Standard Bank Group

FINANCIAL RESULTS

for the year ended

31 December 2019

Standard Bank Moving Forward™

Also trading as Stanbic Bank

Standard Bank Group

ANALYSIS OF FINANCIAL RESULTS

for the year ended **31 December 2019**

CONTENTS

Standard Bank Group is an African-focused, client-centric, digitally enabled integrated financial services group with compelling competitive advantages

- 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)
- Four business lines: Personal & Business Banking, Corporate & Investment Banking, Wealth and Liberty
- 157-year operating history in South Africa
- Listed on the Johannesburg Stock Exchange (JSE) since 1970.

Standard Bank Group's (SBG or the group) analysis of financial results for the year ended 31 December 2019 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

HEADLINE EARNINGS
1% ↑ R28 207m
2018: R27 865 million

HEADLINE EARNINGS PER SHARE (HEPS)
1% ↑ 1 767c
2018: 1 748 cents

DIVIDEND PER SHARE
2% ↑ 994c
2018: 970 cents

RETURN ON EQUITY (ROE)
↓ 16.8%
2018: 18.0%

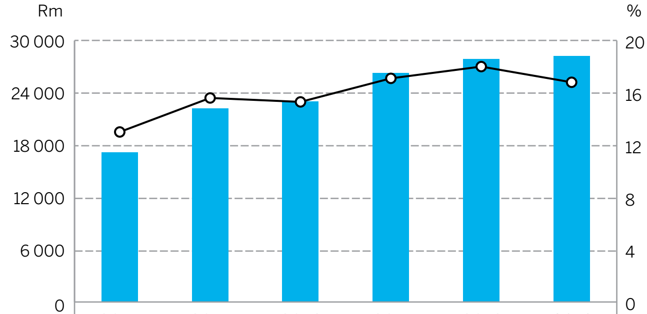
COMMON EQUITY TIER 1 RATIO
↑ 14.0%
2018: 13.5%

CREDIT LOSS RATIO (CLR)
↑ 68 basis points (bps)
2018: 56bps

JAWS
↑ 113bps
2018: (276)bps

COST-TO-INCOME RATIO
↓ 56.4%
2018: 57.0%

Headline earnings and return on equity
CAGR[1] (2014 – 2019): 10%

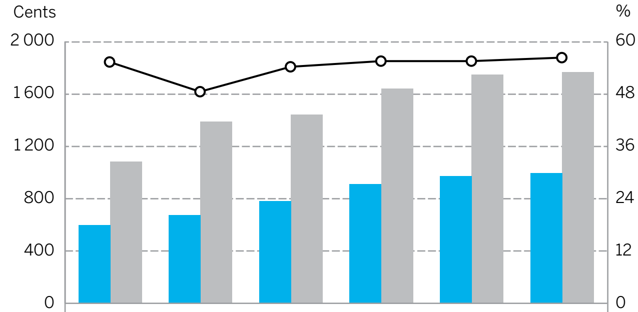


	2014	2015	2016	2017	2018	2019
Headline earnings	17 137	22 187	23 009	26 270	27 865	**28 207**
ROE	13.0	15.6	15.3	17.1	18.0	**16.8**

Headline earnings
ROE

[1] Compound annual growth rate

Headline earnings and dividend per share
CAGR (2014 – 2019): Dividend per share: 11%
Headline earnings per share: 10%



	2014	2015	2016	2017	2018	2019
Dividend per share	598	674	780	910	970	**994**
Headline earnings per share	1 081	1 389	1 440	1 640	1 748	**1 767**
Dividend payout ratio	55.3	48.5	54.2	55.5	55.5	**56.3**

Dividend per share
Headline earnings per share
Dividend payout ratio

In an effort to streamline the group's reporting suite, the group has combined the "financial results" booklet with the "provisional results announcement and dividend declaration". The financial results booklet, thus now includes certain additional disclosures as required by the JSE Limited (JSE) Listings Requirements and IAS 34 *Interim Financial Reporting* (IAS 34). The following additional and/or amendments disclosure items can now be found within the group's financial results booklet.

Additional disclosures included:
- **Condensed consolidated statement of financial position on page 8**
- **Condensed consolidated income statement on page 9**
- **Basis of preparation and presentation on page 90**
- **Condensed consolidated statement of cash flows on page 91**
- **Additional IAS 34 disclosures starting on page 92**
- ***Pro forma* constant currency information on page 115**
- **Bond codes and other administrative details on the ibc.**

Amended disclosures:
- **The previously disclosed banking activities' income statement can be found on page 14 within the banking activities' income statement section.**
- **The previously disclosed statement of financial position has been expanded to include all segmental information and can be found on page 22 - 23 within the segmental reporting section.**
- **Dividend dates have been expanded to include a full declaration of dividends on page 122.**

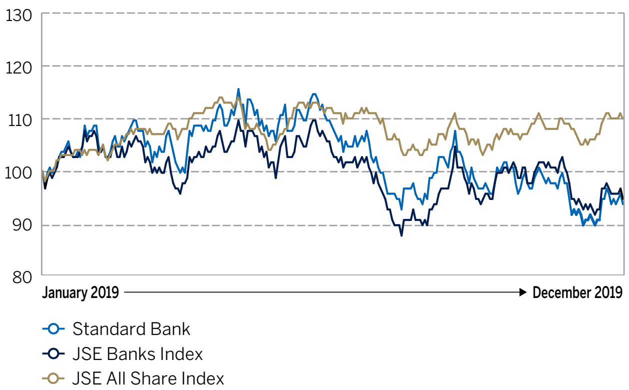
FINANCIAL RESULTS, RATIOS AND STATISTICS

		Change %	2019	2018[1]
Standard Bank Group (SBG)				
Headline earnings contribution by business line				
Total headline earnings	Rm	1	**28 207**	27 865
Banking activities	Rm	5	**27 216**	25 847
Personal & Business Banking	Rm	6	**16 510**	15 539
Corporate & Investment Banking	Rm	5	**11 795**	11 202
Central and other	Rm	22	**(1 089)**	(894)
Other banking interests	Rm	(>100)	**(864)**	418
Liberty	Rm	16	**1 855**	1 600
Ordinary shareholders' interest				
Profit attributable to ordinary shareholders	Rm	(7)	**25 443**	27 453
Ordinary shareholders' equity	Rm	4	**171 229**	165 061
Share statistics				
Headline earnings per ordinary share (EPS)	cents	1	**1 766.7**	1 748.4
Diluted headline EPS	cents	2	**1 756.9**	1 730.9
Basic EPS	cents	(7)	**1 593.5**	1 722.6
Diluted EPS	cents	(7)	**1 584.7**	1 705.3
Dividend per share	cents	2	**994**	970
Net asset value per share	cents	3	**10 742**	10 380
Tangible net asset value per share	cents	5	**9 341**	8 891
Dividend payout ratio	%		**56.3**	55.5
Dividend cover	times		**1.8**	1.8
Number of ordinary shares in issue	thousands		**1 594 072**	1 590 217
Return ratios				
ROE	%		**16.8**	18.0
Return on risk-weighted assets (RoRWA)	%		**2.8**	3.0
Capital adequacy				
Common equity tier 1 capital adequacy ratio[2]	%		**14.0**	13.5
Tier 1 capital adequacy ratio[2]	%		**14.7**	14.1
Total capital adequacy ratio[2]	%		**16.7**	16.0
Employee statistics				
Number of employees		(5)	**50 691**	53 178
Banking activities				
ROE	%		**18.1**	18.8
RoRWA	%		**2.8**	2.9
Loan-to-deposit ratio	%		**81.7**	81.6
Net interest margin (NIM)	bps		**431**	438
Non-interest revenue to total income	%		**43.0**	43.5
CLR	bps		**68**	56
Jaws	bps		**113**	(276)
Cost-to-income ratio	%		**56.4**	57.0
Effective direct taxation rate	%		**20.6**	21.3
Effective total taxation rate	%		**24.5**	25.4
Employee statistics				
Number of employees		(5)	**44 996**	47 419

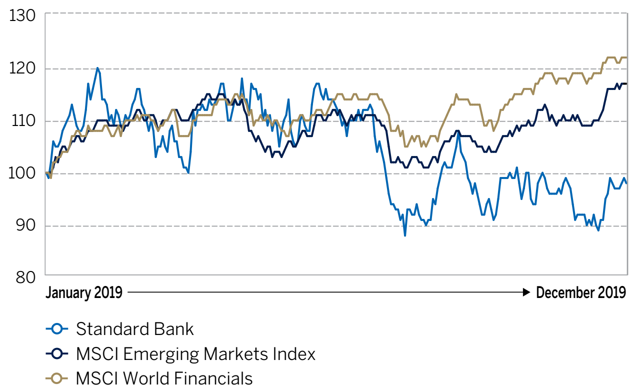
[1] Restated. Refer to pages 106 - 107.
[2] Represents the ratio after applying the SARB phase-in provision for IFRS 9. Refer to pages 64 - 65 for details regarding the fully loaded ratios.

MARKET AND ECONOMIC INDICATORS

SBK versus JSE Banks and All Share Index (ZAR)



SBK versus Emerging Markets and World Financials (USD)



		Average			Closing		
		Change %	2019	2018	Change %	2019	2018
Market indicators							
South Africa (SA) prime overdraft rate	%		**10.14**	10.09		**10.00**	10.25
SA SARB repo rate	%		**6.64**	6.59		**6.50**	6.75
SA Consumer Price Index	%		**4.1**	4.7		**4.0**	4.5
JSE All Share Index		(1)	**56 071**	56 400	10	**57 084**	52 081
JSE Banks Index		(1)	**9 221**	9 327	(5)	**8 731**	9 162
SBK share price		(5)	**184.49**	193.32	(6)	**168.32**	178.81
Key exchange rates							
USD/ZAR		9	**14.44**	13.23	(3)	**14.00**	14.38
GBP/ZAR		5	**18.43**	17.63	1	**18.42**	18.31
ZAR/AOA		31	**24.62**	18.84	60	**34.21**	21.41
ZAR/ARS		61	**3.26**	2.02	63	**4.28**	2.62
ZAR/GHS		6	**0.37**	0.35	21	**0.41**	0.34
ZAR/KES		(8)	**7.06**	7.66	2	**7.24**	7.08
ZAR/MZN		(5)	**4.32**	4.56	4	**4.45**	4.28
ZAR/NGN		(8)	**24.90**	27.15	3	**25.69**	25.01
ZAR/UGX		(9)	**256.27**	281.70	1	**261.54**	258.20
ZAR/ZWL[1]			**0.68**			**1.20**	

[1] ZWL replaced the functional currency (USD) to become the operational currency in Zimbabwe on 21 February 2019 therefore there is no historical rate available.

OVERVIEW OF FINANCIAL RESULTS

Group results

Standard Bank Group's results for the 2019 financial year (FY19) are underpinned by the growth and resilience of its core operations. The constrained macroeconomic environment, particularly in South Africa, and ICBCS losses impacted the group's results.

The group's banking operations reported headline earnings up 5% on the prior year (FY18) to R27.2 billion and a return on equity (ROE) of 18.1%. This result was driven by quality top line growth and continued positive operating leverage. While Liberty contributed positively to group earnings growth, the group's other banking interests were a drag. Group headline earnings were R28.2 billion, an increase of 1% on FY18, and ROE was 16.8%. The group's capital position remained strong, with a common equity tier 1 capital adequacy (CET1) ratio of 14.0%. A final dividend of 540 cents per share has been declared. Total dividends for the year were 2% higher than the prior year.

Good balance sheet growth underpinned net interest income (NII), while non-interest revenue (NIR) was supported by growth in transaction volumes and trading revenues. Credit impairment charges increased off a low base in the prior year. A strong focus on cost containment continued throughout the year resulting in below inflation cost growth and positive jaws of 113 basis points (bps).

After adjusting for currency impacts, group headline earnings grew 3% on a constant currency (CCY) basis. Africa Regions' headline earnings grew 5% and contributed 31% to banking headline earnings in FY19. The top six contributors to Africa Regions' headline earnings were Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda.

Operating environment

In 2019, the US-China trade dispute, increase in geopolitical risks and weaker domestic demand across multiple economies dampened global economic growth. Weaker demand suppressed inflation across local and international markets which prompted central banks to reduce policy rates or adopt growth-supportive monetary policy stances.

Sub-Saharan Africa's economic growth forecasts were revised downwards consecutively. Headwinds on the external front, alongside the slow pace of reforms, severe weather-related shocks, as well as an increase in security and political tensions in parts of the region, weighed on economic activity. Growth in South & Central Africa continued to be negatively impacted by the poor South African environment. Despite being below expectations, growth in East Africa remained robust and growth in West Africa was aided by a modest recovery in Nigeria. Inflation rates trended downwards, providing scope for rate cuts in Ghana, Nigeria, Mozambique and Namibia. The Angolan, Ghanaian, Zambian and Zimbabwean currencies devalued relative to the ZAR. The regulatory environment continued to evolve, for example cash-reserving and loan-to-deposit requirements in Nigeria and policy uncertainty remained a constraint.

In South Africa, load-shedding undermined growth prospects, the pace of policy progress and reform was slow, and Eskom's fiscal concerns remained unresolved. Business and consumer confidence levels remained low, constraining spending and demand for credit. The economy shrank 1.4% in 4Q19 which resulted in a second recession in less than two years. Real GDP growth for the year was 0.2%.

Loans and advances

Gross loans and advances to customers grew 6% from 31 December 2018 to 31 December 2019, of which Personal & Business Banking's (PBB) advances to customers grew 6% and Corporate & Investment Banking's (CIB), 7%. Provisions held against loans and advances declined year on year following the write-off of certain stage 3 corporate exposures which were provided for in the prior year.

Within PBB South Africa, the mortgage loan portfolio grew in line with the market. Our new mortgage offering continued to gain traction and represented 66% of our registrations in December 2019. Average monthly mortgage disbursements reached R4.1 billion, 11% higher than FY18. The investment in our retail vehicle and asset finance (VAF) capability led to a 7% increase in motor disbursements year on year and positive retail market share gains. The personal unsecured lending portfolio grew 9% to R44.8 billion, supported by our online origination capability. The business lending portfolio grew 7% year on year, aligned with the introduction of new product offerings and a refreshed approach to credit limit application.

PBB Africa Regions' gross loans to customers grew 7% to R78.0 billion, driven by disbursements into our client ecosystems supported by digital lending. Business lending remains the largest contributor, at roughly a third of the portfolio, followed closely by mortgages, primarily in Namibia, and thereafter personal unsecured lending.

Robust new business disbursements in retail VAF and personal unsecured lending led to higher stage 1 and 2 provisions relative to December 2018, partially offset by model enhancements in mortgages and early arrears collection capability improvements in the card and personal unsecured businesses. The stage 3 exposure ratio reflects a moderate increase year on year, primarily related to protracted legal processes in mortgages. The PBB stage 3 coverage ratio remained largely aligned with 2018 levels.

In CIB, gross loans and advances to customers grew 7%, underpinned by growth in exposures to clients in the Industrials, Oil & Gas, Sovereign & Public Sector and Power & Infrastructure sectors. Underlying growth in CIB gross loans and advances to customers, including high quality liquid assets, were 8%. In the South African portfolio, a deterioration of risk grades resulted in an increase in stage 1 and 2 provisions, while work-outs led to a decline in stage 3 provisions and a decline in stage 3 coverage ratio. In Africa Regions, provisions were raised for certain guarantees and working capital facilities in the South & Central and East Regions. The main sectors impacted were Consumer, Power & Infrastructure and Mining & Metals.

Gross loans and advances to customers

	CCY %	Change %	2019 Rm	2018 Rm
Personal & Business Banking	7	6	**686 265**	649 704
Mortgage loans	5	4	**378 003**	362 006
Vehicle and asset finance	7	6	**94 833**	89 410
Card debtors	4	4	**34 612**	33 216
Other loans and advances	11	8	**178 817**	165 072
Corporate & Investment Banking	9	7	**425 427**	398 691
Global markets	45	44	**39 115**	27 239
Investment banking	7	6	**342 926**	324 609
Transactional products and services	—	(7)	**43 386**	46 843
Central and other	(87)	(87)	**(250)**	(1 895)
Gross loans and advances to customers	8	6	**1 111 442**	1 046 500

Deposits from customers

	CCY %	Change %	2019 Rm	2018 Rm
Personal & Business Banking	6	4	**606 965**	580 959
Retail priced deposits	5	3	**471 588**	457 630
Wholesale priced deposits	10	10	**135 377**	123 329
Corporate & Investment Banking	10	7	**723 123**	678 203
Central and other	26	29	**(5 127)**	(3 970)
Deposits from customers	8	6	**1 324 961**	1 255 192
Comprising:				
Retail priced deposits	5	3	**471 588**	457 630
Wholesale priced deposits	10	7	**853 373**	797 562
Deposits from customers	8	6	**1 324 961**	1 255 192

Deposits and funding

Deposits from customers grew 6% year on year to R1.3 trillion. PBB customer deposits grew 4%, with stronger growth in savings and investment products as customers switched to higher yielding products. Growth in PBB Africa Regions' deposits from customers was underpinned by continued strong current and savings account inflows. Our offshore operations in the Isle of Man and Jersey continued to provide the group with access to hard currency funding, totalling GBP5.2 billion as at 31 December 2019. CIB customer deposits grew 7%, driven by client wins and greater share of wallet in South Africa and a growing franchise in Africa Regions.

During FY19, the group successfully raised R52 billion of longer-term funding. The group also issued a USD400 million tier 2 Eurobond, R1.0 billion tier 2 capital and R1.9 billion additional tier 1 notes, the proceeds of which were invested in The Standard Bank of South Africa. All tier 1 and tier 2 instruments were Basel III compliant.

Revenue

Revenue grew 5% to R110.5 billion. NII grew 6% to R62.9 billion, while NIR grew 4% to R47.5 billion. NII growth was driven by strong loan and deposit growth across the portfolio. Net interest margin (NIM) decreased marginally to 431bps (FY18: 438bps). Lower average rates in some of the Africa Regions markets, higher cash reserving costs in Nigeria, and a competitive loan pricing environment in South Africa and Nigeria (following the introduction of the minimum loan-to-deposit ratio) contributed negatively to margin. This was partially offset by stronger growth in higher-margin unsecured lending (vs secured) and in Africa Regions (vs South Africa), and effective margin management in our offshore operations.

NIR growth was driven by electronic banking fees, card volumes and trading revenue. Regulatory restrictions on fees in Africa Regions and competitive pressure in South Africa weighed on account transaction fees. We enhanced our digital capabilities to enable retail clients to open savings accounts and originate loans online. These were well received by our clients as evidenced by our online origination and disbursements. Asset-based fees grew on the back of CIB balance sheet growth. Knowledge-based fee growth was muted. Increased volatility in 2H19 aided revenues from fixed income, currencies and equities.

Credit impairment charges

Credit impairment charges increased 23%, off a low base in the prior year. The group credit loss ratio (CLR) increased to 68bps (FY18: 56bps), just below the group's through-the-cycle CLR range of 70bps - 100bps. Higher year on year post write-off recoveries in card had a favourable impact on impairment charges.

Operating expenses

Cost growth was well contained, resulting in continued positive operating leverage. Costs increased 4% year on year and jaws were a positive 113bps. A decline in headcount supported slower growth in staff costs. Other operating expenses increased 6%. IT costs grew 17% reflecting higher software licensing and maintenance costs, an increase in cloud-related costs and an increase in outsourcing. The adoption of IFRS 16 (accounting standard on leases) gave rise to an increase in depreciation and decrease in premises costs.

Capital management

The group maintained strong capital adequacy ratios, with an IFRS 9 phased-in CET1 ratio of 14.0% (FY18: 13.5%) and a total capital adequacy ratio of 16.7% (FY18: 16.0%). The CET1 ratio, including the full IFRS 9 transitional impact, was 13.8%.

The group's liquidity position remained strong and within approved risk appetite and tolerance limits. The group's fourth quarter average Basel III liquidity coverage ratio amounted to 138%, exceeding the minimum phased-in regulatory requirement of 100%. The group maintained its net stable funding ratio in excess of the 100% regulatory requirement.

Overview of business unit performance

Headline earnings by business unit

	CCY %	Change %	2019 Rm	2018 Rm
Personal & Business Banking	6	6	**16 510**	15 539
Corporate & Investment Banking	7	5	**11 795**	11 202
Central and other	21	22	**(1 089)**	(894)
Banking activities	6	5	**27 216**	25 847
Other banking interests	(>100)	(>100)	**(864)**	418
Liberty	16	16	**1 855**	1 600
Standard Bank Group	3	1	**28 207**	27 865

Personal & Business Banking

PBB's headline earnings grew 6% to R16.5 billion, underpinned by continued balance sheet and customer franchise growth. NII increased 6% to R44.1 billion, supported by balance sheet growth. A favourable change in product mix and higher average rates in South Africa supported an increase in margin. This was largely offset by lower average interest rates across the Africa Regions portfolio and the impact of IFRS 16 (NII was R231 million lower and operating expenses was R103 million lower). This resulted in a NIM of 601bps, 3bps higher than in FY18. Active cost containment enabled the business to absorb the branch reconfiguration costs and deliver positive jaws of 210bps for the year. Credit impairment charges increased 17% to R6.4 billion (FY18: R5.4 billion) and the CLR increased to 89bps (FY18: 81bps). ROE improved to 22.4% from 21.9% in FY18.

PBB South Africa headline earnings grew 2% year on year to R14.0 billion, reflecting an improvement on 1H19 when reported earnings were flat period on period. Customer attrition evidenced in the first half of the year was largely stemmed during the second half of the year. Customers were increasingly price sensitive due to the difficult macroeconomic environment and continued to reflect a preference for digital channels. In response to changing client behaviour and expectations, we launched, among others, a low cost, fully digital transactional account, digitised many of the key branch activities and further enhanced the value-added services available on our digital channels. While account transaction fees remained under pressure, as clients increasingly transacted on our digital channels, NIR was supplemented by electronic banking fees and alternative revenue streams.

In South Africa, our customers continued to migrate to our digital platforms, in particular the SBG mobile app. SBG mobile app active users increased 55% to 2.0 million and the value of transactions executed via our mobile banking platform increased 46% to R382 billion. Instant Money, our digital wallet and money transfer platform, continued to gain traction with customers; transactional volumes increased 18% to 26.7 million, and turnover increased 22% to R20.2 billion. The reconfiguration of traditional channels in South Africa resulted in a 16% decline in the number of branches (to 528 branches) and 15% decline in branch square meterage (to 311 000 sqm). Employees impacted by the targeted restructure were provided with an opportunity to apply for existing vacancies, broad-based training and appropriate severance packages. Less than 100 employees were formally retrenched.

PBB Africa Regions' headline earnings reached R1 246 million (FY18: R816 million), driven by ongoing customer acquisition, increased transactional activity levels, as well as strong balance sheet growth. Income grew despite declining interest rates and regulatory impacts, most notably in Eswatini, Lesotho, Nigeria and Zambia.

PBB Africa Regions active customers increased by 8% to 5.4 million, driven by client acquisitions across all 14 countries. Transaction volumes increased 18% driven by digital channels which increased 21% to over 340 million transactions. Branch transactions declined 11% in line with our strategy to reduce physical channel volumes and drive digitisation. Improved digital tools for clients and staff have enabled the group to service more clients with reduced headcount. While the branch footprint has remained fairly stable, branch staff has declined 15% since 2017. Digital transaction volumes increased to 92% of total volumes (FY18: 90%).

Wealth International grew headline earnings 25% to R1.3 billion. The performance was driven by ongoing client acquisition, effective balance sheet optimisation and positive endowment from higher rates in the US and UK.

Corporate & Investment Banking

CIB's headline earnings grew 5% (7% in CCY) to R11.8 billion. The operating environment remained challenging and market conditions, volatile and fluid. Against this difficult backdrop, CIB continued to deliver the innovative, bespoke solutions our clients need and have come to expect. As a business with on-the-ground operations across 20 countries in Africa, and operations in five financial hubs outside of Africa, it remains uniquely positioned to connect global multinational companies to the African markets and African businesses to international markets.

Strong growth in both average assets and liabilities in Transactional Products and Services (TPS) and double-digit average asset growth in Investment Banking (IB) supported revenues. Underlying client revenues grew 7% driven by the Financial Institutions, Mining & Metals, Power & Infrastructure and Telecoms, Media & Technology sectors. CIB's CLR to customers was 40bps (FY18: 20bps), at the lower end of CIB's through-the-cycle range of 40bps - 60bps. In CIB South Africa, a deterioration of corporate risk quality drove year on year increases in stage 1 and 2 credit impairment charges. In contrast, stage 3 charges declined following the non-recurrence of prior year impairment charges in the retail and construction sectors. In CIB Africa Regions, credit impairment charges increased year on year driven by impairments in the East and South & Central regions. Cost growth of 3% led to positive jaws of 128bps and an improvement in cost-to-income ratio to 53.7% (FY18: 54.4%). Strong growth in IB assets in Africa Regions and portfolio ratings downgrades in South Africa in late 2018 drove higher capital demand, which was a drag on ROE. ROE declined to 18.1% (FY18: 19.3%).

Global Markets (GM) earnings grew 15% to R4.9 billion, underpinned by a recovery in 2H19 on the back of increased volatility, accelerated growth in the prime brokerage business and credit-linked note issuances. While lower volumes and margins negatively impacted the SA FX and Cash Equities desks, the business maintained its market shares.

IB earnings grew 12% to R3.9 billion. The business saw strong average balance sheet growth, across both local and foreign currency loans. Strong competition for South African investment grade debt and higher cash reserving requirements in Nigeria negatively impacted margins. Balance sheet growth outweighed margin squeeze to deliver robust NII growth of 8%. Subdued market activity adversely impacted the Equity Capital Markets and Advisory businesses and fees. The work done in 1H19 to rightsize the international operations supported slower cost growth in 2H19. Well managed credit and costs boosted an otherwise subdued revenue performance to deliver strong earnings growth.

TPS earnings declined 13% to R3.0 billion, negatively impacted by higher credit impairment charges. While TPS's FY19 earnings performance was disappointing, the underlying business continued to win clients and increase its share of wallet in both asset and liability gathering. Stage 3 credit impairment charges increased due to the difficult macroenvironment and the write-off of certain corporate exposures in South Africa and East Africa.

Central and other

This segment includes costs associated with corporate functions and the group's treasury and capital requirements that have not otherwise been allocated to the business units. In FY19, the segment costs amounted to R1.1 billion. We continue to proactively manage the costs recorded in the centre.

Other banking interests

Despite the tough operating conditions in Argentina, ICBC Argentina (ICBCA) continued its strong performance in FY19. In August 2019, the group exercised its option to sell its 20% stake in ICBCA to ICBC. The group ceased recognising profits from the stake from 1 September 2019. Headline earnings from the group's 20% stake amounted to R583 million for the eight months to 31 August 2019. The sale is subject to Chinese regulatory approvals and we expect to reach completion in 1H20.

ICBCS recorded a disappointing set of results in FY19. The loss of USD248 million consisted of a single client loss of USD198 million, USD30 million related to restructuring costs and USD20 million of operating losses related to the business operations. The latter was driven by lower revenues on fixed income and currency trading due to subdued market sentiment. The group's 40% share of the losses equated to R1.4 billion. Further to this, in September 2019, SBG recognised a USD163 million impairment of its stake in ICBCS (reducing the carrying value from USD383 million to USD220 million at that date). This equated to a R2.4 billion impairment which is reported outside of headline earnings. ICBC and the group, as shareholders, have had robust conversations and made meaningful progress with ICBCS management with regards to how best to put the business on a path to sustainable profitability. These discussions resulted in a number of management actions in ICBCS, including significant headcount reductions and a reduction by ICBCS of business lines and locations in FY19. Closer integration into and cooperation with the ICBC group is an important element of the plan to achieve sustainable profit.

Liberty

The financial results reported are the consolidated results of the group's 56% investment in Liberty, adjusted for Standard Bank Group shares held by Liberty for the benefit of Liberty policyholders which are deemed to be treasury shares in the group's consolidated accounts.

Liberty is making progress towards rebuilding a competitive and sustainable business. While the focus on new business volumes continues, normalised operating earnings improved 10% year on year. In FY19, the Shareholder Investment Portfolio benefited from improved investment market returns, particularly in respect of foreign and local equities. Liberty headline earnings grew 23% to R3.3 billion. The group's share of earnings amounted to R1.9 billion, up 16% on the prior year.

Prospects

Global economic growth is expected to remain slow and downside risks persist. These risks include, amongst others, the impact of the COVID-19 outbreak, a rise in geopolitical and social unrest, and further weather-related disasters. In contrast, subdued inflation and accommodative monetary policy should support financial conditions and, in turn, emerging market flows. Continued strong growth in East Africa and an ongoing moderate recovery in West Africa should favour sub-Saharan Africa's economic growth prospects. Conditions are expected to remain difficult in Malawi, Zambia and Zimbabwe. While the impact of COVID-19 on global growth remains unknown, it is clear that a China slowdown and a disruption of Sino-Africa trade will negatively impact the trade balances of sub-Saharan African commodity exporters and be inflationary for importers.

In South Africa, while there were some positive governance and growth-related developments in 2019, there is still much more to be done. The constraints to growth and productivity are structural and the reforms required are well understood. In the absence of tangible progress, we foresee sustained economic weakness, driven by insufficient electricity supply and low confidence. Demand, and in turn inflation, is likely to remain low. Real GDP growth is currently expected to be 0.4% and 1.2% in 2020 and 2021 respectively.

The macroeconomic outlook in the countries in which we operate is uncertain and the operating environment is expected to remain challenging. Trading conditions are expected to remain difficult, regulatory-imposed constraints and technological change are set to stay, and competition will continue to intensify. Our top priority in 2020 is to increase our competitiveness by improving client experience through the seamless delivery of relevant and personalised financial solutions to our clients, in a secure manner, via their channel of choice. We will also continue to exercise tight cost discipline and seek to allocate resources efficiently and in support of our strategy to build a future-ready Standard Bank Group. Balance sheet growth in Africa Regions should continue to outpace that in South Africa and NII should outpace NIR. The CLR should remain at the lower end of our target range of 70bps - 100bps. While we expect revenue headwinds, we will continue to manage costs to deliver positive jaws. ROE is expected to remain below, but move closer to, the lower end of our 18% - 20% target range in 2020. Over the medium term, we remain committed to delivering sustainable earnings growth and an ROE in our 18% - 20% target range.

We are a purpose-driven organisation: Africa is our home, we drive her growth. We recognise that the role we play, as the gate-keeper and facilitator of financial flows into and across Africa, is much bigger than profits alone. Our long-term sustainability is inextricably linked to the social and economic upliftment of the people and societies in the countries in which we operate. Accordingly, we will continue to contribute positively to Africa's social, economic and environmental development.

Sim Tshabalala
Group chief executive
4 March 2020

Thulani Gcabashe
Chairman
4 March 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	CCY %	Change %	2019 Rm	2018[1] Rm	1 January 2018 Rm
Assets					
Cash and balances with central banks	4	(12)	**75 288**	85 145	75 310
Derivative assets	38	38	**71 407**	51 678	75 610
Trading assets	24	23	**222 802**	181 112	160 894
Pledged assets	49	48	**29 377**	19 879	20 785
Financial investments	5	3	**567 319**	548 526	534 624
Current and deferred tax assets	10	8	**4 868**	4 519	4 510
Disposal group assets held for sale	>100	>100	**2 599**	762	
Loans and advances	8	5	**1 181 067**	1 119 547	1 038 555
Policyholders' assets	5	5	**7 017**	6 708	7 484
Other assets	42	33	**29 901**	22 514	22 923
Interest in associates and joint ventures	(44)	(48)	**5 423**	10 376	9 609
Investment property	3	3	**34 180**	33 326	32 226
Property, equipment and right of use assets[2]	22	15	**22 018**	19 194	16 179
Goodwill and other intangible assets	(3)	(6)	**22 323**	23 676	23 329
Total assets	9	7	**2 275 589**	2 126 962	2 022 038
Equity and liabilities					
Equity	9	5	**209 484**	199 063	183 380
Equity attributable to ordinary shareholders	8	4	**171 229**	165 061	150 759
Equity attributable to other equity holders	21	21	**10 989**	9 047	9 047
Equity attributable to non-controlling interests	13	9	**27 266**	24 955	23 574
Liabilities	10	7	**2 066 105**	1 927 899	1 838 658
Derivative liabilities	26	26	**69 498**	55 057	76 896
Trading liabilities	41	40	**83 847**	59 947	62 855
Current and deferred tax liabilities	14	13	**9 073**	8 015	8 614
Disposal group liabilities held for sale	4	4	**246**	237	
Deposits and debt funding	8	5	**1 426 193**	1 357 537	1 243 911
Policyholders' liabilities	4	4	**324 246**	310 994	322 918
Subordinated debt	11	10	**28 901**	26 359	24 289
Provisions and other liabilities[2]	15	13	**124 101**	109 753	99 175
Total equity and liabilities	9	7	**2 275 589**	2 126 962	2 022 038

[1] Restated. Refer to page 106 - 107.
[2] The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as comparative financial information has been prepared on an IAS 17 basis. Refer to page 108 - 111 for more detail on the adoption of IFRS 16.

CONDENSED CONSOLIDATED INCOME STATEMENT

	CCY %	Change %	2019 Rm	2018[1] Rm
Income from banking activities	5	5	**110 461**	105 331
Net interest income[2]	6	6	**62 919**	59 505
Non-interest revenue	4	4	**47 542**	45 826
Income from investment management and life insurance activities	9	9	**23 573**	21 722
Total income	6	5	**134 034**	127 053
Credit impairment charges	23	23	**(7 964)**	(6 489)
Net income before operating expenses	5	5	**126 070**	120 564
Operating expenses from banking activities[2]	4	4	**(62 335)**	(60 084)
Operating expenses from investment management and life insurance activities[2]	—	—	**(16 486)**	(16 404)
Net income before capital items and equity accounted earnings	8	7	**47 249**	44 076
Non-trading and capital related items	>100	>100	**(2 890)**	(641)
Share of post-tax (loss)/profit from associates and joint ventures	(>100)	(>100)	**(512)**	912
Profit before indirect taxation	—	(1)	**43 847**	44 347
Indirect taxation	(1)	(1)	**(2 592)**	(2 609)
Profit before direct taxation	—	(1)	**41 255**	41 738
Direct taxation	17	16	**(10 559)**	(9 095)
Profit for the year	(5)	(6)	**30 696**	32 643
Attributable to ordinary shareholders	(6)	(7)	**25 443**	27 453
Attributable to other equity instrument holders	18	18	**873**	738
Attributable to non-controlling interests	(1)	(2)	**4 380**	4 452
Earnings per share (cents)				
Basic earnings per ordinary share		(7)	**1 593.5**	1 722.6
Diluted earnings per ordinary share		(7)	**1 584.7**	1 705.3

[1] Restated. Refer to page 106 - 107.
[2] The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as comparative financial information has been prepared on an IAS 17 basis. Refer to page 108 - 111 for more detail on the adoption of IFRS 16.

