The Standard Bank of South Africa

Annual report

for the year ended 31 December 2022

AFRICA IS OUR HOME,
WE DRIVE HER GROWTH

Augrabies waterfalls – **South Africa**

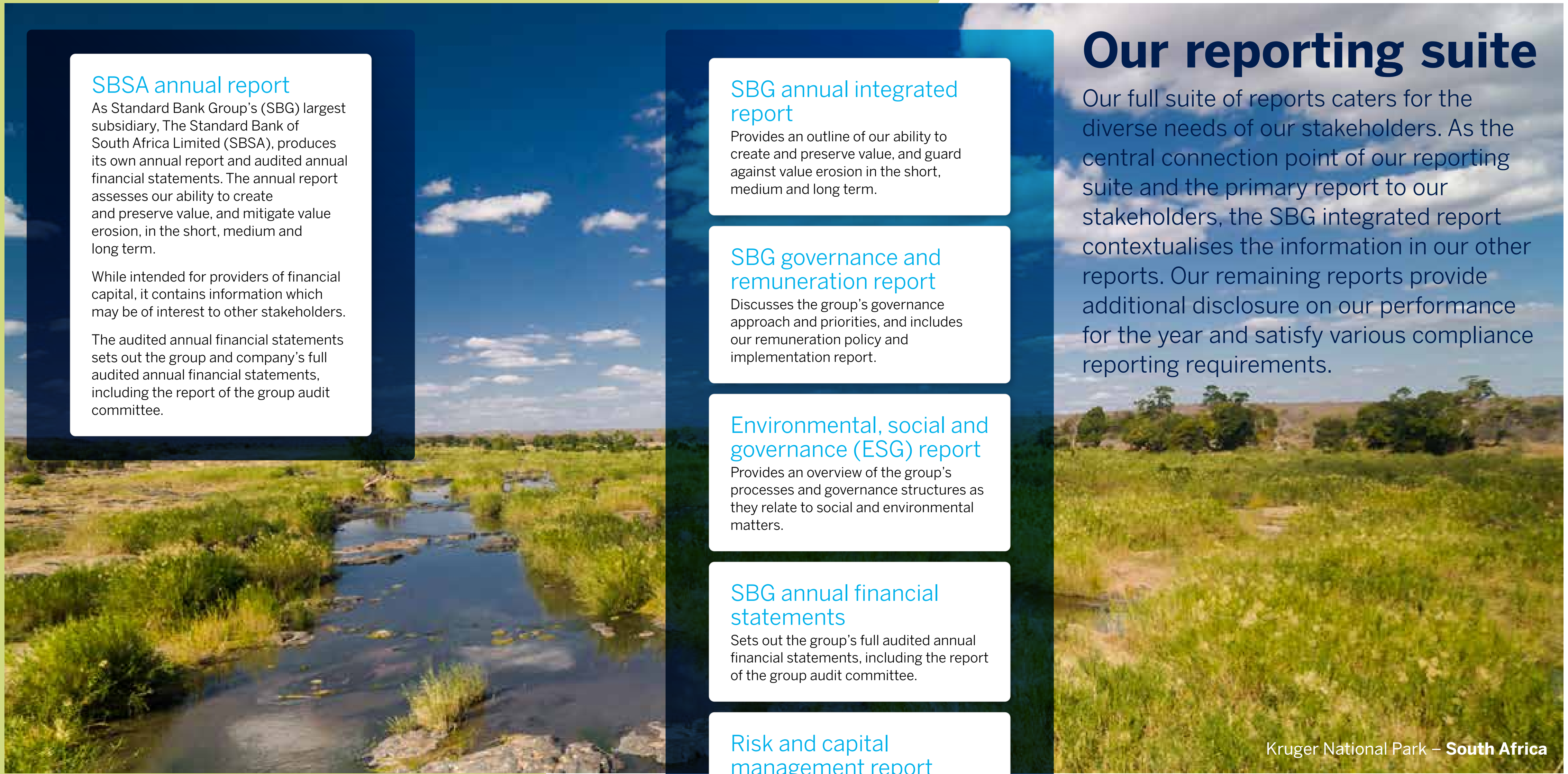
Standard Bank *IT CAN BE*™

Also trading as Stanbic Bank

Contents

Our reporting suite

Our full suite of reports caters for the diverse needs of our stakeholders. As the central connection point of our reporting suite and the primary report to our stakeholders, the SBG integrated report contextualises the information in our other reports. Our remaining reports provide additional disclosure on our performance for the year and satisfy various compliance reporting requirements.



Kruger National Park – **South Africa**

SBSA annual report

As Standard Bank Group's (SBG) largest subsidiary, The Standard Bank of South Africa Limited (SBSA), produces its own annual report and audited annual financial statements. The annual report assesses our ability to create and preserve value, and mitigate value erosion, in the short, medium and long term.

While intended for providers of financial capital, it contains information which may be of interest to other stakeholders.

The audited annual financial statements sets out the group and company's full audited annual financial statements, including the report of the group audit committee.

SBG annual integrated report

Provides an outline of our ability to create and preserve value, and guard against value erosion in the short, medium and long term.

SBG governance and remuneration report

Discusses the group's governance approach and priorities, and includes our remuneration policy and implementation report.

Environmental, social and governance (ESG) report

Provides an overview of the group's processes and governance structures as they relate to social and environmental matters.

SBG annual financial statements

Sets out the group's full audited annual financial statements, including the report of the group audit committee.

Risk and capital management report

Sets out the group's approach to risk management.

Report to society (RTS)

An assessment of our social and environmental impacts in the seven areas in which we believe we have the greatest impact and opportunity.

Climate-related financial disclosures (TCFD aligned reporting)

Discusses how the group is managing the risks and responding to the opportunities presented by climate change, aligned to the Task force on climate-related financial disclosures (TCFD) reporting.

Click on the headings above to be taken to the reports mentioned

The consolidated and separate annual financial statements were audited in terms of the Companies Act 71 of 2008.

The preparation of The Standard Bank of South Africa Limited's consolidated and separate annual financial statements was supervised by SBSA's acting chief finance & value management officer, Libby King, BAcc (Wits), BCom (Wits), CA(SA).

How to navigate our reports

Refers readers to information elsewhere in this report.

Refers readers to information in other reports online.

For information on forward-looking statements, refer to the inside back cover.

Our reporting portal

Our reporting suite and other supporting reports are available at https://reporting.standardbank.com/

A glossary of financial terms, other definitions, acronyms and abbreviations used in our reports is also available on this webpage.

The invitation to the annual general meeting (AGM) and notice of resolutions to be tabled at the AGM, are sent separately to shareholders and are also available online.

Who we are

As a major integrated financial services organisation, SBSA facilitates real economic activity which supports the country's socioeconomic development.

- SBSA is SBG's **largest operating subsidiary**
- SBSA is **wholly owned by SBG** which has been **listed on the Johannesburg Stock Exchange (JSE) since 1970**
- **160-year history** in South Africa
- **Primary issuer of senior bonds that are listed on the JSE** and borrower of senior funds, making it the **largest borrowing entity** in SBG

OUR PURPOSE

Africa is our home, we drive her growth

OUR SA VISION

To harness our collective strengths, to amplify our delivery and to retain our leading position in South Africa

Standard Bank has a strong presence in South Africa
and has always lived up to the promise of bringing banking to the nation.

Branches (including in-store)
619
2021: 594

ATMs
3 780
2021: 4 188

Transactional volumes on our digital platforms (thousands)

Digital active clients[1]
4 072
2021: 3 643

UCount clients
1 232
2021: 1 075

Instant Money clients
2 374
2021: 2 294

[1] Clients that actively transact with us on digital platforms ("Mobile App, USSD and internet banking").

How we serve our clients

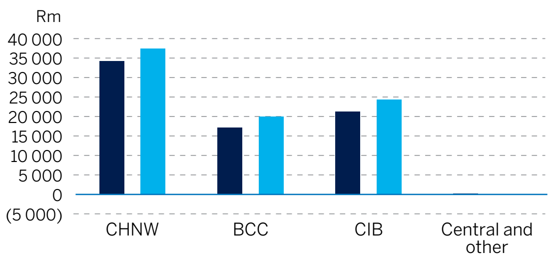
Our operating model is client-led and structured around our client segments. This enables the group to deliver integrated and seamless financial services that meet individual client needs, reduce the time and cost to serve them, and to innovate more quickly and efficiently.

Consumer & High Net Worth Clients

Growing traditional financial services, while innovating to offer a broader range of solutions and client value

Consumer & High Net Worth Clients (CHNW) offers tailored and comprehensive banking, investment, insurance and beyond financial solutions. We serve clients across sub-Saharan Africa ranging from high net worth and affluent to main market clients, by enabling their daily lives throughout their life journeys.

Composition of total income by segment
CAGR: 3%



	CHNW	BCC	CIB	Central and other
	34 160	17 195	21 240	194
	37 453	**20 006**	**24 346**	**(134)**

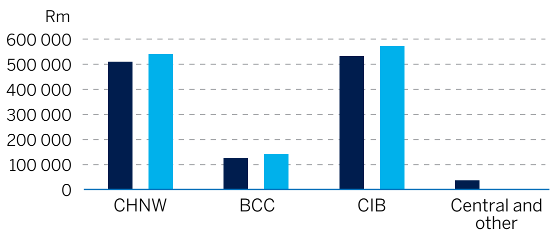
Total income 2021
Total income 2022

Business & Commercial Clients

Strong relationships, underpinned by a deep understanding of our clients' businesses and their growth opportunities

Business & Commercial Clients (BCC) provides broad based client solutions for a wide spectrum of small and medium-sized business as well as large commercial enterprises. Our client coverage support extends across a range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth.

Composition of loans and advances by segment
CAGR: 6%



	CHNW	BCC	CIB	Central and other
	509 700	127 099	530 375	36 080
	539 919	**141 574**	**571 346**	**2 130**

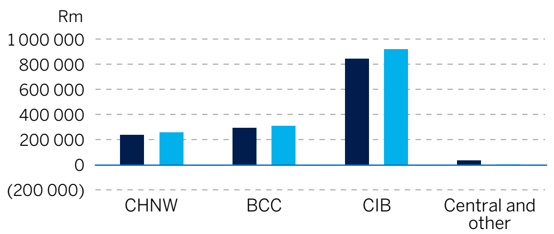
Loans and advances 2021
Loans and advances 2022

Corporate & Investment Banking

Long history and on-the-ground experience enabling us to drive growth and development across the continent

Corporate & Investment Banking (CIB) serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and our access to global capital markets for advisory, transactional, trading and funding support.

Composition of deposits and debt funding by segment
CAGR: 8%



	CHNW	BCC	CIB	Central and other
	236 531	292 087	844 467	33 117
	256 013	**310 632**	**920 566**	**(1 546)**

Deposits and debt funding 2021
Deposits and debt funding 2022

Strategic priorities and value drivers

Africa is our home, we drive her growth

Our strategic priorities

Transform client experience

We will transform client experience using digital technology, amplified by the human touch.

We aim to understand our clients as deeply and empathetically as we can, and then use our human skills and digital capabilities to help meet their needs and enable them to achieve their goals.

Our Client Segments will:

- **DEFEND** our current client franchise and market positions
- **GROW** as we capture opportunities, with specific focus on our ten ecosystems

Execute with excellence

We will execute with excellence, delivering innovative and cost-effective products and services, ourselves and in partnership with others.

- **DELIVER** innovative and cost-effective client solutions
- **ENABLE** the group's platform
- **PARTNER** to drive value

Drive sustainable growth and value

We will drive long-term, environmental and socially sustainable growth and value.

We will responsibly allocate our resources and strive to deliver positive impact.

We will be purposeful in:

- Diligently **ALLOCATING RESOURCES**
- Delivering **ATTRACTIVE SHAREHOLDER RETURNS**
- Having a **POSITIVE IMPACT**

Our value creation outcomes

OUR SUCCESS MEASURES AND VALUE DRIVERS

Client focus + Employee engagement

+

Risk and conduct + Operational excellence

=

Financial outcome + SEE impact

VALUE FOR OUR CLIENTS
We provide consistently excellent client and partner experiences via an expanded range of innovative solutions.

VALUE FOR OUR PEOPLE
We ensure our people feel deeply connected to our purpose and are empowered and recognised.

VALUE FOR OUR STAKEHOLDERS
We do the right business, the right way.

VALUE FOR THE GROUP
We use technology and data to better serve and protect our clients, reduce costs and scale our platforms.

VALUE FOR OUR SHAREHOLDERS
We allocate our resources diligently to deliver attractive shareholder returns.

VALUE FOR SOCIETY
We drive Africa's growth by delivering shared value.

Blyde River Canyon – **South Africa**

Chief executive officer's report

SBSA operates in an environment where competition has intensified, client expectations are constantly evolving, and the regulatory landscape is growing ever more complex.

Headline earnings
R16.3 billion
2021: R12.9 billion

Return on equity
15.2%
2021: 12.5%

Lungisa Fuzile
The Standard Bank of South Africa, chief executive officer

In 2022, the South African (SA) economy only grew by 1.3% (2021: 4.9%). Loadshedding continued to have a negative impact on economic growth. SA's annual consumer price inflation (CPI) reached 7.8% in August 2022, the highest rate since May 2009 (8%) with average inflation for 2022 of 6.9%. We do, however, remain optimistic that this declining inflationary trend will continue in 2023 and ultimately positively impact our economic growth.

South Africa's credit recovery was hindered by sharp and frequent interest rate increases, high inflation, and other consumer pressures. In addition, in April 2022 we experienced heavy rainfall and flooding in KwaZulu-Natal that left many people's lives and infrastructure in ruins and sadly resulted in the loss of over 400 lives. Our business focused its efforts on supporting impacted clients and communities. Our contribution to relief efforts included a R1 million donation to Gift of the Givers and R1 million to OneFarm Share who were supporting flood-impacted communities with emergency food relief. What made me even prouder was how our employees rallied to show their support to the people and communities impacted by contributing R338 900 to Gift of the Givers and R86 800 to OneFarm Share. These funds were matched through our Rand4Rand initiative and went a long way to supporting those affected. The road to recovery has been challenging for communities across the province and we continue to support vulnerable communities.

In February 2023, South Africa was grey listed by the international Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog. This is despite substantial legislative changes implemented. FATF has concluded that South Africa has made insufficient progress in combating financial crime. Thanks to the increasing effectiveness of the National Prosecuting Authority, it is possible that SA's grey listing will not be too prolonged or too damaging. Owing to our strong relationships with our international correspondent banks, we do not expect that the grey listing will have a direct material effect on our business.

In 2022, we celebrated our 160th anniversary and are proud that throughout our long history we have existed to help people and businesses to achieve their goals – and, in so doing, to promote economic and human development in Africa. We are proud of our role in helping some great businesses become global leaders and will continue to strive to serve our clients brilliantly and contribute to impactful socioeconomic transformation.

Despite the challenging operating environment, our SA franchise remains strong and has performed well in 2022. This is largely attributed to the improved economic environment post the pandemic and increased client activity across all segments.

SBSA headline earnings grew by 26% to R16.3 billion (2021: R12.9 billion) and ROE improved to 15.2% (2021: 12.5%). Total income growth of 12% was driven by strong, double-digit balance sheet growth and the positive endowment impact from higher interest rates. Revenue growth exceeded operating expense growth of 8%, resulting in positive jaws of 427 bps (2021: 221bps) and an improved cost-to-income (CTI) ratio of 59.7% (2021: 62.0%). Credit impairment charges increased by 10%, mainly due to higher impairment charges in CIB, offset by increased collections and improved risk profiles in CHNW and BCC.

We continue to support our clients through a targeted risk appetite allowing us to take advantage of market opportunities. Our liquidity and capital risk requirements remain well managed and within internal group and external regulatory requirements. Early indications show that the strategy to continue supporting our clients yields positive outcomes, both from a client sentiment and credit performance perspective.

CHNW

CHNW delivered a robust set of results despite difficult economic conditions and increasing consumer pressure. Headline earnings increased by 34% mainly driven by income growth of 10%, lower credit impairments charges and with costs growing at 7%. We have deepened our relationship with customers with non-interest revenue (NIR) growth of 11%. Diligent cost management resulted in positive jaws and a pre-provision profit increase of 9%.

Our client base grew by 6% with a strong increase in client activity, particularly on low-cost channels and client engagement. We enhanced our UCount programme which resulted in a 15% increase in client subscriptions and a 32% increase in the value generated for our clients to more than R1.2 billion.

The digitisation journey remains a key component of the delivery of our strategy which puts client experience first. We have also made enhancements to our Funeral Plan claims processing which resulted in 94% of our claims being paid within 24 hours.

Aligned to our strategic objective of transforming client experience, our SBG App was rated second in the Columinate survey, up from a fourth position in the prior year. This was a welcomed improvement and a step in the right direction in improving client experience. In addition, from an Ombudsman complaints perspective, SBSA recorded the most significant improvement out of all the major banks for 2022 with an overall reduction in formal complaints of 34% year-on-year.

BCC

In BCC, we continued to partner with our clients as they emerged from the pandemic. Our client value propositions offered our clients best-of-breed solutions and dedicated relationship teams to help them continue operating and achieve growth in a challenging economic environment. Headline earnings grew by 38%. Good balance sheet growth and interest rate increases drove net interest income growth. NIR grew by 10% as a result of deliberate execution strategies and value creation for businesses. Operating expenses increased by 8%, driven by continued digital investment, increased marketing activity, higher variable pay provisions and annual salary increases.

We successfully equipped our relationship managers with enhanced client relationship management capabilities to better serve our clients based on their needs. We continued our journey to digitise our business to improve the overall banking experience of our clients through innovative solutions.

We refined our client value propositions through strategic partnerships and first-to-market launches. BCC concluded its first-ever mezzanine deal, a financing solution that encapsulates both equity and debt funding, which serves as a catalyst for offering a wider range of funding solutions for a diverse client base.

In the small to medium-sized enterprise (SME) sector, our Enterprise Banking offering continues to receive recognition for the solutions and support made available to small and medium businesses. The Standard Bank Group was honoured at Efma's second Annual SME Banking Awards, achieving Gold for the first time in the SME Banker of the Year category, and Silver for the second year in a row in the SME Bank of the Year category. We also received a nomination for SME Bank of the Year in the African Banker Awards 2022. These prestigious accolades are testament to the great work underway in the SME segment. The new business account, MyMoBiz Plus, is a popular choice for small businesses with growing business banking needs, as it provides an affordable solution to help businesses better manage their banking.

CIB

The CIB business reported strong revenue growth against prior year underpinned by increased client revenues. Headline earnings grew by 1%. The normalisation of credit impairment charges compared to a release in the prior year impacted performance. Non-interest income (NII) grew by 9% due to robust loan and deposit balances growth, competitive pricing, and focused new client acquisitions. NIR was up 18%, mainly due to increased market volatility and client demand for foreign exchange products. There was strong growth in the Global Markets business owing to volatile markets and increased trade demands, coupled with increased client activity. Transactional products and services showed strong growth underpinned by the US Federal Reserve and South African repo rate increases and robust balance sheet growth. Investment banking achieved growth on the prior year on the back of a strong 2H22 performance due to strong renewable energy origination and good asset growth.

We are proud that our CIB team was recognised at the Ansarada DealMakers Awards as the Best Investment Advisor of the Year (by deal value) and for Deal of the Year 2022 for our involvement in the Sanlam Allianz joint venture, where we acted as local deal adviser. These industry accolades are testimony of our unwavering commitment to winning and partnering with our clients.

People

The exceptional results achieved in 2022 were only made possible by hard work, diligence and client-centric colleagues. I am proud of how very well our people showed up for clients and colleagues during the year, despite all the challenges we faced. We continue to strive for a safe working environment, where our people feel deeply connected, valued, and recognised for their unique contribution. Our annual employee satisfaction survey had an employee net promoter score of +47 (2021: +51). Our people still feel optimistic about working at Standard Bank, they have high levels of work satisfaction; we do, however, take note that some still feel anxious, and overwhelmed and we continue to monitor this.

From a diversity perspective, we have improved the representation of under-represented groups, particularly the representation of African men and women in senior and middle management levels. We have achieved our targets for African men and women in middle management. Even though we have seen an improvement, we continue to enhance the representation of women at executive and senior management levels. This remains an imperative for us as a business rooted in and for Africa. Further, we have improved the representation of persons with disabilities and have driven awareness of disability across the organisation.

Risk and conduct

Risk management and governance remain at the forefront of everything we do. We continue to do the right business the right way, upholding our governance and ethical principles. As such, we worked closely with relevant government departments and regulators to strengthen financial crime controls, in line with the recommendations of the FATF and will continue to do so. We also engaged extensively with regulators on issues related to conduct and fair treatment of customers.

During the year, we experienced a setback with a staff misconduct issue pertaining to the inappropriate activation of customer MyMo accounts. This issue is inconsistent with our culture and the conduct we seek to engender. After a detailed investigation, we are comfortable that it does not have a material impact on the validity of our client numbers. Since then, extensive engagements have occurred, with leadership teams and staff, as part of the group's investigation process and culture review process. After careful and due process, as of mid-February 2023, 82 staff members were dismissed. Sales targets have been reviewed and we have made changes to how we set the targets, measure performance, and monitor conduct.

We continue to strengthen our assurance capabilities with the adoption of the integrated risk assurance framework which will ensure that we are proactive in the identifying risk, solution for the risk timeously and in ensuring the issues do not reoccur.

Getting the basics right

Long-term sustainable value must start with being able to get the day-to-day basic service delivery right. We acknowledge that during the first half of 2022, we experienced challenges with system stability, which caused frustration for our customers at critical moments. We acted quickly to address the challenges which resulted in a marked improvement in the second half of the year. Consequently, we had one of the most successful Black Friday periods in recent history with volumes and values of transactions far surpassing pre-pandemic peaks. System stability remains a priority as we continuously improve our resilience, minimise system disruption, and improve communication with customers.

Looking ahead

We will continue to place our clients' needs and aspirations at the centre of everything we do and thereby transforming client experience. We will continue to look after our people; we will strive to deliver strong financial results through earnings growth and ROE, and we will contribute meaningfully to the communities where we operate. We will continue to deliver value to our clients and their communities and remain optimistic about the South African economic recovery.

Our priorities for 2023

Our immediate priorities include:

- Focusing on growth
  - Market share and revenue growth across all our business units.
  - In sustainable financing across all client segments for network industries (energy, transport, water, and sanitation) and security.
- Continuing to optimise our capital structure and to rebalance our portfolio to achieve a higher ROE.
- Keeping our employees safe, connected, and engaged as we continue to deliver on our strategic objectives.
- Driving SA's socioeconomic transformation as part of our strategic deliverables and playing a leading role in the critical energy transition journey in South Africa and across Africa.
- Heightening our focus on enhanced ethics and conduct risk management.
- Driving system stability and ensuring that our business is always on and always secure.

Our medium-term priorities to 2025

Our strategic priorities of transforming client experience, executing with excellence and driving sustainable growth and value remain unchanged. SBSA is committed to achieving its 2025 targets through:

- Revenue growth of 7% to 9% (CAGR for 2020 – 2025); an ROE of between 15% and 19%, a through-the-cycle credit loss ratio of 80 bps – 90 bps, while achieving a CTI ratio approaching 55% by 2025.
- Attracting, retaining, and growing a skilled workforce of the future that will ensure that we realise our strategic priorities while serving our clients efficiently with a human touch.
- Mature our risk management and develop intuitive risk management leveraging data and supported by digitisation to deliver our strategic ambitions.
- Driving inclusive and sustainable economic growth and supporting the transformation of our country.

Our strategic progress

Progress against strategy

SBSA (2025) target summary

OUR STRATEGIC PRIORITIES | OUR SUCCESS MEASURES AND VALUE DRIVERS | OUR TARGETS | OUR TARGET OUTCOMES

Transform client experience

Client focus
- Top quartile **client and partner satisfaction** scores
- Active **client base** increase 1.6 times by 2025

+

Employee engagement
- Upward trend in **employee net promoter score (eNPS)**
- Increasingly **diverse workforce**

→ Growth and scale

+

Execute with excellence

Risk and conduct
- Operate within **risk appetite** and **conduct framework**
- **Common equity tier 1 (CET) I ratio** >11%

+

Operational excellence
- Lower **cost to serve**
- **System security and stability**

→ Efficiency and resilience

=

Drive sustainable growth and value

Financial outcome
- Sustained **headline earnings growth**
- **ROE** between 15%-19%

SEE impact
- **Positive impact** in six chosen impact areas
- **Net zero** by 2050

→ Legitimacy

CLIENT FOCUS

How we performed

CLIENT SATISFACTION

CHNW NPS (South Africa)
74
2021: 76

BCC NPS (South Africa)
69
2021: 75

CIB client satisfaction index (CSI)
8.3
2021: 8.2

NPS: Net promoter score

ACTIVE CLIENT NUMBERS

CHNW (millions)
10.8
2021: 10.2

BCC South Africa (thousands)
510
2021: 500

Our clients are at the centre of everything we do and our three client segments – CHNW, BCC, and CIB – deliver relevant and competitive value propositions to our clients, from individual consumers to major corporations.

We are pleased with the progress that we have made in our commitment to serving our clients with excellence and the actions we have taken to deepen our relationships with them.

The recovery of the South African economy post the pandemic has been remarkable, with improvement in the broader economic environment and increased client activity across all segments. We continue to support our clients throughout the year, applying our targeted risk appetite allowing us to take advantage of market opportunities. Early indications show that our strategy of continuing to support our clients is yielding positive outcomes, from both a credit performance and customer sentiment perspective. Client satisfaction scores, which demonstrate how our clients perceive us, remain positive.

CLIENT FOCUS

continued

Client segments

CHNW serves consumer clients, ranging from high net worth clients to inconsistent income earners, based on their unique needs. CHNW continued to support our clients in an environment characterised by steep rises in interest rates and inflationary pressure, while applying appropriate measures to ensure that we maintain our impairment losses within targeted through-the-cycle levels. While increased competition in the home loan market saw a reduction in disbursements against the prior period, the business still exceeded 2019 levels by 42%. We have continued to enhance our home services offering on our Looksee platform and, in 2022, introduced solar financing capabilities to the platform. Digital adoption by clients has continued to grow with digital clients up 12% and with digital volumes growth of 6%. Digital revenue from valued added services performed strongly as we continued to optimise our infrastructure.

The youth client base reached a milestone of over one million clients, driven by the re-launch of the youth client value proposition. As an organisation that believes in driving Africa's growth, we know how important it is to ensure that the next generation is better off than today's, which is why this achievement is so meaningful.

We also recognise the importance of creating solutions that will bring value to clients whereby we rolled out the innovative Flexi Life insurance product which has limited underwriting, is not a fixed contract, and can be tailored to suit customer budgets and preferences.

Our efforts to transform client experience remain a vital strategy to retain our clients. Our SBG App remains highly rated, improving from fourth to second in the Columinate survey. This is testament to the hard work our teams have put in to improve both platform and feature stability while addressing key customer pain points to improve our offering. We are deeply encouraged that our NPS has remained at 74 and are proud that our Wealth and Investment offering has been acknowledged internationally with various accolades.

BCC provides broad-based client solutions to a wide spectrum of business owners that include small enterprises and extends to medium-sized and commercial entities across a wide range of industries, sectors, and solutions. Our BCC business achieved a great set of results in 2022. We continued to enhance our segment and sector client value propositions by improving our processes, enriching our offerings and delivering superior service to our clients. We enhanced our onboarding process to improve our overall time to originate a business account significantly. We also digitised our front-end web application and automated the back-end fulfilment process.

We successfully reintroduced the advisory capability within BCC to provide our clients with market-leading merger and acquisitions advisory solutions across a multitude of sectors through a hands-on approach to deal execution. This resulted in a number of new mandates being signed and increased client engagements covering capital options, growth, and value realisation.

Ecosystem banking has been successfully embedded as a way of work and we have made solid progress on our journey to transition to a future platform business. The business has achieved many remarkable milestones this year, all of which contributed to growth in our client base and overall revenue, as well as improved client experience which contributed to maintaining our positive NPS of 69.

Private Banker International Awards

- Top honours: Outstanding Global Private Bank: Africa and Outstanding Wealth Management Technology Initiative-Front Office
- Highly Commended: Best Family Office and Outstanding Wealth Management Technology Initiative-Back Office

Global Finance

- South Africa's best Private Bank 2023

La Fonti

- Best Private Bank Global; and
- Best Private Bank for Innovation

Euromoney 2022 Awards

- Africa's Best Bank for Wealth Management

LookSee and Digital Money Manager both ranked top in the global 2022 Qorus Accenture Banking Innovation award, for the 'Reimagining the Customer Experience' and the 'Analytics & Artificial Intelligence' categories, respectively.

CIB serves large companies (multinational, regional and domestic), governments, parastatals, and institutional clients across Africa and internationally. We continue to place clients at the centre of business, with a strong focus on providing strategic thought leadership, insights, and bespoke solutions to solve our clients' unique requirements and meet their needs.

With ongoing global market volatility and supply chain challenges, we worked closely with our clients to tailor innovative pan-African capital, risk, trade, and liquidity management solutions for their businesses during the year. We continued to play a leading role in providing strategic advice to a number of our global multinational and local corporate clients to enable them to unlock growth opportunities across the continent.

Aligned with our climate goals and commitments, we mobilised over R56 billion in sustainable finance across the group, including a number of firsts across various sectors and products, such as the Seriti deal where we supported them in acquiring a majority investment in Windlab Africa's wind and solar-powered assets as well as the Scatec and H1 Holdings deal to develop the first sizeable battery energy storage and photovoltaic (PV) solar project in South Africa, which is Africa's largest such project.

In addition, we funded over R21 billion across a number of the South African government's Renewable Independent Power Producer Programme (REIPPP) and Risk Mitigation Independent Power Producer Procurement Programme (RMIPPP) programmes in 2022, as well as advised and funded a number of self-generation renewable energy projects for clients across the region. These deals highlight our commitment to playing a leading role in the critical energy transition journey in South Africa and across Africa.

Scatec

Standard Bank and British International Investment (BII) partnered with Scatec and H1 Holdings to develop the first sizeable battery energy storage and photovoltaic (PV) solar project in South Africa, which is Africa's largest such project. It is South Africa's first baseload renewable energy project uniquely powered entirely by renewable sources. This project will play a significant role in solving South Africa's energy challenges by providing a total solar power capacity of 540 megawatts of PV and 1.1 gigawatt hours of battery energy storage systems.

Seriti Resources

Standard Bank supported Seriti Resources Holdings (Seriti) to acquire a majority investment in Windlab Africa's wind and solar-powered assets, through its subsidiary Seriti Green. Through this transaction Seriti Green will become an independent power producer with a significant impact on the country's renewable energy sector. Seriti is a black-owned coal company and one of Eskom's largest coal suppliers. Standard Bank acted as the sole financial adviser to Seriti Green and as an equity partner to Seriti. Standard Bank also provided funding for Seriti Green management and Seriti's strategic partner.

ECOSYSTEMS JOURNEY

Energy ecosystem

The renewable energy ecosystem remains a key focus area for us. We continued to play a leading role by connecting clients to a network of accredited solution providers for alternative power solutions. The biggest benefits to clients are reduced power costs and reduced reliance on the state-owned power utility.

In 2022, we were able to assist 220 clients in sourcing alternative means of energy production. Since inception, over 400 commercial and industrial installations have been facilitated, representing the production of approximately 140GWH of green energy per annum. Similarly, in the residential segment of the market, we facilitated the installation of alternative energy systems across 1 940 homes through our residential market partners, and via the Looksee platform.

The renewable energy ecosystem incorporates several types of energy technologies, many of which require deep sector knowledge and appropriate funding solutions. This journey allowed us to explore the viability of entering into a small hydropower deal to fund a state-of-the-art 362kWp hydropower plant that will produce approximately 2. 9 million kWh in its first year. Waste-to-energy technologies, more specifically biomass, also present highly bankable solutions within specific industries. In 2022, three biomass projects were funded.

We continued to develop PowerPulse, a digital platform designed to help business and industrial-scale energy users easily navigate the complex process of accessing commercial solar PV installations by delivering a transparent and comprehensive technical, legal, and funding solution.
In 2022, we successfully enhanced the platform to empower both retail and business clients with tools to help them understand their energy needs and procure suitable solutions from vetted service providers. Through PowerPulse we have implemented 103MWp of green energy plants over the past six years. We have helped contribute to the development of 365 solution providers who grew their businesses through partnerships with us and supported 13 small-scale embedded generation independent power producers to start their asset portfolios with our innovative solution. We will continue to leverage this platform to ensure that clients' energy needs are addressed.

Fleet ecosystem

Tripplo is an online platform that facilitates the safe and efficient movement of short and long-haul road-freight cargo across the Southern African Development Community and Ghana. The platform helps cargo owners and brokers to fulfil spot and contract shipping requirements by using vetted road-freight transporters and digital tools to ensure the efficient cargo delivery. Through Tripplo, we assist our clients in optimising the logistics value chain by creating operational efficiency, cost management and business growth. Since inception, we have partnered with key strategic blue-chip clients in the cargo industry and have facilitated the movement of over R2.9 billion in gross merchandise across South Africa through the Tripplo platform.

EMPLOYEE ENGAGEMENT

How we performed

REGRETTABLE TURNOVER

Regrettable turnover (%)
2.58
2021: 1.80

EMPLOYEE EXPERIENCE

eNPS employee net promoter score
47
2021: 51

DIVERSITY

Woman representation at executive and senior management level (%)
42
2021: 40.9

African representation at senior management (SA only) (%)
28
2021: 25.3

LEARNING

Average learning hours per employee per year (hours)
64.3
2021: 71.1

Learning hours invested in future skills (%)
45.3
2021: 47.7

LEADERSHIP EFFECTIVENESS

Leaders who completed the SBG coaching learning journey (%)
34.2
2021: 16.5

Our people

Employee headcount

Permanent employees
28 870
2021: 28 956

Non-permanent employees
1 018
2021: 972

TURNOVER

	2022	2021
Overall staff turnover (%)	8.6	7.3
Voluntary staff turnover (%)	5.2	3.9

PERCENTAGE OF BLACK WOMEN REPRESENTATION IN ALL MANAGEMENT LEVELS (%)

	2022	2021
Junior management	64.0	63.2
Middle management	42.1	40.7
Senior management	27.1	25.6
Top management	9.1	7.7

Bursary spend

Total number of employees assisted (permanent only)
1 522
2021: 1 711

Total bursary spend (Rm)
R50.4
2021: R50.6

Female graduate participants
53%
2021: 56%

BBBEE contributor
Level 1

Percentage of black representation in all management levels

Junior management
92.0
2021: 91.0%

Senior management
56.6
2021: 54.4%

Middle management
78.7
2021: 76.9%

Top management
36.4
2021: 46.2%

Skills development

TRAINING SPEND

	2022	2021
Training spend (Rm)	678,3	622
Training spend as a percentage of staff costs (Rm)	2.44	2.4
Number of employees trained (permanent and non-permanent)	29 888	29 855
Number of women employees trained	18 527	18 516
Number of black employees trained	24 278	25 313

GRADUATE PROGRAMME PARTICIPANTS

	2022	2021
Total graduate programme participants (people)	117	130
Black graduate participants (people)	103	112
BBBEE score: Level and score	120	124
Successfully completed learnerships	432	508
Number of learnerships started	479	582

LEADERSHIP DEVELOPMENT PROGRAMME PARTICIPATION

	2022	2021
Total number of participants (completed training)	6 547	5 244
Number of black participants (completed training)	5 148	3 913

EMPLOYEE ENGAGEMENT

continued

SUMMARY OF EMPLOYMENT EQUITY PROGRESS REPORT (ALL EMPLOYEES)

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3			3	1			2	2		11
Senior management	474	130	432	821	509	117	326	463	176	64	3 512
Middle (professionally qualified)	1 925	467	671	736	2 045	660	821	817	140	95	8 377
Junior (skilled technical)	2 973	748	527	267	6 749	1 919	1 023	854	28	56	15 144
General (semi-skilled)	340	57	46	15	1 030	202	83	51	1	1	1 826
Unskilled											
Total permanent	5 715	1 402	1 676	1 842	10 334	2 898	2 253	2 187	347	216	28 870
Temporary employees	245	24	30	55	533	40	21	38	25	7	1 018
Grand total	5 960	1 426	1 706	1 897	10 867	2 938	2 274	2 225	372	223	29 888

SUMMARY OF EMPLOYMENT EQUITY PROGRESS REPORT (PERSONS WITH DISABILITIES ONLY)

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management		1	1	16	1	1	2	6	1	1	30
Middle (professionally qualified)	5	3	3	16	4	6	4	11		1	53
Junior (skilled technical)	32	7	3	12	53	18	12	23		1	161
General (semi-skilled)	4	1		2	9	2	1	4			23
Unskilled											
Total permanent	41	12	7	46	67	27	19	44	1	3	267
Temporary employees	1				10						11
Grand total	42	12	7	46	77	27	19	44	1	3	278

Key
A = African
C = Coloured
I = Indian
W = White

EMPLOYEE ENGAGEMENT

continued

We continue to strive to create an environment that provides an excellent workplace experience, which brings out the best in our people. Our value proposition for our employees is encapsulated in our People Promise. We continue to shape a workforce that is future ready and enabled to respond to evolving client needs. This is key to ensuring that our relevance in the marketplace remains strong.

We started 2022 still facing the impact of the Covid-19 waves on people's lives and livelihoods. To ensure the safety and wellbeing of our people onsite, we introduced a Covid-19 vaccination policy and by June 2022, 94.6% of our employees had been vaccinated. Most of those choosing to remain unvaccinated agreed to Polymerase Chain Reaction (PCR) testing when working onsite, enabling us to balance our legal obligations and commercial requirements with individual choice. This supported our efforts to safely return our employees who had been working remotely to office sites. Our high vaccination rate, the evolution of the pandemic and the shifting regulatory landscape enabled us to withdraw this policy in the third quarter of 2022. We continue to monitor and implement safety practices that promote a safe working environment as part of our ongoing occupational health responsibilities.

The shift in ways of working during the pandemic also enabled us to experiment with more flexible work arrangements for employees, aligned with their roles. This allowed us to provide greater flexibility to our employees while maintaining social connection and collaboration, where required. Thereby enable us continue to deliver excellence to our clients. We will continue to adapt and respond to shifting needs.

In 2022, the flooding in KwaZulu-Natal impacted our operations in the South Coast, North Coast, and eThekwini Regions, with 34 branches being closed temporarily due to the disaster. Thankfully, all our employees were safe, and we provided them with extensive support during this challenging time, including expediting insurance claims where property damage occurred, distributing water to branches so they could remain operational, providing bottled water to employees for their personal use, and ensuring key individuals working from home had the relevant technology to continue working during electricity disruptions.

Skills development

We continue to invest in developing our employees' skills, with a significant focus on future-ready skills. As our business transforms, we actively promote the 'truly human and truly digital' future skills that we have identified as being foundational for anyone working across the business. Transitioning to virtual leadership development resulted in increased access to development opportunities as participants increased from 5 244 in 2021 to 6 547 in 2022.

In addition, we launched our Engineering Skills Development Programme in 2021 in partnership with Microsoft, Amazon Web Services (AWS) and Salesforce. This programme continued to deliver encouraging results in 2022 with 376 AWS; certifications, 66 Microsoft Azure certifications; and 98 Salesforce certifications being achieved. The Engineering Skills for South Africa programme supports our commitment to developing the skills required to enable Africa's people to thrive in an increasingly digitised world. Our #SheDares AWS Practitioner certification challenge, launched in partnership with Girl Code and AWS, provided females aged 18 years and older across South Africa with the opportunity to enroll in a cloud practitioner programme and become AWS cloud certified. The programme received over 3 300 individual enrolments and over 600 candidates have completed all training requirements and allocated examination vouchers to validate their AWS cloud skills.

Diversity, equity and inclusion (DEI)

We have improved the representation of under-represented groups, particularly the representation of African men and women in senior and middle management levels and we have achieved our targets for African men and women in middle management. We have also increased the representation of women at executive and senior management levels. Further, we have improved the representation of persons living with disabilities and have driven awareness of disability and made reasonable accommodations for our employees living with disabilities.

Our annual 'Are You A Fan' Employee Engagement survey had an 83.2% (2021: 86.4%) participation rate. Employee experience for the organisation remained positive, although the result dipped in 2022 by four points. This is regrettable but understandable in light of the macroeconomic shifts people had to adapt to in the year. We have conducted extensive reviews of our employee engagement survey outcomes, focusing on identifying areas for improvement to address in 2023.

We will continue striving to create an environment that brings out the best in our people to passionately serve our clients; and contributing to achieving sustainable growth.

In 2022, there were a number of accolades that we received that we are proud of and grateful for the acknowledgement. These include:

- The SA Graduate Employers Association (SAGEA) announced Standard Bank as the winners of the overall Aspirational Employer of Choice award, the Employer of Choice in Commercial and Retail Banking award, and the Best Recruitment Service Award for 2022. We are proud to have taken home the Employer of Choice award for Retail and Commercial banking for 12 of the 13 years that this award has existed.
- LinkedIn 2022 Top Companies: Standard Bank was ranked first in South Africa.

RISK AND CONDUCT

How we performed

PERFORMANCE

CET I (%) **12.1** 2021: 12.6	Total capital adequacy ratio (%) **16.6** 2021: 17.1
Liquid coverage ratio (%) **129.1** 2021: 110.8	Net stable funding ratio (%) **110.6** 2021: 107.6

Execute with excellence

We are a responsible corporate citizen, adhering to good corporate governance practices and promoting the sustainability and social and economic development goals of South Africa. Our commitment to doing the right business, the right way, without exception, is rooted in a culture of conscious risk-taking and ensures that we comply with all applicable laws and regulations, meeting the highest standards of ethical business conduct. We contribute to safe and efficient financial systems in and across the markets in which we operate.

Doing the right business, the right way

South Africa's credit recovery was hampered by sharp and frequent interest rate increases, high inflation, and other consumer pressures. Despite the macroeconomic challenges, credit impairments decreased year-on-year, driven by intensified focus on credit strategies to improve cash collected, strengthened customer data and insights underpinned by proactive risk assessments, and the robust quality of new business originating in the first-time home buyers' market.

We continue to support our clients by applying a targeted risk appetite that allows us to take advantage of market opportunities, while effectively managing operational risk losses as fraud attempts continue to rise in line with increased digital adoption.

Insurance risk

The frequency and severity of extreme weather events and political riots have increased, coupled with poor quality infrastructure, and have contributed to shaping the high-risk sentiment of South Africa from a global reinsurers' perspective. Standard Bank continues to align with reinsurance requirements and policies, while monitoring these risks and taking the necessary actions to mitigate them.

2022 highlights:

CLR operating within risk appetite

Reduced operational losses

Improved third-party risk management

Progress made in **strengthening conduct culture**

R109 million disbursed to customers earning R7 500 or less in CHNW, since May

CIB provided funding worth **R850 million** to a client's project that created 4 000 new jobs

Enhanced insurance client stress testing and risk assessment

RISK AND CONDUCT
continued

How we manage risk

We manage risk by:

- Taking a holistic forward-looking view to identifying the risks we face
- Assessing threats and opportunities in our operating environment
- Being consistent in our approach to risk and capital management, with guidance from our well-developed risk management framework.

Risk culture

Our risk culture enables us to consistently do the right business, in the right way to achieve our strategic objectives.

Organisational design

Risk management is enterprise-wide, applying to all entity levels.

Risk management approach

Ensures consistent and effective management of risk within our board-approved risk appetite. Provides for appropriate oversight and accountability.

Risk governance

Our risk documents comprise governance frameworks, standards and policies. Our risk governance is:

- Underpinned by a strong control environment.
- Defined in our risk governance and management standards and policies.
- Our governance structure enables oversight and accountability through appropriately mandated board and management committees.

Risk management lifecycle

Our risk universe is managed through the risk lifecycle. The risk measurement process includes rigorous quantification of risks under normal and stressed conditions, up to and including recovery and resolution.

Identify → Assess and measure → Treat → Monitor and report

Three lines of defence

Three lines of defence maintain a strong and resilient risk culture.

1 **Risk ownership:** Business unit and legal entity management

Design and implement an effective risk management programme across the enterprise.

2 **Direct, control and oversight:** Risk and compliance management functions, and the board

Facilitate risk and capital management activities at an enterprise level and within different segments and entities.

3 **Risk advisory and assurance:** Group internal audit

Provide assurance on the adequacy and effectiveness of the risk management programme.

RISK AND CONDUCT

continued

Conduct

Our code of ethics and conduct is supported by our comprehensive and culture-led approach to conducting risk management. Conduct risk management is integrated into all relevant group policies and processes and managed as part of the group's non-financial risk management and risk management frameworks. Our conduct risk policy sets out the requirements for timely identification, reporting, escalation, and remediation when conducting risk is identified.

All areas of the business submit quarterly conduct dashboards to executive management, which are reviewed by the social and ethics management committee, and the social and ethics board committee. The dashboards include information about risks, complaints and grievances received via various channels, investigations, breaches, and remedies.

Managing conduct

Our comprehensive, culture-led approach to conduct risk management is integrated into all relevant group policies and processes and managed as part of the group's non-financial risk management and risk management frameworks, with requirements for timely identification, reporting, escalation, and remediation when conduct risk is identified.

Conduct risk is the risk that detriment is caused to the group's clients, the market, or the group itself because of inappropriate execution of business activities. This includes governance arrangements, business models, product development, sales practices, treating clients fairly outcomes, and remuneration and incentive structures. Our approach to conduct aims to ensure that the group maintains a client centric culture focused on achieving fair client outcomes.

Conduct risk is governed by conduct oversight committees within business segments and corporate functions, together with the social and ethics management committee and group social and ethics committee. Conduct oversight committees are responsible for:

- Promoting sound culture and conduct standards
- Identifying emerging trends in conduct and behaviour
- Aligning conduct strategy and metrics at business unit level with regulatory requirements and business objectives
- Monitoring and interrogating conduct risk management information and indicators
- Identifying conduct risk specific to their business and taking appropriate risk-mitigating actions
- Reporting conduct risk management information and material control issues to enable the board and executive management to exercise oversight and management.

We have adopted a new approach to conduct risk reporting to enable stronger oversight by board and executive committees, including a greater focus on materiality, revised metrics, and enhancements to the conduct risk dashboards. All areas of the business submit quarterly conduct dashboards which include information about risks, complaints and grievances received via various channels, investigations, breaches, and remedies. The dashboards are submitted to executive management and reviewed by the social and ethics management committee and social and ethics board committee. All business units and corporate functions must regularly assess the impact of changes on conduct risk exposure arising from new product development, third-party relationships, regulatory trends, business models and material system and process changes.

Our employees are guided by our compliance culture when executing their daily tasks, and there are specific expectations of all employees, consultants, contractors, suppliers, other associated individuals and other third parties:

- Employees are required to undertake training to understand and manage relevant conduct risk within the context of their business units/roles and responsibilities.
- Executives are responsible for monitoring and interrogating conduct dashboards and implementing mitigating and remedial actions when material conduct issues or concerns arise.
- Effective consequence management practices are in place for unethical behaviour.
- All third parties are required to attest to the group's third-party code of conduct, which is based on the group code of ethics and conduct. The group engages with a range of third parties and our strategic ambition to become a platform business will increase the number of third-party relationships to which the group is exposed. The code aims to ensure that all third parties who engage with the group are aware of our minimum requirements and governing principles in relation to ethical conduct.

Priorities for 2023

To ensure that we continue to manage risk responsibly in the coming year, we aim to place continued and heightened focus on the following:

1. Integrated climate risk management
2. Ensure aligned climate risk stress testing approach
3. Effective reputational risk management
4. Enhance ethics & conduct risk management
5. Effective third-party risk management
6. Efficient audit management
7. Drive risk culture

Looking ahead

As we continue to evolve our risk capabilities to achieve the group's strategic objectives, our key focus areas are:

- Optimise capital allocation and CET I >11%
- Maintain a liquidity coverage ratio and net stable funding ratio in excess of the minimum regulatory requirements
- Leverage data and develop intuitive risk management supported by digitisation to deliver our strategic ambitions
- Report our progress in meeting our climate commitments and progress in reaching the 2050 net zero target
- Mature our understanding of climate risk exposures across our portfolio and extend our targets to additional material sectors
- Implement interventions, supporting technologies and proactive consideration of risks, including information and privacy risks, in business initiatives and product design and invest in improved capabilities to predict, prevent, detect, and respond to cyber incidents
- Continue enhancing transaction monitoring and reporting capabilities to deepen AML/CFT detection capabilities and provide improved case management capability for fraud investigation.

OPERATIONAL EXCELLENCE

How we performed

Measure	Value	2021
Core applications on cloud (%)	**28**	2021: 15
Security practice maturity (number)	**4.42**	2021: 4.24
Legacy reduction (systems)	**26**	2021: 08
System stability (P1 incidents)	**5**	2021: 15

Our 2025 Ambition requires that we execute with excellence to better serve and protect our clients, reduce costs and scale our platform business.

System stability and cyber security (Always On and Always Secure)

System stability remains a priority as we continuously improve our resilience, minimise system disruption, and improve communication with our clients. Overall, compared to 2021, outages have reduced by 62% for incidents with a high impact on clients. We continually improved our cyber resilience capability, and no material cyber breaches were experienced in 2022. We acknowledge that during the first half of 2022, we experienced challenges with system stability, wresulting in outages for a prolonged period. While the security and confidentiality of our clients' information were never at risk, the outages caused our clients considerable inconvenience and frustration. We acted quickly to address the challenges which resulted in a marked improvement in the second half of the year. We have since made significant progress in rebuilding customer confidence in our systems. We completed a successful and stable Black Friday campaign where client spend increased by 20% year-on-year supported by stable information technology (IT) systems as well as meeting our clients' needs during the busy festive season.

Client experience

Our Mobile Banking App was awarded second place in the Mobile Banking Category at the 2022 Digital Banking SITEisfaction survey, up from fourth in 2021. We continue to make good progress in our digital transformation journey and achieved 15% growth in the number of active clients on our digital platforms.

Simplification and cloud journeys

Our simplification and cloud journeys have gained substantial traction due to the enhanced focus we placed on modernisation. In 2022, we decommissioned 27 systems/applications and continued to simplify our IT architecture. We continue to make progress in transforming our business by partnering with leading cloud computing providers. Our cloud journey is progressing well and 28% of core applications are now running in the cloud. We are well on our way to reaching our target of over 70% of core applications being cloud-based. Our cloud strategy allows us to leverage the innovation strength of the partners (Amazon, Microsoft and Salesforce) and use these solutions to delight our clients.

In 2022, Shyft, our global money smartphone application, achieved close to 500 000 downloads and surpassed the R15 billion mark in Forex purchases since we launched the solution. Shyft also won numerous New Generation Awards this year: Gold for Best Customer Experience (CX) of the Year; Silver for Most Innovative App Developed by a Corporate; and Silver for Best Use of Technical Innovation.

FINANCIAL OUTCOME

Driving sustainable growth and value

Delivering sustainable returns to our shareholders depends on the extent to which we have made strategic progress in achieving client focus, employee engagement, risk and conduct, and operational excellence.

How we performed

Headline earnings

R16.3 billion

2021: R12.9 billion

Shows the profits we make, excluding profits or losses from non-recurring events[1].

ROE

15.2%

2021: 12.5%

Shows how much profit we generate with the money shareholders have invested in us. ROE is the ultimate measure of our effectiveness in executing our group strategy.

Credit loss ratio

69 bps

2021: 68 bps

Measures our client credit impairment charges as a percentage of average loans and advances. We aim to maintain our CLR at an acceptable level in line with our risk appetite.

Cost-to-income ratio

59.7%

2021: 62.0%[2]

Measures our efficiency in generating revenues relative to the costs we have incurred, as containing our costs is key to growing headline earnings and improving ROE.

Jaws

427 bps

2021: 221 bps[2]

Measures total income growth minus total operating expenses growth. We aim to achieve positive jaws by growing our revenues faster than our costs.

1 As prescribed by the South African Institute of Chartered Accountants (SAICA) circular.

2 Restated. Refer to the restatement section on page 71 for more detail.

FINANCIAL OUTCOME
continued

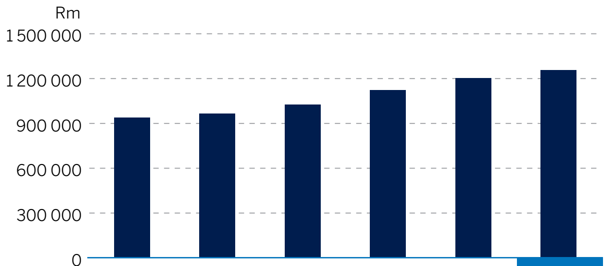
Financial performance against strategy

SBSA grew headline earnings by 26% to R16.3 billion and ROE improved to 15.2%. Total income growth of 12% was driven by strong, double-digit balance sheet growth and the positive endowment impact from higher interest rates. In addition, growth was supported by improved client transactional volumes (after the National State of Disaster was lifted on 5 April 2022) and strong trading performance. Revenue growth exceeded operating expense growth of 8%, resulting in positive jaws of 427 bps and an improved cost-to-income ratio of 59.7% (FY21: 62.0%). Credit impairments charges increased by 10% mainly due to defaults in the consumer sector and normalised provisions on the corporate portfolio, driven by book growth following the prior year's release. The SBSA franchise is well capitalised and the liquidity coverage ratio and net stable funding ratio were both well above the minimum regulatory requirements.

Balance sheet growth supporting headline earnings

Net loans and advances

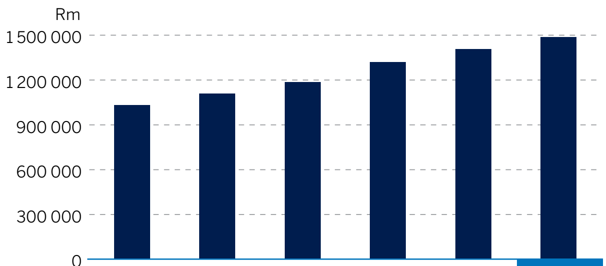
CAGR: 6%



2017	2018	2019	2020	2021	**2022**
937 156	966 335	1 026 242	1 124 238	1 203 254	**1 254 969**

Deposits and debt funding

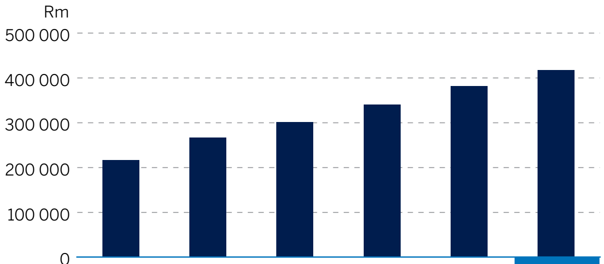
CAGR: 8%



2017	2018	2019	2020	2021	**2022**
1 030 912	1 108 799	1 184 748	1 318 773	1 406 202	**1 485 665**

Trading assets and financial investments

CAGR: 14%

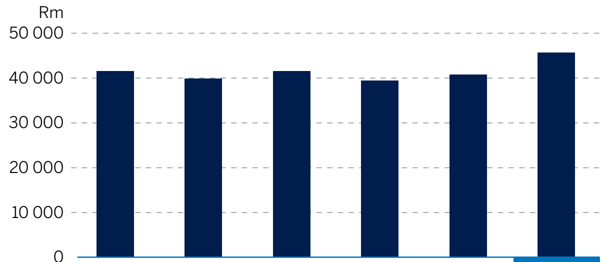


2017	2018	2019	2020	2021	**2022**
217 368	266 768	301 217	341 119	382 135	**418 231**

The graphs are the balance sheet drivers of headline earnings, along with the change in average interest-bearing assets, average deposits and funding and NIM.

Net interest income

CAGR: 2%

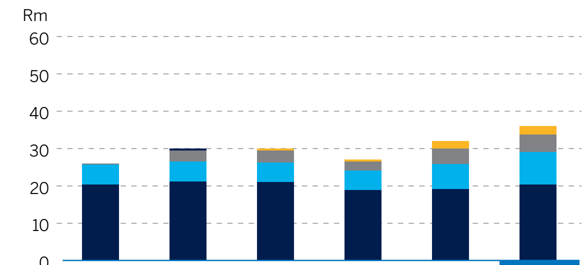


2017	2018	2019	2020	2021	**2022**
41 520	39 831	41 581	39 472	40 806	**45 632**

NII increased by 12% to R45.6 billion. This growth is due to higher average interest-earning assets and positive endowment in a higher interest rate environment.

Non-interest revenue

CAGR: 5%



	2017	2018	2019	2020	2021	**2022**
Net fee and commission revenue	20 356	21 185	20 991	18 937	19 127	**20 416**
Trading income	5 344	5 358	5 331	5 157	6 765	**8 590**
Other revenue	2 780	2 922	3 151	2 472	4 124	**4 755**
Other gains and losses on financial instruments	0	522	449	472	1 967	**2 278**

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

NIR reflected a growth of 13% to R36.0 billion (FY21: R32.0 billion).

Net fee and commission revenue increased by 7% to R20.4 billion and was primarily supported by higher transactional activity as lockdown restrictions eased as well as the impact of annual price increases. In addition, growth was further supported by good client acquisitions, increased digital transactional volumes in line with our strategy focus and increased card-based commissions as a result of higher turnover driven by easing of global restrictions.

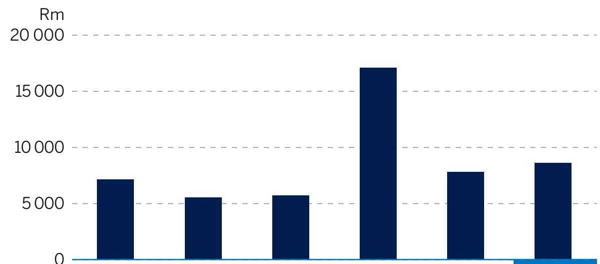
Trading revenue increased by 27% relative to 2021 due to a combination of strong commodities performance, gains from market opportunities and structured sales transactions, as well as increased client flows related to credit-linked notes.

