STANDARD BANK GROUP

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

Namibia
Road between Walvis Bay and Swakopmund

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[1] International Financial Reporting Standards (IFRS®) 17 *Insurance Contracts* (IFRS 17).

OUR REPORTING SUITE

Our suite of reports caters for the diverse needs of our stakeholders.

Annual integrated report
Sets out our value story and what we want to achieve for our stakeholders and the Standard Bank Group (SBG or the group) and assesses our ability to deliver sustainable growth and value in the short, medium and long term. It draws information from our supplementary reports which provide more detailed disclosure.

Annual financial statements (this report)
Sets out the group's full audited annual financial statements, including the report of the group audit committee

Risk and capital management report
Sets out the group's approach to risk management and Pillar III disclosures of the Basel Framework.

Governance report
Discusses the group's governance approach and priorities.

Remuneration report
Sets out the group's remuneration policy and implementation report and includes a background statement from the remuneration committee chair.

Sustainability disclosures
Provides an overview of how we manage environmental, social and governance (ESG) risk, including information regarding ethics and conduct, people and culture, environmental and social risk management, and tax governance and policy, together with information about our sustainable finance activities.

Report to society (RTS)
An assessment of our impact on society, the economy and the environment, focusing on the four areas in which we have the most significant impact, namely: enterprise growth and job creation, infrastructure development and the energy transition, climate resilience, and financial inclusion.

Climate-related financial disclosures report
Discusses how the group is managing the risks and responding to the opportunities presented by climate change, aligned to the recommendations of the Task Force on Climate-related Disclosures (TCFD).

HOW TO NAVIGATE OUR REPORTS

Refers readers to information elsewhere in this report.

Refers readers to information in other reports online.

Our reporting portal
All our reports, latest results presentations, booklets, SENS announcements and a glossary of financial terms, other definitions, acronyms and abbreviations used in our reports are available at www.standardbank.com/sbg/standard-bank-group/investor-relations/results-and-reports/

Subsidiary annual reports
Our subsidiaries account to their stakeholders through their own annual and/or other reports and information, available on their respective websites, accessible from www.standardbank.com/sbg/standard-bank-group/investor-relations/results-and-reports/subsidiaries

Shareholder information
The invitation to the annual general meeting (AGM) and notice of resolutions to be tabled at the AGM are sent to shareholders separately.

Assurance on this report
The consolidated and separate annual financial statements were audited in terms of the South African Companies Act 71 of 2008, as amended (Companies Act).

Preparation of this report
The preparation of The Standard Bank Group Limited consolidated and separate annual financial statements was supervised by the Chief Finance & Value Management Officer, Arno Daehnke, BSc, MSc, PhD, MBA, AMP.

Release date
These results, together with a summary thereof, were made publicly available on 14 March 2024.

CHIEF EXECUTIVE AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below, hereby confirm that the annual financial statements set out on pages 20 to 339, fairly present in all material respects the financial position, financial performance and cash flows of the Standard Bank Group Limited in terms of IFRS, and that to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading. Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer, the internal financial controls are adequate and effective and can be relied on in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies and we are not aware of any fraud involving directors.

Arno Daehnke
Chief finance & value management officer

13 March 2024

Sim Tshabalala
Group chief executive officer

13 March 2024

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

In accordance with the Companies Act, the directors are responsible for the preparation of the annual financial statements. These annual financial statements conform to IFRS as issued by the International Accounting Standards Board (IASB®), the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and fairly present the affairs of the Standard Bank Group Limited (SBGL or the company) and the Standard Bank Group (SBG or the group) as at 31 December 2023, and the net income and cash flows for the year then ended.

The directors are ultimately responsible for the internal controls of the company and the group. Management enables the directors to meet these responsibilities. Standards and systems of internal controls are designed, implemented and monitored by management to provide reasonable assurance of the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments as well as company and group assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. It is the responsibility of the independent auditors to report on the fair presentation of the financial statements. Based on the information and explanations provided by management and the group's internal auditors, the directors are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the annual financial statements in accordance with IFRS and to maintain accountability for the company and the group's assets and liabilities. Nothing has come to the attention of the directors to indicate that a breakdown in the functioning of these controls, resulting in a material loss to the company and the group, has occurred during the year and up to the date of this report.

The controls over the maintenance and integrity of the SBGL website, for the purpose of establishing and controlling the process for electronically distributing the annual financial statements and other financial information to shareholders have been put in place, are adequate and effective and can be relied on.

The directors have a reasonable expectation that the company and the group will have adequate resources to continue in operational existence and as a going concern in the financial year ahead. The 2023 annual financial statements, which appear on pages 20 to 339, were approved by the board of directors of Standard Bank Group Limited (the board) on 13 March 2024 and signed on its behalf by:

Nonkululeko Nyembezi
Chairman

13 March 2024

Sim Tshabalala
Group chief executive officer

13 March 2024

GROUP SECRETARY'S CERTIFICATION

Compliance with the Companies Act

In terms of the Companies Act and for the year ended 31 December 2023, I certify that Standard Bank Group Limited has filed all returns and notices required by the Companies Act with the Companies and Intellectual Property Commission and that all such returns and notices are true, correct and up to date.

Kobus Froneman
Group secretary

13 March 2024

REPORT OF THE GROUP AUDIT COMMITTEE

This report is provided by the audit committee in respect of the 2023 financial year of Standard Bank Group Limited, in compliance with section 94 of the Companies Act, as amended from time to time, and in terms of the JSE Listings Requirements. The committee's operation is guided by a detailed mandate that is informed by the Companies Act, the Banks Act, the JSE Listings Requirements and the King IV Code on Corporate Governance and is approved by the board. Section 94(2) of the Companies Act determines that, at each annual general meeting, a public company must elect an audit committee comprising at least three members. In terms of 94(1), the bank is exempted from complying with section 94(2). Accordingly, the appointment of its members was approved annually by the board. However, in line with governance best practice, with effect from 2022, the appointment of members to the group audit committee is presented to shareholders for approval at the annual general meeting.

At the end of December 2023, the committee comprised four independent non-executive directors, all of whom have the necessary financial literacy, skills and experience to execute their duties effectively. To ensure that risk-related matters relevant to the audit committee are considered, the chairman is a member of and attended the group risk and capital management committee meetings held during the financial year. Through the chairman and other audit committee members' membership on the risk and capital management committee, SBG information technology committee and SBG remuneration committee, collective and integrated oversight of key matters in the respective committees' deliberations was ensured.

The committee met seven times during 2023. This included a meeting with the SARB Prudential Authority following the publication of the prior year's group financial results and a special meeting to approve the appointment of Deloitte as the group's external auditors with effect from the financial year ending 31 December 2026. All members were present for all meetings held during 2023, except Lwazi Bam who was recused from the special meeting.

MEETINGS HELD DURING THE YEAR

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

Execution of functions

The audit committee has executed its duties and responsibilities during the 2023 financial year in accordance with its mandate as it relates to the group's accounting, internal and external auditing, compliance, internal control and financial reporting practices.

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

In respect of the external auditors and the external audit:

- Approved the final audit fees for the prior financial year ended 31 December 2022.
- Considered and recommended the reappointment of KPMG Inc. and PricewaterhouseCoopers Inc. as joint external auditors for the financial year ended 31 December 2023, in accordance with all applicable legal requirements.
- Approved the audit plan and budgeted audit fees for the financial year ending 31 December 2023 of R482 million. This budgeted fee comprised R6 million for EY, R174 million for KPMG and R302 million for PwC.
- Reviewed and considered the draft engagement letters at the meeting held in August 2023, and mandated the SBG chief finance and value management officer to sign the final letter. The committee noted the final letter at the meeting in October 2023.
- Reviewed the audit process and evaluated the effectiveness of the audit, taking into consideration the group finance function's assessment of the audit and the respective audit firms.
- Reviewed the Independent Regulatory Board for Auditors' (IRBA's) firm inspection reports of both the group's external auditors, as it pertained to engagement inspections conducted by IRBA.
- Assessed and obtained assurance from the external auditors that their independence was not impaired.
- Approved amendments to the non-audit services policy, which governs the use of the group's external auditors for non-audit services.
- Approved pre-approved proposed contracts with external auditors to provide non-audit services above an agreed-upon threshold.
- Considered the nature and extent of all non-audit services provided by the external auditors.
- Monitored that the non-audit service fees, which included audit related fees, for the year ended 31 December 2023 comprised R12 million for EY, R3 million for KPMG and R25 million for PwC and were within the threshold the group audit committee set for such engagements.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005.

In respect of the financial statements:

- Confirmed the going concern basis for the preparation of the interim and annual financial statements.
- Examined and reviewed the interim and annual financial statements prior to submission to and approval by the board.
- Reviewed external audit's report on the adequacy of credit provisions and impairment tests with respect to assets and considered feedback from the external auditors regarding the models applied by management in determining such impairments.
- Ensured that the annual financial statements fairly present the financial position of the company and of the group as at the end of the financial year and the results of operations and cash flows for the financial year.
- Ensured that the interim and annual financial statements conform with IFRS, the requirements of the JSE Listings Requirements, the Companies Act and all other applicable accounting guides and pronouncements.
- Considered accounting treatments, significant transactions and accounting judgements.
- Considered the appropriateness of the accounting policies adopted and changes to it.
- Considered and made recommendations to the board on the interim and final dividend payments to shareholders, with due consideration of
  - the results of solvency and liquidity assessment
  - the ability of the company to continue as a going concern.
- Noted that no material adverse reports were received concerning accounting practices, internal audit, internal financial controls, content of annual financial statements, internal controls and related matters.
- Reviewed any significant legal and tax matters that could have a material impact on the financial statements.
- Reviewed the content of the JSE's annual proactive monitoring report, including specific considerations in the preparation of financial statements.
- Reviewed and discussed the independent auditors' report.

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

In respect of financial accounting and reporting developments:

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

In respect of external reporting:

- Recommended the annual reporting suite to the board for approval.
- Revaluated management's judgements and reporting decisions regarding the annual integrated report and ensured that all material disclosures had been included.
- Reviewed both financial and non-financial information, forward-looking statements and sustainability information.

In respect of internal control and internal audit:

- Reviewed and approved the internal audit charter and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter.
- Considered reports of the internal and external auditors on the group's systems of internal control, including internal financial controls, and maintenance of effective internal control systems.
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action taken in response to such findings.
- Assessed the independence and effectiveness of the chief audit officer and the adequacy of the available internal audit resources and found them satisfactory.
- Considered the outcome of the group's external auditors' annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements.
- Reviewed internal audit's annual report which summarised the results and themes observed as part of internal audit's activities for the financial year under review and noted internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information.
- Based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the group.
- Regularly met with the chief audit officer, the chief compliance officer, the head of anti-financial crime, the chief financial and value management officer, management, and the external auditors.
- Considered quarterly reports from the group's internal financial control committee.

In respect of legal, regulatory and compliance requirements:

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

In respect of risk management and information technology:

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

In respect of the coordination of assurance activities:

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

Independence, skills and expertise of the external auditors:

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

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

In January 2022, the audit committee confirmed the group's intent to recommend the appointment of Ernst & Young Incorporated (EY) as one of the joint auditors for the financial year ending 31 December 2024. Their appointment is subject to approval by the South African Reserve Bank's Prudential Authority in accordance with section 61 of the Banks Act No. 94 of 1990 as amended. In terms of section 90 of the South African Companies Act No. 71 of 2008, as well as paragraph 3.86 of the JSE Listings Requirements, the appointment of EY as a joint auditor for the 2024 financial year will be recommended to the ordinary shareholders for approval at the annual general meeting in 2024.

Following a comprehensive tender process, in October 2023, the audit committee confirmed the group's intent to recommend the appointment of Deloitte as the joint auditor for the financial year ending 31 December 2026. Similar to EY, Deloitte's appointment is also subject to approval by the South African Reserve Bank's Prudential Authority and recommendation to the ordinary shareholders for approval at the relevant annual general meeting.

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

On behalf of the group audit committee:

Trix Kennealy

Trix Kennealy
Group audit committee chairman

DIRECTORS' REPORT

for the year ended 31 December 2023

Nature of business

Standard Bank Group Limited is the holding company for the interests of the group, which is an African financial services organisation with South African roots. The group is Africa's largest financial services group by assets and currently operates in 20 countries in sub-Saharan Africa. Our strategic position enables us to connect Africa to other selected emerging markets and pools of capital in developed markets.

Headquartered in Johannesburg, South Africa, the group's primary listing is on the JSE, with secondary listings on A2X Markets and the Namibian Stock Exchange (NSX). Subsidiary entities are listed on exchanges in Kenya, Malawi, Namibia, Nigeria and Uganda.

Refer to **annexure A** for a simplified group organogram with principal subsidiaries.

Group results[1]

Group headline earnings and headline earnings per share increased by 27% to R42 948 million (2022: R33 853 million) and 26% to 2 590.4 cents (2022: 2 050.4 cents) respectively.

Net asset value per share increased to 14 269 cents (2022: 13 172 cents) and group return on equity increased to 18.8% (2022: 16.3%). Total dividends declared for the year is 1 423 cents per share (2022: 1 206 cents per share), an increase of 18%.

Share capital and other equity instruments

Ordinary shares

During 2023, the group allotted 239 847 shares (2022: 367 506) in terms of the group's share incentive schemes, notably the Equity Growth Scheme (EGS) and Group Share Incentive Scheme (GSIS).

Effective from 2017, the group no longer issues EGS and GSIS awards. Awards are now provided in terms of the group's other share schemes, the Deferred Bonus Scheme (DBS) and the Share Appreciation Rights Plan (SARP), both of which are settled by the group to employees with shares that the group purchases from open market participants, and the Cash-Settled Deferred Bonus Scheme, which is settled in cash. At the end of the year, the group would need to issue 529 364 (2022: 1 238 352) SBG ordinary shares to settle the outstanding GSIS options and EGS rights that were awarded to participants in previous years. The shares issued to date for the EGS and GSIS together with the expected number of shares to settle the outstanding options and rights as a percentage of the total number of shares in issue is 2.0% (2022: 2.1%).

Refer to **annexure D** for details on the group's share incentive schemes.

Preference shares

During 2023 and 2022, no first preference or second preference shares were issued or redeemed.

Additional tier 1 capital bonds

The group issued R4.5 billion (2022: R7.2 billion) and redeemed Rnil (2022: R3.5 billion) Basel III compliant additional tier 1 (AT1) capital bonds that qualify as tier 1 capital.

Analysis of shareholders

Shareholders at the close of the financial year, holding beneficial interests in excess of 5% of the company's issued share capital, determined from the share register and investigations conducted on the group's behalf, were as follows:

	% held	
	2023	2022
Ordinary shares		
Industrial and Commercial Bank of China Limited (ICBC)	**19.4**	19.4
Government Employees Pension Fund (PIC)	**14.5**	14.5
6.5% preference shares		
AP Macdonald	**14.9**	13.1
MT Goulding	**12.9**	12.9
L Lombard	**12.2**	12.2
Old Sillery Proprietary Limited	**9.1**	9.1
JS Castle	**10.8**	8.0
DJ Saks	**7.5**	7.5
Non-cumulative preference shares		
Prescient Inc. Provider Fund	**8.3**	8.3

Directors' and prescribed officers' changes and interest in shares

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

Refer to **note 15** for share capital and related disclosures.

Directors' and prescribed officers' emoluments and share incentives

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

Refer to **annexure E** for details relating to directors' and prescribed officers' emoluments and share incentives.

Group secretary and registered office

The group secretary is Kobus Froneman. The address of the group secretary is that of the registered office; 9th floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, 2001.

Insurance

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

[1] Restated. Refer to page 31 to 39 for the IFRS 17 transition impact.

Change in group directorate

The following changes in directorate took place during the year ended 31 December 2023 and up to 14 March 2024:

Apointments		
S David-Borha	As non-executive director	13 March 2024
Retirements		
KD Moroka	As non-executive director	12 June 2023
JM Vice	As independent non-executive director	12 June 2023

Dividends and coupons

Ordinary share capital and preference share capital

DIVIDENDS AT 31 DECEMBER 2023

	Ordinary shares	6.5% cumulative preference shares (first preference shares)	Non-redeemable, non-cumulative, non-participating preference shares (second preference shares)
JSE Limited (JSE)			
Share code	**SBK**	**SBKP**	**SBPP**
ISIN	**ZAE000109815**	**ZAE000038881**	**ZAE000056339**
Namibian Stock Exchange (NSX)			
Share code	**SNB**		
ISIN	**ZAE000109815**		
2023			
Interim			
Dividend number	**107**	**108**	**38**
Gross dividend per share (cents)	**690**	**3.25**	**422.60421**
Record date in respect of the cash dividend	**Friday, 15 September 2023**	**Friday, 8 September 2023**	**Friday, 8 September 2023**
CSDP[1]/broker account credited/ updated (payment date)	**Monday, 18 September 2023**	**Monday, 11 September 2023**	**Monday, 11 September 2023**
Final			
Dividend number	**108**	**109**	**39**
Gross dividend per share (cents)	**733**	**3.25**	**456.09315**
Record date in respect of the cash dividend	**Friday, 12 April 2024**	**Friday, 5 April 2024**	**Friday, 5 April 2024**
CSDP[1]/broker account credited/updated (payment date)	**Monday, 15 April 2024**	**Monday, 8 April 2024**	**Monday, 8 April 2024**
2022			
Interim			
Gross dividend per share (cents)	515	3.25	294.55181
Final			
Gross dividend per share (cents)	691	3.25	367.70036

[1] Central Securities Depository Participant.

Additional tier 1 capital bonds

During 2023, coupons to the value of R1 841 million (2022: R968 million) were paid to AT1 capital bondholders. Current tax of R497 million (2022: R271 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R1 344 million (2022: R697 million). The AT1 capital bonds have been recognised within other equity instruments in the statement of financial position.

Refer to **note 45** for dividend disclosures.

Events during 2023

Structural changes

During 2023, the group has made structural changes to better serve its clients. Our operating model is client led and structured around our business units, previously referred to as segments, namely: Personal & Private Banking (PPB), Business & Commercial Banking (BCB), Corporate & Investment Banking (CIB) and Insurance & Asset Management (IAM). Central and other will remain and house group hedging activities, unallocated capital, liquidity earnings and central costs.

PPB, BCB, CIB and Central and other together form Banking. Banking together with IAM and ICBCS, housing the group's interest in ICBC Standard Bank Plc (ICBCS), form Standard Bank Group.

Business unit reporting evolves to reflect changes in reporting responsibility for individual cost centres and divisions across the group. The business unit comparative periods resulted have been accordingly restated.

As a result of these structural changes and the completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited through a scheme of arrangement during 2022, the group has reviewed the annual financial statements and, from 2023, reports all notes and related disclosure on either an aggregated group level, or at a Banking and/or IAM level, as applicable, where these disclosures were previously segmented between Standard Bank activities and investment management and life insurance activities.

Refer to **note 49** for business unit disclosures.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STANDARD BANK GROUP LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Standard Bank Group Limited (the Group and Company), set out on pages 20 to 331 which comprise:

- the statements of financial position as at 31 December 2023;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statements of cash flows for the year then ended;
- the statements of changes in equity for the year then ended; and
- the notes to the financial statements, including material accounting policies (Annexure F), accounting policy elections and restatement, IFRS 17 transition impact, key management assumptions and Annexures A to E, excluding the section marked as "unaudited" in Annexure C.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Standard Bank Group Limited as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the IASB (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

<table>
<tr><th>Level</th><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td rowspan="2">Group – consolidated financial statements</td><td colspan="2">Expected credit losses on Corporate & Investment Banking (CIB) loans and advances
Refer to the key management assumptions section, note 8 – loans and advances, note 39 – credit impairment charges and the credit risk section of Annexure C – IFRS risk and capital management disclosures in the financial statements.</td></tr>
<tr><td>We considered the expected credit losses ("ECL") assessment of CIB loans and advances ("CIB exposures") to be a matter of most significance to our current year audit due to:
▪ the magnitude of CIB exposures in relation to the consolidated financial statements,
▪ the level of subjective judgement applied by management in determining the ECL on CIB exposures and the related disclosures, and
▪ the effect that the ECL on CIB exposures has on the Group's credit risk management processes and operations.

The ECL of the Group's CIB exposures is estimated on each exposure. For these exposures, the key areas of significant management judgement in determining the ECL remains inherently high and includes:
▪ Evaluation of Significant Increase in Credit Risk ("SICR");
▪ Incorporation and assessment of macro-economic inputs and forward-looking information ("FLI") into the SICR assessment and ECL measurement;
▪ Assessment of ECL recognised for Stage 3 exposures;
▪ Assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement; and
▪ Disclosures related to ECL of CIB exposures.</td><td>With the assistance of our economic, credit and actuarial experts, we performed the following procedures:

Evaluation of SICR
We selected a sample of counterparties and assessed their assigned credit ratings by:
▪ Testing the inputs into the credit rating systems against the counterparty's financial information and the Group's 25-point master rating scale; and
▪ Assessing management's assumptions made during the credit risk rating process for reasonability, by obtaining an understanding of the counterparty and industry factors, performing an independent assessment of the counterparty and comparing the results to those used by management.

We selected a sample of Stage 1 and Stage 2 exposures and assessed whether the stage classification at the reporting date of these exposures were appropriate in terms of the Group's accounting policy for SICR.

We performed a sensitivity analysis of the SICR and ECL impacts for counterparties to defined migration threshold as per the credit policy.</td></tr>
</table>

Level	Key audit matter	How our audit addressed the key audit matter

Group – consolidated financial statements

Expected credit losses on Corporate & Investment Banking (CIB) loans and advances continued

Refer to the key management assumptions section, note 8 – loans and advances, note 39 – credit impairment charges and the credit risk section of Annexure C – IFRS risk and capital management disclosures in the financial statements.

Key audit matter

Evaluation of SICR

For CIB exposures, SICR is evaluated by comparing the movement in a client's credit risk grade at the reporting date to the credit risk grade assigned at the origination date. Where the change in credit risk grade exceeds the pre-defined ratings migration thresholds, these exposures are classified within Stage 2.

The Group applies judgement in determining the pre-defined ratings migration thresholds which are based on historical default experience (which indicates that higher rated risk exposures are more sensitive to SICR than lower risk exposures).

Incorporation and assessment of macro-economic inputs and FLI into the SICR assessment and ECL measurement

Macro-economic expectations are incorporated in management's CIB counterparty ratings to reflect the Group's expectation of future economic and business conditions.

In addition to forward-looking macro-economic information, other types of FLI, such as specific event risks and industry data, are taken into account in ECL estimates when required.

Assessment of ECL raised for Stage 3 exposures

Management applies judgement in its internal credit risk management approach and definitions to determine the recoverable amounts (including collateral) and timing of the future cash flows for Stage 3 exposures at a facility level (per counterparty).

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

Input assumptions applied to estimate the PD, EAD and LGD as inputs into the ECL measurement are subject to management judgement and are determined at a facility level (per counterparty).

Disclosures related to ECL of CIB exposures

The disclosure associated with the ECL on CIB exposures rely on material data inputs and explain management judgements, estimates and assumptions used in determining the ECL.

How our audit addressed the key audit matter

Incorporation and assessment of macro-economic inputs and FLI into the SICR assessment and ECL measurement

We assessed the design and implementation of key controls focusing on:

- Generation and approval of the base case economic scenario;
- Generation and approval of the methodology and output of alternative scenarios, including the probability weights assigned to the scenarios; and
- Production and approval of models used to calculate the ECL impact of the scenarios.

We also evaluated the governance processes established by the Group to review and approve the economic scenarios used in the determination of the forward-looking impact.

We assessed the reasonableness of management's multiple probability weighted scenarios.

We independently assessed the forecasted macro-economic factors, based on the generated scenarios, and compared it to independent industry data. This was then used to derive independent macro-economic adjustments by industry which were totalled and compared to management's rating-based impact.

We evaluated the impact of rating movements in management's ECL to assess whether the macro-economic inputs and forward-looking information are appropriately incorporated into the ECL models.

Assessment of ECL raised for Stage 3 exposures

Where ECL has been raised for Stage 3 exposures, we assessed the impairment indicators, uncertainties and assumptions applied by management in their assessment of the recoverability of the exposure. For a sample of Stage 3 exposures, we independently recalculated the ECL based on our assessment of the expected cash flows and recoverability of collateral at an individual counterparty level.

For collateral held (related to the sample selected above), we inspected legal agreements or other supporting documentation to confirm the Group's legal right to the collateral.

The collateral valuation techniques applied by management were assessed against the Group's valuation guidelines.

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

We assessed the input assumptions applied within the PD, EAD and LGD models (including forward looking information) for compliance with the requirements of IFRS 9 – *Financial Instruments* ("IFRS 9"). In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures.

We obtained an understanding and tested the relevant internal controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, key system reconciliations and collateral management.

Disclosures related to ECL of CIB exposures

We assessed the appropriateness of the ECL related disclosures for CIB exposures in the consolidated financial statements in accordance with IFRS 7 – *Financial Instruments: Disclosures* ("IFRS 7").

We evaluated whether the credit risk disclosures are consistent with the ECL information tested which included the ECL data, models, estimates and macro-economic forecasts.

Level	Key audit matter	How our audit addressed the key audit matter
Group – consolidated financial statements	**ECL on Personal & Private Banking (PPB) and Business & Commercial Banking (BCB) loans and advances** *Refer to the key management assumptions section, note 8 – loans and advances, note 39 – credit impairment charges and the credit risk section of Annexure C – IFRS risk and capital management disclosures in the financial statements.*	
	We considered the ECL assessment of PPB and BCB loans and advances ("PPB and BCB exposures") to be a matter of most significance to our current year audit due to: ▪ the magnitude of PPB and BCB exposures in relation to the consolidated financial statements; ▪ the level of subjective judgement applied by management in determining the ECL on PPB and BCB exposures and related disclosures; and ▪ the effect that the ECL on PPB and BCB exposures has on the Group's credit risk management processes and operations. A significant portion of the ECL on PPB and BCB exposures is calculated on a portfolio basis. For Stage 3 exposures in certain portfolios, management assesses the recoverability of those exposures individually. The ECL on PPB and BCB exposures also include out-of-model adjustments where certain aspects of the ECL are not fully reflected in the model. Out-of-model adjustments are calculated and assessed based on management's judgement. For PPB and BCB, the key areas of significant management judgement within the ECL calculation include: ▪ Evaluation of SICR; ▪ Incorporation and assessment of macro-economic inputs and FLI into the SICR assessment and ECL measurement; ▪ Application of out-of-model adjustments into the ECL measurement; ▪ Assessment of the ECL raised for individual exposures; ▪ Assessment of the input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement; and ▪ Disclosures related to ECL of PPB and BCB exposures. **Evaluation of SICR** The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due ("DPD") to Stage 2. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.	With the assistance of our economic, credit and actuarial experts, we performed the following procedures: **Evaluation of SICR** Management provided us with a quantitative assessment of the Group's calculation of the impact of SICR against the requirements of IFRS 9. With the assistance of our internal modelling specialists, we performed an independent recalculation of the resultant ECL for a sample of portfolios. Our internal modelling specialists tested the assumptions and calculations used in the ECL models. We evaluated the reasonableness of behavioural scores used to assess the SICR against the Group's accounting policies. We evaluated whether the Group have appropriately classified exposures in Stages 1, 2 and 3 by considering the Group's credit reviews, aging of the exposure and arrears status. We performed sensitivity analysis and key performance indicator assessments to determine the impact of changes in credit risk on the ECL recognised. Procedures have been performed over the renegotiated and cured loans to assess whether the curing policies were appropriately applied as per the requirements of the South African Reserve Bank (SARB) directives. **Incorporation and assessment of macro-economic inputs and FLI into the SICR assessment and ECL measurement** We assessed the design and implementation of key controls focusing on the: ▪ Generation and approval of the base case economic scenario; ▪ Generation and approval of the methodology and output of alternative scenarios, including the probability weights assigned to the scenarios; and ▪ Production and approval of models used to calculate the ECL impact of the scenarios. We also evaluated the governance processes established by the Group put in place to review and approve the economic scenarios used in the determination of the forward-looking impact. With the assistance of our internal economic specialists, we assessed both the base case and alternative scenarios generated, including the probability weights applied. We evaluated the appropriateness of forward-looking economic expectations included in the ECL by comparing to independent industry data. We evaluated management's forward-looking information models to assess whether the macro-economic inputs are appropriately incorporated into the ECL models. We made use of our internal modelling specialists to assess the linkage of the forecasted macro-economic factors, based on the generated scenarios, to the ECL.

<table>
<tr><th>Level</th><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Group – consolidated financial statements</td><td colspan="2">ECL on Personal & Private Banking (PPB) and Business & Commercial Banking (BCB) loans and advances continued
Refer to the key management assumptions section, note 8 – loans and advances, note 39 – credit impairment charges and the credit risk section of Annexure C – IFRS risk and capital management disclosures in the financial statements.</td></tr>
<tr><td></td><td>Incorporation and assessment of macro-economic inputs and FLI into the SICR assessment and ECL measurement
Forward-looking economic expectations are included in the ECL based on the Group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on judgement to predict the outcomes based on the Group's macro-economic outlook expectations.

Application of out-of-model adjustments into the ECL measurement
Management identified that due to modelling complexity, certain aspects of the ECL may not be fully reflected by the underlying model and out-of-model adjustments are therefore required for specific forward-looking information impacts and overlays for specific events and trends not captured in the model.

Assessment of ECL raised for individual exposures
Impairment is assessed on individual exposures in Stage 3, and for accounts placed on the watchlist due to evidence of increased credit risk e.g., potential security shortfalls, deteriorating financial performance, etc. This assessment relates primarily to business lending accounts and incorporates judgement in determining the foreclosure value of the underlying collateral.

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement
The ECL is calculated using statistical models which incorporate observable data, assumptions and estimates relating to historical default experience. This also includes the loss experience given default and the timing and amount of forecasted cash flows related to the exposures.

Disclosures related to ECL of PPB and BCB exposures
The disclosure associated with the ECL on PPB and BCB exposures rely on material data inputs and explain management judgements, estimates and assumptions used in determining the ECL.</td><td>Application of out-of-model adjustments into the ECL measurement
We evaluated the reasonableness of a sample of out-of-model adjustments through assessment of key assumptions, inspecting the methodology of calculating the out-of-model adjustments, tracing a sample of out-of-model adjustments to source data and comparing them to an independent recalculation.

Assessment of ECL raised for individual exposures
Where ECL has been raised for individual exposures, we considered the impairment indicators, uncertainties and assumptions made by management in their assessment of the recoverability of the exposure. For a sample of Stage 3 exposures, we independently recalculated the impairment losses based on our assessment of the expected cash flows and recoverability of collateral at an individual exposure level.

For collateral held, we inspected legal agreements and other relevant documentation to confirm the legal right to the collateral.

The collateral valuation techniques applied by management were assessed against the Group's valuation guidelines.

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement
Making use of our economic, credit and actuarial experts, we assessed the assumptions relating to historical default experience, estimated timing and amount of forecasted cash flows and the value of collateral applied within the PD, EAD and LGD models for compliance with the requirements of IFRS 9. In addition, our procedures included assessing the appropriateness of the statistical models by reperformance and validation procedures. We also tested a sample of the data used in the models for accuracy.

Disclosures related to ECL of PPB and BCB exposures
We assessed the appropriateness of the ECL related disclosures for PPB and BCB exposures in the consolidated financial statements in accordance with IFRS 7.

We evaluated whether the credit risk disclosures are consistent with the ECL information tested which included the ECL data, models, estimates and macro-economic forecasts.</td></tr>
</table>

Level	Key audit matter	How our audit addressed the key audit matter
Group – consolidated financial statements	**Valuation of level 3 financial instruments** *Refer to the key management assumptions section, note 2 – derivative instruments, note 3 – trading assets, note 6 – financial investments, note 17 – trading liabilities, and the market risk section of Annexure C – IFRS risk and capital management disclosures in the financial statements.*	
	We considered the fair value of level 3 financial instruments to be a matter of most significance to our current year audit due to: ▪ the combination of inherent subjectivity and judgement involved in estimating the fair values of level 3 financial instruments; ▪ the various sources of external and internal data and the sophisticated modelling techniques used to value the financial instruments; and ▪ the material nature of the balances, the valuation of level 3 financial instruments and the related disclosure. The valuation of level 3 financial instruments inherently contain elements of estimation uncertainty due to being illiquid and unobservable in nature. These financial instruments include unlisted equity investments, trading assets and liabilities and various derivative financial instruments. Significant judgement is required to be exercised by management due to the absence of observable third-party information to determine key inputs in the valuation models. Some of these unobservable key inputs include: ▪ discount rates; ▪ spot prices of the underlying instrument; ▪ bid-offer spreads; ▪ credit spreads; ▪ correlation factors; ▪ volatilities; and ▪ valuation multiples and adjustments to these multiples. Level 3 unlisted equity investment valuations use a variety of valuation techniques and unobservable inputs such as valuation multiples. These multiples are adjusted to cater for specific risk factors such as liquidity and size of ownership of the investments. The fair value of financial instruments significantly affects the measurement of the Group's profit or loss for the year and the related disclosures of financial risks in the consolidated financial statements.	Our audit effort focused on the following in respect of the valuation of level 3 financial instruments: We tested the design, implementation and operating effectiveness of the relevant controls relating to the valuation of level 3 financial instruments to assess whether there is appropriate governance over the development of the valuation models and methodology policies, assumptions applied, data used, model change controls, model validations and the monthly independent price verification process. For a sample of level 3 financial instruments, we reperformed the valuation using an independent model, and compared the fair value results to management's valuation to assess the reasonableness of management's model methodology and the output of model calculations. We assessed the appropriateness and sensitivity of a sample of inputs into the models that have the most significant impact on the valuations – these include: discount rates, spot prices of the underlying instrument, bid-offer spreads, credit spreads, correlation factors, volatilities, valuation multiples and adjustments to these multiples with reference to independent market information. Where independent market information was not available, we generated theoretical inputs based on other sources, incorporating assumptions that include proxy pricing transactions in the market as well as historical data, correlations and regressions. In relation to unlisted equity investments, we assessed the appropriateness of valuation techniques used and the reasonableness of unobservable inputs and adjustments to these inputs used in the determination of fair value through independently challenging whether valuation adjustments fell within an acceptable range based on industry knowledge and available market information. We assessed the appropriateness of the disclosures in the consolidated financial statements in accordance with IFRS 13 – *Fair value measurement.*

Level	Key audit matter	How our audit addressed the key audit matter
Group – consolidated financial statements	**Transition from IFRS 4 – Insurance Contracts (“IFRS 4”) to IFRS 17 – Insurance Contracts (“IFRS 17”)** *Refer to the key management assumptions section and the IFRS 17 transition impact section*	

	We considered the transition from IFRS 4 to IFRS 17 to be a matter of most significance to our current year’s audit due to the following:
	▪ Judgement applied in assessing the Group’s election and application of the transition approaches as set out in IFRS 17.
	▪ The magnitude of the restated IFRS 17 balances (as referenced in the IFRS 17 transition impact note to the consolidated financial statements) in relation to the total assets and total liabilities of the Group.
	
	In adopting IFRS 17, which became effective on 1 January 2023, the Group restated its insurance contract balances previously recognised in terms of IFRS 4. The Group calculated the opening balances on the transition to IFRS 17 at the transition date, being 1 January 2022.
	
	The full retrospective approach was applied for all contracts measured under the Premium Allocation Approach (PAA). For contracts measured under the General Measurement Model (GMM) or the Variable Fee Approach (VFA), the full retrospective approach has been applied for the majority of contracts recognised from 1 January 2017 onwards.
	
	In respect of contracts entered into prior to 1 January 2017, the Group concluded that it was impracticable to apply the full retrospective approach. As a result, the Group has applied either the fair value approach or modified retrospective approaches for these contracts as permitted by IFRS 17.
	
	The details of these approaches are set out below:
	
	Fair value approach (FVA)
	The fair value approach was used to determine the transition contractual service margin (CSM) or loss component (LC). The Group used an income approach (using a discounted cash flow method), which is based on future cash flows from a group of insurance contracts that are discounted to a single current amount. The Group assumed that the purchaser of a group of insurance contracts would be required to hold additional regulatory capital to support these contracts, therefore included a price adjustment for the cost of capital required, using a Return on Equity (ROE) assumption of 20%.
	
	Modified retrospective approach
	For the modified retrospective approach, the Group made use of information and permitted modifications that would have been used to apply the full retrospective approach to estimate the value for fulfilment cash flows (FCF) and the risk adjustment (RA) at inception to determine the CSM.
		We performed the following procedures over the Group’s accounting for the transition from IFRS 4 to IFRS 17:
		▪ Assessed the key management assumptions for the valuation of insurance contracts on the transition date taking into account the Group’s governance process followed.
		▪ Assessed and challenged the Group’s justification for impracticability and its election of the fair value or modified retrospective transition approaches for the contracts entered into prior to 1 January 2017.
		
		Using our actuarial experts, we tested the Group’s transition approaches by performing the following procedures:
		▪ Obtained an understanding of the valuation methodologies selected and models used by the Group for transition and applied our industry knowledge and experience to evaluate whether the methodologies and models are appropriate.
		▪ Obtained an understanding of the Group’s judgements in determining the approaches for transition, the level of aggregation of groups of insurance contracts and the measurement of FCF.
		▪ Evaluated the buildup of the probability-weighted estimate of future cash flows (BEL) measured under the South African regulatory capital framework (i.e., SAM) to the IFRS 17 liability for remaining coverage (LRC) BEL at a product level as at the transition date as well as sample tested across the full retrospective transition years (i.e., 2017 to 2021). This was sample tested at a group and cohort level, for new business and subsequent measurement, across all measurement models.
		▪ Evaluated the RA calculations including a comparison of the SAM risk margin to the IFRS 17 RA buildup as at the transition date as well as sampled across the full retrospective transition years (i.e., 2017 to 2021). This was sample tested at group and cohort level, for new business and subsequent measurement.
		▪ The CSM and LC calculations were tested on a sample basis for the different calculation methodologies across the transition years (2017 to 2021), which includes:
		  – New business
		  – Subsequent measurement of the CSM for insurance contracts measured under the GMM and VFA.
		▪ We evaluated the modified retrospective models calculations up to 2017.
		▪ In respect of the fair value approach, we tested the Group’s Return on Equity (ROE) assumption relative to RoE’s previously published by the largest market participants in South Africa. We also considered the appropriateness of the RoE being within but at the upper bound of this range by considering the nature of the products being valued under FVA which may call for the acquirer to hold more capital or achieve a higher RoE.
		▪ Through inspection of underlying documentation, we tested the application of the policy and methodology decisions for a sample of contract classifications and CSM groupings, including an assessment of the coverage unit model.
		
		We performed the following procedures to assess the accuracy, completeness and classification in respect of the Group’s IFRS 17 transition numbers:
		▪ Evaluated the accuracy of the recognition and measurement of insurance contracts against the Group’s accounting policies.
		▪ Evaluated the Group’s manual controls to address accuracy, completeness and classification of the information.
		▪ With the assistance of our IT specialists, we performed tests of details on a sample basis on the data, rules applied in the data transformation and the extraction and mapping of information to the relevant financial statement line items.
		
		We reconciled a sample of the relevant data sources to the previous years’ audited information to test the consistency of information used.

Level	Key audit matter	How our audit addressed the key audit matter
Group – consolidated financial statements	**Valuation of insurance contract liabilities** *Refer to the key management assumptions section, note 9.2 – insurance contract assets and liabilities and section 12 of Annexure F - material accounting policies.*	
	We considered the valuation of insurance contract liabilities to be a matter of most significance to our current year's audit due to the following: ▪ Significant management judgement applied in determining the value of insurance contract liabilities. ▪ The magnitude of the insurance contract liabilities in relation to the total liabilities of the Group. As at 31 December 2023, insurance contract liabilities with a carrying amount of R251 billion was recognised in the consolidated statement of financial position. These liabilities were measured in accordance with IFRS 17 – *Insurance Contracts* ("IFRS 17"). The valuation of insurance contract liabilities includes the use of significant assumptions and estimates, regarding future cash flows (FCFs), discount rates, risk adjustment for non-financial risk and confidence level as disclosed in the key management assumptions section to the financial statements. Any changes to these assumptions, may result in a material adjustment to the value of insurance contract liabilities and ultimately the results of the Group. IFRS 17 requires probability-weighted cash flows and that FCFs reflect the perspective of the entity. The assumptions applied in the determination of the probability-weighted cash flows and FCFs include mortality, morbidity, withdrawals, investment return, expenses, taxation, and expense inflation.	Our audit addressed this key audit matter as follows: Using our actuarial experts, we assessed the reasonableness of the valuation of insurance contract liabilities, by performing the following procedures: ▪ We updated our understanding of the actuarial control environment and governance given the adoption of IFRS 17 in the current year, including the process for approving the methodology, assumptions and the valuation results as it relates to the valuation of insurance contract liabilities. ▪ We evaluated the reasonableness of the accounting considerations and methodology including the application of management's assumptions and methodologies against the Group's accounting policies, key management assumptions and the requirements of IFRS 17. ▪ We evaluated management's controls over the valuation of insurance contract liabilities, which include check and challenge by management through their own internal review processes, explanations and analysis of valuation results. ▪ We assessed the reasonability of management's Analysis of Surplus by analysing the sources of profit and how it relates to the change in insurance contract liabilities. ▪ On a sample basis, we tested the methodologies and assumptions (non-economic and economic) used in the insurance contract valuation. ▪ We tested the methodology and assumptions applied to determine the liability for incurred claims (LIC), including the risk adjustment (RA) and expected claims handling expenses to settle the LIC. ▪ We evaluated the FCF, RA and contractual service margin (CSM) buildups and assessed movements in the insurance contract valuations for reasonability. ▪ Identified and tested the unit-linked liabilities for contracts with non-distinct investment components (NDICs) on a sample basis. ▪ Assessed and tested the Group's methodology applied in determining directly attributable acquisition costs and fulfilment cash flows in the valuation of insurance contracts. ▪ Assessed the profitability group allocations for new business and whether there are any unallocated CSM balances or cohorts. ▪ Tested that appropriate discount rates have been applied, including locked-in discount rates for determining the interest accretion on the CSM. ▪ Assessed the impact of changes to discount rates due to changes in assets backing insurance liabilities and credit risk adjustments. ▪ Utilised our actuarial tools to independently test on a sample basis the CSM and its release/amortisation. ▪ Assessed the reasonability of experience variances and assumption changes to adjust the CSM. Together with our IT specialists, we evaluated the design and implementation and operating effectiveness of relevant key controls over the completeness and accuracy of data or data changes and data transformation. To test the data inputs used in the valuation models, we performed the following procedures on a sample basis: ▪ Tested the classification of expenses as directly or indirectly attributable and inspected the source document relating to the expenses. ▪ Traced the policyholder valuation input data, such as premiums and claims used in the valuation model back to information contained in the policyholder administration systems.

Level	Key audit matter	How our audit addressed the key audit matter
Group – consolidated financial statements	**Valuation of investment property** *Refer to the key management assumptions section and note 11 – investment property*	
	We considered the valuation of investment property as a matter of most significance to our current year audit due to the: ▪ Inherent subjectivity of the key assumptions that underpin the valuation of investment property; and ▪ Magnitude of the investment property balance recorded in the consolidated statement of financial position. The majority of the Group's investment property comprise retail investment property. At 31 December 2023, the carrying value of the Group's total investment property was R30.4 billion. The Group's accounting policy is to measure investment property at their fair value based on external valuations performed by external valuers using the discounted cash flow and profit methodologies. The inputs made by management in determining the fair value of the investment properties are set out in the key management assumptions section in the consolidated financial statements and include amongst others the key assumptions relating to cash flow forecasts, exit capitalisation rates and discount rates.	We performed the following procedures in relation to the valuation of the investment property: ▪ We obtained an understanding of the approach followed by management and the external valuers for the valuation of the Group's investment property portfolio through discussions with management and the external valuers, as well as inspection of minutes of meetings of the board of directors. ▪ We have evaluated the external valuer by assessing their competence, independence, and capabilities with reference to their qualifications and industry experience. We obtained an understanding of, and tested the relevant internal financial controls relating to the valuation of investment property, which included: ▪ Controls in relation to the entering and renewal of leases in support of contractual rental income which forms the basis for the cash flows used in the valuation models; ▪ Setting and approval of budgets; and ▪ Review of the external valuation reports by a management appointed internal valuer. ▪ Board approval of the valuations obtained. We performed the following procedures on a risk-based sample of the investment property, in order to assess the acceptability of the valuation approach as well as the reasonableness of the inputs into the valuation: ▪ We inspected the valuation reports and assessed whether the valuation approach for each of these properties was suitable for use in determining the fair value for the purpose of the consolidated financial statements. ▪ We assessed the reasonableness of the cash flows of each of these properties used by the external valuers in the valuation models. This involved: – Agreeing the current year cash flows used in the model to the actual results for the year ended 31 December 2023. – Assessing the assumptions used in the preparation of the forecasted cash flows against market information. ▪ Making use of our internal valuation expertise where necessary, we evaluated the significant assumptions, including discount rates and exit capitalisation rates, against appropriate market information in order to assess whether they were within a reasonable range for the respective market, sector and asset. ▪ Based on the outcome of the evaluation of the significant assumptions (as noted above) we assessed the reasonability of the fair value of the sample of investment property. We inspected the external valuers valuation report and agreed the values of the respective investment property to the Group's accounting records.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Standard Bank Group Annual financial statements for the year ended 31 December 2023" which includes the Group secretary's certification, Report of the group audit committee and the Directors' report as required by the Companies Act of South Africa, which we obtained prior to the date of this report,

and the document titled "Standard Bank Group Annual Integrated Report 2023" which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon (but includes the sections marked as 'unaudited' in Annexure C).

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. and PricewaterhouseCoopers Inc. have been the joint auditors of Standard Bank Group Limited for 61 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Johannes Grosskopf
Registered Auditor
Johannesburg
13 March 2024

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KPMG Inc.

KPMG Inc.
Director: Joelene Pierce
Registered Auditor
Johannesburg
13 March 2024

KPMG Crescent
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Parktown
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South Africa

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

		Group		
	Note	**2023 Rm**	2022 Restated[1] Rm	1 January 2022 Restated[1] Rm
Assets				
Cash and balances with central banks	1	**137 787**	114 483	91 169
Derivative assets	2	**97 419**	74 410	63 688
Trading assets	3	**316 515**	314 918	285 020
Pledged assets	4	**20 210**	19 308	14 178
Disposal group assets held for sale	5	**235**	555	1 025
Financial investments	6	**758 776**	722 494	726 129
Receivables and other assets[2]	7	**33 482**	39 647	29 215
Current tax assets		**783**	757	709
Loans and advances	8	**1 608 846**	1 504 940	1 424 328
Reinsurance contract assets	9	**5 422**	5 522	5 902
Insurance contract assets	9	**1 631**	1 830	1 264
Interest in associates and joint ventures	10	**12 173**	9 956	7 280
Investment property	11	**30 444**	29 289	29 985
Property, equipment and right of use assets	12	**20 298**	20 340	20 619
Goodwill and other intangible assets	13	**12 723**	15 120	16 909
Deferred tax assets	14	**9 001**	8 828	6 907
Total assets		**3 065 745**	2 882 397	2 724 327
Equity and liabilities				
Equity		**276 920**	258 866	242 891
Equity attributable to ordinary shareholders		**236 445**	218 197	198 873
Ordinary share capital	15	**168**	168	162
Ordinary share premium	15	**26 938**	27 341	17 859
Reserves		**209 339**	190 688	180 852
Equity attributable to other equity instrument holders		**24 167**	19 667	16 052
Preference share capital and premium	15	**5 503**	5 503	5 503
Additional tier 1 capital	15	**18 664**	14 164	10 549
Equity attributable to non-controlling interests		**16 308**	21 002	27 966
Liabilities		**2 788 825**	2 623 531	2 481 436
Derivative liabilities	2	**103 373**	85 049	67 259
Trading liabilities	17	**94 468**	109 928	81 484
Disposal group liabilities held for sale[2]	5			96
Provisions and other liabilities[2]	18	**144 594**	129 887	145 285
Current tax liabilities		**8 063**	7 842	7 557
Deposits and debt funding	19	**2 001 646**	1 889 099	1 776 615
Financial liabilities under investment contracts	9	**151 035**	136 309	136 622
Insurance contract liabilities	9	**251 389**	231 849	233 730
Subordinated debt	20	**32 227**	31 744	30 430
Deferred tax liabilities	14	**2 030**	1 824	2 358
Total equity and liabilities		**3 065 745**	2 882 397	2 724 327

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

[2] During 2023, the group reassessed the order of liquidity within the statement of financial position and moved receivables and other assets, previously referred to as other assets, above the current tax asset line as well as provisions and other liabilities and disposal group liabilities held for sale to above the current tax liability line on the face of the statement of financial position as these items were found to be more liquid than those that follow them in the above presentation. This had no impact on the associated amounts within these line items. The reorder has also been applied to the prior year and notes where the line items are listed.

INCOME STATEMENT

for the year ended 31 December 2023

	Note	Group	
		2023 Rm	2022 Restated[1] Rm
Net interest income		**98 188**	78 391
Interest income[2]	26	**193 290**	134 875
Interest expense	26	**(95 102)**	(56 484)
Non-interest revenue		**62 003**	54 965
Net fee and commission revenue		**35 187**	32 621
Fee and commission revenue	27	**44 849**	41 440
Fee and commission expense	27	**(9 662)**	(8 819)
Trading revenue	28	**20 617**	17 046
Other revenue	29	**3 464**	2 860
Other gains and losses on financial instruments	30	**2 735**	2 438
Net insurance (loss)/income		**(17 753)**	3 178
Insurance service result		**8 216**	8 302
Net insurance service result before reinsurance contracts held		**8 964**	8 071
Insurance revenue	31	**38 778**	35 717
Insurance service expense	32	**(29 814)**	(27 646)
Net (expense)/income from reinsurance contracts held	33	**(748)**	231
Net insurance finance expenses		**(25 969)**	(5 124)
Net finance expenses from insurance contracts issued	34	**(26 280)**	(5 232)
Net finance income from reinsurance contracts held	35	**311**	108
Non-insurance revenue		**35 178**	11 583
Investment and other income	36	**8 517**	7 516
Interest income on financial assets using the effective interest method	37	**2 967**	2 105
Fair value adjustments to financial assets, investment contract liabilities and third-party mutual funds	38	**23 694**	1 962
Total net income[3]		**177 616**	148 117
Credit impairment charges[2]	39	**(16 261)**	(13 343)
Net income before operating expenses		**161 355**	134 774
Operating expenses[4]	40	**(94 749)**	(83 533)
Net income before capital items and equity accounted earnings		**66 606**	51 241
Non-trading and capital related items	41	**1 487**	328
Share of post tax profit from associates and joint ventures	10	**1 648**	2 265
Profit before indirect taxation		**69 741**	53 834
Indirect taxation	42	**(3 373)**	(3 077)
Profit before direct taxation		**66 368**	50 757
Direct taxation	42	**(16 065)**	(11 717)
Profit for the year		**50 303**	39 040
Attributable to ordinary shareholders		**44 211**	34 243
Attributable to other equity instrument holders		**1 762**	999
Attributable to non-controlling interests		**4 330**	3 798
Earnings per share			
Basic earnings per ordinary share (cents)	43	**2 666.6**	2 074.1
Diluted earnings per ordinary share (cents)	43	**2 635.0**	2 059.0

[1] Restated. Refer to pages 30 to 39 for further details relating to the restatement and IFRS 17 transition and restatement impact.
[2] Restated. Refer to page 30 for details relating to the restatement.
[3] Previously referred to as total income. Updated to reflect the nature of the sub total being a net amount.
[4] Operating expenses has been aggregated to be disclosed at a group level in line with IAS 1 *Presentation of Financial Statements* (IAS 1).

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Group	
		2023 Rm	2022 Restated[1] Rm
Profit for the year		**50 303**	39 040
Other comprehensive (loss) after taxation for the year[2]		**(8 165)**	(3 616)
Items that may be subsequently reclassified to profit or loss		**(8 266)**	(3 014)
Exchange differences on translating foreign operations[3]		**(9 302)**	(3 161)
Foreign currency hedge of net investment reserve	2	**5**	32
Movement in the total hedge reserve	2	**802**	235
Net change in fair value of cash flow hedges		**407**	(151)
Realised fair value adjustments transferred to profit or loss		**395**	386
Net change in fair value of debt financial assets measured at fair value through other comprehensive income (FVOCI)	22	**229**	(120)
Net change in expected credit loss (ECL)		**142**	(77)
Net change in fair value		**70**	(45)
Realised fair value adjustments transferred to profit or loss		**17**	2
Items that may not be subsequently reclassified to profit or loss		**101**	(602)
Defined benefit fund remeasurement		**(37)**	(336)
Change in own credit risk recognised on financial liabilities designated at fair value through profit or loss (FVTPL)		**22**	(24)
Net change in fair value of equity financial assets measured at FVOCI	22	**30**	(28)
Other		**86**	(214)
Total comprehensive income for the year		**42 138**	35 424
Attributable to ordinary shareholders		**39 873**	30 817
Attributable to other equity instrument holders		**1 762**	999
Attributable to non-controlling interests		**503**	3 608

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[2] Income tax relating to each component of other comprehensive income (OCI) is disclosed in note 42.
[3] Most significant contributors for 2023 comprises of Africa Regions operations and International operations. Refer to annexure A for more detail.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Note	Group 2023 Rm	Group 2022 Rm
Net cash flows from operating activities		**48 698**	65 287
Cash flows from operations		**125 944**	71 152
Interest, commission and premium receipts[1]		**352 924**	282 268
Interest payments		**(94 183)**	(56 788)
Recoveries on loans previously written off		**821**	1 287
Cash payments to suppliers and employees	46	**(133 618)**	(155 615)
Net movement in operating assets and liabilities		**(63 744)**	6 080
Increase in operating assets[2]	46	**(201 553)**	(160 796)
Increase in operating liabilities[2]	46	**137 809**	166 876
Dividends received		**2 389**	1 875
Direct taxation paid		**(15 891)**	(13 820)
Net cash flows used in investing activities		**(6 051)**	(4 600)
Capital expenditure on property and equipment		**(5 522)**	(3 695)
Proceeds from sale of property, equipment and non-current asset held for sale		**438**	314
Capital expenditure on intangible assets		**(817)**	(1 142)
Proceeds from sale of intangible asset		**114**	54
Acquisition of associates and joint ventures		**(346)**	(153)
Proceeds from sale of associates and joint ventures		**82**	26
Net cash flows used in investing activities in disposal group			(4)
Net cash flows used in financing activities		**(26 796)**	(21 255)
Issuance of ordinary share capital		**40**	58
Redemption of ordinary share capital		**(443)**	
Issuance of other equity instruments		**4 500**	7 159
Redemption of other equity instruments			(3 544)
Equity transactions with non-controlling interests[3]		**(1 223)**	(3 000)
Release of empowerment reserve			36
Issuance of subordinated debt	46	**5 639**	3 425
Redemption of subordinated debt	46	**(5 900)**	(2 263)
Principal lease repayments	18	**(1 517)**	(1 529)
Dividends paid [4,5]		**(27 892)**	(21 597)
Effect of exchange rate changes on cash and cash equivalents		**(16 903)**	(5 960)
Net increase in cash and cash equivalents		**(1 052)**	33 472
Cash and cash equivalents at the beginning of the year		**206 241**	172 769
Cash and cash equivalents at the end of the year	46	**205 189**	206 241

1 Included in interest, commission and premium receipts is an amount of R190 398 million (2022: R132 046) that relates to interest received.
2 Restated due to IFRS 17 transition, please refer to Note 46.1 and note 46.2 for further detail". This is because the "financial liabilities under investment contracts" in note 46.2 is a new line due IFRS 17.
3 Equity transactions with non-controlling interests primarily relate to the group's acquisition of its remaining shareholding in Liberty Holdings Limited during 2022. Refer to annexure A for more detail.
4 Cash flows to non-controlling interests primarily comprise of dividends paid to non-controlling interests.
5 For details on dividends paid to AT1 capital bondholders and the impact on equity and tax paid, refer to note 15.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

GROUP	Note	Ordinary share capital and premium Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Total hedge reserve[1] Rm	Regulatory statutory credit risk reserve Rm	Fair value through OCI reserve[2] Rm	Own credit risk reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Rm	Ordinary share-holders' equity Rm	Other equity instrument holders[3] Rm	Non-con-trolling interests Rm	Total equity Rm
Balance at 1 January 2023 – restated[4]		27 509	(3 461)	(4 716)	(950)	90	6 153	226	(23)	2 636	151	190 582	218 197	19 667	21 002	258 866
Total comprehensive income for the year				(5 406)	5	802		259	22			44 191	39 873	1 762	503	42 138
Profit for the year												44 211	44 211	1 762	4 330	50 303
Other comprehensive (loss)/income for the year				(5 406)	5	802		259	22			(20)	(4 338)		(3 827)	(8 165)
Increase in statutory credit risk reserve							795					(795)				
Unincorporated property partnerships capital reductions and distributions[5]															(201)	(201)
Transactions with shareholders and non-controlling interests recorded directly in equity		(403)	479							586		(22 287)	(21 625)	2 738	(4 996)	(23 883)
Equity-settled share-based payment transactions										2 559		(2 347)	212			212
Transfer of vested equity options										(1 973)		1 973				
Issue of share capital and share premium and other equity instruments	15	40											40	4 500		4 540
Repurchase of share capital and share premium and other equity instruments	15	(443)											(443)			(443)
Deferred tax on share-based payment transactions												309	309			309
Transactions with non-controlling interests												484	484		(2 525)	(2 041)
Decrease/(increase) in treasury shares			479									(186)	293			293
Hyperinflation adjustments												641	641		1	642
Redemption of preference shares																
Net dividends paid												(23 161)	(23 161)	(1 762)	(2 472)	(27 395)
Dividends paid to equity holders	45											(23 161)	(23 161)	(1 762)	(2 295)	(27 218)
Dividends received from Tutuwa initiative and policyholders' deemed treasury shares															(177)	(177)
Balance at 31 December 2023		27 106	(2 982)	(10 122)	(945)	892	6 948	485	(1)	3 222	151	211 691	236 445	24 167	16 308	276 920

[1] The total hedge reserve includes cash flow hedges as well as the foreign currency basis spread and forward element. Refer to note 2.3.6 for more detail.
[2] The FVOCI reserve comprises of the FVOCI reserve for debt and equity financial investment. Refer to note 22 for more detail.
[3] Other equity holders are holders of preference share capital and AT1 capital. For details on dividends paid to other equity holders refer to note 45.
[4] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[5] Where the group owns a majority stake in certain property partnerships and controls the management of those properties, including the power over all significant decisions around the use and maintenance of those properties, they are classified as businesses and the group consolidates its interest in those property partnerships.

All balances are stated net of tax, where applicable.

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

GROUP	Note	Ordinary share capital and premium Rm	Empower-ment reserve Rm	Treasury shares Restated[7] Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Total hedge reserve[1] Rm	Regulatory statutory credit risk reserve Rm		Fair value through OCI reserve[2] Rm	Own credit risk reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Retained earnings Restated[7] Rm	Ordinary share-holders' equity Restated[7] Rm	Other equity instrument holders[3] Rm	Non-controlling interests Restated[7] Rm	Total equity Restated[7] Rm
Balance at 1 January 2022 – as previously reported		18 021	(61)	(3 199)	(1 603)	(982)	(102)	5 675		486	55	1 650	121	178 771	198 832	16 052	27 965	242 849
Adjustment on initial application of IFRS 17[7]				840										(799)	41		1	42
Balance at 1 January 2022, restated[7]		18 021	(61)	(2 359)	(1 603)	(982)	(102)	5 675	—	486	55	1 650	121	177 972	198 873	16 052	27 966	242 891
Total comprehensive (loss)/income for the year – restated[7]		—	—	—	(3 197)	32	235	—		(268)	(24)	—	(4)	34 043	30 817	999	3 608	35 424
Profit for the year														34 243	34 243	999	3 798	39 040
Other comprehensive (loss)/income for the year					(3 197)	32	235			(268)	(24)		(4)	(200)	(3 426)		(190)	(3 616)
Increase in statutory credit risk reserve								477						(477)	—			—
Unincorporated property partnerships capital reductions and distributions[4]																	(196)	(196)
Transactions with shareholders and non-controlling interests recorded directly in equity		9 488	61	(1 102)	84	—	(43)	1		8	(54)	986	34	(20 956)	(11 493)	2 616	(10 376)	(19 253)
Equity-settled share-based payment transactions[5]												1 670		(1 330)	340		(285)	55
Transfer of vested equity options												(940)		940	—		8	8
Issue of share capital and share premium and other equity instruments	15	9 488													9 488	7 159		16 647
Repurchase of share capital and share premium and other equity instruments	15															(3 544)		(3 544)
Deferred tax on share-based payment transactions														59	59			59
Transactions with non-controlling interests			25	(945)	84		(43)	1		8	(54)	256	34	(3 793)	(4 427)		(6 883)	(11 310)
Transactions with non-controlling interests – restatement				945										(892)	53			53
Net (increase)/decrease in treasury shares				(475)										109	(366)			(366)
Net (increase)/decrease in treasury shares – restatement				(627)										(41)	(668)			(668)
Redemption of preference shares			36												36			36
Hyperinflation adjustments[6]														1 203	1 203		(1)	1 202
Net dividends paid		—	—	—	—	—	—	—		—	—	—	—	(17 211)	(17 211)	(999)	(3 215)	(21 425)
Dividends paid to equity holders	45													(17 217)	(17 217)	(999)	(3 215)	(21 431)
Dividends received from Tutuwa initiative														6	6			6
Balance at 31 December 2022 – restated[7]		27 509	—	(3 461)	(4 716)	(950)	90	6 153		226	(23)	2 636	151	190 582	218 197	19 667	21 002	258 866

1 The total hedge reserve includes cash flow hedges as well as the foreign currency basis spread and forward element. Refer to note 2.3.6.
2 The FVOCI reserve comprises of the FVOCI reserve for debt and equity financial investment. Refer to note 22 for more detail.
3 Other equity holders are holders of preference share capital and AT1 capital. For details on dividends paid to other equity holders refer to note 45.
4 Where the group owns a majority stake in certain property partnerships and controls the management of those properties, including the power over all significant decisions around the use and maintenance of those properties, they are classified as businesses and the group consolidates its interest in those property partnerships.
5 Includes hedges of the group's equity-settled share incentive schemes.
6 Comprises of the hyperinflation adjustments primarily from Zimbabwe. Refer to annexure A for more details.
7 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

All balances are stated net of tax, where applicable.

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

ACCOUNTING POLICY ELECTIONS AND RESTATEMENT

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

Basis of preparation

The group's consolidated and company's separate annual financial statements are prepared in accordance with the IFRS Accounting Standards as issued by the IASB (IFRS Accounting Standards), its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the South African Companies Act. The annual financial statements have been approved by the board on 13 March 2024.

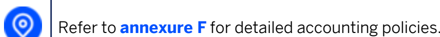
The annual financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets classified at FVOCI, financial assets and liabilities classified at FVTPL and liabilities for cash-settled share-based payment arrangements.
- Post-employment benefit obligations that are measured in terms of the projected unit credit method.
- Investment property is measured using the fair value model.
- Insurance contract assets and insurance contract liabilities as well as its related reinsurance assets and reinsurance contract liabilities are measured in terms of the General Measurement Model (GMM) or Variable Fee Approach (VFA) or Premium Allocation Approach (PAA) as set out in accounting policy 12 – Insurance Contracts.
- Investments in associates and joint ventures are equity accounted. Private equity and venture capital investments, that are associates, are either designated on initial recognition at FVTPL or are equity accounted.

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

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame generally established by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 3).
- Commodities acquired principally for the purpose of selling in the near future or generating a profit from fluctuation in price or broker-traders' margin are measured at fair value less cost to sell (accounting policy 3).
- Intangible assets and property, equipment and right of use assets are accounted for at cost less accumulated amortisation/depreciation and impairment (accounting policy 6).
- Where the group has owner-occupied properties that back policyholder liabilities, these properties are measured using the fair value model, in line with its investment properties accounting policy (accounting policy 6).
- The portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 4).
- Investments in associates and joint ventures are initially measured at cost and subsequently accounted for using the equity method in the separate financial statements (accounting policy 2).
- Investments in subsidiaries are accounted for at cost less accumulated impairment losses, where applicable, in the separate financial statements (accounting policy 1).
- Investment property is accounted for using the fair value model (accounting policy 6).
- Private equity and venture capital investments, including mutual funds, that are associates, are either designated on initial recognition at FVTPL or are equity accounted (accounting policy 2).
- Cohorts — the group has elected to combine insurance contracts in the same annual calendar year at initial recognition (accounting policy 12).
- Use of the PAA. The group has elected to apply the simplified model for insurance contracts and reinsurance contracts held where the coverage period is one year or less. On inception of a group of contracts where the coverage period is over one year, and the group meets the eligibility criteria, the group may choose to apply the PAA. For the periods under review, the group has elected to apply the PAA where coverage is one year or less, or where the group meets the required eligibility criteria. The group applies both a qualitative and quantitative assessment to determine the eligibility (accounting policy 12).
- For contracts measured under the PAA, the group has elected (accounting policy 12):
  - To defer the recognition of the acquisition costs over the coverage period, however disclosure will be included where the group elects to expense insurance acquisition cash flows as incurred. The election is made for a group of insurance contracts.
  - To not adjust the carrying amount of the liability for remaining coverage (LRC) to reflect the time value of money (TVM) and the effect of financial risk for those contracts where the coverage period is less than one year, or where there is no significant financing component for contracts longer than one year, if at initial recognition the group expects that the time between providing each part of the coverage and the related premium due date is no more than one year.
  - Where claims incurred are expected to be paid within a year of the date that the claim is incurred, to not adjust future cash flows for the TVM and the effect of financial risk.
- Presentation and disclosure in the income statement of insurance finance income or expense (accounting policy 12):
  - Regarding the choice of recognition of insurance finance income or expense for the reporting period in profit or loss on a portfolio basis, or to recognise a portion of that in OCI, the group has elected not to disaggregate amounts in OCI for both those contracts with and those contracts without direct participation features.
  - The group has elected to present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount on the face of the income statement rather than presenting separately the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount.
  - The group has elected to disaggregate the risk adjustment for non-financial risk between insurance service result and insurance finance income and expense.
- Contract boundary choice on the treatment of insurance risk consequent to an incurred claim on an income protection policy. The accounting policy choices are for the in-claim payments to be treated as a liability for incurred claims (LIC) (i.e. there is one contract and once a policyholder claims, it becomes a LIC and long-dated fulfilment cash flows (FCF) are modelled) or the in-claim payments are treated as a liability for remaining coverage (LRC) (i.e. there is one contract pre-claim and another contract for the in-payment liability). The latter would reflect the group's obligation to pay claims in the uncertain event of the policyholder remaining disabled and eligible to claim. The group has elected that the in-claim payments are treated as a LIC (i.e. there is one contract and once a policyholder claims, it becomes a LIC and long-dated fulfilment cash flows are modelled) (accounting policy 12).

- Application of IFRS 17 and IAS® 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21). A group of insurance contracts may generate cash flows in more than one currency. The group considers all risks, including currency exchange rate risks, when identifying portfolios of insurance contracts in order to develop an accounting policy to determine on initial recognition the currency or currencies in which the group of insurance contracts, including the contractual service margin (CSM), is denominated. Two approaches for measuring multi-currency groups of contracts are permitted, i.e. measuring the group as denominated either: in a single currency, or in the multiple currencies of the cash flows in the group. The group has elected to measure the group of insurance contracts (including the CSM if applicable) as all denominated in a single currency. Where that currency is a foreign currency to the reporting entity, the group applies IAS 21 and translates the balance into its reporting currency at reporting dates (accounting policy 12).
- Risk mitigation. The group has elected to apply risk mitigation (to avoid unintended mismatches in profit or loss) for the VFA measured contracts post transition. The risk mitigation option allows for hedged financial risk changes that otherwise would impact the CSM, to not be recognised against the CSM. Certain limited risk mitigation has been applied to the group's restated earnings for the period ended 31 December 2022 (accounting policy 12).
- Measurement of the non-distinct investment component (NDIC) within the scope of IFRS 17. The NDIC is the amount repayable to the policyholder in all circumstances. Receipts and repayments of such amounts do not relate to the provision of insurance services and are excluded from insurance revenue and insurance service expense. IFRS 17 does not prescribe what value to use as the NDIC (either unit value or surrender value). The group has elected to use the unit value as the amount representing the non-distinct investment component (NDIC) (accounting policy 12).
- Application of IFRS 17 to fixed fee service contracts on a contract-by-contract basis (accounting policy 12).


Refer to **annexure F** for detailed accounting policies.

Functional and presentation currency

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

Changes in accounting policies and adoption of new standards effective for the current financial year

The accounting policies are consistent with those reported in the prior year, except for the following new and amended standards that are effective for the current reporting period.

- IAS 12 *Income Taxes* (IAS 12) (amendments) introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and targeted disclosure requirements for entities affected by GloBE (global anti-base erosion) model rules. The amendments are effective for annual periods starting on or after 1 January 2023 and are required to be retrospectively applied. It was announced in the 2023 budget that it is South Africa's intention to implement the related legislation during 2024. The amendments had no material impact on the group's annual financial statements for the current reporting period, as the estimated impact can only be determined once the tax law is enacted or substantively enacted, which is expected during the 2024 reporting period.

The following accounting policies have been applied in preparation of these results as well as the restated 2022 results:

- IFRS 17, adopted on 1 January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, including reinsurance contracts, that an entity issues, reinsurance contracts held as well as investment contracts with discretionary participation features (DPF) that an entity issues (provided the entity also issues insurance contracts), which are scoped into IFRS 17 measurement from IFRS 9 *Financial Instruments* (IFRS 9). Disclosures and accounting policies have been amended as relevant. Refer to the IFRS 17 transition impact section below, notes 9, 31, 32, 33, 34 and 35 for disclosure specifically relating to IFRS 17 and annexure F for the detailed related accounting policies (accounting policy 12).

Refer to **annexure F** for detailed accounting policies.

Restatement

Stage 3 interest income change in calculation methodology

During the finalisation of the group results, the group amended its calculation of interest income on stage 3 loans and advances for PPB and BCB clients.

Previously, interest income on stage 3 loans and advances was calculated using a portfolio approach. The interest income on the stage 3 loan portfolio was calculated as the difference between the expected discounted and undiscounted recovery cash flows and was unwound on a straight-line basis over the expected period to resolution, being either recovery or write-off ("portfolio straight-line approach"). This modelling approach was utilised as a proxy for the IFRS 9 stage 3 interest recognition requirement.

Going forward, interest income on stage 3 loans and advances will be calculated on a loan-by-loan basis. The change in calculation methodology is not a change in accounting policy. The interest income on stage 3 loans will be calculated by multiplying the net carrying amount of each customer balance (after deducting credit impairments) by the effective interest rate of the loan, which is aligned to the requirements of IFRS 9 ("loan-by-loan outstanding balance approach").

During the change to the loan-by-loan outstanding balance approach, the group identified that by previously applying the portfolio straight line approach in calculating stage 3 interest income, interest income and income statement credit impairments were erroneously understated by R1.3 billion.

The group has restated for this impact. The ECL provision is not impacted by this restatement, as the correction to interest income and income statement credit impairment each have an equal and opposite impact on the ECL provision. This restatement has no impact on earnings attributable to ordinary shareholders or headline earnings but does impact the relevant ratios (being net interest margin, credit loss ratio, cost-to-income ratio and jaws) which have been restated for this change. Furthermore, this change has no impact on gross loans and advances, balance sheet ECL provisions, coverage or statement of cash flows.

IMPACT ON THE GROUP'S INCOME STATEMENT

	2022		
	As previously reported Rm	Restatement Rm	Restated Rm
Interest income	133 596	1 279	134 875
Credit impairment charges	(12 064)	(1 279)	(13 343)

IFRS 17 TRANSITION IMPACT

Adoption of IFRS 17

In May 2017, the IASB issued IFRS 17, which replaces IFRS 4 *Insurance Contracts* (IFRS 4) for reporting periods beginning on or after 1 January 2023. In addition, further amendments were issued in June 2020.

IFRS 4 was an interim standard for insurance contracts and was meant to limit changes to existing insurance accounting practices. IFRS 4 allowed insurers to use local accounting practices to determine the measurement of insurance contracts, which essentially referred to the local actuarial practices, resulting in a lack of consistency and comparability across companies that issued insurance contracts.

IFRS 17 provides comprehensive guidance on accounting for insurance contracts issued, investment contracts with DPF and reinsurance contracts. IFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. The standard introduces defined accounting models that measure insurance contracts at their current fulfilment estimates using one of three measurement models, depending on the nature and terms of the contract. IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. IFRS 17 is effective for the group from 1 January 2023 with the first retrospective restatement for the group being 1 January 2022, i.e. the IFRS 17 measurement principles need to be applied to all contracts in-force at 1 January 2022, as if IFRS 17 had always been in place. IFRS 17 does allow certain transition relief.

The main principle that IFRS 17 introduces is to recognise revenue, and profit or loss, over the duration of the contracts that best reflects the delivery of insurance contract services in the specific reporting period, with no profit recognition on contract inception. Any losses on onerous contracts are recognised immediately.

A key change is the creation of the CSM and the establishment of the non-financial risk adjustment, collectively representing a deferral of estimated profit, in respect of GMM and VFA measured contracts. The CSM and risk adjustment (RA), which is established on initial contract recognition, and the associated related guidance of future measurement, results in a different pattern of revenue recognition for many portfolios over the contract coverage period.

Accounting policies are applied in accordance with the transitional provisions of IFRS 17.

Overview of the IFRS 17 requirements that materially impact the group

The key impact to the group's equity on transition to IFRS 17 relates to the adoption of the new measurement models for defined insurance contracts issued and reinsurance contracts.

The main revenue recognition principle that IFRS 17 adopts is to recognise revenue, and consequently profit or loss, over the duration of the applicable policyholder contracts in a manner that best reflects the delivery of insurance contract services in the specific reporting period. This aligns closely to the principles applied in IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). However, any anticipated losses on onerous contracts are recognised immediately in profit or loss. The total recognised profit or loss outcome of contracts, i.e. the actual cash flows that emerge over the total contract term, naturally remains unchanged. However, the year-by-year reporting of profit or loss outcomes between IFRS 4 and IFRS 17 is often different.

Some contracts include an amount that meets the definition of a NDIC under IFRS 17. The NDIC is the amount that an insurance contract requires the group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs.

Under IFRS 17, the investment components that are highly inter-related with the insurance contract are not unbundled on contract inception. Similarly, a contract with equivalent terms that could not be sold separately in the same market or jurisdiction is not unbundled. Any such amounts are treated like deposits and excluded from insurance revenue and insurance services expenses when they are received from or paid to the policyholder or beneficiary, as they do not relate to the provision of insurance services. This is a significant change to current disclosure which includes these amounts in insurance premiums and insurance claims respectively.

IFRS 17 measurement principles are ambivalent to the type of insurance, i.e. life or non-life/general/short-term, and the permitted measurement model depends on the terms and conditions of the underlying contracts, including the related contract boundaries and coverage periods, rather than the insurance licence type.

Portfolios are established for insurance contracts that have similar risks and are managed together, however, each portfolio is disaggregated into groups of contracts, limited to a maximum of a twelve-month duration between the first contract and the last contract recognised. At date of inception, the groups are further divided into distinct and ring-fenced cohort groups that differentiate the expected profitability of each contract between onerous, unlikely to become onerous and those that have a higher risk of becoming onerous over time. These cohort groups are set at inception and cannot change over time. Subsequent measurement of insurance contracts is therefore applied to the cohort groups. The group has elected to have annual cohort groups per calendar year.

IFRS 17 includes three permitted measurement models, being the GMM, VFA and PAA. Due to the different types of contracts that the group issues, it applies all three measurement models. The measurement approach refers to the model used for valuing the liabilities and recognising profits in insurance revenue over time and should be appropriate for the contract being measured. The allocation of contracts to each measurement approach is dictated by IFRS 17, although there is an element of judgement in certain instances, as well as a permitted simplification if prescribed eligibility criteria are met. All measurement models include two components, being an LRC and LIC. The LRC relates to the measurement of the liability where the insured event has not yet occurred, i.e. the group's obligation for insured events related to the unexpired portion of the coverage period. The LRC also includes any non-distinct investment component values. The LIC component relates to the measurement of the liability where the insured event has occurred, or contract maturity triggers a settlement of a non-distinct investment component, i.e. the group's obligation to settle claims for insured events that have already occurred irrespective of whether they have been reported, as well as any non-distinct investment components that need to be settled. The LRC measured component is dependent on what measurement model is applied. The measurement of the LIC component is the same under all three measurement models, except for contracts measured using the PAA. For contracts under PAA, a simplification is allowed to not discount claims that are payable within one year.

General measurement model

A GMM is applicable to longer contract duration insurance contracts that do not have significant investment components, unless the criteria to use the simplified PAA model is met. Contracts measured under the GMM approach are also referred to as insurance contracts without any significant direct participation features. The GMM is based on FCF which comprise estimates of future cash flows, and include a risk-adjustment for non-financial risks and an adjustment to reflect the TVM and the financial risks related to the future cash flows. GMM is prescribed by IFRS 17 as the default measurement model for insurance and reinsurance contracts being predominantly risk type contracts and annuities.

The GMM requires that future cash flows are estimated on a best-estimate probability-weighted mean and the use of current estimates, which are those informed by actual trends and investment markets, adjusted for the TVM. A risk adjustment is established as an explicit, current adjustment to compensate the group for bearing non-financial risk. The risk adjustment is released over the contract duration in line with the reduction of the estimated risk. The estimates of future cash flows exclude expenses that are not assessed as meeting the definition of directly attributable insurance costs under IFRS 17.

The CSM established by IFRS 17 is measured at initial recognition and is a component of measuring the LRC in the GMM model. The CSM represents the unearned profit on the contract which is expected to be earned in the future and results in no profit at initial recognition. The CSM is released over the life of the contract in line with the level of service provided in each period (expressed as 'coverage units'). The interest rate used to discount cash flows and determine the initial CSM is locked in at the rate at inception for that contract, for all future CSM movements. For onerous groups of contracts, losses are recognised upfront in profit or loss (i.e. there is no concept of a negative CSM).

Apart from the CSM, all other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current values, taking future expectations into consideration.

Variable fee approach (insurance contracts only)

For contracts that have a component of significant insurance risk but are substantially investment-related contracts with direct participation in a share of underlying items, the GMM is modified to measure such contracts using the VFA, for example, a retirement annuity that may include a product benefit of a minimum return of contributions on death. The VFA is also referred to as the approach for insurance contracts with significant direct participating features. The group applies the VFA to investment contracts with DPF (which are scoped into IFRS 17), should they meet the eligibility criteria for VFA. This approach effectively amortises, over the remaining life of the contract, the impact to the future estimated revenue, for example, asset-based investment management fees, that have arisen from changes in investment values at the reporting date. A key difference to the GMM approach is how the CSM is impacted over time. The group's share of the fair value returns of the underlying items is included in the CSM, and the CSM is not locked in at the original discount rate. The group is required to justify the classifications into VFA through conditions demonstrating policyholder participation and analyses of investment benefits.

Premium allocation approach

An optional simplified PAA is available for contracts with a coverage period of 12 months or less, or if it is reasonably expected that the PAA would produce a measurement of the LRC that would not materially differ from the one produced applying the GMM. Contracts measured under the PAA approach do not have a CSM.

The group has elected, as permitted by the standard, to apply the simplified model for insurance contracts and reinsurance contracts held where the coverage period is less than 12 months. On inception of groups of contracts where the coverage period is over one year and the groups meet the eligibility criteria in that the measurement result of the PAA and GMM are not materially different, the group has elected to apply the PAA approach.

For contracts measured under PAA, the group has elected:
- To defer the recognition of the acquisition costs over the coverage period.
- To not adjust the carrying amount of the LRC to reflect TVM and the effect of financial risk for those contracts where the coverage period is less than one year, or where there is no significant financing component for contracts longer than one year.
- Where claims incurred are expected to be paid within a year of the date that the claim is incurred, to not adjust future cash flows for TVM.

Reinsurance contracts (GMM or PAA models only)

The group measures reinsurance contracts on the same principles as for the insurance contracts, adapted to reflect features that differ between the two types of contracts. Reinsurance contracts conceptually differ to insurance contracts as there can be a potential recognition of a day one gain. The standard allows this day one recognition (even if a gain) to reflect the commerciality of the transfer of insurance risks to a third party (particularly to the extent that it may offset a day one onerous contract loss recognition).

Presentation

Aggregation for presentation references the unit of account which is a portfolio as defined in IFRS 17. For the statement of financial position, portfolios that are in a net asset position are presented separately from those in a net liability position for both recognised insurance and reinsurance contracts. Income or expenses from reinsurance contracts held is presented separately from expenses or income from insurance contracts issued.

The most significant change to presentation is the construct of the income statement where IFRS 17 introduces and defines the following concepts:
- Insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration which the group expects to be entitled to in exchange for those services. Deposit (investment) components of contractual premiums are excluded from insurance revenue.
- Insurance service expenses, which comprise the actual incurred risk claims (excluding any investment component) and other incurred insurance service expenses on insurance contracts relating to the reporting period. In addition, the insurance service expense includes any losses on the initial recognition of onerous groups of contracts, as well as subsequent variations to net onerous contract portfolios and the recognition of the onerous component of any portfolio groups that were initially profitable but subsequently have become onerous.

