	CCY[1] %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Personal & Business Banking	5	6	**632 088**	598 422	605 187
Mortgage loans	3	3	**353 357**	342 128	346 518
Vehicle and asset finance	5	5	**85 327**	80 889	81 640
Card debtors	4	4	**33 336**	32 119	32 268
Other loans and advances	11	12	**160 068**	143 286	144 761
Corporate & Investment Banking	1	1	**364 148**	359 486	352 025
Global markets	(48)	(48)	**17 653**	33 843	21 648
Investment banking	5	6	**308 526**	291 621	299 357
Transactional products and services	11	12	**37 955**	33 840	30 859
Real estate and PIM	(92)	(92)	**14**	182	161
Central and other	(6)	(9)	**(3 379)**	(3 730)	(4 676)
Gross loans and advances to customers	4	4	**992 857**	954 178	952 536

[1] Constant currency change.

Deposits from customers

	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Personal & Business Banking	9	11	**563 592**	509 276	535 461
Retail priced deposits	7	9	**448 553**	412 022	426 484
Wholesale priced deposits	18	18	**115 039**	97 254	108 977
Corporate & Investment Banking	(1)	(1)	**615 986**	624 283	635 775
Central and other	(0)	(0)	**(4 935)**	(4 945)	(4 671)
Deposits from customers	4	4	**1 174 643**	1 128 614	1 166 565
Comprising:					
Retailed priced deposits and current accounts	7	9	**448 553**	412 022	426 484
Wholesale priced deposits	2	1	**726 090**	716 592	740 081
Deposits from customers	4	4	**1 174 643**	1 128 614	1 166 565

Headline earnings by business unit

	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Personal & Business Banking	8	8	**6 641**	6 133	14 058
Corporate & Investment Banking	13	8	**5 709**	5 310	11 438
Central and other	43	59	**(676)**	(426)	(1 228)
Banking activities	9	6	**11 674**	11 017	24 268
Other banking interests	(19)	(38)	**132**	212	567
Liberty	(3)	(3)	**857**	882	1 435
Standard Bank Group	8	5	**12 663**	12 111	26 270

Overview of business unit performance

Personal & Business Banking

PBB's headline earnings of R6.6 billion were 8% higher than the prior year, driven by customer-led growth in income, responsible cost management and lower credit impairment charges, most notably in Africa Regions. An ROE of 19.4% was achieved, a marked improvement on the 17.8% recorded in the prior period.

PBB SA delivered a resilient performance in a sluggish operating environment, with headline earnings of R6.0 billion up 5%. PBB SA's focus remains on delivering a consistently excellent customer experience, seamlessly across all touch points, with products relevant to their individual needs. This has necessitated continued investment in upskilling and empowering our customer facing staff and radically redesigning and digitising processes. Ensuring the safety of customers' assets in a digital era is also an integral part of the overall customer experience, and investments made in digital fraud prevention yielded a pleasing 81% reduction in the number of digital fraud cases reported. Together, these investments have resulted in an overall increase in customer satisfaction scores and the number of active customers was maintained from FY17 at 8.1 million customers. This was supported by particularly pleasing growth in the larger middle market segment. Customers continued to indicate their preference for digital, rather than physical channels, with the number of active mobile banking users growing by 7%, and the number of transactions performed on this channel growing strongly by 58%.

Total income grew by 4%, supported by increases in target customer segments. Despite increased spending on marketing campaigns and projects to develop solutions, which better service our customers, operating expense growth was contained at 6%. Credit impairment charges declined by 8% leading to a lower credit loss ratio of 122 bps (1H17: 137 bps). This was mainly attributable to IFRS 9 as discussed previously.

PBB Africa Regions was impacted by the stronger Rand on average in 1H18 compared to 1H17. To reflect the underlying trends in this business, the commentary that follows refers to the constant currency growth rates of PBB Africa Regions.

Headline earnings from PBB Africa Regions improved to R201 million from R91 million in the prior period. Gross customer loans expanded 15%, particularly in personal unsecured and business lending, and deposits from customers grew 15%, with pleasing balance growth of 18% in current and savings accounts. PBB Africa Regions' result was underpinned by customer acquisition in key markets, with a focus on delivering digital solutions, and strong trade-related revenue in the Business Banking segment. In 1H18 the total number of active customers grew 4% to 5 million customers, driven by strong growth in Kenya, Ghana, Mozambique, Nigeria, Swaziland and Zimbabwe. Mobile and internet banking are available in all 14 countries in which PBB operates in Africa Regions. The number of transactions performed by customers on digital platforms far outstripped the number performed in physical channels. Approximately 24 million transactions were performed on mobile banking, up from approximately 11 million in 1H17. On the other hand, transactions performed in physical channels declined by 8%.

NII grew 9%, benefiting from balance growth and improved pricing, despite the negative endowment impact of lower average interest rates in Nigeria, Mozambique, Malawi and Uganda. NIR grew 19%, driven by higher transactional volumes and the increase in the account base, coupled with strong trade-related revenue growth. PBB Africa Regions contributes approximately 47% of the Africa Regions legal entities' total income. The credit loss ratio decreased to 145 bps from 264 bps in the prior year, driven predominantly by lower charges in Nigeria and Malawi. Assets under management in the Wealth business in Nigeria grew over the period, and we continued to focus on diversifying and growing the wealth business in Africa Regions, specifically the short-term and long-term brokerage businesses.

Wealth International grew headline earnings by 31%. USD, GBP and EUR denominated customer deposit balances in our operations in the Isle of Man and Jersey grew to GBP5.1 billion (1H17: GBP4.9 billion). Margins expanded following interest rate increases in the US and UK.

Corporate & Investment Banking

CIB's headline earnings of R5.7 billion were up 8% on the prior period, and 13% on a constant currency basis. CIB's strategic focus on developing proactive client partnerships that deliver relevant solutions, across sectors, regions and products, to drive Africa's growth delivers diverse revenue streams and supports the sustainability of the franchise. Client revenues grew 9% (14% on a constant currency basis), demonstrating a strong and diversified franchise. CIB recorded strong performances from multinational corporates and large domestic clients in the Financial Institutions, Industrials and Consumer sectors, with an encouraging turn around in the Power & Infrastructure, Oil & Gas and Mining & Metals sectors. Reported revenue growth was slower at 4%, mainly as a result of the non-recurrence of trading revenues associated with the revaluation of the Nigeria Naira in the prior year. While cost growth was relatively well contained at 5%, when combined with low revenue growth it resulted in negative jaws of 1.5%. The credit loss ratio to customers improved materially to 3 bps due to recoveries of previously impaired loans. CIB delivered an ROE of 20.7%, slightly lower than the 21.3% recorded in 1H17.

Due to the impact of currency on CIB's results, the commentary that follows refers to the constant currency growth rates. Revenues in the CIB SA franchise grew by 8%, and in the Africa Regions franchise by 10%. The West Africa franchise grew revenues by more than 29%, reflecting growth in client deposits and transactional accounts. South & Central Africa continued to be a steady performer, delivering revenue growth of 9%. Following focused attention on client acquisition in East Africa, this region delivered strong revenue growth of 17%.

Transactional Products and Services delivered a subdued set of results, with headline earnings down 2% on the prior period. Revenue growth of 6% was muted, dampened by margin compression in Nigeria and Angola. Credit impairments increased significantly following the recognition of impairments in the Construction sector in South Africa, to take account of economic strain.

Global Markets delivered a stronger performance compared to 1H17, growing headline earnings by 8% to R2.1 billion. Equity and forex trading volumes in South Africa were low. However, fixed income trading improved as a result of lower interest rates and improved market sentiment. The more flexible forex regime in Nigeria continued to assist forex flows in Nigeria, and the managed devaluation of the Kwanza benefited forex trading in Angola.

Investment Banking revenues were up 9%, reflecting fees earned on a number of landmark transactions and client activity in the Energy and Infrastructure sectors. Competition for high quality clients continued to place pressure on pricing and led to margin compression. As a result, NII was lower than the prior period. Credit impairments improved significantly following the recovery of previously impaired loans in the Africa Regions, despite recognising impairments to take account of stress in the Consumer sector in South Africa.

Central and other

This segment includes costs associated with corporate functions, as well as the group's treasury and capital requirements and central hedging activities. Capital not allocated to the business units is held at the centre and a return is generated on that capital. The day one IFRS 9 reserve adjustment resulted in a R6.6 billion decline in that capital and a concomitant decline in the returns earned on that capital. In 1H18, the segment recorded a loss of R676 million. Excluding the IFRS 9 impact, the loss would have been R516 million.

Other banking interests

Other banking interests recorded headline earnings of R132 million, lower than the R212 million recorded in 1H17. The decline was driven by a disappointing performance in ICBC Standard Bank Plc (ICBCS).

ICBCS's revenue was negatively impacted by lower client flows and margins, which when combined with its fixed cost base, resulted in a loss for the period. The group's 40% share thereof equated to a loss of R70 million. ICBCS will require additional capital to grow its balance sheet and become profitable on a sustainable basis. The group's 40% contribution will equate to approximately $84 million and is expected to be provided in late 2018 or early 2019.

The headline earnings contribution from the group's 20% stake in ICBC Argentina grew 23% to R202 million, off a low base in 1H17. The Peso devaluation diluted a particularly strong local currency performance. On a constant currency basis, earnings were up 74%.

Liberty

The financial results reported are the consolidated results of the group's 55.6% investment in Liberty, adjusted for SBK shares held by Liberty for the benefit of Liberty policyholders which are deemed to be treasury shares in the group's consolidated accounts.

Liberty's normalised headline earnings for the period improved by 5% to R1.3 billion, supported by higher earnings from SA retail insurance and asset management. Liberty's IFRS headline earnings, after the adjustments for the impact of the BEE preference share income and the Liberty Two Degrees listed Real Estate Investment Trust accounting mismatch, declined 1% to R1.5 billion. Investors are referred to the full Liberty announcement dated 2 August 2018 for further detail.

Headline earnings attributable to the group, adjusted up by R12 million for the impact of the deemed treasury shares, were R857 million, 3% lower than in 1H17.

Prospects

Whilst the global growth outlook for 2018 and 2019 is unchanged at 3.9%, the underlying growth is expected to be less even. Relative to expectations earlier in the year, the International Monetary Fund is expecting the US to grow slightly faster and UK, Europe and EM slightly slower. The broadly supportive EM capital inflows seen in recent periods could reverse if US monetary tightening is faster than expected. This would negatively impact EM currencies and capital markets.

Sub-Saharan Africa's recovery is expected to continue on the back of higher commodity prices. Growth is estimated to increase from 2.8% in 2017 to 3.4% in 2018 and rise further to 3.8% in 2019. Within our portfolio, we expect the macros in the West region to continue to improve, supported by higher average oil prices and the East region to continue to deliver GDP growth of 5 to 6%. More specifically, Kenya's credit growth could experience a recovery if the regulatory caps and floors, imposed in 2016, are amended or lifted. The South & Central region performance will be impacted by SA growth in 2H18.

In South Africa, while consumer confidence has improved, delays in resolving key policy issues remain an obstacle to business confidence, fixed investment and growth. Inflation is expected to remain inside the 3% to 6% target range, supporting a flat interest rate outlook for the rest of the year. The group has appetite to grow lending judiciously in South Africa. There is no doubt competitive pressures will continue to increase, however, we will fiercely protect our existing customer franchise and grow by partnering with third parties to build new, innovative offerings and revenue streams.

Our strategy is unchanged and actions being taken are positioning us to deliver contextually-relevant offerings to our customers, to compete effectively against both incumbents and new entrants and to grow our franchise in partnership with our clients, employees and business partners, in a sustainable way.

With revenue pressures expected to continue, operating expenses will be a focus area for 2H18 to ensure better full year jaws. More broadly, we will continue to balance growth, resilience and returns to deliver on our medium-term objectives of sustainable growth in earnings and delivering an ROE in our 18% to 20% target range.

The 1H18 results, including comparatives for 1H17, where applicable, together with any forward looking information have not been audited or independently reviewed by the group's external auditors.

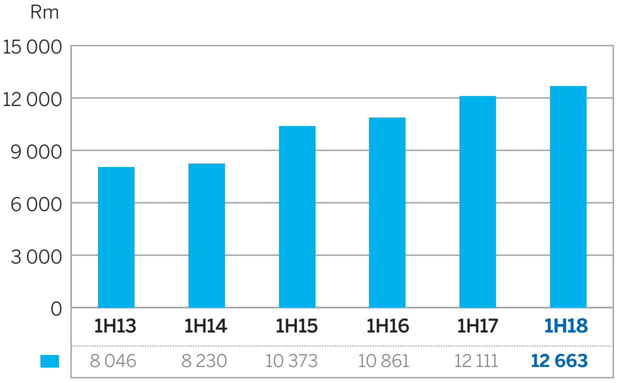
Group income statement

	CCY %	Change %	1H18 Rm	1H17[1] Rm	FY17[1] Rm
Net interest income	4	1	**29 150**	28 770	60 125
Non-interest revenue	11	8	**22 030**	20 350	42 574
Net fee and commission revenue	9	6	**14 813**	13 969	28 670
Trading revenue	17	12	**5 570**	4 953	10 731
Other revenue	9	9	**1 554**	1 428	3 173
Other gains and losses on financial instruments[2]	100	100	**93**		
Total income	7	4	**51 180**	49 120	102 699
Credit impairment charges	(21)	(22)	**(3 999)**	(5 155)	(9 410)
Net income before operating expenses	10	7	**47 181**	43 965	93 289
Operating expenses	8	6	**(29 205)**	(27 553)	(57 049)
Staff costs	9	6	**(16 650)**	(15 637)	(31 672)
Other operating expenses	8	5	**(12 555)**	(11 916)	(25 377)
Net income before non-trading and capital related items	14	10	**17 976**	16 412	36 240
Non-trading and capital related items	(78)	(79)	**46**	214	(97)
Net income before equity accounted earnings	13	8	**18 022**	16 626	36 143
Share of profit from associates and joint ventures	27	27	**192**	151	424
Profit before indirect taxation	13	9	**18 214**	16 777	36 567
Indirect taxation	15	13	**(1 009)**	(889)	(1 849)
Profit before direct taxation	13	8	**17 205**	15 888	34 718
Direct taxation	15	11	**(3 726)**	(3 351)	(7 644)
Profit for the period	12	8	**13 479**	12 537	27 074
Attributable to other equity instrument holders	44	44	**(371)**	(257)	(594)
Attributable to non-controlling interests	64	31	**(1 391)**	(1 062)	(2 206)
Attributable to ordinary shareholders - banking activities	7	4	**11 717**	11 218	24 274
Headline adjustable items - banking activities	(79)	(79)	**(43)**	(201)	(6)
Headline earnings - banking activities	9	6	**11 674**	11 017	24 268
Headline earnings - other banking interests	(19)	(38)	**132**	212	567
ICBCS	(>100)	(>100)	**(70)**	48	152
ICBC Argentina	74	23	**202**	164	415
Headline earnings - Liberty	(3)	(3)	**857**	882	1 435
Standard Bank Group headline earnings	8	5	**12 663**	12 111	26 270

[1] Restated. Refer to page 89.
[2] For further information on Other gains and losses on financial instruments, refer to page 88.

Headline earnings

Headline earnings
CAGR (1H13 – 1H18): 9%



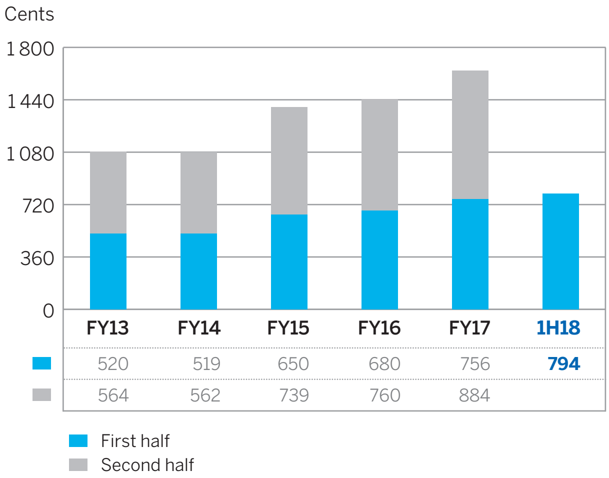
Reconciliation of profit for the period to group headline earnings

	1H18				1H17				FY17
	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm	Net Rm
Profit for the period - banking activities	**17 205**	**(3 726)**	**(1 762)**	**11 717**	15 888	(3 351)	(1 319)	11 218	24 274
Headline adjustable items - banking activities added/(reversed)	**(46)**	**1**	**2**	**(43)**	(202)	(1)	2	(201)	(6)
IAS 21 - Realised foreign currency profit on foreign operations					(214)			(214)	(214)
IAS 16 - (Gains)/losses on sale of properties and equipment	**(11)**	**1**	**2**	**(8)**	(18)			(18)	10
IAS 27/IAS 28 - (Gains)/losses on disposal of business	**(35)**			**(35)**	18			18	18
IAS 36 - Impairment of intangible assets									205
IAS 39 - Realised losses/(gains) on available-for-sale assets[3]					12	(1)	2	13	(25)
Headline earnings - banking activities	**17 159**	**(3 725)**	**(1 760)**	**11 674**	15 686	(3 352)	(1 317)	11 017	24 268
Headline earnings - other banking interests	**132**			**132**	212			212	567
Profit for the period - other banking interests	**132**			**132**	240			240	600
IAS 39 - Headline adjustable items: Realised gains on available-for-sale assets[3]					(28)			(28)	(33)
Headline earnings - Liberty	**2 506**	**(784)**	**(865)**	**857**	3 031	(1 175)	(974)	882	1 435
Profit for the period - Liberty	**2 506**	**(784)**	**(865)**	**857**	3 031	(1 175)	(974)	882	1 361
IAS 36 - Headline adjustable items: Impairment of intangible assets									74
Standard Bank Group headline earnings	**19 797**	**(4 509)**	**(2 625)**	**12 663**	18 929	(4 527)	(2 291)	12 111	26 270

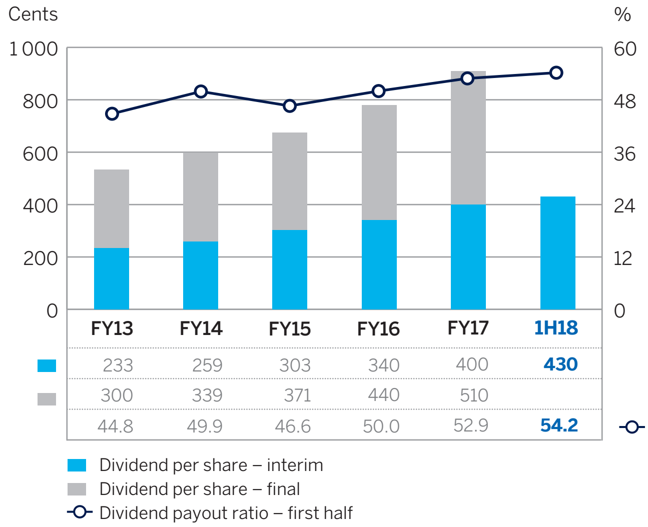
1 Direct taxation.
2 Non-controlling interests and other equity instrument holders.
3 Headline earnings Circular 4/2018 no longer excludes available for sale items from headline earnings and hence is not applicable from 1 January 2018.

Headline earnings and dividend per share

Headline earnings per share
CAGR (1H13 – 1H18): 9%



Dividend per share and payout ratio
CAGR (1H13 – 1H18): 13%



		Change %	1H18	1H17	FY17
Headline earnings	Rm	5	**12 663**	12 111	26 270
Headline EPS	cents	5	**793.9**	755.5	1 640.0
Basic EPS	cents	3	**796.6**	769.8	1 637.8
Total dividend per share	cents	8	**430.0**	400.0	910.0
Interim	cents	8	**430.0**	400.0	400.0
Final	cents				510.0
Dividend cover - based on headline EPS	times		**1.8**	1.9	1.8
Dividend payout ratio - based on headline EPS	%		**54.2**	52.9	55.5

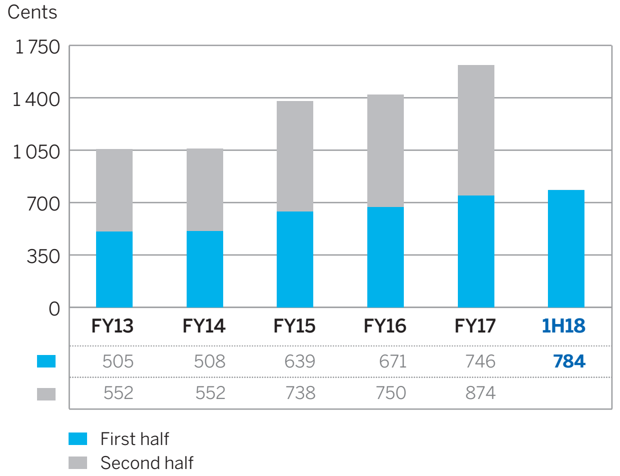
Movement in number of ordinary and weighted average shares issued

	1H18		1H17		FY17	
	Issued number of shares 000's	**Weighted number of shares 000's**	Issued number of shares 000's	Weighted number of shares 000's	Issued number of shares 000's	Weighted number of shares 000's
Beginning of the period - IFRS shares	**1 597 371**	**1 597 371**	1 596 583	1 596 583	1 596 583	1 596 583
Shares in issue	**1 619 268**	**1 619 268**	1 618 421	1 618 421	1 618 421	1 618 421
Deemed treasury shares[1]	**(21 897)**	**(21 897)**	(21 838)	(21 838)	(21 838)	(21 838)
Shares issued for equity compensation plans	**1 124**	**633**	1 240	725	2 878	1 296
Shares bought back	**(2 332)**	**(631)**	(1 449)	(553)	(2 031)	(1 172)
Movement in deemed treasury shares	**(883)**	**(2 380)**	6 374	6 285	(59)	5 148
Share exposures held to facilitate client trading activities	**1 503**	**292**	6 758	6 590	6 549	6 288
Shares held for the benefit of Liberty policyholders	**(4 003)**	**(3 546)**	(384)	(305)	(6 608)	(1 140)
Shares held by Tutuwa SPEs	**1 617**	**874**				
End of the period - IFRS shares	**1 595 280**	**1 594 993**	1 602 748	1 603 040	1 597 371	1 601 855
Shares in issue	**1 618 060**	**1 619 270**	1 618 212	1 618 593	1 619 268	1 618 545
Deemed treasury shares[1]	**(22 780)**	**(24 277)**	(15 464)	(15 553)	(21 897)	(16 690)

[1] Includes shares held by Tutuwa Structured Entities, 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 (1H13 – 1H18): 9%



	Change %	1H18 cents	1H17 cents	FY17 cents
Diluted headline EPS	5	**784.0**	746.4	1 619.7
Diluted EPS	3	**786.7**	760.5	1 617.5

Diluted weighted average number of ordinary shares issued

	1H18 000's	1H17 000's	FY17 000's
Weighted average shares	**1 594 993**	1 603 040	1 601 855
Dilution from equity compensation plans	**16 444**	15 711	16 073
Group share incentive scheme	**415**	480	377
Equity growth scheme	**3 421**	3 360	4 436
Deferred bonus scheme, long-term incentive plans and related hedges	**12 608**	11 871	11 260
Tutuwa	**3 675**	3 823	3 993
Diluted weighted average shares	**1 615 112**	1 622 574	1 621 921

Statement of financial position

	Banking activities				
	CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Assets					
Cash and balances with central banks	7	2	**72 104**	70 949	75 310
Derivative assets	45	45	**66 424**	45 833	72 629
Trading assets	30	30	**162 650**	125 057	159 798
Pledged assets	>100	>100	**9 294**	3 225	8 879
Financial investments	0	1	**185 654**	183 718	180 104
Loans and advances	1	2	**1 064 680**	1 043 398	1 048 027
Loans and advances to banks	(8)	(3)	**108 768**	112 036	117 935
Loans and advances to customers	2	3	**955 912**	931 362	930 092
Policyholders' assets					
Other assets	(22)	(19)	**17 514**	21 551	14 768
Interest in associates and joint ventures	(7)	25	**1 976**	1 584	1 816
Investment property					
Property and equipment	3	4	**13 749**	13 242	13 539
Goodwill and other intangible assets	(0)	0	**23 524**	23 447	23 098
Total assets	5	6	**1 617 569**	1 532 004	1 597 968
Equity and liabilities					
Equity	3	4	**154 116**	148 005	155 233
Equity attributable to ordinary shareholders	2	3	**137 729**	134 004	138 808
Equity attributable to other equity holders[3]	25	25	**9 047**	7 247	9 047
Equity attributable to non-controlling interests	8	9	**7 340**	6 754	7 378
Liabilities	5	6	**1 463 453**	1 383 999	1 442 735
Derivative liabilities	28	28	**66 896**	52 321	73 657
Trading liabilities	34	35	**61 870**	45 964	63 577
Deposits and debt funding	3	4	**1 275 675**	1 226 166	1 258 359
Deposits from banks	(2)	4	**101 032**	97 552	91 794
Deposits from customers	4	4	**1 174 643**	1 128 614	1 166 565
Policyholders' liabilities					
Subordinated debt	(10)	(10)	**18 746**	20 857	18 966
Provisions and other liabilities	2	4	**40 266**	38 691	28 176
Total equity and liabilities	5	6	**1 617 569**	1 532 004	1 597 968

1 Restated. Refer to page 88.
2 Includes adjustments on consolidation of Liberty into the group.
3 Other equity holders of preference share capital and Additional Tier 1 capital.

