FINAL VERSION

STANDARD BANK GROUP LIMITED

(*Incorporated with limited liability on 25 November 1969 under Registration Number 1969/017128/06 in the Republic of South Africa*)

as **Issuer**

ISSUER DISCLOSURE SCHEDULE RELATING TO THE STANDARD BANK GROUP LIMITED

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*This is the Issuer Disclosure Schedule relating to The Standard Bank Group Limited ZAR 50,000,000,000 Domestic Medium Term Note Programme (the "**Programme**") (the "**Issuer Disclosure Schedule**" and together with the Risk Factors & Other Disclosures Schedule relating to the Standard Bank Group Limited ZAR 50,000,000,000 Domestic Medium Term Note Programme, the "**Disclosure Schedules**"), and is applicable to all Notes issued under the Programme pursuant to the Programme Memorandum dated 8 December 2022, as amended, updated and replaced from time to time (the "**Programme Memorandum**").*

This Issuer Disclosure Schedule is dated as of 8 December 2022 and contains all information pertaining to:

- *the description of the Issuer, including, but not limited to, its business, management, directors and corporate governance disclosure; and*
- *the Issuer's directors and debt officer as prescribed by paragraph 4.10(b)(ii)-(xii) of the Debt Listings Requirements; and*
- *the register of conflicts of interests or confirmation that no conflicts of interests exist.*

*Capitalised terms used in this Issuer Disclosure Schedule are defined in the section of the Programme Memorandum headed "General Terms and Conditions" (the "**General Terms and Conditions**") or "Additional Tier 1 Terms and Conditions" (the "**Additional Tier 1 Terms and Conditions**", and together with the General Terms and Conditions, the "**Terms and Conditions**") (as applicable), unless separately defined or clearly inappropriate from the context.*

DESCRIPTION OF STANDARD BANK GROUP LIMITED

Overview

Standard Bank Group Limited ("**SBG**") and its subsidiaries (together the "**Group**") is the largest financial services group in Africa (measured by assets) as at 31 December 2021. The Issuer is the Group's listed holding company and holds the entire issued share capital of the Group's primary banking entity, The Standard Bank of South Africa Limited ("**SBSA**"), as well as other banking and financial services entities. The Issuer has been listed on the Johannesburg Stock Exchange, operated by JSE Limited (the "**JSE**") since 1970, with secondary listings on A2X Markets in South Africa and the Namibian Stock Exchange.

The Issuer's vision is to be the leading financial services organisation in, for and across Africa by delivering exceptional client experiences and superior value.

As at 31 December 2021, the Issuer had total assets of R2,725,817 million (compared to R2,532,940 million as at 31 December 2020) and had headline earnings of R25,021 million for the year ended 31 December 2021 (compared to R15,945 million for the year ended 31 December 2020). Banking headline earnings increased by 59 per cent. to R24,940 million for the year ended 31 December 2021 (compared to R15,715 million for the year ended 31 December 2020). The Group's Return on Equity ("**ROE**") increased to 13.5 per cent. for the year ended 31 December 2021, from 8.9 per cent. for the year ended 31 December 2020, and its Common Equity Tier 1 Ratio increased to 13.8 per cent. for the year ended 31 December 2021 from 13.2 per cent. for the year ended 31 December 2021.

Originally founded in 1862, the Group was a member of Standard Chartered Bank Group ("**Standard Chartered**") until 1987. Since that time, the Group has focused on consolidating its position as the premier financial services organisation in South Africa, with an operational footprint in an additional 19 African countries covering East Africa (incorporating Kenya, South Sudan, Tanzania and Uganda), South & Central Africa (incorporating Botswana, eSwatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia and Zimbabwe) and West Africa (incorporating Angola, Democratic Republic of Congo, Ghana, Cote d'Ivoire and Nigeria). The Group also has a presence in five major international markets (Beijing, Dubai, London, New York and São Paulo). It also offers international financial services in the Isle of Man, Jersey and Mauritius. As at 31 December 2021, the Group had 49,224 permanent employees, and a market capitalisation of approximately R228 billion. Since 3 March 2008, it has been in a strategic partnership with Industrial and Commercial Bank of China ("**ICBC**"), the world's largest bank, which owns a 20.1 per cent. share of the Issuer.

Prior to January 2021, the Issuer operated as four principal business lines: Personal & Business Banking; Corporate & Investment Banking; Wealth; and Liberty. In January 2021, the Group carried out significant structural changes to better serve its clients and was reorganised into three client segments: Consumer & High Net Worth clients, Business & Commercial clients and Corporate & Investment Banking clients. The Group has a central support area, Central and Other, which provides support functions to the other three core segments, such as hedging activities, unallocated capital, liquidity earnings and central costs. These four segments together form Standard Bank Activities (the "**Standard Bank Activities**"). The Group continues to retain its Liberty and Other Banking Interest segments.

The Group's client segments are supported by its Client Solutions, Engineering (which comprises the Group's information technology, operations, real-estate and data) and Innovation capabilities. The Group has made these changes to its structure to achieve a more integrated and seamless delivery of financial services to its diverse client base, to reduce time and cost to serve its client base and to innovate more quickly and efficiently.

The new operating structure has been designed to enable the Group to develop from its current position which the Group regards as a trusted financial services provider, to achieve its stated 2025 ambition of being a "platform business". As a platform business, the Group intends to participate in "ecosystems" of co-ordinated networks of participants and devices which combine the Group's own offerings with those of its partners in order to enable clients and products to seamlessly meet a broad range of needs.

Consumer & High Net Worth ("**CHNW**"): the CHNW client segment offers tailored and comprehensive banking, investment and insurance solutions for individual clients in main markets, affluent segments and high net worth segments across Sub-Saharan Africa. CHNW provides its clients with both banking and non-banking services through digital and physical channels. CHNW provides the following banking solutions: home services (previously referred to by the Group as home loans), vehicle and asset finance, card and payments, transactional products, lending products and global markets, as well as insurance and investment solutions. For the year ended 31 December 2021, CHNW recorded headline earnings of R6,890 million, constituting 28 per cent. of the Issuer's headline earnings (compared to R3,037 million and 19 per cent., respectively, for the year ended 31 December 2020). As at 31 December 2021, assets attributable to CHNW constituted 25 per cent. of the Issuer's total assets (compared to 24 per cent. as at 31 December 2020).

Business & Commercial Clients ("**BCC**"): the BCC client segment provides broad based client solutions for a wide spectrum of small- and medium-sized businesses as well as large commercial enterprises. The client coverage support extends across a wide range of industries, sectors and solutions that deliver the advisory, networking and sustainability support required by clients to enable their growth. BCC provides the following banking solutions; home services, vehicle and asset finance, card and payments, transactional products, lending products and global markets, as well as insurance and investment solutions. For the year ended 31 December 2021, BCC recorded headline earnings of R5,284 million, constituting 21 per cent. of the Issuer's headline earnings (compared to R4,222 million and 26 per cent., respectively, for the year ended 31 December 2020). As at 31 December 2021, assets attributable to BCC constituted 9.5 per cent. of the Issuer's total assets (8.8 per cent. as at 31 December 2020).

Corporate & Investment Banking ("**CIB**"): the CIB client segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Clients leverage CIB's in-depth sector and regional expertise, specialist capabilities and access to global capital markets for advisory, transactional, trading and funding support. CIB contributed 54 per cent. of the Issuer's headline earnings for the year ended 31 December 2021 (compared to 59 per cent. for the year ended 31 December 2020) and constituted 48 per cent. of its total assets as at 31 December 2021 (compared to 49 per cent. as at 31 December 2020).

Liberty: Liberty provides life insurance and investment management activities. Liberty offers South Africa retail, business development and asset management. For the year ended 31 December 2021, Liberty recorded a headline loss attributable to the Issuer of R419 million (compared to headline loss of R651 million for the year ended 31 December 2020) and Liberty constituted 18 per cent. of the Issuer's total assets as at 31 December 2021 (compared to 18 per cent. as at 31 December 2020).

Other Banking Interests: Other Banking Interests consist of the Group's equity investments held as a strategic partnership agreement with ICBC. These consist of a 40 per cent. share in ICBCS and, until June 2020, a 20 per cent. holding in ICBC Argentina S.A. ("**ICBC Argentina**"). In the early 2000's the Group's strategy was to be an emerging markets bank. After the global financial crisis, the Group adjusted the strategy to focus on Africa. As a result, it exited the businesses outside of Africa which it no longer considered to be a core part of its strategy. In 2012, the Issuer sold an 80 per cent. stake in Standard Bank Argentina (renamed ICBC Argentina) to ICBC and in June 2020 it disposed of its remaining 20 per cent. stake in ICBC Argentina. In 2015 the Issuer sold a 60 per cent. stake in ICBCS (formerly Standard Bank Plc) to ICBC. ICBC, as the majority shareholder, controls and runs this business.

Standard Bank's full exit from ICBCS is subject to the terms of the sale agreement. The Issuer's current investments in ICBCS is equity accounted, as an associate, in its books and as such it is not included in metrics that relate specifically to the Issuer's banking activities. The Group has initiated discussions with ICBC to sell its stake in ICBCS to ICBC.

The Group operates through subsidiaries in 20 countries across Africa Regions and South Africa, providing the Group's full banking offering. The Group's Africa Regions legal entities recorded R8,995 million for the year ended 31 December 2021, constituting 36 per cent. of the Issuer's banking headline earnings (compared to R9,192 million constituting 58 per cent. respectively for the year ended 31 December 2020) and contributing 22 per cent. of the Issuer's total banking assets for the year ended 31 December 2021 (compared to 20 per cent. for the year ended 31 December 2020). Africa Regions are split into East Africa (incorporating Kenya, South Sudan, Tanzania and Uganda), South & Central Africa (incorporating Botswana, eSwatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia and Zimbabwe) and West Africa (incorporating Angola, Democratic Republic of the Congo, Ghana, Cote d'Ivoire and Nigeria).

The Issuer is incorporated in South Africa as a limited liability company and operates under South African law. The Issuer's registered address is 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, PO Box 7725, Johannesburg 2000, South Africa (telephone number: + 27 11 636 9111).

History

SBSA is one of the oldest banks in South Africa having originally been incorporated in London as The Standard Bank of British South Africa Limited in 1862. The word "British" was dropped from its name in 1883. SBSA commenced operations in Port Elizabeth in 1863 and gradually expanded its geographic area of operation to include the whole of South Africa.

In 1962, the shareholders of SBSA voted in favour of splitting the company into a South African subsidiary company which retained the name SBSA, and a parent company, The Standard Bank Limited, operating in London (subsequently to become Standard Chartered Bank plc).

In 1969, Standard Bank Investment Corporation Limited (subsequently to become SBG) was established as the holding company for SBSA. The Issuer continued as a member of Standard Chartered until 1987 when Standard Chartered sold its 39 per cent. ownership of the Issuer to Liberty Group Limited (the "**LGL**"), transferring the holding company to local South African ownership. In July 1978, the Issuer accepted an offer of a 25 per cent. shareholding in a new insurance company, Liblife Controlling Corporation Proprietary Limited ("**LCC**"), which was formed to acquire a controlling interest in the LGL group's Liberty Holdings. The Issuer's equity interest in LCC was increased from 25 per cent. to 50 per cent. in July 1983. The acquisition ensured joint control of the

LGL group with Liberty Investments. In February 1999 Standard Bank agreed to purchase Liberty Investments' 50 per cent. interest in LCC.

The severing of ties enabled the Issuer to go into competition with Standard Chartered in the Africa Regions where a resurgence of economic growth appeared imminent. The first step was taken when the Union Bank of Swaziland Limited, in which the Issuer had a major shareholding, became an operational commercial bank in July 1988. In November 1992, the Issuer acquired the operations of ANZ Grindlays Bank in eight African countries (Zimbabwe, Zambia, Kenya, Botswana, Uganda, Zaire (DRC) and minority interests in Nigeria and Ghana), which set the Group on a path of African expansion over the next 15 years.

In 2007, the Issuer merged its Nigerian interests with those of IBTC Chartered Bank Plc, securing a controlling interest in the merged entity Stanbic IBTC Bank Plc. In 2008, the Issuer acquired 60 per cent. of CfC Bank in Kenya, and the operations of Stanbic Bank Kenya Limited were merged with those of CfC Bank. The merged entity was renamed CfC Stanbic Bank Limited. In 2012, CfC Stanbic Bank Limited opened a branch in the newly independent Republic of South Sudan. In 2014, the newly established Cote d'Ivoire representative office opened for business, and in 2015 the Ethiopian representative office opened, bringing the Group's footprint in Africa to 20 countries.

During the 1990s, while the Issuer was building its African network, it also began establishing a footprint overseas. In 1992, the Issuer was awarded a banking licence in London and Standard Bank London Holdings Limited began operating. A number of acquisitions were made over the next two decades and by 2009, the Issuer had developed from a South African bank into a broad-based financial services organisation with niche investment banking operations focused on other emerging markets.

Effective 3 March 2008, the Issuer concluded a strategic partnership which resulted in ICBC becoming a supportive, non-controlling 20.1 per cent. minority shareholder in the Issuer. An agreement was entered into on 29 January 2014 in terms of which ICBC would, upon completion, acquire a controlling interest in the Issuer's non-Africa business, focusing on commodities, fixed income, currencies, credit and equities products. Under the agreement, ICBC acquired 60 per cent. of Standard Bank Plc from Standard Bank London Holdings for cash on 1 February 2015, resulting in the name change to ICBC Standard Bank Plc.

Corporate Structure

The Issuer's sole function is to act as the ultimate holding company of the Group. Its revenues, therefore, are derived solely from dividends and loan repayments received from its subsidiaries and associates.

The Issuer's authorised share capital comprises of the following:

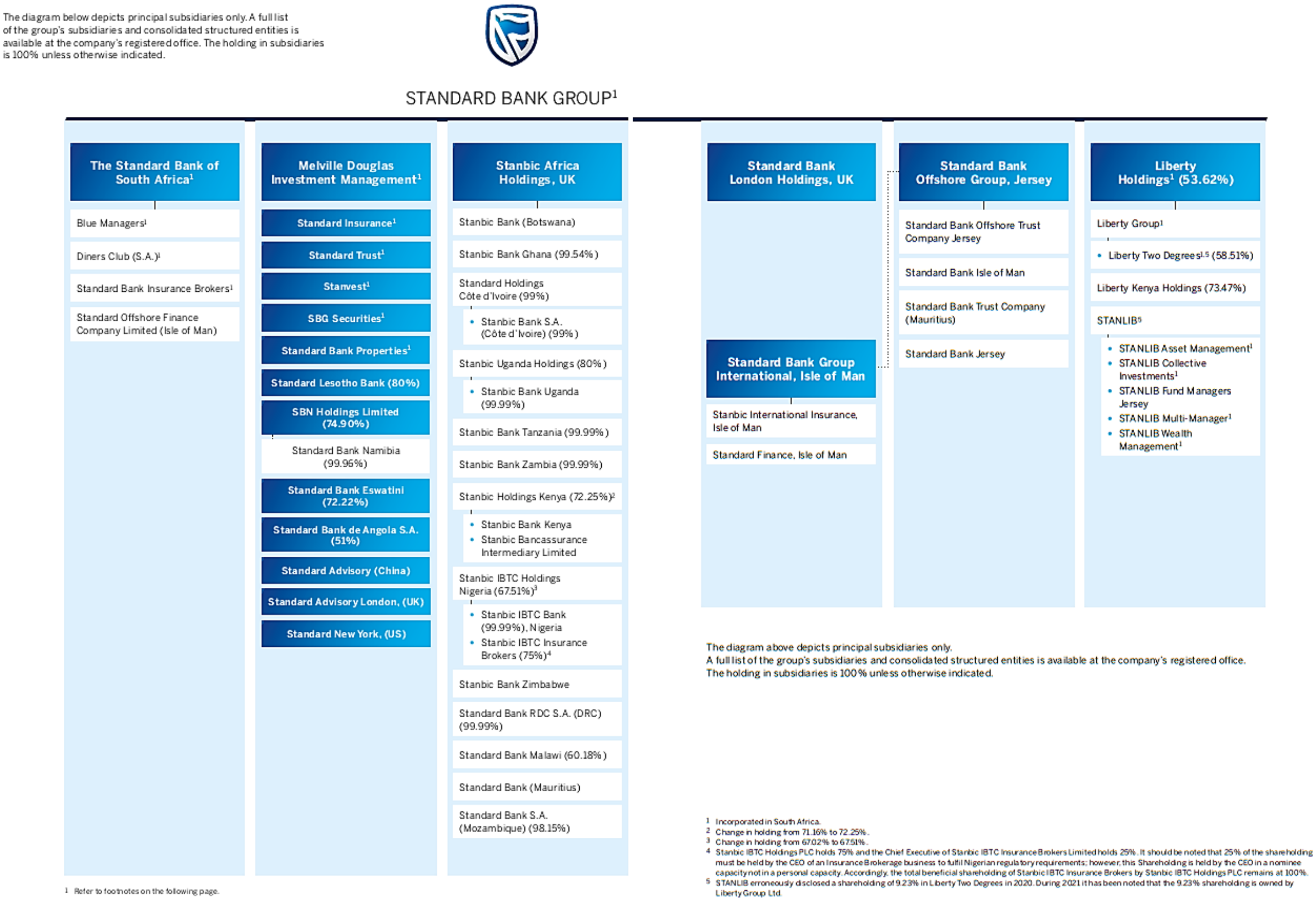
- 2,000,000,000 ordinary shares with a par value of 10 cents;
- 8,000,000 cumulative, non-redeemable preference shares of R1 each; and
- 1,000,000,000 non-redeemable, non-cumulative, non-participating preference shares of 1 cent.

As at 31 December 2021, the Issuer had issued share capital as follows:

- 1,619,976,537 ordinary shares of 10 cents each;

- 8,000,000 cumulative, non-redeemable preference shares of R1 each; and
- 52,982,248 non-redeemable, non-cumulative, non-participating preference shares at a par value of 1 cent each.

The chart below presents a summary of the Issuer's corporate structure as at 31 December 2021. For more information, see the Issuer 2021 Annual Financial Statements on pages 132 to 147:



As at 31 December 2021, the ten largest shareholders in the Issuer beneficially held 46.0 per cent. of the Issuer's ordinary shares. The following table sets out the ten largest shareholders as at 31 December 2021 and 31 December 2020.

	2021 Number of shares		2020 Number of shares	
	(million)	*(% holding)*	*(million)*	*(% holding)*
Industrial and Commercial Bank of China	325.0	20.1	325.0	20.1
Government Employees Pension Fund (PIC)	234.9	14.5	229.5	14.2
Alexander Forbes Investments	36.7	2.3	34.2	2.1
Old Mutual Life Assurance Company	32.5	2.0	29.5	1.8
Allan Gray Balanced Fund	27.9	1.7	30.2	1.9
M&G Equity Fund	19.1	1.2	14.2	0.9
Vanguard Emerging Markets Stock Index Fund	17.5	1.1	16.2	1.0
Vanguard Total International Stock Index Fund	17.5	1.1	19.1	1.2
Government Institutions Pensions Fund	15.7	1.0	16.6	1.0
Government of Norway	15.6	1.0	16.9	1.0
	742.4	**46.0**	**731.4**	**45.2**

Source: The shareholdings in the table are determined from the share register and investigations conducted on SBG's behalf in terms of section 56 of the Companies Act.

Strategy

The Issuer expresses its corporate purpose as 'Africa is our home, we drive her growth'. During 2021, the Issuer updated its strategic priorities. They now are to:

- transform client experience using digital technology and human skill to understand its clients as deeply and empathetically as possible; to help them meet their needs and achieve their goals; and to defend its current client franchise and market position and grow while focusing on its ten identified "ecosystems";
- execute with excellence by (1) delivering traditional financial services solutions with maximum efficiency and total integrity, (2) developing new client solutions, (3) building and maintaining the Group's digital platform, and (4) forming partnerships with other businesses to provide a range of new services; and
- drive sustainable growth and value, where 'sustainable' is understood to mean both 'long-term' and 'environmentally and socially sustainable' and be purposeful in having a positive impact, diligent in allocating resources and delivering attractive shareholder returns.

The Issuer has six strategic value drivers against which it measures progress in achieving its purpose and strategic priorities:

- client focus – consistently excellent client experiences, serving clients' needs holistically and seamlessly across the Group, delivering relevant and complete digital solutions, and ensuring that employees and processes are outwardly focused on clients as their needs and expectations change;
- employee engagement – employees feel connected with the Issuer purpose, are empowered and recognised and have the relevant skills to meet its clients' needs, now and in the future;
- risk and conduct – doing the right business the right way;
- operational excellence – using technology and data to serve and protect its clients, reduce costs and grow its platform businesses to their efficient scales;
- financial outcomes – deliver superior value to shareholders and strive to meet the Issuer's medium term financial targets; and
- social, economic and environmental impact – make a positive impact toward Africa's prosperity, economic growth and sustainability.

The Issuer's clients are at the core of its business. Over recent years the Group has made significant changes to its operating models, improving client focus and delivering a more digitally enabled, integrated offering, able to serve clients' needs holistically across business areas and geographies.