IFRS 17 requires separate presentation of the insurance service result (insurance revenue less insurance service expenses) from other business activities. In addition, the presentation also requires specific disclosure on insurance financing as defined as follows:

- Insurance finance income or expenses, which depicts the net income or expense outcome of the financing activities and financial risk assumed in the conduct of the insurance business. This includes the impact to the current value of estimated future cash flows of insurance contracts, that arises from changes in the applicable risk-free interest rate environment.

The group has not elected, as permitted by the standard, to present any changes in IFRS 17 movements in other comprehensive income.

Interaction between IFRS 17 and IFRS 9

The measurement of financial investment contracts held at FVTPL under IFRS 9 did not change on adoption of IFRS 17. There are some consequential reclassifications between IFRS 17 and IFRS 9 policyholder liabilities and vice versa, on adoption of IFRS 17 because of minor changes in the interpretation of the definition of insurance contracts under IFRS 17. These reclassifications, however, do not have a material impact on the overall measurement of these portfolios on transition or the resulting change to deferred acquisition costs and deferred revenue liability related to financial investment contracts.

The group's IFRS 17 financial impact and how it has been recognised

Transition approaches

A fully retrospective application of IFRS 17 prior to the transition date (for the group) is required, unless it is impracticable to do so. If it is impracticable, an entity can choose between the modified retrospective approach or fair value approach to measure the take-on IFRS 17 balances. For short contract boundary nature contracts measured under the PAA approach, these will all be measured using the full retrospective application.

The group used a combination of all three transition methods, namely, full retrospective, modified retrospective, and fair value, depending on the historical data that was available per the IFRS 17 defined groups.

The full retrospective approach has been applied for most groups of insurance contracts recognised from 1 January 2017 onwards. Given the availability of information, including assumptions, methodologies and the availability of risk adjustment data, management's view was that it was impracticable to perform the full retrospective calculations for years further back.

Fair value is an approach to determine the transition CSM through an IFRS 13 *Fair Value Measurement* (IFRS 13) assessment of the probable trading price for a similar group of insurance contracts in a simulated deep and liquid market. The group has calculated the purchase price by assuming that the purchaser of a group of insurance contracts would be required to hold additional regulatory capital to support these contracts and would therefore include a price adjustment for the cost of capital required.For the modified retrospective approach, the group has maximised the use of information that would have been used to apply the full retrospective approach. The approach valued liabilities back to inception, replacing expected values with actual values where known. This enabled an approximate value to be calculated for the probability-weighted estimate of FCF and RA at inception, so that a CSM could be calculated.

A summary of the main product lines, transition approaches, measurement models and reportable groups is as follows:

Main product lines	Transition approach	Measurement model	Reportable group
Non-participating annuities	Full retrospective from 2017 onwards. Modified retrospective from 2012 to 2016. Fair value prior to 2012.	GMM	Life risk measured under GMM
Retail pure risk	Mostly full retrospective from 2017 onwards. Fair value prior to 2017.	GMM	
Other life assurance benefits, covering for death, disability, critical illness, etc.	Mostly full retrospective	GMM	
Institutional risk, including embedded bancassurance business. Group life assurance products, such as funeral products, corporate income protection plans and group risk.	PAA – full retrospective application	PAA – accounting policy election	Life risk measured under PAA
Retail and corporate guaranteed annuities, guaranteed capital bonds.	Full retrospective	GMM	Annuities and guaranteed investment products (GIPs)
Unit-linked retirement annuities and endowments, linked annuities and contracts that have direct participating features.	Mostly full retrospective from 2017 onwards. Modified retrospective on key product lines from 2012 to 2016, otherwise fair value.	Predominantly VFA	Participating contracts
The group's short-term insurance products, such as homeowners comprehensive cover, personal accident cover, health insurance and car hire and roadside assistance.	PAA – full retrospective application	PAA – accounting policy election	Non-life risk measured under PAA
Reinsurance on insurance contracts measured under GMM noted above	Aligned to transition approach on underlying insurance contracts issued	GMM	Reinsurance life risk measured under GMM
Reinsurance on insurance contracts measured under PAA noted above	Aligned to transition approach on underlying insurance contracts issued	PAA - accounting policy election	Reinsurance life risk measured under PAA Reinsurance non-life risk measured under PAA

Other consequential impacts on transition

The below table sets out a description of the IFRS 17 impact on transition, other than the impact to the group's primary financial statements, the overview of the IFRS 17 requirements that materially impact the group:

IFRS 17 impact on transition	Description
Impact on opening reserves	Refer to the statement of changes in equity for the impact on the group's reserves as at 1 January 2022, earliest opening reserves impact disclosed, and 1 January 2023.
Impact on treasury shares	The treasury shares requirements of IAS 32 *Financial Instruments: Presentation* (IAS 32) were amended to provide an exemption from the requirement to be deducted from equity. Despite the treasury share requirements of IAS 32, an entity may elect not to deduct from equity a treasury share that is included in such a fund or is an underlying item when the entity reacquires its own equity instruments. The group has elected not to deduct from equity its treasury shares as described, but to continue to account for these treasury shares as equity and to measure the reacquired equity instrument at FVTPL in accordance with IFRS 9. The amendment has been retrospectively applied in line with the requirements of IFRS 17 and has been included in the impact on opening reserves. Refer to page 39 for the impact of the exemption applied on the group's treasury shares and note 15 for details on treasury shares.

Overview of the group's IFRS 17 impact

The tables that follow provide an analysis of the group's transition to IFRS 17 and have been prepared in accordance with the basis of preparation and overview of IFRS 17 for the group. A summary of the IFRS 17 opening net asset value (NAV) adjustment and restated earnings for the period ended 31 December 2022 is provided. The restated group's summarised statement of financial position (both at 1 January 2022 and 31 December 2022) and the summarised statement of changes in equity for 31 December 2022 are presented thereafter.

Opening net asset value as at 1 January 2022 and closing net asset value as at 31 December 2022 from IFRS 4 to IFRS 17

The transition to IFRS 17 has resulted in an increase in the group's equity attributable to ordinary shareholders of R41 million as at 1 January 2022 and a reduction of R1 067 million as at 31 December 2022. In the group's insurance businesses, the negative adjustment to net asset value of R1 021 million as at 1 January 2022 and R2 437 million as at 31 December 2022 represents the effect of a more conservative revenue recognition approach that has resulted from application of the IFRS 17. This amount is expected to release to income over the future remaining coverage periods of the contracts in-force at transition, through the mechanisms of the CSM and RA. The above mentioned reduction in the group's net asset value is offset by an increase in equity of R1 062 million as at 1 January 2022 and R1 370 million as at 31 December 2022 resulting from the reinstatement of the group's treasury shares held in Liberty during 2022.

Impact of IFRS 17 on the group's headline earnings for the year ended 31 December 2022

Group headline earnings for 2022 on an IFRS 17 basis was R33 853 million compared to R34 247 million under IFRS 4.

The R394 million reduction in the insurance business headline earnings for the year ended 31 December 2022 was primarily due to the following:

- Liberty Group Limited (LGL) has for some time applied a hedging strategy, largely against undesirable investment market risks. Through the conversion to IFRS 17, and the requirement of derivative hedging to qualify for the risk mitigation option in IFRS 17, the group was unable to account for the specific hedges that were achieved through non-derivative mechanisms in the asset-liability matching activity over 2022. Going forward, the group has modified its hedging programme to qualify for the risk mitigation option. The net impact of this transition was a once-off R140 million additional expense in 2022.
- R125 million reduction in earnings for 2022 has been attributed to the impact of credit rating changes over the year which under IFRS 4 was offset by discretionary margins. Under IFRS 17, credit rating changes (positive or negative), should they occur in a year, will impact earnings to the full extent of the rating change, as the specific margins recognised under IFRS 4 cannot be recognised under the IFRS 17 guidance and hence were released as part of the transition adjustments to net asset value at 1 January 2022.
- R290 million reduction in earnings has been attributed to the impact of margins under IFRS 4 which largely relates to a product migration of legacy with-profit business. The margins cannot be recognised under the IFRS 17 guidance and hence were released as part of the transition adjustments to net asset value at 1 January 2022, therefore resulting in a change in 2022 earnings compared to IFRS 4.
- An estimated R60 million lower earnings relates to the impact of a more conservative outcome on new business, partially offset by a higher earnings amortisation of the CSM relative to the margin release in IFRS 4 on in-force contracts.
- R243 million higher earnings due to the reinstatement of treasury shares and the measurement of these treasury shares at fair value.

Capital implications

The impact on regulatory capital on the long-term insurance business is minimal, as capital is assessed on a regulatory basis, which in South Africa refers to the Solvency and Assessment Management (SAM) framework. The group has already fully adopted the SAM framework for regulatory capital purposes.

Tax implications

Within South Africa, National Treasury prepared amended tax legislation, which was promulgated during January 2023, related to the adoption of IFRS 17 and any consequential tax implications. While an 'adjusted IFRS' tax basis is retained, these amendments provide for a six-year phasing-in provision for long-term insurers and a three-year phasing-in provision for short-term insurers in order to transition the tax impact of applying IFRS 17 from 1 January 2023, instead of applying IFRS 4. The change in tax legislation is effective for years commencing 1 January 2023. Other than the phasing-in provisions that creates a timing difference in the recognition of deferred tax, there are no other material tax implications for the group on the current basis of tax arising from the adoption of IFRS 17.

Impact on the group's statement of financial position

- The restatement of financial liabilities under investment contracts is due to the reclassifications of certain policyholder contracts between IFRS 9 and IFRS 17 due to minor changes in the interpretation of the definition of insurance contracts under IFRS 17.
- Differences arise from the measurement of insurance contracts and reinsurance contracts under IFRS 17 in comparison to IFRS 4. Aggregation for presentation under IFRS 17 references the unit of account, which is a portfolio as defined. For the statement of financial position, portfolios that are in a net asset position are presented separately from those in a net liability position for both recognised insurance and reinsurance contracts.
- Policyholders assets which were previously separately disclosed as financial instruments, have been reclassified to insurance contract liabilities (LRC) as IFRS 17 requires all related policyholder cash flows to be included in the measurement of insurance contracts (considered integral to the underlying contract).
- Under IFRS 4, outstanding premiums debtors and reinsurance recoveries were included in 'Prepayments, insurance and other receivables' and outstanding claims, commission creditors and premiums received in advance were included in 'Insurance and other payables'. IFRS 17 requires all policyholder related cashflows to be included in the measurement of insurance/reinsurance contract assets/liabilities. Certain outstanding claims may relate to IFRS 9 defined contracts, in which case those balances remain with 'Provisions and other liabilities'.
- Deferred tax impact as a result of change in the carrying amount of assets and liabilities on initial application of IFRS 17 between the new accounting base under IFRS 17 and the tax base.
- The key impact to the group's equity on transition to IFRS 17 relates to the adoption of the new measurement models for defined insurance contracts issued and reinsurance contracts.

IMPACT ON THE GROUP'S STATEMENT OF FINANCIAL POSITION

	31 December 2022			1 January 2022		
	As previously reported Rm	Restatement Rm	Restated Rm	As previously reported Rm	Restatement Rm	Restated Rm
Assets						
Cash and balances with central banks	114 483		114 483	91 169		91 169
Derivative assets	74 410		74 410	63 688		63 688
Trading assets	314 918		314 918	285 020		285 020
Pledged assets	19 308		19 308	14 178		14 178
Disposal group assets held for sale	555		555	1 025		1 025
Financial investments	721 205	1 289	722 494	724 700	1 429	726 129
Receivables and other assets[1]	46 763	(7 116)	39 647	36 432	(7 217)	29 215
Current tax assets	757		757	709		709
Loans and advances	1 504 941	(1)	1 504 940	1 424 328		1 424 328
Policyholder assets	2 974	(2 974)		2 868	(2 868)	
Reinsurance contract assets		5 522	5 522		5 902	5 902
Insurance contract assets		1 830	1 830		1 264	1 264
Interest in associates and joint ventures	9 956		9 956	7 280		7 280
Investment property	29 289		29 289	29 985		29 985
Property, equipment and right of use assets	20 340		20 340	20 619		20 619
Goodwill and other intangible assets	15 121	(1)	15 120	16 913	(4)	16 909
Deferred tax assets	8 821	7	8 828	6 903	4	6 907
Total assets	2 883 841	(1 444)	2 882 397	2 725 817	(1 490)	2 724 327
Equity and liabilities						
Equity[2]	259 956	(1 090)	258 866	242 849	42	242 891
Equity attributable to ordinary shareholders	219 264	(1 067)	218 197	198 832	41	198 873
Equity attributable to other equity instrument holders	19 667		19 667	16 052		16 052
Equity attributable to non-controlling interests	21 025	(23)	21 002	27 965	1	27 966
Liabilities	2 623 885	(354)	2 623 531	2 482 968	(1 532)	2 481 436
Derivative liabilities	85 049		85 049	67 259		67 259
Trading liabilities	109 928		109 928	81 484		81 484
Disposal group liabilities held for sale				96		96
Provisions and other liabilities[1]	139 283	(9 396)	129 887	153 784	(8 499)	145 285
Current tax liabilities	7 842		7 842	7 557		7 557
Deposits and debt funding	1 889 099		1 889 099	1 776 615		1 776 615
Policyholder liabilities	358 467	(358 467)		363 023	(363 023)	
Financial liabilities under investment contracts		136 309	136 309		136 622	136 622
Insurance contract liabilities		231 849	231 849		233 730	233 730
Subordinated debt	31 744		31 744	30 430		30 430
Deferred tax liabilities	2 473	(649)	1 824	2 720	(362)	2 358
Total equity and liabilities	2 883 841	(1 444)	2 882 397	2 725 817	(1 490)	2 724 327

[1] Receivables and other assets included reinsurance contract assets, and provisions and other liabilities included reinsurance contract liabilities under IFRS 4, which have been disaggregated and separately presented in the statement of financial position under IFRS 17.
[2] Refer to the statement of changes in equity on page 24 for detail on the reserves impacted.

IMPACT ON THE GROUP'S INCOME STATEMENT

	2022		
	As reported Rm	Restatement Rm	Restated Rm
Net interest income	78 391		78 391
Interest income[1]	134 875		134 875
Interest expense	(56 484)		(56 484)
Non-interest revenue	56 242	(1 277)	54 965
Net fee and commission revenue	32 621		32 621
Fee and commission revenue	41 440		41 440
Fee and commission expense	(8 819)		(8 819)
Trading revenue	17 046		17 046
Other revenue[2]	4 137	(1 277)	2 860
Other gains and losses on financial instruments	2 438		2 438
Income from investment and life insurance activities	23 566	(23 566)	
Insurance premiums received	49 379	(49 379)	
Revenue from contracts with customers	3 921	(3 921)	
Interest income	2 030	(2 030)	
Insurance benefits and claims paid	(39 017)	39 017	
Investment management and service fee income and gains	2 698	(2 698)	
Fair value adjustments to investment management liabilities and third-party fund interests	4 555	(4 555)	
Net insurance income		3 178	3 178
Insurance service result		8 302	8 302
Net insurance service result before reinsurance contracts held		8 071	8 071
Insurance revenue		35 717	35 717
Insurance service expense		(27 646)	(27 646)
Net (expense)/income from reinsurance contracts held		231	231
Net insurance finance expenses		(5 124)	(5 124)
Net finance expenses from insurance contracts issued		(5 232)	(5 232)
Net finance income from reinsurance contracts held		108	108
Non-insurance revenue		11 583	11 583
Investment and other income		7 516	7 516
Interest income on financial assets using the effective interest method		2 105	2 105
Fair value adjustments to financial assets, investment contract liabilities and third-party mutual funds		1 962	1 962
Total net income	158 199	(10 082)	148 117
Credit impairment charges[1]	(13 343)		(13 343)
Net income before operating expenses	144 856	(10 082)	134 774
Operating expenses		(83 533)	(83 533)
Operating expenses in Standard Bank Activities	(73 274)	73 274	
Operating expenses in investment management and life insurance activities	(19 247)	19 247	
Net income before capital items and equity accounted earnings	52 335	(1 094)	51 241
Non-trading and capital-related items	328		328
Share of post tax profit from associates and joint ventures	2 265		2 265
Profit before indirect taxation	54 928	(1 094)	53 834
Indirect taxation	(3 534)	457	(3 077)
Profit before direct taxation	51 394	(637)	50 757
Direct taxation	(12 011)	294	(11 717)
Profit for the year	39 383	(343)	39 040

[1] As previously reported. Includes the restatement impact as detailed on page 30.
[2] IFRS 17 requires insurance revenue to be separately presented in the income statement. Insurance-related revenue under IFRS 4 was previously included in other revenue, which has subsequently been restated and presented within insurance revenue.

IMPACT ON THE GROUP'S FINANCIAL RESULTS, RATIOS AND OTHER STATISTICS[1]

	2022		
	As previously reported	Restatement	Restated
Financial results (Rm)			
Headline earnings contribution by business unit[1]			
Profit for the year	39 383	(343)	39 040
Attributable to ordinary shareholders	34 637	(394)	34 243
Attributable to other equity instrument holders	999		999
Attributable to non-controlling interests	3 747	51	3 798
Total comprehensive income for the year[1]	35 767	(343)	35 424
Attributable to ordinary shareholders	31 211	(394)	30 817
Attributable to other equity instrument holders	999		999
Attributable to non-controlling interests	3 557	51	3 608
Total headline earnings attributable to ordinary shareholders[1]	34 247	(394)	33 853
Gross	51 066	(637)	50 429
Direct tax	(12 078)	294	(11 784)
Attributable to non-controlling interests and other equity instrument holders	(4 741)	(51)	(4 792)
Number of shares			
Weighted average number of shares	1 640 863 351	10 149 792	1 651 013 143
Issued number of shares	1 648 374 283	8 178 769	1 656 553 052
Weighted average number of treasury shares[2]	26 952 097	(10 149 792)	16 802 305
Treasury shares[2]	29 950 340	(8 178 769)	21 771 571
Share statistics (cents)			
Basic earnings per share (EPS)	2 110.9	(36.8)	2 074.1
Headline earnings per share (HEPS)	2 087.1	(36.7)	2 050.4
Diluted EPS	2 095.5	(36.5)	2 059.0
Diluted HEPS	2 071.9	(36.3)	2 035.6

[1] The only impact on these items relate to the restatements of profit for the year and taxation thereon, OCI and headline adjustable items were not restated.
[2] The treasury shares requirements of IAS 32 were amended, as a result of IFRS 17, to provide an exemption from the requirement to be deducted from equity. The group has elected to apply this exemption and to measure the reacquired equity instrument at FVTPL in accordance with IFRS 9. The total equity securities held as treasury shares, as at 31 December 2022, have been restated resulting from the reinstatement of the group's treasury shares held in Liberty during 2022.
The exemption is available to entities that operate, either internally or externally, an investment fund that provides investors with benefits determined by units in the fund and recognise financial liabilities for the amounts to be paid to those investors, as well as entities that issue insurance contracts with direct participation features where those entities hold the underlying items. Refer to note 15 for further details.

Sensitivity of insurance contract balances measured at fair value on transition to IFRS 17

On transition to IFRS 17, certain insurance contracts, as permitted by the standard, were measured at fair value on 1 January 2022, and thereafter under IFRS 17. These contracts are considered non-recurring level 3 instruments under IFRS 13. The group has assumed that the purchaser of a group of insurance contracts would be required to hold additional regulatory capital to support these contracts and therefore included a price adjustment for the cost of capital required, using a return on equity (ROE) assumption of 20%. ROE is the most significant unobservable input into the fair value measurement calculation.

The table below shows what the impact would be (gross of tax) on the CSM portion of the total insurance contracts measured at fair value from a change in the ROE used for the calculation of IFRS 17 balances at initial recognition, being 1 January 2022.

		Change in ROE	
	1 January 2022[1]	+2% increase in ROE	-2% decrease in ROE
	Rm	Rm	Rm
CSM portion of IFRS 17 balances measured using the fair value transition	12 659	13 914	11 202

[1] Total CSM as at 1 January 2022 applying an ROE of 20%.

No disclosure is shown for any sensitivities after 1 January 2022 as the balances are measured under IFRS 17 post transition.

KEY MANAGEMENT ASSUMPTIONS

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

Expected credit loss (ECL)

During the current reporting period, ECL models have been enhanced with a change made in the assessment of how dependent multiple default events have been calculated. No further material changes to assumptions have occurred.

ECL on financial assets – drivers

For the purpose of determining the ECL:

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

ECL measurement period

The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, if the remaining lifetime is less than 12 months).

- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for dependent multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL.
- The measurement period for unutilised loan commitments utilises the same approach as on-balance sheet exposures.

Significant increase in credit risk and low credit risk

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

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

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

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

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

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

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

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

From a South African perspective, for SARB D3 qualifying exposures, the SICR methodology remains unchanged (comparing the credit risk grading) to determine whether these exposures are classified within stage 1 or stage 2. The credit risk grade is assessed at the time of the relief, and subsequent monthly reviews of the status of the request and client's performance are conducted.

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

The group determines the macroeconomic outlook, over a planning horizon of at least three years, for each country based on the group's global outlook and its view of commodities, interest rates, exchange rates and other relevant parameters.

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

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

Default

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

- where, in the group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security. This includes the classification of distressed restructures (including debt review exposures) as default for minimum of six months, while observing payment behaviour or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities, in excess of the current limit).

The group has not rebutted the 90 DPD rebuttable presumption.

Write-off policy

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

The following criteria must be met before a financial asset can be written off:

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

As an exception to the above requirements:

- Where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
- For corporate, sovereign and bank products, write-off is assessed on a case-by-case basis and approved by the CIB credit governance committee based on the individual facts and circumstances.
- For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as collection/settlement arrangements to assist clients to settle their outstanding debt. The group continuously monitors and reviews when exposures are written off, the levels of post write-off recoveries as well as the key factors causing post write-off recoveries, which ensure that the group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels after time.

Curing

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

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

The group's forward-looking economic expectations applied in the determination of the ECL at the reporting date

A range of scenarios have been determined for base, bear and bull forward-looking economic expectations, as at 31 December 2023, for inclusion in the group's forward-looking process and ECL calculation.

South African economic expectation

- Idiosyncratic constraints such as the electricity shortfall, rail and port infrastructure insufficiencies as well as policy uncertainty continue to weigh on business and consumer confidence and weaken economic growth. Fragile global growth continues to place additional pressure on South Africa's terms of trade, reflecting the tight global financial conditions and rising geopolitical tensions and risks from ongoing, and potentially further, wars. Many countries are holding general elections this year. Locally, it is assumed that the African National Congress will likely not require a large coalition partner at the national level in the 2024 elections. This assumed election outcome underpins our expectation for general continuity in monetary and fiscal policy as well as the structural reform trajectory. The severe impact of electricity loadshedding should ease given the expected increase in Eskom's electricity supply as well as the ongoing expansion of private sector electricity generation, though the unreliable performance of Eskom's existing fleet remains a major risk. The impact of logistical challenges will probably ease only modestly this year, with the operational benefits of the policy interventions underway likely to prove slow to materialise. Further slow improvements in the implementation of reforms should boost potential gross domestic product (GDP) and economic growth over the medium term.
- One of the few potential global positives is the interest rate relief expected from many of the key central banks from around mid-2024. Domestic demand-driven inflation pressures remain weak. Gradual further decline in South Africa's headline consumer price index (CPI) inflation towards the mid-point of the inflation target band (by 2025) and lower inflation risks should see the policy rate reverting to a more neutral level over time. The prime interest rate is expected to reduce to 10.75% by the end of 2024. Despite the elevated fiscal risks, the expected retreat in global bond yield should support South African bonds. Under these assumptions, there is a scope for modest rand gains – notwithstanding weak domestic fundamentals, the widening current account deficit and possibly remaining on the Financial Action Task Force (FATF) watchlist for a prolonged period.
- The bear case scenario sees persistent inflation, with an overtightening of policy rates leading to a global recession. Locally, reform momentum wanes due, for example, to a less benign election outcome than assumed in the base case. The electricity supply situation is assumed to be worse in this case, with more frequent and higher stages of loadshedding. Grid capacity constraints dampen renewable energy investments, while rail and port infrastructure challenges continue to hamper trade. Adverse climate-change related events, such as floods, are also assumed to be a more regular occurrence in this scenario. In addition to the probability of the bearish scenario exceeding that of the bullish scenario, the relative severity of this case reflects the negative asymmetry of the risks.
- The bull scenario sees a combination of global inflation quickly unwinding, policy rates moving lower earlier in 2024, global growth recovering rapidly and domestic reforms gaining more momentum. The electricity supply situation is slightly better than assumed in the base case over the short term and improves more materially in the medium term with stronger investment in embedded generation and the unlocking of grid capacity constraints. Reforms also yield private sector participation in port and rail infrastructure. Business confidence is higher, further boosting growth and the employment intensity thereof.

Africa Regions economic expectation

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

- Growth in sub-Saharan Africa is expected to recover to around 4.0% in 2024 from around 3.3% in 2023. Notably, heightened geopolitical tensions, high debt burdens and weather-related shocks from the ongoing El Niño event will be the primary downside risks for growth across sub-Saharan Africa in 2024.
- El Niño will have a varied impact on growth across Africa, especially considering technological advancements and infrastructure improvements in the agricultural sector. East African economies, such as Kenya, Uganda and Tanzania, are already experiencing above-normal levels of rainfall, while the southern parts, such as Malawi, Zambia and Mozambique, have drier conditions.
- Growth in most African economies is now approaching or has already reached pre-pandemic averages, demonstrating their resilience despite the confluence of recent shocks.
- Growth in Kenya could ease to 5.1% in 2024 from an expected 5.6% in 2023 due to the impact of El Niño and rising domestic arrears. In Uganda, growth will likely recover to 5.9% in 2023/24, from 5.2% in 2022/23, largely owing to increased oil sector investment. For Zambia, growth is expected at 4.4% in 2024, only slightly down from 4.5% in 2023. Positively, the non-mining economy has supported economic activity amid weaker mining growth over the past year. Growth in Nigeria could pick up to 3.4% in 2024 from 2.6% in 2023, due to higher crude oil production and the government's ongoing efforts to curb oil theft, together with new production streams. Angola, however, remains heavily reliant on its oil sector to grow. Further, persisting foreign exchange liquidity challenges informs our forecasts of Angola displaying poor growth prospects, pointing to further deceleration of GDP growth, to 1.1% in 2024, as both oil sector investment and production will likely remain subdued.
- The formation of the G20 common market framework in 2020 following the implosion of debt sustainability of economies that were already on the cusp prior to the pandemic, was expected to expedite debt restructuring resolution and boost the journey to restore debt towards more sustainable positions. Zambia, Ethiopia and Chad were the first economies initially to apply for debt restructuring under this framework, with Ghana following suit in 2022. Now, nearly four years later, questions are arising whether the common market framework needs to be significantly refined or shelved altogether, as scepticism towards its viability/usefulness grows. Further, the broad diversity in creditors that hold Africa's external debt has notably pivoted towards a larger share owed to non-Paris Club lenders, such as China, over the past two decades or so.

- The International Monetary Fund (IMF) has advocated for a proactive application of the IMF's lending-into-arrears policy, a strategy involving the IMF continuing to lend to countries even when they fall behind on debt payments, incentivising commercial creditors to agree to debt restructuring terms similar to those accepted by other creditors. This principle could be applied to Zambia's current situation and provide assurances to both creditors and debtors. Under the base case scenario, Zambia could secure an external debt restructuring deal in the second half of 2024, and Ghana could finalise an external debt restructuring deal in the first half of 2024. It is anticipated that Kenya will repay the USD2.0 billion Eurobond on maturity in June 2024 and could also look to explore a Eurobond issuance in the first half of 2024 should they receive favourable pricing in the context of the current global risk environment. Although, as they look to test the waters after Cote d'Ivoire's issuance in January 2023, their initial endeavour was to issue a Eurobond in 2024/2025. The government also remains keen to conduct a buyback of the USD2.0 billion Eurobond, at par. Furthermore, Nigeria and Angola may also consider issuing a Eurobond during 2024, subject to global risk conditions.
- The outlook for monetary policy in 2024 is somewhat mixed. Most markets are likely to begin easing monetary policy conditions from the second half of 2024. However, some economies such as Kenya, Zambia, Egypt, Angola and even Nigeria, are likely to tighten monetary conditions further in the first half of 2024, while other markets, such as Ghana, may even begin easing rates.
- Indeed, positively, with a soft-landing scenario now broadly expected for the global economy, risk appetite could be restored. This may revive external funding sources, which could bolster external positions and ease both foreign exchange volatility and liquidity shortages, while also anchoring inflation expectations. Enhanced geopolitical risks in 2024 could still bring about external account vulnerabilities.
- The political calendar will be unusually busy in 2024 with 13 countries expected to hold elections across sub-Saharan Africa, with Botswana, Mauritius, Mozambique, Ghana and Namibia among them.

United Kingdom economic expectation

- In the base case, global growth is around 2.5% in 2024, similar to 2023 but still low in historical terms. Within this, the United Kingdom (UK) is particularly weak, with next-to-no growth predicted for 2024 as higher base rates in previous years continue to constrain growth, and both business and consumer sentiment remain weak. A recession, being two consecutive quarters of negative growth, is possible but is likely to be mild. Weak growth is expected to deliver further falls in inflation, although it is likely that the easy part of the disinflationary process has passed and further declines in inflation towards the 2% target will be harder to achieve due to high wage growth levels. Nonetheless, wage pressures will ease moderately and this, together with the persistence of weak growth and falls in inflation should allow the Bank of England to reduce base rates in 2024. Lower base rates could weaken the currency, but the base case assumes that the Federal Reserve (the Fed) will be cutting policy rates as well and the differential between the UK and United States (US) will not change materially. In the base scenario, an easing in global financial conditions brought about by Fed easing should lift asset prices such as bonds and stocks. This is usually an environment in which 'riskier' currencies such as the pound gain, and 'safer' currencies such as the dollar, fall. The base case assumes that the 2024 election will be won by the opposition Labour Party but is unlikely to have a material impact on the growth and inflation outlook, nor financial market performance compared to the continuation of a Conservative government.
- The bear scenario assumes that inflation is not only stubborn but starts to re-accelerate. Supply chain stresses caused by tensions in the Middle East, particularly as they impact shipping through the Red Sea, are seen as one cause of price pressure. Russia's progress in defeating Ukraine could also create more inflationary pressure, particularly where energy and food are concerned. Wage persistence and continued tightness of the labour market also keep inflation high, and the Bank of England is forced to respond with higher base rates in 2024. Rates can be reduced in the longer-term, but the increase in 2024 pushes the economy into a deeper recession and causes more distress in interest-sensitive sectors such as real estate. The pound falls, particularly against 'safe' currencies such as the dollar even if this scenario does not see the Fed have to raise policy rates in the same way as the Bank of England.
- The bull scenario sees inflation fall much faster than the base case, causing base rates to be cut sooner and more deeply than in the base case. Swift rate cuts, in turn, start to rapidly revive the economy with interest-sensitive sectors such as real estate recovering fast. And with wages outstripping inflation, at least early in the forecast period, consumer confidence improves and consumer spending returns rapidly. The sharp fall in interest rates and the rebound in the economy leads to improvement in the budget finances, allowing the new government to further drive growth with tax cuts and/or spending increases. The pound gains against the dollar on the assumption that the rapid fall in inflation and deep cuts in interest rates are seen in the US as well, with the result that global economic and financial market optimism increases significantly and pushes down the dollar as investors shun its safe-asset attributes.

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.

Macroeconomic factors – 2023	2023[1]	Base scenario Next 12 months[2]	Base scenario Remaining forecast period[3]	Bear scenario Next 12 months[2]	Bear scenario Remaining forecast period[3]	Bull scenario Next 12 months[2]	Bull scenario Remaining forecast period[3]
South Africa[4]							
Inflation (%)*	5.90	5.13	4.47	6.40	5.94	4.74	3.91
Prime (%)* (period end)	11.75	10.75	10.50	12.50	11.50	10.50	10.00
Real GDP[7] (%)*	0.60	1.43	1.81	(0.43)	0.70	2.09	2.49
Household credit (%)*	5.93	5.72	6.38	5.02	5.35	6.58	7.69
Exchange rate USD/ZAR* (period end)	18.52	18.10	18.07	21.49	19.49	17.02	16.94
Africa Regions[5] (excluding Zimbabwe) (averages)							
Inflation (%)#	14.38	12.38	9.20	15.35	11.49	10.23	7.39
Policy rate (%)*	12.15	12.53	9.96	14.09	11.32	11.05	8.76
3m Tbill rate (%)*	10.79	11.41	9.94	13.68	12.31	9.76	7.58
6m Tbill rate (%)*	11.16	11.90	10.10	13.77	12.19	10.08	7.69
Real GDP[7] (%)#	4.15	4.90	4.83	3.04	2.86	5.73	5.75
Africa Regions[5] (averages)							
Policy rate (%)*	19.60	18.00	12.12	20.21	15.36	11.15	9.02
3m Tbill rate (%)*	10.79	11.41	9.94	13.68	12.31	9.76	7.58
6m Tbill rate (%)*	11.16	11.90	10.10	13.77	12.19	10.08	7.69
Real GDP[7] (%)#	3.95	4.57	4.62	2.68	2.54	5.93	6.17
UK[6]							
Inflation (%)*	7.40	3.50	2.90	4.50	3.30	2.30	2.10
Policy rate (%)*	5.25	4.00	4.00	5.75	4.00	2.50	3.00
Exchange rate GBP/USD	1.27	1.30	1.35	1.28	1.22	1.50	1.47
Real GDP[7] (%)#	0.30	0.10	1.50	(0.50)	1.60	0.80	2.30

1 Revised as at 31 December 2023. The 2023 (1 January 2023 to 31 December 2023) view disclosed as at 31 December 2022, has been revised due to the changes in the macroeconomic factors.
2 Next 12 months following 31 December 2023 is 1 January 2024 to 31 December 2024.
3 The remaining forecast period is 1 January 2025 to 31 December 2027.
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, weighted averages are used. The scenario weighted average is: base at 55%, bear at 28% and bull at 17%. The scenario weighting remains unchanged.
6 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 2023.
# Estimated base case rates for 2023 disclosed where 2023 actuals were not available upon release date.

		Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2022	2022[1]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]
South Africa[4]							
Inflation (%)*	6.85	5.60	4.45	7.09	5.20	5.23	3.81
Prime (%)*	10.50	10.75	10.50	11.75	11.00	10.50	10.00
Real GDP (%)*	1.86	1.62	2.01	0.41	1.01	1.99	2.58
Household credit (%)#	6.92	6.37	6.63	5.85	5.50	6.91	7.21
Exchange rate USD/ZAR	17.50	16.00	16.29	17.28	17.54	15.16	15.22
Africa Regions[5] (excluding Zimbabwe) (averages)							
Inflation (%)#	12.80	11.19	6.85	13.37	9.02	9.36	5.99
Policy rate (%)*	9.76	11.66	9.80	13.30	10.87	10.51	8.61
3m Tbill rate (%)*	8.75	10.50	8.09	12.81	10.26	8.99	7.45
6m Tbill rate (%)*	9.68	11.89	9.03	13.79	11.47	10.18	8.49
Real GDP[7] (%)#	3.40	3.56	4.57	2.31	2.83	4.94	5.95
Africa Regions[5] (averages)							
Policy rate (%)*	21.65	18.44	13.04	24.97	17.06	12.97	8.80
3m Tbill rate (%)*	8.75	10.50	8.09	12.81	10.26	8.99	7.45
6m Tbill rate (%)*	9.68	11.89	9.03	13.79	11.47	10.18	8.49
Real GDP[7] (%)#	3.38	3.50	4.62	1.98	2.75	4.94	6.16
UK[6]							
Inflation (%)*	9.00	7.00	2.50	10.00	1.80	5.00	1.90
Policy rate (%)*	3.50	4.25	2.00	5.00	1.50	3.00	1.60
Exchange rate GBP/USD*	1.21	1.28	1.38	1.10	1.35	1.32	1.45
Real GDP (%)#	4.00	(1.00)	1.60	(2.00)	1.50	1.00	2.20

1 Revised as at 31 December 2022. The 2022 (1 January 2022 to 31 December 2022) view disclosed as at 31 December 2021, has been revised due to the changes in the macroeconomic factors.
2 Next 12 months following 31 December 2022 is 1 January 2023 to 31 December 2023.
3 The remaining forecast period is 1 January 2024 to 31 December 2026.
4 The scenario weighting is: base at 50%, bear at 30% and bull at 20%.
5 Where multiple jurisdictions are considered, weighted averages are used. The scenario weighted average is: base at 55%, bear at 28% and bull at 17%.
6 The scenario weighting is: base at 50%, bear at 30% and bull at 20%.
7 Gross domestic product.
* Actual rates for 2022.
# Estimated base case rates for 2022.

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

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

	2023		2022	
	Total income statement charge Rm	**Total ECL provision Rm**	Total income statement charge Rm	Total ECL provision Rm
As reported	**1 662**	**10 373**	2 530	9 927
Scenarios				
Base	**1 595**	**10 306**	2 435	9 832
Bear	**1 902**	**10 613**	2 856	10 253
Bull	**1 474**	**10 185**	2 258	9 655

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

The level of the forward-looking balance sheet provisioning was maintained at 2022 levels due to the challenging macroeconomic environment, which was underpinned by aggressive monetary tightening, inflation and sharp and frequent changes in interest rates and other consumer pressures.

The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2023, 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.

	2023		2022	
	Income statement charge/ (release) Rm	**Forward-looking component of ECL provision Rm**	Income statement charge/ (release) Rm	Forward-looking component of ECL provision Rm
Forward-looking impact on the total ECL provision	**44**	**2 182**	165	2 172
Scenarios				
Base	**(192)**	**2 000**	(227)	1 780
Bear	**754**	**2 979**	1 834	3 840
Bull	**(493)**	**1 712**	(1 150)	856

Management judgemental adjustments

As mentioned in the sections above in determining the forward-looking impact, from an IFRS 9 perspective, the group has forecast three possible future macroeconomic scenarios, being the base, bear and bull scenarios, and attributed weightings to these three scenarios. Determining these scenarios and the assumptions underlying them are complex.

Management judgemental adjustments are required in terms of IFRS 9 to take into account factors that do not form part of the normal modelling process and/or the above mentioned macroeconomic scenarios. These factors are incorporated as part of management judgemental adjustments. These factors may result from model or data limitations, recent events or expert credit judgement and are applied at a segment, industry or client level. These management judgemental adjustments are reviewed as part of the governance process surrounding credit risk and ECL.

Management judgemental adjustments incorporated in the calculation of ECL as set out below:

	2023 Rm	2022 Rm
PPB and BCB industry and macroeconomic adjustments[1]	**951**	504
CIB sovereign adjustment[2]	**400**	400
Total	**1 351**	904

1 Additional impairments held to incorporate industry and macroeconomic factors which were not included in the underlying modelling. During 2023, industries experiencing continued and increased risk, influencing the assumptions applied in determining ECL as discussed above, include the agriculture industry.
2 Additional impairments held to incorporate the credit risk relating to sovereigns.
3 The above disclosures, including comparatives, have been included from 2023 to provide a more appropriate analysis of out-of-model adjustments considering the nature and characteristics thereof.

Refer to **note 8**, for the carrying amounts of loans and advances and to **annexure C** for the group's assessment of the risk of loss arising out of the failure of counterparties to meet their financial or contractual obligations when due.

Fair value

Financial instruments

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

Valuation process

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

Prices quoted in an active market

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

Valuation techniques

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

Valuation adjustments

Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:
- credit spreads on illiquid issuers
- implied volatilities on thinly traded instruments
- correlation between risk factors
- prepayment rates
- other illiquid risk drivers.

In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:
- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS (refer to note 2.4 and note 3.1)
- quantifying and reporting the sensitivity to each risk driver
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control

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

Portfolio exception

The group has, on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date. The total amount of the change in fair value estimated using valuation techniques not based on observable market data that was recognised in profit or loss for 2023 was a net loss of R2 799 million (2022: R3 198 million net loss). Other financial instruments, not at level 3, are utilised to mitigate the risk of these changes in fair value.

Refer to **note 22** for the fair value disclosures.

Investment property valuations

Independent external valuers are appointed to conduct interim and year-end valuations of investment properties. Among other inputs, the independent valuers applied current market-related assumptions to risks in rental streams of properties. The key assumptions in the determination of the fair value are the exit capitalisation rates and discount rates. Other inputs considered relate to expense growth, rent reversion factors, rental growth, existing tenant terms, location, vacancy levels and restrictions, if any, on the sale or use of the asset.

The group applies judgement regarding the unit of account, i.e. whether it should be valued as a stand-alone property or as a group of properties. Determination of fair value also considers the current use of the property in terms of its highest and best use, taking into account the use of the asset that is physically possible, legally permissible and financially feasible. Management derived discount rates are risk adjusted to factor in liquidity and asset class risk.

The fair values of the investment properties at 31 December 2023 have been revised in consultation with external valuators, considering the current economic environment and the estimated impact on all the valuation inputs. There have been no changes applied to the unit of account and derived use.

Refer to **note 11** for investment property disclosures and **note 22** for fair value disclosures.

Consolidation of entities

The group controls and consolidates an entity (investee) where the group has power over the entity's relevant activities; is exposed to variable returns from its involvement with the investee; and has the ability to affect the returns through its power over the entity, including structured entities (SEs). Determining whether the group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights including whether such rights are substantive.

Interests in unconsolidated SEs that are not considered to be a typical customer-supplier relationship are required to be identified and disclosed. The group regards interest to be a typical customer-supplier relationship where the level of risk inherent in that interest in the SE exposes the group to a similar risk profile to that found in standard market-related transactions. The group sponsors an SE where it provides financial support to the SE when not contractually required to do so. Financial support may be provided by the group to an SE for events such as litigation, tax and operational difficulties.

Refer to **annexure A** for detail on subsidiaries, consolidated and unconsolidated structured entities within the group.

Significant influence – investment funds

The group accounts for its interests in investment funds as associates where the group is the fund manager, for which there is an irrevocable fund management agreement, and the group has a monetary interest in the particular fund. Such associates are equity accounted unless designated to be measured at FVTPL.

Refer to **annexure B** for detail on associates and joint ventures.

Computer software intangible assets

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

During 2023, the group's computer software assets' recoverable amounts were not assessed to be lower than their carrying amounts and were not impaired (2022: R386 million impairment losses recognised). These impairments are excluded from the group's headline earnings.

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

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

Refer to **note 13** for intangible asset disclosure, as well as **annexure F** for more detail on the accounting policy relating to computer software, the capitalisation thereof, as well as amortisation and impairment policies.

Goodwill impairment

In terms of IFRS, the group is required to, on an annual basis and when indicators of impairment are present, test its recognised goodwill for impairment. The impairment tests are performed by comparing the cash-generating units' (CGU) recoverable amounts to the carrying amounts in the functional currency of the CGU being assessed for impairment. The recoverable amount is defined as the higher of the entity's fair value less costs of disposal and its value in use.

The review and testing of goodwill for impairment inherently requires significant management judgement as management needs to estimate the identified CGU's future cash flows. The principal assumptions considered in determining an entity's value in use have been reassessed at 31 December 2023 and include:

- Future cash flows: the forecast periods adopted reflect a set of cash flows which, based on management's judgement, external data sources and expected market conditions, could be sustainably generated over such a period. A forecast period of greater than five years has been used in order to take into account the level of development and anticipated growth rates relative to those markets and allow forecasts to normalise for macroeconomic and industry factors. The cash flows from the final discrete cash flow period are extrapolated into perpetuity to reflect the long-term plans for the entity. It is common valuation methodology to avoid placing too high a proportion of the total value on the perpetuity value.
- Discount rates: the cost of equity (COE) discount rates utilised in the equity pricing models are deemed appropriate based on the entities under review. The risk-free rate used to determine the COE has been derived from appropriate long dated government bonds adjusted for inflation differential and country risk yield. The future cash flows are discounted using the COE assigned to the appropriate CGUs and by nature can have a significant impact on their valuations. No additional goodwill impairment loss has been raised for the year ended 31 December 2023.

The following table summarises the impairment test methodology applied and the key inputs used in testing the group's goodwill relating to Stanbic IBTC Holdings PLC and Stanbic Holdings PLC.

	Stanbic IBTC Holdings PLC (Nigeria)		Stanbic Holdings PLC (Kenya)	
	2023	2022	**2023**	2022
Discounted cash flow				
Discount rate (nominal, post-tax) (%)	**30.4**	27	**21.7**	20.2
Terminal growth rate (nominal, post-tax) (%)	**8.2**	13.2	**7.3**	8.7
Forecast period (years)[1]	**10**	10	**10**	10

[1] In the instance where the group values subsidiaries where the long-term strategy is to hold and grow the investment, the preferred approach is to value future cash flows over a longer period in order to take account of periods of non-linear and linear growth and avoid a situation where too great a proportion of the value is derived from the terminal cash flow period.

No goodwill impairment has been recognised during 2023 or 2022.

Note 13 summarises the group's impairment test results and the main components of goodwill.

Current and deferred taxation

The group is subject to direct and indirect taxation in a number of jurisdictions. There may be requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The group recognises provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 14 and note 42, respectively, in the period in which such determination is made.

Uncertain tax positions are provided for in accordance with the criteria defined within IAS 12 and IFRIC® 23 *Uncertainty over Income Tax Treatments* (IFRIC 23). Deferred tax assets are only recognised to the extent that sufficient taxable profits will be generated in order to realise the tax benefit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.

Post-employment benefits

The group's post-employment benefits consist of both post-employment retirement funds and healthcare benefits for South African operations which have been deemed to be most material. The measurement of the group's obligations to fund these benefits is derived from actuarial valuations performed by the appointed actuaries taking into account various assumptions. The funds are subject to a statutory financial review by the group's independent actuaries at intervals of not more than three years.

The principal assumptions used in the determination of the group's obligations include the following:

	Retirement fund		Post-employment medical aid fund	
	2023	2022	**2023**	2022
Discount rate	**Nominal government bond curve**	Nominal government bond curve	**Nominal government bond curve**	Nominal government bond curve
Return on investments (discount rate of term equal to discounted mean term of liabilities)	**Between 10.87% and 13.28%**	12.82 %	**Unfunded liability and therefore there is no asset-backing portfolio**	Unfunded liability and therefore there is no asset-backing portfolio
Salary/benefit inflation	**Inflation curve adjusted upwards by 1% p.a**	Inflation curve adjusted upwards by 1% p.a.	**Not applicable to fund**	Not applicable to fund
Medical cost inflation (applicable to members who retired before 1 January 2013)[1]	**Not applicable to fund**	Not applicable to fund	**Inflation curve adjusted upwards by 1% p.a**	Inflation curve adjusted upwards by 1% p.a
Medical cost inflation (applicable to all other members)	**Not applicable to fund**	Not applicable to fund	**Difference between the nominal and index-linked bond yield curve**	Difference between the nominal and index-linked linked bond yield curve
Consumer price index (CPI) inflation	**Difference between nominal and index linked bond yield curves**	Difference between the nominal and indexed linked bond yield curve	**Difference between the nominal and indexed linked bond yield curve**	Difference between the nominal and indexed linked bond yield curve
Pension increase in allowance	**100% of the inflation rate**	100% of the inflation rate	**Not applicable to fund**	Not applicable to fund
Remaining service life of employees (years)	**7 years 3 months and 7 years 9 months**	8 years and 1 month	**3 years and 2 months**	3 years and 7 months
Mortality assumption – pre-retirement	**Based on the SA98 Tables (Ultimate Rates) with allowance for mortality improvements**	Based on the SA98 Tables (Ultimate Rates) with allowance for mortality improvements	**Based on the SA98 Tables (Ultimate Rates) with allowance for mortality improvements**	Based on the SA98 Tables (Ultimate Rates) with allowance for mortality improvements
Mortality assumption – post-retirement	**Based on the PA(90)-2 and SA98 Tables (Ultimate Rates) with allowance for mortality improvements**	Based on the SA98 Tables (Ultimate Rates) with allowance for mortality improvements	**Based on the PA(90) - 2 and SA98 Tables (Ultimate Rates) with allowance for mortality improvements**	Based on the SA98 Tables (Ultimate Rates) with allowance for mortality improvements

[1] This relates to members within the employment of Liberty Group Limited or Standard Bank of South Africa Limited.

Refer to **note 48** for further details regarding the group's post-employment benefits.

Insurance contracts

Process used to decide on assumptions and changes in assumptions

The measurement of insurance contract balances includes the use of significant assumptions or estimates. The section below provides details on certain significant assumptions regarding, among others, future cash flows, discount rates, risk adjustment for non-financial risk and confidence level. Assumptions used to develop estimates about future cash flows are reassessed each reporting period and adjusted where necessary.

The current estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of expenses that relate directly to the fulfilment of the contract. The estimates are based on a probability-weighted mean of the full range of possible outcomes, determined from the perspective of the group.

Mortality and morbidity

An appropriate base table of standard mortality or morbidity is chosen depending on the type of contract and class of business. Industry standard tables are used for smaller classes of business. Company specific tables, based on graduated industry standard tables modified to reflect the company specific experience, are used for larger classes. Investigations into mortality and morbidity experience are performed at least once a year for all classes of business. The period of investigation extends over at least the latest prior three full years. Assumptions are set as the best estimate taking into account all relevant information. The results of the investigation are an input used to set the valuation assumptions, which are applied as an adjustment to the respective base table. Regarding longevity, for contracts insuring survivorship, an allowance is made for future mortality improvements based on expected future trends.

Refer to **annexure C** for a summary on insurance risk sensitivities regarding which assumptions are relevant to the respective reportable groups.

Withdrawal

The withdrawal assumptions are based on the most recent withdrawal investigations taking into account past as well as expected future trends. The withdrawal investigations are performed at least once a year for all classes of business. The period of investigation extends over at least the latest prior three full years. Assumptions are set as the best estimate taking into account all relevant information. The withdrawal rates are analysed by product type and policy duration as rates vary considerably by these two factors. The surrender values assumed are as per the terms and conditions and any other applicable regulatory restrictions in place at the statement of financial position date.

Risk adjustment for non-financial risk and confidence level

The risk adjustment for non-financial risk is the compensation the group requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks, such as lapse risk and expense risk. In estimating the risk adjustment, the group mainly uses the COC method. The COC method assesses the cost of holding capital that would be sufficient to cover all non-financial risks over the lifetime of the insurance contracts. It leverages off the risk margin approach in SAM. Given the COC method does not rely on a pre-specified confidence level for its calculation, the implied confidence level is derived pragmatically by fitting a normal distribution over a one-year period based off the SAM 99.5% stress impact and solving for the confidence level that corresponds to the quantum of the RA.

The risk adjustment confidence level for the COC for contracts measured under GMM and VFA, as well as some claims in-payment liabilities, has been derived at approximately 90%. For short-contract boundary-type business measured under the PAA, a bootstrapping methodology is utilised which targets a confidence level of approximately 75%, given that the uncertainty around non-financial risks is less than what would exist for more complex, longer-dated contracts.

Expense modelling interpretation for future cash flows

Fulfilment cash flows applicable to GMM and VFA contracts, comprise estimates of future cash flows, an adjustment to reflect the TVM and a risk adjustment for non-financial risk. Estimates of future cash flows includes identifying all sets of cash flows within the contract boundary that are directly related to the fulfilment of a group of contracts. The following cash flows are assessed with regards to directly attributable expenses (DAE): acquisition costs (for example, commissions paid to advisors or intermediaries on entering into new contracts), claims handling costs, policy administration and maintenance costs, fixed and variable overheads, costs that the group incurs in providing an investment return service to investment related services, and any other costs specifically chargeable under the insurance contract. The group applies judgement to determine which expenses meet the definition of DAE and which acquisition costs are considered incremental to each portfolio. Expenses that cannot be directly attributed to a portfolio of insurance contracts, such as some product development and training costs, sales branch infrastructure costs, general sales conferences and sales executive team remuneration, are all expensed to profit or loss as incurred.

The group applies consistent judgement to associated costs related to applicable portfolios. The group applies the allocation model based on the nature of the activity between activities supporting acquisition and those supporting fulfilment and other activities. For modelling purposes, a cost per policy proxy approach is used where the expense base is converted to a per policy loading, based on an analysis of the contracts being assessed as either complex, simple or basic. The group has adopted an overhead loading factor as a rational and systematic method of allocating directly attributable overheads to groups of contracts. This approach calculates a loading factor based on the ration of GMM and VFA fulfilment costs to the total fulfilment costs of all policyholder contracts (IFRS 9 and IFRS 17). This ratio is then applied to the total qualifying overhead and indirect support costs to determine the overhead loading factor.

In terms of indirect costs, the group has excluded any costs related to brand and media, corporate finance activities, generic product development and strategy related costs from DAE.

Discount rates

Cash flows are discounted using discount curves that reflect TVM, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. Under IFRS 17, the discount rates to be applied depend on the nature of the cash flows.

For pure risk, life annuity, disability in payment and guaranteed endowment business, best estimate discount rates are set at risk free rates consistent with the duration and nature of the cash flows allowing for an average illiquidity premium on the backing assets where applicable.

For contracts with cash flows which do not vary with the underlying, e.g. guaranteed annuities, guaranteed investment plans, life risk under GMM, the group has elected to use the top-down approach where the discount rates are derived off the actual backing assets as the reference portfolio of assets. These backing assets reflect a mix of swap and bond-based assets and hence some tranches of contracts are valued off a bond curve and some off a swap curve. Under the top-down approach, a risk-free discount rate curve is derived by bootstrapping and extrapolating the applicable yield curve that reflects the expected return on the backing assets and making required adjustments to remove credit risk. Given the illiquid nature of guaranteed annuities and guaranteed investment plans and corresponding reference portfolios which contain illiquid assets, the derived discount rates used in the measurement of these liabilities is expected to include an illiquid premium.

For contracts with cash flows that vary with the underlying, e.g. unit-linked direct participating contracts, as well as for embedded derivatives, the group uses risk-neutral modelling, with the swap curve being used as the discount curve. These contracts are by nature typically highly liquid contracts from which policyholders can easily withdraw and hence no illiquidity premium is expected to be applicable when valuing them.

The table below shows the rate used to discount cash flows at the various terms, shown separately for the bond and swap curves.

	1 Year		5 Years		10 Years		20 Years	
%	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Contracts with cash flows that vary with the underlying	**8.36**	7.95	**8.32**	8.59	**9.82**	9.83	**10.69**	9.92
Contracts with cash flows that do not vary with the underlying with a swap-based reference asset portfolio	**8.36**	7.95	**8.32**	8.59	**9.82**	9.83	**10.69**	9.92
Contracts with cash flows that do not vary with the underlying with a bond-based reference asset portfolio	**9.00**	8.33	**9.69**	9.57	**12.08**	11.85	**14.61**	12.80

The group's entities within Liberty Africa have used a bottom up approach in calculating discount rates for GMM and VFA measured contracts.

Expense inflation

Expense inflation is determined with reference to the price of observable market inflation linked instruments. A market inflation curve is constructed using the same principles as described above, for the discount rates. This compared with the results of the internal bottom-up budgeting process to determine if any adjustment is needed to market implied inflation. The resultant inflation curve is then applied to the cost per policy assumption to determine the expenses within the expected fulfilment cash flows.

Taxation

The group deems income minus expense (I-E) taxes, as determined under section 29 of the South African income tax, as specifically chargeable to the policyholder and therefore includes it in the measurement of FCF. Assumptions as to the amount and timing of future income tax and capital gains tax (CGT) payments are based upon the applicable tax law and rates effective as at the reporting date and as set out in the Income Tax Act. Allowance is also made for dividends withholding tax at the rate applicable at the reporting date.

Correlations

The risk adjustment determined under the COC approach leverages off the SAM risk margin. As part of this a Gaussian approach is used which requires correlation assumptions to determine the liabilities at a 90% confidence interval. For this, the correlation assumptions prescribed by the Financial Soundness Standards as issued by the Prudential Authority is used.

Contribution increases

The take-up rate of voluntary premium increases is based on the most recent take-up investigations analysis of past experience adjusted for expected future changes if anticipated.

Judgements and methods used in determining transition amounts on adoption of IFRS 17

IFRS 17 became effective for the group on 1 January 2023 and requires comparatives to be restated. The group determined the opening balances on adoption of IFRS 17 at the first retrospective restatement date, being 1 January 2022, as if IFRS 17 had always been in place.

Where it is impracticable to apply the full retrospective approach, an entity can choose between the modified retrospective approach or the fair value approach to measure the IFRS 17 opening balances on the first retrospective restatement date. The group used a combination of all three transition approaches.

IFRS 17 was applied using the full retrospective approach to all contracts measured under the PAA. For contracts measured under GMM or VFA, the full retrospective approach has been applied for the majority of contracts recognised from 1 January 2017 onwards.

For contracts entered into prior to 1 January 2017, the group concluded that it was impracticable to apply the full retrospective approach, mainly as a result of the following:

- The lack of accessibility and reliability of key sources of historical data at the level of aggregation required for IFRS 17.
- Assumptions and estimates at initial recognition could not be determined without the use of hindsight.
- Undue cost and effort would be required to determine the specific risk adjustment required to apply in respect of data prior to 1 January 2017.

Fair value approach

The fair value approach is used to determine the transition CSM or loss component (LC) through an assessment of the probable trading price for a similar group of insurance contracts in a simulated deep and liquid market in terms of IFRS 13. IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The group assumes that the principal market would be other registered insurers in the insurance industry in each applicable territory. Due to regulatory restrictions, international markets for insurance contracts are uncommon for the territories in which the group operates. The group has used an income approach, using a discounted cash flow method, which is based on future expected cash flows or income and expenses, that are discounted to a single current amount. The income approach reflects the market expectations about those future amounts at date of valuation.

The group has assumed that the purchaser of a group of insurance contracts would be required to hold additional regulatory capital to support these contracts, therefore included a price adjustment for COC required, using an ROE assumption of 20%. The ROE approach assumes that the acquirer's view of the FCF modelled under IFRS 17 will not be different to that estimated by the group.

For contracts incepted within South Africa, regulatory capital is referenced to the SAM framework. A point-in-time valuation was performed as at 1 January 2022 and the CSM was derived as the difference between the fair value in terms of IFRS 13 and the IFRS 17 current value of FCF (including a risk adjustment for non-financial risk). The CSM also includes an allowance for unhedged market risk and operational risk, both of which are required under the SAM framework. The group calculated the risk adjustment by adjusting the SAM risk margin, which utilises COC approach. The group used the SAM risk-free yield curve published by the Prudential Authority as at 31 December 2021 in the fair value calculation.

Contracts were grouped together in portfolios, but not into annual cohorts for certain lines of business transitioned through the fair value approach. Due to reasonable and supportable information not being available to divide groups of contracts into contracts issued within one year or less, the group of insurance contracts were assumed to be profitable, unless there was specific information to assume otherwise.

The fair value approach was applied mainly for:

- non-participating annuities and investment-linked products incepted prior to 2012; and
- retail pure risk, universal and investment-linked products incepted prior to 2017.

The group calculated the fair value and derived the CSM for the applicable reinsurance contracts applying the same methodology.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to the full retrospective approach, using reasonable and supportable information without undue cost or effort, applying specified modifications.

For the modified retrospective approach, the group maximised the use of information that would have been used to apply the full retrospective approach.

The group applied modifications in the following areas:

- The group classified the contracts into homogenous portfolios, and, in general, determined which groups of contracts should be included in the annual cohort groups. Cash flows that could be sourced without undue cost or effort and at the level of granularity required to perform the calculation were used in the assessment of the contracts. Alternatively, the group applied the modification permitted to combine groups of contracts issued more than one year apart.
- Due to impracticability, undue cost and effort to determine the profitability criterion for each individual contract, the group applied the modification where the CSM group under the modified retrospective approach was only classified by product and cohort period and not by profitability criteria.
- If groups of insurance contracts, based on portfolio and cohort period, were profitable or onerous, then either a CSM or LC was recognised for that group of insurance contracts at the first retrospective restatement date.
- Where a discount rate could not be applied at the date of initial recognition, the group determined a discount rate using an observable yield curve which approximated the curve used by the group for at least three years before the transition date. If an observable yield curve did not exist or was not available without undue cost and effort, the group estimated the yield curve using an average spread over three years between the group's curve and another observable curve that is readily available.
- The group applied the risk adjustment at the earliest application date, adjusting for the expected risk release. The expected release of risk was determined with reference to the release of risk for similar contracts issued.

The modified retrospective approach enables an approximate value at inception to be calculated for future FCF and risk adjustment at inception to determine the CSM. The CSM is projected to the transition date using coverage units. Service provided in each period is determined by comparing the remaining coverage units at the transition date with those provided under the group of contracts before the transition date.

The modified retrospective approach was mainly applied to non-participating annuities and key investment-linked product lines.

Key judgements applied on the application of IFRS 17

Contracts scoped under IFRS 17 measurement

Definition and classification of contracts

The group assesses whether it accepts significant insurance risk within the scope of IFRS 17 for each individual contract issued. Insurance risk is significant if an insured event could cause the group to incur additional costs that are significant in any single scenario, excluding scenarios that have no commercial substance, i.e. no discernible effect on the economics of the transaction. The possibility of a loss is measured on a present value basis.

The group applies judgement as to whether there is significant insurance risk under the terms of contracts issued. For example, certain contracts issued by the group guarantee a return of contributions as the minimum death benefit, i.e. the higher of the policyholder's original contribution or the unit value. The group also exercises judgement in determining whether any contracts should be classified as investment contracts with DPFs. An assessment is made as to whether the investor would receive, as a supplement to the amount not subject to the discretion of the issuer, additional amounts that are expected to be a significant portion of the total contractual benefits. Where it is concluded that there is significant discretion contractually given to the issuer; considering policyholders' reasonable benefit expectations, past practice by the group, industry practice, as well as representations made to policyholders, these contracts are classified as investment contracts with DPFs.

Application of the VFA

In addition to investment contracts with DPFs, insurance contracts with a significant investment component are required to be measured under the variable fee measurement approach. Judgement is applied to the following criteria to assess whether an insurance contract has a significant investment component with direct participating features:

- Investment returns are referenced to defined investment portfolios or indices.
- The entity expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying referenced investments.
- A substantial proportion of any change in the amounts to be paid to the policyholder vary with the change in the fair value of the underlying items.

These criteria are assessed on a contract-by-contract basis at contract inception and internally developed guidelines and value thresholds are applied consistently across all applicable contracts. If the guidelines are not met, the insurance contracts are measured under the GMM.

Investment-related service contracts measured in terms of IFRS 17 due to, for example, the inclusion of a return of contribution on death benefit and meet the substantial criteria of investment-related services due to a significant portion of the total policy benefits arising from investment-related services. The group determines significance by comparing benefits derived from an investment return based on underlying items, i.e. investment-related benefits, to the total policy benefits on a present value probability-weighted average basis at inception of the contract. Additional facts and circumstances such as the intent of the contract when it was priced and sold to customers as well as the policyholder expectations created at the inception of the contract through the marketing material are also taken into account in determining significant investment-related benefits. In addition, the group assesses whether it expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying referenced investments, where it is assessed that at least 70% of the total policy benefits would need to be regarded as investment related benefits on a present value probability weighted average basis at inception of the contract.

For contracts where the investment benefit is expected to be lower than 70%, further analysis of the facts and circumstances, e.g. the intent of the contract when it was priced and sold to customers as well as the policyholder expectations created at the inception of the contract through the marketing material, pertaining to that particular contract is assessed as to whether these contracts should also be regarded as substantially investment-related.

Application of the PAA measurement approach

For certain insurance contracts with a coverage period of more than one year, the group has elected to apply the PAA at inception of the group of contracts. This election is dependent on a reasonable expectation that the PAA will provide an LRC measurement that would not differ materially from the application of the GMM. The group has developed internal guidelines which include the use of projection models which provide outcomes that satisfy pre-defined eligibility range comparisons.

Use of measuring a combination of contracts

The group applies judgement to measure certain products with a related annuity and life cover contractual benefit as one combined contract. While each benefit, e.g. life annuity and death, can be sold as a separate contract, the group assesses whether the product is sold and priced as one coupled contract, without any policyholder choice of cancelling either benefit separately.

Initial contract assessment

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. Contracts are initially allocated into profitability groups, being onerous contracts, groups with no significant possibility of becoming onerous, and groups of other contracts. The group assumes a higher risk adjustment level at initial recognition and measurement to determine the likelihood of contracts that are expected to be profitable and that may in the future become onerous.

If a contract is still profitable under the higher risk adjustment level, it is deemed to be unlikely to become onerous. Otherwise, contracts default into "groups of other contracts". For contracts measured using the VFA, market risk is also considered in determining the threshold to differentiate between the profitability groups.

Contracts with a continuation option

Certain contracts allow a policyholder an option to extend some or all benefits. Where such option is subject to a repricing, i.e. current pricing determination at the date of continuation, the group deems the continuation option as a separate contract, if elected.

Contracts that bestow annuity benefits that are triggered through an insured event

Where an insured event establishes a claim liability, even if the liability is subject to unknown claim eligibility time periods, such as ill health, the group recognises in-claim payments as a LIC and not as a separate annuity contract.

Coverage units to be utilised for release of the CSM

For insurance contracts without DPFs and measured under the GMM, coverage units are mainly referenced to the expected sum assured in-force. For annuity-type contracts, coverage units are the expected recurring annuity payments in-force in each period. For both insurance contracts with DPFs and investment contracts with DPFs measured under the VFA, the coverage units are generally referenced to the maximum benefit, i.e. death benefit, unit value or surrender value, as this incorporates the insurance contract service provided, comprising insurance coverage and investment-related service. The group elected to discount the future coverage units expected to be provided by the inflation rate, thereby capturing the services being provided and the buying power of those services over the coverage period.

Coverage units

Coverage units are the mechanism by which the CSM is released into profit or loss over time and conceptually reflects services provided within a time interval. The CSM represent the unrecognised profit for long contract boundary business.

The group has elected to discount using inflation to capture both the service provided and the buying power of those services.

Investment component

The group reviews all contracts within the scope of IFRS 17 to determine whether they includes an investment component and to assess whether such a component would be non-distinct. The group determines the investment component in an insurance contract, amounts that the group is required to pay to a policyholder in all circumstances, as the defined unit value within the policyholder account. This typically references the policy investment value at a point in time. Any additional payments represent the insurance benefits payable if an insured event occurs. The unit value is the total amount an investment reflects, including the capital invested, i.e. deposits by the policyholder, capital appreciation and/or income earned to date, and reduces by annual charges for fund management. Surrender values are not used as surrenders of policies are contingent on policyholder behaviour and are not at the contractual option of the group.

Refer to **note 9** for insurance contract assets and liabilities disclosures.

Provisions

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

Refer to **note 18** for provisions and other liabilities disclosures.

NOTES TO THE FINANCIAL STATEMENTS

1. Cash and balances with central banks

	2023 Rm	2022 Rm
Coins and bank notes	**22 322**	21 373
Balances with central banks[1]	**115 465**	93 110
Total	**137 787**	114 483

[1] Included in this balance is R91 250 million (2022: R75 971 million) that primarily comprises of reserving requirements held with central banks within the countries of operation and are available for use by the group subject to certain restrictions and limitations levied by central banks within the respective countries.

2. Derivative instruments

All derivatives are classified either as held-for-trading or held-for-hedging. A summary of the total derivative assets and liabilities is shown in the table below.

	Fair value of assets		Fair value of liabilities	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Held-for-trading	**93 959**	71 124	**(100 859)**	(82 982)
Held-for-hedging	**3 448**	3 243	**(2 514)**	(2 067)
Held-for-hedging of a net investment	**12**	43		
Total	**97 419**	74 410	**(103 373)**	(85 049)

2.1 Use and measurement of derivative instruments

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

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

A summary of the total derivative assets and derivative liabilities are shown in the tables in note 2.2, 2.3.1, 2.3.3 and 2.3.8.

2.2 Derivatives held-for-trading

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

	Fair value of assets		Fair value of liabilities	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Foreign exchange derivatives	**20 374**	29 121	**(15 680)**	(25 017)
Interest rate derivatives	**54 141**	32 503	**(64 216)**	(36 166)
Commodity derivatives	**392**	1 637	**(158)**	(911)
Credit derivatives	**602**	1 566	**(3 123)**	(2 640)
Equity derivatives	**18 450**	6 297	**(17 682)**	(18 248)
Total	**93 959**	71 124	**(100 859)**	(82 982)

2.3 Derivatives and other financial instruments held-for-hedging

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

Refer to **annexure F** for more information on these hedging strategies.

2. Derivative instruments continued

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

2.3.1 Derivatives designated as hedging instruments in fair value hedging relationships

	Fair value			Maturity				
	Assets Rm	Liabilities Rm	Net fair value Rm	Less than one year Rm	Between one to five years Rm	Over five years Rm	Contract/ notional amount[1] Rm	Fair value (loss)/ gain Rm
2023								
Interest rate risk fair value hedging relationships	**2 340**	**(1 729)**	**611**	**(214)**	**(509)**	**1 334**	**427 869**	**(264)**
Interest rate swaps	**2 340**	**(1 728)**	**612**	**(214)**	**(508)**	**1 334**	**427 684**	**(263)**
Cross currency interest rate swaps		**(1)**	**(1)**		**(1)**		**185**	**(1)**
Total	**2 340**	**(1 729)**	**611**	**(214)**	**(509)**	**1 334**	**427 869**	**(264)**
2022								
Interest rate risk fair value hedging relationships	3 079	(1 363)	1 716	47	(201)	1 870	361 806	94
Interest rate swaps	3 079	(1 363)	1 716	47	(201)	1 870	361 806	94
Total	3 079	(1 363)	1 716	47	(201)	1 870	361 806	94

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

2.3.2 Hedged items classified as fair value hedges

	Fair value		Accumulated fair value (loss)/gain at 31 December Rm	Fair value gain/(loss) used to test hedge ineffectiveness Rm	Fair value hedge adjustments for the year Rm
	Assets Rm	Liabilities Rm			
2023					
Interest rate risk fair value hedging relationships					
Financial investments	**51 469**		**(723)**	**411**	**411**
Loans and advances	**56 154**		**55**	**1 266**	**1 266**
Deposits and debt funding		**(209 608)**	**898**	**(1 230)**	**(1 230)**
Subordinated debt		**(7 347)**	**99**	**(158)**	**(158)**
Total	**107 623**	**(216 955)**	**329**	**289**	**289**
2022					
Interest rate risk fair value hedging relationships					
Financial investments	27 775		(1 096)	(1 469)	(1 469)
Loans and advances	5 531		(1 293)	(2 202)	(2 202)
Deposits and debt funding[1]		(174 217)	1 555	3 157	3 157
Subordinated debt		(7 057)	255	472	472
Total	33 306	(181 274)	(579)	(42)	(42)

[1] Restated. During 2023 it was noted that the fair value of liabilities was erroneously included as R12 741 million instead of R174 217 million in 2022. The restatement had no impact on the group's income statement or the group's statement of financial position.

2.3.3 Hedging instruments in cash flow hedging relationships

	Fair value of assets Rm	Fair value of liabilities Rm	Net fair value Rm	Maturity analysis			Contract/ notional amount[1] Rm	Fair value (loss)/ gain Rm
				Less than one year Rm	Between one to five years Rm	Over five years Rm		
2023								
Foreign currency risk cash flow hedging relationships	**2 681**	**(764)**	**1 917**	**2 498**	**9**	**(590)**	**12 642**	**(446)**
Cash[2]	**2 523**		**2 523**	**2 523**			**2 523**	**46**
Currency forwards	**158**	**(469)**	**(311)**	**(25)**	**9**	**(295)**	**9 928**	**(363)**
Currency swaps		**(295)**	**(295)**			**(295)**	**191**	**(129)**
Equity price risk cash flow hedging relationships	**61**	**(21)**	**40**	**40**			**440**	**31**
Equity forwards	**61**	**(21)**	**40**	**40**			**440**	**31**
Interest rate risk cash flow relationships	**889**		**889**	**(17)**	**883**	**23**	**47 150**	**938**
Interest rate swaps	**889**		**889**	**(17)**	**883**	**23**	**47 150**	**938**
Total	**3 631**	**(785)**	**2 846**	**2 521**	**892**	**(567)**	**60 232**	**523**
2022								
Foreign currency risk cash flow hedging relationships	1 051	(645)	405	626	13	(234)	7 598	(266)
Cash[2]	912		912	912			912	2
Currency forwards	139	(127)	11	(2)	13		6 179	(90)
Currency swaps		(518)	(518)	(284)		(234)	507	(178)
Equity price risk cash flow hedging relationships	25	(25)	(1)	20	(21)		457	66
Equity forwards	25	(25)	(1)	20	(21)		457	66
Interest rate risk cash flow relationships		(34)	(34)	(43)	(13)	22	11 450	(46)
Interest rate swaps		(34)	(34)	(43)	(13)	22	11 450	(46)
Total	1 076	(704)	370	603	(21)	(212)	19 505	(246)

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

2. Derivative instruments continued

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

2.3.4 Hedge items classified as cash flow hedges

	2023 Rm	2022 Rm
Fair value gain/(loss) used to test hedge ineffectiveness		
Financial investments	**621**	372
Foreign currency risk cash flow hedging relationships	**621**	372
Loans and advances	**(711)**	284
Foreign currency risk cash flow hedging relationships	**220**	241
Interest rate risk cash flow hedging relationships	**(931)**	43
Share scheme liabilities (excludes equity-settled share schemes)	**(31)**	(66)
Equity price risk cash flow hedging relationships	**(31)**	(66)
Other operating expenses	**(46)**	(2)
Foreign currency risk cash flow hedging relationships	**(46)**	(2)
Net interest income	**(199)**	(239)
Foreign currency risk cash flow hedging relationships	**(199)**	(239)
Total	**(366)**	349

2.3.5 Hedge ineffectiveness recognised in profit or loss

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

	Trading revenue Rm	Net interest income Rm	Total Rm
2023			
Fair value hedges		**25**	**25**
Interest rate risk fair value hedging relationships		**25**	**25**
Cash flow hedges[1]	**157**		**157**
Foreign currency risk cash flow hedging relationships	**150**		**150**
Interest rate risk cash flow hedging relationships	**7**		**7**
Total	**157**	**25**	**182**
2022			
Fair value hedges		52	52
Interest rate risk fair value hedging relationships		52	52
Cash flow hedges[1]	103		103
Foreign currency risk cash flow hedging relationships	106		106
Interest rate risk cash flow hedging relationships	(3)		(3)
Total	103	52	155

[1] Ineffectiveness relating to highly probable forecast transactions no longer expected to occur during both 2023 and 2022 amounted to Rnil. There was no material ineffectiveness relating to basis in relation to foreign currency hedging relationships during 2023 and 2022.

2.3.6 Reconciliation of movements in the total hedge reserve

	Foreign currency risk Rm	Equity price risk Rm	Interest rate risk Rm	Cost of hedging[1] Rm	Total Rm
Balance at 1 January 2022	(75)	(15)	1	(13)	(102)
Amounts recognised directly in OCI before tax[2]	(272)	67	(43)	18	(230)
Amounts released to profit or loss before tax	545	(75)	2	4	476
Interest income				(4)	(4)
Interest expense	232				232
Trading revenue	132		2	8	142
Other operating expenses	181	(75)			106
Taxation	(16)	1	11	(7)	(11)
Transactions with non-controlling interests	(31)			(12)	(43)
Balance as at 31 December 2022	151	(22)	(29)	(10)	90
Balance at 1 January 2023	**151**	**(22)**	**(29)**	**(10)**	**90**
Amounts recognised directly in OCI before tax[2]	**(469)**	**31**	**932**	**26**	**520**
Amounts released to profit or loss before tax	**575**	**14**	**(10)**	**(39)**	**540**
Interest income				**(39)**	**(39)**
Interest expense	**231**				**231**
Trading revenue	**422**		**(10)**		**412**
Other operating expenses	**(78)**	**14**			**(64)**
Taxation	**(7)**	**(6)**	**(248)**	**3**	**(258)**
Balance at 31 December 2023	**250**	**17**	**645**	**(20)**	**892**

[1] The cost of hedging includes foreign currency basis risk of R13 million (2022: R9 million) and forward element of R6 million (2022: R1 million) which have been specifically excluded from the hedge relationships.
[2] Includes dividends received on equity forwards during the year.

2.3.7 Hedges classified as cash flow hedges

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

	Three months or less Rm	After three months but within one year Rm	After one year but within five years Rm	More than five years Rm	Total Rm
2023					
Net cash inflow/(outflow)	**103**	**221**	**637**	**(69)**	**892**
2022					
Net cash inflow/(outflow)	31	155	(23)	(73)	90

2. Derivative instruments continued

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

2.3.8 Derivatives designated as hedging instruments in a hedge of a net investment

	Fair value			Maturity		
	Assets Rm	Liabilities Rm	Net fair value Rm	Less than one year Rm	Contract/ notional amount[1] Rm	Fair value gain[2] Rm
2023						
Foreign currency risk fair value hedging relationships	**12**		**12**	**11**	**143**	**7**
Currency forwards	**12**		**12**	**11**	**143**	**7**
Total	**12**		**12**	**11**	**143**	**7**
2022						
Foreign currency risk fair value hedging relationships	43		43	43	85	43
Currency forwards	43		43	43	85	43
Total	43		43	43	85	43

[1] The notional amount is the sum of the absolute value of all contracts for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group's participation in derivative markets.
[2] This fair value gain has been used to test effectiveness of the net investment hedge. The fair value loss on the hedged item is equal and opposite to the fair value gain on the hedging instrument and did not result in material ineffectiveness for the net investment hedge.

2.4 Day one profit or loss

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

	2023 Rm	2022 Rm
Unrecognised net profit at the beginning of the year	**787**	1 209
Additional net profit on new transactions[1]	**195**	121
Recognised in trading revenue during the year	**(366)**	(543)
Unrecognised net profit at the end of the year	**616**	787

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

3. Trading assets

	2023 Rm	2022 Rm
Collateral and other	**7 857**	12 928
Corporate bonds and floating rate notes	**25 932**	33 154
Government, municipality and utility bonds	**110 356**	83 799
Listed equities	**76 698**	90 032
Reverse repurchase and other collateralised agreements	**79 969**	81 380
Unlisted debt securities	**15 703**	13 625
Total	**316 515**	314 918

3.1 Day one profit or loss

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

	2023 Rm	2022 Rm
Unrecognised net profit at the beginning of the year	**471**	1 193
Additional net profit on new transactions[1]	**1 603**	6
Recognised in trading revenue during the year	**(815)**	(728)
Unrecognised net profit at the end of the year	**1 259**	471

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

4. Pledged assets

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

	Carrying amount of transferred assets Rm	Carrying amount of associated liabilities[1] Rm	Fair value of transferred assets[2] Rm	Fair value of associated liabilities[1,2] Rm	Net fair value[2] Rm
2023					
Bonds	**19 037**	**(16 029)**	**19 038**	**(16 029)**	**3 009**
Listed equities	**1 173**		**1 173**		**1 173**
Total	**20 210**	**(16 029)**	**20 211**	**(16 029)**	**4 182**
2022					
Bonds[3]	18 130	(14 103)	18 130	(14 103)	4 027
Listed equities	1 178		1 178		1 178
Total	19 308	(14 103)	19 308	(14 103)	5 205

1 Materially comprises of reverse repo liabilities, which form part of the deposits and debt funding line within the statement of financial position.
2 Where the counterparty has recourse to the transferred asset.
3 Restated. During 2023 it was noted that the carrying amount of associated liabilities, fair value of transferred assets and fair value of associated liabilities for bonds was erroneously included as R19 200 million instead of R18 130 million in 2022. The restatement had no impact on the group's income statement or the group's statement of financial position.

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty. To the extent that the counterparty is permitted to sell or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets.

The majority of other financial investments that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements, listed equities held as collateral under scrip lending transactions and financial assets leased out to third parties. Risks the group remains exposed to include credit and interest rate risks.

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

4.1 Collateral accepted as security for assets

As part of the reverse repurchase and securities borrowing agreements, the group has received securities which are not recorded in the statement of financial position that it is allowed to sell or repledge. The fair value of the financial assets accepted as collateral that the group is permitted to sell or repledge in the absence of default is R208 017 million (2022: R179 093 million).

The fair value of financial assets accepted as collateral and commodities received through commodity leases that have been sold, repledged or leased in terms of repurchase agreements or leasing transactions is R30 300 million (2022: R24 621 million).

These transactions are conducted under terms that are usual and customary to reverse repurchase and securities borrowing activities.

4.2 Assets transferred not derecognised

Securitisations

The group enters into transactions in the normal course of business by which it transfers recognised financial assets directly to third parties or SEs. These transfers may give rise to full derecognition of the financial assets concerned.

Full derecognition occurs when the group transfers substantially all the risks and rewards of ownership and its contractual right to receive cash flows from the financial assets or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets IFRS derecognition requirements. The risks include interest rate, currency, prepayment and other price risks. However, where the group has retained substantially all of the credit risk associated with the transferred assets, it continues to recognise these assets.

2023

During 2023, there we no securitised financial assets that did not qualify for derecognition.

2022

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

5. Disposal group assets and liabilities held for sale

	2023			2022	
	Gross Rm	Remeasurement Rm	Net Rm	Gross Rm	Net Rm
Insurance & Asset Management	**254**	**(19)**	**235**	290	290
Banking				265	265
Total assets classified as held for sale	**254**	**(19)**	**235**	555	555
Property, equipment and right of use assets	**254**	**(19)**	**235**	300	300
Goodwill and other intangible assets (note 13)				255	255

2023

Intangible asset held for sale

During 2023, this non-current asset held for sale was concluded resulting in the derecognition of the asset. As a result of the full transaction, SBSA has also recognised an investment in a joint venture which has been appropriately disclosed. The full transaction resulted in a pre-tax profit of R42 million, which is included in the headline adjustable items for the year. This transaction was included in the corporate and investment banking segment.

