



Standard Bank Group

PILLAR 3 REPORT

for the period ended 31 March 2022

THIS REPORT

This report sets out the Standard Bank Group (group/SBG) and The Standard Bank of South Africa Limited group (SBSA) quarterly disclosures in accordance with the Basel Committee on Banking Supervision's revised pillar 3 disclosure requirements, the South African Reserve Bank (SARB) Directives 11/2015 and 1/2018 issued in terms of section 6(6) of the Banks Act No. 94 of 1990 and Regulation 43 of the regulations relating to banks. Certain tables for SBSA, being a significant bank subsidiary, are also included where appropriate.

This pillar 3 report covers our banking activities and other banking interests.

Shareholders are advised that the information in this report has not been reviewed nor reported on by our external auditors.

All amounts are in rand millions unless otherwise stated.

- 1Q22 refers to the period ended 31 March 2022
- FY21 refers to the year ended 31 December 2021
- 3Q21 refers to the period ended 30 September 2021
- 1H21 refers to the period ended 30 June 2021
- 1Q21 refers to the period ended 31 March 2021.

KEY PRUDENTIAL REGULATORY METRICS

The following tables provides an overview of the SBG and SBSA prudential regulatory metrics.

KM1: KEY METRICS - SBG

	1Q22	FY21	3Q21	1H21	1Q21
Available capital (Rm)					
1 Common equity tier I (CET I)	171 133	174 390	165 322	157 853	154 395
2 Tier I	181 365	186 577	175 915	168 345	165 129
3 Total capital	210 160	216 301	203 468	195 313	192 102
Risk-weighted assets (RWA) (Rm)					
4 Total RWA	1 357 648	1 363 036	1 313 993	1 259 249	1 257 306
Risk-based capital ratios as a percentage of RWA¹					
5 CET I ratio (%)	12.6	12.8	12.6	12.5	12.3
6 Tier I ratio (%)	13.4	13.7	13.4	13.4	13.1
7 Total capital ratio (%)	15.5	15.9	15.5	15.5	15.3
Additional CET I buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
9 Countercyclical buffer requirement (%)					
10 Bank domestic systemically important (D-SIB) additional requirements (%)	1.0	1.0	1.0	1.0	1.0
11 Total of bank CET I specific buffer requirements (%) (row 8 + row 9 + row 10)	3.5	3.5	3.5	3.5	3.5
12 CET I available after meeting the bank's minimum capital requirements (%)	2.5	3.9	3.5	3.3	3.3
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure (Rm)	2 444 141	2 453 379	2 340 444	2 257 043	2 255 616
14 Basel III leverage ratio (%) (row 2/row 13)	7.4	7.6	7.5	7.5	7.3
Liquidity coverage ratio (LCR)					
15 Total high-quality liquid assets (HQLA) (Rm)	367 507	369 682	330 552	317 914	346 110
16 Total net cash outflow (Rm)	259 951	256 264	226 741	224 909	245 047
17 LCR (%)	141.4	144.3	145.8	141.3	141.2
Net stable funding ratio (NSFR)					
18 Total available stable funding (Rm)	1 403 009	1 413 366	1 371 848	1 315 599	1 305 320
19 Total required stable funding (Rm)	1 158 557	1 158 216	1 100 892	1 055 577	1 058 512
20 NSFR (%)	121.1	122.0	124.6	124.6	123.3

¹ Excludes unappropriated profits.

KM1: KEY METRICS - SBSA

	1Q22	FY21	3Q21	1H21	1Q21
Available capital (Rm)					
1 CET I	89 085	89 030	85 646	84 478	83 778
2 Tier I	97 857	99 532	94 424	93 206	92 519
3 Total capital	121 357	123 390	116 698	115 189	114 697
RWA (Rm)					
4 Total RWA	785 394	772 054	749 472	736 840	745 499
Risk-based capital ratios as a percentage of RWA¹					
5 CET I ratio (%)	11.3	11.5	11.4	11.5	11.2
6 Tier I ratio (%)	12.5	12.9	12.6	12.6	12.4
7 Total capital ratio (%)	15.5	16.0	15.6	15.6	15.4
Additional CET I buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
9 Countercyclical buffer requirement (%)					
10 Bank D-SIB additional requirements (%)	1.0	1.0	1.0	1.0	1.0
11 Total of bank CET I specific buffer requirements (%) (row 8 + row 9 + row 10)	3.5	3.5	3.5	3.5	3.5
12 CET I available after meeting the bank's minimum capital requirements (%)	2.0	3.4	3.1	2.9	2.9
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure (Rm)	1 864 313	1 860 945	1 746 411	1 737 930	1 743 278
14 Basel III leverage ratio (%) (row 2/row 13)	5.2	5.3	5.4	5.4	5.3
LCR					
15 Total HQLA (Rm)	226 079	226 643	199 470	198 719	224 656
16 Total net cash outflow (Rm)	201 958	204 566	174 512	176 331	189 278
17 LCR (%)	111.9	110.8	114.3	112.7	118.7
NSFR					
18 Total available stable funding (Rm)	956 614	951 700	930 534	917 075	907 300
19 Total required stable funding (Rm)	903 804	884 075	864 588	837 893	830 889
20 NSFR (%)	105.8	107.6	107.6	109.4	109.2

¹ Excluding unappropriated profits.