Other banking interests and Liberty[2]					Standard Bank Group				
CCY %	Change %	**1H18 Rm**	1H17[1] Rm	FY17 Rm	CCY %	Change %	**1H18 Rm**	1H17[1] Rm	FY17 Rm
					7	2	**72 104**	70 949	75 310
(12)	(12)	**4 781**	5 419	2 981	39	39	**71 205**	51 252	75 610
71	71	**2 580**	1 508	1 096	30	31	**165 230**	126 565	160 894
(8)	(8)	**13 077**	14 222	11 906	27	28	**22 371**	17 447	20 785
3	3	**346 229**	335 366	353 210	2	2	**531 883**	519 084	533 314
					1	2	**1 064 680**	1 043 398	1 048 027
					(8)	(3)	**108 768**	112 036	117 935
					2	3	**955 912**	931 362	930 092
(7)	(7)	**7 159**	7 689	7 484	(7)	(7)	**7 159**	7 689	7 484
14	10	**12 332**	11 260	10 337	(10)	(9)	**29 846**	32 811	25 105
(2)	(2)	**7 985**	8 128	7 849	(3)	3	**9 961**	9 712	9 665
2	2	**32 185**	31 508	32 226	2	2	**32 185**	31 508	32 226
(0)	(0)	**2 605**	2 610	2 640	3	3	**16 354**	15 852	16 179
17	17	**430**	367	231	0	1	**23 954**	23 814	23 329
3	3	**429 363**	418 077	429 960	4	5	**2 046 932**	1 950 081	2 027 928
(1)	(2)	**34 962**	35 812	34 784	2	3	**189 078**	183 817	190 017
(3)	(5)	**18 105**	19 128	18 212	2	2	**155 834**	153 132	157 020
					25	25	**9 047**	7 247	9 047
1	1	**16 857**	16 684	16 572	3	3	**24 197**	23 438	23 950
3	3	**394 401**	382 265	395 176	5	5	**1 857 854**	1 766 264	1 837 911
24	24	**6 321**	5 102	3 239	27	28	**73 217**	57 423	76 896
(39)	(39)	**(126)**	(206)	(722)	35	35	**61 744**	45 758	62 855
(35)	(35)	**(9 091)**	(14 051)	(14 448)	4	4	**1 266 584**	1 212 115	1 243 911
					(2)	4	**101 032**	97 552	91 794
(35)	(35)	**(9 091)**	(14 051)	(14 448)	4	5	**1 165 552**	1 114 563	1 152 117
3	3	**319 280**	309 200	322 918	3	3	**319 280**	309 200	322 918
8	8	**4 441**	4 097	5 323	(7)	(7)	**23 187**	24 954	24 289
(6)	(6)	**73 576**	78 123	78 866	(3)	(3)	**113 842**	116 814	107 042
3	3	**429 363**	418 077	429 960	4	5	**2 046 932**	1 950 081	2 027 928

Statement of comprehensive income

	Change %	1H18 Ordinary shareholders' equity Rm	1H18 Non-controlling interests and other equity instruments Rm	1H18 Total equity Rm
Profit for the period	5	12 706	2 627	15 333
Other comprehensive income/(loss) after tax for the period		3 648	704	4 352
Items that may be subsequently reclassified to profit and loss		3 587	660	4 247
Movements in the cash flow hedging reserve		(25)		(25)
Movement in debt instruments measured at fair value through other comprehensive income (OCI)[1]		30	17	47
Movement in the available-for-sale revaluation reserve[1]				
Exchange differences on translating foreign operations		3 582	643	4 225
Net change on hedges of net investments in foreign operations				
Items that may not be subsequently reclassified to profit and loss		61	44	105
Total comprehensive income for the period		16 354	3 331	19 685
Attributable to ordinary shareholders		16 354		16 354
Attributable to other equity holders			371	371
Attributable to non-controlling interests			2 960	2 960

[1] The group has, as permitted by IFRS 9, elected not to restate its comparative financial statements. Therefore comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 39 basis. Refer to page 86 for more detail on the adoption of IFRS 9.

1H17			FY17		
Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm	Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm
12 340	2 293	14 633	26 235	4 480	30 715
(1 793)	(680)	(2 473)	(4 721)	(1 219)	(5 940)
(1 687)	(681)	(2 368)	(4 450)	(1 157)	(5 607)
52	14	66	136	21	157
228	76	304	387	75	462
(1 926)	(771)	(2 697)	(4 927)	(1 253)	(6 180)
(41)		(41)	(46)		(46)
(106)	1	(105)	(271)	(62)	(333)
10 547	1 613	12 160	21 514	3 261	24 775
10 547		10 547	21 514		21 514
	257	257		594	594
	1 356	1 356		2 667	2 667

Statement of changes in equity

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Cash flow hedging reserve Rm
Balance at 1 January 2017	17 960	(353)	(268)	(1 189)	(937)	(230)
Increase in statutory credit risk reserve						
Transactions with non-controlling shareholders			(8)			
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net increase in treasury shares			(758)			
Net issue of share capital and share premium and other equity instruments	103					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		14				
Total comprehensive income for the period				(4 927)	(46)	136
Dividends paid						
Balance at 31 December 2017	18 063	(339)	(1 034)	(6 116)	(983)	(94)
IFRS 9 transition adjustment						
Balance at 1 January 2018	**18 063**	**(339)**	**(1 034)**	**(6 116)**	**(983)**	**(94)**
Increase in statutory credit risk reserve						
Transactions with non-controlling shareholders			**(4)**	**242**		
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net increase in treasury shares			**(319)**			
Net issue of share capital and share premium and other equity instruments	**(274)**					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		**38**				
Other						
Total comprehensive income for the period				**3 582**		**(25)**
Dividends paid						
Balance at 30 June 2018	**17 789**	**(301)**	**(1 357)**	**(2 292)**	**(983)**	**(119)**

All balances are stated net of applicable tax.

Regulatory and statutory credit risk reserve Rm	IAS 39 - Available-for-sale revaluation reserve Rm	IFRS 9 - Fair value through OCI reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Other equity instruments Rm	Non-controlling interest Rm	Total equity Rm
3 073	206		(372)	253	132 614	150 757	5 503	23 099	179 359
16					(16)				
					(46)	(54)		160	106
			485		(1 370)	(885)		29	(856)
					276	276			276
			(1 019)		1 019				
					(395)	(1 153)		(490)	(1 643)
						103	3 544		3 647
								(151)	(151)
						14			14
	387			(45)	26 009	21 514	594	2 667	24 775
					(13 552)	(13 552)	(594)	(1 364)	(15 510)
3 089	593		(906)	208	144 539	157 020	9 047	23 950	190 017
(948)	**(593)**	**582**			**(5 302)**	**(6 261)**		**(376)**	**(6 637)**
2 141		**582**	**(906)**	**208**	**139 237**	**150 759**	**9 047**	**23 574**	**183 380**
897					**(897)**			**9**	**9**
(211)		**(11)**			**(1 493)**	**(1 477)**		**(879)**	**(2 356)**
			(1 216)		**(37)**	**(1 253)**		**4**	**(1 249)**
					58	**58**			**58**
			(352)		**352**				
					125	**(194)**		**(353)**	**(547)**
						(274)			**(274)**
								(108)	**(108)**
						38			**38**
					37	**37**		**19**	**56**
		30		**10**	**12 757**	**16 354**	**371**	**2 960**	**19 685**
					(8 214)	**(8 214)**	**(371)**	**(1 029)**	**(9 614)**
2 827		**601**	**(2 474)**	**218**	**141 925**	**155 834**	**9 047**	**24 197**	**189 078**

Notes

SEGMENTAL REPORTING

Segmental structure for key business units

Standard Bank Group

Banking activities

Personal & Business Banking

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

What we offer

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

Mortgage Lending
Residential accommodation loans mainly to personal market customers

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

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

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

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

Corporate & Investment Banking

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

What we offer

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

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

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

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

Central and other

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

Other banking interests

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

Liberty

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

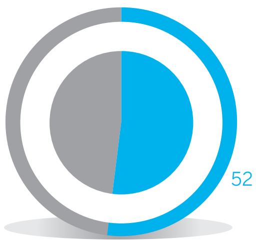
What we offer

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

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

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

% of group headline earnings



Personal & Business Banking

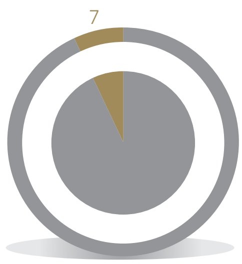
		1H18	1H17
Headline earnings	Rm	**6 641**	6 133
Headline earnings contribution	%	**52**	51
ROE	%	**19.4**	17.8
Cost-to-income ratio	%	**60.8**	59.8
Credit loss ratio	%	**1.14**	1.36
Gross loans and advances to customers	Rbn	**632**	598
Net loans and advances	Rbn	**654**	623

% of group headline earnings

Corporate & Investment Banking

		1H18	1H17
Headline earnings	Rm	**5 709**	5 310
Headline earnings contribution	%	**45**	44
ROE	%	**20.7**	21.3
Cost-to-income ratio	%	**52.8**	52.1
Credit loss ratio	%	**0.03**	0.33
Gross loans and advances to customers	Rbn	**364**	360
Net loans and advances	Rbn	**463**	470

% of group headline earnings



Liberty

		1H18	1H17
Normalised headline earnings as reported by Liberty	Rm	**1 332**	1 267
IFRS headline earnings attributable to the group	Rm	**857**	882
IFRS headline earnings contribution	%	**7**	7
ROE[1]	%	**16.7**	15.7
Value of new business	Rm	**135**	86
Normalised group equity value	Rbn	**39**	40
Third party funds under management	Rbn	**390**	375

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

Segmental income statement

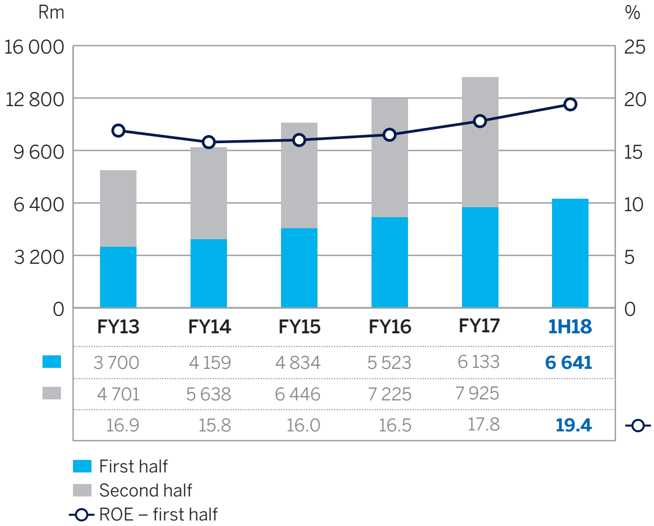
	Personal & Business Banking			Corporate & Investment Banking			Central and other		
	Change %	**1H18 Rm**	1H17[1] Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm
Income from banking activities	5	**34 015**	32 529	4	**17 961**	17 284	15	**(796)**	(693)
Net interest income	3	**20 379**	19 706	(1)	**9 402**	9 451	63	**(631)**	(387)
Non-interest revenue	6	**13 636**	12 823	9	**8 559**	7 833	(46)	**(165)**	(306)
Net fee and commission revenue	6	**12 129**	11 420	6	**2 916**	2 759	10	**(232)**	(210)
Trading revenue	(41)	**99**	167	9	**5 423**	4 975	(>100)	**48**	(189)
Other revenue	14	**1 406**	1 236	37	**136**	99	(87)	**12**	93
Other gains and losses on financial instruments	100	**2**		100	**84**		100	**7**	
Net income from investment management and life insurance activities									
Total income	5	**34 015**	32 529	4	**17 961**	17 284	15	**(796)**	(693)
Credit impairment charges	(14)	**(3 755)**	(4 348)	(70)	**(244)**	(807)			
Income before operating expenses	7	**30 260**	28 181	8	**17 717**	16 477	15	**(796)**	(693)
Operating expenses in banking activities	6	**(20 674)**	(19 459)	5	**(9 492)**	(9 006)	5	**961**	912
Staff costs	6	**(7 084)**	(6 669)	2	**(3 424)**	(3 366)	10	**(6 142)**	(5 602)
Other operating expenses	6	**(13 590)**	(12 790)	8	**(6 068)**	(5 640)	9	**7 103**	6 514
Operating expenses in insurance activities									
Net income before non-trading and capital items, and equity accounted earnings	10	**9 586**	8 722	10	**8 225**	7 471	(25)	**165**	219
Non-trading and capital related items	>100	**39**	15	(>100)	**2**	(13)	(98)	**5**	212
Share of profit from associates and joint ventures	5	**134**	128	>100	**57**	22		**1**	1
Net income before indirect taxation	10	**9 759**	8 865	11	**8 284**	7 480	(60)	**171**	432
Indirect taxation	9	**(318)**	(293)	6	**(132)**	(124)	18	**(559)**	(472)
Profit before direct taxation	10	**9 441**	8 572	11	**8 152**	7 356	>100	**(388)**	(40)
Direct taxation	4	**(2 391)**	(2 293)	11	**(1 261)**	(1 135)	(>100)	**(74)**	77
Profit for the period	12	**7 050**	6 279	11	**6 891**	6 221	(>100)	**(462)**	37
Attributable to other equity instrument holders	>100	**(67)**	(20)	>100	**(68)**	(19)	8	**(236)**	(218)
Attributable to non-controlling interests	>100	**(303)**	(111)	22	**(1 114)**	(913)	(>100)	**26**	(38)
Attributable to ordinary shareholders	9	**6 680**	6 148	8	**5 709**	5 289	>100	**(672)**	(219)
Headline adjustable items	>100	**(39)**	(15)	(100)	**0**	21	(98)	**(4)**	(207)
Headline earnings	8	**6 641**	6 133	8	**5 709**	5 310	59	**(676)**	(426)
Net interest margin (%)		**5.94**	5.97		**3.02**	3.07			
Credit loss ratio (%)		**1.14**	1.36		**0.03**	0.33			
Cost-to-income ratio (%)		**60.8**	59.8		**52.8**	52.1			
Number of employees	(1)	**27 887**	28 167	(2)	**3 754**	3 835	1	**16 624**	16 425
ROE (%)		**19.4**	17.8		**20.7**	21.3			

[1] Restated. Refer to page 89.
[2] Includes adjustments on consolidation of Liberty into the group.

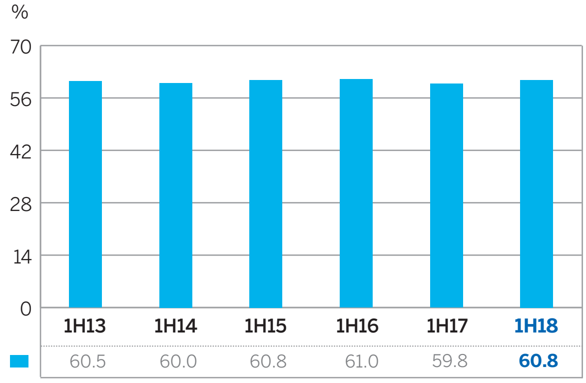
Banking activities			Other banking interests			Liberty[2]			Standard Bank Group		
Change %	**1H18 Rm**	1H17[1] Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17[1] Rm
4	**51 180**	49 120							4	**51 180**	49 120
1	**29 150**	28 770							1	**29 150**	28 770
8	**22 030**	20 350							8	**22 030**	20 350
6	**14 813**	13 969							6	**14 813**	13 969
12	**5 570**	4 953							12	**5 570**	4 953
9	**1 554**	1 428							9	**1 554**	1 428
100	**93**								100	**93**	
						(6)	**11 360**	12 097	(6)	**11 360**	12 097
4	**51 180**	49 120				(6)	**11 360**	12 097	2	**62 540**	61 217
(22)	**(3 999)**	(5 155)							(22)	**(3 999)**	(5 155)
7	**47 181**	43 965				(6)	**11 360**	12 097	4	**58 541**	56 062
6	**(29 205)**	(27 553)							6	**(29 205)**	(27 553)
6	**(16 650)**	(15 637)							6	**(16 650)**	(15 637)
5	**(12 555)**	(11 916)							5	**(12 555)**	(11 916)
						(1)	**(8 691)**	(8 822)	(1)	**(8 691)**	(8 822)
10	**17 976**	16 412				(19)	**2 669**	3 275	5	**20 645**	19 687
(79)	**46**	214							(79)	**46**	214
27	**192**	151	(45)	**132**	240	71	**36**	21	(13)	**360**	412
9	**18 214**	16 777	(45)	**132**	240	(18)	**2 705**	3 296	4	**21 051**	20 313
13	**(1 009)**	(889)				(25)	**(199)**	(265)	5	**(1 208)**	(1 154)
8	**17 205**	15 888	(45)	**132**	240	(17)	**2 506**	3 031	4	**19 843**	19 159
11	**(3 726)**	(3 351)				(33)	**(784)**	(1 175)	(0)	**(4 510)**	(4 526)
8	**13 479**	12 537	(45)	**132**	240	(7)	**1 722**	1 856	5	**15 333**	14 633
44	**(371)**	(257)							44	**(371)**	(257)
31	**(1 391)**	(1 062)				(11)	**(865)**	(974)	11	**(2 256)**	(2 036)
4	**11 717**	11 218	(45)	**132**	240	(3)	**857**	882	3	**12 706**	12 340
(79)	**(43)**	(201)	100		(28)				(81)	**(43)**	(229)
6	**11 674**	11 017	(38)	**132**	212	(3)	**857**	882	5	**12 663**	12 111
	4.50	4.60									
	0.70	0.96									
	57.1	56.1									
(0)	**48 265**	48 427				(5)	**5 948**	6 236	(1)	**54 213**	54 663
	17.5	16.8		**3.6**	5.6		**16.7**	15.7		**16.8**	16.1

Personal & Business Banking

Headline earnings
CAGR (1H13 – 1H18): 12%



Cost-to-income ratio



		CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Net interest income		5	3	**20 379**	19 706	40 963
Non-interest revenue		8	6	**13 636**	12 823	26 745
Total income		6	5	**34 015**	32 529	67 708
Credit impairment charges		(12)	(14)	**(3 755)**	(4 348)	(7 785)
Operating expenses		8	6	**(20 674)**	(19 459)	(40 035)
Taxation		7	5	**(2 709)**	(2 586)	(5 783)
Headline earnings		8	8	**6 641**	6 133	14 058
Headline earnings change	%			**8**	11	10
Headline earnings contribution to the group	%			**52**	51	54
Net interest margin	%			**5.94**	5.97	6.26
Credit loss ratio	%			**1.14**	1.36	1.20
Credit loss ratio to customers	%			**1.23**	1.48	1.29
Cost-to-income ratio	%			**60.8**	59.8	59.1
Jaws	%			**(1.7)**	1.2	0.8
Effective direct taxation rate	%			**25.3**	26.7	26.8
RoRWA	%			**3.5**	3.3	3.7
ROE	%			**19.4**	17.8	20.0
Net loans and advances	Rm	4	5	**654 145**	623 306	629 380
Deposits and current accounts	Rm	5	6	**640 780**	603 293	608 672
Intangible assets	Rm	0	1	**12 994**	12 928	12 931
Average ordinary shareholders' equity	Rm		(1)	**69 067**	69 472	70 213
Number of employees			(1)	**27 887**	28 167	28 098

Favourable

- The Net Promoter Score in South Africa has improved over four consecutive quarters.
- Increase in number of active customers in targeted segments in South Africa and Africa Regions.
- Good increase in transactional volumes.
- Higher average premiums and policy sales contributed to increased insurance-related revenue.
- Credit impairments benefited from amendments to accounting treatment.
- Increased post write-off recoveries combined with reduced write-offs relative to prior year.

Adverse

- Margin contraction mainly due to the negative endowment impact of lower average interest rates in South Africa, Mozambique, Zambia and Uganda, higher liquidity costs, competitive market pricing and impact of earlier suspension of interest under IFRS 9.
- Delays experienced in the legal environment in South Africa resulted in higher non-performing loans.
- Lower account transaction fees earned from traditional platforms as clients increasingly transact on digital platforms.
- Continued investment in digital capabilities and staff expertise to improve customer experience.

External loans and advances by product

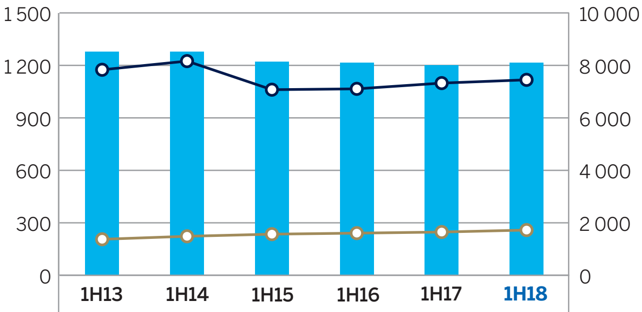
	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Loans and advances to banks	14	22	**51 273**	42 184	40 681
Loans and advances to customers	3	4	**602 872**	581 122	588 699
Gross loans and advances to customers	5	6	**632 088**	598 422	605 187
Mortgage loans	3	3	**353 357**	342 128	346 518
Vehicle and asset finance	5	5	**85 327**	80 889	81 640
Card debtors	4	4	**33 336**	32 119	32 268
Other loans and advances	11	12	**160 068**	143 286	144 761
Personal unsecured lending	4	4	**55 368**	53 286	52 016
Business and other lending	15	16	**104 700**	90 000	92 745
Credit impairment charges for loans and advances	44	44	**(24 895)**	(17 300)	(16 488)
Credit impairment charges for non-performing loans	11	11	**(13 607)**	(12 278)	(11 943)
Credit impairment charges for performing loans	>100	>100	**(11 288)**	(5 022)	(4 545)
Interest in suspense[1]	(100)	(100)	**(4 321)**		
Comprising:					
Net loans and advances	4	5	**654 145**	623 306	629 380
Gross loans and advances	6	7	**683 361**	640 606	645 868
Credit impairment charges	44	44	**(24 895)**	(17 300)	(16 488)
Interest in suspense[1]	(100)	(100)	**(4 321)**		

[1] Refer to page 88 for further details.

Deposits and current accounts by product

	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Wholesale priced call deposits	19	19	**114 602**	96 163	108 027
Retail priced deposits and current accounts	7	9	**448 553**	412 022	426 484
Current accounts	8	9	**148 814**	137 136	145 684
Cash management deposits	18	18	**35 206**	29 755	31 151
Call deposits	1	5	**131 104**	125 181	123 414
Savings accounts	5	6	**25 092**	23 572	23 107
Term deposits	13	14	**95 474**	83 541	92 428
Other funding	0	0	**12 863**	12 837	10 700
Deposits and current accounts from customers (excluding securitisation issuances)	9	11	**563 155**	508 185	534 511
Securitisation issuances	(60)	(60)	**437**	1 091	950
Deposits and current accounts from customers	9	11	**563 592**	509 276	535 461
Deposits from banks	(81)	(80)	**615**	3 028	1 577
Wholesale priced interdivisional funding	(16)	(16)	**76 573**	90 989	71 634
Total deposits and current accounts	5	6	**640 780**	603 293	608 672

Points of representation

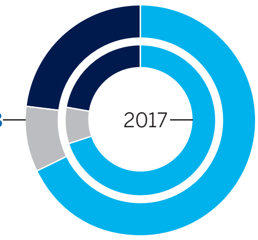


	1H13	1H14	1H15	1H16	1H17	**1H18**
Branches	1 277	1 279	1 221	1 215	1 200	**1 216**
ATMs[1] – Standard Bank owned	7 833	8 163	7 074	7 106	7 325	**7 449**
ATMs – non-Standard Bank owned	1 373	1 487	1 568	1 607	1 649	**1 724**

Branches
ATMs[1] – Standard Bank owned
ATMs – non-Standard Bank owned

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

Headline earnings by market segment (%)



	1H17	**1H18**
Retail and business	70	**68**
Commercial banking	8	**9**
Wealth	22	**23**

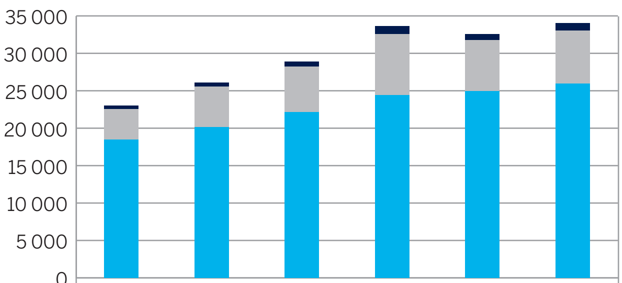
Key business statistics

		Change %	**1H18**	1H17	FY17
South Africa					
Mortgage Lending					
New business disbursements	Rm	(2)	**19 052**	19 529	42 381
Number of loan applications received	thousands	(4)	**105**	109	215
Average loan to value (LTV) of new business registered	%		**86**	85	86
Portfolio market share	%		**34.2**	34.4	34.3
New business referred by traditional mortgage originators	%		**53**	49	47
Vehicle and Asset Finance					
New business disbursements	Rm	22	**18 356**	15 012	31 921
- motor	Rm	29	**14 395**	11 151	24 146
- non-motor	Rm	3	**3 961**	3 861	7 775
Clients					
Active clients[2]	thousands	(1)	**8 122**	8 207	8 091
Transactional - targeted	thousands	2	**1 673**	1 637	1 644
Other	thousands	(2)	**6 449**	6 570	6 447
UCount clients	thousands	10	**791**	721	756
Instant Money Unique Users - Clients with no other relationship	thousands	14	**1 077**	941	1 519
Customer activity					
Mobile Banking active users - total	thousands	7	**1 732**	1 623	1 657
Mobile Banking active users - SBG mobile app	thousands	34	**1 135**	848	982
Increase in Mobile Banking transactional values - SBG mobile app	%		**55**	43	52
Mobile Banking transactional volumes - total	thousands	58	**444 270**	281 814	637 933
Points of representation					
Branches		0	**639**	638	640
ATMs and ANAs[1]		1	**7 270**	7 199	7 224
ATMs and ANAs - Standard Bank owned		(0)	**5 546**	5 550	5 550
ATMs - non-Standard Bank owned		5	**1 724**	1 649	1 674
Africa Regions					
Clients					
Active clients	thousands	4	**4 958**	4 747	4 726
Customer activity					
Mobile Banking transactional volumes - total	thousands	>100	**23 567**	10 830	27 413
Points of representation					
Branches[3]		3	**577**	562	572
ATMs		7	**1 903**	1 775	1 839
Change in ATM transactions	%		**10**	27	23

[2] In addition, a further 1.53m clients do not meet our active classification.
[3] Includes service centres, customer service trade points, agencies, in-store banking and "bank at work" sites.