Disposal group assets and liabilities

The group of owner-occupied properties of R254 million, before remeasurement, remained subject to a conditional agreement of sale and therefore remained classified as non-current assets held for sale and measurement is referenced to the conditional offer. During 2023, the property was remeasured to the latest offer price of R235 million, resulting in a remeasurement loss of R19 million being recognised. In addition, certain investment properties in Kenya amounting to R16 million that were classified as held for sale at 31 December 2021 have subsequently been sold at the measured value. The appropriate level of management is committed to a plan to sell the owner-occupied properties. The transaction is expected to be concluded during 2024.

The potential sales are not discontinued operations as defined under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5) as they are not disposals of separate major lines of business or geographical areas of operation. Profit or loss from cash generating units within disposal groups have consequently not been separately identified in the income statement.

2022

Intangible asset held for sale

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

Disposal group assets and liabilities

The Total Health Trust Limited, previously classified as held for sale under IFRS 5, within IAM, was disposed of effective 31 December 2022, whereby Liberty concluded the sale of its entire shareholding in Total Health Trust Limited, for a purchase considerations of USD7.6 million (R130 million). The sale was concluded at the net asset value of the entity as at 31 December 2022.

A group owned property of R274 million remained subject to a conditional agreement of sale and therefore remained classified as non-current assets held for sale and measurement is referenced to the conditional offer. In addition, certain investment properties in Kenya amounting to R71 million that were classified as held for sale at 31 December 2021 have subsequently been sold at the measured value. One property measured at R16 million remained classified as non-current assets held for sale.

The potential sales are not discontinued operations as defined under IFRS 5 as they are not disposals of separate major lines of business or geographical areas of operation. Profit or loss from CGUs within disposal groups have consequently not been separately identified in the statement of comprehensive income.

6. Financial investments

	2023 Rm	2022 Restated[1] Rm
Corporate	**60 884**	84 019
Sovereign	**346 365**	327 757
Bank[2]	**66 588**	62 950
Mutual funds and unit-linked investments	**170 501**	139 207
Listed equities	**87 020**	82 832
Unlisted equities	**3 189**	3 140
Interest in associates held at fair value (annexure B)	**21 441**	18 661
Other instruments	**2 788**	3 928
Total	**758 776**	722 494
Net financial investments measured at amortised cost	**266 694**	222 843
Gross financial investments measured at amortised cost	**267 107**	224 119
ECL for financial investments measured at amortised cost[3]	**(413)**	(1 276)
Financial investments measured at fair value	**492 082**	499 651
Financial investments measured at FVTPL	**420 051**	417 038
Debt financial investments measured at FVOCI[4,5]	**70 439**	81 708
Equity financial investments measured at FVOCI[5]	**1 592**	905

1 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
2 Included in bank is an amount of R14 809 million (2022: R14 277 million) relating to cash balances with banks that qualifies as cash equivalents (note 46.5).
3 Refer to note 39 for the credit impairment release for the current year of R359 million (2022: R1 082 million charge) on financial investments measured at amortised cost.
4 Refer to note 39 for the credit impairment charge for the current year of R200 million (2022: R265 million release) on debt financial investments measured at FVOCI.
5 Refer to note 22.5.1 for the reconciliation of FVOCI reserve for equity financial investments and note 22.5.2 for the reconciliation of FVOCI reserve for debt financial investments.

7. Receivables and other assets

	2023 Rm	2022 Restated[1] Rm
Financial assets	**22 743**	26 329
Investment receivables[2,3]	**569**	111
Retirement funds (note 48)	**1 628**	1 400
Trade settlement assets[2]	**19 812**	22 593
Operating leases – accrued income (note 11)	**564**	547
Other financial assets[2,4]	**170**	1 678
Non-financial assets	**10 739**	13 318
Deferred acquisition costs[5]	**520**	569
Items in the course of collection	**3 375**	3 443
Prepayments	**5 527**	4 504
Properties in possession	**493**	567
Other non-financial assets	**824**	4 235
Total	**33 482**	39 647

1 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
2 Due to the short-term nature of these assets, historical experience and FLI, debtors are regarded as having a low PD; therefore ECL is insignificant on these asset balances and they are disclosed on a net of ECL in the above table.
3 Investment receivables has been updated to better reflect the nature of the balances included (previously referred to as investment debtors).
4 Restated. Accounts receivable has been aggregated into other financial assets to better reflect management's analysis of the balance. The prior year has been updated for this aggregation. The aggregation had no impact on the group's statement of financial position.
5 Restated. Refer to insurance acquisition cashflows on pages 88 for further details relating to the IFRS 17 transition impact. Deferred acquisition costs previously included insurance acquisition cash flows which have now been excluded. The remaining deferred acquisition costs relate to contract costs for investment management services.

8. Loans and advances

	2023 Rm	2022 Rm
Loans and advances – IAM[1]	**898**	2 362
Loans and advances – Banking	**1 607 948**	1 502 578
Loans and advances measured at fair value	**715**	665
Net loans and advances measured at amortised cost[1]	**1 607 233**	1 501 913
Gross loans and advances measured at amortised cost	**1 671 228**	1 557 741
Home services	**466 734**	459 647
Vehicle and asset finance	**126 754**	119 859
Card and payments	**38 934**	38 063
Personal unsecured lending	**104 741**	102 579
Business lending and other	**140 604**	147 712
Corporate and sovereign	**597 373**	516 211
Bank[2]	**196 088**	173 670
ECL on loans and advances (note 8.1)	**(63 995)**	(55 828)
Total loans and advances	**1 608 846**	1 504 940

[1] Loans and advances attributable to the IAM business unit has been disaggregated for a better analysis of the amounts. Due to the nature of these loans and advances, the loans and advances within IAM are regarded as having a low probability of default. Therefore, ECL has been assessed to be insignificant on these balances. Refer to note 49 for details relating to business unit reporting.

[2] Included in bank is an amount of R52 593 million (2022: R77 481 million) relating to on-demand gross loans and advances to banks that qualify as cash equivalents (note 46.5).

8.1 Reconciliation of ECL for loans and advances at amortised cost

	2023				2022			
	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
Opening ECL	**6 836**	**10 351**	**38 641**	**55 828**	6 390	8 879	36 129	51 398
Transfers between stages[1]	**80**	**(828)**	**748**		615	(492)	(123)	
Net impairments (released)/ raised[5]	**177**	**1 687**	**14 556**	**16 420**	(150)	1 803	11 607	13 260
ECL on new exposure raised[2]	**2 200**	**1 406**	**2 443**	**6 049**	2 213	1 285	2 850	6 348
Subsequent changes in ECL[5]	**(1 175)**	**615**	**13 275**	**12 715**	(1 891)	814	9 388	8 311
Change in ECL due to derecognition	**(848)**	**(334)**	**(1 162)**	**(2 344)**	(472)	(296)	(631)	(1 399)
Impaired accounts written off [3]			**(11 632)**	**(11 632)**			(11 534)	(11 534)
Exchange and other movements[4,5]	**(176)**	**(70)**	**3 625**	**3 379**	(19)	161	2 562	2 704
Closing ECL	**6 917**	**11 140**	**45 938**	**63 995**	6 836	10 351	38 641	55 828

1 The group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore exposures can appear to be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the column 'ECL on new exposure raised' based on the exposures' ECL stage as at the end of the reporting period. It is therefore possible to disclose new/originated exposures in stage 2 and 3.

2 The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the rows 'ECL on new exposures raised' based on the exposures' ECL stage as at the end of the reporting period.

3 The contractual amount outstanding on loans and advances that were written off during the year that are still subject to enforcement activities is R5.8 billion (2022: R4.7 billion).

4 Exchange and other movements includes the net interest in suspense (IIS), TVM unwind, raised and released during the year.

5 Restated. Refer to pages 30 to 39 for further details relating to the restatement.

8. Loans and advances continued

8.1 Reconciliation of ECL for loans and advances at amortised cost continued

8.1.1 Reconciliation of the ECL for loans and advances at amortised cost, by product

	Opening ECL Rm	Transfer between stages (From)/to stage 1 Rm	(From)/to stage 2 Rm	(From)/to stage 3 Rm	Total Rm	Net impairments raised/ (released) Rm	Impaired accounts written off Rm	TVM unwind and IIS movements Rm	Exchange and other movements Rm	Closing ECL Rm
2023										
Home services	16 429	(185)	100	85		3 014	(1 512)	1 315	(430)	18 816
Stage 1	925		100	85	185	(41)			12	1 081
Stage 2	2 707	(100)			(100)	846			(100)	3 353
Stage 3 (including IIS)	12 797	(85)			(85)	2 209	(1 512)	1 315	(342)	14 382
Vehicle and asset finance	7 381	(133)	289	(156)		1 827	(1 598)	364	(485)	7 489
Stage 1	810		110	23	133	(202)			(106)	635
Stage 2	1 933	(110)		(179)	(289)	203			(213)	1 634
Stage 3 (including IIS)	4 638	(23)	179		156	1 826	(1 598)	364	(166)	5 220
Card and payments	3 825	(80)	146	(66)		2 200	(1 859)	299	(27)	4 438
Stage 1	724		98	(18)	80	(109)			5	700
Stage 2	1 139	(98)		(48)	(146)	122			(7)	1 108
Stage 3 (including IIS)	1 962	18	48		66	2 187	(1 859)	299	(25)	2 630
Personal unsecured lending	10 662	136	50	(186)		4 199	(3 615)	1 088	285	12 619
Stage 1	1 480		9	(145)	(136)	226			67	1 637
Stage 2	2 424	(9)		(41)	(50)	226			(152)	2 448
Stage 3 (including IIS)	6 758	145	41		186	3 747	(3 615)	1 088	370	8 534
Business lending and other	8 060	183	242	(425)		3 260	(1 928)	413	(305)	9 500
Stage 1	830		112	(295)	(183)	240			(121)	766
Stage 2	1 236	(112)		(130)	(242)	271			425	1 690
Stage 3 (including IIS)	5 994	295	130		425	2 749	(1 928)	413	(609)	7 044
Corporate and sovereign	9 324	(1)	1			1 928	(1 120)	902	(55)	10 979
Stage 1	1 961		11	(10)	1	92			(49)	2 005
Stage 2	871	(11)		10	(1)	(2)			(22)	846
Stage 3 (including IIS)	6 492	10	(10)			1 838	(1 120)	902	16	8 128
Bank	147					(8)			16	155
Stage 1	106					(29)			16	93
Stage 2	41					21				62
Total	55 828	(80)	828	(748)		16 420	(11 632)	4 381	(1 002)	63 995
Stage 1	6 836		440	(360)	80	177			(176)	6 917
Stage 2	10 351	(440)		(388)	(828)	1 687			(70)	11 140
Stage 3 (including IIS)	38 641	360	388		748	14 556	(11 632)	4 381	(756)	45 938

8. Loans and advances continued

8.1 Reconciliation of ECL for loans and advances at amortised cost continued

8.1.1 Reconciliation of the ECL for loans and advances at amortised cost, by product continued

		Transfers								
	Opening ECL Rm	(From)/to stage 1 Rm	(From)/to stage 2 Rm	(From)/to stage 3 Rm	Total Rm	Net impairments raised/ (released) Rm[1]	Impaired accounts written off Rm	TVM unwind and IIS movements Rm[1]	Exchange and other movement Rm[1]	Closing ECL Rm
2022										
Home services	15 625	(488)	(116)	604		1 678	(1 476)	660	(58)	16 429
Stage 1	1 059		173	315	488	(618)			(4)	925
Stage 2	2 440	(173)		289	116	139			12	2 707
Stage 3 (including IIS)	12 126	(315)	(289)		(604)	2 157	(1 476)	660	(66)	12 797
Vehicle and asset finance	6 337	(57)	117	(60)		1 889	(1 196)	236	123	7 389
Stage 1	651		30	27	57	29			73	810
Stage 2	1 131	(30)		(87)	(117)	894			25	1 933
Stage 3 (including IIS)	4 555	(27)	87		60	966	(1 196)	236	25	4 646
Card and payments	3 885	(126)	34	92		2 014	(2 248)	169	5	3 825
Stage 1	642		45	81	126	(41)			(3)	724
Stage 2	1 152	(45)		11	(34)	15			6	1 139
Stage 3 (including IIS)	2 091	(81)	(11)		(92)	2 040	(2 248)	169	2	1 962
Personal unsecured lending	9 740	197	(68)	(129)		4 136	(4 049)	793	42	10 662
Stage 1	1 508		(101)	(96)	(197)	275			(106)	1 480
Stage 2	1 761	101		(33)	68	524			71	2 424
Stage 3 (including IIS)	6 471	96	33		129	3 337	(4 049)	793	77	6 758
Business lending and other	7 536	(64)	415	(351)		2 264	(1 828)	89	(9)	8 052
Stage 1	943		181	(117)	64	(200)			23	830
Stage 2	1 295	(181)		(234)	(415)	354			2	1 236
Stage 3 (including IIS)	5 298	117	234		351	2 110	(1 828)	89	(34)	5 986
Corporate and sovereign	7 710	(77)	110	(33)		1 752	(737)	574	25	9 324
Stage 1	1 304		81	(4)	77	624			(44)	1 961
Stage 2	818	(81)		(29)	(110)	131			32	871
Stage 3 (including IIS)	5 588	4	29		33	997	(737)	574	37	6 492
Bank	65					27			55	147
Stage 1	65					(1)			42	106
Stage 2						28			13	41
Central and other	500					(500)				
Stage 1	218					(218)				
Stage 2	282					(282)				
Total	51 398	(615)	492	123		13 260	(11 534)	2 521	183	55 828
Stage 1	6 390		409	206	615	(150)			(19)	6 836
Stage 2	8 879	(409)		(83)	(492)	1 803			161	10 351
Stage 3 (including IIS)	36 129	(206)	83		(123)	11 607	(11 534)	2 521	41	38 641

[1] Restated. Refer to pages 30 to 39 for further details relating to the restatement.

8. Loans and advances continued

8.1 Reconciliation of ECL for loans and advances at amortised cost continued

8.1.1 Reconciliation of the ECL for loans and advances at amortised cost, by product continued

Changes in gross exposures relating to changes in ECL

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

- The ECL on new exposures raised of R6.1 billion (2022: R6.4 billion) primarily relates to the growth in the gross carrying amount from new exposures originated of:
  - Home services of R52 billion (2022: R73 billion)
  - Vehicle and asset finance of R43 billion (2022: R42 billion)
  - Personal unsecured lending of R7.7 billion (2022: R13 billion)
  - Business lending and other of R46 billion (2022: R38 billion)
  - Corporate and sovereign of R60 billion (2022: R66 billion)
- The increase in ECL due to impaired accounts written off of R11.6 billion (2022: R8.8 billion) resulted in an equal increase to the gross carrying amount of loans and advances as exposures are 100% provided for before being written off.

The group's policy is to transfer between stages using opening ECL balances based on the exposures' ECL stage at the end of the reporting period.

2023

- home services with a gross carrying amount of R13.5 billion that was in stage 2 was transferred to stage 1.
- vehicle and asset finance with a gross carrying amount of R1.4 billion that was in stage 2 was transferred to stage 1.
- vehicle and asset finance with a gross carrying amount of R7 billion that was in stage 3 was transferred to stage 1.
- card and payments with a gross carrying amount of R757 million that was in stage 2 was transferred to stage 1.
- personal unsecured lending with a gross carrying amount of R2.1 billion that was in stage 1 was transferred to stage 3.
- business lending and other with a gross carrying amount of R1.4 billion that was in stage 1 was transferred to stage 3.
- business lending and other with a gross carrying amount of R2.5 billion that was in stage 2 was transferred to stage 1.
- business lending and other with a gross carrying amount of R1.5 billion that was in stage 2 was transferred to stage 3.

2022

- home services with a gross carrying amount of R11.5 billion that was in stage 2 was transferred to stage 1.
- home services with a gross carrying amount of R3.7 billion that was in stage 3 was transferred to stage 1.
- home services with a gross carrying amount of R660 million that was in stage 3 was transferred to stage 2.
- vehicle and asset finance with a gross carrying amount of R876 million that was in stage 2 was transferred to stage 3.
- card and payments with a gross carrying amount of R853 million that was in stage 3 was transferred to stage 1.
- personal unsecured lending with a gross carrying amount of R3.4 billion that was in stage 1 was transferred to stage 2.
- personal unsecured lending with a gross carrying amount of R1.9 billion that was in stage 1 was transferred to stage 3.
- business lending and other with gross carrying amount of R2.7 billion that was in stage 2 was transferred to stage 1.
- business lending and other with gross carrying amount of R739 million that was in stage 1 was transferred to stage 3.
- business lending and other with gross carrying amount of R1.7 billion that was in stage 2 was transferred to stage 3.
- corporate and sovereign with a gross carrying amount of R4.9 billion that was in stage 2 was transferred to stage 1.

8.2 Modifications on loans and advances measured at amortised cost

	Stage 2		Stage 3	
	Gross amortised cost before modification Rm	Net modification loss/(gain) Rm	Gross amortised cost before modification Rm	Net modification loss/(gain) Rm
2023				
Home services	**5 844**	**47**	**3 710**	**76**
Vehicle and asset finance	**897**	**34**	**493**	**124**
Card and payments	**823**	**29**	**382**	**34**
Personal unsecured lending	**1 261**	**157**	**1 355**	**126**
Business lending and other	**993**	**14**	**55**	**(1)**
Corporate and sovereign*	**180**		**57**	
Total	**9 998**	**281**	**6 052**	**359**
2022				
Home services	4 645	45	2 652	84
Vehicle and asset finance	943	89	120	2
Card and payments	626	(38)	437	147
Personal unsecured lending	832	43	866	186
Business lending and other	42	6	23	
Corporate and sovereign			1 440	48
Total	7 088	145	5 538	467

* The modification gains and losses on the corporate and sovereign restructures in stage 2 and stage 3 have netted off resulting in an insignificant net gain or loss amount.

In addition to the gross carrying amounts and related modification gains/(losses) disclosed above, modifications during the reporting period that resulted in no economic gain or loss (i.e. no net modification gain or loss), comprised of gross carrying amounts of R75 billion (2022: R42 billion).

9. Reinsurance and insurance contract assets and liabilities

9.1. Reinsurance contract assets

SUMMARY OF REINSURANCE CONTRACT ASSETS

	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Non-life measured under PAA Rm	Total Rm	Current portion Rm	Non-current portion Rm
2023						
Reinsurance contract assets	**2 288**	**2 177**	**957**	**5 422**	**2 826**	**2 596**
Net reinsurance contract assets	**2 288**	**2 177**	**957**	**5 422**	**2 826**	**2 596**
2022 - restated[1]						
Reinsurance contract assets	2 414	2 188	920	5 522	2 982	2 540
Net reinsurance contract assets	2 414	2 188	920	5 522	2 982	2 540
Note	9.1.1	9.1.2	9.1.3			

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

9. Reinsurance and insurance contract assets and liabilities continued

9.1 Reinsurance contract assets continued

9.1.1 Life risk measured under GMM

RECONCILIATION OF THE ASSET FOR REMAINING COVERAGE (ARC) AND THE ASSET RECOVERABLE ON INCURRED CLAIMS (ARIC)

	2023					2022				
	ARC					ARC				
	Excluding loss recovery component Rm	Loss recovery component Rm	Total Rm	ARIC Rm	Total Rm	Excluding loss recovery component Rm	Loss recovery component Rm	Total Rm	ARIC Rm	Total Rm
Net balance at 1 January	**438**	**128**	**566**	**1 848**	**2 414**	503	99	602	2 614	3 216
Opening reinsurance contract assets	438	128	566	1 848	2 414	503	99	602	2 614	3 216
Total recognised in the income statement	**(1 500)**	**18**	**(1 482)**	**1 409**	**(73)**	(1 325)	29	(1 296)	1 316	20
Net income/(expenses) from reinsurance contracts held	(1 629)	18	(1 611)	1 387	(224)	(1 361)	29	(1 332)	1 323	(9)
Expenses from reinsurance contracts	(1 629)		(1 629)		(1 629)	(1 361)		(1 361)		(1 361)
Claims recovered				1 358	1 358				1 282	1 282
Other income/(expenses) (note 33)		18	18	29	47		29	29	41	70
Net finance income/(expenses) from reinsurance contracts held	129		129	22	151	36		36	(7)	29
Total cash flows	**1 373**		**1 373**	**(1 426)**	**(53)**	1 260		1 260	(2 082)	(822)
Premiums paid net of ceding commissions	1 373		1 373		1 373	1 260		1 260		1 260
Recoveries from reinsurance				(1 426)	(1 426)				(2 082)	(2 082)
Net balance at 31 December	**311**	**146**	**457**	**1 831**	**2 288**	438	128	566	1 848	2 414
Closing reinsurance contract assets	311	146	457	1 831	2 288	438	128	566	1 848	2 414

9. Reinsurance and insurance contract assets and liabilities continued

9.1 Reinsurance contract assets continued

9.1.1 Life risk measured under GMM continued

RECONCILIATION OF MEASUREMENT COMPONENTS OF REINSURANCE CONTRACT BALANCES

	2023				2022			
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm
Net balance at 1 January	**282**	**538**	**1 594**	**2 414**	1 628	510	1 078	3 216
Opening reinsurance contract assets	**282**	**538**	**1 594**	**2 414**	1 628	510	1 078	3 216
Total recognised in the income statement	**(143)**	**66**	**4**	**(73)**	(524)	28	516	20
Net income/(expenses) from reinsurance contracts held	**(55)**	**(45)**	**(124)**	**(224)**	(500)	30	461	(9)
Changes that relate to current service	**63**	**(79)**	**(264)**	**(280)**	61	(53)	(94)	(86)
CSM recognised in profit or loss for services received			**(264)**	**(264)**			(94)	(94)
Risk adjustment for risk expired (non-financial risk)		**(79)**		**(79)**		(53)		(53)
Experience adjustments relating to incurred claims and other incurred directly attributable expenses recovery	**63**			**63**	61			61
Changes that relate to future service	**(147)**	**34**	**140**	**27**	(602)	83	555	36
Changes in estimates that adjust the CSM	**379**	**(17)**	**(362)**		(562)	40	522	
Contracts initially recognised in the period	**(459)**	**54**	**451**	**46**	(40)	43	45	48
Changes to loss recovery component on subsequent measurement of onerous underlying contracts	**(67)**	**(3)**	**51**	**(19)**			(12)	(12)
Changes that relate to past service	**29**			**29**	41			41
Adjustments to assets recoverable on incurred claims	**29**			**29**	41			41
Net finance income/(expenses) from reinsurance contracts issued	**(88)**	**111**	**128**	**151**	(24)	(2)	55	29
Total cash flows	**(53)**			**(53)**	(822)			(822)
Premiums paid net of ceding commissions	**1 373**			**1 373**	1 260			1 260
Recoveries from reinsurance	**(1 426)**			**(1 426)**	(2 082)			(2 082)
Net balance at 31 December	**86**	**604**	**1 598**	**2 288**	282	538	1 594	2 414
Closing reinsurance contract assets	**86**	**604**	**1 598**	**2 288**	282	538	1 594	2 414

9. Reinsurance and insurance contract assets and liabilities continued

9.1 Reinsurance contract assets continued

9.1.1 Life risk measured under GMM continued

IMPACT OF CONTRACTS RECOGNISED DURING THE YEAR

	2023			2022		
	Contracts originated in a net cost Rm	Contracts originated in a net gain Rm	Total Rm	Contracts originated in a net cost Rm	Contracts originated in a net gain Rm	Total Rm
Estimates of the present value of future cash outflows	(2 484)	(162)	(2 646)	(285)	(122)	(407)
Estimates of the present value of future cash inflows	2 013	174	2 187	236	131	367
Risk adjustments for non-financial risk	21	33	54	8	35	43
CSM	488	(37)	451	82	(37)	45
Contracts initially recognised in the period	38	8	46	41	7	48

CSM BY TRANSITION METHOD

	2023			2022		
	Contracts measured under the full retrospective approach at transition and subsequent measurement Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm	Contracts measured under the full retrospective approach at transition and subsequent measurement Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm
CSM balance at the beginning of the year	302	1 292	1 594	56	1 022	1 078
Changes that relate to current service	(52)	(212)	(264)	83	(177)	(94)
CSM recognised in profit or loss for services received	(52)	(212)	(264)	83	(177)	
Changes that relate to future service	502	(362)	140	159	396	(94)
Changes in estimates that adjust the CSM		(362)	(362)	126	396	522
Changes to loss recovery component on subsequent measurement on onerous underlying contracts	51		51	(12)		(12)
Contracts initially recognised in the period	451		451	45		45
Net finance income from reinsurance contracts held	37	91	128	4	51	55
CSM balance at the end of the year	789	809	1 598	302	1 292	1 594

For details on the methods and assumptions applied in the modified retrospective and fair value approaches on transition refer to the key management assumptions section on page 40.

9. Reinsurance and insurance contract assets and liabilities continued

9.1 Reinsurance contract assets continued

9.1.2 Life risk measured under PAA

RECONCILIATION OF THE ARC AND THE ARIC

	2023							2022						
	ARC			ARIC				ARC			ARIC			
	Excluding loss recovery component Rm	Loss recovery component Rm	Total ARC for contracts under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total ARIC for contracts under the PAA Rm	Total Rm	Excluding loss recovery component Rm	Loss recovery component Rm	Total ARC for contracts under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total ARIC for contracts under the PAA Rm	Total Rm
Net balance at 1 January	(1 144)	7	(1 137)	3 274	51	3 325	2 188	(544)	13	(531)	2 755	40	2 795	2 264
Opening reinsurance contract assets	(1 144)	7	(1 137)	3 274	51	3 325	2 188	(544)	13	(531)	2 755	40	2 795	2 264
Total recognised in the income statement	(1 182)	2	(1 180)	991	(3)	988	(192)	(925)	(6)	(931)	1 001	11	1 012	81
Net (expenses)/income from reinsurance contracts held (note 33)	(1 182)	2	(1 180)	827	(5)	822	(358)	(925)	(6)	(931)	921	10	931	
Expenses from reinsurance contracts	(1 182)		(1 182)				(1 182)	(925)		(925)				(925)
Claims recovered				850	(5)	845	845				885	10	895	895
Other income/(expenses)		2	2	(23)		(23)	(21)		(6)	(6)	36		36	30
Net finance income/(expenses) from reinsurance contracts held				164	2	166	166				80	1	81	81
Investment components														
Total cash flows	1 545		1 545	(1 352)		(1 352)	193	323		323	(479)		(479)	(156)
Premiums paid net of ceding commissions	1 545		1 545				1 545	323		323				323
Recoveries from reinsurance				(1 352)		(1 352)	(1 352)				(479)		(479)	(479)
Foreign currency translation and other movements	(6)		(6)	(6)		(6)	(12)	2		2	(3)		(3)	(1)
Net balance at 31 December	(787)	9	(778)	2 907	48	2 955	2 177	(1 144)	7	(1 137)	3 274	51	3 325	2 188
Closing reinsurance contract assets	(787)	9	(778)	2 907	48	2 955	2 177	(1 144)	7	(1 137)	3 274	51	3 325	2 188

9. Reinsurance and insurance contract assets and liabilities continued

9.1 Reinsurance contract assets continued

9.1.3 Non-life risk measured under PAA

RECONCILIATION OF ARC AND ARIC

	2023							2022						
	ARC			ARIC				ARC			ARIC			
	Excluding loss recovery component Rm	Loss recovery component Rm	Total ARC for contracts under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total ARIC for contracts under the PAA Rm	Total Rm	Excluding loss recovery component Rm	Loss recovery component Rm	Total ARC for contracts under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total ARIC for contracts under the PAA Rm	Total Rm
Net balance at 1 January	**122**	**3**	**125**	**762**	**33**	**795**	**920**	120	3	123	288	11	299	422
Opening reinsurance contract assets	**122**	**3**	**125**	**762**	**33**	**795**	**920**	120	3	123	288	11	299	422
Total recognised in the income statement	**(843)**		**(843)**	**673**	**(2)**	**671**	**(172)**	(790)		(790)	1 006	22	1 028	238
Net income/(expenses) from reinsurance contracts held (note 33)	**(843)**		**(843)**	**680**	**(3)**	**677**	**(166)**	(790)		(790)	1 005	25	1 030	240
Expenses from reinsurance contracts	**(843)**		**(843)**				**(843)**	(790)		(790)				(790)
Claims recovered				**249**	**3**	**252**	**252**				996	20	1 016	1 016
Changes that relate to past service - adjustments to the ARIC				**431**	**(11)**	**420**	**420**				9	(1)	8	8
Effect of changes in the risk of reinsurers non-performance					**5**	**5**	**5**					6	6	6
Net finance income/(expenses) from reinsurance contracts held				**(7)**	**1**	**(6)**	**(6)**				1	(3)	(2)	(2)
Total cash flows	**856**		**856**	**(576)**		**(576)**	**280**	789		789	(543)		(543)	246
Premiums paid net of ceding commissions	**856**		**856**				**856**	789		789				789
Premiums paid	**969**		**969**				**969**	897		897				897
Ceding commissions receivables	**(113)**		**(113)**				**(113)**	(108)		(108)				(108)
Directly attributable expenses														
Recoveries from reinsurance				**(576)**		**(576)**	**(576)**				(543)		(543)	(543)
Foreign currency translation and other movements	**(19)**		**(19)**	**(51)**	**(1)**	**(52)**	**(71)**	3		3	11		11	14
Net balance at 31 December	**116**	**3**	**119**	**808**	**30**	**838**	**957**	122	3	125	762	33	795	920
Closing reinsurance contract assets	**116**	**3**	**119**	**808**	**30**	**838**	**957**	122	3	125	762	33	795	920

9. Reinsurance and insurance contract assets and liabilities continued

9.1 Reinsurance contract assets continued

9.1.4 Reinsurance contract balances

EXPECTED RECOGNITION OF THE CSM

As at 31 December	Life risk measured under GMM 2023 Rm	2022 Rm
CSM recognised in profit and loss within ten years	**664**	752
Within one year	**278**	271
Within two to five years	**945**	915
Within six to ten years	**1 193**	1 113
Effect of interest accreted on the CSM for zero to ten years	**(1 752)**	(1 547)
Combined CSM and interest accreted on CSM beyond ten years	**934**	842
Total	**1 598**	1 594
Note	9.1.1	

9.2 Insurance contract assets and liabilities

SUMMARY OF INSURANCE CONTRACT ASSETS AND LIABILITIES

	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Annuities and GIPs Rm	Participating contracts Rm	Non-life risk measured under PAA Rm	Total Rm	Current portion Rm	Non-current portion Rm
2023								
Insurance contract assets	**(1 123)**	**(80)**			**(428)**	**(1 631)**	**(618)**	**(1 013)**
Insurance contract liabilities	**11 046**	**8 742**	**67 157**	**162 201**	**2 243**	**251 389**	**42 172**	**209 217**
Net insurance contract liabilities	**9 923**	**8 662**	**67 157**	**162 201**	**1 815**	**249 758**	**41 554**	**208 204**
2022								
Insurance contract assets	(1 023)	(609)			(198)	(1 830)	(925)	(905)
Insurance contract liabilities	10 668	7 976	56 837	154 157	2 211	231 849	38 883	192 966
Net insurance contract liabilities	9 645	7 367	56 837	154 157	2 013	230 019	37 958	192 061
Note	9.2.1	9.2.2	9.2.3	9.2.4	9.2.5			

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.1 Life risk measured under GMM

RECONCILIATION OF THE LRC AND THE LIC

	2023					2022				
	LRC					LRC				
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	LIC Rm	Total Rm	Excluding loss component Rm	Loss component Rm	Total Rm	LIC Rm	Total liability Rm
Net balance at 1 January	3 855	1 611	5 466	4 179	9 645	4 999	1 455	6 454	4 762	11 216
Opening insurance contract assets	(1 109)		(1 109)	86	(1 023)	(1 121)		(1 121)	180	(941)
Opening insurance contract liabilities	4 964	1 611	6 575	4 093	10 668	6 120	1 455	7 575	4 582	12 157
Total recognised in the income statement	(9 509)	196	(9 313)	8 160	(1 153)	(9 880)	157	(9 723)	7 833	(1 890)
Insurance service result	(9 562)	238	(9 324)	8 080	(1 244)	(10 307)	189	(10 118)	7 803	(2 315)
Insurance revenue	(10 723)		(10 723)		(10 723)	(11 288)		(11 288)		(11 288)
Insurance service expense	1 161	238	1 399	8 080	9 479	981	189	1 170	7 803	8 973
Incurred claims				6 899	6 899				6 858	6 858
Directly attributable expenses[1]				1 031	1 031				994	994
Other expenses (note 32)		238	238	150	388		189	189	(49)	140
Amortisation of insurance acquisition cash flows	1 161		1 161		1 161	981		981		981
Net finance expense/(income) from insurance contracts	53	(42)	11	80	91	427	(32)	395	30	425
Investment components	(1 218)		(1 218)	1 218		(1 070)		(1 070)	1 070	
Total cash flows	10 311		10 311	(8 866)	1 445	9 805		9 805	(9 488)	317
Premiums received	12 296		12 296		12 296	11 663		11 663		11 663
Claims paid				(7 835)	(7 835)				(8 494)	(8 494)
Other attributable expenses paid	(1)		(1)	(1 031)	(1 032)	(1)		(1)	(994)	(995)
Insurance acquisition cash flows	(1 984)		(1 984)		(1 984)	(1 857)		(1 857)		(1 857)
Foreign currency translation and other movements	(2)	(12)	(14)		(14)	1	(1)		2	2
Net balance at 31 December	3 437	1 795	5 232	4 691	9 923	3 855	1 611	5 466	4 179	9 645
Closing insurance contract assets	(3 121)		(3 121)	1 998	(1 123)	(1 109)		(1 109)	86	(1 023)
Closing insurance contract liabilities	6 558	1 795	8 353	2 693	11 046	4 964	1 611	6 575	4 093	10 668

[1] Directly attributable expenses reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.1 Life risk measured under GMM continued

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

	2023				2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Net balance at 1 January	(6 345)	4 953	11 037	9 645	(4 203)	4 531	10 888	11 216
Opening insurance contract assets	(2 127)	330	774	(1 023)	(1 960)	301	718	(941)
Opening insurance contract liabilities	(4 218)	4 623	10 263	10 668	(2 243)	4 230	10 170	12 157
Total recognised in the income statement	(1 011)	98	(240)	(1 153)	(2 461)	422	149	(1 890)
Insurance service result	(62)	(158)	(1 024)	(1 244)	(2 244)	362	(433)	(2 315)
Changes that relate to current service	339	(804)	(1 394)	(1 859)	(448)	(613)	(1 615)	(2 676)
CSM recognised in profit or loss for services provided			(1 394)	(1 394)			(1 615)	(1 615)
Risk adjustment for risk expired (non-financial risk)		(827)		(827)		(618)		(618)
Experience adjustments	339	23		362	(448)	5		(443)
Changes that relate to future service	(551)	646	370	465	(1 747)	975	1 182	410
Changes in estimates that adjust the CSM	(299)	311	(12)		(1 375)	602	773	
Changes in estimates that result in additional onerous contract losses	(36)	13		(23)				
Changes to loss component on subsequent measurement					(132)	53	31	(48)
Contracts initially recognised in the period	(216)	322	382	488	(240)	320	378	458
Changes that relate to past service	150			150	(49)			(49)
Adjustments to liabilities for incurred claims	150			150	(49)			(49)
Net finance income/(expenses) from insurance contracts issued	(949)	256	784	91	(217)	60	582	425
Total cash flows	1 445			1 445	317			317
Premiums received	12 296			12 296	11 663			11 663
Claims paid	(7 835)			(7 835)	(8 494)			(8 494)
Directly attributable expenses paid	(1 032)			(1 032)	(995)			(995)
Insurance acquisition cash flows	(1 984)			(1 984)	(1 857)			(1 857)
Foreign currency translation and other movements	(8)	(1)	(5)	(14)	2			2
Net balance at 31 December	(5 919)	5 050	10 792	9 923	(6 345)	4 953	11 037	9 645
Closing insurance contract assets	(14 739)	4 553	9 063	(1 123)	(2 127)	330	774	(1 023)
Closing insurance contract liabilities	8 820	497	1 729	11 046	(4 218)	4 623	10 263	10 668

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.1 Life risk measured under GMM continued

IMPACT OF CONTRACTS RECOGNISED DURING THE YEAR

	2023			2022		
	Profitable contracts Rm	Onerous contracts originated Rm	Total Rm	Profitable contracts Rm	Onerous contracts originated Rm	Total Rm
Estimates of the present value of future cash outflows	1 883	2 049	3 932	1 928	2 003	3 931
Insurance acquisition cash flows	593	925	1 518	656	916	1 572
Claims and other directly attributable expenses	1 290	1 124	2 414	1 272	1 087	2 359
Estimates of the present value of future cash inflows	(2 445)	(1 703)	(4 148)	(2 483)	(1 688)	(4 171)
Risk adjustments for non-financial risk	180	142	322	177	143	320
CSM	382		382	378		378
Contracts initially recognised in the period		488	488		458	458

CSM BY TRANSITION METHOD

	2023			2022		
	Contracts measured under full retrospective at transition and subsequent measurement Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm	Contracts measured under full retrospective at transition and subsequent measurement Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm
Insurance revenue (note 31)	3 366	7 357	10 723	2 455	8 833	11 288
CSM balance at the beginning of the year	1 858	9 179	11 037	1 315	9 573	10 888
Changes that relate to current service	(267)	(1 127)	(1 394)	(120)	(1 495)	(1 615)
CSM recognised in profit or loss for services provided	(267)	(1 127)	(1 394)	(120)	(1 495)	(1 615)
Changes that relate to future service	352	18	370	555	627	1 182
Changes in estimates that adjust the CSM	(37)	25	(12)	162	611	773
Changes to loss component on subsequent measurement	7	(7)		15	16	31
Contracts initially recognised in the period	382		382	378		378
Net finance expenses/(income) from reinsurance contracts	167	617	784	108	474	582
Foreign currency translation	(4)	(1)	(5)			
CSM balance at the end of the year	2 106	8 686	10 792	1 858	9 179	11 037

For details on the methods and assumptions applied in the modified retrospective and fair value approaches on transition refer to the key management assumptions section on page 40.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.2 Life risk measured under PAA

RECONCILIATION OF THE LRC AND LIC

	LRC			LIC			
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total LIC for contracts under the PAA Rm	Total Rm
2023							
Net balance at 1 January	(29)	22	(7)	7 161	213	7 374	7 367
Opening insurance contract assets	(64)		(64)	(548)	3	(545)	(609)
Opening insurance contract liabilities	35	22	57	7 709	210	7 919	7 976
Total recognised in the income statement	(9 458)	4	(9 454)	6 032	(12)	6 020	(3 434)
Insurance service result	(9 460)	4	(9 456)	5 569	(13)	5 556	(3 900)
Insurance revenue	(10 414)		(10 414)				(10 414)
Insurance service expense	954	4	958	5 569	(13)	5 556	6 514
Incurred claims				4 968	(17)	4 951	4 951
Directly attributable expenses[1]	914		914	633	(1)	632	1 546
Other expenses (note 32)		4	4	(32)	5	(27)	(23)
Amortisation of insurance acquisition cash flows	40		40				40
Net finance expense/(income) from insurance contracts	2		2	463	1	464	466
Total cash flows	9 532		9 532	(4 759)		(4 759)	4 773
Premiums received	10 498		10 498				10 498
Claims paid				(4 127)		(4 127)	(4 127)
Other directly attributable expenses paid				(632)		(632)	(632)
Insurance acquisition cash flows	(966)		(966)				(966)
Foreign currency translation and other movements	(30)	1	(29)	(13)	(2)	(15)	(44)
Net balance at 31 December	15	27	42	8 421	199	8 620	8 662
Closing insurance contract assets	(80)		(80)	(1)	1		(80)
Closing insurance contract liabilities	95	27	122	8 422	198	8 620	8 742

[1] Directly attributable expenses reported under the LRC represents the acquisition costs expensed including amortisation for the period. Directly attributable expenses reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.2 Life risk measured under PAA continued

RECONCILIATION OF THE LRC AND LIC continued

	LRC			LIC			
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total LIC for contracts under the PAA Rm	Total Rm
2022							
Net balance at 1 January	(137)	365	228	7 354	157	7 511	7 739
Opening insurance contract assets	(340)		(340)	29		29	(311)
Opening insurance contract liabilities	203	365	568	7 325	157	7 482	8 050
Total recognised in the income statement	(8 682)	(343)	(9 025)	5 233	56	5 289	(3 736)
Insurance service result	(8 685)	(354)	(9 039)	5 015	56	5 071	(3 968)
Insurance revenue	(9 604)		(9 604)				(9 604)
Insurance service expense	919	(354)	565	5 015	56	5 071	5 636
Incurred claims				4 149	56	4 205	4 205
Directly attributable expenses[1]	842		842	750		750	1 592
Other expenses (note 32)		(354)	(354)	116		116	(238)
Amortisation of insurance acquisition cash flows	77		77				77
Net finance income from insurance contracts held	3	11	14	218		218	232
Total cash flows	8 794		8 794	(5 438)		(5 438)	3 356
Premiums received	9 712		9 712				9 712
Claims paid				(4 908)		(4 908)	(4 908)
Other directly attributable expenses paid				(530)		(530)	(530)
Insurance acquisition cash flows	(918)		(918)				(918)
Foreign currency translation and other movements	(4)		(4)	12		12	8
Net balance at 31 December	(29)	22	(7)	7 161	213	7 374	7 367
Closing insurance contract assets	(64)		(64)	(548)	3	(545)	(609)
Closing insurance contract liabilities	35	22	57	7 709	210	7 919	7 976

[1] Directly attributable expenses reported under the LRC represents the acquisition costs expensed including amortisation for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.3 Annuities and GIPs

RECONCILIATION OF THE LRC AND LIC

	2023					2022				
	LRC					LRC				
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	LIC Rm	Total liability Rm	Excluding loss component Rm	Loss component Rm	Total LRC Rm	LIC Rm	Total liability Rm
Net balance at 1 January	55 549	154	55 703	1 134	56 837	49 160	107	49 267	824	50 091
Opening insurance contract liabilities	55 549	154	55 703	1 134	56 837	49 160	107	49 267	824	50 091
Total recognised in the income statement	(1 376)	182	(1 194)	5 882	4 688	(2 892)	48	(2 844)	4 698	1 854
Insurance service result	(6 884)	171	(6 713)	5 695	(1 018)	(4 878)	43	(4 835)	4 678	(157)
Insurance revenue	(7 153)		(7 153)		(7 153)	(5 082)		(5 082)		(5 082)
Insurance service expense	269	171	440	5 695	6 135	204	43	247	4 678	4 925
Incurred claims				5 652	5 652				4 591	4 591
Directly attributable expenses[1]				100	100				87	87
Other expenses (note 32)		171	171	(57)	114		43	43		43
Amortisation of insurance acquisition cash flows	269		269		269	204		204		204
Net finance expense from insurance contracts	5 508	11	5 519	187	5 706	1 986	5	1 991	20	2 011
Investment components	(4 084)		(4 084)	4 084		(3 265)		(3 265)	3 265	
Total cash flows	15 652		15 652	(9 628)	6 024	12 584		12 584	(7 681)	4 903
Premiums received	16 203		16 203		16 203	13 086		13 086		13 086
Claims paid				(9 525)	(9 525)				(7 590)	(7 590)
Directly attributable expenses paid				(103)	(103)				(91)	(91)
Insurance acquisition cash flows	(551)		(551)		(551)	(502)		(502)		(502)
Foreign currency translation and other movements	(388)	(4)	(392)		(392)	(38)	(1)	(39)	28	(11)
Net balance at 31 December	65 353	332	65 685	1 472	67 157	55 549	154	55 703	1 134	56 837
Closing insurance contract liabilities	65 353	332	65 685	1 472	67 157	55 549	154	55 703	1 134	56 837

[1] Directly attributable expenses reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.3 Annuities and GIPs continued

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

	2023				2022			
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm
Net balance at 1 January	53 422	358	3 057	56 837	47 387	274	2 431	50 092
Opening insurance contract liabilities	53 422	358	3 057	56 837	47 387	274	2 431	50 092
Total recognised in the income statement	3 321	(57)	1 424	4 688	1 146	82	626	1 854
Insurance service result	(2 121)	(43)	1 146	(1 018)	(600)		443	(157)
Changes that relate to current service	(495)	(27)	(636)	(1 158)	25	30	(269)	(214)
CSM recognised in profit or loss for services provided			(636)	(636)			(269)	(269)
Risk adjustment for risk expired (non-financial risk)		(28)		(28)		30		30
Experience adjustments	(495)	1		(494)	25			25
Changes that relate to future service	(1 569)	(16)	1 782	197	(625)	(30)	712	57
Changes in estimates that adjust the CSM	(695)	(61)	756		234	(67)	(167)	
Changes to loss component on subsequent measurement	160	(21)	22	161	(24)	(31)	16	(39)
Contracts initially recognised in the period	(1 034)	66	1 004	36	(835)	68	863	96
Changes that relate to past service	(57)			(57)				
Adjustments to liabilities for incurred claims	(57)			(57)				
Net finance expense/(income) from insurance contracts	5 442	(14)	278	5 706	1 746	82	183	2 011
Total cash flows	6 024			6 024	4 903			4 903
Premiums received	16 203			16 203	13 086			13 086
Claims paid	(9 525)			(9 525)	(7 590)			(7 590)
Other directly attributable expenses paid	(103)			(103)	(91)			(91)
Insurance acquisition cash flows	(551)			(551)	(502)			(502)
Foreign currency translation and other movements	(364)	(2)	(26)	(392)	(27)	15		(12)
Net balance at 31 December	62 403	299	4 455	67 157	53 409	371	3 057	56 837
Closing insurance contract liabilities	62 403	299	4 455	67 157	53 409	371	3 057	56 837

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.3 Annuities and GIPs continued

IMPACT OF CONTRACTS RECOGNISED DURING THE YEAR

	2023			2022		
	Profitable contracts Rm	Onerous contracts originated Rm	Total Rm	Profitable contracts Rm	Onerous contracts originated Rm	Total Rm
Estimates of the present value of future cash outflows	**13 845**	**575**	**14 420**	9 102	234	9 336
Insurance acquisition cash flows	**507**	**21**	**528**	336	19	355
Claims and directly attributable expenses	**13 338**	**554**	**13 892**	8 766	215	8 981
Estimates of the present value of future cash inflows	**(14 893)**	**(564)**	**(15 457)**	(10 011)	(166)	(10 177)
Risk adjustments for non-financial risk	**44**	**25**	**69**	46	28	74
CSM	**1 004**		**1 004**	863		863
Contracts initially recognised in the period		**36**	**36**		96	96

CSM BY TRANSITION METHOD

	2023				2022			
	Contracts measured under full retrospective at transition and subsequent measurement Rm	Contracts measured under the modified retrospective approach Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm	Contracts measured under full retrospective at transition and subsequent measurement Rm	Contracts measured under the modified retrospective approach Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm
Insurance revenue (note 31)	**4 727**	**280**	**2 146**	**7 153**	3 432	293	1 357	5 082
CSM balance at the beginning of the year	**2 121**	**459**	**477**	**3 057**	1 572	446	413	2 431
Changes that relate to current service	**(499)**	**(55)**	**(82)**	**(636)**	(278)	(51)	60	(269)
CSM recognised in profit or loss for services provided	**(499)**	**(55)**	**(82)**	**(636)**	(278)	(51)	60	(269)
Changes that relate to future service	**1 098**	**36**	**648**	**1 782**	706	22	(16)	712
Changes in estimates that adjust the CSM	**72**	**36**	**648**	**756**	(173)	22	(16)	(167)
Changes to loss component on subsequent measurement	**22**			**22**	16			16
Contracts initially recognised in the period	**1 004**			**1 004**	863			863
Net finance expense/(income) from insurance contracts	**208**	**44**	**26**	**278**	121	42	20	183
Foreign currency translation	**(26)**			**(26)**				
CSM balance at the end of the year	**2 902**	**484**	**1 069**	**4 455**	2 121	459	477	3 057

For details on the methods and assumptions applied in the modified retrospective and fair value approaches on transition refer to the key management assumptions section on page 40.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.4 Participating contracts

RECONCILIATION OF THE LRC AND LIC

	2023					2022				
	LRC					LRC				
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	LIC Rm	Total liability Rm	Excluding loss component Rm	Loss component Rm	Total LRC Rm	LIC Rm	Total liability Rm
Net balance at 1 January	145 852	1 126	146 978	7 179	154 157	153 163	846	154 009	7 808	161 817
Opening insurance contract liabilities	145 852	1 126	146 978	7 179	154 157	153 163	846	154 009	7 808	161 817
Total recognised in the income statement	14 917	337	15 254	2 681	17 935	(854)	281	(573)	2 194	1 621
Insurance service result	(3 884)	302	(3 582)	1 525	(2 057)	(3 259)	266	(2 993)	2 060	(933)
Insurance revenue	(4 703)		(4 703)		(4 703)	(3 935)		(3 935)		(3 935)
Insurance service expense	819	302	1 121	1 525	2 646	676	266	942	2 060	3 002
Incurred claims				301	301				684	684
Directly attributable expenses[1]				1 193	1 193				1 227	1 227
Other expenses (note 32)		302	302	31	333		266	266	149	415
Amortisation of insurance acquisition cash flows	819		819		819	676		676		676
Net finance expense from insurance contracts	18 801	35	18 836	1 156	19 992	2 405	15	2 420	134	2 554
Investment components	(22 777)		(22 777)	22 777		(20 365)		(20 365)	20 365	
Total cash flows	15 468		15 468	(25 185)	(9 717)	13 944		13 944	(23 189)	(9 245)
Premiums received	16 612		16 612		16 612	14 945		14 945		14 945
Claims paid				(23 884)	(23 884)				(21 853)	(21 853)
Other directly attributable expenses paid				(1 301)	(1 301)				(1 336)	(1 336)
Insurance acquisition cash flows	(1 144)		(1 144)		(1 144)	(1 001)		(1 001)		(1 001)
Foreign currency translation and other movements	(173)	(9)	(182)	8	(174)	(36)	(1)	(37)	1	(36)
Net balance at 31 December	153 287	1 454	154 741	7 460	162 201	145 852	1 126	146 978	7 179	154 157
Closing insurance contract liabilities	153 287	1 454	154 741	7 460	162 201	145 852	1 126	146 978	7 179	154 157

[1] Directly attributable expenses reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.4 Participating contracts continued

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACT BALANCES

	2023				2022			
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM Rm	Total Rm
Net balance at 1 January	**147 054**	**840**	**6 263**	**154 157**	154 410	899	6 508	161 817
Opening insurance contract liabilities	**147 054**	**840**	**6 263**	**154 157**	154 410	899	6 508	161 817
Total recognised in the income statement	**18 297**	**(78)**	**(284)**	**17 935**	1 924	(59)	(244)	1 621
Insurance service result	**(1 213)**	**(186)**	**(658)**	**(2 057)**	(80)	(104)	(749)	(933)
Changes that relate to current service	**(1 245)**	**(196)**	**(1 019)**	**(2 460)**	(114)	(166)	(1 133)	(1 413)
CSM recognised in profit or loss for services provided			**(1 019)**	**(1 019)**			(1 133)	(1 133)
Risk adjustment for risk expired (non-financial risk)		**(206)**		**(206)**		(166)		(166)
Experience adjustments	**(1 245)**	**10**		**(1 235)**	(114)			(114)
Changes that relate to future service	**1**	**10**	**361**	**372**	(115)	62	384	331
Changes in estimates that adjust the CSM	**135**	**(6)**	**(129)**		(40)	24	16	
Changes to loss component on subsequent measurement	**(16)**	**(58)**	**107**	**33**	(9)	(10)	(23)	(42)
Contracts initially recognised in the period	**(118)**	**74**	**383**	**339**	(66)	48	391	373
Changes that relate to past service	**31**			**31**	149			149
Net finance expense/(income) from insurance contracts	**19 510**	**108**	**374**	**19 992**	2 004	45	505	2 554
Total cash flows	**(9 717)**			**(9 717)**	(9 245)			(9 245)
Premiums received	**16 612**			**16 612**	14 945			14 945
Claims paid	**(23 884)**			**(23 884)**	(21 853)			(21 853)
Other directly attributable expenses paid	**(1 301)**			**(1 301)**	(1 336)			(1 336)
Insurance acquisition cash flows	**(1 144)**			**(1 144)**	(1 001)			(1 001)
Foreign currency translation and other movements	**(164)**	**(2)**	**(8)**	**(174)**	(35)		(1)	(36)
Net balance at 31 December	**155 470**	**760**	**5 971**	**162 201**	147 054	840	6 263	154 157
Closing insurance contract liabilities	**155 470**	**760**	**5 971**	**162 201**	147 054	840	6 263	154 157

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.4 Participating contracts continued

IMPACT OF CONTRACTS RECOGNISED DURING THE YEAR

	2023			2022		
	Profitable contracts Rm	Onerous contracts originated Rm	Total Rm	Profitable groups Rm	Onerous contracts originated Rm	Total Rm
Estimates of the present value of future cash outflows	7 644	2 241	9 885	6 776	2 470	9 246
Insurance acquisition cash flows	406	469	875	370	558	928
Claims and directly attributable expenses	7 238	1 772	9 010	6 406	1 912	8 318
Estimates of the present value of future cash inflows	(8 058)	(1 945)	(10 003)	(7 181)	(2 131)	(9 312)
Risk adjustments for non-financial risk	31	43	74	14	34	48
CSM	383		383	391		391
Contracts initially recognised in the period		339	339		373	373

CSM BY TRANSITION METHOD

	2023				2022			
	Contracts measured under full retrospective at transition and subsequent measurement Rm	Contracts measured under the modified retrospective approach Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm	Contracts measured under full retrospective at transition and subsequent measurement Rm	Contracts measured under the modified retrospective approach Rm	Contracts measured under the fair value approach Rm	Total Life risk measured under GMM Rm
Insurance revenue (note 31)	3 148	1 100	349	4 597	3 212	1 014	69	4 295
Opening balance at the beginning of the year	1 615	2 271	2 377	6 263	1 438	2 397	2 673	6 508
Changes that relate to current service	(295)	(262)	(462)	(1 019)	(237)	(281)	(615)	(1 133)
CSM recognised in profit or loss for services provided	(295)	(262)	(462)	(1 019)	(237)	(281)	(615)	(1 133)
Changes that relate to future service	469	39	(147)	361	349	31	4	384
Changes in estimates that adjust the CSM	(2)	39	(166)	(129)	50	31	(65)	16
Changes to loss component on subsequent measurement	88		19	107	(92)		69	(23)
Contracts initially recognised in the period	383			383	391			391
Net finance expense/(income) from insurance contracts	(69)	(114)	557	374	66	124	316	506
Foreign currency translation	(5)		(3)	(8)	(1)		(1)	(2)
CSM balance at the end of the year (note 9.2.4)	1 715	1 934	2 322	5 971	1 615	2 271	2 377	6 263

For details on the methods and assumptions applied in the modified retrospective and fair value approaches on transition refer to the key management assumptions section on page 40.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.4 Participating contracts continued

COMPOSITION OF UNDERLYING ITEMS

Policyholder contracts that have been recognised as participating contracts (measured under the variable fee approach) and that are designated as one reportable group, have a significant investment component. This investment component is recorded as a "unit value", being the contractual share of the fair value of referenced asset portfolios in the contract's terms at the date of reporting.

These asset portfolios "reference portfolios" are representative of the obligation under the policy but do not necessarily represent the physical asset held by Liberty. As described in the market risk section of the risk management section of this report, an asset liability matching capability undertakes activities to determine the optimal physical asset holdings, with consideration of contractual obligations, liquidity and market risks as well as required regulatory capital.

The reference portfolios are made up of:

- mutual funds that are accessible to the public (have quoted fund values),
- listed equities (quoted prices),
- cash and debt instruments that can be reliably measured at fair value,
- properties that are fair valued regularly,
- derivatives or investment structures that provide returns linked to quoted investment indices e.g. JSE top 40 index trackers.

The reference portfolios are updated daily to calculate the fair value of each asset portfolio and are the basis of determining any investment transaction value under the policy. The table below reflects the "look through" approach to the aggregated unit fair values of the participating contracts reportable group at the respective reporting dates. In other words, they reflect the characteristic of the underlying investments that is determining the investment return to the policyholders.

	2023 Rm	2022 Rm
Equities	76 100	71 355
Debt instruments	33 893	33 296
Cash	22 309	18 711
Properties	9 169	10 551
Index trackers	22 285	22 230
Total underlying items comprise the non-distinct investment component	163 756	156 143
Total present value of future cash flows	157 502	149 074
Adjusted for future cash flows that are not included in the non-distinct investment component	6 254	7 069
Total present value of future cash flows	157 502	149 074
Portfolios included in annuities and guaranteed investment products reportable group that are measured under the variable fee approach	2 032	2 020
Present value of future cash flows in the participating reportable group	155 470	147 054

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.5 Non-life risk measured under PAA

RECONCILIATION OF THE LRC AND LIC

	LRC			LIC				
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total LIC for contracts under the PAA Rm	Asset for insurance acquisition cash flows Rm	Total Rm
2023								
Net balance at 1 January	212	72	284	1 712	58	1 770	(41)	2 013
Opening insurance contract assets	(243)	3	(240)	79	4	83	(41)	(198)
Opening insurance contract liabilities	455	69	524	1 633	54	1 687		2 211
Total recognised in the income statement	(4 771)	(26)	(4 797)	4 062	15	4 077		(720)
Insurance service result	(4 786)	(27)	(4 813)	4 055	13	4 068		(745)
Insurance revenue	(5 785)		(5 785)					(5 785)
Insurance service expense	999	(27)	972	4 055	13	4 068		5 040
Incurred claims				2 985	23	3 008		3 008
Directly attributable expenses[1]	289		289	737		737		1 026
Other expenses (note 32)		(27)	(27)	333	(10)	323		296
Amortisation of insurance acquisition cash flows	710		710					710
Net finance expense/(income) from insurance contracts	15	1	16	7	2	9		25
Foreign exchange gains or losses								
Insurance acquisition cash flows: amounts derecognised on initial recognition of groups of insurance contracts							21	21
Total cash flows	4 764		4 764	(3 965)		(3 965)	(44)	755
Premiums received	5 759		5 759					5 759
Claims paid				(3 293)		(3 293)		(3 293)
Other directly attributable expenses paid	(268)		(268)	(672)		(672)		(940)
Insurance acquisition cash flows	(727)		(727)				(44)	(771)
Foreign currency translation and other movements	(76)	(1)	(77)	(90)	(2)	(92)	(85)	(254)
Net balance at 31 December	129	45	174	1 719	71	1 790	(149)	1 815
Closing insurance contract assets	(359)	3	(356)	70	7	77	(149)	(428)
Closing insurance contract liabilities	488	42	530	1 649	64	1 713		2 243

[1] Directly attributable expenses reported under the LRC represents the acquisition costs expensed including amortisation for the period. Directly attributable expenses reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.5 Non-life risk measured under PAA continued

RECONCILIATION OF THE LRC AND LIC continued

	LRC			LIC				
	Excluding loss component Rm	Loss component Rm	Total LRC Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total LIC for contracts under the PAA Rm	Asset for insurance acquisition cash flows Rm	Total Rm
2022								
Net balance at 1 January	281	28	309	1 249	57	1 306	(12)	1 603
Opening insurance contract assets							(12)	(12)
Opening insurance contract liabilities	281	28	309	1 249	57	1 306		1 615
Total recognised in the income statement	(4 583)	43	(4 540)	3 852		3 852		(688)
Insurance service result	(4 599)	59	(4 540)	3 842		3 842		(698)
Insurance revenue	(5 808)		(5 808)					(5 808)
Insurance service expense	1 209	59	1 268	3 842		3 842		5 110
Incurred claims				3 267	21	3 288		3 288
Directly attributable expenses[1]	545		545	109	1	110		655
Other expenses (note 32)		59	59	466	(22)	444		503
Amortisation of insurance acquisition cash flows	664		664					664
Net finance income from insurance contracts held	16	(16)		10		10		10
Total cash flows	4 535		4 535	(3 420)		(3 420)	(79)	1 036
Premiums received	5 752		5 752					5 752
Claims paid				(3 335)		(3 335)		(3 335)
Other directly attributable expenses paid	(531)		(531)	(85)		(85)		(616)
Insurance acquisition cash flows	(686)		(686)				(79)	(765)
Foreign currency translation and other movements	(21)	1	(20)	31	1	32	(8)	4
Net balance at 31 December	212	72	284	1 712	58	1 770	(41)	2 013
Closing insurance contract assets	(243)	3	(240)	79	4	83	(41)	(198)
Closing insurance contract liabilities	455	69	524	1 633	54	1 687		2 211

[1] Directly attributable expenses reported under the LRC represents the acquisition costs expensed including amortisation for the period and reported under the LIC includes claims handling, policyholder service and policy administration costs.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.6 Insurance contract balances

EXPECTED RECOGNITION OF THE CSM

	2023				2022			
	Life risk measured under GMM Rm	Annuities and GIPs Rm	Participating contracts Rm	Total Rm	Life risk measured under GMM Rm	Annuities and GIPs Rm	Participating contracts Rm	Total Rm
CSM recognised in the income statement within ten years	1 687	228	5 064	6 979	2 355	111	5 074	7 540
Within one year	1 515	646	945	3 106	1 499	421	908	2 828
Within two to five years	5 583	2 328	2 763	10 674	5 498	1 506	2 729	9 733
Within six to ten years	7 768	2 565	1 328	11 661	7 545	1 778	1 421	10 744
Effect of discounting zero to ten years	(13 179)	(5 311)	28	(18 462)	(12 187)	(3 594)	16	(15 765)
Combined CSM and interest accreted on CSM beyond ten years	9 105	4 227	907	14 239	8 682	2 946	1 189	12 817
Total	10 792	4 455	5 971	21 218	11 037	3 057	6 263	20 357

CHANGES IN CASH FLOWS THAT ADJUST THE CSM

	2023				2022			
	Life risk measured under GMM Rm	Annuities and GIPs Rm	Participating contracts Rm	Total Rm	Life risk measured under GMM Rm	Annuities and GIPs Rm	Participating contracts Rm	Total Rm
Changes in estimated cash flows that adjust the CSM (overall decrease in insurance contract liabilities)	(301)	(695)	135	(861)	(1 376)	234	(40)	(1 182)

The primary changes in cash flow estimates arise initially from a net strengthening of persistency assumptions, recognising a overall deterioration in withdrawal and lapse experience. This was evidenced across a number of portfolios in the life risk under GMM and participating reportable groups. These adjustments were offset by allowing for improved morbidity experience in certain product portfolios included in life risk under GMM. Within annuities and GIPs, net positive adjustments to cash flow estimates have resulted from the mortality assumptions being adjusted to reflect a slight overall earlier mortality experience across a number of age bands.

In 2022, the significant net cash flow adjustments in life risk under GMM, resulted from the normalisation of the pandemic environment which led to a revision of elevated short -term claim and other expense cash flow assumptions.

EXPECTED TIMING OF INSURANCE ACQUISITION CASH FLOW ASSET

	2023	2022
	Non-life measured under PAA Rm	Non-life measured under PAA Rm
Within one year	29	30
Within two to five years	120	11
Total	149	41

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.7 Claims development

LIABILITY FOR INCURRED CLAIMS ANALYSIS

The following table splits the liability for incurred claims between insurance products where there is limited uncertainty in claim amount or where the uncertainty is typically resolved within 12 months and insurance products where the nature of the product leads to uncertainty about the amount and timing of claim payments typically extending beyond 12 months. The risk adjustment is included to obtain the aggregate LIC by reportable group.

	Life and non-life risk measured under GMM Rm	Life and non-life risk measured under PAA Rm	Annuities and GIP's Rm	Participating contracts Rm	Reinsurance contracts held Rm	Total net of reinsurance Rm
2023						
Amounts excluding risk adjustment component						
Non-life insurance classes - limited uncertainty in claim amount or uncertainty typically resolved within 12 months [1]		**1 571**			**(772)**	**799**
Non-life insurance classes - uncertainty typically extends beyond 12 months		**41**	**(19)**		**(8)**	**14**
Life insurance classes - limited uncertainty in claim amount or uncertainty typically resolved within 12 months	**3 081**	**2 726**	**1 488**	**7 445**	**(2 250)**	**12 490**
Life insurance classes - uncertainty typically extends beyond 12 months	**1 547**	**5 796**			**(2 516)**	**4 827**
- Income disability claims in payment [2]	**1 076**	**5 448**			**(2 486)**	**4 038**
- Educator claims in payment [3]	**351**	**184**				**535**
- Other	**120**	**164**			**(30)**	**254**
Risk adjustment component	**63**	**276**	**3**	**15**	**(78)**	**279**
Total liability for incurred claims / (asset) recoverable on incurred claims	**4 691**	**10 410**	**1 472**	**7 460**	**(5 624)**	**18 409**
2022						
Amounts excluding risk adjustment component						
Non-life insurance classes - limited uncertainty in claim amount or uncertainty typically resolved within 12 months [1]		1 539			(699)	840
Non-life insurance classes - uncertainty typically extends beyond 12 months		49			(33)	16
Life insurance classes - limited uncertainty in claim amount or uncertainty typically resolved within 12 months	2 752	2 711	1 132	7 163	(2 885)	10 873
Life insurance classes - uncertainty typically extends beyond 12 months	1 390	5 395			(2 265)	4 520
- Income disability claims in payment [2]	1 019	5 046			(2 234)	3 831
- Educator claims in payment [3]	270	163				433
- Other	101	186			(31)	256
Risk adjustment component	37	270	2	16	(86)	239
Total liability for incurred claims	4 179	9 964	1 134	7 179	(5 968)	16 488

[1] Non-life policies offered seldom give rise to incurred claim liabilities where uncertainty is not typically resolved within 12 months.

[2] Income disability benefit policies are offered to employers and individuals. These provide regular payments to claimants during periods of disability lasting longer than the selected waiting period. Claim payments continue until the earliest of recovery, death and selected benefit termination age (collectively referred to as claim termination).

[3] Educator policies are provided to employers and individuals. These policies provide benefits designed to cover a life assured's children's education costs in the event of the death and/or disability of that life assured.

Expected future payments by year have been shown below for income disability claims in payment as this is the main product for which uncertainty typically extends beyond 12 months. Typically, the group is informed about income disability claims either during the waiting period or soon after. The primary uncertainty with this class of business is the future claim termination experience. Hence rather than show claims development triangles based on historical data, undiscounted future expected cash-flows are shown based on best estimate claims termination assumptions. Stressed cash flows are also shown to indicate the impact of claim termination experience being 8% lower than expected.

9. Reinsurance and insurance contract assets and liabilities continued

9.2 Insurance contract assets and liabilities continued

9.2.7 Claims development continued

	Expected gross of reinsurance claim payments Rm	Expected net of reinsurance claim payments Rm	Stressed gross of reinsurance claim payments Rm	Stressed net of reinsurance claim payments Rm
2023				
Within 1 year	**1 454**	**890**	**1 461**	**893**
1 – 2 years	**1 039**	**637**	**1 053**	**645**
2 – 3 years	**947**	**583**	**966**	**593**
3 – 4 years	**870**	**538**	**892**	**550**
4 – 5 years	**805**	**498**	**829**	**512**
Over 5 years	**8 724**	**5 606**	**9 387**	**6 029**
Effect of discounting cash flows	**(7 315)**	**(4 714)**	**(7 882)**	**(5 078)**
Total income disability liability for incurred claims (excluding risk adjustment component)	**6 524**	**4 038**	**6 706**	**4 144**
2022				
Within 1 year	1 345	857	1 352	861
1 – 2 years	942	587	955	595
2 – 3 years	859	536	876	546
3 – 4 years	793	498	812	510
4 – 5 years	731	461	753	473
Over 5 years	7 835	5 005	8 435	5 381
Effect of discounting cash flows	(6 440)	(4 113)	(7 041)	(4 507)
Total income disability liability for incurred claims (excluding risk adjustment component)	6 065	3 831	6 142	3 859

9. Reinsurance and insurance contract assets and liabilities continued

9.3 Financial liabilities under investment contracts

	2023 Rm	2022 Restated[1] Rm
Balance at beginning of the period	**136 309**	136 622
Fund inflows from investment contracts (contributions received)	**22 412**	20 433
Fair value adjustment (investment return from underlying assets)	**18 169**	1 308
Fund outflows under investment contracts (benefits paid)	**(23 814)**	(20 232)
Service fee income (asset management fees charged)	**(1 909)**	(1 807)
Foreign currency translation	**(132)**	(15)
Balance at end of the period	**151 035**	136 309
Current	**147 252**	132 549
Non-current	**3 783**	3 760

[1] Restated, Refer page 31 to 39 for more details relating to the IFRS 17 transition impact.

10. Interest in associates and joint ventures

	2023 Rm	2022 Rm
Equity accounted associates and joint ventures		
Carrying value at the beginning of the year	**9 956**	7 280
Share of post-tax profits for the year	**1 648**	2 265
Impairments of associates and joint ventures (note 41)[1]	**(62)**	(74)
Acquisitions	**346**	153
Disposals	**(21)**	(26)
Reclassification from group assets and liabilities held for sale (note 5)		239
Share of OCI movements	**707**	486
Foreign currency translation reserve	**709**	453
Other	**(2)**	33
Distributions received	**(401)**	(367)
Carrying value at the end of the year	**12 173**	9 956

[1] During 2023, a subset of the equity accounted associates with a carrying value of R462 million was impaired by R62 million to its recoverable amount of R400 million mainly due to a significant decline in market factors and operational factors that impacted the performance of these entities. The recoverable amount is based on the investments' fair value less costs of disposal and is included in level 3 of the fair value hierarchy. The group utilises multiple valuation techniques including the market approach, cost approach and income approach to determine a reasonable valuation. Where relevant, the group applied an average discount rate of 15% based on either internal hurdle rates or the weighted average cost of capital and a forecast period of between 1-8 years.

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

Refer to **annexure B** for further information on associates and joint ventures.

11. Investment property

	2023 Rm	2022 Rm
Fair value at the beginning of the year	**29 289**	29 985
Revaluations net of lease straight-lining	**2 606**	(1 315)
Revaluations	**2 623**	(1 359)
Net movement on straight-lining operating leases	**(17)**	44
Additions – capitalised subsequent expenditure and acquisitions[1]	**348**	656
Disposals		(574)
Transfers from owner-occupied properties (note 12)	**18**	
Exchange movements	**(1 817)**	537
Fair value at the end of the year	**30 444**	29 289
Investment property and related operating lease balances comprise the following		
Investment properties at fair value	**30 444**	29 289
Operating leases – accrued income (note 7)	**564**	547
Total investment property	**31 008**	29 836
Amount recognised in profit or loss		
Rental income earned	**3 344**	2 936
Direct operating expenses	**1 504**	1 191

[1] Includes cash and non-cash additions.

11.1 Minimum lease payments receivable from investment properties

	2023 Rm	2022 Rm
Maturity analysis of undiscounted rental income from investment properties		
Up to one year	**1 762**	1 836
Between one and two years	**1 356**	1 331
Between two and three years	**1 042**	930
Between three and four years	**696**	686
Between four and five year	**503**	412
Over five years	**1 477**	1 781
Total	**6 836**	6 976

11.2 Basis of valuation

The full portfolio of South African located properties was independently valued as at 31 December 2023 by registered professional valuers, registered in terms of the Property Valuers Professional Act, No. 47 of 2000 and are registered with the Royal Institute of Chartered Surveyors. The Africa Regions located properties were independently valued as at 31 December 2023 by various registered professional valuers in each territory. The valuation of the South African properties is prepared in accordance with the guidelines of and in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors, adapted for South African law and conditions.

The basis of value is "fair value" which is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

The properties have been valued using the discounted cash flow methodology based on significant unobservable inputs and whereby the forecasted net cash flow and residual value of the asset at the end of the forecasted cash flow period are discounted back to the valuation date, resulting in a present value of the asset. The residual value is calculated by capitalising the net income forecasted for the 12-month period immediately following the final year of the cash flow at the exit capitalisation rate.

Refer to the **key management assumptions** for details regarding the valuation of investment property.

12. Property, equipment and right of use assets

	Property		Equipment				Right of use assets[2]			
	Freehold Rm	Leasehold Rm	Computer equipment Rm	Furniture and fittings Rm	Office equipment Rm	Motor vehicles[1] Rm	Buildings Rm	Branches Rm	ATM spacing and other Rm	Total Rm
Net book value at 1 January 2022	7 876	1 231	3 685	2 416	536	914	1 859	1 616	486	20 619
Cost	9 574	3 273	11 448	6 488	1 471	1 466	3 462	4 127	911	42 220
Accumulated depreciation and impairment	(1 698)	(2 042)	(7 763)	(4 072)	(935)	(552)	(1 603)	(2 511)	(425)	(21 601)
Movement	(75)	(107)	(260)	8	33	720	(166)	(313)	(119)	(279)
Additions and modifications[3]	516	257	1 248	591	233	1 135	423	741	124	5 268
Disposals and terminations	(14)	(9)	(46)	(59)	(13)	(134)	(95)	(64)	(30)	(464)
Depreciation	(347)	(304)	(1 556)	(536)	(151)	(253)	(510)	(829)	(149)	(4 635)
Impairment (note 41)	(18)									(18)
Exchange and other movements[4]	(212)	(51)	94	12	(36)	(28)	16	(161)	(64)	(430)
Net book value at 31 December 2022	**7 801**	**1 124**	**3 425**	**2 424**	**569**	**1 634**	**1 693**	**1 303**	**367**	**20 340**
Cost	**9 687**	**3 191**	**11 764**	**6 620**	**1 577**	**2 329**	**3 615**	**4 358**	**950**	**44 091**
Accumulated depreciation and impairment	**(1 886)**	**(2 067)**	**(8 339)**	**(4 196)**	**(1 008)**	**(695)**	**(1 922)**	**(3 055)**	**(583)**	**(23 751)**
Movement	**(844)**	**(162)**	**544**	**233**	**(37)**	**288**	**17**	**83**	**(164)**	**(42)**
Additions and modifications[3]	**1 033**	**229**	**2 242**	**854**	**158**	**964**	**465**	**1 105**	**249**	**7 299**
Disposals and terminations	**(110)**	**(4)**	**(34)**	**(29)**	**(3)**	**(275)**	**(27)**	**(237)**	**(131)**	**(850)**
Depreciation	**(247)**	**(354)**	**(1 603)**	**(548)**	**(148)**	**(344)**	**(641)**	**(788)**	**(137)**	**(4 810)**
Exchange and other movements	**(1 502)**	**(33)**	**(61)**	**(44)**	**(44)**	**(57)**	**220**	**3**	**(145)**	**(1 663)**
Transfer to investment property (note 11)	**(18)**									**(18)**
Net book value at 31 December 2023	**6 957**	**962**	**3 969**	**2 657**	**532**	**1 922**	**1 710**	**1 386**	**203**	**20 298**
Cost	**8 836**	**3 155**	**12 950**	**7 057**	**1 569**	**2 787**	**4 094**	**4 928**	**798**	**46 174**
Accumulated depreciation and impairment	**(1 879)**	**(2 193)**	**(8 981)**	**(4 400)**	**(1 037)**	**(865)**	**(2 384)**	**(3 542)**	**(595)**	**(25 876)**

1 This balance primarily relates to motor vehicles that are leased to third parties under operating leases. The group is the lessor. Refer to note 12.2.

2 Refer to note 18.3 for more detail relating to leasing activities.

3 Modifications relate to IFRS 16 right of use assets only. Included are modifications which relate to right of use assets of R1 031 million (2022: R605 million) and additions for property, equipment and right of use assets of R6 268 million (2022: R4 663 million).

4 Line items have been aggregated to ensure the note presents each material movement for the year separately. The aggregation did not impact the statement of financial position.

Property and equipment include work in progress of R1 929 million (2022: R1 090 million) for which depreciation has not yet commenced (refer to note 24.2 for details regarding capital commitments). During 2023, it was noted that included in work in progress was an incorrectly rounded amount of R59 281 million instead of R59 million. This restatement had no impact on the note, income statement and statement of financial position.

12. Property, equipment and right of use assets continued

12.1 Valuation

The fair value of completed freehold property, based on valuations undertaken for the period 2020 to 2023 was estimated at R8 731 million (2022: R11 618 million).

Registers of freehold property are available for inspection by members, or their authorised agents, at the registered office of the company and its subsidiaries. Valuations were generally in terms of the investment method whereby net income is capitalised having regard to tenancy, location and the physical nature of the property.

12.2 Motor vehicles under operating leases future undiscounted lease instalments

	Within the first year Rm	Within the second year Rm	Within the third year Rm	Within the fourth year Rm	Within the fifth year Rm	After five years Rm	Total Rm
2023							
Motor vehicles	**144**	**261**	**292**	**312**	**230**	**308**	**1 547**
Total	**144**	**261**	**292**	**312**	**230**	**308**	**1 547**
2022							
Motor vehicles	115	142	276	288	237	278	1 336
Total	115	142	276	288	237	278	1 336

13. Goodwill and other intangible assets

	Goodwill Rm	Computer software Rm	Other intangible assets Rm	Total Rm
Net book value at 1 January 2022 - restated[1]	2 282	14 614	13	16 909
Cost[1]	4 257	40 993	78	45 328
Accumulated amortisation and impairment[1]	(1 975)	(26 379)	(65)	(28 419)
Movements	(51)	(1 732)	(6)	(1 789)
Additions		1 247		1 247
Disposals		(54)		(54)
Amortisation (note 40)		(2 674)	(6)	(2 680)
Exchange movements	(51)	135		84
Impairments (refer to the key management assumptions section and note 41)		(386)		(386)
Net book value at 31 December 2022 - restated[1,2]	**2 231**	**12 882**	**7**	**15 120**
Cost[1]	**4 159**	**42 164**	**78**	**46 401**
Accumulated amortisation and impairment[1]	**(1 928)**	**(29 282)**	**(71)**	**(31 281)**
Movements	**(622)**	**(1 773)**	**(2)**	**(2 397)**
Additions	**6**	**993**		**999**
Disposals	**(35)**	**(79)**		**(114)**
Amortisation (note 40)		**(2 491)**	**(2)**	**(2 493)**
Exchange movements	**(593)**	**(196)**		**(789)**
Net book value at 31 December 2023[2]	**1 609**	**11 109**	**5**	**12 723**
Cost	**3 016**	**41 575**	**10**	**44 601**
Accumulated amortisation and impairment	**(1 407)**	**(30 466)**	**(5)**	**(31 878)**

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[2] Computer software materially comprises of the SA Core Banking system with a net book value of R5 728 million (2022: R6 816 million) with a remaining amortisation period of five years and seven months as at 31 December 2023.

R182 million (2022: R105 million) of borrowing costs were capitalised to computer software. Borrowing costs are capitalised using an average rate of 11.5% (2022: 7.2%). Intangible assets include work in progress of R2 472 million (2022: R1 986 million) for which amortisation has not yet commenced.

13.1 Goodwill

	2023			2022		
	Gross goodwill Rm	**Accumulated impairment Rm**	**Net goodwill Rm**	Gross goodwill Rm	Accumulated impairment Rm	Net goodwill Rm
Stanbic IBTC Holdings PLC	**1 099**	**(580)**	**519**	1 960	(1 033)	927
Stanbic Holdings PLC (Kenya)	**875**		**875**	1 019		1 019
Other	**1 042**	**(827)**	**215**	1 180	(895)	285
Total	**3 016**	**(1 407)**	**1 609**	4 159	(1 928)	2 231

Movements in accumulated impairment relates to foreign currency movements of previous impairments.

Stanbic IBTC Holdings PLC

Based on the impairment test performed, no impairment was recognised for 2023 or 2022.

Stanbic Holdings PLC (Kenya)

Based on the impairment test performed, no impairment was recognised for 2023 or 2022.

Goodwill relating to other entities

The remaining aggregated carrying amount of the goodwill of R215 million (2022: R285 million) has been allocated to CGUs that are not considered to be individually significant. Based on the impairment testing performed, no impairments were recognised on these CGUs for 2023 or 2022.

13.2 Impairment of computer software

2022

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

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

The remainder of the group's computer software assets' recoverable amounts were determined to be lower than their carrying values and were impaired by a total of R62 million.

14. Deferred taxation

14.1 Deferred tax analysis

	2023 Rm	2022 Restated[1] Rm
Accrued interest receivable	**140**	87
Assessed losses[2]	**(528)**	(600)
Leased assets included in loans and advances	**21**	40
Capital gains tax	**2 084**	1 553
Credit impairment charges	**(6 284)**	(5 854)
Property, equipment and right of use assets	**1 270**	1 280
Derivatives and financial instruments	**(40)**	20
Fair value adjustments on financial instruments	**1 209**	523
Policyholder change in valuation basis	**(509)**	(166)
Post-employment benefits	**229**	176
Share-based payments	**(1 074)**	(771)
Special transfer to policyholder tax fund	**(1 260)**	(1 553)
Provisions and other items[3]	**(2 229)**	(1 739)
Deferred tax closing balance	**(6 971)**	(7 004)
Deferred tax liabilities	**2 030**	1 824
Deferred tax assets	**(9 001)**	(8 828)

1 Restated. Refer to pages to 31 to 39 for further details relating to the IFRS 17 transition impact.

2 The group has estimated tax losses of R1 786 million (2022: R1 897 million) which are available for set-off against future taxable income. These tax losses have arisen from the group entities incurring operational tax losses. This asset is anticipated to be recovered as financial projections indicate these entities are likely to produce sufficient taxable income in the near future. These deferred tax asset balances were offset against deferred tax liabilities, refer to annexure F for detailed accounting policies.

3 Intangible asset - present value of in-force life insurance has been aggregated in provisions and other items to better align to how management analyses and reviews the deferred tax balance related to this item. The prior year comparative disclosures have also been aggregated in line with this change. This aggregation had no impact on the statement of financial position.

