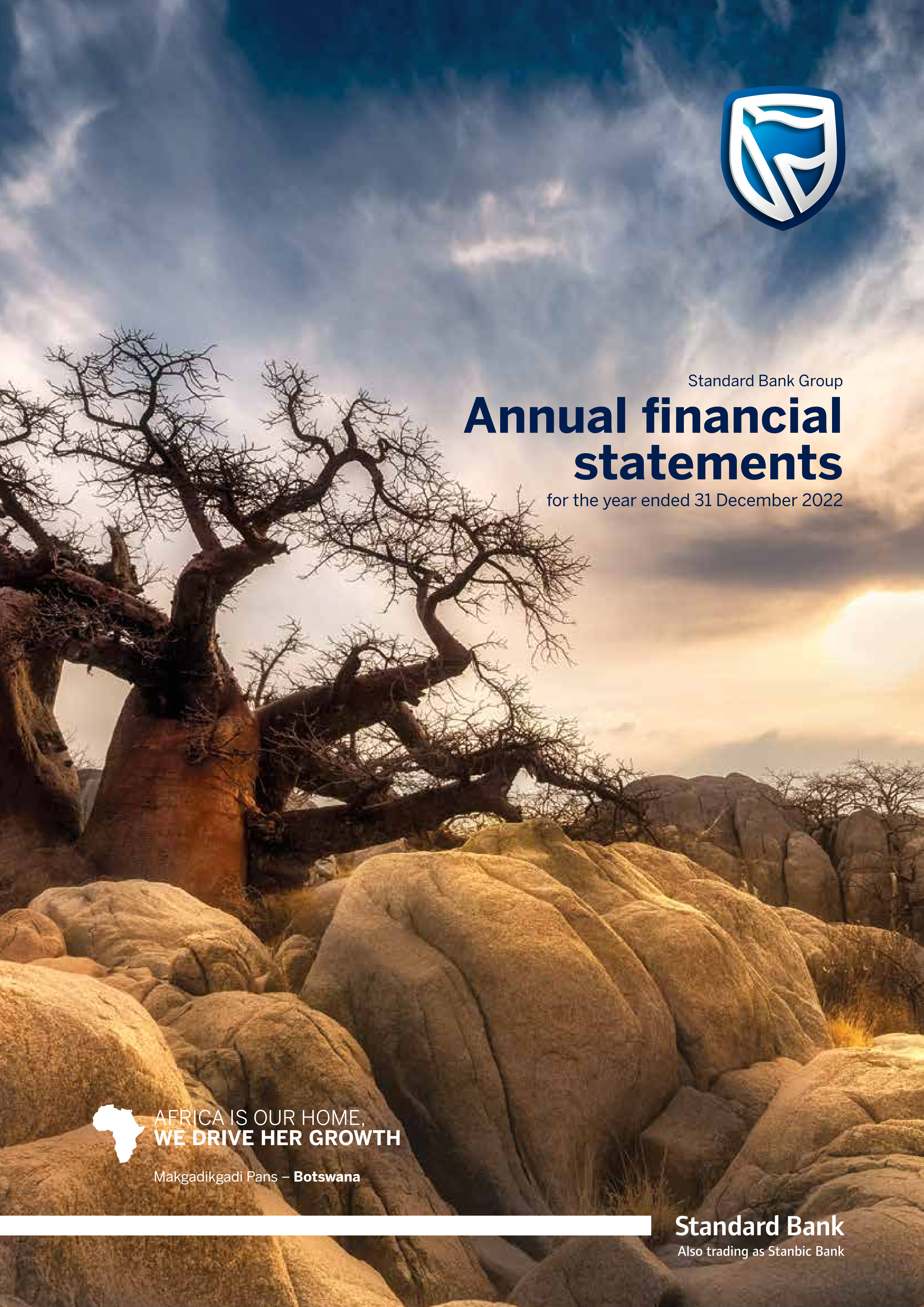


Standard Bank Group

Annual financial statements

for the year ended 31 December 2022

AFRICA IS OUR HOME,
WE DRIVE HER GROWTH

Makgadikgadi Pans – **Botswana**

Standard Bank
Also trading as Stanbic Bank

Contents

Annual financial statements

Standard Bank Group Limited – Company annual financial statements

Annexures to the annual financial statements

How to navigate our reports

Refers readers to information elsewhere in this report.

Refers readers to information in other reports online.

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

Our reporting suite

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

Free State – South Africa

SBG annual integrated report

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

SBG governance and remuneration report

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

Environmental, social and governance (ESG) report

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

SBG annual financial statements

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

Risk and capital management report

Sets out the group's approach to risk management.

Report to society (RTS)

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

Climate-related financial disclosures (TCFD aligned reporting)

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

Our reporting portal

All our reports and latest results presentations, booklets and SENS announcements are available at **https://reporting.standardbank.com/**

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

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

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

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.

These results, together with a summary thereof, were made publicly available on 9 March 2023.

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 18 to 260, fairly present in all material respects the financial position, financial performance and cash flows of Standard Bank Group Limited in terms of International Financial Reporting Standards (IFRS), 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 upon 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
8 March 2023

Sim Tshabalala
Group chief executive officer
8 March 2023

Directors' responsibility for financial reporting

In accordance with the Companies Act 71 of 2008 (Companies Act), the directors are responsible for the preparation of the annual financial statements. These annual financial statements conform to 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 Standard Bank Group Limited (SBGL or the company) and Standard Bank Group (SBG or the group) as at 31 December 2022, and the net income and cash flows for the year then ended.

The directors are ultimately responsible for the internal controls of the 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 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 upon.

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 2022 annual financial statements, which appear on pages 18 to 260, were approved by the board on 8 March 2023 and signed on its behalf by:

Nonkululeko Nyembezi
Chairman
8 March 2023

Sim Tshabalala
Group chief executive officer
8 March 2023

Group secretary's certification

Compliance with the Companies Act

In terms of the Companies Act and for the year ended 31 December 2022, 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
8 March 2023

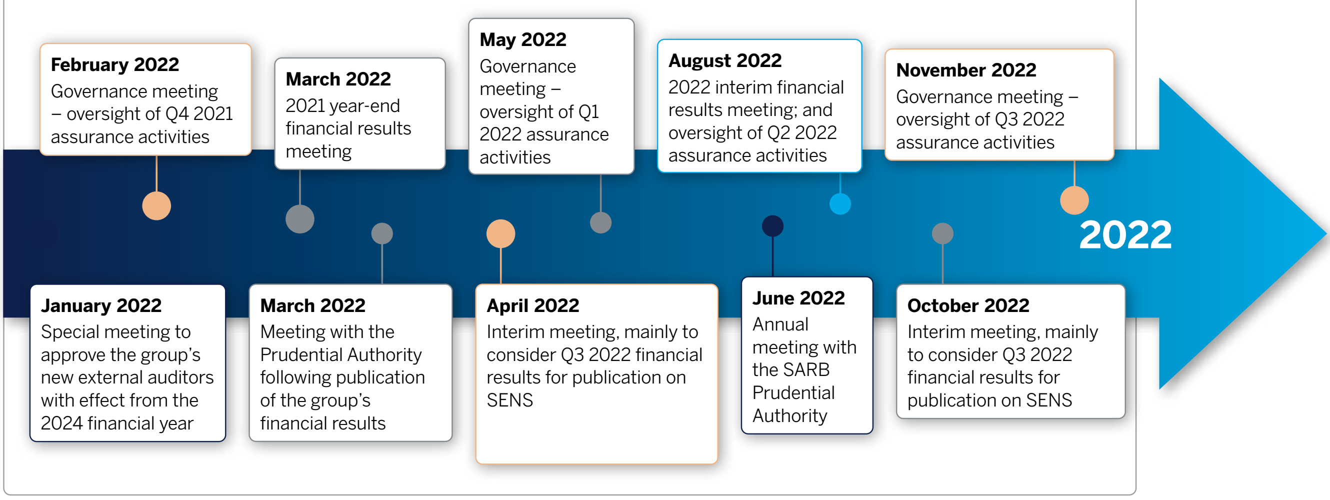
Report of the group audit committee

This report is provided by the group audit committee, in respect of the 2022 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 view of the exemption granted in section 94(1), this section does not apply to the group audit committee and, accordingly, the appointment of its members was approved annually by the board. In line with governance best practice, with effect from 2022, the appointment of members to the group audit committee will be presented to shareholders for approval at the annual general meeting.

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

The committee met ten times during 2022. This included two meetings to consider quarterly financial results for publication on SENS, a meeting with the SARB Prudential Authority following the publication of the prior year's group financial results, the annual trilateral meeting with the SARB Prudential Authority and a special meeting to approve the group's new external auditors with effect from the 2024 financial year. All members were present for all meetings held during 2022.

MEETINGS HELD DURING THE YEAR



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

Execution of functions

The audit committee has executed its duties and responsibilities during the 2022 financial year in accordance with its mandate as it relates to the group's accounting, internal and external auditing, compliance, internal control and financial reporting practices.

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

In respect of subsidiary governance oversight:

- considered key matters raised at subsidiary board audit committee meetings, notably those entities that are designated members of Standard Bank Group as holding company of the financial conglomerate, including Liberty as part of its integration into the group.

In respect of the external auditors and the external audit:

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

In respect of the financial statements:

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

As part of the group 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, as well as the annual financial statements, the audit committee took cognisance of the key audit matters as reported in the independent auditors' report. In addition, the audit committee reviewed management's judgements on significant accounting and external reporting issues and confirmed external audit's agreement with the treatment thereof.

In respect of financial accounting and reporting developments:

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

In respect of external reporting:

- recommended the annual reporting suite, including the annual integrated report, to the board for approval
- evaluated management's judgements and reporting decisions in relation to 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
- noted that there were no significant differences of opinion between the internal audit function and management
- assessed the independence and effectiveness of the group chief audit officer, the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory
- considered the outcome of the group's external auditors' annual assessment of internal audit against the requirements of International Standards on Auditing (ISA) 601, which confirmed that the external auditors could place reliance on internal audit's work for the purpose of external audit engagements
- reviewed internal audit's annual report which summarised the results and themes observed as part of internal audit's activities for the prior year as well as internal audit's assurance statement that the control environment was effective to ensure that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information
- based on the above, the committee formed the opinion that, at the date of this report, there were no material breakdowns in internal control, including internal financial controls, resulting in any material loss to the group
- over the course of the year, met with the group chief audit officer, the group chief compliance officer, the head of anti-financial crime, the group financial director, 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 group's 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
- considered the appropriateness of the experience and expertise of the group financial director 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
- in accordance with regulatory requirements, the group's PricewaterhouseCoopers Inc engagement partner rotated in 2021 and its KPMG Inc engagement partner rotated during 2022
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies were met.

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

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

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

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

On behalf of the group audit committee:

Trix Kennealy

Trix Kennealy
Group audit committee chairman

Directors' report

for the year ended 31 December 2022

Nature of business

Standard Bank Group Limited is the holding company for the interests of the group, an African financial services organisation with South African roots. It is South Africa's largest banking 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 and its secondary listings on A2X Markets and the Namibian Stock Exchange (NSX). Subsidiary entities are listed on exchanges in Kenya, Malawi, Namibia, Nigeria and Uganda.

A simplified group organogram with principal subsidiaries is shown in annexure A.

Group results

Group headline earnings and headline earnings per share increased by 37% to R34 247 million (2021: R25 021 million) and 33% to 2 087.1 cents (2021: 1 573.0 cents) respectively. Net asset value per share increased to 13 302 cents (2021: 12 493 cents) and group return on equity increased to 16.4% (2021: 13.5%).Total dividends declared for the year is 1 206 cents per share (2021: 871 cents per share), an increase of 38%.

Share capital and other equity instruments

Ordinary shares

During 2022, the group allotted 367 506 shares (2021: 35 353) in terms of the group's share incentive schemes, notably the Equity Growth Scheme (EGS) and Group Share Incentive Scheme (GSIS), and 57 980 580 shares as part of the completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited. No surplus capital in both 2022 and 2021 was used to purchase ordinary 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. Awards are now provided in terms of the group's other share schemes, notably the Deferred Bonus Scheme and the Share Appreciation Rights Plan (SARP), both of which are settled by the group to employees with shares that the group purchases from the open market participants, and the Cash-Settled Deferred Bonus Scheme, which is settled in cash (refer to annexure D: Group share incentive schemes for further information). At the end of the year, the group would need to issue 115 705 (2021: 115 705) 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 2.1% (2021: 2.1%).

Preference shares

During 2022 and 2021 no first preference or second preference shares were issued or redeemed.

Additional tier 1 capital bonds

The group issued R7 159 million (2021: R3 524 million) and redeemed R3 544 million (2021: Rnil) Basel III compliant AT1 capital bonds that qualify as tier 1 capital during 2022.

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

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	
	2022	2021
Ordinary shares		
Industrial and Commercial Bank of China Limited (ICBC)	**19.4**	20.1
Government Employees Pension Fund (PIC)	**14.5**	14.5
6.5% preference shares		
AP Macdonald	**13.1**	12.6
MT Goulding	**12.9**	12.9
L Lombard	**12.2**	12.2
Old Sillery Proprietary Limited	**9.1**	9.1
JS Castle	**8.0**	8.0
DJ Saks	**7.5**	7.5
Non-cumulative preference shares		
Prescient Inc. Provider Fund	**8.3**	8.6

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 details relating to directors' and prescribed officers' interest in shares.

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

Insurance

The group protects itself against 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.

Change in group directorate

The following changes in directorate took place during the year ended 31 December 2022 and up to 9 March 2023:

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

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

Dividends and coupons

Ordinary share capital and preference share capital

DIVIDENDS AT 31 DECEMBER 2022

	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		
Interim			
2021			
Gross dividend per share (cents)	360	3.25	267.28493
2022			
Dividend number	**105**	**106**	**36**
Gross dividend per share (cents)	**515**	**3.25**	**294.55181**
Record date in respect of the cash dividend	**Friday, 16 September 2022**	**Friday, 9 September 2022**	**Friday, 9 September 2022**
CSDP[1]/broker account credited/updated (payment date)	**Monday, 19 September 2022**	**Monday, 12 September 2022**	**Monday, 12 September 2022**
Final			
2021			
Gross dividend per share (cents)	511	3.25	273.98195
2022			
Dividend number	**106**	**107**	**37**
Gross dividend per share (cents)	**691**	**3.25**	**367.70036**
Record date in respect of the cash dividend	**Thursday, 6 April 2023**	**Friday, 31 March 2023**	**Friday, 31 March 2023**
CSDP[1]/broker account credited/updated (payment date)	**Tuesday, 11 April 2023**	**Monday, 3 April 2023**	**Monday, 3 April 2023**

1 Central Securities Depository Participant.

Additional tier 1 capital bonds

During 2022, coupons to the value of R968 million (2021: R746 million) were paid to AT1 capital bondholders. Current tax of R271 million (2021: R208 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R697 million (2021: R538 million). The AT1 capital bonds have been recognised within other equity instruments in the statement of financial position.

Refer to **note 40** for dividend disclosures.

Events during 2022

Completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited through a scheme of arrangement

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, 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*. The shares issued by the group under the ordinary share scheme were 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 results, however, from 7 February 2022 the total Liberty earnings is 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 was between group entities, common control accounting principles 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.

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

ICBCS single client loss settlement

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

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

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

In January 2022, ICBCS and the client entered into a settlement agreement with the client's insurers in respect of their business interruption insurance claims and obtained the support of other interested parties. The settlement of these insurance claims was approved by the US Bankruptcy Court on 17 January 2022. Shortly thereafter, under the terms of the settlement, ICBCS received USD200 million post tax as compensation for the losses it incurred. The group's share of the net recovered proceeds received by ICBCS, amounting to R1 238 million, has been recognised within the share of post tax profits/(loss) from the associates line in the income statement.

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 18 to 253 which comprise:

- the statements of financial position as at 31 December 2022;
- 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;
- the accounting policy elections and restatements;
- the key management assumptions;
- the notes to the financial statements and notes to the company financial statements; and
- Annexure A to F, 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 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, 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.

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** *Refer to the Key management assumptions note, note 7 – Loans and advances, note 34 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.*	
	We considered the expected credit losses ("ECL") assessment of CIB loans and advances (exposures) to be a matter of most significance to our current year audit due to: ▪ CIB exposures are material to the consolidated financial statements in terms of their magnitude, ▪ the level of subjective judgement applied by management in determining ECL and the related disclosures in the consolidated financial statements, and ▪ the effect that the ECL has on the impairment of loans and advances and on the Group's credit risk management processes and operations. The ECL of CIB exposures is estimated on a facility basis per counterparty. For CIB exposures, the key areas of significant management judgement in determining the ECL remains inherently high and includes: ▪ Evaluation of Significant Increase in Credit Risk ("SICR"); ▪ Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; ▪ Assessment of ECL recognised for Stage 3 exposures; and ▪ Assessment of the input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL measurement.	We performed the following procedures on the ECL, with the assistance of our economic, credit and actuarial experts: **Evaluation of SICR** We selected a sample of counterparties and assessed their assigned credit ratings by: ▪ Testing the inputs into the credit rating systems against the counterparty's financial information and the Group's 25-point master rating scale; and ▪ Assessing management's assumptions made during the credit risk rating process for reasonability, by obtaining an understanding of the counterparty and industry factors, performing an independent assessment of the counterparty and comparing the results to those used by management. We selected a sample of Stage 1 and Stage 2 exposures and assessed whether the stage classification at reporting date of these exposures, since the origination date of these exposures, were appropriate in terms of the Group's accounting policy for SICR. We selected a sample of performing counterparties and performed the following procedures to determine if the counterparties' credit risk increased from origination: ▪ compared the credit rating on inception of the facility to the credit rating as at the reporting date; and ▪ for any significant downgrades in the credit rating as per the policy, ensured that the counterparty is correctly classified in Stage 2 for impairment purposes.

<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 continued
Refer to the Key management assumptions note, note 7 – Loans and advances, note 34 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.</td></tr>
<tr><td>Evaluation of SICR
For CIB exposures, SICR is largely driven by the movement in credit ratings assigned to clients on origination and reporting date, based on the Group's 25-point master rating scale to quantify credit risk for each exposure.

Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement
Macro-economic expectations are incorporated in management's CIB counterparty ratings to reflect the Group's expectation of future economic and business conditions.

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

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement
Input assumptions applied to estimate the PD, EAD and LGD as inputs into the ECL measurement are subject to management judgement and are determined at a facility level per counterparty.</td><td>Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement
We selected a sample of counterparties and assessed the incorporation of forward-looking information into their assigned credit risk rating. This was performed through obtaining an understanding of the forward-looking information which was considered for the counterparty and evaluated this for reasonability against management's expectation and other industry factors for the SICR assessment and ECL measurement.

Assessment of ECL raised for Stage 3 exposures
We selected a sample of Stage 3 exposures and tested these against the Group's default definition to assess the completeness of the Stage 3 portfolio.

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

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

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

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement
With the assistance of our internal experts, we assessed the input assumptions applied within the PD, EAD and LGD models (including forward looking information) for compliance with the requirements of IFRS 9, Financial Instruments (IFRS 9). In addition, our procedures included assessing the appropriateness of the models through reperformance and validation procedures.

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

We assessed the appropriateness of the ECL related disclosures for CIB loans and advances in the consolidated financial statements in accordance with IFRS 9.</td></tr>
</table>

<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 Consumer & High Net Worth and Business & Commercial Clients (CHNW and BCC) loans and advances
Refer to the Key management assumptions note, note 7 – Loans and advances, note 34 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.</td></tr>
<tr><td></td><td>The ECL for CHNW and BCC loans and advances (exposures) is material to the consolidated financial statements in terms of their magnitude, the level of subjective judgement applied by management in determining ECL and the related disclosures in the consolidated financial statements, and the effect that the ECL has on the impairment of loans and advances and on the Group's credit risk management processes and operations.

This has resulted in this matter being considered a matter of most significance in the audit of the consolidated financial statements.

A significant portion of the ECL on CHNW and BCC loans and advances is calculated on a portfolio basis. For Stage 3 exposures in certain portfolios, management assesses the recoverability of those exposures individually. The ECL on CHNW and BCC loans and advances also includes out-of-model adjustments where certain aspects of the ECL are not fully reflected in the model. Out-of-model adjustments are calculated and assessed based on management's judgement.

For CHNW and BCC, the key areas of significant management judgement within the ECL calculation include:
▪ Evaluation of SICR;
▪ Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement;
▪ Application of out-of-model adjustments into the ECL measurement;
▪ Assessment of the ECL raised for individual exposures; and
▪ Assessment of the input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement.

Evaluation of SICR
The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due ("DPD") to Stage 2. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement.
Forward-looking economic expectations are included in the ECL based on the Group's 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.</td><td>Our audit effort focused on the ECL for CHNW and BCC exposures as follows:

Evaluation of SICR
Management provided us with a quantitative assessment of the Group's 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 has appropriately classified exposures in Stages 1, 2 and 3 by considering the Group's credit reviews, aging of the exposure and arrears status.

We evaluated the reasonability of changes in credit risk of the portfolio against key performance indicators and sensitivity analysis.

We performed sensitivity analyses to determine the impact of change in credit risk on the ECL recognised.

Procedures have been performed over the renegotiated and cured loans to assess whether the curing policies were appropriately applied.

Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement
We assessed the design and implementation of key controls focusing on the:
▪ Generation and approval of the base case economic scenario;
▪ Generation and approval of the methodology and output of alternative scenarios, including the probability weights assigned to the scenarios; and
▪ Production and approval of models used to calculate the ECL impact of the scenarios.

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

With the assistance of our internal economic specialists, we assessed both the base case and alternative scenarios generated, including the probability weights applied.

We evaluated the appropriateness of forward-looking economic expectations included in the ECL by comparing to independent industry data.

We evaluated management's forward-looking information models to assess whether the macro-economic inputs are appropriately incorporated into the ECL models. We made use of our internal modelling specialists to assess the linkage of the forecasted macroeconomic factors, based on the generated scenarios, to the ECL.</td></tr>
</table>

<table>
<tr><th>Level</th><th colspan="2">Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td rowspan="2">Group – consolidated financial statements</td><td colspan="3">ECL on Consumer & High Net Worth and Business & Commercial Clients (CHNW and BCC) loans and advances continued
Refer to the Key management assumptions note, note 7 – Loans and advances, note 34 – Credit impairment charges and the Credit risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.</td></tr>
<tr><td colspan="2">Application of out-of-model adjustments into the ECL measurement
Management identified that due to modelling complexity, certain aspects of the ECL may not be fully reflected by the underlying model and out-of-model adjustments are therefore required for specific forward-looking information impacts and overlays for specific events and trends not captured in the model.

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

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement
The ECL is calculated using statistical models which incorporate observable data, assumptions and estimates relating to historical default experience and the loss experience given default; and the timing and amount of forecasted cash flows related to the exposures.</td><td>Application of out-of-model adjustments into the ECL measurement
We evaluated the reasonableness of a sample of out-of-model adjustments by assessing key assumptions, inspecting the methodology of calculating the out-of-model adjustments and tracing a sample of out-of-model adjustments to source data.

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

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

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

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

We assessed the appropriateness of the ECL related disclosures for CHNW and BCC in the consolidated financial statements in accordance with IFRS 9.</td></tr>
</table>

<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">Valuation of level 3 financial instruments
Refer to the Key management assumptions note, note 2 – Derivative instruments, note 3 – Trading assets, note 6 – Financial investments, note 17 – Trading liabilities, and the Market risk section of Annexure C: Risk and capital management – IFRS disclosures in the financial statements.</td></tr>
<tr><td>The fair value of financial instruments significantly affects the measurement of the Group's profit or loss for the year and disclosures of financial risks in the consolidated financial statements. Fair value calculations are dependent on various sources of external and internal data and on sophisticated modelling techniques used to value the financial instruments. These models and techniques are constantly changing in line with developing market practices and trends. Level 3 financial instruments inherently contain elements of estimation uncertainty due to being illiquid and unobservable in nature. These financial instruments include unlisted equity investments, trading assets and liabilities and various derivative financial instruments.

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

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

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

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

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

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

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

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

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

<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">Valuation of long-term policyholders' liabilities under insurance contracts
Refer to the Key management assumptions note and note 8 – Policyholders' contracts.</td></tr>
<tr><td>As at 31 December 2022, the carrying amount of the policyholder liabilities was R228 billion, which is measured in accordance with Standard of Actuarial Practice 104 (SAP 104), which is the existing accounting practice adopted as an accounting policy under International Financial Reporting Standard (IFRS) 4, Insurance Contracts.

Policyholder liabilities under insurance contracts include provisions for the net present value of expected future benefits and expected future costs, less expected future premiums and for claims incurred but not reported (IBNR).

Complex and subjective judgements are required over a variety of uncertain future operating assumptions within the life insurance business. These assumptions include, amongst others, mortality and morbidity, withdrawals, investment return and discount rates, expenses, taxation, and expense inflation. The assumptions applied by management, as disclosed in key management assumptions, in determining the value of the policyholder liabilities and any changes to these assumptions, may result in a material adjustment to the value of policyholder liabilities and ultimately the results of the Group.

We considered the valuation of the policyholder liabilities a matter of most significance to our current year audit due to the:
▪ significant management judgement required in determining the value of the policyholder liabilities; and
▪ magnitude of the policyholder liabilities in relation to the total assets and liabilities of the Group.</td><td>To test the valuation of the policyholder liabilities we made use of our actuarial experts in performing the following procedures:
▪ Updated our understanding of the actuarial control environment and governance, including the functioning of the Group audit and actuarial committee, which approves the methodology and assumption changes against industry practice and regulatory requirements.
▪ Attended management committee meetings where valuation principles were discussed and approved. We performed tests and reasonability checks to corroborate that these principles as approved were applied in the valuation model.
▪ Assessed the changes in valuation methodology against the requirements of SAP 104 and industry practice and the corresponding impact of the changes on the policyholder liabilities.
▪ Assessed the changes in assumptions against the latest experience, industry trends and economic market trends; and corresponding impact of the changes on the policyholder liabilities.
▪ Examined management's Analysis of Surplus, by analysing the sources of profit and how it relates to the change in the policyholder liabilities.
▪ Considered management's view of the long term impact of the Covid-19 pandemic on policyholder liabilities. In particular, the process followed to determine the adjustment per assumption was considered, as well as the reduction in the short term reserve to zero.

To test the inputs used in the valuation models we performed, on a sample basis, the following:
▪ Assessed the reasonability of the classification of expenses between maintenance and acquisition and how they are capitalised in the valuation by considering the nature of the expenses and inspecting the source document relating to the expense; andTraced the policyholder valuation input data, such as premiums, claims and expense data used in the valuation model back to information contained in the administration and accounting systems.</td></tr>
</table>

<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">Valuation of investment property at year-end
Refer to the Key management assumptions note and note 11 – Investment property</td></tr>
<tr><td>
The majority of the Group's investment properties comprise retail investment properties.
At 31 December 2022, the carrying value of the Group's total investment properties was R29 billion.
The Group's accounting policy is to measure investment properties at their fair value based on external valuations performed by external independent registered valuers using the discounted cash flow model and profits method.
The inputs made by management in determining the fair value of the investment properties are set out in the key management assumptions and in Note 11 to the consolidated annual financial statements and include amongst others the key assumptions relating to exit capitalisation rates and discount rates.
We considered the year-end valuation of investment properties 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 properties; and
magnitude of the investment properties balance at year-end recorded in the consolidated statement of financial position, as well as the changes in fair value relating to the investment properties recorded in the income statement.

</td><td>
We performed the following procedures in relation to auditing the valuation of the investment property:
We obtained an understanding of the approaches followed by management and the independent valuers for the valuation of the Group's investment property portfolio through performing a walkthrough of the end to end process, discussions with management and the external valuers, as well as inspection of minutes of meetings of the board of directors.
We have evaluated the independent valuers by assessing their competence, independence, and capabilities with reference to their qualifications and industry experience.
We updated our understanding of and tested the relevant controls related to:

Setting and approval of budgets by management;
Consideration of external valuation reports by a management appointed appraiser; and
Board approval of the valuations obtained.

We obtained an understanding of, and tested the relevant internal financial controls relating to the valuation of investment properties, 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.
We performed the following procedures on a representative, risk based, sample of the investment properties, 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 in accordance with IFRS 13 and 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 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 2022; and
Assessing the assumptions used in the preparation of the forecasted cash flows against market information.

Making use of our internal valuation experts where necessary, we evaluated the significant assumptions, including discount rates, exit capitalisation rates and occupancy 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 properties.

We inspected the final valuation reports and agreed the fair values to the Group's accounting records.
</td></tr>
</table>

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 2022"* which includes the Group secretary's certification, Report of the group audit committee and the Directors' report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the "Standard Bank Group Annual Integrated Report 2022" which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers Inc.   KPMG Inc.

PricewaterhouseCoopers Inc.
Director: Gino Fraser
Registered Auditor
Johannesburg
8 March 2023

4 Lisbon Lane
Waterfall City
Jukskei View
2090
South Africa

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

KPMG Crescent
85 Empire Road
Parktown
2193
South Africa

Statement of financial position

As at 31 December 2022

	Note	GROUP 2022 Rm	GROUP 2021 Rm
Assets			
Cash and balances with central banks	1	**114 483**	91 169
Derivative assets	2	**74 410**	63 688
Trading assets	3	**314 918**	285 020
Pledged assets	4	**19 308**	14 178
Disposal group assets held for sale	5	**555**	1 025
Financial investments	6	**721 205**	724 700
Current tax assets		**757**	709
Loans and advances	7	**1 504 941**	1 424 328
Policyholders' assets	8	**2 974**	2 868
Other assets	9	**46 763**	36 432
Interest in associates	10	**9 956**	7 280
Investment property	11	**29 289**	29 985
Property, equipment and right of use assets	12	**20 340**	20 619
Goodwill and other intangible assets	13	**15 121**	16 913
Deferred tax assets	14	**8 821**	6 903
Total assets		**2 883 841**	2 725 817
Equity and liabilities			
Equity		**259 956**	242 849
Equity attributable to ordinary shareholders		**219 264**	198 832
Ordinary share capital	15	**168**	162
Ordinary share premium	15	**27 341**	17 859
Reserves		**191 755**	180 811
Equity attributable to other equity instrument holders	15	**19 667**	16 052
Preference share capital and premium	15	**5 503**	5 503
Additional tier 1 capital	15	**14 164**	10 549
Equity attributable to non-controlling interests		**21 025**	27 965
Liabilities		**2 623 885**	2 482 968
Derivative liabilities	2	**85 049**	67 259
Trading liabilities	17	**109 928**	81 484
Current tax liabilities		**7 842**	7 557
Disposal group liabilities held for sale	6		96
Deposits and debt funding	18	**1 889 099**	1 776 615
Policyholders' liabilities	8	**358 467**	363 023
Subordinated debt	19	**31 744**	30 430
Provisions and other liabilities	20	**139 283**	153 784
Deferred tax liabilities	14	**2 473**	2 720
Total equity and liabilities		**2 883 841**	2 725 817

Income statement

for the year ended 31 December 2022

		GROUP	
	Note	2022 Rm	2021 Restated Rm
Income from Standard Bank Activities[1]		133 354	113 298
Net interest income		77 112	62 436
Interest income	26	133 596	99 212
Interest expense	26	(56 484)	(36 776)
Non-interest revenue[2]		56 242	50 862
Net fee and commission revenue[2]		32 621	30 355
Fee and commission revenue	27	41 440	37 699
Fee and commission expense[2]	27	(8 819)	(7 344)
Trading revenue	28	17 046	14 842
Other revenue	29	4 137	3 648
Other gains and losses on financial instruments	30	2 438	2 017
Income from investment management and life insurance activities		23 566	19 426
Insurance premiums received	31	49 379	44 364
Revenue from contracts with customers	32	3 921	3 542
Interest income	32	2 030	1 541
Insurance benefits and claims paid	31	(39 017)	(67 779)
Investment management and service fee income and gains	32	2 698	2 210
Fair value adjustments to investment management liabilities and third-party fund interests	33	4 555	35 548
Total income[2]		156 920	132 724
Credit impairment charges	34	(12 064)	(9 873)
Net income before operating expenses[2]		144 856	122 851
Operating expenses in Standard Bank Activities[1,2]	35	(73 274)	(65 477)
Operating expenses in investment management and life insurance activities	35	(19 247)	(16 952)
Net income before capital items and equity accounted earnings		52 335	40 422
Non-trading and capital related items	36	328	(284)
Share of post tax profit from associates	10	2 265	1 094
Profit before indirect taxation		54 928	41 232
Indirect taxation	37	(3 534)	(3 024)
Profit before direct taxation		51 394	38 208
Direct taxation	37	(12 011)	(10 149)
Profit for the year		39 383	28 059
Attributable to ordinary shareholders		34 637	24 865
Attributable to other equity instrument holders		999	825
Attributable to non-controlling interests		3 747	2 369
Earnings per share			
Basic earnings per ordinary share (cents)	38	2 110.9	1 563.2
Diluted earnings per ordinary share (cents)	38	2 095.5	1 555.1

1 Previously referred to as banking activities.
2 Restated. Refer to the restatement section on page 27 for further detail.

Statement of other comprehensive income

as at 31 December 2022

	Note	GROUP 2022 Rm	GROUP 2021 Rm
Profit for the year		**39 383**	28 059
Other comprehensive (loss)/income after taxation for the year[1]		**(3 616)**	7 203
Items that may be subsequently reclassified to profit or loss		**(3 014)**	7 060
Exchange differences on translating foreign operations[2]		**(3 161)**	7 165
Foreign currency hedge of net investment reserve	2	**32**	2
Movement in the total hedge reserve	2	**235**	(118)
Net change in fair value of cash flow hedges		**(151)**	(6)
Realised fair value adjustments transferred to profit or loss		**386**	(112)
Net change in fair value of debt financial assets measured at fair value through other comprehensive income (FVOCI)	22	**(120)**	11
Net change in expected credit loss		**(77)**	41
Net change in fair value		**(45)**	(28)
Realised fair value adjustments transferred to profit or loss		**2**	(2)
Items that may not be subsequently reclassified to profit or loss		**(602)**	143
Defined benefit fund remeasurement		**(336)**	195
Change in own credit risk recognised on financial liabilities designated at fair value through profit or loss (FVTPL)		**(24)**	12
Net change in fair value of equity financial assets measured at FVOCI	22	**(28)**	47
Other		**(214)**	(111)
Total comprehensive income for the year		**35 767**	35 262
Attributable to ordinary shareholders		**31 211**	31 096
Attributable to other equity instrument holders		**999**	825
Attributable to non-controlling interests		**3 557**	3 341

1 Income tax relating to each component of other comprehensive income is disclosed in note 37.
2 Most significant contributors for 2022 comprise of Africa Regions operations (namely Zimbabwe and Ghana) and international operations. Refer to annexure A for more detail.

Statement of cash flows

for the year ended 31 December 2022

	Note	GROUP 2022 Rm	GROUP 2021 Restated[1] Rm
Net cash flows from operating activities		**65 287**	42 140
Cash flow from operations	41	**71 152**	68 188
Interest, commission and premium receipts[1]		**282 268**	242 713
Interest payments[1]		**(56 788)**	(37 249)
Recoveries on loans previously written off[1]		**1 287**	1 238
Cash payments to suppliers and employees[1]	41	**(155 615)**	(138 514)
Net movement in working capital		**6 080**	(19 657)
Increase in operating assets[1]	41	**(163 077)**	(139 163)
Decrease in operating liabilities[1]	41	**169 157**	119 506
Dividends received		**1 875**	2 091
Direct taxation paid		**(13 820)**	(8 482)
Net cash flows (used in) investing activities		**(4 600)**	(4 674)
Capital expenditure on property and equipment		**(3 695)**	(2 981)
Proceeds from sale of property, equipment and non-current asset held for sale		**314**	576
Capital expenditure on intangible assets		**(1 142)**	(1 968)
Proceeds from sale of intangible asset		**54**	
Disposal of interest to non-controlling interests in Liberty Life Swaziland			7
Acquisition of non-controlling interests in Liberty Holdings Namibia			(120)
Acquisition of associates		**(153)**	(219)
Disposal of associates		**26**	31
Net cash flows used in investing activities in disposal group		**(4)**	
Net cash flows used in financing activities		**(21 255)**	(9 350)
Issuance of ordinary share capital		**58**	5
Issuance of other equity instruments		**7 159**	3 524
Redemption of other equity instruments		**(3 544)**	
Equity transactions with non-controlling interests[4]		**(3 000)**	(427)
Release of empowerment reserve		**36**	
Issuance of subordinated debt	41	**3 425**	3 166
Redemption of subordinated debt	41	**(2 263)**	(2 200)
Principal lease repayments	20	**(1 529)**	(1 345)
Dividends paid[2,3]		**(21 597)**	(12 073)
Effect of exchange rate changes on cash and cash equivalents		**(5 960)**	4 795
Net increase in cash and cash equivalents[1]		**33 472**	32 911
Cash and cash equivalents at the beginning of the year[1]		**172 769**	139 858
Cash and cash equivalents at the end of the year[1]	41	**206 241**	172 769

1 Restated, refer to page 26 for details on the restatements relating to the statement of cash flows.
2 Cash flows to non-controlling interests comprise primarily of dividends paid to non-controlling interests.
3 For details on dividends paid to additional tier 1 capital holders and the impact on equity and tax paid refer to note 15.
4 Equity transactions with non-controlling interests primarily relate to the group's acquisition of its remaining shareholding in Liberty Holdings Limited. Refer to annexure A for more detail.

Statement of changes in equity

for the year ended 31 December 2022

GROUP	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Total hedge reserve[1] Rm	Regulatory statutory credit risk reserve Rm
Balance at 1 January 2022	18 021	(61)	(3 199)	(1 603)	(982)	(102)	5 675
Total comprehensive income for the year				(3 197)	32	235	
Profit for the year							
Other comprehensive income/(loss) for the year				(3 197)	32	235	
Increase in statutory credit risk reserve							477
Unincorporated property partnerships capital reductions and distributions[4]							
Transactions with shareholders and non-controlling interests recorded directly in equity	9 488	61	(1 420)	84		(43)	1
Equity-settled share-based payment transactions[5]							
Transfer of vested equity options							
Issue of share capital and share premium and other equity instruments	9 488						
Repurchase of share capital and share premium and other equity instruments							
Deferred tax on share-based payment transactions							
Transactions with non-controlling interests[7]		25	(945)	84		(43)	1
Net (increase)/decrease in treasury shares			(475)				
Hyperinflation adjustments[6]							
Redemption of preference shares		36					
Net dividends paid							
Dividends paid to equity holders							
Dividends received from Tutuwa initiative and policyholders' deemed treasury shares							
Balance at 31 December 2022	27 509		(4 619)	(4 716)	(950)	90	6 153

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 40.
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 The transactions with non-controlling shareholders primarily consist of the completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited. Refer to annexure A for more details.

All balances are stated net of tax, where applicable.

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

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-controlling interests Rm	Total equity Rm
486	55	1 650	121	178 771	198 832	16 052	27 965	242 849
(268)	(24)		(4)	34 437	31 211	999	3 557	35 767
				34 637	34 637	999	3 747	39 383
(268)	(24)		(4)	(200)	(3 426)		(190)	(3 616)
				(477)				
							(196)	(196)
8	(54)	986	34	(19 924)	(10 779)	2 616	(10 301)	(18 464)
		1 670		(1 330)	340		(285)	55
		(940)		940			8	8
					9 488	7 159		16 647
						(3 544)		(3 544)
				59	59			59
8	(54)	256	34	(3 793)	(4 427)		(6 830)	(11 257)
				109	(366)		22	(344)
				1 203	1 203		(1)	1 202
					36			36
				(17 112)	(17 112)	(999)	(3 215)	(21 326)
				(17 217)	(17 217)	(999)	(3 215)	(21 431)
				105	105			105
226	(23)	2 636	151	192 807	219 264	19 667	21 025	259 956

GROUP	Ordinary share capital and premium Rm	Empowerment reserve Rm	Treasury shares Rm	Foreign currency translation reserve Rm	Foreign currency hedge of net investment reserve Rm	Total hedge reserve[1] Rm	Regulatory statutory credit risk reserve Rm
Balance at 1 January 2021	18 016	(61)	(2 745)	(7 735)	(984)	23	5 193
Total comprehensive (loss)/ income for the year				6 145	2	(125)	
Profit for the year							
Other comprehensive (loss)/ income for the year				6 145	2	(125)	
Increase in statutory credit risk reserve							469
Unincorporated property partnerships capital reductions and distributions[4]							
Transactions with shareholders and non-controlling interest recorded directly in equity	5		(454)	(13)			13
Equity-settled share-based payment transactions[5]							
Transfer of vested equity options							
Issue of share capital and share premium and capitalisation of reserves	5						
Deferred tax on share-based payment transactions							
Transactions with non-controlling interests				(13)			13
Net (increase)/decrease in treasury shares			(454)				
Redemption of preference shares							
Hyperinflation adjustments[6]							
Net dividends paid							
Dividends paid to equity holders							
Dividends received from Tutuwa initiative and policyholders' deemed treasury shares							
Balance at 31 December 2021	18 021	(61)	(3 199)	(1 603)	(982)	(102)	5 675

1 The total hedge reserve includes cash flow hedges as well as the foreign currency basis spread and forward element.
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 40.
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.

All balances are stated net of tax, where applicable.

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

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-controlling interests Rm	Total equity Rm
418	43	957	181	163 065	176 371	12 528	26 373	215 272
68	12		(60)	25 054	31 096	825	3 341	35 262
				24 865	24 865	825	2 369	28 059
68	12		(60)	189	6 231		972	7 203
				(469)				
							(210)	(210)
		693		(8 879)	(8 635)	2 699	(1 539)	(7 475)
		1 586		(1 020)	566		43	609
		(893)		893				
					5	3 524		3 529
				20	20			20
				116	116		(433)	(317)
				566	112		220	332
				220	220		(4)	216
				(9 674)	(9 674)	(825)	(1 365)	(11 864)
				(9 720)	(9 720)	(825)	(1 400)	(11 945)
				46	46		35	81
486	55	1 650	121	178 771	198 832	16 052	27 965	242 849

Accounting policy elections and restatements

The principal accounting policies applied in the presentation of the group and company's annual financial statements are set out below. The accounting policy elections below apply to 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 IFRS as issued by the IASB, its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by 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 8 March 2023.

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

- Financial assets classified at FVOCI, financial assets and liabilities classified at FVTPL and liabilities for cash-settled share-based payment arrangements.
- Post-employment benefit obligations that are measured in terms of the projected unit credit method.
- Investment property is measured using the fair value model.
- Policyholder insurance contract liabilities and related reinsurance assets are measured in terms of the Financial Soundness Valuations (FSV) basis as set out in accounting policy 12 – Policyholder insurance and investment contracts.
- Investments in associates are equity accounted. Private equity and venture capital investments, that are associates, are either designated on initial recognition at FVTPL or are equity accounted.

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

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 3).
- Cumulative gains and losses recognised in OCI in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability (accounting policy 3).
- Commodities acquired principally for the purpose of selling in the near future or generating a profit from fluctuation in price or broker-traders' margin are measured at fair value less 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).
- 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 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).

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

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

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

Restatements

Statement of cash flows

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

- The direct method provides a more reliable representation of the cash flow movements for the group within the statement of cash flows, which is not available under the indirect method. This change only impacted net cash flows from operating activities within the statement of cash flows for the group.
- The group restated its financial statements to appropriately reflect and present the change from on demand loans and advances to banks to cash and cash equivalents in the statement of cash flow and updated the related accounting policy accordingly, refer to note 41.5. These balances, amounting to R66 234 million in the 2021 closing cash and cash equivalents balance and R40 043 million in the opening balance, were in prior periods excluded from cash and cash equivalents and instead included in income-earning assets. Both the balances and movement have now been appropriately included within the cash and cash equivalents line in the statement of cash flows.
- The group restated its financial statements to appropriately reflect and present the change from cash balances with banks within investment management and life insurance activities, within financial investments, to cash and cash equivalents in the statement of cash flow, refer to note 41.5. These balances, amounting to R15 366 million in the 2021 closing cash and cash equivalents balance and R12 310 million in the opening balance, were in prior periods excluded from cash and cash equivalents and instead included in income-earning assets. Both the balances and movement have now been included within the cash and cash equivalents line in the statement of cash flows.
- Specific updated accounting policies, refer to section 3 in annexure F, within the group's annual financial statements, have been included for the following:
  - Cash and balances with central banks
  - Cash and cash equivalents.

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

GROUP	2021 As previously reported Rm	Restatement Rm	Restated Rm
Net cash flows from operating activities	12 893	(12 893)	
Cash flow used in operations (indirect method)	(66 179)	66 179	
Net income before capital items and equity accounted earnings	40 422	(40 422)	
Adjusted for non-cash items and other adjustments included in the income statement	(58 693)	58 693	
Increase in income-earning assets	(167 414)	167 414	
Increase in deposits, trading and other liabilities	119 506	(119 506)	
Dividends received	2 091	(2 091)	
Interest paid	(37 079)	37 079	
Interest received	98 699	(98 699)	
Direct taxation paid	(8 482)	8 482	
Purchase of properties	(131)	131	
Proceeds on sales of properties	5	(5)	
Net purchase of financial instruments	24 744	(24 744)	
Net proceeds on realisation of fair value gain on cash and cash equivalents	283	(283)	
Net proceeds on collateral deposits payable	(1 058)	1 058	
Net cash flows from operating activities		42 140	42 140
Cash flow from operations (direct method)		68 188	68 188
Interest, commission and premium receipts		242 713	242 713
Interest payments		(37 249)	(37 249)
Recoveries on loans previously written off		1 238	1 238
Cash payments to suppliers and employees		(138 514)	(138 514)
Net movement in working capital		(19 657)	(19 657)
(Increase)/decrease in operating assets		(139 163)	(139 163)
(Increase)/decrease in operating liabilities		119 506	119 506
Dividends received		2 091	2 091
Direct taxation paid		(8 482)	(8 482)
Net cash flows used in investing activities	(4 674)		(4 674)
Net cash flows used in financing activities	(9 350)		(9 350)
Effects of exchange rate changes	4 795		4 795
Net increase in cash and cash equivalents	3 664	29 247	32 911
Cash and cash equivalents at the beginning of the year	87 505	52 353	139 858
Cash and cash equivalents at the end of the year	91 169	81 600	172 769

These changes had no impact on the group's statement of financial position, income statement or any ratios presented.

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

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

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

GROUP	2021 As previously reported Rm	Restatement Rm	Restated Rm
Fee and commission expense	(7 086)	(258)	(7 344)
Operating expenses from Standard Bank Activities	(65 735)	258	(65 477)

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

Key management assumptions

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

Expected credit loss (ECL)

During the current reporting period, models have been enhanced, but, no material changes to assumptions have occurred. Covid-19 placed considerable strain on our operations over the past two years, specifically retail, business and corporate clients, particularly in South Africa; however, the group's risk appetite remained unchanged. As such the below significant increase in credit risk (SICR) and default assumptions, thresholds and/or triggers were not amended.

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. This LGD parameter is aligned to market practice.
- Corporate, sovereign and bank exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset relating to corporate, sovereign and bank exposures, including certain home services, VAF, card, personal, business lending and other product exposures, if the remaining lifetime is less than 12 months).

- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetime includes consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL.
- The measurement period for unutilised loan commitments 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 criterion 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 days past due 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 below criteria are met at an exposure level, the exposure is written off.

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

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

As an exception to the above requirements:

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

Curing

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

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

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

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

South African economic expectation

- The aggressive action taken globally to normalise monetary policy amid persistently high inflation rates resulted in emerging markets facing financial market volatility during 2022. While demand-driven inflation remains relatively subdued in South Africa, rising commodity prices, particularly for food and fuel, have placed increased pressure on headline inflation rates. Under the base scenario, the base effects that are expected to impact economic growth include the fuel price pressure dissipating, although food price inflation is expected to remain at current levels. Furthermore, we anticipate the rand to strengthen/gain against the US dollar, notwithstanding a fair amount of volatility. The terms of trade will likely move within a stable range over the medium term, providing some support. The Monetary Policy Committee (MPC) has responded by proactively implementing a targeted monetary policy normalisation strategy, in line with key global central banks. After increasing the policy rate by another 75 basis points (bps) at the November 2022 MPC meeting, a further increase of 25 bps was announced in January 2023. Gross domestic product (GDP) growth is expected to continue to be hampered by domestic constraints such as severe loadshedding, failing rail and port infrastructure and low business confidence, exacerbated by a less supportive global economic environment. Investments in capital expenditure and infrastructure, in particular for green energy and self-generation capacity, as well as the recovery in the tourism sector, will contribute to economic growth. Continued, albeit slow, momentum in the implementation of structural economic reforms is expected to provide some improvement to medium-term growth expectations in the base scenario.
- The bear case scenario forecasts a longer-lasting impact on growth of the negative global shocks experienced. It assumes that growth will be contained primarily due to oil prices remaining higher, driven by efforts to reduce Russia's oil export revenues and Russia's resultant retaliation) combined with slower growth in China, particularly in the property sector with lower real estate investment. In South Africa, electricity supply, rail and port infrastructure inefficiencies and stalling reform momentum will weigh on potential growth and constrain economic activity in this scenario. A higher idiosyncratic risk premium is applied to South Africa and this, together with tighter global financial conditions, will result in lower capital inflows and thereby necessitate a higher policy rate. Adverse events relating to climate change, for example the severe flooding experienced in KwaZulu-Natal in 2022, are assumed to be a more regular occurrence under this scenario.
- The bull case scenario assumes somewhat improved global conditions but relies on the implementation of structural reforms in South Africa gaining momentum. Electricity supply, rail and port infrastructure recover faster than in the base scenario, lifting potential economic growth and business and consumer confidence, and attracting capital inflows. Under this scenario, inflation decelerates faster, providing scope for the South African Reserve Bank (SARB) MPC to reverse some of the policy rate increases already made.

Africa Regions economic expectation

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

- Global growth is likely to decline in 2023, with concerns that this may also result in weaker GDP growth in Africa. Past experience has shown this to be to the commodities cycle, particularly as Nigeria and South Africa, together accounting for nearly 50% of sub-Saharan Africa's GDP, are both largely reliant on the cyclical swings of commodity prices.
- Although oil prices may drop slightly in the first quarter of 2023 due to lower global demand, this is unlikely to be the start of a downswing in the oil price, primarily due to the tight supply stance of Organization of the Petroleum Exporting Countries and supported by the reopening of China's economy as it lifts Covid-19 lockdowns. Despite this, oil prices are expected to remain volatile in 2023, with potential for increased oil prices from the second half of 2023.
- Growth in Africa may be far more resilient in 2023, when considering the notable size of private consumption expenditure (PCE) as a function of GDP, compared to net exports (Netex), in the markets in which the group operates. A higher share of PCE relative to Netex implies growth is more reliant on domestic demand rather than external demand, further strengthening an expectation of resilience amid a global slowdown.
- However, the risks to slower growth will persist as slower external demand may potentially disrupt the recovery of the tourism sector as well as moderating remittances in some markets.
- Nuances to the risks exist, with potentially lower tourism arrivals expected in 2023 as global growth softens, however, tourism earnings may very well continue their post-pandemic recovery due to rising inflation resulting in increasing travel expenses. Furthermore, most key tourism economies on the African continent rely notably on arrivals from African source markets. This may further aid the durability of Africa's tourism.
- Global risk conditions are also expected to improve in 2023 which may result in some African economies regaining access to international capital markets. However, risk appetite may be slow to recover because of the likely downturn in global growth. External debt issuances from both the Eurobond and syndicated loan markets are anticipated in 2023, although with investors being far more selective about lending.

