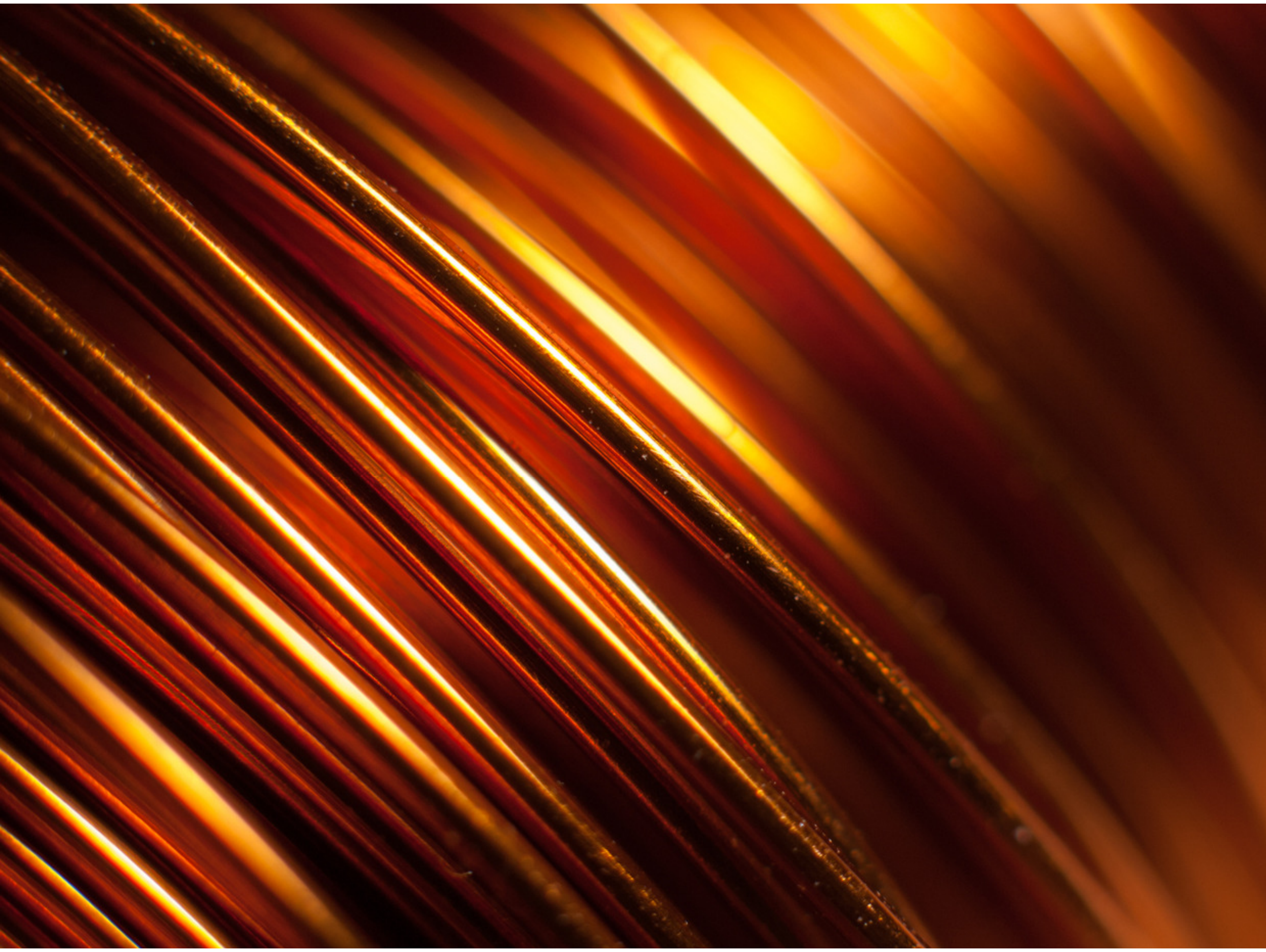
Abridged consolidated results

for the year ended 31 December 2017

ICBC Standard Bank Plc



www.icbcstandard.com

ICBC Standard Bank at a glance

ICBC Standard Bank is a London-based banking specialist focused on the provision of Commodities, Financial Markets and Investment Banking solutions to clients in emerging and frontier markets.