PBB total income per geography

CAGR (1H13 – 1H18): South Africa 7%
Africa Regions 12%
International 18%



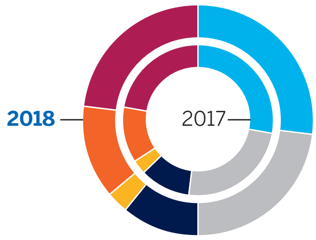
	1H13	1H14	1H15	1H16	1H17	1H18
South Africa	18 465	20 148	22 168	24 406	24 921	**25 929**
Africa Regions	4 118	5 423	6 045	8 196	6 863	**7 136**
International	419	530	662	1 015	745	**950**

South Africa
Africa Regions
International

Summarised income statement per geography

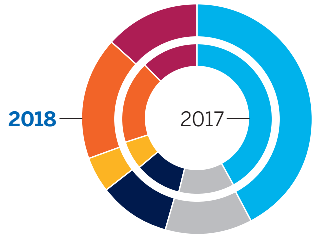
	South Africa			Africa Regions			Wealth International		
	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm
Net interest income	2	**15 742**	15 361	1	**4 050**	4 008	74	**587**	337
Non-interest revenue	7	**10 187**	9 560	8	**3 086**	2 855	(11)	**363**	408
Total income	4	**25 929**	24 921	4	**7 136**	6 863	28	**950**	745
Credit impairment charges	(8)	**(3 294)**	(3 577)	(41)	**(453)**	(773)	(>100)	**(8)**	2
Operating expenses	6	**(14 414)**	(13 581)	5	**(5 795)**	(5 498)	22	**(465)**	(380)
Headline earnings	5	**6 008**	5 711	>100	**201**	91	31	**432**	331
Credit loss ratio (%)		**1.22**	1.37		**1.45**	2.64		**0.03**	(0.01)
Cost-to-income ratio (%)		**55.6**	54.5		**81.2**	80.1		**48.9**	51.0
ROE (%)		**22.9**	21.5		**3.4**	1.5		**20.2**	18.2

PBB composition of headline earnings by product (%)



	1H17	1H18
Transactional Products	28	**27**
Mortgage Lending	24	**23**
Card Products	11	**11**
Vehicle and Asset Finance	3	**3**
Lending Products	12	**13**
Wealth	22	**23**

PBB composition of total income by product (%)



	1H17	1H18
Transactional Products	42	**42**
Mortgage Lending	12	**12**
Card Products	10	**10**
Vehicle and Asset Finance	6	**6**
Lending Products	18	**17**
Wealth	12	**13**

Summarised income statement per product

	Transactional Products			Mortgage Lending			Card Products		
	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm
Net interest income	4	**7 642**	7 368	2	**3 978**	3 882	(0)	**1 536**	1 539
Non-interest revenue	7	**6 797**	6 343	(2)	**151**	154	4	**1 868**	1 804
Total income	5	**14 439**	13 711	2	**4 129**	4 036	2	**3 404**	3 343
Credit impairment charges				1	**(890)**	(885)	(25)	**(625)**	(833)
Operating expenses	6	**(11 640)**	(10 992)	(1)	**(1 213)**	(1 227)	12	**(1 756)**	(1 562)
Headline earnings	3	**1 784**	1 729	5	**1 538**	1 458	9	**706**	650

Constant currency

	Transactional Products		Mortgage Lending		Card Products	
	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**
Net interest income	6	**7 642**	3	**3 978**	0	**1 536**
Non-interest revenue	9	**6 797**	(2)	**151**	5	**1 868**
Total income	7	**14 439**	3	**4 129**	3	**3 404**
Credit impairment charges			1	**(890)**	(25)	**(625)**
Operating expenses	(8)	**(11 640)**	(1)	**(1 213)**	(13)	**(1 756)**
Headline earnings	3	**1 784**	5	**1 538**	10	**706**

Transactional Products

- Good growth in the deposit base driven by targeted marketing and pricing campaigns.
- Negative endowment due to lower average interest rates in South Africa, Nigeria, Mozambique, Uganda and Malawi.
- Fee income assisted by below inflation increase, partly offset by lower account transaction fees earned from traditional platforms as clients increasingly transact on digital platforms.

Mortgage Lending

- Registrations and utilisation of available balances continue to offset both prepayments and contractual repayments driving balance growth leading to higher net interest income in South Africa.
- Client yield in the lending book impacted by lower interest rates in South Africa, Nigeria, Kenya, Uganda and Namibia.
- Delays experienced in the legal environment in South Africa resulted in higher non-performing loans.

Card Products

- The impact of IFRS 9 implementation, increased liquidity premium and muted growth in interest earning balances on the back of a declining account base, contributed towards flat net interest income.
- Increased turnover-related interchange and gross merchant revenue, partly offset by contraction in the merchant margin.
- Additional point of sale devices combined with shortage of cash boosted transaction volumes and turnover in Zimbabwe.
- Cost savings from increased online transactions in Ghana and Namibia.
- Lower credit impairment charges in line with enhanced collections strategies and the origination of better quality business.
- Investment in universal capabilities and association fees paid impacted cost growth.

Vehicle and Asset Finance			Lending Products			Wealth			Personal & Business Banking		
Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm
(5)	**1 500**	1 578	1	**4 765**	4 732	58	**958**	607	3	**20 379**	19 706
15	**328**	284	4	**1 125**	1 085	7	**3 367**	3 153	6	**13 636**	12 823
(2)	**1 828**	1 862	1	**5 890**	5 817	15	**4 325**	3 760	5	**34 015**	32 529
2	**(507)**	(499)	(19)	**(1 727)**	(2 130)	>100	**(6)**	(1)	(14)	**(3 755)**	(4 348)
(4)	**(1 056)**	(1 105)	4	**(2 819)**	(2 700)	17	**(2 190)**	(1 873)	6	**(20 674)**	(19 459)
4	**193**	186	17	**864**	737	13	**1 556**	1 373	8	**6 641**	6 133

Vehicle and Asset Finance		Lending Products		Wealth		Personal & Business Banking	
CCY %	**1H18 Rm**	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**
(4)	**1 500**	2	**4 765**	59	**958**	5	**20 379**
15	**328**	8	**1 125**	10	**3 367**	8	**13 636**
(1)	**1 828**	3	**5 890**	18	**4 325**	6	**34 015**
4	**(507)**	(17)	**(1 727)**	>100	**(6)**	(12)	**(3 755)**
3	**(1 056)**	(8)	**(2 819)**	(19)	**(2 190)**	8	**(20 674)**
1	**193**	17	**864**	15	**1 556**	8	**6 641**

Vehicle and Asset Finance

- Lower net interest income due to margin compression from lower new business pricing.
- Improvements in internal processes and continued focus on improved dealer integration contributed to higher balance sheet growth.
- Higher income earned from managed maintenance fund and sales of fully depreciated Fleet vehicles.
- Good cost control despite continued investment strategies.

Lending Products

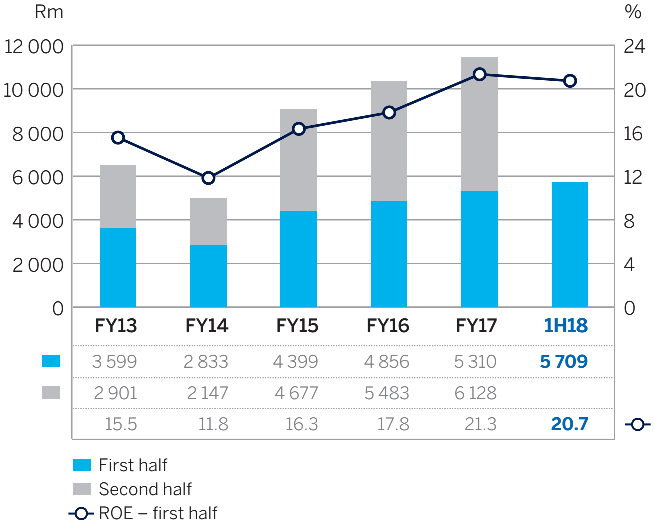
- Higher balances following growth in new business disbursements and increased utilisation.
- Substantial increase in trade finance revenues and improved balance sheet growth in Nigeria and Zambia.
- Lower margins due to competitive pricing and the introduction of interest in suspense on pre-legal balances leading to marginal net interest income growth.
- Interim decline in penalty fees resulting from a change in pricing structure, partly offset by higher review fees following collection process automation.

Wealth

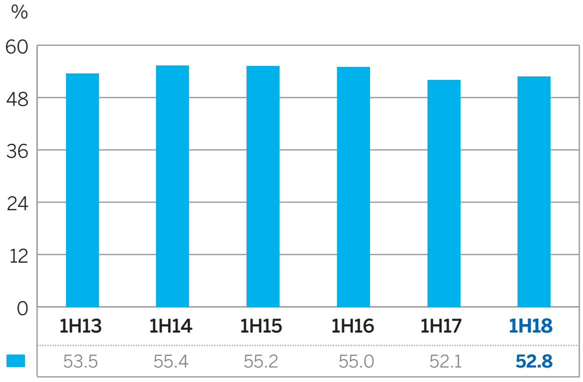
- Wealth International delivered strong growth as a result of positive endowment, increased client deposits and related client activity.
- Continued growth in Nigeria wealth businesses' assets under management as well as diversification of the Wealth business in Africa regions.
- Wealth and Investment continued to grow it's customer base which resulted in deposit and lending balance growth.
- Continued focus on increasing revenue from insurance brokerage services in South Africa and Africa Regions.

Corporate & Investment Banking

Headline earnings
CAGR (1H13 – 1H18): 10%



Cost-to-income ratio



		CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Net interest income		5	(1)	**9 402**	9 451	20 434
Non-interest revenue		14	9	**8 559**	7 833	16 335
Total income		9	4	**17 961**	17 284	36 769
Credit impairment charges		(68)	(70)	**(244)**	(807)	(1 625)
Operating expenses		9	5	**(9 492)**	(9 006)	(19 015)
Taxation		17	11	**(1 393)**	(1 259)	(2 709)
Headline earnings		13	8	**5 709**	5 310	11 438
Headline earnings change	%			**8**	9	10
Headline earnings contribution to the group	%			**45**	44	44
Net interest margin	%			**3.02**	3.07	3.11
Credit loss ratio	%			**0.03**	0.33	0.33
Credit loss ratio to customers	%			**0.04**	0.45	0.44
Cost-to-income ratio	%			**52.8**	52.1	51.7
Jaws	%			**(1.5)**	5.2	4.9
Effective direct taxation rate	%			**15.5**	15.4	15.5
RoRWA	%			**2.7**	2.8	2.9
ROE	%			**20.7**	21.3	22.0
Net loans and advances	Rm	(3)	(1)	**463 039**	469 304	466 883
Deposits and debt funding	Rm	2	4	**689 776**	664 881	676 694
Average ordinary shareholders' equity	Rm		11	**55 737**	50 246	51 926
Number of employees			(2)	**3 754**	3 835	3 801

Favourable

- Diversified revenue performance driven by Financial Institutions, Industrials and Consumer Sectors.
- Strong operational client activity in West Africa and South & Central African Regions driven by multinationals and large domestic clients.
- Notable improvement in credit impairment charges due to improved economic environment and curing of previously impaired loans.
- Disciplined cost management through driving productivity gains.

Adverse

- Strengthening of the rand against most Africa Regions currencies contributed to a reduction of 5% in revenue and 5% in headline earnings.
- Low growth environment and limited corporate activities in key markets impacted revenue growth.
- Increased competition for investment grade counterparties placed pressure on margins.
- Subdued trading activity volumes in South Africa and margin compression impacted trading revenues.

External loans and advances by product

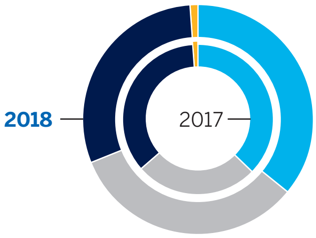
	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Loans and advances to banks	(10)	(7)	**106 725**	114 932	120 412
Credit impairments for loans and advances	(100)	(100)	**(105)**		
Net loans and advances to banks	(10)	(7)	**106 620**	114 932	120 412
Loans and advances to customers	1	1	**364 148**	359 486	352 025
Global Markets	(48)	(48)	**17 653**	33 843	21 648
Investment Banking	5	6	**308 526**	291 621	299 357
Transactional Products and Services	11	12	**37 955**	33 840	30 859
Real Estate and PIM	(92)	(92)	**14**	182	161
Credit impairment charges for loans and advances	14	16	**(5 922)**	(5 114)	(5 554)
Credit impairment charges for non-performing loans	23	23	**(3 896)**	(3 160)	(3 325)
Credit impairment charges for performing loans	1	4	**(2 026)**	(1 954)	(2 229)
Interest in suspense[1]	(100)	(100)	**(1 807)**		
Net loans and advances to customers	(0)	1	**356 419**	354 372	346 471
Comprising:					
Net loans and advances	(3)	(1)	**463 039**	469 304	466 883
Gross loans and advances	16	18	**470 873**	474 418	472 437
Credit impairment charges	(100)	(100)	**(6 027)**	(5 114)	(5 554)
Interest in suspense[1]	(3)	(1)	**(1 807)**		

[1] Refer to page 88 for further details.

Deposits and debt funding by product

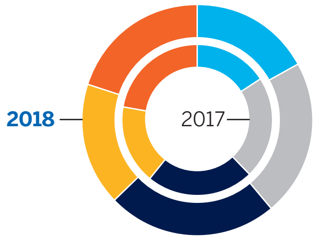
	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Current accounts	3	14	**77 795**	68 480	75 247
Cash management deposits	(7)	(2)	**131 687**	134 757	140 848
Call deposits	(16)	(8)	**73 523**	80 020	87 145
Term deposits	0	(4)	**157 540**	163 445	157 044
Negotiable certificates of deposit	(4)	(5)	**134 749**	141 627	139 834
Other funding	12	13	**40 692**	35 954	35 657
Deposits from customers	(1)	(1)	**615 986**	624 283	635 775
Interbank deposits	6	10	**156 854**	142 375	132 638
Interdivisional funding	(9)	(18)	**(83 064)**	(101 777)	(91 719)
Total deposits and debt funding	2	4	**689 776**	664 881	676 694

CIB composition of headline earnings by product (%)



	1H17	**1H18**
Global Markets	38	**36**
Investment Banking	27	**33**
Transactional Products and Services	36	**30**
Real estate and PIM	(1)	**1**

CIB composition of total income by product (%)



	1H17	**1H18**
Global Markets South Africa	16	**17**
Global Markets Africa Regions	22	**22**
Investment Banking	23	**24**
Transactional Products and Services South Africa	17	**17**
Transactional Products and Services Africa Regions	22	**20**

Summarised income statement per product

	Global Markets			Investment Banking		
	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm
Net interest income	15	**2 294**	1 997	(8)	**2 447**	2 669
Non-interest revenue	2	**4 576**	4 477	39	**1 813**	1 307
Total income	6	**6 870**	6 474	7	**4 260**	3 976
Credit impairment charges	>100	**(28)**	(5)	(90)	**(72)**	(692)
Operating expenses	5	**(3 278)**	(3 113)	5	**(2 358)**	(2 237)
Headline earnings	4	**2 103**	2 021	28	**1 870**	1 457

Constant currency per product

	Global Markets		Investment Banking	
	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**
Net interest income	20	**2 294**	(7)	**2 447**
Non-interest revenue	7	**4 576**	41	**1 813**
Total income	11	**6 870**	9	**4 260**
Credit impairment charges	>100	**(28)**	(89)	**(72)**
Operating expenses	9	**(3 278)**	8	**(2 358)**
Headline earnings	8	**2 103**	29	**1 870**

Global Markets

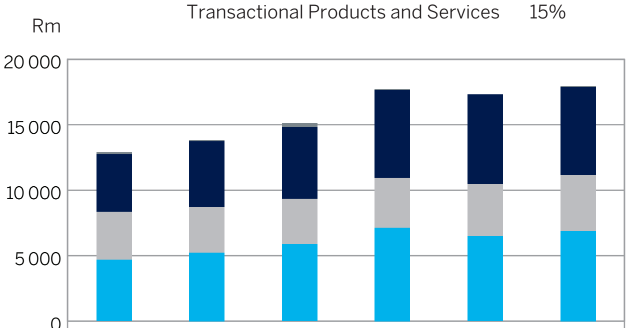
- Increased net interest income largely driven by widening margins on higher yielding treasury bills, particularly in Angola.
- Liquidity shortages and regulatory constraints impacted trading revenue in Angola and Mozambique.
- The foreign exchange trading desk benefited from favourable policy changes in some key markets, however slowed down in Q2 due to negative Emerging Market sentiment and US rate hikes.
- Reduced South African foreign exchange and equities trading volumes.

Investment Banking

- Loans and advances growth was subdued in an early repayment environment as clients deleverage their balance sheets.
- Participation in several landmark transactions, coupled with increased client activity in the Energy and Infrastructure sectors supported strong growth in fee and commission revenue.
- Notable improvement in credit impairment charges due to curing of previously impaired loans.
- Continued cost discipline and improvements across all productivity and efficiency metrics.

CIB total income by product

CAGR (1H13 – 1H18): Global Markets 8%
Investment Banking 3%
Transactional Products and Services 15%



	1H13	1H14	1H15	1H16	1H17	**1H18**
Global Markets	4 678	5 244	5 871	7 145	6 474	**6 870**
Investment Banking	3 695	3 453	3 466	3 806	3 976	**4 260**
Transactional Products and Services	4 365	5 047	5 513	6 701	6 851	**6 751**
Real Estate and PIM	141	94	299	80	(17)	**80**

Global Markets
Investment Banking
Transactional Products and Services
Real Estate and PIM

	Transactional Products and Services			**Real Estate and PIM**			**Corporate & Investment Banking**		
	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm	Change %	**1H18 Rm**	1H17 Rm
	(4)	**4 642**	4 838	(>100)	**19**	(53)	(1)	**9 402**	9 451
	5	**2 109**	2 013	69	**61**	36	9	**8 559**	7 833
	(1)	**6 751**	6 851	(>100)	**80**	(17)	4	**17 961**	17 284
	49	**(149)**	(100)	(>100)	**5**	(10)	(70)	**(244)**	(807)
	6	**(3 842)**	(3 612)	(68)	**(14)**	(44)	5	**(9 492)**	(9 006)
	(10)	**1 692**	1 887	(>100)	**44**	(55)	8	**5 709**	5 310

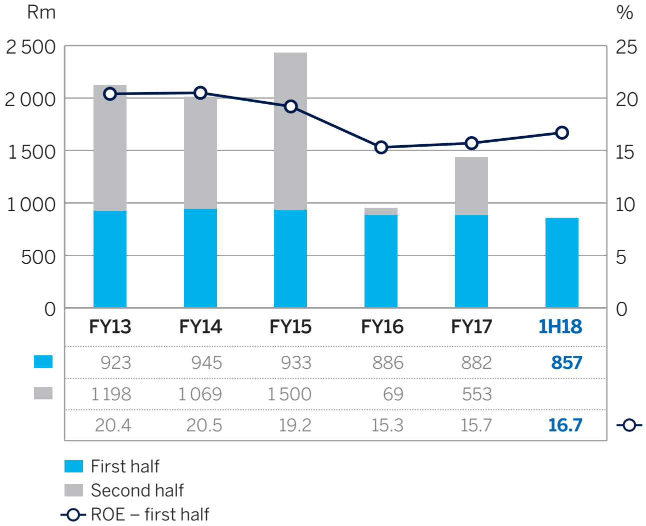
	Transactional Products and Services		**Real Estate and PIM**		**Corporate & Investment Banking**	
	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**	CCY %	**1H18 Rm**
	4	**4 642**	(>100)	**19**	5	**9 402**
	10	**2 109**	69	**61**	14	**8 559**
	6	**6 751**	(>100)	**80**	9	**17 961**
	67	**(149)**	(>100)	**5**	(68)	**(244)**
	11	**(3 842)**	(68)	**(14)**	9	**(9 492)**
	(2)	**1 692**	(>100)	**44**	13	**5 709**

Transactional Products and Services

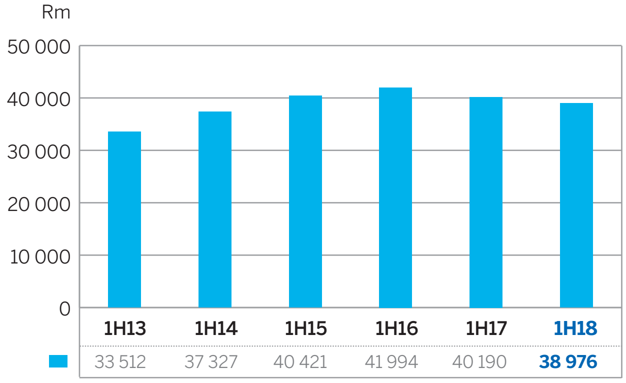
- Resilient performance by trade and investor services in South Africa and Africa Regions
- Continued and diversified client revenue growth in spite of tough macro-economic conditions due to political and policy uncertainty in South Africa and foreign currency devaluations and margin compression in Africa Regions.
- Muted net interest income growth due to foreign currency devaluations and margin compression in Nigeria and Angola which adversely impacted underlying client activity and growth in deposits and advances in South Africa, Mozambique, Kenya, and Zambia.
- Buoyant secondary markets from the Investor Services in Nigeria and trade business in South Africa and Nigeria resulted in non-interest revenue growth.

Liberty

Headline earnings – SBG share
CAGR (1H13 – 1H18): (1%)



Normalised group equity value
CAGR (1H13 – 1H18): 3%



		Change %	1H18 Rm	1H17 Rm	FY17 Rm
Net insurance premiums[1]	Rm	(6)	**17 367**	18 469	38 020
Investment income and gains[2]	Rm	(47)	**8 265**	15 556	40 274
Benefits due to policyholders and third party mutual fund interests[1]	Rm	(31)	**16 345**	23 740	57 583
Operating expenses[2]	Rm	(1)	**(8 691)**	(8 822)	(17 800)
Normalised operating earnings[1]	Rm	18	**958**	814	1 412
Normalised headline earnings[1]	Rm	5	**1 332**	1 267	2 719
IFRS headline earnings[1]	Rm	(1)	**1 521**	1 540	3 252
SBG share of Liberty's IFRS headline earnings	Rm	(1)	**845**	852	1 804
Group shares held for the benefit of Liberty policyholders	Rm	(60)	**12**	30	(369)
Headline earnings attributable to the group[3]		(3)	**857**	882	1 435
Effective interest in Liberty at end of period	%		**55.6**	55.6	55.5
ROE	%		**16.7**	15.7	12.7
Normalised return on Liberty group equity value[1,4]	%		**5.0**	2.3	1.1
Indexed new business (excluding contractual increases)[1]	Rm	(4)	**3 773**	3 930	8 018
New business margin[1]	%		**0.7**	0.4	0.5
Net cash inflows in long-term insurance operations[1]	Rm	(>100)	**262**	(665)	1 634
Value of new business[1]	Rm	57	**135**	86	233
Normalised group equity value[1]	Rm	(3)	**38 976**	40 190	39 368
Capital adequacy requirement cover (times covered)[1]			**2.67**	2.82	2.92

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 embedded value.

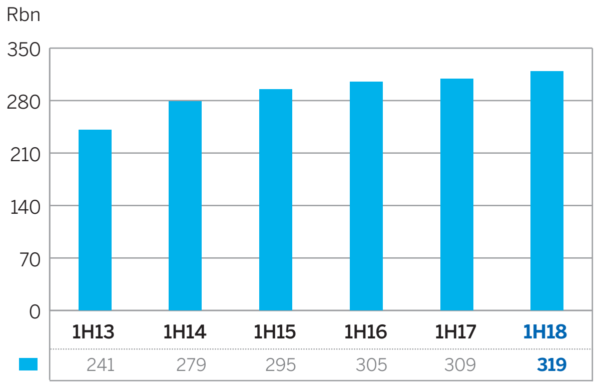
Favourable

- Higher value of new business, driven by margin increasing from 0.4% to 0.7% due to strategic initiatives implemented.
- Long-term insurance net customer cash inflows were supported by lower policy withdrawals and maturities in Individual Arrangements and lower scheme termination outflows in Liberty Corporate.
- The group remains well capitalised and is within its target range.
- Normalised return on group equity value improved from 2.3% to 5.0% due to higher value of new business generated.

Adverse

- Normalised group equity value decreased by 3% due to weaker earnings.
- Lower long-term insurance indexed new business impacted by a continued pressure on retail sales volumes.

Long-term policyholder liabilities
CAGR (1H13 – 1H18): 6%



Normalised income statement

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Insurance premiums	(5)	**18 386**	19 438	39 970
Reinsurance premiums	5	**(1 019)**	(969)	(1 950)
Net insurance premiums	(6)	**17 367**	18 469	38 020
Investment income and gains	(47)	**8 255**	15 505	41 019
Fee income and reinsurance commission	(1)	**1 803**	1 812	3 683
Total revenue	(23)	**27 425**	35 786	82 722
Benefits due to policyholders and third party mutual fund interests	(31)	**(16 345)**	(23 740)	(57 583)
Net insurance benefits and claims	(29)	**(12 958)**	(18 301)	(43 848)
Fair value adjustment to policyholders' liabilities under investment contracts	(69)	**(880)**	(2 861)	(9 116)
Fair value adjustment to financial liabilities	(13)	**(2 237)**	(2 578)	(4 619)
Fair value adjustment on third party mutual fund interests	(100)	**(270)**		
Income after policyholders' benefits	(8)	**11 080**	12 046	25 139
Operating expenses	(5)	**(8 620)**	(9 087)	(18 596)
Acquisition costs	(12)	**(2 239)**	(2 532)	(4 935)
General marketing and administration expenses	0	**(5 420)**	(5 417)	(11 345)
Finance costs	(37)	**(408)**	(652)	(1 344)
Profit share allocations	14	**(553)**	(486)	(972)
Income before equity accounted earnings	(17)	**2 460**	2 959	6 543
Share of profit from joint ventures	43	**20**	14	25
Profit before taxation	(17)	**2 480**	2 973	6 568
Taxation	(33)	**(780)**	(1 171)	(2 864)
Profit for the period	(6)	**1 700**	1 802	3 704
Attributable to non-controlling interests[1]	(32)	**(178)**	(261)	(586)
Attributable to preference shareholders	0	**(1)**	(1)	(2)
Headline adjustable items				136
IFRS headline earnings	(1)	**1 521**	1 540	3 252
BEE preference share income	(20)	**4**	5	10
REIT profit and loss mismatch	(31)	**(193)**	(278)	(543)
Normalised headline earnings	5	**1 332**	1 267	2 719

[1] Non-controlling interest within Liberty.