CONDENSED CONSOLIDATED STATEMENT OF OTHER

	Change %	2019 Ordinary shareholders' equity Rm	2019 Non-controlling interests and other equity instruments Rm	2019 Total equity Rm
Profit for the year	(6)	25 443	5 253	30 696
Other comprehensive (loss)/income after tax for the year		(5 443)	(765)	(6 208)
Items that may be subsequently reclassified to profit/(loss)		(5 548)	(807)	(6 355)
Movements in the cash flow hedging reserve		190	15	205
Movement in debt instruments measured at fair value through other comprehensive income		50	51	101
Exchange difference on translating foreign operations		(5 788)	(873)	(6 661)
Items that may not be subsequently reclassified to profit/(loss)		105	42	147
Total comprehensive income for the year		20 000	4 488	24 488
Attributable to ordinary shareholders		20 000		20 000
Attributable to other equity holders			873	873
Attributable to non-controlling interests			3 615	3 615

COMPREHENSIVE INCOME

2018		
Ordinary shareholders' equity Rm	Non-controlling interests and other equity instruments Rm	Total equity Rm
27 453	5 190	32 643
4 424	632	5 056
4 516	588	5 104
(100)	(8)	(108)
59	(64)	(5)
4 557	660	5 217
(92)	44	(48)
31 877	5 822	37 699
31 877		31 877
	738	738
	5 084	5 084

CONDENSED CONSOLIDATED STATEMENT OF

	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 2018	18 063	(339)	(1 034)	(6 116)	(983)	(94)
Increase in statutory credit risk reserve						
Transactions with non-controlling shareholders			(13)	(241)		
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net increase in treasury shares			(1 110)			
Net issue of share capital and share premium and other equity instruments	(203)					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		138				
Other						
Total comprehensive income for the year				4 557		(100)
Dividends paid						
Balance at 31 December 2018	17 860	(201)	(2 157)	(1 800)	(983)	(194)
IFRS 16 transition adjustment						
Balance at 1 January 2019	**17 860**	**(201)**	**(2 157)**	**(1 800)**	**(983)**	**(194)**
Increase in statutory credit risk reserve						
Disposal of a common control entity						
Transactions with non-controlling shareholders			**(16)**	**5**		
Equity-settled share-based payments						
Deferred tax on share-based payments						
Transfer of vested equity options						
Net (increase)/decrease in treasury shares			**(486)**			
Net issue of share capital and share premium and other equity instruments	**124**					
Unincorporated property partnerships capital reductions and distributions						
Redemption of empowerment funding		**132**				
Hyperinflation adjustments[1]						
Total comprehensive income for the year				**(5 788)**		**190**
Dividends paid						
Balance at 31 December 2019	**17 984**	**(69)**	**(2 659)**	**(7 583)**	**(983)**	**(4)**

[1] Comprises of the hyperinflation adjustments from Zimbabwe (R730 million) and South Sudan (R17 million).

All balances are stated net of applicable tax.

CHANGES IN EQUITY

Regulatory and statutory credit risk 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
2 141	582	(906)	208	139 237	150 759	9 047	23 574	183 380
1 296				(1 296)				
227	12			(1 594)	(1 609)		(1 386)	(2 995)
		(1 078)		1 678	600		26	626
				(128)	(128)			(128)
		959		(959)				
				(185)	(1 295)		(412)	(1 707)
					(203)			(203)
							(222)	(222)
					138			138
				35	35		16	51
	(71)		48	27 443	31 877	738	5 084	37 699
				(15 113)	(15 113)	(738)	(1 725)	(17 576)
3 664	523	(1 025)	256	149 118	165 061	9 047	24 955	199 063
				190	**190**			**190**
3 664	**523**	**(1 025)**	**256**	**149 308**	**165 251**	**9 047**	**24 955**	**199 253**
696				**(696)**				
				9	**9**			**9**
(7)			**(1)**	**89**	**70**		**221**	**291**
		981		**159**	**1 140**		**50**	**1 190**
				(30)	**(30)**			**(30)**
		328		**(328)**				
				251	**(235)**		**130**	**(105)**
					124	**1 942**	**200**	**2 266**
							(293)	**(293)**
					132			**132**
				747	**747**		**7**	**754**
	74		**(9)**	**25 533**	**20 000**	**873**	**3 615**	**24 488**
				(15 979)	**(15 979)**	**(873)**	**(1 619)**	**(18 471)**
4 353	**597**	**284**	**246**	**159 063**	**171 229**	**10 989**	**27 266**	**209 484**

BANKING ACTIVITIES' INCOME STATEMENT

	CCY %	Change %	2019 Rm	2018[1] Rm
Net interest income[2]	6	6	**62 919**	59 505
Non-interest revenue	4	4	**47 542**	45 826
Net fee and commission revenue	1	1	**30 622**	30 375
Trading revenue	13	12	**12 075**	10 799
Other revenue	9	6	**4 089**	3 863
Other gains and losses on financial instruments	(5)	(4)	**756**	789
Total income	5	5	**110 461**	105 331
Credit impairment charges	23	23	**(7 964)**	(6 489)
Loans and advances	29	30	**(8 076)**	(6 211)
Financial investments	69	(15)	**(86)**	(101)
Letters of credit and guarantees	(>100)	(>100)	**198**	(177)
Net income before operating expenses	4	4	**102 497**	98 842
Operating expenses	4	4	**(62 335)**	(60 084)
Staff costs	3	2	**(34 554)**	(33 773)
Other operating expenses[2]	6	6	**(27 781)**	(26 311)
Net income before non-trading and capital related items	5	4	**40 162**	38 758
Non-trading and capital related items	(62)	(61)	**(151)**	(392)
Net income before equity accounting earnings	5	4	**40 011**	38 366
Share of post-tax profit from associates and joint ventures	(23)	(23)	**333**	431
Profit before indirect taxation	5	4	**40 344**	38 797
Indirect taxation	(1)	(1)	**(2 006)**	(2 023)
Profit before direct taxation	5	4	**38 338**	36 774
Direct taxation	2	1	**(7 888)**	(7 823)
Profit for the year	6	5	**30 450**	28 951
Attributable to preference shareholders	—	—	**(415)**	(416)
Attributable to additional tier 1 (AT1) capital shareholders	42	42	**(458)**	(322)
Attributable to non-controlling interests	(3)	(4)	**(2 528)**	(2 639)
Attributable to ordinary shareholders - banking activities	7	6	**27 049**	25 574
Headline adjustable items - banking activities	(39)	(39)	**167**	273
Banking activities - headline earnings	6	5	**27 216**	25 847

[1] Restated. Refer to page 106 - 107.
[2] The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on a IAS 17 basis. Refer to page 108 - 111 for more detail on the adoption of IFRS 16.

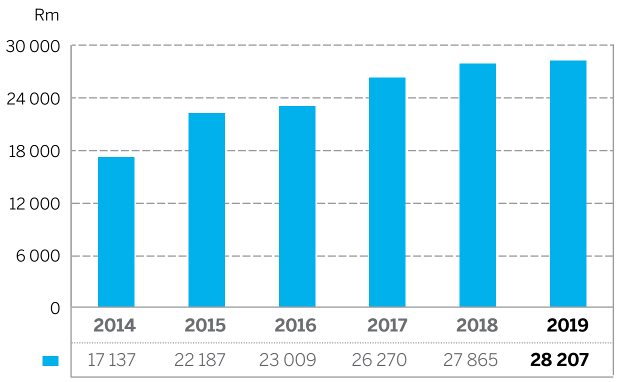
Reconciliation to SBG headline earnings

	CCY %	Change %	2019 Rm	2018 Rm
Banking activities	6	5	**27 216**	25 847
Other banking activities	(>100)	(>100)	**(864)**	418
ICBCS Standard Bank Plc (40% shareholding)	>100	>100	**(1 447)**	(74)
ICBC Argentina (20% shareholding)[3]	87	18	**583**	492
Liberty	16	16	**1 855**	1 600
Standard Bank Group headline earnings	3	1	**28 207**	27 865

[3] In September 2019, ICBC Argentina was reclassified as a non-current asset held for sale and is no longer equity accounted.

HEADLINE EARNINGS

Headline earnings
CAGR (2014 – 2019): 10%



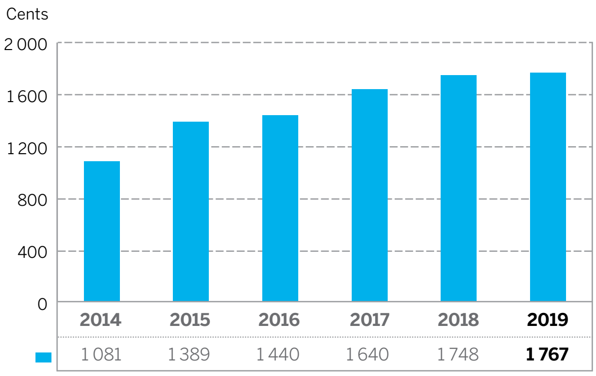
Reconciliation of profit for the year to group headline earnings

	2019				2018			
	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm
Profit for the year - banking activities	38 338	(7 888)	(3 401)	27 049	36 774	(7 823)	(3 377)	25 574
Headline adjustable items - banking activities added/(reversed)	151	15	1	167	392	(122)	3	273
IAS 36 - Impairment of intangible assets	234	(65)		169	449	(123)		326
IAS 16 - Losses/(gains) on sale of properties and equipment	94	(29)	1	66	(15)	2	3	(10)
IAS 28/IAS 36 - Impairment of associate					5	(1)		4
IAS 27/IAS 28 - Gains on disposal of business					(47)			(47)
IAS 36 - Goodwill impairment	11			11				
IAS 40 - Fair value gains on investment property	(188)	109		(79)				
Headline earnings - banking activities	38 489	(7 873)	(3 400)	27 216	37 166	(7 945)	(3 374)	25 847
Headline (losses)/earnings - other banking interests	(864)			(864)	418			418
(Loss)/profit for the year - other banking interests	(3 282)			(3 282)	418			418
IAS 36 - Impairment of associate	2 418			2 418				
Headline earnings - Liberty	6 520	(2 671)	(1 994)	1 855	4 795	(1 272)	(1 923)	1 600
Profit for the year - Liberty	6 199	(2 671)	(1 852)	1 676	4 546	(1 272)	(1 813)	1 461
IFRS 5 - Impairment of non-current assets held for sale	321		(142)	179	249		(110)	139
Standard Bank Group headline earnings	44 145	(10 544)	(5 394)	28 207	42 379	(9 217)	(5 297)	27 865

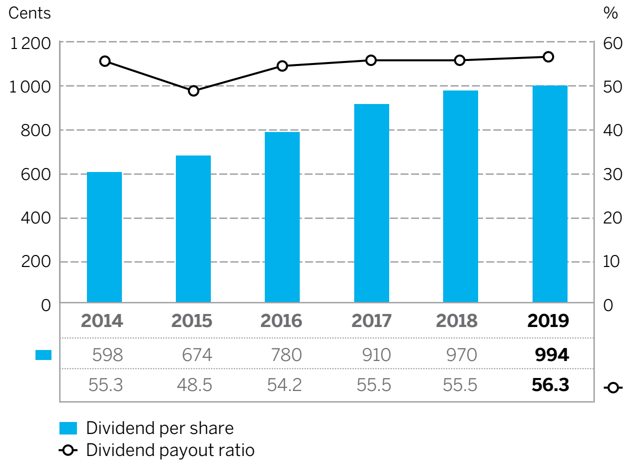
[1] Direct taxation.
[2] Non-controlling interests and other equity instrument holders.

HEADLINE EARNINGS AND DIVIDEND PER SHARE

Headline earnings per share
CAGR (2014 – 2019): 10%



Dividend per share and payout ratio
CAGR (2014 – 2019): 11%



		Change %	2019	2018
Headline earnings	Rm	1	**28 207**	27 865
Headline EPS	cents	1	**1 766.7**	1 748.4
Basic EPS	cents	(7)	**1 593.5**	1 722.6
Total dividend per share	cents	2	**994**	970
Interim	cents	6	**454**	430
Final	cents	—	**540**	540
Dividend cover - based on headline EPS	times		**1.8**	1.8
Dividend payout ratio - based on headline EPS	%		**56.3**	55.5

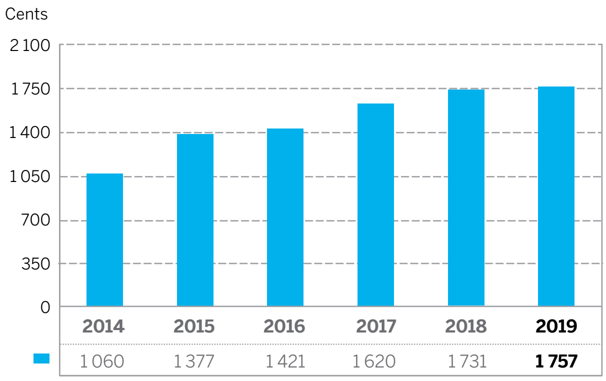
Movement in number of ordinary and weighted average shares issued

	2019		2018	
	Issued number of shares 000	**Weighted number of shares 000**	Issued number of shares 000	Weighted number of shares 000
Beginning of the period - IFRS shares	**1 590 217**	**1 590 217**	1 597 371	1 597 371
Shares in issue	**1 618 514**	**1 618 514**	1 619 268	1 619 268
Deemed treasury shares[1]	**(28 297)**	**(28 297)**	(21 897)	(21 897)
Shares issued for equity compensation plans	**1 195**	**610**	1 730	950
Shares bought back			(2 484)	(1 518)
Movement in deemed treasury shares	**2 660**	**5 797**	(6 400)	(3 084)
Share exposures held to facilitate client trading activities	**(1 871)**	**3 849**	(4 727)	(624)
Shares held for the benefit of Liberty policyholders	**1 545**	**1 012**	(4 438)	(4 033)
Shares held by Tutuwa Structured Entities (SPEs)[1]	**2 986**	**936**	2 765	1 573
End of the period - IFRS shares	**1 594 072**	**1 596 624**	1 590 217	1 593 719
Shares in issue	**1 619 709**	**1 619 124**	1 618 514	1 618 700
Deemed treasury shares[1]	**(25 637)**	**(22 500)**	(28 297)	(24 981)

[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 (2014 – 2019): 11%



	Change %	2019 cents	2018 cents
Diluted headline EPS	2	1 756.9	1 730.9
Diluted EPS	(7)	1 584.7	1 705.3

Diluted weighted average number of ordinary shares issued

	2019 000	2018 000
Weighted average shares	1 596 624	1 593 719
Dilution from equity compensation plans	8 887	13 106
Group share incentive scheme	188	317
Equity growth scheme	1 322	2 302
Deferred bonus scheme, long-term incentive plans and related hedges	7 377	10 487
Tutuwa		3 076
Diluted weighted average shares	**1 605 511**	**1 609 901**

NOTES

SEGMENTAL REPORTING

SEGMENTAL STRUCTURE FOR KEY BUSINESS LINES

Standard Bank Group

Banking activities

Personal & Business Banking

Banking and other financial services to individual customers, small to medium-sized enterprises and commercial banking customers in South Africa, Africa Regions and Wealth International. 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 digital 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 product

- 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, commercial property finance solutions and trade finance

Wealth

- Short-term and life insurance products comprising:
  - loan protection plans sold in conjunction with related banking products, homeowners' insurance, funeral cover, household contents and vehicle insurance
  - 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 estate administration
- Tailored banking, wealth management, investment and advisory services solutions for high net worth individuals
- Offshore financial services to high net worth, mass-affluent and corporate clients of the group
- Investment services including global asset management
- Pension fund administration services

Corporate & 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

Impact of group hedging activities, group capital instruments, group surplus capital and strategic acquisitions

Costs of centralised corporate functions, direct costs of corporate functions are 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). In September 2019 ICBC Argentina was reclassified as a non-current asset held for sale and is no longer equity accounted

Liberty

Life insurance and investment management activities

What we offer

South Africa Retail

Insurance and investment solutions to individual customers in South Africa

Business development

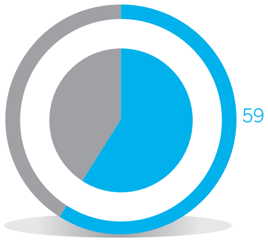
Insurance and investment solutions to corporate clients and retirement funds across sub-Saharan Africa

Asset management

Asset management capabilities to manage investment assets in South Africa and southern Africa Region

SEGMENTAL HIGHLIGHTS

% of group headline earnings



Personal & Business Banking

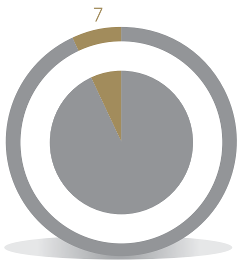
		2019	2018
Headline earnings	Rm	**16 510**	15 539
Headline earnings contribution	%	**59**	56
ROE	%	**22.4**	21.9
Cost-to-income ratio	%	**59.2**	60.4
CLR	bps	**89**	81
Gross loans and advances to customers	Rbn	**686**	650
Net loans and advances	Rbn	**708**	673

% of group headline earnings

Corporate & Investment Banking

		2019	2018
Headline earnings	Rm	**11 795**	11 202
Headline earnings contribution	%	**42**	40
ROE	%	**18.1**	19.3
Cost-to-income ratio	%	**53.7**	54.4
CLR	bps	**32**	16
Gross loans and advances to customers	Rbn	**425**	399
Net loans and advances	Rbn	**528**	502

% of group headline earnings



Liberty

		2019	2018
Normalised headline earnings as reported by Liberty	Rm	**3 205**	2 256
IFRS headline earnings attributable to the group	Rm	**1 855**	1 600
IFRS headline earnings contribution	%	**7**	6
ROE[1]	%	**16.5**	15.2
Value of new business	Rm	**407**	371
Normalised group equity value	Rbn	**41**	39
Third-party funds under management	Rbn	**738**	718

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

CONDENSED CONSOLIDATED SEGMENTAL

	Personal & Business Banking			Corporate & Investment Banking			Central and other		
	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018 Rm
Assets									
Cash and balances with central banks	(32)	15 435	22 803	(4)	59 669	62 289	>100	184	53
Derivative assets	73	676	390	33	66 671	50 064	(74)	(522)	(2 025)
Trading assets	100	6		26	223 627	178 161	(>100)	(3 224)	166
Pledged assets				>100	17 800	7 218			
Financial investments	13	45 146	40 017	(4)	154 564	160 495	(17)	4 993	5 989
Current tax assets	(87)	21	158	(66)	73	212	>100	473	231
Disposal group assets classified as held for sale							100	819	
Loans and advances	5	708 113	673 190	5	527 611	502 045	(2)	(54 657)	(55 688)
Loans and advances to banks	—	51 376	51 533	(4)	107 876	111 929	1	(54 407)	(53 793)
Loans and advances to customers	6	656 737	621 657	8	419 735	390 116	(87)	(250)	(1 895)
Policyholders' assets									
Other assets	21	10 644	8 806	83	11 308	6 184	(45)	(957)	(1 733)
Interest in associates and joint ventures	32	1 843	1 396	(11)	563	632	2	96	94
Investment property							100	373	
Property, equipment and right of use asset[3]	43	9 563	6 677	83	338	185	1	9 707	9 647
Goodwill and other intangible assets	(3)	12 430	12 840	(3)	3 018	3 127	(11)	6 264	7 039
Deferred tax assets	(7)	483	519	32	865	657	6	2 636	2 497
Total assets	5	804 360	766 796	10	1 066 107	971 269	—	(33 815)	(33 730)
Equity and liabilities									
Equity	3	79 578	77 025	9	74 153	68 203	25	22 790	18 201
Equity attributable to ordinary shareholders	2	74 509	73 134	7	66 183	61 802	31	14 972	11 424
Equity attributable to other equity holders	45	2 384	1 647	53	2 662	1 737	5	5 943	5 663
Preference shares							—	5 503	5 503
AT1 capital shareholders	45	2 384	1 647	53	2 662	1 737	>100	440	160
Equity attributable to non-controlling interests	20	2 685	2 244	14	5 308	4 664	68	1 875	1 114
Liabilities	5	724 782	689 771	10	991 954	903 066	9	(56 605)	(51 931)
Derivative liabilities	60	609	380	27	64 803	51 186	(65)	(688)	(1 980)
Trading liabilities				37	83 946	61 318	>100	(229)	(51)
Current tax liabilities	6	4 937	4 676	6	2 288	2 167	3	(2 057)	(2 002)
Disposal group liabilities classified as held for sale									
Deposits and debt funding	5	610 475	581 194	5	891 951	846 131	2	(56 346)	(55 406)
Deposits from banks	>100	3 510	235	1	168 828	167 928	—	(51 219)	(51 436)
Deposits and current accounts from customers	4	606 965	580 959	7	723 123	678 203	29	(5 127)	(3 970)
Policyholders' liabilities									
Interdivisional funding/(lending)	(12)	78 462	89 601	(7)	(95 052)	(102 489)	29	16 590	12 888
Subordinated debt	(4)	8 765	9 154	2	11 447	11 194	>100	3 107	471
Provision and other liabilities[3]	>100	22 861	6 043	(3)	33 186	34 125	>100	(19 428)	(7 866)
Deferred tax liabilities	4	(1 327)	(1 277)	9	(615)	(566)	21	2 446	2 015
Total equity and liabilities	5	804 360	766 796	10	1 066 107	971 269	—	(33 815)	(33 730)
Average gross loans and advances	6	714 407	673 586	11	536 013	481 583	8	(56 310)	(51 978)
Average interest-earning assets	5	733 702	696 956	9	771 778	705 475	1	(45 594)	(45 054)
Average ordinary shareholders' equity	4	73 609	70 958	13	65 304	58 038	41	11 547	8 183

[1] Includes adjustments on consolidation of Liberty into the group.
[2] Restated. Refer to pages 106 - 107.
[3] The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 basis. Refer to pages 108 - 111 for more detail on the adoption of IFRS 16.

STATEMENT OF FINANCIAL POSITION

Banking activities			Other banking interests			Liberty[1]			Standard Bank Group		
Change %	2019 Rm	2018[2] Rm	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018[2] Rm
(12)	75 288	85 145							(12)	75 288	85 145
38	66 825	48 429				41	4 582	3 249	38	71 407	51 678
24	220 409	178 327				(14)	2 393	2 785	23	222 802	181 112
>100	17 800	7 218				(9)	11 577	12 661	48	29 377	19 879
(1)	204 703	206 501				6	362 616	342 025	3	567 319	548 526
(6)	567	601				29	317	245	4	884	846
100	819		100	1 196		(23)	584	762	>100	2 599	762
5	1 181 067	1 119 547							5	1 181 067	1 119 547
(4)	104 845	109 669							(4)	104 845	109 669
7	1 076 222	1 009 878							7	1 076 222	1 009 878
						5	7 017	6 708	5	7 017	6 708
58	20 995	13 257				(4)	8 906	9 257	33	29 901	22 514
18	2 502	2 122	(66)	2 645	7 852	(31)	276	402	(48)	5 423	10 376
100	373					1	33 807	33 326	3	34 180	33 326
19	19 608	16 509				(10)	2 410	2 685	15	22 018	19 194
(6)	21 712	23 006				(9)	611	670	(6)	22 323	23 676
8	3 984	3 673							8	3 984	3 673
8	1 836 652	1 704 335	(51)	3 841	7 852	5	435 096	414 775	7	2 275 589	2 126 962
8	176 521	163 429	(51)	3 841	7 852	5	29 122	27 782	5	209 484	199 063
6	155 664	146 360	(51)	3 841	7 852	8	11 724	10 849	4	171 229	165 061
21	10 989	9 047							21	10 989	9 047
—	5 503	5 503							—	5 503	5 503
55	5 486	3 544							55	5 486	3 544
23	9 868	8 022				3	17 398	16 933	9	27 266	24 955
8	1 660 131	1 540 906				5	405 974	386 993	7	2 066 105	1 927 899
31	64 724	49 586				(13)	4 774	5 471	26	69 498	55 057
37	83 717	61 267				(>100)	130	(1 320)	40	83 847	59 947
7	5 168	4 841							7	5 168	4 841
						4	246	237	4	246	237
5	1 446 080	1 371 919				38	(19 887)	(14 382)	5	1 426 193	1 357 537
4	121 119	116 727				38	(19 887)	(14 382)	(1)	101 232	102 345
6	1 324 961	1 255 192							6	1 324 961	1 255 192
						4	324 246	310 994	4	324 246	310 994
12	23 319	20 819				1	5 582	5 540	10	28 901	26 359
13	36 619	32 302				13	87 482	77 451	13	124 101	109 753
>100	504	172				13	3 401	3 002	23	3 905	3 174
8	1 836 652	1 704 335	(51)	3 841	7 852	5	435 096	414 775	7	2 275 589	2 126 962
8	1 194 110	1 103 191									
8	1 459 886	1 357 377									
10	150 460	137 179	(11)	6 613	7 439	7	11 247	10 519	8	168 320	155 137

CONDENSED CONSOLIDATED SEGMENTAL

	Personal & Business Banking			Corporate & Investment Banking			Central and other		
	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018 Rm
Income from banking activities	5	**73 100**	69 427	5	**39 065**	37 353	18	**(1 704)**	(1 449)
Net interest income[3]	6	**44 116**	41 650	6	**20 329**	19 191	14	**(1 526)**	(1 336)
Non-interest revenue	4	**28 984**	27 777	3	**18 736**	18 162	58	**(178)**	(113)
Net fee and commission revenue	1	**24 985**	24 739	1	**6 002**	5 950	16	**(365)**	(314)
Trading revenue	>100	**425**	174	11	**11 670**	10 543	(>100)	**(20)**	82
Other revenue	24	**3 553**	2 872	(63)	**335**	903	>100	**201**	88
Other gains and losses on financial instruments	(>100)	**21**	(8)	(5)	**729**	766	(81)	**6**	31
Net income from investment management and life insurance activities									
Total income	5	**73 100**	69 427	5	**39 065**	37 353	18	**(1 704)**	(1 449)
Credit impairment charges	17	**(6 360)**	(5 440)	52	**(1 590)**	(1 049)	(100)	**(14)**	
Loans and advances	16	**(6 351)**	(5 464)	>100	**(1 725)**	(747)			
Financial investments	(>100)	**3**	(2)	(25)	**(74)**	(99)	(100)	**(15)**	
Letters of credit and guarantees	(>100)	**(12)**	26	(>100)	**209**	(203)	100	**1**	
Income before operating expenses	4	**66 740**	63 987	3	**37 475**	36 304	19	**(1 718)**	(1 449)
Operating expenses in banking activities	3	**(43 243)**	(41 906)	3	**(20 985)**	(20 315)	(11)	**1 893**	2 137
Staff costs	4	**(15 043)**	(14 533)	—	**(7 001)**	(6 981)	2	**(12 510)**	(12 259)
Other operating expenses[3]	3	**(28 200)**	(27 373)	5	**(13 984)**	(13 334)	0	**14 403**	14 396
Operating expenses in insurance activities									
Net income before non-trading and capital items, and equity accounted earnings	6	**23 497**	22 081	3	**16 490**	15 989	(75)	**175**	688
Non-trading and capital related items	>100	**(69)**	(22)	(51)	**(189)**	(385)	>100	**107**	15
Share of post-tax profit from associates and joint ventures	—	**325**	325	(98)	**2**	102	50	**6**	4
Net income before indirect taxation	6	**23 753**	22 384	4	**16 303**	15 706	(59)	**288**	707
Indirect taxation	(5)	**(606)**	(641)	12	**(318)**	(284)	(1)	**(1 082)**	(1 098)
Profit before direct taxation	6	**23 147**	21 743	4	**15 985**	15 422	>100	**(794)**	(391)
Direct taxation	5	**(5 802)**	(5 530)	2	**(2 285)**	(2 249)	(>100)	**199**	(44)
Profit for the year	7	**17 345**	16 213	4	**13 700**	13 173	37	**(595)**	(435)
Attributable to preference shareholders							—	**(415)**	(416)
Attributable to AT1 capital shareholders	13	**(160)**	(141)	59	**(229)**	(144)	86	**(69)**	(37)
Attributable to non-controlling interests	13	**(610)**	(542)	(12)	**(1 858)**	(2 104)	(>100)	**(60)**	7
Attributable to ordinary shareholders	7	**16 575**	15 530	6	**11 613**	10 925	29	**(1 139)**	(881)
Headline adjustable items	(>100)	**(65)**	9	(34)	**182**	277	(>100)	**50**	(13)
Headline earnings	6	**16 510**	15 539	5	**11 795**	11 202	22	**(1 089)**	(894)
NIM (bps)		**601**	598		**263**	272			
CLR (bps)		**89**	81		**32**	16			
Cost-to-income ratio (%)		**59.2**	60.4		**53.7**	54.4			
Number of employees	(5)	**26 040**	27 499	(5)	**3 555**	3 751	(5)	**15 401**	16 169
ROE (%)		**22.4**	21.9		**18.1**	19.3			

1 Includes adjustments on consolidation of Liberty into the group.

2 Restated. Refer to pages 106 - 107.

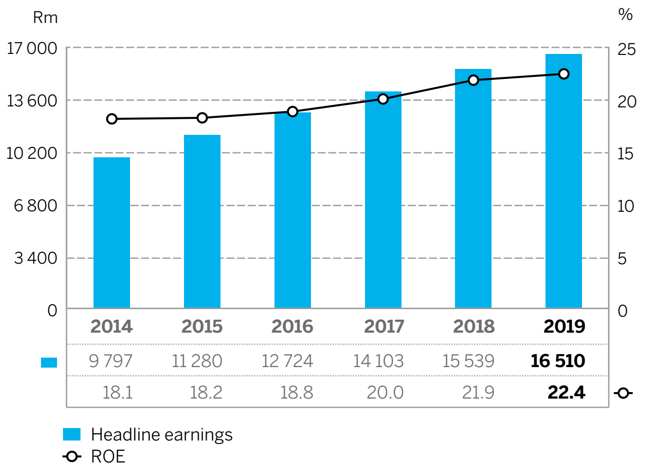
3 The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 basis. Refer to pages 108 - 111 for more detail on the adoption of IFRS 16.

INCOME STATEMENT

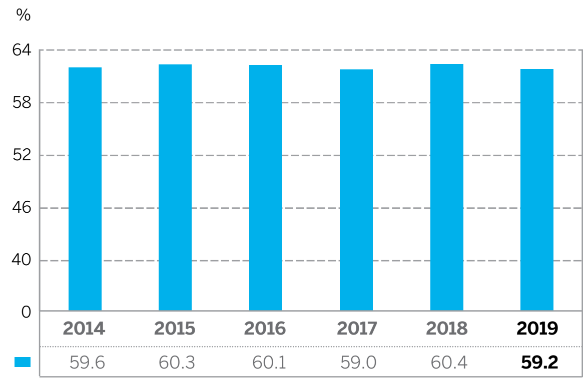
Banking activities			Other banking interests			Liberty[1]			Standard Bank Group		
Change %	2019 Rm	2018[2] Rm	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018 Rm	Change %	2019 Rm	2018[2] Rm
5	110 461	105 331							5	110 461	105 331
6	62 919	59 505							6	62 919	59 505
4	47 542	45 826							4	47 542	45 826
1	30 622	30 375							1	30 622	30 375
12	12 075	10 799							12	12 075	10 799
6	4 089	3 863							6	4 089	3 863
(4)	756	789							(4)	756	789
						9	23 573	21 722	9	23 573	21 722
5	110 461	105 331				9	23 573	21 722	5	134 034	127 053
23	(7 964)	(6 489)							23	(7 964)	(6 489)
30	(8 076)	(6 211)							30	(8 076)	(6 211)
(15)	(86)	(101)							(15)	(86)	(101)
(>100)	198	(177)							(>100)	198	(177)
4	102 497	98 842				9	23 573	21 722	5	126 070	120 564
4	(62 335)	(60 084)							4	(62 335)	(60 084)
2	(34 554)	(33 773)							2	(34 554)	(33 773)
6	(27 781)	(26 311)							6	(27 781)	(26 311)
						—	(16 486)	(16 404)	—	(16 486)	(16 404)
4	40 162	38 758				33	7 087	5 318	7	47 249	44 076
(61)	(151)	(392)	(100)	(2 418)		29	(321)	(249)	>100	(2 890)	(641)
(23)	333	431	(>100)	(864)	418	(70)	19	63	(>100)	(512)	912
4	40 344	38 797	(>100)	(3 282)	418	32	6 785	5 132	(1)	43 847	44 347
(1)	(2 006)	(2 023)				—	(586)	(586)	(1)	(2 592)	(2 609)
4	38 338	36 774	(>100)	(3 282)	418	36	6 199	4 546	(1)	41 255	41 738
1	(7 888)	(7 823)				>100	(2 671)	(1 272)	16	(10 559)	(9 095)
5	30 450	28 951	(>100)	(3 282)	418	8	3 528	3 274	(6)	30 696	32 643
—	(415)	(416)							—	(415)	(416)
42	(458)	(322)							42	(458)	(322)
(4)	(2 528)	(2 639)				2	(1 852)	(1 813)	(2)	(4 380)	(4 452)
6	27 049	25 574	(>100)	(3 282)	418	15	1 676	1 461	(7)	25 443	27 453
(39)	167	273	100	2 418		29	179	139	>100	2 764	412
5	27 216	25 847	(>100)	(864)	418	16	1 855	1 600	1	28 207	27 865
	431	438									
	68	56									
	56.4	57.0									
(5)	44 996	47 419				(4)	5 695	5 759	(5)	50 691	53 178
	18.1	18.8		(13.1)	5.6		16.5	15.2		16.8	18.0

PERSONAL & BUSINESS BANKING

Headline earnings
CAGR (2014 – 2019): 11%



Cost-to-income ratio



		CCY %	Change %	2019 Rm	2018 Rm
Net interest income		6	6	**44 116**	41 650
Non-interest revenue		5	4	**28 984**	27 777
Total income		5	5	**73 100**	69 427
Credit impairment charges		16	17	**(6 360)**	(5 440)
Operating expenses		3	3	**(43 243)**	(41 906)
Taxation		4	4	**(6 408)**	(6 171)
Headline earnings		6	6	**16 510**	15 539
Headline earnings change	%			**6**	10
Headline earnings contribution to the group	%			**59**	56
NIM	bps			**601**	598
CLR	bps			**89**	81
CLR on loans to customers	bps			**96**	87
Cost-to-income ratio	%			**59.2**	60.4
Jaws	bps			**210**	(230)
Effective direct taxation rate	%			**25.1**	25.4
RoRWA	%			**4.0**	3.9
ROE	%			**22.4**	21.9
Number of employees			(5)	**26 040**	27 499

Client focus

- Increase in the number of active clients, with Africa Regions growth offset by a marginal reduction in SA.
- In response to the competitive and economic landscape the focus has been on delivering "what matters" to the client across the continent.
- PBB launched various initiatives to enhance and improve client experience and satisfaction, including online and remote origination capability across lending and transactional offerings, app functionality development, direct servicing proposition and continued automation in the client servicing environment.
- Strong disbursement growth was evidenced in personal unsecured loans and mortgage lending.
- Deposit growth was principally delivered through savings and investment products as clients shifted to higher-yielding offerings.
- Clients continued to migrate to alternative convenient digital channels. In response to this behaviour, 101 branches were closed in SA. Origination volumes related to digital channels increased and supported new asset and deposit growth.

Financial outcome

- Good loan and deposit growth supported net interest income, despite pricing and funding cost pressures.
- Margin expansion in Wealth International, related to balance sheet optimisation, was partly offset by margin compression in SA and Africa Regions.
- Softer fee and commission revenue growth as higher digital transactional fees were offset by the continuous decline in traditional channel volumes and the imposition of regulatory fee caps within several countries.
- Credit impairment charges increased due to strong asset growth.
- Prudent cost management, resulted in an improved cost-to-income ratio, positive jaws and higher ROE.