Other revenue improved by 15% mainly driven by bancassurance income due to higher premiums and lower credit life claims. This was partially offset by higher short-term insurance claims in the current year due to extreme weather across the country, with the largest impact from the April floods in KwaZulu-Natal. In response to this difficult period, SBSA supported clients by guiding them through available relief measures.

Other gains and losses increased by 16% following an increase in valuations in the equity portfolio as well as fair value gains in prudential assets.

Credit impairment charges

CAGR: 4%

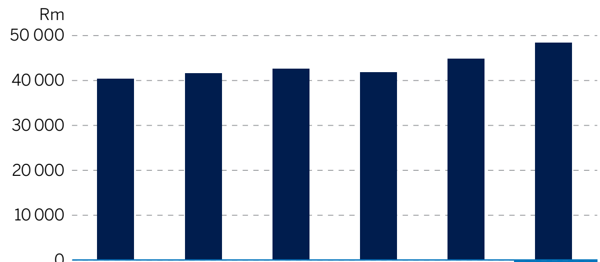


	2017	2018	2019	2020	2021	**2022**
	7 145	5 557	5 724	17 095	7 814	**8 618**

Credit impairment charges increased by 10% and the credit loss ratio slightly increased to 69 bps (FY21: 68 bps), driven by balance sheet growth coupled with specific charges in the consumer sector. This was partially offset by improved collections and payments in the legacy payment holiday portfolio as well as improvement in the card portfolio due to the non-recurrence of strain in the expired client relief population.

Operating expenses

CAGR: 4%



	2017	2018	2019	2020	2021	**2022**
	40 372	41 660	42 644	41 875	44 902	**48 464**

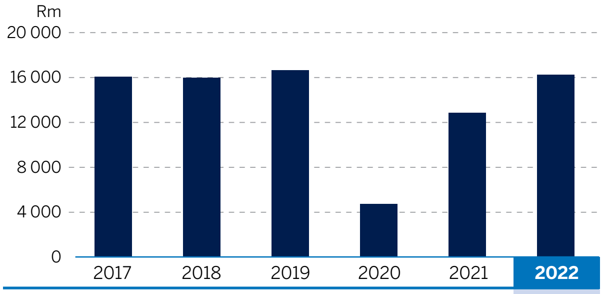
Operating expenses increased by 8% to R48.5 billion compared to 2021 with staff costs 6% higher and other operating expenses increased by 8%.

Staff costs increase was largely driven by higher incentive accruals which are aligned with business performance, and inflationary annual increases.

Other operating expenses increased as IT costs grew by 9%, mainly due to investments in advancing the group's cloud strategy, continued investment in customer proposition initiatives, strengthening of client relationship management capabilities and costs incurred to enable employees' enhanced working. This was partially set off by amortisation (down 9%) and depreciation costs (declined by 5%) as a result of reduced dependency on on-premises hardware. Other expenses increased due to the non-recurrence of an insurance recovery in FY21, marketing and advertising spend on client campaigns and brand repositioning, higher communication-related expenses and travel and entertainment costs due to the return-to-work policy and normal business activity resumed as Covid-19 restrictions eased.

FINANCIAL OUTCOME
continued

Headline earnings
CAGR: 0%



	2017	2018	2019	2020	2021	2022
	16 078	15 971	16 646	4 728	12 877	**16 256**

Segment highlights

CHNW: Headline earnings increased by 34% due to strong balance sheet growth and higher average interest rates positively impacting NII. This NII growth was partially offset by competitive pricing in-home services as competitors re-entered the market. Strong transactional activity, growth in the active client base and annual price increases supported NIR growth of 11%. Operating expenses increased by 7% due to inflationary increases, accelerated investment in digital capabilities and non-recurrence of the fraud insurance recovery in FY21. This was partially offset by continued focus on distribution network optimisation and the migration of cash into cheaper alternative solutions.

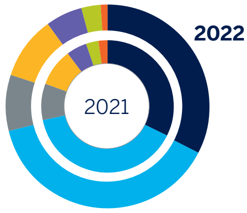
BCC: Headline earnings grew by 38% as a result of solid balance sheet growth contributing to revenue growth. This, together with interest rate increases, resulted in a positive endowment benefit of R1.3 billion on NII, up 21%. NIR growth of 10% was positively impacted by good transactional activity driven by execution diligence and strong client relationships, coupled with the business trade recovery post pandemic. Operating expenses increased by 8%, driven by continued digital investment, increased marketing activity, higher variable pay provisions and annual salary increases. This was partially offset by lower distribution costs in line with the optimisation of distribution channels.

CIB: Robust revenue growth of 15%, which was underpinned by increased client activity, trade demands and flows on the back of market uncertainty. The success of the business was further supported by strong asset growth, origination, and positive endowment impact due to increases in both local and foreign average interest rates. The business has seen disciplined cost spend despite increases of 8% due to higher inflation, business volume increases and continued investment spend on platforms and technology. This was offset by contained discretionary costs. Headline earnings are muted at 1% on the back of a normalisation in credit impairment charges in 2022 compared to a release in 2021.

Maintaining our robust balance sheet

Loans and advances

Gross loans and advances to customers composition (%)

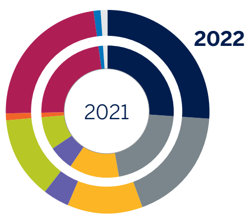


	2022	2021
Term loans	**33**	32
Home services	**39**	39
Other term loans	**9**	9
Vehicle and asset finance	**10**	9
Overdraft and other demand loans	**6**	5
Card and payments	**3**	3
Loans granted under resale agreements	**1**	2

Gross loans and advances to customers grew by 7% to R1.1 trillion (FY21: R1.0 trillion), supported by strong growth in the vehicle and asset finance and corporate portfolios from good origination and demand for trade facilities. Total provisions increased by 9%, with total stage 1 and 2 loans up 4% and stage 3 loans up 13% compared to prior year. As at 31 December 2022, stage 3 loans represented 5.1% of the portfolio and provisions held against these loans reflected 48% coverage (31 December 2021: 4.8% and 51% respectively).

Funding and liquidity

Deposits and debt funding from customers (%)



	2022	2021
Call deposits	**26**	26
Card creditors	**0**	0
Cash management deposits	**18**	21
Current accounts	**12**	12
Foreign currency funding	**4**	6
Negotiable certificates of deposit	**13**	8
Savings accounts	**1**	1
Term deposits	**23**	23
Treasury priced deposits	**1**	1
Other funding	**1**	1

Deposits from customers increased by 8% supported by focused client acquisition and retention strategies. In addition, strong growth in longer-term deposits was supported due to the demand for longer-term secured lending.

CHNW customer deposits grew 8% due to increased customer numbers, improved fixed deposit pricing, and customers' conscientious liquidity management. BCC's customer deposit book achieved growth of 7% driven by call and term deposits as well as current accounts. CIB customer deposit growth of 9% most notably in negotiable certificates of deposit (NCDs) and term deposits.

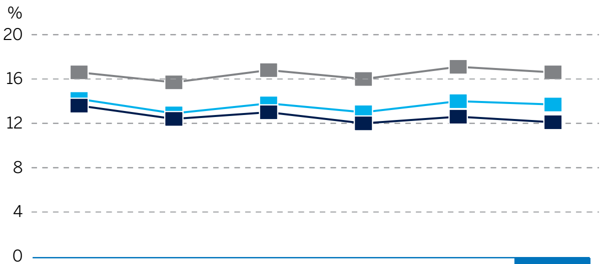
SBSA's available contingent liquidity remains adequate to meet both internal and regulatory stress requirements. Contingent funding plans, stress testing assumptions as well as early warning indicators continue to be reassessed for appropriateness given South Africa's inflationary outlook and volatile market conditions. Appropriate liquidity buffers were held in line with our liquidity risk requirements. SBSA maintained both the liquidity coverage ratio at 129.1% and the net stable funding ratio at 110.6%, both in excess of minimum regulatory requirements.

Longer-term funding increased by R64.2 billion through the issuance of negotiable certificate of deposits (NDCs), senior debt and syndicated loans. SBSA continues to benefit from favourable liquidity conditions, contributing to strong liquidity ratios.

Capital management

Capital adequacy

(including unappropriated profit)



	2017	2018	2019	2020	2021	**2022**
CET 1 capital adequacy ratio	13.6	12.4	13.0	12.0	12.6	**12.1**
Tier 1 capital adequacy ratio	14.2	12.9	13.8	13.0	14.0	**13.7**
Total capital adequacy ratio	16.6	15.7	16.8	16.0	17.1	**16.6**

CET 1 capital adequacy ratio
Tier 1 capital adequacy ratio
Total capital adequacy ratio

SBSA's capital adequacy remains strong and provides the financial resources to continue to support our clients and drive our growth aspirations. SBSA's CET1 and total capital adequacy ratios of 12.1% and 16.6% respectively remain above the regulatory minimums required by the Prudential Authority (PA). The group manages its capital levels to support business growth, maintain depositor and creditor confidence and create value while ensuring regulatory compliance.

The PA reinstated the Pillar 2a buffer requirement for banks in South Africa effective from 1 January 2022 following the temporary relaxation of the requirements in 2020 in response to the Covid-19 pandemic. During 2022, SBSA raised R1.6 billion tier 2 capital through the issuance of subordinated debt and a further R7.2 billion Additional tier 1.

On 11 May 2022 the PA issued guidance note G4/2022 confirming the delay in the implementation of the Basel III Finalisation rules to 1 January 2024 from 1 January 2023. We continue to analyse the potential impact of these rules on our capital adequacy ratios, systems and processes while engaging with the PA on areas of national discretion specified by the Basel Committee on Banking Supervision together with items requiring further clarification.

Looking ahead

In 2023, softer growth is expected given the anticipated global growth slowdown, frequent bouts of loadshedding and gradual policy reforms to continue.

Consumer spending should continue to recover this year, despite higher inflation and interest rates, as spending patterns have largely normalised from the initial lockdown distortions. Inflation is expected to moderate in H2 2023.

The South African Reserve Bank (SARB) has indicated that future policy moves would be data-dependent and sensitive to the balance of risks. It is anticipated that the repo rate should settle at 7.25% in 2023 and 7.00% in 2024 from 7.00% in 2022.

SBSA will continue to support more inclusive and sustainable economic growth and socioeconomic development in South Africa. We will continuously contribute positively to the delivery of the group's 2025 targets and are well positioned to continue supporting the franchise clients and sustainably drive South Africa's growth.

SEE

SBSA is committed to driving sustainable and inclusive economic growth by supporting economic inclusion and transformation in South Africa. Further, we are committed to Africa's growth and to forging a sustainable growth path that benefits both current and future generations.

To achieve this, we have defined six areas where we believe we can create significant positive impact, through our core business activities. These are: (1) financial inclusion, (2) enterprise growth and job creation, (3) infrastructure development, (4) climate change and sustainable finance solutions, and (5) improved access to education and (6) health. Our selected impact areas align to our core competencies and are informed by the needs of Africa's people, businesses, and economies as well as the United Nations (UN) Sustainable Development Goals (SDGs), the African Union's Agenda 2063, as well as the urgent need to lower carbon emissions to slow climate change, and to support climate change mitigation and adaptation strategies.

We have embedded the consideration of SEE impacts into our business strategy and decision-making processes. We continuously work to identify opportunities to accelerate transformation, leveraging our skills, expertise, and access to various stakeholders in the economy to enable us to achieve transformation internally and be a catalyst for societal transformation through our core business activities.

As the South African economy recovered from the pandemic, in April 2022, we experienced heavy rainfall and flooding in KwaZulu-Natal, which left people's lives and infrastructure in ruins and resulted in the loss of over 400 lives. We partnered with NGOs to provide relief to the communities impacted by severe floods, donating R1 million to Gift of the Givers for humanitarian and emergency relief, and R1 million to OneFarm Share to ensure the delivery of food to the NGOs supporting communities with emergency food relief. With our support, OneFarm Share was able to distribute more than 9 400 tonnes of food to impacted families.

We retained our Black Economic Empowerment (BEE) rating at Level 1 and continue to do the right business the right way, upholding our governance and ethical principles. As such, we worked closely with relevant government departments and regulators to strengthen financial crime controls, in line with the recommendations of the FATF. We also engaged extensively with regulators on issues related to conduct and fair treatment of customers.

Financial inclusion

We enable individuals, entrepreneurs, and small enterprises to access relevant and affordable financial products and services, including payments, savings, credit, and insurance. In 2022, we lent R4.9 billion to over 8 000 new affordable housing mortgage customers in South Africa.

We launched Taxi Yam, an app that makes it easy for South African commuters to pay for a taxi, using their Taxi Yam card, creating convenience for passengers and drivers. The app also aims to assist taxi owners in improving the efficiency of their minibus fleets. Available on Apple and Android, the app was piloted at three taxi ranks in KwaZulu-Natal and has now been rolled out to 10 taxi ranks in the province. Over 150 taxis have signed up for Taxi Yam. Customers can use Taxi Yam to receive or send money using an Instant Money voucher, load cash onto the online wallet at the taxi rank, buy airtime and data to stay connected, and view their commute transactional history. Taxi Yam will help customers budget for their monthly transport costs and provide a secure place to store the funds needed to travel.

Enterprise growth and job creation

We have provided over 46 000 SMEs per month with information and resources to help grow their businesses through our BizConnect platform. In addition, we supported 766 businesses, sustained 4 289 jobs and disbursed R118.9 million in soft loans, grants, and other funding solutions through our enterprise and supplier development programmes.

We have helped over 1.2 million South Africans receive a nutritious meal, and smallholder farmers generate R34.7 million in sales, through our partnership with OneFarm Share.

The Standard Bank Business Recover Rebuild and Restart crowdfunding initiative, in partnership with Thundafund, continues to yield impressive results. We aimed to raise R1 million by the end of 2022 through the platform to support the recovery and growth of businesses impacted by social and environmental disturbances, such as the 2021 incidents of unrest and KwaZulu-Natal floods. We have surpassed this target, raising a total of R1.6 million with the help of 596 supporters backing 42 projects.

Climate change and sustainable finance solutions

We expanded sustainable finance solutions for our clients, including ESG-linked lending, and solutions to enable corporate and retail clients to adopt greener and more sustainable ways of running their businesses and homes. We refined and extended our climate commitments and targets and engaged with clients to support their transitions toward net zero emissions. We continued to engage with stakeholders more broadly, including government departments and regulators, as we worked together to support South Africa's efforts to achieve a just energy transition. Key achievements include facilitating over 400 solar PV installations for clients via PowerPulse, representing approximately 140 GWh of green energy per annum, and helping 365 green energy solution providers grow their businesses. This is a critical step to support our country in addressing the energy challenges it faces.

We are ranked first in the sustainability-linked syndicated market. Some key client transactions demonstrating our sustainability credentials are:

- Motus – first ZAR-based sustainability-linked funding of R6.5 billion in the South African automotive sector
- Woolworths – first sustainability-linked transactional deposit structure in South Africa and first sustainability-linked working capital facility of R600 million.

Infrastructure

We facilitated the development of quality, reliable, sustainable and resilient infrastructure, as well as infrastructure upgrades to improve sustainability and support economic development and human wellbeing. Highlights in 2022 included:

- Provided Scatec and H1 Holdings with finance for South Africa's first dispatchable utility-scale battery energy storage and solar PV projects
- Provided finance for one of South Africa's first large-scale bilateral electricity sales agreements, enabling Tronox Mineral Sands to procure solar PV to power their operations
- Provided finance for two new wind farms to be built by EDF Renewables, H1 and Gibb-Crede, under South Africa's Renewable Energy Independent Power Producer Procurement Programme
- Supported Seriti Green to acquire a majority investment in Windlab Africa's wind and solar-powered assets
- Provided finance to MetroFibre Networx to support the continuation of the company's fibre optic data network rollout, enabling the company to connect up to 500 000 homes and businesses across South Africa to the internet for the very first time, thereby helping people to connect, children to learn and small businesses to grow.

Access to education and health

Our corporate social investment (CSI) focuses on early childhood development, school education, and skills development for youth and entrepreneurs. We funded education-focused CSI projects in South Africa valuing R78 million. In addition, through our Feenix platform, we raised R48.7 million and disbursed R48.1 million, benefitting 1 131 students.

We launched the Trompie Group partnership for sports facilities funding and the Matific Partnership to raise maths standards in primary schools. Additionally, our Universities of South Africa (USAf) sponsorship to create 10 Economic Activation Offices supports the growth of SMME businesses in the public university space.

Our CSI strategy also includes a focus on improving access to good health and wellbeing and responding to humanitarian crises and we spent R34 million responding to these priorities. This included funding for organisations responding to gender-based violence across South Africa, and those providing emergency food aid, shelter and search and rescue support in response to the humanitarian crisis caused by floods and community displacement in KwaZulu-Natal.

We implemented BeWell, an employer-funded telemedicine solution, providing employers with a seamless and affordable healthcare solution for their employees, in conjunction with the Unu app, which empowers individuals to take charge of their healthcare journey. This puts healthcare directly into people's hands via their mobile devices and empowers them through ownership of their health data.

Governance and transparency

BOARD OF DIRECTORS

The group board

Our directors have deep experience and diverse skills, enabling the board to provide informed counsel, rigorous oversight and independent interrogation in leading integrated thinking in the group, and when guiding the group leadership council in the design and delivery of the group's strategy. Non-executive directors provide independent and objective judgement. They constructively challenge and monitor executive management's delivery of strategy within the approval framework and risk appetite agreed by the board.

Age

Age	
Between 40 – 49	2
Between 50 – 59	5
Between 60 – 69	9
70 and above	1

Race

Race	
White South African	6
Black South African	7
Non-South African	4

Gender

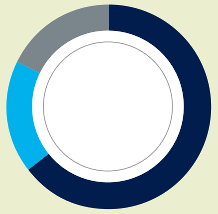
5 female

12 male

Nationality

13 South African **2** Chinese **1** Nigerian **1** Kenyan

Independence



11 independent non-executive directors

3 non-executive directors

3 executives

Tenure

<3 years	3 – 6 years	6 – 9 years	>9 years
5	2	8	2

Chairman

Nonkululeko Nyembezi [62]

Independent non-executive chairman, SBG and SBSA

Qualifications
- BSc (Hons) (University of Manchester)
- MSc (electrical engineering) (California Institute of Technology)
- MBA (Open University Business School, UK)

Key strengths
- leadership across multiple sectors
- strategy planning and execution
- governance and corporate stewardship

External directorships
- Anglo American Plc
- Macsteel Service Centres South Africa (Pty) Limited (chairman)

Other governing bodies and professional positions held
- Business Leadership South Africa (chairman)
- Durban University of Technology (chancellor)

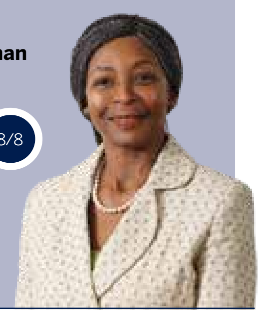
Previous roles
- CEO of ArcelorMittal South Africa
- CEO and executive director of Ichor Coal N.V
- chairman of Alexander Forbes Group Holdings Limited and the JSE Limited
- non-executive director of Old Mutual

COMMITTEE MEMBERSHIP

Appointed
1 January 2020

Appointed chairman
1 June 2022

Board meeting attendance 8/8



Executive directors

Lungisa Fuzile [56]

Chief executive officer and executive director, The Standard Bank of South Africa Limited

Qualifications
- MCom (Natal)
- AMP (Harvard)

Key strengths
- joined the group in January 2018 as chief executive of SBSA.
- prior to his appointment, he had a 20-year career in public service.
- his most recent role was as director-general of the National Treasury where he was responsible for providing strategic leadership and direction to the successful execution of the legislative mandate of the National Treasury.

Appointments held within the group
- The Standard Bank Tutuwa Community Foundation
- Stanbic Bank Botswana

Other governing bodies and professional positions held
- Business Leadership South Africa
- The Banking Association of South Africa

Previous roles
- Director-general – National Treasury

COMMITTEE MEMBERSHIP

Appointed
2018

Board meeting attendance 8/8

Sim Tshabalala [55]

Executive director, SBG and SBSA

Qualifications
- BA, LLB (Rhodes University)
- LLM (University of Notre Dame, USA)
- HDip Tax (University of the Witwatersrand)
- AMP (Harvard)

Key strengths
- extensive group-wide senior leadership experience, including wholesale and retail banking in South Africa and other African regions, and linking Africa to international markets
- leadership of strategy formulation and execution
- proven track record of enhancing organisational competitiveness and ensuring sustainability

Appointments held within the group
- Stanbic Africa Holdings Limited

Other governing bodies and professional positions held
- Institute of International Finance
- International Monetary Conference

COMMITTEE MEMBERSHIP

Appointed
7 March 2013

Board meeting attendance 8/8

Arno Daehnke [55]

Executive director, SBG and SBSA

Qualifications
- BSc, MSc (University of Cape Town)
- PhD (Vienna University of Technology)
- MBA (Milpark Business School)
- AMP (Wharton)

Key strengths
- detailed understanding of banking regulations
- financial management, budgeting and forecasting skills
- extensive balance sheet management experience, including capital and liquidity management at group and subsidiary level

Appointments held within the group
- Stanbic Africa Holdings Limited

COMMITTEE MEMBERSHIP

Appointed
1 May 2016

Board meeting attendance 8/8

COMMITTEES

DAC – Directors' affairs committee GAC – Group audit committee GRCMC – Group risk and capital management committee LEC – Large exposure credit committee Committee chair

Non-executive directors

Lwazi Bam 51

Independent non-executive director, SBG and SBSA

Qualifications
- CA(SA)
- BCom (Hons) (University of KwaZulu-Natal)
- BCompt (Unisa)
- AMP (Harvard Business School)

Key strengths
- executive leadership in large and complex entity
- extensive experience of leading a business globally and across sub-Saharan Africa
- deep strategic and financial skills

External directorships
- Zeda Limited (chairman)

Other governing bodies and professional positions
- Presidential Climate Finance Task Team
- Nelson Mandela Foundation

Previous roles
- chief executive officer of Deloitte Africa
- past president of the Association for the Advancement of Black Accountants in Southern Africa (ABASA)
- former chairman of the SAICA
- former chairman of the African Children's Feeding Scheme (ACFS)

COMMITTEE MEMBERSHIP

Appointed
1 November
2022

Board meeting attendance 1/1

Paul Cook 42

Independent non-executive director, SBG and SBSA

Qualifications
- Doctor of Philosophy (PhD) in physics (California Institute of Technology)
- BSc (Hons) (University of Witwatersrand)

Key strengths
- extensive knowledge and use of digital tools to reach customers, create disruptive brands, and improve the back-office operations
- venture capital investment, entrepreneurial support and incubation
- experienced in Pan-Africa macro- and micro-trends

External directorships
- managing director of Silvertree Brands
- chief executive officer of Faithful to Nature

Previous roles
- managing director, Ringier Africa Deals Group

COMMITTEE MEMBERSHIP

Appointed
22 February
2021

Board meeting attendance 8/8

Geraldine Fraser-Moleketi 62

Independent non-executive director, SBG and SBSA

Qualifications
- DPhil honoris causa (North West University)
- DPhil honoris causa (Nelson Mandela University)
- MPA (University of Pretoria)
- Leadership Programme (Wharton)
- Fellow of the Institute of Politics (Harvard)

Key strengths
- experience in multilateral organisations, national politics and governance
- strong strategic, ethical and oversight skills
- experience in human resources oversight

External directorships
- Exxaro Resources Limited (lead independent director)
- Tiger Brands Limited (chairman)

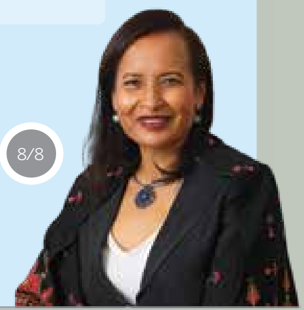
Other governing bodies and professional positions held
- UN economic and social council, committee of experts of public administration (chairman)
- Nelson Mandela University (chancellor)
- Government Technical Advisory Centre Winter School Advisory Panel

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

COMMITTEE MEMBERSHIP

Appointed
21 November
2016

Board meeting attendance 8/8



Xueqing Guan 59

Non-executive director, SBG and SBSA

Qualifications
- Doctorate in Economics (Southwestern University of Finance and Economics, China)

Key strengths
- proven leadership in a large international group
- solid board experience
- strong strategy management skills in banking

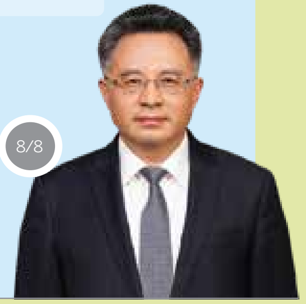
Appointments held
- board secretary Industrial and Commercial Bank of China Limited

Previous roles
- general manager of Corporate Strategy and Investor Relations Department of ICBC
- head of Sichuan Branch, ICBC

COMMITTEE MEMBERSHIP

Appointed
1 August
2020

Board meeting attendance 8/8



Trix Kennealy 64

Independent non-executive director, SBG and SBSA

Qualifications
- BCom (University of Pretoria)
- BCom (Hons) (University of Johannesburg)

Key strengths
- extensive operational and strategic management experience across a variety of industries and sectors
- extensive corporate governance experience
- broad experience in strategic financial management including restructuring, acquisitions and integrations

External directorships
- Sasol Limited

Previous roles
- chief financial officer of the South African Revenue Service
- chief operating officer of ABSA corporate and business bank

COMMITTEE MEMBERSHIP

Appointed
21 November
2016

Board meeting attendance 8/8

Ben Kruger 63

Independent non-executive director, SBG and SBSA

Qualifications
- BCom Acc (Hons) (Pretoria)
- CA(SA)
- AMP (Harvard)

Key strengths
- investment banking finance and capital markets
- risk management
- leadership of complex multi-jurisdictional businesses

External directorships
- Aspen Pharmacare Holdings (lead independent director)
- JSE Limited
- Ruby Rock Investments (executive chairman)

Appointments held within the group
- Stanbic IBTC Holdings Plc

Other governing bodies and professional roles
- University of Pretoria (deputy chair and member of council)

Previous roles
- executive director SBG
- joint group chief executive officer SBG
- deputy group chief executive officer SBG

COMMITTEE MEMBERSHIP

Appointed
6 June
2022

Board meeting attendance 4/4

COMMITTEES
- DAC – Directors' affairs committee
- GAC – Group audit committee
- GRCMC – Group risk and capital management committee
- LEC – Large exposure credit committee
- Committee chair

Li Li 45

Non-executive director, SBG and SBSA

Qualifications
- Master's degree in economics (University of International Business and Economics)
- Bachelors degree in economics (Zhengzou University)

Key strengths
- senior management experience in ICBC overseas branch
- enterprise risk management
- more than ten years' experience in compliance and AML

Other governing bodies 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 ICBC Zurich Branch

COMMITTEE MEMBERSHIP

as alternate to Xueqing Guan.

Appointed
11 November
2021

Board meeting attendance 8/8

Jacko Maree 67

Independent non-executive director, SBG and SBSA

Qualifications
- BCom (University of Stellenbosch)
- BA and MA (politics and economics) (Oxford)
- PMD (Harvard)

Key strengths
- extensive experience in banking
- leadership of complex multi-jurisdictional businesses

External directorships
- Phembani Group Limited

Other governing bodies and professional positions held
- China Investment Corporation – International advisory council
- Presidential Special Envoy on Investment to South Africa

Previous roles
- chief executive officer of the group for more than 13 years
- senior banker focusing on key client relationships
- chairman of Liberty Holdings Limited and Liberty Group Limited

COMMITTEE MEMBERSHIP

Appointed
21 November
2016

Board meeting attendance 8/8

Nomgando Matyumza 60

Independent non-executive director, SBG and SBSA

Qualifications
- BCompt (Hons) (University of Transkei)
- LLB (University of Natal)
- CA(SA)

Key strengths
- strong financial and executive management skills
- experience in strategy development and execution
- seasoned non-executive director in several sectors

External directorships
- Sasol Limited
- Volkswagen South Africa Limited
- Clicks Group Limited

Previous roles
- deputy chief executive officer at Transnet Pipelines
- non-executive director on the boards of Cadiz, Transnet SOC, Ithala Development Finance Corporation, WBHO and Hulamin

COMMITTEE MEMBERSHIP

Appointed
21 November
2016

Board meeting attendance 8/8

Kgomotso Moroka 68

Non-executive director, SBG and SBSA

Qualifications
- BProc (University of the North)
- LLB (University of the Witwatersrand)

Key strengths
- strong business leadership skills
- extensive experience in governance, regulation and public policy
- significant legal experience

Other governing bodies and professional positions held
- member of the Johannesburg Society of Advocates

External directorships
- Kalagadi Manganese (Pty) Ltd
- Temetayo (chairman) (Pty) Ltd
- MultiChoice Group and MultiChoice South Africa Holdings Limited (Pty) Ltd

Previous roles
- 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 and non-executive director of Netcare

COMMITTEE MEMBERSHIP

Appointed
1 July
2003

Board meeting attendance 8/8

Martin Oduor-Otieno 66

Independent non-executive director, SBG and SBSA

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)

Key strengths
- extensive banking experience of over 18 years
- strategy development and execution skills
- strong leadership and governance experience

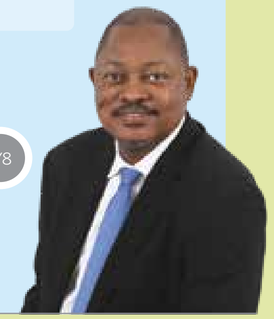
External directorships
- British American Tobacco Kenya Limited
- East African Breweries Limited (Chairman)

Previous roles
- CEO of the Kenya Commercial Bank Group
- partner at Deloitte East Africa
- non-executive director Kenya Airways and GA Life Insurance Company

COMMITTEE MEMBERSHIP

Appointed
1 January
2016

Board meeting attendance 7/8



Atedo Peterside CON 67

Independent non-executive director, SBG and SBSA

Qualifications
- BSc (economics) (The City University, London)
- MSc (economics) (London School of Economics and Political Science)
- Owner/President Management Programme (Harvard)

Key strengths
- strong business and banking experience as the founder and former chief executive officer of the Investment Bank and Trust Company Limited (IBTC)
- seasoned investment banker and trained economist

Other governing bodies and professional positions held
- Endeavor High Impact Entrepreneurship Ltd/Gte (chairman)

External directorships
- Anap Holdings Limited (chairman)
- Anap Business Jets Limited (chairman)

Previous roles
- founder and chief executive officer 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

COMMITTEE MEMBERSHIP

Appointed
22 August
2014

Board meeting attendance 8/8

John Vice 70

Independent non-executive director, SBG and SBSA

Qualifications
- BCom, CTA (University of Natal)
- CA(SA)

Key strengths
- extensive experience in auditing, accounting, risk and practice management
- experienced IT adviser and consultant in IT strategy, risk, audit and controls
- knowledge and experience of running businesses in South Africa and various African countries

External directorships
- Anglo American Platinum Limited

Previous roles
- senior partner at KPMG Inc. where he headed the firm's audit practice, IT audit and IT consulting departments
- member of the board of Zurich Insurance South Africa Limited

COMMITTEE MEMBERSHIP

Appointed
21 November
2016

Board meeting attendance 8/8

COMMITTEES

DAC – Directors' affairs committee GAC – Group audit committee GRCMC – Group risk and capital management committee
LEC – Large exposure credit committee Committee chair

Our governance outcomes

We have well-defined governance structures embedded across the group, supporting our ability to create and preserve value, while guarding against value erosion.

Our approach to corporate governance enables integrated thinking and decision-making that balances the achievement of our strategic priorities over time and reconciles the interests of the group, stakeholders and society in creating and protecting sustainable shared value and guarding against value erosion in the short, medium and long term.

As an integral part of the societies in which we operate and on which we depend for our licence to operate, we recognise our duties as a responsible corporate citizen to act in a manner that benefits these societies.

Our corporate governance approach rests on the following clear commitments:

Promoting transparency, accountability and empathy in managing our stakeholder relationships and ensuring our clients are treated fairly and consistently.

Delivering a positive impact on society, the economy and the environment through our business activities.

Adhering to applicable regulatory and governance standards.

Instilling an ethical and risk-aware culture that recognises that the trust our stakeholders have in us is the foundation of our legitimacy and the basis on which we are able to compete, collaborate and change.

OUR GOVERNANCE PHILOSOPHY AND FRAMEWORK

Our ability to anticipate and respond effectively to change underpins our governance philosophy and supports the acceleration of our strategy, including how the board provides counsel and oversight. Our philosophy supports the digital enablement of governance, allowing the group to adequately introduce new operating models, understand the opportunities and risks associated with accelerating the strategy and manage constraints to effectively allocate our resources in an ever-changing world to deliver and protect sustainable shared value. Our board-approved governance framework is embedded in all the group's operations and is designed to provide clear direction for responsive decision-making and to support responsible behaviour.

King IV forms the cornerstone of our governance approach. Our application of its principles is embedded throughout our governance framework allowing us to achieve the good governance principles of ethical culture, good performance, effective control and legitimacy.

Details on how the group applied the King IV principles are in the full governance report available online.

We implement our framework principles to:

- Ensure the pursuit of strategic opportunities within the board-approved risk appetite, supporting a prudent balance of risk and return.
- Provide controls that are effective in avoiding financial loss or reputational damage due to misconduct or unethical behaviour.
- Embed the principle of doing the right business, the right way and ensuring ethical business practices are embedded within and across our markets.
- Support our legitimacy as a responsible corporate citizen, enhancing the resources and relationships we rely on today for the future benefit of the group, our clients, employees, stakeholders and society.

For the King application register please refer to our SBG Governance report

OUR GOVERNANCE PHILOSOPHY

PRIMARY ROLE OF LEADERSHIP

- Establish and steer strategic direction
- Oversee and monitor performance, including managing risk
- Ensure accountability, compliance with corporate policies, standards and procedures

Purpose | **Strategic priorities** | **Values** | **Strategic value drivers**

Achieved through

COUNSEL

- Values-based strategic and ethical leadership
- Board and committee oversight

CONTROL

- Compliance with legal and regulatory requirements
- Ongoing performance evaluation

Stakeholder engagement | Transparency and accountability | Policies and procedures

Supported by

PRINCIPLES OF KING IV

- Stakeholder relationships
- Leadership, ethics and corporate citizenship
- Governance of functional areas
- Governing structures and delegation of authority
- Strategy, performance and reporting

TO CREATE AND PROTECT SUSTAINABLE SHARED VALUE

Through the diligent execution of our strategy, as measured by our strategic value drivers

+ + + =

Achieving governance outcomes that drive sustainable shared value

The embedded practices that support how the board executes its duties ensures that the board maintains its commitment to achieving high standards of corporate governance, integrity and a sound ethical culture across the group's operations.

Stakeholder relationships

Stakeholder engagement is governed by the group's stakeholder engagement principles and overseen by the SBG social and ethics committee.

Strategy, performance and reporting

In approving the group's strategy, the board considers the group's purpose, vision, values and legitimacy, as well as the external environment, the group's operating model, infrastructure and resources and its performance against the metrics associated with our value drivers to ensure the long-term success and sustainability of the group.

The board has continued to take steps to improve its oversight and understanding of the implications of the group's operating model.

Setting the agenda and board meetings

Board and committee meetings can be held in a combination of in-person and virtually.

The group's secretary prepares the agendas and includes routine items in line with the group's annual planning cycle. The chairman considers emerging issues affecting the group and adds these to the agenda as needed.

Care is taken to ensure the board has the appropriate time to consider matters critical to the group, including compliance, administrative and governance matters.

After each board meeting, a closed session is held for non-executive directors that provides them with an opportunity to test thoughts and raise matters considered inappropriate for discussion in the presence of the executive directors. The chairman provides feedback to the chief executive officer, as appropriate.

Offering effective counsel

We remained strategic in our response and balanced in our approach during this challenging and uncertain time. Through it all, our commitment to our purpose has been unwavering.

Leadership, ethics and corporate citizenship

Our board is responsible for the ethical and effective leadership of the group. The chairman and the board set the ethical tone for the group.

Our purpose, values and ethics are the basis on which we institutionalise an ethical culture across the group and in the delivery of our strategy. Our code of ethics and conduct provides our people with practical guidance on how to behave, outlines acceptable conduct and empowers them to make faster, more confident decisions within clearly defined parameters. The board and committee effectiveness assessments and executive management performance evaluations measure conduct against the group's values and code of ethics.

Our overarching governance framework supports the institutionalisation of an ethical culture providing the cornerstones for the group's legitimacy through its focus on the governance of our conduct as individuals, in our markets and in society.

Our ability to achieve our purpose depends on our legitimacy and reputation as a trusted partner to our clients, and is underpinned by the ethics and values shaping our organisational culture and the conduct of our people. We continue to review our approach to ethics to ensure it remains relevant and evolves as we transform the group.

Assessing the effectiveness of the board

The performance of the board and its committees are assessed through:

Mandate reviews

A detailed assessment of the compliance of the board and each subcommittee with the provisions of their respective mandates are done annually. The group's external auditors conduct a limited assurance assessment on the review and express an opinion in this regard.

Effectiveness evaluation

The chairman, the board and its committees undergo an annual effectiveness evaluation, in terms of section 64B 2(b)(iv) of the South African Banks Act 94 of 1990. The board alternates every other year between an externally facilitated independent evaluation, and an internal evaluation facilitated by the chairman, supported by the group secretary. Directors also participate in peer reviews which are conducted every three years.

One-on-one discussions

Evaluation of individual director performance is carried out by the chairman in a one-on-one discussion with individual directors.

The annual board evaluation process provides an opportunity to identify greater efficiencies, maximise strengths and highlight areas of further development to enable the board to continually improve its performance and that of the group.

Read more in the SBG Governance Report

Balancing our value outcomes – providing effective oversight

The board and its committees considered the following key items, in addition to the standard agenda items according to their mandates.

CLIENT FOCUS + **EMPLOYEE ENGAGEMENT** + **RISK AND CONDUCT** + **OPERATIONAL EXCELLENCE** = **FINANCIAL OUTCOME** | **SEE IMPACT**

CLIENT FOCUS

- The group's complaints management programme
- The group's progress in achieving the strategic and medium-term commitments
- The group climate policy and climate risk management framework

EMPLOYEE ENGAGEMENT

- The group's progress against transformation, diversity and inclusion targets
- The results of the annual 'Are you a Fan' employee survey
- Reports on employee wellness and the group's efforts to assist employees with their wellbeing

RISK AND CONDUCT

- The appropriateness and adequacy of group credit metrics
- The re-appointment of external auditors and mandatory audit firm rotation
- Internal audit reports and remedial actions are taken on audit findings
- Common themes contributing to regulatory penalties and control enhancements implemented
- Conduct dashboards

OPERATIONAL EXCELLENCE

- The group's system stability and resilience in relation to disruptions to digital channels.
- The appropriateness of the group delegation of authority framework

FINANCIAL OUTCOME

- The group's financial results
- The adequacy of financial provisions
- Group capital and liquidity positions

SEE IMPACT

- Reputational matters
- Feedback on stakeholder engagements
- Enterprise and supplier development initiatives, with a focus on South African small business facing economic challenges following Covid-19

Governing structures and delegation of authority

The board retains effective control through the governance framework and delegates certain functions to its committees according to clearly defined mandates and decision-making rights set by the framework. This allows the board to allocate sufficient attention to the matters reserved for its decision-making, while also ensuring that delegated matters receive in-depth focus. Committee chairmen are accountable for the effective functioning of board committees.

The board delegates the management of the day-to-day business affairs of the group to the chief executive officer, with full power on behalf of and in the name of the board. The executive committee provides counsel to the chief executive officer, acting as a sounding board and ensuring overall coordination across the group, and key stakeholders. Members of the executive committee exercise powers in accordance with their delegated authority.

Separation of roles and responsibilities

The roles of chairman and chief executive officer are separate. The allocation of responsibilities is clearly set out in the board mandate, ensuring that no single director has unfettered powers in the board decision-making process. Executive directors and the group's prescribed officers attend board meetings, increasing the contact between the board and management.

Succession planning

The DAC ensures that board continuity plans are in place for an orderly succession of both board members and senior executives, and oversees the development of a diverse pipeline for succession.

For more information about succession planning and changes to the board and board committees, please refer to the SBG governance report online.

Board composition and skills

The collective background of the board members provides a balanced mix of skills, demographics, genders, nationalities, experience and tenures to enable it to fulfil its governance role and responsibilities objectively and effectively. The board considers its size and composition to be appropriate.

A skills matrix is applied to ensure directors have the relevant range of skills and experience in the short term and to identify specific skills required to create and preserve value in the long term.

The below indicates the number of directors who are considered as highly skilled and experienced in each area

Banking and other financial services:	12/17
Doing business in sub-Saharan Africa, international markets:	9/17
Client/stakeholder management:	12/17
Risk and capital management and controls:	10/17
Accounting and auditing:	9/17
Technology/cybersecurity:	7/17
Leadership of a large complex organisation:	13/17
People development, diversity and inclusion, and remuneration:	11/17
Public company governance:	12/17
Regulation/public policy/ macroeconomic policy:	11/17
Environmental/social:	7/17

Diversity and independence

The board-approved promotion of gender and diversity policy was approved in 2018 with a voluntary target of 33% female representation on the board by 2020. Having achieved this, the board has revised its female representation target to 40% by 2025.

The board resolved to maintain the race diversity targets in line with the management control scorecard as set out in the Amended Financial Sector Code of 2017. The board continues to consider these targets in the implementation of its succession plans and is satisfied with its progress.

An annual assessment of directors' independence is performed, including a self-assessment by each director and the consideration of each director's circumstances by the board. Consideration is also given to whether directors' interests, position, association or relationships are likely to influence or unduly cause bias in decision-making when judged from the perspective of a reasonable and informed third party.

Board education and training

Continuing board education sessions are scheduled in advance to ensure full board participation. Ongoing director education ensures that the board has both the awareness of relevant trends and the appropriate skills to offer relevant counsel and provide effective oversight as the group delivers its 2025 Ambition.

Topics covered in 2022 included:

- Cyber risk
- System stability

Driving innovation

The board understands that information and technology is an integral part of the group's strategy and 2025 Ambition. The SBG IT committee has oversight responsibilities to focus more specifically on the specific components of the group's strategic platform initiatives, IT and technology partnerships, as well as data and technology-related innovation initiatives and strategies. The committee will continue to oversee the governance of technology and information in accordance with the requirements of King IV and assist the other board committees with oversight of relevant technical issues.

Board committees

Board committees in 2022 included:

Group risk and capital management committee

100%

Ben Kruger – committee chairman

Purpose

- To provide independent and objective oversight of risk and capital management across the group.
- Reviews and assesses the adequacy and effectiveness of the risk management framework and ensures that associated standards and policies are clear, appropriate and effective.
- Evaluates and agrees on the nature and extent of opportunities and ensures discipline and control in managing the associated risk in pursuit of the group's strategic priorities.

Key activities performed

- Oversight of the group's risk portfolio
- Financial and non-financial risk management
- Capital and liquidity risk management
- Internal capital adequacy assessment process
- Regulatory matters
- Governance
- Oversight

Group audit committee

100%

Trix Kennealy – committee chairman

Purpose

- To monitor and review the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes.
- Provides independent oversight of the group's assurance functions, including reviews of the independence and effectiveness of the external audit, internal audit and compliance functions.
- Assesses compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports.

Key activities performed

- Oversight of the internal control environment and financial results
- Internal audit
- Compliance
- Tax
- Financial accounting and external reporting
- Financial control
- Non-audit services
- Interim and annual financial statements
- External audit
- Oversight

Group directors' affairs committee

100%

Nonkululeko Nyembezi – committee chairman

Purpose

- Determines the appropriate corporate governance structures and practices.
- Maintains the board continuity programme.
- Ensures compliance with all applicable laws, regulations and codes of conduct and practice.
- Assesses and ensures the effectiveness of the board and its committees.

Key activities performed

- Succession planning and board composition
- Corporate governance
- Board performance review
- Group subsidiary governance framework

Large exposure credit committee

96%

Ben Kruger – committee chairman

Purpose

- Responsible for overseeing compliance with relevant regulatory requirements in respect of large exposures.
- Reviews credit risks associated with the exposure as well as the mitigating actions to be implemented in order to ensure the maintenance of effective risk management in the bank.

Key activities performed

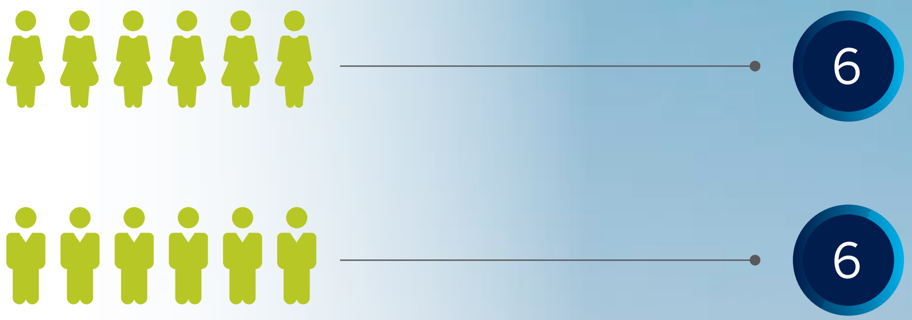
- Reviewed and approved loans, advances or credit in accordance with committees' mandate and as aligned to regulatory requirements in respect of large exposures.

KEY

Attendance

Sterkfontein dam – **South Africa**

SA executive committee



Lungisa Fuzile
Chief executive officer

Qualifications
MCom (UKZN), AMP (Harvard)

Simone Cooper
Head, Business Clients

Qualifications
BCom (Hon) in Economics (Wits)

Preshanta Govender
Chief finance & value management officer

Qualifications
BCom Accounting (Wits), Postgraduate degree in Accounting (Unisa), CA(SA)

Ayesha Hansa
Head, Legal

Qualifications
BCom, Bachelor of Laws (summa cum laude); Master of Laws (cum laude) (UKZN), Admitted Attorney of the High Court of South Africa

Virginia Magapatona
Head, Communication and Reputation Management

Qualifications
BA Industrial Psychology and Communications (Unisa), Leadership Development Programme (GIBS)

Kabelo Makeke
Head, Consumer & High Net Worth Clients

Qualifications
Diploma in Advanced Banking Law (UJ), Bachelor of Commerce, BCompt. Honours (Unisa), CA(SA)

Khomotso Molabe
Chief information officer

Qualifications
BTech: Eng. (TWR), MBL (Unisa), DTP (MIT Sloan)

Myen Moodley
Head, People & Culture

Qualifications
Master's degree in Industrial Psychology (UDW), Advanced Human Resources Executive Programme (University of Michigan)

Zaid Moola
Head, Corporate & Investment Banking

Qualifications
Bcom (UKZN), Diploma in Accounting Honours (UKZN), CA(SA), AMP (INSEAD)

Thabani Ndwandwe
Chief risk officer

Qualifications
BCom Financial Accounting: Accounting and Finance (UKZN), International Executive Development Programme (Wits Business School and Bankseta), Advanced Risk Management Certificate (UCT), Oxford Executive Leadership Programme (Saïd Business School)

Craig Polkinghorne
Head, Commercial Clients

Qualifications
BCom (UKZN), Bachelor of Commerce Honours (Unisa)

Shimoné Pretorius
Chief compliance officer

Qualifications
BProc (UJ), LLB (UJ), LLM (Tax) (UJ), Admitted Attorney of the High Court of South Africa, Compliance Certificate (UJ)

GIBS: Gordon Institute of Business Science
Wits: University of the Witwatersrand.
UCT: University of Cape Town.
UJ: University of Johannesburg.
UKZN: University of KwaZulu-Natal
Unisa: University of South Africa.

St James beach – **South Africa**

Drakensberg – **South Africa**

ANNUAL FINANCIAL STATEMENTS

Directors' responsibility for financial reporting

In accordance with the Companies Act 71 of 2008 (Companies Act), the directors are responsible for the preparation of the annual financial statements.

These annual financial statements conform to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Limited (JSE) Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act and fairly present the affairs of the group and company as at 31 December 2022, and the net income and cash flows for the year then ended.

The directors are ultimately responsible for the internal controls of the group and company. Management enables the directors to meet these responsibilities. Standards and systems of internal controls are designed, implemented and monitored by management to provide reasonable assurance of the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments and company and group assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

Based on the information and explanations provided by management and the group and company's internal auditors, the directors are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and to maintain accountability for the group and company's assets and liabilities. Nothing has come to the attention of the directors to indicate that a breakdown in the functioning of these controls, resulting in material loss to the group and the company, has occurred during the year and up to the date of this report.

The controls over the maintenance and integrity of The Standard Bank of South Africa Limited's website, for the purpose of establishing and controlling the process for electronically distributing the annual financial statements and other financial information to shareholders have been put in place, are adequate and effective and can be relied upon.

The directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence and as a going concern in the financial year ahead. The 2022 annual financial statements, which appear on pages 62 to 240, were approved by the board on 8 March 2023 and signed on its behalf by:

Nonkululeko Nyembezi
Chairman
8 March 2023

Lungisa Fuzile
Chief executive officer
8 March 2023

Group secretary's certification

Compliance with the Companies Act 71 of 2008

In terms of the Companies Act and for the year ended 31 December 2022, I certify that The Standard Bank of South Africa Limited has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission and that all such returns and notices are true, correct and up to date.

Kobus Froneman
Group secretary
8 March 2023

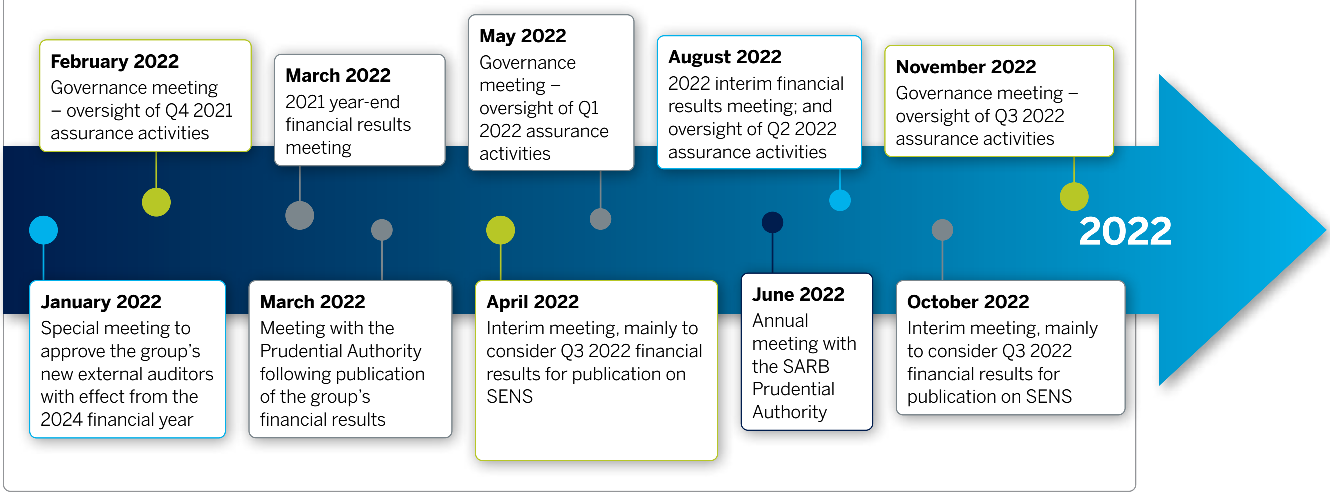
Report of the group audit committee

This report is provided by the group audit committee, in respect of the 2021 financial year of The Standard Bank of South Africa Limited, in compliance with section 94 of the Companies Act, as amended from time to time, and in terms of the JSE Listings Requirements. The committee's operation is guided by a detailed mandate that is informed by the Companies Act, the Banks Act, the JSE Listings Requirements and the King IV Code on Corporate Governance and is approved by the board. Section 94(2) of the Companies Act determines that, at each annual general meeting, a public company must elect an audit committee comprising at least three members. In view of the exemption granted in section 94(1), this section does not apply to the group audit committee and, accordingly, the appointment of its members was approved annually by the board. In line with governance best practice, with effect from 2022, the appointment of members to the audit committee will be presented to shareholders for approval at the annual general meeting.

As at the end of December 2022, the committee comprised five independent non-executive directors, all of whom have the necessary financial literacy, skills and experience to execute their duties effectively. To ensure that risk-related matters of relevance to the audit committee are considered, the chairman is a member of and attended the risk and capital management committee meetings held during the financial year. Through the chairman and other audit committee members' membership on the risk and capital management committee, SBG information technology committee and SBG remuneration committee, collective and integrated oversight of key matters in the respective committees' deliberations was ensured.

The committee met seven times during 2022. This included a meeting with the SARB Prudential Authority following the publication of the group's financial results and a special meeting to approve the group's new external auditors with effect from the 2024 financial year. All members were present for all meetings held during 2022.

MEETINGS HELD DURING THE YEAR



Information on the committee's role and responsibilities; its composition, including members' qualifications and experience; the date of members' appointment to the committee; the number of meetings held during the year and attendance at those meetings; as well as key areas of focus during the reporting period is provided in greater detail in the corporate governance statement which is included in the group's governance and remuneration report available at **www.standardbank.com/reporting**.

Execution of functions

The audit committee has executed its duties and responsibilities during the financial year in accordance with its mandate as it relates to the group's accounting, internal and external auditing, compliance, internal control and financial reporting practices.

During the year under review, the committee, among other, considered the following:

In respect of the external auditors and the external audit:

- considered and recommended the reappointment of KPMG Inc. and PricewaterhouseCoopers Inc. as joint external auditors for the financial year ended 31 December 2022, in accordance with all applicable legal requirements
- approved the final audit fees for the prior year ended 31 December 2021
- approved the external auditors' terms of engagement, the audit plan and budgeted audit fees payable for the ensuing year
- reviewed the audit process and evaluated the effectiveness of the audit, taking into consideration the group finance function's assessment of the audit and respective audit firms
- reviewed the results of the Independent Regulatory Board for Auditors' (IRBA's) firm inspection of both the group's external auditors, as it pertained to engagement inspections conducted by IRBA
- assessed and obtained assurance from the external auditors that their independence was not impaired
- confirmed that no amendments were required to the non-audit services policy, which governs the use of the group's external auditors for non-audit services
- approved proposed contracts with the external auditors for the provision of non-audit services and pre-approved proposed contracts with the external auditors for the provision of non-audit services above an agreed threshold amount
- considered the nature and extent of all non-audit services provided by the external auditors
- monitored that the non-audit service fees for the year ended 31 December 2022 were within the threshold set by the group audit committee for such engagements
- confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005

In respect of the financial statements:

- confirmed the going concern basis for the preparation of the interim and annual financial statements
- examined and reviewed the interim and annual financial statements prior to submission and approval by the board
- reviewed external audit's report on the adequacy of credit provisions and impairment tests with respect to assets and considered feedback from the external auditors regarding the models applied by management in determining such impairments
- ensured that the annual financial statements fairly present the financial position of the company as at the end of the financial year and the results of operations and cash flows for the financial year
- ensured that the interim and annual financial statements conform with IFRS, the requirements of the JSE Listings Requirements, the Companies Act and all other applicable accounting guides and pronouncements
- considered accounting treatments, significant unusual transactions and accounting judgements
- considered the appropriateness of the accounting policies adopted and changes thereto
- considered and made recommendations to the board on the interim and final dividend payments to shareholder, with due consideration of
  - the requirements and implications of regulatory guidance notes and directives issued by the South African Reserve Bank's Prudential Authority
  - the results of solvency and liquidity assessment
  - the ability of the company to continue as a going concern
  - noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, content of annual financial statements, internal controls and related matters
  - reviewed any significant legal and tax matters that could have a material impact on the financial statements
  - reviewed the content of the JSE's annual proactive monitoring report, including specific considerations in the preparation of financial statements
  - reviewed and discussed the independent auditors' report.

As part of the audit committee's responsibilities, notably its review of financial results, reports from internal and external audit, finance and internal financial control reports, accounting policies, as well as the annual financial statements, the audit committee took cognisance of the key audit matters as reported in the independent auditors' report. In addition, the audit committee reviewed management's judgements on significant accounting and external reporting issues and confirmed external audit's agreement with the treatment thereof.

In respect of financial accounting and reporting developments:

- reviewed management's process and progress with respect to new financial accounting and reporting developments.

In respect of external reporting:

- recommended the annual reporting suite to the board for approval
- evaluated management's judgements and reporting decisions in relation to the annual report and ensured that all material disclosures had been included,
- reviewed both financial and non-financial information, forward-looking statements and sustainability information

In respect of internal control and internal audit:

- reviewed and approved the internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter
- considered reports of the internal and external auditors on the group's systems of internal control, including internal financial controls, and maintenance of effective internal control systems
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action taken in response to such findings
- noted that there were no significant differences of opinion between the internal audit function and management
- assessed the independence and effectiveness of the group chief audit officer, the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory
- considered the outcome of the group's external auditors' annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements
- reviewed internal audit's annual report which summarised the results and themes observed as part of internal audit's activities for the prior year as well as internal audit's assurance statement that the control environment was effective to ensure

that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information

- based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the group
- over the course of the year, met with the chief audit officer, the chief compliance officer, the head of anti-financial crime, the chief financial and value management officer, management and the external auditors
- considered quarterly reports from the group's internal financial control committee.