Global economic expectation

- The global base case scenario anticipates that global growth will be around 2.5% in 2023, or as much as one percentage point below the expected 2022 outcome. Many countries are expected to undergo a recession, including the United Kingdom (UK), which faces some of the biggest recessionary risks as it has borne the full force of the shock of surging energy prices, like Europe. The UK also has tight labour markets and rising wage inflation, similar to that of the US, which will force the Bank of England (BoE) to continue increasing interest rates and thereby the risk of a more significant recessionary impact. Inflationary pressure is expected to ease over the course of 2023, but central banks, including the BoE, are not expected to start reducing policy rates until 2024. Economic growth is expected to recover in the outer years and inflation will stabilise above the BoE's target. Policy rates may come down, in the UK and other advanced countries, but are not anticipated to return to the near-zero rates in the outer period that have characterised much of the post-global financial crisis period. The departure from the European Union has not aided the UK economy but this detrimental effect should slowly unwind as time passes.

- In the bear case scenario, the rising inflation cycle continues, partly due to persistently high wage growth and significant union-related disruption. The BoE's response is to raise policy rates to higher levels than the base case to control inflation, with potentially additional tighter policy to reassure financial markets and so avoid mass disinvestment in pound-denominated assets and the gilt market. The recession is deeper than the base case scenario.
- In the bull scenario, inflation falls far faster than anticipated in the base case, allowing the BoE to stop raising interest rates sooner and start reducing rates far faster which, in turn, helps prevent the economy from falling into a significant recession. It is assumed that lower inflation in the UK is matched by lower price trends elsewhere, central banks implementing rate cuts and stronger global growth which, in turn, will aid the UK through trade improvement.

Main macroeconomic factors

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

		Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2022	2022[1]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]
South Africa[4]							
Inflation (%)#	6.85	5.60	4.45	7.09	5.20	5.23	3.81
Prime (%)#	10.50	10.75	10.50	11.75	11.00	10.50	10.00
Real GDP[7] (%)#	1.86	1.62	2.01	0.41	1.01	1.99	2.58
Employment rate growth (%)#	0.32	1.15	1.84	0.65	1.02	1.29	2.34
Household credit (%)# (period end)	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)							
Inflation (%)#	23.50	20.81	11.11	26.60	15.85	14.71	6.64
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
Global[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[7] (%)#	4.00	(1.00)	1.60	(2.00)	1.50	1.00	2.20
Unemployment rate (%)*	3.70	4.30	4.20	4.80	4.40	3.80	4.10

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%.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 Based on UK outlook. The scenario weighting is: base at 50%, bear at 30% and bull at 20%. The scenario weighting remains unchanged.
* Actual rates for 2022.
\# Estimated base case rates for 2022 disclosed where 2022 actuals were not available.

		Base scenario		Bear scenario		Bull scenario	
Macroeconomic factors – 2021	2021[1]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]	Next 12 months[2]	Remaining forecast period[3]
South Africa[4]							
Inflation (%)*	4.51	4.72	4.13	5.18	4.79	4.30	3.78
Prime (%)*	7.25	8.00	9.50	8.75	10.25	7.75	8.75
Real GDP (%)*	5.28	2.05	1.97	1.36	0.56	2.87	2.82
Employment rate growth (%)#	0.22	1.29	0.92	0.87	(0.13)	1.75	1.59
Household credit (%)#	4.71	5.33	5.41	5.43	4.44	5.28	6.27
Exchange rate USD/ZAR	14.90	15.03	15.15	15.58	16.19	14.43	14.41
Africa Regions[5] (excluding Zimbabwe) (averages)							
Inflation (%)#	9.07	8.50	7.30	10.70	9.60	7.80	6.70
Policy rate (%)*	8.93	8.60	8.60	9.10	10.30	9.40	9.10
3m Tbill rate (%)*	7.44	7.90	7.70	8.80	8.90	9.50	9.10
6m Tbill rate (%)*	8.26	8.80	8.60	10.00	9.60	9.80	9.80
Real GDP[7] (%)#	2.67	4.10	4.80	2.30	3.10	6.40	6.70
Africa Regions[5] (averages)							
Inflation (%)#	11.03	11.60	9.10	22.20	17.10	9.60	6.70
Policy rate (%)*	10.18	10.80	9.90	12.10	12.20	11.20	9.30
3m Tbill rate (%)*	7.44	7.80	7.60	9.30	8.80	9.90	8.90
6m Tbill rate (%)*	8.26	8.80	8.60	10.10	9.50	10.80	9.60
Real GDP[7] (%)#	2.74	4.50	4.80	2.40	3.00	6.50	6.80
Global[6]							
Inflation (%)*	2.60	4.50	2.90	5.50	2.30	6.00	2.70
Policy rate (%)*	0.50	1.25	1.75	0.25	1.00	2.00	2.25
Exchange rate GBP/USD*	1.35	1.41	1.50	1.22	1.45	1.50	1.55
Real GDP[7] (%)#	7.50	4.50	1.90	2.00	1.70	5.50	2.10
Unemployment rate (%)*	4.60	4.40	4.40	5.00	4.80	4.00	4.20

1 Revised as at 31 December 2021. The 2021 (1 January 2021 to 31 December 2021) view disclosed as at 31 December 2020, has been revised due to the changes in the macroeconomic factors.
2 Next 12 months following 31 December 2021 is 1 January 2022 to 31 December 2022.
3 The remaining forecast period is 1 January 2023 to 31 December 2025.
4 The scenario weighting is: base at 50%, bear at 30% and bull at 20%.
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 Based on UK outlook. The scenario weighting is: base at 50%, bear at 30% and bull at 20%.
* Actual rates for 2021.
\# Estimated rates for 2021.

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 forward-looking information at a client level. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting 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.

	2022		2021	
	Total ECL provision Rm	**Total income statement charge Rm**	Total ECL provision Rm	Total income statement (release) Rm
As reported	**9 927**	**2 530**	8 572	(297)
Scenarios				
Base	**9 832**	**2 435**	8 572	(297)
Bear	**10 253**	**2 856**	8 567	(302)
Bull	**9 655**	**2 258**	8 577	(292)

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

The level of the forward-looking balance sheet provisioning was maintained at 2021 levels due to the challenging macroeconomic environment, which was underpinned by aggressive monetary tightening, inflation and sharp and frequent changes in interest rates, other consumer pressures.

The following table shows a comparison of the forward-looking impact on the provision as at 31 December 2022, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above factors.

	2022		2021	
	Forward-looking component of ECL provision Rm	**Income statement charge/ (release) Rm**	Forward-looking component of ECL provision Rm	Income statement (release)/ charge Rm
Forward-looking impact on the total ECL provision	**2 172**	**165**	1 979	(751)
Scenarios				
Base	**1 780**	**(227)**	1 714	(1 015)
Bear	**3 840**	**1 834**	3 388	659
Bull	**856**	**(1 150)**	878	(1 851)

Refer to **note 7** loans and advances, for the carrying amounts of loans and advances and to the credit risk section of the risk and capital management in annexure C report 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.

Post-model adjustments

During 2022, the impact of Covid-19 on the global and local economic path and recovery has become more certain. As mentioned in the sections above in determining the forward-looking impact, from an IFRS 9 perspective, the group has forecasted three possible future macroeconomic scenarios, being the base, bear and bull scenarios and attributed weightings to these three scenarios. The group has been able to determine these scenarios with more certainty and predictability. The impact of Covid-19 has been embedded into the above forecasted macroeconomic parameters and scenario weighting across all geographies and client segments. As such, further stressing these scenarios is no longer deemed relevant. Therefore, the group's previous R500 million judgemental credit adjustment that was held within central and other and disclosed as part of other loans and advances within the total loans and advances to customers portfolio has thus been released in full during the year ended 31 December 2022. Refer to note 7 loans and advances for the impact on the group's ECL.

Fair value

Financial instruments

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

Valuation process

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

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

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

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

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

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

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS (refer to note 2.4. and note 3.2)
- quantifying and reporting the sensitivity to each risk driver
- 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 2022 was a net loss of R3 198 million (2021: R536 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

The group invests in various properties which are predominantly owned for investment return. However, certain properties house various of the group's insurance, investment holdings, health services and asset management operations and these are classified as "owner-occupied" properties under IAS 16. The majority of the group's properties is let to various tenants under lease agreements as defined under IFRS 16. These properties are classified as "investment properties" under IAS 40. Investment properties are measured at fair value by external valuation appraisers, taking into account characteristics of the properties that market participants would consider when pricing the property at measurement date. The key assumptions in 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 rates 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 in South Africa at 31 December 2022 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.

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 2022, the group's computer software assets' recoverable amounts were determined to be lower than their carrying amounts and were impaired by a total amount of R386 million (2021: R167 million). These impairments are excluded from the group's headline earnings, details of the impairments are listed below.

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

- Card modernisation realigning to different platforms within the technology landscape (write-off of R177 million)
- The High Value Payment (HVP) system within the Corporate and Investment Banking segment (write-off of R142 million)
- Other intangible assets (impairment totalling to R62 million).

The recoverable amount is determined as the higher of an asset's fair value less cost of disposal and its value in use. The value in use is calculated by estimating future cash benefits that will result 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 2022 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 following the impact of Covid-19. 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 2022.

An impairment of R14 million for 2021 relates to goodwill raised as part of business combination transactions in EQ-FIN Proprietary Limited and YALA Consultants and Actuaries Proprietary Limited. The goodwill in YALA Consultants and Actuaries Proprietary Limited was impaired in full on date of the business combination in 2021.

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)	
	2022	2021	**2022**	2021
Discounted cash flow				
Discount rate (nominal) (%)	**27**	18.1	**20.2**	16.3
Terminal growth rate (nominal) (%)	**13.2**	6.9	**8.7**	10.1
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.

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 38, respectively, in the period in which such determination is made.

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

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

Investment management and life insurance – Liberty Holdings Limited

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

Impact of Covid-19 on the valuation of policyholder contracts

The group applied certain key judgements and estimates regarding the short-term expected impact of Covid-19 as the pandemic was evolving. While Covid-19 continues to pose a risk to the group, this risk is receding with excess deaths in 2022 having been significantly lower compared to 2021, likely due to high levels of immunity to Covid-19 (from recent infections or vaccinations) and/or the variants circulating in 2022 being milder than variants circulating in prior years. This trend is consistent with the experience from past pandemics and is expected to continue with Covid-19 becoming a relatively mild endemic disease.

With new variants continuing to circulate, mortality is not expected to revert completely to pre-pandemic levels. In light of this expectation the long-term mortality assumptions have been strengthened in 2022 to reflect both expectations that Covid-19 has become endemic and a revision of the expected mortality costs of pandemic events in the long term. This is included in the "Changes in assumptions – All life companies" table in note 8. This note also includes more detail on assumptions used in the process of valuing policyholder contracts.

Based on experience observed in 2022, as well as revisions to the long-term assumptions, the directors and management applied a key judgement that no further short-term pandemic allowance is considered necessary at 31 December 2022.

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	
	2022	2021	**2022**	2021
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)[1]	**12.82%**	9.74% to 12.35%	**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)[2]	**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 linked bond yield curve**	Difference between the nominal and index-linked linked bond yield curve
Consumer Price Index (CPI) inflation	**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**	Difference between nominal and index-linked bond yield curves
Pension increase in allowance	**100% of the inflation rate**	Inflation rate	**Not applicable to fund**	Not applicable to fund
Remaining service life of employees (years)	**8 years and 1 month**	7 years 5 months to 8 years 7 months	**3 years and 7 months**	4 years to 5 years 10 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 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

1 This relates to members of material retirement funds within the group.
2 This relates to members within the employment of Liberty Group Limited or Standard Bank of South Africa Limited.

Refer to **note 44** for further details regarding the group's post-employment benefits.

Long-term insurance contracts

Policyholder liabilities under insurance contracts issued and reinsurance assets held are derived from actual claims submitted which are not settled at the reporting date, and estimates of the net present value of future claims and benefits under existing contracts, offset by probable future premiums to be received or paid (net of expected service costs). The key assumptions applied and analysis of their sensitivity have been detailed in the insurance risk and sensitivity analysis components of the risk and capital management report in annexure C.

Refer to **annexure C** for details regarding risk management.

Process used to decide on assumptions and changes in assumptions

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 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. For contracts insuring survivorship, an allowance is made for future mortality improvements based on expected future trends.

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 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. Typically the assumptions are higher for risk type products than for investment type products, and are higher at early durations. The surrender values assumed are as per the terms and conditions and any other regulatory restrictions in place at the financial position date.

Investment return

Future investment returns are set for the main asset classes as follows:

- Bond rate – the derived yield from the bond yield curve, at a duration of ten years at the reporting date, 11.10% (2021: 9.98%)
- Equity rate – bond rate plus 3.5% as an adjustment for risk, 14.60% (2021: 13.39%)
- Property rate – bond rate plus 1% as an adjustment for risk, 12.10% (2021: 10.89%)
- Cash – bond rate less 1.5%, 9.60% (2021: 8.39%).

The overall investment return for a block of business is based on the investment return assumptions allowing for the current mix of assets supporting the liabilities. The pre-taxation discount rate is set at the same rate. The rate averaged across these blocks of business is 12.3% per annum in 2022 (2021: 11.1% per annum). Where appropriate the investment return assumption is adjusted to make allowance for investment expenses and taxation.

Expenses

An expense analysis is performed on the actual expenses incurred, split between acquisition and maintenance expenses, in the calendar year preceding the balance sheet date. This analysis is used to calculate the acquisition costs incurred. The budget in respect of the following year approved by the board is used to set the maintenance expense assumption.

Expense inflation

The expense inflation assumption is set taking into consideration the market implied inflation, the expected future development of the number of in-force policies, as well as the expected future profile of maintenance expenses. The expense inflation assumption for pure risk, life annuity, disability in payment and guaranteed endowments business is set to be consistent with market implied inflation rates. For other classes of business the inflation rate is set at the effective 10-year gilt yield curve rate (gilt rate) less 1.75% when the gilt rate is above 7.25%. The expense inflation rate is set at 72% of the gilt rate when this is below 5,25%. At gilt rates between 5.25% and 7.25% the inflation rate is interpolated to ensure a smooth transition between the two methodologies. This results in a best estimate inflation assumption of 9.35% at 31 December 2022 (2021: 8.14%).

Taxation

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. Deferred taxation liabilities and assets, in particular a provision for future CGT in respect of unrealised capital gains/(losses), have been taken into account using the full face value.

Correlations

No correlations between assumptions are allowed for.

Contribution increases

In the valuation of the policyholder and reinsurance contracts, voluntary premium increases that give rise to expected profits within broad product groups are not allowed for. However, compulsory increases and increases that give rise to expected losses within broad product groups are allowed for. This is consistent with the requirements of SAP 104.

Embedded investment derivative assumptions

The assumptions used to value embedded derivatives in respect of policyholder contracts are set in accordance with APN 110. Account is taken of the yield curve at the valuation date. Both implied market volatility and historical volatility are taken into account when setting volatility assumptions. Correlations between asset classes are set based on historical data. Over 16 000 simulations are performed in calculating the liability.

Policyholder liabilities – investment contracts with discretionary participation features

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

Refer to **note 8** for disclosures on policyholders' contracts.

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 20** for provisions and other liabilities disclosures.

Notes to the financial statements

1. Cash and balances with central banks

	2022 Rm	2021 Rm
Coins and bank notes	21 373	20 970
Balances with central banks[1]	93 110	70 199
Total	**114 483**	91 169

[1] Included in this balance is R75 971 million (2021: R61 039 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	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Held-for-trading	71 124	60 630	(82 982)	(62 668)
Held-for-hedging	3 243	3 058	(2 067)	(4 591)
Held-for-hedging of a net investment	43			
Total	**74 410**	63 688	**(85 049)**	(67 259)

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 and 2.3.3.

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	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Foreign exchange derivatives	29 121	19 720	(25 017)	(19 329)
Interest rate derivatives	32 503	31 665	(36 166)	(32 975)
Commodity derivatives	1 637	1 022	(911)	(911)
Credit derivatives	1 566	1 389	(2 640)	(2 007)
Equity derivatives	6 297	6 834	(18 248)	(7 446)
Total	**71 124**	60 630	**(82 982)**	(62 668)

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 gain/ (loss) Rm
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**
2021								
Interest rate risk fair value hedging relationships	2 996	(3 218)	(222)	24	(447)	201	121 773	125
Interest rate swaps	2 996	(3 218)	(222)	24	(447)	201	121 773	213
Cross currency interest rate swaps								(88)
Total	2 996	(3 218)	(222)	24	(447)	201	121 773	125

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				
	Assets Rm	Liabilities Rm	Accumulated fair value (loss)/gain at 31 December Rm	Fair value (loss)/gain used to test hedge ineffectiveness Rm	Fair value hedge adjustments for the year Rm
2022					
Interest rate risk fair value hedging relationships					
Financial investments	**27 775**		**(1 096)**	**(1 469)**	**(1 469)**
Subordinated debt		**(7 057)**	**255**	**472**	**472**
Loans and advances to customers	**5 531**		**(1 293)**	**(2 202)**	**(2 202)**
Deposits and debt funding		**(12 741)**	**1 555**	**3 157**	**3 157**
Total	**33 306**	**(19 798)**	**(579)**	**(42)**	**(42)**
2021					
Interest rate risk fair value hedging relationships					
Financial investments	24 738		527	(1 273)	(1 273)
Subordinated debt		(8 103)	(218)	292	292
Loans and advances to customers	60 987		(1 296)	(2 122)	(2 122)
Deposits and debt funding		(85 375)	(1 482)	2 358	2 358
Total	85 725	(93 478)	(2 469)	(745)	(745)

2. Derivative instruments continued

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

2.3.3 Hedging instruments in cash flow hedging relationships

	Fair value of assets Rm	Fair value of liabilities Rm	Net fair value Rm	Maturity analysis: Less than one year Rm	Maturity analysis: Between one to five years Rm	Maturity analysis: Over five years Rm	Contract/notional amount[1] Rm	Fair value (loss)/gain Rm
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)**
2021								
Foreign currency risk cash flow hedging relationships	808	(1 314)	(506)	73	(257)	(322)	5 794	(57)
Cash[2]	754		754	754			754	(11)
Currency forwards	1	(16)	(15)	(15)			1 310	(26)
Currency swaps	53	(1 298)	(1 245)	(666)	(257)	(322)	3 730	(20)
Equity price risk cash flow hedging relationships	6	(59)	(53)	(37)	(16)		403	(32)
Equity forwards	6	(59)	(53)	(37)	(16)		403	(32)
Interest rate risk cash flow relationships	2		2		2		2 000	(2)
Interest rate swaps	2		2		2		2 000	(2)
Total	816	(1 373)	(557)	36	(271)	(322)	8 197	(91)

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 During 2021, the group executed a hedge using cash as the hedging instrument. The cash is presented within loans and advances on the statement of financial position.

2.3.4 Hedge items classified as cash flow hedges

	2022 Rm	2021 Rm
Fair value gain/(loss) used to test hedge ineffectiveness		
Financial investments	**372**	68
Foreign currency risk cash flow hedging relationships	**372**	68
Loans and advances	**284**	(144)
Foreign currency risk cash flow hedging relationships	**241**	(146)
Interest rate risk cash flow hedging relationships	**43**	2
Share scheme liabilities (excludes equity-settled share schemes)	**(66)**	32
Equity price risk cash flow hedging relationships	**(66)**	32
Other operating expenses	**(2)**	11
Foreign currency risk cash flow hedging relationships	**(2)**	11
Net interest income	**(239)**	117
Foreign currency risk cash flow hedging relationships	**(239)**	117
Total	**349**	84

2. Derivative instruments continued

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

2.3.5 Hedge ineffectiveness recognised in profit or loss

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

	Trading revenue Rm	Net interest income Rm	Total Rm
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**
2021			
Fair value hedges		(620)	(620)
Interest rate risk fair value hedging relationships		(620)	(620)
Cash flow hedges[1]	(7)		(7)
Foreign currency risk cash flow hedging relationships	(7)		(7)
Total	(7)	(620)	(627)

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

2.3.6 Reconciliation of movements in the total hedge reserve

	Foreign currency risk Rm	Equity price risk Rm	Interest rate risk Rm	Cost of hedging[1] Rm	Total Rm
Balance at 1 January 2021	107	(62)		(22)	23
Amounts recognised directly in OCI before tax[2]	(159)	86	2	101	30
Amounts released to profit or loss before tax:	(23)	(26)		(81)	(130)
Interest income				(90)	(90)
Trading revenue	78			9	87
Other operating expenses	(101)	(26)			(127)
Taxation	2	(13)	(1)	(6)	(18)
Non-controlling interests	(2)			(5)	(7)
Balance as at 31 December 2021	(75)	(15)	1	(13)	(102)
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 interest	**(31)**			**(12)**	**(43)**
Balance at 31 December 2022	**151**	**(22)**	**(29)**	**(10)**	**90**

1 The cost of hedging includes foreign currency basis risk of R9 million (2021: R12 million) and forward element of R1 million (2021: R1 million) which have been specifically excluded from the hedge relationships, where the group has elected to, in terms of IFRS 9 General Hedge Accounting. This has no impact on the total hedge reserve. Refer to the accounting policy election section for further details.
2 Includes dividends received on equity forwards during the year.

2. Derivative instruments continued

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

2.3.7 Hedges classified as cash flow hedges

The forecasted timing of the release of 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
2022					
Net cash inflow/(outflow)	**31**	**155**	**(23)**	**(73)**	**90**
2021					
Net cash (outflow)	(12)	(14)	(13)	(63)	(102)

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	Between one to five years Rm	Over five years Rm	Contract/ notional amount[1] Rm	Fair value gain[2] Rm
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 resulted in nil 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.

	2022 Rm	2021 Rm
Unrecognised net profit at the beginning of the year	**1 209**	1 018
Additional net profit on new transactions[1]	**121**	623
Recognised in trading revenue during the year	**(543)**	(434)
Exchange differences		2
Unrecognised net profit at the end of the year	**787**	1 209

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

3. Trading assets

3.1 Classification

	2022 Rm	2021 Rm
Collateral and other	12 928	7 570
Corporate bonds and floating rate notes	33 154	36 073
Government, municipality and utility bonds	83 799	79 710
Listed equities	90 032	89 039
Reverse repurchase and other collateralised agreements	81 380	53 701
Unlisted debt securities	13 625	18 927
Total	**314 918**	285 020

3.2 Day one profit or loss

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

	2022 Rm	2021 Rm
Unrecognised net profit at the beginning of the year	**1 193**	31
Additional net profit on new transactions[1]	6	1 520
Recognised in trading revenue during the year	(728)	(358)
Unrecognised net profit at the end of the year	**471**	1 193

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

4. Pledged assets

The following table presents details of 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
2022					
Bonds	18 130	(14 103)	19 200	(14 103)	5 097
Listed equities	1 178		1 178		1 178
Pledged assets (as recognised in the statement of financial position)	19 308	(14 103)	20 378	(14 103)	6 275
Total	19 308	(14 103)	20 378	(14 103)	6 275
2021					
Bonds	13 029	(10 211)	13 030	(10 211)	2 819
Listed equities	1 149		1 149		1 149
Pledged assets (as recognised in the statement of financial position)	14 178	(10 211)	14 179	(10 211)	3 968
Financial investments[3,4]	18 016	(18 006)	18 016	(18 003)	13
Total	32 194	(28 217)	32 195	(28 214)	3 981

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 For these financial investments the counterparty is not permitted to sell or re-pledge the assets in the absence of default, hence they are not classified as pledged assets.
4 During 2021, the financial investments disclosed all formed part of repurchase agreements with the South African Reserve Bank (SARB) as the counterparty. During 2022, a new Monetary Policy Implementation Framework was implemented, creating a surplus rather than a shortage, as a result, the SARB repurchase agreements were discontinued and there were no financial investments pledged at 31 December 2022.

4. Pledged assets continued

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 R179 093 million (2021: R191 231 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 R24 621 million (2021: R8 770 million).

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

4.2 Assets transferred not derecognised

Securitisations

The group 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.

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

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 as at 31 December 2022, thus the cumulative carrying amount of securitised financial assets that did not qualify for derecognition, the associated liabilities, as well as any ceded interests and rights, have reduced to zero as at 31 December 2022.

2021

	Carrying amount of transferred assets Rm	Fair value of transferred assets Rm	Net fair value Rm
Home services[1]	44 298	44 192	44 192

[1] 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. At 31 December 2021, the mortgages within these securitisation vehicles, Blue Shield Investments 01 (RF) Limited and Blue Shield Investments 02 (RF) Limited, amounted to R44 billion.

5. Disposal group assets and liabilities held for sale

	2022		2021		
	Gross Rm	Net Rm	Gross Rm	Impairment[1] Rm	Net Rm
Liberty	290	290	536		536
Standard Bank Activities	265	265	519	(30)	489
Total assets classified as held for sale	555	555	1 055	(30)	1 025
Financial investments			101		101
Other assets			51		51
Property, equipment and right of use assets	300	300	409		409
Goodwill and intangibles (note 13)	255	255	255		255
Interests in associates (note 10)			239	(30)	209
Total liabilities classified as held for sale			(96)		(96)
Provisions and other liabilities			(96)		(96)
Current tax liabilities					
Total disposal group held for sale	555	555	959	(30)	929

2022

Investment in associate held for sale

During the 2021 financial year, the group had taken a decision to exit its investment in associate, Safika Holdings Proprietary Limited (Safika). Prior to the sale being initiated, the appropriate level of management had to put a committed plan to sell in place detailing the milestones required to achieve the sale. During the 2021 financial year, the group commenced the sale process to dispose of a portion of its holding in Safika, and the transaction was expected to be concluded during 2022. The requirements of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations (IFRS 5) were met and the portion of the investment in associate had been separately disclosed as "Disposal of group assets held for sale" on the statement of financial position. However, as at December 2022 the sale of the asset had not occurred due to key milestones not being met and the held for sale classification criteria are no longer applicable. Therefore, the asset is no longer separately disclosed as "Disposal of group assets held for sale" and has been reclassified as an investment in associate. The asset is measured at R239 million being the lower of the carrying amount had the asset never been classified as held for sale and its recoverable amount. This resulted in a reversal of previously recognised impairments of R30 million in non-trading and capital-related items. This asset is included in the corporate and investment banking client segment.

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 from investment management and life insurance activities

The Total Health Trust Limited, previously classified as held for sale under IFRS 5, was disposed of effective 31 December 2022. Effective 31 December 2022, 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 remains subject to a conditional agreement of sale and therefore remains 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 remains 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.

5. Disposal group assets and liabilities held for sale continued

2021

Investment in associate held for sale

The group has taken a decision to exit its investment in associate, Safika Holdings Proprietary Limited (Safika). Prior to the sale being initiated, the appropriate level of management had to put a committed plan to sell in place detailing the milestones required to achieve the sell. During the current year, the group commenced the sale process to dispose a portion of its holding in Safika, the transaction is expected to be concluded during 2022. The requirements of IFRS 5 were met during December 2021 and the portion of the investment in associate has been separately disclosed as disposal group assets held for sale on the statement of financial position. The asset is measured at the lower of the carrying amount and fair value less costs to sell. The fair value less costs to sell is based on an assessment of what management believes a purchaser would value the asset, considering the current business viability and operations. The asset was impaired by R30 million at 31 December 2021 resulting in the carrying value of R209 million. This asset is included in the corporate and investment banking client segment.

Equipment held for sale

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

Intangible asset held for sale

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

Disposal group assets and liabilities from investment management and life insurance activities

Liberty Holdings Limited identified a number of entities that met the criteria as held for sale under IFRS 5. The Total Health Trust Limited in Nigeria (part of Health risk solutions) business operation remains under a sale process at 31 December 2021 and remains classified as a disposal group held for sale. The balance of Health risk solutions, being mainly the provision of health expense insurance throughout sub-Saharan Africa, was reclassified back to continuing operations at 30 June 2020. This was due to no acceptable purchase offers being forthcoming.

During the prior year, a conditional offer has been accepted for the disposal of a group owned property of R274 million, that previously was classified as partially owner occupied, with the remainder as investment property. The property has been reclassified to non-current assets held for sale and has been remeasured to the value of the conditional offer. In addition, investment properties in Kenya amounting to R87 million were reclassified to non-current assets held for sale.

Effective 31 January 2021, Liberty concluded the sale of its entire shareholding in Liberty General Botswana Proprietary Limited, for a purchase consideration of BWP7 million (R9 million). The sale was concluded at the net asset value of the entity as at 31 January 2021. Based on the requirements of IFRS 5, the assets and liabilities in these disposal groups were classified as held for sale. The assets and liabilities were disclosed as a separate single line item in the statement of financial position, rather than within the specific class of asset and liabilities, as required by IFRS 5. The disposal groups are measured at the lower of its carrying amount and fair value less costs to sell.

During 2020, sales were completed of the asset management operations in Kenya (STANLIB Kenya Ltd) and Uganda (STANLIB Uganda Ltd). Sales were also concluded for the short-term insurance business in Malawi (Liberty General Insurance Ltd (Malawi)) and Liberty Health Administration (Pty) Ltd (LHA – a licensed medical aid administrator in South Africa). The assets are included in the Liberty segment.

6. Financial investments

	Total		Standard Bank Activities		Investment management and life insurance activities	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Corporate	84 019	89 429	40 255	46 890	43 764	42 539
Sovereign	327 757	303 518	264 844	243 067	62 913	60 451
Bank[1]	62 950	60 990	2 296	2 775	60 654	58 215
Mutual funds and unit-linked investments	139 207	133 188	1 318	1 653	137 889	131 535
Listed equities	81 460	106 815	215	177	81 245	106 638
Unlisted equities	3 140	3 795	2 872	3 535	268	260
Interest in associates held at fair value (annexure B)	18 661	22 085	904	354	17 757	21 731
Other instruments	4 011	4 880	3 539	3 046	472	1 834
Total	**721 205**	724 700	**316 243**	301 497	**404 962**	423 203

Accounting classification

	2022 Rm	2021 Rm
Net financial investments measured at amortised cost	222 926	217 592
Gross financial investments measured at amortised cost	224 202	217 911
ECL for financial investments measured at amortised cost[2]	(1 276)	(319)
Financial investments measured at fair value	498 279	507 108
Financial investments measured at FVTPL	415 666	434 658
Debt financial investments measured at FVOCI[3,4]	81 708	71 435
Equity financial investments measured at FVOCI[4]	905	1 015
Total	**721 205**	724 700

1 Included in bank within investment management and life insurance activities is an amount of R14 277 (2021: R15 366) relating to cash balances with banks that qualifies as cash equivalents (note 41.5).
2 Refer to note 34 for the credit impairment charge for the current year of R1 082 million (2021: R18 million) on financial investments measured at amortised cost.
3 Refer to note 34 for the credit impairment release for the current year of R265 million (2021: R41 million) on debt financial investments measured at FVOCI.
4 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. Loans and advances

7.1 Classification

	2022 Rm	2021 Rm
Loans and advances measured at fair value	**665**	486
Net loans and advances measured at amortised cost	**1 504 276**	1 423 842
Gross loans and advances measured at amortised cost	**1 560 104**	1 475 240
Home services	**459 647**	434 104
Vehicle and asset finance	**119 859**	110 653
Card and payments	**38 063**	36 367
Personal unsecured lending	**103 029**	81 226
Business lending and other	**154 893**	147 893
Corporate and sovereign	**516 211**	455 404
Bank[1]	**168 402**	209 593
Expected credit losses on loans and advances (note 7.2)	**(55 828)**	(51 398)
Total loans and advances	**1 504 941**	1 424 328

1 Included in Bank is an amount of R77 481 (2021: R66 234) relating to on-demand gross loans and advances to banks that qualifies as cash equivalents (note 41.5).

7. Loans and advances continued

7.2 Expected credit loss reconciliation of loans and advances at amortised cost

	2022				2021			
	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
Opening ECL	6 390	8 879	36 129	51 398	6 175	10 555	33 256	49 986
Transfers between stages[1]	615	(492)	(123)		1 938	(1 242)	(696)	
Net impairments raised/ (released)	(150)	1 803	10 328	11 981	(1 922)	(473)	13 359	10 964
ECL on new exposure raised[2]	2 213	1 285	2 850	6 348	1 606	886	1 280	3 772
Subsequent changes in ECL	(1 891)	814	8 109	7 032	(3 090)	(826)	12 947	9 031
Change in ECL due to derecognition	(472)	(296)	(631)	(1 399)	(438)	(533)	(868)	(1 839)
Impaired accounts written off [3]			(11 534)	(11 534)			(13 318)	(13 318)
Exchange and other movements[4]	(19)	161	3 841	3 983	199	39	3 528	3 766
Closing ECL	6 836	10 351	38 641	55 828	6 390	8 879	36 129	51 398

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 R4.7 billion (2021: R5.2 billion).

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

7. Loans and advances continued

7.3 Expected credit loss reconciliation of loans and advances at amortised cost continued

7.3.1 Expected credit loss reconciliation of loans and advances – per product

	Opening ECL Rm	Transfer between stages (From)/to stage 1 Rm	(From)/to stage 2 Rm	(From)/to stage 3 Rm	Total Rm
2022					
Home services	15 625	(488)	(116)	604	
Stage 1	1 059		173	315	488
Stage 2	2 440	(173)		289	116
Stage 3 (including IIS)	12 126	(315)	(289)		(604)
Vehicle and asset finance	6 337	(57)	117	(60)	
Stage 1	651		30	27	57
Stage 2	1 131	(30)		(87)	(117)
Stage 3 (including IIS)	4 555	(27)	87		60
Card and payments	3 885	(126)	34	92	
Stage 1	642		45	81	126
Stage 2	1 152	(45)		11	(34)
Stage 3 (including IIS)	2 091	(81)	(11)		(92)
Personal unsecured lending	9 740	197	(68)	(129)	
Stage 1	1 508		(101)	(96)	(197)
Stage 2	1 761	101		(33)	68
Stage 3 (including IIS)	6 471	96	33		129
Business lending and other	7 536	(64)	415	(351)	
Stage 1	943		181	(117)	64
Stage 2	1 295	(181)		(234)	(415)
Stage 3 (including IIS)	5 298	117	234		351
Corporate and sovereign	7 710	(77)	110	(33)	
Stage 1	1 304		81	(4)	77
Stage 2	818	(81)		(29)	(110)
Stage 3 (including IIS)	5 588	4	29		33
Bank	65				
Stage 1	65				
Stage 2					
Central and other	500				
Stage 1	218				
Stage 2	282				
Total	51 398	(615)	492	123	
Stage 1	6 390		409	206	615
Stage 2	8 879	(409)		(83)	(492)
Stage 3 (including IIS)	36 129	(206)	83		(123)

Net impairments raised/ (released) Rm	Impaired accounts written off Rm	TVM unwind and IIS movements Rm	Exchange and other movements Rm	Closing ECL Rm
1 023	(1 476)	1 315	(58)	16 429
(618)			(4)	925
139			12	2 707
1 502	(1 476)	1 315	(66)	12 797
1 632	(1 196)	485	123	7 381
29			73	810
894			25	1 933
709	(1 196)	485	25	4 638
1 951	(2 248)	232	5	3 825
(41)			(3)	724
15			6	1 139
1 977	(2 248)	232	2	1 962
3 971	(4 049)	958	42	10 662
275			(106)	1 480
524			71	2 424
3 172	(4 049)	958	77	6 758
2 125	(1 828)	236	(9)	8 060
(200)			23	830
354			2	1 236
1 971	(1 828)	236	(34)	5 994
1 752	(737)	574	25	9 324
624			(44)	1 961
131			32	871
997	(737)	574	37	6 492
27			55	147
(1)			42	106
28			13	41
(500)				
(218)				
(282)				
11 981	(11 534)	3 800	183	55 828
(150)			(19)	6 836
1 803			161	10 351
10 328	(11 534)	3 800	41	38 641

7. Loans and advances continued

7.3 Expected credit loss reconciliation of loans and advances at amortised cost continued

7.3.1 Expected credit loss reconciliation of loans and advances – per product continued

		Transfers			
	Opening ECL Rm	(From)/to stage 1 Rm	(From)/to stage 2 Rm	(From)/to stage 3 Rm	Total Rm
2021					
Home services	15 153	(1 184)	83	1 101	
Stage 1	844		448	736	1 184
Stage 2	3 064	(448)		365	(83)
Stage 3 (including IIS)	11 245	(736)	(365)		(1 101)
Vehicle and asset finance	5 648	(334)	147	187	
Stage 1	720		179	155	334
Stage 2	1 498	(179)		32	(147)
Stage 3 (including IIS)	3 430	(155)	(32)		(187)
Card and payments	3 444	(152)	197	(45)	
Stage 1	686		96	56	152
Stage 2	1 292	(96)		(101)	(197)
Stage 3 (including IIS)	1 466	(56)	101		45
Personal unsecured lending	9 716	(101)	325	(224)	
Stage 1	1 371		47	54	101
Stage 2	2 063	(47)		(278)	(325)
Stage 3 (including IIS)	6 282	(54)	278		224
Business lending and other	6 786	(73)	321	(248)	
Stage 1	913		132	(59)	73
Stage 2	1 185	(132)		(189)	(321)
Stage 3 (including IIS)	4 688	59	189		248
Corporate and sovereign	8 669	(94)	169	(75)	
Stage 1	1 353		107	(13)	94
Stage 2	1 171	(107)		(62)	(169)
Stage 3 (including IIS)	6 145	13	62		75
Bank	70				
Stage 1	70				
Central and other	500				
Stage 1	218				
Stage 2	282				
Stage 3 (including IIS)					
Total	49 986	(1 938)	1 242	696	
Stage 1	6 175		1 009	929	1 938
Stage 2	10 555	(1 009)		(233)	(1 242)
Stage 3 (including IIS)	33 256	(929)	233		(696)

Net impairments raised/ (released) Rm	Impaired accounts written off Rm	TVM unwind and IIS movements Rm	Exchange and other movement Rm	Closing ECL Rm
1 083	(1 137)	499	27	15 625
(979)			10	1 059
(547)			6	2 440
2 609	(1 137)	499	11	12 126
1 275	(1 042)	366	90	6 337
(407)			4	651
(229)			9	1 131
1 911	(1 042)	366	77	4 555
3 635	(3 389)	201	(6)	3 885
(198)			2	642
52			5	1 152
3 781	(3 389)	201	(13)	2 091
3 297	(4 320)	1 014	33	9 740
11			25	1 508
61			(38)	1 761
3 225	(4 320)	1 014	46	6 471
1 830	(1 766)	631	55	7 536
(131)			88	943
424			7	1 295
1 537	(1 766)	631	(40)	5 298
(125)	(1 664)	409	421	7 710
(187)			44	1 304
(234)			50	818
296	(1 664)	409	327	5 588
(31)			26	65
(31)			26	65
				500
				218
				282
10 964	(13 318)	3 120	646	51 398
(1 922)			199	6 390
(473)			39	8 879
13 359	(13 318)	3 120	408	36 129

7. Loans and advances continued

7.3 Expected credit loss reconciliation of loans and advances at amortised cost continued

7.3.1 Expected credit loss reconciliation of loans and advances – per 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 R6.4 billion (2021: R3.8 billion) primarily relates to the growth in the gross carrying amount from new exposures originated of:
  - Home services of R73 billion (2021: R78 billion)
  - Vehicle and asset finance of R42 billion (2021: R29 billion)
  - Business lending and other of R38 billion (2021: R26 billion for other loans and advances)
  - Corporate and sovereign of R66 billion (2021: R31 billion).
- The decrease in ECL due to impaired accounts written off of R8.8 billion (2021: R13 billion) resulted in an equal decrease 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.

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

2021

- home services with a gross carrying amount of R3.6 billion that was in stage 2 was transferred to stage 1
- home services with a gross carrying amount of R429 million that was in stage 3 was transferred to stage 1
- home services with a gross carrying amount of R1.2 billion that was in stage 3 was transferred to stage 2
- vehicle and asset finance with a gross carrying amount of R744 million that was in stage 3 was transferred to stage 1
- vehicle and asset finance with a gross carrying amount of R160 million that was in stage 2 was transferred to stage 1
- card and payments with a gross carrying amount of R408 million that was in stage 2 was transferred to stage 1
- card and payments with a gross carrying amount of R626 million that was in stage 2 was transferred to stage 3
- personal unsecured lending with a gross carrying amount of R1.2 billion that was in stage 2 was transferred to stage 1
- business lending and other with gross carrying amount of R719 million that was in stage 2 was transferred to stage 3
- business lending and other with gross carrying amount of R510 million that was in stage 2 was transferred to stage 1
- corporate and sovereign with a gross carrying amount of R4.3 billion that was in stage 2 was transferred to stage 1

7. Loans and advances continued

7.4 Modifications on loans and advances measured at amortised cost

	Stage 2		Stage 3	
	Gross amortised cost before modification[1] Rm	Net modification loss/(gain) Rm	Gross amortised cost before modification[1] Rm	Net modification loss/(gain) Rm
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**
2021[1]				
Home services	3 914	40	1 689	6
Vehicle and asset finance*	630		415	(2)
Card and payments	837	(2)	722	48
Personal unsecured lending	800	91	510	10
Business lending and other	75	1	115	23
Corporate and sovereign			1 597	(21)
Total	6 256	130	5 048	64

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

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

R42 billion (2021: R55 billion) is the gross carrying amount for modifications during the reporting period that resulted in no economic gain or loss (i.e. no net modification gain or loss).

8. Policyholders' contracts

	2022		2021	
	Policyholders' assets Rm	Policyholders' (liabilities) Rm	Policyholders' assets Rm	Policyholders' (liabilities) Rm
Policyholders' liabilities under insurance contracts	2 974	(236 221)	2 868	(239 076)
Insurance contracts (note 8.1)	2 974	(227 895)	2 868	(229 944)
Investment contracts with DPF[1,2] (note 8.1)		(8 326)		(9 132)
Policyholders' liabilities under investment contracts (note 8.2)		(122 246)		(123 947)
Total	2 974	(358 467)	2 868	(363 023)

Refer to footnotes in the following note 8.2.

8.1 Policyholders' and reinsurance assets and liabilities

	Insurance contracts			
	Policyholders' assets Rm	Policyholders' liabilities Rm	Reinsurance assets and (liabilities) Rm	Investment contracts with DPF[1,2] Rm
2022				
Balance at the beginning of the year	2 868	(229 944)	2 795	(9 132)
Reinsurance assets (note 9)			3 000	
Reinsurance liabilities (note 20)			(205)	
Inflows	(8 382)	(47 377)	2 279	(853)
Insurance premiums	(8 936)	(39 890)	2 274	(1 015)
Investment returns	554	(7 447)	5	162
Fee revenue		(40)		
Outflows	8 734	48 737	(2 233)	1 704
Claims and policyholders' benefits	4 753	36 219	(2 098)	1 533
Acquisition costs associated with insurance contracts	1 183	2 257	(12)	62
General marketing and administration expenses	1 959	6 185		128
Profit share allocations	569	2 156		
Finance costs and fair value adjustments on financial liabilities	324	511		
Taxation	(54)	1 409	(123)	(19)
Net income from insurance operations	(246)	672	(358)	(52)
Assumptions and modelling changes	395	281	(474)	
Discretionary and compulsory margins and other variances	274	1 914	(20)	(74)
New business	(790)	(124)	(6)	
Shareholder taxation on transfer of net income	(125)	(1 399)	142	22
Exchange differences		17	(1)	7
Balance at the end of the year	2 974	(227 895)	2 482	(8 326)
Reinsurance assets (note 9)			2 744	
Reinsurance liabilities (note 20)			(262)	
Liquidity profile				
Current	1 318	(21 548)	698	(622)
Non-current	1 656	(206 347)	1 784	(7 704)
Balance at the end of the year	2 974	(227 895)	2 482	(8 326)

Refer to footnotes following note 8.2.

8. Policyholders' contracts continued

8.1 Policyholders' and reinsurance assets and liabilities continued

	Insurance contracts			
	Policyholders' assets Rm	Policyholders' liabilities Rm	Reinsurance assets and (liabilities) Rm	Investment contracts with DPF[1,2] Rm
2021				
Balance at the beginning of the year	5 050	(208 904)	2 379	(9 334)
Reinsurance assets (note 9)			2 585	
Reinsurance liabilities (note 20)			(206)	
Inflows	(10 811)	(68 263)	2 079	(2 604)
Insurance premiums	(9 459)	(34 243)	2 073	(1 206)
Investment returns	(1 352)	(33 962)	6	(1 398)
Fee revenue		(58)		
Outflows	11 617	47 057	(2 793)	2 804
Claims and policyholders' benefits	9 405	35 389	(3 209)	2 619
Acquisition costs associated with insurance contracts	1 181	2 028	(17)	62
General marketing and administration expenses	1 957	5 543	(19)	114
Profit share allocations	77	1 150		
Finance costs and fair value adjustments on financial liabilities	311	399		
Taxation	(1 314)	2 548	452	9
Net income from insurance operations	(2 988)	213	1 125	20
Assumptions and modelling changes	(2 359)	(102)	255	
Discretionary and compulsory margins and other variances	(1 002)	1 348	1 276	25
New business	(759)	(152)	11	
Shareholder taxation on transfer of net income	1 132	(881)	(417)	(5)
Exchange differences		(47)	5	(18)
Balance at the end of the year	2 868	(229 944)	2 795	(9 132)
Reinsurance assets (note 9)			3 000	
Reinsurance liabilities (note 20)			(205)	
Liquidity profile				
Current	552	(23 139)	993	(322)
Non-current	2 316	(206 805)	1 802	(8 810)
Balance at the end of the year	2 868	(229 944)	2 795	(9 132)

Refer to footnotes following note 8.2.

8. Policyholders' contracts continued

8.2 Policyholders' liabilities under investment contracts

	2022 Rm	2021 Rm
Balance at the beginning of the year	**(123 947)**	(106 954)
Fund inflows from investment contracts (excluding switches) (Not3 31,1)	**(18 413)**	(19 494)
Net fair value adjustment	**(614)**	(17 629)
Fund outflows from investment contracts (excluding switches)	**19 225**	18 754
Service fee income	**1 469**	1 435
Exchange differences	**34**	(59)
Balance at the end of the year	**(122 246)**	(123 947)
Liquidity profile		
Current	**(9 956)**	(8 735)
Non-current	**(112 290)**	(115 212)
Balance at the end of the year	**(122 246)**	(123 947)
Net expense from investment contracts[3]	**(14)**	31
Service fee income	**(1 469)**	(1 435)
Expenses	**1 455**	1 466
Investment returns on property expenses	**(285)**	(220)
Shareholder taxation on transfer of net income	**(8)**	(16)
Acquisition costs	**542**	629
General marketing and administration expenses	**1 178**	1 047
Finance costs	**28**	26

1 Discretionary participation feature (DPF).

2 The group cannot reliably measure the fair value of the investment contracts with discretionary participation features (DPF). The DPF is a contractual right that gives investors in these contracts the right to receive supplementary discretionary returns through participation in the surplus arising from the assets held in the investment DPF fund. These supplementary returns are subject to the discretion of the group, and applied in line with the Principles and Practices of Financial Management (PPFM). Given the discretionary nature of these investment returns and the absence of an exchange market in these contracts, there is no generally recognised methodology available to determine fair value. These instruments are issued by the group and the intention is to hold the instruments to full contract term.

3 Prior to deferred acquisition costs (DAC) and deferred revenue liability (DRL) adjustments.

9. Other assets

	2022 Rm	2021 Rm
Financial assets	**31 058**	21 495
Operating leases – accrued income (note 11)	**547**	591
Other financial assets[1]	**186**	3 455
Trading settlement assets[1]	**22 593**	10 564
Accounts receivable[1]	**2 723**	1 818
Investment debtors[1]	**111**	104
Reinsurance assets (note 8)[2]	**3 498**	3 526
Retirement funds (note 43)	**1 400**	1 437
Non-financial assets	**15 705**	14 937
Items in the course of collection	**3 443**	3 936
Prepayments	**4 504**	3 355
Properties in possession	**567**	113
Deferred acquisition costs	**749**	780
Insurance prepayments	**5 379**	5 408
Other non-financial assets	**1 063**	1 345
Total	**46 763**	36 432

1 Due to the short-term nature of these assets, historical experience and forward looking information, debtors are regarded as having a low probability of default; therefore ECL is insignificant on these asset balances.
2 Reinsurance assets include short-term reinsurance assets of R754 million (2021: R526 million).

10. Interest in associates

	2022 Rm	2021 Rm
Equity accounted associates		
Carrying value at the beginning of the year	**7 280**	6 498
Share of post-tax profits for the year	**2 265**	1 094
Impairments of associates (note 36)[1]	**(74)**	
Acquisitions	**153**	219
Disposals	**(26)**	(31)
Reclassification from/(to) group assets and liabilities held for sale (note 5)	**239**	(239)
Share of OCI movements	**486**	113
Foreign currency translation reserve	**453**	67
Other	**33**	46
Distributions received	**(367)**	(374)
Carrying value at the end of the year	**9 956**	7 280

1 During 2022 it was noted that certain associates experienced financial difficulty due to economic environment changes. The recoverable amount, which is the higher of value in use and fair value less costs of disposal, has been determined to be lower than the carrying amount, therefore an impairment loss was recognised on these investment in associates.

There are no significant restrictions on the ability of associates 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.

11. Investment property

	2022 Rm	2021 Rm
Fair value at the beginning of the year	**29 985**	29 917
Revaluations net of lease straight-lining	**(1 315)**	(697)
Revaluations	**(1 359)**	(749)
Net movement on straight-lining operating leases	**44**	52
Additions – capitalised subsequent expenditure and acquisitions[1]	**656**	981
Disposals	**(574)**	
Transfers from/(to) owner-occupied properties (note 12)		(58)
Exchange movements	**537**	(2)
Disposal of group assets classified as held for sale		(156)
Fair value at the end of the year	**29 289**	29 985
Investment property and related operating lease balances comprise the following		
Investment properties at fair value	**29 289**	29 985
Operating leases – accrued income (note 9)	**547**	591
Total investment property	**29 836**	30 576
Amount recognised in profit or loss		
Rental income earned	**2 936**	2 841
Direct operating expenses	**1 191**	1 079

[1] Includes cash and non-cash additions.

