Standard Bank Group

# Annual integrated report

for the year ended 31 December 2022

AFRICA IS OUR HOME,
**WE DRIVE HER GROWTH**

Drakensberg – **South Africa**

**Standard Bank**
Also trading as Stanbic Bank

# Contents



**We are purpose-led: Africa is our home, we drive her growth**

Our purpose defines our approach to value creation and the long-term outcomes we strive for.

**Our annual integrated report (this report)**

assesses our ability to create and preserve value, and mitigate value erosion in the short, medium and long term.

[1] SEE: social, economic and environmental.

## Reading this report

This is an interactive report.

- Indicates interactive content
- Refers readers to information in this report
- Refers readers to information in our online suite of reports
- Refers readers to information online

## Printing this report

Interactive information in this report will not print automatically. For a printable version of this report, please use the following link: here

## Navigating this report

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ADOBE ACROBAT READER

For information on forward-looking statements refer to page 151.

# Our reporting suite

Our suite of reports caters for the diverse needs of our stakeholders. Our integrated report sets out our value story and intended outcomes for our stakeholders, Africa and the group, and draws information from our key supplementary reports which provide more detailed disclosure.

## ANNUAL INTEGRATED REPORT

Assesses our ability to create and preserve value, and mitigate value erosion, in the short, medium and long term.

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

## Financial and risk management reporting

Primarily of interest to our shareholders, debt providers and regulators, providing detailed financial performance and risk and regulatory disclosures.

### 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.

## Societal and climate reporting

Addressing the concerns of our clients, employees and broader society, our reports to society demonstrate how the group is fulfilling its purpose and the positive impacts it makes.

### Report to society (RTS)

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

### Environmental, social and governance (ESG) report

Provides an overview of our ESG governance structures and risk management, including information regarding ethics and conduct, people and culture, and environmental and social risk management.

### Climate-related financial disclosures (CRFD) report

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

## Governance and shareholder reporting

Includes information on the group's governance-related aspects of interest primarily to our shareholders, debt providers and regulators.

### Governance and remuneration report

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

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

## Subsidiary annual reports

Our subsidiaries account to their stakeholders through their own annual and/or other reports and information, available on their respective websites, accessible from www.standardbank.com

## Other reports addressing societal impacts

**The Standard Bank of South Africa Limited (SBSA) Report to society** provides an overview of SBSA SEE impacts and an update on our transformation journey and performance against the pillars of the Financial Sector Code.

**Our reporting portal** All our reports, latest results, presentations and SENS announcements are available at https://reporting.standardbank.com/ along with a glossary of financial terms, other definitions, acronyms and abbreviations used in our reports.

A summary of key terms used in this report is provided on page 150.

# About our integrated report

This report explains how we are fulfilling our purpose, delivering our strategic priorities and measuring our progress relative to our financial and non-financial targets.

It provides material information our providers of capital need to assess the opportunities, risks and relationships influencing our ability to create and preserve sustainable value. It describes the progress we are making in executing our medium-term strategy to 2025 and our performance in the past year, as measured by the leading and lagging indicators associated with our strategic value drivers. It also explains our governance approach and the work we do to guard against value erosion.

We aspire to create measurable and sustainable value for all our stakeholders. We are guided by our purpose and adopt an integrated approach to the way we think and make decisions. We take into account our operating context and emerging trends and the implications thereof on the group and Africa. We consider the individual concerns and the collective interests of our stakeholders. This enables us to identify opportunities, risks and possible constraints to our strategic delivery and value creation.

When talking about our business and strategy, we reference our six strategic value drivers, which focus and measure our strategic delivery and the value we aspire to create for all our stakeholders. We use our strategic value drivers to manage the quality and cost of the resources and relationships we need to deliver our strategy. The six capitals defined in the International Integrated Reporting Framework are reflected across the six strategic value drivers, and where there is a direct link between the two, this is noted.

**Capitals:**

Financial capital | Intellectual capital | Human capital | Manufactured capital | Social and relationship capital | Natural capital

## Key frameworks

To satisfy various compliance reporting requirements, the disclosure requirements of the following corporate reporting and regulatory frameworks and guides, among others, are considered when preparing the reports in our reporting suite.

INTERACTIVE CONTENT

- The International Integrated Reporting Framework (2021)
- South African Companies Act, 71 of 2008, as amended (Companies Act)
- Listings Requirements of the JSE Limited (JSE Listings Requirements)
- King IV Report on Corporate Governance for South Africa 2016™*
- International Financial Reporting Standards (IFRS)
- South African Banks Act, 94 of 1990 (Banks Act)
- Global Reporting Initiative (GRI) Standards
- Task Force on Climate-Related Financial Disclosures (TCFD)
- United Nations (UN) Sustainable Development Goals (SDGs)

* Also known as King IV and King Code. Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

# Scope and reporting boundary

This report covers the period 1 January 2022 to 31 December 2022 and includes material events and information up to board approval on 8 March 2023.

The data in this report – both financial and non-financial – pertains to the Standard Bank Group (the group or SBG) as the reporting entity, including all entities over which we have control or significant influence. Certain metrics, however, relate to specific categories of activity only and are clearly noted as such.

The reporting boundary includes the strategic narrative pertaining to the group's business model, strategy, performance and prospects. Certain Liberty non-financial information has been included where it is available while additional non-financial information will be included in future reporting once the process to integrate operations is complete. The risks, opportunities and outcomes arising from entities and stakeholders over which we do not have control or significant influence are included where they affect our ability to create and preserve value, and mitigate its erosion. Importantly, in this regard, we have a strategic partnership with the largest bank in the world, the Industrial and Commercial Bank of China Limited (ICBC), who is also a 19.4% shareholder in the group.

Financial information has been prepared on an IFRS basis, unless otherwise specified, and therefore includes the consolidation of all entities in the group. Any restatements of information are noted.

**Reporting boundary for value reporting**
(integrated reporting of enterprise value)

**Financial reporting boundary**
(control and significant influence)

**Standard Bank Group Limited**

**Consumer & High Net Worth (CHNW)**

**Business & Commercial Clients (BCC)**

**Corporate & Investment Banking (CIB)**

**Liberty**

**ICBC Standard Bank Plc (ICBCS) – 40% interest**

**Non-financial boundary**

**Providers of capital:** risks, opportunities and outcomes related to enterprise value in the short, medium and long term

**Reporting boundary for impact and sustainability reporting**
(including ESG and climate-related disclosures)

**All stakeholders:** impact on the economy, society and environment affecting current and future generations

# Report preparation

The board ensures the integrity of our external reporting through internal reporting processes that are well embedded and supported by various levels of oversight.

## Assurance

We apply a combined assurance model to assess and assure aspects of the group's operations, including the internal controls associated with elements of external reporting. Our assurance services and risk functions provide an effective control environment that ensures the integrity of the information used in our reporting for decision-making purposes. The assurance given to the board is underpinned by management (first line), relevant functions (second line) and reviews performed by internal audit (third line).

While this report is not audited, it contains certain information that has been extracted from the group's audited consolidated annual financial statements, on which an unmodified audit opinion has been expressed by the group's external auditors. Similarly it includes information extracted from the RTS and ESG reports on which assurance on selected information, listed on page 148, has been provided.

An internal audit team provides an additional layer of assurance on the integrity of the report. The team assesses the reporting processes, reviews the integrated report to ensure that it is materially in accordance with the guidelines of the Integrated Reporting Framework and King IV, and substantiates the data disclosed in the report.

## Process disclosures

The following processes are observed in the preparation and approval of this report:

A cross-functional team ensures that a mature and effective report preparation process is followed, with support from specialist external reporting advisors. Feedback on processes, content and framework application in the prior year informs the planning and preparation of this report.

The group leadership council oversees the process and ensures that controls are applied in the information gathering, drafting and approval processes.

A dedicated process is followed to identify, review and finalise the issues that are material to the group's value creation and impact, which are then discussed and approved by the board. This determination of material issues, which incorporates both the value and impact considerations most important to our stakeholders, sets the foundation to prepare the integrated report.

Information included in this report is sourced from interviews with leadership (the chairman, members of the group leadership council and other subject matter specialists) and internal and external sources of trusted information used for decision making, as well as from other reports in the reporting suite.

All reports in the reporting suite are prepared in parallel to ensure that information and data is correctly and consistently reported.

The board subcommittees, including the group audit committee, the group risk and capital management committee and the group social and ethics committee recommend the reports in the reporting suite to the board for approval.

The group leadership council is accountable to the board for preparing the integrated report. It reviews the reports in the reporting suite prior to their submission to the respective board sub-committees for review and discussion.

## Board approval statement

The board acknowledges its responsibility for the integrity of the 2022 integrated report and the other reports in the group's reporting suite.

The board has mandated the group audit committee to oversee the preparation and presentation of the integrated report. The committee has reviewed and recommended the report to the board for approval.

The board considers the preparation and presentation of this report as being materially in accordance with the guidelines of the International Integrated Reporting Framework. The board is therefore of the opinion that the report provides a balanced and appropriate assessment of the group's governance, strategy, risks and opportunities, performance and prospects and how these are likely to impact the group's ability to create and preserve value while mitigating value erosion over the short, medium and long term.

On behalf of the board

**Nonkululeko Nyembezi**
Chairman

**Sim Tshabalala**
Group chief executive officer

8 March 2023

# Who we are

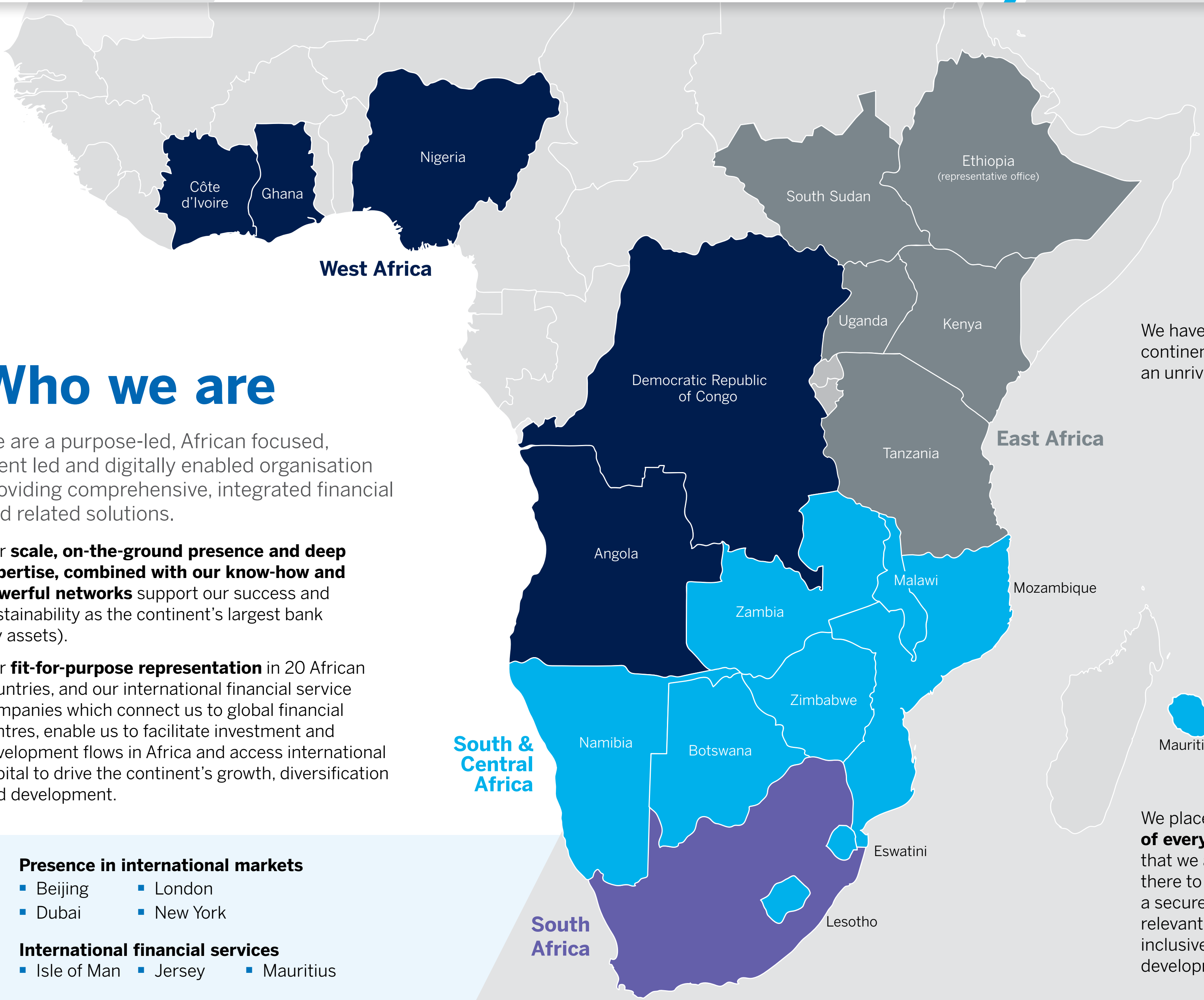
We are a purpose-led, African focused, client led and digitally enabled organisation providing comprehensive, integrated financial and related solutions.

Our **scale, on-the-ground presence and deep expertise, combined with our know-how and powerful networks** support our success and sustainability as the continent's largest bank (by assets).

Our **fit-for-purpose representation** in 20 African countries, and our international financial service companies which connect us to global financial centres, enable us to facilitate investment and development flows in Africa and access international capital to drive the continent's growth, diversification and development.

**Presence in international markets**
- Beijing
- London
- Dubai
- New York

**International financial services**
- Isle of Man
- Jersey
- Mauritius




We have been operating on the continent for **160 years**, building an unrivalled franchise.

We place **our clients at the heart of everything we do**, ensuring that we are always on and always there to meet our clients' needs in a secure, personalised and relevant way, while also driving inclusive growth and sustainable development in Africa.

# An African focused, client led and digitally enabled organisation

Our diverse regional presence, sector exposure and comprehensive client offering underpins our resilience, supported by our scale and reach that enable growth through an expanding portfolio of solutions and exceptional people focused on delivering value to our clients.

**Our unparalleled brand strength and legitimacy on the continent is recognised world-wide. We offer our large and growing client base relevant solutions that meet their real needs. We continue to deepen our client relationships and in turn grow our revenues.**

## BANKING

17.7 million
active clients[1]

R1.5 trillion
lending

R1.8 trillion
deposits

## INVESTMENTS AND INSURANCE[2]

R1.4 trillion
AUA/AUM[3]

Supported by international banks in the Isle of Man and Jersey

Leading pension fund administration business in Nigeria

Third largest investment services business[2] on the content

**We have the resources and appetite to expand, on our own and through strong relationships with our partners and alliances.**

Africa's largest bank with over
R2.9 trillion
in assets

USD17 billion
(R284 billion)
market capitalisation

R9.8 billion
insurance indexed new business

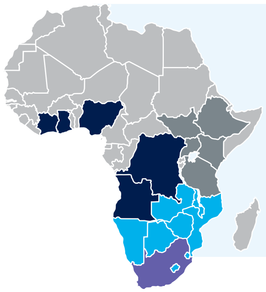
R219 billion
capital

R2.3 billion
revenue from strategic distribution partnerships

13.5%
common equity tier 1 (CET 1) ratio

**Our expanding set of attractive client value propositions are underpinned by our modernised and increasingly efficient physical and digital distribution channels.**

Our convenient digital platforms provide an expanding set of solutions and network of vetted providers, creating in-person capacity to deliver value to clients.



1 163
branches and in-store kiosks

>50 000
Instant Money access points in South Africa

6 232
ATMs[4]

Level 1
B-BBEE[5]
rating in South Africa

**Our on-the-ground capabilities in rapidly expanding African economies and our deep African and sector expertise support opportunities to grow revenues.**

Africa Regions contributed
36%
to group headline earnings

Our
52 742
people[2] are skilled and experienced. They strive to meet client needs and offer consistent client support across all channels.

Our unique partnership with ICBC drives Africa-China opportunities.

We offer an expanding range of sustainability-linked funding and investment solutions.

Client revenues attributed to CIB client franchise activity grew 31%

1 CHNW and BCC active clients. An active client is defined as a single client transacting on at least one solution within a specific timeframe.
2 Standard Bank Activities and Liberty.
3 Assets under administration/management.
4 Automated teller machines.
5 B-BBEE: broad-based black economic empowerment.

# How we serve our clients

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

## Client segments

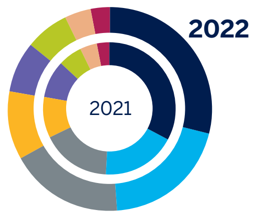
Client segments are responsible for designing and executing the client value proposition. They own the client relationship and create multi-product client experiences, distributed through our client engagement platforms.

## Consumer & High Net Worth clients

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

CHNW offers tailored and comprehensive banking, investment, insurance and beyond financial services solutions[1]. We serve clients across Africa ranging from high net worth and affluent to main market clients by enabling their daily lives throughout their life journeys.

### Composition of total income by solution (%)



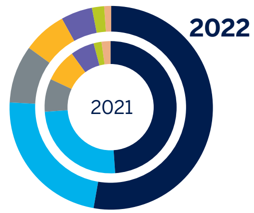

| | 2022 | 2021 |
|---|---|---|
| CHNW transactional | 33 | 29 |
| Home services | 18 | 20 |
| CHNW lending | 17 | 18 |
| Card and payments | 10 | 11 |
| Insurance | 9 | 8 |
| Investment | 6 | 7 |
| Vehicle and asset finance | 4 | 4 |
| Global markets | 3 | 3 |

## Business & Commercial Clients

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

BCC 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 range of industries, sectors and solutions, delivering the necessary advisory, networking and sustainability support required by our clients to enable their growth.

### Composition of total income by solution (%)




| | 2022 | 2021 |
|---|---|---|
| BCC transactional | 53 | 49 |
| BCC lending | 23 | 25 |
| Global markets | 9 | 8 |
| Vehicle and asset finance | 7 | 8 |
| Card and payments | 5 | 6 |
| Home services | 2 | 2 |
| Insurance and investments | 1 | 2 |

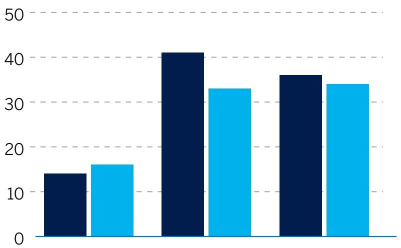
[1] Beyond financial services solutions are non-financial services that complement our existing offerings in specific focus areas.

## Corporate & Investment Banking

### A long history and on-the-ground experience enables us to drive growth and development across Africa

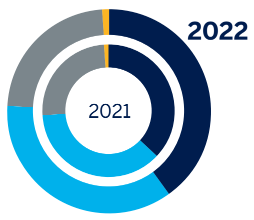
CIB serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and our access to global capital markets for advisory,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

### Composition of client revenue by client (%)




| | Multinational corporates – Africa | Multinational corporates – International | Local corporates |
|---|---|---|---|
| Change % | 14 | 41 | 36 |
| Constant currency % | 16 | 33 | 34 |

### Composition of total income by solution (%)

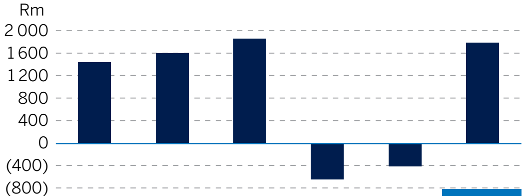



| | 2022 | 2021 |
|---|---|---|
| Transactional products & services | 40 | 37 |
| Global markets | 36 | 37 |
| Investment banking | 23 | 25 |
| Vehicle and asset finance & card and payments | 1 | 1 |

## Liberty

Liberty 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 extend 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.

### Liberty headline earnings (after treasury share adjustment)




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 1 435 | 1 600 | 1 855 | (651) | (419) | 1 788 |

# Our approach to value creation

We place the interests of our clients and the communities impacted by our business at the centre of our decision-making, ensuring that we act in accordance with what is good for the group and for society.

## Informing our strategy

### Our operating context

Key trends show opportunity for growth and development in Africa, justifying the long-term optimism that underpins our strategy. However, we operate in a complex and constantly changing environment where the group's success depends on how well we embrace, anticipate and manage change, while also ensuring that the wellbeing of our clients and our continent are at the centre of our responses.

Read more from page 24.

INTERACTIVE CONTENT

### Our stakeholders and material issues

Proactive engagement with our stakeholders provides insights that help shape our strategy, informs the identification of our material issues, and ultimately enables us to manage and respond to their concerns.

Read more: page 25

## Our strategy

**Our purpose**
The reason we exist

Africa is our home, we drive her growth

**Our strategic priorities**
What we need to do to deliver our strategy in the medium term

**Our medium-term financial targets**
What we commit to deliver

**Our long-term outcomes**
The value we intend to create for our stakeholders

### Transform client experience

We will transform the client experience using digital technology to support the human touch.

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

**7% – 9%**
revenue growth CAGR*

* Compound annual growth rate.

### Execute with excellence

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

Our values-led culture is underpinned by the principle of doing the right business, the right way.

**Approaching 50%**
cost-to-income ratio

### Drive sustainable growth and value

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

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

**17% – 20%**
return on equity (ROE)

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

Growth and scale

Efficiency and resilience

Legitimacy

## Organising our business and allocating our resources

### Our business model

Our business is client-led and structured around our client segments.

Read more: page 30.

### Our resource allocation framework

We use a formal decision-making framework to allocate resources and apply scenario planning to deliver our targeted outcomes for the benefit of all our stakeholders.

Read more from page 34.

## Accounting to our stakeholders

Our approach to good governance promotes strategic decision-making that considers the interests of the group and society in our pursuit of sustainable value. Our governance framework supports ethical and effective leadership, demonstrable corporate citizenship and a sustainable organisation.

Read more from page 121.

We evaluate our financial and non-financial performance against our strategic value drivers. We reward our people based on strategic delivery and in accordance with our remuneration policy. Fairness and balance is the yardstick of our reward decisions.

Read more from page 132.

## Executing our strategy

### Measuring value creation

We have measures and targets with which we track the progress we are making in executing our strategy

**CLIENT FOCUS**

**We provide consistently excellent client and partner experiences via an expanded range of innovative solutions.**

**We measure:** client satisfaction, active client numbers and beyond revenues.

Read more: page 47.

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**EMPLOYEE ENGAGEMENT**

**We ensure our people feel deeply connected to our purpose, and are empowered and recognised.**

**We measure:** employee engagement, retention, diversity and development.

Read more: page 76.

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**RISK AND CONDUCT**

**We do the right business, the right way.**

**We measure:** responsible risk-taking and conduct.

Read more: page 83.

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**OPERATIONAL EXCELLENCE**

**We use technology and data to better serve and protect our clients, reduce costs and scale our platforms.**

**We measure:** our cost to serve, system security and stability.

Read more: page 99.

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**FINANCIAL OUTCOME**

**We allocate our resources to deliver attractive shareholder returns.**

**We measure:** sustained headline earnings growth, jaws and ROE.

Read more: page 103.

**SEE IMPACT**

**We drive Africa's growth by delivering shared value and positive impact.**

**We measure:** ESG performance and the impact we have in seven impact areas.

Read more: page 116.

**We are able to make the most meaningful contribution to the achievement of the following UN SDGs:**

# Our value story

AFRICA IS OUR HOME,
**WE DRIVE HER GROWTH**

Maletsunyane Falls – **Lesotho**

# Chairman's statement

"We look forward with confidence to meeting our 2025 financial and strategic objectives, to reaching our longer term goals and growth ambitions, and thereby fulfilling our purpose: Africa is our home, we drive her growth."

**Nonkululeko Nyembezi** Group chairman

## Financial results

Investors will have reason to be pleased with our 2022 financial outcomes. Group headline earnings were R34.2 billion, 37% higher than prior year. Group ROE was 16.4%, 290 basis points (bps) better than in 2021. Total income from Standard Bank Activities grew by 18% to R133.6 billion, with pre-provision operating income up 26%. Credit impairment charges increased by 22% on 2021. The group's cost-to-income ratio was 54.9%, 290 bps better than 2021.

## Operating context

The economy of sub-Saharan Africa as a whole grew at around 3.8% in 2022, in line with our expectations, and 40 bps faster than the world average. Standard Bank expects 3.8% growth for sub-Saharan Africa this year, accelerating to over 4.1% over the medium term. The South African economy grew at 2.0% in 2022, but our expectation is for just 1.2% growth in 2023, owing to South Africa's severe shortage of electricity.

The two major negative global shocks of the year were the start of the war in Ukraine and the cost of living crisis occasioned by the significant escalation in energy costs resulting from the war. The effects of the former on Africa have, fortunately, proved to be less negative than anticipated.

In South Africa, the rapid deterioration in Eskom's performance in the second half only added to the challenges confronting consumers and businesses alike. The electricity constraint in South Africa has had – and continues to have – a major impact on the economy and all aspects of the lives of ordinary South Africans. However, the government now appears to be implementing a reasonably coherent and focused five-point recovery plan. The primary focus of the plan is to:

- improve the reliability of existing Eskom plant, accelerate private investment in generation capacity and procurement of new renewable power and battery capacity
- incentivise businesses and households to invest in rooftop solar
- establish a competitive electricity market.

It is notable and encouraging that the private sector is called upon to play a key role in the implementation of the recovery plan. If the current pace of new build in renewables and investment in battery storage capacity is maintained for the next 18 months to two years, then a relaxation of the current electricity constraint is probable over the medium term.

This is a cause for cautious optimism. In my view, African governments too often continue to underestimate the capacity of a competitive and appropriately regulated private sector to solve pressing economic and human development problems. It is my hope and expectation that Africa's political leaders will increasingly adopt policy approaches which set clear rules that create more space for private enterprise and public-private partnerships where these present the optimal approach.

Going forward, the group board will continue to monitor geopolitical developments for their effects on our countries of operation and businesses.

Of particular concern during 2023 is the possibility that the so-called 'polycrisis' could intensify. For example, the war in Ukraine could intensify or spread, with concomitant impacts on the prices of energy and other commodities of relevance to African economies; some African sovereigns in addition to Ghana could experience fiscal crises leading to sovereign distress, an eventuality which could have complex and broadly negative effects on our businesses; and South Africa could experience a further deterioration of social cohesion or civil unrest.

These are certainly very real possibilities, and the board remains alive to ensuring that the group remains resilient to possible shocks. On balance, however, we are hopeful that the geopolitical situation will become more stable. We expect that Africa's growth trajectory will not be substantially lowered, and that progress in implementing the African Continental Free Trade Area (AfCFTA) will provide additional support to Africa's growth and industrialisation. The group looks forward to continuing to play a catalytic role in enabling the AfCFTA to achieve its potential. We further expect that structural reform in South Africa will continue, enhancing both economic growth and social cohesion.

## Leading issues in 2022

The group is completely clear that climate change is the single most important and pressing global issue of our time. The board is comfortable with the group's climate policy and proud of the fact that we are Africa's largest financier of renewable energy and sustainable economic activity, having cumulatively financed R84.4 billion of renewable energy projects over the past three years. We support an approach whereby Africa continues to make use of its endowments of fossil fuels within a credible energy transition plan that achieves net zero by 2050. Such an approach balances the need for the continent to achieve energy security on the one hand and simultaneously address the substantial challenges posed by climate change on the other.

Given widespread poverty on our continent, we give equal weight to the imperative to address social needs within the overarching umbrella of ESG. In this regard, we are pleased to note the commitment made at the COP 27 Climate Summit to establish a 'loss and damage' fund to provide redress and support to poorer communities and low-income countries experiencing economic or social damage as a result of climate change.

These approaches to the mitigation of climate change and to ESG in general are of a piece with the group's strong commitment to generating shared value for our stakeholders, in part from our corporate social investment, but primarily in the form of positive additionalities and externalities consciously pursued in the regular course of our business.

**For more detail on our approach, please see the Report to Society.**

Regrettably, the bank suffered four major outages in South Africa during April and May with a particularly severe impact on our clients. In response, the executives undertook a number of steps to substantially improve performance, including a change in leadership and the structure of the group's IT division. It is pleasing to note the solid progress – albeit still early days – with no material outages in the second half of the year. The busy Black Friday and Christmas trading periods both went off without a hitch.

There is an unavoidable tension between the imperative to keep developing the group's digital capacities and the even more pressing need to keep our systems stable. The board will continue to pay close attention to how this tension is managed. In 2022, restoring stability had to be given a higher priority than continuing to develop new services and solutions, which was appropriate.

Notably, in none of the outages was client data privacy compromised. Despite unrelenting attacks by cybercriminals, and thanks to our continued heavy investment in cybersecurity, the group experienced no material cybersecurity incidents during 2022.

The board stayed close to the investigations and corrective actions that followed from the discovery of misconduct in the activation of MyMo accounts in South Africa. Particular concerns for us were whether these problems revealed systemic weaknesses, whether clients had been harmed, whether the investigations were sufficiently independent and rigorous; and whether disciplinary action had been fair. We are satisfied that all these concerns have been properly and fully addressed by the executives.

The risk environment in some of our Africa Regions businesses has been an area of focus over the past year as several lapses in the control environment were observed. The board is satisfied with the corrective actions being undertaken and indeed, real progress is already evident.

The relationship between the group board and subsidiary boards was also a particular focus during 2022. The board reviewed its oversight responsibilities in terms of the new Prudential Standards for Financial Conglomerates which came into effect on 1 January 2022. Focus was placed on how the requirements in the standards, particularly insofar as the group board was concerned, were being applied; and on additional actions required to align with the standards. Although the group is substantially compliant with the standards, we will continue to enhance the oversight of significant subsidiaries where required. In this regard, Liberty will adopt the group's subsidiary governance framework and relevant policies during 2023, to ensure optimal alignment with group standards.

The board is very pleased to observe that our Africa Regions businesses are contributing 36% of the group's headline earnings. The fast growth and consistently good performance of this well-balanced portfolio proves the correctness of the group's Africa-centred strategy.

We remain very much alive to the importance of managing and mitigating the growing third-party risk introduced into our business as we grow the range of services we provide on our digital platforms and through our ecosystem. At a minimum, we mandate rigorous standards every third-party must adhere to in order to gain access to our systems. Compliance with these standards is audited on a regular basis.

Recent years have ushered in significant changes to the group's operating model giving rise to substantial changes to our internal structure. At its core, the intent is to locate the decision-making rights as close to the client as possible in keeping with our client-led philosophy. This ensures that the structure maximises accountability, efficiency, competitiveness and – above all – meeting our commitments to our clients.

The South African Prudential Authority made executive succession its 'flavour of the year' for 2022, providing a valuable opportunity to test the depth and breadth of our executive leadership. While we are not complacent about the group's culture, or about the depth and breadth of its human capital, we do feel confident that both are in good condition. Following the changes in the group's operating model, concerted efforts are now underway to develop succession plans for the key leadership roles.

## Governance

The composition of the board underwent substantial change during the course of 2022, starting with the changing of the guard in the chairman role. Thulani Gcabashe stepped down as chairman in May and I assumed the role on 1 June 2022. We welcomed Ben Kruger and Lwazi Bam onto the board in June and November respectively. Myles Ruck stepped down from the board at the end of December after a lifetime of service to the Standard Bank Group in various capacities, including chief executive of Corporate and Investment Banking and chief executive of Liberty.

I remain satisfied that the board is appropriately balanced and that our directors are able to ensure that the group is well-governed, and that the interests of our shareholders, other stakeholders, and the societies in which we do business are well served.

We are pleased with the board's gender, race and regional balance and will ensure that it is sustained. We will continue to improve the IT and ESG skills on or available to the board.

The board expresses its appreciation to our former company secretary, Zola Stephen, and wishes her well in the next phase of her career. We welcome Kobus Froneman as company secretary.

Kgomotso Moroka and John Vice will retire from the board at the conclusion of the 2023 AGM.

## Appreciation

On behalf of the entire Standard Bank Group, I wish to express our sincere appreciation to Thulani Gcabashe for his significant contribution to the Standard Bank Group over many years, including successfully navigating the profound challenges of the pandemic years.

2022 was a very busy year for the board. I am thankful to my board colleagues for their insight, foresight and dedication, all of which have made major contributions to the group's excellent progress in 2022.

Finally, I am deeply grateful to the group's executives and employees for the pleasing outcomes achieved for 2022 as we emerged from the damage and distress of the pandemic. Even more importantly, their hard work and dedication enable us to look forward with the confidence to meet our 2025 financial and strategic objectives, to reach our longer term goals and growth ambitions, and to fulfil our purpose: Africa is our home, we drive her growth.

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | Non-executive directors

# Board of directors

## The group board

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

### Race

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

### Gender

**5** female

**11** male

### Independence

**11** independent non-executive directors

**3** non-executive directors

**2** executives

### Age

| Age | |
|---|---|
| Between 40 – 49 | 2 |
| Between 50 – 59 | 4 |
| Between 60 – 69 | 9 |
| 70 and above | 1 |

### Nationality

**12** South African

**2** Chinese

**1** Nigerian

**1** Kenyan

### Tenure

| Tenure | |
|---|---|
| <3 years | 5 |
| 3 – 6 years | 1 |
| 6 – 9 years | 8 |
| >9 years | 2 |

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | Non-executive directors

## Nonkululeko Nyembezi 62

*Independent non-executive chairman, SBG and SBSA*

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

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

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

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

COMMITTEE MEMBERSHIP

**Appointed**
1 January 2020

**Appointed chairman**
1 June 2022

**Board meeting attendance** 12/12

## Xueqing Guan 59

*Senior deputy chairman, SBG, and non-executive director, SBG and SBSA*

**Qualifications**
- PhD (economics) (Southwestern University of Finance and Economics, China)

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

**Appointments held**
- board secretary ICBC

COMMITTEE MEMBERSHIP

**Appointed**
1 August 2020

**Board meeting attendance** 12/12

## Jacko Maree 67

*Deputy chairman, SBG, and independent non-executive director, SBG and SBSA*

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

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

**External directorships**
- Phembani Group Limited

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

COMMITTEE MEMBERSHIP

**Appointed**
21 November 2016

**Board meeting attendance** 12/12

COMMITTEES

DAC – Directors' affairs committee; GAC – Group audit committee; GRCMC – Group risk and capital management committee; GITC – Group information technology committee; GSEC – Group social and ethics committee; REMCO – Group remuneration committee; GMAC – Group model approval committee; LEC – Large exposure credit committee; Committee chair elect; Committee chair

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | Non-executive directors

## Trix Kennealy 64

*Lead independent director, SBG, and independent non-executive director, SBSA*

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

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

**External directorships**
- Sasol Limited

COMMITTEE MEMBERSHIP

**Appointed**
21 November 2016

**Board meeting attendance** 12/12

## Sim Tshabalala 55

*Chief executive officer, SBG, and executive director, SBSA*

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

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

**Appointments held within the group**
- Stanbic Africa Holdings Limited

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

COMMITTEE MEMBERSHIP

**Appointed**
7 March 2013

**Board meeting attendance** 12/12

## Arno Daehnke 55

*Chief finance & value management officer, SBG, and executive director, SBG and SBSA*

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

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

**Appointments held within the group**
- Stanbic Africa Holdings Limited

COMMITTEE MEMBERSHIP

**Appointed**
1 May 2016

**Board meeting attendance** 11/12

COMMITTEES

DAC – Directors' affairs committee · GAC – Group audit committee · GRCMC – Group risk and capital management committee · GITC – Group information technology committee · GSEC – Group social and ethics committee · REMCO – Group remuneration committee · GMAC – Group model approval committee · LEC – Large exposure credit committee · Committee chair elect · Committee chair

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | Non-executive directors

- Lwazi Bam
- Paul Cook
- Geraldine Fraser-Moleketi
- Ben Kruger
- Li Li
- Nomgando Matyumza
- Kgomotso Moroka
- Martin Oduor-Otieno
- Atedo Peterside CON
- John Vice

COMMITTEES

- DAC – Directors' affairs committee
- GAC – Group audit committee
- GRCMC – Group risk and capital management committee
- GITC – Group information technology committee
- GSEC – Group social and ethics committee
- REMCO – Group remuneration committee
- GMAC – Group model approval committee
- LEC – Large exposure credit committee
- Committee chair elect
- Committee chair

## Lwazi Bam 51

*Independent non-executive director, SBG and SBSA*

**Qualifications**
- CA(SA)
- BCom (Hons) (University of KwaZulu-Natal)
- B.Compt (UNISA)
- AMP (Harvard Business School)

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

**External directorships**
- Zeda Limited (chairman)

**Other governing body and professional positions held**
- Presidential Climate Finance Task Team
- Nelson Mandela Foundation

COMMITTEE MEMBERSHIP

**Appointed**
1 November 2022

**Board meeting attendance** 2/2

## Paul Cook 42

*Independent non-executive director, SBG and SBSA*

**Qualifications**
- PhD (physics) (California Institute of Technology)
- BSc (Hons) (University of Witwatersrand)

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

**External directorships**
- Silvertree Brands (managing director)
- Faithful to Nature (chief executive officer)

COMMITTEE MEMBERSHIP

**Appointed**
22 February 2021

**Board meeting attendance** 12/12

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | **Non-executive directors**

- Lwazi Bam
- Paul Cook
- Geraldine Fraser-Moleketi
- Ben Kruger
- Li Li
- Nomgando Matyumza
- Kgomotso Moroka
- Martin Oduor-Otieno
- Atedo Peterside CON
- John Vice

COMMITTEES

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- GITC – Group information technology committee
- GSEC – Group social and ethics committee
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- GMAC – Group model approval committee
- LEC – Large exposure credit committee
- Committee chair elect
- Committee chair

## Geraldine Fraser-Moleketi 62

*Independent non-executive director, SBG and SBSA*

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

**Key strengths**
- experience in multilateral organisations, global governance and public administration
- strong strategic, ethical and oversight skills
- experience in human resources oversight

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

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

COMMITTEE MEMBERSHIP

**Appointed**
21 November 2016

**Board meeting attendance** 12/12

## Ben Kruger 63

*Independent non-executive director, SBG and SBSA*

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

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

**Appointments held within the group**
- Stanbic IBTC Holdings Plc

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

**Other governing body and professional roles held**
- University of Pretoria (deputy chair and member of council)

COMMITTEE MEMBERSHIP

**Appointed**
6 June 2022

**Board meeting attendance** 6/6

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | **Non-executive directors**

- Lwazi Bam
- Paul Cook
- Geraldine Fraser-Moleketi
- Ben Kruger
- Li Li
- Nomgando Matyumza
- Kgomotso Moroka
- Martin Oduor-Otieno
- Atedo Peterside CON
- John Vice

COMMITTEES

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- GRCMC – Group risk and capital management committee
- GITC – Group information technology committee
- GSEC – Group social and ethics committee
- REMCO – Group remuneration committee
- GMAC – Group model approval committee
- LEC – Large exposure credit committee
- Committee chair elect
- Committee chair

## Li Li 45 *

*Non-executive director, SBG and SBSA*

**Qualifications**
- MA (economics) (University of International Business and Economics)
- Bachelors degree in economics (Zhengzou University)

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

**Appointments held within the group**
- ICBC Standard Bank Plc

**Other governing body and professional positions held**
- chief representative officer of ICBC African representative office

COMMITTEE MEMBERSHIP

as alternate to Xueqing Guan.

**Appointed**
11 November 2021

**Board meeting attendance** 12/12

## Nomgando Matyumza 60

*Independent non-executive director, SBG and SBSA*

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

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

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

COMMITTEE MEMBERSHIP

**Appointed**
21 November 2016

**Board meeting attendance** 11/12

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | Non-executive directors

- Lwazi Bam
- Paul Cook
- Geraldine Fraser-Moleketi
- Ben Kruger
- Li Li
- Nomgando Matyumza
- Kgomotso Moroka
- Martin Oduor-Otieno
- Atedo Peterside CON
- John Vice

COMMITTEES

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- GITC – Group information technology committee
- GSEC – Group social and ethics committee
- REMCO – Group remuneration committee
- GMAC – Group model approval committee
- LEC – Large exposure credit committee
- Committee chair elect
- Committee chair

## Kgomotso Moroka 68

*Non-executive director, SBG and SBSA*

**Qualifications**

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

**Key strengths**

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

**External directorships**

- Kalagadi Manganese (Pty) Ltd
- Temetayo (chairman) (Pty) Ltd
- Multichoice Group and Multichoice South Africa Holdings (Pty) Ltd

**Other governing body and professional positions held**

- member of the Johannesburg Society of Advocates

COMMITTEE MEMBERSHIP

**Appointed**
1 July 2003

**Board meeting attendance** 10/12

## Martin Oduor-Otieno 66

*Independent non-executive director, SBG and SBSA*

**Qualifications**

- BCom (University of Nairobi)
- CPA (Kenya)
- Executive MBA (ESAMI/Maastricht Business School)
- Honorary Doctor of Business Leadership (KCA University)
- AMP (Harvard)
- Fellow at the Institute of Bankers (Kenya)

**Key strengths**

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

**External directorships**

- British American Tobacco Kenya Limited
- East African Breweries Limited (chairman)

COMMITTEE MEMBERSHIP

**Appointed**
1 January 2016

**Board meeting attendance** 11/12

INTERACTIVE CONTENT

Chairman and deputy chairmen | Lead independent director | Executive directors | Non-executive directors

- Lwazi Bam
- Paul Cook
- Geraldine Fraser-Moleketi
- Ben Kruger
- Li Li
- Nomgando Matyumza
- Kgomotso Moroka
- Martin Oduor-Otieno
- Atedo Peterside CON
- John Vice

COMMITTEES

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- GITC – Group information technology committee
- GSEC – Group social and ethics committee
- REMCO – Group remuneration committee
- GMAC – Group model approval committee
- LEC – Large exposure credit committee
- Committee chair elect
- Committee chair

## Atedo Peterside CON 67

*Independent non-executive director, SBG and SBSA*

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

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

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

**Other governing body and professional positions held**
- Endeavor High Impact Entrepreneurship (chairman)

COMMITTEE MEMBERSHIP

**Appointed**
22 August 2014

**Board meeting attendance** 12/12

## John Vice 70

*Independent non-executive director, SBG and SBSA*

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

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

**External directorships**
- Anglo American Platinum Limited

COMMITTEE MEMBERSHIP

**Appointed**
21 November 2016

**Board meeting attendance** 12/12

# Our operating context

Africa's growth trends are underpinned by the flexibility and resilience of the region, supporting longer-term growth in financial and non-financial services.

Africa's population will continue to grow and in the long term, Africa's people will become healthier, better educated, more urbanised, increasingly digitally connected and more productive. Trade and investment flows between Africa and the rest of the world will continue to increase, accelerated by the benefits of the AfCFTA.