Loans and advances by product

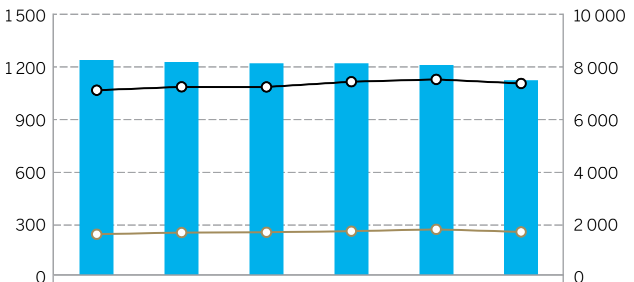
	CCY %	Change %	2019 Rm	2018 Rm
Net loans and advances to banks	—	—	**51 376**	51 533
Gross loans and advances to banks	—	—	**51 390**	51 533
Credit impairments for loans and advances to banks	(100)	(100)	**(14)**	
Net loans and advances to customers	6	6	**656 737**	621 657
Gross loans and advances to customers	7	6	**686 265**	649 704
Mortgage loans	5	4	**378 003**	362 006
Vehicle and asset finance	7	6	**94 833**	89 410
Card debtors	4	4	**34 612**	33 216
Other loans and advances	11	8	**178 817**	165 072
Personal unsecured lending	15	12	**66 463**	59 459
Business and other lending	9	6	**112 354**	105 613
Credit impairments for loans and advances to customers	7	5	**(29 528)**	(28 047)
Credit impairments for stage 3 loans	12	12	**(19 298)**	(17 292)
Credit impairments for stage 1 and 2 loans	(2)	(5)	**(10 230)**	(10 755)
Comprising:				
Net loans and advances	6	5	**708 113**	673 190
Gross loans and advances	6	5	**737 655**	701 237
Credit impairments	7	5	**(29 542)**	(28 047)

Deposits by product

	CCY %	Change %	2019 Rm	2018 Rm
Wholesale priced call deposits	10	10	**135 377**	123 329
Retail priced deposits	5	3	**471 588**	457 630
Current accounts	4	(1)	**157 603**	158 662
Cash management deposits	9	9	**38 589**	35 320
Call deposits	—	—	**133 344**	132 756
Savings accounts	7	4	**29 828**	28 617
Term deposits	10	9	**104 368**	95 702
Other funding	36	20	**7 856**	6 573
Deposits from customers	6	4	**606 965**	580 959
Deposits from banks	>100	>100	**3 510**	235
Wholesale priced interdivisional funding	(14)	(12)	**78 462**	89 601
Total deposits	4	3	**688 937**	670 795

PERSONAL & BUSINESS BANKING

PBB SA and AR points of representation

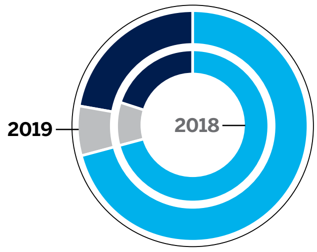


	2014	2015	2016	2017	2018	**2019**
Branches	1 233	1 221	1 211	1 212	1 205	**1 114**
ATMs[1] – Standard Bank owned	7 065	7 193	7 189	7 389	7 479	**7 323**
ATMs[1] – non-Standard Bank owned	1 558	1 622	1 633	1 674	1 745	**1 647**

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

[1] Including auto money devices and automatic notes acceptors (ANAs).

Headline earnings by market segment (%)



	2019	**2018**
Retail and Business Banking	**71**	71
Commercial Banking	**7**	9
Wealth	**22**	20

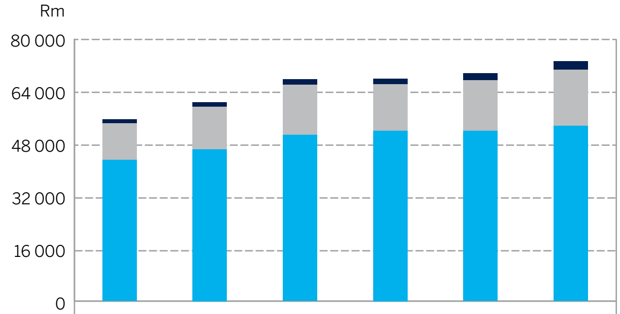
Key business statistics

		Change %	**2019**	2018
South Africa				
Mortgage lending				
New business disbursements	Rm	11	**49 496**	44 458
Number of loan applications received	thousands	6	**220**	207
Average loan to value (LTV) of new business registered	%		**88**	86
Portfolio market share[1]	%		**34.0**	34.2
New business referred by traditional mortgage originators	%		**55**	54
Vehicle and asset finance				
New business disbursements	Rm	2	**39 890**	39 134
- motor	Rm	7	**33 016**	30 934
- non-motor	Rm	(16)	**6 874**	8 200
Clients/customers				
Active clients/customers	thousands	(1)	**7 989**	8 077
Instant Money unique users - clients with no other relationship	thousands	(5)	**1 593**	1 677
Ucount clients	thousands	8	**936**	863
Mobile Banking active users - total	thousands	31	**2 376**	1 811
Mobile Banking active users - SBG Mobile app	thousands	55	**1 977**	1 274
Client/customer activity				
Instant money transactional volumes	thousands	18	**26 744**	22 637
Instant money turnover	Rm	22	**20 161**	16 474
Mobile Banking transactional values	Rm	46	**382 110**	262 321
Points of representation				
Branch square metres	thousands	(15)	**311**	367
Branches		(16)	**528**	629
ATMs and ANAs		(8)	**6 678**	7 239
ATMs and ANAs - Standard Bank owned		(8)	**5 031**	5 494
ATMs - non-Standard Bank owned		(6)	**1 647**	1 745
Africa Regions				
Clients				
Active clients	thousands	8	**5 373**	4 957
Customer activity				
Mobile Banking transactional volumes - total	thousands	63	**84 776**	52 150
Points of representation				
Branches[2]		2	**586**	576
ATMs[3]		15	**2 292**	1 985
Change in ATM transactional volumes	%		**7**	13

[1] Residential mortgages only.
[2] Includes service centres, customer service trade points, agencies, in-store banking and 'bank at work' sites.
[3] ATMs restated for 2018 to exclude non-Standard Bank owned ATMs.

PBB total income by geography

CAGR: South Africa 4%
Africa Regions 9%
Wealth International 17%



	2014	2015	2016	2017	2018	2019
South Africa	43 011	46 284	50 627	51 955	51 904	**53 372**
Africa Regions	11 244	12 973	15 284	14 182	15 363	**17 218**
Wealth International	1 144	1 380	1 724	1 571	2 160	**2 510**

South Africa
Africa Regions
Wealth International

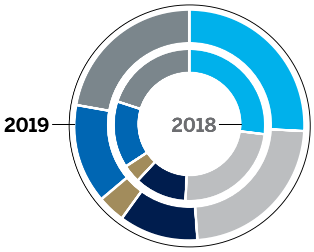
Summarised income statement by geography

	South Africa				Africa Regions			
	CCY %	Change %	**2019 Rm**	2018 Rm	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	4	4	**32 592**	31 463	13	12	**9 800**	8 740
Non-interest revenue	2	2	**20 780**	20 441	14	12	**7 418**	6 623
Total income	3	3	**53 372**	51 904	14	12	**17 218**	15 363
Credit impairment charges	11	11	**(5 040)**	(4 533)	42	45	**(1 312)**	(905)
Operating expenses	2	2	**(29 345)**	(28 695)	7	5	**(12 803)**	(12 178)
Headline earnings	2	2	**14 004**	13 713	68	53	**1 246**	816
CLR (bps)			**88**	83			**169**	138
Cost-to-income ratio (%)			**55.0**	55.3			**74.4**	79.3
ROE (%)			**26.0**	25.6			**9.3**	6.4

	Wealth International			
	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	15	19	**1 724**	1 447
Non-interest revenue	5	10	**786**	713
Total income	11	16	**2 510**	2 160
Credit impairment charges	>100	>100	**(8)**	(2)
Operating expenses	1	6	**(1 095)**	(1 033)
Headline earnings	20	25	**1 260**	1 010
CLR (bps)			**1**	—
Cost-to-income ratio (%)			**43.6**	47.8
ROE (%)			**20.1**	21.2

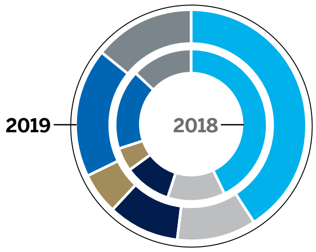
PERSONAL & BUSINESS BANKING

PBB composition of headline earnings by product (%)



	2019	2018
Transactional products	**26**	27
Mortgage lending	**23**	24
Card products	**11**	11
Vehicle and asset finance	**4**	4
Lending products	**14**	14
Wealth	**22**	20

PBB composition of total income by product (%)



	2019	2018
Transactional products	**41**	43
Mortgage lending	**11**	12
Card products	**10**	10
Vehicle and asset finance	**6**	5
Lending products	**18**	17
Wealth	**14**	13

Summarised income statement by product

	Transactional products				Mortgage lending			
	CCY %	Change %	**2019 Rm**	2018 Rm	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	5	5	**16 807**	15 941	2	2	**8 063**	7 925
Non-interest revenue	—	(2)	**13 435**	13 651	3	3	**322**	313
Total income	3	2	**30 242**	29 592	2	2	**8 385**	8 238
Credit impairment charges					(2)	(2)	**(923)**	(940)
Operating expenses	2	2	**(23 788)**	(23 234)	(3)	(2)	**(2 292)**	(2 343)
Headline earnings	7	4	**4 286**	4 121	4	4	**3 880**	3 736

	Card products				Vehicle and asset finance			
	CCY %	Change %	**2019 Rm**	2018 Rm	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	5	5	**3 113**	2 966	8	7	**3 145**	2 932
Non-interest revenue	6	5	**4 094**	3 898	40	40	**978**	698
Total income	6	5	**7 207**	6 864	14	14	**4 123**	3 630
Credit impairment charges	4	3	**(992)**	(960)	25	23	**(969)**	(789)
Operating expenses	(2)	(2)	**(3 509)**	(3 571)	21	22	**(2 278)**	(1 873)
Headline earnings	18	17	**1 908**	1 634	(12)	(13)	**591**	681

	Lending products				Wealth			
	CCY %	Change %	**2019 Rm**	2018 Rm	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	8	7	**10 217**	9 581	16	20	**2 771**	2 305
Non-interest revenue	14	15	**2 844**	2 477	6	8	**7 311**	6 740
Total income	9	8	**13 061**	12 058	8	11	**10 082**	9 045
Credit impairment charges	27	26	**(3 463)**	(2 746)	>100	>100	**(13)**	(5)
Operating expenses	(2)	—	**(6 028)**	(6 047)	13	11	**(5 348)**	(4 838)
Headline earnings	1	2	**2 262**	2 222	11	14	**3 583**	3 145

Transactional products

- Good deposit growth driven by clients' preference for higher-return demand products in SA, while meaningful local currency growth in Africa Regions was neutralised by currency conversion impacts.
- Net interest income growth supported by higher average balances. This was partly offset by negative endowment in Africa Regions.
- Lower transactional volumes in higher-fee earning traditional platforms, as clients increasingly transact on more convenient digital platforms. This was partly offset by annual price increases.
- Higher operating expenses were driven by the branch reconfiguration process on the back of reduced foot traffic.

Mortgage lending

- Book growth was supported by higher registrations, combined with a marginal slowdown in prepayments.
- NIM contracted slightly due to competitive pressures and elevated funding costs.
- The introduction of an enhanced behavioural scorecard on the back of improved risk discrimination resulted in lower credit impairment charges. This was partly offset by growth in stage 3 impairments as a result of the protracted legal foreclosure process.

Card products

- Higher interest-earning balances led to net interest income growth, offset by a decline in margins.
- Non-interest revenue benefited from higher turnover, combined with an increase in terminal revenue as a result of additional point of sale (POS) devices dispensed to merchants.
- Increased impairments were driven by higher levels of new business disbursements and limit increases. This was moderated by the continued focus on maximising early stage recoveries.
- In Namibia and Nigeria, good growth emanated from card customer acquisitions and ecosystems.

Vehicle and asset finance

- VAF payouts in the retail automotive segment benefited from improved dealer engagements, moderated by increased portfolio amortisation.
- Balance sheet growth and higher new business margins supported net interest income growth. This was partly offset by increased funding costs.
- Meaningful growth in the fleet portfolio resulted in higher rental income.
- The challenging economic climate resulted in defaults coupled with an increase in write-offs.
- Capability build in new systems to enhance client experience, as well as elevated depreciation charges in fleet drove the increase in operating expenses.

Lending products

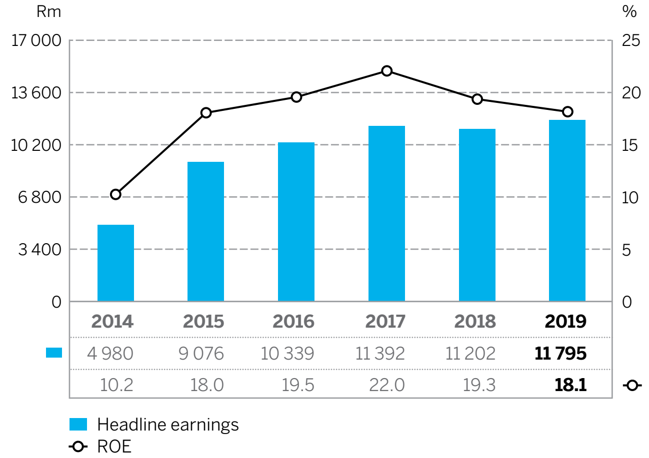
- Higher new business disbursements supported by online origination capability introduced in the current year, partially affected by higher repayment rates.
- Net interest income growth assisted by higher balances and moderated by margin compression.
- Penalty fees reduced on the back of a pricing review.
- Higher growth in impairments was driven by increased disbursements.
- The unsecured lending in Africa Regions gained traction and supported the robust book growth.

Wealth

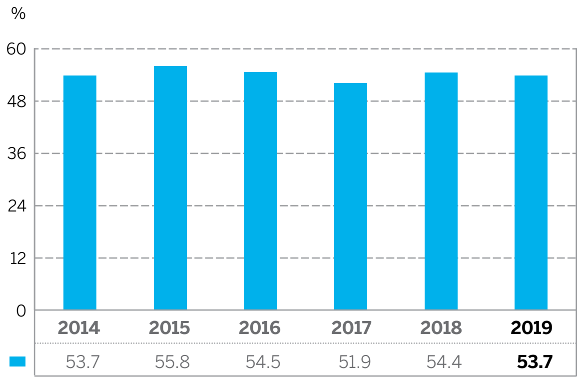
- Wealth International margin expansion supported by balance sheet optimisation initiatives.
- Revenue growth in the Nigeria Wealth business was driven by increased assets under management, partly offset by regulatory caps on management fees.
- Good deposit and lending growth in Wealth and Investment due to continued focus on new client acquisition and enhanced client experience.
- Revenue pressures evident in the insurance business in SA as a result of the subdued economic environment and the storms in KwaZulu-Natal.

CORPORATE & INVESTMENT BANKING

Headline earnings
CAGR (2014 – 2019): 19%



Cost-to-income ratio



		CCY %	Change %	2019 Rm	2018 Rm
Net interest income		8	6	20 329	19 191
Non-interest revenue		4	3	18 736	18 162
Total income		6	5	39 065	37 353
Credit impairment charges		56	52	(1 590)	(1 049)
Operating expenses		4	3	(20 985)	(20 315)
Taxation		7	3	(2 603)	(2 533)
Headline earnings		7	5	11 795	11 202
Headline earnings change	%			5	(2)
Headline earnings contribution to the group	%			42	40
NIM	bps			263	272
CLR	bps			32	16
CLR to customers	bps			40	20
Cost-to-income ratio	%			53.7	54.4
Jaws	bps			128	(489)
Effective direct taxation rate	%			14.3	14.6
RoRWA	%			2.3	2.5
ROE	%			18.1	19.3
Number of employees			(5)	3 555	3 751

Client focus

- Actively responded to client needs with bespoke solutions and by launching new offerings.
- Continued to provide linkages for global multinational companies (MNC) to the African market and African domestic businesses to international markets.
- Provided tailored risk management solutions in volatile and fluid market conditions to protect client value.
- Financial Institutions, Power & Infrastructure, Mining & Metals and Telecommunications sectors drove client revenue growth.
- Defended market share in global markets' equities despite reduced trading volumes.
- Continuous improvement on platforms to enhance client experience.

Financial outcome

- Sustained client revenue growth in a tough operating environment.
- Strong growth in balance sheet drivers, customer loans and advances, assets and deposits on the back of client and mandate wins.
- Focus on cost management translated into a reduced cost-to-income ratio and positive jaws.
- Impairment pressure in East, South & Central Africa, as well as in SA, as the risk quality of South African corporates decreased.
- Currency depreciation and regulatory changes adversely impacted the results.
- Increased capital utilisation as a result of portfolio rating downgrades.

Loans and advances by product

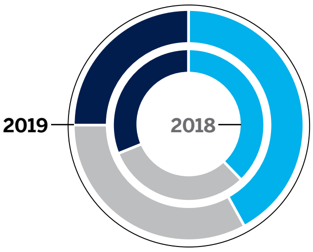
	CCY %	Change %	2019 Rm	2018 Rm
Gross loans and advances to banks	6	(4)	107 921	111 992
Credit impairments for banks	15	(29)	(45)	(63)
Net loans and advances to banks	6	(4)	107 876	111 929
Gross loans and advances to customers including high quality liquid assets (HQLA)	10	8	444 055	412 429
Global markets	45	44	39 115	27 239
Investment banking	8	7	361 554	338 347
Customer lending qualifying as HQLA	36	36	18 628	13 738
Other loans and advances to customers	7	6	342 926	324 609
Transactional products and services	—	(7)	43 386	46 843
Less HQLA	36	36	(18 628)	(13 738)
Gross loans and advances to customers	9	7	425 427	398 691
Credit impairments for loans and advances	(31)	(34)	(5 692)	(8 575)
Credit impairments for stage 3 loans	(48)	(49)	(3 316)	(6 509)
Credit impairments for stage 1 and 2 loans	28	15	(2 376)	(2 066)
Net loans and advances to customers	10	8	419 735	390 116
Comprising:				
Net loans and advances	9	5	527 611	502 045
Gross loans and advances	8	4	533 348	510 683
Credit impairments	(30)	(34)	(5 737)	(8 638)

Deposits and debt funding by product

	CCY %	Change %	2019 Rm	2018 Rm
Current accounts	15	(8)	82 911	90 236
Cash management deposits	4	3	146 378	141 962
Call deposits	(15)	(16)	87 030	103 874
Term deposits	20	18	193 655	163 766
Negotiable certificates of deposit	19	19	148 622	125 184
Other funding	23	21	64 527	53 181
Deposits from customers	10	7	723 123	678 203
Interbank deposits	5	1	168 828	167 928
Interdivisional funding	(9)	(7)	(95 052)	(102 489)
Total deposits and debt funding	12	7	796 899	743 642

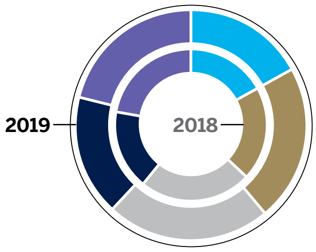
CORPORATE & INVESTMENT BANKING

CIB composition of headline earnings by product (%)



	2019	2018
Global markets	**42**	38
Investment banking	**33**	31
Transactional products and services	**25**	31

CIB composition of total income by product (%)



	2019	2018
Global markets South Africa	**17**	17
Global markets Africa Regions	**22**	20
Investment banking	**23**	24
Transactional products and services South Africa	**17**	17
Transactional products and services Africa Regions	**21**	22

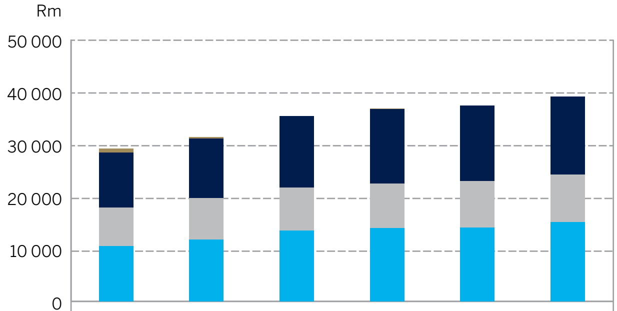
Summarised income statement by product

	Global markets				Investment banking			
	CCY %	Change %	**2019 Rm**	2018 Rm	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	14	6	**4 367**	4 109	6	8	**5 492**	5 097
Non-interest revenue	9	8	**10 776**	9 981	(6)	(5)	**3 594**	3 775
Total income	11	7	**15 143**	14 090	1	2	**9 086**	8 872
Credit impairment charges	>100	>100	**(112)**	(52)	(14)	(14)	**(579)**	(676)
Operating expenses	1	1	**(7 067)**	(6 985)	—	1	**(5 057)**	(4 999)
Headline earnings	21	15	**4 919**	4 277	9	12	**3 876**	3 470

	Transactional products and services				Corporate & Investment Banking			
	CCY %	Change %	**2019 Rm**	2018 Rm	CCY %	Change %	**2019 Rm**	2018 Rm
Net interest income	7	5	**10 470**	9 985	8	6	**20 329**	19 191
Non-interest revenue	—	(1)	**4 366**	4 406	4	3	**18 736**	18 162
Total income	5	3	**14 836**	14 391	6	5	**39 065**	37 353
Credit impairment charges	>100	>100	**(899)**	(321)	56	52	**(1 590)**	(1 049)
Operating expenses	8	6	**(8 861)**	(8 331)	4	3	**(20 985)**	(20 315)
Headline earnings	(12)	(13)	**3 000**	3 455	7	5	**11 795**	11 202

CIB total income by product

CAGR: Global markets 7%
Investment banking 4%
Transactional products and services 7%



	2014	2015	2016	2017	2018	**2019**
Global markets	10 553	11 820	13 475	13 961	14 090	**15 143**
Investment banking	7 374	7 843	8 266	8 525	8 872	**9 086**
Transactional products and services	10 472	11 409	13 603	14 190	14 391	**14 836**
Real estate and PIM	772	316	76	94	–	**–**

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

Global markets

- Leading issuer of credit-linked notes in Africa, creating investment alternatives to meet client needs.
- Accelerated growth from prime brokerage business as it delivered to client needs and closed gaps in the CIB offerings.
- Market share was maintained in a subdued trading environment across most desks.
- Foreign exchange revenue headwinds experienced in SA on the back of low liquidity and limited volatility.
- Foreign exchange margin compression continued in key African markets, including Mozambique and Angola.
- Reducing interest rates contributed to trading revenue gains in Nigeria and Uganda.
- Stagnant growth in SA coupled with negative emerging markets sentiment, adversely impacted South African foreign exchange and interest rate trading revenues.

Investment banking

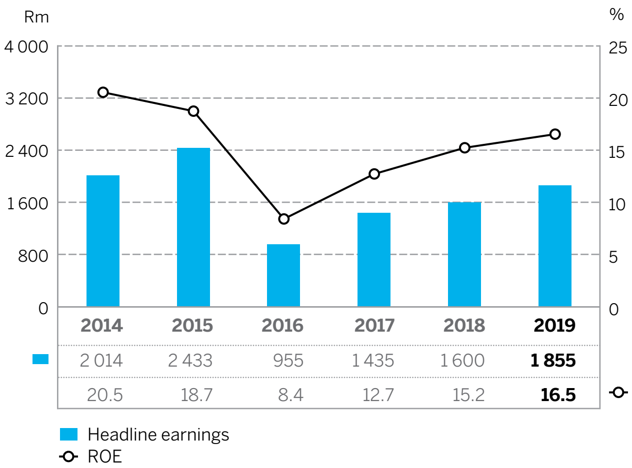
- Robust growth in both local and foreign currency average loans and advances, with record gross origination achieved.
- The portfolio benefited from growing regional diversification.
- Rightsizing of the International Platform, allowing the business to retain access to international capital and distribution markets at a more affordable cost.
- Client margins remain under pressure, particularly in SA on the investment grade portfolio and in Nigeria on the back of higher cash reserving costs.
- The equity capital markets and advisory business were adversely impacted by subdued market activity.

Transactional products and services

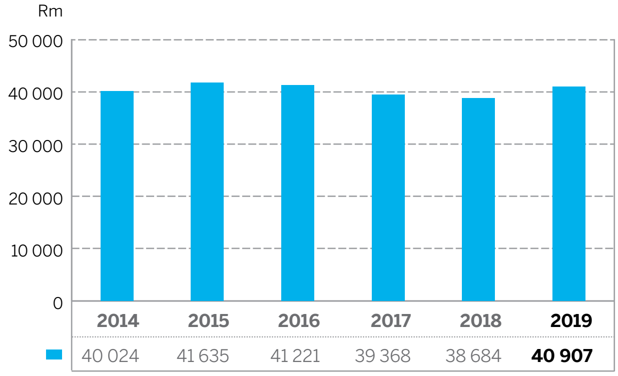
- Strong underlying franchise growth through a combination of client wins and increasing client share of wallet.
- Growth in both loans and advances in the trade business and customer deposits in SA and Africa Regions.
- Lower interest rates in key markets and currency depreciation adversely impacted revenues.
- Stage 3 credit impairment charges increased; reflective of the difficult macroenvironment and finalisation of legacy names in SA and East Africa.
- Continued investment in platform stability and new features and capabilities to meet client needs.

LIBERTY

Headline earnings – SBG share
CAGR (2014 – 2019): (2%)



Normalised group equity value
CAGR (2014 – 2019): (0%)



Key ratios and statistics as reported by Liberty

		Change %	2019	2018
Normalised operating earnings	Rm	10	**2 201**	2 006
Normalised headline earnings	Rm	42	**3 205**	2 256
IFRS headline earnings	Rm	23	**3 254**	2 645
Normalised return on Liberty group equity value[1]	%		**11.5**	3.8
Normalised group equity value	Rm	6	**40 907**	38 684
Solvency capital requirement coverage ratio	times		**1.99**	1.87
Indexed new business (excluding contractual increases)[2]	Rm	2	**8 125**	7 991
New business margin	%		**1.0**	0.9
Value of new business	Rm	10	**407**	371
Net cash inflows in long-term insurance operations	Rm	(>100)	**(142)**	2 001
Group assets under management	Rbn	3	**738**	718
Asset management net cash flows (external)	Rm	69	**12 843**	7 585

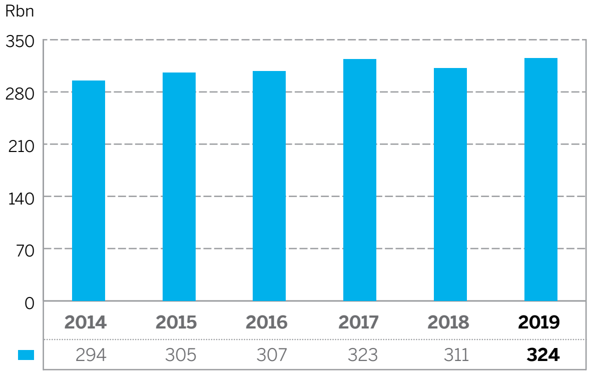
[1] Return embedded value.
[2] Liberty restated the comparative for a change in classification in Liberty Corporate from recurring to single premiums for additional investment voluntary contributions.

Key ratios and statistics as consolidated by SBG

		Change %	2019	2018
Effective interest in Liberty at end of year	%		**56.4**	56.0
Headline earnings attributable to the group[1]	Rm	16	**1 855**	1 600
SBG share of Liberty's IFRS headline earnings	Rm	26	**1 847**	1 471
Impact of SBG shares held for the benefit of Liberty policyholders	Rm	(94)	**8**	129
ROE	%		**16.5**	15.2

[1] Includes an adjustment for group shares held for the benefit of Liberty policyholders (deemed treasury shares).

Long-term policyholder liabilities
CAGR (2014 – 2019): 2%



Headline earnings

	Change %	2019 Rm	2018 Rm
South African insurance operations	2	1 986	1 954
SA Retail (previously Individual Arrangements)	(3)	1 505	1 544
Liberty Corporate	>100	85	34
LibFin Markets	5	396	376
South Africa Asset Management - STANLIB	30	460	355
Africa Regions	>100	54	8
Liberty Africa Insurance	(>100)	29	(19)
STANLIB Africa	(7)	25	27
Operations under ownership review	(11)	(147)	(166)
Central costs and sundry income	5	(152)	(145)
Normalised operating earnings	10	2 201	2 006
Shareholder Investment Portfolio (SIP)	>100	1 004	250
Normalised headline earnings	42	3 205	2 256
BEE preference shares income	(25)	(6)	(8)
Accounting profit and loss mismatch arising on consolidation of Liberty Two Degrees	(86)	55	397
IFRS headline earnings	23	3 254	2 645

Client focus

- Continued to support clients through their life journeys and fulfil our promises to them with death and disability payments increased to R10.5 billion (2018: R9.6 billion) and annuity payments increased to R7.8 billion (2018: R7.2 billion).
- Key client initiatives were launched during the year across the investment and risk product suite.
- Key technology initiatives were rolled out to better enable clients and advisers by significantly simplifying and improving related processes and providing an enhanced client and financial adviser experience.

Financial outcome

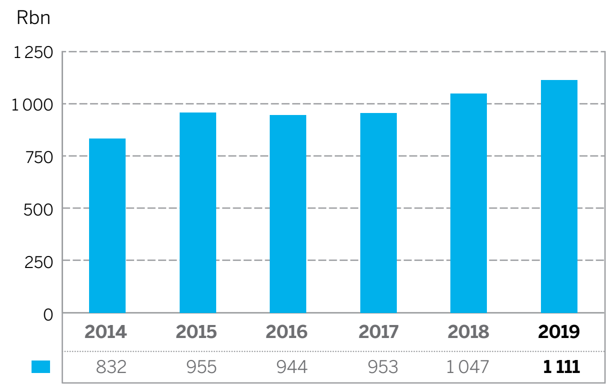
- Normalised operating earnings reflected good operational performance, particularly in STANLIB South Africa and Africa Regions. The SIP earnings benefited from improved investment market returns, particularly in respect of foreign and local equities.
- The solvency capital requirement cover of Liberty Group Limited, the group's main long-term insurance licence of 1.99 times, is at the upper end of the target range and underpins our ability to fulfil our promises to policyholders and other stakeholders.
- Higher value of new business due to margin improvement from 0.9% to 1.0% on the back of product enhancements and margin management supported by continued cost discipline.
- Lower net cash flows from long-term insurance was mainly attributable to increased death, surrender and maturity values paid on investment policies.
- Increased assets under management due to positive investment market returns and strong third party net cash inflows. This was partly offset by net intragroup outflows in STANLIB South Africa. STANLIB Africa assets under management, as anticipated, have reduced following the disposals of the Ghana and Botswana entities and discontinuation of Kenya and Uganda segregated mandates.

NOTES

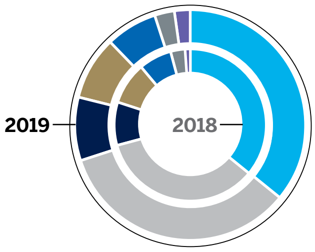
FINANCIAL PERFORMANCE

LOANS AND ADVANCES

Gross loans and advances to customers
CAGR (2014 – 2019): 6%



Composition of loans to customers (%)



	2019	2018
Term loans	**36**	36
Mortgage lending	**34**	35
Vehicle and asset finance	**9**	9
Overdraft and other demand loans	**9**	9
Other term loans	**7**	7
Card debtors	**3**	3
Loans granted under resale agreements	**2**	1

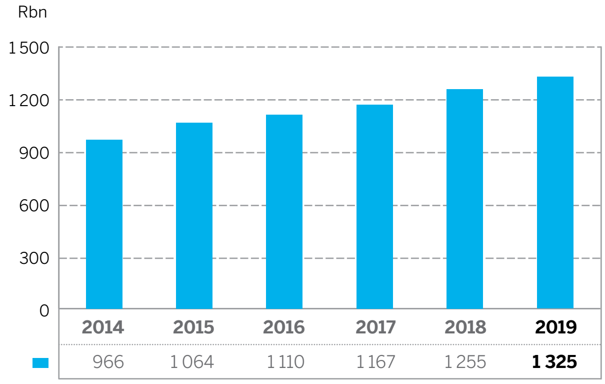
	CCY %	Change %	2019 Rm	2018 Rm
Personal & Business Banking	7	6	**686 265**	649 704
Mortgage loans	5	4	**378 003**	362 006
Vehicle and asset finance	7	6	**94 833**	89 410
Card debtors	4	4	**34 612**	33 216
Other loans and advances	11	8	**178 817**	165 072
Personal unsecured	15	12	**66 463**	59 459
Business lending and other	9	6	**112 354**	105 613
Corporate & Investment Banking	9	7	**425 427**	398 691
Global markets	45	44	**39 115**	27 239
Investment banking	7	6	**342 926**	324 609
Transactional products and services	—	(7)	**43 386**	46 843
Central and other	(87)	(87)	**(250)**	(1 895)
Gross loans and advances to customers	8	6	**1 111 442**	1 046 500
Credit impairments on loans and advances	(2)	(4)	**(35 220)**	(36 622)
Credit impairments on stage 3 loans	(4)	(5)	**(22 614)**	(23 801)
Credit impairments on stage 1 and 2 loans	2	(2)	**(12 606)**	(12 821)
Net loans and advances to customers	8	7	**1 076 222**	1 009 878
Gross loans and advances to banks	5	(4)	**104 904**	109 732
Credit impairment charges on loans and advances	51	(6)	**(59)**	(63)
Net loans and advances to banks	5	(4)	**104 845**	109 669
Net loans and advances	8	5	**1 181 067**	1 119 547
Gross loans and advances	7	5	**1 216 346**	1 156 232
Credit impairments	(2)	(4)	**(35 279)**	(36 685)

	2019 Rm	2018 Rm
Loans and advances classification[1]		
Net loans and advances measured at amortised cost	**1 180 906**	1 118 343
Loans and advances measured at fair value through profit or loss	**161**	1 204
Total net loans and advances	**1 181 067**	1 119 547

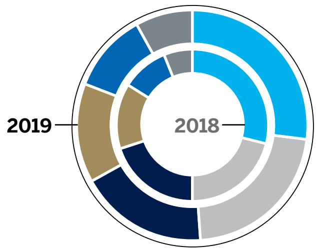
[1] For more details on the classification of the group's assets and liabilities, refer to page 94 - 95.