Vision, values and strategic priorities

Our vision

Together, by serving our clients with integrity and excellence, we are building a global leader in Commodities and Financial Markets.

Underpinned by our values

- Client Centricity 客户至上
- Integrity 诚信为本
- Excellence 追求卓越
- Openness 公开透明
- Stakeholder Delivery 回馈各界

Our strategic priorities

- **Maximise group franchise value through integration**
- **Focus our efforts where we are differentiated**
- **Simplify to enable growth**

Ownership Structure

ICBC → 20% → Standard Bank

ICBC: World's largest bank by deposits, assets and Tier 1 capital. Rated A1/A

Standard Bank: Pre-eminent Africa-focused financial services group

ICBC 60% → ICBC Standard Bank ← 40% Standard Bank

Offices and number of employees

931
employees for the year

Credit ratings - ICBC Standard Bank

	Short Term	Long Term	Outlook
Fitch	F2	BBB+	Stable
Moody's	P3	Baa3	Stable

Group performance 2017

$382.4m
Total Income

$29.7m
Net Profit After Tax

2.4%
Return on Equity

$23.9bn
Balance Sheet Assets

$7.9bn
Total Risk Weighted Assets

15.6%
Tier 1 Capital Adequacy Ratio

Contents

Overview and summary of results

Introduction

ICBC Standard Bank Plc ('the company') and its subsidiaries (together 'the group') is a leading financial markets and commodities bank that leverages its unique Chinese and African parentage to serve the growing needs of its primary base of Chinese clients, while also acting as a distribution platform for risk across Africa and other geographies.

The group specialises in global markets traded products including commodities, fixed income, currencies and equities, with a focus on emerging market jurisdictions. These span Asia, Africa, Central and Eastern Europe, the Middle East and Latin America. The group also offers a developing range of Investment Banking products and services.

The group employs 931 people (as at 31 December 2017) and is headquartered in London, with additional operations in Dubai, Hong Kong, Singapore, New York and Tokyo. The group also maintains a commodities trading presence in Shanghai through its subsidiary, ICBC Standard Resources (China) Limited.

The company is authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA).

The group has access to major international financial exchanges through its membership of London Metals Exchange, London Stock Exchange and Tokyo Commodities Exchange, and was the first UK bank to obtain clearing membership on Moscow Exchange's Foreign Exchange Market. The company also owns two seats on the New York Mercantile Exchange (Comex division) and a seat on the Shanghai Gold Exchange International Board.

Business model

Global Markets

The Global Markets business offers a full spectrum of traded financial market and commodity assets and risk management products. The business originates exposures directly from clients and its market-making activities, which are subsequently risk managed and traded with other market participants, asset managers and clients through the group's distribution network.

The unique parentage of ICBC and SBG has expanded the strategic opportunity of the Global Markets business to serve the increasing demand for commodities, hedging and capital market products from Chinese clients.

The Global Markets business consists of Commodities, and Fixed Income, Currencies and Equities (FICE) business units.

1 Commodities

The Commodities business provides global trading, sales and structuring expertise through its Base Metals, Precious Metals, Energy and Bulk teams. The division's expertise extends to the management and financing of physical commodity inventories across these asset classes.

2 FICE

FICE offers a comprehensive set of foreign exchange, money markets, interest rate, credit and equity products, ranging from simple risk management products to more complex structured transactions. The business unit is focused on emerging and frontier markets clients and covers all major African, Central and Eastern European, Middle Eastern, Asian and Latin American currencies and markets.

Investment Banking

The Investment Banking business is a newly established division aiming to become a long-term growth platform for the group. It comprises the Client Coverage (International and China), Debt and Equity Capital Markets, and Advisory teams. The business offers a complimentary product and service offering for the group's existing client base and generates valuable cross-sell opportunities.

