Standard Bank

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Standard Bank Group

FINANCIAL RESULTS

for the year ended 31 December 2021

Standard Bank *IT CAN BE*™

Also trading as Stanbic Bank

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ANALYSIS OF FINANCIAL RESULTS

for the year ended 31 December 2021

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ANALYSIS OF FINANCIAL RESULTS for the year ended 31 December 2021

Standard Bank Group is an African-focused, client led and digitally enabled financial services group. We provide comprehensive and integrated financial and related solutions to our clients. We drive inclusive growth and sustainable development.

Contents

159-YEAR operating history in South Africa

Listed on the JSE Limited (JSE) since **1970**

CLIENT SEGMENTS

1. Consumer & High Net Worth,
2. Business & Commercial,
3. Corporate & Investment Banking

Operates in **20 COUNTRIES** in sub-Saharan Africa

Standard Bank Group's (SBG or the group) analysis of financial results for the year ended 31 December 2021 has not been audited or independently reviewed.

The preparation of the financial results was supervised by the Chief finance & value management officer, Arno Daehnke BSc, MSc, PhD, MBA, AMP.

Highlights

↑ 57%
HEADLINE EARNINGS (Rm)
25 021
2020: R15 945 million
2019: R28 207 million

↑
RETURN ON EQUITY (ROE) (%)
13.5
2020: 8.9%
2019: 16.8%

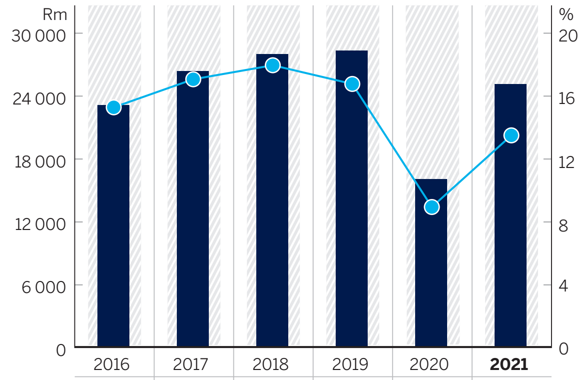
↑ 57%
HEADLINE EARNINGS PER SHARE (HEPS) (c)
1 573
2020: 1 003 cents
2019: 1 767 cents

↑ 13%
NET ASSET VALUE PER SHARE (c)
12 493
2020: 11 072 cents
2019: 10 742 cents

↑
COMMON EQUITY TIER 1 RATIO (%)
13.8
2020: 13.2%
2019: 13.8%

HEADLINE EARNINGS AND RETURN ON EQUITY

CAGR[1] (2016 – 2021): 2%

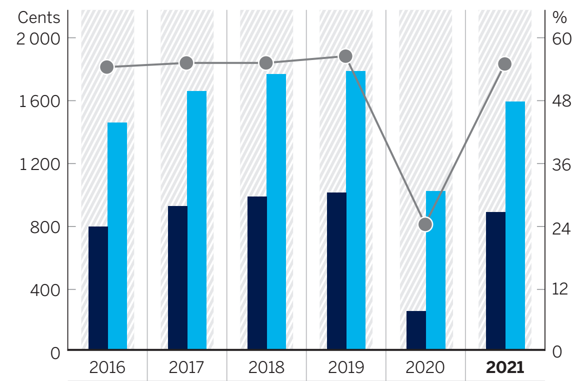


	2016	2017	2018	2019	2020	2021
Headline earnings	23 009	26 270	27 865	28 207	15 945	25 021
ROE	15.3	17.1	18.0	16.8	8.9	13.5

[1] Compound annual growth rate

HEADLINE EARNINGS AND DIVIDEND PER SHARE

CAGR (2016 – 2021): Dividend per share: 2%
Headline earnings per share: 2%



	2016	2017	2018	2019	2020	2021
Dividend per share	780	910	970	994	240	871
Headline earnings per share	1 440	1 640	1 748	1 767	1 003	1 573
Dividend payout ratio	54	55	55	56	24	55

↑ 59%
HEADLINE EARNINGS: STANDARD BANK ACTIVITIES (Rm)
24 940
2020: R15 715 million
2019: R27 216 million

↑ 5%
PRE-PROVISION PROFIT (Rm)
47 821
2020: R45 399 million
2019: R48 126 million

↓
CREDIT LOSS RATIO (CLR) (bps)
73
2020: 151 bps
2019: 68 bps

↓
COST-TO-INCOME RATIO (%)
57.9
2020: 58.2%
2019: 56.4%

↑
JAWS (bps)
54
2020: (306) bps
2019: 113 bps

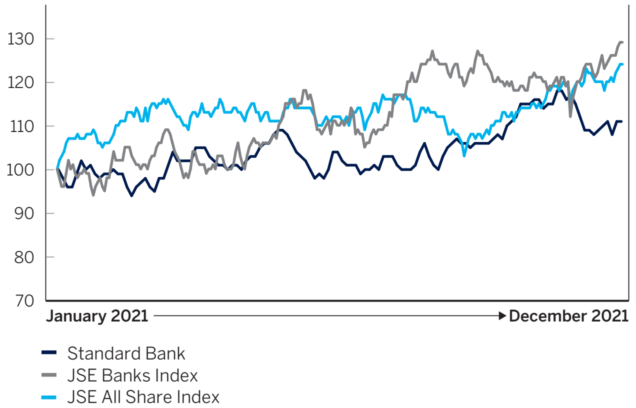
Financial results, ratios and statistics

		Change %	2021	2020
Standard Bank Group (SBG)				
Headline earnings contribution by client solution[1]				
Total headline earnings	Rm	57	**25 021**	15 945
Standard Bank Activities	Rm	59	**24 940**	15 715
Banking	Rm	62	**22 957**	14 132
Insurance	Rm	3	**1 859**	1 802
Investments	Rm	11	**755**	682
Central and other	Rm	(30)	**(631)**	(901)
Liberty	Rm	(36)	**(419)**	(651)
Other banking interests	Rm	(43)	**500**	881
Ordinary shareholders' interest				
Profit attributable to ordinary shareholders	Rm	>100	**24 865**	12 358
Ordinary shareholders' equity	Rm	13	**198 832**	176 371
Share statistics				
Headline earnings per ordinary share (HEPS)	cents	57	**1 573.0**	1 002.6
Diluted headline EPS	cents	57	**1 564.8**	999.6
Basic EPS	cents	>100	**1 563.2**	777.0
Diluted EPS	cents	>100	**1 555.1**	774.7
Dividend per share	cents	>100	**871**	240
Net asset value per share	cents	13	**12 493**	11 072
Tangible net asset value per share	cents	15	**11 430**	9 926
Dividend payout ratio	%		**55**	24
Dividend cover	times		**1.8**	4.2
Number of ordinary shares in issue	thousands		**1 591 572**	1 592 904
Return ratios				
ROE	%		**13.5**	8.9
Return on risk-weighted assets (RoRWA)	%		**2.1**	1.4
Capital adequacy[2]				
Common equity tier 1 capital adequacy ratio	%		**13.8**	13.2
Tier 1 capital adequacy ratio	%		**14.7**	13.9
Total capital adequacy ratio	%		**16.9**	16.1
Cost of equity estimates				
Cost of equity[3]	%		**14.7**	14.4
Employee statistics				
Number of employees		(2)	**49 224**	50 115
Standard Bank Activities				
ROE	%		**14.7**	9.6
RoRWA	%		**2.1**	1.4
Cost of equity[3]	%		**14.7**	14.5
Loan-to-deposit ratio	%		**79.2**	77.4
Net interest margin (NIM)	bps		**373**	370
Non-interest revenue to total income	%		**45.0**	43.4
CLR	bps		**73**	151
Jaws	bps		**54**	(306)
Cost-to-income ratio	%		**57.9**	58.2
Effective direct taxation rate	%		**22.4**	13.6
Effective total taxation rate	%		**27.0**	21.6
Employee statistics				
Number of employees		(2)	**43 607**	44 450

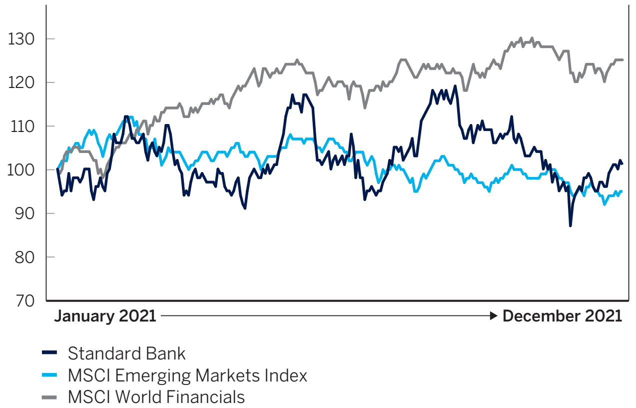
[1] Refer to pages 22 – 23 for more information.
[2] IFRS 9 fully phased-in for capital adequacy purposes from 01 January 2021.
[3] Estimated using the capital asset pricing model by applying estimates of risk free rate, 9.57% (FY20: 9.34%), equity risk premium, 5.99% (FY20: 6.07%), and beta, 85.89% (FY20: 83.63%). Beta for Standard Bank Activities estimated at 86.17% (FY20: 84.23%).

Market and economic indicators

SBK VERSUS JSE BANKS AND ALL SHARE INDEX (ZAR)



SBK VERSUS EMERGING MARKETS AND WORLD FINANCIALS (USD)



		Average			Closing		
		Change %	2021	2020	Change %	2021	2020
Market indicators							
South Africa (SA) prime overdraft rate	%		**7.04**	7.84		**7.25**	7.00
SA SARB repo rate	%		**3.53**	4.34		**3.75**	3.50
SA Consumer Price Index	%		**4.5**	3.3		**5.9**	3.1
Weighted average Africa Regions inflation	%		**20.3**	58.0		**14.0**	39.7
JSE All Share Index		24	**67 045**	54 116	24	**73 709**	59 409
JSE Banks Index		26	**7 659**	6 076	29	**8 823**	6 849
SBK share price		10	**131.66**	120.22	10	**140.01**	127.08
Key exchange rates							
USD/ZAR		(10)	**14.77**	16.45	8	**15.89**	14.67
GBP/ZAR		(4)	**20.32**	21.08	7	**21.46**	20.04
ZAR/AOA		22	**42.61**	34.85	(22)	**34.94**	44.58
ZAR/GHS		14	**0.40**	0.35	(3)	**0.39**	0.40
ZAR/KES		15	**7.42**	6.47	(4)	**7.15**	7.44
ZAR/MZN		5	**4.41**	4.21	(21)	**4.02**	5.10
ZAR/NGN		23	**27.59**	22.40	(2)	**26.04**	26.66
ZAR/UGX		7	**242.64**	225.95	(10)	**223.04**	249.02
ZAR/ZMW		21	**1.33**	1.10	(27)	**1.05**	1.44
ZAR/ZWL		>100	**5.90**	2.10	21	**6.84**	5.64

Overview of financial results

Group results

Standard Bank Group Limited (SBG or group) headline earnings for the twelve months to 31 December 2021 (FY21) rebounded by 57% to R25.0 billion, driven by a recovery in client activity, an improvement in client balance sheets and real growth in our underlying franchise. Return on equity (ROE) improved to 13.5% (FY20: 8.9%). Revenue grew by 5% and pre-provision operating profit grew by 5%, both with double digit growth in the second half of the year (2H21 on 2H20). Net asset value grew by 13% and the group ended the year with a common equity tier one ratio of 13.8% (31 December 2020: 13.2%). The Board approved a final dividend of 511 cents per share. This equates to a dividend payout ratio of 55% for the full year.

Despite the pandemic-related disruptions, the group made significant strategic progress across several areas in 2021. The group's three client segments delivered client franchise growth, expanded their leading market positions and delivered an improved client experience. Our Banking solutions recorded a strong recovery, with headline earnings up 62% year on year. Our Investment and Insurance solutions grew headline earnings by 11% and by 3% respectively, supported by assets under management and policy base growth. The group retained its position as the third largest asset manager on the continent. We made good progress in building out our new revenue streams and scaling our digital payments, platforms and partnerships. We continued to simplify our business and invest in our people, our systems, our digital solutions and our data management, all while maintaining good cost discipline. The Liberty Holdings Limited (Liberty) minority buyout, announced in July 2021, was successfully completed and Liberty delisted on 1 March 2022.

Standard Bank Activities' (group excluding ICBC Standard Bank Plc (ICBCS) and Liberty Holdings Limited (Liberty)) revenue grew by 5% year on year and by 12% in the second six months of the year (2H21 on 2H20). Pressure on net interest income (NII) from negative endowment faded, activity-related fees continued to recover, and trading revenue remained robust. Revenue growth exceeded cost growth, resulting in positive jaws of 54 basis points. Credit impairment charges declined by 52% but remained above pre-pandemic levels. Standard Bank Activities recorded headline earnings growth of 59% to R24.9 billion and ROE recovered to 14.7% (FY20: 9.6%).

Liberty showed progress operationally but was negatively impacted by excess claims and a pandemic provision top-up. ICBCS benefited from attractive market conditions and client flows.

The group's South African business, The Standard Bank of South Africa Limited, bounced back strongly. Headline earnings increased by 172% and ROE recovered to 12.5%. Revenue grew double digits, boosted by higher trading and other revenues up 31% and 67% respectively. Credit charges more than halved and costs were well contained to deliver positive jaws of 198 basis points. Our Africa Regions franchise delivered strong top line growth in local currency terms. Inflation and weaker currencies in key markets dampened translated earnings growth. Revenue growth from ongoing client acquisition, balance sheet growth and improved activity was offset by higher costs driven by inflation and investment in our digital lending and payment solutions. Africa Regions headline earnings declined by 2% (grew by 6% in constant currency) and ROE remained accretive at 18.2%. Africa Regions' contribution to FY21 group headline earnings was 36%. The top six contributors to Africa Regions' headline earnings remained Angola, Ghana, Kenya, Mozambique, Nigeria and Uganda.

Operating environment

From a global perspective, 2021 can be summarised as a recovery year. The global economy grew by 5.9%, a vast improvement from the 3.1% decline in 2020. Covid-19 restrictions were rolled back, demand increased, and economic activity bounced back. Equity markets rallied. New virus variants, supply disruptions, and policy uncertainty drove inflation fears and bouts of volatility. Climate change is a global threat, a message that was amplified during COP26 held in November 2021.

In sub-Saharan Africa, the recovery was more muted and differed across our countries of operation. Vaccination rates, while low, did start to rise in 2H21 as access to vaccines improved. Commodity-exporting economies benefited from high prices driven by strong demand. Oil-dependent economies grew, but at a slower pace. Interest rates increased in Ghana, Mozambique, South Africa and Zambia.

The South African economy grew by 4.9%. The recovery was disrupted by waves of infection, persistent electricity disruptions and social unrest. The unrest that took place in Kwa-Zulu Natal and Gauteng in July was a harsh reminder of South Africa's societal flaws, including the unsustainably high level of unemployment. While the financial impact of the unrest on our business was limited, it disrupted our operations and knocked broader confidence. The fiscus benefited from commodity-related windfall tax collection, enabling the continued funding of social grants. There was some progress on structural reforms, namely electricity and spectrum, however implementation remains slow.

Overview of performance

Standard Bank Activities by client segment

Client segments is our primary axis of reporting. The client segments are responsible for designing and executing the client value proposition strategy.

HEADLINE EARNINGS BY CLIENT SEGMENT

	CCY %	Change %	**2021 Rm**	2020 Rm
Consumer & High Net Worth clients (CHNW)	>100	>100	**6 890**	3 037
Business & Commercial clients (BCC)	25	25	**5 284**	4 222
Corporate & Investment Banking clients (CIB)	55	43	**13 397**	9 357
Central and other	(11)	(30)	**(631)**	(901)
Standard Bank Activities	71	59	**24 940**	15 715

CHNW headline earnings improved by 127% to R6 890 million and ROE increased to 13.9% (FY20: 6.3%). Robust balance sheet growth, particularly home loans in South Africa and unsecured loans in Africa Regions, supported net interest income. A growing client franchise, increased client activity and higher client spend supported non-interest revenue. Credit charges declined by 36% as client repayments increased and collections strategies bore fruit. Client experience scores improved.

BCC delivered headline earnings of R5 284 million, an increase of 25% on FY20, and an ROE of 24.5% (FY20: 19.4%). Net interest income growth is reflective of strong balance sheet growth which more than offset negative endowment headwinds. Non-interest revenue growth emanated from the recovery of trade and client transactional volumes in FY21. Credit impairment charges declined by 37%, driven primarily by lower charges in South Africa.

CIB headline earnings increased by 43% to R13 397 million and ROE improved to 19.6% (FY20: 13.8%). Revenue grew by 5% to end the year at a record high. Prior year fair value equity losses reversed, and market volatility provided trading revenue opportunities. A lower average balance sheet, driven by ZAR strength and client repayments, combined with competitive pricing led to a 4% decline in net interest income. The absence of new non-performing loans, combined with the successful restructuring and repayments of previously impaired advances, led to a net impairment release.

Standard Bank Activities by solution

For the purposes of our secondary reporting axis, we group products and services into banking, insurance and investments.

HEADLINE EARNINGS BY SOLUTION

	Change %	**2021 Rm**	2020 Rm
Banking	62	**22 957**	14 132
Insurance	3	**1 859**	1 802
Investments	11	**755**	682
Central and other	(30)	**(631)**	(901)
Standard Bank Activities	59	**24 940**	15 715

Banking solutions

Banking solutions headline earnings improved considerably, up 62% period on period. The franchise grew clients and balances, and transactional and account activity improved relative to FY20.

Active clients	'000	% Change
CHNW South Africa	10 179	9
CHNW Africa Regions	5 509	6
BCC South Africa	500	2
BCC Africa Regions	261	12

The group has leading market shares in mortgages, card and deposits in South Africa. In addition, the group holds top 3 positions (based on deposits) in Botswana, Eswatini, Ghana, Lesotho, Malawi, Namibia, Uganda, Zambia and Zimbabwe.

Loans and advances

Gross loans and advances to customers grew by 9% driven by strong growth in home loans and double digit growth in vehicle and asset finance (VAF) and personal unsecured and business loans. Appetite to grow our card portfolio remained limited. Low interest rates drove strong demand. In South Africa, gross loans to customers grew by 6%. We pro-actively adjusted affordability criteria and managed risk appetite to take advantage of opportunities presented. CHNW disbursements reached record levels in 1H21 and our portfolio risk profile improved. In Africa Regions, a larger client base, our innovative digital scoring capability (now available in nine countries) and digital onboarding (now available in seven countries) drove growth. The CIB lending portfolio, including high quality liquid assets, grew year on year driven by an uptick in origination and corporate demand, in 2H21.

In 2020, we extended R130 billion in client relief to our CHNW and BCC customers. By 31 December 2021, the CHNW active client relief portfolio had reduced to R225 million and the expired client relief portfolio was performing well, with more than 85% making full or partial payment. The BCC active client relief portfolio had reduced to R434 million and the expired portfolio was performing in line with expectations.

Total provisions increased by 3% relative to 31 December 2020, largely as a result of additional provisions raised on the VAF and card portfolios. As at 31 December 2021, stage 3 loans represented 4.7% of the portfolio and provisions held against these loans increased to 52% (31 December 2020, 5.5% and 46% respectively).

Deposits and funding

Total deposits grew by 9%, underpinned by double digit growth in current and savings account balances as well as call, term and other deposit. Retail-priced deposits grew by 11% reflective of the success of targeted campaigns. Wholesale-priced deposits grew by 9%. Africa Regions deposits from customers grew by 14% (CCY), underpinned by a larger client base. Deposits placed with our offshore operations in the Isle of Man and Jersey totalled GBP6.5 billion as at 31 December 2021 (31 December 2020: GBP5.5 billion).

The group continued to leverage our Sustainable Bond Framework and issued Social Bonds equating to R3.5 billion earmarked for mortgage loans in the affordable housing target market, with a focus on women borrowers, and a R1.4 billion Green Bond earmarked for renewable energy assets.

Revenue

Revenue grew by 5%, supported by net interest income growth of 2% and non-interest revenue growth of 8%. Net interest income growth resumed in 2H21 on the back of higher average balances and higher margins. Negative endowment equated to R1.9 billion in the year (FY20: R7.4 billion). Net interest margin increased by 3 basis points to 373 basis points.

Net fee and commission income increased by 4% as client activity levels and transactional volumes improved relative to FY20. In South Africa, the negative impact of pricing adjustments to ATM and cash transaction fees, the discontinuation of cheques as well as the continued migration to digital channels, was more than offset by client growth and higher transaction volumes. Digital transaction fees recorded double digit growth as we expanded our digital functionality and clients embraced our innovative, convenient digital solutions. Growth in our active merchant account base and point of sale devices combined with higher spending drove higher card acquiring and issuing turnover respectively.

Overview of financial results

Trading revenue remained above pre-pandemic trend, growing by 7% year on year to R14.8 billion. The South African trading business recorded a strong performance, driven by structured trades and foreign exchange client sales. This more than offset a decline in Africa Regions, which came off a high base in FY20. Other revenue recorded double digit growth as improved economic conditions drove higher dividend and investment income. Other gains and losses benefited from the partial reversal of prior year equity revaluation losses.

Credit impairment charges

Credit impairment charges declined by 52% to R9.9 billion. Customer risk profiles, collections and forward-looking assumptions improved. Charges on the client relief portfolio declined (particularly in CHNW), as positive repayment behaviour drove higher cures. CIB recorded a net release for the period. CIB client provisions were released as loans were successfully restructured and/or repaid. The credit loss ratio decreased to 73 basis points (FY20: 151 basis points).

Operating expenses

Cost growth was well contained at 4%, resulting in positive jaws of 54 basis points and a banking cost-to-income ratio of 57.9%. Annual salary increases, higher performance-related incentives, and higher marketing costs were offset by lower professional fees, lower premises costs (as we rationalised our footprint) and lower depreciation. Discretionary spend remained tightly managed. Information technology costs increased by 3% following strict prioritisation and adoption of a "save to invest" philosophy. This, coupled with efficiencies delivered through our simplification journey and a conscious focus on reducing our dependency on third parties, allowed for investment to be prioritised in the acceleration of our cloud capabilities. Technology staff costs increased by 10% as we bolstered our skills base in key areas such as cloud, cyber security and data science. Inflation in certain Africa Regions countries drove up costs in CCY.

Investment solutions

Including Liberty, we are the third largest asset manager on the continent, with combined assets under management (AUM), administration and custody of R1.4 trillion. The group's AUM excluding Liberty grew by 12% year on year, supported by positive market performance. In addition, AUM grew across all three regions – SA (+9%), African Regions (+14%) and International (+17%). Revenue grew by 2%, dampened by the stronger ZAR. In South Africa, AUM growth was strong on the back of a healthy market performance and increased sales through our Standard Bank Financial Consultancy business. Melville Douglas won the coveted Raging Bull Award for the best Offshore Management company in 2021. In addition, our Nigeria pension fund business continued to retain its leading market share and our Ghana institutional business continued to record strong net client cash flows.

Insurance solutions

Standard Bank Group's insurance business recorded a healthy growth in policies and gross written premium which supported revenue of R4.4 billion (up 5% year on year). The group is a significant player in the long-term insurance sector and the largest provider of credit insurance to the market. Our simple, digitally enabled funeral product continued to resonate with customers. We have sold over 1 million policies since its launch in 2020, now insuring over 4 million people's lives. Overall claims increased on the back of pandemic-related credit and funeral claims, and higher short-term claims driven by increased economic activity and weather-related claims. Retrenchment claims remained lower than expectations at the beginning of the pandemic. The majority of insurance headline earnings are generated in South Africa. The Africa Regions insurance businesses are starting to deliver strong growth.

Central and other

This segment includes costs associated with corporate functions and the group's treasury and capital requirements that have not been otherwise allocated to the business units. The segment costs amounted to R631 million (FY20: R901 million).

Other banking interests

ICBCS' operational performance improved, underpinned by favourable market conditions and increased client activity. In FY21, ICBCS recorded a profit of USD87 million (FY20: USD125 million, including a USD37 million insurance recovery). The group's 40% share of earnings equated to USD35 million or R500 million post translation (FY20: R881 million). The stronger ZAR was a drag on translated earnings. In January 2022, ICBCS received a net insurance settlement of approximately USD230 million before tax, relating to a previous loss following a fire at a client's oil refinery site and their subsequent bankruptcy. The group's share thereof equates to R1.2 billion (post tax).

Liberty

The financial results reported are the consolidated results of the group's 57% investment in Liberty, adjusted for Standard Bank Group shares held by Liberty for the benefit of Liberty policyholders which are deemed to be treasury shares in the group's consolidated accounts.

Liberty's normalised operating earnings for the year ended 31 December 2021 (excluding the Covid-19 pandemic impact) amounted to R1 349 million (FY20: R724 million). The improvement was driven primarily by the South Africa Insurance Operations. New business margin and value of new business improved but remained below pre-pandemic levels. Mortality experience exceeded expectations resulting in excess claims of R1.2 billion and an additional Covid-19 pandemic reserve of R1.8 billion (both post tax). Liberty recorded a headline loss of R112 million (FY20: loss of R1.5 billion) as excess claims and an additional Covid-19 pandemic reserve were partially offset by a recovery in the Shareholder Investment Portfolio. After adjusting for treasury shares, the group's loss amounted to R419 million (FY20: loss of R0.7 billion). Liberty Group Limited remains well capitalised, with a Solvency Capital Requirement cover ratio of 1.72 times as at 31 December 2021.

Having successfully completed the buyout of the Liberty minorities, we have turned our attention to integration.

Profit attributable

There were no material headline adjustable items in FY21 and profit attributable to ordinary shareholders amounted to R24.9 billion.

Capital & Liquidity

The group's capital position remains strong and provides the financial resources to continue to support our clients and drive our growth aspirations. As at 31 December 2021, the group's CET1 ratio (including unappropriated profits) was 13.8% (31 December 2020, 13.2%) and total capital ratio was 16.9% (31 December 2020, 16.1%).

The Prudential Authority announced the reinstatement of the pillar 2A capital requirement effective from 1 January 2022. We continue to analyse the potential impact of the Basel III reform proposals on our capital adequacy ratios, the more significant of which are due to be implemented from 1 January 2023 with a phase-in period for certain aspects.

The group's fourth quarter average Basel III liquidity coverage ratio amounted to 144%, well in excess of the temporarily reduced minimum regulatory requirement of 80%. Financial markets have largely normalised and as a result the South African Reserve Bank has withdrawn the temporary liquidity relief measures implemented in April 2020. The minimum liquidity coverage ratio will increase from 80% as at 31 December 2021 to 90% from 1 January 2022 and to 100% by 1 April 2022. The group's net stable funding ratio was 122%, in excess of the 100% regulatory requirement.

During 2021, the group successfully raised Basel III compliant Additional tier I capital of R3.5 billion and tier II capital bonds of R3.2 billion.

Prospects

In 2022, global growth is expected to remain above trend and financing conditions are expected to tighten. The International Monetary Fund is forecasting global real GDP growth of 4.4% and 3.7% in Sub-Saharan Africa. Pent-up consumer demand should fuel spending and support trade. In many sub-Saharan economies, debt levels are high, and there will need to be a balance between fighting inflation and supporting the economic recovery. A broad hawkish bias is expected, with interest rate increases expected in Botswana, Eswatini, Ghana, Lesotho, Mauritius, Namibia, South Africa, Uganda and Zambia and possibly Angola.

South Africa's economic rebound is expected to continue, albeit at a slower rate (SBG Research forecasts 2022 real GDP growth to be 2.0%) as policy stimulus fades and terms of trade retreat from the recent record highs. Inflation is expected to moderate, supporting a gradual rate hiking cycle. We expect three further 25 basis point increases over the course of the year. Persistent idiosyncratic risks remain, particularly electricity disruptions and high levels of unemployment. If structural reforms were accelerated, it could boost confidence, investment and drive faster growth.

Geopolitical tensions, particularly the developments in Ukraine, present risks to this outlook. The situation in Russia and Ukraine is complex and constantly evolving. We are actively monitoring these events in order to comply with all relevant local and international laws and guidelines. The group has limited direct exposure to Russia and Ukraine through its controlled operations. We are however, giving due consideration to the potential secondary impacts across our countries of operation, for example financial markets, trade, transport logistics, commodity and food prices.

ICBCS, as an emerging markets and commodities business, has exposure to certain entities which are being impacted, directly and indirectly, by the developments in Ukraine and Russia. ICBCS is responding to developments in line with its contingency plans. At this stage, given the uncertainties and fluid nature of the developments, it is not possible for ICBCS to assess the impact on its 2022 result.

In 2022, we expect higher average interest rates to support margins, which, together with higher average balance sheets, will support net interest income growth. Non-interest revenue will continue to grow as our larger client franchise and higher activity-related fees offset potentially lower trading revenues. We will maintain a continued focus on costs, in line with our "save to invest" principle, with the objective of delivering positive jaws. CIB's credit impairment charges are expected to normalise. BCC's credit loss ratio is expected to move down into its through-the-cycle range. The group's credit loss ratio is expected to remain at the lower end of the group's through-the-cycle range of 70 to 100 basis points. Deliberate resource allocation to higher ROE businesses, and further capital optimisation, will support a further recovery in group ROE.

The risks we face as a business are varied and complex, including climate risk. After extensive consultation internally and externally, we have a board-approved climate policy which will be published shortly. The policy includes short, medium and long-term targets and is aligned to our commitment to net zero by 2050. We recognise Africa's social, economic and environmental development challenges and the need for a just transition and are purposeful in delivering a positive impact.

Together, Liberty and Standard Bank, represent a formidable competitor on the continent, with over 1.4 trillion in AUM and R73 billion in gross written premium across our short and long-term businesses. In 2022, our focus will be on integration. We have a plan and will be executing against it with urgency.

We are sincerely grateful to everyone across the Standard Bank Group, including our colleagues at Liberty, who have continued to serve our clients with excellence in challenging circumstances. We have come through this crisis stronger, more resilient, more agile, and more competitive than ever.

2022 has started with strong business momentum. We are confident we are on track to deliver against the 2025 targets laid out at our Strategic Update in August 2021.

The forecast financial information above is the sole responsibility of the board and has not been reviewed and reported on by the group's auditors.

Sim Tshabalala	**Thulani Gcabashe**
Group chief executive officer	Chairman
11 March 2022	11 March 2022

Condensed consolidated statement of financial position

as at 31 December 2021

	Change %	2021 Rm	2020 Rm
Assets			
Cash and balances with central banks	4	**91 169**	87 505
Derivative assets	(46)	**63 688**	118 290
Trading assets	9	**285 020**	262 627
Pledged assets	(25)	**14 178**	18 981
Financial investments	11	**724 700**	650 298
Current and deferred tax assets	4	**7 612**	7 315
Disposal of group assets held for sale	>100	**1 025**	220
Loans and advances	12	**1 424 328**	1 271 255
Policyholders' assets	(43)	**2 868**	5 050
Other assets	1	**36 432**	36 020
Interest in associates and joint ventures	12	**7 280**	6 498
Investment property	0	**29 985**	29 917
Property, equipment and right of use assets	0	**20 619**	20 702
Goodwill and other intangible assets	(7)	**16 913**	18 262
Total assets	8	**2 725 817**	2 532 940
Equity and liabilities			
Equity	13	**242 849**	215 272
Equity attributable to ordinary shareholders	13	**198 832**	176 371
Equity attributable to other equity instrument holders[1]	28	**16 052**	12 528
Equity attributable to non-controlling interests	6	**27 965**	26 373
Liabilities	7	**2 482 968**	2 317 668
Derivative liabilities	(40)	**67 259**	111 577
Trading liabilities	0	**81 484**	81 261
Current and deferred tax liabilities	24	**10 277**	8 302
Disposal of group liabilities held for sale	4	**96**	92
Deposits and debt funding	9	**1 776 615**	1 624 044
Policyholders' liabilities	12	**363 023**	325 192
Subordinated debt	4	**30 430**	29 306
Provisions and other liabilities	12	**153 784**	137 894
Total equity and liabilities	8	**2 725 817**	2 532 940

[1] Includes other equity holders of preference share capital and additional tier 1 capital.

Condensed consolidated income statement

for the year ended 31 December 2021

	Change %	2021 Rm	2020 Rm
Income from Standard Bank Activities	5	**113 556**	108 581
Net interest income	2	**62 436**	61 425
Non-interest revenue	8	**51 120**	47 156
Income from investment management and life insurance activities	29	**19 426**	15 086
Total income	8	**132 982**	123 667
Credit impairment charges	(52)	**(9 873)**	(20 594)
Net income before operating expenses	19	**123 109**	103 073
Operating expenses from Standard Bank Activities	4	**(65 735)**	(63 182)
Operating expenses from investment management and life insurance activities	5	**(16 952)**	(16 139)
Net income before non-trading and capital related items and equity accounted earnings	70	**40 422**	23 752
Non-trading and capital related items	(93)	**(284)**	(3 956)
Share of post-tax profit from associates and joint ventures	1	**1 094**	1 084
Profit before indirect taxation	97	**41 232**	20 880
Indirect taxation	11	**(3 024)**	(2 727)
Profit before direct taxation	>100	**38 208**	18 153
Direct taxation	>100	**(10 149)**	(3 640)
Profit for the period	93	**28 059**	14 513
Attributable to ordinary shareholders	>100	**24 865**	12 358
Attributable to other equity instrument holders	3	**825**	803
Attributable to non-controlling interests	75	**2 369**	1 352
Earnings per share (cents)			
Basic earnings per ordinary share	>100	**1 563.2**	777.0
Diluted earnings per ordinary share	>100	**1 555.1**	774.7

Condensed consolidated statement of other comprehensive income

for the year ended 31 December 2021

	Change %	2021 Ordinary shareholders' equity Rm	2021 Non-controlling interests and other equity instruments Rm	2021 Total equity Rm	2020 Ordinary shareholders' equity Rm	2020 Non-controlling interests and other equity instruments Rm	2020 Total equity Rm
Profit for the period	>100	24 865	3 194	28 059	12 358	2 155	14 513
Other comprehensive (loss)/income after tax for the period		6 231	972	7 203	(275)	(641)	(916)
Items that may be subsequently reclassified to profit or loss		6 052	1 008	7 060	(225)	(658)	(883)
Movements in the cash flow hedging reserve		(125)	7	(118)	27	(4)	23
Movement in debt instruments measured at fair value through other comprehensive income (OCI)		30	(19)	11	(79)	(29)	(108)
Exchange difference on translating foreign operations		6 145	1 020	7 165	(172)	(625)	(797)
Net change on hedges of net investments in foreign operations		2		2	(1)		(1)
Items that may not be subsequently reclassified to profit of loss		179	(36)	143	(50)	17	(33)
Total comprehensive income for the period		31 096	4 166	35 262	12 083	1 514	13 597
Attributable to ordinary shareholders		31 096		31 096	12 083		12 083
Attributable to other equity instrument holders			825	825		803	803
Attributable to non-controlling interests			3 341	3 341		711	711

Condensed consolidated statement of changes in equity

for the year ended 31 December 2021

	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Total hedge reserve[1] Rm	Regulatory and statutory credit risk reserve Rm	Fair value through OCI reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary shareholders' equity Rm	Other equity instruments Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 January 2020	17 984	(69)	(2 659)	(7 583)	(983)	(4)	4 353	597	284	246	159 063	171 229	10 989	27 266	209 484
Increase in statutory credit risk reserve							830				(830)				
Transactions with non-controlling shareholders			(23)	20			10	6			(70)	(57)		(319)	(376)
Equity-settled share-based payments									1 250		(243)	1 007		45	1 052
Deferred tax on share-based payments											(291)	(291)			(291)
Transfer of vested equity options									(577)		577				
Net (increase)/decrease in treasury shares			(63)								65	2		352	354
Net issue of share capital and share premium and other equity instruments	32											32	1 539		1 571
Unincorporated property partnerships capital reductions and distributions														(124)	(124)
Redemption of empowerment funding		8										8			8
Hyperinflation adjustments											1 053	1 053			1 053
Total comprehensive income for the period				(172)	(1)	27		(185)		(22)	12 436	12 083	803	711	13 597
Dividends paid											(8 695)	(8 695)	(803)	(1 558)	(11 056)
Balance at 31 December 2020	18 016	(61)	(2 745)	(7 735)	(984)	23	5 193	418	957	224	163 065	176 371	12 528	26 373	215 272
Balance at 1 January 2021	**18 016**	**(61)**	**(2 745)**	**(7 735)**	**(984)**	**23**	**5 193**	**418**	**957**	**224**	**163 065**	**176 371**	**12 528**	**26 373**	**215 272**
Increase in statutory credit risk reserve							**469**				**(469)**				
Transactions with non-controlling shareholders				**(13)**			**13**				**116**	**116**		**(433)**	**(317)**
Equity-settled share-based payments									**1 586**		**(1 020)**	**566**		**43**	**609**
Deferred tax on share-based payments											**20**	**20**			**20**
Transfer of vested equity options									**(893)**		**893**				
Net (increase)/decrease in treasury shares			**(454)**								**566**	**112**		**220**	**332**
Net issue of share capital and share premium and other equity instruments	**5**											**5**	**3 524**		**3 529**
Unincorporated property partnerships capital reductions and distributions														**(210)**	**(210)**
Hyperinflation adjustments											**220**	**220**		**(4)**	**216**
Total comprehensive income for the period				**6 145**	**2**	**(125)**		**68**		**(48)**	**25 054**	**31 096**	**825**	**3 341**	**35 262**
Dividends paid											**(9 674)**	**(9 674)**	**(825)**	**(1 365)**	**(11 864)**
Balance at 31 December 2021	**18 021**	**(61)**	**(3 199)**	**(1 603)**	**(982)**	**(102)**	**5 675**	**486**	**1 650**	**176**	**178 771**	**198 832**	**16 052**	**27 965**	**242 849**

All balances are stated net of applicable tax.

[1] The total hedge reserve included the cash flow hedge reserve and the foreign currency basis spread. Refer to the changes in accounting policies section under IFRS 9: General Hedge Accounting for further details.