DEPOSITS AND DEBT FUNDING

Deposits from customers
CAGR (2014 – 2019): 7%



Composition of deposits from customers (%)



	2019	2018
Call deposits	**27**	29
Term deposits	**22**	21
Current accounts	**18**	20
Cash management deposits	**14**	14
Negotiable certificates of deposit	**11**	10
Other deposits	**8**	6

	CCY %	Change %	2019 Rm	2018 Rm
Personal & Business Banking	6	4	**606 965**	580 959
Wholesale priced deposits	10	10	**135 377**	123 329
Retail priced deposits	5	3	**471 588**	457 630
Current accounts	4	(1)	**157 603**	158 662
Cash management deposits	9	9	**38 589**	35 320
Call deposits	—	—	**133 344**	132 756
Savings accounts	7	4	**29 828**	28 617
Term deposits	10	9	**104 368**	95 702
Other deposits	36	20	**7 856**	6 573
Corporate & Investment Banking	10	7	**723 123**	678 203
Current accounts	15	(8)	**82 911**	90 236
Cash management deposits	4	3	**146 378**	141 962
Call deposits	(15)	(16)	**87 030**	103 874
Term deposits	20	18	**193 655**	163 766
Negotiable certificates of deposit	19	19	**148 622**	125 184
Other funding	23	21	**64 527**	53 181
Central and other	26	29	**(5 127)**	(3 970)
Deposits from customers	8	6	**1 324 961**	1 255 192
Deposits from banks	10	4	**121 119**	116 727
Total deposits and debt funding	8	5	**1 446 080**	1 371 919
Retail priced deposits	5	3	**471 588**	457 630
Wholesale priced deposits	10	7	**974 492**	914 289
Wholesale priced deposits - customers	10	7	**853 373**	797 562
Wholesale priced deposits - banks	10	4	**121 119**	116 727

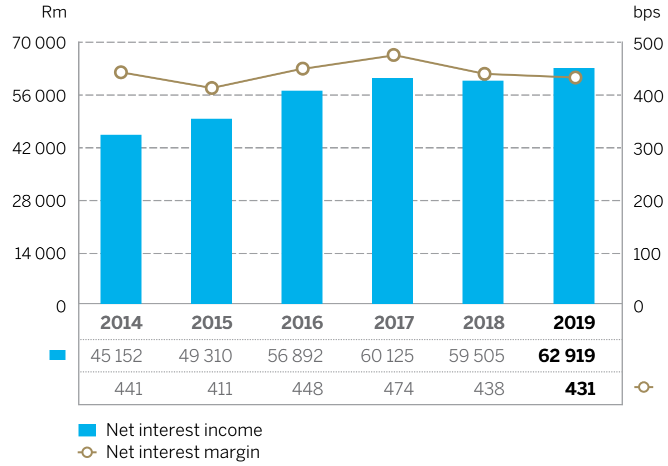
BANKING ACTIVITIES' AVERAGE BALANCE SHEET

	2019			2018		
	Average balance Rm	Interest Rm	Average rate bps	Average balance Rm	Interest Rm	Average rate bps
Interest-earning assets						
Cash and balances with central banks[1]	59 052			57 351		
Financial investments	236 776	17 346	733	226 352	16 704	738
Gross loans and advances	1 194 110	113 758	953	1 103 191	104 045	943
Gross loans and advances to banks	122 336	2 475	202	113 636	2 019	178
Gross loans and advances to customers	1 071 774	111 283	1 038	989 555	102 026	1 031
Personal & Business Banking	662 533	76 406	1 153	624 980	71 488	1 144
Mortgage loans	366 983	37 220	1 014	352 142	35 702	1 014
Vehicle and asset finance	91 591	10 274	1 122	84 286	9 462	1 123
Card debtors	33 390	5 922	1 774	32 790	5 827	1 777
Other loans and advances	170 569	22 990	1 348	155 762	20 497	1 316
Corporate & Investment Banking	411 338	34 877	848	365 843	30 538	835
Central and other	(2 097)			(1 268)		
Credit impairment charges on loans and advances	(30 052)			(29 517)		
Net loans and advances	1 164 058	113 758	977	1 073 674	104 045	969
Interest-earning assets	1 459 886	131 104	898	1 357 377	120 749	890
Trading book assets	198 055			155 712		
Non-interest-earning assets	69 177			60 076		
Average assets	1 727 118	131 104	759	1 573 165	120 749	768
Interest-bearing liabilities						
Deposits and debt funding	1 395 220	65 927	473	1 277 187	59 334	465
Deposits from banks	107 995	1 782	165	94 512	1 503	159
Deposits from customers	1 287 225	64 145	498	1 182 675	57 831	489
Personal & Business Banking	584 352	20 564	352	548 748	18 889	344
Current accounts	146 605	293	20	140 691	221	16
Cash management deposits	38 502	2 115	549	34 528	1 874	543
Call deposits	267 269	10 789	404	249 548	9 591	384
Savings accounts	28 532	589	206	25 267	548	217
Term and other deposits	103 444	6 778	655	98 714	6 655	674
Corporate & Investment Banking	709 351	43 581	614	640 766	38 942	608
Central and other	(6 478)			(6 839)		
Subordinated bonds	24 066	2 258	938	18 982	1 910	1 006
Interest-bearing liabilities	1 419 286	68 185	480	1 296 169	61 244	473
Average equity	150 461			137 179		
Trading book liabilities	71 650			62 709		
Other liabilities	85 721			77 108		
Average equity and liabilities	1 727 118	68 185	395	1 573 165	61 244	389
Margin on average interest-earning assets	1 459 886	62 919	431	1 357 377	59 505	438

[1] 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 margins as part of interest-earning assets to reflect the cost of liquidity.

NET INTEREST INCOME AND NET INTEREST MARGIN

Net interest income and net interest margin (NIM)
CAGR (2014 – 2019): 7%



Movement in average interest-earning assets, net interest income and NIM

	Average interest-earning assets Rm	Net interest income Rm	Net interest margin bps
2018[1]	1 357 377	59 505	438
Asset growth	102 509	4 350	
Cash and balances with central banks	1 701		
Financial investments	10 424		
Loans and advances	90 384		
Loans and advances pricing and mix		879	6
Pricing		855	6
Mix and other		24	
Deposits and debt funding pricing and mix		(1 110)	(8)
Pricing		(1 016)	(7)
Mix and other		(94)	(1)
Endowment impact		(298)	(2)
Treasury activities and assets held for liquidity purposes		(68)	(1)
Impact of IFRS 16		(339)	(2)
2019	**1 459 886**	**62 919**	**431**

[1] Restated. Refer to pages 106 - 107.

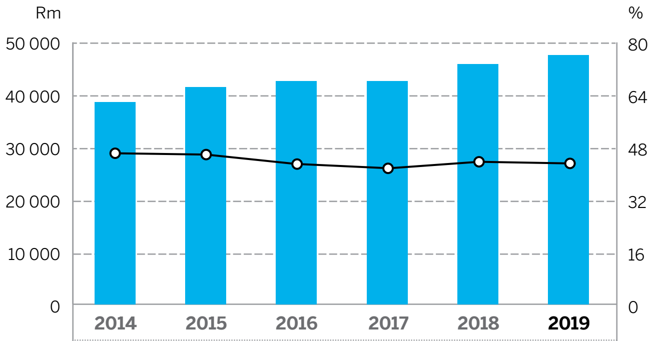
Net interest income and NIM

Net interest income growth was assisted by:
- Strong lending book growth across markets in Africa Regions.
- Average balance growth across all products in PBB SA, supported by increases in mortgage lending and personal unsecured disbursements.
- Record increase in lending book origination and foreign currency book growth in investment banking.
- Deposit mobilisation, utilisation of banking solutions, and delivery of an ecosystem approach to meeting clients' needs in Ghana, Kenya and Mozambique, aided deposit growth in transactional products and services.
- Higher placement in HQLA as clients swap loans for bonds, giving rise to good growth in financial investments.
- Benefit received in Wealth International on the back of higher average foreign linked and prime interest rates, coupled with a focus on balance sheet optimisation initiatives driving down the cost of funding while delivering higher yield on assets.

Partly offset by:
- Impact of higher cash reserving requirement, following book growth in Nigeria, Angola and SA.
- Negative endowment impact in a declining interest rate environment in key markets in Africa Regions.
- Margin compression in investment banking due to competitive pricing pressure on the investment grade portfolio.
- Higher client yields paid on demand deposit accounts.

NON-INTEREST REVENUE ANALYSIS

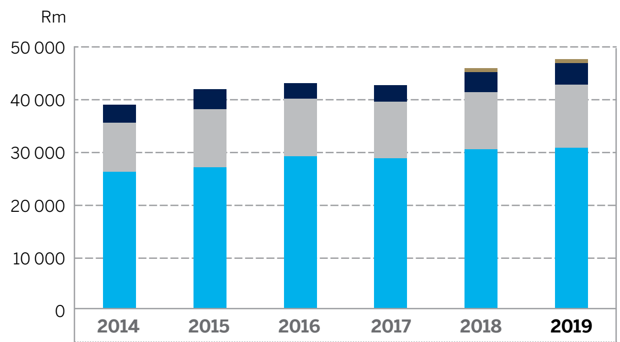
Non-interest revenue
CAGR (2014 – 2019): 4%



	2014	2015	2016	2017	2018	**2019**
Non-interest revenue	38 609	41 439	42 601	42 574	45 826	**47 542**
Non-interest revenue to total income	46.1	45.7	42.8	41.5	43.5	**43.0**

Non-interest revenue
Non-interest revenue to total income

Analysis of non-interest revenue
CAGR (2014 – 2019): Net fee and commission revenue 3%
Trading revenue 5%
Other revenue 3%

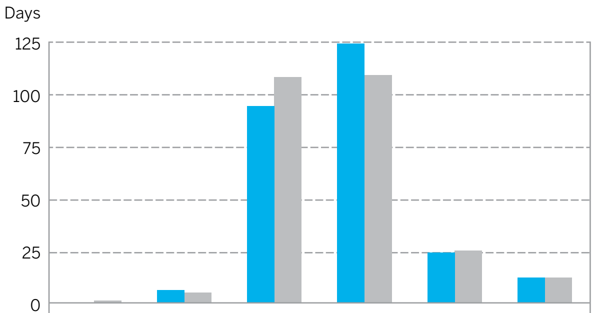


	2014	2015	2016	2017	2018	**2019**
Net fee and commission revenue	26 079	26 920	29 012	28 670	30 375	**30 622**
Trading revenue	9 294	11 016	10 988	10 731	10 799	**12 075**
Other revenue	3 518	3 867	2 965	3 173	3 863	**4 089**
Other gains and losses on financial instruments					789	**756**

Net fee and commission revenue
Trading revenue
Other revenue
Other gains and losses on financial instruments

	CCY %	Change %	2019 Rm	2018 Rm
Net fee and commission revenue	1	1	**30 622**	30 375
Fee and commission revenue	2	2	**37 354**	36 592
Account transaction fees	(2)	(3)	**11 272**	11 669
Electronic banking	21	19	**4 546**	3 829
Knowledge-based fees and commission	(5)	(2)	**2 304**	2 350
Card-based commission	5	4	**7 041**	6 760
Insurance - fees and commission	(2)	(2)	**1 857**	1 904
Documentation and administration fees	3	—	**2 281**	2 273
Foreign currency service fees	1	—	**2 253**	2 244
Other	—	4	**5 800**	5 563
Fee and commission expense	9	8	**(6 732)**	(6 217)
Trading revenue	13	12	**12 075**	10 799
Fixed income and currencies	12	10	**9 452**	8 570
Commodities	(33)	(33)	**32**	48
Equities	19	19	**2 591**	2 181
Other revenue	9	6	**4 089**	3 863
Banking and other	2	(4)	**1 300**	1 359
Property-related revenue	(26)	(27)	**296**	407
Insurance-related revenue	19	19	**2 493**	2 097
Other gains and losses on financial instruments	(5)	(4)	**756**	789
Non-interest revenue	4	4	**47 542**	45 826

Distribution of daily trading profit or loss



	<(30)	(30) to 0	0 to 30	30 to 60	60 to 90	>90
2019 – number of days	**0**	**6**	**94**	**124**	**24**	**12**
2018 – number of days	1	5	108	109	25	12

Net fee and commission revenue

- Decrease in account transaction fees was driven by the decline in transactional volumes from higher fee earning physical channels as client preference continues to shift towards the use of digital banking platforms, as well as the impact of regulatory fee cap on service and ATM fees in certain key markets.
- Growth in electronic banking fees attributed to:
  - Higher instant money transaction volumes in SA.
  - Strong digital transactional volumes with usage exceeding 90% across digital channels in Namibia, Nigeria, SA and Zimbabwe.
  - Increased transactional volumes on ATMs by non-Standard Bank customers.
  - Introduction of real-time clearance service fees in personal unsecured and small enterprise business.
  - Growth in business online transactional volumes.
- Lower knowledge-based fee and commission income due to reduced demand for advisory services compared to prior year.
- Card-based commission revenue growth resulted from:
  - Increased card issuing turnover.
  - Higher gross merchant discount margins and increased point of sale turnover in Namibia, SA and Zimbabwe.
  - Increased international transactional volumes in Mozambique and Namibia.
- Decline in insurance fees and commissions due to subdued growth in brokerage business in SA.
- Higher other fee and commission revenue owing to increased arrangement, guarantee and commitment fees from client deals in SA as well as growth in assets under management, partially offset by the impact of regulatory changes on mutual funds in Nigeria's pension fund business.

Trading revenue

- Growth in fixed income and currencies driven by increased forex volumes in Angola, Nigeria and Ghana, and reduced interest rates in Ghana, Kenya and Uganda.
- Growth in equities on the back of increased hedging opportunity across the markets; increase in client trading activities coupled with the benefit from the introduction of the Prime Brokerage business.

Partly offset by:

- Decreased forex and interest rates revenue in SA attributed to the lack of volatility as compared with 2018 and divergence of long- and short-term bond rates.
- Lower commodity trading revenue as a result of reduced gains from commodity price movements.

Other revenue

- Higher premiums and brokerage commission due to indexation.
- Good growth of assets under management in Nigeria and Wealth International.
- Increased rental revenue due to growth in VAF fleet.
- Partly offset by lower fair value gains from listed and unlisted investment portfolios.

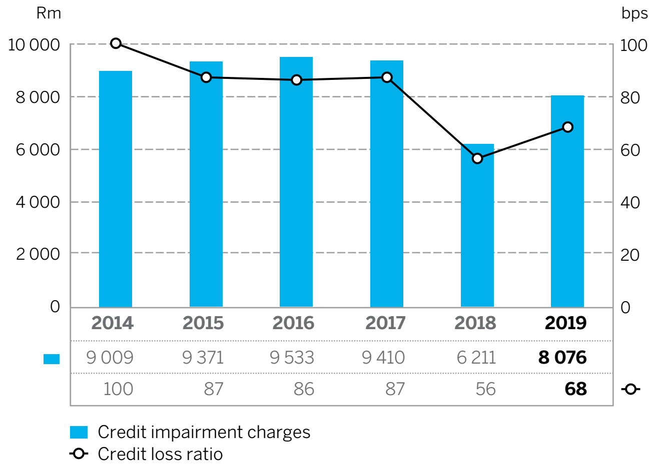
Other gains and losses on financial instruments

- Losses from fair value loan portfolio in SA, partly offset by gains from the disposal of bond portfolio in Kenya.

CREDIT IMPAIRMENT ANALYSIS

INCOME STATEMENT CHARGES

Credit impairment charges on loans and advances
CAGR (2014 – 2019): (2%)



Income statement credit impairment charges

	Change %	2019 Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges Rm	Credit loss ratio bps
Personal & Business Banking	16	(684)	756	72	6 279	6 351	89
Mortgage loans	(2)	(358)	(7)	(365)	1 288	923	25
Vehicle and asset finance	23	(107)	100	(7)	976	969	106
Card debtors	3	(52)	62	10	982	992	297
Other loans and advances	25	(167)	601	434	3 033	3 467	156
Personal unsecured lending	30	(143)	591	448	1 952	2 400	391
Business lending and other	15	(24)	10	(14)	1 081	1 067	66
Corporate & Investment Banking	>100	313	254	567	1 158	1 725	32
Corporate and sovereign lending	>100	252	254	506	1 158	1 664	40
Bank lending	(>100)	61		61		61	5
Total loans and advances credit impairment charges	30	(371)	1 010	639	7 437	8 076	68
Credit impairment charge - financial investments						86	
Credit impairment charge - letters of credit and guarantees						(198)	
Total credit impairment charges						7 964	

[1] Includes post write-off recoveries and modification gains and losses.

Credit impairment

- Higher stage 1 and 2 credit impairment charge due to advances growth across all portfolios, particularly strong origination within the personal unsecured and corporate lending portfolios in SA and Africa Regions.
- Increased defaults within VAF portfolio as a result of the challenging economic climate in SA.
- Higher stage 3 mortgage lending portfolio due to the continued delays relating to legal foreclosures in SA.
- Increase in personal unsecured impairment charges in Africa Regions as a result of economic strain experienced by clients.

Partly offset by:

- Lower corporate lending provisioning attributed to the recovery and write-off of old legacy names in South and East Africa, contributing to an improved coverage ratio.
- Lower impairment charge due to improved probability of default rates within mortgage lending, following the implementation of an enhanced risk assessment scorecard in SA.
- Elevated post write-off recoveries in card debtors.

2018					
Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges Rm	Credit loss ratio bps
(283)	(159)	(442)	5 906	5 464	81
(88)	47	(41)	981	940	27
(1)	(84)	(85)	874	789	94
(55)	197	142	818	960	293
(139)	(319)	(458)	3 233	2 775	136
103	(70)	33	1 814	1 847	334
(242)	(249)	(491)	1 419	928	62
35	(1 402)	(1 367)	2 114	747	16
49	(1 398)	(1 349)	2 114	765	21
(14)	(4)	(18)		(18)	(2)
(248)	(1 561)	(1 809)	8 020	6 211	56
				101	
				177	
				6 489	

CREDIT IMPAIRMENT ANALYSIS

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND

	1 January 2019 IFRS 9 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
Personal & Business Banking	28 047		7 527
Stage 1	4 657	980	(1 664)
Stage 2	6 098	(1 141)	1 634
Stage 3	17 292	161	7 557
Mortgage loans	10 130		922
Stage 1	1 037	500	(858)
Stage 2	2 018	(306)	222
Stage 3	7 075	(194)	1 558
Vehicle and asset finance	3 402		1 253
Stage 1	770	92	(199)
Stage 2	948	(193)	293
Stage 3	1 684	101	1 159
Card debtors	3 067		1 675
Stage 1	643	216	(268)
Stage 2	980	(242)	240
Stage 3	1 444	26	1 703
Other loans and advances	11 448		3 677
Stage 1	2 207	172	(339)
Stage 2	2 152	(400)	879
Stage 3	7 089	228	3 137
Personal unsecured lending	6 687		2 474
Stage 1	1 435	99	(242)
Stage 2	1 300	(53)	520
Stage 3	3 952	(46)	2 196
Business lending and other	4 761		1 203
Stage 1	772	73	(97)
Stage 2	852	(347)	359
Stage 3	3 137	274	941
Corporate & Investment Banking	8 638		1 792
Stage 1	1 083	6	307
Stage 2	1 046	109	145
Stage 3	6 509	(115)	1 340
Corporate and sovereign lending	8 575		1 731
Stage 1	1 023	6	246
Stage 2	1 043	109	145
Stage 3	6 509	(115)	1 340
Bank lending	63		61
Stage 1	60		61
Stage 2	3		
Total	36 685		9 319
Stage 1	5 740	986	(1 357)
Stage 2	7 144	(1 032)	1 779
Stage 3	23 801	46	8 897

ADVANCES MEASURED AT AMORTISED COSTS

	Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2019 closing balance Rm	Modification losses and recoveries of amounts written off Rm
	(8 016)	(582)	2 566	29 542	1 176
		(102)		3 871	
		(218)		6 373	(263)
	(8 016)	(262)	2 566	19 298	1 439
	(1 069)	(119)	1 046	10 910	(1)
		(12)		667	
		(24)		1 910	(77)
	(1 069)	(83)	1 046	8 333	76
	(1 017)	(128)	210	3 720	284
				663	
		(57)		991	
	(1 017)	(71)	210	2 066	284
	(2 213)	(2)	129	2 656	683
		1		592	
		(3)		975	(64)
	(2 213)		129	1 089	747
	(3 717)	(333)	1 181	12 256	210
		(91)		1 949	
		(134)		2 497	(122)
	(3 717)	(108)	1 181	7 810	332
	(2 459)	(105)	848	7 445	74
		(39)		1 253	
		13		1 780	(124)
	(2 459)	(79)	848	4 412	198
	(1 258)	(228)	333	4 811	136
		(52)		696	
		(147)		717	2
	(1 258)	(29)	333	3 398	134
	(4 974)	(347)	628	5 737	67
		(129)		1 267	
		(146)		1 154	
	(4 974)	(72)	628	3 316	67
	(4 974)	(268)	628	5 692	67
		(53)		1 222	
		(143)		1 154	
	(4 974)	(72)	628	3 316	67
		(79)		45	
		(76)		45	
		(3)			
	(12 990)	(929)	3 194	35 279	1 243
		(231)		5 138	
		(364)		7 527	(263)
	(12 990)	(334)	3 194	22 614	1 506

CREDIT IMPAIRMENT ANALYSIS

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND

	1 January 2018 IFRS 9 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
Personal & Business Banking	27 202		6 413
Stage 1	4 879	834	(1 117)
Stage 2	6 283	(848)	552
Stage 3	16 040	14	6 978
Mortgage loans	9 396		1 067
Stage 1	1 126	382	(470)
Stage 2	2 014	(144)	131
Stage 3	6 256	(238)	1 406
Vehicle and asset finance	3 236		1 074
Stage 1	766	226	(227)
Stage 2	994	(324)	240
Stage 3	1 476	98	1 061
Card debtors	3 179		1 187
Stage 1	698	176	(231)
Stage 2	821	(109)	266
Stage 3	1 660	(67)	1 152
Other loans and advances	11 391		3 085
Stage 1	2 289	50	(189)
Stage 2	2 454	(271)	(85)
Stage 3	6 648	221	3 359
Personal unsecured lending	6 783		2 026
Stage 1	1 298	(76)	179
Stage 2	1 406	(17)	(84)
Stage 3	4 079	93	1 931
Business lending and other	4 608		1 059
Stage 1	991	126	(368)
Stage 2	1 048	(254)	(1)
Stage 3	2 569	128	1 428
Corporate & Investment Banking	7 837		824
Stage 1	910	150	(115)
Stage 2	1 992	(1 240)	(162)
Stage 3	4 935	1 090	1 101
Corporate and sovereign lending	7 792		842
Stage 1	865	150	(101)
Stage 2	1 992	(1 240)	(158)
Stage 3	4 935	1 090	1 101
Bank lending	45		(18)
Stage 1	45		(14)
Stage 2			(4)
Total	35 039		7 237
Stage 1	5 789	984	(1 232)
Stage 2	8 275	(2 088)	390
Stage 3	20 975	1 104	8 079

ADVANCES MEASURED AT AMORTISED COSTS

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	2018 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(8 038)	307	2 163	28 047	949
	61		4 657	
	111		6 098	(137)
(8 038)	135	2 163	17 292	1 086
(1 351)	27	991	10 130	127
	(1)		1 037	
	17		2 018	(60)
(1 351)	11	991	7 075	187
(1 100)	50	142	3 402	285
	5		770	
	38		948	
(1 100)	7	142	1 684	285
(1 487)	(6)	194	3 067	227
			643	
	2		980	(40)
(1 487)	(8)	194	1 444	267
(4 100)	236	836	11 448	310
	57		2 207	
	54		2 152	(37)
(4 100)	125	836	7 089	347
(2 896)	62	712	6 687	179
	34		1 435	
	(5)		1 300	(31)
(2 896)	33	712	3 952	210
(1 204)	174	124	4 761	131
	23		772	
	59		852	(6)
(1 204)	92	124	3 137	137
(1 275)	796	456	8 638	77
	138		1 083	
	456		1 046	
(1 275)	202	456	6 509	77
(1 275)	760	456	8 575	77
	109		1 023	
	449		1 043	
(1 275)	202	456	6 509	77
	36		63	
	29		60	
	7		3	
(9 313)	1 103	2 619	36 685	1 026
	199		5 740	
	567		7 144	(137)
(9 313)	337	2 619	23 801	1 163

CREDIT IMPAIRMENT ANALYSIS
LOANS AND ADVANCES PERFORMANCE

	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm
2019							
Personal & Business Banking	737 494	264 388	475	355 060	16 932	16 076	45 900
Mortgage loans	378 003	168 629	17	146 081	10 231	7 046	24 329
Vehicle and asset finance	94 833	10 467	164	68 906	2 238	2 406	6 352
Card debtors	34 612	1 245	11	27 480	646	858	2 871
Other loans and advances	230 046	84 047	283	112 593	3 817	5 766	12 348
Personal unsecured lending	66 463	3 065	32	46 597	715	4 784	5 935
Business lending and other	163 583	80 982	251	65 996	3 102	982	6 413
Corporate & Investment Banking	533 348	314 850	2 731	176 738	20 537	7 523	2 704
Corporate and sovereign lending	425 427	219 616	2 731	168 117	20 258	4 035	2 405
Bank lending	107 921	95 234		8 621	279	3 488	299
Central and other	(54 657)	(54 657)					
Gross loans and advances	1 216 185	524 581	3 206	531 798	37 469	23 599	48 604
Percentage of total book (%)	100	43.1	0.3	43.7	3.1	1.9	4.0
Gross loans and advances at amortised cost	1 216 185						
Gross loans and advances at fair value	161						
Total gross loans and advances	1 216 346						

	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm
2018							
Personal & Business Banking	701 197	191 076	1 815	407 955	7 083	8 220	50 589
Mortgage loans	362 006	108 575	1 786	196 795	4 332	4 261	27 840
Vehicle and asset finance	89 410	1 250	11	75 939	1 214	347	7 138
Card debtors	33 216	1 604	8	25 382	174	317	3 882
Other loans and advances	216 565	79 647	10	109 839	1 363	3 295	11 729
Personal unsecured lending	59 459	961		46 457	8	1 556	5 625
Business lending and other	157 106	78 686	10	63 382	1 355	1 739	6 104
Corporate & Investment Banking	509 519	291 913	4 912	178 768	17 965	3 833	2 394
Corporate and sovereign lending	398 691	188 541	4 910	174 045	17 727	1 340	2 394
Bank lending	110 828	103 372	2	4 723	238	2 493	
Central and other	(55 688)	(55 688)					
Gross loans and advances	1 155 028	427 301	6 727	586 723	25 048	12 053	52 983
Percentage of total book (%)	100	37.0	0.6	50.8	2.2	1.0	4.6
Gross loans and advances at amortised cost	1 155 028						
Gross loans and advances at fair value	1 204						
Total gross loans and advances	1 156 232						

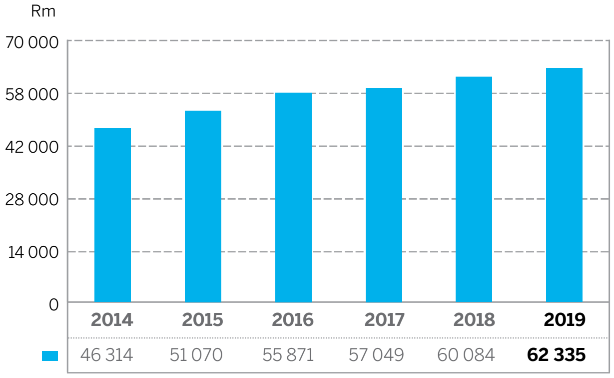
The group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes). Ratings are mapped to probability of defaults (PD) by means of calibration formulae that use historical default rates and other data from the applicable portfolio.

	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
	698 831	**38 663**	**19 365**	**19 298**	**50**	**5.2**
	356 333	**21 670**	**13 337**	**8 333**	**38**	**5.7**
	90 533	**4 300**	**2 234**	**2 066**	**48**	**4.5**
	33 111	**1 501**	**412**	**1 089**	**73**	**4.3**
	218 854	**11 192**	**3 382**	**7 810**	**70**	**4.9**
	61 128	**5 335**	**923**	**4 412**	**83**	**8.0**
	157 726	**5 857**	**2 459**	**3 398**	**58**	**3.6**
	525 083	**8 265**	**4 949**	**3 316**	**40**	**1.5**
	417 162	**8 265**	**4 949**	**3 316**	**40**	**1.9**
	107 921					
	(54 657)					
	1 169 257	**46 928**	**24 314**	**22 614**	**48**	**3.9**
	96.1	**3.9**	**2.0**	**1.9**		**3.9**

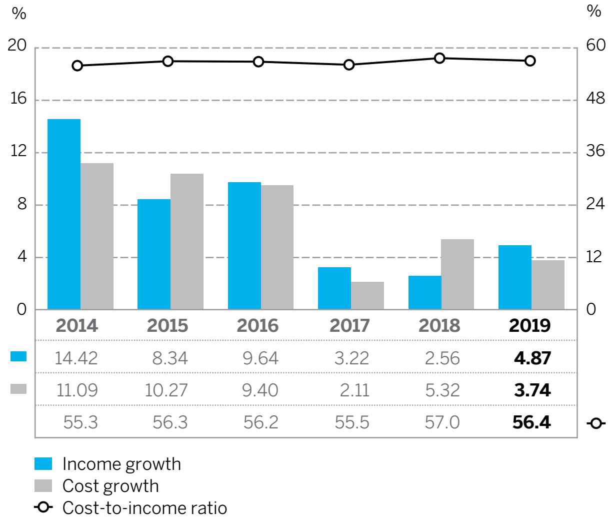
	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
	666 738	34 459	17 167	17 292	50	4.9
	343 589	18 417	11 342	7 075	38	5.1
	85 899	3 511	1 827	1 684	48	3.9
	31 367	1 849	405	1 444	78	5.6
	205 883	10 682	3 593	7 089	66	4.9
	54 607	4 852	900	3 952	81	8.2
	151 276	5 830	2 693	3 137	54	3.7
	499 785	9 734	3 225	6 509	67	1.9
	388 957	9 734	3 225	6 509	67	2.4
	110 828					
	(55 688)					
	1 110 835	44 193	20 392	23 801	54	3.8
	96.2	3.8	1.8	2.0		3.8

OPERATING EXPENSES

Operating expenses
CAGR (2014 – 2019): 6%



Cost and income growth



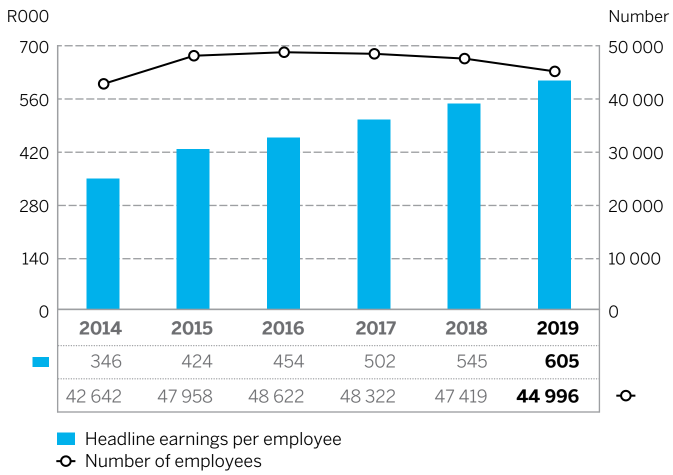
	Change %	2019 Rm	2018 Rm
Staff costs			
Fixed remuneration	3	**24 125**	23 496
Variable remuneration	—	**7 714**	7 703
Charge for incentive payments	3	**5 744**	5 592
IFRS 2 charge: cash-settled share schemes	(16)	**461**	549
IFRS 2 charge: equity-settled share schemes	(3)	**1 509**	1 562
Other staff costs	5	**2 715**	2 574
Total staff costs	2	**34 554**	33 773
Variable remuneration as a % of total staff costs		**22.3**	22.8
Other operating expenses			
Information technology	17	**7 487**	6 379
Amortisation of intangible assets	2	**2 497**	2 437
Depreciation[1]	77	**4 504**	2 542
Owned assets	10	**2 796**	2 542
Right of use assets[1]	100	**1 708**	
Premises[1]	(44)	**2 263**	4 052
Professional fees	(9)	**1 828**	2 013
Communication	—	**1 114**	1 117
Marketing and advertising	(3)	**1 889**	1 954
Other	7	**6 199**	5 817
Total other operating expenses	6	**27 781**	26 311
Total operating expenses	4	**62 335**	60 084
Total income	5	**110 461**	105 331
Cost-to-income ratio (%)		**56.4**	57.0
Jaws (bps)		**113**	(276)

[1] The group has, as permitted by IFRS 16 *Leases*, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 *Leases* basis. Refer to pages 108 - 111 for more detail on the adoption of IFRS 16.

Analysis of total information technology function spend

	Change %	2019 Rm	2018 Rm
IT staff costs	(8)	**3 856**	4 208
Information technology licences, maintenance and related costs	17	**7 487**	6 379
Amortisation of intangible assets	2	**2 497**	2 437
Depreciation and other expenses	—	**2 541**	2 551
Total information technology function spend	5	**16 381**	15 575

Banking activities headline earnings per employee



	Change %	2019 Number	2018 Number
Headcount by business unit			
Personal & Business Banking	(5)	**26 040**	27 499
Corporate & Investment Banking	(5)	**3 555**	3 751
Central and other (including corporate functions)	(5)	**15 401**	16 169
Banking activities	(5)	**44 996**	47 419
Headcount by geography			
South Africa	(6)	**30 102**	32 162
Africa Regions	(2)	**14 274**	14 618
International	(3)	**620**	639
Banking activities	(5)	**44 996**	47 419

Staff costs and headcount

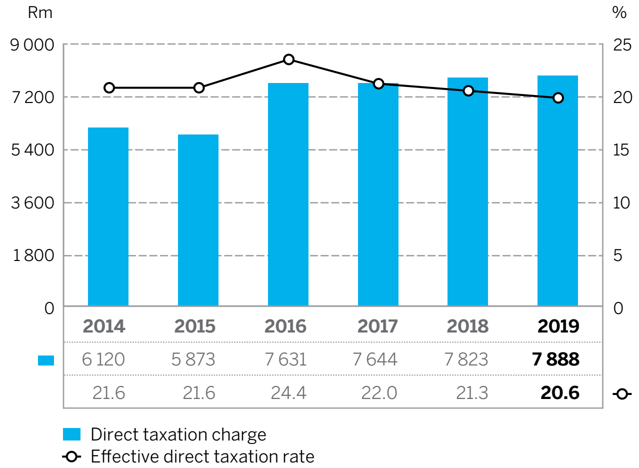
- Increase in fixed remuneration due to annual salary increases offset by savings from business rationalisation across organisations.
- Lower cash-settled and equity-settled bonus schemes impacted by the decline in SBK share price, as well as the change in expected vesting of performance reward plan scheme.
- Higher other staff costs largely due to the non-recurrence of pension fund provision release, partly offset by a decrease in temporary staff costs due to delayed hires on the back of skills shortages in information technology function.
- Reduction in headcount linked to natural attrition, voluntary severance and branch reconfiguration initiatives.

Other operating expenses

- Increase in information technology spend owing to:
  - Inclusion of Cloud subscription services.
  - Higher fibre implementation costs in branches in SA.
  - Increased consultant and turnkey costs to supplement skills deficiencies while permanent appointments take place, as well as to support strategic programmes.
  - Higher spend on digital capabilities in line with client journeys and customer experience.
  - Higher software licence costs due to the Rand weakening against the US Dollar.
- The prospective adoption of IFRS 16 as at 1 January 2019 contributed to higher depreciation charge and lower premises costs compared to the prior year.
- Lower professional fees mainly relating to reduced spend on consultants.
- Increase in other expenses largely due to higher depositor insurance charges, aligned with higher deposit growth in Angola and Nigeria.

TAXATION

Direct taxation charge and effective direct taxation rate



Direct taxation rate reconciliation

	2019 %	2018 %
Direct taxation - statutory rate	**28.0**	28.0
Prior year tax	**(0.5)**	(0.1)
Total direct taxation - current year	**27.5**	27.9
Capital gains tax	**(0.1)**	0.0
Adjustment: Foreign tax and withholdings tax	**3.0**	2.5
Normal direct taxation - current year	**30.4**	30.4
Permanent differences:	**(9.8)**	(9.1)
Non-taxable income - dividends	**(5.1)**	(4.1)
Non-taxable income - other	**(5.6)**	(6.3)
Effects of profits taxed in different jurisdictions	**(1.0)**	(0.7)
Other	**1.9**	2.0
Effective direct taxation rate	**20.6**	21.3

Direct taxation rate

The decrease in effective direct taxation rate as a result of:

- Increase in dividends received in SBSA.
- Prior year tax adjustment in Africa Regions and SA.
- Increase in the effect of profits taxed in different jurisdictions with lower corporate tax rates.

These were partly offset by:

- Decrease in exempt interest income in Africa Regions.
- Increase in excess dividends tax in Africa Regions.

LIQUIDITY AND CAPITAL MANAGEMENT

LIQUIDITY MANAGEMENT

Liquidity management overview

- Appropriate liquidity buffers were held in line with the assessment of liquidity risk in stressed market conditions across the geographies in which the group operates.
- Proactive liquidity management in line with group liquidity standards ensured that, despite volatile and constrained liquidity environments in certain jurisdictions, adequate liquidity was maintained to fully support balance sheet strategies.
- The group continues to leverage the extensive deposit franchises across the portfolio to ensure that it has the appropriate amount, tenure and diversification of funding to support its current and forecast asset base while minimising cost of funding.
- The group maintained both the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) in excess of the minimum regulatory requirements of 100% during 2019.
- The group successfully increased longer-term funding in excess of 12 months, raising R51.8 billion through a combination of negotiable certificate of deposits, senior debt and syndicated loans. SBG successfully issued a USD400 million tier 2 Eurobond as well as R1 billion tier 2 and R1.9 billion additional tier 1 notes during 2019 - the proceeds of which were invested in SBSA on the same terms and conditions.