14.2 Deferred tax reconciliation

	2023 Rm	2022 Restated[1] Rm
Deferred tax at the beginning of the year	**(7 004)**	(4 549)
Total temporary differences for the year	**33**	(2 455)
Accrued interest receivable	**53**	25
Assessed losses	**72**	(264)
Leased assets included in loans and advances	**(19)**	(16)
Capital gains tax	**531**	(394)
Credit impairment charges	**(430)**	(607)
Property, equipment and right of use asset	**(10)**	(135)
Derivatives and financial instruments	**(60)**	(19)
Fair value adjustments on financial instruments	**686**	190
Policyholder change in valuation basis	**(343)**	(750)
Post-employment benefits	**53**	(64)
Share-based payments	**(303)**	152
Special transfer to life fund	**293**	272
Provisions and other items[2]	**(490)**	(845)
Deferred tax at the end of the year	**(6 971)**	(7 004)
Recognised in OCI	**304**	(52)
Fair value adjustments on financial instruments	**239**	(24)
Defined benefit fund remeasurements	**59**	(20)
Other	**6**	(8)
Recognised in equity – deferred tax on share-based payments	**(309)**	(59)
Recognised in equity-transaction between owners[3]	**130**	
Recognised in the income statement	**(303)**	(2 316)
Exchange differences[4]	**211**	(28)
Recognised in OCI	**(27)**	(5)
Recognised in the income statement	**238**	(23)
Total temporary differences	**33**	(2 455)

[1] Restated. Refer to pages 31 to 39 for further details relating to IFRS 17 transition impact.
[2] Intangible asset - present value of in-force life insurance has been aggregated in provisions and other to better align to how management analyses and reviews the deferred tax balance related to this item. The prior year comparative disclosures have also been aggregated in line with this change. This aggregation had no impact on the statement of financial position.
[3] Refer to **annexure A** for further information on the buyout of non-controlling shareholders of Liberty Two Degrees Limited.
[4] Refer to **annexure A** for more details relating to foreign currency translation.

15. Share capital

15.1 Authorised

	2023 Rm	2022 Rm
2 billion ordinary shares (2022: 2 billion)[1]	**200**	200
8 million first preference shares (2022: 8 million)[2]	**8**	8
1 billion second preference shares (2022: 1 billion)[3]	**10**	10
Total	**218**	218

[1] Ordinary shares comprise shares of 10 cents each traded on the JSE and A2X Markets under the symbol SBK, and on the NSX under the symbol SNB.
[2] First preference shares comprise 6.5% first cumulative preference shares of R1 each traded on the JSE under the symbol SBKP.
[3] Second preference shares comprise non-redeemable, non-cumulative, non-participating preference shares of 1 cent each traded on the JSE under the symbol SBPP. The non-redeemable, non-cumulative, non-participating preference shares are entitled to an annual dividend, if declared, payable in two semi-annual instalments of not less than 77% of the prime interest rate multiplied by the subscription price of R100 per share.

15.2 Issued

	2023 Rm	2022 Rm
Equity attributable to ordinary shareholders	**27 106**	27 509
Ordinary share capital	**168**	168
Ordinary share premium	**26 938**	27 341
Equity attributable to other equity instrument holders	**24 167**	19 667
First preference share capital	**8**	8
Second preference share capital	**1**	1
Second preference share premium	**5 494**	5 494
Additional tier 1 capital (note 15.8)	**18 664**	14 164
Total	**51 273**	47 176

Holders of ordinary share capital hold one vote per ordinary share at the group's AGM.

First preference shareholders and second preference shareholders are not entitled to voting rights unless:

- the fixed preference dividend payable is in arrears for more than six months, or
- a resolution to be tabled at the shareholders' meeting varies or cancels any of the special rights attached to that preference share or for the reduction of its capital.

In the event that a resolution is tabled at the AGM to authorise, if circumstances are correct, the repurchase of second preference shares, the shareholders will be permitted to vote on the resolution at the AGM. In terms of paragraph 8.3.9 of the memorandum of incorporation, at this meeting the preference shareholders will be entitled to the portion of the total votes which the aggregate amount of the nominal value of the shares held bears to the aggregate amount of the nominal value of all the shares held.

AT 1 capital holders have no voting rights.

RECONCILIATION OF ORDINARY SHARES IN ISSUE

	Number of shares
Shares in issue at 1 January 2022	1 619 976 537
Shares issued during 2022 in terms of the group's equity compensation plans	367 506
Shares issued as part of the completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited (annexure A)	57 980 580
Shares in issue at 31 December 2022	**1 678 324 623**
Treasury shares held by entities within the group[1]	**21 771 571**
Shares held by other shareholders[1]	**1 656 553 052**
Shares issued during 2023 in terms of the group's equity compensation plans	**239 847**
Shares repurchased during 2023	**(2 789 239)**
Shares in issue at 31 December 2023	**1 675 775 231**
Treasury shares held by entities within the group	**18 701 110**
Shares held by other shareholders	**1 657 074 121**

[1] Restated. Refer to page 31 to 39 for details relating to the IFRS 17 transition impact.

All issued shares are fully paid up. There has been no movement in the first and second preference shares during the year. The number of shares in issue for first and second preference shares are 8 000 000 and 52 982 248 respectively.

15.3 Unissued shares

	2023 Number of shares	2022 Number of shares
Ordinary unissued shares[1]	**202 163 621**	199 374 382
Ordinary shares reserved to meet the requirements of EGS and GSIS[2]	**122 061 148**	122 300 995
Ordinary shares reserved in terms of the rules of EGS and GSIS as approved by members' resolution dated 27 May 2010	**155 825 715**	155 825 715
Less: issued to date of the above resolution for the EGS and GSIS schemes	**(33 764 567)**	(33 524 720)
Unissued ordinary shares	**324 224 769**	321 675 377
Unissued second preference shares	**947 017 752**	947 017 752

[1] During 2023, 2 789 239 shares were repurchased by Standard Bank Group Limited and have reverted back to authorised unissued shares, the average price paid for the repurchase was R158.83 per share.

[2] During the year, 239 847 (2022: 367 506) ordinary shares were issued in terms of the group's equity compensation plans, notably the EGS and GSIS. No surplus capital was used to purchase ordinary shares in 2023 (2022: no shares) to counteract the dilutive impact of the shares issued under the equity compensation plans. Effective from 2017, the group no longer issues EGS and GSIS awards. The last awards in GSIS were issued in 2011 and for the EGS, the last award was made in 2016. Awards are now provided in terms of the group's other share schemes, the DBS, PRP and the SARP, both of which are settled by the group to employees with shares that the group purchases from external market participants, and the CSDBS, which is settled in cash (refer to annexure D for further information). At the end of the year, the group would need to issue 529 364 (2022: 1 238 352) SBG ordinary shares to settle the outstanding GSIS options and EGS rights that were awarded to participants in previous years. The shares issued to date for the EGS and GSIS together with the expected number of shares to settle the outstanding options and rights as a percentage of the total number of shares in issue is 2.0% (2022: 2.1%).

15.4 Interest of directors in the capital of the company

	Direct beneficial[1]		Indirect beneficial[1]	
	2023 Number of shares	2022 Number of shares	2023 Number of shares	2022 Number of shares
Ordinary shares[5]	**1 074 029**	1 551 123	**114 675**	(123 325)
LL Bam	**900**	400		
A Daehnke	**142 040**	132 533		8 650
GJ Fraser-Moleketi	**1 890**	1 890	**14 675**	14 675
TS Gcabashe[2]		43 205		
BJ Kruger	**200 000**	571 886		
JH Maree	**163 109**	163 109		
KD Moroka[3]	**44 939**	44 939		
ANA Peterside CON			**100 000**	100 000
MJ D Ruck[4]		25 000		
SK Tshabalala	**521 151**	568 161		
Second preference shares	**37 122**	37 122		
BJ Kruger	**10 331**	26 791		
JH Maree	**26 791**	10 331		

[1] As per JSE Listings Requirements.

[2] Retired as a director on 31 May 2022, 2022 balances are reflected as at 31 May 2022.

[3] Retired as a director on 12 June 2023, 2023 balances are reflected as at 12 June 2023.

[4] Retired as a director on 31 December 2022, balances are reflected as at 31 December 2022.

[5] Shares held by directors under share incentive schemes total 1 495 096 (2022 : 1 359 813).

There have been no changes to directors' interests in the group's share capital between 1 January 2024 and 14 March 2024.

15.5 General authority of directors to issue shares[1]

	2023 Number of shares	2022 Number of shares
Ordinary shares	**41 958 115**	40 499 413
Second preference shares	**1 324 556**	1 324 556

[1] The general authority expires at the AGM on 10 June 2024.

15. Share capital continued

15.6 Treasury shares

	2023 Number of shares	2022 Number of shares
Purchased during the year[1]	225 575 692	147 180 415
Total treasury shares held at the end of year[2,3]	18 701 110	21 771 571

[1] Total number of ordinary shares purchased during the year to facilitate client trading activities as well as share buy-backs to mitigate the dilutive impact as a result of the group's share incentive schemes.
[2] Total number of ordinary shares held at the end of the year by the group's banking activities in terms of the transactions mentioned above.
[3] Restated. Refer to pages 31 to 39 for details relating to the IFRS 17 transition impact.

Cash flows relating to transaction involving shares of the group executed on behalf of clients in respect of brokered transactions are not included within the group's financing activities of the statement of cash flows.

15.7 Shareholder analysis

	2023		2022	
	Number of shares (million)	% holding	Number of shares (million)	% holding
Spread of ordinary shareholders (million)				
Public[1]	1 091.7	65.1	1 095.8	65.2
Non-public[1]	584.1	34.9	582.6	34.8
Directors, associates of directors and prescribed officers of SBG, and its subsidiaries[2]	1.6	0.2	1.9	0.2
ICBC	325.0	19.4	325.0	19.4
Government Employees Pension Fund (investment managed by PIC)	243.8	14.5	243.9	14.5
SBG retirement funds	2.2	0.1	1.9	0.1
Restricted from trading for longer than six months	2.4	0.1	0.8	0.1
Tutuwa participants[3]	9.0	0.6	9.0	0.5
Associates of directors	0.1		0.1	
Total	1 675.8	100.0	1 678.4	100.0

	2023		2022	
	Number of shares	% holding	Number of shares	% holding
Spread of first preference shareholders				
Public[1]	8 000 000	100	8 000 000	100
Spread of second preference shareholders	52 982 248		52 982 248	
Public[1]	52 945 126	100	52 945 126	100
Non-public[1]	37 122		37 122	
Directors, associates of directors and prescribed officers of SBG, and its subsidiaries[2]	37 122		37 122	
Total	52 982 248	100	52 982 248	100

[1] As per the JSE Listings Requirements.
[2] Excludes indirect holdings of strategic partners, which are included in Tutuwa participants.
[3] Includes Tutuwa Community Trust, Tutuwa Strategic Holdings 1 and 2, and Tutuwa Managers' Trusts.

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

			Notional and carrying value	
Bond	Date issued	First callable date	**2023 Rm**	2022 Rm
SBT103	20 February 2019	31 March 2024	**1 942**	1 942
SBT104	29 September 2020	30 September 2025	**1 539**	1 539
SBT105	29 March 2021	31 March 2026	**1 800**	1 800
SBT106	12 October 2021	31 December 2026	**1 724**	1 724
SBT107	4 April 2022	8 April 2027	**1 559**	1 559
SBT108	12 July 2022	13 July 2027	**2 000**	2 000
SBT109	28 November 2022	31 December 2027	**3 600**	3 600
SBT110	1 June 2023	30 June 2028	**2 500**	
SBT111	16 November 2023	31 December 2028	**2 000**	
Total			**18 664**	14 164

During 2023, the group issued additional Basel III compliant AT1 capital bonds amounting to R4 500 million (2022: R7 159 million) and redeemed Rnil (2022: R3 544 million). The AT1 capital bonds are perpetual, non-cumulative with an issuer call option after a minimum period of five years and one day and on every coupon payment date thereafter.

Coupons to the value of R1 841 million (2022: R968 million) were paid to AT1 capital bondholders. Current tax of R497 million (2022: R 271 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R1 344 million (2022: R697 million).

The terms of the Basel III compliant AT1 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 SARB 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 AT1 capital bonds do not have a contractual obligation to pay cash, hence they have been recognised within equity attributable to other equity instrument holders on the statement of financial position. Holders of AT1 capital do not have voting rights at the group's AGM.

16. Empowerment reserve

SBG and Liberty entered into a series of transactions in 2004 whereby investments were made in cumulative redeemable preference shares issued by black economic empowerment (BEE) entities which are SEs. The initial investments made by SBG and Liberty totalled R4 017 million and R1 251 million respectively. The proceeds received were used by the BEE entities to purchase 99 190 197 ordinary shares of SBG. All participants were subject to a ten-year lock-in period which expired on 31 December 2014.

Since the end of the lock-in period, Tutuwa beneficiaries have been able to exit the scheme and this has seen a progressive reduction in the value of the group's investment in these preference shares. All remaining preference shares in the Tutuwa entities were redeemed prior to the final redemption date of 4 October 2019, thus leaving the only shares in the BEE entities within the Liberty group.

The preference shares owned by the group do not meet the definition of a financial asset in terms of IFRS and are therefore treated as a negative empowerment reserve within the statement of changes in equity. The empowerment reserve now represents Liberty shares held by the SEs that are deemed to be treasury shares in terms of IFRS.

During 2022, the group completed the acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited through a scheme of arrangement in which preference shares to the value of R25 million were redeemed. The remaining preference shares of R36 million, were also redeemed during 2022. The empowerment reserve opening balance, as at 1 January 2022, of R61 million was thus fully settled during 2022.

17. Trading liabilities

	2023 Rm	2022 Rm
Collateral	**4 925**	5 556
Credit-linked notes	**1 658**	5 155
Government, municipality and utility bonds	**1 624**	5 151
Listed equities	**41 596**	49 197
Repurchase and other collateralised agreements	**32 085**	34 297
Unlisted equities and other instruments	**12 580**	10 572
Total	**94 468**	109 928

18. Provisions and other liabilities

	2023 Rm	2022 Restated[1] Rm
Financial liabilities	**108 466**	98 652
Cash-settled share-based payment liability (annexure D)	**848**	556
Collateral deposit liabilities and repurchase agreements within IAM	**6 212**	8 031
ECL for off-balance sheet exposure (note 18.2)	**444**	394
Payables	**3 512**	5 859
Lease liabilities (note 18.3)	**3 714**	3 873
Third-party liabilities arising on consolidation of mutual funds (note 18.1)	**69 717**	62 058
Trading settlement liabilities	**9 148**	8 367
Other financial liabilities	**14 871**	9 514
Non-financial liabilities	**36 128**	31 235
Deferred revenue liability	**242**	249
Items in the course of transmission	**9 350**	9 457
Post-employment benefits (note 48)	**1 077**	1 081
Staff-related accruals	**20 756**	16 284
Other non-financial liabilities[2]	**4 703**	4 164
Total	**144 594**	129 887

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[2] Included in other non-financial liabilities are liabilities of a short-term nature such as accrued expenses and sundry provisions. Sundry provisions' opening balance is R3 007 million (2022: R2 828 million) and closing balance is R3 032 million (2022: R3 007 million), resulting in a net charge of R25 million (2022: net charge R179 million).

18.1 Third-party liabilities arising on consolidation of mutual funds

	2023 Rm	2022 Rm
Balance at the beginning of the year	**62 058**	72 734
Additional mutual funds classified as subsidiaries	**5 256**	1 675
Distributions	**(2 148)**	(1 751)
Fair value adjustments	**13 526**	(5 126)
Mutual funds no longer classified as subsidiaries	**(1 537)**	(476)
Net capital contribution or change in effective ownership	**(7 438)**	(4 998)
Balance at the end of the year	**69 717**	62 058

The group has classified certain mutual funds as investments in subsidiaries. Consequently, fund interest not held by the group is classified by the group as third-party liabilities as they represent demand deposit liabilities measured at fair value.

18.2 Reconciliation of ECL for off-balance sheet exposure

Letters of credit, bank acceptances and guarantees	Opening balance Rm	Net ECL raised/ (released) Rm	Exchange and other movements Rm	Closing balance Rm
2023				
Stage 1	**213**	**81**	**(18)**	**276**
Stage 2	**88**	**44**	**8**	**140**
Stage 3	**93**	**6**	**(71)**	**28**
Total	**394**	**131**	**(81)**	**444**
2022				
Stage 1	232	(21)	2	213
Stage 2	76	13	(1)	88
Stage 3	280	(74)	(113)	93
Total	588	(82)	(112)	394

18.3 Reconciliation of lease liabilities

	Balance at 1 January Rm	Additions/ modification Rm	Terminations and/or cancellations Rm	Interest expense[1] Rm	Payments[2] Rm	Exchange and other movements Rm	Balance at 31 December Rm
2023							
Buildings	**2 349**	**354**	**(27)**	**121**	**(685)**	**4**	**2 116**
Branches	**1 269**	**995**	**(77)**	**99**	**(913)**	**(8)**	**1 365**
ATM spacing and other	**255**	**138**	**(13)**	**17**	**(156)**	**(8)**	**233**
Total	**3 873**	**1 487**	**(117)**	**237**	**(1 754)**	**(12)**	**3 714**
2022							
Buildings	2 305	394	(56)	93	(410)	23	2 349
Branches	1 523	666	(68)	107	(933)	(26)	1 269
ATM spacing and other	502	124	(32)	58	(444)	47	255
Total	4 330	1 184	(156)	258	(1 787)	44	3 873

1 As at 31 December 2023, R212 million (2022: R231 million) of this interest expense is included in net interest income and R25 million (2022: R27 million) is included in non-insurance revenue.

2 These amounts include the principal lease payments as disclosed in the statements of cash flows of R1 517 million (2022: R1 529 million). The remainder represents interest expense paid during the year.

The group leases various buildings for offices, branches and ATMs. Rental contracts are typically made for fixed average periods of between three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The additions/ modifications during 2023 primarily comprise of new leases entered into and renewals of various building for offices, branch and ATM space leases. The maturity analysis for the undiscounted lease liability is as follows: R2 751 million within one year (2022: R2 859 million) and R1 018 million within one to five years (2022: R1 057 million).

19. Deposits and debt funding

	2023 Rm	2022 Rm
Deposits and debt funding from banks	**128 590**	134 126
Deposits and debt funding from customers	**1 873 056**	1 754 973
Current accounts	**363 162**	357 186
Cash management deposits	**267 419**	222 883
Call deposits	**498 692**	496 414
Savings accounts	**46 923**	45 521
Term deposits	**426 640**	370 232
Negotiable certificates of deposit	**172 804**	179 430
Foreign currency funding	**85 837**	68 688
Other funding	**11 579**	14 619
Total	**2 001 646**	1 889 099

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20. Subordinated debt

	Redeemable/ repayable date	First callable date	Notional value[1] Million	Carrying value[1] 2023 Rm	Carrying value[1] 2022 Rm
Subordinated debt qualifying as SARB regulatory banking capital[2]					
Standard Bank Group Limited				**25 813**	24 440
SBT201	13 February 2028	13 February 2023	**ZAR3 000**		2 973
SBT202	3 December 2028	3 December 2023	**ZAR1 516**		1 520
SBT203	3 December 2028	3 December 2023	**ZAR484**		489
SBT204	16 April 2029	16 April 2024	**ZAR1 000**	**1 023**	1 018
SBT205	31 May 2029	31 May 2024	**USD400**	**7 346**	6 569
SBT206	31 January 2030	31 January 2025	**ZAR2 000**	**1 949**	2 029
SBT207	25 June 2030	25 June 2025	**ZAR3 500**	**3 495**	3 503
SBT208	28 November 2030	28 November 2025	**ZAR1 500**	**1 436**	1 514
SBT209	29 June 2031	29 June 2026	**ZAR1 722**	**1 723**	1 720
SBT210	18 October 2033	18 October 2028	**ZAR3 639**	**3 717**	
SST201	8 December 2031	8 December 2026	**ZAR1 444**	**1 454**	1 453
SST202	31 August 2032	31 August 2027	**ZAR1 639**	**1 654**	1 652
SST203	3 March 2033	3 March 2028	**ZAR2 000**	**2 016**	
Subordinated debt issued to group companies					34
Qualifying as SARB regulatory banking capital				**25 813**	24 474
Africa Regions' subordinated debt not qualifying as SARB regulatory banking capital				**1 216**	1 155
Stanbic Bank Kenya	21 December 2028	15 February 2024	**USD20**	**387**	355
Standard Bank Eswatini	29 June 2028	29 June 2023	**E100**	**105**	104
Stanbic Botswana	2029 – 2032	2024 – 2027	**BWP516**	**724**	696
Total subordinated debt – Banking				**27 029**	25 629
Subordinated debt within IAM					
Qualifying as regulatory insurance capital				**5 198**	6 115
LGL 08	28 February 2023		**ZAR900**		910
LGL 09	28 August 2024		**ZAR1 100**	**1 121**	1 133
LGL 10	8 October 2025		**ZAR1 000**	**1 006**	1 009
LGL 11	9 September 2026		**ZAR1 500**	**1 554**	1 557
LGL 12	4 October 2027		**ZAR1 500**	**1 517**	1 506
Total				**32 227**	31 744

[1] The difference between the carrying and notional value represents foreign exchange movements, transaction costs included in the initial carrying amounts, accrued interest and the unamortised fair value adjustments relating to bonds, where applicable, hedged for interest rate risk.
[2] Basel III compliant tier 2 instruments which contain a contractual non-viability write-off feature.

21. Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities

All financial assets and liabilities have been classified according to their measurement category as per IFRS 9 with disclosure of the fair value being provided for those items.

		Fair value through profit or loss			Fair value through other comprehensive income						
	Note	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 Rm[1]	Other non-financial assets/ liabilities Rm	Total carrying amount Rm	Fair value[2] Rm
2023											
Assets											
Cash and balances with central banks	1			122 718			122 718	15 069		137 787	137 787
Derivative assets	2	97 419					97 419			97 419	97 419
Trading assets	3	316 515					316 515			316 515	316 515
Pledged assets	4	8 059		4 119	5 105		17 283	2 927		20 210	20 210
Disposal group assets held for sale	5			235			235			235	235
Financial investments	6		8 757	411 294	70 439	1 592	492 082	266 694		758 776	759 456
Other financial assets[3]	7							22 743		22 743	
Loans and advances	8			715			715	1 608 131		1 608 846	1 610 314
Reinsurance contract assets	9								5 422	5 422	
Insurance contract assets	9								1 631	1 631	
Interest in associates and joint ventures	10								12 173	12 173	
Investment property	11								30 444	30 444	30 444
Other non-financial assets									53 544	53 544	
Total assets		421 993	8 757	539 081	75 544	1 592	1 046 967	1 915 564	103 214	3 065 745	
Liabilities											
Derivative liabilities	2	103 373					103 373			103 373	103 373
Trading liabilities	17	94 468					94 468			94 468	94 468
Other financial liabilities[3]	18		71 733				71 733	36 733		108 466	
Deposits and debt funding	19		3 219				3 219	1 998 427		2 001 646	2 008 421
Financial liabilities under investment contracts	9		151 035				151 035			151 035	151 035
Insurance contract liabilities	9								251 389	251 389	
Subordinated debt	20		5 198				5 198	27 029		32 227	32 227
Other non-financial liabilities									46 221	46 221	
Total liabilities		197 841	231 185				429 026	2 062 189	297 610	2 788 825	

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 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.

21. Classification of assets and liabilities continued

Accounting classifications and fair values of assets and liabilities continued

All financial assets and liabilities have been classified according to their measurement category as per IFRS 9 with disclosure of the fair value being provided for those items.

	Note	Fair value through profit or loss			Fair value through other comprehensive income		Total assets and liabilities measured at fair value Rm	Amortised cost Rm[1]	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					
2022 – restated[3]											
Assets											
Cash and balances with central banks	1			99 758			99 758	14 725		114 483	114 483
Derivative assets	2	74 410					74 410			74 410	74 410
Trading assets	3	314 918					314 918			314 918	314 918
Pledged assets	4	8 375		7 501	2 721		18 597	711		19 308	19 309
Disposal group assets held for sale	5			555			555			555	555
Financial investments[3]	6		38 564	378 474	81 708	905	499 651	222 843		722 494	721 470
Other financial assets[3,4]	7							26 329		26 329	
Loans and advances[3]	8			665			665	1 504 275		1 504 940	1 504 933
Reinsurance contract assets[3]	9								5 522	5 522	
Insurance contract assets[3]	9								1 830	1 830	
Interest in associates and joint ventures	10								9 956	9 956	
Investment property	11								29 289	29 289	29 289
Other non-financial assets[3]									58 363	58 363	
Total assets		397 703	38 564	486 953	84 429	905	1 008 554	1 768 883	104 960	2 882 397	
Liabilities											
Derivative liabilities	2	85 049					85 049			85 049	85 049
Trading liabilities	17	109 928					109 928			109 928	109 928
Other financial liabilities[3,4]	18		72 105				72 105	26 547		98 652	
Deposits and debt funding	19		2 822				2 822	1 886 277		1 889 099	1 888 030
Financial liabilities under investment contracts[3]	9		136 309				136 309			136 309	136 309
Insurance contract liabilities[3]	9								231 849	231 849	
Subordinated debt	20		6 115				6 115	25 629		31 744	33 378
Other non-financial liabilities									40 901	40 901	
Total liabilities		194 977	217 351				412 328	1 938 453	272 750	2 623 531	

[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.
[3] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[4] The fair value of the other financial assets and liabilities approximates the carrying value due to their short-term nature. Refer to the fair value section in accounting policy 4 – Fair value in annexure F and key management assumptions for a description on how fair values are determined.

22. Fair value disclosures

22.1 Assets and liabilities measured at fair value – measured on a recurring basis[1]

	2023				2022			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets								
Cash and balances with central bank	**122 701**	**17**		**122 718**	97 616	2 142		99 758
Derivative assets	**754**	**94 005**	**2 660**	**97 419**	506	72 462	1 442	74 410
Trading assets	**179 893**	**114 757**	**21 865**	**316 515**	170 125	130 435	14 358	314 918
Pledged assets	**17 260**	**23**		**17 283**	18 572	25		18 597
Disposal group assets held for sale[2]			**235**	**235**			555	555
Financial investments[3]	**238 240**	**247 547**	**6 295**	**492 082**	236 595	248 066	14 990	499 651
Loans and advances[3]			**715**	**715**		25	640	665
Investment property			**30 444**	**30 444**			29 289	29 289
Total assets at fair value	**558 848**	**456 349**	**62 214**	**1 077 411**	523 414	453 155	61 274	1 037 843
Financial liabilities								
Derivative liabilities	**166**	**96 286**	**6 921**	**103 373**	180	80 344	4 525	85 049
Trading liabilities	**44 633**	**48 302**	**1 533**	**94 468**	56 390	48 775	4 763	109 928
Deposits and debt funding		**3 219**		**3 219**		2 822		2 822
Financial liabilities under investment contracts[3]		**151 035**		**151 035**		136 309		136 309
Other financial liabilities[3]		**69 717**	**2 016**	**71 733**		70 089	2 016	72 105
Subordinated debt		**5 198**		**5 198**		6 115		6 115
Total liabilities at fair value	**44 799**	**373 757**	**10 470**	**429 026**	56 570	344 454	11 304	412 328

1 Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS requires or permits to be measured 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.
3 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

Assets and liabilities transferred between level 1 and level 2

During the current year, no financial investments were transferred between level 1 to level 2. During 2022, R3.6 billion of financial investments was transferred from level 1 to level 2 as these assets were no longer listed or traded in an active market.

During the current year, cash and balances with the central bank was transferred from level 2 to level 1 due to the improved observability of non-performance risk.

Level 3 assets and liabilities

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 2022	1 040	16 311	18 437	29 985	473	66 246
Total gains/(losses) included in profit or loss	470	(1 189)	533	(1 315)	58	(1 443)
Trading revenue	470	(1 189)				(719)
Other revenue			829		58	887
Investment losses			(296)	(1 315)		(1 611)
Total gains included in OCI			162			162
Issuances and purchases	356	245	7 643	656	3 308	12 208
Sales and settlements[1]	(250)	(963)	(11 459)	(574)	(3 673)	(16 919)
Transfers into level 3[2]	58					58
Transfers out of level 3[3]	(210)	(46)	(93)			(349)
Exchange and other movements	(22)		(233)	537	474	756
Balance at 31 December 2022	1 442	14 358	14 990	29 289	640	60 719
Balance at 1 January 2023	**1 442**	**14 358**	**14 990**	**29 289**	**640**	**60 719**
Total (losses)/gains included in profit or loss	**(91)**	**1 591**	**757**	**2 606**	**(214)**	**4 649**
Trading revenue	**(91)**	**1 591**				**1 500**
Other revenue			**742**		**(214)**	**528**
Investment gains			**15**	**2 606**		**2 621**
Total gains included in OCI			**170**			**170**
Issuances and purchases	**2 583**	**21 106**	**1 337**	**366**	**1 818**	**27 210**
Sales and settlements	**(415)**	**(11 213)**	**(10 525)**		**(1 529)**	**(23 682)**
Transfers into level 3[2]		**149**				**149**
Transfers out of level 3[3]	**(70)**	**(4 126)**				**(4 196)**
Exchange and other movements	**(789)**		**(434)**	**(1 817)**		**(3 040)**
Balance at 31 December 2023	**2 660**	**21 865**	**6 295**	**30 444**	**715**	**61 979**

1 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
2 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 year, the valuation inputs of certain financial assets became unobservable. The fair value of these assets was transferred into level 3.
3 During the year, the valuation inputs of certain level 3 financial assets became observable. The fair value of these financial assets was transferred into level 2.

22. Fair value disclosures continued

22.1 Assets and liabilities measured at fair value – measured on a recurring basis continued

Unrealised gains/(losses) recognised 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
2023						
Trading revenue	**(188)**	**12 586**				**12 398**
Other revenue			**267**		**(228)**	**39**
Investment gains			**19**	**2 606**		**2 625**
Total	**(188)**	**12 586**	**286**	**2 606**	**(228)**	**15 062**
2022						
Trading revenue	466	(1 124)				(658)
Other revenue			434		58	492
Investment (losses)/gains			(290)	309		19
Total	466	(1 124)	144	309	58	(147)

Reconciliation of level 3 liabilities

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

	Derivative liabilities Rm	Trading liabilities Rm	Other financial liabilities Rm	Total Rm
Balance at 1 January 2022	3 000	2 146	3 069	8 215
Total losses included in profit or loss[1]	1 740	15		1 755
Issuances and purchases	469	3 135		3 604
Sales and settlements	(416)	(492)	(1 053)	(1 961)
Transfers out of level 3[2]	(275)	(41)		(316)
Transfers into level 3[3]	7			7
Balance at 31 December 2022	4 525	4 763	2 016	11 304
Balance at 1 January 2023	**4 525**	**4 763**	**2 016**	**11 304**
Trading revenue in profit or loss	**1 966**	**(116)**		**1 850**
Issuances and purchases	**763**	**1 258**		**2 021**
Sales and settlements	**(144)**	**(4 423)**		**(4 567)**
Transfers out of level 3[2]	**(189)**			**(189)**
Transfers into level 3[3]		**51**		**51**
Balance at 31 December 2023	**6 921**	**1 533**	**2 016**	**10 470**

1 The majority of total losses in profit or loss is recognised within trading revenue.

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

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

22. Fair value disclosures continued

22.1 Assets and liabilities measured at fair value – measured on a recurring basis continued

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

	Derivative liabilities Rm	Trading liabilities Rm	Total Rm
2023			
Trading revenue	**2 329**	**(797)**	**1 532**
2022			
Trading revenue	1 634	(4)	1 630

22. Fair value disclosures continued

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

Sensitivity and interrelationships of inputs

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

The table that follows indicates the 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 multiplies) 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.

	Significant unobservable inputs applied[1]	Change in significant unobservable input	Effect on profit or loss Favourable Rm	Effect on profit or loss (Unfavourable) Rm
2023				
Derivative instruments	**Discounted cash flow model, Black-Scholes model, combination technique models**	**From (1%) to 1%**	**233**	**(234)**
Financial investments	**Discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks, combination techniques such as earnings and dividend yields of the underlying entity**	**From (1%) to 1%**	**45**	**(46)**
Trading assets		**From (1%) to 1%**	**142**	**(142)**
Loans and advances	**Discounted cash flow model**	**From (1%) to 1%**	**6**	**(6)**
Trading liabilities	**Discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks, combination techniques such as earnings and dividend yields of the underlying entity**	**From (1%) to 1%**	**2**	**(2)**
Total			**428**	**(430)**
2022				
Derivative instruments	Discounted cash flow model, Black-Scholes model, combination technique models	From (1%) to 1%	250	(250)
Financial investments	Discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks, combination techniques such as earnings and dividend yields of the underlying entity	From (1%) to 1%	38	(41)
Trading assets		From (1%) to 1%	58	(58)
Loans and advances[2]	Discounted cash flow model	From (1%) to 1%	6	(6)
Trading liabilities	Discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks, combination techniques such as earnings and dividend yields of the underlying entity	From (1%) to 1%	31	(31)
Total			383	(386)

[1] For more detail of the nature of significant unobservable inputs applied in the valuation of financial assets and liabilities, refer to annexure F, accounting policy 4.
[2] Loans and advances were erroneously excluded from the prior year disclosure. This has been included for 2023 and comparatives have been restated accordingly.

Financial investments classified as FVOCI

The measurement of financial investments classified as FVOCI would result in a R45 million favourable (2022: R38 million) and R46 million unfavourable (2022: R41 million) impact on OCI applying a 1% change (both favourable and unfavourable) of the significant unobservable inputs, listed above, used to determine the fair value. For the nature of significant unobservable inputs applied in the valuation of financial investments classified as FVOCI refer to annexure F, accounting policy 4.

Investment property

Investment properties' fair values were obtained from independent valuators who derived the values by determining sustainable net rental income to which an appropriate exit capitalisation rate is applied. Exit capitalisation rates are adjusted for occupancy levels, age of the building, location and expected future benefit of recent alterations.

Certain properties are largely linked to policyholder benefits and consortium non-controlling interests, which limit the impact to group ordinary shareholder comprehensive income or equity for any changes in the fair value measurement. Refer to annexure C for detail of the property exposure in the Shareholder Investment Portfolio (SIP).

The sensitivities of aggregate market values for 1% changes in exit capitalisation rates are as follows. A 1% increase in the exit capitalisation rate would result in a decrease in fair value of R2 583 million (2022: R2 534 million). A 1% decrease in the exit capitalisation rate would result in an increase in the fair value of R3 232 million (2022: R3 303 million).

Other financial liabilities

The other financial liabilities categorised as level 3 relate to third-party financial liabilities arising on the consolidation of mutual funds.

A sensitivity analysis is therefore not provided since a similar sensitivity would arise on the assets that relate to these liabilities.

Refer to **key management assumptions** and detailed accounting policies in **annexure F** for more information about valuation techniques used.

22. Fair value disclosures continued

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

	2023				2022			
	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 banks	**14 472**	**597**		**15 069**	14 103	622		14 725
Pledged assets	**2 561**	**366**		**2 927**	171	541		712
Financial investments	**219 600**	**45 380**	**2 394**	**267 374**	182 085	35 122	5 901	223 108
Loans and advances	**51 557**	**362 466**	**1 195 576**	**1 609 599**	25 881	336 729	1 141 658	1 504 268
Total assets	**288 190**	**408 809**	**1 197 970**	**1 894 969**	222 240	373 014	1 147 559	1 742 813
Liabilities								
Deposits and debt funding	**1 146 431**	**835 459**	**17 987**	**1 999 877**	1 006 300	870 583	8 325	1 885 208
Subordinated debt		**1 216**	**25 813**	**27 029**		1 192	26 071	27 263
Total liabilities	**1 146 431**	**836 675**	**43 800**	**2 026 906**	1 006 300	871 775	34 396	1 912 471

22.3 Third-party credit enhancements

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

22.4 Financial assets and financial liabilities designated at FVTPL

Financial assets	Maximum exposure to credit risk[1] Rm	Exposure mitigated Rm	Current year loss on changes in fair value attributable to changes in credit risk Rm	Cumulative loss on changes in fair value attributable to changes in credit risk Rm	Current year changes in fair value attributable to related credit derivatives Rm
2023					
Financial investments	**2 379**		**61**	**88**	
2022					
Financial investments	12 955	(188)	21	27	(1)

[1] The maximum exposure to credit risk for the sovereign exposures is deemed to be insignificant, thus this balance primarily relates to corporate and bank exposures. Refer to annexure C for additional information on maximum exposure to credit risk by credit quality.

The changes in the fair value of the designated financial assets attributable to changes in credit risk are calculated by reference to the implied credit spread derived from the changes in the observable market values of the relevant instruments.

22. Fair value disclosures continued

Financial assets and financial liabilities designated at FVTPL continued

Financial liabilities	Current year (loss)/gain on changes in fair value attributable to changes in credit risk Rm	Cumulative gain/(loss) on changes in fair value attributable to changes in credit risk[1] Rm	Contractual payment required at maturity Rm	Carrying amount Rm	Difference between carrying amount and contractual payment Rm
Credit risk recognised in OCI					
2023					
Other financial liabilities			**71 733**	**71 733**	
Deposits and debt funding	**(2)**	**14**	**3 224**	**3 263**	**39**
Financial liabilities under investment contracts			**151 035**	**151 035**	
Subordinated debt	**31**	**67**	**8 400**	**8 895**	**495**
Total	**29**	**81**	**234 392**	**234 926**	**534**
2022					
Other financial liabilities			72 103	72 103	
Deposits and debt funding	(5)	16	2 873	2 821	(52)
Financial liabilities under investment contracts[2]			136 309	136 309	
Subordinated debt	(30)	36	6 950	7 076	126
Total	(35)	52	218 235	218 309	74

1 Gross of taxation. Refer to note 42.2 for detail on tax relating to the above.
2 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

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

22.5 Reconciliation of FVOCI reserve movements

22.5.1 Equity financial investments

	Revaluation		
	Balance at the beginning of the year Rm	Gains/ (losses) Rm	Balance at the end of the year Rm
2023			
Visa shares	**638**	**162**	**800**
STRATE Limited	**132**	**140**	**272**
Other	**(576)**	**(272)**	**(848)**
Total	**194**	**30**	**224**
2022			
Visa shares	170	468	638
STRATE Limited	139	(7)	132
Other	(87)	(489)	(576)
Total	222	(28)	194

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

22. Fair value disclosures continued

22.5 Reconciliation of FVOCI reserve movements continued

22.5.2 Debt financial investments

	Balance at the beginning of the year Rm	Net change in fair value Rm	Realised fair value adjustments and reversal to profit or loss Rm	Net ECL (released)/ raised during the period Rm	Non-controlling interests and other movements Rm	Balance at the end of the year Rm
2023						
Sovereign	**32**	**70**	**17**	**142**		**261**
Total	**32**	**70**	**17**	**142**		**261**
2022						
Sovereign	264	(45)	2	(77)	(112)	32
Total	264	(45)	2	(77)	(112)	32

22.5.3 Total reconciliation of the FVOCI reserve

	Balance at the beginning of the year Rm	Net movement Rm	Non-controlling interests Rm	Balance at the end of the year Rm
2023				
Total	**226**	**259**		**485**
2022				
Total	486	(148)	(112)	226

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

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

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

Assets	Gross amount of recognised financial assets[1] Rm	Financial liabilities set off in the statement of financial position[2] Rm	Net amount of financial assets subject to netting agreements[3] Rm	Collateral received[4] Rm	Net amount Rm
2023					
Derivative assets	**95 407**		**95 407**	**(75 680)**	**19 727**
Trading assets	**53 174**		**53 174**	**(53 174)**	
Loans and advances[5]	**135 865**	**(21 221)**	**114 644**	**(111 778)**	**2 866**
Total	**284 446**	**(21 221)**	**263 225**	**(240 632)**	**22 593**
2022					
Derivative assets	65 438		65 438	(56 058)	9 380
Trading assets	69 119		69 119	(69 119)	
Loans and advances[5]	107 831	(21 509)	86 322	(82 406)	3 916
Total	242 388	(21 509)	220 879	(207 583)	13 296

Refer to footnotes that follow the liabilities table.

Liabilities	Gross amount of recognised financial liabilities[1] Rm	Financial assets set off in the statement of financial position[2] Rm	Net amount of financial liabilities subject to netting agreements[3] Rm	Collateral pledged[6] Rm	Net amount Rm
2023					
Derivative liabilities	**89 397**		**89 397**	**(76 513)**	**12 884**
Trading liabilities	**31 648**		**31 648**	**(31 648)**	
Deposits and debt funding[5]	**26 347**	**(21 221)**	**5 126**		**5 126**
Total	**147 392**	**(21 221)**	**126 171**	**(108 161)**	**18 010**
2022					
Derivative liabilities	58 707		58 707	(53 384)	5 323
Trading liabilities	33 800		33 800	(33 800)	
Deposits and debt funding[5]	26 232	(21 509)	4 723		4 723
Total	118 739	(21 509)	97 230	(87 184)	10 046

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

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

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

24. Contingent liabilities and commitments

24.1 Contingent liabilities

	2023 Rm	2022 Rm
Letters of credit and bankers' acceptances	**26 990**	19 378
Guarantees	**95 730**	103 061
Total	**122 720**	122 439

Loan commitments of R105 265 million (2022: R104 782 million) that are irrevocable over the life of the facility or revocable only in response to material adverse changes are included within the funding and liquidity risks section in annexure C.

24.2 Commitments

	2023 Rm	2022 Rm
Investment property	**1 087**	961
Property and equipment	**445**	465
Other intangible assets	**223**	190
Total	**1 755**	1 616

The expenditure will be funded from the group's internal resources.

Facility commitments of R2.0 billion (2022: R2.7 billion) that were granted subject to compliance with objective and substantive conditions are included within the IAM related risk sections in annexure C.

24.3 Lease commitments

24.3.1 The future minimum payments payable under low-value assets and short-term leases

	Within one year Rm	Between one and five years Rm	Total Rm
2023			
Low-value assets and short-term leases[1]	**15**	**15**	**30**
Total	**15**	**15**	**30**
2022			
Low-value assets and short-term leases[2]	27	14	41
Total	27	14	41

[1] Additional short-term lease contracts relate to committed storage leases during 2023.
[2] Restated. During 2023 it was noted that the 'within one year' and total were erroneously overstated by R507 million. This restatement had no impact on the group's or company's statement of financial position or income statement.

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

24. Contingent liabilities and commitments continued

24.4 Legal proceedings defended

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 (Tribunal) against 18 institutions, including one against SBSA and two against a former subsidiary of the group, Standard New York Securities Inc (SNYS), in which it alleged unlawful collusion between those institutions in the trading of USD/ZAR. The group conducted its own internal investigations with the help of external counsel and found no evidence to support the complaints. Various litigation processes took place, with the Competition Commission being ordered to file a new complaint affidavit, which was done on 1 June 2020. The new complaint affidavit added further respondents, bringing the total to 25, including Standard Americas. In the group's view, the new complaint affidavit (and several supplementary affidavits) filed by the Competition Commission, continued to contain multiple procedural and substantive deficiencies. Further litigation processes ensued. On 8 January 2024 the Competition Appeal Court (CAC) (a bench of three judges) upheld SBSA's appeal against the Tribunal's decision not to dismiss the complaint referred pre-trial and dismissed the Competition Commission's complaint in its entirety. The CAC also dismissed the complaint referred against Standard New York Securities and upheld the appeal of Standard Americas against the order that it be joined belatedly as a respondent. The court found that neither SBSA nor Standard New York Securities should have been included in the referral of the complaint as no prima facie case had been made out against either and that the Tribunal should not have allowed the joinder of Standard Americas after lodging of the referral at the Tribunal. The Competition Commission delivered a notice of application for leave to appeal to the Constitutional Court, which excluded Standard New York Securities. SBSA and Standard Americas are opposing this notice. Our legal advice is that there is no obvious constitutional point to be raised in relation to SBSA and Standard Americas. This is considered as a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*.

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.

25. Maturity analysis

The group assesses the maturity of its assets and liabilities at 31 December each year. This gives an indication of the remaining life of these assets at that point in time. The following table illustrates the maturities based on a contractual discounted basis. For the maturity analysis of financial liabilities on a contractual undiscounted basis, refer to the funding and liquidity risk section within annexure C.

25.1 Financial assets and liabilities

	Note	Redeemable on demand[1] Rm	Within one year Rm	Within one to five years Rm	After five years Rm	Undated[2] Rm	Total Rm
2023							
Cash and balances with central banks[3]	1	**22 322**				**115 465**	**137 787**
Trading assets	3	**1 115**	**88 706**	**43 948**	**111 841**	**70 905**	**316 515**
Pledged assets	4		**12 370**	**6 694**	**1 146**		**20 210**
Gross financial investments	6	**9 075**	**235 990**	**125 528**	**115 057**	**273 539**	**759 189**
Other financial assets	7	**10 505**	**10 988**	**646**	**24**	**580**	**22 743**
Gross loans and advances[4]	8	**186 388**	**406 713**	**542 567**	**456 249**	**80 924**	**1 672 841**
Net derivative (liability)/asset	2	**(2 128)**	**3 212**	**(2 819)**	**(4 219)**		**(5 954)**
Trading liabilities	17	**(6 055)**	**(36 526)**	**(13 379)**	**(38 429)**	**(79)**	**(94 468)**
Other financial liabilities	18	**(6 485)**	**(28 050)**	**(1 982)**	**(299)**	**(71 650)**	**(108 466)**
Deposits and debt funding	19	**(1 316 868)**	**(468 532)**	**(158 907)**	**(57 339)**		**(2 001 646)**
Subordinated debt[5]	20		**(10 580)**	**(21 647)**			**(32 227)**
2022 - restated[6]							
Cash and balances with central banks[3]	1	21 373				93 110	114 483
Trading assets	3	6 844	159 450	54 282	6 139	88 203	314 918
Pledged assets	4		12 809	5 472	1 027		19 308
Gross financial investments	6	4 097	478 797	147 879	74 317	17 404	722 494
Other financial assets[6]	7	7 710	16 894	285	50	1 390	26 329
Gross loans and advances[4]	8	145 335	406 122	506 644	439 158	63 509	1 560 768
Net derivative (liability)/asset	2	(3 927)	(5 699)	16	(1 029)		(10 639)
Trading liabilities	17	(10 557)	(45 161)	(8 969)	(41 198)	(4 043)	(109 928)
Other financial liabilities[6]	18	(2 486)	(83 769)	(6 806)	(353)	(5 238)	(98 652)
Deposits and debt funding	19	(1 195 768)	(464 901)	(187 062)	(41 368)		(1 889 099)
Subordinated debt[5]	20		(6 488)	(25 256)			(31 744)

1 On-demand includes next-day-maturity instruments.
2 Undated maturity category comprises of regulatory or indeterminate maturity, including any item or position in respect of which no right or obligation in respect of maturity exists.
3 On-demand cash and balances with central banks include notes and coins.
4 Includes loans and advances measured at FVTPL.
5 The maturity analysis for subordinated debt has been determined as the earlier of the contractual repayment date or the option by the issuer to redeem the debt.
6 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

25.2 Non-financial assets and liabilities

	Note	Less than 12 months after reporting period Rm	More than 12 months after reporting period Rm	Total Rm
2023				
Disposal group assets held for sale	5	**235**		**235**
Other non-financial assets	7	**9 675**	**1 064**	**10 739**
Interest in associates and joint ventures	10		**12 173**	**12 173**
Investment property	11		**30 444**	**30 444**
Property, equipment and right of use assets	12	**471**	**19 827**	**20 298**
Goodwill and other intangible assets	13		**12 723**	**12 723**
Other non-financial liabilities	18	**(28 087)**	**(8 041)**	**(36 128)**
Current and deferred tax assets	14	*****	*****	**9 784**
Current and deferred tax liabilities	14	*****	*****	**(10 093)**
2022				
Disposal group assets held for sale	5	265	290	555
Other non-financial assets[1]	7	6 794	6 524	13 318
Interest in associates and joint ventures	10		9 956	9 956
Investment property	11		29 289	29 289
Property, equipment and right of use assets	12	1 290	19 050	20 340
Goodwill and other intangible assets[1]	13		15 120	15 120
Other non-financial liabilities	18	(23 682)	(7 553)	(31 235)
Current and deferred tax assets[1]	14	*	*	9 578
Current and deferred tax liabilities[1]	14	*	*	(10 315)

* Undated.

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

26. Interest

26.1 Interest income

	2023 Rm	2022 Restated[1] Rm
Effective interest rate interest income on:		
Loans and advances	**153 374**	109 263
Financial investments	**34 615**	22 872
Interest income on credit impaired financial assets[1]	**5 301**	2 740
Total	**193 290**	134 875
Interest income on items measured at amortised cost	**186 050**	130 395
Interest income on debt instruments measured at FVOCI	**7 240**	4 480

[1] Restated, refer to pages 30 to 39 for further details.

26.2 Interest expense

	2023 Rm	2022 Rm
Interest expense on deposits and debt funding	**92 525**	54 091
Interest expense on lease liabilities (note 18.3)	**212**	231
Interest expense on subordinated debt	**2 365**	2 162
Total	**95 102**	56 484
Interest expense on items measured at amortised cost	**94 890**	56 253
Interest expense on lease liabilities	**212**	231

27. Fee and commission

27.1 Fee and commission revenue

	2023 Rm	2022 Rm
Account transaction fees	**11 026**	10 266
Card-based commission	**9 350**	8 568
Documentation and administration fees	**2 681**	2 500
Electronic banking fees	**6 114**	5 584
Foreign currency service fees	**3 418**	2 688
Insurance fees and commission	**2 366**	2 393
Knowledge-based fees and commission	**1 755**	2 495
Other[1]	**8 139**	6 946
Total	**44 849**	41 440

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

All fee and commission revenue reported above relate to financial assets or liabilities not carried at FVTPL.

27.2 Fee and commission expense

	2023 Rm	2022 Rm
Account transaction fees	**1 481**	1 460
Card-based commission	**4 644**	4 058
Documentation and administration fees	**412**	355
Electronic banking fees	**608**	581
Insurance fees and commission	**718**	631
Customer loyalty expense	**999**	958
Other	**800**	776
Total	**9 662**	8 819

All fee and commission expenses reported above relates to financial assets or liabilities not carried at FVTPL.

28. Trading revenue

	2023 Rm	2022 Rm
Commodities	**213**	470
Equities	**4 736**	3 446
Fixed income and currencies	**15 668**	13 130
Total	**20 617**	17 046

29. Other revenue

	2023 Rm	2022 Restated[1] Rm
Banking and other	**1 270**	1 143
Dividend related income[2]	**2 005**	1 621
Property related income	**189**	96
Total	**3 464**	2 860

[1] Restated. Refer to pages 31 to 39 for further details on the IFRS 17 related restatement. An amount of R1 277 million which was previously included in other revenue is presented in note 32 insurance revenue related disclosure in terms of IFRS 17.

[2] Previously referred to as wealth and insurance related income. The updated description better depicts the nature of the income being disclosed. The change has no impact on the group or company's income statements or any related ratios.

30. Other gains and losses on financial instruments

	2023 Rm	2022 Rm
Derecognition losses on financial assets measured at amortised cost	**(4)**	(5)
Fair value gains on debt financial assets measured at FVTPL – default	**439**	331
Gains on realisation of debt financial assets measured at FVOCI	**37**	53
Fair value gains on financial instruments designated at FVTPL	**2 239**	1 744
Fair value gains on equity instruments measured at FVTPL	**24**	315
Total	**2 735**	2 438

31. Insurance revenue

	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Annuities and GIPs Rm	Participating contracts Rm	Non-life measured under PAA Rm	Total Rm
2023						
Contracts not measured under the PAA	**10 723**		**7 153**	**4 703**		**22 579**
Amounts relating to changes in liabilities for remaining coverage	**9 910**		**6 733**	**2 719**		**19 362**
Expected claims and directly attributable expense	**7 987**		**5 920**	**1 594**		**15 501**
Other amounts, including experience adjustments for premium receipts	**(71)**		**169**	**(30)**		**68**
Change in risk adjustment for non-financial risk for risk expired	**827**		**28**	**206**		**1 061**
Allocation to loss component	**(227)**		**(19)**	**(70)**		**(316)**
CSM recognised in profit or loss for services provided	**1 394**		**635**	**1 019**		**3 048**
Income taxes chargeable to the policyholder	**(348)**		**151**	**1 165**		**968**
Recovery of insurance acquisition cash flows	**1 161**		**269**	**819**		**2 249**
Contracts measured under the PAA		**10 414**			**5 785**	**16 199**
Total	**10 723**	**10 414**	**7 153**	**4 703**	**5 785**	**38 778**
2022						
Contracts not measured under the PAA	11 288		5 082	3 935		20 305
Amounts relating to changes in liabilities for remaining coverage	10 164		4 917	3 499		18 580
Expected claims and directly attributable expense	8 257		4 802	2 359		15 418
Other amounts, including experience adjustments for premium receipts	(105)		(94)	(94)		(293)
Change in risk adjustment for non-financial risk for risk expired	618		(46)	166		738
Allocation to loss component	(221)		(13)	(65)		(299)
CSM recognised in profit or loss for services provided	1 615		268	1 133		3 016
Income taxes chargeable to the policyholder	143		(39)	(240)		(136)
Recovery of insurance acquisition cash flows	981		204	676		1 861
Contracts measured under the PAA		9 604			5 808	15 412
Total	11 288	9 604	5 082	3 935	5 808	35 717
Note	9.2.1	9.2.2	9.2.3	9.2.4	9.2.5	

32. Insurance service expense

	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Annuities and GIPs Rm	Participating contracts Rm	Non-life measured under PAA Rm	Total Rm
2023						
Incurred claims	**6 899**	**4 951**	**5 652**	**301**	**3 008**	**20 811**
Directly attributable expenses	**1 031**	**1 546**	**100**	**1 193**	**1 026**	**4 896**
Other expenses	**388**	**(23)**	**114**	**333**	**296**	**1 108**
Changes that relate to past service - adjustments to the LIC	**150**	**(27)**	**(57)**	**31**	**323**	**420**
Changes to loss component on subsequent measurement	**(23)**		**154**	**33**	**(30)**	**134**
Losses on onerous contracts at initial recognition	**488**	**62**	**36**	**339**	**34**	**959**
Amortisation of loss component	**(227)**	**(58)**	**(19)**	**(70)**	**(31)**	**(405)**
Amortisation of insurance acquisition cash flows	**1 161**	**40**	**269**	**819**	**710**	**2 999**
Total	**9 479**	**6 514**	**6 135**	**2 646**	**5 040**	**29 814**
2022						
Incurred claims	6 858	4 205	4 591	684	3 288	19 626
Directly attributable expenses	994	1 592	87	1 227	655	4 555
Other expenses	140	(238)	43	415	503	863
Changes that relate to past service – adjustments to the LIC	(49)	116		149	444	660
Changes to loss component on subsequent measurement	(48)	(343)	(40)	(42)	(8)	(481)
Losses on onerous contracts recognised at initial recognition	458	58	96	373	92	1 077
Amortisation of loss component	(221)	(69)	(13)	(65)	(25)	(393)
Amortisation of insurance acquisition cash flows	981	77	204	676	664	2 602
Total	8 973	5 636	4 925	3 002	5 110	27 646
Note	9.2.1	9.2.2	9.2.3	9.2.4	9.2.5	

33. Net expense/(income) from reinsurance contracts held

	2023				2022			
	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Non-life measured under PAA Rm	Total Rm	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Non-life measured under PAA Rm	Total Rm
Contracts not measured under the PAA	1 629			1 629	1 361			1 361
Amounts relating to changes in liabilities for remaining coverage	1 629			1 629	1 361			1 361
Expected recovery for insurance service expenses incurred in the period	1 263			1 263	1 252			1 252
Change in risk adjustment for non-financial risk for risk expired	79			79	53			53
CSM recognised in profit or loss for services provided	264			264	94			94
Reinsurance premium variance	32			32	(31)			(31)
Allocation to loss recovery component	(9)			(9)	(7)			(7)
Contracts measured under the PAA		1 182	843	2 025		925	790	1 715
Reinsurance expense before recoveries	1 629	1 182	843	3 654	1 361	925	790	3 076
Effect of changes in the risk of reinsurers non-performance			(5)	(5)			(6)	(6)
Claims recovered	(1 358)	(845)	(252)	(2 455)	(1 282)	(895)	(1 016)	(3 193)
Other (income)/expenses	(47)	21	(420)	(446)	(70)	(30)	(8)	(108)
Income on onerous contracts at initial recognition	(46)	(27)	(9)	(82)	(48)	(19)	(9)	(76)
Changes to loss recovery on subsequent measurement from underlying onerous contract	19	24		43	12	25		37
Amortisation of loss recovery component	9		9	18	7		9	16
Changes that relate to past service - adjustments to incurred claims	(29)	24	(420)	(425)	(41)	(36)	(8)	(85)
Total	224	358	166	748	9		(240)	(231)

34. Net finance expense from insurance contracts issued

	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Annuities and GIPs Rm	Participating contracts Rm	Non-life measured under PAA Rm	Total Rm
2023						
Changes in fair value of referenced underlying assets				**18 047**		**18 047**
Interest accreted on fulfillment cash flows and impact of changes in financial assumptions	**(692)**	**466**	**5 372**	**19 608**	**(42)**	**24 712**
Interest accreted on the CSM	**783**		**367**	**(17 663)**		**(16 513)**
Effect of changes in interest rates and other financial assumptions			**(33)**		**41**	**8**
Foreign exchange gains or losses					**26**	**26**
Total	**91**	**466**	**5 706**	**19 992**	**25**	**26 280**
2022						
Changes in fair value of referenced underlying assets				2 531		2 531
Interest accreted on fulfillment cash flows and impact of changes in financial assumptions	(157)	232	1 847	2 050	1	3 973
Interest accreted on the CSM	582		183	(2 027)		(1 262)
Effect of changes in interest rates and other financial assumptions			(28)		(8)	(36)
Foreign exchange gains or losses			9		17	26
Total	425	232	2 011	2 554	10	5 232
Note	9.2.1	9.2.2	9.2.3	9.2.4	9.2.5	

35. Net finance income from reinsurance contracts held

	Life Risk measured under GMM Rm	Life Risk measured under PAA Rm	Non-life measured under PAA Rm	Total Rm
2023				
Interest accreted on fulfilment cash flows and impact of changes in financial assumptions	**24**	**167**	**(6)**	**185**
Interest accreted on the CSM	**127**			**127**
Foreign exchange gains or losses		**(1)**		**(1)**
Total	**151**	**166**	**(6)**	**311**
2022				
Interest accreted on fulfilment cash flows and impact of changes in financial assumptions	(26)	78	(2)	50
Interest accreted on the CSM	55			55
Foreign exchange gains or losses		3		3
Total	29	81	(2)	108
Note	9.1.1	9.1.2	9.1.4	

36. Investment and other income

	2023 Rm	2022 Restated[1] Rm
Service fee income from long-term financial investment contracts	**1 916**	1 812
Fee revenue	**2 544**	2 301
Management fees on assets under management	**2 239**	2 052
Health administration fees and other fee revenue	**305**	249
Investment management and service fee income and gain	**4 057**	3 403
Scrip lending and sundry income	**228**	107
Rental income from investment property	**3 324**	2 817
Other revenue	**505**	479
Total	**8 517**	7 516

[1] Restated. Refer to page 31 to 39 for more details relating to the IFRS 17 transition impact.

IFRS 15 requires disclosure of information relating to the timing of revenue recognised from contracts with customers. The above revenue is recognised over time. Service fee income from investment contracts comprises of both administration and asset management services and is recognised over time as services are rendered, with reference to the contract terms (agreed fee and service). These fees are generally recognised on a daily basis as these services are rendered consistently over the contract period and include utilisation of skilled professionals' time and applicable support services, including IT systems. Management fees on assets under management are recognised (with reference to agreed fee terms) as these services are rendered. This is generally on a daily basis over the duration of the contract as these services (being the utilisation of professional asset management skills, supported by IT systems and services) are consistently applied over the contract term.

37. Interest income on financial assets using the effective interest method

	2023 Rm	2022 Restated[1] Rm
Financial assets classified at FVOCI		
Interest income from long-term policyholder investment contracts		
Term deposits	**2 205**	1 553
At amortised cost		
Loans receivable – interest income	**16**	22
Interest income on cash and cash equivalents	**746**	530
Total	**2 967**	2 105

[1] Restated. Refer page 31 to 39 for further details relating to the IFRS 17 transition impact.

38. Fair value adjustments to financial assets, investment management liabilities and third-party mutual funds

	2023 Rm	2022 Restated[1] Rm
Fair value adjustments to long-term financial liabilities under investment contracts	**(18 169)**	(1 308)
Fair value adjustments to third-party mutual fund interests	**(13 526)**	5 126
Investment properties	**338**	(207)
Owner occupied properties at fair value through profit or loss	**(4)**	1
Property debtors at FVTPL	**(21)**	32
Financial assets at fair value through profit or loss – default	**58 014**	999
Financial instruments at FVTPL	**57 624**	2 524
Financial instruments held for hedging and for trading	**390**	(1 525)
Financial assets designated at FVTPL	**10**	8
Fair value of financial liabilities	**(3 029)**	(2 716)
Other	**81**	27
Total	**23 694**	1 962

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

39. Credit impairment charges

	2023 Rm	2022 Restated[1] Rm
Net ECL raised	**16 442**	14 018
Financial investments (note 6)	**(159)**	817
Loans and advances (note 8.1)[1]	**16 420**	13 260
Letters of credit and guarantees (note 18.2)	**131**	(82)
Receivables and other assets	**50**	23
Recoveries on loans and advances previously written off	**(821)**	(1 287)
Modification losses on distressed financial assets	**640**	612
Total	**16 261**	13 343

[1] Restated. Refer to pages 30 to 39 for further details.

40. Operating expenses

	2023 Rm	2022 Restated[1] Rm
Acquisition costs	**4 515**	4 362
Amortisation – intangible assets (note 13)	**2 493**	2 684
Audit fees	**542**	383
Audit fees – current year	**529**	359
Fees for other services[2]	**13**	24
Communication related expenses	**1 294**	1 353
Depreciation (note 12)	**4 810**	4 635
Information technology	**12 749**	11 048
Marketing and advertising	**1 947**	2 375
Operating lease charges	**331**	263
Premises and office costs	**7 465**	7 233
Professional fees	**2 070**	2 114
Staff costs	**53 465**	45 802
Other expenses	**14 012**	10 269
Total	**105 693**	92 521
Reallocated to insurance service expense (note 32)	**10 944**	8 988
Operating expenses as per the income statement	**94 749**	83 533

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[2] All fees for services paid to the group's auditors were considered and approved by the group's audit committee in terms of its non-audit services policy. Refer to the report of the group audit committee for further information.

41. Non-trading and capital related items

	2023 Rm	2022 Rm
Gain on sale of properties and equipment	**25**	39
Compensation from third parties for assets that were impaired	**23**	79
Fair value gain on investment property within Banking[1]	**1 482**	708
Impairment of associates (note 10)	**(62)**	(74)
Impairment of fixed asset (note 12)		(18)
Impairment of intangible assets (note 13)		(386)
Gain/(loss) on disposal of business	**38**	(50)
Remeasurement of non-current asset held for sale (note 5)	**(19)**	30
Total	**1 487**	328

[1] The fair value gain on investment property relates to USD denominated properties within Stanbic Bank Zimbabwe (SBZ) as well as the deterioration of the Zimbabwe RTGS dollar to the USD (see annexure A for further detail on the SBZ functional currency).

42. Direct and indirect taxation

42.1 Indirect taxation

	2023 Rm	2022 Restated[1] Rm
Value added tax (VAT)[2]	**2 951**	2 706
Other indirect taxes and levies	**422**	371
Total	**3 373**	3 077

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[2] The group earns certain amounts of VAT exempt income which result in these amounts of VAT input not being able to be claimed from the revenue authorities.

42.2 Direct taxation

	2023 Rm	2022 Restated[1] Rm
South African normal taxation	**14 472**	12 776
Current	**14 828**	12 722
Prior year	**(356)**	54
Deferred taxation	**(498)**	(2 054)
Current	**(728)**	(1 897)
Prior year	**230**	(157)
CGT, foreign normal and withholding tax – current year	**2 186**	879
Current	**1 655**	1 280
Deferred	**531**	(401)
Total direct taxation	**16 160**	11 601
Deferred tax charge/(credit) recognised in OCI[2]	**274**	(57)
Deferred tax credit recognised directly in equity	**(179)**	(59)
Direct taxation per the income statement	**16 065**	11 717

[1] Restated. Refer to pages 31 to 39 for further details on the IFRS 17 transition impact.
[2] Included in this amount is a current tax credit recognised through OCI of R3 million (2022: R0 million current tax charge).

42. Direct and indirect taxation continued

Income tax recognised in OCI

The table below sets out the amount of income tax relating to each component within OCI:

	2023 Rm	2022 Rm
Items that may be subsequently reclassified to profit or loss		
Movement in total hedge reserve[1]	**(258)**	(11)
Net change in fair value of cash flow hedges	**(113)**	79
Realised fair value adjustments of cash flow hedges transferred to profit or loss	**(145)**	(90)
Net change in fair value of debt financial assets measured at FVOCI	**36**	9
Net change in fair value	**33**	11
Realised fair value adjustments transferred to profit or loss	**3**	(2)
Movement in net investment hedge reserve	**1**	11
Items that may not be subsequently reclassified to profit or loss		
Defined benefit fund adjustments	**(59)**	20
Change in own credit risk recognised on financial liabilities designated at FVTPL	**(7)**	11
Net change in fair value of equity financial investments measured at FVOCI	**19**	9
Other	**(6)**	8
Total OCI tax (charge)/credit	**(274)**	57

[1] Included in this amount is a current tax credit recognised through OCI of R3 million current tax charge (2022: R0 million current tax charge).

Tax rate reconciliation

	2023 %	2022 %
Direct taxation – statutory rate	**27.0**	28.0
Prior year tax	**(0.2)**	(0.2)
Direct taxation – current year	**26.8**	27.8
Capital gains tax	**1.5**	(0.2)
Foreign tax and withholding tax	**3.8**	3.7
Change in tax rate		0.3
Direct taxation – current year – normal	**32.1**	31.6
Permanent differences	**(7.9)**	(8.5)
Non-taxable income – capital profit		(0.2)
Dividends received	**(3.1)**	(3.3)
Other non-taxable income – interest[1]	**(4.5)**	(5.7)
Assessed loss not subject to deferred tax[2]	**(0.8)**	(0.7)
Non-deductible expenses	**1.5**	2.2
Effects of profits taxed in different jurisdictions	**(1.0)**	(0.8)
Direct effective tax rate[3]	**24.2**	23.1

[1] Relates to interest income earned from certain governments in Africa Regions which is exempt from tax.
[2] The group's assessed losses of R1 929 million (2022: R1 211 million) resulted in recognised deferred tax asset of R521 million (2022: R339 million).
[3] Expressed as a percentage of profit before direct taxation.

43. Earnings per ordinary share

The calculations of basic earnings per ordinary share and diluted earnings per ordinary share are as follows:

	Number of units	
	2023 ('000)	2022[1] ('000)
Earnings attributable to ordinary shareholders (Rm)	**44 211**	34 243
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue before adjustments	**1 676 549**	1 667 815
Adjusted for deemed treasury shares held by entities within the group[2]	**(18 576)**	(16 802)
Weighted average number of ordinary shares in issue	**1 657 973**	1 651 013
Basic earnings per ordinary share (cents)	**2 666.6**	2 074.1
Diluted earnings per ordinary share		
Weighted average number of ordinary shares in issue	**1 657 973**	1 651 013
Potential dilution from share incentive schemes	**19 888**	12 070
Standard Bank GSIS[3]		36
Standard Bank EGS[4]	**511**	770
Deferred Bonus Scheme	**9 854**	5 734
Performance Reward Plan	**7 096**	4 674
Share Appreciation Rights Scheme	**439**	856
Hybrid share appreciation rights scheme	**1 988**	
Diluted weighted average number of ordinary shares in issue	**1 677 860**	1 663 083
Diluted earnings per ordinary share (cents)	**2 635.0**	2 059.0

[1] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
[2] The number of shares held by entities within the group are deemed to be treasury shares for IFRS purposes.
[3] Zero (2022: 98 250) share options were outstanding at the end of the year in terms of the GSIS.
[4] 1 587 409 (2022: 2 594 941) rights outstanding at the end of the year in terms of the Standard Bank EGS. These units are convertible into 243 898 (2022: 295 194) ordinary shares at year end.

Dilutive impact of shares issued during the year

Deferred Bonus Scheme

10 243 715 (2022: 10 197 939) units were issued during the year to employees domiciled in South Africa. The dilutive impact of these units are included in the calculation of diluted earnings per ordinary share.

At the end of the reporting period the group had 12 640 294 (2022: 12 650 450) units hedged, which results in no dilutive shares being issued by the group, during the current and prior reporting period, and is included in the above dilutive earnings per ordinary share.

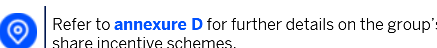
Performance Reward Plan

3 785 840 (2022: 5 479 703) units were issued during the year to employees domiciled in South Africa. The dilutive impact of these units are included in the calculation of diluted earnings per ordinary share.

At the end of the reporting period 3 520 022 (2022: 2 830 641) units were hedged, which results in nil (2022: nil) dilutive shares being issued by the group and is included in the above dilutive earnings per ordinary share.

Share Appreciation Rights Scheme

1 271 387 (2022: 1 822 128) rights were issued during the year in terms of the Standard Bank SARP to employees domiciled in South Africa. The outstanding SARP units are convertible into 1 169 525 (2022: 777 840) ordinary shares. The dilutive impact of these units are included in the calculation of diluted earnings per ordinary share.


Refer to **annexure D** for further details on the group's share incentive schemes.

44. Headline earnings

	Gross Rm	Direct tax Rm	Attributable to NCI and other[1] Rm	Profit attributable to ordinary shareholders Rm
2023				
Profit for the year	**66 368**	**(16 065)**	**(6 092)**	**44 211**
Headline adjustable items added	**(1 487)**	**217**	**7**	**(1 263)**
IAS 16 – Gain on sale of property and equipment	**(25)**	**6**	**7**	**(12)**
IAS 16 – Compensation from third parties for assets that were impaired[4]	**(23)**	**6**		**(17)**
IAS 27/IAS 28 – Gain on disposal of business	**(38)**	**8**		**(30)**
IAS 28/IAS 36 – Impairment of associate	**62**	**(17)**		**45**
IAS 40 – Fair value gain on investment property[2]	**(1 482)**	**218**		**(1 264)**
IFRS 5 – Remeasurement of disposal group assets held for sale	**19**	**(4)**		**15**
Standard Bank Group headline earnings	**64 881**	**(15 848)**	**(6 085)**	**42 948**
2022 - restated[3]				
Profit for the year	50 757	(11 717)	(4 797)	34 243
Headline adjustable items added	(328)	(67)	5	(390)
IAS 16 – Gain on sale of property and equipment	(39)	9	5	(25)
IAS 16 – Compensation from third parties for assets that were impaired[4]	(79)	22		(57)
IAS 16/IAS 36 – Impairment of property and equipment	18	(4)		14
IAS 27/IAS 28 – Loss on disposal of business	50	(15)		35
IAS 28/IAS 36 – Impairment of associate	74	(21)		53
IAS 36 – Impairment of intangible assets	386	(108)		278
IAS 40 – Fair value gain on investment property[2]	(708)	42		(666)
IFRS 5 – Reversal of remeasurement of disposal group assets held for sale	(30)	8		(22)
Standard Bank Group headline earnings	50 429	(11 784)	(4 792)	33 853

1 Non-controlling interests and other equity instrument holders.
2 The fair value gain on investment property relates to USD denominated properties within Stanbic Bank Zimbabwe (SBZ) as well as the deterioration of the Zimbabwe RTGS dollar to the USD (see annexure A for further detail on the SBZ functional currency).
3 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.
4 During 2023, compensation of R22 million, gross of tax, was received from third parties for assets that were written off as a result of the floods that occurred in KwaZulu-Natal in 2022. During 2022, R79 million, gross of tax, was received from third parties for ATMs that were previously written off as a result of the unrest that occurred in KwaZulu-Natal and Gauteng.

	2023 Cents	2022 Restated[1] Cents
Headline earnings per ordinary share	**2 590.4**	2 050.4
Diluted headline earnings per ordinary share	**2 559.7**	2 035.6

1 Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

Headline earnings is calculated in accordance with the circular titled Headline Earnings issued by SAICA, as amended from time to time.

45. Dividends

	2023 Rm	2022 Rm
Ordinary shares	**23 161**	17 217
Final		
691 cents per share declared on 09 March 2023 (2022: 511 cents per share declared on 11 March 2022)	**11 598**	8 574
Interim		
690 cents per share declared on 17 August 2023 (2022: 515 cents per share declared on 4 August 2022)	**11 563**	8 643
Second preference shares	**418**	302
Final		
367.700 cents per share declared on 9 March 2023 (2022: 273.982 cents per share declared on 11 March 2022)	**195**	146
Interim		
422.604 cents per share declared on 17 August 2023 (2022: 294.552 cents per share declared on 4 August 2022)	**223**	156
AT1 capital	**1 344**	697
31 December		
SBT 103	**45**	38
SBT 104	**36**	30
SBT 105	**41**	35
SBT 106	**39**	32
SBT 109	**77**	28
SBT 110	**53**	
31 October		
SBT 107	**35**	26
SBT 108	**45**	32
30 September		
SBT 102		33
SBT 103	**45**	33
SBT 104	**37**	27
SBT 105	**42**	30
SBT 106	**39**	28
SBT109	**78**	
SBT 110	**72**	
28 July		
SBT 107	**33**	23
SBT108	**42**	
30 June		
SBT 102		32
SBT 103	**44**	30
SBT 104	**35**	24
SBT 105	**40**	28
SBT 106	**37**	26
SBT 109	**74**	
30 April		
SBT107	**32**	
SBT108	**39**	
31 March		
SBT 101		30
SBT 102		30
SBT 103	**41**	29
SBT 104	**33**	23
SBT 105	**38**	26
SBT 106	**35**	24
SBT109	**71**	
31 January		
SBT107	**29**	
SBT108	**37**	
Total dividends	**24 923**	18 216

45. Dividends continued

Final gross cash dividend No. 108 of 733 cents per share declared on 14 March 2024 (2022: 691 cents per share) payable on Monday, 15 April 2024 to all shareholders registered on Friday, 12 April 2024.

6.5% first cumulative preference shares dividend No. 109 of 3.25 cents per share (2022: 3.25 cents) payable on Monday, 8 April 2024 to all shareholders registered on Friday, 5 April 2024.

Non-redeemable, non-cumulative, non-participating preference shares dividend No. 39 of 456.09315 cents per share (2022: 367.70035 cents), payable on Monday, 8 April 2024 to all shareholders registered on Friday, 5 April 2024.

The AT1 capital bonds have coupon rates of three-month JIBAR plus 565 basis points (SBT 101), JIBAR plus 545 basis points (SBT 102), JIBAR plus 440 basis points (SBT 103), JIBAR plus 452 basis points (SBT 104), JIBAR plus 423 basis points (SBT105), JIBAR plus 391 basis points (SBT 106), JIBAR plus 379 basis points (SBT 107), JIBAR plus 370 basis points (SBT 108). JIBAR plus 350 basis points (SBT 109) and JIBAR plus 338 basis points (SBT110).And JIBAR plus 290 basis points (SBT111). Interest is payable quarterly. For more information on AT1 capital, refer to note 15.8.

46. Statement of cash flows notes

46.1 Increase in operating assets

	2023 Rm	2022 Restated[1] Rm
Net derivative assets	(4 462)	7 191
Trading assets	(5 564)	(32 448)
Pledged assets	(4 891)	(3 263)
Financial investments[1]	(32 061)	(30 364)
Receivables and other assets[1]	4 012	(13 157)
Loans and advances	(158 950)	(87 284)
Reinsurance contract assets[1]	(170)	(4)
Investment property	533	(1 467)
Total	**(201 553)**	(160 796)

[1] Restated. The above note has been disaggregated to align to the restated statement of financial position. An outflow of R2 281 previously included in financial investments relating to financial liabilities under investment contracts has been disclosed separately, refer to note 46.2, and a R4 million outflow relating to reinsurance assets previously included in receivables and other assets has been disclosed separately above.

46.2 Increase in operating liabilities

	2023 Rm	2022 Restated[1] Rm
Trading liabilities	(9 758)	29 870
Provisions and other liabilities[1]	8 334	354
Deposits and debt funding	142 544	138 933
Financial liabilities under investment contracts[1]	(3 311)	(2 281)
Total	**137 809**	166 876

[1] Restated. The above note has been disaggregated to align to the restated statement of financial position. An outflow of R2 281 previously included in financial investments, refer note 46.1, relating to financial liabilities under investment contracts has been disclosed separately.

46.3 Cash payments to suppliers and employees

	2023 Rm	2022 Rm
Cash flows to suppliers	82 561	111 275
Cash flows to employees	51 057	44 340
Total	**133 618**	155 615

46. Statement of cash flows notes continued

46.4 Reconciliation of subordinated debt

	2023 Rm	2022 Rm
Balance at the beginning of the year	**31 744**	30 430
Subordinated debt issued	**5 639**	3 425
Subordinated debt redeemed	**(5 900)**	(2 263)
Exchange movements	**1 054**	363
Decrease/(increase) in subordinated bonds issued to group companies	**(34)**	34
Other movements	**(276)**	(245)
Balance at the end of the year (note 20)	**32 227**	31 744

46.5 Cash and cash equivalents

	2023 Rm	2022 Rm
Cash and balances with central banks (note 1)	**137 787**	114 483
On-demand gross loans and advances to banks (note 8)	**52 593**	77 481
Cash balances with banks within financial investments (note 6)	**14 809**	14 277
Balance at the end of the year	**205 189**	206 241

47. Related party transactions

47.1 Key management personnel

Key management personnel include: the members of the SBG board of directors and prescribed officers active for 2023 and 2022. Non-executive directors are included in the definition of key management personnel as required by IFRS. Prescribed officers are defined by the Companies Act. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with SBG. They may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

	2023 Rm	2022 Rm
Key management compensation		
Salaries and other short-term benefits paid	**214**	180
Post-employment benefits	**6**	5
Value of share options, rights and units expensed	**408**	181
Total	**628**	366
Loans and advances[1]		
Loans outstanding at the beginning of the year	**20**	14
Change in key management structures	**1**	(1)
Net change in loans during the year	**(8)**	7
Loans outstanding at the end of the year	**13**	20
Interest income	**1**	1
Deposit and debt funding[2]		
Deposits outstanding at the beginning of the year	**232**	165
Change in key management structures	**(19)**	44
Net change in deposits during the year	**(44)**	23
Deposits outstanding at the end of the year	**169**	232
Net interest income/(expense)	**9**	(5)
Investment products and third-party funds under management[3]		
Balance at the beginning of the year	**2 010**	1 397
Change in key management structures	**(453)**	568
Net change in investments during the year	**557**	45
Balance at the end of the year	**2 114**	2 010
Net investment return to key management personnel	**(55)**	(117)
Shares and share options held[4]		
Shares beneficially owned (number)	**1 764 501**	1 978 872
Share options held (number)	**4 231 108**	2 649 208

[1] Loans include mortgage loans, vehicle and asset finance and credit cards. All loans and advances in respect of loans granted to key management in the current or prior year follow the normal ECL processes of the group and company. The mortgage loans and vehicle and asset finance are secured by the underlying assets. All other loans are unsecured.
[2] Deposits and debt funding include cheque, current and savings accounts.
[3] Due to the similar nature of investment products and third-party funds under management, the two products have been aggregated into one table.
[4] Aggregate details of SBG shares and share options held by key management personnel.

47. Related party transactions continued

47.2 Balances and transactions with ICBCS

Transactions with ICBCS are made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other third parties. These transactions also did not involve more than the normal risk of collectability or present other unfavourable features. There were no significant credit impairments related to balances and transactions with ICBCS. The following significant balances were entered into between the group and ICBCS, an associate of the group:

Amounts included in the group's statement of financial position	2023 Rm	2022 Rm
Derivative assets	**5 915**	7 397
Receivables and other assets	**26**	23
Loans and advances	**11 636**	4 507
Derivative liabilities	**(6 333)**	(7 485)
Other liabilities	**(179)**	(136)
Deposits and debt funding[1]	**(10 030)**	(2 793)

[1] Restated. During 2023 it was noted that repurchase agreements of R2 567m was erroneously excluded from this balance in 2022. The restatement had no impact on the group's income statement or statement of financial position.

Significant transactions with ICBCS during the reporting period comprise primarily of non-interest revenue of R622 million (2022: R367 million).

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. In terms of these arrangements, services are delivered and received from ICBCS for the account of each respective party. As at 31 December 2023, the expense recognised in respect of these arrangements amounted to R320 million (2022: R219 million).

47.3 Balances and transactions with ICBC

The group has several business relationships with ICBC, a 19.4% shareholder of the group. Transactions with ICBC are made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other third parties. These transactions also did not involve more than the normal risk of collectability or present other unfavourable features. There were no significant credit impairments that related to balances and transactions with ICBC. The following significant balances were entered into between the group and ICBC, excluding those with ICBCS.

Amounts included in the group's statement of financial position	2023 Rm	2022 Rm
Loans and advances	**6 556**	1 795
Trading assets	**136**	44
Deposits and debt funding	**(4 201)**	(9 469)

Letters of credit

The group has off-balance sheet letters of credit exposure issued to ICBC as at 31 December 2023 of R4 447 million (2022: R2 744 million).