Standard Bank Activities' income statement

	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	6	2	**62 436**	61 425
Non-interest revenue	16	8	**51 120**	47 156
Net fee and commission revenue	9	4	**30 613**	29 413
Trading revenue	18	7	**14 842**	13 874
Other revenue	27	16	**3 648**	3 158
Other gains and losses on financial instruments	>100	>100	**2 017**	711
Total income	10	5	**113 556**	108 581
Credit impairment charges	(51)	(52)	**(9 873)**	(20 594)
Loans and advances	(50)	(51)	**(9 920)**	(20 228)
Financial investments	>100	(55)	**(23)**	(65)
Letters of credit and guarantees	(>100)	(>100)	**70**	(301)
Net income before operating expenses	25	18	**103 683**	87 987
Operating expenses	9	4	**(65 735)**	(63 182)
Staff costs	11	7	**(36 642)**	(34 380)
Other operating expenses	6	1	**(29 093)**	(28 802)
Net income before non-trading and capital related items and equity accounted earnings	69	53	**37 948**	24 805
Non-trading and capital related items	(95)	(95)	**(119)**	(2 255)
Net income before equity accounting earnings	88	68	**37 829**	22 550
Share of post-tax profits from associates and joint ventures	>100	>100	**620**	191
Profit before indirect taxation	90	69	**38 449**	22 741
Indirect taxation	14	10	**(2 310)**	(2 103)
Profit before direct taxation	98	75	**36 139**	20 638
Direct taxation	>100	>100	**(8 083)**	(2 798)
Profit for the period	73	57	**28 056**	17 840
Attributable to preference shareholders	(25)	(25)	**(287)**	(383)
Attributable to additional tier 1 capital noteholders	28	28	**(538)**	(420)
Attributable to non-controlling interests	(3)	(17)	**(2 377)**	(2 875)
Attributable to ordinary shareholders	92	75	**24 854**	14 162
Headline adjustable items	(95)	(94)	**86**	1 553
Standard Bank Activities – headline earnings	71	59	**24 940**	15 715

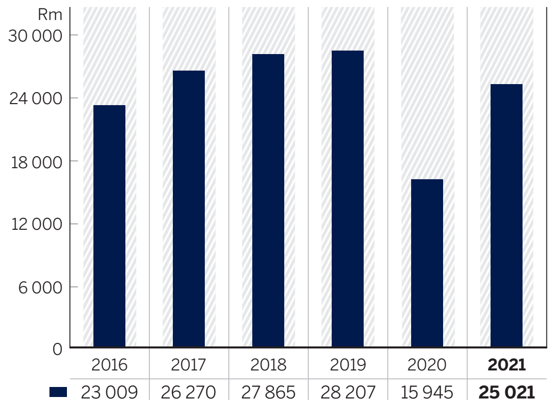
RECONCILIATION TO SBG HEADLINE EARNINGS

	CCY %	Change %	2021 Rm	2020 Rm
Standard Bank Activities	71	59	**24 940**	15 715
Liberty	(41)	(36)	**(419)**	(651)
Other banking interests	(33)	(43)	**500**	881
Standard Bank Group headline earnings	70	57	**25 021**	15 945

Headline earnings

HEADLINE EARNINGS

CAGR (2016 – 2021): 2%



RECONCILIATION OF PROFIT FOR THE PERIOD TO GROUP HEADLINE EARNINGS

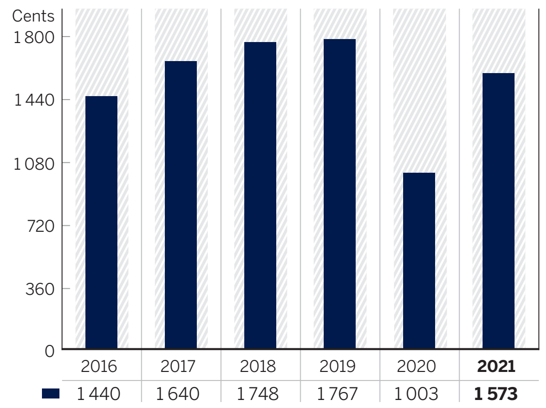
	2021				2020			
	Gross Rm	**Tax[1] Rm**	**NCI and other[2] Rm**	**Net Rm**	Gross Rm	Tax[1] Rm	NCI and other[2] Rm	Net Rm
Profit for the period – Standard Bank Activities	**36 139**	**(8 083)**	**(3 202)**	**24 854**	20 638	(2 798)	(3 678)	14 162
Headline adjustable items – Standard Bank Activities added	**119**	**(32)**	**(1)**	**86**	2 255	(705)	3	1 553
IAS 36 – Impairment of intangible assets	**19**	**(5)**	**(1)**	**13**	3 047	(850)	(1)	2 196
IAS 21 – Realised foreign currency profit on foreign operations					(247)			(247)
IFRS 16 – Profit on sale and leaseback					(496)	138		(358)
IAS 16 – Losses on sale of properties and equipment	**61**	**(5)**		**56**	24	(12)	4	16
IAS 28/IAS 36 – Impairment of associate					8	(2)		6
IAS 27/IAS 28 – Losses/(gains) on disposal of business	**20**	**(6)**		**14**	(14)			(14)
IFRS 5 – Remeasurement of disposal group assets held for sale	**30**	**(8)**		**22**				
IAS 40 – Fair value gains on investment property	**(11)**	**(8)**		**(19)**	(67)	21		(46)
Headline earnings – Standard Bank Activities	**36 258**	**(8 115)**	**(3 203)**	**24 940**	22 893	(3 503)	(3 675)	15 715
Headline earnings/(losses) – Liberty	**1 734**	**(2 109)**	**(44)**	**(419)**	(1 665)	(475)	1 489	(651)
Profit/(loss) for the period – Liberty	**1 569**	**(2 066)**	**8**	**(489)**	(1 790)	(426)	1 523	(693)
IFRS 5 – Remeasurement of disposal groups held for sale					(35)		15	(20)
IAS 36 – Impairment of intangible assets	**148**	**(39)**	**(52)**	**57**	174	(49)	(55)	70
IAS27/IAS28 – Losses on sale of business	**3**	**(1)**		**2**				
IAS36 – Impairment of goodwill	**14**	**(3)**		**11**	(14)		6	(8)
Headline earnings – Other banking interests	**500**			**500**	881			881
Profit/(loss) for the period – other banking interests	**500**			**500**	(695)	(416)		(1 111)
IAS 28 – Gain on disposal of associate					(1 835)	416		(1 419)
IAS 21 – FCTR release on disposal of associate					3 367			3 367
IAS 36 – Impairment of assets within associate					44			44
Standard Bank Group headline earnings	**38 492**	**(10 224)**	**(3 247)**	**25 021**	22 109	(3 978)	(2 186)	15 945

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

Headline earnings and dividend per share

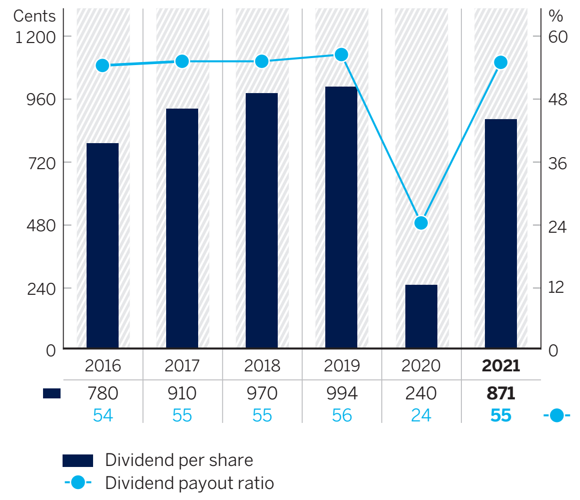
HEADLINE EARNINGS PER SHARE

CAGR (2016 – 2021): 2%



DIVIDEND PER SHARE AND PAYOUT RATIO

CAGR (2016 – 2021): 2%



		Change %	2021	2020
Headline earnings	Rm	57	**25 021**	15 945
Headline EPS	cents	57	**1 573**	1 003
Basic EPS	cents	>100	**1 563**	777
Total dividend per share	cents	>100	**871**	240
Interim	cents	>100	**360**	
Final	cents	>100	**511**	240
Dividend cover – based on headline EPS	times		**1.8**	4.2
Dividend payout ratio – based on headline EPS	%		**55**	24

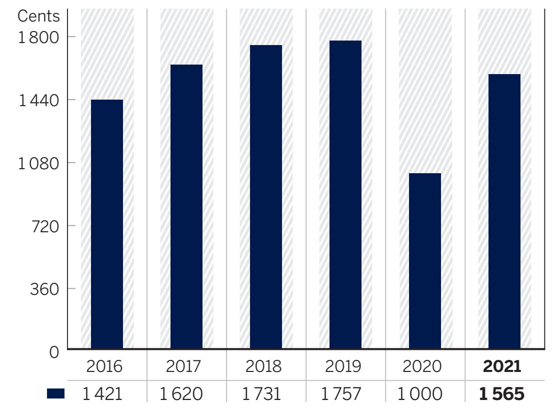
MOVEMENT IN THE NUMBER OF ORDINARY AND WEIGHTED AVERAGE SHARES ISSUED

	2021		2020	
	Issued number of shares '000	**Weighted number of shares '000**	Issued number of shares '000	Weighted number of shares '000
Beginning of the period – IFRS shares	**1 592 904**	**1 592 904**	1 594 072	1 594 072
Shares in issue	**1 619 941**	**1 619 941**	1 619 709	1 619 709
Deemed treasury shares	**(27 037)**	**(27 037)**	(25 637)	(25 637)
Shares issued for equity compensation plans	**35**	**12**	232	190
Movement in deemed treasury shares	**(1 367)**	**(2 268)**	(1 400)	(3 848)
Share exposures held within Standard Bank Activities	**(2 495)**	**(2 783)**	(6 038)	(6 389)
Share exposures held to facilitate client trading activities	**(1 660)**	**114**	(652)	(901)
Share exposures held to hedge the group's equity compensation plans	**(835)**	**(2 897)**	(5 386)	(5 488)
Shares held for the benefit of Liberty policyholders	**1 128**	**515**	4 638	2 541
End of the period – IFRS shares	**1 591 572**	**1 590 648**	1 592 904	1 590 414
Shares in issue	**1 619 976**	**1 619 953**	1 619 941	1 619 899
Deemed treasury shares	**(28 404)**	**(29 305)**	(27 037)	(29 485)

Diluted headline earnings per share

DILUTED HEADLINE EARNINGS PER SHARE

CAGR (2016 – 2021): 2%



	Change %	2021 cents	2020 cents
Diluted headline EPS	57	**1 565**	1 000
Diluted EPS	>100	**1 555**	775

DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ISSUED

	2021 '000	2020 '000
Weighted average shares	**1 590 648**	1 590 414
Dilution from equity compensation plans	**8 308**	4 786
Group share incentive scheme	**38**	44
Equity growth scheme	**522**	295
Deferred bonus scheme, long-term incentive plans and related hedges	**7 748**	4 447
Diluted weighted average shares	**1 598 956**	1 595 200

Statement of financial position

	Standard Bank Activities			Liberty[1]			Other banking interests			Standard Bank Group		
	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm
Assets												
Cash and balances with central banks	4	**91 169**	87 505							4	**91 169**	87 505
Derivative assets	(47)	**55 786**	106 096	(35)	**7 902**	12 194				(46)	**63 688**	118 290
Trading assets	9	**281 244**	257 907	(20)	**3 776**	4 720				9	**285 020**	262 627
Pledged assets	(1)	**10 318**	10 382	(55)	**3 860**	8 599				(25)	**14 178**	18 981
Financial investments	10	**301 497**	275 066	13	**423 203**	375 232				11	**724 700**	650 298
Current and deferred tax assets	4	**7 370**	7 075	1	**242**	240				4	**7 612**	7 315
Disposal of group assets held for sale	>100	**489**	7	>100	**536**	213				>100	**1 025**	220
Loans and advances	12	**1 424 328**	1 271 255							12	**1 424 328**	1 271 255
Policyholders' assets				(43)	**2 868**	5 050				(43)	**2 868**	5 050
Other assets	1	**25 697**	25 388	10	**10 735**	10 632				1	**36 432**	36 020
Interest in associates and joint ventures	8	**2 910**	2 703	(55)	**122**	273	21	**4 248**	3 522	12	**7 280**	6 498
Investment property	>100	**1 262**	614	(2)	**28 723**	29 303				0	**29 985**	29 917
Property, equipment and right of use asset	0	**18 944**	19 009	(1)	**1 675**	1 693				0	**20 619**	20 702
Goodwill and other intangible assets	(7)	**16 468**	17 764	(11)	**445**	498				(7)	**16 913**	18 262
Total assets	8	**2 237 482**	2 080 771	8	**484 087**	448 647	21	**4 248**	3 522	8	**2 725 817**	2 532 940
Equity and liabilities												
Equity	15	**212 793**	185 494	(2)	**25 808**	26 256	21	**4 248**	3 522	13	**242 849**	215 272
Equity attributable to ordinary shareholders	13	**183 685**	161 848	(1)	**10 899**	11 001	21	**4 248**	3 522	13	**198 832**	176 371
Equity attributable to other equity holders	28	**16 052**	12 528							28	**16 052**	12 528
Preference shares	0	**5 503**	5 503							0	**5 503**	5 503
AT1 Capital	50	**10 549**	7 025							50	**10 549**	7 025
Equity attributable to non-controlling interests	17	**13 056**	11 118	(2)	**14 909**	15 255				6	**27 965**	26 373
Liabilities	7	**2 024 689**	1 895 277	8	**458 279**	422 391				7	**2 482 968**	2 317 668
Derivative liabilities	(40)	**60 602**	101 234	(36)	**6 657**	10 343				(40)	**67 259**	111 577
Trading liabilities	0	**80 433**	80 088	(10)	**1 051**	1 173				0	**81 484**	81 261
Current and deferred tax liabilities	28	**7 501**	5 844	13	**2 776**	2 458				24	**10 277**	8 302
Disposal of group liabilities held for sale				4	**96**	92				4	**96**	92
Deposits and debt funding	9	**1 797 291**	1 642 401	13	**(20 676)**	(18 357)				9	**1 776 615**	1 624 044
Policyholders' liabilities				12	**363 023**	325 192				12	**363 023**	325 192
Subordinated debt	7	**24 852**	23 225	(8)	**5 578**	6 081				4	**30 430**	29 306
Provisions and other liabilities	27	**54 010**	42 485	5	**99 774**	95 409				12	**153 784**	137 894
Total equity and liabilities	8	**2 237 482**	2 080 771	8	**484 087**	448 647	21	**4 248**	3 522	8	**2 725 817**	2 532 940

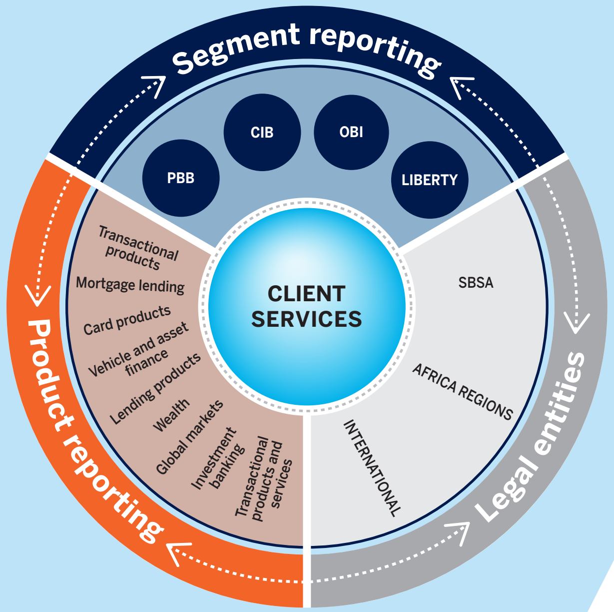
[1] Includes adjustments on consolidation of Liberty into the group.

Notes

Segmental reporting

SEGMENTAL STRUCTURE FOR KEY BUSINESS LINES

OUR TRADITIONAL STRUCTURE TO 31 DECEMBER 2020



Standard Bank Group

Client segments

We have shifted the business to be future-ready and client centric. Our reporting has changed to align to this principle. 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.

New capability model

from 01 January 2021

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

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

Insurance

Short-term and life insurance activities

- Short term: Homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.
- Long term: Life, 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.

Other banking interests

Equity investments held in terms of strategic partnership agreements with ICBC

- ICBC Standard Bank Plc (40% associate).
- ICBC Argentina (20% associate). The disposal of the associate was completed during June 2020.

Investments

- Stockbroking & 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.

Liberty

Life insurance and investment management activities

- South Africa Retail: Insurance and investment solutions to individual customers in South Africa.
- Business development: Insurance and investment solutions to corporate clients and retirement funds across sub-Saharan Africa.
- Asset management: Capabilities to manage investment assets in South Africa and southern African Regions.

Condensed consolidated client segmental results

	Consumer & High Net Worth			Business & Commercial			Corporate & Investment Banking			Central and other			Standard Bank Activities		
	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm
Income statement															
Income from Standard Bank Activities	5	48 196	45 850	3	26 307	25 568	5	40 366	38 558	(6)	(1 313)	(1 395)	5	113 556	108 581
Net interest income	6	28 618	27 121	3	15 544	15 157	(4)	18 666	19 396	57	(392)	(249)	2	62 436	61 425
Non-interest revenue	5	19 578	18 729	3	10 763	10 411	13	21 700	19 162	(20)	(921)	(1 146)	8	51 120	47 156
Net fee and commission revenue	3	15 808	15 371	7	7 956	7 419	2	7 054	6 901	(26)	(205)	(278)	4	30 613	29 413
Trading revenue	0	1 081	1 076	(1)	2 115	2 134	6	11 938	11 315	(55)	(292)	(651)	7	14 842	13 874
Other revenue	18	2 697	2 282	(23)	597	775	>100	780	310	>100	(426)	(209)	16	3 648	3 158
Other gains and losses on financial instruments	(100)	(8)		14	95	83	>100	1 928	636	(>100)	2	(8)	>100	2 017	711
Total income	5	48 196	45 850	3	26 307	25 568	5	40 366	38 558	(6)	(1 313)	(1 395)	5	113 556	108 581
Credit impairment charges	(36)	(7 934)	(12 361)	(37)	(2 243)	(3 547)	(>100)	311	(4 195)	(99)	(7)	(491)	(52)	(9 873)	(20 594)
Income before operating expenses	20	40 262	33 489	9	24 064	22 021	18	40 677	34 363	(30)	(1 320)	(1 886)	18	103 683	87 987
Operating expenses in Standard Bank Activities	4	(29 638)	(28 408)	3	(16 701)	(16 190)	3	(21 523)	(20 983)	(11)	2 127	2 399	4	(65 735)	(63 182)
Staff costs	3	(9 696)	(9 373)	9	(4 335)	(3 968)	10	(8 231)	(7 475)	6	(14 380)	(13 564)	7	(36 642)	(34 380)
Other operating expenses	5	(19 942)	(19 035)	1	(12 366)	(12 222)	(2)	(13 292)	(13 508)	3	16 507	15 963	1	(29 093)	(28 802)
Profit attributable to ordinary shareholders	>100	6 828	3 013	31	5 264	4 017	71	13 413	7 853	(10)	(651)	(721)	75	24 854	14 162
Headline adjustable items	>100	62	24	(90)	20	205	(>100)	(16)	1 504	(>100)	20	(180)	(94)	86	1 553
Headline earnings	>100	6 890	3 037	25	5 284	4 222	43	13 397	9 357	(30)	(631)	(901)	59	24 940	15 715
Statement of financial position															
Net loans and advances	10	604 288	547 364	18	207 016	174 850	12	663 582	591 786	18	(50 558)	(42 745)	12	1 424 328	1 271 255
Net loans and advances to banks	33	25 125	18 926	39	21 693	15 559	28	209 528	164 124	34	(50 168)	(37 479)	28	206 178	161 130
Net loans and advances to customers	10	579 163	528 438	16	185 323	159 291	6	454 054	427 662	(93)	(390)	(5 266)	10	1 218 150	1 110 125
Other assets	7	73 683	68 577	7	50 899	47 624	(1)	639 061	645 041	3	49 511	48 274	0	813 154	809 516
Total assets	10	677 971	615 941	16	257 915	222 474	5	1 302 643	1 236 827	(>100)	(1 047)	5 529	8	2 237 482	2 080 771
Equity	11	54 866	49 523	12	27 003	24 024	16	83 916	72 499	19	47 008	39 448	15	212 793	185 494
Liabilities	10	623 105	566 418	16	230 912	198 450	5	1 218 727	1 164 328	42	(48 055)	(33 919)	7	2 024 689	1 895 277
Deposits and debt funding	11	364 741	328 023	14	432 993	380 230	7	1 012 330	946 904	0	(12 773)	(12 756)	9	1 797 291	1 642 401
Deposits from banks				(2)	6 497	6 627	3	130 054	126 635	(>100)	6 590	(1 088)	8	143 141	132 174
Deposits and current accounts from customers	11	364 741	328 023	14	426 496	373 603	8	882 276	820 269	66	(19 363)	(11 668)	10	1 654 150	1 510 227
Other liabilities[1]	8	258 364	238 395	11	(202 081)	(181 780)	(5)	206 397	217 424	67	(35 282)	(21 163)	(10)	227 398	252 876
Total equity and liabilities	10	677 971	615 941	16	257 915	222 474	5	1 302 643	1 236 827	(>100)	(1 047)	5 529	8	2 237 482	2 080 771
CLR (bps)		137	231		124	216		(4)	59					73	151
Cost-to-income ratio (%)		61.5	62.0		63.5	63.3		53.3	54.4					57.9	58.2
ROE (%)		13.9	6.3		24.5	19.4		19.6	13.8					14.7	9.6
Average ordinary shareholders' equity	3	49 424	48 162	(1)	21 571	21 763	1	68 361	67 969	18	30 606	25 946	4	169 962	163 839

[1] Other liabilities includes inter divisional funding which fluctuates in line with asset growth.

Condensed consolidated client segmental results

	Standard Bank Activities			Liberty			Other banking interests			Standard Bank Group		
	Change %	**2021 Rm**	2020 Rm	Change %	**2021 Rm**	2020 Rm	Change %	**2021 Rm**	2020 Rm	Change %	**2021 Rm**	2020 Rm
Income statement												
Income from Standard Bank Activities	5	**113 556**	108 581							5	**113 556**	108 581
Net interest income	2	**62 436**	61 425							2	**62 436**	61 425
Non-interest revenue	8	**51 120**	47 156							8	**51 120**	47 156
Net fee and commission revenue	4	**30 613**	29 413							4	**30 613**	29 413
Trading revenue	7	**14 842**	13 874							7	**14 842**	13 874
Other revenue	16	**3 648**	3 158							16	**3 648**	3 158
Other gains and losses on financial instruments	>100	**2 017**	711							>100	**2 017**	711
Net income from investment management and life insurance activities				29	**19 426**	15 086				29	**19 426**	15 086
Total income	5	**113 556**	108 581	29	**19 426**	15 086				8	**132 982**	123 667
Credit impairment charges	(52)	**(9 873)**	(20 594)							(52)	**(9 873)**	(20 594)
Income before operating expenses	18	**103 683**	87 987	29	**19 426**	15 086				19	**123 109**	103 073
Operating expenses in Standard Bank Activities	4	**(65 735)**	(63 182)							4	**(65 735)**	(63 182)
Staff costs	7	**(36 642)**	(34 380)							7	**(36 642)**	(34 380)
Other operating expenses	1	**(29 093)**	(28 802)							1	**(29 093)**	(28 802)
Operating expenses in insurance activities				5	**(16 952)**	(16 139)				5	**(16 952)**	(16 139)
Profit attributable to ordinary shareholders	75	**24 854**	14 162	(29)	**(489)**	(693)	(>100)	**500**	(1 111)	>100	**24 865**	12 358
Headline adjustable items	(94)	**86**	1 553	67	**70**	42	(100)		1 992	(96)	**156**	3 587
Headline earnings	59	**24 940**	15 715	(36)	**(419)**	(651)	(43)	**500**	881	57	**25 021**	15 945
Statement of financial position												
Net loans and advances	12	**1 424 328**	1 271 255							12	**1 424 328**	1 271 255
Net loans and advances to banks	28	**206 178**	161 130							28	**206 178**	161 130
Net loans and advances to customers	10	**1 218 150**	1 110 125							10	**1 218 150**	1 110 125
Policyholders' assets				(43)	**2 868**	5 050				(43)	**2 868**	5 050
Other assets	0	**813 154**	809 516	8	**481 219**	443 597	21	**4 248**	3 522	3	**1 298 621**	1 256 635
Total assets	8	**2 237 482**	2 080 771	8	**484 087**	448 647	21	**4 248**	3 522	8	**2 725 817**	2 532 940
Equity	15	**212 793**	185 494	(2)	**25 808**	26 256	21	**4 248**	3 522	13	**242 849**	215 272
Liabilities	7	**2 024 689**	1 895 277	8	**458 279**	422 391				7	**2 482 968**	2 317 668
Deposits and debt funding	9	**1 797 291**	1 642 401	13	**(20 676)**	(18 357)				9	**1 776 615**	1 624 044
Deposits from banks	8	**143 141**	132 174							8	**143 141**	132 174
Deposits and current accounts from customers	10	**1 654 150**	1 510 227	13	**(20 676)**	(18 357)				9	**1 633 474**	1 491 870
Policyholders' liabilities				12	**363 023**	325 192				12	**363 023**	325 192
Other liabilities	(10)	**227 398**	252 876	0	**115 932**	115 556				(7)	**343 330**	368 432
Total equity and liabilities	8	**2 237 482**	2 080 771	8	**484 087**	448 647	21	**4 248**	3 522	8	**2 725 817**	2 532 940
CLR (bps)		**73**	151									
Cost-to-income ratio (%)		**57.9**	58.2									
ROE (%)		**14.7**	9.6		**(3.8)**	(5.8)		**12.8**	21.7		**13.5**	8.9
Average ordinary shareholders' equity	4	**169 962**	163 839	(1)	**11 144**	11 214	(4)	**3 902**	4 063	3	**185 008**	179 116

Consumer & High Net Worth

Consumer & High Net Worth Clients (CHNW)

CHNW supports the group's strategy by providing relevant solutions to our clients throughout their life journeys. CHNW's financial performance reflects a strong recovery from the impact of the Covid-19 pandemic and associated lockdown measures with headline earnings increasing by 127% to R6 890 million, and ROE improving from 6.3% to 13.9%.

Less severe and more targeted lockdown restrictions in 2021 supported economic recovery across most African economies. Increased client demand for credit was boosted by lower average interest rates with only Zambia, Malawi, Ghana, Mozambique and South Africa recording interest rate increases during 2021. Against this backdrop, client activity rebounded supporting good disbursement growth in secured and unsecured lending and increased transactional activity. Clients continued to be cautious, which supported deposit strategies.

Net interest income (NII) increased by 6% to R28 618 million, driven by a 7% increase in average interest-earning assets. This was partly offset by a lower net interest margin, which reduced from 467bps to 462bps owing to lower average interest rates and stronger competition in both the lending and deposit markets. Strong lending book growth of 10% benefited from both client demand for secured loans and increased unsecured lending volumes originated through digital channels. CHNW achieved record home services registrations of R80.5 billion, up 43% on 2020 and 61% on 2019, strong vehicle and asset finance payouts, up 41%, and unsecured lending disbursements up 8%.

CHNW's lending growth is underpinned by a robust risk appetite framework. We leveraged data science and artificial intelligence to provide personalised client solutions and improve risk assessments. This, in conjunction with improved client income levels driven by an improved macroeconomic environment, resulted in a credit impairment charge reduction of 36% to R7 934 million and an improved credit loss ratio (CLR) of 137bps. This is within our through-the-cycle CLR target range of 100 bps to 150 bps.

The easing of Covid-19 lockdown restrictions in 2021 supported economic recovery across most African economies. This supported non-interest revenue (NIR) growth of 5% as client activity rebounded resulting in increased transactional activity. In addition, our client satisfaction scores, measured through Net Promoter Score, improved in 2021 across the portfolio. The active client base increased by 8% to 15.7 million, further supporting revenue growth. This was partly offset by higher insurance claims due to the adverse impact of the second and third waves of Covid-19.

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

South Africa

CHNW South Africa headline earnings improved by 162% to R5 668 million, generating an ROE of 14.5%. NII grew by 6% was supported by robust balance sheet performance, partly offset by the impact of negative endowment in a lower average interest rate cycle. NIR grew by 3% mainly due to higher transactional activity as lockdown restrictions eased, reduced client attrition and improved acquisition owing to refined client engagement strategies. Insurance and investment income grew meaningfully despite higher credit life and funeral claims. NIR growth was partially offset by reduction in pricing in line with client needs.

CHNW continued to invest in the digital capabilities supporting our clients' preference to transact on these channels. The application of data science and artificial intelligence enabled personalised client conversations which supported better client interaction and good growth on digital platforms. In 2021, digital adoption increased by 22% mainly via the SBG mobile app, and engagements through the cellphone banking platform grew by 40%. 85% of the new-to-bank clients in 2021 were digitally registered.

This continued shift in client transactional behaviour and proactive migration strategies led to 46% lower branch cash volumes and higher ATM deposit volumes of 18%. CHNW continues to seek new opportunities and partnerships to expand the landscape of distribution channels in support of client needs. In doing so, our retail partnerships have provided over 50 000 access points for clients to transact using our instant money product (cash remittance solution). The partnership with Pick n Pay, which commenced in August 2021, to introduce in-store banking kiosks has been launched in 25 stores where clients can perform selected transactions, with additional scale expected in 2022.

CHNW has grown its client base to 10.2 million active clients, up 9% from 2020. This growth emanated from investment in up-skilling of client-facing bankers which improved the acquisition capability. Furthermore, growth was also on the back of competitive solutions such as Flexi-Funeral, the fastest growing funeral plan in the market in comparison to peer banks.

Africa Regions

CHNW Africa Regions' headline earnings improved by 85% to R988 million and ROE to 13.0%. NII remained resilient, growing by 8% (19% in CCY) despite negative endowment. NIR showed pleasing growth of 7% (26% in CCY) driven by client growth, higher transactional activity, annual price increases and an increase in cross-border transactions. Cost growth of 2% (17% in CCY) was due to a high inflation environment, non-recurrence of an insurance recovery, investment in digital platforms and the impact of local currency devaluation on US dollar denominated costs. Despite this, we achieved positive jaws due to strong income growth of 23% in CCY. Improved macroeconomic conditions and the non-recurrence of forward-looking provisions raised in the previous year reduced credit impairment charges.

We also made progress in improving client satisfaction scores in Africa Regions, with NPS rising to 32 in 2021 from 30 in 2020. Active clients grew by 6% year-on-year, bolstered by higher acquisition and lower client attrition levels due to improvements in client experience.

Digital adoption continued, with digitally active clients up 17% and a 41% increase in digital transaction volumes. We continued to scale up investment in digital lending capabilities and mobile platforms, expanding financial inclusion across the continent. We launched the Unayo platform in four markets: Malawi, Botswana, Eswatini and Kenya; combining the simplicity of mobile money with the sophistication of a bank account, reaching nearly 100 000 registered users in the current year. We will introduce this offering to other markets and build additional functionality on the platform in the years ahead.

Our balance sheet showed strong growth, with gross loans and advances increasing by 16% as we accelerated digital lending and government scheme lending in markets including Uganda and Botswana. Deposits were up 13%, due to growth in our client franchise, and assets under management increased by 14% in CCY compared to 2020, mainly driven by the Nigeria pension fund business.

International

International faced a challenging year, with our performance severely impacted by negative endowment (USD and GBP) and the South African sovereign downgrade, which saw regulatory constraints leading to the outflow of funds from SBSA. This reduced earnings by 31% to R234 million, despite strong lending growth partially offsetting these effects.

Looking Ahead

CHNW remains fully aligned to the group's purpose. We will continue to drive sustainable value creation for the group and its stakeholders by steadily growing our revenue pools and reducing costs to serve. We are well positioned to support our 15.7 million clients across the continent and have attractive opportunities to continue to grow our active client numbers and to deepen our relationships with our clients. Transforming client experience remains our top priority. We will continue to accelerate digital client engagements as well as leverage data science and artificial intelligence capabilities to provide relevant and meaningful personalised client conversations at scale across the continent. We remain committed to driving Africa's growth through financial inclusion and by accelerating tangible advancement on our purpose-led innovative platforms such as Unayo.

Consumer & High Net Worth

KEY BUSINESS STATISTICS

		Change %	2021	2020
South Africa				
Clients				
Active clients	thousands	9	**10 179**	9 321
Digital active clients[1]	thousands	22	**3 360**	2 744
UCount clients	thousands	11	**1 075**	965
SBSA Mobile subscribers[2]	thousands	80	**261**	145
Disbursements				
Home services (mortgages)	Rm	43	**80 535**	56 510
Average loan to value (LTV) of home services new business registered	%		**90**	91
Personal lending	Rm	8	**11 770**	10 937
VAF retail	Rm	41	**25 149**	17 786
Client activity				
Instant Money turnover	Rm	26	**26 643**	21 211
Digital value transactional volumes	thousands	21	**234 025**	192 952
ATM transactional volumes	thousands	(5)	**265 219**	278 919
Branch transactional volumes	thousands	(36)	**10 121**	15 852
Points of representation				
ATMs		(6)	**4 188**	4 444
Branch square metres	thousands	(5)	**280**	295
Point of representation		10	**594**	540
Branches		(4)	**493**	514
Instore kiosks and other points of access		>100	**101**	26
Africa Regions				
Clients				
Active clients	thousands	6	**5 509**	5 205
Client activity				
Digital value transactional volumes	thousands	41	**208 976**	148 179
ATM transactional volumes	thousands	(1)	**138 958**	139 721
Branch transactional volumes	thousands	3	**10 565**	10 300
Points of representation				
Branches		(5)	**549**	579
ATMs		4	**2 412**	2 330

[1] 43% of clients excluding Instant Money are digitally active.
[2] SBSA Mobile virtual network operator.

SUMMARISED INCOME STATEMENT

	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	8	6	**28 618**	27 121
Non-interest revenue	10	5	**19 578**	18 729
Net fee and commission revenue	8	3	**15 808**	15 371
Trading revenue	9	0	**1 081**	1 076
Other revenue	20	18	**2 697**	2 282
Other gains and losses on financial instruments	(100)	(100)	**(8)**	
Total income	8	5	**48 196**	45 850
Credit impairment charges	(35)	(36)	**(7 934)**	(12 361)
Operating expenses	8	4	**(29 638)**	(28 408)
Headline earnings	>100	>100	**6 890**	3 037

LOANS AND ADVANCES

	CCY %	Change %	2021 Rm	2020 Rm
Gross loans and advances to customers	9	9	**611 260**	559 350
Credit impairments for loans and advances to customers	3	4	**(32 097)**	(30 912)
Credit impairments for stage 3 loans	10	10	**(22 503)**	(20 473)
Credit impairments for stage 1 and 2 loans	(9)	(8)	**(9 594)**	(10 439)
Net loans and advances	10	10	**604 288**	547 364
Gross loans and advances	9	10	**636 385**	578 277
Credit impairments	3	4	**(32 097)**	(30 913)

DEPOSITS AND CURRENT ACCOUNTS

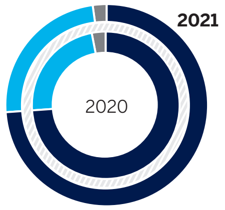
	CCY %	Change %	2021 Rm	2020 Rm
Deposits from customers	8	11	**364 741**	328 023
Current accounts	8	11	**79 912**	72 054
Savings and investments	9	11	**284 829**	255 969

KEY RATIOS

		2021 Rm	2020 Rm
Headline earnings contribution to the group	%	**28**	19
Net interest margin	bps	**462**	467
CLR	bps	**137**	231
Coverage ratio	%	**49.3**	44.6
Cost-to-income ratio	%	**61.5**	62.0
ROE	%	**13.9**	6.3

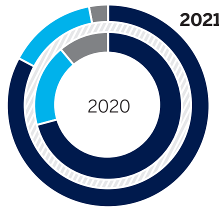
Consumer & High Net Worth

TOTAL INCOME BY GEOGRAPHY (%)



	2021	2020
South Africa	**74**	74
Africa Regions	**24**	23
International	**2**	3

HEADLINE EARNINGS BY GEOGRAPHY (%)



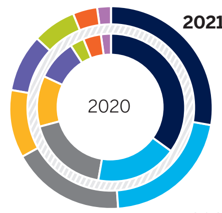
	2021	2020
South Africa	**83**	71
Africa Regions	**14**	18
International	**3**	11

SUMMARISED FINANCIAL RESULTS BY GEOGRAPHY

	South Africa				Africa Regions			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	6	6	**22 675**	21 359	19	8	**5 546**	5 139
Non-interest revenue	3	3	**12 905**	12 489	26	7	**5 947**	5 560
Total income	5	5	**35 580**	33 848	23	7	**11 493**	10 699
Credit impairment charges	(39)	(39)	**(6 864)**	(11 248)	5	(4)	**(1 066)**	(1 109)
Operating expenses	6	6	**(20 924)**	(19 817)	17	2	**(7 869)**	(7 691)
Headline earnings	>100	>100	**5 668**	2 163	99	85	**988**	533
Net loans and advances	8	8	**512 531**	472 449	12	16	**57 877**	49 798
Deposits and current accounts	9	9	**236 439**	217 319	5	13	**56 617**	50 105
CLR (bps)			**134**	238			**195**	214
Cost-to-income ratio (%)			**58.8**	58.5			**68.5**	71.9
ROE (%)			**14.5**	5.6			**13.0**	7.9

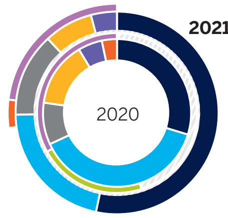
	International			
	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	(34)	(36)	**397**	623
Non-interest revenue	9	7	**726**	680
Total income	(12)	(14)	**1 123**	1 303
Credit impairment charges	33	0	**(4)**	(4)
Operating expenses	(2)	(6)	**(845)**	(900)
Headline earnings	(32)	(31)	**234**	341
Net loans and advances	26	35	**33 880**	25 117
Deposits and current accounts	11	18	**71 677**	60 522
CLR (bps)			**4**	3
Cost-to-income ratio (%)			**75.2**	69.1
ROE (%)			**8.8**	11.9

COMPOSITION OF TOTAL INCOME BY SOLUTION (%)



	2021	2020
CHNW transactional	**28**	31
Home services	**21**	18
CHNW lending	**18**	18
Card and payments	**11**	11
Insurance	**9**	9
Investment	**7**	7
Vehicle and asset finance	**4**	4
Global markets	**2**	2

COMPOSITION OF HEADLINE EARNINGS BY SOLUTION (%)



	2021	2020
Home services	**68**	46
Insurance	**27**	59
CHNW lending	**17**	14
Investment	**10**	22
Global markets	**5**	8
Vehicle and asset finance	**0**	(22)
Card and payments	**(4)**	5
CHNW transactional	**(23)**	(32)

SUMMARISED INCOME STATEMENT BY SOLUTION

	Banking solutions							
	Home services				Vehicle and asset finance			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	19	18	**9 699**	8 203	11	10	**1 842**	1 677
Non-interest revenue	41	36	**260**	191	13	9	**150**	138
Total income	19	19	**9 959**	8 394	11	10	**1 992**	1 815
Credit impairment charges	(76)	(76)	**(1 002)**	(4 194)	(53)	(53)	**(753)**	(1 610)
Operating expenses	12	9	**(2 225)**	(2 036)	8	7	**(1 150)**	(1 075)
Headline earnings	>100	>100	**4 687**	1 411	(100)	(100)	**(1)**	(662)

	Banking solutions							
	Card and payments				CHNW lending			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	3	2	**3 272**	3 197	7	4	**7 283**	7 036
Non-interest revenue	12	8	**2 009**	1 854	(5)	(13)	**1 193**	1 377
Total income	6	5	**5 281**	5 051	5	1	**8 476**	8 413
Credit impairment charges	30	30	**(2 836)**	(2 179)	(22)	(24)	**(3 343)**	(4 368)
Operating expenses	5	4	**(2 706)**	(2 611)	8	2	**(3 422)**	(3 357)
Headline earnings	(>100)	(>100)	**(245)**	147	>100	>100	**1 195**	432

Consumer & High Net Worth

	Banking solutions							
	CHNW transactional[1]				Global markets			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	(4)	(7)	**6 169**	6 627	(9)	(9)	**10**	11
Non-interest revenue	7	5	**7 881**	7 513	32	23	**892**	725
Total income	2	(1)	**14 050**	14 140	31	23	**902**	736
Operating expenses	8	5	**(15 941)**	(15 221)	9	1	**(452)**	(449)
Headline earnings	97	68	**(1 631)**	(968)	49	45	**343**	237

	Insurance solutions				Investment solutions			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	(7)	(8)	**140**	152	9	(7)	**203**	218
Non-interest revenue	6	5	**3 990**	3 786	17	2	**3 203**	3 145
Total income	6	5	**4 130**	3 938	17	1	**3 406**	3 363
Operating expenses	4	3	**(1 989)**	(1 931)	9	1	**(1 753)**	(1 728)
Headline earnings	3	3	**1 826**	1 779	39	8	**716**	661

[1] Operating expenses includes Core banking amortisation, branch and ATM costs.

Business & Commercial

Business & Commercial Clients (BCC)

In 2021, BCC focused on meeting clients' needs, developing our people and entrenching a customer-centred approach. This led to headline earnings growth of 25% to R5 284 million, and an ROE of 24.5% (2020: 19.4%). As Covid-19 restrictions eased, tourism and trade activities resumed and commodity prices rebounded. The positive trend in business confidence and client activity underpinned improvements in revenue and transactions, while higher demand for lending reflected strong appetite for growth among our clients. Improving client experience and engagement through personalised conversations assisted in growing net active clients by 5% in 2021.

Client loans and advances grew by 16%, supported by a strong disbursement trend throughout the year, particularly in business lending and commercial asset financing. Customer acquisition, improved transactional activity and better retention of client balances delivered a robust 14% year-on-year growth in deposits and current accounts. Our value chain customer acquisition focus, digital solution capability and new solution offerings together with trade networking initiatives, supported better client experiences and were key drivers of this growth.

Despite robust balance sheet growth, operating income achieved a more modest growth of 3% in 2021. The low interest rate environment created material negative endowment, which led to slower net interest income growth of 3%. Non-interest revenue grew by 3%, aided by improved customer transactional velocity (evidenced in the growth of 21% in transactional volumes), active customer number growth, and an improvement in trade values and volumes across our markets. Notably, turnover levels in card acquiring exceeded 2019 pre-pandemic levels. This revenue uplift was, however, partially offset by the acceleration of client migration to lower cost digital channels, as the pandemic and the discontinuation of cheques in South Africa, led to digital volumes climbing by 17%. 84% of transactions in 2021 were executed digitally (2020: 81%). Africa Regions delivered a particularly strong revenue performance dampened by Rand currency strength.

The 37% reduction in credit impairment charges saw the credit loss ratio recover to 124bps, tracking only marginally above the through-the-cycle credit loss expectation of 100bps to 120bps. The decline in impairments was led by the non-recurrence of specific provisions raised for Covid-19 in 2020, partially offset by defaults experienced in South and East Africa regions, coupled with lower post write off recoveries. We provided support to clients impacted by the unrest in South Africa during July 2021. This included the launch of a business recovery programme in partnership with Thundafund, a crowdfunding initiative. Debt relief support of R17 billion, extended to clients during the pandemic, reduced to R434 million of active payment holidays, with the expired base performing in line with expectations.

As reflected in cost growth of 3%, disciplined cost management remains a priority. Cost growth reflects investment in digital solutions, inflation, and variable pay normalisation. The combination of revenue growth alongside cost growth, led to the cost-to-income ratio increasing slightly to 63.5% (FY20: 63.3%).

The trade opportunity across the continent remains a key priority. More than 1 200 of our clients benefited from the Trade Club network, successfully leveraging our strong connection with Chinese importers and exporters, developed in partnership with ICBC. With ICBC, we co-hosted and supported several client match-making events to link export clients with Chinese importers across a wide range of industries – a key differentiator for BCC across Africa. Employees across the continent were trained and empowered with relevant trade information and skills. Trade values grew by 17% in 2021.

Serving our Enterprise, or small business, customers is a priority to support their growth and the growth of the economies in which they operate. To support these clients, several tools were introduced across markets to enable personalised conversations and provide deeper customer insights, drawing on data science and behavioural economic to enhance customer engagement and to ensure appropriate solutions are offered. The use of predictive scoring, artificial intelligence and robotics improved turnaround times in lending. Further offerings to the Enterprise segment included the introduction of mentorship programs and providing access to training in digital skills relevant to growing small businesses.

BCC remains focused on growing its platforms, Unayo, the recently launched payment platform serves several payment ecosystems and has seen good take up, with more than 8 000 registered merchants across four countries. In the agriculture sector, the One Farm solution supports small farmers by providing credit, insurance, and agronomy and market information that enables farmers to increase their yields. The One Farm Share solution, built off this platform, is a response to food insecurity and poverty, enabling food donations and streamlining procurement directly from farmers and food producers to registered charity organisations.

South Africa

With an ROE of 33.4%, up from 25.9% in 2020, BCC South Africa continues to deliver solid returns. This uplift resulted from an improved headline earnings performance coupled with a reduction in capital, following the amortisation of intangibles, during the year. Headline earnings grew by 21% despite disruptions due to the pandemic and the unrest experienced in July. Substantial negative endowment offset the growth momentum in the balance sheet, resulting in muted NII growth. The discontinuation of cheques, coupled with the migration of clients to digital platforms, reduced the solid non-interest revenue performance in the acquiring and trade business. In combination these effects led to operating income growth slowing year-on-year. Credit impairment charges improved by 50% due to the non-recurrence of forward-looking provisions raised in the prior year, and an improvement in the book during the year. Operating expenses grew by 5% due to investment in digital channels and projects, alongside normalisation in variable remuneration in line business performance. Focus in the South African business remains on defending the existing franchise, and on regaining lost market share by building on core strengths and enhancing partnerships.