Most of the investment property comprises shopping malls located in South Africa.

11.1 Minimum lease payments receivable from investment management and life insurance activities

	2022 Rm	2021 Rm
Maturity analysis of undiscounted rental income from investment properties		
Up to one year	**1 836**	1 827
Between one and two years	**1 331**	1 457
Between two and three years	**930**	954
Between three and four years	**686**	647
Between four and five year	**412**	462
Over five years	**1 781**	2 111
Total	**6 976**	7 458

11. Investment property continued

11.2 Basis of valuation

The full portfolio of South African located properties was independently valued as at 31 December 2022 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 2022 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	
	Freehold Rm	Leasehold Rm
Net book value at 1 January 2021	6 902	1 214
Cost	8 390	3 035
Accumulated depreciation and impairment	(1 488)	(1 821)
Movement	974	17
Additions and modifications[3]	1 192	260
Disposals and terminations	(6)	(7)
Depreciation	(184)	(259)
Disposal group assets held for sale (note 5)	(220)	
Exchange and other movements[4]	134	23
Transfer to investment property (note 11)	58	
Net book value at 31 December 2021	**7 876**	**1 231**
Cost [5]	**9 574**	**3 273**
Accumulated depreciation and impairment	**(1 698)**	**(2 042)**
Movement	**(75)**	**(107)**
Additions and modifications[3]	**516**	**257**
Disposals and terminations	**(14)**	**(9)**
Depreciation	**(347)**	**(304)**
Impairment (note 36)	**(18)**	
Exchange and other movements[4]	**(212)**	**(51)**
Net book value at 31 December 2022	**7 801**	**1 124**
Cost	**9 687**	**3 191**
Accumulated depreciation and impairment	**(1 886)**	**(2 067)**

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 24.3.2.
2 Refer to notes 6 and 20.3 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 R605 million (2021: R407 million) and additions for property, equipment and right of use assets R4 663 million (2021: R3 993 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 R60 312 million (2021: R26 260 million) for which depreciation has not yet commenced (refer to note 24.2 for details regarding capital commitments).

12.1 Valuation

The fair value of completed freehold property, based on valuations undertaken for the period 2019 to 2022 was estimated at R11 618 million (2021: R9 630 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.

Equipment				Right of use assets[2]			
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
3 946	2 383	460	1 180	2 126	1 995	496	20 702
11 565	6 253	1 367	1 651	3 255	3 701	790	40 007
(7 619)	(3 870)	(907)	(471)	(1 129)	(1 706)	(294)	(19 305)
(261)	33	76	(266)	(267)	(379)	(10)	(83)
913	538	201	415	246	495	140	4 400
(70)	(50)	(13)	(496)	(38)	(49)		(729)
(1 559)	(564)	(143)	(206)	(538)	(848)	(177)	(4 478)
	(10)						(230)
455	119	31	21	63	23	27	896
							58
3 685	**2 416**	**536**	**914**	**1 859**	**1 616**	**486**	**20 619**
11 448	**6 488**	**1 471**	**1 466**	**3 462**	**4 127**	**911**	**42 220**
(7 763)	**(4 072)**	**(935)**	**(552)**	**(1 603)**	**(2 511)**	**(425)**	**(21 601)**
(260)	**8**	**33**	**720**	**(166)**	**(313)**	**(119)**	**(279)**
1 248	**591**	**233**	**1 135**	**423**	**741**	**124**	**5 268**
(46)	**(59)**	**(13)**	**(134)**	**(95)**	**(64)**	**(30)**	**(464)**
(1 556)	**(536)**	**(151)**	**(253)**	**(510)**	**(829)**	**(149)**	**(4 635)**
							(18)
94	**12**	**(36)**	**(28)**	**16**	**(161)**	**(64)**	**(430)**
3 425	**2 424**	**569**	**1 634**	**1 693**	**1 303**	**367**	**20 340**
11 764	**6 620**	**1 577**	**2 329**	**3 615**	**4 358**	**950**	**44 091**
(8 339)	**(4 196)**	**(1 008)**	**(695)**	**(1 922)**	**(3 055)**	**(583)**	**(23 751)**

13. Goodwill and other intangible assets

	Goodwill Rm	Computer software Rm	Present value of in-force life insurance (PVIF) Rm	Other intangible assets Rm	Total Rm
Net book value at 1 January 2021	2 207	16 038	7	10	18 262
Cost	4 142	39 672	157	39	44 010
Accumulated amortisation and impairment	(1 935)	(23 634)	(150)	(29)	(25 748)
Movements	75	(1 424)	(3)	3	(1 349)
Additions	3	1 623		10	1 636
Disposals		(68)			(68)
Amortisation		(2 792)	(3)	(7)	(2 802)
Disposal of group assets and liabilities held for sale (note 5)		(255)			(255)
Exchange movements	86	235			321
Impairments (refer to KMA and note 36)	(14)	(167)			(181)
Net book value at 31 December 2021	**2 282**	**14 614**	**4**	**13**	**16 913**
Cost	**4 257**	**40 993**	**49**	**78**	**45 377**
Accumulated amortisation and impairment	**(1 975)**	**(26 379)**	**(45)**	**(65)**	**(28 464)**
Movements	**(51)**	**(1 732)**	**(3)**	**(6)**	**(1 792)**
Additions		**1 247**			**1 247**
Disposals		**(54)**			**(54)**
Amortisation (note 35)		**(2 674)**	**(4)**	**(6)**	**(2 684)**
Exchange movements	**(51)**	**135**	**1**		**85**
Impairments (refer KMA and note 36)		**(386)**			**(386)**
Net book value at 31 December 2022	**2 231**	**12 882**	**1**	**7**	**15 121**
Cost	**4 159**	**42 164**	**49**	**78**	**46 450**
Accumulated amortisation and impairment	**(1 928)**	**(29 282)**	**(48)**	**(71)**	**(31 329)**

R105 million (2021: R94 million) of borrowing costs were capitalised to computer software. Borrowing costs are capitalised using an average rate of 7.2% (2021: 4.2%). Intangible assets include work in progress of R1 986 million (2021: R2 153 million) for which amortisation has not yet commenced.

13. Goodwill and other intangible assets continued

13.1 Goodwill

	2022			2021		
	Gross goodwill Rm	Accumulated impairment Rm	Net goodwill Rm	Gross goodwill Rm	Accumulated impairment Rm	Net goodwill Rm
Stanbic IBTC Holdings PLC	1 960	(1 033)	927	2 043	(1 079)	964
Stanbic Holdings PLC (Kenya)	1 019		1 019	1 038		1 038
Other	1 180	(895)	285	1 176	(896)	280
Total	4 159	(1 928)	2 231	4 257	(1 975)	2 282

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 2022 or 2021.

Stanbic Holdings PLC (Kenya)

Based on the impairment test performed, no impairment was recognised for 2022 or 2021.

Goodwill relating to other entities

The remaining aggregated carrying amount of the goodwill of R285 million (2021: R280 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 2022 or 2021.

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.

2021

During 2021, the group's computer software assets' recoverable values were determined to be lower than their carrying values and were impaired by a total amount of R167 million.

14. Deferred taxation

14.1 Deferred tax analysis

	2022 Rm	2021 Rm
Accrued interest receivable	**87**	62
Assessed losses[1]	**(600)**	(338)
Leased assets included in loans and advances	**40**	56
Capital gains tax	**1 553**	1 954
Credit impairment charges	**(5 854)**	(5 247)
Property, equipment and right of use assets	**1 280**	1 415
Derivatives and financial instruments	**20**	39
Fair value adjustments on financial instruments	**523**	333
Intangible asset – PVIF	**(6)**	(4)
Policyholder change in valuation basis	**460**	933
Post-employment benefits	**176**	240
Share-based payments	**(771)**	(923)
Special transfer to policyholder tax fund	**(1 555)**	(1 811)
Provisions and other items	**(1 701)**	(892)
Deferred tax closing balance	**(6 348)**	(4 183)
Deferred tax liabilities	**2 473**	2 720
Deferred tax assets	**(8 821)**	(6 903)

1 The group has estimated tax losses of R1 897 million (2021: R1 391 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.

14. Deferred taxation continued

14.2 Deferred tax reconciliation

	2022 Rm	2021 Rm
Deferred tax at the beginning of the year	**(4 183)**	(3 736)
Total temporary differences for the year	**(2 165)**	(447)
Accrued interest receivable	**25**	51
Assessed losses	**(262)**	510
Leased assets included in loans and advances	**(16)**	(25)
Capital gains tax	**(401)**	798
Credit impairment charges	**(607)**	(67)
Property, equipment and right of use asset	**(135)**	(453)
Derivatives and financial instruments	**(19)**	23
Fair value adjustments on financial instruments	**190**	157
Intangible asset – PVIF	**(2)**	2
Policyholder change in valuation basis	**(473)**	(500)
Post-employment benefits	**(64)**	84
Share-based payments	**152**	(160)
Special transfer to life fund	**256**	(422)
Provisions and other items	**(809)**	(445)
Deferred tax at the end of the year	**(6 348)**	(4 183)
Recognised in OCI	**(52)**	87
Fair value adjustments on financial instruments	**(24)**	76
Defined benefit fund remeasurements	**(20)**	55
Other	**(8)**	(44)
Recognised in equity – deferred tax on share-based payments	**(59)**	(20)
Recognised in the income statement	**(2 026)**	(256)
Exchange differences	**(28)**	(258)
Recognised in OCI	**(5)**	4
Recognised in the income statement	**(23)**	(262)
Total temporary differences	**(2 165)**	(447)

15. Share capital

15.1 Authorised

	2022 Rm	2021 Rm
2 billion ordinary shares (2021: 2 billion)[1]	200	200
8 million first preference shares (2021: 8 million)[2]	8	8
1 billion second preference shares (2021: 1 billion)[3]	10	10
Total	218	218

1 Ordinary shares comprise shares of 10 cents each traded on the JSE and A2X 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

	2022 Rm	2021 Rm
Ordinary shares	27 509	18 021
Ordinary share capital	168	162
Ordinary share premium	27 341	17 859
Other equity instruments attributable to owners of parent	19 667	16 052
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)	14 164	10 549
Total	47 176	34 073

Holders of ordinary share capital hold one vote per ordinary share at the group's annual general meeting (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.

Additional tier 1 capital holders have no voting rights.

	Number of ordinary shares
Reconciliation of shares issued	
Shares in issue at 1 January 2021	1 619 941 184
Shares issued during 2021 in terms of the group's equity compensation plans	35 353
Shares in issue at 31 December 2021	1 619 976 537
Treasury shares held by entities within the group	28 404 495
Shares held by other shareholders	1 591 572 042
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	29 950 340
Shares held by other shareholders	1 648 374 283

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. Share capital continued

15.3 Unissued shares

	2022 Number of shares	2021 Number of shares
Ordinary unissued shares	**199 374 382**	257 354 962
Ordinary shares reserved to meet the requirements of EGS and GSIS[1]	**122 300 995**	122 668 501
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	**(33 524 720)**	(33 157 214)
Unissued ordinary shares	**321 675 377**	380 023 463
Unissued second preference shares	**947 017 752**	947 017 752

1 During the year, 367 506 (2021: 35 353) 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 2022 (2021: 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, notably the Deferred Bonus Scheme 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: Group share incentive schemes for further information). At the end of the year, the group would need to issue 1 238 352 (2021: 115 705) 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 2.1% (2021: 2.1%).

15.4 Interest of directors in the capital of the company

	Direct beneficial[1]		Indirect beneficial[1]	
	2022 Number of shares	2021 Number of shares	2022 Number of shares	2021 Number of shares
Ordinary shares[6]	**1 551 123**	993 865	**123 325**	183 779
L L Bam[2]	**400**			
A Daehnke	**132 533**	202 580	**8 650**	69 104
G J Fraser-Moleketi	**1 890**	1 890	**14 675**	14 675
T S Gcabashe[3]	**43 205**	43 205		
B J Kruger[4]	**571 886**			
J H Maree	**163 109**	163 109		
K D Moroka	**44 939**	67 151		
A N A Peterside			**100 000**	100 000
M J D Ruck[5]	**25 000**	25 000		
S K Tshabalala	**568 161**	490 930		
Second preference shares	**37 122**	10 331		
B J Kruger	**26 791**			
JH Maree	**10 331**	10 331		

1 As per JSE Listings Requirements.
2 Appointed to the board on 1 November 2022
3 Retired as a director on 31 May 2022, 2022 balances are reflected as at 31 May 2022.
4 Appointed to the board on 6 June 2022. 371 886 of the shares listed under direct beneficial holdings for BJ Kruger are held in a derivative equity purchase contract with maturity date of 23 April 2024.
5 Retired as a director of the company on 31 December 2022, balances are reflected as at this date.
6 Shares held by directors under share incentive scheme 1 359 813 (2021 :1 073 568).

There have been no changes to directors' interests in the group's share capital between 1 January 2023 and 9 March 2023.

15.5 General authority of directors to issue shares[1]

	2022 Number of shares	2021 Number of shares
Ordinary shares	**40 499 413**	40 498 530
Second preference shares	**1 324 556**	1 324 556

1 The general authority expires at the annual general meeting on 12 June 2023.

15. Share capital continued

15.6 Treasury shares

	2022 Number of shares	2021 Number of shares
Purchased during the year[1]	147 180 415	44 318 954
Total treasury shares held at the end of year[2]	29 950 340	28 404 495

1 Total number of ordinary shares purchased during the year by the group's banking activities to facilitate client trading activities and by the group's insurance activities for the benefit of policyholders 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 and insurance activities in terms of the transactions mentioned above.

15.7 Shareholder analysis

	2022		2021	
	Number of shares (million)	% holding	Number of shares (million)	% holding
Spread of ordinary shareholders (million)				
Public[1]	1 095.8	65.2	1 046.2	64.6
Non-public[1]	582.6	34.8	573.8	35.4
Directors, associates of directors and prescribed officers of SBG, and its subsidiaries[2]	1.9	0.2	1.3	0.1
ICBC	325.0	19.4	325.0	20.1
Government Employees Pension Fund (Investment managed by PIC)	243.9	14.5	234.9	14.5
SBG retirement funds	1.9	0.1	2.1	0.1
Restricted from trading for longer than six months	0.8	0.1	0.9	0.1
Tutuwa participants[3]	9.0	0.5	9.4	0.5
Associates of directors	0.1		0.2	
Total	1 678.4	100.0	1 620.0	100.0

Refer to footnotes below table that follows.

	2022		2021	
	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	0	52 982 248	
Public[1]	52 945 126	100	52 971 917	100
Non-public[1]	37 122	0	10 331	
Directors, associates of directors and prescribed officers of SBG, and its subsidiaries[2]	37 122	0	10 331	
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. Share capital continued

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

			Notional and carrying value	
Bond	Date issued	First callable date	**2022 Rm**	2021 Rm
SBT101	30 March 2017	31 March 2022		1 744
SBT102	21 September 2017	30 September 2022		1 800
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**	
SBT108	12 July 2022	13 July 2027	**2 000**	
SBT109	28 November 2022	31 December 2027	**3 600**	
Total			**14 164**	10 549

During 2022, the group issued additional Basel III compliant AT1 capital bonds amounting to R7 159 million (2021: R3 524 million) and redeemed R3 544 million (2021: Rnil). The capital notes 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 R968 million (2021: R746 million) were paid to AT1 capital bondholders. Current tax of R271 million (2021: R 208 million) relating to the AT1 capital bonds was recognised directly in equity resulting in an aggregate net equity impact of R697 million (2021: R538 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 annual general meeting.

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.

The investment in the cumulative redeemable preference shares of the BEE entities, accounted for by the group as a negative empowerment reserve, is set out below:

	2022 Rm	2021 Rm
Liberty (after non-controlling interests)		61
Outstanding shares issued		61

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 the remainder of 2022. The empowerment reserve opening balance of R61 million was thus fully settled during 2022.

17. Trading liabilities

	2022 Rm	2021 Rm
Collateral	5 556	4 084
Credit-linked notes	5 155	9 333
Government, municipality and utility bonds	5 151	3 535
Listed equities	49 197	45 488
Repurchase and other collateralised agreements	34 297	10 802
Unlisted equities and other instruments	10 572	8 242
Total	109 928	81 484

18. Deposits and debt funding

	2022 Rm	2021 Rm
Deposits and debt funding from banks	134 126	143 141
Deposits and debt funding from customers	1 754 973	1 633 474
Current accounts	357 186	329 669
Cash management deposits	222 883	253 750
Call deposits	496 414	482 239
Savings accounts	45 521	42 558
Term deposits	370 232	325 445
Negotiable certificates of deposit	179 430	102 777
Foreign currency funding	68 688	87 933
Other funding[1]	14 619	9 103
Total	1 889 099	1 776 615

[1] Included in other funding is mainly short-term deposits.

19. Subordinated debt

	Redeemable/ repayable date	First callable date	Notional value[1] Million	Carrying value[1] 2022 Rm	Carrying value[1] 2021 Rm
Subordinated debt qualifying as SARB regulatory banking capital					
Standard Bank Group Limited				24 440	22 746
SBT201[2]	13 February 2028	13 February 2023	ZAR3 000	2 973	2 978
SBT202[2]	3 December 2028	3 December 2023	ZAR1 516	1 520	1 522
SBT203[2]	3 December 2028	3 December 2023	ZAR484	489	510
SBT204[2]	16 April 2029	16 April 2024	ZAR1 000	1 018	1 012
SBT205[2]	31 May 2029	31 May 2024	USD400	6 569	6 525
SBT206[2]	31 January 2030	31 January 2025	ZAR2 000	2 029	2 019
SBT207[2]	25 June 2030	25 June 2025	ZAR3 500	3 503	3 498
SBT208[2]	28 November 2030	28 November 2025	ZAR1 500	1 514	1 509
SBT209[2]	29 June 2031	29 June 2026	ZAR1 722	1 720	1 723
SST201[2]	8 December 2031	8 December 2026	ZAR1 444	1 453	1 450
SST202[2]	31 August 2032	31 August 2027	ZAR1 639	1 652	
The Standard Bank of South Africa					992
SBK23	28 May 2027	28 May 2022	ZAR1 000		992
Subordinated debt issued to group companies				34	
Total subordinated debt qualifying as SARB regulatory banking capital				24 474	23 738
Africa Regions' subordinated debt not qualifying as SARB regulatory banking capital				1 155	1 106
Stanbic Bank Kenya	21 December 2029	15 February 2024	USD20	355	321
Standard Bank Eswatini	29 June 2023	29 June 2028	E100	104	104
Stanbic Botswana	2027 – 2032	2027 – 2032	BWP516	696	681
Total subordinated debt – Standard Bank Activities				25 629	24 844
Subordinated debt from investment management and life insurance activities					
Qualifying as regulatory insurance capital				6 115	5 586
LGL 06	4 October 2022		ZAR400		421
LGL 07	4 October 2022		ZAR600		606
LGL 08	28 February 2023		ZAR900	910	911
LGL 09	28 August 2024		ZAR1 100	1 133	1 129
LGL 10	8 October 2025		ZAR1 000	1 009	997
LGL 11	9 September 2026		ZAR1 500	1 557	1 522
LGL 12	4 October 2027		ZAR1 500	1 506	
Total				**31 744**	**30 430**

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.

20. Provisions and other liabilities

20.1 Classification

	2022 Rm	2021 Rm
Financial liabilities	**107 905**	119 428
Cash-settled share-based payment liability (annexure D)	**556**	438
Collateral and other insurance risk management liabilities	**8 031**	5 988
Insurance payables	**13 341**	12 477
Reinsurance liabilities (note 8.1)	**262**	205
Short term insurance liability	**1 468**	1 170
Third-party liabilities arising on consolidation of mutual funds (note 20.2)	**62 058**	72 734
Expected credit loss for off-balance sheet exposure (note 20.3)	**394**	588
Trading settlement liabilities	**8 367**	9 220
Lease liabilities (note 20.4)	**3 873**	4 330
Other financial liabilities	**9 555**	12 278
Non-financial liabilities	**31 378**	34 356
Items in the course of transmission	**9 457**	13 769
Post-employment benefits (note 43)	**1 081**	1 073
Staff-related accruals	**16 284**	14 453
Deferred revenue liability	**392**	371
Other non-financial liabilities[1]	**4 164**	4 690
Total	**139 283**	153 784

[1] 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 R2 828 million (2021: R2 650 million) and closing balance is R3 007 million (2021: R2 828 million), resulting in a net charge of R179 million (2021: net charge R178 million).

20.2 Third-party liabilities arising on consolidation of mutual funds

	2022 Rm	2021 Rm
Balance at the beginning of the year	**72 734**	61 505
Additional mutual funds classified as subsidiaries	**1 675**	1 627
Distributions	**(1 751)**	(1 182)
Fair value adjustments	**(5 126)**	10 334
Mutual funds no longer classified as subsidiaries	**(476)**	(7 132)
Net capital contribution or change in effective ownership	**(4 998)**	7 582
Balance at the end of the year	**62 058**	72 734

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.

20.3 Reconciliation of expected credit losses for off-balance sheet exposures

Letters of credit, bank acceptances and guarantees	Opening balance Rm	Net ECL (released)/ raised Rm	Exchange and other movements Rm	Closing balance Rm
2022				
Stage 1	**232**	**(21)**	**2**	**213**
Stage 2	**76**	**13**	**(1)**	**88**
Stage 3	**280**	**(74)**	**(113)**	**93**
Total	**588**	**(82)**	**(112)**	**394**
2021				
Stage 1	218	(1)	15	232
Stage 2	107	(32)	1	76
Stage 3	320	(37)	(3)	280
Total	645	(70)	13	588

20. Provisions and other liabilities continued

20.4 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
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**
2021							
Buildings	2 543	262	(96)	145	(675)	126	2 305
Branches	1 896	499	(54)	136	(924)	(3)	1 523
ATM spacing and other	517	13	(5)	20	(47)	4	502
Total	4 956	774	(155)	301	(1 646)	127	4 330

1 As at 31 December 2022, R231 million (2021: R271 million) of this interest expense was included in income from banking activities and R27 million (2021: R30 million) was included in operating expenses in investment management and life insurance activities.
2 These amounts include the principal lease payments as disclosed in the statements of cash flows of R1 529 million (2021: R1 345 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 2022 primarily comprise of new leases entered into and renewals of various building for offices, branch and ATM space leases. The maturity analysis for the lease liability is as follows R2 859 million within one year (2021: R3 161 million) and R1 057 million within one to five years (2021: R1 169 million).

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		
	Note	Held-for-trading Rm	Designated at fair value Rm	Default Rm
2022				
Assets				
Cash and balances with central banks	1			99 758
Derivative assets	2	74 410		
Trading assets	3	314 918		
Pledged assets	4	8 375		7 501
Disposal group assets held for sale	5			555
Financial investment	6		38 563	377 103
Loans and advances	7			665
Policyholders' assets	8			
Interest in associates	10			
Investment property	11			
Other financial assets[3]	9			
Other non-financial assets				
Total assets		397 703	38 563	485 582
Liabilities				
Derivative liabilities	2	85 049		
Trading liabilities	17	109 928		
Deposits and debt funding	18		2 822	
Policyholders' liabilities[4]	8		122 246	
Subordinated debt	19		6 115	
Other financial liabilities[3]	20		72 105	
Other non-financial liabilities				
Total liabilities		194 977	203 288	

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.
4 The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not financial instruments as defined.

Fair value through other comprehensive income						
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
		99 758	14 725		114 483	114 483
		74 410			74 410	74 410
		314 918			314 918	314 918
2 721		18 597	711		19 308	19 309
		555			555	555
81 708	905	498 279	222 926		721 205	721 470
		665	1 504 276		1 504 941	1 504 933
				2 974	2 974	
				9 956	9 956	
				29 289	29 289	29 289
			31 058		31 058	
				60 744	60 744	
84 429	905	1 007 182	1 773 696	102 963	2 883 841	
		85 049			85 049	85 049
		109 928			109 928	109 928
		2 822	1 886 277		1 889 099	1 888 030
		122 246		236 221	358 467	122 246
		6 115	25 629		31 744	33 378
		72 105	35 800		107 905	
				41 693	41 693	
		398 265	1 947 706	277 914	2 623 885	

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.

		Fair value through profit or loss		
	Note	Held-for-trading Rm	Designated at fair value Rm	Default Rm
2021				
Assets				
Cash and balances with central banks	1			80 602
Derivative assets	2	63 688		
Trading assets	3	285 020		
Pledged assets	4	5 005		3 877
Disposal group assets held for sale	5			361
Financial investments	6		38 399	396 259
Loans and advances	7			486
Policyholders' assets	8			
Interest in associates	10			
Investment property	11			
Other financial assets[3]	9			
Other non-financial assets				
Total assets		353 713	38 399	481 585
Liabilities				
Derivative liabilities	2	67 259		
Trading liabilities	17	81 484		
Disposal group liabilities held for sale	6			
Deposits and debt funding	18		3 576	
Policyholders' liabilities[4]	8		123 947	
Subordinated debt	19		5 578	
Other financial liabilities[3]	20		81 662	
Other non-financial liabilities				
Total liabilities		148 743	214 763	

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 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.
4 The fair value has been provided for financial liabilities under investment contracts which have been designated at fair value. The remaining liabilities for which fair value disclosure has not been provided relate to insurance contracts and investment contracts with discretionary participation features that are not financial instruments as defined.

	Fair value through other comprehensive income						
	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
			80 602	10 567		91 169	91 169
			63 688			63 688	63 688
			285 020			285 020	285 020
	4 143		13 025	1 153		14 178	14 179
			361		664	1 025	361
	71 435	1 015	507 108	217 592		724 700	725 560
			486	1 423 842		1 424 328	1 422 896
					2 868	2 868	
					7 280	7 280	
					29 985	29 985	29 985
				21 495		21 495	
					60 081	60 081	
	75 578	1 015	950 290	1 674 649	100 878	2 725 817	
			67 259			67 259	67 259
			81 484			81 484	81 484
					96	96	
			3 576	1 773 039		1 776 615	1 776 542
			123 947		239 076	363 023	123 947
			5 578	24 852		30 430	31 614
			81 662	37 766		119 428	
					44 633	44 633	
			363 506	1 835 657	283 805	2 482 968	

22. Fair value disclosures

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

	2022				2021			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets								
Cash and balances with central bank	97 616	2 142		99 758	79 112	1 490		80 602
Derivative assets	506	72 462	1 442	74 410	64	62 584	1 040	63 688
Trading assets	170 125	130 435	14 358	314 918	168 018	100 691	16 311	285 020
Pledged assets	18 572	25		18 597	12 211	814		13 025
Disposal group assets classified as held for sale[2]			555	555			361	361
Financial investments	236 740	246 549	14 990	498 279	266 443	222 228	18 437	507 108
Loans and advances		25	640	665		13	473	486
Investment property			29 289	29 289			29 985	29 985
Total assets at fair value	523 559	451 638	61 274	1 036 471	525 848	387 820	66 607	980 275
Financial liabilities								
Derivative liabilities	180	80 344	4 525	85 049	228	64 031	3 000	67 259
Trading liabilities	56 390	48 775	4 763	109 928	53 229	26 109	2 146	81 484
Deposits and debt funding		2 822		2 822		3 576		3 576
Policyholders' liabilities		122 246		122 246		123 947		123 947
Other financial liabilities		70 089	2 016	72 105		78 593	3 069	81 662
Subordinated debt		6 115		6 115		5 578		5 578
Total liabilities at fair value	56 570	330 391	11 304	398 265	53 457	301 834	8 215	363 506

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

Assets and liabilities transferred between level 1 and level 2

During the current year, R3.6 billion of financial investments was transferred from level 1 to level 2 as these assets are no longer listed or traded in an active market. During 2021, R6 billion of trading assets was transferred from level 1 to level 2 as these assets were no longer listed or traded in an active market.

22. Fair value disclosures continued

22.1 Assets and liabilities measured at fair value continued

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 2021	2 423	3 190	22 040	29 917	193	57 763
Total (losses)/gains included in profit or loss	(84)	196	662	(697)	(123)	(46)
Trading revenue	(84)	196				112
Other revenue			69		(123)	(54)
Investment gains/(losses)			593	(697)		(104)
Total gains included in OCI			66			66
Issuances and purchases	915	13 034	593	923	1 277	16 742
Sales and settlements	(2 161)	(80)	(3 367)	(156)	(874)	(6 638)
Transfers into level 3[1]	71	44				115
Transfers out of level 3[2]	(145)	(73)	(31)			(249)
Exchange and other movements	21		(1 526)	(2)		(1 507)
Balance at 31 December 2021	1 040	16 311	18 437	29 985	473	66 246
Balance at 1 January 2022	**1 040**	**16 311**	**18 437**	**29 985**	**473**	**66 246**
Total (losses)/gains 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 gains/(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	**(250)**	**(963)**	**(11 459)**	**(574)**	**(3 673)**	**(16 919)**
Transfers into level 3[1]	**58**					**58**
Transfers out of level 3[2]	**(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**

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

2 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.

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
2022						
Trading revenue	**466**	**(1 124)**				**(658)**
Other revenue			**434**		**58**	**492**
Investment gains/(losses)			**(290)**	**309**		**19**
Total	**466**	**(1 124)**	**144**	**309**	**58**	**(147)**
2021						
Trading revenue	(279)	3 332				3 053
Other revenue			189		(123)	66
Investment gains/(losses)			541	(348)		193
Total	(279)	3 332	730	(348)	(123)	3 312

22. Fair value disclosures continued

22.1 Assets and liabilities measured at fair value continued

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 2021	6 132	3 178	6 046	15 356
Total losses included in profit or loss[3]	395	85	10	490
Issuances and purchases	485	49		534
Sales and settlements	(3 934)	(1 104)	(2 987)	(8 025)
Transfers out of level 3[1]	(135)	(62)		(197)
Transfers into level 3[2]	57			57
Balance at 31 December 2021	3 000	2 146	3 069	8 215
Balance at 1 January 2022	**3 000**	**2 146**	**3 069**	**8 215**
Trading revenue in profit or loss	**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[1]	**(275)**	**(41)**		**(316)**
Transfers into level 3[2]	**7**			**7**
Balance at 31 December 2022	**4 525**	**4 763**	**2 016**	**11 304**

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

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

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

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

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

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 multiples) and the fair value measurement could be favourable/(unfavourable), if these inputs were higher/(lower). The changes in the inputs that have been used in the analysis have been determined taking into account several considerations such as the nature of the asset or liability and the market within which the asset or liability is transacted.

22. Fair value disclosures continued

22.1 Assets and liabilities measured at fair value continued

	Change in significant unobservable input	Effect on profit or loss	
		Favourable Rm	(Unfavourable) Rm
2022			
Derivative instruments	From (1%) to 1%	250	(250)
Financial investments	From (1%) to 1%	38	(41)
Trading assets	From (1%) to 1%	58	(58)
Trading liabilities	From (1%) to 1%	31	(31)
Total		377	(380)
2021			
Derivative instruments	From (1%) to 1%	322	(322)
Financial investments	From (1%) to 1%	163	(161)
Trading assets	From (1%) to 1%	86	(86)
Trading liabilities	From (1%) to 1%	51	(51)
Total		622	(620)

Financial investments classified as FVOCI

The measurement of financial investments classified as FVOCI would result in a R55 million favourable (2021: R134 million) and R58 million unfavourable (2021: R122 million) impact on OCI applying a 1% change (both favourable and unfavourable) of the significant unobservable inputs used to determine the fair value.

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 534 million (2021: R2 549 million). A 1% decrease in the exit capitalisation rate would result in an increase in the fair value of R3 303 million (2021: R3 177 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

	2022				2021			
	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	14 103	622		14 725	10 241	326		10 567
Pledged assets	171	541		712	626	527		1 153
Financial investments	182 085	35 205	5 901	223 191	168 406	45 686	4 360	218 452
Loans and advances	25 881	336 729	1 141 658	1 504 268	20 826	323 248	1 078 336	1 422 410
Total assets	222 240	373 097	1 147 559	1 742 896	200 099	369 787	1 082 696	1 652 582
Liabilities								
Deposits and debt funding	1 006 300	870 583	8 325	1 885 208	1 009 607	758 018	5 341	1 772 966
Subordinated debt		1 192	26 071	27 263		2 314	23 722	26 036
Total liabilities	1 006 300	871 775	34 396	1 912 471	1 009 607	760 332	29 063	1 799 002

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

	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
2022					
Financial investments	12 955	(188)	21	27	(1)
2021					
Financial investments	15 754		64	7	

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

22. Fair value disclosures continued

22.4 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					
2022					
Deposits and debt funding	**(5)**	**16**	**2 873**	**2 821**	**(52)**
Policyholders' liabilities			**122 246**	**122 246**	
Subordinated debt	**(30)**	**36**	**6 950**	**7 076**	**126**
Other financial liabilities			**72 103**	**72 103**	
Total	**(35)**	**52**	**204 172**	**204 246**	**74**
2021					
Deposits and debt funding	3	21	3 568	3 576	8
Policyholders' liabilities			123 947	123 947	
Subordinated debt	10	66	6 514	6 609	95
Other financial liabilities			81 662	81 662	
Total	13	87	215 691	215 794	103

[1] Gross of taxation. Refer to note 37.2 for detail on tax relating to the above.

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

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
2022			
Visa shares	**170**	**468**	**638**
STRATE Limited	**139**	**(7)**	**132**
Other	**(87)**	**(489)**	**(576)**
Total	**222**	**(28)**	**194**
2021			
Visa shares	151	19	170
STRATE Limited	143	(4)	139
Other	(119)	32	(87)
Total	175	47	222

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 expected credit loss (released)/ raised during the period Rm	Non-controlling interests and other movements Rm	Balance at the end of the year Rm
2022						
Sovereign	**264**	**(45)**	**2**	**(77)**	**(112)**	**32**
Total	**264**	**(45)**	**2**	**(77)**	**(112)**	**32**
2021						
Sovereign	243	(28)	(2)	41	10	264
Total	243	(28)	(2)	41	10	264

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
2022				
Total	**486**	**(148)**	**(112)**	**226**
2021				
Total	418	17	51	486

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
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**
2021					
Derivative assets	54 440		54 440	(43 566)	10 874
Trading assets	42 683		42 683	(38 877)	3 806
Loans and advances[5]	148 042	(26 973)	121 069	(118 691)	2 378
Total	245 165	(26 973)	218 192	(201 134)	17 058

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

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
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**
2021					
Derivative liabilities	53 436		53 436	(47 452)	5 984
Trading liabilities	10 402		10 402	(10 402)	
Deposits and debt funding[5]	33 940	(26 973)	6 967		6 967
Total	97 778	(26 973)	70 805	(57 854)	12 951

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

	2022 Rm	2021 Rm
Letters of credit and bankers' acceptances	19 378	23 617
Guarantees	103 061	118 895
Total	122 439	142 512

Loan commitments of R104 782 million (2021: R102 026 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

	2022 Rm	2021 Rm
Investment property	961	512
Property and equipment	465	341
Other intangible assets	190	196
Total	1 616	1 049

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

24.3 Lease commitments

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

	Within one year[1] Rm	Between one and five years Rm	Total Rm
2022			
Low-value assets and short-term leases[1]	534	14	548
Total	534	14	548
2021			
Low-value assets and short-term leases	40	30	70
Total	40	30	70

1 Additional short-term lease contracts relate to committed storage leases during 2022.

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

24.3.2 Motor vehicles under 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
2022							
Motor vehicles[1]	115	142	276	288	237	278	1 336
Total	115	142	276	288	237	278	1 336
2021							
Motor vehicles	62	125	128	178	129	74	696
Total	62	125	128	178	129	74	696

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

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

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

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. This is considered as a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*.

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[5] Rm	Within one year Rm	Within one to five years Rm	After five years Rm	Undated[1] Rm	Total Rm
2022							
Cash and balances with central banks[2]	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**	**147 866**	**74 317**	**17 404**	**722 481**
Gross loans and advances[3]	7	**145 335**	**406 122**	**506 644**	**439 158**	**63 510**	**1 560 769**
Other financial assets	9	**7 710**	**21 623**	**285**	**50**	**1 390**	**31 058**
Net derivative asset/(liability)	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)**
Deposits and debt funding	18	**(1 195 768)**	**(464 901)**	**(187 062)**	**(41 368)**		**(1 889 099)**
Subordinated debt[4]	19		**(6 488)**	**(25 256)**			**(31 744)**
Other financial liabilities	20	**(2 504)**	**(92 956)**	**(6 814)**	**(356)**	**(5 275)**	**(107 905)**
2021							
Cash and balances with central banks[2]	1	20 970				70 199	91 169
Trading assets	3	895	101 173	66 302	90 999	25 651	285 020
Pledged assets	4		11 438	1 391	1 349		14 178
Gross financial investments	6	6 287	498 864	160 779	45 132	13 957	725 019
Gross loans and advances[3]	7	136 436	404 854	495 408	382 457	56 571	1 475 726
Other financial assets	9		18 326	1 649		1 520	21 495
Net derivative asset/(liability)	2	1 145	(2 699)	531	(2 548)		(3 571)
Trading liabilities	17	(6 678)	(19 680)	(8 138)	(2 159)	(44 829)	(81 484)
Deposits and debt funding	18	(1 227 336)	(367 808)	(140 731)	(40 740)		(1 776 615)
Subordinated debt[4]	19		(2 139)	(28 291)			(30 430)
Other financial liabilities	20		(82 716)	(30 284)		(6 428)	(119 428)

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

25. Maturity analysis continued

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
2022				
Disposal group assets held for sale	5	**265**	**290**	**555**
Other assets	9	**9 181**	**6 524**	**15 705**
Interest in associates	10		**9 956**	**9 956**
Investment property	11		**29 289**	**29 289**
Property and equipment	12	**1 290**	**19 050**	**20 340**
Goodwill and other intangible assets	13		**15 121**	**15 121**
Provisions and other liabilities	20	**(27 164)**	**(4 214)**	**(31 378)**
Current and deferred tax asset	14	*	*	**9 578**
Current and deferred tax liability	14	*	*	**(10 315)**
2021				
Disposal group assets held for sale	5	1 025		1 025
Other assets	9	14 541	396	14 937
Interest in associates	10		7 280	7 280
Investment property	11		29 985	29 985
Property and equipment	12	919	19 700	20 619
Goodwill and other intangible assets	13		16 913	16 913
Provisions and other liabilities	20	(23 795)	(10 561)	(34 356)
Current and deferred tax asset	14	*	*	7 612
Current and deferred tax liability	14	*	*	(10 277)

* Undated.

26. Interest

26.1 Interest income

	2022 Rm	2021 Rm
Effective interest rate interest income on:		
Loans and advances	**109 263**	82 254
Financial investments	**22 872**	15 315
Interest income on credit impaired financial assets	**1 461**	1 643
Total	**133 596**	99 212
Interest income on items measured at amortised cost	**129 116**	95 946
Interest income on debt instruments measured at FVOCI	**4 480**	3 266

26.2 Interest expense

	2022 Rm	2021 Rm
Interest expense on deposits and debt funding	**54 091**	34 500
Interest expense on lease liabilities (note 20.4)	**231**	271
Interest expense on subordinated debt	**2 162**	2 005
Total	**56 484**	36 776
Interest expense on items measured at amortised cost	**56 253**	36 505
Interest expense on lease liabilities	**231**	271

27. Fee and commission

27.1 Fee and commission revenue

	2022 Rm	2021 Rm
Account transaction fees	10 266	9 466
Card-based commission	8 568	7 295
Documentation and administration fees	2 500	2 401
Electronic banking fees	5 584	4 977
Foreign currency service fees	2 688	2 289
Insurance fees and commission	2 393	2 243
Knowledge-based fees and commission	2 495	2 337
Other[1]	6 946	6 691
Total	41 440	37 699

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

	2022 Rm	2021 Restated Rm
Account transaction fees	1 460	1 380
Card-based commission[1]	4 058	3 115
Documentation and administration fees	355	295
Electronic banking fees	581	540
Insurance fees and commission	631	615
Customer loyalty expense	958	666
Other	776	733
Total	8 819	7 344

1 Restated. Refer to restatement section on page 69 for more detail.

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

28. Trading revenue

	2022 Rm	2021 Rm
Commodities	470	90
Equities	3 446	2 988
Fixed income and currencies	13 130	11 764
Total	17 046	14 842

29. Other revenue

	2022 Rm	2021 Rm
Banking and other revenue	1 143	1 047
Wealth and insurance-related income	2 898	2 562
Property-related revenue	96	39
Total	4 137	3 648

30. Other gains and losses on financial instruments

	2022 Rm	2021 Rm
Derecognition (losses)/gains on financial assets measured at amortised cost	(5)	8
Fair value gains on debt financial assets measured at FVTPL – default	331	539
Gains/(losses) on debt realisation of financial assets measured at FVOCI	53	(48)
Fair value gains on financial instruments designated at FVTPL	1 744	1 509
Fair value gains/(losses) on equity instruments measured at FVTPL[1]	315	9
Total	2 438	2 017

[1] Other has been presented as fair value gains/(losses) on equity instruments measured at FVTPL to provide a more appropriate analysis of the balance considering the nature and characteristics thereof.

31. Insurance

31.1 Insurance premiums received

	2022 Rm	2021 Rm
Insurance premiums	52 441	47 085
Long-term	49 841	44 908
Short-term	2 600	2 177
Reinsurance premiums	(3 062)	(2 721)
Long-term	(2 274)	(2 073)
Short-term	(788)	(648)
Net insurance premiums	49 379	44 364
Fund inflows from long-term investment contracts (Note 8)	18 413	19 494
Net premium income from insurance contracts and inflows from investment contracts	67 792	63 858
Long-term insurance	65 979	65 329
Retail	53 952	53 308
Institutional	12 027	12 021
Short-term insurance	1 813	1 529
Medical risk	1 239	1 025
Motor, property and other	574	504
Comprising:		
Recurring premium income and inflows from investment contracts	35 110	33 243
Retail	23 798	22 726
Institutional	9 499	8 988
Medical risk	1 239	1 025
Motor, property and other	574	504
Single premium income and inflows from investment contracts	32 682	30 615
Retail	30 154	27 582
Institutional	2 528	3 033
Net premium income from insurance contracts and inflows from investment contracts	67 792	63 858

31.2 Insurance benefits and claims paid

	2022 Rm	2021 Rm
Claims and policyholders' benefits under insurance contracts	44 177	48 673
Insurance claims recovered from reinsurers	(2 534)	(3 466)
Net insurance claims and policyholders' benefits	41 643	45 207
Change in policyholder liabilities under insurance contracts	(2 626)	22 572
Insurance contracts	(2 033)	21 021
Policyholder assets related to insurance contracts	(106)	2 182
Investment contracts with DPF	(799)	(220)
Reinsurance assets	312	(411)
Total	39 017	67 779

32. Investment management and service fee income and gains

	2022 Rm	2021 Rm
Investment income	**2 698**	2 210
Scrip lending fees	**63**	69
Rental income from investment property	**2 591**	2 105
Sundry income	**32**	24
Adjustment to surplus recognised on defined benefit pension fund	**12**	12
Total investment management and service fee income and gains	**2 698**	2 210

32.1 Revenue from contracts with customers

	2022 Rm	2021 Rm
Fee income and reinsurance commission		
Service fee income from long-term policyholder investment contracts	**1 450**	1 413
Service fee income from investment contracts	**1 469**	1 435
Deferred revenue released to profit or loss	**48**	43
Deferred income relating to new business	**(67)**	(65)
Fee revenue	**2 301**	1 995
Management fees on assets under management	**2 051**	1 794
Performance fees[1]	**52**	28
Health administration fees	**68**	75
Other fee revenue	**130**	98
Reinsurance commission earned on short-term insurance business[2]	**170**	134
Total revenue from contracts with customers	**3 921**	3 542

1 Performance fees are subject to variable constraints. As at the reporting date, the group assessed the potential of any revenue reversals due to these constraints and determined that the probability of such reversals is immaterial.
2 Reinsurance commission earned on short- term insurance business is included in Revenue from contracts with customers, although it is in fact recognised under IFRS 4 and not IFRS 15. The amount is immaterial and the presentation will be re-assessed should this change in the future.

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 on policyholder 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.

32.2 Interest income

	2022 Rm	2021 Rm
Financial assets classified at FVOCI		
Service fee income from long-term policyholder investment contracts		
Term deposits	**1 553**	1 226
At amortised cost		
Policy loans receivable – interest income	**22**	23
Interest income on cash and cash equivalents	**455**	292
Total interest income on financial assets using the effective interest rate method	**2 030**	1 541

33. Fair value adjustments to investment management liabilities and third-party fund interests

	2022 Rm	2021 Rm
Fair value adjustments to long-term policyholder liabilities under investment contracts	(614)	(17 629)
Fair value adjustments to third-party mutual fund interests	5 126	(10 334)
Investment properties	(207)	(106)
Property debtors at fair value through profit and loss	32	(5)
Financial assets at fair value through profit or loss – default	**999**	**64 267**
Financial instruments at fair value through profit or loss	2 524	60 461
Financial instruments held for hedging and for trading	(1 525)	3 806
Financial assets designated at fair value through profit or loss	8	7
Fair value of financial liabilities	(807)	(697)
Other	18	45
Total	**4 555**	**35 548**

34. Credit impairment charges

	2022 Rm	2021 Rm
Net expected credit loss raised	**12 739**	**10 917**
Financial investments (note 6)	817	23
Loans and advances (note 7.3)	11 981	10 964
Letters of credit and guarantees (note 20.3)	(82)	(70)
Other assets	23	
Recoveries on loans and advances previously written off	(1 287)	(1 238)
Modification losses on distressed financial asset	612	194
Total credit impairment charge	**12 064**	**9 873**

35. Operating expenses

	2022 Rm	2021 Restated[2] Rm
Standard Bank activities	**73 274**	**65 477**
Communication	1 353	1 242
Information technology	11 048	9 743
Marketing and advertising	2 375	2 026
Premises	2 103	1 938
Staff costs	40 885	36 642
Other[2]	15 510	13 886
Investment management and life insurance activities	**19 247**	**16 952**
Acquisition costs	4 362	4 219
Office costs	5 130	4 763
Staff costs	4 917	4 645
Other	4 838	3 325
Total	**92 521**	**82 429**
The following disclosable items are included in other operating expenses		
Auditors' remuneration	**383**	**339**
Audit fees – current year	359	325
Fees for other services[1]	24	14
Amortisation – intangible assets (note 13)	2 684	2 802
Depreciation (note 12)	4 635	4 478
Operating lease charges	263	328
Professional fees	2 114	1 888

1 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 chairman for further information.
2 Restated. Refer to restatement section on page 69 for more detail.

36. Non-trading and capital related items

	2022 Rm	2021 Rm
Gain/(loss) on sale of properties and equipment	39	(61)
Loss on disposal of business	(50)	(23)
Impairment of associate (note 10)	(74)	
Impairment of intangible assets (note 13)	(386)	(167)
Impairment of goodwill (note 13)		(14)
Fair value gain on investment property within Standard Bank Activities (note 11)[1]	708	11
Impairment of fixed asset (note 12)	(18)	
Compensation from third parties for ATMs that were impaired	79	
Remeasurement of non-current asset held for sale	30	(30)
Total	**328**	**(284)**

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

37. Direct and indirect taxation

37.1 Indirect taxation

	2022 Rm	2021 Rm
Value added tax (VAT)[1]	3 163	2 670
Other indirect taxes and levies	371	354
Total	**3 534**	**3 024**

1 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.

37.2 Direct taxation

	2022 Rm	2021 Rm
South African normal taxation	**12 780**	**9 544**
Current	12 726	9 815
Prior year	54	(271)
Deferred taxation	**(1 764)**	**(1 245)**
Current	(1 608)	(1 317)
Prior year	(156)	72
CGT, foreign normal and withholding tax – current year	**879**	**1 922**
Current	1 280	1 124
Deferred	(401)	798
Total direct taxation	**11 895**	**10 221**
Income tax recognised in OCI[1]	57	(92)
Deferred tax recognised directly in equity	59	20
Direct taxation per the income statement	**12 011**	**10 149**

1 Included in this amount is current tax charge recognised through OCI of Rnil (2021: R1 million current tax charge).

37. Direct and indirect taxation continued

37.2 Direct taxation continued

Income tax recognised in OCI

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

	2022 Rm	2021 Rm
Items that may be subsequently reclassified to profit or loss		
Movement in total hedge reserve[1]	**(11)**	(18)
Net change in fair value of cash flow hedges	**79**	(36)
Realised fair value adjustments of cash flow hedges transferred to profit or loss	**(90)**	18
Net change in fair value of debt financial assets measured at FVOCI	**9**	(25)
Net change in fair value	**11**	(25)
Realised fair value adjustments transferred to profit or loss	**(2)**	
Movement in net investment hedge reserve	**11**	
Items that may not be subsequently reclassified to profit or loss		
Defined benefit fund adjustments	**20**	(55)
Change in own credit risk recognised on financial liabilities designated at FVTPL	**11**	(1)
Net change in fair value of equity financial investments measured at FVOCI	**9**	(37)
Other	**8**	44
Total	**57**	(92)

1 Included in this amount is current tax charge recognised through OCI of Rnil million current tax charge (2021: R1 million current tax charge).

Tax rate reconciliation

	2022 %	2021 %
Direct taxation – statutory rate[1]	**28.0**	28.0
Prior year tax	**(0.2)**	(0.5)
Direct taxation – current year	**27.8**	27.5
Capital gains tax	**(0.2)**	3.8
Foreign tax and withholding tax	**3.7**	3.2
Change in tax rate	**0.3**	0.1
Direct taxation – current year – normal	**31.6**	34.6
Permanent differences	**(8.2)**	(8.0)
Non-taxable income – capital profit	**(0.2)**	(0.5)
Dividends received	**(3.3)**	(4.2)
Other non-taxable income – interest[2]	**(5.7)**	(5.8)
Assessed loss not subject to deferred tax[3]	**(0.7)**	0.5
Non-deductible expenses	**2.5**	2.1
Effects of profits taxed in different jurisdictions	**(0.8)**	(0.1)
Direct effective tax rate[4]	**23.4**	26.6

1 On 23 February 2022, the South African finance minister, as part of his National Budget Speech, confirmed that the corporate income rate will be reduced from 28% to 27% for financial years ending on or after 31 March 2023. The new rate will therefore be applied to deferred tax in 2022 and current tax in 2023.
2 Relates to interest income earned from certain governments in Africa Regions which is exempt from tax.
3 The group's assessed losses resulted in recognised deferred tax assets of R1211 million whereas in the prior year the group's assessed losses resulted in an increase in the unrecognised deferred tax asset of R204 million.
4 Expressed as a percentage of profit before direct taxation.