47. Related party transactions continued

47.4 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:

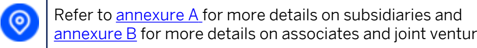
	2023 Rm	2022 Rm
Deposits and debt funding	**(29 558)**	(42 372)
Interest expense	**(954)**	(1 150)

47.5 Post-employment benefit plans

Material balances with SBG and transactions between SBG and the group's post-employment benefit plans are listed below:

Amounts included in the group's statement of financial position and income statement	2023 Rm	2022 Rm
Financial investments held in bonds and money market	**789**	754

In addition to the above:
- the group manages R13 464 million (2022: R11 402 million) of the post-employment benefit plans' assets.
- the post-employment benefit plans hold SBG ordinary shares to the value of R489 million (2022: R310 million).


Refer to annexure A for more details on subsidiaries and annexure B for more details on associates and joint ventures.

48. Pensions and other post-employment benefits

	2023 Rm	2022 Rm
Amount recognised as receivables and other assets in the statement of financial position (note 7)	**1 628**	1 400
Total	**1 628**	1 400
Amounts recognised as provisions and other liabilities in the statement of financial position (note 18)	**1 077**	1 081
Total	**1 077**	1 081

The total amount recognised as an expense for the defined contribution plans operated by the group amounted to R1 648 million (2022: R1 037 million).

For a summary of key estimates and judgements applied, refer to the key management assumptions section for further detail.

48.1 Retirement funds

The majority of members of the group's defined benefit schemes reside in South Africa. The South African defined benefit schemes are regulated by the Pension Funds Act 24 of 1956 (Pension Funds Act), as well as the Financial Services Board.

The fund is subject to a statutory financial review by actuaries at an interval of not more than three years. A full actuarial valuation was performed at 31 December 2021 where, in the opinion of the actuary, the fund was considered to be financially sound. The next actuarial valuation will be performed on 31 December 2024.

The majority of employees in South Africa who are not members of the Standard Bank Group Retirement Fund are members of two other funds designed for their occupational groups. Employees in territories beyond South African jurisdiction are members of either defined contribution or defined benefit plans governed by legislation in their respective countries.

Description of risks

Post-retirement obligation risk is the risk to the group's comprehensive income that arises from the requirement to contribute as an employer to an under-funded defined benefit plan. The group operates both defined contribution plans and defined benefit plans, with the majority of its employees participating in defined contribution plans. The defined benefit pension and healthcare schemes (note 48.2) for past and certain current employees, create post-retirement obligations. The group mitigates these risks through independent asset managers and independent asset and liability management advisors for material funds. Potential residual risks which may impact the group are managed within the group asset and liability management process.

48. Pensions and other post-employment benefits continued

48.1 Retirement funds continued

	2023 Rm	2022 Rm
The amounts recognised in the statement of financial position in respect of the retirement funds are determined as follows		
Present value of funded obligations	**(49 148)**	(43 942)
Fair value of plan assets	**51 081**	45 598
Surplus	**1 933**	1 656
Asset ceiling	**(305)**	(256)
Included in receivables and other assets in the statement of financial position (note 7)	**1 628**	1 400
Movement in the present value of funded obligations		
Balance at the beginning of the year	**43 942**	45 375
Current service cost	**1 501**	1 416
Interest cost	**4 971**	4 395
Employee contributions	**1 300**	1 013
Actuarial losses/(gains)	**545**	(5 568)
Exchange movements	**73**	(18)
Benefits paid	**(3 184)**	(2 671)
Balance at the end of the year	**49 148**	43 942
Movement in the fair value of plan assets		
Balance at the beginning of the year	**45 598**	46 988
Interest income	**5 137**	4 537
Contributions received	**2 769**	2 381
Net return on assets	**674**	(5 623)
Exchange movements	**87**	(14)
Benefits paid	**(3 184)**	(2 671)
Balance at the end of the year	**51 081**	45 598
Cash	**921**	805
Equities	**20 282**	18 574
Bonds	**12 556**	12 828
Property and other	**17 322**	13 391

Plan assets do not include property occupied by the group.

The group expects to pay R1 625 million in contributions to the Standard Bank retirement funds in 2024 (2023: R1 498 million).

48. Pensions and other post-employment benefits continued

48.1 Retirement funds continued

	2023 Rm	2022 Rm
The amounts recognised in profit or loss are determined as follows:		
Current service cost	**1 501**	1 416
Net interest income	**(166)**	(142)
Included in staff costs	**1 335**	1 274
The expected long-term rate of return is based on the expected long-term returns on equities, cash and bonds. The split between the individual asset categories is considered in setting these assumptions. Adjustments were made to reflect the effect of expenses.		
Components of statement of other OCI		
Actuarial gain/(loss) under asset management	**674**	(5 623)
Actuarial (loss)/gain	**(545)**	5 568
Loss from changes in demographic assumptions	**(1)**	(4)
(Loss)/gain from changes in financial assumptions	**(654)**	5 464
Gain from changes in experience adjustments	**110**	108
Asset ceiling	**(49)**	(80)
Remeasurements recognised in OCI	**80**	(135)
Reconciliation of net defined benefit asset		
Net defined benefit asset at the beginning of the year	**1 400**	1 437
Net expense recognised	**(1 335)**	(1 274)
Amounts recognised in OCI	**80**	(135)
Company contributions	**1 469**	1 368
Change in asset ceiling		
Foreign exchange movements	**14**	4
Net defined benefit asset at the end of the year	**1 628**	1 400

Sensitivity analysis for post-retirement fund

Assumed inflation rates, discount rates and mortality improvements have a significant effect on the amounts recognised in profit or loss. A one percentage point change in these would have the following effects on amounts recognised in 2023 and 2022:

	2023		2022	
	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
Inflation rate				
Effect on the defined benefit obligation	**296**	**(239)**	337	(275)
Discount rate				
Effect on the defined benefit obligation	**(229)**	**288**	(267)	288
	10% increase	**10% decrease**	10% increase	10% decrease
Mortality improvements				
Effect on the defined benefit obligation	**(41)**	**45**	(47)	50
	+ 1 year	**- 1 year**	+ 1 year	- 1 year
Mortality improvements				
Effect on the defined benefit obligation	**(29)**	**28**	(33)	31

48.2 Post-employment healthcare benefits

The group provides the following post-employment healthcare benefits to its employees. The largest portion of this liability represents a South African post-employment healthcare benefit scheme that covers employees that retired before 1 March 2000. The liability is unfunded and is valued every year using the projected unit credit method. The latest full actuarial valuation was performed at 31 December 2023. The next actuarial valuation is to be performed on 31 December 2024.

	2023 Rm	2022 Rm
The amounts recognised in the statement of financial position in respect of post-employment healthcare benefits are determined as follows		
Present value of unfunded defined benefit obligations	**1 077**	1 081
Included in provisions and other liabilities in the statement of financial position (note 18)	**1 077**	1 081
Movement in the present value of defined benefit obligations		
Balance at the beginning of the year	**1 081**	1 073
Net expense recognised	**126**	122
Benefits paid	**(94)**	(87)
Amounts recognised in OCI	**(39)**	(25)
Foreign exchange movements	**3**	(2)
Balance at the end of the year	**1 077**	1 081

	2023 Rm	2022 Rm
The amounts recognised in profit or loss are determined as follows		
Current service cost	**7**	8
Net interest cost	**119**	114
Included in staff costs	**126**	122
Components of statement of other comprehensive income		
Actuarial gain arising from changes in financial assumptions	**(18)**	(25)
Actuarial gain arising from experience adjustments	**(21)**	
Remeasurements recognised in OCI	**(39)**	(25)

Assumed medical inflation rates have a significant effect on the amounts recognised in profit or loss. The aggregate current service cost and interest cost is R126 million (2022: R122 million) and the defined benefit obligation is R1 077 million (2022: R1 081 million). A one percentage point change in the medical inflation rate would have the following effects on the amounts recognised:

	2023		2022	
Sensitivity analysis for post-employment medical aid fund	1% increase Rm	1% decrease Rm	1% increase Rm	1% decrease Rm
Effect on the aggregate of the current service cost and interest cost	**15**	**(13)**	15	(13)
Effect on the defined benefit obligation	**98**	**(83)**	101	(83)

49. Business unit reporting

49.1 Business units

SBG structure of business units

Our operating model is client led and structured around our business units as follows:

During 2023, the group has made structural changes to better serve its clients. Our operating model is client led and structured around our business units, previously referred to as segments, namely: Personal & Private Banking (PPB), Business & Commercial Banking (BCB), Corporate & Investment Banking (CIB) and Insurance & Asset Management (IAM). Central and other will remain and house group hedging activities, unallocated capital, liquidity earnings and central costs.

PPB, BCB, CIB and Central and other together form Banking. Banking together with IAM and ICBCS, housing the group's interest in ICBC Standard Bank Plc, form Standard Bank Group.

Business unit reporting evolves to reflect changes in reporting responsibility for individual cost centres and divisions across the group.

The business unit results have been adjusted, as noted, and comparative periods restated accordingly.

As a result of these structural changes and the completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited through a scheme of arrangement during 2022, the group has reviewed the annual financial statements and, from 2023, reports all notes and related disclosure on either an aggregated group level, or at a group, Banking and/or IAM level, as applicable, where these disclosures were segmented between Standard Bank Activities and investment management and life insurance activities previously.

SBG

BUSINESS UNITS

The business units are responsible for designing and executing the client value proposition. Business units own the client relationship and create multi-product client experiences distributed through our client engagement platforms.

BANKING

Personal & Private Banking

The Personal & Private Banking (PPB) business unit offers tailored and comprehensive banking and beyond financial services solutions. We serve individual clients across Africa ranging from wealth and investment, to private and personal banking markets by enabling their daily lives throughout their life journeys.

Business & Commercial Banking

The Business & Commercial Banking (BCB) business unit provides broad based client solutions for a wide spectrum of small and medium-sized businesses as well as large commercial enterprises. Our client coverage 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

The Corporate & Investment Banking (CIB) business unit 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, risk management and funding support.

Insurance & Asset Management*

The Insurance & Asset Management (IAM) business unit offers a wide range of solutions to fulfil clients' long and short-term insurance, health, investment, and asset management needs, through our advice-led distribution force, third-party distribution channels as well as in partnership with the SBG banking sales channels. Our clients, who range from individual customers to corporate and institutional clients across Africa, can leverage our extensive market leading range of propositions and services to help build and protect their wealth and lifestyle.

* Liberty previously reported separately has been fully integrated into Insurance & Asset Management.

BANKING

		PPB	BCB	CIB
Home services	Tailored home financing solutions for home buyers and existing homeowners, across our retail market, including related value added services.	Retail home services		
Vehicle and asset finance	Comprehensive finance solutions in instalment credit, fleet management and related services across our retail, corporate and business markets.	Retail VAF	Business and commercial	
Lending	Comprehensive suite of lending products provided to individuals and small and medium-sized businesses.	Personal unsecured lending	Business lending	
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.	Card issuing	Card acquiring and commercial	
Transactional	Comprehensive suite of cash management, international trade finance, working capital and investor services solutions.	PPB transactional banking	BCB transactional banking	CIB transactional banking
Global markets	Trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities.	PPB forex	BCB forex	Institutional and corporate
Investment banking	Full suite of advisory and financing solutions, from term lending to structured and specialised products across equity and debt capital markets.			Investment banking

CENTRAL AND OTHER

- Banking hedging activities
- Unallocated capital
- Liquidity earnings
- Central costs

INSURANCE & ASSET MANAGEMENT*

Insurance

Life and health insurance
Development, sourcing and management of life and health (in Africa Regions only) insurance and contractual savings propositions distributed via advice-led, third party and banking distribution channels. Propositions include health insurance, long-term insurance products such as life, critical illness, disability, funeral cover, and various insurance plans sold in conjunction with related banking products.

Corporate benefits
Intermediated corporate benefits advice on competitive employee benefits solutions through our advice-led and third-party distribution channels. The proposition consists of investment and risk solutions mainly through our umbrella offering as well as consulting services.

Short-term insurance
Development and management of short-term insurance solutions to protect against loss or damage of assets. Propositions are distributed by banking and brokerage channels and include homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.

Asset management

Wealth management
Development and maintenance of local and offshore investment propositions, primarily for high net worth and affluent clients, accessed via tied adviser and third-party distribution channels. Propositions include discretionary asset management, stockbroking, investment platform and discretionary fund management services, and traditional life company products.

Asset management
Development and maintenance of asset management propositions for institutional and wholesale clients. Propositions include active, passive, and private markets investment strategies via segregated mandate, collective investment schemes, and pension fund administration.

ICBCS

Equity investment held in terms of strategic partnership agreements with ICBC

- ICBC Standard Bank Plc (40% associate).

49. Business unit reporting continued

49.2 Business unit statement of financial position[1]

	PPB		BCB		CIB		Central and other		Banking		IAM		SBG Franchise		ICBCS		Standard Bank Group[2]	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Assets																		
Cash and balances with central banks	**9 063**	9 191	**6 423**	3 923	**119 845**	101 563	**2 388**	(240)	**137 719**	114 437	**68**	46	**137 787**	114 483			**137 787**	114 483
Trading assets	**1**	2			**318 234**	316 226	**(2 875)**	(3 705)	**315 360**	312 523	**1 155**	2 395	**316 515**	314 918			**316 515**	314 918
Financial investments	**45 930**	43 067	**35 774**	33 649	**216 115**	214 561	**14 713**	20 168	**312 532**	311 445	**446 244**	411 049	**758 776**	722 494			**758 776**	722 494
Net loans and advances	**661 773**	651 027	**205 408**	209 692	**782 641**	675 164	**(41 874)**	(33 305)	**1 607 948**	1 502 578	**898**	2 362	**1 608 846**	1 504 940			**1 608 846**	1 504 940
Loans and advances to banks	**24 686**	22 210	**17 585**	17 001	**196 105**	168 276	**(37 786)**	(32 279)	**200 590**	175 208	**1 888**	2 353	**202 478**	177 561			**202 478**	177 561
Net loans and advances to customers	**637 087**	628 817	**187 823**	192 691	**586 536**	506 888	**(4 088)**	(1 026)	**1 407 358**	1 327 370	**(990)**	9	**1 406 368**	1 327 379			**1 406 368**	1 327 379
Gross loans and advances to customers	**678 492**	664 371	**199 275**	203 490	**597 515**	516 211	**(4 084)**	(1 021)	**1 471 198**	1 383 051	**(990)**	9	**1 470 208**	1 383 060			**1 470 208**	1 383 060
Home services	**466 734**	459 647							**466 734**	459 647			**466 734**	459 647			**466 734**	459 647
Vehicle and asset finance	**71 039**	67 003	**55 715**	52 856					**126 754**	119 859			**126 754**	119 859			**126 754**	119 859
Card and payments	**35 978**	35 142	**2 956**	2 921					**38 934**	38 063			**38 934**	38 063			**38 934**	38 063
Personal unsecured lending	**104 741**	102 579							**104 741**	102 579			**104 741**	102 579			**104 741**	102 579
Business lending			**140 604**	147 713					**140 604**	147 713			**140 604**	147 713			**140 604**	147 713
Corporate and sovereign lending					**597 515**	516 211			**597 515**	516 211			**597 515**	516 211			**597 515**	516 211
Centre and other							**(4 084)**	(1 021)	**(4 084)**	(1 021)	**(990)**	9	**(5 074)**	(1 012)			**(5 074)**	(1 012)
Credit impairments	**(41 405)**	(35 554)	**(11 452)**	(10 799)	**(10 979)**	(9 323)	**(4)**	(5)	**(63 840)**	(55 681)			**(63 840)**	(55 681)			**(63 840)**	(55 681)
Other assets	**27 058**	23 817	**6 737**	7 772	**108 424**	96 940	**31 643**	25 684	**173 862**	154 213	**54 254**	57 340	**228 116**	211 553	**8 652**	6 657	**236 768**	218 210
Reinsurance contract assets											**1 631**	1 830	**1 631**	1 830			**1 631**	1 830
Insurance contract assets											**5 422**	5 522	**5 422**	5 522			**5 422**	5 522
Total assets	**743 825**	727 104	**254 342**	255 036	**1 545 259**	1 404 454	**3 995**	8 602	**2 547 421**	2 395 196	**509 672**	480 544	**3 057 093**	2 875 740	**8 652**	6 657	**3 065 745**	2 882 397
Equity and liabilities																		
Equity	**55 076**	51 569	**28 335**	27 838	**99 861**	83 236	**57 707**	58 459	**240 979**	221 102	**27 289**	31 107	**268 268**	252 209	**8 652**	6 657	**276 920**	258 866
Liabilities	**688 749**	675 535	**226 007**	227 198	**1 445 398**	1 321 218	**(53 712)**	(49 857)	**2 306 442**	2 174 094	**482 383**	449 437	**2 788 825**	2 623 531			**2 788 825**	2 623 531
Trading liabilities					**95 976**	109 886	**(74)**	145	**95 902**	110 031	**(1 434)**	(103)	**94 468**	109 928			**94 468**	109 928
Deposits and debt funding	**423 654**	398 003	**480 021**	453 662	**1 174 836**	1 102 444	**(52 993)**	(43 033)	**2 025 518**	1 911 076	**(23 872)**	(21 977)	**2 001 646**	1 889 099			**2 001 646**	1 889 099
Deposits from banks	**6 659**	8 123	**4 921**	7 159	**159 690**	152 734	**(43 159)**	(34 399)	**128 111**	133 617	**479**	509	**128 590**	134 126			**128 590**	134 126
Deposits and current accounts from customers	**416 995**	389 880	**475 100**	446 503	**1 015 146**	949 710	**(9 834)**	(8 634)	**1 897 407**	1 777 459	**(24 351)**	(22 486)	**1 873 056**	1 754 973			**1 873 056**	1 754 973
Current accounts	**79 489**	79 343	**143 250**	135 388	**140 949**	145 288	**(526)**	(2 833)	**363 162**	357 186			**363 162**	357 186			**363 162**	357 186
Cash management deposits	**62**	23	**59 500**	54 807	**207 824**	181 711	**33**	30	**267 419**	236 571			**267 419**	236 571			**267 419**	236 571
Call deposits	**198 263**	186 789	**194 881**	184 935	**132 513**	126 800	**(2 527)**	(2 110)	**523 130**	496 414	**(24 438)**		**498 692**	496 414			**498 692**	496 414
Savings accounts	**41 005**	39 246	**5 732**	6 073	**59**	113	**1**		**46 797**	45 432	**126**	89	**46 923**	45 521			**46 923**	45 521
Term deposits	**94 622**	80 828	**65 517**	59 100	**268 165**	240 715	**(1 652)**	735	**426 652**	381 378	**(11)**	(508)	**426 641**	380 870			**426 641**	380 870
Negotiable certificates of deposit	**45**	194	**2**	19	**172 756**	179 217	**1**		**172 804**	179 430			**172 804**	179 430			**172 804**	179 430
Other deposits	**3 509**	3 457	**6 218**	6 181	**92 880**	75 866	**(5 164)**	(4 456)	**97 443**	81 048	**(28)**	(22 067)	**97 415**	58 981			**97 415**	58 981
Other liabilities[3]	**265 095**	277 532	**(254 014)**	(226 464)	**174 586**	108 888	**(645)**	(6 969)	**185 022**	152 987	**105 265**	103 359	**290 287**	256 346			**290 287**	256 346
Financial liabilities under investment contracts											**151 035**	136 309	**151 035**	136 309			**151 035**	136 309
Insurance contract liabilities											**251 389**	231 849	**251 389**	231 849			**251 389**	231 849
Total equity and liabilities	**743 825**	727 104	**254 342**	255 036	**1 545 259**	1 404 454	**3 995**	8 602	**2 547 421**	2 395 196	**509 672**	480 544	**3 057 093**	2 875 740	**8 652**	6 657	**3 065 745**	2 882 397

[1] The business unit statement of financial position has been updated to better align to how management analyses and reviews business units. The prior year comparative disclosures have also been restated in line with this change.

[2] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

[3] Other liabilities include inter-divisional funding which fluctuates in line with asset growth.

49. Business unit reporting continued

49.3 Business unit income statement[1]

	PPB		BCB		CIB		Central and other		Banking		IAM		SBG Franchise		ICBCS		Standard Bank Group[2]	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Net interest income	**39 128**	33 002	**25 476**	20 206	**30 781**	24 366	**2 110**	379	**97 495**	77 953	**693**	438	**98 188**	78 391			**98 188**	78 391
Non-interest revenue	**17 985**	15 501	**12 604**	12 025	**32 777**	29 000	**(5 677)**	(5 923)	**57 689**	50 603	**4 314**	4 362	**62 003**	54 965			**62 003**	54 965
Net fee and commission revenue	**13 512**	11 905	**8 987**	8 780	**8 585**	7 816	**(259)**	(508)	**30 825**	27 993	**4 362**	4 628	**35 187**	32 621			**35 187**	32 621
Trading revenue	**481**	(147)	**239**	37	**20 598**	17 957	**(786)**	(801)	**20 532**	17 046	**85**		**20 617**	17 046			**20 617**	17 046
Other revenue	**648**	618	**686**	595	**1 085**	1 045	**(1 178)**	(1 252)	**1 241**	1 006	**2 223**	1 855	**3 464**	2 861			**3 464**	2 861
Other gains and losses on financial instruments			**222**	250	**2 509**	2 182	**(3)**	3	**2 728**	2 435	**7**	2	**2 735**	2 437			**2 735**	2 437
Inter-BU attribution	**3 344**	3 125	**2 470**	2 363			**(3 451)**	(3 365)	**2 363**	2 123	**(2 363)**	(2 123)						
Foreign exchange attribution	**1 025**	1 049	**2 426**	2 316			**(3 451)**	(3 365)										
Insurance attribution	**2 319**	2 076	**44**	47					**2 363**	2 123	**(2 363)**	(2 123)						
Net income from Insurance & Asset Management											**17 425**	**14 761**	**17 425**	14 761			**17 425**	14 761
Total net income	**57 113**	48 503	**38 080**	32 231	**63 558**	53 366	**(3 567)**	(5 544)	**155 184**	128 556	**22 432**	19 561	**177 616**	148 117			**177 616**	148 117
Credit impairment charges	**(11 128)**	(8 824)	**(3 454)**	(2 450)	**(1 662)**	(2 530)	**(18)**	492	**(16 262)**	(13 312)	**1**	(32)	**(16 261)**	(13 344)			**(16 261)**	(13 344)
Net income before operating expenses	**45 985**	39 679	**34 626**	29 781	**61 896**	50 836	**(3 585)**	(5 052)	**138 922**	115 244	**22 433**	19 529	**161 355**	134 773			**161 355**	134 773
Operating expenses	**(30 663)**	(27 361)	**(21 362)**	(18 741)	**(28 974)**	(24 927)	**1 277**	1 733	**(79 722)**	(69 296)	**(15 027)**	(14 236)	**(94 749)**	(83 532)			**(94 749)**	(83 532)
Staff costs	**(15 584)**	(13 701)	**(7 331)**	(6 080)	**(12 485)**	(10 359)	**(10 676)**	(9 135)	**(46 076)**	(39 275)			**(46 076)**	(39 275)			**(46 076)**	(39 275)
Amortisation and depreciation	**(4 630)**	(4 664)	**(548)**	(433)	**(552)**	(571)	**(1 128)**	(1 174)	**(6 858)**	(6 842)			**(6 858)**	(6 842)			**(6 858)**	(6 842)
Other	**(10 449)**	(8 996)	**(13 483)**	(12 228)	**(15 937)**	(13 997)	**13 081**	12 042	**(26 788)**	(23 179)			**(26 788)**	(23 179)			**(26 788)**	(23 179)
Operating expenses from insurance and asset management											**(15 027)**	(14 236)	**(15 027)**	(14 236)			**(15 027)**	(14 236)
Inter-BU attribution expense					**(3 451)**	(3 365)	**3 451**	3 365										
Net income before capital items and equity accounted earnings	**15 322**	12 318	**13 264**	11 040	**29 471**	22 544	**1 143**	46	**59 200**	45 948	**7 406**	5 293	**66 606**	51 241			**66 606**	51 241
Non-trading and capital related items	**492**	128	**464**	165	**540**	143	**24**	20	**1 520**	456	**(33)**	(128)	**1 487**	328			**1 487**	328
Share of post-tax profit from associates and joint ventures	**343**	328	**(1)**	(31)	**(33)**	(14)	**29**	33	**338**	316	**24**	32	**362**	348	**1 286**	1 917	**1 648**	2 265
Profit before indirect taxation	**16 157**	12 774	**13 727**	11 174	**29 978**	22 673	**1 196**	99	**61 058**	46 720	**7 397**	5 197	**68 455**	51 917	**1 286**	1 917	**69 741**	53 834
Indirect taxation	**(1 342)**	(1 123)	**(323)**	(231)	**(680)**	(746)	**(619)**	(588)	**(2 964)**	(2 688)	**(409)**	(389)	**(3 373)**	(3 077)			**(3 373)**	(3 077)
Profit before direct taxation	**14 815**	11 651	**13 404**	10 943	**29 298**	21 927	**577**	(489)	**58 094**	44 032	**6 988**	4 808	**65 082**	48 840	**1 286**	1 917	**66 368**	50 757
Direct taxation	**(3 034)**	(2 737)	**(3 233)**	(2 899)	**(5 785)**	(3 782)	**(667)**	(498)	**(12 719)**	(9 916)	**(3 346)**	(1 801)	**(16 065)**	(11 717)			**(16 065)**	(11 717)
Profit for the period	**11 781**	8 914	**10 171**	8 044	**23 513**	18 145	**(90)**	(987)	**45 375**	34 116	**3 642**	3 007	**49 017**	37 123	**1 286**	1 917	**50 303**	39 040
Attributable to preference shareholders							**(419)**	(302)	**(419)**	(302)			**(419)**	(302)			**(419)**	(302)
Attributable to additional tier 1 capital noteholders	**(335)**	(223)	**(138)**	(88)	**(578)**	(344)	**(291)**	(40)	**(1 342)**	(695)	**(1)**	(2)	**(1 343)**	(697)			**(1 343)**	(697)
Attributable to non-controlling interests	**(308)**	(67)	**(301)**	(444)	**(2 697)**	(2 457)	**(170)**	(52)	**(3 476)**	(3 020)	**(854)**	(778)	**(4 330)**	(3 798)			**(4 330)**	(3 798)
Attributable to ordinary shareholders	**11 138**	8 624	**9 732**	7 512	**20 238**	15 344	**(970)**	(1 381)	**40 138**	30 099	**2 787**	2 227	**42 925**	32 326	**1 286**	1 917	**44 211**	34 243
Headline adjustable items	**(417)**	(150)	**(398)**	(152)	**(458)**	(151)	**(23)**	(30)	**(1 296)**	(483)	**33**	93	**(1 263)**	(390)			**(1 263)**	(390)
Headline earnings	**10 721**	8 474	**9 334**	7 360	**19 780**	15 193	**(993)**	(1 411)	**38 842**	29 616	**2 820**	2 320	**41 662**	31 936	**1 286**	1 917	**42 948**	33 853

[1] The business unit income statement has been updated to better align to how management analyses and reviews business units. The prior year comparative disclosures have also been restated in line with this change. This update had no impact on the group's income statement.

[2] Restated. Refer to pages 31 to 39 for further details relating to the IFRS 17 transition impact.

49. Business unit reporting continued

49.4 Geographic information

	South Africa Rm	Africa Regions and International[1] Rm	Eliminations[2] Rm	Standard Bank Group Rm
2023				
Total net income[3]	**103 771**	**73 985**	**(140)**	**177 616**
Banking	**84 712**	**70 612**	**(140)**	**155 184**
IAM	**19 059**	**3 373**		**22 432**
Total headline earnings	**19 703**	**23 259**	**(14)**	**42 948**
Banking	**17 507**	**21 349**	**(14)**	**38 842**
ICBCS		**1 286**		**1 286**
IAM	**2 196**	**624**		**2 820**
Total assets	**2 465 229**	**877 019**	**(276 503)**	**3 065 745**
Banking	**1 960 803**	**863 112**	**(276 494)**	**2 547 421**
ICBCS		**8 652**		**8 652**
IAM	**504 426**	**5 255**	**(9)**	**509 672**
2022				
Total net income[3]	92 613	56 227	(723)	148 117
Banking	76 354	52 924	(722)	128 556
IAM	16 259	3 303	(1)	19 561
Total headline earnings	19 205	14 667	(19)	33 853
Banking	17 506	12 129	(19)	29 616
ICBCS		1 917		1 917
IAM	1 699	621		2 320
Total assets	2 325 540	785 092	(228 235)	2 882 397
Banking	1 851 544	771 885	(228 233)	2 395 196
ICBCS		6 657		6 657
IAM	473 996	6 550	(2)	480 544

[1] African Regions and International have been aggregated to better reflect how the chief operating decision makers analyse the segment. The comparatives have also been updated for this aggregation.
[2] Eliminations include intersegmental transactions and balances and also includes central funding and other.
[3] Total net income is attributable based on where the operations are located.

50. Interest rate benchmarks and reference interest rate reform

The Financial Stability Board had initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR, CHF, JPY and GBP related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited (IBA) had adopted a two-stage approach for the cession of the USD LIBOR rates with the one-week and two-month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, one-month, three-month, six-month and 12-month rates no longer being published after 30 June 2023. The LIBOR rates which the group was exposed to have predominantly been 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). In certain instances, other suitable rates are used such as Central Bank Policy Rates.

During the 2022 financial year, the SARB indicated its intention to move away from JIBAR and has identified a successor in the South African Rand Overnight Index Average Rate (ZARONIA). The new ZARONIA rate was published for observation during 2022 and was endorsed as a successor rate in 2023. The formal announcement of the cessation of JIBAR as a reference rate is expected in 2025, allowing ZARONIA market to develop in derivative and cash products during 2023 and 2024. The cessation date of JIBAR as a reference rate is expected to be after 2025.

There are minimal IBOR-linked contracts remaining with transition having taken place predominantly in Q2 and Q3. Synthetic USD LIBOR is being published for a limited period, to assist the market with tough legacy transactions to be transitioned. Use of synthetic LIBOR is limited across the group with a focus on transitioning client transactions to the target alternative reference rates.

Given the materiality reduced exposure to IBORs (mainly USD, EUR and GBP) where cessation has taken place, focus will shift to the ZAR JIBAR - ZARONIA transition.

The steering committee tracks updates and best market practice recommendations emanating from official sector working groups established to catalyse transition in relevant jurisdictions.

Communications to clients are ongoing via multiple platforms along with one-on-one engagements to discuss transition where exposed to USD LIBOR rates that mature post-cessation date.

Reference rate reform introduces a number of risks to the group including, but not limited to:

- Model risk – risk of the valuation models used within the group not being able to cater for the changes in the intended manner.
- Legal risk – risk of being non-compliant to the agreements previously agreed with clients.
- Operational risk – risk of the group's systems not being able to accommodate for the changes to the interest rates as agreed with the clients.
- Financial risk – risk of not appropriately pricing the deals which will result in a transfer of value between the group and clients.
- Compliance/regulatory risk – risk that the bank is exposed to regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.
- Reputational risk – the risk to the bank's reputation from failing to adequately prepare for the transition.
- Conduct risk – risk that arises when transitioning existing contracts linked to IBORs as value-transfer may occur, or clients may be transitioned to inferior rates or on unfair contractual terms, or in circumstances where they do not fully appreciate the impact of the transition or the alternatives available to them.

50. Interest rate benchmarks and reference interest rate reform continued

FINANCIAL INSTRUMENTS IMPACTED BY THE REFORM WHICH ARE YET TO TRANSITION

	2023 USD LIBOR Rm	2022 USD LIBOR Rm
Total assets subject to IBOR reform	**2 447**	173 685
Derivative assets[1]		121 454
Financial investments	**17**	2 491
Loans and advances[2]	**2 426**	39 639
Trading assets	**4**	10 101
Total liabilities subject to IBOR reform	**448**	(237 249)
Derivative liabilities[1]		(213 770)
Deposits and debt funding		(23 816)
Subordinated debt[3]	**448**	361
Trading liabilities		(24)
Total off balance sheet exposures subject to IBOR reform		(2 993)
Off-balance sheet items		(2 993)

[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 ECL.
[3] Subordinated debt was erroneously excluded from the prior year disclosure. This has been included for 2023 and comparatives have been restated accordingly. The restatement had no impact on the group's income statement or the group's statement of financial position

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STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	Company 2023 Rm	Company 2022 Rm
Assets			
Financial investments	51	**25**	28
Interest in subsidiaries	52	**128 847**	123 805
Interest in associates	53	**10 351**	8 335
Deferred tax asset		**3**	2
Total assets		**139 226**	132 170
Equity and liabilities			
Equity		**112 658**	106 910
Share capital and premium	15	**27 106**	27 509
Equity attributable to other equity instrument holders	15	**24 167**	19 667
Reserves		**61 385**	59 734
Liabilities		**26 568**	25 260
Other liabilities[1]		**83**	103
Current tax liabilities[1]		**1**	
Indebtedness by the company to group subsidiaries	52	**395**	385
Subordinated debt[1]	54	**26 089**	24 772
Total equity and liabilities		**139 226**	132 170

[1] During 2023, company reassessed the order of liquidity within the statement of financial position and moved other liabilities and current tax liabilities to above the indebtedness by the company to group subsidiaries line on the face of the statement of financial position as these items were found to be more liquid than those that follow them in the above presentation. This had no impact on the associated amounts within these line items. The reorder has also been applied to the prior year and notes where the line items are listed.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Company 2023 Rm	Company 2022 Rm
Interest income		**2 365**	1 734
Interest expense		**(2 265)**	(1 694)
Other (losses)/gains	55	**(214)**	36
Dividends from subsidiaries		**24 853**	19 872
Total net income[1]		**24 739**	19 948
Operating expenses		**(31)**	(81)
Net income before impairments of investment		**24 708**	19 867
Reversal of impairment of associate	53		84
Reversal of impairment of subsidiaries	52	**248**	
Impairment of subsidiaries	52	**(28)**	(754)
Net income before share of profits from associate		**24 928**	19 197
Share of profits from associates	53	**1 632**	2 249
Profit before direct taxation		**26 560**	21 446
Direct taxation	56	**(695)**	(420)
Profit for the year		**25 865**	21 026
Other comprehensive income after tax for the year		**709**	589
Items that may not be reclassified to profit or loss[2]		**100**	100
Net change in FVOCI on financial assets	51, 53	**9**	(27)
Share of associates cash flow hedge adjustment	53	**91**	127
Items that may be reclassified to profit or loss[2]		**609**	489
Exchange differences on translating foreign associate operations	53	**609**	489
Total comprehensive income		**26 574**	21 615
Attributable to the ordinary shareholders		**24 812**	20 617
Attributable to other equity instrument holders		**1 762**	998

[1] Previously referred to as total income. Updated to reflect the nature of the sub total being a net amount.

[2] Other comprehensive income has been disaggregated to include the total of items that may and may not be reclassified to profit or loss to better align the nature of the balances as well as the presentation requirements of IAS 1 *Presentation of Financial Statements*. The prior year comparative disclosures have also been disaggregated in line with this change. This disaggregation had no impact on the statement of comprehensive income.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Note	Company 2023 Rm	2022 Rm
Net cash flows from operating activities		**23 440**	19 482
Interest, fee and commission receipts[1]		**2 306**	1 730
Interest payments		**(2 205)**	(1 694)
Recoveries on loans previously written off		**57**	
Cash payments to suppliers and employees	57	**(31)**	(86)
Net movement in working capital		**(20)**	83
Decrease in operating assets	57		35
(Decrease)/increase in operating liabilities	57	**(20)**	48
Dividends received		**24 028**	19 872
Direct taxation paid		**(695)**	(423)
Net cash flows used in investing activities		**(3 253)**	(6 579)
Increase in investment in subsidiaries	57	**(3 578)**	(6 904)
Distributions from investments in associates	53	**325**	325
Net cash flows used in financing activities		**(20 187)**	(12 903)
Proceeds from issue of share capital		**40**	58
Repurchase of share capital		**(443)**	
Issuance of other equity instruments	15	**4 500**	7 159
Redemption of other equity instruments			(3 544)
Issuance of subordinated debt	54	**5 639**	1 639
Redemption of subordinated debt		**(5 000)**	
Dividends paid		**(24 923)**	(18 215)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents at the end of the year			

[1] The description of this line item has been updated to better align to the nature of the balances. The prior year comparative disclosures have also been updated in line with this change. This change had no impact on the statement of cash flows.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY	Note	Share capital and premium Rm	Revaluation reserve Rm	Cash flow hedging reserve Rm	Foreign currency translation reserve Rm	Fair value through OCI reserve Rm	Retained earnings Rm	Ordinary share-holders' equity Rm	Other equity instrument holders Rm	Total Rm
Balance at 1 January 2022		18 021	3 100	969	50	(54)	52 269	74 355	16 052	90 407
Issue of share capital and share premium and other equity instruments	15	9 488						9 488	3 615	13 103
Total comprehensive income					489	(27)	20 155	20 617	998	21 615
Other comprehensive income[1]					489	(27)	127	589		589
Profit for the year							20 028	20 028	998	21 026
Dividends paid							(17 217)	(17 217)	(998)	(18 215)
Balance at 31 December 2022		27 509	3 100	969	539	(81)	55 207	87 243	19 667	106 910
Balance at 1 January 2023		**27 509**	**3 100**	**969**	**539**	**(81)**	**55 207**	**87 243**	**19 667**	**106 910**
Issue of share capital and share premium and other equity instruments	15	**40**						**40**	**4 500**	**4 540**
Repurchase of share capital and share premium and other equity instruments	15	**(443)**						**(443)**		**(443)**
Total comprehensive income					**609**	**9**	**24 194**	**24 812**	**1 762**	**26 574**
Other comprehensive income[1]					**609**	**9**	**91**	**709**		**709**
Profit for the year							**24 103**	**24 103**	**1 762**	**25 865**
Dividends paid							**(23 161)**	**(23 161)**	**(1 762)**	**(24 923)**
Balance at 31 December 2023		**27 106**	**3 100**	**969**	**1 148**	**(72)**	**56 240**	**88 491**	**24 167**	**112 658**

[1] Movements in other comprehensive income relate to the movement in the reserves of ICBCS at 40%.

51. Financial investments

Company	2023 Rm	2022 Rm
Financial investments held in banking – unlisted equities	**25**	28
Financial investment measured at FVOCI closing balance		
Opening balance		35
Net change in FVOCI		(1)
Sale of investment		(34)
Financial investment measured at fair value through profit or loss closing balance	**25**	28
Opening balance	**28**	28
Fair value adjustments	**(3)**	

Financial investments comprise of Business Partners Limited measured at FVTPL. The investment is classified as level 3 in the fair value hierarchy.

52. Interest in subsidiaries

Company	2023 Rm	2022 Rm
Shares at cost[1]	**101 165**	96 345
Indebtedness to the company (annexure A)	**27 682**	27 460
Total before indebtedness by the company	**128 847**	123 805
Indebtedness by the company (annexure A)	**(395)**	(385)
Total	**128 452**	123 420

[1] Investment through equity-settled share incentives has been aggregated into shares at cost to better align the nature of the balances. The prior year comparative disclosures have also been aggregated in line with this change. This aggregation had no impact on the statement of financial position.

Principal subsidiaries and the related investments and indebtedness are listed in **annexure A**.

Indebtedness to the company are all current assets and not impaired and have been classified as loans and advances which are measured on an amortised cost basis. These lending exposure are to entities that forms part of the group's risk management framework as such the ECL has been assessed to be insignificant. This is on the basis that the group has governance and oversight of the risk inherent in these entities and ensures that entities operate within the group's risk appetite as approved by the group risk and capital management committee (GRCMC). Changes in the indebtedness during the year include repayments, new loans, interest accruals and exchange rate differences.

Indebtedness by the company are all liabilities repayable on demand and are measured at amortised cost. The carrying value approximates fair value and is classified as level 3 in the fair value hierarchy. Changes in the indebtedness during the year include repayments.

The company's investments in subsidiaries (measured at cost) are reviewed annually for impairment with reference to impairment indicators that include the following:

- Dividends declared by subsidiaries in excess of the subsidiaries' total comprehensive income earned in the reporting period.
- The carrying value of the investment exceeds the subsidiary's net asset value of the subsidiary, including any associated goodwill.

When impairment indicators exist the recoverable amount of the company's investment in the subsidiary is determined as the higher of the value in use and fair value less costs of disposal. An impairment loss is recognised in profit or loss if the carrying value exceeds the recoverable amount. A reversal of an impairment loss is recognised in profit or loss if the recoverable amount has subsequently been determined to be higher than the carrying value.

During 2023, the company's investments in subsidiaries recoverable value was determined to be higher than its carrying amount and as a result a net impairment reversal to a total amount of R220 million was recognised. Details of the impairment and impairment reversal are detailed below. Through the performance of the impairment test, the following investments have been identified for either impairment reversals or impairments:

- A previous impairment loss of R248 million on Standard Bank Group International (SBGI) was reversed, mainly due to an increase in operational factors that impacted its performance;
- An impairment loss of R28 million on other investments was recognised.

For each of the entities listed above, the net asset value approximates its fair value less costs of disposal. The recoverable amount for each entity has therefore been determined as its fair value less costs of disposal.

53. Interest in associates

Company	2023 Rm	2022 Rm
Carrying value at the beginning of the year	**8 335**	5 736
Share of OCI movements	**9**	(25)
Share of cash flow hedge adjustment	**91**	127
Share of profit	**1 632**	2 249
Dividend received	**(325)**	(325)
Reversal of impairment on associate		84
Currency translation	**609**	489
Carrying value at the end of the year	**10 351**	8 335

The company's investments in associates include South African Home Loans (Proprietary) Limited (SAHL) and ICBCS. Refer to annexure B for further detail.

54. Subordinated debt

				Carrying value[1]	
Company	Redeemable/payable date	First callable date	Nominal value[1] Million	2023 Rm	2022 Rm
SBT201	13 February 2028	13 February 2023	ZAR3 000		3 038
SBT202	3 December 2028	3 December 2023	ZAR1 516		1 527
SBT203	3 December 2028	3 December 2023	ZAR484		488
SBT204	16 April 2029	16 April 2024	ZAR1 000	**1 023**	1 019
SBT205	31 May 2029	31 May 2024	USD400	**7 445**	6 824
SBT206	31 January 2030	31 January 2025	ZAR2 000	**2 036**	2 030
SBT207	25 June 2030	25 June 2025	ZAR3 500	**3 506**	3 504
SBT208	28 November 2030	28 November 2025	ZAR 1 500	**1 515**	1 514
SBT209	29 June 2031	29 June 2026	ZAR1 722	**1 723**	1 723
SBT210	18 October 2033	18 October 2028	ZAR3 639	**3 717**	
SST201	8 December 2031	8 December 2026	ZAR1 444	**1 454**	1 453
SST202	31 August 2032	31 August 2027	ZAR1 639	**1 654**	1 652
SST203	03 March 2033	03 March 2028	ZAR2 000	**2 016**	
Total				**26 089**	24 772

[1] The difference between the carrying amount and nominal value represents accrued interest.

For the group, these subordinated bonds are hedged items classified as fair value hedges, interest rate swaps are the derivatives designated as the hedging instruments for these hedge relationships. However, for the company these bonds do not qualify for hedge accounting as the company does not hold derivative instruments.

Subordinated debt is measured on an amortised cost basis and is classified as level 2 in the fair value hierarchy, with a fair value of R27.1 billion (2022: R24.4 billion).

54. Subordinated debt continued

54.1 Maturity analysis

Company	2023 Within one year[1] Rm	2023 Within one to five years[1] Rm	2023 Total Rm	2022 Within one year[1] Rm	2022 Within one to five years[1] Rm	2022 Total Rm
Subordinated debt – discounted	**8 468**	**17 621**	**26 089**	5 053	19 719	24 772
Subordinated debt – undiscounted	**10 475**	**20 956**	**31 431**	6 766	22 339	29 105

[1] The maturity analysis for subordinated debt has been determined as the earlier of the contractual repayment date or the option by the issuer to redeem the debt.

55. Other (losses)/gains

Company	2023 Rm	2022 Rm
Foreign exchange movements	**(275)**	33
Other	**61**	3
Total	**(214)**	36

56. Direct taxation

Company	2023 Rm	2022 Rm
Current year		
South African normal tax	**534**	305
Deferred tax charge	**(1)**	
Foreign and withholding taxes	**162**	115
Total direct taxation recognised in statement of comprehensive income	**695**	420
South African tax rate reconciliation (%)		
Direct tax – statutory rate	**27.0**	28.0
Direct tax – current year	**27.0**	28.0
Withholding tax	**0.6**	0.5
Direct tax – current year – normal	**27.6**	28.5
Permanent differences	**(25.0)**	(26.5)
Impairment/(reversal of impairment) of investments	**(0.2)**	0.9
Non-deductible cost	**0.5**	0.2
Non-taxable income	**(0.2)**	
Dividends received	**(23.4)**	(24.7)
Equity accounted earnings	**(1.7)**	(2.9)
Direct effective tax rate[1]	**2.6**	2.0

[1] Expressed as a percentage of profit before direct tax. On 23 February 2022, the South African finance minister, as part of his National Budget Speech, confirmed that the corporate income tax rate will be reduced from 28% to 27% for financial years ending on or after 31 March 2023. The new rate was therefore applied to deferred tax in 2022 and to current tax in 2023.

57. Statement of cash flow notes

57.1 Decrease in operating assets

Company	2023 Rm	2022 Rm
Financial investments		35

57.2 (Decrease)/increase in operating liabilities

Company	2023 Rm	2022 Rm
Other liabilities	**(20)**	48

57.3 Cash payments to suppliers and employees

Company	2023 Rm	2022 Rm
Operating expenses	**(31)**	(86)

57.4 Increase in investment in subsidiaries

Company	2023 Rm	2022 Rm
Increase in investment in subsidiaries	**(4 601)**	(5 627)
Movement in indebtedness	**1 023**	(1 277)
Total	**(3 578)**	(6 904)

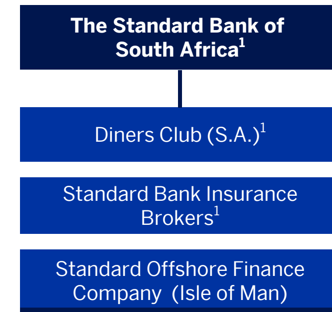
57.5 Reconciliation of subordinated debt

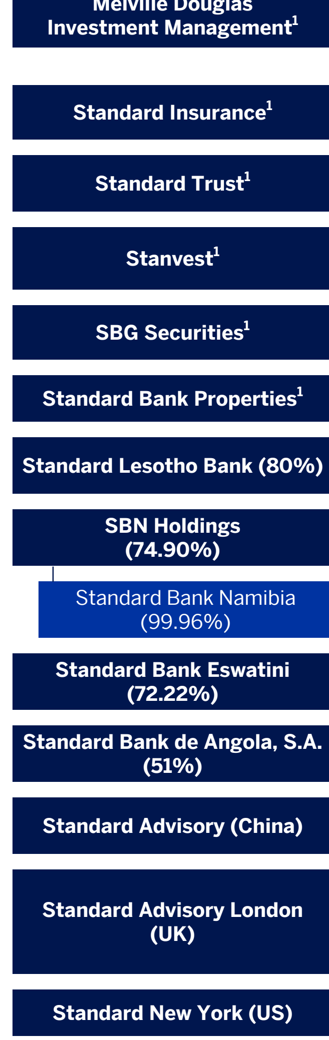
Company	2023 Rm	2022 Rm
Balance at the beginning of the year	**24 772**	22 641
Subordinated debt issued	**5 639**	1 639
Subordinated debt redeemed	**(5 000)**	
Foreign exchange movement	**618**	435
Interest accrued	**60**	57
Balance at the end of the year	**26 089**	24 772

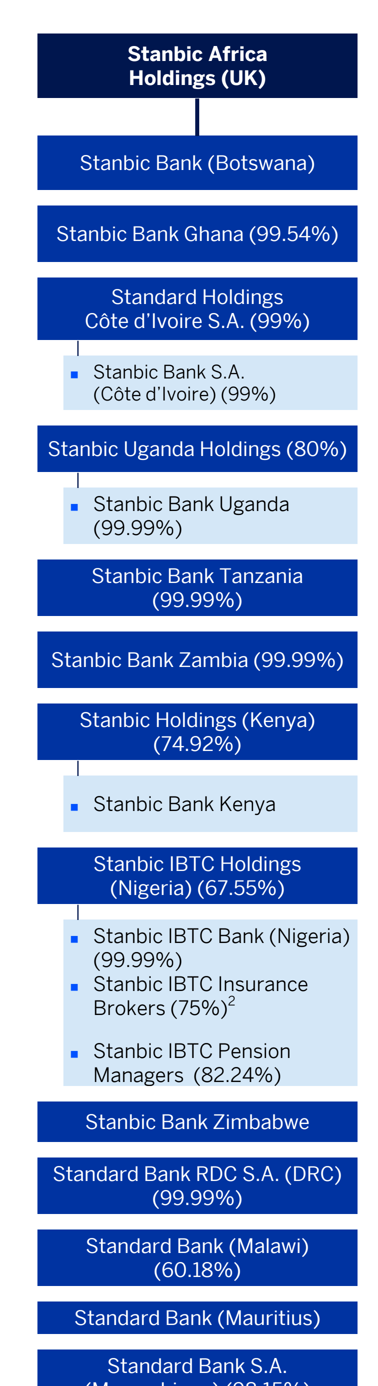
58. Liquidity, credit and market risk information

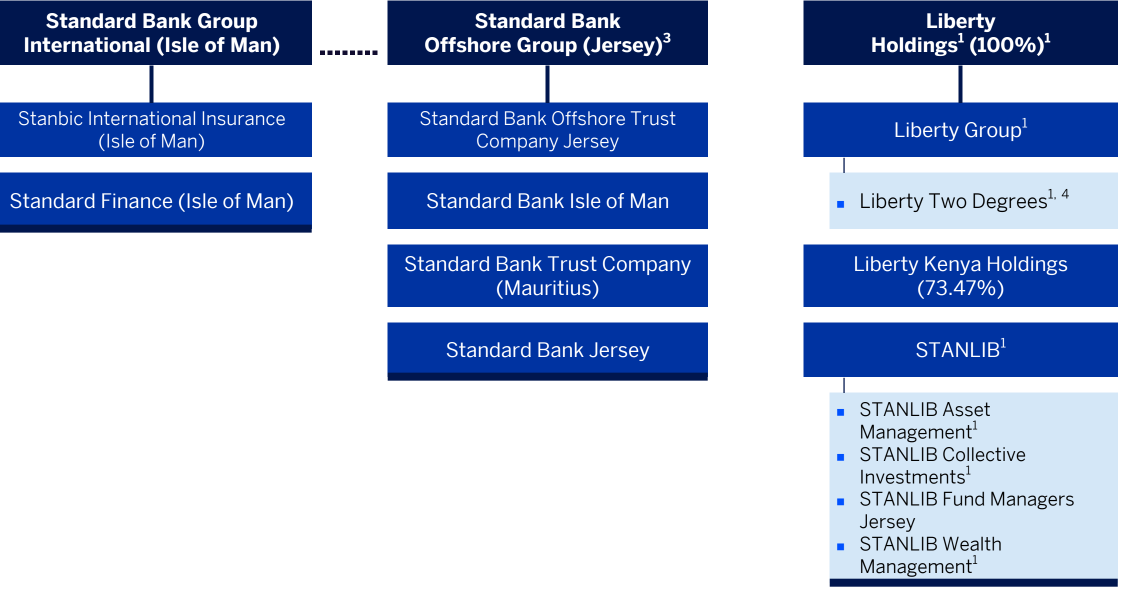
Other assets and liabilities consist mainly of non-financial assets and liabilities which are not subject to liquidity, credit and market risk. The company is exposed to interest rate risk and liquidity risk on subordinated debt. For more detail on the group's approach to risk management, which also applies to the company, refer to annexure C.

ANNEXURE A – SUBSIDIARIES, CONSOLIDATED AND UNCONSOLIDATED STRUCTURED ENTITIES









The diagram above depicts principal subsidiaries only.
A full list of the group's subsidiaries and consolidated structured entities is available at the company's registered office.
The holding in subsidiaries is 100% unless otherwise indicated.

[1] Refer to footnotes on the following page.

[1] Incorporated in South Africa.
[2] Stanbic IBTC Holdings PLC holds 75% and the chief executive of Stanbic IBTC Insurance Brokers Limited holds 25%. It should be noted that 25% of the shareholding must be held by the chief executive officer of an insurance brokerage business to fulfil Nigerian regulatory requirements; however, this shareholding is held by the chief executive officer in a nominee capacity not in a personal capacity. Accordingly, the total beneficial shareholding of Stanbic IBTC Insurance Brokers in relation to Stanbic IBTC Holdings PLC remains at 100%.
[3] Standard Bank Offshore Group Limited is owned by Standard Bank Group International Limited (5%) and SBG Limited (95%).
[4] The buyout of Liberty Two Degrees minority shareholders was completed in November 2023 and the entity was delisted from the JSE.

	Nature of operation	Nominal issued share capital Rm	Effective holding[2] 2023 %	Effective holding[2] 2022 %	Non-controlling interests 2023 %	Non-controlling interests 2022 %	Book value of shares[5] 2023 Rm	Book value of shares[5] 2022 Rm	Net indebtedness 2023 Rm	Net indebtedness 2022 Rm
Banking subsidiaries										
Stanbic Bank (Botswana) Limited (Botswana)[1#]	Commercial bank	420	**100**	100						
Stanbic Bank Ghana Limited (Ghana)[1#]	Commercial bank	630	**99**	99	**1**	1				
Stanbic Bank Kenya Limited (Kenya)[1#]	Commercial bank	423	**75**	75	**25**	25				
Stanbic Bank S.A. (Côte d'Ivoire)[1#]	Commercial bank	974	**99**	99	**1**	1				
Stanbic Bank Tanzania Limited (Tanzania)[1,3#]	Commercial bank	50	**100**	100						
Stanbic Bank Zambia Limited (Zambia)[1,3#]	Commercial bank	660	**100**	100						
Stanbic Bank Zimbabwe Limited (Zimbabwe)[#*]	Commercial bank	2	**100**	100			**136**	136		
Stanbic Bank Uganda Limited (Uganda)[1#]	Commercial bank	227	**80**	80	**20**	20				
Stanbic IBTC Bank Limited (Nigeria)[1#]	Commercial bank	331	**68**	68	**32**	32				
Standard Bank de Angola S.A (Angola)[#]	Commercial bank	768	**51**	51	**49**	49	**359**	359	**409**	50
Standard Bank Isle of Man Limited (Isle of Man)[1#]	Commercial bank	25	**100**	100						
Standard Bank Jersey Limited (Jersey)[1#]	Commercial bank	454	**100**	100						
Standard Bank PLC (Malawi)[1,4#]	Commercial bank	23	**60**	60	**40**	40				
Standard Bank (Mauritius) Limited (Mauritius)[1#]	Commercial bank	342	**100**	100						
Standard Bank Namibia Limited (Namibia)[1,5#]	Commercial bank	2	**75**	75	**25**	25				
Standard Bank RDC S.A. (DRC)[1,3#]	Commercial bank	944	**100**	100						
Standard Bank S.A. (Mozambique)[1#]	Commercial bank	309	**98**	98	**2**	2				
Standard Bank Eswatini Limited (Eswatini)[#]	Commercial bank	15	**72**	72	**28**	28	**94**	94		
Standard Lesotho Bank Limited (Lesotho)[#]	Commercial bank	21	**80**	80	**20**	20	**13**	13		
The Standard Bank of South Africa Limited (SBSA)[#5]	Commercial bank	60	**100**	100			**68 701**	64 200	**26 119**	26 708
Total banking subsidiaries							**69 303**	64 802	**26 528**	26 758

Refer to footnotes on the following page.

* Refer to the further details on subsidiaries section within annexure A for further detail.

	Nature of operation	Nominal share capital issued Rm	Effective holding 2023 %	Effective holding 2022 %	Non-controlling interests 2023 Rm	Non-controlling interests 2022 Rm	Book value of shares 2023 Rm	Book value of shares 2022 Rm	Net indebtedness 2023 Rm	Net indebtedness 2022 Rm
Non-banking subsidiaries										
Ecentric Payment Systems Proprietary Limited[1]	Development and marketing transactions – switching software and services		**54**	54	**46**	46				
Liberty Group Limited[1]	Insurance company	29	**100**	100	**–**					
Liberty Holdings Limited	Insurance holding company	24	**100**	100	**–**		**19 085**	19 085		
Liberty Two Degrees Limited[1]	Real Estate Investment trust		**100**	58	**–**	42				
Melville Douglas Investment Management Proprietary Limited[#]	Asset and portfolio management		**100**	100	**–**		**53**	53		
SBG Securities Proprietary Limited[#]	Stockbroker		**100**	100	**–**		**323**	323		
SBN Holdings Limited (Namibia)[4]	Bank holding company	1	**75**	75	**25**	25	**348**	348		
Stanbic Africa Holdings Limited (UK)	Investment holding company	1 494	**100**	100	**–**		**10 572**	10 572	**92**	33
Stanbic Holdings Ghana Limited (Ghana)	Investment holding company	182	**100**	100	**–**					
Stanbic Holdings PLC (Kenya)[1,4]	Bank holding company	232	**75**	75	**25**	25				
Stanbic IBTC Holdings PLC (Nigeria)[1,4]	Bank holding company	331	**68**	68	**32**	32				
Stanbic Uganda Holdings Limited (Uganda)[1,4]	Bank holding company	227	**80**	80	**20**	20				
Standard Advisory (China) Limited (China)	Trading company	8	**100**	100	**–**		**10**	10		
Standard Advisory London Limited (UK)	Arranging and advisory company	1	**100**	100	**–**		**557**	557		
Standard Bank Group International Limited (Isle of Man)	Investment holding company		**100**	100	**–**		**555**	308	**418**	
Standard Bank Offshore Group Limited (Jersey)[2]	Investment holding company	17	**100**	100	**–**		**49**	49		
Standard Bank Offshore Trust Company Jersey Limited (Jersey)[1#]	Trust company	6	**100**	100	**–**					
Standard Bank Trust Company (Mauritius) Limited (Mauritius)[1#]	Trust company		**100**	100	**–**					
Standard Holdings Angola S.A.	Investment holding company	39	**100**		**–**		**39**			
SML Limited (Isle of Man)	Investment holding company	73	**100**	100	**–**		**47**	47		
Standard Insurance Limited	Short-term insurance	15	**100**	100	**–**		**30**	30		
Standard New York, Inc (US)	Securities broker/dealer	55	**100**	100	**–**		**55**	55		
Standard Trust Limited[#]	Trust company		**100**	100	**–**		**100**			
STANLIB Limited[1]	Wealth and asset management		**100**	100	**–**					
Miscellaneous	Finance companies						**39**	106	**249**	284
Total non-banking subsidiaries							**31 862**	31 543	**759**	317
Total							**101 165**	96 345	**27 287**	27 075

1 Held indirectly, no book value in Standard Bank Group Limited.
2 Effective holding company, comprises direct and indirect holdings.
3 Minorities or nominee shareholders hold 0.5% or less.
4 Listed on a stock exchange.
5 Investment through equity-settled share incentive has been aggregated into book value of SBSA Limited shares to better align the nature of the balances. The prior year comparative disclosures have also been aggregated in line with this change.This aggregation had no impact on the statement of financial position.
\# Standard Bank Group Limited will ensure that the capital adequacy of its subsidiaries denoted by # will meet the requirements of home and host regulators, as required by section 70(A) of the South African Banks Act.

Further detail on subsidiaries

Overview

The nominal share capital issued of foreign subsidiaries has been stated in the preceding tables at their rand equivalents at the rates of exchange ruling on the dates of the provision of capital.

The country of incorporation of subsidiaries is South Africa, unless otherwise indicated.

While a full list of the group's subsidiaries and consolidated structured entities (SE's) is available at the company's registered office, these disclosures include subsidiaries for which either of the following is present:

- SBGL has provided a capital adequacy statement (denoted by #).
- There is a non-controlling interest. Refer to page 202 for further detail on the change in holding.
- There is a net book value as recorded in Standard Bank Group Limited's financial statements.
- There is net indebtedness to/from Standard Bank Group Limited.

No significant restrictions exist on the transfer of funds and capital within the group, subject to compliance with the corporate laws of relevant jurisdictions and appropriate motivation to, and approval by, exchange control authorities.

Foreign currency translation

Rates in the table below are key rates used in calculation of the group's foreign currency translation reserve (FCTR) when converting to the group reporting currency. The main contributors of currency depreciation include Nigeria, Zimbabwe, Angola, Zambia, Kenya, and Malawi, which were offset by currency appreciation within the group GBP and USD entities as well as Mozambique and Uganda. The group's FCTR decreased further by approximately R4.7 billion post the reporting date due to further currency depreciation in Nigeria and Zimbabwe. This is considered a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*.

In certain countries in which the group operates there are dual exchange rates. In most countries the difference between these dual exchange rates is insignificant.

In assessing which is the most appropriate exchange rate to translate foreign exchange balances and the net investment the following individual facts and circumstances have been considered:

- The group's legal ability to convert currency or to settle transactions using a specific rate.
- Its intention to use a particular foreign currency exchange, including whether the rate available through that exchange is published or readily determinable.
- Whether the supply of the reporting entity's currency is available and sufficient to cover the amount outstanding for immediate delivery.

KEY EXCHANGE RATES USED WHEN TRANSLATING THE GROUP'S FOREIGN OPERATIONS

	Average			Closing		
	Change %	**2023**	2022	Change %	**2023**	2022
USD/ZAR	13	**18.451**	16.300	9	**18.520**	16.970
GBP/ZAR	14	**22.950**	20.190	15	**23.529**	20.420
AOA/ZAR	(35)	**0.022**	0.034	(33)	**0.022**	0.033
GHS/ZAR	(1)	**1.553**	1.568	(7)	**1.552**	1.673
KES/ZAR	(14)	**0.120**	0.140	(13)	**0.119**	0.137
MZN/ZAR	8	**0.292**	0.271	9	**0.290**	0.266
MWK/ZAR	(35)	**0.011**	0.017	(35)	**0.011**	0.017
NGN/ZAR	(42)	**0.022**	0.038	(43)	**0.021**	0.037
UGX/ZAR	—	**0.005**	0.005	—	**0.005**	0.005
ZMW/ZAR	(24)	**0.749**	0.982	(23)	**0.722**	0.942
ZWL/ZAR	(88)	**0.003**	0.026	(88)	**0.003**	0.025

The direct method of exchange rates have been disclosed to better analyse the conversion of FCTR.

Banking subsidiaries

Stanbic Bank Zimbabwe (SBZ) functional currency

The change in functional currency from USD to ZWL was effective from 1 October 2018. During the 2018 reporting period, the only exchange mechanism that SBZ had access to was ZWL, which was also the only official exchange mechanism. This led to SBZ concluding that the appropriate exchange rate to use at the date of the change in functional currency and after the change in functional currency up until the end of the 2018 reporting period was the official rate of 1:1.

The Reserve Bank of Zimbabwe (RBZ) implemented certain key monetary policy measures during February 2019. The most significant change was the establishment of a new forex interbank market and this interbank market will complement the existing official foreign exchange mechanism with the RBZ. The establishment of this interbank market has created an additional legal exchange mechanism whereby SBZ is able to trade RTGS dollars (official currency). The starting rate of trade in this interbank market was 2.5 RTGS:USD.

The forex interbank market was replaced by the forex auction trading system from 23 June 2020. As at 31 December 2023, the rate deteriorated to 6 104.72 RTGS:USD from 684.33 RTGS:USD as at 31 December 2022, which resulted in an FCTR loss of R2.1 billion (2022: R2.6 billion) for the group, after the hyperinflation adjustment translation adjustment per IAS 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21).

During 2023, the Zimbabwe year-on-year monthly inflation rate moved from 244% to 381% at the end of December 2023. Therefore, SBZ remains a group entity operating in a hyperinflationary economy and the results for SBZ continue to be adjusted in accordance with *Financial Reporting in Hyperinflationary Economie*s (IAS 29). The adjustment is based on conversion factors derived from statistical information published by Zimbabwe National Statistics Agency (ZIMSTAT) such the Consumer Price Index (CPI) and the total poverty datum line. Some estimation and interpolation was required to derive these factors as ZIMSTAT is publishing a CPI that blends price information from two currencies, as opposed to standalone CPIs per currency.

The conversions factors used were as follows:

	CPI Index	Conversion Factor
December 2023	**65 703.44**	1.000
Average 2023	**37 050.09**	1.773
December 2022	**13 672.91**	4.805

This resulted in the group's profit attributable to ordinary shareholders for the year ended 31 December 2023 decreasing by R912 million (2022: R617 million).The rebasing impact of the opening balances resulted in an increase in retained earnings of R641 billion (2022: R1.2 billion). The consumer price index at the beginning of the reporting period was 13 673% (2022: 3 977%) and closed at 65 703% (2022: 13 673%).

Insurance & Asset Management

Completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited through a scheme of arrangement

During 2022, the scheme to acquire the remaining non-controlling ordinary shares (the ordinary share scheme) was not unconditional at 31 December 2021 as certain scheme conditions, including some requisite regulatory approvals, remained outstanding at 31 December 2021. All of the scheme conditions were fulfilled and became unconditional on 7 February 2022, 100% consolidated from 1 February 2022, the ordinary share scheme was implemented on 28 February 2022 and the Liberty ordinary shares were 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 share 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 in Standard Bank Group Limited's separate financial statements in terms of IAS 27 *Separate Financial Statements* (IAS 27). The share issue by the group under the ordinary share scheme was 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 increased and this increased investment is measured at the cost of acquisition in the separate financial statements of Standard Bank Group Limited. The group continues to consolidate Liberty's 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 Liberty earnings to the acquired Liberty non-controlling shareholders. Since the transaction is between group entities, common control accounting principles were applied. The transaction resulted in the premium above the acquired net asset value attributable to the acquired non-controlling shareholders being recognised directly in retained earnings.

THE FINANCIAL IMPACT AS A RESULT OF THE ACQUISITION RELATING TO THE ORDINARY SHARE SCHEME IS AS FOLLOWS:

	2022 Rm
Transaction price	12 387
Additional shares issued (note 15)	9 430
Special dividend[1]	1 287
Cash consideration	1 670
Net asset value attributable to non-controlling shareholders at date of sale[1,2]	(7 957)
Decrease in retained earnings	4 430

1 The net asset value attributable to non-controlling shareholders at the date of sale, net of the special dividend, resulted in a total movement of R6.6 billion in the group's statement of changes in equity.

2 Restated. The net asset value attributable to non-controlling shareholders increased by R53 million as a result of IFRS 17.

Buy-out of non-controlling interests in Liberty Two Degrees Limited

On 27 July 2023, Liberty Group Limited (LGL) and Liberty Two Degrees Limited (L2D) announced Liberty's intention to buyout the non-controlling shareholders in L2D, in terms of a scheme of arrangements and subsequently delisting of L2D from the JSE. All scheme conditions were met, with the required approvals in place which finalised the acquisition of L2D non-controlling units by LGL at R5.55 per unit and resulted in the termination of the listing of L2D units on the JSE on 14 November 2023. It is anticipated that a process to sell the share of properties currently owned by L2D, to LGL, will commence in early 2024.

Effective 14 November 2023, LGL acquired the remaining non-controlling interest in L2D. A cash consideration of R1 896 million was paid for the share of the net asset value of R2 525 million, resulting in an increase in ordinary shareholder net asset value on purchase of R629 million. As a consequence of the transaction, deferred tax of R130 million (refer note 14) was recognised, reflecting a net increase in ordinary shareholder net asset value of R487 million. This acquisition was accounted for as a transaction between owners.

Consolidated structured entities

Banking

Name of the entity	Nature of the operations	Amount of support provided as at[1,2,3] 2023 Rm	2022 Rm	Type of support[4] 2023	2022	Terms of contractual arrangements that require the group to provide financial support to the SE	Events/circumstances that could expose the group to a loss as a result of the contractual arrangement
Blue Granite Investments No.2 (RF) Proprietary Limited (BG2)	Facilitates mortgage backed securitisations. The group is the primary liquidity facility provider to BG2.	**28**	28	**Subordinated loan**	Subordinated loan	The loans did not have a fixed term or repayment date. The first loss subordinated loan incurred interest at a rate of prime plus 5% while the second loss loan incurred interest at a rate of prime less 1.5% per annum and was only payable when BG2 had sufficient cash reserves.	Should BG 2's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans are classified as non-performing.
Blue Granite Investments No.3 (RF) Proprietary Limited (BG3)	Facilitates mortgage backed securitisations. The group is the primary liquidity facility provider to BG3.	**58**	58	**Subordinated loan**	Subordinated loan	The loan does not have a fixed term or repayment date. The loan incurs interest at a rate of prime plus 5% per annum and is only payable when BG3 has sufficient cash reserves.	Should BG 3's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans are classified as non-performing.
Rapvest Investments Proprietary Limited	Facilitates finance deals for other group companies and third parties through preference share investments and loans to clients.	**693**	2 128	**Loan**	Loan	The loan is repayable on demand and no interest is charged on the loan.	In the event that the underlying assets are classified as non-performing loans.
DAF Financial Services (RF) Proprietary Limited (DFS)	This SPV facilitates vendor financing for SMEs.	**132**	195	**Loan**	Loan	The loans bear interest at a rate of prime plus 1%. The maturity date of the loan is 30 November 2026.	SBSA is exposed to the first-loss risk in the structure as well as potential losses that may be incurred on the receivables as a result of residual asset value risk. The residual asset value risk is, however, limited due to a put option that is in place.
Main Street 367 Proprietary Limited (Mainstreet)	Facilitates funding to BG2, BG3 and Siyakha. SB Debtors (a subsidiary of Standard Bank Group) provides the funding to Mainstreet to originate the loans.	**340**	248	**Subordinated loan**	Subordinated loan	The loan is only repayable to the extent that Mainstreet receives payment from BG2 and BG3. The interest is charged at the higher of JIBAR plus 10% and the cash available in terms of Mainstreet's priority of payments less R15000.	In the event that customers of BG2 and BG3 are unable to meet their contractual obligations under the mortgage loan agreement and their loans are classified as non-performing.
Energy Fund Silo (RF)	The Energy Fund Silo was set up in 2023 and invests in energy loans. SBSA and Liberty are the main funders.	**3 008**		**Noteholder**		The tenor of the note will be 1 year and will pay interest of JIBAR plus 2.2% margin.	In the event that one of the underlying loans defaults.

The following entities have been excluded from the above disclosure as no support has been provided during 2023 or 2022: Blue Banner Securitisation Vehicle RC1 Pty Ltd, Blue Shield Investments 01 (RF) Ltd, Blue Shield Investments 02 (RF) Ltd, Blue Titanium Conduit Ltd, and Siyakha Fund (RF) Pty Ltd.

See the footnotes below the consolidated structured entities of IAM on the next page.

Consolidated structured entities continued

Insurance & Asset Management

Name of the entity	Nature of the operations	Amount of support provided as at[1,2,3] 2023 Rm	2022 Rm	Type of support[4] 2023	2022	Terms of contractual arrangements that require the group to provide financial support to the SE	Events/circumstances that could expose the group to a loss as a result of the contractual arrangement
Passives Funding (RF) Proprietary Limited	Acquire or invest in credit assets, derivative instruments, preference share instruments, participatory interests in collective investment schemes and listed equity instruments and the related security with regard to such credit assets, derivative instruments, preference share instruments and listed equity instruments with funds raised directly or indirectly through the issue of notes.	**(259)**	1 817	**Equity-linked notes (ELN) and Equity derivatives**	Equity-linked notes (ELN) and Equity derivatives	As at 31 December 2023, R94.07 million (2022: R1.82 billion) of ELNs had been issued to Liberty Group Limited (LGL). LGL also owns R1.39 billion (2022: R1.75 billion) preference shares in Passives Funding. LGL provided a R1.5 billion liquidity facility to Passives Funding. Passives Funding will pay interest to LGL on drawn down amounts calculated on a market related basis as the SAFEX overnight deposit rate +1,65%. A commitment fee is calculated at 0,4% per annum of the amount of the available facility. The commitment fees due to LGL in 2023 was R7 million (2022: R7 million).	Exposure to contingent credit risk of the underlying assets held in Passives Funding (RF).
		1 389	1 752	**Preference share investment**	Preference share investment		
		339		**Collateral deposits and interest rate derivatives**	Collateral deposit and interest rate derivatives		
LibFin Note Issuer 1 (RF) Proprietary Limited	Acquire or invest in credit assets, derivative instruments, preference share instruments, participatory interests in collective investment schemes and listed equity instruments and the related security with regard to such credit assets, derivative instruments, preference share instruments and listed equity instruments with funds raised directly or indirectly through the issue of notes.			**Equity-linked notes (ELN)**	Equity-linked notes (ELN)	As at 31 December 2023, Rnil billion (2022: Rnil billion) of ELNs had been issued to LGL. LGL also owns R1.34 billion (2022: R1.5 billion) preference shares in LibFin Note Issuer 1. Liberty Group Limited has provided a R1.5 billion liquidity facility to LibFin Note Issuer 1. LibFin Note Issuer 1 will pay interest to LGL on drawn down amounts calculated at the SAFEX overnight deposit rate +1,65%. A commitment fee is calculated at 0,4% per annum of the amount of the available facility. The commitment fee due to LGL in 2023 was R6.9 million (2022: R6.9 million).	Exposure to contingent credit risk of the underlying assets held in LibFin Issuer 1 (RF).
		1 341	1 147	**Preference share investment**	Preference share investment		
		1	189	**Collateral deposit and interest rate derivatives**	Collateral deposit and interest rate derivatives		
Vineyard Road Investments (RF) Limited	Vineyard Road Investments (RF) Ltd was incorporated in South Africa and the principal activity of the company is to issue notes and other debt instruments to acquire the rights, title and interests in any assets. The company may enter into guarantees in relation to the obligations of the borrowers and or issuers. The company may directly or indirectly grant security for its obligations to investors in respect of the notes and or debt instruments issued by it and enter into derivative contracts to manage risks and hedge exposures.	**115**	103	**Preference share investment**	Preference share investment	LGL owns R105 million (2022: R100 million) in preference shares in Vineyard Road. Liberty Group Limited has provided a liquidity facility to which the total amount of the facility is the nominal value of the notes issued by Vineyard Road and is governed by internal credit risk limits. As 31 December 2023, this amount was R2.9 billion (2022: R2.9 billion). Vineyard Road will pay interest to LGL on drawn down amounts calculated at the SAFEX overnight deposit rate +1,60%. A commitment fee is calculated at 0,4% per annum of the amount of the available facility. The commitment fee due to LGL in 2023 was R13.1 million (2022: R12.7 million).	Exposure to contingent credit risk of the underlying assets held in Vineyard Road.
Blue Diamond Investments No.3 (RF) Limited(BD3)	The company is engaged in and mandated to issue debt instruments to investors. The credit-linked notes is a replicating portfolio comprising of a Standard Bank bond and a credit default swap on Transnet.	**174**	173	**Credit-linked notes**	Credit- linked notes	The group holds the notes issued by BD3. The group settles BD3's operating expenses as and when necessary, typically in the event that BD3 has liquidity constraints. Any payment for such amounts is to be refunded by BD3 to the group.	In the event of a credit event, the group will suffer a loss.

1 The amount of support provided includes loans and advances and drawn down credit facilities provided to SEs by the group.
2 During the reporting period, the group did not provide any financial or other support to any subsidiary without having a contractual obligation to do so.
3 This is the amount as reported on the balance sheet as at 31 December 2023 and 2022, respectively.
4 In addition to the financial support provided to the SEs, the group enters into other transactions with SEs in the ordinary course of business. These transactions include loans and advances, deposits and current accounts and derivatives.

The following represents Insurance & Asset Management's interest in consolidated structured entities, classified into products.

	2023 Rm	2022 Rm
Unlisted preference shares	**2 835**	3 002
Listed term deposits	**207**	173
Unlisted term deposits	**62**	1 817
Interest rate derivative liability	**(382)**	(990)
Collateral deposits receivable	**379**	1 156
Total	**3 101**	5 158

Unconsolidated structured entities

The group has an interest in the following unconsolidated structured entities:

Banking

Name of the entity	Nature and purpose of entity	Principal nature of funding	Principal nature of assets	Terms of contractual arrangements		Events/circumstances that could expose the group to a loss	Types of income received by the group
Blue Diamond Investments No.1 (RF) Ltd (BD1)	This structure has been designed to provide third-party investors indirect exposure to corporate names. The group obtains credit protection from BD1 in the form of issuing credit-linked notes on single or multiple corporate names. BD1 then obtains credit protection from third-party investors by issuing notes to third-party investors on single or multiple corporate names.	Credit-linked notes issued to third-party investors.	Credit-linked notes issued by the group	Six years	The group settles BD1's operating expenses as and when necessary, typically in the event that BD1 has liquidity constraints. Any payment for such amounts is to be refunded by BD1 to the group.	In the event of a credit event, the third-party investors will suffer a loss. The group is only exposed to the risk of loss should it be unable to recover any unexpected operating expenses from BD1.	Once-off fee and commission income earned for structuring the SE.
Blue Diamond X Investments (RF) Limited	Loans purchased from SBSA and the issuance of notes to third-party investors.	Commercial paper issued to third-party investors.	Loans and advances to various counterparties	Seventeen years	SBSA acts as the administrator and identifies and invests in suitable financial assets and facilitates the execution and settlement of trades.	None	Administration fee and upfront fees for originating the assets.
1nvest ETF Issuer (RF) Limited[1] offering the following: • 1nvestPalladium ETF (JSE code: ETFPLD) • 1nvestPlatinum ETF (JSE code: ETFPLT) • 1nvestGold ETF (JSE code: ETFGLD) • 1nvestRhodium ETF (JSE code: ETFRHO)	The palladium, platinum, gold and rhodium exchange traded funds (ETFs) have been established for investors to participate in changes in the spot price of underlying commodities. The ETFs issue debentures to investors with each debenture backed by the respective physical commodity. On issuance each debenture is based on 1/100th of a troy ounce of the respective commodity. The physical commodities are stored at recognised custodian storage vaults in London. The ETFs are denominated in rands and are classified as domestic assets. The ETFs are regulated by the Financial Markets Act (2012) and the JSE Listings Requirements.	The unconsolidated structured entity is funded by the issue of non-interest bearing debentures that are 100% backed by the underlying physical commodity.	Physical commodities (palladium, platinum, gold and rhodium)	Undated	The group established these structured entities to accommodate client requirements to hold investments in specific commodity assets. The group manages the ETFs and also provides liquidity to the ETFs by acting as a committed market maker.	The maximum exposure to loss is limited to the on-balance sheet position held by the group through acting as a committed market maker for the ETFs. This exposes the group to the commodity price risk associated with the underlying commodity and is managed in accordance with the group's market risk management policy.	The group earns fees net of related expenses for managing the ETFs. These fees are recognised within non-interest revenue. Interest income is recognised on any funding provided to the SEs. Any trading revenue, as a result of transactions with the SEs is recognised in trading revenue.

1 1nvest ETF Issuer (RF) Ltd was reported as Africa ETF Ltd in prior years.