Africa Regions

The growth opportunity on the continent was evident in the 100% improvement in headline earnings in the Africa Regions business, which benefited from the recovery across most markets in both the trade and business environments. The 12% growth in active customer numbers supported double digit growth in CCY in customer loans and deposits of 26% and 14%, respectively. NII growth of 22% CCY was the result of this strong balance sheet performance, partially offset by negative endowment in Namibia, eSwatini and Lesotho. Non-interest revenue growth of 28% CCY benefited from the improvement in general customer activity and higher trade and transactional values across the portfolio but was dampened by the impact of ZAR currency strength. Credit impairments increased by 23% in CCY, due to a significant post write off recovery recorded in the prior year, coupled with specific provisions raised during the current period. Operating cost growth of 17% CCY reflected the high inflation environments in many markets, increased costs relating to investments in digital capabilities, foreign currency denominated cost increases, and the costs of enabling remote working. Nevertheless, BCC Africa Regions delivered positive jaws of 748bps and the cost-to-income ratio reduced to 75.3% (2020: 80.9%). The portfolio ROE of 12.8%, while improving on prior year, reflects the need to further scale the Africa Regions business.

Business & Commercial

International

The International business faced a challenging year with headline earnings declining by 9% from the prior year and generating an ROE of 9.5% (2020: 11.7%). This outcome was largely driven by a negative endowment impact following USD and GBP base rate reductions compounded by the downgrade of South Africa which saw funds moving away from SBSA. This decline was partly offset by strong client loan growth of 46% CCY as well as higher non-interest revenue driven by changes in fee structures, higher client transactional activity and higher foreign exchange fees.

Looking Ahead

BCC's strategy is well defined and emerges from clear priorities. Our focus remains on building on core strengths and seizing opportunities to partner clients on their growth journeys. BCC continues to explore opportunities to contribute toward positive social and environmental outcomes, and through the enterprise development team, supported the creation of more than 1 300 new employment opportunities, delivered a 13% increase in small business lending disbursements in South Africa, and were once again recognised with the global second place award for SME Bank of the year by EFMA. In the longer term, BCC has a keen interest in supporting the group's target of net carbon neutral emissions by 2050 through identifying, supporting and advising on climate-smart agricultural behaviours, renewable farming practices, and renewable energy utilisation in manufacturing and production enterprises.

During the year ahead, focus will be placed on acquiring new clients, driving trade in Africa and supporting the enterprise (small business) segment through strategic partnerships and innovative digital solutions. Investment will be focused on delivering our client digital strategy, enabling process optimisation, enhancing customer experience and ensuring ease of use.

KEY BUSINESS STATISTICS

		Change %	2021	2020
South Africa				
Clients				
Active clients	thousands	2	**500**	492
Digitally active users	thousands	11	**324**	292
Client activity				
VAF disbursements	Rm	4	**17 574**	16 877
Business lending disbursements	Rm	36	**17 991**	13 233
Card acquiring turnover	Rm	22	**206 429**	169 686
Digital banking volumes	thousands	11	**110 829**	99 679
Internet banking volumes	thousands	5	**89 442**	84 785
Mobile banking volumes	thousands	44	**21 387**	14 894
ATM transactional volumes	thousands	8	**10 817**	10 008
Branch transactional volumes	thousands	(40)	**3 438**	5 690
Africa Regions				
Clients				
Active clients	thousands	12	**261**	234
Digitally active users	thousands	10	**92**	84
Client activity				
VAF disbursements	Rm	47	**4 055**	2 765
Card acquiring turnover	Rm	17	**43 343**	37 200
Digital banking volumes	thousands	48	**27 225**	18 344
Internet banking volumes	thousands	38	**21 860**	15 791
Mobile banking volumes	thousands	98	**3 679**	1 854
Wallets	thousands	>100	**1 686**	699
ATM transactional volumes	thousands	(10)	**4 826**	5 387
Branch transactional volumes	thousands	(4)	**7 171**	7 485

Business & Commercial

SUMMARISED INCOME STATEMENT

	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	7	3	**15 544**	15 157
Non-interest revenue	9	3	**10 763**	10 411
Net fee and commission revenue	12	7	**7 956**	7 419
Trading revenue	6	(1)	**2 115**	2 134
Other revenue	(17)	(23)	**597**	775
Other gains and losses on financial instruments	14	14	**95**	83
Total income	7	3	**26 307**	25 568
Credit impairment charges	(35)	(37)	**(2 243)**	(3 547)
Operating expenses	9	3	**(16 701)**	(16 190)
Headline earnings	25	25	**5 284**	4 222

LOANS AND ADVANCES

	CCY %	Change %	2021 Rm	2020 Rm
Net loans and advances to banks	32	39	**21 693**	15 559
Gross loans and advances to banks	32	39	**21 695**	15 577
Credit impairments for loans and advances to banks	(87)	(89)	**(2)**	(18)
Net loans and advances to customers	14	16	**185 323**	159 291
Gross loans and advances to customers	14	16	**196 337**	169 065
Credit impairments for loans and advances to customers	10	13	**(11 014)**	(9 774)
Credit impairments for stage 3 loans	18	21	**(8 044)**	(6 630)
Credit impairments for stage 1 and 2 loans	(6)	(6)	**(2 970)**	(3 144)
Net loans and advances	16	18	**207 016**	174 850
Gross loans and advances	16	18	**218 032**	184 642
Credit impairments	10	13	**(11 016)**	(9 792)

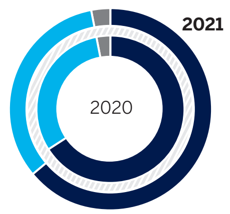
DEPOSITS AND CURRENT ACCOUNTS

	CCY %	Change %	2021 Rm	2020 Rm
Deposits from customers	12	14	**426 496**	373 603
Current accounts	10	14	**128 432**	112 523
Savings and investments	12	14	**298 064**	261 080
Deposits from banks	(2)	(2)	**6 497**	6 627
Total deposits	11	14	**432 993**	380 230

KEY RATIOS

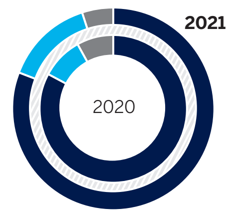
		2021 Rm	2020 Rm
Headline earnings contribution to the group	%	**21**	26
Net interest margin	bps	**680**	712
Loans and advances margin	bps	**405**	412
Deposit margin	bps	**207**	236
CLR	bps	**124**	216
Coverage ratio	%	**60.3**	52.5
Cost-to-income ratio	%	**63.5**	63.3
ROE	%	**24.5**	19.4

TOTAL INCOME BY GEOGRAPHY (%)



	2021	2020
South Africa	**64**	66
Africa Regions	**33**	31
International	**3**	3

HEADLINE EARNINGS BY GEOGRAPHY (%)



	2021	2020
South Africa	**81**	83
Africa Regions	**14**	9
International	**5**	8

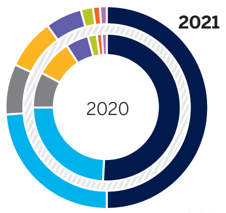
SUMMARISED FINANCIAL RESULTS BY GEOGRAPHY

	South Africa				Africa Regions			
	CCY %	Change %	2021 Rm	2020 Rm	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	1	1	**10 039**	9 942	22	8	**5 107**	4 747
Non-interest revenue	0	0	**6 818**	6 844	28	10	**3 612**	3 292
Total income	0	0	**16 857**	16 786	25	8	**8 719**	8 039
Credit impairment charges	(50)	(50)	**(1 350)**	(2 703)	23	6	**(888)**	(840)
Operating expenses	5	5	**(9 738)**	(9 310)	17	1	**(6 568)**	(6 504)
Headline earnings	21	21	**4 264**	3 529	100	100	**717**	359
Net loans and advances	6	6	**125 837**	118 457	26	34	**41 314**	30 844
Deposits and current accounts	8	8	**291 596**	270 994	14	24	**73 751**	59 439
CLR (bps)			**105**	227			**237**	239
Cost-to-income ratio (%)			**57.8**	55.5			**75.3**	80.9
ROE (%)			**33.4**	25.9			**12.8**	6.8

	International			
	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	(12)	(15)	**398**	468
Non-interest revenue	32	21	**333**	275
Total income	3	(2)	**731**	743
Credit impairment charges	25	25	**(5)**	(4)
Operating expenses	10	5	**(395)**	(376)
Headline earnings	(4)	(9)	**303**	334
Net loans and advances	46	56	**39 865**	25 549
Deposits and current accounts	22	36	**67 646**	49 797
CLR (bps)			**3**	4
Cost-to-income ratio (%)			**54.0**	50.6
ROE (%)			**9.5**	11.7

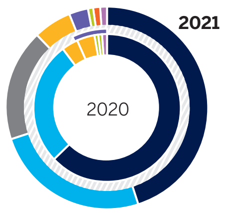
Business & Commercial

COMPOSITION OF TOTAL INCOME BY SOLUTION (%)



	2021	2020
BCC transactional	**50**	51
BCC lending	**24**	24
Vehicle and asset finance	**8**	8
Global markets	**8**	8
Card and payments	**6**	5
Home services	**2**	2
Insurance	**1**	1
Investment	**1**	1

COMPOSITION OF HEADLINE EARNINGS BY SOLUTION (%)



	2021	2020
BCC transactional	**45**	68
Global markets	**25**	29
BCC lending	**18**	4
Card and payments	**6**	4
Vehicle and asset finance	**3**	(7)
Home services	**1**	1
Insurance	**1**	1
Investment	**1**	0

SUMMARISED INCOME STATEMENT BY SOLUTION

	Banking solutions							
	Home services				Vehicle and asset finance			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	10	7	**459**	427	5	1	**1 579**	1 559
Non-interest revenue	53	21	**23**	19	19	17	**432**	368
Total income	12	8	**482**	446	7	4	**2 011**	1 927
Credit impairment charges	(26)	(25)	**(133)**	(178)	(59)	(59)	**(410)**	(1 002)
Operating expenses	11	4	**(237)**	(228)	10	7	**(1 391)**	(1 302)
Headline earnings	>100	>100	**74**	22	(>100)	(>100)	**151**	(292)

	Banking solutions							
	Card and payments				BCC lending			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	(34)	(34)	**33**	50	17	11	**5 259**	4 733
Non-interest revenue	26	24	**1 592**	1 282	13	(2)	**1 281**	1 307
Total income	24	22	**1 625**	1 332	16	8	**6 540**	6 040
Credit impairment charges	85	83	**(97)**	(53)	(27)	(31)	**(1 603)**	(2 314)
Operating expenses	6	4	**(1 021)**	(986)	11	4	**(3 467)**	(3 340)
Headline earnings	76	81	**340**	188	>100	>100	**965**	185

	Banking solutions							
	BCC transactional				Global markets			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	1	(2)	**8 035**	8 218	7	7	**159**	148
Non-interest revenue	0	(4)	**5 020**	5 206	14	8	**1 974**	1 824
Total income	1	(3)	**13 055**	13 424	14	8	**2 133**	1 972
Operating expenses	9	3	**(9 702)**	(9 462)	16	3	**(510)**	(496)
Headline earnings	(19)	(17)	**2 357**	2 852	11	9	**1 327**	1 221

	Insurance and Investment solutions			
	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	0	(9)	**20**	22
Non-interest revenue	13	9	**441**	405
Total income	12	8	**461**	427
Operating expenses	2	(1)	**(373)**	(376)
Headline earnings	67	52	**70**	46

Corporate & Investment Banking

Corporate & Investment Banking (CIB)

CIB had a pleasing year in 2021. We grew revenues off a high base set in 2020 and reported an increase of 7% in pre-provision profits to R18 843 million. Performance in 2H21 was strong. Revenue generation improved on 1H21 across South Africa and Africa Regions, particularly within the Global Markets and Transactional Products & Services (TPS) businesses. Impairment charges remained subdued and a non-recurrence of once off equity fair value write downs in 2020, together with good cost management, resulted in headline earnings of R13 397 million, up 43% on the prior year.

Revenue grew by 5% and 14% in constant currency (CCY) compared to 2020, ending the year at a record high of R40 366 million. We saw a recovery in client revenue in 2H21 which supported a slightly higher 2021 position against 2020. Headwinds during the year in the form of low interest rates, challenging market conditions in West Africa and Rand strength dampened the contribution of the large and diverse Africa Regions franchise. However, our defend and grow strategies targeting sustainable client revenue growth, the non-recurrence of equity fair value losses in 2020 and good execution of market opportunities more than offset these challenges.

Client revenues[1] for 2021 were flat year-on-year, 6% up in CCY. After a challenging 1H21, results in 2H21 were encouraging. Particularly positive performances were achieved in the Mining & Metals and Industrials sectors in South Africa, and the Consumer and Oil & Gas sectors in Africa Regions. A slowdown in client capital expenditure and fewer opportunities for structured trades led to subdued performances across a number of other sectors. In Nigeria, reduced client risk appetite for investment and difficult market conditions proved a challenge. The strategy of supporting global multinational corporates across the operating footprint continued to bear fruit in 2021, particularly in the non-bank space, which showed positive growth from a high base in 2020. The outlook to 2022 is positive. Market activity is anticipated to increase as recovery and stabilisation is expected in 2022, driven by corporate activity, investment into key infrastructure on the continent and increased consumer activity.

The South African franchise recorded strong recovery after an extremely challenging 2020. Revenues increased, led by Investment Banking and Global Markets, and headline earnings more than doubled, supported by credit impairment recoveries. Improved economic conditions and client activity across both flow and structured products in the Global Markets business and a non-recurrence of equity fair value losses contributed to this result.

We embarked on several strategies to defend our market position as an investment bank in South Africa. We see good opportunities to grow the franchise across the client sectors and are focusing on client acquisition, opportunities in renewable energy and sustainable finance as well as building and scaling a disruptive digital and platform business.

Rand strength and the challenges in West Africa muted the contribution of our Africa Regions businesses compared to a strong performance in 2020. Nigeria's performance in 2H21 improved slightly on 1H21 but remained significantly below 2020, impacted by difficult operating conditions and regulatory interventions. The Africa Regions franchise benefited from pleasing revenue generation in several of the markets, with particularly strong growth in Angola, Malawi and Zambia. The strategic priority in Africa Regions is to grow and scale our key franchise markets, through new client acquisition and share of wallet growth, with a specific focus on global multinational corporates and large local corporates.

Impairment charges were once again muted in 2H21, with an overall release of R311 million for the year. This was primarily due to no new material defaults, successful restructuring of previously non-performing loans and adequate provision made for existing Stage 3 exposures in 2020. The performing portfolio benefited from higher risk stage 2 exposures either maturing or being paid down, and muted book growth.

Record headline earnings for the year and a ROE of 19.6% (from 13.8% in 2020) represents a good return for the business and is comfortably above cost of capital. We are extremely pleased to have exceeded the revenue base set in 2020 and with positive pre-provision profit result. This is affirmation of the strength of the business, and the deliberate and focused execution of our strategy across our diverse product, client and operating markets. We enter 2022 with strong momentum and are confident we can achieve the ambitious growth aspirations.

[1] Client revenues are directly attributed to client franchise activity, which typically accounts for ~85% of total CIB revenues.

Global markets

After posting record revenues in 2020, the performance of Global Markets once again highlighted the strength of the business, the diversity of the portfolio and the sustainable nature of the revenues underpinned by client activity. Despite the significant headwinds already mentioned, Global Markets produced revenues of R15 175 million, down by 8% on 2020 (3% up in CCY). Revenues increased by 21% compared to 2019.

Client revenues in 2H21 were stronger, ending the year 3% up on 2020 (10% up in CCY). A significant increase in flow client revenues in South Africa was the biggest contributor to the improved performance. The South African franchise had a good year, and we saw strong growth across several key Africa Regions markets including Angola, Ghana, Malawi, Uganda and Zambia. Although there was less market volatility than in 2020, the Global Markets team still managed to extract value in the prevailing markets. The West African franchise struggled with lower liquidity management revenues as a result of decreased client activity and ongoing regulatory challenges.

The key strategy of the business continues to be growing the franchise in terms of sustainable revenue streams underpinned by client activity and sound risk and liquidity management principles. We have significant growth aspirations for client revenue across South Africa and Africa Regions and focused strategies to take advantage of opportunities across client sectors. The strong franchises and in-country presence across Africa Regions, global reach and product capabilities in complement to our skilled teams, underpins these aspirations.

Investment banking

Investment Banking delivered an outstanding set of results with headline earnings more than doubling to R4 727 million. The business benefited from a non-recurrence of equity fair value losses in 2020, good fee generating activity and impairment releases following significant provisions raised in 2020.

Early repayments as clients managed their debt levels down, revolving credit facilities returning to normalised levels and Rand strength put the asset book under pressure and the average balance sheet ended the year lower than 2020. Net interest income (NII) decreased by 9% with some positive offset from margin expansion. Significant transactions in debt products and increased activity in debt capital markets and corporate finance lifted fees and commissions, which increased by 8%. Positive revaluations on equity exposures (as opposed to prior year losses) boosted other revenues. The net impairment releases are a result of an overall release across the performing book (Stage 1 and 2) as higher risk Stage 2 exposures matured or were re-paid, no new significant Stage 3 impairment raises and sufficient provisions held on legacy Stage 3 loans.

Client activity increased across markets in 2H21. Loan origination was particularly robust in the last quarter and record global activity in Corporate Finance resulted in a healthy pipeline. Sustainable finance originated R18 billion of loans and bonds in 2H21, with deal volume growing by 40%. Under the renewable energy programmes (RMIPPP and REIPPPP), the business was able to secure significant market share in the latest round of bidding and good opportunities exist in the decentralised energy sector. The outlook for the Real Estate sector has improved with 2H21 origination exceeding the first half. Real Estate Finance will continue to grow selectively in sub-sectors that demonstrate good property fundamentals and long-term opportunities.

Focus will remain on converting the current pipeline, new asset origination and seeking opportunities in the resurgent M&A and Debt and Equity capital markets. Specifically, the business will continue to transform client experience, driving sustainable value creation by focusing on holistic client solutions and digitisation.

Transactional products & services (TPS)

TPS delivered an improved performance with revenues up 7% (14% up in CCY). Robust balance sheet growth from new to bank client wins, retention of existing mandates, innovative solutioning and product diversification away from cash and low yielding NII revenue, supported this result. Revenue growth was achieved despite regulatory pressures in Africa Regions and low interest rates across markets.

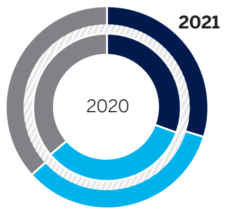
The Africa Regions franchise led the performance, with good growth in the Trade business, new product solutions, and increased activity in the Oil & Gas sector in West Africa and the Agriculture sector in South & Central Africa. The South African franchise reported lower revenues, largely due to a slow recovery in economic activity and a low interest rate environment. However, the business recorded strong growth in the deposit book supported by client acquisition, and new digital offerings leading to improved client experience and enhanced collections.

Improved risk management processes and client monitoring resulted in a significant decrease in impairment charges. Together with disciplined cost management, this resulted in headline earnings growth of 75% (74% up in CCY).

A key focus area for TPS is the modernisation of platforms as clients continue to move to digital channels. The business is on a journey to replace the payments and collections platform, to support greater flexibility and personalisation and deliver client experiences that are intuitive, insightful and innovative. We will continue to partner with our clients, providing working capital facilities and being the go-to transactional bank across Africa.

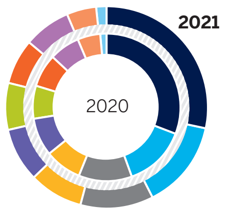
Corporate & Investment Banking

COMPOSITION OF CLIENT REVENUE BY CLIENT



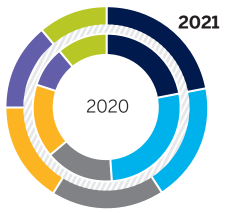
	Change %	CCY %
Multi-national corporates – Africa	(3)	2
Multi-national corporates – International	0	9
Large local corporates	2	7

COMPOSITION OF CLIENT REVENUE BY SECTOR



	Change %	CCY %
Financial Institutions	(8)	(5)
Consumer	1	11
Power & Infrastructure	(1)	6
Oil & Gas	8	20
Industrials	4	10
Mining & Metals	5	13
Telecommunication & Media	(2)	6
Sovereign & Public Sector	8	13
Real Estate	(1)	2
Unknown	21	24

COMPOSITION OF TOTAL INCOME BY GEOGRAPHY (%)



	2021	2020
Transactional products & services Africa Regions	**22**	22
Global markets Africa Regions	**19**	27
Global markets South Africa	**18**	15
Transactional products & services South Africa	**16**	16
Investment banking South Africa	**14**	9
Investment banking Africa Regions	**11**	11

SUSTAINABLE FINANCE IMPACT INDICATORS

		2021	2020
Lending			
Total number of loans		**14**	6
Number of green, social and sustainable loans		**2**	
Number of sustainability linked loans		**12**	6
Total quantum of loans	Rbn	**16.2**	7.9
Bonds Arranged			
Total number of bonds arranged		**8**	
Number of green, social and sustainable bonds		**4**	
Number of sustainability linked bonds		**4**	
Total quantum of sustainable finance bonds arranged	Rbn	**5.8**	
Sustainable Finance Capital Raised/Treasury			
Number of sustainable finance treasury loans/bonds		**3**	2
Quantum of sustainable finance capital raised	Rbn	**4.9**	5.6

SUMMARISED INCOME STATEMENT

	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	5	(4)	**18 666**	19 396
Non-interest revenue	23	13	**21 700**	19 162
Net fee and commission revenue	10	2	**7 054**	6 901
Trading revenue	15	6	**11 938**	11 315
Other revenue	>100	>100	**780**	310
Other gains and losses on financial instruments	>100	>100	**1 928**	636
Total income	14	5	**40 366**	38 558
Credit impairment charges	(>100)	(>100)	**311**	(4 195)
Operating expenses	9	3	**(21 523)**	(20 983)
Headline earnings	55	43	**13 397**	9 357

LOANS AND ADVANCES

	CCY %	Change %	2021 Rm	2020 Rm
Net loans and advances to banks	17	28	**209 528**	164 124
Gross loans and advances to banks	17	28	**209 593**	164 194
Credit impairments for loans and advances to banks	(16)	(7)	**(65)**	(70)
Net loans and advances to customers	4	6	**454 054**	427 662
Gross loans and advances to customers	4	6	**461 792**	436 371
Gross loans and advances to customers including high quality liquid assets (HQLA)	4	5	**482 168**	457 489
Less: HQLA	(4)	(4)	**(20 376)**	(21 118)
Credit impairments for loans and advances to customers	(15)	(11)	**(7 738)**	(8 709)
Credit impairments for stage 3 loans	(14)	(9)	**(5 596)**	(6 151)
Credit impairments for stage 1 and 2 loans	(20)	(16)	**(2 142)**	(2 558)
Net loans and advances	8	12	**663 582**	591 786
Gross loans and advances	7	12	**671 385**	600 565
Credit impairments	(15)	(11)	**(7 803)**	(8 779)

DEPOSITS AND CURRENT ACCOUNTS

	CCY %	Change %	2021 Rm	2020 Rm
Deposits from customers	6	8	**882 276**	820 269
Deposits from banks	(1)	3	**130 054**	126 635
Total deposits	5	7	**1 012 330**	946 904

KEY STATEMENT OF FINANCIAL POSITION ITEMS

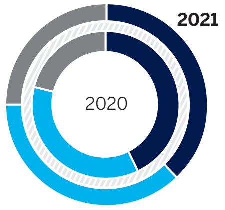
	CCY %	Change %	2021 Rm	2020 Rm
Cash and balances with central banks	3	9	**77 668**	71 289
Financial investments	5	8	**195 564**	180 492
Trading assets	8	9	**283 234**	260 834
Trading liabilities	(1)	0	**80 328**	80 060

KEY RATIOS

		2021 Rm	2020 Rm
Headline earnings contribution to the group	%	**54**	59
Net interest margin	bps	**199**	211
CLR	bps	**(4)**	59
Customer CLR	bps	**(6)**	80
Coverage ratio	%	**51.8**	46.0
Cost-to-income ratio	%	**53.3**	54.4
ROE	%	**19.6**	13.8

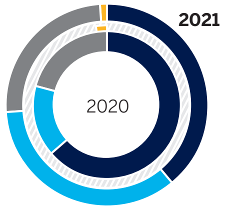
Corporate & Investment Banking

COMPOSITION OF TOTAL INCOME BY SOLUTION (%)



	2021	2020
Global markets	**38**	43
Transactional products & services	**37**	36
Investment banking	**25**	21

COMPOSITION OF HEADLINE EARNINGS BY SOLUTION (%)



	2021	2020
Global markets	**39**	65
Investment banking	**35**	16
Transactional products & services	**25**	21
Vehicle and asset finance & card and payments	**1**	(2)

SUMMARISED INCOME STATEMENT BY SOLUTION

	Banking solutions							
	Global markets				Investment banking			
	CCY %	Change %	2021 Rm	2020 Rm	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	(13)	(25)	**2 595**	3 479	(3)	(9)	**5 724**	6 260
Non-interest revenue	8	(3)	**12 580**	12 985	>100	>100	**4 176**	1 679
Total income	3	(8)	**15 175**	16 464	31	25	**9 900**	7 939
Credit impairment charges	(>100)	(>100)	**4**	(221)	(>100)	(>100)	**127**	(2 613)
Operating expenses	8	2	**(6 513)**	(6 360)	10	4	**(5 226)**	(5 007)
Headline earnings	(1)	(14)	**5 267**	6 113	>100	>100	**4 727**	1 515

	Banking solutions							
	Transactional products & services				Vehicle and asset finance & Card and payments			
	CCY %	Change %	2021 Rm	2020 Rm	CCY %	Change %	2021 Rm	2020 Rm
Net interest income	15	6	**10 204**	9 633	>100	>100	**143**	24
Non-interest revenue	14	8	**4 552**	4 199	30	31	**392**	299
Total income	14	7	**14 756**	13 832	66	66	**535**	323
Credit impairment charges	(>100)	(>100)	**166**	(1 355)	(>100)	(>100)	**14**	(6)
Operating expenses	10	2	**(9 246)**	(9 024)	(9)	(9)	**(538)**	(592)
Headline earnings	74	75	**3 399**	1 937	(>100)	(>100)	**4**	(208)

Financial performance

Condensed consolidated client solutions results

	Standard Bank Activities															
	Banking															
2021	Home services Rm	Vehicle and asset finance Rm	Card and payments Rm	CHNW and BCC lending Rm	CHNW and BCC transactional Rm	Global markets Rm	Investment banking Rm	Transactional products and services Rm	Banking Rm	Insurance Rm	Investments Rm	Central and other Rm	Standard Bank Activities Rm	Liberty Rm	Other banking interests Rm	Standard Bank Group Rm
Income statement																
Income from Standard Bank Activities	10 441	4 263	7 129	15 022	27 151	18 210	9 900	14 756	106 872	4 400	3 597	(1 313)	113 556			113 556
Net interest income	10 158	3 505	3 316	12 545	14 249	2 764	5 724	10 204	62 465	144	219	(392)	62 436			62 436
Non-interest revenue	283	758	3 813	2 477	12 902	15 446	4 176	4 552	44 407	4 256	3 378	(921)	51 120			51 120
Net income from investment management and life insurance activities														19 426		19 426
Total income	10 441	4 263	7 129	15 022	27 151	18 210	9 900	14 756	106 872	4 400	3 597	(1 313)	113 556	19 426		132 982
Credit impairment charges	(1 135)	(1 150)	(2 932)	(4 946)		4	127	166	(9 866)			(7)	(9 873)			(9 873)
Income before operating expenses	9 306	3 113	4 197	10 076	27 151	18 214	10 027	14 922	97 006	4 400	3 597	(1 320)	103 683	19 426		123 109
Operating expenses in Standard Bank Activities	(2 462)	(2 801)	(4 004)	(6 889)	(25 644)	(7 475)	(5 226)	(9 246)	(63 747)	(2 201)	(1 914)	2 127	(65 735)			(65 735)
Operating expenses in insurance activities														(16 952)		(16 952)
Headline earnings	4 761	155	54	2 162	762	6 937	4 727	3 399	22 957	1 859	755	(631)	24 940	(419)	500	25 021
Statement of financial position																
Loans and advances	421 878	105 079	32 329	206 382	49 420	228 711	342 714	85 797	1 472 310	1 530	1 046	(50 558)	1 424 328			1 424 328
Net loans and advances to banks	1 215		618	62	42 731	186 643	7 345	15 540	254 154	1 146	1 046	(50 168)	206 178			206 178
Net loans and advances to customers	420 663	105 079	31 711	206 320	6 689	42 068	335 369	70 257	1 218 156	384		(390)	1 218 150			1 218 150
Policyholders' assets														2 868		2 868
Deposits and debt funding	254	901	2 183	7 643	783 654	630 966	2 583	417 859	1 846 043	76	7 157	(55 985)	1 797 291	(20 676)		1 776 615
Deposits from banks		45	42	7 643	1 547	144 306	1 004	24 615	179 202		561	(36 622)	143 141			143 141
Deposits and current accounts from customers	254	856	2 141		782 107	486 660	1 579	393 244	1 666 841	76	6 596	(19 363)	1 654 150	(20 676)		1 633 474
Policyholders' liabilities														363 023		363 023
Ratios																
CLR (bps)	27	113	821	232					73				73			
Cost-to-income ratio (%)	23.6	65.7	56.2	45.9	94.4	41.0	52.8	62.7	59.6	50.0	53.2		57.9			

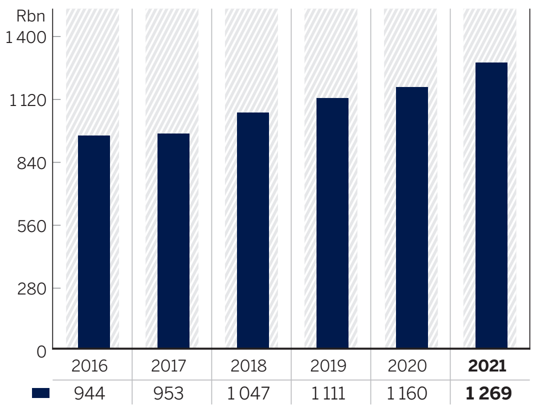
Condensed consolidated client solutions results

	Standard Bank Activities								Standard Bank Activities							
	Banking															
2020	Home services Rm	Vehicle and asset finance Rm	Card and payments Rm	CHNW and BCC lending Rm	CHNW and BCC transactional Rm	Global markets Rm	Investment banking Rm	Transactional products and services Rm	Banking Rm	Insurance Rm	Investments Rm	Central and other Rm	Standard Bank Activities Rm	Liberty Rm	Other banking interests Rm	Standard Bank Group Rm
Income statement																
Income from Standard Bank Activities	8 840	3 873	6 572	14 454	27 565	19 173	7 939	13 832	102 248	4 192	3 536	(1 395)	108 581			108 581
Net interest income	8 630	3 261	3 257	11 770	14 833	3 638	6 260	9 633	61 282	159	233	(249)	61 425			61 425
Non-interest revenue	210	612	3 315	2 684	12 732	15 535	1 679	4 199	40 966	4 033	3 303	(1 146)	47 156			47 156
Net income from investment management and life insurance activities														15 086		15 086
Total income	8 840	3 873	6 572	14 454	27 565	19 173	7 939	13 832	102 248	4 192	3 536	(1 395)	108 581	15 086		123 667
Credit impairment charges	(4 372)	(2 618)	(2 231)	(6 690)	(3)	(221)	(2 613)	(1 355)	(20 103)			(491)	(20 594)			(20 594)
Income before operating expenses	4 468	1 255	4 341	7 764	27 562	18 952	5 326	12 477	82 145	4 192	3 536	(1 886)	87 987	15 086		103 073
Operating expenses in Standard Bank Activities	(2 264)	(2 690)	(3 875)	(6 698)	(24 684)	(7 305)	(5 007)	(9 024)	(61 547)	(2 149)	(1 885)	2 399	(63 182)			(63 182)
Operating expenses in insurance activities														(16 139)		(16 139)
Headline earnings	1 433	(1 093)	269	621	1 880	7 570	1 515	1 937	14 132	1 802	682	(901)	15 715	(651)	881	15 945
Statement of financial position																
Loans and advances	387 735	94 355	31 695	175 330	35 787	202 700	336 036	48 211	1 311 849	1 417	734	(42 745)	1 271 255			1 271 255
Net loans and advances to banks	1 419		532	262	30 412	148 109	7 142	8 874	196 750	1 126	733	(37 479)	161 130			161 130
Net loans and advances to customers	386 316	94 355	31 163	175 068	5 375	54 591	328 894	39 337	1 115 099	291	1	(5 266)	1 110 125			1 110 125
Policyholders' assets														5 050		5 050
Deposits and debt funding	355	851	2 071	7 150	692 295	599 623	2 196	378 256	1 682 797	3	6 797	(47 196)	1 642 401	(18 357)		1 624 044
Deposits from banks		8	42	7 150	989	132 493	1 070	25 567	167 319		383	(35 528)	132 174			132 174
Deposits and current accounts from customers	355	843	2 029		691 306	467 130	1 126	352 689	1 515 478	3	6 414	(11 668)	1 510 227	(18 357)		1 491 870
Policyholders' liabilities														325 192		325 192
Ratios																
CLR (bps)	114	275	648	362					151				151			
Cost-to-income ratio (%)	26.3	71.1	58.9	45.4	89.6	38.1	63.1	65.2	60.2	51.3	53.3		58.2			

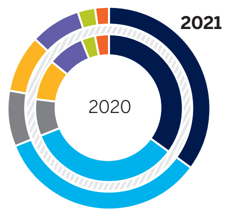
Loans and advances

GROSS LOANS AND ADVANCES TO CUSTOMERS

CAGR (2016 – 2021): 6%



COMPOSITION OF LOANS TO CUSTOMERS (%)



	2021	2020
Term loans	**35**	35
Home services	**34**	34
Other term loans	**9**	8
Vehicle and asset finance	**9**	9
Overdraft and other demand loans	**8**	8
Card and payments	**3**	3
Loans granted under resale agreements	**2**	3

	CCY %	Change %	2021 Rm	2020 Rm
Banking	5	9	**1 269 389**	1 165 503
Home services	9	9	**434 104**	399 208
Vehicle and asset finance	11	12	**110 653**	99 071
Card and payments	3	4	**36 367**	35 121
Personal and business lending	17	16	**232 860**	200 612
Global markets	(24)	(23)	**42 116**	54 688
Investment banking	(1)	2	**340 798**	334 286
Transactional products and services	64	71	**72 491**	42 517
Central and other	>100	(>100)	**93**	(5 481)
Gross loans and advances to customers	8	9	**1 269 482**	1 160 022
Credit impairments on loans and advances to customers	2	3	**(51 332)**	(49 897)
Credit impairments on stage 3 loans	7	9	**(36 129)**	(33 256)
Credit impairments on stage 1 and 2 loans	(10)	(9)	**(15 203)**	(16 641)
Net loans and advances to customers	8	10	**1 218 150**	1 110 125
Net loans and advances to banks	22	28	**206 178**	161 130
Gross loans and advances to banks	21	28	**206 244**	161 219
Credit impairments on loans and advances to banks	(31)	(26)	**(66)**	(89)
Net loans and advances	10	12	**1 424 328**	1 271 255
Gross loans and advances	10	12	**1 475 726**	1 321 241
Credit impairments	2	3	**(51 398)**	(49 986)

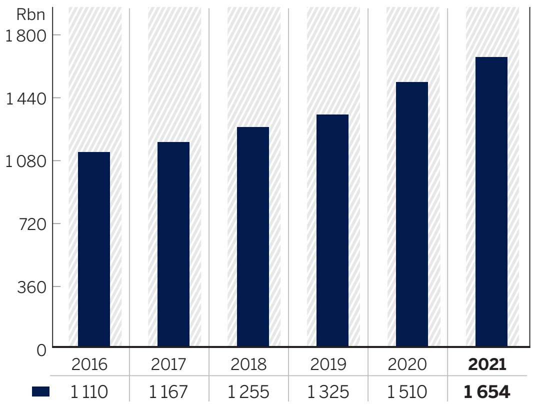
	Change %	2021 Rm	2020 Rm
Loans and advances classification[1]			
Net loans and advances measured at amortised cost	12	**1 423 842**	1 269 051
Loans and advances measured at fair value through profit or loss	(78)	**486**	2 204
Total net loans and advances	12	**1 424 328**	1 271 255

[1] For more details on the classification of the group's assets and liabilities, refer to pages 128 – 131.

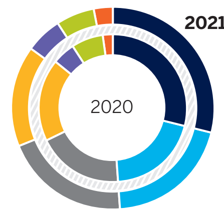
Deposits and debt funding

DEPOSITS FROM CUSTOMERS

CAGR (2016 – 2021): 8%



COMPOSITION OF DEPOSITS FROM CUSTOMERS (%)



	2021	2020
Call deposits	**29**	29
Term deposits	**20**	20
Current accounts	**20**	19
Cash management deposits	**16**	18
Other deposits	**6**	5
Negotiable certificates of deposits	**6**	7
Savings accounts	**3**	2

	CCY %	Change %	2021 Rm	2020 Rm
Banking	2	10	**1 673 513**	1 521 712
Current accounts	10	17	**329 669**	282 291
Cash management deposits	(4)	(4)	**261 526**	272 149
Call deposits	10	12	**482 239**	431 300
Savings accounts	9	13	**42 482**	37 729
Term deposits	12	14	**331 749**	291 520
Negotiable certificates of deposit	(6)	(6)	**102 777**	109 827
Other deposits	32	27	**123 071**	96 896
Central and other	>100	69	**(19 363)**	(11 485)
Deposits from customers	7	10	**1 654 150**	1 510 227
Deposits from banks	5	8	**143 141**	132 174
Total deposits and debt funding	7	9	**1 797 291**	1 642 401
Retail priced deposits		11	**600 764**	543 099
Wholesale priced deposits		9	**1 196 527**	1 099 302
Wholesale priced deposits – customers		9	**1 053 386**	967 128
Wholesale priced deposits – banks		8	**143 141**	132 174

Standard Bank Activities' average statement of financial position

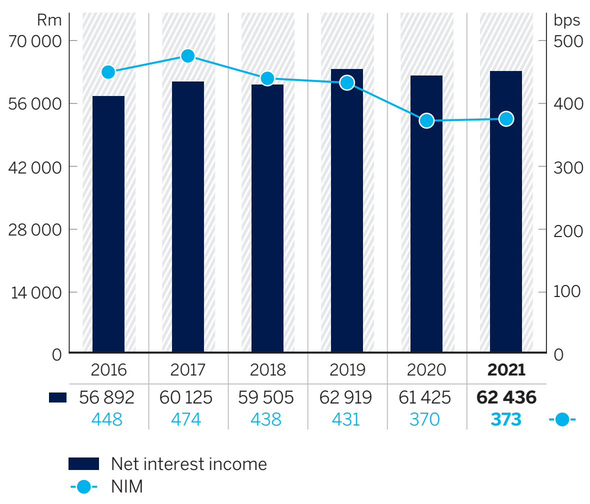
	2021			2020		
	Average balance Rm	Interest Rm	Average rate bps	Average balance Rm	Interest Rm	Average rate bps
Interest-earning assets						
Cash and balances with central banks[1]	71 434			82 628		
Financial investments	284 926	15 777	554	278 522	17 543	628
Net loans and advances	1 319 366	92 299	700	1 299 509	96 766	743
Gross loans and advances	1 363 139	92 299	677	1 336 059	96 766	722
Gross loans and advances to banks	186 997	2 335	125	172 667	1 123	65
Gross loans and advances to customers	1 176 142	89 964	765	1 163 392	95 643	820
Mortgage loans	413 166	29 792	721	381 971	30 098	786
Vehicle and asset finance	102 179	8 580	840	95 346	8 788	919
Card debtors	35 723	5 263	1 473	34 407	5 417	1 570
Personal and business loans	213 287	22 241	1 043	187 429	20 913	1 113
Medium term loans	222 911	14 514	651	224 749	16 857	750
Other loans	192 158	9 574	498	243 738	13 570	557
Central and other	(3 282)			(4 248)		
Credit impairment charges on loans and advances	(43 773)			(36 550)		
Interest-earning assets	1 675 726	108 076	645	1 660 659	114 309	686
Trading book assets	257 135			240 797		
Non-interest-earning assets	128 338			99 619		
Average assets	2 061 199	108 076	524	2 001 075	114 309	570
Interest-bearing liabilities						
Deposits and debt funding	1 689 961	44 022	260	1 621 810	50 639	311
Deposits from banks	132 983	1 680	126	130 417	1 692	129
Deposits from customers	1 556 978	42 342	272	1 491 393	48 947	327
Current accounts	294 480	562	19	266 342	763	28
Savings accounts	39 138	644	165	36 209	695	191
Cash management deposits	243 262	6 605	272	212 663	7 135	335
Call deposits	468 274	11 401	243	433 299	12 904	297
Negotiable certificates of deposit	97 140	5 180	533	145 292	9 040	621
Term and other deposits	425 451	17 950	422	403 635	18 410	455
Central and other	(10 767)			(6 047)		
Subordinated bonds	22 777	1 618	710	24 504	2 245	914
Interest-bearing liabilities	1 712 738	45 640	266	1 646 314	52 884	320
Average equity	169 962			163 839		
Trading book liabilities	83 024			83 844		
Other liabilities	95 475			107 078		
Average equity and liabilities	2 061 199	45 640	221	2 001 075	52 884	264
Margin on average interest-earning assets	1 675 726	62 436	373	1 660 659	61 425	370

[1] Cash and balances with central banks are the SARB interest-free deposit and other prudential assets. This is utilised to meet liquidity requirements and is reflected in the margins as part of interest-earning assets to reflect the cost of liquidity.

Net interest income and net interest margin

NET INTEREST INCOME AND NET INTEREST MARGIN (NIM)

NII CAGR (2016 – 2021): 2%



MOVEMENT IN AVERAGE INTEREST-EARNING ASSETS, NET INTEREST INCOME AND NIM

	Average interest-earning assets Rm	Net interest income Rm	Net interest margin bps
2020	1 660 659	61 425	370
Asset growth	15 067	557	
Cash and cash balances with central banks	(11 194)		
Financial investments	6 404		
Loans and advances	19 857		
Change in asset and liability pricing		655	4
Funding and capital reserves endowment		(1 906)	(11)
Change in balance sheet composition and other		1 705	10
2021	1 675 726	62 436	373

Net interest income and net interest margin

Increase in net interest income largely due to balance sheet growth and change in mix across the portfolio.