38. Earnings per ordinary share

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

	Number of units	
	2022 ('000)	2021 ('000)
Earnings attributable to ordinary shareholders (Rm)	**34 637**	24 865
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue before adjustments	**1 667 815**	1 619 953
Adjusted for deemed treasury shares held by entities within the group[1]	**(26 952)**	(29 305)
Weighted average number of ordinary shares in issue	**1 640 863**	1 590 648
Basic earnings per ordinary share (cents)	**2 110.9**	1 563.2
Diluted earnings per ordinary share		
Weighted average number of ordinary shares in issue	**1 640 863**	1 590 648
Adjusted for the following potential dilution		
Share incentive schemes	**12 070**	8 308
Standard Bank GSIS[2]	**36**	38
Standard Bank EGS[3]	**770**	522
Deferred Bonus Scheme	**5 734**	5 610
Performance Reward Plan	**4 674**	2 132
Share Appreciation Rights Scheme	**856**	6
Diluted weighted average number of ordinary shares in issue	**1 652 933**	1 598 956
Diluted earnings per ordinary share (cents)	**2 095.5**	1 555.1

1 The number of shares held by entities within the group are deemed to be treasury shares for IFRS purposes.
2 98 250 (2021: 158 000) share options were outstanding at the end of the year in terms of the GSIS.
3 2 594 941 (2021: 3 796 102) rights outstanding at the end of the year in terms of the Standard Bank EGS. These units are convertible into 295 194 (2021: 25 353) ordinary shares at year end.

Dilutive impact of shares issued during the year

Deferred Bonus Scheme

10 197 939 (2021: 6 512 198) 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 12 650 450 (2021: 8 434 728) 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

5 479 703 (2021: 3 715 153) 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 2 830 641 (2021: 2 830 641) units were hedged, which results in Nil (2021: Nil) dilutive shares being issued by the group and is included in the above dilutive earnings per ordinary share.

Share Appreciation Rights Scheme

1 822 128 (2021: 1 056 592) 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 777 840 (2021: 454 714) 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.

39. Headline earnings

	Gross Rm	Direct tax Rm	Attributable to NCI and other[1] Rm	Profit attributable to ordinary shareholders Rm
2022				
Profit for the year	**51 394**	**(12 011)**	**(4 746)**	**34 637**
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 ATMs that were impaired[3]	**(79)**	**22**		**(57)**
IAS 27/IAS 28 – Loss on disposal of business	**50**	**(15)**		**35**
IFRS 5 – Reversal of remeasurement of disposal group assets held for sale	**(30)**	**8**		**(22)**
IAS 28/IAS 36 – Impairment of associate	**74**	**(21)**		**53**
IAS 16/IAS 36 – Impairment of fixed asset	**18**	**(4)**		**14**
IAS 36 – Impairment of intangible assets	**386**	**(108)**		**278**
IAS 40 – Fair value gain on investment property[2]	**(708)**	**42**		**(666)**
Standard Bank Group headline earnings	**51 066**	**(12 078)**	**(4 741)**	**34 247**
2021				
Profit for the year	38 208	(10 149)	(3 194)	24 865
Headline adjustable items added	284	(75)	(53)	156
IAS 16 – Loss on sale of property and equipment	61	(5)		56
IAS 27/IAS 28 – Gain on disposal of business	23	(7)		16
IFRS 5 – Remeasurement of disposal group assets held for sale	30	(8)		22
IAS 36 – Impairment of intangible assets	167	(44)	(53)	70
IAS 36 – Impairment of goodwill	14	(3)		11
IAS 40 – Fair value gain on investment property	(11)	(8)		(19)
Standard Bank Group headline earnings	38 492	(10 224)	(3 247)	25 021

1 Non-controlling interests and other equity instrument holders.
2 Relates to the appreciation in fair value of investment property within Africa Regions.
3 During 2022, compensation of R79 million, gross of tax, was received from third-parties for ATMs that were written off during 2021, as a result of the unrest that occurred in Kwa-Zulu Natal and Gauteng.

	2022 Cents	2021 Cents
Headline earnings per ordinary share	**2 087.1**	1 573.0
Diluted headline earnings per ordinary share	**2 071.9**	1 564.8

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

40. Dividends

	2022 Rm	2021 Rm
Ordinary shares	**17 217**	9 720
Final		
511 cents per share declared on 11 March 2022 (2021: 240 cents per share declared on 11 March 2021)	**8 574**	3 888
Interim		
515 cents per share declared on 4 August 2022 (2021: 360 cents per share declared on 19 August 2021)	**8 643**	5 832
Second preference shares	**302**	287
Final		
273.982 cents per share declared on 11 March 2022 (2021: 272.93 cents per share declared on 11 March 2021)	**146**	145
Interim		
294.552 cents per share declared on 4 August 2021 (2021: 267.285 cents per share declared on 19 August 2021)	**156**	142
AT1 capital	**697**	538
31 December		
SBT 101		29
SBT 102		30
SBT 103	**38**	28
SBT 104	**30**	23
SBT 105	**35**	26
SBT 106	**32**	21
SBT 109	**28**	
31 October		
SBT 107	**26**	
SBT 108	**32**	
30 September		
SBT 101		30
SBT 102	**33**	30
SBT 103	**33**	28
SBT 104	**27**	23
SBT 105	**30**	26
SBT 106	**28**	
28 July		
SBT 107	**23**	
30 June		
SBT 101		29
SBT 102	**32**	29
SBT 103	**30**	28
SBT 104	**24**	23
SBT 105	**28**	26
SBT 106	**26**	
31 March		
SBT 101	**30**	29
SBT 102	**30**	29
SBT 103	**29**	28
SBT 104	**23**	23
SBT 105	**26**	
SBT 106	**24**	
Total dividends	**18 216**	10 545

40. Dividends continued

Final gross cash dividend No. 106 of 691.00 cents per share declared on 9 March 2023 (2021: 511 cents per share) payable on Tuesday, 11 April 2023 to all shareholders registered on Thursday, 6 April 2023.

6.5% first cumulative preference shares dividend No. 107 of 3.25 cents per share (2021: 3.25 cents) payable on Monday, 3 April 2023 to all shareholders registered on Friday, 31 March 2023.

Non-redeemable, non-cumulative, non-participating preference shares dividend No. 37 of 367.70036 cents per share (2021: 273.98185 cents), payable on Monday, 3 April 2023 to all shareholders registered on Friday, 31 March 2023.

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). and JIBAR plus 350 basis points (SBT 109). Interest is payable quarterly. For more information on AT1 capital, refer to note 15.8.

41. Statement of cash flows notes

41.1 Cash flow used in operations

	2022 Rm	2021 Restated[1] Rm
Profit before taxation	**54 928**	41 232
Amortisation of intangible assets	**2 682**	2 802
Credit impairment charges excluding recoveries	**13 351**	11 111
Defined benefit pension fund and post-employment benefits	**(94)**	4 667
Depreciation of property and equipment	**4 635**	4 478
Dividends included in trading revenue and investment income	**(1 407)**	(1 629)
Equity-settled share-based payments	**55**	609
Share of profit of associate	**(2 265)**	(1 094)
Indirect taxation	**(3 534)**	(3 024)
Interest capitalised	**105**	94
Unwinding of discount element on loans and advances	**(1 461)**	(1 643)
Net fund flows after service fees on policyholder investment contracts	**(2 281)**	
Impairment charges	**478**	294
Loss on sale of business and divisions	**20**	
Reversal of remeasurement of disposal group assets held for sale	**(39)**	
Fair value gain on investment property	**(708)**	(11)
Fair value adjustments on dated financial instruments	**(132)**	(63 883)
Accrued interest on sub debt	**39**	(39)
Fair value adjustment on third-party fund interests	**(5 126)**	10 334
Net (outflows)/inflows from third-party financial liabilities arising on consolidation of mutual funds	**(3 799)**	2 077
Distributions to third-party financial liabilities arising on consolidation of mutual funds	**(1 751)**	(1 182)
Service fee deferred on new business	**(206)**	78
Amortisation of deferred revenue liability	**319**	298
Unwinding of straight-line lease receivable	**(44)**	52
Net movement on short-term insurance liabilities net of reinsurance	**73**	52
Purchase of investment properties	**(169)**	(131)
Proceeds on sales of investment properties	**568**	5
Purchase of financial instruments	**16 944**	24 744
Proceeds on realisation of fair value gain on cash and cash equivalents	**391**	283
Repayment of collateral deposits payable	**(420)**	(1 058)
Policyholders' liability transfers		40 201
Investment gain		(695)
Net Investment gains on treasury shares		(542)
Cost of new business		(292)
Total	**71 152**	68 188

1 Restated, refer to page 26 for details on the restatements relating to the statement of cash flows.

41. Statement of cash flows notes continued

41.2 (Increase)/Decrease in operating assets

	2022 Rm	2021 Restated[1] Rm
Net derivative assets	7 191	9 544
Trading assets	(32 448)	(22 015)
Pledged assets	(3 263)	623
Financial investments	(32 645)	(26 562)
Loans and advances	(87 284)	(100 139)
Investment Property	(1 467)	(648)
Other assets	(13 161)	34
Total	(163 077)	(139 163)

1 Restated, refer to page 26 for details on the restatements relating to the statement of cash flows.

41.3 Increase/(Decrease) in operating liabilities

	2022 Rm	2021 Restated[1] Rm
Deposit and debt funding	138 933	112 075
Trading liabilities	29 870	(592)
Provisions and other liabilities	354	8 023
Total	169 157	(119 506)

1 Restated, refer to page 26 for details on the restatements relating to the statement of cash flows.

41.4 Cash payments to suppliers and employees

	2022 Rm	2021 Restated[1] Rm
Cash flows to suppliers	111 275	98 909
Cash flows to employees	44 340	39 605
Balance at the end of the year	155 615	138 514

1 Restated, refer to page 26 for details on the restatements relating to the statement of cash flows.

41. Statement of cash flows notes continued

41.5 Cash and cash equivalents

	2022 Rm	2021 Restated[1] Rm
Cash and balances with central banks (note 1)	114 483	91 169
On-demand gross loans and advances to banks (note 7.1)	77 481	66 234
Cash balances with banks within investment management and life insurance activities (note 6)	14 277	15 366
Balance at the end of the year	**206 241**	**172 769**

1 Restated, refer to page 26 for details on the restatements relating to the statement of cash flows.

41.6 Reconciliation of subordinated debt

	2022 Rm	2021 Rm
Balance at the beginning of the year	**30 430**	**29 306**
Subordinated debt issued	3 425	3 166
Subordinated debt redeemed	(2 263)	(2 200)
Exchange movements	363	200
Decrease/(Increase) in subordinated bonds issued to group companies	34	(8)
Other movements	(245)	(34)
Balance at the end of the year	**31 744**	**30 430**

Refer to **note 19** for details on subordinated debt.

42. Related party transactions

42.1 Key management personnel

Key management personnel include: the members of the SBG board of directors and prescribed officers active for 2022 and 2021. 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.

	2022 Rm	2021 Rm
Key management compensation		
Salaries and other short-term benefits paid		136
Post-employment benefits	5	5
Value of share options, rights and units expensed	181	73
Total	**366**	214
Loans and advances[1]		
Loans outstanding at the beginning of the year	**14**	14
Change in key management structures	(1)	(3)
Net change in loans during the year	7	3
Loans outstanding at the end of the year	**20**	14
Interest income	1	1
Deposit and debt funding[3]		
Deposits outstanding at the beginning of the year	**165**	188
Change in key management structures	44	(5)
Net change in deposits during the year	23	(18)
Deposits outstanding at the end of the year	**232**	165
Net interest expense	(5)	(3)
Investment products and third-party funds under management[2]		
Balance at the beginning of the year	**1 397**	1 229
Change in key management structures	568	(4)
Net change in investments during the year	45	172
Balance at the end of the year	**2 010**	1 397
Net investment return to key management personnel	(117)	(71)
Shares and share options held[4]		
Shares beneficially owned (number)	1 978 872	1 427 970
Share options held (number)	2 649 208	2 058 799

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 Due to the similar nature of investment products and third-party funds under management, the two products have been aggregated into one table.
3 Deposits and debt funding include cheque, current and savings accounts.
4 Aggregate details of SBG shares and share options held by key management personnel.

42. Related party transactions continued

42.2 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 and transactions were entered into between the group and ICBCS, an associate of the group:

Amounts included in the group's statement of financial position	2022 Rm	2021 Rm
Derivative assets	7 397	6 083
Loans and advances	4 507	5 885
Other assets	23	339
Derivative liabilities	(7 485)	(4 488)
Deposits and debt funding	(226)	(2 094)
Other liabilities	(136)	(1 515)

Significant transactions with ICBCS during the reporting period comprise primarily of non-interest revenue of R 367 million (2021: R266 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 2022, the expense recognised in respect of these arrangements amounted to R219 million (2021: R141 million).

42.3 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 and transactions were entered into between the group and ICBC, excluding those with ICBCS.

Amounts included in the group's statement of financial position	2022 Rm	2021 Rm
Loans and advances	1 795	3 254
Other assets[1]	1	980
Deposits and debt funding	(9 469)	(13 533)

[1] The group recognised losses in respect of certain commodity reverse repurchase agreements with third parties prior to the date of conclusion of the sale and purchase agreement, relating to SB Plc (now ICBCS) with ICBC. As a consequence of the sale and purchase agreement, the group holds the right to 60% of insurance and other recoveries, net of costs, relating to claims for those recognised losses prior to the date of conclusion of the transaction. Settlement of these amounts will occur based on audited information on pre-agreed anniversaries of the completion of the transaction and the full and final settlement of all claims in respect of losses incurred. As at 31 December 2021, a balance of USD43.54 million (R692 million) was receivable from ICBC in respect of this arrangement. On 12 August 2022, the balance payable from ICBC in respect of this arrangement was settled at an amount of USD43.77 million (R723 million) after a due process and regulatory approval being sought.

Letters of credit

The group has off-balance sheet letters of credit exposure issued to ICBC as at 31 December 2022 of R2 744 million (2021: R3 106 million).

42. Related party transactions continued

42.4 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:

	2022 Rm	2021 Rm
Deposits and debt funding	**(42 372)**	(32 468)
Interest expense	**(1 150)**	(1 345)

42.5 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	2022 Rm	2021 Rm
Financial investments held in bonds and money market	**754**	815

In addition to the above:

- the group manages R11 402 million (2021: R13 370 million) of the post-employment benefit plans' assets
- the post-employment benefit plans hold SBG ordinary shares to the value of R310 million (2021: R291 million).

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

43. Pensions and other post-employment benefits

	2022 Rm	2021 Rm
Amount recognised as other assets in the statement of financial position (note 9)		
Standard Bank Activities		
Retirement funds (note 43.1)	**1 273**	1 288
Other retirement funds (note 43.1)	**79**	46
Investment management and life insurance activities		
Retirement funds (note 43.1)	**48**	103
Total	**1 400**	1 437
Amounts recognised as provisions and other liabilities in the statement of financial position (note 20)		
Standard Bank Activities		
Post-employment healthcare benefits – other funds (note 43.2)	**602**	596
Investment management and life insurance activities		
Post-employment healthcare benefits (note 43.2)	**479**	477
Total	**1 081**	1 073

The total amount recognised as an expense for the defined contribution plans operated by the group amounted to R1 037 million (2021: R948 million).

43. Pensions and other post-employment benefits continued

43.1 Retirement funds

Standard Bank retirement funds

Membership of the principal fund, the Standard Bank Group Retirement Fund (SBGRF), comprises primarily SBSA's permanent staff. The fund, one of the ten largest in South Africa, is governed by the Pension Funds Act 24 of 1956 (Pension Funds Act). Member-elected trustees represent 50% of the trustee board. The assets of the fund are held independently. SBGRF is regulated by the Pension Funds Act, as well as the Financial Services Board.

The fund is subject to a statutory financial review by actuaries at an interval of not more than three years. A full actuarial valuation was performed during 2023 using 31 December 2022 data and, in the opinion of the actuary, the fund was considered to be financially sound. The next actuarial valuation will be performed on 31 December 2023 data during 2024.

The majority of employees in South Africa who are not members of the SBGRF 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.

Liberty retirement funds

The Liberty defined benefit pension scheme closed to new employees from 1 March 2001. Employees joining after 1 March 2001 automatically become members of the defined contribution schemes. All funds are governed by the Pension Funds Act.

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 43.2) 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.

43. Pensions and other post-employment benefits continued

43.1 Retirement funds continued

	2022 Rm	2021 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	**(43 942)**	(45 375)
Fair value of plan assets	**45 598**	46 988
Surplus	**1 656**	1 613
Asset ceiling	**(256)**	(176)
Included in other assets in the statement of financial position	**1 400**	1 437
SBGRF	**1 273**	1 288
Liberty retirement funds	**79**	46
Other retirement funds	**48**	103
Included in:		
Other assets (note 9)	**1 400**	1 437
Other liabilities (note 20)	**1 081**	1 073
Movement in the present value of funded obligations		
Balance at the beginning of the year	**45 375**	38 186
Current service cost	**1 416**	1 344
Interest cost	**4 395**	3 220
Employee contributions	**1 013**	955
Actuarial (gains)/ losses	**(5 568)**	3 356
Exchange movements	**(18)**	68
Benefits paid	**(2 671)**	(1 754)
Balance at the end of the year	**43 942**	45 375
Movement in the fair value of plan assets		
Balance at the beginning of the year	**46 988**	39 518
Interest income	**4 537**	3 321
Contributions received	**2 381**	2 251
Net return on assets	**(5 623)**	3 570
Exchange movements	**(14)**	82
Benefits paid	**(2 671)**	(1 754)
Balance at the end of the year	**45 598**	46 988
Cash	**805**	1 151
Equities	**18 574**	19 464
Bonds	**12 828**	12 887
Property and other	**13 391**	13 486

Plan assets do not include property occupied by the group.

The group expects to pay R1 498 million in contributions to the Standard Bank retirement funds in 2023 (2021: R1 392 million).

43. Pensions and other post-employment benefits continued

43.1 Retirement funds continued

	2022 Rm	2021 Rm
The amounts recognised in profit or loss are determined as follows:		
Current service cost	**1 416**	1 344
Net interest income	**(142)**	(101)
Included in staff costs	**1 274**	1 243
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 (loss)/gain under asset management	**(5 623)**	3 570
Actuarial gain/(loss)	**5 568**	(3 356)
(Loss)/gain from changes in demographic assumptions	**(4)**	2
Gain/(loss) from changes in financial assumptions	**5 464**	(3 232)
Gain/(loss) from changes in experience adjustments	**108**	(126)
Asset ceiling	**(80)**	(17)
Remeasurements recognised in OCI	**(135)**	197
Reconciliation of net defined benefit asset		
Net defined benefit asset at the beginning of the year	**1 437**	1 173
Net expense recognised	**(1 274)**	(1 243)
Amounts recognised in OCI	**(135)**	197
Company contributions	**1 368**	1 296
Exchange gain	**4**	14
Net defined benefit asset at the end of the year	**1 400**	1 437

43. Pensions and other post-employment benefits continued

43.2 Post-employment healthcare benefits

The group provides the following post-employment healthcare benefits to its employees:

Standard Bank

The largest portion of this liability represents a South African post-employment healthcare benefit scheme that covers all employees who went on retirement 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 2022. The next actuarial valuation is to be performed on 31 December 2023.

Liberty

Liberty operates an unfunded post-employment medical aid benefit for employees who joined before 1 July 1998. For past service of employees, Liberty recognises and provides for the actuarially determined present value of post-employment medical aid employer contributions on an accrual basis using the projected unit credit method.

	2022 Rm	2021 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	1 081	1 073
Included in the statement of financial position	1 081	1 073
Standard Bank	602	596
Liberty	479	477
Movement in the present value of defined benefit obligations		
Balance at the beginning of the year	1 073	1 102
Net expense recognised	122	111
Benefits paid	(87)	(88)
Amounts recognised in OCI	(25)	(56)
Foreign exchange movements	(2)	4
Balance at the end of the year	1 081	1 073

	2022 Rm	2021 Rm
The amounts recognised in profit or loss are determined as follows		
Current service cost	8	8
Net interest cost	114	103
Included in staff costs	122	111
Components of statement of other comprehensive income		
Actuarial (gain)/loss arising from changes in financial assumptions	(25)	6
Actuarial (gain) arising from experience adjustments		(62)
Remeasurements recognised in OCI	(25)	(56)

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 R122 million (2021: R111 million) and the defined benefit obligation is R1 081 million (2021: R1 073 million). A one percentage point change in the medical inflation rate would have the following effects on the amounts recognised:

	2022		2021	
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	(12)
Effect on the defined benefit obligation	101	(83)	100	(87)

44. Events after reporting date

Economic developments in South Africa

The Financial Action Task Force (FATF), which is an inter-governmental body consisting of 200 countries, placed South Africa on its list of jurisdictions that are subject to increased monitoring. The grey list is due to the country's insufficient progress in combating financial crime. In placing South Africa on the grey list, the FATF indicated that this is not a call for the application of enhanced due diligence measures on the country or for de-risking, or cutting-off entire classes of customers, but instead requires the application of a risk-based approach. From the time the FATF's Measurement and Evaluation Report on South Africa was published in October 2021, SBSA has been engaging with its correspondent banks and clients with a view to ameliorate the likely impact of FATF's decision. SBSA is committed to continuing to apply the highest standards of probity across all of our operations, services and platforms. SBSA also implemented several measures to improve its Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) framework. These include an enterprise-wide Money Laundering/Terrorist Financing risk assessment and further internal controls. SBSA has also improved the capabilities to detect and prevent financial crime. The grey listing is not expected to have a material direct effect on SBSA's business owing to its strong relationships with its international correspondent banks.

45. Segment reporting

45.1 Operating segments

Segmental structure of **client segments** and **solutions**

SBG

Client segments

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

Consumer & High Net Worth clients

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

Business & Commercial clients

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

Corporate & Investment Banking clients

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

Liberty

The Liberty business is a focused insurer and asset manager, offering a range of investments, long and short-term insurance, asset management and health services solutions. Our clients, which expand from individual customers to corporate clients across Africa, can leverage our extensive market leading range of products and services to help build and protect their wealth and lifestyle.

Where reporting responsibility changes for individual cost centres and divisions within segments, which does not constitute changes in the internal organisation, the segmental analysis' comparatives are reclassified accordingly.

Client solutions

Client solutions are made up of products and services for banking, insurance and investments and will expand into non-financial services and solutions over time.

Banking

Home services
Residential accommodation financing solutions, including related value added services.

Vehicle and asset finance
Comprehensive finance solutions in instalment credit, fleet management and related services across our retail, corporate and business markets.

Card and payments
Credit card facilities to individuals and businesses.
Merchant acquiring services.
Enablement of digital payment capabilities through various products and platforms.
Mobile money and cross-border businesses.

Retail lending
Comprehensive suite of lending products provided to individuals and small and medium-sized businesses.

Retail transactional
Comprehensive suite of transactional, savings, payment and liquidity management solutions.

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

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

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

Insurance

Short-term and Long-term insurance activities
- Short-term: Homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.
- Long-term insurance solutions to individual and corporate clients.
- Long-term: Life, serious illness, disability, funeral cover and loan protection plans sold in conjunction with related banking products.
- Advice and brokerage.

Investments

- Stockbroking and advisory, alternative investments, compulsory investments and discretionary investments.
- Wealth management, passive investments, international investments, structured products and social impact investing.
- Integrated fiduciary services including fiduciary advice, will drafting and custody services as well as trust and estate administration.
- Asset management.
- Pension fund administration.

Central and other

- Group hedging activities.
- Unallocated capital.
- Liquidity earnings.
- Central costs.

ICBC Standard Bank Plc

Equity investment held in terms of strategic partnership agreements with ICBC
- ICBC Standard Bank Plc (40% associate).

45. Segment reporting continued

45.2 Operating segments income statement[1]

	Consumer & High Net Worth		Business & Commercial		Corporate & Investment Banking	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
Income statement						
Income from Standard Bank Activities	**53 940**	48 264	**32 649**	26 682	**48 756**	39 669
Net interest income	**32 631**	28 485	**20 408**	15 801	**24 232**	18 544
Non-interest revenue	**21 309**	19 779	**12 241**	10 881	**24 524**	21 125
Net fee and commission revenue	**16 314**	15 293	**8 747**	8 159	**7 715**	7 109
Trading revenue	**1 547**	1 638	**2 723**	2 101	**13 693**	11 396
Other revenue	**3 445**	2 856	**523**	526	**934**	692
Other gains and losses on financial instruments	**3**	(8)	**248**	95	**2 182**	1 928
Net income from investment management and life insurance activities						
Total income	**53 940**	48 264	**32 649**	26 682	**48 756**	39 669
Credit impairment charges	**(7 745)**	(7 946)	**(2 271)**	(2 294)	**(2 549)**	374
Net income before operating expenses	**46 195**	40 318	**30 378**	24 388	**46 207**	40 043
Operating expenses in Standard Bank Activities	**(32 821)**	(29 644)	**(18 749)**	(16 631)	**(23 927)**	(21 318)
Staff costs	**(11 359)**	(10 476)	**(4 648)**	(3 837)	**(9 063)**	(8 268)
Other operating expenses	**(21 462)**	(19 168)	**(14 101)**	(12 794)	**(14 864)**	(13 050)
Operating expenses in insurance activities						
Net income before capital items and equity accounted earnings	**13 374**	10 674	**11 629**	7 757	**22 280**	18 725
Non-trading and capital related items	**122**	(96)	**167**	(36)	**146**	36
Share of post tax profit/(loss) from associates					**(14)**	213
Net income before indirect taxation	**13 496**	10 578	**11 796**	7 721	**22 412**	18 974
Indirect taxation	**(585)**	(509)	**(193)**	(149)	**(646)**	(486)
Profit before direct taxation	**12 911**	10 069	**11 603**	7 572	**21 766**	18 488
Direct taxation	**(3 079)**	(2 468)	**(2 895)**	(1 962)	**(4 124)**	(3 381)
Profit for the year	**9 832**	7 601	**8 708**	5 610	**17 642**	15 107
Attributable to non-controlling interests	**(597)**	(525)	**(439)**	(252)	**(2 367)**	(1 541)
Attributable to other equity instrument holders	**(216)**	(175)	**(89)**	(61)	**(349)**	(257)
Profit attributable to ordinary shareholders	**9 019**	6 901	**8 180**	5 297	**14 926**	13 309
Headline adjustable items	**(147)**	62	**(154)**	20	**(154)**	(16)
Headline earnings	**8 872**	6 963	**8 026**	5 317	**14 772**	13 293
Key ratios						
Credit loss ratio (bps)	**122**	134	**96**	111	**27**	(4)
Cost-to-income ratio (%)	**60.8**	61.4	**57.4**	62.3	**49.1**	53.7
Return on equity (%)	**17.3**	14.0	**33.7**	24.7	**19.2**	19.4

1 The segmental income statement has been disaggregated to better align to how management analyses and reviews segments. The prior year comparative disclosures have also been restated in line with this change. This aggregation had no impact on the income statement.

Central and other		Standard Bank Activities		Liberty		ICBCS		Standard Bank Group	
2022 Rm	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
(1 991)	(1 317)	**133 354**	113 298					**133 354**	113 298
(159)	(394)	**77 112**	62 436					**77 112**	62 436
(1 832)	(923)	**56 242**	50 862					**56 242**	50 862
(155)	(206)	**32 621**	30 355					**32 621**	30 355
(917)	(293)	**17 046**	14 842					**17 046**	14 842
(765)	(426)	**4 137**	3 648					**4 137**	3 648
5	2	**2 438**	2 017					**2 438**	2 017
				23 566	19 426			**23 566**	19 426
(1 991)	(1 317)	**133 354**	113 298	**23 566**	19 426			**156 920**	132 724
501	(7)	**(12 064)**	(9 873)					**(12 064)**	(9 873)
(1 490)	(1 324)	**121 290**	103 425	**23 566**	19 426			**144 856**	122 851
2 223	2 116	**(73 274)**	(65 477)					**(73 274)**	(65 477)
(15 815)	(14 061)	**(40 885)**	(36 642)					**(40 885)**	(36 642)
18 038	16 177	**(32 389)**	(28 835)					**(32 389)**	(28 835)
				(19 247)	(16 952)			**(19 247)**	(16 952)
733	792	**48 016**	37 948	**4 319**	2 474			**52 335**	40 422
(22)	(23)	**413**	(119)	**(85)**	(165)			**328**	(284)
333	407	**319**	620	**29**	(26)	**1 917**	500	**2 265**	1 094
1 044	1 176	**48 748**	38 449	**4 263**	2 283	**1 917**	500	**54 928**	41 232
(1 321)	(1 166)	**(2 745)**	(2 310)	**(789)**	(714)			**(3 534)**	(3 024)
(277)	10	**46 003**	36 139	**3 474**	1 569	**1 917**	500	**51 394**	38 208
(450)	(272)	**(10 548)**	(8 083)	**(1 463)**	(2 066)			**(12 011)**	(10 149)
(727)	(262)	**35 455**	28 056	**2 011**	(497)	**1 917**	500	**39 383**	28 059
(60)	(59)	**(3 463)**	(2 377)	**(284)**	8			**(3 747)**	(2 369)
(345)	(332)	**(999)**	(825)					**(999)**	(825)
(1 132)	(653)	**30 993**	24 854	**1 727**	(489)	**1 917**	500	**34 637**	24 865
4	20	**(451)**	86	**61**	70			**(390)**	156
(1 128)	(633)	**30 542**	24 940	**1 788**	(419)	**1 917**	500	**34 247**	25 021
		75	73						
		54.9	58.3						
		16.3	14.7					**16.4**	13.5

45. Segment reporting continued

45.2 Operating segments statement of financial position[2]

	Consumer & High Net Worth		Business & Commercial		Corporate & Investment Banking	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
Statement of financial position						
Net loans and advances	**619 292**	602 457	**236 603**	208 472	**682 321**	663 998
Net loans and advances to banks	**11 629**	25 124	**29 950**	21 735	**168 256**	209 526
Net loans and advances to customers	**607 663**	577 333	**206 653**	186 737	**514 065**	454 472
Home services	**421 398**	399 488	**21 820**	19 019		
Vehicle and asset finance	**61 843**	56 686	**43 835**	41 024	**6 801**	6 438
Card and payments	**32 149**	30 809	**1 726**	1 410	**376**	265
Personal unsecured lending	**92 273**	90 350				
Business lending			**139 272**	125 284		
Corporate and sovereign lending					**506 888**	447 769
Central and other						
Gross loans and advances to customers	**642 524**	609 401	**218 114**	197 856	**523 423**	462 133
Home services	**436 835**	414 202	**22 812**	19 902		
Vehicle and asset finance	**66 806**	60 448	**46 224**	43 746	**6 829**	6 459
Card and payments	**35 854**	34 521	**1 826**	1 578	**383**	268
Personal unsecured lending	**103 029**	100 230				
Business lending			**147 252**	132 630		
Corporate and sovereign lending					**516 211**	455 406
Central and other						
Credit impairments	**(34 861)**	(32 068)	**(11 461)**	(11 119)	**(9 358)**	(7 661)
Home services	**(15 437)**	(14 714)	**(992)**	(883)		
Vehicle and asset finance	**(4 963)**	(3 762)	**(2 389)**	(2 722)	**(28)**	(21)
Card and payments	**(3 705)**	(3 712)	**(100)**	(168)	**(7)**	(3)
Personal unsecured lending	**(10 756)**	(9 880)				
Business lending			**(7 980)**	(7 346)		
Corporate and sovereign lending					**(9 323)**	(7 637)
Central and other						
Policyholders' assets						
Other assets	**72 920**	75 612	**53 413**	49 390	**728 886**	640 631
Total assets	**692 212**	678 069	**290 016**	257 862	**1 411 207**	1 304 629
Equity	**56 070**	53 384	**27 070**	27 296	**94 330**	83 565
Liabilities	**636 142**	624 685	**262 946**	230 566	**1 316 877**	1 221 064
Deposits and debt funding	**400 996**	368 233	**454 517**	436 426	**1 100 924**	1 051 073
Deposits from banks	**8 380**	3 186	**7 410**	9 271	**152 727**	169 925
Deposits and current accounts from customers	**392 616**	365 047	**447 107**	427 155	**948 197**	881 148
Current accounts	**80 588**	80 410	**135 359**	128 377	**144 071**	124 993
Cash management deposits	**23**	8	**54 807**	53 844	**181 711**	207 653
Call deposits	**187 933**	177 544	**183 791**	183 648	**126 800**	123 183
Savings accounts	**39 331**	36 957	**6 077**	5 492	**100**	112
Term deposits	**79 640**	65 339	**59 772**	47 692	**240 722**	224 851
Negotiable certificates of deposit	**195**	615	**19**	1 027	**179 216**	101 659
Other deposits	**4 906**	4 174	**7 282**	7 075	**75 577**	98 697
Other liabilities[1]	**235 146**	256 452	**(191 571)**	(205 860)	**215 953**	169 991
Policyholder liabilities						
Total equity and liabilities	**692 212**	678 069	**290 016**	257 862	**1 411 207**	1 304 629
Average ordinary shareholders' equity	**51 385**	49 841	**23 829**	21 563	**76 860**	68 361

1 Other liabilities includes inter-divisional funding which fluctuates in line with asset growth.
2 The segmental statement of financial position has been disaggregated to better align to how management analyses and reviews segments. The prior year comparative disclosures have also been restated in line with this change. This disaggregation had no impact on the statement of financial position.

Central & other		Standard Bank Activities		Liberty		ICBCS		Standard Bank Group	
2022 Rm	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
(33 275)	(50 599)	**1 504 941**	1 424 328					**1 504 941**	1 424 328
(37 317)	(50 207)	**172 518**	206 178					**172 518**	206 178
4 042	(392)	**1 332 423**	1 218 150					**1 332 423**	1 218 150
		443 218	418 507					**443 218**	418 507
		112 479	104 148					**112 479**	104 148
		34 251	32 484					**34 251**	32 484
		92 273	90 350					**92 273**	90 350
		139 272	125 284					**139 272**	125 284
		506 888	447 769					**506 888**	447 769
4 042	(392)	**4 042**	(392)					**4 042**	(392)
4 043	92	**1 388 104**	1 269 482					**1 388 104**	1 269 482
		459 647	434 104					**459 647**	434 104
		119 859	110 653					**119 859**	110 653
		38 063	36 367					**38 063**	36 367
		103 029	100 230					**103 029**	100 230
		147 252	132 630					**147 252**	132 630
		516 211	455 406					**516 211**	455 406
4 043	92	**4 043**	92					**4 043**	92
(1)	(484)	**(55 681)**	(51 332)					**(55 681)**	(51 332)
		(16 429)	(15 597)					**(16 429)**	(15 597)
		(7 380)	(6 505)					**(7 380)**	(6 505)
		(3 812)	(3 883)					**(3 812)**	(3 883)
		(10 756)	(9 880)					**(10 756)**	(9 880)
		(7 980)	(7 346)					**(7 980)**	(7 346)
		(9 323)	(7 637)					**(9 323)**	(7 637)
(1)	(484)	**(1)**	(484)					**(1)**	(484)
				2 974	2 868			**2 974**	2 868
48 395	47 521	**903 614**	813 154	**465 655**	481 219	**6 657**	4 248	**1 375 926**	1 298 621
15 120	(3 078)	**2 408 555**	2 237 482	**468 629**	484 087	**6 657**	4 248	**2 883 841**	2 725 817
51 293	48 548	**228 763**	212 793	**24 536**	25 808	**6 657**	4 248	**259 956**	242 849
(36 173)	(51 626)	**2 179 792**	2 024 689	**444 093**	458 279			**2 623 885**	2 482 968
(43 012)	(58 441)	**1 913 425**	1 797 291	**(24 326)**	(20 676)			**1 889 099**	1 776 615
(34 392)	(39 241)	**134 125**	143 141					**134 125**	143 141
(8 620)	(19 200)	**1 779 300**	1 654 150	**(24 326)**	(20 676)			**1 754 974**	1 633 474
(2 832)	(4 111)	**357 186**	329 669					**357 186**	329 669
30	21	**236 571**	261 526					**236 571**	261 526
(2 110)	(2 136)	**496 414**	482 239					**496 414**	482 239
13	(3)	**45 521**	42 558					**45 521**	42 558
736	463	**380 870**	338 345					**380 870**	338 345
	(524)	**179 430**	102 777					**179 430**	102 777
(4 457)	(12 910)	**83 308**	97 036	**(24 326)**	(20 676)			**58 982**	76 360
6 839	6 815	**266 367**	227 398	**109 952**	115 932			**376 319**	343 330
				358 467	363 023			**358 467**	363 023
15 120	(3 078)	**2 408 555**	2 237 482	**468 629**	484 087	**6 657**	4 248	**2 883 841**	2 725 817
34 892	30 553		169 962	**15 419**	11 144	**5 901**	3 902	**208 286**	185 008

45. Segment reporting continued

45.3 Summarised income statement by solution

	Consumer & High Net Worth		Business & Commercial		Corporate & Investment Banking		Total	
	Net interest income	Non-interest revenue	Net interest income	Non-interest revenue	Net interest income	Non-interest revenue	Net interest income	Non-interest revenue
2022								
Home Services	9 712	253	537	27			10 249	280
VAF & Card and payment	5 521	2 091	1 872	2 163	90	411	7 483	4 665
Retail lending	7 848	1 319	5 960	1 648			13 808	2 967
Retail transactional	9 069	8 276	11 720	5 258			20 789	13 534
Insurance and investment solutions	462	7 691	22	426			484	8 117
Global Markets	19	1 679	297	2 719	3 069	14 491	3 385	18 889
Investment banking					5 963	5 274	5 963	5 274
Transactional products and services					15 110	4 348	15 110	4 348
Total	32 631	21 309	20 408	12 241	24 232	24 524	77 271	58 074
2021								
Home Services	9 699	260	459	23			10 158	283
VAF & Card and payment	5 114	2 159	1 612	2 024	144	391	6 870	4 574
Retail lending	7 283	1 194	5 259	1 283			12 542	2 477
Retail transactional	6 169	7 881	8 035	5 020			14 204	12 901
Insurance and investment solutions	140	3 990	21	441			161	4 431
Global Markets	10	892	159	1 974	2 595	12 580	2 764	15 446
Investment banking	203	3 203			5 724	4 176	5 927	7 379
Transactional products and services					10 204	4 552	10 204	4 552
Total	28 618	19 579	15 545	10 765	18 667	21 699	62 830	52 043

45. Segment reporting continued

45.4 Geographic information

	South Africa Rm	Africa Regions Rm	International Rm	Eliminations[1] Rm	Standard Bank Group Rm
2022					
Total income[2]	97 671	55 547	4 425	(723)	156 920
Banking activities	77 874	51 778	4 425	(723)	133 354
Liberty	19 797	3 769			23 566
Total headline earnings	21 555	11 656	1 054	(19)	34 246
Banking activities	17 785	11 721	1 054	(19)	30 541
Other banking interests	1 917				1 917
Liberty	1 853	(65)			1 788
Total assets	2 318 205	635 042	166 651	(236 057)	2 883 841
Banking activities	1 876 845	625 811	159 994	(236 057)	2 426 593
Other banking interests			6 657		6 657
Liberty	441 360	9 231			450 591
2021					
Total income[2]	90 297	40 383	3 054	(752)	132 982
Banking activities	70 871	40 383	3 054	(752)	113 556
Liberty	19 426				19 426
Total headline earnings	15 511	9 105	408	(4)	25 021
Banking activities	15 431	9 105	408	(4)	24 940
Other banking interests	500				500
Liberty	(419)				(419)
Total assets	2 241 684	562 951	158 335	(237 153)	2 725 817
Banking activities	1 761 154	559 394	154 087	(237 153)	2 237 482
Other banking interests			4 248		4 248
Liberty	480 530	3 557			484 087

1 Eliminations include intersegmental transactions and balances and also includes central funding and other.
2 Total income is attributable based on where the operations are located.

46. Interest rate benchmarks and reference interest rate reform

The Financial Stability Board had initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

During the 2021 financial year, the LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited, announced it would no longer publish EUR, CHF, JPY and GBP related LIBOR rates for all tenors after 31 December 2021. The ICE Benchmark Administration Limited (IBA) had adopted a two-stage approach for the cession of the USD LIBOR rates with the one-week and two-month USD LIBOR rates no longer being published after 31 December 2021 and the remaining being the overnight, one-month, three-month, six-month and 12-month rates no longer being published after 30 June 2023. The LIBOR rates which the group is exposed to will be replaced by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON).

During the 2022 financial year, the SARB has indicated its intention to move away from JIBAR and has identified a potential successor in the South African Rand Overnight Index Average Rate (ZARONIA). The new ZARONIA rate was published for observation during 2022 and is expected to be endorsed as a successor rate in 2023.

Majority of the non-USD IBOR transitions have been completed across the group. The group has several USD LIBOR-linked contracts that extend beyond 30 June 2023 and focus in 2022 has been placed on the planning and transition of these exposures ahead of the cessation date. The group ceased booking new LIBOR-linked exposures, apart from limited circumstances to align with industry guidance and best practice. New exposures are booked using the ARRs that have replaced IBORs, being SOFR, SONIA, ESTR, TONA and SARON. In certain instances, other suitable rates are used, such as Central Bank Policy Rates.

The group's established steering committee and working group within treasury and capital management (TCM) continue to monitor the progression of the remaining USD LIBOR-linked contracts (1-, 3-, 6- and 12-month tenor rates) to manage the transition to appropriate ARR ahead of cessation on 30 June 2023.

The steering committee tracks updates and best market practice recommendations emanating from official sector working groups established to catalyse transition in the relevant jurisdiction.

Communications to clients are ongoing via multiple platforms along with one-on-one engagements to discuss transition where exposed to USD LIBOR rates that mature post-cessation date.

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

- Model risk – risk of the valuation models used within the group not being able to cater for the changes in the intended manner.
- Legal risk – risk of being non-compliant to the agreements previously agreed with clients.
- Operational risk – risk of the group's systems not being able to accommodate for the changes to the interest rates as agreed with the clients.
- Financial risk – risk of not appropriately pricing the deals which will result in a transfer of value between the group and clients.
- Compliance/regulatory risk – risk that the bank is exposed to regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.
- Reputational risk – the risk to the bank's reputation from failing to adequately prepare for the transition.
- Conduct risk – risk that arises when transitioning existing contracts linked to IBORs as value-transfer may occur, or clients may be transitioned to inferior rates or on unfair contractual terms, or in circumstances where they do not fully appreciate the impact of the transition or the alternatives available to them.

FINANCIAL INSTRUMENTS IMPACTED BY THE REFORM WHICH ARE YET TO TRANSITION

	2022	2021			
	USD LIBOR Rm	GBP LIBOR Rm	USD LIBOR Rm	EUR LIBOR Rm	Other IBORs Rm
Total assets subject to IBOR reform	**173 685**	1 880	323 488	5 065	17
Derivative assets[1]	**121 454**	1 779	242 788		
Financial Investments	**2 491**				
Loans and advances[2]	**39 639**	101	72 657	5 065	17
Trading assets	**10 101**		8 043		
Total liabilities subject to IBOR reform	**(237 610)**	(5 624)	(246 576)	(403)	(2 710)
Derivative liabilities[1]	**(213 770)**	(5 624)	(218 180)		(367)
Deposits and debt funding	**(23 816)**		(28 142)	(403)	(2 343)
Trading liabilities	**(24)**		(254)		
Total off balance sheet exposures subject to IBOR reform	**(2 993)**		23 499	52	
Off-balance sheet items	**(2 993)**		23 499	52	

1 These balances represent the notional amount directly impacted by the IBOR reform. Where the derivatives have both pay and receive legs with exposure to the benchmark reform such as cross-currency swaps, the notional amount is disclosed for both legs.

2 Gross carrying amount excluding allowances for expected credit losses.

Standard Bank Group Limited – Company annual financial statements

Statement of financial position

as at 31 December 2022

	Note	COMPANY 2022 Rm	COMPANY 2021 Rm
Assets			
Financial investments	46	**28**	63
Interest in subsidiaries	47	**123 805**	107 682
Interest in associates	48	**8 335**	5 736
Deferred tax asset	49	**2**	2
Total assets		**132 170**	113 483
Equity and liabilities			
Equity		**106 910**	90 407
Share capital and premium	15	**27 509**	18 021
Equity attributable to other equity instrument holders	15	**19 667**	16 052
Reserves		**59 734**	56 334
Liabilities		**25 260**	23 076
Subordinated debt	50	**24 772**	22 641
Indebtedness by the company to group subsidiaries	47	**385**	377
Other liabilities		**103**	55
Current tax liabilities			3
Total equity and liabilities		**132 170**	113 483

Statement of comprehensive income

for the year ended 31 December 2022

		COMPANY	
	Note	**2022 Rm**	2021 Rm
Interest income		**1 734**	1 290
Interest expense		**(1 694)**	(1 293)
Other gains/(losses)	51	**36**	(36)
Dividends from subsidiaries		**19 872**	11 805
Total income		**19 948**	11 766
Operating expenses		**(81)**	(123)
Net income before impairments of investment		**19 867**	11 643
Reversal of previous impairment on associates	48	**84**	
Impairment of investment in subsidiaries	47	**(754)**	(26)
Net income before share of profits from associate		**19 197**	11 617
Share of profits from associates	48	**2 249**	888
Profit before direct taxation		**21 446**	12 505
Direct taxation	52	**(420)**	(286)
Profit for the year		**21 026**	12 219
Other comprehensive income/(loss) after tax for the year		**589**	(56)
Net change in fair value through OCI on financial assets	46, 48	**(27)**	10
Exchange differences on translating foreign associate operations	48	**489**	50
Share of associates cash flow hedge adjustment	48	**127**	(116)
Total comprehensive income		**21 615**	12 163
Attributable to the ordinary shareholder		**20 617**	11 338
Attributable to other equity instrument holders		**998**	825

Statement of cash flows

for the year ended 31 December 2022

	Note	COMPANY 2022 Rm	COMPANY 2021 Restated[1] Rm
Net cash flows from operating activities[1]		**19 482**	11 883
Interest and commission receipts[1]		**1 730**	1 290
Interest payments[1]		**(1 694)**	(1 273)
Cash payments to suppliers and employees[1]	53	**(86)**	317
Net movement in working capital		**83**	23
Decrease/(Increase) in operating assets[1]	53	**35**	(7)
Increase in operating liabilities[1]	53	**48**	30
Dividends received[1]		**19 872**	11 805
Direct taxation paid[1]		**(423)**	(279)
Net cash flows used in investing activities		**(6 579)**	(8 029)
Increase in investment in subsidiaries	53	**(6 904)**	(8 029)
Distributions from investments in associates and joint ventures	48	**325**	
Net cash flows used in financing activities		**(12 903)**	(3 854)
Proceeds from issue of share capital		**58**	
Issuance of other equity instruments		**7 159**	3 524
Redemption of other equity instruments		**(3 544)**	
Issuance of subordinated debt	53	**1 639**	3 166
Dividends paid		**(18 215)**	(10 544)
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 Restated. Refer to page 124 for details on the restatement.

Statement of changes in equity

for the year ended 31 December 2022

COMPANY	Note	Share capital and premium Rm
Balance at 1 January 2021		18 016
Issue of share capital and share premium	15	5
Issue of Additional Tier 1 capital	15	
Other		
Total comprehensive income		
Other comprehensive income[1]		
Profit for the year		
Dividends paid		
Balance at 31 December 2021		18 021
Balance at 1 January 2022		**18 021**
Issue of share capital and share premium	15	**9 488**
Issue of Additional Tier 1 capital	15	
Total comprehensive income		
Other comprehensive income[1]		
Profit for the year		
Dividends paid		
Balance at 31 December 2022		**27 509**

1 Movements in other comprehensive income relate to the movement in the reserves of ICBCS at 40%.

Revaluation reserve Rm	Cash flow hedging reserve Rm	FCTR Rm	Fair value through OCI reserve	Retained earnings Rm	Ordinary share-holders' equity Rm	Other equity instrument holders Rm	Total Rm
3 100	969		(64)	50 720	72 741	12 528	85 269
					5		5
						3 524	3 524
				(10)	(10)		(10)
		50	10	11 279	11 339	825	12 164
		50	10	(116)	(56)		(56)
				11 395	11 395	825	12 220
				(9 720)	(9 720)	(825)	(10 545)
3 100	969	50	(54)	52 269	74 355	16 052	90 407
3 100	**969**	**50**	**(54)**	**52 269**	**74 355**	**16 052**	**90 407**
					9 488		**9 488**
						3 615	**3 615**
		489	**(27)**	**20 155**	**20 617**	**998**	**21 615**
		489	**(27)**	**127**	**589**		**589**
				20 028	**20 028**	**998**	**21 026**
				(17 217)	**(17 217)**	**(998)**	**(18 215)**
3 100	**969**	**539**	**(81)**	**55 207**	**87 243**	**19 667**	**106 910**

Restatement

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

- The direct method provides a more reliable representation of the cash flow movements for the company within the statement of cash flows. This change only impacted net cash flows from operating activities within the statement of cash flows for company.

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

		2021		
	Note	As previously reported	Restatement	Restated
Net cash flows from operating activities		11 883	(11 883)	
Cash flow used in operations (indirect method)		340	(340)	
Profit before direct taxation		12 505	(12 505)	
Adjusted for non-cash items and other adjustments included in the income statement		(12 188)	12 188	
Increase in income-earning assets		(7)	7	
Increase in deposits, trading and other liabilities		30	(30)	
Dividends received		11 805	(11 805)	
Interest paid		(1 273)	1 273	
Interest received		1 290	(1 290)	
Taxation paid		(279)	279	
Net cash flows from operating activities			11 883	11 883
Cash flow from operations (direct method)			334	334
Interest and commission receipts			1 290	1 290
Interest payments			(1 273)	(1 273)
Cash payments to suppliers and employees			317	317
Net movement in working capital			23	23
(Increase)/Decrease in operating assets			(7)	(7)
(Increase)/Decrease in operating liabilities			30	30
Dividends received			11 805	11 805
Direct taxation paid			(279)	(279)
Net cash flows used in investing activities		(8 029)		(8 029)
Net cash flows used in financing activities		(3 854)		(3 854)
Net (decrease)/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				

46. Financial investments

	2022 Rm	2021 Rm
Financial investments held in banking activities – unlisted equities	**28**	63
Financial investment measured at fair value through OCI closing balance		35
Opening balance	**35**	28
Net change in fair value through OCI	**(1)**	7
Sale of investment	**(34)**	
Financial investment measured at fair value through profit or loss closing balance	**28**	28
Opening balance	**28**	28
Fair value adjustments		

Financial investments comprise of unlisted equities in Unlu Yatarim A.S measured at FVOCI and Business Partners Limited measured at FVTPL. Both investments are classified as level 3 in the fair value hierarchy. The investment in Unlu has been sold in the current year at its fair value.

47. Interest in subsidiaries

	2022 Rm	2021 Rm
Shares at cost[1]	**95 429**	81 126
Indebtedness to the company (annexure A)	**27 460**	25 640
Investment through equity-settled share incentives	**916**	916
	123 805	107 682
Indebtedness by the company (annexure A)	**(385)**	(377)
Total	**123 420**	107 305

[1] Refer to Annexure A for further details of the increase of the company's investment in Liberty Holdings Limited, that contributed to the R14.3bn increase in the shares at cost.