## Key trends and expectations to 2030

### Expanding markets for financial services

Total population expected to increase by **26%** to **1.7 billion** people

Urban populations will increase by **50%**, with **400 million** more people in cities

### Growing mobile market share and digital payment solutions adoption

Mobile subscriber base expected to exceed **1.2 billion**

Growing use of mobile money with **621 million** registered accounts in Africa

**53%** of global mobile money active accounts are in Africa

### Increasing focus on sustainable development and ESG

Increased interest and investment in sustainable solutions

Africa has **60%** of the best solar reserves worldwide

Africa only contributes **3%** to global greenhouse gas emissions

### Rapid and sustained economic growth

AfCFTA will accelerate inter-Africa trade and boost Africa's trading position in the global market

Average annual growth of sub-Saharan Africa of around **4%**

Sources: Standard Bank research, International Monetary Fund (IMF) data, GMS Association

**Watch: AN OUTLOOK OF THE ECONOMY WITH GOOLAM BALLIM, Chief Economist, Standard Bank Group and read more about the outlook for global, African and South African economies in our Economy 2023 e-book.**

# Our stakeholders and material issues

Our stakeholders provide the resources and capital we need to achieve our strategy and purpose, and thereby create shared value. They influence the environment in which we operate and confer legitimacy to our activities.

Our stakeholders are the individuals, groups and organisations that materially affect or could be materially affected by our business activities, products, services and performance. They include our clients, employees and regulators, our shareholders, partners and service providers, and the communities in which we operate.

## We are committed to:

1. Constructive engagement, listening to concerns and suggestions with an open mind
2. Being transparent in our engagements
3. Responding appropriately to legitimate concerns
4. Being accessible
5. Ensuring that our code of ethics and our values underpin and inform our engagements

## How we engage with our stakeholders

Our stakeholder engagement principles govern our engagements, providing a guideline for our operations across geographical areas while accommodating local contexts.

We listen to and constructively engage with all legitimate stakeholders through a de-centralised stakeholder engagement approach. Executives and managers across the group regularly engage with various stakeholders on relevant issues and are responsible for reporting material stakeholder priorities and concerns. Oversight is provided by executive management, country boards and the group board, via the group social and ethics committee.

Guidelines and policies for engagements with specific groups of stakeholders supplement our engagement principles, ensuring that the right group representatives have appropriate mandates for engagement.

**Read more about how we monitor and oversee stakeholder engagement in our ESG report.**

Proactive engagement with our stakeholders provides us with insights that help shape our strategy, informs the identification of our material issues, and ultimately enables us to manage and respond to their concerns. Our stakeholder engagements during the year informed executive and board level discussions relating to the following issues:

- Greater global political and macroeconomic uncertainty and volatility, and increase in geopolitical tensions, with associated impact on supply chains, interest rates and inflation and consumer resilience.
- Our competitiveness in a rapidly evolving market where client expectations are constantly changing.
- Increasing risk of cybercrime globally.
- Rapidly digitising to ensure future competitiveness while ensuring service delivery excellence today, strengthening the reliability of our digital transaction channels, and improving communication with clients when problems arise.
- Standing by our clients during difficult economic times.
- Varying pace of, and approaches to regulatory changes in relation to issues like cryptocurrencies and cloud computing in our different countries of operation.
- Delivering against our climate policy and targets, supporting the imperative of a just energy transition and the need to address Africa's energy poverty, and maximising the opportunities offered by renewable energy development.
- Ensuring the wellbeing of our people and our ability to attract and retain talent.
- Meeting the expectations of our shareholders and delivering improvements in ROE.

These issues were included in our material issues determination process described on the next page.

**Read more about our stakeholder groups and priorities: page 27.**

# How we determine our material issues

Our material issues are those that matter most to our stakeholders and providers of capital; and that impact on our ability to create value in the short, medium and long term.

## Our materiality determination process

We use the concept of double materiality to ensure that our process of determination is complete and comprehensive. We have identified the issues that may materially impact on our business, our six strategic value drivers and our ability to achieve our strategic aspirations, as well as how our business activities materially impact society. This approach is critical in ensuring that we deliver both attractive financial outcomes and positive SEE impacts. The steps alongside show our process to identify and adequately interrogate our material issues.

While our material issues evolve over time, the broad themes are relatively stable. An in-depth review of our material issues was undertaken in 2020, and included engagement with diverse stakeholders, internally and externally, to identify new and emerging priorities in a time of uncertainty at the onset of the Covid-19 pandemic. Since then, minor adjustments have been made to reflect changes in the global operating environment, the growing urgency of the climate crisis, and industry developments.

1. The **economic, social and environmental** context in which we operate
2. The **risks, threats and opportunities** facing our business that have been identified through our enterprise risk process
3. An **assessment of priority ESG risks and opportunities** identified by internal stakeholders
4. The **expectations and concerns of our diverse stakeholders** that have been identified through various engagement mechanisms
5. How we **impact on society and the environment,** particularly the seven SEE impact areas where we believe we have the greatest potential impact, both positive and negative.

**More about how these themes are managed is included online in our ESG report and in our stakeholder engagement section on pages 25 and 27.**

We assess the quality of our relationships and engagements with our stakeholders based on the nature of the relationship, how constructive our dialogues are and the outcomes of our relationship metrics over time. The complexity and scale of our relationships mean that the overall relationship quality for each stakeholder group can evolve over time and with each engagement. Our reported outcomes are therefore only indicative of a point-in-time assessment.

# Stakeholder priorities in 2022

INTERACTIVE CONTENT

## Clients

17.7 million
active clients

### How we engage

Two-way engagement methods that can include client surveys, online communication channels, call centres, social media and in-person.

### Capitals impacted

### How we measure the quality of the relationship

- Net promoter score (NPS) and client satisfaction index (CSI).

### Priorities and concerns

- Personalised solutions relevant for individuals and businesses
- Omnichannel options, speed, and straight-through-processing
- Digital convenience and human interaction when needed
- Accessibility, affordability and relevance of services
- System stability and reliability, and data security protection from fraud and cybercrime.

### Our response

- Truly digital, truly human approach
- Differentiated personalised offers for retail clients on our digital channels informed by data analytics
- Expansion and enhancement of mobile app functionality and introduction of additional financial and beyond solutions
- Implementation of small- to medium-sized enterprises (SME) scoring capability drawing on non-traditional data sources to assess credit worthiness and enable loan disbursements for small-scale traders
- Improved system stability and resilience, and significantly improved response and recovery times
- Increased client awareness of cyber and fraud risks through targeted campaigns
- Improved cyber incident detection and response times, and use of DigiMe to reduce digital fraud
- Further strengthened anti-financial crime controls.

### Related material issues

- Client experience
- Competitiveness and changing client expectations
- Fair outcomes for clients
- Reliability of digital transaction channels

See all icons and meaning

INTERACTIVE CONTENT

## Employees

52 742
group employees[1]

### How we engage

Two-way engagement methods that include employee surveys, online communication channels and in-person sessions.

### Capitals impacted

### How we measure the quality of the relationship

- Employee net promoter score (eNPS)
- Emotional promoter score
- Organisational alignment score
- Engagement dimensions score (work satisfaction)
- Diversity and inclusion
- Average learning hours per person
- Workforce return on investment.

### Priorities and concerns

- Digital skills development, career growth
- Work-life balance
- Flexibility/hybrid working (where applicable)
- Recognition, appreciation, good communication
- Compensation and benefits
- Diversity and inclusion.

### Our response

- Invested over R868 million in employee development across the group, with a focus on digital and technology skills
- Further improved diversity metrics at senior and executive levels, including through targeted leadership development initiatives
- Continued to engage employees and managers regarding hybrid working options for different teams.

### Related material issues

- Employee engagement, health and wellbeing
- Workforce diversity
- Digital skills

See all icons and meaning

## Regulators and governments

Including central banks and relevant government departments and regulators in jurisdictions in which we operate

### How we engage

Two-way communication through a range of regulatory engagements and discussions.

### Capitals impacted

### How we measure the quality of the relationship

- Constructive and positive engagements with our regulators across Africa.

### Priorities and concerns

- Financial crime controls, anti-money laundering and combatting the financing of terrorism (AML/CFT)
- Foreign exchange controls
- Cybersecurity and data protection
- Fintech, regulation of cryptocurrencies, digital platforms, open banking, cloud computing
- Climate related risk
- Financial inclusion and affordability
- Conduct
- Pace of transformation at sector level (South Africa).

### Our response

- Engagement on material issues to ensure understanding of expectations, challenges
- Enhanced client due diligence, record keeping, suspicious and unusual transaction reporting (STR) and risk management
- Strengthened internal reporting on conduct risk and metrics
- Automation and machine learning to improve risk management.

### Related material issues

- Culture of responsible risk-taking
- Integration of ESG risk management, with a focus on climate risk and opportunity
- Information security, data privacy, cybersecurity
- Third-party risk as we transform to a platform and ecosystem business

1 Permanent and non-permanent Standard Bank Activities and Liberty.

INTERACTIVE CONTENT

## Shareholders and investors

49% South African,
51% international,
Moody's and Fitch credit ratings agencies

### How we engage

Two-way communication, including investor and market participant feedback, AGM, SENS announcements, presentations and roadshows.

### Capitals impacted

### How we measure the quality of the relationship

- Shareholder value created – ROE, earnings growth, net asset value growth and dividends
- Investor and other market participant feedback
- AGM voting outcomes
- ESG ratings.

### Priorities and concerns

- Delivery of 2025 targets
- Competitiveness of offering
- Access to appropriate skills
- Governance, ethics, market conduct, internal controls
- System stability
- SEE metrics and target setting
- Strength of ESG risk management and link to reward
- Climate risk management and ability to measure financed emissions.

### Our response

- Regular engagements with investors and sell-side analysts
- Tabling of shareholder resolution relating to SBG climate policy at the 2022 AGM
- Engagement with credit and ratings agencies.

### Related material issues

- Delivering sustainable value to shareholders

See all icons and meaning

## Communities and civil society

Non-governmental organisations (NGOs), community representatives

### How we engage

Two-way engagement methods that can include online communication channels and in-person discussions.

### Capitals impacted

### How we measure the quality of the relationship

- Constructive engagements, media monitoring.

### Priorities and concerns

- Social and environmental impacts of business activities, especially non-renewable energy projects
- Information on financed emissions and related targets.

### Our response

- Robust screening, due diligence and engagement to assess economic, social and environmental risks and opportunities associated with our business activities
- Commitment to calculate and report on financed emissions for oil and gas portfolio by 2024 and publish targets to reduce these emissions by 2025.

### Related material issues

- Delivery of positive SEE impacts, with a focus on sustainable finance solutions and supporting a just energy transition

# Our business model

Our business model enables us to manage our resources and relationships responsibly to deliver the best outcomes for all our stakeholders.

The inputs to our business model explain the resources and relationships available to us at 31 December 2022, alongside the constraints we face in securing them and the outcomes we expect as we deliver our strategy.

## Our inputs

### Financial capital

Our large, well-balanced and diversified portfolio is underpinned by an appropriate risk appetite mandate, a robust capital structure, and a future-focused resource allocation framework that provides the resilience and flexibility to manage change, uncertainty, innovation and growth.

### Intellectual capital

Our embedded risk and governance frameworks and deep institutional insights support our recognised brand strength and legitimacy. Together with our unique scale and reach in Africa, these enable us to leverage our future-ready capabilities to offer relevant, competitive and innovative banking, insurance, and asset management solutions through our digital platforms.

### Human capital

Our strong executive and leadership teams, deeply skilled and experienced people, and high-performance, client centric and ethical culture are rooted in our purpose. We are investing in strategies to equip our people with the mindset and skills needed for the future in support of our strategy.

### Manufactured capital

Our physical branch network and access points are complemented by our modernised digital backbone and increasingly simplified systems architecture, allowing us to deliver better client and employee experiences and higher levels of efficiency.

### Social and relationship capital

Our trust-based relationships with all our stakeholders underpin our ability to deliver our purpose and strategy. We are deepening our strategic partnerships to support our engagements with our clients, lower our cost to serve and develop innovative solutions. Our social and economic impacts are embedded into our strategy and decision-making processes, enabling us to deliver positive impacts in the communities in which we operate.

### Natural capital

We are driving sustainable investment by embedding SEE as a commercial approach, aligned to Africa's wellbeing. We partner with clients and other stakeholders to create and implement climate smart solutions in key industries, in line with our climate policy that supports a just energy transition for Africa balanced with its socioeconomic development needs.

## Constraints

- To attract the capital needed to fund growth, we must provide an appropriate rate of return to our providers of capital, while still creating value for our other stakeholders. This requires that we balance our ability to generate revenue with the costs incurred to do so.
- Growing scale in selected markets across the continent, requires diligent allocation of our resources to drive sustainable growth.
- The stability of our digital platforms and cybersecurity remain top priorities.
- Delivering digital capabilities that improve client experience and efficiency while solving the correct client needs requires accelerated investment in digitisation.
- Competition for skills in financial services and digital capabilities continues to increase.
- The cost and resources needed to accelerate our people's ability to grow and adapt, as we evolve the way we operate.
- Providing convenient access to our range of solutions requires that we continue to optimise our omnichannel distribution capacity and manage the related costs.
- Growing scale in selected markets across the continent, particularly as competition from non-traditional financial services providers continues to intensify.
- Managing the natural tension between client convenience, the speed at which we can fulfil their needs, and the parameters of our mature and continually evolving regulatory, supervisory and control environment.
- The slow pace of national plans to transition towards net zero carbon emissions.
- Access to emissions data at a sector and client level can be challenging.

# Our outputs

Our products and services are grouped into banking, insurance, and investment solutions, expanding 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 SME businesses.

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

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

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

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


## INSURANCE

### Short-term and 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.

## Our value outcomes

- Strong relationships with diverse and growing client base of over 17.7 million clients
- Recognised brand strength and legitimacy
- Strong strategic partnerships support excellent client experience
- Growing revenue from non-financial services and solutions
- Physical and digital presence supports omnichannel service and distribution capability.

+

- Strong executive and leadership teams
- Deeply skilled and experienced people
- 52 742 group employees
- 25 years of learnerships and graduate programmes upskilling 8 800 young people
- High-performance, ethical culture connected to our purpose.

+

- Trusted relationships with stakeholders
- Mature governance and control systems
- Well-developed risk and capital management framework

+

- Strategic partnerships and digital capabilities support developing innovative solutions
- Resilient and secure systems focused on providing 'always on, always secure' services
- Increasingly simplified systems architecture.

=

- Large and well-balanced portfolio
- Robust capital structure and strong balance sheet
- Future-focused resource allocation.

- Well-developed SEE approach
- Focused positive impact in seven areas
- Climate policy that supports a just energy transition for Africa
- Growing investment in sustainable finance and renewable energy
- CDP score stable at C.

## Creating and distributing financial value

By contributing to the prosperity of African economies, we grow our client base and potential markets and by thinking long-term, we ensure that our markets remain viable and prosperous into the future.

**Inflows from clients**
**R148 billion**
(2021: R123 billion)

**Invested in our people**
**R41 billion**
(2021: R37 billion)

**Direct and indirect taxes to governments and regulators**
**R15 billion**
(2021: R13 billion)

**Invested in our operations, suppliers and third parties**
**R52 billion**
(2021: R46 billion)

**Returns to shareholders**
**R21 billion**
(2021: R12 billion)

**Reinvesting in the business**
**R19 billion**
(2021: R15 billion)

## Creating positive SEE impacts

By ensuring that the financial value we generate for our shareholders is underpinned by the creation of value for society, we build trust and long-term relationships with our clients and motivate and inspire our employees.

INTERACTIVE CONTENT

## Creating societal value

We aim to maximise the positive SEE impacts arising from our business activities and minimise negative impacts.

### Financial inclusion

**Our impact**

Financial inclusion supports economic and human development and reduces inequality, enables individuals, entrepreneurs and small enterprises to access relevant and affordable financial products and services, including payments, savings, credit and insurance, so they can transact conveniently and cost effectively, save and plan for the future, and deal with unexpected emergencies.

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

### Climate change and sustainable finance

**Our impact**

We are working with our clients to address the global climate crisis, maximising Africa's potential for hydro, solar and wind solutions, and as a global carbon sink, help to address Africa's energy poverty and achieve a just energy transition by supporting clients' transition pathways and enabling climate-risk mitigation and adaptation.

5 GENDER EQUALITY
7 AFFORDABLE AND CLEAN ENERGY
6 CLEAN WATER AND SANITATION
13 CLIMATE ACTION

### Africa trade and investment

**Our impact**

We help multinational corporations, local corporates and SMEs navigate the challenges of cross-border trade, thereby promoting economic growth and sustainable development in Africa. African economic growth depends on the growth of intra-Africa trade, and African enterprises' ability to access global value chains. Drawing on our presence in major international markets, our strong client relationships and our strategic partnership with ICBC, we support trade flows within Africa and between Africa and global markets, with a particular focus on China, Africa's largest trade partner.

8 DECENT WORK AND ECONOMIC GROWTH

### Health

**Our impact**

We contribute to better health outcomes for Africa's people by investing in our employees' health, safety and wellbeing, financing healthcare providers and the development of health-related infrastructure, and investing in health-focused corporate social investment programmes to improve access to quality essential healthcare services.

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY

### Job creation and enterprise growth

**Our impact**

We work with a range of partners, from fintechs to business development support providers, to help our clients access the financial services, skills and support they need to flourish and grow, stimulating job creation and wider economic growth and prosperity.

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

### Infrastructure

**Our impact**

We partner with our clients to facilitate the development of quality, reliable, sustainable and resilient infrastructure. Africa requires substantial investment in energy, water, transport and telecommunications infrastructure to facilitate economic growth and create opportunities for job creation and human development. We thereby contribute to economic growth, regional and trans-border trade, and human wellbeing.

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

### Education

**Our impact**

We work with partners in government, business and academia to help Africa's young people access quality education, skills development and training, enabling them to acquire the knowledge and skills needed to thrive in an increasingly digitised world. Access to education is a critical driver of sustainable and inclusive economic growth. Our dedicated education team focuses on improving access to education and skills development while capitalising on commercial opportunities.

4 QUALITY EDUCATION
5 GENDER EQUALITY

# Allocating our resources

We allocate our resources – capital, funding, capabilities and expertise – using our resource allocation framework, designed to drive sustainable growth and value.

### Led through the lens of client strategy

We invest to serve clients more efficiently, creating and distributing relevant, personalised and innovative solutions.

### Supported by a prioritised investment portfolio

We are deliberately tilting our portfolio to grow our core banking franchise, grow capital efficient businesses, invest in high growth markets and scale new business models.

### Resource allocation decisions subjected to gated hurdle rates

Our decision-making framework is aligned to our strategy. Resource allocation requests are subject to hurdle rates of return.

Filters

**1 Strategy** Our vision and purpose
- Does the opportunity add value to our clients evidenced by measurable value and growth metrics?
- Is it driving growth in Africa in a manner that is scalable for the group?

if yes

**2 Capability** Our risk appetite and capability
- Is it within risk appetite?
- Can we use available resources to deliver?

if yes

**3 Value** Our financial aspirations
- Is the ROE sustainably greater than the cost of equity?

**Opportunities ranked**
- All filters met
  - Invest
- Filter(s) not met
  - Exit

### Allocation tested against risk appetite

We regularly review and amend our risk appetite across segments, solutions and countries.

### Progress measured against set targets

We develop, refine and track metrics that are easy to understand and measure, are actionable and aligned to our strategy.

## Underpinned by robust scenario thinking and planning to re-imagine the future

Our scenario thinking and planning challenges leaders to think clearly about the present and creatively about the future. It is a structured process designed to stretch thinking, challenge conventional wisdom and better inform decision-making. The relevance of the group's strategic focus is tested against selected scenarios and we adjust our objectives to ensure that our strategy remains effective and our resource allocation is optimal.

Read more in our financial outcomes section: page 103.

# Our performance outcomes

Our six strategic value drivers are used to focus and measure our strategic delivery and the value we aspire to create for all our stakeholders.

This section of our report sets out our outcomes per strategic value driver for the 2022 financial year as well as the associated trends for the past four years. Our financial and non-financial performance is evaluated against our targets. The metrics we use are regularly assessed to improve their coverage, accuracy, depth and consistency.

## Our success measures and value drivers

### Client focus

We provide consistently **excellent client and partner experiences** via an expanded range of innovative solutions.

| Measure | Metric | Progress | 2022 | 2021 | 2020 | 2019 | 2018 | 2025 targets |
|---|---|---|---|---|---|---|---|---|
| **Client satisfaction** | CHNW NPS (South Africa) | Down | **74** | 76 | 73 | 67 | 71 | **Top quartile** client and partner satisfaction scores |
| | CHNW NPS (Africa Regions) | Up | **37** | 32 | 30 | n/a | n/a | |
| | BCC NPS (South Africa) | Down | **69** | 71 | 64 | n/a | n/a | |
| | BCC NPS (Africa Regions) | Down | **20** | 29 | 26 | 23 | 22 | |
| | CIB client satisfaction index | Stable | **8.2** | 8.2 | 8.2 | 8.1 | 8.0 | |
| **Active client numbers[1]** | CHNW (millions) | Up | **16.9** | 15.7 | 14.5 | n/a | n/a | Active client base increases by **1.6 times** |
| | BCC (thousands) | Up | **791** | 761 | 726 | n/a | n/a | |
| **Beyond financial services revenues** | Revenue from non-financial services (Rm) | Up | **1 073** | 923 | 350 | n/a | n/a | New revenues of **R3 to R4 billion** |
| | Revenue from strategic distribution partnerships (Rm) | Up | **2 264** | 1 748 | 1 626 | n/a | n/a | New revenues of **R5.5 to R6.5 billion** |

1 Active clients are clients who have been transacting on at least one solution over a predetermined period, categorised by segment and country specific rules as applicable.
n/a Not applicable as not previously disclosed.

**What value looks like**
- We facilitate the movement of money, enabling clients to access their funds in a manner most convenient to them.
- We enable our customers to create wealth by acquiring assets that either grow in value over time or which support their ability to generate income.
- We develop innovative products and services that meet the needs of our clients.
- We enable financial inclusion by offering access to affordable products
- We provide financial education and advice.

See all icons and meaning

## Employee engagement

We will ensure our **people feel deeply connected to our purpose**, and are empowered and recognised.

| Measure | Metric | Progress | 2022 | 2021 | 2020 | 2019 | 2018 | 2025 targets |
|---|---|---|---|---|---|---|---|---|
| **Employee engagement** | eNPS | | **+42** | +47 | +44 | +18 | +23 | **Ahead** of industry benchmarks[1] |
| **Employee retention** | Regrettable turnover rate (%) | | **3.4** | 2.2 | 1.4 | 2.3 | 2.3 | |
| **Employee diversity** | Women in executive management positions (%) | | **34.8** | 34.1 | 33.6 | 32.3 | 32.2 | **Increasingly** diverse workforce |
| | African senior management representation (South Africa only) (%) | | **28.0** | 25.3 | 23.2 | 21.0 | 18.6 | |
| **Employee development** | Learning hours per employee per year | | **62.6** | 95.1 | 87.4 | n/a | n/a | |
| | Workforce return on investment (times)[2] | | **2.5** | 2.3 | 2.3 | 2.4 | 2.3 | |

1 Positive trajectory from 2019 base and ahead of industry benchmarks.
2 Net operating profit impact of each rand invested in human capital.
n/a Not applicable as not previously disclosed.

See all icons and meaning

### What value looks like

- We are a significant employer in many of the countries in which we operate and create employment opportunities.
- Our People Promise underpins our employee value proposition.
- Our training and development programmes contribute to the level of financial services and related skills in Africa, supporting the changing world of work.
- We contribute to a more inclusive society through employment equity and gender equality.

## Risk and conduct

We do the **right business, the right way**.

| Measure | Metric | Progress | 2022 | 2021 | 2020 | 2019 | 2018 | 2025 targets |
|---|---|---|---|---|---|---|---|---|
| **Responsible risk taking** | CET I ratio (%)[1] | | **13.5** | 13.8 | 13.2 | 13.8 | 13.1 | >11% |
| | Liquidity coverage ratio (%)[2] | | **146.8** | 144.3 | 134.8 | 138.4 | 116.8 | >100% |
| | Net stable funding ratio (%) | | **124.1** | 122.0 | 124.8 | 119.5 | 118.6 | |
| **Conduct index** | Compliance training completion rate (%)[3] | | **99.0** | 98.0 | 98.0 | n/a | n/a | >95% |

1 Excludes the effect of the South African Reserve Bank (SARB) IFRS 9 phased-in approach which was applicable for the 2018 to 2020 period.
2 Three month daily average in line with Pillar 3 disclosure requirements.
3 Adjusted for leavers/joiners during the period.
n/a Not applicable as introduced as a measure from 2020.

See all icons and meaning

### What value looks like

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

## Operational excellence

We use **technology and data** to better serve and protect our clients, reduce costs and scale our platforms.

| Measure | Metric | Progress | 2022 | 2021 | 2020 | 2019 | 2018 | 2025 targets |
|---|---|---|---|---|---|---|---|---|
| **Lower cost to serve** | Digital solution fulfilment[4] (%) | | **32** | 28 | 23 | n/a | n/a | **Lower** cost to serve |
| | Reduction in legacy systems (number) | | **101** | 73 | 31 | 48 | 9 | |
| | Physical footprint rationalisation ($m^2$) | | **>126 000** | >77 000 | n/a | n/a | n/a | |
| **System security and stability** | Priority 1 incidents[5] (number) | | **6** | 16 | 13 | 29 | 35 | **Increased** security and stability |
| | Core applications on cloud (%) | | **28** | 15 | 4 | n/a | n/a | |

4 An assessment of a solution which assesses the extent to which it is sufficiently digitally based or if the solution is on a pathway to becoming digital end-to-end.
5 A priority 1 incident refers to the non-availability of a critical service for which an acceptable alternative solution or workaround is not immediately available.
n/a Not applicable as not previously disclosed.

### What value looks like

- We invest in our infrastructure and resources to enhance our competitiveness by driving efficiencies, reducing costs and growing scale.
- We have established partnerships that support the delivery of our strategic aspirations.
- We use digital technology and human skill to offer our clients solutions that meet their needs.

## Financial outcome

We allocate resources to deliver **attractive shareholder returns**.

| Measure | Metric | Progress | 2022 | 2021 | 2020 | 2019 | 2018 | 2025 targets |
|---|---|---|---|---|---|---|---|---|
| **Sustained headline earnings growth** | Revenue growth[1]* (%) | ▲ | **18** | 5 | (2) | 3 | 5 | **7% – 9%** (CAGR 2020/25) |
| | Cost-to-income ratio[1] (%) | ▲ | **54.9** | 57.8^ | 58.2 | 56.4 | 57.0 | Approaching **50%** |
| | Credit loss ratio[1] (bps) | ○ | **75** | 73 | 151 | 68 | 56 | **70bps – 100bps** (through the cycle) |
| | Headline earnings (Rbn) | ▲ | **34.2** | 25.0 | 15.9 | 28.2 | 27.9 | |
| **Return on equity** | ROE (%) | ▲ | **16.4** | 13.5 | 8.9 | 16.8 | 18.0 | **17% – 20%** |
| | Dividend payout ratio (%) | ▲ | **58** | 55 | 24 | 56 | 55 | **45% – 60%** |
| | Business value generated through use of data[2] (Rbn) | ▲ | **5.3** | n/a | n/a | n/a | n/a | **R6.0 billion** |

1 Standard Bank Activities.
2 New measure introduced in 2022.
n/a Not applicable as not previously measured.
^ 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. This 2021 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.
* Measure updated.

**What value looks like**
- We allocate capital efficiently, maintaining a strong balance sheet while investing in growing our franchises and people sustainably.
- We invest in viable future markets and sustainable long-term performance to meet our financial targets and deliver attractive returns to shareholders.

See all icons and meaning

## SEE impact

We drive Africa's growth by **delivering shared value and positive impact.**

| Measure | Metric | Progress | 2022 | 2021 | 2020 | 2019 | 2018 | 2025 targets |
|---|---|---|---|---|---|---|---|---|
| **ESG performance** | S&P Global Corporate Sustainability Assessment (%) | ▲ | **66** | 61 | 60 | 51 | 46 | **Positive impact** in our seven chosen impact areas and **net zero** by 2050. |
| | FTSE4Good Index series[3] | ○ | **Included (3.9)** | Included (3.9) | Included | Included | Included | |
| | MSCI ESG rating | ○ | **AA** | AA | AA | AA | AA | |
| | Sustainalytics ESG risk rating[4] | ▲ | **24.7 med risk** | 25.6 med risk | 25.5 med risk | 29.9 med risk | 32 med risk | |
| | Bloomberg Gender Equality Index (%) | ▲ | **67.87** | 67.78 | n/a | n/a | n/a | |

3 Out of five, higher is better.
4 Out of 100, lower is better.
n/a Not applicable as not previously participated.

**What value looks like**
- We are committed to driving sustainable and inclusive economic growth across Africa.
- We identify and mitigate against the social and environmental risks associated with our activities and actively support our clients to transition toward low carbon business models and adapt to a changing environment.

# Delivering value

AFRICA IS OUR HOME,
**WE DRIVE HER GROWTH** / Blantyre – **Malawi**

# Group chief executive officer's review

Group headline earnings growth (%)
37
2021: 57

Group ROE (%)
↑16.4
2021: 13.5

**Sim Tshabalala** Group chief executive officer

The Standard Bank Group celebrated its 160th anniversary in 2022 with pleasing results and good strategic progress. Our anniversary marks 160 continuous years under the Standard Bank name and with the same goal of creating shared value by serving and supporting Africa's people and businesses. We are determined to keep improving our service, sharpening our competitiveness and increasing our social and economic relevance for many more decades to come.

Group headline earnings were R34.2 billion, 37% higher than in 2021. Group return on equity (ROE) was 16.4%, 290 basis points (bps) better than the prior year, and 120 bps above the group's cost of equity.

Total income grew by 18% to R156.9 billion, with pre-provision operating income up 26%. Credit impairment charges increased by 22% on 2021, largely driven by higher accounts in arrears, longer legal recovery processes, and provisions for sovereign debt restructuring required in Ghana.

Cost discipline remained good. In the context of the worst inflation since the 1970s, with the group's weighted average inflation being 14.7%, operating expenses grew by an acceptable 12%. Thanks to strong income growth, the group achieved a difference between income growth and cost growth (jaws) of 579 bps. The group's cost-to-income ratio was 54.9%, 290 bps better than in 2021.

Our Consumer & High Net Worth Clients (CHNW) generated total income of R53.9 billion, 12% higher than the prior year. Net interest income (NII) increased by 15%, owing to higher interest rates and robust balance sheet growth. Credit impairment charges were 3% lower than 2021. Headline earnings in CHNW grew by 27% to R8.9 billion. CHNW achieved positive jaws of 104 bps.

Business & Commercial Clients (BCC) earned total income of R32.6 billion, 22% higher than the prior year. Credit impairment charges declined by 1%, and headline earnings were R8.0 billion, 51% better than the prior year. BCC achieved positive jaws of 963 bps.

Corporate & Investment Banking (CIB) generated total income of R48.8 billion, up 23%. Credit impairments were sharply higher, with a charge of R2.6 billion in 2022 compared to a recovery of R374 million in 2021. CIB's headline earnings were R14.8 billion, up 11% on a good performance last year. CIB achieved positive jaws of 1 067 bps.

Liberty's headline earnings rebounded, with a turnaround in the South African insurance operations and the benefit of no additional pandemic reserve having to be raised in the period. However, market declines negatively impacted STANLIB and Shareholder Investment Portfolio returns. The group's earnings from Liberty were R1.8 billion for 2022, versus an attributable loss of R419 million the year before.

The group's 40% share in ICBC Standard Bank plc (ICBCS) contributed headline earnings of R1.9 billion, compared to R500 million in 2021. This result was bolstered by the receipt of a net insurance settlement of USD203 million, of which the group's 40% share equated to R1.2 billion. This is ICBCS' third successive year of profitability. We continue to place high priority on working with our strategic partners at ICBC to achieve the full integration of ICBCS into ICBC as soon as possible. ICBCS is an excellent business on its own terms, but we remain certain that our share of its capital can be better deployed by the Standard Bank Group in Africa, as envisaged in our strategy.

The group's common equity tier 1 (CET 1) capital adequacy ratio was 13.5%. In line with our commitment to capital efficiency, this is 30 bps less than in 2021. However, in the interests of ensuring capital soundness in volatile times, we have kept it 250 bps above our target ratio of 11%.

Throughout the year, the group maintained liquidity buffers in line with regulatory, prudential and internal stress-testing requirements. At the end of 2022, the group's net stable funding ratio was 124.1% and its liquidity coverage ratio was 146.8%, well above the required level of 100% for each ratio. The group's risk management is described in more detail in our **risk and conduct** chapter, and discussed in full in the **risk and capital management report**.

The group's balance sheet grew to its biggest-ever value, remaining as formidably strong as ever.

We are firmly on course to reach the financial and non-financial targets for 2025 that we announced at our strategy update in August 2021.

## The value of optimism

The Standard Bank Group is convinced that we do better when we are optimistic. We are not naïve or wilfully blind to the many severe difficulties and outright tragedies that surround us. But we choose to be optimistic, in the certainty that optimism is a precondition for more accurate analysis, stronger leadership, and better outcomes.

This point is made by Daniel Drezner in his article 'The Perils of Pessimism: Why Anxious Nations are Dangerous Nations' in the July 2022 edition of Foreign Affairs, where he writes: 'If leaders believe the future looks unfavourable, they will be tempted to take risky actions… In contrast, optimistic leaders foresee a brighter future ahead for their country… which tends to produce investments…'.

Pessimism, in our view, tends to arise from superficial analysis. It is tempting – and common – to imagine that a golden age has recently passed and that we are now doomed to be living in a period of decline. In our case, the golden age is purported as having ended around the Global Financial Crisis of 2008. Since then, we have endured accelerating climate change, a devastating global pandemic, the erosion of governance norms in many countries, a major war in Europe, and rising geopolitical tension. Add to that slower growth and higher inflation which, if prolonged, could return us to the 'stagflation' of the 1970s. All this is true, and all of it has worrying consequences for our shareholders, clients and other stakeholders.

But it is only part of the picture. One can just as easily, and accurately, point to the strong global consensus that mitigating climate change must be the top global priority; to the extraordinarily rapid development and distribution of highly effective vaccines and therapeutics against Covid-19, and to the signs that Covid-19 has become a largely manageable endemic illness; to the decline in political appeal of populism in many countries; and to the rising probability that the war in Ukraine will remain contained. That leaves geopolitical tension and a global economic slowdown as worries still to be addressed.

On the former, the evolving outcomes in the Russia-Ukraine war offer reason to hope that countries contemplating unilateral military action will be more inclined to hesitate. Nevertheless, we remain concerned about the possibility of more serious tension between major powers. In the worst scenarios, African countries and African businesses could be obliged to make damaging choices between blocs. In less extreme and more probable scenarios, the world's super-powers will continue wooing smaller countries, and businesses will continue shortening and diversifying supply chains and procuring more of their inputs from politically friendly sources. Deftness will be required, but African countries could well benefit from these developments.

**See also our operating context on page 24.**

We do not think that global stagflation is likely. Despite high interest rates, the United States (US) economy's resilience is being aided by full employment and rising real incomes, while Europe is finding relief from the fall in gas prices, having secured ample supplies. Emerging economies will experience accelerating growth in 2023, in part supported by the Chinese economy returning to full capacity. We are also confident that the major central banks will be able to prevent high inflation from becoming entrenched.

We expect Africa to grow and develop steadily in 2023, and beyond. Africa is not an economic island – far from it – but our abundant endowments, advantageous demography and developing continental free trade area combine to provide a degree of protection against slowdowns in the rest of the world. It is worth emphasising that Africa is blessed with all the right natural resources to supply our own need for sustainable energy – and to export energy to the rest of the world.

We are just as rich in sunlight, wind and carbon sinks as we are in coal, oil and gas. We are also endowed with rare earth and other minerals – such as copper and lithium – needed to build the infrastructure for sustainable energy production and distribution.

We expect 3.8% growth for sub-Saharan Africa this year, accelerating to over 4% over the medium term. Sovereign credit deterioration is among the most important risks we track and manage in our Africa Regions businesses. Following Ghana's debt rescheduling, it is possible that other African countries could also experience serious fiscal constraints during 2023, but we do not think that these problems would derail the region's growth.

We expect South Africa to grow at around 1.2% this year, improving to 1.7% in 2024. There is considerable downside risk to this forecast if the electricity crisis cannot be brought under control. There is also upside risk if the world economy grows more quickly than expected, or if structural reform and infrastructure investment accelerate – as they could well do.

South Africa's severe shortage of electricity is costing us dearly. The economy has been severely slowed for several years already by this constraint; we will continue to underperform for as long as the constraint continues to bind. However, the right set of policies are – at long last – in place and a great deal of new public and private investment in generation is starting to follow. Standard Bank is, therefore, confident that South Africa will, once again, have a fully adequate supply of electricity within the next few years.

We share the view expressed by the Consumer Goods Council of South Africa in February 2023 that equally urgent action is now necessary to improve the condition of South Africa's water, rail, road and security infrastructure. In this regard, Transnet's decision to concession the Johannesburg – Durban freight line is a very welcome development.

During 2022, Standard Bank commented on the possibility that South Africa would be greylisted by the Financial Action Task Force (FATF). We argued that this was far more likely than not, and that it would impose yet more unnecessary costs on the economy, further reducing South Africa's competitiveness and retarding our recovery from the pandemic. In February 2023, and despite substantial legislative changes, South Africa was indeed greylisted by FATF. Our understanding is that, in addition to amended legislation, FATF requires evidence of increased effectiveness in enforcement, and that it was not possible to provide such evidence within the time available. Thanks to the increasing effectiveness of the National Prosecuting Authority, it is possible that South Africa's greylisting will not be too prolonged or too damaging. Owing to our strong relationships with our international correspondent banks, we do not expect that the greylisting will have a material direct effect on our business.

Finally on South Africa, the debate about the ownership and mandate of the South Africa Reserve Bank (SARB) continues. The first thing to emphasise here is that the Reserve Bank is a national treasure. It is universally recognised as one of the most skilful and effective central banks in the world. Its reputation and capability provide several of the most compelling reasons foreigners invest in our economy. Even more importantly, its ability (to quote its Constitutional mandate) to 'protect the value of the currency in the interest of balanced and sustainable economic growth' is a precondition for inclusive growth.

Having said that, it would be strange and arguably, unhealthy if monetary policy did not become a matter of public and political debate at a time of unusually high inflation, in a noisy democracy such as South Africa.

Further, the SARB already thinks very carefully and systematically about employment as part of its mandate to support balanced and sustainable growth. To quote Governor Kganyago, 'the monetary policy equation we use to get to the interest rate includes, as best we can, the relationship between those rates and employment.' However, as the Governor also points out, 'Our basic problem is that while growth creates jobs, inflation does not' – and as he goes on to show, in the South African case, higher inflation is actually correlated with higher unemployment.[1]

We continue to face a constant barrage of cybercrime against our systems and our clients. And, as always, we work very hard to repulse these attacks and minimise their effects. We also continue to work closely with the authorities to assist them in the detection and prosecution of cybercrime.

As shareholders know, the Standard Bank Group is cautious by nature. In recent years, we have sometimes been considered 'fuddy-duddy' in our attitude towards unbacked privately generated crypto assets, which Jamie Dimon of JPMorgan Chase has recently compared in utility and value to 'pet rocks.' The events of 2022 suggest to us that Mr Dimon's view is correct and that a high degree of caution remains appropriate.

The blockchain technology underlying cryptocurrencies, however, has many potential uses – for instance in simplifying international trade. Another example of a positive use of blockchain is central bank digital currencies (CBDCs). We welcome the continued experimentation of central banks with both wholesale and retail CBDCs in countries including Ghana and Nigeria (retail) and South Africa (wholesale). Results so far have been mixed, but we continue to think that CBDCs have the potential to simplify and strengthen clearing systems, reduce tax evasion and other criminal activity, and to promote financial inclusion. It is also possible that some types of retail CBDCs could create more competition for private sector banks. We are confident that the diligent execution of our strategy will enable us to respond effectively to this competition should it arise.

The chairman points out that the Standard Bank Group is now Africa's largest financier of renewable energy and of sustainable economic activity. We are determined to extend our lead, and we expect that sustainable finance will continue to be the fastest-growing portion of our portfolio over the next several years.

Guided by our optimism, we are in favour of seeing opportunity in a just energy transition to a 'net zero' economy. Just to be crystal clear, we are in no doubt that climate change is already causing immense damage worldwide and in Africa, and that it will place many – probably most – Africans at serious risk. But we refuse to be paralysed by this. Africa is exceptionally well placed to seize the opportunities that climate change creates. We are very well endowed with transitional energy sources, with sunlight and wind, with the rare earths needed in batteries, and with the capacity to function as a carbon sink for the rest of the planet – as long as we get fairly paid to do so. It is also notable that Africa is already exercising its well-established capacity for technological leapfrogging, as we did with telephony. For instance, with a limited and unreliable installed base of traditional grid power in many countries, small-scale domestic solar is becoming an extremely attractive option.

[1] Keeping it simple: monetary policy, growth and jobs in South Africa' Public lecture by Lesetja Kganyago, Governor of the South African Reserve Bank, at the University of the Witwatersrand School of Governance, Johannesburg, 1 November 2022

## Executing our strategy

As briefly discussed above, and described in detail in Arno Daehnke's report (starting here), 2022 was an excellent year in financial terms. It was also a good year for the group's competitiveness, and we continue to make steady progress towards meeting our 2025 targets for client experience and market share.

The group was ranked as the 'Most Valuable Banking Brand in Africa' by Brand Finance for the second consecutive year in 2022, increasing our brand value by over 10% to USD1.74 billion. We ranked first or second in top-of-mind awareness among banks in five countries in 2022 and first or second in terms of consideration for opening a new account in seven countries.

CNHW's active client base increased by 8% to reach 16.9 million. BCC's active clients rose by 4% year-on-year to reach 791 000. CIB's client satisfaction index was 8.2, unchanged from 2021, with client revenues up 23%.

We made good progress in realising the competitive benefits of integrating Liberty more closely into the wider group, with the launch of our Flexible Life Cover product being a highlight.

The group continues to extend the range of solutions we offer. For instance, in CHNW in South Africa, our LookSee home information and maintenance service attracted 625 000 unique users, and has begun both to finance and to install domestic solar power and water heating systems for these clients. BCC's Trader service – which links small retailers to their multi-national suppliers and enables them to hold more stock – now has 14 000 registered users in four countries. CIB's PowerPulse, which transforms how medium and large companies navigate the complex and challenging process of securing energy, now has 16 engineering, procurement and construction contractors and has onboarded two independent power producers.