Market conditions

Markets were impacted early in 2017 by political uncertainty, with a lack of clear support for pre-election commitments by US President Trump and unfolding Eurozone political risk. The defeat of anti-immigration candidates in Dutch and French elections saw political conditions largely stabilise after May, boosting the Euro. In contrast, an early election decision by the UK government coupled with uncertainty around Brexit negotiations weighed on the Pound. The US dollar weakened in response to tensions between President Trump and other world leaders over climate change and global protectionism.

Steady policy from the US Federal Reserve, stable longer-term treasury yields and a continued fall in the dollar saw global financial markets perform well in the second half of the year. Global stocks rose and positive investor sentiment towards emerging market assets supported strong inflows into assets. The US economy picked up from a slow start while the Eurozone continued to improve and doubts about China's economy were dispelled by firm economic data in quarter three.

Commodity markets had a mixed year; however, improving global growth, stable monetary conditions and a weaker dollar all contributed to a stronger second half. Oil prices rose due to the pull on inventory of improving global growth also matched by an ongoing commitment from the Organisation of the Petroleum Exporting Countries (OPEC) to cap supply. Metals prices gained with copper in particular benefiting from greater Chinese economic optimism. Gold rallied but then traded sideways for much of the remainder of the year as the US Federal Reserve increased interest rates. Palladium climbed strongly while an excess of supply continued to depress the price of platinum.

Late in the year, the UK budget revealed a slower pace of fiscal tightening, with growth forecasts cut as progress on Brexit negotiations dragged on. The Bank of England announced its first interest rate rise (25 basis points) in a decade in November and the US Federal Reserve raised its benchmark interest rate by 25 basis points, for the third time in 2017, at the December meeting. There was continued uncertainty in some emerging markets with Turkey facing high inflation and Brazil struggling with pension reforms and ongoing corruption cases. Despite this, however, commodity producers generally benefitted from the aforementioned pick up in prices and most emerging markets financial assets performed well. The MSCI Emerging Markets equity index appreciated by 34% over 2017 and the JPM Emerging Market Bond Index posted total returns of almost 10%.

Key performance indicators and business performance

Overall group performance for 2017 was positive. A significant uplift in revenues supported a satisfactory profit result while enhanced risk and control measures saw the group successfully meet key regulatory deliverables.

The group measures performance using both financial and non-financial targets. Selected metrics are detailed below.

Key performance indicators (KPIs)

Financial KPIs	2017	2016
Total revenue	US$382.4 million	US$286.2 million
Net profit/(loss) after tax	US$29.7 million	US$(98.8) million
Total assets	US$23.9 billion	US$20.2 billion
Return on equity	2.4%	(9.8)%
Total capital adequacy ratio	20.0%	19.3%

Non-financial performance	
Risk & control	The group's conduct risk program successfully transitioned into business-as-usual (BAU) activity during 2017. Enhancements were made to conduct risk dashboards to support oversight in the group.
Culture	The ability to measure and monitor culture was significantly enhanced with the launch of the culture committee and supporting framework and dashboard. The dashboard helps the committee to identify emerging cultural trends and take proactive action as appropriate. The group-wide employee engagement score rose by three percentage points in 2017. This was supported by changes made in response to employee feedback gathered from the 2016 survey, including the introduction of new policies targeting enhanced workplace flexibility.
Integration	Integration with ICBC progressed steadily. Initiatives executed in 2017 include the creation of an IT roadmap for system integration, migration to ICBC's SWIFT gateway, and a change in Continuous Linked Settlement (CLS) provider to enable a wider range of currencies to be traded with ICBC.

The group's results for the year ended 31 December 2017 are shown in the consolidated income statement on page 10.

Total revenue increased 33.6% in 2017, ending the year at US$382.4 million. The result was underpinned by strong performance in the FICE division which benefitted from favourable conditions in emerging markets during the year. Operating costs reduced 3.0% on 2016 to US$371.3 million, delivering the third straight year of underlying cost reductions despite reinvestment in front office teams in support of revenue growth.