The following represents the group's interests in unconsolidated structured entities

	2023 Rm	2022 Rm
Statement of financial position		
Unconsolidated structured entities		
Trading assets	**54**	47
Financial Investments	**751**	
Deposits and debt funding accounts from customers	**(5 883)**	(5 745)
Total	**(5 078)**	(5 698)

Unconsolidated structured entities continued

Insurance & Asset Management

Name of the entity	Nature and purpose of entity	Principal nature of assets	Principal activity of entity	Principal nature of funding	Carrying value[1] 2023 Rm	Carrying value[1] 2022 Rm	Income received[2] 2023 Rm	Income received[2] 2022 Rm
Calibre Mortgage Fund Proprietary Limited*	Special purpose vehicle (SPV) set up by South African Home Loans (Pty) Limited (SAHL) into which it originates home loans. The SPV is funded by debt provided by Liberty and equity provided by SAHL.	Senior, secured loan	SPV set up by SAHL as a funding vehicle into which Liberty can lend on a secured basis, with the equity provided by SAHL.	Liberty Group Limited (LGL) as debt provider	**2 849**	2 820	**280**	209
Merchant West Asset Rentals	Merchant West provides asset – based financing to corporates and individuals. Equipment based securitisation vehicle.	Listed, rated, asset-backed note	Raising funding in the securitisation market to fund vehicles.	Debt funders in the securitisation market	**250**	255	**25**	17
SA Securitisation Programme (RF) Limited	SASFIN securitisation vehicle.	Listed, rated, asset-backed note	Raising funding in the securitisation market.	Debt funders in the securitisation market	**649**	229	**59**	15
SA Taxi Finance Solutions Proprietary Limited	SPV set up by SA Taxi to raise debt funding which it in turn uses to originate taxi loans.	Senior, unrated debentures secured by underlying assets	SPV set up by SA Taxi to raise funding in the securitisation market which in turn uses the funding to originate taxi loans.	Debt funders in the securitisation market	**93**	176	**(17)**	17
Superdrive Investments (RF) Limited	SPV set up by BMW Financial Services South Africa (Pty) Ltd, the main purpose of which is to acquire the rights, title and interest in vehicle instalment sale agreements, pursuant to a securitisation scheme.	Vehicle loan backed assets	Funds of the securitisation scheme are raised directly or indirectly by the issue of debt instruments in order to manage the assets so acquired.	Debt funders in the securitisation market	**17**	48		4
Bayport Securitisation	Bayport securitisation vehicle.	Private placement, secured loan	Bayport securitisation vehicle that focuses its unsecured personal loan products at the low- to middle-income segments.	LGL as debt provider	**191**	164	**19**	12
Capital Harvest (RF) Proprietary Limited	The Issuer, Capital Harvest Finance (RF) Pty Ltd has been established as an SPV issuing term notes to investors ranging between three and five years in the agricultural sector.	Listed, rated, asset-backed note	The SPV raises funding in the securitisation market which in turn uses the funding to originate new loans. The proceeds from these notes will be used to purchase eligible assets from a short-term warehouse facility that was established by Capital Harvest in April 2021 and from the Originator, Capital Harvest (Pty) Ltd.	Debt funders in the securitisation market	**457**	423	**43**	24
NBC Finance (RF) Proprietary Limited	NBC Pension Backed Lending Pty Ltd (NBC) provides home loans to members of registered retirement funds for their primary housing requirements including purchase, extension and alteration. The members' retirement fund savings are used as the security for the loan with the retirement fund providing a guarantee.	Pension backed lending	SPV set up by NBC as a funding vehicle into which Liberty can lend on a secured basis.	LGL as debt provider	**650**	664	**61**	23
Transflow RF Proprietary Limited	Transaction Capital Ltd securitisation vehicle.	Asset-backed lending	The senior facility agreement is guaranteed by the security SPV where the company issues an indemnity in favour of the security SPV indemnifying it against all claims arising pursuant to the guarantee.	Debt funders in the securitisation market	**388**	451	**(26)**	34

Name of the entity	Nature and purpose of entity	Principal nature of assets	Principal activity of entity	Principal nature of funding	Carrying value[1]		Income received[2]	
					2023 Rm	2022 Rm	2023 Rm	2022 Rm
The Thekwini Fund series*	SAHL securitisation vehicles	Residential mortgage backed securitisations	SPV is set up by SAHL to raise funding in the securitisation market which it in turn uses to originate home loans.	Debt funders in the securitisation market				
The Thekwini Fund 15 (RF) Ltd								5
The Thekwini Fund 16 (RF) Ltd					**2**	9		
The Thekwini Fund 17 (RF) Ltd					**30**	30	**3**	2
The Thekwini Fund 18 (RF) Ltd						3		
Transsec 3 (RF) Ltd	SA Taxi securitisation vehicles (taxi loans).	Listed, rated, asset-backed note	Raising funding in the securitisation market to fund taxi loans.	Debt funders in the securitisation market	**1**	7		1
Richefond Circle (RF) Limited	Commercial mortgage-backed securitisation issued off Investec's commercial property portfolio.	Notes secured by commercial mortgage-backed assets	SPV set up by Investec as a funding vehicle into which investors can lend on a secured basis, with the equity provided by Investec. Different classes of notes issued to facilitate different risk appetites while allowing Investec to free up credit lines and continue supporting their clients.	Debt funders in the securitisation market	**355**	314	**33**	15
Exeo Finance (RF) Limited	Exeo Finance (RF) Ltd is an Issuer SPV established in 2023 for the purpose of issuing Notes to investors where the proceeds of the Notes are used to acquire instalment sale and operating rental agreements from the originator and servicer, Centrafin Proprietary Limited.	Instalment sale and operating rental agreement backed note	The SPV raises funding to acquire instalment sale and operating rental agreements from the Originator under a master sale agreement and/or to settle existing lenders in the securitisation.	Debt funders in the securitisation market	**181**		**1**	
Agri Harvest Investments (RF) Limited	Agri Harvest securitisation vehicle.	Private Placement, secured loan	The SPV raises funding in the securitisation market which in turn uses the funding to originate new loans in the Agri sector – principally in the Northern Cape region.	LGL as debt provider	**472**	472	**47**	14
Total					**6 585**	6 065	**528**	392

[1] The carrying value disclosed represents the maximum loss the group would be exposed to, and there are no ongoing capital commitments for any of the above entities at the end of the reporting period.
[2] Income received comprises interest income and investment gains/(losses).

Details of group companies with material non-controlling interests

	Africa Regions[1]	
	2023 Rm	2022 Rm
Non-controlling interests (%)	*****	*
Summarised financial information on an IFRS basis before intercompany eliminations		
Total assets	**404 086**	390 613
Total liabilities	**345 971**	330 492
Total income	**38 793**	29 629
Profit/(loss) for the year	**16 320**	12 031
Change in cash balances	**13 320**	6 244
Profit/(loss) attributable to non-controlling interests after intercompany eliminations	**3 903**	3 458
Non-controlling interest within the statement of financial position	**12 599**	14 769
Dividends paid to non-controlling interests	**2 294**	1 821

[1] All balances, except total assets and total liabilities (translated using the closing exchange rate), have been translated using cumulative exchange rates.
* Refer to page 202 for details on material non-controlling interests' percentage holding.

ANNEXURE B – ASSOCIATES AND JOINT VENTURES

	South African Home Loans Proprietary Limited		ICBC Standard Bank Plc		Other equity accounted Joint ventures and associates		Total equity accounted associates and joint ventures	
Ownership structure	Associate		Associate		Associates and joint ventures		Associates and joint ventures	
Nature of business	Finance		Banking		Various		Various	
Principal place of business and country of incorporation	South Africa		London, UK		Various		Various	
Year end	February		December		Various		Various	
Accounting treatment	Equity accounted		Equity accounted		Equity accounted		Equity accounted	
Date to which equity accounted	31 December 2023		31 December 2023		31 December 2023		31 December 2023	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Effective holding (%)	**50**	50	**40**	40	**Various**	Various	**Various**	Various
Income statement								
Total comprehensive income	**692**	664	**3 197**	4 793				
Total comprehensive income attributed to equity holders of the investment[1]	**346**	332	**1 286**	1 917	**16**	16	**1 648**	2 265
Distributions received	**(325)**	(325)						
Statement of financial position[2]								
Non-current assets	**35 248**	34 809	**177 148**	63 789				
Current assets	**5 141**	4 789	**252 258**	320 245				
Non-current liabilities	**(36 811)**	(36 006)	**(98 459)**	(107 869)				
Current liabilities	**(464)**	(235)	**(296 328)**	(247 619)				
Net asset value attributed to equity holders of the investment	**3 114**	3 357	**34 619**	28 546				
Proportion of net asset value based on effective holding	**1 557**	1 678	**13 848**	11 418				
Accumulated Impairment			**(2 418)**	(2 418)				
Other	**142**		**(2 778)**	(2 343)				
Carrying value[3] (note 10)	**1 699**	1 678	**8 652**	6 657	**1 822**	1 621	**12 173**	9 956
Share of profits	**346**	332	**1 286**	1 917	**16**	16	**1 648**	2 265

1 Includes FCTR as reported by the associate or joint venture. Excludes FCTR that originates at a group level as a result of inclusions of the associates and joint ventures in the group's results.
2 Summarised financial information is provided based on the latest available management accounts received.
3 Includes FCTR that originates at a group level as a result of accounting for foreign-denominated associates in group's results.

	STANLIB Income Fund	STANLIB Balanced Cautious Fund	STANLIB Money Market Fund	STANLIB Corporate Money Market Fund	STANLIB Bond Fund	Agri-Vie Fund II (Pty) Ltd	STANLIB Flexible Income Fund[2]	STANLIB ALSI 40 Fund	Phembani[3]	Other fair value accounted associates	Total fair value accounted associates
Ownership structure	Associate	Associate	Associate	Associate	Associate	Associate	Associate	Associate	Associate	Associate	Associates
Nature of business	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Financial Company	Various	Various
Principal place of business	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa	Various	Various
Year end	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	Various	Various
Accounting treatment	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted

	STANLIB Income Fund 2023 Rm	2022 Rm	STANLIB Balanced Cautious Fund 2023 Rm	2022 Rm	STANLIB Money Market Fund 2023 Rm	2022 Rm	STANLIB Corporate Money Market Fund 2023 Rm	2022 Rm	STANLIB Bond Fund 2023 Rm	2022 Rm	Agri-Vie Fund II (Pty) Ltd 2023 Rm	2022 Rm
Effective holding (%)	**18**	16	**28**	29	**7**	5	**3**	2	**20**	10	**36**	36
Fair value	**9 546**	8 236	**2 612**	2 826	**1 711**	1 088	**2 196**	1 055	**1 194**	571	**776**	529
Income statement												
Revenue	**5 067**	3 745	**482**	569	**1 966**	1 318	**6 486**	4 098	**574**	558	**13**	22
Total profit for the year	**4 606**	3 300	**374**	466	**1 841**	1 195	**6 348**	3 970	**550**	528	**191**	
Total comprehensive income	**4 606**	3 300	**374**	466	**1 841**	1 195	**6 348**	3 970	**550**	528	**191**	(120)
Dividend received from associates	**683**	464	**43**	108	**3**	48	**11**	7	**53**	35	**1**	3
Statement of financial position[1]												
Non-current assets	**53 042**	52 587	**8 981**	9 480	**23 143**	20 913	**55 321**	53 659	**5 913**	5 558	**2 053**	1 436
Current assets	**1 433**	440	**158**	379	**248**	365	**9 558**	16 141	**19**	149	**39**	36
Non-current liabilities												
Current liabilities	**(31)**	(31)	**(7)**	(8)	**(37)**	(37)	**(11)**	(11)	**(2)**	(2)	**(2)**	(12)
Net asset value	**54 444**	52 996	**9 132**	9 851	**23 354**	21 241	**64 868**	69 789	**5 930**	5 705	**2 090**	1 460
Total carrying value including loans measured at fair value (note 6)	**9 546**	8 236	**2 612**	2 826	**1 711**	1 088	**2 196**	1 055	**1 194**	571	**776**	529

	STANLIB Flexible Income Fund[2] 2023 Rm	2022 Rm	STANLIB ALSI 40 Fund 2023 Rm	2022 Rm	Phembani[3] 2023 Rm	2022 Rm	Other fair value accounted associates 2023 Rm	2022 Rm	Total fair value accounted associates 2023 Rm	2022 Rm
Effective holding (%)		29	**25**		**35**	35	**Various**	Various	**Various**	Various
Fair value		1 336	**613**		**665**	665	**2 128**	2 355	**21 441**	18 661
Income statement										
Revenue		279								
Total profit for the year		260	**81**							
Total comprehensive income		260	**75**							
Dividend received from associates		57								
Statement of financial position[1]										
Non-current assets		4 426	**2 421**		**5 748**	8 336				
Current assets		140	**29**		**88**					
Non-current liabilities					**(2 756)**	(2 381)				
Current liabilities		(2)	**(1)**							
Net asset value		4 564	**2 449**		**3 080**	5 955				
Total carrying value including loans measured at fair value (note 6)		1 336	**613**		**665**	665	**2 128**	2 355	**21 441**	18 661

[1] Summarised financial information of the associates is provided based on the latest available management accounts received.
[2] STANLIB Flexible Income Fund was previously disclosed as a mutual fund associate in 2022. During 2023 Liberty increased it's holdings and it is now considered a mutual fund subsidiary.
[3] The investment in Phembani is part of the group's venture capital business and is therefore classified and measured at fair value. The fair value of the effective holding cannot be calculated directly as a function of the percentage holding and the net asset value as it is an exit price at the measurement date.

Equity accounted private equity/venture capital associates[1]

	2023 Rm	2022 Rm
Cost	**148**	105
Carrying value	**627**	604
Statement of financial position[2]		
Non-current assets	**2 469**	2 722
Current assets		135
Current liabilities		
Income statement		
Attributable income before impairment	**57**	(17)
Fair value		
Equity accounted interest in associates	**627**	604
Fair value	**627**	604

[1] Included in note 10 associates and joint ventures.
[2] Summarised financial information of the associates is provided based on the latest available management accounts received.

ANNEXURE C – IFRS RISK AND CAPITAL MANAGEMENT DISCLOSURES

Overview

Capital management

The group's capital management function is designed to ensure that regulatory requirements are met at all times and that the group and its principal subsidiaries are capitalised in line with the group's risk appetite and target ranges, both of which are approved by the board.

It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the group's forecasting process. The capital plan is tested under a range of stress scenarios as part of the group's annual Internal Capital Adequacy and Assessment Process (ICAAP) and recovery plan.

The capital management function is governed primarily by management-level subcommittees that oversee the risks associated with capital management, namely the group asset and liability committee (ALCO) and one of its subcommittees, the group capital management committee. The principal governance documents are the capital management governance framework and the model risk governance framework.

Risk management

The group's activities give rise to various financial as well as insurance risks. Financial risks are categorised into credit, funding and liquidity and market risk.

The group's approach to managing risk and capital is set out in the group's risk, compliance and capital management (RCCM) governance framework approved by the group risk and capital management committee (GRCMC).

The risk management disclosure that follows, separately discloses the group's banking operations and investment management and life insurance activities as the group's investment management and life insurance risk is primarily managed within the Liberty group of companies which houses the group's material long-term insurance operations.

Climate-related financial risks

The group recognises the immense scale of the present and future expected environmental, social and economic impacts of climate change. Exposure to the risks associated with climate change arises for the group both in respect of its own activities and operations, but more materially through the transmission of climate risk drivers into credit, market, reputational and other risk exposures from lending to, investing in and otherwise transacting with clients and counterparties.

The group recognises transition and physical climate risk across all presence countries and operations, with varying levels of intensity. Physical climate risk includes the risk of financial loss arising through increasing severity and frequency of weather events such as storms, floods, fires, and other physical hazards, all of which are evident in our countries of operation. Physical climate risk also includes chronic longer term changes in climate, such as changing precipitation patterns, rising sea levels and average temperature rises.

Transition risk includes the risk of financial loss arising through changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include changes in policies, legislation and regulations to reduce emissions and support decarbonisation, changes due to technology improvements that support the transition to a lower carbon economy, changes in market demand for products and services that support or delay the transition, and reputational risks associated with changing customer preferences. The current and future expected costs, including for possible stranded assets that do not deliver an economic return because of changes associated with a transition to a lower carbon economy, are higher for clients and counterparties of the group that operate in sectors that are more vulnerable to these transition risk drivers.

In support of Africa's fair-share contribution to the Paris Agreement goal of limiting global warming to less than 1.5°C above pre-industrial levels by 2050, the group has committed to achieving net zero emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040, and from its portfolio of financed emissions by 2050.

Governance

The Standard Bank Group Climate Policy (climate policy) guides both the management of exposures to businesses in sectors that are vulnerable to climate-related risks and the direction of finance towards qualifying transactions that seek to address Africa's energy poverty, achieve fair employment opportunities, and support the just transition to net zero. The board and its committees are responsible for overseeing both the implementation of the group's climate policy and supporting sector-specific strategies for driving sustainable and transition finance, and the management of climate-related financial risks associated with the group's lending and investing activities, wherever they are identified. Specifically the board and its supporting committees are responsible for:

- Overseeing implementation of the climate policy including monitoring of progress made to meet targets and commitments.
- Reviewing outputs of internal scenario analysis and regulatory climate risk stress tests, as well as other related risk matters.
- Assessing executive performance in relation to climate policy commitments and targets.

The group risk oversight committee (GROC), chaired by the group chief risk & corporate affairs officer, oversees financial and non-financial-related risks, including climate-related risks.

GROC is responsible for overseeing the embedment of climate-related risk-identification, classification, analysis, monitoring and reporting in the enterprise-wide risk management system.

The group portfolio risk management committee (GPRMC) assesses the composition of the group's portfolio including for lending to sectors more vulnerable to climate-related risks, the implications thereon of stressed scenarios (including going forward for climate-related risk scenarios) and sets concentration limits or thresholds of portfolios and risk appetite indicator guidelines for group. The refinement of quantified limits and thresholds for exposures to climate-related risks is ongoing across impacted portfolios.

Strategy

The group supports a just energy transition that prioritises environmental sustainability in a manner that creates work opportunities and social inclusion, addresses Africa's energy poverty and acknowledges Africa's very limited contribution to global emissions. As part of the efforts to achieve this transition, the group has committed to reducing its financed emissions while responsibly managing its exposure to fossil fuels, specifically where there is a national level energy transition roadmap that supports cleaner fuels.

The group has adopted a phased and progressive approach to understanding its climate risk exposures, designing sector-specific strategies and setting appropriate targets to reduce exposure and maximise opportunities.The group undertook a rigorous process of research, internal consultation and expert engagement designed to develop a clear understanding of risks and opportunities in each sector, set appropriate strategies and to determine appropriate targets to manage portfolio risk and maximise opportunity.

The first phase included the identification of five client sectors that face material climate-related risk and opportunity, namely: agriculture, gas, oil, thermal coal and renewable energy. The group's climate policy published in March 2022, sets targets and commitments in respect of these sectors.

The second phase extended targets and commitments to the residential real estate, commercial real estate and short-term insurance sectors. These additional sectors are reflected climate strategy reflects the targets and commitments made in these sectors published in March 2023.

The climate policy is a group-wide policy with application across all legal entities in the group. The group's approach to climate risk and opportunities is primarily sector-led across all countries, with business teams developing their climate targets, commitments and climate risk appetite as part of their sector-specific business strategies. Country-specific climate risk assessment capabilities are being developed within the group's sovereign risk function.

Risk management

The Climate Risk team in Group Sustainability is driving the establishment of standards for climate data management and assurance. Work is underway to automate the reporting of climate related exposures in selected sectors. The climate risk team in Group Sustainability is driving the establishment of standards for climate data management and assurance. Work is underway to automate the reporting of climate related exposures in selected sectors. The group continues refining data and reporting structures within which our counterparties and their activities are classified. The objective, is to enhance sector classifications to more accurately reflect the extent to which the sectors are, or may be, vulnerable to climate-related risks. This will support reporting for climate metric purposes, as well as the group's internal and external portfolio-level scenario analysis. Responding to regulatory expectations for enhanced risk management is also a part of the ongoing work across the continent, including an upcoming stress testing exercises.

The climate risk team in SBSA is working to enhance the management of climate data for use in risk identification and measurement as well as for regulatory purposes. SBSA is preparing for a regulatory climate risk stress test by sourcing and preparing the data required for modelling a range of different scenarios expected to stress test credit portfolios. The data includes client exposure to climate risks, macroeconomic data, scenario narratives, credit metric data, transition alignment data, climate hazards and emissions data.

Transition risks

- Exposure to policy risk over the medium to long term associated with uncertain long-term demand for fossil fuels, especially coal, and other high emitting sectors. Key drivers for this risk include expected policy actions such as more onerous carbon-pricing regulations to limit emissions on business activities. Such action could lead to higher risks of stranded assets and the related financial risks for the group arising from an impairment in value of clients' operating assets pledged as collateral and leading therefore to an increase in the probability risk of client defaults.
- Market risk primarily over the short to medium term related to changing client expectations for greener products and services, potentially impacting on some of our clients' future business opportunities. Likewise, expectations from investors will also adjust to an appetite for lower financed emissions, applying pressure on the group to align with low emissions pathways.
- Higher reputational risk including in the immediate short-term arising from negative stakeholder sentiment and adverse media coverage related to support of projects or activities with negative impacts on the climate, including oil and gas-related infrastructure projects.

Physical risks

Acute physical risks such as more frequent and more intense extreme weather events, pose a risk to the group's own operations and those of its customers in sectors the group has identified as being vulnerable, including agriculture and others. Chronic physical risks such as rising average temperatures and changing precipitation patterns over the medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact the group's clients in affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economic output and occupational health.

Opportunities

The group continues to work with its clients and partners to help them address their climate impacts, lower their emissions and improve their resilience. The group continues to expand its offering of sustainability-linked lending solutions, green and social bonds. The group supports sustainable agricultural practices that promote reduced carbon emissions and improved resilience to climate risk. Further information can be found in the group's report to society.

Metrics and targets

In setting its targets for reducing exposure concentrations to affected sectors, setting future origination goals and driving its offerings, the group referenced the NGFS Net Zero 2050 scenario, publicly available national research and statistics, including electricity planning forecasts (where available) and internal economic forecasts and research obtained from credible external sources. Detailed information in this regard can be found in the group's climate-related disclosures report and the climate policy.

Banking

Approach to managing and measuring credit risk

The group's credit risk is a function of its business model and arises from corporate, business and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk (CCR) arising from derivative and securities financing contracts entered into with our customers and trading counterparties. To the extent that equity risk is held on the banking book, it is managed according to the same general principles and governance standards as would otherwise apply to credit risk, except in so far as approval authority rests with the group equity risk committee (ERC).

Credit risk is managed through:

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

A group's guideline for credit limits and concentration is embedded within the group's enterprise-wide risk management process. Within the group's overall risk appetite disciplines, the credit metrics and concentrations framework includes key credit ratios and counterparty, sector and country concentration guidelines. These in turn are cascaded to client segment and legal entity level where they are monitored against approved appetite thresholds.

The group distinguishes between through-the-cycle PDs measures and point-in-time PDs, and utilises both measures in decision-making. To determine point-in-time PDs for IFRS 9 measurement, through-the-cycle PDs are used as a starting point and adjusted to determine appropriate point-in-time PDs. PDs are used to assign credit ratings to counterparties which in turn are used in pricing decisions regulatory capital calculations, and expected loss and impairments measurements.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within our approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD).

Pre-settlement CCR inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the group seeks to mitigate credit risk, including for CCR, to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support where that is legally enforceable, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk management policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the group has an unassailable legal title, the group's policy requires collateral to meet certain criteria for recognition in LGD modelling, including but not limited to:

- being readily marketable and liquid.
- being legally perfected and enforceable.
- having a low valuation volatility.
- being readily realisable at minimum expense.
- having no material correlation to the obligor credit quality.
- having an active secondary market for resale.

The main types of collateral obtained for the group's banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties.
- cession of book debts.
- pledge and cession of financial assets.
- bonds over plant and equipment.
- the underlying movable assets financed under leases and instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as is set for other obligor credit approvals.

For trading and derivative transactions where collateral support is considered necessary, the group typically uses recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure.

Netting agreements, such as collateral under the credit support annexure of an ISDA agreement, are obtained only where the group firstly have a legally enforceable right to offset credit risk by way of such an agreement, and secondly where we have the intention of utilising such agreement to settle on a net basis.

ECL is provided even if the exposure is fully covered by collateral.

There have not been any changes to the group's collateral policies in the current reporting period.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (as measured by the PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. We have no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (specific wrong-way risk). General wrong-way risk, which arises when the EAD and PD for the counterparty is

correlated due to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, we implement hedging and other strategies from time to time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Use of internal estimates

Our credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. Internal risk parameters are used extensively in risk management and business processes, including:

- setting risk appetite.
- setting concentration and counterparty limits.
- credit approval and monitoring.

Corporate, sovereign and banking portfolios

Corporate entities include large companies, as well as SMEs that are managed on a relationship basis or have a combined exposure to the group of more than R12 million. Corporate exposures also include specialised lending (project, object and commodity finance, as well as income-producing real estate (IPRE)) and public sector entities.

Sovereign and bank borrowers include sovereign government entities, central banks, local and provincial government entities, bank and non-bank financial institutions.

The creditworthiness of corporate (excluding specialised lending), sovereign and bank exposures is assessed based on a detailed individual assessment of the financial strength of the borrower. This quantitative analysis, together with expert judgement and external rating agency ratings, leads to an assignment of an internal rating to the entity.

Specialised lending's creditworthiness is assessed at a transactional level, rather than on the financial strength of the borrower, in so far as the group relies only on repayment from the cash flows generated by the underlying assets financed.

Concentration risk management is performed to ensure that credit exposure concentrations in respect of obligors, countries, sectors and other risk areas are effectively managed. This includes concentrations arising from credit exposure to different entities within an obligor economic group, such as exposure to public sector and other government entities that are related to the same sovereign.

The elevated levels of public debt and persistent fiscal deficits across a number of sub-Saharan Africa countries continues to be a source of close scrutiny and ongoing portfolio alignment, given the group's significant sovereign exposures. High borrowing rates and limited access to international markets, lower tax revenues and local currency weaknesses have all contributed to the crisis. Although the group's exposure to this sector remains material, much of this is non-discretionary in nature, being for regulatory and liquidity management purposes, the risk of further sovereign credit ratings downgrades and migrations is a key indicator and it continues to be closely monitored.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to ECL are analysed and categorised based on credit quality using the group's master rating scale. Exposures within stage 1 and 2 are rated between 1 to 25 in terms of the group's master rating scale. The group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below. These ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable home services, vehicle and asset finance, card, personal, business lending and other product portfolios. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

The table includes securities held as collateral for exposures in default.

Default

The internal credit risk management definitions and approaches are aligned to the group's definition of default. While the specific determination of default may vary according to the nature of the product, it is generally determined (aligned to the Basel definition) as occurring at the earlier of:

- where, in the group's view and based on objective evidence, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due (or in the case of overdraft facilities, is in excess of the current limit) for more than 90 days on any material credit obligation to the group.

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

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

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower).
- a breach of contract, such as default or delinquency in interest and/or principal payments.
- disappearance of active market due to financial difficulties.
- it becomes probable that the borrower will enter bankruptcy or any other financial reorganisation or insolvency process.
- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider and where this is likely to result in a diminished financial obligation to the group.
- where the group stops accruing income in respect of the counterparty or raises a specific impairment in respect of any exposure to the counterparty.
- where the group sells any exposure to a counterparty at a material credit-related economic loss.

The information disclosed in the tables that follow, in respect of the credit quality of exposures was derived from the credit risk and capital systems of the group. The classification of the exposures into asset classes was determined by reference to classifications as per note 8.

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

		SB 1 – 12		SB 13 – 20		SB 21 – 25		Default					
	Exposure Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total gross carrying amount of default exposures Rm	Securities and expected recoveries on default exposures Rm	Balance sheet ECL and IIIS on stage 3 Rm	Gross default coverage %	Non-performing exposures %
2023													
Loans and advances at amortised cost													
Home services	466 734	66 742	39	285 250	8 947	11 291	50 675	43 790	43 790	29 409	14 381	33	9.4
Vehicle and asset finance	126 754	42 160		56 493	7 432	4 279	5 806	10 584	10 584	5 364	5 220	49	8.4
Card and payments	38 934	2 184		23 807	223	4 097	4 553	4 070	4 070	1 440	2 630	65	10.5
Personal unsecured lending	104 741	7 149	6	64 981	604	10 793	9 385	11 823	11 823	3 288	8 535	72	11.3
Business lending and other	140 604	31 046	272	85 143	1 677	1 111	9 349	12 006	12 006	4 963	7 043	59	8.5
Corporate and sovereign	597 373	269 406	2 625	279 952	24 023	3 801	2 139	15 427	15 427	7 299	8 128	53	2.6
Bank	196 260	161 823	645	20 677	477	12 120	518						
Central and other services	(172)	(172)											
Gross carrying amount of loans and advances at amortised cost	1 671 228	580 338	3 587	816 303	43 383	47 492	82 425	97 700	97 700	51 763	45 937	47	5.8
Less: total ECL for loans and advances	(63 995)												
Net carrying amount of loans and advances at amortised cost	1 607 233												
Financial investments at amortised cost													
Corporate and sovereign	253 167	217 170	3 179	21 400		2 241	1 570	7 607					
Bank	4 377	4 338		39									
Other instruments	1 107	1 107											
Gross carrying amount of financial investment at amortised cost	258 651	222 615	3 179	21 439		2 241	1 570	7 607					
Less: total ECL for financial investments	(413)												
Net carrying amount of financial investment at amortised cost	258 238												
Debt financial investments at FVOCI													
Corporate and sovereign	41 189	18 712		16 247	6 221		9						
Banking	451	227		224									
Other instruments	1 831	1 831											
Gross carrying amount of financial investments at FVOCI	43 471	20 770		16 471	6 221		9						
Off-balance sheet exposure													
Letters of credit and bankers' acceptances	13 445	5 437		7 056	35	867	50						
Guarantees	96 757	61 112	42	23 808	6 273	3 862	1 358	302					
Unutilised facilities[1]	200 013	166 097	1 775	29 742	1 450	681	177	91					
Total exposure to off-balance sheet credit risk	310 215	232 646	1 817	60 606	7 758	5 410	1 585	393					
ECL for off-balance sheet exposures	(444)												
Net carrying amount of off-balance sheet exposures	309 771												
Total exposure to credit risk on financial assets subject to an expected credit loss	2 218 713												
Exposures not subject to ECL													
Loans and advances at FVTPL	715												
Cash and balances with central banks[2]	137 719												
Derivative assets	87 754												
Other financial investments at fair value[3]	21 863												
Trading assets	315 496												
Pledged assets	16 091												
Other financial assets[4]	21 181												
Total exposure to credit risk	2 819 532												

[1] The ECL on unutilised facilities is included in the total ECL for loans and advances.

[2] Balances with central banks comprise of FVTPL of R122 718 million that are not subject to ECL considerations and amortised cost of R15 069 million, which has a low probability of default therefore ECL is insignificant. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entities' ability to operate as a bank. Amount represents deposits placed in currencies as issued by the central banks with which they are stored.

[3] Other financial investments comprise of FVTPL of 13 544 million and FVOCI of R1 592million (refer note 6) that are not subject to ECL considerations. These balances include financial investments designated at FVTPL of R2 379 million (refer note 22.4)

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

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY CONTINUED

		SB 1 – 12		SB 13 – 20		SB 21 – 25		Default					
	Exposure Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total gross carrying amount of default exposures Rm	Securities and expected recoveries on default exposures Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross default coverage %	Non-performing exposures %
2022[1]													
Loans and advances at amortised cost													
Home services	459 647	65 072	105	306 626	12 813	7 364	34 682	32 985	32 985	20 188	12 797	39	7
Vehicle and asset finance	119 859	33 100	147	59 064	5 395	5 957	7 647	8 549	8 549	3 911	4 638	54	7
Card payments	38 063	1 367		26 614	443	2 395	4 057	3 187	3 187	1 225	1 962	62	8
Personal unsecured lending	102 579	9 841	68	66 051	481	7 785	8 594	9 759	9 759	3 001	6 758	69	10
Business lending and other	147 712	38 504	388	89 175	1 821	676	7 541	9 607	9 607	3 613	5 994	62	7
Corporate and sovereign	516 211	195 214	1 383	283 754	17 354	2 697	2 456	13 353	13 353	6 861	6 492	49	3
Bank	168 422	134 162	590	27 855	311	2 367	3 137						
Central and other service	5 247	5 247											
Gross carrying amount of loans and advances at amortised cost	1 557 740	482 507	2 681	859 139	38 618	29 241	68 114	77 440	77 440	38 799	38 641	50	5.0
Less: total ECL for loans and advances	(55 828)												
Net carrying amount of loans and advances at amortised cost	1 501 912												
Financial investments at amortised cost													
Corporate and sovereign	216 939	186 156	2 996	20 473		4 371	1 329	1 614					
Bank	2 196	2 154		42									
Other instruments	1 242	1 181		61									
Gross carrying amount of financial investments at amortised cost	220 377	189 491	2 996	20 576		4 371	1 329	1 614					
Less: total ECL for financial investments	(1 276)												
Net carrying amount of financial investments	219 101												
Debt financial investments at FVOCI													
Corporate and sovereign	50 632	19 781		28 501	1 647	665	38						
Bank	334	292		42									
Other instruments	1 418	39		1 245				134					
Gross carrying value of financial investments	52 384	20 112		29 788	1 647	665	38	134					
Off-balance sheet exposure													
Letters of credit and bankers' acceptances	13 427	4 393		8 148	189	627	65	5					
Guarantees	106 286	74 597	40	25 394	5 810	246	152	47					
Unutilised facilities[2]	195 115	156 532	1 701	33 892	2 448	193	209	140					
Total exposure to off-balance sheet credit risk	314 828	235 522	1 741	67 434	8 447	1 066	426	192					
ECL for off-balance sheet exposures	(394)												
Net carrying amount of off-balance sheet	314 434												
Total exposure to credit risk on financial assets subject to an ECL	2 087 831												
Exposures not subject to ECL													
Loans and advances at fair value	665												
Cash and balances with central banks[3]	114 437												
Derivative assets	61 799												
Other financial investments at fair value[4]	43 854												
Trading assets	312 523												
Pledged assets	13 058												
Other financial assets[5]	28 689												
Total exposure to credit risk	**2 662 856**												

[1] 2022 has been restated where applicable, to align to the group's new structure.
[2] The ECL on unutilised facilities is included in the total ECL for loans and advances.
[3] Balances with central banks comprise of FVTPL of R99 712million that are not subject to ECL considerations and amortised cost of R14 725 million, which has a low probability of default therefore ECL is insignificant. These balances are subject to the rigorous regulatory requirements of these transactions and its link to the underlying entities' ability to operate as a bank. Amount represents deposits placed in currencies as issued by the central banks with which they are stored.
[4] Other financial investments comprise of FVTPL of R417 038 million and FVOCI of R905 million (refer note 6) that are not subject to ECL considerations. These balances include financial investments designated at FVTPL of R12 955 million (refer note 22.4)
[5] Due to the short-term nature of these financial assets and historical experience, other financial assets are regarded as having a low probability of default.

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. 2022 has been restated, where applicable, to align with the group restructure.

IFRS: INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2023 Rm	2022 Rm
Agriculture	**45 222**	42 906
Construction	**19 838**	18 570
Electricity	**42 078**	31 818
Finance, real estate and other business services	**504 102**	430 392
Individuals	**651 782**	645 127
Manufacturing	**105 547**	98 283
Mining	**57 709**	56 372
Transport	**58 015**	64 359
Wholesale	**106 159**	97 864
Other services	**81 491**	72 715
Gross loans and advances	**1 671 943**	1 558 406

IFRS: GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2023		2022	
	%	**Rm**	%	Rm
South Africa	**65**	**1 086 185**	64	1 000 758
Africa Regions	**22**	**366 721**	22	343 454
International	**13**	**219 037**	14	214 194
Gross loans and advances	**100**	**1 671 943**	100	1 558 406

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

	2023 Rm	2022 Rm
Agriculture	**1 784**	1 508
Construction	**1 256**	970
Electricity	**761**	588
Finance, real estate and other business services	**4 300**	3 600
Individuals	**28 432**	24 596
Manufacturing	**2 069**	1 773
Mining	**570**	276
Transport	**1 429**	1 418
Wholesale	**3 436**	1 940
Other services	**1 900**	1 972
Credit impairment on non-performing loans	**45 937**	38 641

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

	2023		2022	
	%	**Rm**	%	Rm
South Africa	**83**	**38 120**	80	31 058
Africa Regions	**16**	**7 225**	20	7 291
International	**1**	**592**	1	292
Credit impairment on non-performing loans	**100**	**45 937**	101	38 641

Collateral

The table below shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel but that management takes into consideration in the management of the group's exposures to credit risk. Credit risk management, measurement and mitigation including the use of collateral, are detailed on pages 226 – 227. All on- and off-balance sheet exposures that are exposed to credit risk, and non-performing loans, have been included.

Collateral includes:

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

Netting agreements, which do not qualify for offset under IFRS but which are nevertheless enforceable, are included as part of the group's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions.

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

2022 has been restated, where applicable, to align with the group restructure.

COLLATERAL[1]

	Total exposure Rm	Secured Rm	Netting agreements Rm	Secured exposure after netting Rm
2023				
Corporate and sovereign[1]	**1 293 497**	**334 787**	**10 315**	**324 472**
Bank	**345 596**	**239 845**	**55 114**	**184 731**
Retail lending	**762 658**	**635 689**	**290**	**635 399**
Retail mortgages	**472 288**	**482 999**		**482 999**
Other retail	**290 370**	**152 690**	**290**	**152 400**
Total	**2 401 751**	**1 210 321**	**65 719**	**1 144 602**
Add: financial assets not exposed to credit risk[2]	**401 645**			
Less: impairments for loans and advances	**(63 995)**			
Less: unrecognised off-balance sheet items	**(235 685)**			
Total exposure	**2 503 716**			
Cash and balances with central banks	**137 719**			
Derivative assets	**87 754**			
Trading assets	**315 496**			
Pledged assets	**16 091**			
Financial investments	**316 845**			
Other financial assets	**21 863**			
Loans and advances	**1 607 948**			
Total	**2 503 716**			

[1] Includes business lending and other exposures in note 8 loans and advances.
[2] Does not include exposures which are fully covered by collateral.

	Total exposure Rm	Secured Rm	Netting agreements Rm	Secured exposure after netting Rm
2022				
Corporate and sovereign[1]	1 211 818	333 757	13 257	320 500
Bank	315 299	228 372	62 647	165 725
Retail lending	741 835	622 805	134	622 671
Retail mortgages	469 623	469 630		469 630
Other retail	272 212	153 175	134	153 041
Total	2 268 952	1 184 934	76 038	1 108 896
Add: financial assets not exposed to credit risk[2]	382 643			
Less: impairments for loans and advances	(55 828)			
Less: unrecognised off balance sheet items	(245 597)			
Total exposure	2 350 170			
Cash and balances with central banks	114 437			
Derivative assets	61 799			
Trading assets	312 523			
Pledged assets	13 058			
Financial investments	316 243			
Other financial assets	29 533			
Loans and advances	1 502 577			
Total	2 350 170			

[1] Includes business lending and other exposures in note 8 loans and advances.
[2] Does not include exposures which are fully covered by collateral.

Insurance & Asset Management

Approach to managing and measuring credit risk

Credit risks are partially a function of Insurance and asset management (IAM)'s core business activities, but also part of a deliberate decision to add credit risk exposures to diversify the risks on the balance sheet and to generate attractive risk-adjusted returns. IAM prefers to take credit risk to back its long-dated and relatively illiquid liabilities due to the risk-adjusted returns it is able to achieve.

Looking forward, credit risks may be exacerbated by current and emerging macroeconomic trends, a weakening domestic business environment and the deterioration of the operational delivery and credit standing of the state-owned enterprises which may impact on the contribution of credit risk to IAM's profit and loss.

The credit risk policy for IAM is largely in line with the credit philosophy adopted by the group's banking activities. IAM balance sheet management committee (IBSMC), together with representatives from business, are primarily responsible for the implementation of the IAM credit policy which is aligned to the banking credit policy.

Where credit risk is for the risk and reward of policyholders, IAM is still exposed to indirect consequences of the credit loss such as possible reputational damage, legal disputes, lower investment fees and portfolio outflows.

Credit risk originated by business units (BUs) in IAM is managed by the BU. They are responsible for ensuring that the group credit risk policy is adopted, and that adequate systems, policies and procedures are put in place to meet the group life insurer's requirements.

Through the investment activities of mandated asset managers, IAM has largely been exposed to listed and more liquid credit instruments. However, the STANLIB Credit Alternatives Franchise mandate requires investment into illiquid credit assets, including exposure to unlisted and structured instruments, to benefit from higher returns and diversification. This is in line with the IAM approved credit strategy and risk appetite for the business. While IBSMC remains satisfied that the credit portfolio is sound, well-positioned and within risk appetite levels, it is recognised that loss events may occur from time-to-time in a credit portfolio of this nature.

Rating methodology

For the purposes of this report, standard rating classifications used by external ratings agencies have been applied.

Rating scale

Where applicable, internal ratings are mapped to equivalent external rating agencies' (Moody's, Standard and Poor's) rating scales. These external, globally recognisable rating categories are defined below.

Investment grade

- A- and above: Strong to extremely strong capacity to meet financial commitments.
- BBB: Adequate capacity to meet financial commitments, but vulnerable to severe adverse economic conditions.
- Investment grade is the equivalent of internal client ratings of SB 1 – 12.

Non-investment grade

- BB: Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
- Below BB: Vulnerable to adverse business, financial and economic conditions. The above ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.
- Non-investment grade is the equivalent of internal client ratings of SB 13 – 20.

Not rated

IAM is not restricted from investing purely in rated instruments, or where counterparties are rated, and accordingly invests in assets that offer appropriate returns after an internal assessment of credit risk. For most material investments in unrated instruments, or through unrated counterparties, internal ratings were undertaken. However, at any one time there will always be some unrated exposures, generally entered into through asset managers, where the internal ratings methodology has not been applied. This does not imply that the potential default risk is higher or lower than for rated assets.

Due to the extent of work required to obtain or prepare a credit rating, certain asset holdings (principally related to the consolidation of mutual funds) do have assets with underlying ratings, however, they may be classified as not rated for practical reasons.

Exposure to prepayments and other receivables is predominantly not rated due to the large number of counterparties and the short period of credit exposure. This credit exposure is managed by business areas

Pooled funds

The group invests in mutual funds through which it is also exposed to credit risk of the underlying assets in which the mutual funds are invested. IAM's exposure to mutual funds is classified at fund level and not at the underlying asset level. Although mutual funds are not rated, fund managers are required to invest in credit assets within the defined parameters stipulated in the fund's mandate. These rules limit the extent to which fund managers can invest in unlisted and/or unrated credit assets and generally restrict funds to the acquisition of local currency investment grade assets.

Exposure to credit risk

The following table provides information regarding the aggregated credit risk exposure to debt instruments categorised by credit ratings, if available, as at 31 December 2023.

	A- and above Rm	BBB+ Rm	BBB Rm	BBB- Rm	BB+ Rm	BB Rm	BB- and below Rm	Not rated Rm	Pooled funds Rm	Total exposure Rm
2023										
Debt instruments	**11 482**	**2 059**	**1 263**	**17 536**	**16 017**	**88 870**	**33 208**	**1 182**		**171 617**
Preference shares	**6**		**1**	**25**	**55**	**72**	**6**	**90**		**255**
Term deposits	**11 476**	**2 059**	**1 262**	**17 511**	**15 962**	**88 798**	**33 202**	**1 017**		**171 287**
Loans								**75**		**75**
Mutual funds - interest-bearing instruments[1]	**327**	**3**			**572**		**2 108**		**45 298**	**48 308**
Investment policies								**21**		**21**
Reinsurance contract assets	**4 535**						**112**	**767**		**5 414**
Derivatives and collateral deposits	**5 680**	**13**		**1 032**	**7 407**	**977**	**129**	**49**		**15 287**
Prepayments and other receivables	**971**						**308**	**3 645**		**4 924**
Cash and cash equivalents	**5 426**	**1 479**	**125**	**291**	**512**	**13 554**	**3 430**	**748**		**25 565**
Total assets bearing credit risk[2]	**28 421**	**3 554**	**1 388**	**18 859**	**24 508**	**103 401**	**39 295**	**6 412**	**45 298**	**271 136**
Local	15 268	2 480	946	16 924	23 228	94 663	37 107	4 395	33 604	228 615
Foreign	13 153	1 074	442	1 935	1 280	8 738	2 188	2 017	11 694	42 521
2022										
Debt instruments	10 650	2 469	958	16 153	18 108	68 546	49 331	3 125		169 340
Preference shares	7		1	20	117	51	28	59		283
Term deposits	10 643	2 469	957	16 133	17 991	68 495	49 303	2 964		168 955
Loans[3]								102		102
Mutual funds - interest-bearing instruments[1]	22				886		1 174		34 826	36 908
Investment policies								14		14
Reinsurance contract assets[4]	4 866	230			14			443		5 553
Derivatives and collateral deposits	5 324	695		360	5 720	2 714	919	53		15 785
Prepayments and other receivables[3]	1 278			2			254	1 998		3 532
Cash and cash equivalents	4 607	1 477	124	323	497	17 507	3 956	875		29 366
Total assets bearing credit risk[2]	26 747	4 871	1 082	16 838	25 225	88 767	55 634	6 508	34 826	260 498
Local	15 654	2 565	798	14 510	23 532	79 123	51 792	3 854	29 069	220 897
Foreign	11 082	2 306	284	2 328	1 693	9 644	3 842	2 654	5 768	39 601

[1] Mutual funds are categorised into property, equity or interest-bearing instruments based on a minimum of 80% of the underlying asset composition of the fund by value being of a like category. In the event of "no one category meeting this threshold" it is classified as "mixed asset classes".
[2] Due to practical considerations, credit exposure contained in investments in mutual funds that are classified as "mixed asset classes" is excluded.
[3] IFRS 17 requires all policyholder related cashflows to be included in the measurement of insurance/reinsurance contract assets/liabilities, and consequently certain items previously included in this table have been reclassified as a result of the IFRS 17 transition.
[4] Restated. Refer to pages 31 to 39 for more details relating to the IFRS 17 transition impact.

MAIN PARTY EXPOSED TO CREDIT RISK FOR LHL

	2023 Rm	2022 Rm
Policyholders with investment-linked policies, where Liberty holds matching assets	**121 956**	111 705
Third parties, where exposure arises on consolidation of mutual funds	**13 761**	14 503
Shareholder – other credit risk exposure	**131 425**	130 094
Total assets bearing credit risk[1]	**267 142**	256 302

1 Due to practical considerations, credit exposure contained in investments in mutual funds that are classified as "mixed asset classes" is excluded. The credit exposure in mixed asset class mutual funds would largely relate to policyholders with investment-linked policies and third party investments.

Funding and liquidity risk

Definition

Liquidity risk is defined as the risk that an entity, although having a solvent statement of financial position, either has insufficient cash resources to meet payment obligations as they fall due, or such resources can only be secured at materially disadvantageous terms.

Approach to managing liquidity risk

The nature of the group's activities gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties, who provide the group with short-term funding, withdraw or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

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

Refer to the Funding and liquidity risk section of the group's Risk and capital management report for additional information.

Banking

Maturity analysis of financial liabilities by contractual maturity

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

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

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

	Redeemable on demand Rm	Maturing within one month Rm	Maturing between one to six months Rm	Maturing between six to twelve months Rm	Maturing between one to five years[1]	Maturing greater than five years[1]	Total Rm
2023							
Financial liabilities							
Derivative financial liabilities	**90 305**	**32**	**70**	**59**	**20**		**90 486**
Instruments settled on a net basis	**78 087**	**32**	**70**	**59**	**20**		**78 268**
Instruments settled on a gross basis	**12 218**						**12 218**
Trading liabilities	**95 766**						**95 766**
Deposits and debt funding	**1 306 175**	**133 441**	**235 423**	**129 866**	**181 621**	**60 083**	**2 046 609**
Subordinated debt		**247**	**8 727**	**441**	**17 777**		**27 192**
Other	**6 236**		**19 857**	**1 018**	**2 626**	**2 409**	**32 146**
Total	**1 498 482**	**133 720**	**264 077**	**131 384**	**202 044**	**62 492**	**2 292 199**
Unrecognised financial liabilities							
Letters of credit and bankers' acceptances	**26 990**						**26 990**
Guarantees	**95 730**						**95 730**
Irrevocable unutilised facilities	**105 265**						**105 265**
Total	**227 985**						**227 985**
2022[1]							
Financial liabilities							
Derivative financial liabilities	73 691	19	(34)	(130)	(40)		73 506
Instruments settled on a net basis	48 544	19	(34)	(130)	(40)		48 359
Instruments settled on a gross basis	25 147						25 147
Trading liabilities	110 002						110 002
Deposits and debt funding	1 211 166	131 175	213 723	149 605	212 521	46 073	1 964 263
Subordinated debt		57	3 982	3 028	23 247		30 314
Other	2 504	14 528		1 433	3 512	5 991	27 968
Total	1 397 363	145 779	217 671	153 936	239 240	52 064	2 206 053
Unrecognised financial liabilities							
Letters of credit and bankers' acceptances	19 378						19 378
Guarantees	103 061						103 061
Irrevocable unutilised facilities	104 782						104 782
Total	227 221						227 221

[1] Restated. Maturity greater than 12 months has been disaggregated for better analysis of the maturity of financial liabilities.

Insurance & Asset Management

Maturity analysis of non-insurance financial liabilities by contractual maturity

The table below summarises the maturity profile of the financial instrument liabilities of the group based on the remaining undiscounted contractual obligations. These figures will be higher than amounts disclosed in the statement of financial position (where the effect of discounting is taken into account) except for short duration liability.

	Zero - three months[1] Rm	Three to twelve months Rm	One to five years Rm	Five to ten years Rm	Variable[2] Rm	Total Rm
2023						
Subordinated debt	**145**	**1 456**	**4 792**			**6 393**
Commercial paper	**1 603**					**1 603**
Preference shares related to SBG bancassurance agreement	**2 088**				**5**	**2 093**
Loan facilities		**913**	**1 764**			**2 677**
Financial liabilities under investment contracts	**146 741**	**1 341**	**3 407**	**147**		**151 636**
Third-party financial liabilities arising on consolidation of mutual funds	**69 717**					**69 717**
Lease liabilities	**24**	**68**	**299**			**391**
Repurchase agreements liabilities	**2 996**					**2 996**
Collateral deposits payable	**3 216**					**3 216**
Other payables	**6 952**	**156**	**4**			**7 112**
Total	**233 482**	**3 934**	**10 266**	**147**	**5**	**247 834**
2022						
Subordinated debt	1 029	343	6 393			7 765
Commercial paper	956					956
Preference shares related to SBG bancassurance agreement[3]	2 788				5	2 793
Loan facilities		838	1 739			2 577
Financial liabilities under investment contracts[3]	133 185	410	3 022	107		136 724
Third-party financial liabilities arising on consolidation of mutual funds	62 058					62 058
Lease liabilities	26	73	329	3		431
Repurchase agreements liabilities	5 140					5 140
Collateral deposits payable	2 891					2 891
Other payables[3]	6 260	102	13			6 375
Total	214 333	1 766	11 496	110	5	227 710

[1] 0 – 3 months are either due within the time frame or are payable on demand.
[2] The amount shown under 'Variable' has no fixed maturity date. However, this instrument is redeemable with a two year notice period at the option of the company or the holder.
[3] Restated. Refer to page 31 to 39 for more details relating to the IFRS 17 transition impact.

The table below breaks down the group's assets according to time to liquidate. It is worth noting that, in a stressed environment, the market value of these assets is likely to be negatively affected. Derivative assets are excluded from this table.

FINANCIAL, PROPERTY AND INSURANCE ASSET LIQUIDITY

	2023		2022 Restated[1]	
	%	Rm	%	Rm
Liquid assets	**81**	**418 365**	80	380 740
Medium assets	**13**	**65 478**	13	65 561
Illiquid assets	**6**	**30 749**	7	30 248
Total	**100**	**514 592**	100	476 549

[1] IFRS 17 requires all policyholder related cashflows to be included in the measurement of insurance/reinsurance contract assets/liabilities, and consequently certain items previously included in this table have been reclassified on adoption of IFRS 17.

Maturity analysis of insurance financial liabilities by contractual maturity

The table below summarises the maturity profile of the liquidity needs in respect of cash flows required to meet obligations arising from insurance and investment business.
Undiscounted cash flows are shown and the effect of discounting is taken into account to reconcile to total liabilities.

For investment contracts, insurance contracts measured under the premium allocation approach and for the liability for incurred claims the cash flows are largely reflected as within one year except in respect of specific liabilities where the cash flows are modelled for the duration of the claim such as disability income annuities in payment.

Whilst future contract renewals are anticipated in periods beyond one year the approach reflects the short coverage nature of the underlying business lines.

	Life risk measured under GMM Rm	Life risk measured under PAA Rm	Annuities and guaranteed investment plans Rm	Participating Rm	Non-life measured under PAA Rm	Reinsurance contracts held Rm	Total Rm
2023							
Within one year	**1 084**	**4 036**	**9 020**	**21 678**	**1 492**	**(2 217)**	**35 093**
One – two years	**(2 250)**	**925**	**6 960**	**19 366**	**315**	**(431)**	**24 885**
Two – three years	**(1 620)**	**841**	**7 717**	**22 286**	**55**	**(249)**	**29 030**
Three – four years	**(1 493)**	**777**	**12 532**	**31 054**	**35**	**(207)**	**42 698**
Four – five years	**(1 429)**	**730**	**14 920**	**25 927**	**16**	**(170)**	**39 994**
Over five years	**54 993**	**7 026**	**140 130**	**148 866**	**27**	**200**	**351 242**
Effect of discounting cash flows	**(55 197)**	**(5 853)**	**(128 538)**	**(113 707)**	**(83)**	**(97)**	**(303 475)**
Total	**(5 912)**	**8 482**	**62 741**	**155 470**	**1 857**	**(3 171)**	**219 467**
Amount payable on immediate surrender	**8 760**	**482**	**19 325**	**156 392**			**184 959**

	Insurance contracts held Rm	Reinsurance contracts held Rm	Total Rm
2022			
Within one year	33 702	(2 470)	31 232
One – two years	24 256	(357)	23 899
Two – three years	25 331	(233)	25 098
Three – four years	35 131	(188)	34 943
Four – five years	35 877	(168)	35 709
Over five years	333 503	(210)	333 293
Effect of discounting cash flows	(284 451)	261	(284 190)
Total	203 349	(3 365)	199 984
Amount payable on immediate surrender	203 349		203 349

Market risk

Definition

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

The group's key market risks are:
- trading book market risk.
- interest rate in the banking book (IRRBB).
- equity risk in the banking book.
- foreign currency risk.
- own equity-linked transactions.
- IAM market risk.

Trading book market risk

Definition

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

Approach to managing market risk in the trading book

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

The market risk functions are independent of the group's trading operations and are accountable to the relevant legal entity Asset Liability Committees (ALCOs). ALCOs have a reporting line into group ALCO, a subcommittee of Group Leadership Council (GLC).

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

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

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

VaR and SVaR

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

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%. The historical VaR results are calculated in four steps:
- calculate 250 daily market price movements based on 251 days' historical data. Absolute movements are used for interest rates and volatility movements; relative for spot, equities, credit spreads, and commodity prices.
- calculate hypothetical daily profit or loss for each day using these daily market price movements.
- aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days.
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss.

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

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

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

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

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

Trading book portfolio characteristics

VaR for the year under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run increased levels of market risk throughout the year for all asset classes when compared to 2022 aggregate normal VaR and stress VaR with a marginal increase in both levels noted at year end.

TRADING BOOK NORMAL VaR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
2023				
Commodities risk	**5**	**1**	**3**	**3**
Foreign exchange risk	**54**	**18**	**32**	**26**
Equity position risk	**23**	**7**	**11**	**8**
Debt securities	**78**	**22**	**44**	**24**
Diversification benefits[2]			**(29)**	**(20)**
Aggregate	**109**	**34**	**61**	**41**
2022				
Commodities risk	4		2	3
Foreign exchange risk	31	10	19	21
Equity position risk	21	8	13	10
Debt securities	54	19	29	27
Diversification benefits[2]			(26)	(22)
Aggregate	62	25	37	39

[1] The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.
[2] Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, that is, the difference between the sum of the individual VaRs and the VaR of the whole trading portfolio.

TRADING BOOK SVaR ANALYSIS BY MARKET VARIABLE

	SVaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
2023				
Commodities risk	**54**	**5**	**24**	**32**
Foreign exchange risk	**518**	**111**	**303**	**209**
Equity position risk	**255**	**45**	**112**	**109**
Debt securities	**491**	**171**	**287**	**224**
Diversification benefits[2]	**—**	**—**	**(278)**	**(281)**
Aggregate	**788**	**224**	**448**	**293**
2022				
Commodities risk	40	1	19	25
Foreign exchange risk	543	118	218	188
Equity position risk	224	79	120	100
Debt securities	879	179	355	291
Diversification benefits[2]			(350)	(318)
Aggregate	886	140	362	287

[1] The maximum and minimum SVaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate SVaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to SVaR when these values may occur on different days.
[2] Diversification benefit is the benefit of measuring the SVaR of the trading portfolio as a whole, that is, the difference between the sum of the individual SVaRs and the SVaR of the whole trading portfolio.

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[2]	USD	GBP	Euro	Other	Total
2023							
Increase in basis points		**100**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**1 370**	**1 040**	**317**	**47**	**871**	**3 645**
Decrease in basis points		**100**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**(1 387)**	**(1 226)**	**(289)**	**(57)**	**(932)**	**(3 891)**
2022							
Increase in basis points		100	100	100	100	100	
Sensitivity of annual net interest income	Rm	1 745	1 142	450	81	960	4 378
Decrease in basis point		100	100	100	100	100	
Sensitivity of annual net interest income	Rm	(1 783)	(1 332)	(435)	(4)	(994)	(4 548)

1 Before tax.
2 To provide a consistent disclosure of sensitivities across currencies, the ZAR sensitivity disclosure has been revised from 200 bps to 100 bps. This has resulted in a decrease in the level of FY22 sensitivity by R1 379 million and R1 454 million under the increasing and decreasing interest rate scenarios, respectively. Furthermore, the group amended its calculation of interest income on Stage 3 loans and advances for PPB and BCB clients. This has resulted in increased sensitivity of R355 million in FY22 under the 100 bps increasing and R354 million under the 100 bps decreasing interest rate scenarios. Refer to page 30 for more detail on this restatement.

Equity risk in the banking book

Definition

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

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

Approach to managing equity risk in the banking book

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

For the avoidance of doubt, equity risk in the banking book excludes strategic investments in the group's subsidiaries, associates and joint ventures deployed in delivering the group's business and service offerings unless the chief finance & value management officer and group chief risk officer deem such investments to be subject to the consideration and approval by the group ERC.

MARKET RISK SENSITIVITY OF NON-TRADING EQUITY INVESTMENTS

	10% reduction in fair value Rm	Fair value Rm	10% increase in fair value Rm
2023			
Equity securities listed and unlisted	**2 821**	**3 134**	**3 447**
Listed		**181**	
Unlisted		**2 953**	
Impact on profit or loss	**(154)**		**154**
Impact on OCI	**(159)**		**159**
2022			
Equity securities listed and unlisted	2 778	3 087	3 396
Listed		215	
Unlisted		2 872	
Impact on profit or loss	(218)		218
Impact on OCI	(91)		91

Foreign currency risk

Definition

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

Approach to managing foreign currency risk

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

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

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

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

Foreign currency risk sensitivity analysis

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

FOREIGN CURRENCY RISK SENSITIVITY IN ZAR EQUIVALENTS[1]

		USD	Euro	GBP	Other	Total
2023						
Total net (short)/long position	Rm	**338**	**(26)**	**301**	**406**	**1 019**
Sensitivity (ZAR depreciation)[2]	%	**10**	**10**	**10**	**10**	
Impact on profit or loss/equity	Rm	**34**	**(3)**	**30**	**41**	**102**
2022						
Total net long/(short) position	Rm	(1 382)	50	201	347	(784)
Sensitivity (ZAR depreciation)[2]	%	10	10	10	10	
Impact on profit or loss/equity	Rm	(138)	5	20	35	(78)

[1] Before tax

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

Insurance & Asset Management

Definition

Market risk is the risk of adverse financial impact resulting, directly or indirectly, from fluctuations in equity prices, interest rates, foreign currency exchange rates, property values and inflation as well as any changes in the implied volatility assumptions associated with these variables.

Ownership and accountability

The group's market risk standard establishes a set of governing principles for the identification, measurement, monitoring, management and reporting of market risk across group. Therefore, IAM's market risk management policy is aligned to the principles contained in the group's market risk standard.

The asset and liability committee (ALCO), which is a sub-committee of the IAM global balance sheet management committee (GBSMC), is charged with ensuring that market risk remains within approved risk limits. The primary market risk management activities within
IAM consist of:

- Assuming outright market risk via activities within the IAM Shareholder Portfolio.
- Regular matching of investment performance related policyholder liabilities with suitable assets; and
- Hedging explicit, or implicit, guarantees and certain modelled cash flows within IAM in insurance contract measurement.

The asset-liability management (ALM) unit within IAM manages the underlying market risk associated with investment guarantees, matching asset requirements and long-dated cashflows within a comprehensive risk management framework.

The group's asset managers are responsible for managing investment asset portfolios and manage investment risks within their mandates. Oversight of investment performance risk is provided by the client fund control committee through the monitoring of asset managers and the setting of appropriate policyholder fund mandates.

The risk management team provides independent oversight of the adequacy and effectiveness of market risk management processes across the group and reports material risks to ALCO and LRC.

Risk identification, assessment and measurement

In the case of market risks which arise from an insurance/ investment product, identification and measurement requires an evaluation of the product's design, whether it is an existing product or a new product proposal, to ensure a thorough understanding of the market risk implications of the product.

Once identified and measured, an assessment of the risk is performed. Risk assessment classifies the risks into:

- Market risk exposures which the group wishes to retain as part of its capital management program. This includes market risks arising from assets and exposures within the IAM Shareholder Portfolio; and
- Market risk exposures which the group does not wish to retain, but which are an inevitable consequence of other value adding business activities. Where these risks can be mitigated (either through improved product design or through open market hedging activity in the ALM portfolio, on economically sensible terms), such actions are implemented. Where this is not possible, limits are placed on the quantum of the risk that may be taken to ensure that the business continues to be managed within risk appetite.

Market risk management

The group, through its IAM business unit, offers a range of risk, savings and investment products. These products result in market risk exposures due to certain fee revenue being based on values of investment components, underlying investment guarantees granted to policyholders that are embedded within these products, activities of acquiring assets to match benefits in certain contracts, as well as interest rate risk associated with long-dated contracted cashflows.

Under IAM's group approved balance sheet management framework, certain market risk exposures are retained. This is to broadly deliver regulatory capital coverage ratio stability whilst limiting earnings volatility.

IFRS 17 insurance contracts and IFRS 9 financial instruments

The group's policyholder contracts are, from an accounting measurement perspective, measured under either IFRS 17 and IFRS 9 guidance. However, the group does not segregate its hedging and asset liability matching activities depending on which IFRS standard applies and manages market exposures on an aggregate basis across the full financial position, including all policyholder contracts.

Consequently, insurance finance income or expenses derived from IFRS 17 measurement application should be analysed together with IFRS 9 finance income or expense measurement outcomes for policyholder investment contracts. In addition, the net financing return will represent the financial outcome of all shareholder market exposures.

Market exposure

IAM's market exposures are split between a designated shareholder portfolio and the exposures managed by the ALM unit.

IAM's shareholder portfolio consists of:

- Net assets, mainly property and cash, held in excess of assets required to back liabilities (including policyholder liabilities and IAM listed subordinated debt instruments issued through an approved debt programme).
- Retained market risk exposure resulting from unhedged policyholder liabilities to ensure capital coverage stability (mostly interest rate risk associated with certain IFRS 17 GMM insurance contracts and a portion of market risk associated with IFRS 17 participating contracts).

The ALM unit managed exposures consists of:

- Assets that hedge liabilities, some of which have explicit, or implicit, guarantees. The assets include equities, debt instruments and derivatives, that are dynamically rebalanced to manage the underlying market risk and aimed at minimising earnings volatility.
- Illiquid credit assets backing long-term liabilities, which enables ALM to extract a credit risk margin and illiquidity premium.

The group elected to apply the risk mitigation option in respect of exposures hedged in relation to certain participating contracts measured under the variable fee approach. This is offset through the fair value adjustments on matching derivative positions taken.

As mandated, the net exposure to market risk in the ALM unit is managed close to nil through the IAM hedging programme – however the ALM is exposed to extreme market volatility.

Credit portfolio – Within the ALM unit, commercial debt instruments are invested in to match policyholder liability cash flow obligations and manage interest rate risk related to these cash flows. These commercial debt instruments also generate a credit margin return to shareholders but introduce credit risk. Refer to the credit risk section for further information.

In respect of territories within IAM where capital markets are less developed, the market and credit exposures are managed at overall balance sheet level through appointed investment committees. In most territories these committees formulate investment mandates which are tasked to approved asset management entities to execute.

Due to the limited investment capital markets in the applicable jurisdictions outside of South Africa, it is not feasible to utilise derivative instruments to hedge market risks. Consequently, these risks are managed through a combination of active asset liability matching and conservative product constructs and investment policies. Guaranteed products are kept to a minimum and only offered where the capabilities to manage the risks are mature. Liquidity is a key consideration factor in managing market risk and most assets acquired in jurisdictions outside of South Africa are sovereign debt instruments and bank deposits biased towards lower durations.

Outside of sovereign default risk, credit risk is insignificant, relative to the overall market and credit risk carried by the group. Credit risk (outside of sovereign) is largely concentrated in cash deposits with tier one and two banking institutions.

Group market sensitivities

Sensitivities indicating the impact of changes in key assumptions have been prepared by applying stresses at the financial position date. These sensitivities have been calibrated to moderately severe (1-in-10 year) stresses. The 1-in-10-year stresses replace the sensitivities reported in previous years, which were based on management's judgement of reasonably likely annual possible changes in respective variables on a through the economic cycle basis. Each of the presented sensitivities is applied in isolation with all other assumptions left unchanged.

Aligned to market exposures being managed through an overall balance sheet approach that aggregates market positions and manages these exposures within overall group risk appetite limits and specific mandates, the sensitivities disclosed have been applied to all financial instruments (IFRS 9), insurance contracts (IFRS 17) and investment properties (IAS 40) where applicable. The sensitivities are presented in totality including applicable taxation to reflect the net impact to ordinary shareholder equity.

For long-dated policyholder contracts, the calculation allows for the change in the fulfilment cash flows (including the risk adjustment) of the contracts under the stress as well as how much of this impact adjusts the CSM. This is applicable to contracts measured under the variable fee approach. Consistent with the required mechanics of the CSM, the calculation is performed at a profitability group level and considers the impact of risk mitigation under market risk stresses in line with the group's balance sheet management strategy.

For investment contracts, measured under IFRS 9, the expected service fees less expenses over the next 12 months are stressed under each of the applicable stresses. Other than the impact to the one-year future fees charged, there are no other significant impacts from the market risk sensitivities as it is the group’s adopted risk mitigation action to mirror (i.e. acquire) actual investments that link closely to the contractually defined referenced assets in the policy. This is to minimise mismatch risk.

In some cases, for example due to embedded options in insurance contracts, changes to certain economic assumptions do not result in linear impacts to policyholder contract liabilities and ordinary shareholders’ equity. Sensitivities are therefore generally provided showing both an increase and decrease in the parameters, where the impacts may not be symmetrical.

Instantaneous stresses are applied to both liabilities and assets and their values recalculated due to the change in the market prices. For interest rate yield curve sensitivities, the assumptions used in the measurement of policyholder contract values that are dependent on interest rate curves are also updated. All the assets held by the group, and not just assets backing the policyholder contract values, are stressed to arrive at the expected impact on ordinary shareholders' equity. Given hedging is typically performed based on net market risk exposures aggregated across the life insurance business, it is not practical, and it is not considered relevant or useful, to disaggregate this information into IFRS 17 defined reportable groups or any other product segmentation.

The net of reinsurance impacts on shareholder equity and attributable profit in the table have been presented after allowing for CSM absorption. Due to the impact of market risks on reinsurance contracts being immaterial, the table only shows the net of reinsurance impacts on attributable profit. The impact on the CSM, increase or (decrease) is also included in the table to provide additional insights as to the CSM dynamics and the resultant effective deferral of the impact on attributable profit to future years.

MARKET SENSITIVITY ANALYSIS

	2023			2022	
	Change in variable[1,2] %	Impact on ordinary shareholders' equity and attributable profit (net of reinsurance and taxation) Rm	Impact on CSM (net of reinsurance and taxation) Rm	Impact on ordinary shareholders' equity and attributable profit (net of reinsurance and taxation) Rm	Impact on CSM (net of reinsurance and taxation) Rm
Market assumptions					
Interest rate yield curve	**1[2]**	**(742)**	**(12)**	(805)	55
	-1[2]	**786**	**13**	449	(61)
Property prices	**14**	**1 590**	**20**	932	41
	-14	**(1 592)**	**(20)**	(942)	(41)
Equity prices	**25[3]**	**503**	**409**	823	697
	-25	**(417)**	**(428)**	(777)	(711)
Rand exchange rates	**21[4]**	**727**	**191**	1 007	305
	-19[5]	**(637)**	**(181)**	(951)	(282)

1 The sensitivities reflect 1-in-10 year stresses.
2 All changes in variables are applied as a relative stress percentage, except for the yield curve stresses which are 1% up or down absolute stresses.
3 Increase in local and global equity prices.
4 Weakening of the rand.
5 Strengthening of the rand.

Property market risk

The group is exposed to tenant default, depressed rental markets and vacancies within its investment property portfolio affecting property values and rental income. The managed diversity of the property portfolio and the existence of multi-tenanted buildings significantly reduce the exposure to this risk. At 31 December 2023 the proportion of unlet space in the property portfolio was 5.8% (2022: 7.0%).

At 31 December 2022 a portion of IAM's exposure to property was held in listed shares in Liberty Two Degrees Limited (L2D). To the extent that policyholders and shareholders were invested in shares, they were exposed to the volatility of the price at which the listed shares traded.

On 27 July 2023, Liberty Group Limited (LGL) and L2D announced Liberty's intention to buyout the non-controlling shareholders in L2D, in terms of a scheme of arrangements and subsequently delisting of L2D from the JSE. All scheme conditions were met, with the required approvals in place which finalised the acquisition of L2D non-controlling units by LGL at R5.55 per unit and resulted in the termination of the listing of L2D units on the JSE on 14 November 2023. Following the buy-out of non-controlling shareholders in L2D the group's property exposure has increased.

Refer to **annexure A** for further information on the buyout of non-controlling shareholders of L2D.

The group's direct exposure to property market risk is shown below.

UNOBSERVABLE INPUTS INCLUDED IN VALUATION FOR INVESTMENT PROPERTIES

	Rm	Exit cap rate (%)	Discount rate (%)	Vacancy rate (%)	Rental growth (%)	Expense growth (%)
2023						
Office buildings	**38**	**8.5**	**14.25**	**1.0**	**2.0 – 4.75**	**6.5**
Retail – super regional and regional	**24 542**	**7.0 – 7.5**	**12.0 – 13.25**	**1.0 - 5.0**	**4.0 – 6.0**	**6.5**
Retail – other	**2 210**	**8.25 – 8.5**	**12.5 – 12.75**	**1.0 – 5.0**	**2.0 – 5.5**	**6.5**
Hotel	**1 531**	**9.8**	**14.25**			
Specialised[1]	**953**	**8.75 – 10.5**	**14.25 - 14.75**		**0.0 - 5.0**	**6.5**
2022						
Office buildings	40	8.5	14.0 – 14.25	1.0	1.0 – 8.0	6.0
Retail – super regional and regional	24 046	7.0 – 7.5	12.0 – 13.25	1.5 – 5.0	4.0 – 5.5	6.0
Retail – other	2 147	8.0 – 8.5	12.50	1.0 – 5.0	4.0 – 5.5	6.0
Hotel	1 447	9.75 – 10.0	14.25			
Specialised[1]	945	8.75 – 10.5	14.0 – 14.75		0.0 – 5.0	6.0

[1] The vacancy rate indicated in the table above refers to the structural vacancy rate applied over and above that which is already used in the cash flow for existing vacancies and void periods on expiry of leases.

Inter-relationship between key unobservable inputs and fair value measurements:
The most significant impact on value is an adjustment on metrics whereby the estimated fair value would increase/decrease if:

- exit capitalisation rate was lower/(higher).
- discount rate was lower/(higher).

Other inputs that impact the value positively (negatively) but are less significant are:

- vacancy and rent-free periods were shorter/(longer).
- expected market rental growth was higher/(lower).
- expected expense growth was lower/(higher).

Insurance risk

Insurance & Asset Management

Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, retrenchment, policyholder behaviour or expense experience in the case of life products, and claims incidence, claim severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the group's earnings and capital if different from those assumed.

Ownership and accountability

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

The head of the actuarial function and statutory actuaries, where applicable, and group insurance risk department provide independent oversight of compliance with the group's risk management policies and procedures and the effectiveness of the group's insurance risk management processes.

There are a number of management committees in place responsible for managing all aspects of insurance risk. These committees are:

- IAM group control and risk oversight committee (IROC);
- IAM group reinsurance, underwriting and claims committee;
- IAM group product approval committee; and
- Actuarial control committee.

These committees are sub-committees of the Insurance and asset management executive committee (IAM exco).

Risk identification, assessment, measurement and management

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

Insurance risk sensitivities

The group's IAM business's earnings and available capital are exposed to insurance risks through its various insurance operations. Assumptions are made in respect of the insurance risks in the measurement of insurance contract liabilities.

Sensitivities indicating the impact of changes in key assumptions related to life insurance risks have been prepared by applying stresses at the financial position date.

The sensitivities chosen have been calibrated to moderately severe (1-in-10 year) stresses. The 1-in-10-year stresses replace the sensitivities reported in previous years, which were based on management's judgement of reasonably likely annual possible changes in respective variables on a through the economic cycle basis. Sensitivities to non-life insurance risks have not been shown as the impact of 1-in-10 year non-life stresses on the group's overall performance is immaterial at the reporting date.

Comparative stresses have accordingly been restated, together with a revised format due to the adoption of IFRS 17.

Except where the impact of the sensitivity is not linear, single direction sensitivities have been supplied. Each of the presented sensitivities is applied in isolation with all other assumptions left unchanged.

The sensitivities are applied to contracts measured under IFRS 17 and do not apply to policyholder contracts measured under IFRS 9.

For long-dated contracts, the impact on the attributable profit calculation allows for the change in the fulfilment cash flows (including the risk adjustment) of the contracts under the stress net of the impact to the applicable CSM. The calculation differentiates between changes in long-term insurance assumptions which would be accounted for through the CSM, as opposed to stressed in-year cash-flows, such as higher death payments in a mortality epidemic event, which would flow directly to attributable profit. For short-contract boundary life business, measured under the PAA, the impacted cash flows are stressed over the next 12 months. The sensitivities are applied as a level percentage change in future expectation in relation to the relevant variable.

The expense sensitivity is limited to directly attributable expenses used in best estimate cash flow modelling of insurance contracts and will not include the full recurring expense base of the business operations.

Separate sensitivities are provided where the stresses are applied over the contract term, as well as stresses applied only during the next 12 months.

The gross and net of reinsurance impacts on shareholder equity and attributable profit in the table have been presented after allowing for CSM adjustments. The impact on the CSM, increase or (decrease) is also included in the table to provide additional insight as to the CSM dynamics and the resultant effective deferral of the impact on attributable profit to future years.

SENSITIVITY ANALYSIS OF RISK VARIABLES

	2023				2022		
		Impact on ordinary shareholders' equity and attributable profit after taxation		Impact on CSM (net of reinsurance and taxation)	Impact on ordinary shareholders' equity and attributable profit after taxation		Impact on CSM (net of reinsurance and taxation)
	Change in variable[1] %	Gross of reinsurance Rm	Net of reinsurance Rm	Rm	Gross of reinsurance Rm	Net of reinsurance Rm	Rm
Insurance assumptions							
Stress over contract term							
Mortality - insured lives	+4.5	(381)	(316)	(815)	(376)	(307)	(778)
Longevity - annuitants[2]	+6.5	136	136	(709)	21	21	(587)
Morbidity	+10	(487)	(344)	(873)	(497)	(339)	(898)
Withdrawals	+10	(122)	(118)	(699)	(111)	(98)	(785)
	-10	125	118	966	135	118	1 033
Expense per policy	+5.5	(137)	(137)	(306)	(143)	(143)	(309)
Stress the next 12 months only							
Mortality - insured lives	+10	(557)	(448)	(5)	(508)	(404)	(19)
Morbidity	+19	(423)	(301)	(1)	(423)	(295)	(4)
Withdrawals	+21	(80)	(78)	(285)	(76)	(69)	(289)

1 The sensitivities reflect 1-in-10 year stresses.
2 Annuitant life expectancy increases i.e. annuitant mortality reduces. Profits are expected under the longevity sensitivity due to the CSM absorption of the stress impact calculated at locked-in discount rates exceeding the stress impact calculated at current discount rates.

The following table indicates the relative contribution by reportable group to the aggregate of shareholder equity and CSM by sensitivity. If the impact is not applicable or very low for that reportable group the table has been left blank.

Reportable Group	Sensitivity				
	Mortality	Longevity	Morbidity	Withdrawals	Expense per policy
Annuities and GIPs	Low	Medium-High			Low
Life Risk under GMM	Medium-High		High	Medium-High	Medium
Life Risk under PAA	Medium-High		Low-Medium	Low	Low
Participating contracts				Medium	Medium

On reportable groups with short-term contract boundaries, particularly PAA contracts, the impact in respect of underwriting, withdrawal and expenses is lower for a given sum assured as the group is able to review prices in the short term. However, in the longer term, high retention rates and control of expenses on short-term boundary contracts are important for the continued competitive viability of these products from a new business perspective.

Insurance exposure by reportable group

The following table provides a measure of insurance exposure by reportable group. Where there is material insurance underwriting risk, experience ratios have been provided to give an indication of the insurance contracts' performance. The annuities and guaranteed investment plans reportable group has been split, as the guaranteed investment plan business does not have material underwriting risk under current market conditions.

	Insurance revenue Rm	Net of reinsurance insurance revenue[1] Rm	South Africa Net of reinsurance insurance revenue[1] Rm	Other African regions Net of reinsurance insurance revenue[1] Rm
2023				
Life risk measured under GMM	**10 724**	**9 094**	**9 024**	**70**
Life risk measured under PAA	**10 414**	**9 238**	**8 139**	**1 099**
Life Annuities	**5 784**	**5 784**	**5 672**	**112**
Non-life risk measured under PAA	**5 785**	**4 943**	**3 266**	**1 677**
Contracts with material insurance underwriting risk	**32 707**	**29 059**	**26 101**	**2 958**
Guaranteed investment products	**1 370**	**1 370**	**1 370**	**—**
Direct participation contracts	**4 703**	**4 703**	**4 529**	**174**
Other insurance contracts	**6 073**	**6 073**	**5 899**	**174**
Total insurance contracts	**38 780**	**35 132**	**32 000**	**3 132**
2022				
Life risk measured under GMM	11 288	9 927	9 886	41
Life risk measured under PAA	9 604	8 683	7 775	908
Life Annuities	3 989	3 989	3 924	65
Non-life risk measured under PAA	5 808	5 018	3 051	1 967
Contracts with material insurance underwriting risk	30 689	27 617	24 636	2 981
Guaranteed investment products	1 085	1 085	1 085	
Direct participation contracts	3 935	3 935	3 755	180
Other insurance contracts	5 020	5 020	4 840	180
Total insurance contracts	35 709	32 637	29 476	3 161

[1] Insurance revenue less "Reinsurance expense before recoveries" as per note "Net income/expense from reinsurance contracts held".
[2] Insurance service expense less attributable and amortised costs plus ("Net expense from reinsurance contracts held" less "Reassurance expense before recoveries") as a ratio of "Net of reinsurance insurance revenue".
[3] Insurance service expense plus ("Net expense from reinsurance contracts held" less "Reassurance expense before recoveries") as a ratio of "Net of reinsurance insurance revenue".

Approach to managing insurance risk

Within insurance product pricing and in the measurement of insurance and reinsurance contracts, assumptions are made on underwriting, policyholder behaviour and expenses in determining best-estimate cash flows. Risk adjustments are added to the best estimate liabilities to reflect the level of expected uncertainty in the best estimate assumptions and the required risk adjustment.

For pricing purposes, such risk adjustments are also added to the best estimate liabilities so that the new business value appropriately reflect the expected value to be generated after allowing for an appropriate level of compensation for the risks that are being borne.

The uncertainty in the insurance assumptions is also reflected in the regulatory capital requirements of the insurance entities.

Risk management through product development, pricing and at the point of sale

The product development and pricing process defines the terms and conditions on which the risks will be accepted. Once a policy has been sold, the risk is accepted for the duration of the contract and the terms and conditions of the policy cannot be unilaterally changed except where the policy allows for rate reviews. The product development and approval processes ensure that:

- clients' needs and expectations will be met by the product;
- risks inherent in new products are identified, assessed and measured and stress tests are performed to enhance understanding of the inherent risks and appropriateness of potential mitigating actions;
- pricing is adequate for the risks undertaken;
- product design and pricing takes account of all product features, terms and conditions;
- reinsurance is used to reduce exposures to some insurance risks;
- the controls required to provide the product within risk appetite are identified and established; and
- post-implementation reviews are performed to ensure that intended outcomes are realised and to determine if any further action is required.

Risk management post-implementation of products and of in-force policies

The management of insurance risk is effectively the management of deviations of actual experience from the assumed experience on which products were priced. The risk is that these earnings are less than expected due to adverse actual experience.

Experience investigations are conducted on insurance risks to ascertain the reason for deviations from assumptions and their financial impacts. Adjustments to assumptions are made if considered appropriate to better reflect expected future experience and are used to inform the product development and pricing process.

Insurance risk exposure is monitored against any limits set. Further, insurance risk stresses are assessed and reviewed against risk appetite and risk target and are included in processes to access current and future financial conditions. Mitigating actions are developed for any risks that fall outside of management's assessment of risk appetite in order to reduce the level of risk to within the approved tolerance limits. Key risk indicators are used to enhance the monitoring and mitigation of insurance risks and facilitate insurance risk reporting.

Although risk adjustments, capital requirement and risk appetite limits are in place in recognition that the actual experience may differ from expectations, part of ongoing insurance risk management is implementing controls to help ensure the actual experience is financially favourably within the assumptions made.

This ongoing management of insurance risk, once the risk has been contracted, includes the management of costs; premium adjustments where permitted and appropriate; management strategies and training of sales staff to encourage customers to retain their policies; and appropriate claims management. The identification of emerging risk and threats to insurance risks also forms part of this ongoing management.

Feedback from customers is regularly considered to ensure that sales processes are delivering the right results for customers, that the contracts remain appropriate for their needs in the years after sale and that those customers considering abandoning or surrendering their contracts are fully informed about the consequences of their choice.

Insurance risks are reported to business area executive committees and raised to relevant risk committees that convene quarterly for review and discussion. Major insurance risks identified are escalated to the relevant board or board-sub committees. In addition, the IAM actuarial committee reviews the actuarial methodology and assumptions to support the IAM risk committee.

As part of the risk management system, own risk and solvency assessments are performed as reflected in ORSA reporting to the Prudential Authority.

Underwriting risk

Adverse financial impact caused by future demographic or claims incidence experience exceeding the expected experience. Underwriting risks include, among others, mortality and morbidity risks, longevity risks and non-life claims incidence and severity insurance risks.

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to uninsurable risks.

Underwriting risks are risks that are core to the insurance business. The business continues to monitor and gain insight from its experience to drive appropriate management actions in underwriting, claims and pricing and to react timeously to ensure appropriate risk selection.

The business uses its specialist skills (with assistance from reinsurers when considered necessary) to enhance risk selection for the assessment, pricing and management of these risks to generate favourable shareholder returns. These risks are diversified by exposure across many different lives, geographies, and product types and will generally be retained if they are within risk appetite.