CAPITAL MANAGEMENT

OVERVIEW OF RISK-WEIGHTED ASSETS

The table below is an overview of RWA and measurement approach.

OV1: BASEL RWA AND ASSOCIATED CAPITAL REQUIREMENTS - SBG

	RWA		Minimum capital requirements ¹
	1Q22 Rm	FY21 Rm	1Q22 Rm
Credit risk (excluding counterparty credit risk (CCR))	947 170	962 388	123 132
Of which: standardised approach ²	446 138	457 534	57 998
Of which: internal rating-based (IRB) approach	501 032	504 854	65 134
CCR	58 931	48 753	7 661
Of which: standardised approach for CCR	58 931	48 753	7 661
Credit valuation adjustments	28 071	20 168	3 649
Equity positions in banking book under market-based approach	8 107	8 964	1 054
Equity investment in funds - look through approach	5 985	5 515	778
Equity investment in funds - mandate-based approach	1 758	1 543	229
Equity investment in funds - fall-back approach	365	358	47
Securitisation exposures in banking book	596	611	77
Of which: IRB approach	395	397	51
Of which: IRB supervisory formula approach	201	214	26
Market risk	71 473	71 839	9 291
Of which: standardised approach	56 034	56 846	7 284
Of which: internal model approach (IMA)	15 439	14 993	2 007
Operational risk	171 017	177 500	22 232
Of which: standardised approach	86 615	93 098	11 260
Of which: advanced measurement approach	84 402	84 402	10 972
Amounts below the thresholds for deduction (subject to 250% risk weight)	64 175	65 397	8 343
Total	1 357 648	1 363 036	176 493

¹ Measured at 13% and excludes confidential bank-specific capital requirements. The group's D-SIB buffer requirement amounts to 1.5% of which 1.0% is required to be held in CET1. There is currently no requirement for the countercyclical buffer add-on in South Africa or in other jurisdictions in which we have significant exposures.

² Portfolios on the standardised approach relate to the Africa Regions, International Client Solutions, and portfolios for which application to adopt the internal model approach has not been submitted, or for which an approval has not yet been granted.

OV1: BASEL RWA AND ASSOCIATED CAPITAL REQUIREMENTS – SBSA

	RWA		Minimum capital requirements ¹
	1Q22 Rm	FY21 Rm	1Q22 Rm
Credit risk (excluding CCR)	554 911	554 739	74 913
Of which: standardised approach ²	49 014	46 576	6 617
Of which: IRB approach	505 897	508 163	68 296
CCR	41 081	35 315	5 546
Of which: standardised approach for CCR	41 081	35 315	5 546
Credit valuation adjustments	25 787	17 117	3 481
Equity positions in banking book under market-based approach	3 191	3 140	431
Equity investment in funds - look through approach	1 903	1 722	257
Equity investment in funds - mandate-based approach	1 758	1 543	237
Equity investment in funds - fall-back approach	365	358	49
Securitisation exposures in banking book	596	611	80
Of which: IRB approach	395	593	53
Of which: IRB supervisory formula approach	201	18	27
Market risk	41 919	43 891	5 659
Of which: standardised approach	26 480	28 899	3 575
Of which: IMA	15 439	14 992	2 084
Operational risk	97 186	97 393	13 120
Of which: standardised approach	12 784	12 991	1 726
Of which: advanced measurement approach	84 402	84 402	11 394
Amounts below the thresholds for deduction (subject to 250% risk weight)	16 697	16 225	2 254
Total	785 394	772 054	106 027

¹ Measured at 13.5% and excludes confidential bank-specific capital requirements. SBSA's D-SIB buffer requirement amounts to 2.0% of which 1.0% is required to be held in CET1. There is currently no requirement for the countercyclical buffer add-on in South Africa or in other jurisdictions in which we have significant exposures. The PA notified SBSA in December 2021 that the D-SIB buffer requirement will reduce from 2.0% to 1.5% effective 1 July 2022.