In respect of legal, regulatory and compliance requirements:

- reviewed and approved the compliance mandate and compliance plan
- reviewed, with management, matters that could have a material impact on the group
- monitored compliance with the Companies Act, the Banks Act, JSE Listings Requirements, King IV and other applicable legislation and regulation, and reviewed reports from internal audit, compliance and external audit in this regard
- reviewed quarterly compliance and anti-financial crime reports
- noted that no complaints were received through the ethics and fraud hotline concerning accounting matters, internal audit, internal financial controls, contents of financial statements, potential violations of the law and questionable accounting or auditing matters

In respect of risk management and information technology:

- through the chairman and other audit committee members' membership on the risk and capital management committee, as well as interaction with the chairman of the risk and capital management committee, considered risks as they pertained to the control environment, financial reporting and the going concern assessment
- considered updates on key internal and external audit findings in relation to the technology control environment and intangible assets

In respect of the coordination of assurance activities:

- reviewed the plans and work outputs of the external and internal auditors, as well as compliance and the internal financial control function, and concluded that these were adequately robust to place reliance on the combined assurance underlying the statements made in external reports
- considered the expertise, resources and experience of the finance function and senior members of management responsible for this function and concluded that these were appropriate
- considered the appropriateness of the experience and expertise of the finance function and senior members of management responsible for this function and concluded that these were appropriate.

Independence, skills and expertise of the external auditors:

The audit committee is satisfied that KPMG Inc. and PricewaterhouseCoopers Inc. are independent of the company and that KPMG Inc. and PricewaterhouseCoopers Inc. and the partners who are responsible for signing the company's financial statements have the requisite skills and expertise. This conclusion was arrived at, inter alia, after considering the following factors:

- the representations made by KPMG Inc. and PricewaterhouseCoopers Inc. to the audit committee, including confirmation of the firms' and individual auditors' accreditation on the JSE List of Auditors
- the auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the group
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditors
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor
- in accordance with regulatory requirements, the company's KPMG Inc engagement partner rotated during 2021 and its PricewaterhouseCoopers Inc engagement partner rotated in 2022.
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies were met.

The audit committee noted the Independent Regulatory Board for Auditors' announcement of its Mandatory Audit Firm Rotation (MAFR) ruling on 2 June 2016 which determined that an audit firm may not be appointed auditor of a public interest entity for more than ten years. As a result, the group would, at a minimum, be required to rotate one of the audit firms for its 2024 financial year end, and the other for its 2026 financial year.

In January 2022, the audit committee proposed that KPMG Incorporated (KPMG) and PricewaterhouseCoopers Incorporated (PwC) will continue as the joint auditors for the 2022 and 2023 financial years, whereafter KPMG's tenure as a joint auditor will conclude following the finalisation of the 2023 financial year in accordance with the MAFR requirements. It was also proposed that PwC will remain as a joint auditor until the finalisation of the 2025 financial year. These proposals will be subject to the audit committee's periodic assessment of the respective audit firms' independence, skills and expertise, as well as shareholder approval at the relevant annual general meetings.

Following a comprehensive tender process, the audit committee confirmed the group's intent to appoint Ernst & Young Incorporated (EY) as one of the joint auditors for the financial year ending 31 December 2024. The appointment of EY and the designated audit partner is subject to approval by the South African Reserve Bank's Prudential Authority in accordance with section 61 of the Banks Act No. 94 of 1990 as amended. In terms of section 90 of the South African Companies Act No. 71 of 2008, as well as paragraph 3.86 of the JSE Listings Requirements, the appointment of EY as a joint auditor for the 2024 financial year will be recommended to the ordinary shareholders for approval at the relevant annual general meeting.

In conclusion, the audit committee is satisfied that it has fulfilled its responsibilities and complied with its legal, regulatory and governance responsibilities as set out in its mandate.

On behalf of the audit committee:

Trix Kennealy

Trix Kennealy
Audit committee chairman

Directors' report

for the year ended 31 December 2022

Nature of business

The Standard Bank of South Africa Limited (SBSA or the group) is a wholly-owned subsidiary of Standard Bank Group Limited, an African banking group with South African roots. SBSA is the single largest operating entity within the Standard Bank Group.

SBSA results

Group headline earnings increased 26% to R16 256 million. Net asset value per share increased by 5.7% to 209 484 cents and group return on equity increased to 15.2% from 12.5% in 2021.

A general review of the business and its operations is provided in the finance review.

Share capital and additional tier 1 capital bonds

Ordinary shares

No ordinary shares were issued during 2022 (2021: nil). Nominal values of shares are R1.

Other equity instruments

During 2022, Basel III compliant additional tier 1 capital bonds (AT1) amounting to R7.2 billion (2021: R3.5 billion) were issued and R3.5 billion (2021: Rnil) were redeemed.

Refer to **note 13** for share capital, share premium and other equity instruments disclosures.

Dividends and coupons

Ordinary shares

On 10 March 2022, a dividend of R8.5 billion was declared to the shareholders recorded at the close of business on 30 March 2022, and paid on 31 March 2022.

On 18 August 2022, a dividend of R3.8 billion was declared to the shareholders recorded at the close of business on 7 September 2022 and paid on 9 September 2022.

On 9 March 2023, a dividend of R6.0 billion was declared to the shareholders recorded at the close of business on 6 April 2023 and payable on 11 April 2023.

Other equity instruments

During 2022, coupons to the value of R968 million (2021: R746 million) were paid to the bondholders. Current tax of R271 million (2021: R209 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R697 million (2021: R537 million).

Refer to **note 38** for dividend disclosures.

Directors' and prescribed officers' changes and interest in shares

At the date of this report, no directors or prescribed officers changed their holding in or held, directly and indirectly, interests in the company's ordinary issued share capital or preference share capital.

Directors' and prescribed officers' emoluments and share incentives

Directors' and prescribed officers' emoluments, as well as information relating to the determination of their share incentive allocations and related matters are contained in annexure E.

Board of directors

The following changes in directorate have taken place during the 2022 financial year and up until 8 March 2023:

Appointments		
NMC Nyembezi[1]	As chairman	01 June 2022
BJ Kruger	As independent non-executive director	06 June 2022
LL Bam	As independent non-executive director	01 November 2022
Retirements		
TS Gcabashe	As independent non-executive director and chairman	31 May 2022
MJD Ruck	As independent non-executive director	31 December 2022
Resignations		
MA Erasmus	As independent non-executive director	16 February 2022

[1] NMC Nyembezi was appointed to the board as an independent non-executive director on 1 January 2020.

Group secretary and registered office

The group secretary is Kobus Froneman, who was appointed as group secretary after Zola Stephen resigned as group secretary on 8 November 2022. The address of the group secretary is that of the registered office, 9th floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, 2001.

Insurance

The group protects itself against loss by maintaining banker's comprehensive crime and professional indemnity cover. The insurance terms and conditions are reviewed by the group insurance committee annually to ensure they are fit for purpose in terms of the group's risk exposures.

Independent auditors' report

TO THE SHAREHOLDER OF THE STANDARD BANK OF SOUTH AFRICA LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of The Standard Bank of South Africa Limited (the Group and Company), set out on pages 62 to 235 which comprise:

- the statements of financial position as at 31 December 2022;
- the income statements for the year then ended;
- the statements of other comprehensive income for the year then ended;
- the statements of cash flows for the year then ended;
- the statements of changes in equity for the year then ended;
- the accounting policy elections and restatements;
- the key management assumptions;
- the notes to the financial statements; and
- Annexures A to F, excluding the section marked as "not audited" in Annexure C.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Standard Bank of South Africa Limited as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Level	Key audit matter	How our audit addressed the key audit matter
Group and Company – consolidated and separate financial statements	**Expected credit losses on Corporate & Investment Banking (CIB) loans and advances** *Refer to the Key management assumptions note, note 7 – Loans and advances, note 32 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.*	
	We considered the expected credit losses ("ECL") assessment of CIB loans and advances (exposures) to be a matter of most significance to our current year audit due to: ▪ CIB exposures are material to the consolidated and separate financial statements in terms of their magnitude, ▪ the level of subjective judgement applied by management in determining ECL and the related disclosures in the consolidated and separate financial statements, and ▪ the effect that the ECL has on the impairment of loans and advances and on the Group's and Company's credit risk management processes and operations. The ECL of CIB exposures is estimated on a facility basis per counterparty. For CIB exposures, the key areas of significant management judgement in determining the ECL remains inherently high and includes: ▪ Evaluation of Significant Increase in Credit Risk ("SICR"); ▪ Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; ▪ Assessment of ECL recognised for Stage 3 exposures; and ▪ Assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement.	We performed the following procedures on the ECL, with the assistance of our economic, credit and actuarial experts: **Evaluation of SICR** We selected a sample of counterparties and assessed their assigned credit ratings by: ▪ Testing the inputs into the credit rating systems against the counterparty's financial information and the Group's and Company's 25-point master rating scale; and ▪ Assessing management's assumptions made during the credit risk rating process for reasonability, by obtaining an understanding of the counterparty and industry factors, performing an independent assessment of the counterparty and comparing the results to those used by management. We selected a sample of Stage 1 and Stage 2 exposures and assessed whether the stage classification at reporting date of these exposures, since the origination date of these exposures, were appropriate in terms of the Group's and the Company's accounting policy for SICR. We selected a sample of performing counterparties and performed the following procedures to determine if the counterparties' credit risk increased from origination: ▪ compared the credit rating on inception of the facility to the credit rating as at the reporting date; and ▪ for any significant downgrades in the credit rating as per the policy, ensured that the counterparty is correctly classified in Stage 2 for impairment purposes.

Level	Key audit matter	How our audit addressed the key audit matter
Group and Company – consolidated and separate financial statements	**Expected credit losses on Corporate & Investment Banking (CIB) loans and advances** continued *Refer to the Key management assumptions note, note 7 – Loans and advances, note 32 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.*	
	Evaluation of SICR For CIB exposures, SICR is largely driven by the movement in credit ratings assigned to clients on origination and reporting date, based on the Group's and Company's 25-point master rating scale to quantify credit risk for each exposure. **Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement** Macro-economic expectations are incorporated in management's CIB counterparty ratings to reflect the Group's and Company's expectation of future economic and business conditions. **Assessment of ECL raised for Stage 3 exposures** Management applies its internal credit risk management approach and definitions to determine the recoverable amounts (including collateral) and timing of the future cash flows for Stage 3 exposures at a facility level per counterparty. **Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** Input assumptions applied to estimate the PD, EAD and LGD as inputs into the ECL measurement are subject to management judgement and are determined at a facility level per counterparty.	**Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement** We selected a sample of counterparties and assessed the incorporation of forward-looking information into their assigned credit risk rating. This was performed through obtaining an understanding of the forward-looking information which was considered for the counterparty and evaluated this for reasonability against management's expectation and other industry factors for the SICR assessment and ECL measurement. **Assessment of ECL raised for Stage 3 exposures** We selected a sample of Stage 3 exposures and tested these against the Group's and Company's default definition to assess the completeness of the Stage 3 portfolio. Where ECL has been raised for Stage 3 exposures, we considered the impairment indicators, uncertainties and assumptions applied by management in their assessment of the recoverability of the exposure. For a sample of Stage 3 exposures, we independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual counterparty level. For collateral held (related to the sample selected above), we inspected legal agreements or other supporting documentation to confirm the Bank's legal right to the collateral. The collateral valuation techniques applied by management were assessed against the Group's and Company's valuation guidelines. **Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** With the assistance of our internal experts, we assessed the input assumptions applied within the PD, EAD and LGD models (including forward looking information) for compliance with the requirements of IFRS 9, *Financial Instruments* (IFRS 9). In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures. We obtained an understanding and tested the relevant internal controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, key system reconciliations and collateral management. We assessed the appropriateness of the ECL related disclosures for CIB loans and advances in the consolidated and separate financial statements in accordance with IFRS 9.

Level	Key audit matter	How our audit addressed the key audit matter
Group and Company – consolidated and separate financial statements	**ECL on Consumer & High Net Worth and Business & Commercial Clients' (CHNW and BCC) loans and advances** *Refer to the Key management assumptions note, note 7 – Loans and advances, note 32 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.*	
	The ECL for CHNW and BCC loans and advances (exposures) is material to the consolidated and separate financial statements in terms of their magnitude, the level of subjective judgement applied by management in determining ECL and the related disclosures in the consolidated and separate financial statements, and the effect that the ECL has on the impairment of loans and advances and on the Group's and Company's credit risk management processes and operations. This has resulted in this matter being considered a matter of most significance in the audit of the consolidated and separate financial statements. A significant portion of the ECL on CHNW and BCC loans and advances is calculated on a portfolio basis. For Stage 3 exposures in certain portfolios, management assesses the recoverability of those exposures individually. The ECL on CHNW and BCC loans and advances also includes out-of-model adjustments where certain aspects of the ECL are not fully reflected in the model. Out-of-model adjustments are calculated and assessed based on management's judgement. For CHNW and BCC, the key areas of significant management judgement within the ECL calculation include: ▪ Evaluation of SICR; ▪ Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; ▪ Application of out-of-model adjustments into the ECL measurement; ▪ Assessment of the ECL raised for individual exposures; and ▪ Assessment of the input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement. **Evaluation of SICR** The Group and Company determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due ("DPD") to Stage 2. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage. **Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement** Forward-looking economic expectations are included in the ECL based on the Group's and Company's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on judgement to predict the outcomes based on the Group's and Company's macro-economic outlook expectations.	Our audit effort focused on the ECL for CHNW and BCC exposures as follows: **Evaluation of SICR** Management provided us with a quantitative assessment of the Group's and Company's calculation of the impact of SICR against the requirements of IFRS 9. With the assistance of our internal modelling specialists we performed an independent recalculation of the resultant ECL for a sample of portfolios. Our internal modelling specialists tested the assumptions and calculations used in the ECL models. We evaluated the reasonableness of behavioural scores used to assess the SICR against the Group's and Company's accounting policies. We evaluated whether the Group and Company have appropriately classified exposures in Stages 1, 2 and 3 by considering the Group's and Company's credit reviews, aging of the exposure and arrears status. We evaluated the reasonability of changes in credit risk of the portfolio against key performance indicators and sensitivity analysis. We performed sensitivity analyses to determine the impact of change in credit risk on the ECL recognised. Procedures have been performed over the renegotiated and cured loans to assess whether the curing policies were appropriately applied. **Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement** We assessed the design and implementation of key controls focusing on the: ▪ Generation and approval of the base case economic scenario; ▪ Generation and approval of the methodology and output of alternative scenarios, including the probability weights assigned to the scenarios; and ▪ Production and approval of models used to calculate the ECL impact of the scenarios. We also evaluated the governance processes put in place to review and approve the economic scenarios used in the determination of the forward-looking impact. With the assistance of our internal economic specialists, we assessed both the base case and alternative scenarios generated, including the probability weights applied. We evaluated the appropriateness of forward-looking economic expectations included in the ECL by comparing to independent industry data.

Level	Key audit matter	How our audit addressed the key audit matter
Group and Company – consolidated and separate financial statements	**ECL on Consumer & High Net Worth and Business & Commercial Clients' (CHNW and BCC) loans and advances** continued *Refer to the Key management assumptions note, note 7 – Loans and advances, note 32 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.*	
	Application of out-of-model adjustments into the ECL measurement Management identified that due to modelling complexity, certain aspects of the ECL may not be fully reflected by the underlying model and out-of-model adjustments are therefore required for specific forward-looking information impacts and overlays for specific events and trends not captured in the model. **Assessment of ECL raised for individual exposures** Impairment is assessed on individual exposures in Stage 3, and for accounts placed on the watchlist due to evidence of increased credit risk e.g. potential security shortfalls, deteriorating financial performance etc. This assessment relates primarily to business lending accounts and incorporates judgement in determining the foreclosure value of the underlying collateral. **Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** The ECL is calculated using statistical models which incorporate observable data, assumptions and estimates relating to historical default experience and the loss experience given default; and the timing and amount of forecasted cash flows related to the exposures.	We evaluated management's forward-looking information models to assess whether the macro-economic inputs are appropriately incorporated into the ECL models. We made use of our internal modelling specialists to assess the linkage of the forecasted macroeconomic factors, based on the generated scenarios, to the ECL. **Application of out-of-model adjustments into the ECL measurement** We evaluated the reasonableness of a sample of out-of-model adjustments by assessing key assumptions, inspecting the methodology of calculating the out-of-model adjustments and tracing a sample of out-of-model adjustments to source data. **Assessment of ECL raised for individual exposures** Where ECL has been raised for individual exposures, we considered the impairment indicators, uncertainties and assumptions made by management in their assessment of the recoverability of the exposure. For a sample of Stage 3 exposures, we independently recalculated the impairment losses based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level. For collateral held, we inspected legal agreements and other relevant documentation to confirm the legal right to the collateral. The collateral valuation techniques applied by management were assessed against the Group's and Company's valuation guidelines. **Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** Making use of our internal valuation experts, we assessed the assumptions relating to historical default experience, estimated timing and amount of forecasted cash flows and the value of collateral applied within the PD, EAD and LGD models for compliance with the requirements of IFRS 9. In addition, our procedures included assessing the appropriateness of the statistical models by reperformance and validation procedures. We also tested a sample of the data used in the models for accuracy. We assessed the appropriateness of the ECL related disclosures for CHNW and BCC in the consolidated and separate financial statements in accordance with IFRS 9.

<table>
<tr><th>Level</th><th colspan="2">Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td rowspan="2">Group and Company – consolidated and separate financial statements</td><td colspan="3">Valuation of level 3 financial instruments
Refer to the Key management assumptions note, note 2 – Derivative instruments, note 3 – Trading assets, note 6 – Financial investments, note 14 – Trading liabilities, and the Market risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.</td></tr>
<tr><td colspan="2">The fair value of financial instruments significantly affects the measurement of the Group’s and Company’s profit or loss for the year and disclosures of financial risks in the consolidated and separate financial statements. Fair value calculations are dependent on various sources of external and internal data and on sophisticated modelling techniques used to value the financial instruments. These models and techniques are constantly changing in line with developing market practices and trends. Level 3 financial instruments inherently contain elements of estimation uncertainty due to being illiquid and unobservable in nature. These financial instruments include unlisted equity investments, trading assets and liabilities and various derivative financial instruments.

Significant judgement is required to be exercised by management due to the absence of verifiable third-party information to determine key inputs in the valuation models. Some of these unobservable key inputs include:
▪ discount rates;
▪ spot prices of the underlying;
▪ bid-offer spreads;
▪ credit spreads;
▪ correlation factors;
▪ volatilities;
▪ dividend yields;
▪ earning yields; and
▪ valuation multiples.

Level 3 derivative valuations use a variety of inputs, including equity prices; interest rates (usually in the form of discount rates); bid-offer spreads; credit spreads; dividends forecasts and volatilities in the underlying instruments. A number of these inputs have been subject to significant market volatilities in the past financial year, which gave rise to fluctuating derivative and trading securities fair values on the statement of financial position.

Given the combination of inherent subjectivity and judgement involved in estimating the fair values of level 3 financial instruments and the material nature of the balances, the valuation of level 3 financial instruments and the related disclosure was considered to be a matter of most significance to our current year audit of the consolidated and separate financial statements.</td><td>Our audit effort focused on the following in respect of the valuation of level 3 financial instruments:

We tested the design, implementation and operating effectiveness of the relevant controls relating to the valuation of level 3 financial instruments to assess whether there is appropriate governance over the development of the valuation models and methodology policies, assumptions applied, data used, model change controls, model validations and the monthly independent price verification process.

For a sample of level 3 financial instruments, we reperformed the valuation using an independent model, and compared the fair value results to management’s valuation to assess the reasonableness of management’s model methodology and the output of model calculations.

We assessed the appropriateness and sensitivity of discount rates, spot prices of the underlying, bid-offer spreads, credit spreads, correlation factors, volatilities, dividend yields, earnings yields and valuation multiples with reference to independent market information.

Where independent market information was not available, we generated theoretical inputs based on other sources, incorporating assumptions that include proxy pricing transactions in the market as well as historical data, macro-economic information, correlations and regressions.

In relation to unlisted equity investments, we assessed the appropriateness of valuation techniques used and the reasonableness of unobservable inputs and assumptions used in the determination of fair value through independently challenging whether valuation adjustments fell within an acceptable range based on industry knowledge and available market information.

We assessed the appropriateness of the disclosures in the consolidated and separate financial statements in accordance with IFRS 13, Fair value measurement.</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *“The Standard Bank of South Africa Annual Financial Statements for the year ended 31 December 2022”* which includes the Group secretary’s certification, Report of the group audit committee and the Directors’ report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the *“The Standard Bank of South Africa Annual Report 2022”* which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors’ report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. and PricewaterhouseCoopers Inc. have been the joint auditors of The Standard Bank of South Africa Limited for 60 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Rivaan Roopnarain
Registered Auditor
Johannesburg
8 March 2023

4 Lisbon Lane
Waterfall City
Jukskei View
2090
South Africa

KPMG Inc.

KPMG Inc.
Director: Joelene Pierce
Registered Auditor
Johannesburg
8 March 2023

KPMG Crescent
85 Empire Road
Parktown
2193
South Africa

Statements of financial position

as at 31 December 2022

		GROUP		COMPANY	
	Note	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Assets					
Cash and balances with the central bank	1	**47 146**	32 255	**47 146**	32 255
Derivative assets	2	**64 538**	58 287	**64 123**	58 268
Trading assets	3	**268 228**	238 098	**262 291**	232 633
Pledged assets	4	**7 777**	1 975	**7 777**	1 975
Non-current assets held for sale	5	**255**	265	**255**	265
Financial investments	6	**150 003**	144 037	**149 981**	144 435
Current tax asset		**212**	288	**212**	288
Loans and advances	7	**1 254 969**	1 203 254	**1 254 092**	1 203 295
Other assets	8	**30 947**	19 680	**30 821**	19 623
Interests in associates and subsidiaries	9	**1 016**	940	**7 492**	6 639
Property, equipment and right of use assets	10	**10 798**	11 243	**10 744**	11 173
Goodwill and other intangible assets	11	**9 125**	10 834	**9 014**	10 722
Deferred tax asset	12	**5 026**	3 918	**4 984**	3 868
Total assets		**1 850 040**	1 725 074	**1 848 932**	1 725 439
Equity and liabilities					
Equity		**125 823**	118 968	**124 300**	117 105
Equity attributable to the ordinary shareholder		**111 081**	107 416	**110 136**	106 556
Ordinary share capital	13	**60**	60	**60**	60
Ordinary share premium	13	**49 253**	49 253	**49 253**	49 253
Reserves		**61 768**	58 103	**60 823**	57 243
Other equity instruments	13	**14 672**	11 488	**14 164**	10 549
Equity attributable to AT1 capital shareholders		**14 164**	10 549	**14 164**	10 549
Equity attributable to non-controlling interests within SBG		**508**	939		
Non-controlling interests		**70**	64		
Liabilities		**1 724 217**	1 606 106	**1 724 632**	1 608 334
Derivative liabilities	2	**77 823**	69 594	**77 776**	69 549
Trading liabilities	14	**105 783**	79 416	**105 783**	79 416
Current tax liability		**5 343**	5 021	**5 353**	5 028
Deposits and debt funding	15	**1 485 665**	1 406 202	**1 487 147**	1 409 139
Subordinated debt	16	**24 440**	23 738	**24 440**	23 738
Provisions and other liabilities	17	**25 154**	22 116	**24 133**	21 464
Deferred tax liability	12	**9**	19		
Total equity and liabilities		**1 850 040**	1 725 074	**1 848 932**	1 725 439

Income statements

for the year ended 31 December 2022

		GROUP		COMPANY	
	Note	2022 Rm	2021 Restated[1] Rm	2022 Rm	2021 Restated[1] Rm
Net interest income		45 632	40 806	44 820	39 378
Interest income	25	98 469	73 840	97 735	72 480
Interest expense	26	(52 837)	(33 034)	(52 915)	(33 102)
Non-interest revenue[1]		36 039	31 983	35 232	31 149
Net fee and commission revenue[1]		20 416	19 127	19 339	18 123
Fee and commission revenue	27	27 517	25 073	26 378	24 010
Fee and commission expense[1]	28	(7 101)	(5 946)	(7 039)	(5 887)
Trading revenue	29	8 590	6 765	8 322	6 626
Other revenue	30	4 755	4 124	5 293	4 433
Other gains on financial instruments	31	2 278	1 967	2 278	1 967
Total income[1]		81 671	72 789	80 052	70 527
Credit impairment charges	32	(8 618)	(7 814)	(8 571)	(7 765)
Revenue sharing agreements with group companies	40	(502)	(413)	(502)	(413)
Net income before operating expenses[1]		72 551	64 562	70 979	62 349
Operating expenses[1]	33	(48 464)	(44 902)	(47 471)	(44 126)
Net income before capital items and equity accounted earnings		24 087	19 660	23 508	18 223
Non-trading and capital related items	34	(371)	(80)	(579)	(150)
Share of post-tax profit from associates	9	1	19	1	19
Profit before indirect taxation		23 717	19 599	22 930	18 092
Indirect taxation	35	(1 626)	(1 432)	(1 615)	(1 422)
Profit before direct taxation		22 091	18 167	21 315	16 670
Direct taxation	35	(4 846)	(3 620)	(4 675)	(3 350)
Profit for the year		17 245	14 547	16 640	13 320
Attributable to the ordinary shareholder		16 023	12 821	15 943	12 783
Attributable to AT1 capital shareholders		697	537	697	537
Attributable to non-controlling interests within SBG		519	1 179		
Attributable to non-controlling interests		6	10		
Basic and diluted earnings per ordinary share (cents)	36	26 706	21 369	26 573	21 306

1 Restated. Refer to the restatement section on page 71 for more detail.

Statements of other comprehensive income

for the year ended 31 December 2022

	Note	GROUP 2022 Rm	GROUP 2021 Rm	COMPANY 2022 Rm	COMPANY 2021 Rm
Profit for the year		**17 245**	14 547	**16 640**	13 320
Other comprehensive (loss)/income after taxation for the year[1]		**(58)**	643	**(63)**	643
Items that may be subsequently reclassified to profit or loss		**410**	549	**405**	549
Exchange differences on translating foreign operations		**517**	539	**512**	539
Movements in the total hedge reserve	2	**(139)**	10	**(139)**	10
Change in fair value of cash flow hedges		**(58)**	291	**(58)**	291
Realised fair value adjustments of cash flow hedges transferred to profit or loss		**(81)**	(281)	**(81)**	(281)
Net change in fair value of debt financial assets measured at fair value through other comprehensive income (FVOCI)	21	**32**		**32**	
Items that may not be subsequently reclassified to profit or loss		**(468)**	94	**(468)**	94
Change in own credit risk recognised on financial liabilities designated at fair value through profit or loss (FVTPL)	20	**(4)**	3	**(4)**	3
Defined benefit fund remeasurements		**(410)**	108	**(410)**	108
Net change in fair value of equity financial assets measured at FVOCI	21	**(54)**	(17)	**(54)**	(17)
Total comprehensive income for the year		**17 187**	15 190	**16 577**	13 963
Attributable to the ordinary shareholder		**15 965**	13 464	**15 880**	13 426
Attributable to AT1 capital shareholders		**697**	537	**697**	537
Attributable to non-controlling interests within SBG		**519**	1 179		
Attributable to non-controlling interests		**6**	10		

[1] Income tax relating to each component of other comprehensive income (OCI) is disclosed in note 35.2.

Statements of cash flows

for the year ended 31 December 2022

	Note	GROUP 2022 Rm	GROUP 2021 Restated[1] Rm	COMPANY 2022 Rm	COMPANY 2021 Restated[1] Rm
Net cash flows from operating activities		**21 416**	10 228	**21 425**	10 800
Cash flow from operations	39	**35 587**	29 831	**34 798**	28 604
Interest, fee and commission receipts[1]		**130 319**	101 520	**128 518**	99 611
Interest payments		**(52 447)**	(32 819)	**(52 525)**	(32 887)
Recoveries on loans previously written off		**650**	780	**650**	778
Cash payments to suppliers and employees[1]	39	**(42 935)**	(39 650)	**(41 845)**	(38 898)
Net movement in working capital		**(9 891)**	(18 661)	**(9 531)**	(16 829)
Increase in operating assets	39	**(108 283)**	(100 266)	**(106 084)**	(99 320)
Decrease in operating liabilities	39	**98 392**	81 605	**96 553**	82 491
Dividends received		**1 326**	1 596	**1 587**	1 315
Direct taxation paid		**(5 606)**	(2 538)	**(5 429)**	(2 290)
Net cash flows used in investing activities		**(2 797)**	(2 429)	**(3 762)**	(4 040)
Capital expenditure on property and equipment		**(2 187)**	(1 800)	**(2 183)**	(1 789)
Proceeds from sale of property, equipment and non-current assets held for sale		**209**	520	**210**	522
Capital expenditure on intangible assets[1]		**(646)**	(1 027)	**(606)**	(1 022)
Proceeds from sale of intangible assets		**54**	55	**27**	54
Proceeds from sale of subsidiaries				**3 226**	
Acquisition of subsidiaries				**(4 210)**	(1 630)
Proceeds on disposal of investments in associates			34		34
Acquisition of associates		**(227)**	(211)	**(226)**	(209)
Net cash flows used in financing activities		**(11 009)**	(2 265)	**(10 053)**	(1 226)
Proceeds from issue of additional tier 1 capital to shareholders		**7 159**	3 524	**7 159**	3 524
Redemption of additional tier 1 capital to shareholders		**(3 544)**		**(3 544)**	
Principal lease repayments	17	**(1 045)**	(1 079)	**(1 039)**	(1 070)
Subordinated debt issued	39	**1 639**	3 166	**1 639**	3 166
Subordinated debt redeemed	39	**(1 000)**	(1 700)	**(1 000)**	(1 700)
Dividends paid[2]		**(14 218)**	(6 176)	**(13 268)**	(5 146)
Net decrease in cash and cash equivalents		**7 610**	5 534	**7 610**	5 534
Cash and cash equivalents at the beginning of the year	39	**50 193**	44 659	**50 193**	44 659
Cash and cash equivalents at the end of the year	39	**57 803**	50 193	**57 803**	50 193

1 Refer to page 69 for details around the restatements.
2 For details on dividends paid to additional tier 1 capital holders and the impact on equity and tax paid refer to note 13.

Statements of changes in equity

for the year ended 31 December 2022

	Note	Ordinary share capital and premium Rm	Foreign currency translation reserve Rm	Total hedge reserve[1] Rm	Fair value through OCI reserve[2] Rm	Own credit risk reserve Rm	Retained earnings Rm	Ordinary shareholder's equity Rm	AT1 capital shareholders Rm	Non-controlling interests within SBG Rm	Non-controlling interests Rm	Total equity Rm
GROUP												
Balance at 1 January 2021		49 313	801	18	(35)	15	48 241	98 353	7 025	789	57	106 224
Total comprehensive income/(loss) for the year			539	10	(17)	3	12 929	13 464	537	1 179	10	15 190
Profit for the year							12 821	12 821	537	1 179	10	14 547
Other comprehensive income/(loss) after tax for the year			539	10	(17)	3	108	643				643
Transactions with the shareholder and non-controlling interests, recorded directly in equity							(4 401)	(4 401)	2 987	(1 029)	(3)	(2 446)
Transactions with non-controlling interests							(1)	(1)			(3)	(4)
Issue of share capital and share premium	13								3 524			3 524
Dividends paid	38						(4 400)	(4 400)	(537)	(1 029)		(5 966)
Balance at 31 December 2021		49 313	1 340	28	(52)	18	56 769	107 416	10 549	939	64	118 968
Balance at 1 January 2022		**49 313**	**1 340**	**28**	**(52)**	**18**	**56 769**	**107 416**	**10 549**	**939**	**64**	**118 968**
Total comprehensive income/(loss) for the year			**517**	**(139)**	**(22)**	**(4)**	**15 613**	**15 965**	**697**	**519**	**6**	**17 187**
Profit for the year							**16 023**	**16 023**	**697**	**519**	**6**	**17 245**
Other comprehensive income/(loss) after tax for the year			**517**	**(139)**	**(22)**	**(4)**	**(410)**	**(58)**				**(58)**
Transactions with the shareholder and non-controlling interests, recorded directly in equity							**(12 300)**	**(12 300)**	**2 918**	**(950)**		**(10 332)**
Transactions with non-controlling interests												
Issue of AT1 capital	13								**7 159**			**7 159**
Redemption of AT1 capital	13								**(3 544)**			**(3 544)**
Dividends paid	38						**(12 300)**	**(12 300)**	**(697)**	**(950)**		**(13 947)**
Balance at 31 December 2022		**49 313**	**1 857**	**(111)**	**(74)**	**14**	**60 082**	**111 081**	**14 164**	**508**	**70**	**125 823**
COMPANY												
Balance at 1 January 2021		49 313	835	18	(35)	15	47 384	97 530	7 025			104 555
Total comprehensive income/(loss) for the year			539	10	(17)	3	12 891	13 426	537			13 963
Profit for the year							12 783	12 783	537			13 320
Other comprehensive income/(loss) after tax for the year			539	10	(17)	3	108	643				643
Transactions with the shareholder, recorded directly in equity							(4 400)	(4 400)	2 987			(1 413)
Issue of share capital and share premium	13								3 524			3 524
Dividends paid	38						(4 400)	(4 400)	(537)			(4 937)
Balance at 31 December 2021		49 313	1 374	28	(52)	18	55 875	106 556	10 549			117 105
Balance at 1 January 2022		**49 313**	**1 374**	**28**	**(52)**	**18**	**55 875**	**106 556**	**10 549**			**117 105**
Total comprehensive income/(loss) for the year			**512**	**(139)**	**(22)**	**(4)**	**15 533**	**15 880**	**697**			**16 577**
Profit for the year							**15 943**	**15 943**	**697**			**16 640**
Other comprehensive income/(loss) after tax for the year			**512**	**(139)**	**(22)**	**(4)**	**(410)**	**(63)**				**(63)**
Transactions with the shareholder, recorded directly in equity							**(12 300)**	**(12 300)**	**2 918**			**(9 382)**
Issue of AT1 capital	13								**7 159**			**7 159**
Redemption of AT1 capital	13								**(3 544)**			**(3 544)**
Dividends paid	38						**(12 300)**	**(12 300)**	**(697)**			**(12 997)**
Balance at 31 December 2022		**49 313**	**1 886**	**(111)**	**(74)**	**14**	**59 108**	**110 136**	**14 164**			**124 300**

1 The total hedge reserve includes cash flow hedges as well as the foreign currency basis spread and forward element. Refer to note 2.3.6.
2 The fair value through OCI reserve comprises of FVOCI reserves for debt and equity financial investments. Refer to note 21.

Details relating to each reserve are provided in the accounting policies detailed in **annexure F**.

All balances are stated net of tax, where applicable.

Accounting policy elections and restatements

The principal accounting policies applied in the presentation of the group and company's annual financial statements are set out below. The accounting policy elections below apply to group and company, unless otherwise stated.

Basis of preparation

The group's consolidated and company's separate annual financial statements (annual financial statements) are prepared in accordance with IFRS as issued by the IASB, its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements, and the South African Companies Act. The annual financial statements have been approved by the board on 8 March 2023.

The annual financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets classified at FVOCI, financial assets and liabilities classified at FVTPL and liabilities for cash-settled share-based payment arrangements.
- Investments in associates are equity accounted. Private equity and venture capital investments, that are associates, are either designated on initial recognition at FVTPL or are equity accounted.
- Post-employment benefit obligations that are measured in terms of the projected unit credit method.

The following principal accounting policy elections in terms of IFRS have been made, with reference to the detailed accounting policies shown in brackets:

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 3).
- Cumulative gains and losses recognised in OCI in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability (accounting policy 3).
- Commodities acquired principally for the purpose of selling in the near future or generating a profit from fluctuation in price or broker-traders' margin are measured at fair value less costs to sell (accounting policy 3).
- Intangible assets, property, equipment and right of use assets are accounted for at cost less accumulated amortisation/ depreciation and impairment (accounting policy 6).
- The portfolio exception is applied to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 4).
- Investments in associates are initially measured at cost and subsequently accounted for using the equity method in the separate financial statements (accounting policy 2).
- Private equity and venture capital investments, including mutual funds, that are associates, are either designated on initial recognition at FVTPL or are equity accounted (accounting policy 2).
- Investments in subsidiaries are accounted for at cost less accumulated impairment losses, where applicable, in the separate financial statements (accounting policy 1).

Functional and presentation currency

The annual financial statements are presented in South African rand, which is the functional and presentation currency of the group. All amounts are stated in millions of rand (Rm), unless indicated otherwise.

Changes in accounting policies

The accounting policies are consistent with those reported in the previous year, except for the group and company's change in accounting policy related to cash and cash equivalents. Disclosures and accounting policies have been amended as relevant. Refer to the restatement section below and annexure F for the detailed accounting policies.

There are no new or amended standards that are effective for the current reporting period. The group and company also did not early adopt any amended standards during the current reporting period.

Restatements

Statement of cash flows

During 2022, the group and company performed benchmarking and internal investigations to reassess the definition of cash and cash equivalents when compiling the statement of cash flows. The following have been identified as industry best practice during this exercise and have resulted in the below restatements of errors, changes to accounting presentation policies and related additional disclosures:

- The direct method provides more reliable presentation of the cash flow movements for the group and company which is not available under the indirect method. This change only impacted net cash flows from operating activities within the statement of cash flows for both the group and company.
- The group and company restated its financial statements to appropriately reflect and present the change from on demand loans and advances to banks to cash and cash equivalents in the statement of cash flow and updated the related accounting policy accordingly (Refer to note 39.6). These balances, amounting to R17 938 million in the 2021 closing cash and cash equivalents balance and R10 629 million in the opening balance, were in prior periods excluded from cash and cash equivalents and instead included in income-earning assets. Both the balances and movement have now been appropriately included within the cash and cash equivalents line in the statement of cash flows.
- Capital expenditure on intangible assets included in the company statement of cash flows contained a mathematical error where it erroneously included a reallocation, an inflow of R2 116 million, that relates to interest capitalised, from net cash flows used in operations, within interest, fee and commission receipts, to net cash flows used in investing activities, within capital expenditure, when the amount should have been an outflow of R94 million. Both impacted lines on the statement of cash flow for the company have been restated accordingly.
- Specific updated accounting policies, refer to section 3 in annexure F, have been included for the following:
  - Cash and balances with central banks
  - Cash and cash equivalents.

The above changes had the following impact on the statements of cash flows:

		2021		
Group	Note	As previously reported Rm	Restatement Rm	Restated Rm
Net cash flows from operating activities		2 919	(2 919)	
Net cash flow used in operations (indirect method)		(34 228)	34 228	
Net income before non-trading and capital items, and equity accounted earnings		19 660	(19 660)	
Adjusted for non-cash items and other adjustments included in the income statement	39	(27 918)	27 918	
Increase in income-earning assets	39	(107 575)	107 575	
Increase in deposits, trading and other liabilities	39	81 605	(81 605)	
Dividends received		1 596	(1 596)	
Interest paid		(32 819)	32 819	
Interest received		70 908	(70 908)	
Direct taxation paid		(2 538)	2 538	
Net cash flows from operating activities			10 228	10 228
Net cash flow from operations (direct method)	39		29 831	29 831
Interest and commission receipts			101 520	101 520
Interest payments			(32 819)	(32 819)
Recoveries on loans previously written off			780	780
Cash payments to suppliers and employees	39		(39 650)	(39 650)
Net movement in working capital			(18 661)	(18 661)
(Increase)/Decrease in operating assets	39		(100 266)	(100 266)
Increase/(Decrease) in operating liabilities	39		81 605	81 605
Dividends received			1 596	1 596
Direct taxation paid			(2 538)	(2 538)
Net cash flows used in investing activities		(2 429)		(2 429)
Net cash flows used in financing activities		(2 265)		(2 265)
Net (decrease)/increase in cash and cash equivalents		(1 775)	7 309	5 534
Cash and cash equivalents at the beginning of the year	39	34 030	10 629	44 659
Cash and cash equivalents at the end of the year	39	32 255	17 938	50 193

		2021		
Company	Note	As previously reported Rm	Restatement Rm	Restated Rm
Net cash flows from operating activities		1 375	(1 375)	
Net cash flow used in operations		(32 784)	32 784	
Net income before capital items and equity accounted earnings		18 223	(18 223)	
Adjusted for non-cash items and other adjustments included in the income statement	39	(26 869)	26 869	
Increase in income-earning assets	39	(106 629)	106 629	
Increase in deposits, trading and other liabilities	39	82 491	(82 491)	
Dividends received		1 315	(1 315)	
Interest paid		(35 002)	35 002	
Interest received		70 136	(70 136)	
Direct taxation paid		(2 290)	2 290	
Net cash flows from operating activities			10 800	10 800
Net cash flow from operations	39		28 604	28 604
Interest, fee and commission receipts			99 611	99 611
Interest payments			(32 887)	(32 887)
Recoveries on loans previously written off			778	778
Cash payments to suppliers and employees	39		(38 898)	(38 898)
Net movement in working capital			(16 829)	(16 829)
(Increase)/Decrease in operating assets	39		(99 320)	(99 320)
(Increase)/Decrease in operating liabilities	39		82 491	82 491
Dividends received			1 315	1 315
Direct taxation paid			(2 290)	(2 290)
Net cash flows used in investing activities		(1 924)	(2 116)	(4 040)
Net cash flows used in financing activities		(1 226)		(1 226)
Net (decrease)/increase in cash and cash equivalents		(1 775)	7 309	5 534
Cash and cash equivalents at the beginning of the year	39	34 030	10 629	44 659
Cash and cash equivalents at the end of the year	39	32 255	17 938	50 193

These restatements, updated accounting policies and other additional disclosures have had no impact on the group or company's statement of financial position, income statement or any ratios presented.

Change in income statement presentation of MasterCard and Visa fee-related expenses

During 2022, the group performed an assessment on the presentation of MasterCard and Visa fee-related expenses and found that these expenses were erroneously included in operating expenses for group and company. The group incurs scheme assessment fees on its Visa and MasterCard offerings to its clients in the Consumer and High Net Worth (CHNW) and Business and Commercial Clients (BCC) segments, which are in nature linked to the related fee and commission income within non-interest revenue. These expenses have been reclassified to be presented within fee and commission expenses, resulting in a reallocation of R258 million from operating expenses to fee and commission expenses in the income statement of group and company. This restatement is a reallocation between line items and had no impact on profit for the year or headline earnings for group and company, but did have an impact on the statement of cash flows, being a reallocation of an outflow of R258 million from cash payments to suppliers to interest and commission receipts.

The above restatement had the following impact on the primary statements within these results:

	2021		
	As previously reported Rm	Restatement Rm	Restated Rm
SBSA group			
Income statement			
Fee and commission expense	(5 688)	(258)	(5 946)
Operating expenses	(45 160)	258	(44 902)
SBSA company			
Income statement			
Fee and commission expense	(5 629)	(258)	(5 887)
Other operating expenses	(44 384)	258	(44 126)

The impact relating to the above on the group and company statements of cash flows has been included in the restatement pertaining to the move to the direct method in the statement of cash flows above.

Key management assumptions

In preparing the group and company financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements, collectively referred to as key management assumptions (KMA), are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The estimates and judgements below have remained unchanged unless otherwise stated. The following represents the most material key management assumptions applied in preparing these financial statements. The key management assumptions below apply to group and company, unless otherwise stated.

Expected credit loss (ECL)

During the current reporting period models have been enhanced but no material changes to assumptions have occurred.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The home services, vehicle and asset finance (VAF), card, personal, business lending and other products portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.
- Corporate, sovereign and bank exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, including certain home services, VAF, card, personal, business lending and other product exposures, if the remaining lifetime is less than 12 months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument or financial asset has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL.
- The measurement period for unutilised loan commitments utilise the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk

Home services, vehicle and asset finance, card, personal, business lending and other products

All exposures are assessed to determine whether there has been significant increase in credit risk (SICR) at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk. Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due (DPD)) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness. The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often taken into account in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criterion are met.

The group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days DPD to stage 2. This transfer rate is such that the proportion of the 0 to 29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0 to 29 days accounts into 30 or more days in arrears. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 DPD as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

Corporate, sovereign and bank products (including certain business banking exposures)

The group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

All exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 DPD (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the group's master rating scale as investment grade (within credit risk grade 1 – 12 of the group's 25-point master rating scale) are assessed for SICR at each reporting date but are considered to be of low credit risk. To determine whether a client's credit risk has increased significantly since origination, the group and company would need to determine the extent of the change in credit risk using the table that follows.

Group master rating scale band	SICR trigger (from origination)
SB 1 – 12	Low credit risk
SB 13 – 20	3 rating or more
SB 21 – 25	1 rating or more

Incorporation of forward-looking information (FLI) in ECL measurement

The group determines the macroeconomic outlook, over a planning horizon of at least three years.

For home services, VAF, card, personal, business lending and other products these forward-looking economic expectations are included in the ECL where adjustments are made based on the group's macroeconomic outlook, using models that correlate these parameters with macroeconomic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the group's macroeconomic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risks and industry data, have been taken into account in ECL estimates when required, through the application of out-of-model adjustments. These out-of-model adjustments are subject to group credit governance committee oversight.

The group's macroeconomic outlooks are incorporated in corporate, sovereign and bank products' client rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the group and company's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the group and company'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, this includes the classification of distressed restructures (including debt review exposure accounts) as default for a minimum of six months, while observing payment behaviour; 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 and company have not rebutted the 90 DPD rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e. no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries. The group assesses whether there is a reasonable expectation of recovery at an exposure level. As such, once the below criteria are met at an exposure level, the exposure is written off. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. home services, VAF, etc.) which is deemed sufficient to determine whether the group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured home services, VAF, card, personal, business lending and other products is determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post write-off recoveries. Factors that are within the group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, and a period between 180 to 360 days in arrears; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:

- Where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
- For corporate, sovereign and bank products, write-off is assessed on a case-by-case basis and approved by the Corporate & Investment Banking (CIB) credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The group continuously monitors and reviews when exposures are written off, the levels of post write-off recoveries as well as the key factors causing post write-off recoveries, which ensure that the group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels after time.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Distressed restructured financial assets (including debt review exposures) that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. an average of six full consecutive monthly payments per the terms and conditions). In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the group's CIB or home services, VAF, card, personal, business lending and other products credit governance committees (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime ECL model) back to stage 1 (12-month ECL model) prospectively.

Forward-looking economic expectations applied in the determination of the ECL at the reporting date

A range of base, bear and bull forward-looking economic expectations were determined, as at 31 December 2022, for inclusion in the group and company's forward-looking process and ECL calculation.

South African economic expectation

- The aggressive action taken globally to normalise monetary policy amid persistently high inflation rates resulted in emerging markets facing financial market volatility during 2022. While demand-driven inflation remains relatively subdued in South Africa, rising commodity prices, particularly for food and fuel, have placed increased pressure on headline inflation rates. Under the base scenario, the base effects that are expected to impact economic growth include the fuel price pressure dissipating, although food price inflation is expected to remain at current levels. Furthermore, we anticipate the rand to strengthen/gain against the US dollar, notwithstanding a fair amount of volatility. The terms of trade will likely move within a stable range over the medium term, providing some support.

  The Monetary Policy Committee (MPC) has responded by proactively implementing a targeted monetary policy normalisation strategy, in line with key global central banks. After increasing the policy rate by another 75 basis points (bps) at the November 2022 MPC meeting, a further increase of 25 bps was announced in January 2023. Gross domestic product (GDP) growth is expected to continue to be hampered by domestic constraints such as severe loadshedding, failing rail and port infrastructure and low business confidence, exacerbated by a less supportive global economic environment. Investments in capital expenditure and infrastructure, in particular for green energy and self-generation capacity, as well as the recovery in the tourism sector, will contribute to economic growth. Continued, albeit slow, momentum in the implementation of structural economic reforms is expected to provide some improvement to medium-term growth expectations in the base scenario.
- The bear case scenario forecasts a longer lasting impact on growth of the negative global shocks experienced. It assumes that growth will be contained primarily due to oil prices remaining higher, driven by efforts to reduce Russia's oil export revenues combined with slower growth in China, particularly in the property sector with lower real estate investment. In South Africa, electricity supply, rail and port infrastructure inefficiencies and stalling reform momentum will weigh on potential growth and constrain economic activity in this scenario. A higher idiosyncratic risk premium is applied to South Africa and this, together with tighter global financial conditions, will result in lower capital inflows and thereby necessitate a higher policy rate. Adverse events relating to climate change, for example the severe flooding experienced in KwaZulu-Natal in 2022, are assumed to be a more regular occurrence under this scenario.
- The bull case scenario assumes somewhat improved global conditions but relies on the implementation of structural reforms in South Africa gaining momentum. Electricity supply, rail and port infrastructure recover faster than in the base scenario, lifting potential economic growth and business and consumer confidence, and attracting capital inflows. Under this scenario, inflation decelerates faster, providing scope for the South African Reserve Bank (SARB) MPC to reverse some of the policy rate increases already made.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision of financial assets. Each scenario, namely base, bear and bull scenario, is presented for each identified time period.

		Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2022	2022[1]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]
South Africa[4]							
Inflation (%)*	6.85	5.60	4.45	7.09	5.20	5.23	3.81
Real GDP[5] (%)*	1.86	1.62	2.01	0.41	1.01	1.99	2.58
Employment rate growth (%)#	0.32	1.15	1.84	0.65	1.02	1.29	2.34
Household credit (%)#	6.92	6.37	6.63	5.85	5.50	6.91	7.21
Exchange rate USD/ZAR (Period end)	17.50	16.00	16.29	17.28	17.54	15.16	15.22
Prime lending rate (%)*	10.50	10.75	10.50	11.75	11.00	10.50	10.00

1 Revised as at 31 December 2022. 2022 (1 January 2022 to 31 December 2022), disclosed as at 31 December 2021, has been revised due to the changes in the macroeconomic factors.
2 Next 12 months following 31 December 2022 is 1 January 2023 to 31 December 2023.
3 The remaining forecast period is 1 January 2024 to 31 December 2026.
4 The scenario weighting is: base at 50%, bear at 30% and bull at 20%. The scenario weighting remains unchanged.
* Actual rates for 2022.
\# Estimated base case rates for 2022 were disclosed where 2022 actuals were not available.

		Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2021	2021[1]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]
South Africa[4]							
Inflation (%)*	4.51	4.72	4.13	5.18	4.79	4.30	3.78
Real GDP[5] (%)*	5.28	2.05	1.97	1.36	0.56	2.87	2.82
Employment rate growth (%)#	0.22	1.29	0.92	0.87	(0.13)	1.75	1.59
Household credit (%)#	4.71	5.33	5.41	5.43	4.44	5.28	6.27
Exchange rate USD/ZAR	14.90	15.03	15.15	15.58	16.19	14.43	14.41
Prime lending rate (%)*	7.25	8.00	9.50	8.75	10.25	7.75	8.75

1 Revised as at 31 December 2021. 2021 (1 January 2021 to 31 December 2021), disclosed as at 31 December 2020, has been revised due to the changes in the macroeconomic factors.
2 Next 12 months following 31 December 2021 is 1 January 2022 to 31 December 2022.
3 The remaining forecast period is 1 January 2023 to 31 December 2025.
4 The scenario weighting is: base at 50%, bear at 30% and bull at 20%. The scenario weighting remains unchanged.
* Actual rates for 2021.
\# Estimated base case rates for 2021 were disclosed where 2021 actuals were not available.

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to corporate, sovereign and bank products

The ECL methodology for corporate, sovereign and bank products is based primarily on client-specific risk metrics, as such the forward-looking macroeconomic information is one of the components and/or drivers of the total reported ECL. Rating reviews of each client are performed at least annually, and entail credit analysts completing a credit scorecard and incorporating forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting expected credit loss for the individual client. Therefore the impact of forward-looking economic conditions is embedded into the total ECL for each client. Therefore the below sensitivity analysis of the total ECL provision relating to the CIB client franchise excludes the impact of losses directly attributable to distress experienced on sovereign exposures, held primarily for prudential or liquidity management purposes.

	2022		2021	
	Total income statement charge Rm	Total ECL provision Rm	Total income statement release Rm	Total ECL provision Rm
As reported	973	6 298	(384)	5 377
Scenarios				
Base	936	6 261	(384)	5 377
Bear	1 098	6 423	(390)	5 371
Bull	868	6 193	(377)	5 384

Sensitivity analysis of the forward-looking impact on the total ECL provision on all financial instruments relating to home services, VAF, card, personal, business lending and other products

The level of the forward-looking balance sheet provisioning was maintained at 2021 levels due to the challenging macroeconomic environment, which was underpinned by aggressive monetary tightening, inflation and sharp and frequent interest rates, other consumer pressures. The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2022, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above factors.

	2022		2021	
	Income statement (release) /charge Rm	**Forward-looking component of ECL provision Rm**	Income statement (release) /charge Rm	Forward-looking component of ECL provision Rm
Forward-looking impact on the total ECL provision	**(2)**	**1 378**	(704)	1 380
Scenarios				
Base	**(325)**	**1 055**	(996)	1 119
Bear	**1 168**	**2 548**	264	2 349
Bull	**(953)**	**427**	(1 506)	579

Refer to **note 7** loans and advances, for the carrying amounts of the loans and advances and the credit risk section of the risk and capital management report for the group's assessment of the risk arising out of the failure of counterparties to meet their financial or contractual obligations when due.

Fair value

Financial instruments

In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and that fair value is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the group and, in particular, provides assurance that the risk and return measures that the group has taken are accurate and complete.

Valuation process

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

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

Valuation techniques: Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions. Changes in these assumptions would affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- credit spreads on illiquid issuers
- implied volatilities on thinly traded instruments
- correlation between risk factors
- prepayment rates
- other illiquid risk drivers.

In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS (refer to note 2.4 and note 3.2)
- quantifying and reporting the sensitivity to each risk driver
- prepayment rates
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

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

Portfolio exception: The group has, on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date. The total amount of the change in fair value estimated using valuation techniques not based on observable market data that was recognised in profit or loss for the year ended 31 December 2022 was a net loss of R1 526 million (2021: R26 million net loss). Other financial instruments, which are not level 3, are utilised to mitigate the risk of these changes in fair value.

Refer to **note 19** for assets and liabilities at fair value disclosures.

Consolidation of entities

The group controls and consolidates an entity where the group has power over the entity's relevant activities; is exposed to variable returns from its involvement with the investee; and has the ability to affect the returns through its power over the entity, including structured entities (SEs). Determining whether the group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights, including whether such rights are substantive. Interests in unconsolidated SEs that are not considered to be a typical customer-supplier relationship are required to be identified and disclosed. The group regards an interest to be a typical customer-supplier relationship where the level of risk inherent in that interest in the SE exposes the group to a similar risk profile to that found in standard market-related transactions. The group sponsors an SE where it provides financial support to the SE when not contractually required to do so. Financial support may be provided by the group to an SE for events such as litigation, tax and operational difficulties.

Refer to **annexure A** for more detail.

Computer software intangible assets

The group reviews its assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amount.

During 2022, components of the group's computer software assets' recoverable values were determined to be lower than their carrying values and were impaired by a total amount of R364 million (2021: R19 million).

During 2022, the group's computer software assets' recoverable amounts were determined to be lower than their carrying amounts and were impaired by a total amount of R364 million (2021: R19 million). These impairments are excluded from the group's headline earnings, details of the impairments are listed below.

Through the performance of the impairment test, the following computer software intangible assets have been identified as impaired:

- Card modernisation realigning to different platforms within the technology landscape (write-off of R177 million)
- The High Value Payment (HVP) system within the Corporate and Investment Banking segment (write-off of R142 million)
- Other intangible assets (impairment totalling to R45 million).

The recoverable amount is determined as the higher of an asset's fair value less cost of disposal and its value in use. The value in use is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate.

The review and testing of assets for impairment inherently require significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

Refer to **note 11** for goodwill and intangibles disclosures.

Current and deferred tax

The group and company are subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The group recognises provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 35 and note 12, respectively, in the period in which such determination is made. Uncertain tax positions are provided for in accordance with the criteria defined within IAS 12 *Income Taxes* (IAS 12) and IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23). Deferred tax assets are only recognised to the extent that sufficient taxable profits will be generated in order to realise the tax benefit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.

Refer to **note 12** and **note 35** for current and deferred tax disclosures.

Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded, include determining whether there is an obligation, as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions, management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the group's legal counsel. In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial results.

Refer to **note 17** for provisions and other liabilities disclosures.

Post-employment benefits

The group's post-employment benefits consist of both post-employment retirement funds and healthcare benefits. The group's obligations to fund these benefits are derived from actuarial valuations performed by the appointed actuaries taking into account various assumptions. The funds are subject to a statutory financial review by the group's independent actuaries at intervals of not more than three years. The principal assumptions used in the determination of the group's obligation include the following:

2022	Retirement fund	Post-employment medical aid fund
Discount rate	Nominal government bond yield curve	Nominal government bond yield curve
Return on investments	11.38% – discounted rate of term equal to the discounted mean term of the liabilities	Not applicable to fund
Salary/benefit inflation	Inflation rate plus 1% plus a merit scale	Not applicable to fund
CPI inflation	Difference between nominal and index-linked bond yield curves	Difference between nominal and index-linked bond yield curves
Medical inflation	Not applicable to fund	Difference between nominal and index linked bond yield curves plus 1.5%
Provider benefit escalation	Inflation rate plus 2%	Not applicable to fund
Pension increase in allowance	Inflation rate	Not applicable to fund
Remaining service life of employees (years)	7.50	Not applicable to fund

2021	Retirement fund	Post-employment medical aid fund
Discount rate	Nominal government bond yield curve	Nominal government bond yield curve
Return on investments	9.74% – discounted rate of term equal to the discounted mean term of the liabilities	Not applicable to fund
Salary/benefit inflation	Inflation rate plus 1% plus a merit scale	Not applicable to fund
CPI inflation	Difference between nominal and index-linked bond yield curves	Difference between nominal and index-linked bond yield curves
Medical inflation	Not applicable to fund	Difference between nominal and index linked bond yield curves plus 1.5%
Provider benefit escalation	Inflation rate plus 2%	Not applicable to fund
Pension increase in allowance	Inflation rate	Not applicable to fund
Remaining service life of employees (years)	7.36	Not applicable to fund

Refer to **note 41** for pensions and other post-employment benefits disclosures.