As from 1 January 2021, the Group's former business units have been replaced with a new structure. The Group is now primarily reorganised into three client segments, CHNW; BCC and CIB (for more information, see "*Overview*" above). Each of the client segments is equally supported by the Issuer's Client Solutions business and by a specialised Innovation capacity. The strategic rationale for these changes is as follows:

- to provide all clients – from individuals to major corporations – with a comprehensive range of financial services and solutions in a seamless way, without expecting them to navigate the Issuer's internal complexities;
- to reduce time and cost to serve; and
- to enable the Issuer to innovate more quickly and efficiently in the service of its clients. Over the short and medium term, this will include starting to expand into the ancillary and additional services that surround a traditional financial services business, both to meet clients' needs and to counteract declining margins in traditional financial services.

In pursuit of these objectives, in July 2021, the Group announced its intention to buy out the minority shareholders in Liberty, taking the Group's shareholding from 54 per cent. to 100 per cent. The Group received shareholder approval for the transaction in October 2021. The Group received the relevant regulatory approvals in February 2022 and intends to complete the integration of Liberty in 2022 (for more information, see "*Business of SBG – Liberty Holdings Limited ("Liberty")*"). The Group's intention is to bring its banking, insurance and asset management businesses much closer together, to provide a more comprehensive financial services to its customers, enabling it to better leverage both companies' capabilities and footprint across Africa. The Group believes this will enable the Issuer to deliver a single set of services and solutions to answer the needs of an extended client base; and create opportunities to better capture and grow capital-light revenue with better returns.

The Issuer encourages its employees to embrace innovation and continuous improvement. The Issuer is preparing employees for an increasingly digital business model through a highly active and large-scale training programme. Over the course of 2021, 86 per cent. of employees made use of the Group's online learning resources, completing a total of 7.2 million learning items.

The Issuer's business in South Africa produces the majority of the capital needed to execute the Issuer's strategy on the African continent. As the Issuer's largest business entity, SBSA's balance sheet is an important resource for the Group. In the year ended 31 December 2021, SBSA contributed 56 per cent. of Group headline earnings.

The key sub-components of the Group's strategy are executed through the Issuer's Client Segments and other major units as follows:

Consumer and High Net Worth ("CHNW")

CHNW aims to provide a single and complete connection with, and a personalised banking, insurance and asset management service for, every personal client. It is present in 15 African countries, London, the Isle of Man and Jersey and Mauritius and has a large and diverse customer base.

CHNW offers banking and other financial services including transactional products, mortgage lending, card products, vehicle and asset finance, insurance and asset management.

CHNW's active client numbers grew by 8 per cent. in the year ended 31 December 2021, amounting to 15.6 million. Active client numbers in South Africa grew by 9 per cent. to reach of just over 10 million active clients. Within this, growth was particularly rapid among clients using the Group's "Wallet" services (which provides basic transactional services) in South Africa, which increased by 21 per cent. In Africa Regions, active CHNW clients increased by 6 per cent. to 5.5 million.

CHNW's Net Promoter Score ("**NPS**") in South Africa rose from 73 in 2020 to 78. In Africa Regions, CHNW's NPS increased from 30 to 32. These improvements are attributable to the intense focus by CHNW's executive leadership on improving client experience.

CHNW has an extensive physical presence, with 1,035 branches and 6,195 ATMs as at the date of this Issuer Disclosure Schedule. It continues to reconfigure and reduce physical branches in line with growing use of digital platforms and the corresponding decline in branch usage. These trends were accelerated by the effects of the COVID-19 pandemic. In 2021, the Group reduced its physical footprint by 7 per cent. Branches will remain available to customers requiring personal engagement, but on a reduced scale. While digital solutions yield lower revenue per service, this will be balanced by continued rationalisation of the branch network over time, and by offering an expanded range of services using digital channels and in partnerships with retailers and other businesses with existing physical networks. For example, in 2021 CHNW launched a partnership with Pick 'n Pay, a major supermarket chain in South Africa and Namibia, to provide transactional services in Pick 'n Pay stores.

During 2021, in addition to supporting the Group's clients through the COVID-19 pandemic, CHNW focussed on growing market share and on continuing to digitise the business. CHNW maintained robust balance sheet growth, gross loans and advances increased by 9 per cent., with particularly strong growth in mortgage disbursements (an increase of 43 per cent. compared to the year ended 31 December 2020) and vehicle and asset finance disbursements (an increase of 41 per cent. compared to the year ended 31 December 2020) in South Africa as its economy began to recover from the recession induced by the COVID -19 pandemic and the associated lockdowns.

CHNW released its "Unayo" digital wallet service in four countries (Malawi, eSwatini, Kenya and Botswana) in October 2021, and intends to release it in another eight countries in 2022.

The insurance and asset management components of CHNW are an important part of the Issuer's strategy to deliver integrated universal financial services to its clients, and will continue to grow in importance to the Group as a consequence of the integration of Liberty's businesses.

CHNW provides short-term insurance, life insurance, investments/asset management and fiduciary services for high net worth, retail, business and commercial, and corporate clients.

The Issuer believes that Africa's insurance industry has strong potential for growth, owing to Africa's young and growing middle class and to large infrastructure and agriculture opportunities.

The insurance and asset management businesses within CHNW make an important contribution to enhancing the Issuer's return on equity. Assets under management within CHNW increased during the year ended 31 December 2021 by 9 per cent. in South Africa, 37 per cent. in Ghana, 12 per cent. in Nigeria, and 18 per cent. in the Group's offshore businesses. Melville Douglas, a boutique investment management company within CHNW, which manages investments on behalf of a range of endowments, charitable trusts, retirement funds, institutional and private client mandates, continued to achieve strong fund performance, with its offshore funds recognised as the best-performing in South Africa at the 2021 'Raging Bull' awards.

The businesses in the Group's former "Wealth" business unit continued to digitise. For example, in 2021, the capacity to invest online in US equities was added to the Shyft international savings and payment app. The My360 app provides high net wealth clients with a consolidated view of their assets and liabilities across more than 20,000 global financial institutions on a single easy-to-use dashboard. By the end of 2021, My360 users had grown to 52,940 from 42,000 users in 2020.

Business and Commercial ("BCC")

The Group's Business and Commercial client segment serves small and mid-sized business clients, with revenues up to USD 100 million per year.

BCC's net active client numbers increased by 2 per cent. overall in the year ended 31 December 2021, and by 11 per cent. in Africa Regions. BCC's South Africa's NPS increased from 64 in 2020 to 75 in the year ended 31 December 2021. In Africa Regions, BCC's NPS increased from 27 in 2020 to 29 in the year ended 31 December 2021.

In BCC in South Africa, business lending increased by 37 per cent., vehicle and asset finance disbursements increased by 4 per cent. and the value of concessional COVID-19 pandemic relief loans extended decreased by 95 per cent. in the year ended 31 December 2021, reflecting the recovery in business conditions in 2021.

The annual China International Import Expo remains emblematic of BCC's commitment to the Issuer's clients in this segment and of its capacity to make a positive difference to the fortunes of Africa's medium- sized businesses. This year 170 African exporters were connected with Chinese markets at this expo.

Examples of new or expanded services offered to B&C clients include SimplyBlu, an innovative all-in- one payment solution that enables small enterprises in South Africa to move their businesses online, and Trade Club, an online platform that connects BCC's clients across Africa to more than 20,000 vetted businesses in 48 countries, drawing on the Issuer's global trade alliance with 13 leading international banks.

Corporate and Investment Banking ("CIB")

CIB focuses on serving leading multinational corporations with operations in Africa, and large domestic African corporations that conduct business in Africa and offshore through a diversified range of transactional, advisory and lending services.

CIB adds value to clients through deep specialisation in Africa's key growth sectors, namely mining and metals, power and infrastructure, oil and gas, consumer goods, financial services, telecommunications, public sector, and diversified industrials. Its diverse portfolio across clients, geographies, sectors and products strengthens resilience in the face of challenging macroeconomic conditions.

The Issuer's presence in five key financial centres around the world provides clients with access to international pools of capital, supporting its ability to facilitate growth and development in Africa. The Issuer is well positioned to drive and facilitate inter-regional trade and investment flows across Africa to assist the economic growth of African countries and the expansion of multinationals into Africa. The Issuer's strategic partnership with ICBC assists in serving the needs of clients operating within the China-Africa corridor, which includes a specific focus on developing and supporting renminbi-denominated cross-border capabilities.

CIB uses a client satisfaction index ("**CSI**") to measure the extent to which its clients are satisfied with the service CIB provides. It is calculated using weighted scores for different dimensions, from response times to the effectiveness of client relationship managers. CIB's CSI in the year ended 31 December 2021 was 8.2, unchanged compared to 2020.

The CIB Client Engagement Model provides each client with a Client Service Team, which draws expertise from across the Issuer. CIB's client relationship managers work closely with clients to develop a complete understanding of their needs and challenges and deliver seamlessly integrated universal financial services solutions.

Despite the pressures created by the pandemic, CIB's client-focused strategy enabled it to achieve 5 per cent. growth in income from banking activities in the year ended 31 December 2021.

In August 2021, the Group announced a set of sustainability commitments and published a climate strategy with quantified targets. This policy restates and reinforces the Group's long-term goal of achieving a portfolio mix that is net zero by 2050. Meeting this goal will entail both reducing financed emissions and simultaneously scaling up the financing of renewables, reforestation, climate-smart agriculture, decarbonisation and transition technologies, and credible carbon offset programmes.

In the year ended 31 December 2021 CIB provided nine sustainable finance loan facilities in the healthcare, consumer, real estate, public sector, industrial and power and infrastructure sectors and arranged six sustainable finance bonds in the healthcare, financial services, power, and real estate sectors; helped to arrange sustainable energy solutions for 321 client sites; and launched the Green Home initiative for Standard Insurance Limited clients in South Africa. In December 2021, the Group issued its first local Tier 2 capital-qualifying green bond – a 10-year, R1.4 billion bond listed on the Johannesburg Stock Exchange's Sustainability Segment. The proceeds will be used to finance renewable energy projects in South Africa.

While some oil and gas projects were delayed as a result of the COVID-19 pandemic, CIB continued to support transformational developments in the oil and gas sector in Africa. In line with the Group's commitment to supporting a transition away from carbon-intensive growth, CIB continues to support developments in these sectors as a legitimate and valuable element of Africa's sustainable development.

CIB continued to digitise during the year ended 31 December 2021, including through the development of its online PowerPulse service, which links businesses with providers of renewable energy solutions, and offers both parties funding, and support in contracting and in meeting regulatory requirements. PowerPulse is one of the services accessible through CIB's OneHub digital platform.

Client Solutions

The Group's Client Solutions business works with each of its three client segments and its country businesses to produce the Group's products and services as efficiently and cost-effectively as possible. The Group intends that in the future, the Client Solutions business will also offer solutions to third parties, creating new opportunities and new revenue streams for the Group.

Innovation

The Group has a specialised Innovation capacity that develops and scales-up new digital products and services for the Group, often in partnership with specialised fintechs and venture capital businesses. The Innovation function also coordinates, prioritises and aligns innovation initiatives which are being executed across the Group.

In 2021, for example, Innovation developed and piloted a credit scoring methodology using non-traditional forms of data (such as mobile phone usage) and partnered with a fintech to create a stock advance service for small traders and their suppliers, enabling these small businesses to carry more stock and increase their revenues. Over 8,000 traders, in four countries, signed up for this service in the year ended 31 December 2021.

Competitive Strengths

Strong market position in key products

The Issuer is the largest bank in Africa measured by assets and SBSA is the largest bank in South Africa measured by assets as at 31 December 2021, with a significant market share across a range of retail, commercial and investment banking products.

A universal financial services group with a strong franchise, a modern digital core and diverse revenue sources

The Issuer's franchise strength is underpinned by its strong brand, the calibre of its employees and a fit-for- purpose physical distribution network and digital platforms. The Issuer is able to generate revenue from sources that are well-diversified across clients, sectors, product groups and geographies, which provides the Issuer with a level of protection in times of volatility.

Robust capital and liquidity position

The Issuer's strong and liquid balance sheet provides flexibility to manage uncertainty, change, innovation and growth. The Issuer has access to diverse and sophisticated liquidity sources for senior funding and capital requirements.

Experienced management team

The Issuer operates within strong corporate governance and assessment frameworks, and within a sophisticated, Basel III compliant regulatory framework. Its senior management has experience both at The Issuer and at other institutions throughout the banking industry. The Issuer's position in the market has allowed it to attract top managers from across the industry, both domestically and abroad. Managers are dedicated to the goals of the institution. A compensation structure that includes both short and long-term incentive plans assists in retaining key managers and leads to continuity in business operations.

Strategic partnership with ICBC

The Issuer's strategic partnership with ICBC, places it in a strong position to facilitate trade and investment in the Africa-China corridor, while simultaneously offering access to opportunities in one of the fastest growing emerging market economies. The Issuer and ICBC have worked together over the past decade to support and deepen the economic links between Africa and China, including through the provision of joint funding of major infrastructure projects, and renminbi internationalisation.

Strong growth prospects

The Issuer's prospects for future growth are driven by strong regional economic fundamentals in the markets in which it operates, with the potential for increasing demand for financial services, which should provide the Issuer with opportunities to increase its market share, particularly in some of the large markets in which it operates where it currently has a relatively small market share.

Appetite to invest and partner

The Issuer has the resources and appetite to expand on its own and through partnerships and alliances, particularly with businesses specialising in digital financial services and digital networks and communications providers.

Business of SBG

Introduction

The Issuer is an African-focused financial services group which provides integrated solutions to a diverse range of domestic and international clients.

In 2021, the Issuer's banking operation's core client segments were Consumer and High Net Worth clients, Business and Commercial clients and Corporate & Investment Banking clients. A central support area, Central and Other, provided support functions to the three core segments, as well as advisory services. Other Banking Interests is the Group's equity investments in ICBCS. Liberty made up the final pillar in the Group structure. In July 2021, the Issuer and Liberty jointly announced the Issuer's firm intention to make an offer to acquire all the ordinary shares of Liberty that were not already owned by the Issuer, excluding treasury shares, and to acquire all of Liberty's issued preference shares listed on the JSE. The preference share scheme was implemented on 22 November 2021. On 7 February 2022, the ordinary share scheme conditions were fulfilled and the scheme was implemented on 28 February 2022. As a result, the Liberty ordinary shares delisted from the JSE on 1 March 2022.

As at 31 December 2021, the Issuer's total assets amounted to R2,725,817 million (compared to R2,532,940 million as at 31 December 2020), an increase of 8 per cent. For the year ended 31 December 2021, the Issuer's profit for the year attributable to ordinary shareholders increased by 101 per cent. to R24,865 million from R12,358 million for the year ended 31 December 2020.

For the year ended 31 December 2021 the Group's headline earnings increased by 57 per cent. to R25.0 billion, driven by a recovery in client activity, an improvement in client balance sheets and real growth in the Issuer's underlying franchise. Return on equity ("**ROE**") improved to 13.5 per cent. in the year ended 31 December 2021, compared to 8.9 per cent. for the year ended 31 December 2020. Economic growth in the second half of the year drove annual growth of 5 per cent. in income from banking activities for the year ended 31 December 2021. It also contributed towards growth of banking pre-provision operating profit from R45.4 billion for the year ended 31 December 2020 to R47.8 billion for the year ended 31 December 2021, also an increase of 5 per cent. Net asset value increased by 13 per cent. and the Group ended 2021 with a Common Equity Tier 1 ratio of 13.8 per cent. (compared to 13.2 per cent. in 31 December 2020).

The following table shows selected financial information and ratios for the Issuer as at, and for the years ended, 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
Income statement		
Total income (Rm)	132,982	123,667
Headline earnings (Rm)	25,021	15,945
Profit for the year attributable to ordinary shareholders (Rm)	24,865	12,358
Statement of financial position		
Gross loans and advances (Rm)	1,475,726	1,321,241
Total assets (Rm)	2,725,817	2,532,940
Total liabilities (Rm)	2,482,968	2,317,668
Financial performance		

Banking activities		
Stage 3[1] loans (Rm)	69,915	72,094
Stage 3 credit impairment charge (Rm)	11,490	15,622
Stage 1 & 2[2] credit impairment(release)/ charge (Rm)	(1,570)	4,606
Credit loss ratio (%)	0.73	1.51
Stage 3 exposure ratio (%)	4.7	5.5
Return on equity (%)	14.7	9.6
Loans-to-deposit ratio (%)	79.2	77.4
Cost-to-income ratio (%)	57.9	58.2

[1] Stage 3: SBG uses a 25-point master rating scale to quantify each borrower's credit risk (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures which are in default are not considered in the 1 to 25-point master rating scale.

[2] Stage 1 & 2: SBG uses a 25-point master rating scale to quantify each borrower's credit risk (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of SBG's master rating scale.

The following table shows selected performance indicators of the business lines which comprise the Group's banking activities' segment as at, and for the years ended, 31 December 2021 and 31 December 2020:

	Consumer & High Net Worth clients[1]		Business & Commercial clients[1]		Corporate& Investment Banking clients[1]		Central and Other[1]	
	31 December		31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
				(Rm)				
Total assets	677,971	615,941	257,915	222,474	1,302,643	1,236,827	(1,047)	5,529
Profit for the year attributable to ordinary shareholders	6,828	3,013	5,264	4,017	13,413	7,853	(651)	(721)
Headline earnings	6,890	3,037	5,284	4,222	13,397	9,357	(631)	(901)

[1] Where reporting responsibility for individual cost centres and divisions within segments change, the segmental analyses' comparative figures are classified accordingly.

The following table shows the contribution of the different business lines within the Issuer as at, and for the years ended 31 December 2021 and 31 December 2020:

	Standard Bank activities		Other banking interests		Liberty[1]		SBG Total	
	31 December		31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
				(Rm)				
Total assets	2,237,482	2,080,771	4,248	3,522	484,087	448,647	2,725,817	2,532,940
Profit for the year attributable to ordinary shareholders	24,854	14,162	500	(1,111)	(489)	(693)	24,865	12,358
Headline earnings	24,940	15,715	500	881	(419)	(651)	25,021	15,945

[1] Includes adjustments on consolidation of Liberty into the Group.

Standard Bank Activities by solution – Products and Services (Solutions)

Following the reorganisation of the Group's former business units into three client segments from 1 January 2021, the Group refers to its products and services as "solutions" and has renamed certain services and line items in its financial statements to align with its new client solutions strategy. For the purposes of the Group's secondary reporting axis, it groups products and services into banking, insurance and investments.

Details per product within Standard Bank Activities

Home Services (previously Home Loans)

Home services provides residential accommodation financing solutions, including related value added services. Gross home services loans and advances increased by 9 per cent. for the year ended 31 December 2021 to R434,104 million compared to R399,208 million for the year ended

31 December 2020. There was a decrease in the credit loss ratio to 27 basis points for the year ended 31 December 2021 compared to 114 basis points for the year ended 31 December 2020, whilst credit impairment charges amounted to R1,135 million for the year ended 31 December 2021 compared to R4,372 million for the year ended 31 December 2020. For the year ended 31 December 2021, R32,045 million of gross home services loans and advances (7.4 per cent. of gross home services loans and advances) were impaired (compared to R33,643 million and 8.4 per cent. of gross home services loans and advances, respectively, for the year ended 31 December 2020).

Vehicle and asset finance

Vehicle and asset finance comprises comprehensive finance solutions in instalment credit, fleet management and related services across the Group's retail, corporate and business markets. As at 31 December 2021, gross loans and advances in vehicle and asset finance amounted to R110,653 million compared to R99,071 million as at 31 December 2020, an increase of 12 per cent. The credit loss ratio for vehicle and asset finance decreased to 113 basis points for the year ended 31 December 2021 compared to 275 basis points for the year ended 31 December 2020.

Card and payments

Card and payments comprises credit card facilities to individuals and businesses, merchant acquiring services, the enablement of digital payment capabilities through various products and platforms as well as mobile money and cross-border businesses. For the year ended 31 December 2021, gross loans and advances for Card and payments increased by 4 per cent. to R36,367 million compared to R35,121 million for the year ended 31 December 2020. The credit loss ratio for gross card and payments increased to 821 basis points as at 31 December 2021 from 648 basis points as at 31 December 2020.

Retail transactional

Retail transactional provides a comprehensive suite of transactional, savings, payment and liquidity management solutions. For the year ended 31 December 2021, net-interest income ("**NII**") in retail transactional decreased by 4.3 per cent. to R14,204 million compared to R14,845 million for the year ended 31 December 2020. For the year ended 31 December 2021, non-interest revenue ("**NIR**") increased by 1.5 per cent. to R12,901 million compared to R12,707 million for the year ended 31 December 2020.

Retail lending

Retail lending provides a comprehensive suite of lending products to individuals and small and medium-sized businesses. For the year ended 31 December 2021, NII in retail lending increased by 6.6 per cent. to R12,542 million compared to R11,767 million for the year ended 31 December 2020. For the year ended 31 December 2021, NIR decreased by 6.9 per cent. to R2,477 million compared to R2,660 million for the year ended 31 December 2020.

Global markets

Global markets comprises trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities.

Investment banking

Investment banking provides a suite of advisory and financing solutions, from term lending to structured and specialised products, across equity and debt capital markets.

Transactional products and services

Transactional products and services provides a comprehensive suite of cash management, international trade finance, working capital and investor services solutions.

