ICBC Standard Bank

Unaudited interim results

for the period ended 30 June 2016

ICBC Standard Bank Plc

(formerly Standard Bank Plc)

www.icbcstandard.com

Contents

1. ICBC Standard Bank Plc overview

ICBC Standard Bank Plc profile

ICBC Standard Bank Plc (ICBCS) is authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA), providing a range of banking and related financial services.

It is a member of the London Stock Exchange, the London Bullion Market Association, the London Metal Exchange, the London Platinum and Palladium Market, the Tokyo Commodity Exchange and the Shanghai Gold Exchange. The company has two seats on the New York Mercantile Exchange (Comex division) and acquired membership of London Precious Metals Clearing Limited (LPMCL) in the current period. The franchise of the group focuses on jurisdictions across Asia and Africa in a number of products, including debt, interest rate, equity, currency, and commodity products.

Industrial and Commercial Bank of China Limited (ICBC) and Standard Bank London Holdings Limited (SBLH), a wholly-owned subsidiary of Standard Bank Group (SBG), hold 60% and 40% respectively of the issued share capital of ICBCS.

ICBC Group profile

Industrial and Commercial Bank of China Limited, formerly known as Industrial and Commercial Bank of China, was established on 1 January 1984. On 28 October 2005, ICBC was wholly restructured to a joint-stock limited company. On 27 October 2006, ICBC was listed on both Shanghai and Hong Kong exchanges and has developed into one of the largest listed banks in the world, possessing a significant customer base, a diversified business structure, strong innovation capabilities and market competitiveness. ICBC has a presence on six continents and its overseas network has expanded to 42 countries and regions.

60/40

ICBC and SBLH hold 60% and 40% respectively of the issued share capital of ICBCS

ICBC provides a comprehensive suite of financial products and services to over 5 million corporate customers and over 496 million personal customers through its distribution channels. These channels consist of domestic institutions, overseas institutions and correspondent banks worldwide, as well as the e-banking network comprising a range of internet and telephone banking services and self-service banking centres. These form a diversified and international operating structure focusing on commercial banking business while maintaining a leading position in its domestic market.

Standard Bank Group profile

Standard Bank Group Limited, listed on the Johannesburg Stock Exchange, is the ultimate holding company for the global activities of SBG. SBG is one of Africa's leading banking and financial services organisations. In 2007, SBG entered into a major strategic partnership with ICBC which resulted in ICBC becoming a 20% shareholder in SBG.

SBG operates within three key business segments: Personal & Business Banking (PBB), Corporate & Investment Banking (CIB) and Investment Management & Life Insurance. These global business segments operate across South Africa, Africa and selected international locations outside of Africa. The company was the main subsidiary outside Africa and formed part of SBG's CIB business segment until February 2015.

2. Key financial results, ratios and statistics

Income statement	**June 2016 $m Unaudited**	June 2015 $m Unaudited	December 2015 $m Audited
Operating income	**135.3**	133.1	173.1
Operating expenses from continuing operations	**(191.2)**	(193.1)	(386.1)
Loss attributable to equity shareholders	**(56.6)**	(60.8)	(267.7)
Balance sheet			
Ordinary shareholders' equity	**1,000.4**	1,256.8	1,075.0
Total assets	**20,067.0**	17,223.8	20,137.5
Loans due from banks and customers	**2,646.4**	2,077.6	1,938.0
Reverse repurchase agreements	**3,029.2**	2,329.8	2,684.5
Financial assets held for trading	**1,859.1**	2,739.4	2,443.9
Other assets	**5,764.8**	2,336.5	3,455.5
Due to banks and other financial institutions	**9,722.5**	7,150.0	10,259.2
Capital adequacy			
Risk-weighted assets	**7,322.5**	6,464.9	7,579.7
Common equity tier 1	**996.9**	1,211.9	1,051.0
Common equity tier 1 capital adequacy ratio (%)	**13.6**	18.7	13.9
Total capital adequacy ratio (%)	**18.4**	25.7	19.1