Headline earnings - Liberty Holdings

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Insurance	11	**729**	658	1 224
Individual Arrangements	18	**704**	597	1 208
Group Arrangements	(59)	**25**	61	16
Liberty Corporate	(4)	**77**	80	81
Liberty Africa Insurance	(>100)	**(5)**	20	45
Liberty Health	>100	**(45)**	(19)	(54)
Nigeria and project support costs	(90)	**(2)**	(20)	(56)
Balance sheet management	1	**169**	168	376
LibFin Markets - credit portfolio	9	**150**	138	330
LibFin Markets - asset/liability matching portfolio	(37)	**19**	30	46
Asset management	(>100)	**185**	(3)	48
STANLIB South Africa	52	**175**	115	252
STANLIB Africa Regions	(>100)	**10**	(118)	(204)
Central overheads and sundry income	>100	**(125)**	(9)	(236)
Normalised operating earnings	18	**958**	814	1 412
LibFin Investments - SIP	(17)	**374**	453	1 307
Normalised headline earnings	5	**1 332**	1 267	2 719
BEE preference shares income	(20)	**(4)**	(5)	(10)
REIT profit and loss mismatch	(31)	**193**	278	543
IFRS headline earnings	(1)	**1 521**	1 540	3 252

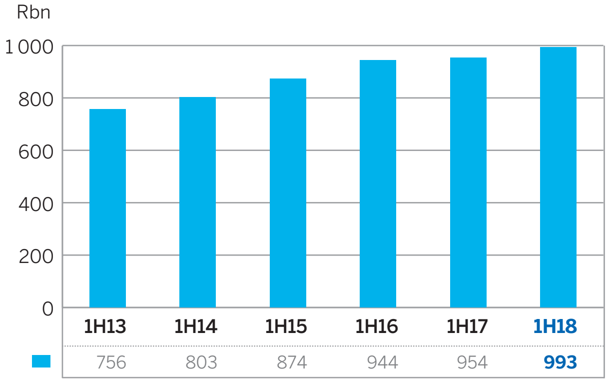
External assets under management

	Change %	1H18 Rbn	1H17 Rbn	FY17 Rbn
Asset management - assets under management	(4)	**54**	56	48
Segregated funds	6	**54**	51	48
Properties	(100)		5	
Wealth management - funds under administration	5	**336**	319	337
Single manager unit trust	4	**127**	122	128
Institutional marketing	8	**57**	53	56
Linked and structured life products	8	**83**	77	84
Multi-manager	36	**19**	14	16
Africa Regions	(6)	**50**	53	53
Total external assets under management and administration	4	**390**	375	385

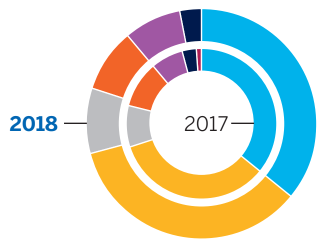
FINANCIAL PERFORMANCE

Loans and advances

Gross loans and advances to customers
CAGR (1H13 – 1H18): 6%



Composition of loans to customers (%)



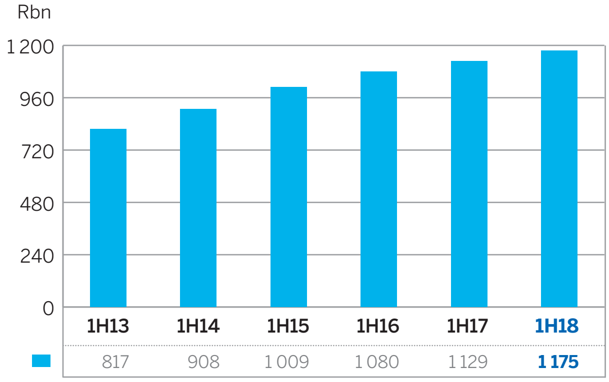
	1H17	1H18
Mortgage loans	36	**36**
Term loans	34	**35**
Vehicle and asset finance	9	**9**
Overdrafts and other demand loans	10	**9**
Other term loans	7	**8**
Card debtors	3	**3**
Loans granted under resale agreements	1	

	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Personal & Business Banking	5	6	**632 088**	598 422	605 187
Mortgage loans	3	3	**353 357**	342 128	346 518
Vehicle and asset finance	5	5	**85 327**	80 889	81 640
Card debtors	4	4	**33 336**	32 119	32 268
Other loans and advances	11	12	**160 068**	143 286	144 761
Personal unsecured	4	4	**55 368**	53 286	52 016
Business lending and other	15	16	**104 700**	90 000	92 745
Corporate & Investment Banking	1	1	**364 148**	359 486	352 025
Global Markets	(48)	(48)	**17 653**	33 843	21 648
Investment Banking	5	6	**308 526**	291 621	299 357
Transactional Products and Services	11	12	**37 955**	33 840	30 859
Real Estate and PIM	(92)	(92)	**14**	182	161
Central and other	(6)	(9)	**(3 379)**	(3 730)	(4 676)
Gross loans and advances to customers	4	4	**992 857**	954 178	952 536
Credit impairments charges on loans and advances	35	35	**(30 817)**	(22 816)	(22 444)
Credit impairment charges on non-performing loans	13	13	**(17 503)**	(15 440)	(15 270)
Credit impairment charges on performing loans	79	81	**(13 314)**	(7 376)	(7 174)
Interest in suspense[1]	(100)	(100)	**(6 128)**		
Net loans and advances to customers	2	3	**955 912**	931 362	930 092
Gross loans and advances to banks	(8)	(3)	**108 873**	112 036	117 935
Credit impairment charges on loans and advances	(100)	(100)	**(105)**		
Net loans and advances to banks	(8)	(3)	**108 768**	112 036	117 935
Net loans and advances	1	2	**1 064 680**	1 043 398	1 048 027
Gross loans and advances	2	3	**1 101 730**	1 066 214	1 070 471
Credit impairments	35	36	**(30 922)**	(22 816)	(22 444)
Interest in suspense[1]	(100)	(100)	**(6 128)**		

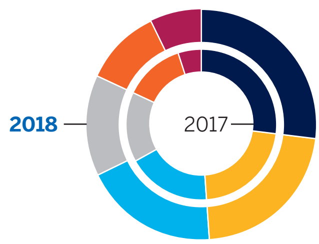
[1] Refer to page 88 for further details.

Deposits and debt funding

Deposits from customers
CAGR (1H13 – 1H18): 8%



Composition of deposits from customers (%)



	1H17	1H18
Call deposits	27	**27**
Term deposits	22	**22**
Current accounts	18	**19**
Cash management deposits	15	**14**
Negotiable certificates of deposit	13	**11**
Other deposits	5	**7**

	CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Personal & Business Banking	9	11	**563 592**	509 276	535 461
Retail priced deposits	7	9	**448 553**	412 022	426 484
Current accounts	8	9	**148 814**	137 136	145 684
Cash management deposits	18	18	**35 206**	29 755	31 151
Call deposits	1	5	**131 104**	125 181	123 414
Term deposits	13	14	**95 474**	83 541	92 428
Other deposits	3	4	**37 955**	36 409	33 807
Wholesale priced deposits	18	18	**115 039**	97 254	108 977
Corporate & Investment Banking	(1)	(1)	**615 986**	624 283	635 775
Cash management deposits	(2)	(2)	**131 687**	134 757	140 848
Call deposits	(6)	(8)	**73 523**	80 020	87 145
Term deposits	(3)	(4)	**157 540**	163 445	157 044
Negotiable certificates of deposit	(5)	(5)	**134 749**	141 627	139 834
Other funding	16	13	**118 487**	104 434	110 904
Central and other	(0)	(0)	**(4 935)**	(4 945)	(4 671)
Deposits from customers	4	4	**1 174 643**	1 128 614	1 166 565
Deposits from banks	(2)	4	**101 032**	97 552	91 794
Total deposits and debt funding	3	4	**1 275 675**	1 226 166	1 258 359
Retail priced deposits	7	9	**448 553**	412 022	426 484
Wholesale priced deposits	1	2	**827 122**	814 144	831 875
Wholesale priced deposits - customers	2	1	**726 090**	716 592	740 081
Wholesale priced deposits - banks	(2)	4	**101 032**	97 552	91 794

Banking activities average balance sheet and net interest margin analysis

Banking activities average balance sheet

	1H18		
	Trading book Rm	Non-interest earning Rm	Interest earning Rm
Assets			
Cash and balances with central banks[2]	400	22 419	52 128
Trading assets	136 302	25 608	
Financial investments			184 037
Gross loans and advances	769		1 099 722
Gross loans and advances to banks	434		116 947
Gross loans and advances to customers	335		982 775
Credit impairments charges on loans and advances			(26 308)
Interest in suspense			(4 632)
Loans and advances	769		1 068 782
Other assets	2 723	15 743	
Interest in associates and joint ventures		1 872	
Goodwill and other intangible assets		23 525	
Property and equipment		13 542	
Total average assets and interest excluding derivative assets	140 194	102 709	1 304 947
Derivative assets	73 794		
Total average assets and interest	213 988	102 709	1 304 947
Equity and liabilities			
Equity	9 079	125 404	
Liabilities	132 359	55 587	1 235 080
Trading liabilities	76 557		
Deposits and debt funding	49 573		1 216 224
Deposits from banks	31		96 761
Deposits from customers	49 542		1 119 463
Other liabilities	6 229	55 587	
Subordinated debt			18 856
Total average equity, liabilities and interest excluding derivative liabilities	141 438	180 991	1 235 080
Derivative liabilities	64 135		
Total average equity, liabilities and interest	205 573	180 991	1 235 080

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.

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

	Average interest earning assets Rm	Net interest income Rm	Net interest margin %
1H17	1 262 169	28 770	4.60
Impact of volume changes	42 778	975	
Lending book client yield		(1 248)	(0.20)
Funding book client yield		977	0.16
Funding and capital reserves endowment		(962)	(0.15)
Treasury activities and assets held for liquidity purposes		166	0.03
IFRS 9 impact of interest in suspense		(279)	(0.04)
Mix and other		751	0.10
1H18	1 304 947	29 150	4.50
Average interest earning assets growth (%)	3.4		
Net interest income growth (%)		1.3	

1H18 Total average balance Rm	1H18 Interest[1] Rm	1H18 Average rate %	1H17 Trading book Rm	1H17 Non-interest earning Rm	1H17 Interest earning Rm	1H17 Total average balance Rm	1H17 Interest[1] Rm	1H17 Average rate %
74 947			381	14 488	56 871	71 740		
161 910			111 347	20 016		131 363		
184 037	7 237	7.93			149 339	149 339	5 957	8.04
1 100 491	50 268	9.21	579		1 080 762	1 081 341	51 129	9.53
117 381	1 853	3.18	408		129 227	129 635	2 115	3.29
983 110	48 415	9.93	171		951 535	951 706	49 014	10.39
(26 308)					(24 803)	(24 803)		
(4 632)								
1 069 551	50 268	9.48	579		1 055 959	1 056 538	51 129	
18 466			8 892	15 157		24 049		
1 872				1 419		1 419		
23 525				22 875		22 875		
13 542				13 815		13 815		
1 547 850	57 505	7.49	121 199	87 770	1 262 169	1 471 138	57 086	7.83
73 794			59 771			59 771		
1 621 644	57 505	7.15	180 970	87 770	1 262 169	1 530 909	57 086	7.52
134 483			8 252	124 245		132 497		
1 423 026	28 355	4.02	112 751	31 276	1 184 766	1 328 793	28 316	4.30
76 557			55 532			55 532		
1 265 797	27 430	4.37	48 627		1 165 104	1 213 731	27 150	4.51
96 792	1 058	2.20	14		88 775	88 789	923	2.10
1 169 005	26 372	4.55	48 613		1 076 329	1 124 942	26 227	4.70
61 816			7 198	31 276		38 474		
18 856	925	9.89	1 394		19 662	21 056	1 166	11.17
1 557 509	28 355	3.67	121 003	155 521	1 184 766	1 461 290	28 316	3.91
64 135			69 619			69 619		
1 621 644	28 355	3.53	190 622	155 521	1 184 766	1 530 909	28 316	3.73

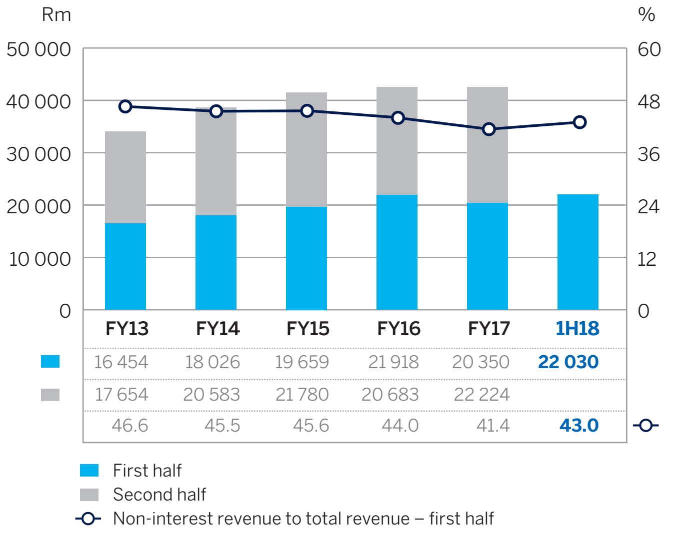
Favourable

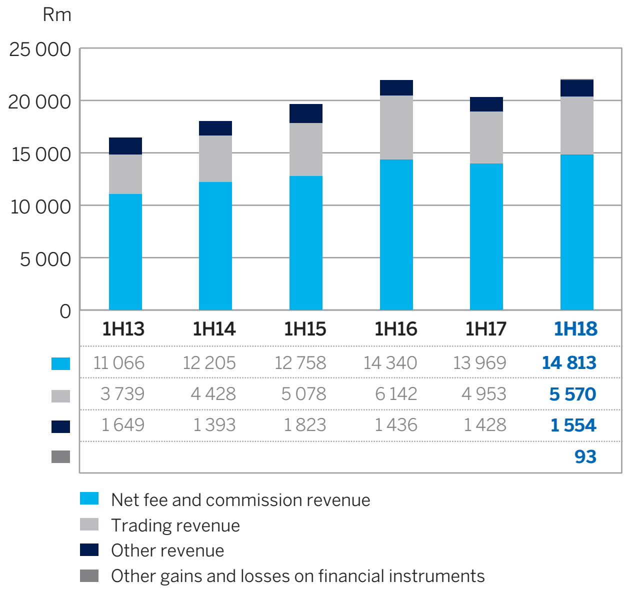
- Change in mix of country balance sheets from foreign to local currency loans and deposits resulting in higher margins across most countries.
- Reduced issuance of negotiable certificates of deposit (NCDs) as NSFR requirements have been fully met.
- Higher average US and UK rates benefiting yields earned on longer dated treasury assets in Wealth International.

Adverse

- Lower average interest rates in South Africa, Mozambique, Zambia, Ghana, Nigeria and Uganda:
  - Negative endowment impact on capital and transactional balances
  - Lower client yield on the lending portfolio.
- Margin compression in the Vehicle and Asset Finance, Investment Banking and Commercial Property Finance portfolios on new business.
- Margin negatively impacted by earlier suspension of interest in accordance with IFRS 9.

Non-interest revenue analysis

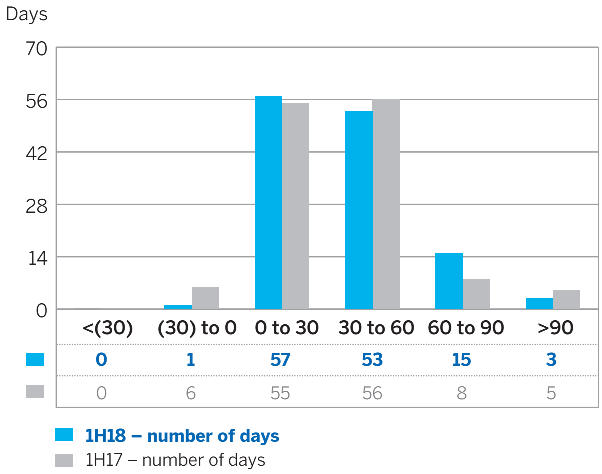




	CCY %	Change %	1H18 Rm	1H17[1] Rm	FY17[1] Rm
Net fee and commission revenue	9	6	**14 813**	13 969	28 670
Fee and commission revenue	9	7	**17 763**	16 661	34 290
Account transaction fees	1	(0)	**5 599**	5 604	11 488
Electronic banking	11	10	**1 848**	1 676	3 446
Knowledge-based fees and commission	11	8	**1 236**	1 140	2 278
Card-based commission	7	6	**3 263**	3 086	6 535
Insurance - fees and commission	5	5	**964**	919	1 945
Documentation and administration fees	4	1	**1 097**	1 090	2 197
Foreign currency service fees	20	15	**1 036**	903	1 879
Other	30	21	**2 720**	2 243	4 522
Fee and commission expense	10	10	**(2 950)**	(2 692)	(5 620)
Trading revenue	17	12	**5 570**	4 953	10 731
Fixed income and currencies	8	4	**4 444**	4 283	9 043
Commodities	(70)	(70)	**8**	27	62
Equities	74	74	**1 118**	643	1 626
Other revenue	9	9	**1 554**	1 428	3 173
Banking and other	(7)	(8)	**345**	374	1 001
Property-related revenue	67	65	**160**	97	367
Insurance-related revenue	10	10	**1 049**	957	1 805
Other gains and losses on financial instruments	100	100	**93**		
Non-interest revenue	11	8	**22 030**	20 350	42 574

[1] Restated. Refer to page 89.

Distribution of daily trading profit or loss



Favourable

Net fee and commission revenue

- Other fee and commission revenue benefited from strong growth in the pension fund business and assets under management in Nigeria, coupled with increased custody fees.
- Card based commission growth supported by:
  – Higher issuing and acquiring turnover in SA from new card sales
  – Higher transactional volumes supported by increased POS devices notably in Zimbabwe, Mozambique and Botswana.
- Increased electronic banking fees linked to:
  – Higher transactional volumes on ATMs by non-Standard Bank customers
  – Growth in Instant Money transactional volumes in South Africa
  – Increased digital transactional volumes in Zimbabwe and South Africa.
- Foreign currency service fees:
  – Increased client activities and transaction volumes in South Africa, Nigeria and Angola.
- Knowledge-based fees:
  – Bond commission received on the issuance of government bonds, coupled with higher agency and stock brokerage fees in Nigeria.

Trading revenue

- Fair value gains from unlisted investments and interest rate trading desks in South Africa.
- Revenues earned on client-related positions held relating to the devaluation of the Angolan Kwanza.
- Increased forex trading activity linked to increased liquidity and less stringent regulatory constraints in Angola and Nigeria.
- Higher equity trading revenue on shares held by the group to facilitate client trading activities, following a lower SBG share price.

Other revenue

- Higher average premiums and policy sales contributed to increased insurance-related revenue.

Gains and losses on financial instruments

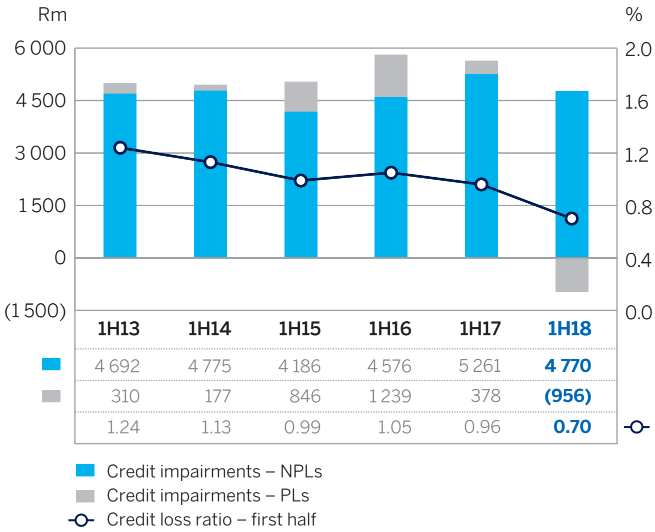
- Interest income on certain debt instruments, together with the derecognition gains and losses on instruments not recognised at fair value through profit and loss are now recorded in other gains and losses on financial instruments, in accordance with IFRS 9.

Adverse

- Lower account transaction fees earned from traditional platforms as clients increasingly transact on digital platforms.
- Margin degradation in merchant solutions due to continued competitive environment.
- Increased deferral on the UCount rewards programme driven by a higher redemption of points by customers.

Credit impairment analysis
Income statement charges

Credit impairment charges on loans and advances



Income statement credit impairment charges for loans and advances (net of recoveries)

		1H18					
		Performing loans					
	Change %	Stage 1 Rm	Stage 2 Rm	Total Rm	Non-performing loans credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	(14)	(234)	199	(35)	3 775	3 740	1.14
Mortgage loans	1	(46)	198	152	738	890	0.51
Vehicle and asset finance	2	(91)	19	(72)	579	507	1.24
Card debtors	(25)	7	86	93	532	625	3.89
Other loans and advances	(19)	(104)	(104)	(208)	1 926	1 718	1.74
Personal unsecured lending	(5)	10	13	23	1 156	1 179	4.46
Business lending and other	(40)	(114)	(117)	(231)	770	539	0.74
Corporate & Investment Banking	(91)	(12)	(909)	(921)	995	74	0.03
Total loans and advances credit impairment charges	(26)	(246)	(710)	(956)	4 770	3 814	0.70
Credit impairment charge - financial investments	100					72	
Credit impairment charge - letters of credit and guarantees	100					113	
Total credit impairment charges	(22)					3 999	

Favourable

- Improved customer behaviour and collections in card and business lending portfolios contributed to reduced credit impairment charges in South Africa.
- Enhanced portfolio performance in CIB Africa Regions resulted in lower credit provisioning.
- Recoveries from Nigeria following improvement in client portfolios.
- Higher non-performing coverage ratio under IFRS 9 of 54% (IAS 39 1H17: 45%) due to change in definition with the inclusion of interest in suspense in both the numerator and denominator.

Adverse

- Significant non-performing credit impairment charges raised in South Africa corporate lending portfolio due to economic strain experienced within the consumer and construction sectors.
- Higher defaults due to downgrade of exposures into non-performing loans within business banking portfolio in PBB Africa.
- Lower post write-off recoveries across all personal and business banking portfolios.

1H17						FY17					
	Specifically impaired loans						Specifically impaired loans				
Portfolio credit impairment charges	Specific impairment	IAS 39 discount[1]	Total	Total impairment charges	Credit loss ratio	Portfolio credit impairment charges	Specific impairment	IAS 39 discount[1]	Total	Total impairment charges	Credit loss ratio
Rm	Rm	Rm	Rm	Rm	%	Rm	Rm	Rm	Rm	Rm	%
143	4 205	409	4 614	4 348	1.36	(294)	8 079	777	8 856	7 785	1.20
8	877	159	1 036	885	0.52	(55)	1 626	315	1 941	1 571	0.46
	499	62	561	499	1.26	(141)	1 013	120	1 133	872	1.09
76	757	14	771	833	5.30	61	1 318	24	1 342	1 379	4.33
59	2 072	174	2 246	2 131	2.23	(159)	4 122	318	4 440	3 963	2.01
(54)	1 293	130	1 423	1 239	4.64	(70)	2 377	187	2 564	2 307	4.29
113	779	44	823	892	1.30	(89)	1 745	131	1 876	1 656	1.15
235	572	75	647	807	0.33	649	976	95	1 071	1 625	0.33
378	4 777	484	5 261	5 155	0.96	355	9 055	872	9 927	9 410	0.86
				5 155						9 410	

Credit impairment analysis

Balance sheet impairment roll forward for loans and advances

	FY17 closing IAS 39 balance Rm	IFRS 9 transition adjustment Rm	1 January 2018 IFRS 9 opening balance Rm
1H18			
Non-performing loans - credit impairments			
Personal & Business Banking	11 943	151	12 094
Mortgage loans	3 979	500	4 479
Vehicle and asset finance	1 367	(106)	1 261
Card debtors	1 596	(160)	1 436
Other lending	5 001	(83)	4 918
Personal unsecured lending	3 187	(143)	3 044
Business and other lending	1 814	60	1 874
Corporate & Investment Banking	3 325	(112)	3 213
Central and other	2	(2)	
Total non-performing loans credit impairments	15 270	37	15 307
Performing loans - credit impairments			
Personal & Business Banking	4 545	6 617	11 162
Mortgage loans	1 077	2 063	3 140
Vehicle and asset finance	653	1 107	1 760
Card debtors	665	854	1 519
Other lending	2 150	2 593	4 743
Personal unsecured lending	1 241	1 464	2 705
Business and other lending	909	1 129	2 038
Corporate & Investment Banking	2 229	673	2 902
Central and other	400	(400)	
Total performing loans credit impairments	7 174	6 890	14 064
Total credit impairments - loans and advances	22 444	6 927	29 371
Interest in suspense	4 756	912	5 668
Total credit impairments and interest in suspense - loans and advances	27 200	7 839	35 039

Transfers between stages	Net provisions raised and released Rm	Impaired accounts written off Rm	Currency translation and other movements Rm	Closing balance Rm	Recoveries of amounts written off in previous years Rm
459	3 605	(2 748)	197	13 607	289
(169)	978	(438)	26	4 876	71
134	529	(369)	38	1 593	84
36	525	(585)	(2)	1 410	29
458	1 573	(1 356)	135	5 728	105
183	1 016	(1 005)	36	3 274	43
275	557	(351)	99	2 454	62
468	555	(494)	154	3 896	28
927	4 160	(3 242)	351	17 503	317
(459)	424		161	11 288	
169	(17)		7	3 299	
(134)	62		21	1 709	
(36)	129			1 612	
(458)	250		133	4 668	
(183)	206		37	2 765	
(275)	44		96	1 903	
(468)	(453)		150	2 131	
(927)	(29)		311	13 419	
	4 131	(3 242)	662	30 922	317
			460	6 128	
	4 131	(3 242)	1 122	37 050	

Credit impairment analysis
Loans and advances performance

	Gross loans and advances Rm	Performing loans Stage 1 Rm	Stage 2 Rm	Total performing loans Rm
1H18				
Personal & Business Banking	683 361	588 072	60 087	648 159
Mortgage loans	353 357	301 615	33 452	335 067
Vehicle and asset finance	85 327	73 760	7 938	81 698
Card debtors	33 336	27 111	4 156	31 267
Other loans and advances	211 341	185 586	14 541	200 127
Personal unsecured lending	55 368	44 356	5 659	50 015
Business and other lending	155 973	141 230	8 882	150 112
Corporate & Investment Banking	469 039	435 953	24 459	460 412
Corporate and sovereign	363 126	330 040	24 459	354 499
Banking	105 913	105 913		105 913
Central and other	(52 504)	(52 504)		(52 504)
Gross loans and advances at amortised cost	1 099 896	971 521	84 546	1 056 067
Percentage of total book (%)	100.0	88.3	7.7	96.0
Gross loans and advances at amortised cost	1 099 896			
Gross loans and advances at fair value - CIB	1 834			
Total gross loans and advances	1 101 730			

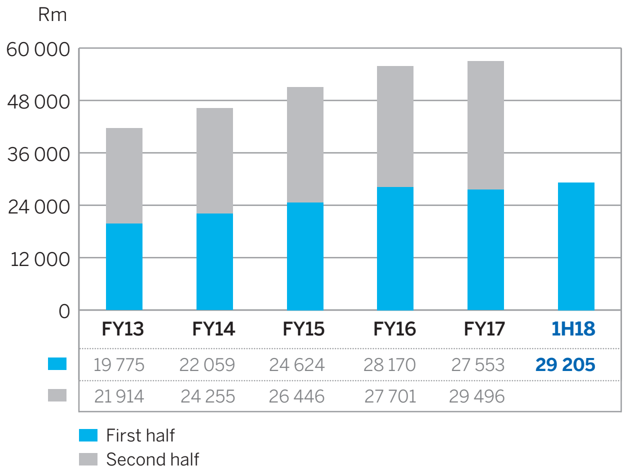
	Non-performing loans					
	Total non-performing loans	Securities and expected recoveries on non-performing loans	Interest in suspense	Balance sheet impairments for non-performing loans	Non-performing loans impairment coverage	Non-performing loans
	Rm	Rm	Rm	Rm	%	%
	35 202	17 274	4 321	13 607	51	5.2
	18 290	11 544	1 870	4 876	37	5.2
	3 629	1 818	218	1 593	50	4.3
	2 069	461	198	1 410	78	6.2
	11 214	3 451	2 035	5 728	69	5.3
	5 353	1 033	1 046	3 274	81	9.7
	5 861	2 418	989	2 454	59	3.8
	8 627	2 924	1 807	3 896	66	1.8
	8 627	2 924	1 807	3 896	66	2.4
	43 829	20 198	6 128	17 503	54	4.0
	4.0	1.8	0.6	1.6		