Insurance solutions

Insurance solutions involves provision of short term insurance solutions include, homeowners' insurance, household contents and vehicle insurance. Long term insurance solutions include life, disability, funeral cover and loan protection plans which are sold in conjunction with related banking products.

The Group's insurance business recorded a healthy growth in policies and gross written premium which supported revenue of R4.4 billion (an increase of 5 per cent. year on year) for the year ended 31 December 2021. The Group is a significant participant in the long-term insurance sector. The insurance business' simple, digitally enabled funeral product continued to resonate with customers with over 1 million policies having been sold since launch of the product in 2020. Overall claims increased on the back of the COVID-19 pandemic-related credit and funeral claims, and higher short-term claims driven by increased economic activity and weather-related claims. Retrenchment claims remained lower than expected at the beginning of the COVID-19 pandemic. The majority of insurance headline earnings are generated in South Africa. The Africa Regions insurance businesses are starting to deliver strong growth.

Investment solutions

Investment solutions include stockbroking and advisory, alternative investments, compulsory investments and discretionary investments; wealth management, passive investments, international investments, structured products and social impact investing; as well as integrated fiduciary services such as fiduciary advice, will drafting, custody services and trust and estate administration. Including Liberty, based on the Group's management estimates, the Group is the third largest asset manager on the African continent, with combined assets under management ("**AUM**"), administration and custody of R1.4 trillion as at 31 December 2021. The Group's AUM excluding Liberty increased as at 31 December 2021 by 12 per cent. year on year, supported by positive market performance. In addition, AUM grew across all three regions, South Africa (9 per cent.), African Regions (14 per cent.) and internationally (17 per cent.). Revenue increased by 2 per cent., a lower rate as a result of strengthening of ZAR. In South Africa, AUM growth was strong on the back of a healthy market performance and increased sales through the Standard Bank Financial Consultancy business. In addition, the Nigeria pension fund business continued to retain its leading market share and the Ghana institutional business continued to record strong net client cash flows.

Standard Bank Activities – Client Segments

Consumer & High Net Worth clients

The CHNW client segment offers tailored and comprehensive banking, investment and insurance solutions for individual clients in main markets, affluent and high net worth segments across Sub-Saharan Africa. CHNW provides its clients with both banking and non-banking services through digital and physical channels. As at 31 December 2021, it operated 1,143 branches, including 101 in-store kiosks and other points of access and loan centres and 6,600 ATMs across South Africa and Africa Regions. CHNW also provides mobile phone and internet banking services which are an important part of providing convenient access to integrated financial solutions.

CHNW provides banking, insurance and investment solutions. Its banking solutions include home services (previously home loans), vehicle and asset finance, global markets, CHNW transactional, CHNW lending and card and payments. For the year ended 31 December 2021, CHNW recorded profit for the year attributable to ordinary shareholders of R6,828 million, an increase of 127 per cent. compared to R3,013 million for the year ended 31 December 2020.

CHNW's financial performance reflects a strong recovery from the impact of the COVID-19 pandemic and associated lockdown measures with headline earnings increasing by 127 per cent. to R6,890 million for the year ended 31 December 2021 compared to R3,037 million for the year ended 31 December 2020, and ROE improving from 6.3 per cent. for the year ended 31 December 2020 to 13.9 per cent. for the year ended 31 December 2021.

CHNW recorded NII of R28,618 million for the year ended 31 December 2021 constituting 59.4 per cent. of CHNW's total income (compared to R27,121 million and 59.2 per cent., respectively, for the year ended 31 December 2020) as a result of an increase of 7 per cent. in average interest-earning assets. This was partly offset by a lower net interest margin, which reduced from 467 basis points to 462 basis points owing to lower average interest rates and stronger competition in both the lending and deposit markets. Strong lending book growth of 10 per cent. for the year ended 31 December 2021 benefitted both from client demand for secured loans and increased unsecured lending volumes originated through digital channels. CHNW achieved record home services registrations of R80.5 billion in the year ended 31 December 2021, an increase of 43 per cent. from 2020, strong vehicle and asset finance payouts which increased by 41 per cent. to R25.1 billion in the year ended 31 December 2021 from R17.8 billion in 2020 and unsecured lending disbursements increased by 8 per cent. in the year ended 31 December 2021 to R11.8 billion from R10.9 billion in 2020.

CHNW's lending growth is underpinned by a robust risk appetite framework. It leverages data science and artificial intelligence to provide personalised client solutions and improve risk assessments. This, in conjunction with improved client income levels driven by an improved macroeconomic environment, resulted in a credit impairment charge reduction of 36 per cent. to R7,934 million for the year ended 31 December 2021 (compared to R12,361 million for the year ended 31 December 2020) and an improved credit loss ratio ("**CLR**") of 137 basis points in the year ended 31 December 2021, compared to 231 basis points in 2020. The 2021 CLR is within the through-the-cycle CLR target range of 100 basis points to 150 basis points.

CHNW continued to invest in digital capabilities and solutions to transform client experience and improve efficiency. This investment, together with higher inflation and the depreciation of local currencies against the USD, resulted in cost growth of 4 per cent. Cost growth was partially offset by the settlement of the insurance claim relating to the Japanese card fraud in 2016. The cost-to-income ratio improved from 62.0 per cent.in 2020 to 61.5 per cent. in the year ended 31 December 2021 with positive jaws of 79 basis points.

The following table presents a summary of CHNW's main performance indicators for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	2020
	(Rm)	
Net interest income	28,618	27,121
Non-interest revenue	19,578	18,729
Total Income	**48,196**	**45,850**
Credit impairment charges	(7,934)	(12,361)
Net income before operating expenses	**40,262**	**33,489**
Operating expenses in banking activities	**(29,638)**	**(28,408)**
Staff costs	(9,696)	(9,373)
Other operating expenses	(19,942)	(19,035)
Profit for the year attributable to ordinary shareholders	**6,828**	**3,013**
Headline earnings	**6,890**	**3,037**
Gross loans and advances	**636,385**	**578,277**
Total assets	**677,971**	**615,941**
Total liabilities	**623,105**	**566,418**

The following table presents selected ratios for CHNW for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	2020
	(%)	
Credit loss ratio	1.37	2.31
ROE	13.9	6.3

Business and commercial clients

The BCC client segment provides broad based client solutions for a wide spectrum of small- and medium-sized businesses as well as large commercial enterprises. BCC's client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by its clients to enable their growth. In 2021, BCC focused on meeting clients' needs, developing its people and entrenching a customer-centred approach. This led to headline earnings increasing by 25 per cent. to R5,284 million, and an ROE of 24.5 per cent. for the year ended 31 December 2021 (compared to headline earnings of R4,222 million and an ROE of 19.4 per cent. in 2020). As COVID-19 restrictions eased in 2021, tourism and trade activities resumed and commodity prices recovered. The positive trend in business confidence and client activity underpinned improvements in revenue and transactions, while higher demand for lending reflected strong appetite for growth among BCC's clients.

Client loans and advances increased by 16 per cent. as at 31 December 2021 on a year-on-year basis, supported by a strong disbursement trend throughout the year, particularly in business lending and commercial asset financing. Customer acquisition, improved transactional activity and better retention of client balances delivered a robust 14 per cent. year-on-year growth in deposits and current accounts for the year ended 31 December 2021. BCC's focus on acquiring customers across value chains, its digital solution capability and new solution offerings together with trade networking initiatives, supported better client experiences and were key drivers of this growth.

NII increased by 3 per cent. in the year ended 31 December 2021 compared to 2020, aided by improved customer transactional volumes (evidenced in the growth of 21 per cent. in transactional volumes), active customer number growth, and an improvement in trade values and volumes across its markets. Turnover levels in card acquiring exceeded 2019 pre-COVID-19 pandemic levels. This revenue uplift was partially offset by the acceleration of client migration to lower cost digital channels as a result of the COVID-19 pandemic and the discontinuation of cheques in South Africa. Digital volumes increased by 17 per cent. and 84 per cent. of transactions in the year ended 31 December 2021 were executed digitally compared with 81 per cent. in 2020. Africa Regions delivered a particularly strong revenue performance although it was adversely impacted by the strengthening of the Rand.

A 37 per cent. reduction in credit impairment charges saw the credit loss ratio recover to 124 basis points for the year ended 31 December 2021 (compared with 216 basis points for the year ended 31 December 2020), tracking only marginally above through-the-cycle credit loss expectation of 100 basis points to 120 basis points. The decline in impairments was led by the non-recurrence of specific provisions raised for COVID-19 in 2020, partially offset by defaults experienced in South and East Africa regions, coupled with lower post-COVID-19 write off recoveries. The BCC also provided support to clients impacted by the unrest in South Africa during July 2021. This included the launch of a business recovery programme in partnership with Thundafund, a crowdfunding initiative. This support reduced to R434 million of active payment holidays, with the balance of loans previously subject to debt relief performing in line with expectations.

As reflected in operating expenses growth of 3 per cent. in the year ended 31 December 2021, disciplined cost management remains a priority. Cost growth reflects investment in digital solutions, inflation, and variable pay normalisation. The combination of revenue growth alongside cost growth, led to the cost-to-income ratio increasing slightly to 63.5 per cent. in the year ended 31 December 2021 (as compared to 63.3 per cent. in 2020).

The following table presents a summary of BCC's main performance indicators for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Net interest income	15,544	15,157
Non-interest revenue	10,763	10,411
Total Income	26,307	25,568
Credit impairment charges	(2,243)	(3,547)
Net income before operating expenses	24,064	22,021
Operating expenses in banking activities	(16,701)	(16,190)
Staff costs	(4,335)	(3,968)
Other operating expenses	(12,366)	(12,222)
Profit for the year attributable to ordinary shareholders	**5,264**	**4,017**
Headline earnings	**5,284**	**4,222**
Gross loans and advances	**218,032**	**184,642**
Total assets	**257,915**	**222,474**
Total liabilities	**230,912**	**198,450**

The following table presents selected ratios for BCC for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(%)	
Credit loss ratio	1.24	2.16
ROE	24.5	19.4

Corporate & Investment Banking

The CIB client segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Clients leverage CIB's in-depth sector and regional expertise, its specialist capabilities and its access to global capital markets for advisory, transactional, trading and funding support.

In the year ended 31 December 2021, CIB generated R40 billion in total income, R13,397 million in headline earnings and achieved an ROE of 19.6 per cent. CIB's profit for the year attributable to ordinary shareholders increased by 71 per cent. from R7,853 million for the year ended 31 December 2020 to R13,413 million for the year ended 31 December 2021.

CIB's credit loss ratio decreased to -4 basis points in the year ended 31 December 2021 from 59 basis points in 2020. A focus on cost management resulted in operating expense growth of 3 per cent. which led to an improved cost-to-income ratio of 53.3 per cent. in the year ended 31 December 2021, compared to 54.4 per cent. in 2020.

The value of CIB's total gross loans and advances amounted to R671,385 million as at 31 December 2021 compared to R600,565 million as at 31 December 2020, which represents 45 per cent. of the Issuer's total gross loans and advances as at both 31 December 2021 and 31 December 2020.

The table below presents a summary of the CIB division's main performance indicators for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Net interest income	18,666	19,396
Non-interest revenue	21,700	19,162
Total Income	40,366	38,558
Credit impairment charges	311	(4,195)
Net income before operating expenses	40,677	34,363
Operating expenses in banking activities	(21,523)	(20,983)
Staff costs	(8,231)	(7,475)
Other operating expenses	(13,292)	(13,508)
Profit for the year attributable to ordinary shareholders	**13,413**	**7,853**
Headline earnings	**13,397**	**9,357**
Gross loans and advances	**671,385**	**600,565**
Total assets	**1,302,643**	**1,236,827**
Total liabilities	**1,218,727**	**1,164,328**

The following table presents selected ratios for CIB for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(%)	
Credit loss ratio	(0.04)	0.59
ROE	19.6	13.8

The following table presents selected financial information for CIB's products for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
Stage 3 exposures ratios (%):		
Corporate and sovereign lending	2.4	3.1
Bank lending	-	-
Credit loss ratios (%):		
Corporate and sovereign lending	(0.05)	0.80
Bank lending	(0.02)	0.02
Gross loans and advances at amortised cost (Rm):		
Corporate and sovereign lending	455,404	431,501
Bank lending	209,593	162,243

Central and Other

This segment includes costs associated with corporate functions and the Group's treasury and capital requirements that have not been otherwise allocated to the business units. The Central and Other operating expenses in Standard Bank activities amounted to R2,127 million for the year ended 31 December 2021 (compared to a prior year amount of R2,399 million).

Principal sources of SBG revenue

The table below presents the Group's sources of income for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	2020
	(Rm)	
Net interest income	62,436	61,425
Non-interest revenue	51,120	47,156
Net fee and commission revenue	30,613	29,413
Trading revenue	14,842	13,874
Other revenue	3,648	3,158
Other gains and losses on financial instruments[1]	2,017	711
Total income from banking activities	**113,556**	**108,581**

[1] For further information on Other gains and losses on financial instruments, refer to page 99 of the Issuer 2021 Annual Financial Statements.

Loan Portfolio

Introduction

The Issuer extends advances to the personal, commercial and corporate sectors as well as to the public sector. Advances to individuals are mostly in the form of home services (previously referred to as home loans), vehicle and asset finance, card and payments and overdrafts. A significant portion of the Issuer's advances to commercial and corporate borrowers consist of advances made to companies engaged in manufacturing, finance and service industries.

As at 31 December 2021, the Issuer's total gross loans and advances amounted to R1,475,726 million (compared to R1,321,241 million as at 31 December 2020), an increase of 12 per cent.

Expected credit losses on loans and advances amounted to R51,398 million for the year ended 31 December 2021, an increase of 3 per cent. from the year ended 31 December 2020.

Loan portfolio by category of loans and advances

The following table sets out the composition of the Issuer's advances by category of loan or advance as at 31 December 2021 and 31 December 2020.

	31 December	
	2021	2020
	(Rm)	
Loans and advances measured at fair value	**486**	**2,204**
Net loans and advances measured at amortised cost	**1,423,842**	**1,269,051**
Gross loans and advances measured at amortised cost	**1,475,240**	**1,319,037**
Home services	434,104	399,208
Vehicle and asset finance	110,653	99,071
Card and payments	36,367	35,121
Personal unsecured lending[1]	81,226	73,607
Business lending and other[1]	147,893	118,286
Corporate and sovereign[2]	455,404	431,501
Bank	209,593	162,243
Expected credit losses	**(51,398)**	**(49,986)**
Net loans and advances	**1,424,328**	**1,271,255**
Comprising:		
Gross loans and advances	1,475,726	1,321,241
Less: Expected credit losses	(51,398)	(49,986)

[1] Other loans and advances has been disaggregated to personal unsecured lending and business lending and other to provide a more appropriate analysis of the loan balances considering the nature and characteristics thereof. The prior year comparative disclosures have also been restated in line with this change. This disaggregation had no impact on the statement of financial position.

[2] Corporate and sovereign has been aggregated to better align to how management analyses and reviews credit risk relating to these products. The prior year comparative disclosures have also been restated in line with this change. This aggregation had no impact on the statement of financial position.

Loan portfolio by industry sector

The following table sets out the composition of the Issuer's advances by industry sector as at 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Segmental analysis – industry		
Agriculture	41,528	34,722
Construction	17,120	19,001
Electricity	26,896	24,557
Finance, real estate and other business services	453,469	394,045
Individuals	612,374	563,610
Manufacturing	86,344	74,834
Mining	40,650	32,873
Transport	58,352	51,395
Wholesale	75,951	64,345
Other services	63,042	61,859
Gross loans and advances	**1,475,726**	**1,321,241**

Geographical concentration of loans

The following table sets out the distribution of the Issuer's loans and advances by geographic area where the loans are recorded as at 31 December 2021 and 31 December 2020.

	31 December	
	2021	**2020**
	(Rm)	
Segmental analysis by geographic area		
South Africa	1,013,576	861,565
Africa Regions[1]	279,104	242,030
International	183,046	217,646
Gross loans and advances	**1,475,726**	**1,321,241**

[1] Restated. During 2021 it was noted that the 2020 amounts relating to Africa Regions erroneously included R79 226 million relating to International. The restatement has no impact on the group's statement of financial position or any key ratios relating to loans and advances.

Credit impairments for loan and advances

The tables below present a reconciliation of the credit impairments for loans and advances for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Opening Expected Credit Losses ("ECL") - 1 January	49,986	35,279
Net ECL raised and released	10,964	21,363
Impaired accounts written off[1]	(13,318)	(8,616)
Exchange and other movements[2]	3,766	1,960
Closing ECL - 31 December	**51,398**	**49,986**
Comprising:		
Stage 1 ECL	6,390	6,175
Stage 2 ECL	8,879	10,555
Stage 3 ECL	36,129	33,256
	51,398	**49,986**

[1] The contractual amount outstanding on loans and advances that were written off during the year that are still subject to enforcement activities is R5.2 billion (2020: R3.1 billion).
[2] Exchange and other movements includes the net interest in suspense (IIS), time value of money (TVM) unwind, raised and released during the year.

The table below sets out a segmental analysis of stage 3 loans and advances by industry as at 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Segmental analysis of specific impairments by industry		
Agriculture	1,254	1,431
Construction	1,678	1,343

Electricity	539	579
Finance, real estate and other business services	3,144	2,784
Individuals	23,838	20,578
Manufacturing	790	862
Mining	113	363
Transport	1,155	1,709
Wholesale	2,071	2,096
Other services	1,547	1,511
	36,129	**33,256**

The table below sets out a segmental analysis of stage 3 loans and advances by geographic area as at 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Segmental analysis by geographic area		
South Africa	29,305	25,504
Africa Regions	6,221	7,082
International	603	670
Gross loans and advances	**36,129**	**33,256**

The following table presents the stage 3 exposures ratios for the Issuer's products for the years ended 31 December 2021 and 31 December 2020.

	31 December	
	2021	**2020**
Stage 3 exposures ratios:	*(%)*	
Home services	7.4	8.4
Vehicle and asset finance	6.6	7.6
Card and payments	7.9	5.9
Personal unsecured lending[1]	10.4	10.7
Business lending and other[1]	4.2	4.6
Corporate and sovereign[1]	2.4	3.3
Bank		
Central and Other		
Total	**4.7**	**5.5**

[1] Other loans and advances has been disaggregated to personal unsecured lending and business lending and other to provide a more appropriate analysis of the loan balances considering the nature and characteristics thereof. The prior year comparative disclosures have also been restated in line with this change. This disaggregation had no impact on the statement of financial position. Corporate and sovereign has been aggregated to better align to how management analyses and reviews credit risk relating to these products. The prior year comparative disclosures have also been restated in line with this change. This aggregation had not impact on the statement of financial position.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and fair value through other comprehensive income as well as off-balance sheet exposure subject to an expected credit loss ("ECL") are analysed and categorised based on credit quality using the Issuer's master rating scale. The Issuer 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). Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Issuer's master rating scale. These ratings are mapped to probability of default ("**PDs**") by means of calibration formulae that use historical default rates and other data from the applicable CHNW portfolios. The Issuer distinguishes between through-the-cycle PDs and point-in-time PDs, and utilises both measures in decision-making, managing credit risk exposures and measuring impairments against credit exposures. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Default

The Issuer's definition of default has been aligned to its internal credit risk management definitions and approaches. While the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the Basel III definition) as occurring at the earlier of:

- where, in the Issuer's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or

- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Issuer does not rebut IFRS 9's 90 days past due rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of the borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower);

- a breach of contract, such as default or delinquency in interest and/or principal payments;

- disappearance of active market due to financial difficulties;

- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or

- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

Principal Subsidiaries

South Africa

The Issuer holds the entire issued share capital of SBSA, which is the Group's primary banking entity. SBSA is both a strong domestic bank, which leverages the advantages of its size and scope, and a cross-border bank, fully integrated with the rest of the Group. SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA has a broad franchise and is active in almost all banking markets in South Africa.

Prior to January 2021, SBSA's principal business units were Personal & Business Banking SA, Corporate & Investment Banking SA and Wealth. A central support area (Other services) provided support functions to the two principal divisions, as well as advisory services. However, from January 2021, the Issuer and SBSA and its subsidiaries (the "**SBSA Group**") were reorganised into three client segments, each equally supported by the Client Solutions business, specialised Innovation capacity, and Engineering infrastructure (for more information, see "*Strategy*").

As at 31 December 2021, the SBSA Group's total assets amounted to R1,725,074 million (compared to R1,659,467 million as at 31 December 2020), an increase of 4 per cent. For the year ended 31 December 2021, SBSA Group's profit for the year attributable to the ordinary shareholder increased by over 100 per cent. to R12,821 million from R2,543 million for the year ended 31 December 2020.