3. Primary statements and accounting policies

Consolidated balance sheet

at 30 June 2016

Assets	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Cash and balances with central banks	**1,173.9**	1,451.8	3,254.2
Due from banks and other financial institutions	**1,957.3**	1,756.5	1,510.9
Financial assets held for trading	**1,859.1**	2,739.4	2,443.9
Financial assets designated at fair value through profit and loss	**7.5**	14.0	7.9
Derivative financial assets	**4,976.6**	6,222.5	6,223.0
Reverse repurchase agreements	**3,029.2**	2,329.8	2,684.5
Loans and advances to customers	**689.1**	321.1	427.1
Financial investments	**589.8**	2.6	105.3
Property and equipment	**16.7**	25.2	21.1
Deferred income tax assets	**3.0**	24.4	3.0
Income tax receivable	**-**	-	1.1
Other assets	**5,764.8**	2,336.5	3,455.5
Total assets	**20,067.0**	17,223.8	20,137.5
Liabilities and equity			
Liabilities	**19,066.6**	15,967.0	19,062.5
Financial liabilities held for trading	**971.6**	915.7	984.3
Derivative financial liabilities	**5,047.0**	6,008.8	5,926.3
Due to banks and other financial institutions	**9,722.5**	7,150.0	10,259.2
Repurchase agreements	**796.9**	11.8	361.4
Certificates of deposit	**60.3**	130.9	97.4
Due to customers	**928.7**	700.5	573.4
Income tax payable	**0.1**	4.5	-
Subordinated debt	**546.8**	689.2	682.9
Other liabilities	**992.7**	355.6	177.6
Equity			
Equity attributable to ordinary shareholders	**1,000.4**	1,256.8	1,075.0
Share capital	**1,083.5**	1,083.5	1,083.5
Ordinary share premium	**731.0**	731.0	731.0
Reserves	**(814.1)**	(557.7)	(739.5)
Total liabilities and equity	**20,067.0**	17,223.8	20,137.5

- Total assets at US$20.1bn, 0.4% decrease from December 2015.
- Decrease of US$2.1bn in placement of liquid asset holdings with the Bank of England, included in Cash and balances with central banks.
- Commodity stock holdings up US$2.3bn, included in Other assets.
- Increase of $0.8bn in Other liabilities, primarily due to precious metal clearing activities conducted through LPMCL.
- Lower derivative balances across commodity, foreign exchange and credit derivatives.

Consolidated income statement

for the period ended 30 June 2016

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Net interest income / (expense)	**13.6**	(6.2)	(3.7)
Interest income	**41.3**	23.8	57.3
Interest expense	**(27.7)**	(30.0)	(61.0)
Non-interest revenue	**121.6**	140.3	176.4
Net fees and commission	**4.9**	13.6	18.6
Fees and commission income	**5.0**	14.4	20.2
Fees and commission expense	**(0.1)**	(0.8)	(1.6)
Trading revenue	**116.7**	76.2	107.3
Recovery on commodity reverse repurchase agreements	**-**	50.5	50.5
Total operating income	**135.2**	134.1	172.7
Credit impairment recovery / (charge)	**0.1**	(1.0)	0.4
Income after impairments	**135.3**	133.1	173.1
Operating expenses	**(191.2)**	(193.1)	(386.1)
Staff costs	**(123.9)**	(123.9)	(229.1)
Other operating expenses	**(63.5)**	(67.2)	(152.2)
Indirect taxation	**(3.8)**	(2.0)	(4.8)
Loss before taxation	**(55.9)**	(60.0)	(213.0)
Income tax charge	**(0.7)**	(0.8)	(19.8)
Loss for the period from continuing operations	**(56.6)**	(60.8)	(232.8)
Discontinued operations	**-**	-	(34.9)
Loss attributable to equity shareholders	**(56.6)**	(60.8)	(267.7)

- Total operating income benefited from an increased core revenue performance, despite difficult market conditions at the start of the year for commodities in particular, as well as reduced funding costs.
- Operating costs have been contained due to various cost control measures in the current financial year.