Principal subsidiaries and investments and related loans are listed in annexure A. For more detail regarding related party transactions, refer to **note 44**.

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 & Capital Management Committee (GRCMC).

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, new loans, interest accruals and exchange rate differences.

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 cost to sell). An impairment loss is recognised in profit or loss if the carrying value exceeds the recoverable amount.

During the reporting period, the carrying value of Standard Bank London Holdings Ltd (SBLH) was impaired by R754 million to its recoverable amount which approximated its net asset value (2021: R26 million impairment loss was recognised on the company's investment in Unisec Group).

48. Interest in associates

	2022 Rm	2021 Rm
Carrying value at the beginning of the year	**5 736**	5 110
Share of OCI movements	**(25)**	4
Share of cash flow hedge adjustment	**127**	(116)
Share of profit	**2 249**	888
Dividend received	**(325)**	(200)
Reversal of previous impairment on associates	**84**	
Currency translation	**489**	50
Carrying value at the end of the year	**8 335**	5 736

The company's investments in associates include South African Home Loans (Proprietary) Limited and ICBC Standard Bank Plc (ICBCS). Refer to annexure B for further detail.

49. Deferred tax asset

	2022 Rm	2021 Rm
Deferred tax reconciliation		
Deferred tax asset at the beginning of the year	**2**	4
Temporary difference for the year		(2)
Deferred tax on equity financial asset reserve recognised in OCI		(2)
Deferred tax asset at the end of the year	**2**	2

50. Subordinated debt

	Redeemable/payable date	First callable date	Nominal value[1] Million	Carrying value[1] 2022 Rm	2021 Rm
SBT201	13 February 2028	13 February 2023	ZAR3 000	**3 038**	3 026
SBT202	03 December 2028	03 December 2023	ZAR1 516	**1 527**	1 524
SBT203	03 December 2028	03 December 2023	ZAR484	**488**	488
SBT204	16 April 2029	16 April 2024	ZAR1 000	**1 019**	1 012
SBT205	31 May 2029	31 May 2024	USD400	**6 824**	6 387
SBT206	31 January 2030	31 January 2025	ZAR2 000	**2 030**	2 019
SBT207	25 June 2030	25 June 2025	ZAR3 500	**3 504**	3 503
SBT208	28 November 2030	28 November 2025	ZAR 1 500	**1 514**	1 509
SBT209	29 June 2031	29 June 2026	ZAR1 722	**1 723**	1 723
SST201	08 December 2031	08 December 2026	ZAR1 444	**1 453**	1 450
SST202	31 August 2032	31 August 2027	ZAR1 639	**1 652**	
Total				**24 772**	22 641

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 SBG company (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 R24.4 billion (2021: R22.7 billion).

50. Subordinated debt continued

50.1 Maturity analysis

	Within one year[1] 2022 Rm	Within one to five years[1] 2022 Rm	Total 2022 Rm	Within one to five years[1] 2021 Rm
Subordinated debt – discounted	**5 053**	**19 719**	**24 772**	22 641
Subordinated debt – undiscounted	**6 766**	**22 339**	**29 105**	28 722

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.

51. Other gains/(losses)

	2022 Rm	2021 Rm
Foreign exchange gains/(losses)	**33**	(43)
Other	**3**	7
Total	**36**	(36)

52. Direct taxation

	2022 Rm	2021 Rm
Current year		
South African normal tax	**305**	222
Deferred tax charge		2
Foreign and withholding taxes	**115**	67
Prior years		
South African normal tax prior year over provision		(5)
Total direct taxation recognised in statement of comprehensive income	**420**	286
South African tax rate reconciliation (%)		
Direct tax – statutory rate	**28.0**	28.0
Direct tax – current year	**28.0**	28.0
Withholding tax	**0.5**	0.5
Direct tax – current year – normal	**28.5**	28.5
Permanent differences	**(26.5)**	(26.2)
Impairment of investment	**0.9**	0.1
Non-deductible cost	**0.2**	0.5
Dividends received	**(24.7)**	(24.8)
Equity accounted earnings	**(2.9)**	(2.0)
Direct effective tax rate[1]	**2.0**	2.3

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 rate will be reduced from 28% to 27% for financial years ending on or after 31 March 2023. The new rate will therefore be applied to deferred tax in 2022 and current tax in 2023.

53. Statement of cash flow notes

53.1 Cash flow used in operations

	2022 Rm	2021 Restated Rm
Profit before direct taxation	21 446	12 505
Dividend received	(19 872)	(11 805)
Interest expense	1 694	1 293
Interest received	(1 734)	(1 290)
Share of profits from associates	(2 249)	(888)
Effects of exchange rate change on Investment in Associate		(50)
Impairment of investment in subsidiary	754	26
Reversal of previous impairment on associates	(84)	
Unrealised loss on financial instruments	(36)	521
Other non-cash expenses	(5)	5
Total	(86)	317

53.2 Decrease/(increase) in operating assets

	2022 Rm	2021 Restated Rm
Financial investments	35	(7)

53.3 Increase in operating liabilities

	2022 Rm	2021 Restated Rm
Other liabilities	48	30

53.4 Cash payments to suppliers and employees

	2022 Rm	2021 Restated Rm
Operating expenses	(86)	317

53.5 Increase in investment in subsidiaries

	2022 Rm	2021 Rm
Increase in investment in subsidiaries	(5 627)	(3 531)
Movement in indebtedness	(1 277)	(4 498)
Total	(6 904)	(8 029)

53.6 Reconciliation of subordinated debt

	2022 Rm	2021 Rm
Balance at the beginning of the year	22 641	18 970
Subordinated debt issued	1 639	3 166
Foreign exchange movement	435	485
Interest accrued	57	20
Balance at the end of the year	24 772	22 641

54. 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 structurd entities

STANDARD BANK GROUP[1]

The Standard Bank of South Africa[1]

- Diners Club (S.A.)[1]
- Standard Bank Insurance Brokers[1]
- Standard Offshore Finance Company Limited (Isle of Man)

Melville Douglas Investment Management[1]

- **Standard Insurance[1]**
- **Standard Trust[1]**
- **Stanvest[1]**
- **SBG Securities[1]**
- **Standard Bank Properties[1]**
- **Standard Lesotho Bank (80%)**
- **SBN Holdings Limited (74.90%)**
  - Standard Bank Namibia (99.96%)
- **Standard Bank Eswatini (72.22%)**
- **Standard Bank de Angola S.A (51%)**
- **Standard Advisory, (China)**
- **Standard Advisory London, (UK)**
- **Standard New York, (US)**

Stanbic Africa Holdings, (UK)

- Stanbic Bank (Botswana)
- Stanbic Bank Ghana (99.54%)
- Standard Holdings Côte d'Ivoire S.A. (99%)
  - Stanbic Bank S.A. (Côte d'Ivoire) (99%)
- Stanbic Uganda Holdings (80%)
  - Stanbic Bank Uganda (99.99%)
- Stanbic Bank Tanzania (99.99%)
- Stanbic Bank Zambia (99.99%)
- Stanbic Holdings Kenya (74.92%)[2]
  - Stanbic Bank Kenya
  - Stanbic Bancassurance Intermediary
- Stanbic IBTC Holdings Nigeria (67.55%)[3]
  - Stanbic IBTC Bank Nigeria (99.99%)
  - Stanbic IBTC Insurance Brokers (75%)[4]
- Stanbic Bank Zimbabwe
- Standard Bank RDC S.A. (DRC) (99.99%)
- Standard Bank Malawi (60.18%)
- Standard Bank (Mauritius)
- Standard Bank S.A. (Mozambique) (98.15%)

[1] Refer to footnotes on the following page.

Standard Bank London Holdings, UK

Standard Bank Offshore Group, Jersey[5]

- Standard Bank Offshore Trust Company Jersey
- Standard Bank Isle of Man
- Standard Bank Trust Company (Mauritius)
- Standard Bank Jersey

Liberty Holdings[1] (100%)[5]

- Liberty Group[1]
  - Liberty Two Degrees[1] (58.51%)
- Liberty Kenya Holdings (73.47%)
- STANLIB
  - STANLIB Asset Management[1]
  - STANLIB Collective Investments[1]
  - STANLIB Fund Managers Jersey
  - STANLIB Multi-Manager[1]
  - STANLIB Wealth Management[1]

Standard Bank Group International, Isle of Man

- Stanbic International Insurance, Isle of Man
- Standard Finance, Isle of Man

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] Incorporated in South Africa.
[2] Change in holding from 72.25% to 74.92%.
[3] Change in holding from 67.51% to 67.55%.
[4] 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 CEO of an Insurance Brokerage business to fulfil Nigerian regulatory requirements; however, this Shareholding is held by the CEO in a nominee capacity not in a personal capacity. Accordingly, the total beneficial shareholding of Stanbic IBTC Insurance Brokers by Stanbic IBTC Holdings PLC remains at 100%.
[5] Standard Bank Offshore Group Limited is owned jointly by Standard Bank Group International (5%) and SBG Limited (95%)
[6] The buyout of Liberty minority shareholders was completed in March 2022.

	Nature of operation	Nominal share capital issued Rm
Banking subsidiaries		
Stanbic Bank Botswana Limited (Botswana)[1#]	Commercial bank	420
Stanbic Bank Ghana Limited Company (Ghana)[1#]	Commercial bank	630
Stanbic Bank Kenya Limited (Kenya)[1#]	Commercial bank	423
Stanbic Bank S.A. (Côte d'Ivoire)[1#]	Commercial bank	974
Stanbic Bank Tanzania Limited (Tanzania)[1,3#]	Commercial bank	50
Stanbic Bank Zambia Limited (Zambia)[1,3#]	Commercial bank	660
Stanbic Bank Zimbabwe Limited (Zimbabwe)[#*]	Commercial bank	2
Stanbic Bank Uganda Limited (Uganda)[1#]	Commercial bank	227
Stanbic IBTC Bank PLC (Nigeria)[1#]	Commercial bank	331
Standard Bank de Angola S.A (Angola)[#]	Commercial bank	768
Standard Bank Isle of Man Limited (Isle of Man)[1#]	Commercial bank	25
Standard Bank Jersey Limited (Jersey)[1#]	Commercial bank	454
Standard Bank PLC (Malawi)[1,4#]	Commercial bank	23
Standard Bank (Mauritius) Limited (Mauritius)[1#]	Commercial bank	342
Standard Bank Namibia Limited (Namibia)[1,5#]	Commercial bank	2
Standard Bank RDC S.A. (DRC)[1,3#]	Commercial bank	944
Standard Bank S.A. (Mozambique)[1#]	Commercial bank	309
Standard Bank Eswatini Limited (Eswatini)[#]	Commercial bank	15
Standard Lesotho Bank Limited (Lesotho)[#]	Commercial bank	21
The Standard Bank of South Africa Limited[#]	Commercial bank	60
Total banking subsidiaries		

Refer to footnotes on the following page.

* Refer to the further details on subsidiaries section within annexure A for further detail.

	Effective holding[2]		Non-controlling interest		Book value of shares		Net indebtedness	
	2022 %	2021 %	**2022 %**	2021 %	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
	100	100						
	99	99	**1**	1				
	75	72	**25**	28				
	99	99	**1**	1				
	100	100						
	100	100						
	100	100			**136**	136		
	80	80	**20**	20				
	68	68	**32**	32				
	51	51	**49**	49	**359**	359	**50**	1
	100	100						
	100	100						
	60	60	**40**	40				
	100	100						
	75	75	**25**	25				
	100	100						
	98	98	**2**	2				
	72	72	**28**	28	**94**	94		
	80	80	**20**	20	**13**	13		
	100	100			**63 284**	59 669	**26 708**	24 633
					63 886	60 271	**26 758**	24 634

	Nature of operation	Nominal share capital issued
Non-banking subsidiaries		
Ecentric Payment Systems Proprietary Limited[1]	Development and marketing transactions – switching software and services	
Liberty Group Limited[1]	Insurance company	29
Liberty Holdings Limited	Insurance holding company	24
Liberty Two Degrees Limited[1,5]	Real Estate Investment trust	
Melville Douglas Investment Management Proprietary Limited[#]	Asset and portfolio management	
SBG Securities Proprietary Limited[#]	Stockbroker	
SBN Holdings Limited (Namibia)[4]	Bank holding company	1
Stanbic Africa Holdings Limited (UK)	Investment holding company	1 494
Stanbic Holdings Ghana Limited Company	Holding company	182
Stanbic Holdings PLC (Kenya)[1,4]	Bank holding company	232
Stanbic IBTC Holdings PLC (Nigeria)[1,4]	Bank holding company	331
Stanbic Uganda Holdings Limited (Uganda)[1,4]	Bank holding company	227
Standard Advisory (China) Limited (China)	Trading company	8
Standard Advisory London Limited (UK)	Arranging and advisory company	1
Standard Bank Group International Limited (Isle of Man)	Investment holding company	
Standard Bank Offshore Group Limited (Jersey)[2]	Investment holding company	17
Standard Bank Offshore Trust Company Jersey Limited (Jersey)[1#]	Trust company	6
Standard Bank Trust Company (Mauritius) Limited (Mauritius)[1#]	Trust company	
Standard Insurance Limited	Short-term insurance	15
Standard New York, Inc (US)	Securities broker/dealer	55
Standard Trust Limited[#]	Trust company	
STANLIB Limited[1]	Wealth and asset management	
Miscellaneous	Finance companies	
Total non-banking subsidiaries		
Total		

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 Effective shareholding represents Liberty group's direct shareholding.

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.

Effective holding		Non-controlling interests		Book value of shares		Net indebtedness	
2022 %	2021 %	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm
54	54	46	46				
100	54		46				
100	54		46	19 085	7 691		
58	58	42	42				
100	100			53	53		
100	100			323	323		
75	75	25	25	348	348		
100	100			10 572	10 572	33	240
100	100						
75	72	25	28				
68	68	32	32				
80	80	20	20				
100	100			10	10		
100	100			557	557		
100	100			308	308		
100	100			49	49		
100	100						
100	100						
100	100			30	30		
100	100			55	55		
100	100						
100	54		46				
				153	859	284	389
				31 543	20 855	317	629
				95 429	81 126	27 075	25 263

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 is available at the company's registered office, these disclosures include subsidiaries for which either of the following is present:

- Standard Bank Group Limited has provided a capital adequacy statement (denoted by #).
- There is a non-controlling interest. Refer to page 136 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 when converting to the group reporting currency.

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 %	**2022**	2021	Change %	**2022**	2021
USD/ZAR	11	**16.30**	14.77	7	**16.97**	15.89
GBP/ZAR	(1)	**20.19**	20.32	(5)	**20.42**	21.46
ZAR/AOA	(33)	**28.37**	42.61	(14)	**29.99**	34.94
ZAR/GHS	35	**0.54**	0.40	51	**0.60**	0.39
ZAR/KES	(2)	**7.22**	7.42	2	**7.27**	7.15
ZAR/MZN	(11)	**3.92**	4.41	(6)	**3.76**	4.02
ZAR/NGN	(5)	**26.08**	27.59	4	**27.14**	26.04
ZAR/UGX	(7)	**225.80**	242.64	(2)	**218.89**	223.04
ZAR/ZMW	(21)	**1.04**	1.33	1	**1.06**	1.05
ZAR/ZWL	1	**5.86**	5.90	(29)	**40.32**	6.84

Consolidation of Stanbic Ghana

During the second half of 2022, the difference between the Bank of Ghana (BOG) foreign exchange (forex) market rate and the Ghana interbank (interbank) market rate began to increase. This resulted in two exchange rates being available in Ghana.

When translating a net investment (subsidiary), the rate used would often be the dividend remittance rate. However, where more than one exchange rate is available, judgement is required when determining the most appropriate dividend remittance rate. During 2022, Stanbic Ghana was informed by the BOG that dividend repatriation would not be accessible within the BOG forex market. As such, Stanbic Ghana would need to transact outside of this market to be able to obtain foreign exchange for dividend repatriation. Dividend remittances for Stanbic Ghana in the second half of 2022 were transacted at a rate more aligned to the interbank rate. The interbank rate is considered an appropriate spot rate as there is a legal ability to access liquidity at the interbank rate when dividends are converted to USD, it is the group's intention to obtain foreign exchange in the interbank market, the interbank-sourced foreign exchange is available for immediate delivery and the interbank rate is a rate published with sufficient liquidity. Therefore the interbank rate has been deemed as the most appropriate rate to use when translating and consolidating the results of Stanbic Ghana into the group results.

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 foreign exchange 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 the bank is able to trade RTGS dollars (official currency). The starting rate of trade in this interbank market was 2.5 RTGS:USD.

The foreign exchange interbank market was replaced by the foreign exchange auction trading system as from 23 June 2020. As at 31 December 2022, the rate deteriorated to 684.33 RTGS:USD from 108.67 RTGS:USD as at 31 December 2021, which resulted in an FCTR loss of R2.6 billion (2021: R539 million) for the group, after the hyperinflation adjustment translation adjustment per IAS 21 *The Effects of Changes in Foreign Exchange Rates* (IAS 21).

During 2022, the Zimbabwe year-on-year monthly inflation rate moved from 61% to 244% at the end of December 2022. Therefore, SBZ remains a group entity operating in a hyperinflationary economy and the results for SBZ continue to be adjusted in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. This resulted in the group's profit attributable to ordinary shareholders for the year ended 31 December 2022 decreasing by R617 million (2021: R140 million).The rebasing impact of the opening balances resulted in an increase in retained earnings of R1.2 billion (2021: R259 million). The consumer price index at the beginning of the reporting period was 3 977% (2021: 2 475%) and closed at 13 673% (2021: 3 977%).

Non-banking subsidiaries

Completion of the group's acquisition of the remaining non-controlling ordinary shares in Liberty Holdings Limited through a scheme of arrangement

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*. 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[1]	9 430
Special dividend[2]	1 287
Cash consideration	1 670
Net asset value attributable to non-controlling shareholders at date of sale[2]	**(7 904)**
Decrease in retained earnings	**4 483**

1 Refer to equity securities section that follows for further detail relating to the number of shares issued.
2 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.

Consolidated structured entities

		Amount of support provided as at[1,2,3]		Type of support[4]	
Name of the entity	**Nature of the operations**	**2022 Rm**	2021 Rm	**2022**	2021
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
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
Siyakha Fund (RF) Proprietary Limited (Siyakha)	Facilitates mortgage backed securitisations. The group is the primary liquidity facility provider to Siyakha.			**Subordinated loan**	Subordinated loan
Blue Shield Investments 01 (RF) Limited (Blue Shield 01)	Facilitates mortgage backed securitisations. The group is the primary liquidity facility provider to Blue Shield 01.		495	**Subordinated loan**	Subordinated loan
			16 005	**Mortgage backed notes**	Mortgage backed notes
Blue Shield Investments 02 (RF) Limited (Blue Shield 02)	Facilitates mortgage backed securitisations. The group is the primary liquidity facility provider to Blue Shield 02.		1 800	**Subordinated loan**	Subordinated loan
			29 030	**Mortgage backed notes**	Mortgage backed notes
Blue Banner Securitisation Vehicle RC1 Proprietary Limited (Blue Banner)	Originates mortgage loans on behalf of group. The group is required to provide the funding for these mortgage loans.			**Bridging finance**	Bridging finance
Rapvest Investments Proprietary Limited	Facilitates finance deals for other group companies and third parties through preference share investments and loans to clients.	**2 128**	4 685	**Loan**	Loan
DAF Financial Services (RF) Proprietary Limited (DFS)	This special purpose vehicle (SPV) deals with the provision of vendor financing to SMEs to acquire vehicles in order to import and distribute the trucks.	**195**	127	**Loan**	Loan
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.	**248**	238	**Subordinated loan**	Subordinated loan

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 2022 and 2021, 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.

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
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.
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.
The loan did not have a fixed term or repayment date. Interest was charged at prime plus 5% and was only payable when Siyakha had sufficient cash reserves.	Should Siyakha's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans are classified as non-performing.
Interest is charged at the lower of JIBAR plus 10% or net profit after tax or cash balance available in Blue Shield 01. The subordinated loan was repaid in 2022.	Should Blue Shield's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans are classified as non-performing.
The group held A1, A2, A3 and C notes. Interest for the different classes of notes accrued at the three-month JIBAR rate plus a margin ranging from 1.55% to 4.00%. Interest is paid quarterly. The notes have a contractual maturity date of 21 November 2024 but were settled in full in 2022.	
Interest is charged at prime plus 1% or net profit after tax or cash balance available in Blue Shield 02. The subordinated loan was repaid in 2022.	Should Blue Shield 02's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans are classified as non-performing.
The group held A1, A2, B and C notes. Interest for the different classes of notes accrued at prime less a margin ranging from 1.9% to 1.00%. Interest is paid quarterly. The notes have a contractual maturity date of 1 December 2055 but were settled in full in 2022.	
The loan did not have a fixed term or repayment date. Any profits in Blue Banner were paid out as interest to the group.	Should Blue Banner's customers be unable to meet their contractual obligations under the mortgage loan agreement and the loans are classified as non-performing.
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.
The loans bear interest at a rate of prime plus 1%. The maturity date of the loan is 30 September 2023.	SBSA is exposed to the first-loss risk in the structure as well as potential losses that may be incurred on the receivables as a result of residual asset value risk. The residual asset value risk is, however, limited due to a put option that is in place.
The loan is only repayable to the extent that Mainstreet receives payment from BG2, BG3 and Siyakha. The interest is charged at the higher of JIBAR plus 10% and the cash available in terms of Mainstreet's priority of payments less R15 000.	In the event that customers of BG2, BG3 and Siyakha are unable to meet their contractual obligations under the mortgage loan agreement and their loans are classified as non-performing.

Consolidated structured entities continued

Investment management and life insurance activities

Name of the entity	Nature of the operations	Amount of support provided as at[1,2,3] 2022 Rm	Amount of support provided as at[1,2,3] 2021 Rm	Type of support[4] 2022	Type of support[4] 2021
Passives Funding (RF) (Pty) Ltd)	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.	**1 817**	22 850	**Equity Linked Notes (ELN)**	Equity Linked Notes (ELN)
		1 752	1 556	**Preference share investment**	Preference share investment
			27	**Collateral deposit and interest rate derivatives**	Collateral deposit and interest rate derivatives
LibFin Note Issuer 1 (RF) (Pty Ltd)	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.		6 797	**Equity Linked Notes (ELN)**	Equity Linked Notes (ELN)
		1 147	1 009	**Preference share investment**	Preference share investment
		189		**Collateral deposit and interest rate derivatives**	Collateral deposit and interest rate derivatives
Vineyard Road Investments (RF) (Pty) Ltd	Vineyard Road Investments (RF) Limited 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.	**103**	112	**Preference share investment**	Preference share investment
Blue Diamond Investments No.3 (RF) (Pty) Ltd (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.	**173**	180	**Credit-linked notes**	Credit- linked notes

The following represents Investment management and life insurance's interest in consolidated structured entities, classified into products.

	2022 Rm	2021 Rm
Debt instruments designated at fair value through profit or loss[1]		
Unlisted preference shares	**3 002**	2 677
Listed term deposits	**173**	180
Unlisted term deposits	**1 817**	29 647
Interest rate derivative (liability)/asset	**(990)**	(992)
Collateral deposits receivable	**1 156**	1 008
Total	**5 158**	**32 520**

1 Further disclosure on consolidated structured entities for investment management and life insurance activities have been included to provide a better analysis of these structured entities. The prior year comparative disclosures have also been restated in line with this change. This disclosure had no impact on the statement of financial position.

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
As at 31 December 2022, R1.82 billion (2021: R22.8 billion) of equity-linked notes (ELNs) had been issued to Liberty Group Limited. Liberty Group Limited also owns R1.75 billion (2021: R1.56 billion) preference shares in Passives Funding. Liberty Group Limited provided a R1.5 billion liquidity facility to Passives Funding. Passives Funding will pay interest to Liberty Group Limited 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 Liberty Group Limited in 2022 was R7 million (2021: R9 million).	Exposure to contingent credit risk of the underlying assets held in Passives Funding (RF) (Pty) Ltd.
As at 31 December 2022, Rnil billion (2021: R6.8 billion) of ELNs had been issued to Liberty Group Limited. Liberty Group Limited also owns R900 million (2021: R900 million) 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 Liberty Group Limited 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 Liberty Group Limited in 2022 was R6.9 million (2021: R8.6 million).	Exposure to contingent credit risk of the underlying assets held in LibFin Issuer 1 (RF) (Pty) Ltd.
Liberty Group Limited owns R100 million (2021: 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 2022, this amount was R2.9 billion (2021: R2.5 billion). Vineyard Road will pay interest to Liberty Group Limited 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 Liberty Group Limited in 2022 was R12.7 million (2021: R13.4 million).	Exposure to contingent credit risk of the underlying assets held in Vineyard Road Investments (RF) (Pty) Ltd.
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.

Unconsolidated structured entities

The group has an interest in the following unconsolidated structured entities:

Standard Bank Activities

Name of the entity	Nature and purpose of entity	Principal nature of funding	Principal nature of assets
Blue Diamond Investments No.1 (RF) (Pty) Ltd (BD1)	This structure has been designed to provide third-party investors indirect exposure to corporate names. The group obtains credit protection from Blue Diamond Investments No.1 (RF) (Pty) Ltd (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
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
Africa ETF Issuer Limited offering the following: **• AfricaPalladium ETF (JSE code: ETFPLD)** **• AfricaPlatinum ETF (JSE code: ETFPLT)** **• AfricaGold ETF (JSE code: ETFGLD)** **• AfricaRhodium 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 and the JSE's Listings Requirements.	The unconsolidated structured entity is funded by the issue of non-interest bearing debentures that are 100% backed by the underlying physical commodity	Physical commodities (palladium, platinum, gold and rhodium)

The following represents the group's interests in unconsolidated structured entities

	2022 Rm	2021 Rm
Balance sheet		
Unconsolidated structured entities		
Financial investments[1]		221
Deposits and debt funding accounts from customers	**(5 745)**	(2 220)
Trading assets	**47**	40
Total[1]	**(5 698)**	(1 959)

1 Financial investments in various products are disclosed in the investment management and life insurance activities' unconsolidated structured entities table below (2021: R221 million).

Terms of contractual arrangements		Events/circumstances that could expose the group to a loss	Types of income received by the group
9 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.
11 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.
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.

Unconsolidated structured entities continued

Investment management and life insurance activities

Name of the entity	Nature and purpose of entity	Nature of asset	Principal activity of entity
Calibre Mortgage Fund (Pty) 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
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
SA Securitisation Programme (RF) Limited	SASFIN securitisation vehicle.	Listed, rated, asset-backed note	Raising funding in the securitisation market
SA Taxi Finance Solutions (Pty) Limited	Special purpose vehicle (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
Superdrive Investments (RF) Limited	Special purpose vehicle (SPV) set up by BMW Financial Services South Africa (Pty) Limited, 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.
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
Capital Harvest (RF) Pty Ltd	The Issuer, Capital Harvest Finance SPV (RF), has been established as a special purpose funding SPV issuing term notes to investors ranging between 3 years and 5 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.
NBC Finance (RF) Pty Ltd	NBC Pension Backed Lending Proprietary Limited 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
Transflow RF (Pty) Ltd	Transaction Capital 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.

Principal nature of funding	Carrying value[1] 2022 Rm	Carrying value[1] 2021 Rm	Income received[2] 2022 Rm	Income received[2] 2021 Rm
Liberty (LGL) as debt provider	**2 820**	3 179	**209**	186
Debt funders in the securitisation market	**255**	254	**17**	17
Debt funders in the securitisation market	**229**	237	**15**	12
Debt funders in the securitisation market	**176**	259	**17**	17
Debt funders in the securitisation market	**48**	79	**4**	14
Liberty (LGL) as debt provider	**164**	124	**12**	2
Debt funders in the securitisation market	**423**	300	**24**	1
Liberty (LGL) as debt provider	**664**	693	**23**	40
Debt funders in the securitisation market	**451**	293	**34**	8

Name of the entity	Nature and purpose of entity	Nature of asset	Principal activity of entity
The Thekwini Fund series*	South African Home Loans (Pty) Limited (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
The Thekwini Fund 14 (RF) Limited			
The Thekwini Fund 15 (RF) Limited			
The Thekwini Fund 16 (RF) Limited			
The Thekwini Fund 17 (RF) Limited			
The Thekwini Fund 18 (RF) Limited			
Transsec 3 RF (Limited)	SA Taxi securitisation vehicles (taxi loans).	Listed, rated, asset-backed note	Raising funding in the securitisation market to fund taxi loans.
Universal Credit S.A.	Investment fund	Debt funders in the securitisation market	Segregated investment fund
Richefond Circle (RF) Limited	Commercial mortgage-backed securitisation issued off Investec's commercial property portfolio	Notes secured by commercial mortgage-backed assets	Raising funding in the securitisation market
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
Total			

1 The carrying value disclosed represents the maximum loss Liberty 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

	Liberty Holdings Limited[1]	Africa Regions[2]	
	2021 Rm	**2022 Rm**	2021 Rm
Non-controlling interests (%)	46	*****	*
Summarised financial information on an IFRS basis before intercompany eliminations			
Total assets	510 551	**390 613**	362 253
Total liabilities	482 858	**330 492**	306 372
Total income	116 549	**29 629**	21 487
Profit/(loss) for the year	119	**12 031**	9 104
Change in cash balances	4 510	**6 244**	(85)
Profit/(loss) attributable to non-controlling interests after intercompany eliminations	119	**3 458**	2 380
Non-controlling interest within the statement of financial position	6 720	**14 769**	13 295
Dividends paid to non-controlling interests		**1 821**	1 218

1 Refer to page 141 for details on the group's purchase of the remaining NCI of Liberty Holdings Limited during 2022, which led to no NCI being presented at 31 December 2022.
2 All balances, except total assets and total liabilities (translated using the closing exchange rate), have been translated using cumulative exchange rates.
* Refer to page 136 for details on material non-controlling interests' percentage holding.

Principal nature of funding	Carrying value[1]		Income received[2]	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Debt funders in the securitisation market				
				2
		111	5	6
	9	27		
	30	27	2	1
	3			
Debt funders in the securitisation market	7	25	1	2
Liberty as debt provider				2
Debt funders in the securitisation market	314		15	
Liberty as debt provider	472		14	
	6 065	5 608	392	310

Annexure B – associates and joint ventures

	South African Home Loans Proprietary Limited (SAHL)	ICBC Standard Bank Plc (ICBCS)
Ownership structure	Associate	Associate
Nature of business	Finance	Banking
Principal place of business and country of incorporation	South Africa	London, UK
Year end	February	December
Accounting treatment	Equity accounted	Equity accounted
Date to which equity accounted	31 December 2022	31 December 2022

	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Effective holding (%)	**50**	50	**40**	40
Income statement				
Total comprehensive income	**664**	776	**4 793**	1 275
Total comprehensive income attributed to equity holders of the associate[1]	**332**	388	**1 917**	500
Distributions received from associates	**(325)**	(200)		
Statement of financial position[2]				
Non-current assets	**34 809**	33 490	**63 789**	81 181
Current assets	**4 789**	5 796	**320 245**	336 111
Non-current liabilities	**(36 006)**	(35 679)	**(107 869)**	(111 857)
Current liabilities	**(235)**	(246)	**(247 619)**	(283 671)
Net asset value attributed to equity holders of the associate	**3 357**	3 361	**28 546**	21 764
Proportion of net asset value based on effective holding	**1 678**	1 681	**11 418**	8 706
Accumulated Impairment			**(2 418)**	(2 418)
Other		(10)	**(2 343)**	(2 040)
Carrying amount[3]	**1 678**	1 671	**6 657**	4 248
Classified as disposal group asset held for sale[#]				
Carrying value	**1 678**	1 671	**6 657**	4 248
Share of profits from associates	**332**	388	**1 917**	500

1 Includes FCTR as reported by the associates. Excludes FCTR that originates at a group level as a result of inclusions of the associates 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.
Refer to note 5 Disposal group assets and liabilities held for sale for more detail.

	Other equity accounted associates		Total equity accounted associates	
	Associates		Associates	
	Various		Various	
	Various		Various	
	Various		Various	
	Equity accounted		Equity accounted	
	31 December 2022		31 December 2022	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
	Various	Various	**Various**	Various
	16	206	**2 265**	1 094
	1 621	1 600	**9 956**	7 519
		(239)		(239)
	1 621	1 361	**9 956**	7 280
	16	206	**2 265**	1 094

	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
Ownership structure	Associate	Associate	Associate	Associate	Associate	Associate
Nature of business	Fund	Fund	Fund	Fund	Fund	Fund
Principal place of business	South Africa	South Africa	South Africa	South Africa	South Africa	South Africa
Year end	December	December	December	December	December	December
Accounting treatment	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted	Fair value accounted

	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Effective holding (%)	**16**	15	**29**	23	**5**	5	**2**	3	**10**	17	**36**	
Fair value	**8 236**	8 715	**2 826**	2 353	**1 088**	1 010	**1 055**	2 270	**571**	1 135	**529**	
Income statement												
Revenue	**3 745**	3 221	**569**	428	**1 318**	1 062	**4 098**	2 733	**558**	582	**22**	
Total profit for the year	**3 300**	2 838	**466**	347	**1 195**	930	**3 970**	2 613	**528**	545	**(120)**	
Total comprehensive income	**3 300**	2 838	**466**	347	**1 195**	930	**3 970**	2 613	**528**	545	**(120)**	
Dividend received from associates	**464**	421	**108**	65	**48**	42	**7**	7	**35**	89	**3**	
Statement of financial position[1]												
Non-current assets	**52 587**	57 174	**9 480**	10 087	**20 913**	21 916	**53 659**	51 924	**5 558**	5 887	**1 436**	
Current assets	**440**	116	**379**	159	**365**	224	**16 141**	16 558	**149**	20	**36**	
Non-current liabilities												
Current liabilities	**(31)**	(35)	**(8)**	(9)	**(37)**	(22)	**(11)**	(10)	**(2)**	(2)	**(12)**	
Net asset value	**52 996**	57 255	**9 851**	10 237	**21 241**	22 118	**69 789**	68 472	**5 705**	5 905	**1 460**	
Total carrying value including loans measured at fair value	**8 236**	8 715	**2 826**	2 353	**1 088**	1 010	**1 055**	2 270	**571**	1 135	**529**	

1 Summarised financial information of the associates is provided based on the latest available management accounts received.
2 STANLIB Property Income Fund was previously disclosed as a fair value associate in 2021. Liberty's holding increased in 2022 and it is now considered a mutual fund subsidiary.
3 STANLIB Infrastructure Fund 2 was previously disclosed as a fair value associate in 2021. During 2022 Liberty disinvested from the STANLIB Infrastructure Fund 2.
4 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]

	Standard Bank Activities		Liberty	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Cost	**56**	56	**49**	52
Carrying value	**536**	547	**68**	63
Statement of financial position[2]				
Non-current assets	**2 722**	3 377		
Current assets	**135**	4		
Current liabilities				
Income statement				
Attributable income before impairment	**(21)**	213	**4**	(8)
Fair value				
Equity accounted interest in associates	**536**	338	**68**	63
Disposal group held for sale[3]		239		
Disposal group held for sale impairment[3]		(30)		
Fair value	**536**	547	**68**	63

1 Included in note 10 associates.
2 Summarised financial information of the associates is provided based on the latest available management accounts received.
3 Included in note 5 Disposal group assets and liabilities held for sale.

	STANLIB Flexible Income Fund		STANLIB Property Income Fund[2]		Stanlib Infrastructure Fund 2[3]		Phembani[4]		Other fair value accounted associates		Total fair value accounted associates	
	Associate		Associate		Associate		Associate		Associate		Associates	
	Fund		Fund		Fund		Financial Company		Various		Various	
	South Africa		South Africa		South Africa		South Africa		Various		Various	
	December		December		December		December		Various		Various	
	Fair value accounted		Fair value accounted		Fair value accounted		Fair value accounted		Fair value accounted		Fair value accounted	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
	29	25		28		19	**35**	29	**Various**	29	**Various**	Various
	1 336	831		1 561		1 093	**665**	342	**2 355**	2 775	**18 661**	22 085
	279	169		425		971						
	260	158		387		847						
	260	158		387		847						
	57	37		74		72						
	4 426	3 347		5 414		6 828	**8 336**	6 952				
	140	44		88		62						
							(2 381)	(3 360)				
	(2)	(2)		(6)		(61)						
	4 564	3 389		5 496		6 829	**5 955**	3 592				
	1 336	831		1 561		1 093	**665**	342	**2 355**	2 775	**18 661**	22 085

Annexure C – risk and capital management – IFRS 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 the lending to, investing in and otherwise transacting with clients and counterparties. Two distinct climate risk drivers are recognised as primary sources of these risks for the group across all presence countries and operations, with varying levels of intensity.

Firstly, the risk of financial loss arising through increasing severity and frequency of physical climate risk drivers. Such drivers may be more frequent and extreme climate change related weather events such as storms, wildfires, and other physical hazards, all of which are evident in the present countries in which the group operates. Or such drivers may be more chronic longer term changes in climate, such as drought, rising sea levels and average temperature rises.

Secondly, the risk of financial loss arising through transition risk drivers, being changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include climate-related changes in policies, legislation and regulations, changes due to technology improvements that support the transition to a lower carbon economy, changes in market demand for products and services that support the transition, and reputational risks associated with changing customer preferences. The current and future expected costs, including for possible stranded assets that do not deliver an economic return because of changes associated with a transition to a lower carbon economy, are higher for clients and counterparties of the group that operate in sectors that are more vulnerable to these transition risk drivers. In support of Africa's fair-share contribution to the Paris Agreement goal of limiting global warming to less than 1.5°C above pre-industrial levels by 2050, the group has committed to achieving net zero emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040, and from its portfolio of financed emissions by 2050.

Governance

Through the commitments made and the targets set therein, the Standard Bank Group Climate Policy guides both the management of exposures to businesses in sectors that are vulnerable to climate-related risks and the direction of finance towards qualifying transactions that seek to address Africa's energy poverty, achieve fair employment opportunities, and support the just transition to net zero. The board and its committees are responsible for overseeing both the implementation of the group's climate policy and supporting sector-specific strategies for driving sustainable and transition finance, and the management of climate-related financial risks associated with the group's lending and investing activities, wherever they are identified. 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 set.
- Reviewing outputs of internal scenario analysis and regulatory climate risk stress tests, as well as other related risk matters.
- Assessing executive performance in relation to climate policy commitments and targets.

The group risk oversight committee (GROC), chaired by the group chief risk officer, oversees financial and non-financial-related 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, in the group.

Strategy

The group supports a just transition that prioritises environmental sustainability in a manner that creates work opportunities and social inclusion, addresses Africa's energy poverty and acknowledges Africa's contribution to global emissions. As part of the efforts to achieve this transition, the group has committed to reducing its financed emissions while responsibly managing its exposure to fossil fuels, specifically where there is an energy transition roadmap that supports cleaner fuels.

The group has adopted a phased and progressive approach to understanding its climate risk exposures, designing sector-specific strategies and setting appropriate targets to reduce exposure and maximise opportunities. The first phase included the identification of four client sectors that face material climate-related risk and opportunity, namely: agriculture, gas, oil and thermal coal. The second phase, completed in 2022, focused on strategies in the residential real estate, commercial real estate and short-term insurance sectors. Our updated climate policy reflects the targets and commitments made in these sectors. To develop these strategies, the group has undertaken a rigorous process of research, internal consultation and expert engagement designed to develop a clear understanding of risks and opportunities in each sector, set appropriate strategies and to determine appropriate targets to manage portfolio risk and maximise opportunity.

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 group's preliminary credit portfolio risk assessments on sectors the group has defined as being more vulnerable to physical and transition risks have informed the setting of the group's Climate Policy and its understanding of climate risks in portfolios. These assessments were further reinforced by an external advisory supported engagement in 2022 the aim of which was to stress the assumptions made in the Triclimate policy, in particular those around a target-setting process that was informed by the Net Zero 205 (1.5°) scenario in the Network for Greening the Financial System's (NGFS) orderly transition pathway to net zero. The results of this scenario testing confirmed the risk of stranded assets for exposures to sectors with high transition risk, as well as elevated physical risk-related credit exposures to counterparties in areas expected to be impacted by extreme and chronic climatic events in medium to long term. The outputs of this testing exercise will be used to prepare for regulatory stress testing and internal scenario analysis purposes. The following climate-related risks are examples of financial risks identified for management within the group's existing and evolving taxonomy for both financial and non-financial risks:

Transition risks

- Exposure to policy risk over the medium to long term associated with uncertain long-term demand for fossil fuels, especially coal, and other high emitting sectors. Key drivers for this risk include expected policy actions such as more onerous carbon-pricing regulations to limit emissions on business activities. Such action could lead to higher risks of stranded assets and the related financial risks for the group arising from an impairment in value of clients' operating assets pledged as collateral and leading therefore to an increase in the probability risk of client defaults.
- Market risk primarily over the short to medium term related to changing client expectations for greener products and services, potentially impacting on some of our clients' future business opportunities. Likewise, expectations from investors will also adjust to an appetite for lower financed emissions, applying pressure on the group to align with low emissions pathways.
- Higher reputational risk including in the immediate short-term arising from negative stakeholder sentiment and adverse media coverage related to support of projects or activities with negative impacts on the climate, including oil and gas-related infrastructure projects.

Physical risks

Acute physical risks such as more frequent and more intense extreme weather events, pose a risk to the group's own operations and those of its customers in sectors the group has identified as being vulnerable, including agriculture and others. Chronic physical risks such as rising average temperatures and changing precipitation patterns over the medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact the group's clients in affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economic output and occupational health.

Opportunities

The group continues to work with its clients and partners to help them address their climate impacts, lower their emissions and improve their resilience. The group continues to expand its offering of sustainability linked lending solutions, green and social bonds. The group supports sustainable agricultural practices that promote reduced carbon emissions and improved resilience to climate risk.

Metrics and targets

In setting its targets for reducing exposure concentrations to affected sectors, setting future origination goals and driving its offerings, the group referenced the NGFS Net Zero 2050 scenario, publicly available national research and statistics, including electricity planning forecasts (where available) and internal economic forecasts and research obtained from credible external sources. Detailed information in this regard can be found in the group's Climate-related Disclosures Report and the Climate Policy.

Banking operations

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

	2022 Rm	2021 Rm
Ordinary shareholders' equity#	**219 264**	198 832
Qualifying non-controlling interest#	**9 086**	8 390
Less: regulatory adjustments	**(26 634)**	(19 201)
Goodwill	**(2 258)**	(2 195)
Other intangible assets	**(10 916)**	(12 653)
Investments in financial entities	**(12 144)**	(3 133)
Other adjustments including IFRS 9 phase-in	**(1 316)**	(1 220)
Unappropriated profit	**(18 477)**	(13 631)
CET 1 capital	**183 239**	174 390
Qualifying other equity instruments#	**14 098**	11 099
Qualifying non-controlling interests	**1 284**	1 088
Tier 1 capital	**198 621**	186 577
Qualifying tier II subordinated debt#	**24 594**	23 394
General allowance for credit impairments	**6 339**	6 330
Tier II capital	**30 933**	29 724
Total regulatory capital	**229 554**	216 301

The table above is unaudited, except where it is denoted with #.

Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, concentration risk and country risk and represents the largest source of risk to which banking entities in the group are exposed.

Approach to managing and measuring credit risk

The group's credit risk is a function of its business model and arises from corporate, business and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk (CCR) arising from derivative and securities financing contracts entered into with our customers and trading counterparties. To the extent that equity risk is held on the banking book, it is managed according to the same general principles and governance standards as would otherwise apply to credit risk, except in so far as approval authority rests with the group equity risk committee (ERC).

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the group, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions
- monitoring the group's credit risk 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 credit limit and concentration guideline 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.

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:

1. setting risk appetite
2. setting concentration and counterparty limits
3. credit approval and monitoring.

Corporate, sovereign and banking portfolios

Corporate entities include large companies, as well as small 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.

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, VAF, card, personal, business lending and other product portfolios. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Default

The internal credit risk management definitions and approaches are aligned to the group's definition of default. While the specific determination of default 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 7.

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

		SB 1 – 12		SB 13 – 20	
	Exposure Rm	**Stage 1 Rm**	**Stage 2 Rm**	**Stage 1 Rm**	**Stage 2 Rm**
2022					
Loans and advances at amortised cost					
Home services	459 647	65 072	105	306 626	12 813
Vehicle and asset finance	119 859	33 100	147	59 064	5 395
Card and payments	38 063	1 367		26 614	443
Personal unsecured lending	103 029	10 291	68	66 051	481
Business lending and other	147 252	38 044	388	89 175	1 821
Corporate and sovereign	516 211	195 214	1 383	283 754	17 354
Bank	168 402	134 142	590	27 855	311
Central and other services	7 641	7 641			
Gross carrying amount of loans and advances at amortised cost	1 560 104	484 871	2 681	859 139	38 618
Less: total expected credit loss for loans and advances	(55 828)				
Net carrying amount of loans and advances at amortised cost	1 504 276				
Financial investments at amortised cost					
Corporate and sovereign	216 939	186 156	2 996	20 473	
Bank	2 196	2 154		42	
Other instruments	1 242	1 181		61	
Gross carrying amount of financial investment at amortised cost	220 377	189 491	2 996	20 576	
Less: total expected credit loss for financial investments	(1 276)				
Net carrying amount of financial investment at amortised cost	219 101				
Debt financial investments at fair value through OCI					
Corporate and sovereign	50 632	19 781		28 501	1 647
Banking	334	292		42	
Other instruments	1 418	39		1 245	
Gross carrying amount of financial investments at FVOCI	52 384	20 112		29 788	1 647
Off-balance sheet exposure					
Letters of credit and bankers' acceptances	13 427	4 393		8 148	189
Guarantees	106 286	74 597	40	25 394	5 810
Unutilised facilities[1]	195 115	156 532	1 701	33 892	2 448
Total exposure to off-balance sheet credit risk	314 828	235 522	1 741	67 434	8 447
Expected credit loss for off-balance sheet exposures	(394)				
Net carrying amount of off-balance sheet exposures	314 434				
Total exposure to credit risk on financial assets subject to an expected credit loss	2 090 195				
Exposures not subject to ECL					
Loans and advances at FVTPL	665				
Cash and balances with central banks[2]	114 483				
Derivative assets	61 799				
Other financial investments at fair value[3]	43 854				
Trading assets	312 523				
Pledged assets	13 058				
Other financial assets[4]	28 689				
Total exposure to credit risk	2 665 266				

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 R100 468 million 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.
3 Other financial investments comprise of FVTPL of R415 666 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)
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.

SB 21 – 25		Default					
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 %
7 364	34 682	32 985	32 985	20 188	12 797	39	7.2
5 957	7 647	8 549	8 549	3 911	4 638	54	7.1
2 395	4 057	3 187	3 187	1 225	1 962	62	8.4
7 785	8 594	9 759	9 759	3 001	6 758	69	9.5
676	7 541	9 607	9 607	3 613	5 994	62	6.5
2 697	2 456	13 353	13 353	6 861	6 492	49	2.6
2 367	3 137						
29 241	68 114	77 440	77 440	38 799	38 641	50	5.0
4 371	1 329	1 614					
4 371	1 329	1 614					
665	38						
		134					
665	38	134					
627	65	5					
246	152	47					
193	209	140					
1 066	426	192					

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY CONTINUED

		SB 1 – 12		**SB 13 – 20**	
	Exposure Rm	Stage 1 Rm	Stage 2 Rm	Stage 1 Rm	Stage 2 Rm
2021					
Loans and advances at amortised cost					
Home services	434 104	103 230	58	260 628	8 325
Vehicle and asset finance	110 653	22 865	70	67 686	2 969
Card payments	36 367	4 192		24 810	37
Personal unsecured lending	81 226	7 124	33	53 882	354
Business lending and other	200 902	94 154	286	86 568	2 851
Corporate and sovereign	455 404	169 177	1 462	234 111	35 353
Bank	209 593	180 441		24 894	1 550
Central and other service	(53 009)	(53 009)			
Gross carrying amount of loans and advances at amortised cost	1 475 240	528 174	1 909	752 579	51 439
Less: total expected credit loss for loans and advances	(51 398)				
Net carrying amount of loans and advances at amortised cost	1 423 842				
Financial investments at amortised cost					
Corporate and sovereign	205 624	181 969	1 142	17 460	1 815
Bank	1 406	1 365		41	
Other instruments	1 235	1 235			
Gross carrying amount of financial investments at amortised cost	208 265	184 569	1 142	17 501	1 815
Less: total expected credit loss for financial investments	(319)				
Net carrying amount of financial investments	207 946				
Debt financial investments at fair value through OCI					
Corporate and sovereign	47 190	34 930		11 250	
Other instruments	982	982			
Gross carrying value of financial investments	48 172	35 912		11 250	
Off-balance sheet exposure					
Letters of credit and bankers' acceptances	7 402	3 152		3 969	174
Guarantees	96 237	55 216		36 033	2 445
Unutilised facilities[1]	180 621	151 233	1 768	22 571	4 447
Total exposure to off-balance sheet credit risk	284 260	209 601	1 768	62 573	7 066
Expected credit loss for off-balance sheet exposures	(588)				
Net carrying amount of off-balance sheet	283 672				
Total exposure to credit risk on financial assets subject to an expected credit loss	1 963 632				
Exposures not subject to ECL					
Loans and advances at fair value	486				
Cash and balances with central banks[2]	91 169				
Derivative assets	55 786				
Other financial investments at fair value[3]	44 364				
Trading assets	281 244				
Pledged assets	10 318				
Other financial assets[4]	16 948				
Total exposure to credit risk	2 463 948				

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 R80 602 million that are not subject to ECL considerations and amortised cost of R10 567 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 R434 658 million and FVOCI of R1 015 million (refer note 6) that are not subject to ECL considerations. These balances include financial investments designated at FVTPL of R15 754 million (refer note 22.4)
4 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.

SB 21 – 25 Stage 1 Rm	Stage 2 Rm	Default Stage 3 Rm	Total gross carrying amount of default exposures Rm	Securities and expected recoveries on default exposures Rm	Balance sheet expected credit loss and interest in suspense on stage 3 Rm	Gross default coverage %	Non-performing exposures %
4 005	25 813	32 045	32 045	19 919	12 126	38	7.4
2 721	7 081	7 261	7 261	2 706	4 555	63	6.6
866	3 607	2 855	2 855	764	2 091	73	7.9
5 363	5 998	8 472	8 472	2 001	6 471	76	10.4
2 076	6 477	8 490	8 490	3 197	5 293	62	4.2
3 252	1 257	10 792	10 792	5 204	5 588	1	2.4
1 726	982						
20 009	51 215	69 915	69 915	33 791	36 124	51.7	4.7
3 114	88	36					
3 114	88	36					
953	57						
953	57						
102	4	1					
2 167	267	109					
18	573	11					
2 287	844	121					

Concentration risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The group's credit risk portfolio is well-diversified. The group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing.