For the year ended 31 December 2021, SBSA Group’s net interest income increased by 3 per cent. to R40,806 million, largely driven by continued momentum in disbursements, growth in financial investments and positive margin mix which outweighed the impact of negative endowment from the lower interest rate environment. Overall non-interest revenue increased by 19 per cent. to R32,241 million for the year ended 31 December 2021 (compared to R27,038 million for the year ended 31 December 2020). Net fee and commission revenue increased marginally to R19,385 million for the year ended 31 December 2021 (compared to R18,937 million for the year ended 31 December 2020), mainly due to higher transactional activity compared to 2020 in card turnover and the continued momentum from the Group's funeral insurance solution, which is a simple, digitally enabled funeral product. ATM volumes related to SBSA clients started to show recovery, however cash transactions continued to decline, particularly within branches, due to deliberate efforts to digitise transactions and provide alternative channels for customers to transact. Trading revenue for the year ended 31 December 2021 increased by 31 per cent. relative to 2020 due to an increase in structured client and equity deals as well as higher client foreign exchange sales following the recovery in economic activity, and strong risk trading gains due to the positive positioning for directional market moves. Other revenue for the year ended 31 December 2021 increased by 67 per cent. mainly due to dividend and investment income as general business activity improved in 2021 against prior year losses. In addition, an increase in insurance related income for SBSA was recorded despite higher credit life and funeral claims experienced during the third COVID-19 wave as a result of higher gross written premiums due to SBSA's move towards providing higher coverage options and premium products. Other gains and losses on financial instruments increased by over 100 per cent. compared to 2020 due to reversals of prior year valuation write downs on the equity portfolio.

Credit impairment charges for the year ended 31 December 2021 amounting to R7.8 billion improved significantly driven by improved collections as the economy eased from the hard lockdown experienced in 2020, higher cures in the form of clients exiting their moratorium periods, as a result of the client relief population being reclassified into the performing portfolio as customers resume payments, and improved risk profile across portfolios.

Operating expenses for the year ended 31 December 2021 increased by 8 per cent. to R45.2 billion compared to 2020. Staff costs were 11.3 per cent. higher largely driven by higher incentive accruals aligned to business performance and inflationary annual increases. Other operating expenses for the year ended 31 December 2021 increased by 4 per cent. driven by investments in strategic digital initiatives, including the migration to cloud, continued investment in customer proposition initiatives, strengthening of client relationship management capabilities and costs incurred to support employees working remotely.

The following table shows selected financial information and ratios for SBSA Group as at the dates and for the periods indicated below:

	31 December	
	2021	**2020**
Income statement		
Total income (Rm)	73,047	66,510
Headline earnings (Rm)	12,877	4,728
Profit for the year attributable to ordinary shareholders (Rm)	12,821	2,543

Statement of financial position		
Gross loans and advances (Rm)	1,244,735	1,164,934
Total assets (Rm)	1,725,074	1,659,467
Total liabilities (Rm)	1,606,106	1,553,243
Stage 3 loans[1] (Rm)	59,163	61,918
Stage 1 and 2 credit impairment (release)/charge[2] (Rm)	(1,697)	3,613
Stage 3 credit impairment charge (Rm)	9,600	13,166
Credit loss ratio (%)	0.68	1.48
Non-performing exposures ratio (%)	4.8	5.3
Return on equity (%)	12.5	4.8
Loans - to- deposit ratio (%)	85.6	85.2
Cost -to - income ratio (%)	62.2	63.4

[1] Stage 3: SBSA uses a 25-point master rating scale to quantify each borrower's credit risk (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures which are in default are not considered in the 1 to 25-point master rating scale.

[2] Stage 1 & 2: SBSA uses a 25-point master rating scale to quantify each borrower's credit risk (corporate asset classes) or facility (specialised lending and retail asset classes). Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of SBSA's master rating scale.

The table below presents the SBSA Group's principal sources of income for each period indicated:

	31 December	
	2021	2020
	(Rm)	
Net interest income	40,806	39,472
Non-interest revenue	32,241	27,038
Net fee and commission revenue	19,385	18,937
Trading revenue	6,765	5,157
Other revenue	4,124	2,472
Other gains and losses on financial instruments[1]	1,967	472
Total income	**73,047**	**66,510**

[1] For further information on Other gains and losses on financial instruments, refer to page 115 of the SBSA's Annual Financial Statements.

The following table shows the contribution of the different divisions within SBSA Group to its major financial indicators as at the dates and for the periods indicated below:

	Consumer & High Net Worth[1]		Business & Commercial[1]		Corporate& Investment Banking clients SA[1]		Central and Other[1]	
	31 December		31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
				(Rm)				
Total assets	530,022	475,698	132,161	125,793	965,704	971,250	97,187	86,726
Profit/(Loss) for the year attributable to the ordinary shareholder	4,653	1,080	3,848	2,910	5,981	(296)	(1,661)	(1,151)

[1]Where reporting responsibility for individual cost centres and divisions within segments change, the segmental analyses' comparative figures are classified accordingly.

Africa Regions

The Issuer holds its Africa Regions investments, either directly, in the case of its Common Monetary Area-based subsidiaries and Stanbic Bank de Angola, or indirectly via Stanbic Africa Holdings UK ("**SAHL**"), a wholly-owned subsidiary of the Issuer. SAHL is an intermediate holding company of the Group's Africa Regions investments and acts as an investment holding company. The Group manages its subsidiaries, across all geographies, on a legal entity basis in compliance with host country regulatory requirements. The strategy of SAHL's underlying investee companies follows the Group strategy in the same way as Africa Regions subsidiaries which are held directly by the Issuer. The growth of SAHL depends solely upon the growth of the net asset value of each of its underlying investments, and its main source of income is dividends from subsidiaries. The Issuer, through SAHL, ensures that its subsidiaries are adequately capitalised to meet the requirements of home and host regulators.

Five of the Issuer's Africa Regions subsidiaries are themselves listed entities: Stanbic Holdings Plc in Kenya, Stanbic IBTC Holdings PLC in Nigeria, Standard Bank (Malawi) Limited, Standard Bank Namibia Holdings Limited and Stanbic Bank Uganda. In the year ended 31 December 2021, SAHL increased its shareholding in Stanbic Holdings Plc (Kenya) to 72.25 per cent. from 71.16 per cent., while its shareholding in Stanbic IBTC Holdings PLC increased from 67.02 per cent. to 67.51 per cent. The Issuer will continue to look for opportunities to deploy available capital, by increasing shareholdings in its Africa Regions subsidiaries, either directly or via SAHL, as appropriate.

In the year ended 31 December 2021, Africa Regions contributed 36 per cent. of the Issuer's headline earnings from banking activities compared to 58 per cent. in 2020 and 21 per cent. of the Issuer's total gross loans and advances compared to 18 per cent. in 2020.

The table below presents a summary of the main performance indicators of the legal entities within the Africa Regions for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
Net interest income (Rm)	20,580	20,324
Non-interest revenue (Rm)	17,360	18,370
Total income (Rm)	**37,940**	**38,694**
Credit impairment charges (Rm)	(2,076)	(2,982)
Income before operating expenses (Rm)	**35,864**	**35,712**
Operating expenses (Rm)	**(19,942)**	**(19,753)**
Staff costs (Rm)	(9,248)	(9,471)
Other operating expenses (Rm)	(10,694)	(10,282)
Net income before non-trading and capital related items, and equity accounted earnings (Rm)	**15,922**	**15,959**
Share of profits from associates and joint ventures (Rm)	—	—
Non-trading and capital related items (Rm)	11	72
Net income before indirect taxation (Rm)	**15,933**	**16,031**
Indirect taxation (Rm)	(806)	(720)
Profit before direct taxation (Rm)	**15,127**	**15,311**
Direct taxation (Rm)	(3,745)	(3,201)
Attributable to non-controlling interest (Rm)	(2,366)	(2,870)
Profit for the year attributable to ordinary shareholders (Rm)	**9,016**	**9,240**
Headline earnings (Rm)	**8,995**	**9,192**
Net loans and advances (Rm)	**297,884**	**228,717**
Total assets (Rm)	**497,632**	**416,880**
Total liabilities (Rm)	**428,540**	**359,661**
Credit loss ratio (bps)	**75**	**117**
Cost-to-income ratio (%)	**52.6**	**51.0**
Jaws (bps)	**(291)**	**168**
ROE (%)	**18.2**	**18.8**

The following table presents select performance indicators of the Africa Regions, on a geographical basis, for the years ended 31 December 2021 and 31 December 2020:

	East Africa		**South & Central Africa**		**West Africa**		**Africa Regions legal entities**	
	31 December		**31 December**		**31 December**		**31 December**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	(Rm)		*(Rm)*		*(Rm)*		*(Rm)*	
Profit attributable to ordinary shareholders	1,711	1,547	4,118	3,685	3,187	4,008	9,016	9,240
headline earnings	1,710	1,551	4,099	3,644	3,186	3,997	8,995	9,192
ROE (%)	14.7	14.2	20.1	14	18.3	23	18.2	18.8

The top six contributors to Africa Regions' headline earnings were Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda.

Other Banking Interests

ICBC Standard Bank Plc ("**ICBCS**") recorded a profit of US$87 million for the year ended 31 December 2021 compared to US$125 million in 2020. ICBCS' operational performance improved, underpinned by favourable market conditions and increased client activity. The Group's 40 per cent. share of ICBCS's earnings equated to R500 million. The Group has initiated discussions with ICBC to sell its stake in ICBCS to ICBC.

In January 2022, as a non-adjusting post reporting period event, ICBCS received a net insurance settlement of approximately USD230 million before tax, relating to a previous loss following a fire at its client's oil refinery site and their subsequent bankruptcy. The Group's share thereof, after tax, equates to R1.2 billion.

Liberty Holdings Limited ("Liberty")

Liberty is the holding company of various operating subsidiaries engaged in the provision of financial services, including long-term and short-term insurance, investment, asset management and health services. These financial services are primarily undertaken in South Africa, with various levels of services being provided in other African countries. Liberty is incorporated in the Republic of South Africa and as at 31 December 2021 was a public company listed on the JSE. Liberty Kenya Holdings PLC is a subsidiary which is listed on the Nairobi Stock Exchange in Kenya. Another of the Group's subsidiaries, Liberty Two Degrees Limited, a Real Estate Investment Trust ("**REIT**"), listed on the Main Board of the JSE as a Corporate REIT on 1 November 2018 (previously listed on the Diversified REIT Sector).

On 14 July 2021, the Issuer and Liberty jointly announced the Issuer's firm intention to make an offer to (i) acquire all the ordinary shares of Liberty that were not already owned by the Issuer excluding all treasury shares; and (ii) acquire all of Liberty's issued preference shares listed on the JSE (together the "**Proposed Transaction**"). As part of the Proposed Transaction all of Liberty's ordinary and preference shares would be delisted from the JSE.

The ordinary and preference share schemes were approved by Liberty's shareholders on 13 October 2021 with implementation of the schemes subject to the fulfilment or waiver of the scheme conditions.

In relation to the preference share scheme, all requisite scheme conditions, including obtaining requisite regulatory approvals, were fulfilled on 2 November 2021. Accordingly, the preference share scheme was implemented on 22 November 2021 and the Liberty preference shares were delisted from the JSE on 23 November 2021.

In respect of the ordinary share scheme, as at 31 December 2021, certain scheme conditions, including some requisite regulatory approvals, remained outstanding. Accordingly, that scheme was not unconditional as at 31 December 2021. Subsequently, the remaining scheme conditions were fulfilled and the scheme became unconditional on 7 February 2022. The ordinary scheme was implemented on 28 February 2022 and the Liberty ordinary shares were delisted from the JSE on 1 March 2022. For more information, see Note 44 and Note 45.2 to the Issuer 2021 Annual Financial Statements.

Liberty's normalised operating earnings for the year ended 31 December 2021, excluding COVID-19 pandemic impacts, amounted to R1,349 million, compared to the earnings of R724 million in the year ended 31 December 2020. The increase was largely attributable to operating earnings from the SA Insurance Operations increasing to R1,308 million in the year ended 31 December 2021 from R685 million in 2020. STANLIB South Africa earnings were slightly above 2020 figures. The COVID-19 pandemic continued to impact Liberty's business in 2021 as the second and third waves seen in South Africa were more severe than anticipated. While the business was prepared for ongoing impacts of the COVID-19 pandemic, mortality rates were significantly elevated and exceeded expectations in 2021. Accordingly, an additional injection in the COVID-19 pandemic reserve of R2.4 billion pre-tax was required during 2021. Despite the challenging operating conditions, Liberty was able to manage its solvency and maintain its strong capital position at 1.72 times cover, which is within its target range.

Including the costs related to the COVID-19 pandemic (which includes excess COVID-19 pandemic related risk claims not covered by the COVID-19 pandemic reserve and additional injections of the COVID-19 pandemic reserve in 2021), the total normalised operating loss amounted to R1,610 million in the year ended 31 December 2021. Improved financial market conditions in 2021 resulted in strong performances from South African equities and bonds as well as foreign developed market equities, resulting in the Shareholder Investment Portfolio ("**SIP**") generating a profit of R1,554 million for the year ended 31 December 2021. Accordingly, the normalised headline loss for the year ended 31 December 2021 amounted to R56 million, compared to the prior year normalised headline loss of R1,572 million.

The Group's long-term insurance indexed new business amounted to R9,232 million for the year ended 31 December 2021 which was a 26.4 per cent. increase compared to 2020. SA Retail indexed new business amounted to R8,105 million for the year ended 31 December 2021, an increase of 24.3 per cent. compared to 2020, with strong growth from all major sales channels. Liberty Corporate indexed new business increased by 54.2 per cent. the year ended 31 December 2021 compared to 2020 and Liberty Africa Insurance indexed new business increased by 26.2 per cent. the year ended 31 December 2021 compared to 2020. Group value of new business ("**VoNB**") amounted to R229 million for the year ended 31 December 2021 compared to VoNB of R24 million in 2020. While improved sales volumes in 2021 contributed positively to the increase in VoNB, management focus remained on improving revenue generated from sales and ensuring sales volumes were balanced with costs incurred.

As a result of Liberty's plans to significantly enhance the quality of its client and adviser experience, deliver transparent and intuitive risk and investment solutions and aggressively simplify the organisation the performance of this segment improved in 2021. Highlights of 2021 were the soft launches of minimum viable propositions ("**MVPs**") of the Group Investment Platform and the Liberty Adviser Workbench. The Group believes these platforms should contribute significantly to enhancing Liberty's ability to compete in a digital world.

The Group equity value of R38,087 million at 31 December 2021 was 8.2 per cent. higher than the 31 December 2020 value of R35,210 million. The annualised return on Group equity value was positive 8.1 per cent. and has increased significantly compared to 2020. This was mainly attributable to investment returns being higher in 2021 leading to strong SIP earnings, the effect of higher than anticipated investment returns on the value of in-force business and favourable operating experience variances excluding the impact of the pandemic.

At 31 December 2021, Liberty had 7,819 (compared to 8,101 in 2020) ordinary shareholders, consisting of individuals, corporate investors and financial institutions. Following the implementation of the scheme of arrangement and consequently, as at the date of this Issuer Disclosure Schedule, the Issuer owns 100 per cent. of the ordinary issued shares of Liberty.

Key financial information and ratios

The financial results reported are the consolidated results of the Group's 57.4 per cent. effective interest in Liberty, adjusted for the Issuer shares held by Liberty for the benefit of Liberty policyholders which are deemed to be treasury shares in the Group's consolidated accounts.

Liberty's normalised operating earnings for the year ended 31 December 2021 (excluding the COVID-19 pandemic impact) amounted to R1,349 million (compared to R724 million in 2020). The improvement was driven primarily by the South Africa Insurance Operations. New business margin and value of new business improved but remained below pre-COVID-19 pandemic levels. Mortality rates exceeded expectations resulting in excess claims of R1.2 billion and an additional COVID-19 pandemic reserve of R1.8 billion after tax. Liberty recorded a headline loss of R112 million for the year ended 31 December 2021 (compared to a loss of R1.5 billion in 2020) as excess claims and an additional COVID-19 pandemic reserve were partially offset by a recovery in the SIP. After adjusting for treasury shares, the Group's loss amounted to R419 million for the year ended 31 December 2021 (compared to a loss of R0.7 billion in 2020). Liberty Group Limited remains well capitalised, with a solvency capital requirement cover ratio of 1.72 times as at 31 December 2021.

The tables below present a summary of the Liberty main performance indicators for the years ended 31 December 2021 and 31 December 2020:

	31 December	
	2021	**2020**
	(Rm)	
Headline earnings per key business areas:		
South African insurance operations	**1,308**	**685**
SA Retail	871	484
Liberty Corporate	41	114
Liberty Corporate - Fund Rehabilitation	(27)	(80)
LibFin Markets	423	167
South Africa Asset Management - STANLIB	**472**	**466**
Africa regions	**(74)**	**41**
Operations under ownership review	**9**	**(54)**
Group strategic initiatives	**(368)**	**(307)**
Sundry income and central cost	**2**	**(107)**
Normalised operating earnings excluding pandemic reserve	**1,349**	**724**
Excess risk claims not covered by the pandemic reserve, net of taxation and non-controlling interests' share	(1,208)	(96)
Establishment of Covid-19 pandemic reserve, net of taxation and non-controlling interests' share	(1,751)	(2,227)
Normalised operating (loss)/earnings	**(1,610)**	**(1,599)**
Shareholder Investment Portfolio (SIP)	1,554	27
Normalised headline (loss)/ earnings	**(56)**	**(1,572)**
BEE preference shares income	(3)	(4)
Accounting profit or loss mismatch arising on consolidation of Liberty Two Degrees	(53)	37
Headline (loss)/earnings	**(112)**	**(1,539)**

Liberty governance approach

Liberty's governance structures and processes provide for sound and prudent management and oversight of the Liberty Group's businesses in the interests of customers, shareholders and other stakeholders. The structures and processes support and enhance the ability of those responsible for the governance of Liberty (the SBG board of directors (the "**SBG Board**"), senior management and heads of key functions) to manage Liberty's businesses effectively.

Liberty Compliance

During 2021, Liberty was compliant in all material respects with the requirements of the Companies Act, 2008 (the "**Companies Act**"), the applicable Companies Act Regulations, the Financial Stability Board notice 158 of 2014 “Governance and Risk Management Framework for Insurers” and the Listings Requirements of the JSE. The Liberty board delegates responsibility for compliance to management and monitors this through its compliance control function. The compliance management committee assesses the impact of proposed legislation and regulation. Any other material regulatory issues are escalated to the group control and risk oversight committee and thereafter the group risk committee of Liberty. During 2021, no material breaches were identified that require separate disclosure.

Liberty capital adequacy risk

The Insurance Act, 2017 has been effective from 1 July 2018 and prescribes Solvency Assessment and Management ("**SAM**") similar in many respects to that set out in the Solvency II Directive agreed by the European Parliament in 2009. The primary purpose of SAM is the protection of policyholders and beneficiaries.

The regulatory capital requirements at Liberty group level have been calculated based on the group supervision rules specified by the SAM regime. These include:

- for South Africa life insurance entities, the assessment of capital is on a SAM supervisory basis as prescribed by the PA. This will apply to Liberty Group Limited, the Group's main long-term insurance licence;
- for other South Africa regulated entities, regulatory capital requirements continue to follow rules defined by their appropriate regulator; and
- for non-South Africa insurance entities, these entities' capital requirement will be assessed on a SAM equivalent supervisory basis.

The Liberty Group remains well capitalised in respect of the SAM regime.

Headline earnings by key legal entity

	31 December	
	2021	**2020**
	(Rm)	
SBSA Group as consolidated into SBG	**13,981**	**5,394**
Africa Regions legal entities	**8,995**	**9,192**
Standard Bank International	**544**	**680**
Other group entities	**1,420**	**449**
Standard Insurance Limited	489	558
SBG Securities	995	427
Standard Advisory London	63	43
Other[1]	**(127)**	**(579)**
Standard Bank Activities	**24,940**	**15,715**
Other banking interests	500	881
Liberty	**(419)**	**(651)**
Standard Bank Group	**25,021**	**15,945**

[1] Included is the elimination of gains and losses on deemed IFRS treasury shares relating to client trading activities and hedging in SBG Securities of (R459) million (2020: R137 million).

Net asset value by key legal entity

	31 December	
	2021	2020
	(Rm)	
SBSA Group	**107,416**	**98,352**
Africa Regions legal entities	**56,137**	**46,188**
Standard Bank International	**9,276**	**8,169**
Other group entities	**10,856**	**9,139**
Standard Insurance Limited	2,096	2,193
SBG Securities	2,856	2,013
Standard Advisory London	732	658
Other	**5,172**	**4,275**
Standard Bank Activities	**183,685**	**161,848**
Other banking interests	4,248	3,522
Liberty	**10,899**	**11,001**
Standard Bank Group	**198,832**	**176,371**

Employees

For the year ended 31 December 2021, the Group had 49,224 employees (compared to 50,115 employees for the year ended 31 December 2020).

The Issuer's Employee Net Promoter Score ("**eNPS**") for the year ended 31 December 2021 was 47, an increase compared to 44 in 2020. In a survey in October 2021, 91 per cent. of employees expressed pride in their association with the Group.

A significant number of the Group's non-managerial employees are represented by trade unions. The Group has not experienced any significant strikes or work stoppages in recent years.

The Group has developed employment policies to meet the needs of its different business segments in the locations in which they operate, embodying principles of equal opportunity. The Group has a statement of business standards with which it expects its employees to comply. The Group encourages the involvement of employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment.

Governance

The Group operates within a clearly defined governance framework. The board-approved framework outlines mechanisms for the Group to implement robust governance practices and provides clear direction for decision-making across all disciplines. Through this framework the SBG Board has delegated the day-to-day management of the Group, in writing, to the Issuer's chief executive without abdicating the SBG Board's responsibility. This governance framework enables the SBG Board to balance its role of providing risk oversight and strategic counsel with ensuring adherence to regulatory requirements and risk tolerance.