Consolidated statement of comprehensive income

for the period ended 30 June 2016

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Loss attributable to equity shareholders	**(56.6)**	(60.8)	(267.7)
Items that may be subsequently reclassified to profit or loss[1]			
Foreign currency translation reserve	**(1.8)**	0.1	(3.7)
Cash flow hedging reserve[2]	**(16.0)**	2.5	(8.7)
Effective portion of changes in fair value	**(21.8)**	9.0	(13.0)
Net amount transferred to profit or loss	**5.8**	(6.5)	4.3
Changes in fair value of available-for-sale reserve	**(0.2)**	(0.1)	(0.9)
Total comprehensive loss attributable to equity shareholders	**(74.6)**	(58.3)	(281.0)

[1] Amounts are presented net after tax.
[2] Movements relate to continuing operations for all periods.

- The cash flow hedging reserve loss of US$16.0m is primarily driven by the GBP weakness versus USD following the vote to leave the European Union. This had a negative impact on the hedge of the GBP cost base.

Consolidated statement of changes in shareholders' equity

for the period ended 30 June 2016

	Ordinary share capital and share premium[1] $m Unaudited	Cash flow hedging reserve $m Unaudited	Available-for-sale reserve $m Unaudited	Foreign currency translation reserve $m Unaudited	Retained earnings[2] $m Unaudited	Total equity $m Unaudited
Balance at 1 January 2015	1,514.5	0.3	2.4	6.8	(508.9)	1,015.1
Total comprehensive loss for the year	-	(8.7)	(0.9)	(3.7)	(267.7)	(281.0)
Equity contribution under indemnity claim[3]	-	-	-	-	40.9	40.9
Shares issued including share premium	300.0	-	-	-	-	300.0
Balance at 31 December 2015	1,814.5	(8.4)	1.5	3.1	(735.7)	1,075.0
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	**-**	**(16.0)**	**(0.2)**	**(1.8)**	**(56.6)**	**(74.6)**
Balance at 30 June 2016	**1,814.5**	**(24.4)**	**1.3**	**1.3**	**(792.3)**	**1,000.4**

[1] On 29 January 2015, the company issued an additional 2 ordinary shares of US$1 each to Standard Bank London Holdings Limited, at a share premium of US$150 million per share.
[2] Retained earnings include the equity contribution under indemnity claim.
[3] The indemnity claim has been reflected as a capital contribution as this is a result of a transaction with SBG (shareholder with significant influence). This claim reimbursed the group for costs incurred in connection with a historic transaction.

Accounting policies

The financial results and financial position set out on pages 5 to 8 are prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis except as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The accounting policies are consistent with those adopted in the previous year.

4. Financial instruments measured at fair value

Fair value classification

The tables that follow analyse financial instruments carried at the end of the reporting period by measurement basis. Fair values are determined for each balance sheet line item and classified into levels 1, 2 or 3, depending on its valuation basis. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of financial instruments and the levels have been defined as follows:

Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets that the bank 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.

	Asset		Liability	
June 2016 – unaudited	**Composition %**	**$m**	**Composition %**	**$m**
Level 1	**27.7**	**2,057.6**	**16.0**	**960.6**
Level 2	**71.2**	**5,293.3**	**76.0**	**4,577.0**
Level 3	**1.1**	**82.1**	**8.0**	**481.0**
Financial instruments at fair value	**100.0**	**7,433.0**	**100.0**	**6,018.6**
Reconciled as follows:				
Available-for-sale		**589.8**		**-**
Held for trading		**6,835.7**		**6,018.6**
Designated at fair value		**7.5**		**-**
		7,433.0		**6,018.6**
June 2015 – unaudited				
Level 1	22.2	1,996.4	16.2	1,120.6
Level 2	75.6	6,788.5	75.4	5,218.6
Level 3	2.2	193.6	8.4	585.3
Financial instruments at fair value	100.0	8,978.5	100.0	6,924.5
Reconciled as follows:				
Available-for-sale		2.6		-
Held for trading		8,961.9		6,924.5
Designated at fair value		14.0		-
		8,978.5		6,924.5
December 2015 – audited				
Level 1	26.3	2,306.9	14.4	1,001.6
Level 2	72.3	6,350.2	76.8	5,304.2
Level 3	1.4	123.0	8.8	604.8
Financial instruments at fair value	100.0	8,780.1	100.0	6,910.6
Reconciled as follows:				
Available-for-sale		105.3		-
Held for trading		8,666.9		6,910.6
Designated at fair value		7.9		-
		8,780.1		6,910.6