Overall, the group delivered a net profit after tax of US$29.7 million, a significant improvement on the loss after tax of US$98.8 million reported for the year ended 31 December 2016 and the first profit since the change in control in 2015. The net profit after tax for 2017 included a tax credit of US$19.4 million in respect of consortium relief relating to the transfer by the group of tax losses to other companies in the ICBC and SBG groups.

The significant improvement in the group's profitability in 2017 is reflected in its return on equity of 2.4%, compared with the negative return reported in the prior year.

Total assets at 31 December 2017 were US$23.9 billion, representing an increase of 17.9% on prior year (US$20.2 billion). The increase was primarily attributable to increases in cash placements with the Bank of England, collateralised lending activities and trading assets.

The increase in the group's capital adequacy ratio reflects additional capital injections from its shareholders during 2017 totalling US$415.0 million, maintaining the group's strong capital position, ensuring it can meet its growth and profitability objectives.

Commodities

The Commodities business delivered revenue growth of 19.4% against 2016, with revenue of US$98.5 million (2016: US$82.4 million). The result benefited from strong performance in the Precious Metals and Energy and Bulk business lines, offset somewhat by lower than forecast revenues from Base Metals due to higher funding costs, compressed margins and muted client activity.

Precious Metals revenues exceeded budget despite aggressive market competition, volatility falling to record lows, and gold loans with ICBC trending downwards. Highlights included a strong recovery in the Indian gold and silver financing and physical business, good growth in gold loans with other Chinese financial institutions, increased financing with Chinese silver producers, and higher revenues from Russian corporate and bank counterparties. On the trading side, the desks were well positioned to capture large market moves in some of the platinum group metals.

A market leading vaulting and clearing offering was introduced during the year with the launch of the Phoenix Client portal, enabling clients to clear loco London metal via an online platform. The Energy and Bulk business expanded its physical and derivative capabilities, laying the foundations for future growth, with good progress made in developing the client base.

FICE

The FICE business delivered strong revenue growth in 2017 with total revenue of US$274.7 million (2016: US$203.3 million). Trading performance reflected solid risk management as the business navigated variable market conditions with Nigerian foreign exchange liberalisation, uncertainty about US policy direction and lingering concerns over Brexit weighing on liquidity and volumes through the year.

Client revenues grew by 67% against 2016. In addition to its well-established global investor franchise, the FICE business continued to invest in three key areas:

- China sales franchise focussing on ICBC and its clients;
- Corporate, financial institutions and sovereign franchise leveraging the emerging markets and African expertise; and
- A structured solutions sales team specialising in bespoke financing and liability management solutions for clients.

A number of significant transactions were executed with ICBC clients in 2017, including large financing and liability management deals.

The FICE growth strategy for 2018 will be underpinned by continued investment in the global investor franchise as well as origination and structuring capabilities to enhance the client offering.

Investment Banking

Solid progress was made across the Investment Banking business which, despite its infancy, delivered total fee revenue of US$9.2 million.

Debt Capital Markets revenue grew rapidly versus 2016, with more than half of the total deals executed with clients of ICBC.

The Advisory team delivered its first equity capital markets deal and secured a number of mandates across M&A advisory, leverage finance/advisory and equity capital markets.

Coverage business momentum was steady with the team focused on a group of core clients and building client cross-product exposure, with a particular emphasis on commodities. This momentum will be further strengthened with the planned build out of the Coverage team in Hong Kong, Singapore and New York in 2018.

Summary

The group delivered an encouraging result in 2017, outperforming its budget and returning to profitability despite a somewhat uncertain political, economic and regulatory operating environment.

The group's specialist global markets capabilities continue to demonstrate an ability to meet client needs, with strong revenue growth in its FICE business lines during the year. Commodities revenues improved against prior year, particularly in the precious metals and energy franchises, and the investment banking team built good momentum with new and existing clients.

Integration with ICBC continued to progress as the group seeks to position itself as ICBC's offshore trading hub outside of Asia. Further business and operational integration with ICBC is critical to the long term success of the group and its clients, and the management team are dedicated to pursuing this goal.