Notes to the annual financial statements

1. Cash and balances with the central bank

GROUP AND COMPANY	2022 Rm	2021 Rm
Coins and bank notes	**7 774**	7 536
Balances with the central bank[1]	**39 372**	24 719
Total	**47 146**	32 255

[1] These balances primarily comprise reserving requirements levied by the SARB. These balances are available for use by the group and company subject to certain restrictions and limitations imposed by the SARB.

2. Derivative instruments

All derivatives are classified as either derivatives held-for-trading or derivatives held-for-hedging. A summary of the fair values of the derivative assets and derivative liabilities is as follows:

	Fair value of assets		Fair value of liabilities	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
GROUP				
Held-for-trading	**60 135**	55 413	**(75 442)**	(59 081)
Held-for-hedging	**4 403**	2 874	**(2 381)**	(10 513)
Total	**64 538**	58 287	**(77 823)**	(69 594)
COMPANY				
Held-for-trading	**59 720**	55 394	**(75 395)**	(59 036)
Held-for-hedging	**4 403**	2 874	**(2 381)**	(10 513)
Total	**64 123**	58 268	**(77 776)**	(69 549)

2.1 Use and measurement of derivative instruments

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the normal course of business, the group and company enter into a variety of foreign exchange, interest rate, commodity, credit and equity derivative transactions in accordance with the group and company's risk management policies and practices. Derivative instruments used by the group and company are held for both trading and hedging purposes and include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, interest rates, credit risk and the prices of commodities and equities. A summary of the total derivative assets and liabilities are shown in note 2.2, 2.3.1 and 2.3.3.

2.2 Derivatives held-for-trading

The group and company transact in derivative contracts to address client demand, both as a market maker in the CIB markets and in structuring tailored derivatives for clients. The group and company also take proprietary positions for its own account. Trading derivative products include the following:

	Fair value of assets		Fair value of liabilities	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
GROUP				
Foreign exchange derivatives	**27 484**	19 454	**(24 398)**	(19 986)
Interest rate derivatives	**24 933**	25 999	**(27 807)**	(27 606)
Commodity derivatives	**1 654**	1 021	**(913)**	(911)
Credit derivatives	**1 566**	1 389	**(2 640)**	(2 015)
Equity derivatives	**4 498**	7 550	**(19 684)**	(8 563)
Total	**60 135**	55 413	**(75 442)**	(59 081)
COMPANY				
Foreign exchange derivatives	**27 484**	19 454	**(24 398)**	(19 986)
Interest rate derivatives	**24 518**	26 002	**(27 760)**	(27 608)
Commodity derivatives	**1 654**	1 021	**(913)**	(911)
Credit derivatives	**1 566**	1 389	**(2 640)**	(2 015)
Equity derivatives	**4 498**	7 528	**(19 684)**	(8 516)
Total	**59 720**	55 394	**(75 395)**	(59 036)

2. Derivative instruments continued

2.3 Derivatives and other financial instruments held-for-hedging

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised assets or liabilities and highly probable forecast transactions. The group and company apply hedge accounting in respect of foreign currency risk, equity price risk and interest rate risk. Refer to annexure F – detailed accounting policies for more information on these hedging strategies.

2.3.1 Derivatives designated as hedging instruments in fair value hedging relationships

	Fair value			Maturity				
GROUP AND COMPANY	Assets Rm	Liabilities Rm	Net fair value Rm	Less than one year Rm	Between one to five years Rm	Over five years Rm	Contract/ notional amount[2] Rm	Fair value (loss)/ gain Rm
2022								
Interest rate risk fair value hedging relationships	**2 513**	**(1 202)**	**1 311**	**46**	**(436)**	**1 701**	**353 663**	**(149)**
Interest rate swaps	**2 513**	**(1 202)**	**1 311**	**46**	**(436)**	**1 701**	**353 663**	**(149)**
Equity price risk fair value hedging relationships[1]	**1 762**	**(1 018)**	**744**	**744**			**51 577**	**(2 011)**
Equity forwards	**1 762**	**(1 018)**	**744**	**744**			**51 577**	**(2 011)**
Total	**4 275**	**(2 220)**	**2 055**	**790**	**(436)**	**1 701**	**405 240**	**(2 160)**
2021								
Interest rate risk fair value hedging relationships	2 816	(3 197)	(381)	16	(555)	158	114 135	(62)
Interest rate swaps	2 816	(3 197)	(381)	16	(555)	158	114 135	26
Cross currency interest rate swaps								(88)
Equity price risk fair value hedging relationships[1]		(7 136)	(7 136)	(6 619)	(517)		47 849	(11 126)
Equity forwards		(7 136)	(7 136)	(6 619)	(517)		47 849	(11 126)
Total	2 816	(10 333)	(7 517)	(6 603)	(1 072)	158	161 984	(11 188)

1 The group and company use intercompany equity forward derivative instruments to mitigate against the risk of changes in the market values associated with certain equity instruments.

2 The notional amount is the sum of the absolute value for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group and company's participation in derivative contracts.

2. Derivative instruments continued

2.3 Derivatives and other financial instruments held-for-hedging continued

2.3.2 Hedged items classified as fair value hedges

GROUP AND COMPANY	Fair value Assets Rm	Fair value Liabilities Rm	Accumulated fair value (loss)/gain at 31 December Rm	Fair value gain/ (loss) used to test hedge ineffectiveness Rm	Fair value hedge adjustments Rm
2022					
Interest rate risk fair value hedging relationships	28 488	(17 032)	(175)	197	197
Financial investments	27 775		(1 096)	(1 470)	(1 470)
Loans and advances	713		(742)	(1 780)	(1 780)
Deposits and debt funding		(9 975)	1 408	2 975	2 975
Subordinated debt		(7 057)	255	472	472
Equity price risk fair value hedging relationships	51 133		9 034	2 011	2 011
Trading assets	51 133		9 034	2 011	2 011
Total	79 621	(17 032)	8 859	2 208	2 208
2021					
Interest rate risk fair value hedging relationships	80 010	(91 592)	(2 307)	(553)	(553)
Financial investments	24 738		527	(1 273)	(1 273)
Loans and advances	55 272		(1 170)	(1 869)	(1 869)
Deposits and debt funding		(83 489)	(1 446)	2 297	2 297
Subordinated debt		(8 103)	(218)	292	292
Equity price risk fair value hedging relationships	54 514		7 023	11 084	11 084
Trading assets	54 514		7 023	11 084	11 084
Total	134 524	(91 592)	4 716	10 531	10 531

2. Derivative instruments continued

2.3 Derivatives and other financial instruments held-for-hedging continued

2.3.3 Hedging instruments in cash flow hedging relationships

GROUP AND COMPANY	Fair value Assets Rm	Fair value Liabilities Rm	Net fair value Rm	Maturity Less than one year Rm	Maturity Between one to five years Rm	Contract/ notional amount[1] Rm	Fair value gain/ (loss) Rm
2022							
Foreign currency risk cash flow hedging relationships	**926**	**(127)**	**799**	**785**	**14**	**4 975**	**(327)**
Cash[2]	**912**		**912**	**912**		**912**	**2**
Currency forwards	**14**	**(127)**	**(113)**	**(127)**	**14**	**4 063**	**(329)**
Equity price risk cash flow hedging relationships	**114**		**114**	**108**	**6**	**2 646**	**286**
Equity forwards	**114**		**114**	**108**	**6**	**2 646**	**286**
Interest rate risk cash flow relationships		**(34)**	**(34)**	**(43)**	**(13)**	**11 450**	**(46)**
Interest rate swaps		**(34)**	**(34)**	**(43)**	**(13)**	**11 450**	**(46)**
Total	**1 040**	**(161)**	**879**	**850**	**7**	**19 071**	**(87)**
2021							
Foreign currency risk cash flow hedging relationships	807	(105)	702	702		3 610	181
Cash[2]	754		754	754		754	(11)
Currency forwards						397	90
Currency swaps	53	(105)	(52)	(52)		2 459	102
Equity price risk cash flow hedging relationships	3	(75)	(72)	(69)	(3)	1 776	228
Equity forwards	3	(75)	(72)	(69)	(3)	1 776	228
Interest rate risk cash flow relationships	2		2		2	2 000	(2)
Interest rate swaps	2		2		2	2 000	(2)
Total	812	(180)	632	633	(1)	7 386	407

1 The notional amount is the sum of the absolute value for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group and company's participation in derivative contracts.
2 The group executed a hedge using cash as the hedging instrument. The cash is presented within loans and advances on the statement of financial position.

2.3.4 Hedged items classified as cash flow hedges

GROUP AND COMPANY	2022 Rm	2021 Rm
Fair value (loss)/gain used to test hedge ineffectiveness		
Financial investments	**343**	(68)
Foreign currency risk cash flow hedging relationships	**343**	(68)
Loans and advances	**29**	(83)
Foreign currency risk cash flow hedging relationships	**(14)**	(85)
Interest rate risk cash flow hedging relationships	**43**	2
Share scheme liabilities (excludes equity deferred bonus scheme)	**(286)**	(228)
Equity price risk cash flow hedging relationships	**(286)**	(228)
Other operating expenses	**(2)**	11
Foreign currency risk cash flow hedging relationships	**(2)**	11
Total	**84**	(368)

2. Derivative instruments continued

2.3 Derivatives and other financial instruments held-for-hedging continued

2.3.5 Hedge ineffectiveness recognised in profit or loss

Hedge ineffectiveness in qualifying hedge relationships arises predominantly due to the presence of costs contained within hedging instruments. This ineffectiveness was recognised in profit or loss together with the gains and losses on the underlying hedged item according to the nature of the risk being hedged as follows:

GROUP AND COMPANY	Trading revenue Rm	Net interest income Rm	Total Rm
2022			
Fair value hedges		**48**	**48**
Interest rate risk fair value hedging relationships		**48**	**48**
Equity price risk fair value hedging relationships			
Cash flow hedges	**(3)**		**(3)**
Foreign currency risk cash flow hedging relationships			
Interest rate risk cash flow hedging relationships	**(3)**		**(3)**
Total	**(3)**	**48**	**45**
2021			
Fair value hedges		(657)	(657)
Interest rate risk fair value hedging relationships		(615)	(615)
Equity price risk fair value hedging relationships		(42)	(42)
Cash flow hedges	39		39
Foreign currency risk cash flow hedging relationships	39		39
Total	39	(657)	(618)

Ineffectiveness relating to highly probable forecast transactions no longer expected to occur during both 2022 and 2021 amounted to Rnil. There was no material ineffectiveness relating to basis in relation to foreign currency hedging relationships during 2022 and 2021.

2.3.6 Reconciliation of movements in the total hedge reserve

GROUP AND COMPANY	Foreign currency risk[1] Rm	Equity price risk Rm	Interest rate risk Rm	Cost of hedging[1] Rm	Total Rm
Balance at 1 January 2021	24	(3)		(3)	18
Amounts recognised directly in OCI before tax	84	228	(2)	95	405
Amounts released to profit or loss before tax:					
Total income	(98)	(202)		(90)	(390)
Interest income				(90)	(90)
Trading revenue	(63)				(63)
Other operating expenses	(35)	(202)			(237)
Taxation	2	(7)	1	(1)	(5)
Balance at 31 December 2021	12	16	(1)	1	28
Balance at 1 January 2022	**12**	**16**	**(1)**	**1**	**28**
Amounts recognised directly in OCI before tax	**(331)**	**286**	**(43)**	**4**	**(84)**
Amounts released to profit or loss before tax:					
Total income	**317**	**(423)**	**2**	**(4)**	**(108)**
Interest income	**232**			**(4)**	**228**
Trading revenue	**72**		**2**		**74**
Other operating expenses	**13**	**(423)**			**(410)**
Taxation	**5**	**37**	**11**		**53**
Balance at 31 December 2022	**3**	**(84)**	**(31)**	**1**	**(111)**

[1] The cost of hedging includes foreign currency basis risk of Rnil million (2021: R0 million) and forward element of R1 million (2021: R1 million) which have been specifically excluded from the hedge relationships, where the group has elected to in terms of IFRS 9 General Hedge Accounting. This has no impact on the total hedge reserve.

2. Derivative instruments continued

2.3 Derivatives and other financial instruments held-for-hedging continued

2.3.7 Hedges classified as cash flow hedges

The forecasted timing of the release of net cash flows from the total hedge reserve into profit or loss at 31 December is as follows:

GROUP AND COMPANY	Three months or less Rm	After three months but within one year Rm	After one year but within five years Rm	Total
2022				
Net cash (outflow)	**(66)**	**(37)**	**(8)**	**(111)**
2021				
Net cash (outflow)/inflow	(4)	30	2	28

2.4 Day one profit or loss

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

GROUP AND COMPANY	2022 Rm	2021 Rm
Unrecognised net profit at the beginning of the year	**850**	982
Additional net profit on new transactions[1]		
Recognised in trading revenue during the year	**(123)**	(132)
Unrecognised net profit at the end of the year	**727**	850

1 Transaction price was not the best evidence of fair value due to trade related market factors that were deemed unobservable in the principal market of the underlying trades.

3. Trading assets

3.1 Classification

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Collateral and other	**13 544**	5 410	**13 546**	5 410
Corporate bonds	**33 176**	35 898	**33 173**	35 898
Government, municipality and utility bonds	**66 502**	63 731	**66 502**	63 731
Listed equities	**61 301**	62 528	**55 361**	57 063
Reverse repurchase and other collateralised agreements	**81 477**	52 508	**81 481**	52 508
Unlisted debt securities	**12 228**	18 023	**12 228**	18 023
Total	**268 228**	238 098	**262 291**	232 633

3.2 Day one profit or loss

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

GROUP AND COMPANY	2022 Rm	2021 Rm
Unrecognised net profit at the beginning of the year	**1 193**	31
Additional net profit on new transactions[1]		1 520
Recognised in trading revenue during the year	**(728)**	(358)
Unrecognised net profit at the end of the year	**465**	1 193

1 Transaction price was not the best evidence of fair value due to trade related market factors that were deemed unobservable in the principal market of the underlying trades.

4. Pledged assets

The following table presents details of financial assets which have been sold or otherwise transferred, but which have not been derecognised in their entirety or which were partially derecognised together with their associated liabilities. This table does not disclose the total risk exposure in terms of these transactions, instead it provides disclosures as required by IFRS.

GROUP AND COMPANY	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities[1] Rm	Fair value of transferred assets[2] Rm	Fair value of associated liabilities[2] Rm	Net fair value[2] Rm
2022					
Corporate bonds	**3 575**	**(3 575)**	**3 575**	**(3 575)**	
Sovereign bonds	**4 202**	**(5 272)**	**5 272**	**(5 272)**	
Pledged assets (as recognised on the statement of financial position)	**7 777**	**(8 847)**	**8 847**	**(8 847)**	
Total assets pledged[3]	**7 777**	**(8 847)**	**8 847**	**(8 847)**	
2021					
Sovereign bonds	1 975	(1 975)	1 975	(1 975)	
Pledged assets (as recognised on the statement of financial position)	1 975	(1 975)	1 975	(1 975)	
Financial investments[4,5]	18 016	(18 006)	18 016	(18 002)	14
Total assets pledged[3]	19 991	(19 981)	19 991	(19 977)	14

1 Materially comprises of reverse repo liabilities, which form part of the deposits and debt funding line within the statement of financial position.
2 Where the group and company have recourse to the transferred asset.
3 Total amount of financial assets that the group and company have pledged as collateral for liabilities and contingent liabilities.
4 For these financial investments the counterparty is not permitted to sell or repledge the assets in the absence of default, hence they are not classified as pledged assets.
5 During 2021,the financial investments disclosed all formed part of repurchase agreements with the South African Reserve Bank (SARB) as the counterparty. During 2022, a new Monetary Policy Implementation Framework was implemented, creating a surplus rather than a shortage, as a result, the SARB repurchase agreements were discontinued and there are no financial investments pledged at 31 December 2022.

The assets pledged by the group and company are strictly for the purpose of providing collateral to the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are customary to standard repurchase agreements and securities borrowing activities.

The majority of other financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. Risks to which the group and company remain exposed include credit and interest rate risk.

During the current financial year, there were no instances of financial assets that were sold or otherwise transferred, but were partially derecognised. Further, there were no instances of financial assets that were transferred and derecognised where the group and company had continuing involvement.

4.1 Collateral accepted as security for assets

As part of the reverse repurchase and securities borrowing agreements, the group and company have received securities which are not recorded in the statement of financial position that it is allowed to sell or repledge. The fair value of the financial assets accepted as collateral that the group and company are permitted to sell or repledge in the absence of default is R176 450 million (2021: R187 884 million).

The fair value of financial assets accepted as collateral that have been sold, repledged or leased in terms of repurchase agreements or leasing transactions is R24 621 million (2021: R8 770 million). These transactions are conducted under terms that are usual and customary to reverse repurchase and securities borrowing activities.

4.2 Assets transferred not derecognised

Securitisations

The group and company enter into transactions in the normal course of business by which it transfers recognised financial assets directly to third parties or structured entities. These transfers may give rise to full derecognition or partial derecognition of the financial assets concerned.

Full derecognition occurs when the group and company transfer substantially all the risks and rewards of ownership and its contractual right to receive cash flows from the financial assets or retain the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions in IFRS.

The risks include interest rate, currency, prepayment and other price risks. However, where the group and company have retained substantially all of the credit risk associated with the transferred assets, it continues to recognise these assets.

The following table analyses the cumulative carrying amount of securitised financial assets that did not qualify for derecognition and its associated liabilities:

4. Pledged assets continued

4.2 Assets transferred not derecognised continued

Securitisations continued

2022

The group and company invest in vehicles specifically introduced to provide mortgage lending collateral against the Committed Liquidity Facility (CLF). To access the CLF, the SARB requires a portfolio of collateral, which is identified as a portfolio of mortgage loans. The SARB requires that these assets are ring-fenced in a separate legal entity, supported by a clearly defined note structure During 2022, the assets within these structured entities were settled and no new transactions have been entered into as at 31 December 2022, thus the cumulative carrying amount of securitised financial assets that did not qualify for derecognition, the associated liabilities, as well as any ceded interests and rights, have reduced to zero as at 31 December 2022.

2021

	Carrying amount of transferred assets[1] Rm	Carrying amount of associated liabilities[1] Rm	Fair value of transferred assets[1] Rm	Fair value of associated liabilities[1] Rm	Net fair value Rm
GROUP					
2021					
Home services[2]	44 298		44 192		44 192
COMPANY					
2021					
Home services[2]	44 298	(47 087)	44 192	(47 223)	(3 031)

1 The associated liabilities relating to the transferred assets, at a group level, only include external funding for the assets. The transferred assets are also funded by intercompany funding, which has been eliminated at a group level.
2 The group and company invest in vehicles specifically introduced to provide mortgage lending collateral against the Committed Liquidity Facility (CLF). To access the CLF, the SARB requires a portfolio of collateral, which is identified as a portfolio of mortgage loans. The SARB requires that these assets are ring-fenced in a separate legal entity, supported by a clearly defined note structure. At 31 December 2021, the mortgages within these vehicles R44 298 million.

The interests and rights to the mortgage advances have been ceded as security for the associated liabilities, which have recourse only to the transferred assets. The following table analyses the carrying amount of the company's continuing involvement within securitisations:

	Carrying value Rm	Fair value Rm	Maximum exposure to risk Rm
COMPANY			
2021			
Home services	589	589	589

5. Non-current assets held for sale

2022

Intangible asset held for sale

During December 2021, the appropriate level of management were committed to a plan to sell an intangible asset (software system). The transaction was expected to be concluded during 2022. As such, the requirements of IFRS 5 Non-current Assets Held For Sale And Discontinued Operations (IFRS 5) were met during December 2021 and the intangible asset had been separately disclosed as non-current assets held for sale in the statement of financial position. However, due to delays caused by the complexity of the externalisation of the intangible asset and the multiple external stakeholder dependencies, the sale of the intangible asset was not completed during 2022. These delays were not within the control of the group. As management remains committed to the sale of the intangible asset and the transaction is due to be completed during 2023, the IFRS 5 classification of the intangible asset as held for sale has been extended for a further 12 months. The asset is measured at the lower of the carrying amount and fair value less costs to sell. The fair value less costs to sell is based on an assessment of what management believes a purchaser would value the asset, considering the current business viability and operations. The intangible asset was not impaired at 31 December 2021 and as at 31 December 2022 and the carrying value amounted to R255 million. This is included in the corporate and investment banking segment.

2021

Equipment held for sale

During November 2021, the group's board approved the disposal of the safe custody business. The sale agreement includes various equipment, including furniture, owned by the group. The sale is expected to be concluded during 2022. The requirements of IFRS 5 were met during November 2021 and based on these, the assets subject to the sale agreement have been separately disclosed as non-current assets held for sale on the statement of financial position. The assets are measured at the lower of the carrying amount and fair value less costs to sell. The fair value less costs to sell is based on an assessment of what management believes a purchaser would value the assets, considering the current business viability and operations. The furniture was not impaired at 31 December 2021 and the net carrying value amounted to R10 million and is included in the consumer and high net worth segment.

5. Non-current assets held for sale continued

2021 continued

Intangible asset held for sale

During December 2021, the appropriate level of management were committed to a plan to sell an intangible asset (software system). The transaction is expected to be concluded during 2022. As such, the requirements of IFRS 5 were met during December 2021 and the intangible asset has been separately disclosed as non-current assets held for sale on the statement of financial position. The asset is measured at the lower of the carrying amount and fair value less costs to sell. The fair value less costs to sell is based on an assessment of what management believes a purchaser would value the asset, considering the current business viability and operations. The intangible asset was not impaired at 31 December 2021 and the carrying value amounted to R255 million. This included in the corporate and investment banking segment.

6. Financial investments

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Corporate	**33 698**	39 445	**33 698**	39 445
Sovereign	**111 568**	99 949	**111 568**	99 949
Bank	**1 871**	1 824	**1 871**	1 824
Listed equities		42		42
Unlisted equities and other instruments	**1 962**	2 423	**1 940**	2 821
Interest in associates held at fair value (annexure B)	**904**	354	**904**	354
Total	**150 003**	144 037	**149 981**	144 435
Accounting classification				
Net financial investments measured at amortised cost	**107 988**	105 081	**107 966**	105 473
Gross financial investments measured at amortised cost	**108 037**	105 119	**108 015**	105 511
ECL for financial investments measured at amortised cost[1]	**(49)**	(38)	**(49)**	(38)
Financial investments measured at fair value	**42 015**	38 956	**42 015**	38 962
Financial investments measured at FVTPL	**37 830**	38 278	**37 830**	38 282
Debt financial investments measured at FVOCI[2]	**3 607**	32	**3 607**	33
Equity financial investments measured at FVOCI[2]	**578**	646	**578**	647
Total	**150 003**	144 037	**149 981**	144 435

1 Refer to the credit impairment charges note 32 for the current year credit impairment charge of R11 million (2021: R17 million release) on debt financial investments measured at amortised cost.
2 Refer to note 21 for the reconciliation of FVOCI reserve for financial investments. The credit impairment charges recognised are deemed insignificant as these financial investments are high quality investment grade bonds.

7. Loans and advances

7.1 Classification

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Loans and advances measured at fair value	**664**	486	**664**	486
Net loans and advances measured at amortised cost	**1 254 305**	1 202 768	**1 253 428**	1 202 809
Gross loans and advances measured at amortised cost	**1 299 508**	1 244 249	**1 298 533**	1 244 164
Home services	**436 952**	411 412	**436 903**	411 446
Vehicle and asset finance	**108 303**	99 531	**108 303**	99 531
Card and payments	**37 698**	35 779	**37 426**	34 723
Personal unsecured lending	**51 020**	48 279	**52 442**	48 279
Business lending and other	**95 279**	120 617	**90 485**	83 415
Corporate and sovereign	**399 001**	368 365	**399 231**	372 457
Bank[1]	**171 255**	160 266	**173 743**	194 313
Expected credit losses (note 7.2)	**(45 203)**	(41 481)	**(45 105)**	(41 355)
Net loans and advances	**1 254 969**	1 203 254	**1 254 092**	1 203 295

1 Included in Bank is an amount of R10 657 (2021: R17 938) relating to on demand gross loans and advances to banks that qualifies as cash and cash equivalents (note 39.6) for group and company.

7. Loans and advances continued

7.2 Reconciliation of ECL for loans and advances measured at amortised cost

GROUP	Stage 1 Rm	Stage 2 Rm	Stage 3 (including IIS) Rm	Total Rm
Opening ECL 1 January 2021	4 593	8 651	27 452	40 696
Transfers between stages[1]	2 080	(925)	(1 155)	
Net ECL (released)/raised	(2 130)	(850)	11 478	8 498
ECL on new exposures raised[2]	787	579	891	2 257
Subsequent changes in ECL	(2 663)	(1 007)	11 351	7 681
Change in ECL due to derecognition	(254)	(422)	(764)	(1 440)
Impaired accounts written off[3]			(10 155)	(10 155)
Exchange and other movements[4]	17	5	2 420	2 442
Closing ECL 31 December 2021	4 560	6 881	30 040	41 481
Opening ECL 1 January 2022	**4 560**	**6 881**	**30 040**	**41 481**
Transfers between stages[1]	**871**	**(258)**	**(613)**	
Net ECL (released)/raised	**(724)**	**1 515**	**7 973**	**8 764**
ECL on new exposures raised[2]	**1 122**	**820**	**1 724**	**3 666**
Subsequent changes in ECL	**(1 633)**	**921**	**6 809**	**6 097**
Change in ECL due to derecognition	**(213)**	**(226)**	**(560)**	**(999)**
Impaired accounts written off[3]			**(8 561)**	**(8 561)**
Exchange and other movements[4]	**17**	**(3)**	**3 505**	**3 519**
Closing ECL 31 December 2022	**4 724**	**8 135**	**32 344**	**45 203**

COMPANY	Stage 1 Rm	Stage 2 Rm	Stage 3 (including IIS) Rm	Total Rm
Opening ECL 1 January 2021	4 539	8 632	27 404	40 575
Transfers between stages[1]	2 081	(926)	(1 155)	
Net ECL (released)/raised	(2 110)	(854)	11 411	8 447
ECL on new exposures raised[2]	784	580	889	2 253
Subsequent changes in ECL	(2 646)	(1 021)	11 285	7 618
Change in ECL due to derecognition	(248)	(413)	(763)	(1 424)
Impaired accounts written off[3]			(9 672)	(9 672)
Exchange and other movements[4]	7		1 998	2 005
Closing ECL 31 December 2021	4 517	6 852	29 986	41 355
Opening ECL 1 January 2022	**4 517**	**6 852**	**29 986**	**41 355**
Transfers between stages[1]	**865**	**(254)**	**(611)**	
Net ECL (released)/raised	**(949)**	**1 255**	**8 411**	**8 717**
ECL on new exposures raised[2]	**1 122**	**817**	**1 793**	**3 732**
Subsequent changes in ECL	**(1 859)**	**664**	**7 178**	**5 983**
Change in ECL due to derecognition	**(212)**	**(226)**	**(560)**	**(998)**
Impaired accounts written off[3]			**(8 208)**	**(8 208)**
Exchange and other movements[4]			**3 241**	**3 241**
Closing ECL 31 December 2022	**4 433**	**7 853**	**32 819**	**45 105**

1 The group and company policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, it may appear that exposures were transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period.
2 The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the rows "ECL on new exposures raised" based on the exposures' ECL stage as at the end of the reporting period.
3 The contractual amounts outstanding on loans and advances for group and company that were written off during the reporting period that are still subject to enforcement activities is R4.7 billion (2021: R5.2 billion).
4 Exchange and other movements includes the time value of money (TVM) unwind and net interest in suspense (IIS) raised and released during the year.

7. Loans and advances continued

7.2 Reconciliation of ECL for loans and advances measured at amortised cost continued

A reconciliation of the ECL for loans and advances, by product:

GROUP	Opening ECL 1 January 2022 Rm	Transfers between stages (To)/from stage 1 Rm	Transfers between stages From/(to) stage 2 Rm	Transfers between stages From/(to) stage 3 Rm	Transfers between stages Total Rm	Net ECL raised/ (released) Rm	TVM unwind and IIS movements Rm	Impaired accounts written off Rm	Exchange and other movements Rm	Closing ECL 31 December 2022 Rm
Home services	14 385	(433)	(174)	607		683	1 300	(1 082)		15 286
Stage 1	969		128	305	433	(538)				864
Stage 2	2 197	(128)		302	174	50				2 421
Stage 3 (including IIS)	11 219	(305)	(302)		(607)	1 171	1 300	(1 082)		12 001
Vehicle and asset finance	5 455	(51)	87	(36)		1 490	460	(982)		6 423
Stage 1	582		24	27	51	6				639
Stage 2	894	(24)		(63)	(87)	660				1 467
Stage 3 (including IIS)	3 979	(27)	63		36	824	460	(982)		4 317
Card and payments	3 801	(119)	25	94		1 906	232	(2 201)		3 738
Stage 1	623	1	39	80	120	(35)				708
Stage 2	1 112	(39)		14	(25)	6				1 093
Stage 3 (including IIS)	2 066	(81)	(14)		(95)	1 935	232	(2 201)		1 937
Personal unsecured lending	7 698	(27)	(92)	119		2 774	597	(2 726)		8 343
Stage 1	990		26	1	27	(8)				1 009
Stage 2	1 182	(26)		118	92	395				1 669
Stage 3 (including IIS)	5 526	(1)	(118)		(119)	2 387	597	(2 726)		5 665
Business lending and other	5 111	(172)	320	(148)		897	240	(892)		5 356
Stage 1	593		160	12	172	(351)				414
Stage 2	881	(160)		(160)	(320)	283				844
Stage 3 (including IIS)	3 637	(12)	160		148	965	240	(892)		4 098
Corporate and sovereign	4 974	(63)	87	(24)		984	365	(680)	321	5 964
Stage 1	746		68	(5)	63	202			20	1 031
Stage 2	615	(68)		(19)	(87)	91			(12)	607
Stage 3 (including IIS)	3 613	5	19		24	691	365	(680)	313	4 326
Bank	57	(5)	5			30			6	93
Stage 1	57		5		5				(3)	59
Stage 2		(5)			(5)	30			9	34
Total	41 481	(870)	258	612		8 764	3 194	(8 563)	327	45 203
Stage 1	4 560	1	450	420	871	(724)			17	4 724
Stage 2	6 881	(450)		192	(258)	1 515			(3)	8 135
Stage 3 (including IIS)	30 040	(421)	(192)		(613)	7 973	3 194	(8 563)	313	32 344

7. Loans and advances continued

7.2 Reconciliation of ECL for loans and advances measured at amortised cost continued

GROUP	Opening ECL 1 January 2021 Rm	Transfers between stages (To)/ from stage 1 Rm	From/(to) stage 2 Rm	From/(to) stage 3 Rm	Total Rm	Net ECL raised/ (released) Rm	TVM unwind and IIS movements Rm	Impaired accounts written off Rm	Exchange and other movements Rm	Closing ECL 31 December 2021 Rm
Home services	14 256	(1 158)	45	1 113		628	523	(1 022)		14 385
Stage 1	769		436	722	1 158	(958)				969
Stage 2	2 873	(436)		391	(45)	(631)				2 197
Stage 3 (including IIS)	10 614	(722)	(391)		(1 113)	2 217	523	(1 022)		11 219
Vehicle and asset finance	5 015	(339)	121	218		1 072	333	(965)		5 455
Stage 1	665		176	163	339	(422)				582
Stage 2	1 278	(176)		55	(121)	(263)				894
Stage 3 (including IIS)	3 072	(163)	(55)		(218)	1 757	333	(965)		3 979
Card and payments	3 356	(144)	188	(44)		3 603	201	(3 359)		3 801
Stage 1	667		89	55	144	(188)				623
Stage 2	1 261	(89)		(99)	(188)	39				1 112
Stage 3 (including IIS)	1 428	(55)	99		44	3 752	201	(3 359)		2 066
Personal unsecured lending	8 126	(211)	230	(19)		2 425	861	(3 714)		7 698
Stage 1	950		124	87	211	(171)				990
Stage 2	1 503	(124)		(106)	(230)	(91)				1 182
Stage 3 (including IIS)	5 673	(87)	106		19	2 687	861	(3 714)		5 526
Business lending and other	4 752	(147)	265	(118)		1 051	210	(902)		5 111
Stage 1	643		163	(16)	147	(197)				593
Stage 2	853	(163)		(102)	(265)	293				881
Stage 3 (including IIS)	3 256	16	102		118	955	210	(902)		3 637
Corporate and sovereign	5 146	(81)	76	5		(249)	185	(193)	85	4 974
Stage 1	854		93	(12)	81	(162)			(27)	746
Stage 2	883	(93)		17	(76)	(197)			5	615
Stage 3 (including IIS)	3 409	12	(17)		(5)	110	185	(193)	107	3 613
Bank	45					(32)			44	57
Stage 1	45					(32)			44	57
Total	40 696	(2 080)	925	1 155		8 498	2 313	(10 155)	129	41 481
Stage 1	4 593		1 081	999	2 080	(2 130)			17	4 560
Stage 2	8 651	(1 081)		156	(925)	(850)			5	6 881
Stage 3 (including IIS)	27 452	(999)	(156)		(1 155)	11 478	2 313	(10 155)	107	30 040

7. Loans and advances continued

7.2 Reconciliation of ECL for loans and advances measured at amortised cost continued

COMPANY	Opening ECL 1 January 2022 Rm	Transfers between stages (To)/ from stage 1 Rm	From/(to) stage 2 Rm	(To)/from stage 3 Rm	Total Rm	Net ECL raised/ (released) Rm	TVM Unwind and IIS movements Rm	Impaired accounts written off Rm	Exchange and other movements Rm	Closing ECL 31 December 2022 Rm
Home services	14 370	(433)	(174)	607		683	1 302	(1 080)		15 275
Stage 1	968		128	305	433	(537)				864
Stage 2	2 196	(128)		302	174	51				2 421
Stage 3 (including IIS)	11 206	(305)	(302)		(607)	1 169	1 302	(1 080)		11 990
Vehicle and asset finance	5 451	(51)	87	(36)		1 486	460	(975)		6 422
Stage 1	582		24	27	51	8				641
Stage 2	898	(24)		(63)	(87)	654				1 465
Stage 3 (including IIS)	3 971	(27)	63		36	824	460	(975)		4 316
Card and payments	3 689	(114)	21	93		1 861	233	(2 149)		3 634
Stage 1	612		35	79	114	(40)				686
Stage 2	1 073	(35)		14	(21)	7				1 059
Stage 3 (including IIS)	2 004	(79)	(14)		(93)	1 894	233	(2 149)		1 889
Personal unsecured lending	6 974	(27)	(92)	119		2 774	598	(2 727)		7 619
Stage 1	1 000		26	1	27	(8)				1 019
Stage 2	1 196	(26)		118	92	395				1 683
Stage 3 (including IIS)	4 778	(1)	(118)		(119)	2 387	598	(2 727)		4 917
Business lending and other	5 721	(172)	320	(148)		888	239	(1 277)		5 571
Stage 1	574		160	12	172	(571)				175
Stage 2	859	(160)		(160)	(320)	31				570
Stage 3 (including IIS)	4 288	(12)	160		148	1 428	239	(1 277)		4 826
Corporate and sovereign	5 058	(63)	87	(24)		994	409			6 461
Stage 1	725		68	(5)	63	198				986
Stage 2	594	(68)		(19)	(87)	87				594
Stage 3 (including IIS)	3 739	5	19		24	709	409			4 881
Bank	92	(5)	5			31				123
Stage 1	56		5		5	1				62
Stage 2	36	(5)			(5)	30				61
Total	41 355	(865)	254	611		8 717	3 241	(8 208)		45 105
Stage 1	4 517		446	419	865	(949)				4 433
Stage 2	6 852	(446)		192	(254)	1 255				7 853
Stage 3 (including IIS)	29 986	(419)	(192)		(611)	8 411	3 241	(8 208)		32 819

7. Loans and advances continued

7.2 Reconciliation of ECL for loans and advances measured at amortised cost continued

		Transfers between stages								
COMPANY	Opening ECL 1 January 2021 Rm	(To)/ from stage 1 Rm	From/(to) stage 2 Rm	From/(to) stage 3 Rm	Total Rm	Net ECL raised/ (released) Rm	TVM Unwind and IIS movements Rm	Impaired accounts written off Rm	Exchange and other movements Rm	Closing ECL 31 December 2021 Rm
Home services	14 241	(1 158)	45	1 113		626	388	(885)		14 370
Stage 1	769		436	722	1 158	(959)				968
Stage 2	2 872	(436)		391	(45)	(631)				2 196
Stage 3 (including IIS)	10 600	(722)	(391)		(1 113)	2 216	388	(885)		11 206
Vehicle and asset finance	5 012	(339)	121	218		1 071	238	(870)		5 451
Stage 1	665		176	163	339	(422)				582
Stage 2	1 283	(176)		55	(121)	(264)				898
Stage 3 (including IIS)	3 064	(163)	(55)		(218)	1 757	238	(870)		3 971
Card and payments	3 251	(140)	184	(44)		3 551	199	(3 310)	(2)	3 689
Stage 1	651		85	55	140	(179)				612
Stage 2	1 220	(85)		(99)	(184)	37				1 073
Stage 3 (including IIS)	1 380	(55)	99		44	3 693	199	(3 310)	(2)	2 004
Personal unsecured lending	7 392	(211)	230	(19)		2 426	861	(3 705)		6 974
Stage 1	950		124	87	211	(161)				1 000
Stage 2	1 517	(124)		(106)	(230)	(91)				1 196
Stage 3 (including IIS)	4 925	(87)	106		19	2 678	861	(3 705)		4 778
Business lending and other	5 463	(147)	265	(118)		1 050	208	(902)	(98)	5 721
Stage 1	624		163	(16)	147	(197)				574
Stage 2	832	(163)		(102)	(265)	292				859
Stage 3 (including IIS)	4 007	16	102		118	955	208	(902)	(98)	4 288
Corporate and sovereign	5 094	(81)	76	5		(245)	185		24	5 058
Stage 1	800		93	(12)	81	(161)			5	725
Stage 2	866	(93)		17	(76)	(196)				594
Stage 3 (including IIS)	3 428	12	(17)		(5)	112	185		19	3 739
Bank	122	(5)	5			(32)			2	92
Stage 1	80		5		5	(31)			2	56
Stage 2	42	(5)			(5)	(1)				36
Stage 3 (including IIS)										
Total	40 575	(2 081)	926	1 155		8 447	2 079	(9 672)	(74)	41 355
Stage 1	4 539		1 082	999	2 081	(2 110)			7	4 517
Stage 2	8 632	(1 082)		156	(926)	(854)				6 852
Stage 3 (including IIS)	27 404	(999)	(156)		(1 155)	11 411	2 079	(9 672)	(81)	29 986

7. Loans and advances continued

7.2 Reconciliation of ECL for loans and advances measured at amortised cost continued

Changes in gross exposures relating to changes in ECL (group and company)

The below is an explanation of significant changes in the gross carrying amount on financial instruments used to determine the above changes in ECL:

- The ECL on new exposures raised of R3.6 billion (2021: R2.2 billion) primarily relates to the growth in the gross carrying amount from new exposures originated of:
  - home services of R65 billion (2021: R75 billion)
  - vehicle and asset finance of R37 billion (2021: R26 billion)
  - corporate of R6.4 billion (2021: R2.5 billion)
  - The decrease in ECL due to impaired accounts written off of R8.6 billion (2021: R10.1 billion) resulted in an equal decrease to the gross carrying amount of loans and advances as exposures are fully provided for before being written off.

The group's policy is to transfer between stages using opening ECL balances based on the exposures' ECL stage at the end of the reporting period. Therefore, the related gross carrying amount of the significant transfers primarily relate to the continued impact of Covid-19 together with positive collection trends, are as follows:

2022

- home services with a gross carrying amount of R10 billion that was in stage 2 was transferred to stage 1
- home services with a gross carrying amount of R3.5 billion that was in stage 3 was transferred to stage 1
- home services with a gross carrying amount of R486 million that was in stage 3 was transferred to stage 2
- card and payments with a gross carrying amount of R364 million that was in stage 3 was transferred to stage 1
- personal unsecured lending with a gross carrying amount of R207 million that was in stage 3 was transferred to stage 2
- business lending and other with gross carrying amount of R3.4 billion that was in stage 2 was transferred to stage 3
- business lending and other with gross carrying amount of R1.5 billion that was in stage 2 was transferred to stage 1
- corporate and sovereign with a gross carrying amount of R501 million that was in stage 2 was transferred to stage 1

2021

- home services with a gross carrying amount of R4.0 billion that was in stage 2 was transferred to stage 1
- home services with a gross carrying amount of R271 million that was in stage 3 was transferred to stage 1
- home services with a gross carrying amount of R988 million that was in stage 3 was transferred to stage 2
- vehicle and asset finance with a gross carrying amount of R66 million that was in stage 2 was transferred to stage 1
- vehicle and asset finance with a gross carrying amount of R700 million that was in stage 3 was transferred to stage 1
- card and payments with a gross carrying amount of R392 million that was in stage 2 was transferred to stage 1
- card and payments with a gross carrying amount of R623 million that was in stage 2 was transferred to stage 3
- personal unsecured lending with a gross carrying amount of R925 million that was in stage 2 was transferred to stage 3
- personal unsecured lending with a gross carrying amount of R871 million that was in stage 2 was transferred to stage 1
- business lending and other with gross carrying amount of R709 million that was in stage 2 was transferred to stage 3
- business lending and other with gross carrying amount of R251 million that was in stage 2 was transferred to stage 1
- corporate and sovereign with a gross carrying amount of R4.3 billion that was in stage 2 was transferred to stage 1

7.3 Modifications on loans and advances measured at amortised cost

	Stage 2		Stage 3	
GROUP AND COMPANY	Gross amortised cost before modification[1] Rm	Net modification loss/(gain) Rm	Gross amortised cost before modification[1] Rm	Net modification (gain)/loss Rm
2022				
Home services	**4 644**	**45**	**2 652**	**85**
Vehicle and asset finance	**943**	**89**	**120**	**2**
Card and payments	**626**	**(38)**	**437**	**147**
Personal unsecured lending	**837**	**43**	**864**	**186**
Corporate and sovereign			**1 119**	**26**
Total	**7 050**	**139**	**5 192**	**446**
2021[1]				
Home services	3 914	40	1 661	
Vehicle and asset finance*	555		415	(2)
Card and payments	837	(2)	722	48
Personal unsecured lending	846	90	510	11
Corporate and sovereign*			1 377	
Total	6 152	128	4 685	57

* The modification gains and losses on the vehicle and asset finance and corporate restructures have netted off resulting in insignificant net gain or loss amounts.

1 Restated. During 2022 it was noted that the gross amortised cost before modification was disclosed only for new debt review customers during the year instead of for all debt review customers whose loans and advances were modified and resulted in a modification gain or loss during the year. The restatement resulted in an increase of the gross amortised cost before modification of R3.1 billion in stage 2 and R1.6 billion in stage 3 for home services, and R555 million in stage 2 and R341 million in stage 3 for vehicle and asset finance. The restatement resulted in an increase of the gross amortised cost before modification of R570 million in stage 2 and R521 million in stage 3 for card and payments, and R738 million in stage 2 and R443 million in stage 3 for personal unsecured lending. This restatement did not impact the group's statement of financial position or income statement.

7. Loans and advances continued

7.3 Modifications on loans and advances measured at amortised cost continued

The gross carrying amount for modifications during the reporting period that resulted in no economic gain or loss (i.e. no net modification gain or loss) is R37 billion (2021: R46 billion).

8. Other assets

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Financial assets	**24 108**	12 700	**23 905**	12 609
Trading settlement assets	**15 627**	3 123	**15 627**	3 123
Other financial assets[1]	**8 481**	9 577	**8 278**	9 486
Non-financial assets	**6 839**	6 980	**6 916**	7 014
Items in the course of collection	**564**	917	**564**	917
Prepayments	**2 324**	1 798	**2 319**	1 790
Pensions and post-employment benefits (note 41.1)	**1 273**	1 288	**1 273**	1 288
Other non-financial assets	**2 678**	2 977	**2 760**	3 019
Total	**30 947**	19 680	**30 821**	19 623

[1] Due to the short-term nature of these assets, historical experience and available forward looking information, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

9. Interests in associates and subsidiaries

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Investments in subsidiary companies (annexure A)			**6 483**	5 705
Interests in associates (note 9.1)	**1 016**	940	**1 009**	934
Total	**1 016**	940	**7 492**	6 639

9.1 Interests in associates

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Carrying value at the beginning of the year	**940**	744	**934**	740
Acquisitions	**153**	211	**152**	209
Disposals		(34)		(34)
Distributions received	**(4)**		**(4)**	
Amounts recognised in the income statement	**(73)**	19	**(73)**	19
Impairment of associates (note 34)	**(74)**		**(74)**	
Share of post-tax profit for the year	**1**	19	**1**	19
Carrying value at the end of the year	**1 016**	940	**1 009**	934

There are no significant restrictions on the ability of associates to transfer funds to the group in the form of cash or dividends or repayments of loans and advances.

Refer to **annexure B** for further details on associates.

10. Property, equipment and right of use assets

GROUP	Property		Equipment				Right of use asset[4]			
	Freehold Rm	Leasehold Rm	Computer equipment Rm	Motor vehicles[1] Rm	Office equipment Rm	Furniture and fittings Rm	Buildings Rm	Branches Rm	ATM spacing and other Rm	Total Rm
Net book value – 1 January 2021	2 969	933	2 449	1 036	163	1 518	1 599	1 358	424	12 449
Cost	4 012	2 063	6 663	1 237	589	3 809	2 201	2 687	633	23 894
Accumulated depreciation	(1 043)	(1 130)	(4 214)	(201)	(426)	(2 291)	(602)	(1 329)	(209)	(11 445)
Movements	(66)	(34)	(172)	(284)	37	(34)	(328)	(286)	(39)	(1 206)
Additions and modifications[3]	54	169	782	356	104	335	63	393	96	2 352
Disposals and terminations	(1)	(2)	(51)	(493)	(6)	(28)	(26)	(45)		(652)
Non-current assets held for sale (note 5)						(10)				(10)
Depreciation	(119)	(201)	(903)	(147)	(61)	(331)	(365)	(634)	(135)	(2 896)
Net book value – 31 December 2021[2]	**2 903**	**899**	**2 277**	**752**	**200**	**1 484**	**1 271**	**1 072**	**385**	**11 243**
Cost	**4 065**	**2 213**	**6 082**	**985**	**616**	**3 728**	**2 189**	**2 988**	**721**	**23 587**
Accumulated	**(1 162)**	**(1 314)**	**(3 805)**	**(233)**	**(416)**	**(2 244)**	**(918)**	**(1 916)**	**(336)**	**(12 344)**
Movements	**(100)**	**(74)**	**(284)**	**674**	**36**	**(89)**	**(259)**	**(270)**	**(79)**	**(445)**
Additions and modifications[3]	**51**	**184**	**619**	**991**	**95**	**248**	**105**	**334**	**78**	**2 705**
Disposals and terminations	**(5)**	**(9)**	**(20)**	**(131)**	**(8)**	**(42)**	**(77)**	**(51)**	**(29)**	**(372)**
Impairment (note 34)	**(18)**									**(18)**
Depreciation	**(128)**	**(249)**	**(883)**	**(186)**	**(51)**	**(295)**	**(287)**	**(553)**	**(128)**	**(2 760)**
Net book value – 31 December 2022[2]	**2 803**	**825**	**1 993**	**1 426**	**236**	**1 395**	**1 012**	**802**	**306**	**10 798**
Cost	**4 099**	**2 206**	**6 336**	**1 792**	**664**	**3 637**	**2 037**	**3 190**	**721**	**24 682**
Accumulated depreciation and impairment	**(1 296)**	**(1 381)**	**(4 343)**	**(366)**	**(428)**	**(2 242)**	**(1 024)**	**(2 388)**	**(416)**	**(13 884)**

COMPANY	Property		Equipment				Right of use asset[4]			
	Freehold Rm	Leasehold Rm	Computer equipment Rm	Motor vehicles[1] Rm	Office equipment Rm	Furniture and fittings Rm	Buildings Rm	Branches Rm	ATM spacing and other Rm	Total Rm
Net book value – 1 January 2021	2 967	930	2 428	1 036	161	1 514	1 557	1 358	424	12 375
Cost	4 010	2 060	6 593	1 235	585	3 801	2 142	2 687	633	23 746
Accumulated depreciation	(1 043)	(1 130)	(4 165)	(199)	(424)	(2 287)	(585)	(1 329)	(209)	(11 371)
Movements	(65)	(33)	(175)	(285)	37	(34)	(319)	(287)	(41)	(1 202)
Additions and modifications[3]	55	170	771	356	104	334	65	393	93	2 341
Disposals and terminations	(1)	(2)	(52)	(494)	(6)	(29)	(26)	(46)		(656)
Non-current assets held for sale (note 6)						(10)				(10)
Depreciation	(119)	(201)	(894)	(147)	(61)	(329)	(358)	(634)	(134)	(2 877)
Net book value – 31 December 2021[2]	**2 902**	**897**	**2 253**	**751**	**198**	**1 480**	**1 238**	**1 071**	**383**	**11 173**
Cost	**4 063**	**2 210**	**6 014**	**982**	**612**	**3 719**	**2 133**	**2 985**	**718**	**23 436**
Accumulated depreciation	**(1 161)**	**(1 313)**	**(3 761)**	**(231)**	**(414)**	**(2 239)**	**(895)**	**(1 914)**	**(335)**	**(12 263)**
Movements	**(101)**	**(74)**	**(283)**	**674**	**37**	**(87)**	**(247)**	**(270)**	**(77)**	**(428)**
Additions and modifications[3]	**51**	**184**	**613**	**991**	**95**	**248**	**104**	**334**	**77**	**2 697**
Disposals and terminations	**(6)**	**(9)**	**(21)**	**(131)**	**(7)**	**(41)**	**(73)**	**(51)**	**(26)**	**(365)**
Impairment (note 34)	**(18)**									**(18)**
Depreciation	**(128)**	**(249)**	**(875)**	**(186)**	**(51)**	**(294)**	**(278)**	**(553)**	**(128)**	**(2 742)**
Net book value – 31 December 2022[2]	**2 801**	**823**	**1 970**	**1 425**	**235**	**1 393**	**991**	**801**	**305**	**10 744**
Cost	**4 097**	**2 203**	**6 265**	**1 790**	**661**	**3 628**	**1 996**	**3 187**	**721**	**24 548**
Accumulated depreciation and impairment	**(1 296)**	**(1 380)**	**(4 295)**	**(365)**	**(426)**	**(2 235)**	**(1 005)**	**(2 386)**	**(416)**	**(13 805)**

1 This balance primarily relates to motor vehicles that are leased to third parties under operating leases. The group and company are the lessor. Refer to note 23.3.2

2 Includes work in progress for group and company of R718 million (2021:R840 million) for which depreciation has not yet commenced. Refer to note 23.2 for details regarding capital commitments. During 2022, it was noted that the work in progress footnote was incorrectly rounded to R84 million instead of R840 million. This restatement had no impact on the note, statement of profit and loss and financial position.

3 Included are modifications which relate to right of use assets for Group of R328 million (2021: R434 million) and additions for property, equipment and right of use assets R2 377 million (2021:R1 918 million) and modifications which relate to right of use assets for company of R327 million (2021: R433 million) and additions for property, equipment and right of use assets R2 370 million (2021: R1 911 million).

4 Refer to note 17.3 for more detail relating to leasing activities.

A register of freehold land and buildings is available for inspection at the company's registered office.

10.1 Valuation

The fair value of completed freehold property was based on valuations performed by valuers registered under the Valuers Act 23 of 1982, for the 2019 to 2022 period, and was estimated at R6 512 million (2021: R6 233 million) for the group and R6 475 million (2021: R6 379 million) for the company. The previous valuation was performed for the 2018 to 2021 period.

11. Goodwill and other intangible assets

GROUP	Goodwill Rm	Computer software Rm	Total Rm
Net book value – 1 January 2021	42	12 423	12 465
Cost	53	33 107	33 160
Accumulated amortisation and impairment	(11)	(20 684)	(20 695)
Movements		(1 631)	(1 631)
Additions[1]		933	933
Disposals		(55)	(55)
Disposal group held for sale (note 5)		(255)	(255)
Amortisation		(2 235)	(2 235)
Impairments (KMA and note 34)		(19)	(19)
Net book value – 31 December 2021[2]	**42**	**10 792**	**10 834**
Cost	**53**	**33 420**	**33 473**
Accumulated amortisation and impairment	**(11)**	**(22 628)**	**(22 639)**
Movements		**(1 709)**	**(1 709)**
Additions[1]		**751**	**751**
Disposals		**(54)**	**(54)**
Amortisation		**(2 042)**	**(2 042)**
Impairments (KMA and note 34)		**(364)**	**(364)**
Net book value – 31 December 2022[2]	**42**	**9 083**	**9 125**
Cost	**53**	**34 085**	**34 138**
Accumulated amortisation and impairment	**(11)**	**(25 002)**	**(25 013)**

COMPANY	Computer software Rm	Total Rm
Net book value – 1 January 2021	12 343	12 343
Cost	32 958	32 958
Accumulated amortisation and impairment	(20 615)	(20 615)
Movements	(1 621)	(1 621)
Additions[1]	928	928
Disposals	(55)	(55)
Disposal group held for sale (note 5)	(255)	(255)
Amortisation	(2 220)	(2 220)
Impairments (note 34)	(19)	(19)
Net book value – 31 December 2021[2]	**10 722**	**10 722**
Cost	**33 265**	**33 265**
Accumulated amortisation and impairment	**(22 543)**	**(22 543)**
Movements	**(1 708)**	**(1 708)**
Additions[1]	**711**	**711**
Disposals	**(27)**	**(27)**
Amortisation	**(2 028)**	**(2 028)**
Impairments (note 34)	**(364)**	**(364)**
Net book value – 31 December 2022[2]	**9 014**	**9 014**
Cost	**33 949**	**33 949**
Accumulated amortisation and impairment	**(24 935)**	**(24 935)**

1 During 2022, R105 million (2021: R94 million) of borrowing costs was capitalised by the group and company. Borrowing costs are capitalised using an average rate of 7.2% (2021: 4.2%).

2 Includes work in progress for group and company of R1 839 million (2021: R1 977 million) for which amortisation has not yet commenced.

11. Goodwill and other intangible assets continued

11.1 Goodwill composition

GROUP	2022 Gross Rm	2022 Accumulated impairment Rm	2022 Net Rm	2021 Gross Rm	2021 Accumulated impairment Rm	2021 Net Rm
Ecentric Payment Systems Proprietary Limited	36		36	36		36
Greystone Technologies Proprietary Limited	6		6	6		6
JSG Developments Proprietary Limited	11	(11)		11	(11)	
Total	53	(11)	42	53	(11)	42

11.2 Impairment of computer software

2022

During 2022, as a result of the future ready technology strategy which introduced significant changes within the technology landscape, there was a review of card modernisation to realign to the different platforms, which resulted in the relationship with Network International being terminated, the intangible asset becoming obsolete and consequently being written off by a total amount of R177 million.

An annual impairment assessment was performed on the High Value Payments (HVP) system. During this assessment it was determined that certain aspects of HVP have become redundant in its current form, leading to the system being written off and the recognition of an impairment amounting to R142 million during the financial period to a nil recoverable amount.

The remainder of the group's computer software assets' recoverable amounts were determined to be lower than their carrying values and were impaired by a total of R45 million.

2021

During 2021, the group's computer software assets' recoverable values were determined to be lower than their carrying values and were impaired by a total amount of R19 million.

12. Deferred tax

12.1 Deferred tax analysis

	GROUP 2022 Rm	GROUP 2021 Rm	COMPANY 2022 Rm	COMPANY 2021 Rm
Assessed losses	28	45	23	32
Leased assets included in loans and advances	(53)	(58)	(55)	(60)
Right of use assets and lease liability	85	102	85	102
Depreciation	(853)	(1 449)	(838)	(1 431)
Other derivatives and financial instruments[1]	1	(24)	1	(24)
Fair value adjustments of financial instruments	(28)	(25)	(28)	(25)
Impairment charges on loans and advances	3 749	3 598	3 736	3 571
Deferred income	704	573	704	573
Share-based payments	771	471	769	469
Provisions and other differences	613	666	587	661
Deferred tax closing balance	5 017	3 899	4 984	3 868
Deferred tax asset	5 026	3 918	4 984	3 868
Deferred tax liability	(9)	(19)		

1 Derivatives other than those defined in section 24JB of the Income Tax Act of 1962 of South Africa.

12. Deferred tax continued

12.2 Deferred tax reconciliation

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Deferred tax balance at the beginning of the year	3 899	3 992	3 868	3 952
Prior year tax adjustment	225	(55)	201	(52)
Assessed losses	(6)	(110)	1	(110)
Leased assets included in loans and advances		(2)		
Right of use asset and lease liability		7		7
Depreciation	146	69	146	83
Other derivatives and financial instruments		(6)		(6)
Fair value adjustments of financial instruments	1	1	1	1
Impairment charges on loans and advances	30	(1)	28	11
Deferred income		1		1
Share-based payments		1		
Other differences	54	(15)	25	(39)
Originating temporary differences for the year	893	(38)	915	(32)
Assessed losses	(11)	(402)	(10)	(409)
Leased assets included in loans and advances	5	11	5	11
Right of use asset and lease liability	(17)	14	(17)	14
Depreciation	450	221	447	221
Other derivatives and financial instruments	25	(23)	25	(23)
Fair value adjustments of financial instruments	(4)	(31)	(4)	(31)
Impairment charges on loans and advances	121	(252)	137	(240)
Deferred income	131	75	131	75
Share-based payments	300	159	300	158
Other differences	(107)	190	(99)	192
Deferred tax balance at the end of the year	5 017	3 899	4 984	3 868
Temporary differences for the year comprise				
Recognised in OCI (note 35)	90	(42)	90	(42)
Recognised in profit or loss	1 028	(51)	1 026	(42)
Total	1 118	(93)	1 116	(84)

13. Share capital, share premium and other equity instruments

13.1 Share capital

Authorised

GROUP AND COMPANY	2022 Rm	2021 Rm
80 000 000 ordinary shares (2021: 80 000 000)	80	80
1 000 000 000 preference shares (2021: 1 000 000 000)	10	10
Total	90	90

Ordinary shares consist of shares of R1 each. Preference shares consist of non-redeemable, non-cumulative, non-participating preference shares of R0,01 each.