5. Loans and advances

Due from banks and other financial institutions

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Gross amounts due	**1,957.3**	1,756.5	1,510.9
Demand and term loans due from banks	**94.8**	302.9	195.4
Other financial institutions	**687.0**	340.0	126.1
Balances with banks	**1,175.5**	1,113.6	1,189.4
Credit impairments	**-**	-	-
	1,957.3	1,756.5	1,510.9
Specific impairments			
Balance at beginning of the year	**-**	5.3	5.3
Amounts written off	**-**	(4.6)	(4.6)
Impairments raised	**-**	0.3	0.3
Exchange and other movements	**-**	(1.0)	(1.0)
	-	-	-
Segmental industry analysis			
Due from banks	**1,270.3**	1,416.5	1,384.8
Other financial institutions	**687.0**	340.0	126.1
	1,957.3	1,756.5	1,510.9

Reverse repurchase agreements

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Customers	**37.4**	66.1	38.0
Banks and other financial institutions	**2,991.8**	2,263.7	2,646.5
	3,029.2	2,329.8	2,684.5

Loans and advances to customers

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Gross loans and advances to customers	**695.4**	328.1	433.4
Demand loans and advances	**365.6**	313.7	243.3
Term loans	**329.8**	14.4	190.1
Credit impairments	**(6.3)**	(7.0)	(6.3)
	689.1	321.1	427.1
Portfolio impairments			
Balance at beginning of the year	**6.3**	7.0	7.0
Impairments released	**-**	-	(0.7)
	6.3	7.0	6.3
Segmental industry analysis			
Manufacturing	**51.0**	48.9	75.5
Mining	**309.3**	85.6	231.5
Transport	**-**	9.0	7.0
Wholesale	**264.5**	174.0	97.7
Other	**70.6**	10.6	21.7
	695.4	328.1	433.4

Credit quality

	Performing		Non-performing			
	Neither past due nor impaired		Past due but not specifically impaired		Specifically impaired	Gross credit exposure
	Normal monitoring	Close monitoring	< 90 days	>= 90 days		
June 2016 – unaudited	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Derivative financial assets	**4,961.3**	**15.3**	**-**	**-**	**-**	**4,976.6**
Due from banks and other financial institutions	**1,956.9**	**0.4**	**-**	**-**	**-**	**1,957.3**
Reverse repurchase agreements	**3,029.2**	**-**	**-**	**-**	**-**	**3,029.2**
Loans and advances to customers	**632.6**	**62.8**	**-**	**-**	**-**	**695.4**
Gross loans and advances & derivative financial assets	**10,580.0**	**78.5**	**-**	**-**	**-**	**10,658.5**
June 2015 – unaudited						
Derivative financial assets	6,203.1	8.7	-	-	10.7	6,222.5
Due from banks and other financial institutions	1,756.3	0.2	-	-	-	1,756.5
Reverse repurchase agreements	2,329.8	-	-	-	-	2,329.8
Loans and advances to customers	189.4	138.7	-	-	-	328.1
Gross loans and advances & derivative financial assets	10,478.6	147.6	-	-	10.7	10,636.9
December 2015 – audited						
Derivative financial assets	6,198.2	24.8	-	-	-	6,223.0
Due from banks and other financial institutions	1,510.4	0.5	-	-	-	1,510.9
Reverse repurchase agreements	2,684.5	-	-	-	-	2,684.5
Loans and advances to customers	346.3	87.1	-	-	-	433.4
Gross loans and advances & derivative financial assets	10,739.4	112.4	-	-	-	10,851.8

There are no impaired or past due but not impaired loan exposures at 30 June 2016, 30 June 2015 and 31 December 2015.