The SBG Board is ultimately responsible for governance. The chairman is an independent non-executive and the roles of chairman and chief executive are separate. This board composition ensures there is a balance of power on the SBG Board, so no individual or group can dominate the SBG Board's processes or decision making and stimulates robust challenge and debate. In discharging its responsibilities, the SBG Board delegates authority to relevant board committees and individuals with clearly-defined mandates and delegated authorities, although the SBG Board retains its responsibilities. Each committee has a mandate, which the SBG Board reviews at least once a year. Mandates for each committee set out its role, responsibilities, scope of authority, composition, terms of reference and procedures. The SBG Board's committees include the directors' affairs committee, audit committee, risk and capital management committee, the social and ethics committee, engineering committee (formerly technology and innovation committee), model approval committee, remuneration committee and large exposure credit committee. The group leadership council assists the chief executive in the day-to-day management of the affairs of the Group, subject to statutory parameters and matters reserved for the SBG Board.

King Code

The King IV Report on Corporate Governance for South Africa 2016 (the "**King Code**") has formed the cornerstone of the Issuer's approach to governance. The Group supports the overarching goals of the King Code, namely ethical culture, good performance, effective control and legitimacy. The SBG Board is satisfied with the Group's application of the principles of the King Code. A statement on the Group's application of the King Code principles is available online at www.standardbank.com.

Board of Directors

The SBG Board is constituted in accordance with the Issuer's Memorandum of Incorporation. The SBG Board is a unitary board and is considered effective and of an appropriate size for the Group. As of 19 August 2022, the SBG Board comprised 16 directors, 11 of whom are independent non-executive directors, 3 of whom are non-executive directors and 2 of whom are executive directors.

The current members of the SBG Board are listed below:

Name	Title	Year Joined SBG Board
Nonkululeko Nyembezi	Chairman, independent, non-executive	2020
Xueqing Guan	Senior deputy chairman, non-executive	2020
Jacko Maree	Deputy chairman, independent, non-executive	2016
Paul Cook	Independent, non-executive	2021
Geraldine Fraser-Moleketi	Independent, non-executive	2016
Trix Kennealy	Lead Independent, non-executive	2016
Li Li	Non-executive	2021
Nomgando Matyumza	Independent, non-executive	2016
Kgomotso Moroka	Non-executive	2003
Martin Oduor – Otieno	Independent, non-executive	2016
Atedo Peterside	Independent, non-executive	2014
Myles Ruck	Independent, non-executive	2002
John Vice	Independent, non-executive	2016
Ben Kruger	Independent, non-executive	2022
Sim Tshabalala	Executive director - Chief Executive	2013
Arno Daehnke	Executive director – Chief Finance and Value Management Officer	2016

Abridged curriculum vitae of the members of the SBG Board are set out below.

CHAIRMAN AND DEPUTY CHAIRMAN

	Qualifications:	External directorships:	Committees:	Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*
Nonkululeko Nyembezi / 62 *Chairman and independent non-executive director, SBG and SBSA* *Appointed*: 1 January 2020 (appointed chairman 27 May 2022)	> BSc (Hons) (University of Manchester) > MSc (electrical engineering) (California Institute of Technology) > MBA (Open University Business School, UK)	> > Anglo American Plc > Macsteel Service Centres South Africa (Pty) Limited (chairman) **Previous roles**: > CEO of ArcelorMittal South Africa and CEO and executive director of Ichor Coal N.V > chairman of Alexander Forbes Group Holdings > non-executive director of Old Mutual	DAC (chairman) GRCMC GITC LEC REMCO GSEC	None

		> chairman of the JSE Limited		
Xueqing Guan / 58 *Senior deputy chairman, SBG and non-executive director, SBG and SBSA* *Appointed:* 1 August 2020	**Qualifications**: > Doctorate in Economics (Southwestern University of Finance and Economics, China)	**Previous roles**: > General Manager of Corporate Strategy and Investor Relations Department of ICBC > Head of Sichuan Branch, ICBC	**Committees**: DAC GRCMC GITC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Jacko Maree / 67 *Deputy chairman, SBG and independent non-executive director, SBG and SBSA* *Appointed:* 21 November 2016	**Qualifications**: > BCom (University of Stellenbosch) > BA and MA (politics and economics) (Oxford) > PMD (Harvard)	**External directorships**: > Phembani Group **Other governing body and professional positions held**: > China Investment Corporation – International advisory council > Special Envoy on Investments to RSA **Previous roles**: > chief executive officer (CEO) of the group for more than 13 years > senior banker focusing on key client relationships > chairman of Liberty Holdings and Liberty Group	**Committees**: GMAC (chairman) GRCMC REMCO GSEC LEC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Trix Kennealy / 64 *Lead independent director SBG and independent non-executive director SBSA* *Appointed*: 21 November 2016	**Qualifications**: > BCom (University of Pretoria) > BCom (Hons) (University of Johannesburg)	**External directorships**: > Sasol **Previous roles**: > chief financial officer of the South African Revenue Service > chief operating officer of ABSA corporate and business bank	**Committees**: GAC (chairman) GRCMC REMCO (chairman) DAC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Sim Tshabalala / 54 *Group CEO, SBG and executive director, SBSA* *Appointed*: 7 March 2013 (SBG) and 1 June 2008 (SBSA)	**Qualifications**: > BA, LLB (Rhodes University) > LLM (University of Notre Dame, USA) > HDip Tax (University of the Witwatersrand) > AMP (Harvard)	**Appointments held within the Group:** > Stanbic Africa Holdings **Other governing body and professional positions held**: > Institute of International Finance > International Monetary Conference > Palaeontological Scientific Trust	**Committees**: GITC GSEC GMAC LEC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Arno Daehnke / 54 *Chief finance and value management officer, SBG and executive director of SBSA* *Appointed*: 1 May 2016	**Qualifications**: > BSc, MSc (University of Cape Town) > PhD (Vienna University of Technology) > MBA (Milpark Business School) > AMP (Wharton)	**Appointments held within the Group:** > Stanbic Africa Holdings **Previous roles**: > head of the group's treasury and capital management function	**Committees**: GITC GMAC LEC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Paul Cook / 42 *Independent non-executive director,*	**Qualifications**: > PhD, in physics (California Institute of	**External directorships**: > Co-founder and managing director of Silvertree Brands	**Committees** GITC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:***

SBG and SBSA *Appointed*: 22 February 2021	Technology) > Bachelor of Science with Honours (University of Witwatersrand)	> Chief executive officer of Faithful to Nature **Previous roles**: > Managing Director, Ringier Africa Deals Group	GMAC GSEC	None
Geraldine Fraser-Moleketi / 62 *Independent non-executive director, SBG and SBSA* *Appointed*: 21 November 2016	**Qualifications**: > Master's degree in public administration (University of Pretoria) > PHD (Honoris Causa) (Nelson Mandela University) > Fellow of the Institute of Politics (Harvard)	**External directorships**: > Exxaro Resources (lead independent director) > Tiger Brands (chairman) **Other governing body and professional positions held**: > UN economic and social council, committee of experts of public administration (chairman) > Nelson Mandela University (chancellor) > Government Technical Advisory Centre Winter School Advisory Panel **Previous roles**: > special envoy on gender at African Development Bank Côte d'Ivoire > director of the UN development programme's global democratic governance group > minister of Welfare and Population Development from 1996 to 1999, and Public Service and Administration from 1999 to 2008 > ISID Advisory Board McGill University Canada	**Committees**: DAC GRCMC GSEC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Nomgando Matyumza / 59 *Independent non-executive director, SBG and SBSA* *Appointed*: 21 November 2016	**Qualifications**: > BCompt (Hons) (University of Transkei) > LLB (University of Natal) > CA (SA)	**External directorships**: > Sasol > Volkswagen of South Africa **Previous roles**: > deputy CEO at Transnet Pipelines > non-executive director on the boards of Cadiz, Transnet SOC, Ithala Development Finance Corporation, WBHO and Hulamin	**Committees**: GRCMC REMCO GAC DAC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Kgomotso Moroka / 68 *Non-executive director, SBG and SBSA* *Appointed*: 1 July 2003	**Qualifications**: > BProc (University of the North) > LLB (University of the Witwatersrand)	**External directorships**: > Kalagadi Manganese > Temetayo (chairman) > Multichoice Group and Multichoice South Africa Holdings > Netcare **Other governing body and professional positions held**: > member of the Johannesburg Society of Advocates **Previous roles**:	**Committees**: GSEC (chairman) DAC GRCMC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None

		> non-executive director of South African Breweries > acting judge in the Witwatersrand Local Division > trustee of the Nelson Mandela Children's Fund and the Apartheid Museum > Chairman of Royal Bafokeng Platinum		
Martin Oduor-Otieno / 65 *Independent non-executive director, SBG and SBSA* *Appointed*: 1 January 2016	**Qualifications**: > BCom (University of Nairobi) > CPA (Kenya) > Executive MBA (ESAMI/Maastricht Business School) > Honorary Doctor of Business Leadership (KCA University) > AMP (Harvard), > Fellow at the Institute of Bankers (Kenya)	**External directorships**: > GA Life Insurance Company > East African Breweries (chairman) > British American Tobacco Kenya **Other governing body and professional positions held**: > Member of the Africa Executive Coaching Council **Previous roles**: > CEO of the Kenya Commercial Bank Group > partner at Deloitte East Africa **>** non-executive director of Kenya Airways	**Committees**: GAC GSEC GITC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Atedo Peterside CON / 67 *Independent non-executive director, SBG and SBSA* *Appointed*: 22 August 2014	**Qualifications**: > BSc (economics) (The City University, London) > MSc (economics) (London School of Economics and Political Science) > Owner/President Management Programme (Harvard)	**External directorships**: > Anap Holdings Ltd (chairman) > Anap Business Jets Ltd (chairman) **Other governing body and professional positions held**: > Endeavor High Impact Entrepreneurship (chairman) **Previous roles**: > founder and chief executive of the then IBTC > chairman of Stanbic IBTC Bank Plc and Cadbury Nigeria Plc > non-executive director of Flour Mills of Nigeria Plc, Unilever Nigeria Plc and Nigerian Breweries Plc	**Committees**: GAC DAC GITC REMCO	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE**:* None
Myles Ruck / 67 *Independent non-executive director, SBG and SBSA* *Appointed*: 15 August 2006 (SBSA) 18 January 2002 (SBG)	**Qualifications**: > BBusSc (University of Cape Town) > PMD (Harvard)	**Appointments held within the Group:** > Stanbic Bank Ghana **Previous roles**: > deputy chief executive of SBG > chief executive of the Liberty Group > chairman of ICBC Argentina > NED of The Bidvest Group	**Committees**: GRCMC (chairman) LEC (chairman) DAC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None

John Vice / 70 *Independent non-executive director, SBG and SBSA* *Appointed*: 21 November 2016	**Qualifications**: > BCom CTA (University of Natal) > CA (SA)	**External directorships**: > Anglo American Platinum **Previous roles**: > senior partner at KPMG Inc. where he the firm's audit practice, IT audit and IT consulting departments > member of the board of Zurich Insurance South Africa Limited	**Committees**: GITC (chairman) GAC GRCMC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Li Li / 45 *Non-executive director, SBG and SBSA* *Appointed:* 11 November 2021	**Qualifications:** > Masters degree in economics (University of International Business and Economics) > Bachelors degree in economics (Zhengzou University)	**Other governing body and professional positions held**: > chief representative officer of ICBC African representative office **Appointments held within the group**: > ICBC Standard Bank Plc. **Previous roles**: > deputy general manager of ICBC Zurich Branch > deputy head of the preparatory team for Zurich Branch	**Committees:** DAC GRCMC GITC as alternate to Xueqing Guan	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None
Ben Kruger *Independent, non-executive director, SBG and SBSA* *Appointed*: **6** June 2022	**Qualifications**: BCom Acc (Hons), AMP, CA(SA)	**Appointments held within the Group:** **>** Stanbic IBTC Holdings Plc **External directorships:** > Aspen Pharmacare Holdings Limited > The Johannesburg Stock Exchange > Ruby Rock Investments (Pty) Ltd (executive chairman) **Previous roles:** > Deputy Group Chief Executive SBG > Joint Group Chief Executive SBG > Executive Director SBG/SBSA.	**Committees**: **GRCMC** **REMCO** **LEC** **GITC**	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None

Key:

DAC – Directors' affairs committee	**GAC –** Group audit committee	**GRCMC –** Group risk and capital management committee	**Remco –** Group remuneration committee	**GMAC –** Group model approval committee	**LEC –** Group large exposure
GITC – Group information technology committee		**GSEC –** Group social and ethics committee			

*** Events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE**

(i) details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;

(ii) details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary compromise arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);

(iii) details of any compulsory liquidations, administrations or partnership voluntary compromise arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);

(iv) details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;

(v) details whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

(vi) details of any offence involving dishonesty committed by such person;

(vii) details of any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;

(viii) details of ever being barred from entry into any profession or occupation;

(ix) details of any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act. (All such convictions must be disclosed even though they may now be "spent convictions);

(x) details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty; and

(xi) details of any court order declaring such person delinquent or placing him under probation in terms of Section 162 of the Act and/or Section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) or disqualifying him to act as a director in terms of Section 219 of the Companies Act, 1973 (Act No. 61 of 1973).

Changes to the SBG's Board

Maureen Erasmus resigned from the board with effect from 16 February 2022. Thulani Gcabashe retired from the board as chairman and an independent non- executive director at the conclusion of the 2022 Annual General Meeting. Nonkululeko Nyembezi was appointed as chairman of the board with effect from 27 May 2022. Ben Kruger was appointed to the board in June 2022.

Conflicts of Interest

In terms of the Companies Act, directors are required to disclose their outside business interests. At the beginning of each meeting, directors declare whether there are any conflicts of interest in relation to matters tabled for consideration. Directors do not participate in the meeting when the SBG Board considers any matters in which they may be conflicted and are recused from the meeting. The Group's secretary maintains a register of directors' interests, which is tabled at the SBG Board meeting and any changes are submitted to the SBG Board as they occur. The Group complies with the provisions of the Companies Act in this regard. The SBG Board is aware of the other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their responsibilities effectively.

The business address of the members of the SBG Board is the Issuer's registered address, 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001, PO Box 7725, Johannesburg 2000, South Africa.

Capital Adequacy

The Group's capital management function is designed to ensure that regulatory requirements are met at all times and that the Group and its principal subsidiaries are capitalised in line with the Group's risk appetite and target ranges, both of which are approved by the SBG Board. It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the Group's planning and forecasting process. The capital plan is tested under a range of stress scenarios.

The Prudential Authority (the "**PA**") adopted the Basel III framework, subject to certain phase-in provisions as provided by the Basel Committee for Banking Supervision ("**BCBS**") from 1 January 2013. From 1 January 2019 the requirements that were subject to phase-in provisions have been fully implemented.

In response to possible pressures on banks' capital supply brought about by the COVID-19 pandemic and to assist banks to continue to serve their clients under very difficult circumstances the PA implemented measures to reduce the minimum capital and reserve funds maintained by banks in South Africa through a temporary relaxation of the pillar 2A capital requirement in 2020. The PA announced the reinstatement of the pillar 2A capital requirement effective from 1 January 2022 in Directive 5/2021.

Taking into account the temporary removal of the pillar 2A capital requirement, the South African minimum Basel III capital requirements were 8.0 per cent. for CET 1, 10.0 per cent. for tier 1 and 13.0 per cent. for total capital adequacy in 2021, increasing to 8.5 per cent., 10.8 per cent. and 14.0 per cent. respectively following the re-instatement of Pillar 2A buffer requirements from 1 January 2022. These minimums exclude the countercyclical buffer, which for the time being has not been announced as a requirement for South Africa, and confidential bank-specific pillar 2B capital requirements but include the maximum potential D-SIB requirement of 2.5 per cent. South African banks were required to disclose their D-SIB capital requirements from 1 September 2020. The Group's D-SIB buffer requirement amounts to 1.5 per cent. of which 1 per cent. is required to be held in CET 1. The Issuer reinstated Pillar 2A buffer requirements in its internal target capital adequacy ratios with effect from June 2021 in anticipation of the reinstatement of the requirements by the PA in January 2022.

The Group adopted IFRS 9 – Financial Instruments ("**IFRS 9**") from 1 January 2018. In terms of the SARB Directive 5/2017, the Group elected the three-year transition period, amortised on a straight-line basis. The transition period ended on 1 January 2021. All capital metrics are based on the inclusion of the full IFRS 9 transition impact.

The Basel III post-crisis reform proposals may impact capital levels going forward. In South Africa, the implementation date for the more significant Basel III post crisis reform proposals has been set for 1 January 2023 with transitional arrangements for the phasing-in of the aggregate output floor from 1 January 2023 to 1 January 2027. The Basel III post-crisis reform proposals provide for areas of national discretion and the Group is, through relevant industry bodies, engaging the PA on the South African implementation of the proposals.

The Group manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders, and ensure regulatory compliance. The main regulatory requirements to be complied with are those specified in the Banks Act and related applicable regulations, which are aligned with Basel III.

Regulatory capital adequacy is measured through three risk-based ratios, namely common equity tier 1, tier 1 and total capital adequacy ratios which are calculated on the following bases:

- Common equity tier 1: ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments divided by total risk weighted assets ("**RWA**").

- Tier 1: common equity tier 1 and other qualifying non-controlling interest plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Perpetual, non-cumulative preference shares that comply with Basel I and Basel II rules are included in tier 1 capital but are currently subject to regulatory phase-out requirements over a ten-year period, which commenced on 1 January 2013.

- Total capital adequacy: tier 1 plus other items such as general credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Subordinated debt that complies with Basel I and Basel II rules is included in total capital but is currently subject to regulatory phase-out requirements, over a ten-year period, which commenced on 1 January 2013.

RWA are calculated in terms of the Banks Act and related regulations, which are aligned with Basel III.

The South African Reserve Bank ("**SARB**") adopted the leverage framework that was issued by the BCBS in January 2014 with formal disclosure requirements commencing from 1 January 2015. The non risk-based leverage measure is designed to complement the Basel III risk-based capital framework. The Group's leverage ratio inclusive of unappropriated profit was 7.9 per cent. as at 31 December 2021 (compared to 7.8 per cent. as at 31 December 2020), in excess of the SARB minimum requirement of 4 per cent.

The following table sets out the Group's CET1, Tier 1 and Tier 2 capital excluding unappropriated profit for the years ended 31 December 2021 and 31 December 2020, on a Basel III basis.

Basel III qualifying capital excluding unappropriated profits

	31 December	
	2021	2020
	(Rm)	
Ordinary shareholder's equity	**198,832**	**176,371**
Qualifying non-controlling interest	8,390	7,039
Less: regulatory adjustments	(19,201)	(19,814)
Goodwill	(2,195)	(2,207)
Other intangible assets	(12,653)	(13,797)
Investments in financial entities	(3,133)	(3,953)
Other adjustments including IFRS 9 phase-in for 2020	(1,220)	143
Less: unappropriated profits	(13,631)	(8,517)
CET I capital	174,390	155,078
Qualifying other equity instruments	11,099	8,124
Qualifying non-controlling interest	1,088	742
Tier 1 capital	186,577	163,944
Qualifying Tier 2 subordinated debt	23,394	21,152
General allowance for credit impairments	6,330	4,751
Tier 2 capital	29,724	25,903
Total regulatory capital	**216,301**	**189,847**

Basel III risk-weighted assets and associated capital requirements

	RWA		Minimum capital requirements[1]
	2021	2020	2021
	(Rm)		(Rm)
Credit risk (excluding counterparty credit risk (CCR))	**962,388**	**883,098**	**115,486**
Of which: standardised approach[2]	457,534	396,943	54,904
Of which: internal rating-based (IRB) approach	504,854	486,155	60,528
CCR	**68,921**	**51,330**	**8,270**
Of which: standardised approach for CCR	22,617	9,940	2,714
Of which: IRB approach	26,136	22,329	3,136
Of which: credit valuation adjustments (CVA)	20,168	19,061	2,420
Equity positions in banking book under market-based approach	**8,964**	**9,500**	**1,076**
Equity investments in funds - look through approach	**5,515**		**662**
Equity investments in funds - mandate-based approach	**1,543**		**185**
Equity investments in funds - fall-back approach	**358**		**43**
Securitisation exposures in banking book	**611**	**704**	**74**
Of which: IRB approach	397	491	48
Of which: IRB supervisory formula approach	214	213	26
Market risk	**71,839**	**63,043**	**8,621**
Of which: standardised approach	56,846	47,191	6,822
Of which: internal model approach (IMA)	14,993	15,852	1,799
Operational risk	**177,500**	**163,648**	**21,300**
Of which: standardised approach	93,098	82,578	11,172
Of which: advanced measurement approach (AMA)	84,402	81,070	10,128
Amounts below the thresholds for deduction (subject to 250% risk weight)	65,397	58,155	7,848
Total	**1,363,036**	**1,229,478**	**163,364**

[1] Measured at 12.0 per cent. (2020: 12.0 per cent.) and excludes any bank-specific capital requirements. Pillar 2A buffer requirements have been temporarily removed in response to the Covid-19 pandemic. The Group's D-SIB buffer requirement, which is required to be disclosed from 1 September 2020 amounts to 1.5 per cent., of which 1.0 per cent. is required to be held in CET I. There is currently no requirement for the countercyclical buffer add-on in South Africa or in other jurisdictions in which the Group has significant exposures.