Issued

GROUP AND COMPANY	2022 Rm	2021 Rm
59 997 136 ordinary shares (2021: 59 997 136)	60	60

No ordinary shares were issued during 2022 or 2021.

Unissued shares

GROUP AND COMPANY	2022 Rm	2021 Rm
20 002 864 ordinary shares (2021: 20 002 864)	20	20
1 000 000 000 preference shares (2021: 1 000 000 000)	10	10
Total	30	30

The unissued ordinary shares and preference shares are under the general authority of the directors, whose authority expires at the annual general meeting to be held on 25 May 2023.

13.2 Ordinary share premium

GROUP AND COMPANY	2022 Rm	2021 Rm
Share premium on issue of shares	49 253	49 253

The share premium consists of capital investments into SBSA from its holding company, SBG, to ensure that SBSA continues to comply with regulatory requirements.

13.3 Other equity instruments

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
AT1 capital loans (note 13.3.1)	14 164	10 549	14 164	10 549
Equity attributable to non-controlling interests within SBG[1]	508	939		
Total	14 672	11 488	14 164	10 549

1 Refer to annexure A for more details.

13. Share capital, share premium and other equity instruments continued

13.3.1 Additional tier 1 capital and capital attributed to non-controlling interests

Bond	Agreement date	Redeemable/ repayable date	Interest rate	Notional and carrying value 2022 Rm	2021 Rm
GROUP AND COMPANY					
SBT101	30 March 2017	31 March 2022	Three month Jibar + 565 bps		1 744
SBT102	21 September 2017	30 September 2022	Three month Jibar + 545 bps		1 800
SBT103	20 February 2019	31 March 2024	Three month Jibar + 440 bps	**1 942**	1 942
SBT104	29 September 2020	30 September 2025	Three month Jibar + 452 bps	**1 539**	1 539
SBT105	29 March 2021	31 March 2026	Three month Jibar + 423 bps	**1 800**	1 800
SBT106	12 October 2021	31 December 2026	Three month Jibar + 391 bps	**1 724**	1 724
SBT107	7 April 2022	8 April 2027	Three month Jibar + 379 bps	**1 559**	
SBT108	12 July 2022	13 July 2027	Three month Jibar + 370 bps	**2 000**	
SBT109	28 November 2022	31 December 2027	Three month Jibar + 350 bps	**3 600**	
Total				**14 164**	10 549

During 2022, Basel III compliant AT1 capital bonds amounting to R7.2 billion (2021: R3.5 billion) were issued and R3.5 billion (2021: Rnil) were redeemed. The capital bonds are perpetual, non-cumulative with an issuer call option after a minimum period of five years and on every coupon payment date thereafter, subject to Regulatory approval.

The terms of the capital bonds include optional and mandatory interest non-payment provisions as well as loss absorption (write-off provisions) in whole or in part as required by the Capital Rules specified by the Prudential Authority, which rules are aligned with the Basel III requirements.

Since the AT1 capital bonds do not have a contractual obligation to pay cash, they have been recognised within equity attributable to other equity instrument holders in the statement of financial position. During 2022, coupons to the value of R968 million (2021: R746 million) were paid to the bondholders. Current tax of R271 million (2021: R209 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R697 million (2021: R537 million).

14. Trading liabilities

GROUP AND COMPANY	2022 Rm	2021 Rm
Collateral	**57 482**	53 684
Credit-linked notes	**5 175**	9 321
Government, municipality and utility bonds	**5 182**	3 457
Listed equities and other	**8 015**	690
Repurchase and other collateralised agreements	**26 566**	8 214
Unlisted equities and other instruments	**3 363**	4 050
Total	**105 783**	79 416

15. Deposits and debt funding

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Deposits and debt funding from banks	**181 335**	201 578	**181 382**	201 599
Deposits and debt funding from customers	**1 304 330**	1 204 624	**1 305 765**	1 207 540
Call deposits	**337 065**	308 552	**337 065**	308 552
Card creditors	**1 739**	1 770	**1 627**	1 664
Cash management deposits	**234 970**	258 977	**234 970**	258 977
Current accounts	**150 205**	146 818	**151 107**	147 941
Foreign currency funding	**57 473**	71 578	**57 473**	71 578
Negotiable certificates of deposit	**174 263**	96 551	**174 263**	96 551
Savings accounts	**17 916**	16 975	**17 916**	16 975
Term deposits	**302 895**	281 266	**302 895**	281 266
Treasury priced deposits	**14 977**	14 654	**15 720**	16 646
Other funding	**12 827**	7 483	**12 729**	7 390
Total	**1 485 665**	1 406 202	**1 487 147**	1 409 139

16. Subordinated debt

			Notional value[1]	Carrying value[1]	
GROUP AND COMPANY	Redeemable/ repayable date	Callable date	**Rm**	**2022 Rm**	2021 Rm
Unsecured, subordinated, redeemable tier II bonds					
SBK23[2]	28 May 2027	28 May 2022			992
SBT201[2,3]	13 February 2028	13 February 2023	**3 000**	**2 973**	2 978
SBT202[2,3]	3 December 2028	3 December 2023	**1 516**	**1 520**	1 522
SBT203[2,3]	3 December 2028	3 December 2023	**484**	**489**	510
SBT204[2,3]	16 April 2029	16 April 2024	**1 000**	**1 018**	1 012
SBT205[2,3]	31 May 2029	31 May 2024	**6 789**	**6 569**	6 525
SBT206[2,3]	31 January 2030	31 January 2025	**2 000**	**2 029**	2 019
SBT207[2,3]	25 June 2030	25 June 2025	**3 500**	**3 503**	3 498
SBT208[2,3]	28 November 2030	28 November 2025	**1 500**	**1 514**	1 509
SBT209[2,3]	29 June 2031	29 June 2026	**1 722**	**1 720**	1 723
SST201[2,3]	8 December 2031	8 December 2026	**1 444**	**1 453**	1 450
SST202[2,3]	31 August 2032	31 August 2027	**1 639**	**1 652**	
Total			**24 594**	**24 440**	23 738

1 The difference between the carrying and notional value represents transaction costs included in the initial carrying amounts, accrued interest and the unamortised fair value adjustments relating to bonds, where applicable, hedged for interest rate risk.
2 Basel III compliant tier 2 instruments which contain a contractual non-viability write-off feature.
3 SBSA on a reciprocal basis entered into subordinated tier 2 capital lending agreements with SBG under identical terms.

17. Provisions and other liabilities

17.1 Summary

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Financial liabilities	10 550	10 473	9 771	9 698
ECL for off-balance sheet exposures (note 17.2)	231	433	231	433
Lease liabilities (note 17.3)	2 445	3 104	2 414	3 057
Trading settlement liabilities	1 110	1 181	1 110	1 181
Other financial liabilities	6 764	5 755	6 016	5 027
Non-financial liabilities	14 604	11 643	14 362	11 766
Other non-financial liabilities[1]	5 790	4 370	5 608	4 584
Equity-linked transactions (annexure D)	2 621	1 660	2 621	1 660
Post-employment benefits (note 41.2)	450	492	450	492
Staff-related accruals	5 743	5 121	5 683	5 030
Total	25 154	22 116	24 133	21 464

[1] Included in other non-financial liabilities are liabilities of a short-term nature such as accrued expenses and sundry provisions. Sundry provisions for SBSA group opening balance is R864 million (2021: R922 million) and a closing balance is R829 million (2021: R864 million), resulting in a net release of R35 million (2020: R58 million) and SBSA company opening balance is R839 million (2021: R892 million) and closing balance is R797 million (2021: R839 million), resulting in a net release of R42 million (2021: R53 million).

17.2 Reconciliation of ECL for off-balance sheet exposures

Letters of credit, bank acceptances and guarantees

GROUP AND COMPANY	Opening balance Rm	Net ECL raised/ (released) Rm	Exchange and other movements Rm	Closing balance Rm
2022				
Stage 1	111	(47)	3	67
Stage 2	55	16		71
Stage 3	267	(61)	(113)	93
Total	433	(92)	(110)	231
2021				
Stage 1	114	(31)	28	111
Stage 2	83	(16)	(12)	55
Stage 3	306	(25)	(14)	267
Total	503	(72)	2	433

17.3 Reconciliation of lease liabilities

	Balance at 1 January 2022 Rm	Additions and modifications Rm	Terminations and cancellations Rm	Interest expense Rm	Payments[1] Rm	Balance at 31 December 2022 Rm
GROUP						
Buildings	1 437	141	(112)	42	(112)	1 396
Branches	1 227	365	(56)	63	(686)	913
ATM spacing and Other	440	78	(30)	51	(403)	136
Total	3 104	584	(198)	156	(1 201)	2 445
COMPANY						
Buildings	1 391	137	(95)	38	(102)	1 369
Branches	1 227	365	(56)	63	(686)	913
ATM spacing and Other	439	75	(30)	51	(403)	132
Total	3 057	577	(181)	152	(1 191)	2 414

17. Provisions and other liabilities continued

17.3 Reconciliation of lease liabilities continued

	Balance at 1 January 2021 Rm	Additions and modifications Rm	Terminations and cancellations Rm	Interest expense Rm	Payments[1] Rm	Balance at 31 December 2021 Rm
GROUP						
Buildings	1 746	58	(33)	97	(431)	1 437
Branches	1 519	391	(53)	94	(724)	1 227
ATM spacing	441	118	(4)	14	(129)	440
Total	3 706	567	(90)	205	(1 284)	3 104
COMPANY						
Buildings	1 695	56	(35)	93	(418)	1 391
Branches	1 519	391	(53)	94	(724)	1 227
ATM spacing	441	117	(4)	14	(129)	439
Total	3 655	564	(92)	201	(1 271)	3 057

[1] These amounts include the principal lease repayments as disclosed in the statements of cash flows of R1 045 million (2021:R1 079 million) for the group and R1 039 million (2021: R1 070 million) for company. The remainder represents interest expense paid during the year.

The group leases various buildings for offices, branches and ATMs. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The additions/modifications during 2022 primarily comprise of new leases entered into and renewals of various building for offices, branch and ATM space leases.

Group maturity analysis for the lease liability: R1 758 million within one year (2021: R2 266 million) and R650 million within one to five years (2021: R838 million). Company maturity analysis for the lease liability: R1 736 million within one year (2021: R2 232 million) and R642 million within one to five years (2021: R825 million).

18. Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities

The tables that follow set out the group and company classification of assets and liabilities, and their fair values.

		FVTPL			FVOCI						
2022	Note	Held-for-trading Rm	Designated at fair value Rm	Default Rm	Debt instruments Rm	Equity instruments Rm	Total fair value Rm	Amortised cost[1] Rm	Other non-financial assets and liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
GROUP											
Assets											
Cash and balances with the central bank	1			47 146			47 146			47 146	47 146
Derivative assets	2	64 538					64 538			64 538	64 538
Trading assets	3	268 228					268 228			268 228	268 228
Pledged assets	4	7 607					7 607	170		7 777	7 777
Financial investments	6		35 304	2 526	3 607	578	42 015	107 988		150 003	150 237
Loans and advances	7			664			664	1 254 305		1 254 969	1 253 944
Other financial assets[3]	8							24 108		24 108	
Other non-financial assets									33 271	33 271	
Total assets		340 373	35 304	50 336	3 607	578	430 198	1 386 571	33 271	1 850 040	
Liabilities											
Derivative liabilities	2	77 823					77 823			77 823	77 823
Trading liabilities	14	105 783					105 783			105 783	105 783
Deposits and debt funding	15		2 819				2 819	1 482 846		1 485 665	1 485 231
Subordinated debt	16							24 440		24 440	24 440
Other financial liabilities[3]	17							10 550		10 550	
Other non-financial liabilities									19 956	19 956	
Total liabilities		183 606	2 819				186 425	1 517 836	19 956	1 724 217	
COMPANY											
Assets											
Cash and balances with the central bank	1			47 146			47 146			47 146	47 146
Derivative assets	2	64 123					64 123			64 123	64 123
Trading assets	3	262 291					262 291			262 291	262 291
Pledged assets	4	7 607					7 607	170		7 777	7 777
Financial investments	6		35 304	2 526	3 607	578	42 015	107 966		149 981	150 215
Loans and advances	7			664			664	1 253 428		1 254 092	1 253 113
Other financial assets[3]	8							23 905		23 905	
Other non-financial assets									39 617	39 617	
Total assets		334 021	35 304	50 336	3 607	578	423 846	1 385 469	39 617	1 848 932	745
Liabilities											
Derivative liabilities	2	77 776					77 776			77 776	77 776
Trading liabilities	14	105 783					105 783			105 783	105 783
Deposits and debt funding	15		2 820				2 820	1 484 327		1 487 147	1 486 713
Subordinated debt	16							24 440		24 440	24 440
Other financial liabilities[3]	17							9 771		9 771	
Other non-financial liabilities									19 715	19 715	
Total liabilities		183 559	2 820				186 379	1 518 538	19 715	1 724 632	

1 Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
2 Carrying value has been used where it closely approximates fair values, excluding non-financial instruments. Refer to the fair value section in accounting policy 4 – Fair value in annexure F and key management assumptions for a description on how fair values are determined.
3 The fair value of other financial assets and liabilities approximates their carrying value due to their short-term nature.

18. Classification of assets and liabilities continued

Accounting classifications and fair values of assets and liabilities continued

2021	Note	FVTPL Held-for-trading Rm	FVTPL Designated at fair value Rm	FVTPL Default Rm	FVOCI Debt instruments Rm	FVOCI Equity instruments Rm	Total fair value Rm	Amortised cost[1] Rm	Other non-financial assets and liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
GROUP											
Assets											
Cash and balances with the central bank	1			32 255			32 255			32 255	32 255
Derivative assets	2	58 287					58 287			58 287	58 287
Trading assets	3	238 098					238 098			238 098	238 098
Pledged assets	4	1 349					1 349	626		1 975	1 975
Financial investments	6		35 688	2 591	32	645	38 956	105 081		144 037	146 402
Loans and advances	7			486			486	1 202 768		1 203 254	1 202 627
Other financial assets[3]	8							12 700		12 700	
Other non-financial assets									34 468	34 468	
Total assets		297 734	35 688	35 332	32	645	369 431	1 321 175	34 468	1 725 074	
Liabilities											
Derivative liabilities	2	69 594					69 594			69 594	69 594
Trading liabilities	14	79 416					79 416			79 416	79 416
Deposits and debt funding	15		3 576				3 576	1 402 626		1 406 202	1 371 267
Subordinated debt	16							23 738		23 738	23 738
Other financial liabilities[3]	17							10 473		10 473	
Other non-financial liabilities									16 683	16 683	
Total liabilities		149 010	3 576				152 586	1 436 837	16 683	1 606 106	
COMPANY											
Assets											
Cash and balances with the central bank	1			32 255			32 255			32 255	32 255
Derivative assets	2	58 268					58 268			58 268	58 268
Trading assets	3	232 633					232 633			232 633	232 633
Pledged assets	4	1 349					1 349	626		1 975	1 975
Financial investments	6		35 689	2 593	33	647	38 962	105 473		144 435	144 852
Loans and advances	7			486			486	1 202 809		1 203 295	1 202 645
Other financial assets[3]	8							12 609		12 609	
Other non-financial assets									39 969	39 969	
Total assets		292 250	35 689	35 334	33	647	363 953	1 321 517	39 969	1 725 439	
Liabilities											
Derivative liabilities	2	69 549					69 549			69 549	69 549
Trading liabilities	14	79 416					79 416			79 416	79 416
Deposits and debt funding	15		3 576				3 576	1 405 563		1 409 139	1 409 113
Subordinated debt	16							23 738		23 738	23 738
Other financial liabilities[3]	17							9 698		9 698	
Other non-financial liabilities									16 794	16 794	
Total liabilities		148 965	3 576				152 541	1 438 999	16 794	1 608 334	

1 Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
2 Carrying value has been used where it closely approximates fair values, excluding non-financial instruments. Refer to the fair value section in accounting policy 4 – Fair value in annexure F and key management assumptions for a description on how fair values are determined.
3 The fair value of other financial assets and liabilities approximates their carrying value due to their short-term nature.

19. Assets and liabilities at fair value

19.1 Financial assets and liabilities measured at fair value on a recurring basis[1]

GROUP	2022 Level 1 Rm	2022 Level 2 Rm	2022 Level 3 Rm	2022 Total Rm	2021 Level 1 Rm	2021 Level 2 Rm	2021 Level 3 Rm	2021 Total Rm
Financial assets								
Cash and balances with the central bank	47 146			47 146	32 255			32 255
Derivative assets	518	63 117	903	64 538	50	57 634	603	58 287
Trading assets	135 431	118 439	14 358	268 228	139 399	82 388	16 311	238 098
Pledged assets	7 607			7 607	1 349			1 349
Financial investments	25 709	4 355	11 951	42 015	24 474	2 210	12 272	38 956
Loans and advances		24	640	664		13	473	486
Total	216 411	185 935	27 852	430 198	197 527	142 245	29 659	369 431
Financial liabilities								
Derivative liabilities	179	72 840	4 804	77 823	225	66 369	3 000	69 594
Trading liabilities	13 098	87 922	4 763	105 783	5 744	71 527	2 145	79 416
Deposits and debt funding		2 819		2 819		3 576		3 576
Total	13 277	163 581	9 567	186 425	5 969	141 472	5 145	152 586

COMPANY	2022 Level 1 Rm	2022 Level 2 Rm	2022 Level 3 Rm	2022 Total Rm	2021 Level 1 Rm	2021 Level 2 Rm	2021 Level 3 Rm	2021 Total Rm
Financial assets								
Cash and balances with the central bank	47 146			47 146	32 255			32 255
Derivative assets	103	63 117	903	64 123	31	57 634	603	58 268
Trading assets	129 494	118 439	14 358	262 291	133 935	82 387	16 311	232 633
Pledged assets	7 607			7 607	1 349			1 349
Financial investments	25 709	4 355	11 951	42 015	24 478	2 212	12 272	38 962
Loans and advances		24	640	664		13	473	486
Total	210 059	185 935	27 852	423 846	192 048	142 246	29 659	363 953
Financial liabilities								
Derivative liabilities	132	72 788	4 856	77 776	178	66 371	3 000	69 549
Trading liabilities	13 098	87 922	4 763	105 783	5 744	71 527	2 145	79 416
Deposits and debt funding		2 820		2 820		3 576		3 576
Total	13 230	163 530	9 619	186 379	5 922	141 474	5 145	152 541

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

Assets and liabilities transferred between level 1 and level 2

During the current year, Rnil billion (2021: R6 billion) of trading assets was transferred from level 1 to level 2 as these assets are no longer listed or traded in an active market.

19. Assets and liabilities at fair value continued

19.1 Financial assets and liabilities measured at fair value on a recurring basis continued

19.1.1 Reconciliation of level 3 financial assets measured at fair value on a recurring basis

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

GROUP AND COMPANY	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Total Rm
Balance at 1 January 2021	2 182	3 190	14 383	193	19 948
Total gains/(losses) included in profit or loss	311	195	69	(123)	452
Trading revenue	311	195			506
Other revenue			69	(123)	(54)
Total gains included in OCI			11		11
Originations and purchases	346	13 034	303	1 277	14 960
Sales and settlements	(2 161)	(80)	(2 463)	(874)	(5 578)
Transfers into level 3[1]	71	44			115
Transfers out of level 3[2]	(146)	(72)	(31)		(249)
Balance at 31 December 2021	603	16 311	12 272	473	29 659
Balance at 1 January 2022	**603**	**16 311**	**12 272**	**473**	**29 659**
Total gains/(losses) included in profit or loss	**366**	**(1 188)**	**829**	**222**	**229**
Trading revenue	**366**	**(1 188)**			**(822)**
Other revenue			**829**	**222**	**1 051**
Total losses included in OCI			**(69)**		**(69)**
Originations and purchases	**336**	**245**	**7 250**	**1 979**	**9 810**
Sales and settlements	**(250)**	**(964)**	**(8 238)**	**(2 034)**	**(11 486)**
Transfers into level 3[1]	**58**				**58**
Transfers out of level 3[2]	**(210)**	**(46)**	**(93)**		**(349)**
Balance at 31 December 2022	**903**	**14 358**	**11 951**	**640**	**27 852**

1 The valuation inputs of certain financial assets became unobservable during the year. The fair value of these financial assets was transferred into level 3.
2 The valuation inputs of certain level 3 financial assets became observable during the year. The fair value of these financial assets was transferred into level 2.

19.1.2 Reconciliation of level 3 financial liabilities measured at fair value on a recurring basis

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

GROUP	Derivative liabilities Rm	Trading liabilities Rm	Total Rm
Balance at 1 January 2021	6 132	3 178	9 310
Total losses included in profit or loss – trading revenue	394	84	478
Issuances	485	49	534
Sales and settlements	(3 933)	(1 104)	(5 037)
Transfers into level 3[1]	57		57
Transfers out of level 3[2]	(135)	(62)	(197)
Balance at 31 December 2021	3 000	2 145	5 145
Balance at 1 January 2022	**3 000**	**2 145**	**5 145**
Total losses included in profit or loss – trading revenue	**1 740**	**15**	**1 755**
Issuances	**471**	**3 135**	**3 606**
Sales and settlements	**(416)**	**(491)**	**(907)**
Transfers into level 3[1]	**7**		**7**
Transfers out of level 3[2]	**(276)**	**(41)**	**(317)**
Exchange and other movements	**278**		**278**
Balance at 31 December 2022	**4 804**	**4 763**	**9 567**

19. Assets and liabilities at fair value continued

19.1 Financial assets and liabilities measured at fair value on a recurring basis continued

19.1.2 Reconciliation of level 3 financial liabilities measured at fair value on a recurring basis continued

COMPANY	Derivative liabilities Rm	Trading liabilities Rm	Total Rm
Balance at 1 January 2021	6 132	3 178	9 310
Total losses included in profit or loss – trading revenue	394	84	478
Issuances	485	49	534
Sales and settlements	(3 933)	(1 104)	(5 037)
Transfers into level 3[1]	57		57
Transfers out of level 3[2]	(135)	(62)	(197)
Balance at 31 December 2021	3 000	2 145	5 145
Balance at 1 January 2022	**3 000**	**2 145**	**5 145**
Total losses included in profit or loss – trading revenue	**1 740**	**15**	**1 755**
Issuances	**471**	**3 135**	**3 606**
Sales and settlements	**(416)**	**(491)**	**(907)**
Transfers into level 3[1]	**7**		**7**
Transfers out of level 3[2]	**(276)**	**(41)**	**(317)**
Exchange and other movements	**330**		**330**
Balance at 31 December 2022	**4 856**	**4 763**	**9 619**

1 The valuation inputs of certain financial liabilities became unobservable during the year. The fair value of these financial liabilities was transferred into level 3.
2 The valuation inputs of certain level 3 financial liabilities became observable during the year. The fair value of these financial liabilities was transferred into level 2.

19.1.3 Unrealised gains/(losses) recognised in profit or loss on financial assets measured at level 3 fair value

GROUP AND COMPANY	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Loans and advances Rm	Total Rm
2022					
Trading revenue	**362**	**(1 124)**			**(762)**
Other revenue			**434**	**222**	**656**
Total	**362**	**(1 124)**	**434**	**222**	**(106)**
2021					
Trading revenue	23	3 332			3 355
Other revenue			189	(123)	66
Total	23	3 332	189	(123)	3 421

19.1.4 Unrealised losses/(gains) recognised in profit or loss on financial liabilities measured at level 3 fair value

GROUP AND COMPANY	Derivative liabilities Rm	Trading liabilities Rm	Total Rm
2022			
Trading revenue	**1 634**	**(4)**	**1 630**
2021			
Trading revenue	684	108	792

19. Assets and liabilities at fair value continued

19.1 Financial assets and liabilities measured at fair value on a recurring basis continued

19.1.5 Sensitivity and interrelationships of inputs

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

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

GROUP AND COMPANY	Change in significant unobservable input	Effect on profit or loss Favourable Rm	 (Unfavourable) Rm
2022			
Derivative assets and liabilities	**From (1%) to 1%**	**233**	**(233)**
Financial investments	**From (1%) to 1%**	**38**	**(41)**
Trading assets	**From (1%) to 1%**	**58**	**(58)**
Trading liabilities	**From (1%) to 1%**	**31**	**(31)**
Total		**360**	**(363)**
2021			
Derivative assets and liabilities	From (1%) to 1%	306	(306)
Financial investments	From (1%) to 1%	161	(160)
Trading assets	From (1%) to 1%	86	(86)
Trading liabilities	From (1%) to 1%	51	(51)
Total		604	(603)

During 2022, a 1% change of the significant unobservable inputs relating to the measurement of a financial investment classified as FVOCI resulted in a R5 million favourable and unfavourable effect recognised in OCI (2021: R12 million).

Refer to key management assumptions and **annexure F** for more information.

19.2 Assets and liabilities not measured at fair value for which fair value is disclosed

	2022 Level 1 Rm	 Level 2 Rm	 Level 3 Rm	 Total Rm	2021 Level 1 Rm	 Level 2 Rm	 Level 3 Rm	 Total Rm
GROUP								
Assets								
Pledged assets	**170**			**170**	626			626
Financial investments	**92 841**	**11 092**	**4 289**	**108 222**	86 249	17 718	3 478	107 445
Loans and advances	**15 954**	**240 326**	**996 999**	**1 253 279**	14 129	265 487	922 525	1 202 141
Total	**108 965**	**251 418**	**1 001 288**	**1 361 671**	101 004	283 205	926 003	1 310 212
Liabilities								
Deposits and debt funding	**709 937**	**772 475**		**1 482 412**	697 094	705 507		1 402 601
Subordinated debt			**24 440**	**24 440**			23 738	23 738
Total	**709 937**	**772 475**	**24 440**	**1 506 852**	697 094	705 507	23 738	1 426 339

19. Assets and liabilities at fair value continued

19.2 Assets and liabilities not measured at fair value for which fair value is disclosed continued

	2022				2021			
	Level 1 Rm	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
COMPANY								
Assets								
Pledged assets	**170**			**170**	626			626
Financial investments	**92 841**	**11 070**	**4 289**	**108 200**	86 249	16 163	3 478	105 890
Loans and advances	**14 304**	**244 469**	**993 675**	**1 252 448**	14 006	271 047	917 106	1 202 159
Total	**107 315**	**255 539**	**997 964**	**1 360 818**	100 881	287 210	920 584	1 308 675
Liabilities								
Deposits and debt funding	**710 727**	**773 166**		**1 483 893**	697 866	707 670		1 405 536
Subordinated debt			**24 440**	**24 440**			23 738	23 738
Total	**710 727**	**773 166**	**24 440**	**1 508 333**	697 866	707 670	23 738	1 429 274

19.3 Third-party credit enhancements

There were no significant liabilities measured at fair value that existed during the year which had been issued with inseparable third-party credit enhancements.

20. Financial assets and liabilities designated at FVTPL

20.1 Financial assets designated at FVTPL

GROUP AND COMPANY	**Maximum exposure to credit risk[1] Rm**	**Current year gain on changes in fair value attributable to changes in credit risk Rm**	**Cumulative gain on changes in fair value attributable to changes in credit risk Rm**
2022			
Financial investments	**9 688**	**21**	**28**
2021			
Financial investments	11 210	64	7

1 This balance primarily relates to sovereign, corporate and bank exposures. Refer to Annexure C for additional information on maximum exposure to credit risk by credit quality.

20.2 Financial liabilities designated at FVTPL with credit risk recognised in OCI

GROUP AND COMPANY	**Current year (loss)/gain on changes in fair value attributable to changes in credit risk[1] Rm**	**Cumulative gain on changes in fair value attributable to changes in credit risk[1] Rm**	**Contractual payment required at maturity Rm**	**Carrying amount Rm**	**Difference between carrying amount and contractual payment Rm**
2022					
Deposits and debt funding	**(4)**	**14**	**2 870**	**2 819**	**(52)**
2021					
Deposits and debt funding	3	18	3 569	3 576	7

The changes in the fair value of the designated financial liabilities attributable to changes in credit risk are calculated by reference to the change in the credit risk implicit in the market value of the bank's senior notes.

1 Net of taxation. Refer to note 35.2 for detail on tax relating to the above.

21. Reconciliation of FVOCI reserve movements

21.1.1 Equity financial instruments

GROUP AND COMPANY	Balance at the beginning of the year Rm	Revaluation (losses) Rm	Balance at the end of the year Rm
2022			
Financial investments:			
Strate Limited	**139**	**(6)**	**133**
Other	**(190)**	**(48)**	**(238)**
Total	**(51)**	**(54)**	**(105)**
2021			
Financial investments:			
Strate Limited	143	(4)	139
Other	(177)	(13)	(190)
Total	(34)	(17)	(51)

Strategic equity investments are designated at FVOCI on initial recognition. No gains or losses were transferred to retained earnings during the year (2021: Rnil). No dividends were received during the year (2021: Rnil). Amounts are net of taxation.

21.1.2 Debt financial instruments

GROUP AND COMPANY	Balance at the beginning of the year Rm	Revaluation gains Rm	Balance at the end of the year Rm
2022			
Financial investments:			
Corporate and Sovereign	**(1)**	**32**	**31**
Total	**(1)**	**32**	**31**
2021			
Financial investments:			
Corporate and Sovereign	(1)		(1)
Total	**(1)**		**(1)**

21.2 Total reconciliation of the FVOCI reserve

GROUP AND COMPANY	Balance at the beginning of the year Rm	Net change in fair value[1] Rm	Balance at the end of the year Rm
2022			
Total	**(52)**	**(22)**	**(74)**
2021			
Total	(35)	(17)	(52)

1 After tax. Refer to note 35 for the tax raised on changes in fair value of financial investments measured at FVOCI.

22. Financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements

IFRS requires a financial asset and a financial liability to be offset and the net amount presented in the statement of financial position when, and only when, the group and company have a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. There are no other instances apart from the cash management accounts, where the group and company have a current legally enforceable right to offset as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The following table sets out the impact of offsetting, as well as the required disclosures for financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they have been offset in accordance with IFRS. It should be noted that the information below is not intended to represent the group and company's actual credit exposure, nor will it agree to that presented in the statement of financial position.

GROUP AND COMPANY	Gross amount of recognised financial assets[1] Rm	Financial liabilities set off in the statement of financial position[2] Rm	Net amount of financial assets subject to netting agreements[3] Rm	Collateral received[4] Rm	Net amount Rm
2022					
Assets					
Derivative assets	**59 500**		**59 500**	**(54 546)**	**4 954**
Trading assets	**67 517**		**67 517**	**(67 504)**	**13**
Loans and advances[5]	**105 403**	**(21 509)**	**83 894**	**(81 939)**	**1 955**
Total	**232 420**	**(21 509)**	**210 911**	**(203 989)**	**6 922**
2021					
Assets					
Derivative assets	59 552		59 552	(52 785)	6 767
Trading assets	40 445		40 445	(36 152)	4 293
Loans and advances[5]	147 499	(26 973)	120 526	(118 691)	1 835
Total	247 496	(26 973)	220 523	(207 628)	12 895

GROUP AND COMPANY	Gross amount of recognised financial liabilities[1] Rm	Financial assets set off in the statement of financial position[2] Rm	Net amounts of financial liabilities subject to netting agreements[3] Rm	Collateral pledged[6] Rm	Net amount Rm
2022					
Liabilities					
Derivative liabilities	**55 991**		**55 991**	**(50 215)**	**5 776**
Trading liabilities	**26 562**		**26 562**	**(26 562)**	
Deposits and debt funding[5]	**27 207**	**(21 509)**	**5 698**		**5 698**
Total	**109 760**	**(21 509)**	**88 251**	**(76 777)**	**11 474**
2021					
Liabilities					
Derivative liabilities	64 549		64 549	(57 706)	6 843
Trading liabilities	8 191		8 191	(8 191)	
Deposits and debt funding[5]	33 991	(26 973)	7 018		7 018
Total	106 731	(26 973)	79 758	(65 897)	13 861

1 Gross amounts are disclosed for recognised financial assets and financial liabilities that are either offset in the statement of financial position or are subject to an enforceable master netting arrangement or a similar agreement, irrespective of whether the IFRS offsetting criteria is met.
2 Gross amounts of recognised financial assets or financial liabilities that qualify for offsetting in accordance with the criteria per IFRS.
3 Related amounts not offset in the statement of financial position that are subject to an enforceable master netting arrangement or similar agreement.
4 This could include financial collateral (whether recognised or unrecognised), cash collateral as well as exposures that are available to the group and company to be offset in the event of default. In most cases the group and company are allowed to sell or repledge collateral received.
5 The most material amounts offset in the statement of financial position pertain to cash management accounts. The cash management accounts allow holding companies (or central treasury functions) to manage the cash flows of its group by linking the current accounts of multiple legal entities within a group. This allows for cash balances of the different legal entities to be offset against each other to arrive at a net balance for those groups. In addition, all repurchase agreements (for financial liabilities) and reverse repurchase agreements (for financial assets), subject to an enforceable master netting arrangement (or similar agreement), have been included.
6 In most instances, the counterparty may not sell or repledge collateral pledged by the group and company.

22. Financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements continued

The table below sets out the nature of agreements and the types of rights relating to items which do not qualify for offsetting but that are subject to a master netting arrangement or similar agreement.

	Nature of agreement	Related rights
Derivative assets and derivative liabilities	International swaps and derivatives association agreement	The agreement allows for offsetting in the event of default
Trading assets and trading liabilities	Global master repurchase agreement	The agreement allows for offsetting in the event of default
Loans and advances	Customer agreement and Banks Act	In the event of liquidation or bankruptcy, offsetting shall be enforceable subject to all applicable laws and regulations
Deposits and debt funding	Customer agreement and Banks Act	In the event of liquidation or bankruptcy, offsetting shall be enforceable subject to all applicable laws and regulations

23. Contingent liabilities and commitments

23.1 Contingent liabilities

GROUP AND COMPANY	2022 Rm	2021 Rm
Guarantees	75 353	82 190
Letters of credit	12 171	14 619
Total	87 524	96 809

Loan commitments of R126 564 million for group and R126 943 million company (2021: R121 480 million for group and R121 946 million for company) that are irrevocable over the life of the facility or revocable only in response to material adverse changes are included in Annexure C.

23.2 Commitments

GROUP AND COMPANY	2022 Rm	2021 Rm
Property and equipment	440	291
Other intangible assets	145	119
Total	585	410

The expenditure will be funded from internal resources.

23.3 Lease commitments

23.3.1 The future minimum payments under low-value assets and short-term leases are as follows:

GROUP AND COMPANY	Within 12 months Rm	Within one to five years Rm	Total Rm
2022			
Low-value assets and short-term leases	9	1	10
2021			
Low-value assets and short-term leases	8		8

Low-value assets comprise IT equipment and small items of office furniture.

23. Contingent liabilities and commitments continued

23.3.2 Motor vehicles under operating leases future undiscounted lease instalments:

GROUP AND COMPANY	Within one year Rm	Within second year Rm	Within third year Rm	Within fourth year Rm	Within fifth year Rm	After five years Rm	Total Rm
2022							
Motor vehicles[1]	**112**	**140**	**275**	**288**	**237**	**278**	**1 330**
2021							
Motor vehicles	59	123	126	177	129	71	685

[1] Additional clients entered into new fleet contracts, resulting in approximately 775 additional vehicles leased under operating lease agreements during 2022.

23.4 Legal proceedings

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

Competition Commission – trading of foreign currency

On 15 February 2017, South Africa's Competition Commission lodged five complaints with the Competition Tribunal against 18 institutions, including one against The Standard Bank of South Africa Limited (SBSA) and two against a former subsidiary of the group, Standard New York Securities Inc (SNYS), in which it alleges unlawful collusion between those institutions in the trading of USD/ZAR. The group has, with the help of external counsel, conducted its own internal investigations and found no evidence that supports the complaints. Both SBSA and SNYS, together with 12 of the other respondents, applied for dismissal of the complaint referral on various legal grounds. These applications were heard in July 2018. The complaint against SNYS was dismissed on the grounds that South Africa's competition regulators lack jurisdiction over it. In the case of SBSA, the Competition Commission was directed to file an amended complaint containing sufficient facts to evidence the collusion alleged within 40 business days of the ruling or risk dismissal of the complaint. The allegations against SBSA are confined to USD/ZAR trading activities within SBSA and do not relate to the conduct of the group more broadly. A number of respondents have filed an appeal to the ruling raising various grounds, which will have an impact on the 40 business day deadline imposed on the Competition Commission for the filing of the amended complaint against SBSA. The Competition Tribunal (CT) issued a directive on 24 July 2019 to all parties. Pursuant to two appeals filed by the Competition Commission against judgments handed down by the Competition Appeal Court in favour of The Standard Bank of South Africa Limited ("SBSA"), on 20 February 2020 the Constitutional Court, by a majority of five to four judges, ordered that (a) the Competition Commission need not disclose its record of investigation into alleged collusion in foreign exchange markets until after both SBSA has filed its written defence to the complaint against it and the Competition Tribunal has directed that all parties make discovery of relevant documents, and (b) the Competition Appeal Court erred in not deciding if it had the requisite jurisdiction before ordering the Competition Commission to lodge its record of decision in SBSA's application to have the Competition Commission's decision to initiate a complaint of collusion against SBSA reviewed and set aside, and remitted that issue of jurisdiction back to the Competition Appeal Court for determination. The Competition Appeal Court, upon the ordered remission, ruled that it can have jurisdiction over the foreign respondents provided the Commission can prove that the alleged collusion had a direct, foreseeable and material effect within South Africa. The Appeal Court also ruled that the allegations against all the respondents were so vague as to be unintelligible. Therefore the Commission was given a fixed period to file a wholly new complaint affidavit that addresses all of the identified shortcomings. The Commission, after lengthy delays, filed a wholly new complaint affidavit. In response all of the respondents other than Investec filed notices of objection or notices to compel more particulars and, in the case of the Standard Bank related respondents, applications for the dismissal of the complaint in its entirety. Hearings before the Competition Tribunal took place on various technical legal grounds from 29 November to 6 December 2019, and the Respondents await the outcome of the hearings.

Independent of the proceedings before the Tribunal, SBSA applied to the Competition Appeal Court (CAC) for a ruling that the Competition Commission's decision to include SBSA in the complaint referral be reviewed and set aside as unconstitutional and irrational. The filing of that application triggered an obligation upon the Commission to hand over all information that it had relied on in reaching its decision (the record). The Commission refused to comply so SBSA sought and obtained a CAC order that the record be handed over. The Commission appealed that order on the ground that the CAC lacked jurisdiction to make it. The Constitutional Court ruled that the challenge to jurisdiction should have been dealt with before the order was granted and remitted the dispute back to the CAC for a hearing afresh. Subsequently the Constitutional Court ruled in unrelated litigation that the CAC does have jurisdiction. On 21 February 2023 the CAC heard SBSA's application for an order that the record must be handed over so that the hearing of the review application itself can commence, and indications are that a judgement should be handed down during the first half of 2023. The Commission opposed the application by seeking a stay of the proceedings and is against the handing over of the record on the grounds that it's disclosure would give SBSA an unfair advantage in the litigation before the Tribunal. This is considered as a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*.

24. Maturity analysis

The group and company assess the maturity of financial assets and financial liabilities at 31 December each year which provides an indication of the remaining contractual life of these assets at that point in time. For the maturity analysis of financial liabilities on a contractual undiscounted basis, refer to the funding and liquidity risk section within annexure C.

24.1 Financial assets and liabilities

The following table discloses the maturity analysis for the group and company's financial assets and liabilities on a contractual discounted basis. Exposures relating to the SBG group are managed separately to those of third parties.

GROUP	Note	On demand[5] Rm	Within one year Rm	Within one to five years Rm	After five years Rm	Undated[1] Rm	Total Rm
2022							
Cash and balances with the central bank[2]	1	**7 774**				**39 372**	**47 146**
Trading assets	3	**9 609**	**141 466**	**52 166**	**61 452**	**3 535**	**268 228**
Pledged assets	4		**1 770**	**4 981**	**1 026**		**7 777**
Gross financial investments	6		**78 113**	**42 578**	**26 840**	**2 521**	**150 052**
Gross loans and advances[3]	7	**136 949**	**299 149**	**410 487**	**390 939**	**62 648**	**1 300 172**
Other financial assets	8	**6 698**	**16 343**	**172**	**45**	**850**	**24 108**
Net derivative asset/(liability)	2	**(4 761)**	**(7 900)**	**(1 710)**	**1 086**		**(13 285)**
Trading liabilities	14	**(10 556)**	**(83 223)**	**(8 021)**	**(3 983)**		**(105 783)**
Deposits and debt funding	15	**(869 021)**	**(406 924)**	**(168 062)**	**(41 658)**		**(1 485 665)**
Subordinated debt[4]	16		**(5 105)**	**(19 335)**			**(24 440)**
Other financial liabilities	17		**(7 741)**	**(582)**	**(64)**	**(2 163)**	**(10 550)**
2021							
Cash and balances with the central bank[2]	1	7 536				24 719	32 255
Trading assets	3	2 499	83 857	62 178	89 564		238 098
Pledged assets	4			626	1 349		1 975
Gross financial investments	6	(46)	76 824	48 795	16 983	1 520	144 076
Gross loans and advances[3]	7	114 219	336 922	395 769	343 406	54 419	1 244 735
Other financial assets	8		11 767			933	12 700
Net derivative asset/(liability)	2	13	(9 629)	(190)	(1 501)		(11 307)
Trading liabilities	14	(6 675)	(60 071)	(10 466)	(2 204)		(79 416)
Deposits and debt funding	15	(904 702)	(326 051)	(134 324)	(41 125)		(1 406 202)
Subordinated debt[4]	16		(1 112)	(22 626)			(23 738)
Other financial liabilities	17		(7 253)	(2 656)		(564)	(10 473)

1 Undated maturity category comprises of regulatory or indeterminate maturity, including any item or position in respect of which no right or obligation in respect of maturity exists. This will include deferred tax and provisions for non-performing assets.
2 On demand cash and balances with the central bank includes notes and coins.
3 Includes loans and advances measured at fair value through profit or loss.
4 The maturity analysis for subordinated debt has been determined as the earlier of the contractual repayment date or the option by the issuer to redeem the debt.
5 On demand includes next-day-maturity instruments.

24. Maturity analysis continued

24.1 Financial assets and liabilities continued

COMPANY	Note	On demand Rm	Within one year Rm	Within one to five years Rm	After five years Rm	Undated[1] Rm	Total Rm
2022							
Cash and balances with the central bank[2]	1	**7 774**				**39 372**	**47 146**
Trading assets	3	**9 608**	**135 518**	**52 171**	**61 458**	**3 536**	**262 291**
Pledged assets	4		**1 769**	**4 982**	**1 026**		**7 777**
Gross financial investments	6		**78 142**	**42 650**	**26 717**	**2 521**	**150 030**
Gross loans and advances[3]	7	**137 251**	**300 535**	**406 760**	**392 054**	**62 597**	**1 299 197**
Other financial assets	8	**6 696**	**16 183**	**172**	**45**	**809**	**23 905**
Net derivative asset/(liability)	2	**(4 761)**	**(8 268)**	**(1 710)**	**1 086**		**(13 653)**
Trading liabilities	14	**(10 556)**	**(83 223)**	**(8 021)**	**(3 983)**		**(105 783)**
Deposits and debt funding	15	**(868 791)**	**(408 209)**	**(168 428)**	**(41 719)**		**(1 487 147)**
Subordinated debt[4]	16		**(5 105)**	**(19 335)**			**(24 440)**
Other financial liabilities	17		**(7 473)**	**(582)**	**(64)**	**(1 652)**	**(9 771)**
2021							
Cash and balances with the central bank[2]	1	7 536				24 719	32 255
Trading assets	3	2 499	78 392	62 178	89 564		232 633
Pledged assets	4			626	1 349		1 975
Gross financial investments	6	(46)	76 854	49 163	16 983	1 520	144 474
Gross loans and advances[3]	7	119 541	335 831	391 467	343 406	54 405	1 244 650
Other financial assets	8		11 553			1 056	12 609
Net derivative asset/(liability)	2	13	(9 603)	(190)	(1 501)		(11 281)
Trading liabilities	14	(6 675)	(60 071)	(10 466)	(2 204)		(79 416)
Deposits and debt funding	15	(907 148)	(326 242)	(134 624)	(41 125)		(1 409 139)
Subordinated debt[4]	16		(1 112)	(22 626)			(23 738)
Other financial liabilities	17		(6 717)	(2 459)		(522)	(9 698)

1 Undated maturity category comprises of regulatory or indeterminate maturity, including any item or position in respect of which no right or obligation in respect of maturity exists. This will include deferred tax and provisions for non-performing assets.
2 On demand cash and balances with the central bank includes notes and coins.
3 Includes loans and advances measured at fair value through profit or loss.
4 The maturity analysis for subordinated debt has been determined as the earlier of the contractual repayment date or the option by the issuer to redeem the debt.

24. Maturity analysis continued

24.2 Non-financial assets and liabilities

The following table discloses the maturity analysis for the group and company's non-financial assets and liabilities on a contractual discounted basis.

GROUP	Note	Less than 12 months after reporting period Rm	More than 12 months after reporting period Rm	Total Rm
2022				
Non-current assets held for sale	5	**255**		**255**
Other assets	8	**3 580**	**3 259**	**6 839**
Interests in associates and subsidiaries	9		**1 016**	**1 016**
Property, equipment and right of use assets	10	**216**	**10 582**	**10 798**
Goodwill and other intangible assets	11		**9 125**	**9 125**
Provisions and other liabilities	17	**(10 420)**	**(4 184)**	**(14 604)**
Current and deferred tax asset		*	*	**5 238**
Current and deferred tax liability		*	*	**5 352**
2021				
Non-current assets held for sale	6	265		265
Other assets	8	6 955	25	6 980
Interests in associates and subsidiaries	9		940	940
Property, equipment and right of use asset	10	342	10 901	11 243
Goodwill and other intangible assets	11		10 834	10 834
Provisions and other liabilities	17	(8 064)	(3 579)	(11 643)
Current and deferred tax asset		*	*	4 206
Current and deferred tax liability		*	*	(5 040)

COMPANY	Note	Less than 12 months after reporting period Rm	More than 12 months after reporting period Rm	Total Rm
2022				
Non-current assets held for sale	5	**255**		**255**
Other assets	8	**3 619**	**3 297**	**6 916**
Interests in associates and subsidiaries	9		**7 492**	**7 492**
Property and equipment	10	**203**	**10 541**	**10 744**
Goodwill and other intangible assets	11		**9 014**	**9 014**
Provisions and other liabilities	17	**(10 235)**	**(4 127)**	**(14 362)**
Current and deferred tax asset		*	*	**5 196**
Current and deferred tax liability		*	*	**5 353**
2021				
Non-current assets held for sale	6	265		265
Other assets	8	6 989	25	7 014
Interests in associates and subsidiaries	9		6 639	6 639
Property and equipment	10	337	10 836	11 173
Goodwill and other intangible assets	11		10 722	10 722
Provisions and other liabilities[1]	17	(8 150)	(3 616)	(11 766)
Current and deferred tax asset		*	*	4 156
Current and deferred tax liability		*	*	(5 028)

* Undated. Undated maturity category comprises of regulatory or indeterminate maturity, including any item or position in respect of which no right or obligation in respect of maturity exists. This will include deferred tax and provisions for non-performing assets.

25. Interest income

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Effective interest rate income on:				
Financial investments	**13 905**	8 137	**13 804**	7 752
Loans and advances	**83 237**	64 188	**82 604**	63 214
Interest income on credit impaired financial assets	**1 327**	1 515	**1 327**	1 514
Total	**98 469**	73 840	**97 735**	72 480
Interest income on items measured at amortised cost	**98 469**	73 840	**97 735**	72 480

26. Interest expense

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Interest on deposits and debt funding	**50 629**	30 876	**50 711**	30 948
Interest on lease liabilities (note 17.3)	**156**	205	**152**	201
Interest on subordinated debt	**2 052**	1 953	**2 052**	1 953
Total	**52 837**	33 034	**52 915**	33 102
Interest expense on items measured at amortised cost	**52 681**	32 829	**52 763**	32 901
Interest expense on lease liabilities	**156**	205	**152**	201

27. Fee and commission revenue

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Account transaction fees	**8 703**	7 992	**8 703**	7 991
Bancassurance revenue	**2 510**	2 416	**931**	863
Card-based commission	**6 860**	5 931	**6 638**	5 780
Documentation and administration fees	**1 349**	1 309	**1 330**	1 270
Electronic banking fees	**3 869**	3 355	**3 869**	3 355
Foreign currency service fees	**1 505**	1 270	**1 505**	1 270
Knowledge-based fees and commission	**589**	493	**589**	493
Other[1]	**2 132**	2 307	**2 813**	2 988
Total	**27 517**	25 073	**26 378**	24 010

1 Other primarily comprises of fee and commission revenue earned on sundry services such as arrangement, agency and asset management fees as well as guarantee and commitment commissions.

All fee and commission revenue reported above relates to financial assets or liabilities not carried at fair value through profit or loss for the group and company.

28. Fee and commission expense

	GROUP		COMPANY	
	2022 Rm	2021 Restated[1] Rm	2022 Rm	2021 Restated[1] Rm
Account transaction fees	1 379	1 327	1 379	1 327
Bancassurance fees	631	615	559	548
Card-based commission[1]	2 998	2 306	2 990	2 299
Customer loyalty expense	958	666	958	666
Documentation and administration fees	143	124	143	123
Electronic banking fees	559	486	559	486
Other	433	422	451	438
Total	7 101	5 946	7 039	5 887

1 Restated. Refer to the restatement section for more detail.

All fee and commission expenses reported above relate to financial assets or liabilities not carried at fair value through profit or loss for the group and company.

29. Trading revenue

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Commodities and other	470	90	470	90
Equities	3 399	1 909	3 136	1 771
Fixed income and currencies	4 721	4 766	4 716	4 765
Total	8 590	6 765	8 322	6 626

30. Other revenue

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Banking and other[1]	1 504	1 837	2 038	2 143
Franchise and management fees (note 40.7)	1 338	935	1 340	935
Wealth and insurance related income	1 805	1 263	1 805	1 263
Property-related revenue	108	89	110	92
Total	4 755	4 124	5 293	4 433

1 Included in banking and other for the company is dividend income from subsidiaries of R540 million (2021: R306 million).

31. Other gains on financial instruments

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Fair value gains/(losses) on equity instruments measured at FVTPL and other gains/(losses)	316	104	316	104
Fair value gains/(losses) on debt financial instruments measured at FVTPL – default	328	470	328	470
Fair value gains on financial instruments designated at FVTPL	1 634	1 393	1 634	1 393
Total	2 278	1 967	2 278	1 967

32. Credit impairment charges

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Net ECL raised:	8 683	8 409	8 636	8 358
Financial investments (note 6)	13	(17)	13	(17)
Loans and advances (note 7)	8 764	8 498	8 717	8 447
Letters of credit, bank acceptances, guarantees and other[1]	(94)	(72)	(94)	(72)
Recoveries on loans and advances previously written off	(650)	(780)	(650)	(778)
Modification losses on distressed financial assets	585	185	585	185
Total	8 618	7 814	8 571	7 765

1 Includes R2 million (2021: Rnil) of ECL on other assets.

33. Operating expenses

	GROUP		COMPANY	
	2022 Rm	2021 Restated[1] Rm	2022 Rm	2021 Restated[1] Rm
Amortisation – intangible assets (note 11)	2 042	2 235	2 028	2 220
Auditors' remuneration	238	226	228	218
Audit fees – current financial year	228	221	218	213
Fees for other services[1]	10	5	10	5
Communication related expenses	882	819	862	805
Depreciation (note 10)	2 760	2 896	2 742	2 877
Property	377	320	377	320
Equipment	1 415	1 442	1 406	1 431
Right of use assets	968	1 134	959	1 126
Information technology	8 862	8 124	8 788	8 059
Operating lease charges	296	324	293	320
Premises	1 205	1 126	1 202	1 124
Professional fees	1 148	1 260	1 117	1 236
Staff costs	26 588	24 648	26 032	24 101
Equity-linked transactions (annexure D)	2 168	1 553	2 168	1 553
Pension and other post-employment benefit costs (note 41.1)	1 317	1 275	1 317	1 275
Salaries and wages	23 103	21 820	22 547	21 273
Transfer pricing agreements (note 40.7)	1 213	1 004	1 268	1 061
Other expenses[2]	3 230	2 240	2 911	2 105
Total	48 464	44 902	47 471	44 126

1 All fees for services paid to the group and company's auditors were considered and approved by the group's audit committee in terms of its non-audit services policy.
2 Restated. Refer to the restatement section for more detail.

34. Non-trading and capital related items

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Impairment of associates (note 9)	74		74	
Impairment of property, equipment (note 10)	18		18	
Impairment of intangible assets (note 11)	364	19	364	19
Impairment of investment in subsidiary			208	70
Loss on sale of property and equipment	7	61	7	61
Gain on disposal of business	(13)		(13)	
Compensation from third parties for ATM's that were impaired	(79)		(79)	
Total	371	80	579	150

35 Direct and indirect taxation

35.1 Indirect taxation

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Value added tax (VAT)[1]	(1 383)	(1 224)	(1 380)	(1 220)
Other indirect taxes and levies	(243)	(208)	(235)	(202)
Total	(1 626)	(1 432)	(1 615)	(1 422)

1 The group and company earn certain amounts of VAT exempt income which result in these amounts of VAT input not being able to be claimed from the revenue authorities.

35.2 Direct taxation

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
South African normal tax	(5 711)	(3 569)	(5 538)	(3 308)
Current year	(5 550)	(3 586)	(5 400)	(3 308)
Prior year	(161)	17	(138)	
Deferred tax	1 028	(51)	1 026	(42)
Current year	802	4	825	10
Prior year	226	(55)	201	(52)
Capital gains, foreign and withholding tax	(163)		(163)	
Total	(4 846)	(3 620)	(4 675)	(3 350)

Income tax recognised in OCI

The table below sets out the amount of income tax relating to each component within OCI:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Items that may be subsequently reclassified to profit or loss				
Movements in the cash flow hedging reserve[1]	53	(5)	53	(5)
Net change in fair value of cash flow hedges	26	(114)	26	(114)
Realised fair value adjustments of cash flow hedges transferred to profit or loss	27	109	27	109
Items that may not be subsequently reclassified to profit or loss				
Net change in fair value of FVOCI financial assets	4	5	4	5
Net change in own credit risk recognised on financial liabilities designated at FVTPL	2	(1)	2	(1)
Defined benefit fund remeasurements	31	(42)	31	(42)
Total	90	(43)	90	(43)

1 Included in this amount is current tax recognised through OCI of R1 million (2021: R1 million) for the group and company.

35 Taxation continued

35.2 Direct taxation continued

South African tax rate reconciliation

	GROUP				COMPANY			
	2022 %	2022 Rm	2021 %	2021 Rm	2022 %	2022 Rm	2021 %	2021 Rm
Direct taxation – statutory rate[1]	28	(6 346)	28	(5 173)	28	(5 968)	28	(4 668)
Prior year tax		65		(38)		63		(52)
Direct taxation – current year	28	(6 281)	28	(5 211)	28	(5 905)	28	(4 720)
Adjustment to direct taxation	2	(314)		34	2	(313)		34
Foreign tax and withholding tax	1	(121)		35	1	(121)		35
Change in tax rate		(183)				(182)		
Capital gains tax	1	(10)		(1)	1	(10)		(1)
Direct taxation – current year – normal	30	(6 595)	28	(5 177)	30	(6 218)	28	(4 686)
Permanent differences	(9)	1 749	(8)	1 557	(8)	1 543	(8)	1 336
Dividends received	(8)	1 512	(8)	1 438	(7)	1 434	(8)	1 275
Other non-taxable income	(2)	328	(1)	201	(1)	197	(1)	140
Other permanent differences	1	(91)	1	(82)		(88)	1	(79)
Direct tax charge for the year as a percentage of profit before tax	21	(4 846)	20	(3 620)	22	(4 675)	20	(3 350)

[1] On 23 February 2022, the South African finance minister, as part of his National Budget Speech, confirmed that the corporate income rate will be reduced from 28% to 27% for financial years ending on or after 31 March 2023.