IFRS: INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2022 Rm	2021 Rm
Agriculture	42 906	41 528
Construction	18 570	17 120
Electricity	31 818	26 896
Finance, real estate and other business services	430 392	453 469
Individuals	647 490	612 374
Manufacturing	98 283	86 344
Mining	56 372	40 650
Transport	64 359	58 352
Wholesale	97 864	75 951
Other services	72 715	63 042
Gross loans and advances	**1 560 769**	1 475 726

IFRS: GEOGRAPHIC SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2022		2021[1]	
	%	Rm	%	Rm
South Africa	64	1 003 121	66	968 045
Africa Regions	22	343 454	20	302 989
International	14	214 194	14	204 692
Gross loans and advances	**100**	**1 560 769**	100	1 475 726

1 Restated. During 2022 it was noted that gross loans and advances of R45 531 million had been erroneously disclosed as originating in South Africa instead of Africa Regions, R23 885 million, and International, R21 646 million. The restatement had no impact on the group's statement of financial position, income statement or any other analysis relating to loans and advances.

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

	2022 Rm	2021 Rm
Agriculture	1 508	1 254
Construction	970	1 678
Electricity	588	539
Finance, real estate and other business services	3 600	3 144
Individuals	24 596	23 838
Manufacturing	1 773	790
Mining	276	113
Transport	1 418	1 155
Wholesale	1 940	2 071
Other services	1 972	1 547
Credit impairment on non-performing loans	**38 641**	36 129

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

	2022		2021	
	%	Rm	%	Rm
South Africa	80	31 058	81	29 305
Africa Regions	19	7 291	17	6 221
International	1	292	2	603
Credit impairment on non-performing loans	**100**	**38 641**	100	36 129

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 155 – 157. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, 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.

COLLATERAL[1]

	Total exposure Rm	Secured Rm	Netting agreements Rm	Secured exposure after netting Rm
2022				
Corporate & sovereign[1,2]	**1 211 818**	**333 757**	**13 257**	**320 500**
Bank	**315 289**	**228 372**	**62 647**	**165 725**
Retail lending	**744 209**	**622 805**	**134**	**622 671**
Retail mortgages	**469 623**	**469 630**		**469 630**
Other retail	**274 586**	**153 175**	**134**	**153 041**
Total	**2 271 316**	**1 184 934**	**76 038**	**1 108 896**
Add: financial assets not exposed to credit risk[3]	**382 689**			
Less: impairments for loans and advances	**(55 828)**			
Less: unrecognised off-balance sheet items	**(245 597)**			
Total exposure	**2 352 580**			
Cash and balances with central banks	**114 483**			
Derivative assets	**61 799**			
Trading assets	**312 523**			
Pledged assets	**13 058**			
Financial investments	**316 243**			
Loans and advances	**1 504 941**			
Other financial assets	**29 533**			
Total	**2 352 580**			

1 The unsecured exposure,and collateral coverage disclosures have been aggregated and Corporate and sovereign counterparties have been aggregated to better align to how management analyses and reviews credit mitigation risk considering the nature and characteristics thereof. This aggregation has no impact on the statement of financial position. The prior year disclosures have been restated in line with this change.
2 Includes Business lending and other exposures in Note 7 Loans and advances.
3 Does not include exposures which are fully covered by collateral.

	Total exposure Rm	Secured Rm	Netting agreements Rm	Secured exposure after netting Rm
2021				
Corporate & sovereign[1,2]	1 006 225	307 791	12 801	294 990
Bank	286 031	239 307	47 796	191 511
Retail lending	736 014	591 859	502	591 357
Retail mortgages	463 356	453 180		453 180
Other retail	272 658	138 679	502	138 177
Total	2 028 270	1 138 957	61 099	1 077 858
Add: financial assets not exposed to credit risk[3]	448 956			
Less: impairments for loans and advances	(51 398)			
Less: unrecognised off balance sheet items	(244 538)			
Total exposure	2 181 290			
Cash and balances with central banks	91 169			
Derivative assets	55 786			
Trading assets	281 244			
Pledged assets	10 318			
Financial investments	301 497			
Loans and advances	1 424 328			
Other financial assets	16 948			
Total	2 181 290			

1 Restated: corporate and sovereign have been aggregated to better align to how management analyses and reviews credit risk relating to these counterparties.
2 Includes business lending and other exposures in Note 7 Loans and advances.
3 Does not include exposures which are fully covered by collateral.

Funding and liquidity risk

Definition

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

Approach to managing liquidity risk

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

Our risk management framework supports the measurement and management of liquidity, in all geographies across the Corporate and Investment, Consumer and High Net Worth and Business and Commercial Banking sectors to ensure that payment obligations can be met by our legal entities under both normal and stressed conditions within the group's risk appetite framework and that regulatory minimum requirements are always met. This is achieved through a combination of maintaining adequate liquidity buffers, to ensure that cash flow requirements can be met, and ensuring that our balance sheet is structurally sound and supportive of our strategy. Liquidity risk is managed on a consistent basis across our banking subsidiaries, allowing for local requirements. Liquidity risk management ensures that we have the appropriate amount, diversification and tenor of funding and liquidity to always support its asset base.

We manage liquidity risk as three interrelated pillars, which are aligned to the Basel III liquidity requirements, namely tactical short-term liquidity risk management, structural long-term liquidity risk management and contingency liquidity risk management.

Refer to the **Funding and Liquidity Risk section** of the group's Risk and Capital Management report for additional information.

Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay (except for trading liabilities and 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 – six months Rm	Maturing between six – 12 months Rm	Maturing after 12 months Rm	Total Rm
2022						
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	258 594	1 964 263
Subordinated debt		57	3 982	3 028	23 247	30 314
Other	2 504	14 528		1 433	9 503	27 968
Total	1 397 363	145 779	217 671	153 936	291 304	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
2021						
Financial liabilities						
Derivative financial liabilities	59 304	62	27	9	3	59 405
Instruments settled on a net basis	40 392	62	27	9	3	40 493
Instruments settled on a gross basis	18 912					18 912
Trading liabilities	80 433					80 433
Deposits and debt funding	1 241 620	102 145	184 831	93 415	198 936	1 820 947
Subordinated debt		13	905	761	27 225	28 904
Other		24 311		1 171	3 545	29 027
Total	1 381 357	126 531	185 763	95 356	229 709	2 018 716
Unrecognised financial liabilities						
Letters of credit and bankers' acceptances	23 617					23 617
Guarantees	118 895					118 895
Irrevocable unutilised facilities	102 026					102 026
Total	244 538					244 538

Market risk

Definition

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

The group's key market risks are:

- trading book market risk
- interest rate in the banking book (IRRBB)
- equity risk in the banking book
- foreign currency risk
- own equity-linked transactions
- post-employment obligation risk.

Trading book market risk

Definition

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

Approach to managing market risk in the trading book

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

The market risk functions are independent of the group's trading operations and are accountable to the relevant legal entity Asset Liability Committees (ALCOs). ALCOs have a reporting line into group ALCO, a subcommittee of Global 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 reduced levels of market risk throughout the year for all asset classes when compared to 2021 aggregate normal VaR, and aggregate SVaR.

TRADING BOOK NORMAL VAR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
2022				
Commodities risk	**4**		**2**	**3**
Foreign exchange risk	**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**
2021				
Commodities risk	2			
Foreign exchange risk	29	10	18	26
Equity position risk	19	9	13	13
Debt securities	72	18	34	25
Diversification benefits[2]			(24)	(24)
Aggregate	70	31	42	41

1 The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.
2 Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, that is, the difference between the sum of the individual VaRs and the VaR of the whole trading portfolio.

TRADING BOOK SVAR ANALYSIS BY MARKET VARIABLE

	SVaR			
	Maximum[1] Rm	Minimum[1] Rm	Average Rm	Closing Rm
2022				
Commodities risk	**40**	**1**	**19**	**25**
Foreign exchange risk	**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**
2021				
Commodities risk	13		4	1
Foreign exchange risk	320	140	232	216
Equity position risk	356	81	178	199
Debt securities	953	285	460	361
Diversification benefits[2]			(435)	(364)
Aggregate	903	259	439	412

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	USD	GBP	Euro	Other	Total
2022							
Increase in basis points		**200**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**2 769**	**1 142**	**450**	**81**	**960**	**5 402**
Decrease in basis points[2]		**200**	**100**	**100**	**100**	**100**	
Sensitivity of annual net interest income	Rm	**(2 883)**	**(1 332)**	**(435)**	**(4)**	**(994)**	**(5 648)**
2021							
Increase in basis points		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	3 144	955	491	77	1 023	5 690
Decrease in basis points[2]		200	100	100	100	100	
Sensitivity of annual net interest income	Rm	(3 563)	(144)	(64)		(1 035)	(4 806)

1 Before tax.
2 A floor of 0% is applied to all interest rates under the decreasing interest rate scenario resulting in asymmetric rate shocks in low-rate environments.

Equity risk in the banking book

Definition

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

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

Approach to managing equity risk in the banking book

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

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

MARKET RISK SENSITIVITY OF NON-TRADING EQUITY INVESTMENTS

	10% reduction in fair value Rm	Fair value Rm	10% increase in fair value Rm
2022			
Equity securities listed and unlisted	**2 778**	**3 087**	**3 396**
Listed		**215**	
Unlisted		**2 872**	
Impact on profit or loss	**(218)**		**218**
Impact on OCI	**(91)**		**91**
2021			
Equity securities listed and unlisted	3 341	3 712	4 083
Listed		177	
Unlisted		3 535	
Impact on profit or loss	(270)		270
Impact on OCI	(102)		102

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
2022						
Total net (short)/long 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)**
2021						
Total net long/(short) position	Rm	783	(61)	177	210	1 109
Sensitivity (ZAR depreciation)[2]	%	10	10	10	10	
Impact on profit or loss/equity	Rm	78	(6)	18	21	111

1 Before tax
2 A 10% appreciation in ZAR will have an equal and opposite impact on profit or loss to the amounts disclosed above.

Own equity-linked transactions

Definition

The group has exposure to changes in its share price arising from its equity-linked remuneration contractual commitments.

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.

Investment management and life insurance – Liberty Holdings Limited

Credit risk

Definition

Credit risk refers to the risk of loss or of adverse change in the financial position resulting, directly or indirectly, from fluctuations in the credit standing of counterparties and any debtors to which shareholders and policyholders are exposed. Credit risk is measured as a function of PD, exposure at default (EAD) and the recovery rates (RR) post a default.

Credit risk management

Liberty has a strong credit risk sanctioning and monitoring capability. This capability enables Liberty to accept the risks inherent in the credit book. These credit risks are partially a function of Liberty's core business activities, but also part of a deliberate decision by Liberty to add credit risk exposures to diversify the risks on the balance sheet and to generate attractive risk-adjusted returns for shareholders. Liberty 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 Liberty's profit and loss.

The board has delegated credit risk management to the group chief executive who, in turn has delegated this responsibility to the group balance sheet management committee (GBSMC). The GBSMC has overseen the implementation of the group credit risk policy which is largely in line with the credit philosophy adopted by Standard Bank Group Ltd.

Day-to-day management of credit risk has been mandated to STANLIB Credit Alternatives Franchise which considers and, where appropriate, approves all credit risk taken for directly managed credit opportunities. The investment committee of STANLIB Credit Alternatives Franchise is made up of credit professionals with experience from the banking sector as well as independent members in order to ensure a robust credit process and independent decision-making.

Credit risk is subject to a robust credit analysis, review and approval process. After origination, exposures are closely monitored and steps taken to mitigate risks if a deterioration becomes evident. Liberty group credit risk exercises oversight on the activities of the asset managers managing credit risk for Liberty under mandate. STANLIB's independent compliance function monitors compliance by STANLIB's portfolio managers with credit limits set by its investment committees and investment restrictions specified either in client mandates or in applicable legislation, with appropriate escalation and reporting if required.

The GBSMC and client fund control (CFC) committees are responsible for defining the credit characteristics of asset manager mandates supported by LibFin. The GBSMC is primarily responsible for decisions directly impacting shareholders, but does consider the possible impact its decisions may have on policyholders. The CFC committee, together with representatives from business, is primarily responsible for defining the credit characteristics of asset manager mandates on behalf of policyholders.

Regardless of whether the credit risk taken is for the risk and reward of the shareholders, third-party investors or policyholders, Liberty recognises the need for credit to be originated and managed within a prudent and disciplined risk management framework. Where credit risk is for the risk and reward of policyholders, Liberty 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) is managed by them. BUs 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's requirements.

The group risk function is responsible for oversight of all material credit risk. It establishes and defines the overall framework for the consistent governance, identification, measurement, monitoring, management and reporting of credit risk. Group risk also tracks concentrations and trends that may arise in the credit portfolio. Significant shareholder and policyholder credit exposures are reported to GBSMC, GCROC and GRC. Shareholder exposures are subject to individual counterparty limits set by the group.

Through the investment activities of mandated asset managers, Liberty 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 board approved credit strategy and risk appetite for the business. The continued efforts of the STANLIB Credit Alternatives Franchise, together with the restructure of existing asset manager mandates in line with core competencies, have resulted in a further level of diversification and improved returns for the credit risks being taken in the credit portfolio. While group risk 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.

Overall, the credit risk portfolio as at 31 December 2022 remains heavily weighted to South African counterparties including government, state-owned enterprises and top tier South African banks. It also includes special purpose companies (e.g. securitisation and structured credit) and other corporate entities. In addition, the group is also exposed to underlying credit risk through investment in mutual funds, reinsurance, Liberty Two Degrees Limited, the property portfolio and investment policies.

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.

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.

Not rated

The group is not restricted to 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, insurance 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 units. The loans reflected as not rated relate to loans granted by Liberty to policyholders, which are secured by their policies.

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. The group'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.

The following table provides information regarding the aggregated credit risk exposure of Liberty Holdings to debt instruments categorised by credit ratings, if available, as at 31 December 2022.

EXPOSURE TO CREDIT RISK

	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 Rm
2022										
Debt instruments	**10 650**	**2 469**	**958**	**16 153**	**18 108**	**68 546**	**49 225**	**3 208**		**169 317**
Listed preference shares	**1**		**1**	**20**			**23**	**48**		**93**
Unlisted preference shares	**6**				**117**	**51**		**11**		**185**
Listed term deposits	**5 971**	**2 363**	**199**	**2 851**	**6 458**	**60 859**	**31 744**	**2 348**		**112 793**
Unlisted term deposits	**4 672**	**106**	**758**	**13 282**	**11 533**	**7 636**	**17 458**	**616**		**56 061**
Loans								**185**		**185**
Mutual funds – interest-bearing instruments									**34 826**	**34 826**
Investment policies								**14**		**14**
Reinsurance assets	**2 662**	**230**						**606**		**3 498**
Derivatives and collateral deposits	**5 324**	**695**		**360**	**5 720**	**2 714**	**919**	**53**		**15 785**
Prepayments, insurance and other receivables	**1 279**			**2**			**6**	**4 203**		**5 490**
Cash and cash equivalents	**4 529**	**1 477**	**124**	**323**	**439**	**17 507**	**2 691**	**875**		**27 965**
Total assets bearing credit risk	**24 444**	**4 871**	**1 082**	**16 838**	**24 267**	**88 767**	**52 841**	**8 959**	**34 826**	**256 895**
2021										
Debt instruments	9 457	2 085	1 467	14 956	14 779	76 685	39 054	4 124		162 607
Listed preference shares	1		1	55			31	38		126
Unlisted preference shares	7				128			62		197
Listed term deposits	7 306	1 810	233	3 042	5 144	66 998	19 224	2 796		106 553
Unlisted term deposits	2 143	275	1 233	11 859	9 507	9 687	19 799	704		55 207
Loans								524		524
Mutual funds – interest-bearing instruments									35 488	35 488
Investment policies								992		992
Reinsurance assets	2 956	81						489		3 526
Derivatives and collateral deposits	5 004	476		5 489	2 223	2 086	158	19		15 455
Prepayments, insurance and other receivables	2 047						8	3 457		5 512
Cash and cash equivalents	4 875	1 689	237	499	224	7 386	7 649	583		23 142
Total assets bearing credit risk	24 339	4 331	1 704	20 944	17 226	86 157	46 869	9 664	35 488	246 722

Funding and liquidity risk

Long-term insurance

Definition

Liquidity risk is the risk that a legal entity cannot maintain, or generate, sufficient cash resources to meet its payment obligations, in full, as they fall due or can only do so at an unsustainable cost or at materially disadvantageous terms. The group is exposed to liquidity risk in the event of heightened benefit withdrawals and risk claims where backing assets cannot be readily converted into cash. Liquidity risk also arises through collateral and margin calls related to derivative transactions used to hedge market risk.

Liquidity risk management

The group's liquidity risk policy establishes common principles of managing liquidity risk across the group and is approved by the Group Risk Committee (GRC). The policy, including requirements in respect of risk metrics and contingency planning, is implemented under the oversight of the group liquidity risk function.

During 2022 the group established a Liquidity Risk Appetite statement in terms of which the group aims to maintain sufficient liquidity to meet its liquidity requirements, as and when they fall due, under a 1-in-200-year stress scenario over a 12-month measurement horizon. The asset and liability committee (ALCO) is charged with ensuring that liquidity risk remains within approved tolerance levels. The management of material liquidity risks of the group, which predominantly emanate from Liberty Group Limited (LGL), is delegated to LibFin.

The group's approach to measuring liquidity risk is aligned to international best practice standards. Risk identification applies to liquidity requirements that are known in advance as well as to unknown liquidity requirements that are typically contingent on the occurrence of another event. As a long-term insurance company, Liberty's liabilities are considerably less liquid than a bank's liabilities, which gives some general liquidity protection. The identification of contingent liquidity requirements necessitates an assessment of relevant liabilities as well as new and existing product designs. Group risk is actively involved in reviewing new product designs to ensure a thorough understanding of the liquidity risk implications of each product. The GBSMC is required to approve any instances where new products are anticipated to introduce material liquidity risk onto the balance sheet.

Liquidity risk is primarily measured by means of a Liquidity Coverage Ratio (LCR). The LCR models 30-day and one-year liquidity stresses (relating to sustained cash outflows as a result of severe lapse, mortality and morbidity catastrophes, as well as financial market shocks) by comparing stressed net cash outflow requirements to available sources of high-quality liquid assets (HQLA), held as part of a liquid asset buffer. The liquid asset buffer consists of eligible asset types chosen based on their proven ability to generate liquidity under both normal and significantly stressed market conditions.

LibFin manages the group's material liquidity risks in accordance with applicable regulations and the liquidity risk policy. The risk is managed within approved risk limits and with oversight from group risk. Liquidity risk arising from contractual agreements and policyholder behaviour is primarily managed by matching liabilities with backing assets that are of similar maturity, cash flow profile and risk nature.

A variety of tools are available to manage remaining cash flow mismatches (which include collateral and margin calls as a result of market moves from derivative trades used to match liabilities). These tools enable non-cash liquid assets, held in the liquid asset buffer, to be easily converted into cash. Where the group purchases backing assets that have predictable cash flow profiles, but which give rise to structural liquidity mismatches between projected cash inflows and outflows, the liquidity position is actively managed to prevent any undue future liquidity strains.

In addition to the active management of liquidity risk, a liquidity contingency plan (LCP) has been approved by the ALCO and serves as a pre-approved action plan to be executed during a liquidity stress event. The LCP is designed to protect stakeholder interests and provide confidence that the group can meet its liquidity requirements in a time of crisis. The group has defined insurer-specific early warning indicators (EWI) that are monitored to enable management to proactively identify and evaluate risk factors that may give rise to a liquidity risk event. These indicators are monitored per specified frequencies and tolerance levels. The EWI process and LCP have a clear response strategy that increases the likelihood that management will be able to respond appropriately to mitigate any material potential liquidity impact in advance of an event. Despite the increased levels of volatility in financial markets in 2022, the group's LCR remained within approved limits throughout 2022. As at 31 December 2022 the LCR metric indicated a healthy surplus of sources of liquidity available to meet stressed outflows.

The table below breaks down Liberty'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.

FINANCIAL PROPERTY AND INSURANCE ASSET LIQUIDITY

	2022		2021	
	%	**Rm**	%	Rm
Liquid[1]	**80**	**391 005**	80	405 447
Medium[2]	**13**	**67 275**	13	65 403
Illiquid[3]	**7**	**36 031**	7	36 644
Total	**100**	**494 311**	100	507 494

1 Liquid assets are those that are considered to be realisable within one month (for example, cash, listed equities and term deposits).
2 Medium assets are those that are considered to be realisable within six months (for example, unlisted equities and certain unlisted term deposits).
3 Illiquid assets are those that are considered to be realisable in excess of six months (for example, investment properties and policyholder assets).

Maturity profiles of financial instrument liabilities

The table below summarises the maturity profile of Liberty's financial instrument liabilities 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 liabilities. Policyholder liabilities under investment contracts, investment contracts with DPF and insurance contracts are shown in a separate table.

MATURITY PROFILE OF FINANCIAL INSTRUMENT LIABILITIES – CONTRACTUAL CASH FLOWS (EXCLUDING POLICYHOLDER LIABILITIES, DERIVATIVE LIABILITIES AND LEASE LIABILITIES)

	Zero to three months[1] Rm	Three to twelve months Rm	One to five years Rm	Five to ten years Rm	Variable Rm	Total Rm
2022						
Subordinated notes	**1 029**	**343**	**6 393**			**7 765**
Commercial paper	**956**					**956**
Redeemable preference shares[2]					**5**	**5**
Loan facilities		**838**	**1 739**			**2 577**
Third-party financial liabilities arising on consolidation of mutual funds	**62 058**					**62 058**
Repurchase agreements	**5 140**					**5 140**
Collateral deposits payable	**2 891**					**2 891**
Insurance and other payables	**14 765**	**201**	**19**			**14 985**
Total	**86 839**	**1 382**	**8 151**		**5**	**96 377**
Percentage portion	**90**	**2**	**8**			**100**
2021						
Subordinated notes	78	1 274	5 242			6 594
Commercial paper	1 004					1 004
Redeemable preference shares[2]					5	5
Loan facilities	14	969	1 366			2 349
Third-party financial liabilities arising on consolidation of mutual funds	72 734					72 734
Repurchase agreements	2 727					2 727
Collateral deposits payable	3 261					3 261
Insurance and other payables	14 085	92	20			14 197
Total	93 903	2 335	6 628		5	102 871
Percentage portion	91	2	7			100

1 Zero to three months are either due within the time frame or are payable on demand.
2 The variable preference shares have no fixed maturity date, however, they are redeemable with a two-year notice period at the option of the company or the holder.

Liquidity risks arising from long-term insurance business

The table that follows provides an indication of liquidity needs in respect of cash flows required to meet obligations arising under long-term insurance business.

The amounts in the investment-linked liabilities cash flow table represent the expected cash flows arising from the value of units, allowing for future premiums (excluding future non-contractual premium increases), growth, benefit payments and expected policyholder behaviour.

The amounts in the non-investment-linked liability cash flow table represent the expected cash flows from the non-investment-linked liabilities.

Undiscounted cash flows are shown, and the effect of discounting is taken into account to reconcile to total liabilities and assets. For investment-linked contracts, the cash flows relating to the discretionary participation features (DPF) portion are assumed to occur in proportion to the cash flows of the guaranteed units. The cash flows for the guaranteed element and the non-guaranteed element of insurance contracts with DPF have been combined and are included in the investment-linked section of the cash flow table.

In respect of annually-renewable risk business (namely lump sum group risk business, group income disability business and credit life business) no allowance has been made for the expected cash flows except in respect of incurred but not reported claims (IBNR) and income disability annuities in payment where applicable.

The liabilities in respect of embedded derivatives are assumed to run off in the same proportion as the investment-linked cash flows that give rise to them.

EXPECTED CASH FLOWS – LONG-TERM INSURANCE CONTRACTS

	Insurance contracts		Reinsurance assets and liabilities Rm	Investment contracts with DPF[1] Rm	Investment contracts Rm
	Policyholder liabilities Rm	Policyholder assets Rm			
2022					
Investment-linked liabilities					
Within one year	11 435			621	9 473
One – five years	44 105			326	14 848
Five – ten years	20 796			47	7 559
Ten – 20 years	47 032			1 488	24 076
Over 20 years	45 208			5 844	63 390
Total investment-linked liabilities	168 576			8 326	119 346
Non-investment-linked liabilities/(assets)					
Within one year	10 112	(1 318)	(699)		471
One – five years	31 760	(5 972)	(1 322)		3 039
Five – ten years	22 532	(2 127)	(1 092)		58
Ten – 20 years	38 075	9 983	(950)		2
Over 20 years	61 545	71 539	1 583		(24)
Effect of discounting cash flows	(104 705)	(75 079)	(2)		(646)
Total non-investment-linked liabilities/(assets)	59 319	(2 974)	(2 482)		2 900
Total long-term insurance business liabilities/ (assets)	227 895	(2 974)	(2 482)	8 326	122 246
Total surrender value of long-term insurance policyholder liabilities	180 200			8 176	121 070
2021					
Investment-linked liabilities					
Within one year	13 788			321	8 307
One – five years	50 572			156	16 652
Five – ten years	25 139			920	14 538
Ten – 20 years	47 660			2 359	29 020
Over 20 years	37 671			5 376	52 822
Total investment-linked liabilities	174 830			9 132	121 339
Non-investment-linked liabilities/(assets)					
Within one year	9 351	(552)	(993)		428
One – five years	25 150	(5 632)	(1 431)		2 703
Five – ten years	18 907	(2 320)	(1 114)		40
Ten – 20 years	32 817	7 194	(530)		(3)
Over 20 years	62 673	66 046	5 387		(13)
Effect of discounting cash flows	(93 784)	(67 604)	(4 114)		(547)
Total non-investment-linked liabilities/(assets)	55 114	(2 868)	(2 795)		2 608
Total long-term insurance business liabilities/ (assets)	229 944	(2 868)	(2 795)	9 132	123 947
Total surrender value of long-term insurance policyholder liabilities	183 943			8 658	123 240

[1] DPF refers to discretionary participation features.

Market risk

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 policy establishes a set of governing principles for the identification, measurement, monitoring, management and reporting of market risk across the group. It supports the overarching risk management framework with respect to market risk.

The asset and liability committee (ALCO), which is a sub-committee of the group balance sheet management committee (GBSMC), is charged with ensuring that market risk remains within approved risk limits. The primary market risk management activities within the group consist of:

- Regular matching of investment performance related liabilities, managed as part of the Asset Liability Management (ALM) programme;
- Hedging explicit, or implicit, guarantees and certain modelled cash flows; and
- Assuming outright market risk via activities with the shareholder Investment Portfolio (SIP).

Notwithstanding the range of activities with respect to managing market risk, there remain small pockets of market risk that have not yet been brought into the scope of the activities noted above. These pockets of risk are monitored through engagement with the relevant business units and are noted at GCROC and GRC.

STANLIB and external asset managers are responsible for managing investment asset portfolios and must 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. Group market risk provides independent oversight of the adequacy and effectiveness of market risk management processes across the group and reports material risks to ALCO, GBSMC, GCROC and GRC.

Risk identification, assessment and measurement

Identification of market risk is fundamental to the group's approach to managing market risk. 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.

In the case of market risks which arise from shareholders' equity, the risk may be identified and measured by considering the market risks that apply to the assets in which these funds have been invested. Once identified and measured, an assessment of the risk is performed.

Risk assessment classifies the risks into:

- The market risk exposures which the group wishes to maintain on a long-term strategic basis. This includes market risks arising from assets within the shareholder investment portfolio (SIP).
- The market risk exposures which the group does not wish to maintain on a long-term strategic basis (as the risk is not expected to provide an adequate return on capital over time) 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.

The group risk function is actively involved in this process through regular engagement with the business as well as through representation on various governance committees such as ALCO, GBSMC and the group product approval committee.

Market risk management

The group's shareholder is exposed to market risk arising predominantly from:

- The long-term policyholder asset/liability mismatch risk. This occurs if the group's assets do not move in the same direction or by the same magnitude as the obligations arising under its insurance and investment contracts, despite the controls and hedging strategies employed;
- Exposure to management fee revenues not already recognised in the negative rand reserves;
- Financial assets forming the group's capital base (also referred to as shareholders' equity) including currency risks on capital invested outside South Africa; and
- Financial assets held to back liabilities other than long-term policyholder liabilities.

The market risk associated with assets backing long-term policyholder investment-linked liabilities, including discretionary participation feature liabilities, is largely borne by the policyholder. However, poor performance on policyholder funds adversely affects asset related fee income. It may also lead to reputational damage and subsequently to increased policyholder withdrawals and a reduction in new business volumes.

Shareholder Investment Portfolio (SIP)[5]

This portfolio comprises shareholder assets and investment exposures expected to remain on the LGL group balance sheet over the long-term in order to support solvency requirements. These are invested and managed for shareholder benefit within a clearly defined investment mandate.

The board, through the GRC, approves the long-term strategic asset allocation of the portfolio. The strategic asset allocation is defined on a through-the-cycle basis and aims to maximise after-tax returns for a level of risk consistent with the group's risk appetite. In determining the strategic asset allocation, consideration is given to the risk capacity already utilised by LGL's core business activities as well as other constraints. These constraints include requirements to take on illiquid assets from policyholders, the need to invest in assets which provide a broadly stable capital coverage as well as various other liquidity, regulatory and/or operational constraints. The strategic asset allocation is overlaid with a tactical asset allocation which allows for some dynamic management of the investment portfolio.

LibFin is responsible for implementing the investment strategy and monitoring performance with oversight from group risk functions and ultimately the board. The implementation of the investment strategy is in part achieved through the mandating of STANLIB and other asset managers. The tactical asset allocation is primarily performed by STANLIB within a mandate approved by the GRC.

Changes brought about under IFRS17 will fundamentally impact the existing construct of the SIP from 1 January 2023, resulting in a simpler balance sheet management framework which will replace the current SIP with strategic shareholder assets and exposures. The objective of these assets and exposures will be to expose the group to the market risk it needs to ensure capital coverage stability. Strategic shareholder assets will consist primarily of cash, property, alternative assets and other strategic assets, whereas exposures will consist of market risk exposures (bonds, equity, foreign and property) arising from unhedged policyholder liabilities.

The portfolio is invested in a diversified set of financial assets including equity, fixed income, property, alternative assets and cash, both in local and foreign currency. Allocations are also made to alternative asset classes in search of yield and diversification benefits. As a result, the portfolio is exposed to currency movements as well as market movements in the underlying asset classes.

During 2022 the portfolio was significantly de-risked, by increasing exposures to cash, in order to facilitate the group's integration with Standard Bank Group as well as to ensure readiness for the adoption of the IFRS17 accounting principles.

EXPOSURE IN THE SHAREHOLDER INVESTMENT PORTFOLIO[5]

	2022				2021			
Exposure category[4]	**Local Rm**	**Foreign Rm**	**Total Rm**	**%**	Local Rm	Foreign Rm	Total Rm	%
Equities	**1 031**	**617**	**1 648**	**7**	1 255	858	2 113	9
Bonds	**648**	**415**	**1 063**	**5**	6 282	414	6 696	28
Cash	**14 395**		**14 395**	**63**	8 424		8 424	36
Property[1]	**4 670**		**4 670**	**21**	4 465		4 465	19
Other	**54**	**889**	**943**	**4**	790	1 076	1 866	8
Total	**20 798**	**1 921**	**22 719**	**100**	21 216	2 348	23 564	100
Reconciliation to IFRS shareholders' equity								
Shareholder Investment Portfolio			**22 719**				23 564	
Less: 90:10 exposure[2]			**(2 660)**				(3 063)	
Less: Subordinated notes			**(6 051)**				(5 505)	
South African insurance operations Liberty funds			**14 008**				14 996	
Liberty Group Limited group's shareholder' equity			**15 086**				16 038	
Insurance group funds			**14 008**				14 996	
Liberty Two Degrees[3]			**1 078**				1 042	

1 Shareholders are also exposed to any mismatch between the return required by certain policyholder liabilities (cash type return) and the property return delivered by the Liberty Property Portfolio backing assets. At 2022, these matching assets amounted to R4 780 million (2021: R3 821 million) and have not been included in the exposures above.
2 The 90:10 exposure is the exposure on certain contracts, which include terms that allocate 10% of the investment returns to Liberty shareholders.
3 This represents the difference between Liberty Group Limited's share of the net asset value of Liberty Two Degrees as at the reporting date and the listed price of Liberty Two Degrees shares multiplied by the number of shares in issue to Liberty Group Limited at the reporting date. Adjusting the valuation from net asset value to share price is required to ensure consistency between policyholder liabilities and their backing assets, and to provide a market-consistent valuation of the Liberty Two Degrees shares held within the Shareholder Investment Portfolio.
4 The increase in cash and reduction in bond exposure was affected to better align the portfolio going forwards to the exposures required under IFRS 17. Caution is advised in extrapolating the exposures as at 31 December 2022, as the shareholder exposures under IFRS 17 have a different profile than under the reported IFRS 4 standard.
5 The Shareholder Investment Portfolio (SIP) has been disclosed to provide a better analysis of the market risk of Liberty Group Limited.

The table below summarises Liberty's exposure to financial, property and insurance assets. This exposure has been split into the relevant market risk categories and then attributed to the effective holders of the risk.

SUMMARY OF GROUP ASSETS SUBJECT TO MARKET RISK

		Attributable to				
	Total assets Rm	Long-term policyholder investment-linked (including DPF) liabilities Rm	Other policyholder liabilities[4] Rm	Third-party financial liabilities arising on consolidation of mutual funds Rm	Non-controlling interests Rm	Residual liabilities and shareholders' interest Rm
2022						
Assets subject to market risk only	234 442	171 845	(1 763)	44 927	6 179	13 254
Equity price	110 337	76 471	(654)	33 321		1 199
Property price[1]	34 078	15 801	167	2 584	6 179	9 347
Mixed portfolios excluding investment policies[2]	90 027	79 573	(1 276)	9 022		2 708
Assets subject to market and credit risk	256 895	129 364	59 283	17 131	471	50 646
Interest rate	251 272	127 239	56 539	17 131	471	49 892
Investment policies in mixed portfolios	14	14				
Reinsurance assets[3]	3 498		2 744			754
Equity derivatives	2 111	2 111				
Long-term policyholder assets	2 974					2 974
Other assets	2 950					2 950
Total	497 261	301 209	57 520	62 058	6 650	69 824
Percentage (%)		60.6	11.6	12.5	1.3	14.0
2021						
Assets subject to market risk only	257 904	188 237	(554)	51 110	6 283	12 828
Equity price	132 713	90 048	383	41 175		1 107
Property price[1]	33 395	17 561	170	979	6 283	8 402
Mixed portfolios excluding investment policies[2]	91 796	80 628	(1 107)	8 956		3 319
Assets subject to market and credit risk	246 722	122 122	53 423	21 624	437	49 116
Interest rate	240 111	119 037	50 423	21 624	437	48 590
Investment policies in mixed portfolios	992	992				
Reinsurance assets[3]	3 526		3 000			526
Equity derivatives	2 093	2 093				
Long-term policyholder assets	2 868					2 868
Other assets	3 057					3 057
Total	510 551	310 359	52 869	72 734	6 720	67 869
Percentage (%)		60.7	10.4	14.2	1.3	13.3

1 Equity price risk is included in property price risk where the invested entity only has exposure to investment properties. Property company debt of R4 321 million (2021: R4 424 million) is included in the interest rate risk line.
2 Mixed portfolios are subject to a combination of equity price, interest rate and property price risks depending on each portfolio's construction. A substantial portion of the mixed portfolios will be subject to equity price and interest rate risk. The exact proportion is practically difficult to accurately calculate given the number of mutual funds and hedge funds contained in the group portfolios.
3 Reinsurance assets are claims against reinsurers outstanding at the reporting date. They are not subject to market risk other than time value of money (interest rate) for the periods to settlement.
4 Negative exposure to the various risk categories can occur in 'Other policyholder liabilities' since the present value of future charges can exceed the present value of future benefits and expenses resulting in a negative liability. The group offsets these negative liabilities against policyholders' market-related liabilities. The policyholders' market risk exposure, however, remains unchanged. Hence, shareholders bear all the risks of shorting assets backing the policyholder investment-linked liabilities by the amount of these negative liabilities. Due to various non-linear and derivative type asset and liability exposures as well as the complexity of the market risk management approach adopted by Liberty, this table cannot be used to infer the level of shareholder market risk exposure.

Interest rate risk

The table below provides additional detail on financial instrument assets and their specific interest rate exposure. Due to practical considerations, interest rate risk details contained in investments in non-subsidiary mutual funds and investment policies are not provided. Accounts receivable, where settlement is expected within 90 days, are not included in the analysis. The effect of interest rate risk on these balances is not considered significant given the short-term duration of the underlying cash flows.

INTEREST RATE EXPOSURE

	2022			2021		
Amount by maturity date	**Fixed**	**Floating**	**Total**	Fixed	Floating	Total
Within one year	**14 098**	**45 302**	**59 400**	12 437	48 057	60 494
One – five years	**18 439**	**25 944**	**44 383**	19 142	27 035	46 177
Five – ten years	**23 258**	**11 276**	**34 534**	13 856	12 047	25 903
Ten – 20 years	**23 746**	**7 046**	**30 792**	24 220	7 455	31 675
Over 20 years	**22 481**	**563**	**23 044**	20 599	1 147	21 746
Variable	**592**	**7 035**	**7 627**	246	2 233	2 479
Total	**102 614**	**97 166**	**199 780**	90 500	97 974	188 474

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 2022 the proportion of unlet space in the property portfolio was 7.0% (2021: 6.7%).

During 2022 property valuations were, in many cases, negatively impacted by increases to discount rates. Property market risk also arises in respect of shareholder exposures to investment guarantees and negative rand reserves as well as through the SIP.

Liberty Holdings Limited's direct exposure to property market risk is shown below.

PROPERTY MARKET RISK

	2022 Rm	2021 Rm
Investment properties	**28 625**	29 314
Owner-occupied properties	**934**	936
Gross direct exposure	**29 559**	30 250
Attributable to non-controlling interests	**(6 856)**	(7 003)
Net exposure	**22 703**	23 247
Concentration use risk within directly held properties is summarised below:		
Retail – super regional and regional	**24 046**	24 330
Retail – other	**2 147**	2 373
Office	**974**	1 440
Hotels	**1 447**	1 157
Specialised[1]	**945**	950
Total	**29 559**	30 250

[1] The main properties disclosed as specialised are the Sandton Convention Centre and John Ross Eco Junction.

UNOBSERVABLE INPUTS INCLUDED IN VALUATION FOR INVESTMENT PROPERTIES

	Rm	Exit cap rate (%)	Discount rate (%)	Vacancy rate (%)	Rental growth (%)	Expense growth (%)
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**	**12.5**	**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**	**0.0 – 5.0**	**6.0**
2021						
Office buildings	504	8.5	13.25 - 13.5	1.0	0.0 - 4.75	5.0 - 6.0
Retail – super regional and regional	24 330	7.0 - 7.75	10.5 - 11.5	0.0 - 5.0	(1.0) - 4.0	5.5 - 6.0
Retail – other	2 373	7.75 - 8.25	11.75 - 12.0	0.0 - 1.5	(1.0) - 5.0	5.5 - 6.0
Hotel	1 157	9.0	13.75 - 14.0			
Specialised[1]	950	8.00 - 10.0	10.0 - 14.75	0.0 - 1.0	(1.0) - 4.75	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).

Sensitivity analysis

The table below provides a description of the sensitivities that are provided on market risk assumptions.

Market risk variable	Description of sensitivity
Interest yield curve	A level percentage change in the interest rate yield curve
Implied option volatilities	A change in the implied short-term equity, property and interest rate option volatility assumptions
Equity prices	A change in the local and foreign equity prices
Rand exchange rates	A change in the ZAR exchange rate to all applicable currencies

The equity price and rand currency sensitivities are applied as an instantaneous event at the financial position date with no change to long-term market assumptions used in the measurement of policyholder contract values. In other words, the assets are instantaneously impacted by the sensitivity on the financial position date. The new asset levels are applied to the measurement of policyholder contract values, where applicable, but no changes are made to the prospective assumptions used in the measurement of policyholder contract values.

The interest rate yield curve and implied option volatility sensitivities are applied similarly but the assumptions used in the measurement of policyholder contract values that are dependent on interest rate yield curves and implied option volatilities are updated.

Over a reporting period, assets are expected to earn a return consistent with the long-term assumptions used in the measurement of policyholder contract values. The instantaneous sensitivities applied at the financial position date show the impacts of deviations from these long-term assumptions (e.g. the increase in the equity price sensitivity shows the impact of assets earning the sensitivity amount in excess of the long-term equity return assumption).

The market sensitivities are applied to all assets held by the group (and not just assets backing the policyholder contract values). Each sensitivity is applied in isolation with all other assumptions left unchanged.

The table below summarises the impact of the change in the aforementioned risk variables on policyholders' contract values and on ordinary shareholders' equity and attributable profit after taxation. The market risk sensitivities are net of risk mitigation activities. Consequently, the comparability to the previous year is impacted by the level of risk mitigation at the respective financial position dates.

SENSITIVITY ANALYSIS

	2022				2021			
	Change in variable %	Gross of reinsurance impact on policyholders' contract values Rm	Net of reinsurance impact on policyholders' contract values Rm	Impact on equity and attributable profit after taxation Rm	Change in variable %	Gross of reinsurance impact on policyholders' contract values Rm	Net of reinsurance impact on policyholders' contract values Rm	Impact on equity and attributable profit after taxation Rm
Market assumptions								
Interest rate yield curve	**12**	**(7 553)**	**(7 645)**	**95**	12	(6 625)	(6 709)	(282)
	(12)	**9 201**	**9 273**	**(186)**	(12)	8 129	8 195	150
Option price volatilities	**20**	**48**	**48**	**(19)**	20	41	41	23
	(20)	**(11)**	**(11)**	**(6)**	(20)	(12)	(12)	6
Equity prices	**15**	**23 398**	**23 399**	**642**	15	24 691	24 691	813
	(15)	**(23 558)**	**(23 558)**	**148**	(15)	(24 936)	(24 936)	(764)
Rand exchange rates[1]	**12**	**(9 069)**	**(9 070)**	**(637)**	12	(8 964)	(8 964)	(528)
Rand exchange rates[2]	**(12)**	**9 083**	**9 083**	**635**	(12)	8 965	8 965	560

1 Strengthening of the rand.
2 Weakening of the rand.

Insurance risk

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:

- Group control and risk oversight committee (GCROC);
- Group reinsurance, underwriting and claims committee;
- Group product approval committee; and
- Actuarial control committee

These committees are sub-committees of Liberty Exco.

The functions of the various committees responsible for managing insurance risk include:

- recommending insurance risk-related policies to GCROC for approval and ensuring compliance therewith;
- ensuring that insurance risk is appropriately controlled by monitoring procedures to control insurance risk and insurance risk levels against agreed limits and triggers;
- gaining assurance that material insurance risks are being monitored and that the level of risk taken is in line with the risk appetite statement at all times;
- considering any new insurance risks introduced through new product development or strategic development and how these risks should be managed;
- monitoring, ratifying and/or escalating to GCROC all material insurance risk-related breaches/excesses, highlighting the corrective action undertaken to resolve the issue;
- monitoring insurance risk capital requirements as they apply to the management of the group and its subsidiaries' balance sheets; and
- approving the reinsurance, underwriting and claim management strategies and overseeing the implementation of those strategies.

The head of the actuarial function and statutory actuaries, where applicable, provide oversight of the long-term insurance risks undertaken by the group by:

- providing an opinion at least annually on the financial soundness of the life insurance entities within the group;
- overseeing the setting of assumptions used to provide best estimate liabilities plus compulsory and discretionary margins in accordance with the assumption setting policy; and
- providing an opinion on the actuarial soundness of premium rates in use for new business, and on the profitability of the business, taking into consideration the reasonable benefit expectations of policyholders and the associated insurance and market risk.

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.

The 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 careful follow up on disability claims and deaths.

The table below provides a description of the sensitivities that are provided on insurance risk assumptions.

Insurance risk variable	Description of sensitivity
Assurance mortality	A level percentage change in the expected future mortality rates on assurance contracts
Annuitant longevity	A level percentage change in the expected future mortality rates on annuity contracts
Morbidity	A level percentage change in the expected future morbidity rates
Withdrawal	A level percentage change in the expected future withdrawal rates
Expense per policy	A level percentage change in the expected maintenance expenses

The table below summarises the impact of the change in the insurance risk variables on policyholders' contract values and on ordinary shareholders' equity and attributable profit after taxation.

SENSITIVITY ANALYSIS OF RISK VARIABLES

	2022				2021			
	Change in variable %	Gross of reinsurance impact on policy-holders' contract values Rm	Net of reinsurance impact on policy-holders' contract values Rm	Impact on equity and attri-butable profit after taxation Rm	Change in variable %	Gross of reinsurance impact on policy-holders' contract values Rm	Net of reinsurance impact on policy-holders' contract values Rm	Impact on equity and attri-butable profit after taxation Rm
Insurance assumptions								
Mortality								
Assured lives	**2**	**610**	**451**	**(324)**	2	531	421	(303)
	(2)	**(612)**	**(454)**	**326**	(2)	(533)	(424)	305
Annuitant longevity	**4**[1]	**332**	**332**	**(239)**	4[1]	348	348	(251)
	(4)[2]	**(333)**	**(333)**	**240**	(4)[2]	(335)	(335)	241
Morbidity	**5**	**873**	**739**	**(532)**	5	844	690	(497)
	(5)	**(868)**	**(735)**	**529**	(5)	(840)	(687)	495
Withdrawals	**8**	**341**	**359**	**(267)**	8	436	455	(327)
	(8)	**(344)**	**(365)**	**272**	(8)	(467)	(489)	351
Expense per policy	**5**	**517**	**517**	**(355)**	5	491	491	(355)
	(5)	**(517)**	**(517)**	**354**	(5)	(488)	(488)	356

1 Annuitant life expectancy increases, i.e. annuitant mortality reduces.
2 Annuitant life expectancy reduces, i.e. annuitant mortality increases.

Capital 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 for Liberty Group Limited.

	2022	2021
Available capital (or own funds) (Rm)	**30 144**	29 601
SCR (Rm)	**17 113**	17 254
SCR coverage ratio (times)	**1.76**	1.72
Target SCR coverage ratio (times)	**1.3 – 1.7**	1.5 - 2.0

1 The solvency capital requirement coverage has been disclosed to provide a better analysis of the capital management of Liberty Holdings Limited.

LGL's Solvency Capital Requirement (SCR) coverage ratio remains strong at 1.76 times, which is above the revised target range of 1.3 to 1.7 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 LGL's SCR coverage ratio to various market risk factors. Each sensitivity is applied in isolation with all other assumptions left unchanged.

	2022	2021
SCR coverage ratio (times)		
Base SCR coverage ratio (times)	**1.76**	1.72
Local listed equity down 15%	**1.76**	1.73
Rand appreciates by 12%	**1.74**	1.70
Unlisted property down 10%	**1.73**	1.69
Parallel reduction of yield curve by 100 basis points	**1.74**	1.71

1 The sensitivity analysis has been disclosed to provide a better analysis of the capital management of Liberty Group Limited.

These sensitivities illustrate the stability of LGL's coverage ratio under various market risks, which is a key objective in the construction of the strategic asset allocation for the shareholder investment portfolio.

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.

	2022 Rm	2021 Rm
Expenses recognised in staff cost		
Share Appreciation Rights Scheme	47	29
Deferred Bonus Scheme	1 373	1 037
Performance Reward Plan	728	357
Cash-Settled Deferred Bonus Scheme	445	383
Liberty Share Incentive Scheme	39	121
Total expenses recognised in staff costs	**2 632**	**1 927**
Summary of liabilities recognised in other liabilities		
Share Appreciation Rights Scheme	10	2
Deferred Bonus Scheme	23	26
Performance Reward Plan	115	30
Cash-Settled Deferred Bonus Scheme	408	380
Total liability recognised in other liabilities	**556**	**438**

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)
	2022	2021	2022
Movement summary			
Rights outstanding at beginning of the year	3 796 352	4 025 678	
Exercised	(1 187 348)	(207 251)	96.68 – 156.96
Lapsed/forfeited	(14 063)	(22 075)	98.80 – 111.94
Rights outstanding at the end of the year	**2 594 941**	**3 796 352**	

Equity Growth Scheme continued

During 2022, 295 194 (2021: 25 353) SBG shares were issued to settle the appreciated rights value. At the end of the year, the group would need to issue 1 145 865 (2021: 431 085) 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 2022 and 2021. This reduces the liability to the employee of 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 R161.11 (2021: R131.30).

The following rights granted to employees, including executive directors, had not been exercised at year end:

	2022			2021		
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	**648 998**	**96.68 – 115.51**	**100.18**	1 457 151	96.68 – 115.51	102.45
Year to 31 December 2024	**320 953**	**126.87**	**126.87**	472 533	127	126.87
Year to 31 December 2025	**876 706**	**156.96**	**156.96**	955 109	157	156.96
Year to 31 December 2026	**748 284**	**122.24**	**122.24**	911 559	122	122.24
Total	**2 594 941**			3 796 352		

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.

Shares Appreciation Rights Scheme continued

A reconciliation of the movement of share options is detailed below:

	2022		2021	
	Average price range (rand)	Number of rights	Average price range (rand)	Number of rights
Rights outstanding at the end of the year		4 423 879		3 324 397
Granted[1]	160.33	2 106 874	142.00	1 168 252
Lapsed/forfeited		(34 708)		(68 770)
Rights outstanding at the end of the year		6 288 219		4 423 879
Outstanding equity-settled units		5 577 273		3 918 300
Outstanding cash-settled units		710 946		505 579

[1] Includes 1 822 128 (2021: 1 056 592) units that are equity-settled, the balance will be cash-settled.

During the current and prior year the group did not repurchase Standard Bank Group shares the market to settle the appreciation rights value.