Positive employee experience is a precondition for excellent client experience. In 2022, 85.3% of our people responded to our annual employee experience survey. We were pleased to achieve an employee net promoter score of +42. Although this is a good outcome by industry standards, it is down five points from 2021. We observed a declining sense of cohesion and increase in misconduct in the second year of hybrid and dispersed working in South Africa. To help counteract these trends we marked our 160th birthday with an internal campaign to celebrate our heritage and instil pride, confidence and optimism across the group. Expectations about where and when people are required to work will continue to be set by the head of each team but, for most people, most of the time, the office or branch will be the primary place of work.

Many financial services and IT skills remain in high demand worldwide, and we expect mobility to accelerate over the next few years. We continue to invest heavily in employee training and in ensuring that all our colleagues can have purposeful and fulfilling careers with us. We invested R868 million in employee development across the group, with 63% of our vacancies filled internally, and 13% of our employees being promoted during the year.

In a year otherwise characterised by strong financial and strategic progress, we faced three serious problems.

First, we experienced a series of prolonged and highly disruptive system outages in April and May. As well as seriously inconveniencing our clients, long outages do immense damage to our brand and reputation, and cause distress to our people. Since 2022 was the second consecutive year of such outages, it was necessary to restructure the IT function and change its leadership. Following these changes, we had no widespread or prolonged IT outages in the second half of 2022.

Outages of this sort are inexcusable, and I cannot emphasise enough how sorry we are, and how little we want to seem defensive. Nevertheless, it is important to point out that our clients' data was never at risk, and that these outages have become less frequent over the past two years and are not out of line with industry experience. What made our outages particularly unacceptable was that they happened at particularly busy times and that they were far too long. That they were initially misdiagnosed, and that we communicated so ineptly about them, was especially regrettable. We also changed the structure of our communications teams during 2022.

Our second major setback in 2022 related to the inappropriate activation of a very limited number of new customer accounts (specifically MyMo accounts) by certain employees in South Africa. The alleged misconduct was thoroughly investigated. The investigation found that fewer than 0.2% of the MyMo accounts opened in the period were improperly activated. After due process, as at mid-February 2023, 89 staff had been dismissed. We have made changes to how we set sales targets, measure performance, and monitor conduct.

Thirdly, there were several instances of poor conduct and risk management in some of our Africa Regions businesses. None of these were material at group level, but it became clear that controls had deteriorated in a few countries. We are completing a comprehensive programme to address these weaknesses and, again, significant changes both to structures and to leadership have been made.

## The group as an organ of society

We continue to find ways to maximise the SEE value that we generate, and to improve our performance against rigorous and credible external ESG metrics. We are pleased to report, for instance, that our score on the S&P Corporate Sustainability Index rose from 61 to 66, which places us among the top 10% of companies assessed.

More detail on our progress is available here in this report and is fully described in our **Report to Society**, available online. It bears repeating that the vast majority of the positive impact we create is in the ordinary course of our business. In 2022, for example, we paid R15.2 billion in taxes, supported around 150 000 jobs (at the financial sector employment multiplier of three), matched 248 export businesses from 11 African countries to Chinese importers, and provided nearly R5 billion worth of new home loans to over 8 000 affordable housing mortgage clients in South Africa. As mentioned above, financing sustainable energy infrastructure is the fastest-growing part of our CIB business, and we confidently expect to have achieved at least R250 billion in sustainable finance origination by 2026.

This year, however, it is relevant to highlight two other aspects of the group's SEE contribution: our work to amplify African voices in global institutions; and our commitment to strengthen institutional transparency and trust.

In the first instance, we commit significant resources to ensuring that African voices are heard on global issues, including climate change, financial sector regulation, and sovereign debt. Examples here are our participation in the Institute of International Finance's work on a broad range of policy and regulatory issues affecting the financial sector; the annual meetings we arrange between African policy makers and international investors around the World Bank/IMF meetings in October; and our annual Climate Summit in partnership with the School of Oriental and African Studies (SOAS), University of London. In 2022, this was addressed by speakers including President Yoweri Museveni of Uganda; Vice President Yemi Osinbajo of Nigeria; Dr Arkebe Oqubay, Senior Minister and Special Adviser to the Prime Minister of Ethiopia; Ms Barbara Creecy, South Africa's Minister of Environmental Affairs; Dr Mo Ibrahim; and Ms Louise Naudé, South Africa Climate Portfolio Manager at the World Wide Fund for Nature (WWF).

We work as hard to maintain our transparency and reinforce our stakeholders' trust in us. Two cases in point: it became clear to us in late 2021 that our relationships with some African regulators and with important parts of the African and global media had deteriorated. From our perspective, this was totally unintentional and mostly because we had become somewhat inwardly focused during the pandemic. We therefore devoted a lot of time and energy in 2022 to re-establishing these relationships and rebuilding trust.

Our intention is always to be open in our interactions with our stakeholders – to answer their questions frankly and in full, and to account in the appropriate public forums for our actions. Further, and in addition to complying in full with the letter and spirit of all relevant legislation, we remain committed to requiring transparency and trustworthiness of the organisations and institutions with which we interact.

We would insist that standing up for African interests, for transparency, and for trust are directly in the interests of our clients and our shareholders. As most economists would agree, these values are in fact important inputs to economic growth. And – most important of all – maintaining and extending trust in the Standard Bank Group is essential to growing our market share, our revenues and our profits.

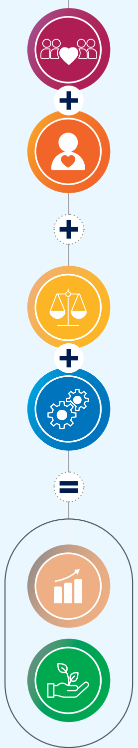
For a description of our corporate social investment (CSI), please see our Report to Society.

## Priorities for 2023 and the medium term

**Our immediate priorities for 2023 are to:**

- Consistently achieve a high level of IT stability and get better at limiting the damage from outages.
- Reinforce our risk controls and our conduct framework.
- Emphasise the importance of being fully engaged in our work, in our teams, and in the service of our clients and shareholders – wherever we are physically.
- Complete the integration of Liberty into the Standard Bank Group.
- Work with our strategic partners at ICBC to agree the process of selling and integrating ICBCS into ICBC.
- Maintain and extend our leadership in African sustainable finance.
- Continue to improve our operational efficiency, measured by our cost-to-income ratio.
- Continue to optimise our capital structure and to rebalance our portfolio to achieve a higher ROE.
- Focus intensely on growing our market shares and revenues in each of our business units.
- Pursue new growth opportunities

**Our medium-term priorities** are aligned with our six strategic value drivers, and remain as described in our August 2021 strategy update. We remain committed to meeting our targets over the next two years so that, in 2025, the Standard Bank Group will have:




**Client focus –** Top quartile client and partner satisfaction scores

**Employee engagement –** A highly motivated and highly skilled workforce that increasingly represents the societies in which we work, and that serves our clients with efficiency and empathy.

**Operational excellence and Risk and Conduct –** An increasingly broad range of services and solutions on very user-friendly, very stable, and totally secure digital platforms.

**Risk and Conduct and Financial Outcome –** A compound annual revenue growth rate of 7% to 9%; a cost-to-income ratio approaching 50%, a through-the-cycle credit loss ratio of 70 bps to 100 bps; and ROE of between 17% and 20%

**SEE value –** Measurable SEE value-addition that matches our scale, our purpose and values, our ambitions and capacities, and the needs of Africa's people.

# Group leadership council

## Leading by example

The group chief executive officer, supported by the members of the group leadership council, is accountable for the implementation of strategy and the performance of the group. The skills and experience of committee members underpins the group's ability to deliver its strategy.


Sim Tshabalala


Arno Daehnke


Bill Blackie


Kenny Fihla


Lungisa Fuzile


David Hodnett


Adam Ikdal


Yuresh Maharaj


Funeka Montjane


David Munro


Margaret Nienaber


Yinka Sanni


Sharon Taylor


## Sim Tshabalala 1

*Group chief executive officer, SBG and executive director, SBG and SBSA*

**QUALIFICATIONS:**
BA, LLB (Rhodes), LLM (University of Notre Dame, USA), HDip Tax (Wits), AMP (Harvard)

## Arno Daehnke 2

*Chief finance & value management officer, SBG and executive director, SBG and SBSA*

**QUALIFICATIONS:**
BSc, MSc (UCT), PhD (Vienna University of Technology), MBA (Milpark), AMP (Wharton)

## Bill Blackie 3

*Chief executive officer, business & commercial clients*

**QUALIFICATIONS:**
BCom (Rhodes), LLB (Rhodes), MBA (UCT), AMP (INSEAD)

## Kenny Fihla 4

*Chief executive officer, corporate & investment banking*

**QUALIFICATIONS:**
MSc (University of London), MBA (Wits)

## Lungisa Fuzile 5

*Chief executive officer, SBSA*

**QUALIFICATIONS:**
MCom (UKZN), AMP (Harvard)

## David Hodnett 6

*Chief risk and corporate affairs officer*

**QUALIFICATIONS:**
BCom (Wits), BAcc (Wits), CA(SA), MBA (Manchester Business School/University of Wales), Advanced Diploma in Banking (UJ)

## Adam Ikdal 7

*Chief strategy officer*

**QUALIFICATIONS:**
Bachelor in Business and Administration (University of Stavanger), MSc (Strategy and Finance) (Norwegian School of Economics)

## Yuresh Maharaj 8

*Chief executive officer, Liberty*

**QUALIFICATIONS**:
BCom (Hons) (UKZN), BCom Accounting (UKZN), CA(SA)

## Funeka Montjane 9

*Chief executive officer, consumer & high net worth clients*

**QUALIFICATIONS:**
BCom (Hons) (Wits), MCom (UJ), CA(SA)

## David Munro 10

*Group executive*

**QUALIFICATIONS:**
BCom, PGDip Accounting (UCT), CA(SA), AMP (Harvard)

## Margaret Nienaber 11

*Chief operating officer*

**QUALIFICATIONS:**
BCompt (Hons) (UFS), CA(SA)

## Yinka Sanni 12

*Chief executive officer, Africa Regions*

**QUALIFICATIONS:**
B. Agric. (Hons) (Agricultural Economics) (University of Nigeria, Nsukka, Nigeria), MBA (Obafemi Awolowo University, Ile-Ife Nigeria), AMP (Harvard), Global CEO Programme (CEIBS, Wharton and IESE)

## Sharon Taylor 13

*Chief people and culture officer*

**QUALIFICATIONS:**
BCom (UKZN), BCom (Hons) (UNISA)

# Client focus

Our clients are at the centre of everything we do. We strive to understand their unique needs and aspirations and to partner with them in making their dreams possible.

Our four client segments deliver relevant and competitive value propositions to our clients, from individuals to enterprises, institutions to major corporations. Our operating model gives our clients access to the group's full range of products and services, as well as those of our partners, enabling us to serve clients more efficiently and to innovate more quickly in creating and distributing new solutions.

## Measuring our strategic progress

### Our strategy centres on serving the needs of our clients

We aim to transform client experience by providing consistently exceptional client and partner experiences in all the markets in which we operate.

### Translating our strategy into execution

**We are focused on defending and growing our franchises.**

- Our segments will maintain and protect their strengths, leveraging these to create comprehensive offerings in clearly identified markets that meet our clients' needs.
- We enhance our offerings through partnerships with technology providers, and appropriate acquisitions, held in a small, closely managed portfolio of strategic investments.
- We create value for our clients by being predominant in their lives, creating opportunities for meaningful conversations about their growth journeys to deliver personalised solutions.

### How we measure progress

We measure client satisfaction and client base growth.

We track revenue earned through our strategic distribution partnerships and from non-financial services.

### Key metrics

#### Client satisfaction

##### Net promoter score (NPS)

NPS indicates the likelihood of a CHNW or BCC client recommending Standard Bank to their friends, family and others. It is calculated by subtracting detractors from promoters. This value can range from -100 (if every client is a detractor) to +100 (if every client is a promoter). Any score above zero means there are more promoters than detractors.

##### Client satisfaction index (CSI)

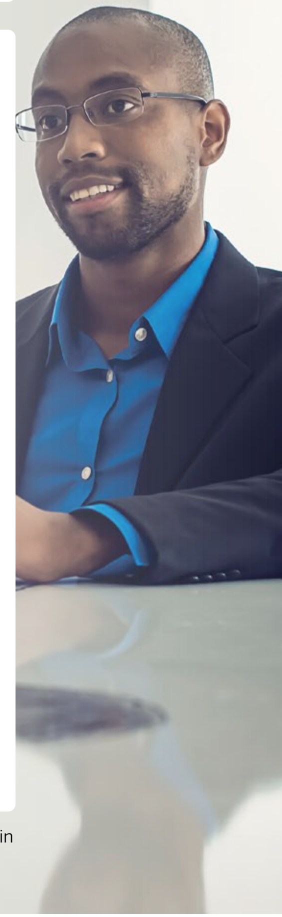
CSI measures the extent to which our CIB clients are satisfied with the service we provide. This is calculated using a ten-point rating scale.

#### Active client numbers

For CHNW and BCC, we measure the number of active clients. Active clients are clients who have been transacting on a solution over a pre-determined period, categorised by segment and country specific rules, as applicable. For CIB, we measure growth in client revenues.

#### Beyond financial services revenue

We measure revenues earned from strategic distribution partnerships and non-financial services.



**Note:** where reporting responsibility changes for individual cost centres and divisions within segments, the comparative figures are reclassified accordingly. Certain ratios have also been restated due to a refinement in costing methodologies.

## How we performed

### Client satisfaction

CHNW NPS South Africa
↓ 74
2021: 76

CHNW NPS Africa Regions
↑ 37
2021: 32

BCC NPS South Africa
↓ 69
2021: 71

BCC NPS Africa Regions
↓ 20
2021: 29

CIB CSI
↔ 8.2
2021: 8.2

### Active client numbers

CHNW total
**16.9 million**
2021: 15.7 million

CHNW South Africa
**10.8 million**
2021: 10.2 million

CHNW Africa Regions
**6.1 million**
2021: 5.5 million

BCC total
**791 thousand**
2021: 761 thousand

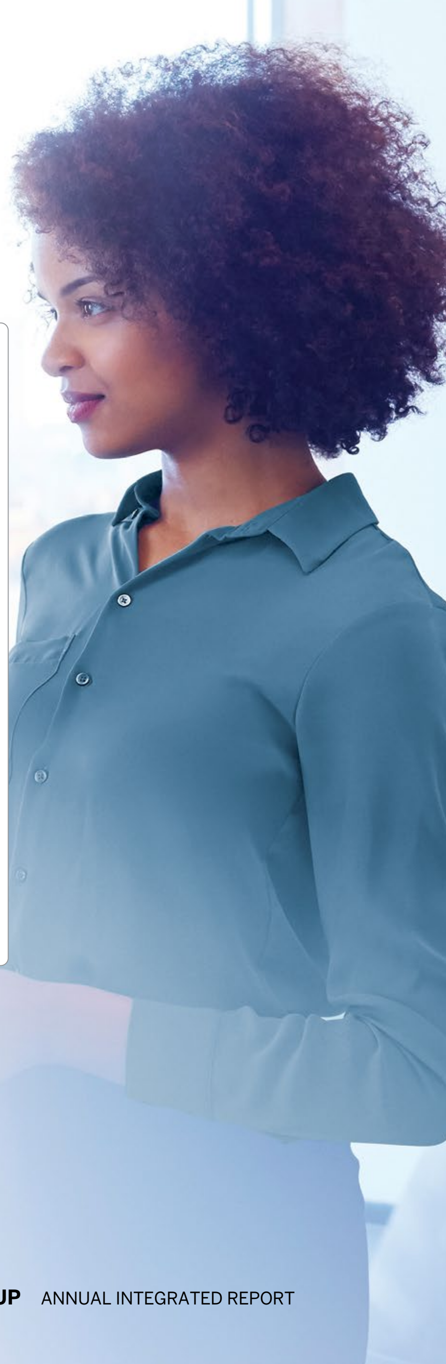
BCC South Africa
**510 thousand**
2021: 500 thousand

BCC Africa Regions
**281 thousand**
2021: 261 thousand

### Beyond revenues

Revenue from strategic distribution partnerships (Rm)
**R2 264 million**
2021: R1 748 million
30% growth

Revenue from non-financial services (Rm)
**R1 073 million**
2021: R923 million
16% growth



# Client focus

### Links to enterprise risks

- 2 Competitiveness of our client value proposition
- 6 Ability to manage large-scale changes
- 7 Threat posed from major and emerging technology companies

INTERACTIVE CONTENT

## Key trade-offs

### Achieving our client focus priorities requires the following trade-offs:

Our digitisation strategy, centred on providing 'always on, always secure' services, improves client experience and efficiency and is critical to our long-term competitiveness but requires accelerated investment in digitisation.

**Impact on available resources (capitals)**

↑ ↓ ↓

Our investments in innovative products and services drive client satisfaction, affordability and client retention, but we need to lower the cost to serve our clients using these solutions as they replace traditionally higher revenue streams.

**Impact on available resources (capitals)**

↑ ↓

Adopting a modified business model that widens our offering to clients requires disciplined allocation of resources.

**Impact on available resources (capitals)**

↑ ↓

Our integration with new partners facilitates our transition to a platform organisation which is fundamental to protecting and growing our client franchise, but increases the need to manage the dependencies, risks and complexities of third- and fourth-party relationships to protect our service levels and reputation.

**Impact on available resources (capitals)**

↑ ↓ ↑

The group's financial performance is supported by allocating capital to higher growth markets and new revenue streams, but this gives rise to higher risk.

**Impact on available resources (capitals)**

↑ ↑

Developing new skill sets among our employees to equip them to improve the client experience, while increasing their employability can temporarily impact on productivity levels.

**Impact on available resources (capitals)**

↑ ↓ ↑

See all icons and meaning

Client focus

# Consumer & High Net Worth

"We aim to enable a better life for our clients and to ensure that each generation is better off than the last. We believe that as people grow, the continent of Africa grows with them."

**Funeka Montjane,** chief executive officer, CHNW

CHNW serves nearly 17 million retail clients with a strong diverse presence in 15 countries across Africa.

The African continent has a growing youthful population, with rising disposable income and increasing levels of digital accessibility. This represents a significant growth opportunity that we are well positioned to capture as the prosperity of Africa's population increases.

We have unrivalled competitive advantages on the continent. We are the strongest and largest lender in home loans, particularly in South Africa, and have a history of supporting our clients through challenging times. In addition, we have a powerful distribution force in our relationship managers, Liberty advisers and Standard Bank financial consultants. Our physical distribution channels provide access to our clients – through our branches as well as our over 6 200 ATMs and more than 50 000 Instant Money points of access created through our strategic partnerships.

We also have significant scope to leverage the ecosystems of BCC and CIB clients to contribute to growth opportunities. Although we are still relatively small in Africa Regions, currently capturing less than 8% of the value pools in our markets, it provides attractive opportunities to grow our client base, deepen our relationships and expand our offerings.

Transforming client experience remains our top strategic priority, and we continue to make meaningful progress. We will continue to develop an exceptional employee value proposition to retain and attract exceptional new talent. We are strengthening our conduct culture to ensure that our people are doing the right business, the right way.

2022 AWARDS

### Private Banker International Awards

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

### Global Finance

- South Africa's best Private Bank 2023

### La Fonti

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

### Euromoney 2022 Awards

- Africa's Best Bank for Wealth Management

### Chartered Institute of Customer Management (Botswana)

- Customer Service Excellence

### Banks and banking survey (Zimbabwe)

- Corporate Governance Award

### CSR Network (Zimbabwe)

- Excellence in community empowerment & social impact award

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

**Consumer & High Net Worth** continued

# How we performed in 2022

Headline earnings

↑ by 27% to

**R8.9 billion**

(2021: R6.9 billion)

Our 2022 performance affirms the strength of the CHNW franchise, and evidences the deliberate execution of our strategy. We continue to transform client experience, demonstrated by the significant reduction of Ombudsman complaints by 38% in South Africa, with SBSA NPS improving against prior year although the channel (including branch, contact centres and relationship managers) NPS declined slightly. We are also pleased at retaining the first position in the Nigeria KPMG Banking Client experience survey for the second year running.

Our active client base has grown by 8% to 16.9 million, with the South African client base growing by 6% and Africa Regions by 12% in 2022 and reaching a milestone of one million youth active clients. We are encouraged by private banking clients growing by 16% and youth clients growing by 13%. The growth in our active client base is largely due to ongoing investment in client-facing bankers. We have made deliberate effort to deepen the skills of our people, while making it easier for them to serve our clients with excellence. We continued to leverage our data and artificial intelligence capabilities to facilitate personalised client conversations. These efforts have supported our ability to entrench existing clients, supported by our digital platforms, and meaningful conversations with our bankers.

Our internal whistleblowing processes identified a small number of employees involved in the inappropriate activation of MyMo accounts in South Africa. We acted quickly to investigate the matter and found that fewer than 0.2% of the MyMo accounts opened in the period were improperly activated. After due process, as at mid-February 2023, 89 staff had been dismissed. We will continue to ensure that we balance our target setting while appropriately strengthen our conduct frameworks.

Branch volumes continued to decline as clients migrate to digital platforms and alternate devices, as well as digital payment options for cash transactions. This, together with the growing adoption of digital solutions as a client preference, continued to drive the optimisation of our branch infrastructure, with square metreage reducing by 9% from 2021 resulting in cumulative savings of nearly R300 million. We nevertheless expanded our points of access and representation by entering into strategic partnerships and opening low costs kiosks, allowing us to be present where our clients are while lowering our cost to serve.

We continued to enhance our digital capabilities and drive digital adoption, growing our digitally active client base by 12%.

Our SBG Banking App offerings that expand beyond simply traditional banking has seen ongoing growth in client engagement, in line with our aim of enabling our clients to have a better life. The number of clients who have installed one or more widgets (also called add-ons) from the SBG Banking App's Add-On Store, has almost doubled in the last year to reach 3.4 million unique profiles. The Add-On Store enables clients to tailor their experience by offering a wide variety of additional products and services directly onto the app. New add-ons like Credit Score and Money Movement, are attracting the highest ratings in the store, helping clients to manage their financial health in an easy and interactive manner.

In South Africa, credit recovery was constrained by sharp and frequent interest rate increases, high inflation, and other consumer pressures. Despite the macroeconomic challenges, credit impairments decreased by 6% from prior year, driven by intensified focus on credit strategies including enhanced client communication and proactive changes in vendor strategies and campaigns. We continued to support our clients through a targeted risk appetite allowing us to take advantage of market opportunities. Early indications show that this approach is yielding positive outcomes, both from a credit performance and customer sentiment perspective.

Overall headline earnings have improved by 27% to R8.9 billion, driven by strong revenue growth only partially offset by elevated costs. We are well pleased with the strong recovery in the ROE of 17.3% from 14.0% in 2021.

| Revenue growth | Active clients | Credit loss ratio | Cost-to-income ratio | JAWS | Return on equity |
|---|---|---|---|---|---|
| **12%** | **16.9 million** | **122 bps** | **60.8%** | **positive 104 bps** | **17.3%** |
| 2021: 5% | 2021: 15.7 million | 2021: 134 bps | 2021: 61.4% | | 2021: 14.0% |

Note: certain ratios have been restated due to refinement in costing methodologies.

## Consumer & High Net Worth continued

Client focus

### Our digital solutions

Digitisation creates the opportunity for us to serve clients faster and better, at reduced cost. We continue to accelerate our digital journey to deepen engagement with clients.

**Growing digital adoption**

Digitally active clients, in South Africa:

| App users grew | USSD users grew | Internet banking clients grew |
|---|---|---|
| **10%** | **16%** | **6%** |

**Growing digital transaction volumes**

| SBG App | USSD | Africa Regions digital transactional volumes are up |
|---|---|---|
| **14%** | **1%** | **37%** |

**LookSee** is our home management platform which provides a curated marketplace offering and delivers value to clients by reducing the cost of home ownership. The marketplace offers various solutions ranging from solar, backup power and water solutions. Our key client value proposition is enabling our clients to power their homes with alternate energy by finding reputable suppliers and providing funding for the cost.

We recently launched the first free to use Solar Score in South Africa, which aims to provide insight and advice for homeowners to make informed decisions in response to the energy crisis in South Africa.

LookSee has shown meaningful growth with over 640 000 unique users. We expect this platform to grow further scale in 2023 particularly with solar installations and lending, we are embedding this in our client value proposition for affluent clients.

## Consumer & High Net Worth continued

### TRANSFORM CLIENT EXPERIENCE

**Key focus area**

- Ensuring the stability and resilience of our digital platforms and systems, and protecting our clients' data and our own assets
- Digitising our solutions and processes to enable a seamless banking experience for clients
- Building highly skilled and experienced people
- Continue to strengthen ethos of doing the right business the right way

### Africa Regions franchise

In Africa Regions, retail banking is a growing area with significant opportunities. Our aim is to quadruple ROE. We will focus on value pools in the affluent and middle market segments.

We will build the expertise of our people and grow employee value banking in selected sectors. We will deeply entrench ourselves within our client base by deepening our client relationships supported by our digital offerings and systematically reduce costs to improve profitability.

**How we will transform client experience**

Our client growth strategy is supported by focus on **retaining, entrenching and growing** our clients. Within these we will focus on delivering the following priorities:

- We are focusing on brilliant basics to support the stability of our digital platforms, ensuring we are 'always on' and 'always secure'
- We will continue digitising banking solutions to improve experience and lower cost to serve
- We are deepening client relationships by increasing our digitally active clients and enabling personalised conversation delivered by bankers and on digital platforms
- We will leverage the opportunities the integration with Liberty presents to enable our clients' financial freedom through insurance and asset management solutions
- We are streamlining our service channels for affluent clients to improve turnaround times by introducing Private Banking relationship centres and to create capacity for relationship managers.
- Delivering deep expertise through highly experienced specialists, tailored solutions and bespoke experiences for our wealth and investment clients.

### DELIVERING SUSTAINABLE GROWTH

We will continue to drive sustainable growth by remaining relevant in the societies in which we operate. We will focus on supporting positive outcomes in education, home services and financial inclusion.

- We will continue to drive financial inclusion in markets where we have legitimacy through low cost digital solutions such as FlexiPay in Uganda which targets the under banked
- We will continue to support education by providing a relevant value proposition, for example a collateral backed student loan solution aimed at the 'missing middle' students who wish to study STEM (Science, Technology, Engineering and Mathematics) subjects by offering a range of support to students.
- We will build scale in the LookSee platform in response to the energy crisis in South Africa, focusing on solar installation and lending capability. We will continue providing relevant insights on Solar Score to assist clients with making informed decisions, as well as connect homeowners with quality solutions and trusted suppliers.

## Consumer & High Net Worth continued

### Looking ahead

We are confident that we are well positioned to achieve our strategy. In 2023, we will remain focused on:

- Executing our brilliant basics to transform client experience
- Strengthening the control environment across all markets
- Building ROE by strengthening the transactional franchise and maximising the lifetime value of clients, with a focus on:
  - retaining and deepening the relationships with all existing clients, increasing cross-selling of products and retention
  - increasing our market share of affluent and middle market clients
- Delivering a structural cost reduction programme through simplification initiatives and continue optimising our distribution channels
- Deepening our domain expertise and culture of deep empathy for our clients.

### Move forward towards 2025

We are committed and on track to deliver our strategic targets. We will achieve this through deliberate execution of our strategy of continuing to grow and defending our base, transforming client experience through brilliant basics.

We will continue to simplify our products, optimise our distribution capabilities across the continent and apply a save to invest philosophy as we continue investing for growth.

We are clear that we want to be the largest private bank in South Africa and be a formidable competitor in key markets, while making significant progress in middle market across the continent focusing on select sectors.

### 2025 TARGETS

| REVENUE GROWTH[1] | COST-TO-INCOME RATIO | CREDIT LOSS RATIO | RETURN ON EQUITY |
|---|---|---|---|
| 6% – 8% | <55% | 100 bps – 150 bps | >20% |
| >20 million Client base; Top quartile client satisfaction[2]; Drive engagement through the ecosystems and platforms; >40% Cross-sell improvement | Disciplined cost and risk management | | Diligent capital allocation |

1 CAGR 2020 to 2025.
2 Client experience based on independent survey results.

# Business & Commercial Clients

## Client focus

"We have a culture of integrity, a trusted brand, and an embedded client-led model supported by a physical and digital presence. We leverage our capabilities and networks to turn possibility into opportunity for the businesses that power Africa's economy."

**William Blackie**, chief executive officer, BCC

The success of the BCC franchise is deeply entrenched in the growth and development of our clients, and play an instrumental role in Africa's growth and sustainability. We are a digitally enabled, people focused business, placing clients at the centre of everything we do.

We aim to be the dominant business and commercial bank in sub-Saharan Africa. To achieve this, we have refined the execution of our strategy, while still placing our clients, their needs, aspirations and experience at the forefront of all our activities. We aim to provide a top-class multi-product offering to our clients that includes new, enhanced and relevant solutions.

Our strength and unrivalled competitive advantage lies in our strong brand and our culture of integrity, which is embedded in our client-led relationship model and enabled through our omnichannel distribution capability. We recognise the need to be digital and are fully committed to improving this aspect of our capabilities. We continue to leverage and enhance our solutions and channels to enable ease of access and a simplified, convenient client value proposition. We focus on delivering excellence, especially where speed and digital execution are essential and across our operations, we are delivering brilliant basics and staying true to our 'always on' commitment.

BCC has shown material financial improvement and the client franchise, while reflecting a positive productivity and growth trajectory, reflects the tough competitive landscape in which we operate. During 2022, we partnered with client businesses as they began their post-pandemic recovery and growth. Our client value propositions offered them the best solutions with dedicated relationship teams to help them continue operations and achieve growth in a challenging economic environment plagued by load shedding in South Africa and rising interest rates.

We partner with our clients for their growth. This underpins and provides substance and support for our adoption and focus on business ecosystems and value chain banking. We demonstrate measurable value created for our clients in specific business ecosystem value chains. In partnership with Salesforce, we have successfully equipped our frontline with client relationship management capabilities that enable them to better meet client needs. Our sector expertise, specialist skills and deep relationships continue to retain and attract businesses. BCC concluded its debut mezzanine finance deal, a financing solution that encapsulates both equity and debt funding, which serves as a catalyst for offering a wider range of funding solutions for a diverse client base.

Our small business/enterprise[1] segment remains a key growth vector for BCC and is supported by a virtual relationship environment. We have focused on ensuring ease of access to funding, business skills and development, connectivity and solutioning requirements. We have introduced multiple funding solutions including Trader Direct, FlexiPay, BizFlex and EZ Cash to service this segment. We continue to enhance our access to growth finance by investing in scored and automated lending solutions.

1 The Enterprise Banking segment comprises small businesses including traders and the informal sector with an annual turnover less than R10 million.

## Business & Commercial Clients continued

Multiple client relationship tools provide frontline employees with a holistic range of solutions to meet the unique needs of individual business owners. Our Enterprise Banking offering continues to receive recognition for the solutions and support to the SME sector across Africa. We were honoured at Efma's second Annual SME Banking Awards, achieving Gold for the first time in the SME Banker of the Year category and Silver for the second year in a row in the SME Bank of the Year category. We also received a nomination for SME Bank of the Year in the African Banker Awards 2022. These prestigious accolades are a testament to the great work underway in the SME segment.

Our medium to large business clients are served by our dedicated relationship managers, empowered to use their extensive banking expertise to make locally appropriate decisions while supporting our clients with their trans-regional financial needs. We invest in and drive the adoption of platforms and solutions, such as our trade, fleet and cash offerings that provide clients with convenience and savings through propositional efficiencies.

We continue to drive sustainability, by assisting clients to invest in renewable energy solutions and achieve their net zero ambitions. In 2022, we successfully enhanced the PowerPulse digital platform for commercial and industrial clients to allow for greater demand to be processed through the platform. We established several partner networks across 15 countries, covering a broad range of sectors, from trade and logistics to renewable energy. By partnering with these organisations our clients gain access to lending, forex and other core business solutions. OneFarm, our agri-business' digital business-to-business platform that connects and provides services across the agricultural ecosystem, continues to grow. OneFarm Share facilitated the delivery of food to vulnerable recipients in rural areas, with over 14 600 tons of produce delivered, which translates to almost 58 million meals and over 1.2 million people fed.

The trade opportunity across the African continent remains a key priority for the growth of the business. During the year, we published two editions of the **Standard Bank Africa Trade Barometer**, a first-of-its-kind research project featuring data and analysis obtained from over 2 500 firms of all sizes, located in 10 of Africa's most active trading economies. The Barometer offers clients insights into the domestic, regional, and global expansion opportunities offered by African trade.

Together with the continued momentum created by our trade solutions, we have had enormous success leveraging our connection with ICBC in China. We now have more than 1 800 customers benefitting from the trade club network. In addition, we hosted and supported several client match-making events to link export clients with Chinese importers across a wide range of industries. These group facilitated events provide our clients with a range of benefits, including introductions to suppliers, support in pricing negotiations, discount benefits and access to finance. We also attended the China International Import Expo (CIIE) in Shanghai as an exhibitor, showcasing the products of over 40 of our African business clients and generating vast interest from delegates and buyers for our clients. In addition, BCC provided employees across Africa Regions and in South Africa with the relevant trade skills resulting in increased trade values and volumes.

We maintained our existing market share in South Africa by working with our clients to deliver relevant solutions for their businesses. Further opportunities for increasing scale exist in our Africa Regions franchise, where we are capitalising on promising growth opportunities across 14 countries.

Financially, the Africa Regions portfolio has delivered a meaningful uplift in headline earnings and ROE now tracks comfortably above the group cost of equity. This is supported by the clear signs of progress evidenced in client acquisition, balance growth and increased transactional and trade activity, with this momentum anticipated to continue into 2023.

2022 AWARDS

### Banking Tech Awards

- **Best Contribution to Economic Mobility in Banking/Finance for SMEs:** Trader Direct
- **Best FinTech for Good by Financial Institutions:** OneFarm Share

### emea Finance African Banking Awards

- **Best Financial inclusion in Africa:** OneFarm Share

### BAI Global Innovation Awards 2022

- **Innovation in Community Sustainability:** OneFarm Share

## Business & Commercial Clients continued

## How we performed in 2022

Our performance affirms the overall strength of the franchise and the deliberate execution of our strategy with varied solutions aimed at a diverse client-based across assorted client and operating markets. Our strategic progress to date has been driven by market recovery from Covid, increasing interest rates and key interventions that differentiate our offering from that of competitors.

**Headline earnings**

↑ 51% to

**R8.0 billion**

(2021: R5.3 billion)

**Revenue**

↑ 22% to

**R32.6 billion**

(2021: R26.7 billion)

**Our digital solutions**

We continue to develop and adapt our digital solutions, investing in engagement solutions to enhance client and employee value propositions.

The number of customers using our digital platforms continues to grow. More than half of our clients embrace our digital channels, with a 15% increase in digital transactions to over R1 102 billion.

The **Enterprise Banking segment** remains a key focus and growth vector for BCC as we support and build both our clients and the economies we operate in. We acknowledge the need to service this sector through low cost virtual and digital engagement models and have made good strides with refining and delivering a range of solutions for our small business clients in 2022.

**BizFlex** offers short term flexible cashflow linked lending solutions and in 2022 was extended to our employee assisted channel. We provided SMEs with around R150 million in loans per month through BizFlex. We have seen positive usage on the BizFlex product with over 50% of clients who have previously used the solution returning for further funding.

**BizConnect** offers a wide variety of online information and resources to business owners on how to start, manage and grow their business.

| Revenue growth | Active clients | Credit loss ratio | Cost-to-income ratio | JAWS **positive** | Return on equity |
|---|---|---|---|---|---|
| **22%** | **791 000** | **96 bps** | **57.4%** | **963 bps** | **33.7%** |
| 2021: 3% | 2021: 761 000 | 2021: 111 bps | 2021: 62.3% | | 2021: 24.7% |

Note: certain ratios have been restated due to refinement in costing methodologies.

## Business & Commercial Clients continued

### Our digital solutions continued

**MyMoBiz** provides simple, affordable, pay-as-you-transact banking for small businesses from R5 a month. It enables small businesses to receive payments from their customers, pay their suppliers and employees, and keep track of their business finances in a simple and affordable way. It includes an optional PocketBiz point-of-sale device at a reduced fee. MyMoBiz Plus was launched during the year, introducing a new competitive bundled price offering at R150 per month.

**Thundafund Standard Bank** partner page is a crowdfunding initiative which supports small businesses to develop a campaign and market it to receive contributions from the public. Over R1.5 million was raised through the platform in 2022, aimed at helping businesses recover and grow; with further contributions made by the group for campaigns that reach certain milestones.

**FlexiPay in Uganda** is an all-in-one digital solution that enables our clients to complete financial transactions, without the need for a bank account, in a convenient, secure, quick, and affordable manner by offering cashless transacting and instant payments while still being able to earn rewards with our FlexiPay loyalty programme. There are 32 500 business merchants using FlexiPay for various services to grow.

**Stanbic Kenya's** automated supply chain financing platform, **M-Jeki**, offers short-term loans based on the needs of clients across industries and sectors. During 2022, we evidenced 314 agents and dealers utilise short-term business loans to the value of KES10.3 billion (R1.4 billion) through M-Jeki's robust automated technology platform.

**Moby Cash** is a collection solution available in Ghana. Mobile tellers visit clients' shops in brisk market locations for micro cash collections. Clients are given real-time values for every collection made. This saves SME business owners from leaving their shops to make deposits at bank branches and averts client risks like theft and intermittent closure of shops. Receiving real-time value for their deposits allows these businesses to promptly make payments from their bank accounts to suppliers and other stakeholders to purchase stock or pay due obligations. 4 780 SME businesses are currently benefitting from this collection platform with a total of GHS947 million (R1.4 billion) collected in 2022.

**Unayo** is a services platform designed to connect businesses and individuals with mutual financial interests across communities and industries, to help them grow. To date, the platform has facilitated transactions in excess of R624 million between donors, private companies and government entities to disburse funds to people and communities in need of support. There are 26 000 merchants registered on Unayo who are able to perform services on the platform and earn a commission for doing so. Unayo was used by 58 companies to pay salaries to seasonal and casual labour.

## Business & Commercial Clients continued

### TRANSFORM CLIENT EXPERIENCE

**Key focus area**

#### Acquisition and growth focus

- Partnering for growth (P4G)
- Ecosystems and trans-regional opportunities
- Proactive response to competitor activity
- Personalisation, data sources and behavioural science

#### Channel optimisation

- Optimise digital and physical capabilities

#### Solutions

- Continue trade optimisation
- Re-imagine insurance offering and distribution

#### Growing our skills and culture

Continue to invest in building the skills, capabilities and depth of our people

### How we will transform client experience

We are a digitally enabled, people business which places the client at the centre of everything we do. The client, their needs, aspirations and experiences are core to our strategy. We aim to provide a top class, multi-product offering that includes insurance, flexible and cashflow linked lending solutions.


We aim to further improve our digital capabilities and to optimise our geographic distribution for efficient and effective client servicing through an omnichannel model and ensuring that we are able to make a difference to each client across our sub-segments and sectors especially in 'the moments that matter'.

Our relationships run deep, and our sector expertise is invaluable, making people and coverage our key differentiators. Partnering for client growth provides support for our adoption of broader ecosystem and value chain banking.

**Client coverage** is an advanced response to address client value propositions. We have identified our differentiator through sector expertise, cross-border and trade capability, and ecosystem banking, supported by an efficient digital client onboarding process.

#### Client coverage team

**Trade/cross border**

- China – leverage our ICBC relationship
- Broaden trade corridors
- AfCFTA

**Sector expertise**

- Agriculture
- Oil and gas
- Distributed power
- Mining
- Other: health, education, professional services, trust companies

**Partnering**

- Partnering our clients for their growth
- Partnering with others to support and drive quality acquisition and solution enhancement

**Ecosystems**

- Banking the supply and distribution networks
- Leveraging CIB skills and knowledge
- Banking the full value chain

Investing in **product evolution** will enable us to enhance our client value proposition and further embed our active client base. Using a multi-product offering with new and improved product development, we will drive efficiency and scale while offering targeted solutions in trade, lending, acquiring, insurance, and liability gathering within one centre of excellence. As we explore these offerings, providing new and relevant solutions, our focus shifts to using our products as an acquisition tool and a means to ensure client fulfilment.

Our **geographic presence review** highlighted regions where we have opportunities to combine, grow and diversify. In the countries where our footprint is smaller, we aim to build scale, enhance the cost efficiency and discipline of our operations, and integrate our offerings. We are exploring regions where the bank has a CIB presence to expand and potentially create a digitally enabled cost effective solution for BCC. In countries where we have low brand presence in large markets, we will explore commercially viable partnerships and acquisitions to contribute towards active client growth and solution innovation.

## Business & Commercial Clients continued

### TRANSFORM CLIENT EXPERIENCE continued

Our client-centric model is supported by refinement in our risk approach.

Risk refinement will reduce complexity, tenor and concentration by broadening the client lending base. We are investing in digitisation of scored based lending in scale and alternative data sources to improve risk decisioning and reduce lending turn-around times. The use of scored lending, alternative data sources and data analytics across the portfolio will encourage new origination and new to bank lending. Our deep understanding of our clients, their growth ambitions and risk factors coupled with our deep sector experience will facilitate an improved and efficient lending process.

We are a full-service bank. **Channel optimisation** will therefore effectively support clients who require accessibility and a varied interpersonal experience via an omnichannel experience. With the client uptake of digital solutions on our platforms, we strike a balance between automation and human touch. Many of our clients require a low cost cash solution and we have introduced multiple alternatives to minimise their cost and effort. Where investment is required **to improve** on our **existing processes**, it will be done with a focus on enhancing client experience while leveraging existing capabilities. To **drive cost efficiency**, certain focus areas have been identified, these include digital on boarding, lending decisioning and process enhancements and alternative cash solutioning devices. We will increase our focus on client data to respond proactively to the needs and demands of our clients and support our scoring and ecosystem approaches.

We continue to optimise our footprint to deliver efficient and effective client servicing:

- Physical channels house specialist skills, suite and branch presence. Physical presence fosters deep client relationship support, sector and ecosystem expertise, franchise visibility and cash servicing (a key differentiator), while offering the 'touch and feel' of human interaction. In addition, relationship managers are also equipped to visit clients at their premises.
- Servicing model demands are complex and extend through a client life cycle. Remote channels include a marketplace platform, virtual and digital servicing. They provide access to advisory services, business community networks and beyond banking support. Additionally, clients can access the Enterprise Direct servicing model (team of bankers), communicate through WhatsApp and with chat bots, perform a range of digital transactions, access services 24/7, and have a personalised, behaviourally adjusted experience.