6. Deposits

Due to banks and other financial institutions

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Due to banks	**9,550.6**	6,673.5	9,972.6
Other financial institutions	**171.9**	476.4	286.6
	9,722.5	7,150.0	10,259.2

Repurchase agreements

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Banks and other financial institutions	**796.9**	11.8	361.4
	796.9	11.8	361.4

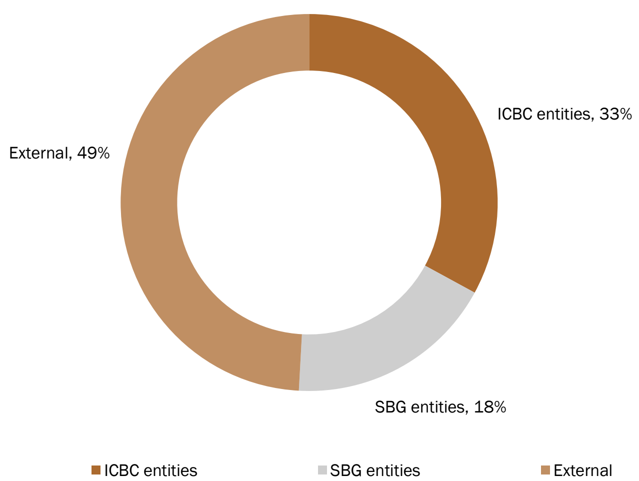
Certificates of deposit

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Commercial paper	**60.3**	130.9	97.4
	60.3	130.9	97.4

Due to customers

	June 2016 $m Unaudited	June 2015 $m Unaudited	December 2015 $m Audited
Call deposits	**639.9**	483.5	366.3
Term deposits	**288.8**	217.0	207.1
	928.7	700.5	573.4

Sources of funding



7. 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 periods specified. Stop loss triggers are designed to contain losses for individual business units by enforcing management intervention at predetermined loss levels measured against the individual high-water mark year-to-date profit and loss. Other risk measures specific to individual business units are also used. These measures include permissible instruments, concentration of exposures, gap limits and maximum tenor.

The group's trading units achieved a positive actual income for over 72% of the trading days in the period to June 2016 (June 2015: 68%). The average daily trading revenue earned in 2016 was US$1.0 million with a standard deviation of US$1.9 million. During the year, there were no back-testing exceptions at a 99% confidence level.

		Normal VaR[2]		
June	**Maximum[1]**	**Minimum[1]**	**Average**	**Period end**
2016	**$m**	**$m**	**$m**	**$m**
Commodities	**2.9**	**1.0**	**1.8**	**2.1**
Foreign exchange	**1.2**	**0.6**	**0.9**	**0.6**
Equities	**0.3**	**0.1**	**0.2**	**0.2**
Debt securities	**2.8**	**1.7**	**2.0**	**2.2**
Diversification benefit[3]				**(1.7)**
Total				**3.4**

		Normal VaR[2]		
June	Maximum[1]	Minimum[1]	Average	Period end
2015	$m	$m	$m	$m
Commodities	1.7	0.8	1.2	1.2
Foreign exchange	1.4	0.4	0.9	0.5
Equities	0.5	0.1	0.3	0.1
Debt securities	3.7	1.3	2.5	3.2
Diversification benefit[3]				(2.4)
Total				2.6

		Normal VaR[2]		
December	Maximum[1]	Minimum[1]	Average	Period end
2015	$m	$m	$m	$m
Commodities	2.4	0.8	1.3	1.7
Foreign exchange	2.1	0.4	0.9	1.1
Equities	0.6	-	0.2	0.1
Debt securities	3.7	1.3	2.6	2.5
Diversification benefit[3]				(2.1)
Total				3.3

[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] 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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