36. Basic, diluted and headline earnings per ordinary share

	GROUP		COMPANY	
	2022	2021	2022	2021
Earnings				
The calculations of basic earnings and headline earnings per ordinary share are as follows:				
Basic earnings (Rm)	16 023	12 821	15 943	12 783
Headline earnings (Rm) (note 37)	16 256	12 877	16 384	12 909
Weighted average number of ordinary shares in issue (thousands) (note 13)	59 997	59 997	59 997	59 997
Basic and diluted earnings per ordinary share (cents)	26 706	21 369	26 573	21 306
Headline earnings per ordinary share (cents)	27 095	21 463	27 308	21 516

37. Headline earnings

	2022				2021			
	Gross Rm	Tax Rm	Other equity instrument holders Rm	Net Rm	Gross Rm	Tax Rm	Other equity instrument holders Rm	Net Rm
GROUP								
Profit for the year	22 091	(4 846)	(1 222)	16 023	18 167	(3 620)	(1 726)	12 821
Headline earnings adjustable items added/(reversed)	371	(138)		233	80	(24)		56
IAS 16 – (Gains)/losses on sale of properties and equipment	7	(33)		(26)	61	(18)		43
IAS 28 – Impairment of investment in associate	74	(21)		53				
IAS 16 – Impairment of fixed asset	18	(5)		13				
IAS 36 – Impairment of intangible assets	364	(102)		262	19	(6)		13
IAS 16 – Compensation from third parties for ATM's that were impaired[1]	(79)	22		(57)				
IAS 27/IAS 28 – Gain on disposal of business	(13)	1		(12)				
Headline earnings	22 462	(4 984)	(1 222)	16 256	18 247	(3 644)	(1 726)	12 877
COMPANY								
Profit for the year	21 315	(4 675)	(697)	15 943	16 670	(3 350)	(537)	12 783
Headline earnings adjustable items added/(reversed)	579	(138)		441	150	(24)		126
IAS 16 – (Gains)/losses on sale of properties and equipment	7	(33)		(26)	61	(18)		43
IAS 16 – Impairment of fixed asset	18	(5)		13				
IAS 16 – Compensation from third parties for ATM's that were impaired[1]	(79)	22		(57)				
IAS 28 – Impairment of investment in associate	74	(21)		53				
IAS 27/36 – Impairment of investment in subsidiary	208			208	70			70
IAS 36 – Impairment of intangible assets	364	(102)		262	19	(6)		13
IAS 27/IAS 28 – Gain on disposal of business	(13)	1		(12)				
Headline earnings	21 894	(4 813)	(697)	16 384	16 820	(3 374)	(537)	12 909

[1] During 2022, compensation of R79 million, gross of tax, was received from third-parties for ATMs that were written off during 2021, as a result of the unrest that occurred in Kwa-Zulu Natal and Gauteng.

Headline earnings is calculated in accordance with the circular titled Headline Earnings issued by SAICA, as amended from time to time.

38. Dividends

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Ordinary dividends	**12 300**	4 400	**12 300**	4 400
Dividend No. 153 of 1 667 cents per share paid on 28 April 2021 to the shareholder registered on 21 April 2021		1 000		1 000
Dividend No. 154 of 5 667 cents per share paid on 13 September 2021 to the shareholders registered on 10 September 2021		3400		3400
Dividend No.155 of 14 167 cents per share paid to the shareholders on 31 March 2022 to the shareholders registered on 30 March 2022	**8 500**		**8 500**	
Dividend No.156 of 6 334 cents per share paid to the shareholders on 09 September 2022 to the shareholders registered on 07 September 2021	**3 800**		**3 800**	
AT1 capital	**697**	537	**697**	537
31 December				
SBT101		29		29
SBT102		30		30
SBT103	**38**	28	**38**	28
SBT104	**30**	23	**30**	23
SBT105	**35**	26	**35**	26
SBT106	**32**	21	**32**	21
SBT109	**28**		**28**	
31 October				
SBT107	**26**		**26**	
SBT108	**32**		**32**	
30 September				
SBT101		30		30
SBT102	**33**	30	**33**	30
SBT103	**33**	28	**33**	28
SBT104	**27**	23	**27**	23
SBT105	**30**	26	**30**	26
SBT106	**28**		**28**	
28 July				
SBT107	**23**		**23**	
30 June				
SBT101		29		29
SBT102	**32**	29	**32**	29
SBT103	**30**	28	**30**	28
SBT104	**24**	23	**24**	23
SBT105	**28**	26	**28**	26
SBT 106	**26**		**26**	
30 March				
SBT101	**30**	29	**30**	29
SBT102	**30**	29	**30**	29
SBT103	**29**	28	**29**	28
SBT104	**23**	22	**23**	22
SBT105	**26**		**26**	
SBT106	**24**		**24**	
Dividends paid out of retained earnings[1]				
Dividends paid to SB Debtors Discounting No. 1 Proprietary Limited (SB Debtors)	**950**	1 029		
Total	**13 947**	5 966	**12 997**	4 937

On 9 March 2023, dividend No.157 of 10 000 cents per share payable on 11 April 2023 was declared, bringing the total dividends declared in respect of 2022 to 16 334 cents per share (2021: 19 834 cents per share).

[1] Refer to Annexure A for more details.

39. Statement of cash flows notes

39.1 Net cash flow used in operations

	GROUP		COMPANY	
	2022 Rm	2021 Restated[1] Rm	2022 Rm	2021 Restated[1] Rm
Profit before taxation[2]	**23 858**	19 660	**23 071**	18 223
Amortisation of intangible assets (note 11)	**2 042**	2 235	**2 028**	2 220
Expected credit losses	**8 618**	7 814	**8 571**	7 765
Depreciation of property, equipment and right of use assets (note 10)	**2 760**	2 896	**2 742**	2 877
Unwinding of discount element on loans and advances	**(1 327)**	(1 515)	**(1 327)**	(1 514)
Equity-linked transactions (annexure D)	**2 168**	1 553	**2 168**	1 553
Accrued interest on subordinated debt	**63**	121	**63**	121
Dividends received	**(1 326)**	(1 596)	**(1 587)**	(1 315)
Interest capitalised	**105**	94	**105**	94
Indirect taxation (note 35.1)	**(1 626)**	(1 432)	**(1 615)**	(1 422)
Other	**252**	1	**579**	2
Total	**35 587**	29 831	**34 798**	28 604

1 Refer to page 69 for details on the restatement that lead to the inclusion of the above note.
2 Included in profit before tax are income statement foreign exchange movements of R141 million (2021: Rnil).

39.2 Increase in operating assets

	GROUP		COMPANY	
	2022 Rm	2021 Restated[1] Rm	2022 Rm	2021 Restated[1] Rm
Net derivative asset	**1 897**	9 533	**2 297**	9 516
Trading assets	**(30 130)**	(26 440)	**(29 658)**	(24 534)
Pledged assets	**(5 802)**	(1 064)	**(5 802)**	(1 064)
Financial investments	**(5 951)**	(14 576)	**(5 546)**	(14 577)
Loans and advances	**(56 726)**	(67 218)	**(56 009)**	(68 261)
Other assets	**(11 571)**	(501)	**(11 366)**	(400)
Total	**(108 283)**	(100 266)	**(106 084)**	(99 320)

1 Refer to page 69 for details on the restatement that lead to the inclusion of the above note.

39.3 Decrease in operating liabilities

	GROUP		COMPANY	
	2022 Rm	2021 Restated[1] Rm	2022 Rm	2021 Restated[1] Rm
Deposit and debt funding	**70 420**	77 083	**68 966**	78 138
Trading liabilities	**26 367**	4 185	**26 367**	4 185
Other liabilities and provisions	**1 605**	337	**1 220**	168
Total	**98 392**	81 605	**96 553**	82 491

1 Refer to page 69 for details on the restatement that lead to the inclusion of the above note.

39. Statement of cash flows notes continued

39.4 Cash payments to suppliers and employees

	GROUP		COMPANY	
	2022 Rm	2021 Restated[1] Rm	**2022 Rm**	2021 Restated[1] Rm
Cash flows to suppliers[1]	**18 522**	16 558	**17 990**	18 807
Cash flows to employees	**24 413**	23 092	**23 855**	20 091
Total	**42 935**	39 650	**41 845**	38 898

1 Refer to page 69 for details on the restatement that lead to the inclusion of the above note.

39.5 Reconciliation of subordinated debt

GROUP AND COMPANY	**2022 Rm**	2021 Rm
Balance at the beginning of the year	**23 738**	22 151
Subordinated debt issued	**1 639**	3 166
Subordinated debt redeemed	**(1 000)**	(1 700)
Accrued finance movements	**63**	121
Balance at the end of the year	**24 440**	23 738

39.6 Cash and cash equivalents

GROUP AND COMPANY	**2022 Rm**	2021 Restated[1] Rm
Cash and balances with central banks (note 1)	**47 146**	32 255
On demand gross loans and advances to banks (note 7.1)	**10 657**	17 938
Balance at the end of the year	**57 803**	50 193

1 Refer to page 69 for details on the restatement that lead to the inclusion of the above note.

40. Related party transactions

40.1 Parent

SBSA is a wholly-owned subsidiary of SBG.

40.2 Subsidiaries

Details of effective interest, investments in and loans to material subsidiaries are disclosed in annexure A.

40.3 Associates

Details of effective interest, investments in and loans to associates are disclosed in annexure B.

40.4 Key management personnel

Key management personnel has been defined as SBSA board of directors and prescribed officers effective for 2022 and 2021. Non-executive directors are included in the definition of key management personnel as required by IFRS. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with SBSA. They may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

GROUP AND COMPANY	2022 Rm	2021 Rm
Key management compensation	**389**	244
Salaries and other short-term benefits paid	**183**	158
Post-employment benefits	**5**	5
IFRS 2 value of share options and rights expensed	**201**	81
Loans and advances[1]		
Loans outstanding at the beginning of the year	**16**	14
Change in key management structures	**(1)**	(3)
Net change in loans during the year	**7**	5
Loans outstanding at the end of the year	**22**	16
Interest income	**1**	1
Deposit and debt funding[2]		
Deposits outstanding at the beginning of the year	**165**	188
Change in key management structures	**44**	(5)
Net change in deposits during the year	**23**	(18)
Deposits outstanding at the end of the year	**232**	165
Net interest income/(expense)	**5**	3
Investment products and third-party funds under management[3]		
Balance at the beginning of the year	**1 401**	1 229
Change in key management structures	**591**	(4)
Net change in investments during the year	**47**	176
Balance at the end of the year	**2 039**	1 401
Net investment return to key management personnel	**(127)**	(70)
Shares and share options[4]		
Shares beneficially owned (number)	**1 996 622**	1 435 790
Share options held (number)	**3 048 442**	2 423 569

1 Loans include mortgage loans, vehicle and asset finance and credit cards. All loans and advances in respect of loans granted to key management in the current or prior year follow the normal ECL processes of the group. The mortgage loans and vehicle and asset finance are secured by the underlying assets. All other loans are unsecured.
2 Deposits for group and company include cheque, current and savings accounts.
3 Due to the similar nature of investment products and third-party funds under management, the two products have been aggregated into one table.
4 Aggregate details of SBG shares and share options held by key management personnel.

40. Related party transactions continued

40.5 Balances with SBG companies

The table below denotes balances with the group and company's holding company, subsidiaries and fellow banking subsidiaries.

	GROUP		COMPANY	
Assets	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Ultimate holding company				
– Indebtedness to the group/company	122	369	122	369
Interest in subsidiary companies			9 453	11 749
– Shares at cost (annexure A)			6 483	5 705
– Indebtedness to SBSA company			2 970	6 044
Interest in fellow banking subsidiary companies				
– Indebtedness to the group/company	78 360	68 766	79 130	70 683
Total	78 482	69 135	88 705	82 801
Shares at cost (annexure A)			6 483	5 705
Derivative assets	5 227	5 277	5 227	5 277
Financial investments			87	392
Loans and advances[1]	65 811	57 309	69 371	64 808
Trading assets	3 135	1 752	3 135	1 752
Other assets	4 309	4 797	4 402	4 867

	GROUP		COMPANY	
Liabilities and other equity instruments	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Indebtedness by the group/company				
Ultimate holding company	40 994	35 551	40 994	35 551
Subsidiaries			1 447	3 077
Fellow banking subsidiaries	155 942	172 049	155 433	171 628
Total	196 936	207 600	197 874	210 256
Other equity instruments				
AT1 capital bonds (note 13.3)	14 164	10 549	14 164	10 549
Liabilities				
Deposits and debt funding	97 743	110 610	98 937	113 654
Derivative liabilities	5 823	11 062	5 823	11 062
Subordinated debt	24 771	22 640	24 771	22 640
Trading liabilities	51 922	50 644	51 922	50 644
Other liabilities and provisions	2 513	2 095	2 257	1 707

[1] Included in the above for group and company are loans issued to subsidiaries and fellow banking subsidiaries that are repayable on demand. Interest is charged based on the group's internal funding rate. The loans are unsecured.

40. Related party transactions continued

40.6 Transactions with SBG companies

The table below denotes material transactions with the group and company's holding company, subsidiaries and fellow banking subsidiaries.

	Holding company		Subsidiaries		Fellow banking subsidiaries	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Assets						
GROUP						
Interest income					**2 342**	1 364
Non-interest revenue	**16**	25			**2 878**	2 693
COMPANY						
Interest income			**32**	74	**2 132**	918
Non-interest revenue	**16**	25	**881**	843	**2 403**	2 243
Liabilities						
GROUP						
Interest expense	**1 734**	1 287			**2 266**	704
COMPANY						
Interest expense	**1 734**	1 287	**83**	68	**2 266**	704

40.7 Transactions with fellow subsidiaries in Africa Regions

Below is a summary of the nature and value of transactions with fellow subsidiaries.

GROUP AND COMPANY	2022 Rm	2021 Rm
Franchise and management fee income for the year included in other revenue	**1338**	935
Net franchise and management fee balance owing to SBSA included in interests in SBG companies	**543**	402
Gross amounts owing to the group and company at the end of the year	**730**	577
Provisions	**(187)**	(175)
Provision raised on franchise and management fees during the year	**(12)**	(37)
Royalty fees on IT software licenses	**44**	88
Core banking systems fees	**53**	47
System development fees	**150**	194
Direct services	**781**	862

Transfer pricing arrangements for 2022 and 2021

The company entered into various transfer pricing agreements with other SBG subsidiaries. These agreements have all been entered into on an arm's length basis in accordance with the pricing principles contained in the Organisation for Economic Co-operation and Development Guidelines and relevant domestic legislation. The nature of the agreements are such that the related parties performing relevant functions, assuming relevant risks and owning relevant assets in the day-to-day business activities of the group and company, are compensated on an arm's length basis. The integrated business model, in relation to functional, risk and asset profile and in accordance with the nature of the agreement, resulted in payments being made by both SBSA and fellow subsidiaries during the 2022 and 2021 financial years.

Revenue sharing agreements

Revenue sharing agreements include the allocation of revenue from transfer pricing agreements between SBG's legal entities. The service payer makes payment to service sellers for services rendered. All agreements of a revenue sharing nature are presented in the income statement as follows:

- The service payer of the agreement recognises, to the extent the charge is less than revenue from the agreement, the charge to the service sellers within the income statement line item revenue sharing agreements. To the extent that the revenue allocation to service sellers within the group is greater than the available revenue from the agreement, the charge above the available revenue is recognised within other operating expenses.
- The service seller of the agreement recognises, to the extent the allocation is made out of available revenue of the service payer, the revenue from the service payer within the income statement line item revenue sharing agreements. To the extent the revenue is not received from the service payer's available revenue, such revenue is recognised as a fee and commission revenue.

40. Related party transactions continued

40.7 Transactions with fellow subsidiaries in Africa Regions continued

The following amounts were recognised in the group and company income statements in terms of revenue sharing and transfer pricing agreements:

	GROUP		COMPANY	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Revenue sharing agreements	**502**	413	**502**	413
Other operating expenses (note 33)	**1 213**	1 004	**1 268**	1 061
Total	**1 715**	1 417	**1 770**	1 474

40.8 Transactions with fellow non-banking subsidiaries

The following balances were in place as at 31 December with Liberty Holdings Limited (Liberty), a non-banking subsidiary of Standard Bank Group Limited, who holds 100% of the issued Liberty shares. There were no significant credit impairments related to balances and transactions with Liberty. These transactions have been entered into at market related terms.

	Liberty[1]	
GROUP AND COMPANY	**2022 Rm**	2021 Rm
Balances		
Bancassurance net profit debtors	**2 818**	1 299
Binder agreement fee debtors	**389**	366
ROU assets	**43**	147
Collateral deposits debtors	**793**	1 538
Reverse repo assets		2 239
Loan to Liberty Two Degrees	**991**	1 267
Net derivative (liability)/asset	**(676)**	(1 198)
Fair value of derivative assets	**1 362**	1 815
Fair value of derivative liabilities	**(2 038)**	(3 013)
Lease liabilities	**(36)**	(170)
Collateral deposits payable	**(896)**	(487)
Sale and repurchase liabilities		(2 205)
Deposits and debt funding	**(13 688)**	(7 776)
Transactions		
Bancassurance premium income	**11 750**	9 405
Insurance policy commission income	**822**	984
Income on Liberty Two Degrees loan	**84**	77
Other income	**220**	214
Income on sale and repurchase agreements	**105**	101
Fee and commission income[2]	**60**	65
Insurance premium income	**55**	48
Other expenses	**(154)**	(102)
Asset management fees	**(11)**	(8)
Interest expense	**(143)**	(94)

1 Includes balances and transactions with Liberty Holdings Limited and its subsidiaries.
2 Liberty issued R1.5 billion in subordinated notes in 2022 (2021: Rnil). A bond advisory fee of R8 million (2021: R nil) was issued to SBSA.

40. Related party transactions continued

40.9 Mutual funds

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

The following significant balances and transactions were entered into between the group and company and the mutual funds which Liberty has control or significant influence over:

GROUP AND COMPANY	2022 Rm	2021 Rm
Trading liabilities	**(711)**	(1 881)
Deposits and debt funding	**(37 551)**	(39 505)
Trading losses	**(353)**	(47)
Interest expense	**(1 936)**	(1 761)

40.10 Balances and transactions with ICBCS

The following balances were in place as at 31 December with ICBC Standard Bank Plc (ICBCS), an entity in which SBG has a 40% interest. There were no significant credit impairments related to balances and transactions with ICBCS. These transactions have been entered into at market related terms.

GROUP AND COMPANY	2022 Rm	2021 Rm
Derivative assets	**7 390**	4 594
Loans and advances	**3 483**	4 043
Other assets	**1**	101
Derivative liabilities	**(7 419)**	(4 266)
Deposits and debt funding	**(2)**	(1 980)
Other liabilities	**(116)**	(72)

Significant transactions with ICBCS during the reporting period comprise primarily of non-interest revenue of R23.87 million (2021: R18 million).

40.11 Shareholder of the parent

The group has several business relationships with the Industrial and Commercial Bank of China (ICBC), a 19.4% shareholder of SBG. Transactions with ICBC are made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other third parties. These transactions also did not involve more than the normal risk of collectability or present other unfavourable features. There were no significant credit impairments related to balances and transactions with ICBC.

40.11.1 Balances and transactions with ICBC

The group, in the ordinary course of business, receives term funding from, and provides loans and advances to, ICBC for strategic purposes. These monies are renegotiated and settled on an ongoing basis at market related terms. The following balances have been recognised in the group and company's financial statements, these balances are outstanding between SBSA and ICBC at 31 December, excluding those relating to ICBCS:

GROUP AND COMPANY	2022 Rm	2021 Rm
Loans and advances	**863**	1 802
Deposits and debt funding	**(9 402)**	(13 532)

Letters of credit

The group has off-balance sheet letters of credit exposure issued to ICBC as at 31 December 2022 of R467 million (2021: R442 million).

40.12 Post-employment benefit plans

Material transactions between the group and the company's post-employment benefit plans are listed below. The following amounts have been recognised in the group and company's financial statements:

GROUP AND COMPANY	2022 Rm	2021 Rm
Financial investments in bonds and money market instruments	**723**	632

In addition to the above, the group manages R10 079 million (2021: R10 000 million) of the post-employment benefit plans' assets.

41. Pensions and other post-employment benefits

41.1 Retirement funds

Membership of the principal fund, the Standard Bank Group Retirement Fund (SBGRF), comprises primarily of SBSA's permanent staff. The fund, one of the ten largest in South Africa, is governed by the Pensions Fund Act 24 of 1956. Member-elected trustees represent 50% of the trustee board. The assets of the fund are held independently.

SBGRF is regulated by the Pension Funds Act as well as the Financial Services Board.

The fund is subject to a statutory financial review by actuaries at an interval of not more than three years. A full actuarial valuation was performed using 31 December 2022 data during 2023. In the opinion of the actuary, the fund was considered to be financially sound. The next actuarial valuation is to be performed on 31 December 2023 data during 2024.

On 1 November 2009, the fund introduced an individual member investment choice for defined contribution members and the pre-1995 members could choose to give up their guaranteed defined benefits and instead accept an offer of a 10% enhancement to their actuarial reserve values. Over 90% of the pre-1995 defined benefit members accepted the offer and converted to defined contribution plans.

Description of risks

Post-retirement obligation risk is the risk to the group's comprehensive income that arises from the requirement to contribute as an employer to an under-funded defined benefit plan. The group operates both defined contribution plans and defined benefit plans, with the majority of its employees participating in defined contribution plans. The defined benefit pension and healthcare schemes (note 41.2) for past and certain current employees, create post-retirement obligations. The group mitigates these risks through independent asset managers and independent asset and liability management advisors for material funds. Potential residual risks which may impact the group are managed within the group's asset and liability management process.

GROUP AND COMPANY	2022 Rm	2021 Rm
The amounts recognised in the statement of financial position in respect of the retirement fund is as follows		
Present value of funded obligations	**(42 172)**	(43 337)
Fair value of plan assets	**43 445**	44 625
Surplus (included in other assets in the statement of financial position)	**1 273**	1 288
Movement in the present value of funded obligations		
Balance at the beginning of the year	**43 337**	36 253
Current service cost	**1 398**	1 329
Interest cost	**4 217**	3 039
Contributions paid by employees	**1 013**	955
Actuarial (gains)/ losses	**(5 237)**	3 409
Benefits paid	**(2 556)**	(1 648)
Balance at the end of the year	**42 172**	43 337
Movement in the fair value of plan assets		
Balance at the beginning of the year	**44 625**	37 334
Interest income	**4 339**	3 126
Contributions received	**2 379**	2 248
Net return on assets	**(5 342)**	3 565
Benefits paid	**(2 556)**	(1 648)
Balance at the end of the year	**43 445**	44 625
Plan assets consist of the following		
Cash	**573**	915
Equities	**18 461**	19 314
Bonds	**11 291**	11 281
Property and other	**13 120**	13 115
Balance at the end of the year	**43 445**	44 625

The group and company expect to pay R1 456 million in contributions to SBGRF in 2022 (2021: R1 366 million).

41. Pensions and other post-employment benefits continued

41.1 Retirement funds continued

GROUP AND COMPANY	2022 Rm	2021 Rm
The amounts recognised in profit or loss are determined as follows:		
Current service cost	(1 398)	(1 329)
Net interest income	122	87
Included in staff costs	(1 276)	(1 242)

The expected long-term rate of return is based on the expected long-term returns on equities, cash, bonds and properties (where applicable). The split between the individual asset categories is considered in setting these assumptions. Adjustments are made to reflect the effect of expenses.

GROUP AND COMPANY	2022 Rm	2021 Rm
Components of statement of OCI		
Actuarial (losses)/gains on assets	(5 342)	3 565
Actuarial gains/(losses) on liability	5 237	(3 409)
Gains/(losses) from changes in experience assumptions	5 189	(3 169)
Gains/(losses) from changes in financial assumptions	48	(240)
(Decrease)/Increase in remeasurements recognised in OCI	(105)	156
Reconciliation of net defined benefit asset		
Net defined benefit asset at the beginning of the year	1 288	1 081
Net expense recognised	(1 276)	(1 242)
Amounts recognised in OCI	(105)	156
Company contributions	1 366	1 293
Net defined benefit asset at the end of the year	1 273	1 288

41. Pensions and other post-employment benefits continued

41.1 Retirement funds continued

Sensitivity analysis for post-retirement fund

Assumed inflation rates, discount rates and mortality improvements have a significant effect on the amounts recognised in profit or loss. A one percentage point change in these would have the following effects on amounts recognised in 2022 and 2021:

	2022		2021	
GROUP AND COMPANY	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
Inflation rate				
Effect on the defined benefit obligation	222	(178)	266	(212)
Discount rate				
Effect on the defined benefit obligation	166	(164)	247	(213)

GROUP AND COMPANY	10% increase	10% decrease	10% increase	10% decrease
Mortality improvements				
Effect on the defined benefit obligation	(24)	25	(28)	31

GROUP AND COMPANY	+ 1 year	– 1 year	+ 1 year	– 1 year
Mortality improvements				
Effect on the defined benefit obligation	(24)	23	(29)	29

	2022 Rm	2021 Rm
Historical information		
Experience adjustments arising on plan liabilities	5 237	(3 409)
Experience adjustments arising on plan assets	(5 342)	3 565

41. Pensions and other post-employment benefits continued

41.2 Post-employment healthcare benefits

Post-employment medical aid

The post-employment healthcare benefit fund provides eligible employees, who were in service on 29 February 2000, with a lump sum benefit on retirement enabling them to purchase an annuity to be applied towards their post-employment healthcare costs. This benefit is prefunded in a provident fund and replaced the subsidy arrangement that was in place prior to this. Any shortfall in the payment to be made by these employees towards their healthcare costs subsequent to retirement is the responsibility of the employee.

The liability represents a post-employment healthcare benefit scheme that covers all employees who retired before 1 March 2000. The liability is unfunded and is valued every year using the projected unit credit method. The latest full statutory actuarial valuation was performed as at 31 December 2022. The next actuarial valuation will be performed as at 31 December 2023.

GROUP AND COMPANY	2022 Rm	2021 Rm
The amounts recognised in profit or loss are determined as follows		
Present value of unfunded defined benefits obligation	**450**	492
Post-employment medical aid	**450**	492
Movement in the present value of defined benefit obligations		
Balance at the beginning of the year	**492**	518
Interest cost	**41**	33
Actuarial (gains)/losses	**(21)**	6
Benefit payments	**(62)**	(65)
Balance at the end of the year	**450**	492
The amounts recognised in profit or loss are determined as follows		
Net interest cost	**(41)**	(33)
Components of statement of OCI		
Actuarial (gains)/losses arising from changes in financial assumptions	**(11)**	30
Gains arising from experience assumptions	**(10)**	(24)
Increase in remeasurement recognised in OCI	**(21)**	6

Assumed medical inflation rates have a significant effect on the amounts recognised in profit or loss. The aggregate current service cost and interest cost is R41 million (2021: R33 million) and the defined benefit obligation is R450 million (2021: R492 million). A one percentage point change in the medical inflation rate would have the following effects on the amounts recognised:

GROUP AND COMPANY	2022		2021	
	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
Sensitivity analysis for post-employment medical aid fund				
Effect on the aggregate of the current service cost and interest cost	**3**	**(2)**	2	(3)
Effect on the defined benefit obligation	**25**	**(23)**	28	(28)

42. Segment reporting

Segmental structure of **client segments** and **solutions**

Client segments

The client segments are responsible for designing and executing the client value proposition strategy. Client segments own the client relationship and create multi-product customer experiences to address life events distributed through our client engagement platforms.

Consumer & High Net Worth clients

The Consumer & High Net Worth (CHNW) segment offers tailored and comprehensive banking, investment, insurance and beyond financial solutions. We serve clients across Sub-Saharan Africa ranging from high net worth, affluent and main market by enabling their daily lives throughout their life journeys.

Business & Commercial clients

The Business & Commercial Client (BCC) segment provides broad based client solutions for a wide spectrum of small and medium-sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth.

Corporate & Investment Banking clients

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

Client solutions

Client solutions support the client segments and the group as a whole. This team works in partnership with the client segments in pursuit of the client value proposition strategy. Client solutions provide products and services for banking, insurance and investments and will expand into non-financial services and solutions over time.

Banking

Home services
Residential accommodation financing solutions, including related value added services.

Vehicle and asset finance
Comprehensive finance solutions in instalment credit, fleet management and related services across our retail, corporate and business markets.

Card and payments
Credit card facilities to individuals and businesses.
Merchant acquiring services.
Enablement of digital payment capabilities through various products and platforms.
Mobile money and cross-border businesses.

Retail lending
Comprehensive suite of lending products provided to individuals and small and medium-sized businesses.

Retail transactional
Comprehensive suite of transactional, savings, payment and liquidity management solutions.

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

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

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

Insurance

Short-term and life insurance activities

- Short term: Homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.
- Long term: Life, serious illness, disability, funeral cover and loan protection plans sold in conjunction with related banking products.
- Advice and brokerage.

Central and other

- Group hedging activities.
- Unallocated capital.
- Liquidity earnings.
- Central costs.

Investments

- Stockbroking and advisory, alternative investments, compulsory investments and discretionary investments.
- Wealth management, passive investments, international investments, structured products and social impact investing.
- Integrated fiduciary services including fiduciary advice, will drafting and custody services as well as trust and estate administration.
- Asset management.
- Pension fund administration.

Where reporting responsibility changes for individual cost centres and divisions within segments, which does not constitute changes in the internal organisation, the segmental analysis' comparatives are reclassified accordingly.

42. Segment reporting continued

	Consumer & High Net Worth		Business & Commercial		Corporate & Investment Banking		Central & other		Total	
GROUP	**2022 Rm**	2021[1] Rm	**2022 Rm**	2021[1] Rm	**2022 Rm**	2021[1] Rm	**2022 Rm**	2021[1] Rm	**2022 Rm**	2021[1] Rm
Statement of financial position										
Cash and balances with the central bank	**5 624**	5 681	**407**	328	**41 115**	26 248		(2)	**47 146**	32 255
Derivative assets					**64 792**	58 163	**(254)**	124	**64 538**	58 287
Trading assets					**268 228**	238 097		1	**268 228**	238 098
Pledged assets					**7 777**	1 975			**7 777**	1 975
Non-current assets held for sale		10			**255**	255			**255**	265
Financial investments	**(2)**	(301)	**(2)**	(5)	**149 864**	143 900	**143**	443	**150 003**	144 037
Current tax asset	**(12)**	(12)	**12**	12	**47**	38	**165**	250	**212**	288
Loans and advances	**539 919**	509 700	**141 574**	127 099	**571 346**	530 375	**2 130**	36 080	**1 254 969**	1 203 254
Other assets	**4 953**	3 197	**637**	225	**20 999**	10 967	**4 358**	5 291	**30 947**	19 680
Interests in associates and subsidiaries							**1 016**	940	**1 016**	940
Property, equipment and right of use assets	**3 529**	4 170	**1 027**	730	**500**	139	**5 742**	6 204	**10 798**	11 243
Goodwill and other intangible assets	**4 046**	4 873	**3 856**	4 494	**632**	753	**591**	714	**9 125**	10 834
Deferred tax asset	**1**	12	**1**	1	**187**	3	**4 837**	3 902	**5 026**	3 918
Total assets	**558 058**	527 330	**147 512**	132 884	**1 125 742**	1 010 913	**18 728**	53 947	**1 850 040**	1 725 074
Equity	**38 786**	39 300	**14 405**	15 402	**59 173**	52 473	**13 459**	11 793	**125 823**	118 968
Equity attributable to the ordinary shareholder	**35 514**	36 230	**13 128**	14 156	**53 606**	47 366	**8 833**	9 664	**111 081**	107 416
Ordinary share capital	**34 893**	35 664	**12 498**	13 570	**53 594**	47 366	**(100 925)**	(96 540)	**60**	60
Ordinary share premium							**49 253**	49 253	**49 253**	49 253
Reserves	**621**	566	**630**	586	**12**		**60 505**	56 951	**61 768**	58 103
Other equity instruments	**3 272**	3 070	**1 277**	1 246	**5 567**	5 107	**4 556**	2 065	**14 672**	11 488
Equity attributable to AT1 capital shareholders	**3 272**	3 070	**1 277**	1 246	**5 567**	5 107	**4 048**	1 126	**14 164**	10 549
Equity attributable to non-controlling interests within SBG							**508**	939	**508**	939
Non-controlling interests							**70**	64	**70**	64
Liabilities	**519 272**	488 030	**133 107**	117 482	**1 066 569**	958 440	**5 269**	42 154	**1 724 217**	1 606 106
Derivative liabilities					**77 821**	69 592	**2**	2	**77 823**	69 594
Trading liabilities					**105 783**	79 416			**105 783**	79 416
Current tax liability	**1 338**	906	**1 671**	1 194	**4 111**	3 865	**(1 777)**	(944)	**5 343**	5 021
Deposits and debt funding	**256 013**	236 531	**310 632**	292 087	**920 566**	844 467	**(1 546)**	33 117	**1 485 665**	1 406 202
Subordinated bonds	**5 266**	5 104	**2 566**	2 444	**11 838**	10 663	**4 770**	5 527	**24 440**	23 738
Provisions and other liabilities	**256 690**	245 493	**(181 793)**	(178 250)	**(52 897)**	(48 933)	**3 154**	3 806	**25 154**	22 116
Deferred tax liability	**(35)**	(4)	**31**	7	**(653)**	(630)	**666**	646	**9**	19
Total equity and liabilities	**558 058**	527 330	**147 512**	132 884	**1 125 742**	1 010 913	**18 728**	53 947	**1 850 040**	1 725 074

[1] Where reporting responsibility changes for individual cost centres and divisions within segments, which does not constitute changes in the internal organisation, the segmental analysis' comparatives are reclassified accordingly..

42. Segment reporting continued

GROUP	Consumer & High Net Worth 2022 Rm	Consumer & High Net Worth 2021[1] Rm	Business & Commercial 2022 Rm	Business & Commercial 2021[1] Rm	Corporate & Investment Banking 2022 Rm	Corporate & Investment Banking 2021[1] Rm	Central & other 2022 Rm	Central & other 2021[1] Rm	Total 2022 Rm	Total 2021[1] Rm
Income statement										
Net interest income	24 497	22 532	12 267	10 170	9 675	8 854	(807)	(750)	45 632	40 806
Non-interest revenue	12 956	11 628	7 739	7 025	14 671	12 386	673	944	36 039	31 983
Net fee and commission revenue	9 980	9 439	6 211	5 726	4 366	4 086	(141)	(124)	20 416	19 127
Trading revenue	572	502	852	784	7 184	5 469	(18)	10	8 590	6 765
Other revenue	2 404	1 687	429	387	1 093	992	829	1 058	4 755	4 124
Other gains and losses on financial instruments			247	128	2 028	1 839	3		2 278	1 967
Total income	37 453	34 160	20 006	17 195	24 346	21 240	(134)	194	81 671	72 789
Credit impairment charges	(6 448)	(6 876)	(1 179)	(1 398)	(991)	461		(1)	(8 618)	(7 814)
Income before revenue sharing agreements	31 005	27 284	18 827	15 797	23 355	21 701	(134)	193	73 053	64 975
Revenue sharing agreements					(502)	(413)			(502)	(413)
Income before operating expenses	31 005	27 284	18 827	15 797	22 853	21 288	(134)	193	72 551	64 562
Operating expenses in Standard Bank Activities	(22 348)	(20 848)	(11 161)	(10 304)	(14 878)	(13 790)	(77)	40	(48 464)	(44 902)
Staff costs	(6 974)	(6 619)	(3 077)	(2 643)	(6 273)	(5 950)	(10 264)	(9 433)	(26 588)	(24 645)
Other operating expenses	(15 374)	(14 229)	(8 084)	(7 661)	(8 605)	(7 840)	10 187	9 473	(21 876)	(20 257)
Net income before non-trading and capital items, and equity accounted earnings	8 657	6 436	7 666	5 493	7 975	7 498	(211)	233	24 087	19 660
Non-trading and capital related items	(132)	(68)	(82)	(11)	(101)	1	(56)	(2)	(371)	(80)
Share of post-tax profit from associates and joint ventures							1	19	1	19
Profit before indirect taxation	8 525	6 368	7 584	5 482	7 874	7 499	(266)	250	23 717	19 599
Indirect taxation	(302)	(268)	(81)	(53)	(301)	(264)	(942)	(847)	(1 626)	(1 432)
Profit before direct taxation	8 223	6 100	7 503	5 429	7 573	7 235	(1 208)	(597)	22 091	18 167
Direct taxation	(1 825)	(1 293)	(2 132)	(1 516)	(1 225)	(977)	336	166	(4 846)	(3 620)
Profit for the year	6 398	4 807	5 371	3 913	6 348	6 258	(872)	(431)	17 245	14 547
Attributable to preference shareholders							(519)	(1 179)	(519)	(1 179)
Attributable to AT1 capital noteholders	(216)	(175)	(89)	(61)	(349)	(257)	(43)	(44)	(697)	(537)
Attributable to non-controlling interests							(6)	(10)	(6)	(10)
Profit attributable to ordinary shareholders	6 182	4 632	5 282	3 852	5 999	6 001	(1 440)	(1 664)	16 023	12 821
Headline adjustable items	69	48	59	8	73	(1)	32	1	233	56
Headline earnings	6 251	4 680	5 341	3 860	6 072	6 000	(1 408)	(1 663)	16 256	12 877

[1] Where reporting responsibility changes for individual cost centres and divisions within segments, which does not constitute changes in the internal organisation, the segmental analysis' comparatives are reclassified accordingly.

43. Interest rate benchmarks and reference interest rate reform

The Financial Stability Board had initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR, CHF, JPY and GBP related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited (IBA) had adopted a two-stage approach for the cession of the USD LIBOR rates with the one week and two month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, one month, three month, six month and 12 month rates no longer being published after 30 June 2023. The LIBOR rates which the group is exposed to will be replaced by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON).

During the 2022 financial year, the South African Revenue Bank (SARB) has indicated their intention to move away from JIBAR and have identified a potential successor in the South African Rand Overnight Index Average Rate (ZARONIA). The new ZARONIA rate was published for observation during 2022 and is expected to be endorsed as a successor rate in 2023.

The majority of the non-USD IBOR transitions have been completed across the group. The group has several USD LIBOR linked contracts that extend beyond 30 June 2023 and focus in 2022 has been placed on the planning and transition of these exposures ahead of the cessation date. The group ceased booking new LIBOR linked exposures, apart from limited circumstances to align with industry guidance and best practice. New exposures are booked using the ARRs that have replaced IBORs, being SOFR, SONIA, ESTR, TONA and SARON. In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

The group's established steering committee and working group within treasury and capital management (TCM) continues to monitor the progression of the remaining USD LIBOR linked contracts (1-, 3-, 6- and 12-month tenor rates) to manage the transition to appropriate ARR ahead of cessation on 30 June 2023.

The steering committee tracks updates and best market practice recommendations emanating from official sector working groups established to catalyse transition in the relevant jurisdiction.

Communications to clients are ongoing via multiple platforms along with one-on-one engagements to discuss transition where exposed to USD LIBOR rates that mature post cessation date.

The above introduces a number of risks to the group including, but not limited to:

- Model risk – risk of the valuation models used within the group not being able to cater for the changes in the intended manner.
- Legal risk – risk of being non-compliant to the agreements previously agreed with clients.
- Operational risk – risk of the group's systems not being able to accommodate for the changes to the interest rates as agreed with the clients.
- Financial risk – risk of not appropriately pricing the deals which will result in a transfer of value between the group and clients.
- Compliance/regulatory risk – risk that the bank is exposed to regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.
- Reputational risk – the risk to the bank's reputation from failing to adequately prepare for the transition.
- Conduct risk – risk that arises when transitioning existing contracts linked to IBORs as value-transfer may occur, or clients may be transitioned to inferior rates or on unfair contractual terms, or in circumstances where they do not fully appreciate the impact of the transition or the alternatives available to them.

FINANCIAL INSTRUMENTS IMPACTED BY THE REFORM WHICH ARE YET TO TRANSITION

	2022	2021			
	USD LIBOR Rm	GBP LIBOR Rm	USD LIBOR Rm	EUR LIBOR Rm	Other IBORs Rm
Total assets subject to IBOR reform	**139 720**	1 924	299 110	238	17
Derivative assets[1]	**96 921**	1 924	243 802		
Financial investments	**101**				
Loans and advances[2]	**32 626**		47 265	238	17
Trading assets	**10 072**		8 043		
Total liabilities subject to IBOR reform	**(230 448)**	(5 624)	(248 364)		(2 710)
Derivative liabilities[1]	**(207 289)**	(5 624)	(222 037)		(367)
Deposits and debt funding	**(23 159)**		(26 073)		(2 343)
Trading liabilities			(254)		
Total off-balance sheet exposures subject to IBOR reform	**(2 379)**		26 763		
Off-balance sheet items	**(2 379)**		26 763		

1 These balances represent the notional amount directly impacted by the IBOR reform. Where the derivatives have both pay and receive legs with exposure to the benchmark reform such as cross currency swaps, the notional amount is disclosed for both legs.
2 Gross carrying amount excluding allowances for expected credit losses (ECL).

44. Events after reporting date

Economic developments

The Financial Action Task Force (FATF), which is an inter-governmental body consisting of 200 countries, placed South Africa on its list of jurisdictions that are subject to increased monitoring. The grey list is due to the country's insufficient progress in combating financial crime. In placing South Africa on the grey list, the FATF indicated that this is not a call for the application of enhanced due diligence measures on the country or for de-risking, or cutting-off entire classes of customers, but instead requires the application of a risk-based approach. From the time the FATF's Measurement and Evaluation Report on South Africa was published in October 2021, SBSA has been engaging with its correspondent banks and clients with a view to ameliorate the likely impact of FATF's decision. SBSA is committed to continuing to apply the highest standards of probity across all of our operations, services and platforms. SBSA also implemented several measures to improve its Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) framework. These include an enterprise-wide Money Laundering/ Terrorist Financing risk assessment and further internal controls. SBSA has also improved the capabilities to detect and prevent financial crime. The grey listing is not expected to have a material direct effect on SBSA's business owing to its strong relationships with its international correspondent banks.

Annexure A – Subsidiaries, consolidated and unconsolidated structured entities

Subsidiaries

	Nature of operation	Issued share capital Rm	Effective holding 2022 %	Effective holding 2021 %	Book value of shares 2022 Rm	Book value of shares 2021 Rm	Net indebtedness (by)/to SBSA company 2022 Rm	Net indebtedness (by)/to SBSA company 2021 Rm
Blue Granite Investments No. 2 (RF) Proprietary Limited[1]	Securitisation vehicle						**(9)**	(10)
Blue Shield Investments 01 (RF) Limited[1,2]	Securitisation vehicle						**(157)**	(29)
Blue Shield Investments 02 (RF) Limited[1,2]	Securitisation vehicle						**445**	538
Blue Titanium Conduit (RF) Limited[1,2]	Asset-backed commercial paper conduit						**(114)**	(110)
Diners Club (S.A.) Proprietary Limited	Travel and entertainment card	*	**100**	100	**	**	**421**	363
Ecentric Payment Systems Proprietary Limited	Development and marketing transactions – switching software and services	*	**54**	54	**66**	66	**(11)**	(27)
Rapvest Investments Proprietary Limited[2]	Financing company	*	**100**	100	***	***	**1 632**	3 309
Siyakha Fund (RF) Proprietary Limited[1]	Securitisation vehicle				***	***	**(8)**	(8)
Standard Bank Insurance Brokers Proprietary Limited	Insurance broking	*	**100**	100	***	***	**(444)**	(454)
STANLIB Targeted Return Fund[3]	Equity fund			100		3 077		(41)
STANLIB Protected Equity Fund[4]	Equity fund		**100**	100	**6 352**	2 499		(1)
Miscellaneous	Finance companies		****	****	**65**	63	**34**	(381)
Total investment in subsidiaries					**6 483**	5 705	**1 789**	3 149

1 Structured entity (SE), no shareholding.
2 SBSA consolidates Blue Shields 01, Blue Shields 02, Blue Granite No.1, Blue Titanium Conduit and Rapvest, as it has power over the relevant activities of these entities via the management agreements and exposure to variable returns through its funding participation. The preference shareholder of these entities is outside the SBSA group and therefore profits are presented as non-controlling interests within SBG.
3 During 2022, the company purchased additional units in STANLIB Targeted Return Fund for a cash consideration of R150 million (2021: R115 million). Subsequently, this investment was disposed of for a cash consideration of R 3 226 million. In addition, the carrying value of our total units before disposal was lower than the net asset value of the fund, resulting in an impairment charge of R1 million (2021: R66 million).
4 During the current year, the company purchased additional units in STANLIB Protected Equity Fund for a cash consideration of R4 059 million (2021: R1 444 million). In addition, the carrying value of our total units was lower than the net asset value, which approximates the recoverable amount, of the fund, resulting in an impairment charge of R206 million (2021: R3 million).
* Issued share capital less than R1 million.
** Book value less than R1 million.
*** Held indirectly.
**** Various holdings.

The principal place of business and country of incorporation for all subsidiaries is South Africa. The detailed information is only given in respect of subsidiaries which are material to the group's financial position. Details of all the group's subsidiaries and SEs are available upon request at the company's registered office.

Foreign operations

SBSA also has foreign operations in the form of branches or representative offices in the Isle of Man, Dubai, New York, Ethiopia and Brazil.

Consolidation of structured entities

The structured entities are dependent on the group for financing and for the provision of critical services. Should the company terminate funding and suspend provision of these services these entities would not be able to continue in operation. The company also has residual risk as the financing provided by the company is subordinate to all other loans provided to the structured entities. The company also makes decisions regarding advances to be included in the securitisation portfolio and hence directs the structured entities' relevant activities. Accordingly, the company is considered, for IFRS purposes, to control these structured entities and hence the structured entities' results are consolidated into the group's results.

Consolidated structured entities

The following table discloses the consolidated SEs to which the group provides financial support[1]:

	Nature of operations	Amount of support provided as at[1,2,4] 2022 Rm	2021 Rm	Type of support[3] 2022	2021	Terms of contractual arrangements that requires the group to provide financial support to the SE	Events/circumstances that could expose the group to a loss as a result of the contractual arrangement
Blue Granite Investments No.2 (RF) Proprietary Limited (BG2)	Facilitates mortgage – backed securitisations. SBSA is the primary liquidity facility provider to BG2.	**28**	28	**Subordinated loan**	Subordinated loan	The loan does not have a fixed term or repayment date. Payment of interest will be determined on interest payment date at the lower of cash available or an amount calculated such that the rate will be equal to prime plus 5% or an amount equal to the notional net income as reflected in the management accounts, after taking into account all income and expenses.	Should BG2's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans be classified as non-performing.
Blue Granite Investments No.3 (RF) Proprietary Limited (BG3)	Facilitates mortgage – backed securitisations. The group is the primary funder to BG3.	**58**	58	**Subordinated loan**	Subordinated loan	The loan does not have a fixed term or repayment date. Payment of interest will be determined on interest payment date at the lower of cash available or an amount calculated such that the rate will be equal to prime plus 5% or an amount equal to the notional net income as reflected in the management accounts, after taking into account all income and expenses.	Should BG3's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans be classified as non-performing.
Blue Banner Securitisation Vehicle RC1 Proprietary Limited (Blue Banner)	Originates mortgage loans on behalf of the group. The group is required to provide the funding in relation to the mortgage loans.					The loan did not have a fixed term or repayment date. Any profits in Blue Banner were paid out as interest to the group.	Should Blue Banner's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans be classified as non-performing.
Blue Shield Investments 01 (RF) Limited (Blue Shield 01)	Facilitates mortgage – backed securitisations. SBSA is the primary funder to Blue Shield 01.		495		Subordinated loan	Interest is charged at the lower of JIBAR plus 10% or net profit after tax or cash balance available in Blue Shield 01. The subordinated loan was repaid in 2022.	Should Blue Shield 01's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans be classified as non-performing.
			16 005		Mortgage backed notes	The group held A1, A2, A3 and C notes. Interest for the different classes of notes accrued at the three month JIBAR rate plus a margin ranging from 1.55% to 4.00%. Interest is paid quarterly. The notes have a contractual maturity date of 21 November 2024 but were settled in full in 2022.	
Blue Shield Investments 02 (RF) Limited (Blue Shield 02)	Facilitates mortgage – backed securitisations. SBSA is the primary funder to Blue Shield 02.		1 800		Subordinated loan	Interest is charged at prime plus 1% or net profit after tax or cash balance available in Blue Shield 02. The subordinated loan was repaid in 2022.	Should Blue Shield 02's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans be classified as non-performing.
			29 030		Mortgage backed notes	The group held A1, A2, B and C notes. Interest for the different classes of notes accrued at prime less a margin ranging from 1.9% to 1.00%. Interest is paid quarterly. The notes have a contractual maturity date of 1 December 2055 but were settled in full in 2022.	

Refer to footnotes on the following page.

Consolidated structured entities continued

	Nature of operations	Amount of support provided as at[1,2,4] 2022 Rm	2021 Rm	Type of support[3] 2022	2021	Terms of contractual arrangements that requires the group to provide financial support to the SE	Events/circumstances that could expose the group to a loss as a result of the contractual arrangement
Blue Titanium Conduit (RF) Limited (BTC)	Purchases eligible term assets and funds such as investments through the issuance of commercial paper. SBSA is the primary liquidity facility provider to BTC.			**Liquidity facility – undrawn**	Liquidity facility – undrawn	The liquidity facility is limited to the value of the underlying assets in BTC. As at 31 December 2022, the liquidity facility limit was Rnil (2021: Rnil).	In the event that the underlying assets are classified as non-performing loans.
				Commercial paper	Commercial paper	The group periodically invests in commercial paper (CP) issued by BTC. The CP is typically short term in nature (92 days), and issued at arm's length. During the year ended 31 December 2022, SBSA held no investments in commercial paper issued by BTC.	
Rapvest Investments Proprietary Limited	Facilitates finance deals for other group companies and third parties through preference share investments and loans to clients.	**2 128**	4 688	**Loan**	Loan	The loan is payable on demand. No interest is charged on the loan.	In the event that the underlying assets are classified as non-performing loans.
Siyakha Fund (RF) Proprietary Limited (Siyakha)	Facilitates mortgage – backed securitisations. SBSA is the primary liquidity facility provider to Siyakha.					The undrawn loan facility available does not have a fixed term or repayment date. Interest was charged at prime plus 5% and was only payable when Siyakha had sufficient cash reserves.	Should Siyakha's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans be classified as non-performing.
DAF Financial Services (RF) Proprietary Limited (DFS)	This special purpose vehicle (SPV) deals with the provision of vendor financing to SMEs to acquire vehicles in order to import and distribute the trucks.	**195**	127	**Loan**	Loan	The loan bears interest at a rate of prime plus 1%. The maturity date of the loan is 30 September 2023.	SBSA is exposed to the first-loss risk in the structure as well as potential losses that may be incurred on the receivables as a result of residual asset value risk. The residual asset value risk is however limited due to a put option that is in place.

1 During the reporting period, SBSA did not provide any financial or other support to any SE without having a contractual obligation to do so.
2 The amount of support provided includes loans and advances and drawn down credit facilities provided to SEs. All amounts are disclosed as at 31 December 2022.
3 In addition to the financial support provided to the SEs, the group enters into other transactions with SEs in the ordinary course of business which include loans and advances, deposits and current accounts and derivatives.
4 This is the amount as reported on the company's statements of financial position as at 31 December 2022 and 2021, respectively. For credit facilities, the amount shown is the drawn balance as at the reporting date.

Unconsolidated structured entities

The following table discloses the unconsolidated SEs in which the group has an interest:

Name of entity	Nature and purpose of entity	Principal nature of funding	Principal nature of assets	Weighted average remaining useful life of assets	Terms of contractual arrangements	Events/circumstances that could expose the group to a loss	Types of income received by the group
Blue Diamond Investments No.1 (RF) (Pty) Ltd (BD1) **Blue Diamond Investments No.3 (RF) (Pty) Ltd (BD3))**	These structures have been designed to provide third-party investors indirect exposure to corporate names. The group obtains credit protection from BD1 and BD3 in the form of issuing credit-linked notes on single or multiple corporate names. BD then obtains credit protection from third-party investors by issuing notes to third-party investors on single or multiple corporate names.	Credit- linked notes issued to third-party investors	Credit-linked notes issued by SBSA	9 years	The group settles BD's operating expenses as and when necessary, typically in the event that BD has liquidity constraints. Any payment for such amounts is to be refunded by BD to the group.	In the event of a credit event, the third-party investors will suffer a loss. The group is only exposed to the risk of loss should it be unable to recover any unexpected operating expenses from BD.	Once-off fee and commission income earned for structuring the SE.
Blue Diamond X Investments (RF) Limited	Loans purchased from SBSA and the issuance of notes to third-party investors.	Commercial paper issued to third-party investors	Loans and advances to various counterparties	10 years	SBSA acts as the administrator and identifies and invests suitable financial assets and facilitates the execution and settlement of trades.	None	Administration fee and upfront fees for originating the assets.
Africa ETF Issuer Limited offering the following: **Africa Palladium ETF (JSE code: ETFPLD)** **Africa Platinum ETF (JSE code: ETFPLT)** **Africa Rhodium ETF (JSE code: ETFRHO)** **Africa Gold ETF (JSE code: ETFGLD)**	The palladium, platinum, gold and rhodium exchange traded funds (ETFs) have been established for investors to participate in changes in the spot price of underlying commodities. The ETFs issue debentures to investors with each debenture backed by the respective physical commodity. On issuance each debenture is based on 1/100th of a troy ounce of the respective commodity. The physical commodities are stored at recognised custodian storage vaults in London. The ETFs are denominated in rands and are classified as domestic assets. The ETFs are regulated by the Financial Markets Act and the JSE's Listings Requirements.	The unconsolidated structured entity is funded by the issue of non-interest bearing debentures that are 100% backed by the underlying physical commodity	Physical commodities (palladium, platinum, gold and Rhodium)	Undated	The group established these structured entities to accommodate client requirements to hold investments in specific commodity assets. The group manages the ETFs and also provides liquidity to the ETFs by acting as a committed market maker.	The maximum exposure to loss is limited to the on-balance sheet position held by the group through acting as a committed market maker for the ETFs. This exposes the group to the commodity price risk associated with the underlying commodity and is managed in accordance with the group's market risk management policy.	The group earns fees net of related expenses for managing the ETFs. These fees are recognised within non-interest revenue. Interest income is recognised on any funding provided to the SEs. Any trading revenue, as a result of transactions with the SEs is recognised in trading revenue.

The following represents the group's interest in the unconsolidated structured entities

	2022 Rm	2021 Rm
Trading assets	47	40
Deposits and debt funding	(5 927)	(2 423)
Net carrying amount	**(5 880)**	**(2 383)**

Annexure B – Associates

	Equity accounted	Fair value accounted		
	Total associates	**Phembani**	**Other**	**Total associates**
Ownership structure	Associate	Associate	Associate	Associate
Nature of business	Various	Financial company	Financial company	Financial company
Principal place of business and country of incorporation	South Africa	South Africa	South Africa	South Africa
Year end	Various	December	December	December
Accounting treatment	Equity accounted	Fair value accounted	Fair value accounted	Fair value accounted
Date to which equity accounted	31 December 2022			

	Equity accounted Total associates 2022 Rm	Equity accounted Total associates 2021 Rm	Phembani 2022 Rm	Phembani 2021 Rm	Other 2022 Rm	Other 2021 Rm	Total associates 2022 Rm	Total associates 2021 Rm
Effective holding (%)	**Various**	Various	**35**	29	**Various**	Various	**Various**	Various
Income statement								
Total comprehensive income	**20**	83						
Distributions received from associates	**4**							
Statement of financial position[1]								
Non-current assets			**8 336**	6 952				
Current assets								
Non-current liabilities			**(2 381)**	(3 360)				
Current liabilities								
Net asset value attributed to the equity holders of the associate			**5 955**	3 592				
Fair value of effective holding[2]			**665**	342				
Disposal								
Carrying value	**1 016**	940	**665**	342	**239**	12	**904**	354
Share of total comprehensive income from associates	**1**	19						

1 Summarised financial information of the associates is provided based on the latest available management accounts received.
2 The investment in Phembani is part of the group's venture capital business and is therefore classified and measured at fair value. The fair value of the effective holding cannot be calculated directly as a function of the percentage holding and the net asset value as it is an exit price at the measurement date.

Annexure C – Risk and capital management – IFRS disclosures

The IFRS risk and capital management sections below applies to group and company, unless otherwise stated. For a more detailed discussion on the group and company's approach to risk management, refer to the risk and capital management report as noted in the reporting suite section of the annual report.

Overview

Capital management

The group's capital management function is designed to ensure that regulatory requirements are met at all times and that the banking 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 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 forecasting process. The capital plan is tested under a range of stress scenarios as part of the group's annual ICAAP and recovery plan.

The capital management function is governed primarily by management level subcommittees that oversee the risks associated with capital management, namely the group asset and liability committee (ALCO) and one of its subcommittees, the group capital management committee. The principal governance documents are the capital management governance framework and the model risk governance framework.

Risk management

The group's activities give rise to various financial as well as insurance risks. Financial risks are categorised into credit, funding and liquidity and market risk. The group's approach to managing risk and capital is set out in the group's risk, compliance and capital management (RCCM) governance framework approved by the group's risk and capital management committee (GRCMC).

Climate-related financial risks

The group recognises the scale of the present and future expected environmental, social and economic impacts of climate change. Exposure to the risks associated with climate change arise for the group both in respect of its own activities and operations, but more materially through the transmission of climate risks into credit, market, reputational and other risk exposures from lending to, investing in and otherwise transacting with clients and counterparties. Two distinct climate risk drivers are recognised as primary sources of these risks for the group across all presence countries and operations, with varying levels of intensity.

Firstly, the risk of financial loss arising through increasing severity and frequency of physical climate risk drivers. This may include more frequent and extreme climate change related weather events such as storms, wildfires, droughts and other physical hazards, all of which are evident in the presence countries in which the group operates. It may also include chronic longer-term changes in climate, such as changing precipitation patterns, rising sea levels and average temperature rises.