At the end of the year the group would need to purchase 777 840 (2021: 454 714) 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 2022:

	2022			2021		
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	2 464 172	110.00 – 220.97	189.08	2 648 583	110.00 – 220.97	184.99
Year to 31 December 2024	182 935	152.64	152.64	217 596	153	185.72
Year to 31 December 2025	590 502	142.00 – 152.64	145.92	592 455	142.00 – 152.64	172.31
Year to 31 December 2026	1 273 050	142.00 – 160.33	153.77	590 348	142.00 – 152.64	148.00
Year to 31 December 2027	1 075 233	142.00 – 160.33	153.97	374 897	142.00	142.00
Year to 31 December 2028	702 327	160.33	160.33		0	0.00
Total	6 288 219			4 423 879		

The share appreciation rights granted during the year were valued using a Black-Scholes option pricing model. Expected volatility is determined using historical SBK share price data available and applied over the expected life of the grant. Each grant was valued separately. The weighted fair value of the options granted per vesting date and the assumptions utilised are as follows:

	2022			2021		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number of appreciation rights granted	702 256	702 291	702 327	374 859	374 874	374 897
Weighted average fair value at grant date (rands)	34.26	36.86	39.42	37.35	40.35	43.15
The principal inputs are as follows:						
Weighted average share price (rand)	161.11	161.11	161.11	142.00	142.00	142.00
Weighted average exercise price (rand)	161.11	161.11	161.11	142.00	142.00	142.00
Expected life (years)	4.00	5.00	6.00	4.00	5.00	6.00
Expected volatility (%)	34.82	34.82	34.82	38.00	38.00	38.00
Risk-free interest rate (%)	7.89	8.07	8.32	5.40	5.89	6.36
Dividend yield (%)	7.42	7.72	7.89	4.78	4.84	4.79

Deferred Bonus Scheme

All employees granted an annual performance award over a 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. 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 that are made to individuals of a group entity outside of South Africa are classified as cash-settled.

	Units	
	2022	2021
Movement summary		
Units outstanding at beginning of the year	**14 287 945**	14 777 008
Units granted during the year[1]	**10 880 490**	6 783 560
Exercised	**(7 268 367)**	(6 398 962)
Lapsed/forfeited	**(1 828 186)**	(873 661)
Units outstanding at end of the year	**16 071 882**	14 287 945
Outstanding equity-settled units	**15 717 571**	13 844 493
Outstanding cash-settled units	**354 311**	443 452
Weighted average fair value at grant date (R)	**153.15**	141.16
Expected life (years)	**2.51**	2.51

1 Includes 10 197 939 (2021: 6 512 198) 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	
	2022	2021
Movement summary		
Units outstanding at beginning of the year	**10 457 252**	8 570 840
Units granted during the year[1]	**6 033 704**	4 248 744
Performance condition lapsed	**(2 649 192)**	(2 124 942)
Lapsed/forfeited	**(435 148)**	(237 390)
Units outstanding at the end of the year	**13 406 616**	10 457 252
Outstanding equity-settled units	**12 046 496**	9 258 599
Outstanding cash-settled units	**1 360 120**	1 198 653
Weighted average fair value at grant date (R)	**151.19**	141.90
Expected life (years)	**3.07**	3.07

1 Includes 5 479 703 (2021: 3 715 153) 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.

			2022				
Currency	**Weighted average fair value at grant date**	**Expected life at grant date (years)**	**Opening balance**	**Granted**	**Exercised**	**Lapsed**	**Outstanding**
AOA	142.00	2.51	**1 500 751**	**1 712 046**	**(679 867)**	**(14 323)**	**2 518 607**
AED	142.00	2.51	**17 640**	**14 053**	**(7 242)**		**24 451**
BWP	142.00	2.51	**73 226**	**27 345**	**(34 173)**	**(16 904)**	**49 494**
CDF	142.00	2.51	**47 400**	**98 693**	**(17 139)**		**128 954**
CNY	142.00	2.51	**93 483**	**48 772**	**(44 928)**		**97 327**
EUR			**17**		**(17)**		
GBP	142.00	2.51	**79 027**	**44 400**	**(37 561)**	**(6 223)**	**79 643**
GHS	142.00	2.51	**28 150**	**37 898**	**(13 816)**	**(259)**	**51 973**
HKD			**6 266**		**(6 266)**		
KES	142.00	2.51	**822 898**	**685 414**	**(373 810)**	**(184 175)**	**950 327**
LSL	142.00	2.51	**4 535**	**5 382**	**(2 906)**	**4 535**	**11 546**
MUR	142.00	2.51	**53 517**	**28 926**	**(27 674)**		**54 769**
MWK	142.00	2.51	**651 030**	**1 322 657**	**(393 197)**	**(39 554)**	**1 540 936**
MZN	142.00	2.51	**364 230**	**159 567**	**(88 919)**	**(185 402)**	**249 476**
NAD	142.00	2.51	**51 995**	**18 966**	**(32 658)**		**38 303**
NGN	142.00	2.51	**12 076 901**	**8 792 185**	**(5 746 891)**	**(134 896)**	**14 987 299**
SSP	142.00	2.51		**22 303**	**(14 482)**		**7 821**
SZL	142.00	2.51	**24 652**	**35 061**	**(9 699)**		**50 014**
TZS	142.00	2.51	**1 412 025**	**707 522**	**(538 997)**	**(60 123)**	**1 520 427**
UGX	142.00	2.51	**28 016 319**	**19 930 815**	**(13 110 731)**	**(6 583 269)**	**28 253 134**
USD	142.00	2.51	**30 974**	**16 274**	**(16 612)**	**(5 344)**	**25 292**
XOF	142.00	2.51	**746 227**	**478 487**	**(309 438)**		**915 276**
ZAR	142.00	2.51	**1 225 080**	**705 281**	**(591 717)**	**(59 186)**	**1 279 458**
ZMW	142.00	2.51	**38 253**	**51 822**	**(18 650)**	**(415)**	**71 010**
ZWL	142.00	2.51	**84 953**	**40 700**	**(328)**	**(88 716)**	**36 609**

Other share schemes

Scheme	**Description**	**Classification**	**Stock symbol**	**2022 Outstanding units**	2021 Outstanding units
Liberty Holdings group restricted share plan	During 2012, Liberty introduced the Liberty Holdings group restricted share plan which has two methods of participation: 1) Long-term plan awards granted prior to 28 February 2013 vest 33 1/3% at the end of year two, three and four respectively while awards granted subsequently vest 33 1/3% at the end of year three, four and five respectively. 2) Deferred plan – Awards vest 33 1/3% at the end of 18 months, 30 months and 42 months respectively.	Equity-settled scheme	LBH		3 731 182
Group share incentive scheme (GSIS)	GSIS confers rights to employees to acquire shares at the value of the SBG share price at the date the option was granted. The scheme has various vesting periods, and expires ten years after grant date. During the year, 59 645 (2021: 10 000) SBG shares were issued to settle the GSIS awards.	Equity-settled scheme	SBK	**98 250**	158 000

2021				
Opening balance	Granted	Exercised	Lapsed	Outstanding
1 223 870	759 477	(482 596)		1 500 751
12 326	9 418	(4 104)		17 640
50 645	44 589	(22 008)		73 226
12 068	39 354	(4 022)		47 400
93 034	42 399	(39 173)	(2 777)	93 483
48		(31)		17
87 631	31 865	(40 279)	(190)	79 027
23 940	16 148	(8 550)	(3 388)	28 150
18 108		(11 842)		6 266
1 037 985	348 326	(420 778)	(142 635)	822 898
8 647		(4 112)		4 535
111 497	22 664	(26 675)	(53 969)	53 517
978 211	195 842	(523 023)		651 030
250 093	186 334	(71 499)	(698)	364 230
47 836	14 647	(9 928)	(560)	51 995
11 030 428	6 249 248	(5 152 597)	(50 178)	12 076 901
6 371			(6 371)	
12 913	18 987	(7 248)		24 652
847 755	876 523	(312 253)		1 412 025
27 464 667	13 411 397	(12 210 600)	(649 145)	28 016 319
34 559	12 891	(15 980)	(496)	30 974
465 345	465 367	(184 485)		746 227
1 449 591	452 303	(676 814)		1 225 080
39 126	21 856	(16 778)	(5 951)	38 253
29 526	69 587	(9 470)	(4 690)	84 953

Annexure E – emoluments and share incentives of directors and prescribed officers

Executive directors' and prescribed officers' emoluments

	SK Tshabalala		A Daehnke	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cost to Company package	10 558	10 475	7 000	7 014
Cash package paid during the year	9 041	8 967	6 171	6 140
Retirement contributions paid during the year	1 295	1 290	767	765
Other allowances	222	218	62	109
Short-term Incentive	19 300	18 000	18 200	16 750
Short-term incentive (cash)[1]	8 650	8 100	8 200	7 525
Short-term incentive (share-linked deferral)[2]	10 650	9 900	10 000	9 225
Total reward (excluding conditional long-term incentive awards)	29 858	28 475	25 200	23 764
PRP awards vesting[3]	22 882		16 506	
PRP notional dividend[4]	2 954		2 131	
Total reward (including conditional long-term incentive awards)	55 694	28 475	43 837	23 764

	AKL Fihla		FZ Montjane	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cost to Company package	7 929	7 998	7 370	7 202
Cash package paid during the year	6 875	6 845	6 696	6 550
Retirement contributions paid during the year	896	894	514	502
Other allowances	158	259	160	150
Short-term Incentive	25 000	22 000	16 800	14 500
Short-term incentive (cash)[1]	11 250	9 900	7 550	6 500
Short-term incentive (share-linked deferral)[2]	13 750	12 100	9 250	8 000
Total reward (excluding conditional long-term incentive awards)	32 929	29 998	24 170	21 702
PRP awards vesting[3]	15 332		12 375	
PRP notional dividend[4]	1 979		1 597	
Total reward (including conditional long-term incentive awards)	50 240	29 998	38 142	21 702

	M Nienaber		B Blackie	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cost to Company package	7 351	7 242	7 016	
Cash package paid during the year	6 371	6 283	6 321	
Retirement contributions paid during the year	722	716	627	
Other allowances	258	243	68	
Short-term Incentive	20 000	18 000	17 700	
Short-term incentive (cash)[1]	9 000	8 100	7 950	
Short-term incentive (share-linked deferral)[2]	11 000	9 900	9 750	
Total reward (excluding conditional long-term incentive awards)	27 351	25 242	24 716	
PRP awards vesting[3]	14 430		8 264	
PRP notional dividend[4]	1 863		1 067	
Total reward (including conditional long-term incentive awards)	43 644	25 242	34 047	

	DC Munro	
	2022 R'000	2021 R'000
Cost to Company package	**7 474**	
Cash package paid during the year	**6 601**	
Retirement contributions paid during the year	**589**	
Other allowances	**284**	
Short-term Incentive	**20 000**	
Short-term incentive (cash)[1]	**9 000**	
Short-term incentive (share-linked deferral)[2]	**11 000**	
Total reward (excluding conditional long-term incentive awards)	**27 474**	
PRP awards vesting[3]		
PRP notional dividend[4]		
Total reward (including conditional long-term incentive awards)	**27 474**	

Refer to footnotes under the former prescribed officers table.

FORMER PRESCRIBED OFFICERS

	ZN Manyathi
	2021 R'000
Cost to Company package	4 797
Cash package paid during the year	4 280
Retirement contributions paid during the year	383
Other allowances	134
Once-off allowances/payments[5]	483
Short-term Incentive	7 000
Short-term incentive (cash)[1]	4 650
Short-term incentive (share-linked deferral)[2]	2 350
Total reward (excluding conditional long-term incentive awards)	12 280
PRP awards vesting[3]	
PRP notional dividend[4]	
Total reward (including conditional long-term incentive awards)	12 280

1 These are performance related short-term incentive payments in respect of the financial year under review.
2 These are performance-related deferred incentive awards issued in the March following the financial year under review. Participants can elect to have the value of the deferred awards, or part thereof, invested in the SARP rather than the default DBS. To the extent that the SARP is selected, a 10% premium of the value of the award is added. Deferred incentive awards not invested in SARP will be unitised in DBS with respect to the group's closing share price the day results are announced. The award will be updated in the group's annual financial statements the following year to reflect the choices made and units/rights awarded.
3 PRP units vesting in March 2023 (disclosed for the performance year 2022) were awarded in March 2020. The value delivered is calculated using the group's closing share price of R167.79 at 31 December 2022 and the vesting percentage of 125% based on the achievement of performance conditions measured over the 3-year performance period ending 31 December 2022. The amount included in the single figure numbers will not be amended for the actual vesting share prices on 31 March following the performance year, however the actual payment values will be included in the settlement schedule in the 2023 remuneration report. No PRP awards vested for the performance period ending 31 December 2021 in respect of the PRP units awarded in March 2019.
4 The PRP notional dividend is calculated by multiplying the units vesting by the cumulative notional dividend granted in the period between the grant date and the vesting date. The amount included in the single figure numbers will not be amended for the actual dividends declared following the performance year, however the actual payment values will be included in the settlement schedule in the 2023 remuneration report.
5 Includes a once-off payment made in respect of leave paid on retirement.

Non-executive directors

	Fixed remuneration			
	Services as directors of Standard Bank Group R'000	Standard Bank Group committee fees R'000	Services as directors of group subsidiaries R'000	Total compensation for the year R'000
2022				
TS Gcabashe[1]	**3 102**			**3 102**
LL Bam[2]	**50**		**50**	**100**
PLH Cook[3]	**299**	**466**	**299**	**1 064**
MA Erasmus[4]	**140**	**113**	**140**	**393**
GJ Fraser-Moleketi	**299**	**798**	**299**	**1 396**
X Guan	**1 073**	**703**	**1 073**	**2 849**
GMB Kennealy	**299**	**2 138**	**299**	**2 736**
BJ Kruger[5]	**174**	**437**	**2 016**	**2 627**
L Li[6]	**299**		**299**	**598**
JH Maree[7]	**299**	**1 578**	**825**	**2 702**
NNA Matyumza	**299**	**1 102**	**299**	**1 700**
Adv KD Moroka	**299**	**945**	**299**	**1 543**
NMC Nyembezi[8]	**4 103**	**359**	**125**	**4 587**
Dr. ML Oduor-Otieno	**1 073**	**585**	**1 073**	**2 731**
ANA Peterside CON	**1 073**	**902**	**1 073**	**3 048**
MJD Ruck	**299**	**1 627**	**698**	**2 624**
JM Vice	**299**	**1 335**	**299**	**1 933**
Total	**13 479**	**13 088**	**9 166**	**35 733**
2021				
TS Gcabashe[1]	6 953			6 953
PLH Cook[3]	248	304	248	800
MA Erasmus[4]	1 080	867	1 080	3 027
GJ Fraser-Moleketi	290	721	290	1 301
X Guan	1 409	657	1 409	3 475
GMB Kennealy	290	2 296	290	2 876
L Li[6]	41	88	41	170
JH Maree[7]	290	1 640	3 448	5 378
NNA Matyumza	290	1 027	290	1 607
Adv KD Moroka	290	900	290	1 480
NMC Nyembezi[8]	290	701	290	1 281
Dr. ML Oduor-Otieno	1 080	473	1 080	2 633
AC Parker[9]	118	232	118	468
ANA Peterside CON	1 080	1 045	1 080	3 205
MJD Ruck[10]	290	1 747	579	2 616
JM Vice	290	1 280	290	1 860
L Wang[11]	251	292	251	794
Total	14 580	14 270	11 074	39 924

1 TS Gcabashe retired as chairman of the boards of SBSA and SBG on 31 May 2022.
2 LL Bam was appointed to the SBSA and SBG boards on 1 November 2022.
3 PLH Cook was appointed to the SBSA and SBG boards on 22 February 2021.
4 MA Erasmus resigned from the SBSA and SBG boards on 16 February 2022.
5 BJ Kruger was appointed to the SBSA and SBG boards on 6 June 2022.
6 L Li was appointed to the SBSA and SBG boards on 11 November 2021.
7 JH Maree's fees for services as a director of group subsidiaries include fees paid by Liberty Holdings Limited. He resigned from the SBSA and SBG boards on 2 March 2022.
8 NMC Nyembezi was appointed chairman designate of the boards of SBSA and SBG on 1 June 2022.
9 AC Parker retired from the SBSA and SBG boards on 27 May 2021.
10 MJD Ruck for services as director of group subsidiaries includes fees paid by Stanbic Ghana. He retired from the SBSA and SBG boards on 31 December 2022.
11 L Wang resigned from the SBSA and SBG boards on 11 November 2021.
Fees are disclosed excluding VAT

Share incentives

Standard Bank equity growth scheme

The EGS represents participation rights in the future growth of the Standard Bank Group share price. The eventual value of the right is settled by the receipt of Standard Bank Group shares equivalent to the full value of the participation rights. Certain EGS awards issued prior to March 2014 included performance conditions.

Deferred Bonus Scheme

Employees are awarded a deferred incentive, as a mandatory deferral of their short-term incentive or as discretionary award, into the Deferred Bonus Scheme. The deferred incentive is unitised into a number of units with respect to the group's share price on the date of award. The shares are delivered to the employee on the vesting date for equity-settled share incentives. The cash-settled deferred bonus scheme awards are settled in cash on the vesting date. Notional dividends on the units are paid to the employees on the vesting date.

Performance reward plan

The group's PRP, effective from March 2014, is an equity-settled share scheme with a three-year vesting period that is designed to incentivise the group's senior executives whose roles enable them to contribute to and influence the group's long-term decision-making and performance results. The PRP seeks to promote the achievement of the group's strategic long-term objectives and to align the interests of executives with shareholders. The awards are subject to the achievement of performance conditions set at award date and that determine the number of shares that ultimately vest. The awards will only vest in future in terms of the rules of the PRP. The shares, subject to meeting the pre-specified conditions, are delivered to the employee on vesting date. Notional dividends accrue during the vesting period and will be payable on vesting date.

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.

Share appreciation rights plan

The SARP represents participation rights in the future growth of the Standard Bank Group share price. The eventual value of the right is settled by the receipt of Standard Bank Group shares equivalent to the full value of the participation rights.

SK Tshabalala **Performance year**	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**
Deferred bonus schemes					
2018	2019/03/07	182.43	1 667	2022/09/30	
2018*	2019/03/07	182.43	3 017	2022/09/30	
2019	2020/03/05	152.64	1 500	2022/09/30	
2019	2020/03/05	152.64	1 500	2023/09/30	
2019*	2020/03/05	152.64	2 742	2022/09/30	
2019*	2020/03/05	152.64	2 742	2023/09/30	
2020	2021/03/11	142.00	1 183	2022/09/30	
2020	2021/03/11	142.00	1 183	2023/09/30	
2020	2021/03/11	142.00	1 183	2024/09/30	
2020*	2021/03/11	142.00	1 200	2022/09/30	
2020*	2021/03/11	142.00	1 200	2023/09/30	
2020*	2021/03/11	142.00	1 200	2024/09/30	
Performance reward plan					
2018	2019/03/07	182.43	14 011	2022/03/31	
2019[8]	2020/03/05	152.64	16 653	2023/03/31	
2020	2021/03/11	142.00	17 750	2024/03/31	
2021	**2022/03/11**	**160.33**	**20 009**	**2025/03/31**	
Share Appreciation Rights Plan					
2021	**2022/03/11**	**160.33**			**2026/03/11**
2021	**2022/03/11**	**160.33**			**2027/03/11**
2021	**2022/03/11**	**160.33**			**2028/03/11**
Totals for 2022			**88 740**		

Refer to footnotes on page 212.

	Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
	9 138		9 138			143.13	1 308	289		
	16 537		16 537			143.13	2 367	523		
	9 827		9 827			143.13	1 407	213		
	9 828				9 828				1 649	213
	17 961		17 961			143.13	2 571	389		
	17 963				17 963				3 014	389
	8 333		8 333			143.13	1 193	135		
	8 333				8 333				1 398	135
	8 334				8 334				1 398	136
	8 451		8 451			143.13	1 210	137		
	8 451				8 451				1 418	137
	8 451				8 451				1 418	137
	76 800			76 800						
	109 100	27 275			136 375				22 882	2 954
	125 000				125 000				20 974	2 033
		124 800			124 800				20 940	1 280
		84 694			84 694				632	
		84 695			84 695				632	
		84 695			84 695				632	
							10 056	1 686	76 987	7 414

A Daehnke

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date
Deferred bonus schemes					
2018	2019/03/07	182.43	1 000	2022/09/30	
2018*	2019/03/07	182.43	1 909	2022/09/30	
2019	2020/03/05	152.64	1 333	2022/09/30	
2019	2020/03/05	152.64	1 333	2023/09/30	
2019*	2020/03/05	152.64	1 950	2022/09/30	
2019*	2020/03/05	152.64	1 950	2023/09/30	
2020	2021/03/11	142.00	1 067	2022/09/30	
2020	2021/03/11	142.00	1 067	2023/09/30	
2020	2021/03/11	142.00	1 067	2024/09/30	
2020*	2021/03/11	142.00	767	2022/09/30	
2020*	2021/03/11	142.00	767	2023/09/30	
2020*	2021/03/11	142.00	767	2024/09/30	
2021	**2022/03/11**	**160.33**	**1 000**	**2023/09/30**	
2021	**2022/03/11**	**160.33**	**1 000**	**2024/09/30**	
2021	**2022/03/11**	**160.33**	**1 000**	**2025/09/30**	
2021*	**2022/03/11**	**160.33**	**1 306**	**2023/09/30**	
2021*	**2022/03/11**	**160.33**	**1 306**	**2024/09/30**	
2021*	**2022/03/11**	**160.33**	**1 306**	**2025/09/30**	
Performance reward plan					
2018	2019/03/07	182.43	12 004	2022/03/31	
20198	2020/03/05	152.64	12 013	2023/03/31	
2020	2021/03/11	142.00	14 001	2024/03/31	
2021	**2022/03/11**	**160.33**	**14 013**	**2025/03/31**	
Equity growth scheme					
Vested					
2010	2011/03/04	98.80		A	2023/03/31
2010	2011/03/04	98.80		B	2023/03/31
2013	2014/03/06	126.87		B	2023/03/31
Share appreciation rights plan					
2021	**2022/03/11**	**160.33**			**2026/03/11**
2021	**2022/03/11**	**160.33**			**2027/03/11**
2021	**2022/03/11**	**160.33**			**2028/03/11**
Totals for 2022			**73 926**		

Refer to footnotes on page 212.

Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
5 483		5 483			143.13	785	173		
10 462		10 462			143.13	1 497	331		
8 735		8 735			143.13	1 250	189		
8 736				8 736				1 466	189
12 775		12 775			143.13	1 828	277		
12 776				12 776				2 144	277
7 512		7 512			143.13	1 075	122		
7 512				7 512				1 260	122
7 512				7 512				1 260	122
5 399		5 399			143.13	773	88		
5 399				5 399				906	88
5 400				5 400				906	88
	6 237			6 237				1 047	64
	6 237			6 237				1 047	64
	6 238			6 238				1 047	64
	8 147			8 147				1 367	84
	8 147			8 147				1 367	84
	8 148			8 148				1 367	84
65 800			65 800						
78 700	19 675			98 375				16 506	2 131
98 600				98 600				16 544	1 603
	87 400			87 400				14 665	897
12 500				12 500				862	
12 500				12 500				862	
68 750				68 750				2 813	
	19 730			19 730				147	
	19 730			19 730				147	
	19 730			19 730				147	
						7 208	1 180	67 877	5 961

F Montjane Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date
Deferred bonus schemes					
2018	2019/03/07	182.43	1 583	2022/09/30	
2018*	2019/03/07	182.43	1 784	2022/09/30	
2019	2020/03/05	152.64	1 583	2022/09/30	
2019	2020/03/05	152.64	1 584	2023/09/30	
2019*	2020/03/05	152.64	1 783	2022/09/30	
2019*	2020/03/05	152.64	1 783	2023/09/30	
2020	2021/03/11	142.00	767	2022/09/30	
2020	2021/03/11	142.00	767	2023/09/30	
2020	2021/03/11	142.00	767	2024/09/30	
2020*	2021/03/11	142.00	467	2022/09/30	
2020*	2021/03/11	142.00	467	2023/09/30	
2020*	2021/03/11	142.00	467	2024/09/30	
2021	**2022/03/11**	**160.33**	**1 267**	**2023/09/30**	
2021	**2022/03/11**	**160.33**	**1 267**	**2024/09/30**	
2021	**2022/03/11**	**160.33**	**1 267**	**2025/09/30**	
2021*	**2022/03/11**	**160.33**	**1 400**	**2023/09/30**	
2021*	**2022/03/11**	**160.33**	**1 400**	**2024/09/30**	
2021*	**2022/03/11**	**160.33**	**1 400**	**2025/09/30**	
Performance reward plan					
2018	2019/03/07	182.43	9 012	2022/03/31	
2019[8]	2020/03/05	152.64	9 006	2023/03/31	
2020	2021/03/11	142.00	11 005	2024/03/31	
2021	**2022/03/11**	**160.33**	**13 003**	**2025/03/31**	
Totals for 2022			**63 829**		

Refer to footnotes on page 212.

Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
8 680		8 680			143.13	1 242	274		
9 777		9 777			143.13	1 399	309		
10 372		10 372			143.13	1 485	225		
10 375				10 375				1 741	225
11 683		11 683			143.13	1 672	253		
11 684				11 684				1 960	253
5 399		5 399			143.13	773	88		
5 399				5 399				906	88
5 400				5 400				906	88
3 286		3 286			143.13	470	53		
3 287				3 287				552	53
3 287				3 287				552	53
	7 900			7 900				1 326	81
	7 901			7 901				1 326	81
	7 901			7 901				1 326	81
	8 732			8 732				1 465	90
	8 732			8 732				1 465	90
	8 732			8 732				1 465	90
49 400			49 400						
59 000	14 750			73 750				12 375	1 597
77 500				77 500				13 004	1 260
	81 100			81 100				13 608	832
						7 041	1 202	53 977	4 962

AKL Fihla

Performance year	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date
Deferred bonus schemes					
2018	2019/03/07	182.43	1 334	2022/09/30	
2018*	2019/03/07	182.43	2 117	2022/09/30	
2019	2020/03/05	152.64	1 333	2022/09/30	
2019	2020/03/05	152.64	1 333	2023/09/30	
2019*	2020/03/05	152.64	2 575	2022/09/30	
2019*	2020/03/05	152.64	2 575	2023/09/30	
2020	2021/03/11	142.00	1 267	2022/09/30	
2020	2021/03/11	142.00	1 267	2023/09/30	
2020	2021/03/11	142.00	1 267	2024/09/30	
2020*	2021/03/11	142.00	1 700	2022/09/30	
2020*	2021/03/11	142.00	1 700	2023/09/30	
2020*	2021/03/11	142.00	1 700	2024/09/30	
2021	**2022/03/11**	**160.33**	**1 500**	**2023/09/30**	
2021	**2022/03/11**	**160.33**	**1 500**	**2024/09/30**	
2021	**2022/03/11**	**160.33**	**1 500**	**2025/09/30**	
2021*	**2022/03/11**	**160.33**	**2 533**	**2023/09/30**	
2021*	**2022/03/11**	**160.33**	**2 533**	**2024/09/30**	
2021*	**2022/03/11**	**160.33**	**2 533**	**2025/09/30**	
Performance reward plan					
2018	2019/03/07	182.43	12 004	2022/03/31	
2019[8]	2020/03/05	152.64	11 158	2023/03/31	
2020	2021/11/03	142.00	12 013	2024/03/31	
2021	**2022/03/11**	**160.33**	**12 009**	**2025/03/31**	
Equity growth scheme					
Vested					
2010	2011/03/04	99		A	2023/03/31
2010	2011/03/04	99		B	2023/03/31
Totals for 2022			**79 451**		

Refer to footnotes on page 212.

Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
7 311		7 311			143.13	1 046	231		
11 604		11 604			143.13	1 661	367		
8 735		8 735			143.13	1 250	189		
8 736				8 736				1 466	189
16 869		16 869			143.13	2 414	365		
16 872				16 872				2 831	365
8 920		8 920			143.13	1 277	145		
8 920				8 920				1 497	145
8 921				8 921				1 497	145
11 972		11 972			143.13	1 714	195		
11 972				11 972				2 009	195
11 972				11 972				2 009	195
	9 356			9 356				1 570	96
	9 356			9 356				1 570	96
	9 356			9 356				1 570	96
	15 801			15 801				2 651	162
	15 801			15 801				2 651	162
	15 801			15 801				2 651	162
65 800			65 800						
73 100	18 275			91 375				15 332	1 979
84 600				84 600				14 195	1 376
	74 900			74 900				12 567	768
6 875		6 875			160.33	423			
13 750		13 750			152.50	738			
						10 523	1 492	66 066	6 131

M Nienaber **Performance year**	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**
Deferred bonus schemes					
2018	2019/03/07	182.43	1 000	2022/09/30	
2018*[5]	2019/03/07	182.43	1 638	2022/09/30	
2019	2020/03/05	152.64	1 333	2022/09/30	
2019	2020/03/05	152.64	1 333	2023/09/30	
2019*	2020/03/05	152.64	1 867	2022/09/30	
2019*	2020/03/05	152.64	1 867	2023/09/30	
2020	2021/03/11	142.00	1 167	2022/09/30	
2020	2021/03/11	142.00	1 167	2023/09/30	
2020	2021/03/11	142.00	1 167	2024/09/30	
2020*[5]	2021/03/11	142.00	1 125	2022/09/30	
2020*	2021/03/11	142.00	1 125	2023/09/30	
2020*	2021/03/11	142.00	1 125	2024/09/30	
2021	**2022/03/11**	**160.33**	**1 367**	**2023/09/30**	
2021	**2022/03/11**	**160.33**	**1 367**	**2024/09/30**	
2021	**2022/03/11**	**160.33**	**1 367**	**2025/09/30**	
2021*	**2022/03/11**	**160.33**	**1 933**	**2023/09/30**	
2021*	**2022/03/11**	**160.33**	**1 933**	**2024/09/30**	
2021*	**2022/03/11**	**160.33**	**1 933**	**2025/09/30**	
Performance reward plan					
2018	2019/03/07	182.43	10 015	2022/03/31	
2019[8]	2020/03/05	152.64	10 502	2023/03/31	
2020	2021/11/03	142.00	11 005	2024/03/31	
2021	**2022/03/11**	**160.33**	**12 009**	**2025/03/31**	
Totals for 2022			**69 345**		

Refer to footnotes on page 212.

Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
5 483		5 483			143	785	173		
8 977		8 977			143	1 285	284		
8 735		8 735			143	1 250	189		
8 736				8 736				1 466	189
12 229		12 229			143	1 750	265		
12 230				12 230				2 052	265
8 216		8 216			143	1 176	134		
8 216				8 216				1 379	134
8 216				8 216				1 379	134
7 922		7 922			143	1 134	129		
7 923				7 923				1 329	129
7 923				7 923				1 329	129
	8 524			8 524				1 430	87
	8 524			8 524				1 430	87
	8 525			8 525				1 430	87
	12 058			12 058				2 023	124
	12 059			12 059				2 023	124
	12 059			12 059				2 023	124
54 900			54 900						
68 800	17 200			86 000				14 430	1 863
77 500				77 500				13 004	1 260
	74 900			74 900				12 567	768
						7 380	1 174	59 294	5 504

DC Munro **Performance year**	**Issue date**	**Award price**	**Value at grant date (R'000)**	**Vesting date/vesting category**	**Expiry date/final vesting date**
Deferred bonus schemes LBH					
2018	2019/03/01	99.14	712	2022/09/01	
2019	2020/03/01	65.65	892	2022/09/01	
2019	2020/03/01	65.65	892	2023/09/01	
2020	2021/03/01	68.24	117	2022/09/01	
2020	2021/03/01	68.24	117	2023/09/01	
2020	2021/03/01	68.24	117	2024/09/01	
Long-term incentive plan LBH					
2017	2022/03/01	138.00	3 000	2022/03/01	
2017	2023/03/01	138.00	3 000	2023/03/01	
Equity growth scheme LBH					
2016	2017/05/30	30.68	7 670	2020/05/30	
2016	2017/05/30	30.68	3 835	2021/05/30	
2016	2017/05/30	30.68	3 835	2022/05/30	
2017	2018/03/01	25.70	2 891	2021/03/01	
2017	2018/03/01	25.70	1 446	2022/03/01	
2017	2018/03/01	25.70	1 446	2023/03/01	
2019	2020/11/06	55.85	23 122	2023/11/06	
2019	2020/11/06	55.85	11 561	2024/11/06	
2019	2020/11/06	55.85	11 561	2025/11/06	
Performance reward plan LBH					
2018	2019/03/01	99.14	7 500	2023/03/01	
2018	2019/03/01	99.14	7 500	2024/03/01	
2020	2021/03/01	68.24	7 750	2025/03/01	
2020	2021/03/01	68.24	7 750	2026/03/01	
Deferred bonus schemes SBG					
2022 scheme of arrangements into SBG	**2022/03/01**	**159.41**	**1 577**	**2022/09/01**	
2022 scheme of arrangements into SBG	**2022/03/01**	**159.41**	**1 073**	**2023/09/01**	
2022 scheme of arrangements into SBG	**2022/03/01**	**159.41**	**120**	**2024/09/01**	
2021	**2022/03/11**	**160.33**	**999**	**2023/09/30**	
2021	**2022/03/11**	**160.33**	**999**	**2024/09/30**	
2021	**2022/03/11**	**160.33**	**1 000**	**2025/09/30**	
Hybrid share appreciation right					
2022 scheme of arrangements into SBG	**2020/11/06**	**55.85**	**15 415**	**2023/11/06**	**2030/11/06**
2022 scheme of arrangements into SBG	**2020/11/06**	**55.85**	**7 707**	**2024/11/06**	**2030/11/06**
2022 scheme of arrangements into SBG	**2020/11/06**	**55.85**	**7 707**	**2025/11/06**	**2030/11/06**
Performance reward plan SBG					
2022 scheme of arrangements into SBG	**2022/03/01**	**159.41**	**15 930**	**2024/03/31**	
2021	**2022/03/11**	**160.33**	**11 000**	**2025/03/31**	
Cash remuneration scheme[7]					
2022 scheme of arrangements	**2022/03/01**				
Performance Reward Plan					
2021	**2022/03/11**	**160.33**	**10 005**	**2025/03/31**	
Equity growth scheme					
Vested					
2011	2012/03/08	108.90		D	2023/03/31
2012	2013/03/07	115.51		D	2023/03/31
2013	2014/03/06	126.87		D	2024/03/31
Totals for 2022			**180 246**		

Refer to footnotes on page 212.

Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
7 183			7 183		105.21				
13 587			13 587		105.21				
13 588			13 588		105.21				
1 711			1 711		105.21				
1 711			1 711		105.21				
1 711			1 711		105.21				
21 739			21 739		105.21				
21 740			21 740		105.21				
					105.21				
					105.21				
125 000			125 000		105.21				
					105.21				
56 250			56 250		105.21				
56 250			56 250		105.21				
414 000			414 000		105.21				
207 000			207 000		105.21				
207 000			207 000		105.21				
75 651			75 651		105.21				
75 651			75 651		105.21				
113 570			113 570		105.21				
113 570			113 570		105.21				
	9 890	9 890			153.23	1 515	51		
	6 730			6 730				1 129	69
	752			752				126	8
	6 234			6 234				1 046	64
	6 234			6 234				1 046	64
	6 235			6 235				1 046	64
	276 000			276 000				15 104	
	138 000			138 000				7 552	
	138 000			138 000				7 552	
	99 932			99 932				16 768	1 025
	68 608			68 608				11 512	704
						33 438			
	62 400			62 400				10 470	640
61 471		61 469			176.78	4 173			
131 690		108 109		23 581	176.78	6 624		1 233	
105 797				105 797				4 329	
						45 750	51	78 913	2 638

W Blackie **Performance year**	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date
Deferred bonus schemes					
2018	2019/03/07	182.43	3 565	2022/09/30	
2019	2020/03/05	152.64	3 859	2022/09/30	
2019	2020/03/05	152.64	3 860	2023/09/30	
2020	2021/03/11	142.00	2 606	2022/09/30	
2020	2021/03/11	142.00	2 606	2023/09/30	
2020	2021/03/11	142.00	2 606	2024/09/30	
2021	**2022/03/11**	**160.33**	**1 333**	**2023/09/30**	
2021	**2022/03/11**	**160.33**	**1 333**	**2024/09/30**	
2021	**2022/03/11**	**160.33**	**1 333**	**2025/09/30**	
2021*	**2022/03/11**	**160.33**	**3 021**	**2023/09/30**	
2021*	**2022/03/11**	**160.33**	**3 021**	**2024/09/30**	
2021*	**2022/03/11**	**160.33**	**3 021**	**2025/09/30**	
Performance reward plan					
2018	2019/03/07	182.43	6 002	2022/03/31	
2019[8]	2020/03/05	152.64	6 014	2023/03/31	
2020	2021/03/11	142.00	6 007	2024/03/31	
2021	**2022/03/11**	**160.33**	**5 002**	**2025/03/31**	
Equity growth scheme					
Vested					
2010	2011/03/04	99		D	2023/03/31
Totals for 2022			**55 189**		

JH Maree **Performance year**	Issue date	Award price	Value at grant date (R'000)	Vesting date/vesting category	Expiry date/final vesting date
Equity growth scheme					
Vested					
2011	2012/03/08	108.90		A	2023/03/31
2012	2013/03/07	115.51		A	2023/03/31
2014	2015/03/05	156.96		D	2025/03/05
Totals for 2022					

* Cash settled Deferred Bonus Scheme
1 Value on settlement is calculated by multiplying the vesting share/settlement price by the total units vesting and applying performance conditions (where applicable).
2 Value is calculated by multiplying the notional dividend per unit with the total vesting units and applying performance conditions (where applicable).
3 Value is calculated by multiplying the year end SBK share price of R167.79 by the total outstanding units and applying performance conditions (where applicable).
4 Value is calculated by multiplying the notional dividend (accumulated from grant date to year-end) with the total outstanding units and applying performance conditions (where applicable). Notional dividends are subject to the vesting conditions.
5 This award was settled with equity as opposed to cash in September 2021. This was done in order for the director to meet minimum shareholding requirements.
6 Replacement of Liberty Holdings Limited (LHL) equity-settled schemes to SBG Incentive schemes
7 A new cash-settled remuneration scheme was accounted for by LHL group in 2022 due to the scheme of arrangement referred to above. 50% was deferred and is payable in March 2023.
8 The vesting percentage for the 2020 grant has been updated to 125% based on the achievement of performance conditions measured over the 3-year performance period ending 31 December 2022. This uplift has been reflected in the "awards made during the year" column.

The EGS share schemes are disclosed in the following vesting categories:
A: Includes the group leadership council members of Standard Bank Bank Group Limited (for banking activities only)
B: Includes heads of major business lines.
C: Includes executives whose actions have a material impact on the risk exposure of the group as a whole, based on the ability to:
- commit significant amount of the group's risk capital;
- significantly influence the group's overall liquidity position; or
- significantly influence material risks.

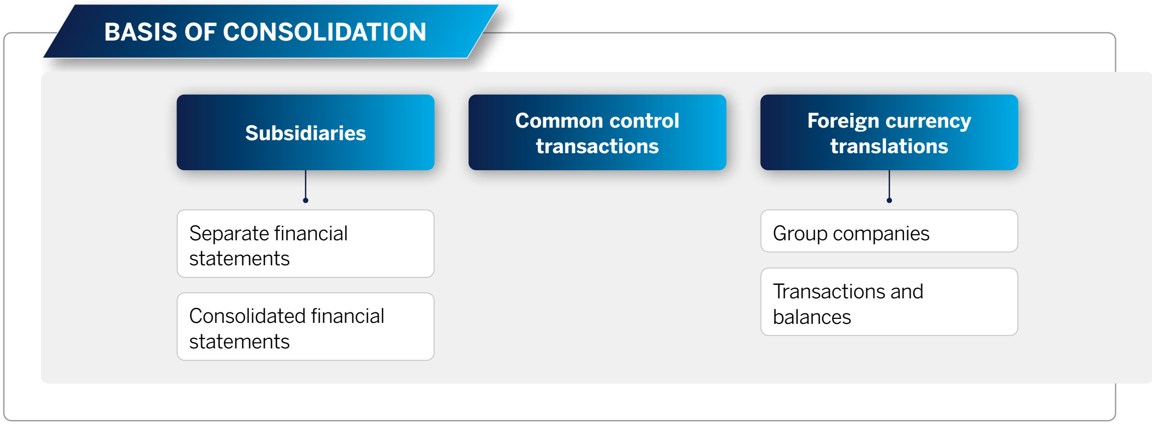
D: Includes all other executives receiving any deferred variable remuneration and for whom the variable remuneration award is linked to personal or business line performance.

	Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
	19 540		19 540			143.13	2 797	617		
	25 280		25 280			143.13	3 618	548		
	25 285				25 285				4 243	548
	18 353		18 353			143.13	2 627	298		
	18 354				18 354				3 080	298
	18 354				18 354				3 080	298
		8 316			8 316				1 395	85
		8 316			8 316				1 395	85
		8 317			8 317				1 396	85
		18 842			18 842				3 161	193
		18 842			18 842				3 161	193
		18 842			18 842				3 161	193
	32 900			32 900						
	39 400	9 850			49 250				8 264	1 067
	42 300				42 300				7 098	688
		31 200			31 200				5 235	320
	3 438		3 438			175.80	265			
							9 307	1 463	44 669	4 053

	Units						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 2022	Exercise date share price	Award (R'000)[1]	Notional dividend (R'000)[2]	Award (R'000)[3]	Notional dividend (R'000)[4]
	61 471		61 471			166.34	3 531			
	56 594		56 594			166.34	2 877			
	78 445				78 445				850	
							6 408		850	

Annexure F – detailed accouting policies

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.

1. Basis of consolidation continued

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 transactions is utilised, for example, an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges).

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 the 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 of the 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.

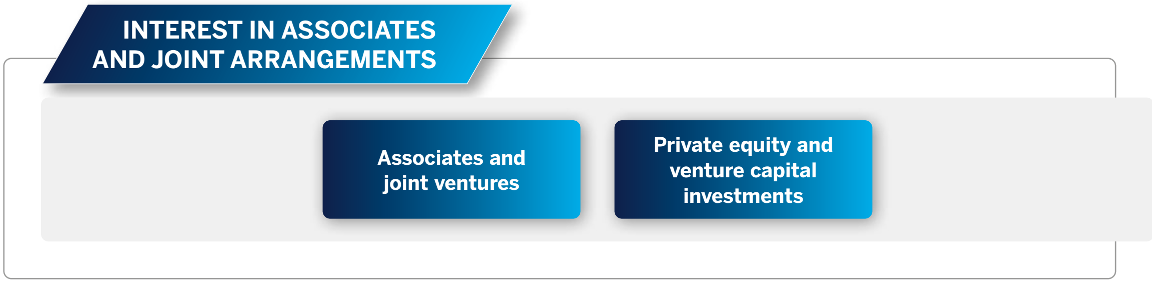
However, as the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the index in the current year. Differences between these comparative amounts and current year hyperinflation adjusted are recognised directly in equity.

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 year 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 the income statement 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 year 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. 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



Associates

Associates are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group's share of the net assets of the associate (including goodwill). Equity accounting is applied from the date on which the entity becomes an associate up to the date on which the group ceases to have significant influence or joint control.

Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the associate. Additional interests acquired in associates form part of the equity accounted investment to the extent that they give rise to current access to returns associated with an ownership interest.

Unrealised profits from transactions are eliminated in determining the group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains (but only to the extent that there is no evidence of impairment).

Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount. Impairment losses are recognised through non-trading and capital related items. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, net of equity accounted losses, if no impairment loss had been recognised.

For a disposal of an associate, being where the group loses significant influence over an associate, the difference between the sales proceeds and any retained interest and the carrying value of the equity accounted investment is recognised as a gain or loss in non-trading and capital related items. Any gains or losses in OCI reserves that relate to the associate are reclassified to non-trading and capital related items in profit or loss at the time of the disposal.

The accounting policies of associates have been changed where necessary to ensure consistency with the policies of the group.

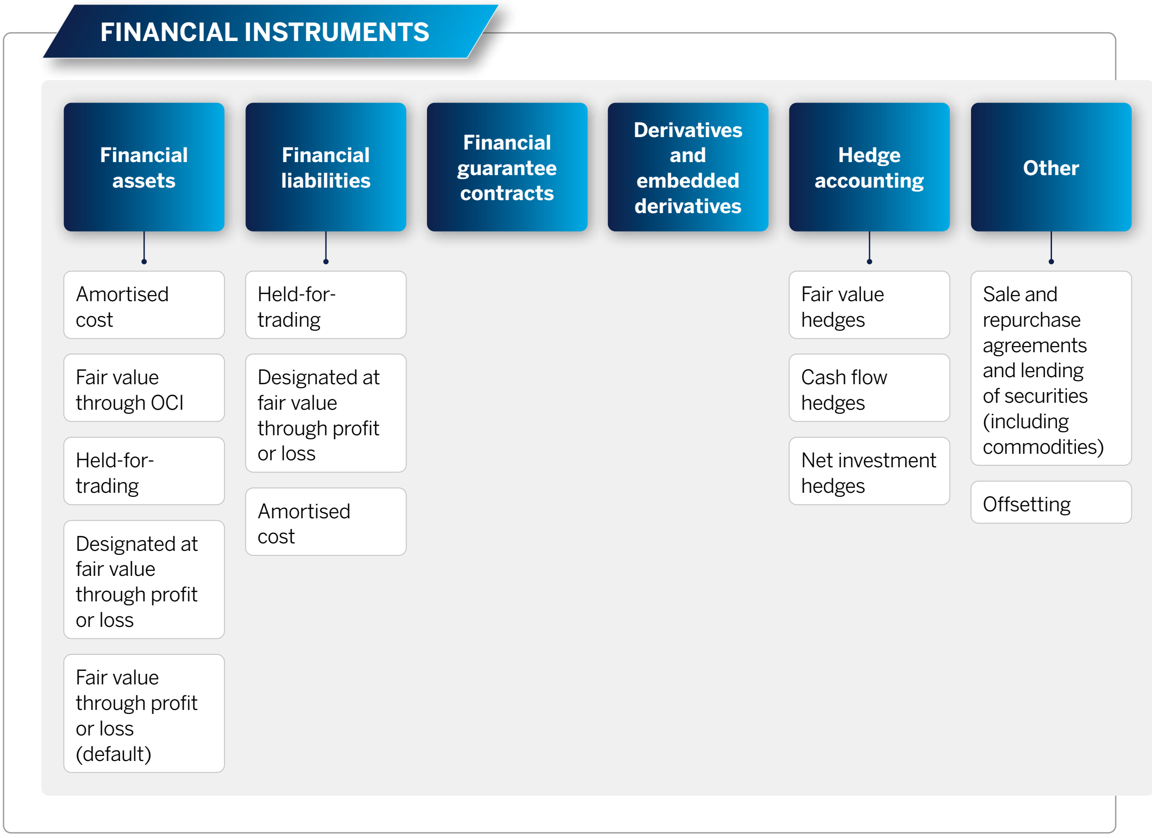
Private equity and venture capital investments

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 activities, and within fair value adjustments for investment management and life insurance activities, in profit or loss.

3. Financial instruments

Initial measurement

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).



3. Financial instruments continued

Financial assets

Nature

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): ▪ Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and ▪ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	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.
Held-for-trading	Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss – default	Financial assets that are not classified into one of the above mentioned financial asset categories.

3. Financial instruments continued

Financial assets continued

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairments losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset 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 the income statement as part of other gains and losses on financial instruments within non-interest revenue. Equity instruments – Fair value gains and losses on the financial asset recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECL is recognised on debt financial assets classified as 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 borrower has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the borrower's ability to fulfil its contractual obligations.
Default	The group's definition of default has been aligned with 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.

3. Financial instruments continued

Financial assets continued

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 comprise cash and balances with central banks as well as cash balances with other banks within investment management and life insurance activities 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 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.	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; or
- unamortised premium.

3. Financial instruments continued

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.

In terms on IFRS 9 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

As of 1 January 2021, the group applied IFRS 9 to all micro hedge relationships, however, will continue to apply IAS 39 to all macro-hedges.

Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the group into the following relationships:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities or firm commitments.	Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised 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 and company operate internationally and are 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 and company. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the relevant group entity for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the group and company. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the relevant group entity for each respective currency.

The group and company use 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 and company elect 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.

3. Financial instruments continued

Hedge accounting risk management strategy continued

Equity price risk

The group operates share incentive schemes that enable key management personnel and senior employees to benefit from the performance of SBG's share price. For further detail regarding the share schemes, refer to annexure D 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.

3. Financial instruments continued

Hedge accounting risk management strategy continued

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of IRRBB (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The group and company's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the group and company operate.

The group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of group ALCO. The group 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 and deposits and debt funding. To manage the risk associated with such risk exposures the group uses one or more cash collateralised fixed for floating interest rate swaps that 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. 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; and
- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges 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:

- Specifically identified long-term floating interest rate Loans and advances. To manage the risk associated with such risk exposures the group uses one or more cash collateralised floating for fixed interest rate swaps that matches the critical terms or that exhibits the same duration as that of the underlying risk exposure.

The group observes interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only.

The group 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.

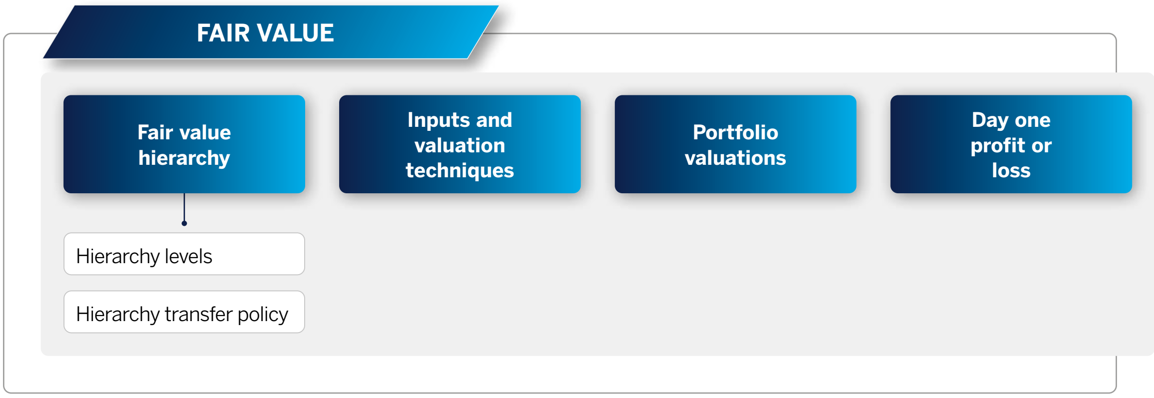
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements 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 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 investment management and life insurance activities 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:

Item and description	Valuation technique	Main inputs and assumptions
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.	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.	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.
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.	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.	
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 leased to third parties.		
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.		

4. Fair value continued

Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
Loans and advances to banks and customers Loans and advances comprise: ▪ Home services ▪ Vehicle and asset finance ▪ Card and payments ▪ Personal unsecured lending ▪ Business lending and other ▪ Corporate and sovereign ▪ Bank	For certain loans, fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items ▪ discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant to that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items ▪ discount rate*

4. **Fair value** continued

Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
Policyholders' assets and liabilities Policyholders' assets and liabilities 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. Annuity certains: discounted cash flow models are used to determine the fair value of the stream of future payments.	For level 2 and 3 fair value hierarchy items ▪ discount rate* ▪ spot price of underlying
Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities) 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.