The work done during 2017 to return the group to profitability, develop client relationships, invest in core systems, enhance risk and control frameworks, and focus on conduct and culture has set the foundation for further growth in 2018 and beyond.

Key financial results, ratios and statistics

at 31 December 2017

Income statement	December 2017 $m	December 2016 $m
Operating income (before impairments)	**382.4**	286.2
Operating expenses	**(371.3)**	(382.9)
Profit / (loss) attributable to equity shareholders	**29.7**	(98.8)
Balance sheet		
Equity attributable to ordinary shareholders	**1,282.3**	956.9
Total assets	**23,853.7**	20,223.6
Capital adequacy		
Risk-weighted assets	**7,887.7**	6,362.8
Common equity tier 1	**1,229.5**	928.6
Common equity tier 1 capital adequacy ratio (%)	**15.6**	14.6
Total capital adequacy ratio (%)	**20.0**	19.3

Consolidated balance sheet

at 31 December 2017

Assets	December 2017 $m Audited	December 2016 $m Audited
Cash and balances with central banks	**2,989.5**	1,174.3
Due from banks and other financial institutions	**2,059.5**	1,842.3
Financial assets held for trading	**2,579.5**	970.5
Financial assets designated at fair value through profit or loss	**1,335.9**	1,339.2
Derivative financial assets	**4,299.5**	4,715.0
Reverse repurchase agreements	**4,705.5**	3,601.1
Loans and advances to customers	**606.9**	855.3
Financial investments	**962.0**	1,300.7
Property and equipment	**18.9**	22.6
Current tax assets	**0.4**	0.4
Deferred tax assets	**1.1**	1.4
Other assets	**4,295.0**	4,400.8
Total assets	**23,853.7**	20,223.6
Liabilities and equity		
Liabilities	**22,571.4**	19,266.7
Financial liabilities held for trading	**1,544.2**	781.7
Financial liabilities designated at fair value through profit or loss	**1,337.6**	1,313.3
Derivative financial liabilities	**4,652.6**	4,849.3
Due to banks and other financial institutions	**10,120.3**	8,022.7
Repurchase agreements	**1,794.2**	2097.7
Certificates of deposit	**16.7**	63.3
Due to customers	**600.8**	519.3
Current tax liabilities	**0.7**	0.5
Subordinated debt	**668.4**	529.2
Other liabilities	**1,835.9**	1,089.7
Equity		
Equity attributable to ordinary shareholders	**1,282.3**	956.9
Share capital	**1,083.5**	1,083.5
Ordinary share premium	**996.0**	731.0
Reserves	**(797.2)**	(857.6)
Total liabilities and equity	**23,853.7**	20,223.6

- Total balance sheet increased by 17.9% from 31 December 2016
- Increase of US$1.8 billion in cash and balances with central banks due to increased placement of liquid asset holdings with the Bank of England
- Increase of US$1.6 billion in financial assets held for trading due to increase in bond trading activities linked to the issuance programme and commodity financing
- Increased trading activity during 2017 also evident in increase in financial liabilities held for trading of US$0.8 billion, reflecting management of risk exposures on these activities through issuance products
- Increase of US$1.1 billion in reverse repurchase agreements due to increased liquid asset balances held and continued growth of the group's collateralised lending business, driving increased interest income
- Increase in deposits due to banks and other financial institutions of US$2.1 billion due to net treasury deposit inflows
- Increase in equity and subordinated debt following receipt of US$265.0 million additional capital injection in January 2017 and US$150.0 million of subordinated debt from ICBC in June 2017