Driven by:

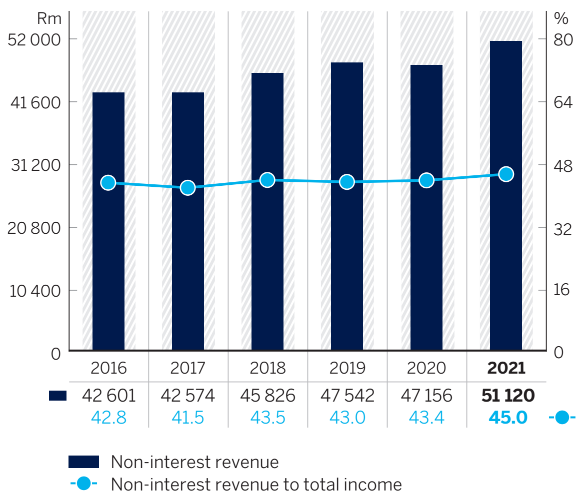
- Growth in home services registrations and vehicle and asset finance payouts as customer demand remained strong in a lower interest rate environment.
- Strong unsecured lending disbursements across most markets, with good growth in Africa Regions driven from digital initiatives and channels.
- Improvement in margin in the corporate loan book as deals were refinanced and originated at higher margins.
- Change in balance sheet mix as retail loans and deposits outpaced corporate balance sheet growth.
- Minimal impact of rising interest rates on net interest income in Ghana, Mozambique, South Africa and Zambia, mainly due to the timing of interest rate hikes.

Partly offset by:

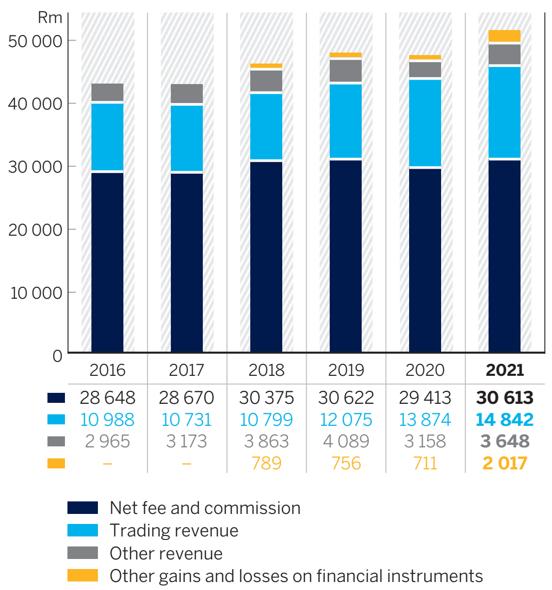
- Negative endowment in a lower average interest environment after deep interest rate cuts in South Africa and several markets across Africa Regions in the prior year.
- Margin pressure in the International business due to reductions in the USD and GBP interest rates and negative returns on the EUR treasury bill portfolio.

Non-interest revenue analysis

NON-INTEREST REVENUE
CAGR (2016 – 2021): 4%



ANALYSIS OF NON-INTEREST REVENUE
CAGR (2016 – 2021): Net fee and commission 1%
Trading revenue 6%
Other revenue 4%

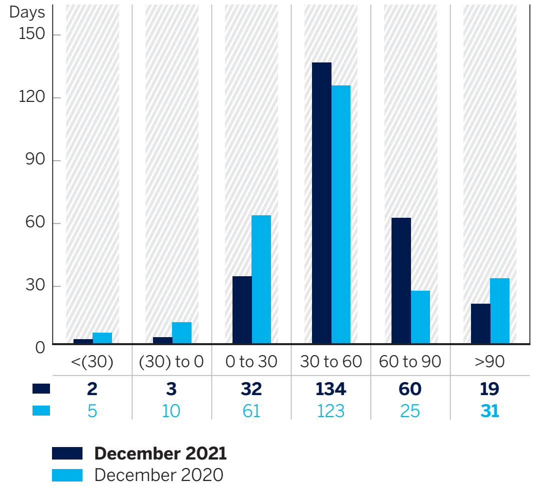


	CCY %	Change %	2021 Rm	2020 Rm
Net fee and commission revenue	9	4	**30 613**	29 413
Fee and commission revenue	10	5	**37 699**	35 933
Account transaction fees	(6)	(9)	**9 466**	10 348
Electronic banking	16	13	**4 977**	4 410
Knowledge-based fees and commission	2	(1)	**2 337**	2 371
Card-based commission	16	14	**7 295**	6 402
Insurance – fees and commission	23	22	**2 243**	1 839
Documentation and administration fees	10	4	**2 401**	2 300
Foreign currency service fees	25	11	**2 289**	2 067
Other	18	8	**6 691**	6 196
Fee and commission expense	11	9	**(7 086)**	(6 520)
Trading revenue	18	7	**14 842**	13 874
Fixed income and currencies	11	(1)	**11 764**	11 852
Commodities	(37)	(37)	**90**	142
Equities	59	59	**2 988**	1 880
Other revenue	27	16	**3 648**	3 158
Banking and other[1]	>100	>100	**1 047**	318
Property-related revenue	(43)	(46)	**39**	72
Insurance-related revenue[1]	(8)	(7)	**2 562**	2 768
Other gains and losses on financial instruments	>100	>100	**2 017**	711
Non-interest revenue	16	8	**51 120**	47 156

[1] Restated. During 2021 it was noted that there was a misallocation of R442 million between banking and other and insurance-related revenue. The restatement did not impact total other revenue or the income statement.

	Change %	2021 Rm	2020 Rm
Banking	8	**44 407**	40 966
Insurance	6	**4 256**	4 033
Investments	2	**3 378**	3 303
Central and other	(20)	**(921)**	(1 146)
Non-interest revenue	8	**51 120**	47 156

DISTRIBUTION OF DAILY TRADING INCOME (FREQUENCY OF DAYS)



Net fee and commission revenue

- Decline in revenues from account transaction fees due to structural re-pricing of cash transaction fees following the discontinuation of cheques, and clients' preference for transacting on digital platforms, partly offset by higher transactional volumes across the continent due to easing lockdown restrictions and strong client acquisition in most markets.
- Higher electronic banking fees due to an increase in digital transactional volumes as clients' preference for digital channels grows, and good growth in Instant Money transaction volumes as momentum builds in distribution partnerships, supported revenue growth.
- Lower knowledge-based fees mainly due to decreased equity trading volumes by retail and institutional clients on the back of lower volatility in the current year.
- Growth in card-based commission due to higher card issuing and acquiring turnover as clients regained confidence to spend and business activity gained traction, coupled with good growth in active merchant account base and point-of-sale devices.
- Growth in insurance fee and commission mainly due to a combination of increased policy base driven by the Flexi-Funeral solution and improved new business volumes in Standard Bank Financial Consultancy.
- Increase in documentation and administration fees earned on the back of strong retail lending activities in Africa Regions, growth in customer accounts within home services, as well as increased fleet transactions.
- Higher foreign currency service fees generated from structured and trade finance deals across the continent, together with higher international spend by individuals as lockdown measures eased.
- Increased debt capital markets and advisory activity mainly contributed to an increase in other fee and commission revenue.
- Higher fee and commission expenses due to higher card interchange costs and volumes.

Trading revenue

- Improved economic activity led to increased client foreign exchange flows in South Africa and Africa Regions, primarily in Angola, Ghana and Uganda.
- Non-recurrence of prior year trading opportunities on the back of extreme market volatility in 2020.
- Revenues in Nigeria were negatively impacted by a decline in investor appetite.
- The Equities business continued to benefit from its revised consolidated business model, resulting in improved risk management and identification of market opportunities on the back of increased corporate activity.

Other revenue

- Banking and other revenues grew due to the non-recurrence of prior year disposal losses in VAF Fleet; in addition to improved dividend and investment income as general business activity recovered.
- Property-related revenue reduced following the sale of the Samrand Data Centre in the last quarter of 2020.
- Decline in insurance-related revenue due to higher credit life claims during the third Covid-19 wave and higher short-term claims off a low base in 2020; partially offset by higher gross written premiums.

Other gains and losses on financial instruments

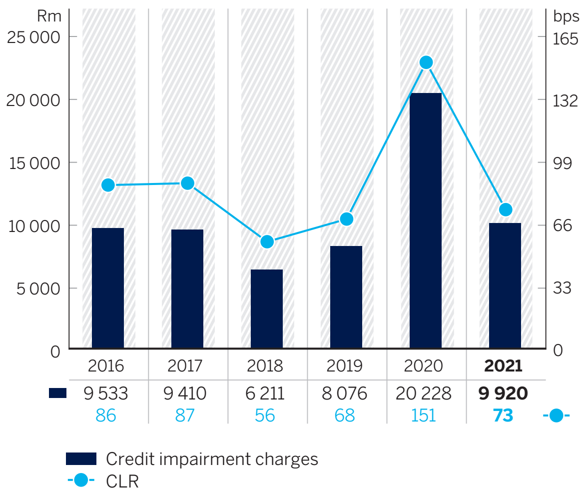
- Gains on the equity investment portfolio driven by the improved corporate outlook in South Africa, compared to the valuation write downs in the prior year.

Credit impairment analysis

Income statement charges

CREDIT IMPAIRMENT CHARGES ON LOANS AND ADVANCES

CAGR (2016 – 2021): 1%



Credit impairment charges

Reduction driven by:

- Robust credit strategies which maximised collections and client rehabilitation processes which further resulted in lower stage 3 book growth.
- Strong book growth in secured lending underpinned by robust risk appetites.
- High cures within the client relief population due to positive repayment behaviour post exiting their moratorium period.
- Increased business activities and payment behaviour linked to higher turnover post the prior year hard lockdown.
- Lower provisioning in Nigeria and Zimbabwe driven by higher collections in business lending portfolios.
- Impairment releases on the corporate loan portfolio were mainly due to no new material defaults, successful restructuring of previously non-performing loans and adequate provisions raised for existing stage 3 exposures at the end of 2020. In addition, the performing portfolio benefited from higher risk stage 2 exposures either maturing or being paid down.
- Lower Africa Regions charges largely driven by currency fluctuations and ZAR translation impact.

Partly offset by:

- Strain observed in a tranche of expired payment holidays within the Card portfolio.
- Increase in stage 3 exposures within the Business Banking segment, most notably in East region and Botswana.
- Non-recurrence of prior period post-write off recovery realised in Malawi.

INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

		2021						2020					
	Change %	**Stage 1 Rm**	**Stage 2[1] Rm**	**Total stage 1 and 2 Rm**	**Stage 3[1] Rm**	**Credit impairment charges/ (release) Rm**	**Credit loss ratio bps**	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges Rm	Credit loss ratio bps
Home services	(74)	**205**	**(590)**	**(385)**	**1 520**	**1 135**	**27**	178	1 260	1 438	2 934	4 372	114
Vehicle and asset finance	(56)	**(73)**	**(376)**	**(449)**	**1 599**	**1 150**	**113**	57	516	573	2 045	2 618	275
Card and payments	31	**(46)**	**(147)**	**(193)**	**3 125**	**2 932**	**821**	96	381	477	1 754	2 231	648
Personal unsecured lending	(24)	**112**	**(173)**	**(61)**	**3 380**	**3 319**	**430**	137	390	527	3 849	4 376	618
Business lending and other	(30)	**(58)**	**103**	**45**	**1 591**	**1 636**	**90**	257	511	768	1 565	2 333	141
Corporate and sovereign lending	(>100)	**(93)**	**(403)**	**(496)**	**275**	**(221)**	**(5)**	270	24	294	3 475	3 769	80
CIB Bank lending	(>100)	**(31)**		**(31)**		**(31)**	**(2)**	29		29		29	2
Central and other	(100)							218	282	500		500	
Total loans and advances credit impairment charges	(51)	**16**	**(1 586)**	**(1 570)**	**11 490**	**9 920**	**73**	1 242	3 364	4 606	15 622	20 228	151
Credit impairment charges – financial investments						**23**						65	
Credit impairment (release)/charges – letters of credit and guarantees						**(70)**						301	
Total credit impairment charges	(52)					**9 873**						20 594	

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

Credit impairment analysis

Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2021 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm	Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money & interest in suspense Rm	December 2021 closing balance Rm	Modification losses and recoveries of amounts written off Rm
Home services	15 153		1 083	(1 137)	27	499	15 625	(52)
Stage 1	844	1 184	(979)		10		1 059	
Stage 2	3 064	(83)	(547)		6		2 440	(40)
Stage 3	11 245	(1 101)	2 609	(1 137)	11	499	12 126	(12)
Vehicle and asset finance	5 648		1 275	(1 042)	90	366	6 337	125
Stage 1	720	334	(407)		4		651	
Stage 2	1 498	(147)	(229)		9		1 131	
Stage 3	3 430	(187)	1 911	(1 042)	77	366	4 555	125
Card and payments	3 444		3 635	(3 389)	(6)	201	3 885	703
Stage 1	686	152	(198)		2		642	
Stage 2	1 292	(197)	52		5		1 152	2
Stage 3	1 466	45	3 781	(3 389)	(13)	201	2 091	701
Personal unsecured lending	9 716		3 297	(4 320)	33	1 014	9 740	(22)
Stage 1	1 371	101	11		25		1 508	
Stage 2	2 063	(325)	61		(38)		1 761	(91)
Stage 3	6 282	224	3 225	(4 320)	46	1 014	6 471	69
Business lending and other	6 786		1 830	(1 766)	55	631	7 536	194
Stage 1	913	73	(131)		88		943	
Stage 2	1 185	(321)	424		7		1 295	
Stage 3	4 688	248	1 537	(1 766)	(40)	631	5 298	194
Corporate and sovereign lending	8 669		(125)	(1 664)	421	409	7 710	96
Stage 1	1 353	94	(187)		44		1 304	
Stage 2	1 171	(169)	(234)		50		818	
Stage 3	6 145	75	296	(1 664)	327	409	5 588	96
CIB Bank lending	70		(31)		26		65	
Stage 1	70		(31)		26		65	
Central and other	500						500	
Stage 1	218						218	
Stage 2	282						282	
Stage 3								
Total	49 986		10 964	(13 318)	646	3 120	51 398	1 044
Stage 1	6 175	1 938	(1 922)		199		6 390	
Stage 2	10 555	(1 242)	(473)		39		8 879	(129)
Stage 3	33 256	(696)	13 359	(13 318)	408	3 120	36 129	1 173

The income statement credit impairment charge on loans and advances of R9 920 million is made up of total transfers, net provision raised of R10 964 million less modification losses and post-write-off recoveries of R1 044 million.

Credit impairment analysis

Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2020 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm	Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money & interest in suspense Rm	December 2020 closing balance Rm	Modification losses and recoveries of amounts written off Rm
Home services	10 910		4 272	(789)	(66)	826	15 153	(100)
Stage 1	667	257	(79)		(1)		844	
Stage 2	1 910	(339)	1 500		(7)		3 064	(99)
Stage 3	8 333	82	2 851	(789)	(58)	826	11 245	(1)
Vehicle and asset finance	3 720		2 719	(951)	(104)	264	5 648	101
Stage 1	663	133	(76)				720	
Stage 2	991	(368)	884		(9)		1 498	
Stage 3	2 066	235	1 911	(951)	(95)	264	3 430	101
Card and payments	2 656		2 837	(2 177)		128	3 444	606
Stage 1	592	98	(2)		(2)		686	
Stage 2	975	(236)	555		(2)		1 292	(62)
Stage 3	1 089	138	2 284	(2 177)	4	128	1 466	668
Personal unsecured lending	7 445		4 465	(2 786)	(151)	740	9 713	89
Stage 1	1 253	(3)	140		(22)		1 368	
Stage 2	1 780	(502)	836		(51)		2 063	(56)
Stage 3	4 412	505	3 489	(2 786)	(78)	740	6 282	145
Business lending and other	4 811		2 662	(1 028)	147	197	6 789	329
Stage 1	696	112	145		(40)		913	
Stage 2	717	(242)	753		(40)		1 188	
Stage 3	3 398	130	1 764	(1 028)	227	197	4 688	329
Corporate and sovereign lending	5 692		3 879	(885)	(536)	519	8 669	110
Stage 1	1 222		270		(139)		1 353	
Stage 2	1 154	(155)	179		(7)		1 171	
Stage 3	3 316	155	3 430	(885)	(390)	519	6 145	110
CIB Bank lending	45		29		(4)		70	
Stage 1	45		29		(4)		70	
Central and other			500				500	
Stage 1			218				218	
Stage 2			282				282	
Total	35 279		21 363	(8 616)	(714)	2 674	49 986	1 135
Stage 1	5 138	597	645		(208)		6 172	
Stage 2	7 527	(1 842)	4 989		(116)		10 558	(217)
Stage 3	22 614	1 245	15 729	(8 616)	(390)	2 674	33 256	1 352

The income statement credit impairment charge on loans and advances of R20 228 million is made up of total transfers, net provision raised and released of R21 363 million less modification losses and post-write-off recoveries of R1 135 million.

Credit impairment analysis

Loans and advances performance

	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
2021													
Home services	434 104	103 230	58	260 628	8 325	4 005	25 813	402 059	32 045	19 919	12 126	38	7.4
Vehicle and asset finance	110 653	22 865	70	67 686	2 969	2 721	7 081	103 392	7 261	2 706	4 555	63	6.6
Card and payments	36 367	4 192		24 810	37	866	3 607	33 512	2 855	764	2 091	73	7.9
Personal unsecured lending	81 226	7 124	33	53 882	354	5 363	5 998	72 754	8 472	2 001	6 471	76	10.4
Business lending and other	200 902	94 154	286	86 568	2 851	2 076	6 477	192 412	8 490	3 197	5 293	62	4.2
Corporate and sovereign lending	455 404	169 177	1 462	234 111	35 353	3 252	1 257	444 612	10 792	5 204	5 588	52	2.4
CIB Bank lending	209 593	180 441		24 894	1 550	1 726	982	209 593					
Central and other	(53 009)	(53 009)						(53 009)					
Gross loans and advances	1 475 240	528 174	1 909	752 579	51 439	20 009	51 215	1 405 325	69 915	33 791	36 124	52	4.7
Percentage of total book (%)	100.0	35.8	0.1	51.0	3.5	1.4	3.5	95.3	4.7	2.3	2.4		4.7
Gross loans and advances at amortised cost	1 475 240												
Gross loans and advances at fair value	486												
Total gross loans and advances	1 475 726												

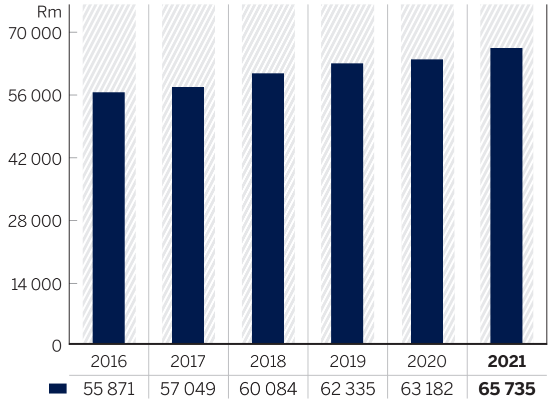
	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
2020													
Home services	399 208	141 847	129	175 643	13 917	8 401	25 628	365 565	33 643	22 398	11 245	33	8.4
Vehicle and asset finance	99 071	17 972	297	61 499	1 380	1 201	9 179	91 528	7 543	4 113	3 430	45	7.6
Card and payments	35 121	3 091	88	24 398	749	927	3 791	33 044	2 077	611	1 466	71	5.9
Personal unsecured lending	73 607	3 590	18	51 982	252	3 549	6 421	65 812	7 795	1 513	6 282	81	10.6
Business lending and other	162 004	65 718	225	74 041	3 697	3 915	6 844	154 440	7 564	2 876	4 688	62	4.7
Corporate and sovereign lending	431 501	168 633	3 289	198 147	43 531	1 228	3 201	418 029	13 472	7 327	6 145	46	3.1
CIB Bank lending	162 243	96 915		62 446	1 713	526	643	162 243					
Central and other	(43 718)	(43 718)						(43 718)					
Gross loans and advances	1 319 037	454 048	4 046	648 156	65 239	19 747	55 707	1 246 943	72 094	38 838	33 256	46	5.5
Percentage of total book (%)	100.0	34.4	0.3	49.1	5.0	1.5	4.2	94.5	5.5	3.0	2.5		5.5
Gross loans and advances at amortised cost	1 319 037												
Gross loans and advances at fair value	2 204												
Total gross loans and advances	1 321 241												

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

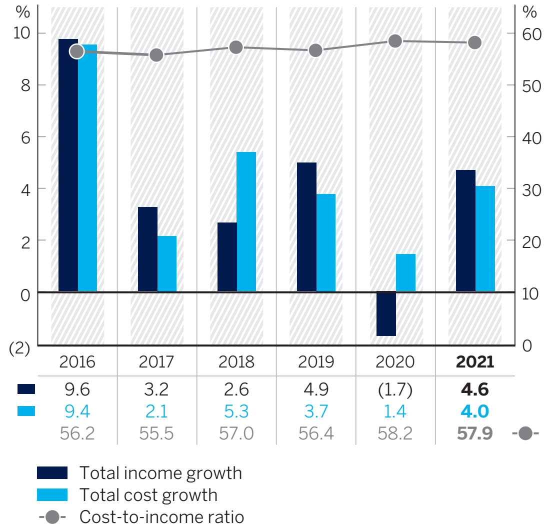
Operating expenses

OPERATING EXPENSES

CAGR (2016 – 2021): 3%



COST AND INCOME GROWTH

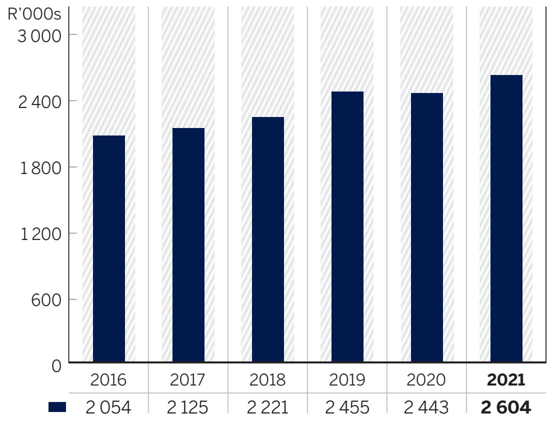


	CCY %	Change %	2021 Rm	2020 Rm
Staff costs				
Fixed remuneration	6	2	**25 898**	25 278
Variable remuneration	28	23	**7 672**	6 233
Charge for incentive payments	41	34	**5 772**	4 318
IFRS 2 charge: cash-settled share schemes (including associated hedge)	6	6	**519**	489
IFRS 2 charge: equity-settled share schemes	(3)	(3)	**1 381**	1 426
Other staff costs	15	7	**3 072**	2 869
Total staff costs	11	7	**36 642**	34 380
Variable remuneration as a % of total staff costs			**20.9**	18.1
Other operating expenses				
Information technology	5	3	**9 743**	9 454
Amortisation of intangible assets	6	5	**2 713**	2 587
Depreciation	(2)	(6)	**4 191**	4 465
Premises	1	(3)	**1 938**	2 007
Professional fees	(7)	(9)	**1 888**	2 081
Communication	4	(1)	**1 242**	1 250
Marketing and advertising	15	12	**2 026**	1 813
Other	22	4	**5 352**	5 145
Total other operating expenses	6	1	**29 093**	28 802
Total operating expenses	9	4	**65 735**	63 182
Total income	10	5	**113 556**	108 581
Cost-to-income ratio (%)			**57.9**	58.2
Jaws (bps)			**54**	(306)

ANALYSIS OF OPERATING EXPENSES BY CLIENT SOLUTION

	Change %	2021 Rm	2020 Rm
Banking	4	**63 747**	61 547
Insurance	2	**2 201**	2 149
Investments	2	**1 914**	1 885
Central and other	(11)	**(2 127)**	(2 399)
Total operating expenses	4	**65 735**	63 182

STANDARD BANK ACTIVITIES REVENUE PER EMPLOYEE



STANDARD BANK ACTIVITIES HEADLINE EARNINGS PER EMPLOYEE

ANALYSIS OF HEADCOUNT BY GEOGRAPHY

	Change %	2021 Number	2020 Number
South Africa	(2)	**28 955**	29 580
Africa Regions	(1)	**14 036**	14 248
International	(1)	**616**	622
Standard Bank Activities	(2)	**43 607**	44 450

ANALYSIS OF TOTAL INFORMATION TECHNOLOGY FUNCTION SPEND

	CCY %	Change %	2021 Rm	2020 Rm
Staff costs	11	10	**4 354**	3 957
Licences, maintenance and related costs	5	3	**9 743**	9 454
Amortisation of intangible assets	6	5	**2 713**	2 587
Depreciation and other expenses	0	(3)	**2 574**	2 667
Total information technology function spend	6	4	**19 384**	18 665

Staff costs and headcount

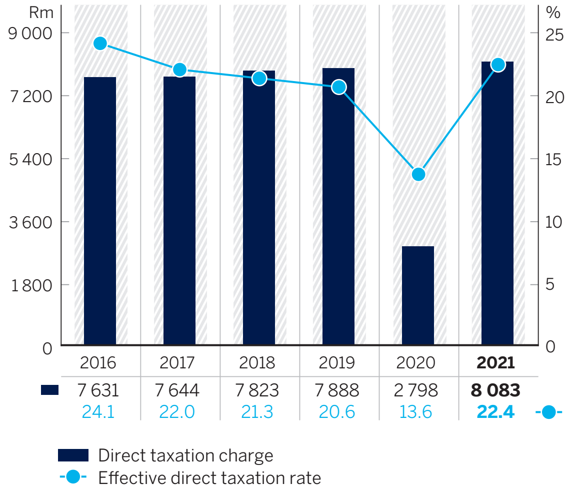
- Higher staff costs due to annual salary increases and cost-of-living adjustments, partly offset by natural attrition.
- Higher variable remuneration in line with improved business performance.
- Lower capitalised costs as signature information technology programmes wound down.

Other operating expenses

- Information technology cost growth contained through adoption of 'save to invest' philosophy:
  - Savings driven by reduced dependency on third-party contractors, prioritisation of technology investment and decommissioning of legacy systems.
  - Increase driven by future ready investments, migration to cloud (enhancing agility), client relationship management platform (Salesforce), client proposition initiatives (digital capabilities) and taking on required skills.
- Decrease in premises expenses in line with the group's strategic focus on rationalising physical footprint, allowing the exit of third-party leases and the non-recurrence of Covid-19 set up costs in the prior year.
- Prior year professional fee costs included non-recurrence of investment required to support client experience initiatives, cloud migration and digitisation journeys.
- Decline in communication expenses as face-to-face client engagements increased, versus high volumes and higher telephonic and SMS expenses in the prior year; partially offset by ongoing spending to maintain connectivity required for remote work.
- Increase in marketing and advertising spend on campaigns and brand repositioning across client segments, partly offset by exiting sponsorships.
- Contraction in other expenses largely due to insurance recoveries coupled with the impact of savings from discretionary spend due to Covid-19 restrictions.

Taxation

DIRECT TAXATION CHARGE AND EFFECTIVE DIRECT TAXATION RATE



DIRECT TAXATION RATE RECONCILIATION

	2021 %	2020 %
Direct taxation – statutory rate	**28.0**	28.0
Prior period tax	**(0.6)**	(0.4)
Total direct taxation – current period	**27.4**	27.6
Capital gains tax	**0.0**	1.1
Adjustment: Foreign tax and withholdings tax	**3.0**	4.5
Change in tax rate	**0.1**	0.0
Normal direct taxation – current period	**30.5**	33.2
Permanent differences:	**(8.1)**	(19.6)
Non-taxable income – capital profit	**0.0**	(1.5)
Non-taxable income – dividends	**(4.5)**	(9.1)
Non-taxable income – other[1]	**(5.6)**	(10.6)
Effects of profits taxed in different jurisdictions	**0.0**	(1.2)
Other	**2.0**	2.8
Effective direct taxation rate	**22.4**	13.6

[1] Primarily comprises non-taxable interest income.

Direct taxation rate

The increase in the effective direct taxation rate (from 13.6% to 22.4%) is primarily driven by the increase in the net income before taxation, a decrease in non-taxable interest income earned in Nigeria and a decrease in non-taxable dividends earned in South Africa.

Partially offset by:

- Foreign tax and withholding tax in Africa Regions.
- Increase in non-deductible expense incurred to generate exempt income as well as other non-deductible expenses.

Liquidity and capital management

Liquidity management

Liquidity management overview

- Appropriate liquidity buffers were held in line with the assessment of liquidity risk across the geographies in which the group operates.
- The group's liquidity position remained strong throughout 2021, supported by elevated transactional account balances combined with limited net growth in client term lending balances.
- The South African market has remained open to senior and subordinated bond issuances whilst issuance of negotiable certificate of deposits (NCDs) normalised following the marked reduction in issuance observed during 2020 caused in part by elevated household deposit balances.
- The group's available contingent liquidity remains adequate to meet internal as well as regulatory stress requirements. Contingent funding plans, stress testing assumptions as well as early warning indicators continue to be reassessed for appropriateness considering learnings from the pandemic.
- The group continues to leverage its extensive deposit franchises to ensure that it has the appropriate amount, tenor and diversification of funding across currencies and jurisdictions to minimise concentration risk and to support its current and forecast funding requirements while minimising funding costs.
- The group maintained both the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) in excess of minimum regulatory requirements of 80% and 100% respectively during 2021. With effect from January and April 2022, the minimum regulatory requirement for the LCR will increase to 90% and 100% respectively.
- Longer term funding increased by R26.4 billion through the issuance of NCDs, senior debt and syndicated loans. The Standard Bank of South Africa Limited issued its debut R2 billion Social Bond in August 2021, followed by a R1.5 billion tap in the fourth quarter of 2021. The group continues to benefit from favourable liquidity conditions, contributing to strong liquidity ratios.
- R3.2 billion of Tier 2 capital of which R1.4 billion relates to the group's first capital qualifying local Green Bond and R3.5 billion of Additional Tier 1 capital were issued during 2021, the proceeds of which were invested in SBSA on the same terms and conditions.

Total contingent liquidity

- Portfolios of marketable and liquid instruments to meet regulatory and internal stress testing requirements are maintained as protection against unforeseen cash outflows. These portfolios are managed within ALCO-defined limits on the basis of diversification and liquidity.
- Managed liquidity represents unencumbered marketable assets other than eligible Basel III LCR high quality liquid assets (HQLA) which would provide additional sources of liquidity in a stress scenario.

	2021 Rbn	2020 Rbn
Eligible LCR HQLA[1] comprising:	**361**	356
Notes and coins	**21**	19
Balances with central banks	**36**	36
Government bonds and bills	**286**	265
Other eligible liquid assets	**18**	36
Managed liquidity	**192**	166
Total contingent liquidity	**553**	522
Total contingent liquidity as a % of funding-related liabilities	**30.4**	31.3

[1] Eligible LCR HQLA are defined according to the Basel Committee on Banking Supervision LCR and liquidity risk monitoring framework. The calculation considers any liquidity transfer restrictions that will inhibit the transfer of HQLA across jurisdictions.

Liquidity coverage ratio (average)

- The Basel III LCR promotes short-term resilience of the group's 30 calendar day liquidity risk profile by ensuring it has sufficient HQLA to meet potential outflows in a stressed environment.
- The SBG and SBSA LCR figures reflect the simple average of daily observations over the periods as reflected in the table below.

	4Q21 Rbn	4Q20 Rbn
SBG[1]		
Total HQLA	**370**	349
Net cash outflows	**256**	259
LCR (%)	**144.3**	134.8
SBSA[2]		
Total HQLA	**227**	230
Net cash outflows	**205**	204
LCR (%)	**110.8**	112.6
Minimum requirement (%)	**80.0**	80.0

[1] Includes quarterly daily results for SBSA, SBSA Isle of Man branch, Stanbic Bank Ghana, Stanbic Bank Uganda, Standard Bank Namibia, Stanbic IBTC Bank Nigeria, Standard Bank Isle of Man Limited and Standard Bank Jersey Limited and the simple average of three month-end data points for the respective quarter for the other Africa Regions' banking entities.
[2] Excludes foreign branches.

Structural liquidity requirements

Net stable funding ratio (NSFR)[1]

- The objective of the Basel III NSFR is to promote funding stability and resilience in the banking sector by requiring banks to maintain a stable funding profile in relation to the composition of assets and off-balance sheet activities.
- The available stable funding is defined as the portion of capital and liabilities expected to be available over the one year time horizon considered by the NSFR.
- The amount of required stable funding is a function of the liquidity characteristics and residual maturities of the various assets (including off-balance sheet exposures) held by the bank.

	2021 Rbn	2020 Rbn
SBG		
Available stable funding	**1 413**	1 298
Required stable funding	**1 158**	1 040
NSFR (%)	**122.0**	124.8
SBSA[2]		
Available stable funding	**951**	904
Required stable funding	**884**	808
NSFR (%)	**107.6**	111.9
Minimum requirement (%)	**100.0**	100.0

[1] Period-end position.
[2] Excludes foreign branches.

Diversified funding base

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

FUNDING-RELATED LIABILITIES COMPOSITION[1]

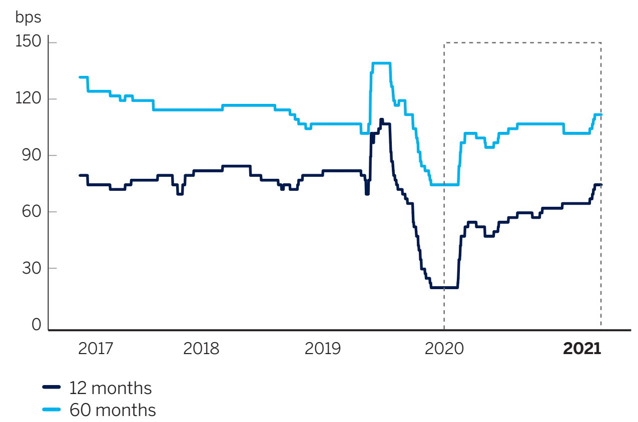
	2021 Rbn	2020 Rbn
Corporate funding	**555**	504
Retail deposits[2]	**482**	448
Institutional funding	**397**	347
Government and parastatals	**157**	147
Interbank funding	**108**	86
Senior debt	**58**	60
Term loan funding	**35**	46
Subordinated debt issued	**25**	23
Other liabilities to the public	**5**	4
Total Standard Bank Activities funding-related liabilities	**1 822**	1 665

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

Funding costs

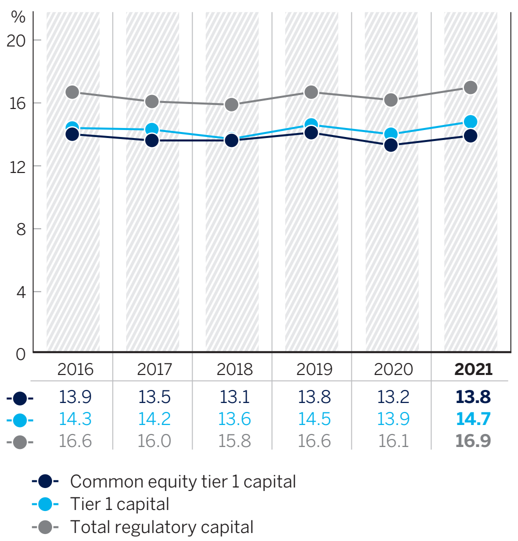
- The market cost of liquidity is measured as the spread paid on NCDs above the prevailing reference rate, namely three-month JIBAR.
- The graph is based on actively issued money market instruments by SBSA, namely 12- and 60-month NCDs.
- The cost of liquidity, as measured by pricing of 12-month and 5-year NCDs increased by 20 basis points (bps) and 12.5bps respectively during 2021. While asset growth remained relatively subdued post the market impacts of Covid-19 in 2021, the increase in pricing was driven by demand for wholesale funding to support asset growth in consumer and high net worth, commercial and business and corporate sectors in the fourth quarter, as well as higher spreads on government bonds.

SBSA 12- AND 60-MONTH LIQUIDITY SPREAD



Capital adequacy

CAPITAL ADEQUACY
(including unappropriated profit)



CAPITAL ADEQUACY RATIOS

	Internal target ratios[1,2] %	SARB minimum regulatory requirement[3] %	Excluding unappropriated profit 2021 %	Excluding unappropriated profit 2020 %	Including unappropriated profit 2021 %	Including unappropriated profit 2020 %
Common equity tier 1 capital adequacy ratio	>11.0	8.0	**12.8**	12.5	**13.8**	13.2
Tier 1 capital adequacy ratio	>12.0	10.0	**13.7**	13.2	**14.7**	13.9
Total capital adequacy ratio	>15.0	12.0	**15.9**	15.4	**16.9**	16.1

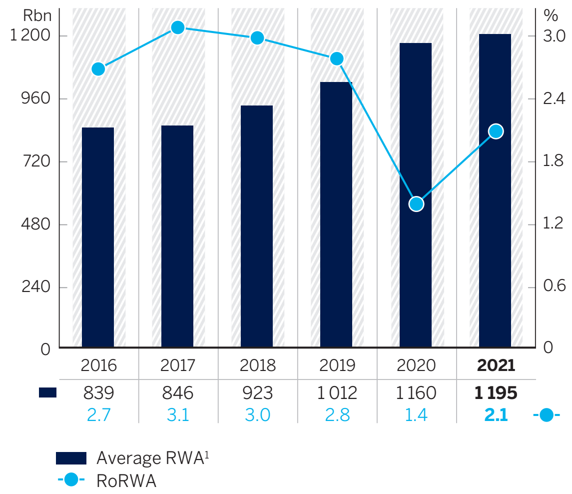
[1] Including unappropriated profit.
[2] Recalibrated inclusive of Pillar 2A requirements that will be reinstated by the Prudential Authority from 1 January 2022.
[3] Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	2021 Rm	2020 Rm
Ordinary shareholders' equity	13	**198 832**	176 371
Qualifying non-controlling interest	19	**8 390**	7 039
Regulatory adjustments	(3)	**(19 201)**	(19 814)
Goodwill	(1)	**(2 195)**	(2 207)
Other intangible assets	(8)	**(12 653)**	(13 797)
Investments in financial entities	(21)	**(3 133)**	(3 953)
Other adjustments including IFRS 9 phase-in for 2020	(>100)	**(1 220)**	143
Total common equity tier 1 capital (including unappropriated profit)	15	**188 021**	163 596
Unappropriated profit	60	**(13 631)**	(8 517)
Common equity tier 1 capital	12	**174 390**	155 079
Qualifying other equity instruments	37	**11 099**	8 124
Qualifying non-controlling interest	47	**1 088**	742
Tier 1 capital	14	**186 577**	163 945
Tier 2 capital	15	**29 724**	25 903
Qualifying tier 2 subordinated debt	11	**23 394**	21 152
General allowance for credit impairments	33	**6 330**	4 751
Total regulatory capital	14	**216 301**	189 848

Return on risk-weighted assets and risk-weighted assets

SBG RoRWA



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

RISK-WEIGHTED ASSETS BY RISK TYPE

	Change %	2021 Rm	2020 Rm
Credit risk	9	**955 829**	879 273
Counterparty credit risk	34	**68 921**	51 330
Market risk	14	**71 839**	63 043
Operational risk	8	**177 500**	163 648
Equity risk in the banking book	68	**23 550**	14 029
RWA for investments in financial entities	12	**65 397**	58 155
Standard Bank Group	11	**1 363 036**	1 229 478

Capital adequacy ratios per legal entity

CAPITAL ADEQUACY RATIOS PER LEGAL ENTITY

	Tier 1 host regulatory requirement %	Total host regulatory requirement %	2021 Tier 1 capital %	2021 Total capital %	2020 Tier 1 capital %	2020 Total capital %
Standard Bank Group[1]	10.0	12.0	14.7	16.9	13.9	16.1
The Standard Bank of South Africa Group (SBSA Group)[1]	10.0	12.5	14.0	17.1	13.0	16.0
Africa Regions						
Stanbic Bank Botswana	7.5	12.5	10.9	17.3	9.2	16.9
Stanbic Bank Ghana	11.0	13.0	17.2	19.2	16.5	18.5
Stanbic Bank Kenya	10.5	14.5	15.0	17.0	16.0	18.1
Stanbic Bank S.A. (Cote d' Ivoire)	8.5	11.3	65.6	65.6	>100	>100
Stanbic Bank Tanzania	12.5	14.5	22.4	23.8	20.5	22.0
Stanbic Bank Uganda	10.0	12.0	20.0	22.0	15.9	18.1
Stanbic Bank Zambia	5.0	10.0	24.4	26.6	19.2	22.0
Stanbic Bank Zimbabwe	8.7	12.0	15.2	20.6	15.9	23.6
Stanbic IBTC Bank Nigeria		10.0	14.7	16.1	17.2	19.4
Standard Bank de Angola		10.0	41.3	45.0	32.6	38.0
Standard Bank Malawi	10.0	15.0	20.2	22.4	21.6	24.0
Standard Bank Mauritius	9.9	11.9	31.4	32.3	32.2	33.0
Standard Bank Mozambique		14.0	22.2	22.2	24.8	24.8
Standard Bank Namibia	7.5	10.0	10.9	12.7	12.1	13.5
Standard Bank RDC (DRC)	7.5	10.0	22.0	24.5	21.5	23.6
Standard Bank Eswatini	5.5	8.0	11.0	14.1	10.0	13.0
Standard Lesotho Bank[2]	6.0	8.0	28.8	25.1	31.0	27.0
International						
Standard Bank Isle of Man	8.5	10.0	12.9	12.9	19.4	19.5
Standard Bank Jersey	8.5	11.0	14.8	14.9	17.9	17.9
Capital adequacy ratio – times covered						
Standard Insurance Limited (SIL)[3]						
Solvency capital requirement coverage ratio				2.87		2.70
Liberty Group Limited[2]						
Solvency capital requirement coverage ratio				1.72		1.81

[1] Minimum regulatory requirement excludes confidential bank specific requirements and Pillar 2A buffer requirements that were removed by the PA in response to the Covid-19 pandemic. Pillar 2A requirements are reinstated from 1 January 2022, increasing minimum Tier 1 and Total capital adequacy requirements by 75bps and 100bps respectively.
[2] FY20 restated to include unappropriated profits following regulatory approval.
[3] Calculated in terms of the Insurance Act, 2017, which came into effect on 1 July 2018.