Our South African **distribution strategy** calls for increased optimised points of representation allowing for personal relationships, complemented by digital self-service channel offering.

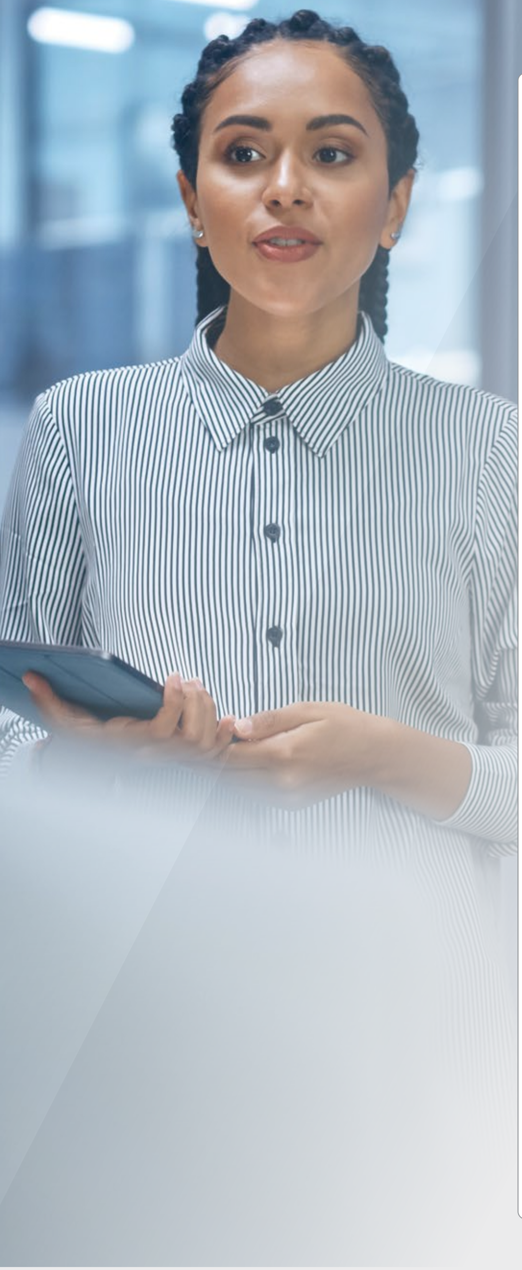
### Distribution model optimisation

- High impact branches
- Business centres
- Suites
- Cash centres
- Digital channels
- Alternative cash servicing solutions

**Enterprise Banking distribution support:** Business Banker representation in All High Impact branches + Enterprise Direct Virtual Environment+ Business Online Banking

**Relationship Banking distribution support:** Relationship Managers in strategically positioned Business Centres and Suites (outbound visiting clients on premises most of the time) + Telephonic Servicing Capability + Business Online Banking

## Business & Commercial Clients continued



### How we partner to make a difference

One of the goals of the Standard Bank and Founders Factory (FFA) partnership is to encourage more entrepreneurs to start a venture in the fintech, healthtech and agtech sectors and to enable more partners and investors to join in tangibly supporting FFA. In addition, this partnership has provided added support to start-ups through engaging and leading numerous media and community building initiatives that continue to amplify their efforts. Finally, the Standard Bank and FFA partnership has also allowed FFA to hire more specialists in Africa to ensure that we continue to recruit, train and enable the talent across tech and product areas of expertise that are key to the start-up ecosystem.

Start-ups funded and supported through Founders Factory

**55**

(2021: 38)

Combined valuation:

**USD375 million**

Total follow on capital raised:

**USD86 million**

Job opportunities created

**20 000**

(2021: 30 000)

**60%** of these businesses achieved over **45%** growth in new customers and over **40%** introduced new products

We have a strong presence in the Business and Commercial segments and we recognise the social and economic responsibilities that these businesses carry. Through our support, we can leverage and enhance these outcomes to benefit the markets in which we operate.

We are committed to delivering sustainable SEE outcomes in areas where we can have the highest positive impact.

These include

- **Supporting small-scale farmers across the agriculture value chain**
  Agriculture is particularly important in the African context. It ensures food security and employment for a large proportion of middle and lower income households. We provide support across the agriculture value chain to enable independence and self-reliance for African food security. We assist small-scale farmers across the continent to support economic growth, job creation, poverty alleviation and food security.
- **Driving employment through impact financing**
  We provide access to lending, particularly to SMEs, that targets employment creation. We partner with our clients to support their growth through inclusive lending, supporting business growth and employment opportunities.
- **Investing in renewable energy**
  We support our clients in their transition to a lower carbon economy, enabling the mitigation of climate change impacts, and improving access to reliable and sustainable energy sources.
- **Striving to improve and grow Africa's people**
  Through carefully selected partnerships, we support women entrepreneurs, raise math standards and sponsor economic activation offices to support SMMEs in education environments.
- **Driving Africa Continental Trade**
  Through connecting clients, leveraging our ICBC relationship and a top-class trade capability, we support and drive continental growth.

## Business & Commercial Clients continued

### Looking ahead

We remain transaction-led, focusing on capturing trade flows and core client payment streams, remaining informed of sector specific dynamics and client growth opportunities. We stay true to sustainable outcomes and recognise our core responsibility in supporting Africa's growth. In 2023, we will continue to:

- Position BCC as the preferred partner to business and commercial clients in Africa and beyond
- Enable our clients to thrive through our holistic and sector relevant value proposition, leveraging beyond banking capabilities
- Deepen relationships and networks with attractive partners across our markets to leverage our platform offering and client base
- Identify and execute on solution and payment opportunities to improve and enhance our client experience and their ease of access
- Invest in the skills and professional development of our people and young talent through an integrated skills development academy and graduate programmes
- Diversify our talent acquisition strategy to ensure we have the necessary balance of skills and experience that embraces a future fit and learning culture
- Invest in building world class relationship managers through a deep understanding of our clients, their ecosystems and the markets they operate in.

### Towards 2025

Our strategic focus areas are underpinned by deep sector experience, digitisation, process simplification and a proven through-the-cycle risk approach and our ability to adjust for specific economic, geographic and sector dynamics. Our five focus areas will concentrate on positioning BCC as the dominant business and commercial bank in sub-Saharan Africa, and to sustain our ROE target by 2025.

Our strategic goals are **coverage**: specialist skills, deep relationships, ecosystem leverage and partnerships; **solutions**: top class multi-product solutions with a focus on entrenchment; **refined risk focus**: clear risk appetite; **channel optimisation**: remain an omnichannel servicing model in line with client needs; and **people investment**: sustained and conscious skills capability investment. Deepening our relationship strength by equipping our client relationship managers with the necessary tools and solutions they need to deliver unparalleled service and relationship banking will ensure we are well-positioned to continue to grow market share in these segments. This, together with clear prioritisation on **delivery, affordability and automation** will enable us to meet our strategic targets.

### 2025 **REFINED TARGETS**

| REVENUE GROWTH[1] | COST-TO-INCOME RATIO | CREDIT LOSS RATIO | RETURN ON EQUITY |
|---|---|---|---|
| 8%–10% | <55% | 100 bps – 120 bps | >25–30% |
| **>10%** active client base Africa Regions; **10%** targeted market share in Africa Regions; First in South Africa; **18%** increase in client entrenchment | Disciplined cost and risk management | | Diligent capital allocation |

1 CAGR 2020 to 2025

Client focus

# Corporate & Investment Banking

"CIB delivered a solid performance in tough market conditions. We are well positioned to partner with our clients to meet their growth objectives and leverage our scale, in-depth sector and regional expertise, specialist capabilities and access to global capital markets to drive investment, trade, development and to support economic growth in Africa."

**Kenny Fihla,** chief executive officer, CIB

CIB focuses on short-term high-value transactions, as well as long-term relationships with clients. Large deals are exciting and potentially profitable, but our reputation and longevity depends on consistent, quality service to valued clients. We are enhancing that service with new solutions that solve for their specific challenges and constraints. Our fintech investments will grow new clients in new areas and will help grow locally-owned corporations in Africa.

Our competitive advantage derives, in part, from our broad offering, our on-the-ground footprint in 20 African countries and our deep sector expertise – all of which allows us to offer a range of solutions, to a diverse client base, across different regions. Our strategy commits us to maintaining our strong relationships with leading multinationals, while partnering with growing local corporates in Africa. Our diversification, specialist expertise and leading position across much of sub-Saharan Africa, means we can capture new opportunities and revenue streams by meeting the growing needs of our clients.

Our diversification also provides a shield from economic constraints. This allows us to deepen resilience across our footprint and leverage our balance sheet depth to invest in the growth plans of our clients despite challenging operating conditions and subdued economic growth. We are well positioned to partner with our clients as they grow and we continue to optimise our client engagement processes to improve client experience, strengthen our relationships and grow product market share in the countries where we operate.

Our operating context is characterised by complex challenges and risks. The war in Ukraine has seen the West sanction Russia, contributing to increased commodity prices and living costs. Meanwhile, geopolitical rivalry between China and the US continues to disrupt global supply chains even further, as nations become more inward-looking and protectionist. Despite this, enormous opportunity exists for those who read the winds of change and respond accordingly.

Our leading position as a renewable energy funder in South Africa means that we are ideally placed to power Africa's growth through renewables and natural gas – the single largest growth opportunity for CIB in the coming years. The global sustainable finance market is enjoying exponential growth. We provide clients with market-leading sustainable finance solutions including green bonds and social bonds, sustainability-linked loans (SLLs), sustainable trade solutions and impact investing.

Sustainability is deeply embedded in our operations, with increasing importance of ESG in capital allocation and investments. This is evident in our commitment to the energy transition. It is not simply about moving away from fossil fuels, but about an all-encompassing transformation that considers people, planet and profit in decision-making. As Africa starts to develop its gas and renewable (sun and wind) resources to meet the needs of under-served citizens, it will need financiers and advisers whose feet are planted in the soil of the continent.

## Corporate & Investment Banking continued

We provide the financing, risk mitigation, and expertise to grow Africa's energy sector (the very lifeblood of economic growth). The development of Africa's natural gas resources (Mozambique being a stand-out opportunity) will be crucial not only to the continent's economic development but to social upliftment and emissions reductions. In South Africa, renewable energy is helping shore up the national grid, while answering concerns about climate change. Decentralised off-grid power solutions will help ordinary Africans (many living in remoter parts) to live more dignified lives.

We are expanding our activities, by capturing relevant opportunities, for target clients and for large corporates in Angola, Mozambique and Ghana. In Nigeria, Kenya and South Africa we are driving consolidation and transformation within diversified industries, such as manufacturing and the consumer sector. In South Africa, the growing reach of fibre internet and data, and downstream consolidation of integrated oil and gas companies, offers important advisory opportunities.

The transition to a low-carbon economy also presents opportunities in metals and mining; with solar, wind, batteries, and hydrogen reliant 'green metals' (e.g. coper, cobalt, nickel and zinc). Africa's under-exploited natural resources present enormous opportunities in the mining space. Deregulation of South Africa's energy market is seeing new products and new investments, with heavy energy users exploring alternative solutions for self-generation. We remain optimistic about these opportunities to drive economic recovery through energy provision. The energy transition is not only about climate change risk mitigation and ESG, it also provides an opportunity to transform our economy.

AfCFTA too bodes well for increased trade and supply chain opportunities across the continent. We see opportunities to grow in mining and metals, logistics (particularly ports, shipping and rail) and food (agriculture, production and warehousing.) Our digital platforms enable us to deliver solutions that can innovatively resolve the continent's value chain inefficiencies in commerce, logistics, trade, healthcare, and electricity.

Our risk appetite is regularly reviewed and adjusted and our deep knowledge of our clients and sectors allows us to not only select quality clients and projects but also to adjust our risk appetite to accurately reflect changes in our clients' businesses and operating environments. Our principle of doing the right business, the right way is deeply embedded in our culture.

Competition for skills is fierce, with top performers head-hunted by local and global competition. We will continue to grow talent from within the organisation and provide our people with unique opportunities to grow their careers across geographies, sectors and disciplines. We provide learning opportunities for all our people with a focus on developing future skills, supporting our people's holistic wellbeing, and listening to them to understand what really matters in building a fulfilling career.

We understand that if good people are not certain of their career paths, then they are often open to new opportunities. The answer to challenges like these is in building a caring and supportive culture, that values and celebrates talent.

## Corporate & Investment Banking continued

## How we performed in 2022

We focus on clients that do business in Africa, with a clear and distinct strategy for each country we operate in. Our strong sector capabilities, combined with our geographic presence and the loyal relationships we inspire, continue to deliver value for our clients and drive growth in Africa. We maintain an appropriate risk appetite to support our core target sectors, which are: consumer; financial institutions; mining and metals; oil and gas; power and infrastructure; real estate; and telecoms, media and technology. Our two market-specific target sectors are: industrials; and sovereign and public sector.

**Headline earnings**
↑ by 11% to
**R14.8 billion**

**Revenue**
↑ by 23% to
**R48.8 billion**

**Global Markets revenue**
↑ by 19% to
**R17.6 billion**

**Transactional Products and Services revenue**
↑ by 34% to
**R19.5 billion**

**Investment Banking revenue**
↑ by 13% to
**R11.2 billion**

2022 AWARDS

### emea Finance Achievement Awards
- Best ESG Bond House
- Best Financial Institution Green Bond in EMEA: Standard Bank's ZAR1.444 billion Tier 2 issuance
- Best Sustainable Refinancing in EMEA: Equities Property Fund's multi-currency bond and loan facilities
- Best Sustainable Refinancing in Africa: Greenlight Planet Kenya's sustainability-linked loan
- Best Syndicated Green Loan House

### emea Finance African Banking Awards
- Best Green Finance Bank in Africa

### Euromoney Awards for Excellence 2022
- Best investment bank in Angola, Ghana, Kenya, Mozambique, Nigeria, Tanzania and Zambia

### Global Finance Sustainable Finance Awards
- Outstanding Leadership in Sustainable Finance in Africa
- Outstanding Leadership in Social Bonds in Africa
- Outstanding Leadership in Transition/Sustainability-Linked Loans in Africa
- Outstanding Leadership in Sustainable Infrastructure Finance in Africa

### Environmental Finance 2022
- Social bond of the year: SA Taxi

**Client revenue growth[1]**
**31%**
2021: flat (up 6% CCY)

**Total revenue growth**
**23%**
2021: 5%

**Customer credit loss ratio**
**37 bps**
2021: (5) bps

**Cost-to-income ratio**
**49.1%**
2021: 53.7%

**JAWS positive**
**1 067 bps**

**Return on equity**
**19.2%**
2021: 19.4%

[1] Client revenues are directly attributable to client franchise activity.

## **Corporate & Investment Banking** continued

### Our digital solutions

Our OneHub platform is an online marketplace launched in 2021 where clients can find useful digital products such as PowerPulse (a renewable energy platform). The platform provides access to all CIB digital solutions and services in one place, with a safe and convenient single sign-on.

During 2022, we launched **CreditConnect**, a digital bond market platform accessed via OneHub. CreditConnect allows issuers and institutional investors to execute and engage before, during and after bond issuance, providing them with access to the most up-to-date market intelligence. By making it easier to identify and execute funding and investment opportunities, CreditConnect makes participation in debt capital markets more transparent and accessible.

**Benefits and features include:**

- Live auctions and private transactions – enables participation in and ability to execute live primary issuance auctions, as well as easy and quick execution of private placements with selected investors
- Market insights – provides access to insights including market issuance statistics, upcoming maturities and auction outcomes
- Market sounding – allows issuers and investors to participate in or create an interest in potential issuances for both private placements and public auctions
- Paperwork – enables the digital creation of transaction documentation before and after the transaction.

**TreasuryOnline** provides real-time cash visibility and powerful cash management capability. The solution enables liquidity management through our Money Market instruments, seamless funds transfer and enhanced forecasting, as well as working capital and foreign exchange management through a single, simple interface while ensuring the security of financial data.

**Benefits include:**

- Cash visibility and forecasting – provides a live view of a company's cash position and automated cash forecasting
- Foreign exchange risk management – hedge effectiveness can be managed against a treasury policy and enables monitoring of currency risk exposures
- Performance management – enhances cash flow forecasting with the built-in intelligence tool
- Money market investments – provides access to high yield instruments to invest excess liquidity.

**Corporate & Investment Banking** continued

# Leveraging sector expertise to drive growth across Africa

We are well positioned as a thought leader to key sectors and are at the crossroads of investment flows between global capital markets and corporates and institutions operating within Africa.

## Developing the leading sustainable finance offering on the continent

We are able to provide our clients with market-leading sustainable finance solutions, including green and social bonds and loans, sustainability-linked bonds and loans, sustainable trade solutions and impact investing.

Our Sustainable finance mobilised

**R54.5 billion**

(2021: R22.0 billion)

## Sustainability-linked transactions

**OLDMUTUAL**

We acted as mandated lead arranger, lender and sustainability coordinator on a R1.625 billion sustainability-linked multi-currency revolving credit facility. Old Mutual's cost of funding is linked to its performance against sustainability KPIs embedded in the facility, including reducing the intensity of Old Mutual's own carbon footprint and investment into SMEs in under-served areas in South Africa.

**First sustainability-linked multi-currency facility in the insurance sector in South Africa** — 1st

**W**

We partnered with Woolworths to execute the first sustainability-linked transactional deposit structure in South Africa. The deal links the interest Woolworths earns on their deposits to their performance against sustainability KPIs, including increased local sourcing of food, beauty and home products, continued focus on sustainability attributes in food products and reduction in electricity usage in corporate stores.

**First sustainability-linked transactional deposit structure in South Africa** — 1st

**Motus**

We acted as mandated lead arranger, 'book-runner' and sustainability coordinator on a R6 billion sustainability-linked loan and a R800 million sustainability-linked working capital facility. Motus' cost of funding is linked to their performance against sustainability KPIs including road fuel consumption, water consumption, electricity efficiency and gender equality.

**First ZAR-based sustainability-linked funding in the South African automotive sector** — 1st

## Social loan

**GROWTHPOINT PROPERTIES**

### Student Accommodation

We acted as sustainability coordinator for a R550 million social loan, which will be used for the acquisition of purpose-built student accommodation. The housing will be occupied primarily by National Student Financial Aid Scheme (NSFAS) students, who come from lower income communities.

**First social loan issued in the REIT sector in South Africa** — 1st

## Green loan

**EDF renewables**

We acted as joint mandated lead arranger and lender for two new wind farms, to be built by EDF Renewables and its partners, H1 and Gibb-Crede, under bid window five of South Africa's Renewable Energy Independent Power Producer Procurement Programme. Each project will be powered by 26 wind turbines and is expected to generate 140 MW, making a significant positive impact on South Africa's energy security.

## Corporate & Investment Banking continued

# Investing in infrastructure and renewable energy

### Scatec

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

### CDI Port Terminal

In San Pedro, Côte d'Ivoire, Standard Bank acted as the sole mandated lead arranger and the largest lender in the €90-million project financing for the construction of a new port terminal, marking a significant milestone in the expansion of West Africa's transhipment hub. This is the largest project financing to date that Standard Bank has undertaken in Côte d'Ivoire. We are committed to supporting the growth and development of the West African regions that will result in increased economic activity and employment opportunities.

### iGas

Standard Bank was the sole mandated lead arranger and underwriter in the acquisition of the ROMPCO gas pipeline by the South African Gas Development Company (iGas) and the Companhia Moçambiçana de Gasoduto (CMG). They each have 40% ownership, while Sasol maintained a 20% minority. This is one of the largest deals Standard Bank has completed in the gas infrastructure sector and consists of a R4.2 billion payment guarantee made on behalf of the buyer and a R3 billion term loan. This is a landmark transaction for Standard Bank and the Central Energy Fund (CEF), who is mandated by government to ensure energy security in South Africa.

### Seriti Resources

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

### Tronox

Standard Bank partnered with Tronox Holdings plc in developing the first sizable renewable energy corporate PPA-based^ transaction in the South African mining sector. Tronox entered into a long-term PPA with local independent power producer, SOLA Group and African Rainbow Energy, to construct a 200MW solar power plant to support its mining operations in South Africa. The R4 billion transaction is a significant step in the country's transition toward renewable energy generation. Standard Bank was selected as one of the mandated lead arrangers, hedging bank, and account bank for the transaction – which reached financial close within six months of being appointed.

^ PPA: power purchase agreement.

Client focus

## **Corporate & Investment Banking** continued

**TRANSFORMING CLIENT EXPERIENCE**

**Key focus area**

- Partnering clients on their growth journey
- Understanding our clients' businesses and needs
- Allocating resources to support client needs

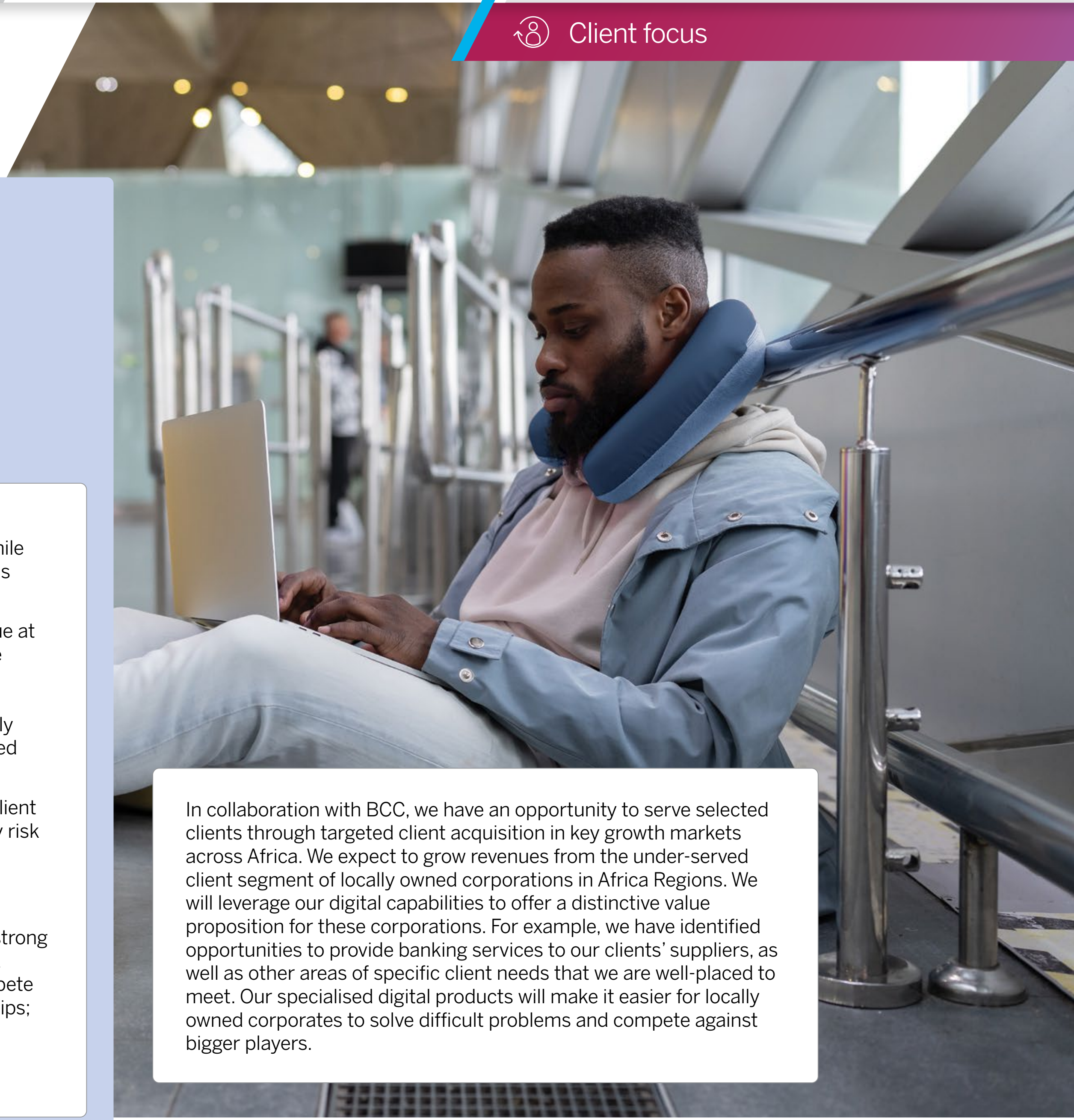
**How we will transform client experience**

We continue to build on the solid foundation of our diversified portfolio across regions, sectors and products to our existing client franchise, while being well positioned to capture new opportunities and revenue streams associated with emerging client needs.

Our multinational clients are the largest contributor to our client revenue at around 60%. Our strong relationships with our multinational clients are reflected in good client satisfaction scores. Besides providing excellent service, we also offer them the benefit of our extensive footprint and on-the-ground presence across sub-Saharan Africa, where we are ideally placed to create opportunities between suitable clients and with selected specialist partners.

We will defend and grow our multinational franchise through targeted client acquisition, offering relevant solutions and robust processes (especially risk management), geographic coverage, versatile product offering, quality people, and the right conduct. We maintain our multinational client positioning through superior client experiences.

We will maintain our leading position in South Africa by leveraging our strong balance sheet position and access to resources appropriately to unlock growth opportunities. South Africa remains a country in which we compete strongly. Our strong deal flow is driven by enduring franchise relationships; and we leverage our ability to invest to unlock opportunities across our clients' value chains. We will continue to align our resources – liquidity, capital, risk and people – to capture growth opportunities.



In collaboration with BCC, we have an opportunity to serve selected clients through targeted client acquisition in key growth markets across Africa. We expect to grow revenues from the under-served client segment of locally owned corporations in Africa Regions. We will leverage our digital capabilities to offer a distinctive value proposition for these corporations. For example, we have identified opportunities to provide banking services to our clients' suppliers, as well as other areas of specific client needs that we are well-placed to meet. Our specialised digital products will make it easier for locally owned corporates to solve difficult problems and compete against bigger players.

## Corporate & Investment Banking continued

### Looking ahead

We continue to strengthen our client relationships. This, together with the steady improvement in how clients perceive our service, has led to ongoing growth in market share. Our deliberate focus on clients that do business in Africa, allows us to deliver value to our on-strategy clients where we have strong sector capabilities.

We are confident that we are on track to deliver our strategy. In 2023, we will continue to:

**Grow**
Focus on capturing commercial opportunities from the energy transition across Africa and strengthening our competitive position across the continent.

**Defend**
Deepen relationships with local and multinational corporates, while maintaining our leading market share position across our products and solutions.

**Optimise**
Build trust and confidence in the stability of our systems and reduce inefficient processes.

Align our people's capabilities, roles and rewards for optimal performance.

## Towards 2025

Our four strategic priorities are: **transforming client experience, delivering operational excellence, driving sustainable value,** and **growing our people and culture**.

Advances in these areas will ensure we meet our strategic targets:

### 2025 TARGETS

| REVENUE GROWTH[1] | COST-TO-INCOME RATIO | CREDIT LOSS RATIO | RETURN ON EQUITY |
|---|---|---|---|
| 6% – 8% | <50% | 40 bps –60 bps | >18% |
| Client acquisition and retention in present markets; Emerging revenues from new growth opportunities; Sustainable finance and platform proposition | Disciplined cost and risk management | Disciplined cost and risk management | Diligent capital allocation |

1 CAGR 2020 to 2025

Client focus

# Liberty

"I am proud of the progress that we have made this year in balancing the finalisation of Liberty's acquisition by, and integration into, the Standard Bank Group, the execution of our strategy, and being true to our commitments all our stakeholders."

**Yuresh Maharaj**, chief executive officer, Liberty Holdings

The integration of Liberty into Standard Bank Group has been the next stage of the journey to become an organisation equipped with the capabilities and partnerships that allow us to meet the banking, insurance and investment, and non-financial needs of our clients. We are focused on the transaction imperatives that will align and leverage our strengths, thereby enhancing client value propositions. Once complete, the integration will create a united and formidable financial services competitor in Africa, with the advantage of compelling scale. We have made progress in integrating our operations with SBG and this process will continue through 2023.

Our strategy to become a human-augmented platform business that enables our clients' financial freedom naturally complements Standard Bank's vision to deliver simple, relevant and complete solutions to clients through their preferred channel, whether online or in person. This will enhance Liberty's ability to collaborate and provide the best financial service offerings to clients through the most efficient means.

Our purpose is to improve people's lives by making their financial freedom possible. Our commitment to delivering on this purpose requires an understanding of our stakeholders, their impact on our operations and the value that we can and should create for them. By nurturing our relationships and navigating risks, we deliver products that help our clients mitigate life's unexpected, and often traumatic, events and increase their wealth. The Covid-19 pandemic was an unprecedented event which affected the lives of both our employees and our clients, and being there, and being able to support our clients and people through it has an immeasurable social impact. True to our purpose and our brand promise, **in it with you,** we remained steadfast for our clients, their families, and their dependants, and we will continue to be there at the most profound moments of human vulnerability. We are thankful that South Africa has emerged from the thick of the pandemic, but the nature of our business compels us to remain vigilant. It is too soon to anticipate the risk that long-Covid poses to the industry and the impact that it may have on our clients and communities. In addition, the rate at which Covid-19 was able to spread across the globe was alarming and necessitates further consideration and analysis to better prepare and plan for any unexpected future events of a similar nature.

**Liberty** continued

## Our 2022 performance

Liberty's financial performance improved relative to 2021 as the Covid-19 pandemic waned and lower risk claims were experienced. This was bolstered by the removal of all remaining Covid-19 lockdown restrictions and retaining our client base due to our ongoing visibility throughout the acquisition and integration process. This allowed us to regain our focus on implementing and embedding our forward-looking growth strategy, and the milestones we achieved in 2022 have set a strong foundation for effective strategic execution and growth in 2023.

Assets under management
**R873 billion**
(2021: R888 billion)

Insurance indexed new business
**R9 836 million**
(2021: R9 232 million)

New business value
**R394 million**
(2021: R33 million)

IFRS headline earnings
**R2 066 million**
(2021: R112 million headline loss)

Death and disability claims paid
**R12 487 million**
(2021: R17 764 billion)

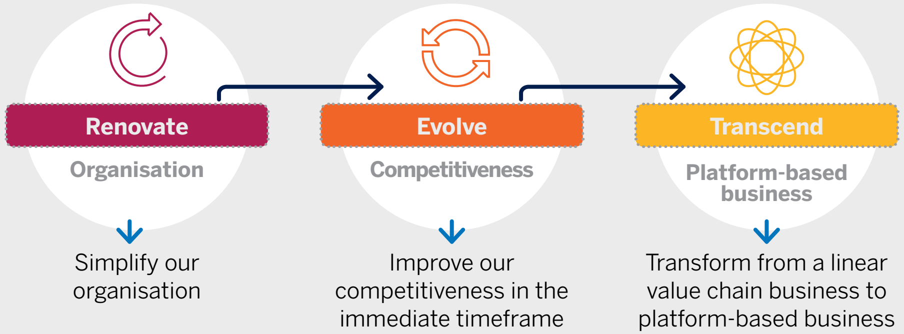
Liberty Group Limited solvency capital requirement cover
**1.76 times**
(2021: 1.72 times)

**Liberty** continued

# Unlocking value

There is a clear dependency between clients, advisers and Liberty's success. Value is created and preserved through objective and impartial advice, insurance products that meet client's needs, investment returns, credit life policies that facilitate lending, and enabling clients to leave a legacy for their families. We have made good progress in achieving the milestones of our strategy, towards offering our clients a digital portal augmented by the human touch of adviser experience and increasing our competitiveness.

Our strategic execution framework is underpinned by multi-year programmes that will allow us to build for a future where we envisage our clients living longer and demanding integrated, cross-category services aligned to their digital lives. Although our clients want digital connectivity, they value human interaction more than they have in the past.




Our vision is for Liberty to be the trusted leader in South Africa and chosen markets by delivering superior value through exceptional client and adviser experiences. We remain resolute in developing competitive value propositions for our clients, driving efficiency through simplification, managing risk appropriately, deploying capital effectively, and pursuing profitable growth opportunities. Our governance structures have remained in place and are well-embedded throughout Liberty, and the integration into SBG will provide more flexibility by allowing our processes to become more efficient, practical and streamlined.

Our leadership principles are to **Imagine its possible**, **Act with humanity** and **Do what matters**. These principles embody accountability and responsibility at every level, ensuring that we do the right business the right way, and that we manage our financial resources responsibly. We believe that the consideration of sustainability in our investment decisions is essential to value creation and capital protection. We incorporate relevant and material ESG issues that can meaningfully affect investment performance in our research, decision-making, reporting and ongoing monitoring processes. We believe this enables us to better identify investments that will provide sustainable and superior risk-adjusted returns. We focus on sharing value and remain committed to the UN's SDGs. As an active asset owner, we can influence corporates and entities to incorporate ESG factors, thereby promoting sustainable businesses. We are committed to societal development, working with our community trust and members of our social team to enhance maths and science literacy programmes, and we are exploring concepts around devising financial literacy initiatives. We are committed to environmental goals which include reducing our carbon footprint, implementing clean energy and zero-waste.

We have made great progress in our digitisation journey, but people remain critical to our success as the business is anchored on communication and human interaction with our 2 700 advisers. In line with our strategy, we have shifted the focus of their roles from sales to providing advice. We have been able to demonstrate that this shift in focus, augmented by our digital initiatives and therefore bespoke to the needs of our clients for the future, has the potential to disrupt the market as a key differentiator and to attract top talent to Liberty.

There has been a lot of change over the last four years for our people to manage – following Covid-19, they have faced volatility in the operating environment characterised by rising inflation, the electricity crisis, as well as an adjustment to hybrid working and then the integration into Standard Bank. We are rallying our people around a theme of unity and have initiatives in place to reignite the sense of community Liberty is founded on. The loyalty from our independent broker partners is a clear indication that our strategy is strong and progressive. The strides we have made in recruitment and the engagement with tied and independent financial advisers has been positive and we continue to make good progress in ensuring we enhance the quality of our client and adviser experience.

## **Liberty** continued

### Integrating into Standard Bank Group

During 2022, significant leadership focus was directed to commencing of the process of integrating Liberty's operations into the Standard Bank Group. Four key goals were identified in response to facilitate the integration process:

#### Reshape the new operating model to enable Liberty's integration

Rather than Liberty operating as an independent financial services player, we chose to prioritise integration and refine the operating model to enable Liberty to serve all the client segments.

#### Aggregate all insurance and asset management businesses together with Liberty

We have a market leading funeral and credit life business, as well as a strong short-term insurance business and as we create a composite cluster of these businesses together with Liberty, we will create greater freedom in how we manage the business. The advantage of scale gives us the edge to dominate and be the leading player in the market, with the establishment of an insurance and investment segment working alongside the other client segments.

#### Accelerate commercial opportunities at a competitive pace

Our objective is to roll out Liberty's offerings quickly and efficiently to our banking customers, including our new product, Flexi Life, which mirrors the hugely successful Flexi Funeral. The development of Flexi Life, built on the same platform as Flexi Funeral, has been achieved in a fraction of the time it would have taken if integration had not already been underway.

#### Unlock and enable the business case to deliver value

A significant distribution network comprising Liberty's 2 700 experienced tied advisers, as well as a strong contingent of supporting independent financial advisers, will leverage technology to enable our vision of creating a human augmented digital business.

Additionally, we are focused on ensuring that Liberty's compliance and institutional capabilities are aligned with the group. While it will be a longer-term evolution for Liberty to become fully integrated, during 2023 we expect to achieve our primary goals and create the foundation for organic growth, deeply rooted in excellent relationships between advisers and clients. The integration of Liberty is laying the foundations for the broadening of the platform business, building our credibility and legitimacy, and entrenching our presence in the lives of our clients.

## Liberty continued

### Looking ahead

We continue to strengthen our client relationships, and the steady improvement in how clients perceive our service, has led to ongoing growth in market share. Our deliberate focus on clients that do business in Africa, allows us to deliver value to our on-strategy clients where we have strong sector capabilities.

We are confident that we are on track to deliver our 2025 targets. In 2023, we will continue to:

- Deliver a client value proposition with a focus on simplicity and personalisation.
- Deliver client experiences and solutions by repositioning digital as a product.
- Engineer unique omnichannel journeys to enable seamless interactions across physical and digital touchpoints.
- Prioritise areas where more value for our client can be delivered.
- Modernise our physical channels, leveraging insights from clients, markets and third parties.
- Solidify current and build new partnerships to improve accessibility for our clients.

### Towards 2025

Our long-term strategy is underpinned by the strength of human-to-human engagement between our advisers and clients, enabled by a scalable digital engagement platform that provides simple and intuitive tools grounded in sound client-centric advice. The human touch supplemented by digital tools is rooted in our legacy of communication and relationships.

#### TRANSFORM THE EXPERIENCE OF DOING BUSINESS WITH LIBERTY

**Growth and retention in our client markets**

We are continuing to make it easier to do business across the value chain, focusing on implementing our client retention plans while improving our client and adviser servicing. We will increase our investment and distribution focus, seeking consensus on the future distribution strategy, and focusing on umbrella transformation to unlock further growth opportunities for our institutional client base anchored in the SME segment.

We will grow scale in risk mid-market and grow embedded and emerging markets by leveraging SBG's distribution channels and by combining the Liberty and SBG Africa Regions insurance and health businesses. In addition, we are working on a good value proposition for clients within BCC.

#### EXECUTE WITH EXCELLENCE BUILD FOR THE FUTURE

We are prioritising the implementation of our engagement platform and will prioritise data initiatives to support key programmes. The build of the Group Investment Platform has progressed well, with further rollout to various channels planned in 2023.

As we accelerate our simplification efforts, we will increase execution speed and improve our experience design and management across the client lifecycle. We will further align our governance and accountability processes by understanding decision rights, confirming our accountability structures and clarifying responsibilities.

#### DRIVE SUSTAINABLE GROWTH AND VALUE

We will **right size our model** by analysing our cost model and structure, and creating a profit and loss structure for the risk and investment business.

Completing the **integration of Liberty** into the Standard Bank Group will unlock value through the created synergies.

# Employee engagement

We strive to create an environment that brings out the best in our people – where they feel deeply connected to our purpose, are able to bring their whole selves to their work, can pursue and fulfil their dreams and aspirations and are empowered to transform the experience of our clients.

## Measuring our strategic progress

Our strategy centres on serving the needs of our clients

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

### Translating our strategy into execution

- Enabling the workforce of the future – finding and keeping the right people with the right skills to realise our future ambitions
- Accelerating leadership effectiveness – creating the ideal conditions to transform the business and deliver on the promises we make to our people and our clients
- Strengthening our employer of choice positioning on the African continent by offering a competitive value proposition to current and prospective employees.

## How we measure progress

### Key metrics

### Employee engagement

#### eNPS

Our anchor measure of employee engagement is our employee net promoter score (eNPS). This is an indicator of how likely an employee is to recommend Standard Bank Group as a good place to work. We measure eNPS annually through a survey of our people's perspectives across our global footprint.

eNPS is calculated by subtracting the percentage of survey detractors from the percentage of promoters. This value can range from -100 (if every employee is a detractor) to +100 (if every employee is a promoter).

#### Employee retention

We measure employee turnover as the percentage of employees who left us during the year. We particularly focus on measuring regrettable turnover – the percentage of employees leaving who are rated as good performers.

### Diversity and inclusion

We measure the proportion of people across the organisation from under-represented groups and assess their qualitative experience of the work environment through an in-depth analysis of employee survey results.

Gender equity measures the representation of women in senior management and executive positions across the group.

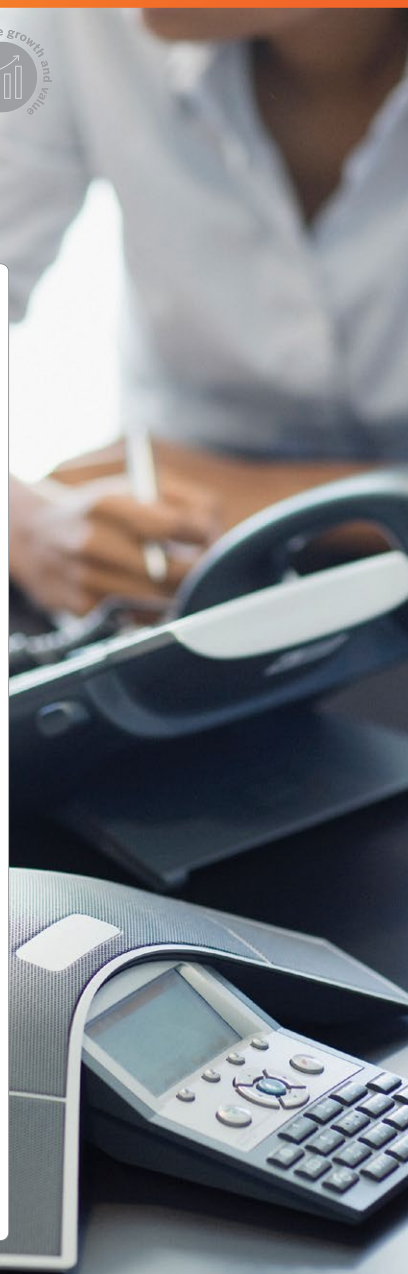
Employment equity measures the representation of black people in management levels in South Africa with a focus on African representation at senior management levels.

### Employee development

We measure the investment we make in our people by tracking the average number of hours that employees spend on learning and the percentage of that time invested in honing skills that will ensure that they remain future-fit.

### Workforce productivity

We measure the net operating profit impact of each rand invested in the total cost of the workforce to determine our productivity.



# Employee engagement

## Our People Promise

Our People Promise encapsulates our value proposition – a two-way commitment between our people and ourselves. We strive to find new ways to make our people's dreams possible, while simultaneously helping our clients to achieve theirs.

- We are **driven to win** by being knowledgeable and open-minded to change and future possibilities.
- We are **human at heart**, guided by our ethics, values, and standards and demonstrating empathy in all our dealings.
- We are **Africa to the core**, firmly committed to our purpose to drive Africa's growth.

## Our people promise

Finding **new ways** to make our people's **dreams possible**

**Driven** to **Win**

**Human** at **Heart**

**Africa** to our **Core**

### Links to enterprise risks

1 Fitness to execute our strategy

3 Psychological effects of Covid-19

10 Technology and data skills scarcity and talent war

INTERACTIVE CONTENT

## Key trade-offs

### Achieving our employee engagement priorities requires the following trade-offs:

Some of the specialist skillsets and capabilities needed to deliver our strategic priorities are scarce in our markets and subject to competition from many other industries.