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 HQLA (excluding trading assets), which would be able to provide sources of liquidity in a stress scenario.

	2019 Rbn	2018 Rbn
Eligible LCR HQLA[1] comprising:	304.7	301.3
Notes and coins	16.5	20.3
Balances with central banks	37.1	42.6
Government bonds and bills	207.3	194.4
Other eligible liquid assets	43.8	44.0
Managed liquidity	122.6	83.8
Total contingent liquidity	427.3	385.1
Total contingent liquidity as a % of funding-related liabilities	29.1	27.6

[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 daily observations over September to December.

	2019 Rbn	2018 Rbn
SBG[1]		
Total HQLA	293.6	275.3
Net cash outflows	212.1	235.8
LCR (%)	138.4	116.8
SBSA[2]		
Total HQLA	205.4	179.1
Net cash outflows	165.1	162.6
LCR (%)	124.4	110.1
Minimum requirement (%)	100.0	90.0

[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 for the respective quarter 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.

	2019 Rbn	2018 Rbn
SBG		
Available stable funding	1 171.2	1 070.3
Required stable funding	980.1	902.2
NSFR (%)	119.5	118.6
SBSA[1]		
Available stable funding	830.9	761.1
Required stable funding	763.6	718.4
NSFR (%)	108.8	105.9
Minimum requirement (%)	100.0	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 SA 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]

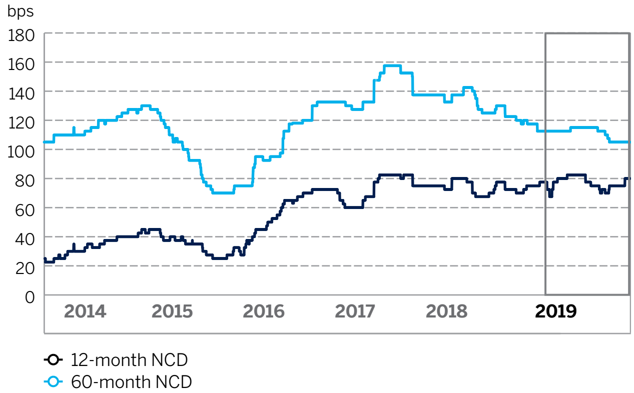
	2019 Rbn	2018 Rbn
Corporate funding	**437**	418
Retail deposits[2]	**395**	378
Institutional funding	**324**	305
Government and parastatals	**97**	86
Interbank funding	**84**	88
Senior debt	**65**	59
Term loan funding	**37**	29
Subordinated debt issued	**23**	21
Other liabilities to the public	**7**	9
Total banking activities funding-related liabilities	**1 469**	1 393

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

Funding costs

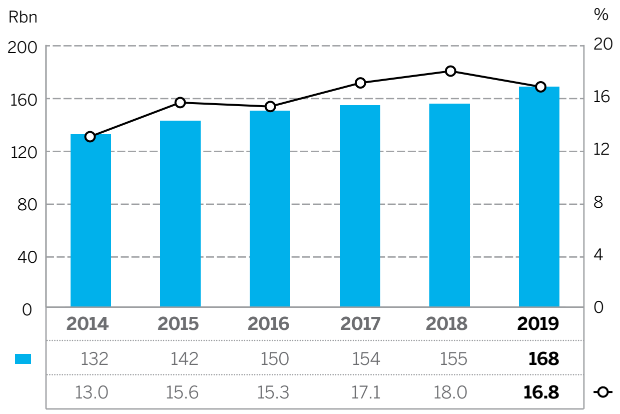
- The market cost of liquidity is measured as the spread paid on NCDs relative to the prevailing reference rate, three-month JIBAR.
- The graph is based on actively issued money market instruments by banks, namely 12- and 60-month NCDs.
- The cost of liquidity in the 12-month tenure traded in a 10bps range during the year. In the 60-month tenure, the cost of liquidity decreased by 7.5bps, driven by strong demand for bank credit and healthy NSFR levels in the market.

SBSA 12- and 60-month liquidity spread



RETURN ON EQUITY, COST OF EQUITY AND ECONOMIC RETURNS

Return on ordinary shareholders' equity – group
CAGR (2014 – 2019): 5%



ROE and average equity

	2019 Average equity Rm	2019 ROE %	2018 Average equity Rm	2018 ROE %
Personal & Business Banking	**73 609**	**22.4**	70 958	21.9
Corporate & Investment Banking	**65 304**	**18.1**	58 038	19.3
Central and other	**11 547**	**(9.4)**	8 183	(10.9)
Banking activities	**150 460**	**18.1**	137 179	18.8
Other banking interests	**6 613**	**(13.1)**	7 439	5.6
Liberty	**11 247**	**16.5**	10 519	15.2
Standard Bank Group	**168 320**	**16.8**	155 137	18.0

Cost of equity estimates[1]

	Average 2019 %	Average 2018 %
Standard Bank Group	**13.9**	14.0
Banking activities	**14.0**	14.0

[1] Estimated using the capital asset pricing model, by applying estimates of risk free rate, 9.0% (2018: 8.9%), equity risk premium, 6.2% (2018: 6.3%) and beta 80.3% (2018: 80.0%). Beta for banking activities estimated at 81.4% (2018: 81.2%).

Economic returns

	Change %	2019 Rm	2018 Rm
Average ordinary shareholders' equity	8	**168 320**	155 137
Headline earnings	1	**28 207**	27 865
Cost of equity charge	8	**(23 396)**	(21 719)
Economic returns	(22)	**4 811**	6 146

CURRENCY TRANSLATION EFFECTS AND ECONOMIC CAPITAL

Movement in group foreign currency translation and net investment hedging reserve

	2019 Rm	2018 Rm
Balance at beginning of the period: debit	**(2 783)**	(7 099)
Translation and hedge reserve increase/(decrease) for the period	**(5 783)**	4 316
Translation reserve increase/(decrease)	**(5 783)**	4 480
Africa Regions	**(4 964)**	3 056
International	**(798)**	1 301
Liberty	**(21)**	123
Currency hedge losses		(164)
Balance at end of the period: debit	**(8 566)**	(2 783)

Economic capital utilisation by risk type

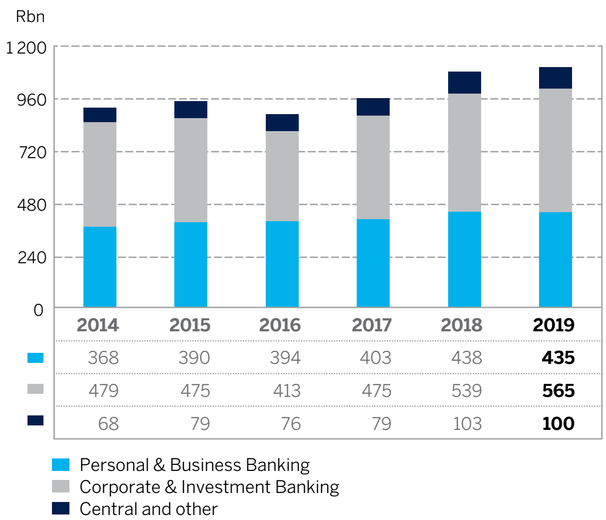
	Change %	2019 Rm	2018 Rm
Credit risk	4	**87 068**	83 422
Equity risk	(14)	**6 617**	7 730
Market risk	28	**1 322**	1 035
Operational risk	4	**14 695**	14 163
Business risk	4	**4 039**	3 882
Interest rate risk in the banking book	14	**4 782**	4 197
Economic capital requirement	4	**118 523**	114 429
Available financial resources	4	**174 417**	166 992
Economic capital coverage ratio (times)		**1.47**	1.46

Economic capital utilisation by business unit

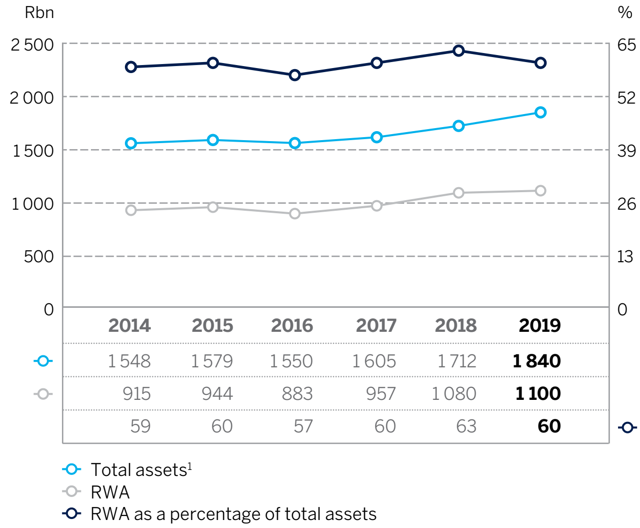
	Change %	2019 Rm	2018 Rm
Personal & Business Banking	9	**29 942**	27 442
Corporate & Investment Banking	3	**78 593**	76 016
Other banking interests and other	(9)	**9 988**	10 971
Economic capital requirement	4	**118 523**	114 429

RISK-WEIGHTED ASSETS

Risk-weighted assets (RWA) by business unit
(closing balances)
CAGR (2014 – 2019): Personal & Business Banking 3%
Corporate & Investment Banking 3%
Central and other 8%



RWA and total assets
(closing balances)



[1] Banking activities and other banking interest.

By business unit and risk type

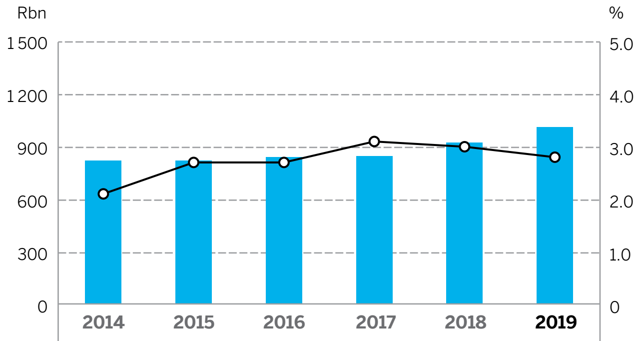
	Change %	2019 Rm	2018 Rm
Personal & Business Banking	(1)	**434 894**	437 755
Credit risk	(1)	**330 691**	335 676
Counterparty credit risk	(4)	**441**	459
Market risk	>100	**1 192**	44
Operational risk	—	**100 186**	99 995
Equity risk in the banking book	51	**2 384**	1 581
Corporate & Investment Banking	5	**565 034**	539 158
Credit risk	6	**385 984**	363 809
Counterparty credit risk	15	**31 471**	27 338
Market risk	5	**74 191**	70 435
Operational risk	(3)	**62 588**	64 559
Equity risk in the banking book	(17)	**10 800**	13 017
Central and other	(3)	**99 600**	102 729
Credit risk	(9)	**40 842**	45 043
Operational risk	(20)	**3 045**	3 826
Equity risk in the banking book	9	**3 770**	3 473
RWA for investments in financial entities	3	**51 943**	50 387
Standard Bank Group	2	**1 099 528**	1 079 642

By risk type

	Change %	2019 Rm	2018 Rm
Credit risk	2	**757 517**	744 528
Counterparty credit risk	15	**31 912**	27 797
Market risk	7	**75 383**	70 479
Operational risk	(2)	**165 819**	168 380
Equity risk in the banking book	(6)	**16 954**	18 071
RWA for investments in financial entities	3	**51 943**	50 387
Standard Bank Group	2	**1 099 528**	1 079 642

RETURN ON RISK-WEIGHTED ASSETS

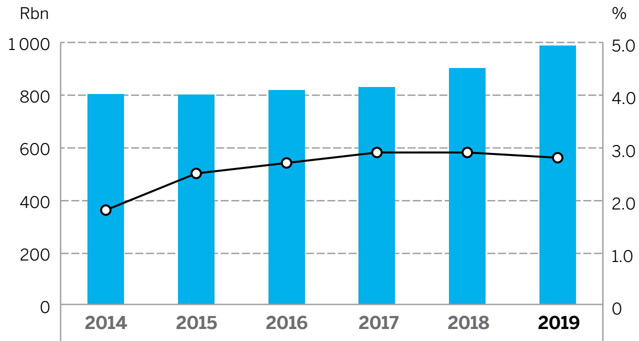
SBG return on RWA (RoRWA)



	2014	2015	2016	2017	2018	**2019**
Average RWA[1]	821	819	839	846	923	**1 012**
RoRWA	2.1	2.7	2.7	3.1	3.0	**2.8**

Average RWA[1]
RoRWA

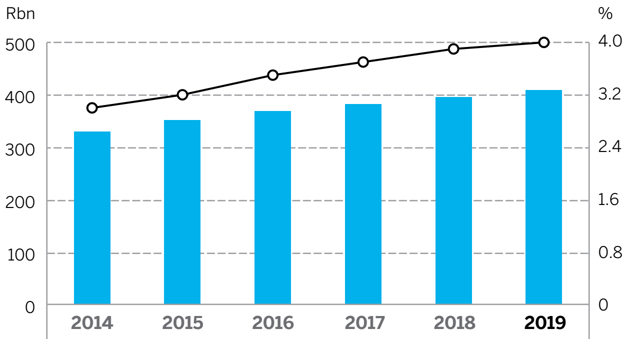
Banking activities RoRWA



	2014	2015	2016	2017	2018	**2019**
Average RWA[1]	803	800	817	829	901	**988**
RoRWA	1.8	2.5	2.7	2.9	2.9	**2.8**

Average RWA[1]
RoRWA

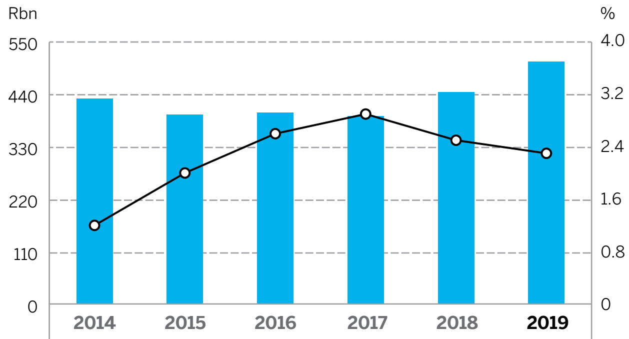
PBB RoRWA



	2014	2015	2016	2017	2018	**2019**
Average RWA[1]	330	352	369	382	396	**409**
RoRWA	3.0	3.2	3.5	3.7	3.9	**4.0**

Average RWA[1]
RoRWA

CIB RoRWA



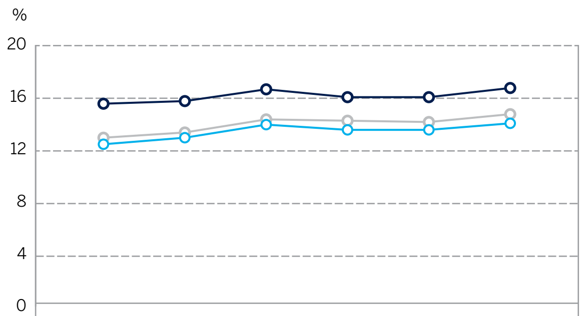
	2014	2015	2016	2017	2018	**2019**
Average RWA[1]	431	397	401	394	445	**509**
RoRWA	1.2	2.0	2.6	2.9	2.5	**2.3**

Average RWA[1]
RoRWA

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

CAPITAL ADEQUACY

Capital adequacy[1]
(including unappropriated profit)



	2014	2015	2016	2017	2018	**2019**
Common equity tier 1 capital	12.4	12.9	13.9	13.5	13.5	**14.0**
Tier 1 capital	12.9	13.3	14.3	14.2	14.1	**14.7**
Total regulatory capital	15.5	15.7	16.6	16.0	16.0	**16.7**

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 %	**2019 Rm**	2018 Rm
Ordinary shareholders' equity	4	**171 229**	165 061
Qualifying non-controlling interest	3	**5 611**	5 451
Regulatory adjustments	(9)	**(22 459)**	(24 628)
Goodwill	(1)	**(2 186)**	(2 208)
Other intangible assets	(7)	**(16 518)**	(17 703)
Investments in financial entities	(32)	**(5 833)**	(8 616)
Other adjustments including IFRS 9 phase-in	(47)	**2 078**	3 899
Total common equity tier 1 capital (including unappropriated profit)	6	**154 381**	145 884
Unappropriated profit	22	**(14 159)**	(11 643)
Common equity tier 1 capital	4	**140 222**	134 241
Qualifying other equity instruments	25	**7 123**	5 702
Qualifying non-controlling interest	65	**636**	385
Tier 1 capital	5	**147 981**	140 328
Tier 2 capital	8	**22 002**	20 321
Qualifying tier 2 subordinated debt	10	**19 317**	17 545
General allowance for credit impairments	(3)	**2 685**	2 776
Total regulatory capital	6	**169 983**	160 649

Capital adequacy ratios (phased-in)[1]

	Internal target ratios[2] %	SARB minimum regulatory requirement[3] %	**Excluding unappropriated profit**		**Including unappropriated profit**	
			2019 %	2018 %	**2019 %**	2018 %
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.5	**12.8**	12.4	**14.0**	13.5
Tier 1 capital adequacy ratio	>12.0	9.3	**13.5**	13.0	**14.7**	14.1
Total capital adequacy ratio	>15.0	11.5	**15.5**	14.9	**16.7**	16.0

[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 2019 %	Excluding unappropriated profit 2018 %	Including unappropriated profit 2019 %	Including unappropriated profit 2018 %
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.5	**12.5**	12.0	**13.8**	13.1
Tier 1 capital adequacy ratio	>12.0	9.3	**13.2**	12.6	**14.5**	13.6
Total capital adequacy ratio	>15.0	11.5	**15.4**	14.7	**16.6**	15.8

[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 %	2019 Tier 1 capital %	2019 Total capital %	2018 Tier 1 capital %	2018 Total capital %
Standard Bank Group	9.3	11.5	**14.7**	**16.7**	14.1	16.0
The Standard Bank of South Africa Group (SBSA Group)	9.3	11.5	**14.0**	**16.8**	13.3	15.7
Africa Regions						
Stanbic Bank Botswana	7.5	15.0	**10.2**	**17.7**	8.5	17.3
Stanbic Bank Ghana	11.0	13.0	**12.4**	**14.4**	17.8	20.5
Stanbic Bank Kenya	10.5	14.5	**15.2**	**18.3**	14.3	17.1
Stanbic Bank S.A. (Côte d'Ivoire)[2]	7.3	9.5	**>100**	**>100**	71.6	71.6
Stanbic Bank Tanzania	12.5	14.5	**17.3**	**18.8**	14.7	16.7
Stanbic Bank Uganda	10.0	12.0	**16.9**	**19.4**	16.1	18.7
Stanbic Bank Zambia	5.0	10.0	**19.7**	**22.5**	15.7	18.3
Stanbic Bank Zimbabwe	8.0	12.0	**16.7**	**26.5**	21.4	23.9
Stanbic IBTC Bank Nigeria		10.0	**16.5**	**19.4**	17.2	21.5
Standard Bank de Angola		10.0	**28.3**	**34.1**	27.3	32.4
Standard Bank Malawi	10.0	15.0	**20.0**	**22.0**	19.5	21.7
Standard Bank Mauritius	9.9	11.9	**26.2**	**26.4**	24.1	25.0
Standard Bank Mozambique		11.0	**27.7**	**29.3**	18.0	19.4
Standard Bank Namibia	8.0	10.5	**12.8**	**14.1**	10.4	12.7
Standard Bank RDC (DRC - Congo)	7.5	10.0	**62.5**	**65.0**	27.9	30.4
Standard Bank Eswatini	5.5	8.0	**10.4**	**14.0**	9.8	13.9
Standard Lesotho Bank	6.0	8.0	**21.7**	**17.3**	21.7	16.4
International						
Standard Bank Isle of Man	8.5	10.0	**22.4**	**22.5**	21.2	21.2
Standard Bank Jersey	8.5	11.0	**20.6**	**20.7**		20.5
Capital adequacy ratio - times covered						
Standard Insurance Limited (SIL)[3]						
Solvency capital requirement coverage ratio				**2.71**		1.95
Liberty Group Limited[3]						
Solvency capital requirement coverage ratio				**1.99**		1.87

[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. (Côte d'Ivoire) commenced operations in July 2017.
[3] Calculated in terms of the Insurance Act, 2017, which came into effect on 1 July 2018.

OTHER CAPITAL INSTRUMENTS

Subordinated debt

	Redeemable/ repayable date	Callable date	Notional value[1] LCm	2019 Carrying value[1] Rm	2019 Notional value[1] Rm	2018 Carrying value[1] Rm	2018 Notional value[1] Rm
Subordinated debt - banking activities							
Standard Bank Group Limited				**11 843**	**11 601**	5 057	5 000
SBT 201[2,3]	13 Feb 2028	13 Feb 2023	ZAR3 000	**3 040**	**3 000**	3 041	3 000
SBT 202[2,3]	3 Dec 2028	3 Dec 2023	ZAR1 516	**1 527**	**1 516**	1 528	1 516
SBT 203[2,3]	3 Dec 2028	3 Dec 2023	ZAR484	**506**	**484**	488	484
SBT 204[2,3]	16 Apr 2029	16 Apr 2024	ZAR1 000	**1 019**	**1 000**		
SBT 205[2,3]	31 May 2029	31 May 2024	USD400	**5 751**	**5 601**		
SBSA group				**8 975**	**8 830**	13 793	13 580
SBK 17	30 Jul 2024	30 Jul 2019	ZAR2 000			2 032	2 000
SBK 19	24 Oct 2024	24 Oct 2019	ZAR500			509	500
SBK 20[2]	2 Dec 2024	2 Dec 2019	ZAR2 250			2 269	2 250
SBK 21[2]	28 Jan 2025	28 Jan 2020	ZAR750	**763**	**750**	764	750
SBK 22[2]	28 May 2025	28 May 2020	ZAR1 000	**1 010**	**1 000**	1 010	1 000
SBK 24[2]	19 Oct 2025	19 Oct 2020	ZAR880	**886**	**880**	899	880
SBK 18	24 Oct 2025	24 Oct 2020	ZAR3 500	**3 560**	**3 500**	3 563	3 500
SBK 25[2]	25 Apr 2026	25 Apr 2021	ZAR1 200	**1 218**	**1 200**	1 225	1 200
SBK 26[2]	25 Apr 2026	25 Apr 2021	ZAR500	**521**	**500**	511	500
SBK 23[2]	28 May 2027	28 May 2022	ZAR1 000	**1 017**	**1 000**	1 011	1 000
Standard Bank Eswatini	29 Jun 2028	30 Jun 2023	E100	**105**	**100**	105	100
Stanbic Botswana	2027-2029	2022-2024	BWP500	**664**	**662**	269	268
Standard Bank Mozambique	2025	2020	MZN1 001	**237**	**225**	250	234
Stanbic Bank Kenya	2021-2029	2020-2024	KES4 000/ USD20	**839**	**833**	565	565
Stanbic IBTC Bank Nigeria	30 Sept 2024	30 Mar 2020	NGN15 440	**618**	**601**	633	617
Standard Bank Namibia	23 Oct 2024	24 Oct 2019	NAD100			102	100
Stanbic Bank Zambia	31 Oct 2024	30 Apr 2020	ZMK37	**38**	**37**	45	45
Subordinated debt issued to group companies				**(86)**	**(86)**	(122)	(120)
Total subordinated debt - banking activities				**23 233**	**22 803**	20 697	20 389
Liberty (qualifying as regulatory insurance capital)			ZAR5 500	**5 668**	**5 500**	5 662	5 500
Total subordinated debt				**28 901**	**28 303**	26 359	25 889

Other equity holders

	First callable date	Notional value LCm	2019 Carrying value Rm	2019 Notional value Rm	2018 Carrying value Rm	2018 Notional value Rm
Cumulative preference share capital (SBKP)		ZAR 8	**8**	**8**	8	8
Non-cumulative preference share capital (SBPP)		ZAR 1	**5 495**	**1**	5 495	1
Total preference share capital			**5 503**	**9**	5 503	9
SBT 101[3]	31 Mar 2022	ZAR1 744	**1 744**	**1 744**	1 744	1 744
SBT 102[3]	30 Sep 2022	ZAR1 800	**1 800**	**1 800**	1 800	1 800
SBT 103[3]	31 Mar 2024	ZAR1 942	**1 942**	**1 942**		
Total AT1 capital bonds			**5 486**	**5 486**	3 544	3 544
Total other equity instruments			**10 989**	**5 495**	9 047	3 553

[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 contain a contractual non-viability write off feature.
[3] SBSA on a reciprocal basis entered into subordinated AT1 and tier 2 capital lending agreements with SBG under identical terms.

KEY BANKING LEGAL ENTITY INFORMATION

THE STANDARD BANK OF SOUTH AFRICA

AFRICA REGIONS LEGAL ENTITIES

STANDARD BANK GROUP

THE STANDARD BANK OF SOUTH AFRICA

KEY FINANCIAL RESULTS, RATIOS AND STATISTICS

		Change %	2019	2018
SBSA group[1]				
Income statement				
Headline earnings	Rm	4	**16 646**	15 971
Headline earnings as consolidated into SBG[2]	Rm	4	**16 706**	16 021
Profit attributable to ordinary shareholders	Rm	4	**16 398**	15 695
Statement of financial position				
Ordinary shareholders' equity	Rm	4	**101 177**	97 650
Total assets	Rm	9	**1 480 746**	1 360 262
Net loans and advances	Rm	6	**1 026 242**	966 335
Financial performance				
ROE	%		**16.9**	16.7
Non-interest revenue to total income	%		**41.8**	43.0
Loan-to-deposit ratio	%		**86.6**	87.2
CLR	bps		**57**	56
CLR on loans to customers	bps		**64**	63
Cost-to-income ratio	%		**60.2**	60.3
Jaws	bps		**3**	(342)
Effective direct taxation rate	%		**19.2**	20.7
Number of employees		(7)	**29 578**	31 662
Capital adequacy				
Total risk-weighted assets	Rm	–	**669 571**	669 386
Common equity tier 1 capital adequacy ratio[3]	%		**13.2**	12.7
Tier 1 capital adequacy ratio[3]	%		**14.0**	13.3
Total capital adequacy ratio[3]	%		**16.8**	15.7
SBSA company[1]				
Headline earnings	Rm	4	**15 469**	14 872
Headline earnings as consolidated into SBG[2]	Rm	4	**15 529**	14 922
Total assets	Rm	9	**1 479 177**	1 359 504
ROE	%		**16.4**	16.1

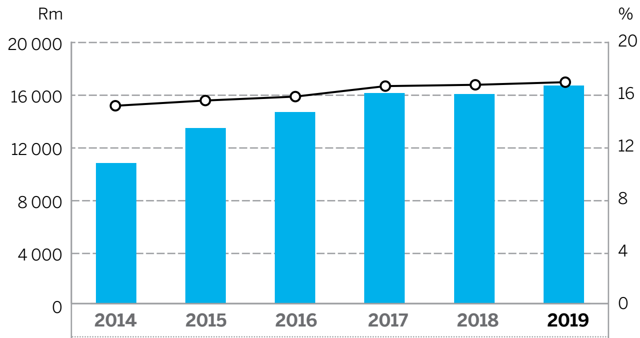
[1] SBSA group is a consolidation of entities including subsidiaries as well as structured entities, whereas SBSA company is a legal entity.

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

[3] Represents the ratio after applying the SARB phase-in provision for IFRS 9. Refer to page 81 for details regarding the fully loaded ratios.

Headline earnings

CAGR (2014 – 2019): 9%

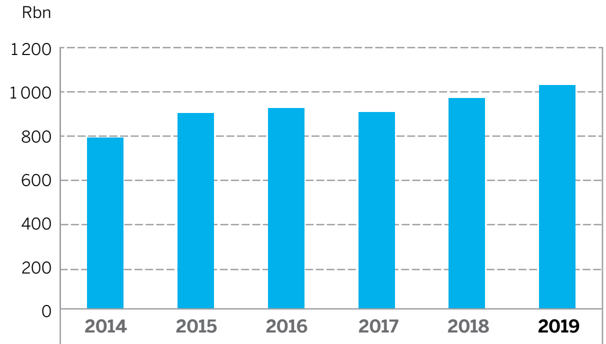


	2014	2015	2016	2017	2018	2019
Headline earnings	10 709	13 376	14 599	16 078	15 971	**16 646**
ROE	15.1	15.5	15.8	16.6	16.7	**16.9**

Headline earnings
ROE

Net loans and advances

CAGR (2014 – 2019): 6%



	2014	2015	2016	2017	2018	2019
Net loans and advances	785	897	920	901	966	**1 026**

Key highlights

- Higher net interest income driven by good lending and deposits book growth, partly offset by increased funding costs.
- Decrease in net fee and commission revenue largely driven by the decline in transactional volumes through the higher-fee earning physical channels, as clients continue to shift towards using digital banking platforms.
- Decline in trading revenue largely due to the effect of the weakening Rand against major currencies and the impact of unfavourable interest rates movements. This was partly offset by an increase in client equity trading activities.
- Increase in other revenue assisted by growth in the VAF fleet rental revenue and good brokerage income despite a reduced client base.
- Higher stage 1 and 2 credit impairments due to advances growth in the personal unsecured and corporate lending portfolios, as well as higher stage 3 provisions within VAF due to the challenging economic climate.
- Operating expenses well contained at below inflation growth.
- Strong capital position with all capital ratios above the SARB requirements.

THE STANDARD BANK OF SOUTH AFRICA
INCOME STATEMENT

		Group			Company	
	Change %	**2019 Rm**	2018 Rm	Change %	**2019 Rm**	2018 Rm
Net interest income[1]	4	**41 581**	39 831	3	**39 764**	38 616
Non-interest revenue	0	**29 922**	29 987	1	**29 306**	29 024
Net fee and commission revenue	(1)	**20 991**	21 185	(1)	**19 909**	20 096
Trading revenue	(1)	**5 331**	5 358	(3)	**5 192**	5 357
Other revenue	8	**3 151**	2 922	23	**3 756**	3 049
Other gains and losses on financial instruments	(14)	**449**	522	(14)	**449**	522
Total income	2	**71 503**	69 818	2	**69 070**	67 640
Credit impairment charges	3	**(5 724)**	(5 557)	3	**(5 713)**	(5 569)
Loans and advances	10	**(5 962)**	(5 425)	9	**(5 951)**	(5 437)
Financial investments	(43)	**(4)**	(7)	(43)	**(4)**	(7)
Letters of credit and guarantees	(>100)	**242**	(125)	(>100)	**242**	(125)
Income before revenue sharing agreements	2	**65 779**	64 261	2	**63 357**	62 071
Revenue sharing agreements with group companies	(15)	**(614)**	(722)	(15)	**(614)**	(722)
Income before operating expenses	3	**65 165**	63 539	2	**62 743**	61 349
Operating expenses	2	**(42 644)**	(41 660)	2	**(41 735)**	(40 724)
Staff costs	2	**(23 344)**	(22 928)	2	**(22 817)**	(22 404)
Other operating expenses[1]	3	**(19 300)**	(18 732)	3	**(18 918)**	(18 320)
Net income before non-trading and capital items, and equity accounted earnings	3	**22 521**	21 879	2	**21 008**	20 625
Non-trading and capital related items	(11)	**(341)**	(383)	(11)	**(341)**	(383)
Share of post-tax profit from associates and joint ventures	(69)	**40**	129	(69)	**40**	129
Net income before indirect taxation	3	**22 220**	21 625	2	**20 707**	20 371
Indirect taxation	(5)	**(1 345)**	(1 418)	(5)	**(1 340)**	(1 412)
Profit before direct taxation	3	**20 875**	20 207	2	**19 367**	18 959
Direct taxation	(4)	**(4 015)**	(4 190)	(9)	**(3 688)**	(4 041)
Profit for the year	5	**16 860**	16 017	5	**15 679**	14 918
Attributable to AT1 capital shareholders	42	**(458)**	(322)	42	**(458)**	(322)
Attributable to non-controlling interests	(100)	**(4)**				
Attributable to ordinary shareholders	4	**16 398**	15 695	4	**15 221**	14 596
Headline adjustable items	(10)	**248**	276	(10)	**248**	276
Headline earnings	4	**16 646**	15 971	4	**15 469**	14 872
IFRS 2 adjustment						
Staff costs net of taxation	20	**60**	50	20	**60**	50
Headlines earnings as consolidated into SBG[2]	4	**16 706**	16 021	4	**15 529**	14 922

[1] The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 basis. Refer to pages 108 – 111 for more detail on the adoption of IFRS 16.

[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

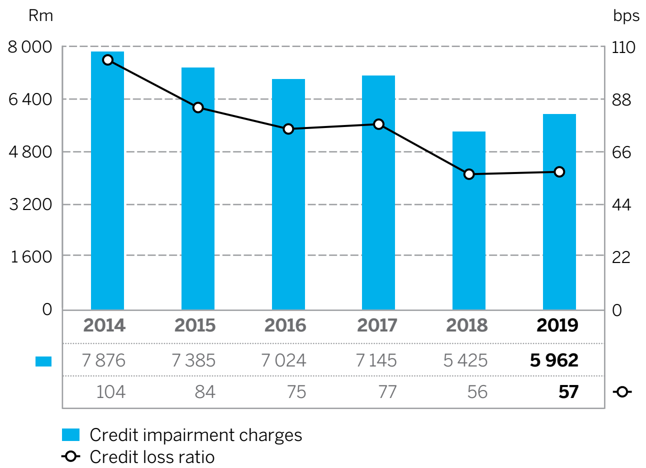
STATEMENT OF FINANCIAL POSITION

	Change %	Group 2019 Rm	Group 2018[2] Rm	Group 1 January 2018 Rm	Change %	Company 2019 Rm	Company 2018[2] Rm	Company 1 January 2018 Rm
Assets								
Cash and balances with central banks	(4)	**33 060**	34 536	35 893	(4)	**33 060**	34 536	35 893
Derivative assets	32	**66 392**	50 471	73 552	31	**66 366**	50 471	73 552
Trading assets	15	**186 090**	161 330	131 024	14	**183 591**	161 026	131 024
Pledged assets	>100	**7 481**	674	6 812	>100	**7 481**	674	6 812
Financial investments	9	**115 127**	105 438	86 393	9	**116 048**	106 332	89 447
Non-current assets held for sale	100	**346**			100	**346**		
Loans and advances	6	**1 026 242**	966 335	930 911	6	**1 023 391**	964 691	924 580
Loans and advances to banks	(6)	**90 593**	96 769	106 043	(12)	**90 353**	102 602	105 422
Loans and advances to customers	8	**935 649**	869 566	824 868	8	**933 038**	862 089	819 158
Other assets	19	**15 562**	13 071	12 871	19	**15 482**	12 979	12 548
Interest in associates and joint ventures	21	**1 227**	1 017	864	>100	**4 371**	1 520	1 002
Property, equipment and right of use assets[1]	26	**12 983**	10 284	8 448	26	**12 929**	10 262	8 423
Goodwill and other intangible assets	(5)	**16 236**	17 106	17 746	(5)	**16 112**	17 013	17 652
Total assets	9	**1 480 746**	1 360 262	1 304 514	9	**1 479 177**	1 359 504	1 300 933
Equity and liabilities								
Equity	5	**106 717**	101 200	99 446	4	**101 818**	97 583	96 905
Equity attributable to ordinary shareholders	4	**101 177**	97 650	95 899	2	**96 332**	94 039	93 361
Equity attributable to AT1 capital shareholders	55	**5 486**	3 544	3 544	55	**5 486**	3 544	3 544
Equity attributable to non-controlling interests	>100	**54**	6	3				
Liabilities	9	**1 374 029**	1 259 062	1 205 068	9	**1 377 359**	1 261 921	1 204 028
Derivative liabilities	27	**65 710**	51 748	77 665	27	**65 710**	51 748	77 665
Trading liabilities	32	**77 647**	58 867	59 595	32	**77 647**	58 861	59 595
Deposits and debt funding	7	**1 184 748**	1 108 799	1 031 208	7	**1 188 208**	1 112 219	1 030 653
Deposits from banks	(1)	**170 088**	171 331	138 317	—	**172 306**	172 321	137 897
Deposits from customers	8	**1 014 660**	937 468	892 891	8	**1 015 902**	939 898	892 756
Subordinated debt	10	**20 818**	18 850	17 287	10	**20 818**	18 850	17 287
Provisions and other liabilities[1]	21	**25 106**	20 798	19 313	23	**24 976**	20 243	18 828
Total equity and liabilities	9	**1 480 746**	1 360 262	1 304 514	9	**1 479 177**	1 359 504	1 300 933

[1] The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 basis. Refer to pages 108 – 111 for more detail on the adoption of IFRS 16.
[2] Interest in group companies and liabilities to group companies was restated. Refer to restatement on page 107.