Currency translation impact, economic capital and economic returns

MOVEMENT IN THE FOREIGN CURRENCY TRANSLATION RESERVE

	2021 Rm	2020 Rm
Balance at beginning of the period: (debit)	(8 719)	(8 566)
Translation and hedge reserve (decrease)/increase for the period	6 134	(3 284)
Africa Regions	5 085	(3 950)
International	985	705
Liberty	62	(39)
Currency hedge losses	2	
Movement due to disposal and liquidation of entities		3 131
Balance at end of the period: (debit)/credit	(2 585)	(8 719)

ECONOMIC CAPITAL UTILISATION BY RISK TYPE

	Change %	2021 Rm	2020 Rm
Credit risk	11	119 350	107 182
Equity risk	17	6 505	5 557
Market risk	(34)	998	1 512
Operational risk	8	17 251	15 960
Business risk	6	4 387	4 139
Interest rate risk in the banking book	53	6 164	4 016
Economic capital requirement	12	154 655	138 366
Available financial resources	16	221 112	189 870
Economic capital coverage ratio (times)		1.43	1.37

ECONOMIC RETURNS

	Change %	2021 Rm	2020 Rm
Average ordinary shareholders' equity	3	185 008	179 116
Headline earnings	57	25 021	15 945
Cost of equity charge	5	(27 196)	(25 793)
Economic returns	(78)	(2 175)	(9 848)

Other capital instruments

SUBORDINATED DEBT

	Redeemable/ repayable date	Callable date	Notional value[1] LCm	2021 Carrying value[1] Rm	2021 Notional value[1] Rm	2020 Carrying value[1] Rm	2020 Notional value[1] Rm
Standard Bank Group Limited				**22 746**	**22 520**	19 353	18 869
SBT 201[2,3]	13 Feb 2028	13 Feb 2023	ZAR3 000	**2 978**	**3 000**	3 026	3 000
SBT 202[2,3]	3 Dec 2028	3 Dec 2023	ZAR1 516	**1 522**	**1 516**	1 523	1 516
SBT 203[2,3]	3 Dec 2028	3 Dec 2023	ZAR484	**510**	**484**	535	484
SBT 204[2,3]	16 Apr 2029	16 Apr 2024	ZAR1 000	**1 012**	**1 000**	1 012	1 000
SBT 205[2,3]	31 May 2029	31 May 2024	USD400	**6 525**	**6 354**	6 236	5 869
SBT 206[2,3]	31 Jan 2030	31 Jan 2025	ZAR2 000	**2 019**	**2 000**	2 018	2 000
SBT 207[2,3]	25 Jun 2030	25 Jun 2025	ZAR3 500	**3 498**	**3 500**	3 503	3 500
SBT 208[2,3]	28 Nov 2030	28 Nov 2025	ZAR1 500	**1 509**	**1 500**	1 500	1 500
SBT 209[2,3]	29 Jun 2031	29 Jun 2026	ZAR1 722	**1 723**	**1 722**		
SST 201[2,3]	8 Dec 2031	8 Dec 2026	ZAR1 444	**1 450**	**1 444**		
SBSA group				**992**	**1 000**	2 798	2 700
SBK 25[2]	25 Apr 2026	25 Apr 2021	ZAR1 200			1 216	1 200
SBK 26[2]	25 Apr 2026	25 Apr 2021	ZAR500			518	500
SBK 23[2]	28 May 2027	28 May 2022	ZAR1 000	**992**	**1 000**	1 064	1 000
Standard Bank Eswatini	29 Jun 2028	30 Jun 2023	E100	**104**	**100**	105	100
Stanbic Botswana	2027-2029	2022-2024	BWP500	**681**	**677**	683	679
Stanbic Bank Kenya	21 Dec 2028	15 Feb 2024	USD20	**321**	**318**	298	293
Subordinated debt issued to group companies[4]						(28)	(28)
Total subordinated debt – Standard Bank Activities				**24 844**	**24 615**	23 209	22 613
Liberty (qualifying as regulatory insurance capital)			ZAR5 000	**5 586**	**5 500**	6 097	6 000
Total subordinated debt				**30 430**	**30 115**	29 306	28 613

[1] The difference between the carrying and notional value represents accrued interest together with, where applicable, the unamortised fair value adjustments relating to bonds hedged for interest rate risk.
[2] Basel III compliant tier 2 instruments which contain a contractual non-viability write-off feature.
[3] SBSA on a reciprocal basis entered into subordinated tier 2 capital lending agreements with SBG under identical terms.
[4] Includes R8 million (2020: R16 million) relating to subordinated debt from investment management and life insurance activities and accrued interest income of R8 million (2020: R12 million) relating to Africa Regions.

OTHER EQUITY HOLDERS

	First callable date	Notional value LCm	2021 Carrying value Rm	2021 Notional value Rm	2020 Carrying value Rm	2020 Notional value Rm
Cumulative preference share capital (SBKP)		ZAR8	**8**	**8**	8	8
Non-cumulative preference share capital (SBPP)		ZAR1	**5 495**	**1**	5 495	1
Total preference share capital			**5 503**	**9**	5 503	9
SBT 101[1]	31 Mar 2022	ZAR1 744	**1 744**	**1 744**	1 744	1 744
SBT 102[1]	30 Sep 2022	ZAR1 800	**1 800**	**1 800**	1 800	1 800
SBT 103[1]	31 Mar 2024	ZAR1 942	**1 942**	**1 942**	1 942	1 942
SBT 104[1]	30 Sep 2025	ZAR1 539	**1 539**	**1 539**	1 539	1 539
SBT 105[1]	31 Mar 2026	ZAR1 800	**1 800**	**1 800**		
SBT 106[1]	31 Dec 2026	ZAR1 724	**1 724**	**1 724**		
Total AT1 capital bonds			**10 549**	**10 549**	7 025	7 025
Total other equity instruments			**16 052**	**10 558**	12 528	7 034

[1] SBSA on a reciprocal basis entered into subordinated AT1 capital lending agreements with SBG under identical terms.

Key banking legal entity information

The Standard Bank Group

Headline earnings and net asset value reconciliation by key legal entity

HEADLINE EARNINGS

	Change %	2021 Rm	2020 Rm
SBSA Group as consolidated into SBG	>100	**13 981**	5 394
Africa Regions legal entities	(2)	**8 995**	9 192
Standard Bank International	(20)	**544**	680
Other group entities	>100	**1 420**	449
Standard Insurance Limited	(12)	**489**	558
SBG Securities	>100	**995**	427
Standard Advisory London	47	**63**	43
Other[1]	(78)	**(127)**	(579)
Standard Bank Activities	59	**24 940**	15 715
Liberty	(36)	**(419)**	(651)
Other banking interests	(43)	**500**	881
Standard Bank Group	57	**25 021**	15 945

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

NET ASSET VALUE

	Change %	2021 Rm	2020 Rm
SBSA Group	9	**107 416**	98 352
Africa Regions legal entities	22	**56 137**	46 188
Standard Bank International	14	**9 276**	8 169
Other group entities	19	**10 856**	9 139
Standard Insurance Limited	(4)	**2 096**	2 193
SBG Securities	42	**2 856**	2 013
Standard Advisory London	11	**732**	658
Other	21	**5 172**	4 275
Standard Bank Activities	13	**183 685**	161 848
Liberty	(1)	**10 899**	11 001
Other banking interests	21	**4 248**	3 522
Standard Bank Group	13	**198 832**	176 371

The Standard Bank of South Africa

Key financial results, ratios and statistics

		Change %	2021	2020
SBSA Group[1]				
Income statement				
Headline earnings	Rm	>100	**12 877**	4 728
Headline earnings as consolidated into SBG[2]	Rm	>100	**13 981**	5 394
Profit attributable to ordinary shareholders	Rm	>100	**12 821**	2 543
Statement of financial position				
Ordinary shareholders' equity	Rm	9	**107 416**	98 352
Total assets	Rm	4	**1 725 074**	1 659 467
Net loans and advances	Rm	7	**1 203 254**	1 124 238
Financial performance				
ROE	%		**12.5**	4.8
Non-interest revenue to total income	%		**44.1**	40.7
Loan-to-deposit ratio	%		**85.6**	85.2
CLR	bps		**68**	148
CLR on loans to customers	bps		**79**	170
Cost-to-income ratio	%		**62.2**	63.4
Jaws	bps		**198**	(518)
Number of employees		(2)	**28 356**	29 022
Capital adequacy				
Total risk-weighted assets	Rm	7	**772 054**	722 809
Common equity tier 1 capital adequacy ratio[3]	%		**12.6**	12.0
Tier 1 capital adequacy ratio[3]	%		**14.0**	13.0
Total capital adequacy ratio[3]	%		**17.1**	16.0
SBSA Company[1]				
Headline earnings	Rm	>100	**12 909**	4 394
Headline earnings as consolidated into SBG[2]	Rm	>100	**12 835**	4 326
Total assets	Rm	4	**1 725 439**	1 659 180
ROE	%		**12.7**	4.5

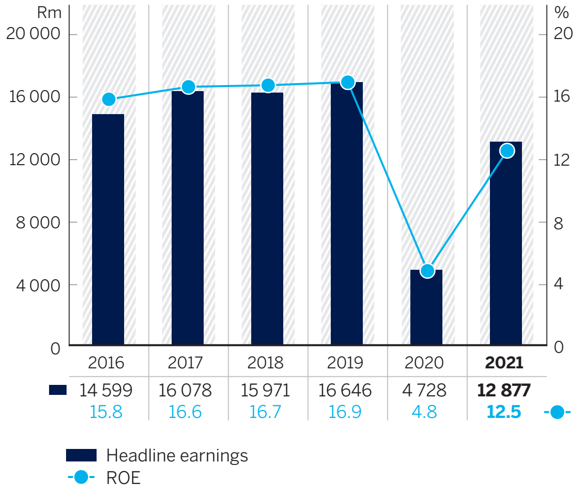
[1] SBSA Group is a consolidation of entities including subsidiaries as well as structured entities, whereas SBSA company is a legal entity.
[2] At an SBSA level, certain share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. In addition, the hedges of those share schemes are recognised in the income statement at an SBSA level and in equity at an SBG level. Given SBG share price fluctuation, it is considered appropriate also to reflect SBSA's headline earnings as consolidated into SBG.
[3] IFRS 9 fully phased-in for capital adequacy purposes from 01 January 2021.

The Standard Bank of South Africa

Key financial results, ratios and statistics

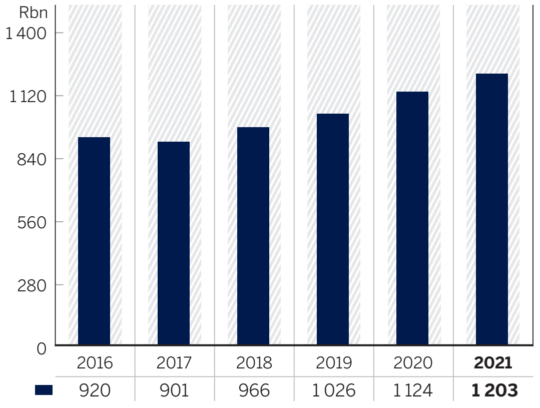
HEADLINE EARNINGS

CAGR (2016 – 2021): (3%)



NET LOANS AND ADVANCES

CAGR (2016 – 2021): 6%



SBSA Group results

The Standard Bank of South Africa (SBSA Group) is an integrated financial services organisation that supports economic growth and socioeconomic development of South Africa. It is the largest contributor to group revenue, generating 64% of the group's total income.

The recovery of the global economy characterised 2021. In South Africa, economic activity and business confidence improved as public health restrictions were eased. Stronger commodity prices supported recovery in tax collection, enabling extended assistance to citizens and sectors most impacted by the pandemic without creating excessive additional fiscal pressure. After a sluggish start, the national vaccine programme gained momentum through various government and public-private initiatives to improve awareness and access.

The safety of our clients and people remained our highest priority during the year. This was especially important during the social unrest experienced in July 2021 in parts of Kwa-Zulu Natal and Gauteng. We offered various forms of support to our clients, our colleagues and the communities impacted to assist with the recovery process.

SBSA Group's headline earnings grew to R12 877 million in 2021, up >100% on the prior year, with an ROE of 12.5%. 2H21 improved compared to 1H21 primarily driven by reduced credit impairment charges due to the release of forward-looking provisions raised as well as improvement in cures; higher transactional activity and volumes that supported non-interest revenue growth; higher client trading activity in Foreign Exchange; and once-off gains earned on structured client and equity deals within Global Markets.

SBSA Group maintained a strong liquidity position, which supported both our balance sheet strategies and our clients in navigating the complex operating environment of 2021. We continued to operate within approved risk appetite parameters, and our capital and liquidity positions remained robust and in excess of regulatory minimums.

Our yield and tenor optimisation strategies on the high-quality liquid asset (HQLA) portfolio supported growth in interest earning assets, resulting in margin expansion and growth in financial investments of 11%. Furthermore, we grew gross loans and advances by 6%, as the momentum from 1H21 in disbursements and pay-outs continued across CHNW (Consumer & High Net Worth Clients) and BCC (Business & Commercial Clients) segments, coupled with improved origination in 2H21 as general business activity resumed in the corporate portfolio.

Strategic initiatives implemented in CHNW and BCC yielded growth of 5% in deposits and current accounts, alongside strong growth in savings and investment deposits. Although demand for longer-dated deposits declined in the corporate portfolio, as clients continued to manage their cash flows in an uncertain market, the broader portfolio grew due to key client retention and new clients won.

Total income improved by 10% and 2% compared to FY20 and FY19 respectively, as lockdown measures eased, and economic activity resumed. Investment in strategic digital initiatives together with normalised incentive provisioning drove an increase in operating expenses of 8%. This led to an improved cost-to-income ratio of 62.2% and positive jaws of 198bps.

Net interest income increased by 3% year-on-year as continued momentum in disbursements, growth in financial investments and positive margin mix outweighed the impact of negative endowment from lower interest rates.

Net fee and commission revenue grew by 2% due to higher transactional activity compared to FY20 (and FY19) mainly in Card turnover. ATM volumes started to show recovery; however, cash transactions continued to decline, particularly within branches, due to deliberate efforts to digitise transactions and provide alternative channels for customers to transact.

More positive investor sentiment due to expected economic recovery resulted in trading revenue growth of 31% as client flow and activity returned to emerging markets. Foreign Exchange benefited from improved client flow and the Equities business generated strong risk trading gains on market opportunities. This was partially offset by lower client activity in credit trading.

Other income and Other gains on financial instruments both improved, driven by reversals of prior year valuation write downs on the Equity portfolio.

Credit impairment charges were 54% lower. This was largely due to improved collections as the economy recovered from the hard lockdown in 2020, and to the improved performance of the client relief portfolio, as customers resumed making loan repayments, resulting in higher cures and an improving risk profile across portfolios.

SBSA remains well positioned to deliver on the group's strategic priorities to transform client experience and execute with excellence, thereby driving sustainable growth and value. The SBSA franchise remains strong, and we will continue to support our clients with solutions designed to support their plans and aspirations.

The Standard Bank of South Africa
Condensed statement of financial position

	Group			Company		
	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm
Assets						
Cash and balances with central banks	(5)	**32 255**	34 030	(5)	**32 255**	34 030
Derivative assets	(47)	**58 287**	110 350	(47)	**58 268**	110 343
Trading assets	12	**238 098**	211 658	12	**232 633**	208 099
Pledged assets	>100	**1 975**	911	>100	**1 975**	911
Financial investments	11	**144 037**	129 461	11	**144 435**	129 857
Non-current assets held for sale	100	**265**		100	**265**	
Net loans and advances	7	**1 203 254**	1 124 238	7	**1 203 295**	1 123 188
Gross loans and advances to banks	15	**194 480**	169 608	15	**194 313**	169 478
Gross loans and advances to customers	6	**1 050 255**	995 326	6	**1 050 337**	994 284
Credit impairments	2	**(41 481)**	(40 696)	2	**(41 355)**	(40 574)
Other assets	3	**23 886**	23 161	3	**23 779**	23 149
Interest in associates and joint ventures	26	**940**	744	36	**6 639**	4 885
Property, equipment and right of use assets	(10)	**11 243**	12 449	(10)	**11 173**	12 375
Goodwill and other intangible assets	(13)	**10 834**	12 465	(13)	**10 722**	12 343
Total assets	4	**1 725 074**	1 659 467	4	**1 725 439**	1 659 180
Equity and liabilities						
Equity	12	**118 968**	106 224	12	**117 105**	104 555
Equity attributable to ordinary shareholders	9	**107 416**	98 352	9	**106 556**	97 530
Equity attributable to other equity instrument holders	47	**11 488**	7 815	50	**10 549**	7 025
Equity attributable to AT1 capital noteholders	50	**10 549**	7 025	50	**10 549**	7 025
Equity attributable to non-controlling interests within Standard Bank Group	19	**939**	790			
Equity attributable to non-controlling interests	12	**64**	57			
Liabilities	3	**1 606 106**	1 553 243	3	**1 608 334**	1 554 625
Derivative liabilities	(38)	**69 594**	112 138	(38)	**69 549**	112 122
Trading liabilities	6	**79 416**	75 231	6	**79 416**	75 231
Deposits and debt funding	7	**1 406 202**	1 318 773	7	**1 409 139**	1 320 655
Deposits from banks	16	**201 578**	173 029	16	**201 599**	174 229
Deposits from customers	5	**1 204 624**	1 145 744	5	**1 207 540**	1 146 426
Subordinated debt	7	**23 738**	22 151	7	**23 738**	22 151
Provisions and other liabilities	9	**27 156**	24 950	8	**26 492**	24 466
Total equity and liabilities	4	**1 725 074**	1 659 467	4	**1 725 439**	1 659 180

The Standard Bank of South Africa
Condensed income statement

	Group			Company		
	Change %	2021 Rm	2020 Rm	Change %	2021 Rm	2020 Rm
Net interest income	3	**40 806**	39 472	3	**39 378**	38 075
Non-interest revenue	19	**32 241**	27 038	20	**31 407**	26 232
Net fee and commission revenue	2	**19 385**	18 937	2	**18 381**	17 980
Trading revenue	31	**6 765**	5 157	29	**6 626**	5 128
Other revenue	67	**4 124**	2 472	65	**4 433**	2 692
Other gains and losses on financial instruments	>100	**1 967**	472	>100	**1 967**	432
Total income	10	**73 047**	66 510	10	**70 785**	64 307
Credit impairment charges	(54)	**(7 814)**	(17 095)	(55)	**(7 765)**	(17 068)
Loans and advances	(53)	**(7 903)**	(16 779)	(53)	**(7 856)**	(16 752)
Financial investments	(>100)	**17**	(42)	(>100)	**18**	(42)
Letters of credit and guarantees	(>100)	**72**	(274)	(>100)	**73**	(274)
Income before revenue sharing agreements	32	**65 233**	49 415	33	**63 020**	47 239
Revenue sharing agreements with group companies	(5)	**(413)**	(435)	(5)	**(413)**	(435)
Income before operating expenses	32	**64 820**	48 980	34	**62 607**	46 804
Operating expenses	8	**(45 160)**	(41 875)	8	**(44 384)**	(40 975)
Staff costs	11	**(24 645)**	(22 142)	11	**(24 100)**	(21 644)
Other operating expenses	4	**(20 515)**	(19 733)	5	**(20 284)**	(19 331)
Net income before non-trading and capital related items and equity accounted earnings	>100	**19 660**	7 105	>100	**18 223**	5 829
Non-trading and capital related items	(97)	**(80)**	(3 040)	(95)	**(150)**	(3 040)
Share of post-tax profit from associates and joint ventures	(27)	**19**	26	(27)	**19**	26
Profit before indirect taxation	>100	**19 599**	4 091	>100	**18 092**	2 815
Indirect taxation	9	**(1 432)**	(1 313)	9	**(1 422)**	(1 307)
Profit before direct taxation	>100	**18 167**	2 778	>100	**16 670**	1 508
Direct taxation	(>100)	**(3 620)**	924	(>100)	**(3 350)**	1 121
Profit for the period	>100	**14 547**	3 702	>100	**13 320**	2 629
Attributable to AT1 capital noteholders	28	**(537)**	(420)	28	**(537)**	(420)
Attributable to non-controlling interests with Standard Bank Group	61	**(1 179)**	(734)			
Attributable to non-controlling interests	100	**(10)**	(5)			
Attributable to ordinary shareholders	>100	**12 821**	2 543	>100	**12 783**	2 209
Headline adjustable items	(97)	**56**	2 185	(94)	**126**	2 185
Headline earnings	>100	**12 877**	4 728	>100	**12 909**	4 394
Profit attributable to non-controlling interests within Standard Bank Group	61	**1 179**	734			
IFRS 2 adjustment – staff costs net of taxation	10	**(75)**	(68)	9	**(74)**	(68)
Headlines earnings as consolidated into SBG[1]	>100	**13 981**	5 394	>100	**12 835**	4 326

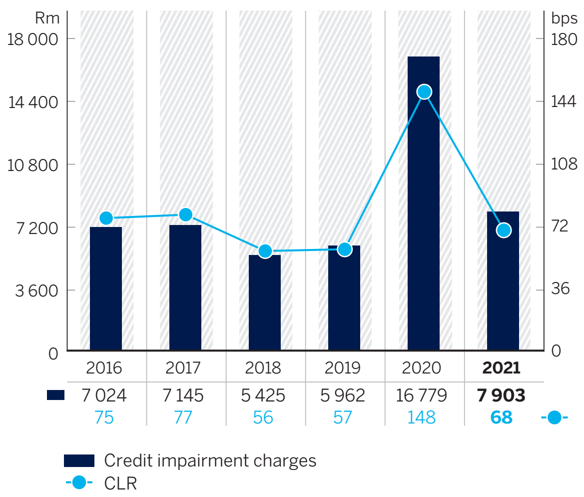
[1] At an SBSA level, the share-based payment schemes are accounted for on a cash-settled basis, but at a consolidated SBG level they are accounted for on an equity-settled basis. Given the fluctuation in the SBG share price, it is considered appropriate to also reflect SBSA's headline earnings as consolidated into SBG.

The Standard Bank of South Africa

Credit impairment charges

CREDIT IMPAIRMENT CHARGES ON LOANS AND ADVANCES

CAGR (2016 – 2021): 2%



INCOME STATEMENT CREDIT IMPAIRMENT CHARGES

	2021							2020					
	Change %	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps	Stage 1 Rm	Stage 2[1] Rm	Total stage 1 and 2 Rm	Stage 3[1] Rm	Credit impairment charges/ (release) Rm	Credit loss ratio bps
Banking													
Home services	(83)	200	(636)	(436)	1 158	722	19	156	1 243	1 399	2 733	4 132	116
Vehicle and asset finance	(60)	(83)	(384)	(467)	1 436	969	105	79	488	567	1 853	2 420	286
Card and payments	34	(44)	(151)	(195)	3 113	2 918	830	95	378	473	1 711	2 184	646
Personal unsecured lending	(29)	40	(231)	(191)	2 766	2 575	561	65	253	318	3 314	3 632	783
Business lending and other	(36)	(50)	28	(22)	1 030	1 008	130	145	396	541	1 046	1 587	216
Corporate and sovereign lending	(>100)	(81)	(273)	(354)	97	(257)	(7)	113	204	317	2 509	2 826	71
CIB Bank lending	>100	(32)		(32)		(32)		(2)		(2)		(2)	
Total loans and advances credit impairment charges	(53)	(50)	(1 647)	(1 697)	9 600	7 903	68	651	2 962	3 613	13 166	16 779	148
Credit impairment (release)/charge – financial investments						(17)						42	
Credit impairment (release)/charge – letters of credit and guarantees						(72)						274	
Total credit impairment charges	(54)					7 814						17 095	

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

The Standard Bank of South Africa

Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2021 opening balance Rm	Total transfers between stages Rm	Net provisions raised and (released) Rm	Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2021 closing balance Rm	Modification losses and recoveries of amounts written off Rm
Mortgage loans	14 256		628	(1 022)		523	14 385	(94)
Stage 1	769	1 158	(958)				969	
Stage 2	2 873	(45)	(631)				2 197	(40)
Stage 3	10 614	(1 113)	2 217	(1 022)		523	11 219	(54)
Vehicle and asset finance	5 015		1 072	(965)		333	5 455	103
Stage 1	665	339	(422)				582	
Stage 2	1 278	(121)	(263)				894	
Stage 3	3 072	(218)	1 757	(965)		333	3 979	103
Card debtors	3 356		3 603	(3 359)		201	3 801	685
Stage 1	667	144	(188)				623	
Stage 2	1 261	(188)	39				1 112	2
Stage 3	1 428	44	3 752	(3 359)		201	2 066	683
Personal unsecured lending	8 126		2 425	(3 714)		861	7 698	(150)
Stage 1	950	211	(171)				990	
Stage 2	1 503	(230)	(91)				1 182	(90)
Stage 3	5 673	19	2 687	(3 714)		861	5 526	(60)
Business lending and other	4 752		1 051	(902)		210	5 111	43
Stage 1	643	147	(197)				593	
Stage 2	853	(265)	293				881	
Stage 3	3 256	118	955	(902)		210	3 637	43
Corporate and sovereign lending	5 146		(249)	(193)	85	185	4 974	8
Stage 1	854	81	(162)		(27)		746	
Stage 2	883	(76)	(197)		5		615	
Stage 3	3 409	(5)	110	(193)	107	185	3 613	8
CIB Bank lending	45		(32)		44		57	
Stage 1	45		(32)		44		57	
Total	40 696		8 498	(10 155)	129	2 313	41 481	595
Stage 1	4 593	2 080	(2 130)		17		4 560	
Stage 2	8 651	(925)	(850)		5		6 881	(128)
Stage 3	27 452	(1 155)	11 478	(10 155)	107	2 313	30 040	723

The income statement credit impairment charge on loans and advances of R7 903 million is made up of total transfers, net provision raised of R8 498 million less modification losses and post-write-off recoveries of R595 million.

The Standard Bank of South Africa

Reconciliation of expected credit loss for loans and advances measured at amortised cost

	1 January 2020 opening balance Rm	Total transfers between stages Rm	Net provisions raised and released Rm	Impaired accounts written off Rm	Currency translation and other movements Rm	Time value of money and interest in suspense Rm	December 2020 closing balance Rm	Modification losses and recoveries of amounts written off Rm
Mortgage loans	10 150		4 007	(729)		828	14 256	(125)
Stage 1	613	244	(88)				769	
Stage 2	1 729	(319)	1463				2 873	(99)
Stage 3	7 808	75	2 632	(729)		828	10 614	(26)
Vehicle and asset finance	3 107		2 477	(833)		264	5 015	57
Stage 1	586	83	(4)				665	
Stage 2	790	(314)	802				1 278	
Stage 3	1 731	231	1 679	(833)		264	3 072	57
Card debtors	2 582		2 777	(2 131)		128	3 356	593
Stage 1	572	92	3				667	
Stage 2	945	(231)	547				1 261	(62)
Stage 3	1 065	139	2 227	(2 131)		128	1 428	655
Personal unsecured lending	6 078		3 588	(2 285)		745	8 126	(44)
Stage 1	885	97	(32)				950	
Stage 2	1 306	(445)	642				1 503	(56)
Stage 3	3 887	348	2 978	(2 285)		745	5 673	12
Business lending and other	3 500		1 597	(561)		216	4 752	10
Stage 1	498	76	69				643	
Stage 2	457	(177)	573				853	
Stage 3	2 545	101	955	(561)		216	3 256	10
Corporate and sovereign lending	2 342		2 838	(151)	(102)	219	5 146	12
Stage 1	745	27	86		(4)		854	
Stage 2	666	(159)	363		13		883	
Stage 3	931	132	2 389	(151)	(111)	219	3 409	12
Bank lending	47		(2)				45	
Stage 1	47		(2)				45	
Stage 2								
Stage 3								
Total	27 806		17 282	(6 690)	(102)	2 400	40 696	503
Stage 1	3 946	619	32		(4)		4 593	
Stage 2	5 893	(1645)	4390		13		8 651	(217)
Stage 3	17 967	1 026	12 860	(6 690)	(111)	2 400	27 452	720

The income statement credit impairment charge on loans and advances of R16 779 million is made up of total transfers, net provision raised and released of R17 282 million less modification losses and post-write-off recoveries of R503 million.

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Loans and advances performance

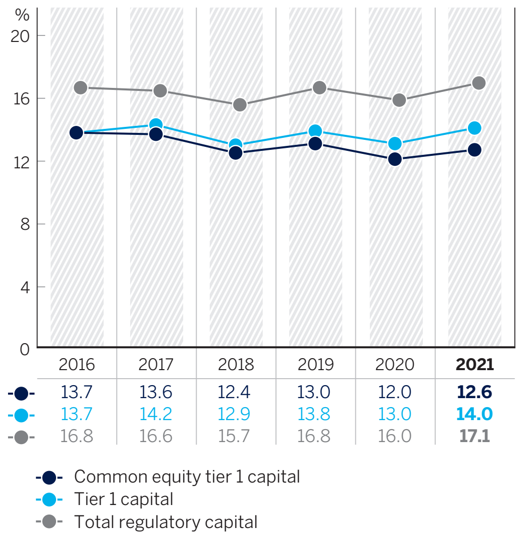
	Gross carrying loans and advances Rm	SB 1 – 12 Stage 1 Rm	SB 1 – 12 Stage 2 Rm	SB 13 – 20 Stage 1 Rm	SB 13 – 20 Stage 2 Rm	SB 21 – 25 Stage 1 Rm	SB 21 – 25 Stage 2 Rm	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loan Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
2021													
Mortgage loans	**411 412**	**102 080**	**22**	**244 651**	**8 222**	**3 973**	**23 463**	**382 411**	**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**	**93 004**	**6 527**	**2 548**	**3 979**	**61**	**6.6**
Card debtors	**35 779**	**4 132**		**24 422**	**29**	**866**	**3 506**	**32 955**	**2 824**	**758**	**2 066**	**73**	**7.9**
Personal unsecured lending	**48 279**	**2 349**		**28 489**	**103**	**5 179**	**4 816**	**40 936**	**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**	**79 686**	**5 420**	**1 783**	**3 637**	**67**	**6.4**
Corporate and sovereign lending	**368 365**	**165 487**	**1 159**	**161 110**	**30 142**	**1 518**	**901**	**360 317**	**8 048**	**4 435**	**3 613**	**45**	**2.2**
CIB Bank lending	**160 266**	**134 198**		**26 013**	**22**	**32**	**1**	**160 266**					
Central and Other	**35 511**	**35 511**						**35 511**					
Gross loans and advances	**1 244 249**	**479 561**	**1 419**	**602 124**	**43 402**	**15 658**	**42 922**	**1 185 086**	**59 163**	**29 123**	**30 040**	**51**	**4.8**
Percentage of total book (%)	**100.0**	**38.5**	**0.1**	**48.4**	**3.5**	**1.3**	**3.4**	**95.2**	**4.8**	**2.4**	**2.4**		**4.8**
Gross loans and advances at amortised cost	**1 244 249**												
Gross loans and advances at fair value	**486**												
Total gross loans and advances	**1 244 735**												

	Gross carrying loans and advances Rm	SB 1 - 12 Stage 1 Rm	SB 1 - 12 Stage 2 Rm	SB 13 - 20 Stage 1 Rm	SB 13 - 20 Stage 2 Rm	SB 21 - 25 Stage 1 Rm	SB 21 - 25 Stage 2 Rm	Total stage 1 and 2 loans Rm	Total stage 3 loans Rm	Securities and expected recoveries on stage 3 exposures loans Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross stage 3 loans coverage ratio %	Stage 3 exposures ratio %
2020													
Mortgage loans	378 124	144 652	106	157 268	13 826	8 371	22 853	347 076	31 048	20 434	10 614	34	8.2
Vehicle and asset finance	89 481	17 280	275	54 227	1 380	1 178	8 145	82 485	6 996	3 924	3 072	44	7.8
Card debtors	34 592	3 090	88	24 003	742	927	3 688	32 538	2 054	626	1 428	70	5.9
Personal unsecured lending	47 363	3 375		28 203	175	3 512	5 103	40 368	6 995	1 322	5 673	81	14.8
Business lending and other	80 535	11 455	217	52 599	3 084	3 663	4 349	75 367	5 168	1 912	3 256	63	6.4
Corporate and sovereign lending	366 124	166 365	3 283	145 793	39 026	535	1 465	356 467	9 657	6 248	3 409	35	3
CIB Bank lending	167 480	109 577		56 093	1 371	421	18	167 480					
Gross loans and advances	1 163 699	455 794	3 969	518 186	59 604	18 607	45 621	1 101 781	61 918	34 466	27 452	44	5
Percentage of total book (%)	100.0	39.3	0.3	44.5	5.1	1.6	3.9	94.7	5.3	2.9	2.4		5.3
Gross loans and advances at amortised cost	1 163 699												
Gross loans and advances at fair value	1 235												
Total gross loans and advances	1 164 934												

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

The Standard Bank of South Africa
Capital adequacy and risk-weighted assets

CAPITAL ADEQUACY – SBSA GROUP



RISK-WEIGHTED ASSETS

	Change %	2021 Rm	2020 Rm
Credit risk	5	**548 181**	521 314
Counterparty credit risk	30	**52 432**	40 290
Market risk	6	**43 891**	41 537
Operational risk	0	**97 393**	97 069
Equity risk in the banking book	81	**13 932**	7 718
RWA for investments in financial entities	9	**16 225**	14 881
Total risk-weighted assets	7	**772 054**	722 809

The Standard Bank of South Africa
Capital adequacy

QUALIFYING REGULATORY CAPITAL EXCLUDING UNAPPROPRIATED PROFIT

	Change %	2021 Rm	2020 Rm
Ordinary shareholders' equity	9	**107 416**	98 352
Regulatory adjustments	(8)	**(10 063)**	(10 934)
Goodwill	0	**(42)**	(42)
Other intangible assets	(13)	**(9 117)**	(10 511)
Other adjustments including IFRS 9 phase-in for 2020	(>100)	**(904)**	(381)
Total (including unappropriated profit)	11	**97 353**	87 418
Unappropriated profit	>100	**(8 323)**	(3 742)
Common equity tier 1 capital	6	**89 030**	83 676
Qualifying other equity instruments	51	**10 502**	6 944
Tier 1 capital	10	**99 532**	90 620
Tier 2 capital	11	**23 858**	21 449
Qualifying tier 2 subordinated debt	9	**23 520**	21 569
General allowance for credit impairments	17	**2 836**	2 418
Regulatory adjustments – investment in tier 2 instruments in other banks	(2)	**(2 498)**	(2 538)
Total qualifying regulatory capital	10	**123 390**	112 069

CAPITAL ADEQUACY RATIOS

	Internal target ratios[1,2] %	SARB minimum regulatory requirement[3] %	Excluding unappropriated profit 2021 %	Excluding unappropriated profit 2020 %	Including unappropriated profit 2021 %	Including unappropriated profit 2020 %
Common equity tier 1 capital adequacy ratio	>11.0	8.0	**11.5**	11.5	**12.6**	12.0
Tier 1 capital adequacy ratio	>12.0	10.0	**12.9**	12.4	**14.0**	13.0
Total capital adequacy ratio	>15.0	12.5	**16.0**	15.5	**17.1**	16.0

[1] Including unappropriated profit.
[2] Recalibrated inclusive of Pillar 2A requirements that will be reinstated by the Prudential Authority from 1 January 2022
[3] Excluding confidential bank specific requirements. Pillar 2A buffer requirements temporarily removed in response to the Covid-19 pandemic.

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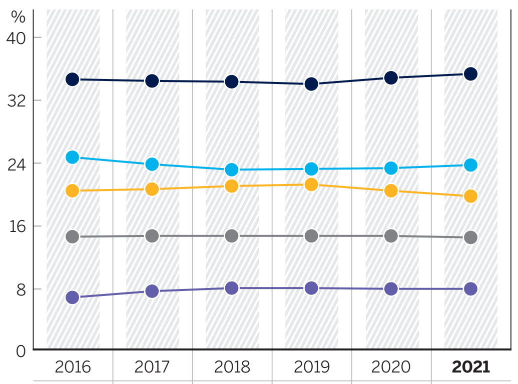
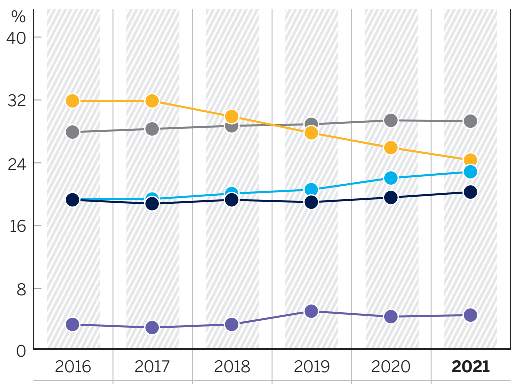
Market share analysis[1]

MORTGAGE LOANS[2]



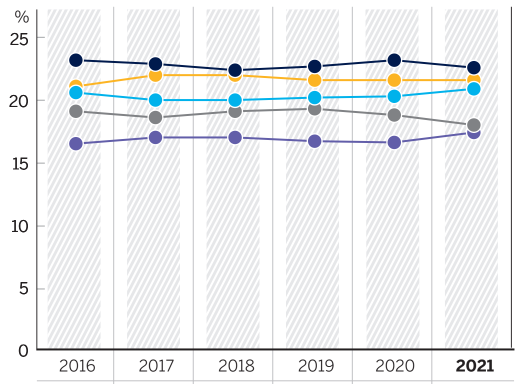
%	2016	2017	2018	2019	2020	**2021**
SBSA	34.5	34.3	34.2	33.9	34.7	**35.2**
ABSA	24.5	23.6	22.9	23.0	23.1	**23.5**
Nedbank	14.3	14.4	14.4	14.4	14.4	**14.2**
FirstRand	20.2	20.4	20.8	21.0	20.2	**19.5**
Other	6.5	7.3	7.7	7.7	7.6	**7.6**

VEHICLE AND ASSET FINANCE



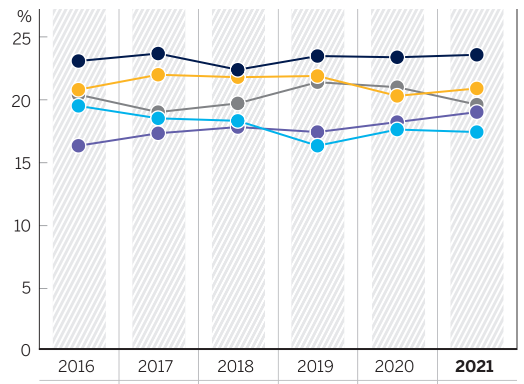
%	2016	2017	2018	2019	2020	**2021**
SBSA	19.0	18.5	19.0	18.7	19.3	**20.0**
ABSA	19.1	19.1	19.8	20.3	21.8	**22.6**
Nedbank	27.7	28.1	28.5	28.7	29.2	**29.1**
FirstRand	31.7	31.7	29.7	27.6	25.7	**24.1**
Other	2.5	2.6	3.0	4.7	4.0	**4.2**

DEPOSITS



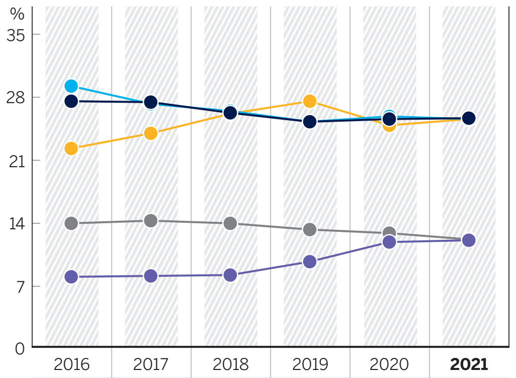
%	2016	2017	2018	2019	2020	**2021**
SBSA	23.1	22.8	22.3	22.6	23.1	**22.5**
ABSA	20.5	19.9	19.9	20.1	20.2	**20.8**
Nedbank	19.0	18.5	19.0	19.2	18.7	**17.9**
FirstRand	21.0	21.9	21.9	21.5	21.5	**21.5**
Other	16.4	16.9	16.9	16.6	16.5	**17.3**

CORPORATE DEPOSITS



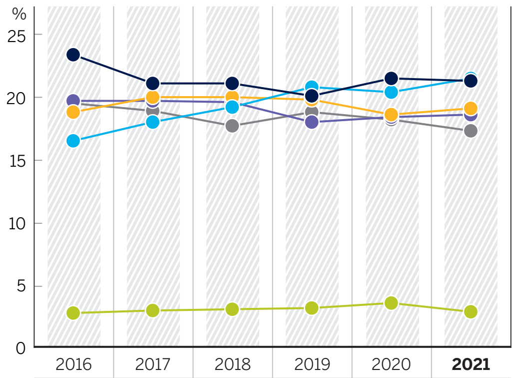
%	2016	2017	2018	2019	2020	**2021**
SBSA	23.4	23.6	22.8	23.4	23.3	**23.5**
ABSA	19.4	18.4	18.2	16.2	17.5	**17.3**
Nedbank	20.3	18.9	19.6	21.3	20.9	**19.5**
FirstRand	20.7	21.9	21.7	21.8	20.2	**20.8**
Other	16.2	17.2	17.7	17.3	18.1	**18.9**

CARD



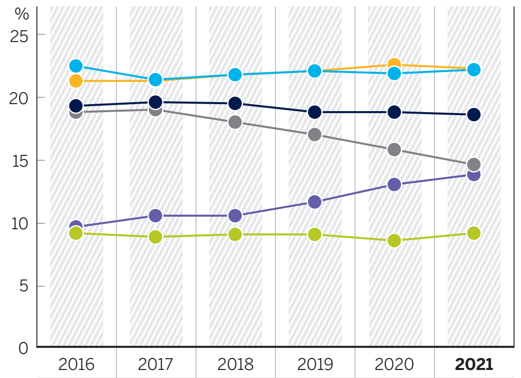
%	2016	2017	2018	2019	2020	**2021**
SBSA	27.4	27.3	26.1	25.1	25.4	**25.5**
ABSA	29.1	27.1	26.3	25.1	25.7	**25.4**
Nedbank	13.7	14.0	13.7	13.0	12.6	**11.9**
FirstRand	22.1	23.8	26.0	27.4	24.7	**25.4**
Other	7.7	7.8	7.9	9.4	11.6	**11.8**

OTHER LOANS AND ADVANCES



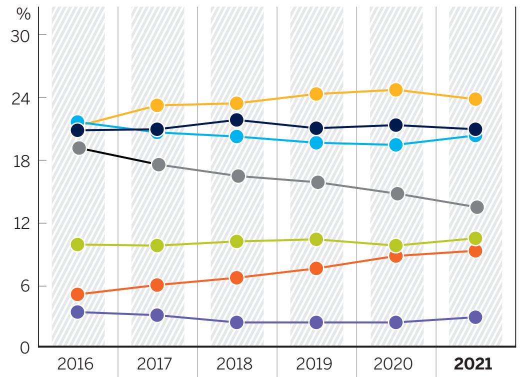
%	2016	2017	2018	2019	2020	**2021**
SBSA	23.3	21.0	21.0	20.0	21.4	**21.2**
ABSA	16.4	17.9	19.1	20.7	20.3	**21.4**
Nedbank	19.4	18.8	17.6	18.7	18.1	**17.2**
FirstRand	18.7	19.9	19.9	19.7	18.5	**19.0**
Capitec	2.6	2.8	2.9	3.0	3.4	**2.7**
Other	19.6	19.6	19.5	17.9	18.3	**18.5**

HOUSEHOLD DEPOSITS



%	2016	2017	2018	2019	2020	**2021**
SBSA	19.2	19.5	19.4	18.7	18.7	**18.5**
ABSA	22.4	21.3	21.7	22.0	21.8	**22.1**
Nedbank	18.7	18.9	17.9	16.9	15.7	**14.5**
FirstRand	21.2	21.2	21.7	22.0	22.5	**22.2**
Investec	9.0	8.7	8.9	8.9	8.4	**9.0**
Other	9.5	10.4	10.4	11.5	12.9	**13.7**

HOUSEHOLD DEPOSITS – CASA[3]



%	2016	2017	2018	2019	2020	**2021**
SBSA	20.7	20.8	21.7	20.9	21.2	**20.8**
ABSA	21.5	20.5	20.1	19.5	19.3	**20.2**
Nedbank	18.9	17.3	16.2	15.6	14.5	**13.2**
FirstRand	21.1	23.1	23.3	24.2	24.6	**23.7**
Investec	9.7	9.6	10.0	10.2	9.6	**10.3**
	4.9	5.8	6.5	7.4	8.6	**9.1**
	3.2	2.9	2.2	2.2	2.2	**2.7**

[1] Source: SARB BA 900.
[2] Mortgage loans refers to residential households only. Commercial property finance is included in Other loans and advances.
[3] CASA: Cheque, savings, on-demand and 1 to 30 day accounts.