Secondly, the risk of financial loss arising through transition risk drivers, being changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include climate related changes in policies, legislation and regulations, changes due to technology improvements that support transition to a lower carbon economy, changes in market demand for products and services that support the transition, and reputational risks associated with changing customer preferences. The current and future expected costs, including for possible stranded assets that do not deliver an economic return because of changes associated with a transition to a lower carbon economy, are higher for clients and counterparties of the group that operate in sectors that are more vulnerable to these transition risk drivers.

In support of Africa's fair-share contribution to the Paris Agreement goal of limiting global warming to less than 1.5°C above pre-industrial levels by 2050, the group has committed 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.

Governance

Through the commitments made and the targets set therein, the Standard Bank Group Climate Policy guides both the management of exposures to businesses in sectors that are vulnerable to climate-related risks and the direction of finance towards qualifying transactions that seek to address Africa's energy poverty, achieve fair employment opportunities, and support the just transition to net zero.

The board and its committees are responsible for overseeing both the implementation of the group's climate policy and supporting sector-specific strategies for driving sustainable and transition finance, and the management of climate-related financial risks associated with the group's lending and investing activities, wherever they are identified. The board and its supporting committees are responsible for:

- Overseeing implementation of the Climate Policy including monitoring of progress made to meet targets and commitments set.
- Reviewing outputs of internal scenario analysis and regulatory climate risk stress tests, as well as other related risk matters.
- Assessing executive performance in relation to climate policy commitments and targets.

The group risk oversight committee (GROC), chaired by the group chief risk officer, oversees financial and non-financial related risk, including climate-related risk. GROC is responsible for overseeing the embedment of climate-related risk-identification, classification, analysis, monitoring and reporting in the enterprise-wide risk management system. The group portfolio risk management committee (GPRMC) assesses composition of the group's portfolio including for lending to sectors more vulnerable to climate-related risks, the implications thereon of stressed scenarios (including going forward for climate-related risk scenarios) and sets concentration limits or thresholds of portfolios and risk appetite indicator guidelines for group. The refinement of quantified limits and thresholds for exposures to climate-related risks is ongoing across impacted portfolios in the group.

Strategy

The group supports a just transition that prioritises environmental sustainability in a manner that creates work opportunities and social inclusion, addresses Africa's energy poverty and acknowledges Africa's contribution to global emissions. As part of the efforts to achieve this transition, the group has committed to reducing its financed emissions while responsibly managing its exposure to fossil fuels, specifically where there is an energy transition roadmap that supports cleaner fuels.

The group has adopted a phased and progressive approach to understanding its climate risk exposures, designing sector-specific strategies and setting appropriate targets to reduce exposures and maximise opportunities. The first phase included the identification of four client sectors that face material climate-related risk and opportunity, namely: agriculture, gas, oil and thermal coal. The second phase, completed in 2022, focused on strategies in the residential real estate, commercial real estate and short term insurance sectors. Our updated climate policy reflects the targets and commitments made in these sectors. To develop these strategies, the group has undertaken a rigorous process of research, internal consultation and expert engagement designed to develop a clear understanding of risks and opportunities in each sector, set appropriate strategies and to determine appropriate targets to manage portfolio risk and maximise opportunity.

Risk management

The group's preliminary credit portfolio risk assessments on sectors the group defined as being more vulnerable to physical and transition risks have informed the setting of the group's climate policy and its understanding of climate risks in portfolios. These assessments were further reinforced by an external advisory supported engagement in 2022 the aim of which was to stress the assumptions made in the climate policy, in particular those around a target-setting process that was informed by the Net Zero 2050 (1.5°) scenario in the NGFS (Network for Greening the Financial System) Orderly transition pathway to net zero. The results of this scenario testing confirmed the risk of stranded assets for exposures to sectors with high transition risk, as well as elevated physical risk-related credit exposures to counterparties in areas expected to be impacted by extreme and chronic climatic events in the medium to long term. The outputs of this testing exercise will be used to prepare for regulatory stress testing and internal scenario analysis purposes. The following climate related risks are examples of financial risks identified for management within the group's existing and evolving taxonomy for both financial and non-financial risks.

Transition risks

- Exposure to policy risk over the medium to long term associated with uncertain long-term demand for fossil fuels, especially coal, and other high emitting sectors. Key drivers for this risk include expected policy actions such as more onerous carbon-pricing regulations to limit emissions on business activities. Such action could lead to higher risks of stranded assets and the related financial risks for the group arising from an impairment in value of clients' operating assets pledged as collateral and leading therefore to an increase in the probability risk of client defaults.
- Market risk primarily over the short to medium term related to changing client expectations for greener products and services, potentially impacting on some of our clients' future business opportunities. Likewise, expectations from investors will also adjust to an appetite for lower financed emissions, applying pressure on the group to align with low emissions pathways.
- Higher reputational risk including in the immediate short-term arising from negative stakeholder sentiment and adverse media coverage related to support of projects or activities with negative impacts on the climate, including oil and gas related infrastructure projects.

Physical risks

Acute physical risks such as more frequent and more intense extreme weather events, pose a risk to the group's own operations and those of its customers in sectors the group has identified as being vulnerable, including agriculture and others. Chronic physical risks such as rising average temperatures and changing precipitation patterns over the medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact the group's clients in affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economic output and occupational health.

Opportunities

The group continues to work with its clients and partners to help them address their climate impacts, lower their emissions and improve their resilience. The group continues to expand its offering of sustainability linked lending solutions, green and social bonds. The group supports sustainable agricultural practices that promote reduced carbon emissions and improved resilience to climate risk.

Metrics and targets

In setting its targets for reducing exposure concentrations to affected sectors, setting future origination goals and driving its offerings, the group referenced the NGFS Net Zero 2050 scenario, publicly available national research and statistics, including electricity planning forecasts (where available) and internal economic forecasts and research obtained from credible external sources. Detailed information in this regard can be found in the group's Climate related Disclosures Report and the Climate Policy.

Capital management

The group manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for the shareholders and ensure regulatory compliance.

The main regulatory requirements to be complied with are those specified in the Banks Act and related regulations, which are aligned with Basel III.

Regulatory capital adequacy is measured through the following three risk-based ratios:

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

Tier 1: CET 1 and other qualifying non-controlling interests 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.

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 III rules is included in total capital.

BASEL III QUALIFYING CAPITAL EXCLUDING UNAPPROPRIATED PROFITS

	2022 Rm	2021 Rm
Ordinary share capital and premium#	49 313	49 313
Retained earnings#	60 082	56 769
Other reserves#	1 686	1 334
Less: regulatory adjustments	(8 206)	(10 063)
Goodwill	(42)	(42)
Other intangible assets	(7 483)	(9 117)
Other adjustments	(681)	(904)
Unappropriated profits	(9 122)	(8 323)
Common equity tier 1 capital	**93 753**	89 030
Qualifying other equity instruments#	14 098	10 502
Tier 1 capital	**107 851**	99 532
Qualifying tier II subordinated debt#	24 594	23 520
General allowance for credit impairments	2 674	2 836
Less: regulatory adjustments – investments in tier II instruments in other banks	(3 125)	(2 498)
Tier 2 capital	**24 143**	23 858
Total regulatory capital	**131 994**	123 390

The table above is not audited unless it is denoted with #.

Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, risks associated with climate change, concentration risk and country risk and represents the largest source of risk to which banking entities in the group are exposed.

Approach to managing and measuring credit risk

The group's credit risk is a function of its business model and arises from corporate, business and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk (CCR) arising from derivative and securities financing contracts entered into with our customers and trading counterparties. To the extent that equity risk is held on the banking book, it is managed according to the same general principles and governance standards as would otherwise apply to credit risk, except in so far as approval authority rests with the group equity risk committee (ERC).

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 exposures relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A group credit limit and concentration guideline, including for SBSA is embedded within the group's enterprise-wide risk management process. Within the group's overall risk appetite disciplines, the credit metrics and concentrations framework includes key credit ratios and counterparty, sector and country concentration guidelines. These in turn are cascaded to client segment and legal entity level where they are monitored against approved appetite thresholds.

The group distinguishes between through-the-cycle Probability of Default measures (PDs) and point-in-time PDs, and utilises both measures in decision-making. To determine point-in-time PD's for IFRS 9 measurement, through-the-cycle PDs are used as a starting point and adjusted to determine appropriate point-in-time PDs. PDs are used to assign credit ratings for counterparties in pricing decisions, regulatory capital calculations and expected loss and impairments measurement.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within our approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD).

Pre-settlement CCR inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the group seeks to mitigate credit risk, including for CCR, to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support where that is legally enforceable, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk management policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the group has an unassailable legal title, the group's policy requires collateral to meet certain criteria for recognition in LGD modelling, including but not limited to:

- being readily marketable and liquid
- being legally perfected and enforceable
- having a low valuation volatility
- being readily realisable at minimum expense
- having no material correlation to the obligor credit quality
- having an active secondary market for resale.

The main types of collateral obtained for the group's banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- pledge and cession of financial assets
- bonds over plant and equipment
- the underlying movable assets financed under leases and instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the group typically use recognised and enforceable International Swaps and Derivatives Association agreements (ISDA), with a credit support annexure.

Netting agreements, such as collateral under the credit support annexure of an ISDA agreement, are obtained only where we firstly have a legally enforceable right to offset credit risk by way of such an agreement, and secondly where we have the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (as measured by the PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. We have no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (specific wrong-way risk). General wrong-way risk, which arises when the EAD and PD for the counterparty is correlated due to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, we implement hedging and other strategies from time to time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Use of internal estimates

Our credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. Internal risk parameters are used extensively in risk management and business processes, including:

- setting risk appetite
- setting concentration and counterparty limits
- credit approval and monitoring.

Corporate, sovereign and banking portfolios

Corporate entities include large companies, as well as small medium entities (SMEs) that are managed on a relationship basis or have a combined exposure to the group of more than R12 million. Corporate exposures also include specialised lending (project, object and commodity finance, as well as income-producing real estate (IPRE)) and public sector entities.

Sovereign and bank borrowers include sovereign government entities, central banks, local and provincial government entities, bank and non-bank financial institutions.

The creditworthiness of corporate (excluding specialised lending), sovereign and bank exposures is assessed based on a detailed individual assessment of the financial strength of the borrower. This quantitative analysis, together with expert judgement and external rating agency ratings, leads to an assignment of an internal rating to the entity.

Specialised lending's creditworthiness is assessed on a transactional level, rather than on the financial strength of the borrower, in so far as the group relies only on repayment from the cash flows generated by the underlying assets financed.

Concentration risk management is performed to ensure that credit exposure concentrations in respect of obligors, countries, sectors and other risk areas are effectively managed. This includes concentrations arising from credit exposure to different entities within an obligor economic group, such as exposure to public sector and other government entities that are related to the same sovereign.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Financial assets at amortised cost and FVOCI 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 group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below. These ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable home services, VAF, card, personal, business lending and other product portfolios. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Default

The internal credit risk management definitions and approaches are aligned to the group's definition of default . While 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 and based on objective evidence, the counterparty is considered to be unlikely to pay amounts due to the group on due date or shortly thereafter without recourse to actions such as realisation of security; or
- the counterparty is past due (or in the case of overdraft facilities, is in excess of the current limit) for more than 90 days, on any material credit obligation to the group.

The group has not rebutted IFRS 9's 90 days past due rebuttable presumption and therefore exposures which are overdue for more than 90 days are 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 any financial reorganisation or insolvency process.
- 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 and where this is likely to result in diminished financial obligation to the group.
- where the group stops accruing income in respect of the counterparty or raises a specific impairment in respect of any exposure to the counterparty.
- where the group sells any exposure to a counterparty at a material credit-related economic loss.

The information disclosed in the tables that follow, in respect of the credit quality of exposures was derived from the credit risk and capital systems of the group. The classification of the exposures into asset classes was determined by reference to classifications as per note 7.

IFRS maximum exposure to credit risk by credit quality – 2022	Gross carrying amount Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm	Default Stage 3 Rm	Total gross carrying amount of default exposures Rm	Securities and expected recoveries on default exposures Rm	Balance sheet ECL and IIS on default exposures Rm	Gross default coverage %	Non-performing exposures %
Loans and advances at amortised cost													
Home services	436 952	63 903	3	290 464	12 741	7 348	31 872	30 621	30 621	18 620	12 001	39	7.0
Vehicle and asset finance	108 303	30 805	7	51 504	5 335	5 928	6 735	7 989	7 989	3 672	4 317	54	7.4
Card payments	37 425	1 343		26 136	433	2 395	3 961	3 157	3 157	1 220	1 937	61	8.4
Personal unsecured lending	56 850	552		32 969	175	7 634	7 059	8 461	8 461	2 796	5 665	67	14.9
Business lending and other	85 918	9 791	160	62 994	1 711	598	4 528	6 136	6 136	2 038	4 098	67	7.1
Corporate and sovereign	399 001	172 378	1 181	197 655	14 759	943	1 742	10 343	10 343	6 017	4 326	42	2.6
Bank	171 255	112 686	590	22 536	31 303	2 258	1 882						
Central and other	3 804	3 804											
Gross carrying amount	1 299 508	395 262	1 941	684 258	66 457	27 104	57 779	66 707	66 707	34 363	32 344	48	5.1
Less: ECL on loans and advances	(45 203)												
Net carrying amount of loans and advances measured at amortised cost	1 254 305												
Financial investments measured at amortised cost													
Corporate and sovereign	106 702	96 049	1 175	9 442				36					
Bank	1 335	1 293		42									
Gross carrying amount	108 037	97 342	1 175	9 484				36					
Less: ECL for financial investments measured at amortised cost	(49)												
Net carrying amount of financial investments measured at amortised cost	107 988												
Debt financial investments at FVOCI													
Corporate and sovereign	3 607	3 607											
Gross carrying amount	3 607	3 607											
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)													
Total financial investment at fair value through OCI	3 607												
Off-balance sheet exposures													
Letters of credit and banker's acceptances	3 134	1 434		1 567	124	3	6						
Guarantees	71 251	52 568	40	13 674	4 888	21	16	44					
Unutilised facilities[1]	167 690	144 870	1 556	18 999	2 131		43	91					
Total exposure to off-balance sheet credit risk	242 075	198 872	1 596	34 240	7 143	24	65	135					
Less: ECL for off-balance sheet exposures	(231)												
Net carrying amount of off-balance sheet exposures	241 844												
Total exposure to credit risk on financial assets subject to ECL	1 607 744												
Add the following exposures not subject to ECL:													
Loans and advances at fair value	664												
Cash and balances with the central bank – held at FVTPL[2]	47 146												
Derivative assets	64 538												
Other financial investments – held at fair value[3]	38 408												
Trading assets	268 228												
Pledged assets	7 777												
Other financial assets[4]	24 108												
Total exposure to credit risk	2 058 613												

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Other financial investments comprise of FVTPL of R37 830m and FVOCI of R578m (refer note 6) that are not subject to ECL considerations. These balances include financial investments designated at FVTPL of R9 688 million (refer note 20.1).
4 Due to the short-term nature of these assets and historical experience and available forward looking information, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

		SB 1 – 12		SB 13 – 20		SB 21– 25		Default					
IFRS maximum exposure to credit risk by credit quality – 2021	Gross carrying amount[1] Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total gross carrying amount of default exposures Rm	Securities and expected recoveries on default exposures Rm	Balance sheet ECL and IIS on default exposures Rm	Gross default coverage %	Non-performing exposures %
Loans and advances at amortised cost													
Home services	411 412	102 080	22	244 651	8 222	3 973	23 463	29 001	29 001	17 782	11 219	39	7.0
Vehicle and asset finance	99 531	20 807	4	60 507	2 845	2 709	6 132	6 527	6 527	2 548	3 979	61	6.6
Card payments	35 779	4 132		24 422	29	866	3 506	2 824	2 824	758	2 066	73	7.9
Personal unsecured lending	48 279	2 349		28 489	103	5 179	4 816	7 343	7 343	1 817	5 526	75	15.2
Business lending and other	85 106	14 997	234	56 932	2 039	1 381	4 103	5 420	5 420	1 783	3 637	67	6.4
Corporate and sovereign	368 365	165 487	1 159	161 110	30 142	1518	901	8048	8 048	4435	3613	45	2.2
Bank	160 266	134 198		26 013	22	32	1						
Central and other	35 511	35 511											
Gross carrying amount	1 244 249	479 561	1 419	602 124	43 402	15 658	42 922	59 163	59 163	29 123	30 040	51	4.8
Less: ECL on loans and advances	(41 481)												
Net carrying amount of loans and advances measured at amortised cost	1 202 768												
Financial investments measured at amortised cost													
Corporate and sovereign	103 886	89 995	1 142	11 906	807			36					
Bank	1 233	1 192		41									
Gross carrying amount	105 119	91 187	1 142	11 947				36					
Less: ECL for financial investments measured at amortised cost	(38)												
Net carrying amount of financial investments measured at amortised cost	105 081												
Debt financial investments at fair value through OCI													
Corporate and sovereign	32	32											
Gross carrying amount	32	32											
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)													
Total financial investment at FVOCI	32												
Off-balance sheet exposures													
Letters of credit and banker's acceptances	4 266	2 627		1 493	140	6							
Guarantees	80 036	44 979		31 128	1 767	2 037	30	95					
Unutilised facilities[1]	165 719	145 617	1 768	14 883	2 900		540	11					
Total exposure to off-balance sheet credit risk	250 021	193 223	1 768	47 504	4 807	2 043	570	106					
Less: ECL for off-balance sheet exposures	(433)												
Net carrying amount of off-balance sheet exposures	249 588												
Total exposure to credit risk on financial assets subject to ECL	1 557 469												
Add the following exposures not subject to ECL:													
Loans and advances at FVTPL – default	486												
Cash and balances with the central bank – held at FVTPL[2]	32 255												
Derivative assets	58 287												
Other financial investments – held at fair value[3]	38 924												
Trading assets	238 098												
Pledged assets	1 975												
Other financial assets[4]	12 700												
Total exposure to credit risk	1 940 194												

1 The ECL on unutilised facilities is included in the ECL for loans and advances.
2 Balances with the central bank are classified as FVTPL. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entity's ability to operate as a bank.
3 Other financial investments comprise of FVTPL of R38 278 million and FVOCI of R646 million (refer note 6) that are not subject to ECL considerations. These balances include financial investments designated at FVTPL of R11 210 million (refer note 20.1).
4 Due to the short-term nature of these assets and historical experience, debtors are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant.

Concentration risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The group's credit risk portfolio is well-diversified. The group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing.

IFRS: INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2022 Rm	2021 Rm
Agriculture	29 821	29 648
Construction	10 187	9 042
Electricity	27 264	22 792
Finance, real estate and other business services	364 983	395 520
Individuals	589 477	558 884
Manufacturing	61 055	55 895
Mining	40 890	27 377
Transport	50 175	48 304
Wholesale	76 979	60 228
Other services	49 341	37 045
Gross loans and advances	**1 300 172**	1 244 735

IFRS: GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2022		2021[1]	
	%	Rm	%	Rm
South Africa	80	1 046 801	78	969 849
Africa Regions	7	85 254	6	72 198
International	13	168 117	16	202 688
Gross loans and advances	**100**	**1 300 172**	100	1 244 735

[1] Restated. During 2022 it was noted that gross loans and advances of R45 531 million had been erroneously disclosed as originating in South Africa instead of Africa Regions, R23 885 million, and International, R21 646 million. The restatement had no impact on the group's statement of financial position, income statement or any other analysis relating to loans and advances.

IFRS: INDUSTRY SEGMENTAL ANALYSIS OF STAGE 3/NON-PERFORMING LOAN CREDIT IMPAIRMENTS OF LOANS AND ADVANCES

	2022 Rm	2021 Rm
Agriculture	505	530
Construction	765	1 212
Electricity	556	528
Finance, real estate and other business services	2 810	2 545
Individuals	22 711	21 337
Manufacturing	1 673	685
Mining	96	37
Transport	975	613
Wholesale	1 394	1 636
Other services	859	917
Credit impairment on non-performing loans	**32 344**	30 040

IFRS: GEOGRAPHIC SEGMENTAL ANALYSIS OF STAGE 3/NON-PERFORMING LOAN CREDIT IMPAIRMENTS OF LOANS AND ADVANCES

	2022		2021	
	%	Rm	%	Rm
South Africa	95	30 770	95	28 592
Africa Regions	4	1 282	3	852
International	1	292	2	596
Credit impairment on non-performing loans	**100**	**32 344**	100	30 040

Collateral

The table below shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel but that management takes into consideration in the management of the group's exposures to credit risk. Credit risk management, measurement and mitigation including the use of collateral, are detailed on pages 164-165. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, have been included.

Collateral includes:

- securities that have a tradable market, such as shares and other securities
- physical items, such as property, plant and equipment
- 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.

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.

COLLATERAL[1]

	Total exposure Rm	Secured Rm	Netting agreements Rm	Secured exposure after netting Rm
2022				
Corporate and sovereign[1 2]	826 041	221 729	9 288	212 441
Bank	307 797	208 749	62 180	146 569
Retail	641 174	552 353		552 353
Home services	442 682	438 425		438 425
Other retail	198 492	113 928		113 928
Total	1 775 012	982 831	71 468	911 363
Add: financial assets not exposed to credit risk[3]	260 871			
Less: ECL for loans and advances	(45 203)			
Less: unrecognised off balance sheet items	(173 910)			
Total exposure	1 816 770			
Cash and balances with central banks	47 146			
Derivative assets	64 538			
Trading assets	268 228			
Pledged assets	7 777			
Financial investments	150 003			
Loans and advances	1 254 969			
Other financial assets	24 109			
Total	1 816 770			

1 The unsecured exposure,and collateral coverage disclosures have been aggregated and Corporate and sovereign counterparties have been aggregated to better align to how management analyses and reviews credit mitigation risk considering the nature and characteristics thereof. This aggregation has no impact on the statement of financial position. The prior year disclosures have been restated in line with this change.
2 Includes Business lending and other exposures in Note 7 Loans and advances.
3 Does not include exposures which are fully covered by collateral.

	Total exposure Rm	Secured Rm	Netting agreements Rm	Secured exposure after netting Rm
2021				
Corporate and sovereign[1,2]	765 370	221 747	11 235	210 512
Bank	339 932	227 252	47 236	180 016
Retail	617 364	517 000		517 000
Home services	412 957	412 957		412 957
Other retail	204 407	104 043		104 043
Total	1 722 666	965 999	58 471	907 528
Add: financial assets not exposed to credit risk[3]	269 191			
Less: ECL for loans and advances	(41 481)			
Less: unrecognised off balance sheet items	(218 289)			
Total exposure	1 732 087			
Cash and balances with central banks	32 255			
Derivative assets	58 287			
Trading assets	238 098			
Pledged assets	1 975			
Financial investments	144 037			
Loans and advances	1 244 735			
Other financial assets	12 700			
Total	1 732 087			

1 Restated: corporate and sovereign have been aggregated to better align to how management analyses and reviews credit risk relating to these counterparties.
2 Includes business lending and other exposures in Note 7 Loans and advances.
3 Does not include exposures which are fully covered by collateral.

Funding and liquidity risk

Definition

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.

Approach to managing liquidity risk

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

Our risk management framework supports the measurement and management of liquidity, in all geographies across the Corporate and Investment, Consumer and High Net Worth and Business and Commercial Banking sectors to ensure that payment obligations can be met by our legal entities under both normal and stressed conditions within the group's risk appetite framework and that regulatory minimum requirements are always met. This is achieved through a combination of maintaining adequate liquidity buffers, to ensure that cash flow requirements can be met, and ensuring that our balance sheet is structurally sound and supportive of our strategy. Liquidity risk is managed on a consistent basis across our banking subsidiaries, allowing for local requirements. Liquidity risk management ensures that we have the appropriate amount, diversification and tenor of funding and liquidity to always support its asset base.

We manage liquidity risk as three interrelated pillars, which are aligned to the Basel III liquidity requirements, namely tactical short-term liquidity risk management, structural long-term liquidity risk management and contingency liquidity risk management.

Refer to the Funding and Liquidity Risk section of the SBG's Risk and Capital Management report for additional information.

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 Rm	Maturing within one month Rm	Maturing between one to six months Rm	Maturing between six – 12 months Rm	Maturing after 12 months Rm	Total Rm
2022						
Financial liabilities						
Derivative financial instruments	77 823	19	(34)	(130)	(40)	77 638
Instruments settled on a net basis	53 298	19	(34)	(130)	(40)	53 113
Instruments settled on a gross basis	24 525					24 525
Trading liabilities	105 783					105 783
Deposits from customers and banks	869 021	108 895	181 106	133 380	236 943	1 529 345
Subordinated debt		48	3 838	2 985	22 080	28 951
Other		7 741		926	4 369	13 036
Total	1 052 627	116 703	184 910	137 161	263 352	1 754 753
Unrecognised financial liabilities						
Letters of credit and bankers' acceptances	12 171					12 171
Guarantees	75 353					75 353
Irrevocable unutilised facilities	126 564					126 564
Total	214 088					214 088
2021						
Financial liabilities						
Derivative financial instruments	69 594	62	27	9	3	69 695
Instruments settled on a net basis	49 503	62	27	9	3	49 604
Instruments settled on a gross basis	20 091					20 091
Trading liabilities	79 416					79 416
Deposits from customers and banks	907 098	92 083	161 839	77 345	191 494	1 429 859
Subordinated debt		13	1 645	741	26 323	28 722
Other		7 253	0	1 050	5 325	13 628
Total	1 056 108	99 411	163 511	79 145	223 145	1 621 320
Unrecognised financial liabilities						
Letters of credit and bankers acceptances	14 619					14 619
Guarantees	82 190					82 190
Irrevocable unutilised facilities	121 480					121 480
Total	218 289					218 289

Market risk

Definition

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 and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The group's key market risks are:

- trading book market risk
- interest rate in the banking book (IRRBB)
- equity risk in the banking book
- foreign currency risk
- own equity-linked transactions
- post-employment obligation risk.

Trading book market risk

Definition

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

Approach to managing market risk in the trading book

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 Asset-Liability Committees (ALCOs). ALCOs have a reporting line into group ALCO, a subcommittee of Group Leadership Council (GLC).

All VaR and 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.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

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%. 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
- 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 ten-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 SBSA 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% 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 offset 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
- the use of a 95% 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.

Market risk continued

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 reduced levels of market risk throughout the year for all asset classes when compared to 2021 aggregate normal VaR, and aggregate SVaR.

TRADING BOOK NORMAL VAR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
2022				
Commodities risk	**4**		**2**	**3**
Foreign exchange risk	**29**	**7**	**17**	**20**
Equity position risk	**21**	**8**	**13**	**10**
Debt securities	**53**	**14**	**26**	**24**
Diversification benefits[2]			**(25)**	**(21)**
Aggregate	**60**	**22**	**33**	**35**
2021				
Commodities risk	2			
Foreign exchange risk	26	8	15	23
Equity position risk	19	9	13	13
Debt securities	71	11	31	17
Diversification benefits[2]			(23)	(20)
Aggregate	69	23	37	34

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 SVAR ANALYSIS BY MARKET VARIABLE

	SVaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
2022				
Commodities risk	**40**	**1**	**19**	**25**
Foreign exchange risk	**538**	**105**	**204**	**175**
Equity position risk	**224**	**79**	**120**	**100**
Debt securities	**853**	**96**	**289**	**204**
Diversification benefits[2]			**(332)**	**(301)**
Aggregate	**863**	**127**	**300**	**204**
2021				
Commodities risk	13		4	1
Foreign exchange risk	315	111	221	128
Equity position risk	356	81	178	199
Debt securities	919	214	391	249
Diversification benefits[2]			(432)	(364)
Aggregate	880	143	362	214

1 The maximum and minimum SVaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate SVaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to SVaR when these values may occur on different days.
2 Diversification benefit is the benefit of measuring the SVaR of the trading portfolio as a whole, that is, the difference between the sum of the individual SVaRs and the SVaR of the whole trading portfolio.

Market risk continued

Approach to managing IRRBB

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 treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of 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.

INTEREST RATE SENSITIVITY ANALYSIS[1]

		ZAR	USD	GBP	Euro	Other	Total
2022							
Increase in basis points		**200**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**2 769**	**8**	**2**	**(20)**	**(4)**	**2 755**
Decrease in basis points[2]		**200**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**(2 883)**	**(8)**	**(2)**	**20**	**4**	**(2 869)**
2021							
Increase in basis points		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	3 144	(47)	1	(3)	5	3 100
Decrease in basis points[2]		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(3 563)	10				(3 553)

1 Before tax.
2 A floor of 0% is applied to all interest rates under the decreasing interest rate scenario resulting in asymmetric rate shocks in low-rate environments.

Equity risk in the banking book

Definition

Equity risk is defined as the risk of loss arising from a decline in the value of an equity or equity-type instrument held on the banking book, whether caused by deterioration in the underlying operating asset performance, net asset value (NAV), 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.

Approach to managing equity risk in the banking book

Equity risk relates to all transactions and investments subject to approval by the group equity risk committee (ERC), in terms of that committee's mandate, and includes investments in ordinary equity, 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 deployed in delivering the group's business and service offerings unless the group financial and value management director and group risk and corporate affairs officer deem such investments to be subject to the consideration and approval by the group ERC.

MARKET RISK SENSITIVITY OF NON-TRADING EQUITY INVESTMENTS

	10% reduction in fair value Rm	Fair value Rm	10% increase in fair value Rm
2022			
Equity securities listed and unlisted	**1 766**	**1 962**	**2 158**
Listed			
Unlisted		**1 962**	
Impact on profit or loss	**(138)**		**138**
Impact on OCI	**(58)**		**58**
2021			
Equity securities listed and unlisted	2 219	2 465	2 712
Listed		42	
Unlisted		2 423	
Impact on profit or loss	(182)		182
Impact on OCI	(65)		65

Foreign currency risk

Definition

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 and foreign-denominated financial assets and liabilities.

Approach to managing foreign currency risk

The group foreign currency management committee, a subcommittee 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.

Gains or losses on derivatives that have been designated as cash flow hedging relationships in terms of IFRS are reported directly in OCI, 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% shock to foreign currency risk exposures, against rand. 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[1]

		USD	Euro	GBP	Other	Total
2022						
Total net long position	Rm	**425**	**33**	**8**	**213**	**679**
Sensitivity (ZAR depreciation)[2]	%	**10**	**10**	**10**	**10**	
Impact on profit or loss/equity	Rm	**43**	**3**	**1**	**21**	**68**
2021						
Total net long/(short) position	Rm	256	3	(8)	115	366
Sensitivity (ZAR depreciation)[2]	%	10	10	10	10	
Impact on profit or loss/equity	Rm	26		(1)	12	37

1 Before tax.
2 A 10% appreciation in ZAR will have an equal and opposite impact on profit or loss to the amounts disclosed above.

Own equity-linked transactions

Definition

The group has exposure to changes in its share price arising from its equity-linked remuneration contractual commitments.

The group is exposed to income statement risk due to increases in the price of SBG's share price above the award grant price.

The following table summarises the group's most material share schemes together with an explanation of which risk (where applicable) the share scheme exposes the group to, and why, and an indication as to whether the share schemes are hedged.

Share Scheme	Risk to the group	Explanation	Hedged[1]	Hedged risk
Equity growth scheme (EGS)	Income statement risk	The EGS is an equity-settled share scheme that is settled through the issuance of new shares. The scheme is however accounted for as a cash-settled share scheme at an SBSA level. Increases in the group's share price results in losses being recognised in the income statement.	No, given that the share scheme is settled through the issuance of new shares at an SBG level, the share scheme is not hedged.	N/A
Equity-settled deferred bonus scheme (DBS) and performance reward plan (PRP)	Income statement risk	The DBS and PRP awards that are equity-settled, are settled through the purchase of shares from the open market. The share scheme is however accounted for as a cash-settled share scheme at an SBSA level. Increases in the group's share price above the grant price will result in losses being recognised in the income statement.	Yes	SBK share price risk
Cash-settled DBS and PRP	Income statement risk	The DBS and PRP awards that are cash-settled result in losses being recognised in the income statement as a result of increases in the group's share price.	Yes	SBK share price risk
Share appreciation rights scheme (SARP) – equity-settled	Income statement risk	The SARP is an equity-settled share scheme that is settled through the purchase of shares from the open market. The share scheme is however accounted for as a cash-settled share scheme at an SBSA level. Increases in the group's share price above the grant price will result in losses being recognised in the income statement.	No, given the current low number of awards that have been issued to date. The number of awards are, however, monitored to evaluate for future hedging considerations.	N/A

1 The group partially hedges these exposures.

Annexure D – Equity-linked transactions

GROUP AND COMPANY	2022 Rm	2021 Rm
Expenses recognised in staff costs		
Equity growth scheme (EGS)	56	71
Share appreciation rights scheme (SARP)	65	7
Deferred bonus scheme (DBS)	1 310	1 039
Performance reward plan (PRP)	627	332
Cash-settled deferred bonus scheme (CSDBS)	110	104
Total expenses recognised in staff costs[1]	2 168	1 553
Summary of liabilities recognised in other liabilities		
Equity growth scheme (EGS)	122	126
Share appreciation rights scheme (SARP)	83	33
Deferred bonus scheme (DBS)	1 296	1 013
Performance reward plan (PRP)	1 020	390
Cash-settled deferred bonus scheme (CSDBS)	100	98
Total liability recognised in other liabilities	2 621	1 660

[1] Excluding gains and losses from hedges in terms of IFRS. The group's equity-linked transactions have exposure to equity securities price risk. To manage this price risk arising from these transactions, the group and company enter into equity forward hedges. For amounts recognised in the statement of profit or loss relating to these hedges, refer to note 2.3.6.

Equity growth scheme

The EGS is an equity-settled share scheme and represents appreciation rights allocated to employees that are based on SBG's share price. The converted value of the rights is settled by the issue of new SBG shares equivalent to the value of the rights. The EGS is classified as a cash-settled share scheme from an SBSA group and company perspective. The SARP has replaced the EGS and hence no further EGS awards will be granted. Share rights were last granted in 2016 under the equity growth scheme. The scheme has five different subtypes of vesting categories as follows:

Vesting categories	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	Ten years
Type B	5, 6, 7	50, 75, 100	Ten years
Type C	2, 3, 4	50, 75, 100	Ten years
Type D	2, 3, 4	33, 67, 100	Ten years
Type E	3, 4, 5	33, 67, 100	Ten years

A reconciliation of the movement of the appreciation rights is detailed below:

	Average price range (rand)	Number of rights	
	2022	2022	2021
Movement summary			
Rights outstanding at beginning of the year		3 609 408	3 511 301
Exercised	96.68 – 156.96	(1 199 541)	(197 251)
Lapsed	98.80 – 111.94	(14 063)	
Net transfers from/(to) other group companies		53 874	295 358
Rights outstanding at the end of the year		2 449 678	3 609 408

During the year, 271 578 (2021: 25 353) SBG shares were issued to settle the appreciated rights value. At the end of the year, SBG would need to issue 724 633 (2021: 431 085) SBG shares to settle the outstanding appreciated rights value. The EGS rights were only awarded to individuals in the employment of a group entity domiciled in South Africa and is cash-settled at a SBSA group and company level.

The group is required to ensure that employees' tax arising from benefits due in terms of the scheme is paid in accordance with the Fourth Schedule of the Income Tax Act of South Africa. Where employees have elected not to fund the tax from their own resources the tax due is treated as a diminution of the gross benefits due under the scheme. No SBG shares were issued and sold to settle the employees' tax due during the year. This reduces the liability due in respect of the outstanding appreciated rights value.

Share options were exercised regularly throughout the year. The weighted average share price for the year was ZAR161.11 (2021: ZAR131.3).

Equity growth scheme continued

The following rights granted to employees, including executive directors, had not been exercised at the end of the reporting period:

	2022		
Option expiry period	Number of ordinary shares	Option price range (rand)	Weighted average price (rand)
Year to 31 December 2023	601 665	98.68 – 115.51	102.90
Year to 31 December 2024	320 953	126.87	126.87
Year to 31 December 2025	830 362	156.96	156.96
Year to 31 December 2026	696 698	122.24	122.24
Total	2 449 678		

	2021		
Option expiry period	Number of ordinary shares	Option price range (rand)	Weighted average price (rand)
Year to 31 December 2023	1 375 144	98.68 – 115.51	102.90
Year to 31 December 2024	472 533	126.87	126.87
Year to 31 December 2025	908 765	156.96	156.96
Year to 31 December 2026	852 966	122.24	122.24
Total	3 609 408		

Shares appreciation right scheme

The SARP replaced the EGS in 2017 and is a long-term scheme which represents appreciation rights awarded to employees that is based on SBG's share price. The converted value of the rights is settled by shares that are purchased by SBG from the market at a value that is equivalent to the value of rights. The SARP is classified as a cash-settled share scheme from an SBSA group and company perspective. Vesting and expiry of the rights are as follows:

	Year	% vesting	Expiry
SARP	2, 3, 4	33, 67, 100	4, 5, 6

A reconciliation of the movement of appreciation rights is detailed below:

	Average price range (rand)	Number of rights	
	2022	2022	2021
Movement summary			
Rights outstanding at beginning of the year		3 918 300	2 990 636
Granted	160.33	1 807 850	1 056 592
Exercised		(207 826)	
Lapsed	151.54	(28 845)	(64 369)
Net transfers (to)/from other group companies			(64 559)
Rights outstanding at the end of the year		5 489 479	3 918 300

During the year, no SBG shares were purchased (2021: nil SBG shares) from the market to settle the appreciated rights value.

At the end of the year the group would need to purchase 311 353 (2021: 407 359) SBG shares to settle the outstanding appreciated rights value.

Shares appreciation right scheme continued

The following rights granted to employees, including executive directors, had not been exercised at year end:

	Number of rights	Option price range (rand)	Weighted average price (rand)	Option expiry period
2022				
	2 174 827	**110-220.97**	**142.00**	**Year to 31 December 2023**
	148 078	**152.64**	**142.00**	**Year to 31 December 2024**
	520 382	**142-152.64**	**142.00**	**Year to 31 December 2025**
	1 103 256	**152.64-160.33**	**142.00**	**Year to 31 December 2026**
	940 287	**160.33**	**142.00**	**Year to 31 December 2027**
	602 649	**160.33**	**142.00**	**Year to 31 December 2028**
	5 489 479			
2021				
	2 359 237	110-220.97	142.00	Year to 31 December 2023
	182 739	152.64	142.00	Year to 31 December 2024
	520 382	142-152.64	142.00	Year to 31 December 2025
	518 270	142-152.64	142.00	Year to 31 December 2026
	337 672	142.00	142.00	Year to 31 December 2027
	3 918 300			

The share appreciation rights granted during the year were valued using a Black-Scholes option pricing model. Expected Volatility is determined using historical SBK share price data available and applied over the expected life of the grant. Each grant was valued separately. The weighted fair value of the options granted per vesting date and the assumptions utilised are as follows:

	2022			2021		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number of appreciation rights granted	**602 586**	**602 615**	**602 649**	337 643	337 655	337 672
Weighted average fair value at grant date (R)	**33.64**	**35.14**	**35.99**	37.35	40.35	43.15
The principal inputs are as follows:						
Weighted average share price (R)	**160.33**	**160.33**	**160.33**	142.00	142.00	142.00
Weighted average exercise price (R)	**160.33**	**160.33**	**160.33**	142.00	142.00	142.00
Expected life (years)	**4**	**5**	**6**	4	5	6
Expected volatility (%)	**35.00**	**35.00**	**35.00**	38.00	38.00	38.00
Risk-free interest rate (%)	**7.89**	**8.07**	**8.32**	5.40	5.89	6.36
Dividend yield (%)	**7.42**	**7.72**	**7.89**	4.78	4.84	4.79

Deferred bonus scheme

All employees granted an annual performance award over a certain threshold have part of their award deferred. In addition, the group makes special awards to qualifying employees in employment of a group entity. The awards are indexed to SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. Awards vest in three equal amounts at 18, 30 and 42 months from the date of the award. The maturity value is determined with reference to SBG's share price on the vesting date. These awards are classified as cash-settled awards from an SBSA group and company perspective, and have been partially hedged through the use of equity forwards.

	Units	
	2022	2021
Movement summary		
Units outstanding at beginning of the year	**13 844 493**	14 281 401
Granted	**8 725 337**	6 512 198
Exercised	**(6 507 753)**	(6 223 636)
Lapsed	**(292 638)**	(723 512)
Net transfers to other group companies	**(589 269)**	(1 958)
Units outstanding at end of the year	**15 180 170**	13 844 493
Weighted average fair value at grant date (R)	**152.97**	141.16
Expected life (years)	**2.51**	2.51

Performance reward plan

The performance reward plan is settled in SBG's shares to qualifying employees on the applicable vesting dates together with notional dividends that are settled in cash. Shares that vest (if any), and that are delivered to the employee, are conditional on pre-specified performance metrics set annually by the SBG Remuneration Committee. These awards are classified as cash-settled awards at an SBSA group and company perspective, and have been partially hedged through the use of equity forwards.

	Units	
	2022	2021
Movement summary		
Units outstanding at beginning of the year	**9 258 599**	7 676 739
Granted	**3 352 166**	3 715 153
Performance condition lapsed	**(2 373 717)**	(1 875 211)
Lapsed	**(350 605)**	(201 190)
Net transfers to other group companies	**2 026**	(56 892)
Units outstanding at the end of the year	**9 888 468**	9 258 599
Weighted average fair value at grant date (R)	**151.10**	141.90
Expected life (years)	**3.07**	3.07

Other share schemes

Scheme	Description	Classification	Stock symbol	Outstanding units 2022	Outstanding units 2021
Group share incentive scheme (GSIS)	The GSIS confers rights to employees to acquire shares at the value of the SBG share price at the date the option was granted. The share scheme has various vesting periods, and expires ten years after grant date. 12 667 shares were issued during the current year and none in the prior year by SBSA.	Equity-settled scheme	SBK	**2 964**	5 231

Cash settled deferred bonus scheme

Effective for awards made in 2017, employees granted an annual performance award over a certain threshold, who are in employment in South Africa and meet other specific criteria have part of their award deferred. This replaces the DBS from 2017 for these employees. In addition, employees who are assigned to SBSA from other SBG group companies (from the Africa Regions and International operations), and for whom an annual performance award over a threshold is granted, have part of their award deferred. For employees who are awarded CSDBS, and who qualify, the group may award additional special awards.

Awards in rand are indexed to SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. Awards vest in three equal amounts at 18, 30 and 42 months from the grant date of the award. The maturity value is determined with reference to the SBG share price on the vesting date. These awards are classified as cash-settled from an SBSA group and company perspective. Awards in currencies other than rand (being the employee's host country) are denominated in that currency with the same terms as rand denominated awards with the value of the awards, in foreign currency, moving in parallel with changes in the SBG share price. These awards have been partially hedged through the use of equity forwards.

	Currency								
CSDBS	AOA	AED	CNY	GBP	GHS	HKD	KES	MUR	MWK
2022									
Units outstanding at beginning of the year			1 356			3 652	19 980		62 127
Granted	74 656	12 783		8 080	1 218	285	8 162	9 981	
Exercised	(12 250)	(6 780)	(795)	(2 672)	(528)	(285)	(3 656)		(62 127)
Lapsed	(4 136)					(3 652)	(20 904)		
Net transfers (to)/from		17 640	(2 329)						
Outstanding at the end of the year	58 270	23 643	(1 768)	5 408	690		3 582	9 981	
Weighted average fair value at grant date	161.50	161.50		161.50	161.50		161.50	161.50	
Expected life at grant date (years)	2.51	2.51		2.51	2.51		2.51	2.51	
2021									
Units outstanding at beginning of the year		590	6 621	403	3 185	3 652	46 830		175 542
Granted							6 339		
Exercised			(683)				(17 108)		(113 415)
Lapsed		(590)							
Net transfers (to)/from			(4 582)	(403)	(3 185)		(16 081)		
Outstanding at the end of the year			1 356			3 652	19 980		62 127
Weighted average fair value at grant date							142.00		
Expected life at grant date (years)							2.51		

	Currency									
CSDBS	MZN	NAD	NGN	SZL	UGX	USD	XOF	ZAR	ZMW	ZML
2022										
Units outstanding at beginning of the year			57 497		2 207 928	36	135 020	1 025 029		4 091
Granted	16 092		3 019 744		1 290 177	643		463 058		
Exercised			(1 018 363)		(1 873 886)	(1 064)		(510 888)		
Lapsed					(746 592)			(59 185)		(4 091)
Net transfers (to)/from						1 410	(135 020)			
Outstanding at the end of the year	16 092		2 058 878		877 627	1 025		918 014		
Weighted average fair value at grant date	161.50		161.50		161.50	161.50		161.50		
Expected life at grant date (years)	2.51		2.51		2.51	2.51		2.51		
2021										
Units outstanding at beginning of the year		560	574 859	227	1 653 596	2 444		1 312 292	264	
Granted							91 429	358 007		4 091
Exercised			(521 203)	(227)	(1 444 734)	(50)	(7 380)	(591 410)	(264)	
Lapsed										
Net transfers (to)/from		(560)	3 841		1 999 066	(2 358)	50 971	(53 860)		
Outstanding at the end of the year			57 497		2 207 928	36	135 020	1 025 029		4 091
Weighted average fair value at grant date							142.00	142.00		142.00
Expected life at grant date (years)							2.51	2.51		2.51

Annexure E – Emoluments and share incentives of directors and prescribed officers

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

	SK Tshabalala		A Daehnke		AKL Fihla		FZ Montjane		M Nienaber		B Blackie		L Fuzile	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Cost to company package	**10 558**	10 475	**7 000**	7 014	**7 929**	7 998	**7 370**	7 202	**7 351**	7 242	**7 016**		**7 372**	7 370
Cash package paid during the year	**9 041**	8 967	**6 171**	6 140	**6 875**	6 845	**6 696**	6 550	**6 371**	6 283	**6 321**		**6 743**	6 742
Retirement contributions paid during the year	**1 295**	1 290	**767**	765	**896**	894	**514**	502	**722**	716	**627**		**41**	588
Other allowances	**222**	218	**62**	109	**158**	259	**160**	150	**258**	243	**68**		**588**	40
Short-term incentive	**19 300**	18 000	**18 200**	16 750	**25 000**	22 000	**16 800**	14 500	**20 000**	18 000	**17 700**		**16 000**	14 500
Short-term incentive (cash)[1]	**8 650**	8 100	**8 200**	7 525	**11 250**	9 900	**7 550**	6 500	**9 000**	8 100	**7 950**		**7 200**	6 500
Short-term incentive (share-linked deferral)[2]	**10 650**	9 900	**10 000**	9 225	**13 750**	12 100	**9 250**	8 000	**11 000**	9 900	**9 750**		**8 800**	8 000
Total reward (excluding conditional long-term incentive awards)	**29 858**	28 475	**25 200**	23 764	**32 929**	29 998	**24 170**	21 702	**27 351**	25 242	**24 716**		**23 372**	21 870
PRP awards vesting[3]	**22 882**		**16 506**		**15 332**		**12 375**		**14 430**		**8 264**		**14 430**	
PRP notional dividend[4]	**2 954**		**2 131**		**1 979**		**1 597**		**1 863**		**1 067**		**1 863**	
Total reward (including conditional long-term incentive awards)	**55 694**	28 475	**43 837**	23 764	**50 240**	29 998	**38 142**	21 702	**43 644**	25 242	**34 047**		**39 665**	21 870

Refer to footnotes under the former prescribed officers table.

FORMER PRESCRIBED OFFICERS

	ZN Manyathi
	2021 R'000
Cost to company package	4 797
Cash package paid during the year	4 280
Retirement contributions paid during the year	383
Other allowances	134
Once-off allowances/payments[5]	483
Short-term incentive	7 000
Short-term incentive (cash)[1]	4 650
Short-term incentive (share-linked deferral)[2]	2 350
Total reward (excluding conditional long-term incentive awards)	12 763
PRP awards vesting[3]	
PRP notional dividend[4]	
Total reward (including conditional long-term incentive awards)	12 763

1 These are performance related short-term incentive payments in respect of the financial year under review.
2 These are performance-related deferred incentive awards issued in the March following the financial year under review. Participants can elect to have the value of the deferred awards, or part thereof, invested in the SARP rather than the default DBS. To the extent that the SARP is selected, a 10% premium of the value of the award is added. Deferred incentive awards not invested in SARP will be unitised in DBS with respect to the group's closing share price the day results are announced. The award will be updated in the group's annual financial statements the following year to reflect the choices made and units/rights awarded.
3 PRP units vesting in March 2023 (disclosed for the performance year 2022) were awarded in March 2020. The value delivered is calculated using the group's closing share price of R167.79 at 31 December 2022 and the vesting percentage of 125% based on the achievement of performance conditions measured over the 3-year performance period ending 31 December 2022. The amount included in the single figure numbers will not be amended for the actual vesting share prices on 31 March following the performance year, however the actual payment values will be included in the settlement schedule in the 2023 remuneration report. No PRP awards vested for the performance period ending 31 December 2021 in respect of the PRP units awarded in March 2019.
4 The PRP notional dividend is calculated by multiplying the units vesting by the cumulative notional dividend granted in the period between the grant date and the vesting date. The amount included in the single figure numbers will not be amended for the actual dividends declared following the performance year, however the actual payment values will be included in the settlement schedule in the 2023 remuneration report.
5 Includes a once-off payment made in respect of leave paid on retirement.

Non-executive directors

	Fixed remuneration			
	Services as directors of Standard Bank Group R'000	Standard Bank Group Committee fees R'000	Services as directors of group subsidiaries R'000	Total compensation for the year R'000
2022				
TS Gcabashe[1]	**3 102**			**3 102**
L Bam[2]	**50**		**50**	**100**
PLH Cook[3]	**299**	**466**	**299**	**1 064**
MA Erasmus[4]	**140**	**113**	**140**	**393**
GJ Fraser-Moleketi	**299**	**798**	**299**	**1 396**
X Guan	**1 073**	**703**	**1 073**	**2 849**
GMB Kennealy	**299**	**2 138**	**299**	**2 736**
BJ Kruger[5]	**174**	**437**	**2 016**	**2 627**
L Li[6]	**299**		**299**	**598**
JH Maree[7]	**299**	**1 578**	**825**	**2 702**
NNA Matyumza	**299**	**1 102**	**299**	**1 700**
Adv KD Moroka	**299**	**945**	**299**	**1 543**
NMC Nyembezi[8]	**4 103**	**359**	**125**	**4 587**
Dr. ML Oduor-Otieno	**1 073**	**585**	**1 073**	**2 731**
ANA Peterside CON	**1 073**	**902**	**1 073**	**3 048**
MJD Ruck	**299**	**1 627**	**698**	**2 624**
JM Vice	**299**	**1 335**	**299**	**1 933**
Total	**13 479**	**13 088**	**9 166**	**35 733**
2021				
TS Gcabashe[1]	6 953			6 953
PLH Cook[3]	248	304	248	800
MA Erasmus[4]	1 080	867	1 080	3 027
GJ Fraser-Moleketi	290	721	290	1 301
X Guan	1 409	657	1 409	3 475
GMB Kennealy	290	2 296	290	2 876
L Li[6]	41	88	41	170
JH Maree[7]	290	1 640	3 448	5 378
NNA Matyumza	290	1 027	290	1 607
Adv KD Moroka	290	900	290	1 480
NMC Nyembezi[8]	290	701	290	1 281
Dr. ML Oduor-Otieno	1 080	473	1 080	2 633
AC Parker[9]	118	232	118	468
ANA Peterside CON	1 080	1 045	1 080	3 205
MJD Ruck[10]	290	1 747	579	2 616
JM Vice	290	1 280	290	1 860
L Wang[11]	251	292	251	794
Total	14 580	14 270	11 074	39 924

1 TS Gcabashe retired as chairman of the boards of SBSA and SBG on 31 May 2022.
2 L Bam appointed to the SBSA and SBG boards on 1 November 2022.
3 PLH Cook was appointed to the SBSA and SBG boards on 22 February 2021.
4 MA Erasmus resigned from the SBSA and SBG boards on 16 February 2022.
5 BJ Kruger was appointed to the SBSA and SBG boards on 6 June 2022.
6 L Li was appointed to the SBSA and SBG boards on 11 November 2021.
7 JH Maree's fees for services as a director of group subsidiaries include fees paid by Liberty Holdings Limited. He resigned from the SBSA and SBG boards on 2 March 2022.
8 NMC Nyembezi was appointed chairman designate of the boards of SBSA and SBG on 1 June 2022.
9 AC Parker retired from the SBSA and SBG boards on 27 May 2021.
10 MJD Ruck's fees for services as a director of group subsidiaries includes fees paid by Stanbic Ghana. He retired from the SBSA and SBG boards on 31 December 2022.
11 L Wang resigned from the SBSA and SBG boards on 11 November 2021.

Fees are excluding VAT.

Share incentives

Standard Bank equity growth scheme

The EGS represents participation rights in the future growth of the SBG share price. The eventual value of the right is settled by the receipt of SBG shares equivalent to the full value of the participation rights. Certain EGS awards issued prior to March 2014 included performance conditions.

Deferred bonus scheme

Employees are awarded a deferred incentive, as a mandatory deferral of their short-term incentive or as discretionary award, into the DBS. The deferred incentive is unitised into a number of units with respect to the group's share price on the date of award. The shares are delivered to the employee on the vesting date for equity-settled share incentives. The cash-settled deferred bonus scheme awards are settled in cash on the vesting date. Notional dividends on the units are paid to the employees on the vesting date.

Performance reward plan

The group's PRP, effective from March 2014, is an equity-settled share scheme with a three-year vesting period that is designed to incentivise the group's senior executives whose roles enable them to contribute to and influence the group's long-term decision-making and performance results. The PRP seeks to promote the achievement of the group's strategic long-term objectives and to align the interests of executives with shareholders. The awards are subject to the achievement of performance conditions set at award date and that determine the number of shares that ultimately vest. The awards will only vest in future in terms of the rules of the PRP. The shares, subject to meeting the pre-specified conditions, are delivered to the employee on vesting date. Notional dividends accrue during the vesting period and will be payable on vesting date.

Share appreciation rights plan

The SARP represents participation rights in the future growth of the SBG share price. The eventual value of the right is settled by the receipt of SBG shares equivalent to the full value of the participation rights.

SK Tshabalala						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
Deferred bonus schemes															
2018	2019/03/07	182.43	1 667	2022/09/30		9 138		9 138			143.13	1 308	289		
2018*	2019/03/07	182.43	3 017	2022/09/30		16 537		16 537			143.13	2 367	523		
2019	2020/03/05	152.64	1 500	2022/09/30		9 827		9 827			143.13	1 407	213		
2019	2020/03/05	152.64	1 500	2023/09/30		9 828				9 828				1 649	213
2019*	2020/03/05	152.64	2 742	2022/09/30		17 961		17 961			143.13	2 571	389		
2019*	2020/03/05	152.64	2 742	2023/09/30		17 963				17 963				3 014	389
2020	2021/03/11	142.00	1 183	2022/09/30		8 333		8 333			143.13	1 193	135		
2020	2021/03/11	142.00	1 183	2023/09/30		8 333				8 333				1 398	135
2020	2021/03/11	142.00	1 183	2024/09/30		8 334				8 334				1 398	136
2020*	2021/03/11	142.00	1 200	2022/09/30		8 451		8 451			143.13	1 210	137		
2020*	2021/03/11	142.00	1 200	2023/09/30		8 451				8 451				1 418	137
2020*	2021/03/11	142.00	1 200	2024/09/30		8 451				8 451				1 418	137
Performance reward plan															
2018	2019/03/07	182.43	14 011	2022/03/31		76 800			76 800						
2019[6]	2020/03/05	152.64	16 653	2023/03/31		109 100	27 275			136 375				22 882	2 954
2020	2021/03/11	142.00	17 750	2024/03/31		125 000				125 000				20 974	2 033
2021	2022/03/11	160.33	20 009	2025/03/31			124 800			124 800				20 940	1 280
Share appreciation rights plan															
2021	2022/03/11	160.33			2026/03/11		84 694			84 694				632	
2021	2022/03/11	160.33			2027/03/11		84 695			84 695				632	
2021	2022/03/11	160.33			2028/03/11		84 695			84 695				632	
Totals for 2022			88 740									10 056	1 686	76 987	7 414

Refer to footnotes on page 207.

A Daehnke						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2022	Exercise date share price	Award (R'000)[2]	Notional dividend (R'000)[3]	Award (R'000)[4]	Notional dividend (R'000)[5]
Deferred bonus schemes															
2018	2019/03/07	182.43	1 000	2022/09/30		5 483		5 483			143.13	785	173		
2018*	2019/03/07	182.43	1 909	2022/09/30		10 462		10 462			143.13	1 497	331		
2019	2020/03/05	152.64	1 333	2022/09/30		8 735		8 735			143.13	1 250	189		
2019	2020/03/05	152.64	1 333	2023/09/30		8 736				8 736				1 466	189
2019*	2020/03/05	152.64	1 950	2022/09/30		12 775		12 775			143.13	1 828	277		
2019*	2020/03/05	152.64	1 950	2023/09/30		12 776				12 776				2 144	277
2020	2021/03/11	142.00	1 067	2022/09/30		7 512		7 512			143.13	1 075	122		
2020	2021/03/11	142.00	1 067	2023/09/30		7 512				7 512				1 260	122
2020	2021/03/11	142.00	1 067	2024/09/30		7 512				7 512				1 260	122
2020*	2021/03/11	142.00	767	2022/09/30		5 399		5 399			143.13	773	88		
2020*	2021/03/11	142.00	767	2023/09/30		5 399				5 399				906	88
2020*	2021/03/11	142.00	767	2024/09/30		5 400				5 400				906	88
2021	**2022/03/11**	**160.33**	**1 000**	**2023/09/30**			6 237			6 237				1 047	64
2021	**2022/03/11**	**160.33**	**1 000**	**2024/09/30**			6 237			6 237				1 047	64
2021	**2022/03/11**	**160.33**	**1 000**	**2025/09/30**			6 238			6 238				1 047	64
2021*	**2022/03/11**	**160.33**	**1 306**	**2023/09/30**			8 147			8 147				1 367	84
2021*	**2022/03/11**	**160.33**	**1 306**	**2024/09/30**			8 147			8 147				1 367	84
2021*	**2022/03/11**	**160.33**	**1 306**	**2025/09/30**			8 148			8 148				1 367	84
Performance reward plan															
2018	2019/03/07	182.43	12 004	2022/03/31		65 800			65 800						
2019[6]	2020/03/05	152.64	12 013	2023/03/31		78 700	19 675			98 375				16 506	2 131
2020	2021/03/11	142.00	14 001	2024/03/31		98 600				98 600				16 544	1 603
2021	**2022/03/11**	**160.33**	**14 013**	**2025/03/31**			87 400			87 400				14 665	897
Equity growth scheme															
Vested															
2010	2011/03/04	98.80		A	2023/03/31	12 500				12 500				862	
2010	2011/03/04	98.80		B	2023/03/31	12 500				12 500				862	
2013	2014/03/06	126.87		D	2024/03/06	68 750				68 750				2 813	
Share appreciation rights plan															
2021	**2022/03/11**	**160.33**			**2026/03/11**		19 730			19 730				147	
2021	**2022/03/11**	**160.33**			**2027/03/11**		19 730			19 730				147	
2021	**2022/03/11**	**160.33**			**2028/03/11**		19 730			19 730				147	
Totals for 2022			73 926									7 208	1 180	67 877	5 961

Refer to footnotes on page 207.