	Gross loans and advances Rm	Total performing loans Rm	Total non-performing loans Rm
1H17			
Personal & Business Banking	640 606	611 770	28 836
Mortgage loans	342 128	326 809	15 319
Vehicle and asset finance	80 889	77 566	3 323
Card debtors	32 119	29 868	2 251
Other loans and advances	185 470	177 527	7 943
Personal unsecured lending	53 286	48 645	4 641
Business lending and other	132 184	128 882	3 302
Corporate & Investment Banking	474 418	468 715	5 703
Corporate loans	406 831	401 304	5 527
Commercial property finance	67 587	67 411	176
Central and other	(48 810)	(48 812)	2
Gross loans and advances	1 066 214	1 031 673	34 541
Percentage of total book (%)	100.0	96.8	3.2
FY17			
Personal & Business Banking	645 868	616 949	28 919
Mortgage loans	346 518	331 014	15 504
Vehicle and asset finance	81 640	78 514	3 126
Card debtors	32 268	30 148	2 120
Other loans and advances	185 442	177 273	8 169
Personal unsecured lending	52 016	47 827	4 189
Business lending and other	133 426	129 446	3 980
Corporate & Investment Banking	472 437	466 862	5 575
Corporate loans	408 624	403 243	5 381
Commercial property finance	63 813	63 619	194
Central and other	(47 834)	(47 836)	2
Gross loans and advances	1 070 471	1 035 975	34 496
Percentage of total book (%)	100.0	96.8	3.2

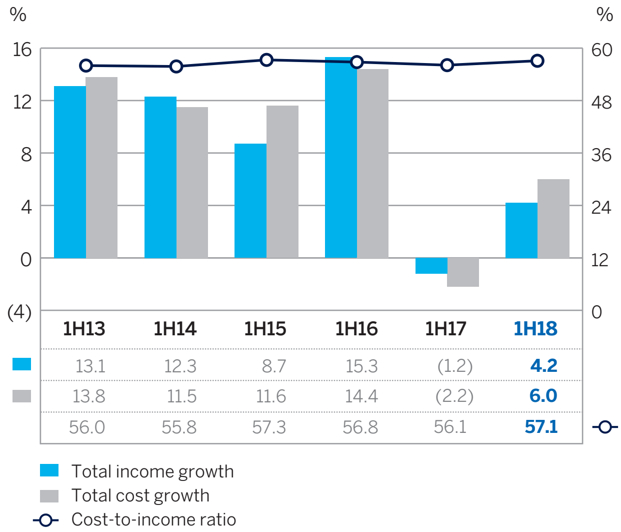
Securities and expected recoveries on specifically impaired loans Rm	Net after securities and expected recoveries on specifically impaired loans Rm	Balance sheet impairments for non-performing specifically impaired loans Rm	Specific gross impairment coverage %	Non-performing loans %
16 558	12 278	12 278	43	4.5
11 381	3 938	3 938	26	4.5
1 822	1 501	1 501	45	4.1
559	1 692	1 692	75	7.0
2 796	5 147	5 147	65	4.3
1 064	3 577	3 577	77	8.7
1 732	1 570	1 570	48	2.5
2 543	3 160	3 160	55	1.3
2 476	3 051	3 051	55	1.5
67	109	109	62	0.3
	2	2		
19 101	15 440	15 440	45	3.3
1.8	1.4	1.4		
16 976	11 943	11 943	41	4.5
11 525	3 979	3 979	26	4.5
1 759	1 367	1 367	44	3.8
524	1 596	1 596	75	6.6
3 168	5 001	5 001	61	4.4
1 002	3 187	3 187	76	8.1
2 166	1 814	1 814	46	3.0
2 250	3 325	3 325	60	1.2
2 180	3 201	3 201	59	1.3
70	124	124	64	0.3
	2	2		
19 226	15 270	15 270	44	3.2
1.8	1.4	1.4		

Operating expenses

Operating expenses
CAGR (1H13 – 1H18): 8%



Cost and income growth



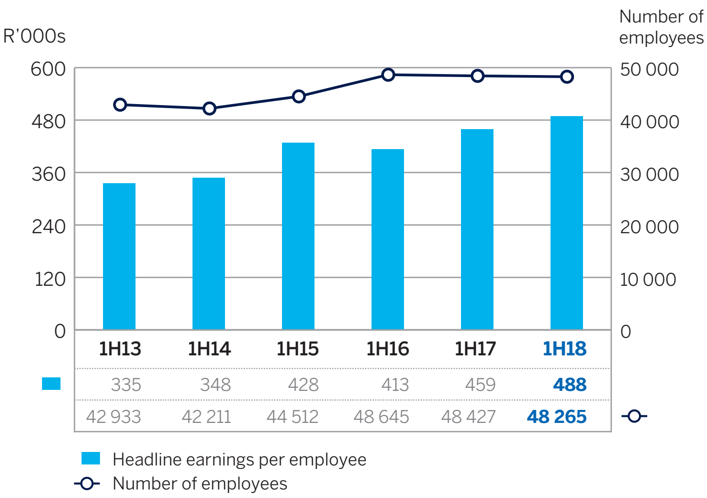
	CCY %	Change %	**1H18 Rm**	1H17[1] Rm	FY17[1] Rm
Staff costs					
Fixed remuneration	9	6	**11 423**	10 736	21 732
Variable remuneration	10	8	**3 894**	3 602	7 602
Charge for incentive payments	4	2	**2 838**	2 796	5 762
IFRS 2 charge: cash-settled share schemes	92	85	**293**	158	528
IFRS 2 charge: equity-settled share schemes	18	18	**763**	648	1 312
Other staff costs	5	3	**1 333**	1 299	2 338
Total staff costs	9	6	**16 650**	15 637	31 672
Variable remuneration as a % of total staff costs			**23.4**	23.0	24.0
Other operating expenses					
Information technology	14	13	**3 110**	2 747	6 073
Amortisation of intangible assets	3	3	**1 205**	1 172	2 371
Depreciation	(0)	(0)	**1 234**	1 239	2 471
Premises	7	4	**1 947**	1 871	3 994
Professional fees	15	18	**791**	669	1 636
Communication	(2)	(4)	**519**	543	1 105
Marketing and advertising	13	11	**966**	869	1 967
Other	5	(1)	**2 783**	2 806	5 760
Total other operating expenses	8	5	**12 555**	11 916	25 377
Total operating expenses	8	6	**29 205**	27 553	57 049
Total income	7	4	**51 180**	49 120	102 699
Cost-to-income ratio (%)			**57.1**	56.1	55.5
Jaws (%)			**(1.8)**	1.0	1.1

[1] Restated. Refer to page 89.

Analysis of total information technology function spend

	CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
IT staff costs	9	8	**1 919**	1 783	3 605
Information technology licences, maintenance and related costs	14	13	**3 110**	2 747	6 073
Amortisation of intangible assets	3	3	**1 205**	1 172	2 371
Depreciation and other expenses	6	4	**1 278**	1 225	2 355
Total information technology function spend	10	8	**7 512**	6 927	14 404

Banking activities headline earnings per employee



	Change %	1H18	1H17	FY17
Headcount by business unit				
Personal & Business Banking	(1)	**27 887**	28 167	28 098
Corporate & Investment Banking	(2)	**3 754**	3 835	3 801
Central and other (including corporate functions)	1	**16 624**	16 425	16 423
Banking activities	(0)	**48 265**	48 427	48 322
Headcount by geography				
South Africa	(0)	**32 880**	32 986	32 876
Africa Regions	(1)	**14 749**	14 852	14 831
International	8	**636**	589	615
Banking activities	(0)	**48 265**	48 427	48 322

Staff costs and headcount

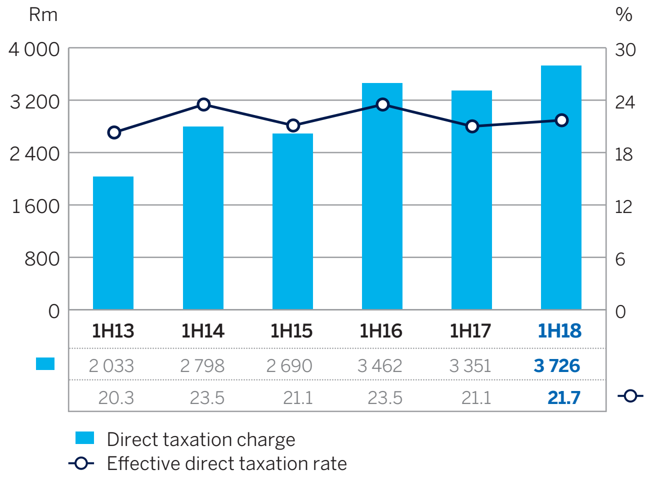
- Lower headcount mainly driven by tight management and efficiencies identified through new Ways of Working and natural attrition.
- Fixed remuneration linked to annual staff increases, coupled with increased headcount in Information Technology to retain skilled employees.
- Increased charge for incentive provisions linked to the growth of the group's profitability.
- Higher incentive charges on cash and equity-settled share schemes driven by a higher SBG share price, annual escalations and dividends declared.

Other operating expenses

- Cost growth well contained at 5% through tight management of discretionary spend across all portfolios.
- Increased information technology spend due to additional maintenance costs on systems gone live, coupled with higher software and licensing fees, and spend on ATM upgrades to improve speed and connectivity.
- Increase in premises costs were well contained, despite escalations in lease costs and utility tariffs.
- Additional professional fees incurred linked to projects underway to improve customer convenience and experience.
- Higher marketing costs due to continued spend on "What's your next" campaign.

Taxation

Direct taxation charge and effective direct taxation rate



Direct taxation rate reconciliation

	1H18 %	1H17 %	FY17 %
Direct taxation - statutory rate	**28.0**	28.0	28.0
Prior period tax	**0.1**	(0.1)	(0.8)
Total direct taxation - current period	**28.1**	27.9	27.2
Adjustments: Foreign tax and withholdings tax	**2.7**	1.9	2.8
Normal direct taxation - current period	**30.8**	29.8	30.0
Permanent differences:	**(9.1)**	(8.7)	(8.0)
Non-taxable income - dividends	**(4.3)**	(3.9)	(3.8)
Non-taxable income - other	**(6.6)**	(6.1)	(7.0)
Effects of profits taxed in different jurisdictions	**(0.9)**	(0.6)	(0.4)
Other	**2.7**	1.9	3.2
Effective direct taxation rate	**21.7**	21.1	22.0

Favourable

- Increase in dividends mainly from SBSA.
- Increase in exempt interest income relating to treasury bills and government bonds mainly from Angola, Mozambique, Uganda and Nigeria.
- Increase from the effect of profits taxed in different jurisdictions with lower corporate tax rate, mainly from International.

Adverse

- Prior year tax adjustment in Africa Regions.
- Increase in withholding tax on interest received relating to treasury bills mainly from Angola, Uganda, Mozambique and Nigeria.
- Increase in non-deductible expenditure, mainly from Zimbabwe.

LIQUIDITY AND CAPITAL MANAGEMENT

Liquidity management

Liquidity management overview

- Appropriate liquidity buffers were held in line with regulatory and internal stress testing requirements, taking into account the group's risk profile and market conditions.
- The group maintained the liquidity coverage ratio (LCR) in excess of the minimum regulatory requirement of 90% for the first half of 2018.
- The group successfully increased longer term funding during the first half of 2018, raising R13.9 billion through a combination of negotiable certificate of deposits, senior debt and syndicated loans. SBG issued R3.0 billion of Basel III compliant Tier II notes in March 2018, the proceeds of which have been invested in SBSA on the same terms and conditions as those applicable to the Tier II notes in SBG.
- The group maintained NSFR compliance in excess of the 100% requirement for the first half of 2018.

Total contingent liquidity

- Portfolios of marketable and liquid instruments to meet regulatory and internal stress testing requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within ALCO-defined limits on the basis of diversification and liquidity.
- Managed liquidity represents unencumbered marketable instruments other than eligible Basel III LCR high quality liquid assets (HQLA) (excluding trading assets), which would be able to provide sources of liquidity in a stress scenario.
- The table below provides a breakdown of the group's liquid and marketable instruments as at 30 June 2018.

Total contingent liquidity

	1H18 Rbn	1H17 Rbn	FY17 Rbn
Eligible LCR HQLA[1] comprising:	**266.5**	221.3	251.3
Notes and coins	**14.9**	13.6	18.3
Balances with central banks	**36.7**	40.4	38.8
Government bonds and bills	**171.1**	148.2	149.1
Other eligible liquid assets	**43.8**	19.1	45.1
Managed liquidity	**77.0**	86.8	71.0
Total contingent liquidity	**343.5**	308.1	322.3
Total contingent liquidity as a % of funding-related liabilities	**26.5**	24.7	25.2

1 Eligible LCR HQLA are defined according to the Basel Committee on Banking Supervision LCR and liquidity risk monitoring framework and consider any liquidity transfer restrictions that will inhibit the transfer of HQLA across jurisdictions.

Liquidity coverage ratio (average)

- The Basel III LCR promotes short-term resilience of the group's 30 calendar day liquidity risk profile by ensuring it has sufficient HQLA to meet potential outflows in a stressed environment.
- The SBG and SBSA LCR figures reflect the simple average of 91 days of daily observations over the quarter ended 30 June 2018.

	1H18[1] Rbn	1H17 Rbn	FY17 Rbn
SBG			
Total HQLA	**249.6**	215.2	240.9
Net cash outflows	**205.7**	185.0	178.3
LCR (%)	**121.3**	116.3	135.1
SBSA[2]			
Total HQLA	**169.4**	142.4	157.7
Net cash outflows	**158.5**	152.3	158.0
LCR (%)	**106.9**	93.5	99.8
Minimum requirement (%)	**90.0**	80.0	80.0

1 Includes daily results for SBSA, SBSA Isle of Man branch, Stanbic Bank Ghana, Stanbic Bank Uganda, Standard Bank Namibia, Stanbic IBTC Bank Nigeria, Standard Bank Isle of Man Limited and Standard Bank Jersey Limited and the simple average of three month-end data points ended 30 June 2018 for the other Africa Regions' banking entities.
2 Excludes foreign branches.

Structural liquidity requirements

Net stable funding ratio

- The objective of the Basel III NSFR is to promote funding stability and resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of assets and off-balance sheet activities.
- The available stable funding is defined as the portion of capital and liabilities expected to be available over the one year time horizon considered by the NSFR.
- The amount of required stable funding is a function of the liquidity characteristics and residual maturities of the various assets (including off-balance sheet exposures) held by the bank.

	1H18 Rbn
SBG	
Available stable funding	**1 052.5**
Required stable funding	**855.1**
NSFR (%)	**123.1**
SBSA[1]	
Available stable funding	**736.5**
Required stable funding	**680.5**
NSFR (%)	**108.2**
Minimum requirement (%)	**100.0**

1 Excludes foreign branches.

Diversified funding base

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

Funding-related liabilities composition[1]

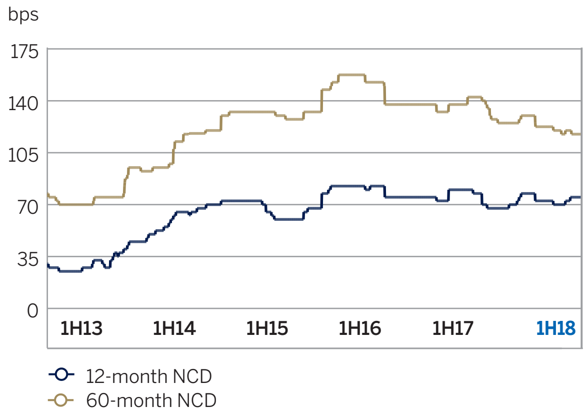
	1H18 Rbn	1H17 Rbn	FY17 Rbn
Corporate funding	**390**	379	391
Retail deposits[2]	**364**	326	343
Institutional funding	**281**	299	296
Government and parastatals	**78**	66	72
Interbank funding	**73**	67	60
Senior debt	**57**	55	58
Term loan funding	**28**	31	32
Subordinated debt issued	**19**	21	19
Other liabilities to the public	**4**	3	6
Total banking activities Funding-related liabilities	**1 294**	1 247	1 277

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

Funding costs

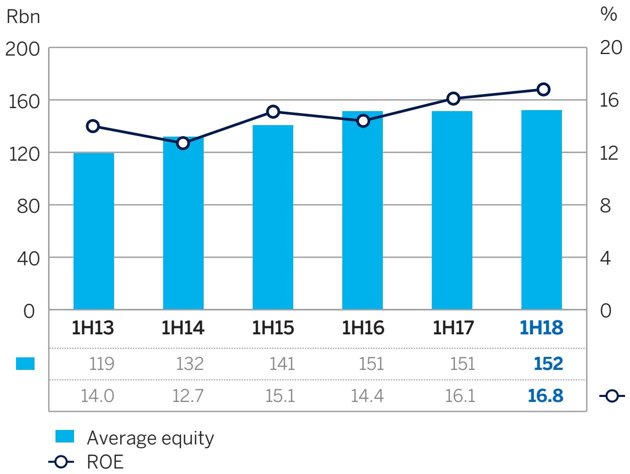
- The market cost of liquidity is measured as the spread paid on NCDs relative to the prevailing reference rate.
- Market cost of liquidity reduced by 15bps in the 60-month tenor, stemming mainly from limited supply of high quality corporate credit issuance into capital markets. The cost of liquidity in money markets measured by the 12-month NCD traded in a tight range during 1H18, with banks issuing regularly into this market.

SBSA 12- and 60-month liquidity spread



Return on equity, cost of equity and economic returns

Return on ordinary shareholders' equity – group



ROE and average equity

	1H18		1H17		FY17	
	Average equity Rm	**ROE %**	Average equity Rm	ROE %	Average equity Rm	ROE %
Personal & Business Banking	**69 067**	**19.4**	69 472	17.8	70 213	20.0
Corporate & Investment Banking	**55 737**	**20.7**	50 246	21.3	51 926	22.0
Central and other	**9 679**	**(14.1)**	12 779	(6.7)	12 356	(10.1)
Banking activities	**134 483**	**17.5**	132 497	16.8	134 495	18.0
Other banking interests	**7 334**	**3.6**	7 579	5.6	7 754	7.3
Liberty	**10 328**	**16.7**	11 309	15.7	11 279	12.7
Standard Bank Group	**152 145**	**16.8**	151 385	16.1	153 528	17.1

Cost of equity estimates[1]

	Average 1H18 %	Average 1H17 %	Average FY17 %
Standard Bank Group	**13.6**	13.9	13.9
Banking activities	**13.7**	14.0	14.0

[1] Estimated using the capital asset pricing model, applying estimates of risk free rate, 8.7% (1H17: 8.8%), equity risk premium, 6.3% (1H17: 6.5%) and beta 79.0% (1H17: 79.3%). Beta for banking activities estimated at 80.2% (1H17: 81.4%).

Economic returns

	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Average ordinary shareholders' equity	1	**152 145**	151 385	153 528
Headline earnings	5	**12 663**	12 111	26 270
Cost of equity charge	(2)	**(10 261)**	(10 435)	(21 340)
Economic return	43	**2 402**	1 676	4 930

Currency translation effects and economic capital

Movement in group foreign currency translation and net investment hedging reserve

	1H18 Rm	1H17 Rm	FY17 Rm
Balance at beginning of the period: debit	(7 099)	(2 126)	(2 126)
Translation and hedge reserve increase/(decrease) for the period	3 824	(1 753)	(4 759)
Translation reserve increase/(decrease)	3 824	(1 712)	(4 713)
Africa Regions	2 885	(1 154)	(3 078)
International	874	(539)	(1 578)
Liberty	65	(19)	(57)
Currency hedge losses		(41)	(46)
Movement due to disposal and liquidation of entities		(214)	(214)
Balance at end of the period: debit	**(3 275)**	(4 093)	(7 099)

Economic capital utilisation by risk type

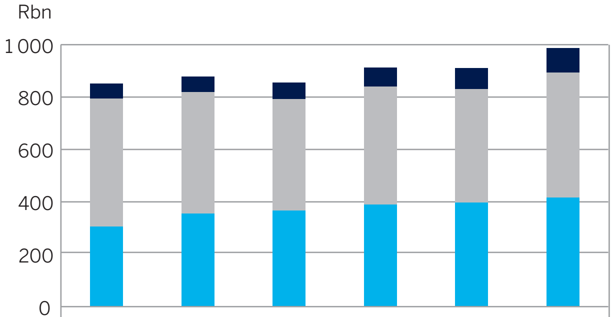
	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Credit risk	12	78 204	69 586	73 784
Equity risk	(6)	7 210	7 675	6 912
Market risk	(39)	866	1 412	1 269
Operational risk	7	12 895	12 004	13 133
Business risk	3	4 096	3 983	4 113
Interest rate risk in the banking book	27	4 697	3 700	3 908
Banking activities' economic capital requirement	10	**107 968**	98 360	103 119
Available financial resources	3	**151 427**	146 387	150 726
Economic capital coverage ratio (times)		**1.40**	1.49	1.46

Economic capital utilisation by business unit

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Personal & Business Banking	2	27 025	26 397	25 660
Corporate & Investment Banking	14	74 520	65 366	71 117
Central and other	(3)	6 423	6 597	6 342
Banking activities' economic capital requirement	10	**107 968**	98 360	103 119

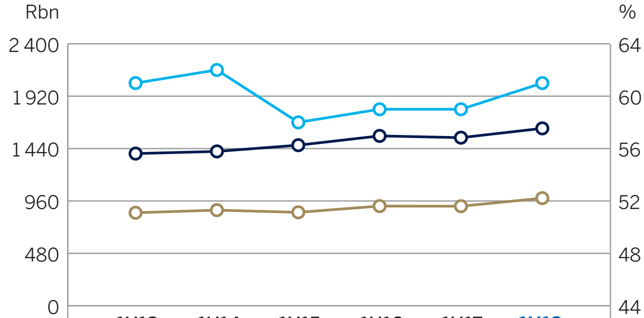
Risk-weighted assets

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



	1H13	1H14	1H15	1H16	1H17	**1H18**
Personal & Business Banking	306	356	367	389	398	**416**
Corporate & Investment Banking	488	463	425	451	433	**478**
Central and other	58	58	64	73	80	**92**

Risk-weighted assets
(closing balances)



	1H13	1H14	1H15	1H16	1H17	**1H18**
Total assets[1]	1 394	1 414	1 471	1 556	1 540	**1 625**
Risk-weighted assets (RWA)	852	876	856	913	912	**986**
RWA as a percentage of total assets	61	62	58	59	59	**61**

[1] Banking activities and other banking interest.

By business unit and risk type

	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Personal & Business Banking	4	**415 808**	398 429	403 457
Credit risk	5	**319 695**	305 381	308 532
Operational risk	3	**94 107**	91 623	93 664
Market risk	>100	**607**	221	72
Equity risk in the banking book	16	**1 399**	1 204	1 189
Corporate & Investment Banking	11	**478 372**	432 797	474 858
Credit risk	12	**319 927**	285 938	321 694
Counterparty credit risk	21	**25 261**	20 800	24 350
Market risk	9	**64 387**	59 152	59 949
Operational risk	2	**59 843**	58 654	60 308
Equity risk in the banking book	8	**8 954**	8 253	8 557
Central and other	15	**92 172**	80 294	78 731
Credit risk	27	**39 985**	31 444	29 785
Operational risk	(15)	**3 475**	4 102	4 698
Equity risk in the banking book	(26)	**3 445**	4 650	3 566
RWA for investments in financial entities[1]	13	**45 267**	40 098	40 682
Standard Bank Group	8	**986 352**	911 520	957 046

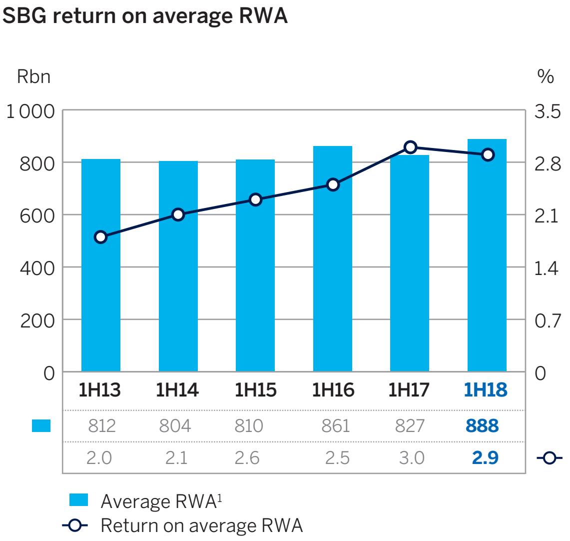
[1] Including phase-in of IFRS 9 transitional adjustment.

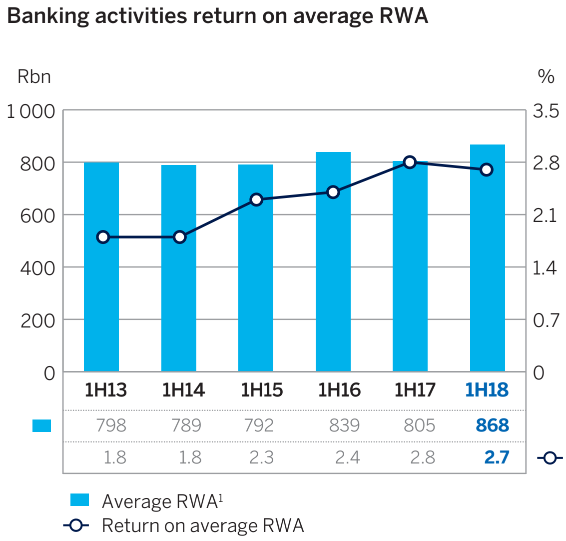
By risk type

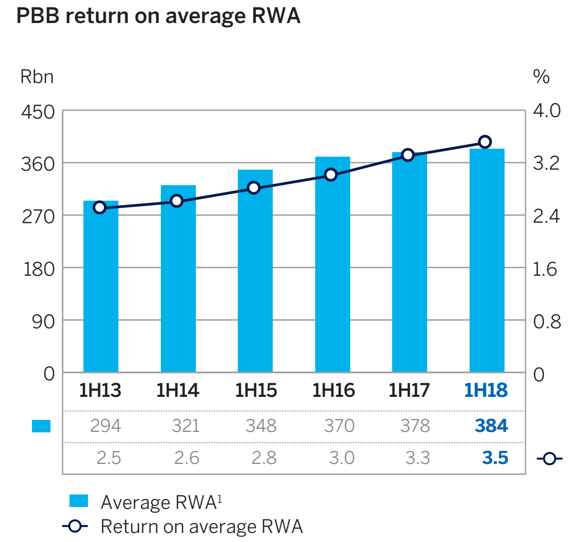
	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Credit risk	9	**679 606**	622 763	660 011
Counterparty credit risk	21	**25 261**	20 800	24 350
Market risk	9	**64 995**	59 373	60 021
Operational risk	2	**157 425**	154 379	158 670
Equity risk in the banking book	(2)	**13 798**	14 107	13 312
RWA for investments in financial entities[1]	13	**45 267**	40 098	40 682
Standard Bank Group	8	**986 352**	911 520	957 046

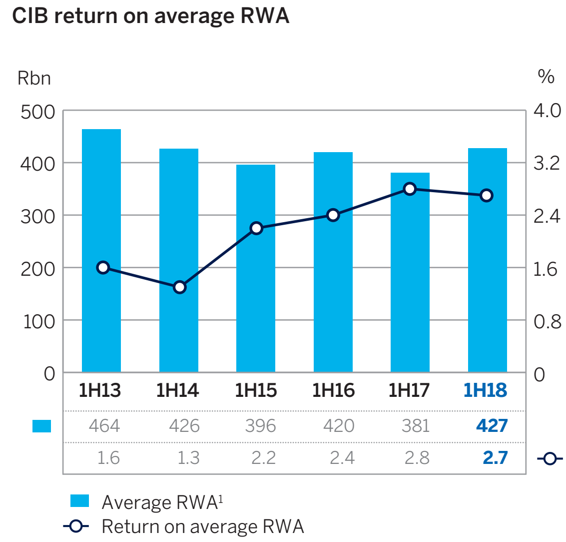
[1] Including phase-in of IFRS 9 transitional adjustment.