[2] Portfolios on the standardised approach relate to the Africa Regions and portfolios for which application to adopt the internal model approach has not been submitted, or for which application has been submitted but approval has not been granted.

The following table detail the Group's capital adequacy ratios for the years ended 31 December 2021 and 31 December 2020 on a Basel III basis.

Capital Adequacy Ratios

	Internal target ranges [1,2]	SARB minimum regulatory requirement [3]	Excluding unappropriated profits		Including unappropriated profits	
			2021	2020	2021	2020
	(%)	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*
CET I capital adequacy ratio	>11.0	8.0	12.8	12.5	13.8	13.2
Tier 1 capital adequacy ratio	>12.0	10.0	13.7	13.2	14.7	13.9
Total capital adequacy ratio	>15.0	12.0	15.9	15.4	16.9	16.1

1 Including unappropriated profit

2 Recalibrated inclusive of Pillar 2A requirements that was reinstated by the PA with effect from 1 January 2022

3 Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic

Source: This information has been extracted from SBG's 2021 Risk and Capital Management Report

Basel III

Banks in South Africa adopted Basel III with effect from 1 January 2013. Basel III aims to enhance financial stability globally by increasing the quality and level of capital to be held by banks, extending the risk framework coverage, by introducing new liquidity ratios and a non-risk based leverage ratio. The Bank Supervision Department of the SARB (now referred to as the PA) commenced with its implementation from 1 January 2013 by way of the amended Regulations Relating to Banks as of 20 May 2016, and banks in South Africa have thus adopted the Basel III accord. The Issuer has approval from the PA to use the advanced internal ratings-based ("**AIRB**") approach for its credit portfolios in SBSA. For internal management purposes, the Issuer utilises AIRB measures and principles wherever possible. Further, the Issuer has approval from the PA to adopt the market-based approach for certain equity portfolios in SBSA and has approval for using the advanced measurement approach ("**AMA**") operational risk framework.

The Issuer also has approval from the SARB to use the "internal models approach" for most trading product groups and across most market risk types for SBSA.

In Basel III, the BCBS introduced significant changes to the Basel II framework, including, amongst others:

Capital

The quality, consistency and transparency of the capital base levels have increased. In the new framework, the regulatory deductions should mainly be applied to the common equity component of the capital base. Further, to be eligible as Tier 1 and Tier 2 capital, instruments need to meet more stringent requirements than were applied under Basel II.

The Basel III framework introduces a capital conservation buffer of 2.5 per cent. on top of these minimum thresholds. If a bank does not meet this buffer, constraints will be imposed on the bank's capital distribution, such as dividends. Also, in periods of excess growth, banks will be required to hold an additional countercyclical buffer of up to 2.5 per cent. in order to avoid facing restrictions.

Leverage Ratio

The BCBS also proposed a requirement that, effective from 1 January 2018, the risk-sensitive capital framework be supplemented with a non-risk based measure, the leverage ratio (the "**Leverage Ratio**").

The Leverage Ratio is calculated as the Tier 1 capital divided by the exposure (being on and off-balance sheet exposures, with certain adjustments for selected items such as derivatives). It is proposed that the final calibration of the Leverage Ratio, and any further definition amendments, will be implemented by 2024 in South Africa.

Liquidity

Another key component of the Basel III framework is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thereby reducing the risk of spillover from the financial sector to the real economy.

The BCBS has developed two new quantitative liquidity standards as part of the Basel III framework; namely the Liquidity Cover Ratio ("**LCR**") (phased-in from 1 January 2015) and the Net Stable Funding Ratio ("**NSFR**") (which came into effect on 1 January 2018). The LCR's objective is to measure the Issuer's ability to manage short-term liquidity stress and ensure the appropriate holding of surplus qualifying liquid assets. The NSFR's objective is to measure long-term structural funding stability in order to address the structural liquidity mismatch inherent in banking operations. Both the LCR and NSFR calculations are subject to an observation period prior to implementation such that any unintended consequences can be identified.

The BCBS has also put a more stringent regulatory framework into place for the monitoring of intraday liquidity risk. Management of intraday liquidity risk forms a key element of a bank's overall liquidity risk management framework. The mandatory tools introduced by the BCBS are for monitoring purposes, and only international active banks will be required to apply them. National regulators will determine the extent to which the tools apply to banks that only operate domestically within their jurisdictions. Monthly reporting on the monitoring tools commenced on 1 January 2015.

Risk-Weighting (Finalised Basel III reforms)

On 7 December 2017, the BCBS published the Basel III finalised reforms for the calculation of RWA and a capital floor to be implemented on 1 January 2022. The date of implementation for these reforms was revised on 27 March 2020 by the BCBS and has been deferred by one year to 1 January 2023. In May 2022, the implementation date in South Africa for these regulatory reforms related to the Credit Valuation Adjustment ("**CVA**") was revised to 1 January 2024 by the PA. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028 by the BCBS. These reforms are the completion of work that the BCBS has been undertaking since 2012 to address inefficiencies that emerged from the financial crisis in 2008 and impacts both standardised and advanced internal models.

Reducing variation in the internal ratings-based ("IRB") approach for credit risk

The revised IRB framework constrains the use of the IRB approach which allows banks to estimate the probability of default ("**PD**"), loss given default ("**LGD**"), exposure at default ("**EAD**") and maturity of an exposure for low default asset classes. These include exposures to large and medium-sized corporates, banks and other financial institutions, securities firms and public-sector entities. The Group's relevant legal entities will now have to use the foundation internal ratings-based ("**FIRB**") approach for these exposures. The FIRB approach is more conservative as it applies fixed values to the LGD and EAD parameters. In addition, all IRB approaches are being removed for exposures to equities.

For the remaining asset classes, the revised IRB framework also introduces minimum "floor" values for bank-estimated IRB parameters which are used as inputs to the calculation of RWA. These include PD floors for both the FIRB and AIRB approaches, and LGD and EAD floors for the AIRB approach. The Committee agreed on various additional enhancements to the IRB approaches to further reduce unwarranted RWA variability, including providing greater specification of the practices that banks may use to estimate their model parameters.

Given the enhancements to the IRB framework and the introduction of an aggregate output floor, the BCBS has removed the 1.06 scaling factor that is currently applied to RWAs determined by the IRB approach to credit risk.

Standardised approach for credit risk

The revisions to the standardised approach for credit risk, enhances the regulatory framework by improving its granularity and risk sensitivity. It provides: a more granular approach for unrated exposures to banks and corporates; a recalibration of risk weighting for rated exposures; a more risk-sensitive approach for real estate exposures based on their loan to value; separate treatment for covered bonds; specialised lending; exposures to SME's; a more granular risk weight treatment for subordinated debt and equity exposures; and a recalibration of credit conversion factors for off balance sheet exposures.

CVA risk capital charge

The initial phase of Basel III reforms introduced a capital charge for potential mark-to-market losses of derivative instruments as a result of the deterioration in the creditworthiness of a counterparty.

The final reforms introduce two new approaches for the calculation of the CVA risk capital charge: a basic approach (a full version including CVA hedges, or reduced version) and a standardised approach based on the fundamental review of the trading book market risk standardised approach with minimum requirements regarding sensitivity calculations. The changes also include a €100 billion threshold for a simplified treatment (double counterparty credit risk capital requirement) and new eligibility requirements for CVA hedges.

Operational risk

The BCBS has streamlined the operational risk framework. The AMA for calculating operational risk capital requirements (which are based on banks' internal models) and the existing standardised approaches are replaced with a single risk-sensitive standardised approach to be used by all banks.

The new standardised approach for operational risk, determines a bank's operational risk capital requirements based on two components: a measure of a bank's income and a measure of the historical losses experienced by the bank. Conceptually, it assumes that operational risk increases at an increasing rate with a bank's income and banks which have experienced greater operational risk losses historically are assumed to be more likely to experience operational risk losses in the future.

Output floor

The Basel III reforms replace the existing Basel II floor with a floor based on the revised Basel III standardised approaches. Consistent with the original floor, the revised floor places a limit on the regulatory capital benefits that a bank using internal models can derive relative to the standardized approaches. In effect, the output floor provides a risk-based backstop that limits the extent to which banks can lower their capital requirements relative to the standardised approaches.

This helps to maintain a level playing field between banks using internal models and those on the standardised approaches. It also supports the credibility of banks' risk-weighted calculations and improves comparability via the related disclosures.

(a) Under the revised output floor, banks' risk-weighted assets must be calculated as the higher of total RWA calculated using the approaches that the bank has supervisory approval to use in accordance with the Basel capital framework (including both standardised and internal model- based approaches); and

(b) 72.5 per cent. of the total RWA calculated using only the standardised approaches.

The date of implementation for the output floor was revised on the 27 March 2020 by the BCBS and has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028.

Risk-Weighting (Other Basel III reforms)

Securitisation framework

The BCBS has finalised changes to the Basel securitisation framework. The new framework is to be implemented in South Africa by 1 October 2022. The new framework provides a revised set of approaches for determining the regulatory capital requirements in relation to securitisation exposures with the following aims: reducing mechanistic reliance on external ratings; increasing risk weights for highly rated securitisation exposures; reducing risk weights for low-rated securitisation exposures; reducing cliff effects (where small changes in the quality of an underlying pool of securitised exposures quickly leads to significant increases in capital requirements); and making the framework more risk-sensitive.

Fundamental Review of the Trading Book

Some initial measures to improve market risk were introduced by the BCBS in 2009 (known as "**Basel 2.5**"). The BCBS recognised that these incremental changes to the market risk framework were only temporary, and that further measures were required to improve trading book capital requirements. The new market risk framework ("**Fundamental Review of the Trading Book**") was published on 14 January 2016. The framework was thereafter revised on the 14 January 2019 to address issues that the Basel Committee identified in the course of monitoring the implementation and impact of the framework. The proposed implementation date for South Africa is 1 January 2024, with capitalisation requirements to be effective no earlier than 1 January 2025 and aligned to major jurisdictions.

Large Exposure Framework

The BCBS published the final standard that sets out a supervisory framework for measuring and controlling large exposures on 15 April 2014. The large exposure framework was implemented in South Africa on 1 April 2022. The large exposure framework protects banks from significant losses caused by the sudden default of an individual counterparty or a group of connected counterparties. The framework was designed so that the maximum possible loss a bank could incur if such a default were to occur would not endanger the bank's survival as a going concern. In cases where the bank's counterparty is another bank, large exposure limits will directly contribute towards the reduction of system-wide contagion risk. Large Exposure is defined as an exposure that is equal to or above 10 per cent. of a bank's eligible capital base. Eligible capital base is defined as Tier 1 capital as defined under the Basel III framework. The sum of all the exposure values of a bank to a single counterparty or to a group of connected counterparties should not be higher than 25 per cent. of the bank's available eligible Tier 1 capital base. A tighter limit of 15 per cent. of Tier 1 capital will apply to inter-globally systemically important banks ("**GSIBs**") exposures and the local regulator may apply this limit to inter-DSIBs exposures. A limit of 15 per cent. of Tier 1 capital may also be applied by the local regulator for exposures between a smaller bank and a GSIB.

Interest Rate Risk in the Banking Book ("IRRBB")

Arising from the Fundamental Review of the Trading Book, the Bank of International Settlement appointed a team to evaluate and refine the existing Pillar 2 treatment for spread risk in the banking book. In April 2016 the BCBS issued standards for IRRBB. The standards revise the BCBS' 2004 "Principles for the management and supervision of interest rate risk", which set out supervisory expectations for banks' identification, measurement, monitoring and control of IRRBB, as well as its supervision. The revised standards also introduced a strengthened Pillar 2 approach. The newly revised Standards for IRRBB cover the enhanced requirements over 12 principles. Nine principles are directed to banks including identification of IRRBB, sound methodologies, risk appetite and limits, internal reporting, external disclosures, data, controls and model risk management. Three principles are directed to supervisors and focus on review of the soundness of banks' IRRBB management, collaboration among supervisors and identification of outlier banks.

The proposed implementation date for South Africa is 1 January 2023.

Systemically important financial institutions ("SIFIs")

The guidance developed by the BCBS and the Financial Stability Board form the basis for the requirements of domestic systemically important banks in South Africa. South African banks have developed their recovery plans in line with global standards. The specific D-SIB capital requirements have been applied to the relevant banks from 1 January 2016.

Recovery plans focus on plausible management or recovery actions that can be taken to reduce risk and conserve capital during times of severe stress. Resolution plans are typically developed by the supervisor with the objective of ensuring that SIFIs are resolvable and will not become a burden to tax-payers.

Although the Basel III phase-in approach affords the Issuer a period of time before full compliance is required, the Issuer maintains a strong focus on achieving these liquidity and capital requirements within the specified timelines. Specific areas of focus include optimising capital and liquidity allocation between product lines, trading desks, industry sectors and legal entities, such that financial resources can be allocated in a manner that enhances the overall Group's economic profit and return on equity, embedding risk-adjusted performance measures into the performance measurement and reporting processes of the Group; and ensuring that the Group is adequately positioned to respond to changing regulatory rules under Basel III.

Pillar 3 disclosures

Pillar 3 of the Basel framework seeks to promote market discipline through regulatory disclosure requirements. The BCBS released the updated Pillar 3 disclosure requirements on 11 December 2018. These requirements, together with the updates published in January 2015 and March 2017, complete the Pillar 3 framework. The updated Pillar 3 disclosure requirements released on 11 December 2018 reflects the BCBS's December 2017 Basel III post-crisis regulatory reforms and pertains to the following areas:

(i) credit risk, operational risk, the leverage ratio and CVA risk;

(ii) RWAs as calculated by the bank's internal models and according to the standardised approaches; and

(iii) an overview of risk management, RWAs and key prudential metrics.

The implementation date for the disclosure requirements related to the December 2017 Basel III post- crisis regulatory reforms was revised by the BCBS on 27 March 2020, to 1 January 2023, a year later than what was initially proposed. The implementation date for the disclosure requirements related to the regulatory reforms for the CVA is expected to be 1 January 2024 in South Africa, in line with South Africa's implementation date of the regulatory reforms for the CVA.

The BCBS also released a consultative paper on 14 November 2019 on revisions to market risk disclosure requirements, that set out adjustments to the Pillar 3 templates to reflect the changes introduced in the minimum capital requirements for market risk published in January 2019. The BCBS thereafter released final revisions to market risk disclosure requirements on 11 November 2021. The implementation date for revisions to market risk disclosure requirements is expected to be 1 January 2024 in South Africa, in line with South Africa's implementation date of the revisions to market risk.

The Group has a formal program in place for the implementation of these requirements.

Climate Policy

The Group is committed to balancing the challenges posed by climate change with the need to support access to reliable energy that supports economic growth and poverty alleviation, in line with the United Nations Sustainable Development Goals. The Group has adopted a climate policy which applies to all its client segments and subsidiaries (excluding Liberty). The climate policy commits the Group to achieving net zero carbon emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040 and from its portfolio of financed emissions by 2050. The Group interprets "net zero" to mean that greenhouse gas emissions produced are balanced by absorbing or removing an equivalent amount from the atmosphere. To achieve a just transition toward net zero, the Group applies several complimentary approaches including:

- setting targets to increase lending to sustainable finance solutions;
- refining existing lending policies;
- setting climate targets to reduce financed emissions in specific sectors;
- engaging with clients and supporting their climate transition commitments; and
- monitoring clients' commitments as part of their transition.

Initially, the Group has set climate targets and commitments for the following four sectors based on their identified levels of elevate climate risk: agriculture, gas, oil and thermal coal. The Group intends to establish targets and commitments for additional sectors over the next two to three years, including insurance, residential and commercial property and transportation.

The Group seeks to engage with clients to support their transition toward net zero through a variety of sustainable finance solutions including the use of proceeds and sustainability-linked instruments. The Group's five-year target is to mobilise a cumulative amount of between R250 billion and R300 billion in sustainable finance by the end of 2026. This includes an additional R50 billion of financing for renewable energy power plants over the next three years and to underwrite the financing of a further R15 billion of renewable energy power plants over the same period.

The Group will monitor its progress on the achievement of its climate targets and commitments annually and disclose the results in its annual reporting. The Group will also review and, where necessary, revise its climate policy, as well as the targets and commitments identified in it, at least every three years.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (nor are there any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have during the 12 months prior to the date of this Issuer Disclosure Schedule had, a significant effect on the financial position or profitability of the Issuer and/ or the Group taken as a whole. The Issuer and its subsidiaries have sued and are defendants in a number of legal proceedings incidental to their operations. While any litigation has an element of uncertainty, the Issuer does not expect that the outcome of any such proceeding, either individually or in aggregate, will have a material adverse effect upon the Issuer's consolidated financial position or results.

Technology, Operations, Real-Estate and Data - Engineering Capability

With the significant impact of the digital revolution, consumers and businesses are being forced to change the way they interact. The Group refers to its technology, operations, real-estate and data services as its "engineering capability". The Group's engineering capability is central to the Group’s ability to adapt to a changing world and create sustainable long-term value for the Group’s stakeholders. The Issuer regards the engineering capability as a strategic asset which supports, sustains and enables growth and operational excellence within the Group.

The Group's engineering strategy is aligned to, and a key enabler of, the Group's strategic vision. The key elements of the Group's engineering strategy are focused on embedding a client-centric culture which is aimed at ensuring that the Group's systems are "always on" (available to its customers) and secure (through managing the risk of unauthorised security breaches), systems adopt a platform business view, enabling the digital transformation of the Group, driving the simplification of the Group's systems, and in having the right employees to deliver on the strategy.

The Group sets security, recovery and business resumption as a key focus area, and regularly tests contingency procedures so that interruptions are minimized. Whilst the Group noted an increase in material incidents in the year ended 31 December 2021, this was offset with a 65 per cent. decrease in time to restore and an overall decrease of 26 per cent. in the number of material and high incidents. In South Africa, the number of material incidents increased from 4 in 2020 to 14 incidents in the year ended 31 December 2021, and in Africa Regions, material incidents decreased from 9 incidents in 2020 to 2 incidents in the year ended 31 December 2021. In addition, migrating the Group's infrastructure, software and platforms to cloud services remains a strategic priority. The Group remains on track to achieve the migration of over 70 per cent. of its current workload into the cloud by 2025. Ongoing investment in digital capabilities also saw the Group's digital footprint increase by 27 per cent. compared to 2020.

Engineering governance functions provide oversight of all engineering capabilities within the Group (including technology) to ensure that technology contributes to creating sustainable value both in the short and long term. The SBG Board is responsible for ensuring that prudent and reasonable steps have been taken regarding Engineering governance. The Group information technology committee is an SBG Board committee with responsibility for ensuring the implementation of the Engineering governance framework across the Group. The committee has the authority to review and provide guidance on matters related to the Group's technology strategy, forecasts, operations, policies and controls, the Group's assessment of risks associated with technology, including disaster recovery, business continuity and technology security, as well as oversight of significant technology investments and expenditure.

The committee is chaired by an independent SBG Board member, who is also a member of the Group risk and capital management committee. The heads of engineering (and where applicable, chief information officers) of each business unit within the Issuer are accountable to their chief executives as well as to the Group chief operating officer to ensure that the technology strategy is aligned and integrated with the business strategies.

Regulation

General regulatory requirements

The Issuer is subject to the Banks Act and is supervised by the Financial Conglomerate Supervision Department.

Please see the section headed "*Risk Factors – The impact of any future change in law or regulation on the Issuers' businesses is uncertain*" of the Risk Factors and Other Disclosures Schedule relating to the Standard Bank Group Limited ZAR 50,000,000,000 Domestic Medium Term Note Programme (the "**Risk Factors & Other Disclosures Schedule**").

Anti-money laundering regulatory requirements

The Issuer is committed to and supports global efforts to combat money laundering ("**ML**") and terrorist financing ("**TF**"). Consequently, the Issuer has drafted and implemented policies and procedures to assist it in complying with its anti-money laundering ("**AML**") and combating the financing of terrorism ("**CFT**") regulatory obligations in each jurisdiction in which it operates. Meeting ML and TF control requirements imposes significant obligations in terms of client identification and verification, record keeping, staff training and the detection and reporting of suspicious and unusual transactions. The Group Money Laundering Control Policy is implemented as the minimum standard throughout the Issuer, while particular emphasis is placed on implementing bespoke ML/TF controls which are designed to mitigate the risks identified in country and business risk assessments. The Issuer continues to enhance and automate its ML and TF detection measures and has dedicated AML transaction monitoring teams that are responsible for receiving, evaluating and reporting suspicious or unusual transactions and activities to the appropriate authorities. These teams operate under the guidance of a Financial Crime Management Unit, which also ensures full co-operation with law enforcement agencies from an information sharing perspective (while operating within the parameters defined by legislation).