Consolidated income statement

for the year ended 31 December 2017

	December 2017 $m Audited	December 2016 $m Audited
Net interest income	**80.7**	36.1
Interest income	**191.3**	90.2
Interest expense	**(110.6)**	(54.1)
Non-interest revenue	**301.7**	250.1
Net fees and commission	**31.1**	17.7
Fees and commission income	**42.7**	19.3
Fees and commission expense	**(11.6)**	(1.6)
Trading revenue	**248.8**	215.9
Net gain on financial assets and liabilities at fair value through profit or loss	**21.8**	19.0
Loss on commodity reverse repurchase agreements	**-**	(2.5)
Total operating income	**382.4**	286.2
Credit impairment recoveries / (charges)	**8.4**	(0.3)
Income after impairments	**390.8**	285.9
Operating expenses	**(371.3)**	(382.9)
Staff costs	**(262.2)**	(251.8)
Other operating expenses	**(103.2)**	(124.6)
Indirect taxation	**(5.9)**	(6.5)
Profit / (loss) before taxation	**19.5**	(97.0)
Income tax credit / (charge)	**10.2**	(1.8)
Profit / (loss) attributable to equity shareholders	**29.7**	(98.8)

- The group recorded a profit of US$29.7 million for the year ended 31 December 2017, a significant improvement on the prior year
- Increase in net interest income reflects continued growth of the group's collateralised lending activities
- Credit impairment recoveries comprise US$5.6 million from recoveries of loans previously written off and a reduction of US$2.8 million in the collective impairment provision, reflecting the improving credit quality of the group's loan book and related collateral held
- Lower operating expenses achieved primarily from continuation of a number of cost saving initiatives, while continuing to invest in front office headcount
- Income tax credit includes a credit for consortium tax relief of US$19.4 million relating to the transfer by the group of tax losses to other ICBC and SBG group companies

Consolidated statement of comprehensive income

for the year ended 31 December 2017

	December 2017 $m Audited	December 2016 $m Audited
Profit / (loss) attributable to equity shareholders	**29.7**	(98.8)
Items that may be subsequently reclassified to profit or loss[1]		
Foreign currency translation reserve	**4.7**	(5.2)
Net investment hedge reserve	**(1.7)**	-
Cash flow hedging reserve[2, 3]	**25.1**	(13.6)
Effective portion of changes in fair value	**14.6**	(29.6)
Net amount transferred to profit or loss	**10.5**	16.0
Changes in fair value of available-for-sale assets	**2.6**	(0.5)
Total comprehensive profit / (loss) attributable to equity shareholders	**60.4**	(118.1)

1. Amounts are presented net after tax
2. Movements relate to continuing operations for all periods
3. The cash flow hedges relate to hedges of the group's cost base for future highly probable expenses in currencies other than US dollars (i.e. the company's functional currency and group's reporting currency) and hedges of the long term incentive liability due to changes in the ICBC and Standard Bank Group share prices

- The cash flow hedging reserve movement of US$25.1 million is primarily due to the strengthening of the pound versus the US dollar in the year.

Consolidated statement of changes in equity

for the year ended 31 December 2017

	Ordinary share capital and share premium $m Audited	Cash flow hedging reserve $m Audited	Available-for-sale reserve $m Audited	Foreign currency translation reserve $m Audited	Net investment hedge reserve $m Audited	Retained earnings $m Audited	Total equity $m Audited
Balance at 1 January 2016	1,814.5	(8.4)	1.5	3.1	-	(735.7)	1,075.0
Total comprehensive loss for the year	-	(13.6)	(0.5)	(5.2)	-	(98.8)	(118.1)
Balance at 31 December 2016	1,814.5	(22.0)	1.0	(2.1)	-	(834.5)	956.9
Balance at 1 January 2017	**1,814.5**	**(22.0)**	**1.0**	**(2.1)**	-	**(834.5)**	**956.9**
Total comprehensive profit / (loss) for the year	**-**	**25.1**	**2.6**	**4.7**	**(1.7)**	**29.7**	**60.4**
Shares issued including share premium[1]	**265.0**	**-**	**-**	**-**	-	**-**	**265.0**
Balance at 30 June 2017	**2,079.5**	**3.1**	**3.6**	**2.6**	**(1.7)**	**(804.8)**	**1,282.3**

1. On 13 January 2017, the company issued an additional 25 ordinary shares of US$1 each to ICBC (15 shares) and Standard Bank London Holdings Limited (10 shares), at a share premium of US$10.6 million per share.