Return on risk-weighted assets





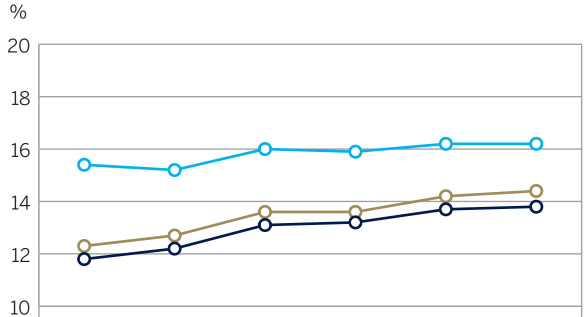




[1] Average RWA calculated net of non-controlling interests.

Capital adequacy

Capital adequacy[1]
(including unappropriated profit)



	1H13	1H14	1H15	1H16	1H17	**1H18**
Common equity tier 1 capital	11.8	12.2	13.1	13.2	13.7	**13.8**
Tier 1 capital	12.3	12.7	13.6	13.6	14.2	**14.4**
Total regulatory capital	15.4	15.2	16.0	15.9	16.2	**16.2**

Common equity tier 1 capital
Tier 1 capital
Total regulatory capital

[1] Capital adequacy ratios based on the SARB IFRS 9 phased-in approach.

Qualifying regulatory capital excluding unappropriated profit

	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Ordinary shareholders' equity	2	**155 834**	153 132	157 020
Qualifying non-controlling interest	3	**4 968**	4 821	4 892
Regulatory adjustments	(26)	**(24 782)**	(33 431)	(32 326)
Goodwill	6	**(2 128)**	(1 999)	(1 904)
Other intangible assets	(4)	**(18 225)**	(19 030)	(18 603)
Shortfall of credit provisions to expected future losses[2]	100		(1 969)	(2 076)
Investments in financial entities	(9)	**(8 960)**	(9 865)	(9 141)
Other adjustments including IFRS 9 phase-in	(>100)	**4 531**	(568)	(602)
Total common equity tier 1 capital (including unappropriated profit)	9	**136 020**	124 522	129 586
Unappropriated profit	9	**(10 248)**	(9 383)	(11 304)
Common equity tier 1 capital	9	**125 772**	115 139	118 282
Qualifying other equity instruments	28	**5 742**	4 495	6 291
Qualifying non-controlling interest	(35)	**293**	450	416
Tier 1 capital	10	**131 807**	120 084	124 989
Qualifying tier 2 subordinated debt	(5)	**14 931**	15 686	14 777
General allowance for credit impairments	7	**2 506**	2 338	2 173
Tier 2 capital	(3)	**17 437**	18 024	16 950
Total regulatory capital	8	**149 244**	138 108	141 939

[2] For reporting periods up to 31 December 2017, the group deducted from available capital the shortfall of IAS 39 credit provisions to regulatory expected loss. Given that the IFRS 9 impairment provisions are greater than the regulatory expected losses, this deduction is no longer recognised.

Capital adequacy ratios (phased-in)[1]

	Internal target ratios[3] %	SARB minimum regulatory requirement[4] %	**Excluding unappropriated profit**			**Including unappropriated profit**		
			1H18 %	1H17 %	FY17 %	**1H18 %**	1H17 %	FY17 %
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.4	**12.8**	12.6	12.4	**13.8**	13.7	13.5
Tier 1 capital adequacy ratio	12.0 - 13.0	8.9	**13.4**	13.2	13.1	**14.4**	14.2	14.2
Total capital adequacy ratio	15.0 - 16.0	11.1	**15.1**	15.2	14.8	**16.2**	16.2	16.0

[3] Including unappropriated profit.
[4] Excluding confidential bank specific requirements.

Capital adequacy ratios (fully loaded)[1]

	Internal target ratios[2]	SARB minimum regulatory requirement[3]	Excluding unappropriated profit			Including unappropriated profit		
			1H18	1H17	FY17	1H18	1H17	FY17
	%	%	%	%	%	%	%	%
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.4	**12.3**	12.6	12.4	**13.3**	13.7	13.5
Tier 1 capital adequacy ratio	12.0 - 13.0	8.9	**12.9**	13.2	13.1	**13.9**	14.2	14.2
Total capital adequacy ratio	15.0 - 16.0	11.1	**14.9**	15.2	14.8	**16.0**	16.2	16.0

1 Capital ratios based on the inclusion of the full IFRS 9 transitional impact.
2 Including unappropriated profit.
3 Excluding confidential bank specific requirements.

Capital adequacy ratios per legal entity[1]

	Tier 1 host regulatory requirement	Total host regulatory requirement	1H18		1H17		FY17	
			Tier 1 capital	Total capital	Tier 1 capital	Total capital	Tier 1 capital	Total capital
	%	%	%	%	%	%	%	%
Standard Bank Group	8.9	11.1	**14.4**	**16.2**	14.2	16.2	14.2	16.0
The Standard Bank of South Africa Group (SBSA Group)	8.9	11.1	**13.7**	**16.0**	14.1	16.8	14.2	16.6
Africa Regions								
Stanbic Bank Botswana	7.5	15.0	**11.2**	**18.9**	10.0	18.1	9.8	19.1
Stanbic Bank Ghana		10.0	**19.4**	**22.4**	15.9	19.4	20.0	23.4
Stanbic Bank Kenya	10.5	14.5	**14.7**	**17.4**	15.4	17.3	15.6	17.1
Stanbic Bank S.A. (Ivory Coast)[2]		8.0	**>100**	**>100**			>100	>100
Stanbic Bank Tanzania	12.5	14.5	**14.3**	**16.3**	18.9	20.9	17.0	18.8
Stanbic Bank Uganda	8.0	12.0	**15.4**	**18.2**	18.8	22.1	17.8	20.7
Stanbic Bank Zambia	5.0	10.0	**16.5**	**19.2**	17.9	20.7	16.6	19.1
Stanbic Bank Zimbabwe	8.0	12.0	**18.8**	**21.6**	22.2	24.9	22.0	24.6
Stanbic IBTC Bank Nigeria	5.0	10.0	**18.5**	**23.0**	14.6	18.7	16.2	20.5
Standard Bank de Angola		10.0	**27.2**	**37.4**	31.1	36.7	28.5	33.3
Standard Bank Malawi	10.0	15.0	**17.9**	**20.9**	20.9	23.1	16.8	20.3
Standard Bank Mauritius	8.0	11.3	**29.3**	**30.2**	13.2	16.2	31.4	32.0
Standard Bank Mozambique		8.0	**16.6**	**18.5**	22.3	24.1	18.9	20.4
Standard Bank Namibia	7.0	10.0	**10.9**	**13.9**	10.3	13.3	10.9	13.8
Standard Bank RDC (DRC - Congo)[3]	7.0	10.0	**32.0**	**37.4**	28.0	39.8	79.1	92.4
Standard Bank Swaziland	4.0	8.0	**7.9**	**11.9**	11.8	14.2	11.9	14.1
Standard Lesotho Bank	4.0	8.0	**21.9**	**16.2**	23.3	16.3	23.1	16.3
International								
Standard Bank Isle of Man	8.6	11.5	**13.4**	**13.5**	12.5	13.7	12.6	13.7
Standard Bank Jersey		11.5		**13.4**	10.8	13.7		14.1
Liberty Group (calculated in terms of the Long-term Insurance Act) Capital adequacy requirement - times covered				**2.7**		2.8		2.9

1 IFRS 9 transitional impact phased-in according to local regulatory requirements or elections for SBG, SBSA, Kenya, Zambia, Botswana and Tanzania.
2 Stanbic Bank S.A. (Ivory Coast) commenced operations in July 2017. Capital adequacy ratios are reflective of the start-up stage of the business.
3 FY17 capital adequacy ratios in anticipation of increased minimum requirements in 2018.

Other capital instruments

Subordinated debt

	Redeemable/ repayable date	First callable date	Notional value[1] LCm	1H18 Carrying value[1] Rm	1H18 Notional value[1] Rm	1H17 Carrying value[1] Rm	1H17 Notional value[1] Rm	FY17 Carrying value[1] Rm	FY17 Notional value[1] Rm
Subordinated debt - banking activities									
Standard Bank Group Limited (SBT 201[2])	13 Feb 2028	13 Feb 2023	ZAR 3 000	**3 040**	**3 000**				
SBSA Group				**13 801**	**13 580**	19 097	18 860	17 287	17 080
SBK 14	1 Dec 2022	1 Dec 2017	ZAR 1 780			1 794	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			1 528	1 500	1 529	1 500
SBK 17	30 Jul 2024	30 Jul 2019	ZAR 2 000	**2 031**	**2 000**	2 032	2 000	2 032	2 000
SBK 19	24 Oct 2024	24 Oct 2019	ZAR 500	**508**	**500**	509	500	509	500
SBK 20[2]	2 Dec 2024	2 Dec 2019	ZAR 2 250	**2 267**	**2 250**	2 269	2 250	2 268	2 250
SBK 21[2]	28 Jan 2025	28 Jan 2020	ZAR 750	**763**	**750**	764	750	763	750
SBK 22[2]	28 May 2025	28 May 2020	ZAR 1 000	**1 010**	**1 000**	1 010	1 000	1 010	1 000
SBK 24[2]	19 Oct 2025	19 Oct 2020	ZAR 880	**898**	**880**	899	880	899	880
SBK 18	24 Oct 2025	24 Oct 2020	ZAR 3 500	**3 561**	**3 500**	3 564	3 500	3 563	3 500
SBK 25[2]	25 Apr 2026	25 Apr 2021	ZAR 1 200	**1 224**	**1 200**	1 225	1 200	1 225	1 200
SBK 26[2]	25 Apr 2026	25 Apr 2021	ZAR 500	**520**	**500**	512	500	506	500
SBK 23[2]	28 May 2027	28 May 2022	ZAR 1 000	**1 019**	**1 000**	983	1 000	975	1 000
Standard Bank Swaziland	29 Jun 2028	29 Jun 2023	E 100	**100**	**100**	50	50	50	50
Stanbic Botswana	15 Jun 2027	16 Jun 2022	BWP 200	**264**	**264**	257	257	239	239
Standard Bank Mozambique	2025	2020	MZN 1001	**240**	**234**	235	219	227	210
Stanbic Bank Kenya	8 Dec 2021	1 Jun 2020	KES4000	**544**	**545**	502	502	476	477
Stanbic IBTC Bank Nigeria	30 Sept 2024	01 Oct 2019	NGN 15 440	**605**	**591**	563	551	540	529
Standard Bank Namibia	23 Oct 2024	24 Oct 2019	NAD 100	**101**	**100**	101	100	101	100
Stanbic Bank Zambia	31 Oct 2024	1 Nov 2019	ZMK 37	**51**	**51**	52	52	46	46
Subordinated debt issued to group companies				**(130)**	**(128)**	(500)	(493)	(253)	(248)
Total subordinated debt - banking activities				**18 616**	**18 337**	20 357	20 098	18 713	18 483
Liberty (qualifying as regulatory insurance capital)	2017 - 2024		ZAR 4 500	**4 571**	**4 500**	4 597	4 500	5 576	5 500
Total subordinated debt				**23 187**	**22 837**	24 954	24 598	24 289	23 983

[1] The difference between the carrying and notional value represents accrued interest together with, where applicable, the unamortised fair value adjustments relating to bonds hedged for interest rate risk.
[2] Basel III compliant tier 2 instruments which contains a non-viability contractual write-off feature.

Other equity holders

	First callable date	Notional value LCm	1H18 Carrying value Rm	1H18 Notional value Rm	1H17 Carrying value Rm	1H17 Notional value Rm	FY17 Carrying value Rm	FY17 Notional value Rm
Cumulative preference share capital (SBKP)		ZAR 8	**8**	**8**	8	8	8	8
Non-Cumulative preference share capital (SBPP)		ZAR 1	**5 495**	**1**	5 495	1	5 495	1
Total preference share capital			**5 503**	**9**	5 503	9	5 503	9
SBT 101	31 Mar 2022	ZAR 1 744	**1 744**	**1 744**	1 744	1 744	1 744	1 744
SBT 102	30 Sep 2022	ZAR 1 800	**1 800**	**1 800**			1 800	1 800
Total AT1 capital bonds			**3 544**	**3 544**	1 744	1 744	3 544	3 544
Total other equity instruments			**9 047**	**3 553**	7 247	1 753	9 047	3 553

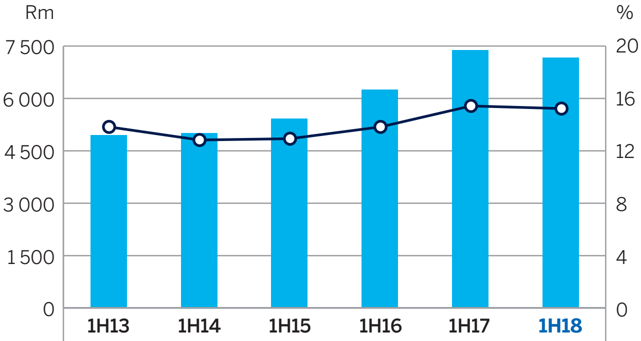
KEY BANKING LEGAL ENTITY INFORMATION

The Standard Bank of South Africa Group
Key financial results, ratios and statistics

		Change %	1H18	1H17[1]	FY17[1]
SBSA Group[2]					
Income statement					
Headline earnings	Rm	(3)	**7 168**	7 384	16 078
Headline earnings as consolidated into SBG[3]	Rm	(2)	**7 285**	7 401	16 528
Profit attributable to the ordinary shareholder	Rm	(3)	**7 209**	7 400	15 941
Statement of financial position					
Ordinary shareholder's equity	Rm	(3)	**94 816**	97 860	100 791
Total assets	Rm	5	**1 316 150**	1 247 690	1 308 800
Net loans and advances	Rm	(0)	**904 366**	904 367	900 895
Financial performance					
ROE	%		**15.2**	15.4	16.6
Non-interest revenue to total income	%		**42.2**	40.8	40.7
Loan-to-deposit ratio	%		**94.4**	96.5	93.6
Credit loss ratio	%		**0.80**	0.88	0.77
Credit loss ratio on loans to customers	%		**0.88**	0.99	0.86
Cost-to-income ratio	%		**60.3**	57.9	58.3
Jaws	%		**(4.2)**	3.3	0.3
Effective total taxation rate	%		**26.1**	25.6	26.0
Effective direct taxation rate	%		**20.4**	20.6	21.3
Number of employees		(0)	**32 330**	32 447	32 342
Capital adequacy					
Total risk-weighted assets	Rm	8	**620 254**	576 416	610 314
Common equity tier 1 capital adequacy ratio[4]	%		**13.2**	13.8	13.6
Tier 1 capital adequacy ratio[4]	%		**13.7**	14.1	14.2
Total capital adequacy ratio[4]	%		**16.0**	16.8	16.6

[1] Restated. Refer to page 89.
[2] SBSA Group is a consolidation of entities including subsidiaries as well as structured entities.
[3] At an SBSA level, certain share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. In addition, the hedges of those share schemes are recognised in the income statement at an SBSA level and in equity at an SBG level. Given the fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.
[4] Represents the ratio after applying the SARB phase-in provision for IFRS 9. Refer to page 77 for details regarding the fully loaded ratios.

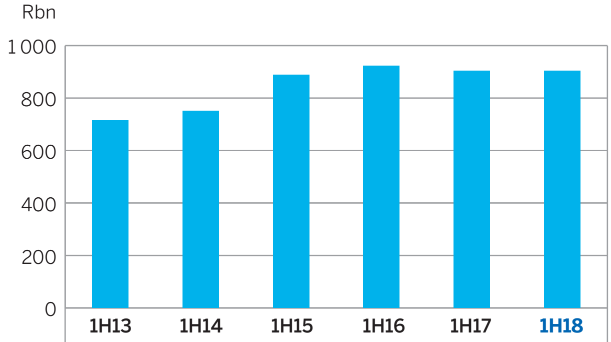
Headline earnings
CAGR (1H13 – 1H18): 8%



	1H13	1H14	1H15	1H16	1H17	**1H18**
Headline earnings	4 940	5 011	5 415	6 247	7 384	**7 168**
Return on equity	13.8	12.8	12.9	13.8	15.4	**15.2**

Headline earnings
Return on equity

Net loans and advances – SBSA Group
CAGR (1H13 – 1H18): 5%



	1H13	1H14	1H15	1H16	1H17	**1H18**
	714	751	888	922	904	**904**

Key highlights

- Net interest income growth impacted by negative endowment, competitive pricing pressures and low balance sheet growth.
- Lower transaction fees earned as customers increasingly transact on digital platforms.
- Growth in trading revenue linked to positive market sentiment in the first half of 2018.
- Improved performance in the Bancassurance agreement with Liberty.
- Increase in staff costs attributable to annual increases and higher incentive costs as a result of the increase in the SBG share price, partly offset by a slightly lower headcount.
- Growth in other operating expenses driven mainly by the increased cost of key software license renewals, investment to support the client experience as well as annual escalations in lease and utility tariffs.

The Standard Bank of South Africa Group
Income statement

	Change %	1H18 Rm	1H17[1] Rm	FY17[1] Rm
Net interest income	1	**19 989**	19 885	41 520
Non-interest revenue	6	**14 577**	13 719	28 480
Net fee and commission revenue	5	**10 411**	9 925	20 356
Trading revenue	7	**2 771**	2 585	5 344
Other revenue	10	**1 333**	1 209	2 780
Other gains and losses on financial instruments	100	**62**		
Total income	3	**34 566**	33 604	70 000
Credit impairment charges	(8)	**(3 714)**	(4 043)	(7 145)
Net income before revenue sharing agreements	4	**30 852**	29 561	62 855
Revenue sharing agreements with group companies	4	**(355)**	(341)	(726)
Income before operating expenses	4	**30 497**	29 220	62 129
Operating expenses	7	**(20 640)**	(19 274)	(40 372)
Staff costs	8	**(11 600)**	(10 763)	(22 038)
Other operating expenses	6	**(9 040)**	(8 511)	(18 334)
Net income before non-trading and capital related items, and equity accounted earnings	(1)	**9 857**	9 946	21 757
Non-trading and capital related items	>100	**50**	24	(191)
Share of profits from associates and joint ventures	78	**64**	36	187
Profit before indirect taxation	(0)	**9 971**	10 006	21 753
Indirect taxation	13	**(718)**	(634)	(1 301)
Profit before direct taxation	(1)	**9 253**	9 372	20 452
Direct taxation	(2)	**(1 884)**	(1 931)	(4 347)
Profit for the period	(1)	**7 369**	7 441	16 105
Attributable to other equity instrument holders	>100	**(160)**	(41)	(165)
Attributable to non-controlling interests				1
Attributable to the ordinary shareholder	(3)	**7 209**	7 400	15 941
Headline adjustable items	>100	**(41)**	(16)	137
Headline earnings	(3)	**7 168**	7 384	16 078
IFRS 2 adjustment				
Staff costs net of taxation	>100	**117**	17	450
Headlines earnings as consolidated into SBG[2]	(2)	**7 285**	7 401	16 528

[1] Restated. Refer to page 89.
[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 fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.

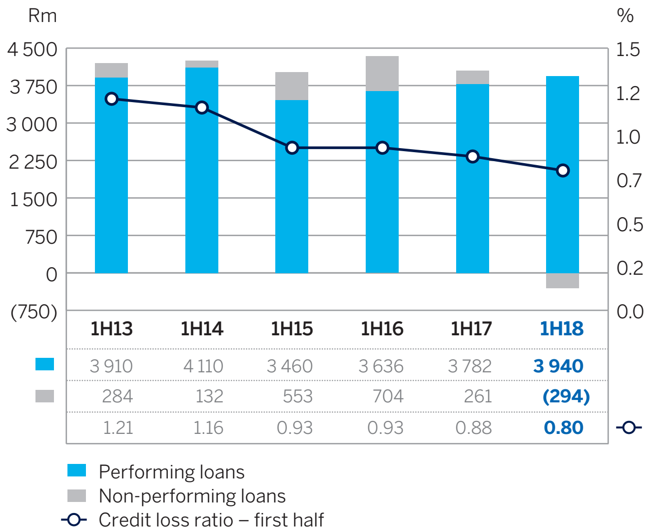
The Standard Bank of South Africa Group

Statement of financial position

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Assets				
Cash and balances with the central banks	4	**31 302**	30 017	35 893
Derivative assets	49	**65 018**	43 696	71 542
Trading assets	41	**131 738**	93 632	126 283
Pledged assets	>100	**6 580**	1 735	6 812
Financial investments	(7)	**90 559**	97 622	86 344
Loans and advances	(0)	**904 366**	904 367	900 895
Loans and advances to banks	(3)	**86 546**	89 446	91 610
Loans and advances to customers	0	**817 820**	814 921	809 285
Other assets	32	**11 649**	8 803	8 837
Interest in group companies, associates and joint ventures	19	**49 011**	41 155	46 000
Property and equipment	(0)	**8 236**	8 245	8 448
Goodwill and other intangible assets	(4)	**17 691**	18 418	17 746
Total assets	5	**1 316 150**	1 247 690	1 308 800
Equity and liabilities				
Equity	(1)	**98 366**	99 609	104 338
Equity attributable to the ordinary shareholder	(3)	**94 816**	97 860	100 791
Ordinary share capital	0	**60**	60	60
Ordinary share premium	2	**44 388**	43 638	43 638
Reserves	(7)	**50 368**	54 162	57 093
Equity attributable to the other equity holders	>100	**3 544**	1 744	3 544
Equity attributable to non-controlling interest	20	**6**	5	3
Liabilities	6	**1 217 784**	1 148 081	1 204 462
Derivative liabilities	30	**66 518**	51 100	72 989
Trading liabilities	37	**35 272**	25 669	38 240
Deposits and debt funding	2	**958 363**	936 740	962 920
Deposits from banks	2	**90 124**	88 365	80 617
Deposits from customers	2	**868 239**	848 375	882 303
Subordinated debt	(28)	**13 801**	19 097	17 287
Liabilities to group companies	31	**122 988**	94 182	95 416
Provisions and other liabilities	(2)	**20 842**	21 293	17 610
Total equity and liabilities	5	**1 316 150**	1 247 690	1 308 800

The Standard Bank of South Africa Group
Credit impairment charges

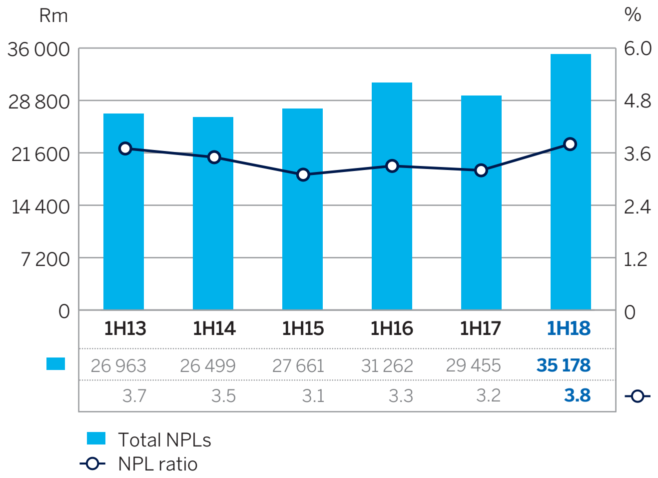
Credit impairment charges on loans and advances



Income statement credit impairment charges for loans and advances (net of recoveries)

	Change	1H18					
		Performing loans					
	Change %	Stage 1 Rm	Stage 2 Rm	Total Rm	Non-performing loans credit impairment charges Rm	Total impairment charges Rm	Credit loss ratio %
Personal & Business Banking	(7)	(269)	290	21	3 312	3 333	1.24
Mortgage loans	6	(47)	193	146	764	910	0.55
Vehicle and asset finance	16	(94)	42	(52)	505	453	1.24
Card debtors	(24)	10	90	100	531	631	3.97
Other loans and advances	(11)	(138)	(35)	(173)	1 512	1 339	2.58
Personal unsecured lending	(2)	(7)	20	13	1 022	1 035	5.12
Business lending and other	(30)	(131)	(55)	(186)	490	304	0.96
Corporate & Investment Banking	(33)	(57)	(643)	(700)	1 013	313	0.16
Total credit impairment charges - loans and advances	(10)	(326)	32	(294)	3 940	3 646	0.80
Credit impairment charges - financial investments	100					5	
Credit impairment charges - letters of credit and guarantees	100					63	
Total credit impairment charges	(8)					3 714	

Non-performing loans (NPL)



1H17						FY17					
	Specifically impaired loans						Specifically impaired loans				
Portfolio credit impairment charges	Specific impairment	IAS 39 discount[1]	Total	Total impairment charges	Credit loss ratio	Portfolio credit impairment charges	Specific impairment	IAS 39 discount[1]	Total	Total impairment charges	Credit loss ratio
Rm	Rm	Rm	Rm	Rm	%	Rm	Rm	Rm	Rm	Rm	%
123	3 077	376	3 453	3 576	1.37	(172)	5 798	681	6 479	6 307	1.19
(8)	704	160	864	856	0.53	(69)	1 210	317	1 527	1 458	0.45
(10)	350	52	402	392	1.11	(99)	634	99	733	634	0.88
76	740	14	754	830	5.34	63	1 274	23	1 297	1 360	4.33
65	1 283	150	1 433	1 498	3.00	(67)	2 680	242	2 922	2 855	2.84
(34)	973	122	1 095	1 061	5.30	(14)	1 816	181	1 997	1 983	4.95
99	310	28	338	437	1.46	(53)	864	61	925	872	1.44
138	261	68	329	467	0.25	521	228	89	317	838	0.22
261	3 338	444	3 782	4 043	0.88	349	6 026	770	6 796	7 145	0.77
				4 043						7 145	

The Standard Bank of South Africa Group
Loans and advances performance

	Gross loans and advances Rm	Performing loans Stage 1 Rm	Performing loans Stage 2 Rm	Performing loans Total performing loans Rm
1H18				
Personal & Business Banking	553 189	471 205	52 061	523 266
Mortgage loans	334 947	287 783	30 271	318 054
Vehicle and asset finance	75 507	65 922	6 718	72 640
Card debtors	32 757	26 699	4 030	30 729
Other loans and advances	109 978	90 801	11 042	101 843
Personal unsecured lending	40 345	31 146	4 537	35 683
Business and other lending	69 633	59 655	6 505	66 160
Corporate & Investment Banking	380 613	355 082	20 276	375 358
Gross loans and advances at amortised cost	933 802	826 287	72 337	898 624
Percentage of total book (%)	100.0	88.5	7.7	96.2