² Portfolios on the standardised approach relate to the portfolios for which application to adopt the internal model approach has not been submitted, or for which an approval has not yet been granted.

LEVERAGE RATIO

The non-risk-based leverage measure is designed to complement the Basel III risk-based framework. The tables below show the reconciliation of the total assets in the financial statements to the leverage ratio exposure measure and detailed breakdowns of the components of the leverage ratio for the group and SBSA.

LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE - SBG

	1Q22 Rm	FY21 Rm
Total consolidated assets¹	2 244 208	2 237 482
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	8 236	13 021
Adjustments for derivative financial instruments	(12 898)	(11 169)
Adjustment for securities financing transactions (SFT) (repos and similar secured lending)	30 254	20 739
Adjustment for off-balance sheet items (conversion to credit equivalent amounts of off-balance sheet exposures)	172 082	178 347
Other adjustments	2 259	14 959
Leverage ratio exposure	2 444 141	2 453 379

¹ Banking activities and other banking interests.

LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE - SBSA

	1Q22 Rm	FY21 Rm
Total consolidated assets	1 749 904	1 725 074
Adjustment for derivative financial instruments	(34 953)	(20 220)
Adjustments for SFT (i.e repos and similar securities lending)	20 839	11 088
Adjustment for off-balance sheet items (i.e conversion to credit equivalent amounts of off-balance sheet)	110 189	116 453
Other adjustments	18 334	28 549
Leverage ratio exposure	1 864 313	1 860 944

LR2: LEVERAGE RATIO COMMON DISCLOSURE TABLE - SBG

	1Q22 Rm	FY21 Rm
On-balance sheet exposures (excluding derivatives and SFT)	2 000 225	2 011 145
On-balance sheet exposures (excluding derivatives and SFT, but including collateral)	2 020 758	2 030 346
Less: asset amounts deducted in determining Basel III tier I capital	(20 533)	(19 201)
Derivatives exposures	37 529	39 023
Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	22 176	22 810
Add-on amounts for potential future exposures associated with all derivatives transactions	35 155	34 795
Less: deductions of receivables assets for cash variation margin provided in derivatives transactions	(23 259)	(19 479)
Less: exempted central counterparty leg of client-cleared trade exposures	(21 174)	(21 394)
Adjusted effective notional amount of written credit derivatives	24 631	22 291
SFT exposures	234 305	224 864
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions (netted amounts of cash payables and cash receivables of gross SFT assets)	204 051	204 125
CCR exposure for SFT assets	30 254	20 739
Other off-balance sheet exposures	172 082	178 347
Off-balance sheet exposure at gross notional amount	444 490	446 020
Less: adjustments for conversion to credit equivalent amounts	(272 408)	(267 673)
Capital and total exposures		
Tier I capital ¹	181 365	186 577
Total exposures	2 444 141	2 453 379
Leverage ratio		
Basel III leverage ratio	7.4	7.6
Basel III leverage ratio (including unappropriated profits)	7.9	7.9
Total exposure	2 444 141	2 453 379

¹ Excluding unappropriated profits.

LR2: LEVERAGE RATIO COMMON DISCLOSURE TABLE – SBSA

	1Q22 Rm	FY21 Rm
On-balance sheet exposures (excluding derivatives and SFT)	1 525 299	1 571 952
On-balance sheet exposures (excluding derivatives and SFT, but including collateral)	1 534 798	1 582 015
Less: asset amounts deducted in determining Basel III tier I capital	(9 499)	(10 063)
Derivatives exposures	35 673	38 066
Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	20 580	21 643
Add-on amounts for potential future exposures associated with all derivatives transactions	34 895	35 005
Less: deductions of receivables assets for cash variation margin provided in derivatives transactions	(23 259)	(19 479)
Less: exempted central counterparty leg of client-cleared trade exposures	(21 174)	(21 394)
Adjusted effective notional amount of written credit derivatives	24 631	22 291
SFT exposures	193 152	196 632
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions (netted amounts of cash payables and cash receivables of gross SFT assets)	172 313	185 544
CCR exposure for SFT assets	20 839	11 088
Other off-balance sheet exposures	110 189	54 295
Off-balance sheet exposure at gross notional amount	250 919	203 122
Less: adjustments for conversion to credit equivalent amounts	(140 730)	(148 827)
Capital and total exposures		
Tier I capital ¹	97 857	99 532
Total exposures	1 864 313	1 860 945
Leverage ratio		
Basel III leverage ratio	5.2	5.3
Basel III leverage ratio (including unappropriated profits)	5.4	5.8
Total exposure	1 864 313	1 860 945

¹ Excluding unappropriated profits.