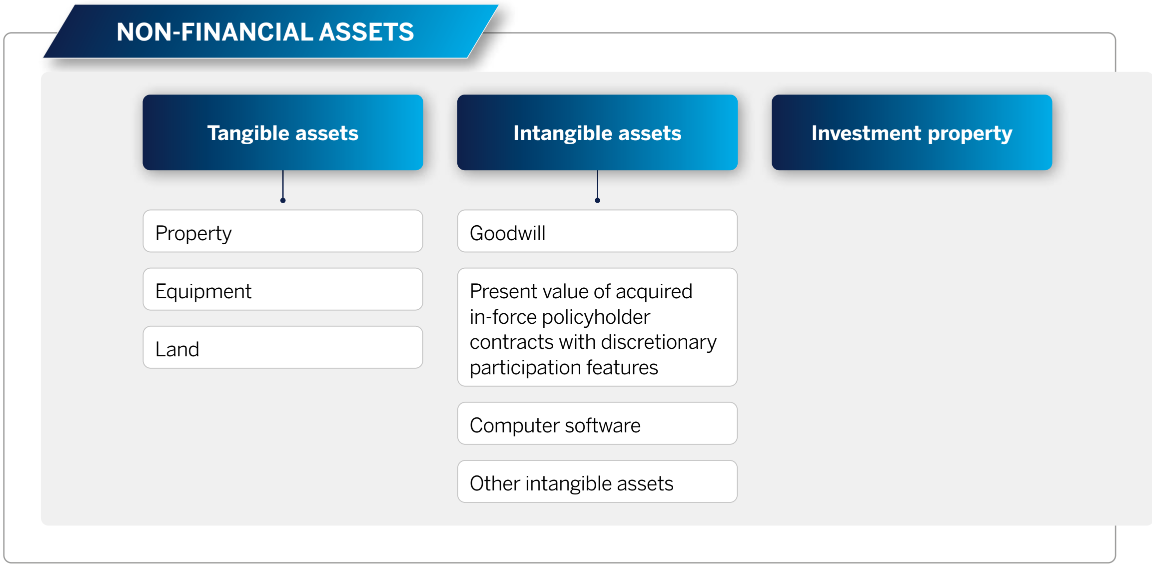
5. Employee benefits

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 43 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 43 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 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.

6. Non-financial assets continued

Type and initial and subsequent measurement	Useful lives, depreciation/amortisation method or fair value basis	Impairment
Goodwill Goodwill represents the excess of the consideration transferred and the acquisition date fair value of any previously held equity interest over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, associate at the date of the acquisition. The group's interest in acquired subsidiaries takes into account any non-controlling interest. Goodwill arising on the acquisition of subsidiaries (associates) is reported in the statement of financial position as part of 'Goodwill and other intangible assets' ('Interest in associates').	Not applicable.	The accounting treatment is generally the same as that for tangible assets except as noted below. Goodwill is tested annually for impairment and additionally when an indicator of impairment exists. An impairment loss in respect of goodwill is not reversed.
Present value of acquired in-force policyholder contracts and investment contracts with discretionary participation features Where a portfolio of policyholder contracts is acquired either directly from another insurer or through the acquisition of a subsidiary, the PVIF business on the portfolio, being the net present value of estimated future cash flows of the existing contracts, is recognised as an intangible asset. The PVIF intangible asset is carried in the statement of financial position at cost less accumulated amortisation and accumulated impairment losses.	The PVIF intangible asset is amortised on a basis consistent with the settlement of the relevant liability in respect of the purchased contracts (four to 12 years). The estimated life is re-evaluated annually.	Same accounting treatment as for tangible assets.

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 write-down in the value of the acquired properties 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 is 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

Type and description	Statement of financial position	Income statement
Lessee accounting policies		
Single lessee accounting model All leases are accounted for by recognising a right of use asset and a lease liability except for: ▪ leases of low value assets and ▪ leases with a duration of twelve months or less.	**Lease liabilities:** Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group's incremental borrowing rate 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.	**Interest expense on lease liabilities:** A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period.
	Right of use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: ▪ lease payments made at or before commencement of the lease; ▪ initial direct costs incurred; and ▪ the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. The group applies the cost model (refer section 6) subsequent to the initial measurement of the right of use assets.	**Depreciation and impairment on right of use assets:** Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses. The accounting treatment for impairment of right of use assets is the same as that for tangible assets (see section 6).
	Termination of leases: When the group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.	**Termination of leases:** On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.
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.

9. **Leases** continued

Type and description	Statement of financial position	Income statement
Lessee accounting policies continued		
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 activities, with rentals and instalments receivable, less unearned finance charges.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases All leases that do not meet the criteria of a financial lease are classified as operating leases.	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised.	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 accounting		
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

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.

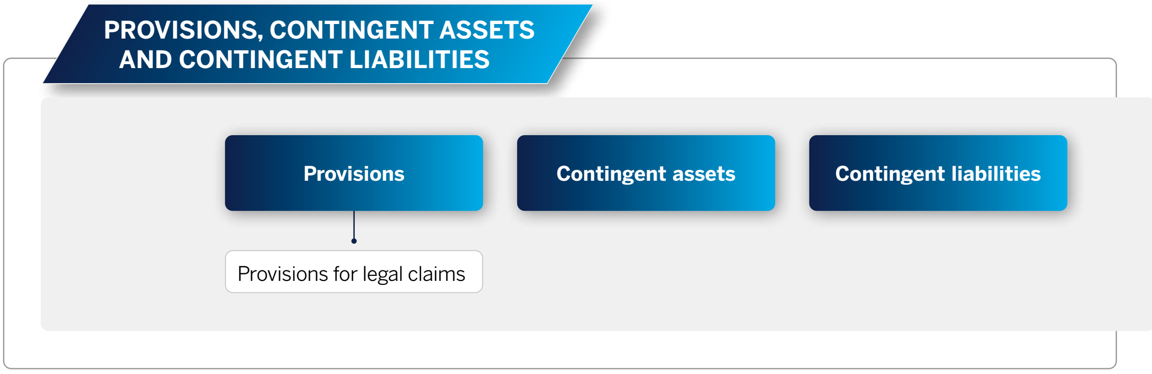
Share issue costs

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.

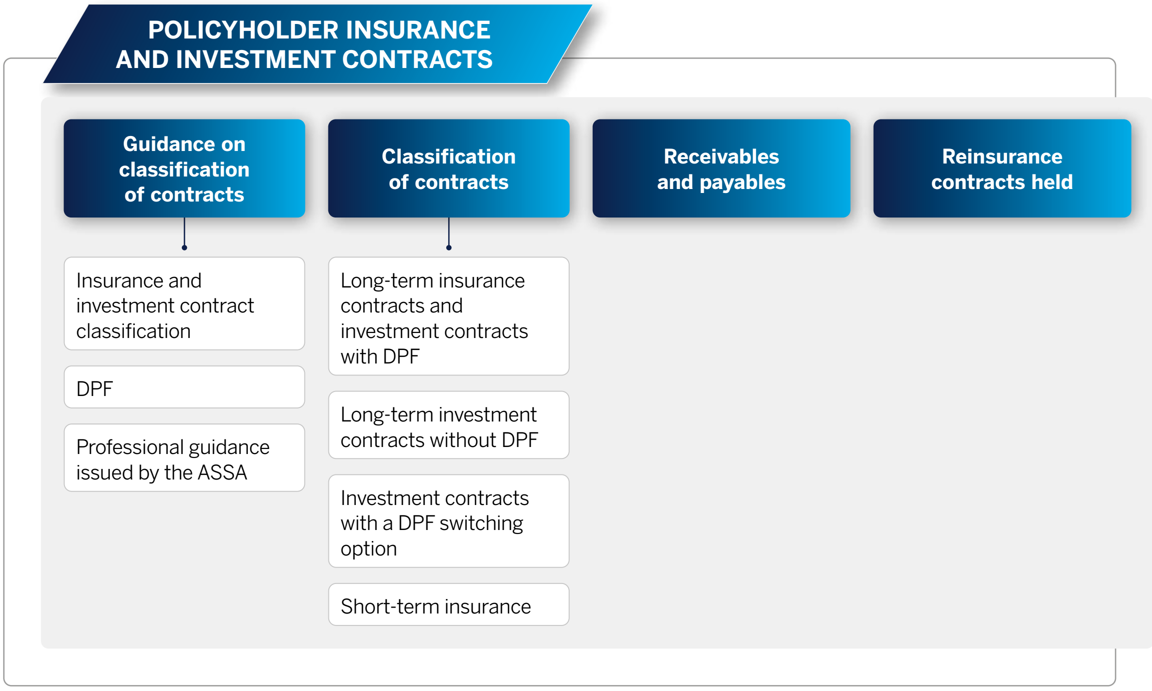
Contingent assets

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. Policyholder insurance and investment contracts



Classification of contracts

Insurance and investment contract classification

The group issues contracts that transfer insurance risk or financial risk or, in some cases, both.

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 or, in the case of life annuities, the lifespan of the policyholder is greater than that assumed. Such contracts may also transfer financial risk. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Short-term insurance provides benefits under short-term policies, typically one year or less, which include engineering, fire, personal liability, marine and aviation, motor, personal accident, medical expenses, theft and the Workmen's Compensation Act, or a contract comprising a combination of any of those policies.

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 a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Discretionary participation features

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 or bonuses 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, as approved by the Financial Services Board (FSB). The terms 'reversionary bonus' and 'smoothed bonus' refer to the specific forms of DPF contracts underwritten by the group. All components in respect of DPFs are included in policyholders' assets and liabilities.

Professional guidance issued by the Actuarial Society of South Africa (ASSA)

In terms of IFRS 4 *Insurance Contracts* (IFRS 4), insurance liabilities are measured under existing local practice. The group had, prior to the adoption of IFRS 4, adopted guidance issued by the Actuarial Society of South Africa to determine the value in respect of insurance contracts issued in South Africa. The group has continued to value long-term insurance contracts in accordance with this guidance being either 'Advisory Practice Note' (APN) or 'Standard of Actuarial Practice' (SAP) depending on whether the guidance is 'best practice' or 'mandatory' respectively.

These are available on the ASSA website – www.actuarialsociety.org.za

Where applicable, the APNs and SAPs are referred to in the accounting policies and notes to the annual financial statements.

12. Policyholder insurance and investment contracts continued

Measurements of contracts

Policyholder contracts are classified into four categories, depending on the duration of or type of investment benefit or insurance risks. The accounting for each of these contracts is detailed below.

Long-term insurance contracts and investment contracts with DPF

These contracts are valued in terms of the FSV basis as described in SAP 104 Life offices – valuation of long-term insurers (SAP 104), using a discounted cash flow methodology. The value of the policyholder contract is reflected as policyholder liabilities under insurance contracts and investment contracts with DPF if the value is negative in aggregate and as policyholder assets under insurance contracts, if the value is positive in aggregate. The discounted cash flow methodology allows for premiums and benefits payable in terms of the contract, future administration expenses and commission, investment return and tax and any expected losses in respect of options

The value of the contracts is based on assumptions of the best estimate of future experience, plus compulsory margins as required in terms of SAP 104, plus additional discretionary margins. Derivatives embedded in the group's insurance contracts are not separated and measured at fair value if the embedded derivative itself meets the definition of an insurance contract.

The liabilities in respect of the investment guarantees' underlying maturity and death benefits, and guaranteed annuity options are measured in accordance with APN 110 Reserving for minimum investment return guarantees on a market-consistent basis. Discretionary margins are held to ensure that the profit and risk margins in the premiums are not capitalised before it is probable that future economic benefits will flow to the entity.

Discretionary margins include an allowance for the shareholders' participation in the reversionary and terminal bonuses expected to be declared each year in respect of with-profit business, as well as an allowance for both the shareholders' participation in the bonus expected to be declared and a portion of the management fees levied under certain classes of market-related business. In addition, discretionary margins are held where required for prudent reserving.

These profits emerge over the lifetime of the contract in line with the risk borne by the group. Liabilities for individual market-related policies, where benefits are in part dependent on the performance of underlying investment portfolios, are taken as the aggregate value of the policies' investment in the investment portfolio at the valuation date (the unit reserve element), is then reduced by the excess of the present value of the expected future risk and expense charges over the present value of the expected future risk benefits and expenses on a policy-by-policy cash flow basis (the rand reserve element).

Reversionary bonus classes of policies, and policies with fixed and guaranteed benefits are valued by discounting the expected future cash flows at market-related rates of interest reduced by an allowance for investment expenses and the relevant compulsory margins (the guaranteed element). Future bonuses have been allowed for at the latest declared rates where appropriate. The rand reserve element of market-related policies and the guaranteed element in respect of other policies are collectively known as the rand reserve.

In respect of corporate life and lump sum disability business, no discounting of future cash flows is performed. However, a provision will be held if the expected guaranteed premiums under the current basis and investment returns in the short term are not sufficient to meet expected future claims and expenses. For corporate investment contracts with DPF, in addition to the value of the policies' investment in the investment portfolios held, an additional provision will be held if the expected fee recoveries in the short term are not sufficient to meet expected expenses.

Within the group all investment contracts invested in smoothed bonus portfolios are classified as investment contracts with DPF. In respect of insurance and investment contracts with DPF where bonuses are smoothed, bonus stabilisation provisions are held arising from the difference between the after taxation investment performance of the assets, net of the relevant management fees and the value of the bonuses declared. In accordance with SAP 104, where the bonus stabilisation provision is negative, this provision is restricted to an amount that can reasonably be expected to be recovered through distribution of bonuses during the ensuing three years. All bonus stabilisation provisions are included in policyholders' liabilities. The liability estimates are reviewed bi-annually. The effect of any change in estimates is recognised in profit or loss.

Where policyholders, in respect of certain policies, are entitled to a part surrender, any part surrender is treated as a derecognition of the policyholders' asset or liability.

Shadow accounting is applied to policyholder insurance contracts where the underlying measurement of the policyholder insurance liability depends directly on the fair value of any owner-occupied properties.

Any unrealised gains and losses on such owner-occupied properties are recognised in OCI. The shadow accounting adjustment to policyholder insurance contracts is recognised in OCI to the extent that the unrealised gains or losses, together with any related taxation on owner-occupied properties backing policyholder insurance liabilities, are also recognised directly in OCI.

Incurred but not reported claims (IBNR)

Provision is made in policyholders' assets and liabilities for the estimated cost at the end of the year of claims incurred but not reported at that date. IBNR provisions for the main categories of business are calculated using run-off triangle techniques. These liabilities are not discounted due to the short-term nature of IBNR claims. Outstanding claims and benefit payments are stated gross of reinsurance.

Liability adequacy test

At each reporting date the adequacy of the insurance liabilities is assessed. If that assessment shows that the carrying amount of insurance liabilities net of any related intangible PVIF business assets is inadequate in the light of the estimated future cash flows, then the deficiency is recognised in profit or loss.

12. Policyholder insurance and investment contracts continued

Measurements of contracts continued

Premium income

Premiums and annuity considerations on insurance contracts, other than in respect of universally costed policies (policies where insurance risk charges are dependent on the excess of the sum assured over the value of units underlying the contract), recurring premium pure risk policies (collectively the Lifestyle series) and corporate schemes, are recognised when due in terms of the contract. Premiums receivable in respect of corporate schemes are recognised when there is a reasonable assurance of collection in terms of the policy contract. Premiums in respect of the Lifestyle series of policies are recognised when premiums are received, as failure to pay a premium will result in a reduction of attributable fund value, if available, or else in the lapse of the policy. Premium income on insurance contracts is recognised gross of reinsurance. Premiums are shown before deduction of commission.

Claims

Claims on insurance contracts, which include death, disability, maturity, surrender and annuity payments, are recognised in insurance benefits and claims paid when the group is notified of a claim, based on the estimated liability for compensation owed to policyholders. Changes in the provision for IBNR claims are also recognised in insurance benefits and claims paid. Reinsurance recoveries are accounted for in the same year as the related claims.

Acquisition costs

Acquisition costs for insurance contracts represent commission and other costs that relate to the securing of new contracts and the renewing of existing contracts. These costs are expensed as incurred in insurance benefits and claims paid.

The FSV method for valuing insurance contracts and investment contracts with DPF makes implicit allowance for the deferral of acquisition costs and hence no explicit deferred acquisition cost asset is recognised in the statement of financial position for these contracts.

Long-term investment contracts without DPF

Measurement

The group issues investment contracts without fixed benefits (unit-linked and structured products) and investment contracts with fixed and guaranteed benefits (term certain annuity). Investment contracts without fixed benefits are financial liabilities whose fair value is dependent on the fair value of the underlying financial assets, derivatives and/or investment property and are designated at inception at fair value through profit or loss.

For investment contracts with fixed and guaranteed terms, future benefit payments and premium receipts are discounted using market-related rates at the reporting date. No initial profit is recognised immediately as any profit on initial recognition is amortised over the life of the contract.

Amounts received and claims incurred on investment contracts

Amounts received under investment contracts, such as premiums, are recorded as deposits to investment contract liabilities, whereas claims incurred are recorded as deductions from investment contract liabilities.

Deferred revenue liability (DRL) on investment management contracts

A DRL is recognised in respect of upfront fees, which are directly attributable to a contract, that are charged for investment management services. The DRL is then released to investment management and service fee income and gains when the services are provided, over the expected duration of the contract on a straight-line basis.

Regular charges billed in advance are recognised on a straight-line basis over the billing period, which is the period over which the service is rendered. Outstanding fees are accrued as a receivable in terms of the investment management contract.

Deferred acquisition costs (DAC) in respect of investment contracts

Commissions paid and other incremental acquisition costs are incurred when new investment contracts are obtained or existing investment contracts are renewed. These costs are expensed as incurred, unless specifically attributable to an investment contract with an investment management service element. Such costs are deferred and amortised on a straight-line basis over the expected life of the contract (ten to 16 years for linked annuities, one year for corporate business and five years for other investment contracts), taking into account all decrements, as they represent the right to receive future management fees.

A DAC asset is recognised for all applicable policies with the amortisation being calculated on a portfolio basis. An impairment test is conducted annually at the reporting date on the DAC balance to ensure that the amount will be recovered from future revenue generated by the applicable remaining investment management contracts.

Investment contracts with a DPF switching option

Measurement

On certain investment contracts, policyholders have an option to switch some or all of their investment from a DPF fund to a non-DPF fund (and vice versa). The value of the liability held with respect to these contracts is taken at the aggregate value of the policyholder investment in the investment portfolio at the valuation date.

12. Policyholder insurance and investment contracts continued

Measurements of contracts continued

Short-term insurance

Gross written premiums

Gross premiums exclude VAT. Premiums are accounted for as income when the risk related to the insurance policy commences and are amortised over the contractual period of risk cover by using an unearned premium provision. All premiums are shown before deduction of commission payable to intermediaries.

Provision for unearned premiums

The provision for unearned premiums represents the portion of the current year's premiums that relate to risk periods extending into the following year. The unearned premiums are calculated using a straight-line basis, except for those insurance contracts where allowance is made for uneven exposure.

Liability adequacy

Provision is made for underwriting losses that may arise from unexpired risks when it is anticipated that unearned premiums will be insufficient to cover future claims, as well as claims-handling fees and related administrative costs.

Provision for reported claims and IBNR claims

Provision is made on a prudent basis for the estimated final cost of all claims that had not been settled on the reporting date, less amounts already paid. Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties' damage by the contract holders. The group's own assessors or contracted external assessors individually assess claims. The claims provision includes an estimated portion of the direct expenses of the claims and assessment charges.

Provision is also made for claims arising from insured events that occurred before the close of the reporting period, but which had not been reported to the group at that date (IBNR claims). This provision is calculated using run-off triangle techniques. The provision for claims is not discounted for the time value of money due to the expected short duration to settlement.

DAC in respect of insurance contracts

Commissions that vary and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as a current asset. All other costs are recognised as expenses within insurance benefits and claims paid when incurred.

DRL on insurance contracts

A DRL is raised for any income receivable on the placement of reinsurance for risks arising from short-term insurance contracts. The DRL is released to income systematically over the coverage period of the respective reinsurance contract.

Receivables and payables

Receivables and payables related to insurance contracts and investment contracts are recognised when due. These include amounts due to and from agents, brokers and policyholders. Receivables and payables related to insurance contracts are subsequently measured in terms of IFRS 4, while those related to investment contracts are designated at fair value through profit or loss.

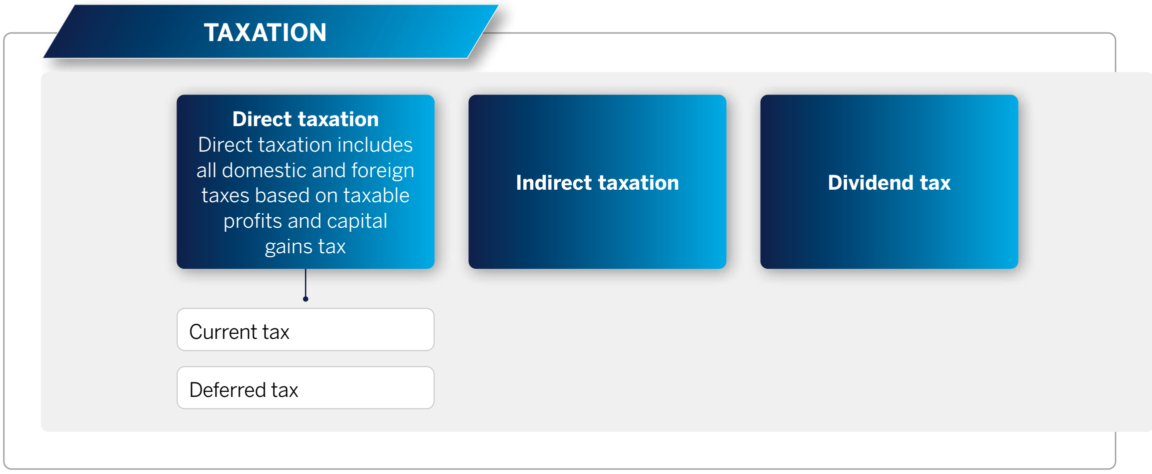
Reinsurance contracts held

The group cedes some insurance risk in the normal course of business. Reinsurance contracts are contracts entered into by the group with reinsurers under which the group is compensated for the entire, or a portion of, losses arising on one or more of the insurance contracts issued by the group.

The measurement of reinsurance contracts is the same as for long-term insurance contracts. The value of reinsurance contracts is reflected as a reinsurance asset if positive in aggregate, and as a reinsurance liability if negative in aggregate. Short-term balances due from reinsurers are classified within prepayments, insurance and other receivables. Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence, as a result of an event that occurred after its initial recognition, that amounts due may not be recoverable, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss.

Outward reinsurance premiums are recognised as an expense and are accounted for in the same reporting period that premiums received are recognised as revenue in insurance premiums.

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.	

13. **Taxation** continued

Type	Description, recognition and measurement	Offsetting
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.	
Indirect taxation	Indirect taxes comprising of non-recoverable value added tax (VAT), skills development levies and other duties for banking activities, are recognised in the indirect taxation line in the income statement.	Not applicable
Dividend tax	Taxes on dividends declared by the group are recognised as part of the dividends paid within equity, as dividend tax represents a tax on the shareholder and not the group. Dividends tax withheld by the group on dividends paid to its shareholders and payable at the reporting date to the South African Revenue Service (where applicable) is included in 'Provisions and other liabilities' in the statement of financial position.	Not applicable

14. Revenue and expenditure

REVENUE AND EXPENDITURE

Standard Bank Activities

- Net interest income
- Non-interest revenue
  - Net fee and commission revenue
  - Trading revenue
  - Other revenue
  - Dividend income
  - Short-term insurance income
  - Customer loyalty programmes

Investment management and life insurance

- Insurance premium revenue
- Investment income
- Management fees on assets under management

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.
Net fee and commission revenue	Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, insurance-based fees and commissions, and knowledge-based fees and commissions are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.

14. Revenue and expenditure continued

Description	Recognition and measurement
Customer loyalty programmes	The group's banking activities operate a customer loyalty programme in terms of which it undertakes to provide goods and services to certain customers. The reward credits are accounted for as a separately identifiable component of the fee and commission income transactions of which they form a part. The consideration allocated to the reward credits is measured at the fair value of the reward credit and is recognised over the period in which the customer utilises the reward credits. Expenses relating to the provision of the reward credits are recognised in fee and commission expenses as and when they are incurred.
Dividend income	Dividends are recognised in interest income (other revenue) for debt (equity instruments) when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Insurance premium revenue	Insurance premium revenue includes life insurance premiums, health insurance premiums and short-term insurance premiums.
Investment income	Investment income for investment management and life insurance activities 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.
Short-term insurance income	Includes premium income, commission and policy fees earned, as well as net incurred claim losses and broker commission paid. Annual business income is accounted for on the accrual basis and comprises the cash value of commission and fees earned when premiums or fees are payable directly to the group and comprises the cash value of commission earned when premiums are payable directly to the underwriters.
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, underwriting profit from the group's short-term insurance operations and related insurance activities and remeasurement gains and losses from contingent consideration on disposals and purchases.

Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions.

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

OTHER ACCOUNTING POLICIES

- Segment reporting
- Fiduciary activities
- Statutory credit risk reserve
- Non-trading and capital related items

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 and associates (including foreign exchange translation gains and losses)
- gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of associates
- impairment of investments in subsidiaries, property and equipment, and intangible assets
- other items of a capital related nature.

17. New standards and interpretations

The following new or revised standards, amendments and interpretations are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these annual financial statements.

Title: IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

Effective date: deferred the effective date for these amendments indefinitely

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.

Title: IFRS 17 Insurance Contracts

Effective date: 1 January 2023

Background

IFRS 4 *Insurance Contracts* (IFRS 4), the existing standard dealing with the accounting treatment for insurance contracts will be replaced by IFRS 17 for the group's 2023 financial year. IFRS 4 requires the use of local accounting practices in measuring insurance liabilities (which referred local actuarial guidance), whereas, IFRS 17 introduces defined accounting models which will increase the comparability of information reported by all reporting entities that issue insurance contracts. IFRS 17 provides the basis of measurement for defined insurance contracts and reinsurance contracts, including measurement of investment contracts with DPF.

The transition date for IFRS 17 is 1 January 2023, with the first retrospective restatement being 1 January 2022, as if IFRS 17 had always been in place. Due to the long contract boundaries of certain contracts in the scope of IFRS 17, the standard permitted once-off optional transition simplifications where it would be impracticable to apply components fully retrospectively. This is discussed in more detail below.

Project governance, status and process going forward

IFRS 17 governance committee (governance committee), sponsored by the group's Chief Finance and Value Management Officer (CFVO), is responsible for providing overall strategic direction to the project and monitoring progress. The governance committee is supported by several other committees and working groups responsible for various work streams within the project including but not limited to design decisions in relation to required technical IFRS 17 policies, judgements, methodologies and supporting processes. The governance committee receives regular updates from the several other committees and working groups, and in turn reports into the Group Audit Committee (GAC).

The implementation of IFRS 17 is significant for the group's insurance activities, specifically in areas such as revenue recognition, presentation in the statement of comprehensive income, level of transparency of the measurement components and significant additional disclosure requirements. Comprehensive effort has been applied to the technical interpretation of the standard and the design decisions required. While audit involvement and industry discussions have been critical to the project, management is mindful of the possibility of interpretation differences. Management is also cognisant that it remains possible that certain interpretations maybe further clarified as additional information becomes available.

The impact of IFRS 17 on regulatory capital oversight and measurement is expected to be minimal given that the majority of the group's insurance entities are in South Africa, and these entities already comply with the Solvency Assessment and Management (SAM) basis, which does not directly reference IFRS 17 measurement.

Overview of IFRS 17

The definition and scope of contracts to be measured under IFRS 17 are largely aligned to IFRS 4, however, there are some slight differences regarding certain judgements related to investment contracts with DPF and the introduction of the determination of significant insurance risk on a present value basis.

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. 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. This is mainly due to the accounting policy measurement elections under the application of IFRS 4 being largely referenced to locally adopted actuarial standards or guidance. IFRS 17 does not allow for profits to emerge on "day one" (contract recognition date), while still avoiding the deferral of anticipated contracted losses (onerous contracts). Losses for each applicable contract are to be recognised immediately in profit or loss.

Some contracts include an amount that meets 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. Under IFRS 17, the investment components that are highly inter-related with the insurance contract is not unbundled on contract inception. Similarly, a contract with equivalent terms that could not be sold separately in the same market or jurisdiction are not unbundled. Any such amounts are treated like deposits and excluded from insurance revenue and insurance services expenses when they are 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 treatments 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), 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 license type.

Portfolios are established for insurance contracts that have similar risks, however, each portfolio is limited to a maximum of a twelve-month duration between the first contract and the last contract recognised. At date of inception, the portfolios 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. Subsequent measurement of insurance contracts is therefore applied to the cohort groups.

IFRS 17 includes three permitted 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. All measurement models include two components, being a liability for remaining coverage (LRC) and a liability for incurred claims (LIC). The LRC relates to the measurement of the liability where the insured event has not occurred (i.e., the group's obligation for insured events related to the unexpired portion of the coverage period). The LIC component relates to the measurement of the liability, where the insured event has occurred (i.e., the group's obligation to investigate and pay claims for insured events that have already occurred and includes events that have occurred but have not been reported). The LRC measured component is dependent on what measurement model is applied, whereas the measurement of the LIC component is the same under all three measurement models, except that for contracts measured using the PAA approach, it has a simplification for discounting.

A general measurement model (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) and is based on a fulfilment objective (risk-adjustment added to the present value of probability-weighted estimates of future cash flows, which includes insurance acquisition cash flows). GMM is prescribed by the standard as the default measurement model for insurance and reinsurance contracts being predominantly risk type contracts and annuities.

The GMM requires the use of current estimates, which are those informed by actual trends and investment markets, adjusted for the time value of money. A risk adjustment (RA) 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 contractual service margin (CSM) established by IFRS 17 is measured at initial recognition and is a component of measuring the LRC. 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. 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.

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.

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 variable fee measurement approach (VFA), for example, a retirement annuity that may include a product benefit of a minimum return of contributions on death. This approach effectively amortises, over the remaining life of the contract, the impact to the future estimated revenue (e.g., 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 that the CSM is not locked in at the original discount rate.

An optional simplified premium allocation approach (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.

Key revenue recognition differences between IFRS 17 and IFRS 4

Under current accounting policies, margins are established and deferred over future service periods, but these are not locked in at discount rates applicable on date of contract inception. For GMM contracts the use of designated coverage units to release the margin over the remaining contract period under IFRS 17 differs to the current (mainly systematic time-based) approach to releasing the deferred margins on initial recognition.

The application of the CSM as guided under IFRS 17 is likely to result in lower volatility in insurance earnings between reporting periods over time. This is mainly a consequence of the requirement to, where applicable, absorb any changes to estimates of future contractual fulfilment cash flows into the CSM. This then systematically impacts future margin releases rather than the current treatment which impacts the profit or loss in the year of change.

IFRS 17 introduces a significant change to the income statement presentation by removing a cash flow presentation (gross premiums and claims). IFRS 17 introduces the concept of insurance revenue recognition that is intended to represent the price actually charged for the insurance contract services rendered and should not include any investment flows that are to be repaid (adjusted for applicable investment returns) in the future.

IFRS 17 comprehensively defines what is profit or loss derived from insurance services and the net finance income or expense. The insurance finance income or expense includes, inter alia, the effect of the time value of money on the best estimate cash flow assumptions.

Contracts measured under GMM (including reinsurance)

Under IFRS 17, the estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of relevant cash flows that relate directly to the fulfilment of the contract. The estimation of future cash flows includes expected premiums received, expected claims and benefit payments, an allocation of directly attributable acquisition cost 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.

Future fulfilment costs that are modelled under the GMM are closely aligned to the existing interpretation under IFRS 4, except for the IFRS 17 guidance of only including portfolio acquisition costs. This has led to a reduction of acquisition costs modelled in the best estimate cash flows (for insurance contracts issued).

Contracts measured under VFA (not applicable to reinsurance)

A key difference in recognition between IFRS 4 and IFRS 17 pertains to investment fees referenced to investment activities and calculated based off referenced asset values. IFRS 17 accommodates measurement guidance for these services, that are integral to insurance contracts or are discretionary features, through a "recalibration mechanism" within the CSM. Variations to future fees arising from changes in asset values are deferred and amortised over the contract term. This effectively allows for a less volatile earnings recognition pattern compared to IFRS 4 where the full future impact to estimated asset-based future fees is recognised in profit or loss.

Contracts measured under PAA (including reinsurance)

Insurance contracts, which were defined as short-term or general insurance in previous financial reporting generally have short contract periods of one year or less. The group has elected to measure these under the PAA measurement model. In addition, the PAA has been elected for annually renewable contracts within corporate business. The LRC at initial recognition is measured as premiums received, minus acquisition costs and plus or minus any assets or liabilities previously recognised. Under IFRS 17, the LIC requires the calculation of a risk adjustment and includes future claims handling expenses to be incurred in settling the LIC.

The PAA measurement approach is therefore not expected to materially impact profit emergence on applicable portfolios going forward, when compared to the current basis.

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. 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. Some such funds or underlying items include the entity's treasury shares. 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, and only when, an entity reacquires its own equity instrument for such purposes. Instead, the entity may elect to continue to account for that treasury share as equity and to account for the reacquired instrument as if the instrument were a financial asset and measure it at fair value through profit or loss in accordance with IFRS 9.

SBG has elected not to deduct from equity its treasury shares that it includes in such a fund or underlying item as described above, but to continue to account for these treasury shares as equity and to measure the reacquired equity instrument at fair value through profit or loss in accordance with IFRS 9. The amendment has been retrospectively applied in line with the requirements of IFRS 17 and the impact of this is included in the total SBG NAV adjustment as at 1 January 2022.

Transition approaches

If it is impracticable to fully retrospectively adjust, an entity can choose either a modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the first retrospective restatement date (1 January 2022). For the short contract boundary nature contracts measured under the PAA approach, these will all be measured using full retrospective application.

The group has used a combination of all three transition approaches depending on the extent of the historical data (including assumptions, methodologies and the availability of risk adjustment data) that is 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, based on the impracticability assessment. In particular the:

- lack of accessibility and reliability of the key sources of data, and
- reliance of the calculations on the risk margin used in capital regulatory reporting (SAM), which was still being refined at that date and was not calculated or audited at earlier dates, management has concluded that it is not practicable to perform the full retrospective calculations for contracts initially recognised prior to 1 January 2017.

For these applicable contracts, the group has elected either the fair value or the modified retrospective approach. The group has applied a transition choice, where applicable, to allow for historical portfolios to have longer durations than 12 months (i.e. to divide groups into those that do not include contracts issued more than one year apart). Fair value is an approach to determine the transition CSM through an IFRS 13 *Fair Value Measurement* 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 values liabilities back to inception, replacing expected cash flow values with actual cash flow values where known. This enables an approximate value to be calculated for the best estimate cash flows and RA at inception, so that a CSM can be calculated.

In order to derive the impact of the adoption of IFRS 17 on 1 January 2022, certain accounting policy elections and key judgements have been applied. On inception of groups of contracts where the coverage period is less than one year, or, where it is more than one year and the groups meets the eligibility criteria (in that the measurement result of the PAA and general model 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.

Financial Instruments

The group applied IFRS 9 *Financial Instruments* for years commencing 1 January 2018. There is no expected change to previously applied classification and designation of financial instruments that are linked to policyholder benefits as a result of IFRS 17. There are consequential reclassifications between IFRS 17 and IFRS 9 policyholder liabilities on adoption of IFRS 17 because of minor changes in the interpretation of the definition of insurance under IFRS 17. These reclassifications, however, do not have a material impact on the overall measurement of these portfolios on transition.

Transition adjustment to ordinary shareholders equity as at 1 January 2022

The actual impact on adopting IFRS 17 on 1 January 2022 may change because of, amongst others:

- systems and controls not having been run for extended periods, which will occur in 2023; and
- accounting policies, assumptions, judgements and estimation techniques used are subject to change until the group finalises its first financial statements that include the date of initial application.

The restatement impact on the group's total ordinary shareholders' equity as at 1 January 2022 is estimated to result in a reduction of approximately R323 million. This reduction in total ordinary shareholders' equity is the outcome of the more conservative measurement methodologies required under IFRS 17 guidance, compared to the previous accounting policies adopted under IFRS 4. The impact of restating the 2022 financial results, presentation of the transition statement of financial position and inclusion of the IFRS 17 compliant disclosures are not available for this financial report and will be included in the group's IFRS 17 Transition report.

Tax implications

Within South Africa, National Treasury prepared amended tax legislation, which was promulgated during January 2023, but substantially enacted as at 31 December 2022, related to the adoption of IFRS 17 and any consequential tax implications. The tax legislation is not expected to have an impact as at 31 December 2022, but will have an impact on the transition balance sheet, as accounting carrying amounts will be based on IFRS 17, but the tax base will be adjusted. While an 'adjusted IFRS' tax basis is retained, these amendments provide for a six-year phasing in provision for a long-term insurer and a three-year phasing in provision for a short-term insurer 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 will have a significant impact on the calculation of the tax base, there are not expected to be any other material tax implications for the group on the current basis of taxing insurers arising from the adoption of IFRS 17.

Title: IAS 1 Presentation of Financial Statements (amendment)

Effective date: 1 January 2024

The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. The impact on the annual financial statements has not yet been fully determined, however, not expected to have a significant impact on the group.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Title: IFRS 16 Leases (narrow scope amendments)

Effective date: 1 January 2024

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

Annexure G – Six year review

Consolidated statement of financial position

	2022 USDm*	2022 GBPm*	2022 EURm*	CAGR** %
Assets				
Cash and balances with central banks	6 745	5 607	6 332	9
Financial investments, trading and pledged assets	62 186	51 695	58 376	8
Loans and advances	88 671	73 712	83 238	8
Current and deferred taxation assets	564	469	530	35
Derivative and other assets	7 140	5 935	6 702	4
Disposal group assets classified as held for sale	33	27	31	
Interest in associates	587	488	551	1
Goodwill and other intangible assets	891	741	836	(8)
Property and equipment	1 198	996	1 125	5
Investment property	1 726	1 435	1 620	(2)
Policyholders' assets	175	146	164	(17)
Total assets	**169 916**	**141 251**	**159 505**	
Equity and liabilities				
Equity	15 317	12 733	14 378	6
Equity attributable to ordinary shareholders	12 919	10 740	12 127	7
Equity attributable to other equity instrument holders	1 159	963	1 088	17
Non-controlling interests	1 239	1 030	1 163	(3)
Liabilities	154 599	128 518	145 127	7
Deposit and debt funding	111 306	92 528	104 486	9
Derivative and other liabilities	13 218	10 988	12 408	5
Trading liabilities	6 477	5 384	6 080	12
Current and deferred taxation liabilities	608	505	571	4
Non-current liabilities held for sale				(100)
Subordinated debt	1 870	1 555	1 756	5
Policyholders' liabilities	21 121	17 558	19 827	2
Total equity and liabilities	**169 916**	**141 251**	**159 505**	

* 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.

Exchange rates (rounded) utilised to convert the 31 December 2022 statement of financial position rand exchange rates (closing):

Currency	2022	2021
USD	16.30	15.89
GBP	20.19	21.46
EUR	18.08	18.00

2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
114 483	91 169	87 505	75 288	85 145	75 310
1 055 431	1 023 898	931 906	819 498	749 517	714 993
1 504 941	1 424 328	1 271 255	1 181 067	1 119 547	1 048 027
9 578	7 612	7 315	4 868	4 519	2 109
121 173	100 120	154 310	101 308	74 192	98 606
555	1 025	220	2 599	762	
9 956	7 280	6 498	5 423	10 376	9 665
15 121	16 913	18 262	22 323	23 676	23 329
20 340	20 619	20 702	22 018	19 194	16 179
29 289	29 985	29 917	34 180	33 326	32 226
2 974	2 868	5 050	7 017	6 708	7 484
2 883 841	2 725 817	2 532 940	2 275 589	2 126 962	2 027 928
259 956	242 849	215 272	209 484	199 063	190 017
219 264	198 832	176 371	171 229	165 061	157 020
19 667	16 052	12 528	10 989	9 047	9 047
21 025	27 965	26 373	27 266	24 955	23 950
2 623 885	2 482 968	2 317 668	2 066 105	1 927 899	1 837 911
1 889 099	1 776 615	1 624 044	1 426 193	1 357 537	1 243 911
224 332	221 043	249 471	193 599	164 810	175 324
109 928	81 484	81 261	83 847	59 947	62 855
10 315	10 277	8 302	9 073	8 015	8 614
	96	92	246	237	
31 744	30 430	29 306	28 901	26 359	24 289
358 467	363 023	325 192	324 246	310 994	322 918
2 883 841	2 725 817	2 532 940	2 275 589	2 126 962	2 027 928

Consolidated income statement

	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
Net interest income	**77 112**	62 436	61 425	62 919	59 505	60 125
Non-interest revenue[1]	**56 242**	50 862	47 156	47 542	45 826	42 574
Net fee and commission revenue[1]	**32 621**	30 355	29 413	30 622	30 375	28 670
Trading revenue	**17 046**	14 842	13 874	12 075	10 799	10 731
Other revenue	**4 137**	3 648	3 158	4 089	3 863	3 173
Other gains and losses on financial instruments	**2 438**	2 017	711	756	789	
Income from banking activities[1]	**133 354**	113 298	108 581	110 461	105 331	102 699
Income from investment management and life insurance activities	**23 566**	19 426	15 086	23 573	21 452	24 394
Insurance premiums received	**49 379**	44 364	39 202	39 801	38 251	38 020
Revenue from contacts with customers	**3 921**	3 542	3 400	4 062	4 073	
Interest income	**2 030**	1 541	1 648	1 920	1 516	
Insurance benefits and claims paid	**(39 017)**	(67 779)	(40 354)	(44 309)	(26 484)	(43 848)
Investment management and service fee income and gains	**2 698**	2 210	3 271	3 245	3 533	43 957
Fair value adjustments to investment management liabilities and third-party fund interests	**4 555**	35 548	7 919	18 854	563	(13 735)
Total income[1]	**156 920**	132 724	123 667	134 034	126 783	127 093
Credit impairment charges	**(12 064)**	(9 873)	(20 594)	(7 964)	(6 489)	(9 410)
Income after credit impairment charges[1]	**144 856**	122 851	103 073	126 070	120 294	117 683
Operating expenses in banking activities[1]	**(73 274)**	(65 477)	(63 182)	(62 335)	(57 049)	(56 235)
Operating expenses in insurance activities	**(19 247)**	(16 952)	(16 139)	(16 486)	(16 404)	(17 800)
Net income before non-trading and capital related items	**52 335**	40 422	23 752	47 249	46 841	43 648
Non-trading and capital related items	**328**	(284)	(3 956)	(2 890)	(641)	(261)
Share of post-tax results from associates	**2 265**	1 094	1 084	(512)	912	1 102
Net income before indirect taxation	**54 928**	41 232	20 880	43 847	47 112	44 489
Indirect taxation	**(3 534)**	(3 024)	(2 727)	(2 592)	(2 609)	(2 481)
Profit before direct taxation	**51 394**	38 208	18 153	38 338	44 503	42 008
Direct taxation	**(12 011)**	(10 149)	(3 640)	(10 559)	(9 095)	(10 479)
Profit for the year from continuing operations	**39 383**	28 059	14 513	30 696	35 408	31 529
Profit/(loss) for the year from discontinued operation						
Profit for the year	**39 383**	28 059	14 513	30 696	32 643	30 715
Attributable to non-controlling interests and other equity instrument holders[1]	**3 747**	2 369	1 352	5 253	5 190	4 480
Attributable to group ordinary shareholders[1]	**34 637**	24 865	12 358	25 443	27 453	26 235
Headline earnings	**34 247**	25 021	15 945	28 207	27 865	26 270

* 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 the restatements section on page 69.

Exchange rates (rounded) utilised to convert the 31 December 2022 income statement rand exchange rates – (average)

Currency	2022	2021
USD	**16.30**	14.77
GBP	**20.19**	20.32
EUR	**18.08**	17.47

Share statistics and market indicators

		CAGR** %	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
Share statistics								
Dividend cover	times	**(1)**	**1.7**	1.8	3.9	1.8	1.8	1.8
Dividend yield	%	**9**	**7.2**	6.2	1.2	5.9	5.4	4.7
Earnings yield	%	**8**	**12.4**	7.2	7.9	10.5	9.8	8.4
Price earnings ratio	times	**(42)**	**8.0**	14.0	12.7	9.5	10.2	119.3
Price-to-book	times	**(43)**	**1.2**	1.1	1.1	1.6	1.8	20.2
Number of shares traded	millions	**(36)**	**1 678.3**	1 620.0	1 619.9	1 650.9	1 618.5	15 844.2
Turnover in shares traded	%	**1**	**102**	102	102	102	102	98
Market capitalisation	Rm	**(3)**	**271 469**	226 813	202 426	268 302	289 723	316 826
Market indicators at 31 December								
Standard Bank Group share price								
High for the year	cents	**(1)**	**18 798**	14 978	17 224	21 022	23 100	20 000
Low for the year	cents	**1**	**14 001**	11 338	8 341	15 860	15 392	13 401
Closing	cents	**(3)**	**16 779**	14 001	12 708	16 832	17 881	19 566
Prime overdraft rate (closing)	%	**(3)**	**9**	7	7	10	10	10
JSE All Share Index – (closing)		**3**	**70 665**	73 709	54 116	57 084	52 081	59 505
JSE Banks Index – (closing)		**(37)**	**9 725**	8 823	6 076	8 731	9 162	96 187
ZAR exchange rates – (closing)								
USD		**7**	**16.97**	15.89	14.67	14.00	14.38	12.31
GBP		**4**	**20.42**	21.46	20.04	18.42	18.31	16.55
EUR		**4**	**18.08**	18.00	18.01	15.70	16.44	14.70
ZAR exchange rates – (average)								
USD		**4**	**16.30**	14.77	16.45	14.44	13.23	13.30
GBP		**3**	**20.19**	20.32	21.08	18.43	17.63	17.13
EUR		**3**	**17.23**	17.47	18.76	16.16	15.60	15.02

Results and ratios

		CAGR %	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
Standard Bank Group								
Share statistics								
Number of ordinary shares listed on JSE (millions)								
Weighted average			**1 641**	1 591	1 590	1 594	1 594	1 602
End of year			**1 678**	1 620	1 620	1 594	1 590	1 597
Share statistics per ordinary share (cents)								
Basic earnings	cents	**5**	**2 110.9**	1 563.1	777.0	1 593.5	1 722.6	1 637.8
Headline earnings	cents		**2 237.6**	1 573.0	1 002.6	1 766.7	1 748.4	1 640,0
Dividends	cents	**6**	**1 207.0**	871.0	240.0	994.0	970.0	910.0
Net asset value	cents		**12 495.0**	12 493.0	11 072.0	10 741.6	10 379.8	9 830
ROE	%	**(1)**	**16.4**	13.5	8.9	16.8	18.8	17.1

Capital adequacy, employee and other relevant statistics

		CAGR** %	2022 Rm	2021 Rm	2020 Rm	2019 Rm	2018 Rm	2017 Rm
Capital adequacy[1]								
Risk-weighted assets	Rm	**9**	**1 495 915**	1 363 036	1 229 478	1 099 528	923 016	957 046
Tier 1 capital[2]	Rm	**8**	**198 621**	186 577	163 944	147 981	151 925	136 293
Total capital[2]	Rm	**8**	**229 554**	216 301	189 847	169 983	172 289	153 243
Tier 1 capital to risk-weighted assets[3]	%	**(61)**	**13%**		13	13	14	14
Total capital to risk-weighted assets[3]	%	**(61)**	**15%**		16	15	16	16
Employee statistics								
Number of employees								
Banking activities		**(2)**	**44 002**	43 607	44 450	44 996	47 419	48 322
Group		**(2)**	**49 325**	49 224	50 115	50 691	53 178	54 558
Normalised headline earnings per employee	Rm	**8**	**694 313**	508 309	318 168	556 450	523 995	481 506
Points of representation								
ATMs and ANAs*		**(3)**	**6 232**	6 600	6 774	8 970	7 239	7 362
Banking branches and service centres		**(1)**	**1 163**	1 143	1 124	1 114	1 200	1 212
Social investment and environment								
Corporate social investment spend[2]	Rm	**11**	**177**	195	124	114	141	106

1 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.
2 Includes R65.4 million in South Africa and USD1.7 million (R27 million) in African regions for support to governments and NGOs to improve public access to Covid-19 vaccinations, including remote areas; provision of disaster relief, including food and shelter to individuals and communities impacted by social unrest and natural disasters in South Africa, DRC Congo, and Mozambique, plus medical equipment and oxygen provided to hospitals in several countries of operation.
3 South African banking activities only.
4 Capital includes unappropriated profit.
* Automated.
** Compound annual growth rate.

Annexure H – third-party funds under management

Third-party assets under management and funds under administration

Members of the group provide discretionary and non-discretionary investment management services to institutional and private investors. Commissions and fees earned in respect of trust and management activities performed are included in profit or loss. Assets managed and funds administered on behalf of third parties include:

	2022 Rbn	2021 Rbn
Banking activities		
Asset management	**341**	332
Trusts and estates	**40**	14
Unit trusts/collective investments	**14**	4
Segregated funds	**33**	49
Portfolio management	**233**	247
Other	**21**	18
Fund administration	**322**	309
Trusts and estates	**57**	72
Unit trusts/collective investments	**1**	6
Segregated funds	**3**	2
Portfolio management	**45**	45
Other	**216**	184
Total	**663**	641
Geographical area		
South Africa	**109**	109
Africa Regions	**435**	415
International	**119**	117
Liberty		
Asset management	**73**	74
Segregated funds	**73**	74
Wealth management – funds under administration	**389**	401
Single manager unit trust	**157**	170
Institutional marketing	**108**	109
Hedge fund	**7**	3
Linked and structured life products	**61**	63
Multi-manager	**34**	37
Rest of Africa	**22**	19
Total Liberty	**462**	475
Total assets under management and funds under administration	**1 125**	1 116

Included in the balances above are funds for which the fund value is determined using management's valuations.

Administrative and contact details

Standard Bank Group Limited

Registration No. 1969/017128/06
Incorporated in the Republic of South Africa

Registered Office

9th Floor, Standard Bank Centre
5 Simmonds Street, Johannesburg, 2001
PO Box 7725, Johannesburg, 2000

Group Secretary

Kobus Froneman
Email: Kobus.Froneman@standardbank.co.za

Head: Investor relations

Sarah Rivett-Carnac
Email: Sarah.Rivett-Carnac@standardbank.co.za

Chief finance & Value Management Officer

Arno Daehnke
Email: Arno.Daehnke@standardbank.co.za

Direct all **customer** queries and comments to:
Information@standardbank.co.za

Direct all **shareholder** queries and comments to:
InvestorRelations@standardbank.co.za

Refer to
www.standardbank.com/reporting for a list of definitions, acronyms and abbreviations.

Respecta 60, the FSC® Mix certified high quality recycled coated fine paper with a 60% recycled fibre content.

Bastion

Standard
Bank