Accounting policies

The financial results and financial position set out on pages 8 to 12 are extracts from the financial statements in the group's consolidated annual report for the year ended 31 December 2017.

The group's annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the going concern principle.

The group's annual financial statements were prepared on the historical cost basis except as modified by the fair value accounting for certain assets and liabilities where required or permitted by IFRS. The accounting policies were consistent with those adopted in the previous year.

Future accounting developments

IFRS 9 *Financial Instruments* will apply to the group from 1 January 2018. This introduces an expected credit loss (ECL) impairment requirement, providing timelier recognition of credit losses. Implementation of IFRS 9 required the development of models for estimating credit losses incorporating multiple scenarios and forward looking macro-economic information. The new standard also introduces a principles based approach for classification and measurement of financial assets, based on the underlying business model and their contractual cash flow characteristics. The group has assessed the impact of IFRS 9 and expects no material effect on its financial statements.

Financial instruments measured at fair value

The tables that follow analyse financial instruments carried at fair value at the end of the reporting period by valuation methodology (fair value hierarchy). Fair values are classified into three levels, depending on the extent to which quoted prices are used in the calculation of the fair value of financial instruments, with the levels defined as follows:

Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.

Level 2 – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 – valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

2017	**Composition %**	**Asset $m**	**Composition %**	**Liability $m**
Level 1	**23.4**	**2,144.7**	**18.2**	**1,373.5**
Level 2	**74.0**	**6,796.1**	**76.4**	**5,751.6**
Level 3	**2.6**	**236.1**	**5.4**	**409.3**
Financial instruments at fair value	**100.0**	**9,176.9**	**100.0**	**7,534.4**
Reconciled as follows:				
Available-for-sale		**962.0**		**-**
Held for trading		**6,879.0**		**6,196.8**
Designated at fair value		**1,335.9**		**1,337.6**
		9,176.9		**7,534.4**
2016				
Level 1	26.7	2,219.5	11.5	802.4
Level 2	72.4	6,029.0	81.5	5,656.5
Level 3	0.9	76.9	7.0	485.4
Financial instruments at fair value	100.0	8,325.4	100.0	6,944.3
Reconciled as follows:				
Available-for-sale		1,300.7		-
Held for trading		5,685.5		5,631.0
Designated at fair value		1,339.2		1,313.3
		8,325.4		6,944.3

Credit quality

The table below shows the maximum on balance sheet credit risk exposure of the group in the event of other parties failing to perform on their obligations before taking account of any collateral held or other credit enhancements.

	Performing		Non-performing			
	Neither past due nor impaired		Past due but not specifically impaired		Specifically impaired	Gross credit exposure
	Normal monitoring[1]	Close monitoring[1]	< 90 days	>= 90 days		
2017	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Financial assets designated at fair value through profit or loss	**1,330.1**	**-**	**-**	**-**	**-**	**1,330.1**
Derivative financial assets	**4,265.0**	**34.5**	**-**	**-**	**-**	**4,299.5**
Due from banks and other financial institutions	**2,059.0**	**0.5**	**-**	**-**	**-**	**2,059.5**
Reverse repurchase agreements	**4,705.5**	**-**	**-**	**-**	**-**	**4,705.5**
Loans and advances to customers	**564.5**	**46.1**	**-**	**-**	**0.5**	**611.1**
Gross on balance sheet credit exposure	**12,924.1**	**81.1**	**-**	**-**	**0.5**	**13,005.7**
2016						
Financial assets designated at fair value through profit or loss	1,331.4	-	-	-	-	1,331.4
Derivative financial assets	4,715.0	-	-	-	-	4,715.0
Due from banks and other financial institutions	1,838.8	3.5	-	-	-	1,842.3
Reverse repurchase agreements	3,558.3	42.8	-	-	-	3,601.1
Loans and advances to customers	743.7	118.2	-	-	-	861.9
Gross on balance sheet credit exposure	12,187.2	164.5	-	-	-	12,351.7

1. Normal and close monitoring exposures within this category are exposures rated 1 to 21 (AAA to B-) and 22 to 25 (CCC+ to CCC-) respectively on the group's master rating scale.