Non-performing loans					
Non-performing loans Rm	Securities and expected recoveries on non-performing loans Rm	Interest in suspense Rm	Balance sheet impairments for non-performing loans Rm	Non-performing loans impairment coverage %	Non-performing loans %
29 923	14 508	3 498	11 917	52	5.4
16 893	10 547	1 731	4 615	38	5.0
2 867	1 511	212	1 144	47	3.8
2 028	222	198	1 608	89	6.2
8 135	2 228	1 357	4 550	73	7.4
4 662	901	947	2 814	81	11.6
3 473	1 327	410	1 736	62	5.0
5 255	1 232	1 162	2 861	77	1.4
35 178	15 740	4 660	14 778	55	3.8
3.8	1.7	0.5	1.6		

Loans and advances performance continued

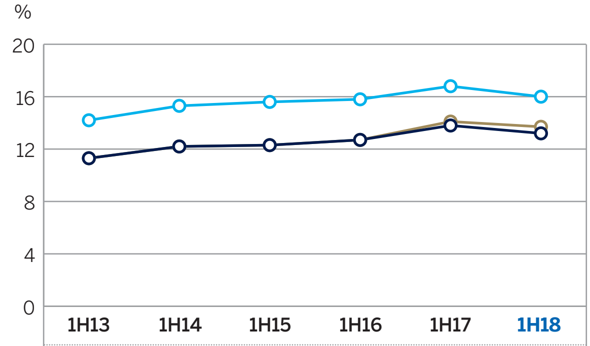
	Gross loans and advances Rm	Total performing loans	Total non-performing loans Rm
1H17			
Personal & Business Banking	529 590	504 021	25 569
Mortgage loans	325 497	311 125	14 372
Vehicle and asset finance	71 479	68 713	2 766
Card debtors	31 549	29 335	2 214
Other loans and advances	101 065	94 848	6 217
Personal unsecured lending	39 993	35 945	4 048
Business lending and other	61 072	58 903	2 169
Corporate & Investment Banking	378 585	374 701	3 884
Corporate loans	311 439	307 721	3 718
Commercial property finance	67 146	66 980	166
Central and other	20 290	20 288	2
Gross loans and advances	928 465	899 010	29 455
Percentage of total book (%)	100.0	96.8	3.2
FY17			
Personal & Business Banking	536 491	511 225	25 266
Mortgage loans	329 975	315 523	14 452
Vehicle and asset finance	72 727	70 203	2 524
Card debtors	31 694	29 610	2 084
Other loans and advances	102 095	95 889	6 206
Personal unsecured lending	38 810	35 201	3 609
Business lending and other	63 285	60 688	2 597
Corporate & Investment Banking	356 523	352 930	3 593
Corporate loans	293 148	289 749	3 399
Commercial property finance	63 375	63 181	194
Central and other	26 443	26 443	
Gross loans and advances	919 457	890 598	28 859
Percentage of total book (%)	100.0	1.0	3.1

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 %	Non-performing loans %
14 596	10 973	10 973	43	4.8
10 620	3 752	3 752	26	4.4
1 574	1 192	1 192	43	3.9
554	1 660	1 660	75	7.0
1 848	4 369	4 369	70	6.2
1 002	3 046	3 046	75	10.1
846	1 323	1 323	61	3.6
1 341	2 543	2 543	65	1.1
1 278	2 440	2 440	66	1.2
63	103	103	62	0.3
	2	2		
15 937	13 518	13 518	46	3.2
1.7	1.5	1.5		
14 720	10 546	10 546	42	4.7
10 714	3 738	3 738	26	4.4
1 494	1 030	1 030	41	3.5
520	1 564	1 564	75	6.6
1 992	4 214	4 214	68	6.1
906	2 703	2 703	75	9.3
1 086	1 511	1 511	58	4.1
1 132	2 461	2 461	68	1.0
1 056	2 343	2 343	69	1.2
76	118	118	61	0.3
15 852	13 007	13 007	45	3.1
1.7	1.4	1.4		

The Standard Bank of South Africa Group

Risk-weighted assets[1]

Capital adequacy – SBSA Group
(including unappropriated profit)



	1H13	1H14	1H15	1H16	1H17	**1H18**
Common equity tier 1 capital	11.3	12.2	12.3	12.7	13.8	**13.2**
Tier 1 capital	11.3	12.2	12.3	12.7	14.1	**13.7**
Total regulatory capital	14.2	15.3	15.6	15.8	16.8	**16.0**

Common equity tier 1 capital
Tier 1 capital
Total regulatory capital

[1] Capital adequacy ratios based on the SARB IFRS 9 phased-in approach.

SBSA Group risk-weighted assets

	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Credit risk	7	**435 844**	405 964	433 611
Counterparty credit risk	19	**21 840**	18 371	22 267
Market risk	5	**42 399**	40 366	41 943
Operational risk	5	**95 727**	91 206	93 283
Equity risk in the banking book	(3)	**11 468**	11 881	11 226
RWA for investments in financial entities[1]	50	**12 976**	8 628	7 984
Total risk-weighted assets	8	**620 254**	576 416	610 314

[1] Including phase-in of the IFRS 9 transitional adjustment.

The Standard Bank of South Africa Group
Capital adequacy

SBSA Group qualifying regulatory capital excluding unappropriated profit

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Share capital and premium	2	**44 448**	43 698	43 698
Retained earnings	(7)	**49 513**	53 374	56 294
Other reserves	9	**855**	788	799
Regulatory adjustments	(29)	**(13 087)**	(18 511)	(17 929)
Goodwill	0	**(42)**	(42)	(42)
Other intangible assets	(8)	**(14 812)**	(16 108)	(15 346)
Deferred tax assets	(71)	**(4)**	(14)	(14)
Shortfall of provisions to expected losses[1]	100		(1 977)	(2 084)
Other adjustments including IFRS 9 phase-in	(>100)	**1 771**	(370)	(443)
Total (including unappropriated profit)	3	**81 729**	79 349	82 862
Unappropriated profits	14	**(9 319)**	(8 170)	(11 010)
Common equity tier 1 capital	2	**72 410**	71 179	71 852
Qualifying other equity instruments	>100	**3 544**	1 744	3 544
Tier 1 capital	4	**75 954**	72 923	75 396
Qualifying tier 2 subordinated debt	(10)	**16 580**	18 355	17 080
General allowance for credit impairments	>100	**643**	271	461
Regulatory adjustments - investment in tier 2 instruments in other banks	9	**(3 073)**	(2 810)	(2 341)
Tier 2 capital	(11)	**14 150**	15 816	15 200
Total qualifying regulatory capital	2	**90 104**	88 739	90 596

[1] For reporting periods up to 31 December 2017, the group deducted from available capital the shortfall of IAS 39 credit provisions to regulatory expected loss. Given that the IFRS 9 impairment provisions are greater than the regulatory expected losses, this deduction is no longer recognised.

Capital adequacy ratios (phased-in)[1]

	Internal target ratios[2]	SARB minimum regulatory requirement[3]	Excluding unappropriated profit			Including unappropriated profit		
			1H18	1H17	FY17	**1H18**	1H17	FY17
	%	%	**%**	%	%	**%**	%	%
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.4	**11.7**	12.3	11.8	**13.2**	13.8	13.6
Tier 1 capital adequacy ratio	12.0 - 13.0	8.9	**12.2**	12.7	12.4	**13.7**	14.1	14.2
Total capital adequacy ratio	15.0 - 16.0	11.1	**14.5**	15.4	14.8	**16.0**	16.8	16.6

[1] Capital ratios based on the SARB phase-in provision.
[2] Including unappropriated profit.
[3] Excluding confidential bank specific requirements.

Capital adequacy ratios (fully loaded)[1]

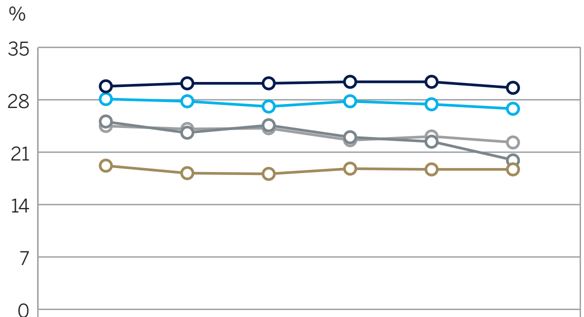
	Internal target ratios[2]	SARB minimum regulatory requirement[3]	Excluding unappropriated profit			Including unappropriated profit		
			1H18	1H17	FY17	**1H18**	1H17	FY17
	%	%	**%**	%	%	**%**	%	%
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.4	**11.3**	12.3	11.8	**12.8**	13.8	13.6
Tier 1 capital adequacy ratio	12.0 - 13.0	8.9	**11.9**	12.7	12.4	**13.4**	14.1	14.2
Total capital adequacy ratio	15.0 - 16.0	11.1	**14.5**	15.4	14.8	**16.0**	16.8	16.6

[1] Capital ratios based on the inclusion of the full IFRS 9 transitional impact.
[2] Including unappropriated profit.
[3] Excluding confidential bank specific requirements.

The Standard Bank of South Africa

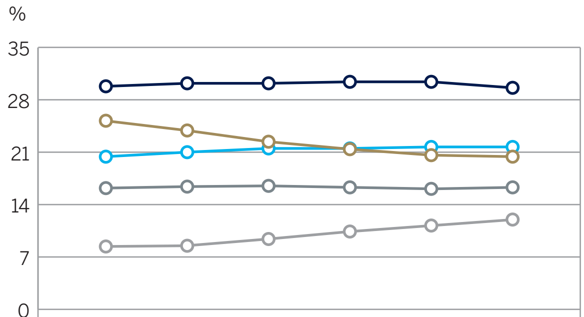
Market share analysis[1]

SBSA's market share movement



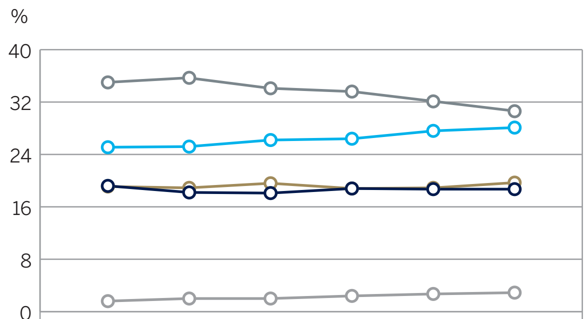
	1H13	1H14	1H15	1H16	1H17	1H18
Mortgage Loans	29.8	30.2	30.2	30.4	30.4	**29.6**
Vehicle and Asset Finance	19.2	18.2	18.1	18.8	18.7	**18.7**
Card	28.1	27.8	27.1	27.8	27.4	**26.8**
Other loans and advances	25.1	23.6	24.5	23.0	22.4	**19.9**
Deposits	24.5	24.1	24.2	22.6	23.1	**22.3**

Mortgage Loans[2]



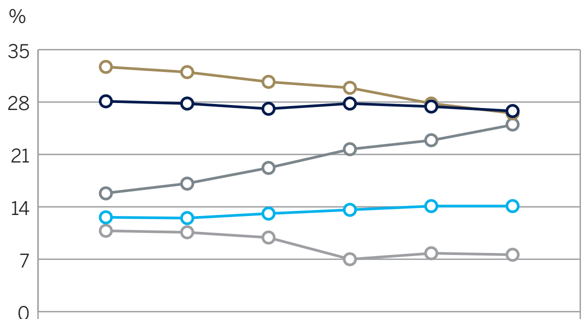
	1H13	1H14	1H15	1H16	1H17	1H18
SBSA	29.8	30.2	30.2	30.4	30.4	**29.6**
Absa	25.2	23.9	22.4	21.4	20.6	**20.4**
Nedbank	20.4	21.0	21.5	21.5	21.7	**21.7**
FirstRand	16.2	16.4	16.5	16.3	16.1	**16.3**
Other	8.4	8.5	9.4	10.4	11.2	**12.0**

Vehicle and Asset Finance



	1H13	1H14	1H15	1H16	1H17	1H18
SBSA	19.2	18.2	18.1	18.8	18.7	**18.7**
Absa	19.1	18.9	19.6	18.8	18.9	**19.7**
Nedbank	25.1	25.2	26.2	26.4	27.6	**28.1**
FirstRand	35.0	35.7	34.1	33.6	32.1	**30.6**
Other	1.6	2.0	2.0	2.4	2.7	**2.9**

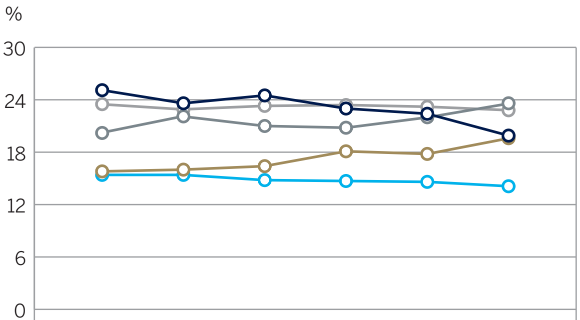
Card



	1H13	1H14	1H15	1H16	1H17	1H18
SBSA	28.1	27.8	27.1	27.8	27.4	**26.8**
Absa	32.7	32.0	30.7	29.9	27.8	**26.5**
Nedbank	12.6	12.5	13.1	13.6	14.1	**14.1**
FirstRand	15.8	17.1	19.2	21.7	22.9	**25.0**
Other	10.8	10.6	9.9	7.0	7.8	**7.6**

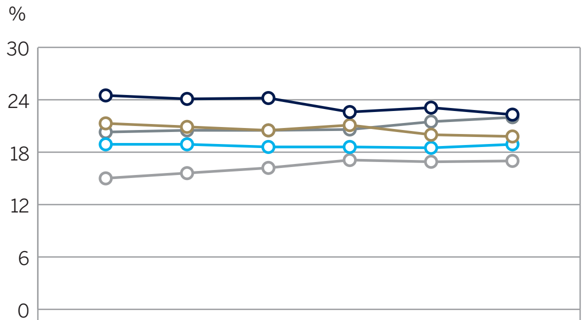
[1] Source: SARB BA 900.
[2] Mortgage lending includes residential, coporate and commercial property finance loans.

Other loans and advances



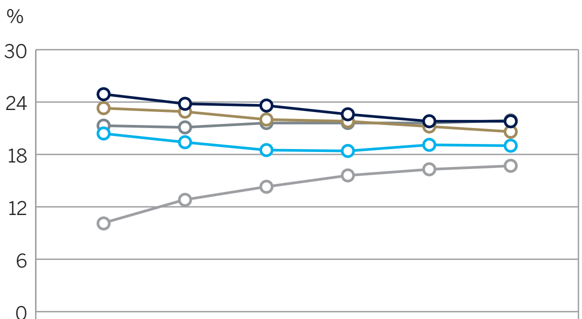
	1H13	1H14	1H15	1H16	1H17	**1H18**
SBSA	25.1	23.6	24.5	23.0	22.4	**19.9**
Absa	15.8	16.0	16.4	18.1	17.8	**19.6**
Nedbank	15.4	15.4	14.8	14.7	14.6	**14.1**
FirstRand	20.2	22.1	21.0	20.8	22.0	**23.6**
Other	23.5	22.9	23.3	23.4	23.2	**22.8**

Deposits



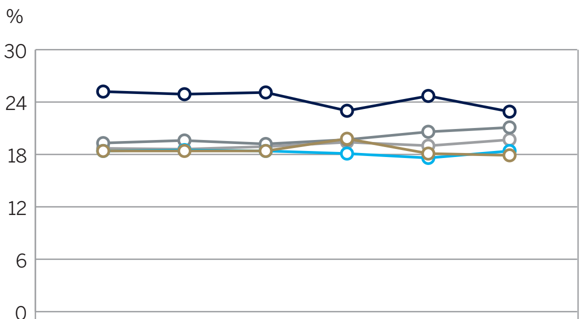
	1H13	1H14	1H15	1H16	1H17	**1H18**
SBSA	24.5	24.1	24.2	22.6	23.1	**22.3**
Absa	21.3	20.9	20.5	21.1	20.0	**19.8**
Nedbank	18.9	18.9	18.6	18.6	18.5	**18.9**
FirstRand	20.3	20.5	20.5	20.6	21.5	**22.0**
Other	15.0	15.6	16.2	17.1	16.9	**17.0**

Retail priced deposits[3]



	1H13	1H14	1H15	1H16	1H17	**1H18**
SBSA	24.9	23.8	23.6	22.6	21.8	**21.8**
Absa	23.3	22.9	22.0	21.8	21.2	**20.6**
Nedbank	20.4	19.4	18.5	18.4	19.1	**19.0**
FirstRand	21.3	21.1	21.6	21.6	21.6	**21.9**
Other	10.1	12.8	14.3	15.6	16.3	**16.7**

Corporate priced deposits



	1H13	1H14	1H15	1H16	1H17	**1H18**
SBSA	25.2	24.9	25.1	23.0	24.7	**22.9**
Absa	18.4	18.4	18.4	19.8	18.1	**17.9**
Nedbank	18.4	18.5	18.4	18.1	17.6	**18.4**
FirstRand	19.3	19.6	19.2	19.7	20.6	**21.1**
Other	18.7	18.6	18.9	19.4	19.0	**19.7**

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

Africa Regions legal entities
Regional income statement

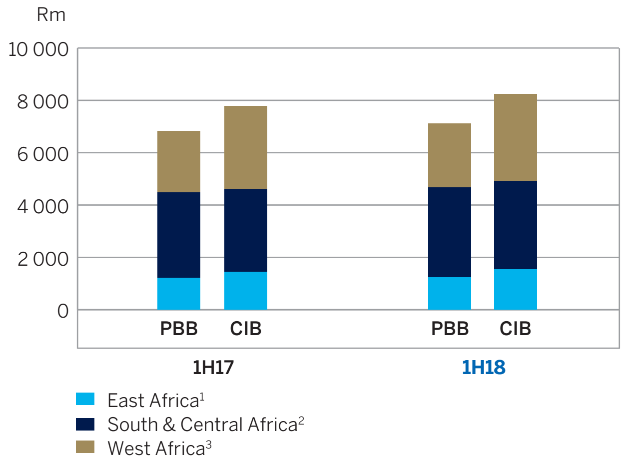
	East Africa[1]					South & Central Africa[2]				
	CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm	CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
Net interest income	7	(0)	**1 613**	1 621	3 384	11	9	**3 762**	3 464	7 479
Non-interest revenue	20	9	**1 168**	1 067	2 241	10	7	**2 632**	2 459	4 904
Net fee and commission revenue	15	4	**600**	578	1 144	11	9	**1 552**	1 430	2 963
Trading revenue	25	15	**560**	486	1 060	10	7	**1 024**	960	1 884
Other revenue	>100	>100	**8**	3	37	(16)	(20)	**56**	69	57
Total income	12	3	**2 781**	2 688	5 625	11	8	**6 394**	5 923	12 383
Credit impairment charges	(72)	(74)	**(86)**	(326)	(526)	43	40	**(341)**	(243)	(517)
Income before operating expenses	24	14	**2 695**	2 362	5 099	9	7	**6 053**	5 680	11 866
Operating expenses	11	2	**(1 511)**	(1 480)	(3 081)	11	8	**(3 358)**	(3 116)	(7 259)
Staff costs	10	2	**(746)**	(735)	(1 566)	12	9	**(1 776)**	(1 629)	(3 447)
Other operating expenses	13	3	**(765)**	(745)	(1 515)	10	6	**(1 582)**	(1 487)	(3 812)
Net income before non-trading and capital related items, and equity accounted earnings	46	34	**1 184**	882	2 018	7	5	**2 695**	2 564	4 607
Non-trading and capital related items	(100)	(100)		15	13	(86)	(86)	**3**	21	(38)
Share of profit from joint ventures								**1**	1	1
Profit before indirect taxation	43	32	**1 184**	897	2 031	7	4	**2 699**	2 586	4 570
Indirect taxation	14	5	**(92)**	(88)	(181)	20	16	**(136)**	(117)	(273)
Profit before direct taxation	46	35	**1 092**	809	1 850	6	4	**2 563**	2 469	4 297
Direct taxation	60	51	**(318)**	(211)	(439)	(2)	(4)	**(665)**	(693)	(1 079)
Profit for the period	42	29	**774**	598	1 411	9	7	**1 898**	1 776	3 218
Attributable to non-controlling interests	75	58	**(231)**	(146)	(371)	21	(23)	**(89)**	(116)	24
Attributable to ordinary shareholders	31	20	**543**	452	1 040	11	9	**1 809**	1 660	3 242
Headline adjustable items	100	100		(14)	(7)	(>100)	(>100)	**(3)**	1	270
Headline earnings	36	24	**543**	438	1 033	11	9	**1 806**	1 661	3 512
ROE - invested equity (%)			**18.8**	14.0	16.0			**24.7**	26.3	26.3
ROE - equity calculated on SARB rules (%)			**17.0**	14.0	15.8			**21.3**	23.2	23.1
Credit loss ratio (%)			**0.55**	1.18	1.64			**0.68**	0.82	0.58
Credit loss ratio on loans to customers (%)			**0.65**	2.09	1.94			**1.05**	1.18	0.96
Cost-to-income ratio (%)			**54.3**	55.1	54.8			**52.5**	52.6	58.6
Effective direct taxation rate (%)			**29.1**	26.1	23.7			**25.9**	28.1	25.1
Effective total taxation rate (%)			**34.6**	33.3	30.5			**29.7**	31.3	29.6

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

West Africa[3]					Africa Regions legal entities				
CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm	CCY %	Change %	**1H18 Rm**	1H17 Rm	FY17 Rm
12	(9)	**3 058**	3 356	6 880	11	(0)	**8 433**	8 441	17 743
41	18	**2 851**	2 414	5 246	23	12	**6 651**	5 940	12 391
35	13	**1 848**	1 633	3 377	22	10	**4 000**	3 641	7 484
49	26	**962**	764	1 837	26	15	**2 546**	2 210	4 781
18	>100	**41**	17	32	18	18	**105**	89	126
24	2	**5 909**	5 770	12 126	16	5	**15 084**	14 381	30 134
(>100)	(>100)	**161**	(533)	(1 197)	(73)	(76)	**(266)**	(1 102)	(2 240)
41	16	**6 070**	5 237	10 929	23	12	**14 818**	13 279	27 894
23	5	**(3 089)**	(2 929)	(5 382)	15	6	**(7 958)**	(7 525)	(15 722)
25	3	**(1 463)**	(1 423)	(2 972)	16	5	**(3 985)**	(3 787)	(7 985)
20	8	**(1 626)**	(1 506)	(2 410)	14	6	**(3 973)**	(3 738)	(7 737)
67	29	**2 981**	2 308	5 547	34	19	**6 860**	5 754	12 172
0	0	**1**	1	8	(89)	(89)	**4**	37	(17)
							1	1	1
67	29	**2 982**	2 309	5 555	34	19	**6 865**	5 792	12 156
24	11	**(41)**	(37)	(58)	19	11	**(269)**	(242)	(512)
68	29	**2 941**	2 272	5 497	34	19	**6 596**	5 550	11 644
42	9	**(450)**	(413)	(1 163)	20	9	**(1 433)**	(1 317)	(2 681)
74	34	**2 491**	1 859	4 334	22	22	**5 163**	4 233	8 963
77	34	**(1 070)**	(800)	(1 859)	64	31	**(1 390)**	(1 062)	(2 206)
72	34	**1 421**	1 059	2 475	32	19	**3 773**	3 171	6 757
(>100)	(>100)	**1**	(3)	(269)	(86)	(88)	**(2)**	(16)	(6)
72	35	**1 422**	1 056	2 206	32	20	**3 771**	3 155	6 751
		30.8	26.6	26.0			**25.4**	23.5	23.8
		33.9	23.0	23.2			**23.8**	21.2	21.6
		(0.86)	1.86	2.98			**0.28**	1.36	1.38
		(0.23)	2.61	4.83			**0.42**	2.10	2.12
		52.3	50.8	44.4			**52.8**	52.3	52.2
		15.3	18.2	21.2			**21.7**	23.7	23.0
		16.5	19.5	22.0			**24.8**	26.9	26.3

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

- Investments in high yielding securities assisted margin despite a declining rate environment.
- Improved trading volumes in Nigeria, Zimbabwe, Angola and positive mark-to-market gains in Angola and Kenya.
- Significant credit impairment recoveries in Nigeria and Kenya.
- Cost management initiatives to offset non-controllable expense increases, including regulatory-related expenses and core banking amortisation.

East Africa

- Improved trading revenues, lower impairment charges and strong balance sheet growth in Kenya.
- In early July 2018, the group completed the acquisition of an additional 8% in Stanbic Holdings in Kenya to increase its holding to 68%.

South & Central Africa

- Pressure from challenging macroeconomic environments, unfavourable regulatory changes as well as competition were felt throughout the region.
- Pressure on net interest income in most countries due to lower interest rates and low balance sheet growth, exacerbated by more expensive deposits as a result of competitive pricing.
- Good growth in local currency deposits and investment in high yielding government paper in Mozambique.
- Improved margins in Mauritius driven by higher US dollar interest rates and higher overdraft utilisation.
- Improved foreign currency supply in Zimbabwe resulted in increased trading volumes and higher investment in interest earning assets.
- Improved trading margins in Malawi.
- Higher impairment charges were largely driven by the adoption of IFRS 9 and the inclusion of financial investments in credit impairment provision.
- Cost growth largely driven by higher amortisation in Mauritius, Malawi, Lesotho and Zimbabwe from newly implemented core banking systems and investment in digitisation.

West Africa

- Angola benefited from the positive endowment impact of increasing yields on government securities, good trading performance driven by more than 30% devaluation of the Kwanza and higher allocation of foreign currency by the central bank.
- Increased forex trading activity linked to increased liquidity and less stringent regulatory constraints in Nigeria and Angola.
- Notable improvement in credit impairment charges due to improved economic environment and curing of previously impaired loans.
- During June 2018, the group acquired an additional 11% in Stanbic IBTC Holdings in Nigeria to increase its holding to 64%.
- Good momentum in Ivory Coast, with notable commissions earned on foreign currency denominated deposits.

Balance sheet

- Continued focus on the group strategies continued to yield good growth in both the volume and quality of the loan book.
- Increase in balance sheet impairments due to IFRS 9.
- All legal entities remain well capitalised, positioning the franchise for future growth.