Africa Regions legal entities

Condensed regional income statement

	East Africa[1]				South & Central Africa[2]				West Africa[3]				Africa Regions legal entities			
	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm	CCY %	Change %	**2021 Rm**	2020 Rm
Net interest income	6	(4)	**4 838**	5 051	30	17	**9 431**	8 067	5	(12)	**6 311**	7 206	16	1	**20 580**	20 324
Non-interest revenue	9	(3)	**3 219**	3 328	20	3	**7 232**	7 017	5	(14)	**6 909**	8 025	12	(5)	**17 360**	18 370
Net fee and commission revenue	6	(6)	**1 360**	1 452	40	20	**4 293**	3 568	22	1	**4 511**	4 474	26	7	**10 164**	9 494
Trading revenue	13	0	**1 811**	1 816	(4)	(12)	**2 538**	2 897	(16)	(32)	**2 394**	3 497	(5)	(18)	**6 743**	8 210
Other revenue	22	16	**67**	58	>100	(24)	**281**	370	>100	>100	**56**	22	>100	(10)	**404**	450
Other gains and losses on financial instruments	(>100)	(>100)	**(19)**	2	(33)	(34)	**120**	182	(>100)	(>100)	**(52)**	32	(76)	(77)	**49**	216
Total income	7	(4)	**8 057**	8 379	26	10	**16 663**	15 084	5	(13)	**13 220**	15 231	14	(2)	**37 940**	38 694
Credit impairment charges	(23)	(30)	**(876)**	(1 257)	58	10	**(1 097)**	(998)	(82)	(86)	**(103)**	(727)	(14)	(30)	**(2 076)**	(2 982)
Loans and advances	(23)	(30)	**(868)**	(1 244)	35	1	**(1 032)**	(1 019)	(73)	(79)	**(135)**	(654)	(15)	(30)	**(2 035)**	(2 917)
Financial investments	(50)	(67)	**(1)**	(3)	(>100)	(>100)	**(52)**	30	(>100)	(>100)	**13**	(66)	(>100)	3	**(40)**	(39)
Letters of credit and guarantees	(36)	(30)	**(7)**	(10)	>100	44	**(13)**	(9)	(>100)	(>100)	**19**	(7)	(95)	(96)	**(1)**	(26)
Income before operating expenses	13	1	**7 181**	7 122	24	11	**15 566**	14 086	9	(10)	**13 117**	14 504	16	0	**35 864**	35 712
Operating expenses	5	(6)	**(4 015)**	(4 273)	31	11	**(8 971)**	(8 093)	13	(6)	**(6 956)**	(7 387)	18	1	**(19 942)**	(19 753)
Staff costs	7	(5)	**(1 957)**	(2 054)	23	8	**(4 118)**	(3 823)	6	(12)	**(3 173)**	(3 594)	13	(2)	**(9 248)**	(9 471)
Other operating expenses	3	(7)	**(2 058)**	(2 219)	38	14	**(4 853)**	(4 270)	20		**(3 783)**	(3 793)	23	4	**(10 694)**	(10 282)
Net income before non-trading and capital related items, and equity accounted earnings	25	11	**3 166**	2 849	15	10	**6 595**	5 993	6	(13)	**6 161**	7 117	13	0	**15 922**	15 959
Non-trading and capital related items	(>100)	(>100)	**1**	(6)	(>100)	(82)	**11**	60	(>100)	(>100)	**(1)**	18	(>100)	(85)	**11**	72
Profit before indirect taxation	25	11	**3 167**	2 843	17	9	**6 606**	6 053	5	(14)	**6 160**	7 135	14	(1)	**15 933**	16 031
Indirect taxation	6	(5)	**(209)**	(219)	34	20	**(386)**	(322)	42	18	**(211)**	(179)	27	12	**(806)**	(720)
Profit before direct taxation	27	13	**2 958**	2 624	16	9	**6 220**	5 731	4	(14)	**5 949**	6 956	13	(1)	**15 127**	15 311
Direct taxation	42	20	**(748)**	(624)	46	8	**(1 727)**	(1 602)	60	30	**(1 270)**	(975)	49	17	**(3 745)**	(3 201)
Profit for the period	22	11	**2 210**	2 000	8	9	**4 493**	4 129	(5)	(22)	**4 679**	5 981	5	(6)	**11 382**	12 110
Attributable to non-controlling interests	21	10	**(499)**	(453)	(10)	(16)	**(375)**	(444)	(7)	(24)	**(1 492)**	(1 973)	(3)	(18)	**(2 366)**	(2 870)
Attributable to ordinary shareholders	23	11	**1 711**	1 547	10	12	**4 118**	3 685	(3)	(20)	**3 187**	4 008	7	(2)	**9 016**	9 240
Headline adjustable items	(>100)	(>100)	**(1)**	4	(>100)	(54)	**(19)**	(41)	(92)	(91)	**(1)**	(11)	(>100)	(56)	**(21)**	(48)
Headline earnings	22	10	**1 710**	1 551	8	12	**4 099**	3 644	(3)	(20)	**3 186**	3 997	6	(2)	**8 995**	9 192
ROE (%)			**14.7**	14.2			**20.1**	14.0			**18.3**	23.0			**18.2**	18.8
CLR (bps)			**145**	202			**75**	85			**18**	98			**75**	117
CLR on loans to customers (bps)			**183**	251			**140**	123			**28**	147			**121**	167
Cost-to-income ratio (%)			**49.8**	51.0			**53.8**	53.7			**52.6**	48.5			**52.6**	51.0
Effective direct taxation rate (%)			**25.3**	23.8			**27.8**	28.0			**21.3**	14.0			**24.8**	20.9
Effective total taxation rate (%)			**30.2**	29.7			**32.0**	31.8			**24.0**	16.2			**28.6**	24.5

[1] Kenya, South Sudan, Tanzania, Uganda.
[2] Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe.
[3] Angola, Democratic Republic of the Congo, Ghana, Côte d'Ivoire, Nigeria.
The entity information included within the African Regions legal entities disclosure in this report aligns to the group's Africa Regions geographic information in terms of IFRS 8 Operating Segments.

Africa Regions legal entities

Africa Regions results

Africa Regions continues to support the Group's strategy to drive growth across the markets in which it operates. Our on-the-ground presence in 20 countries positions us well to solve client problems and satisfy their needs in a fast-changing environment. The business's contribution to the Group's headline earnings base was 36% for 2021.

As the Covid-19 pandemic and its socioeconomic impacts eased, general business activity improved. Sub-Saharan Africa benefited from global tailwinds, particularly in those countries with links to commodities. Interest rates remained low, with only Uganda recording an additional interest rate cut of 50 basis points while the following countries recorded interest rate increases – Mozambique 300 basis points, Zambia 50 basis points and Ghana 100 basis points during 2021. Similar to global trends, sub-Saharan African countries experienced further waves of Covid-19 infections. However, these did not result in hard lockdown measures as experienced in 2020.

Africa Regions legal entities' headline earnings reduced by 2% in Rand terms but increased by 6% in constant currency (CCY) on 2020 to R8 995m. The Africa Regions legal entities achieved an ROE of 18.2% (2020: 18.8%). The performance was impacted by lower market volatility which depressed trading revenues, a lower average interest rate environment which resulted in negative endowment, devaluation of local currencies against the US dollar, the relative strengthening of the Rand, and continued investments in digital solutions to better serve our clients. Our markets continued to experience economic pressure associated with Covid-19 challenges. Despite this, the business recorded positive balance sheet growth in CCY, improved credit impairment charges, good growth in transactional activity and prudent costs management, notwithstanding high inflation rates in significant markets.

Balance sheet performance was driven by strong deposit growth in CCY due to an increase in client acquisition numbers, particularly in Angola and Zambia, improved client performance, and the impact of delayed capital investment spend by clients as they remained cautious in an uncertain operating environment. Our new digital lending and client onboarding platforms contributed to an increase in overdraft utilisation and revolving credit facilities which supported the strong growth in loans and advances to customers. The impact of a decreasing cash reserving ratio, particularly in Nigeria, resulted in available liquidity to drive customer loan disbursements. Surplus liquidity was effectively deployed to invest in government securities, particularly in the West Africa region, albeit at lower yields than 2020.

Credit impairment charges decreased to R2 076m (2020: R2 982m) due to improved customer risk profiles and forward-looking assumptions. There were no material sovereign risk downgrades during the period.

Operating expenses were up 18% in CCY but 2% lower than weighted average inflation for the region. This was driven largely by staff cost increases commensurate with the high inflation environment as well as by continued investments in digital capabilities delivering new client solutions, resulting in transactional volume growth. The region continued to incur expenses to support remote working conditions as well as increased marketing campaigns to attract customer activity. Operational risks losses were elevated, accounting for 0.91% of revenue, mainly related to the Mozambique foreign exchange trading suspension and operational failures in East Africa.

Due to the volatility in currency across the continent, the regional commentary which follows is based on constant currency movements.

East Africa

The East Africa region headline earnings grew by 22% in CCY to R1 710m in 2021. Growth in NII of 6% in CCY was supported by an increase in term loans and deposits in Kenya and Uganda due to aggressive client acquisition campaigns and new propositions, and a change in balance sheet mix. This was partly offset by negative endowment in a lower average interest rate cycle. NIR grew by 9% in CCY mainly due to higher transactional volumes and increased cross boarder activities as lockdown restrictions were eased across the market.

The region experienced increased client activity on the fixed income and money markets desks, especially with offshore investors and fund managers, which led to improved trading revenue performance. This was further supported by higher client activity in structured foreign exchange transactions and improved foreign exchange spreads.

Credit impairment charges were lower than prior year following improved credit risk profiling in Kenya and Uganda as these economies continued to recover. This was partly offset by the non-recurrence of 2020 recoveries in Tanzania coupled with the negative impact of the pandemic on customers' ability to service their loans, thereby increasing non-performing loans particularly in the tourism sector. Risk profiling and collections strategies remain a key focus for the region.

Our continued investment in technology to support client growth strategies together with communication costs to facilitate a remote work environment for our people, grew the operating expense base above weighted average inflation. We track this investment spend regularly and continue to explore opportunities to create efficiencies. The region was further impacted by an operational loss provision incident in Uganda.

South & Central Africa

South & Central Africa region headline earnings increased by 8% in CCY against prior year to R4 099m. Effective execution on our digital lending platforms led to strong balance sheet growth of 11% in CCY in both loans and deposits in Botswana, Mauritius, Mozambique and Zimbabwe.

Zimbabwe's hyperinflationary environment and the rapid depreciation of the local currency against the US dollar continued to put pressure on the operating results. The business strategy, in response to these factors, was to increase utilisation of digital platforms to drive transactional activity, protect the foreign exchange market share of our business and to invest in non-monetary assets yielding positive fair value adjustments.

Net interest income increased by 30% in CCY. Zambia and Mozambique delivered improved net interest income supported by growth in financial investments and loans, together with improved margins following an unexpected increase in interest rates in 2021. Malawi's growth was driven by increased lending and deposit raising while Zimbabwe's growth was supported by targeted lending within risk appetite, additional investment in treasury bills and increased interest rates. Subdued US interest rates adversely impacted net interest income in the US dollar denominated loan book, particularly in Mauritius.

Higher transactional volumes, coupled with the reinstatement of digital fees which were waived in 2020 to encourage customers to use digital platforms during the lockdown periods, resulted in fee and commission revenue growth of 40% in CCY.

Trading revenue was subdued, primarily due to foreign exchange liquidity shortages in Zimbabwe and a partial suspension from the foreign exchange market in Mozambique. This was cushioned by strong growth in Zambia and Malawi which both experienced higher client foreign exchange flows and improved margins, as well as gains due to depreciation of local currencies against a long US dollar position. In addition, Zambia noted an increase in bond market volumes and mark-to-market gains following a drop in bond rates.

Credit impairments charges were higher driven by the non-recurrence of a post write off recovery in Malawi, together with higher provisions in Botswana arising from irregularities relating to a client onboarding incident, as well as in Mozambique which recorded a notable impairment for a corporate client within the power infrastructure sector. This was partly offset by lower Covid-19 related provisions raised in the current year as well as the non-recurrence of prior year's sovereign rating downgrade in Zambia and a large telecommunications client provision in Mauritius.

Cost growth was largely driven by continued investment in technology to support client growth strategies together with cost-of-living adjustments in Zimbabwe due to the hyperinflationary environment and the impact of currency devaluation on foreign currency denominated expenses in various countries. Cost containment measures continue to be monitored on a regular basis to ensure that efficiencies are achieved from technology spend.

West Africa

During 2021, West Africa region's headline earnings decreased by 3% in CCY to R3 186m from 2020. This was despite the strong growth in loans and advances due to increased medium-term lending disbursements in Angola, Cote D'Ivoire, DRC, Ghana and Nigeria, an increase in revolving credit loans in Ghana, and higher financial investments in Angola, Ghana and Nigeria, albeit at lower yields.

Trading revenue performance decreased in CCY on 2020, by 16%, largely driven by subdued market volatility which resulted in softer yields, heightened US dollar liquidity shortages, constrained foreign exchange volumes and compressed margins. This was offset by an increase in banking transactional volumes, particularly on the digital platforms and cross border trade flows, as lockdown measures were eased in the region.

The region experienced lower credit impairment charges as a result of post write off recoveries mainly in Nigeria, the revision of the 2020 ratings downgrade of Angola by two notches and continued economic recovery in the region.

Operating expenses grew by 13% in CCY due to higher depositor insurance in Nigeria and Ghana in line with growth in the deposit base, and the non-recurrence of a prior period insurance recovery. In addition, costs increased to support our investment in digitisation and technology initiatives across the region to transition into a platform business and owing to the impact of local currency devaluation on US dollar denominated IT contract costs.

The business remains well positioned to support Africa's growth. We will continue to support our client's growth strategies and explore opportunities across the continent.

Africa Regions legal entities

Condensed statement of financial position

	CCY %	Change %	2021 Rm	2020 Rm
Assets				
Cash and balances with central banks	(1)	10	**58 914**	53 474
Derivative assets	(22)	(18)	**2 801**	3 427
Trading assets	(4)	3	**20 895**	20 244
Pledged assets	(15)	(12)	**8 343**	9 471
Financial investments	(3)	5	**79 974**	75 981
Net loans and advances	21	30	**297 884**	228 717
Gross loans and advances	20	29	**307 277**	237 434
Gross loans and advances to banks	26	37	**111 724**	81 541
Gross loans and advances to customers	17	25	**195 553**	155 893
Credit provisions on loans and advances	1	8	**(9 393)**	(8 717)
Other assets	(11)	10	**13 928**	12 646
Investment property	11	>100	**1 262**	614
Property and equipment	15	15	**8 044**	7 005
Goodwill and other intangible assets	(0)	5	**5 587**	5 301
Goodwill	1	4	**2 131**	2 047
Other intangible assets	(1)	6	**3 456**	3 254
Total assets	10	19	**497 632**	416 880
Equity and liabilities				
Equity	7	21	**69 092**	57 219
Equity attributable to ordinary shareholders	7	22	**56 137**	46 188
Equity attributable to non-controlling interest	10	17	**12 955**	11 031
Liabilities	10	19	**428 540**	359 661
Derivative liabilities	(28)	(24)	**2 357**	3 102
Trading liabilities	(39)	(34)	**6 919**	10 464
Deposits and debt funding	11	20	**379 561**	315 444
Deposits from banks	(3)	0	**44 668**	44 473
Deposits from customers	14	24	**334 893**	270 971
Subordinated debt	(9)	(1)	**3 510**	3 550
Provisions and other liabilities	22	34	**36 193**	27 101
Total equity and liabilities	10	19	**497 632**	416 880

Liberty

Overview

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

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

Group long-term insurance indexed new business of R9 232 million was 26.4% above the prior year. SA Retail indexed new business of R8 105 million was 24.3% above the prior year, with strong growth from all major sales channels. Liberty Corporate indexed new business was 54.2% above the prior year and Liberty Africa Insurance indexed new business was 26.2% above the prior year. Group value of new business (VoNB) of R229 million was above the prior year VoNB of R24 million. While improved sales volumes in 2021 contributed positively to the increase in VoNB, management focus remains on improving revenue generated from sales and ensuring sales volumes are balanced with costs incurred.

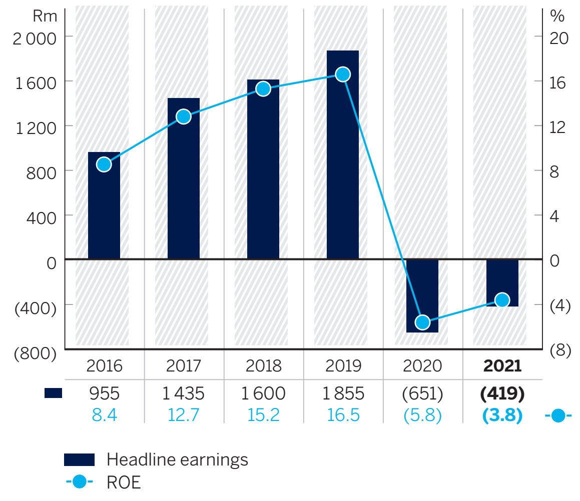
Good progress was made during 2021 with the strategic execution of our plans to significantly enhance the quality of our client and adviser experience, deliver transparent and intuitive risk and investment solutions and aggressively simplify the organisation. Highlights were the soft launches of minimum viable propositions (MVPs) of the Group Investment Platform and the Liberty Adviser Workbench, both of which will contribute significantly to a transformed Liberty, able to compete in a digital world.

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

Liberty

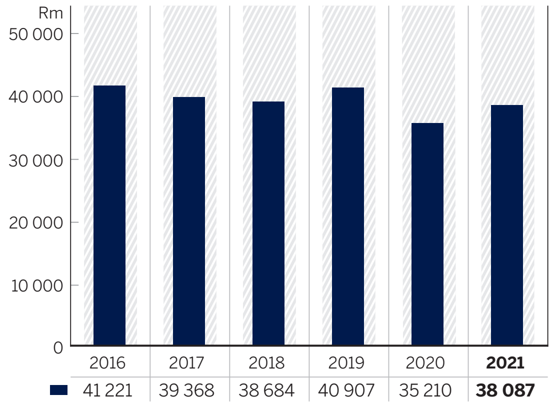
HEADLINE EARNINGS – SBG SHARE

CAGR (2016 – 2021): (>100%)



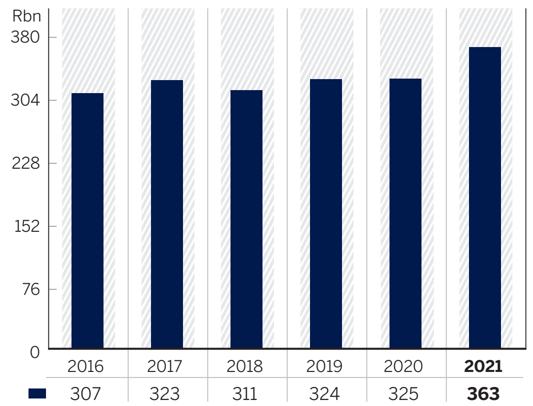
NORMALISED GROUP EQUITY VALUE

CAGR[1] (2016 – 2021): (2%)



LONG-TERM POLICYHOLDER LIABILITIES

CAGR (2016 – 2021): 3%



KEY RATIOS AND STATISTICS AS REPORTED BY LIBERTY

		Change %	2021	2020
Normalised operating earnings	Rm	(1)	**(1 610)**	(1 599)
Normalised headline earnings	Rm	96	**(56)**	(1 572)
Headline earnings	Rm	93	**(112)**	(1 539)
Normalised return on Liberty group equity value[1]	%		**8.1**	(10.2)
Normalised Group Equity Value	Rm	8	**38 087**	35 210
Solvency capital requirement coverage ratio	times		**1.72**	1.81
Indexed new business (excluding contractual increases)	Rm	26	**9 232**	7 302
New business margin	%		**0.5**	0.1
Value of new business	Rm	>100	**229**	24
Net cash inflows in long-term insurance operations	Rm	82	**(628)**	(3 397)
Group assets under management	Rbn	14	**888**	776
Asset management net cash flows (external)	Rm	(4)	**31 702**	33 039

[1] Return on embedded value.

KEY RATIOS AND STATISTICS AS CONSOLIDATED IN SBG

		Change %	2021	2020
Effective interest in Liberty at end of period	%		**57.2**	57.4
Headline earnings attributable to the group[2]	Rm	36	**(419)**	(651)
SBG share of Liberty's IFRS headline earnings	Rm	93	**(64)**	(880)
Impact of SBG shares held for the benefit of Liberty policyholders	Rm	(>100)	**(355)**	229
ROE	%		**(3.8)**	(5.8)

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

HEADLINE LOSS

	Change %	2021 Rm	2020 Rm
South African insurance operations	91	**1 308**	685
SA Retail	80	**871**	484
Liberty Corporate	(64)	**41**	114
Liberty Corporate – Fund Rehabilitation	66	**(27)**	(80)
LibFin Markets	>100	**423**	167
South Africa Asset Management – STANLIB	1	**472**	466
Africa Regions[1]	(>100)	**(74)**	41
Liberty Africa Insurance	(47)	**30**	57
Liberty Health	(>100)	**(128)**	(43)
STANLIB Africa	(11)	**24**	27
Operations under ownership review	>100	**9**	(54)
Group strategic initiatives	(20)	**(368)**	(307)
Sundry income and central costs	>100	**2**	(107)
Normalised operating earnings before Covid-19 pandemic impact	86	**1 349**	724
Excess risk claims not covered by the pandemic reserve, net of taxation and non-controlling interests' share[2]	(>100)	**(1 208)**	(96)
Establishment of Covid-19 pandemic reserve, net of taxation and non-controlling interests' share	21	**(1 751)**	(2 227)
Normalised operating loss	(1)	**(1 610)**	(1 599)
Shareholder Investment Portfolio (SIP)	>100	**1 554**	27
Normalised headline loss	96	**(56)**	(1 572)
BEE preference shares income	25	**(3)**	(4)
Accounting profit or loss mismatch arising on consolidation of Liberty Two Degrees	(>100)	**(53)**	37
Headline loss	93	**(112)**	(1 539)

[1] Comprises Liberty Africa Insurance, Liberty Health operations (excluding total Health Trust Limited in Nigeria still shown under 'operations under ownership review') and STANLIB Africa within southern African Region.

[2] These refer to excess Covid-19 risk claims over and above those allowed for in the Covid-19 pandemic reserve.

Liberty

Introduction

Liberty presents a group equity value report to reflect the combined value of the various components of Liberty's businesses.

The section below describes the valuation bases used for each reported component. It should be noted that the group equity value is presented to provide additional information to assess performance of the Liberty group. The total equity value is not intended to be a fair value calculation of the Liberty group but should provide indicative information of the inherent value of the component parts.

Component parts of the group equity value and valuation techniques used

Group equity value has been calculated as the sum of the following component parts:

South African (SA) covered business:

The wholly-owned subsidiary, Liberty Group Limited, comprises the South African long-term insurance entities and related asset holding entities. The embedded value methodology in terms of Advisory Practice Note 107 issued by the Actuarial Society of South Africa continues to be used to derive the value of this business cluster described as "South African covered business". The embedded value report of the South African covered business has been reviewed by the group's Head of Actuarial Function.

Other businesses:

STANLIB South Africa	Valued using a 10 times (2020: 10 times) multiple of estimated sustainable earnings.
STANLIB Africa	A 10 times (2020: 10 times) multiple of estimated sustainable earnings, adjusted for country risk.
Liberty Health operations	In light of the ongoing sub-optimal operations, the IFRS net asset value has been used.
Liberty Africa Insurance	Liberty Africa Insurance is a cluster of both long- and short-term insurance businesses located in various African countries outside of South Africa. A combination of valuation techniques including embedded value, discounted cash flow and earnings multiples have been applied to value these businesses. The combined value of this cluster is not material relative to the other components of group equity value and therefore a detailed analysis of this valuation has not been presented. At 31 December 2021 the combined valuations were approximately equal to the cluster's IFRS net asset value. Therefore the IFRS net asset value was used.
Liberty Holdings	The net market value of assets and liabilities held by the Liberty Holdings Limited company excluding investments in any subsidiaries which are valued separately.

Liberty Two Degrees (L2D) normalisation adjustment:

This represents the difference between Liberty Group Limited's share of the net asset value of L2D as at the reporting date and the listed price of L2D units multiplied by the number of units in issue to Liberty Group Limited at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market consistent valuation of the L2D shares held within the Shareholder Investment Portfolio.

Other adjustments:

These comprise the fair value of share rights allocated to staff employed by both the South African covered businesses as well as other businesses and allowance for certain shareholder recurring expenses incurred in Liberty Holdings Limited capitalised at a multiple of 9 times (2020: 9 times).

Treatment of Covid-19 pandemic impacts:

The Covid-19 pandemic event has resulted in significant losses to the group, mainly through excess mortality claims, lower book growth, certain expenses and customer relief. The direct extent of these losses has been estimated and quantified as a separate disclosure in the analysis of Group Equity Value earnings. At 30 June 2020, a forward estimate of future losses that would arise from the ongoing pandemic was determined and raised as the Covid-19 pandemic reserve. From that point on, actual identified losses have been applied to the Covid-19 pandemic reserve to the extent available, with underestimation being reflected as an additional cost. The forward pandemic reserve estimate has been updated at the subsequent reporting dates, being 31 December 2020, 30 June 2021 and 31 December 2021. Regarding the attribution of Covid-19 mortality claims: In order to simplify the reporting, with effect from 1 July 2020, the assumption across the applicable life insurance portfolios is that the excess deaths above the expected levels based on the long term mortality assumption represents a good proxy for the impact of Covid-19, however it is acknowledged that this attribution may not entirely be due to Covid-19. This approach has been consistently applied with respect to 2H20 and the whole of 2021. 1H20 reporting does not attempt to split variances between Covid-19 and other impacts.

ANALYSIS OF NORMALISED GROUP EQUITY VALUE

	2021			2020		
	SA covered business Rm	Other businesses Rm	Total Rm	SA covered business Rm	Other businesses Rm	Total Rm
Liberty Group Limited consolidated	14 996		14 996	15 165		15 165
STANLIB South Africa[1]		1 135	1 135		1 012	1 012
STANLIB Africa[1]		127	127		111	111
Liberty Health		356	356		433	433
Liberty Africa Insurance		1 142	1 142		959	959
Liberty Holdings		2 088	2 088		1 951	1 951
Operations under ownership review[2]		72	72		69	69
Liberty Two Degrees adjustment to net asset value[3]	1 042	15	1 057	1 294	19	1 313
Shareholders' equity reported under IFRS	16 038	4 935	20 973	16 459	4 554	21 013
Reverse deferred acquisition cost and deferred revenue liability	(283)		(283)	(307)		(307)
Frank Financial Services allowance for future expenses	(16)		(16)	(50)		(50)
BEE preference shares	64		64	64		64
Liberty Two Degrees adjustment[3]	(1 042)	(15)	(1 057)	(1 294)	(19)	(1 313)
Allowance for employee share rights		(257)	(257)	(139)	(39)	(178)
Normalised net worth	14 761	4 663	19 424	14 733	4 496	19 229
Value of in-force – SA Retail	16 862		16 862	15 098		15 098
Value of in-force – Liberty Corporate	2 837		2 837	2 075		2 075
Cost of required capital	(3 370)		(3 370)	(3 242)		(3 242)
Fair value adjustment – STANLIB South Africa[1]		3 585	3 585		3 288	3 288
Fair value adjustment – STANLIB Africa[1]		113	113		159	159
Allowance for future shareholder expenses		(1 364)	(1 364)		(1 397)	(1 397)
Normalised equity value	31 090	6 997	38 087	28 664	6 546	35 210

STANLIB[1] valuation (Rm)	Change Rm	2021 Rm	2020 Rm
STANLIB South Africa	420	4 720	4 300
Net asset value	123	1 135	1 012
Fair value adjustment	297	3 585	3 288
STANLIB Africa	(30)	240	270
Net asset value	16	127	111
Fair value adjustment	(46)	113	159
Total	390	4 960	4 570

[1] Refer to the above table.
[2] Under IFRS these are disclosed as disposal groups classified as held for sale.
[3] This represents the difference between Liberty Group Limited's share of the net asset value of L2D as at the reporting date and the listed price of L2D shares multiplied by the number of shares in issue to Liberty Group Limited at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market consistent valuation of the L2D shares held within the Shareholder Investment Portfolio.

Liberty

NORMALISED GROUP EQUITY VALUE EARNINGS/(LOSS)

	2021			2020		
	SA covered business Rm	**Other businesses Rm**	**Total Rm**	SA covered business Rm	Other businesses Rm	Total Rm
Normalised equity value at the end of the period	**31 090**	**6 997**	**38 087**	28 664	6 546	35 210
Equity value at the end of the period	**32 068**	**7 012**	**39 080**	29 894	6 565	36 459
Liberty Two Degrees adjustment[1]	**(1 042)**	**(15)**	**(1 057)**	(1 294)	(19)	(1 313)
BEE preference shares	**64**		**64**	64		64
Net share (subscriptions)/buy-backs		**(41)**	**(41)**		362	362
Funding of restricted share plan				5	(5)	
Financial guarantee[2]				(83)	83	
Intragroup dividends[3]				1 431	(1 431)	
Dividends paid		**2**	**2**		1 201	1 201
Normalised equity value at the beginning of the period	**(28 664)**	**(6 546)**	**(35 210)**	(34 359)	(6 548)	(40 907)
Equity value at the beginning of the period	**(29 894)**	**(6 565)**	**(36 459)**	(35 327)	(6 565)	(41 892)
Liberty Two Degrees adjustment[1]	**1 294**	**19**	**1 313**	1 046	17	1 063
BEE preference shares		**(64)**	**(64)**	(78)		(78)
Normalised equity value earnings/(loss)	**2 426**	**412**	**2 838**	(4 342)	208	(4 134)
Normalised return on group equity value (%)	**8.5**	**6.3**	**8.1**	(12.6)	3.4	(10.2)

[1] This represents the difference between Liberty Group Limited's share of the net asset value of L2D as at the reporting date and the listed price of L2D shares multiplied by the number of shares in issue to Liberty Group Limited at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market consistent valuation of the L2D shares held within the Shareholder Investment Portfolio.

[2] The financial guarantee is reflective of the value of Liberty Holdings Limited's support, through a limited guarantee to the holders of certain subordinated notes issued by Liberty Group Limited.

[3] Dividends paid by Liberty Group Limited to Liberty Holdings Limited.

SOURCES OF NORMALISED GROUP EQUITY VALUE EARNINGS

The table below shows the sources of the group equity value earnings for 2021 and 2020. The material increase in the earnings from 2020 to 2021 is as a result of better than anticipated outcomes from operations (after the utilisation of the relevant pandemic provisions and persistency experience) and positive investment returns (on both shareholder and policyholder assets). It should be noted that 2021 had the benefit of pandemic provisions absorbing experience for the full year, whereas this was only the case for the second half of 2020.

	2021			2020		
	SA covered business Rm	**Other businesses Rm**	**Total Rm**	SA covered business Rm	Other businesses Rm	Total Rm
Value of new business written in the year	**213**	**16**	**229**	24		24
Expected return on value of in-force business	**2 160**		**2 160**	2 356		2 356
Variances/changes in operating assumptions	**741**	**(367)**	**374**	(1 442)		(1 442)
Operating experience variances[6]	**(13)**		**(13)**	(785)		(785)
Operating assumption changes	**187**		**187**	(606)		(606)
Changes in modelling methodology[1]	**567**	**(367)**	**200**	(51)		(51)
Development costs	**(20)**	**(5)**	**(25)**	(25)	(9)	(34)
Covid-19 pandemic reserve	**(1 124)**	**(21)**	**(1 145)**	(3 289)	(15)	(3 304)
Excess risk claims not covered by the Covid-19 pandemic reserve[2]	**(1 072)**	**(136)**	**(1 208)**	(76)	(20)	(96)
Liberty Holdings shareholder expenses[3]		**(119)**	**(119)**		(188)	(188)
Headline earnings of other businesses/intragroup transfers		**409**	**409**		453	453
Operational equity value profits/(losses)	**898**	**(223)**	**675**	(2 452)	221	(2 231)
Economic adjustments	**1 389**	**254**	**1 643**	(1 786)	105	(1 681)
Return on net worth[7]	**790**	**254**	**1 044**	(880)	105	(775)
Investment variances	**1 787**		**1 787**	(1 960)		(1 960)
Change in economic assumptions	**(1 188)**		**(1 188)**	1 054		1 054
Change in fair value adjustments on value of other businesses[4]		**599**	**599**		(103)	(103)
Change in allowance for share rights[5]	**139**	**(218)**	**(79)**	(104)	(15)	(119)
Group equity value earnings/(losses)	**2 426**	**412**	**2 838**	(4 342)	208	(4 134)

[1] Due to the restructuring of the STANLIB Wealth Management business, certain sources of income and expenses related to this business (previously recognised in STANLIB's income statement and Group Equity Value) moved into Liberty Group Limited. The effect on Group Equity Value was broadly neutral.

[2] These refer to excess Covid-19 risk claims over and above those allowed for in the Covid-19 pandemic reserve.

[3] This includes the actual shareholder expenses incurred by Liberty Holdings of R152 million (31 December 2020: R133 million) plus the change in the allowance for future shareholder expenses over the period.

[4] The R599 million is the change in the fair value adjustment (R251 million) after allowing for the STANLIB Wealth Management reallocation (R367 million) and the loss arising on the sale of subsidiaries (negative R3 million). The Liberty Africa Insurance value of new business (R16 million) has been offset against this.

[5] The Standard Bank Scheme of Arrangement "scheme" has resulted in Standard Bank acquiring the minority shareholding of Liberty Holdings Limited on 28 February 2022. Standard Bank as part of the scheme offered an arrangement to each applicable Liberty employee participant in the various Liberty equity settled remuneration schemes. The offer, which was accepted by all participants, results in a portion of calculated value being settled in cash and the remainder being transitioned into similar Standard Bank equity schemes (these will be referenced to the Standard Bank share price going forward). From a Liberty perspective, the amount adjusted for in the Group Equity Value represents the past employee service cost at 31 December 2021, as referenced to the calculated offer amount. For the purposes of the Group Equity Value report the full allowance has been captured in Liberty Holdings Limited.

Liberty

Operating experience variances[6]	Embedded value Rm
2021	
SA Retail[1]	**(253)**
Mortality and morbidity	**125**
Policyholder behaviour	**178**
Other	**(556)**
Liberty Corporate[2]	**286**
Credit portfolio variance	**(46)**
Total	**(13)**
2020	
SA Retail[1]	(434)
Mortality and morbidity	(27)
Policyholder behaviour	(126)
Other	(281)
Liberty Corporate[2]	(348)
Credit portfolio variance	(3)
Total	(785)

[1] The demographic experience variances are after the utilisation of the Covid-19 pandemic provisions. Although the non-recurring expenses are materially similar between 2021 and 2020, the favourable balance sheet optimisation outcome in 2020 did not reoccur in 2021.
[2] The 2021 experience benefited from asset portfolio rationalisation and good umbrella book retention. This has however been offset by lower employment trends and member salary adjustments that reflect the tough pandemic economic conditions. In 2021 the negative variance on book growth was applied to the Covid-19 pandemic provision which was set up at 30 June 2020 and updated at 31 December 2020. This is consistent with the treatment of this variance during the second half of 2020.

[7] Reconciliation of SA covered business embedded value return on net worth and other adjustments to Shareholder Investment Portfolio earnings:

	2021 Rm	2020 Rm
Shareholder Investment Portfolio as reported in IFRS earnings	**1 554**	27
Movement in the adjustment to reflect L2D at listed share price	**228**	(166)
Shareholder Investment Portfolio earnings	**1 782**	(139)
Remove 90:10 book	**(423)**	(54)
Frank Financial Services	**(23)**	(60)
Impairment of intangible assets	**(107)**	(125)
BEE preference scheme		3
Central treasury investments	**107**	(27)
Group Strategic Initiatives	**(369)**	(307)
Corporate Fund Rehabilitation	**(27)**	(80)
Other	**(150)**	(91)
Return on net worth and other adjustments	**790**	(880)

ANALYSIS OF VALUE OF LONG-TERM INSURANCE NEW BUSINESS AND MARGINS

	2021 Rm	2020 Rm
South African covered business		
SA Retail	**1 679**	1 499
Traditional Life	**1 461**	1 310
Direct Channel	**82**	71
Credit Life	**136**	118
Liberty Corporate	**199**	74
Gross value of new business	**1 878**	1 573
Overhead acquisition (including underwriting) costs impact on value of new business	**(1 532)**	(1 411)
Cost of required capital	**(133)**	(138)
Net value of South African covered business	**213**	24
Present value of future expected premiums	**43 345**	33 322
Margin (%)	**0.5**	0.1
Liberty Africa Insurance		
Net value of new business	**16**	
Present value of future expected premiums	**1 456**	1 068
Margin (%)	**1.1**	0.0
Total group net value of new business	**229**	24
Total group margin (%)	**0.5**	0.1

SHAREHOLDER INVESTMENT PORTFOLIO

	2021				2020			
Exposure category	**Local Rm**	**Foreign Rm**	**Total Rm**	**%**	Local Rm	Foreign Rm	Total Rm	%
Equities	**1 255**	**858**	**2 113**	**9**	3 456	2 284	5 740	23
Bonds	**6 282**	**414**	**6 696**	**28**	8 190	399	8 589	36
Cash	**8 424**		**8 424**	**36**	3 516	50	3 566	15
Property[1]	**4 465**		**4 465**	**19**	4 310		4 310	18
Other	**790**	**1 076**	**1 866**	**8**	890	983	1 873	8
Total	**21 216**	**2 348**	**23 564**	**100**	20 362	3 716	24 078	100
Reconciliation to IFRS shareholders' equity								
Shareholder Investment Portfolio			**23 564**				24 078	
Less: 90:10 exposure[2]			**(3 063)**				(2 915)	
Less: Subordinated notes			**(5 505)**				(5 998)	
South African insurance operations group funds			**14 996**				15 165	
Liberty Group Limited group's IFRS shareholders' equity			**16 038**				16 459	
Insurance group funds			**14 996**				15 165	
Liberty Two Degrees[3]			**1 042**				1 294	

[1] Shareholders are also exposed to any mismatch between the return required by certain policyholder liabilities (cash type return) and the property return delivered by the Liberty Property Portfolio backing assets. As at 31 December 2021 these matching assets amounted to R3 821 million (2020: R2 700 million) and has not been included in the exposures above.
[2] The 90:10 exposure is the exposure on certain contracts which include terms that allocate 10% of the investment returns to Liberty shareholders.
[3] This represents the difference between Liberty group's share of the net asset value of Liberty Two Degrees as at the reporting date and the listed price of Liberty Two Degrees shares multiplied by the number of shares in issue to Liberty group at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market consistent valuation of the Liberty Two Degrees shares held within the Shareholder Investment Portfolio.

Liberty

SHAREHOLDER INVESTMENT PORTFOLIO RETURN

	2021 Rm	2020 Rm
Realised gross result	2 691	526
Taxation	(722)	(1)
Subordinated notes at fair value	(360)	(440)
Expenses (including asset management fees)	(55)	(58)
Net profit	1 554	27
Gross return (%)	**9.9**	**1.9**

Taxation note:
The taxation treatment of income derived from assets backing capital is the normal taxation rules applicable to life investment portfolios. The taxation applicable to income derived from assets backing life funds and the 90:10 exposure is determined by the tax rates pertaining to each life tax fund to which the assets are allocated (I-E tax). In addition there is transfer tax at 28% on the net surplus, after the applicable I-E tax.