CREDIT RISK

The table below explains the variations in credit RWA under the IRB approach attributable to each of the key risk drivers. Note the following:

- asset size represents organic changes in the book size and composition
- asset quality represents changes in borrower risk, such as risk grade migration or similar effects
- foreign exchange movements are changes driven by changes in foreign exchange rates.

CR8: IRB - RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES - SBG

	1Q22 Rm	FY21 Rm
RWA at beginning of period	504 854	486 155
Asset size	13 672	72 496
Asset quality	(6 584)	(56 810)
Model updates		
Foreign exchange movements	(6 899)	1 591
Other	(4 011)	1 422
RWA at end of period	501 032	504 854
	OV1	OV1

MARKET RISK

We have approval from the SARB to adopt the IMA for most asset classes and across most market variables in SBSA with the balance of exposures on the standardised model. We use the historical value-at-risk (VaR) and stressed VaR (SVaR) approach to quantify market risk under normal and stressed conditions.

For risk management purposes, VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%. SVaR uses a similar methodology to VaR but is based on a 251-day period of financial stress which is reviewed quarterly and assumes a ten-day holding period and a worst-case loss.

Where we have received internal model approval, the market risk regulatory capital requirement is based on VaR and SVaR; both of which use a confidence level of 99% and a ten-day holding period.

VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

MR2: RWA FLOW STATEMENTS OF MARKET RISK EXPOSURE UNDER IMA - SBG

	1Q22			FY21		
	VaR Rm	SVaR Rm	Total RWA Rm	VaR Rm	SVaR Rm	Total RWA Rm
RWA at beginning of reporting period	7 502	7 491	14 993	8 063	7 789	15 852
Movement in risk levels	(1 363)	1 809	446	(550)	(253)	(803)
Model updates/changes				(11)	(45)	(56)
RWA at end of reporting period	6 139	9 300	15 439	7 502	7 491	14 993
			OV1			OV1

LIQUIDITY RISK

The LCR is designed to promote short-term resilience of the 30 calendar-day liquidity profile, by ensuring that banks have sufficient HQLA to meet potential outflows in a stressed environment.

LIQ1: LIQUIDITY COVERAGE RATIO - SBG AND SBSA

	SBG 1Q22 ¹		SBSA 1Q22 ²	
	Total unweighted ³ value (average) Rm	Total weighted ⁴ value (average) Rm	Total unweighted ³ value (average) Rm	Total weighted ⁴ value (average) Rm
HQLA				
Total HQLA		367 507		226 079
Retail deposits and deposits from small business customers, of which:	458 025	45 994	277 312	27 731
Stable deposits	21 110	1 056		
Less-stable deposits	436 915	44 938	277 312	27 731
Unsecured wholesale funding, of which:	908 530	451 373	631 776	312 897
Operational deposits (all counterparties) and deposits in networks of cooperative banks	258 417	64 605	258 417	64 604
Non-operational deposits (all counterparties)	648 239	384 894	371 503	246 437
Unsecured debt	1 874	1 874	1 856	1 856
Secured wholesale funding		934		934
Additional requirements	147 436	46 324	80 063	35 738
Outflows related to derivative exposures and other collateral requirements	22 033	22 033	21 204	21 204
Outflows related to loss of funding on debt products	3 614	3 614	3 614	3 614
Credit and liquidity facilities	121 789	20 677	55 245	10 920
Other contractual funding obligations	4 191	4 191	2 684	2 684
Other contingent funding obligations	425 859	17 495	371 716	15 635
Cash outflows		566 311		395 619
Secured lending	108 515	98 064	69 768	59 317
Inflows from fully performing exposures	217 149	187 957	128 603	113 089
Other cash inflows	29 438	20 339	29 748	21 255
Cash inflows		306 360		193 661
		Total adjusted value ⁵ Rm		Total adjusted value ⁵ Rm
Total HQLA		367 507		226 079
Total net cash outflows		259 951		201 958
LCR (%)		141.4		111.9

1 Simple average of 90 days of daily observations over the quarter ended 31 March 2022 for SBSA, SBSA Isle of Man branch, Stanbic Bank Ghana, Stanbic Bank Uganda, Stanbic IBTC Bank Nigeria, Standard Bank Namibia, Standard Bank Isle of Man Limited and Standard Bank Jersey Limited and the simple average of three month-end data points ended 31 January 2022, 28 February 2022 and 31 March 2022 for the other Africa Regions banking entities.

2 Simple average of 90 days of daily observations over the quarter ended 31 March 2022 excluding foreign branches.

3 Unweighted value represents the outstanding balances maturing or callable within 30 days (for inflows and outflows).

4 Total weighted value is calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

5 Adjusted value calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows).



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