Anti-bribery and corruption requirements

Anti-bribery and corruption ("**ABC**") policies are implemented consistently across the Issuer. All companies in the Group are committed to the highest level of ethical behaviour and have a zero-tolerance approach towards bribery and corruption. The Group has designed and implemented an anti-bribery management system to ensure compliance with ABC laws in all markets and jurisdictions in which it operates. These laws include, but are not limited to, the South African Prevention and Combating of Corrupt Activities Act No.12 of 2004, the UK Bribery Act and the U.S. Foreign Corrupt Practices Act.

The Issuer has developed and implemented an ABC compliance programme which is aligned with global best practice (in particular the ABC guidance that has been issued by the Organisation for Economic Co-operation and Development). Programme activities include periodically conducting risk assessments, and regular updates to the ABC policy. The ABC policy is applicable to all employees of the Group, irrespective of location or jurisdiction.

Furthermore, all the Issuer's staff are required to complete ABC general awareness training annually. Regular reviews of the effectiveness of the ABC programme are conducted in the form of a combined assurance approach to monitoring activities.

Risk Management

The Group's approach to risk management is designed to ensure consistent and effective management of risk and provide for appropriate accountability and oversight. Risk management is enterprise wide, applying to all entity levels and is a crucial element in the execution of the Group's strategy.

The Group's risk universe represents the risks that are core to its business. The Group organises these risks into strategic, non-financial and financial risk categories.

The risk universe is managed through the lifecycle from identification to reporting. The Group's assessment process includes rigorous quantification of risks under normal and stressed conditions up to, and including, recovery and resolution.

Risk exposures are managed through different techniques and are monitored against a risk appetite that supports the Group's strategy.

Risk information is subject to strong data and reporting controls. It is integrated into all business reporting and governance structures. The Group's governance structure enables oversight and accountability through appropriately mandated board and management committees.

This is all underpinned by a control environment defined in the Group's risk governance and management standards and policies.

The Group's risk management system

The Group operates under the enterprise risk management ("**ERM**") governance framework, which informs the specific risk type standards, frameworks and policies which are approved by executive committees and the relevant board sub-committee.

Risk governance committees

Governance committees are in place at both a board and management level. These committees have mandates and delegated authorities that are reviewed regularly. Members have the requisite skills and expertise to manage risk.

The SBG Board sub-committees that are responsible for the oversight of the risk management system comprise the Group risk and capital management committee ("**GRCMC**"), the Group audit committee ("**GAC**"), the Group information technology committee ("**GITC**"), the Group model approval committee ("**GMAC**"), the Group remuneration committee ("**REMCO**"), the Group large exposure credit committee and the Group social and ethics committee ("**GSEC**").

The Group risk oversight committee ("**GROC**") and the Group asset and liability committee ("**ALCO**") are sub-committees of the Group leadership council. GROC provides group-level oversight of all risk types and assists the GRCMC in fulfilling its mandate. As is the case with the GRCMC, GROC calls for and evaluates in-depth investigations and reports based on its assessment of the Group's risk profile and impact of external factors. GROC is chaired by the Group chief risk and corporate affairs officer. GROC sub-committees are constituted to support it in discharging its responsibilities as set out in its mandate.

These sub-committees are:

- Group non-financial risk committee;
- Group compliance committee;
- Group sanctions and client risk review committee;
- Group internal financial control governance committee;
- Group country risk committee;
- Group equity risk committee;
- Group portfolio risk management committee;
- BCC, CHNW and client solutions credit committees; and
- CIB credit committees.

Together with its sub-committees, Group ALCO is responsible for all matters relating to capital, funding, liquidity, IRRBB and market risk for the Group.

Group ALCO sub-committees are:

- SBSA ALCO;
- Standard Bank offshore ALCO;
- Africa Regions ALCO;
- Group capital management committee;

- intra-group exposure committee;
- recovery and resolution planning committee;
- SBK[1] price risk committee; and
- Group foreign currency management committee.

The social and ethics management committee is a sub-committee of the Group leadership council and reports into GSEC. It provides oversight over conduct and culture, and considers and recommends the annual materiality assessments, the Group's annual report to society and the Group's environmental, social and governance report to GSEC.

Governance documents

The ERM governance framework is approved by the RCMC. It informs the specific risk type standards, frameworks and policies which are approved by executive committees and the relevant board sub-committee. The critical steps for risk management are defined to ensure common practices across the Group.

Business line and legal entity policies are aligned to the governance documents and are applied within their governance structures.

The three lines of defence

The Group uses the three lines of defence governance model which promotes transparency, accountability and consistency through the clear identification and segregation of roles.

The first line of defence is made up of the management of business lines and legal entities. The first line proactively identifies, assesses and measures applicable risk scenarios in order to arrive at risk appetite decisions. The first line of defence manages day-to-day transaction- and portfolio-level risk decisions within the risk appetite and implements mitigation controls to reduce the adverse impact of taking risks in pursuit of strategic objectives. Effective first line risk management responsibilities include:

- defining the risk and control culture, and risk appetite;
- identifying and assessing risks and emerging threats;
- designing and implementing appropriate controls;
- balancing risk and return with every business decision;
- allocating capital optimally for maximum returns;
- performing self-assessments on the control environment;
- escalating material events that breach risk appetite through the governance structure; and
- ensuring appropriate risk disclosure to shareholders and regulators.

[1] SBK is the Issuer's JSE equity stock code.

The second line of defence directs the definition of the enterprise-wide risk management programme. The second line of defence facilitates execution of risk lifecycle activities and provide expert advice, guidance and support to the first line of defence management team. Together with the SBG Board they have oversight of the implementation and effective execution of risk and returns decisions within the set risk appetite and target strategy. Effective second line risk management responsibilities include:

- defining the risk and capital management framework and policies;
- facilitating risk management activities through the process lifecycle;
- facilitating the capital requirements calculations for all applicable risk types;
- challenging management's day-to-day risk decisions;
- monitoring and providing expert advice on emerging threats;
- monitoring that risk decisions are being taken in line with the risk culture and appetite, and reporting breaches;
- managing the interface with regulators regarding industry policy advocacy and risk and compliance matters;
- compiling risk disclosures as per regulatory requirements;
- reviewing compliance with risk standards; and
- performing independent reviews on specific risk and control areas.

The third line of defence is Group Internal Audit ("**GIA**"). GIA provides independent and objective assurance to the SBG Board and senior management on the adequacy and effectiveness of the control environment and the risk management programme. GIA has an independent reporting line to the SBG Board to assist in discharging their risk oversight responsibilities. Effective third line risk management responsibilities include:

- providing assurance through a risk-based audit plan that assesses and reports on the quality of controls and risk management practices; and
- periodically reviewing the design adequacy of the risk management framework, the level of compliance with policies and standards, and the completeness and reliability of the risk assessment and reporting process.

All three levels report to the SBG Board, either directly or through the RCMC and AC. The SBG Board discharges its oversight responsibilities for risk management through independent assurance activities performed by second and third line. The SBG Board has the following mandate:

- ensuring that the appropriate tone for risk is set by executive management; and
- ensuring that the risk and capital management is effective, including the Group's:
    - risk, compliance, treasury and capital management, and GIA processes;
    - risk appetite; and

- capital adequacy to support strategy execution.

Risk culture

The Group leverages the three lines of defence model to build and maintain a strong risk culture. The Group ensures that its corporate values and ethics are embedded in its policies, and through compliance training and whistle-blowing programmes.

The Group promotes and rewards responsible risk taking that results in sustainable growth. Each business is responsible for monitoring behaviour that is contrary to the Group's policies and taking disciplinary action in line with the Group's conduct risk management standards. Inappropriate risk decisions are monitored as part of performance management and escalated to the REMCO.

Risk reporting

Risk exposures are reported on a regular basis to the SBG Board and senior management through the governance committees. Risk reports are compiled at business unit level and are aggregated to the enterprise level for escalation through the governance structures based on materiality.

Risk management reports comply with standards set out by the Basel Committee on Banking Supervision's standard number 239 ("**BCBS239**"), entitled "Principles for effective risk data aggregation and risk reporting".

Group insurance programme

The Group insurance programme is designed to protect against loss resulting from the Group's business activities. It is used as a strategic risk transfer mechanism and serves to mitigate operational risk by transferring residual insurable risks to conventional insurance markets. This cover is reviewed annually.

The principal insurance policies in place are the Group crime and professional indemnity, cyber, and Group directors' and officers' liability policies. In addition, the Group has fixed assets and liabilities coverage for its office premises and business contents, third-party liability for visitors to its premises, and employer's liability. The Group's business travel policy provides cover for staff when travelling on behalf of the Group.

Risk appetite

The key to the Group's long-term sustainable growth and profitability lies in the strong link between the Group's risk appetite and its strategy, and the desired balance between risk and return.

Portfolio management is performed at a Group level across and within business units, risk types and legal entities to ensure that existing and emerging exposure concentrations in countries, sectors, obligors and other risk areas are effectively managed. Risk appetite guides strategic and operational management decisions and is reviewed annually. The Group's level one risk appetite statements are:

- Capital position: The Group aims to have a strong capital adequacy position measured by regulatory and economic capital adequacy ratios. The Group manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders and ensure regulatory compliance. Each banking subsidiary must further comply with regulatory requirements in the countries in which the Group operates.

- Funding and liquidity management: The Group maintains a prudent approach to liquidity management in accordance with applicable laws and regulations. The competitive environment in which each banking subsidiary operates is also taken into account. Each banking subsidiary must manage liquidity on a self-sufficient basis.

- Earnings volatility: The Group aims to have sustainable and well diversified earning streams in order to minimise earnings volatility through business cycles.

- Reputation: The Group has no appetite for compromising its legitimacy or for knowingly engaging in any business, activity or relationship which could result in foreseeable damage to the Group's reputation or its sustainability.

- Conduct: The Group has no appetite for unfair client outcomes arising from inappropriate judgement and conduct in the execution of business activities, or wilful breaches of regulatory requirements. The Group strives to meet clients' expectations for efficient and fair engagements by doing the right business the right way, thereby upholding the trust of its stakeholders.

Level two risk appetite is cascaded into risk types. Level three risk appetite consists of risk type based limits.

The primary management level governance committee overseeing risk appetite is the Group portfolio risk management committee.

Stress testing

Stress testing activities are undertaken during the assessment phase to determine the risk appetite at a Group level. This is forwarded to business units, risk types and legal entities levels. The Group tests risk scenarios at Group, legal entities and portfolio levels to support normal stress conditions up to severe stress scenarios to inform recovery plans. Stress testing supports a number of business processes including:

- strategic planning and financial budgeting;

- informing the setting of risk appetite and portfolio management at a group, business unit and legal entity level;

- the internal capital adequacy assessment process, including capital planning and management and the setting of capital buffers;

- liquidity planning and management;

- identifying and proactively mitigating risks through actions such as reviewing and changing limits, limiting exposures and hedging;

- facilitating the development of risk mitigation or contingency plans, including recovery and resolution planning, across a range of stressed conditions; and

- supporting communication with internal and external stakeholders including industry-wide stress tests performed by the regulator.

The Group may be exposed to a diverse array of risks as a result of the environment in which it operates. The programme covers various levels of stress testing from business as usual type scenarios to moderate, severe and extreme scenarios.

The Group's stress testing programme uses one or a combination of stress testing techniques, including scenario analysis, sensitivity analysis and reverse stress testing to address stress testing for different purposes. The programme of work includes various forms of stress testing.

The primary management level governance committee overseeing stress testing is the group portfolio risk management committee.

Recovery and resolution planning

The recovery plan identifies management actions which can be adopted during periods of severe stress to ensure the Group's survival and the sustainability of the economy within which the Group operates. Should these actions prove to be inadequate, the resolution plan sets out the approach for unwinding in an orderly manner and minimising the impact on depositors and taxpayers.

Strategic Risks

Strategy position risk

These risks refer to strategic choices like value proposition, product, consumer segment and channel that result in unexpected variability of earnings and other business value drivers:

- Unexpected changes in the intensity or nature of competition within the financial services industry like aggressive action from competitors in the form of new entrants, price wars, technology innovation and substitute products.
- Adverse and unexpected changes in the external stakeholder sentiments. This includes changes in the company's reputation in the public opinion of consumers, media, analysts, politicians, rating agencies, regulator and investors.
- Unexpected changes in partnerships, joint ventures or subsidiaries and failed strategic relationships.

Strategy execution risk

These risks refer to strategy implementation failures where management execution capability and operational decisions do not meet the strategic objectives, and this includes:

- Failed execution of strategic direction or strategic initiatives.
- Changes in the business environment of foreign countries, government attitude towards foreign companies, change of tariffs and the rules that make doing business for foreign companies difficult.
- Unexpected changes in the third-party's environment, including change of production or service capacity and quality, business failure, change of costs and reputation.
- Corporate governance practices not functioning as designed and expected.

- Unanticipated changes in laws and regulations that may cause the business value to change from expectations.

Reputation Risk

Reputation is defined as what stakeholders, including staff, clients, investors, counterparties, regulators, policymakers, and society at large, believe about the Group. Analysts, journalists, academics and opinion leaders also determine the Group's reputation. The Group's reputation can be harmed by an actual or perceived failure to fulfil the expectations of stakeholders due to a specific incident or from repeated breaches of trust.

Damage to the Group's reputation can adversely affect its ability to maintain existing business, generate new business relationships, access capital, enter new markets, and secure regulatory licences.

Approach to managing strategic risks

New and existing threats to the Group's strategy are monitored on an ongoing basis. On a reactive basis, the Group's crisis management processes are designed to minimise the impact of disruptive events or developments that could endanger its strategy or damage its reputation. Crisis management teams are in place both at executive and business line level. This includes ensuring that the Group's perspective is fairly represented in the media.

Attention is given to leveraging opportunities to proactively improve the Group's reputation among influential stakeholders through external stakeholder engagements, advocacy, sponsorships and corporate social initiatives.

Non-Financial Risks

Non-financial risk is defined as the risk of loss suffered as a result of the inadequacy of, or a failure in, internal processes, people and/or systems or from external events.

The Group manages non-financial risk under the umbrella of operational risk. The Group's approach adopts fit-for-purpose risk practices, well-established governance processes which are supported by a comprehensive escalation and reporting processes that assist line management to understand and manage their risk profile within risk appetite.

The Group's non-financial risk management function forms part of the second line of defence, is an independent team and reports to the group chief risk and corporate affairs officer.

Non-financial risk subtypes are managed and overseen by specialist functions. These subtypes include:

- cyber risk;
- model risk;
- tax risk;
- financial accounting risk;
- legal risk;
- physical assets risk;

- environmental, social and governance risk;
- technology risk;
- information risk;
- third-party risk;
- people risk;
- business resilience risk;
- compliance risk;
- transaction processing risk
- conduct risk; and
- financial crime risk.

The primary management level governance committee overseeing operational risk is the Group non- financial risk committee which is a sub-committee of GROC. The primary governance document is the integrated operational risk governance framework. Non-financial risk subtypes report to various governance committees and have governance documents applicable to each risk subtype.

Financial Risks

Credit Risk

Credit risk is the risk of loss arising out of failure of obligors to meet their financial or contractual obligations when due.

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivatives and securities financing contracts entered into with its clients and trading counterparties. To the extent equity risk is held on the banking book, it is also managed under the credit risk governance framework, but ultimate approval authority rests with the equity risk committee.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework;
- identifying, assessing and measuring credit risk across the Group, from an individual facility level through to an aggregate portfolio level;
- defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions;
- monitoring the Group's credit risk exposure relative to approved limits; and
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

The Group's credit governance process relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at a Group level, with participation by the Group's senior executives and its business units in all significant risk matters.

Credit risk is governed in accordance with the Group's comprehensive enterprise risk management governance framework as defined and detailed in the Group credit risk governance standard and the model risk governance framework.

Credit risk is managed through the CIB, BCC and CHNW credit governance committees, the Group equity risk committee ("**ERC**") and the intragroup exposure committee. These governance committees are key components of the credit risk management framework. They have clearly defined mandates and delegated authorities, which are reviewed regularly. Their mandates include responsibility for credit and concentration risk decision- making, and delegation thereof to credit officers and sub-committees within defined parameters.

Maximum exposure to credit risk

Debt financial assets at amortised cost and fair value through other comprehensive income as well as off- balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. The 25-point master rating scale quantifies using the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes). These ratings are mapped to Probabilities of Default ("**PDs**") by means of calibration formulae that use historical default rates and other data from the applicable PBB portfolios. The Group distinguishes between through-the-cycle PDs and point-in-time PDs, and utilises both measures in decision-making, managing credit risk exposures and measuring impairments against credit exposures. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the Basel definition) as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or

- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption. Exposures which are overdue for more than 90 days are also considered to be in default.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower);

- a breach of contract, such as default or delinquency in interest and/or principal payments;
- disappearance of active market due to financial difficulties;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; and/or
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Please refer to the tables set out on pages 157 to 161 of the Group's 2021 annual financial statements with regard to the Group's maximum exposure to credit risk by credit quality as at 31 December 2021 and 31 December 2020.

Collateral

Please refer to the tables set out on pages 162 to 163 of the Group's 2021 annual financial statements for details of the financial effect that collateral has on the Group's maximum exposure to credit risk as at 31 December 2021 and 31 December 2020.

Collateral includes:

- financial securities that have a tradable market such as shares and other securities;
- physical items such as property, plant and equipment; and
- financial guarantees, suretyships and intangible assets.

Netting agreements, which do not qualify for offset under IFRS but which are nevertheless enforceable, are included as part of the Group's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions. In the retail portfolio, 54 per cent. (2020: 53 per cent.) was fully collateralised as at 31 December 2021. The R5.9 billion (2020: R2.9 billion) of retail accounts as at 31 December 2021 that lie within the 0 per cent. to 50 per cent. range of collateral coverage mainly comprise accounts which are either in default or legal.

Of the Group's total exposure, 45 per cent. (2020: 45 per cent.) was unsecured as at 31 December 2021 and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities.

The Group does not currently trade commodities that could give rise to physical commodity inventory or collateral exposure with the exception of precious metals. In the normal course of its precious metal trading operations the Group does not hold allocated physical metal; however, this may occur from time- to-time. Where this does occur, appropriate risk and business approval is required to ensure that the minimum requirements are satisfied, including but not limited to approval of risk limits and insurance cover.

Country Risk

Country risk, also referred to as cross-border transfer risk, is the uncertainty of whether obligors, (including the relevant sovereign, and the Group's branches and subsidiaries in a country) will be able to fulfil their obligations to the Group given the political or economic conditions in the host country.

All countries to which the Group is exposed are reviewed at least annually. Internal rating models are employed to determine ratings for jurisdiction, sovereign and transfer and convertibility risk. In determining the ratings, the Group makes extensive use of its network of operations, country visits and external information sources. These ratings are also a key input into the Group's credit rating models.

The model inputs are continuously updated to reflect economic and political changes in countries. The model outputs are internal risk grades that are calibrated to a jurisdiction risk grade from AAA to D, as well as sovereign risk grade and transfer and convertibility risk grade ("**SB**") from SB01 to SB25. Countries with sovereign/jurisdiction risk ratings weaker than SB07/a, referred to as medium and high- risk countries, are subject to more detailed analysis and monitoring.

Country risk is mitigated through a number of methods, including:

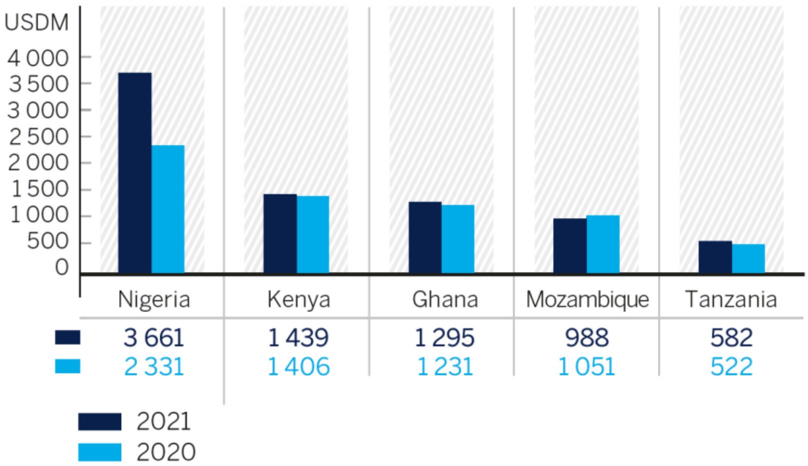
- political and commercial risk insurance;
- co-financing with multilateral institutions; and
- structures to mitigate transferability and convertibility risk such as collection, collateral and margining deposits outside the jurisdiction in question.

The primary management level governance committee overseeing this risk type is the country risk management committee. The principal governance documents are the country risk governance standard.

The risk distribution of cross-border country risk exposures is weighted towards European, Asian and North American low-risk countries, as well as sub-Saharan African medium- and high-risk countries.

The following graph shows the Group's exposure to the top five medium- and high-risk countries for 2021 and 2020. These exposures are in line with the Group's growth strategy, which focused on Africa.

Top five medium- and high-risk country EAD (USDm)



Funding and Liquidity Risk

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

The nature of the Group's banking and trading activities gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties withdraw short-term funding or do not roll over funding, or in a case where liquid assets become illiquid as a result of a generalised disruption in the asset markets.