SOLVENCY CAPITAL REQUIREMENT

	2021 Rm	2020 Rm
Regulatory capital		
Available Solvency Capital	29 601	30 275
Solvency Capital Requirement	(17 254)	(16 703)
Surplus above solvency requirement	12 347	13 572
Capital ratio at year-end (times covered)	**1.72**	**1.81**

LONG-TERM INSURANCE – NEW BUSINESS BY DISTRIBUTION CHANNEL[1]

	Recurring premiums		Single premiums		Total premiums		Indexed premiums	
Rm	2021	2020	2021	2020	2021	2020	2021	2020
Retail	6 903	5 941	27 652	21 803	34 555	27 744	9 668	8 121
Broker	1 063	1 007	9 736	8 145	10 799	9 152	2 037	1 822
Bancassurance	4 298	3 437	5 023	2 683	9 321	6 120	4 800	3 705
Tied channels[2]	1 321	1 287	12 709	10 811	14 030	12 098	2 592	2 368
Other	221	210	184	164	405	374	239	226
Institutional	717	515	2 186	858	2 903	1 373	936	601
Broker	404	230	463	185	867	415	451	249
Bancassurance	15	6			15	6	15	6
Tied channels[2]	229	218	1 431	462	1 660	680	372	264
Other	69	61	292	211	361	272	98	82
Total new business	7 620	6 456	29 838	22 661	37 458	29 117	10 604	8 722
Split between:								
South Africa[1]								
SA Retail	6 744	5 785	27 330	21 548	34 074	27 333	9 477	7 940
Broker	1 062	1 005	9 481	7 969	10 543	8 974	2 010	1 802
Bancassurance	4 227	3 371	5 003	2 652	9 230	6 023	4 727	3 636
Tied channels[2]	1 239	1 206	12 681	10 787	13 920	11 993	2 507	2 285
Other	216	203	165	140	381	343	233	217
Liberty Corporate	561	428	2 096	719	2 657	1 147	771	500
Broker	336	210	436	177	772	387	380	228
Bancassurance	15	6			15	6	15	6
Tied channels[2]	197	205	1 403	341	1 600	546	337	239
Other	13	7	257	201	270	208	39	27
Total new business	7 305	6 213	29 426	22 267	36 731	28 480	10 248	8 440
Liberty Africa Insurance								
Retail	159	156	322	255	481	411	191	181
Broker	1	2	255	176	256	178	27	20
Bancassurance	71	66	20	31	91	97	73	69
Tied channels[2]	82	81	28	24	110	105	85	83
Other	5	7	19	24	24	31	6	9
Institutional	156	87	90	139	246	226	165	101
Broker	68	20	27	8	95	28	71	21
Tied channels[2]	32	13	28	121	60	134	35	25
Other	56	54	35	10	91	64	59	55
Total new business	315	243	412	394	727	637	356	282

[1] Includes premium escalations for SA Retail; excludes STANLIB Multi-manager.
[2] Tied channels include Agency, Liberty entrepreneurs and Liberty@work.

SUMMARY OF GROUP LONG-TERM INDEXED NEW BUSINESS, VONB, VONB MARGIN AND LONG-TERM INSURANCE CASH FLOWS

	Indexed new business		VONB		VONB Margin		Net customer cash flows	
Rm	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 %	2020 %	2021 Rm	2020 Rm
SA Retail	8 105	6 520	123	30	0.3	0.1	272	(512)
Liberty Corporate	771	500	90	(6)	1.4	(0.2)	(1 286)	(3 451)
Liberty Africa Insurance	356	282	16		1.1	0.0	386	566
Total new business	9 232	7 302	229	24	0.5	0.1	(628)	(3 397)

Liberty

SA RETAIL – HEADLINE LOSS

	2021 Rm	2020 Rm
Expected profit and premium escalations	1 960	2 018
Variances, modelling and assumption changes	336	(638)
New business strain	(984)	(804)
Project and non-cost per policy expenses	(284)	(100)
Direct Financial Services	(73)	(46)
Other	(189)	(8)
Earnings before bancassurance	766	422
Liberty share of credit life bancassurance (net of all taxes)	200	192
Complex bancassurance preference dividend	(95)	(130)
Normalised headline earnings before Covid-19 pandemic impact	871	484
Excess risk claims not covered by the Covid-19 pandemic reserve, net of taxation[1]	(608)	
Establishment of Covid-19 pandemic reserve, net of taxation	(1 361)	(1 946)
Headline loss	(1 098)	(1 462)

[1] These amounts are claims that were not covered through the pandemic reserve.

LIBERTY CORPORATE – HEADLINE LOSS

	2021 Rm	2020 Rm
Gross contribution	1 102	1 248
Underwriting margin	330	478
Fee income	598	530
Pension businesses and other income[1]	174	240
Expenses and other items	(1 043)	(1 078)
Profit before taxation	59	170
Taxation	(18)	(56)
Normalised headline earnings, before Covid-19 impact	41	114
Excess risk claims not covered by the Covid-19 pandemic reserve, net of taxation[2]	(464)	(76)
Establishment of Covid-19 pandemic reserve, net of taxation	(369)	(266)
Headline loss	(792)	(228)

[1] Comparative periods include income relating to once-off asset restructuring.
[2] These amounts are claims that were not covered through the pandemic reserve and represent excess claims not anticipated in the pricing of short contract boundary business.

STANLIB SOUTH AFRICA – HEADLINE EARNINGS

	2021 Rm	2020 Rm
Net fee income	1 894	1 813
Total operating expenses	(1 333)	(1 281)
Profit before investment income	561	532
Other income	67	87
Profit before taxation	628	619
Taxation	(156)	(153)
Total headline earnings	472	466
Average margin (bps)	29	29
Average assets under management (Rbn)	637	591

Other information

Basis of preparation and presentation

The group's financial results, including the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, for the year ended 31 December 2021 (results) are prepared, as a minimum, in accordance with the requirements of the JSE Listings Requirements, the requirements of International Financial Reporting Standards (IFRS), where applicable, and its interpretations as adopted 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 and Financial Pronouncements as issued by the Financial Reporting Standards Council, the presentation requirements of International Accounting Standards 34 *Interim Financial Reporting* (IAS 34) and the requirements of the South African Companies Act, 71 of 2008 applicable to condensed financial statements.

The group's results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. This report is presented in South African Rand (Rand), which is the presentation currency of the group, unless otherwise indicated. All amounts are stated in millions of Rand (Rm), unless otherwise indicated. FY21 and 2021 refer to the full year results for the year ended 31 December 2021. 1H21 refers to the six months ended 30 June 2021. FY20 and 2020 refer to the full year results for the year ended 31 December 2020. Change percentage reflects FY21 change on FY20, unless otherwise indicated. All amounts relate to the group's consolidated results, unless otherwise indicated.

The group's 2021 financial information has been correctly extracted from the underlying audited consolidated annual financial statements, where applicable, for the year ended 31 December 2021. While this report, in itself, is not audited, the consolidated annual financial statements from which the results are derived were audited by PricewaterhouseCoopers Inc. and KPMG Inc., who expressed an unmodified opinion thereon. The full audit opinion, including any key audit matters, is available at **www.standardbank.com/reporting** and on the following link: **https://reporting.standardbank.com/results-reports/annual-reports/** as part of the group's annual financial statements, which have been released in conjunction with these results. The audit report does not report on all the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement and, more specifically, the nature of the information that has been audited, they should refer to the auditors' report, together with the accompanying audited consolidated annual financial statements.

The remainder of the group's reporting suite, including the group's annual integrated report will be made available before or during April 2022. Copies can be requested at the company's registered office or downloaded from the company's website following the announcement on the JSE's Stock Exchange News Service (SENS).

The accounting policies applied in the preparation of this report are in terms of IFRS. These accounting policies are consistent with the accounting policies applied in the preparation of the group's previous consolidated annual financial statements, with the exception of changes referred to within these results. For more detail on the accounting policies applied by the group, refer to the group's consolidated annual financial statements.

This report contains *pro forma* constant currency financial information. Refer to the *pro forma* constant currency paragraph within the other reportable items section of these results for further detail.

The board of directors (the board) of the group take full responsibility for the preparation of this report.

The preparation of the group's results was supervised by the chief finance & value management officer, Arno Daehnke BSc, MSc, PhD, MBA, AMP.

The results were made publicly available on 11 March 2022.

Condensed consolidated statement of cash flows

for the year ended 31 December 2021

	2021 Rm	2020 Rm
Net cash flows from operating activities	**12 893**	28 421
Direct taxation paid	**(8 482)**	(7 100)
Other operating activities	**21 375**	35 521
Net cash flows (used in)/from investing activities	**(4 674)**	430
Capital expenditure	**(2 981)**	(5 535)
Other investing activities	**(1 693)**	5 965
Net cash flows used in financing activities	**(9 350)**	(12 495)
Dividends paid[1]	**(12 073)**	(11 220)
Equity transactions with non-controlling interests	**(427)**	(1 379)
Issuance of other equity instruments[1]	**3 524**	1 539
Issuance of subordinated debt	**3 166**	8 500
Redemption of subordinated debt	**(2 200)**	(8 488)
Other financing activities	**(1 340)**	(1 447)
Effect of exchange rate changes on cash and cash equivalents	**4 795**	(4 139)
Net increase in cash and cash equivalents	**3 664**	12 217
Cash and cash equivalents at the beginning of the year	**87 505**	75 288
Cash and cash equivalents at the end of the year	**91 169**	87 505
Cash and balances with central banks	**91 169**	87 505

[1] Refer to the other reportable items section of these results for details on the issued AT1 equity as well as the dividends paid to AT1 equity holders and the related tax implications.

Changes in accounting policies

The accounting policies are consistent with those reported in the previous year, except as required in terms of the adoption of the following:

Adoption of amended standards effective for the current financial year

- IFRS 4 *Insurance Contracts* (IFRS 4), IFRS 7 *Financial Instruments: Disclosures* (IFRS 7), IFRS 9 *Financial Instruments* (IFRS 9), IFRS 16 *Leases* (IFRS 16), IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) (amendments). The second phase of Interest Rate Benchmark Reform (IBOR) resulted in amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 requirements to enable entities to deal with the effects on financial instruments and to continue providing useful information to investors. The amendments require entities to update the effective interest rate to reflect the change to the alternative risk-free rates (ARRs), instead of derecognising or adjusting the carrying amount of financial instruments, for changes required by the reform if the transition from the IBOR rate to the ARR is as a direct consequence of the reform and on an economically equivalent basis. The amendment also provides specific hedge accounting relief, including that an entity will not have to discontinue hedge accounting solely because it makes changes required by the reform to hedge designations and hedge documentation, if the hedge meets the other hedge accounting criteria. The amendments also require entities to provide additional information about new risks arising from the reform and how it manages the transition to ARRs. The group will transition to ARRs as each interest rate benchmark is replaced. The practical expedient to update the effective interest rate to reflect the change to the ARR was applied to loans and advances. Any other changes to the contractual cash flows that are as a result of the interest rate benchmark reform are accounted for in terms of the group's modification policy (refer to the group's consolidated annual financial statements Annexure F (accounting policy 3) for further information relating to the modification policy). The group's existing hedges were assessed against the phase 2 hedge accounting relief and no adjustment was required. The note below details the IBOR reform transition disclosure required as a result of the above amendments.
- IFRS 16 (amendment). In light of the recent Covid-19 pandemic and resultant rent concessions to be granted by lessors, the amendment permits lessees, as a practical expedient, not to assess whether particular Covid-19 related rent concessions are lease modifications and instead account for those rent concessions as if they were not lease modifications. The amendment permits lessees to apply the practical expedient as an accounting policy choice to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2021. The group elected not to apply this practical expedient.
- Circular 1 2021 – *Headline Earnings*. The South African Institute of Chartered Accountants (SAICA) has issued amendments and clarifications mainly to existing headline earnings on IAS 16 *Property, Plant and Equipment*, IAS 39, IFRS 9 and IFRS 16 variable payments and rent concessions. The amendments have been applied retrospectively.

Interest rate benchmarks and reference to interest rate reform

The Financial Stability Board has 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) has adopted a two-stage approach for the cession of the USD LIBOR rates with the 1 week and 2 month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, 1 month, 3 month, 6 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).The South African Revenue Bank (SARB) has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa, however there is currently no indication of when the designated successor rate will be made available.

Given that the LIBOR rates and ARRs are calculated on a different basis, adjustments may be made to contracts that are transitioned from LIBOR to ARRs, to ensure economic equivalence.

The group has several LIBOR linked contracts that extend beyond 31 December 2021. The group ceased booking new LIBOR linked exposures from 1 October 2021, apart from limited circumstances to align with industry guidance and best practice. From this date, new exposure will be booked using the ARRs being SOFR, SONIA, ESTR, TONA and SARON. In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

The group has established a steering committee and working group within treasury and capital management (TCM) to manage the transition to ARRs. The objectives of the committee and working group include evaluating the extent to which loans advanced and liabilities reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee and working group are working closely with business teams across the group to establish pricing for new lending products indexed to the ARR in impacted jurisdictions.

The group's derivative instruments are governed by International Swaps and Derivatives Association (ISDA) 2006 definitions. ISDA published its IBOR Fallbacks Protocol (the Protocol), which will apply following a permanent cessation of an IBOR and ensures an orderly transition for IBOR linked contracts in the event that renegotiated contracts are not in place at the time of the cessation of LIBOR. Following a series of public consultations, ISDA launched its IBOR Fallbacks Protocol and IBOR Fallbacks Supplement (the Supplement) in October 2020. Together, they focus on strengthening existing and new derivative contracts with durable fallback language. The Protocol and Supplement both took effect in January 2021. The Protocol going into effect means that existing derivative contracts will now incorporate ISDA's new fallbacks if both counterparties have adhered to the Protocol or otherwise bilaterally agreed to include the new fallbacks in their contracts. The Supplement going into effect means that new derivative contracts that incorporate the 2006 ISDA Definitions and reference a relevant IBOR will also incorporate the new fallbacks.

The 5 March 2021 Financial Conduct Authority (FCA) statement around the timing for the cessation or loss of representativeness of all LIBOR settings represented an index cessation event under the IBOR Fallbacks Supplement and Protocol, triggering a fixing of the fallback spread adjustment at the point of the announcement. This spread adjustment is an important part of the overall fallback rate, and reflects a portion of the structural differences between IBORs and the ARRs used as a basis for the fallbacks – IBORs incorporate a credit risk premium and other factors, while ARRs are risk free or nearly risk free. Following multiple industry consultations by ISDA, it was determined that the fallback for each IBOR setting will be based on the relevant ARR compounded in arrears to address differences in tenor, plus a spread adjustment to account for the credit risk premium and other factors, calculated using a historical median approach over a five-year lookback period from the announcement date.

The announcement by the FCA effectively means that with effect from 5 March 2021, the ISDA spreads have now been fixed for all Euro, Sterling, Swiss franc, US dollar and Yen LIBOR tenors, giving firms more information about the exact fallback rate that will be used in the event they do not complete their transition efforts before cessation or non-representativeness occurs.

The above introduces a number of risks to the group including, but not limited to:

- Market risk – risk of not aligning to market regulations such as the ISDA, not meeting the market transition timelines and liquidity risk associated with the ARR.
- 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.

The steering committee has set up a risk management transition plan which details the transition process for each product in the relevant Business Units (BUs). Pricing is being managed centrally by TCM using the recommendations from the main industry bodies, namely ISDA for derivatives, Loan Markets Association for Loans and International Capital Market Association (ICMA) for Bonds Markets. The steering committee is also tracking updates and incorporating best practice recommendations emanating from official sector working groups established to catalyse transition in the relevant jurisdiction.

By way of policy, all new contracts or exposures referencing IBORs include robust fallback language, and work is underway to actively transition legacy exposures away from LIBOR. Changes in impacted systems are being implemented and will be ready to book at new rates. Communications to clients are underway via multiple platforms along with one-on-one conversations. The group is also ensuring that the staff have attended educational webinars and received the required updates and communication.

FINANCIAL INSTRUMENTS IMPACTED BY THE REFORM WHICH ARE YET TO TRANSITION

	2021			
	GBP LIBOR Rm	USD LIBOR Rm	EURIBOR Rm	Other IBORs Rm
Total assets sheet subject to IBOR reform	1 880	323 488	5 065	17
Derivative assets[1]	1 779	242 788		
Loans and advances[2]	101	72 657	5 065	17
Trading assets		8 043		
Total liabilities subject to IBOR reform	(5 624)	(246 576)	(403)	(2 710)
Derivative liabilities[1]	(5 624)	(218 180)		(367)
Deposits and debt funding		(28 142)	(403)	(2 343)
Trading liabilities		(254)		
Total off balance sheet exposures subject to IBOR reform		23 499	52	
Off-balance sheet items		23 499	52	

[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.

Changes in accounting policies

Early adoption of amended standards

- IFRS 9: *General Hedge Accounting* (GHA). The revised general hedge accounting requirements are better aligned with an entity's risk management activities, provide additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting. The group has elected to adopt and transition to IFRS 9 GHA for all current and future micro hedges (hedges that minimise/manage the risk exposure of a single instrument), in line with some market competitors both locally and globally. However, due to the IASB's project, Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach (PRA), not yet being finalised, the group will continue to apply IAS 39 for all macro hedges (hedges that minimise/manage the risk exposure of a portfolio). As at 1 January 2021, the risk management objective and the hedge documentation for all micro hedges has been updated to comply with the requirements of IFRS 9 GHA. The micro hedge relationships which existed as at 1 January 2021 were treated as continuing hedge relationships, and qualifying criteria was met which resulted in no transition or profit or loss impact for the group. The group has applied IFRS 9 GHA prospectively for all micro hedge relationships apart from certain hedge relationships where the group has elected to separate the foreign currency basis spread and the forward element of the forward contracts, IFRS 9 GHA has been applied retrospectively for these hedge relationships. This resulted in the total hedge reserve comprising of the foreign currency basis spread and forward element for these hedge relationships as well as the existing cash flow hedge reserve. Accordingly, the total hedge reserve remains unchanged on transition being 1 January 2021, with R66 million of the total hedge reserve inclusive of NCI, resulting in a net of NCI amount of R22 million, comprising of the foreign currency basis spread and forward element for these hedge relationships. Refer to the group's consolidated annual financial statements note 2.3.6 for more detail.
- IFRS 16 (amendment). The amendment extends the availability of the practical expedient so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The group elected not to apply this practical expedient.
- IAS 1 *Presentation of Financial Statements* (amendments), IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) (amendments). In response to the IASB's Disclosure Initiative – Principles of Disclosure, the amendments introduce a requirement on entities to disclose their material accounting policy information rather than significant accounting policies. To support this amendment the IASB also amended its IFRS Materiality Practice Statement to explain and demonstrate the application of the materiality process to accounting policy disclosures. The amendments have been applied prospectively.
- IAS 8 (amendments). The amendments introduce the definition of accounting estimates and include amendments to assist entities to distinguish changes in accounting estimates from changes in accounting policies. The amendments have been applied prospectively.
- IAS 12 *Income Taxes* (amendment). The amendments narrow the scope of the initial recognition exemption of deferred tax assets and liabilities. The exemption no longer applies to transactions that, at initial recognition, give rise to equal taxable and deductible temporary differences. The amendments have been applied retrospectively.
- Annual improvements 2018-2020 cycle. The IASB has issued various amendments and clarifications to existing IFRS. The amendments have been applied retrospectively.

The adoption of the above amended standards on 1 January 2021 did not affect the group's previously reported financial results, and did not impact the group's results upon transition, unless otherwise specified. Disclosures and accounting policies have been amended as relevant.

Key management assumptions

In preparing the group's results, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The following represents the material key management assumptions applied in preparing these financial results, for additional material key management assumptions, refer to the group's annual financial statements, which have been released in conjunction with these results and are available at:
https://reporting.standardbank.com/results-reports/annual-reports/

The group's forward-looking economic expectations were applied in the determination of the expected credit loss (ECL) at the reporting date

A range of base, bull and bear forward-looking economic expectations were determined, as at 31 December 2021, for inclusion in the group's forward-looking process and ECL calculation:

South African economic expectation

Our base case scenario for South Africa sees the economic rebound from the deep contraction in 2020 continuing, although momentum is slowing in response to fading policy stimulus, the adverse impact of the July 2021 unrest, bouts of electricity load-shedding as well as renewed fears about a persistent electricity shortfall, and a retreat in the terms of trade from the recent record high level. Inflation is expected to spike in the near term in response to the recent rand depreciation along with higher food and fuel costs. However, the output gap is still negative, with surveyed inflation expectations as well as wage pressure remaining contained as a reflection of the absence of second-round or demand-pull inflation pressure. The SARB can thus hike/normalise interest rates at a gradual pace. The rand is undervalued following the latest global financial market rout. We foresee a recovery even if it continues discounting a premium for persistent idiosyncratic and global risks.

In our bear case scenario, we assume a more protracted recovery than the base case, partly owing to disappointing reforms and persistent structural growth constraints. We are particularly concerned about the risk that existing vaccines may not be effective against the Omicron Covid variant and the persistent risk from the electricity shortfall. The bull case scenario assumes that the economic crisis triggers accelerated economic reforms. We could also see higher and improved confidence boosting growth and attracting capital inflows.

Africa Regions economic expectation

The Africa Regions base case scenario comprises the following outlook and conditions:

African GDP growth will recover further in 2022. While unwinding base effects underpinned economic growth in 2021, GDP growth will numerically decline in 2022 for some economies that had benefited from a favorable base. Growth for Botswana, Kenya and Zambia may therefore follow this trend. However, a closer look at quarter on quarter growth momentum shows economic activity as still recovering and not yet being at pre-pandemic levels. Of course, this implies that growth potential remains with pent up demand still likely. Although, in some markets idiosyncratic factors will dominate the growth trajectory.

Though Omicron has been proving more transmissible than previous strains, we foresee no further stringent public health restrictions, with the emphasis likely being on vaccinations. With boosters now entering the fray, those countries with slow vaccinations, such as Nigeria, Ethiopia, Tanzania and Uganda, may however require more stringent public health restrictions. Ghana, Kenya and Rwanda have been taking a harder line requiring full vaccination.

That said, global tourism may well achieve pre-pandemic levels by 2023/2024, assuming further mutations being as mild as Omicron. Although global tourism recovered patchily during 2021, recent travel bans could still cause temporary disruptions. Tourism is particularly important for Kenya, Uganda, Tanzania and Mauritius. Some of them still have both quarantine and Covid testing requirements.

Our bear case assumes a sluggish post-pandemic recovery, with economic growth lagging reaching pre-pandemic growth much later than anticipated in our bear case. Idiosyncratic factors and structural deficiencies tend to limit the recovery. The various vaccination programmes across the continent continue to lag, notwithstanding improved supply. Structural reforms are further delayed, lower levels of investment and a more gradual recovery in consumption also contributes to a weaker outlook.

Our bull case scenario assumes a stronger post-pandemic recovery, with economic growth reaching pre-pandemic growth much sooner. The pandemic becomes an endemic, thus limiting disruption to growth.

Global economic expectation

The base case scenario anticipates that global growth will be close to 5% in 2022; around 1% point lower than 2021 but still robust as the difficulties created by the Omicron variant of Covid recede and global demand bounces back. We also expect that a number of the global supply constraints that have restricted growth and lifted inflation will ease. However, inflation may prove difficult to shift given that rising prices have become more embedded into areas such as wage growth. Central banks are expected to tighten policy to bear down on inflation and ensure that the imbalances in supply and demand are reduced as much as possible. Rising rates will provide something of a headwind for asset valuations in areas such as equities.

A faster pace of Fed hikes than elsewhere could lift the dollar, but the base case scenario does not assume that dollar strength will become so significant so as to bear down on the prices of global assets dramatically. In fact, with the dollar still somewhat overvalued it is expected that the dollar will have lost modest ground to other developed currencies by the end of the forecast period.

In the bear case scenario the efficacy and rollout of vaccines is weak leading to new and significant lockdowns that weigh heavily on the economic recovery. In this scenario new variants develop that continue to necessitate restrictions and so hamper global economic recovery.

The bull case scenario assumes a faster vaccine rollout and quicker removal of lockdown restrictions. We also assume that restrictions do not have to be reimposed again at a later date as the Omicron variant proves to be the dying embers of the Covid scare.

Key management assumptions

Post-model adjustments

Covid-19 continues to have a profound impact globally and there remains much uncertainty as to the future economic path and recovery. As mentioned in the section above in determining the forward-looking impact, from an IFRS 9 perspective, the group has forecasted three possible future macroeconomic scenarios, being the base, bear and bull scenarios and attributed weightings to these three scenarios. The outcome of the Covid-19 pandemic remains unpredictable, and this makes determining these scenarios and the assumptions underlying them complex. Given this uncertainty and the fact that the pandemic continues to impact clients across all geographies and client segments, these scenarios have been further stressed by increasing the percentage weighting of the bear scenario to 50 percent. On the back of this stress analysis, the group has deemed it appropriate to retain the R500 million judgemental credit adjustment on the total loans and advances to customers portfolio. The credit adjustment is based on the group's best estimate of the post-model stressed scenarios using reasonable and supportable information available at the reporting date, has been reviewed and signed off by senior management in the group, and continues to be held within central and other and disclosed as part of other loans and advances.

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 2021	**2021[1]**	**2022 (next 12 months)[2]**	**Remaining forecast period[3]**	**2022 (next 12 months)[2]**	**Remaining forecast period[3]**	**2022 (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
Prime (%)*	7.25	8.00	9.50	8.75	10.25	7.75	8.75
Real GDP[7] (%)*	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
Africa Regions[5] (excluding Zimbabwe) (averages)							
Inflation (%)#	9.07	8.50	7.30	10.70	9.60	7.80	6.70
Policy rate (%)*	8.93	8.60	8.60	9.10	10.30	9.40	9.10
3m Tbill rate (%)*	7.44	7.90	7.70	8.80	8.90	9.50	9.10
6m Tbill rate (%)*	8.26	8.80	8.60	10.00	9.60	9.80	9.80
Real GDP[7] (%)*	2.67	4.10	4.80	2.30	3.10	6.40	6.70
Africa Regions[5] (averages)							
Inflation (%)#	11.03	11.60	9.10	22.20	17.10	9.60	6.70
Policy rate (%)*	10.18	10.80	9.90	12.10	12.20	11.20	9.30
3m Tbill rate (%)*	7.44	7.80	7.60	9.30	8.80	9.90	8.90
6m Tbill rate (%)*	8.26	8.80	8.60	10.10	9.50	10.80	9.60
Real GDP[7] (%)*	2.74	4.50	4.80	2.40	3.00	6.50	6.80
Global[6]							
Inflation (%)*	2.60	4.50	2.90	5.50	2.30	6.00	2.70
Policy rate (%)*	0.50	1.25	1.75	0.25	1.00	2.00	2.25
Exchange rate GBP/USD*	1.35	1.41	1.50	1.22	1.45	1.50	1.55
Real GDP[7] (%)*	7.50	4.50	1.90	2.00	1.70	5.50	2.10
Unemployment rate (%)*	4.60	4.40	4.40	5.00	4.80	4.00	4.20

[1] Revised 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 the reporting date 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.
[5] Where multiple jurisdictions are considered averages are used. The scenario weighting is: base at 55%, bear at 28% and bear at 17%. The scenario weighting has been revised due to the changes in the macroeconomic factors.
[6] Based on UK outlook. The scenario weighting is: base at 50%, bear at 30% and bull at 20%. The scenario weighting remains unchanged.
[7] Gross domestic product.
* Actual rates for 2021.
\# Estimated base case rates for 2021 disclosed where 2021 actuals were not available.

		Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors 2020	2020[1]	2021 (next 12 months)	Remaining forecast period[2]	2021 (next 12 months)	Remaining forecast period[2]	2021 (next 12 months)	Remaining forecast period[2]
South Africa[3]							
Inflation (%)*	3.30	4.06	4.18	5.42	5.47	3.68	3.83
Prime (%)*	7.00	7.25	7.81	8.25	9.44	6.75	7.31
Real GDP (%)*	(7.00)	4.79	2.85	5.87	3.03	6.52	4.10
Employment rate growth (%)#	(3.27)	(0.01)	0.74	(0.66)	0.27	0.64	1.22
Household credit (%)#	3.86	3.18	4.44	1.71	2.66	4.82	6.20
Exchange rate USD/ZAR	14.86	15.46	16.01	17.50	17.84	14.50	15.15
Africa Regions[4] (excluding Zimbabwe) (averages)							
Inflation (%)#	8.36	8.50	7.00	10.10	8.90	7.20	5.90
Policy rate (%)*	9.22	8.90	8.30	10.10	9.50	8.50	7.60
3m Tbill rate (%)*	7.98	8.60	7.90	10.00	9.20	7.90	6.70
6m Tbill rate (%)*	8.57	8.60	8.80	10.20	9.90	8.00	7.60
Real GDP (%)#	(2.14)	3.60	4.60	2.20	3.00	6.30	7.00
Africa Regions[4] (averages)							
Inflation (%)#	30.58	15.70	8.20	40.60	78.50	9.40	9.40
Policy rate (%)*	10.18	10.10	9.50	10.90	10.20	8.90	7.90
3m Tbill rate (%)*	7.98	8.60	7.90	10.00	9.20	7.90	6.70
6m Tbill rate (%)*	8.57	8.60	8.80	10.20	9.90	8.00	7.60
Real GDP (%)#	(2.35)	3.70	4.70	1.80	2.70	6.20	7.00
Global[5]							
Inflation (%)*	0.90	1.80	2.10	2.20	1.80	1.90	2.60
Policy rate (%)*	0.10	0.10	0.30	(0.10)	(0.08)	0.10	0.50
Exchange rate GBP/USD*	1.37	1.46	1.54	1.24	1.28	1.49	1.54
Real GDP (%)#	(9.40)	4.80	2.20	0.30	2.00	7.00	2.70
Unemployment rate (%)*	4.40	5.60	4.90	5.90	5.90	5.30	4.40

[1] Revised as at 31 December 2020.
[2] The remaining forecast period is 1 January 2022 to 31 December 2024.
[3] The scenario weighing is: base at 50%, bear at 30% and bull at 20%.
[4] Where multiple jurisdictions are considered averages are used. The scenario weighting is: base at 55%, bear at 29% and bull at 16%.
[5] Based on UK outlook. The scenario weighting is: base at 50%, bear at 30% and bull at 20%.
* Actual rates for 2020.
\# Estimated rates for 2020.

Key management assumptions

Sensitivity analysis of the forward-looking impact on ECL provision relating to Home services, VAF, Card, personal, business and other lending products

During 2020, higher forward-looking expected credit loss provisioning was raised due to significant uncertainty on the impact linked to Covid-19 and the forecasted underlying the bear macro-economic scenarios. The decrease in the forward looking provision during 2021 is linked to marginal improvements in the macro-economic outlook as well as the prior year forward-looking impact materialising in the underlying models particularly through loss given default. The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2021, 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.

	2021		2020	
	Forward looking component of ECL provision Rm	**Income statement (release)/ charge Rm**	Forward looking component of ECL provision Rm	Income statement charge Rm
Forward-looking impact	**1 979**	**(751)**	2 689	961
Scenarios				
Base	**1 714**	**(1 015)**	2 671	943
Bear	**3 388**	**659**	3 539	1 810
Bull	**878**	**(1 851)**	1 801	73

Refer to the financial performance section, for the carrying amounts of loans and advances.

Investment management and life insurance – Liberty Holdings Limited

The key assumptions used within investment management and life insurance can materially affect the reported amounts. The assumptions require complex management judgements and are therefore continually evaluated. They are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

Covid-19

The future impact of Covid-19 on Liberty remains uncertain. Covid-19 experience in 2021 was affected by the emergence of new variants with associated waves of infections; the development and distribution of effective vaccines; and changes in social distancing and lockdown restrictions. Despite significant pandemic experience having emerged over 2020 and 2021, directors and management still need to apply significant judgement to the potential future impact of Covid-19 on the group's operations and the associated measurements of various assets and liabilities.

Future demographic and economic developments remain uncertain so assessing the net adverse financial impact of Covid-19 on the measurement of policyholder insurance contract liabilities requires significant judgement. Disclosures have been provided in this section to assist in assessing the impacts to the group's IFRS earnings and the group's solvency capital position as measured in accordance with the Insurance Act of South Africa.

Taking external information to date into account, management has revised its view of the expected development of the pandemic using a plausible 'reference scenario' to quantify a best estimate of the likely future financial outcome of the pandemic, whilst recognising that the range of outcomes is large. This reference scenario is applied, where applicable, to asset and liability measurement models under the IFRS and regulatory capital frameworks.

Development of underlying Covid-19 mortality assumption for the reference scenario

With the emergence of the highly contagious Omicron variant and evidence of significant reinfection and of post-vaccination infection, herd immunity is no longer considered attainable and COVID-19 is expected to remain endemic for the foreseeable future. For the purposes of the pandemic reserve at 31 December 2021, it has been assumed that 100% of the population will become infected with COVID-19 in the current and subsequent waves, whether they were previously infected or not and whether vaccinated or not, until the disease becomes completely embedded in normal mortality and that mortality from these waves is in addition to the base mortality rates.

The starting point for deriving the Covid-19 mortality rates assumptions by age band is a case fatality table from the Wuhan research study published in March 2020. The shape by age of case fatality rates from this study is still considered to reflect appropriately the expected shape of Covid-19 mortality by age before application of assumed vaccination rates. The following further assumptions are made to arrive at Covid-19 mortality rates for the reference scenario:

- It is assumed the Wuhan study case fatality rates apply to 20% of the population infected with the other 80% of people infected assumed to recover;
- 100% of the population will be infected with Covid-19 during the fourth and subsequent waves (December 2020: A further 40% of the population will be infected before herd immunity is reached);
- The proportion of Liberty's policyholders vaccinated is similar to the percentage of the South African population vaccinated by age bands; and
- Vaccinations are 95% effective in preventing death.

The table below shows the additional Covid-19 mortality rates derived from these assumptions and applied for one year in establishing Liberty's Covid-19 pandemic reserve.

Age	**2021[1] %**	2020 %
0-10	**0.00**	0.00
10-20	**0.04**	0.02
20-30	**0.03**	0.02
30-40	**0.03**	0.02
40-50	**0.05**	0.03
50-60	**0.12**	0.10
60-70	**0.28**	0.29
70-80	**0.63**	0.64
80+	**1.16**	1.18

[1] In line with relative excess experience observed between different portfolios in the first and second waves, the Covid-19 mortality rate assumptions on non-underwritten assured lives (which excludes annuitants) are assumed to be 50% higher than the rates in the table for each age band to better reflect the excess mortality expected.

As a proportion of the insured population is expected to remain unvaccinated, an approximate relative increase of on average 2% has additionally been made to long-term mortality assumptions in respect of Liberty's Lifestyle Protector product to allow for ongoing excess deaths due to COVID-19. The long-term mortality assumptions on other impacted product lines were deemed sufficient not to require such an adjustment. This long-term mortality assumption change is not part of the pandemic reserve but is included in the "Mortality and morbidity valuation assumptions" item in the "Changes in Assumptions – All life companies.

Liberty's Covid-19 excess mortality in 2021 was higher than assumed in the pandemic reserve at 31 December 2020. This is a result of a combination of the worse than anticipated severity of the Beta and Delta variants (as much as 40% higher) which were the main variants circulating in 2021 and higher than anticipated contagion spread of the virus, partly as a result of slower than expected take-up of the vaccines. The severity of the Omicron variant, and subsequent variants, is assumed to be more in line with the original variants in 2020.

In the African regions outside of South Africa in which the group operates, the assumptions have been assessed taking the circumstances of each country into account.

Details of key judgements applied

A summary of the relevant significant key judgements applied to the applicable asset and liability measurement models are detailed below for each applicable asset or liability classification.

Policyholder insurance contracts and investment contracts with discretionary participation features

Liberty is predominately a long-term insurer providing risk cover (including death and disability) and investment solutions to a broad range of individuals either directly or indirectly through retirement funds. Consequently, Liberty's financial results are materially impacted by estimates of policyholder behaviour relating to withdrawal risk and exposure to claims mainly through the occurrence of mortality and morbidity, but also retrenchment.

Policyholder assets and liabilities under long-term insurance contracts and related reinsurance assets and liabilities

The long-term demographic assumptions, used in contract measurement at 31 December 2021, have been strengthened from those applied at 31 December 2020 in line with the assumption setting policy taking the increased uncertainty arising from the current environment into consideration. Economic assumptions have been updated to reflect the current applicable investment market experience.

Policyholder assets and liabilities under insurance contracts include provisions for the net present value of expected future benefits and expected future costs, less expected future premiums; plus, claims incurred and not reported (IBNR). An IBNR provision is an estimate of the ultimate cost of claims where the loss event has occurred prior to financial position date, but which have not been reported at that date. In South Africa, significant increases in excess deaths occurred from the emergence of new Covid-19 waves in December 2021, June 2021 and December 2020. The IBNR at 31 December 2021 provides for an additional R65 million (31 December 2020: R342 million) net of expected reinsurance recoveries to reflect estimated excess Covid-19 death claims incurred in the months immediately preceding financial reporting dates due to these waves.

Reinsurance assets and liabilities under insurance contracts allow for the net present value of expected future reinsurance premiums and expected future reinsurance recoveries.

Policyholder assets and liabilities have also been adjusted to reflect the net adverse impact, to best estimate cash flows and related margins, arising from additional short-term mortality in excess of the supportable long-term assumptions by applying the reference scenario. Allowance has also been made for the indirect impacts that the pandemic is expected to have on other risk claims, withdrawals and expenses. The impacts to the group's IFRS earnings and the group's solvency capital position have been assessed. Given the continued high level of uncertainty of these short-term assumptions, sensitivities to these assumptions continue to be disclosed.

Key management assumptions

The pandemic reserve estimates have been derived from the following assumptions:

Pandemic reserve assumptions	2021	2020
Mortality	31 December 2021 rates in the table above for underwritten lives and increased by 50% for non-underwritten lives	31 December 2020 rates in table above
Lump sum disability rate	No Covid-19 impact	+35% relative of expected claims one year
Retrenchment claim rate	No Covid-19 impact	+6% absolute
Corporate's customer revenue loss through customer terminations and member withdrawals	+15% absolute	+15% absolute
Retail risk and voluntary investment terminations	+0,75% absolute	+5% absolute

The pandemic reserve also allows for the expected cost overruns arising from the adverse short-term impact of the pandemic on new business volumes and policy terminations.

The short-term impacts on dread disease and income disability benefits have continued to be within the typical variability of the long-term experience and are thus considered supportable by the long-term assumptions.

These assumptions have been consistently applied for solvency capital requirement calculations.

The table below shows the development of the pandemic reserve for Liberty Holdings Limited (LHL) over the financial year on a net of reinsurance basis.

	2021			2020		
Rm	Net of reinsurance	Tax relief and NCI[1]	Net	Net of reinsurance	Tax relief and NCI	Net
Opening Covid-19 pandemic reserve	**2 291**	**(656)**	**1 635**			
Establishment of Covid-19 pandemic reserve				3 041	(866)	2 175
Covid-19 pandemic reserve recalibration	**2 435**	**(684)**	**1 751**	73	(21)	52
Covid-19 pandemic reserve utilised	**(3 158)**	**898**	**(2 260)**	(823)	231	(592)
Closing Covid-19 pandemic reserve	**1 568**	**(442)**	**1 126**	2 291	(656)	1 635
Covid-19 earnings impact	**4 113**	**(1 154)**	**2 959**	3 241	(918)	2 323
Covid-19 pandemic reserve recalibration/Establishment of Covid-19 pandemic reserve	**2 435**	**(684)**	**1 751**	3 114	(887)	2 227
Excess Covid-19 risk claims not covered by the pandemic reserve	**1 678**	**(470)**	**1 208**	127	(31)	96

[1] NCI = non-controlling interests.

A pandemic reserve is also determined for purposes of solvency capital requirement ratio calculations. The amount of this pandemic reserve as at 31 December 2021 reduced the Liberty Group Limited solvency capital requirement cover ratio by 0,08 times, compared to a reduction of 0,10 times based on the pandemic reserve at 31 December 2020.

The IFRS insurance liability adjustment includes an overall assessment of the liability adequacy requirement as prescribed under IFRS 4 Insurance Contracts.

Sensitivities for the LGL pandemic reserve are tabled below. Sensitivities have only been determined for an upward shock. The impact of a downward shock would be a profit similar in magnitude to the loss on the upward shock presented. The gross of non-controlling interest and tax reserve of R33 million (31 December 2020: R41 million) in respect of Liberty Africa Insurance has not been included in the sensitivities as it is considered immaterial from a group perspective. The impacts presented below are net of reinsurance and taxation consequences. Some of the stress adjustments applied to the reference scenario have changed between 31 December 2020 and 31 December 2021 to reflect an updated view of the extent of the presumed risk.