**Impact on available resources (capitals)**

We continue to invest in our people and ensure that we deliver our People Promise through a compelling employee value proposition while managing our cost base to lower our cost to serve.

**Impact on available resources (capitals)**

Developing new skill sets among our employees to equip them to improve the client experience, while increasing their employability can temporarily impact on productivity levels.

**Impact on available resources (capitals)**

See all icons and meaning

## Employee engagement

## How we performed

### Employee engagement[1]

eNPS

↓ **+42**

2021: +47

### Employee retention[1]

Total employee turnover

↑ **9.0%**

2021: 7.3%

Voluntary employee turnover

↑ **6.0%**

2021: 4.2%

Regrettable employee turnover

↑ **3.4%**

2021: 2.2%

### Employee diversity[1]

Women in executive management positions

↑ **34.8%**

2021: 34.1%

Black African senior management

↑ **28%**

2021: 25.3%

Black senior management

↑ **56.6%**

2021: 54.4%

[1] Standard Bank Activities only.

### Employee development[1]

Learning investment spend

↑ **R868 million**

2021: R733 million

Average learning hours per employee

↓ **62.6**

2021: 95.1

### Workforce return on investment

↑ **2.5 times**

2021: 2.3 times

## Our workforce profile

### Headcount

**Standard Bank Activities**

Permanent headcount

↑ **44 002**

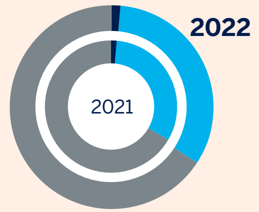
2021: 43 607

Non-permanent headcount

↑ **3 417**

2021: 3 025

**Standard Bank Activities permanent headcount per region (%)**




| | 2022 | 2021 |
|---|---|---|
| International | 1.5 | 1.4 |
| Africa Regions | 32.9 | 32.2 |
| South Africa | 65.6 | 66.4 |

**Liberty**

Permanent headcount

**5 323**

**Standard Bank Group**

Headcount (permanent and non-permanent):

**52 742**

# Creating opportunities for our people to thrive

"We take great pride in the fact that our people rose to the challenge in 2022 – delivering exceptional results while navigating the 'new normal' post the pandemic, in the context of tough trading conditions and unforeseen local and global events."

**Sharon Taylor**, chief people & culture officer

## Reimagining our ways of work

Emerging from the pandemic in 2022, traditional ways of working were clearly no longer relevant. We took bold steps to experiment with new hybrid work models while keeping a sharp focus on the health and safety of our people, our clients and their loved ones. For most of our people, who spent the last two years working remotely, this has meant developing new work habits rather than reverting to pre-pandemic practices.

There is no 'one-size fits all' hybrid solution and we had to consider employee health and safety both at home and at work, client engagement needs, the nature of work that our people do, socioeconomic conditions, access to technology and reliable power (given unprecedented levels of loadshedding in South Africa), generational needs, the needs of new employees, and many other factors. Our client facing teams and those providing essential services remained onsite to serve the needs of our clients. The remainder of our people were able to work in a hybrid fashion, enabling them to flex between office and remote working, based on the nature of their roles and the business outcomes they were producing.

2022 saw us introduce a Covid-19 vaccination policy across our global footprint, to ensure the safety and wellbeing of our people as they returned to the office. South Africa, which is home to the majority of our employees, achieved a 94.6% vaccination rate. The vast majority of those choosing to remain unvaccinated agreed to PCR testing when working onsite, enabling us to balance our legal obligations and commercial requirements with individual choice. With the group minimum standard framework as a base, all other countries of operation deployed tailored approaches in line with their local regulations and operational requirements. Our high vaccination rate, the evolution of the pandemic and the shifting regulatory landscape enabled us to withdraw this policy in the third quarter of 2022.

Balancing the preferences of our people with our business requirements is an art, not a science. There is merit in creating opportunity for people to work from home and providing for different work styles and needs, but equally important is building and maintaining a real human connection among colleagues. Here we deliberately set out to experiment and are constantly learning and adapting our approach, based on the reflections and experience of our people. They have told us that they appreciate the flexibility, productivity and balance made possible by hybrid working and love coming to the office for purposeful engagement and collaboration. Our leaders are fully empowered to find the rhythm that suits their specific work context and team requirements.

## Enabling our leaders

There is truth in the premise that employees join good organisations and leave bad leaders. Our leadership capability is a deliberate area of focus, ensuring depth and breadth of skills to drive sustained performance today, help build the business of tomorrow and lead our people with confidence and empathy.

More than 9 200 of our people participated in our high quality leadership and management development programmes, underpinned by our group leadership identity. Global industry bodies have consistently recognised our leadership programmes for their excellence, and 2022 was no exception, with two of our key programmes receiving awards.

We continued to leverage our partnership with the Massachusetts Institute of Technology, extending our digital business strategic programme to a further 734 senior leaders across the group. The programme exposes leaders to key concepts and capabilities needed to succeed in digital business transformation, including topics such as data monetisation, artificial intelligence and blockchain. In the endeavour to re-engage our workforce, our leaders wrestled with how to lead teams in this new hybrid context. They have focused on building connection and collaboration, showing up with empathy and coaching their team members for business success. More than 85% of our people trust their immediate leader to act with integrity and view their leader as someone who cares and listens to understand their perspectives.

Succession planning is a critical area of focus for us, particularly in key leadership roles. Our 2022 review confirmed the increasing depth, breadth and diversity of our talent pipelines and healthy succession coverage ratios. This is best reflected in the smooth transitions in leadership and other critical roles during 2022, both at the level of our group leadership council and other key senior teams.

## Nurturing an adaptive workforce

Global workforce trends are shifting as many people rethink how and where they want to work. People now have the ability to work from anywhere in the world, making the talent landscape borderless and far more competitive. Certain capabilities and skills are scarce globally, but more so on the African continent where demand far exceeds supply. We are focused on growing our people to take on new career opportunities, and driving partnerships with a range of stakeholders and institutions to build local capacity to increase Africa's competitiveness.

2022 saw an increase in voluntary turnover, as the world normalises post the pandemic. We monitored this closely during the year, taking specific action in 'hotspots', with our turnover levels remaining well below global and regional benchmarks. There are significant opportunities both locally and globally for people with highly specialised skills and experienced leaders, and over 60% of those who left the group did so to pursue new opportunities for personal and career growth. We proactively track turnover trends using predictive analytics, allowing us to deploy tailored retention strategies in specific business areas.

Developing our people is a strongly held value of the group and our investment in people is showing a great return. More than 60% of our vacant roles in 2022 were filled by current employees and 13% of our people were promoted to take on greater accountability – a testament to the growth and career development opportunities available.

Our approach to the development of our people focused on three enterprise-wide priorities – self-directed learning in the flow of work, building essential foundational future-ready skills and accelerating skills development for 'hard-to-fill' jobs through tailored programmes and academies.

We have a deliberate strategy to develop critical skills through self-directed learning, enabled by our sophisticated My Learning platform. This platform gives our people ownership of their growth journeys through access to a vast array of internally developed content and external resources. This year we introduced a future-ready skills curriculum that offered all employees the opportunity to learn skills that are vital in a changing work environment. This was the most consumed content on the platform in 2022.

To fulfil demand for specific skills and capabilities in what we consider 'hard-to-fill' roles, we continue to invest in specific learning academies and leverage strategic relationships with key partners to drive focused learning interventions with formal certification. On average, our employees invested more than 62 hours on learning and development during the year, in line with global benchmarks. More than half of people's learning time was dedicated to honing future-skills.

Growing our own talent needs to be appropriately balanced with attracting new people who bring unique skills and diverse perspectives to the table from industries beyond traditional banking. 2022 saw us upgrade our talent acquisition system, offering sophisticated source-to-hire functionality and an enhanced candidate experience, accessible on any device. Tailored acquisition strategies are implemented to source talent across our countries of operation. Hiring volumes increased exponentially in 2022 as job markets opened up post the pandemic. 4 134 new employees joined the group, compared to 2 328 in 2021. We supplement our buy and build strategies by engaging freelancers, contractors and gig workers, introducing agility and flexibility to address specific skills requirements.

A great manifestation of our purpose is our belief in the limitless potential of Africa's youth. In 2022 we celebrated the 25th anniversary of our Graduate Programme and the 15th anniversary of our Learnership Programme.

We set out to deliberately hire young people with curiosity and a passion to learn, with high potential to be future leaders of the business, whose values aligned with what we stood for and who were energised by the culture and environment we were creating. We have ignited the careers of 2 361 graduates since the inception of our Graduate Programme. More than half of these graduates are still working for us, and many others have gone on to do well in allied industries and have become great partners and clients over the years.

Through our Learnership Programme in South Africa, we have given over 6 500 unemployed young people their first career opportunity. More than half of these learners went on to be offered full-time employment with us and 2 600 still work for us today.

## Being purposeful and committed

We aim to ensure that our people are fully engaged to perform at their best, feel a strong sense of pride and belonging in the organisation, are engaged in meaningful work and have opportunities to develop their skills and grow their careers. Being a purpose-led organisation continues to resonate with our people and is often quoted as the reason people want to join us. Our purpose, 'Africa is our home, we drive her growth', is ingrained in our DNA. As we celebrated our 160-year heritage late last year, we focused on reconfirming our strong belief in Africa and her people.

We continue to invite our people to share their thoughts and feelings about working for the group through our annual engagement survey. We also run specific sentiment surveys and polls on important topics throughout the year to make sure we have our finger on the pulse and that our people feel heard.

This year's annual employee engagement survey elicited some interesting insights. Our eNPS remained healthy and well above global and regional benchmarks for financial services. Our high emotional promoter score shows how employees feel about working at Standard Bank. The very high organisational alignment score reflects employee pride in being associated with Standard Bank and their understanding of their contribution to the group's purpose. The engagement dimension measures various aspects of employees' experience. In 2022, the top scoring questions reflected employee pride in the organisation, a deep connection to our purpose, our ability to work in teams to achieve common goals, the adaptability of our teams and the trust placed in our immediate leaders to act with integrity.

As a group we need to improve on appreciating one another's efforts and to actively create conditions where all of our people feel safe to share their views. Creating psychological safety largely falls to our leaders, not only to actively encourage feedback, but to also receive feedback and act on it in a constructive manner.

Finding solutions and taking action to enhance the experience of our people can only be done within a specific team context. Consequently, all our leaders have access to an online dashboard of their team's survey results. Leaders use these dashboards and data from our real-time people insights solution to shape plans and initiatives to continuously improve our people's experience of their work environment.

The toll the pandemic took on the human mind and body will be with us for some time to come. We have seen an increase in stress, depression and post-traumatic stress, largely driven by factors outside of people's control that continue to have an impact on their overall wellbeing. In South Africa specifically, the toll of loadshedding has profoundly impacted people's home and work lives. We tailored our holistic wellbeing approach and initiatives accordingly in 2022 to help our people remain psychologically resilient.

## Employee engagement

Spanning 20 countries on the African continent with representation in key markets such as the UK, US, and China, we celebrate and embrace the richness in thought, custom and heritage that our employees bring to make our group truly multi-cultural. Each of our countries of operation has a diversity and inclusion plan that builds on the group's foundational framework and is tailored for country context. In South Africa, emphasis is also placed on promoting diversity across population groups, those who are differently abled and from an LGBTQI+ perspective. We continue to make steady progress in delivering against our plans and targets in this regard.

Aligned to our People Promise, we strive to be progressive in our work practices and to evolve our value proposition as an employer of choice. Effort has gone into making sure that our performance practices are growth oriented, that we recognise and reward our people fairly for the contribution they make to the business, and that they are enabled with an array of technology, tools and development opportunities to make the most of their careers in the group.

We believe in unlocking the limitless potential of our people by making the group a great place to work and thrive. We will continue to invest our energy and effort in finding new ways to make our people's dreams possible.

eNPS score:
**+42**
2021: +47

Organisational alignment:
**92%**
2021: 92%

Emotional promoter score:
**+73**
2021: +77

Engagement dimension:
**82%**
2021: 83%

## 2022 ACCOLADES

**LinkedIn 2022 Top Companies:**

- We ranked first in South Africa, third in Nigeria, and 11th in Kenya.

**The European Foundation for Management Development (EMFD) Excellence in Practice Awards:**

- Silver Award in recognition of our Acceleration Programme, a talent development initiative aimed at building capability to accelerate pipelines for senior leadership roles across 14 countries in Africa Regions.

**The Brandon Hall Group's annual Excellence Awards Programme, Category Best Advancement in Leadership Development:**

- Gold Award for our Junior Manager Programme, delivered in partnership with BTS.

**The SA Graduate Employers Association (SAGEA) Employer Awards:**

- Aspirational Employer of Choice
- Employer of Choice in Commercial Retail Banking
  We are proud to have taken home this award for 12 of the 13 years of its existence
- Best Recruitment Service

**Visier's Outsmart annual conference:**

- Insightful Leadership Award in recognition of the best use of the Visier platform to deliver business insights across the organisation

### Looking ahead

To deliver our 2025 strategy, we will maintain and enhance our reputation as an employer of choice on the African continent – a deeply caring organisation that provides people with abundant opportunities to become the best version of themselves.

Our key priorities in 2023 will add value to the lives of our people and enable us to win in our chosen markets.

- **Maturing our hybrid ways of working** – we will continue to experiment to optimise our hybrid work practices in a way that both enhances our employee value proposition and delivers increased productivity.
- **Attracting, retaining and growing our skills** pool – further strengthening our ability to find and attract the best people in market, retaining and stretching our top talent and growing our people through providing opportunities to learn and grow.
- **Advance the way we operate** – embedding our operating model to deliver greater value to our clients with a particular focus on Liberty integration to unlock shared value.
- **Leadership effectiveness** – continued focus on helping our leaders to lead their teams to perform and transform at the same time in a fast-changing digital landscape.
- **Enhanced culture in support of our strategy** – shaping and embedding a set of habits to align our people in support of our future ambitions.
- **Compelling employee value proposition** – ensuring that our employee value proposition as a group, and for particular employee groupings, is best in-class.

Transform client experience | Execute with excellence | Drive sustainable growth and value

# Risk and conduct

For 160 years, our clients and stakeholders have trusted us with their hopes, dreams and aspirations. This trust is maintained by our ability to effectively manage risk, to demonstrate compliance with all applicable legislation and regulations, and to ensure our culture and conduct reflect the highest standards of ethical and responsible business practice to ensure the economic and social sustainability of our business.

## Measuring our strategic progress

### Our strategy centres on serving the needs of our clients

Our reputation as a trusted partner is founded on the strength of our risk management processes and ethical personal, market and societal conduct. These foundations protect the value we create for all our stakeholders.

**Translating our strategy into execution:**

- We are committed to doing the right business, the right way
- We are committed to world-class governance and risk management, embedded in the way we do things.

Our ESG risk management approach is based on evolving best practice, our processes are thorough and require multi-stage approvals.

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

## How we measure progress

### Risk

The group's risk management approach preserves the consistent and effective management of risk through appropriate accountability and oversight structures.

Our robust risk management system is governed by mandated board and management committees with appropriate expertise. We take measured risks within the risk appetite set at group level by the board. Risk limits are set and reviewed regularly by the relevant management committees at legal entity and other levels of the group.

Our risk measurements are designed to balance regulatory capital requirements and shareholder expectations for risk-adjusted returns. They allow us to consciously manage our capital, liquidity and funding allocations to transform and grow the business, while maintaining depositor and creditor confidence. We continuously improve the management of complex strategic and non-financial risks that arise as we pursue growth opportunities that create value for all our stakeholders.

### Conduct

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

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

## Risk and conduct

### How we performed

## Responsible risk taking

**CET I**
A solvency measure that assesses capital strength against our risk-weighted assets (RWA).

**13.5%**
2021: 13.8%
**Target: >11%**

**Total capital adequacy ratio**
The ratio of our capital in relation to our RWA.

**16.6%**
2021: 16.9%

**Liquidity coverage ratio**
A measure of our ability to manage a sustained outflow of client funds in an acute stress event over a 30-day period.

**146.8%**
2021: 144.3%
**Internal target: minimum >100%**

**Net stable funding ratio**
A measure of the amount of available stable funding in accordance with Basel III.

**124.1%**
2021: 122.0%
**Internal target: minimum >100%**

## Conduct index

**Compliance training completion rate**

**99%**
2021: 98.0%

Conduct risk remained within risk appetite, as assessed by the various lines of business. Conduct-related breaches were addressed within specific business areas.

Where deficiencies are identified, immediate remedial action is taken. We continue to identify metrics and mitigation measures to improve the responsiveness and effectiveness of conduct risk controls.

INTERACTIVE CONTENT

## Key trade-offs

### Achieving our risk and conduct priorities requires the following trade-offs:

The group's successful transition to a platform organisation is dependent on optimising and automating client service processes and leveraging data to enhance internal decision-making and client experience. As we progress towards full digitisation, some processes have taken longer to automate, exposing the group to potential human error and inefficient service delivery; reliance on external expertise from third parties for rapid transition to digitisation introduces more business disruption and information risks.

**Impact on available resources (capitals)**

↑ ↓ ↓ ↓

The slow pace of national plans to transition towards net zero carbon emissions by 2050 shifts the focus of societal expectations from government, which is responsible for establishing cohesive policy and regulatory frameworks, to the private sector who have a role in the implementation of progressive environmental programmes.

**Impact on available resources (capitals)**

↑ ↓ ↑

We manage the natural tension between client convenience, the speed at which we can fulfil their needs, and the parameters of our mature and continually evolving regulatory, supervisory and control environment.

**Impact on available resources (capitals)**

↑ ↓

Our size and footprint expose us to the constant scrutiny of regulators and other stakeholders. It is imperative to demonstrate that our business activities create measurable value in a socially and environmentally responsible manner.

**Impact on available resources (capitals)**

↑ ↓ ↓ ↓

Digitisation reduces cost, improves efficiency and enhances client experience. However, the heightened cyber and technology risks associated with digitisation require constant management focus and significant resource allocation.

**Impact on available resources (capitals)**

↓ ↑ ↓

# 2022 strategic performance

## Risk and conduct

"We continue to proactively manage risk in an operating environment that is continually evolving due to its sensitivity to external factors and the changes the group is making to achieve its strategic objectives and deliver on the commitments made. There were no material breaches of board-approved risk appetite and no material regulatory fines that affected our licence to operate and the group remained well capitalised."

**David Hodnett,** chief risk & corporate affairs officer

In an environment where the group faces complex challenges, regular risk dialogue builds our reflexes to succeed in uncertain times. Key risks in our operating environment have included ongoing geopolitical tensions between global powers that may complicate Africa's relationships with the West and with China, the possibility of global 'stagflation' (high inflation and lower growth), and a rising incidence of sovereign credit downgrades and defaults in key African economies. We continue to track these risks carefully, given their potentially serious implications for our clients and Africa's growth and development.

We also closely managed our top identified enterprise risks, the issues identified as material while delivering on our 2025 strategic commitment, protecting our current businesses while we transition to a platform business for growth, relevance and sustainability. Guided by these risks, we made good progress at delivering on our priorities while remaining within risk appetite and tolerance during 2022. A significant part of our risk management for 2022 – and beyond – includes activities like advanced root cause and impact analysis, risk exposure quantification, stress testing, frequent monitoring of action plans, recovery and resolution planning, and financial forecasting.

We continued to partner with business segments to support our clients by improving their experience, leveraging data to strengthen decision-making processes and identify opportunities, manage or mitigate risks and support the implementation of strategic change in our operations.

We refreshed our group code of ethics and conduct during the year to better reflect our commitment to creating positive social, economic and environmental impacts. It also covers our measures to ensure the protection of information and privacy and guard against cybercrime, and all forms of financial crime. Efforts to enhance frameworks and processes to combat financial crime, with a strong focus on AML/CFT compliance, remain a significant area of focus. To support this, we embarked on a programme to enhance our transaction monitoring and screening systems, which will result in improved money laundering, terrorist financing and sanctions detection capabilities across all jurisdictions of operation. In addition, we have partnered with an artificial intelligence solution service provider, whose capabilities will be used to complement existing detection and investigation systems and platforms.

Challenges the group faced included lapses in the reliability of our digital channels and isolated incidents of misconduct, both of which received urgent and extensive attention. We are confident that appropriate and effective action has been taken to address gaps and strengthen controls.

We continued our efforts to increase awareness of cyber risks with employees and customers through focused programmes and communications. We significantly improved the mean-time-to-respond to major technology incidents. This has been due, in part, to better resilience engineering practices (as part of the 'always on' programme) and improvements in assessing and learning from previous major incidents.

We are making progress in embedding ESG considerations into group culture, client engagement and business strategies. We implemented a new ESG learning framework with over 400 employees completing the introductory learning modules since it launched. Our ESG indices continue to show steady progress, with significant improvement in our S&P CSA score.

Our group climate policy was published in March 2022, and the group has committed to review progress annually and targets and commitments on a three-year cycle, taking into consideration technological changes, policy and regulatory changes and developments in climate science. We have structured our policy, strategy, assessment of risks and opportunities, and targets, according to short-, medium- and long-term time horizons and have taken a phased approach to setting sector-based targets, based on the materiality of each sector to our climate risk and impact. Our climate targets have been integrated into the group's performance measurement processes.

**Read more about our operating environment on page 24.**

**Read more about our material issues on page 26.**

**Read more about our climate disclosures in our climate-related financial disclosures report.**

# How we manage risk

We manage risk by:

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

## Risk culture

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

## Organisational design

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

## Risk management approach

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

## Risk governance

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

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

## Risk management lifecycle

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

Identify → Assess and measure → Treat → Monitor and report

## Three lines of management

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

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

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

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

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

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

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

# Risk universe

Our risk universe comprises the core risk types to our business grouped into strategic, financial and non-financial categories. We routinely scan our operating environment for changes to ensure we respond appropriately to risk and opportunity.

## Strategic risks

The risk that future business plans and strategies may be inadequate to prevent financial loss or protect the group's competitive position and shareholder value.

### Strategy position risk

Risks relating to strategic choices like value proposition, product, consumer segment and channel that result in unexpected variability of earnings and other business value drivers.

### Strategy execution risk

Risks relating to strategy implementation failures where management execution capability and operational decisions do not meet strategic objectives.

### Reputation risk

Risks relating to the potential or actual damage to our image which may impair the profitability and sustainability of our business.

## Financial risks

The risks associated with unexpected changes in external markets, price, rates and liquidity supply and demand.

### Credit risk

The risk of loss arising from the failure of obligors to meet their financial or contractual obligations when due. It comprises obligor risk, concentration risk and country risk and represents the largest source of risk exposure for our banking segments.

### Market risk

The risk of changes 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 commodity and other stocks prices, held equity stock prices, interest and currency exchange rates.

### Funding and liquidity risk

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.

### Country risk

The risk that obligors, including relevant sovereigns and our branches and subsidiaries in a country are unable to fulfil obligations due to the group, given political or economic conditions in the host country.

### Insurance risk

The risk of unexpected policyholder behaviour that is different from the price and contract value assumption made at the time of underwriting.

## Non-financial risks

Non-financial risks cover operational risks from inadequate or failed processes, people and systems as a result of internal or external factors. There are 16 non-financial risk types included in our risk management framework. They are managed separately from financial risks and exclude strategic risks. Non-financial risks are complex, and difficult to anticipate and to quantify. They evolve rapidly with significant overlap across risk types and could have financial and non-financial implications.

**More detail about our non-financial risks and our risk universe can be found in our risk and capital management report, available online.**

Read more about our enterprise risks, their potential impact and our response: page 89.

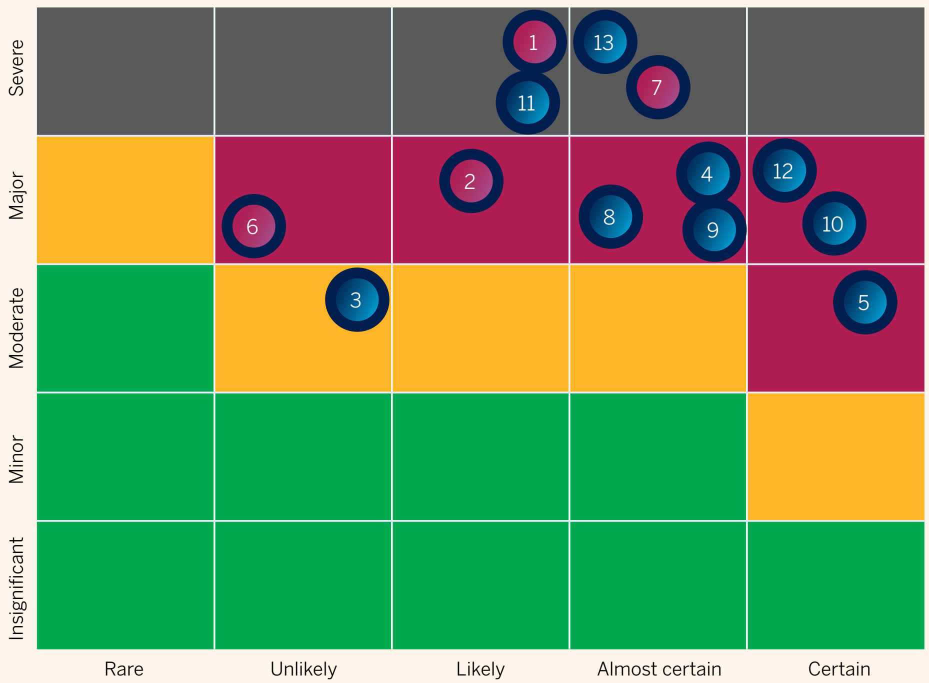
INTERACTIVE CONTENT

# Our top enterprise risks

**Our enterprise risk landscape**

Our enterprise risks are the issues which could have a material impact on the ability of the group to achieve its strategic priorities. Our enterprise risks, or the issues material to strategy, are identified through a robust annual process that includes content gathering from internal and external sources, followed by detailed analysis and curation of the information, and then prioritisation. Management apply heightened focus to those risks identified as top enterprise risks. Managing climate and ESG risks remain a top priority. In addition, attention is also paid to the financial risks to which the group is exposed, i.e credit risk, liquidity risk and market risk.

## Top medium-term enterprise risks




RISK S Strategic NF Non-financial

## Top 13 medium-term enterprise risks

1. Fitness to execute our strategy
2. Competitiveness of our client value proposition
3. Psychological effects of Covid-19
4. Technology instability
5. Fraud via digital channels
6. Ability to manage large-scale changes
7. Threat posed from major and emerging technology companies
8. Resourcing for ESG risk management
9. Operational dependence on third parties
10. Technology and data skills scarcity and talent war
11. Regulatory constraints related to digital transformation
12. Ransomware attacks
13. Back-to-back extreme weather events

1

## Fitness to execute our strategy

Our digitisation strategy, centred on providing 'always on, always secure' services, improves client experience and efficiency and is critical to our long-term competitiveness but requires accelerated investment in digitisation.

### Impact

- Duplicated functions and additional costs
- Misalignment of deliverables and agreed objectives
- Decision referrals and opportunity losses
- Repeat failures due to poor consequence management
- Impact of unrealised cost savings
- Credibility loss due to failure to achieve the strategy.

### Treatment

- Organisational redesign
- Improving strategy setting and revision processes
- Workstreams and skilled teams appointed to manage strategic transformation
- Transformation of non-digital leaders
- Bespoke MIT leadership programme for 734 senior leaders.

### Strategic priority

2

## Competitiveness of our client value proposition

New client solutions may offer a mediocre value proposition that is generic and easily substitutable due to poor research and development, resulting in loss of market share.

### Impact

- Loss of brand loyalty and client retention
- Loss of market share and revenue
- Costly innovation that does not yield anticipated outcomes
- Investor concerns about our sustainability.

### Treatment

- Propositions carefully tailored to support client journeys
- Design, scale and improve competitive solutions for client needs
- Ongoing relevant investor and stakeholder communications.
- Physical presence fostering client relationship support, and sector and ecosystem expertise.

### Strategic priority

3

## Psychological effects of Covid-19

Employees, customers, third parties and other partners experience widespread post-pandemic stress that results in low productivity, misconduct, debt defaults and business closures.

### Impact

- Mental and physical health distress and fear of large gatherings or return to work
- Inability to perform work duties and related impact on employees taking up the slack
- Portfolio impact due to financial stress
- Increase in internal fraud and misconduct.

### Treatment

- Employee wellbeing initiatives
- Update recovery and resolution plans and embed in business continuity measures
- Credit portfolio management.
- Hybrid work model.

### Strategic priority

4

## Technology instability

Recurring unavailability of digital services erodes client trust in the 'always on' promise that is core to the platform organisation value proposition.

### Impact

- Frustrated clients switch over to competitors
- Temporary loss of transaction volumes and revenue
- Reputation damage and reduced client trust in our ability to operate a platform.

### Treatment

- Improved mean-time-to-respond to major technology incident
- Completed 101 system simplification initiatives
- Strengthened system stability and resilience
- Enhanced scenario analysis and system testing
- Prioritised system availability and reliability
- Improved communication to impacted clients.

### Strategic priority

See all icons and meaning

5

### Fraud via digital channels

Clients are defrauded by external parties on the digital channel we promoted as part of the digital strategy.

**Impact**

- Client loss as customer culpability is not covered and the lack of resolution options frustrates clients and customer-facing employees
- Negative perceptions circulate on social media
- Client trust is impaired.

**Treatment**

- Increase client awareness on fraud scams and methods, and use of digital security
- Increase transaction monitoring to identify suspicious activity and minimise losses.
- Use of DigiMe to reduce digital fraud.

**Strategic priority**

6

### Ability to manage large scale changes

Introducing new change initiatives before the completion, closure or realisation of benefits from previous change initiatives results in resistance to change, strained resources and poor delivery.

**Impact**

- Overwhelmed employees contribute to poor service delivery and inflated costs
- Non-delivery of strategic initiatives results in opportunity losses and failure to achieve strategic objectives.

**Treatment**

- Data collection and analysis of change initiatives
- Lessons learnt support future development
- Monitoring of external environment to ensure continued relevance of changes.

**Strategic priority**

7

### Threat posed from major and emerging technology companies

Bigtechs and fintechs offer efficient and affordable banking and other services through existing and familiar platforms. Competitors have limited regulations restricting their innovations. Incumbent banks are slower to market new solutions.

**Impact**

- Inability to scale disruptive products on legacy systems
- High number of market misses and innovation write-offs
- Unrestrained by regulations, competitors' market innovative new products faster
- Loss of customers to competitors.

**Treatment**

- Accelerated decommissioning of legacy systems
- Client segment teams building competitive solutions
- Strategic partnerships to build a platform organisation
- Participation in regulation development.
- Differentiated product offerings.

**Strategic priority**

See all icons and meaning

## Risk and conduct

8

### Resourcing for ESG risk management

A lack of dedicated resources to lead the management of ESG risks combined with still-developing limited client data sources limits our ability to demonstrate our commitment to sustainable financing. This may increase the cost or limit the availability of capital in international markets.

**Impact**

- Slow development and implementation of ESG risk management processes
- Flight of international capital to entities with established climate risk management
- Client environmental and social requirement breaches not tracked and reported.

**Treatment**

- Increased board focus on ESG issues
- Climate policy established and strategy and targets defined
- Dedicated sustainable finance team
- Strengthening ESG risk management.

**Strategic priority**

9

### Operational dependence on third parties

A number of third-party partners enable critical services to our customers which may result in the loss of internal process intellectual property or know-how. If the third-party is disrupted, the group might not have adequate internal skills or capacity to continue operating these critical services.

**Impact**

- Limited internal capacity may cause lengthy disruption of payment or platform services
- Unauthorised access and use of data may compromise the integrity of the group's data
- Partners could leverage their position to exert undue influence during performance disputes.

**Treatment**

- Implemented third-party management framework
- Prioritised legacy third-parties for remediation
- Cross-skill employees as subject matter experts
- Due diligence batch screening
- Perform regular business continuity exercises and disaster recovery testing.

**Strategic priority**

10

### Technology and data skills scarcity and talent war

Inability to attract and retain talent and the global shortage of future skills (IT engineering, data science, artificial intelligence, robotics, quantum computing), may prevent the successful and timely delivery of strategic IT dependent initiatives and increase salary and consulting costs.

**Impact**

- Talent shortage and sub-par recruitments may limit strategic transformation
- Rising consultant costs to fill skills gaps
- Employee costs may exceed market rate
- Securing scarce skills may impact local employment metrics
- Competition for skills leads to bidding wars and high employee turnover.

**Treatment**

- Invested in talent acquisition system with sophisticated source-to-hire functionality aimed at reducing time-to-hire
- Future-ready skills development
- Increased focus on internal talent pipeline
- Investment in learning academies
- Focused learning interventions with formal certifications through key partners.

**Strategic priority**

See all icons and meaning

11

## Regulatory constraints related to digital transformation

Financial services innovation outpaces updates to regulatory frameworks, including that of suitable regulations for platform environments. Legacy regulations in some jurisdictions impede progress and allow unregulated competitors to progress faster.

### Impact

- Unsuitable/legacy regulations stifle innovation
- Cross-border platform enablement is limited compared to that of traditional jurisdictional banking business
- Regulatory processes can impede implementation of innovative solutions
- Non-regulated competitors and new entrants in some jurisdictions create competitive arbitrage.

### Treatment

- Providing evidence-based submission to support policy making processes
- In-country engagement with regulators to share strategy and regulatory implications
- Participating in regulatory initiatives and make use of regulatory sandboxes
- Providing guidance to group subsidiaries on regulatory considerations in developing digital platforms and to assist with proactive engagement with regulators.

### Strategic priority

12

## Ransomware attacks

Criminals could implant the latest malware to infect the group's network and hold our systems and data hostage to disrupt critical client services. This may also result in large-scale data privacy breaches.

### Impact

- Loss of client and transaction data
- Corrupted, inaccessible or unusable data
- Disruptions of critical client services
- Client information may be used to commit crime
- Fines or penalties from multiple regulators, reputation damage and loss of trust
- Reputation damage.

### Treatment

- Maintaining information asset register
- Regular data back-ups on-site and off-site
- Improved cyber incident detection and response times
- Business continuity plans
- Cyber insurance to enable quick access to services.

### Strategic priority

13

## Back-to-back extreme weather events

Repeat and severe extreme weather events deplete resources. The impact of drought (i.e. three years of water scarcity) or flooding on agriculture reliant economies may be devastating and result in climate refugees.

### Impact

- Depleted disaster recovery resources
- Damage to physical assets and lives lost
- Food and water shortages
- Prolonged disruption affecting access to basic goods and services
- High credit losses and deep economic recession.

### Treatment

- Detailed multi-event scenario resilience planning
- Enhancement of extreme weather and climate stress-testing
- Community resilience development projects
- Business continuity plans
- Geo-coding the underwriting book to inform pricing.

### Strategic priority

See all icons and meaning

# Managing ethics and conduct

Our reputation as a trusted partner underpins our ability to achieve our purpose. Our ethics and values shape the conduct and culture of our people, forming the basis of our reputation.

Our group code of ethics and conduct guides our decision-making, behaviours and interactions with our diverse stakeholders. It informs how we conduct ourselves, how we treat one another, our clients and other stakeholders, and how we manage our impacts on society and the environment. It informs group policies, standards and risk management controls. We updated the code in 2022 to ensure that our focus on achieving positive social, economic and environmental impacts is effectively reflected.

## Ethics pillars

| Personal conduct | Societal conduct | Conduct in the market |
|---|---|---|
| How we **treat one another as colleagues, create an inclusive and supportive culture**, and support skills development and career progression | How we **manage our impacts on diverse stakeholders**, society and the environment | How we ensure that our **clients' interests are at the centre of our business,** clients are treated fairly and our market conduct is fair and reasonable |

## Our values

- Serving our customers
- Delivering to our shareholders
- Respecting each other
- Working in teams
- Upholding the highest levels of integrity
- Growing our people
- Being proactive
- Constantly raising the bar

## Risk and conduct

The revised code guides our decision-making, behaviours and interactions and provides the benchmark against which we assess our performance, as individuals and a group. The code aligns with global and national regulatory and governance standards across our countries of operation, ensuring that we conduct ourselves lawfully and within the legal frameworks of the countries in which we operate, by empowering us to make principle-based decisions, and to encourage honest and robust discussion to determine the appropriate course of action in any situation. The code requires that all employees act with integrity and place the interests of our clients, and the communities impacted by our business, at the centre of our decision making. It sets out clear principles to help our employees decide on the correct course of action. All employees must undertake annual mandatory training on the code. Regular training helps to ensure appropriate understanding and embedding of the group's expectations in terms of ethics and conduct.

Adherence to the values, principles and behaviours described in the code is an integral part of the group's performance management process. We ensure our incentives and reward structures are balanced and promote employee behaviour that creates fair client outcomes and maintains market integrity.

In 2022, a small number of employees were involved in the inappropriate activation of MyMo accounts in South Africa. The group acted quickly to investigate the matter and implement internal disciplinary processes. There was no disadvantage to customers. Following a thorough investigation, the group is satisfied that this was an isolated incident that it is not indicative of any wider issue related to conduct, sales practices or incentive structures. The large majority of group employees continue to show deep understanding of and adherence to the group's code of ethics and conduct. We have reviewed our conduct training to identify opportunities for improvement and have received positive feedback from employees to the revisions we have implemented.

## Managing conduct

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

Conduct risk is the risk of inappropriate execution of business activities resulting in adverse impacts to our clients, markets or the group itself. This includes governance arrangements, business models, product development, sales practices, treating clients fairly outcomes, and remuneration and incentive structures. Our approach to conduct aims to ensure that the group maintains a client centric culture focused on achieving fair client outcomes.

Conduct risk is governed by conduct oversight committees within client segments and corporate functions.

Conduct oversight committees are responsible for:

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

We have adopted a new approach to conduct risk reporting to enable stronger oversight by board and executive committees, including a greater focus on materiality, revised metrics and enhancements to the conduct risk dashboards. All areas of the business submit quarterly conduct dashboards which include information about risks, complaints and grievances received via various channels, investigations, breaches and remedies. The dashboards are submitted to executive management and reviewed by the social and ethics management committee and social and ethics board committee.

All client segments and corporate functions must regularly assess the impact of changes on conduct risk exposure arising from new product development, third-party relationships, regulatory trends, business models and material system and process changes.

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

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

# Navigating an evolving regulatory environment

The platform-based business model is changing the financial services landscape, creating new opportunities for delivering value and growth while also increasing non-financial risks such as outsourcing to third parties, data privacy and lack of consumer education.

We continued to monitor policy and regulatory developments, assessing their impact and providing evidence-based submissions to support the policy making process. There has been a notable shift in several of our countries of operation toward forward-looking regulatory supervision, as embodied in stress testing requirements and recovery and resolution planning, particularly in respect of climate risk. We are proactively managing the impact on our strategy and operations of different countries adopting global standards and good practice at different times, as well as diverse regulatory approaches to key issues like the adoption of cryptocurrencies and cloud computing.

Following the publication of the Financial Action Task Force (FATF) Mutual Evaluation Report (MER) in 2021, South Africa was placed in a one-year observation period. The country submitted its post observation follow-up report to the FATF in October 2022. To avoid identification as a jurisdiction with deficient controls (FATF greylisting), the report must demonstrate substantial progress against the MER recommendations. Supervisory bodies engaged private sector stakeholders over the period to identify actions to contribute to the progress report. Standard Bank submitted our first six-month action plan and progress report to the South African Reserve Bank Prudential Authority in June 2022, and our updated progress in September 2022.

Unfortunately, in February 2023, South Africa was greylisted by FATF. It is likely that, due to rapid legislative action and the increasing effectiveness of the National Prosecuting Authority, South Africa's greylisting will not be too prolonged or too damaging.

## Key future regulatory priorities and focus areas

### Current priorities and focus areas

#### BANKING – GLOBAL

- Basel III finalisation and implementation
- Climate-related risk
- Enhancing the resilience of non-bank financial intermediation
- Enhancing cross-border payments
- Cyber incident reporting and strengthening cyber and operational resilience
- Development of appropriate digital/fintech regulations, including suptech and regtech
- Green finance
- The impact of ongoing digitalisation and disintermediation of finance on banks

**Future focus**

- Next generation financial market infrastructure
- Risk assessment and horizon scanning
- Policy and supervisory responses to emerging risk
- Strengthening supervisory co-ordination and practices

#### BANKING – SOUTH AFRICA

- Funding South African regulatory infrastructure
- South Africa resolution framework
- Depositor insurance scheme
- Conduct of Financial Institutions bill (COFI)
- Payment system modernisation
- Omnibus bill to strengthen AML regulation
- Amendments to legislation for the countering of terrorist activities
- Development of appropriate digital/fintech regulations
- Central bank digital currencies
- Exchange control – implementation of Capital Flow Management Framework to manage inward and outward flow of capital

**Future focus**

- Impact of conduct on stability, market integrity and client fairness
- Enhanced conduct supervision and AML/CFT supervision
- Strengthening and enhancing the prudential regulatory and supervisory framework for market infrastructures
- Promote the development of an innovative, inclusive and sustainable financial system

#### BANKING – AFRICA REGIONS

- Recovery and resolution planning
- Reducing or containing bank fees and cost of credit
- Enhancing AML/CFT regulations, foreign exchange regulations
- Development of appropriate digital/fintech regulations
- Cyber incident reporting and strengthening cyber and operational resilience

**Future focus**

- Adoption of global standards
- ESG
- Cloud computing and digital assets

#### INSURANCE AND ASSET MANAGEMENT

- Enhancing AML/CFT regulations and foreign exchange regulations
- IFRS 17 Insurance contracts
- National Treasury Financial Markets Review
- Sustainable finance
- COFI
- Unclaimed financial assets
- AIS Conduct of Business Report

**Future focus**

- Global capital framework and insurance capital standards
- Recovery and resolution
- Enhanced conduct supervision
- Omni-conduct of business return
- Sustainable finance, including climate change, financial inclusion and transformation

# Managing ESG risks

Our board and executive management are responsible for ensuring that we deliver value for our shareholders and for society more broadly, and that we manage our ESG risks effectively. Board committees meet quarterly and provide feedback to the full board. Key responsibilities in respect of ESG risk management are delegated to several board subcommittees.

Our ESG risk governance framework provides executive management with an integrated view of our ESG risks. It defines structures and accountability for the oversight, governance and execution of ESG risk management, including:

- Governance issues, including ethics and conduct, prevention of financial crime, information security and cyber-security, and engagement with diverse stakeholders
- Social issues, including respect for human rights, labour practices, health and safety, financial inclusion and our impacts on communities
- Environmental issues, including impacts on natural resources, biodiversity, and climate-related risks and opportunities.