There is a risk that risk selection capabilities fall behind those of competitors. The business continues to maintain specialist skills and to actively drive specific risk selection initiatives to counteract this risk.

The following processes and procedures are in place to manage underwriting risk:

Pricing

Premium rates are differentiated by factors which have been determined to have a significant impact on underwriting claim experience taking into account current market dynamics. Premium rates and product designs are updated when required.

Prior to taking on individual risk policies, appropriate underwriting processes are conducted which influence pricing on the policy prior to acceptance.

Actual claims experience is monitored regularly so that deteriorating experience can be timeously identified. Product pricing and the measurement of insurance contract liabilities are changed if the deteriorating experience is expected to continue and cannot be mitigated. Detailed underwriting risk investigations are conducted at least annually for key products.

Developing insights to improve risk selection will continue so as to manage new business experience appropriately within pricing and long-term expectations where relevant.

Claims management

For mortality, claims are validated against policy terms and conditions.

For morbidity and retrenchment, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions.

For annuities, claims management ensures that annuitants are still due payment by verifying that annuitants are still alive. In the case of income disability annuitants, claim management ensures the continued eligibility for monthly income and includes interventions that may result in the full or partial medical recovery of the claimant. The actual disability experience is highly dependent on the quality of the claim assessments.

For non-life claims, experienced claim assessors are used to assess the validity of claims and claim amounts payable in relation to the policy terms and conditions.

Reinsurance

Reinsurance is used to reduce underwriting risk exposure to: a particular line of business; a particular individual; a single event; and to benefit from the risk management support services and technical expertise offered by reinsurers. Existing life reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually. Catastrophe reinsurance excludes certain events such as epidemics, pandemics and radioactive contamination.

Capital is held for these risks. Within non-life insurance both proportional and non-proportional arrangements are used with retention levels and catastrophe cover levels varying by line of business.

Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. On insurance risks measured under GMM, given that the proportion of reinsurance is fixed for life at inception of the policy, the overall reinsurance result is heavily influenced by historic reinsurance arrangements. Conversely, on insurance risks measured under PAA where underlying policyholder benefits are typically annually renewable, reinsurance is annually renewable and the reinsurance result reflects the performance of recent arrangements.

Reinsurance credit risk arises where a portion of risk is ceded to another insurer or reinsurer. The management of reinsurance credit risk forms part of broader credit risk management.

Life underwriting risk

Although Covid-19 resulted in significant life underwriting losses in the short term, such pandemic events are part of the reason for life insurance with the risk thereof reflected in risk adjustments and capital calculations. Pricing and underwriting revisions are regularly made to reflect the latest outlook in relation to life risks to optimise profitability and maintain competitiveness.

The following classes of life underwriting are covered:

Mortality risk

Adverse financial impact due to actual mortality (death) claims being higher than expected

There is a risk that mortality increases in the long-term from a multitude of factors (e.g. deteriorating health trends, deteriorating health care, climate-change related excess deaths, increase frequency of disease). However, to the extent that the emergence of this risk can be identified early, part of this risk can be mitigated by revising underwriting and pricing terms on new business and through exercising the premium review options available in policy terms and conditions to mitigate losses on in-force business.

Morbidity risk

Adverse financial impact due to policyholder health related (disablement and dread disease) claims being higher than expected

On income disability, lump-sum disability and lump-sum dread disease benefits, aggregate experience, particularly on long-term business, has been well within expectation over the last few years. There are some indications that this aggregate experience is improving in part as a result of improvements in risk selection including enhanced underwriting implemented incrementally since 2015.

Improvements in morbidity experience were observed across the industry during the pandemic, surmised to be partly as a result of reduced medical diagnosis of conditions. As a result of the reduced medical diagnoses, there was a risk of increasing severities of conditions post-pandemic. However, the impact of this has been more than offset by the other improving trends in the experience.

In the event of the risk of long-term morbidity worsening, as in the case of mortality risk, premiums can be reviewed in line with policy terms and conditions.

Retrenchment risk

Adverse financial impact due to retrenchment related claims exceeding expectation

This risk arises from benefits that provide income or premium waivers on formal retrenchment and on more general loss of income on some product ranges. The benefit is payable for a limited fixed period or until re-employment, if earlier. The exposure to retrenchment business in aggregate is relatively small.

The aggregate level of retrenchment claims has been quite volatile over the years given the correlation of retrenchment levels with the state of the economy. Given the uncertainty of the economic environment during the pandemic, some retrenchment benefits were closed to new business. As the level of uncertainty is deemed to have fallen, some of these benefits are being reopened on terms such that the risk is considered within appetite.

Longevity risk

Adverse financial impact due to the actual mortality on life annuitants, and actual mortality and recovery on income disability annuitants in payment, being lower than expected, leading to annuity benefits being payable for longer than expected

In the longer term, the risk of adverse financial impacts arising from longevity improvements higher than expectations remains. Such improvements typically arise from better living standards and from medical advances. There is significant uncertainty as to whether the improvements in life expectancy that have been experienced historically will continue in future, with a general slowing down of improvements particularly for the last decade in much of the developed world.

The group has shareholding in entities conducting life insurance business as well as non-life insurance business in its Africa Regions operations, including medical expense cover.

Non-life insurance definitions:

Class of business	Definition
Medical expense	Cover for personal medical expenses.
Property	Cover against loss or damage to property due to fire, explosion, storm, business interruption and other occurrences customarily included.
Motor	Cover for losses arising out of the use of motor vehicles, inclusive of third-party risks but exclusive of transit risks.
Personal liability	Provides indemnity for actual or alleged breaches of professional duty arising out of the insured's activities, indemnifies directors and officers of a company against court compensation and legal defence costs, provides indemnity for the insured against damages consequent to a personal injury or property damage.
Personal accident and health	Provides financial compensation for the insured person sustaining bodily injury, solely and directly caused by accidental, violent, visible and external means, and which shall within 12 calendar months result in death, disablement or the incurring of medical expenses.
Other	Classes of business not included under those listed above. These include engineering, workmen's compensation, marine and aviation, theft, agriculture, bonds, goods in transit and glass.

The following table splits the insurance revenue, net of reinsurance insurance revenue and IFRS 17 related experience ratios for the main classes of non-life insurance business as reported in the table on page 253 above.

	Insurance revenue Rm	Net of reinsurance insurance revenue[1] Rm
2023		
Medical	**1 123**	**982**
Property	**2 985**	**2 545**
Motor	**913**	**865**
Personal liability, accident and health	**430**	**361**
Other	**334**	**190**
Total	**5 785**	**4 943**
2022		
Medical	1 409	1 279
Property	2 550	2 300
Motor	890	847
Personal liability, accident and health	521	383
Other	438	208
Total	5 808	5 017

[1] Insurance revenue less "Reinsurance expense before recoveries" as per note 33.

Non-life insurance risk strategy

The non-life underwriting strategy seeks diversity to ensure a balanced portfolio across the above insurance classes, with a large number of policyholders covered spread over a large geographical area.

For property classes of business, in areas where there is a significant geographical concentration risk, this risk is materially mitigated through the use of reinsurance.

The risks under each insurance contract are the frequency with which the insured event occurs and the uncertainty of the amount of the resulting claim. For a pool of insurance contracts, the principal risks are that the actual claims and benefit payments exceed the premiums charged for the risks assumed and that the reserve set aside for policyholders' liabilities proves to be insufficient.

Within non-life underwriting risk, risk management and controls are adapted appropriately to each product class of business. Within each product class of business, the risks arising are usually considered within the following categories:

Premium risk

Premium risk is the risk of fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions turn out to be insufficient to cover claims or that premium provisions need to be increased.

Premium risk relates to insurance policies to be written or renewed during the period, and to unexpired risks on existing policies.

The risk is managed by carefully establishing criteria by which each potential customer is allocated to the appropriate risk category, applying the underwriting rules, and by establishing prices appropriate to each risk category.

Reserving risk

Reserving risk is the risk of fluctuations in the timing and amount of claim settlements relative to what was expected.

For outstanding claims that have been reported, provisions are reviewed at least annually by expert assessors. For incurred claims that have not been reported, provisions are calculated using appropriate techniques and regulatory prescriptions.

Catastrophic risk

Catastrophic risk is the risk of adverse financial impact due to a single event or series of extreme or irregular interrelated events, leading to a significant deviation in actual claims from the total expected claims.

Significant losses may arise from catastrophic events such as flood, storm or earthquake damage, as well as large single risk events. To mitigate this risk, reinsurance is bought across a diversified panel of reinsurers. Reinsurance provides protection for individual large claims, accumulations of claims and catastrophic claims such as hail damage and earthquakes.

Policyholder behaviour risk

Policyholder behaviour risk is the risk that adverse financial impact is caused by actual policyholders' behaviour deviating from expectation.

The primary policyholder behaviour risk is termination risk. This generally arises when policyholders surrender or lapse their policies, or discontinue or reduce contributions, at a rate that is not in line with expectations. This could be due to regulatory and law changes(including taxation), changes in economic conditions, changes in policyholders circumstances and perceptions, policy conditions and practices, selling practices, advisor behaviour, and competitor behaviour.

Policyholder behaviour risk, in particular surrender and lapse risk, remains significant with the experience being volatile and linked in part to the economic cycle. The risk is significant particularly for life risk measured under GMM and participating contracts which are valued on longer-term contract boundaries. However, since it is usually costlier to acquire new annually renewable business than retaining it, the expected renewal experience is considered in product pricing as this affects such business's long-term viability.

The policyholder behaviour risk is managed through frequent monitoring of experience and actively driving targeted retention initiatives. Focusing on being customer centric, including listening to customers to understand the drivers of the experience, enables appropriate actions to be taken.

An increase in terminations generally gives rise to a loss. However, with certain products this general principle does not always apply. For example, for level premium risk products at certain durations an earnings strain results if actual terminations are lower than assumed.

Due to the highly intermediated nature of the insurance and investment markets, experiences, perceptions and behaviour of financial advisors are key determinants of policyholder behaviour. The termination experience of each financial advisor's business is monitored, and appropriate action is taken when required. In addition, opportunities to switch to new generation products are periodically made available to existing policyholders.

The termination experience in the retail investment and non-affluent life risk segments remains elevated. This is to be expected under the current poor economic environment with a historical link between higher terminations and poor economic conditions having been observed. Long-term termination assumptions are considered to be an appropriate reflection of the through-the-economic-cycle terminations expected.

Contrary to the historical economic link, terminations in the retail affluent life risk customer segment (Lifestyle Protector product) have remained significantly below pre-Covid-19 levels in recent years. This is surmised to be as a result of a combination of factors including industry-wide hardening of underwriting and pricing through the Covid-19 pandemic, a reduction of new advisors in the market and an increase in regulation around replacements likely to have contributed to a reduced level of policy churn. Although some of these factors are expected to continue decreasing the impact of terminations in the long-term, there is a risk that terminations return to the higher pre-Covid-19 levels.

The group has entered into reinsurance contracts expected to cover in part the losses incurred under certain catastrophic termination events (i.e. a severe termination event that occurs over a period of 12 months) in respect of South African life insurance termination risk. These arrangements reduce exposures to catastrophic termination events and are also for capital management purposes.

Expense risk

Expense risk is the risk that adverse financial impact due to the timing and/or amount of expenses is incurred, differing from those assumed in the calculation of expected financial outcomes (i.e. the actual cost per policy differs from that assumed in the pricing or valuation bases).

Management of expense risk is core to the insurance business. The expenses expected to be incurred on policies are allowed for in product pricing. If such expenses are considerably higher than those of insurers with competing products, the ability to sell business on a profitable basis will be restricted. This does not only have capital implications but can also affect the ability to function as a going concern in the long-term.

Expense risk is managed by:

- regularly monitoring actual expenses against budgeted expenses;
- regularly monitoring new business volumes and mix;
- regularly monitoring withdrawal rates including lapses; and
- implementing cost control measures in the event of expenses exceeding budget or of significant unplanned reductions in the number of in-force policies.

New business risk

New business risk is the risk of the new business value deviating from that expected in calculating expected financial outcomes.

This can arise from actual volume, mix and/or quality of new business deviating from that expected.

The group's new business value has been well below long-term expectations because of lower margins on products sold and lower than budgeted sales volumes. Although new business volumes have grown in 2023, the volume of new business on some key product lines remains below budget expectations. Various strategic initiatives are in place to address this.

Own equity-linked transactions

Definition

The group has exposure to changes in its share price arising from its equity-linked remuneration contractual commitments.

Depending on the nature of the group's equity-linked share schemes, the group is exposed to either income statement risk or NAV risk through equity due to changes in its own share price as follows:

- Income statement risk arises as a result of losses being recognised in the group's income statement as a result of increases in the group's share price on cash-settled share schemes above the award grant price
- NAV risk arises as a result of the group settling an equity-linked share incentive scheme at a higher price than the price at which the share incentive was granted to the group's employees.

The following table summarises the group's most material share schemes together with an explanation of which risk (where applicable) the share scheme exposes the group to, and why, and an indication as to whether the share schemes are hedged.

Share scheme	Risk to the group	Explanation	Hedged[1]	Hedged risk
Equity growth scheme	N/A	The EGS is an equity-settled share scheme that is settled through the issuance of new shares. Accordingly, the group does not incur any cash flow in settling the share schemes and hence is not exposed to any risk as a result of changes in its own share price. Since the EGS results in the issuance of new shares and in order to mitigate the dilutionary impact on existing shareholders, the group re-purchases shares from the open market.	No, as there is no cash flow risk	N/A
Equity-settled deferred bonus scheme and performance reward plan	NAV risk	The DBS and PRP awards that are equity-settled, are settled through the purchase of shares from the open market. Accordingly, for these equity-settled share schemes, increases in the group's share price above the grant price will result in losses being recognised in the group's equity.	Yes	SBK share price risk
Cash-settled DBS and PRP	Income statement risk	The DBS and PRP awards that are cash-settled result in losses being recognised in the income statement as a result of increases in the group's share price.	Yes	SBK share price risk
Share appreciation rights scheme – equity settled	NAV risk	SARP awards that are issued to individuals in the employment of a group entity domiciled in South Africa are classified as equity-settled and are settled through the purchase of shares from the open market. Accordingly, changes in the group's share price above the grant price will result in gains and/or losses being recognised directly in the group's equity.	No, given the current low number of awards that have been issued to date. The number of awards are however monitored to evaluate for future hedging considerations.	N/A
Share appreciation rights scheme – cash settled	Income statement risk	Awards made to individuals of a group entity outside of South Africa are settled in cash. Increases in the group's share price will result in losses being recognised in the income statement.	No, given the current low number of awards that have been issued to date. The number of awards are however monitored to evaluate for future hedging considerations.	N/A

[1] The group partially hedges these exposures.

Banking

Capital management

The group manages its capital levels to support business growth, maintain depositor and creditors' confidence, create value for its shareholders and ensure regulatory compliance.

The main regulatory requirements to be complied with are those specified in the Banks Act and related regulations, which are aligned with Basel III.

Regulatory capital adequacy is measured through the following three risk-based ratios:

- Common equity tier 1 (CET 1): ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments divided by total risk-weighted assets (RWA).
- Tier 1: CET 1 and other qualifying non-controlling interest plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA.
- Total capital adequacy: Tier 1 plus other items such as general credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Subordinated debt that complies Basel III rules is included in total capital.

BASEL III QUALIFYING CAPITAL EXCLUDING UNAPPROPRIATED PROFITS

	2023 Rm	2022 Rm
Ordinary shareholders' equity#	**236 445**	218 197
Qualifying non-controlling interest#	**7 144**	9 086
Less: regulatory adjustments	**(22 783)**	(26 634)
Goodwill	**(1 609)**	(2 258)
Other intangible assets	**(8 914)**	(10 916)
Investments in financial entities	**(11 354)**	(12 144)
Other adjustments	**(906)**	(1 316)
Total common equity tier 1 capital (including unappropriated profit)	**220 806**	200 649
Unappropriated profit	**(19 738)**	(18 477)
Common equity tier 1 capital	**201 068**	182 172
Qualifying other equity instruments#	**18 661**	14 098
Qualifying non-controlling interests	**1 092**	1 284
Tier 1 capital	**220 821**	197 555
Qualifying tier II subordinated debt#	**25 682**	24 594
General allowance for credit impairments	**7 144**	6 339
Tier II capital	**32 826**	30 933
Total regulatory capital	**253 647**	228 487

The table above is unaudited, except where it is denoted with #.

Insurance & Asset Management

The capital management strategy is designed to ensure that the group remains within risk appetite with sufficient capital to meet strategic initiatives, as well as regulatory and working capital requirements. The allocation and use of capital are designed to generate a return that appropriately compensates the shareholder for the risks incurred. Capital is deployed to each legal entity within the group such that the available capital exceeds its applicable regulatory capital requirement. Appropriate buffers allow the group to be managed within its risk appetite.

Available capital is the amount by which the value of the assets exceeds the value of liabilities, both measured on the prescribed basis. The group ensures that available capital is of suitable quality and is accessible when required, both at an LGL and LHL group level. The capital buffer is the amount by which available capital exceeds the solvency capital requirement, measured at an individual legal entity level. As a whole, the group holds a further capital buffer which is managed to support risk target levels, strategic initiative requirements and the dividend policy of the group. Similarly, individual entities, most notably insurance subsidiaries, maintain buffers in order to ensure their individual compliance to local regulatory requirements.

Solvency capital requirement coverage[1]

The following table summarises the available capital (or "own funds") and the solvency capital requirements

	2023	2022
Available capital (or own funds) (Rm)	**32 955**	32 458
SCR (Rm)	**17 760**	18 077
SCR coverage ratio (times)	**1.86**	1.80
Target SCR coverage ratio (times)	**1.0 - 2.0**	1.0 - 2.0

[1] The solvency capital requirement coverage has been disclosed to provide a better analysis of the capital management of IAM entities.

Solvency Capital Requirement (SCR) coverage ratio remains strong at 1.86 times, which is above the revised target range of 1.0 to 2.0 times. The SCR ratio improved because of positive operating and investment earnings and lower equity symmetric adjustments across all equity classes. These improvements were partially offset by the impacts of credit downgrades, basis changes and an acceleration of profit share allocations to Standard Bank under bancassurance and other agreements.

Sensitivity analysis on available capital[1]

The following table provides a sensitivity analysis of IAM's SCR to various market risk factors. Each sensitivity is applied in isolation with all other assumptions left unchanged. Sensitivities have been chose to align with the IFRS market risk sensitivities and consequently the 2022 comparatives have been restated to align to the updated sensitivities.

	2023	2022
SCR coverage ratio (times)		
Base SCR coverage ratio (times)	**1.81 - 2.70**	1.76 - 2.30
Local listed equity down 25%	**1.82 - 2.69**	1.75 - 2.28
Rand appreciates by 19%	**1.80 - 2.67**	1.72 -2.30
Unlisted property down 14%	**1.72 - 2.70**	1.73 -2.30
Parallel reduction of yield curve by 100 basis points	**1.83 - 2.71**	1.74 - 2.30

[1] The sensitivity analysis has been disclosed to provide a better analysis of the capital management of IAM.

These sensitivities illustrate the stability of IAM's coverage ratio under various market risks. African region insurers are in compliance with the requirements of their local regulators.

ANNEXURE D – GROUP SHARE INCENTIVE SCHEMES

Share-based payments

The group's share incentive schemes enable key management personnel and senior employees to benefit from the performance of the group and group companies' share price. For further detail regarding the share schemes refer to the group's governance and remuneration report.

	2023 Rm	2022 Rm
Expenses recognised in staff cost		
Share Appreciation Rights Scheme	**60**	47
Deferred Bonus Scheme	**1 731**	1 373
Performance Reward Plan	**2 021**	728
Cash-Settled Deferred Bonus Scheme	**682**	445
Liberty Share Incentive Scheme	**115**	39
Total expenses recognised in staff costs	**4 609**	2 632
Summary of liabilities recognised in other liabilities		
Share Appreciation Rights Scheme	**25**	10
Deferred Bonus Scheme	**22**	23
Performance Reward Plan	**270**	115
Cash-Settled Deferred Bonus Scheme	**531**	408
Total liability recognised in other liabilities	**848**	556

Equity Growth Scheme

The EGS is an equity-settled scheme and represents appreciation rights allocated to employees. The converted value of the rights is effectively settled by issue of shares equivalent to the value of the rights. The scheme has five different subtypes of vesting categories as illustrated by the table below:

Vesting categories	Year	% vesting	Expiry (Years)
Type A	**3,4,5**	**50,75,100**	**Ten years**
Type B	**5,6,7**	**50,75,100**	**Ten years**
Type C	**2,3,4**	**50,75,100**	**Ten years**
Type D	**2,3,4**	**33,67,100**	**Ten years**
Type E	**3,4,5**	**33,67,100**	**Ten years**

A reconciliation of the movement of share options is detailed below:

	Number of rights		Average price range (R)
	2023	2022	2023
Movement summary			
Rights outstanding at beginning of the year	**2 594 941**	3 796 352	
Exercised	**(993 747)**	(1 187 348)	**96.68 - 156.96**
Lapsed/forfeited	**(13 785)**	(14 063)	**98.80 - 111.94**
Rights outstanding at the end of the year	**1 587 409**	2 594 941	

During 2023, 221 284 (2022: 295 194) SBG shares were issued to settle the appreciated rights value. At the end of the year, the group would need to issue 529 364 (2022: 1 145 865) SBG shares to settle the outstanding appreciated rights value. The EGS rights are only awarded to individuals in the employment of a group entity domiciled in South Africa.

The group is required to ensure that employees' tax arising from benefits due in terms of the scheme is paid in accordance with the Fourth Schedule of the Income Tax Act of South Africa. Where employees have elected not to fund the tax from their own resources the tax due is treated as a diminution of the gross benefits due under the scheme. No SBG shares were issued and sold to settle the employees' tax due for both 2023 and 2022. This reduces the liability to the employee in respect of the outstanding appreciated rights value. Share options were exercised regularly throughout the year. The weighted average share price for the year was R177.59 (2022: R161.11).

The following rights granted to employees, including executive directors, had not been exercised at year end:

	2023			2022		
Option expiry period	**Number of ordinary shares**	**Option price range (rand)**	**Weighted average price (rand)**	Number of ordinary shares	Option price range (rand)	Weighted average price (rand)
Year to 31 December 2023	**15 292**	**62.39- 98.80**	**98.20**	648 998	96.68 - 115.51	100.18
Year to 31 December 2024	**97 000**	**126.87**	**126.87**	320 953	126.87	126.87
Year to 31 December 2025	**738 943**	**156.96**	**156.96**	876 706	156.96	156.96
Year to 31 December 2026	**736 174**	**122.24**	**122.24**	748 284	122.24	122.24
Total	**1 587 409**			2 594 941		

Shares Appreciation Rights Scheme

The SARP is a long-term scheme and represents appreciation rights awarded to employees and is based on the SBG's share price. Awards that are issued to individuals in the employment of a group entity domiciled in South Africa are classified as equity-settled and awards made to individuals of a group entity outside of South Africa are classified as cash-settled. The SARP has replaced the EGS and hence no further EGS awards will be granted. Share rights were last granted in 2016 under the equity growth scheme. Vesting and expiry of the rights are as follows:

	Year	**% vesting**	**Expiry**
Vesting Category	**2,3,4**	**33,67,100**	**4,5,6**

The converted value of the rights is settled either by purchasing shares for equity-settled awards on an external market and in cash for cash-settled awards equal to the value of the converted rights.

A reconciliation of the movement of share options is detailed below:

	2023		2022	
	Average price range (rand)	**Number of rights**	Average price range (rand)	Number of rights
Rights outstanding at the end of the year		**6 288 219**		4 423 879
Granted[1]	**179.82**	**1 594 939**	160.33	2 106 874
Exercised		**(1 217 862)**		(207 826)
Lapsed/forfeited		**(292 340)**		(34 708)
Rights outstanding at the end of the year		**6 372 956**		6 288 219
Outstanding equity-settled units		**5 531 174**		5 577 273
Outstanding cash-settled units		**841 782**		710 946

[1] Includes 1 271 387 (2022: 1 822 128) units that are equity-settled, the balance will be cash-settled.

During the current year the group purchased 71 844 (2022 : nil) Standard Bank Group shares from the market to settle the appreciated rights value.

At the end of the year the group would need to purchase 1 169 525 (2022: 777 840) SBG shares to settle the outstanding appreciated rights value.

The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2023:

	2023			2022		
Option expiry period	Number of rights	Option price range (rand)	Weighted average price (rand)	Number of rights	Option price range (rand)	Weighted average price (rand)
Year to 31 December 2023	**9 440**	**155.95**	**155.95**	2 464 172	110.00 - 220.97	189.08
Year to 31 December 2024	**854 791**	**152.64-220.97**	**211.71**	182 935	152.64	152.64
Year to 31 December 2025	**1 080 655**	**142.00-182.43**	**172.36**	590 502	142.00-152.64	145.92
Year to 31 December 2026	**1 258 743**	**142.00-160.33**	**153.78**	1 273 050	142.00-160.33	153.77
Year to 31 December 2027	**1 532 322**	**142.00-179.82**	**161.94**	1 075 233	142.00-160.33	153.97
Year to 31 December 2028	**1 165 545**	**160.33-179.82**	**168.21**	702 327	160.33	160.33
Year to 31 December 2029	**471 460**	**179.82**	**179.82**			
Total	**6 372 956**			6 288 219		

The share appreciation rights granted during the year were valued using a binomial option pricing model. Expected volatility is determined using historical SBK share price data available and applied over the expected life of the grant. Each grant was valued separately. The weighted fair value of the options granted per vesting date and the assumptions utilised are as follows:

	2023			2022		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number of appreciation rights granted	**531 611**	**531 648**	**531 680**	702 256	702 291	702 327
Weighted average fair value at grant date (rands)	**35.88**	**37.29**	**37.94**	34.26	36.86	39.42
The principal inputs are as follows:						
Weighted average share price (rand)	**179.82**	**179.82**	**179.82**	161.11	161.11	161.11
Weighted average exercise price (rand)	**179.82**	**179.82**	**179.82**	161.11	161.11	161.11
Expected life (years)	**4.00**	**5.00**	**6.00**	4.00	5.00	6.00
Expected volatility (%)	**33.76**	**33.76**	**33.76**	34.82	34.82	34.82
Risk-free interest rate (%)	**7.69**	**7.83**	**8.07**	7.89	8.07	8.32
Dividend yield (%)	**7.24**	**7.50**	**7.66**	7.42	7.72	7.89

Deferred Bonus Scheme

All employees granted an annual performance award over a threshold have part of their award deferred. The awards are indexed to the group's share price and accrue notional dividends during the vesting period, which are payable on vesting. Awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final payout is determined with reference to the group's share price on vesting date. Cash settled awards have been partially hedged through the use of equity forwards.

Awards that are issued to individuals in employment of a group entity domiciled in South Africa are classified as equity-settled and awards that are made to individuals of a group entity outside of South Africa are classified as cash-settled.

	Units	
	2023	2022
Movement summary		
Units outstanding at beginning of the year	**16 071 882**	14 287 945
Units granted during the year[1]	**10 406 776**	10 880 490
Exercised	**(8 315 423)**	(7 268 367)
Lapsed/forfeited	**(617 489)**	(1 828 186)
Units outstanding at end of the year	**17 545 746**	16 071 882
Outstanding equity-settled units	**17 338 695**	15 717 571
Outstanding cash-settled units	**207 051**	354 311
Weighted average fair value at grant date (R)	**167.49**	153.15
Expected life (years)	**2.51**	2.51

1 Includes 10 243 715 (2022: 10 197 939) units that are equity-settled, the balance relates to cash-settled rewards.

Performance Reward Plan

The PRP is a performance-driven share plan which rewards value delivered against specific targets. The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, DBS, and other share incentive schemes.

The awards are indexed to the group's share price and accrues notional dividends during the vesting period, which are payable on vesting. Shares that vest (if any), and that are delivered to the employee, are conditional on the pre-specified performance metrics, set annually by the SBG remuneration committee (refer to the group's remuneration report for further information). These awards have been partially hedged through the use of equity forwards.

Awards that are issued to individuals in employment of a group entity domiciled in South Africa are classified as equity-settled and awards made to individuals of a group entity outside of South Africa are classified as cash-settled.

	Units	
	2023	2022
Movement summary		
Units outstanding at beginning of the year	**13 406 616**	10 457 252
Units granted during the year[1]	**4 306 095**	6 033 704
Exercised	**(4 379 665)**	
Performance condition uplift/(lapsed)	**2 857 770**	(2 649 192)
Lapsed/forfeited	**(2 476 543)**	(435 148)
Units outstanding at the end of the year	**13 714 273**	13 406 616
Outstanding equity-settled units	**12 115 876**	12 046 496
Outstanding cash-settled units	**1 598 397**	1 360 120
Weighted average fair value at grant date (R)	**156.70**	151.19
Expected life (years)	**3.07**	3.07

1 Includes 3 785 840 (2022: 5 479 703) units that are equity-settled, the balance relates to cash-settled rewards.

Cash-Settled Deferred Bonus Scheme

Effective for awards made in 2017, employees granted an annual performance award over a threshold and who are in employment of the group and meet other specific criteria have part of their award deferred.

Awards in rand are indexed to SBG's share price and accrues notional dividends during the vesting period, which are payable on vesting. Awards vest in three equal amounts at 18, 30 and 42 months from the date of the award. The maturity value is determined with reference to the SBG share price on the vesting date. These awards are classified as cash-settled from a group perspective. Awards in currencies other than rand (being the employee's host country) are denominated in that currency with the same terms as rand-denominated awards with the value of the awards, in foreign currency, moving in parallel with changes in the SBG share price. These awards have been partially hedged through the use of equity forwards.

			2023					2022				
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	**Opening balance**	**Granted**	**Exercised**	**Lapsed**	**Outstanding**	Opening balance	Granted	Exercised	Lapsed	Outstanding
AOA	179.82	2.51	**2 518 607**	**2 057 257**	**(1 124 070)**		**3 451 794**	1 500 751	1 712 046	(679 867)	(14 323)	2 518 607
AED	179.82	2.51	**24 451**	**11 698**	**(11 940)**		**24 209**	17 640	14 053	(7 242)		24 451
BWP	179.82	2.51	**49 494**	**38 926**	**(33 744)**	**5 549**	**60 225**	73 226	27 345	(34 173)	(16 904)	49 494
CDF	179.82	2.51	**128 954**		**(33 734)**	**(48 355)**	**46 865**	47 400	98 693	(17 139)		128 954
CNY	179.82	2.51	**97 327**	**41 560**	**(55 556)**	**(3 523)**	**79 808**	93 483	48 772	(44 928)		97 327
EUR								17		(17)		
GBP	179.82	2.51	**79 643**	**46 864**	**(47 804)**	**5 947**	**84 650**	79 027	44 400	(37 561)	(6 223)	79 643
GHS	179.82	2.51	**51 973**	**1 465**	**(19 926)**	**(9 355)**	**24 157**	28 150	37 898	(13 816)	(259)	51 973
HKD								6 266		(6 266)		
KES	179.82	2.51	**950 327**	**553 650**	**(446 087)**	**173 188**	**1 231 078**	822 898	685 414	(373 810)	(184 175)	950 327
LSL	179.82	2.51	**11 546**	**3 841**	**(3 687)**	**(4 535)**	**7 165**	4 535	5 382	(2 906)	4 535	11 546
MUR	179.82	2.51	**54 769**	**127 974**	**(27 926)**	**(58 328)**	**96 489**	53 517	28 926	(27 674)		54 769
MWK	179.82	2.51	**1 540 936**	**1 760 519**	**(632 176)**	**89 537**	**2 758 816**	651 030	1 322 657	(393 197)	(39 554)	1 540 936
MZN	179.82	2.51	**249 476**	**120 396**	**(93 511)**	**(14 173)**	**262 188**	364 230	159 567	(88 919)	(185 402)	249 476
NAD	179.82	2.51	**38 303**	**15 163**	**(18 954)**	**(5 658)**	**28 854**	51 995	18 966	(32 658)		38 303
NGN	179.82	2.51	**14 987 299**	**9 077 409**	**(6 683 229)**	**(1 014 046)**	**16 367 433**	12 076 901	8 792 185	(5 746 891)	(134 896)	14 987 299
SSP	179.82	2.51	**7 821**			**(7 821)**			22 303	(14 482)		7 821
SZL	179.82	2.51	**50 014**	**43 433**	**(19 258)**	**(4 687)**	**69 502**	24 652	35 061	(9 699)		50 014
TZS	179.82	2.51	**1 520 427**	**3 986 411**	**(756 570)**	**(1 992 570)**	**2 757 698**	1 412 025	707 522	(538 997)	(60 123)	1 520 427
UGX	179.82	2.51	**28 253 134**	**26 745 486**	**(19 601 090)**	**(988 814)**	**34 408 716**	28 016 319	19 930 815	(13 110 731)	(6 583 269)	28 253 134
USD	179.82	2.51	**25 292**	**17 345**	**(20 163)**	**4 147**	**26 621**	30 974	16 274	(16 612)	(5 344)	25 292
XOF	179.82	2.51	**915 276**	**472 291**	**(491 806)**	**50 648**	**946 409**	746 227	478 487	(309 438)		915 276
ZAR	179.82	2.51	**1 279 458**	**734 855**	**(730 621)**	**15 626**	**1 299 318**	1 225 080	705 281	(591 717)	(59 186)	1 279 458
ZMW	179.82	2.51	**71 010**	**59 415**	**(28 817)**	**(6 738)**	**94 870**	38 253	51 822	(18 650)	(415)	71 010
ZWL	179.82	2.51	**36 609**			**(36 609)**		84 953	40 700	(328)	(88 716)	36 609

Other share schemes

Scheme	Description	Classification	Stock symbol	2022 Outstanding units
Group share incentive scheme (GSIS)	GSIS conferred rights to employees to acquire shares at the value of the SBG share price at the date the option was granted. The scheme had various vesting periods, and expired ten years after grant date. GSIS awards are no longer issued (2022: 59 645).	Equity-settled scheme	SBK	98 250

ANNEXURE E – EMOLUMENTS AND SHARE INCENTIVES OF DIRECTORS AND PRESCRIBED OFFICERS

Executive directors' and prescribed officers' emoluments

	SK Tshabalala		A Daehnke	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Fixed remuneration	**11 670**	10 558	**8 483**	7 000
Salary	**9 979**	9 041	**7 481**	6 171
Employer retirement contributions	**1 443**	1 295	**918**	767
Other benefits and allowances	**248**	222	**84**	62
Short-term Incentive	**24 000**	19 300	**22 000**	18 200
Cash incentive[1]	**10 800**	8 650	**9 900**	8 200
Deferred incentive[2]	**13 200**	10 650	**12 100**	10 000
Total remuneration (excluding long-term incentive)	**35 670**	29 858	**30 483**	25 200
PRP award vesting[3]	**41 620**	22 882	**32 830**	16 506
Notional dividend on PRP award vesting[4]	**6 014**	2 954	**4 744**	2 131
Total remuneration (including long-term incentive awards)	**83 304**	55 694	**68 057**	43 837

	AKL Fihla		FZ Montjane	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Fixed remuneration	**8 790**	7 929	**7 921**	7 370
Salary	**7 342**	6 875	**7 213**	6 696
Employer retirement contributions	**972**	896	**552**	514
Other benefits and allowances	**476**	158	**156**	160
Short-term Incentive	**28 875**	25 000	**22 000**	16 800
Cash incentive[1]	**12 987**	11 250	**9 900**	7 550
Deferred incentive[2]	**15 888**	13 750	**12 100**	9 250
Total remuneration (excluding long-term incentive)	**37 665**	32 929	**29 921**	24 170
PRP award vesting[3]	**28 168**	15 332	**25 804**	12 375
Notional dividend on PRP award vesting[4]	**4 070**	1 979	**3 729**	1 597
Total remuneration (including long-term incentive awards)	**69 903**	50 240	**59 454**	38 142

	M Nienaber		B Blackie	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Fixed remuneration	**8 264**	7 351	**7 916**	7 016
Salary	**6 697**	6 371	**7 135**	6 321
Employer retirement contributions	**808**	722	**708**	627
Other benefits and allowances	**759**	258	**73**	68
Short-term Incentive	**22 000**	20 000	**22 000**	17 700
Cash incentive[1]	**9 900**	9 000	**9 900**	7 950
Deferred incentive[2]	**12 100**	11 000	**12 100**	9 750
Total remuneration (excluding long-term incentive)	**30 264**	27 351	**29 916**	24 716
PRP award vesting[3]	**25 804**	14 430	**14 084**	8 264
Notional dividend on PRP award vesting[4]	**3 729**	1 863	**2 035**	1 067
Total remuneration (including long-term incentive awards)	**59 797**	43 644	**46 035**	34 047

	Y Maharaj[6]	DC Munro[7]	
	2023 R'000	**2023 R'000**	2022 R'000
Fixed remuneration	**5 404**	**12 784**	7 474
Salary	**4 693**	**2 039**	6 601
Employer retirement contributions	**629**	**183**	589
Other benefits and allowances	**82**	**10 562**	284
Short-term Incentive	**8 044**		20 000
Cash incentive[1]	**4 218**		9 000
Deferred incentive[2]	**3 826**		11 000
Total remuneration (excluding long-term incentive)	**13 448**	**12 784**	27 474
PRP award vesting[3]	**4 674**	**12 810**	
Notional dividend on PRP award vesting[4]	**675**	**1 851**	
Liberty Equity Growth Scheme (EGS) award[5]	**6 260**	**12 306**	
Total reward (including long-term incentive awards)	**25 057**	**39 751**	27 474

1 Performance related short-term incentives payable in cash in March following the financial year under review.
2 Performance related deferred incentive awards issued in March following the financial year under review. These awards are unitised in in terms of the Deferred Bonus Scheme (DBS) and Cash Settled Deferred Bonus Scheme (CS DBS) using the group's closing share price on the day results are announced.
3 PRP units vesting in March 2024 (disclosed for the performance year 2023) were awarded in March 2021. The value delivered is calculated using the group's closing share price of R208.10 at 31 December 2023 and the vesting percentage of 160% based on the achievement of performance conditions measured over the three-year performance period ending 31 December 2023. The value shown under 2022 relates to the March 2020 PRP award which vested in March 2023 at a vesting percentage of 125%.
4 The PRP notional dividend is calculated by multiplying the units vesting by the cumulative notional dividend accrued over the period between the award date and the vesting date.
5 As part of the acquisition of the minority shareholding in Liberty Holdings Limited in 2022, Y Maharaj retained his historic Liberty EGS awards granted by the Liberty Remco in 2020. The performance period ended on 6 November 2023 and half of the award vested on this date. The balance will vest equally in November 2024 and 2025 if the employment condition is met.
6 Y Maharaj was appointed as a prescribed officer on 12 May 2023 and his remuneration is shown from this date.
7 DC Munro was a prescribed officer from 11 March 2022 until he left the group on 31 March 2023 and his disclosed remuneration relates to this period. Included in DC Munro's other benefits and allowances amount is a statutory payment of R10,5m due to him on his exit.

Non-executive directors

	Fixed remuneration			
	Services as directors of Standard Bank Group R'000	Standard Bank Group committee fees R'000	Services as directors of group subsidiaries R'000	Total compensation for the year R'000
2023				
LL Bam[1]	**318**	**1 086**	**318**	**1 722**
PLH Cook	**318**	**811**	**318**	**1 447**
GJ Fraser-Moleketi[2]	**318**	**1 135**	**318**	**1 771**
Xueqing Guan	**1 268**	**775**	**1 268**	**3 311**
GMB Kennealy	**318**	**2 177**	**318**	**2 813**
BJ Kruger[3]	**318**	**1 900**	**1 264**	**3 482**
Li Li	**318**		**318**	**636**
JH Maree[4]	**318**	**1 708**	**318**	**2 344**
NNA Matyumza	**318**	**1 197**	**318**	**1 833**
N Nyembezi[5]	**7 619**			**7 619**
ML Oduor-Otieno	**1 268**	**819**	**1 268**	**3 355**
ANA Peterside CON[6]	**1 268**	**827**	**1 268**	**3 363**
Total	**13 967**	**12 435**	**7 294**	**33 696**
2022				
LL Bam[1]	50		50	100
PLH Cook	299	466	299	1 064
GJ Fraser-Moleketi[2]	299	798	299	1 396
Xueqing Guan	1 073	703	1 073	2 849
GMB Kennealy	299	2 138	299	2 736
BJ Kruger[3]	174	437	2 016	2 627
L Li	299		299	598
JH Maree[4]	299	1 578	825	2 702
NNA Matyumza	299	1 102	299	1 700
N Nyembezi[5]	4 103	359	125	4 587
ML Oduor-Otieno	1 073	585	1 073	2 731
ANA Peterside CON[6]	1 073	902	1 073	3 048
Total	9 340	9 068	7 730	26 138

1 LL Bam was appointed to the SBG and SBSA boards on 1 November 2022 and to board committees on 8 March 2023.
2 GJ Fraser-Molekti was appointed as chairman of SBG Social, Ethics and Sustainability committee on 1 January 2023.
3 BJ Kruger was appointed to the SBG and SBSA boards on 6 June 2022 and board committees on 18 August 2022. He was appointed as chairman of the SBG and SBSA Risk and Capital Management committee and the SBG and SBSA Large Exposure Credit Committee on 1 January 2023. BJ Kruger's fees for services as a director of group subsidiaries includes fees paid by Stanbic IBTC Holdings. He resigned from Stanbic IBTC Holdings on 30 June 2023.
4 JH Maree's fees for services as a director of group subsidiaries included fees paid by Liberty Group and Liberty Holdings Limited. He resigned from Liberty Group and Liberty Holdings boards on 2 March 2022.
5 N Nyembezi was appointed as chairman of SBG and SBSA boards on 1 June 2022.
6 ANA Peterside CON resigned as member of the SBG and SBSA Audit committee on 12 June 2023.

Fees are disclosed excluding VAT

Former non-executive directors

	Fixed remuneration			
	Services as directors of Standard Bank Group R'000	Standard Bank Group committee fees R'000	Services as directors of group subsidiaries R'000	Total compensation for the year R'000
2023				
Adv KD Moroka[1]	**143**	**326**	**143**	**612**
JM Vice[2]	**143**	**655**	**143**	**941**
Total	**286**	**981**	**286**	**1 553**
2022				
MA Erasmus[3]	140	113	140	393
TS Gcabashe[4]	3 102			3 102
Adv KD Moroka[1]	299	945	299	1 543
MJD Ruck[5]	299	1 627	698	2 624
JM Vice[2]	299	1 335	299	1 933
Total	4 139	4 020	1 436	9 595

[1] Adv KD Moroka resigned as chairman of the SBG Social, Ethics and Sustainability committee on 31 December 2022 and retired from the SBG and SBSA boards on 12 June 2023.
[2] JM Vice retired from the SBG and SBSA boards on 12 June 2023.
[3] MA Erasmus resigned from SBG and SBSA boards on 16 February 2022.
[4] TS Gcabashe retired as chairman of the SBSA board on 26 May 2022 and as chairman of the SBG board on 31 May 2022.
[5] MJD Ruck's fees for services as director of group subsidiaries included fees paid by Stanbic Ghana. He retired from the SBG and SBSA boards on 31 December 2022 and from the Stanbic Ghana board on 4 January 2023.

Fees are disclosed excluding VAT

Share-linked schemes

Deferred Bonus Scheme

Deferred short-term incentive awards are made in terms of the Deferred Bonus Scheme (DBS) or Cash Settled Deferred Bonus Scheme (CS DBS). Awards are converted to units by referencing the group share price on award. On vesting, units are either settled in group shares on a one-for-one basis (in terms of the DBS) or in cash (in terms of the CS DBS). DBS settlement takes place through shares purchased in the market to avoid shareholder dilution.

Participants also receive a notional dividend cash payment on vesting. This amount is equal to the dividends that would have accrued over the vesting period on the number of shares which has vested.

Performance reward plan (PRP)

PRP participation is limited to executive directors, prescribed officers and senior executive roles who make a direct contribution to the achievement of the group's long-term strategy.

Awards vest after three years from the award date if, and to the extent, performance conditions are met. The performance conditions include a minimum threshold to start vesting and subsequent targets for vesting up to 200%. The performance period over which performance conditions are measured, is aligned to the group's financial year. Vested units of South African participants are settled in shares purchased in the market to avoid shareholder dilution. The vested awards of participants outside South Africa are cash settled.

On vesting, participants also receive a cash payment equal to the dividends that would have accrued over the vesting period on the number of shares which have vested.

Legacy share-linked schemes

Share appreciation rights plan (SARP)

Previously, employees with deferred STI awards exceeding R1 million (or similar local currency amount) could choose to receive all or part of their deferral in the form of share appreciation rights. To the extent that employees elected SARP awards, they received a premium of 10% of the value of their award, because of the longer vesting period (equally over two, three and four years) and the instrument's inherent risk profile compared to standard DBS awards. South African participants can elect to either receive shares (purchased in the market to avoid shareholder dilution) or the cash equivalent in settlement of their exercised awards. For participants outside of South Africa, exercised awards are settled in cash.The last SARP awards were made in March 2023.

Equity growth scheme (EGS)

EGS awards represented participation rights in the future growth of the group's share price. Certain EGS awards issued prior to March 2014 included performance conditions. The last EGS awards were made in 2016.

Liberty EGS

As part of the acquisition of the minority shareholding in Liberty Holdings Limited in 2022, Liberty EGS participants could retain their historic awards granted by the Liberty Remco in 2020. The scheme was amended at the time to allow for settlement in group shares purchased in the market. Awards represent participation rights in the growth of of the group's share price.
The performance period for the awards ended on 6 November 2023 and half of the awards vested on this date. The balance of the awards will vest equally in November 2024 and 2025 if the employment condition is met.Vested awards are exercisable until 6 November 2030.

No further awards will be made under the scheme.

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Units					Exercise date share price	Value on settlement		Fair value at year end	
						Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2023		Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
SK Tshabalala															
Deferred bonus schemes															
2019	2020/03/05	152.64	1 500	2023/09/29		9 828		9 828			183.72	1 806	349		
2019*	2020/03/05	152.64	2 742	2023/09/29		17 963		17 963			183.72	3 300	637		
2020	2021/03/11	142.00	1 183	2023/09/29		8 333		8 333			183.72	1 531	251		
2020	2021/03/11	142.00	1 183	2024/09/30		8 334				8 334				1 734	251
2020*	2021/03/11	142.00	1 200	2023/09/29		8 451		8 451			183.72	1 553	254		
2020*	2021/03/11	142.00	1 200	2024/09/30		8 451				8 451				1 759	254
2022*	**2023/03/09**	**179.82**	**1 850**	**2024/09/30**			10 288			10 288				2 141	142
2022*	**2023/03/09**	**179.82**	**1 850**	**2025/09/30**			10 288			10 288				2 141	142
2022*	**2023/03/09**	**179.82**	**1 850**	**2026/09/30**			10 289			10 289				2 141	142
Performance reward plan															
2019	2020/03/05	152.64	16 653	2023/03/31		136 375		136 375			173.68	23 686	2 954		
2020[6]	2021/03/11	142.00	17 750	2024/03/31		125 000	75 000			200 000				41 620	6 014
2021	2022/03/11	160.33	20 009	2025/03/31		124 800				124 800				25 971	3 004
2022	**2023/03/09**	**179.82**	**24 006**	**2026/03/31**			133 500			133 500				27 781	1 844
Share appreciation rights plan															
2021	2022/03/11	160.33		2024/03/11	2026/03/11	84 694				84 694				4 046	
2021	2022/03/11	160.33	0	2025/03/11	2027/03/11	84 695				84 695				4 046	
2021	2022/03/11	160.33	–	2026/03/11	2028/03/11	84 695				84 695				4 046	
2022	**2023/03/09**	**179.82**	**–**	**2025/03/09**	**2027/03/09**		42 403			42 403				1 199	
2022	**2023/03/09**	**179.82**	**–**	**2026/03/09**	**2028/03/09**		42 404			42 404				1 199	
2022	**2023/03/09**	**179.82**	**–**	**2027/03/09**	**2029/03/09**		42 404			42 404				1 199	
Totals for 2023			**92 976**									**31 876**	**4 445**	**121 023**	**11 793**

Refer to footnotes disclosed below the final disclosures of directors' and prescribed officers' share incentives.

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Units: Opening balance	Units: Awards made during the year	Units: Number of awards exercised during the year	Units: Number of awards forfeited during the year	Units: Balance of awards 31 December 2023	Exercise date share price	Value on settlement: Award (R'000)[1]	Value on settlement: Notional dividend (R'000)[2]	Fair value at year end: Award (R'000)[3]	Fair value at year end: Notional dividend (R'000)[4]
A Daehnke															
Deferred bonus schemes															
2019	2020/03/05	152.64	1 333	2023/09/29		8 736		8 736			183.72	1 605	310		
2019*	2020/03/05	152.64	1 950	2023/09/29		12 776		12 776			183.72	2 347	453		
2020	2021/03/11	142.00	1 067	2023/09/29		7 512		7 512			183.72	1 380	226		
2020	2021/03/11	142.00	1 067	2024/09/30		7 512				7 512				1 563	226
2020*	2021/03/11	142.00	767	2023/09/29		5 399		5 399			183.72	992	162		
2020*	2021/03/11	142.00	767	2024/09/30		5 400				5 400				1 124	162
2021	2022/03/11	160.33	1 000	2023/09/29		6 237		6 237			183.72	1 146	150		
2021	2022/03/11	160.33	1 000	2024/09/30		6 237				6 237				1 298	150
2021	2022/03/11	160.33	1 000	2025/09/30		6 238				6 238				1 298	150
2021*	2022/03/11	160.33	1 306	2023/09/29		8 147		8 147			183.72	1 497	196		
2021*	2022/03/11	160.33	1 306	2024/09/30		8 147				8 147				1 695	196
2021*	2022/03/11	160.33	1 306	2025/09/30		8 148				8 148				1 696	196
2022	**2023/03/09**	**179.82**	**1 225**	**2024/09/30**			6 812			6 812				1 418	94
2022	**2023/03/09**	**179.82**	**1 225**	**2025/09/30**			6 813			6 813				1 418	94
2022	**2023/03/09**	**179.82**	**1 225**	**2026/09/30**			6 813			6 813				1 418	94
2022*	**2023/03/09**	**179.82**	**1 275**	**2024/09/30**			7 090			7 090				1 475	98
2022*	**2023/03/09**	**179.82**	**1 275**	**2025/09/30**			7 091			7 091				1 476	98
2022*	**2023/03/09**	**179.82**	**1 275**	**2026/09/30**			7 091			7 091				1 476	98
Performance reward plan															
2019	2020/03/05	152.64	12 013	2023/03/31		98 375		98 375			173.68	17 086	2 131		
2020[6]	2021/03/11	142.00	14 001	2024/03/31		98 600	59 160			157 760				32 830	4 744
2021	2022/03/11	160.00	14 013	2025/03/31		87 400				87 400				18 188	2 104
2022	2023/03/09	179.82	16 004	2026/03/31			89 000			89 000				18 521	1 229
Equity growth scheme															
Vested															
2010	2011/03/04	98.80		A	2023/03/31	12 500		12 500			173.68	936			
2010	2011/03/04	98.80		B	2023/03/31	12 500		12 500			173.68	936			
2013	2014/03/06	126.87		D	2024/03/31	68 750				68 750				5 585	
Share appreciation rights plan															
2021	**2022/03/11**	**160.33**		**2024/03/11**	**2026/03/11**	19 730				19 730				943	
2021	**2022/03/11**	**160.33**		**2025/03/11**	**2027/03/11**	19 730				19 730				943	
2021	**2022/03/11**	**160.33**		**2026/03/11**	**2028/03/11**	19 730				19 730				943	
2022	**2023/03/09**	**179.82**		**2025/03/09**	**2027/03/09**		20 786			20 786				588	
2022	**2023/03/09**	**179.82**		**2026/03/09**	**2028/03/09**		20 786			20 786				588	
2022	**2023/03/09**	**179.82**		**2027/03/09**	**2029/03/09**		20 787			20 787				588	
Totals for 2023			77 400									27 925	3 628	97 072	9 733

Refer to footnotes disclosed below the final disclosures of directors' and prescribed officers' share incentives.

						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2023	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
FZ Montjane															
Deferred bonus schemes															
2019	2020/03/05	152.64	1 584	2023/09/29		**10 375**		**10 375**			**183.72**	**1 906**	**368**		
2019*	2020/03/05	152.64	1 783	2023/09/29		**11 684**		**11 684**			**183.72**	**2 147**	**414**		
2020	2021/03/11	142.00	767	2023/09/29		**5 399**		**5 399**			**183.72**	**992**	**162**		
2020	2021/03/11	142.00	767	2024/09/30		**5 400**				**5 400**				**1 124**	**162**
2020*	2021/03/11	142.00	467	2023/09/29		**3 287**		**3 287**			**183.72**	**604**	**99**		
2020*	2021/03/11	142.00	467	2024/09/30		**3 287**				**3 287**				**684**	**99**
2021	2022/03/11	160.33	1 267	2023/09/29		**7 900**		**7 900**			**183.72**	**1 451**	**190**		
2021	2022/03/11	160.33	1 267	2024/09/30		**7 901**				**7 901**				**1 644**	**190**
2021	2022/03/11	160.33	1 267	2025/09/30		**7 901**				**7 901**				**1 644**	**190**
2021*	2022/03/11	160.33	1 400	2023/09/29		**8 732**			**8 732**						
2021*	2022/03/11	160.33	1 400	2024/09/30		**8 732**				**8 732**				**1 817**	**210**
2021*	2022/03/11	160.33	1 400	2025/09/30		**8 732**				**8 732**				**1 817**	**210**
2022	**2023/03/09**	**179.82**	**1 600**	**2024/09/30**			**8 898**			**8 898**				**1 852**	**123**
2022	**2023/03/09**	**179.82**	**1 600**	**2025/09/30**			**8 898**			**8 898**				**1 852**	**123**
2022	**2023/03/09**	**179.82**	**1 600**	**2026/09/30**			**8 898**			**8 898**				**1 852**	**123**
2022*	**2023/03/09**	**179.82**	**1 483**	**2024/09/30**			**8 249**			**8 249**				**1 717**	**114**
2022*	**2023/03/09**	**179.82**	**1 483**	**2025/09/30**			**8 249**			**8 249**				**1 717**	**114**
2022*	**2023/03/09**	**179.82**	**1 483**	**2026/09/30**			**8 249**			**8 249**				**1 717**	**114**
Performance reward plan															
2019	2020/03/05	152.64	9 006	2023/03/31		**73 750**		**73 750**			**173.68**	**12 809**	**1 597**		
2020[6]	2021/03/11	142.00	11 005	2024/03/31		**77 500**	**46 500**			**124 000**				**25 804**	**3 729**
2021	2022/03/11	160.33	13 003	2025/03/31		**81 100**				**81 100**				**16 877**	**1 952**
2022	**2023/03/09**	**179.82**	**14 008**	**2026/03/31**			**77 900**			**77 900**				**16 211**	**1 076**
Totals for 2023			**70 107**									**19 909**	**2 830**	**78 329**	**8 529**

Refer to footnotes disclosed below the final disclosures of directors' and prescribed officers' share incentives.

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Units: Opening balance	Units: Awards made during the year	Units: Number of awards exercised during the year	Units: Number of awards forfeited during the year	Units: Balance of awards 31 December 2023	Exercise date share price	Value on settlement: Award (R'000)[1]	Value on settlement: Notional dividend (R'000)[2]	Fair value at year end: Award (R'000)[3]	Fair value at year end: Notional dividend (R'000)[4]
W Blackie															
Deferred bonus schemes															
2019	2020/03/05	152.64	3 860	2023/09/29		**25 285**		**25 285**			**183.72**	**4 645**	**897**		
2020	2021/03/11	142.00	2 606	2023/09/29		**18 354**		**18 354**			**183.72**	**3 372**	**552**		
2020	2021/03/11	142.00	2 606	2024/09/30		**18 354**				**18 354**				**3 819**	**552**
2021	2022/03/11	160.33	1 333	2023/09/29		**8 316**		**8 316**			**183.72**	**1 528**	**200**		
2021	2022/03/11	160.33	1 333	2024/09/30		**8 316**				**8 316**				**1 731**	**200**
2021	2022/03/11	160.33	1 333	2025/09/30		**8 317**				**8 317**				**1 731**	**200**
2021*	2022/03/11	160.33	3 021	2023/09/29		**18 842**		**18 842**			**183.72**	**3 462**	**454**		
2021*	2022/03/11	160.33	3 021	2024/09/30		**18 842**				**18 842**				**3 921**	**454**
2021*	2022/03/11	160.33	3 021	2025/09/30		**18 842**				**18 842**				**3 921**	**454**
2022	**2023/03/09**	**179.82**	**1 633**	**2024/09/30**			**9 083**			**9 083**				**1 890**	**125**
2022	**2023/03/09**	**179.82**	**1 633**	**2025/09/30**			**9 083**			**9 083**				**1 890**	**125**
2022	**2023/03/09**	**179.82**	**1 633**	**2026/09/30**			**9 084**			**9 084**				**1 890**	**125**
2022*	**2023/03/09**	**179.82**	**1 617**	**2024/09/30**			**8 990**			**8 990**				**1 871**	**124**
2022*	**2023/03/09**	**179.82**	**1 617**	**2025/09/30**			**8 991**			**8 991**				**1 871**	**124**
2022*	**2023/03/09**	**179.82**	**1 617**	**2026/09/30**			**8 991**			**8 991**				**1 871**	**124**
Performance reward plan															
2019	2020/03/05	152.64	6 014	2023/03/31		**49 250**		**49 250**			**173.68**	**8 554**	**1 067**		
2020[6]	2021/03/11	142.00	6 007	2024/03/31		**42 300**	**25 380**			**67 680**				**14 084**	**2 035**
2021	2022/03/11	160.33	5 002	2025/03/31		**31 200**				**31 200**				**6 493**	**751**
2022	**2023/03/09**	**179.82**	**14 008**	**2026/03/31**			**77 900**			**77 900**				**16 211**	**1 076**
Totals for 2023			**62 915**									**21 561**	**3 170**	**63 194**	**6 469**

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Units					Exercise date share price	Value on settlement		Fair value at year end	
						Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2023		Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
AKL Fihla															
Deferred bonus schemes															
2019	2020/03/05	152.64	1 333	2023/09/29		**8 736**		**8 736**			**183.72**	**1 605**	**310**		
2019*	2020/03/05	152.64	2 575	2023/09/29		**16 872**		**16 872**			**183.72**	**3 100**	**598**		
2020	2021/03/11	142.00	1 267	2023/09/29		**8 920**		**8 920**			**183.72**	**1 639**	**268**		
2020	2021/03/11	142.00	1 267	2024/09/30		**8 921**				**8 921**				**1 856**	**268**
2020*	2021/03/11	142.00	1 700	2023/09/29		**11 972**		**11 972**			**183.72**	**2 199**	**360**		
2020*	2021/03/11	142.00	1 700	2024/09/30		**11 972**				**11 972**				**2 491**	**360**
2021	2022/03/11	160.33	1 500	2023/09/29		**9 356**		**9 356**			**183.72**	**1 719**	**225**		
2021	2022/03/11	160.33	1 500	2024/09/30		**9 356**				**9 356**				**1 947**	**225**
2021	2022/03/11	160.33	1 500	2025/09/30		**9 356**				**9 356**				**1 947**	**225**
2021*	2022/03/11	160.33	2 533	2023/09/29		**15 801**		**15 801**			**183.72**	**2 903**	**380**		
2021*	2022/03/11	160.33	2 533	2024/09/30		**15 801**				**15 801**				**3 288**	**380**
2021*	2022/03/11	160.33	2 533	2025/09/30		**15 801**				**15 801**				**3 288**	**380**
2022	**2023/03/09**	**179.82**	**1 867**	**2024/09/30**			**10 381**			**10 381**				**2 160**	**143**
2022	**2023/03/09**	**179.82**	**1 867**	**2025/09/30**			**10 381**			**10 381**				**2 160**	**143**
2022	**2023/03/09**	**179.82**	**1 867**	**2026/09/30**			**10 381**			**10 381**				**2 160**	**143**
2022*	**2023/03/09**	**179.82**	**2 717**	**2024/09/30**			**15 108**			**15 108**				**3 144**	**209**
2022*	**2023/03/09**	**179.82**	**2 717**	**2025/09/30**			**15 108**			**15 108**				**3 144**	**209**
2022*	**2023/03/09**	**179.82**	**2 717**	**2026/09/30**			**15 108**			**15 108**				**3 144**	**209**
Performance reward plan															
2019	2020/03/05	152.64	11 158	2023/03/31		**91 375**		**91 375**			**173.68**	**15 870**	**1 979**		
2020[6]	2021/03/11	142.00	12 013	2024/03/31		**84 600**	**50 760**			**135 360**				**28 168**	**4 070**
2021	2022/03/11	160.33	12 009	2025/03/31		**74 900**				**74 900**				**15 587**	**1 803**
2022	**2023/03/09**	**179.82**	**14 008**	**2026/03/31**			**77 900**			**77 900**				**16 211**	**1 076**
Totals for 2023			**84 881**									**29 035**	**4 120**	**90 695**	**9 843**

Refer to footnotes disclosed below the final disclosures of directors' and prescribed officers' share incentives.

						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2023	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
Y Maharaj															
Deferred bonus schemes															
2021	2022/03/01	159.21	455	2023/09/01		**2 859**		**2 859**			**193.21**	**552**	**49**		
2021	2022/03/01	159.21	63	2024/09/01		**398**				**398**				**82**	**10**
2021	2022/03/11	160.33	393	2023/09/30		**2 449**		**2 449**			**193.21**	**450**	**59**		
2021	2022/03/11	160.33	393	2024/09/30		**2 449**				**2 449**				**509**	**59**
2021	2022/03/11	160.33	393	2025/09/30		**2 449**				**2 449**				**509**	**59**
2021	2022/03/11	160.33	3 000	2025/03/31		**18 711**				**18 711**				**3 892**	**450**
2021	2022/03/11	160.33	3 000	2023/09/30		**18 711**		**18 711**			**193.21**	**3 438**	**450**		
2022	**2023/03/09**	**179.82**	**1 450**	**2024/09/30**			**8 063**			**8 063**				**1 678**	**111**
2022	**2023/03/09**	**179.82**	**1 450**	**2025/09/30**			**8 064**			**8 064**				**1 678**	**111**
2022	**2023/03/09**	**179.82**	**1 450**	**2026/09/30**			**8 064**			**8 064**				**1 678**	**111**
Performance reward plan															
2020[6]	2021/03/11	159.21	7 698	2024/03/31		**48 354**	**29 012**			**77 366**				**16 093**	**2 326**
2021	2022/03/11	160.33	6 250	2025/03/31		**38 982**				**38 982**				**8 109**	**938**
2022	**2023/03/09**	**179.82**	**10 000**	**2026/03/31**			**55 611**			**55 611**				**11 567**	**768**
2022	**2023/05/23**	**156.80**	**3 912**	**2025/03/31**			**24 949**			**24 949**				**5 189**	**345**
Liberty equity growth scheme															
2021	2022/03/01	103.36	7 428	2023/11/06	2030/11/06	**133 000**				**133 000**				**10 803**	
2021	2022/03/01	103.36	3 714	2024/11/06	2030/11/06	**66 500**				**66 500**				**5 402**	
2021	2022/03/01	103.36	3 714	2025/11/06	2030/11/06	**66 500**				**66 500**				**5 402**	
Cash remuneration scheme[5]															
2021	2022/03/01											**7 295**			
Totals for 2023			**54 763**									**11 735**	**558**	**72 591**	**5 288**

Refer to footnotes disclosed below the final disclosures of directors' and prescribed officers' share incentives.

						Units						Value on settlement		Fair value at year end	
Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year	Balance of awards 31 December 2023	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
M Nienaber															
Deferred bonus schemes															
2019	2020/03/05	152.64	1 333	2023/09/29		**8 736**		**8 736**			**183.72**	**1 605**	**310**		
2019*	2020/03/05	152.64	1 867	2023/09/29		**12 230**		**12 230**			**183.72**	**2 247**	**434**		
2020	2021/03/11	142.00	1 167	2023/09/29		**8 216**		**8 216**			**183.72**	**1 509**	**247**		
2020	2021/03/11	142.00	1 167	2024/09/30		**8 216**				**8 216**				**1 710**	**247**
2020*	2021/03/11	142.00	1 125	2023/09/29		**7 923**		**7 923**			**183.72**	**1 456**	**238**		
2020*	2021/03/11	142.00	1 125	2024/09/30		**7 923**				**7 923**				**1 649**	**238**
2021	2022/03/11	160.33	1 367	2023/09/29		**8 524**		**8 524**			**183.72**	**1 566**	**205**		
2021	2022/03/11	160.33	1 367	2024/09/30		**8 524**				**8 524**				**1 774**	**205**
2021	2022/03/11	160.33	1 367	2025/09/30		**8 525**				**8 525**				**1 774**	**205**
2021*	2022/03/11	160.33	1 933	2023/09/29		**12 058**		**12 058**			**183.72**	**2 215**	**290**		
2021*	2022/03/11	160.33	1 933	2024/09/30		**12 059**				**12 059**				**2 509**	**290**
2021*	2022/03/11	160.33	1 933	2025/09/30		**12 059**				**12 059**				**2 509**	**290**
2022	**2023/03/09**	**179.82**	**1 700**	**2024/09/30**			**9 454**			**9 454**				**1 967**	**131**
2022	**2023/03/09**	**179.82**	**1 700**	**2025/09/30**			**9 454**			**9 454**				**1 967**	**131**
2022	**2023/03/09**	**179.82**	**1 700**	**2026/09/30**			**9 454**			**9 454**				**1 967**	**131**
2022*	**2023/03/09**	**179.82**	**1 967**	**2024/09/30**			**10 937**			**10 937**				**2 276**	**151**
2022*	**2023/03/09**	**179.82**	**1 967**	**2025/09/30**			**10 937**			**10 937**				**2 276**	**151**
2022*	**2023/03/09**	**179.82**	**1 967**	**2026/09/30**			**10 937**			**10 937**				**2 276**	**151**
Performance reward plan															
2019	2020/03/05	152.64	10 502	2023/03/31		**86 000**		**86 000**			**173.68**	**14 936**	**1 863**		
2020[6]	2021/03/11	142.00	11 005	2024/03/31		**77 500**	**46 500**			**124 000**				**25 804**	**3 729**
2021	2022/03/11	160.33	12 009	2025/03/31		**74 900**				**74 900**				**15 587**	**1 803**
2022	**2023/03/09**	**179.82**	**14 008**	**2026/03/31**			**77 900**			**77 900**				**16 211**	**1 076**
Totals for 2023			**76 209**									**25 534**	**3 587**	**82 256**	**8 929**

Refer to footnotes disclosed below the final disclosures of directors' and prescribed officers' share incentives.

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date	Units					Exercise date share price	Value on settlement		Fair value at year end	
						Opening balance	Awards made during the year	Number of awards exercised during the year	Number of awards forfeited during the year[6]	Balance of awards 31 December 2023		Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
DC Munro															
Deferred bonus schemes SBG															
2021	2022/03/01	159.21	1 071	2023/09/01		**6 730**		**6 730**			**193.21**	**1 300**	**116**		
2021	2022/03/01	159.21	120	2024/09/01		**752**				**752**				**156**	**18**
2021	2022/03/11	160.33	999	2023/09/30		**6 234**		**6 234**			**183.72**	**1 145**	**150**		
2021	2022/03/11	160.33	999	2024/09/30		**6 234**				**6 234**				**1 297**	**150**
2021	2022/03/11	160.33	1 000	2025/09/30		**6 235**				**6 235**				**1 297**	**150**
Liberty equity growth scheme															
2021	2022/03/01	103.36	15 415	2023/11/06	2030/11/06	**276 000**				**276 000**				**22 419**	
2021	2022/03/01	103.36	7 707	2024/11/06	2030/11/06	**138 000**				**138 000**				**11 210**	
2021	2022/03/01	103.36	7 707	2025/11/06	2030/11/06	**138 000**				**138 000**				**11 210**	
Performance reward plan															
2020[6]	2021/03/11	159.21	15 910	2024/03/31		**99 932**	**44 969**		**24 983**	**119 918**				**24 944**	**3 606**
2021	2022/03/11	160.33	11 000	2025/03/31		**68 608**			**40 021**	**28 587**				**5 947**	**688**
Cash remuneration scheme[5]															
2021	2022/03/01											**17 206**			
Totals for 2023			**61 928**									**19 651**	**266**	**78 480**	**4 612**

* Cash settled Deferred Bonus Scheme.
[1] Value on settlement is calculated with reference to the share price on the settlement date.
[2] Value is calculated by multiplying the notional dividend per unit with the total number of units vesting.
[3] Value of awards which have not yet been settled is calculated with reference to the year end SBK share price of R208.10. The 2021 PRP award due to vest in March 2024 is valued with reference to the actual vesting percentage of 160%. The 2022 and 2023 PRP awards are valued at 100% vesting.
[4] Value is calculated by multiplying the notional dividend (accumulated from award date to year-end) with the total outstanding units. PRP performance condition outcomes are applied as described in note 3 above. Notional dividends are subject to the vesting conditions.
[5] A new cash-settled remuneration scheme was accounted for by LHL group in 2022 due to the acquisition of the minority shareholding in Liberty Holdings Limited by SBG. 50% was paid at the time of the transaction in 2022 and the balance in 2023.
[6] The vesting percentage for the 2021 grant has been updated to 160% based on the achievement of performance conditions measured over the 3-year performance period ending 31 December 2023. This uplift has been reflected in the "awards made during the year" column.

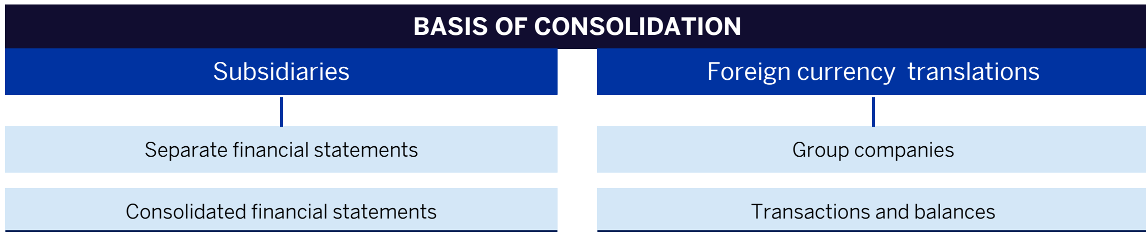
The EGS share schemes are disclosed in the following vesting categories:
A: Includes the group leadership council members of Standard Bank Group Limited (for banking only)
B: Includes heads of major business lines.
C: Includes executives whose actions have a material impact on the risk exposure of the group as a whole, based on the ability to:
- commit significant amount of the group's risk capital;
- significantly influence the group's overall liquidity position; or
- significantly influence material risks.

D: Includes all other executives receiving any deferred variable remuneration and for whom the variable remuneration award is linked to personal or business line performance.

ANNEXURE F – MATERIAL ACCOUNTING POLICIES

The following accounting policies were applied in the preparation of the group and company financial statements. All policies apply to the group and company, unless otherwise stated.

1. Basis of consolidation



Subsidiaries

Separate financial statements (including mutual funds in which the group has both an irrevocable asset management agreement and a significant investment)

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the group conform to the group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined based on the group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the group obtains control up to the date that control is lost. Control is assessed on a continuous basis. For mutual funds the group further assesses its control by considering the existence of either voting rights or significant economic power.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

Foreign currency translations

Group companies

The results and financial position of foreign operations that have a functional currency that is different from the group's presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities (including goodwill, intangible assets and fair value adjustments arising on acquisition) are translated at the closing rate at the reporting date.
- income and expenses are translated at average exchange rates for each month; and
- all resulting foreign exchange differences are accounted for directly in a separate component of OCI, being the group's FCTR.

Transactions and balances

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transaction is utilised, for example, an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of other revenue (trading revenue) in profit or loss.

Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases the foreign currency gains and losses are recognised in the group's FCTR.

The results, cash flows and financial position of group entities which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its parent at the exchange rate at the reporting date. These foreign exchange gains and losses on a hyperinflationary foreign operation are presented in OCI.

Subsidiaries in hyperinflationary economies

The financial statements of group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit at the end of the reporting period following the historic cost approach.

However, as the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the index in the current year. Differences between these comparative amounts and current year hyperinflation adjusted amounts are recognised directly in equity.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses are recognised directly in equity. Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in profit or loss are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first year and in subsequent years, all components of equity are restated by applying a general price index from the beginning of the year or the date of contribution, if later, with this restatement being recognised directly in equity. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Results, cash flows and the financial position of the group's subsidiaries which have been classified as hyperinflationary have been expressed in terms of the measuring unit current at the reporting date. For further details, refer to annexure A.

2. Interest in associates and joint arrangements

INTEREST IN ASSOCIATES AND JOINT ARRANGEMENTS	
Associates and joint ventures	Private equity and venture capital investments

Associates and joint ventures

Associates and joint ventures are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group's share of the net assets of the associate or joint venture (including goodwill). Equity accounting is applied from the date on which the entity becomes an associate or joint venture up to the date on which the group ceases to have significant influence or joint control.

Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the associate or joint venture. Additional interests acquired in associates form part of the equity accounted investment to the extent that they give rise to current access to returns associated with an ownership interest.

Unrealised profits from transactions are eliminated in determining the group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains (but only to the extent that there is no evidence of impairment).

Where there is an indicator of impairment, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount. Impairment losses are recognised in non-trading and capital related items. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, net of equity accounted losses, if no impairment loss had been recognised.

For a disposal of an associate or joint venture, being where the group loses significant influence over an associate or loses control over a joint venture, the difference between the sales proceeds and any retained interest and the carrying value of the equity accounted investment is recognised as a gain or loss in non-trading and capital related items. Any gains or losses in OCI reserves that relate to the associate or joint venture are reclassified to non-trading and capital related items at the time of the disposal.

The accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies of the group.

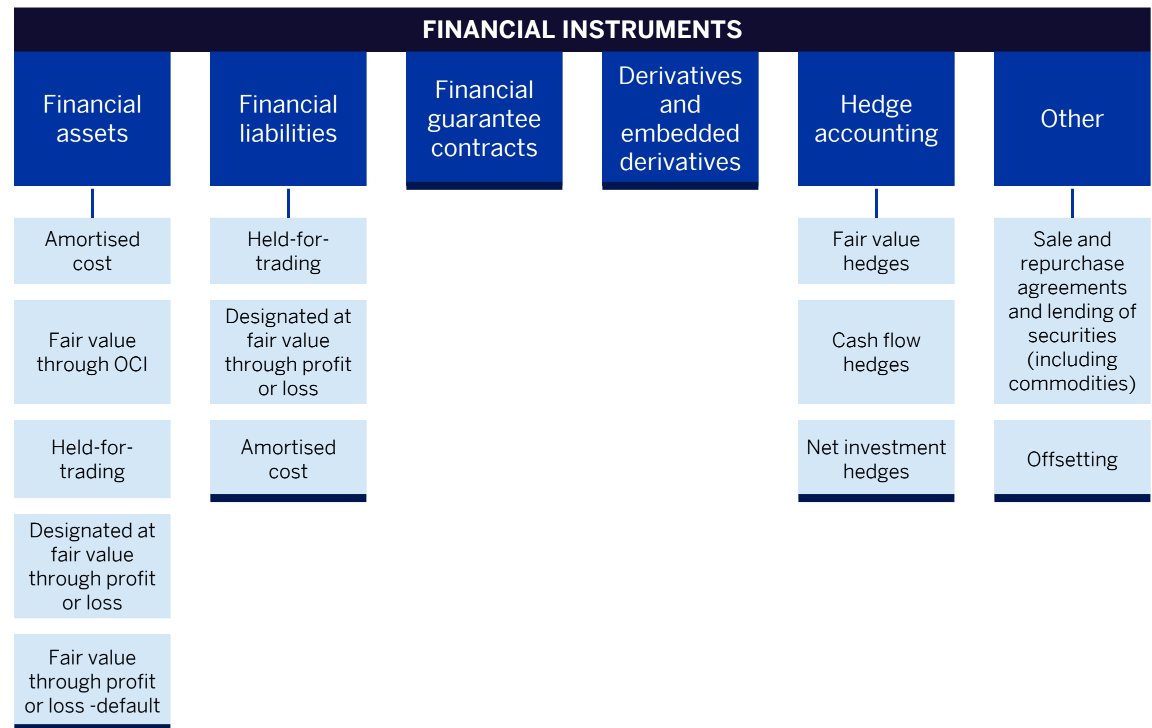
Private equity and venture capital investments

Private equity and venture capital investments, including mutual funds held by investment-linked insurance funds that are associates that are either designated on initial recognition at fair value through profit or loss, or are equity accounted. Where the private equity or venture capital investment is designated at fair value through profit or loss, the investment is presented within financial investments on the statement of financial position and the fair value movement is recognised within other gains and losses on financial instruments for banking, and within fair value adjustments to investment contract liabilities and third-party mutual funds, included in non-insurance revenue, in profit or loss.

3. Financial instruments

Initial measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).



3. Financial instruments continued

Financial assets

Nature

<table>
<tr><td>Amortised cost</td><td>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):
▪ Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
▪ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.</td></tr>
<tr><td>Fair value through OCI</td><td>Includes:
▪ A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):
– Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and
– The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
▪ This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.
▪ Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.</td></tr>
<tr><td>Held-for-trading</td><td>Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.</td></tr>
<tr><td>Designated at fair value through profit or loss</td><td>Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.</td></tr>
<tr><td>Fair value through profit or loss – default</td><td>Financial assets that are not classified into one of the above mentioned financial asset categories.</td></tr>
</table>

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	Debt instruments – Fair value gains and losses (including interest and dividends) on the financial asset recognised in profit or loss as part of other gains and losses on financial instruments within non-interest revenue. Equity instruments – Fair value gains and losses on the financial asset are recognised in profit or loss as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit-impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit-impaired. The following criteria are used in determining whether the financial asset is impaired: ▪ default ▪ significant financial difficulty of borrower and/or modification ▪ probability of bankruptcy or financial reorganisation ▪ disappearance of an active market due to financial difficulties.

3. Financial instruments continued

Financial assets continued

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets: ▪ significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower). ▪ a breach of contract, such as default or delinquency in interest and/or principal payments. ▪ disappearance of active market due to financial difficulties. ▪ it becomes probable that the borrower will enter bankruptcy or other financial reorganisation. ▪ where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider. ▪ exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the group's impairment methodology calculations and in the group's assessment of SICR. The group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macroeconomic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Cash and balances with central banks

Cash and balances with central banks comprise coins and bank notes and balances with central banks. Included in balances with central banks are balances that primarily comprise reserving requirements held with central banks within the countries of operation which are readily convertible to a known amount of cash and available for use by the group within less than three months since initial deposit, subject to certain restrictions and limitations levied by central banks within the respective countries, but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default. The remainder of balances with central banks are measured at amortised cost and are regarded as having a low probability of default, therefore the ECL is insignificant.

Cash and cash equivalents

Cash and cash equivalents, for the purpose of the statement of cash flows, comprise cash and balances with central banks as well as cash balances with other banks and on-demand gross loans and advances to banks which are readily convertible to a known amount of cash and available for use by the group within less than three months since initial deposit. These on-demand gross loans and advances to banks are held to meet short-term cash commitments, rather than for investment or other purposes.

Refer to the policy on financial instruments relating to recognition and measurement of loans and advances (i.e. financial assets measured at amortised cost).

Financial liabilities

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: ▪ to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis. ▪ where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

3. Financial instruments continued

Financial liabilities continued

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised/modified in the following instances:

	Derecognition	Modification
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	In determining whether a modification is substantial, for a financial asset, qualitative factors are considered. For a financial liability, both qualitative and quantitative factors are considered. Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Financial guarantee contracts and loan commitments below market interest rate

A financial guarantee contract is a contract that requires the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A loan commitment is a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose.

Financial guarantee contracts and loan commitments at a below market interest rate are initially recognised when the group becomes party to the irrevocable commitment at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee/loan commitment. Financial guarantee contracts (that are not designated at fair value through profit or loss) and loan commitments at a below market interest rate, are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee/loan commitment; or
- unamortised premium.

Derivatives and embedded derivatives

In the normal course of business, the group enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Embedded derivatives included in hybrid instruments, where the host is a financial asset, are assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant group accounting policy.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Hedge accounting

The group continues to apply IAS 39 to its portfolio interest rate risk fair value hedges and applies IFRS 9 to all its other hedges.

Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the group into the following relationships:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised in profit or loss. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.
Cash flow hedges	Hedges of highly probable future cash flows attributable to a recognised asset or liability, a forecasted transaction, or a highly probable forecast intragroup transaction.	The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised in profit or loss. Amounts recognised in OCI are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss.
Net investment hedges	Hedges of net investments in a foreign operation.	The designated component of the hedging instrument that relates to the effective portion of the hedge, is recognised directly in the foreign currency hedge of net investment reserve. The ineffective part of any changes in fair value is recognised in profit or loss. The cumulative gains and losses in OCI are accounted for similarly to cash flow hedges.

3. Financial instruments continued

Hedge accounting risk management strategy

Hedge accounting is applied when the hedging relationship meets the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Where the above criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value or cash flow for recognised financial assets or liabilities, and highly probable forecast transactions. For hedge relationships, where the critical terms of the hedged item and hedging instrument match, a qualitative method is considered appropriate for hedge effectiveness testing. Where the characteristics between the hedged item and hedging instrument are insufficiently correlated, judgement is applied and if required a qualitative and quantitative method is used for hedge effectiveness testing.

The group and company apply hedge accounting in respect of the following risk categories.

Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk and translation risk. The below applies to both cash flow hedges and net investment hedges of foreign operations.

Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the group. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the relevant group entity for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the group. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the relevant group entity for each respective currency.

The group uses a combination of currency forwards, swaps and foreign-denominated cash balances to mitigate against the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the group's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio or where currency is managed on a portfolio basis the weighted expected foreign cash flows are aligned.

The group elects for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to either include or exclude the time value or currency forward points (basis) contained in the derivative instrument from the hedging relationship. This election is based on the currency pair involved, the shape of the yield-curve and the direction of the foreign currency hedged risk. Basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve within equity). Where the hedged item subsequently results in the recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the group removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of foreign currency risk, the group and company enter hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group and company use the hypothetical derivative method to assess effectiveness. In hedges of foreign currency risk of highly probable forecast commercial transactions, ineffectiveness may arise if the amount of the forecast transaction changes from what was originally estimated.

Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

Equity price risk

The group operates share incentive schemes that enable key management personnel and senior employees to benefit from the performance of SBG's share price. For further detail regarding the share schemes, refer to annexure D and the group's governance and remuneration report. These share incentive schemes expose the group and company to equity price risk due to volatility in the share price of SBG (SBK:SJ). The group and company have in place appropriate risk management strategies and reporting processes in respect of this risk.

The group uses a combination of equity forwards and options to mitigate against the risk of changes in the future cash flows associated with certain cash-settled schemes on a post-attrition and vesting assumption basis. The following scheme exposures are subject to cash flow hedge accounting at a group level: Deferred Bonus Scheme, Performance Reward Plan and Cash-Settled Deferred Bonus Scheme. Cash flow hedge accounting is applied to align the timing mismatch of the derivative hedging instruments to the vesting period of the underlying awards (hedged items) over the applicable vesting period.

Under the group's policy the critical terms of these instruments must align with equity price risk of the hedged item and is hedged on a 1:1 hedge ratio. The group elects for each hedging relationship, using either equity forwards and/or options, to either include or exclude the time value or the forward points (basis) contained in the derivative instrument from the hedging relationship. Basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded in the hedging relationship this is recognised as a cost of the hedge and deferred in other comprehensive income (as a separate reserve within equity). Where the hedged item subsequently results in recognition of a non-financial asset or liability, or a firm commitment for a non-financial asset or liability the group removes the amount from equity and includes it directly in the initial cost or other carrying amount of the asset or the liability and amortises it to profit or loss on a systematic basis (where applicable). In all other cases, the amount is reclassified to profit or loss.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of equity price risk, the group and company enter hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group and company use the hypothetical derivative method to assess effectiveness. Refer to note 2.

Where the basis is included in the hedging relationship, this exposes the hedge relationship to hedge ineffectiveness.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (IRRBB) (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the group operates.

The group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of group ALCO. The group and company's interest rate risk management is predominantly controlled by a central treasury department (group treasury) under approved policies. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the group applies fair value hedge accounting in respect of the interest rate risk element only when present within the following exposures:

- Specifically identified long-term fixed interest rate loans and advances, deposits and debt funding, subordinated debt and financial investments. To manage the risk associated with such risk exposures the group uses one or more cash collateralised fixed for floating interest rate swaps that match the critical terms or that exhibit the same duration as the underlying risk exposure.
- Specifically identified long-term interest rate basis risk (CPI versus JIBAR) inherent in loans and advances and financial investments. To manage the basis risk associated with such risk exposures the group uses one or more cash collateralised floating for floating basis interest rate swaps that match the critical terms or that exhibit the same duration as the underlying risk exposure.
- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges are determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with an exposure bucketing approach. The hedge ratio is monitored on a daily basis and where necessary the portfolio is rebalanced using a dynamic approach.

The group also applies cash flow hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- The bank manages interest rate volatility borne from rate insensitive liabilities and equity through a managed interest rate hedge. The hedge is accounted for on a cash flow hedging basis using identified term floating interest rate loans and advances. To manage the risk associated with such risk exposures the group uses one or more cash collateralised floating for fixed interest rate swaps that aligns to governed risk appetite tenors. The hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with an exposure bucketing approach. The hedge ratio is monitored on a daily basis and where necessary the portfolio is rebalanced using a dynamic approach.

The group observes interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship

Financial instruments continued

Interest rate risk continued

exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only. The group uses a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The group elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness. The extent of hedge ineffectiveness as a result of fair value interest rate risk hedges is disclosed in note 2.3.5.

Other

Sale and repurchase agreements and lending of securities (including commodities)

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

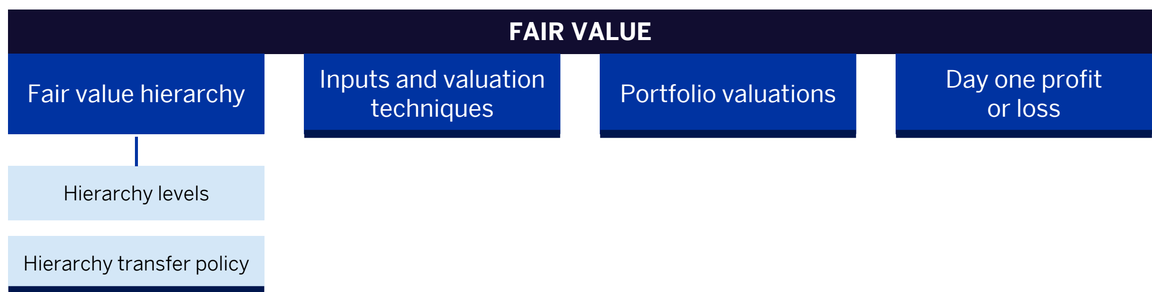
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

4. Fair value



In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

4. **Fair value** continued

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of the following items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value: cash and balances with central banks, cash balances with other banks within IAM as well as on-demand gross loans and advances to banks which are readily convertible to a known amount of cash that hasn't been adjusted for expected credit losses. The fair value of these items of cash and cash equivalents as well as deposits and debt funding that are mostly redeemable on demand does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

The group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument:

<table>
<tr><th>Item and description</th><th>Valuation technique</th><th>Main inputs and assumptions</th></tr>
<tr><td>Derivative financial instruments
Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.</td><td>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:
▪ discounted cash flow model
▪ Black-Scholes model
▪ combination technique models.</td><td rowspan="4">For level 2 and 3 fair value hierarchy items:
▪ discount rate*
▪ spot prices of the underlying
▪ correlation factors
▪ volatilities
▪ dividend yields
▪ earnings yield
▪ valuation multiples
▪ credit spreads
▪ bid-offer spreads.</td></tr>
<tr><td>Trading assets and trading liabilities
Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.</td><td rowspan="3">Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date.

Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued.

Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks.

Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</td></tr>
<tr><td>Pledged assets
Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.</td></tr>
<tr><td>Financial investments
Financial investments are non-trading financial assets and primarily comprise sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the SARB, investments in mutual fund investments and unit-linked investments.</td></tr>
</table>

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers Loans and advances comprise: ▪ Home services ▪ Vehicle and asset finance ▪ Card and payments ▪ Personal unsecured lending ▪ Business lending and other ▪ Corporate and sovereign ▪ Bank	For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items ▪ discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items ▪ discount rate*

4. Fair value continued

Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
Financial liabilities under investment contracts Financial liabilities under investment contracts comprise unit-linked policies and annuity certains.	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). The fair value of a unit-linked financial liability is determined using the current unit price that reflects the fair values of the financial assets contained within the group's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the policyholder at the statement of financial position date. If an investment contract is subject to a put or surrender option exercisable at the reporting date, the fair value of the financial liability is never less than the amount payable on the put or surrender option. If a unit-linked investment contract entitles the policyholder to a share of assets over and above the product of the number of units and the unit price, for example a smoothed bonus contract, this entitlement is included in the value of the liability. 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 provisions and other liabilities) These are liabilities that arise on the consolidation of mutual funds.	The fair values 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.

Portfolio valuations

The group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred (and recognised together with the instrument it relates to) where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

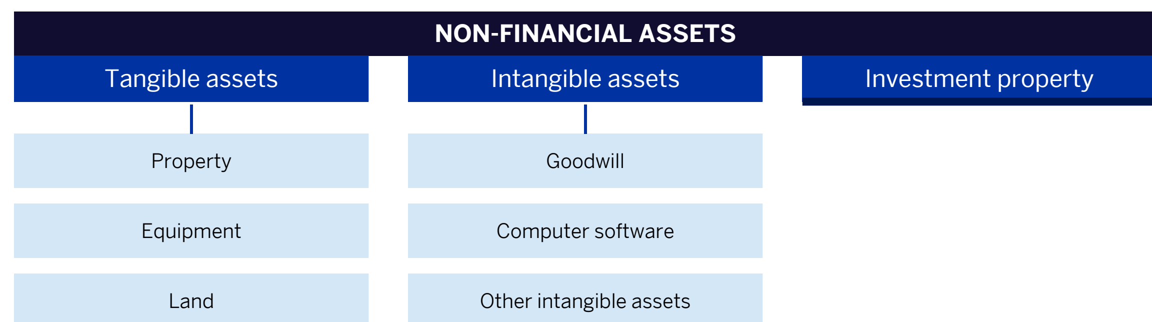
5. Employee benefits

EMPLOYEE BENEFITS

- Post-employment benefits
  - Defined contribution plans
  - Defined benefit plans
- Short-term benefits

Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
Defined contributions plans The group operates a number of defined contribution plans. See note 49 for more information.	Accruals are recognised for unpaid contributions.	No direct impact.	Contributions are recognised as an operating expense in the periods during which services are rendered by the employees.
Defined benefit plans The group operates a number of defined benefit retirement and post-employment medical aid plans. Employer companies contribute to the cost of benefits taking account of the recommendations of the actuaries. See note 49 for more information.	Assets or liabilities measured at the present value of the estimated future cash outflows, using interest rates of government bonds denominated in the same currency as the defined benefit plan (corporate bonds are used for currencies for which there is a deep market of high-quality corporate bonds), with maturity dates that approximate the expected maturity of the obligations, less the fair value of plan assets. A net defined benefit asset is only recognised to the extent that economic benefits are available to the group from reductions in future contributions or future refunds from the plan.	Remeasurements of the net defined benefit obligation, including actuarial gains and losses, the return on plan assets (excluding interest calculated) and the effect of any asset ceiling are recognised within OCI.	Net interest income/(expense) is determined on the defined benefit asset/(liability) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/(liability). Other expenses (including current service costs) related to the defined benefit plans are also recognised in operating expenses. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in operating expenses. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
Short-term benefits Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in operating expenses as the related service is provided.

6. Non-financial assets



Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Tangible assets (property, equipment and land) Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost less accumulative impairment losses. Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.	Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Land is not depreciated. Significant freehold property – Ten years Buildings – 40 years Computer equipment – Four to five years Motor vehicles – Four to five years Office equipment – Three to ten years Furniture – Five to 13 years Leased assets – Shorter of useful life or lease term (refer section 9) The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.	These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest CGUs. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment
Goodwill Goodwill represents the excess of the consideration transferred and the acquisition date fair value of any previously held equity interest over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, associate or joint venture at the date of the acquisition. The group's interest in acquired subsidiaries takes into account any non-controlling interest. Goodwill arising on the acquisition of subsidiaries (associates) is reported in the statement of financial position as part of 'Goodwill and other intangible assets' ('Interest in associates and joint ventures').	Not applicable.	The accounting treatment is generally the same as that for tangible assets except as noted below. Goodwill is tested annually for impairment and additionally when an indicator of impairment exists. An impairment loss in respect of goodwill is not reversed.

6. Non-financial assets continued

Type and initial and subsequent measurement	Useful lives, depreciation/amortisation method or fair value basis	Impairment
Computer software Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are recognised as intangible assets. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.	Amortisation is recognised in operating expenses on a straight-line basis at rates appropriate to the expected lives of the assets (two to 15 years) from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.
Other intangible assets The group recognises the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in operating expenses as incurred. The group capitalises brands, customer lists, customer contracts, distribution forces and similar rights acquired in business combinations. Capitalised intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.	Amortisation is recognised in operating expenses on a straight-line basis over the estimated useful lives of the intangible assets, not exceeding 20 years, from the date that the asset is available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.	
Derecognition Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.		
Investment property Initially measured at cost, including transaction costs. Subsequently measured at fair value and included as part of investment management and service fee income and gains within the profit or loss.	The fair value is based on valuation information at the reporting date. If the valuation information cannot be reliably determined, the group uses alternative valuation methods such as discounted cash flow projections or recent prices in active markets. Fair value adjustments recognised in investment management and service fee income and gains are adjusted for any double-counting arising from the recognition of lease income on the straight-line basis compared to the accrual basis normally assumed in the fair value determination.	
Derecognition Investment property is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on derecognition is recognised in investment management and service fee income and gains and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. When the use of a property changes such that it is reclassified from property and equipment to investment property, the difference between the carrying value at date of reclassification and its fair value is recognised in OCI.		

7. Property developments and properties in possession

PROPERTY DEVELOPMENTS AND PROPERTIES IN POSSESSION	
Property developments	Properties in possession

Property developments

Property developments are stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and where applicable, development and borrowing costs during development.

Properties in possession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties as well as gains and losses on disposal is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

8. Equity-linked transactions

EQUITY COMPENSATION PLANS	
Equity-settled share-based payments	Cash-settled share-based payments

Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once performance conditions are met.

9. Leases

<table>
<tr><th>Type and description</th><th>Statement of financial position</th><th>Income statement</th></tr>
<tr><th colspan="3">Lessee accounting policies</th></tr>
<tr><td rowspan="3">Single lessee accounting model
All leases are accounted for by recognising a right of use asset and a lease liability except for:
▪ leases of low value assets and
▪ leases with a duration of twelve months or less.</td><td>Lease liabilities:
Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group’s incremental borrowing(rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment) on commencement of the lease is used. The group’s internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:
▪ Amounts expected to be payable under any residual value guarantee.
▪ The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised.
▪ Any penalties payable for terminating the lease, should the term of the lease be estimated based on this termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.</td><td>Interest expense on lease liabilities:
A lease finance cost, determined with reference to the interest rate implicit in the lease or the group’s incremental borrowing rate, is recognised within interest expense over the lease period.</td></tr>
<tr><td>Right of use assets:
Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
▪ lease payments made at or before commencement of the lease;
▪ initial direct costs incurred; and
▪ the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

The group applies the cost model (refer section 6) subsequent to the initial measurement of the right of use assets.</td><td>Depreciation and impairment on right of use assets:
Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses.

The accounting treatment for impairment of right of use assets is the same as that for tangible assets (refer section 6).</td></tr>
<tr><td>Termination of leases:
When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.</td><td>Termination of leases:
On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.</td></tr>
</table>

Type and description	Statement of financial position	Income statement
Lessee accounting policies continued		
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination occurs.
Reassessment and modification of leases	Reassessment of lease terms and lease modifications that are not accounted for as a separate lease: When the group reassesses the terms of any lease (i.e. it reassesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss. For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right of use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.	
	Lease modifications that are accounted for as a separate lease: When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the group elected the short-term lease exemption and the lease term is subsequently modified.	
Separating components of a lease contract	The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.	
Lessor accounting policies		
Finance leases Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking, with rentals and instalments receivable, less unearned finance charges.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases All leases that do not meet the criteria of a financial lease are classified as operating leases.	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised. At the end of the lease term, these assets are reclassified from tangible assets to other assets and measured at the lower of cost and net realisable value.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.

Type and description	Statement of financial position	Income statement
Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

10. Equity

EQUITY

Re-acquired equity instruments | Share issue costs | Dividends

Re-acquired equity instruments

Where subsidiaries purchase/(short sell) Standard Bank Group Limited's equity instruments, the consideration paid/(received) is deducted/(added) from/(to) equity attributable to ordinary shareholders as treasury shares on consolidation.

Fair value changes recognised by subsidiaries on these instruments are reversed on consolidation and dividends received are eliminated against dividends paid. Where such shares are subsequently sold or reissued/(re-acquired) outside the group, any consideration received/(paid) is included in equity attributable to ordinary shareholders.

The group irrevocably elects not to deduct from equity its treasury shares that it issues to subsidiaries that issue insurance contracts with direct participation features. This election is made on an instrument-by-instrument basis. The group continues to account for these treasury shares as equity and measures it at fair value through profit or loss (Refer to section 3 for the policy on financial instruments measured at fair value through profit or loss).

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Dividends

Distributions are recognised in equity in the year in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the annual financial statements.

11. Provisions, contingent assets and contingent liabilities

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The group's provisions typically (when applicable) include the following:

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Provision for restructuring

A provision for restructuring is recognised when the group has approved a detailed formal plan, and the restructuring either has commenced or has been announced publicly. Future operating costs or losses are not provided for.

Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

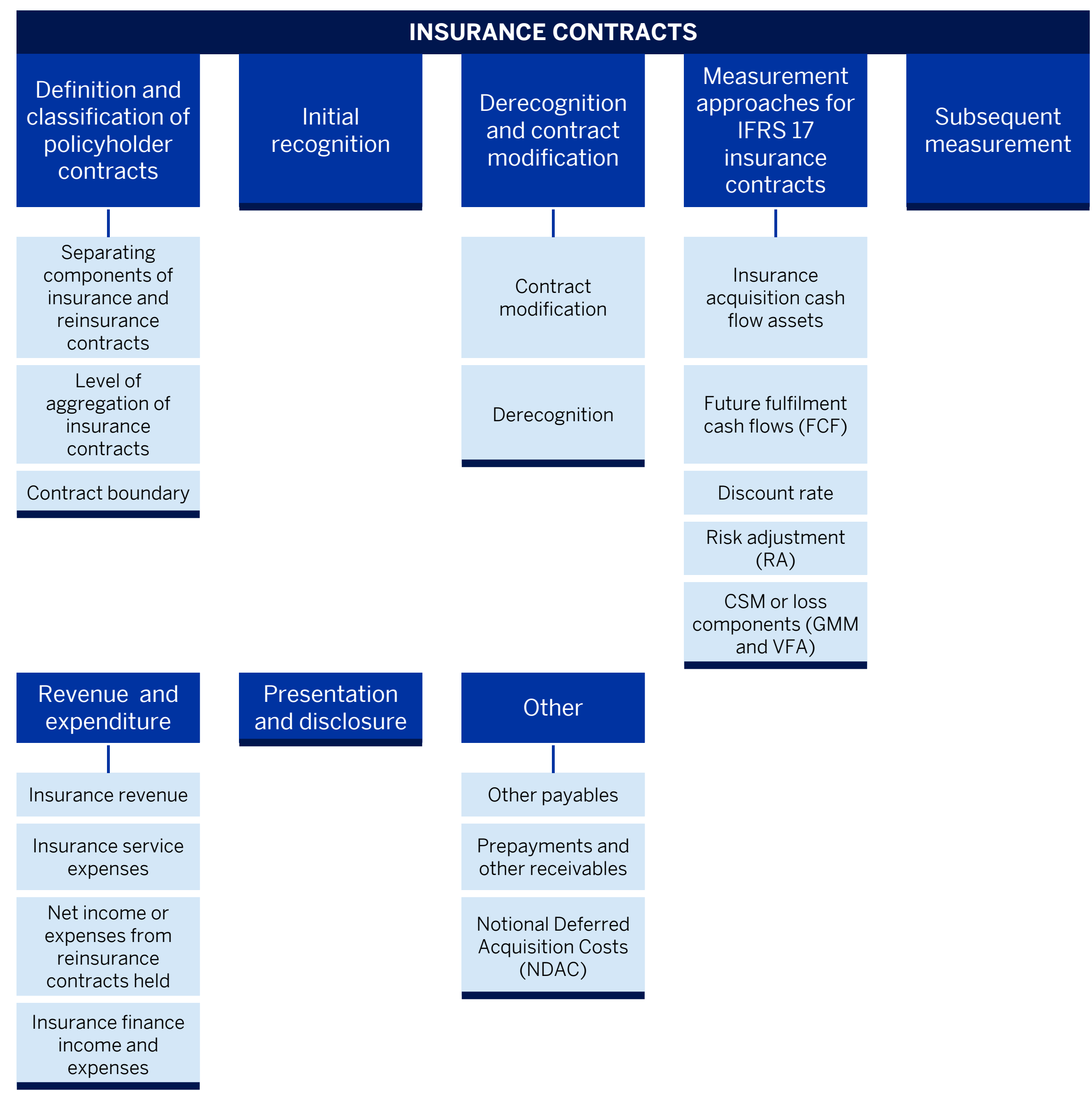
Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

12. Insurance Contracts



IFRS 17 Insurance Contracts

All references to 'insurance contracts' in the accounting policies include insurance contract assets or liabilities and reinsurance contract assets or liabilities, unless specifically stated otherwise.

Definition and classification of policyholder contracts

Insurance and investment contract classification

The group issues contracts that transfer either insurance risk or financial risk or, in some cases, both of these risk types.

An insurance contract is a contract under which the group (insurer) accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk.

The group determines insurance risk as significant if, and only if, an insured event could cause the group to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance, and that possibility of a loss is measured on a present value basis.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of the following variables: specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables, provided in the case of a non-financial variable, that the variable is not specific to a party in the contract. Policyholder investments contracts are recognised under IFRS 9 and are measured at fair value through profit or loss, with the exception of investment contracts with discretionary participation features.

Insurance contracts with direct participating features are contracts for which, at inception, the contractual terms specify that policyholders participate in a share of an identified pool of underlying items; the group expects to pay the policyholder a substantial share of the fair value returns on the underlying items; and the group expects a substantial portion of changes on the amounts to be paid to policyholders to vary with the change in the fair value of the underlying items.

All other insurance contracts are classified as contracts without direct participation features.

Discretionary participation features (DPF)

A number of insurance and investment contracts contain a DPF feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits at the discretion of the group. The terms and conditions or practice relating to these contracts are in accordance with the group's published Principles and Practices of Financial Management (PPFM). The PPFM stipulates the principles that a long-term insurer must use in order to manage discretionary participation business though their discretion in managing investments and allocating bonuses (subject to the advice of the head of actuarial control function). Although a contract that exposes the issuer to financial risk without significant insurance risk is not an insurance contract, financial investment contracts with DPFs are included in the scope IFRS 17 as these contracts are deemed to have similar characteristics to insurance contracts and should be measured on the same basis, in the case where the group also issues insurance contracts. All of the group's investment contracts with DPFs are included in the measurement scope of IFRS 17.

An investment contract with DPF is defined as: A financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, additional amounts:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contact; and /or
  - realised and/or unrealised investment returns on a specified pool of assets held by the group; or
  - the profit or loss of the entity or fund that issues the contract.

Reinsurance contracts

Reinsurance contracts are insurance contracts issued by a reinsurer to compensate the group for claims arising from one or more insurance contracts issued by the group (underlying contracts).

The group enters into reinsurance contracts whereby it cedes insurance risk (e.g. mortality and morbidity risks) to the reinsurer. As the benefit payable under the reinsurance contract is contingent on an uncertain future event that adversely affects the policyholder, the group is ceding insurance risk to the reinsurer and hence the reinsurance contract falls within the scope of IFRS 17.

Separating components of insurance and reinsurance contracts

An insurance contract may also contain one or more components that would be within the scope of another IFRS standard if they were separate contracts, that is there may be a distinct non-insurance component that should be separated from the contract and accounted for under a separate IFRS standard.

The group has assessed all of its insurance contracts to see if there are any distinct investment components, embedded derivatives or any promises to provide distinct goods or services other than insurance contract services that need to be separated from the host contract and accounted for under other standards (for example, IFRS 9 or IFRS 15 *Revenue from Contracts with Customers*).

Whilst distinct investment components and/or embedded derivatives are contained in certain insurance contracts issued by the group, they are deemed to be closely related to the host insurance contract as the distinct investment component and/or embedded derivative and host insurance contracts are so interdependent that they cannot be measured separately from the host insurance contract.

The group, besides non-insurance service components included in the group's Stansure and Home Owners Cover (HOC) products as well as pension fund administration services provided to pension funds (accounted for under IFRS 15) does not provide distinct goods or services other than insurance contract services that need to be separated from the host contract and accounted for under other applicable standards.

Separating investment components for disclosure

Some contracts include an amount that meet the definition of a 'non-distinct investment component' (NDIC) under IFRS 17. The NDIC is the amount that an insurance contract requires the group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. These investment components are highly inter-related with the insurance contract and are not unbundled on contract inception. The investment component has been determined as amounts accumulated to the policyholder through deposits that are repaid to the policyholder in all circumstances, either on lapse or maturity of the contract. The NDIC is included in the measurement of insurance contracts on the statement of financial position but is excluded from insurance revenue and insurance service expenses in the statement of comprehensive income when they are paid to the policyholder or beneficiary, as they do not relate to the provision of insurance services. The group does not have any non-distinct investment components on its reinsurance contracts.

Separating fixed fee service components

The group's accounting policy choice is to apply IFRS 17 to fixed fee service contracts (i.e. the group will not unbundle services provided for a fee in terms of IFRS 15, but will include the fixed fee in the IFRS 17 recognition and measurement principles for each contract). The accounting policy choice is applied on a contract-by-contract basis, with the choice for each contract being irrevocable.

The group applies this accounting policy as the following conditions are met:

- The group does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;
- The contract compensates the customer by providing services, rather than by making cash payments to the customer; and
- The insurance risk transferred by the contract arises primarily from the customer's use of services rather than uncertainty over the cost of those services.

Level of aggregation of insurance contracts

Insurance contracts are allocated to portfolios, which, for the purposes of measurement and disclosure, are then further sub-divided into groups of insurance contracts and cohorts (as described below) based on the expected profitability or loss of the contract, and the date of initial recognition.

Portfolios

The group has identified portfolios of insurance contracts, which are those contracts that are subject to similar risks and are managed together. Judgement is required when determining whether risks are similar and managed together. The group has generally defined the portfolio at the product line.

For reinsurance, one reinsurance treaty may cover a range of risks and /or benefits. Although the legal form is one contract, the components can be separated and therefore they are measured at benefit level. Reinsurance contracts within a product line have similar risks and are managed together and hence the portfolio for reinsurance is aligned to the underlying product lines.

Groups

For the purposes of the measurement calculation, these portfolios need to be further divided into groups, depending on profitability, with a minimum of:

- a group of contracts that are onerous on initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and,
- a group of the remaining contracts in the portfolio, if any.

The group performs a per contract assessment to allocate it to the appropriate profitability grouping. When a new contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established at initial recognition and not re-assessed once all contracts have been added to the group. For contracts measured under the premium allocation approach (PAA), the group has assumed, in line with what is permitted by IFRS 17, that no contracts are onerous at inception, unless facts and circumstances indicated otherwise.

Regarding reinsurance contracts, the references to onerous contracts are replaced with references to contracts on which there is a net gain on initial recognition.

IFRS 17 introduces the loss recovery component for reinsurance contracts, which brings an allowable offset through the income statement between onerous underlying contracts and the reinsurance held on those onerous groups. If at inception, the reinsurance best estimate fulfilment cash flows plus risk adjustment plus the loss recovery component is negative, the reinsurance contract is a net gain. If it is positive, then the reinsurance contract is a net loss at inception.

Cohorts

In addition to this required grouping above, the group is not permitted to include contracts issued more than one year apart in the same group. The group has elected to combine contracts in the same annual calendar year at initial recognition. The recognition and measurement requirements are then applied to these groups of contracts.

Contract boundary

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services. The identification of contract boundaries determines which cash flows should be included in the measurement of the insurance contracts.

A substantive obligation ends when the group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and the pricing of premiums for coverage up to the date when risks are reassessed does not reflect the risks related to periods beyond that reassessment date. IFRS 17 does not limit pricing constraints to contractual, legal and regulatory constraints. Market competitiveness and commercial considerations are factors that the group typically considers when pricing new contracts and repricing existing contracts.

For contracts where premiums before the reassessment date are calculated to fund risks beyond the reassessment date, the boundary on these contracts extends beyond the reassessment date. Thus, for contracts where premiums early on in the contract are designed to be higher relative to the risk while premiums later on are lower relative to the risk, (e.g. for level premium payment patterns), even if premiums are reviewed at a reassessment date, the contract will not end at that point but rather extend beyond the reassessment date.

In assessing the contract boundary for investment contracts with discretionary participation features, cash flows are within the contract boundary if they result from a substantive obligation of the group to deliver cash at a present or future date. The substantive obligation ends when the group reprices the contract so that the new price fully reflects the promise to deliver cash in the future and the related risks.

With the exclusion of embedded bancassurance credit and corporate group risk (as well as property and casualty insurance business), most of the contracts sold by the group and the corresponding reinsurance have long contract boundaries (i.e. greater than 12 months). Where there are annual reprice clauses, the contracts and the corresponding reinsurance are classified as having a short contract boundary (i.e. contract boundary of 12 months or less).

The group does not recognise a liability or an asset for any amounts relating to expected premiums or expected claims outside the boundary of the insurance contract as these amounts relate to future insurance contracts.

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer has the practical ability to reassess the risks transferred to the reinsurer and can set a price or level of benefits for the contract to fully reflect the reassessed risk.

The contract boundary for reinsurance also takes into account the group's substantive right to stop writing new business with the reinsurer or for the reinsurer to accept business; and the period of time over which the substantive right to receive services and the substantive obligation to pay amounts to the reinsurer for each underlying policy sold exist. Most of the group's reinsurance contracts have a contract boundary of three months, being the notice period for new business, and have a longer coverage period, which is typically in line with that of the underlying contracts.

Initial recognition

An assessment of significant insurance risk is made only once, being at contract inception. If a contract is deemed to be within the scope of IFRS 17, it remains an insurance contract until all rights and obligations are extinguished (i.e. discharged, cancelled or expired) or until the contract is derecognised because of a contract modification.

Groups of insurance contracts issued are initially recognised from the earliest of the following:
a. the beginning of the coverage period of the group of contracts (the period during which the group provides services in respect of any premiums within the boundary of the contract);
b. the date when the first payment from the policyholder in the group becomes due (or when it is actually received, if there is no due date); and
c. when the group determines that a group of contracts becomes onerous.

The date of initial recognition for most risk business is when the coverage period starts (for example, contracts where the group is on risk from the inception date even when no premium has been received yet). Coverage period is the period during which the group provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract. In limited instances, for example, certain motor warranty products, recognition occurs at the date when the first payment is contractually due, which is earlier than when the coverage period commences.

For investment type business (that are in scope of IFRS 17, including investment contracts with a return of contribution of premiums on death), initial recognition is the date when the group becomes a party to the contract, which is usually when the first premium is received.

For a group of reinsurance contracts held that cover the losses of separate insurance contracts on a proportionate basis the initial recognition is recognised at the later of:

a. the beginning of the coverage period of the group of reinsurance contracts held; or
b. the initial recognition of any underlying insurance contract.

For a group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance), the initial recognition is the earlier of the date of the beginning of the coverage period of that group of reinsurance contracts held and the date that the group recognises an onerous group of underlying insurance contracts.

Derecognition and contract modification

Contract modification

Where the terms of an insurance contract are modified, the group derecognises the original contract and recognises a new contract, applying IFRS 17 or other applicable standard. In order for it to be treated as a modification, it needs to meet certain conditions, which are assessed based on whether the terms of the modification were included in the original contract, and whether that would, for example, lead to a different contract boundary. In addition, if the change in terms would impact whether the original contract was still eligible for the premium allocation approach or changed the analysis of whether the contract was an insurance contract with a DPF, the modification principles would be applied. If the change in terms does not meet the modification criteria, any changes on the cash flows caused by the changed terms are treated as changes in estimates of fulfilment cash flows. In determining estimates of future cash flows at the reporting date, the group reassesses an insurance contract's boundary to include the effect of changes in circumstances on the group's substantive rights and obligations.

Derecognition

An insurance contract is derecognised when and only when, it meets the modification criteria as above, or it is extinguished, that is the obligation specified in the contract expires, discharged or is cancelled.

On derecognition of a contract, from within a group of contracts not measured under the PAA, the group eliminates the present value of fulfilment cash flows and risk adjustment related to the rights and obligations of the insurance contract being derecognised and adjusts any remaining contractual service margin (if applicable), reducing the number of coverage units in the group to reflect the remaining number without that specific insurance contract.

On derecognition of a contract, from within a group of contracts measured under the PAA, the difference in fulfilment cash flows is recognised in profit or loss.

Measurement approaches for IFRS 17 insurance contracts

The measurement approaches refer to the models prescribed for valuing the IFRS 17 defined insurance contracts and impact how the amounts are recognised in the income statement over time. Insurance revenue is recognised over the duration of the contracts that best reflects the delivery of the contracted obligations in the reporting period.

For all measurement approaches, the total insurance contract asset or liability is the sum of:
a. the LRC, the group's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the insurance coverage) and pay amounts under existing insurance contracts that are not included as above, and relate to insurance contract services not yet provided (i.e. the obligations that relate to future provisions of insurance contract services) or any investment components or other amounts that are not related to the future provision of insurance contract services and that have not been transferred to the LIC.
b. the LIC, which is the group's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but have not been reported and other incurred insurance expenses; and to pay amounts that relate to insurance contract services that have already been provided, or any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the LRC).
c. the asset for insurance acquisition cash flows, which is directly attributable acquisition costs in establishing product lines incurred by the group prior to a group of insurance contracts being recognised.

All components of the LRC are grouped together in the applicable cohorts for initial and subsequent measurement. On initial recognition, the LRC for GMM and VFA contracts consists of:
- Fulfilment cash flows (FCF), comprising current estimates of future cash flows (within the boundary of the contract), an adjustment that reflects the time value of money and the financial risks related to future cash flows to the extent that financial risks are not included in the estimates of the FCF;
- An explicit risk adjustment (RA) for non-financial risk; and
- A contractual service margin (CSM) (if applicable) which represents the unearned profit from the contract which is recognised in the income statement as the group provides insurance contract services, over the coverage period. The CSM as defined can never be negative.

On initial recognition, the LRC for PAA contracts consists of:
- Premiums received at initial recognition, if any;
- Reduced by any insurance acquisition cash flows at that date;
- Derecognition gains or losses of the asset or liability for insurance acquisition cash flows that the group incurs or receives before the group of insurance contracts is recognised; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the group incurs or receives before the group of insurance contracts is recognised.

For all reinsurance contracts, the total reinsurance contract asset or liability is the sum of:
a. the ARC, if the contract is still in the coverage period; and
b. the ARIC, if the insured event has occurred.

The group measures reinsurance contracts on the same basis as insurance contracts issued (adapted to reflect any different features related to reinsurance contracts).

The measurement approaches used for insurance and reinsurance contracts is appropriate for the terms and conditions and the characteristics of the insurance or reinsurance contract held being measured. Consistent assumptions are used to measure the estimates used in measuring the groups of reinsurance contracts held with those estimates used to measuring the groups of underlying insurance contracts. The allocation of contracts to each measurement approach is dictated by IFRS 17, although there is an element of judgement in certain cases, as well as a permitted simplification if prescribed eligibility criteria are met. Due to the different types of contracts that the group issues, it applies all three measurement approaches described in IFRS 17, being the GMM, the PAA (optional) and the VFA. Once determined, the measurement approach may not change unless there is a contract modification which results in a change.

When applying IAS 21 *The Effects of Changes in Foreign Exchange Rates* to a group of insurance contracts that generate cash flows in a foreign currency, the group treats the group of contracts, including the CSM, as a monetary item.

The table below describes the commonalities and key differences between each approach:

Approach	Detail
GMM	Methodology prescribed by IFRS 17 for insurance contracts which are not substantially investment related service contracts i.e. predominantly risk type contracts and annuities. This methodology is also used to measure reinsurance contracts (unless for both cases, the group may apply the PAA measurement). On initial recognition, applying the GMM, a group of insurance contracts are measured as the total of a) The fulfilment cash flows which comprises: ▪ Estimates of future cash flows; ▪ An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and ▪ A risk adjustment (RA) for non-financial risk; and ▪ The contractual service margin (CSM). b) The group recognises a CSM (where appropriate) which is essentially a provision for unearned profit (where the contract is assessed as profitable) measured on contract inception, and which is released over the contract term in line with the level of service provided by the group. If, at inception of a contract, the total fulfilment cash flows result in an expected net outflow, the group of insurance contracts is considered onerous. A loss from the onerous group is recognised immediately in profit or loss, with no CSM recognised on initial recognition. The loss component represents losses and reversal of losses on onerous groups and is consequently excluded from the determination of insurance revenue. The discount rates determined at the date of initial recognition of a group of contracts is termed the 'locked-in' rate as it is the rate that is locked-in for accreting the contractual service margin for insurance contracts without participating features. In order to determine the discount rates at the date of initial recognition of a group of contracts, the group has used a weighted-average discount rate over the period that contracts in the group are issued. All other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current discount rates. The discount rate applied in the future fulfilment cash flows reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, is consistent with observable current market price (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, and excludes the effects of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.
VFA	The VFA applies only to insurance contracts with direct participating features and is not applicable for the measurement of reinsurance contracts. The approach is used for contracts that are substantially investment-related service contracts but are measured under IFRS 17 as they include an integral insurance benefit, for example a retirement annuity that may include a product benefit of a minimum return of contributions on death. Investment contracts with discretionary participation features are scoped into the IFRS 17 standard, and the group also applies the VFA measurement model to measure such contracts, should such contracts meet the criteria for VFA. Insurance contracts with direct participation features create an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee to the insurer for service. The variable fee is the amount of the group's share of the fair value of the underlying items, less the future cash flows that do not vary based on the returns of the underlying items. The VFA approach also includes the total of fulfilment cash flows (future cash flows) discounted to present the time value of time and financial risks, plus a risk adjustment for non-financial risk, plus a CSM. The main difference between the VFA and the GMM is how the CSM is impacted over time. The group's share of the fair value returns on the underlying items is included in the CSM, and the CSM is updated using current estimates. The group is required to justify the classification into VFA through conditions demonstrating policyholder participation and an analysis of the investment benefits versus the total expected benefits.
PAA	The PAA is a simplification of the GMM approach for contracts with a coverage periods of 12 months or less, or where they meet the PAA eligibility criteria (for both insurance and reinsurance contracts). The eligibility criteria is met if, at inception of the group of contracts, it is expected that the simplification would produce a measurement of the liability for remaining coverage for that group of contracts that would not differ materially from that had the simplified measurement approach not been applied. The key difference therefore is how the liability for remaining coverage is measured, with the PAA. This approach avoids the complexities associated with updating a CSM (as there is no CSM) and estimating future claims. Once a contract is eligible for the PAA, it is the group's choice whether to elect it or not (an accounting policy election at inception of the contract). Although the calculation of the LRC is different to that used for those contracts measured under the GMM measurement approach, the LIC approach is the same for both measurement models. If at inception a group of contracts is considered to be onerous, a loss will immediately be recognised in profit or loss and increase the liability for remaining coverage.

Insurance acquisition cash flow assets

Prior to a group of insurance contracts being recognised, the group may incur directly attributable acquisition costs in establishing product lines (i.e., before the products are launched). Acquisition cash flows are defined as cash flows that arise from selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. When such costs are considered to be directly attributable, the allocation to groups of contracts is performed on a systematic and rational basis. These balances are recognised as insurance acquisition cash flow assets before the related group of insurance contracts is recognised. Any deferred acquisition cost asset is subsequently derecognised when the underlying contracts are recognised and recognised as part of the measurement of the LRC. These insurance acquisition cash flows not yet allocated to any specific groups are assessed for recoverability if facts and circumstances indicate that the asset may be impaired, with any impairment losses reducing the carrying amount of the assets and recognised in insurance service expenses. Reversals of such impairments are permitted, to the extent that the impairment conditions are no longer met, and subsequently increase the carrying value of the deferred acquisition cost asset.

Future fulfilment cash flows (FCF)

Fulfilment cash flows comprise of:
- Estimates of future cash flows;
- An adjustment to reflect the time value of money and financial risks related thereto, to the extent that financial risks are not included in the estimate of future cash flows; and
- A risk adjustment (RA) for non-financial risk.

The current estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of expenses that relate directly to the fulfilment of the contract. The estimates are based on an unbiased and probability-weighted mean of the full range of possible outcomes, determined from a perspective of the group, provided that where estimates are observable, they are consistent with observable market data. The estimates are always updated for current assumptions at measurement dates. The estimation of future cash flows includes expected premiums, expected claims and benefit payments, an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs, claims handling costs, policy administration costs, an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts and transaction-based taxes. The group estimates certain future cash flows at the portfolio level or higher and subsequently allocates such estimates to group of contracts.

Reinsurance contracts held - fulfilment cash flows

The measurement of cash flows for reinsurance contracts follows the same principles as for insurance contracts, with the standard requiring consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts. However, it does include an allowance on a probability-weighted basis for the effect of non-performance by the reinsurer. The reinsurance fulfilment cash flows include reinsurance premiums (including premium discounts), rebates, reinsurance claims, profit sharing and reinsurance expenses.

Discount rate

The discount rate applied to reflect the time value of money for the FCF reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The discount rate applied by the group is consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contract in terms of for example, timing currency and liquidity. IFRS 17 allows for two methods to determine discount rates for cash flows of insurance contracts that do not vary based on the returns of the underlying items. The bottom-up approach determines discount rates by adjusting a liquid risk-free yield curve to elect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristic of the insurance contracts. The top-down approach determines the appropriate discount rates for insurance contracts based on a yield curve that reflects the current market rates of return implicit in a fair value measurement for a reference portfolio of assets.

Risk adjustment (RA)

The RA is an explicit, current adjustment to compensate the group for bearing non-financial risk (that is, insurance risk), that is a deferral of margin to cover the risk of variation to the estimated cash flows. The risk adjustment is released over the duration of the coverage period in line with reduction of the estimated risk. An explicit risk adjustment for non-financial risk is estimated separately from other estimates. The group has adopted in the main the cost of capital approach to determine the amount of the risk adjustment. Generally longer duration contracts are considered more risky than shorter contracts.

The other methodologies being used by the group to determine the risk adjustment all require a confidence level to be specified upfront. This includes the provision for adverse deviation on contracts measured under the GMM and the VFA.

Risk adjustment – reinsurance

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer.

CSM or loss components (GMM and VFA)

The CSM at initial recognition is the component of the insurance contract liability or asset representing the unearned profit that the group expects to recognise over the period that it provides insurance cover. The CSM is the amount recognised that results in zero income on day one, after taking into account the measurement of the total FCF.

If, at inception of a contract, the total FCF and RA result in an expected net outflow, the group of insurance contracts is considered onerous. If an onerous group of contracts is expected at inception, a loss component will be recognised, and the loss is recognised immediately in the income statement. Accordingly, no CSM is recognised related to those contracts on the statement of financial position on day one. A loss component is created for this net cash flow, which determines the amounts that are subsequently presented in profit or loss as reversals on onerous groups. These amounts are not included in insurance revenue.

When a loss component exists, the group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. expected incurred claims and expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income or expenses from insurance contracts issued.

The amounts of loss component allocation in a) and b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

CSM or loss components – reinsurance

For groups of reinsurance held (applicable to GMM), a CSM is raised regardless of whether it results in a positive or negative value. The CSM represents a net gain or cost that the group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future. Reinsurance contracts cannot be onerous, which is a key difference between measuring reinsurance and the underlying contracts. The reinsurance CSM is the total of the reinsurance FCF and reinsurance RA at initial recognition. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

Subsequent measurements

Subsequent measurement - GMM and VFA

After initial recognition, the carrying value of insurance contracts is the total of the LRC and LIC.

The carrying value of the LRC for GMM and VFA contracts consists of:

- The updated measurement of the FCF;
- The remaining RA for non-financial risk (that is, per groups of contracts, the amount of the RA that has not yet been released over the contact duration in line with reduction of the estimated risk); and
- Any remaining CSM (if applicable).

The FCF are updated for current assumptions at the end of each reporting period, incorporating current discount rates. Changes in estimates related to past or current service are reflected in profit or loss in the income statement, whereas any changes related to future service are captured in the CSM or the loss component (as applicable) and recognised over the release of the CSM. Should a group of contracts become onerous during the period, the group recognises a loss in profit or loss for the net outflow.

For contracts measured under the GMM, certain adjustments are treated as related to future service, resulting in the CSM being adjusted. These adjustments include:

- Experience adjustments arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes,
- Changes in estimates of the present value of the future cash flows in the LRC, except for changes related to the time value of money and the effect of financial risk and changes in financial risk (the latter which do not result in the CSM being adjusted),
- Differences between any investment components expected to become payable in the period and the actual investment component payable in the period,
- Changes in the risk adjustment for non-financial risk that related to future service.

The CSM is not adjusted for a group of contracts measured under the GMM for the following changes in fulfilment cash flows because they relate to future services:

- The effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk, changes in estimates of fulfilment cash flows in the LIC; and experience adjustments, except for those described above which relate to future service.

These adjustments are similar for contracts measured under the VFA, with additional requirements that any fair value changes in the amount of the group's share on the returns of underlying items and changes in the FCF that do not vary based on the returns of the underlying items are also treated as adjustments that relate to future cash flows and therefore included in the CSM.

The VFA approach modifies the treatment of the CSM to accommodate the direct participating contracts. Differences therefore occur in subsequent measurement of the CSM between the GMM and VFA measurement models. The CSM under VFA allows for deferring of future fee adjustments linked to current investment returns and effectively smooths out volatility of fee recognition, i.e. fair value changes are not included in profit or loss but are recognised over the remaining life of the contract. In particular, the CSM is also adjusted for in-year experience variances and changes in economic variables (unless the risk mitigation option is elected where hedging is done).

The CSM at the end of each reporting period represents the profit in the group of insurance contracts that has not yet been recognised as it relates to future service obligations of the group. The balance of the CSM at the end of the reporting period consists of the opening balance, plus the impact of any new contracts, plus or minus the change in the amount of the entity's share of the fair value of the underlying items, except where risk mitigation applies, or the decrease in the amount of the entity's share of the fair value of the underlying items exceeds the carrying amount of the CSM, and gives rise to a loss, plus or minus any changes in any fulfilment cash flows related to future service costs, except where risk mitigation applies, or to the extent that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or such decreases in fulfilment cash flows are allocated to the loss component of the LRC, the effect of any foreign currency translation differences and less any amounts that are recognised in insurance revenue during the period for the transfer of insurance service obligations by the group.

The CSM is always measured at a 'locked-in' rate, for GMM measured contracts, which is the prevailing discount rate at the inception of the contract and not updated for current discount rates, whereas the measurement of the FCF uses a current discount rate. Interest is accreted on the carrying amount of the CSM at the locked in rate from the inception of the contract. IFRS 17 introduces the concept of coverage units, which determines how an insurer allocates the expected profit for providing insurance contract services over the relevant reporting periods. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period.

Carrying value of the LIC

For those contracts where the insured event is assumed to have occurred, the liability is recognised in the LIC. The LIC comprises the FCF related to past service plus a risk adjustment. The LIC also includes the group's obligation to pay amounts that relate to insurance contract services that have already been provided and for any investment components that are not related to the provision of insurance contract services.

For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is estimated for the measurement of the LIC only.

The LIC includes the modelling of the IBNR reserve, outstanding claim reserve (OCR) and any recurring ongoing claims (e.g. disability income in payment) and claim costs. The LIC includes its own risk adjustment and is adjusted for discounting where payments are expected to be made more than one year after being incurred. The methodologies being used by the group to determine the risk adjustment for the LIC includes bootstrapping and fitting a distribution to historical loss rates, typically for IBNR claims or PAA liabilities on contracts with shorter-dated cash flows.

The group's policy is that the LIC is not discounted if the run-off period is 12 months or less. The group's preferred methods to measure IBNR claims are the Bornhuetter Ferguson Method and Chain Ladder Method.

Subsequent measurement of reinsurance contracts held

On subsequent recognition of reinsurance contracts held (under GMM and PAA), the total reinsurance contract comprises the ARC and the ARIC, where the ARIC relates to past service.

Subsequent changes to reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception that the CSM at the end of reporting period is adjusted for (contracts measured under GMM):

- Reversals of a loss-recovery component recognised, to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held;
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM; and
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

The reinsurance RA is expected to be negative as the reinsurer will be removing some of the underwriting risk of the insurer. The reinsurance RA comprises of the RA at initial recognition / beginning of period, less the release of risk adjustment, plus interest accreted on RA, plus/minus change in estimates (actual versus expected RA), plus/minus change in discount rates. Where the group has established a loss recovery component, that component is adjusted to reflect changes in the loss component of the onerous group of underlying contracts on a consistent basis, so that the loss recovery component can never exceed the portion of the carrying amount of the loss component on the underlying contracts.

Subsequent measurement - PAA

There is no concept of a CSM for PAA measured contracts. The subsequent measurement of the LRC for PAA measured contracts is further adjusted for any amounts recognised in revenue for insurance services provided over the period. Refer to accounting policy choices for the various elections the group has adopted with regards to the PAA measurement model. If at inception of the contract, the group is considered to be onerous, a loss will be recognised in profit or loss and increase the liability for remaining coverage. The LIC is the same as that for the GMM model.

For reinsurance contracts measured under the PAA approach, the group uses the same principles as applied for the PAA for insurance contracts issued, however adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, to simplify the measurement of a group of reinsurance contracts held. If the PAA approach is used for measuring reinsurance, and there is an expected loss on initial recognition, the group adjusts the carrying amount of the ARC instead of adjusting the CSM as if the reinsurance contracts were measured under the GMM approach.

Revenue and expenditure

Insurance revenue

Contracts measured under GMM and VFA

Insurance revenue is recognised for the pricing/charge by the group for obligations or service delivered during the period under review. Insurance contract services that the group provides to a policyholder is either: coverage for an insured event; for insurance contracts without direct participation features, the generation of an investment return; or for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder.

Insurance revenue includes the release of the CSM and the risk adjustment (for risk expired) during the period, as well as the release of expected claims and insurance acquisition cash flows expenses, excluding the financing effect for the time value of money which is included in insurance finance income or expenses. As revenue is recognised, the LRC is reduced for the services that have been provided that are related to that contract. The release of the CSM is discussed in more detail in the key judgements section.

For insurance contracts issued, a portion of the risk adjustment for non-financial risk relating to the LRC is recognised in insurance revenue as the risk is released.

For investment contracts with DPF, the allocation of the CSM is modified as the group recognises the CSM over the duration of the group of contracts in a systematic way that reflects the transfer of investment services under the contract.

Contracts measured under PAA

For contracts measured under the PAA, the revenue earned is the allocation of expected premium receipts on the basis of the passage of time, unless there was judgement applied and the assessment was that the expected pattern of release of risk during the coverage period differs significantly from the passage of time, in which case it will then be on the basis of the expected timing of incurred insurance service expenses. The group generally measures revenue earned over the passage of time.

Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits excluding investment components;
b. other incurred directly attributable insurance service expenses;
c. amortisation of insurance acquisition cash flows;
d. changes that relate to past service (i.e. changes in the FCF relating to the LIC);
e. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components); and
f. any insurance acquisition cash flow assets impairment.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss. For insurance contracts issued, the portion of the risk adjustment for non-financial risk relating to the LIC is recognised in insurance service expenses.

Net income or expenses from reinsurance contracts held

Reinsurance expenses are recognised on a similar basis to insurance revenue, accounting for the different nature of the contracts. Reinsurance expenses recognised depict the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the group expects to pay in exchange for those services.

Net income or expenses from reinsurance contracts held comprises reinsurance expenses (including broker fees measured under PAA), incurred claims recovery, excluding any investment components, other incurred directly attributable expenses and changes that relate to past service, effects of changes in the risk of reinsurer's non-performance.

Reinsurance expenses incurred for contracts measured under PAA are recognised over the passage of time over the coverage period of the contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise the change in the carrying value of the group of insurance contracts (for the LRC and the LIC) arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk.

For contracts measured under the GMM approach, insurance finance income or expenses arise from interest accretion on the FCF and the CSM (CSM at the locked-in inception rate), the effect of changes in interest rates and other financial assumptions; and foreign exchange differences (if applicable), as well as interest accepted on the LIC.

For contracts measured under the VFA approach, the insurance finance income or expenses comprise changes in the value of underlying item (excluding additions and disposals).

For insurance contracts measured under the PAA approach, insurance finance income and expenses arise from interest accreted on the LIC and the effect of changes in interest rates and other financial assumptions.

The group has elected, for all current portfolios, to include all insurance finance income or expenses for all measurement approaches, in the reporting period in profit or loss (Refer to the accounting policy elections for the group's current accounting treatment).

Notional acquisition cash flows - presentation between insurance revenue and insurance service result

The group categorises insurance expenses either into acquisition and renewal expenses and allocates directly attributable expenses to insurance contacts. Excluding contracts that are measured under the PAA, insurance acquisition costs are allocated to existing groups of insurance contracts on a systematic and rational basis. On initial recognition of a group of contracts, such acquisition costs reduce the CSM (as there is less profit to defer over the life of the contract related to these expenses). For contracts that are measured under the PAA, the group recognises an asset for acquisition cash flows at initial recognition and amortises the asset over the group of insurance contracts' coverage period. For presentation purposes, IFRS 17 requires the group to allocate the direct acquisition costs to insurance service expenses in a systematic way, with an equal amount recognised as insurance revenue.

Presentation and disclosure

Statement of financial position

The insurance contract liabilities or assets, and reinsurance contract assets or liabilities recognised on the face of the statement of financial position are disaggregated in the notes to the financial statements according to the measurement approach applied, and according to what is included in the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). For reinsurance contact assets or liabilities, this is referred to as the asset for remaining coverage (ARC) and the asset recoverable on incurred claims (ARIC). The line items on the face of the statement of financial position include all rights and obligations from a portfolio of insurance contracts. Portfolios that are in an asset position are presented separately from those in a liability position for both insurance and reinsurance.

Income statement

The group reduces the LRC and recognised insurance revenue as it provides insurance contract services. Line items presented on the face of the income statement, being an insurance service result, which is the separate recognition of insurance revenue (that excludes the receipt of any investment component) and insurance service expenses (that excludes the repayment of any investment components). These line items represent the group's net insurance service result (before reinsurance contracts held).

Net income or expenses from reinsurance contracts held on underlying insurance contracts as well as insurance finance income or expenses are separately presented on the face of the income statement.

Disclosures are further disaggregated into more granular levels if information provided at the level of the measurement model is determined to be too aggregated to be considered useful to the users of the information. The group has defined this level of disclosures as its 'reportable groups'.

Refer accounting policy elections below for more detail on presentation elections.

Other

Other payables

Included in Other payables are balances associated with certain outstanding claims. Where the benefits have not been claimed by the member or the beneficiary within a 24- month period since the benefit became legally due and payable and under the South African Pensions Fund Act 24 of 1956, these specific obligations have been transferred to a legally ring-fenced unclaimed benefit fund. Once in the unclaimed benefit fund, they meet the definition of an investment contract.

Prepayments and other receivables

Other receivables comprise of premiums related to certain IFRS 17 contracts where intermediaries act as agents for the group and collect premiums on behalf of the group from the policyholders. Where these amounts are still owing to the group at reporting date, they are disclosed as amounts receivable in terms of IFRS 9 and presented within Other Assets on the group's statement of financial position.

Notional Deferred Acquisition Costs (NDAC) (presentation)

Insurance acquisition cash flows are treated in the same way as other cash flows incurred in fulfilling insurance contracts and is reflected in the CSM or loss component for a group of insurance contracts on initial recognition. In line with the standard, the group has created an off-balance sheet notional deferred acquisition cost amount, which is used for presentation purposes to allocate the portion of premiums that relate to the recovery of acquisition cash flows to each reporting period, i.e. increasing insurance revenue and increasing insurance service expenses. On initial recognition, the NDAC is based on the present value of all expected future acquisition cash flows net of expected future clawbacks on acquisition commissions.

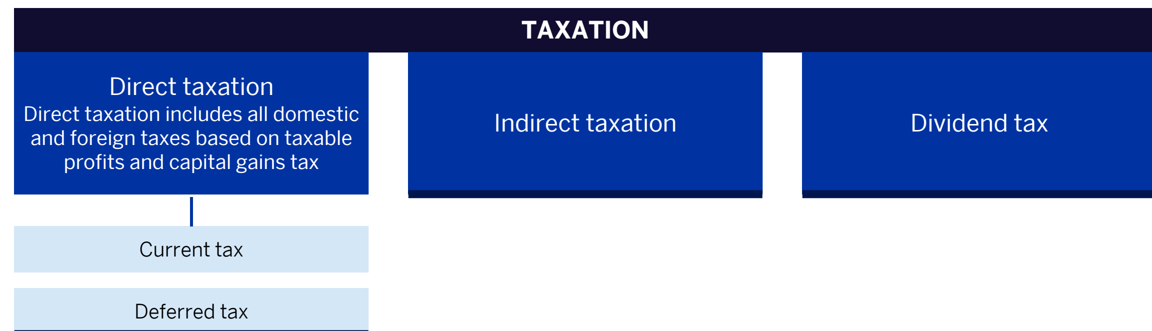
The NDAC is amortised based on the passage of time but the standard is not prescriptive on the methodology to achieve this. For long boundary contracts measured under GMM and VFA, the NDAC will be released by applying the same rate of allocation as for the amortisation of the CSM derived from coverage units. The amortisation of the NDAC in line with coverage units is aligned to service provided and achieves consistency with the CSM.

For contracts without direct participation features, the insurance revenue is made up of expected claims, expected expenses, release of the NDAC and release of the CSM in each period where the Notional DAC and CSM accrete interest at locked-in rates. Consequently, the release of the NDAC and CSM should be adjusted by the ‘locked-in’ rate when ‘adjusting for the financing effect’ over the lifetime of the contract.

For contracts with direct participation features, since interest is accreted on the NDAC using current interest rates, the insurance revenue over the lifetime of the contract must be discounted using current interest rates and must be equal to the discounted value of the entity’s share of the underlying.

The roll-forward of the expected NDAC is determined at the CSM group level except for the determination of experience variances. The experience variances on the NDAC arising from differences between expected acquisition costs and actual acquisition costs is determined at the reportable group level of aggregations and is disaggregated to groups in proportion to the CSM coverage units for each group relative to the total coverage units at the reportable group level.

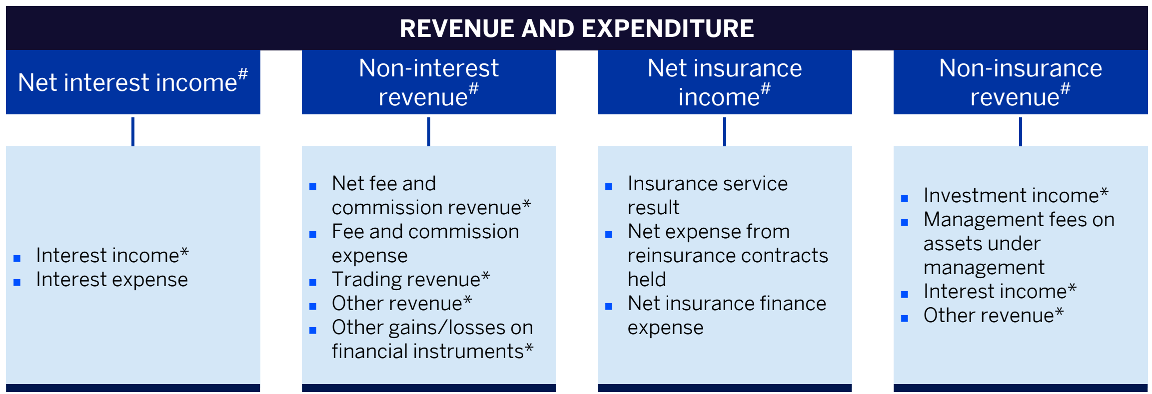
13. Taxation



Type	Description, recognition and measurement	Offsetting
Direct taxation: current tax	Current tax is recognised in the direct taxation line in the income statement except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.	Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Direct taxation: deferred tax	Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI. Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences: ▪ the initial recognition of goodwill; ▪ the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and ▪ investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.	
Direct taxation: deferred tax	The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the group the ability to control the reversal of the temporary difference. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.	

Type	Description, recognition and measurement	Offsetting
Indirect taxation	Indirect taxes comprising of non-recoverable value added tax (VAT), skills development levies and other duties for banking, are recognised in the indirect taxation line in the income statement.	Not applicable
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity, as dividend tax represents a tax on the shareholder and not the group. Dividends tax withheld by the group on dividends paid to its shareholders and payable at the reporting date to the South African Revenue Service (where applicable) is included in 'Provisions and other liabilities' in the statement of financial position.	Not applicable

14. Revenue and expenditure



Insurance related revenue and expenditure is included in section 12 of this annexure.

* Gross revenue for the group is defined as the total of interest income, fee and commission revenue, trading revenue, other gains and losses on financial instruments, other revenue, insurance revenue on both insurance contracts issued and reinsurance contracts held, and finance income from both reinsurance contracts held and insurance contracts issue.

Total net income represents the group's net revenue and constitutes the total of net interest income, non-interest revenue, net insurance income and non-insurance revenue.

Description	Recognition and measurement
Net interest income	Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate. Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income. When a financial asset is classified as stage 3 impaired, interest income is calculated on the amortised cost based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in credit impairments when the financial asset is reclassified from (out of) stage 3. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income, recognised as part of net interest income calculated using the effective interest method. Dividends are recognised in interest income for debt instruments, when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.

Description	Recognition and measurement
Net fee and commission revenue	Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, insurance-based fees and commissions, and knowledge-based fees and commissions are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue. The group's banking activities operate a customer loyalty programme in terms of which it undertakes to provide goods and services to certain customers. The reward credits are accounted for as a separately identifiable component of the fee and commission income transactions of which they form a part. The consideration allocated to the reward credits is measured at the fair value of the reward credit and is recognised over the period in which the customer utilises the reward credits. Expenses relating to the provision of the reward credits are recognised in fee and commission expenses as and when they are incurred.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
Investment income	Investment income for IAM comprises mainly rental income from properties, interest, hotel operations' sales and dividends. Dividends are recognised when the right to receive payment is established and interest income is recognised using the effective interest method.
Management fees on assets under management	Fee income includes management fees on assets under management and administration fees. Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements. Administration fees received for the administration of medical schemes are recognised when the services are rendered.
Other gains/losses on financial instruments	Includes: ▪ Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default). ▪ The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI. ▪ Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost. ▪ Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value. ▪ Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost. ▪ Fair value gains and losses on designated financial liabilities. ▪ Fair value gains and losses on private equity or venture capital investments designated at fair value through profit or loss.
Other revenue	Other revenue comprises revenue that is not included in any of the categories mentioned above this could include dividends on equity financial assets, and remeasurement gains and losses from contingent consideration on disposals and purchases. Dividends are recognised in other revenue for equity instruments when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.

Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions.

15. Non-current assets held for sale, disposal groups and discontinued operations

Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
Non-current assets and liabilities held for sale and disposal groups Comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than continuing use (including regular purchases and sales in the ordinary course of business).	Immediately before classification, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies and tested for impairment. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities (or components of a disposal group) are presented separately in the statement of financial position. In presenting the group's non-current assets and liabilities as held for sale, intercompany balances are eliminated in full.	OCI movements are presented separately.	Impairment losses on initial classification as well as subsequent gains and losses on remeasurement of these assets are recognised in profit or loss. Property and equipment and intangible assets are not subsequently depreciated or amortised. Equity accounting thereafter for an interest in an associate is suspended.

16. Other significant accounting policies

Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to the chief operating decision makers, comprising of the chief executive and members of the group leadership council.

Fiduciary activities

The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.

Statutory credit risk reserve

The statutory credit risk reserve represents the amount by which local regulatory authorities within the group's Africa Regions operations require in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- Gains and losses on disposal of subsidiaries joint ventures and associates (including foreign exchange translation gains and losses).
- Gains and losses on the disposal of property and equipment and intangible assets.
- Impairment and reversals of impairments of joint ventures and associates.
- Impairment of investments in subsidiaries, property and equipment, and intangible assets; and
- Other items of a capital related nature.

17. New standards and amendments not yet adopted

The following new standards, and amendments are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these annual financial statements.

Title: IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

Effective date: deferred the effective date for these amendments indefinitely

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.

Title: IAS 1 Presentation of Financial Statements (amendments)

Effective date: 1 January 2024

The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. The impact on the annual financial statements has not yet been fully determined, however, not expected to have a significant impact on the group.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Title: IFRS 16 Leases (narrow scope amendments)

Effective date: 1 January 2024

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Title: IAS 21 Exchange Rates (amendments)

Effective date: 1 January 2025

The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.

ANNEXURE G – SIX-YEAR REVIEW

Consolidated statement of financial position – IFRS 17

	2023 USDm*	2023 GBPm*	2023 EURm*	CAGR** %	2023 Rm	2022 Restated[1] Rm	1 January 2022 Restated[1] Rm
Assets							
Cash and balances with central banks	**7 440**	**5 856**	**6 735**	**20**	**137 787**	114 483	91 169
Financial investments, trading and pledged assets	**59 157**	**46 559**	**53 548**	**4**	**1 095 501**	1 056 720	1 025 327
Loans and advances	**86 878**	**68 376**	**78 640**	**7**	**1 608 846**	1 504 940	1 424 328
Insurance contract assets	**293**	**230**	**265**	**(11)**	**1 631**	1 830	1 264
Reinsurance contract assets	**88**	**69**	**80**	**(2)**	**5 422**	5 522	5 902
Current and deferred taxation assets	**528**	**416**	**478**	**2**	**9 784**	9 585	7 616
Derivative and receivables and other assets	**7 069**	**5 563**	**6 398**	**15**	**130 901**	114 057	92 903
Disposal group assets classified as held for sale	**13**	**10**	**11**	**(58)**	**235**	555	1 025
Interest in associates and joint ventures	**657**	**517**	**595**	**22**	**12 173**	9 956	7 280
Goodwill and other intangible assets	**687**	**541**	**622**	**(16)**	**12 723**	15 120	16 909
Property and equipment	**1 096**	**863**	**992**		**20 298**	20 340	20 619
Investment property	**1 644**	**1 294**	**1 488**	**4**	**30 444**	29 289	29 985
Total assets	**165 550**	**130 294**	**149 852**		**3 065 745**	2 882 397	2 724 327
Equity and liabilities							
Equity	**14 954**	**11 769**	**13 535**	**7**	**276 920**	258 866	242 891
Equity attributable to ordinary shareholders	**12 768**	**10 049**	**11 557**	**8**	**236 445**	218 197	198 873
Equity attributable to other equity instrument holders	**1 305**	**1 027**	**1 181**	**23**	**24 167**	19 667	16 052
Non-controlling interests	**881**	**693**	**797**	**(22)**	**16 308**	21 002	27 966
Liabilities	**150 596**	**118 525**	**136 317**	**6**	**2 788 825**	2 623 531	2 481 436
Deposit and debt funding	**108 089**	**85 070**	**97 840**	**6**	**2 001 646**	1 889 099	1 776 615
Derivative and other liabilities	**13 390**	**10 539**	**12 121**	**15**	**247 967**	214 936	212 640
Trading liabilities	**5 101**	**4 014**	**4 618**	**(14)**	**94 468**	109 928	81 484
Current and deferred taxation liabilities	**545**	**429**	**492**	**4**	**10 093**	9 666	9 915
Financial liabilities under investment contracts	**8 156**	**6 419**	**7 383**	**11**	**151 035**	136 309	136 622
Insurance contract liabilities	**13 575**	**10 684**	**12 288**	**8**	**251 389**	231 849	233 730
Subordinated debt	**1 740**	**1 370**	**1 575**	**2**	**32 227**	31 744	30 430
Total equity and liabilities	**165 550**	**130 294**	**149 852**		**3 065 745**	2 882 397	2 724 327

* The foreign-denominated results above have been derived from the group's audited ZAR results by using the closing exchange rates. The foreign-denominated results above have not been audited and have been presented for illustrative purposes only. This illustration would not be equivalent to that which would have resulted had the group presented its results in a currency other than ZAR in terms of IAS 21.

** Compound annual growth rate.

[1] Restated. Refer to page 31 to 39 for the IFRS 17 transition impact.

For the above table the CAGR was calculated for those years the line item included in the group's 2023 statement of financial position, was presented, for example, the CAGR for reinsurance contract assets was calculated between 1 January 2022 to 31 December 2023, whereas the CAGR for cash and balances with central banks was calculated from 2018 to 2023.

Refer to the following table for 2021 - 2018 comparative disclosures.

Consolidated statement of financial position – IFRS 4

	2021 Rm	2020 Rm	2019 Rm	2018 Rm
Assets				
Cash and balances with central banks	91 169	87 505	75 288	85 145
Financial investments, trading and pledged assets	1 023 898	931 906	819 498	749 517
Loans and advances	1 424 328	1 271 255	1 181 067	1 119 547
Current and deferred taxation assets	7 612	7 315	4 868	4 519
Derivative and other assets	100 120	154 310	101 308	74 192
Disposal group assets classified as held for sale	1 025	220	2 599	762
Interest in associates	7 280	6 498	5 423	10 376
Goodwill and other intangible assets	16 913	18 262	22 323	23 676
Property and equipment	20 619	20 702	22 018	19 194
Investment property	29 985	29 917	34 180	33 326
Policyholders' assets	2 868	5 050	7 017	6 708
Total assets	2 725 817	2 532 940	2 275 589	2 126 962
Equity and liabilities				
Equity	242 849	215 272	209 484	199 063
Equity attributable to ordinary shareholders	198 832	176 371	171 229	165 061
Equity attributable to other equity instrument holders	16 052	12 528	10 989	9 047
Non-controlling interests	27 965	26 373	27 266	24 955
Liabilities	2 482 968	2 317 668	2 066 105	1 927 899
Deposit and debt funding	1 776 615	1 624 044	1 426 193	1 357 537
Derivative and other liabilities	221 043	249 471	193 599	164 810
Trading liabilities	81 484	81 261	83 847	59 947
Current and deferred taxation liabilities	10 277	8 302	9 073	8 015
Non-current liabilities held for sale	96	92	246	237
Subordinated debt	30 430	29 306	28 901	26 359
Policyholders' liabilities	363 023	325 192	324 246	310 994
Total equity and liabilities	2 725 817	2 532 940	2 275 589	2 126 962

Exchange rates (rounded) utilised to convert the 31 December 2023 statement of financial position rand exchange rates (closing):

Currency	2023	2022
USD	**18.52**	16.30
GBP	**23.53**	20.19
EUR	**20.46**	18.08

Consolidated income statement – IFRS 17

	2023 USDm*	2023 GBPm*	2023 EURm*	CAGR** %	2023 Rm	2022 Restated[1] Rm
Net interest income	5 274	4 166	4 828	25	98 188	78 391
Non-interest revenue	3 330	2 631	3 048	13	62 003	54 965
Net fee and commission revenue	1 890	1 493	1 730	8	35 187	32 621
Trading revenue	1 107	875	1 014	21	20 617	17 046
Other revenue	186	147	170	21	3 464	2 860
Other gains and losses on financial instruments	147	116	134	12	2 735	2 438
Net insurance (loss)/income	(953)	(754)	(873)	(659)	(17 753)	3 178
Insurance service result	442	348	404	(1)	8 216	8 302
Net insurance service result before reinsurance contracts held	482	380	441	11	8 964	8 071
Insurance revenue	2 083	1 645	1 907	9	38 778	35 717
Insurance service expense	(1 601)	(1 265)	(1 466)	8	(29 814)	(27 646)
Net expense from reinsurance contracts held	(40)	(32)	(37)	(424)	(748)	231
Net insurance finance expenses	(1 395)	(1 102)	(1 277)	407	(25 969)	(5 124)
Net finance expenses from insurance contracts issued	(1 411)	(1 115)	(1 292)	402	(26 280)	(5 232)
Net finance income from reinsurance contracts held	16	13	15	188	311	108
Non-insurance revenue	1 889	1 492	1 730	204	35 178	11 583
Investment and other income	457	361	419	13	8 517	7 516
Interest income	159	126	146	41	2 967	2 105
Fair value adjustments to investment contract liabilities and third-party mutual funds	1 273	1 005	1 165	1108	23 694	1 962
Total net income	9 540	7 535	8 733	20	177 616	148 117
Credit impairment charges	(873)	(690)	(800)	22	(16 261)	(13 343)
Income after credit impairment charges	8 667	6 845	7 933	20	161 355	134 774
Operating expenses	(5 089)	(4 020)	(4 659)	13	(94 749)	(83 533)
Net income before non-trading and capital related items	3 578	2 825	3 274	30	66 606	51 241
Non-trading and capital related items	80	63	73	353	1 487	328
Share of post-tax profit/(loss) from associates and joint ventures	89	70	81	(27)	1 648	2 265
Net income before indirect taxation	3 747	2 958	3 428	30	69 741	53 834
Indirect taxation	(181)	(143)	(166)	10	(3 373)	(3 077)
Profit before direct taxation	3 566	2 815	3 262	31	66 368	50 757
Direct taxation	(863)	(682)	(790)	37	(16 065)	(11 717)
Profit for the year	2 703	2 133	2 472	29	50 303	39 040
Attributable to non-controlling interests and other equity instrument holders	2 376	1 875	2 173	29	44 211	34 243
Attributable to other equity instrument holders	94	74	86	76	1 762	999
Attributable to non-controlling interests	233	184	213	14	4 330	3 798
Headline earnings						
Basic earnings per ordinary share (cents)	143	113	131	29	2 667	2 074
Diluted earnings per ordinary share (cents)	142	112	130	28	2 635	2 059

* The foreign-denominated results above have been derived from the group's audited ZAR results by using the average exchange rates. The foreign-denominated results above have not been audited and have been presented for illustrative purposes only. This illustration would not be equivalent to that which would have resulted had the group presented its results in a currency other than ZAR in terms of IAS 21.

** Compound annual growth rate.

[1] Restated. Refer to page 30 for further detail on restatements and pages 31 to 39 for detail on the impact of the IFRS 17 transition.

For the above table the CAGR was calculated for those years the line item included in the group's 2023 income statement, was presented, for example, the CAGR for net insurance finance expenses was calculated between 31 December 2022 to 31 December 2023, whereas the CAGR for share of post-tax profit/(loss) from associates and joint ventures was calculated from 2018 to 2023.

Refer to page 338 for 2021 - 2018 comparative disclosures.

Consolidated income statement – IFRS 4

	2021 Rm	2020 Rm	2019 Rm	2018 Rm
Net interest income	62 436	61 425	62 919	59 505
Non-interest revenue	50 862	47 156	47 542	45 826
Net fee and commission revenue	30 355	29 413	30 622	30 375
Trading revenue	14 842	13 874	12 075	10 799
Other revenue	3 648	3 158	4 089	3 863
Other gains and losses on financial instruments	2 017	711	756	789
Income from banking activities	113 298	108 581	110 461	105 331
Income from investment management and life insurance activities	19 426	15 086	23 573	21 452
Insurance premiums received	44 364	39 202	39 801	38 251
Revenue from contacts with customers	3 542	3 400	4 062	4 073
Interest income	1 541	1 648	1 920	1 516
Insurance benefits and claims paid	(67 779)	(40 354)	(44 309)	(26 484)
Investment management and service fee income and gains	2 210	3 271	3 245	3 533
Fair value adjustments to investment management liabilities and third-party fund interests	35 548	7 919	18 854	563
Total income	132 724	123 667	134 034	126 783
Credit impairment charges	(9 873)	(20 594)	(7 964)	(6 489)
Income after credit impairment charges	122 851	103 073	126 070	120 294
Operating expenses in banking activities	(65 477)	(63 182)	(62 335)	(59 814)
Operating expenses in insurance activities	(16 952)	(16 139)	(16 486)	(16 404)
Net income before non-trading and capital related items	40 422	23 752	47 249	44 076
Non-trading and capital related items	(284)	(3 956)	(2 890)	(641)
Share of post-tax profit/(loss) from associates and joint ventures	1 094	1 084	(512)	912
Net income before indirect taxation	41 232	20 880	43 847	44 347
Indirect taxation	(3 024)	(2 727)	(2 592)	(2 609)
Profit before direct taxation	38 208	18 153	41 255	41 738
Direct taxation	(10 149)	(3 640)	(10 559)	(9 095)
Profit for the year	28 059	14 513	30 696	32 643
Attributable to non-controlling interests and other equity instrument holders	2 369	1 352	5 253	5 190
Attributable to group ordinary shareholders	24 865	12 358	25 443	27 453
Headline earnings	25 021	15 945	28 207	27 865

Exchange rates (rounded) utilised to convert the 31 December 2023 income statement rand exchange rates – (average)

Currency	**2023**	2022
USD	**18.62**	16.30
GBP	**23.57**	20.19
EUR	**20.34**	18.08

Share statistics and market indicators

		CAGR** %	2023	2022 Restated[1]	2021	2020	2019	2018
Share statistics								
Dividend cover	times		**1.8**	1.7	1.8	3.9	1.8	1.8
Dividend yield	%	**5**	**6.8**	7.2	6.2	1.2	5.9	5.4
Earnings yield	%	**6**	**12.8**	12.4	7.2	7.9	10.5	9.8
Price earnings ratio	times	**(5)**	**7.8**	8.0	14.0	12.7	9.5	10.2
Price-to-book	times	**(4)**	**1.5**	1.2	1.1	1.1	1.6	1.8
Number of shares traded	millions	**1**	**1 675.8**	1 678.3	1 620.0	1 619.9	1 650.9	1 618.5
Market capitalisation	Rm	**4**	**344 837**	271 469	226 813	202 426	268 302	289 723
Market indicators at 31 December								
Standard Bank Group share price								
High for the year	cents	**(2)**	**20 900**	18 798	14 978	17 224	21 022	23 100
Low for the year	cents	**6**	**20 402**	14 001	11 338	8 341	15 860	15 392
Closing	cents	**3**	**20 810**	16 779	14 001	12 708	16 832	17 881
Prime overdraft rate (closing)	%	**3**	**11.8**	10.5	7.0	7.0	10.0	10.3
JSE All Share Index – (closing)		**8**	**76 893**	73 049	73 709	54 116	57 084	52 081
JSE Banks Index – (closing)		**4**	**10 948**	9 854	8 823	6 076	8 731	9 162
ZAR exchange rates – (closing)								
USD		**5**	**18.52**	16.97	15.89	14.67	14.00	14.38
GBP		**5**	**23.53**	20.42	21.46	20.04	18.42	18.31
EUR		**4**	**20.46**	19.08	18.00	18.01	15.70	16.44
ZAR exchange rates – (average)								
USD		**7**	**18.45**	16.30	14.77	16.45	14.44	13.23
GBP		**5**	**22.95**	20.19	20.32	21.08	18.43	17.63
EUR		**5**	**20.34**	17.23	17.47	18.76	16.16	15.60

Results and ratios

		CAGR %	2023	2022 Restated[1]	2021	2020	2019	2018
Standard Bank Group								
Share statistics								
Number of ordinary shares listed on JSE (millions)								
Weighted average		**1**	**1 658**	1 651	1 591	1 590	1 594	1 594
End of year		**1**	**1 657**	1 657	1 620	1 620	1 594	1 590
Share statistics per ordinary share (cents)								
Basic earnings	cents	**9**	**2 667**	2 074	1 563	777	1 594	1 723
Headline earnings	cents	**8**	**2 590**	2 050	1 573	1 003	1 767	1 748
Dividends	cents	**8**	**1 423**	1 206	871	240	994	970
Net asset value	cents	**7**	**14 269**	13 172	12 493	11 072	10 742	10 380
ROE	%		**18.8**	16.4	13.5	8.9	16.8	18.8

[1] Restated. Refer to pages 30 to 39 for further detail.

Capital adequacy, employee and other relevant statistics

		CAGR** %	2023	2022 Restated[1]	2021	2020	2019	2018
Capital adequacy[2]								
Risk-weighted assets	Rm	**12**	**1 608 587**	1 495 445	1 363 036	1 229 478	1 099 528	923 016
Tier 1 capital[3]	Rm	**8**	**220 821**	197 366	186 577	163 944	147 981	151 925
Total capital[3]	Rm	**8**	**253 647**	228 299	216 301	189 847	169 983	172 289
Tier 1 capital to risk-weighted assets[4]	%	**1**	**15**	14	15	13	13	14
Total capital to risk-weighted assets[4]	%	**1**	**17**	17	18	16	15	16
Employee statistics								
Number of employees								
Banking[3]		**(2)**	**43 451**	42 300	43 607	44 450	44 996	47 419
Group		**(1)**	**50 451**	49 325	49 224	50 115	50 691	53 178
Normalised headline earnings per employee	Rm	**10**	**851 281**	686 325	508 309	318 168	556 450	523 995
Points of representation								
ATMs and ANAs*		**(4)**	**6 014**	6 232	6 600	6 774	8 970	7 239
Banking branches and service centres			**1 206**	1 202	1 143	1 124	1 114	1 200
Social investment and environment								
Corporate social investment spend	Rm	**10**	**228**	177	195	124	114	141

[1] Restated. Refer to pages 30 to 39 for further detail.
[2] In accordance with Basel II principles relating to the treatment of insurance entities, insurance operations are excluded from the capital base of the banking group and its related risk-weighted assets. Capital in insurance operations in excess of statutory minimum requirements is not recognised in group capital.
[3] South African banking activities only.
[4] Capital includes unappropriated profit.
* Automated.
** Compound annual growth rate.

ADMINISTRATIVE AND CONTACT DETAILS

STANDARD BANK GROUP LIMITED

Registration No. 1969/017128/06
Incorporated in the Republic of South Africa
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REGISTERED OFFICE

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DIRECTORS

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

All nationalities are South African, unless otherwise specified.

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Rosebank Towers, 15 Biermann Ave, Rosebank, 2196
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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 SPONSOR

The Standard Bank of South Africa Limited

NAMIBIAN SPONSOR

Simonis Storm Securities (Proprietary) 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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www.standardbank.com/sbg/standard-bank-group/investor-relations/results-and-reports for a list of definitions, acronyms and abbreviations.

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