Sensitivity variable[1]	IFRS contract boundary[2]	Adjustment to the reference scenario	Impact on Liberty's profit or loss for the year ended 31 December 2021 Rm	Impact to the Liberty solvency capital requirement ratio at 31 December 2021 (times covered)
Mortality risk experience – assured lives	**Long**	**+75% relative increase to the pandemic reserve in respect of mortality[3]**	**(700)**	**(0.038)**
	Short		**(300)**	**(0.016)**
Mortality risk experience – annuitants		**(equates approximately to a +25% relative increase to overall mortality on average for one year)[4]**	**77**	**0.005**
Retail risk and investment policy terminations		**+0.75% absolute increase on Retail Risk and voluntary Investment business (equates approximately to a +7.5% relative increase on average for one year)**	**(70)**	**(0.018)**

Sensitivity variable	IFRS contract boundary[2]	Adjustment to the reference scenario	Impact on Liberty's profit or loss for the year ended 31 December 2020 Rm	Impact to the Liberty solvency capital requirement ratio at 31 December 2020 (times covered)
Mortality risk experience – assured lives	Long	+50% relative increase to the pandemic reserve in respect of mortality[3]	(344)	(0.019)
	Short		(82)	(0.005)
Mortality risk experience – annuitants		(equates approximately to a +14% relative increase to overall mortality on average for one year)[4]	51	0.003
Lump sum disability risk experience	Long	+10% proportional increase for one year	(32)	(0.002)
	Short		(8)	(0.000)
Retail retrenchment risk experience	Long	+5% absolute increase for one year (equates to a greater than +200% relative increase for one year)	(25)	(0.001)
Retail risk and investment policy terminations		+5% absolute increase on Retail risk and voluntary Investment business (equates approximately to a +50%relative increase on average for one year)	(483)	(0.072)

[1] No lump sum disability and retrenchment risk experience sensitivities have been shown for 2021 as there is no provision in the 31 December 2021 pandemic reserve for these risks, as experience is expected to be adequately captured by the long-term assumptions. Sensitivities to these assumptions would be similar to those shown for 2020 but would need to be grossed up for tax as has been done for mortality described in table note (4).
[2] In some instances, the sensitivities have been split dependent on whether the IFRS contract boundary is considered short or long. Short boundary business encompasses Corporate risk fund business, and Retail embedded credit business. The balance of the group's business is categorised as long boundary. This split is to facilitate a comparison with the IFRS sensitivities provided in the Risk management section of these annual financial statements, since the impact on those sensitivities is zero for contracts with a short boundary definition, but given the extent of the stress in the short-term it does give rise to a sensitivity in the table above.
[3] The 75% relative stress in 2021 is considered a reasonable stress to appropriately reflect the range of uncertainty of Covid-19 mortality due to the potential impacts of unknown new variants and unknown levels of immunity over longer periods, particularly for the unvaccinated or those not keeping up with booster requirements. The large actual variance to assumption experienced in 2021 is indicative, in hindsight, that the stress shown in the 2020 annual financial statements was probably too small to reflect the uncertainty that then existed.
[4] The mortality sensitivity impacts for 31 December 2021 have been grossed up for tax by 15%-28% where applicable on the assumption that further losses in the risk tax fund will not be recoverable from tax arising from future profits. At 31 December 2020, the losses in the risk tax fund under the sensitivity were still at levels assumed recoverable.

Policyholder liabilities – investment contracts with discretionary participation features

The full liability represents the total fair value of the matching asset portfolio and an estimate of the cost of any guarantees provided.
The majority of contracts have monthly bonuses declared using formulae as set out in the Principle and Practices of Financial Management (PPFM), where these formulae use either a retrospective or a prospective estimate of current policyholder obligations. The difference between the fair value of the matching asset portfolio and the estimate of the current policyholder obligations is the bonus stabilisation reserve.
The PPFM require the head of actuarial function/statutory actuary to exercise judgement where bonuses declared in accordance with the formulae set out in the PPFM are not deemed in best interest of the policyholders. Funding levels remain above 100% on all these funds.

Additional notes to the primary statements

Overview

The following notes have been extracted from the group's audited annual financial statements, which have been released in conjunction with these results and are available at **https://reporting.standardbank.com/results-reports/annual-reports/**.

Consolidated reconciliation of profit for the period to group headline earnings

	2021 Rm	2020 Rm
Profit for the period attributable to ordinary shareholders	**24 865**	12 358
Headline earnings adjustable items	**284**	3 956
IAS 16 – Losses on sale of properties and equipment	**61**	24
IAS 21 – Realised foreign currency movements on foreign operations and associates		3 120
IAS 27/IAS 28 – Losses/(gains) on disposal of business	**23**	(28)
IAS 28 – Gain on disposal of associate		(1 835)
IAS 28/IAS 36 – Impairment of associate		52
IAS 36 – Impairment of intangible assets	**167**	3 221
IAS 36 – Impairment of goodwill	**14**	
IAS 40 – Fair value gain on investment property	**(11)**	(67)
IFRS 5 – Remeasurement of disposal group assets held for sale	**30**	(35)
IFRS 16 – Profit on sale and leaseback		(496)
Taxation on headline earnings adjustable items	**(75)**	(338)
Non-controlling interests' share of headline earnings adjustable items	**(53)**	(31)
Standard Bank Group headline earnings	**25 021**	15 945
Headline earnings per ordinary share (cents)		
Headline earnings per ordinary share	**1 573.0**	1 002.6
Diluted headline earnings per ordinary share	**1 564.8**	999.6

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 period with a reconciliation of changes in the balances during the period.

	Derivative instruments[1] Rm	Trading assets[1] Rm	Total Rm
Unrecognised net profit at 1 January 2020	1 132	9	1 141
Additional net profit on new transactions during the period	667	22	689
Recognised in trading revenue during the period	(807)		(807)
Exchange differences	26		26
Unrecognised net profit at 31 December 2020	1 018	31	1 049
Unrecognised net profit at 1 January 2021	**1 018**	**31**	**1 049**
Additional net profit on new transactions during the period	**623**	**1 520**	**2 143**
Recognised in trading revenue during the period	**(434)**	**(358)**	**(792)**
Exchange differences	**2**		**2**
Unrecognised net profit at 31 December 2021	**1 209**	**1 193**	**2 402**

[1] Restated. During 2021, it was noted that day one profit or loss balances and movements totalling to R982 million at 31 December 2020 had been erroneously disclosed under trading assets instead of derivative instruments. This restatement did not impact the group's statement of financial position or income statement.

Private equity associates and joint ventures

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

	2021 Rm	2020 Rm
Cost	**56**	56
Carrying value	**547**	538
Attributable income before impairment	**213**	66

Contingent liabilities and commitments

	2021 Rm	2020 Rm
Contingent liabilities		
Letters of credit and bankers' acceptances	**23 617**	15 828
Guarantees	**118 895**	86 307
Total	**142 512**	102 135
Commitments		
Investment property	**512**	458
Property and equipment	**341**	788
Other intangible assets	**196**	138
Total	**1 049**	1 384

Loan commitments of R102 026 million (2020: R92 663 million) are either irrevocable over the life of the facility or revocable only in response to material adverse changes.

Additional notes to the primary statements

Classification of assets and liabilities

Accounting classifications and fair values of financial assets and liabilities

The table below categorises the group's assets and liabilities between financial and non-financial.

2021	Fair value through profit or loss			Fair value through OCI		Total assets and liabilities measured at fair value Rm	Amortised cost[1] Rm	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
	Held-for-trading Rm	Designated at fair value Rm	Default Rm	Debt instruments Rm	Equity instruments Rm					
Assets										
Cash and balances with central banks			80 602			80 602	10 567		91 169	91 169
Derivative assets	63 688					63 688			63 688	63 688
Trading assets	285 020					285 020			285 020	285 020
Pledged assets	5 005		3 877	4 143		13 025	1 153		14 178	14 179
Disposal of group assets held for sale			361			361		664	1 025	361
Financial investment		38 399	396 259	71 435	1 015	507 108	217 592		724 700	725 560
Loans and advances			486			486	1 423 842		1 424 328	1 422 896
Policyholders' assets								2 868	2 868	
Interest in associates and joint ventures								7 280	7 280	
Investment property								29 985	29 985	29 985
Other financial assets[3]							21 495		21 495	
Other non-financial assets								60 081	60 081	
Total assets	353 713	38 399	481 585	75 578	1 015	950 290	1 674 649	100 878	2 725 817	
Liabilities										
Derivative liabilities	67 259					67 259			67 259	67 259
Trading liabilities	81 484					81 484			81 484	81 484
Disposal of group liabilities held for sale								96	96	
Deposits and debt funding		3 576				3 576	1 773 039		1 776 615	1 776 542
Policyholders' liabilities[5]		123 947				123 947		239 076	363 023	123 947
Subordinated debt		5 578				5 578	24 852		30 430	31 614
Other financial liabilities[3]		81 662				81 662	37 766		119 428	
Other non-financial liabilities								44 633	44 633	
Total liabilities	148 743	214 763				363 506	1 835 657	283 805	2 482 968	

Refer to footnotes under the comparative table that follows.

Additional notes to the primary statements

Classification of assets and liabilities

Accounting classifications and fair values of financial assets and liabilities

The table below categorises the group's assets and liabilities between financial and non-financial.

	Fair value through profit or loss			Fair value through OCI						
2020	Held-for-trading Rm	Designated at fair value Rm	Default Rm	Debt instruments Rm	Equity instruments Rm	Total assets and liabilities measured at fair value Rm	Amortised cost[1] Rm	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
Assets										
Cash and balances with central banks			75 208			75 208	12 297		87 505	87 506
Derivative assets	118 290					118 290			118 290	118 290
Trading assets	262 627					262 627			262 627	262 627
Pledged assets	2 451		8 599	7 402		18 452	529		18 981	18 980
Disposal of group assets held for sale			213			213		7	220	213
Financial investments		28 219	341 225	76 613	1 084	447 141	203 157		650 298	655 007
Loans and advances			1 242	962		2 204	1 269 051		1 271 255	1 269 805
Policyholders' assets								5 050	5 050	
Interest in associates and joint ventures								6 498	6 498	
Investment property								29 917	29 917	29 917
Other financial assets[3,4]							25 524		25 524	
Other non-financial assets[4]								56 775	56 775	
Total assets	383 368	28 219	426 487	84 977	1 084	924 135	1 510 558	98 247	2 532 940	
Liabilities										
Derivative liabilities	111 577					111 577			111 577	111 577
Trading liabilities	81 261					81 261			81 261	81 261
Disposal of group liabilities held for sale								92	92	
Deposits and debt funding		3 352				3 352	1 620 692		1 624 044	1 623 404
Policyholders' liabilities[5]		106 954				106 954		218 238	325 192	106 954
Subordinated debt		6 081				6 081	23 225		29 306	28 996
Other financial liabilities[3,4]		76 885				76 885	31 170		108 055	
Other non-financial liabilities[4]								38 141	38 141	
Total liabilities	192 838	193 272				386 110	1 675 087	256 471	2 317 668	

[1] Includes financial assets and financial liabilities for which the carrying value has been adjusted for changes in fair value due to designated hedged risks.
[2] Carrying value has been used where it closely approximates fair values, excluding non-financial assets and liabilities. Refer to the fair value section in accounting policy 4 – Fair value in annexure F and key management assumptions in the group's consolidated annual financial statements for a description on how fair values are determined.
[3] The fair value of other financial assets and liabilities measured at amortised cost approximates the carrying value due to their short-term nature.
[4] Restated. Refer to Note 9 – Other Assets and Note 20 – Provisions and Other Liabilities in the group's consolidated annual financial statements for further detail.
[5] The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not financial instruments as defined.

Additional notes to the primary statements

Fair value disclosures

Assets and liabilities measured at fair value

Fair value hierarchy

The table that follows analyses the group's assets and liabilities carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that available market data is used in the calculation of the fair value of the assets and liabilities.

The levels have been defined as follows:
Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability.
Level 2 – fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices.
Level 3 – fair value is determined through valuation techniques using significant unobservable inputs.

	2021				2020			
Measured on a recurring basis[1]	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets								
Cash and balances with central bank	79 112	1 490		80 602	73 656	1 552		75 208
Derivative assets	64	62 584	1 040	63 688	65	115 802	2 423	118 290
Trading assets	168 018	100 691	16 311	285 020	164 122	95 315	3 190	262 627
Pledged assets	12 211	814		13 025	15 757	2 695		18 452
Disposal of group assets classified as held for sale[2]			361	361	213			213
Financial investments	266 443	222 228	18 437	507 108	228 228	196 873	22 040	447 141
Loans and advances		13	473	486		2011	193	2 204
Investment property			29 985	29 985			29 917	29 917
Total assets at fair value	525 848	387 820	66 607	980 275	482 041	414 248	57 763	954 052
Financial liabilities								
Derivative liabilities	228	64 031	3 000	67 259	48	105 397	6 132	111 577
Trading liabilities	53 229	26 109	2 146	81 484	42 349	35 734	3 178	81 261
Deposits and debt funding		3 576		3 576		3 352		3 352
Policyholders' liabilities		123 947		123 947		106 954		106 954
Other financial liabilities		78 593	3 069	81 662		70 839	6 046	76 885
Subordinated debt		5 578		5 578		6 081		6 081
Total financial liabilities at fair value	53 457	301 834	8 215	363 506	42 397	328 357	15 356	386 110

[1] Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of each reporting period.
[2] The disposal group is measured on a non-recurring basis.

Level 2 and 3 – valuation techniques and inputs	
Item and valuation technique	**Main inputs and assumptions**
Derivative financial instruments 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. **Trading assets and trading liabilities, pledged assets and financial investments** Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial instrument being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	**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.
Loans and advances to banks and customers 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 For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	
Policyholders' assets and liabilities Unit-linked policies: assets which are linked to the investment contract liabilities are owned by the group. The investment contract obliges the group to use these assets to settle these liabilities. Therefore, the fair value of investment contract liabilities is determined with reference to the fair value of the underlying assets (i.e. amount payable on surrender of the policies). Annuity certains: discounted cash flow models are used to determine the fair value of the stream of future payments.	**For level 2 and 3 fair value hierarchy items** • discount rate* • spot price of underlying.
Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities) The fair value of third-party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.	**For level 2 and 3 fair value hierarchy items** • discount rate*.

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

Additional notes to the primary statements

Reconciliation of level 3 assets

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

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Investment property Rm	Loans and advances Rm	Total Rm
Balance at 1 January 2020	2 611	2 622	10 664	34 180	161	50 238
Total gains/(losses) included in profit or loss	857	(92)	(1 402)	(5 419)	(74)	(6 130)
Non-interest revenue	857	(92)	(977)		(74)	(286)
Investment losses			(425)	(5 419)		(5 844)
Total losses included in OCI			(158)			(158)
Issuances and purchases	1 035	838	15 905	1 221	493	19 492
Sales and settlements	(2 082)	(124)	(960)	(62)	(387)	(3 615)
Transfers into level 3[1]	62					62
Transfers out of level 3[2,3]	(149)	(54)				(203)
Exchange and other movements[3]	89		(2 009)	(3)		(1 923)
Balance at 31 December 2020	2 423	3 190	22 040	29 917	193	57 763
Balance at 1 January 2021	**2 423**	**3 190**	**22 040**	**29 917**	**193**	**57 763**
Total gains/(losses) included in profit or loss	**(84)**	**196**	**662**	**(697)**	**(123)**	**(46)**
Non-interest revenue	**(84)**	**196**	**69**		**(123)**	**58**
Investment gains/(losses)			**593**	**(697)**		**(104)**
Total gains included in OCI			**66**			**66**
Issuances and purchases	**915**	**13 034**	**593**	**923**	**1 277**	**16 742**
Sales and settlements	**(2 161)**	**(80)**	**(3 367)**	**(156)**	**(874)**	**(6 638)**
Transfers into level 3[1]	**71**	**44**				**115**
Transfers out of level 3[2]	**(145)**	**(73)**	**(31)**			**(249)**
Exchange and other movements	**21**		**(1 526)**	**(2)**		**(1 507)**
Balance at 31 December 2021	**1 040**	**16 311**	**18 437**	**29 985**	**473**	**66 246**

[1] Transfers of financial assets between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. During the period, the valuation inputs of certain financial assets became unobservable. The fair value of these assets was transferred to level 3.
[2] During the period, the valuation inputs of certain level 3 financial assets became observable. The fair value of these financial assets was transferred into level 2.
[3] Restated. During 2021 it was noted that R1 946 million was erroneously included in transfers out of level 3 instead of exchange and other movements for financial statements. This restatement has no impact on the group's statement of financial position.

Level 3 assets

The following table provides disclosure of the unrealised gains/(losses) included in profit or loss on assets measured at level 3 fair value:

	Derivative assets Rm	Trading assets Rm	Financial investments Rm	Investment property Rm	Loans and advances Rm	Total Rm
2021						
Non-interest revenue	**(279)**	**3 332**	**189**		**(123)**	**3 119**
Investment gains/(losses)			**541**	**(348)**		**193**
2020						
Non-interest revenue	690	(92)	(942)		74	(270)
Investment (losses)			(596)	(5 736)		(6 332)

Reconciliation of level 3 liabilities

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

	Derivative liabilities Rm	Trading liabilities Rm	Other financial liabilities[1] Rm	Total Rm
Balance at 1 January 2020	5 602	3 199	7 293	16 094
Total losses/(gains) included in profit or loss	758	495	(28)	1 225
Issuances and purchases	129	889	174	1 192
Sales and settlements	(226)	(1 405)	(1 393)	(3 024)
Transfers out of level 3[1]	(131)			(131)
Balance at 31 December 2020	6 132	3 178	6 046	15 356
Balance at 1 January 2021	**6 132**	**3 178**	**6 046**	**15 356**
Total losses included in profit or loss	**395**	**85**	**10**	**490**
Issuances and purchases	**485**	**49**		**534**
Sales and settlements	**(3 934)**	**(1 104)**	**(2 987)**	**(8 025)**
Transfers out of level 3[1]	**(135)**	**(62)**		**(197)**
Transfers into level 3[2]	**57**			**57**
Balance at 31 December 2021	**3 000**	**2 146**	**3 069**	**8 215**

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

Level 3 liabilities

The following table provides disclosure of the unrealised losses included in profit or loss on financial liabilities measured at level 3 fair value.

	Derivative liabilities Rm	Trading liabilities Rm	Total Rm
2021			
Non-interest revenue	**684**	**108**	**792**
2020			
Non-interest revenue	977	319	1 296

Additional notes to the primary statements

Sensitivity and interrelationships of inputs

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

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

The changes in the inputs that have been used in the analysis have been determined taking into account several considerations such as the nature of the asset or liability and the market within which the asset or liability is transacted.

	Change in significant unobservable input	Effect on profit or loss	
		Favourable Rm	(Unfavourable) Rm
2021			
Derivative instruments	**From (1%) to 1%**	**322**	**(322)**
Financial investments	**From (1%) to 1%**	**163**	**(161)**
Trading assets	**From (1%) to 1%**	**86**	**(86)**
Trading liabilities	**From (1%) to 1%**	**51**	**(51)**
Investment property	**From (1%) to 1%**	**2 549**	**(3 177)**
Total		**3 171**	**(3 797)**
2020			
Derivative instruments	From (1%) to 1%	191	(191)
Financial investments	From (1%) to 1%	165	(223)
Trading assets	From (1%) to 1%	68	(68)
Trading liabilities	From (1%) to 1%	69	(69)
Investment property	From (1%) to 1%	2 652	(3 351)
Total		3 145	(3 902)

The measurement of financial investments classified as FVOCI would result in a R134 million favourable (2020: R130 million favourable) and R122 million unfavourable (2020: R125 million unfavourable) impact on OCI applying a 1% change of the significant unobservable inputs used to determine the fair value.

Related party balances and transactions

Balances and transactions with ICBCS

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

Amounts included in the group's statement of financial position	2021 Rm	2020 Rm
Derivative assets	**6 083**	7 367
Loans and advances	**5 885**	11 269
Other assets	**339**	742
Derivative liabilities	**(4 488)**	(7 280)
Deposits and debt funding	**(2 094)**	(1 232)
Other liabilities	**(1 515)**	(150)

Services

The group entered into certain transitional service level arrangements with ICBCS in order to manage the orderly separation of ICBCS from the group post the sale of 60% of Standard Bank Plc (SB Plc). In terms of these arrangements, services are delivered to and received from ICBCS for the account of each respective party. As at 31 December 2021 the net income recognised in respect of these arrangements amounted to R141 million (2020: net expense of R137 million).

Balances and transactions with the 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 and on market-related terms. The following balances and transactions were entered into between the group and ICBC, a 20.1% shareholder of the group, excluding those with ICBCS.

Amounts included in the group's statement of financial position	2021 Rm	2020 Rm
Loans and advances[1]	**3 254**	3 715
Other assets[2]	**980**	620
Deposits and debt funding	**(13 533)**	(14 535)

[1] Restated. During 2021, it was noted that loans and advances with ICBC were erroneously overstated as it included balances relating to another counterparty of R19 631 million for FY20, the disclosure has been restated to exclude these balances. This restatement did not impact the group's statement of financial position or any key ratios relating to loans and advances.

[2] The group recognised losses in respect of certain commodity reverse repurchase agreements with third parties prior to the date of conclusion of the sale and purchase agreement, relating to SB Plc (now ICBCS) with ICBC. As a consequence of the sale and purchase agreement, the group holds the right to 60% of insurance and other recoveries, net of costs, relating to claims for those recognised losses prior to the date of conclusion of the transaction. Settlement of these amounts will occur based on audited information on pre-agreed anniversaries of the completion of the transaction and the full and final settlement of all claims in respect of losses incurred. As at 31 December 2021, a balance of USD43.54 million (R691.66 million) is receivable from ICBC in respect of this arrangement (FY20: USD41.7 million; R610.3 million).

The group has off-balance sheet guarantees and letters of credit exposure issued to ICBC as at 31 December 2021 of R3 106 million (2020: R2 573 million). The group received R19 million in fee and commission revenue relating to these transactions (2020: R96 million).

Additional notes to the primary statements

Mutual funds

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

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

Amounts included in the group's statement of financial position and income statement	2021 Rm	2020 Rm
Trading liabilities	(96)	(27)
Deposits and debt funding	(32 468)	(22 007)
Trading losses	(25)	(19)
Interest expense	(1 345)	(1 674)

Post-employment benefit plans

The group manages R13 370 million (2020: R9 882 million) of the group's post-employment benefit plans' assets. Other significant balances between the group and the group's post-employment benefit plans are listed below:

	2021 Rm	2020 Rm
Financial investments held in bonds and money market	815	651
Value of ordinary group shares held	291	296

Other reportable items

Additional tier 1 capital

The group issued R3 524 million Basel III compliant AT1 capital bonds that qualify as tier 1 capital during 2021 (2020: R1 539 million). During 2021, coupons to the value of R746 million (2020: R583 million) were paid to AT1 capital bondholders. Current tax of R208 million (2020: R163 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R538 million (2020: R420 million). The AT1 capital bonds have been recognised within other equity instruments in the statement of financial position.

Change in group directorate

The following changes in directorate took place during the year ended 31 December 2021 and up to 11 March 2022:

Appointments		
PLH Cook	As independent non-executive director	22 February 2021
L Li	As independent non-executive director	11 November 2021
Resignations		
L Wang	As independent non-executive director	11 November 2021
MA Erasmus	As independent non-executive director	16 February 2022
Retirements		
AC Parker	As independent non-executive director	27 May 2021

Equity securities

During 2021, the group allotted 35 353 shares (2020: 231 936) in terms of the group's share incentive schemes and did not repurchase any shares during 2021 or 2020. The equity securities held as treasury shares at 2021 was a long position of 28 404 495 shares with no short positions (2020: long position of 27 036 663 shares with no short positions).

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 are in place to meet claims that may succeed.

Competition Commission – trading of foreign currency

On 15 February 2017, South Africa's Competition Commission lodged five complaints with the Competition Tribunal against 18 institutions, including one against The Standard Bank of South Africa Limited (SBSA) and two against a former subsidiary of the group, Standard New York Securities Inc (SNYS), in which it alleges unlawful collusion between those institutions in the trading of USD/ZAR. The group has, with the help of external counsel, conducted its own internal investigations and found no evidence that supports the complaints. Both SBSA and SNYS, together with 12 of the other respondents, applied for dismissal of the complaint referral on various legal grounds. These applications were heard in July 2018. The complaint against SNYS was dismissed on the grounds that South Africa's competition regulators lack jurisdiction over it. In the case of SBSA, the Competition Commission was directed to file an amended complaint containing sufficient facts to evidence the collusion alleged within 40 business days of the ruling or risk dismissal of the complaint. The allegations against SBSA are confined to USD/ZAR trading activities within SBSA and do not relate to the conduct of the group more broadly. A number of respondents have filed an appeal to the ruling raising various grounds, which will impact on the 40 business day deadline imposed on the Competition Commission for the filing of the amended complaint against SBSA. The Competition Tribunal (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.

Other reportable items

Separately SBSA has requested a date for hearing of its review application from the Competition Appeal Court (CAC). This review is requested of the Competition Commission's decision to refer the complaint against SBSA to the tribunal following new case law confirming the CAC's jurisdiction to hear reviews of this nature. SBSA was advised that no directions on next steps will be made until the outcome of the Tribunal hearings.

Indemnities granted following disposal of Standard Bank Plc

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

Pro forma constant currency information

The *pro forma* constant currency information disclosed in these results is the responsibility of the group's directors. The *pro forma* constant currency information has been presented to illustrate the impact of changes in currency rates on the group's results and may not fairly present the group's financial position and results of operations. In determining the change in constant currency terms, the income and expenditure items for the comparative financial reporting years have been adjusted for the difference between the current and prior year cumulative average exchange rate, determined as the average of the daily exchange rates. The statement of financial position item have been adjusted for the difference between the current and prior year closing rate. The measurement has been performed for each of the group's material currencies. The constant currency change percentage is calculated using this adjusted comparative amount.

Only the 2021 *pro forma* constant currency information, where applicable, contained in these results, has been reviewed by the group's external auditors and their unmodified assurance report prepared in terms of International Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (ISAE 3420) is available for inspection at the company's registered office on weekdays from 09:00 to 16:00.

The average exchange and closing rates used in the determination of the *pro forma* constant currency information can be found on page 3. The average exchange rates were calculated using the average of the average monthly exchange rates (determined on the last day of each of the months in the period).

Standard Bank Mozambique Foreign Currency Trading

During the year, an on-site inspection by the Bank of Mozambique (BOM) was concluded regarding allegations of breaches in foreign exchange control requirements. On 12 July 2021, Standard Bank Mozambique (SBM) was notified by BOM of the suspension from the foreign exchange market for a period of up to 12 months and fined R65 million for contravention processes instituted against SBM following findings of the on-site inspection. SBM cooperated and continues to work closely with BOM to address the situation. As a result, with effect from 26 July 2021, BOM conceded a partial lifting of SBM's suspension from the foreign exchange market. The lifting of the suspension, although it still prevents SBM from participating in the Interbank foreign exchange market, allows SBM to resume currency conversion operations with our clients. The group remains committed to do business ethically and responsibly and governance and compliance processes are rigorous, as we consider reputation our most valuable asset.

Subordinated debt

During 2021, the group issued R3.2 billion (2020: R7.0 billion) Basel III compliant bonds that qualify as tier 2 capital. The capital notes constitute direct, unsecured and subordinated obligations. The notes may be redeemed prior to their respective maturity dates at the option of the issuer and subject to regulatory approval, after a minimum period of five years.

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

The group redeemed R1.7 billion (2020: R7.5 billion) Basel III and Basel II compliant tier 2 notes that were eligible for redemption during 2021.

During 2021, the group issued nil and redeemed R0.5 billion subordinated debt instruments that qualify as regulatory insurance capital (2020: R1.5 billion issued; R1.0 billion redeemed).

Post reporting date events

ICBCS single client loss settlement agreement

During 2019, ICBCS, in which the group is a 40% shareholder, incurred a loss of USD198 million relating to a single client loss arising from an explosion at a client's oil refinery and its subsequent bankruptcy. Further losses, net of a recovery against cash collateral, of USD13.7 million were incurred by ICBCS in 2020 in relation to this transaction. These losses principally related to inventory extraction costs and professional fees incurred in pursuing recovery of ICBCS's losses. The group's attributable share of these ICBCS losses, was recognised within the share of post tax profit/(loss) from associates line in the income statement.

In February 2020, ICBCS lodged a secured claim for its losses against the client's bankruptcy estate for unpaid invoices, loss of bargain, (inability to perform due to counterparty obligations not being met), inventory extraction, other operating costs, professional fees and applicable interest as well as a claim in ICBCS's own right against the client's insurers.

During 2021, ICBCS received a net recovery on the transaction of USD8.8 million, following realisation of certain collateral and some insurance recoveries, partially offset by further provisions for professional fees relating to ICBCS and its claim against the client. The group's attributable share of these net recoveries by ICBCS, has been recognised within the share of post tax profit/(loss) from associates line on the income statement.

In January 2022, ICBCS and the client entered into a settlement agreement with the client's insurers in respect of their business interruption insurance claims and obtained the support of other interested parties. The settlement of these insurance claims was approved by the US Bankruptcy Court on 17 January 2022. Under the terms of the settlement, ICBCS will receive approximately USD230 million, before tax, from the insurance proceeds as compensation for the losses it incurred. Payments from the insurers were required to be made within 21 days of the US Bankruptcy Court's approval.

As the US Bankruptcy Court approval of the insurance settlement was not obtained until after 31 December 2021, the settlement is a non-adjusting post-balance sheet event, thus no amounts were recognised by the group for the year ended 31 December 2021. The group's share of the net recovered proceeds received by ICBCS, has been recognised subsequent to reporting date within the share of post tax profits/(loss) from associates line in the income statement.

The group's acquisition of the remaining, non-controlling ordinary and preference shareholdings in Liberty Holdings Limited

On 14 July 2021, Standard Bank Group (SBG) and Liberty Holdings Limited (Liberty) jointly announced, via SENS and the press, SBG's firm intention to make an offer to (i) acquire all the ordinary shares of Liberty that are not already owned by SBG excluding all treasury shares; and (ii) acquire all of Liberty's issued preference shares listed on the JSE (together the "proposed transaction"). As part of the proposed transaction all Liberty ordinary and preference shares would be delisted from the JSE.

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

In relation to the preference share scheme, all requisite scheme conditions, including obtaining requisite regulatory approvals, were fulfilled on 2 November 2021. Accordingly, the preference share scheme was implemented on 22 November 2021 for a total consideration of R22.5 million. This resulted in a decrease in preference share capital/premium of R15 million and a R7.5 million loss on settlement of the preference shares, which was recognised directly in retained earnings. The Liberty preference shares were delisted from the JSE on 23 November 2021.

In respect of the ordinary share scheme, at 31 December 2021, certain scheme conditions, including some requisite regulatory approvals, remained outstanding. Accordingly, that scheme was not unconditional at the reporting date. Subsequent to year end, all of the scheme conditions were fulfilled and the scheme became unconditional on 7 February 2022 with implementation of the ordinary scheme on 28 February 2022 and the Liberty ordinary shares delisted from the JSE on 1 March 2022.

The ordinary share scheme participants received a special distribution of R11.10 per Liberty ordinary share and a scheme consideration for each Liberty ordinary share comprising half an SBK ordinary share (subject to the JSE's rounding principles) plus an ordinary scheme cash consideration of R14.40.

The group accounts for its controlling shareholding in Liberty as an investment in subsidiary which is measured at cost less impairments in its separate financial statements in terms of IAS 27 *Separate Financial Statements* (IAS 27).

The share issue by the group under the ordinary share scheme will be recognised as an increase in the group's share capital and share premium. Upon acquiring the remaining Liberty shares not already owned by the group, the group's investment in Liberty will increase and this increased investment will be measured at the cost of acquisition in the separate financial statements of Standard Bank Group Limited. The group will continue to consolidate Liberty results, however, as of 7 February 2022 the total Liberty earnings would be attributable to the group's ordinary shareholders instead of attributing a portion of earnings to the current Liberty non-controlling shareholders. Since the transaction is between group entities, common control accounting principles apply, and the transaction will result in the premium above the acquired net asset value attributable to non-controlling shareholders being recognised directly in retained earnings.

THE ESTIMATED FINANCIAL IMPACT AS A RESULT OF THE COMMON CONTROL TRANSACTION RELATING TO THE ORDINARY SHARE SCHEME IS AS FOLLOWS:

	R'000
Transaction price	**12 387**
Additional shares issued[1]	9 430
Special dividend	1 287
Cash consideration	1 670
Net asset value attributable to non-controlling shareholders at date of sale	**8 029**
Decrease on retained earnings	**4 358**

[1] The issue of the 58 million additional shares will result in an estimated increase to the group's share capital and share premium.

Risk management – IFRS disclosures

Overview

The group's activities give rise to various financial and insurance risks. Financial risks are categorised into credit, funding and liquidity and market risk, of which an update from 2020 has been included in these results relating to concentration and market risks relating to Standard Bank Activities. 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 risk and capital management committee (GRCMC). Refer to the group annual financial statements, released in conjunction with these results, for more detail relating to the group's IFRS disclosures on risk management.

Standard Bank Activities

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.

INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

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

GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2021		2020	
	%	Rm	%	Rm
South Africa	69	1 013 576	65	861 565
Africa Regions[1]	19	279 104	18	242 030
International[1]	12	183 046	17	217 646
Total	**100**	**1 475 726**	**100**	**1 321 241**

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

INDUSTRY SEGMENTAL ANALYSIS OF STAGE 3 CREDIT IMPAIRMENT OF LOANS AND ADVANCES

	2021 Rm	2020 Rm
Agriculture	1 254	1 431
Construction	1 678	1 343
Electricity	539	579
Finance, real estate and other business services	3 144	2 784
Individuals	23 838	20 578
Manufacturing	790	862
Mining	113	363
Transport	1 155	1 709
Wholesale	2 071	2 096
Other services	1 547	1 511
Total	**36 129**	**33 256**

GEOGRAPHIC SEGMENTAL ANALYSIS OF STAGE 3 CREDIT IMPAIRMENT OF LOANS AND ADVANCES

	2021		2020	
	%	Rm	%	Rm
South Africa	81	29 305	77	25 504
Africa Regions	17	6 221	21	7 082
International	2	603	2	670
Total	**100**	**36 129**	**100**	**33 256**

Market Risk

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 group ALCO.

Measurement

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

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

INTEREST RATE SENSITIVITY ANALYSIS[1]

		ZAR	USD	GBP	Euro	Other	Total
2021							
Increase in basis points		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	3 144	955	491	77	1 023	5 690
Decrease in basis points[2]		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(3 563)	(144)	(64)		(1 035)	(4 806)
2020							
Increase in basis points		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	2 386	448	308	68	796	4 006
Decrease in basis points[2]		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(2 962)	(89)	(5)		(757)	(3 813)

[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.

Notes

Shareholder information

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Analysis of shareholders

TEN MAJOR SHAREHOLDERS[1]

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

[1] Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of section 56 of the Companies Act, 71 of 2008.

GEOGRAPHIC SPREAD OF SHAREHOLDERS

	2021		2020	
	Number of shares (million)	% holding	Number of shares (million)	% holding
South Africa	813.8	50.2	833.7	51.5
Foreign shareholders	806.2	49.8	786.2	48.5
China	325.9	20.1	329.8	20.4
United States of America	195.3	12.1	207.7	12.8
United Kingdom	24.2	1.5	23.5	1.5
Namibia	22.1	1.4	24.2	1.5
Ireland	16.4	1.0	14.1	0.9
Norway	15.9	1.0	17.2	1.1
United Arab Emirates	14.6	0.9	19.9	1.2
Luxembourg	14.2	0.9	13.4	0.8
Hong Kong	14.0	0.9	9.9	0.6
Singapore	13.2	0.8	21.5	1.3
Japan	12.8	0.8	12.7	0.8
Netherlands	11.3	0.7	14.0	0.9
Saudi Arabia	7.4	0.5	5.7	0.4
Switzerland	7.1	0.4	9.1	0.6
Sweden	6.9	0.4	5.0	0.3
Kuwait	6.2	0.4		
Other	98.7	6.0	58.5	3.4
	1 620.0	100.0	1 619.9	100.0

Credit ratings

RATINGS AS AT 11 MARCH 2022 FOR KEY BANKING ENTITIES WITHIN STANDARD BANK GROUP

	Short term	Long term	Outlook
Standard Bank Group Limited			
Fitch Ratings			
Foreign currency issuer default rating	B	BB-	Stable
Local currency issuer default rating		BB-	Stable
National rating	F1+(zaf)	AA+(zaf)	Stable
Moody's Investor Services			
Foreign currency issuer rating		Ba3	Negative
Local currency issuer rating		Ba3	Negative
The Standard Bank of South Africa			
Fitch Ratings			
Foreign currency issuer default rating	B	BB-	Stable
Local currency issuer default rating		BB-	Stable
National rating	F1+(zaf)	AA+(zaf)	Stable
Moody's Investor Services			
Foreign currency deposit rating	NP	Ba2	Negative
Local currency deposit rating	NP	Ba2	Negative
National rating	P-1.za	Aa1.za	
RSA Sovereign			
Fitch Ratings			
Foreign currency issuer default rating	B	BB-	Stable
Local currency issuer default rating	B	BB-	Stable
Moody's Investor Services			
Foreign currency issuer rating		Ba2	Negative
Local currency issuer rating		Ba2	Negative
Standard & Poor's			
Foreign currency	B	BB-	Stable
Local currency	B	BB	Stable
National rating	zaA-1+	zaAAA	
Stanbic IBTC Bank PLC			
Fitch Ratings			
National rating	F1+(nga)	AAA(nga)	
Standard & Poor's			
Foreign currency	B	B-	Stable
Local currency	B	B-	Stable
National rating	ngA-2	ngBBB	
Stanbic Bank Kenya			
Fitch Ratings			
Foreign currency issuer default rating	B	B+	Negative
National rating	F1+(ken)	AAA(ken)	Negative
Stanbic Bank Uganda			
Fitch Ratings			
Foreign currency issuer default rating	B	B+	Negative
National rating	F1+(uga)	AAA(uga)	Stable
Moody's Investor Services			
Foreign currency deposit rating	NP	B1	Stable
Local currency deposit rating	NP	B1	Stable

Declaration of final dividends

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

Ordinary shares

Ordinary shareholders are advised that the board has resolved to declare a final gross cash dividend No. 104 of 511.00 cents per ordinary share (the cash dividend) to ordinary shareholders recorded in the register of the company at the close of business on Friday, 8 April 2022. The last day to trade to participate in the dividend is Tuesday, 5 April 2022. Ordinary shares will commence trading ex dividend from Wednesday, 6 April 2022.

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

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 6 April 2022, and Friday, 8 April 2022 both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Monday, 11 April 2022.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date.

Preference shares

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

- 6.5% first cumulative preference shares (first preference shares) dividend No. 105 of 3.25 cents (gross) per first preference share, payable on Monday, 4 April 2022, to holders of first preference shares recorded in the books of the company at the close of business on the record date, Friday, 1 April 2022. The last day to trade to participate in the dividend is Tuesday, 29 March 2022. First preference shares will commence trading ex dividend from Wednesday, 30 March 2022.
- Non-redeemable, non-cumulative, non-participating preference shares (second preference shares) dividend No. 35 of 273.98195 cents (gross) per second preference share, payable on Monday, 4 April 2022, to holders of second preference shares recorded in the books of the company at the close of business on the record date, Friday, 1 April 2022. The last day to trade to participate in the dividend is Tuesday, 29 March 2022. Second preference shares will commence trading ex dividend from Wednesday, 30 March 2022.

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

Preference share certificates (first and second) may not be dematerialised or rematerialised between Wednesday, 30 March 2022, and Friday, 1 April 2022, both days inclusive. Preference shareholders (first and second) who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 4 April 2022.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date.

THE RELEVANT DATES FOR THE PAYMENT OF DIVIDENDS ARE AS FOLLOWS:

	Ordinary shares	6.5% cumulative preference shares (first preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (second preference shares)[1]
JSE Limited			
Share code	SBK	SBKP	SBPP
ISIN	ZAE000109815	ZAE000038881	ZAE000056339
Namibian Stock Exchange (NSX)			
Share code	SNB		
ISIN	ZAE000109815		
Dividend number	104	105	35
Gross distribution/dividend per share (cents)	511.00	3.25	273.98195
Net dividend	408.80	2.60	219.18556
Last day to trade in order to be eligible for the cash dividend	Tuesday, 5 April 2022	Tuesday, 29 March 2022	Tuesday, 29 March 2022
Shares trade *ex* the cash dividend	Wednesday, 6 April 2022	Wednesday, 30 March 2022	Wednesday, 30 March 2022
Record date in respect of the cash dividend	Friday, 8 April 2022	Friday, 1 April 2022	Friday, 1 April 2022
CSDP/broker account credited/ updated (payment date)	Monday, 11 April 2022	Monday, 4 April 2022	Monday, 4 April 2022

[1] The non-redeemable, non-cumulative, non-participating preference shares (SBPP) are entitled to a dividend of not less than 77% of the prime interest rate multiplied by the subscription price of R100 per share.

Tax implications

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

In terms of the South African Income Tax Act, 58 of 1962, the cash dividend will, unless exempt, be subject to dividends tax. South African resident ordinary and preference shareholders that are not exempt from dividends tax, will be subject to dividends tax at a rate of 20% of the cash dividend, and this amount will be withheld from the cash dividend with the result that they will receive a net amount of 408.80 cents per ordinary share, 2.60 cents per first preference share and 219.18556 cents per second preference share. Non-resident ordinary and preference shareholders may be subject to dividends tax at a rate of less than 20% depending on their country of residence and the applicability of any Double Tax Treaty between South Africa and their country of residence.

Shares in issue

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

- 1 619 976 537 ordinary shares at a par value of 10 cents each
- 8 000 000 first preference shares at a par value of R1 each
- 52 982 248 second preference shares at a par value of 1 cent each and subscription price of R100.

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

Notes

Administrative and contact details

Standard Bank Group Limited

Registration No. 1969/017128/06
Incorporated in the Republic of South Africa
Website: www.standardbank.com

Registered office

9th Floor, Standard Bank Centre
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Group secretary

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Please 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.

Directors

TS Gcabashe (chairman), PLH Cook, A Daehnke*, GJ Fraser-Moleketi, X Guan[2] (deputy chairman), GMB Kennealy, L Li[2], JH Maree (deputy chairman), NNA Matyumza, KD Moroka, NMC Nyembezi, ML Oduor-Otieno[3], ANA Peterside CON[4], MJD Ruck, SK Tshabalala* (chief executive officer), JM Vice.

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

All nationalities are South African, unless otherwise specified.

Head Office Switchboard

Tel: +27 11 636 9111

Share Transfer Secretaries in South Africa

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Ave, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132, South Africa

Share Transfer Secretaries in Namibia

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

JSE Independent Sponsor

J.P. Morgan Equities South Africa Proprietary Limited

Namibian Sponsor

Simonis Storm Securities (Proprietary) Limited

JSE Joint Sponsor

The Standard Bank of South Africa Limited

Share and Bond Codes

JSE share code: SBK
ISIN: ZAE000109815
NSX share code: SNB ZAE000109815
A2X share code: SBK

SBKP ZAE000038881
(First preference shares)

SBPP ZAE000056339
(Second preference shares)

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