Group risk committees oversee the implementation of the ESG risk governance framework, and report to the relevant board committees. ESG risk management is integrated into the group's enterprise risk management framework. All identified material risks are prioritised and monitored through indicators or other qualitative measures. We continue to leverage data and develop intuitive risk management supported by digitisation. Breaches of risk thresholds are escalated to the appropriate governance structures.

We continue to improve the depth and breadth of ESG skills on and available to the board. During 2022, ESG, climate and SEE workshops were run with subsidiary boards in Côte d'Ivoire, Kenya, Lesotho, Mauritius, Namibia, Uganda and Zimbabwe.

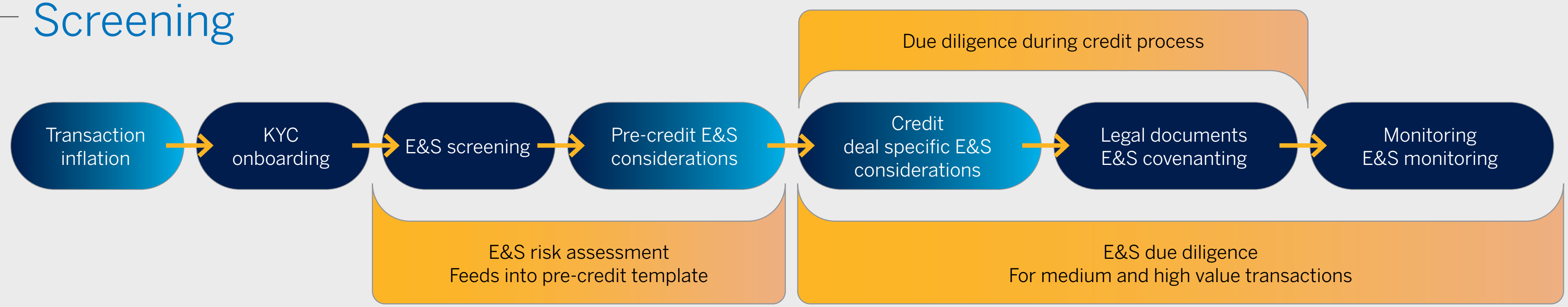
We partner with our clients to encourage the adoption of socially and environmentally sustainable practices. We provide expertise, tools and resources to support these efforts and develop innovative sustainable finance products according to clients' unique needs and ambitions, offering both performance-based and specific purpose use of proceeds sustainable finance solutions. We are focused on providing financial products and services that support positive ESG outcomes. This includes green and social bonds and loans, sustainability-linked loans and bonds, sustainable trade and working capital solutions, and impact investing. We are in the process of preparing a Sustainable Finance Product Framework which will help to identify sustainable finance activity across the group.

## Environmental and social (E&S) risk

E&S risk is the risk of adverse impacts on people and the natural environment arising from our business activities. These impacts may include risks to the environment, including climate and biodiversity, and social risks, impacting on local communities' livelihoods and adverse impacts on human rights.

We assess the E&S performance of our clients and partners before entering a transaction, investment or business relationship with them using a risk screening process, taking account of potential risks associated with the business, sector, transaction, or project.

## Screening



# CLIMATE-RELATED DISCLOSURES

Our climate policy commits the group to achieving net zero for financed emissions by 2050, and for Scope 1 and 2 emissions for our own operations by 2030 for newly built facilities and 2040 for existing facilities. We aim to support a just energy transition to a lower carbon economy, to support efforts to mitigate the impact of climate change and to improve access to reliable and sustainable energy sources, a critical factor in Africa's economic growth and poverty alleviation. We are working with our clients to support their climate transitions and enable the adoption of mitigation and adaptation strategies.

## Our net zero ambition

Our ambition is to support a just energy transition and to be a market leader in sustainable finance across the continent. We are pursuing this through:

- Deepening our understanding of portfolio exposure to climate risk
- Reducing this exposure in the short, medium and long term, including the setting of targets for sectors with high levels of risk exposure, and excluding and restricting finance for specific activities
- Setting targets to increase our sustainable finance activities, including finance for renewable energy
- Introducing new products and services and engaging with our clients to support their transition and manage their exposure to climate risk
- Engaging with stakeholders and advocating for a just energy transition for Africa.

## Risk identification and management

The group is exposed to both transition and physical climate-related risks, primarily but not limited to client-related credit risk.

### Transition risk

Our lending exposure to clients in high-emissions sectors gives rise to client-related transition and stranded asset risks, through the potential for policy, legal, technology and market related risks. These risks in turn could impact the creditworthiness of our customers and their ability to repay outstanding exposures.

### Physical risk

Our physical risk exposure arises across our lending portfolio in all sectors, to a greater or lesser degree. It is dependent on the location of assets and businesses which we finance, and the vulnerability of those to physical hazards, accentuated by the acute and chronic effects of climate change, specific to those locations. We have taken a sector-led and country-specific approach to understanding where physical and transition risks are most prevalent in our portfolio.

## Climate risk

Climate risk is governed under the ESG risk governance framework and embedded within our enterprise-wide risk management system. At a transactional level, we include the impact of climate-related physical risks on the assets and operations underlying a transaction, together with the transition risks faced by counterparties, operations and assets.

The group's social and environmental risk screening process, which includes assessment of climate-related risks, is our front-line process for identifying climate-related risks at transaction and client level. Estimations of the size and scope of these risks, insofar as they manifest as credit risks, is made through the existing credit evaluation process which includes an assessment of the drivers of climate-related risks. We are working on the development of a quantitative climate risk appetite statement.

We continue to partner with experts, our industry peers, the international community and the governments and people of Africa to identify opportunities to support a just energy transition in Africa. In the spirit of open collaboration and continuous learning, we again partnered with the University of London's School of Oriental and African Studies (SOAS) to host the group's second climate summit, themed Africa's Journey to Net-Zero. The summit focused on climate change in the context of energy access and the just energy transition. Our objective was to provide a platform for a variety of voices across different parts of society to discuss climate change issues facing Africa. In facilitating this discussion, we had several high-level keynote speakers and participants from governments, business, academia and NGOs across Africa.

We have adopted a phased and progressive approach to understanding our climate risk exposures and setting sector-based targets to reduce exposure and maximise opportunity. Based on the materiality of each sector to our climate risk and impact, we identified four sectors that are highly exposed to climate risk – agriculture, gas, thermal coal and oil – and developed risk management strategies in respect of each of these. We have now extended this to include short-term insurance, and residential and commercial real estate sectors.

## Risk and conduct

### Stress testing

We conducted an internal scenario testing exercise during the year, leveraging globally recognised climate scenarios, including those designed to model more extreme and disorderly transitions to 2050. The intention of the exercise was to inform and improve our understanding of how climate-related risks impact the business operations of our clients, particularly those in the sectors that we have identified in our climate policy as being most vulnerable to physical and transition risks. By modelling the potential financial outcomes for our clients under a range of different future pathways, we were able to get preliminary assessments of where and to what degree we may be faced by the increased risk of financing stranded assets, and where elevated levels of physical risk may reside in parts of our credit portfolio.

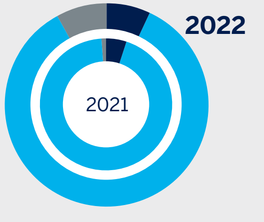
As we source more and better quality data on the carbon-related emissions, production capacity and geographic locations of the assets that we finance, we expect our ability to more precisely measure these risks to improve. The tools we have developed will also form the basis for further model development this year and beyond, across all impacted sectors in the group, either in top-down portfolio level format or at a single name counterparty level. We expect that this work will better prepare us for future regulatory stress testing and support our internal scenario analysis needs.

**Read more detail about how we manage climate-related risks and opportunities and our climate commitments at sector level in our climate-related financial disclosures report, available online.**

### Reducing the group's operational footprint

We have committed to achieving net zero carbon emissions from our own operations for newly built facilities by 2030, and for existing facilities by 2040, using the absolute contraction approach and 2014 as our baseline year. To achieve this target, we aim to achieve an annual reduction of 4.2% of our 2014 baseline emissions by 2025. Our direct environmental impacts arise mainly from energy use at our office and branch infrastructure, cash and data centres, and to a lesser extent, from water use, waste generation at these buildings and employee travel. Our primary focus for the reduction of direct emissions is in South Africa, which accounts for our largest physical presence.

**Split of carbon emissions ($tCO_2e$) (%)**




| | 2022 | 2021 |
|---|---|---|
| Scope 1 (%) | 7 | 5 |
| Scope 2 | 85 | 94 |
| Scope 3 (operations)[1] | 8 | 1 |

1 Our Scope 3 emissions increased as operations resume to normal levels after Covid. Read more in the ESG online.

### Looking ahead

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

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

# Operational excellence

We strive to be always on to deliver our clients' needs in a secure, personalised and contextually relevant manner. We balance being truly human with being truly digital as we transform the client experience by doing the basics brilliantly, and by consistently executing with excellence.

## How we measure progress

### Key metrics

**System security and stability**

The stability, security and speed of our systems is central to our ability to deliver against our group purpose and strategy. We continue to improve on the reliability of the group's critical systems and further reduce outages across the continent.

**Lower cost to serve**

We also focus on reducing the cost to serve by driving the integration and simplification of our capabilities. This enables us to work more efficiently and prioritise what is important to our clients.

## How we performed in 2022

### System security and stability

Priority 1 incidents (number)[1]

↓ **6**

2021: 16

Core applications on cloud

↑ **28%**

2021: 15%

### Lower cost to serve

Physical footprint rationalisation

↑ **>126 000m²**

2021: >77 000m²

Reduction in legacy systems (number)

↑ **101**

2021: 73

With a cumulative reduction since 2018 of 262

[1] We measure the number of priority 1 incidents, which refers to the non-availability of a critical service for which an acceptable or alternative solution or workaround is not immediately available. A lower number of incidents is better.

Operational excellence

# 2022 strategic performance

"We remain committed to effectively meeting the unique and evolving needs of our customers while delivering our group purpose: Africa is our home, we drive her growth."

**Margaret Nienaber**, chief operating officer

In a year where we celebrate 160-years of delivering our purpose, the group's achievements were somewhat tempered by six IT outages, including four significant system outages in South Africa during April and May 2022. These outages severely impacted services to our clients and had a negative impact on our brand and reputation. While the security and confidentiality of our clients' information was never at risk, the outages caused significant inconvenience and frustration for our customers.

We identified and fixed the root causes of these incidents and implemented corrective actions to strengthen system stability and resilience. We continue to prioritise system availability and reliability, working closely with teams across the group to ensure that we have the right culture, processes, skills and capabilities to deliver on our commitment to be always on and always secure.

We also improved our communication approach following the outages, to ensure that communications are effectively directed to impacted customers. This includes two-way communication on SBG mobile; in-platform communications via internet banking and the mobile app; clear communication of alternative channels should one or more channels experience difficulties, and information about available helplines.

While it is not possible to totally avoid outages, these improvements will ensure that incidents are escalated faster and effectively, and that services can be restored quickly, thereby minimising the impact on clients. We are pleased to report that we experienced no significant incidents in the second half of the year, with seven successive months of month-end technology stability.

## Unlocking value through technology

The group continues to invest heavily in technology with a long-term focus on enhancing our operations and security, as well as improving our products and services. In 2023, we will continue to focus on realising our investments in technology through strategic oversight of benefit realisation and streamlining workflow and processes across the group. To do this, we are simplifying our systems and solutions to make them more accessible to both clients and employees and have completed 101 simplification initiatives to date. We will continue to objectively assess the viability of our solutions' ability to deliver their intended value.

The cloud programme is making good progress as we accelerate the shift in core applications to the cloud to drive automation, optimisation and improve efficiency. In 2022, we migrated 83 applications, of which 30 are critical. A cloud maturity assessment was conducted by Amazon Web Services (AWS) which placed the group in the top quartile for cloud platform capabilities.

We also launched our External Application Programming Interface (API) Marketplace, which serves as our portal to the global market. It ensures a consistent client experience for all API products and creates opportunities to connect and collaborate with partners and ecosystems across various industries and countries. To date, we have launched 10 external APIs in South Africa, and usage statistics are showing a positive trend on a monthly basis. We plan to introduce an additional five APIs to Africa Regions in early 2023.

Operational excellence

## Building strategic partnerships

Our partnerships with global technology companies, Amazon, Microsoft, and Salesforce are receiving attention across the group, including our cloud computing commitments. We are showing progress in unlocking value and understanding how we partner on the continent, especially around the key strategic focus area of Payments. The African Digital Foundry, a partnership between Standard Bank Group and Microsoft to promote digital transformation in African banking, completed a proof of concept for cross-border payments to support our aim to reach tens of millions of Africans with digital services related to trade, payments, lending, and insurance.

We are also investing in the skills of our people. In partnership with Salesforce, we have trained more than 24 500 'Salesforce Rangers', citizen developers who now have the skills needed to deliver operational excellence, and continue to drive growth and unlock new revenue streams.

Africa's skills scarcity is evident in the challenges faced by the group and other corporates across the globe in securing local, qualified engineers with the range of technical capabilities to support ongoing delivery of cloud, Salesforce, data, and information security. The group has therefore partnered with Microsoft, Salesforce, and Amazon, together with academic institutions, governments, and SMEs across the continent in a joint initiative to develop these capabilities. Our engineering skills development programme (ESDP) aims to grow the capacity of SMEs to provide engineering skills and capabilities to the group.

## Looking ahead

Ensuring the stability of our digital systems is crucial, and we are continuing to automate and optimise processes to make the most of our data. In addition, we are focused on recruiting and retaining individuals who can drive our digital strategy and prioritise improving the client experience. Our brand and marketing strategy is also evolving to raise awareness within our target client segments and showcase the solutions we can provide.

From an ESG perspective, we continue to prioritise decreasing our carbon footprint in line with international best practices, and have already reached a number of key milestones in our journey to achieving net zero by 2040 for existing buildings. In addition to reducing our real estate holdings by more than 126 000 m$^2$, the group has reduced electricity consumption by 45% in 2022, and produced more than 18 085MWh of renewable energy through our 2MW Tri-generation plant, and solar PV rooftop and carport installations.

# 2022 HIGHLIGHTS

## Achievements in skills development

- **1 003 SBG** employees have attained **1 592** certifications (AWS: 743, Microsoft Azure: 640, Salesforce: 209)
- **24 500 SBG employees** have achieved the status of Trailhead Rangers. We have more Rangers than any other company in the world, apart from Salesforce itself. As a percentage of our workforce, we have more Rangers than Salesforce
- **4 700 SBG employees** have completed the digital savviness learning module
- **3 366 women** participated in the 2022 #SHEDARES AWS practitioner skills certification challenge. By end of 2022, **613** had completed the training, and **100** had passed the exam
- **52 African SMEs** have achieved partner status

We trained over **>150 developers** to produce quality APIs via our internal API Bootcamp

Over 40% of new **Shyft registrations** are with non-Standard Bank customers.

During the year, we launched Shyft in Botswana.

Shyft received three **New Generation** awards

- Gold Winner for 'Best Customer Experience of the Year'
- Silver Winner for 'Most Innovative App Developed by a Corporate'
- Silver Winner for 'Best Use of Technical Innovation'

Shyft was also awarded Excellence in Fintech – Payments at **Finnovex** Southern Africa Awards

Blockchain platform **Aroko** processed over **10 500 transactions** worth nearly **R77 billion.**

Our **Unayo digital platform** launched in Malawi, Botswana, Eswatini, Kenya and Lesotho and is now live in six countries with over **450 thousand** registrations

Standard Bank was one of three recipients of Forrester's **2022 Enterprise Architecture (EA) award** for excellence in executing an enterprise wide, outcomes-driven EA practice that puts customers at its centre. The team was recognised for developing a model that evolves our business towards a platform organisation, enabling integrated teams to deliver client-centred solutions aligned to our technology strategy. Business structures and capabilities have been configured to meet future client and employee needs with adaptability, creativity, and resilience, while our architecture community forums enable continuous collaboration to leverage best EA practices.

We hosted our two-day annual **Kuunda Disrupt Hackathon** which aims to inspire and encourage employees across the group to experiment and innovate, using the latest technology to solve complex challenges for clients while collaborating across teams and geographies. Our strategic technology partners (Salesforce, Microsoft, and AWS) mentor and coach the participating teams both before and after the event to ensure that successful initiatives are executed and delivered.

Towards **2025**

## Our strategy requires that we execute with excellence

As we continue to make progress towards our 2025 targets, our deliberate focus will be to maintain system stability and security, deliver positive client outcomes and prioritise cost optimisation. To achieve this, we will:

- Use technology and data to better serve and protect our clients, reduce costs and scale our business by driving cost efficiencies.
- Bring together enabling capabilities (technology, operations, security, data and analytics, partnership delivery and real estate) to provide the always on, always secure foundation for excellent execution and superior client and employee experiences.
- Simplify our brand structure and strengthen alignment with our purpose as leaders on the continent. We will continue to drive consistency while creating a stronger link with our brand as we continue on our growth journey.
- Focus on doing the basics brilliantly with the recognition that we are one united team, bringing together a wealth of diverse experience and skills, with a focus on transparency and open communication, a commitment to escalate any issues rapidly to ensure fast recovery, and a strong sense of accountability and pride in our work.

Transform client experience
Execute with excellence
Drive sustainable growth and value

# Financial outcome

We are focused on efficient resource allocation, preserving our strong franchises and investing in capital-efficient lines of business in fast-growing economies and sectors where the return on investment is clear and allows us to deliver our financial targets for 2025 and beyond.

## Measuring our strategic progress

### What success looks like

We will drive long-term, environmentally and socially sustainable growth and value. We allocate our resources diligently to deliver attractive shareholder returns.

### How we measure our progress

We allocate our resources to deliver attractive shareholder returns. We measure our progress to achieve our 2025 targets by tracking headline earnings growth, jaws and ROE.

## How we performed in 2022

### Group

**Key metrics**

Headline earnings

**R34.2 billion**

2021: R25.0 billion

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

ROE

**16.4%**

2021:13.5%

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

Africa Regions contribution to headline earnings

**36%**

2021: 36%

measures the percentage contribution from African Regions countries to group headline earnings.

### Standard Bank activities[2]

**Key metrics**

Headline earnings

**R30.5 billion**

2021: R24.9 billion

Credit loss ratio (CLR)

**75 bps**

2021: 73 bps

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

Jaws

**579 bps**

2021: 71 bps[3]

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

ROE

**16.3%**

2021:14.7%

Cost-to-income ratio

**54.9%**

2021: 57.8%[3]

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

1 As prescribed by the South African Institute of Chartered Accountants (SAICA) circular.
2 Standard Bank Activities comprise the activities of the group excluding Liberty and ICBCS.
3 Certain ratios have been restated due to refinement of costing methodologies.

Financial outcome

# Performance against strategy

"We strive to deliver increasingly attractive returns to our shareholders and continued net positive impact in the economies and societies in which we operate."

**Arno Daehnke,** chief finance & value management officer

The group delivered record headline earnings of R34.2 billion for the year, up 37% on the prior period with positive momentum and client franchise growth across all its businesses and geographies. ROE improved to 16.4% (2021: 13.5%). Net asset value grew by 10% and the group ended the current period with a CET 1 ratio of 13.5% (31 December 2021: 13.8%). The SBG board approved a final dividend of 691 cents per share, equating to a final dividend payout ratio of 60%.

This strong result has placed the group being ahead of plan in terms of delivering on its 2025 commitments. Revenues were boosted by cyclically higher interest rates. Revenue growth was well ahead of cost growth, supporting strong positive operating leverage and a decline in the cost-to-income ratio. The group's credit loss ratio was at the bottom of the group's through-the-cycle range and ROE moved closer to the 2025 target range of 17% to 20%.

Strong average balance sheet growth and margin expansion, due to higher interest rates, supported robust net interest income growth. A larger client base, recovery in transactional and foreign exchange activity, as well as increased digital volumes, drove growth in net fee and commission revenue. Increased client activity supported trading revenue. Revenue growth exceeded cost growth, resulting in positive jaws of 579 bps and a cost-to-income ratio of 54.9% (2021: 57.8%). Credit impairment charges increased by 22%, driven by higher corporate and sovereign-related charges, particularly related to Ghanaian sovereign exposures. The group's credit loss ratio was broadly flat at 75 basis points (2021: 73 basis points). Standard Bank Activities recorded headline earnings growth of 22% to R30.5 billion and ROE improved to 16.3% (2021: 14.7%).

Liberty's operational performance improved, reverting from a net loss in 2021 to a profit of R2.0 billion (before adjusting for treasury shares). In 2021, Liberty raised pandemic-related provisions which negatively impacted performance. The Liberty minority buyout was successfully completed and the process of integrating Liberty into the group is well underway. While there is further work to be done, we remain confident that the full integration of Liberty into the group will create sustainable value for shareholders. Liberty Group Limited remains well capitalised, with a solvency capital requirement cover ratio of 1.76 times as at 31 December 2022 (2021: 1.72 times).

## Financial outcome

## Standard Bank Activities by solution

In addition to reporting by client segment, we group products and services into banking, insurance and investments. For detail of the client segments results refer to the client focus section.


### Banking solutions

Headline earnings

**R28.7 billion**

Banking solutions headline earnings reflected a strong performance, up 25% year-on-year. Revenue grew by 18%, driven by net interest income growth of 24% and non-interest revenue growth of 11%. Strong average balance sheet growth and wider margins linked to higher interest rates supported net interest income growth. Net interest margin increased by 45 bps to 427 bps, of which 23 bps related to positive endowment. The negative impact of tighter pricing was more than offset by mix benefits and endowment tailwinds.

### Insurance solutions

Headline earnings

**R2.2 billion**

The group's insurance businesses' (excluding Liberty) headline earnings increased by 22% year-on-year. ROE remained robust at 67% (2021: 60%). Revenue grew by 13% assisted by policy pricing reviews. Gross written premiums increased by 9%, driven mainly by growth in the credit life and funeral insurance policy base. This growth was offset by higher short-term insurance claims arising from the flooding in KwaZulu-Natal (South Africa) in April 2022.

### Investment solutions

Headline earnings

**R0.7 billion**

The group's investments solutions businesses (excluding Liberty) reported a 1% increase (CCY: 3%) in AUM/AUA year-on-year to R522 billion. Despite a difficult operating environment, revenue increased by 8%, largely attributable to higher AUM due to net positive client cash flows. Operating expenses grew by 17% owing to annual staff increases, regulatory requirements in Nigeria, and additional costs associated with the rollout of client specific acquisition and retention strategies. Operating expenses growth outpaced revenue growth resulting in an 10% decline in headline earnings to R724 million (2021: R800 million). With an ROE of 32%, the business continued to contribute positively to group ROE.

### Central and other

Headline loss

**(R1.1 billion)**

This segment includes costs associated with corporate functions and the group's treasury and capital requirements that have not been otherwise allocated to the client segments. In 2022, the segment headline loss amounted to R1.1 billion (2021: loss of R0.6 billion). The key driver of the increase was additional withholding tax related to higher dividends paid by the group's Africa Regions' subsidiaries. In 2022, the group released the R500 million Covid-19 related credit overlay raised in 2020.

# Measuring our financial outcome

## Headline earnings

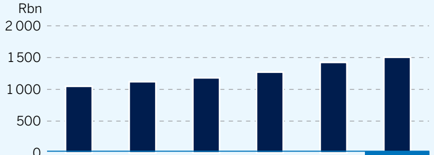
The group's headline earnings is one of the components used in the determination of the group's ROE and represents the major lever in lifting the group's ROE.

## Standard Bank Activities balance sheet drivers

Balance sheet growth supported the uplift in group headline earnings.

### Net loans and advances

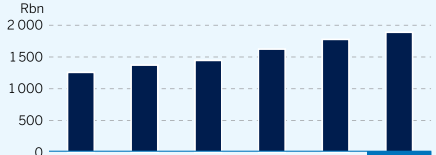
CAGR: 8%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 1 048 | 1 120 | 1 181 | 1 271 | 1 424 | **1 505** |

### Deposits and debt funding

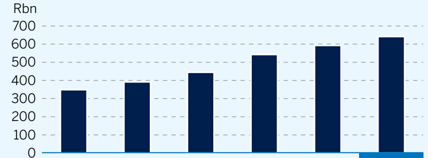
CAGR: 9%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 1 258 | 1 372 | 1 446 | 1 624 | 1 777 | **1 889** |

### Trading and pledged assets and financial investments

CAGR: 13.0%



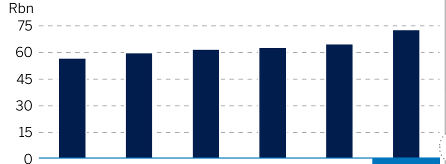

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 349 | 392 | 445 | 543 | 593 | **642** |

**9% average deposits and funding**

**45 bps net interest margin**

### Operating expenses

CAGR: 5%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 57 | 60 | 62 | 63 | 65 | **73** |

Click for more info

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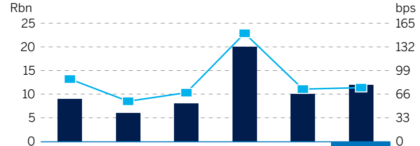
### Credit impairment charges

CAGR: 4%




| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Total credit impairments | 9 | 6 | 8 | 20 | 10 | **12** |
| CLR | 87 | 56 | 68 | 151 | 73 | **75** |

Total credit impairments
CLR

Click for more info

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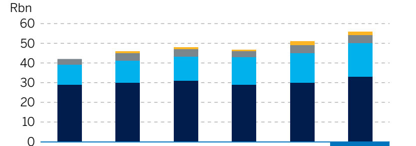
### Non-interest revenue

CAGR: 6%




| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Net fee commission | 29 | 30 | 31 | 29 | 30 | **33** |
| Trading revenue | 10 | 11 | 12 | 14 | 15 | **17** |
| Other revenue | 3 | 4 | 4 | 3 | 4 | **4** |
| Other gains and losses on financial instruments | | 0.8 | 0.8 | 0.7 | 2 | **2** |

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

Click for more info

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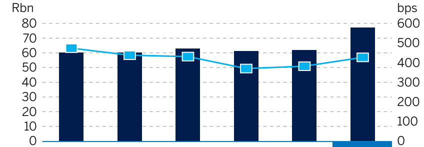
### Net interest income

CAGR: 22%




| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Net interest income (Rbn) | 60 | 60 | 63 | 61 | 62 | **77** |
| Net interest margin (bps) | 47.4 | 438 | 431 | 370 | 382 | **427** |

Net interest income (Rbn)
Net interest margin (bps)

Click for more info

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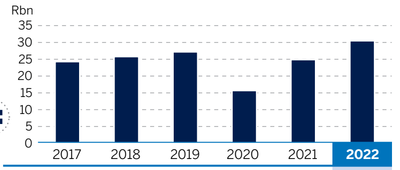
### Standard Bank activities headline earnings

CAGR: 5%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 24 | 26 | 27 | 16 | 25 | **31** |

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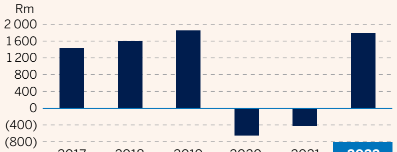
### Liberty headline earnings (after treasury share adjustment)

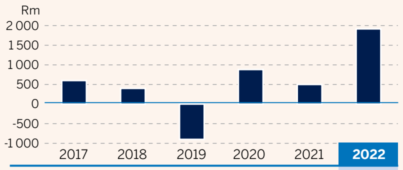



| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 1 435 | 1 600 | 1 855 | (651) | (419) | **1 788** |

Click for more info

### ICBC Standard Bank Plc

CAGR: 408%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 600 | 400 | 900 | 881 | 500 | **1 917** |

Click for more info

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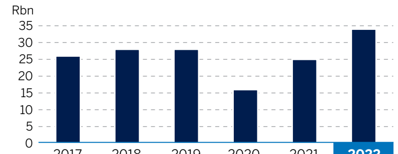
### Group headline earnings

CAGR: 5%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 26 | 28 | 28 | 16 | 25 | **34** |

Click for more info

Financial outcome

## 1 Net interest income

Strong average balance sheet growth and wider margins linked to higher interest rates supported net interest income growth. Net interest margin increased by 45 bps to 427 bps, of which 34 bps related to positive endowment. The negative impact of tighter pricing was more than offset by mix benefits and endowment tailwinds.

## 2 Non-interest revenue

**Net fee and commission revenue** increased by 7% due to higher client, trade, and transactional activity linked to the post Covid-19 recovery as well as annual price increases. Improved digital capabilities drove higher adoption rates, growth in activity and in turn revenues from digital platforms. Our expanding network of retail partnerships is paying off as reflected in higher volumes and digital fees from Instant Money, our digital wallet solution in South Africa.

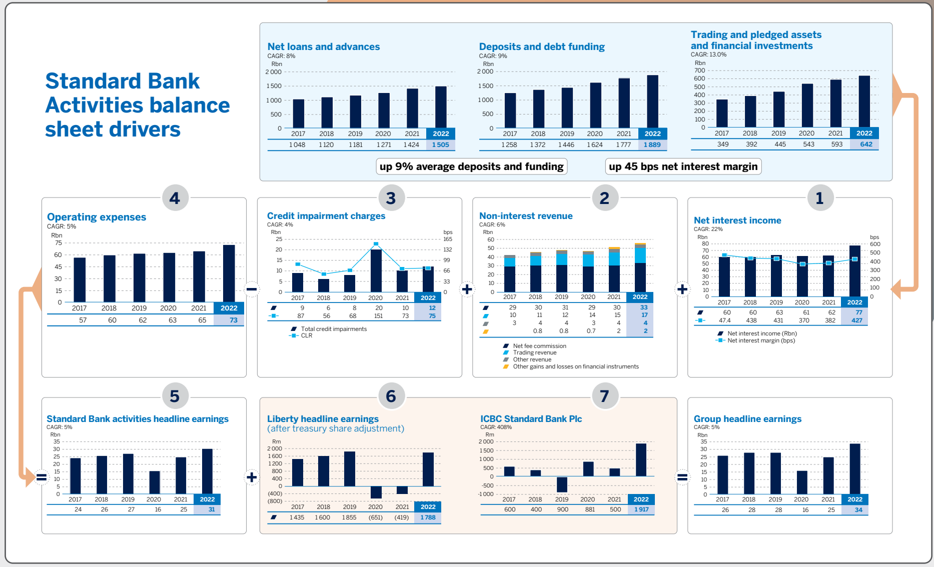
**Trading revenue** grew by 15% to R17.0 billion. In response to clients' needs, the business realised benefits in flow and structured trade solutions. In addition, the uncertain market conditions contributed to increased client demand for forex and commodity hedging on the back of increased commodity prices. **Other revenue** increased, driven largely by higher bancassurance income, due to lower credit life claims and higher gross written premiums year-on-year. Growth in **other gains on financial instruments** was driven by higher asset valuations.

## 3 Credit impairment charges

Credit impairment charges increased by 22% to R12.1 billion. The increase in charges was driven by balance sheet growth, specific impairments in consumer sector names in South Africa, and increased charges in the Africa Regions portfolio, particularly in Ghana. These increases were partially offset by improved collections and payments in the South Africa legacy payment holiday portfolio. Of the total credit impairment charges, R0.9 billion thereof relates to impacted Ghanaian local currency and onshore USD bonds. The credit loss ratio was 75 bps, slightly up relative to the 73 bps of 2021.

## 4 Operating expenses

Operating expenses increased by 12%, below the group's average rate of inflation of 15%. Cost growth was impacted by higher inflation across our operating markets and relative ZAR weakness. Staff costs increased by 12% due to annual salary increases, an increase in skilled staff, and higher incentive accruals aligned to performance. Information technology costs increased by 13%, largely due to higher spend on cloud migration and software licences. Premises costs increased by 9% as a result of increased municipal charges and higher fuel related costs due to load shedding in South Africa (fuel cost increased from R18 million in 2021 to R72 million in 2022). Increases in marketing and advertising was driven by client campaigns and brand repositioning, as well an increase in events following the relaxation of Covid-19 restrictions. These increases in costs were partially offset by tightly controlled discretionary spend and savings from continued optimisation of infrastructure. Operating expense growth was well below total income growth, which resulted in positive jaws of 579 basis points and a decline in the cost-to-income ratio to 54.9%.




## 5 Standard Bank Activities headline earnings

Standard Bank Activities recorded headline earnings growth of 22% to R30.5 billion and ROE improved to 16.3% (2021: 14.7%).

## 6 Liberty

Liberty's normalised operating earnings for the year amounted to R1.6 billion (2021: R1.3 billion), pre-Covid impacts. Liberty's headline earnings equated to R2.1 billion (2021: headline loss of R112 million). Liberty's core insurance operations, SA Retail and Liberty Corporate, continued to recover post Covid-19. Sales continued to increase and investment margins improved. Earnings were affected by adverse markets, especially in STANLIB and the Shareholder Investment Portfolio.

## 7 ICBC Standard Bank Plc

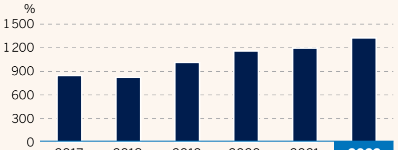
ICBCS continued to benefit from closer integration with its parent, ICBC, and contributed R1.9 billion to group earnings (2021: R0.5 billion) through the group's 40% interest. R1.2 billion thereof related to the insurance settlement in particular and R0.7 billion thereof related to ICBCS' operational performance.

# Return on equity

Our ROE is the most relevant measure of our financial performance over time as it combines all of our critical drivers, including earnings growth and capital utilisation, into a single metric. Internally we measure our return on risk-weighted assets (RoRWA) as a more direct measure of earnings relative to regulatory capital utilisation.

### Group average RWA

CAGR: 9%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 846 | 923 | 1 012 | 1 160 | 1 195 | 1 326 |

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Group average RWA increased 11% to R1 326 billion, mainly due to ZAR depreciation against the USD and other currencies, and an increase in client exposures.

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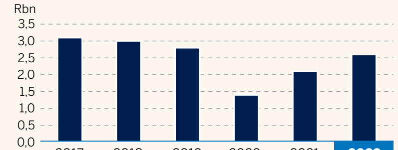
### Group average RoRWA

CAGR: (3.5%)




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 3.1 | 3.0 | 2.8 | 1.4 | 2.1 | 2.6 |

The group's average RORWA increased to 2.6% (2021: 2.1%) driven by higher headline earnings and average RWA.

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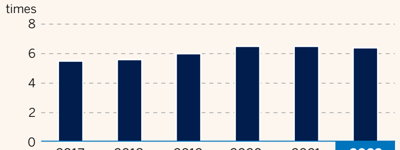
### Group financial leverage



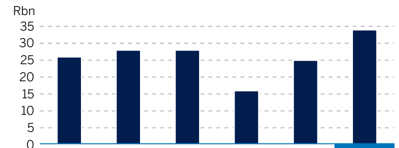

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 5.5 | 5.6 | 6.0 | 6.5 | 6.5 | 6.4 |

=

The group's financial leverage is the ratio of average RWA to average shareholder's equity. For 2022, financial leverage was 6.4 times, slightly down due to relative increase in average shareholder's equity (13%) to higher average RWA (11%).

### Group headline earnings

CAGR: 5%

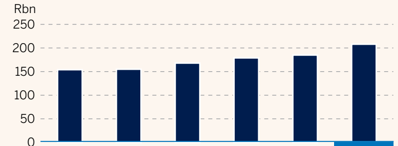



| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 26 | 28 | 28 | 16 | 25 | 34 |

÷

### Average shareholders' equity

CAGR: 6.3%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 154 | 155 | 168 | 179 | 185 | 208 |

The group's average shareholders equity increased by 13%, supported by strong profit growth and the issue of new shares equating to R9.5 billion as part of the Liberty minority buyout transaction.

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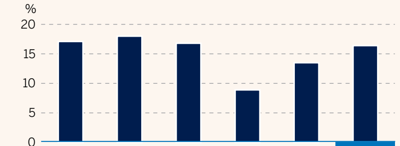
### Return on equity

CAGR: -0.8%




| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| 17 | 18 | 17 | 9 | 14 | 16 |

The group's ROE increased to 16.4%, moving closer to the 2025 target range of 17% to 20%.

## Our performance

### Our income statement

The income statement reflects the revenue generated and costs incurred by our Standard Bank Activities, with material income statement line items explained. A detailed analysis on the group's financial performance, and the principal headline earnings drivers for growth in our ROE, is on page 106.

For further detail on the group results, including definitions, and details of restatements to previously reported figures, please refer to the Standard Bank Group analysis of financial results 2022 on our website: http://reporting.standardbank.com/results-reports/financial results/

**Note:** The income statement presents the Standard Bank Activities separately from other banking interests and Liberty. It differs to the income statement presented in the group's annual financial statements, which is presented on a consolidated basis.

# INCOME STATEMENT

for the year ended 31 December 2022

| | CCY % | Change % | 2022 Rm | 2021 Rm |
|---|---|---|---|---|
| Net interest income | 22 | 24 | **77 112** | 62 436 |
| Non-interest revenue[1] | 10 | 11 | **56 242** | 50 862 |
| **Total income** | 17 | 18 | **133 354** | 113 298 |
| Credit impairment charges | 22 | 22 | **(12 064)** | (9 873) |
| **Net income before operating expenses** | 16 | 17 | **121 290** | 103 425 |
| Operating expenses[1] | 12 | 12 | **(73 274)** | (65 477) |
| **Net income before capital items and equity accounted earnings** | 24 | 27 | **48 016** | 37 948 |
| Non-trading and capital related items | (>100) | (>100) | **413** | (119) |
| **Net income before equity accounting earnings** | 26 | 28 | **48 429** | 37 829 |
| Share of post-tax profits from associates and joint ventures | (49) | (49) | **319** | 620 |
| **Profit before indirect taxation** | 25 | 27 | **48 748** | 38 449 |
| Indirect taxation | 17 | 19 | **(2 745)** | (2 310) |
| **Profit before direct taxation** | 27 | 27 | **46 003** | 36 139 |
| Direct taxation | 29 | 30 | **(10 548)** | (8 083) |
| **Profit for the period** | 24 | 26 | **35 455** | 28 056 |
| Attributable to preference shareholders | 5 | 5 | **(302)** | (287) |
| Attributable to additional tier 1 (AT1) capital noteholders | 30 | 30 | **(697)** | (538) |
| Attributable to non-controlling interests | 25 | 46 | **(3 463)** | (2 377) |
| **Attributable to ordinary shareholders** | 24 | 25 | **30 993** | 24 854 |
| Headline adjustable items | (>100) | (>100) | **(451)** | 86 |
| **Standard Bank Activities – headline earnings** | 21 | 22 | **30 542** | 24 940 |
| **Liberty** | (>100) | (>100) | **1 788** | (419) |
| **ICBCS** | >100 | >100 | **1 917** | 500 |
| **Standard Bank Group headline earnings** | 35 | 37 | **34 247** | 25 021 |

[1] Restated. 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. The restatement is a reallocation between line items and had no impact on profit for the period or headline earnings.

## Financial outcome

### Net interest income

**What it is:** the interest received on lending products that we offer to our clients and investment in debt instruments, less the interest paid on the deposits that our clients place with us and debt funding sourced from other lenders

**Drivers:** number of clients, product offerings and pricing, level of economic and client activity, foreign exchange, pricing in commodities and equity capital markets, competition and market volatility.

### Non-interest revenue

**What it is:** comprises net fee and commission revenue, trading revenue and other revenue

**Drivers:** number of clients, transactional banking volumes and pricing, capital markets activity, trading volumes and market volatility, property-related revenue, and income from bancassurance and unlisted investments.

### Operating expenses

**What it is**: costs that are incurred to generate future and current revenues

**Drivers:** inflation, headcount, investments in branch and IT infrastructure which results in amortisation, general costs to operate (including those related to innovation and work efficiency programmes), and operational losses.

### Non-trading and capital related items

**What it is:** items typically excluded from headline earnings, for example, gains and losses on the disposal of businesses and property and equipment, impairment of goodwill and intangible assets

**Drivers:** obsolescence and asset replacement, operational performance and changes in market prices, which result in impairment on goodwill and intangible assets, and corporate activity resulting in disposal-related gains.

### Direct and indirect taxation

**What it is:** includes both direct income taxes (and related deferred tax in terms of IFRS) and indirect taxes, including withholding tax and value-added tax

**Drivers**: corporate tax rates in the countries in which the group operates, level of profitability of our operations, interest income from certain bonds and treasury bills, dividends on investments that are exempt, and costs that are not tax deductible.

### Attributable to non-controlling interests

**What it is:** portion of profit generated which is attributable to minority shareholders in entities in which we own less than a 100% interest

**Drivers:** level of profitability of these entities, and other shareholders' interest in our subsidiaries.

## Financial outcome

**Our resilient balance sheet**

The balance sheet or statement of financial position shows the position of the group's assets, liabilities and equity, and reflects what the group owns, owes and the equity attributable to shareholders.

The balance sheet presents material line items for Standard Bank Activities separately from other banking interests and Liberty. It differs to the balance sheet presented in the group's annual financial statements, which is presented on a consolidated basis

* Includes adjustments on consolidation.