The Group liquidity management framework supports the measurement and management of liquidity, in all geographies across both the corporate and retail sectors to ensure that payment obligations can be met by the Group's legal entities under both normal and stressed conditions and that regulatory minimum requirements are met at all times. This is achieved through a combination of maintaining adequate liquidity buffers, to ensure that cash flow requirements can be met, and ensuring that the Group's balance sheet is structurally sound and supportive of its strategy. Liquidity risk is managed on a consistent basis across the Group's banking subsidiaries, allowing for local requirements. Managing liquidity risk ensures that the Group has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times.

The primary management level governance committee overseeing liquidity risk is ALCO, which is chaired by the financial director. The principal governance documents are the liquidity risk governance standard and model risk governance framework.

Contingency funding plans

Contingency funding plans are designed to protect stakeholder interests and maintain market confidence in the event of a liquidity crisis. The plans incorporate an early warning indicator process supported by clear crisis response strategies

Early warning indicators cover bank-specific and systemic crises and are monitored according to assigned frequencies and tolerance levels.

Crisis response strategies are formulated for the relevant events. They address internal and external communications and escalation processes, liquidity generation management actions and operations, and heightened and supplementary information requirements to address the crisis event.

Liquidity stress testing and scenario analysis

Stress testing and scenario analysis are based on hypothetical as well as historical events. These are conducted on the Group's funding profiles and liquidity positions. The crisis impact is typically measured over a 30 calendar-day period as this is considered the most crucial time horizon for a liquidity event. This measurement period is also consistent with the Basel III LCR requirements.

Anticipated on- and off-balance sheet cash flows are subjected to a variety of bank-specific and systemic stresses and scenarios to evaluate the impact of unlikely but plausible events on liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to the Group's ability to maintain sufficient liquidity under adverse conditions.

Internal stress testing metrics are supplemented with the regulatory Basel III LCR to monitor the Group's ability to survive severe stress scenarios.

Total contingent liquidity

Portfolios of highly marketable 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.

The table that follows provides a breakdown of the Group's liquid and marketable instruments as at 31 December 2021 and 31 December 2020. Eligible Basel III LCR HQLA are defined according to the BCBS January 2013 LCR and liquidity risk monitoring tools framework. 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.

Total Contingent Liquidity

	2021	2020
	(Rbn)	*(Rbn)*
Eligible LCR HQLA[1] comprising:	**360.6**	**355.7**
Notes and coins	20.9	19.2
Balances with central banks	35.6	35.8
Government bonds and bills	285.8	265.2
Other eligible assets	18.3	35.5
Managed liquidity	192.4	166.2
Total contingent liquidity	553.0	521.9
Total contingent liquidity as a % of funding-related liabilities (%)	30.4	31.3

[1] Eligible LCR HQLA considers any liquid transfer restrictions that will inhibit the transfer across jurisdictions.

Structural liquidity requirements

Net stable funding ratio

The Basel III NSFR became effective on 1 January 2018 with the objective 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 its assets and off-balance sheet activities. The Available amount of Stable Funding ("**ASF**") is defined as the portion of capital and liabilities expected to be reliable over the one-year time horizon considered by the NSFR. The Required amount of Stable Funding ("**RSF**") is a function of the liquidity characteristics and residual maturities of the various assets (including off-balance sheet exposures) held by the bank. By ensuring that banks do not embark on excessive maturity transformation that is not sustainable, the NSFR is intended to reduce the likelihood that disruptions to a bank's funding sources would erode its liquidity position, increase its risk of failure and potentially lead to broader systemic risk.

Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the Group can be required to pay (except for trading liabilities and derivative liabilities, which are presented as redeemable on demand) and will, therefore, not agree directly to the balances disclosed in the consolidated statement of financial position.

Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities, together with trading liabilities, are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time.

The table also includes contractual cash flows with respect to off-balance sheet items. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

	Redeemable on demand	Maturing within one month	Maturing between one to six months	Maturing between six to 12 months	Maturing after 12 months	Total
			(Rm)			
2021						
Financial liabilities						
Derivative financial instruments	59,304	62	27	9	3	59,405
Instruments settled on a net basis	40,392	62	27	9	3	40,493
Instruments settled on a gross basis	18,912					18,912
Trading liabilities	80,433					80,433
Deposits and debt funding	1,241,620	102 145	184 831	93,415	198,936	1,820,947
Subordinated debt		13	905	761	27,225	28,904
Other		24 311		1,171	3,545	29,027
Total	**1,381,357**	**126 531**	**185 763**	**96,356**	**229,709**	**2,018,716**
Unrecognised financial liabilities						
Letters of credit and bankers' acceptances	23,617					23,617
Guarantees	118,895					118,895
Irrevocable unutilised facilities	102,026					102,026
Total	**244,538**					**244,538**
2020						
Financial liabilities						
Derivative financial instruments1	111,576	215	171	201	2459	114,622
Instruments settled on a net basis1	85,667	215	16	152	2,455	88,505
Instruments settled on a gross basis	25,909		155	49	4	26,117
Trading liabilities	80,088					80,088
Deposits and debt funding	1,130,500	75,543	167,760	67,074	220 635	1,661,512
Subordinated debt		21	2,309	704	24 833	27,867
Other		23,662		1,493	4 353	29,508
Total	**1,322,164**	**99,441**	**170,240**	**69,472**	**252 280**	**1,913,597**
Unrecognised financial liabilities						
Letters of credit and bankers' acceptances	15,828					15,828
Guarantees	86,307					86,307
Irrevocable unutilised facilities	92,663					92,663
Total	**194 798**					**194,798**

Funding activities

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

Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as loan and debt capital markets across the Group. Total funding-related liabilities increased from R1,665 billion in 2020 to R1,822 billion as at 31 December 2021. The following table sets out the Group's funding-related liabilities composition as at 31 December 2021 and 31 December 2020.

Funding-Related Liabilities Composition[1]

	2021	2020
	(Rbn)	
Corporate funding	555	504
Retail deposits[2]	482	448
Institutional funding	347	347
Government and parastatals	157	147
Interbank funding	108	86
Senior debt	58	60
Term loan funding	35	46
Subordinated debt issued	25	23
Other liabilities to the public	5	4
Total funding-related liabilities	**1,822**	**1,665**

[1] Composition aligned to Basel III liquidity classifications.

[2] Comprises individual and small business clients.

Market Risk

Market risk is the risk of a change in the market value, actual or effective earnings or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The governance management level committee overseeing market risk is the Group ALCO. The principal governance documents are the market risk governance standard and the model risk governance framework.

Trading book market risk

Trading book market risk is represented by financial instruments, including commodities, held in the trading book arising out of normal global markets' trading activity.

The Group's policy is that all trading activities are undertaken within the Group's global markets' operations.

The market risk functions are independent of the Group's trading operations and are accountable to the relevant legal entity ALCOs. ALCOs have a reporting line into Group ALCO.

All value-at-risk ("**VaR**") and stressed VaR ("**SVaR**") limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level.

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

VaR and SVaR

The Group uses the historical VaR and SVaR approach to quantify market risk under normal and stressed conditions.

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95 per cent. The historical VaR results are calculated in four steps:

- calculate 250 daily market price movements based on 251 days' historical data. Absolute movements are used for interest rates and volatility movements, relative for spot, equities, credit spreads, and commodity prices;
- calculate hypothetical daily profit or loss for each day using these daily market price movements;
- aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days; and
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss.

Daily losses exceeding the VaR are likely to occur, on average, 13 times in every 250 days.

SVaR uses a similar methodology to VaR, but is based on 251-day period of financial stress which is reviewed quarterly and assumes a 10 day holding period and a worst case loss.

The ten -day period is based on the average expected time to reduce positions. The period of stress for the Issuer is currently the 2008/2009 financial crisis while, for other markets, more recent stress periods are used where the Group has received internal model approval, the market risk regulatory capital requirements is based on VaR and SVaR, both of which use a confidence level of 99 per cent. and a ten - day holding period.

Limitations of historical VaR are acknowledged globally and include:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- the use of a one-day holding period assumes that all positions can be liquidated or the risk offsets in one day. This will usually not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully; and
- the use of a 95 per cent. confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

Trading book portfolio characteristics VaR for the year under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the Group's own account. In general, the Group's trading desks have run increased levels of market risk throughout 2021 when compared to 2020 aggregate normal VaR and aggregate SVaR.

Trading Book Normal VaR Analysis by Market Variable

	Normal VaR			
	Maximum[1]	Minimum[1]	Average Rm	Closing Rm
		(Rm)		
2021				
Commodities risk	2			
Foreign exchange risk	29	10	18	26
Equity position risk	19	9	13	13
Debt securities	72	18	34	25

Diversification benefits[2]			(24)	(24)
Aggregate	**70**	**31**	**42**	**41**
2020				
Commodities risk	2		1	1
Foreign exchange risk	25	10	17	16
Equity position risk	17	3	9	14
Debt securities	60	17	33	59
Diversification benefits[2]			(23)	(38)
Aggregate	**56**	**27**	**38**	**52**

[1] The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. 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 occur on different days.

[2] Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, that is, the difference between the sum of the individual VaRs and the VaR of the whole trading portfolio.

Trading book issuer risk

Equity and credit issuer risk is assumed in the trading book by virtue of normal trading activity and is managed according to the Group's market risk governance standard. These exposures arise from, among others, trading in equities, debt securities issued by corporate and government entities as well as trading credit derivative transactions with other banks and corporate clients.

The credit spread and equity issuer risk is incorporated into the daily price movements used to compute VaR and SVaR, as mentioned above for issuer risk and transactions that incorporate material counterparty value adjustment and debit value adjustments.

The VaR models used for credit spread and equity issuer risk are only intended to capture the risk presented by historical day-to-day market movements, and therefore do not take into account instantaneous or jump to default risk. Issuer risk is incorporated in the standardised approach interest rate risk charge for SBSA and Africa Region entities.

Stop-loss triggers

Stop-loss triggers are used to protect the profitability of the trading desks and are monitored by market risk on a daily basis. The triggers constrain cumulative or daily trading losses through acting as a prompt to a review or close-out positions.

Stress tests

Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions, including where longer holding periods may be required to exit positions. Stress tests comprise individual market risk factor testing, combinations of market factors per trading desk and combinations of trading desks using a range of historical, hypothetical and Monte Carlo simulations. Daily losses experienced during the year ended 31 December 2021 did not exceed the maximum tolerable losses as represented by the Group’s stress scenario limits.

Backtesting

The Group backtests its VaR models to verify the predictive ability of the VaR calculations and ensure the appropriateness of the models within the inherent limitations of VaR.

Backtesting compares the daily hypothetical profit and losses under the one-day buy and hold assumption to the prior day's calculated VaR. In addition, VaR is tested by changing various model parameters, such as confidence intervals and observation periods to test the effectiveness of hedges and risk-mitigation instruments.

Regulators categorise a VaR model as green, amber or red and assign regulatory capital multipliers based on this categorisation. A green model is consistent with a satisfactory VaR model and is achieved for models that have four or less backtesting exceptions in a 12-month period at 99 per cent. VaR. All of the Group's approved models were assigned green status for the period under review (2020: green). Two exceptions occurred in the year ended 31 December 2021 (2020: 14) for 95 per cent.VaR and zero exceptions (2020: one) for 99 per cent. VaR.

Specific business unit and product controls

Other market risk limits and controls specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers price validation and balance sheet substantiation.

Interest rate risk in the banking book

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

The Group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Group operates. The Group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of the Group ALCO.

Measurement

The analytical techniques used to quantify IRRBB include both earnings and valuation-based measures. The analysis takes into account embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis.

Equity risk in the banking book

Equity risk is defined as the risk of loss arising from a decline in the value of equity or an equity-type instrument held on the banking book, whether caused by deterioration in the underlying operating asset performance, net asset value, enterprise value of the issuing entity, or by a decline in the market price of the equity or instrument itself.

Though issuer risk in respect of tradable equity instruments constitutes equity risk, such traded issuer risk is managed under the trading book market risk framework.

Equity risk relates to all transactions and investments subject to approval by the ERC, in terms of that committee's mandate, and includes debt, quasi-debt and other instruments that are considered to be of an equity nature.

For the avoidance of doubt, equity risk in the banking book excludes strategic investments in the Group's subsidiaries, associates and joint ventures deployed in delivering the Group's business and service offerings unless the Group financial director and Group chief risk and corporate affairs officer deem such investments to be subject to the consideration and approval by the ERC.

Market Risk Sensitivity of Non-Trading Equity Investments

	10% reduction in fair value	Fair value *(Rm)*	10% increase in fair value
2021			
Equity securities listed and unlisted	3,341	3,712	4,083
Listed		177	
Unlisted		3,535	
Impact on profit and loss	(270)		270
Impact on OCI	(102)		102
2020			
Equity securities listed and unlisted	3,197	3,552	3,907
Listed		155	
Unlisted		3,397	
Impact on profit and loss	(247)		247
Impact on OCI	(108)		108

Foreign currency risk

The Group's primary non-trading related exposures to foreign currency risk arise as a result of the translation effect on the Group's net assets in foreign operations, intragroup foreign-denominated debt and foreign-denominated financial assets and liabilities.

The Group foreign currency management committee, a sub-committee of the Group capital management committee, manages the risk according to existing legislation, South African exchange control regulations and accounting parameters. It takes into account naturally offsetting risk positions and manages the Group's residual risk by means of forward exchange contracts, currency swaps and option contracts.

Hedging is undertaken in such a way that it does not constrain normal operating activities. In particular, for banking entities outside of the South African common monetary area, the need for capital to fluctuate with risk-weighted assets is taken into account.

The repositioning of the Group's net asset value by currency, which is managed at a Group level, is a controlled process based on underlying economic views and forecasts of the relative strength of currencies, other than foreign operations.

Gains or losses on derivatives that have been designated as either net investment or cash flow hedging relationships in terms of IFRS are reported directly in other comprehensive income with all other gains and losses on derivatives being reported in profit or loss.

Foreign currency risk sensitivity analysis

The table that follows reflects the expected financial impact, in rand equivalent, resulting from a 10 per cent. shock to foreign currency risk exposures, against ZAR. The sensitivity analysis is based on net open foreign currency exposures arising from foreign-denominated financial assets and liabilities inclusive of derivative financial instruments, cash balances, and accruals, but excluding net assets in foreign operations. The sensitivity analysis reflects the sensitivity of profit or loss on the Group's foreign denominated exposures other than those trading positions for which sensitivity has been included in the trading book VaR analysis.

Foreign Currency Risk Sensitivity in ZAR Equivalents

		USD	Euro	GBP	Other	Total
2021						
Total net long/(short) position	*Rm*	783	(61)	177	210	1 109
Sensitivity (ZAR depreciation)[1]	*%*	10	10	10	10	
Impact on profit or (loss) / equity	*Rm*	**78**	**(6)**	**18**	**21**	**111**
2020						
Total net long/(short) position	*Rm*	741	106	(24)	268	1 091
Sensitivity (ZAR depreciation)[1]	*%*	10	10	10	10	
Impact on profit or (loss) / equity	*Rm*	**74**	**11**	**(2)**	**27**	**109**

[1] A 10 per cent. appreciation in ZAR will have an equal and opposite impact on profit or loss to the amounts disclosed above.

Insurance Risk

Insurance risk is the risk that actual future underwriting, policyholder behaviour and expense experience will differ from that assumed in measuring policyholder contract values and in pricing products.

Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. Insurance risk applies to life insurance operations housed in Liberty and the non-life insurance operations housed in Liberty and Standard Insurance Limited ("**SIL**").

Life insurance risk

The management and staff in all business units accepting insurance risk are responsible for the day-to-day identification, analysis, pricing, monitoring and management of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through certain pre-defined escalation procedures.

Liberty's head of actuarial control function, statutory actuaries (where applicable) and its insurance risk department provide independent oversight of compliance with Liberty's risk management policies and procedures, and the effectiveness of Liberty's insurance risk management processes.

Risk management takes place prior to the acceptance of risks through product development, pricing processes and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

Non-life insurance risk

SIL writes mainly property, motor, accident and health insurance on a countrywide basis within South Africa. SIL's largest non-life insurance risk exposure emanates from the homeowners insurance book which makes up the majority of the total gross written premium.

The management of non-life insurance risk is effectively the management of deviations of actual experience from the assumed best estimate of future experience on which product pricing is based. The risk is that these earnings are less than expected due to adverse actual experience. Experience investigations are conducted on non-life insurance risks to ascertain the reasons for deviations from assumptions and their financial impact. The accumulation of various risk exposures are monitored against pre-determined limits.

Non-life insurance risk is in addition managed through underwriting limits, approval procedures for transactions that involve new products or that exceed limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging risks.

Liberty writes medical expense insurance through Total Health Trust Limited to government employees and corporate customers in Nigeria. Medical expense cover is also provided via subsidiary Liberty Health Holdings Proprietary Limited, to customers in 22 African countries.

PRESENTATION OF FINANCIAL INFORMATION

The financial information relating to SBG set out in this Issuer Disclosure Schedule is consolidated financial information in respect of the SBG and its subsidiaries (the "**SBG Group**") and has, unless otherwise indicated, been extracted from its audited consolidated financial statements as at and for the year ended 31 December 2021 (the "**SBG 2021 Annual Financial Statements**"), prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The financial information relating to SBSA set out in this Issuer Disclosure Schedule is consolidated financial information in respect of the SBSA and its subsidiaries (the "**SBSA Group**") and has, unless otherwise indicated, been extracted from its audited consolidated financial statements as at and for the year ended 31 December 2021 (the "**SBSA 2021 Annual Financial Statements**") and prepared in accordance with IFRS as issued by the IASB.

The information contained in the SBG 2021 Risk and Capital Management Report is unaudited unless stated as audited.

The information relating to SBG's largest single depositor and top 10 depositors set out in the section headed "*Risk Factors – Risks relating to the Issuer – The Issuer's business and profitability may be adversely affected by liquidity and funding risks*" of the Risk Factors and Other Disclosures Schedule has been extracted from the SBG 2021 Risk and Capital Management Report and is unaudited.

The information relating to SBSA's largest single depositor and top 10 depositors set out in the section headed "*Risk Factors – Risks relating to the Issuer – The Issuer's business and profitability may be adversely affected by liquidity and funding risks*" of the Risk Factors and Other Disclosures Schedule relating to The Standard Bank of South Africa Limited ZAR110,000,000,000 Domestic Medium Term Note Programme has been extracted from the SBG 2021 Risk and Capital Management Report and is unaudited.

Unless otherwise indicated, market share data included in this Issuer Disclosure Schedule has been estimated. All such estimates have been made by SBG or SBSA using its own information and other market information which is publicly available.

Unless otherwise indicated, the financial information relating to SBG for the year ended and as at 31 December 2020 contained in this Issuer Disclosure Schedule has been extracted from the SBG 2021 Annual Financial Statements.

Unless otherwise indicated, the financial information relating to SBSA for the year ended and as at 31 December 2020 contained in this Issuer Disclosure Schedule has been extracted from the SBSA 2021 Annual Financial Statements.

In this Issuer Disclosure Schedule, where reporting responsibility for individual cost centres and divisions within business segments changed, the segmental analysis comparative figures for the year ended 31 December 2020 have been reclassified accordingly and have been extracted from the SBG 2021 Annual Financial Statements or the SBSA 2021 Annual Financial Statements (as applicable).

ISSUER RATINGS

Issuer Ratings as at the date of this Issuer Disclosure Schedule

Standard Bank Group Limited	**Short Term**	**Long Term**	**Outlook**
Fitch Ratings			
Foreign currency issuer default rating	B	BB-	Stable
Local currency issuer default rating		BB-	Stable
National rating	F1+(zaf)	AA+(zaf)	Stable
Moody's Investor Services			
Foreign currency issuer rating		Ba3	Stable
Issuer Rating		Ba3	Stable

The Issuer may, at any time, obtain a rating by a Rating Agency for the Programme or any issue of Notes pursuant to the Programme. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the rating, if any, which has been assigned to a Tranche of Notes, as well as the rating agency or rating agencies which assigned such rating or ratings. Where a Tranche of Notes is rated, such rating (which may be an expected rating) will not necessarily be the same as the rating(s) assigned to the Programme or the Issuer and/or the same as the ratings(s) assigned to previous Tranches of Notes already issued. Neither a rating of the Programme nor a rating of a Tranche of Notes nor a rating of the Issuer is a recommendation to subscribe for, buy, sell or hold any Notes. A rating of the Programme and/or a rating of a Tranche of Notes and/or a rating of the Issuer may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Any amendment of the rating(s) of the Issuer and/or the granting of any rating(s) of the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

DEBT OFFICER

The abridged curriculum vitae of the debt officer is set out below.

Arno Daehnke / 54 *Chief finance and value management officer, SBG and executive director of SBSA* *Appointed:* Executive director on 1 May 2016 Debt officer with effect from 01 November 2020	> BSc, MSc (University of Cape Town) > PhD (Vienna University of Technology) > MBA (Milpark Business School) > AMP (Wharton)	**Appointments held within the group:** > Stanbic Africa Holdings **Previous roles:** > head of the group's treasury and capital management function	GITC GMAC LEC	**Details of any events as contemplated in paragraph 4.10(b)(ii)-(xii) of the Debt Listing Requirements of the JSE:*** None

**Refer to the Key on pages 38 above*

CONFLICT OF INTERESTS REGISTER

The Issuer confirms that there are no recorded conflicts of interest.

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