THE STANDARD BANK OF SOUTH AFRICA GROUP
INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

Credit impairment charges on loans and advances
CAGR (2014 – 2019): (5%)



Income statement credit impairment charges

	Change %	2019 Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges Rm	Credit loss ratio bps
Personal & Business Banking	11	(840)	801	(39)	5 078	5 039	88
Mortgage loans	(9)	(352)	19	(333)	1 044	711	20
Instalment sale and finance leases	52	(122)	105	(17)	832	815	99
Card debtors	2	(48)	62	14	962	976	296
Other loans and advances	12	(318)	615	297	2 240	2 537	225
Personal unsecured lending	27	(235)	544	309	1 616	1 925	436
Business lending and other	(19)	(83)	71	(12)	624	612	89
Corporate & Investment Banking	5	106	239	345	578	923	20
Corporate and sovereign lending	3	99	239	338	578	916	25
Bank lending	(>100)	7		7		7	1
Total loans and advances credit impairment charges	10	(734)	1 040	306	5 656	5 962	57
Credit impairment charge - financial investments						4	
Credit impairment charge - letters of credit and guarantees						(242)	
Total credit impairment charges						5 724	

[1] Includes post write-off recoveries and modification gains and losses.

2018					
Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges Rm	Credit loss ratio bps
(247)	10	(237)	4 781	4 544	83
(102)	25	(77)	861	784	24
3	(67)	(64)	601	537	72
(52)	219	167	794	961	298
(96)	(167)	(263)	2 525	2 262	212
77	(58)	19	1 492	1 511	374
(173)	(109)	(282)	1 033	751	114
50	(713)	(663)	1 544	881	21
60	(718)	(658)	1 544	886	28
(10)	5	(5)		(5)	
(197)	(703)	(900)	6 325	5 425	56
				7	
				125	
				5 557	

THE STANDARD BANK OF SOUTH AFRICA GROUP

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND

	1 January 2019 IFRS 9 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
Personal & Business Banking	23 749		5 947
Stage 1	3 994	871	(1 711)
Stage 2	4 689	(836)	1 374
Stage 3	15 066	(35)	6 284
Mortgage loans	9 365		690
Stage 1	965	461	(813)
Stage 2	1 784	(291)	236
Stage 3	6 616	(170)	1 267
Instalment sale and finance leases	2 724		1 064
Stage 1	708	61	(183)
Stage 2	685	(163)	268
Stage 3	1 331	102	979
Card debtors	2 985		1 643
Stage 1	620	213	(261)
Stage 2	947	(239)	237
Stage 3	1 418	26	1 667
Other loans and advances	8 675		2 550
Stage 1	1 701	136	(454)
Stage 2	1 273	(143)	633
Stage 3	5 701	7	2 371
Personal unsecured lending	5 333		1 879
Stage 1	1 120	64	(299)
Stage 2	886	8	412
Stage 3	3 327	(72)	1 766
Business lending and other	3 342		671
Stage 1	581	72	(155)
Stage 2	387	(151)	221
Stage 3	2 374	79	605
Corporate & Investment Banking	5 519		951
Stage 1	677	4	102
Stage 2	444	142	97
Stage 3	4 398	(146)	752
Corporate and sovereign lending	5 476		944
Stage 1	648	4	95
Stage 2	430	142	97
Stage 3	4 398	(146)	752
Bank lending	43		7
Stage 1	29		7
Stage 2	14		
Total	29 268		6 898
Stage 1	4 671	875	(1 609)
Stage 2	5 133	(694)	1 471
Stage 3	19 464	(181)	7 036

ADVANCES MEASURED AT AMORTISED COSTS

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	2019 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(6 575)		2 296	25 417	908
			3 154	
			5 227	(263)
(6 575)		2 296	17 036	1 171
(982)		1 077	10 150	(21)
			613	
			1 729	(74)
(982)		1 077	7 808	53
(849)		168	3 107	249
			586	
			790	
(849)		168	1 731	249
(2 176)		130	2 582	667
			572	
			945	(64)
(2 176)		130	1 065	731
(2 568)		921	9 578	13
			1 383	
			1 763	(125)
(2 568)		921	6 432	138
(1 864)		730	6 078	(46)
			885	
			1 306	(124)
(1 864)		730	3 887	78
(704)		191	3 500	59
			498	
			457	(1)
(704)		191	2 545	60
(4 442)	44	317	2 389	28
	9		792	
	(17)		666	
(4 442)	52	317	931	28
(4 442)	47	317	2 342	28
	(2)		745	
	(3)		666	
(4 442)	52	317	931	28
	(3)		47	
	11		47	
	(14)			
(11 017)	44	2 613	27 806	936
	9		3 946	
	(17)		5 893	(263)
(11 017)	52	2 613	17 967	1 199

THE STANDARD BANK OF SOUTH AFRICA GROUP

RECONCILIATION OF EXPECTED CREDIT LOSS FOR LOANS AND

	1 January 2018 IFRS 9 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm
Personal & Business Banking	23 108		5 165
Stage 1	4 241	1 310	(1 557)
Stage 2	4 805	(984)	862
Stage 3	14 062	(326)	5 860
Mortgage loans	8 767		885
Stage 1	1 067	455	(557)
Stage 2	1 819	(161)	126
Stage 3	5 881	(294)	1 316
Instalment sale and finance leases	2 568		781
Stage 1	705	268	(265)
Stage 2	752	(319)	252
Stage 3	1 111	51	794
Card debtors	3 052		1 172
Stage 1	672	176	(228)
Stage 2	768	(108)	287
Stage 3	1 612	(68)	1 113
Other loans and advances	8 721		2 327
Stage 1	1 797	411	(507)
Stage 2	1 466	(396)	197
Stage 3	5 458	(15)	2 637
Personal unsecured lending	5 504		1 572
Stage 1	1 043	175	(98)
Stage 2	969	(109)	19
Stage 3	3 492	(66)	1 651
Business lending and other	3 217		755
Stage 1	754	236	(409)
Stage 2	497	(287)	178
Stage 3	1 966	51	986
Corporate & Investment Banking	5 063		893
Stage 1	592	131	(81)
Stage 2	1 128	(641)	(72)
Stage 3	3 343	510	1 046
Corporate and sovereign lending	5 017		898
Stage 1	552	131	(71)
Stage 2	1 122	(641)	(77)
Stage 3	3 343	510	1 046
Bank lending	46		(5)
Stage 1	40		(10)
Stage 2	6		5
Total	28 171		6 058
Stage 1	4 833	1 441	(1 638)
Stage 2	5 933	(1 625)	790
Stage 3	17 405	184	6 906

ADVANCES MEASURED AT AMORTISED COSTS

Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	2018 closing balance Rm	Modification losses and recoveries of amounts written off Rm
(6 597)	7	2 066	23 749	621
			3 994	
	6		4 689	(132)
(6 597)	1	2 066	15 066	753
(1 266)		979	9 365	101
			965	
			1 784	(60)
(1 266)		979	6 616	161
(768)		143	2 724	244
			708	
			685	
(768)		143	1 331	244
(1 433)		194	2 985	211
			620	
			947	(40)
(1 433)		194	1 418	251
(3 130)	7	750	8 675	65
			1 701	
	6		1 273	(32)
(3 130)	1	750	5 701	97
(2 369)	7	619	5 333	61
			1 120	
	7		886	(32)
(2 369)		619	3 327	93
(761)		131	3 342	4
			581	
	(1)		387	
(761)	1	131	2 374	4
(876)	123	316	5 519	12
	35		677	
	29		444	
(876)	59	316	4 398	12
(876)	121	316	5 476	12
	36		648	
	26		430	
(876)	59	316	4 398	12
	2		43	
	(1)		29	
	3		14	
(7 473)	130	2 382	29 268	633
	35		4 671	
	35		5 133	(132)
(7 473)	60	2 382	19 464	765

THE STANDARD BANK OF SOUTH AFRICA GROUP

LOANS AND ADVANCES PERFORMANCE

	Gross carrying loans and advances Rm	SB 1 - 12 Stage 1 Rm	SB 1 - 12 Stage 2 Rm	SB 13 - 20 Stage 1 Rm	SB 13 - 20 Stage 2 Rm	SB 21 - 25 Stage 1 Rm	SB 21 - 25 Stage 2 Rm
2019							
Personal & Business Banking	595 041	195 094	222	296 248	16 636	15 975	37 252
Mortgage loans	357 182	167 590	17	131 731	10 182	7 046	21 139
Instalment sale and finance leases	84 948	9 962	162	61 533	2 234	2 305	4 990
Card debtors	34 010	1 205	4	27 047	646	858	2 774
Other loans and advances	118 901	16 337	39	75 937	3 574	5 766	8 349
Personal unsecured lending	44 780	1 073		28 696	715	4 784	4 779
Business lending and other	74 121	15 264	39	47 241	2 859	982	3 570
Corporate & Investment Banking	458 846	281 035	2 585	148 161	19 262	2 081	1 229
Corporate and sovereign lending	372 103	211 313	2 585	131 612	19 060	1 829	1 211
Bank lending	86 743	69 722		16 549	202	252	18
Gross loans and advances	1 053 887	476 129	2 807	444 409	35 898	18 056	38 481
Percentage of total book (%)	100.0	45.2	0.3	42.1	3.4	1.7	3.7
Gross loans and advances at amortised cost	1 053 887						
Gross loans and advances at fair value	161						
Total gross loans and advances	1 054 048						

	Gross carrying loans and advances Rm	SB 1 - 12 Stage 1 Rm	SB 1 - 12 Stage 2 Rm	SB 13 - 20 Stage 1 Rm	SB 13 - 20 Stage 2 Rm	SB 21 - 25 Stage 1 Rm	SB 21 - 25 Stage 2 Rm
2018							
Personal & Business Banking	562 600	129 077	1 796	346 038	7 049	8 207	40 609
Mortgage loans	342 511	108 494	1 767	182 640	4 327	4 259	24 125
Instalment sale and finance leases	79 343	1 028	11	68 242	1 210	347	5 574
Card debtors	32 608	1 604	8	24 915	174	317	3 772
Other loans and advances	108 138	17 951	10	70 241	1 338	3 284	7 138
Personal unsecured lending	40 961	1 125		29 671	6	1 556	4 437
Business lending and other	67 177	16 826	10	40 570	1 332	1 728	2 701
Corporate & Investment Banking	432 035	270 732	4 780	133 079	15 477	723	802
Corporate and sovereign lending	337 851	179 538	4 780	130 196	15 370	723	802
Bank lending	94 184	91 194		2 883	107		
Gross loans and advances	994 635	399 809	6 576	479 117	22 526	8 930	41 411
Percentage of total book (%)	100	40.2	0.7	48.2	2.3	0.9	4.1
Gross loans and advances at amortised cost	994 635						
Gross loans and advances at fair value	968						
Total gross loans and advances	995 603						

The group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes). Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable portfolio.

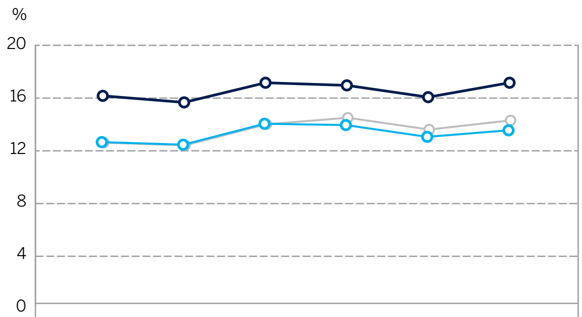
Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loan Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
561 427	**33 614**	**16 578**	**17 036**	**51**	**5.6**
337 705	**19 477**	**11 669**	**7 808**	**40**	**5.5**
81 186	**3 762**	**2 031**	**1 731**	**46**	**4.4**
32 534	**1 476**	**411**	**1 065**	**72**	**4.3**
110 002	**8 899**	**2 467**	**6 432**	**72**	**7.5**
40 047	**4 733**	**846**	**3 887**	**82**	**10.6**
69 955	**4 166**	**1 621**	**2 545**	**61**	**5.6**
454 353	**4 493**	**3 562**	**931**	**21**	**1.0**
367 610	**4 493**	**3 562**	**931**	**21**	**1.2**
86 743					
1 015 780	**38 107**	**20 140**	**17 967**	**47**	**3.6**
96.4	**3.6**	**1.9**	**1.7**		**3.6**

Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
532 776	29 824	14 758	15 066	51	5.3
325 612	16 899	10 283	6 616	39	4.9
76 412	2 931	1 600	1 331	45	3.7
30 790	1 818	400	1 418	78	5.6
99 962	8 176	2 475	5 701	70	7.6
36 795	4 166	839	3 327	80	10.2
63 167	4 010	1 636	2 374	59	6.0
425 593	6 442	2 044	4 398	68	1.6
331 409	6 442	2 044	4 398	68	2.1
94 184					
958 369	36 266	16 802	19 464	54	3.6
96.4	3.6	1.7	1.9		

THE STANDARD BANK OF SOUTH AFRICA GROUP

CAPITAL ADEQUACY AND RISK-WEIGHTED ASSETS

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



	2014	2015	2016	2017	2018	2019
Common equity tier 1 capital	12.3	12.1	13.7	13.6	12.7	**13.2**
Tier 1 capital	12.3	12.1	13.7	14.2	13.3	**14.0**
Total regulatory capital	15.8	15.3	16,8	16.6	15.7	**16.8**

Common equity tier 1 capital
Tier 1 capital
Total regulatory capital

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

Risk-weighted assets

	Change %	2019 Rm	2018 Rm
Credit risk	1	**471 745**	467 820
Counterparty credit risk	4	**25 430**	24 370
Market risk	(8)	**46 770**	50 720
Operational risk	2	**99 434**	97 563
Equity risk in the banking book	(15)	**13 582**	15 914
RWA for investments in financial entities[1]	(3)	**12 610**	12 999
Total risk-weighted assets	—	**669 571**	669 386

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

THE STANDARD BANK OF SOUTH AFRICA GROUP
CAPITAL ADEQUACY

Qualifying regulatory capital excluding unappropriated profit

	Change %	2019 Rm	2018 Rm
Share capital and premium	2	**45 248**	44 448
Retained earnings	5	**55 086**	52 321
Other reserves	(5)	**841**	881
Regulatory adjustments	1	**(12 588)**	(12 420)
Goodwill	0	**(42)**	(42)
Other intangible assets	(5)	**(13 561)**	(14 337)
Deferred tax assets	(91)	**(1)**	(11)
Other adjustments including IFRS 9 phase-in	(48)	**1 016**	1 970
Total (including unappropriated profit)	4	**88 587**	85 230
Unappropriated profit	(17)	**(9 912)**	(11 966)
Common equity tier 1 capital	7	**78 675**	73 264
Qualifying other equity instruments	56	**5 475**	3 504
Tier 1 capital	10	**84 150**	76 768
Tier 2 capital	16	**18 726**	16 174
Qualifying tier 2 subordinated debt	10	**20 431**	18 580
General allowance for credit impairments	9	**852**	781
Regulatory adjustments - investment in tier 2 instruments in other banks	(20)	**(2 557)**	(3 187)
Total qualifying regulatory capital	11	**102 876**	92 942

Capital adequacy ratios (phased-in)[1]

	Internal target ratios[2] %	SARB minimum regulatory requirement[3] %	Excluding unappropriated profit 2019 %	Excluding unappropriated profit 2018 %	Including unappropriated profit 2019 %	Including unappropriated profit 2018 %
Common equity tier 1 capital adequacy ratio	11.0 – 12.5	7.5	**11.7**	10.9	**13.2**	12.7
Tier 1 capital adequacy ratio	>12.0	9.3	**12.6**	11.5	**14.0**	13.3
Total capital adequacy ratio	>15.0	11.5	**15.4**	13.9	**16.8**	15.7

[1] Capital adequacy ratios based on the SARB IFRS 9 phased-in approach.
[2] Including unappropriated profit.
[3] Excluding confidential bank specific requirements.

Capital adequacy ratios (fully loaded)[1]

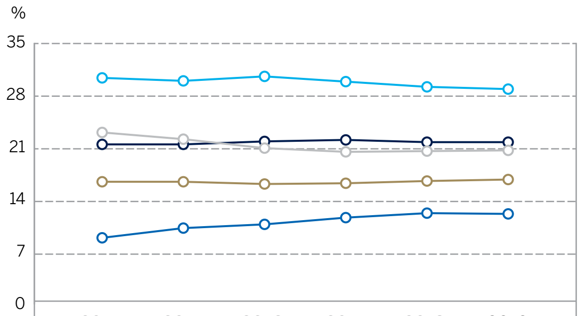
	Internal target ratios[2] %	SARB minimum regulatory requirement[3] %	Excluding unappropriated profit 2019 %	Excluding unappropriated profit 2018 %	Including unappropriated profit 2019 %	Including unappropriated profit 2018 %
Common equity tier 1 capital adequacy ratio	11.0 - 12.5	7.5	**11.5**	10.6	**13.0**	12.4
Tier 1 capital adequacy ratio	>12.0	9.3	**12.4**	11.2	**13.8**	12.9
Total capital adequacy ratio	>15.0	11.5	**15.4**	13.9	**16.8**	15.7

[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]

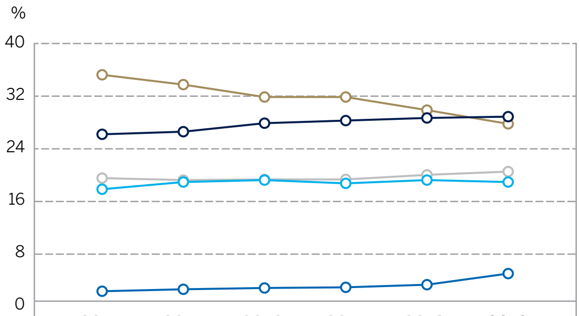
Mortgage loans[2]



	2014	2015	2016	2017	2018	**2019**
SBSA	30.3	29.9	30.5	29.8	29.1	**28.8**
ABSA	23.0	22.1	20.9	20.4	20.5	**20.6**
Nedbank	21.4	21.4	21.8	22.0	21.7	**21.7**
FirstRand	16.4	16.4	16.1	16.2	16.5	**16.8**
Other	8.9	10.2	10.7	11.6	12.2	**12.1**

SBSA
ABSA
Nedbank
FirstRand
Other

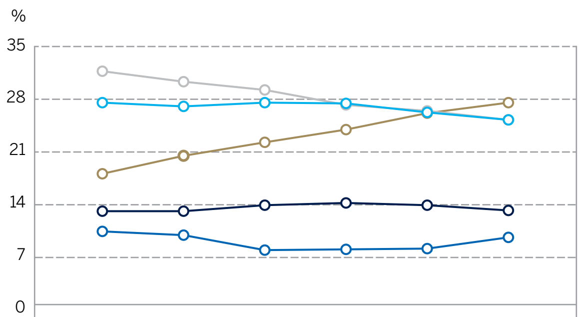
Vehicle and asset finance



	2014	2015	2016	2017	2018	**2019**
SBSA	17.6	18.7	19.0	18.5	19.0	**18.7**
ABSA	19.3	19.0	19.1	19.1	19.8	**20.3**
Nedbank	26.0	26.4	27.7	28.1	28.5	**28.7**
FirstRand	35.1	33.6	31.7	31.7	29.7	**27.6**
Other	2.0	2.3	2.5	2.6	3.0	**4.7**

SBSA
ABSA
Nedbank
FirstRand
Other

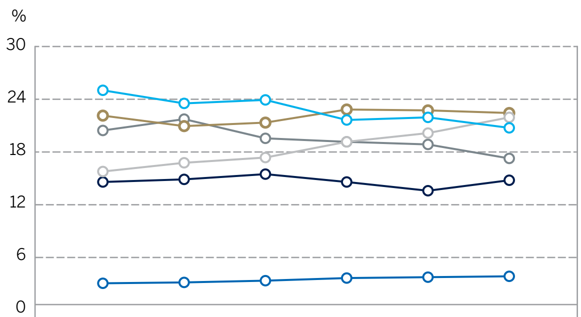
Card



	2014	2015	2016	2017	2018	**2019**
SBSA	27.4	26.9	27.4	27.3	26.1	**25.1**
ABSA	31.6	30.2	29.1	27.1	26.3	**25.1**
Nedbank	12.9	12.9	13.7	14.0	13.7	**13.0**
FirstRand	17.9	20.3	22.1	23.8	26.0	**27.4**
Other	10.2	9.7	7.7	7.8	7.9	**9.4**

SBSA
ABSA
Nedbank
FirstRand
Other

Other loans and advances

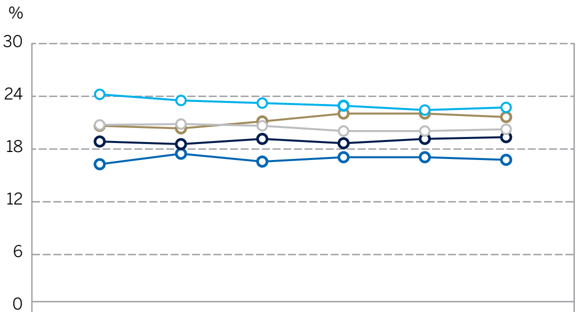


	2014	2015	2016	2017	2018	**2019**
SBSA	24.9	23.4	23.8	21.5	21.8	**20.6**
ABSA	15.6	16.6	17.2	19.0	20.0	**21.8**
Nedbank	14.4	14.7	15.3	14.4	13.4	**14.6**
FirstRand	22.0	20.8	21.2	22.7	22.6	**22.3**
Capitec	2.8	2.9	3.1	3.4	3.5	**3.6**
Other	20.3	21.6	19.4	19.0	18.7	**17.1**

SBSA
ABSA
Nedbank
FirstRand
Capitec
Other

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

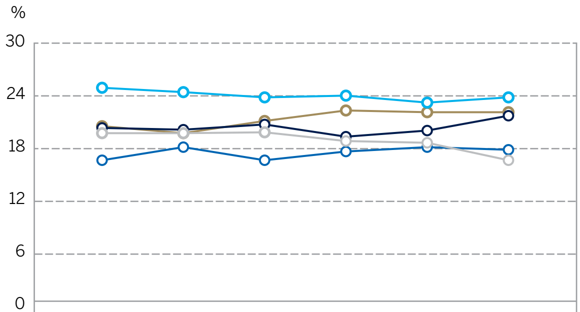
Deposits



	2014	2015	2016	2017	2018	2019
SBSA	24.1	23.4	23.1	22.8	22.3	**22.6**
ABSA	20.6	20.7	20.5	19.9	19.9	**20.1**
Nedbank	18.7	18.4	19.0	18.5	19.0	**19.2**
FirstRand	20.5	20.2	21.0	21.9	21.9	**21.5**
Other	16.1	17.3	16.4	16.9	16.9	**16.6**

SBSA
ABSA
Nedbank
FirstRand
Other

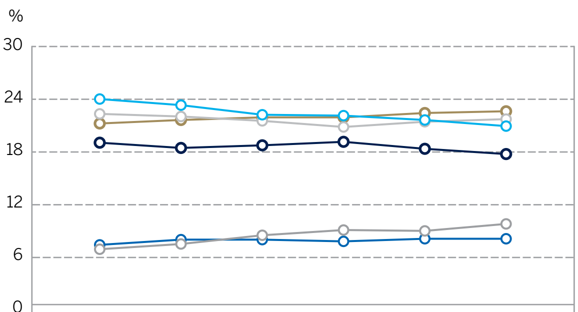
Corporate priced deposits



	2014	2015	2016	2017	2018	2019
SBSA	24.5	24.0	23.4	23.6	22.8	**23.4**
ABSA	19.3	19.3	19.4	18.4	18.2	**16.2**
Nedbank	19.9	19.7	20.3	18.9	19.6	**21.3**
FirstRand	20.1	19.3	20.7	21.9	21.7	**21.7**
Other	16.2	17.7	16.2	17.2	17.7	**17.4**

SBSA
ABSA
Nedbank
FirstRand
Other

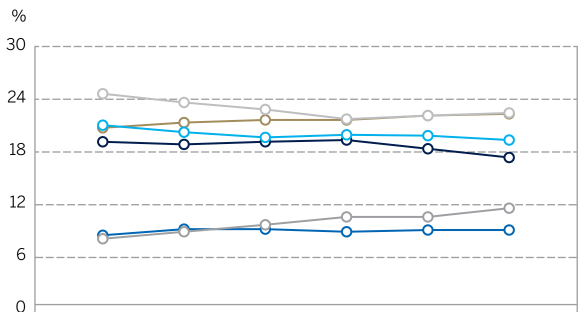
Retail priced deposits[3]



	2014	2015	2016	2017	2018	2019
SBSA	23.9	23.2	22.1	22.0	21.5	**20.8**
ABSA	22.2	21.9	21.4	20.7	21.3	**21.6**
Nedbank	18.9	18.3	18.6	19.0	18.2	**17.6**
FirstRand	21.1	21.5	21.8	21.8	22.3	**22.5**
Investec	7.2	7.8	7.8	7.6	7.9	**7.9**
Other	6.7	7.3	8.3	8.9	8.8	**9.6**

SBSA
ABSA
Nedbank
FirstRand
Investec
Other

Household deposits



	2014	2015	2016	2017	2018	2019
SBSA	20.6	19.8	19.2	19.5	19.4	**18.9**
ABSA	24.2	23.2	22.4	21.3	21.7	**22.0**
Nedbank	18.7	18.4	18.7	18.9	17.9	**16.9**
FirstRand	20.3	20.9	21.2	21.2	21.7	**21.9**
Investec	8.3	9.0	9.0	8.7	8.9	**8.9**
Other	7.9	8.7	9.5	10.4	10.4	**11.4**

SBSA
ABSA
Nedbank
FirstRand
Investec
Other

[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 %	2019 Rm	2018[4] Rm	CCY %	Change %	2019 Rm	2018[4] Rm
Net interest income[5]	14	24	4 553	3 681	8	1	8 011	7 946
Non-interest revenue	19	28	3 027	2 373	24	11	6 309	5 683
Net fee and commission revenue	13	20	1 497	1 247	11	(1)	3 326	3 361
Trading revenue	17	26	1 381	1 095	29	16	2 441	2 096
Other revenue	31	42	47	33	>100	>100	392	103
Other gains and losses on financial instruments	(>100)	(>100)	102	(2)	22	22	150	123
Total income	16	25	7 580	6 054	15	5	14 320	13 629
Credit impairment charges	81	92	(652)	(340)	>100	>100	(1 287)	(588)
Loans and advances	74	84	(632)	(344)	>100	>100	(1 215)	(517)
Financial investments	100	100	2		>100	(5)	(77)	(81)
Letters of credit and guarantees	>100	(100)	(22)	4	(>100)	100	5	10
Income before operating expenses	12	21	6 928	5 714	9	—	13 033	13 041
Operating expenses	21	29	(4 096)	(3 171)	12	2	(7 444)	(7 267)
Staff costs	12	21	(1 913)	(1 586)	10	2	(3 777)	(3 721)
Other operating expenses[5]	30	38	(2 183)	(1 585)	15	3	(3 667)	(3 546)
Net income before non-trading and capital related items, and equity accounted earnings	2	11	2 832	2 543	6	(3)	5 589	5 774
Non-trading and capital related items	100	100	3		>100	>100	186	6
Share of profit from joint ventures					33	33	4	3
Profit before indirect taxation	2	11	2 835	2 543	9	—	5 779	5 783
Indirect taxation	(11)	(3)	(187)	(193)	10	3	(295)	(287)
Profit before direct taxation	3	13	2 648	2 350	9	—	5 484	5 496
Direct taxation	(18)	(11)	(604)	(680)	23	8	(1 545)	(1 434)
Profit for the period	11	22	2 044	1 670	5	(3)	3 939	4 062
Attributable to non-controlling interests	(2)	9	(482)	(442)	37	42	(282)	(198)
Attributable to ordinary shareholders	16	27	1 562	1 228	3	(5)	3 657	3 864
Headline adjustable items	—	(100)	(1)		>100	>100	(78)	(6)
Headline earnings	16	27	1 561	1 228	1	(7)	3 579	3 858
ROE – invested equity (%)			17.0	17.2			20.7	24.7
ROE – equity calculated on SARB rules (%)			17.0	17.3			18.9	21.1
CLR (bps)			136	93			115	55
CLR on loans to customers (bps)			163	115			167	88
Cost-to-income ratio (%)			54.0	52.4			52.0	53.3
Effective direct taxation rate (%)			22.8	28.9			28.2	26.1
Effective total taxation rate (%)			27.9	34.3			31.8	29.8

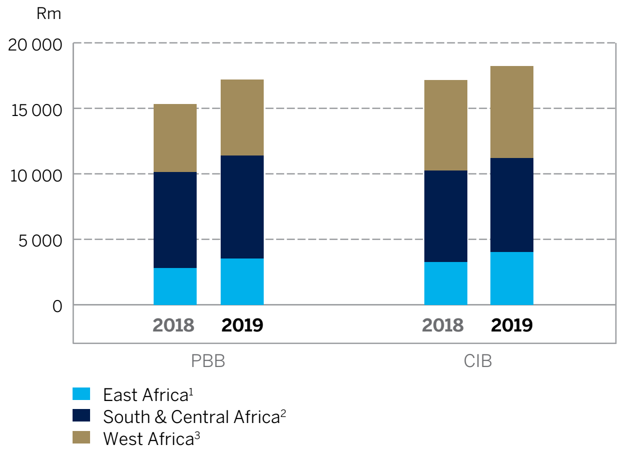
[1] Kenya, South Sudan, Tanzania, Uganda.
[2] Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Eswatini, Zambia, Zimbabwe.
[3] Angola, DRC, Ghana, Côte d'Ivoire, Nigeria.
[4] Restated. Refer to pages 106 – 107.
[5] The group has, as permitted by IFRS 16 *Leases*, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 *Leases* basis. Refer to pages 108 – 111 for more detail on the adoption of IFRS 16.

The entity information included within the African Regions legal entities disclosure in this report aligns to the group's Africa Regions geographic information in terms of IFRS 8 *Operating Segments*.

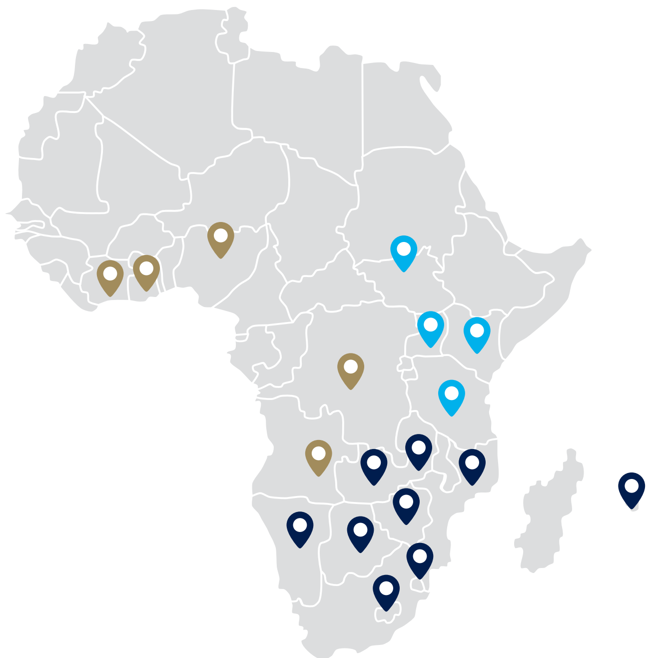
West Africa[3]				Africa Regions legal entities			
CCY %	Change %	2019 Rm	2018[4] Rm	CCY %	Change %	2019 Rm	2018[4] Rm
9	5	**6 713**	6 401	10	7	**19 277**	18 028
7	8	**6 456**	5 972	16	13	**15 792**	14 028
2	7	**4 070**	3 820	7	6	**8 893**	8 428
33	30	**2 319**	1 780	27	24	**6 141**	4 971
(94)	(95)	**17**	349	18	(6)	**456**	485
92	>100	**50**	23	>100	>100	**302**	144
8	6	**13 169**	12 373	12	9	**35 069**	32 056
(>100)	(>100)	**(248)**	37	>100	>100	**(2 187)**	(891)
(>100)	>100	**(221)**	(13)	>100	>100	**(2 068)**	(874)
(93)	(94)	**(1)**	(16)	62	(22)	**(76)**	(97)
(>100)	(100)	**(26)**	66	>100	(100)	**(43)**	80
5	4	**12 921**	12 410	8	6	**32 882**	31 165
2	3	**(6 639)**	(6 441)	10	8	**(18 179)**	(16 879)
1	—	**(3 134)**	(3 121)	7	5	**(8 824)**	(8 428)
3	6	**(3 505)**	(3 320)	13	11	**(9 355)**	(8 451)
9	5	**6 282**	5 969	6	3	**14 703**	14 286
(>100)	(>100)	**1**	(1)	>100	>100	**190**	5
				33	33	**4**	3
9	5	**6 283**	5 968	8	4	**14 897**	14 294
40	39	**(125)**	(90)	7	6	**(607)**	(570)
8	5	**6 158**	5 878	8	4	**14 290**	13 724
19	18	**(1 118)**	(945)	11	7	**(3 267)**	(3 059)
6	2	**5 040**	4 933	7	3	**11 023**	10 665
(8)	(12)	**(1 760)**	(1 999)	(3)	(4)	**(2 524)**	(2 639)
16	12	**3 280**	2 934	10	6	**8 499**	8 026
(100)	(100)		5	(100)	>100	**(79)**	(1)
16	12	**3 280**	2 939	9	5	**8 420**	8 025
		23.1	27.5			**20.7**	24.0
		26.3	29.8			**20.8**	22.8
		45	(11)			**103**	48
		70	(20)			**143**	72
		50.4	52.1			**51.8**	52.7
		18.2	16.1			**22.9**	22.3
		19.8	17.3			**26.0**	25.4

AFRICA REGIONS LEGAL ENTITIES

Contribution by business unit to the Africa Regions legal entities total income



[1] Kenya, South Sudan, Tanzania, Uganda.
[2] Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Eswatini, Zambia, Zimbabwe.
[3] Angola, DRC, Ghana, Côte d'Ivoire, Nigeria.



Balance sheet (in CCY)

- Sustained double-digit balance sheet growth across the portfolio.
- Continued focus on the growth strategy has seen customer deposits grow by 8%.
- Funding raised supported loan book growth of 13%.
- Trading security growth was mainly driven by the placement of excess liquidity with central banks across the markets coupled with investment in treasury bills in Nigeria.
- Margins compressed due to the declining rates in several of our markets.
- Growth in customer loans across both corporate and retail banking supported net interest income.

East Africa

- Strong double-digit constant currency earnings growth.
- Good customer loan growth supported net interest income across the region.
- Higher transactional volumes, investment banking and capital market transactions drove non-interest income.
- Additional stage 3 impairments were raised across the region as well as stage 1 and 2 provisions aligned to balance sheet growth.
- Cost growth was largely driven by one-off events, including a voluntary early retirement scheme in Kenya.