# BALANCE SHEET

as at 31 December 2022

| | Change % | 2022 Rm | 2021 Rm |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 26 | 114 483 | 91 169 |
| Derivative and trading assets | 11 | 374 322 | 337 030 |
| Pledged assets | 27 | 13 058 | 10 318 |
| Financial investments | 5 | 316 243 | 301 497 |
| Current and deferred tax assets | 26 | 9 268 | 7 370 |
| Disposal group assets classified as held for sale | (46) | 265 | 489 |
| Loans and advances | 6 | 1 504 941 | 1 424 328 |
| Other assets | 49 | 38 266 | 25 697 |
| Interest in associates and joint ventures | 8 | 3 141 | 2 910 |
| Investment property | (4) | 1 211 | 1 262 |
| Property, equipment and right of use asset | (1) | 18 800 | 18 944 |
| Goodwill and other intangible assets | (12) | 14 557 | 16 468 |
| **Total assets – Standard Bank Activities** | 8 | 2 408 555 | 2 237 482 |
| **Total assets – ICBCS** | 57 | 6 657 | 4 248 |
| **Total assets – Liberty*** | (3) | 468 629 | 484 087 |
| **Standard Bank Group – total assets** | 6 | 2 883 841 | 2 725 817 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity attributable to ordinary shareholders | 6 | 194 568 | 183 685 |
| Preference share capital and premium and AT1 capital | 23 | 19 667 | 16 052 |
| Equity attributable to non-controlling interests | 11 | 14 528 | 13 056 |
| **Total equity – Standard Bank Activities** | 8 | 228 763 | 212 793 |
| **Total equity – ICBCS** | 57 | 6 657 | 4 248 |
| **Total equity – Liberty*** | (5) | 24 536 | 25 808 |
| **Standard Bank Group – total equity** | 7 | 259 956 | 242 849 |
| **Liabilities** | | | |
| Derivative and trading liabilities | 30 | 183 722 | 141 035 |
| Deposits and debt funding | 6 | 1 913 425 | 1 797 291 |
| Subordinated debt | 3 | 25 629 | 24 852 |
| Current and deferred tax liabilities | 9 | 8 158 | 7 501 |
| Provisions and other liabilities | (10) | 48 858 | 54 010 |
| **Total liabilities – Standard Bank Activities** | 8 | 2 179 792 | 2 024 689 |
| **Total liabilities – Liberty*** | (3) | 444 093 | 458 279 |
| **Standard Bank Group - total liabilities** | 6 | 2 623 885 | 2 482 968 |
| **Total equity and liabilities – Standard Bank Activities** | 8 | 2 408 555 | 2 237 482 |
| **Total equity and liabilities – ICBCS** | 57 | 6 657 | 4 248 |
| **Total equity and liabilities – Liberty*** | (3) | 468 629 | 484 087 |
| **Standard Bank Group - total equity and liabilities** | 6 | 2 883 841 | 2 725 817 |

**Derivative and trading assets and liabilities**

**What it is:** derivative assets and liabilities include transactions with clients for their trading requirements and hedges of those client positions with other market positions and hedges of certain group risks. Trading assets and liabilities are held by the group to realise gains from changes in underlying market variables

**Drivers:** number of clients, product offerings, level of economic and client activity in debt, foreign exchange, commodities and equity capital markets, competition, and market volatility.

**Loans and advances**

**What it is:** includes our lending to banks and our clients

**Drivers:** number of clients, product offerings, competition, level of economic and client activity, repayments and level of credit impairments.

**Goodwill and other intangible assets**

**What it is:** represents the excess of the purchase price over the fair value of business that we acquire, less impairments, where applicable, and the cost of internally developed IT assets less amortisation and impairments (where applicable)

**Drivers:** corporate activity, investment in IT and digital capabilities to better serve our clients.

**AT1 capital issued**

**What it is:** the group's Basel III compliant AT1 capital bonds that qualify as tier 1 capital. The capital notes are perpetual, non-cumulative with an issuer call option and contain certain regulatory prescribed write-off features

**Drivers:** regulatory capital requirements, and growth in RWA.

**Standard Bank Group – total equity**

**What it is:** the total of the group's ordinary and preference share capital, AT1 capital, foreign currency translation reserve, minority interests and other reserves.

**Drivers:** income statement drivers, changes in foreign exchange rates, and regulatory capital requirements.

**Deposits and debt funding and subordinated debt**

**What it is:** provides the group with the funding to lend to clients, fulfilling the group's role in connecting providers of capital with those that require additional capital and thereby contributing to the functioning of the broader financial system.

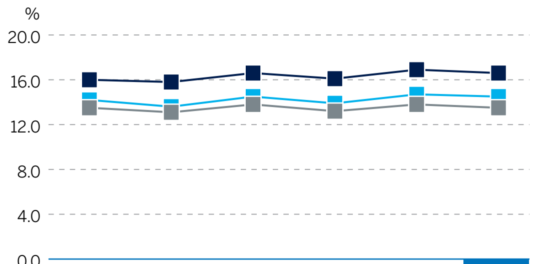
**Drivers:** client demands, transactions and savings.

# MAINTAINING OUR ROBUST BALANCE SHEET

## Capital management, funding and liquidity

Diligent capital management remains top of mind. The group is focused on ensuring available capital is put to work or returned to shareholders. Accordingly, the group's CET 1 ratio (including unappropriated profits) declined to 13.5% as at 31 December 2022 (31 December 2021, 13.8%). The group's Basel III liquidity coverage ratio and net stable funding ratio were both well above the 100% regulatory requirements. Longer term funding increased by R69.3 billion through the issuance of negotiable certificate of deposits, senior debt and syndicated loans. During the year, R7.2 billion of AT1 capital and R1.6 billion of Tier 2 capital were issued.

### Capital adequacy




| | 2017 | 2018 | 2019 | 2020 | 2021 | **2022** |
|---|---|---|---|---|---|---|
| Common equity tier I capital | 13.5 | 13.1 | 13.8 | 13.2 | 13.8 | **13.5** |
| Tier I capital | 14.2 | 13.6 | 14.5 | 13.9 | 14.7 | **14.5** |
| Total regulatory capital | 16.0 | 15.8 | 16.6 | 16.1 | 16.9 | **16.6** |

Common equity tier I capital
Tier I capital
Total regulatory capital

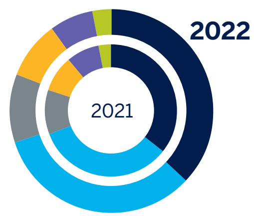
## Loans and advances

Gross loans and advances to customers grew by 9% to R1.4 trillion, supported by strong growth in the corporate, business lending and vehicle and asset finance portfolios. The home services, card balances and personal unsecured portfolio growth was more muted.

Total provisions increased by 9% to R55.8 billion as at 31 December 2022. Increases in Ghana, Kenya, Malawi, Mozambique, and South Africa were partially offset by recoveries in Uganda and the release of the group's R500 million Covid-19 related provision raised in FY20 and previously held at the centre. In relation to the group's exposures to Ghanaian sovereign debt impacted by the proposed sovereign debt restructure (i.e. Ghanaian local currency and onshore USD bonds), the group's exposure, net of settlements year to date, equates to R2.6 billion. Balance sheet provisions held at year end equated to R1.4 billion combined with fair value adjustments taken against the impacted exposures of R0.1 billion equate to R1.5 billion, or 56% coverage.

As at 31 December 2022, stage 3 loans represented 5.0% of the portfolio and provisions held against these loans reflected 50% coverage (31 December 2021: 4.7% and 52%). Total coverage (as at 31 December 2022) was 3.6%, in line with that reported as at 31 December 2021.

### Composition of loans to customers (%)

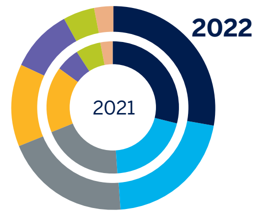



| | **2022** | 2021 |
|---|---|---|
| Corporate and sovereign lending | **37** | 36 |
| Home services | **33** | 34 |
| Business lending | **11** | 11 |
| Vehicle and asset finance | **9** | 9 |
| Personal lending | **7** | 8 |
| Card and payments | **3** | 3 |

## Deposits and funding

Deposits from customers increased by 8%, reflective of our continued focus on client acquisition and retention strategies. Retail priced deposits grew by 7% and Wholesale priced deposits grew by 6% year-on-year. Deposits placed with our offshore operations in the Isle of Man and Jersey grew to GBP6.7 billion as at 31 December 2022 (31 December 2021: GBP6.5 billion).

### Composition of deposits from customers (%)




| | **2022** | 2021 |
|---|---|---|
| Call deposits | **28** | 29 |
| Term deposits | **21** | 20 |
| Current accounts | **20** | 20 |
| Cash management deposits | **13** | 16 |
| Negotiable certificates of deposits | **10** | 6 |
| Other deposits | **5** | 6 |
| Savings accounts | **3** | 3 |

Financial outcome

# Regional performance

## South Africa overview

In 2022, SBSA contributed 47% of the group's headline earnings (2021: 51%).

South Africa's economy continued to show signs of growth as the government lifted the state of disaster and ended most of the Covid-19 restrictions, however the economy remained vulnerable to global events. The concerns of global stagflation were met with rising inflation and further interest rate increases amounting to 325 bps for the year, above pre-Covid levels. Additionally, increased electricity outages disrupted business productivity and the weakening of the ZAR followed negative investor sentiments and capital outflows.

Despite the tough economic environment, SBSA Group's results ended 2022 with headline earnings of R16 256 million up by 26%, with an ROE of 15.2%. Strong trading revenue growth from increased client activity and continued momentum from balance sheet growth and higher average interest rates, particularly in the second half of 2022, supported net interest income growth. Credit impairment charges increased, mainly driven by balance sheet growth in the second half of 2022. Costs grew in line with inflation and the resumption of business activity.

SBSA's liquidity and capital position remained strong and continued to provide financial resources to support clients and drive our growth aspirations. This was underpinned by the execution of robust credit modelling and risk management processes that ensured the bank remained within risk appetite parameters and above regulatory minimums.

Gross loans and advances to customers increased by 7% as the economic environment improved. The loan book benefitted from good registration volumes in home services, higher payouts in vehicle and asset finance and increased disbursements in unsecured lending. Growth in the corporate loan portfolio was characterised by good loan origination and demand for trade facilities as general business activity resumed.

Deposits from customers increased by 8% mainly due to continued focus on client acquisition and retention strategies, with strong growth in current and savings accounts as the client base increased. In addition, there was strong momentum in longer-term deposit growth to match the demand for longer-term secured lending.

Total income growth of 12% and exceeded operating expense growth of 8%, resulting in positive jaws of 427 bps and an improved cost-to-income ratio of 59.7%. Net interest income increased by 12% compared to prior year mainly due to higher average interest earning assets and positive endowment in a higher interest rate environment.

Net fee and commission revenue increased by 7% mainly due to higher transactional activity and the impact of annual price increases. In addition, good client acquisitions, increase in digital transactional volumes and increased card-based commissions as a result of higher card turnover further supported growth.

Trading revenue increased by 27% due to a combination of strong commodities performance, gains from market opportunities and structured sales transactions, as well as increased client flows related to credit-linked notes. This was partially offset by lower foreign exchange income due to the non-recurrence of prior year market gains and lower client activity in 2022.

Other revenue increased by 15% mainly driven by bancassurance income from higher gross written premiums and lower credit life claims. This was partially offset by higher short-term insurance claims due to extreme weather experienced early in the year, with the largest impact emanating from floods in KwaZulu-Natal in April. In response to this difficult period, SBSA supported clients by guiding them through available relief measures and assisted impacted communities through OneFarm Share and Gift of the Givers.

Other gains and losses on financial instruments increased by 16% following an increase in mark-to-market gains on fair value positions held.

Credit impairment charges grew by 10% compared to prior year due to defaults in the consumer sector and normalised provisions on the corporate portfolio driven by book growth following a prior year release.

Operating expenses grew 8% mainly due to annual salary increases, an increase in the skilled employee compliment, higher brand and marketing spend and the non-recurrence of the prior year insurance fraud recovery.

### Looking ahead

SBSA will continue to focus on growing its market share in selected segments and contributing positively to the delivery of the group's 2025 targets. The SBSA franchise is well capitalised and positioned to continue supporting its clients and sustainably driving South Africa's growth.

# Africa Regions overview

Africa Region's contribution to the group's headline earnings was 36% for 2022.

The impact of global turmoil in 2022 differed across our African countries with Ghana experiencing sovereign distress and Zimbabwe saw their highest inflation rate in the second half of 2022. Higher commodities prices, particularly in the first half of 2022, supported exporters; exchange rate volatility and global supply chain disruptions have shaped the path of inflation since the start of the pandemic as food and fuel importers bore the brunt of persistently higher inflation and additional interest rate increases in most countries.

Africa Regions legal entities recorded headline earnings of R12 216 million, which increased 36% in Rand terms (ZAR) and 32% in constant currency (CCY). A pleasing ROE was achieved. Income growth outpaced operating expenses growth resulting in positive jaws of 882 bps (2021: negative 291 bps) and an improved cost-to-income ratio of 49.0% (2021: 52.6%). 2022 performance was characterised by strong balance sheet growth, higher average interest rates across most countries, increased market volatility which supported trading revenue growth and improved transactional activity across the continent. This performance was partially offset by cost pressures from high inflation rates and the impact of the Ghana sovereign downgrade.

Balance sheet growth was supported by strong client lending and deposit growth, supported by efforts to grow the client base and increase digital client onboarding and lending. Surplus liquidity from strong client deposit growth was invested in treasury bills and government bonds at higher yields. Africa Regions continued to strengthen and diversify its funding sources within risk appetite and regulatory boundaries.

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

Net interest income grew by 35% due to strong balance sheet growth supported by higher deal origination in the corporate loan portfolio resulting in margin expansion as deals were refinanced and originated at higher yields. Higher average interest rates across various countries, in particular Zimbabwe, Ghana, Malawi, Nigeria and Mozambique, contributed to strong endowment gains.

Net fee and commission revenue was up 18% driven by the impact of local currency depreciation on foreign currency denominated fees in Zimbabwe, increased transactional volumes, the recovery of international trade activities as lockdown restrictions eased, the impact of annual price increases as well as increased structuring fees from growth in deal origination.

Trading revenue was up 14% due to strong foreign currency (forex) flows in West Africa as client demand and volatility increased, higher client sales in Kenya driven by USD demand following the KES depreciation and improved forex margins due to forex scarcity in Tanzania. These results were offset by a credit valuation adjustment raised in Ghana following the steep depreciation of the Cedi.

Credit impairment charges increased, driven by book growth, high inflows into stage 3 across most countries linked to the compound impact of higher inflation and interest rates, sovereign distress experienced in Ghana, increased charges on a long standing non-performing matter in Kenya consumer sector, and the negative effect of local currency devaluation in Zimbabwe for foreign currency exposures. Notwithstanding the elevated impairment charges, both the CLR and non-performing loan (NPL) ratios are still within risk appetite.

Operating expenses grew by 21% but was below weighted average inflation for the region of 30%. This was due to annual inflationary salary increases, an increase in skilled employees, and higher costs to support the investment in digital capabilities. The region incurred higher travel and entertainment costs as lockdown restrictions eased, increased depositor insurance due to growth in the deposit book, additional marketing campaigns to improve client activity as well as the impact of local currency devaluation on foreign currency denominated costs.

## East Africa

East Africa headline earnings grew by 35% in CCY to R2 431 million. Net interest income growth of 20% was supported by an increased investment of surplus liquidity into financial investment, an increase in term loans in Kenya and Uganda due to aggressive client acquisition campaigns as well as the impact of higher average interest rates. Non-interest revenue grew by 23% driven by higher trading revenue from higher client sales in Kenya driven by USD demand following the KES depreciation, together with improved forex margins driven by forex scarcity in Tanzania.

## West Africa

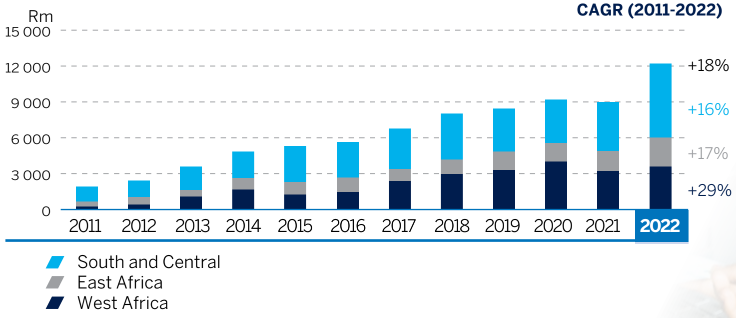
West Africa's headline earnings grew by 2% to R3 575 million. The regional results were negatively impacted by the sovereign downgrade in Ghana in the second half of 2022, alongside a weakened economy and heightened credit risk. Net interest income increased by 40% driven by good client lending and deposit growth. This is in line with our strategy to grow the client base and increase in our digital client onboarding, mainly in Ghana and Nigeria. In addition, higher average interest rates resulted in positive endowment, particularly in Ghana and Nigeria in the second half of 2022.

## South & Central Africa

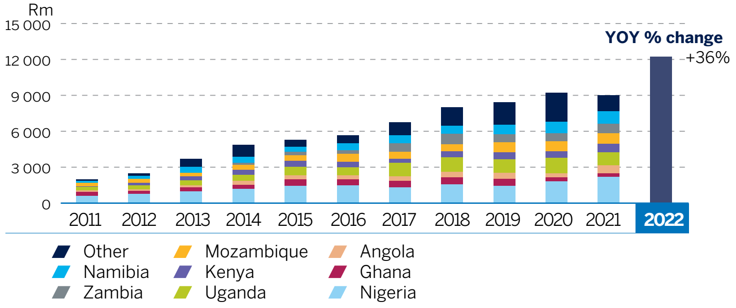
South & Central Africa's headline earnings increased by 56% to R6 210 million, mainly driven by the performance from Zimbabwe, Mozambique, Mauritius and Botswana. Effective execution on digital lending platforms led to strong balance sheet growth in both loans and deposits mainly in Zambia, Mauritius and Malawi. Net interest income increased by 39% driven by a sharp rise in both local and foreign currency lending, continued investment in treasury bills in Mozambique, Malawi and Mauritius and higher interest rates particularly in Zimbabwe. Most countries benefitted from the positive endowment from higher average interest rates.

## The value of our Africa Regions portfolio is its diversity and its growth profile

### Headline earnings by region




### Headline earnings by country




For detailed results, refer to the Standard Bank Group financial results available online.

### Looking ahead

Africa Regions remains focused on delivering superior client experience and is well positioned to deliver against its strategy. Ongoing investment in client journeys and digital capabilities will support revenue growth. Prudent credit risk and cost management remains pivotal to improve profitability.

## Looking ahead

In 2023, global growth is expected to slow, and inflation is expected to decline. The International Monetary Fund (IMF) forecasts global real GDP growth of 2.9% for 2023, accelerating slightly to 3.1% in 2024. China's reopening, post the lifting of Covid restrictions, should provide some support. The IMF expects sub-Saharan Africa to grow at 3.8% and 4.1% in 2023 and 2024 respectively. High sovereign debt levels in certain African countries remain a concern, particularly Ghana, Kenya, Malawi, and Nigeria.

In South Africa, monetary tightening is expected to slow. We are anticipating interest rates to increase by an additional 25 bps in 1H23 (in addition to the 25 bps increase in January 2023), followed by a pause. Inflation is expected to moderate to 5.9% in the year ahead. The economy is expected to grow at 1.2%, held back by severe electricity shortages and structural constraints. The level of electricity disruptions experienced year to date are unprecedented. We are concerned about the additional strain it is likely to place on our clients. In February 2023, despite making significant progress on the FATF recommended actions, South Africa was greylisted by the global money laundering and terrorist financing watchdog. We will continue to work with the authorities to remedy this.

As a group, we have both the capital and appetite to support our client's growth. However, our balance sheet growth will remain subject to the economic growth, policy and enabling frameworks in the countries in which we operate, and in turn our clients' confidence to invest. In South Africa, meaningful structural reform and an improvement in the electricity supply could lift confidence and accelerate economic growth, job creation and social upliftment. We stand ready to support renewable energy and infrastructure projects and in the longer term, Africa's just energy transition to what is net zero by 2050.

For the 12 months to 31 December 2023, balance sheet growth, particularly from renewables and infrastructure, combined with higher average interest rates, should support low-teen net interest income growth year-on-year. Non-interest revenue growth is expected to moderate to mid-single digits. Trading revenue growth will be subject to client activity and related flows. We remain committed to delivering below-inflation cost growth and positive jaws. The group's credit loss ratio is expected to increase to above the mid-point of the group's through-the-cycle target range of 70 to 100 basis points. The group's 2023 ROE is expected to show continued progress from the current 16.4% into the group's ROE target range, driven by continued growth in our mainstay South African banking business, supplemented by deliberate allocation of capital to high growth markets.

We recognise that the strategic progress we have made in 2022 is the outcome of our clients' trust in us, our employees' resilience, our regulators' and partners' support, and our shareholders' belief in our strategy. We thank all our stakeholders for their continued support.

We strive to deliver increasingly attractive returns to our shareholders and continued positive impact for all stakeholders in the economies and societies in which we operate. We are confident we can deliver on our 2025 commitments to the market.

Towards 2025

## 2025 FINANCIAL TARGETS

| REVENUE GROWTH CAGR 2020 TO 2025 | COST-TO-INCOME RATIO | CREDIT LOSS RATIO (through-the-cycle) | RETURN ON EQUITY | CET 1 RATIO |
|---|---|---|---|---|
| 7% – 9% | Approaching 50% | 70 bps – 100 bps | 17% – 20% | >11.0% |
| | Disciplined cost and risk management | | Diligent capital allocation with a dividend payout ratio of 45% – 60% | |

# SEE impact

We are committed to Africa's growth and to forging a sustainable growth path that benefits both current and future generations.

We aim to continuously increase the positive SEE impacts arising from our business activities and reduce negative impacts. We are committed to ensuring that our strategy is consistent with and contributes to society's needs and priorities, as expressed by the UN SDGs, the Paris Agreement, the African Union's Agenda 2062, and sustainable banking frameworks in our countries of operation. We take our responsibilities to society and the environment seriously, and we commit to being transparent and accountable for our impacts.

## Measuring our strategic progress

### What success looks like

We drive Africa's growth by delivering shared value.

### How we manage our SEE impact

Guided by our purpose, Africa is our home, we drive her growth, we exist to make life easier for our clients, helping them to save, transact, grow their wealth, grow their businesses, and protect the things that matter most to them. We commit to driving inclusive economic growth and sustainable development, thereby delivering positive SEE impacts.

### How we measure our SEE impact

One of the ways we track and measure progress is through our ratings in global ESG indices.

**Measure: ESG performance**

| Metric | Measure | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| S&P Global Corporate Sustainability Assessment | Out of 100, higher is better | **66** | 61 | 60 | 51 | 46 |
| FTSE4Good Index series | 0 to 5, higher is better | **Included (3.9)** | Included (3.9) | Included | Included | Included |
| MSCI ESG rating | AAA to CCC | **AA** | AA | AA | AA | AA |
| Sustainalytics ESG risk rating | Out of 100, lower is better | **24.7 med risk** | 25.6 med risk | 25.5 med risk | 29.9 med risk | 32 med risk |
| Bloomberg Gender Equality Index | Percentage score | **67.87** | 67.78 | n/a | n/a | n/a |

n/a Not applicable as not previously participated.

**2025 targets**

**Positive impact in our seven chosen impact areas and net zero by 2050.**

## Links to enterprise risks

8 Resourcing for ESG risk management

13 Back-to-back extreme weather events

INTERACTIVE CONTENT

## Key trade-offs

### Achieving our client focus priorities requires the following trade-offs:

Implementing new solutions to improve access to finance for small businesses and entrepreneurs to enhance their growth and job creation potential while managing the default risk for this client segment which is generally higher.

**Impact on available resources (capitals)**

↑ ↓

Balancing the challenges posed by climate change and the need for a just energy transition in Africa that facilitates access to affordable energy, economic growth and poverty alleviation.

**Impact on available resources (capitals)**

↑ ↓

Supporting innovation and debt restructuring for sectors impacted by climate change in a manner that maintains the integrity of our loan book and the viability of our clients' businesses.

**Impact on available resources (capitals)**

↑ ↑ ↓

Ensuring that our decisions uphold human rights, adhere to applicable laws and regulations and consider the most optimal strategies to mitigate environmental impact that requires a long-term focus that may impact short-term profits.

**Impact on available resources (capitals)**

↑ ↓

SEE impact

# Our SEE impact in 2022

## Financial inclusion

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

- **4.2 million** Instant Money customers
- **1.6 million** MyMo customers
- **Over 50 000** MyMoBiz customers
- **One million** flexible funeral plan customers
- **52 000 women** with DADA bank accounts in Kenya
- **R4.9 billion** lent to over **8 000 new affordable housing** mortgage customers in South Africa
- **One million youth customers** in South Africa
- **251 financial fitness sessions** with over 29 700 attendees
- Leadership academies with **5 000 people**
- Reached **43.5 million individuals** through WalletWise television campaigns, **18.7 million individuals** through radio campaigns and **41.4 million** through social media.

## Job creation and enterprise growth

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Provided **51 175 stock advances** valued at **USD2 million** through Trader Direct
- Grew Unayo client base to **450 000** users and processed over **913 000** transactions worth **R630 million**
- Enabled >**25 000** FMCG* traders to access non-financial products and services, driving up their trading volumes and connecting them to the retail ecosystem value chain
- Supported **766** businesses; sustained **4 289** jobs and disbursed **R118.9 million** in loans, grants, and other funding solutions through our enterprise development and supplier development programme
- Grew our supplier development programme loan book to **R187 million**
- Supported over **900 small businesses** through our Accelerate Programme in Kenya
- Trained **2 180 small and medium enterprise (SME) owners** through our SME capacity building programme in Nigeria
- **Helped create +20 000 job** opportunities through our partnership with the Founders Factory Africa
- Helped over **1.2 million** South Africans receive a nutritious meal, and enabled **354** emerging farmers to access markets through **OneFarm Share.**

* Fast-moving consumer goods.

SEE impact

## Climate change and sustainable finance


**Provided ESG solutions to corporate clients**
29 sustainable finance lending facilities to the value of R51.7 billion

Three sustainable finance bonds to the value of R2.8 billion

Raised three treasury transactions across the group in sustainable format, amounting to R14.8 billion

USD60.7 million invested in the Melville Douglas Impact Fund

Saved homeowners R5.5 million annually through solar installations and smart home solutions

Helped 365 green energy solution providers grow their businesses.

| | Target | Progress |
|---|---|---|
| **Sustainable finance mobilised** | > R250 billion by 2026<br>R40 billion in 2022 | R54.5 billion |
| **New renewable energy power plants financed** | R50 billion by 2024 | R18.2 billion |

## Infrastructure


Financed six renewable energy infrastructure projects in South Africa

Coordinated a loan to support the construction of a natural gas pipeline and processing facilities in Ghana

Financed the new port terminal at San Pedro

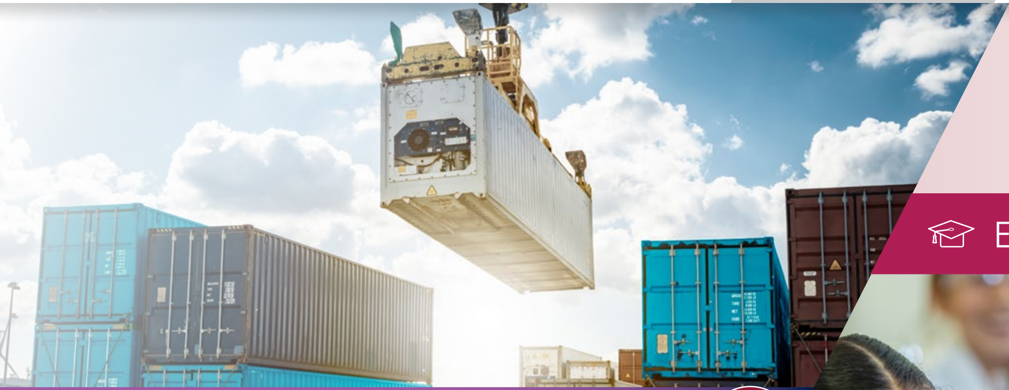
Helped facilitate the development of the Port of Lamu, a key trade and logistics route for Kenya's northern corridor

Financed the Lot 15 and Lot 18 road construction projects in Kenya

Financed rolling stock and railway rehabilitation to support the flow of traffic in the Beira Corridor in Mozambique

Financed MetroFibre Networx's fibre optic data network rollout in South Africa.

## SEE impact



## Africa trade and investment

8 DECENT WORK AND ECONOMIC GROWTH

Supported over 300 South African businesses with supply chain finance solutions to the value of over R1 billion

Supported over 42 000 businesses with trade solutions

Facilitated R436 billion in outward international payments, with a growth in value of 52% and growth in volume of 26%

Launched the Africa China Trade Solutions (ACTS) renewable energy import platform in 14 countries

Matched 248 export businesses from 11 African countries to Chinese importers via virtual matchmaking sessions

21 800 members active on the Trade Club Alliance platform

1 800 members across Africa are registered with the Trade Club from Standard Bank Group, and >5 000 matches

Processed 10 500 transactions worth nearly R77 billion through Aroko, our cloud-based blockchain solution

Processed 12 368 transactions totalling USD535 million via Stanbic's East Africa Borderless Banking capability.

## Education

4 QUALITY EDUCATION

5 GENDER EQUALITY

R550 million social loan for purpose-built student accommodation

Invested over R868 million on employee development, an average learning spend of R18 500 per employee

Funded education-focused CSI projects in South Africa to the value of R78 million and in Africa Regions to the value of R14 million

Raised R48.7 million and disbursed R48.1 million through our Feenix platform, benefitting 1 131 students

Disbursed unsecured student loans to the value of R39 million for 431 students.

## Health

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

Co-financed €10 million project finance social loan for the rehabilitation, upgrade and expansion of three regional hospitals in Angola

CSI funding of almost R34 million in South Africa, and R9 million across Africa Regions.

Read more in our Report to Society online.

# Our governance outcomes

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

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

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

**Our corporate governance approach rests on the following clear commitments:**

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

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

**Adhering** to applicable regulatory and governance standards.

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

## Our governance philosophy and framework

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

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

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

We implement our framework principles to:

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

## OUR GOVERNANCE PHILOSOPHY

### PRIMARY ROLE OF LEADERSHIP

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

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

**Achieved through**

**COUNSEL**

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

**CONTROL**

- **Compliance with legal and regulatory requirements**
- **Ongoing performance evaluation**

**Stakeholder engagement** | **Transparency and accountability** | **Policies and procedures**

**Supported by**

**PRINCIPLES OF KING IV**

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

**TO CREATE AND PROTECT SUSTAINABLE SHARED VALUE**

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

# Achieving governance outcomes that drive sustainable shared value

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

## Stakeholder relationships

Stakeholder engagement is governed by the group's stakeholder engagement principles and overseen by the group social and ethics committee. These principles provide a guideline for the group's operations across geographical areas and recognises the need to accommodate local contexts.

Read more on page 25.

## Strategy, performance and reporting

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

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

### Setting the agenda and board meetings

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

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

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

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

### Offering effective counsel

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

Key matters that were discussed by the board in addition to standard board agenda items include those on page 125.

# Leadership, ethics and corporate citizenship

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

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

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

## Our ethics framework

Our ability to achieve our purpose depends on our legitimacy and reputation as a trusted partner to our clients, and is underpinned by the ethics and values shaping our organisational culture and the conduct of our people. The board and executive leadership are responsible for ensuring an appropriate focus on ethics, conduct and positive client outcomes. We continue to review our approach to ethics to ensure it remains relevant and evolves as we transform the group.

**Read more about our approach to ethics on page 93.**

## Assessing the effectiveness of the board

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

### Mandate reviews

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

### Effectiveness evaluation

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

### One-on-one discussions

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

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

**Read more in our governance report.**

# BALANCING OUR VALUE OUTCOMES – **providing effective oversight**

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

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

### CLIENT FOCUS

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

### EMPLOYEE ENGAGEMENT

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

### RISK AND CONDUCT

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

### OPERATIONAL EXCELLENCE

- The group's system stability and resilience in relation to disruptions to digital channels
- The appropriateness of the group delegation of authority framework
- Africa Region business and operational performance

### FINANCIAL OUTCOME

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

### SEE IMPACT

- Reputational matters
- Non-binding advisory climate resolution requested by shareholders
- Feedback on stakeholder engagements
- Enterprise and supplier development initiatives, with focus on South African small businesses facing economic challenges following Covid-19.

# Governing structures and delegation of authority

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

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

Read more about the group leadership council on page 45.

## Separation of roles and responsibilities

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

The board has appointed a lead independent director, whose role is to further strengthen the independence of the board and maintain an additional channel for shareholders to raise any concerns.

## Succession planning

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

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

## Board composition and skills

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

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

## Diversity and independence

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

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

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

## Board education and training

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

Topics covered in 2022 included:

- Cyber risk
- System stability
- Financial conglomerate oversight.

## Driving innovation

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

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

### Banking and other financial services

11/16

Experience in banking including investment banking, retail banking, global financial markets or consumer products; and/or experience in other financial services, including insurance and asset management.

### Doing business in sub-Saharan Africa, international markets

9/16

Experience in diverse geographic, political and regulatory environments in Sub-Saharan African markets and international financial markets, meeting client needs in these jurisdictions.

### Client/stakeholder management

11/16

Experience in monitoring and improving client and stakeholder relationships.

### Risk and capital management and controls

9/16

Skills and experience in assessment and management of risk (including non-financial risk) and capital management.

### Leadership of a large complex organisation

12/16

Senior executive experience managing business operations and strategic planning.

### Regulation/public policy/ macroeconomic policy

10/16

Understanding of and experience in regulated businesses, regulatory requirements, including conduct and culture, and relationships with global regulators.

### Accounting and auditing

9/16

Knowledge of or experience in accounting, financial reporting or auditing processes and standards

### People development, diversity and inclusion, and remuneration

10/16

Experience in senior executive development, succession planning, diversity, inclusion and executive remuneration.

### Environmental/social

7/16

Knowledge and experience in how the group's activities affect the environment (including impact on climate change) and society (including consumer protection, community development and protection of human rights, etc).

### Technology/cybersecurity

7/16

Experience with or oversight of innovative technology, cybersecurity, information systems/ data management, fintech or privacy management.

### Public company governance

11/16

Knowledge of public company governance matters, policies and best practices.

# Board committees

Board committees in 2022 included:

## Group risk and capital management committee

100%

**PURPOSE**

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

**KEY ACTIVITIES PERFORMED**

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

**Ben Kruger**
COMMITTEE CHAIRMAN

## Group audit committee

100%

**PURPOSE**

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

**KEY ACTIVITIES PERFORMED**

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

**Trix Kennealy**
COMMITTEE CHAIRMAN

KEY
Attendance

## Group directors' affairs committee

100%

**PURPOSE**

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

**KEY ACTIVITIES PERFORMED**

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

**Nonkululeko Nyembezi**
COMMITTEE CHAIRMAN

## Group social and ethics committee

100%

**PURPOSE**

- Ensures that social conscience is embedded in the way the group does business.
- Ensures the development of appropriate policies relating to stakeholder and reputation management.
- Monitors the impact of the group's activities on the environment, society and how this is governed
- Considers the conduct of the group to ensure its in line with group values and code of ethics.
- Ensures material stakeholder concerns receive attention from the board and management.

**KEY ACTIVITIES PERFORMED**

- Stakeholder engagement
- Transformation
- Employee engagement
- Ethics
- Reporting
- Corporate citizenship
- Impact on environment

**Geraldine Fraser-Moleketi**
COMMITTEE CHAIRMAN

## Group remuneration committee

100%

**PURPOSE**

- Assists the board with ensuring fair and responsible remuneration.
- Develops the group's remuneration philosophy and policy in line with best practices and engages key stakeholders in this regard.

**KEY ACTIVITIES PERFORMED**

- Remuneration
- Incentive schemes, share-based payments and other benefits
- Subsidiary remuneration committees
- Governance

**Trix Kennealy**
COMMITTEE CHAIRMAN

KEY
Attendance

## Group information technology committee

100%

**PURPOSE**

- Ensures prudent governance of technology and information.
- Oversees related governance mechanisms to support the group's achievement of its strategic objectives.

**KEY ACTIVITIES PERFORMED**

- Oversight of technology strategy, governance and investment
- Cybersecurity and cyber resilience
- Enterprise data management
- Governance and assurance

**John Vice**
COMMITTEE CHAIRMAN

## Group model approval committee

92%

**PURPOSE**

- Assists the board in managing model risk according to the advanced internal ratings-based approach for measuring exposure to credit risk, stipulated by the Banks Act.
- Performs functions set out in the associate regulations, including inspecting risk evaluation models for approval.
- Reviews model risk governance processes and monitors the group's model universe and model risk appetite.

**KEY ACTIVITIES PERFORMED**

- Model approval
- Model risk oversight
- Model governance

**Jacko Maree**
COMMITTEE CHAIRMAN

## Group large exposure credit committee

96%

**PURPOSE**

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

**KEY ACTIVITIES PERFORMED**

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

**Ben Kruger**
COMMITTEE CHAIRMAN

KEY
Attendance

Read more in our full governance report here.

# Our remuneration outcomes

## Background statement from the remuneration committee chair

"The group's progress towards the ambitious target-bound commitments made to shareholders, and its exceptional performance this year – its 160th in operation – has again shown our leadership team's ability to respond to the challenges and opportunities of a complex and evolving environment. Remco, in turn, continually assesses its approach and evolves its policies to maintain the balance between the interests of shareholders and those of our executives and employees."

**Trix Kennealy** Chair of the remuneration committee

### Introduction

The group's ultimate aim is to drive sustainable growth and value, which brackets our targeted financial outcome and our SEE impact across Africa. Remco supports this shared value goal by aligning the interests of our shareholders and the expectations of our stakeholders with the energy and acumen of our leadership team and employees.

We believe our remuneration policy is sufficiently nuanced to reward executives appropriately for the execution of the group's strategy. This requires the transformation of the client experience, operating with excellence, and delivering sustainable growth and value to all our stakeholders.

Remco commends the progress the leadership team has made in delivering a holistic strategy that addresses the challenges and opportunities of operating in Africa. Directly aligned to the strategy, the remuneration scorecards we apply incentivise both short-term performance and the long-term relevance of the group in the highly contested financial services market.

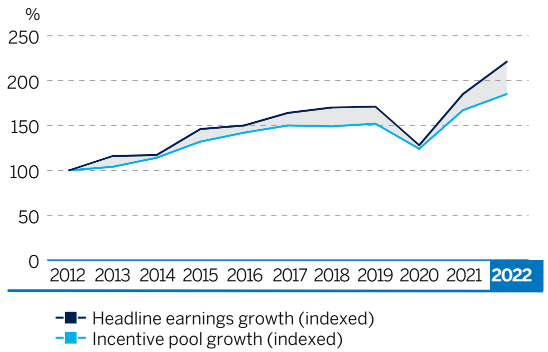
The group has maintained its strong recovery from the losses endured due to the pandemic, culminating in the excellent performance achieved in 2022. Remco has ensured that employees and executives have been fairly rewarded for this achievement, aligned to the returns generated for shareholders.

Remco tracks key metrics to assess progress towards the group's medium-term strategic priorities (to 2025), which have **been communicated to investors (see here).** We consider the robustness of the financial performance, after allowing for the effect of any market-related tailwinds, together with the group's sustainable operational health over the long term.

We share our leadership team's confidence that the group is on track to meet our 2025 commitments.

The balance we seek between the interests of our employees and our shareholders is reflected in the graph below that shows the relative growth in headline earnings (HE) and incentive pools. The shaded area shows the cumulative impact of setting pools with a weighting towards shareholders' interests over this period.

### Headline earnings vs incentive pool growth



## Engaging our shareholders

At our 2022 AGM, shareholders supported the non-binding advisory resolutions on our remuneration policy (75.5% support) and our implementation report (75.9% support).

Aside from the advisory vote, I always find it enlightening to engage directly with shareholders to learn from their experience and have the opportunity to answer any specific concerns they may have. These discussions often go beyond remuneration, allowing the board to garner shareholder insight on other matters related to sustainable operational health.

In response to shareholder feedback received a year ago, we increased the weighting on financial measures in the Performance Reward Plan (PRP), from 60% to 70%, provided more detail on the non-financial measures that Remco applies, and introduced caps on short-term incentives (STIs) for executive directors and prescribed officers.

These changes are testament to the benefit that Remco gains from these shareholder engagements.

## Balancing financial and non-financial measures

Remco has added headline earnings growth to the PRP scorecard which, together with ROE, more closely aligns executive remuneration, the group's key measures, and returns generated for shareholders. Similarly for the group's STIs, Remco determines individual executive awards and incentive pools by assessing the group's key financial measures of headline earnings growth and ROE modified by an assessment of the group's non-financial strategic value drivers.

However, incentives cannot only be linked to shareholder interest. Stakeholder capitalism holds executives accountable for building a sustainable organisation that offers societal and environmental benefits for this generation and those of the future.

Remco believes that non-financial measures are fundamental to ensuring that executives are judged on the success of the group's strategy. As you will see from our scorecards, qualitative outcomes are linked to 'hard' metrics, with clear targets. Remco then uses its discretion and fair judgement to make sense of what executives did to meet the targets. Maintaining a balance between financial and non-financial measures is good for our shareholders, as it provides alignment with the group's strategy.

On this note, we are particularly pleased that our client indicators have improved this year and employee satisfaction levels remained at high levels relative to market benchmarks. Clients and employees are vital to sustainable value creation, specifically as this relates to human capital, intellectual capital, and social and relationship capital. Given that true competitive differentiation in the financial services market is found not only in digital solutions, but more so in the 'human touch', these indicators are particularly important.

## Evolution of policy

An ideal remuneration policy should continually adapt. In addition to the change to the PRP financial measures, Remco amended its policy on mandatory deferral applied to short-term incentive awards, as the thresholds used to calculate deferral levels had been static for some time. Given the impact of inflation, we were deferring a larger portion of STI awards particularly for junior levels of management.

Remco brought this back into balance by amending our policy to increase mandatory deferral thresholds. However, we retained our approach to mandatory deferrals for executive directors and prescribed officers, which is to defer at least 55% of STI awards for up to three and a half years. Remco believes this policy change allows the group to maintain competitiveness at junior management levels, while maintaining the right balance for executive directors and prescribed officers.

## PRP vesting

You will see that Remco determined that the conditions for vesting of the 2020 PRP awards had been met and the PRP will therefore vest this year for the first time in three years.

Remco made this determination based on our assessment of financial and non-financial performance in relation to the group's board-approved measures and targets for 2025. This entailed an evaluation of the recovery against the original performance metrics (headline earnings per share and ROE) and an assessment of how the group performed relative to the market. Further details on Remco's assessment can be found here. We are satisfied that this level of vesting (at 62.5% of the maximum) fairly balances executive reward and outcomes for shareholders.

## Pleasing performance in fragmented times

The fragmented world is becoming a reality. The US and China, although economically intertwined, are unlikely to resolve their differences, further pressuring supply chains in the post-Covid world. While there are fears that the world is deglobalising, this depiction needs nuancing. A recent McKinsey & Company report does so nicely: "The world remains deeply interconnected, and flows have proved remarkably resilient during the most recent turbulence. Furthermore, no region is self-sufficient. The challenge therefore is to harness the benefits of interconnection while managing the risks and downsides of dependency..."

Remco believes that the group's coherent strategy to build a platform organisation that drives Africa's growth addresses the challenges and opportunities of our times; to which the group's performance attests.

While our Africa Regions franchise is yet to reach its full revenue potential, Africa Regions and the group as a whole performed well in the year. Group headline earnings rose 37%, to R34.2 billion, ROE improved from 13.5% to 16.4%, and the cost-to-income ratio reduced from 57.8% to 54.9%. In short, leadership is well on track to deliver our targets for 2025.