Africa Regions legal entities
Statement of financial position

	CCY %	Change %	1H18 Rm	1H17 Rm	FY17 Rm
Assets					
Cash and balances with central banks	9	0	**40 567**	40 708	39 188
Derivative assets	(12)	(6)	**1 604**	1 714	1 334
Trading assets	23	23	**23 129**	18 741	19 298
Pledged assets	70	82	**2 714**	1 490	2 067
Financial investments	21	18	**54 462**	46 084	53 120
Loans and advances	7	8	**164 425**	151 869	145 348
Loans and advances to banks	(6)	(6)	**48 960**	51 863	46 465
Loans and advances to PBB customers	9	11	**62 390**	56 182	56 519
Loans and advances to CIB customers	19	21	**53 075**	43 824	42 364
Other assets	(26)	(18)	**8 189**	9 928	7 519
Property and equipment	7	9	**4 959**	4 533	4 556
Goodwill and other intangible assets	15	17	**5 850**	5 014	5 305
Goodwill	3	8	**2 064**	1 920	1 824
Other intangible assets	22	22	**3 786**	3 094	3 481
Total assets	10	9	**305 899**	280 081	277 735
Equity and liabilities					
Equity	17	22	**42 073**	34 563	36 505
Equity attributable to ordinary shareholders	19	25	**34 749**	27 825	29 139
Equity attributable to non-controlling interest	8	9	**7 324**	6 738	7 366
Liabilities	9	7	**263 826**	245 518	241 230
Derivative liabilities	(42)	(40)	**1 038**	1 720	945
Trading liabilities	24	27	**3 839**	3 018	3 196
Deposits and debt funding	11	9	**238 603**	218 266	221 415
Deposits from banks	6	10	**26 123**	23 804	22 344
Deposits from PBB customers	15	16	**84 753**	72 781	76 192
Deposits from CIB customers	9	5	**127 727**	121 681	122 879
Subordinated debt	13	13	**4 921**	4 340	3 830
Provisions and other liabilities	(17)	(15)	**15 425**	18 174	11 844
Total equity and liabilities	10	9	**305 899**	280 081	277 735

Standard Bank Group

Headline earnings and net asset value reconciliation by key legal entity

Headline earnings

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
SBSA Group as consolidated into SBG	(2)	**7 285**	7 401	16 528
Africa Regions legal entities	20	**3 771**	3 155	6 751
Standard Bank Wealth International	33	**425**	320	625
Other group entities	37	**193**	141	364
Standard Insurance Limited	1	**243**	241	432
SBG Securities	(49)	**45**	89	196
Standard Advisory London	>100	**55**	27	65
Other[1]	(31)	**(150)**	(216)	(329)
Banking activities	6	**11 674**	11 017	24 268
Other banking interests	(38)	**132**	212	567
ICBC Standard Bank Plc (40% shareholding)	(>100)	**(70)**	48	152
ICBC Argentina (20% shareholding)	23	**202**	164	415
Liberty	(3)	**857**	882	1 435
Standard Bank Group	5	**12 663**	12 111	26 270

[1] Included are the elimination of gains and losses on deemed IFRS treasury shares relating to client trading activities in SBG securities of R14m (1H17: (R234m)) (FY17: (R217m)).

Net asset value

	Change %	1H18 Rm	1H17 Rm	FY17 Rm
SBSA Group	(3)	**94 816**	97 860	100 791
Africa Regions legal entities	25	**34 749**	27 825	29 139
Standard Bank Wealth International	29	**4 899**	3 810	4 069
Other group entities	(28)	**3 265**	4 509	4 809
Standard Insurance Limited	6	**1 667**	1 572	1 424
SBG Securities	12	**1 400**	1 247	1 355
Standard Advisory London	12	**597**	533	583
Other	(>100)	**(399)**	1 157	1 447
Banking activities	3	**137 729**	134 004	138 808
Other banking interests	(3)	**7 598**	7 811	7 493
ICBC Standard Bank Plc (40% shareholding)	6	**6 208**	5 871	5 653
ICBC Argentina (20% shareholding)	(28)	**1 390**	1 940	1 840
Liberty	(7)	**10 507**	11 317	10 719
Standard Bank Group	2	**155 834**	153 132	157 020

OTHER INFORMATION

Changes in accounting policies and restatements

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

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

- IFRS 4 *Insurance Contracts (amendment)* (IFRS 4), the amendment to applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts introduced two approaches: an overlay approach and a deferral approach. The amended standard will provide all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and provide companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard IAS 39. The amendments to IFRS 4 supplement existing options in the standard that can already be used to address the temporary volatility.
- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15), with effect from 1 January 2018, replaces the existing revenue standards and the related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments). The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition. The group adopted IFRS 15 on 1 January 2018 and, as permitted by IFRS 15, did not restate its comparative financial results. The standard does not apply to revenue associated with financial instruments, and therefore does not impact the majority of the group's revenue.
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (IFRIC 22) provides guidance on how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

The above mentioned standard and interpretation to the IFRS standards, adopted on 1 January 2018, did not effect the group's previously reported financial results or disclosures and did not impact the group's results upon transition or the group's accounting policies.

IFRS 9 *Financial Instruments* (IFRS 9) with effect from 1 January 2018, replaced IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 introduced new requirements which included an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets, refer to page 90 for more detail.

IFRS 9, adopted on 1 January 2018, impacted the group's results upon transition and materially impacted the group's accounting policies, refer to page 91 for more detail.

Category of financial assets	IAS 39 Financial Instrument measurements and gain and loss presentation policy	IFRS 9 Financial Instrument measurements and gain and loss presentation policy
Held for trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.	
Fair value through profit or loss - designated	Fair value, with gains and losses recognised in interest income/(other revenue) for all debt/(equity) financial assets.	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss - default	N/A	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate. Derecognition gains and losses are recognised in net interest income.	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate. Derecognition gains and losses are recognised in other gains and losses on financial instruments within non-interest revenue. Modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).
Fair value through other comprehensive income (FVOCI)	N/A	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
Available for sale	Fair value, with gains and losses recognised directly in the available-for-sale reserve until the financial asset is derecognised or impaired. Interest income on debt financial assets is recognised in interest income in terms of the effective interest rate method. Dividends received on debt (equity) available-for-sale financial assets are recognised in interest income (other revenue) within profit or loss. When debt (equity) available-for-sale financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified to interest income (other revenue).	N/A

Category of financial liabilities	IAS 39 Financial Instrument measurements and gain and loss presentation policy	IFRS 9 Financial Instrument measurements and gain and loss presentation policy
Held for trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.	
Fair value through profit or loss - designated	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in interest expense.	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method with interest recognised in interest expense.	

Interest in suspense
In addition to the above identified changes between IAS 39 and IFRS 9, interest in suspense (IIS) (refers to contractual interest which accrues on financial assets which are classified as non-performing) is presented as follows:

IAS 39 accounting treatment: Up to 31 December 2017, IAS 18 *Revenue* required interest income to be recognised only when it was probable that the economic benefits associated with a transaction would flow to the entity. The group, in line with these requirements, suspended the recognition of contractual interest income on all exposures where it was determined that future economic benefits were not probable. The accounting presentation policy for this suspended contractual interest was to present the balance sheet interest in suspense account as part of the gross carrying amount of the financial asset (i.e. gross carrying amount net of IIS). In addition, upon the curing of the non-performing financial asset, the group elected an accounting presentation policy to recognise this suspended contractual interest (previously unrecognised interest) within net interest income line within the income statement. This policy was elected on the basis that the presentation best represented the nature of the amount in terms of IAS 1.

IFRS 9 accounting treatment: IFRS 9 requires that interest income for financial assets classified as stage 3 be calculated on the net carrying amount (after deducting credit impairments), which will result in a portion of contractual interest being suspended. IFRS 9 requires that this suspended contractual interest be presented as part of the financial assets' gross carrying amount. The group has applied this requirement by presenting balance sheet suspended contractual interest as a separate reconciling item when calculating the financial assets' net carrying amount. Hence suspended contractual interest does not impact the net carrying amount of the financial asset as presented on the statement of financial position. However, this change in presentation has resulted in an increased gross carrying amount of financial assets when compared to IAS 39.

The group has elected to present previously unrecognised interest earned on curing of a financial asset out of stage 3 within net interest income. This presentation is consistent with the group's treatment under IAS 39 and was elected on the basis that the presentation best represented the nature of the amount in terms of IAS 1. During the six months ended 30 June 2018, R545 million of unrecognised interest earned was recognised within net interest income.

Correction of prior period error

Consistent with the restatement to the group's statement of financial position at 31 December 2016, as reported in the group's annual financial statements for the year ended 31 December 2017 the group determined that certain derivative intercompany positions held between the group's banking activities and the group's investment management and life insurance activities were erroneously eliminated on a net basis as opposed to a gross basis. The group has restated its previously reported condensed consolidated statement of financial position to incorporate the correct elimination of these intercompany derivative positions.

The restatement did not impact the group's net exposure on derivatives, nor did it affect the group's reserves. The change to the group's consolidated statement of financial position is reflected in the table that follows:

	1H17		
	As previously presented asset/(liability) Rm	Restatement (credit)/debit Rm	Restated position asset/ (liability) Rm
Statement of financial position			
Derivative assets	53 690	(2 438)	51 252
Derivative liabilities	(59 861)	2 438	(57 423)

Change in presentation accounting policy

Expenses incurred with respect to the group's customer loyalty programme (UCount) have historically been recorded as part of operating expenses in the statement of comprehensive income. During the year, the group amended its accounting policy for these expenses to rather be recognised as part of net fee and commission revenue (within non-interest revenue and total income). This policy aligns with the group's policy for other expenses that are recognised within net fee and commission revenue. The impact of the change in the accounting policy on the group's financial results is as follows:

	1H17			FY17		
	As previously presented income/ (expense) Rm	Restatement Rm	Restated income/ (expense) Rm	As previously presented income/ (expense) Rm	Restatement Rm	Restated income/ (expense) Rm
Net fee and commission revenue	14 185	(216)	13 969	29 133	(463)	28 670
Other operating expenses in banking activities	(12 132)	216	(11 916)	(25 840)	463	(25 377)

The above restatement had the following effect on key financial statistics:

	1H17			FY17		
	As previously reported	Restatement	Restated	As previously reported	Restatement	Restated
Non-interest revenue to total income	41.7%	(0.3%)	41.4%	41.7%	(0.2%)	41.5%
JAWs	1.0%		1.0%	1.0%	0.1%	1.1%
Cost-to-income	56.3%	(0.2%)	56.1%	55.7%	(0.2%)	55.5%

The impact of the change in the accounting policy on SBSA Group's financial results is as follows:

	1H17			FY17		
	As previously presented income/ (expense) Rm	Restatement Rm	Restated income/ (expense) Rm	As previously presented income/ (expense) Rm	Restatement Rm	Restated income/ (expense) Rm
Net fee and commission revenue	10 141	(216)	9 925	20 819	(463)	20 356
Other operating expenses in banking activities	(8 727)	216	(8 511)	(18 797)	463	(18 334)

The above restatement had the following effect on key financial statistics:

	1H17			FY17		
	As previously reported	Restatement	Restated	As previously reported	Restatement	Restated
Non-interest revenue to total income	41.2%	(0.4%)	40.8%	41.1%	(0.4%)	40.7%
JAWs	3.2%	0.1%	3.3%	0.2%	0.1%	0.3%
Cost-to-income	58.2%	(0.3%)	57.9%	58.6%	(0.3%)	58.3%

The change in the accounting policy did not affect the group's or SBSA's earnings attributable to ordinary shareholder(s) or headline earnings.

IFRS 9 Financial Instruments

Background

With effect from 1 January 2018, IFRS 9 replaced IAS 39. IFRS 9 introduced new requirements which included an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets as follows:

ECL impairment requirements	IFRS 9's ECL impairment model's requirements represented the most material IFRS 9 transition impact for the group. The ECL model applies to financial assets measured at either amortised cost or at fair value through other comprehensive income (OCI) (FVOCI), loan commitments when there is a present commitment to extend credit (unless these are measured at fair value through profit or loss (FVTPL)) and financial guarantees. ECL is, at a minimum, required to be measured through a loss allowance at an amount equal to the lower of 12-month or full lifetime ECL of the financial asset. A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition.
Classification and measurement	IFRS 9 requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in OCI. All changes in the fair value of financial liabilities that are designated at FVTPL due to changes in own credit risk are required to be recognised within OCI.

Adoption of IFRS 9

The group retrospectively adopted IFRS 9 on 1 January 2018 with an adjustment to the group's opening 1 January 2018 reserves and, as permitted by IFRS 9, did not restate its comparative financial results. Accordingly, the group's previously reported financial results up to 31 December 2017 are presented in accordance with the requirements of IAS 39.

IFRS 9's classification and measurement requirements resulted in an immaterial impact to the group.

IFRS 9's ECL requirements

The most material IFRS 9 transition impact for the group is that of IFRS 9's new ECL requirements which results in the earlier recognition of credit impairment provisions primarily as a result of the drivers outlined in the table below. This impact was solely as a result of the adoption of IFRS 9 and is not as a result of changes in the credit quality of the group's loan exposures.

12-month ECL for performing loans (stage 1)	IFRS 9 contains a minimum 12-month ECL for exposures for which there has not been a significant increase in credit risk (SICR) whereas IAS 39 required credit impairments to be recognised only following the identification of objective evidence of impairment.
Significant increase in credit risk (SICR) (stage 2)	A lifetime ECL is recognised for all exposures for which there has been SICR, being a material change in the probability of default, since origination.
Off-balance sheet exposures	IFRS 9's scope includes off-balance sheet exposures, such as unutilised loan commitments, guarantees and letters of credit.
Life time model work out requirement	In terms of determining ECL for stage 1 and 2 being exposures where there is a probability of default, the potential loss from a lifetime perspective is considered, which would include the probability of recovery post default and subsequent re-default. For stage 3 exposures, being exposures that are either in default or where default is imminent, this would include consideration of cures and subsequent re-default.
Forward looking economic expectations	IFRS 9 requires an adjustment for forward looking economic expectations in the determination of SICR and in the measurement of the ECL

IFRS 9 key financial impacts

Table 1: Impact on the group's summarised statement of financial position on 1 January 2018

		IFRS 9 transition adjustment at 1 January 2018			
	Group IAS 39 at 31 December 2017 Rm	IFRS 9 ECL Rm	IFRS 9 classification and measurements Rm	Total Rm	Group IFRS 9 at 1 January 2018 Rm
Assets					
Financial investments	533 314	(272)	32	(240)	533 074
Loans and advances	1 048 027	(7 839)	(83)	(7 922)	1 040 105
Interest in associates and joint ventures	9 665	(53)	(3)	(56)	9 609
Other financial and non-financial assets	436 922	2 234	94	2 328	439 250
Total assets	2 027 928	(5 930)	40	(5 890)	2 022 038
Equity	190 017	(6 276)	(361)	(6 637)	183 380
Equity attributable to ordinary shareholders	157 020	(5 930)	(331)	(6 261)	150 759
Equity attributable to other equity holders	9 047				9 047
Equity attributable to non-controlling interest	23 950	(346)	(30)	(376)	23 574
Liabilities	1 837 911	346	401	747	1 838 658
Total equity and liabilities	2 027 928	(5 930)	40	(5 890)	2 022 038

Table 2: Impact on the group's summarised statement of changes in equity on 1 January 2018

	Group IAS 39 at 31 December 2017 Rm	IFRS 9 transition adjustment at 1 January 2018 Rm	Group IFRS 9 at 1 January 2018 Rm
Ordinary share capital and share premium	18 063		18 063
Retained earnings	144 539	(5 302)	139 237
Statutory credit risk reserve	3 089	(948)	2 141
Other	(8 671)	(11)	(8 682)
Total ordinary shareholder's equity	157 020	(6 261)	150 759
Other equity instruments	9 047		9 047
Non-controlling interest	23 950	(376)	23 574
Total equity and liabilities	190 017	(6 637)	183 380

Table 3: Impact on the group's net asset value by key legal entity on 1 January 2018

		IFRS 9 transition adjustment at 1 January 2018			
	Group IAS 39 at 31 December 2017 Rm	IFRS 9 ECL Rm	IFRS 9 classification and measurements Rm	Total Rm	Group IFRS 9 at 1 January 2018 Rm
SBSA Group	100 791	(4 696)	(225)	(4 921)	95 870
Africa Regions legal entities	29 139	(1 301)	(35)	(1 336)	27 803
Other group entities	8 878	120		120	8 998
Banking activities	138 808	(5 877)	(260)	(6 137)	132 671
Liberty and legal entities within other banking interest	18 212	(53)	(71)	(124)	18 088
Total equity and liabilities	157 020	(5 930)	(331)	(6 261)	150 759

Financial and other definitions

Standard Bank Group

Common equity tier 1 capital adequacy ratio (fully loaded) (%) #	Common equity tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, before the adjustment for the SARB 3-year phase-in provision.
Common equity tier 1 capital adequacy ratio (phase-in) (%) #	Common equity tier 1 regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, after the adjustment for the SARB 3-year phase-in provision.
Common equity tier 1 capital adequacy ratio (%)*	Common equity tier 1 regulatory capital as a percentage of total risk-weighted assets.
Constant currency (%)	Comparative financial results adjusted for the difference between the current and prior year cumulative average exchange rates.
Consumer price index	A South African index of prices used to measure the change in the cost of basic goods and services.
Diluted headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of shares, adjusted for potential dilutive ordinary shares.
Dividend cover (times)	Headline earnings per share divided by dividend per share.
Dividend payout ratio (%)	Dividend per share divided by headline earnings per share.
Dividend per share (cents)	Dividends declared to ordinary shareholders divided by weighted average number of shares.
Earnings per share (cents)	Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
Headline earnings (Rm)	Determined by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests.
Headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Net asset value (Rm)	Equity attributable to ordinary shareholders.
Net asset value per share (cents)	Net asset value divided by the number of ordinary shares in issue at the end of the period.
Profit attributable to ordinary shareholders (Rm)	Profit for the period after distributions to non-controlling interests and other equity instrument holders.
Profit for the period (Rm)	Profit for the period attributable to ordinary shareholders, before non-controlling interests and other equity instrument holders.
Return on equity (%)	Headline earnings as a percentage of monthly average ordinary shareholders' equity.
Shares in issue (number)	Number of ordinary shares in issue listed on the JSE.
Structured entity	Entities created to accomplish a narrow and well-defined objective.
Tangible net asset value (Rm)	Equity attributable to ordinary shareholders, excluding goodwill and other intangible assets.
Tangible net asset value per share (cents)	Tangible net asset value divided by the number of ordinary shares in issue at the end of the period.
Tier 1 capital adequacy ratio (%)	Tier 1 regulatory capital as a percentage of total risk-weighted assets.
Total capital adequacy ratio (fully loaded) (%) #	Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, before the adjustment for the SARB 3-year phase-in provision.
Total capital adequacy ratio (phase-in) (%) #	Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets, after the adjustment for the SARB 3-year phase-in provision.
Total capital adequacy ratio (%)*	Total regulatory capital as a percentage of total risk-weighted assets.
Tutuwa	Tutuwa is the group's black economic empowerment ownership initiative entered into in terms of the Financial Sector Charter.
Weighted average number of shares (number)	The weighted average number of ordinary shares in issue during the period as listed on the JSE.

Definitions marked with # are IFRS 9 and relate to 1H18 only. Definitions marked with * are IAS 39 specific and relate to 1H17 and FY17 only. All other definitions relate to all financial years presented.

Banking activities

Available financial resources (Rm)	The amount of permanent capital that is available to the group to absorb potential losses.
Cost-to-income ratio (%)	Operating expenses as a percentage of total income after revenue sharing agreements with group companies but before credit impairments.
Credit loss ratio (%)#	Total income statement impairment charges on loans and advances, as a percentage of average daily and monthly gross loans and advances, excluding interest in suspense.
Credit loss ratio (%)*	Total income statement impairment charges on loans and advances, as a percentage of average daily and monthly gross loans and advances.
Economic capital coverage ratio (times)	Available financial resources divided by minimum economic capital requirements.
Effective direct taxation rate (%)	Direct taxation as a percentage of net income before direct taxation.
Effective total taxation rate (%)	Direct and indirect taxation as a percentage of net income before taxation.
Interest in suspense (Rm)#	Contractual interest on loans that have been classified as stage 3 and cannot be recognised in terms of IFRS 9.
Jaws (%)	Total income growth minus total operating expenses growth.
Loan-to-deposit ratio (%)	Net loans and advances as a percentage of deposits and debt funding.
Net interest margin (%)	Net interest income as a percentage of average interest earning assets.
Interest earnings assets (Rm)	Net loans and advances, financial investments and cash and cash balances.
Non-interest revenue to total income (%)	Non-interest revenue as a percentage of total income.
Performing loans credit impairments (Rm)#	Impairment for latent losses inherent in groups of loans and advances that have not yet been classified as non-performing.
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.
Non-performing loan credit impairments (Rm)#	Impairment for credit impaired (stage 3) loans, net of the present value of estimated recoveries.
Non-performing loan impairment coverage (%)#	Balance sheet (BS) impairments for credit impaired loans (NPL) and off-balance sheet credit impaired exposures (O/BS) including interest in suspense (IIS), as a percentage of gross non-performing loans and advances (including IIS).
Non-performing loans (Rm)*	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.
Non-performing loans (Stage 3) (Rm)#	Credit exposures that are either in default or where default is imminent. There is a rebuttable presumption that the default does not occur later than when a financial asset is 90 days past due.
Performing loans (Stage 1 and Stage 2) (Rm)#	Performing loans include credit exposures classified as follows: • Credit exposures for which there has been no default event and for which the credit risk has not significantly increased since recognition. • Credit exposures for which the credit risk has increase significantly since recognition, unless the credit risk is low in which case it remains classified as stage 1.
Total impairment coverage ratio (Rm)#	Total loans and advances balance sheet impairments as a percentage of gross loans and advances.

Definitions marked with # are IFRS 9 and relate to 1H18 only. Definitions marked with * are IAS 39 specific and relate to 1H17 and FY17 only. All other definitions relate to all financial years presented.

Abbreviations and acronyms

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

SHAREHOLDER INFORMATION

Analysis of shareholders

Ten major shareholders[1]

	1H18		1H17		FY17	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding	Number of shares (million)	% holding
Industrial and Commercial Bank of China	**325.0**	**20.1**	325.0	20.1	325.0	20.1
Government Employees Pension Fund (PIC)	**200.9**	**12.4**	189.2	11.7	199.6	12.3
Alexander Forbes Investments	**25.1**	**1.6**	30.4	1.9	28.3	1.8
Allan Gray Balanced Fund	**22.6**	**1.4**	35.5	2.2	27.8	1.7
Vanguard Emerging Markets Fund	**22.3**	**1.4**	22.9	1.4	23.8	1.5
Old Mutual Life Assurance Company	**20.8**	**1.3**	17.7	1.1	19.7	1.2
GIC Asset Management	**19.4**	**1.2**	20.5	1.3	18.3	1.1
Vanguard Total International Stock Index	**17.7**	**1.1**	15.8	1.0	16.5	1.0
Dimensional Emerging Markets Value Fund	**17.1**	**1.1**	16.6	1.0	17.1	1.1
Liberty Life Association of Africa	**13.4**	**0.8**	2.5	0.2	9.0	0.6
	684.3	**42.4**	676.1	41.9	685.1	42.4

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

	1H18		1H17		FY17	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding	Number of shares (million)	% holding
South Africa	**776.9**	**48.0**	776.9	48.0	759.6	46.9
Foreign shareholders	**841.2**	**52.0**	841.3	52.0	859.7	53.1
China	**325.4**	**20.1**	325.4	20.1	325.2	20.1
United States of America	**256.5**	**15.9**	243.9	15.1	252.9	15.6
United Kingdom	**42.5**	**2.6**	69.7	4.3	63.7	3.9
Singapore	**21.7**	**1.3**	25.0	1.6	22.8	1.4
Ireland	**21.7**	**1.3**	21.5	1.3	20.9	1.3
Namibia	**19.5**	**1.2**	21.8	1.3	22.5	1.4
Netherlands	**17.4**	**1.1**	15.3	0.9	15.0	0.9
Luxembourg	**15.7**	**1.0**	11.3	0.7	11.0	0.7
Japan	**14.5**	**0.9**	13.2	0.8	13.7	0.8
Saudi Arabia	**12.8**	**0.8**	7.9	0.5	8.4	0.5
Hong Kong	**12.5**	**0.8**	8.0	0.5	10.8	0.7
Norway	**12.4**	**0.8**	7.7	0.5	10.3	0.6
United Arab Emirates	**12.2**	**0.8**	10.2	0.6	8.4	0.5
Canada	**10.8**	**0.7**	9.8	0.6	10.5	0.6
Switzerland	**7.0**	**0.4**	8.8	0.5	6.5	0.4
Other	**38.6**	**2.3**	41.8	2.7	57.1	3.7
	1 618.1	**100.0**	1 618.2	100.0	1 619.3	100.0

Credit ratings

Ratings as at 15 August 2018 for key entities within Standard Bank Group are detailed below:

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

Dividends and payment dates

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

	Ordinary shares	6.5% cumulative preference shares (First preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (Second preference shares)
JSE Limited (JSE)			
Share code	**SBK**	**SBKP**	**SBPP**
ISIN	**ZAE000109815**	**ZAE000038881**	**ZAE000056339**
Namibian Stock Exchange (NSX)			
Share code	**SNB**		
ISIN	**ZAE000109815**		
Dividend number	**98**	**98**	**28**
Gross distribution/dividend per share (cents)	**430.0**	**3.25**	**386.43**
Last day to trade in order to be eligible for the cash dividend	**Tuesday, 11 September 2018**	**Tuesday, 4 September 2018**	**Tuesday, 4 September 2018**
Shares trade *ex* the cash dividend	**Wednesday, 12 September 2018**	**Wednesday, 5 September 2018**	**Wednesday, 5 September 2018**
Record date in respect of the cash dividend	**Friday, 14 September 2018**	**Friday, 7 September 2018**	**Friday, 7 September 2018**
Dividend cheques posted and CSDP/broker accounts credited/updated (payment date)	**Monday 17 September 2018**	**Monday, 10 September 2018**	**Monday, 10 September 2018**

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 12 September 2018 and Friday, 14 September 2018, both days inclusive.

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 5 September 2018 and Friday, 7 September 2018, both days inclusive.

CONTACT DETAILS

Standard Bank Group Limited
Registration No. 1969/017128/06
Incorporated in the
Republic of South Africa
Website: www.standardbank.com

Investor relations
Sarah Rivett-Carnac
Tel: +27 11 631 6897

Group secretary
Zola Stephen
Tel: +27 11 631 9106

Group financial director
Arno Daehnke
Tel: +27 11 636 3756

Registered address
9th Floor
Standard Bank Centre
5 Simmonds Street
Johannesburg, 2001

PO Box 7725
Johannesburg, 2000

Head office switchboard
Tel: +27 11 636 9111

Transfer secretaries in South Africa
Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Ave
Rosebank, 2196

PO Box 61051
Marshalltown, 2107

Transfer secretaries in Namibia
Transfer Secretaries (Proprietary) Limited
4 Robert Mugabe Avenue
(Entrance in Burg Street)
Windhoek

PO Box 2401
Windhoek

Please direct all customer queries and comments to:
information@standardbank.co.za

Please direct all shareholder queries and comments to:
InvestorRelations@standardbank.co.za

www.standardbank.com

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