South & Central Africa

- Zimbabwe's earnings performance was impacted by both the translation from USD to Real-Time Gross Settlement (ZWL), and again on conversion to the ZAR. The impact of hyperinflation also negatively impacted results.
- The bank increased its market share in both loans and deposits in Mozambique however, revenue remained under pressure as interest rates continued to decline with higher foreign currency reserving requirements and regulatory directives impacting forex trading.
- Botswana's earnings were negatively impacted by a credit impairment raised on a single corporate client. Revenue continued to grow driven by customer loan growth and improved transactional volumes.
- In Namibia the holding company successfully listed on the Namibia stock exchange on 15 November, reducing Standard Bank Group's [effective] shareholding from 100% to 84.5%.
- Good balance sheet growth, lower funding costs and improved pricing supported earnings performance in Malawi, Lesotho and Eswatini. In addition, improved client monitoring and credit processes in Eswatini and Malawi led to lower credit impairment charges.

West Africa

- The Angolan Kwanza devalued 56% against the USD compared with 86% in the prior year. Trading revenue was positively impacted by higher currency allocations and increased bond trading activity. The strategic drive to grow customer balances supported net interest income and deposit growth.
- We are in the second year of operations in Côte d'Ivoire. Positive momentum continued driving loan growth and improved transactional volumes. The first investment banking deals were booked in 2019.
- Strong earnings growth in Ghana were underpinned by balance sheet growth, foreign exchange volatility and transactional volumes.
- Nigeria continues to operate in a challenging environment. Subdued economic growth and high-cash reserving requirements inhibited loan growth. Non-repeat of the prior year's credit impairment recoveries. Lower financial investments held due to client liquidity requirements. Regulatory changes led to reduced fee revenue in the pension fund business.

AFRICA REGIONS LEGAL ENTITIES
STATEMENT OF FINANCIAL POSITION

	CCY %	Change %	2019 Rm	2018 Rm
Assets				
Cash and balances with central banks	11	(16)	42 228	50 363
Derivative assets	24	20	2 180	1 819
Trading assets	62	54	23 882	15 547
Pledged assets	62	58	10 319	6 544
Financial investments	(13)	(26)	46 470	62 905
Net loans and advances	15	4	197 484	189 507
Gross loans and advances	15	4	204 943	196 945
Gross loans and advances to banks	19	4	64 907	62 339
Gross loans and advances to customers	13	4	140 036	134 606
Loans and advances to PBB customers	15	7	78 005	73 228
Loans and advances to CIB customers	11	1	62 031	61 378
Credit provisions on loans and advances	13	—	(7 459)	(7 438)
Other assets	68	42	14 007	9 847
Property and equipment[1]	60	29	7 430	5 754
Goodwill and other intangible assets	3	(7)	5 473	5 893
Goodwill	—	(1)	2 121	2 144
Other intangible assets	4	(11)	3 352	3 749
Total assets	15	—	349 473	348 179
Equity and liabilities				
Equity	26	11	51 649	46 696
Equity attributable to ordinary shareholders	24	8	41 864	38 690
Equity attributable to non-controlling interest	34	22	9 785	8 006
Liabilities	13	(1)	297 824	301 483
Derivative liabilities	53	47	1 275	866
Trading liabilities	57	47	13 124	8 921
Deposits and debt funding	10	(4)	256 700	267 865
Deposits from banks	35	19	30 696	25 723
Deposits from PBB customers	11	—	92 293	92 284
Deposits from CIB customers	5	(11)	133 711	149 858
Subordinated debt	3	(4)	4 884	5 083
Provisions and other liabilities[1]	31	16	21 841	18 748
Total equity and liabilities	15	—	349 473	348 179

[1] The group has, as permitted by IFRS 16 *Leases*, elected not to restate its comparative financial statements. Comparability will therefore not be achieved as the comparative financial information has been prepared on an IAS 17 *Leases* basis. Refer to pages 108 – 111 for more detail on the adoption of IFRS 16.

STANDARD BANK GROUP

HEADLINE EARNINGS AND NET ASSET VALUE RECONCILIATION BY KEY LEGAL ENTITY

Headline earnings

	Change %	2019 Rm	2018 Rm
SBSA group as consolidated into SBG	4	**16 706**	16 021
Africa Regions legal entities	5	**8 420**	8 025
Standard Bank Wealth International	25	**1 254**	1 005
Other group entities	5	**836**	796
Standard Insurance Limited	(5)	**467**	494
SBG Securities	>100	**199**	76
Standard Advisory London	(36)	**48**	75
Other[1]	(19)	**122**	151
Banking activities	5	**27 216**	25 847
Other banking interests	(>100)	**(864)**	418
ICBC Standard Bank Plc (40% shareholding)	>100	**(1 447)**	(74)
ICBC Argentina (20% shareholding)[2]	18	**583**	492
Liberty	16	**1 855**	1 600
Standard Bank Group	1	**28 207**	27 865

[1] Included are the elimination of gains and losses on deemed IFRS treasury shares relating to client trading activities in SBG securities of R18m (2018: R15m).
[2] In September 2019, ICBC Argentina was reclassified as a non-current asset held for sale and is no longer equity accounted.

Net asset value

	Change %	2019 Rm	2018 Rm
SBSA group	4	**101 177**	97 650
Africa Regions legal entities	8	**41 864**	38 690
Standard Bank Wealth International	25	**6 924**	5 553
Other group entities	28	**5 699**	4 467
Standard Insurance Limited	17	**1 885**	1 618
SBG Securities	14	**1 631**	1 431
Standard Advisory London	1	**621**	613
Other	94	**1 562**	805
Banking activities	6	**155 664**	146 360
Other banking interests	(51)	**3 841**	7 852
ICBC Standard Bank Plc (40% shareholding)	(59)	**2 645**	6 463
ICBC Argentina (20% shareholding)[2]	(14)	**1 196**	1 389
Liberty	8	**11 724**	10 849
Standard Bank Group	4	**171 229**	165 061

OTHER INFORMATION

BASIS OF PREPARATION AND PRESENTATION

The Standard Bank Group Limited's (the group) analysis of financial results, including the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, for the year ended 31 December 2019 (results) are prepared, as a minimum, in accordance with the requirements of the JSE Limited (JSE) Listings Requirements, the requirements of International Financial Reporting Standards (IFRS), where applicable, and its interpretations as adopted by the International Accounting Standards Board, the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the presentation requirements of International Accounting Standards (IAS) 34 Interim Financial Reporting and the requirements of the South African Companies Act, 71 of 2008 applicable to condensed financial statements.

The group's results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. This report is presented in South African Rand, which is the presentation currency of the group, unless indicated otherwise. All amounts are stated in millions of Rand (Rm), unless indicated otherwise.

The group's 2019 financial information has been correctly extracted from the underlying audited consolidated annual financial statements, where applicable, for the year ended 31 December 2019. While this report, in itself, is not audited, the consolidated annual financial statements from which the results are derived were audited by KPMG Inc. and PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The full audit opinion, including any key audit matters, will be available at www.standardbank.com/reporting when the group's full annual financial statements are released during April 2020. Scan the image on the inside back cover of this report to be taken there directly. The audit report does not necessarily report on all the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement and, more specifically, the nature of the information that has been audited, they should obtain a copy of the auditors' report together with the accompanying audited consolidated annual financial statements, both of which are available for inspection at the company's registered office.

The group's reporting suite, including the Standard Bank Group's annual integrated report and annual financial statements will be made available during April 2020. Copies can be requested at the company's registered office or downloaded from the company's website following the announcement in April 2020 on the JSE's Stock Exchange News Service (SENS).

The accounting policies applied in the preparation of this report are in terms of IFRS, including IFRS 16 *Leases* (IFRS 16), which is effective for the group from 1 January 2019, where applicable. These accounting policies are consistent with the accounting policies applied in the preparation of the group's previous consolidated annual financial statements with the exception of changes referred to within these results.

The board of directors (the board) of the group take full responsibility for the preparation of this report. The preparation of the group's results was supervised by the group financial director, Arno Daehnke BSc, MSc, PhD, MBA, AMP. The results were made publicly available on 5 March 2020.

This report contains pro forma constant currency financial information. Refer to the pro forma constant currency section of this report for further detail.

In terms of the JSE's Listings Requirements, the group no longer posts a physical copy of this announcement to its shareholders. Shareholders are reminded that should they wish to make use of the group's electronic communication notification system to receive all shareholder entitled communication electronically as opposed to delivery through physical mail and have not already done so, this option can still be elected by advising the group's transfer secretaries at the following email address ecomms@computershare.co.za or fax to +27 11 688 5248 or contact the call centre on +27 861 100 933. Other related queries can be sent to electroniccommunication@standardbank.co.za.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	2019 Rm	2018 Rm
Net cash flows from operating activities	**23 346**	34 647
Direct taxation paid	**(9 907)**	(10 256)
Other operating activities	**33 253**	44 903
Net cash flows used in investing activities	**(5 105)**	(8 728)
Capital expenditure	**(5 535)**	(9 426)
Other investing activities	**430**	698
Net cash flows used in financing activities	**(15 639)**	(18 335)
Dividends paid[1]	**(18 649)**	(17 701)
Equity transactions with non-controlling interests	**391**	(1 843)
Issuance of other equity instruments[1]	**1 942**	
Issuance of subordinated debt	**7 269**	6 100
Redemption of subordinated debt	**(4 850)**	(4 550)
Principal lease repayments	**(1 734)**	
Other financing activities	**(8)**	(341)
Effect of exchange rate changes on cash and cash equivalents	**(12 459)**	2 251
Net (decrease)/increase in cash and cash equivalents	**(9 857)**	9 835
Cash and cash equivalents at the beginning of the year	**85 145**	75 310
Cash and cash equivalents at the end of the year	**75 288**	85 145
Cash and balances with central banks	**75 288**	85 145

[1] Refer to the other reportable items section of this report for detail on the issued AT1 equity as well as the dividends paid to AT1 equity holders.

ADDITIONAL IAS 34 DISCLOSURE

Right of use assets

as at 31 December 2019

Leased assets	Buildings Rm	Branches Rm	ATM spacing and other Rm	Total Rm
Balance at 1 January 2019	2 001	3 064	329	5 394
Cost	2 001	3 064	329	5 394
Movements	(423)	(730)	(42)	(1 195)
Additions and modifications	575	487	138	1 200
Terminations and/or cancellations	(126)	(148)	(22)	(296)
Depreciation	(727)	(919)	(151)	(1 797)
Exchange and other movements	(145)	(150)	(7)	(302)
Balance at 31 December 2019	1 578	2 334	287	4 199
Cost	2 261	3 199	434	5 894
Accumulated depreciation and impairment	(683)	(865)	(147)	(1 695)

Reconciliation of lease liability

as at 31 December 2019

	Balance at 1 January 2019 Rm	Additions or modifications Rm	Terminations or cancellations Rm	Interest expense[1] Rm	Payments Rm	Exchange and other movements Rm	Balance at 31 December 2019 Rm
Buildings	1 887	437	(44)	130	(667)	(101)	1 642
Branches	2 745	412	(152)	207	(1 288)	207	2 131
ATM spacing and other	322	107	(21)	24	(140)	(10)	282
Total	4 954	956	(217)	361	(2 095)	96	4 055

[1] As at 31 December 2019, R339 million of this interest expense was included in income from banking activities and R22 million was included in operating expenses in investment management and life insurance activities.
[2] These amounts includes the principal lease payments as disclosed in the statements of cash flows of R1 734 million. The remainder represents interest expense paid during the year.

Contingent liabilities and commitments

as at 31 December 2019

	2019 Rm	2018 Rm
Letters of credit and bankers' acceptances	15 104	17 802
Guarantees	79 202	85 576
Contingent liabilities	94 306	103 378
Investment property	601	748
Property and equipment	284	620
Other intangible assets	191	270
Commitments	1 076	1 638

Loan commitments of R73 940 million (2018: R77 253 million) are either irrevocable over the life of the facility or revocable only in response to material adverse changes.

Fair value

Financial instruments

Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the group and, in particular, provides assurance that the risk and return measures that the group has taken are accurate and complete.

Valuation process

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

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

Valuation techniques: Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, through consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals and research information, with appropriate adjustment to reflect the terms of the actual instrument being valued and current market conditions including correlations, prepayment spreads, default rates and loss severity. Changes in these assumptions would affect the reported fair values of these financial instruments.

When possible, such inputs are corroborated by reference to independent data such as quotes, recent transaction prices or suitable proxies.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:
- credit spreads on illiquid issuers
- implied volatilities on thinly traded instruments
- correlation between risk factors
- prepayment rates
- other illiquid risk drivers.

In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:
- using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the group's model validation unit and formally reviewed and approved by the market risk methodologies committee. This control applies to both off-the-shelf models as well as those developed internally by the group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Independent valuation comparisons are also performed and any significant variances noted are appropriately investigated. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to model, are carefully validated and tabled at the monthly price validation forum to ensure that these are reasonable and used consistently across all entities in the group. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed on a monthly basis at the market risk and asset and liability committees.

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

ADDITIONAL IAS 34 DISCLOSURE

Fair value

Accounting classifications and fair values of financial assets and liabilities

The table below categorises the group's assets and liabilities as at 31 December 2019 between that which is financial and non-financial.

All financial assets and liabilities have been classified according to their measurement category as per IFRS 9 with disclosure of the fair value being provided for those items.

	Fair value through profit or loss		
	Held-for-trading Rm	Designated at fair value Rm	Fair value through profit or loss default Rm
Assets			
Cash and balances with central banks			65 650
Derivative assets	71 407		
Trading assets	222 802		
Pledged assets	11 629		11 577
Financial investments		24 028	344 484
Disposal group assets held for sale			261
Loans and advances			161
Policyholders' assets			
Interest in associates and joint ventures			
Investment property			
Other financial assets[3]			
Other non-financial assets			
Total assets	305 838	24 028	422 133
Liabilities			
Derivative liabilities	69 498		
Trading liabilities	83 847		
Deposits and debt funding		5 646	
Policyholders' liabilities[4]		107 891	
Subordinated debt		5 668	
Other financial liabilities[3]		74 985	
Disposal group liabilities held for sale			
Other non-financial liabilities			
Total liabilities	153 345	194 190	

[1] Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
[2] Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities.
[3] The fair value of the other financial assets and liabilities approximates the carrying value due to their short-term nature.
[4] The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not financial instruments as defined.

Fair value through OCI						
Debt instruments Rm	Equity instruments Rm	Total assets and liabilities measured at fair value Rm	Amortised cost[1] Rm	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
		65 650	9 638		75 288	75 289
		71 407			71 407	71 407
		222 802			222 802	222 802
5 509		28 715	662		29 377	29 378
43 763	1 284	413 559	153 760		567 319	567 355
		261		2 338	2 599	261
		161	1 180 906		1 181 067	1 182 663
				7 017	7 017	
				5 423	5 423	
				34 180	34 180	34 180
			19 198		19 198	
				59 912	59 912	
49 272	1 284	802 555	1 364 164	108 870	2 275 589	
		69 498			69 498	69 498
		83 847			83 847	83 847
		5 646	1 420 547		1 426 193	1 426 651
		107 891		216 355	324 246	107 891
		5 668	23 233		28 901	29 263
		74 985	19 492		94 477	
				246	246	
				38 697	38 697	
		347 535	1 463 272	255 298	2 066 105	

ADDITIONAL IAS 34 DISCLOSURE

Fair value

Accounting classifications and fair values of financial assets and liabilities

The table below categorises the group's assets and liabilities as at 31 December 2018 between that which is financial and non-financial.

All financial assets and liabilities have been classified according to their measurement category as per IFRS 9 with disclosure of the fair value being provided for those items.

	Fair value through profit or loss		
	Held-for-trading Rm	Designated at fair value Rm	Fair value through profit or loss default Rm
Assets			
Cash and balances with central banks			76 095
Derivative assets	51 678		
Trading assets	181 112		
Pledged assets	6 266		12 661
Financial investments[5]		19 740	330 304
Disposal group assets held for sale			265
Loans and advances[5]			1 204
Policyholders' assets			
Interest in associates and joint ventures			
Investment property			
Other financial assets[3]			
Other non-financial assets			
Total assets	239 056	19 740	420 529
Liabilities			
Derivative liabilities	55 057		
Trading liabilities	59 947		
Deposits and debt funding		6 439	
Policyholders' liabilities[4]		99 813	
Subordinated debt		5 540	
Other financial liabilities[3]		67 822	
Disposal group liabilities held for sale			
Other non-financial liabilities			
Total liabilities	115 004	179 614	

1 Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
2 Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities.
3 The fair value of the other financial assets and liabilities approximates the carrying value due to their short-term nature. Other financial liabilities of R8 628 million and other financial assets of R1 590 million were erroneously classified as other liabilities and other assets respectively, rather than at Designated at Fair Value and prior year disclosure has been updated. This has no impact on the group's statement of financial position.
4 The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not financial instruments as defined.
5 Restated. Refer to pages 106 – 107 for further details on the restatement.

Fair value through OCI						
Debt instruments Rm	Equity instruments Rm	Total assets and liabilities measured at fair value Rm	Amortised cost[1] Rm	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
		76 095	9 050		85 145	85 145
		51 678			51 678	51 678
		181 112			181 112	181 112
263		19 190	689		19 879	19 863
53 083	1 254	404 381	144 145		548 526	548 578
		265		497	762	265
		1 204	1 119 464		1 120 668	1 123 115
				6 708	6 708	
				10 376	10 376	
				33 326	33 326	33 326
			12 034		12 034	
				57 869	57 869	
53 346	1 254	733 925	1 285 382	108 776	2 128 083	
		55 057			55 057	55 057
		59 947			59 947	59 947
		6 439	1 351 098		1 357 537	1 358 058
		99 813		211 181	310 994	99 813
		5 540	20 819		26 359	25 431
		67 822	11 902		79 724	
				237	237	
				38 044	38 044	
		294 618	1 383 819	249 462	1 927 899	

ADDITIONAL IAS 34 DISCLOSURE

Fair value

Financial assets and liabilities measured at fair value

as at 31 December 2019

Fair value hierarchy

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

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability.

Level 2 – fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices.

Level 3 – fair value is determined through valuation techniques using significant unobservable inputs.

	2019				2018			
Measured on a recurring basis[1]	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Cash and balances with central banks	60 079	5 571		65 650	64 680	11 415		76 095
Derivative assets	143	68 653	2 611	71 407	42	48 227	3 409	51 678
Trading assets	134 506	85 674	2 622	222 802	97 350	81 395	2 367	181 112
Pledged assets	28 612	103		28 715	18 272	918		19 190
Financial investments[2]	216 360	186 535	10 664	413 559	203 695	189 780	10 906	404 381
Disposal group assets held for sale	261			261	265			265
Loans and advances			161	161		1 204		1 204
Total financial assets at fair value	439 961	346 536	16 058	802 555	384 304	332 939	16 682	733 925
Financial liabilities								
Derivative liabilities	42	63 854	5 602	69 498	52	48 854	6 151	55 057
Trading liabilities	45 016	35 632	3 199	83 847	41 753	15 437	2 757	59 947
Deposits and debt funding		5 646		5 646		6 439		6 439
Policyholders' liabilities		107 891		107 891		99 813		99 813
Subordinated debt		5 668		5 668		5 540		5 540
Other financial liabilities		67 692	7 293	74 985		61 636	6 186	67 822
Total financial liabilities at fair value	45 058	286 383	16 094	347 535	41 805	237 719	15 094	294 618

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

[2] Restated. Refer to pages 106 – 107 for further details on the restatement.

Fair value

Financial assets and liabilities measured at fair value

Level 2 and 3 – valuation techniques and inputs		
Item and description	**Valuation technique**	**Main inputs and assumptions**
Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	**For level 2 and 3 fair value hierarchy items:** • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial instrument being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	
Pledged assets Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the SARB, investments in mutual fund investments and unit-linked investments.		
Loans and advances to banks and customers Loans and advances comprise: Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	**For level 2 and 3 fair value hierarchy items:** • discount rate*

ADDITIONAL IAS 34 DISCLOSURE

Fair value disclosures

Financial liabilities measured at fair value

Level 2 and 3 – valuation techniques and inputs continued		
Item and description	**Valuation technique**	**Main inputs and assumptions**
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	**For level 2 and 3 fair value hierarchy items** • discount rate*
Policyholders' assets and liabilities Policyholders' assets and liabilities comprise unit-linked policies and annuity certains.	Unit-linked policies: assets which are linked to the investment contract liabilities are owned by the group. The investment contract obliges the group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined with reference to the fair value of the underlying assets (i.e. amount payable on surrender of the policies). Annuity certains: discounted cash flow models are used to determine the fair value of the stream of future payments.	**For level 2 and 3 fair value hierarchy items** • discount rate* • spot price of underlying
Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities) These are liabilities that arise on the consolidation of mutual funds.	The fair values of third-party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.	**For level 2 and 3 fair value hierarchy items** • discount rate*

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

Fair value disclosures

Financial assets and liabilities measured at fair value

Reconciliation of level 3 financial assets

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

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Total Rm
Balance at 1 January 2018	4 350	5 084	10 586		20 020
IFRS 9 adjustment	(301)		(1 816)		(2 117)
Total (losses)/gains included in profit or loss	(453)	154	1 329		1 030
Other revenue			506		506
Trading revenue	(453)	154			(299)
Investment gains			823		823
Total losses included in OCI			(19)		(19)
Issuances and purchases	800	504	448		1 752
Sales and settlements	(1 465)	(3 375)	(276)		(5 116)
Transfers into level 3[1]	418		5		423
Transfers out of level 3[2]	(83)		(312)		(395)
Reclassification			831		831
Exchange differences	143		130		273
Balance at 31 December 2018	3 409	2 367	10 906		16 682
Balance at 1 January 2019	**3 409**	**2 367**	**10 906**		**16 682**
Total (losses)/gains included in profit or loss	**261**	**401**	**(643)**	**(19)**	
Trading revenue	**261**	**401**			**662**
Other revenue			**(97)**	**(19)**	**(116)**
Investment losses			**(546)**		**(546)**
Total gains included in OCI			**86**		**86**
Issuances and purchases	**1 921**	**969**	**2 182**	**330**	**5 402**
Sales and settlements	**(2 705)**	**(1 115)**	**(2 089)**	**(150)**	**(6 059)**
Transfers into level [3.1]	**56**				**56**
Transfers out of level [3.2]	**(304)**				**(304)**
Exchange differences	**(27)**		**222**		**195**
Balance at 31 December 2019	**2 611**	**2 622**	**10 664**	**161**	**16 058**

[1] Transfers of financial assets between levels of the fair value hierarchy are deemed to have occurred during the reporting year. During the year, the valuation inputs of certain financial assets became unobservable. The fair value of these assets was transferred to level 3.
[2] During the year, the valuation inputs of certain level 3 financial assets became observable. The fair value of these financial assets was transferred into level 2.

Level 3 financial assets

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

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Total Rm
2019					
Non-interest revenue	**802**	**364**	**(15)**	**(19)**	**1 132**
Income from investment management and life insurance activities			**(504)**		**(504)**
Total	**802**	**364**	**(519)**	**(19)**	**628**
2018					
Non-interest revenue[1]	(456)	159	34		(263)
Income from investment management and life insurance activities[1]			370		370
Total	(456)	159	404		107

[1] Amount for Income from investment management and life insurance activities was erroneously included in non-interest revenue, this change did not have an impact on the income statement.

ADDITIONAL IAS 34 DISCLOSURE

NOTES

Fair value disclosures

Financial assets and liabilities measured at fair value

Reconciliation of level 3 financial liabilities

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

	Derivative liabilities Rm	Trading liabilities Rm	Other financial liabilities Rm	Total Rm
Balance at 1 January 2018	5 406	3 039	1 229	9 674
Total losses included in profit or loss - non-interest revenue	1 465	102	329	1 896
Issuances and purchases		738	4 628	5 366
Sales and settlements	(789)	(195)		(984)
Transfers out of level 3[1]	(34)	(1 112)		(1 146)
Transfers into level 3[2]	103	185		288
Balance at 31 December 2018	6 151	2 757	6 186	15 094
Balance at 1 January 2019	**6 151**	**2 757**	**6 186**	**15 094**
Total (gains)/losses included in profit or loss - non-interest revenue	**256**	**(265)**	**(18)**	**(27)**
Issuances and purchases	**347**	**1 050**	**1 125**	**2 522**
Sales and settlements	**(959)**	**(458)**		**(1 417)**
Transfers out of level 3[1]	**(212)**			**(212)**
Transfers into level 3[2]	**19**	**115**		**134**
Balance at 31 December 2019	**5 602**	**3 199**	**7 293**	**16 094**

[1] Transfers of financial liabilities between the levels of the fair value hierarchy are deemed to have occurred at the end of the reporting year. During the year, the valuation inputs of certain level 3 financial liabilities became observable. The fair value of these financial liabilities was transferred into level 2.

[2] During the year, the valuation inputs of certain financial liabilities became unobservable. The fair value of these liabilities was transferred into level 3.

Level 3 financial liabilities

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

	Derivative liabilities Rm	Trading liabilities Rm	Other financial liabilities Rm	Total Rm
2019				
Non-interest revenue	**253**	**(264)**	**(18)**	**(29)**
2018				
Non-interest revenue	1 568	101	329	1 998

Fair value disclosures

Financial assets and liabilities measured at fair value

Sensitivity and interrelationships of inputs

The behaviour of the unobservable parameters used to fair value level 3 assets and liabilities is not necessarily independent, and may often hold a relationship with other observable and unobservable market parameters. Where material and possible, such relationships are captured in the valuation by way of correlation factors, though these factors are, themselves, frequently unobservable. In such instances, the range of possible and reasonable fair value estimates is taken into account when determining appropriate model adjustments.

The table that follows indicates the sensitivity of valuation techniques used in the determination of the fair value of the level 3 assets and liabilities measured and disclosed at fair value. The table further indicates the effect that a significant change in one or more of the inputs to a reasonably possible alternative assumption would have on profit or loss at the reporting date (where the change in the unobservable input would change the fair value of the asset or liability significantly). The interrelationship between these significant unobservable inputs (which mainly include discount rates, spot prices of the underlying, correlation factors, volatilities, dividend yields, earning yields and valuation multiples) and the fair value measurement could be favourable/(unfavourable), if these inputs were higher (lower). The changes in the inputs that have been used in the analysis have been determined taking into account several considerations such as the nature of the asset or liability and the market within which the asset or liability is transacted.

The changes in the inputs that have been used in the analysis have been determined taking into account several considerations such as the nature of the asset or liability and the market within which the asset or liability is transacted. Stress tests have been conducted by only flexing/stressing a major significant unobservable input of risk factor (i.e. assumes that all risks are mutually exclusive).

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

	Change in significant unobservable input	Effect on profit or loss Favourable Rm	Effect on profit or loss (Unfavourable) Rm
2019			
Derivative instruments	**From (1%) to 1%**	**295**	**(295)**
Trading assets	**From (1%) to 1%**	**445**	**(378)**
Financial investments	**From (1%) to 1%**	**65**	**(65)**
Trading liabilities	**From (1%) to 1%**	**29**	**(29)**
Total		**834**	**(767)**
2018			
Derivative instruments	From (1%) to 1%	309	(315)
Trading assets	From (1%) to 1%	59	(58)
Financial investments	From (1%) to 1%	94	(94)
Trading liabilities	From (1%) to 1%	68	(68)
Total		530	(535)

As at 31 December 2019, a 1% change of the significant unobservable inputs relating to the measurement of an equity investment resulted in a R125 million unfavourable effect recognised in OCI (2018: R145 million favourable).

Day one profit or loss

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

	Derivative instruments Rm	Trading assets Rm	Total Rm
Unrecognised net profit at 1 January 2018	160	642	802
Additional net profit on new transactions during the year	299	339	638
Recognised in trading revenue during the year	(307)	(136)	(443)
Exchange differences	24		24
Unrecognised net profit at 31 December 2018	176	845	1 021
Unrecognised net profit at 1 January 2019	**176**	**845**	**1 021**
Additional net profit on new transactions during the year	**387**	**233**	**620**
Recognised in trading revenue during the year	**(315)**	**(178)**	**(493)**
Exchange differences	**(7)**		**(7)**
Unrecognised net profit at 31 December 2019	**241**	**900**	**1 141**

ADDITIONAL IAS 34 DISCLOSURE

Consolidated reconciliation of profit for the year to group headline earnings

	2019 Rm	2018 Rm
Profit for the year	**25 443**	27 453
Headline adjustable items added/(reversed)	**2 890**	641
IAS 16 – Loss/(gain) on sale of properties and equipment	**94**	(15)
IAS 27/IAS 28 – Gains on disposal of businesses		(47)
IAS 28/IAS 36 – Impairment of associate	**2 418**	5
IAS 36 – Impairment of intangible assets	**234**	449
IFRS 5 – Impairment of disposal group assets held for sale	**321**	249
IAS 40 – Realised (gains)/losses on investment property	**(188)**	
IAS 36 – Goodwill Impairment	**11**	
Taxation on headline earnings adjustable items	**15**	(122)
Non-controlling interests' share of headline earnings adjustable items	**(141)**	(107)
Standard Bank Group headline earnings	**28 207**	27 865
Headline earnings per ordinary share (cents)		
Headline earnings per ordinary share	**1 766.7**	1 748.4
Diluted headline earnings per ordinary share	**1 756.9**	1 730.9

Private equity associates and joint ventures

as at 31 December 2019

The following table provides disclosure of those private equity associates and joint ventures that are equity accounted in terms of IAS 28 *Investments in Associates and Joint Ventures* and have been ring fenced in terms of the requirements of the circular titled *Headline Earnings* issued by SAICA, and amended from time to time. On the disposal of these associates and joint ventures held by the group's private equity division, the gain or loss on the disposal will be included in headline earnings.

	2019 Rm	2018 Rm
Cost	**48**	48
Carrying value	**551**	619
Fair value	**551**	619
Attributable income before impairment	**2**	93

Related party balances and transactions

Tutuwa related parties

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

Since the end of the lock-in period, Tutuwa beneficiaries have been able to exit the scheme and this has seen a progressive reduction in the value of the group's investment in these preference shares. All remaining preference shares in the Tutuwa entities were redeemed prior to the final redemption date of 4 October 2019.

There are no shares in issue that is financed by the group as at 31 December 2019 (2018: 2 985 513). The weighted number of these shares for the year ended 31 December 2019 equated to 2 049 551 shares (2018: 4 178 422).

Post-employment benefit plans

The group manages R7 774 million (2018: R8 754 million) of the group's post-employment benefit plans' assets. Other significant balances between the group and the group's post-employment benefit plans are listed below:

	2019 Rm	2018 Rm
Investments held in bonds and money market instruments	**833**	778
Value of ordinary group shares held	**2 708**	2 969

Related party balances and transactions

Balances and transactions with ICBCS

The following significant balances and transactions were entered into between the group and ICBCS, an associate of the group.

Amounts included in the group's statement of financial position	2019 Rm	2018 Rm
Derivative assets	4 227	905
Trading assets	10	9
Loans and advances	11 394	28 726
Other assets	392	245
Derivative liabilities	(2 573)	(3 260)
Trading liabilities		(2 933)
Deposits and debt funding	(2 184)	(282)
Other liabilities	(1 595)	(437)

Services

The group entered into certain transitional service level arrangements with ICBCS in order to manage the orderly separation of ICBCS from the group post the sale of 60% of Standard Bank Plc (SB Plc). In terms of these arrangements, services are delivered to and received from ICBCS for the account of each respective party. As at 31 December 2019 the expense recognised in respect of these arrangements amounted to R496 million (2018: R229 million).

Balances and transactions with the Industrial and Commercial Bank of China Limited (ICBC)

The group, in the ordinary course of business, receives term funding from, and provides loans and advances to, ICBC for strategic purposes. These monies are renegotiated and settled on an ongoing basis on market-related terms. The following balances and transactions were entered into between the group and ICBC, a 20.1% shareholder of the group, excluding those with ICBCS.

Amounts included in the group's statement of financial position	2019 Rm	2018 Rm
Loans and advances	14 569	15 539
Other assets[1]	433	345
Deposits and debt funding	(789)	(3 724)

[1] The group recognised losses in respect of certain commodity reverse repurchase agreements with third parties prior to the date of conclusion of the sale and purchase agreement, relating to SB Plc (now ICBCS) with ICBC. As a consequence of the sale and purchase agreement, the group holds the right to 60% of insurance and other recoveries, net of costs, relating to claims for those recognised losses prior to the date of conclusion of the transaction. Settlement of these amounts will occur based on audited information on pre-agreed anniversaries of the completion of the transaction and the full and final settlement of all claims in respect of losses incurred. As at 31 December 2019, a balance of USD26.7 million (R374 million) is receivable from ICBC in respect of this arrangement (2018: USD24.0 million; R345 million).

The group has off-balance sheet letters of credit exposure issued to ICBC as at 31 December 2019 of R3 573 million (2018: R1 952 million). The group received R91 million in fee and commission revenue relating to these transactions (2018: R63 million).

Mutual funds

The group invests in various mutual funds that are managed by Liberty. Where the group has assessed that it has control (as defined by IFRS) over these mutual funds, it accounts for these mutual funds as subsidiaries. Where the group has assessed that it does not have control over these mutual funds, but has significant influence, it accounts for them as associates.

The following significant balances and transactions were entered into between the group and the mutual funds which the group does not control:

Amounts included in the group's statement of financial position and income statement	2019 Rm	2018 Rm
Trading liabilities	(86)	(592)
Deposits and debt funding	(22 519)	(24 896)
Trading losses	(17)	(26)
Interest expense	(1 270)	(2 689)

CHANGES IN ACCOUNTING POLICIES AND RESTATEMENTS

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

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

- IFRS 9 *Financial Instruments (amendment)* (IFRS 9), the amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is required to be applied retrospectively.
- IAS 19 *Employee Benefits (amendments)* (IAS 19), the amendments require a company to use the updated assumptions when a change to a plan either an amendment, curtailment or settlement, takes place to determine current service cost and net interest for the remainder of the reporting year after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements. The amendment will be applied retrospectively.
- IAS 28 *Interest in Associates and Joint Ventures (amendment)* (IAS 28), this amendment clarifies that an entity should apply IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture only when the equity method is not applied. The amendments will be applied retrospectively.
- IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23), this interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. This interpretation addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The IFRIC will be applied retrospectively only if possible without the use of hindsight.
- Annual improvements 2015-2017 cycle, the IASB has issued various amendments and clarifications to existing IFRS.
- SAICA Headline Earnings Circular (Circular 1/2019), the changes relate to amendments to IFRS, specifically IFRS 16.

Early adoption of revised standards:

- IAS 1 *Presentation of Financial Statements* (IAS 1) and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8), the amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. The amendments ensure that the definition of material is consistent across all IFRS Standards. The amendments will be applied prospectively.

The adoption of new and amended standards on 1 January 2019 did not affect the group's previously reported financial results, disclosures or accounting policies and did not impact the group's results upon transition.

IFRS 16 *Leases* (IFRS 16) with effect from 1 January 2019, replaced IAS 17 *Leases* as well as the related interpretations. IFRS 16 introduced a single lease accounting model for lessees which impacted the group's results upon transition and materially impacted the group's accounting policies for lessees, refer to the IFRS 16 *Leases* section of this report for more detail on IFRS 16 transition.