Our measures show that our clients are more satisfied with our service and our workforce is engaged and supportive of our strategy, deepening the reputational value of the group across most independent measures of brand value. Our measures to track the engagement of our people also remain favourably above industry benchmark, while the measures related to operational excellence and risk and conduct are also trending better. In terms of ESG and sustainability, which are increasingly important investor concerns, the group continues to contribute significantly to Africa's development through seven high impact SEE focus areas.

You will find an outline of the group's performance against the metrics that inform the executive scorecards (which can be found here). Comprehensive detail is presented in the implementation section of the full remuneration report online.

## Future focus for Remco

The group's recovery over the last two years is not a trend we take for granted. Remco is dedicated to building resilience and proactivity and working to ensure endeavour is aligned with outcome. We will continue to refine our executive scorecards such that operational performance, excluding any windfall gains, are always the final determinant in awarding executives fairly.

Ultimately, we are responsible for creating the incentives for a workforce of the future, with the mobility and flexibility which that entails. We will continue to adapt our reward approach to attract and retain the people we need to achieve our ambitions. We will consider rewards in a holistic way, including succession planning, opportunities, work-life balance, and alignment to organisational purpose. Remco will play its part in driving innovation within the group, by adapting its incentives to promote the right behaviours to deliver the strategy, and the shared value it promises to our stakeholders as we approach our 2025 strategic horizon.

### Individual performance and remuneration of executive directors and prescribed officers

## Context to awards

Individual awards for executive directors and prescribed officers should be viewed in the context of the group's record headline earnings, strong financial performance and the strategic progress made against the group's strategic value drivers.

In addition to performance, individual awards have taken the following factors into account:

- The market price for executives
- The commercial imperative to align employee and shareholder interests over the long term
- Providing the right incentive structure to deliver on the successful execution of the group's future strategy
- Ethical, political and reputational considerations.

For the first time in three years, Remco has decided to adjust fixed pay for executive directors and prescribed officers in line with managers and executive level employees and in some instances to align to market comparators.

Individual short-term incentive awards reflect the group's performance relative to 2021 and the performance of the business units for the prescribed officers.

The deferral periods for short-term incentives continue to be the highest in the local market context.

Remco has continued to make a shift in pay mix for its executive directors and prescribed officers by awarding a greater proportion of variable pay in the form of conditional long-term incentive awards that only deliver on the successful execution of the group's future strategy.

The long-term incentive (PRP) award has vested for the first time in three years and this has led to single figure remuneration in line with historical norms.

The individual disclosures for each executive director and prescribed officer detail their individual achievements against each strategic value driver and the link between performance and remuneration outcomes.

Detail of individual awards for executive directors and prescribed officers is included from page 139.

Full detail of remuneration, including the implementation report is available in our group remuneration report online.

# Remuneration policy summary

People are at the heart of our business. To satisfy our clients, meet their needs and accelerate our strategy to achieve higher growth and efficiency, our people must be highly skilled, experienced and engaged.

Our responsibility to them is to ensure that they have the resources and advanced capabilities needed to support our ambitions and are recognised and rewarded for their performance and the value they create for our stakeholders.

## Linking remuneration and strategic progress

The remuneration policy sets out our methodology, agreed by Remco, to remunerate our employees and ensures that value is appropriately shared among our shareholders, senior executives and employees.

## Key objectives guiding our remuneration policy

1. Measure and reward for value created for all stakeholders over the short, medium and long term.
2. Be competitive in the global marketplace for skill.
3. Reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk-taking.
4. Promote and reward teamwork.

Read more about how we engage with our people on page 76.

## REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

King IV requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total single figure basis by applying the remuneration policy under minimum, on-target and maximum performance outcomes.

Remco considers the level of remuneration under these scenarios to ensure that remuneration is appropriate in terms of the group's performance and the value created for stakeholders.

The graphs that follow show hypothetical values of total remuneration under the following scenarios:

### Minimum remuneration outcomes

- This outcome depicts a scenario in which only the fixed remuneration of the relevant individual would be paid.

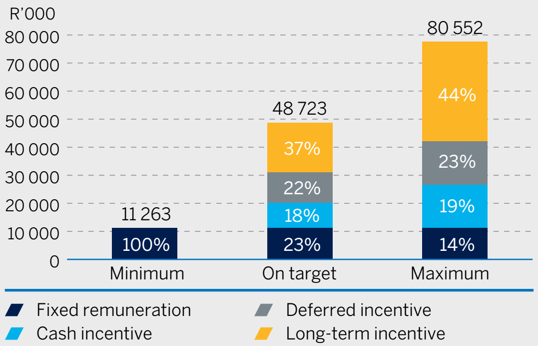
### On-target remuneration outcomes

- STIs have been set based on meeting targets (across the strategic value drivers) for the group, business unit (where applicable) and the individual.
- The scenario assumes around 55% of the STI will be deferred in share-linked awards.
- The long-term incentive (LTI) is the value at grant for the March 2021 PRP award and assumes performance condition achievement aligned to a 100% vesting outcome in March 2024.

### Maximum remuneration outcomes

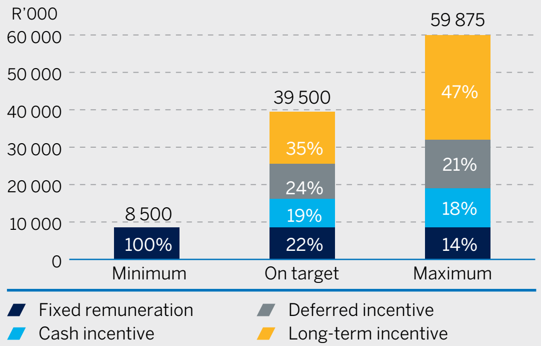
- STIs depicted are in line with the STI cap level.
- This scenario also assumes around 55% of the STI will be deferred in share-linked awards.
- The LTI is set at 200% of the value at grant for the March 2021 PRP award that may ultimately vest in March 2024, reflecting the maximum achievement of the performance conditions.
- The maximum remuneration outcome would only transpire if all targets are exceeded, resulting in the delivery of significant value for shareholders.

## Chief executive officer, Standard Bank Group



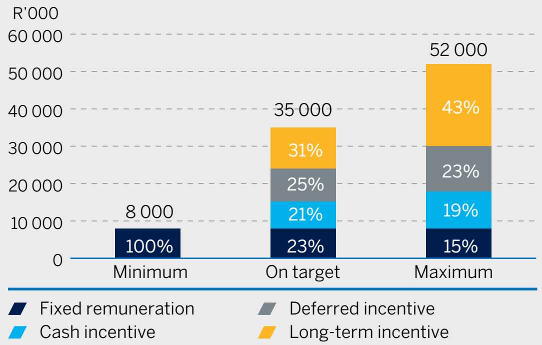

The above scenarios include conditional LTI awards of R17.75 million and R35.5 million for on target and maximum respectively.

## Group chief finance & value management officer



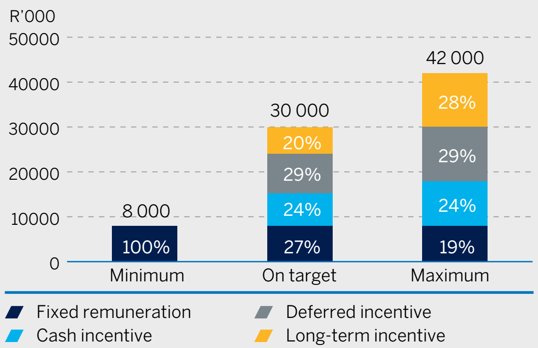

The above scenarios include conditional LTI awards of R14 million and R28 million for on target and maximum respectively.

## Chief executive officer, CHNW



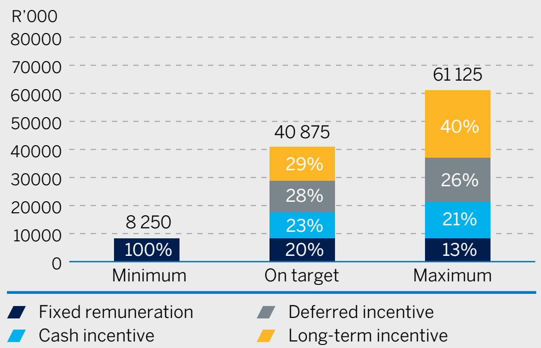

The above scenarios include conditional LTI awards of R11 million and R22 million for on target and maximum respectively.

## Chief executive officer, BCC



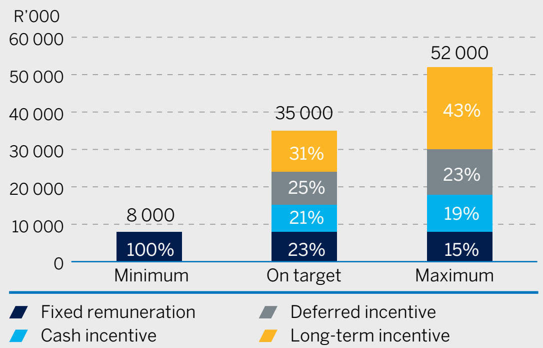

The above scenarios include conditional LTI awards of R6 million and R12 million for on target and maximum respectively.

## Chief executive officer, CIB




The above scenarios include conditional LTI awards of R12 million and R24 million for on target and maximum respectively.

## Chief operating officer, SBG




The above scenarios include conditional LTI awards of R11 million and R22 million for on target and maximum respectively.

# Fair and responsible remuneration

Remco believes that fair and responsible remuneration means ensuring that remuneration is externally competitive, internally equitable and supports the delivery of the group's short-, medium-, and long-term objectives. Our remuneration process is independently governed to enhance fairness and is applied with the same rigour and principles across the group.

## Fair remuneration principles

- Remuneration decisions are impartial and free from discrimination, self-interest, favouritism or prejudice based on race, gender and sexual orientation.
- Remuneration decisions are rational and objective.
- Pay differentiation is based on transparent and trusted processes to assess performance and identify and match benchmarks. This results in a reporting system that provides Remco with performance outcomes and remuneration proposals that are equitable and transparent.
- Horizontal fairness – employees performing the same or similar job requirements at the same or similar level of performance receive the same or similar levels of total remuneration, allowing for variations such as length of service, qualifications, performance and scarcity of relevant skills.
- Vertical fairness – differences in total remuneration between job levels can be explained and justified on a consistent basis, for example, according to factor such as risk and complexity of the job, level of responsibility of decision-making and consequence and impact on the organisation.

## Responsible remuneration principles

- Remuneration is funded by and linked to the creation of value over the long term in a way that is transparently reported to internal and external stakeholders.
- Variable remuneration is clearly correlated with the achievement of criteria that measure performance and value creation over the short, medium and long term, aligned to the group's strategy and strategic value drivers which include non-financial measures.
- All remuneration falls under the ambit of Remco.
- Senior executive remuneration is:
  - Approved by Remco and recommended to the board.
  - Benchmarked to market.
  - Managed using a rigorous process to review risk and control issues. All share plans contain forfeiture and clawback clauses.
- Executive directors and prescribed officers are subject to a minimum shareholding requirement.

## The pay gap and minimum salaries

Our remuneration policy is to pay for value delivered while ensuring that remuneration is competitive. The outcome of these two principles is that remuneration differs across levels, roles and geographies, creating a vertical pay gap.

Mindful of our commitment to fair and responsible remuneration, our minimum salaries enable employees to participate with dignity in the economies of the countries where they reside. We keep abreast of the minimum levels of pay in each country of operation, even if no prescribed minimum exists, and compare these minimum levels against financial service/banking minimums.

## Minimum shareholding requirements

Executive directors and prescribed officers are required to maintain personal shareholdings valued as a multiple of fixed remuneration.

Where the required personal shareholding falls short, the full after-tax value of senior executives' deferred compensation that vests is applied in acquiring additional shares until the required shareholding is in place. This provision applies to incentive awards granted from March 2012, or from when the senior executive becomes a prescribed officer or executive director. Shareholdings are monitored annually.

**Group chief executive officer**
three times fixed remuneration

**Executive directors and prescribed officers**
two times fixed remuneration

# Implementation report summary

This section of our remuneration report sets out the remuneration decisions taken by Remco in 2022 pertaining to the group's executive directors, prescribed officers and the general workforce.

Remco is satisfied that it has achieved its mandate and that the group's remuneration policy remains appropriate. The committee is also satisfied that implementation of its remuneration policy has been carefully deliberated to achieve the best and fairest outcomes for our shareholders and executives.

## Listening to shareholders

Remco's inclusive approach to remuneration requires it to listen to the concerns of our shareholders and engage with them on the challenges it faces. The Remco chair and the head of reward have met with institutional shareholders with significant holdings in 2022. These engagements with shareholders has allowed Remco to take into account a wider range of shareholder views when determining changes to the remuneration policy.

## Remuneration policy changes

Following feedback from shareholders, Remco have:

- Introduced an additional financial metric (headline earnings per share growth) to the latest PRP awards in March 2023. The revised scorecard now has the following weightings:

| Metric | Weighting |
|---|---|
| ROE | 35% |
| Headline earnings per share growth | 35% |
| Non-financial strategic value drivers | 30% |

- Amended the deferral thresholds that apply to STI awards. Read more in the full remuneration report online.

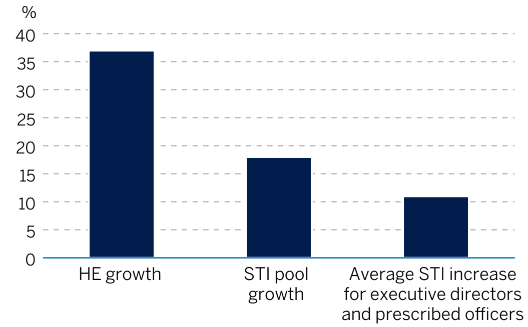
## Other Remco decisions and considerations

- **Fixed remuneration for executive directors and prescribed officers:** Remco have adjusted fixed remuneration for the first time since March 2020.
- **Vesting of long-term awards:** Remco determined a conditional vesting of 125% for PRP awards due to vest in March 2023 based on the three-year performance period ending December 2022. This is the first vesting since March 2020.
- **STI awards for executive directors and prescribed officers:** Aligned to the group's 2022 financial performance and Remco's assessment of the achievement of the group's strategic value drivers. Individual awards for prescribed officers also reflect the business unit performance. STI caps are effective from the 2022 financial year. All executive director and prescribed officer STI awards are below the respective caps.
- **Mix of variable pay:** to incentivise the execution of the group's future strategy and to reflect shareholder sentiment, Remco have continued to shift the variable pay mix of executive directors and prescribed officers with a greater proportion of variable pay awards made in conditional LTI awards.
- **Improved disclosures:** in addition to remuneration policy changes, Remco have continued to enhance the disclosures.

## Shareholder alignment

After Remco's evaluation of the group's financial and risk-adjusted performance for the year and delivery against the group's strategy, the incentive pool for banking activities was increased by 18% relative to the group headline earnings growth of 37%. Short-term incentive awards for executive directors and prescribed officers have increased by 11% on average.

## Headline earnings vs pool growth




| HE growth | STI pool growth | Average STI increase for executive directors and prescribed officers |
|---|---|---|
| 37% | 18% | 11% |

# Sim Tshabalala

Chief executive officer,
Standard Bank Group

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

Sim's performance assessment has been based on the group's 2022 financial results and the strategic progress made under the other five value drivers.

### AWARDED

| R'000 | 2021 | 2022 | % Increase | 2023 | % Increase |
|---|---|---|---|---|---|
| Fixed remuneration | 10 586 | **10 586** | 0.0 | 11 263 | 6.4 |
| Cash incentive | 8 100 | **8 650** | 7.2 | | |
| Deferred incentive | 9 900 | **10 650** | | | |
| PRP awarded | 20 000 | **24 000** | 20.0 | | |
| **Total reward** | 48 586 | **53 886** | 10.9 | | |

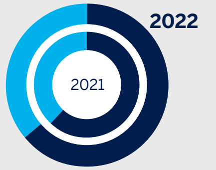
### SINGLE FIGURE

| R'000 | 2021 | 2022 | % Increase |
|---|---|---|---|
| Fixed remuneration | 10 475 | **10 558** | 0.8 |
| Cash incentive | 8 100 | **8 650** | 7.2 |
| Deferred incentive | 9 900 | **10 650** | |
| PRP vested | – | **25 836** | |
| **Total reward** | 28 475 | **55 694** | 95.6 |

## Link between performance and remuneration

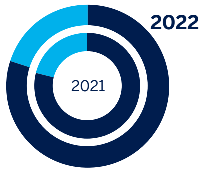
- Fixed remuneration will increase by 6.4% with effect from March 2023 in line with managers and executive level employees based in South Africa. This is the first increase since March 2020 with fixed remuneration increasing by an average of 2.2% over the last five years.
- In line with the remuneration policy for group leadership council members, short-term incentives are proposed after considering the group's financial performance and the achievement of the group's strategic value drivers.
- For executive directors, the underlying financial performance is anchored around group performance.
- The 7% increase in short-term incentive awards should be viewed in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37%;
  - Strong improvement in return on equity and cost-to-income ratio;
  - Strong achievement of the group's strategic value drivers;
  - On track to meet the group's 2025 commitments; and
  - A smaller proportion of variable pay in the form of short-term incentive awards.
- To incentivise the execution of the group's future strategy, the conditional long-term incentive award (PRP) has been increased reflecting a greater proportion of variable pay in the form of long-term incentives. Any delivery is subject to performance conditions being met as assessed by Remco.
- The total remuneration awarded by Remco of R53.9 million (of which R24 million is at risk and may not deliver any value) is 11% higher than the prior year.
- The single figure award is significantly up on the prior year, reflecting the PRP vesting for the first time in the last three years. This has meant that single figure remuneration is close to historical norms.
- The graph alongside shows that this year's single figure total remuneration of R55.7 million is 18% above on-target projected earnings and 67% of projected maximum earnings.

### Deferred awards as percentage of total remuneration (%)



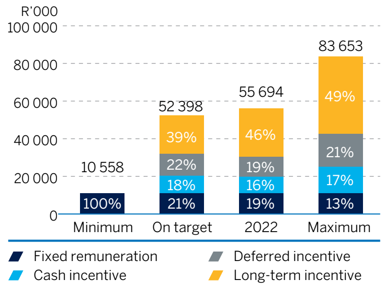

| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 64 | 62 |
| Paid in cash | 36 | 38 |

### Deferred awards as percentage of total variable remuneration (%)




| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 80 | 79 |
| Paid in cash | 20 | 21 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios




The full performance scorecard is included in the remuneration report online.

# Dr Arno Daehnke

Group chief finance & value management officer

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

Arno's performance assessment has been based on the group's 2022 financial results and the strategic progress made under the other five value drivers.

### AWARDED

| R'000 | 2021 | 2022 | % Increase | 2023 | % Increase |
|---|---|---|---|---|---|
| Fixed remuneration | 7 000 | **7 000** | 0.0 | 8 500 | 21.4 |
| Cash incentive | 7 525 | **8 200** | 8.7 | | |
| Deferred incentive | 9 225 | **10 000** | | | |
| PRP awarded | 14 000 | **16 000** | 14.3 | | |
| **Total reward** | 37 750 | **41 200** | 9.1 | | |

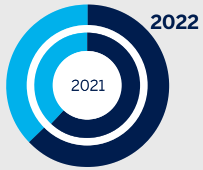
### SINGLE FIGURE

| R'000 | 2021 | 2022 | % Increase |
|---|---|---|---|
| Fixed remuneration | 7 014 | **7 000** | (0.2) |
| Cash incentive | 7 525 | **8 200** | 8.7 |
| Deferred incentive | 9 225 | **10 000** | |
| PRP vested | – | **18 637** | |
| **Total reward** | 23 764 | **43 837** | 84.5 |

## Link between performance and remuneration

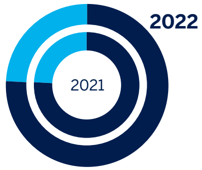
- A market-related adjustment has been made to fixed remuneration with effect from March 2023 to remain competitive. This is the first increase since March 2020.
- In line with the remuneration policy for group leadership council members, short-term incentives are proposed after considering the group's financial performance and the achievement of the group's strategic value drivers.
- For executive directors, the underlying financial performance is anchored around group performance.
- The 9% increase in short-term incentive awards should be viewed in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37%;
  - Strong improvement in return on equity and cost-to-income ratio;
  - Strong achievement of the group's strategic value drivers;
  - Relative to a special recognition that was made in FY2021 in respect of his contribution to the acquisition of Liberty Holdings Limited;
  - On track to meet the group's 2025 commitments; and
  - A smaller proportion of variable pay in the form of short-term incentive awards.
- To incentivise the execution of the group's future strategy, the conditional long-term incentive award (PRP) has been increased reflecting a greater proportion of variable pay in the form of long-term incentives. Any delivery is subject to performance conditions being met as assessed by Remco.
- The total remuneration awarded by Remco of R41.2 million (of which R16 million is at risk and may not deliver any value) is 9% higher than the prior year.
- The single figure award is significantly up on the prior year, reflecting the PRP vesting for the first time in the last three years. This has meant that single figure remuneration is close to historical norms.
- The graph alongside shows that this year's single figure total remuneration of R43.8 million is 22% above on-target projected earnings and 78% of projected maximum earnings.

### Deferred awards as percentage of total remuneration (%)



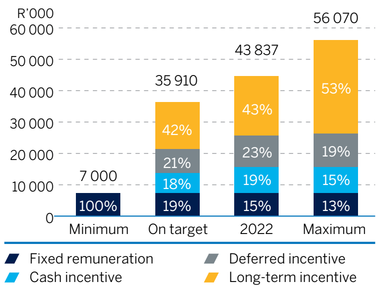

| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 63 | 62 |
| Paid in cash | 37 | 38 |

### Deferred awards as percentage of total variable remuneration (%)




| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 76 | 76 |
| Paid in cash | 24 | 24 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios




The full performance scorecard is included in the remuneration report online.

# Funeka Montjane

Chief executive officer, CHNW

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

Funeka's performance assessment has been based on the group's 2022 financial results, CHNW's financial results and the strategic progress made under the other five value drivers.

### AWARDED

| R'000 | 2021 | 2022 | % Increase | 2023 | % Increase |
|---|---|---|---|---|---|
| Fixed remuneration | 7 350 | **7 350** | 0.0 | 8 000 | 8.8 |
| Cash incentive | 6 500 | **7 550** | 15.9 | | |
| Deferred incentive | 8 000 | **9 250** | | | |
| PRP awarded | 13 000 | **14 000** | 7.7 | | |
| **Total reward** | 34 850 | **38 150** | 9.5 | | |

### SINGLE FIGURE

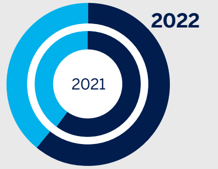
| R'000 | 2021 | 2022 | % Increase |
|---|---|---|---|
| Fixed remuneration | 7 202 | **7 370** | 2.3 |
| Cash incentive | 6 500 | **7 550** | 15.9 |
| Deferred incentive | 8 000 | **9 250** | |
| PRP vested | – | **13 972** | |
| **Total reward** | 21 702 | **38 142** | 75.8 |

## Link between performance and remuneration

- Fixed remuneration will increase by 9% with effect from March 2023 to align with other prescribed officer roles in the group.
- As a chief executive of a business unit, the financial performance is equally anchored on performance of the CHNW business unit and the group.
- The 16% increase in short-term incentive awards is in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37% and strong improvement in the group's return on equity and cost to income ratio;
  - CHNW headline earnings growth of 27%;
  - Strong achievement of the group's strategic value drivers;
  - On track to meet the group's 2025 commitments; and
  - A smaller proportion of variable pay in the form of short-term incentive awards.
- To incentivise the execution of the group's future strategy, the conditional long-term incentive award (PRP) has been increased reflecting a greater proportion of variable pay in the form of long-term incentives. Any delivery is subject to performance conditions being met as assessed by Remco.
- The total remuneration awarded by Remco of R38.2 million (of which R14 million is at risk and may not deliver any value) is 10% higher than the prior year.
- The single figure award is significantly up on the prior year, reflecting the PRP vesting for the first time in the last three years. This has meant that single figure remuneration is close to historical norms.
- The graph alongside shows that this year's single figure total remuneration of R38.1 million is 15% above on-target projected earnings and 77% of projected maximum earnings.

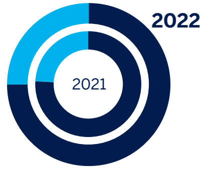
The full performance scorecard is included in the remuneration report online.

### Deferred awards as percentage of total remuneration (%)



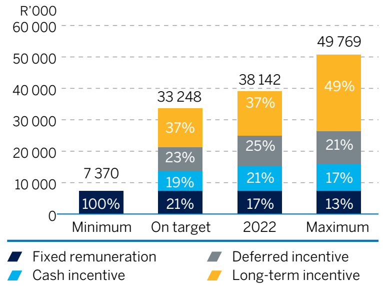

| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | **61** | 60 |
| Paid in cash | **39** | 40 |

### Deferred awards as percentage of total variable remuneration (%)




| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | **75** | 76 |
| Paid in cash | **25** | 24 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios



# Bill Blackie

Chief executive officer, BCC

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

Bill's performance assessment has been based on the group's 2022 financial results, BCC's financial results and the strategic progress made under the other five value drivers.

### AWARDED

| R'000 | 2022 | 2023 | % Increase |
|---|---|---|---|
| Fixed remuneration | 7 200 | 8 000 | 11.1 |
| Cash incentive | 7 950 | | |
| Deferred incentive | 9 750 | | |
| PRP awarded | 14 000 | | |
| **Total reward** | **38 900** | | |

### SINGLE FIGURE

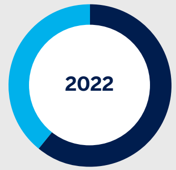
| R'000 | 2022 |
|---|---|
| Fixed remuneration | 7 016 |
| Cash incentive | 7 950 |
| Deferred incentive | 9 750 |
| PRP vested | 9 330 |
| **Total reward** | **34 047** |

## Link between performance and remuneration

- Fixed remuneration will increase by 11% with effect from March 2023 to align with other prescribed officer roles in the group.
- As a chief executive of a business unit, the financial performance is equally anchored on performance of the BCC business unit and the group.
- The short-term incentive awards is in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37% and strong improvement in the group's return on equity and cost to income ratio;
  - BCC's headline earnings growth of 51%;
  - Strong achievement of the group's strategic value drivers;
  - On track to meet the group's 2025 commitments; and
  - A smaller proportion of variable pay in the form of short-term incentive awards.
- To incentivise the execution of the group's future strategy, the conditional long-term incentive award (PRP) has been increased reflecting a greater proportion of variable pay in the form of long-term incentives. Any delivery is subject to performance conditions being met as assessed by Remco.
- The total remuneration awarded by Remco is R38.9 million (of which R14 million is at risk and may not deliver any value).
- The graph alongside shows that this year's single figure total remuneration of R34.0 million is 18% above on-target projected earnings and 82% of projected maximum earnings.

The full performance scorecard is included in the remuneration report online.

### Deferred awards as percentage of total remuneration (%)

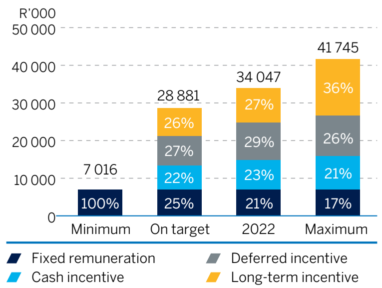



| | 2022 |
|---|---|
| Deferred for up to 3.5 years | 61 |
| Paid in cash | 39 |

### Deferred awards as percentage of total variable remuneration (%)


| | 2022 |
|---|---|
| Deferred for up to 3.5 years | 75 |
| Paid in cash | 25 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios



# Kenny Fihla

Chief executive officer, CIB

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

Kenny's performance assessment has been based on the group's 2022 financial results, CIB's financial results and the strategic progress made under the other five value drivers.

### AWARDED

| R'000 | 2021 | 2022 | % Increase | 2023 | % Increase |
|---|---|---|---|---|---|
| Fixed remuneration | 7 935 | **7 935** | 0.0 | 8 250 | 4.0 |
| Cash incentive | 9 900 | **11 250** | 13.6 | | |
| Deferred incentive | 12 100 | **13 750** | | | |
| PRP awarded | 12 000 | **14 000** | 16.7 | | |
| **Total reward** | 41 935 | **46 935** | 11.9 | | |

### SINGLE FIGURE

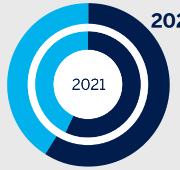
| R'000 | 2021 | 2022 | % Increase |
|---|---|---|---|
| Fixed remuneration | 7 998 | **7 929** | (0.9) |
| Cash incentive | 9 900 | **11 250** | 13.6 |
| Deferred incentive | 12 100 | **13 750** | |
| PRP vested | – | **17 311** | |
| **Total reward** | 29 998 | **50 240** | 67.5 |

## Link between performance and remuneration

- Fixed remuneration will increase by 4.0% with effect from March 2023. This is the first increase since March 2020 with fixed remuneration increasing by an average of 1.8% over the last five years.
- As a chief executive of a business unit, the financial performance is equally anchored on performance of the CIB business unit and the group.
- The 14% increase in short-term incentive awards is in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37% and strong improvement in the group's return on equity and cost to income ratio;
  - CIB headline earnings growth of 11%;
  - Strong achievement of the group's strategic value drivers;
  - On track to meet the group's 2025 commitments; and
  - A smaller proportion of variable pay in the form of short-term incentive awards.
- To incentivise the execution of the group's future strategy, the conditional long-term incentive award (PRP) has been increased reflecting a greater proportion of variable pay in the form of long-term incentives. Any delivery is subject to performance conditions being met as assessed by Remco.
- The total remuneration awarded by Remco of R46.9 million (of which R14 million is at risk and may not deliver any value) is 12% higher than the prior year.
- The single figure award is significantly up on the prior year, reflecting the PRP vesting for the first time in the last three years. This has meant that single figure remuneration is close to historical norms.
- The graph alongside shows that this year's single figure total remuneration of R50.2 million is 21% above on-target projected earnings and 79% of projected maximum earnings.

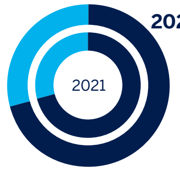
The full performance scorecard is included in the remuneration report online.

### Deferred awards as percentage of total remuneration (%)



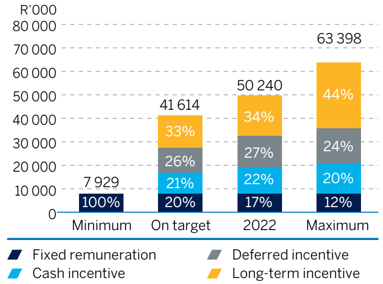

| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 59 | 57 |
| Paid in cash | 41 | 43 |

### Deferred awards as percentage of total variable remuneration (%)




| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 71 | 71 |
| Paid in cash | 29 | 29 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios



# Margaret Nienaber

Chief operating officer

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

Margaret's performance assessment has been based on the group's 2022 financial results, Client Solutions' financial results and the strategic progress made under the other five value drivers.

### AWARDED

| R'000 | 2021 | 2022 | % Increase | 2023 | % Increase |
|---|---|---|---|---|---|
| Fixed remuneration | 7 350 | **7 350** | 0.0 | 8 000 | 8.8 |
| Cash incentive | 8 100 | **9 000** | 11.1 | | |
| Deferred incentive | 9 900 | **11 000** | | | |
| PRP awarded | 12 000 | **14 000** | 16.7 | | |
| **Total reward** | 37 350 | **41 350** | 10.7 | | |

### SINGLE FIGURE

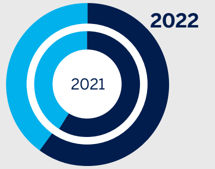
| R'000 | 2021 | 2022 | % Increase |
|---|---|---|---|
| Fixed remuneration | 7 242 | **7 351** | 1.5 |
| Cash incentive | 8 100 | **9 000** | 11.1 |
| Deferred incentive | 9 900 | **11 000** | |
| PRP vested | – | **16 293** | |
| **Total reward** | 25 242 | **43 644** | 72.9 |

## Link between performance and remuneration

- Fixed remuneration will increase by 9% with effect from March 2023 to align with other prescribed officer roles in the group.
- As a chief executive of a business unit, the financial performance is equally anchored on performance of the Client Solutions business unit and the group.
- The short-term incentive awards is in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37% and strong improvement in the group's return on equity and cost to income ratio;
  - Client Solution's headline earnings growth of 39%;
  - Double-hatting the new chief operating officer role since July 2023;
  - Strong achievement of the group's strategic value drivers;
  - On track to meet the group's 2025 commitments; and
  - A smaller proportion of variable pay in the form of short-term incentive awards.
- To incentivise the execution of the group's future strategy, the conditional long-term incentive award (PRP) has been increased reflecting a greater proportion of variable pay in the form of long-term incentives. Any delivery is subject to performance conditions being met as assessed by Remco.
- The total remuneration awarded by Remco is R41.4 million (of which R14 million is at risk and may not deliver any value).
- The single figure award is significantly up on the prior year, reflecting the PRP vesting for the first time in the last three years. This has meant that single figure remuneration is close to historical norms.
- The graph alongside shows that this year's single figure total remuneration of R43.6 million is 24% above on-target projected earnings and 82% of projected maximum earnings.

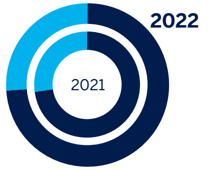
**The full performance scorecard is included in the remuneration report online.**

### Deferred awards as percentage of total remuneration (%)



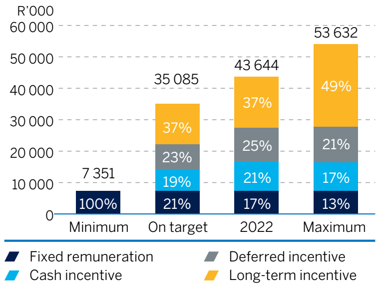

| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 60 | 59 |
| Paid in cash | 40 | 41 |

### Deferred awards as percentage of total variable remuneration (%)




| | 2022 | 2021 |
|---|---|---|
| Deferred for up to 3.5 years | 74 | 73 |
| Paid in cash | 26 | 27 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios



# David Munro

Group executive

## Performance against:

- **Financial strategic value driver** – above target rating
- **Non-financial strategic value drivers** – overall on-target rating

David's performance assessment has been based on the group's 2022 financial results and the strategic progress made under the other five value drivers.

AWARDED

| R'000 | 2022 | 2023 | % Increase |
|---|---|---|---|
| Fixed remuneration | 9 149 | 9 149 | 0.0% |
| Cash incentive | 9 000 | | |
| Deferred incentive | 11 000 | | |
| PRP awarded | – | | |
| **Total reward** | **29 149** | | |

SINGLE FIGURE

| R'000 | 2022 |
|---|---|
| Fixed remuneration | 7 474 |
| Cash incentive | 9 000 |
| Deferred incentive | 11 000 |
| PRP vested | – |
| **Total reward** | **27 474** |

## Link between performance and remuneration

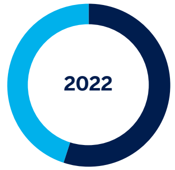
- Fixed remuneration will remain unchanged given the announcement that David will leave the group effective from 31 March 2023.
- In line with the remuneration policy for group leadership council members, short-term incentives are proposed after considering the group's financial performance and the achievement of the group's strategic value drivers.
- For executive directors, the underlying financial performance is anchored around group performance.
- The short-term incentive award should be viewed in the context of:
  - Standard Bank Group's record headline earnings with a year-on-year growth of 37%;
  - Strong improvement in return on equity and cost to income ratio;
  - Strong achievement of the group's strategic value drivers;
  - On track to meet the group's 2025 commitments.
- The total remuneration awarded by Remco is R29.1 million.
- The graph alongside shows that this year's single figure total remuneration of R27.5 million is 7% above on-target projected earnings and 84% of projected stretch earnings.

**The full performance scorecard is included in the remuneration report online.**

### Deferred awards as percentage of total remuneration (%)

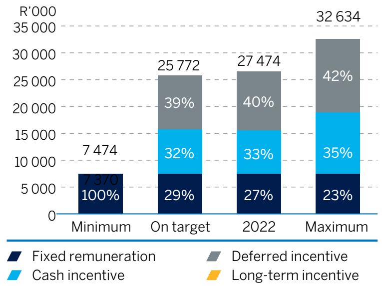

| | 2022 |
|---|---|
| Deferred for up to 3.5 years | 38 |
| Paid in cash | 62 |

### Deferred awards as percentage of total variable remuneration (%)




| | 2022 |
|---|---|
| Deferred for up to 3.5 years | 55 |
| Paid in cash | 45 |

### Single figure total remuneration for 2022 in relation to minimum, on-target and maximum projected remuneration scenarios



# Additional information

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# Pro forma financial information

## Pro forma constant currency financial information

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

The average exchange rates used in the determination of the pro forma constant currency information can be found below. The average exchange rates were calculated using the average of the average monthly exchange rates.

| | **2022 average exchange rate** | 2021 average exchange rate |
|---|---|---|
| US dollar | **16.30** | 14.77 |
| Pound sterling | **20.19** | 20.32 |
| Angolan kwanza | **0.04** | 0.02 |
| Ghanaian cedi | **1.85** | 2.50 |
| Nigerian naira | **0.04** | 0.04 |
| Kenyan shilling | **0.14** | 0.13 |
| Mozambican metical | **0.26** | 0.23 |

# Standard Bank Group Limited credit ratings

AS AT 8 MARCH 2023

| | **Short term** | **Long term** | **Outlook** |
|---|---|---|---|
| **Fitch Ratings** | | | |
| Foreign currency issuer default rating | **B** | **BB-** | **Stable** |
| Local currency issuer default rating | | **BB-** | **Stable** |
| National rating | **F1+(zaf)** | **AA+(zaf)** | **Stable** |
| **Moody's Investor Services** | | | |
| Issuer rating | | **Ba3** | **Stable** |

# ESG indicators

The group applies a combined assurance model to ensure that the internal policies, procedures and controls in place ensure that accurate data is provided in our external reports. Limited external assurance is obtained on selected non-financial information as indicated in the table below. More detail about the limited assurance provided can be found in the ESG report online.

| | Unit of measurement | Boundary |
|---|---|---|
| **Employment** | | |
| 1. Percentage of black employees in top and senior management | % | SBSA |
| 2. Percentage of women in executive and senior management | % | SBG |
| 3. Employee voluntary turnover rate | % | SBG |
| **Human capital** | | |
| 4. Percentage of women on the SBG board | % | SBG |
| 5. Percentage of women CEOs in Africa Regions | % | SBG |
| 6. Absenteeism ratio - the percentage of expected workdays that are lost to total absence days | % | SBG |
| **Education, learning and development** | | |
| 7. Percentage of black employees who completed SBSA leadership training | % | SBSA |
| **Financial inclusion** | | |
| 8. Number of affordable housing clients where the bank restructured accounts within the reporting period | Number | SBSA |
| 9. Total number of students who received funding from Feenix in 2022 | Number | SBSA |
| **Environmental, sustainability and climate change mitigation and adoption** | | |
| 10. Total number of Equator Principle projects that reached financial close in 2022 | Number | SBG |
| 11. Total carbon footprint for 2022 | $tCO_2e$ | SBSA |
| 12. Energy produced through SBSA renewable energy systems | MWh | SBSA |
| **Responsible investment** | | |
| 13. Alignment with the Use of Proceeds Eligibility Criteria and commitments outlined in the Standard Bank Sustainability Bond Framework | Number and ZAR | SBG |
| 14. Mobilisation of sustainable finance | ZAR billion | SBG |
| 15. Committed financing of renewable energy power plants | ZAR billion | SBG |
| 16. Committed financing of social projects | ZAR billion/annum | SBG |

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# Definitions

A summary key financial terms and definitions used in this report has been included for reference purposes.

A full glossary of all definitions, terms, acronyms and abbreviations used in our suite of reports is available online.

| Term | Definition |
|---|---|
| Beyond | Non-financial services with the following focus areas: education; home (which complements our home loans business); trade, e-Commerce and marketplace; agriculture and Trader; telecommunication, fintechs and cloud; health; global citizen, entertainment and lifestyle. |
| Black | People who fall within the ambit of the definition of black people in the relevant legislation as determined by court ruling. |
| Black Economic Empowerment | Socioeconomic term concerning formalised initiatives and programmes to enable historically disadvantaged black individuals and groups to participate gainfully and equitably in the mainstream economy. |
| Capital adequacy ratio | Capital as a percentage of risk-weighted assets. |
| Common equity tier I (CET I) capital adequacy ratio | CET I regulatory capital, including unappropriated profits, as a percentage of total risk-weighted assets. |
| Constant currency | Comparative financial results adjusted for the difference between the current and prior periods cumulative average exchange rates. |
| Cost-to-income ratio | Operating expenses as a percentage of total income after revenue sharing agreements with group companies but before credit impairments. |
| Credit loss ratio | Total impairment charges on loans and advances per the income statement as a percentage of average daily and monthly gross loans and advances. |
| Dividend payout ratio | Dividend per share divided by headline earnings per share. |
| Dividend per share | Total dividends to ordinary shareholders in respect of the year. The dividend is calculated using the cash component of any distribution where an election to receive scrip was available. |

| Term | Definition |
|---|---|
| Headline earnings | Determined, in terms of the circular issued by the South Africa Institute of Chartered Accountants at the request of the JSE, by excluding from reported earnings-specific separately identifiable re-measurements net of related tax and non-controlling interests. |
| Jaws | Measure of the extent to which total income growth rate exceeds the operating expense growth rate. |
| Liquidity | Liquidity refers to the ease with which an asset, or security, can be converted into ready cash without affecting its market price. |
| Liquidity coverage ratio | The proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations. |
| Net interest margin | Net interest income as a percentage of daily and monthly average total assets, excluding derivative assets. |
| Return on equity | Headline earnings as a percentage of monthly average ordinary shareholders' funds. |
| Return on average risk-weighted assets | Headline earnings as a percentage of monthly average risk-weighted assets. |
| Risk appetite | An expression of the maximum level of residual risk that the group is prepared to accept in order to deliver its business objectives. |
| Risk-weighted assets | Determined by applying prescribed risk weightings to on- and off-balance sheet exposures according to the relative credit risk of the counterparty. |
| Scope 3 emissions | Scope 3 emissions comprise indirect emissions arising from use of purchased materials and fuel and transport. |
| Tier I capital adequacy ratio | Tier I regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets. |
| Total capital adequacy ratio | Total regulatory capital, including unappropriated profit, as a percentage of total risk-weighted assets. |

# Contact and other details


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