Deposits

Due to banks and other financial institutions

	December 2017 $m Audited	December 2016 $m Audited
Due to banks	**8,966.9**	7,739.5
Other financial institutions	**1,153.4**	283.2
	10,120.3	8,022.7

Repurchase agreements

	December 2017 $m Audited	December 2016 $m Audited
Banks and other financial institutions	**1,794.2**	2,097.7
	1,794.2	2,097.7

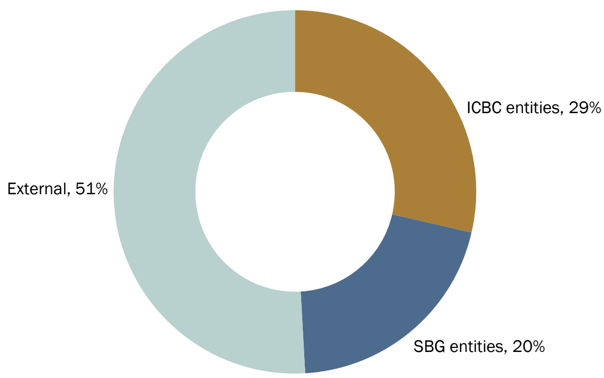
Certificates of deposit

	December 2017 $m Audited	December 2016 $m Audited
Commercial paper	**16.7**	63.3
	16.7	63.3

Due to customers

	December 2017 $m Audited	December 2016 $m Audited
Call deposits	**386.7**	355.7
Term deposits	**214.1**	163.6
	600.8	519.3

Deposit providers



Value at risk

Analysis of trading book market risk exposures

The table below shows the aggregated historical VaR for the group's trading positions. The maximum and minimum VaR amounts show the bands in which the values at risk fluctuated during the year. Stop loss triggers are used to contain losses for individual business units by enforcing management intervention at predetermined loss levels. Other risk measures specific to individual business units are also used. These include permissible instruments, concentration of exposures, gap limits and maximum tenor.

The group's trading units achieved a positive actual income for over 80% of the trading days in 2017 (2016: 74%). The average daily trading revenue earned in 2017 was US$1.1 million (2016: US$1.0 million), with a standard deviation of US$1.9 million (2016: US$1.9 million). During the year, there were no back-testing exceptions at a 99% confidence level (2016: none).

	Normal VaR[2]			
	Maximum[1]	**Minimum[1]**	**Average**	**Year end**
2017	**$m**	**$m**	**$m**	**$m**
Commodities	**2.6**	**1.0**	**1.4**	**1.4**
Foreign exchange	**2.5**	**0.6**	**1.2**	**0.8**
Equities	**1.4**	**0.3**	**0.5**	**1.3**
Debt securities	**4.7**	**1.5**	**2.1**	**1.6**
Diversification benefit[4]				**(2.3)**
Total				**2.8**

	Stress VaR[3]	
	December 2017 $m Audited	December 2016 $m Audited
Commodities	**7.1**	6.5
Foreign exchange	**7.7**	2.8
Equities	**6.9**	1.7
Debt securities	**18.0**	19.4
Diversification benefit[4]	**(15.3)**	(6.8)
Total	**24.4**	23.6

	Normal VaR[2]			
	Maximum[1]	Minimum[1]	Average	Year end
2016	$m	$m	$m	$m
Commodities	2.9	1.0	1.7	1.7
Foreign exchange	1.2	0.6	0.9	0.9
Equities	0.5	0.1	0.3	0.4
Debt securities	2.8	1.5	2.1	2.6
Diversification benefit[4]				(1.9)
Total				3.7

1. The maximum and minimum VaR figures reported for each market variable did not necessarily occur on the same days. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may have occurred on different dates.
2. Normal VaR is based on a holding period of one day and a confidence interval of 95%.
3. Stress VaR is based on a holding period of ten days and a confidence interval of 99%.
4. Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, i.e. the difference between the sum of the individual VaRs and measuring the VaR of the whole trading portfolio.

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