Restatements

Correction of prior year income statement presentation error

In terms of the group's accounting policy trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends. The group determined that certain other gains/losses were erroneously presented within trading revenue. Therefore, during 2019, the group restated trading revenue to exclude these gains and losses as it does not comprise gains and losses (including related interest income, expense and dividends) from changes in the fair value of trading assets and liabilities. These gains and losses have been presented within other revenue as it is more representative of the nature of the gains and losses and better aligns to the group's gains and losses presentation policy. This correction has no impact on the group's condensed consolidated income statement, total income, profit for the year and earnings per share. The impact on the non-interest revenue disclosure is as follows:

	2018		
	As previously presented income/ (expense) Rm	Restatement Rm	Restated income/ (expense) Rm
Trading revenue	11 129	(330)	10 799
Other revenue	3 533	330	3 863

Correction of the classification of investment in unit trust and portfolio managed funds

During 2019, it was identified that upon transition to IFRS 9 certain investments in unit trusts and portfolio managed funds were incorrectly classified as loans and advances, instead of financial investments per the group IFRS 9 presentation guidance. As a result, these assets were incorrectly classified as amortised cost instruments, rather than fair value through profit and loss due to the IFRS 9 contractual cash flow test not being met. However, the carrying amount of these assets approximate their fair values and accordingly did not impact the group's total assets, profit for the year or credit impairment charges. The below restatement did not impact the group's condensed consolidated statement of cash flows. Therefore, the correction of this error amounts to a reclassification between statement of financial position and income statement line items as indicated below:

	1 January 2018[1]			2018		
	As previously presented debit/(credit) Rm	Restatement debit/(credit) Rm	Restated debit/(credit) Rm	As previously presented debit/(credit) Rm	Restatement debit/(credit) Rm	Restated debit/(credit) Rm
Statement of financial position						
Financial investments	533 074	1 550	534 624	547 405	1 121	548 526
Loans and advances	1 040 105	(1 550)	1 038 555	1 120 668	(1 121)	1 119 547
Income statement						
Net interest income				(59 622)	117	(59 505)
Other gains and losses on financial instruments				(672)	(117)	(789)

[1] Amounts consist of 31 December 2017 as reported, adjusted for IFRS 9 transition amounts. Refer to the group's transition report for further information relating to the transition to IFRS 9.

Reclassification of inter group balances in Standard Bank of South Africa

During 2019, the group and company reviewed the presentation of the statement of financial position. It was identified that the international banking sector disclosures do not aggregate balances with group companies and report them separately on the statement of financial position but rather reports these intergroup exposures together with third-party exposures. During the year, these line items have been reclassified into the underlying asset and liability line items to provide a fairer representation of the group and company's statement of financial position as a separate group and legal entity. This revised view is also in alignment with the group and company's regulatory reporting requirements. The restatement on the group's 31 December 2018 statement of financial positions impacts the following:

	Group 2018			Company 2018		
	As previously presented Rm	Restatement Rm	Restated Rm	As previously presented Rm	Restatement Rm	Restated Rm
Assets						
Derivative assets	46 707	3 764	50 471	46 707	3 764	50 471
Trading assets	153 894	7 436	161 330	153 590	7 436	161 026
Financial investments	105 438		105 438	105 438	894	106 332
Loans and advances	931 659	34 676	966 335	919 380	45 311	964 691
Other assets	7 668	5 403	13 071	7 480	5 499	12 979
Interest in SBG companies, associates and joint ventures - banking activities	52 296	(51 279)	1 017	64 424	(62 904)	1 520
Total restated assets	1 297 662		1 297 662	1 297 019		1 297 019
Liabilities						
Derivative liabilities	49 546	2 202	51 748	49 546	2 202	51 748
Trading liabilities	29 704	29 163	58 867	29 698	29 163	58 861
Deposits and debt funding	1 012 246	96 553	1 108 799	1 011 763	100 456	1 112 219
Liabilities to SBG companies	135 301	(135 301)		139 370	(139 370)	
Subordinated debt	13 793	5 057	18 850	13 793	5 057	18 850
Provisions and other liabilities	18 472	2 326	20 798	17 751	2 492	20 243
Total restated liabilities	1 259 062		1 259 062	1 261 921		1 261 921

IFRS 16 *LEASES*

Background

With effect from 1 January 2019, IFRS 16 replaced IAS 17 as well as the related interpretations. The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet. The most significant change pertaining to the accounting treatment for operating leases is from the lessees' perspective. IFRS 16 eliminates the classification of leases for lessees as either operating or finance leases, and as was required by IAS 17, and introduces a single lessee accounting model, where a right of use (ROU) asset together with a lease liability for the future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 did not introduce significant changes for lessors, as a result the accounting policies applicable to the group as a lessor are not different from those under IAS 17.

Adoption and transition

The group and company retrospectively adopted IFRS 16 on 1 January 2019 with an adjustment to the group and company's opening 1 January 2019 reserves and, as permitted by IFRS 16, did not restate its comparative financial results. Accordingly, the group and company's previously reported financial results up to 31 December 2018 are presented in accordance with the requirements of IAS 17 and for 2019, and future reporting years, are presented in terms of IFRS 16.

On adoption of IFRS 16, the group and company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. This incremental borrowing rate was calculated for each legal entity in the group utilising the internal funding rate of each entity.

Right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Practical expedients applied

In applying IFRS 16 for the first time, the group and company used the following practical expedients permitted by IFRS 16:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases provided there was no option to extend the term
- the exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group and company have also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the group and company relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

The groups leasing activities and how these are accounted for

The group and company lease various offices, branch space and ATM space. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, all existing operating leases, which were either not less than 12 months or not deemed a low value asset, were recognised as a right of use asset and a corresponding lease liability.

Extension and termination options

Extension and termination options are included in a number of building and branch space leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

IFRS 16 key financial impacts

The single lessee accounting model which comprises IFRS 16's most material impact for the group results in an increase of R4 886 million in total assets, R4 696 million increase in total liabilities and an increase in reserves of R190 million due to the release of the IAS 17 straight-line lease liability provision. The total undiscounted operating lease commitments as at 31 December 2018 amount to R7 271 million, the lease liability as at 1 January 2019 amounted to R4 954 million, this difference primarily relates to discounting the operating lease commitments balance at the group's weighted average incremental borrowing rate which ranges from 2% to 15%, due to the multiple jurisdictions the group operates within.

Table 1: Impact on the group's summarised statement of financial position on 1 January 2019

	31 December 2018 Rm	IFRS 16 transition adjustment at 1 January 2019 Rm	1 January 2019 Rm
Assets			
Property, equipment and right of use asset	19 194	5 394	24 588
Other financial and non-financial assets[1]	2 107 768	(508)	2 107 260
Total assets	2 126 962	4 886	2 131 848
Equity and liabilities			
Equity	199 063	190	199 253
Equity attributable to ordinary shareholders	165 061	190	165 251
Equity attributable to other equity holders	9 047		9 047
Equity attributable to non-controlling interests	24 955		24 955
Liabilities[2]	1 927 899	4 696	1 932 595
Total equity and liabilities	2 126 962	4 886	2 131 848

[1] Materially relates to the derecognition of the IAS 17 prepaid lease asset.
[2] Materially relates to the recognition of lease liabilities of R4 954 million and the release of the IAS 17 straight-line lease provision.

Table 2: Impact on the group's summarised statement of changes in equity on 1 January 2019

	31 December 2018 Rm	IFRS 16 transition adjustment at 1 January 2019 Rm	1 January 2019 Rm
Ordinary share capital and share premium	17 860		17 860
Retained earnings	149 118	190	149 308
Other	(1 917)		(1 917)
Total ordinary shareholders' equity	165 061	190	165 251
Other equity instruments	9 047		9 047
Non-controlling interests	24 955		24 955
Total equity	199 063	190	199 253

IFRS 16 *LEASES*

IFRS 16 significant accounting policies

Type and description	Statement of financial position	Income statement
IFRS 16 – Lessee accounting policies		
Single lessee accounting model All leases are accounted for by recognising a right of use asset and a lease liability except for: • leases of low value assets; and • leases with a duration of 12 months or less.	**Lease liabilities** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. The group's internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the years to which they relate. On initial recognition, the carrying value of the lease liability also includes: • Amounts expected to be payable under any residual value guarantee; • The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised; • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.	**Interest expense on lease liabilities** A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period.
	Right of use assets Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. The group applies the cost model subsequent to the initial measurement of the right of use assets.	**Depreciation on right of use assets** Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses.
	Termination of leases When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.	**Termination of leases** On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.

Type and description	Statement of financial position	Income statement
IFRS 16 – Lessee accounting policies		
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised as an asset or liability.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the year in which termination takes place.
Reassessment and modification of leases	**Reassessment of lease terms and lease modifications that are not accounted for as a separate lease** When the group reassesses the terms of any lease (i.e. it reassesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss. For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right of use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.	
	Lease modifications that are accounted for as a separate lease When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the group elected the short-term lease exemption and the lease term is subsequently modified.	
IFRS 16 – Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

OTHER REPORTABLE ITEMS

Additional tier 1 capital

The group issued Basel III compliant AT1 capital bonds that qualify as Tier 1 capital during the year to the value of R1 942 million (2018: Rnil). During the year, coupons to the value of R636 million (2018: R447 million) were paid to AT1 capital bond holders. Current tax of R178 million (2018: R125 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R458 million (2018: R322 million). The AT1 capital bonds have been recognised within other equity instruments in the statement of financial position.

Change in group directorate

The following changes in directorate took place during the 2019 reporting year and up to 4 March 2020:

Appointments		
MA Erasmus	As non-executive director	12 July 2019
BP Mabelane	As non-executive director	1 January 2020
NMC Nyembezi	As non-executive director	1 January 2020
Resignations		
Dr H Hu	As joint deputy chairman	24 February 2020

Equity securities

During the year, the group allotted 1 195 330 shares (2018: 1 729 572 shares) in terms of the group's share incentive schemes and repurchased no shares (2018: 2 483 523 shares). The equity securities held as treasury shares at the end of the year was a long position of 25 637 095 shares with no short positions (2018: long position of 25 310 447 shares with no short positions). These treasury shares exclude group shares that are held by certain structured entities (SEs) relating to the group's Tutuwa initiative (refer to the related party balances and transactions note for more detail) since those SEs hold the voting rights on such shares and are accordingly not treasury shares as defined by the JSE Listings Requirements.

Legal proceedings

In the ordinary course of business, the group is involved as a defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being 'likely to succeed and material' or 'unlikely to succeed but material should they succeed'. The group is also the defendant in some legal cases for which the group is fully indemnified by external third parties, none of which are individually material. Management is accordingly satisfied that the legal proceedings currently pending against the group should not have a material adverse effect on the group's consolidated financial position and the directors are satisfied that the group has adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions in place to meet claims that may succeed.

Competition Commission - trading of foreign currency

On 15 February 2017, South Africa's Competition Commission lodged five complaints with the Competition Tribunal against 18 institutions, including one against The Standard Bank of South Africa Limited (SBSA) and two against a former subsidiary of the group, Standard New York Securities Inc (SNYS), in which it alleges unlawful collusion between those institutions in the trading of USD/ZAR. The group has, with the help of external counsel, conducted its own internal investigations and found no evidence that supports the complaints. Both SBSA and SNYS, together with 12 of the other respondents, applied for dismissal of the complaint referral on various legal grounds. These applications were heard in July 2018. The complaint against SNYS was dismissed on the grounds that South Africa's competition regulators lack jurisdiction over it. In the case of SBSA the Competition Commission was directed to file an amended complaint containing sufficient facts to evidence the collusion alleged within 40 business days of the ruling or risk dismissal of the complaint. The allegations against SBSA are confined to USD/ZAR trading activities within SBSA and do not relate to the conduct of the group more broadly. A number of respondents have filed an appeal to the ruling raising various grounds, which will impact on the 40 business day deadline imposed on the Competition Commission for the filing of the amended complaint against SBSA. The Competition Tribunal issued a directive on 24 July 2019 to all parties. Pursuant to two appeals filed by the Competition Commission against judgements handed down by the Competition Appeal Court in favour of The Standard Bank of South Africa Limited, on 20 February 2020 the Constitutional Court, by a majority of five to four judges, ordered that (a) the Competition Commission need not disclose its record of investigation into alleged collusion in foreign exchange markets until after both SBSA has filed its written defence to the complaint against it and the Competition Tribunal has directed that all parties make discovery of relevant documents, and (b) the Competition Appeal Court erred in not deciding if it had the requisite jurisdiction before ordering the Competition Commission to lodge its record of decision in SBSA's application to have the Competition Commission's decision to initiate a complaint of collusion against SBSA reviewed and set aside, and remitted that issue of jurisdiction back to the Competition Appeal Court for determination.

Indemnities granted following disposal of SB Plc

Under the terms of the disposal of Standard Bank Plc on 1 February 2015, the group provided ICBC with certain indemnities to be paid in cash to ICBC or, at ICBC's direction, to any Standard Bank Plc (now ICBCS) group company, a sum equal to the amount of losses suffered or incurred by ICBC arising from certain circumstances. Where an indemnity payment is required to be made by the group to the ICBCS group, such payment would be grossed up from ICBC's shareholding at the time in ICBCS to 100%. These payments may, *inter alia*, arise as a result of an enforcement action, the cause of which occurred prior to the date of disposal. Enforcement actions include actions taken by regulatory or governmental authorities to enforce the relevant laws in any jurisdiction. While there have been no material claims relating to these indemnification provisions during 2019, the indemnities provided are uncapped and of unlimited duration as they reflect that the pre-completion regulatory risks attaching to the disposed-of business remain with the group post completion.

Listing of SBN Holdings Limited

In Namibia, the group successfully completed the listing of its Namibian bank holding company, SBN Holdings Limited (SBNH) on the Namibian Stock Exchange (NSX) on 15 November 2019. As part of the public offer, SBNH raised equity of R200 million through an issue of ordinary shares, while Standard Bank Group Limited (SBGL) sold a portion of its stake in SBNH for a sale consideration of R522 million.

SBGL's legal shareholding in SBNH prior to the listing was 90%, but due to the degree of control SBGL retained over the shares of the empowerment structure, SBNH was consolidated at 100%, with the group accounting for the total SBNH earnings up until the listing. Post the listing, SBGL's legal shareholding in SBNH reduced from 90% to 74.9% and the empowerment structure's legal shareholding was diluted from 10% to 9.6% by the issue of ordinary shares. From the date of listing to 31 December 2019, SBNH remains consolidated, but with 84.5% of SBNH earnings attributable to ordinary shareholders and the remaining 15.5% of SBNH earnings attributable to non-controlling shareholders. The group recognised an increase in NCI of R617 million and a decrease in retained earnings and equity attributable to ordinary shareholders of R105 million due to the changes in the group's ownership interest in SBNH.

Other banking interests

Industrial and Commercial Bank of China (Argentina) S.A. (ICBCA)

In November 2012, the group completed the disposal of a controlling interest in each of Industrial and Commercial Bank of China (Argentina) S.A. (previously Standard Bank Argentina S.A.), ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión (previously Standard Investments S.A. Sociedad Gerente de Fondos Comunes de Inversión) and Inversora Diagonal S.A. (collectively ICBCA) to ICBC.

The group retained a 20% shareholding in ICBCA, held by Standard Bank Group's wholly owned subsidiary, Standard Bank London Holdings Limited. This residual investment was classified as an investment in associate and accounted for using the equity accounting method in terms of IAS 28 Investments in Associates and Joint Ventures (IAS 28).

In the ICBCA shareholders' agreement, Industrial and Commercial Bank of China (ICBC) granted a put option to the group under which the group was given the right to sell its remaining shareholding in ICBCA to ICBC, by giving notice at any time between 1 December 2014 and 30 November 2019. The strike price of the put option is fixed at USD181 million. Having taken the independent advice required under the JSE listings requirements, on 8 August 2019, the group exercised the put option and gave the required notice to ICBC. The transaction is subject to conditions precedent customary to transactions of this nature, including regulatory approvals in China. The completion date in respect of the transaction is anticipated to be in the first half of 2020. The group would seek to reinvest net proceeds received at completion of the transaction to support its African strategy.

Based on the above, the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (IFRS 5), were met and equity accounting of this investment was ceased at the end of August 2019. Therefore, as at 31 December 2019, the investment in ICBCA has been disclosed as non-current assets held for sale and presented separately on the statement of financial position. The investment in ICBCA is measured at the lower of the carrying amount and fair value less costs to sell, being R1 196 million at 31 December 2019. The investment in ICBCA was not impaired at date of classification as held for sale, nor at year end.

ICBC Standard Bank Plc (ICBCS)

ICBCS, in which the group is a 40% shareholder, incurred a loss of USD248 million for the 2019 financial year, which includes losses and provisions relating to a single client loss, refer below for detail, of USD198 million and restructuring costs of USD30 million following the closure of certain regional offices and management actions to reduce operational costs.

The single client loss arose as a result of an explosion at the client's oil refinery and its subsequent bankruptcy in July 2019. This single client loss includes estimates of the prices that will be achieved on disposal of remaining inventory owned by ICBCS and any other costs that ICBCS will incur in extracting its remaining inventory from the oil refinery site and in terminating the transaction. Given the nature of these estimates, there is potential variability in the actual sale prices that will be achieved and additional costs that will be incurred. ICBCS is pursuing recovery of its losses by exercise of security rights and claims against the client's bankruptcy estate, including any recoveries under insurance policies maintained by the client in respect of its business and operations. Various other parties, including the client's term lenders, are seeking to recover losses they have incurred as a result of this incident from the client's bankruptcy estate. As a result, the timing and extent of any recovery of losses incurred by ICBCS on its inventory intermediation activities in 2019 remain uncertain and consequently no significant amount has been recognised at 31 December 2019.

Following a review of ICBCS's business model, the ICBCS board has taken actions to reduce costs and simplify ICBCS's business model and will focus on driving efficiencies through working more closely with ICBC. As at 31 December 2019, having issued AT1 capital to ICBC, ICBCS was sufficiently capitalised to meet its regulatory requirements and to support the business levels indicated in its business plan.

Given the significant losses suffered by ICBCS and the deterioration of market conditions, the group reviewed the recoverable amount of the associate investment at 30 September 2019. At that time, the group took into consideration available information, applying a value in use (VIU) approach in determining value. Following this review, the value of the group's carrying value in ICBCS was impaired from USD383 million to USD220 million with an impairment of R2.4 billion recognised in earnings attributable to ordinary shareholders.

OTHER REPORTABLE ITEMS

At 31 December 2019, after further losses recorded by ICBCS in the fourth quarter of 2019, including restructuring provisions, the group's 40% associate investment in ICBCS was carried at USD189 million (R2.6 billion).

The group has assessed the recoverable amount of its investment in ICBCS at 31 December 2019, consistent with the approach used at 30 September 2019, the group adopted a VIU approach to determine the recoverable amount utilising the latest available information at year end. Cash flow projections were based on future cash flows the group could derive from the investment, taking into consideration various scenarios. In addition, an appropriate discount rate of 9.8%, which reflects current market assessments of the time value of money and risks specific to ICBCS, was applied. Key inputs to the VIU include ICBCS management's most recent business plan projections. The VIU reflects the present value of the expected future cash flows and is based on the weighted average of potential business outcomes.

Based on the outcome of this analysis and the value derived, we conclude that the recoverable amount approximates carrying value and therefore no further impairment was recognised by the group at 31 December 2019. The group will continue to engage and work with ICBC and ICBCS to enable the business to generate acceptable returns.

Stanbic Bank Zimbabwe

The only legal exchange mechanism that Stanbic Bank Zimbabwe (SBZ) had access to in the financial period since the change in functional currency from United States dollar (USD) to Zimbabwean dollar (ZWL), on 1 October 2018, ZWL was the official exchange mechanism. This led to SBZ concluding that the appropriate exchange rate to use at the date of the change in functional currency and subsequent to the change in functional currency up until the end of the 2018 reporting period was the official rate of 1:1.

The Reserve Bank of Zimbabwe (RBZ) implemented certain key monetary policy measures during February 2019. The most significant change was the establishment of a new foreign exchange interbank market and this interbank market will complement the existing official foreign exchange mechanism with the RBZ. The establishment of this interbank market has created an additional legal exchange mechanism whereby the bank is able to trade RTGS dollars (official currency). The starting rate of trade in this interbank market was 2.5 RTGS:USD. As at 31 December 2019, the rate deteriorated to 16.54 RTGS:USD from 1 RTGS:USD as at 31 December 2018, which resulted in a foreign currency translation reserve (FCTR) loss of R2.5 billion for the group, after the hyperinflation adjustment translation adjustment per IAS 21 The effects of changes in foreign exchange rates (IAS 21) .

During 2019, the Zimbabwe year-on-year monthly inflation rate increased from 42% at the end of December 2018 to 521% at the end of December 2019. Therefore, SBZ is considered to be hyperinflationary as at 31 December 2019 and the results for SBZ were adjusted in accordance with IAS 29 Financial reporting in hyperinflationary economies. This resulted in the group's profit attributable to ordinary shareholders for the period ended 31 December 2019 decreasing by R82 million and an increase in retained earnings of R730 million.

Subordinated debt

During the year, the group issued R6.6 billion (2018: R5.0 billion) Basel lll compliant bonds that qualify as tier 2 capital. The capital notes constitute direct, unsecured and subordinated obligations. The notes may be redeemed prior to their respective maturity dates at the option of the issuer and subject to regulatory approval, after a minimum period of five years.

The terms of the Basel III compliant tier 2 capital bonds include a regulatory requirement which provides for the write-off, in whole or in part, on the earlier of a decision by the relevant regulator, the Prudential Authority, that a write-off without which the issuer would have become non-viable is necessary, or a decision to make a public sector injection of capital or equivalent support, without which the issuer would have become non-viable.

The group redeemed R4.8 billion Basel III and Basel II compliant tier 2 notes that were eligible for redemption during the year (2018: R3.5 billion Basel II compliant notes were eligible for redemption and were redeemed).

During the year, the group did not issue any subordinated debt instruments that qualify as regulatory insurance capital (2018: R1.0 billion) and there were no subordinated debt instruments that qualify as regulatory insurance capital redeemed (2018: R1.0 billion).

Post balance sheet event

With effect from 1 January 2020, the restrictions on the allocated shares held within the empowerment structure expired and SBGL no longer retains control over those shares. Accordingly, while SBGL continues to consolidate SBNH from 1 January 2020, 74.9% of SBNH earnings are attributable to SBGL as controlling shareholder and the remaining 25.1% of SBNH earnings are attributable to non-controlling shareholders.

The group recognised an increase in non-controlling interest (NCI) of R617 million and a decrease in retained earnings and equity attributable to ordinary shareholders of R105 million due to the changes in the group's ownership interest in SBNH.

PRO FORMA CONSTANT CURRENCY INFORMATION

The *pro forma* constant currency information disclosed in these results is the responsibility of the group's directors. The pro forma constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results and may not fairly present the group's financial position and results of operations.

In determining the change in constant currency terms, the comparative financial reporting year's have been adjusted for the difference between the current and prior year cumulative average exchange rates, determined as the average of the daily exchange rates. The measurement has been performed for each of the group's material currencies. The constant currency change percentage is calculated using this adjusted comparative amount.

The *pro forma* constant currency information contained in these results have been reviewed by the group's external auditors and their unmodified limited assurance report prepared in terms of ISAE 3420 is available for inspection at the company's registered office on weekdays from 09:00 to 16:00.

The following average exchange and spot rates were used in the determination of the pro forma constant currency information. The average exchange rates were calculated using the average of the average monthly exchange rates (determined on the last day of each of the 12 months in the year).

	Average exchange rate		Spot rate	
	2019	2018	**2019**	2018
Angolan Kwanza	**0.04**	0.06	**0.03**	0.05
Argentinian Peso	**0.31**	0.50	**0.23**	0.38
Kenyan Shilling	**0.14**	0.13	**0.14**	0.14
Mozambique Metical	**0.23**	0.22	**0.23**	0.23
Nigerian Naira	**0.04**	0.04	**0.04**	0.04
Pound Sterling	**18.43**	17.63	**18.42**	18.31
US Dollar	**14.44**	13.23	**14.00**	14.38
Zambian Kwacha	**1.12**	1.27	**1.00**	1.21

Refer to the other reportable items section for more detail on the Zimbabwean currency impact.

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 three-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 three-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 year.
Profit attributable to ordinary shareholders (Rm)	Profit for the year after distributions to non-controlling interests and other equity instrument holders.
Profit for the year (Rm)	Profit for the year attributable to ordinary shareholders, before non-controlling interests and other equity instrument holders.
Return on risk-weighted assets (%)	Headline earnings as a percentage of monthly average risk-weighted assets.
Return on equity (%)	Headline earnings as a percentage of monthly average ordinary shareholders' equity.
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.
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 year.
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 three-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 three-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 year as listed on the JSE.

Banking activities

Available financial resources (Rm)	The amount of permanent capital that is available to the group to absorb potential losses.
Cost-to-income ratio (%)	Operating expenses as a percentage of total income after revenue sharing agreements with group companies but before credit impairments.
Credit loss ratio (%)	Total income statement impairment charges on loans and advances, as a percentage of average daily and monthly gross loans and advances, excluding interest in suspense.
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.
Gross stage 3 loans coverage ratio (%)	Balance sheet (BS) impairments for credit impaired loans 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).
Interest-earnings assets (Rm)	Net loans and advances, financial investments, and cash and balances with central banks.
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.
Non-interest revenue to total income (%)	Non-interest revenue as a percentage of total income.
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.
Stage 1 and 2 loans credit impairments (Rm)	Impairment for latent losses inherent in groups of loans and advances that have not yet been classified as non-performing.
Stage 3 loans (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.
Stage 3 loan credit impairments (Rm)	Impairment for credit impaired (stage 3) loans, net of the present value of estimated recoveries.

FINANCIAL AND OTHER DEFINITIONS

Abbreviations and acronyms

AT1	Additional tier 1	NAFEX	Nigerian Autonomous Foreign Exchange Fixing
ALCO	Asset-Liability Committee	NCD	Negotiable certificates of deposit
BEE	Black economic empowerment	NII	Net interest income
BPS	Basis points	NIM	Net interest margin
CAGR	Compound annual growth rate	NIR	Non-interest revenue
CASA	Current and savings accounts	NPL	Non-performing loans
CCY	Constant currency change	NSFR	Net stable funding ratio
CET1	Common equity tier 1	PBB	Personal & Business Banking
CIB	Corporate & Investment Banking	PDs	Probability of defaults
CLR	Credit loss ratio	PIM	Principal Investment Management
DPS	Dividend per share	POS	Point of sale
ECL	Expected credit loss	Rand	South African Rand
EPS	Earnings per share	REIT	Real Estate Investment Trust
FIC	Fixed income and currencies	ROE	Return on equity
HEPS	Headline earnings per share	RoRWA	Return on risk-weighted assets
HQLA	High quality liquid assets	RWA	Risk-weighted assets
IAS	International Accounting Standards	SA	South Africa
ICBC	Industrial and Commercial Bank of China Limited	SARB	South African Reserve Bank
ICBCS	ICBC Standard Bank Plc	SBG	Standard Bank Group Limited
IFRIC	International Financial Reporting Interpretations Committee	SBSA	The Standard Bank of South Africa Limited and its subsidiaries
IFRS	International Financial Reporting Standards	SIP	Shareholder Investment Portfolio
IMF	International Monetary Fund	The group	The Standard Bank Group Limited
JSE	Johannesburg Stock Exchange	UK	United Kingdom
LCR	Liquidity coverage ratio	US	United States
MNC	Multinational companies	VAF	Vehicle and Asset Finance
MSCI	Morgan Stanley Capital International	ZAR	South African Rand

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDERS

Ten major shareholders[1]

	2019		2018	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding
Industrial and Commercial Bank of China	**325.0**	**20.1**	325.0	20.1
Government Employees Pension Fund (PIC)	**215.0**	**13.3**	199.7	12.3
GIC Asset Management	**31.3**	**1.9**	21.0	1.3
Allan Gray Balanced Fund	**26.2**	**1.6**	29.7	1.8
Alexander Forbes Investments	**24.3**	**1.5**	25.8	1.6
Vanguard Total International Stock Index Fund	**21.4**	**1.3**	19.4	1.2
Old Mutual Life Assurance Company	**20.6**	**1.3**	23.8	1.5
Vanguard Emerging Markets Stock Index Fund	**19.3**	**1.2**	22.1	1.4
Government of Norway	**14.4**	**0.9**	14.8	0.9
Abu Dhabi Investment Authority	**13.2**	**0.8**	7.5	0.5
	710.7	**43.9**	688.8	42.6

[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

	2019		2018	
	Number of shares (million)	**% holding**	Number of shares (million)	% holding
South Africa	**769.9**	**47.5**	785.1	48.5
Foreign shareholders	**849.8**	**52.5**	833.4	51.5
China	**327.8**	**20.2**	325.9	20.1
United States of America	**232.8**	**14.4**	240.3	14.8
Singapore	**34.9**	**2.2**	24.0	1.5
United Kingdom	**24.7**	**1.5**	39.0	2.4
United Arab Emirates	**19.9**	**1.2**	12.2	0.8
Namibia	**19.4**	**1.2**	19.6	1.2
Norway	**15.7**	**1.0**	15.4	1.0
Luxembourg	**15.3**	**0.9**	10.3	0.6
Netherlands	**15.3**	**0.9**	15.6	1.0
Japan	**14.9**	**0.9**	15.0	0.9
Ireland	**13.8**	**0.9**	13.3	0.8
Hong Kong	**12.5**	**0.8**	12.0	0.7
France	**10.3**	**0.6**	1.2	0.1
Switzerland	**8.1**	**0.5**	6.9	0.4
Other	**84.4**	**5.3**	82.7	5.2
	1 619.7	**100.0**	1 618.5	100.0

CREDIT RATINGS

Ratings as at 5 March 2020 for key banking entities within Standard Bank Group:

	Short term	Long term	Outlook
Standard Bank Group Limited			
Fitch Ratings			
Foreign currency issuer default rating	B	BB+	Negative
Local currency issuer default rating		BB+	Negative
National rating	F1 + (zaf)	AA (zaf)	Stable
Moody's Investor Services			
Issuer rating		Ba1	Negative
The Standard Bank of South Africa			
Fitch Ratings			
Foreign currency issuer default rating	B	BB+	Negative
Local currency issuer default rating		BB+	Negative
National rating	F1 + (zaf)	AA (zaf)	Stable
Moody's Investor Services			
Foreign currency deposit rating	P-3	Baa3	Negative
Local currency deposit rating	P-3	Baa3	Negative
National rating	P-1.za	Aa1.za	
RSA Sovereign			
Fitch Ratings			
Foreign currency issuer default rating	B	BB+	Negative
Local currency issuer default rating	B	BB+	Negative
Moody's Investor Services			
Foreign currency deposit rating	P-3	Baa3	Negative
Local currency deposit rating		Baa3	Negative
Standard & Poor's			
Foreign currency	B	BB	Negative
Local currency	B	BB+	Negative
National rating	zaA-1+	zaAAA	
Stanbic IBTC Bank PLC			
Fitch Ratings			
National rating	F1 + (nga)	AAA (nga)	
Standard & Poor's			
Foreign currency	B	B	Stable
National rating	ngA-1	ngA	
Stanbic Bank Kenya			
Fitch Ratings			
Foreign currency issuer default rating	B	BB-	Stable
National rating	F1 + (ken)	AAA (ken)	Stable
Stanbic Bank Uganda			
Fitch Ratings			
Foreign currency issuer default rating	B	B+	Stable
National rating	F1 + (uga)	AAA (uga)	
Moody's Investor Services			
Foreign currency deposit rating	B3	B3	Stable
Local currency deposit rating	B1	B1	Stable

DECLARATION OF DIVIDENDS

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

Ordinary shares

Ordinary shareholders are advised that the board has resolved to declare a final gross cash dividend No. 101 of 540 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 24 April 2020. The last day to trade to participate in the dividend is Tuesday, 21 April 2020. Ordinary shares will commence trading ex dividend from Wednesday, 22 April 2020.

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

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 22 April 2020, and Friday, 24 April 2020, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Tuesday, 28 April 2020.

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

Preference shares

Preference shareholders are advised that the board has resolved to declare the following final dividends:

- 6.5% first cumulative preference shares (first preference shares) dividend No. 101 of 3.25 cents (gross) per first preference share, payable on Monday, 20 April 2020, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 17 April 2020. The last day to trade to participate in the dividend is Tuesday, 14 April 2020. First preference shares will commence trading ex dividend from Wednesday, 15 April 2020.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 31 of 389.12 cents (gross) per second preference share, payable on Monday, 20 April 2020, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 17 April 2020. The last day to trade to participate in the dividend is Tuesday, 14 April 2020. Second preference shares will commence trading ex dividend from Wednesday, 15 April 2020.

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

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 15 April 2020, and Friday, 17 April 2020, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 20 April 2020.

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

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

	Ordinary shares	6.5% cumulative preference shares (first preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (second preference shares)
JSE Limited			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	101	101	31
Gross distribution/dividend per share (cents)	540	3.25	389.12
Last day to trade in order to be eligible for the cash dividend	Tuesday, 21 April 2020	Tuesday, 14 April 2020	Tuesday, 14 April 2020
Shares trade *ex* the cash dividend	Wednesday, 22 April 2020	Wednesday, 15 April 2020	Wednesday, 15 April 2020
Record date in respect of the cash dividend	Friday, 24 April 2020	Friday, 17 April 2020	Friday, 17 April 2020
Dividend cheques posted and CSDP/broker account credited/updated (payment date)	Tuesday, 28 April 2020	Monday, 20 April 2020	Monday, 20 April 2020

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

Tax implications

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

In terms of the South African Income Tax Act, 58 of 1962, the cash dividend will, unless exempt, be subject to dividends tax that was introduced with effect from 1 April 2012. South African resident ordinary and preference shareholders that are not exempt from dividends tax, will be subject to dividends tax at a rate of 20% of the cash dividend, and this amount will be withheld from the cash dividend with the result that they will receive a net amount of 432 cents per ordinary share, 2.60 cents per first preference share and 311.296 cents per second preference share. Non-resident ordinary and preference shareholders may be subject to dividends tax at a rate of less than 20% depending on their country of residence and the applicability of any Double Tax Treaty between South Africa and their country of residence.

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

- 1 619 709 548 ordinary shares
- 8 000 000 first preference shares
- 52 982 248 second preference shares.

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

NOTES

ADMINISTRATIVE AND CONTACT DETAILS

www.standardbank.com/reporting

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
Email: Sarah.Rivett-Carnac@standardbank.co.za

Group secretary

Zola Stephen
Tel: +27 11 631 9106
Email: Zola.Stephen@standardbank.co.za

Group financial director

Arno Daehnke
Tel: +27 11 636 3756
Email: Arno.Daehnke@standardbank.co.za

Registered office

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

Directors

TS Gcabashe (chairman), A Daehnke*, MA Erasmus[1], GJ Fraser-Moleketi, GMB Kennealy, BP Mabelane, JH Maree (deputy chairman), NNA Matyumza, KD Moroka, NMC Nyembezi, ML Oduor-Otieno[2], AC Parker, ANA Peterside CON[3], MJD Ruck, PD Sullivan[4], SK Tshabalala* (chief executive), JM Vice, L Wang[5].

* Executive director [1] British [2] Kenyan [3] Nigerian [4] Australian
[5] Chinese

All nationalities are South African, unless otherwise specified.

Head office switchboard

Tel: +27 11 636 9111

Share transfer secretaries in South Africa

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Ave, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

Share transfer secretaries in Namibia

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

JSE independent sponsor

JP Morgan Equities South Africa (Proprietary) Limited

Namibian sponsor

Simonis Storm Securities (Proprietary) Limited

JSE joint sponsor

The Standard Bank of South Africa Limited

Share and bond codes

JSE share code: SBK ISIN: ZAE000109815
NSX share code: SNB ZAE000109815
A2X share code: SBK
SBKP ZAE000038881 (First preference shares)
SBPP ZAE000056339 (Second preference shares)
JSE bond codes: SBS, SBK, SBN, SBR, SBT, ETN series

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

Please direct all customer queries and comments to

information@standardbank.co.za

Please direct all shareholder queries and comments to:

InvestorRelations@standardbank.co.za

Refer to **www.standardbank.com/reporting** for a list of definitions, acronyms and abbreviations.

Bastion

standardbank.com