FZ Montjane

						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
Deferred bonus schemes															
2018	2019/03/07	182.43	1 583	2022/09/30		8 680		8 680			143.13	1 242	274		
2018*	2019/03/07	182.43	1 784	2022/09/30		9 777		9 777			143.13	1 399	309		
2019	2020/03/05	152.64	1 583	2022/09/30		10 372		10 372			143.13	1 485	225		
2019	2020/03/05	152.64	1 584	2023/09/30		10 375				10 375				1 741	225
2019*	2020/03/05	152.64	1 783	2022/09/30		11 683		11 683			143.13	1 672	253		
2019*	2020/03/05	152.64	1 783	2023/09/30		11 684				11 684				1 960	253
2020	2021/03/11	142.00	767	2022/09/30		5 399		5 399			143.13	773	88		
2020	2021/03/11	142.00	767	2023/09/30		5 399				5 399				906	88
2020	2021/03/11	142.00	767	2024/09/30		5 400				5 400				906	88
2020*	2021/03/11	142.00	467	2022/09/30		3 286		3 286			143.13	470	53		
2020*	2021/03/11	142.00	467	2023/09/30		3 287				3 287				552	53
2020*	2021/03/11	142.00	467	2024/09/30		3 287				3 287				552	53
2021	**2022/03/11**	**160.33**	**1 267**	**2023/09/30**			7 900			7 900				1 326	81
2021	**2022/03/11**	**160.33**	**1 267**	**2024/09/30**			7 901			7 901				1 326	81
2021	**2022/03/11**	**160.33**	**1 267**	**2025/09/30**			7 901			7 901				1 326	81
2021*	**2022/03/11**	**160.33**	**1 400**	**2023/09/30**			8 732			8 732				1 465	90
2021*	**2022/03/11**	**160.33**	**1 400**	**2024/09/30**			8 732			8 732				1 465	90
2021*	**2022/03/11**	**160.33**	**1 400**	**2025/09/30**			8 732			8 732				1 465	90
Performance reward plan															
2018	2019/03/07	182.43	9 012	2022/03/31		49 400			49 400						
2019[6]	2020/03/05	152.64	9 006	2023/03/31		59 000	14 750			73 750				12 375	1 597
2020	2021/03/11	142.00	11 005	2024/03/31		77 500				77 500				13 004	1 260
2021	**2022/03/11**	**160.33**	**13 003**	**2025/03/31**			81 100			81 100				13 608	832
Totals for 2022			63 829									7 041	1 202	53 977	4 962

Refer to footnotes on page 207.

AKL Fihla						Units						Value on settlement		Fair value at year end	
Performance year	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**	**Opening balance**	**Awards made during the year**	**Number of awards exercised during the year**	**Number of awards forfeited during the year**	**Balance of awards 31 December 2022**	**Exercise date share price**	**Award (R'000)[1]**	**Notional dividend (R'000)[2]**	**Award (R'000)[3]**	**Notional dividend (R'000)[4]**
Deferred bonus schemes															
2018	2019/03/07	182.43	1 334	2022/09/30		7 311		7 311			143.13	1 046	231		
2018*	2019/03/07	182.43	2 117	2022/09/30		11 604		11 604			143.13	1 661	367		
2019	2020/03/05	152.64	1 333	2022/09/30		8 735		8 735			143.13	1 250	189		
2019	2020/03/05	152.64	1 333	2023/09/30		8 736				8 736				1 466	189
2019*	2020/03/05	152.64	2 575	2022/09/30		16 869		16 869			143.13	2 414	365		
2019*	2020/03/05	152.64	2 575	2023/09/30		16 872				16 872				2 831	365
2020	2021/03/11	142.00	1 267	2022/09/30		8 920		8 920			143.13	1 277	145		
2020	2021/03/11	142.00	1 267	2023/09/30		8 920				8 920				1 497	145
2020	2021/03/11	142.00	1 267	2024/09/30		8 921				8 921				1 497	145
2020*	2021/03/11	142.00	1 700	2022/09/30		11 972		11 972			143.13	1 714	195		
2020*	2021/03/11	142.00	1 700	2023/09/30		11 972				11 972				2 009	195
2020*	2021/03/11	142.00	1 700	2024/09/30		11 972				11 972				2 009	195
2021	**2022/03/11**	**160.33**	**1 500**	**2023/09/30**			9 356			9 356				1 570	96
2021	**2022/03/11**	**160.33**	**1 500**	**2024/09/30**			9 356			9 356				1 570	96
2021	**2022/03/11**	**160.33**	**1 500**	**2025/09/30**			9 356			9 356				1 570	96
2021*	**2022/03/11**	**160.33**	**2 533**	**2023/09/30**			15 801			15 801				2 651	162
2021*	**2022/03/11**	**160.33**	**2 533**	**2024/09/30**			15 801			15 801				2 651	162
2021*	**2022/03/11**	**160.33**	**2 533**	**2025/09/30**			15 801			15 801				2 651	162
Performance reward plan															
2018	2019/03/07	182.43	12 004	2022/03/31		65 800			65 800						
2019[6]	2020/03/05	152.64	11 158	2023/03/31		73 100	18 275			91 375				15 332	1 979
2020	2021/11/03	142.00	12 013	2024/03/31		84 600				84 600				14 195	1 376
2021	**2022/03/11**	**160.33**	**12 009**	**2025/03/31**			74 900			74 900				12 567	768
Equity growth scheme															
Vested															
2010	2011/03/04	98.80		A	2023/03/31	6 875		6 875			160.33	423			
2010	2011/03/04	98.80		B	2023/03/31	13 750		13 750			152.50	738			
Totals for 2022			79 451									10 523	1 492	66 066	6 131

Refer to footnotes on page 207.

M Nienaber						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
Deferred bonus schemes															
2018	2019/03/07	182.43	1 000	2022/09/30		5 483		5 483			143.13	785	173		
2018*[5]	2019/03/07	182.43	1 638	2022/09/30		8 977		8 977			143.13	1 285	284		
2019	2020/03/05	152.64	1 333	2022/09/30		8 735		8 735			143.13	1 250	189		
2019	2020/03/05	152.64	1 333	2023/09/30		8 736				8 736				1 466	189
2019*	2020/03/05	152.64	1 867	2022/09/30		12 229		12 229			143.13	1 750	265		
2019*	2020/03/05	152.64	1 867	2023/09/30		12 230				12 230				2 052	265
2020	2021/03/11	142.00	1 167	2022/09/30		8 216		8 216			143.13	1 176	134		
2020	2021/03/11	142.00	1 167	2023/09/30		8 216				8 216				1 379	134
2020	2021/03/11	142.00	1 167	2024/09/30		8 216				8 216				1 379	134
2020*[5]	2021/03/11	142.00	1 125	2022/09/30		7 922		7 922			143.13	1 134	129		
2020*	2021/03/11	142.00	1 125	2023/09/30		7 923				7 923				1 329	129
2020*	2021/03/11	142.00	1 125	2024/09/30		7 923				7 923				1 329	129
2021	2022/03/11	160.33	1 367	2023/09/30			8 524			8 524				1 430	87
2021	2022/03/11	160.33	1 367	2024/09/30			8 524			8 524				1 430	87
2021	2022/03/11	160.33	1 367	2025/09/30			8 525			8 525				1 430	87
2021*	2022/03/11	160.33	1 933	2023/09/30			12 058			12 058				2 023	124
2021*	2022/03/11	160.33	1 933	2024/09/30			12 059			12 059				2 023	124
2021*	2022/03/11	160.33	1 933	2025/09/30			12 059			12 059				2 023	124
Performance reward plan															
2018	2019/03/07	182.43	10 015	2022/03/31		54 900			54 900						
2019[6]	2020/03/05	152.64	10 502	2023/03/31		68 800	17 200			86 000				14 430	1 863
2020	2021/11/03	142.00	11 005	2024/03/31		77 500				77 500				13 004	1 260
2021	2022/03/11	160.33	12 009	2025/03/31			74 900			74 900				12 567	768
Totals for 2022			69 345									7 380	1 174	59 294	5 504

Refer to footnotes on page 207.

W Blackie						Units						Value on settlement		Fair value at year end	
Performance year	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**	**Opening balance**	**Awards made during the year**	**Number of awards exercised during the year**	**Number of awards forfeited during the year**	**Balance of awards 31 December 2022**	**Exercise date share price**	**Award (R'000)[1]**	**Notional dividend (R'000)[2]**	**Award (R'000)[3]**	**Notional dividend (R'000)[4]**
Deferred bonus schemes															
2018	2019/03/07	182.43	3 565	2022/09/30		19 540		19 540			143.13	2 797	617		
2019	2020/03/05	152.64	3 859	2022/09/30		25 280		25 280			143.13	3 618	548		
2019	2020/03/05	152.64	3 860	2023/09/30		25 285				25 285				4 243	548
2020	2021/03/11	142.00	2 606	2022/09/30		18 353		18 353			143.13	2 627	298		
2020	2021/03/11	142.00	2 606	2023/09/30		18 354				18 354				3 080	298
2020	2021/03/11	142.00	2 606	2024/09/30		18 354				18 354				3 080	298
2021	2022/03/11	160.33	1 333	2023/09/30			8 316			8 316				1 395	85
2021	2022/03/11	160.33	1 333	2024/09/30			8 316			8 316				1 395	85
2021	2022/03/11	160.33	1 333	2025/09/30			8 317			8 317				1 396	85
2021*	2022/03/11	160.33	3 021	2023/09/30			18 842			18 842				3 161	193
2021*	2022/03/11	160.33	3 021	2024/09/30			18 842			18 842				3 161	193
2021*	2022/03/11	160.33	3 021	2025/09/30			18 842			18 842				3 161	193
Performance reward plan															
2018	2019/03/07	182.43	6 002	2022/03/31		32 900			32 900						
2019[6]	2020/03/05	152.64	6 014	2023/03/31		39 400	9 850			49 250				8 264	1 067
2020	2021/03/11	142.00	6 007	2024/03/31		42 300				42 300				7 098	688
2021	2022/03/11	160.33	5 002	2025/03/31			31 200			31 200				5 235	320
Equity growth scheme Vested															
2010	2011/03/04	98.80		D	2023/03/31	3 438		3 438			175.80	265			
Totals for 2022			55 189									9 307	1 463	44 669	4 053

Refer to footnotes on page 207.

L Fuzile						Units						Value on settlement		Fair value at year end	
Performance year	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**	**Opening balance**	**Awards made during the year**	**Number of awards exercised during the year**	**Number of awards forfeited during the year**	**Balance of awards 31 December 2022**	**Exercise date share price**	**Award (R'000)[1]**	**Notional dividend (R'000)[2]**	**Award (R'000)[3]**	**Notional dividend (R'000)[4]**
Deferred bonus schemes															
2018	2019/03/07	182.43	500	2022/09/30		2 743		2 743			143.13	393	87		
2018*	2019/03/07	182.43	725	2022/09/30		3 975		3 975			143.13	569	126		
2019	2020/03/05	152.64	1 333	2022/09/30		8 735		8 735			143.13	1 250	189		
2019	2020/03/05	152.64	1 333	2023/09/30		8 736				8 736				1 466	189
2019*	2020/03/05	152.64	1 617	2022/09/30		10 591		10 591			143.13	1 516	229		
2019*	2020/03/05	152.64	1 617	2023/09/30		10 593				10 593				1 777	229
2020	2021/03/11	142.00	933	2022/09/30		6 573		6 573			143.13	941	107		
2020	2021/03/11	142.00	933	2023/09/30		6 573				6 573				1 103	107
2020	2021/03/11	142.00	933	2024/09/30		6 573				6 573				1 103	107
2020*	2021/03/11	142.00	400	2022/09/30		2 817		2 817			143.13	403	46		
2020*	2021/03/11	142.00	400	2023/09/30		2 817				2 817				473	46
2020*	**2021/03/11**	**142.00**	**400**	**2024/09/30**		2 817				2 817				473	46
2021	**2022/03/11**	**160.33**	**1 267**	**2023/09/30**			7 900			7 900				1 326	81
2021	**2022/03/11**	**160.33**	**1 267**	**2024/09/30**			7 901			7 901				1 326	81
2021	**2022/03/11**	**160.33**	**1 267**	**2025/09/30**			7 901			7 901				1 326	81
2021*	**2022/03/11**	**160.33**	**1 400**	**2023/09/30**			8 732			8 732				1 465	90
2021*	**2022/03/11**	**160.33**	**1 400**	**2024/09/30**			8 732			8 732				1 465	90
2021*	**2022/03/11**	**160.33**	**1 400**	**2025/09/30**			8 732			8 732				1 465	90
Performance reward plan															
2018	2019/03/07	182.43	10 015	2022/03/31		54 900			54 900						
2019[6]	2020/03/05	152.64	10 502	2023/03/31		68 800	17 200			86 000				14 430	1 863
2020	2021/03/11	142.00	11 502	2024/03/31		81 000				81 000				13 591	1 317
2021	**2022/03/11**	**160.33**	**12 009**	**2025/03/31**			74 900			74 900				12 567	768
Share appreciation rights plan															
2018	2019/03/07	182.43			2023/03/31	86 527				86 527					
Totals for 2022			63 153									5 072	784	55 356	5 185

Refer to footnotes on page 207.

JH Maree						Units						Value on settlement		Fair value at year end	
Performance year	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**	**Opening balance**	**Awards made during the year**	**Number of awards exercised during the year**	**Number of awards forfeited during the year**	**Balance of awards 31 December 2022**	**Exercise date share price**	**Award (R'000)[1]**	**Notional dividend (R'000)[2]**	**Award (R'000)[3]**	**Notional dividend (R'000)[4]**
Equity growth scheme															
Vested															
2011	2012/03/08	108.90		A	2023/03/31	61 471		61 471			166.34	3 531			
2012	2013/03/07	115.51		A	2023/03/31	56 594		56 594			166.34	2 877			
2014	2015/03/05	156.96		D	2025/03/05	78 445				78 445				850	
Totals for 2022												6 408		850	

* Cash-settled Deferred Bonus Scheme
1 Value on settlement is calculated by multiplying the vesting share/settlement price by the total units vesting and applying performance conditions (where applicable).
2 Value is calculated by multiplying the notional dividend per unit with the total vesting units and applying performance conditions (where applicable).
3 Value is calculated by multiplying the year end SBK share price of R167.79 by the total outstanding units and applying performance conditions (where applicable).
4 Value is calculated by multiplying the notional dividend (accumulated from grant date to year-end) with the total outstanding units and applying performance conditions (where applicable). Notional dividends are subject to the vesting conditions
5 This award was settled with equity as opposed to cash in September 2021. This was done in order for the director to meet minimum shareholding requirements.
6 The vesting percentage for the 2020 grant has been updated to 125% based on the achievement of performance conditions measured over the 3-year performance period ending 31 December 2022. This uplift has been reflected in the "awards made during the year" column.

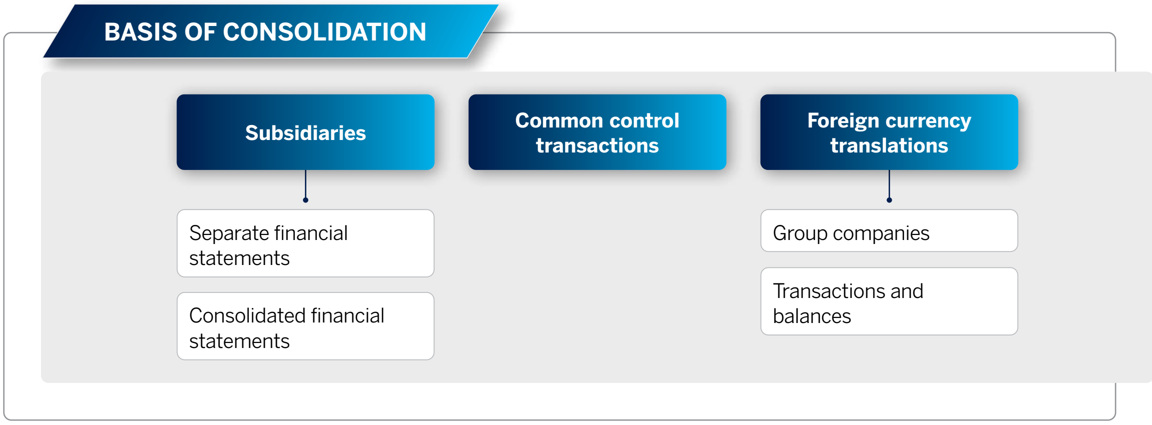
The EGS share schemes are disclosed in the following vesting categories:
A: Includes the group leadership council members of Standard Bank Bank Group Limited (for banking activities only)
B: Includes heads of major business lines.
C: Includes executives whose actions have a material impact on the risk exposure of the group as a whole, based on the ability to:
- commit significant amount of the group's risk capital;
- significantly influence the group's overall liquidity position; or
- significantly influence material risks.

D: Includes all other executives receiving any deferred variable remuneration and for whom the variable remuneration award is linked to personal or business line performance.

Annexure F – Detailed accounting policies

The following accounting policies were applied in the preparation of the group and company financial statements.

1. Basis of consolidation



Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the group conform to the group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary. Similarly, profits or losses of subsidiaries attributable to preference shareholders outside the group are recognised as non-controlling interest, but where these preference shareholders are within the Standard Bank Group these are presented as non-controlling interest within SBG.

Subsidiaries are consolidated from the date on which the group obtains control up to the date that control is lost. Control is assessed on a continuous basis.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

Foreign currency translations

Group companies

The results and financial position of foreign operations that have a functional currency that is different from the group's presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities (including goodwill, intangible assets and fair value adjustments arising on acquisition) are translated at the closing rate at the reporting date
- income and expenses are translated at average exchange rate for each month and
- all resulting foreign exchange differences are accounted for directly in a separate component of OCI, being the group's FCTR.

1. Basis of consolidation continued

Foreign currency translations continued

Transactions and balances

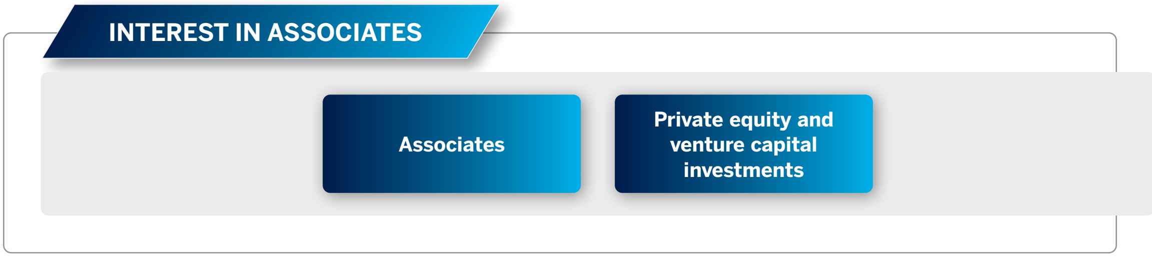
Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transaction is utilised, for example, an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges to the extent that the hedge is effective).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of other revenue (trading revenue).

Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases, the foreign currency gains and losses are recognised in the group's FCTR.

2. Interest in associates



Associates

Associates are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group's share of the net assets of the associate or joint venture (including goodwill). Equity accounting is applied from the date on which the entity becomes an associate up to the date on which the group ceases to have significant influence or joint control.

Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the associates. Additional interests acquired in associates form part of the equity accounted investment to the extent that they give rise to current access to returns associated with an ownership interest.

Unrealised profits from transactions are eliminated in determining the group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains (but only to the extent that there is no evidence of impairment).

Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount. Impairment losses are recognised through non-trading and capital related items. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, net of equity accounted losses, if no impairment loss had been recognised.

For a disposal of an associate, being where the group loses significant influence over the associate, the difference between the sales proceeds and any retained interest and the carrying value of the equity accounted investment, is recognised as a gain or loss in non-trading and capital related items. Any gains or losses in OCI reserves that relate to the associate are reclassified to non-trading and capital related items at the time of the disposal.

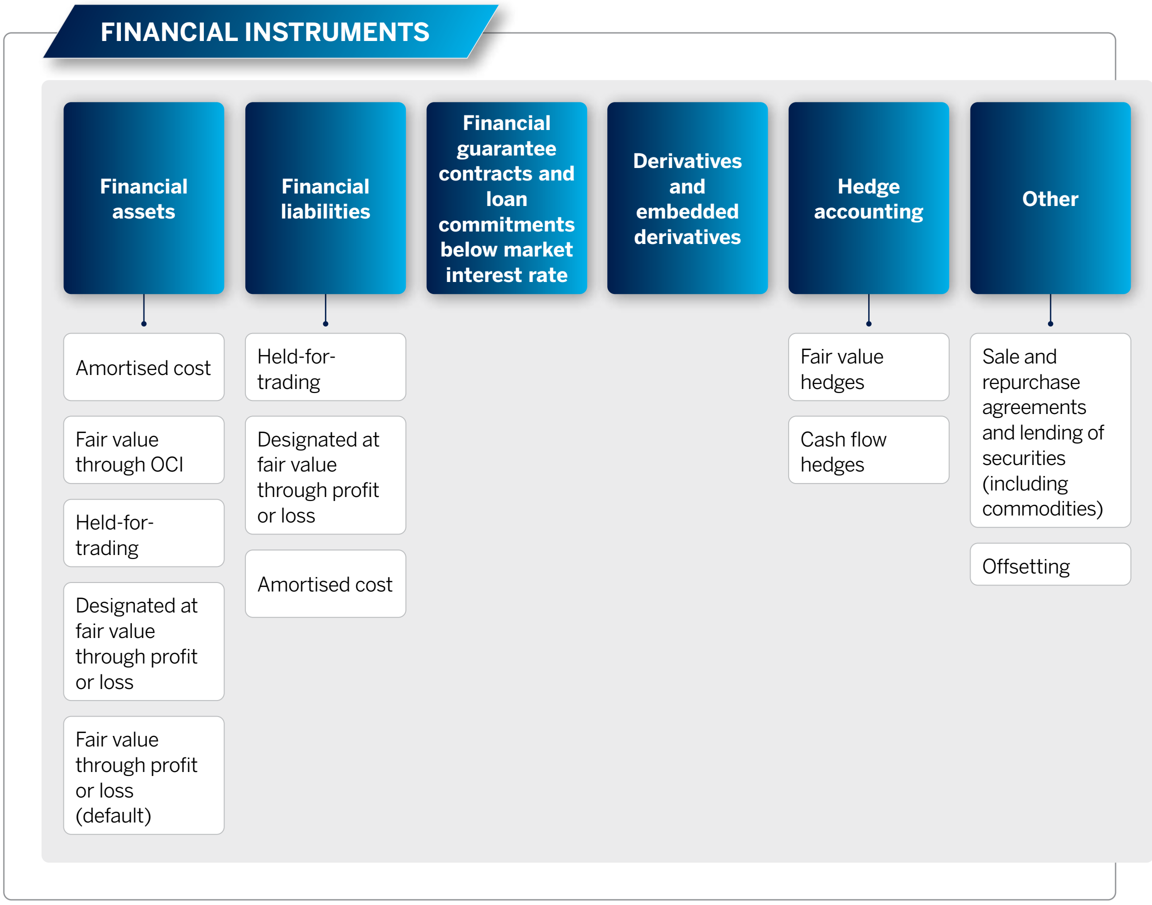
The accounting policies of associates have been changed where necessary to ensure consistency with the policies of the group.

2. Interest in associates continued

Private equity and venture capital investments

Private equity and venture capital investments, including mutual funds held by investment-linked insurance funds, that are associates, are either designated on initial recognition at fair value through profit or loss, or are equity accounted. Where the private equity or venture capital investment is designated at fair value through profit or loss, the investment is presented within Financial Investments on the statement of financial position and the fair value movement is recognised within other gains and losses on financial instruments for banking activities, in profit or loss.

3. Financial instruments



Initial measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).

3. Financial instruments continued

Financial assets

Nature

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): ▪ Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and ▪ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	▪ A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): ▪ Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and ▪ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default. ▪ Equity financial assets which are not held-for-trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss – default	Financial assets that are not classified into one of the above mentioned financial asset categories.

3. Financial instruments continued

Financial assets continued

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	**Debt instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. **Equity instrument:** Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	**Debt instruments:** Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue. **Equity instruments:** Fair value gains and losses on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are not measured at fair value through profit or loss nor are used to provide loans at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit-impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit-impaired. The following criteria are used in determining whether the financial asset is impaired: ▪ default ▪ significant financial difficulty of borrower and/or modification ▪ probability of bankruptcy or financial reorganisation ▪ disappearance of an active market due to financial difficulties.

3. Financial instruments continued

Financial assets continued

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the borrower's ability to fulfil its contractual obligations.
Default	The group's definition of default has been aligned to its internal credit risk management definitions and approaches. 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 ▪ 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.
Forward-looking information	Forward-looking information is incorporated into the group's impairment methodology calculations and in the group's assessment of SICR. The group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macroeconomic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with the central bank (SARB). Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are readily convertible to a known amount of cash and available for use by the group and company within less than three months since initial deposit, subject to certain restrictions and limitations levied by the central bank, but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default.

Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with the central bank and on demand gross loans and advances to banks, which are readily convertible to a known amount of cash and available for use by the group and company within less than three months since initial deposit. These on demand gross loans and advances to banks are held to meet short term cash commitments, rather than for investment or other purposes.

Refer to the policy on financial instruments relating to recognition and measurement of loans and advances (i.e. financial assets measured at amortised cost).

3. Financial instruments continued

Financial liabilities

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: ▪ to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis; and ▪ where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

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

3. Financial instruments continued

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised or modified in the following instances:

	Derecognition	Modification
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. The group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	In determining whether a modification is substantial, for a financial asset qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered. Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

3. Financial instruments continued

Financial liabilities continued

Financial guarantee contracts and loan commitments below market rate

A financial guarantee contract is a contract that requires the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A loan commitment is a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose.

Financial guarantee contracts and loan commitments at a below market interest rate are initially recognised when the group becomes party to the irrevocable commitment at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee/loan commitment. Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee or loan commitment; or
- unamortised premium.

Derivatives and embedded derivatives

In the normal course of business, the group enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant group accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

3. Financial instruments continued

Hedge accounting

As of 1 January 2021, the group applied IFRS 9 to all micro hedge relationships, however, will continue to apply IAS 39 to all macro hedges. Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the group into the following relationships:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised immediately in profit or loss. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.
Cash flow hedges	Hedges of highly probable future cash flows attributable to a recognised asset or liability, a forecasted transaction, or a highly probable forecast intragroup transaction.	The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised immediately in profit or loss. Amounts recognised in OCI are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss.

3. Financial instruments continued

Hedge accounting risk management strategy

Hedge accounting is applied when the hedging relationship meets the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

Where the above criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow hedges for recognised financial assets or liabilities, and highly probable forecast transactions. For hedge relationships, where the critical terms of the hedged item and hedging instrument match, a qualitative method is considered appropriate for hedge effectiveness testing. Where the characteristics between the hedged item and hedging instrument are insufficiently correlated, judgement is applied and if required a qualitative and quantitative method is used for hedge effectiveness testing.

The group applies hedge accounting in respect of the following risk categories.

Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk and translation risk. Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the group and company. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the relevant group entity for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the group and company. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the relevant group entity for each respective currency.

The group uses a combination of currency forwards, swaps and foreign denominated cash balances to mitigate the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the group's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio or where currency is managed on a portfolio basis the weighted expected foreign cash flows are aligned.

The group elects for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to either include or exclude the currency forward points (basis) contained in the derivative instrument from the hedging relationship. This election is based on the currency pair involved, the shape of the yield-curve and the direction of the foreign currency hedged risk. Basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve (i.e. total hedge reserve) within equity).

Where the hedged item subsequently results in the recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the group removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of foreign currency risk, the group and company enter hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group and company use the hypothetical derivative method to assess effectiveness. In hedges of foreign currency risk of highly probable forecast commercial transactions, ineffectiveness may arise if the amount of the forecast transaction changes from what was originally estimated.

Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

3. Financial instruments continued

Hedge accounting risk management strategy continued

Equity price risk

The group operates share incentive schemes that enable key management personnel and senior employees to benefit from the performance of SBG's share price. For further detail regarding the share schemes, refer to Annexure D – Equity linked transactions and the group's governance and remuneration report. These share incentive schemes expose the group to equity price risk due to volatility in the share price of SBG (SBK:SJ). The group has in place appropriate risk management strategies and reporting processes in respect of this risk. The group uses a combination of equity forwards and options to mitigate against the risk of changes in the future cash flows associated with certain cash-settled schemes on a post attrition and vesting assumption basis. The following scheme exposures are subject to cash flow hedge accounting at a group level: Deferred Bonus Scheme (DBS) and Cash Settled Deferred Bonus Scheme (CSDBS). Cash flow hedge accounting is applied to align the timing mismatch of the derivative hedging instruments to the vesting period of the underlying awards (hedged items) over the applicable vesting period. Under the group's policy the critical terms of these instruments must align with equity price risk of the hedged item and is hedged on a 1:1 hedge ratio. The group elects for each hedging relationship, using either equity forwards and/or options, to either include or exclude the time value or the forward points (basis) contained in the derivative instrument from the hedging relationship. Basis is determined using the differential between the contracted forward/option rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve (i.e. total hedge reserve) within equity). Where the hedged item subsequently results in the recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the group removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of equity price risk, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness – refer to Note 2.

Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of IRRBB (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 and company operate. The group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of group ALCO. The group's interest rate risk management is predominantly controlled by a central treasury department (group treasury) under approved policies. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the group applies fair value hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term fixed interest rate Loans and advances and Deposits and debt funding. To manage the risk associated with such risk exposures the group uses one or more cash collateralised fixed for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the underlying risk exposure
- Specifically identified long-term interest rate basis risk (CPI vs. JIBAR) inherent in loans and advances. To manage the basis risk associated with such risk exposures the group uses one or more cash collateralised floating for floating basis interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure; and
- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with an exposure bucketing approach.

The group also applies cash flow hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term floating interest rate loans and advances. To manage the risk associated with such risk exposures the group uses one or more cash collateralised floating for fixed interest rate swaps that matches the critical terms or that exhibits the same duration as that of the underlying risk exposure.

The group observes interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only. The group and company use a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The group elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness. The extent of hedge ineffectiveness as a result of fair value interest rate risk hedges is disclosed in note 2.3.5.

3. Financial instruments continued

Other

Sale and repurchase agreements and lending of securities (including commodities)

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

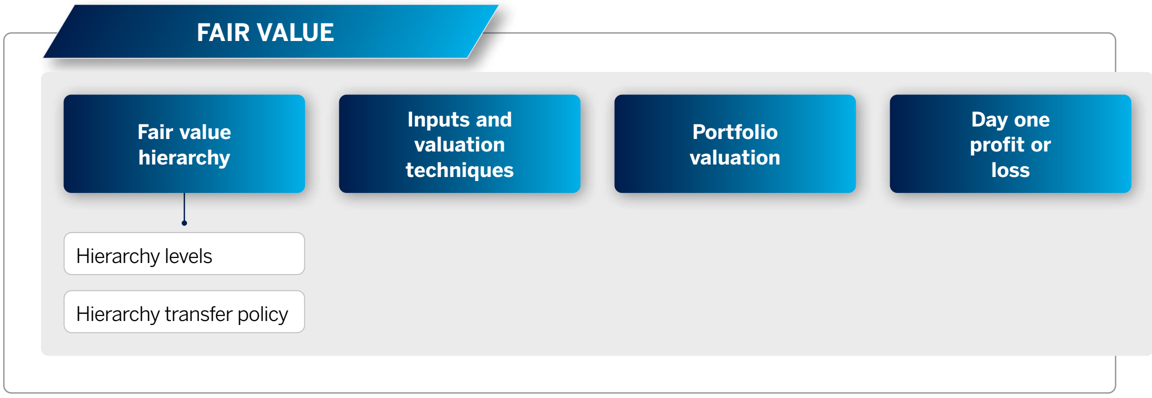
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

4. Fair value



In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

4. Fair value continued

Fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of the following items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value: cash and balances with central banks and on demand gross loans and advances to banks which are readily convertible to a known amount of cash that hasn't been adjusted for expected credit losses. The fair value of these items of cash and cash equivalents as well as deposits and debt funding that are mostly redeemable on demand does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

4. **Fair value** continued

Inputs and valuation techniques continued

The group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument:

<table>
<tr><th>Item and description</th><th>Valuation technique</th><th>Main inputs and assumptions</th></tr>
<tr><td>Derivative financial instruments
Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.</td><td>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:
▪ discounted cash flow model
▪ Black-Scholes model
▪ combination technique models.</td><td rowspan="4">For level 2 and 3 fair value hierarchy items:
▪ discount rate*
▪ spot prices of the underlying
▪ correlation factors
▪ volatilities
▪ dividend yields
▪ earnings yield
▪ valuation multiples
▪ credit spreads
▪ bid-offer spreads.</td></tr>
<tr><td>Trading assets and trading liabilities
Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.</td><td rowspan="3">Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date.

Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial asset being fair valued.

Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks.

Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</td></tr>
<tr><td>Pledged assets
Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.</td></tr>
<tr><td>Financial investments
Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the SARB, investments in mutual fund investments and unit-linked investments.</td></tr>
</table>

4. Fair value continued

Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers Loans and advances comprise: ▪ Home services ▪ Vehicle and asset finance ▪ Card and payments ▪ Personal unsecured lending ▪ Business lending and other ▪ Corporate and sovereign ▪ Bank	For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: ▪ discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items: ▪ discount rate*

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

Portfolio valuations

The group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

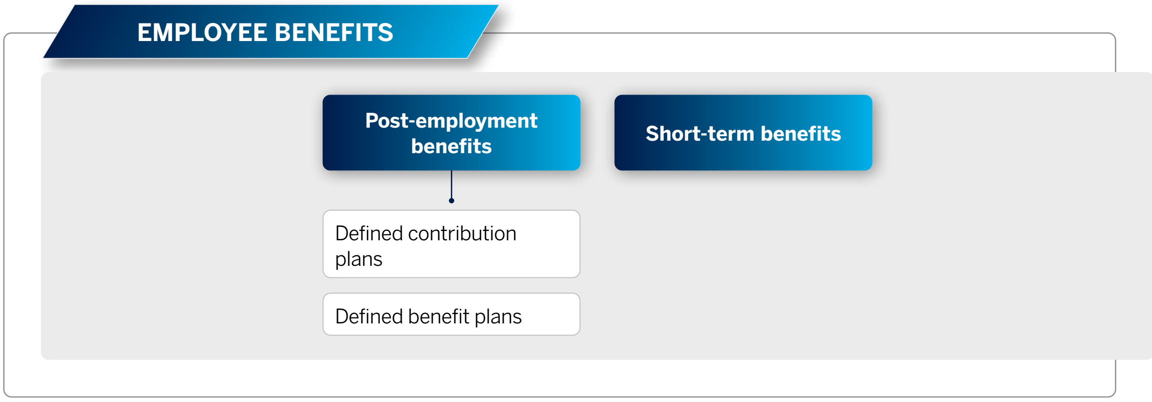
Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

5. Employee benefits



Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contribution plans The group operates a number of defined contribution plans. See note 41 for more information.	Accruals are recognised for unpaid contributions.	No direct impact.	Contributions are recognised as an operating expense in the periods during which services are rendered by the employees.
Defined benefit plans The group operates a number of defined benefit retirement and post-employment medical aid plans. Employer companies contribute to the cost of benefits taking account of the recommendations of the actuaries. See note 41 for more information.	Assets or liabilities measured at the present value of the estimated future cash outflows, using interest rates of government bonds denominated in the same currency as the defined benefit plan (corporate bonds are used for currencies for which there is a deep market of high-quality corporate bonds), with maturity dates that approximate the expected maturity of the obligations, less the fair value of plan assets. A net defined benefit asset is only recognised to the extent that economic benefits are available to the group from reductions in future contributions or future refunds from the plan.	Remeasurements of the net defined benefit obligation, including actuarial gains and losses, the return on plan assets (excluding interest calculated) and the effect of any asset ceiling are recognised within OCI.	Net interest income/ (expense) is determined on the defined benefit asset/ (liability) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/ (liability). Other expenses (including current service costs) related to the defined benefit plans are also recognised in operating expenses. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in operating expenses. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
Short-term benefits Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in operating expenses as the related service is provided.

6. Non-financial assets

NON-FINANCIAL ASSETS

Tangible assets	Intangible assets
Property	Goodwill
Equipment	Computer software
Land	Other intangible assets

<table>
<tr><th>Type and initial and subsequent measurement</th><th>Useful lives, depreciation/ amortisation method or fair value basis</th><th>Impairment</th></tr>
<tr>
<td>Tangible assets (property, equipment and land)
Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost less accumulated impairment losses.

Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred.

Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.</td>
<td>Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Land is not depreciated.

<table>
<tr><td>Significant freehold property</td><td>Ten years</td></tr>
<tr><td>Buildings</td><td>40 years</td></tr>
<tr><td>Computer equipment</td><td>Four to five years</td></tr>
<tr><td>Motor vehicles</td><td>Four to five years</td></tr>
<tr><td>Office equipment</td><td>Three to ten years</td></tr>
<tr><td>Furniture</td><td>Five to 13 years</td></tr>
<tr><td>Leased assets</td><td>Shorter of useful life or lease term.</td></tr>
</table>
The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.</td>
<td>These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs).

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.</td>
</tr>
</table>

6. Non-financial assets continued

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Goodwill Goodwill represents the excess of the consideration transferred and the acquisition date fair value of any previously held equity interest over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, associate at the date of the acquisition. The group's interest in acquired subsidiaries takes into account any non-controlling interest. Goodwill arising on the acquisition of subsidiaries (associates) is reported in the statement of financial position as part of 'Goodwill and other intangible assets' ('Interest in associates').	Not applicable	The accounting treatment is generally the same as that for tangible assets except as noted below. ▪ Goodwill is tested annually for impairment and additionally when an indicator of impairment exists. ▪ An impairment loss in respect of goodwill is not reversed.
Computer software Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are recognised as intangible assets. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.	Amortisation is recognised in operating expenses on a straight-line basis at rates appropriate to the expected lives of the assets (two to 15 years) from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.
Other intangible assets The group recognises the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in operating expenses as incurred. The group capitalises brands, customer lists, customer contracts, distribution forces and similar rights acquired in business combinations. Capitalised intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.	Amortisation is recognised in operating expenses on a straight-line basis over the estimated useful lives of the intangible assets, not exceeding 20 years, from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.	

Derecognition
Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.

7. Property developments and properties in possession

PROPERTY DEVELOPMENTS AND PROPERTIES IN POSSESSION

Property developments | **Properties in possession**

Property developments

Property developments are stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and where applicable, development and borrowing costs during development.

Properties in possession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties as well as gains and losses on disposal is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

8. Equity-linked transactions

EQUITY COMPENSATION PLANS

Equity-settled share-based payments | **Cash-settled share-based payments**

Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

9. Leases

Type and description	Statement of financial position	Income statement
Lessee accounting policies		
Single lessee accounting model All leases are accounted for by recognising a right of use asset and a lease liability except for: ▪ leases of low value assets and ▪ leases with a duration of twelve months or less.	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group's incremental borrowing rate (rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment) on commencement of the lease is used. The group's internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes: ▪ Amounts expected to be payable under any residual value guarantee ▪ The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised ▪ Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period.
	Right of use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: ▪ lease payments made at or before commencement of the lease; ▪ initial direct costs incurred; and ▪ the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. The group applies the cost model (refer to accounting policy 6) subsequent to the initial measurement of the right of use assets.	**Depreciation and impairment on right of use assets:** Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses. The accounting treatment for impairment of right of use assets is the same as that for tangible assets (refer to accounting policy 6).
	Termination of leases: When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.	**Termination of leases:** On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.

9. Leases continued

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

9. Leases continued

Type and description	Statement of financial position	Income statement
Lessor accounting policies		
Finance leases Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases All leases that do not meet the criteria of a financial lease are classified as operating leases.	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised. At the end of the lease term, these assets are reclassified from tangible assets to other assets and measured the lower of cost and net realisable value.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.
Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

10. Equity

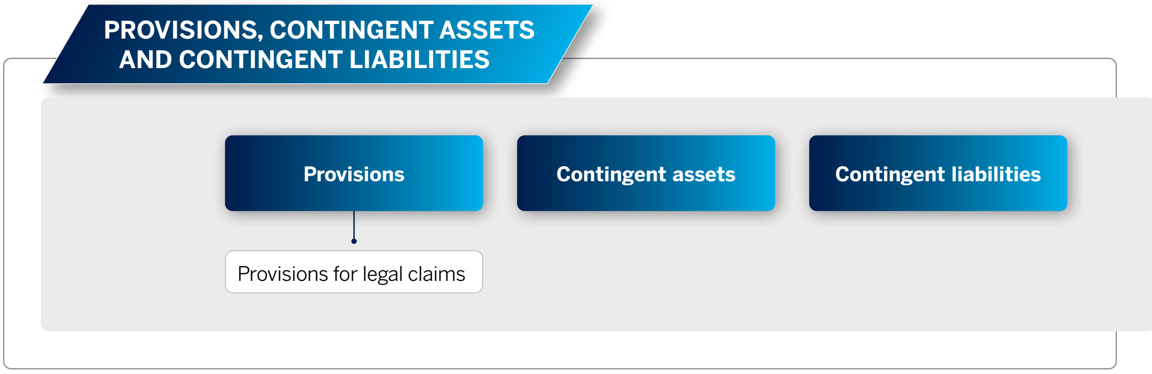
Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Dividends

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the annual financial statements.

11. Provisions, contingent assets and contingent liabilities



Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The group's provisions typically (when applicable) include the following:

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

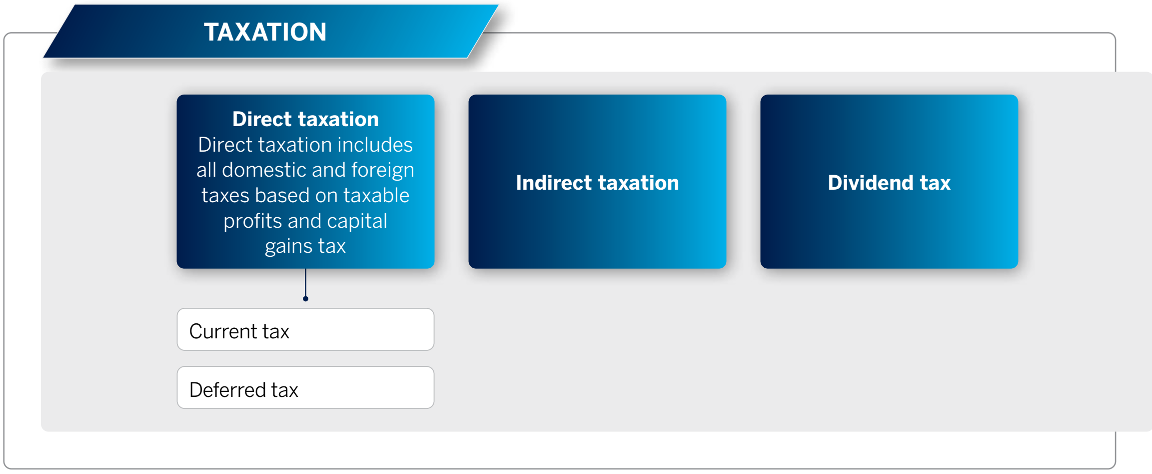
Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

12. Taxation



Type	Description, recognition and measurement	Offsetting
Direct taxation: current tax	Current tax is recognised in the direct taxation line in the income statement except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.	Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

12. Taxation continued

Type	Description, recognition and measurement	Offsetting
Direct taxation: deferred tax	Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences: ▪ the initial recognition of goodwill ▪ the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and ▪ investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the group the ability to control the reversal of the temporary difference. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.	Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Indirect taxation	Indirect taxes comprising of non-recoverable value added tax (VAT), skills development levies and other duties for banking activities, are recognised in the indirect taxation line in the income statement.	Not applicable
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity, as dividend tax represents a tax on the shareholder and not the group. Dividends tax withheld by the group on dividends paid to its shareholders and payable at the reporting date to the South African Revenue Service (where applicable) is included in 'Provisions and other liabilities' in the statement of financial position.	Not applicable

13. Revenue and expenditure

REVENUE AND EXPENDITURE

Net interest income

Non-interest revenue

- Net fee and commission revenue
- Trading revenue
- Customer loyalty programmes
- Dividend income
- Other gains/losses on financial instruments
- Other revenue

Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in credit impairments when the financial asset is reclassified out of stage 3. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income recognised as part of net interest income calculated using the effective interest method.
Net fee and commission revenue	Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, insurance-based fees and commissions, and knowledge-based fees and commissions are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.

13. Revenue and expenditure continued

Description	Recognition and measurement
Customer loyalty programmes	The group's banking activities operate a customer loyalty programme in terms of which it undertakes to provide goods and services to certain customers. The reward credits are accounted for as a separately identifiable component of the fee and commission income transactions of which they form a part. The consideration allocated to the reward credits is measured at the fair value of the reward credit and is recognised over the period in which the customer utilises the reward credits. Expenses relating to the provision of the reward credits are recognised in fee and commission expenses as and when they are incurred.
Dividend income	Dividends are recognised in interest income (other revenue) for debt (equity instruments) when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Other gains/ losses on financial instruments	Includes: ▪ Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default) ▪ The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI ▪ Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost ▪ Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value ▪ Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability at amortised cost ▪ Fair value gains and losses on designated financial liabilities ▪ Fair value gains and losses on private equity or venture capital investments designated at fair value through profit or loss.
Other revenue	Other revenue comprises of revenue that is not included in any of the categories mentioned above. This could include dividends on equity financial assets, underwriting profit from the group's short-term insurance operations and related insurance activities and re-measurement gains and losses from contingent consideration on disposals and purchases.

Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions.

14. Non-current assets and liabilities held for sale

Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
Non-current assets and liabilities held for sale and disposal groups Comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than continuing use (including regular purchases and sales in the ordinary course of business).	Immediately before classification, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities (or components of a disposal group) are presented separately in the statement of financial position. In presenting the group's non-current assets and liabilities as held for sale, intercompany balances are eliminated in full.	OCI movements are presented separately.	Impairment losses on initial classification as well as subsequent gains and losses on remeasurement of these assets are recognised in profit or loss. Property and equipment and intangible assets are not subsequently depreciated or amortised. Equity accounting thereafter for an interest in an associate is suspended.

15. Other significant accounting policies

Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to the chief operating decision makers, comprising of the chief executive and members of the group leadership council.

Fiduciary activities

The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.

Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries, and associates (including foreign exchange translation gains and losses)
- Gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of associates
- Impairment of investments in subsidiaries, property and equipment, and intangible assets
- Other items of a capital related nature.

New standards and amendments not yet adopted

The following new standards, and amendments are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these annual financial statements.

Title: IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (amendments)

Effective date: deferred the effective date for these amendments indefinitely

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.

Title: IFRS 17 *Insurance Contracts*

Effective date: 1 January 2023

This standard replaces IFRS 4 *Insurance Contracts* which provided entities with dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17. The standard will be applied retrospectively. IFRS 17 will not have an impact on the group's annual financial statements.

Title: IAS 1 *Presentation of Financial Statements* (amendments)

Effective date: 1 January 2024

The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the group.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Title: IFRS 16 *Leases* (narrow scope amendments)

Effective date: 1 January 2024

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Annexure G – Six-year review

STATEMENT OF FINANCIAL POSITION

GROUP	CAGR %	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
Assets							
Cash and balances with central banks	6	**47 146**	32 255	34 030	33 060	34 536	35 893
Derivative assets	(3)	**64 538**	58 287	110 350	66 392	50 471	73 552
Trading assets	15	**268 228**	238 098	211 658	186 090	161 330	131 024
Pledged assets	3	**7 777**	1 975	911	7 481	674	6 812
Financial investments	12	**150 003**	144 037	129 461	115 127	105 438	86 344
Current tax asset	12	**212**	288	154	201	132	122
Loans and advances	6	**1 254 969**	1 203 254	1 124 238	1 026 242	966 335	937 156
Other assets	24	**30 947**	19 680	19 002	13 436	10 914	10 616
Non-current assets held for sale		**255**	265		346		
Interest in associates	3	**1 016**	940	744	1 227	1 017	864
Property equipment and right of use assets	5	**10 798**	11 243	12 449	12 983	10 284	8 448
Goodwill and other intangibles	(12)	**9 125**	10 834	12 465	16 236	17 106	17 746
Deferred tax asset	86	**5 026**	3 918	4 005	1 925	2 025	223
Total assets	7	**1 850 040**	1 725 074	1 659 467	1 480 746	1 360 262	1 308 800
Equity and liabilities							
Equity	4	**125 823**	118 968	106 224	106 717	101 200	104 338
Equity attributable to ordinary shareholders	2	**111 081**	107 416	98 352	101 177	97 650	100 791
Ordinary share capital		**60**	60	60	60	60	60
Ordinary share premium	2	**49 253**	49 253	49 253	45 188	44 388	43 638
Reserves	2	**61 768**	58 103	49 039	55 929	53 202	57 093
Other equity instruments	43	**14 672**	11 488	7 815	5 486	3 544	3 544
Non-controlling interest	88	**70**	64	57	54	6	3
Liabilities	7	**1 724 217**	1 606 106	1 553 243	1 374 029	1 259 062	1 204 462
Derivative liabilities		**77 823**	69 594	112 138	65 710	51 748	77 665
Trading liabilities	12	**105 783**	79 416	75 231	77 647	58 867	59 595
Current tax liabilities	9	**5 343**	5 021	4 058	3 926	3 758	3 411
Deposits and debt funding	8	**1 485 665**	1 406 202	1 318 773	1 184 748	1 108 799	1 030 912
Subordinated debt	7	**24 440**	23 738	22 151	20 818	18 850	17 287
Provisions and other liabilities	10	**25 154**	22 116	20 879	21 146	17 019	15 577
Deferred tax liability	(10)	**9**	19	13	34	21	15
Total equity and liabilities	7	**1 850 040**	1 725 074	1 659 467	1 480 746	1 360 262	1 308 800

INCOME STATEMENT

GROUP	CAGR %	2022 Rm	2021 Restated[1] Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
Net interest income	2	**45 632**	40 806	39 472	41 581	39 831	41 520
Non-interest revenue[1]	5	**36 039**	31 983	27 038	29 922	29 987	28 480
Net fee and commission revenue[1]		**20 416**	19 127	18 937	20 991	21 185	20 356
Fee and commission revenue	2	**27 517**	25 073	24 231	26 617	26 603	25 306
Fee and commission expense[1]	7	**(7 101)**	(5 946)	(5 294)	(5 626)	(5 418)	(4 950)
Trading revenue	10	**8 590**	6 765	5 157	5 331	5 358	5 344
Other revenue	11	**4 755**	4 124	2 472	3 151	2 922	2 780
Other gains and losses on financial instruments		**2 278**	1 967	472	449	522	
Total income[1]	3	**81 671**	72 789	66 510	71 503	69 818	70 000
Credit impairment charge	4	**(8 618)**	(7 814)	(17 095)	(5 724)	(5 557)	(7 145)
Revenue sharing agreements	(7)	**(502)**	(413)	(435)	(614)	(772)	(726)
Income before operating expenses[1]	3	**72 551**	64 562	48 980	65 165	63 489	62 129
Operating expenses[1]	4	**(48 464)**	(44 902)	(41 875)	(42 644)	(41 660)	(40 372)
Net income before capital items and equity accounted earnings	2	**24 087**	19 660	7 105	22 521	21 829	21 757
Non-trading and capital related items	14	**(371)**	(80)	(3 040)	(341)	(383)	(191)
Share of profit from associates	(65)	**1**	19	26	40	129	187
Net income before indirect taxation	2	**23 717**	19 599	4 091	22 220	21 575	21 753
Indirect taxation	5	**(1 626)**	(1 432)	(1 313)	(1 345)	(1 418)	(1 301)
Profit before direct taxation	2	**22 091**	18 167	2 778	20 875	20 157	20 452
Direct taxation	2	**(4 846)**	(3 620)	924	(4 015)	(4 190)	(4 347)
Profit for the year	1	**17 245**	14 547	3 702	16 860	16 017	16 105
Attributable to non-controlling interest		**6**	10	5	4		(1)
Attributable to AT1 capital shareholders	33	**697**	537	420	458	322	165
Attributable to non-controlling interests within SBG		**519**	1 179	734			
Attributable to ordinary shareholders		**16 023**	12 821	2 543	16 398	15 695	15 941

[1] Restated. Refer to the Primary Statements section on page 62.

STATISTICS RETURNS AND CAPITAL ADEQUACY

GROUP	CAGR %	2022	2021	2020	2019	2018	2017
Headline earnings (Rm)		**16 256**	12 877	4 728	16 646	15 971	16 078
Net asset value attributable to ordinary shareholders (Rm)	(9)	**111 081**	107 416	98 352	177 870	165 027	173 897
Share statistics							
Number of ordinary shares in issue (thousands)							
Weighted average		**59 997**	59 997	59 997	59 997	59 997	59 997
End of period		**59 997**	59 997	59 997	59 997	59 997	59 997
Share statistics per ordinary share (cents)							
Basic earnings		**26 706**	21 369	4 237	27 331	26 160	26 570
Headline earnings per share		**27 095**	21 463	7 880	27 745	26 620	26 798
Ordinary dividend	(13)	**12 300**	4 400	5 160	18 600	22 985	24 334
Selected returns and ratios							
ROE(%)	(2)	**15.2**	12.5	4.8	16.9	16.7	16.6
Non-interest revenue to total income (%)	1	**44**	44	41	42	43	41
Average ordinary shareholder's equity to average total assets (%)	(4)	**6.1**	6.3	6.0	6.7	7.1	7.5
Loans-to-deposits ratio (%)	(1)	**84.5**	85.6	85.2	86.6	87.2	90.9
Cost-to-income ratio (%)		**59.7**	62.0	62.9	59.6	60.0	58.0
Credit loss ratio (%)	(2)	**0.69**	0.68	3.09	0.57	0.56	0.77
Effective tax rate (%)	1	**27.3**	25.8	9.5	24.1	25.9	26.0
Headline earnings per employee (rand)	3	**568 071**	454 119	162 911	562 783	504 422	497 124
Number of employees	(3)	**28 206**	28 356	29 022	29 578	31 662	32 342

COMPANY	CAGR[1] %	2022	2021	2020	2019	2018	2017
Capital adequacy							
Risk-weighted assets (Rm)	7	**851 511**	772 054	722 809	669 571	669 286	610 314
Tier 1 capital (Rm)[2]	5	**107 851**	99 194	90 620	84 150	88 734	86 408
Total qualifying regulatory capital (Rm)[2]	5	**131 994**	123 052	112 069	112 788	104 908	101 606
Tier 1 capital adequacy ratio (%)	(2)	**12.7**	12.9	13.0	14.0	13.5	14.2
Total capital adequacy ratio (%)	(1)	**15.5**	16.0	16.0	16.8	15.7	16.6
Headline earnings (Rm)		**16 384**	12 909	4 326	15 469	14 872	15 211
Rand exchange rates at 31 December							
US dollar	7	**16.97**	15.89	14.67	14.00	14.38	12.31
Sterling	4	**20.42**	21.46	20.04	18.42	18.31	16.55
Euro	4	**18.08**	18.01	18.01	16.16	16.44	14.70
Market indicators at 31 December							
Prime overdraft rate (%)		**10.50**	7.25	7.00	10.25	10.25	10.25
JSE[3] All Share Index	4	**73 049**	73 709	59 409	57 084	52 081	59 505
JSE[3] Banks Index		**9 854**	8 823	6 076	8 731	9 162	9 619

1 CAGR refers to compound annual growth rate for the period 2017 to 2022.
2 Including unappropriated profits.
3 JSE Limited, the licensed securities exchange in Johannesburg.

Notes

Administrative and contact details

The Standard Bank of South Africa Limited

Registration No. 1962/000738/06
Incorporated in the Republic of South Africa

Registered office

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

Head Office Switchboard

Tel: +27 11 636 9111

Investor relations

Sarah Rivett-Carnac Tel: +27 11 631 6897

Chief Finance & Value Management Officer

Libby King Tel: +27 11 636 1167

Group secretary

Kobus Froneman Tel: +27 11 721 8152

Direct all **customer-related** queries and comments to: **Information@standardbank.co.za**

Direct all **shareholder** queries and comments to: **InvestorRelations@standardbank.co.za**

Website:
www.standardbank.com/reporting

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

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